



**Zurück zum Inhaltsverzeichnis**



**Investkredit Funding Ltd,**

**Jersey, Channel Islands**

**Prospectus**

(“Börsenzulassungssprospekt”)

**for the admission of the**

**EUR 50,000,000  
subordinated non-cumulative Limited Recourse Notes**

**having the benefit of a Support Undertaking entered into with  
Investkredit Bank AG, Vienna, Austria**

represented by

50,000 Notes of EUR 1,000 - No. 00,001 – 50,000

**for trading on the Official Market of the Frankfurt Stock Exchange  
according to § 35 BörsG**

The date of this listing prospectus is 28 November 2002

SALES PROSPECTUS (*VERKAUFSPROSPEKT*)  
1 NOVEMBER 2002



**Sales Prospectus**

**for up to EUR 100,000,000**  
**subordinated non-cumulative Limited Recourse Notes (the “Notes”)**  
**with a nominal amount of EUR 1,000 each**  
**having the benefit of a Support Undertaking entered into with**  
**Investkredit Bank AG**  
*(incorporated in the Republic of Austria)*  
issued by  
**Investkredit Funding Ltd**  
*(incorporated with limited liability under the laws of Jersey)*

The Vienna Stock Exchange has admitted the Notes to trading on the Official Market (*Amtlicher Handel*) on the Vienna Stock Exchange on 23 October 2002. The Frankfurt Stock Exchange has recognised the Prospectus following hereinafter according to § 15 *Verkaufsprospektgesetz*. The listing of the Notes on the Frankfurt Stock Exchange has been applied for according to § 35 *Börsengesetz*.

The Notes will be represented in a Global Note deposited with Clearstream Banking AG, Frankfurt am Main. The Notes represented by the Global Note may be transferred in book-entry form only. The Notes will be issued in denominations of EUR 1,000. The Global Note representing the Notes will not be exchangeable for definitive securities.

In the Federal Republic of Germany, the offering period for the Notes will start on 4 November 2002 and close on 28 November 2002. Pursuant to § 11 *Verkaufsprospektgesetz*, the nine months financial reports of Investkredit Bank AG (“Bank” or “Investkredit”) will be published in a supplement to this Sales Prospectus on or about 8 November 2002 and the nominal value of the Notes actually issued as well as the corresponding net proceeds will be published in a supplement to this Sales Prospectus on or before 28 November 2002. The supplements to this Sales Prospectus will appear in the *Börsen-Zeitung*.

German Security Code (*Wertpapier-Kenn-Nummer*): 957 610; ISIN Code: DE 0009576108.



**SOLE LEAD MANAGER**

**SOLE BOOKRUNNER**

**SOLE STRUCTURING ADVISOR**

## **Rating**

As referred to on page 15 and 38 the Notes are expected to be rated A3 by Moody's Investors Service Ltd. The Rating Agency describes such rating category as follows:

Bonds which are rated A possess many favourable investment attributes and are to be considered as upper-medium-grade obligations. Factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future. Numeric modifiers are used to refer the ranking within the group – one being the highest and three being the lowest.

## **Financial Statements**

The opening balance sheet will be issued on the date that the Notes are listed.

The audited financial statements of Investkredit Funding Ltd (the "Issuer") as at 31 December 2002 will be available within seven months after year end (at latest by 31 July 2003).

## **Dutch Selling Restriction**

Each Manager understands that the Notes qualify as "Euro-securities" within the meaning of the exemption regulation pursuant to the 1995 Act on the Supervision of the Securities Trade (Vrijstellingsregeling Wet Toezicht Effectenverkeer 1995) i.e. that:

- (i) the Notes are underwritten and placed by a syndicate of which at least two members have their seat in different member states of the EEA;
- (ii) at least 60% of the Notes are placed by syndicate members established in one or more states other than the state member where the issuing institution has its corporate seat; and
- (iii) subscription for the Notes is only possible, or the Notes can in the first instance only be purchased, through the intermediary of a credit institution registered with the Dutch Central Bank or through another institution (not registered with the Dutch Central Bank) which in the course of its business carries out one or more of the activities referred to in paragraphs 7 and 8 of the Annex to the Second Banking Directive (replaced by paragraphs 7 and 8 of Annex I to Directive nr. 2000/12/EG of the European Parliament and of the Council of the European Union of 20 March 2000 relating to the taking up and pursuit of the business of credit institutions (OJ L126)).

Each Manager has represented and agreed that it shall not at any time conduct a general advertising or soliciting campaign in relation to the Notes anywhere in the world.

## **Responsibility for the Contents of this Prospectus**

The Issuer confirms that, to the best of its knowledge and belief, after having made all reasonable inquiries, this Sales Prospectus contains all information with regard to the Issuer and the Notes which is material to the issue of the Notes, that such information is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Sales Prospectus on the part of the Issuer are honestly held and that there are no other facts the omission of which makes any such information or the expression of such opinion or intention misleading in any material respect. The Issuer accepts responsibility accordingly.

Investkredit confirms that, to the best of its knowledge and belief, after having made all reasonable inquiries, this Sales Prospectus contains all information with regard to the Issuer, Investkredit, Investkredit group (the "Group") and the Notes which is material to the issue of such Notes, that the information contained in this Sales Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinion and intentions expressed in this Sales Prospectus are honestly held and that there are no other facts the omission of which makes this Sales Prospectus as a whole or any such information or the expression of such opinion or intentions misleading in any material respect. Investkredit accepts responsibility accordingly.

Bayerische Hypo- und Vereinsbank AG ("HVB") assumes responsibility for the contents of this Sales Prospectus in accordance with § 13 *Verkaufsprospektgesetz* in connection with § 45 *Börsengesetz* and declares that to the best knowledge and belief of HVB the information contained in this Sales Prospectus is true and accurate and that there are no other facts the omission of which would make any statement in this Sales Prospectus misleading in any material respect.



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

**Listing on the Official Market of the Vienna Stock Exchange of  
up to EUR 100,000,000 subordinated non-cumulative Limited Recourse Notes  
having the benefit of a Support Undertaking entered into with  
Investkredit Bank AG**  
*(Incorporated in the Republic of Austria)*

Application has been made to admit up to EUR 100,000,000 subordinated non-cumulative Limited Recourse Notes (the "Limited Recourse Notes" or "Notes"), being perpetual non-cumulative subordinated limited-recourse obligations of Investkredit Funding Ltd (the "Issuer"), a public company with limited liability formed under the laws of Jersey, Channel Islands, to trading in the Official Market (*Amtlicher Handel*) on the Vienna Stock Exchange. The Issuer is an indirect Subsidiary (as defined herein) of Investkredit Bank AG ("Investkredit" or "Bank") which will be fully consolidated with Investkredit for Austrian regulatory purposes.

The Notes are in denominations of EUR 1,000 and are represented by one or more global notes in bearer form. Interest will accrue on the Notes during a Payment Period (as defined herein) at a rate per annum equal to Euribor (as defined herein) for the relevant Payment Period, plus 1.65%. Interest Payments (as defined herein) are only made on any Payment Date (as defined herein) to the extent that (i) the Issuer has Distributable Funds (as defined herein) for the Payment Period ending on the respective Payment Date, and (ii) the Bank has an amount of Distributable Profits (as defined herein) for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities (as defined herein), if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year. The Notes do not have a maturity date and are not redeemable at any time at the option of the holders thereof. The Notes are redeemable at par-value at the option of the Issuer, in whole but not in part, on any Payment Date falling on or after 31 December 2008 (the "Initial Redemption Date"). In addition, the Issuer will also have the right to redeem the Notes at any time prior to the Initial Redemption Date, in whole but not in part, upon the occurrence of a Special Redemption Event (as defined herein). The Notes are governed by the laws of Jersey, Channel Islands.

The Issuer will use the net proceeds from the issuance of the Notes for investments within the Investkredit Bank AG group (the "Group"), ultimately with the Bank as bank regulatory capital pursuant to § 23 / 1 / 5 of the Austrian Banking Act. The Bank will use the funds for general corporate purposes of the Group and expects to treat the Notes as consolidated tier 1 capital for the bank regulatory purposes according to § 24 / 2 / 5 and 6 of the Austrian Banking Act.

The Notes are expected, on issue, to be assigned an "A3" rating by Moody's Investors Service Ltd. A rating is not a recommendation to buy, sell or hold securities, and may be subject to revision, suspension, or withdrawal at any time by the rating agency.

**An investment in the Notes involves certain risks. See "Investment Considerations".**

Application has been made to admit the Notes also to trading on the official market of Frankfurt Stock Exchange.

**Offering Price: 100% per Note of EUR 1,000.**

**THE NOTES ARE NOT AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT ("REGULATIONS"). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON TRANSFER OF THESE SECURITIES, SEE "OFFERING - SELLING RESTRICTIONS".**



CORPORATES & MARKETS

SOLE LEAD MANAGER

SOLE BOOKRUNNER

SOLE STRUCTURING ADVISOR

The date of this Prospectus is 22 October 2002

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Annex

This Prospectus was prepared in accordance with Scheme J of the Austrian Stock Exchange Act (*Börsegesetz*). Upon printing, a supplement to this Prospectus will be added as annex. A supplement to this Prospectus with respect to the quarterly financial reports of the Bank will be published on or about 8 November 2002 in accordance with applicable legal requirements.

No person has been authorized to give any information or to make any representation other than those contained in this Prospectus and, if given or made, such information or representation must not be relied on as having been authorized by the Issuer, Investkredit or the Lead Manager. The delivery of this Prospectus shall under no circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that there has been no change in the affairs of the Issuer or Investkredit since the date hereof.

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

An Investment in the Notes involves certain risks. Investors should satisfy themselves that they understand all the risks associated with making investments in the nature of the Notes. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Notes, he or she should consult his or her stockbroker, bank manager, solicitor, accountant or other financial adviser.

The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Issuer, Investkredit and the Lead Manager to inform themselves about, and to observe any such restrictions.

The documents referred to in this Prospectus may be inspected during customary business hours on any working day from the date hereof and so long as any of the Notes remain outstanding at the offices of Investkredit, Renngasse 10, A-1013 Vienna, Austria.

No action has been taken as a matter of the laws of any jurisdiction other than the Republic of Austria and the Federal Republic of Germany to permit the public offering of the Notes in any jurisdiction other than the Republic of Austria and the Federal Republic of Germany, but only in accordance with the legal requirements applicable in those jurisdictions. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in that jurisdiction.

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

**IN CONNECTION WITH THE OFFERING, THE LEAD MANAGER MAY EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE NOTES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. SUCH TRANSACTIONS MAY BE EFFECTED ON THE VIENNA STOCK EXCHANGE AND ON THE FRANKFURT STOCK EXCHANGE OR OTHERWISE.**

**THE NOTES ARE SO-CALLED LIMITED RECOURSE NOTES, WHICH MEANS, AMONG OTHER THINGS, THAT PRINCIPAL OF AND INTEREST ON THE NOTES WILL BE PAID ONLY TO THE EXTENT THAT THE ISSUER HAS RECEIVED SUFFICIENT DISTRIBUTIONS ON THE INVESTMENTS MADE OR HAS CLAIMS UNDER THE SUPPORT UNDERTAKING. THE ISSUER MAY NOT PAY DISTRIBUTIONS ON THE NOTES IF THE BANK DOES NOT HAVE SUFFICIENT DISTRIBUTABLE PROFITS OR IF A REGULATION OR AN ORDER FROM THE FMA WOULD LIMIT THE BANK IN MAKING DISTRIBUTIONS OF PROFITS OR ON THE NOTES OR PARITY SECURITIES.**

## Glossary

“**Additional Amounts**” shall have the meaning set forth in § 8 of the Terms and Conditions.

“**Administrative Action**” means, in a Relevant Jurisdiction, any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations).

“**Agents**” means both the Calculation Agent and the Paying Agents.

“**Agreement**” means the Support Undertaking.

“**Bank**” means Investkredit Bank AG.

“**Banking Act**” means *Bankwesengesetz 1993*, BGBl. No. 532/1993, as amended.

“**BAWAG Group**” means Bank für Arbeit und Wirtschaft Aktiengesellschaft and its consolidated subsidiaries and affiliates.

“**Board of Directors**” means the board of directors of the Issuer.

“**Business Day**” means a day (i) other than Saturday, Sunday or a day on which banking institutions in Vienna, Frankfurt am Main and London are authorized or required by law or order to remain closed for business, and (ii) on which Clearstream AG settles payments and the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is operating.

“**Calculation Agent**” means Citibank, N.A., London.

“**Capital Markets Act**” means *Kapitalmarktgesetz 1991*, BGBl. No. 625/1991, as amended.

“**Clearstream AG**” means Clearstream Banking AG.

“**Dexia**” means Dexia Crédit Local SA.

“**Directors**” means the directors of the Issuer.

“**Distributable Funds**” means, for any Payment Period, the distributions and redemption payments deriving from the Investments and the claims of the Issuer against the Bank under the Support Undertaking.

“**Distributable Profits**” means, for any fiscal year, the balance sheet profit (*Bilanzgewinn*) of the Bank as of the end of such fiscal year, as shown in the audited unconsolidated balance sheet of the Bank as of the end of such fiscal year. Such balance sheet profit includes the annual surplus or loss (*Jahresüberschuss / Jahresfehlbetrag*), plus any profit carried forward from previous years, minus any loss carried forward from previous years, plus transfers from capital reserves and earnings reserves, minus allocations to earnings reserves, all as determined in accordance with the accounting principles generally accepted in Austria as principally described in the Austrian Commercial Code (*Handelsgesetzbuch*), the provisions of the Banking Act (*Bankwesengesetz*) and other applicable Austrian law then in effect.

“**Distributions**” means the Interest Payments and/or Redemption Payments on the Notes.

“**EBRD**” means European Bank for Reconstruction and Development.

“**EEA**” means European Economic Area.

“**EMU**” means European Economic and Monetary Union.

“**EU**” means European Union.

“**Euribor**” means, for each Payment Period (the first day of such Payment Period being a “Reset Date”), the offered rate for deposits in Euro having a term of three months which appears on the Moneyline/Telerate (“Telerate”) on the display designated as page 248 (or such other page or service as may replace it for purposes of displaying Euro-zone offered rates of major banks for Euro deposits) as at 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date; provided, that if the rate so appearing is replaced by the corresponding rates of more than one bank, Euribor will be the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded upwards) of the rates which so appear, as determined by the Calculation Agent.

If for any reason such rate does not so appear, or if the relevant page is unavailable, the rate for such Payment Period shall mean the rates at which deposits in Euro are offered to leading banks in the Euro-zone for a period of three months commencing on such Reset Date by the banks whose offered rates would have been used for purposes of the relevant page if the event leading to the application of this sentence had not happened (or any duly appointed substitute reference bank), acting in each case through its principal Euro-zone office (the “Reference Banks”) as at approximately 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date, all as determined by the Calculation Agent.

The Calculation Agent will request the principal Euro-zone office of each of the Reference Banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for such Reset Date will be the arithmetic mean of the quotations (rounded as provided above). If fewer than two quotations are provided as requested, the rate for such Reset Date shall, subject as provided below, be whichever is the higher of:

(x) Euribor determined as aforesaid and as in effect for the last preceding Payment Period to which the preceding paragraph shall have applied; and

(y) the rate per annum which the Calculation Agent determines to be either (aa) the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded upwards) of the Euro lending rates which Euro-zone banks selected by the Calculation Agent are quoting, for the period of three months commencing on such Reset Date to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Calculation Agent, being so made, or (bb) if the Calculation Agent can determine no such arithmetic mean, the lowest Euro lending rate which major Euro-zone banks selected by the Calculation Agent are quoting to leading European banks for the period of three months commencing on such Reset Date except that, if the banks so selected by the Calculation Agent are not quoting as mentioned above, Euribor shall be determined in accordance with and as specified in (x) above.

“**Euro**” and “**EUR**” refers to the currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty Establishing the European Community, as amended from time to time.

“**Europa Consult**” means Europa Consult GmbH.

“**Europolis Invest**” means Europolis Invest Immobilien Management GmbH.

“**Euro-zone**” means the region of the participating member states as defined in Council Regulation (EC) No. 974/98 of 3 May 1998, as amended, relating to the introduction of the Euro.

“**Financial Markets Harmonization Act**” means *Finanzmarktanpassungsgesetz 1993*, BGBl. I No. 532/1993, as amended.

“**Financial Market Supervision Act**” means *Finanzmarktaufsichtsgesetz 2001*, BGBl. I No. 97/2001, as amended.

“**FN**” indicates the company’s registered number with the Austrian *Firmenbuch* (companies’ register).

“**FMA**” means *Finanzmarktaufsicht* (Austrian Financial Market Authority).

“**Frankfurt Paying Agent**” means Citibank AG, Frankfurt am Main.

“**GAAP**” means the general accepted accounting principles.

“**German Banking Act**” means the German *Kreditwesengesetz*.

“**German Disbursing Agent**” means a German bank or a German financial services institution, each as defined in the German Banking Act, including a German branch of a foreign bank or a foreign financial services institution, but excluding a foreign branch of a German bank or German financial services institution.

“**Group**” means the Bank and its consolidated subsidiaries and affiliates, including the Issuer.

“**Global Note**” means one or more global notes in bearer form which represent the Notes.

“**HVB Group**” means Bayerische Hypo- und Vereinsbank Aktiengesellschaft and its consolidated subsidiaries and affiliates.

“**IAS**” means International Accounting Standards.

“**Initial Redemption Date**” means 31 December 2008.

“**Interest Amount**” means the amount of interest that accrues on each Note during any Payment Period.

“**Interest Payments**” means the interest payments on the Notes.

“**Interest Rate**” means the rate at which interest accrues on the Notes during a Payment Period.

“**Invest Equity**” means INVEST EQUITY Beteiligungs-AG.

“**Investkredit**” means Investkredit Bank AG.

“**Investments**” means the investments made from the net proceeds from the sale of the Notes within the Group.

“**Invest Mezzanin**” means Invest Mezzanine Capital Management GmbH.

“**Issuer**” means Investkredit Funding Ltd.

“**Junior Securities**” means (i) common stock of the Bank, (ii) each class of preference shares of the Bank ranking junior to Parity Securities of the Bank, if any, and any other instrument of the Bank ranking *pari passu* therewith or junior thereto and (iii) preference shares or any other instrument of any Subsidiary of the Bank subject to any guarantee or support agreement of the Bank ranking junior to the obligations of the Bank under the Agreement.

“**KfW**” means Kreditanstalt für Wiederaufbau.

“**Kommunalkredit**” means Kommunalkredit Austria AG.

“**Kommunalkredit Group**” means Kommunalkredit and its consolidated subsidiaries and affiliates.

“**KPMG Austria**” means KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft.

“**1961 Law**” means Income Tax (Jersey) Law 1961.

“**Limited Recourse Notes**” means the limited recourse notes of Investkredit Funding Ltd covered by this Prospectus.

“**Lead Manager**” means Bayerische Hypo- und Vereinsbank Aktiengesellschaft.

“**Management Board**” means the management board of the Bank.

“**Mortgage Bank Act**” means *Hypothekbankgesetz 1899*, dRBl. No. 375/1899, as amended.

“**National Bank Act**” means *Nationalbankgesetz 1984*, BGBl. No. 50/1984, as amended.

“**New Issuer**” means another company substituting the Issuer as debtor for all obligations arising under and in connection with the Notes.

“**Notes**” means the limited recourse notes of Investkredit Funding Ltd covered by this Prospectus.

“**Offering Price**” means the initial offering price of 100%.

“**Parity Securities**” means each class of the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and Parity Subsidiary Securities.

“**Parity Subsidiary Securities**” means preference shares or any other instrument of any Subsidiary of the Bank (i) the distributions on which are linked to a distributable profit test at the level of the Bank on an unconsolidated basis or a capital adequacy test at the level of the Bank on a consolidated basis or (ii) which are subject to any guarantee agreement or similar agreement (including a waiver or improvement agreement) of the Bank ranking pari passu with the obligations of the Bank under the Support Undertaking.

“**Paying Agents**” means Principal Paying Agent, Frankfurt Paying Agent, and Vienna Paying Agent.

“**Payment Date**” with respect to the Notes means the dates 31 March, 30 June, 30 September and 31 December of each year, commencing 31 December 2002.

“**Payment Period**” means the period from (and including) a Payment Date (or, in the case of the first Interest Period, the issue date) to (but excluding) the next (or first) succeeding Payment Date.

“**Principal Paying Agent**” means Citibank, N.A., London.

“**Prospectus**” means this prospectus presented to the Vienna Stock Exchange for the admission of the Notes to the official market (*Amtlicher Handel*) on the Vienna Stock Exchange.

“**Proceedings**” means any action or other legal proceedings arising out of or in connection with the Notes.

“**Redemption Date**” means the date of redemption of the Notes.

“**Redemption Payments**” means payments on redemption of the Notes.

“**Redemption Price**” means par-value of the Notes.

“**Reference Banks**” shall have the meaning set forth in § 4(5)(b) of the Terms and Conditions.

“**Regulation S**” means Regulation S under the Securities Act.

“**Regulatory Event**” means that the Bank determines that it may not treat the Notes as tier 1 regulatory capital for capital adequacy purposes on a consolidated basis.

“**Relevant Jurisdiction**” means Austria or the jurisdiction of residence of the Group company in which Investments are made or any jurisdiction from which payments are made.

“**Reset Date**” means the first day of the Payment Period.

“**Securities Act**” means U.S. Securities Act of 1933, as amended.

“**Securities Custodian**” means any Bank or other financial institution of recognized standing authorized to engage in securities custody business with which a holder of Notes maintains a securities account in respect of any Notes and includes Clearstream AG.

“**Special Redemption Event**” means a Regulatory Event, or a Tax Event.

“**Stock Company Act**” means *Aktiengesetz 1965*, BGBl. No. 98/1965, as amended.

“**Subsidiaries**” means the direct and indirect subsidiaries of the Bank which are consolidated according to § 30 of the Banking Act.

“**Supervisory Board**” means the supervisory board of the Bank.

“**Support Undertaking**” means the support agreement between the Bank and the Issuer dated 22 October 2002.

“**TARGET**” means Trans-European Automated Real-time Gross settlement Express Transfer.

“**TARGET Day**” means day on which all relevant parts of TARGET are operational.

“**Tax Event**” means the receipt by the Bank of an opinion of a nationally recognized law firm or other tax adviser in a Relevant Jurisdiction, experienced in such matters, to the effect that, as a result of (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of Austria or the jurisdiction of residence of the Group company in which Investments are made (or any jurisdiction from which payments are made) (each, a “Relevant Jurisdiction”) or any political subdivision or taxing authority thereof or therein affecting taxation, (ii) in a Relevant Jurisdiction, any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an “Administrative Action”), or (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, after the date of issuance of the Notes, there is more than an insubstantial risk that (a) payments under these Terms and Conditions or payments made by a Group company or the Bank on any of the Investments cease to be deductible as expenses for income tax purposes, or (b) the Issuer would be obligated, pursuant to these Terms and Conditions, to pay Additional Amounts as a result of deduction or withholding on payments or repayment upon redemption thereof.

“**Telerate**” means Moneyline/Telerate.

“**Terms and Conditions**” means the terms and conditions of the Notes.

“**U.S. Person**” has the meaning given such term in Regulation S.

“**Vienna Paying Agent**” means Investkredit Bank AG.

“**Withholding Tax**” means any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Jersey or any other country from or out of which the Issuer makes payments, or any political subdivision or authority thereof or therein having power to tax.

## Summary of the Transaction

*The following contains a summary of the proposed tier 1 structure of Investkredit Bank AG group, including a summary of the Terms and Conditions as well as information relating to the offering.*

<b>The Issuer</b>	Investkredit Funding Ltd is a public company with limited liability formed under the laws of Jersey, Channel Islands, for the purpose of issuing the Notes and investing the proceeds thereof in Investkredit group companies.
<b>Ultimate Parent</b>	The Issuer is a Subsidiary of Investkredit Bank AG, Vienna (the “Bank” or “Investkredit”).
<b>Lead Manager</b>	Bayerische Hypo- und Vereinsbank Aktiengesellschaft.
<b>Issue Size</b>	up to EUR 100,000,000.
<b>Securities Offered</b>	The Issuer is offering perpetual subordinated non-cumulative limited recourse notes (the “Notes”). The Notes will constitute regulatory hybrid capital on a consolidated basis pursuant to § 24 / 2 / 5 and 6 of the Austrian Banking Act ( <i>Bankwesengesetz</i> ).
<b>Form and Denomination</b>	The Notes are in denominations of EUR 1,000 and are represented by one or more global notes in bearer form deposited with Clearstream AG.
<b>Limited Recourse Obligations</b>	The Notes are limited recourse obligations of the Issuer. The principal of and interest on the Notes will be payable solely from distributions and redemption payments received by the Issuer deriving from the Investments or the claims of the Issuer against the Bank under the Support Undertaking for any Payment Period (the “Distributable Funds”).
<b>Offering Price</b>	100% per Note of EUR 1,000.
<b>Interest</b> <i>Interest Rate</i>	<p>The rate at which interest accrues on the Notes during a Payment Period (the “Interest Rate”) shall be Euribor for the relevant Payment Period, plus 1.65%. Interest on the Notes will be payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December of each year, commencing 31 December 2002.</p> <p>Interest on the Notes payable on each Payment Date or the Redemption Date will be calculated on the basis of the actual number of days elapsed in a Payment Period divided by 360 and will accrue from and including the immediately preceding Payment Date (or the issue date with respect to interest payable on 31 December 2002) on the Notes to but excluding the relevant Payment Date or the Redemption Date.</p> <p>“Euribor” for each Payment Period (the first day of such Payment Period being a “Reset Date”) shall mean the offered rate for deposits in Euro having a term of three months which appears on the Moneyline/Telerate (“Telerate”) on the display designated as page 248 (or such other page or service as may replace it for purposes of displaying Euro-zone offered rates of major banks for Euro deposits) as at 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date; provided, that if the rate so appearing is replaced by the corresponding rates of more than one bank, Euribor will be the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded</p>

upwards) of the rates which so appear, as determined by the Calculation Agent (§ 7(1)).

If for any reason such rate does not so appear, or if the relevant page is unavailable, the rate for such Payment Period shall mean the rates at which deposits in Euro are offered to leading banks in the Euro-zone for a period of three months commencing on such Reset Date by the banks whose offered rates would have been used for purposes of the relevant page if the event leading to the application of this sentence had not happened (or any duly appointed substitute reference bank), acting in each case through its principal Euro-zone office (the “Reference Banks”) as at approximately 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date, all as determined by the Calculation Agent.

The Calculation Agent will request the principal Euro-zone office of each of the Reference Banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for such Reset Date will be the arithmetic mean of the quotations (rounded as provided above). If fewer than two quotations are provided as requested, the rate for such Reset Date shall, subject as provided below, be whichever is the higher of:

(x) Euribor determined as aforesaid and as in effect for the last preceding Payment Period to which the preceding paragraph shall have applied; and

(y) the rate per annum which the Calculation Agent determines to be either (aa) the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded upwards) of the Euro lending rates which Euro-zone banks selected by the Calculation Agent are quoting, for the period of three months commencing on such Reset Date to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Calculation Agent, being so made, or (bb) if the Calculation Agent can determine no such arithmetic mean, the lowest Euro lending rate which major Euro-zone banks selected by the Calculation Agent are quoting to leading European banks for the period of three months commencing on such Reset Date except that, if the banks so selected by the Calculation Agent are not quoting as mentioned above, Euribor shall be determined in accordance with and as specified in (x) above.

*Non-cumulative*

The right of the holders of the Notes to receive Interest Payments is non-cumulative. The holders of the Notes will have no right to receive payments in respect of any missed or reduced Interest Payments, whether or not Distributable Funds or Distributable Profits are sufficient or Interest Payments are made by the Issuer, in respect of any future Payment Period.

*Link to Distributable Profits*

Interest Payments on the Notes are only made on any Payment Date to the extent that

- (i) the Issuer has Distributable Funds for the Payment Period ending on the respective Payment Date, and
- (ii) the Bank has an amount of Distributable Profits for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities, if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year.

Notwithstanding the foregoing, the Notes will pay interest, if the Bank or any of its Subsidiaries, on any Parity Securities, declares or pays any

dividends or makes any other payment or other distribution. If the dividend or other payment or distribution on Parity Securities was in the full stated amount payable on such Parity Securities, Interest Payments will be made in full on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend or other payment or distribution on Parity Securities was declared or made. If the dividend or other payment or distribution on Parity Securities was only a partial payment of the amount so owing, the Interest Amounts will be reduced proportionally.

Further, notwithstanding the foregoing, if the Bank or any of its Subsidiaries, on any Junior Securities, declares or pays any dividend or makes any other payment or distribution, the Notes will pay interest in an amount, or in full for a number of Payment Dates, that varies according to how often the relevant Junior Securities pay dividends or make any other payment and whether payment dates are semi-annual or quarterly.

- If such Junior Securities pay distributions annually, the interest on the Notes will be paid on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.
- If such Junior Securities pay distributions semi-annually, the interest on the Notes will be paid on the first two Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.
- If such Junior Securities pay distributions quarterly or more frequently, the interest on the Notes will be paid on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.

Further, notwithstanding the foregoing, if the Bank or any of its Subsidiaries redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for shares of common stock of the Bank, the Issuer will make Interest Payments in full on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such redemption, repurchase or other acquisition occurred.

#### *Definitions*

“Distributable Profits” of the Bank for any fiscal year is the balance sheet profit (*Bilanzgewinn*) as of the end of such fiscal year, as shown in the audited unconsolidated balance sheet of the Bank as of the end of such fiscal year. Such balance sheet profit includes the annual surplus or loss (*Jahresüberschuss / Jahresfehlbetrag*), plus any profit carried forward from previous years, minus any loss carried forward from previous years, plus transfers from capital reserves and earnings reserves, minus allocations to earnings reserves, all as determined in accordance with the accounting principles generally accepted in Austria as principally described in the Austrian Commercial Code (*Handelsgesetzbuch*), the provisions of the Banking Act (*Bankwesengesetz*) and other applicable Austrian law then in effect.

In determining the availability of sufficient Distributable Profits of the Bank for any fiscal year to permit Interest Payments to be made with respect to the Notes during the succeeding fiscal year of the Bank, any Interest Payment already paid during the succeeding fiscal year of the Bank on the Notes and any Interest Payments or dividends already paid during the succeeding fiscal year of the Bank on Parity Securities, if any, on the basis of Distributable Profits for such fiscal year, will be deducted from such Distributable Profits.

“Parity Securities” means each class of the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and Parity Subsidiary Securities.

“Parity Subsidiary Securities” means preference shares or any other instrument of any Subsidiary of the Bank (i) the distributions on which are linked to a distributable profit test at the level of the Bank on an unconsolidated basis or a capital adequacy test at the level of the Bank on a consolidated basis or (ii) which are subject to any guarantee agreement or similar agreement (including a waiver or improvement agreement) of the Bank ranking *pari passu* with the obligations of the Bank under the Support Undertaking.

“Junior Securities” means (i) common stock of the Bank, (ii) each class of preference shares of the Bank ranking junior to Parity Securities of the Bank, if any, and any other instrument of the Bank ranking *pari passu* therewith or junior thereto and (iii) preference shares or any other instrument of any Subsidiary of the Bank subject to any guarantee or support agreement of the Bank under the Support Undertaking.

“Subsidiaries” means the direct and indirect subsidiaries of the Bank which are consolidated according to § 30 of the Banking Act.

### **Regulatory Limitations**

Despite sufficient Distributable Funds of the Issuer and sufficient Distributable Profits of the Bank, the Issuer shall not be required to make Interest Payments or Redemption Payments on any Payment Date (or a date set for redemption) to the extent that, pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank would be limited in making payments on the Notes or Parity Securities, or if on such date there is in effect an order of the Austrian *Finanzmarktaufsicht* (the “FMA”) (or any other relevant regulatory authority) prohibiting the Bank from making any distribution of profits.

### **Payment Date**

If any Payment Date or redemption falls on a day that is not a Business Day, the relevant payment will be payable on the first following Business Day, unless that day falls in the next calendar month, in which case such payment be due on the first preceding Business Day, in each case without adjustment, interest or further payment as a result thereof.

“Business Day” means a day (i) other than Saturday, Sunday or a day on which banking institutions in Vienna, Frankfurt am Main and London are authorized or required by law or order to remain closed for business, and (ii) on which Clearstream AG settles payments and the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is operating.

### **Bank’s Support Undertaking**

The Bank has undertaken to ensure that the Issuer will at all times be in a position to meet its obligations, including its obligations to pay Distributions, as and when such obligations are due and payable (the “Support Undertaking”). For so long as any Note remains outstanding and subject to the limitations contained in the Support Undertaking, the Bank has irrevocably and unconditionally granted to the Issuer the following right (call option): If at any time the Issuer has or foresees to have insufficient funds to enable it to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due, the Issuer shall have the option to receive from the Bank such funds which, in addition to distributions and redemption payments deriving from the Investments, if any, are necessary to enable the Issuer to meet such payment obligations.

The Issuer may exercise the option at any time by notice to the Bank. The Issuer shall be deemed to have exercised the option if the Issuer does not have sufficient funds to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due.

The Bank will be obliged to make any payment to the Issuer under the Support Undertaking in respect of Distributions on any Notes in any calendar year, only to the extent that the Bank has an amount of Distributable Profits for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities, if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year.

Further, notwithstanding the foregoing, the Bank will enable the Issuer to pay any interest payable in respect to the relevant Payment Period in accordance with the Terms and Conditions,

- if the Bank or any of its Subsidiaries, on any Parity Securities, declares or pays any dividends or makes any other payment or other distribution,
- if the Bank or any of its Subsidiaries, on its Junior Securities, declares or pays any dividend or makes any other payment or distribution, and/or
- if the Bank or any of its Subsidiaries redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for shares of common stock of the Bank.

The obligations under the Support Undertaking take effect for the benefit of the holders of Notes. Each of the Bank and the Issuer acknowledges and covenants that the obligations binding upon it contained in the Support Undertaking are owed to, and shall be for the benefit of, each and every holder of Notes, and that each holder of Notes shall be entitled severally to enforce the obligations against the Bank or the Issuer.

The Bank's obligations under the Support Undertaking are subordinated to all senior and subordinated debt obligations of the Bank, rank *pari passu* with the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and rank senior to any other preference shares and the common stock of the Bank.

## **Maturity**

The Notes do not have a maturity date and are not redeemable at any time at the option of the holders thereof.

## **Redemption of the Notes**

The Notes are redeemable at par-value at the option of the Issuer, in whole but not in part, on any Payment Date falling on or after 31 December 2008 (the "Initial Redemption Date"). In addition, the Issuer will also have the right to redeem the Notes at any time prior to the Initial Redemption Date, in whole but not in part, upon the occurrence of a Special Redemption Event. A "Special Redemption Event" means (i) a Regulatory Event, or (ii) a Tax Event. Any redemption of the Notes, whether upon the occurrence of a Special Redemption Event on or after the Initial Redemption Date, will be made at par-value of the Note, plus accrued and unpaid distributions on the Note for the then current Payment Period.

## *Limitations on Redemption*

No redemption of the Notes for any reason may take place unless on the Redemption Date:

- the Issuer has sufficient Distributable Funds (by reason of payments on the Investments or pursuant to the Support Undertaking) to pay

the Redemption Price of the Notes and to pay in full an amount corresponding to the interest on the Notes accrued and unpaid as of the Redemption Date;

- the Bank has an amount of Distributable Profits for the preceding fiscal year at least equal to the Interest Amounts on the Notes accrued and unpaid as of the Redemption Date, and
- pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank is not limited in making payments on the Notes or Parity Securities and no order of the FMA (or any other relevant regulatory authority) is in effect prohibiting the Bank from making any distributions (including to the holders of Parity Securities, if any).

#### **Status, Subordination**

The Notes constitute direct obligations of the Issuer, ranking *pari passu* among themselves. Notwithstanding the availability of sufficient Distributable Funds, the payment obligations of the Issuer in respect of the Notes, in particular for the payment of interest and, if applicable, for the redemption of the Notes, constitute obligations of the Issuer which are subordinated to all current and future senior and other subordinated debt obligations of the Issuer.

#### **Taxes**

All amounts payable by the Issuer in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Jersey or Austria or any other country from or out of which the Issuer makes payments, or any political subdivision or authority thereof or therein having power to tax (the "Withholding Taxes"), unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts (the "Additional Amounts") as shall be necessary in order that the net amounts received by the holders of the Notes after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of the Notes

(i) to a holder of Notes who is liable to any Withholding Taxes by reason of his having some connection with Jersey or Austria or any other country from or out of which the Issuer makes payments other than the mere holding of the Notes; or

(ii) where such Withholding Tax is imposed on a payment to an individual and is required to be made pursuant to any European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to confirm to, such Directive.

#### **Dividends on Ordinary Shares**

The Issuer may, subject to Jersey law, declare dividends out of profits on the recommendation of, and not exceeding the amount recommended by, the Board of Directors. Additionally, subject to Jersey law, the Board of Directors may declare interim dividends out of profits. With respect to payment of interest, the Notes will ordinarily rank senior to the Issuer's ordinary shares as to payment of dividends. In the event that interest does not fall to be paid in relation to a Payment Period on the Notes, all amounts received by the Issuer in relation to such Payment Period may be distributed as dividends to the holders of Issuer's ordinary shares instead of being paid to the holders of Notes.

<b>Offer Period</b>	The offer period is expected to start on 28 October 2002 and to close on 22 November 2002. The Lead Manager, in agreement with the Issuer, may accelerate closing of the offer period.
<b>Payment and Delivery</b>	Payment for and delivery of the Notes will be made on or about 28 November 2002.
<b>Calculation Agent</b>	Citibank, N.A., London.
<b>Principal Paying Agent</b>	Citibank, N.A., London.
<b>Vienna Paying Agent</b>	Investkredit Bank AG.
<b>Frankfurt Paying Agent</b>	Citibank AG, Frankfurt am Main.
<b>Rating</b>	The Notes are expected, on issue, to be assigned an “A3” rating by Moody’s Investors Service Ltd.
<b>Listing</b>	<p>Application has been made to admit the Notes to trading in the Official Market (<i>Amtlicher Handel</i>) on the Vienna Stock Exchange and the Frankfurt Stock Exchange.</p> <p>Trading of the Notes in the Official Market on the Vienna Stock Exchange is expected to commence on or about 28 November 2002.</p>
<b>German Security Code</b>	WKN 957 610
<b>ISIN Code</b>	DE0009576108
<b>Notices</b>	All notices concerning the Notes shall be given to Clearstream AG for communication by it to entitled participants. In addition, (i) so long as the Notes are listed on the Vienna Stock Exchange, all notices concerning the Notes shall be published in the <i>Amtsblatt zur Wiener Zeitung</i> , and (ii) so long as the Notes are listed on the Frankfurt Stock Exchange, all notices shall be published in a leading German newspaper approved by the Frankfurt Stock Exchange (which is expected to be the <i>Börsen-Zeitung</i> ).
<b>Governing Law</b>	The Notes are governed by Jersey law. The Support Undertaking is governed by Austrian law.

## Investment Considerations

*An investment in the Notes involves certain risks. An investor should carefully consider the following discussion, in conjunction with the other information contained in this Prospectus, before deciding whether an investment in the Notes is suitable.*

### **Risks Associated with the Financial Condition of the Bank and Its Subsidiaries**

If the financial condition of the Bank or its subsidiaries were to deteriorate, then it could result in:

- (i) the Bank having insufficient Distributable Profits to declare, or
- (ii) the Issuer receiving reduced payments under the Investments made or under the Support Undertaking.

This, in turn, would reduce the amounts available to the Issuer for Interest Payments or Redemption Payments to holders of the Notes.

In addition, if a voluntary or involuntary liquidation, dissolution or winding up of the Bank were to occur, holders of the Notes may lose all or part of their investment.

### **Issuer is Not Required to Make Distributions**

Interest Payments on the Notes are only made on any Payment Date to the extent that (i) the Issuer has an amount of Distributable Funds for the Payment Period ending on the respective Payment Date, and (ii) the Bank has an amount of Distributable Profits for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities, if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year.

Despite sufficient Distributable Funds of the Issuer and sufficient Distributable Profits of the Bank, the Issuer shall not be required to make Interest Payments on the Notes on any Payment Date to the extent that, pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank would be limited in making payments on the Notes or Parity Securities, or if on such date there is in effect an order of the FMA (or any other relevant regulatory authority) prohibiting the Bank from making any distribution of profits.

### **The Notes are Non-Cumulative**

The right of the holders of the Notes to receive Interest Payments is non-cumulative. To the extent that, with respect to any Payment Period, the Issuer does not have Distributable Funds and/or the Bank has not declared Distributable Profits sufficient and/or banking regulations or orders of the FMA limit the Issuer to make Interest Payments in full, payments will be made to the holders of the Notes *pro rata*, based on the proportion that the aggregate nominal amount of the Notes held by each holder bears to the aggregate nominal amount of all Notes. The holders of the Notes will have no right to receive payments in respect of any missed or reduced Interest Payments, whether or not Distributable Funds or Distributable Profits are sufficient or Interest Payments are made by the Issuer, in respect of any future Payment Period.

### **Relationships with the Bank and Its Group Companies; Certain Conflicts of Interest**

The Issuer expects that some of the initial (and future) Directors and officers of the Issuer are officers or employees of the Bank or its subsidiaries. Consequently, conflicts of interest may arise for those officers and employees of the Bank and its subsidiaries in the discharge of their duties as officers or employees of the Issuer.

### **Special Redemption Risk**

The Notes are redeemable at the option of the Issuer, in whole but not in part, on any Payment Date falling on or after 31 December 2008 (the "Initial Redemption Date"). In addition the Issuer will also have the right to redeem the Notes at any time prior to the Initial Redemption Date, in whole but not in part, upon the occurrence

of a Special Redemption Event. A “Special Redemption Event” means (i) a Regulatory Event, or (ii) a Tax Event as in detail defined in the Terms and Conditions of the Notes. Any redemption of the Notes will be made at par-value of the Notes (the “Redemption Price”), plus accrued and unpaid Interest Payment on the Notes for the then current Payment Period.

No redemption of the Notes for any reason may take place unless on the Redemption Date (i) the Issuer has sufficient Distributable Funds (received from the Investments or pursuant to the Support Undertaking) to pay the Redemption Price of the Notes and to pay in full an amount corresponding to the interest on the Notes accrued and unpaid as of the Redemption Date; (ii) the Bank has an amount of Distributable Profits for the preceding fiscal year at least equal to the Interest Amounts on the Notes accrued and unpaid as of the Redemption Date, and (iii) pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank is not limited in making payments on the Notes or Parity Securities and no order of the FMA (or any other relevant regulatory authority) is in effect prohibiting the Bank from making any distributions (including to the holders of Parity Securities, if any).

### **The Support Undertaking is Not a Comprehensive Guarantee**

The Bank has undertaken to ensure that the Issuer will at all times be in a position to meet its obligations, including its obligations to pay Distributions, as and when such obligations are due and payable (the “Support Undertaking”). For so long as any Note remains outstanding and subject to the limitations contained in this Agreement, the Bank has irrevocably and unconditionally granted to the Issuer the following right (call option): If at any time the Issuer has or foresees to have insufficient funds to enable it to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due, the Issuer shall have the option to receive from the Bank such funds which, in addition to distributions and redemption payments deriving from the Investments, if any, are necessary to enable the Issuer to meet such payment obligations.

The obligations under the Support Undertaking take effect for the benefit of the holders of Notes insofar as the obligations binding upon the Bank and the Issuer contained in the Support Undertaking are owed to, and shall be for the benefit of, each and every holder of Notes. Each holder of Notes is entitled severally to enforce the obligations under the Support Undertaking against the Bank or the Issuer, in particular the obligations of the Bank to provide funding for the Distributable Funds as described in the Terms and Conditions.

The Bank’s obligations under the Support Undertaking are subordinated to all senior and subordinated debt obligations of the Bank, rank *pari passu* with the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and rank senior to any other preference shares and the common stock of the Bank.

### **No Prior Public Market; Selling Restrictions**

The Notes are a new issue of securities. There has been no public market for the Notes. There can be no assurance that an active secondary market for the Notes will develop. The liquidity and the market prices for the Notes can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Bank and other factors that generally influence the secondary market prices of securities. Such fluctuations may significantly affect liquidity and market prices for the Notes. Subject to the foregoing redemption provisions and procedures and applicable law (including, without limitation, Austrian securities laws), the Issuer or another Group company may at any time and from time to time purchase Notes by tender, in the secondary market or by private agreement.

Application has been made to admit the Notes to trading in the Official Market (*Amtlicher Handel*) on the Vienna Stock Exchange and the Frankfurt Stock Exchange. Listing of the Notes on the Vienna Stock Exchange is expected to occur on or about 28 November 2002. The Notes have not been registered under the Securities Act and will be subject to a number of selling restrictions.

### **Regulatory Restrictions on the Issuer’s Operations**

Because the Issuer is a Subsidiary of the Bank, Austrian bank regulatory authorities and other competent regulatory authorities could make determinations in the future with respect to the Bank that could adversely affect the Issuer’s ability to make Distributions in respect of the Notes.

## Summary Financial Information

The following information is extracted from the audited consolidated financial statements of the Group for the years ended 31 December 2000 and 31 December 2001 and from non-audited consolidated financial statements of the Group for the six months ended 30 June 2002. This information is qualified in its entirety by reference to such financial statements (including the notes to such financial statements), which are incorporated herein by reference.

### Balance Sheet

in EUR 1,000

	<u>As at 31.12.</u>		<u>As at 30.6.</u>	
	<u>2000</u>	<u>2001</u>	<u>2002</u>	
<u>Assets</u>				
Cash and balances with central banks .....	4,780	15,106	5,299	
Loans and advances to banks .....	661,866	887,105	1,641,774	
Loans and advances to customers .....	4,950,232	6,086,376	7,134,417	
Risk provisions for loans and advances .....	-64,310	-69,049	-78,654	
Trading assets .....	187,169	93,765	133,976	
Financial investments .....	2,689,824	3,831,483	4,172,939	
Property and equipment .....	214,839	288,786	300,481	
Other assets .....	59,007	60,783	88,981	
<b>Total .....</b>	<b><u>8,703,408</u></b>	<b><u>11,194,354</u></b>	<b><u>13,399,214</u></b>	
<u>Liabilities and equity</u>				
Amounts owed to banks .....	2,357,201	2,810,094	2,580,133	
Amounts owed to customers .....	328,155	686,532	632,526	
Debts evidenced by certificates .....	5,139,159	6,453,065	9,016,941	
Provisions .....	40,675	44,591	45,259	
Other liabilities .....	324,429	517,421	383,386	
Subordinated capital .....	197,087	291,104	318,924	
Minority interests .....	22,532	133,344	148,275	
Equity .....	294,168	258,203	273,769	
<b>Total .....</b>	<b><u>8,703,408</u></b>	<b><u>11,194,354</u></b>	<b><u>13,399,214</u></b>	

## Income Statement

in EUR 1,000

	<b>1.1. – 31.12.</b>	<b>1.1. – 30.6.</b>	
	<b>2000</b>	<b>2001</b>	<b>2002</b>
Interest and similar income .....	835,221	1,027,889	560,012
Interest and similar expenses .....	<u>-758,773</u>	<u>-930,953</u>	<u>-503,229</u>
Net interest income .....	76,448	96,937	56,783
Fee and commission income .....	10,369	10,869	6,225
Fee and commission expenses .....	-4,511	-5,871	-3,006
Net fee and commission income .....	5,857	4,992	3,219
Net credit risk result .....	-6,586	-8,537	-9,763
Trading result .....	2,968	3,019	-91
Net financial investments result .....	-10,861	-22,024	5,988
General administrative expenses .....	-36,227	-43,875	-23,925
Other operating results .....	770	3,292	1,772
Extraordinary result .....	0	0	0
Profit for the period before tax .....	<u>32,369</u>	<u>33,804</u>	<u>33,983</u>
Tax on income .....	<u>-2,193</u>	<u>-3,610</u>	<u>-10,719</u>
Profit for the period after tax .....	30,176	30,194	23,264
Minority interests .....	<u>-3,415</u>	<u>-7,062</u>	<u>-8,558</u>
Net profit for the period .....	<u><u>26,760</u></u>	<u><u>23,133</u></u>	<u><u>14,706</u></u>

## Capital Adequacy and Selected Ratios

in EUR mio	As at 31.12.		As at 30.6.
	2000	2001	2002
Core capital (tier 1) .....	272	358	355
Total capital ratio .....	9.9%	10.4%	10.0%
Tier 2 capital .....	163	212	257
Book value of participations .....	-31	-34	-33
Tier 3 capital .....	18	15	15
Own funds (tier 1+2+3) – total equity .....	421	551	594
Total risk weighted assets and off balance sheet items .....	4,048	5,112	5,923
Free own funds .....	79	128	120
Core capital ratio .....	6.4%	6.8%	6.0%
Interest margin .....	0.98%	0.97%	0.92%
Cost income ratio .....	42.5%	41.8%	39.9%
Return on assets .....	0.85%	0.71%	1.21%
Return on equity before tax .....	11.8%	12.2%	25.6%
Return on equity – net profit .....	9.7%	8.4%	11.1%

## Cash Flow Statement

in EUR 1,000

	As at 31.12.	As at 30.6.	
	2000	2001	2002
<b>Cash holding at the end of the previous year</b> .....	<b>69,367</b>	<b>4,780</b>	<b>15,106</b>
Cash flow from operating activities .....	166,333	88,030	45,881
Cash flow from investing activities .....	-231,991	-277,012	-92,109
Cash flow from financing activities .....	1,323	88,497	21,490
Effects of exchange rate fluctuations .....	0	0	0
Effects of changes in the group of consolidated enterprises .....	-252	110,812	14,930
<b>Cash holding at period end</b> .....	<b>4,780</b>	<b>15,106</b>	<b>5,299</b>

## Capitalisation

The following table sets out the audited consolidated capitalisation of the Group as at 31 December 2000 and 2001 supplemented by the non-audited data as at 30 June 2002:

in EUR 1,000	<u>As at 31.12.</u>	<u>As at 30.6.</u>	
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Subscribed capital .....	46,000	46,000	46,000
Capital reserves .....	61,047	61,047	61,047
Retained earnings .....	157,038	142,015	168,428
Hedge reserves .....	8,842	-7,662	-10,082
Net profit .....	26,760	23,133	14,706
Dividend paid .....	-5,520	-6,330	-6,330
Total .....	294,167	258,203	273,769
Total supplementary capital .....	49,000	100,000	109,000
Total subordinated liabilities .....	148,000	191,000	210,000
<b>Total capitalisation .....</b>	<b>491,167</b>	<b>549,203</b>	<b>592,769</b>

## **Use of Proceeds**

The net proceeds from the sale of the Notes will be used for investments within the Group and, according to § 24 / 2 / 6 / b of the Banking Act, will immediately be made available by a Group company to the Bank as bank regulatory capital pursuant to § 23 / 1 / 5 of the Banking Act. The Bank will use the funds for general corporate purposes of the Group and expects to treat the Notes as consolidated tier 1 capital for the bank regulatory purposes according to § 24 / 2 / 5 and 6 of the Banking Act.

## General Information

### Subject of this Prospectus

Subject of this prospectus (the “Prospectus”) are the Notes issued by Investkredit Funding Ltd (the “Issuer”) in an aggregate nominal amount of up to EUR 100,000,000.

The Prospectus was prepared in accordance with Scheme J of the Austrian Stock Exchange Act (*Börsegesetz*).

### Responsibility for the Contents of this Prospectus

The Issuer and Investkredit assume responsibility as follows for the contents of this Prospectus:

The Issuer confirms that, to the best of its knowledge and belief, after having made all reasonable inquiries, this Prospectus contains all information with regard to the Issuer and the Notes which is material to the issue of the Notes, that such information is true and accurate in all material respects and is not misleading in any material respect, that the opinions and intentions expressed in this Prospectus on the part of the Issuer are honestly held and that there are no other facts the omission of which makes any such information or the expression of such opinion or intention misleading in any material respect. The Issuer accepts responsibility accordingly.

Investkredit confirms that, to the best of its knowledge and belief, after having made all reasonable inquiries, this Prospectus contains all information with regard to the Issuer, Investkredit, the Group and the Notes which is material to the issue of such Notes, that the information contained in this Prospectus is true and accurate in all material respects and is not misleading in any material respect, that the opinion and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which makes this Prospectus as a whole or any such information or the expression of such opinion or intentions misleading in any material respect. Investkredit accepts responsibility accordingly.

### Auditors

No accounts of the Issuer have yet been prepared or audited. KPMG of 45, The Esplanade, St Helier, Jersey JE4 8WQ have been appointed as auditors to the Issuer.

The independent auditors of Investkredit are KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Kolingasse 19, A-1090 Vienna (“KPMG Austria”). They have audited the non-consolidated financial statements of Investkredit which have been drawn up according to Austrian GAAP for the years ended 31 December 1999, 2000 and 2001, and the consolidated financial statements of the Group which have been drawn up according to Austrian GAAP for the year ended 31 December 1999, and the consolidated financial statements of the Group which have been drawn up according to International Accounting Standards (“IAS”) for the years ended 31 December 2000 and 2001. KPMG Austria has issued an unqualified audit certificate on each of these financial statements.

KPMG Austria has given and not withdrawn its written consent to the issue of this Prospectus with its report in the form and context in which it is included.

### Jersey Procedures

A copy of this document has been delivered to the registrar of companies in Jersey in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002.

Application has been made to the Jersey Financial Services Commission to give its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes.

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

## **Clearing Codes**

The Notes have been accepted for clearing through Clearstream AG.  
German Security Code (*Wertpapier-Kenn-Nummer*): 957 610  
ISIN Code: DE 0009576108

## **Authorizations**

The transaction involving the issue of the Notes by the Issuer has been duly authorized in principle by a resolution of the Board of Directors of the Issuer passed on 22 October 2002.

The transaction structure, including the entering into the Support Undertaking by Investkredit has been duly authorized by a resolution of its Management Board passed on 22 October 2002.

## **Rating**

The Notes are expected, on issue, to be assigned an “A3” rating by Moody’s Investors Service Ltd.

## **Listing**

Application has been made to admit the Notes to trading in the Official Market (*Amtlicher Handel*) on the Vienna Stock Exchange and the Frankfurt Stock Exchange.

Trading of the Notes in the Official Market on the Vienna Stock Exchange is expected to commence on or about 28 November 2002.

## **Notices**

All notices concerning the Notes shall be given to Clearstream AG for communication by it to entitled participants. In addition, (i) so long as the Notes are listed on the Vienna Stock Exchange, all notices concerning the Notes shall be published in the *Amtsblatt zur Wiener Zeitung*, and (ii) so long as the Notes are listed on the Frankfurt Stock Exchange, all notices shall be published in a leading German newspaper approved by the Frankfurt Stock Exchange (which is expected to be the *Börsen-Zeitung*).

## The Issuer

### History

The Issuer, Investkredit Funding Ltd, was incorporated on 18 October 2002 under the Companies (Jersey) Law 1991 as a public company with limited liability, for a period of unlimited duration. The Issuer's registered office is at 22 Grenville Street, St Helier, Jersey, JE4 8PX, and its company registered number is 84213.

### Business

The Issuer is an indirect subsidiary of the Bank and has been formed for the purposes of (i) issuing the Notes; (ii) using the net proceeds thereof to make investments within the Bank and its consolidated subsidiaries and affiliates; (iii) using the distributions and redemption payments on the investments made by the Issuer to service the principal and interest obligations on the Notes; and (iv) carrying out activities incidental to the foregoing. The issue of the Notes requires the consent of the Jersey Financial Services Commission under the Control of Borrowing (Jersey) Order 1958, which consent has been applied for. This consent is subject to conditions which must be complied with on an ongoing basis. The Jersey Financial Services Commission is protected by the Borrowing (Control) (Jersey) Law 1947, as amended, against liability arising from the discharge of its function under that law.

### Corporate Purpose

There is no constitutional restriction on the activities of the Issuer, although the Issuer is subject to certain covenants under the terms and conditions of the Notes.

The Issuer has conducted and will conduct business activities which are incidental to, and necessary for, its incorporation and the authorization and issue of the Notes and compliance with the Issuer's obligations under the Notes and its entering into investments within the Group using the net proceeds of sale of the Notes.

### Share Capital

- (a) The existing issued ordinary shares of the Issuer are not listed on the Vienna Stock Exchange or on the Frankfurt Stock Exchange or on any other stock exchange and are not dealt on any other recognized market.
- (b) The Issuer was established with an authorized share capital of EUR 10,000 consisting of 10,000 shares of par value EUR 1 each. All 10,000 shares were issued at par and fully paid following incorporation. Save as described, there has been no subsequent change in the share capital of the Issuer.
- (c) The holders of the ordinary shares in the Issuer have no right of pre-emption or preferential subscription rights in respect of the Notes.
- (d) No capital of the Issuer is under option or is agreed conditionally or unconditionally to be put under option.
- (e) The Bank, in the Support Undertaking, has undertaken with the Issuer to maintain the Issuer as a Subsidiary for so long as the Note remain outstanding.

### Indebtedness

Since the date of its incorporation, the Issuer has not had outstanding any loan capital and has not incurred any other borrowings or indebtedness in the nature of borrowings and has had no contingent liabilities or granted any guarantees.

## Management

(a) The current Directors of the Issuer and their principal activities outside the Issuer are as follows:

<u>Name</u>	<u>Function in the Issuer</u>	<u>Principal Activity Outside the Issuer</u>
Rupert Walker	Director	English solicitor, partner of the Mourant group
Mag. Thomas Heinisch	Director	Banker, Investkredit International Bank p.l.c.
Noel Curmi	Director	Financial Controller, Investkredit International Bank p.l.c.

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

No Director or any connected person has any interest, whether or not held by third party, in the share capital of the Issuer.

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

Rupert Walker is a partner of the Mourant group, the ultimate owner of Mourant & Co. Limited, to which fees are payable for providing corporate administration services to the Issuer, including provision of a secretary through its subsidiary company, Mourant & Co. Secretaries Limited.

(c) As at the date of this document, the Directors have not received any remuneration for the provision of their services to the Issuer.

The remuneration of the Directors shall from time to time be determined by the Issuer in the general meeting.

Subject to the provisions of the articles of association, a Director shall hold office until such time as he is removed from office by an ordinary resolution of the Issuer in the general meeting.

## Employees

Since the date of the Issuer's incorporation no employees have been employed.

## Real Property

The Issuer does not own any real property.

## Secretary

The Secretary of the Issuer is Mourant & Co. Secretaries Limited of 22 Grenville Street, St Helier, Jersey JE4 8PX.

## Shareholders' Meetings

An annual general shareholders' meeting shall be held either in or outside the Island of Jersey once in every calendar year, at such time and place as may be determined by the Directors; but so long as the Issuer holds its first annual general meeting within eighteen months of its incorporation it need not hold it in the year of its incorporation or in the following year. All other general meetings which may be held at such time and place as the Directors may determine having regard to the fiscal status of the Issuer shall be called extraordinary general meetings.

## Dividends

The Issuer may, subject to Jersey law, declare dividends out of profits on the recommendation of, and not exceeding the amount recommended by, the Board of Directors. Additionally, subject to Jersey law, the Board of Directors may declare interim dividends out of profits. With respect to payment of interest, the Notes will ordinarily rank senior to the Issuer's ordinary shares as to payment of dividends. In the event that interest does not fall to be paid in relation to a Payment Period on the Notes, all amounts received by the Issuer in relation to

such Payment Period may be distributed as dividends to the holders of Issuer's ordinary shares instead of being paid to the holders of Notes.

### **Financial Year**

The Issuer's financial year ends on 31 December of each calendar year, commencing on 31 December 2002.

### **Litigation**

The Issuer has not been engaged in any litigation or arbitration proceedings since its incorporation which may have a significant effect on its financial position, nor, as far as the Issuer is aware, are any such litigation or arbitration proceedings pending or threatened.

### **General**

(a) Since 18 October 2002, the date upon which the Issuer was incorporated, there has been no significant change in the trading or financial position of the Issuer.

(b) No accounts have been prepared for the Issuer nor have any dividends been declared or paid since the date of the Issuer's incorporation.

(c) No transactions involving the Issuer have occurred since incorporation of the Issuer other than (i) the allotment of the shares described under "Share Capital" and (ii) the execution of the Support Undertaking dated 22 October 2002 and made between the Issuer and Investkredit.

(d) The Issuer, Investkredit and Mourant & Co. Limited intend to enter into an agency agreement and corporate administration agreement.

### **Auditors**

KPMG of 45, The Esplanade, St Helier, Jersey, JE4 8WQ, have been appointed as auditors to the Issuer.

# Investkredit Bank AG and Investkredit Group

## Overview, Incorporation, Seat and Objects

Investkredit is organised as a joint stock company under the Austrian Stock Company Act (*Aktiengesetz*). It is registered in the companies' register of the commercial court in Vienna under file number FN 117164a.

Investkredit has its registered office at Renngasse 10, A-1013 Vienna.

In accordance with its articles of association (*Satzung*), Investkredit engages in banking activities, as necessary for the financing of enterprises, predominantly in Europe, in particular by issuing of bonds and the assumption of liabilities for the financing of such investments. Investkredit does not issue mortgage or community bonds and does not take savings or bank deposits.

Investkredit Group is a specialized banking group active in three segments: corporates, local government and real estate. In these segments Investkredit and its subsidiaries have a strategic position as a specialist banking group.

The Group's business is conducted primarily in Austria but has been also extended to countries in Central and Eastern Europe.

As at 31 December 2001, the Group had consolidated total assets of EUR 11.2 billion, an increase of 29% from EUR 8.7 billion as at 31 December 2000. The Group's net profit for the year ended 31 December 2001 was EUR 23.1 million.

At 30 June 2002, total Group assets amounted to approximately EUR 13.4 billion, loans and advances to customers and financial investments stood at EUR 11.3 billion. The aggregate Group equity amounted to EUR 273.8 (31 December 2001: EUR 258.2 million) and the own funds (tier 1 + 2 + 3), calculated according to § 23 of the Banking Act, reached EUR 594 million (31 December 2001: EUR 551 million). The net profit for the first half of 2002 was EUR 14.7 million.

## History of Investkredit

Investkredit was established in 1957, on the initiative of the Federal Government and the International Bank for Reconstruction and Development (formerly World Bank), as a specialist bank for the business sector and particularly industry, in order to make long-term capital available to investing enterprises. It has lent predominantly on the basis of long-term fixed-interest loans at its own risk. In addition to classical loan financing, Investkredit now offers a full range of medium- and long-term bank services for corporate customers.

With the acquisition of a majority holding in Kommunalkredit Austria AG ("Kommunalkredit") in 1986, the product range was extended to local government financing. In recent years, activities for local authorities in Central and Eastern Europe were being expanded jointly with the Franco-Belgian Dexia group.

Since 1990, the Group has built up a considerable real-estate portfolio and has founded Europolis Invest Immobilien Management GmbH ("Europolis Invest") which provides management services in the real estate segment.

Representative offices were opened in Prague and Warsaw. With the opening of its new branch in Frankfurt in 2002, Investkredit now has access to Continental Europe's premier financial centre.

## Share capital, Ownership and Shares

At the date of this Prospectus, the Investkredit's authorized and issued share capital is EUR 46,000,110 divided into 6,330,000 bearer shares, all of which are subscribed and fully paid.

Investkredit's shares are listed on the prime market on the Vienna Stock Exchange. The major Austrian banks together hold a majority interest.

The following table shows the shareholders of Investkredit:

	Shares	%
Bank Austria Creditanstalt AG (HVB Group)	1,567,990	24.8
SKWB Schoellerbank Aktiengesellschaft (HVB Group)	124,560	1.9
Bank für Arbeit und Wirtschaft Aktiengesellschaft (BAWAG Group)	656,490	10.4
Österreichische Postsparkasse Aktiengesellschaft (BAWAG Group)	690,340	10.9
Raiffeisen Zentralbank Österreich Aktiengesellschaft	984,360	15.5
Erste Bank der oesterreichischen Sparkassen AG	712,660	11.3
WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft	470,000	7.4
Österreichische Volksbanken-Aktiengesellschaft	212,500	3.4
Dexia Crédit Local SA	55,000	0.9
Oesterreichische Kontrollbank Aktiengesellschaft	25,830	0.4
Free Float	830,270	13.1
	<b>6,330,000</b>	<b>100.0</b>

The HVB Group through Bank Austria Creditanstalt AG and SKWB Schoellerbank Aktiengesellschaft holds 1,692,550 shares or 26.7% of the shares. BAWAG Group through Bank für Arbeit und Wirtschaft Aktiengesellschaft and Österreichische Postsparkasse Aktiengesellschaft holds 1,346,830 shares or 21.3% of the shares.

Bank Austria Creditanstalt AG, SKWB Schoellerbank Aktiengesellschaft, Bank für Arbeit und Wirtschaft Aktiengesellschaft, Österreichische Postsparkasse Aktiengesellschaft, Erste Bank der oesterreichischen Sparkassen AG, Oesterreichische Kontrollbank Aktiengesellschaft, Österreichische Volksbanken-Aktiengesellschaft, and Raiffeisen Zentralbank Österreich Aktiengesellschaft have concluded a shareholders' agreement (*Syndikatsvertrag*). The members of the syndicate hold 4,974,730 shares, respectively 78.58% of all shares. The parties of the agreement are obliged to vote in the shareholders' meeting according to their precedent decision in the syndicates meeting. If a party intends to sell its shares, this party must offer the shares at the same conditions of an existing offer by a third party, if any, to the parties in relation to their shareholding.

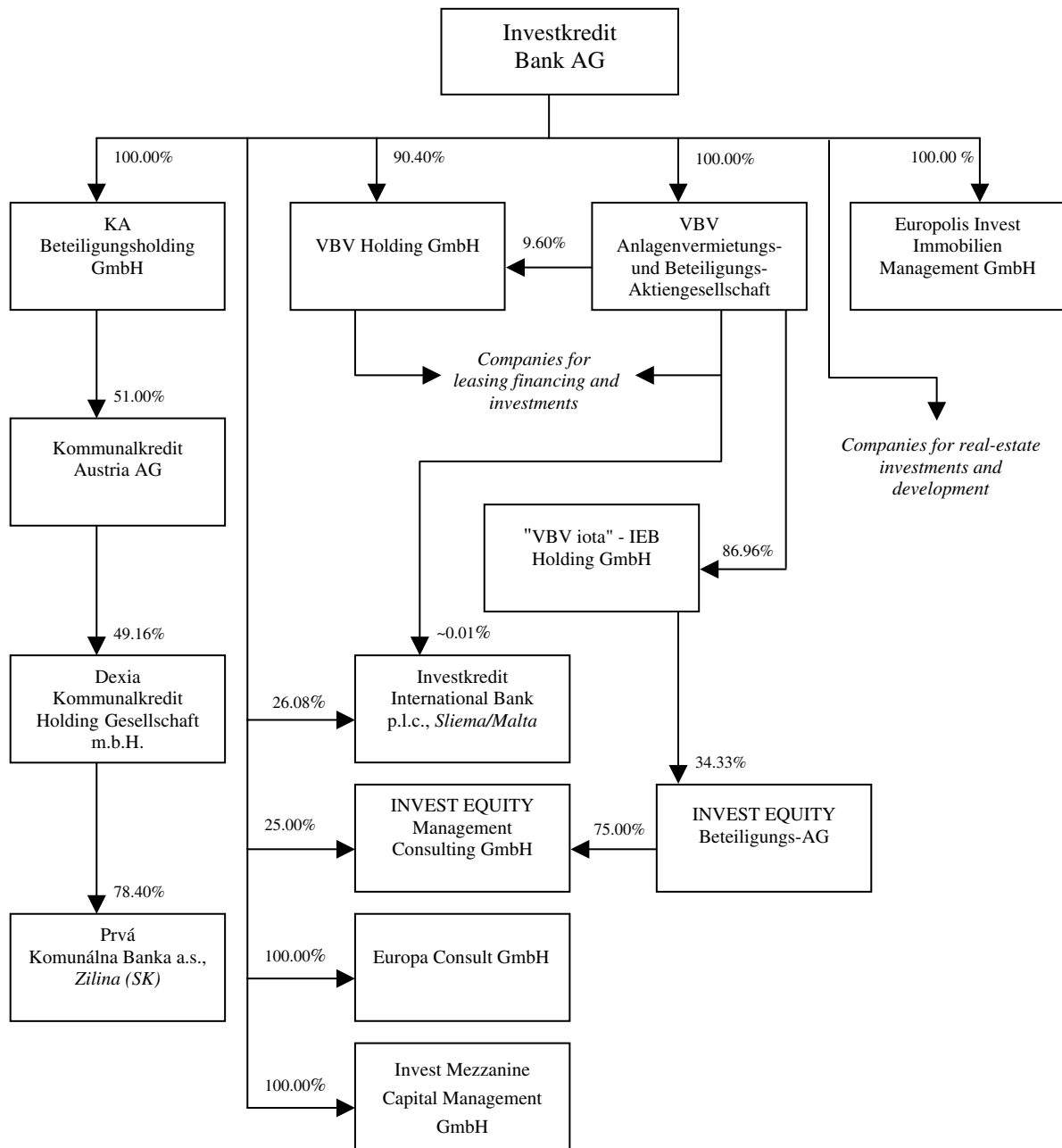
Investkredit shares at a glance:

	<b>31.12.2000</b>	<b>31.12.2001</b>	<b>30.6.2002</b>
Period end price in EUR	35.00	36.45	42.48
Market capitalisation in EUR mio	221.6	230.8	269.0
Price-earnings ratio	8.3	10.0	9.1
Earnings per share in EUR	4.23	3.65	4.65

On 30 June 2002 no exercisable conversion or option rights were outstanding. Thus the undiluted profit per share is equal to the diluted profit per share.

### Group Structure and Subsidiaries

The following chart outlines the general structure of the Group. The chart includes the subsidiaries with an equity position of more than EUR 20 million as well as the subsidiaries of which the Management believes that they are of general importance for the business description of the Group.



### **Subsidiaries**

The following schedule lists the subsidiaries of the Bank which are fully consolidated according to § 30 of the Banking Act.

CALG Secunda Grundstückverwaltung Gesellschaft mbH, Vienna  
 CALG Vomido Grundstückverwaltung Gesellschaft mbH, Vienna  
 EUROPOLIS CE Holding GmbH, Vienna  
 EUROPOLIS CE Warschau Holding AG, Vienna  
 Immo-Lease Grundstückservwaltungs-Gesellschaft mbH, Vienna  
 Investkredit International Bank p.l.c., Sliema (Malta)  
 KA Beteiligungsholding GmbH, Vienna  
 Kommunalkredit Austria AG, Vienna  
 Kommunalkredit Beteiligungs- und Immobilien GmbH, Vienna  
 Kommunalkredit International Bank Ltd., Limassol (CY)

VBV vier Anlagen Vermietung Gesellschaft mbH, Vienna  
RCP Holding GmbH, Vienna  
VBV Anlagenvermietungs- und Beteiligungs-Aktiengesellschaft, Vienna  
VBV beta Anlagen Vermietung Gesellschaft mbH, Vienna  
VBV gamma Anlagen Vermietung Gesellschaft mbH, Vienna  
VBV Holding Gesellschaft mbH, Vienna  
VBV Holding GmbH & Co Tertia GmbH  
(vormals VBV Holding GmbH & Co Immobilien-Vermietungen OHG), Vienna  
VBV Holding GmbH & Co Secunda OHG  
(vormals VBV Holding GmbH & Co Immobilien-Investitionen OHG), Vienna  
VBV neun Anlagen Vermietung Gesellschaft mbH, Vienna  
VBV sechs Anlagen Vermietung Gesellschaft mbH, Vienna  
VBV Vermögensanlagen und Beteiligungen Verwaltungs-Gesellschaft mbH Investitionsgüter  
Vermietungs OHG, Vienna  
WIKAL Leasing-Gesellschaft mbH, Vienna

Kommunalkredit (local government financing) is the only major subsidiary in the Group according to Scheme B / 4 / 1b of the Stock Exchange Act (*Börsegesetz*) and is separately described below.

### **Business Areas**

In general, the Group provides its specialized services in the segment corporates through Investkredit itself, in the segment local government through Kommunalkredit, and in the segment real estate through Europolis Invest together with about 30 companies for real estate investments.

### **Corporates**

Investkredit is a specialist bank, which offers financial services exclusively to corporate customers. Investkredit combines the functions of a financing bank, an equity investor, a financial assets management bank and a treasury bank. With its range of products, Investkredit meets the most important financing and financial asset management needs of its customers going beyond the scope of day-to-day banking business. Today, Investkredit is the second-largest long-term loan financier for medium and large-scale enterprises in Austria.

Structured financing is the core competence of Investkredit as a bank for corporates. In addition to classic loan financing, Investkredit engages in the placement of corporate bonds, in private equity and mezzanine financing, in derivative products for risk hedging and in financial asset management. Investkredit is a member of the Vienna Stock Exchange and acts as market-maker for its own bond issues and shares. Dealing in bonds in all major currencies is carried out for Investkredit's own portfolio. In addition, Investkredit acts as a custodian of securities on behalf of its customers.

In the corporate finance field Group companies offer various finance instruments, such as equity capital, mezzanine capital and acquisition finance in the form of long-term loans, combined with M & A advisory services. Group companies offer ongoing support to enterprises with regard to the purchase and sale of holdings, to the opening of new acquisition opportunities as well as to financing and aid management services. Time deposit opportunities are being offered to Austrian corporate customers through Investkredit International Bank p.l.c., Malta.

The Bank acts as distributor and fund manager of mutual funds, in particular, designed for capital preservation purposes ("floor-funds") or dedicated to companies building up long-term social reserves. As at 31 December 2001, the volume of the seven funds issued and managed by Investkredit amounted to EUR 148.1 million.

Investkredit offers a comprehensive range of services for hedging against interest-rate and currency risks. The utilization of derivative instruments such as interest rate swaps, forward rate agreements and caps makes possible ongoing adjustments to existing financing and financial asset management decisions.

Private equity financing, mezzanine financing and M & A advisory services are provided through Group companies:

M & A advisory services. The Group provides M & A advisory services with a strategic focus on advising medium-sized family businesses on acquisitions and sales and on the structured financing of complex deals through Europa Consult GmbH (“Europa Consult”). In 2001 Europa Consult advised on 19 projects.

Mezzanine financing. The growing need for mezzanine financing has been met by the Group with the establishment of a mezzanine management company, Invest Mezzanine Capital Management GmbH (“Invest Mezzanin”). Invest Mezzanin arranges the funding for growing companies which plan to go public in the future. The funds are provided by the Bank. Invest Mezzanin realized two projects during the first half of 2002. In total, Invest Mezzanin has arranged ten investments, amounting to approximately EUR 30 million.

Private equity financing. INVEST EQUITY Beteiligungs-AG (“Invest Equity”) is a company acting as a fund and established to provide venture capital for non-listed Austrian companies. Investkredit’s (indirect) shareholding in Invest Equity amounts to 29.9%. Invest Equity is managed by INVEST EQUITY Management Consulting GmbH, the private equity management company in the Group. Invest Equity cooperates internationally with the European Investment Bank, Luxembourg, with the venture capital industry shareholders NIB Capital Private Equity N.V., The Hague, and Financière Natexis Banques Populaires, Paris, which are also shareholders in Invest Equity. Invest Equity is one of the three leading Austrian venture capital funds. In 2001 Investkredit, as a founding investor and 100% shareholder, has created an early stage fund for equity capital investments in know-how-based early-stage enterprises (INVEST EQUITY early stage Beteiligungs-AG) and a management company (INVEST EQUITY early stage Business Consulting GmbH).

#### *Investments - Corporates*

in mio EUR	National (not subsidized)			National (subsidized)			International			Total		
	2001	6/2002	%	2001	6/2002	%	2001	6/2002	%	2001	6/2002	%
Loans	1,673	1,846	+10	756	740	-2	1,113	1,148	+3	3,542	3,734	+5
Securities	332	329	-1	-	-	-	1,279	1,366	+7	1,611	1,695	+5
<b>Total</b>	<b>2,005</b>	<b>2,175</b>	<b>+8</b>	<b>756</b>	<b>740</b>	<b>-2</b>	<b>2,392</b>	<b>2,514</b>	<b>+5</b>	<b>5,153</b>	<b>5,429</b>	<b>+5</b>

#### *Local Government - Kommunalkredit Austria AG and Kommunalkredit Group*

In the local government segment, the Group is represented by the specialist bank Kommunalkredit Austria AG. Investkredit indirectly holds 51% of Kommunalkredit’s stake; Dexia Crédit Local SA (“Dexia”) holds the remaining 49%. Kommunalkredit has entered into a strategic partnership with Dexia. For central Europe, this strategic partnership was strengthened through the conclusion of an extended co-operation agreement in 2001.

Kommunalkredit has its seat and registered office in Vienna, Türkenstraße 9. It is registered in the companies’ register of the commercial court in Vienna under file number FN 128283b.

Kommunalkredit is a specialist bank for public finance. With more than 60% of all local authorities among its customers, Kommunalkredit is the leading provider of local-authority finance in Austria. Kommunalkredit is active in other markets, such as Switzerland which was entered in 1999.

As at 31 December 2001, Kommunalkredit Group had consolidated total assets of EUR 5.0 billion, an increase of 49.5% from EUR 3.4 billion as at 31 December 2000. The Kommunalkredit Group’s net profit for the year ended 31 December 2001 was EUR 17.5 million.

At 30 June 2002, total Kommunalkredit Group assets amounted to approximately EUR 6.9 billion, loans and advances to customers and financial investments stood at EUR 6.0 billion. The aggregate amount of Kommunalkredit Group own funds (tier 1+2+3), calculated according to § 23 of the Banking Act, reached EUR 180.3 million (31 December 2001: EUR 157.8 million). The net profit for the first half of 2002 was EUR 13.8 million.

### Equity Position

The following table shows the equity position of Kommunalkredit Group:

in mio EUR	31.12.2001	31.12.2000	Change
Subscribed capital	13,807.3	10,900.5	2,906.8
Capital reserves	53,035.2	19,607.0	33,428.2
Profit reserves in the strict sense	26,358.7	17,700.9	8,657.8
Hedging reserve	803.7	1.3	802.4
Profit for the year	17,524.8	10,222.5	7,302.3
Dividend paid by Kommunalkredit Austria AG	-1,962.0	-1,962.0	0.0
<b>Total</b>	<b>109,567.7</b>	<b>56,470.2</b>	<b>53,097.5</b>

### Business Activities and Investments

Kommunalkredit has specialised since the mid-1990s in the provision of finance for local authorities striving to adjust their budgets to the Maastricht requirements. The public sector continues its policy of selling off both federal and provincial loans. Until 31 December 2001, Kommunalkredit, as an individual bidder and a leader of an international syndicate, has purchased such loans in the amount of more than EUR 1 billion. This market is expected to grow, both nationally and internationally.

Together with Dexia, Kommunalkredit has developed a strategy to start and increase business in Poland, the Czech Republic, Hungary, Slovenia and Croatia. In the Czech Republic, Kommunalkredit has been represented in Prague since the summer of 2001. Together with Dexia, Kommunalkredit acquired Prvá Komunálna Banka a.s., Zilina, a special-purpose bank in Slovakia with a market share of about 70% in Slovak local-authority finance, and KOFIS LEASING, a.s., Zilina, through Dexia Kommunalkredit Holding GmbH (Central Europe) in 2000.

In addition to its core business, Kommunalkredit engages in the structured loan business and in the purchase of public housing loans, recently for the provinces of Upper Austria and Styria. The volume of such financing activities amounted to EUR 770 million as at 30 June 2002.

Kommunalkredit is increasingly involved in the cross border leasing business. The investments in this segment amounted to approximately EUR 60 million.

### Investments - Local Government

in mio EUR	Austria			International			Total		
	2001	6/2002	%	2001	6/2002	%	2001	6/2002	%
Loans	3,196	4,108	+29	716	785	+10	3,912	4,893	+25
Securities	123	167	+37	103	109	+6	225	276	+23
<b>Total</b>	<b>3,319</b>	<b>4,275</b>	<b>+29</b>	<b>819</b>	<b>894</b>	<b>+9</b>	<b>4,137</b>	<b>5,169</b>	<b>+25</b>

### Funding Sources

Kommunalkredit is a leading issuer of double-A rated environmental bonds. In 2001 Kommunalkredit placed environmental bonds with a nominal value of EUR 1.1 billion in the market through its debt issuance programme. Kommunalkredit maintains a continuous presence in the secondary market by offering liquid titles to investors, e.g. through the increase of existing bond offerings. At 31 December 2001, Kommunalkredit had EUR 4 billion of debts evidenced by certificates, thereof EUR 3.7 listed. Refinancing in first-half 2002 took the form of debt issuance programmes with issues of about EUR 2 billion.

The following tables illustrate Kommunalkredit's diversification of funding sources:

in mio EUR	As at 31.12.2000		As at 31.12.2001		As at 30.6.2002	
	Repayable on demand	others	Repayable on demand	others	Repayable on demand	others
Amounts owed to banks	0.8	435.9	1.3	197.2	0.0	127.0
Amounts owed to customers	0.2	27.4	290.0	23.0	143.6	126.4
<b>Total</b>	<b>1.0</b>	<b>463.3</b>	<b>291.3</b>	<b>220.2</b>	<b>143.6</b>	<b>253.4</b>

	As at 31.12.2000		As at 31.12.2001		As at 30.6.2002	
	total	listed	total	listed	total	listed
Bonds issued	2,451.4	1,913.7	3,846.4	3,738.9	5,729.2	5,557.2
Other debts evidenced by certificates	131.9	0.0	160.1	0.0	139.4	0.0
<b>Total</b>	<b>2,583.3</b>	<b>1,913.7</b>	<b>4,006.5</b>	<b>3,738.9</b>	<b>5,868.6</b>	<b>5,557.2</b>

### *Real Estate*

As a bank for long-term financing, Investkredit is focusing in the real estate business. Through Europolis Invest, the management company, and four holding companies (EUROPOLIS CE Alpha Holding GmbH, EUROPOLIS CE Beta Holding GmbH, EUROPOLIS CE Gamma Holding GmbH and RCP Holding GmbH) which hold the shares in about 25 mostly project-oriented companies, the Group is engaged in the development of immovable property as well as in office property investments in the countries expected to join the EU within the next years. The Group's immovable property portfolio contains office buildings in Budapest, Prague and Warsaw, logistic real estate in Poland and an Austrian multi-purpose building. The total office space owned by the Group now exceeds 100,000 square metres with an occupancy rate of over 98%. In 2002, the Group has concluded further deals in Warsaw and Bucharest.

For its activities in Central and Eastern Europe the Group cooperates with European Bank for Reconstruction and Development ("EBRD"), London as its strategic financing partner. Investkredit and EBRD have committed to provide a total of EUR 300 million as capital for the Europolis portfolio in Central and Eastern Europe. The target is to achieve a volume of some EUR 1 billion within five years and an attractive return on equity. The real-estate portfolio currently represents a market value of some EUR 306 million.

Several major leases have to be renewed in the near future. In view of the general economic situation re-letting procedures are expected to take longer and new leases may be concluded on less profitable terms.

The new Warsaw subsidiary, Europolis Management Sp. z o.o., opened for business during the last quarter, will focus on new lettings, services to tenants and market research.

### *Investments - Real Estate*

in mio EUR	Austria			International			Total		
	2001	6/2002	%	2001	6/2002	%	2001	6/2002	%
Loans	13	14	+12	4	3	-25	16	17	+4
Buildings	42	47	+11	199	195	-2	242	242	0
<b>Total</b>	<b>55</b>	<b>61</b>	<b>+11</b>	<b>203</b>	<b>198</b>	<b>-3</b>	<b>258</b>	<b>259</b>	<b>0</b>

### *Internationalisation*

The Group is active in international banking business since 1990 and focuses on project finance, syndicated corporate loan business and asset backed transactions. The latter are done on a buy and hold basis and investments are made primarily in senior tranches. Investkredit International Bank p.l.c., licensed 1996 by the Central Bank of Malta as an onshore banking subsidiary of Investkredit, is taking short term deposits from

Austrian corporate customers, issuing bonds and investing in senior tranches of asset backed securities as well as syndicated corporate loans.

The Group's regional internationalisation policy focuses on making the range of its corporate and project financing services available to enterprises in Central Europe and in Germany. With the opening of the new Frankfurt branch in 2001, Investkredit has access to one of the main financial centres. In addition, the Group has representative offices in Prague and Warsaw which concentrate on partnering Austrian corporate customers in the Czech and Polish markets and on real estate financing.

### Funding Sources of the Bank

Investkredit itself refinances mainly through other banks (43% of balance sheet total as of 31 December 2001) and through the issuance of bonds (41.3% of balance sheet total as of 31 December 2001). All issues are managed from Investkredit and its treasury department can monitor and evaluate Investkredit's hedging position at any time. The following table shows the development of the Group's sources and use of funds (please note that the data for 1999 were produced on the basis of financial statements drawn up in accordance with Austrian GAAP):

	2001		2000		1999	
	in 1,000 EUR	in %	in 1,000 EUR	in %	in 1,000 EUR	in %
<b>Sources of Funds</b>						
<i>Increase of liabilities and equity</i>						
Amounts owed to banks	452,893	17	0	0	379,559	26
Amounts owed to customers	358,377	13	0	0	0	0
Debts evidenced by certificates	1,313,906	50	1,661,374	74	1,053,652	70
Provisions	3,916	0	0	0	0	0
Other liabilities	192,992	8	211,458	10	0	0
Subordinated capital	94,017	3	6,842	0	30,429	2
Minority interests	110,812	5	0	0	1,927	0
Equity	0	0	38,497	1	13,585	1
<i>Decrease of assets</i>						
Cash and balances with central banks	0	0	64,587	3	0	0
Loans and advances to banks	0	0	272,529	12	0	0
Loans and advances to customers	0	0	0	0	0	0
Risk provisions for loans and advances	0	0	-7,667	0	0	0
Trading assets	93,404	4	0	0	0	0
Financial investments	0	0	0	0	18,318	1
Property and equipment	0	0	0	0	1,200	0
Other assets	0	0	0	0	0	0
	<b>2,620,317</b>	<b>100</b>	<b>2,247,620</b>	<b>100</b>	<b>1,498,670</b>	<b>100</b>

### Use of Funds

#### *Increase of assets*

Cash and balances with central banks	10,326	0	0	0	219,520	15
Loans and advances to banks	225,239	8	0	0	151,713	10
Loans and advances to customers	1,136,144	43	1,080,388	48	319,090	22
Risk provisions for loans and advances	-4,739	0	0	0	0	0
Trading assets	0	0	68,591	3	760,848	51
Financial investments	1,141,659	43	791,195	35	0	0
Property and equipment	73,947	2	147,875	7	0	0
Other assets	1,776	0	24,405	1	20,972	1

	2001		2000		1999	
	in 1,000 EUR	in %	in 1,000 EUR	in %	in 1,000 EUR	in %
<i>Decrease of liabilities and equity</i>						
Amounts owed to banks	0	0	62,533	3	0	0
Amounts owed to customers	0	0	69,442	3	7,658	0
Debts evidenced by certificates	0	0	0	0	0	0
Provisions	0	0	2,939	0	6,488	0
Other liabilities	0	0	0	0	12,381	1
Subordinated capital	0	0	0	0	0	0
Minority interests	0	0	254	0	0	0
Equity	35,965	1	0	0	0	0
	<u>2,620,317</u>	<u>100</u>	<u>2,247,620</u>	<u>100</u>	<u>1,498,670</u>	<u>100</u>

### Asset and Liability Management, Credit Policies and Risk Control

Investkredit undertakes various credit checks using information supplied by the customer and databases available to Austrian banks. Depending on the size of the loan and the collateral being offered, loan approval may be granted by the department, the Management Board or the Supervisory Board. Applications for loans exceeding EUR 7.5 million of customer's group exposure are granted only after approval of Investkredit's Supervisory Board.

Investkredit's guidelines for credit approval are basing on the by-laws of the Supervisory Board and the loan committee of the Supervisory Board as well as on the regulations according to the Banking Act. The credit approval depends on the internal customer rating, the credit risk position and the calculated margin.

Investkredit has standardized a formal rating system containing different rating classes with regard to non-defaulted and defaulted loans according to the Standard & Poor's terminology from AAA to D. As a consequence of this technique, the internal rating can be compared with external classifications. Corporate customers must present specific financial data and qualitative information. This information is analysed by Investkredit's risk department on the basis of internal rating criteria. Each individual rating assignment or credit approval is subject to an independent review or approval by the head of department or the Management Board depending on the amount involved.

The following table shows the diversification of the Bank's assets in relation to their rating:

in mio EUR	As at 31.12.2001		As at 31.12.2000	
	volume	%	volume	%
AAA	2,633	22	1,886	20
AA	2,780	23	2,242	23
A	3,109	26	2,882	30
BBB	1,865	15	1,428	15
BB	1,241	10	753	8
B	186	2	192	2
CCC	229	2	188	2
D	8	0	18	0
Total	<u>12,051</u>	<u>100</u>	<u>9,590</u>	<u>100</u>

### Approach to Provisioning and Loan Loss Experience

Doubtful loans are reviewed permanently, at least once a year, to determine any possible need for provisioning. Investkredit's guidelines for provisioning are conservative. Loans are considered as non-performing when Investkredit comes to the conclusion that there is considerable probability that it will not be able to recover a loan. Non-payment is followed up by a reminder and, if necessary, by legal action. Defaulted loans of

customers are further administrated by a specialized group. In case of an insolvency of a customer, the legal department of the Bank undertakes further legal actions.

The following table shows the effective annual loan losses in relation to the annual allocation to risk provision for the years 2000 and 2001 as well as the period from 1 January until 30 June 2002:

in mio EUR	<b>31.12.2000</b>	<b>31.12.2001</b>	<b>30.6.2002</b>
Percentage of annual loan losses in relation to annual allocation to risk provision	93.6%	18.2%	2.3%
Risk provision as at beginning of period	65.8	57.7	61.5
Release of risk provisions	-10.0	-15.3	-3.7
Consumption of risk provisions	-12.1	-3.8	-0.3
Allocation to risk provisions	13.5	22.7	13.2
Other adjustments	0.5	0.2	-0.3
Risk provision as at end of period	<b>57.7</b>	<b>61.5</b>	<b>70.4</b>

### ***Market Risk Management***

Market risks for Investkredit, such as foreign exchange and securities risks and interest rate risks, are monitored by the treasury and the controlling departments of the Bank. On a daily basis reports are made and a summary is communicated to the Management Board. The Bank uses an internally developed value-at-risk model. An analysis of the market risks is prepared daily by the controlling department.

Value-at-risk is the maximum statistical loss that Investkredit must expect at a certain confidence level from holding a position for a specific period of time. Investkredit's model is based on a 99% confidence level and a holding period of 1 day. As unexpected market movements may have a great impact on the value of a trading position and result in significant losses or gains, Investkredit also performs stress testing of the Bank's interest rate and foreign exchange positions, in addition to the statistical value-at-risk method.

The controlling department is responsible for the methodology to be applied for risk content measurement as well as for monitoring compliance with the established interest rate, volatility, spread and currency risks of Investkredit.

### **Rating**

Investkredit's long-term rating is A1 by Moody's Investors Service Ltd. Kommunalkredit's long-term rating is Aa3 by Moody's Investors Service Ltd and AA- by FitchRatings.

### **Management and Employees**

The Bank has a two tier board. The Management Board is responsible for the management of the Bank and the representation of the Bank with respect to third parties, while the Supervisory Board appoints and removes the members of the Management Board. The Supervisory Board does not take management decisions, but under the Austrian Stock Corporation Act and the by-laws of the Bank the Management Board must obtain the consent of the Supervisory Board for certain actions.

The Management Board must submit regular reports on the operations and the conditions of the Bank to the Supervisory Board, and the Supervisory Board is also entitled to request special reports on the operation of the Bank. The members of the Management Board are all full-time employees of the Bank. The members of the Supervisory Board are elected by the holders of ordinary shares, except for not more than one third of the members who are appointed by the employees' council of the Bank pursuant to Austrian labour laws. The members of the Supervisory Board who are elected by the holders of ordinary shares are not full-time employees of the Bank. The members of the Supervisory Board who are appointed by the employees' council are full-time employees of the Bank. The Austrian Stock Corporation Act prohibits simultaneous membership on both the Management Board and the Supervisory Board.

The current members of the Supervisory Board of the Bank are listed below.

<b>Name</b>	<b>Position</b>
<b><i>Supervisory Board</i></b>	
Univ. Prof. Dr. Geiserich E. Tichy	Chairperson
Karl Samstag	Vice-Chairperson Vice-Chairperson of the management board - Bank Austria Creditanstalt AG
Helmut Elsner	Vice-Chairperson Chairperson of the management board - Bank für Arbeit und Wirtschaft Aktiengesellschaft
Dr. Karl Sevelda	Vice-Chairperson Member of the management board - Raiffeisen Zentralbank Österreich Aktiengesellschaft
Dr. Elisabeth Bleyleben-Koren	Vice-Chairperson of the management board - Erste Bank der oesterreichischen Sparkassen AG
Dkfm. Karl Fink	Member of the management board - WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft
Dkfm. Herwig Hutterer	Former member of the management board – Finanzierungsgarantie-Gesellschaft mbH
Mag. Friedrich Kadrnoska	Member of the management board - Bank Austria Creditanstalt AG
Dr. Heinz Kessler	Member of the management board - Nettingsdorfer Papierfabrik Management AG
Mag. Dr. Stephan Koren	Chairperson of the management board - Österreichische Postsparkasse Aktiengesellschaft
Mag. Kurt Löffler	Manager of the ERP Fund
DDr. Regina Prehofer	Head of division - Bank Austria Creditanstalt AG
Dr. Karl Stoss	Member of the management board - Raiffeisen Zentralbank Österreich Aktiengesellschaft
Dr. Klaus Thalhammer	Chairperson of the management board - Österreichische Volksbanken-Aktiengesellschaft
Dipl. Ing. Wolfgang Agler	Employees' representative
Gabriele Bauer	Employees' representative
Ing. Otto Kantner	Employees' representative
Hermine Lessiak	Employees' representative
Peter Wimmer	Employees' representative

### ***State Commissioner***

Dr. Alexander Gancz

State Commissioner  
Ministerialrat, FMA

Dr. Kurt Bayer

Deputy State Commissioner  
Federal Ministry of Finance

The members of the Management Board of the Bank are listed below.

### ***Management Board***

Mag. Dr. Wilfried Stadler

Chairperson of the Management Board

Mag. Klaus Gugglberger

Member of the Management Board

The address of each of the members of the Management Board and Supervisory Board is Investkredit Bank AG, Renngasse 10, A-1013 Vienna.

### ***Employees***

At 31 December 2001, the Group had 320 employees whereas at 31 December 2000 the Group had 290 employees.

### **Financial Year and Annual General Shareholders' Meeting**

The Investkredit's financial year is the calendar year.

An annual general shareholders' meeting shall be convened by the Management Board or the Chairperson of the Supervisory Board. It is to take place annually within the time period given in § 104 of the Stock Company Act at Investkredit's seat.

### **Litigation**

Neither Investkredit nor any Group company has been engaged in any litigation or arbitration proceedings relating to claims or amounts which could, if determined adversely, have a material adverse affect on the financial position of Investkredit or the Group, nor, as far as Investkredit is aware, are any such litigation or arbitration proceedings pending or threatened.

Investkredit is party to a proceeding before the *Finanzlandesdirektion für Wien, Niederösterreich und Burgenland* over the amount of EUR 4.3 million for tax considerations. This amount is considered in the provisions so that the result of this proceeding does not have an effect as described above on the financial position of Investkredit.

### **Developments since 31 December 2001**

#### ***Balance Sheet and Income Statement Data as at 30 June 2002***

As at 30 June 2002, the Group had consolidated total assets of approximately EUR 13.4 billion, an increase of 20% from EUR 11.2 billion as at 31 December 2001. The Group's net profit for the period from 1 January until 30 June 2002 was EUR 14.7 million, an increase of 16% compared with the net profit of the first two quarters in 2001.

In detail, these developments result from changes in:

*Net interest income.* In the first two quarters of 2002 earnings have increased as the result of an increase in net interest income of EUR 16.8 million, up 42% on the same period in the previous year. That was due to the

expansion of business in the three segments corporates, local government and real estate. In the segment corporates the positive trend of earning is explained by a lasting business development. In the segment local government the growth of the net interest income is due to accretion in the credit business and the upgraded rating. The segment real estate shows the biggest growth rate within the Group.

*Interest margin.* Interest margins at 0.92% remain nearly unchanged. This lack of change is attributable on the one hand to higher proportion of local government lending with low credit risk, balanced on the other hand by improved spreads in corporate and real estate segments.

*Net commission income.* Net commission income exceeded the result for the first two quarters of 2001 by 6%. This is explained by higher earnings from the administration of environmental promotion activities.

*Net credit risk result.* As a result of new allowances for losses on individual bank loan accounts over the amount of EUR 13.7 million and disbandment due to repayments over the amount of EUR 3.9 million the net credit risk result has increased to EUR 9.8 million.

*Net financial investments.* Valuations gains on new micro hedges in the local government segment and gains on disposals of securities improved the net financial investments result to EUR 6.0 million.

*General administrative costs.* Additional staff and other administrative expenses necessitated by the higher volume of business pushed general administrative costs by 18%.

*Profit before tax.* The 86% increase in profit before tax to EUR 34 million is explained by the Bank's partners' increased interest in subsidiaries.

*Net profit.* After deducting tax expense and minority interests, the Group's net profit shows a 16% improvement in the first half of 2002.

*Total assets.* The 20% increase in total assets as compared with the end of 2001, to EUR 13.4 billion, is predominantly the result of the increased volume of lending to local government in Austria.

*Risk-weighted assets - core capital ratio - total capital ratio.* At 12%, the increase in risk-weighted assets of EUR 5.9 billion is proportionately less than the increase in business volume. The core capital ratio remains unchanged from the end of the first quarter 2002 at 6.0%, while the total capital ratio has declined from 10.4% to 10% despite further subordinated capital issues. Financing was largely through bond issues, and debts evidenced by certificates rose by 40% to EUR 9.0 billion.

### ***Further Developments***

*New issues.* In January 2002, Investkredit issued its largest bond so far on the international capital market amounting to USD 500 million ("USD-Floating Rate Notes 2002"); additional USD 100 million were issued in October 2002. In March 2002, Investkredit issued a floating rate note ("Investkredit FRN 2002") amounting to EUR 500 million.

*Cyprus subsidiary.* In July 2002, Kommunalkredit has founded Kommunalkredit International Bank Ltd. in Limassol, Cyprus, which will engage in particular in syndicated loan transactions.

*Loan Agreement.* Investkredit and Kreditanstalt für Wiederaufbau ("KfW"), Frankfurt am Main, signed a loan agreement dated 8 August 2002 amounting to EUR 100 million. The loan has to be used for investments in small and medium sized enterprises. For this purpose, Investkredit has to conclude loan agreements with privately owned companies as final borrowers.

### **Outlook**

Due to the lack of confidence in international capital markets and of an economic upswing in Europe, investing activities are expected to continue to be weak for the rest of 2002. In 2003, investment demand in industry is expected to grow.

# The Austrian Banking System

## Overview

The Austrian banking system, not unlike the other continental European countries, embraces a diverse array of financial institutions of various sizes. The structure of Austria's banking system is characterized by a large number of small banks and a smaller number of medium to large banks. As at 31 December 2001, the Austrian banking industry consisted of 907 independent banks with a total of 4,546 branches. The industry can be split into the following sectors: saving banks, commercial banks, Raiffeisen banks (rural co-operatives), mortgage banks, Volksbanken (commercial co-operatives), specialised banks, building societies.

Changes in banking practice generally, and in Austrian banking law specifically, have contributed to an erosion of the original distinctions between the sectors. Today, commercial banks, saving banks, regional mortgage banks and co-operative banks generally engage in all types of banking operations and all conduct substantially the same types of banking operations. However, each has different business policies. The Bank is a member of the commercial bank sector.

## Integration with the European Union (the "EU")

Austria joined the European Economic Area ("EEA") in January 1994 and became a member of the EU effective 1 January 1995. At the same time, banks in Austria gained access to the Common Market. Membership in the EEA and consequently in the EU requires compliance with EU banking directives and entailed implementation by Austria of these directives. Harmonisation with EU directives has resulted in significant changes to Austrian banking law and accounting rules. The *Finanzmarktanpassungsgesetz 1993* (the "Financial Markets Harmonization Act") was passed to bring Austrian law into compliance with the EEA treaty and EU banking directives. Several amendments followed, in particular, to implement applicable EU banking directives.

## Regulation and Supervision

The structure of the regulation and supervision of the Austrian banking system is set forth in a number of statutes, including the *Bankwesengesetz 1993* (the "Banking Act"), the *Nationalbankgesetz 1984* (the "National Bank Act"), and the *Hypothekendarlehenbankgesetz 1899* (the "Mortgage Bank Act"), each as amended.

The National Bank Act regulates the organisation of the Austrian National Bank and its position in the System of European Central Banks. The Mortgage Bank Act governs bonds backed by mortgages.

The legal framework of the banking system was reformed in 1993 with the passing of the Banking Act which was part of the Financial Markets Harmonization Act. The Banking Act contains most of the essential regulations for "credit institutions", as banks are designed in the Banking Act. In addition to setting out capital adequacy rules, the Banking Act imposes various other requirements, restrictions and regulations on Austrian banks, including reporting and liquidity requirements, restrictions on participations and large exposures, and regulations regarding internal controls and internal audits, deposit guarantees, money laundering and customer protection.

The most recent amendment to the Banking Act was enacted in 2001 by the *Finanzmarktaufsichtsgesetz 2001* (the "Financial Market Supervision Act") which provided for a new *Finanzmarktaufsicht* (Financial Market Authority or "FMA").

### *Financial Market Authority*

Under the Banking Act, regulation and supervision of Austrian banks and of the branches of foreign banks in Austria is the responsibility of the FMA assisted by the Austrian National Bank. The FMA may take a variety of actions under the Banking Act to supervise banks on a comprehensive basis. In order to enable the FMA to fulfill its obligations, banks must, among other things, prepare monthly preliminary balance sheets and quarterly profit and loss statements, and submit annual audit reports.

Since April 2002 all supervisory tasks and resources have been transferred from the Federal Minister of Finance (supervision of banking, insurance and pension funds) and the former Austrian Securities Authority (securities supervision) to the FMA. The FMA monitors compliance with the Banking Act and other relevant legislation and regulation by (i) Austrian banks and financial institutions, both at home and abroad, and (ii) by foreign banks operating in Austria. In accordance with the Banking Act, credit and financial institutions organised in and regulated by the authorities of EEA Member States are subject to regulation and supervision by their home state and not by Austria; with respect to activities in Austria, certain regulations of the Banking Act must be observed.

The FMA is empowered to (i) request interim reports, auditing reports and other information from the boards of the banks on all business matters, (ii) inspect the books, documents and data carriers of banks and (iii) require special audits to be made by bank auditors or experts. The FMA may also appoint special auditors or instruct the Austrian National Bank to audit banks and their branches and representative offices outside Austria.

If a bank in Austria is found not to be in compliance with the legal requirements, the FMA may issue decrees with a maximum validity of 18 months which (i) prohibit withdrawals of capital or profits from the bank, (ii) appoint a government commissioner who is authorized to prohibit all business which could be prejudicial to the safety of the interests of the customers of the bank, (iii) prohibit further management of the bank by such bank's existing managing board or (iv) prohibit, in whole or in part, further business of the bank.

#### *Federal Minister of Finance*

The Federal Minister of Finance who is a member of the Federal Government (the Federal Ministry of Finance) monitors compliance of FMA with the Banking Act and other relevant legislation.

#### *The European Central Bank and the Austrian National Bank*

The Austrian National Bank is the central bank of Austria. Since 1 January 1999, responsibility for the monetary and currency policy of all the states participating in the third stage of European Economic and Monetary Union ("EMU"), including Austria, rest with the European Central Bank and the European System of Central Banks. The governor of the Austrian National Bank is a member of the council of the European Central Bank.

In addition to its functions within the European System of Central Banks, the Austrian National Bank reviews reports filed by banks and makes recommendations to the Ministry of Finance. Detailed foreign currency statistics concerning the foreign currency position of all Austrian banks are compiled by the Austrian National Bank and provide it with an indication of the business volume of all large Austrian Banks. Austria's detailed information reporting requirements act as a form of regulator mechanism since the figures in these reports and the information provided by the banks must be consistent and compiled in accordance with the rules and regulations of the Austrian National Bank.

The Austrian National Bank continuously evaluates the status of Austrian banks as part of the banking supervision regime provided for in the Banking Act.

#### *Capital Adequacy Requirements*

Under Austrian risk-based capital adequacy rules, which are based on EU law, each bank must maintain a ratio (the solvency ratio) of at least 8%. The solvency ratio is the ratio of qualifying capital (own funds) to risk-adjusted assets and certain off-balance sheet items (as explained below).

For purposes of calculation of the solvency ratio, the Banking Act defines qualifying capital as consisting principally of (i) paid-in capital, (ii) disclosed reserves, (iii) funds for general bank risks, (iv) supplementary capital, (v) certain hidden reserves, (vi) participation capital, (vii) subordinated capital, (viii) revaluation reserves and (ix) the commitments of members of co-operative banks to make additional contributions quantified in relation to their shareholdings. Certain losses, certain intangible assets and certain investments in banks or financial institution are required to be deducted from equity in computing qualified capital. Core capital consists of (i) paid-in capital, (ii) disclosed reserves, and (iii) funds for general bank risks, less losses and intangible assets. The Banking Act requires that the aggregate amount of the elements comprising qualifying capital, other than those elements which are part of core capital, must not exceed the core capital. In addition, the sum of subordinated debt may not exceed 50% of the core capital. Core capital reflects the same concept as "tier 1 capital" and qualifying capital (other than core capital) reflects a concept similar to "tier 2 capital".

Risk-adjusted assets and certain off-balance sheet items are computed by assigning the assets to four broad categories of relevant credit risk: 0%, 20%, 50% and 100%. The balance sheet value of each asset is multiplied by the percentage weight applicable to its risk category to arrive at the risk-adjusted value. Off-balance sheet items on the bank book such as swaps and other financial derivatives are valued either at cost or market price. As with on-balance sheet assets, each off-balance sheet item is assigned to a credit risk category depending upon the type of counterparty of the debtor and multiplied by the applicable percentage weight. For the trading book the banks are required to meet the capital requirements regarding position risk as well as settlement and counterparty risk according to a "trading book approach". For these risks "tier 3 capital" can be used.

#### *Minimum Reserves*

As of 1 January 1999, all banks incorporated in a state which is participating in the third stage of EMU are obliged to maintain minimum reserves for liabilities in all currencies of EMU participating member states. These minimum reserve requirements are generally set at a rate of 2% for sight deposits and term deposits up to two years and of 2% of 70% (i.e. 1.4%) for debentures and money market paper with maturities up to two years. A general allowance of EUR 100,000 can be deducted. These reserves are interest bearing.

Failure by a bank to meet the minimum reserve requirements exposes the bank concerned to potential penalty interest charges.

#### *Deposit Guarantee Scheme*

Austrian law requires that any bank which receives deposits must join the guarantee scheme of its sector within the banking system. If a bank is not a member of the relevant guarantee scheme, its license to conduct a deposit-taking business in Austria lapses. This guarantees that, in the event of deposits becoming unavailable, deposits will be repaid up to a maximum amount per depositor of EUR 20,000 or the equivalent value in a foreign currency. Cases of hardship and small deposits on eligible accounts are dealt with first up to an amount of EUR 2,000. Deposits of legal persons are guaranteed up to 90%. The money must be paid, on request and after verification, within a period of three months.

If the guarantee scheme of a particular sector is called upon to make a payment to restore guaranteed deposits, each member bank in that sector will be required to contribute to the guarantee scheme. Each bank's contribution is determined according to a formula in proportion to the aggregate amount of such bank's assets. In case one sector can not meet its obligations all other sectors' schemes have to step in by contributing a pro rata portion of the amount remaining unpaid, but not in excess of one-third of their liability reserves. Payments exceeding all sector scheme funds are financed by debentures guaranteed by the Republic of Austria (*Bund*).

Investkredit has to be, and is, a member of the Deposit Guarantee Scheme of Banks and Bankers.

#### *Accounting and Auditing*

Generally, Austrian auditing regulations are adapted to EU standards. Austrian banks, and banks operating in Austria, are required to submit audited statements, including the audit reports thereon, to the FMA and the Austrian National Bank. Such statements must be submitted within six month of the end of the business year. The Austrian National Bank requires that data contained in financial statements also be transmitted electronically to it in standardized formats.

Banks are allowed to use international accounting standards such as IAS or US GAAP to consolidate financial statements provided that the financial statements comply with EU guidelines, contain all required information and are audited. In addition the auditor has to confirm compliance with EU directive requirements.

Bank auditors are required to certify compliance with certain regulatory requirements, and to include in their long form reports to the relevant supervising authorities an overall opinion on the risk, profitability and financial position of the respective bank. Bank auditors may be auditing firms but also sector related but independent institutions.

## Consolidated Tier 1 Capital and Capital Adequacy

The Bank expects to treat the proceeds from the Notes as consolidated tier 1 regulatory capital for purposes of measuring regulatory capital adequacy according to § 24 / 2 / 5 and 6 of the Banking Act. In particular, the Terms and Conditions shall be construed as to comply with § 24 / 2 / 5 and 6 of the Banking Act.

Consolidated capital adequacy requirements must be met not only by a bank, but also by the bank together with all the other financial services companies in the bank's group. For this purpose, the group consists of the parent company bank and all other banks, factoring and leasing companies, investment forms and ancillary banking service undertakings in which it holds more than 20% of the share capital or which it controls.

§ 24 / 2 / 5 and 6 of the Banking Act which contains the conditions capital has to comply with to be qualified as consolidated tier 1 regulatory capital reads as follows:

### 5. *hybrides Kapital ist Kapital, das*

- a) *voll eingezahlt ist,*
- b) *ohne Dividendennachzahlungspflicht ausgestattet ist,*
- c) *Verluste des übergeordneten Kreditinstituts auch vor Einleitung eines Insolvenzverfahrens auffangen kann,*
- d) *gegenüber Einlagen, anderen Verbindlichkeiten und sonstigen nachrangigen Verbindlichkeiten nachrangig ist,*
- e) *auf Unternehmensdauer zur Verfügung gestellt wird,*
- f) *nicht besichert ist, über keine Garantie eines Dritten oder eines vom Emittenten verbundenen Unternehmens verfügt und nicht mit Bedingungen ausgestattet oder mit Finanzinstrumenten verbunden ist, die in rechtlicher oder wirtschaftlicher Betrachtungsweise eine Gleichrangigkeit oder Vorrangigkeit gegenüber anderen Gläubigern des Kreditinstituts oder der Kreditinstitutsgruppe erzeugen,*
- g) *im Wege einer außerordentlichen Kündigung nur gekündigt werden kann, wenn Kapital gleicher oder besserer Qualität ersatzweise beschafft wird, und wenn entweder die Kündigung wegen wesentlicher Änderungen in der steuerlichen Behandlung nicht unangemessen ist oder wenn sich die gesetzliche Anrechenbarkeit zu den Eigenmitteln ändert; die Bedingung der Ersatzbeschaffung entfällt, wenn die FMA feststellt, dass das Kreditinstitut und die Kreditinstitutsgruppe auch nach Rückzahlung des Kapitals über ausreichende Eigenmittel verfügen, die für eine adäquate Risikoabdeckung erforderlich sind,*
- h) *vom Emittenten erst nach fünf Jahren unter der Bedingung des Ersatzes durch Kapital gleicher oder besserer Qualität gekündigt werden kann; die Bedingung entfällt, wenn die FMA feststellt, dass das Kreditinstitut und die Kreditinstitutsgruppe auch nach Rückzahlung des Kapitals über ausreichende Eigenmittel verfügen, die für eine adäquate Risikoabdeckung erforderlich sind;*

### 6. *für hybrides Kapital gilt ferner:*

- a) *die bestimmenden Elemente des hybriden Kapitals müssen in leicht verständlicher Form in einem Bekanntmachungsblatt mit Verbreitung im gesamten Bundesgebiet oder im Internet auf der Homepage des Emittenten und des übergeordneten Kreditinstitutes veröffentlicht werden,*
- b) *sind die Erlöse aus der Emission hybriden Kapitals für das übergeordnete Kreditinstitut nur über ein Unternehmen der Kreditinstitutsgruppe verfügbar, müssen sie ersterem entweder sofort als Kernkapital oder als Kapital gemäß § 23 Abs. 1 Z 5 oder zu einem vorherbestimmten auslösenden Sachverhalt verfügbar gemacht werden; ein solcher Sachverhalt ist beispielsweise das Unterschreiten einer bestimmten Eigenmittelquote oder eines Betrages an anrechenbaren Eigenmitteln,*
- c) *das übergeordnete Kreditinstitut muss die Verfügungsmacht über die Höhe und den Zeitpunkt der Gewinnausschüttung innehaben,*
- d) *Dividenden dürfen nur aus ausschüttungsfähigen Gewinnen gezahlt werden; ist die Höhe der Dividende garantiert, darf deren Änderung nicht an die Bonität eines Instituts der Kreditinstitutsgruppe gebunden sein,*
- e) *die Vereinbarung der Erhöhung der Mindestdividende in Verbindung mit einem Kündigungsrecht des Emittenten ist nur zulässig, wenn*
  - aa) *die Erhöhungsvereinbarung frühestens nach einer zehnjährigen Laufzeit in Kraft tritt,*
  - bb) *nur eine Erhöhungsvereinbarung festgelegt ist und*
  - cc) *die Erhöhungsvereinbarung nicht die folgenden Grenzen übersteigt: 100 Basispunkte im Vergleich zur ursprünglichen Mindestdividende oder 50 vH des ursprünglichen Renditeunterschiedes zwischen der Mindestdividende und einem vergleichbaren Referenzwert.*

Translation from German:

5. capital is consolidated tier 1 regulatory capital if it is

- a) fully paid in,
- b) non-cumulative,
- c) able to absorb losses within the parent credit institution on a going-concern basis,
- d) subordinated to deposits, other debts and other subordinated debts of the bank,
- e) permanent,
- f) unsecured, not covered by a guarantee of a third party or related entity of the issuer and does not come attached with terms and conditions or financial instruments which legally or economically result in a *pari passu* ranking or enhance seniority to other creditors of the credit institution or a group company,
- g) only redeemable by extraordinary notice of cancellation, if capital of at least equivalent or higher quality has been issued and if either the termination is not inadequate because of substantial changes in the tax treatment or it can not longer be considered as equity capital due to statutory regulations; the condition of substitution does not apply, if the FMA ascertains that even after redemption the credit institution or the group have sufficient capital for an adequate risk coverage,
- h) redeemable at the option of the issuer only after a minimum of five years, if capital of at least equivalent or better quality has been issued; the condition of substitution does not apply, if the FMA ascertains that even after redemption the credit institution or the group have sufficient capital for an adequate risk coverage;

6. in addition, the following conditions have also to be fulfilled:

- a) the main features of the hybrid capital shall be published in a newspaper which appears in the entire territory of Austria or through the internet on the homepage of the issuer or the parent credit institution in an easily understandable way,
- b) if the proceeds from the issuance of the hybrid capital are only available for the parent credit institution through a group company, the proceeds must be made available to the parent credit institution as core capital or as capital pursuant to § 23 / 1 / 5 of the Banking Act immediately or at a predetermined trigger point; such a trigger is e.g. the case when certain capital ratios or a certain amount of regulatory equity is failed,
- c) the parent credit institution must have authority to dispose over amount and date of distributions,
- d) distributions may only be paid out of distributable profits; where the amount of distributions is pre-set, alteration shall not be based on the credit standing of a group company of the credit institution,
- e) the agreement of increase of the minimum distributions in conjunction with a call option of the issuer is only permitted if
  - aa) the increase agreement becomes effective earliest after ten years current time,
  - bb) only one increase agreement has been provided for, and
  - cc) the increase does not exceed the following limits: either 100 basis points compared with the initial minimum distributions, or 50% of the initial yield spread between the minimum distributions and a comparable reference value.

Hybrid capital is limited at issuance to 15% of the consolidated bank's tier 1 capital. If no step-up condition is foreseen, the hybrid capital is limited at issuance to 30% of the consolidated bank's tier 1 capital.

# Terms and Conditions of the Notes

## § 1

### General, Principal Amount and Form

(1) **General.** Investkredit Funding Ltd (the “**Issuer**”), a group-company of Investkredit Bank AG (the “**Investkredit**” or “**Bank**”) within the meaning of § 30 of the Austrian Banking Act (*Bankwesengesetz*, “**Banking Act**”) has been incorporated for the purpose of issuing perpetual subordinated non-cumulative limited recourse notes (the “**Notes**”). The Notes shall qualify as core capital of the Investkredit group (the “**Group**”) on a consolidated basis pursuant to § 24 / 2 / 5 and 6 of the Banking Act. The Terms and Conditions shall be construed as to comply with § 24 / 2 / 5 and 6 of the Banking Act.

The net proceeds from the sale of the Notes will be used for investments within the Group (the “**Investments**”) and, according to § 24 / 2 / 6 / b of the Banking Act, will immediately be made available by a Group company to the Bank as bank regulatory capital pursuant to § 23 / 1 / 5 of the Banking Act.

Despite sufficient Distributable Funds (§ 2(2)) of the Issuer and sufficient Distributable Profits (§ 4(1)) of the Bank, the Issuer shall not be required to make Interest Payments and/or Redemption Payments (the “**Distributions**”) on the Notes on any Payment Date to the extent that, pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank would be limited in making payments on the Notes or Parity Securities (§ 4(1)), or if on such date there is in effect an order of the Austrian *Finanzmarktaufsicht* (the “**FMA**”) (or any other relevant regulatory authority) prohibiting the Bank from making any distribution of profits.

(2) **Form and Denomination.** The Notes are in denominations of Euro 1,000 and are represented by one or more global notes in bearer form (the “**Global Note**”). The Global Note will be kept in custody by Clearstream Banking AG, Frankfurt am Main (“**Clearstream AG**”). Definitive notes representing individual notes and coupons shall not be issued.

(3) **Support Undertaking.** The Bank has undertaken to ensure that the Issuer will at all times be in a position to meet its obligations, including its obligations to pay Distributions, as and when such obligations are due and payable (the “**Support Undertaking**”). For so long as any Note remains outstanding and subject to the limitations contained in the Support Undertaking, the Bank has irrevocably and unconditionally granted to the Issuer the following right (call option): If at any time the Issuer has or foresees to have insufficient funds to enable it to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due, the Issuer shall have the option to receive from the Bank such funds which, in addition to distributions and redemption payments deriving from the Investments, if any, are necessary to enable the Issuer to meet such payment obligations. The Issuer may exercise the option at any time by notice to the Bank. The Issuer shall be deemed to have exercised the option if the Issuer does not have sufficient funds to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due.

The Issuer and the Bank have agreed that the Support Undertaking takes effect for the benefit of the holders of Notes. Each of the Bank and the Issuer has acknowledged and covenanted that the obligations binding upon it contained in the Support Undertaking are owed to, and shall be for the benefit of, each and every holder of Notes, and that each holder of Notes shall be entitled severally to enforce the said obligations against the Bank or the Issuer.

The Bank’s obligations under the Support Undertaking are subordinated to all senior and subordinated debt obligations of the Bank, rank *pari passu* with the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and rank senior to any other preference shares and the common stock of the Bank.

(4) **Business Day.** For purposes of these Terms and Conditions, “**Business Day**” means a day (i) other than Saturday, Sunday or a day on which banking institutions in Vienna, Frankfurt am Main, and London are authorized or required by law or order to remain closed for business, and (ii) on which Clearstream AG settles payments and the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system is operating.

**§ 2**  
**Status, Ranking and Source of Payments**

(1) Status and Ranking of Notes. The Notes constitute direct obligations of the Issuer, ranking *pari passu* among themselves. Notwithstanding the availability of sufficient Distributable Funds, the payment obligations of the Issuer in respect of the Notes, in particular for the payment of interest and, if applicable, for the redemption of the Notes, constitute obligations of the Issuer which are subordinated to all current and future senior and other subordinated debt obligations of the Issuer.

(2) Source of Payments. The holders of Notes shall have the right to receive payments of principal and interest solely from Distributable Funds. “**Distributable Funds**” of the Issuer for any Payment Period means the distributions and redemption payments deriving from the Investments and the claims of the Issuer against the Bank under the Support Undertaking.

**§ 3**  
**Limited-Recourse Obligations; No Liability of Third Parties**

(1) Limited-Recourse Obligations. All payment obligations of the Issuer under the Notes constitute exclusively obligations to pay on each due date for the payment of interest on the Notes an amount equal to the lower of (i) the Distributable Funds available on or prior to such date or (ii) the amount owed by the Issuer under § 4 or § 5. Notwithstanding any other provisions of these Terms and Conditions, the Issuer shall have no obligation to make any payment in respect of the Notes in excess of such amounts.

(2) No Liability of Third Parties. The obligations under the Notes are unsecured obligations. Except for the Bank under the Support Undertaking, no third party shall be liable for any of the obligations of the Issuer in respect of the Notes.

**§ 4**  
**Payments of Interest**

(1) General. The Notes shall bear interest from (and including) their issue date to (but excluding) the Redemption Date.

Interest Payments on the Notes (“**Interest Payments**”) are only made on any Payment Date to the extent that

- (i) the Issuer has Distributable Funds for the Payment Period ending on the respective Payment Date, and
- (ii) the Bank has an amount of Distributable Profits for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities, if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year.

Notwithstanding the foregoing, the Notes will pay interest if the Bank or any of its Subsidiaries, on any Parity Securities, declares or pays any dividends or makes any other payment or other distribution. If the dividend or other payment or distribution on Parity Securities was in the full stated amount payable on such Parity Securities, Interest Payments will be made in full on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend or other payment or distribution on Parity Securities was declared or made. If the dividend or other payment or distribution on Parity Securities was only a partial payment of the amount so owing, the Interest Amount will be reduced proportionally.

Further, notwithstanding the foregoing, if the Bank or any of its Subsidiaries, on any Junior Securities, declares or pays any dividend or makes any other payment or distribution, the Notes will pay interest in an amount, or in full for a number of Payment Dates, that varies according to how often the relevant Junior Securities pay dividends or make any other payment and whether payment dates are semi-annual or quarterly.

- If such Junior Securities pay distributions annually, the interest on the Notes will be paid on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.
- If such Junior Securities pay distributions semi-annually, the interest on the Notes will be paid on the first two Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.
- If such Junior Securities pay distributions quarterly or more frequently, the interest on the Notes will be paid on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such dividend was declared or other payment made.

Further, notwithstanding the foregoing, if the Bank or any of its Subsidiaries redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for shares of common stock of the Bank, the Issuer will make Interest Payments in full on the first four Payment Dates falling contemporaneously with and/or immediately following the date on which such redemption, repurchase or other acquisition occurred.

“**Distributable Profits**” of the Bank for any fiscal year is the balance sheet profit (*Bilanzgewinn*) as of the end of such fiscal year, as shown in the audited unconsolidated balance sheet of the Bank as of the end of such fiscal year. Such balance sheet profit includes the annual surplus or loss (*Jahresüberschuss / Jahresfehlbetrag*), plus any profit carried forward from previous years, minus any loss carried forward from previous years, plus transfers from capital reserves and earnings reserves, minus allocations to earnings reserves, all as determined in accordance with the accounting principles generally accepted in Austria as set forth in the Austrian Commercial Code (*Handelsgesetzbuch*), the provisions of the Banking Act (*Bankwesengesetz*) and other applicable Austrian law then in effect.

In determining the availability of sufficient Distributable Profits of the Bank for any fiscal year to permit Interest Payments to be made with respect to the Notes during the succeeding fiscal year of the Bank, any Interest Payment already paid during the succeeding fiscal year of the Bank on the Notes and any Interest Payments or dividends already paid during the succeeding fiscal year of the Bank on Parity Securities, if any, on the basis of Distributable Profits for such fiscal year, will be deducted from such Distributable Profits.

“**Parity Securities**” means each class of the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and Parity Subsidiary Securities.

“**Parity Subsidiary Securities**” means preference shares or any other instrument of any Subsidiary of the Bank (i) the distributions on which are linked to a distributable profit test at the level of the Bank on an unconsolidated basis or a capital adequacy test at the level of the Bank on a consolidated basis or (ii) which are subject to any guarantee agreement or similar agreement (including a waiver or improvement agreement) of the Bank ranking *pari passu* with the obligations of the Bank under the Support Undertaking.

“**Junior Securities**” means (i) common stock of the Bank, (ii) each class of preference shares of the Bank ranking junior to Parity Securities of the Bank, if any, and any other instrument of the Bank ranking *pari passu* therewith or junior thereto and (iii) preference shares or any other instrument of any Subsidiary of the Bank subject to any guarantee or support agreement of the Bank ranking junior to the obligations of the Bank under the Support Undertaking.

“**Subsidiaries**” means the direct and indirect subsidiaries of the Bank which are consolidated according to § 30 of the Banking Act.

(2) Payment Dates. Interest accrued on the Notes shall be due in arrears, on each 31 March, 30 June, 30 September, and 31 December, commencing on the first such date after the issue date (provided that if any such date is not a Business Day, such payment shall be due on the next succeeding Business Day, unless that day falls in the next calendar month, in which case such payment shall be due on the next preceding Business Day), and on the Redemption Date. The first interest period shall not be interpolated. Each due date for the payment of interest is hereinafter referred to as a “**Payment Date**”.

(3) Amount of Interest Accruing. The amount of interest that accrues on each Note during any Payment Period (§ 4(4)) (the “**Interest Amount**”) shall be calculated by applying the Interest Rate (§ 4(5)) for such Payment Period to the nominal amount of such Note and multiplying the result by the actual number of days in such

Payment Period divided by 360 and rounding the result to the nearest Cent in Euro (with one half Cent being rounded upwards).

(4) Accrual of Interest. Interest shall accrue on the nominal amount of each Note from (and including) a Payment Date (or, in the case of the first Interest Period, the issue date) to (but excluding) the next (or first) succeeding Payment Date (each, a “**Payment Period**”).

(5) Rate of Interest.

(a) The rate at which interest accrues on the Notes during a Payment Period (the “**Interest Rate**”) shall be Euribor for the relevant Payment Period, plus 1.65% per annum. “**Euribor**” for each Payment Period (the first day of such Payment Period being a “**Reset Date**”) shall mean the offered rate for deposits in Euro having a term of three months which appears on the Moneyline/Telerate (“**Telerate**”) on the display designated as page 248 (or such other page or service as may replace it for purposes of displaying Euro-zone offered rates of major banks for Euro deposits) as at 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date; provided, that if the rate so appearing is replaced by the corresponding rates of more than one bank, Euribor will be the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded upwards) of the rates which so appear, as determined by the Calculation Agent (§ 7(1)).

(b) If for any reason such rate does not so appear, or if the relevant page is unavailable, the rate for such Payment Period shall mean the rates at which deposits in Euro are offered to leading banks in the Euro-zone for a period of three months commencing on such Reset Date by the banks whose offered rates would have been used for purposes of the relevant page if the event leading to the application of this sentence had not happened (or any duly appointed substitute reference bank), acting in each case through its principal Euro-zone office (the “**Reference Banks**”) as at approximately 11:00 a.m., Central European time, on the second TARGET Day preceding such Reset Date, all as determined by the Calculation Agent.

The Calculation Agent will request the principal Euro-zone office of each of the Reference Banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for such Reset Date will be the arithmetic mean of the quotations (rounded as provided above). If fewer than two quotations are provided as requested, the rate for such Reset Date shall, subject as provided below, be whichever is the higher of:

- (x) Euribor determined as aforesaid and as in effect for the last preceding Payment Period to which the preceding paragraph shall have applied; and
- (y) the rate per annum which the Calculation Agent determines to be either (aa) the arithmetic mean (rounded, if necessary, up to the nearest 0.00001 per cent with 0.000005 per cent being rounded upwards) of the Euro lending rates which Euro-zone banks selected by the Calculation Agent are quoting, for the period of three months commencing on such Reset Date to the Reference Banks or those of them (being at least two in number) to which such quotations are, in the opinion of the Calculation Agent, being so made, or (bb) if the Calculation Agent can determine no such arithmetic mean, the lowest Euro lending rate which major Euro-zone banks selected by the Calculation Agent are quoting to leading European banks for the period of three months commencing on such Reset Date except that, if the banks so selected by the Calculation Agent are not quoting as mentioned above, Euribor shall be determined in accordance with and as specified in (x) above.

“**Euro-zone**” means the region of the participating member states as defined in Council Regulation (EC) No. 974/98 of 3 May 1998, as amended, relating to the introduction of the Euro.

(6) Calculation of Interest Amount. Promptly after the determination of the Interest Rate with respect to the Notes for any Payment Period, the Calculation Agent will calculate the Interest Amount, give notice of the Interest Amount, the Interest Period and the Interest Rate in accordance with § 11.

(7) Interest Shortfall; Pro Rata Payments. The right of the holders of Notes to receive Interest Payments is non-cumulative. To the extent that, with respect to any Payment Period, the Issuer does not have Distributable Funds and/or the Bank has not declared Distributable Profits sufficient and/or banking regulations or orders of the FMA limit the Issuer to make Interest Payments in full, payments will be made to the holders of Notes *pro rata*, based on the proportion that the aggregate nominal amount of the Notes held by each holder bears to the aggregate nominal amount of all Notes. The holders of Notes will have no right to receive payments in respect of any

missed or reduced Interest Payments, whether or not Distributable Funds or Distributable Profits are sufficient or Interest Payments are made by the Issuer, in respect of any future Payment Period.

(8) Regulatory Limitations. Despite existing Distributable Funds of the Issuer and existing Distributable Profits of the Bank, the Issuer shall not be required to make Interest Payments on any Payment Date to the extent that, pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank would be limited in making payments on the Notes or Parity Securities, or if on such date there is in effect an order of the FMA (or any other relevant regulatory authority) prohibiting the Bank from making any distribution of profits.

## § 5 Redemption

(1) No Scheduled Maturity Date. The Notes do not have any scheduled maturity date and will not be redeemable at any time at the option of the holders thereof. The holders of Notes shall, in particular, have no right to require the early repayment of the Notes if the Issuer does not have sufficient Distributable Funds to make Interest Payments in respect of the Notes for any Payment Period or based upon any other reason.

(2) Redemption of the Notes. The Notes are redeemable at the option of the Issuer, in whole but not in part, on any Payment Date falling on or after 31 December 2008 (the “**Initial Redemption Date**”). In addition, the Issuer will also have the right to redeem the Notes at any time prior to the Initial Redemption Date, in whole but not in part, upon the occurrence of a Special Redemption Event. A “**Special Redemption Event**” means (i) a Regulatory Event, or (ii) a Tax Event. For purposes of these Terms and Conditions, “**Redemption Date**” means the date set for redemption.

(3) Redemption Price. Any redemption of the Notes, whether upon the occurrence of a Special Redemption Event or after the Initial Redemption Date, will be made at par-value of the Note (the “**Redemption Price**”), plus accrued and unpaid Interest Payment on the Note for the then current Payment Period.

(4) Procedure. If the Issuer gives a notice of redemption in respect of the Notes (which notice shall be given at least 30 days prior to the Redemption Date and shall be irrevocable), then, by 9:00 a.m., Central European time, on the Redemption Date, the Issuer (through the Principal Paying Agent (§ 7(1)) shall, subject to § 2(2) and § 3(1), irrevocably deposit with Clearstream AG funds sufficient to pay the amount payable on the Notes and give Clearstream AG irrevocable instructions and authority to pay such amount to accountholders of Clearstream AG. If notice of redemption has been given and funds are deposited as required, then upon the date of such deposit, all rights of the holders of Notes so called for redemption will cease, except the right to receive funds so deposited on a *pro rata* basis. In the event that any Redemption Date is not a Business Day, then payment of the amount payable on such date will be made on the next succeeding day which is a Business Day (without any interest or other payment in respect of the amount payable due to such delay), except that, if such Business Day falls in the next calendar month, such payment will be made on the immediately preceding Business Day.

(5) Redemption Payments. Redemption payments (“**Redemption Payments**”) on the Notes are expected to be paid out of the Distributable Funds.

No redemption of the Notes for any reason may take place unless on the Redemption Date:

- the Issuer has sufficient Distributable Funds (received from the Investments or pursuant to the Support Undertaking) to pay the Redemption Price of the Notes and to pay in full an amount corresponding to the interest on the Notes accrued and unpaid as of the Redemption Date,
- the Bank has an amount of Distributable Profits for the preceding fiscal year at least equal to the Interest Amounts on the Notes accrued and unpaid as of the Redemption Date, and
- pursuant to Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank is not limited in making payments on the Notes or Parity Securities and no order of the FMA (or any other relevant regulatory authority) is in effect prohibiting the Bank from making any distributions (including to the holders of Parity Securities, if any).

(6) Definitions. A “**Tax Event**” means the receipt by the Bank of an opinion of a nationally recognized law firm or other tax adviser in a Relevant Jurisdiction (as defined below), experienced in such matters, to the effect that, as a result of:

- (i) any amendment to, or clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations promulgated thereunder) of Austria or the jurisdiction of residence of the Group company in which Investments are made (or any jurisdiction from which payments are made) (each, a “**Relevant Jurisdiction**”) or any political subdivision or taxing authority thereof or therein affecting taxation,
- (ii) in a Relevant Jurisdiction, any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (an “**Administrative Action**”), or
- (iii) any amendment to, clarification of, or change in the official position or the interpretation of such Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective, or which pronouncement or decision is announced, after the date of issuance of the Notes,

there is more than an insubstantial risk that

- (a) payments under these Terms and Conditions or payments made by a Group company or the Bank on any of the Investments cease to be deductible as expenses for income tax purposes, or
- (b) the Issuer would be obligated, pursuant to these Terms and Conditions, to pay Additional Amounts as a result of deduction or withholding on payments or repayment upon redemption thereof.

“**Regulatory Event**” means that the Bank determines that it may not treat the Notes as tier 1 regulatory capital for capital adequacy purposes on a consolidated basis.

(7) Repurchases. Subject to the foregoing redemption provisions and procedures and applicable law (including, without limitation, Austrian securities laws), the Issuer may at any time and from time to time purchase Notes by tender, in the secondary market or by private agreement.

## § 6 Payments

Payments of principal of and interest on the Notes shall be made on the relevant Payment Date (§ 4(2)) to Clearstream AG in Euro. All payments made by the Issuer to Clearstream AG shall discharge the liability of the Issuer under the Notes to the extent of the sums so paid.

## § 7 Agents

(1) Appointment. The Issuer has appointed Citibank, N.A., London as calculation agent (the “**Calculation Agent**”) and as principal paying agent (the “**Principal Paying Agent**”); Investkredit Bank AG, Vienna as Vienna paying agent (the “**Vienna Paying Agent**”); and Citibank AG, Frankfurt am Main as Frankfurt am Main paying agent (the “**Frankfurt Paying Agent**”, and together with the Principal Paying Agent and the Vienna Paying Agent, the “**Paying Agents**”). The Calculation Agent and the Paying Agents are collectively referred to as the “**Agents**”.

(2) Covenant to Maintain Agents. The Issuer may at any time, by giving not less than 30 calendar days’ notice in accordance with § 11, replace the Calculation Agent and the Paying Agents by one or more other banks or other financial institutions which assume such functions. However, as long as any Note remains outstanding, the Issuer shall ensure that there shall always be a Calculation Agent, a Vienna Paying Agent and a Frankfurt Paying Agent to perform the respective functions assigned to any of them.

(3) No Agency or Trustee Relationship. The Agents shall act solely as agents for the Issuer and shall not have any agency or trustee relationship with the holders of Notes.

(4) Determinations Final and Binding. All Interest Rates and Interest Amounts determined and other calculations and determinations made by the Calculation Agent for the purpose of these Terms and Conditions shall, in the absence of manifest error, be final and binding.

## **§ 8 Taxes**

All amounts payable by the Issuer in respect of the Notes shall be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of Jersey or Austria or any other country from or out of which the Issuer makes payments, or any political subdivision or authority thereof or therein having power to tax (the “**Withholding Taxes**”), unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts (the “**Additional Amounts**”) as shall be necessary in order that the net amounts received by the holders of Notes after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in respect of the Notes in the absence of such withholding or deduction, except that no such Additional Amounts shall be payable in respect of the Notes

- (i) to a holder of Notes who is liable to any Withholding Taxes by reason of his having some connection with Jersey or Austria or any other country from or out of which the Issuer makes payments other than the mere holding of Notes; or
- (ii) where such Withholding Tax is imposed on a payment to an individual and is required to be made pursuant to any European Union directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to confirm to, such Directive.

References in these Terms and Conditions to principal and interest of the Notes shall be deemed to also refer to and include any Additional Amounts payable in respect thereof.

## **§ 9 General Covenants of the Issuer**

For as long as the Notes are outstanding, the Issuer shall not be entitled to engage in any business or any other activity other than:

- (i) the performance of the obligations under the Notes and any other agreements which have been entered into in connection with the issuance of the Notes;
- (ii) the enforcement of its rights as the creditor/holder of the Investments and the beneficiary under the Support Undertaking;
- (iii) the performance of any acts which are incidental to or necessary or useful in connection with (i) or (ii) above;
- (iv) the execution of all further documents and the undertaking of all other actions, at any time and to the extent permitted by law, which are necessary or warranted with respect to the reasonable interests of the holders of Notes in order to ensure that these Terms and Conditions are always valid;
- (v) perform any other acts necessary to comply with applicable laws and regulations; and
- (vi) effect a substitution of itself pursuant to these Terms and Conditions.

## § 10 Substitution of the Issuer

(1) Conditions of Substitution. The Issuer may at any time substitute in its stead another company (the “**New Issuer**”) as debtor for all obligations arising under and in connection with the Notes provided that:

- (i) the Issuer transfers ownership in the Investments to the New Issuer;
- (ii) the New Issuer assumes all rights and duties of the Issuer under or pursuant to the Notes;
- (iii) the Bank agrees that the New Issuer is beneficiary of the Support Undertaking;
- (iv) no material adverse legal or tax consequences arise for the holders of Notes from such substitution;
- (v) the New Issuer has obtained all of the governmental approvals necessary in the country in which it has its registered address in order to enable the New Issuer to fulfil all of the obligations arising under or in connection with the Notes; and
- (vi) the rating agencies having issued a rating of the Notes, if any, have confirmed in writing that the rating of the Notes will not adversely change as a result of the substitution.

(2) No regard to the Specific Circumstances of Individual Holders of Notes. The Issuer shall have no regard to the specific circumstances of individual holders of Notes with respect to any substitution of the Issuer.

(3) Legal Opinions. The Issuer shall obtain a legal opinion from one or more legal counsels of recognized standing to the effect that the Issuer has complied with the requirements set forth in § 10(1)(i) through (v). Such legal opinion(s) shall be made available for inspection at the specified offices of the Paying Agents.

(4) Consequences of Substitution. Upon fulfillment of the aforementioned conditions, the New Issuer shall in every respect replace the Issuer, and the Issuer shall, vis-à-vis the holders of Notes, be released from all obligations under and in connection with the Notes.

(5) Notice. Notice of any substitution of the Issuer shall be given in accordance with § 11.

(6) References. In the event of any substitution of the Issuer, references to the Issuer in these Terms and Conditions shall be deemed references to the New Issuer.

(7) Change of Residence. Except for § 10(4), this § 10 shall apply *mutatis mutandis* to any change of residence for tax purposes by the Issuer.

## § 11 Notices

All notices concerning the Notes shall be given to Clearstream AG for communication by it to entitled participants. In addition, (i) so long as the Notes are listed on the Vienna Stock Exchange, all notices concerning the Notes shall be published in the *Amtsblatt zur Wiener Zeitung*, and (ii) so long as the Notes are listed on the Frankfurt Stock Exchange, all notices shall be published in a leading German newspaper approved by the Frankfurt Stock Exchange (which is expected to be the *Börsen-Zeitung*).

## § 12 Further Issues

The Issuer may, from time to time and without the consent of the holders of the Notes issue additional limited recourse notes having the same terms as the Notes (or in all respects except for the issue date, the date as of which interest accrues on the Notes, the issue price and any other deviations required for compliance with applicable law) so as to form a single series with the Notes (subject to any certification requirements with respect to the new Notes in accordance with § 1(2)).

**§ 13**  
**Miscellaneous**

(1) Governing Law. The form and content of the Notes and all of the rights and obligations of the holders of Notes and the Issuer under the Notes shall be governed in all respects by the laws of Jersey, Channel Islands.

(2) Severability. Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force. The invalid provision shall, in accordance with the intent and purpose of such provision of these Terms and Conditions, be deemed replaced by a valid provision which, in its economic effect, comes as close as legally possible to that of the invalid provision.

(3) Place of Performance. Place of performance shall be Vienna, Republic of Austria.

(4) Place of Jurisdiction. The place of jurisdiction for any action or other legal proceedings (“**Proceedings**”) arising out of or in connection with the Notes shall be Vienna (non-exclusive jurisdiction). The Issuer hereby submits to the jurisdiction of such court. The Austrian courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of its loss or destruction.

(5) Enforcement. Any holder of Notes may in any Proceedings protect and enforce in its own name its rights arising under its Notes on the basis of (a) a certificate issued by its Securities Custodian (i) stating the full name and address of such holder of Notes, (ii) specifying the aggregate nominal amount of the Notes credited on the date of such statement to such holder’s securities account maintained with such Securities Custodian and (iii) confirming that such Securities Custodian has given a written notice to Clearstream AG containing the information pursuant to (i) and (ii) and bearing acknowledgments of Clearstream AG and the Clearstream AG Accountholder and (b) a copy of the Global Note representing such Notes certified as being a true copy by a duly authorized officer of Clearstream AG. For purposes of the foregoing, “**Securities Custodian**” means any bank or other financial institution of recognized standing authorized to engage in securities custody business with which a holder of Notes maintains a securities account in respect of any Notes and includes Clearstream AG.

(6) Agent for Service of Process. With regard to any Proceedings arising out of or in connection with these Terms and Conditions brought against the Issuer in a court of the Republic of Austria, the Issuer appoints Investkredit Bank AG, as its agent for service of process. The Issuer undertakes to maintain an agent for service of process in the Republic of Austria as long as any Note remains outstanding.

(7) Limitation. Claims in respect of the Notes and interest thereon shall be prescribed and become void unless made within 10 years from the date on which any such claim arises.

## Taxation

The comments below are of a general nature based on current law and practice in the relevant jurisdictions referred to and are not construed to be a tax advice. They relate only to the position of persons who are the Holders of their Notes and may not apply to certain classes of persons as dealers. The statements herein regarding Austrian, German and Jersey taxation are based on the laws in force as of the date of this Prospectus and are subject to any changes in law. Any such change may be applied retroactively and may adversely affect the tax consequences described herein. This summary does not deal with all aspects of taxation that may be relevant to a decision to purchase, own or dispose of the Notes. Prospective investors are advised to consult their own tax advisors with respect to the tax consequences of purchasing, holding, redeeming or disposing of Notes.

### Taxation in Austria

The following is a discussion of certain Austrian tax considerations that may be relevant to a holder of Notes that is a resident of Austria or for which income in respect of the Notes is regarded as income from Austrian sources, e.g., because such Notes form part of the business property of a permanent establishment or fixed base maintained in Austria (an “Austrian holder”). The information contained in this summary is not to be construed as tax advice. It is based on an interpretation of the Austrian tax laws as of the date hereof and is subject to change. Any such change may be applied retroactively and may adversely affect the tax consequences described herein.

The Notes should be treated as bond securities (*Forderungswertpapiere*) within the meaning of § 93 / 3 of the Austrian Income Tax Act (*Einkommensteuergesetz*). However, there is currently no Austrian case law or administrative guidance addressing the tax treatment of financial instruments that are substantially identical to the Notes.

#### *Income taxation*

Interest Payments received by an Austrian individual or corporate holder with respect to the Notes will be subject to Austrian personal or corporate income tax.

Any capital gain from the sale of the Notes by Austrian individual or corporate holders are subject to Austrian personal income tax at the progressive rates or corporate tax at 34% unless the Notes are sold by an Austrian resident individual out of his private assets after an ownership period of more than one year.

#### *Austrian Withholding Tax*

If bond securities are held by an Austrian individual holder and Austrian withholding tax of 25% is deducted by an Austrian coupon paying agent on the income qualified as interest, the withholding tax is a final tax. However, the owner may apply for taxation at regular rates if this leads to reduced taxation.

#### *Gift and inheritance taxation*

Under Austrian law, the transfer of bond securities which are subject to the final withholding tax (*Kapitalertragsteuer*) are not subject to Austrian inheritance or gift tax on a transfer by reason of death. A transfer by reasons of gift causes Austrian inheritance or gift tax if at the time of the transfer of the assets

- (a) the donor or transferor, donee or the other beneficiary is resident in Austria at the time of the transfer, or, if an Austrian citizen, was not continuously outside of Austria and without Austrian residence for more than two years, or
- (b) the Notes were held as assets of a permanent establishment maintained in Austria by a donor.

#### *Other Austrian taxes*

There are no Austrian transfer, stamp or other similar taxes which would apply to the sale or transfer of the Notes in Austria.

## Taxation in Germany

The following is a discussion of certain German tax considerations that may be relevant to a holder of the Notes that is a resident of Germany or for which income in respect of the Notes is regarded as income from German sources, e.g., because such Notes form part of the business property of a permanent establishment or fixed base maintained in Germany (a “German holder”). The information contained in this summary is not to be construed as tax advice. It is based on an interpretation of the German tax laws as of the date hereof and is subject to change. Any such change may be applied retroactively and may adversely affect the tax consequences described herein. This summary does not purport to deal with all aspects of taxation that may be relevant to investors in the light of their individual circumstances. Prospective investors are advised to consult their own tax advisors with respect to the tax consequences of purchasing, holding, redeeming or disposing of the Notes. The Notes should constitute innovative financial instruments pursuant to Section 20(2) Sentence 1 No. 4c of the German Income Tax Act (*Einkommensteuergesetz*). However, there is currently no German case law or administrative guidance addressing the tax treatment of financial instruments that are substantially identical to the Notes. Consequently, there can be no assurance that the German tax authorities will agree with this qualification.

### *Income Taxation*

Interest Payments received by or, in specific cases, owed to a German holder with respect to the Notes will be subject to German personal or corporate income tax (plus a “solidarity surcharge” thereon, which is currently levied at 5.5%), and, in the case of a German holder who is an individual, may be subject to church tax. Upon the sale or redemption of the Notes, a German holder will also be required to include in its taxable income the difference between the amount realized on such sale or redemption and the cost of acquisition (or adjusted tax base) of the Notes. Income derived from the Notes will also be subject to German municipal trade tax on income (*Gewerbeertragsteuer*) if the Notes form part of the property of a German business establishment for trade tax purposes or are held by a German corporate investor.

A German holder who is an individual and does not hold the Notes as a business asset will be entitled to a standard deduction (*Werbungskosten-Pauschbetrag*) of EUR 51 in computing his or her investment income (including income derived from the Notes) if no higher expenses are evidenced as well as an exemption (*Sparer-Freibetrag*) of EUR 1,550 with respect to such investment income. These amounts are doubled for couples filing a joint tax return.

### *German Withholding Tax*

If the Notes are kept in a custodial account maintained by a German holder with a German bank or a German financial services institution, each as defined in the German Banking Act (*Kreditwesengesetz*) (including a German branch of a foreign bank or a foreign financial services institution, but excluding a foreign branch of a German bank or German financial services institution) (a “German Disbursing Agent”), the German Disbursing Agent will generally be required to withhold tax (*Zinsabschlagsteuer*) at a rate of 30% (plus solidarity surcharge thereon at a rate of 5.5%, resulting in an aggregate withholding rate of 31.65%) of the gross amount paid as income with respect to the Notes. Upon the sale or redemption of the Notes, a German Disbursing Agent will generally be required to withhold tax at an aggregate rate of 31.65% on:

- (i) the excess of the sale or redemption proceeds of the Notes over the holder’s acquisition cost, if the Notes have been acquired through or purchased from and have since been held in custody with such German Disbursing Agent, or
- (ii) an amount equal to 30% of the sale or redemption proceeds of the Notes, if the Notes have not been so held with such German Disbursing Agent. Tax withheld by the German Disbursing Agent will be credited against the German holder’s final liability for personal or corporate income tax or refunded if in excess of such final tax liability.

### *Gift and Inheritance Taxation*

The gratuitous transfer of the Notes by a holder as a gift or by reason of death is subject to German gift or inheritance tax, based on the market value of the Notes at the time of the transfer, if the holder of the Notes or the recipient is a resident, or deemed to be a resident, of Germany under German gift and inheritance tax law at the time of the transfer. If neither the holder of the Notes nor the recipient is a resident, or deemed to be a resident, of Germany at the time of the transfer, no German gift or inheritance tax is levied unless the Notes form

part of the property of a permanent establishment or a fixed base maintained by the holder of the Notes in Germany.

#### *Other German Taxes*

There are no German transfer, stamp or other similar taxes which would apply to the sale or transfer of the Notes. Net-worth tax (*Vermögensteuer*) ceased to be levied by Germany on 1 January 1997 and trade tax on capital (*Gewerbesteuer*) ceased to be levied by Germany on 1 January 1998.

### **Taxation in Jersey**

#### *Income Taxes*

The Issuer will qualify as an “exempt company” under Article 123A of the Income Tax (Jersey) Law 1961 as amended (the “1961 Law”) as long as it makes the returns of information and pays the fees (currently £ 600 per annum) as required by that Article and as long as no Jersey resident has a beneficial interest (for purposes of the 1961 Law) in the Issuer. As an exempt company, the Issuer will be treated for purposes of the 1961 Law as not resident in Jersey and will pay no Jersey income tax other than on income arising in Jersey (but, by long standing concession, excluding bank deposit interest arising in Jersey) and on profits of its trade (if any) carried on through an established place of business in Jersey.

For the purposes of the 1961 Law, the Comptroller of Income Tax in Jersey, among other things, has: (i) confirmed that the holding of a beneficial interest in the Notes by a Jersey resident will not prejudice the exempt company status of the Issuer; (ii) confirmed that the Issuer will not be regarded as carrying on a trade through an established place of business in Jersey. Accordingly, based upon the foregoing, the Issuer will not be subject to Jersey income tax.

#### *Withholding Taxes*

For so long as the Issuer has exempt company status, payments of principal and interest in respect of the Notes to a holder that is not resident in Jersey will not be subject to taxation in Jersey and no withholding in respect of Jersey income tax will be required in respect of such payments.

#### *Other Taxes*

Under Jersey law, there is no taxation of capital gains. As a result, capital gains derived from the sale, redemption or other disposition of the Notes by holder will not be subject to taxation in Jersey. Except as described in the next paragraph, no stamp duty, stamp duty reserve tax or issue, documentary, registration or other similar tax imposed by any governmental department or other taxing authority of or in Jersey will be payable in connection with the creation, initial issue, delivery or transfer *inter vivos* of the Notes or the execution and delivery of any agreements and other documents in connection with the issuance of the Notes.

On the death of a sole individual holder of Notes (whether or not such individual holder was a resident of Jersey), a grant of probate or letter of administration would have to be obtained in Jersey (in respect of Notes held on a register in Jersey or in bearer form and held in Jersey at the date of death or otherwise deemed to be so situated under applicable rules of private international law) and a duty based on the value of the assets of the deceased situated in Jersey would be payable.

# Offering

## Lead Manager

Bayerische Hypo- und Vereinsbank Aktiengesellschaft  
Am Tucherpark 16  
D-80538 Munich

Upon closing of the offering period the Lead Manager, the Issuer and the Bank will enter into a subscription agreement.

## Issue Size

Up to 100,000 Notes at an issue price of EUR 1,000 per Note.

## Offering Price

The offering price per Note amounts to 100% per Note of EUR 1,000.

## Offering Period

The offering period for the Notes is expected to start on or about 28 October 2002 and to close on or about 22 November 2002. The Lead Manager, in agreement with the Issuer, may accelerate closing of the offering period.

## Payment and Delivery

Payment for and delivery of the Notes will be made on or about 28 November 2002. On payment date, the Notes will be delivered to the investors in book-entry form. The Notes will be delivered against full payment only.

## Paying Agent

In Austria: Investkredit Bank AG  
Renngasse 10  
A-1013 Vienna

In Germany: Citibank AG  
Neue Mainzer Straße 75  
D-60311 Frankfurt am Main

## Remuneration of Lead Manager

The Issuer will pay to the Lead Manager a combined management, underwriting, and selling commission of 2% of the issue amount.

## Countries Where the Notes are Being Offered

The Notes are being offered by the Lead Manager through a public offering in Austria and in Germany and through private placements utilizing the respective available exemptions from registration requirements

elsewhere in European countries. The Notes are not offered outside Europe, in particular not in the United States of America.

### **Selling Restrictions**

#### *United Kingdom*

The Lead Manager has represented and agreed that:

- (i) it has not offered or sold and, prior to the expiry of the period of six months from the closing date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (ii) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with an applicable provisions of the FSMA with respect to anything done by it in relation to the Preference Shares in, from or otherwise involving the United Kingdom.

#### *United States of America*

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

## Financial Information

Unless otherwise indicated, any reference in this Prospectus to the consolidated financial statements is to the audited financial statements (including the notes thereto) included herein of Investkredit, on a consolidated basis. The consolidated financial statements of Investkredit were prepared in accordance with International Accounting Standards (“IAS”), which differ in certain respects from accounting principles generally accepted in the Republic of Austria and certain other countries. The amount of Distributable Profits (as defined herein) of the Bank for any fiscal year, which determines the extent to which the Issuer is authorized to make Distributions on the Notes, is calculated on the basis of the unconsolidated financial statements of the Bank prepared in accordance with the provisions of the Austrian Commercial Code (*Handelsgesetzbuch*) and other applicable Austrian law then in effect.

In this Prospectus, all references to “billion” are references to one thousand million. Due to rounding, the numbers presented throughout this Prospectus may not add up precisely, and percentages may not precisely reflect absolute figures.

## Appendix A: Support Undertaking

This Agreement (the “**Agreement**”), dated 22 October 2002, is entered into between Investkredit Bank AG, an Austrian stock corporation, (the “**Bank**”) and Investkredit Funding Ltd, a Jersey limited liability company (the “**Issuer**”).

WITNESSETH:

WHEREAS, the Issuer is a Subsidiary of the Bank;

WHEREAS, the Issuer will issue the Notes to investors;

WHEREAS, the Issuer intends to use the proceeds from the issuance of the Notes to make investments within the Group and ultimately with Bank; and

WHEREAS, the Bank wishes to undertake for the benefit of the Issuer and the holders of the Notes that (i) the Bank will maintain the Issuer as a Subsidiary, and (ii) the Issuer will at all times be in a position to meet its obligations under the Notes, including its obligation to pay Distributions.

NOW, THEREFORE, the parties agree as follows:

Section 1. *Certain Definitions.*

“**Agreement**” has the meaning specified in the preamble.

“**Bank**” has the meaning specified in the preamble.

“**Distributable Profits**” means, for any fiscal year, the balance sheet profit (*Bilanzgewinn*) of the Bank as of the end of such fiscal year, as shown in the audited unconsolidated balance sheet of the Bank as of the end of such fiscal year. Such balance sheet profit includes the annual surplus or loss (*Jahresüberschuss / Jahresfehlbetrag*), plus any profit carried forward from previous years, minus any loss carried forward from previous years, plus transfers from capital reserves and earnings reserves, minus allocations to earnings reserves, all as determined in accordance with the accounting principles generally accepted in Austria as principally described in the Austrian Commercial Code (*Handelsgesetzbuch*), the provisions of the Banking Act (*Bankwesengesetz*) and other applicable Austrian law then in effect.

In determining the availability of sufficient Distributable Profits of the Bank for any fiscal year to permit Interest Payments to be made with respect to the Notes during the succeeding fiscal year of the Bank, any Interest Payment already paid during the succeeding fiscal year of the Bank on the Notes and any Interest Payments or dividends already paid during the succeeding fiscal year of the Bank on Parity Securities, if any, on the basis of Distributable Profits for such fiscal year, will be deducted from such Distributable Profits.

“**Distributions**” means any Interest Payments (as defined in the Terms and Conditions) and/or any Redemption Payments (as defined in the Terms and Conditions) on the Notes.

“**Issuer**” has the meaning specified in the preamble.

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

“**Notes**” means the limited recourse notes issued by the Issuer.

“**Parity Securities**” means each class of the most senior ranking preference shares of the Bank that rank senior to the common stock of the Bank as to liquidation rights, if any, and Parity Subsidiary Securities.

“**Parity Subsidiary Securities**” means preference shares or any other instrument of any Subsidiary of the Bank (i) the distributions on which are linked to a distributable profit test at the level of the Bank on an unconsolidated basis or a capital adequacy test at the level of the Bank on a consolidated basis or (ii) which are subject to any guarantee agreement or similar agreement (including a waiver or improvement agreement) with the Bank ranking *pari passu* with the obligations of the Bank under the Agreement.

“**Subsidiaries**” means the direct and indirect subsidiaries of the Bank which are consolidated according to § 30 of the Banking Act.

“**Terms and Conditions**” means the terms and conditions of the Notes.

Capitalized terms used but not defined in this Agreement are defined, or cross-references to such definitions are contained in the Terms and Conditions.

## Section 2. *Support Undertaking.*

(a) The Bank undertakes to ensure that the Issuer will at all times be in a position to meet its obligations, including its obligations to pay Distributions, as and when such obligations are due and payable.

(b) For so long as any Note remains outstanding and subject to the limitations contained in this Agreement, the Bank irrevocably and unconditionally grants to the Issuer the following right (call option): If at any time the Issuer has or foresees to have insufficient funds to enable it to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due, the Issuer shall have the option to receive from the Bank such funds which, in addition to distributions and redemption payments deriving from the Investments, if any, are necessary to enable the Issuer to meet such payment obligations. The Issuer may exercise the option at any time by notice to the Bank. The Issuer shall be deemed to have exercised the option if the Issuer does not have sufficient funds to meet in full all of its obligations under or in respect of the Notes, including its obligations to pay Distributions, as and when such obligations fall due.

(c) Notwithstanding Section 2(b), the Bank will be obliged to make any payment to the Issuer under this Agreement in respect of Interest Payments and Redemption Payments on any Notes in any calendar year only to the extent that the Bank has an amount of Distributable Profits for its preceding fiscal year at least equal to the aggregate amount of such Interest Payments on the Notes and dividends or other distributions or payments on Parity Securities, if any, *pro rata* on the basis of Distributable Profits for such preceding fiscal year.

Further, notwithstanding the foregoing, the Bank will enable the Issuer to pay any interest payable in respect to the relevant Payment Period in accordance with the Terms and Conditions,

- if the Bank or any of its Subsidiaries, on any Parity Securities, declares or pays any dividends or makes any other payment or other distribution,
- if the Bank or any of its Subsidiaries, on its Junior Securities, declares or pays any dividend or makes any other payment or distribution, and/or
- if the Bank or any of its Subsidiaries redeems, repurchases or otherwise acquires any Parity Securities or Junior Securities for any consideration except by conversion into or exchange for shares of common stock of the Bank.

(d) Even if Distributable Profits are sufficient, the Bank will not be obliged to make any payment to the Issuer under this Agreement in respect of Distributions on any Notes in any calendar year, to the extent that, pursuant to applicable Austrian banking regulations affecting banks which fail to meet their capital ratios on a consolidated basis, the Bank would be limited in making payments on the Notes or Parity Securities, or if on such date there is in effect an order of the FMA (or any other relevant regulatory authority) prohibiting the Bank from making any distribution of profits.

(e) The obligations of the Bank under this Section 2 will be subordinated to all senior and subordinated debt obligations of the Bank, and will rank *pari passu* with the most senior ranking preference shares of the Bank, if any, and will rank senior to any other preference shares and the common stock of the Bank as to liquidation rights.

Section 3. *Undertakings Relating to the Issuer.*

The Bank undertakes to maintain the Issuer as a Subsidiary for so long as any Note remains outstanding. The Bank undertakes that, so long as any Note is outstanding, the Bank will not permit, or take any action to cause the winding-up of the Issuer.

Section 4. *No Exercise of Certain Rights.*

The Bank will not exercise any right of set-off, counterclaim or subrogation that it may have against the Issuer as long as any Notes remain outstanding.

Section 5. *Burden of Proof.*

Any failure of the Issuer to make Distributions shall constitute *prima facie* evidence of a breach by the Bank of its obligations hereunder. The Bank shall have the burden of proof that the occurrence of such breach results neither from its negligent nor its intentional misconduct.

Section 6. *No Senior Support to Other Subsidiaries.*

The Bank undertakes that it shall not give any guarantee or similar undertaking with respect to, or enter into any other agreement relating to the support or payment of any amounts in respect of any other preference shares (or instruments ranking *pari passu* with or junior to preference shares) of any other Subsidiary that would in any regard rank senior in right of payment to the Bank's obligations under this Agreement, unless the parties hereto modify this Agreement such that the Bank's obligations under this Agreement rank at least *pari passu* with, and contain substantially equivalent rights of priority as to payment as, such guarantee or support agreement.

Section 7. *Agreement for the Benefit of the Holders of Notes.*

This Agreement shall take effect for the benefit of the holders of Notes. Each of the Bank and the Issuer hereby acknowledges and covenants that the obligations binding upon it contained in this Agreement are owed to, and shall be for the benefit of, each and every holder of Notes, and that each holder of Notes shall be entitled severally to enforce the said obligations against the Bank or the Issuer.

Section 8. *Modification.*

Except for such modifications (i) required under Section 6 hereof or (ii) that are not adverse to the interests of the holders of the Notes, this Agreement shall be changed only by agreement in writing signed by the Bank and the Issuer with the prior approval of the holders of the Notes of not less than two-thirds of the Notes (excluding in each case any Notes held by the Bank or any entity of which the Bank, either directly or indirectly, owns 20% or more of the voting shares or other similar ownership interests).

Section 9. *No Assignment.*

So long as any Notes remain outstanding, the Bank shall not assign its rights or obligations under this Agreement to any person.

Section 10. *Successors.*

This Agreement will be binding upon successors to the parties.

Section 11. *Severability.*

Should any provision of this Agreement be found invalid, illegal or unenforceable for any reason, it is to be deemed replaced by the valid, legal and enforceable provision most closely approximating the intent of the

parties, as expressed in such provision, and the validity, legality and enforceability of the remainder of this Agreement will in no way be affected or impaired thereby.

Section 12. *Governing Law and Jurisdiction.*

This Agreement shall be governed by and construed in accordance with Austrian law without giving effect to the conflict of law rules and the UN Sales Conventions. The parties irrevocably submit to the non-exclusive jurisdiction of such Austrian courts as have jurisdiction over trade matters arising in Vienna.

IN WITNESS WHEREOF, the Bank and the Issuer have caused this Agreement to be duly executed and delivered by their respective authorized officers as of the date first written above.

INVESTKREDIT BANK AG

INVESTKREDIT FUNDING LTD

## Appendix B: Articles of Association

### COMPANIES (JERSEY) LAW 1991

#### ARTICLES OF ASSOCIATION of Investkredit Funding Ltd

##### Interpretation

1. In these Articles, if not inconsistent with the subject or context, the words in the first column of the following table shall bear the meanings set opposite to them respectively in the second column.

<b>Words</b>	<b>Meanings</b>
these Articles	These Articles of Association in their present form or as from time to time altered.
auditors	Auditors of the Company appointed pursuant to these Articles.
bankrupt	Shall have the meaning defined in the Interpretation (Jersey) Law, 1954.
clear days	In relation to the period of a notice, shall mean that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect.
Directors	The directors of the Company for the time being.
the Island	The Island of Jersey.
the Law	The Companies (Jersey) Law 1991.
Member	A person whose name is entered in the Register as the holder of shares in the Company.
month	Calendar month.
notice	A written notice unless otherwise specifically stated.
Office	The registered office of the Company.
paid up	Shall include credited as paid up.
present in person	In relation to general meetings of the Company and to meetings of the holders of any class of shares, shall include present by attorney or by proxy or, in the case of a corporate shareholder, by representative.
Register	The register of Members to be kept pursuant to Article 26 hereof.
Secretary	Any person appointed by the Directors to perform any of the duties of secretary of the Company (including a temporary or assistant secretary), and in the event of two or more persons being appointed as joint secretaries any one or more of the persons so appointed.



- (b) a fraction of a share shall not entitle a Member to a vote in respect thereof.
10. The Company may:
- (a) issue; or
  - (b) convert any existing non-redeemable shares (whether issued or not) into, shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder thereof, on such terms and in such manner as may be determined by Special Resolution.
11. The Company may pay commissions as permitted by the Law. Subject to the provisions of the Law, any such commission may be satisfied either by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other.
12. Save as permitted by the Law:
- (a) where a person is acquiring or proposing to acquire shares in the Company, neither the Company nor any of its subsidiaries which are Jersey companies shall give financial assistance directly or indirectly for the purpose of that acquisition before or at the same time as the acquisition takes place; and
  - (b) where a person has acquired shares in the Company and any liability has been incurred (by that person or any other person) for the purpose of that acquisition, neither the Company nor any of its subsidiaries which are Jersey companies shall give financial assistance directly or indirectly for the purpose of reducing or discharging the liability so incurred.
13. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or recognise any equitable, contingent, future or partial interest in any share, or (except only as by these Articles otherwise provided or as by law required) any interest in any fraction of a share, or any other right in respect of any share, except an absolute right to the entirety thereof in the registered holder.

#### **Alteration of Share Capital**

14. The Company may, by altering its Memorandum of Association by Special Resolution, alter its share capital in any manner permitted by the Law.
15. Any new shares created on an increase or other alteration of share capital shall be issued upon such terms and conditions as the Company in general meeting shall direct.
16. Unless otherwise directed by the Company in general meeting all new shares shall be offered to the Members in proportion to the existing shares held by them. Such offers shall be made by notice specifying the number of shares to which the Member is entitled and prescribing the period within which the offer will remain open, and upon the expiry of such period the offer, if not accepted, shall be deemed to have been declined. All such shares, if offered to the Members and not taken up by them, shall be disposed of by the Directors in such manner as the Directors think most beneficial to the Company.
17. Any capital raised by the creation of new shares shall, unless otherwise provided by the conditions of issue of the new shares, be considered as part of the original capital, and the new shares shall be subject to the provisions of these Articles with reference to the payment of calls, transfer and transmission of shares, lien or otherwise, applicable to the existing shares in the Company.

#### **Reduction of Share Capital**

18. Subject to the provisions of the Law, the Company may, by Special Resolution, reduce its share capital in any way.

### **Variation of Rights**

19. Whenever the capital of the Company is divided into different classes of shares, the special rights attached to any class, unless otherwise provided by the terms of issue of the shares of that class, may be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of the majority of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of shares of that class, but not otherwise. To every such separate meeting all the provisions of these Articles and of the Law relating to general meetings of the Company or to the proceedings thereat shall apply, *mutatis mutandis*, except that the necessary quorum shall be two persons holding or representing at least one-third in nominal amount of the issued shares of that class but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those holders who are present in person shall be a quorum.
20. The special rights conferred upon the holders of any class of shares issued with preferred or other special rights shall be deemed to be varied by the reduction of the capital paid up on such shares and by the creation of further shares ranking in priority thereto, but shall not (unless otherwise expressly provided by these Articles or by the conditions of issue of such shares) be deemed to be varied by the creation or issue of further shares ranking after or *pari passu* therewith.

### **Share Certificates**

21. Every Member shall be entitled:
  - (a) without payment, to one certificate for all his shares of each class and, when part only of the shares comprised in a certificate is sold or transferred, to a new certificate for the remainder of the shares so comprised; or
  - (b) upon payment of such sum for each certificate as the Directors shall from time to time determine, to several certificates each for one or more of his shares of any class.
22. Every certificate shall be issued within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide), shall be issued either under seal or signed by two Directors or one Director and the Secretary, and shall specify the shares to which it relates and the amount paid up thereon and if so required by the Law, the distinguishing numbers of such shares.
23. In respect of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.
24. If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in relation thereto as the Directors think fit.

### **Joint Holders of Shares**

25. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint tenants with the benefit of survivorship, subject to the following provisions:
  - (a) the Company shall not be bound to register more than four persons as the joint holders of any share;
  - (b) the joint holders of any share shall be liable, severally as well as jointly, in respect of all payments to be made in respect of such share;
  - (c) any one of such joint holders may give a good receipt for any dividend, bonus or return of capital payable to such joint holders;
  - (d) only the senior of the joint holders of a share shall be entitled to delivery of the certificate relating to such share or to receive notices from the Company and any notice given to the senior joint holder shall be deemed notice to all the joint holders; and

- (e) for the purpose of the provisions of this Article, seniority shall be determined by the order in which the names of the joint holders appear in the Register.

### **Register of Members**

26. The Directors shall keep or cause to be kept at the Office or at such other place in the Island of Jersey where it is made up, as the Directors may from time to time determine, a Register in the manner required by the Law. In each year the Directors shall prepare or cause to be prepared and filed an annual return containing the particulars required by the Law.

### **Lien**

27. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all monies, whether presently payable or not, called or payable at a fixed time in respect of such shares; and the Company shall also have a first and paramount lien on all shares (other than fully paid shares) registered in the name of a single Member for all the debts and liabilities of such Member or his estate to the Company, whether the same shall have been incurred before or after notice to the Company of any interest of any person other than such Member and whether the period for the payment or discharge of the same shall have actually commenced or not, and notwithstanding that the same are joint debts or liabilities of such Member or his estate and any other person whether a Member or not. The Company's lien (if any) on a share shall extend to all dividends or other monies payable thereon or in respect thereof. The Directors may resolve that any share shall, for such period as they think fit, be exempt from the provisions of this Article.
28. The Company may sell, in such manner as the Directors think fit, any shares on which the Company has a lien, but no sale shall be made unless some monies in respect of which the lien exists are presently payable, and fourteen days have expired after a notice, stating and demanding payment of the monies presently payable and giving notice of intention to sell in default, shall have been served on the holder for the time being of the shares or the person entitled by reason of his death or bankruptcy to the shares.
29. The net proceeds of such sale, after payment of the costs of such sale, shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. For giving effect to any such sale the Directors may authorise a person to execute an instrument of transfer of the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares so transferred and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

### **Calls on Shares**

30. The Directors may, subject to the provisions of these Articles and to any conditions of allotment, from time to time make calls upon the Members in respect of any monies unpaid on their shares (whether on account of the amount of the shares or by way of premium) *provided that* (except as otherwise fixed by the conditions of application or allotment) no call on any share shall be payable within fourteen days of the date appointed for payment of the last preceding call, and each Member shall (subject to being given at least fourteen clear days' notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares.
31. A call may be made payable by instalments. A call may be postponed or wholly or in part revoked as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.
32. If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due may be required to pay interest on the sum from the day appointed for payment thereof to the time of actual payment at a rate determined by the Directors not exceeding the rate of ten per cent per annum.

33. Any sum which by or pursuant to the terms of issue of a share becomes payable upon allotment or at any fixed date, whether on account of the amount of the share or by way of premium, shall, for all the purposes of these Articles, be deemed to be a call duly made and payable on the date on which, by or pursuant to the terms of issue, the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.
34. The Directors may make arrangements on the issue of shares for a difference between the holders in the amount of calls to be paid and in the times of payment.
35. The Directors may, if they think fit, receive from any Member willing to advance the same, all or any part of the money uncalled and unpaid upon the shares held by him beyond the sums actually called up thereon as a payment in advance of calls. Any such payment in advance of calls shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is advanced. The Company may pay interest upon the money so received, or upon so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which it has been received, at such rate as the Directors shall think fit *provided that* any amount paid up in advance of calls shall not entitle the holder of the shares upon which such amount is paid to participate in respect thereof in any dividend until the same would but for such advance become presently payable.

#### **Forfeiture of Shares**

36. If a Member fails to pay any call or instalment of a call on or before the day appointed for payment thereof, the Directors may at any time thereafter, during such time as any part of such call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and any expenses which may have been incurred by the Company by reason of such non-payment or accept their surrender instead if causing them to be so forfeited.
37. The notice shall name a further day (not earlier than fourteen days from the date of service thereof) on or before which and the place where the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares on which the call was made will be liable to be forfeited.
38. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls and interest due in respect thereof have been made, be forfeited by a resolution of the Directors to that effect, and such forfeiture shall include all dividends which shall have been declared on the forfeited shares and not actually paid before the forfeiture.
39. When any share has been forfeited in accordance with these Articles, notice of the forfeiture shall forthwith be given to the holder of the share or the person entitled to the share by transmission, as the case may be, and an entry of such notice having been given, and of the forfeiture with the date thereof, shall forthwith be made in the Register opposite to the entry of the share; but no forfeiture shall be invalidated in any manner by any omission or neglect to give such notice or to make such entry as aforesaid.
40. A forfeited or surrendered share may be sold, re-allotted or otherwise disposed of, either to the person who was before forfeiture or surrender the holder thereof or entitled thereto, or to any other person, upon such terms and in such manner as the Directors think fit, and at any time before a sale, re-allotment or disposition the forfeiture or surrender may be cancelled on such terms as the Directors think fit. The Directors may, if necessary, authorise some person to transfer a forfeited or surrendered share to any other person as aforesaid.
41. A Member whose shares have been forfeited or surrendered shall cease to be a Member in respect of the forfeited or surrendered shares but shall, notwithstanding the forfeiture or surrender, remain liable to pay to the Company all monies which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares, with interest thereon at a rate determined by the Directors not exceeding ten per cent per annum from the date of forfeiture or surrender as the case may be until

payment and the Directors may enforce payment without any allowance for the value of the shares at the time of forfeiture or surrender.

42. An affidavit by a Director or the Secretary that a share has been duly forfeited or surrendered on the date stated therein shall be conclusive evidence of the facts so stated as against all persons claiming to be entitled to the share and such affidavit and the receipt of the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate for the share delivered to a purchaser or allottee thereof, shall (subject to the execution of a transfer if the same be so required) constitute good title to the share and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the consideration (if any), nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in respect of the forfeiture, surrender, sale, re-allotment or disposal of the share.
43. The provisions of these Articles as to forfeiture and surrender shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

### **Transfer and Transmission of Shares**

44. All transfers of shares shall be effected by notice (a "Transfer Notice") in the usual common form or in any other form approved by the Directors.
45. All Transfer Notices shall be signed by or on behalf of the transferor and, in the case of a partly paid share, by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered on the Register in respect thereof.
46. The Directors may in their absolute discretion, and without assigning any reason therefor, refuse to register any transfer of partly paid shares, including, without limitation, a transfer of such shares to a person of whom they do not approve and may refuse to register any transfer of shares on which the Company has a lien but shall not otherwise refuse to register a transfer of shares made in accordance with these Articles.
47. The Directors may decline to recognise any Transfer Notice, unless:
  - (a) the Transfer Notice is deposited at the Office or such other place as the Directors may appoint accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
  - (b) the Transfer Notice is in respect of only one class of shares.
48. If the Directors refuse to register any transfer of shares they shall, within two months after the date on which the Transfer Notice was lodged with the Company, send to the proposed transferor and transferee notice of the refusal.
49. All Transfer Notices relating to transfers of shares which are registered shall be retained by the Company, but any Transfer Notices relating to transfers of shares which the Directors decline to register shall (except in any case of fraud) be returned to the person depositing the same.
50. The registration of transfers of shares or of any class of shares may not be suspended.
51. Unless otherwise decided by the Directors in their sole discretion, no fee shall be charged in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any shares.
52. In respect of any allotment of any share the Directors shall have the same right to decline to approve the registration of any renounee of any allottee as if the application to allot and the renunciation were a transfer of a share under these Articles.

53. In the case of the death of a Member, the survivors or survivor, where the deceased was a joint holder, and the executors or administrators of the deceased, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the shares, but nothing in this Article shall release the estate of a deceased joint holder from any liability in respect of any share jointly held by him.
54. Any guardian of an infant Member and any curator or guardian or other legal representative of a Member under legal disability and any person becoming entitled to a share in consequence of the death or insolvency or bankruptcy of a Member or otherwise by operation of law may, upon such evidence as to his entitlement being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as the holder of the share or to have some person nominated by him registered as the holder thereof.
55. If the person so becoming entitled shall elect to be registered himself, he shall deliver or send to the Company a notice signed by him stating that he so elects together with such evidence as to his entitlement as may from time to time be required by the Directors. If he shall elect to have another person registered, he shall testify his election by signing a Transfer Notice in favour of that person. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or Transfer Notice as aforesaid as would have existed had such transfer occurred before the death, insolvency or bankruptcy of the Member concerned.
56. A person becoming entitled to a share by reason of the death or insolvency or bankruptcy of a Member or otherwise by operation of law shall, upon such evidence as to his entitlement being produced as may from time to time be required by the Directors, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a Member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company *provided always that* the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within one month such person shall be deemed to have so elected to be registered himself and all the restrictions on the transfer and transmission of shares contained in these Articles shall apply to such election.

#### **General Meetings**

57. Unless all of the Members agree in writing to dispense with the holding of annual general meetings and any such agreement remains valid in accordance with the Law, the provisions of Article 58 hereof shall apply with regard to annual general meetings of the Company.
58. An annual general meeting shall be held once in every calendar year, either in or outside the Island, at such time and place as may be determined by the Directors; but so long as the Company holds its first annual general meeting within eighteen months of its incorporation it need not hold it in the year of its incorporation or in the following year. All other general meetings shall be called extraordinary general meetings.
59. The Directors may whenever they think fit, and upon a requisition made in writing by Members in accordance with the Law the Directors shall, convene an extraordinary general meeting of the Company.
60. At any extraordinary general meeting called pursuant to a requisition, unless such meeting is called by the Directors, no business other than that stated in the requisition as the objects of the meeting shall be transacted.

#### **Class Meetings**

61. Save as is provided in this Article and otherwise in these Articles, all the provisions of these Articles and of the Law relating to general meetings of the Company and to the proceedings thereat shall apply, *mutatis mutandis*, to every class meeting. At any class meeting the holders of shares of the relevant class shall, on a poll, have one vote in respect of each share of that class held by each of them.

### **Notice of General Meetings**

62. At least twenty-one clear days' notice shall be given of every annual general meeting and of every general meeting called for the passing of a Special Resolution, and at least fourteen clear days' notice shall be given of all other general meetings. Every notice shall specify the place, the day and the time of the meeting and in the case of special business, the general nature of such business and, in the case of an annual general meeting, shall specify the meeting as such. Notice of every meeting shall be given in the manner hereinafter mentioned to all the Members and to the Directors and to the auditors.
63. A meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in Article 62 hereof, be deemed to have been duly called if it is so agreed:
- (a) in the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and
  - (b) in the case of any other meeting, by a majority in number of Members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent of the total voting rights of the members who have that right.
64. In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a Member.
65. It shall be the duty of the Company, subject to the provisions of the Law, on the calling of a meeting on the requisition in writing of such number of Members as is specified by the Law:
- (a) to give to the Members entitled to receive notice of general meetings and to the Directors notice of any resolution which may properly be moved and which it is intended to move at that meeting; and
  - (b) to circulate to Members entitled to have notice of any general meeting sent to them, any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
66. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

### **Proceedings at General Meetings**

67. The business of an annual general meeting shall be to receive and consider the accounts of the Company and the reports of the Directors and auditors, to elect Directors (if necessary), to elect auditors and fix their remuneration, to sanction a dividend if thought fit so to do, and to transact any other business of which notice has been given.
68. No business shall be transacted at any general meeting except the adjournment of the meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Such quorum shall consist of not less than two Members present in person, but so that not less than two individuals will constitute the quorum, *provided that*, if at any time all of the issued shares in the Company are held by one Member, such quorum shall consist of the Member present in person.
69. If within half an hour from the time appointed for the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting, if convened by or upon the requisition of Members, shall be dissolved. If otherwise convened the meeting shall stand adjourned to the same day in the next week at the same time and place or such day, time and place as the Directors shall determine.
70. The chairman (if any) of the Directors shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if at any meeting he is not present the Members present in person shall choose one of the Directors present to be chairman, or if no Director shall be present and

willing to take the chair the Members present in person shall choose one of their number to be chairman.

71. The chairman may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of the original meeting. Save as aforesaid, it shall not be necessary to give any notice of any adjourned meeting or of the business to be transacted at an adjourned meeting.
72. Except where otherwise provided in the Law or in these Articles, all resolutions shall be adopted if approved by a majority of the votes cast. In the event of an equality of votes at any general meeting, whether upon a show of hands or on a poll, the chairman shall not be entitled to a second or casting vote.
73. At any general meeting every question shall be decided in the first instance by a show of hands and, unless a poll is demanded by the chairman or by any Member, a declaration by the chairman that a resolution has on a show of hands been carried or not carried, or carried or not carried by a particular majority or lost, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
74. If a poll is demanded in the manner mentioned above, it shall be taken at such time (within twenty-one days) and in such manner as the chairman directs and the results of such poll shall be deemed to be the resolution of the Company in general meeting. A poll may be demanded upon the election of the chairman and upon a question of adjournment and such poll shall be taken forthwith without adjournment. Any business other than that upon which a poll has been demanded may proceed pending the taking of the poll.
75. Minutes of all resolutions and proceedings of general meetings shall be duly and regularly entered in books kept for that purpose and shall be available for inspection by a Member during business hours without charge. A Member may require a copy of any such minutes in such manner, and upon payment of such sum, as provided in the Law.
76. If a Member is by any means in communication with one or more other Members so that each Member participating in the communication can hear what is said by any other of them, each Member so participating in the communication is deemed to be present in person at a meeting with the other Members so participating, notwithstanding that all the Members so participating are not present together in the same place. A meeting at which any or all of the Members participate as aforesaid shall be deemed to be a general meeting of the Company for the purposes of these Articles notwithstanding any other provisions of these Articles and all of the provisions of these Articles and of the Law relating to general meetings of the Company and to the proceedings thereat shall apply, *mutatis mutandis*, to every such meeting.
77. A resolution in writing (including a Special Resolution but excluding a resolution removing an auditor) signed by all Members who would be entitled to receive notice of and to attend and vote at a general meeting at which such a resolution would be proposed, or by their duly appointed attorneys, shall be as valid and effectual as if it had been passed at a general meeting of the Company duly convened and held. Any such resolution may consist of several documents in the like form each signed by one or more of the Members or their attorneys and signature in the case of a corporate body which is a Member shall be sufficient if made by a director or other duly authorised officer thereof or its duly appointed attorney.
78.
  - (1) On a show of hands every Member present in person shall have one vote.
  - (2) Subject to any special voting powers or restrictions for the time being attached to any shares, as may be specified in the terms of issue thereof or these Articles, on a poll every Member present in person shall have one vote for each share held by him.

79. Where there are joint registered holders of any share, such persons shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name appears first in order in the Register in respect of such share shall be the only person entitled to vote in respect thereof.
80. A Member for whom a special or general attorney is appointed or who is suffering from some other legal incapacity or interdiction in respect of whom an order has been made by any court having jurisdiction (whether in the Island of Jersey or elsewhere) in matters concerning legal incapacity or interdiction may vote, whether on a show of hands or on a poll, by his attorney, curator, or other person authorised in that behalf appointed by that court, and any such attorney, curator or other person may vote by proxy. Evidence to the satisfaction of the Directors of the authority of such attorney, curator or other person may be required by the Directors prior to any vote being exercised by such attorney, curator or other person.
81. The Directors and the auditors shall be entitled to receive notice of and to attend and speak at any meeting of Members. Save as aforesaid and as provided in Article 80 hereof, no person shall be entitled to be present or take part in any proceedings or vote either personally or by proxy at any general meeting unless he has been registered as owner of the shares in respect of which he claims to vote.
82. (1) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive.
- (2) Where a person is authorised under Article 90 hereof to represent a body corporate at a general meeting of the Company the Directors or the chairman of the meeting may require him to produce a certified copy of the resolution from which he derives his authority.
83. On a poll a Member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.
84. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a corporation either under seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member.
85. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power or authority, shall be deposited at the Office within such time (not exceeding forty-eight hours) before the time for holding the meeting or adjourned meeting or for the taking of a poll at which the person named in the instrument proposes to vote as the Directors may from time to time determine.
86. The instrument appointing a proxy may be in any common form or in any other form approved by the Directors including the following form:
- “Investkredit Funding Ltd**
- I/We [ ] of [ ] being a Member/Members of the above named Company hereby appoint [ ] of [ ] or failing him [ ] of [ ] as my/our proxy to vote for me/us on my/our behalf at the (annual or extraordinary as the case may be) general meeting of the Company to be held on the [ ] day of [ ] and at any adjournment thereof.
- Signed this[ ] day of [ ]”
87. Unless the contrary is stated thereon the instrument appointing a proxy shall be as valid as well for any adjournment of the meeting as for the meeting to which it relates.
88. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed provided that no intimation in writing of such death, insanity or revocation shall

have been received by the Company at the Office before the commencement of the meeting or adjourned meeting or the taking of the poll at which the proxy is used.

89. The Directors may at the expense of the Company send by post or otherwise to the Members instruments of proxy (with or without provision for their return prepaid) for use at any general meeting or at any separate meeting of the holders of any class of shares of the Company either in blank or nominating in the alternative any one or more of the Directors or any other persons. If for the purpose of any meeting invitations to appoint as proxy a person or one or more of a number of persons specified in the invitations are issued at the Company's expense they shall be issued to all (and not to some only) of the Members entitled to be sent a notice of the meeting and to vote thereat by proxy.

#### **Corporate Members**

90. Any body corporate which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of Members (or of any class of Members) and the person so authorised shall be entitled to exercise on behalf of the body corporate which he represents the same powers as that body corporate could exercise if it were an individual.

#### **Directors**

91. The Company may by ordinary resolution determine the maximum and minimum number of Directors and unless and until otherwise so determined the minimum number of Directors shall be two. The Company shall keep or cause to be kept at the Office a register of its Directors in the manner required by the Law.
92. A Director need not be a Member but shall nevertheless be entitled to receive notice of and to attend and speak at any general meeting or at any separate meeting of the holders of any class of shares in the Company.
93. The Directors shall be paid out of the funds of the Company their travelling and other expenses properly and necessarily expended by them in attending meetings of the Directors or Members or otherwise on the affairs of the Company. They shall also be paid by way of remuneration for their services such sum as shall be fixed by resolution of the Company, which shall be divided between them as they shall agree or, failing agreement, equally and shall be deemed to accrue from day to day. If any Director shall be appointed agent or to perform extra services or to make any special exertions or to go or reside abroad for any of the purposes of the Company, the Directors may remunerate such Director therefor either by a fixed sum or by commission or participation in profits or otherwise or partly one way and partly in another as they think fit, and such remuneration may be either in addition to or in substitution for his remuneration hereinbefore provided.

#### **Alternate Directors**

94. Any Director may at his sole discretion and at any time and from time to time appoint any person (other than a person disqualified by law from being a director of a company) as an alternate Director to attend and vote in his place at any meetings of Directors at which he is not personally present. Each Director shall be at liberty to appoint under this Article more than one alternate Director *provided that* only one such alternate Director may at any one time act on behalf of the Director by whom he has been appointed. Every such appointment shall be effective and the following provisions shall apply in connection therewith:
- (a) every alternate Director while he holds office as such shall be entitled to notice of meetings of Directors and to attend and to exercise all the rights and privileges of his appointor at all such meetings at which his appointor is not personally present;
  - (b) every alternate Director shall *ipso facto* vacate office if and when his appointment expires or the Director who appointed him ceases to be a Director of the Company or removes the alternate Director from office by notice under his hand served upon the Company;

- (c) every alternate Director shall be entitled to be paid all travelling, hotel and other expenses reasonably incurred by him in attending meetings. The remuneration (if any) of an alternate Director shall be payable out of the remuneration payable to the Director appointing him as may be agreed between them;
- (d) a Director may act as alternate Director for another Director and shall be entitled to vote for such other Director as well as on his own account, but no Director shall at any meeting be entitled to act as alternate Director for more than one other Director; and
- (e) a Director who is also appointed an alternate Director shall be considered as two Directors for the purpose of making a quorum of Directors when such quorum shall exceed two.

If a Director who has appointed an alternate Director is for the time being temporarily unable to act through ill health or disability the signature of the alternate Director to any resolution in writing made by the Director shall be as effective as the signature of his appointer.

95. The instrument appointing an alternate Director may be in any form approved by the Directors including the following form:

**“Investkredit Funding Ltd**

I, [ ] a Director of the above named Company, in pursuance of the power in that behalf contained in the Articles of Association of the Company, do hereby nominate and appoint [ ] of [ ] to act as alternate Director in my place at the meeting of the Directors to be held on the [ ] day of [ ] and at any adjournment thereof which I am unable to attend and to exercise all my duties as a Director of the Company at such meeting.

Signed this [ ] day of [ ]”

96. Save as otherwise provided in Article 94(b) hereof, any appointment or removal of an alternate Director shall be by notice signed by the Director making or revoking the appointment and shall take effect when lodged at the Office or otherwise notified to the Company in such manner as is approved by the Directors.

**Executive Directors**

97. The Directors may from time to time appoint one or more of their number to be the holder of any executive office on such terms and for such periods as they may determine. The appointment of any Director to any executive office shall be subject to termination if he ceases to be a Director, but without prejudice to any claim for damages for breach of any contract of service between him and the Company.
98. The Directors may entrust to and confer upon a Director holding any executive office any of the powers exercisable by the Directors, upon such terms and conditions and with such restrictions as they think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**Appointment of Directors**

99. The first Directors of the Company shall be appointed in writing by the Subscribers to the Memorandum of Association or by the majority of them; they shall hold office until they resign or are disqualified in accordance with Article 103 hereof.
100. Subject to the provisions of Article 91 hereof, the Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office until he resigns or is disqualified in accordance with Article 103 hereof.
101. At any general meeting at which a Director retires or is removed from office the Company shall elect a Director to fill the vacancy, unless the Company determines to reduce the number of Directors in office.

If the Company in general meeting determines to increase the number of Directors in office the Company shall elect additional Directors.

102. Seven clear days' notice shall be given to the Company of the intention of any Member to propose any person for election to the office of Director *provided always that*, if the Members present at a general meeting unanimously consent, the chairman of such meeting may waive the said notice and submit to the meeting the name of any person duly qualified and willing to act.

#### **Resignation, Disqualification and Removal of Directors**

103. The office of a Director shall be vacated if:
- (a) he resigns his office by notice to the Company; or
  - (b) he ceases to be a Director by virtue of any provision of the Law or he becomes prohibited or disqualified by law from being a Director; or
  - (c) he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
  - (d) he is removed from office by resolution of the Members.

#### **Powers of Directors**

104. The business of the Company shall be managed by the Directors who may exercise all such powers of the Company as are not by the Law or these Articles required to be exercised by the Company in general meeting, and the power and authority to represent the Company in all transactions relating to real and personal property and all other legal or judicial transactions, acts and matters and before all courts of law shall be vested in the Directors. If at any time the Company shall determine by ordinary resolution that there shall be only one Director the business of the Company shall be managed by the sole Director. The Directors' powers shall be subject to any regulations of these Articles, to the provisions of the Law and to such regulations, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in general meeting, but no regulations made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.
105. The Directors may, by power of attorney, mandate or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

#### **Transactions with Directors**

106. A Director, including an alternate Director, may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director and may act in a professional capacity to the Company on such terms as to tenure of office, remuneration and otherwise as the Directors may determine.
107. (1) Subject to the provisions of the Law, and provided that he has disclosed to the Directors the nature and extent of any of his interests which conflict or may conflict to a material extent with the interests of the Company at the first meeting of the Directors at which a transaction is considered or as soon as practical after that meeting by notice in writing to the Secretary or has otherwise previously disclosed that he is to be regarded as interested in a transaction with a specific person, a Director notwithstanding his office:
- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
  - (b) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

- (c) shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.
  - (2) For the purposes of paragraph (1) above:
    - (a) a general notice given to the Directors or Secretary in a manner specified in paragraph (1) above that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
    - (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of that Director.
108. Where disclosure of an interest is made to the Secretary in accordance with Article 107 the Secretary shall inform the Directors that it has been made and table the notice of the disclosure at the next meeting of the Directors. Any disclosure at a meeting of the Directors shall be recorded in the minutes of the meeting.

#### **Proceedings of Directors**

109. The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In case of an equality of votes the chairman shall have a second or casting vote. A Director who is also an alternate Director shall be entitled, in the absence of the Director whom he is representing, to a separate vote on behalf of such Director in addition to his own vote. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of the Directors by giving to each Director and alternate Director not less than twenty-four hours' notice of the meeting *provided that* any meeting may be convened at shorter notice and in such manner as each Director or his alternate Director shall approve *provided further that* unless otherwise resolved by the Directors notices of Directors' meetings need not be in writing.
110. A meeting of the Directors at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors. The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be two. If at any time the Company shall determine by ordinary resolution that there shall be only one Director such quorum shall be one. For the purposes of this Article and subject to the provisions of Article 94(e) hereof an alternate Director shall be counted in a quorum, but so that not less than two individuals will constitute the quorum.
111. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he is appointed to hold any office or place of profit under the Company, or at which the terms of his appointment are arranged, but he may not vote on his own appointment or the terms thereof.
112. A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which any contract or arrangement in which he is interested is considered and, subject to the provisions of Articles 107 hereof, he may vote in respect of any such contract or arrangement.
113. The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies or of calling a general meeting of the Company. If at any time the Company shall determine by ordinary resolution that there shall be only one Director the foregoing provisions of this Article shall not apply. If there are no Directors or no Director is able or willing to act, then any Member or the Secretary may summon a general meeting for the purpose of appointing Directors.

114. The Directors may from time to time elect from their number, and remove, a chairman and/or deputy chairman and/or vice-chairman and determine the period for which they are to hold office. The chairman, or in his absence the deputy chairman, or in his absence, the vice-chairman, shall preside at all meetings of the Directors, but if no such chairman, deputy chairman or vice-chairman be elected, or if at any meeting the chairman, the deputy chairman and vice-chairman be not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be the chairman of the meeting.
115. The Directors may delegate any of their powers to committees consisting of such Directors or Director or such other persons as they think fit. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors. The meetings and proceedings of any such committee consisting of two or more persons shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under this Article.
116. If a Director is by any means in communication with one or more other Directors so that each Director participating in the communication can hear what is said by any other of them, each Director so participating in the communication is deemed to be present at a meeting with the other Directors so participating, notwithstanding that all the Directors so participating are not present together in the same place.
117. A resolution in writing of which notice has been given to all of the Directors or to all of the members of a committee appointed pursuant to Article 115 hereof (as the case may be), if signed by a majority of the Directors or of the members of such committee (as the case may be), shall be valid and effectual as if it had been passed at a meeting of the Directors or of the relevant committee duly convened and held and may consist of two or more documents in like form each signed by one or more of the Directors or members of the relevant committee.
118. All acts done *bona fide* by any meeting of Directors or of a committee appointed by the Directors or by any person acting as a Director shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any such Director or committee or person acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or a member of a committee appointed by the Directors and had been entitled to vote.

#### **Minute Book**

119. The Directors shall cause all resolutions in writing passed in accordance with Articles 77 and 117 hereof and minutes of proceedings at all general meetings of the Company or of the holders of any class of the Company's shares and of the Directors and of committees appointed by the Directors to be entered in books kept for the purpose. Any minutes of a meeting, if purporting to be signed by the chairman of the meeting or by the chairman of the next succeeding meeting, shall be evidence of the proceedings.

#### **Secretary**

120. The Secretary shall be appointed by the Directors and any secretary so appointed may be removed by the Directors. Anything required or authorised to be done by or to the Secretary may, if the office is vacant or there is for any other reason no secretary capable of acting, be done by or to any assistant or deputy secretary or if there is no assistant or deputy secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors *provided that* any provisions of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary. The Company shall keep or cause to be kept at the Office a register of particulars with regard to its Secretary in the manner required by the Law.

#### **Execution of Instruments**

121. The Company may have a common seal and may in accordance with the Law have an official seal for use outside of the Island and an official seal for sealing securities issued by the Company or for sealing

documents creating or evidencing securities so issued. The Directors shall provide for the safe custody of all seals and no seal shall be used except by the authority of a resolution of the Directors or of a committee of the Directors authorised in that behalf by the Directors.

122. The Directors may from time to time make such regulations as they think fit determining the persons and the number of such persons who shall sign every instrument to which a seal is affixed and until otherwise so determined every such instrument shall be signed by one Director and shall be countersigned by the Secretary or by a second Director. The Company may, in writing under its common seal, authorise an agent appointed for the purpose to affix any official seal to a document to which the Company is a party.
123. (1) Approved Documents may be signed for and on behalf of the Company by such person or persons as the Directors may from time to time by resolution authorise. In the absence of an express authorisation to execute an Approved Document any two of the Directors may execute such Approved Documents for and on behalf of the Company.
- (2) The term "Approved Documents" as used in this Article shall mean all written documents that have been duly approved by the Directors for execution for and on behalf of the Company.

#### **Authentication of Documents**

124. Any Director or the Secretary or any person appointed by the Directors for the purpose shall have power to authenticate any documents affecting the constitution of the Company (including the Memorandum of Association and these Articles) and any resolutions passed by the Company or the Directors and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

#### **Dividends**

125. Subject to the provisions of the Law, the Company may by resolution declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Directors.
126. Subject to any particular rights or limitations as to dividend for the time being attached to any shares, as may be specified in these Articles or upon which such shares may be issued, all dividends shall be declared, apportioned and paid *pro-rata* according to the amounts paid up on the shares (otherwise than in advance of calls) during any portion or portions of the period in respect of which the dividend is paid.
127. Subject to the provisions of the Law, the Directors may, if they think fit, from time to time pay to the Members such interim dividends as appear to the Directors to be justified.
128. If at any time the share capital of the Company is divided into different classes, the Directors may pay interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights, as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend. The Directors may also pay half-yearly, or at other suitable intervals to be settled by them, any dividend which may be payable at a fixed rate if they are of the opinion that the profits of the Company justify the payment. Provided the Directors act *bona fide* they shall not incur any personal liability to the holders of shares conferring a preference for any damage that they may suffer by reason of the payment of an interim dividend on any shares having deferred or non-preferred rights.
129. The Directors may deduct from any dividend or other monies payable to any Member on or in respect of a share all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
130. All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. No dividend shall bear interest as against the Company.

131. Any dividend which has remained unclaimed for a period of ten years from the date of declaration thereof shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company and shall thenceforth belong to the Company absolutely.
132. Any dividend or other monies payable on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Member or person entitled thereto, and in the case of joint holders to any one of such joint holders, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such other person as the holder or joint holders may in writing direct, and payment of the cheque or warrant shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.
133. A general meeting declaring a dividend may, upon the recommendation of the Directors, direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of paid up shares or debentures of any other company, and the Directors shall give effect to such resolution; and where any difficulty arises in regard to the distribution they may settle the same as they think expedient, and in particular may issue certificates representing part of a shareholding or fractions of shares, and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payment shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of Members, and may vest any specific assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the Directors, and generally may make such arrangements for the allotment, acceptance and sale of such specific assets or certificates representing part of a shareholding or fractions of shares, or any part thereof, and otherwise as they think fit.
134. Any resolution declaring a dividend on the shares of any class, whether a resolution of the Company in general meeting or a resolution of the Directors, or any resolution of the Directors for the payment of a fixed dividend on a date prescribed for the payment thereof, may specify that the same shall be payable to the persons registered as the holders of shares of the class concerned at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed (or, as the case may be, that prescribed for payment of a fixed dividend), and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend of transferors and transferees of any shares of the relevant class.

#### **Reserve Fund**

135. Before the declaration of a dividend the Directors may set aside any part of the net profits of the Company to create a reserve fund, and may apply the same either by employing it in the business of the Company or by investing it in such a manner (not being the purchase of or by way of loan upon the shares of the Company) as they think fit. Such reserve fund may be applied for the purpose of maintaining the property of the Company, replacing wasting assets, meeting contingencies, forming an insurance fund, or equalising dividends or special dividends, or for any other purpose for which the net profits of the Company may lawfully be used, and until the same shall be applied it shall remain undivided profits. The Directors may also carry forward to the accounts of the succeeding year or years any balance of profit which they do not think fit either to divide or to place to reserve.

#### **Share Premium Account**

136. There shall be transferred to a share premium account, as required by the Law, the amount or value of any premium paid up on shares issued by the Company and the sums for the time being standing to the credit of the share premium account shall be applied only in accordance with the Law.

#### **Capitalisation**

137. The Company may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any undistributed profits of the Company (including profits carried and standing to any reserve or reserves) not required for paying the fixed dividends on any shares entitled to fixed preferential dividends with or without further participation in profits, or any sum carried to reserve as a result of the sale or revaluation of the assets of the Company (other than goodwill) or any part thereof or, subject as

hereinafter provided, any sum standing to the credit of the Company's share premium account or capital redemption reserve fund and accordingly that the Directors be authorised and directed to appropriate the profits or sum resolved to be capitalised to the Members in the proportion in which such profits or sum would have been divisible amongst them had the same been applicable and had been applied in paying dividends, and to apply such profits or sum on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by such Members respectively, or in paying up in full either at par or at such premium as the said resolution may provide, any unissued shares or debentures of the Company, such shares or debentures to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid, or partly in one way and partly in the other *provided that* the share premium account and the capital redemption reserve fund and any unrealised profits may not be applied in the paying up of any debentures of the Company.

138. Whenever such a resolution as aforesaid shall have been passed, the Directors shall make all appropriations and applications of the profits or sum resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of certificates representing part of a shareholding or fractions of shares or by payments in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled to the benefit of such appropriations and applications into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalisation, and any agreement made under such authority shall be effective and binding on all such Members.

#### **Accounts and Audit**

139. The Company shall keep accounting records and the Directors shall prepare accounts of the Company, made up to such date in each year as the Directors shall from time to time determine, in accordance with and subject to the provisions of the Law.
140. No Member shall have any right to inspect any accounting records or other book or document of the Company except as conferred by the Law or authorised by the Directors or by resolution of the Company.
141. The Directors, or the Company by resolution in general meeting, shall appoint auditors to examine the accounts of the Company and to report thereon in accordance with the Law.

#### **Notices**

142. Any notice to be given to or by any person pursuant to these Articles shall be in writing, save as provided in Article 109 hereof. In the case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the Register in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
143. Any notice may be posted to or left at the registered address of any person, and any notice so posted shall be deemed to be served one clear day after the day it was posted.
144. Any Member present in person at any meeting of the Company shall, for all purposes, be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was convened.
145. Any notice or document served on a Member shall, notwithstanding that such Member be then dead or bankrupt and whether or not the Company has notice of his death or bankruptcy, be deemed to have been duly served on such Member as sole or joint holder, unless his name shall at the time of the service of the notice or document have been removed from the Register, and such service shall for all purposes be deemed a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the shares of such Member.

146. Notwithstanding any of the provisions of these Articles, any notice to be given by the Company to a Director or to a Member may be given in any manner agreed in advance by any such Director or Member.

#### **Winding Up**

147. Subject to any particular rights or limitations for the time being attached to any shares, as may be specified in these Articles or upon which such shares may be issued, if the Company is wound up, the assets available for distribution among the Members shall be applied first in repaying to the Members the amount paid up on their shares respectively, and if such assets shall be more than sufficient to repay to the Members the whole amount paid up on their shares, the balance shall be distributed among the Members in proportion to the amount which at the time of the commencement of the winding up had been actually paid up on their said shares respectively.
148. If the Company is wound up, the Company may, with the sanction of a Special Resolution and any other sanction required by the Law, divide the whole or any part of the assets of the Company among the Members in specie and the liquidator or, where there is no liquidator, the Directors, may, for that purpose, value any assets and determine how the division shall be carried out as between the Members or different classes of Members, and with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Members as he with the like sanction determines, but no Member shall be compelled to accept any assets upon which there is a liability.

#### **Indemnity**

149. In so far as the Law allows, every present or former officer of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him by reason of being or having been such an officer.

#### **Non-Application of Standard Table**

150. The regulations constituting the Standard Table in the Companies (Standard Table) (Jersey) Order 1992 shall not apply to the Company.

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# FINANCIAL STATEMENTS OF THE INVESTKREDIT GROUP FOR 2001.

## INCOME STATEMENT OF THE INVESTKREDIT GROUP.

INCOME STATEMENT IN EUR 1,000	NOTES	1.1. - 31.12.2001	1.1. - 31.12.2000	CHANGE IN %
Interest and similar income		1,027,889	835,221	23 %
Interest and similar expenses		-930,953	-758,773	23 %
<b>Net interest income</b>	<b>(18)</b>	<b>96,937</b>	<b>76,448</b>	<b>27 %</b>
Fee and commission income		10,863	10,369	5 %
Fee and commission expenses		-5,871	-4,511	30 %
<b>Net fee and commission income</b>	<b>(19)</b>	<b>4,992</b>	<b>5,857</b>	<b>-15 %</b>
Net credit risk result	(20)	-8,537	-6,586	30 %
Trading result	(21)	3,019	2,968	2 %
Net financial investments result	(22)	-22,024	-10,861	103 %
General administrative expenses	(23)	-43,875	-36,227	21 %
Other operating results	(24)	3,292	770	327 %
Extraordinary result		0	0	-
<b>Profit for the year before tax</b>		<b>33,804</b>	<b>32,369</b>	<b>4 %</b>
Tax on income	(25)	-3,610	-2,193	65 %
<b>Profit for the year after tax</b>		<b>30,194</b>	<b>30,176</b>	<b>0 %</b>
Minority interests		-7,062	-3,415	107 %
<b>Net profit for the year</b>		<b>23,133</b>	<b>26,760</b>	<b>-14 %</b>

IN EUR		1.1. - 31.12.2001	1.1. - 31.12.2000	CHANGE IN %
Earnings per share	(27)	3.65	4.23	-14 %

The previous year's figure has been adjusted for the 1:10 share split. As of 31 December 2001 there were no exercisable conversion or option rights in circulation. The undiluted earnings per share therefore correspond to the figures given.

**BALANCE SHEET OF THE INVESTKREDIT GROUP.**

<b>ASSETS IN EUR 1,000</b>	<b>NOTES</b>	<b>31.12.2001</b>	<b>31.12.2000</b>	<b>CHANGE IN %</b>
Cash and balances with central banks	(28)	15,106	4,780	216 %
Loans and advances to banks	(29)	887,105	661,866	34 %
Loans and advances to customers	(30)	6,086,376	4,950,232	23 %
Risk provisions for loans and advances	(7), (32)	-69,049	-64,310	7 %
Trading assets	(8), (33)	93,765	187,169	-50 %
Financial investments	(34)	3,831,483	2,689,824	42 %
Property and equipment	(36)	288,786	214,839	34 %
Other assets	(38)	60,783	59,007	3 %
<b>Total assets</b>		<b>11,194,354</b>	<b>8,703,408</b>	<b>29 %</b>
<b>LIABILITIES IN EUR 1,000</b>	<b>NOTES</b>	<b>31.12.2001</b>	<b>31.12.2000</b>	<b>CHANGE IN %</b>
Amounts owed to banks	(39)	2,810,094	2,357,201	19 %
Amounts owed to customers	(40)	686,532	328,155	109 %
Debts evidenced by certificates	(41)	6,453,065	5,139,159	26 %
Provisions	(42)	44,591	40,675	10 %
Other liabilities	(44)	517,421	324,429	59 %
Subordinated capital	(45)	291,104	197,087	48 %
Minority interests		133,344	22,532	492 %
Equity	(46)	258,203	294,168	-12 %
<b>Total liabilities and equity</b>		<b>11,194,354</b>	<b>8,703,408</b>	<b>29 %</b>

**STATEMENT OF CHANGES IN EQUITY.**

<b>IN EUR 1,000</b>	<b>31.12.2001</b>	<b>31.12.2000</b>	<b>CHANGE 2001</b>
Subscribed capital	46,000	46,000	0
Capital reserve	61,047	61,047	0
Retained earnings	142,015	157,038	-14,219
Hedging reserve	-7,662	8,842	-16,505
Net profit for the year	23,133	26,760	-3,628
Dividend paid by Investkredit Bank AG	-6,330	-5,520	-810
<b>Aggregate</b>	<b>258,203</b>	<b>294,168</b>	<b>-35,162</b>

For explanations on changes in the equity, see notes (46)

**CASH FLOW STATEMENT.**

<b>IN EUR 1,000</b>	<b>2001</b>	<b>2000</b>
<b>Profit for the year (before minority interests)</b>	<b>30,194</b>	<b>30,176</b>
Non-cash items included in profit for the year, and adjustments to reconcile profit for the year to cash flows from operating activities		
Depreciation/revaluation gains on property and equipment and financial investments	1,333	2,002
Transfer to/release of provisions and risk provisions for loans and advances	8,655	-10,606
Profit/loss from the disposal/valuation of financial assets, property and equipment	22,024	10,861
Other adjustments (net)	-175,303	-72,977
Changes in assets and liabilities from operating activities after adjustments for non-cash components		
Loans and advances to banks	-225,239	272,529
Loans and advances to customers	-1,136,143	-1,080,389
Trading portfolio	93,404	-68,592
Currents assets	-938,593	-707,079
Other assets from operating activities	-1,776	-24,405
Amounts owed to banks	452,893	-62,533
Amounts owed to customers	358,377	-69,441
Debts evidenced by certificates	1,313,906	1,661,373
Other liabilities from operating activities	192,182	211,458
Interest and dividends received	1,027,370	835,221
Interest paid	-930,433	-758,773
Extraordinary proceeds	0	0
Extraordinary payments	0	0
Income tax payments	-4,820	-2,493
<b>Cash flow from operating activities</b>	<b>88,030</b>	<b>166,333</b>
Proceeds from the disposal of		
Financial investments	86,307	335,844
Tangible and intangible fixed assets	732	7,873
Payments for the acquisition of		
Financial investments	-274,900	-411,316
Tangible and intangible fixed assets	-76,656	-162,806
Currency translation adjustments	-12,496	-1,586
<b>Cash flow from investing activities</b>	<b>-277,012</b>	<b>-231,991</b>
Proceeds from capital increases	0	0
Dividend payments	-5,520	-5,520
Changes in resource from other financing activities	94,016	6,843
<b>Cash flow from financing activities</b>	<b>88,497</b>	<b>1,323</b>
<b>Cash holdings at the end of the previous period</b>	<b>4,780</b>	<b>69,367</b>
Cash flow from operating activities	88,030	166,333
Cash flow from investing activities	-277,012	-231,991
Cash flow from financing activities	88,497	1,323
Effects of	0	0
Exchange rate fluctuations	0	0
Changes in the group of consolidated enterprises	110,812	-252
<b>Cash holding at the end of the period</b>	<b>15,106</b>	<b>4,780</b>

## Notes to the financial statements of the Investkredit Group.

### ACCOUNTING PRINCIPLES.

**(1) GENERAL PRINCIPLES.** The consolidated financial statements of Investkredit Bank AG (the Investkredit Group) were prepared on the basis of the International Accounting Standards (IAS) adopted and published by the International Accounting Standards Board (IASB). The statements qualify under the relevant legislation for exemption from the requirement to present a Group Financial Statement according to Austrian commercial law. In its accounting, the Investkredit Group is guided in principle by all interpretations adopted and published as at the balance sheet date by the Standing Interpretations Committee (SIC), even though they may not enter into force until later. Accounts are presented according to uniform Group methods. The financial statements of the Investkredit Group are based on the following relevant International Accounting Standards:

IAS 1	Presentation of Financial Statements
IAS 4	Depreciation Accounting
IAS 7	Cash flow Statements
IAS 8	Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies
IAS 10	Contingencies and Events After the Balance Sheet Date
IAS 12	Income Taxes
IAS 14	Segment Reporting
IAS 16	Property, Plant and Equipment
IAS 17	Accounting for Leases
IAS 18	Revenue
IAS 19	Employee Benefits
IAS 21	The Effects of Changes in Foreign Exchange Rates
IAS 22	Business Combinations
IAS 23	Borrowing Costs
IAS 24	Related Party Disclosures
IAS 27	Consolidated Financial Statements and Accounting for Investments in Subsidiaries
IAS 28	Accounting for Investments in Associates
IAS 30	Disclosures in the Financial Statements of Banks and Similar Financial Institutions
IAS 32	Financial Instruments: Disclosures and 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
IAS 40	Investment Property

**(2) CONSOLIDATED ENTERPRISES.** A list of all enterprises included in the financial statements of the Investkredit Group is presented under point 35 (Disclosure of equity investments). The group of fully consolidated related enterprises includes not only the parent company Investkredit Bank AG (hereinafter referred to as "Investkredit") but also 29 Austrian and foreign enterprises (as compared with 21 in the previous year), the most important of which are Kommunalkredit Austria AG, Vienna (hereinafter referred to as "Kommunalkredit") and the Investkredit International Bank p.l.c., Sliema/Malta. In the financial year, the following 14 companies were included for the first time:

	Acquisition cost in EUR m	Investment
EUROPOLIS CE Beta Holding GmbH, Vienna	7.4	65 %
EUROPOLIS CE Gamma Holding GmbH, Vienna	0.0	65 %
Europolis E30 Holding Sp. z o.o., Warsaw	5.5	65 %
E30 Industrial Center I Sp. z o.o., Warsaw	3.0	65 %
E30 Industrial Center II Sp. z o.o., Warsaw	3.3	65 %
Europolis Invest Immobilien Management GmbH, Vienna	0.0	100 %
EUROPOLIS INVEST Management s.r.o., Prague	0.0	100 %
KA Beteiligungsholding GmbH, Vienna	88.0	100 %
RCP Alfa s.r.o., Prague	5.3	65 %
Europolis Saski Holding Sp. z o.o., Warsaw	13.5	65 %
Saski Park Sp. z o.o., Warsaw	14.4	65 %
VBV beta Anlagen Vermietung Gesellschaft mbH, Vienna	20.0	100 %
VBV Holding GmbH & Co Immobilien-Investitionen OHG, Vienna	0.0	100 %
VBV Holding GmbH & Co Immobilien-Vermietungen OHG, Vienna	1.7	100 %

In the financial year, the following 6 companies were no longer included in the group of fully consolidated enterprises due to mergers with other fully consolidated enterprises:

	Acquisition cost in EUR m	Investment
Europolis Holding s.r.o., Prague	0.0	100 %
E.I.P. Beteiligungs Gesellschaft mbH, Vienna	4.1	100 %
Warsaw Tower Sp. z o.o., Warsaw	25.2	100 %
Europolis Invest Immobilieninvestitions Gesellschaft mbH, Vienna	23.7	100 %
RCP Beteiligungsverwaltungs-Gesellschaft mbH, Vienna	7.6	100 %
VBV fünf Anlagen Vermietung Gesellschaft mbH, Vienna	1.3	100 %

32 enterprises whose overall influence on the financial position of the Group is of minor significance only were not consolidated. The total assets of these enterprises amount to less than 2.0% of the Group's total assets. In the Investkredit Group's financial statements, 10 associates (10 in the previous year) were accounted for under the equity method. In the financial year, no companies were included for the first time. Nine investments in associates are accounted for at cost because of their overall minor significance.

**(3) CONSOLIDATION PRINCIPLES.** The consolidation action taken in the context of preparing the Group Financial Statements includes capital consolidation, consolidation under the equity method, debt consolidation, the consolidation of expenses and income and the elimination of intra-Group results. The fully consolidated enterprises present their annual financial statements uniformly as of 31 December. Capital consolidation is carried out at cost. In that process, the acquisition costs for investments in the Group company are offset against the proportionate equity capital of the subsidiary at the time of acquisition. Intra-Group receivables, liabilities, expenses and income as well as intra-Group profits are eliminated, unless they are of minor significance. Associates are accounted for under the equity method and are reported under financial investments as investments in enterprises accounted for under the equity method. Local financial statements are used for valuation under the equity method. Alignment with the uniform Group valuation methods is undertaken only in the event of significant measurement differences in leasing business, but not otherwise. The annual results of associates are taken from the latest annual financial statements available, allowing for current forecasting, so that changes in equity are reflected in the same year. Dividends distributed are cancelled. Annual profits are shown in the income statement under Other investment earnings.

**(4) CURRENCY TRANSLATION.** In the case of the euro-currencies, the exchange rates correspond to those published by the European Commission on 31 December 1998. Assets and liabilities in other currencies (third currencies) are translated at the rate recommended by the European Central Bank as at the balance sheet date (28 December 2001):

Currency	AUD	CAD	CHF	CZK	DKK	GBP	HUF	JPY	NOK	PLN	SEK	USD
Mid exchange rate	1.7280	1.4077	1.4829	31.962	7.4365	0.6085	245.18	115.33	7.9515	3.4953	9.3012	0.8813

**(5) LOANS AND ADVANCES.** Loans and advances to banks and customers are entered at nominal value or at cost. Individual valuation adjustments are made to take into account recognizable credit and sovereign risks. Valuation adjustments are not offset against the corresponding loans and advances but are shown openly in the balance sheet. Premiums and discounts are distributed over the maturity period of the debt and are entered under Other assets or Other liabilities.

**(6) LEASING BUSINESS.** Fixed assets serving for leasing purposes are classified as Finance leases and are entered in the consolidated balance sheet in accordance with IAS 17 under the individual categories of receivables and at the present value of the discounted leasing claims.

**(7) RISK PROVISIONS.** Risk provisions cover impairment losses and reserves for all recognizable credit and sovereign risks. In its credit risk management, Investkredit Group uses a financial standing assessment system and an internal rating procedure. Every borrower is thus assigned an external or internal rating. Internal ratings correspond to the standard scale of Standard & Poor's and are made in several stages. The business development of all enterprises is continuously analysed and the credit risk is regularly evaluated. That makes it possible to classify assets in the banking book and off-balancesheet business fully according to criteria of soundness and collateralization. In the case of problematic positions, a special management team provides intensive support.

**(8) TRADING ASSETS.** Securities, derivative financial instruments and other items of the trading portfolio are reported at fair value on the balance sheet date, according to IAS 39. In the case of listed products, the stock exchange price is taken as the fair value. Unlisted products are measured by the present value method (present value of discounted future payment flows) or by the use of suitable option price models (value resulting from the application of option price formulae according to the Garman-Kohlhagen, Black-Scholes or the Hull-White models). All results under these items are reported in the Income statement under the Net trading result. To measure the market risk, value at risk (VAR) is calculated according to a model based on a confidence level of 99% and a holding period of 1 day. There are VAR limits for the interest rate risk, the share price risk and the currency risk. The standard procedure is applied for the regulatory reporting system. Interest rate risks arising outside of trading activities are analysed continuously, using the value at risk of the banking book and interest simulations.

**(9) FINANCIAL INVESTMENTS.** All fixed-interest and variable-yield securities, investments in unconsolidated subsidiaries and associates and other investments not attributed to the trading book are entered in this item. The items are either "held to maturity" or are "available for sale".

1. Held to maturity: Fixed-interest securities are valued at cost. If the cost differs from the repayment amount, the difference is written back, affecting current results proportionately over time. If the credit standing of the security debtor indicates a permanent impairment, the item is written off as necessary. Effects on current results are shown under the Net financial investments result. Variable-yield securities are valued at the fair price. Significant associates are accounted for under the equity method. Investments in unconsolidated subsidiaries as well as other investments are valued at cost. In the event of permanent impairment, the relevant item is written down.
2. Available for sale: Securities that are attributed neither to fixed assets nor to the trading portfolio have the function of liquidity reserve (available for sale) and are entered at the fair value on the balance sheet date. They are recorded in the balance sheet under financial investments, and effects on results are shown in the Net financial investments result.

**(10) DERIVATIVES.** The fair value of derivatives is calculated according to recognized methods in every case. Derivatives are treated differently according to their category, applying IAS 39:

1. Derivatives in the trading portfolio are recognized as trading assets or trading liabilities. If they show positive fair values, including deferred interest (dirty price), they are recognized as trading assets. Trading liabilities include negative market values. Trading assets are not offset against trading liabilities (netting). The change in the dirty price is shown as affecting results under the Net trading result.
2. Derivatives intended to protect the fair value of banking book items (fair value hedges) are also shown at their fair value (dirty price) under Financial investments or Other liabilities. Changes in the fair value of the items to be protected are entered with an effect on the current results in the Net financial investments result in the same way as the derivatives in this category.

3. Derivatives intended to hedge payment flows arising out of balance sheet items (cash flow hedges) are also reported under Financial investments or Other assets at their market value (dirty price). The change in market value is, however, netted against the reserves for hedging purposes without effect on the results.
4. Other derivatives are intended to protect against banking book market risks, but it is not possible to show a microhedge because hedging is conducted in relation with a whole portfolio (macrohedge). In application of IAS 39, the fair values in this category are recorded in the balance sheet, namely, dirty prices under Financial investments and negative dirty prices under Other liabilities. The change in the value of these derivatives on a clean-price basis is presented in the Income statement under Other operating results. Since the Bank uses derivatives to control the interest rate risk at a global level, but since the fair value changes of items protected at a macro level according to IAS 39 cannot be shown with an effect on the results, this part of the result is of only limited informative value.

**(11) GOODWILL.** Significant positive differences arising from capital and equity consolidation taking place after 1 January 1995 are allocated to the subsidiary's assets. Other positive amounts are entered as goodwill and are written off over a period of 10 to 15 years. They are included in Intangible Assets which forms part of Other Assets. Such differences which arose up to 31 December 1994 were offset against Retained earnings. Depreciation of goodwill is shown under Other operating results. Negative differences arising out of capital and equity consolidation were attributed to Retained earnings, if their negative effect on results expected at the time of acquisition had already occurred on the date of the first presentation of IAS consolidated financial statements. Because of their minor significance, all other negative differences were – with a neutral effect on results – accounted for under Retained earnings.

**(12) PROPERTY AND EQUIPMENT.** Property and equipment comprises land and buildings used by the Bank and by outside parties as well as office furniture and equipment. Land and buildings used by the Bank serve mainly for the Bank's own operations. The item of land and buildings used by outside parties includes those that function as investments and are let to outside parties.

1. Land and buildings used by the Bank as well as office furniture and equipment are entered at acquisition cost less planned straight-line depreciation. The assumed projected periods of use are:
 

Buildings	50 years
Office furniture and equipment	3 to 10 years
IT investments	2.5 to 5 years
2. Minor value assets up to an individual acquisition cost of EUR 363.36 are written off in the year of purchase.
3. Land and buildings used by outside parties that function as investments are recognized at their fair value in accordance with IAS 40. Land and buildings inside Austria are valued internally according to the Royal Institution of Chartered Surveyors (RICS) Standard. Land and buildings abroad are valued by external experts according to guidelines that are recognized not only by the IVSC (International Valuation Standards Committee) but also by TEGOVA (The European Group of Valuers' Associations). The gross rental method is used in calculations, on the basis of current rental lists and assumptions concerning market developments and interest rates. The change in the value of buildings between balance sheet dates is carried in the Income Statement in net interest income.

**(13) INTANGIBLE ASSETS.** Intangible assets include goodwill as well as software purchases. Goodwill purchased after 1 January 1995 is written off over 10 to 15 years by the straight-line method, and similar items arising before that date are offset against equity. Software is written off by the straight-line method over 4 years. Intangible investments are presented under Other assets.

**(14) LIABILITIES.** Liabilities are entered at cost. Premiums and discounts are distributed over the maturity period of the debt.

**(15) TRADING LIABILITIES.** Trading liabilities include the negative fair values arising out of derivative financial instruments and are shown under Other liabilities. They are entered at the fair value.

**(16) PROVISIONS.** Provisions for pensions, severance payments and jubilee bonus obligations are calculated annually by an independent actuary according to the projected unit credit method, in accordance with IAS 19. The biometric basis was the "Calculation bases for pension insurance (Salaried employees, Generation table) by F.W. Pagler – unpublished" – using prediction factors (for salaried employees) taken from the "Calculation bases for occupational disability insurance in Austria" by Pagler & Pagler. The most important parameters are a 5.5% interest rate, a 2% incremental rate of active salary and pension payments, a 1.5% career trend,

a fluctuation rate of 0% and assumed pensionable ages of 56.5 years for women and 61.5 years for men. The interest rate was lowered from 5.75% to 5.5% due to lower interest rates, while the other parameters were not changed.

In earlier years, staff pension entitlements were transferred to a pension fund. The provisions now contain entitlements of staff who were already on pension at the time of transfer as well as the entitlements of active staff for invalidity and widows' pensions. The difference between the amount required for coverage and the proportionate pension provision at the time of transfer is entered in the balance sheet under deferred assets and is written back evenly over 10 years. Reserves for severance payments are formed to cover legal and contractual entitlements. A jubilee bonus reserve is formed for the payment of bonuses to long-serving staff. Other reserves are formed in the amount of projected use in each case.

**(17) CURRENT AND DEFERRED TAXES.** Taxes on income are accounted for and calculated in accordance with IAS 12. Current income tax assets and liabilities are stated according to local tax rates. Tax assets are shown under Other assets, and tax liabilities under Other liabilities or Reserves. The liability concept is used for the calculation of deferred taxes, and all temporary differences in amount are taken into consideration. Under this concept, the values of assets and liabilities in the IAS balance sheet are compared with the values that are applicable to taxation of the consolidated company in question. Differences between these values lead to temporary differences in value, for which deferred taxation items must be formed on the assets or liabilities side – irrespective of the time of their release. Deferred tax assets and deferred tax liabilities are then offset, if they exist for each company against the same tax creditor. Deferred tax assets or unused tax losses carried forward are recorded in the balance sheet if they will probably be used in relation with future profits.

## INFORMATION ON THE INCOME STATEMENT.

### (18) NET INTEREST INCOME.

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
<b>Interest income</b>	<b>1,001.8</b>	<b>814.8</b>
Lending business and money market	827.8	680.3
Fixed-income securities	161.2	124.4
Shares and other variable-yield securities	3.8	1.7
Interests in unconsolidated related enterprises	0.6	0.3
Investments in associates	7.2	4.0
Investments in other enterprises	1.2	4.1
<b>Interest expenses</b>	<b>-929.1</b>	<b>-755.2</b>
Deposits	-615.1	-501.5
Debts evidenced by certificates	-299.3	-241.8
Subordinated capital	-14.7	-11.9
<b>Earnings from rental and leasing business</b>	<b>24.2</b>	<b>16.8</b>
Leasing earnings	1.7	4.8
Earnings from rentals	24.4	15.6
Depreciation of property leased and other leasing expenses	-1.7	-3.0
Depreciation of property rented	-0.2	-0.6
<b>Aggregate</b>	<b>96.9</b>	<b>76.4</b>

**(19) NET FEE AND COMMISSION INCOME.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
Lending business	0.0	-0.3
Securities business	-0.9	0.8
Payment transactions	-0.3	-0.4
Environmental aid transactions	5.4	5.1
Other services business	0.8	0.8
<b>Aggregate</b>	<b>5.0</b>	<b>5.9</b>

Environmental aid transactions are services rendered by Kommunalkredit on behalf of the Republic of Austria.

**(20) NET CREDIT RISK RESULT.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
Allocation to risk provisions	-27.4	-13.4
Release of risk provisions	19.0	8.8
Direct write-offs	-0.3	-0.5
Amounts received against loans and advances written off	0.1	0.1
Currency adjustments	0.1	-1.6
<b>Aggregate</b>	<b>-8.5</b>	<b>-6.6</b>

**(21) TRADING RESULT.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
Securities trading	-1.4	3.2
Currency trading	3.9	-3.1
Interest derivatives	-0.5	2.1
Currency derivatives	0.5	0.2
Securities derivatives	0.5	0.5
Other financial instruments	0.0	0.0
<b>Aggregate</b>	<b>3.0</b>	<b>3.0</b>

The net trading result contains net results from the disposal and valuation of items in the trading portfolio, interest and dividend earnings in the trading portfolio as well as refinancing expenses for the trading portfolio. The trading portfolio is assessed on a fair value basis.

**(22) NET FINANCIAL INVESTMENTS RESULT.** This item includes the results from the disposal and valuation of securities in financial investments, investments in subsidiaries and associates and other investments.

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
Net result from securities	-19.1	-11.9
Net result from investments in subsidiaries and associates and other investments	-2.9	1.1
<b>Aggregate</b>	<b>-22.0</b>	<b>-10.9</b>

The net result from securities includes disposal gains amounting to EUR 1.2 m (2000: EUR 1.5 m).

**(23) GENERAL ADMINISTRATIVE EXPENSES.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
<b>Personnel expenses</b>		
Salaries	-19.1	-16.4
Compulsory social security contributions	-5.1	-4.4
Expenses for retirement and employee benefits	-3.4	0.6
<b>Total personnel expenses</b>	<b>-27.5</b>	<b>-20.3</b>
<b>Other administrative expenses</b>	<b>-13.7</b>	<b>-13.4</b>
<b>Depreciation and amortization of property and equipment</b>	<b>-2.6</b>	<b>-2.5</b>
<b>Aggregate</b>	<b>-43.9</b>	<b>-36.2</b>

The amount also includes expenses for the real-estate sector amounting to EUR 2.9 m. Expenses for unlet property were negligible.

**(24) OTHER OPERATING RESULTS.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
<b>Other operating earnings</b>	<b>8.1</b>	<b>3.2</b>
Depreciation of intangible assets	-0.8	-0.8
Other tax	-0.6	-0.8
Other operating expenses	-3.4	-0.9
<b>Aggregate</b>	<b>3.3</b>	<b>0.8</b>

Other operating earnings include EUR 5.7 m from the depreciation of derivatives that were not used as microhedges, EUR 0.4 m from the transfer of personnel and infrastructure to third parties, as well as EUR 0.3 m from the release of unused reserves of previous periods. Other operating expenses comprise EUR 1.4 m in relation to the partial disposal of several companies of the real-estate segment and EUR 0.9 m in relation to payments required by the General Settlement Fund Law.

**(25) TAX ON INCOME.**

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
<b>Current tax expense</b>	<b>-4.8</b>	<b>-2.5</b>
<b>Deferred tax expense</b>	<b>1.2</b>	<b>0.3</b>
<b>Aggregate</b>	<b>-3.6</b>	<b>-2.2</b>

The actual taxes are calculated on the basis of the tax results for the financial year at the local tax rates applicable to the Group company in question. The following table shows the relation between the expected and actual taxes on income:

in EUR m	1.1. - 31.12.2001	1.1. - 31.12.2000
<b>Profit for the year before tax</b>	<b>33.8</b>	<b>32.4</b>
Income tax expense expected for the financial year at the statutory tax rate (34 %)	-11.5	-11.0
Effects of other tax rates	+1.3	-0.1
Tax reductions due to tax-exempt earnings of investments	+9.6	+3.7
Tax reductions due to other tax-exempt income	+4.6	+2.1
Tax increases due to non-deductible expenses	-7.7	-0.2
Tax expense/income not attributable to the reporting period	+0.1	+3.3
<b>Reported income tax</b>	<b>-3.6</b>	<b>-2.2</b>

**(26) APPROPRIATION OF THE PROFIT.** The Board of Management will propose to the Annual General Meeting on 15 May 2002 that the net profit for the year 2001 in the separate financial statements for Investkredit, amounting to EUR 6,470,997.86, be used to pay a dividend of EUR 1.00 per share including bonus. The total distribution is EUR 6,330,000.00. That is some 14% of the dividend-bearing share capital for 2001, amounting to EUR 46,000,110.00. After payment of the Supervisory Board emoluments, the remainder of some EUR 0.02 m will be carried forward.

**(27) EARNINGS PER SHARE.** According to IAS 33, earnings per share are calculated by dividing the Group profit for the year by the average number of shares outstanding.

	31.12.2001	31.12.2000
Net profit for the year in EUR m	23.1	26.8
Average number of no par value shares issued	6,330,000	6,330,000
<b>Profit per share in EUR</b>	<b>3.65</b>	<b>4.23</b>

The amounts of the previous year were adjusted by a share split-up of 1:10. The adjusted earnings per share take into account the potential dilution effect arising out of the exercise of conversion and option rights. The adjusted earnings per share for 2001 and 2000 show no deviation from the above figures.

## INFORMATION ON THE BALANCE SHEET.

**(28) CASH AND BALANCES WITH CENTRAL BANKS.** This item consists solely of cash and balances with central banks.

**(29) LOANS AND ADVANCES TO BANKS.**

in EUR m	Repayable on demand		Other	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Austrian banks	53	31	312	327
Foreign banks	7	9	516	295
<b>Aggregate</b>	<b>60</b>	<b>40</b>	<b>828</b>	<b>622</b>

The amount of EUR 51 m (2000: EUR 79 m) included in this item represents the refinancing shares of customer banks in the TOP scheme, an aid plan of the Republic of Austria that was discontinued in 1995.

**(30) LOANS AND ADVANCES TO CUSTOMERS.**

in EUR m	Repayable on demand		Other	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Austrian customers	41	112	4,293	3,566
Enterprises	17	88	1,864	1,924
Public sector	17	10	2,275	1,467
Other	7	14	154	175
Foreign customers	12	14	1,741	1,259
Enterprises	12	13	1,141	895
Public sector	0	0	587	364
Other	0	0	12	0
<b>Aggregate</b>	<b>53</b>	<b>126</b>	<b>6,033</b>	<b>4,824</b>

This item includes loans and advances of EUR 1.5 m (2000: EUR 1.1 m) in respect of finance lease contracts. The total of leasing instalments outstanding and residual values not guaranteed is EUR 1.9 m (2000: EUR 1.2 m), and the aggregate of the interest components not yet earned is EUR 0.4 m (2000: EUR 0.1 m).

**(31) LOANS AND ADVANCES TO RELATED ENTERPRISES AND ENTERPRISES IN WHICH AN EQUITY INVESTMENT IS HELD.**

in EUR m	Related enterprises		Enterprises in which an equity investment is held	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Loans and advances to banks	3	0	0	0
Loans and advances to customers	45	46	87	110
Other assets	438	342	44	50
<b>Aggregate</b>	<b>487</b>	<b>388</b>	<b>130</b>	<b>160</b>

**(32) RISK PROVISIONS.** Risk provisions are related to loans and advances to customers and contingent liabilities. They include credit risks as well as a litigation risk in relation to a financing transaction. The assessment basis for valuation adjustment also includes deferred interest as of the balance sheet date. Provisions for country risks which are included in this item are directly allocated to the borrowers. Global valuation adjustments were not undertaken. The amount of loans and advances bearing no interest and earnings was EUR 37 m (2000: EUR 42 m) before valuation adjustment.

in EUR m	31.12.2001	31.12.2000
<b>As at 1 January</b>	<b>64</b>	<b>74</b>
<b>Additions</b>		
Allocation to risk provisions for loans and advances	27	13
<b>Disposals</b>		
Earmarked use	-4	-16
Release of risk provisions for loans and advances	-19	-9
<b>Currency adjustments</b>	<b>0</b>	<b>2</b>
<b>As at 31 December</b>	<b>69</b>	<b>64</b>

**(33) TRADING ASSETS.**

in EUR m	31.12.2001	31.12.2000
<b>Bonds and other fixed-income securities</b>	<b>21</b>	<b>110</b>
Money market paper	0	0
Loans and bonds	21	110
thereof:		
Listed bonds	20	83
<b>Shares and other variable-yield securities</b>	<b>5</b>	<b>6</b>
Shares	5	5
Investment certificates	0	0
Other	0	0
thereof:		
Listed shares and other variable-yield securities	5	6
Own shares and other variable-yield securities	0	0
<b>Positive fair values from derivative financial instruments</b>	<b>68</b>	<b>72</b>
<b>Other trading portfolio items</b>	<b>0</b>	<b>0</b>
<b>Aggregate</b>	<b>94</b>	<b>187</b>

**(34) FINANCIAL INVESTMENTS.**

in EUR m	31.12.2001	31.12.2000
<b>Bonds and other fixed-income securities</b>	<b>3,257</b>	<b>2,287</b>
Money market paper	0	0
Loans and bonds	2,935	1,958
Treasury bills	322	328
thereof:		
Listed bonds	2,941	2,280
<b>Shares and other variable-yield securities</b>	<b>177</b>	<b>66</b>
Shares	6	11
Investment certificates	172	55
thereof:		
Listed shares and other variable-yield securities	32	55
Own shares and other variable-yield securities	0	0
<b>Other securities and derivatives for hedging purposes</b>	<b>296</b>	<b>259</b>
<b>Investments in unconsolidated related enterprises</b>	<b>30</b>	<b>32</b>
<b>Investments in enterprises accounted for under the equity method</b>	<b>59</b>	<b>44</b>
<b>Other investments</b>	<b>13</b>	<b>2</b>
<b>Aggregate</b>	<b>3,831</b>	<b>2,690</b>

Financial investments include securities belonging to the category Available for sale in the amount of EUR 2,101 m (2000: EUR 1,015 m). Investments in unconsolidated related enterprises do not contain any investments in banks. Investments in enterprises accounted for under the equity method include a EUR 15 m bank investment. The schedule in point 35 (Disclosure of equity investments) contains a complete list and classification of all holdings in unconsolidated related enterprises, enterprises accounted for under the equity method and other investments. This list, furthermore, informs about the proportionate investments, equity and annual results. The development and composition of all financial investments (excluding those securities classified as Available for sale) is disclosed under point 37 (Schedule of fixed asset transactions). The Investkredit Group investments include mainly banks and financial institutions as well as real-estate enterprises. Moreover, the Group has a single-entity relationship with VBV beta Anlagen Vermietung Gesellschaft mbH in the field of corporation and turnover tax.

### (35) DISCLOSURE OF EQUITY INVESTMENTS.

Name and registered office	BWG- Category	Investment		Extent of investment		Information on financial statement			
		1) direct	indirect	dormant 2)	without dormant holding % 3)	with %	Last financial statement available as at	Shareholders' equity pursuant to § 244 (3) Commercial Code EUR m	Profit/loss for the year EUR m
<b>1. Related enterprises</b>									
<b>1.1. Fully consolidated related enterprises</b>									
VBV Anlagenvermietungs- und Beteiligungs-Aktiengesellschaft, Vienna	FI	x			100.00 %		31.12.2001	38.8	8.3
VBV Holding Gesellschaft mbH, Vienna	FI	x	x		100.00 %		31.12.2001	8.7	3.1
VBV beta Anlagen Vermietung Gesellschaft mbH, Vienna (Organschaft)	FI	x			100.00 %		31.12.2001	16.7	0.0
VBV Vermögensanlagen und Beteiligungen Verwaltungs- GmbH Investitionsgüter-Vermietungs OHG, Vienna	FI	x	x		100.00 %		31.12.2001	14.1	0.3
E.I.A. eins Immobilieninvestitionsgesellschaft mbH, Vienna	OE	x	x	x	100.00 %	100.00 %	31.12.2001	1.6	0.6
VBV Holding GmbH & Co Immobilien- Vermietungen OHG, Vienna	AB	x			100.00 %		31.12.2001	7.7	0.5 8)
VBV Holding GmbH & Co Immobilien- Investitionen OHG, Vienna	AB	x			100.00 %		31.12.2001	-0.1	-0.1 8)
Europolis Invest Immobilien Management GmbH, Vienna	OE	x			100.00 %		31.12.2001	0.1	-0.4 14)
KA Beteiligungsholding GmbH, Vienna	AB	x			100.00 %		31.12.2001	88.0	0.0 15)
Investkredit International Bank p.l.c., Sliema/Malta	CI	x	x		26.09 %	16)	31.12.2001	49.6	3.5
VBV drei Anlagen Vermietung Gesellschaft mbH, Vienna	OE		x		100.00 %		31.12.2001	21.8	3.9 10)
EUROPOLIS INVEST Management s.r.o., Prague	OE		x		100.00 %		31.12.2001	0.0	0.0
"VBV iota" - IEB Holding Gesellschaft mbH, Vienna	OE		x		86.96 %		31.12.2001	8.1	-3.0
EUROPOLIS CE Alpha Holding GmbH (previously EUROPOLIS CE Holding GmbH), Vienna	AB		x		65.00 %		31.12.2001	-0.4	-1.0
Europolis Hadovka s.r.o. (previously Europolis Holding s.r.o.), Prague	OE		x		65.00 %		31.12.2001	7.6	1.1 13)
Infopark Research Center I Kft, Budapest	OE		x		65.00 %		31.12.2001	-0.7	0.8
Europolis Holding Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	11.7	2.9 11)
EUROPOLIS CE Beta Holding GmbH (previously EUROPOLIS CE Warschau Holding AG), Vienna	AB		x		65.00 %		31.12.2001	1.4	0.0
Europolis Holding Kft, Budapest	OE		x		65.00 %		31.12.2001	3.6	1.9
Europolis Saski Holding Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	13.1	-0.7
Saski Park Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	3.6	1.7
Europolis E30 Holding Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	5.6	-0.2
E30 Industrial Center II Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	0.2	0.5
E30 Industrial Center I Sp. z o.o., Warsaw	OE		x		65.00 %		31.12.2001	-0.2	0.4
RCP Holding GmbH, Vienna	AB		x		65.00 %		31.12.2001	20.5	0.0 12)
RCP Alfa s.r.o., Prague	OE		x		65.00 %		31.12.2001	5.9	0.0
EUROPOLIS CE Gamma Holding GmbH, Vienna	AB		x		65.00 %		31.12.2001	0.0	0.0
Kommunalkredit Austria AG, Vienna	CI		x		51.00 %		31.12.2001	106.3	11.3
Kommunalkredit Beteiligungs- und Immobilien GmbH, Vienna	AB		x		51.00 %		31.12.2001	5.5	0.2

Name and registered office	1)	Investment			Extent of investment		Information on financial statement			
		BWG-Category	direct	indirect	dormant 2)	without dormant holding % 3)	with holding %	Last financial statement available as at	Shareholders' equity pursuant to § 244 (3) Commercial Code EUR m	Profit/loss for the year EUR m
<b>1.2. Included at cost</b>										
Europa Consult GmbH, Vienna	OE	x				100.00 %		31.12.2001	1.1	0.0
INVEST EQUITY early stage Beteiligungs-AG, Vienna	OE	x				100.00 %		31.12.2001	3.4	-0.3 7)
Invest Mezzanine Capital Management Gesellschaft mbH, Vienna	OE	x				100.00 %		31.12.2001	0.0	0.0
VBV vier Anlagen Vermietung Gesellschaft mbH, Vienna	OE	x	x	x		100.00 %		31.12.2000	0.0	0.1
VBV sechs Anlagen Vermietung Gesellschaft mbH, Vienna	FI	x	x	x		100.00 %		31.12.2000	0.0	0.0
ETECH Management Consulting Gesellschaft mbH, Vienna	OE	x				100.00 %		31.12.2001	0.0	0.0 7)
IED-Beteiligungen GmbH, Munich	OE	x				100.00 %		x	x	x 6)
CALG Secunda Grundstückverwaltung GmbH, Vienna	FI	x	x	x		75.00 %	98.53 %	31.12.2000	0.0	0.1
CALG Vomido Grundstückverwaltung GmbH, Vienna	FI	x	x	x		50.00 %	92.42 %	31.12.2000	0.0	0.0
INVEST EQUITY early stage Business Consulting GmbH, Vienna	OE		x			100.00 %				
VBV acht Anlagen Vermietung Gesellschaft mbH, Vienna	OE		x			100.00 %				
Investkredit Management s.r.o., Prague	OE		x			100.00 %				
Schloß Gabelhofen Hotelbetriebsgesellschaft mbH, Vienna	OE		x			100.00 %				
Schloß Krumbach Hotelbetriebsgesellschaft mbH, Vienna	OE		x			100.00 %				
VBV elf Anlagen Vermietung Gesellschaft mbH, Vienna	OE		x			100.00 %				
VBV gamma Anlagen Vermietung Gesellschaft mbH, Vienna	FI		x			100.00 %				
VBV Holding GmbH & Co Anlagen Leasing OHG, Vienna	OE		x			100.00 %				
VBV neun Anlagen Vermietung Gesellschaft mbH, Vienna	FI		x			100.00 %				
Immo-Lease Grundstücksverwaltungs-GmbH, Vienna	FI		x			99.69 %				
LBL eins Grundstückverwaltung Gesellschaft mbH, Vienna	FI		x			81.00 %				
VBV zwölf Anlagen Vermietung Gesellschaft mbH, Vienna	OE		x			75.00 %				
WIKA Leasing-Gesellschaft mbH, Vienna	FI		x			75.00 %				
HTP Pekarska s.r.o., Prague	OE		x			65.00 %				
Europolis Pekarska s.r.o., Prague	OE		x			65.00 %				
RCP Beta s.r.o., Prague	OE		x			65.00 %				
RCP Delta s.r.o., Prague	OE		x			65.00 %				
RCP Epsilon s.r.o., Prague	OE		x			65.00 %				
RCP Gama s.r.o., Prague	OE		x			65.00 %				
RCP Omega s.r.o., Prague	OE		x			65.00 %				
RCP ISC s.r.o., Prague	OE		x			65.00 %				
Kommunalkredit Finance & Leasing s.r.o. (previously Cesky Komunalny Leasing s.r.o.), Prague	FI		x			51.00 %				
IED Holding Ltd, Sliema/Malta	OE		x			26.09 %				

## 2. Associates

### 2.1. Included at equity

IMMORENT-BUSTA Grundverwertungsgesellschaft mbH, Vienna	FI	x	x	x		50.00 %	99.44 %	31.12.2000	0.0	0.2
Immorent-VBV Grundverwertungsgesellschaft mbH, Vienna	FI		x			100.00 %	5)	31.12.2000	4.3	4.0
VBV delta Anlagen Vermietung Gesellschaft mbH, Vienna	OE		x			40.00 %		31.12.2001	0.9	0.8 7)
International Business Center Rt, Budapest	OE		x			32.50 %		31.12.2001	10.3	1.6
INVEST EQUITY Beteiligungs-AG, Vienna	OE		x			29.85 %		31.12.2001	20.4	-7.7 7)

Name and registered office	BWG- Category	Investment			Extent of investment		Information on financial statement		
		1) direct	indirect	dormant 2)	without dormant % 3)	with holding %	Last financial statement available as at	Shareholders' equity pursuant to § 244 (3) Commercial Code EUR m	Profit/loss for the year EUR m
"Die Erste" Büro- und Gewerbezentren Errichtungs- und Betriebs-Gesellschaft mbH, Linz	OE		x		25.50 %		31.12.2000	2.8	0.2
Dexia Kommunalkredit Holding Gesellschaft mbH, Vienna AB			x		25.07 %		31.12.2001	27.2	2.3
Tisi Leasinggesellschaft mbH, Vienna	FI		x	x	25.00 %	99.26 %	31.12.2000	3.8	3.7
Leasing 431 Grundstückverwaltung Gesellschaft mbH, Vienna	FI		x		25.15 %		31.12.2000	11.3	1.0
Prvá Komunálna Banka a.s., Zilina (SK)	CI		x		19.65 %		31.12.2001	31.6	6.4

## 2.2. Included at cost

IMMORENT-IBA Leasinggesellschaft mbH, Vienna	FI	x	x	x	50.00 %	93.59 %	31.12.2000	0.1	0.0
Invest Equity Management Consulting Gesellschaft mbH, Vienna	OE	x	x		47.39 %		31.12.2000	0.1	0.0
AGCS Gas Clearing and Settlement GmbH, Vienna	OE	x			20.00 %		x	x	x 6)
Betriebsanlagen & Wirtschaftsgüterleasing GmbH, Vienna	FI		x		50.00 %				
CALG 435 Grundstückverwaltung Gesellschaft mbH, Vienna	FI		x		50.00 %				
LBL drei Grundstückverwaltung-GmbH, Vienna	FI		x		33.20 %				
Ing. Rudolf Kaiser Gesellschaft mbH, Sattledt	OE		x		28.57 %				
Kofis Leasing a.s., Zilina (SK)	OE		x		25.07 %				
IMS - Ionen Mikrofabrikations Systeme Gesellschaft m.b.H., Vienna	OE		x		24.04 %				

## 3. Other investments included at cost

APCS Power Clearing and Settlement AG (previously APCS Power Clearing and Settlement GmbH), Vienna	OE	x			14.00 %		31.12.2000	0.2	-0.1 9)
Venture Capital in treuhändiger Verwaltung der Venture Finanzierungsgesellschaft m.b.H. in Liqu., Vienna	OE	x			5.78 %		31.12.2000	0.1	0.0
Venture Finanzierungsgesellschaft m.b.H. in Liqu., Vienna	CI	x			5.78 %		31.12.2000	0.1	0.0
WED Holding GmbH, Vienna	OE	x			5.77 %		31.12.2000	11.5	0.0
Kasberg Lift - GmbH & Co KG, Grünau	OE	x			4.88 %		x	x	x 4)
Euro Synergies Investment S.C.A., Luxembourg	OE	x			1.51 %		31.12.2000	7.1	-5.5
Austrian Research Centers GmbH (previously Österreich- isches Forschungszentrum Seibersdorf GmbH), Vienna	OE	x			0.93 %		x	x	x 4)
Aviation Holdings plc, London	OE	x			0.37 %		x	x	x 4)
Einlagensicherung der Banken und Bankiers GmbH, Vienna	OE	x	x		0.15 %		x	x	x 4)

- 1) CI = Credit Institution, FI = Financial Institution, AB = Auxiliary Banking Service, OE = Other Enterprise
- 2) Shares include dormant partnerships
- 3) Including indirect investments, without dormant partnerships
- 4) Investments of minor significance
- 5) No controlling influence
- 6) New investment
- 7) According to the preliminary financial statements
- 8) Incomplete financial year from 28 July to 31 December 2001
- 9) Incomplete financial year from 30 June to 31 December 2000
- 10) Merger of Europolis Invest Immobilieninvestitions-gesellschaft m.b.H., Vienna, and VBV fünf Anlagen Vermietung Gesellschaft m.b.H., Vienna with VBV drei Anlagen Vermietung Gesellschaft m.b.H., Vienna in the financial year of 2001
- 11) Merger of Warsaw Tower Sp. z o.o., Warsaw with Europolis Holding Sp. z o.o., Warsaw, in the financial year of 2001
- 12) Merger of E.I.P. Beteiligungs Gesellschaft m.b.H., Vienna, and RCP Beteiligungsverwaltung-Gesellschaft m.b.H., Vienna with RCP Holding GmbH, Vienna in the financial year of 2001
- 13) Merger of Europolis Hadovka s.r.o., Prague with Europolis Holding s.r.o., Prague (now Europolis Hadovka s.r.o., Prague)
- 14) Incomplete financial year from 7 February to 31 December 2001
- 15) Incomplete financial year from 29 November to 31 December 2001
- 16) Controlling influence

**(36) PROPERTY AND EQUIPMENT.**

in EUR m	31.12.2001	31.12.2000
Land and buildings used by the Group	23	24
Land and buildings used by outside parties	259	185
Office furniture and equipment	6	6
<b>Aggregate</b>	<b>289</b>	<b>215</b>

The development and composition of property and equipment is presented under point 37 (Schedule of fixed asset transactions). Minor value assets are entered in the schedule of fixed asset transactions as additions and disposals in the year of acquisition. The balance sheet item of Land and buildings used by the Group includes a land value of EUR 4 m (2000: EUR 4 m). The increase from EUR 185 m to EUR 259 m in the item of land and buildings used by outside parties is due to the acquisition of three office properties and one building in Prague with the latter being still under construction. The difference between the fair value and the carrying amount in the items of the individual balance sheets which cover all land and buildings used by outside parties results in EUR 73 m (2000: EUR 55 m).

**(37) SCHEDULE OF FIXED ASSET TRANSACTIONS.**

in EUR m	At cost as of 1 January	Currency translation	Additions	Disposals	At cost as of 31 December
<b>Property and equipment</b>	<b>225</b>	<b>7</b>	<b>77</b>	<b>-2</b>	<b>306</b>
Land and buildings	210	7	74	-1	290
Office furniture and equipment	14	0	3	-1	16
<b>Intangible assets</b>	<b>17</b>	<b>0</b>	<b>3</b>	<b>-11</b>	<b>9</b>
Goodwill	14	0	2	-10	7
Other	2	0	0	-1	2
<b>Financial investments (excluding securities available for sale)</b>	<b>1,368</b>	<b>6</b>	<b>287</b>	<b>-106</b>	<b>1,555</b>
Other related enterprises	92	2	3	-20	77
Enterprises accounted for under the equity method	74	1	17	0	92
Other investments	5	0	11	-1	16
Fixed-income securities	1,197	2	256	-85	1,370
Variable-yield securities	0	0	0	0	0
Other financial investments	0	0	0	0	0
<b>Aggregate</b>	<b>1,610</b>	<b>12</b>	<b>367</b>	<b>-119</b>	<b>1,870</b>

in EUR m	Accumulated depreciation	Accumulated write-ups	Carrying amount 31.12.	Current depreciation	Current write-ups	Carrying amount 1.1.
<b>Property and equipment</b>	<b>-22</b>	<b>5</b>	<b>289</b>	<b>-4</b>	<b>2</b>	<b>215</b>
Land and buildings	-12	5	282	-2	2	209
Office furniture and equipment	-10	0	6	-2	0	6
<b>Intangible assets</b>	<b>-3</b>	<b>0</b>	<b>6</b>	<b>-1</b>	<b>0</b>	<b>15</b>
Goodwill	-1	0	5	0	0	14
Other	-2	0	1	0	0	1
<b>Financial investments (excluding securities available for sale)</b>	<b>-100</b>	<b>6</b>	<b>1,462</b>	<b>-17</b>	<b>2</b>	<b>1,251</b>
Other related enterprises	-47	0	30	-3	0	32
Enterprises accounted for under the equity method	-34	1	59	-3	0	44
Other investments	-3	0	13	0	0	2
Fixed-income securities	-15	5	1,360	-12	2	1,173
Variable-yield securities	0	0	0	0	0	0
Other financial investments	0	0	0	0	0	0
<b>Aggregate</b>	<b>-125</b>	<b>11</b>	<b>1,756</b>	<b>-22</b>	<b>4</b>	<b>1,481</b>

Current depreciation includes extraordinary depreciation amounting to EUR 8.4 m. The acquisition of real-estate project-type companies resulted in additions in land and buildings in the amount of EUR 74 m.

### (38) OTHER ASSETS.

in EUR m	31.12.2001	31.12.2000
Intangible assets	6	15
Other assets	38	31
Deferred items	16	13
Deferred interest	0	0
<b>Aggregate</b>	<b>61</b>	<b>59</b>

The development and composition of intangible assets is shown under point 37 (Schedule of fixed asset transactions). The intangible assets include goodwill amounting to EUR 5 m (2000: EUR 14 m). Other assets include deferred tax assets of EUR 7 m (2000: EUR 2 m). A breakdown and explanation of deferred taxes is contained in point 43. The difference between the pension reserve at the time of transfer recorded in the balance sheet and the pension fund capital requirement of EUR 1.5 m (2000: EUR 1.9 m) is recorded in deferred items on the assets side.

### (39) AMOUNTS OWED TO BANKS.

in EUR m	Repayable on demand		Other liabilities	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Austrian banks	24	15	1,403	1,276
Foreign banks	9	128	1,375	939
<b>Aggregate</b>	<b>33</b>	<b>143</b>	<b>2,778</b>	<b>2,215</b>

### (40) AMOUNTS OWED TO CUSTOMERS.

in EUR m	Repayable on demand		Other liabilities	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Austrian customers	41	39	554	197
Enterprises	13	25	194	146
Public sector	0	0	16	16
Other	28	14	345	35
Foreign customers	4	9	87	83
Enterprises	4	9	31	27
Public sector	0	0	4	4
Other	0	0	53	52
<b>Aggregate</b>	<b>45</b>	<b>48</b>	<b>642</b>	<b>280</b>

### (41) DEBTS EVIDENCED BY CERTIFICATES.

in EUR m	31.12.2001	31.12.2000	thereof listed	
			31.12.2001	31.12.2000
Bonds issued	6,380	5,046	6,017	4,749
Money market paper issued	0	0	0	0
Other debts evidenced by certificates	73	93	0	0
<b>Aggregate</b>	<b>6,453</b>	<b>5,139</b>	<b>6,017</b>	<b>4,749</b>

Bonds issued amounting to EUR 431 m will fall due next year.

**(42) PROVISIONS.**

in EUR m	31.12.2001	31.12.2000
Provisions for current taxes	8	8
Provisions for deferred taxes	2	0
Provisions for personnel expenses	30	30
Other provisions	4	3
<b>Aggregate</b>	<b>45</b>	<b>41</b>

As a consequence of mergers in the years 1998 and 1999, tax provisions of merged enterprises that were formed following inspections in previous years, amounting on the balance sheet date to EUR 4.3 m, were taken over without any effect on results. A breakdown and explanation of deferred taxes is contained under point 43.

Provisions for personnel expenses developed as follows:

in EUR m	Pension	Severance	Jubilee bonus	Total
Present value of defined benefit obligations - DBO - as at 1.1.2001	49	5	1	55
- Plan assets	-28	0	0	-28
Provisions as of 1.1.2001	21	5	1	27
Service Cost	1	0	0	1
Interest Cost	3	0	0	3
Payments	-2	0	0	-2
Change in plan assets	0	0	0	0
Actuarial result	2	0	0	2
Defined benefit obligations - DBO - as at 31.12.2001	49	6	1	56
- Plan Assets	-28	0	0	-28
<b>Actuarial provision requirement as at 31.12.2001</b>	<b>20</b>	<b>6</b>	<b>1</b>	<b>27</b>
Vacation provisions				3
<b>Provisions for personnel expenses as at 31.12.2001</b>				<b>30</b>

The pension provisions are the result of obligations arising from direct promises or individual contracts. In previous years, staff pension entitlements were transferred to a pension fund and are shown as Plan assets in the **Table**. The provisions now contain entitlements of staff who were already on pension at the time of transfer and entitlements of active staff for invalidity and widows' pensions. The full actuarially calculated obligation for pensions is EUR 48.6 m (2000: EUR 49.0 m), of which entitlements amounting to EUR 28.2 m (2000: EUR 28.1 m) have been transferred to the pension fund, resulting in provisions of EUR 20.4 m (2000: EUR 20.8 m).

As at 31 December 2001, other provisions included bonuses for participating in the preparation of the balance sheet of EUR 1.6 m and auditing and consulting expenses in the amount of EUR 0.8 m.

The provisions developed as follows:

in EUR m	As at 1.1.2001	Use	Release	Allocation	Reclassification	As at 31.12.2001
Provisions for current taxes	8	-1	-2	3	0	8
Provisions for deferred taxes	0	0	0	2	0	2
Provisions for personnel expenses	30	-2	0	2	0	30
Other provisions	3	0	-3	4	0	4
<b>Aggregate</b>	<b>41</b>	<b>-2</b>	<b>-5</b>	<b>11</b>	<b>0</b>	<b>45</b>

**(43) DEFERRED TAX ASSETS AND LIABILITIES.** Deferred tax assets and liabilities include taxes arising out of temporary differences between valuation according to IAS and amounts from the tax-based profit calculations of the Group enterprises.

Deferred tax were related to the following items:

in EUR m	Deferred tax assets		Deferred tax liabilities	
	31.12.2001	31.12.2000	31.12.2001	31.12.2000
Financial investments	19	6	21	8
Property and equipment	0	0	4	1
Leasing	0	0	0	0
Provisions for personnel expenses	4	4	0	0
Other provisions	0	0	0	0
Risk provisions	0	0	0	0
Trading portfolio	0	0	0	0
Other items	0	0	0	1
Tax losses carried forward	7	2	0	0
<b>Aggregate</b>	<b>30</b>	<b>12</b>	<b>25</b>	<b>10</b>
<b>Net</b>	<b>5</b>	<b>2</b>		

No deferred tax items were formed for temporary differences in relation with investments of EUR 51.1 m in subsidiaries, since the requirements under IAS 12.39 were satisfied.

**(44) OTHER LIABILITIES.**

in EUR m	31.12.2001	31.12.2000
Trading liabilities	78	52
Deferred items	44	41
Leasing liabilities	0	0
Other liabilities	389	226
Dividend paid by Investkredit Bank AG	6	6
<b>Aggregate</b>	<b>517</b>	<b>324</b>

The negative fair values from derivative financial instruments in the trading portfolio are presented under trading liabilities. The deferred liabilities chiefly contain premiums from long-term loans and bonds as well as deferred items related to interest support for the TOP schemes. Other liabilities include EUR 9.5 m of tax debts (2000: EUR 10.4 m), most of which are deferrals arising out of a tax inspection.

**(45) SUBORDINATED CAPITAL.**

in EUR m	31.12.2001	31.12.2000	thereof listed	
			31.12.2001	31.12.2000
Profit participation rights capital	0	0	0	0
Supplementary capital	100	49	88	37
Other subordinated liabilities	191	148	190	148
<b>Aggregate</b>	<b>291</b>	<b>197</b>	<b>278</b>	<b>185</b>

The most important subordinated liabilities are:

Currency	Nominal in m	in EUR m	Interest rate	Issuer/type
EUR	45.0	45.0	7.000 %	Investkredit-supplementary capital bond 2001
ATS	400.0	31.4	8.250 %	Investkredit bond issue 1995-2005
ATS	300.0	23.2	6.500 %	Investkredit bond issue 1997-2012
USD	20.0	23.2	5.250 %	Subordinated Collared Floating Rate Notes 1994-2004
ATS	300.0	22.8	7.500 %	Investkredit bond issue 1993-2005

Expenses related to all subordinated liabilities in the financial year amounted to EUR 14.7 m (2000: EUR 11.9 m). Claims of creditors to the repayment of these liabilities are subordinated in relation with other creditors and, in the event of bankruptcy or liquidation, may be paid back only after all non-subordinated creditors have been satisfied.

**(46) EQUITY.** The share capital of EUR 46,000,110.00 is divided into 6,330,000 non par value shares. In the financial year, a share split-up of 1:10 was carried out. The shares are issued to bearer. With the approval of the Supervisory Board, the Board of Management is empowered to increase the share capital up to 23 May 2006 by issuing a maximum of 42,280 new non par value shares issued to bearer, in one or more operations and by at most EUR 3,072,487.60. During the financial year, Investkredit traded in its own shares for market-making reasons. As at 31 December 2001, Investkredit held 1,843 of its own shares in the carrying amount of EUR 0.1 m. Due to the minor significance, they were not deducted from equity but presented under Financial investments. The maximum number of own shares held in the financial year was 301,350.

The consolidated own funds to be taken into account according to the Austrian Banking Act (§ 24) amounted to EUR 550.8 m as at 31 December 2001. The consolidated assessment basis (according to the banking book and the trading book) was EUR 5,281.2 m. This leads to a consolidated solvency ratio of 10.4% as compared with 9.9% in 2000. The consolidated Tier 1 capital ratio amounted to 6.8% as compared with 6.4%. The composition and development of the Investkredit Group's own funds calculated according to the Austrian Banking Act are as follows:

Assessment basis pursuant to § 22 (2) Austrian Banking Act (in EUR m)	Banking book	Trading book	Total 2001	Pro-portion	Compared to 2000
<b>Risk-weighted assets</b>	<b>4,305</b>		<b>4,305</b>	<b>84.2 %</b>	<b>3,402</b>
<b>Risk- and counterpart-weighted off-balance-sheet transactions</b>	<b>589</b>		<b>589</b>	<b>11.5 %</b>	<b>471</b>
<b>Special off-balance-sheet transactions</b>	<b>219</b>		<b>219</b>	<b>4.3 %</b>	<b>175</b>
<b>Assessment basis, aggregate</b>	<b>5,112</b>		<b>5,112</b>	<b>100.0 %</b>	<b>4,048</b>
<b>Own funds requirement, Banking book<sup>1)</sup></b>	<b>409</b>		<b>409</b>	<b>74.2 %</b>	<b>324</b>
<b>Own funds requirement, Trading book<sup>2)</sup></b>		<b>14</b>	<b>14</b>	<b>2.5 %</b>	<b>18</b>
<b>Own funds requirement, Currency risk<sup>2)</sup></b>		<b>1</b>	<b>1</b>	<b>0.1 %</b>	<b>0</b>
<b>Total = Required own funds</b>	<b>409</b>	<b>14</b>	<b>423</b>	<b>76.8 %<sup>3)</sup></b>	<b>342</b>
<b>Actual own funds</b>					
<b>Core capital</b>	<b>358</b>		<b>358</b>		<b>272</b>
<b>Supplementary capital</b>	<b>212</b>		<b>212</b>		<b>163</b>
<b>Carrying amount of investments (holdings of more than 10 %)</b>	<b>-34</b>		<b>-34</b>		<b>-31</b>
<b>Own funds to be taken into account (Tier 1 and Tier 2)</b>	<b>537</b>	<b>0</b>	<b>537</b>		<b>404</b>
<b>Tier 3</b>		<b>14</b>	<b>14</b>		<b>18</b>
<b>Total own funds</b>	<b>537</b>	<b>14</b>	<b>551</b>	<b>100.0 %</b>	<b>421</b>
<b>Free own funds</b>			<b>128</b>	<b>23.2 %</b>	<b>79</b>

<sup>1)</sup> 8 % of the assessment basis

<sup>2)</sup> According to capital adequacy regulations, standard procedure

<sup>3)</sup> Share in own funds

## OTHER INFORMATION.

**(47) INFORMATION ON THE CASH FLOW STATEMENT.** The Cash flow statement shows the status and development of cash flows of the Investkredit Group. The cash holdings recorded include cash in hand and balances with central banks, strictly interpreted.

**(48) SEGMENT REPORTING.** The purpose of segment reporting is to present the components of net results of the Investkredit Group in the following segments:

Corporates (corporate lending, corporate finance, private equity and consulting, asset management, treasury)

Local government (local government financing)

Real estate (real-estate project development, investments and portfolio management)

Consolidation bookkeeping entries are shown under Other. When interest rates corresponding to the market conditions do not apply, market interest rates fixed according to the market interest rate method are used for pricing between the individual segments. Services for subsidiaries are performed at cost price by Investkredit Bank AG.

in EUR m	Corporates	Local government	Real estate	Other	Total
Interest and similar income	524.9	478.6	27.1	0.0	1,030.5
Interest and similar expenses	-470.1	-451.4	-12.0	0.0	-933.6
<b>Net interest income</b>	<b>54.8</b>	<b>27.1</b>	<b>15.0</b>	<b>0.0</b>	<b>96.9</b>
Fee and commission income	3.7	6.8	0.4	0.0	10.9
Fee and commission expenses	-3.2	-2.3	-0.4	0.0	-5.9
<b>Net fee and commission income</b>	<b>0.5</b>	<b>4.5</b>	<b>0.0</b>	<b>0.0</b>	<b>5.0</b>
Net credit risk result	-8.0	-0.5	0.0	0.0	-8.5
Trading result	2.6	0.4	0.0	0.0	3.0
Net financial investments result	-22.5	0.5	0.0	0.0	-22.0
General administrative expenses	-25.5	-15.4	-2.9	0.0	-43.9
Other operating results	2.9	1.3	-0.9	0.0	3.3
Extraordinary result	0.0	0.0	0.0	0.0	0.0
<b>Profit for the year before tax</b>	<b>4.7</b>	<b>17.9</b>	<b>11.2</b>	<b>0.0</b>	<b>33.8</b>
Tax on income	0.7	-0.3	-3.9	0.0	-3.6
<b>Profit for the year after tax</b>	<b>5.4</b>	<b>17.5</b>	<b>7.3</b>	<b>0.0</b>	<b>30.2</b>
External share in profit for the year	0.3	-7.1	-0.2	0.0	-7.1
<b>Net profit</b>	<b>5.7</b>	<b>10.4</b>	<b>7.1</b>	<b>0.0</b>	<b>23.1</b>
Segment assets	5,873	5,015	336		
Segment liabilities	5,844	4,872	142		
<b>Average equity</b>	<b>175</b>	<b>55</b>	<b>47</b>		<b>277</b>
<b>Cost-income ratio</b>	<b>44.0%</b>	<b>48.2%</b>	<b>19.6%</b>		<b>41.8%</b>
<b>Return on equity before tax</b>					<b>12.2%</b>
<b>Return on equity – net profit</b>	<b>3.2%</b>	<b>18.9%</b>	<b>15.1%</b>		<b>8.4%</b>

in EUR m	Corporates	Local government	Real estate	Other	Total
Interest and similar income	498.1	331.1	18.7	-0.9	846.9
Interest and similar expenses	-447.4	-312.4	-10.8	0.1	-770.5
<b>Net interest income</b>	<b>50.7</b>	<b>18.7</b>	<b>7.9</b>	<b>-0.8</b>	<b>76.4</b>
Fee and commission income	4.2	6.1	0.0	0.0	10.4
Fee and commission expenses	-3.9	-0.4	-0.3	0.0	-4.5
<b>Net fee and commission income</b>	<b>0.3</b>	<b>5.7</b>	<b>-0.2</b>	<b>0.0</b>	<b>5.9</b>
Net credit risk result	-4.5	-0.5	-1.5	0.0	-6.6
Trading result	1.7	1.3	0.0	0.0	3.0
Net financial investments result	-10.8	-0.1	0.2	-0.1	-10.9
General administrative expenses	-19.4	-12.6	-4.2	0.0	-36.2
Other operating results	2.9	-0.9	-1.0	-0.2	0.8
Extraordinary result	0.0	0.0	0.0	0.0	0.0
<b>Profit for the year before tax</b>	<b>20.9</b>	<b>11.5</b>	<b>1.1</b>	<b>-1.1</b>	<b>32.4</b>
Tax on income	-0.6	-1.4	-0.2	0.0	-2.2
<b>Profit for the year after tax</b>	<b>20.3</b>	<b>10.1</b>	<b>0.9</b>	<b>-1.1</b>	<b>30.2</b>
Segment assets	5,349.4	3,365.7	377.2		
Segment liabilities	5,070.4	3,265.3	71.4		
<b>Average equity</b>	<b>162.0</b>	<b>53.9</b>	<b>59.0</b>	<b>0.0</b>	<b>274.9</b>
Cost-income ratio	36.7 %	49.0 %	55.3 %		42.5 %
Return on equity before tax	12.9 %	21.4 %	1.9 %		11.8 %
Return on equity - net profit					9.7 %

Business activities are conducted preponderantly in Austria. Therefore, a breakdown of revenue by regions does not seem to be meaningful. The regional breakdown of assets and liabilities is as follows:

in EUR m	31.12.2001		31.12.2000	
	Assets	Liabilities	Assets	Liabilities
<b>Austria</b>	<b>5,864</b>	<b>9,478</b>	<b>4,759</b>	<b>7,387</b>
Rest of European Union	1,921	1,289	1,464	1,015
Rest of Western Europe	669	199	448	147
Rest of Central and Eastern Europe	807	196	599	127
North America	1,620	32	1,120	28
Rest of world	314	0	313	0
<b>Total outside Austria</b>	<b>5,330</b>	<b>1,716</b>	<b>3,945</b>	<b>1,317</b>
<b>Aggregate</b>	<b>11,194</b>	<b>11,194</b>	<b>8,703</b>	<b>8,703</b>

**(49) BREAKDOWN BY REMAINING MATURITY.**

Breakdown by remaining maturity as at 31 December 2001:

in EUR m	Repayable on demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Loans and advances to banks	72	371	75	204	165
Loans and advances to customers	58	146	170	1,292	4,420
Securities – trading assets	5	0	0	1	20
Securities – available for sale	47	9	14	273	1,204
Securities – held to maturity	387	1	34	454	864
Securities – micro hedges	0	17	17	32	56
<b>Aggregate</b>	<b>571</b>	<b>543</b>	<b>309</b>	<b>2,256</b>	<b>6,729</b>
Amounts owed to banks	59	1,276	930	81	464
Amounts owed to customers	337	150	47	43	110
Debts evidenced by certificates	116	162	270	3,460	2,444
Subordinated capital	1	0	7	85	198
<b>Aggregate</b>	<b>513</b>	<b>1,588</b>	<b>1,254</b>	<b>3,669</b>	<b>3,216</b>

Breakdown by remaining maturity as at 31 December 2000 (Comparative figures):

in EUR m	Repayable on demand	Up to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
Loans and advances to banks	40	169	69	211	173
Loans and advances to customers	127	85	83	1,269	3,385
Securities – trading assets	6	0	0	35	75
Securities – available for sale	77	9	11	194	713
Securities – held to maturity	205	1	35	286	657
Securities – micro hedges	0	8	14	36	36
<b>Aggregate</b>	<b>455</b>	<b>274</b>	<b>211</b>	<b>2,032</b>	<b>5,040</b>
Amounts owed to banks	143	1,346	528	143	198
Amounts owed to customers	48	77	20	71	113
Debts evidenced by certificates	80	136	130	2,567	2,227
Subordinated capital	0	0	0	91	107
<b>Aggregate</b>	<b>270</b>	<b>1,558</b>	<b>678</b>	<b>2,872</b>	<b>2,644</b>

Remaining maturity is the period between the balance sheet date and the date on which the claim or liability becomes contractually due, and, in the case of partial amounts, is calculated separately for each part. Deferred interest is accounted for under the period "Up to 3 months".

**(50) LOANS AND ADVANCES TO, AND AMOUNTS OWED TO, RELATED ENTERPRISES AND ENTERPRISES IN WHICH AN EQUITY INVESTMENT IS HELD.**

in EUR m	31.12.2001	31.12.2000
<b>Loans and advances to banks</b>		
Related enterprises	3	0
Investments	0	0
<b>Loans and advances to customers</b>		
Related enterprises	45	46
Investments	87	110
<b>Amounts owed to banks</b>		
Related enterprises	-3	0
Investments	0	0
<b>Amounts owed to customers</b>		
Related enterprises	-4	-10
Investments	-4	-9

**(51) SUBORDINATED ASSETS.** The assets shown on the balance sheet include the following subordinated assets:

in EUR m	31.12.2001	31.12.2000
Loans and advances to banks	12	12
Loans and advances to customers	0	0
Fixed-income securities	34	35
Variable-yield securities	0	0
<b>Aggregate</b>	<b>46</b>	<b>46</b>

**(52) ASSETS ASSIGNED AS COLLATERAL.** The Investkredit Group has furnished claims amounting to EUR 125 m (2000: EUR 114 m) as security for global loans by the European Investment Bank, Luxembourg. Moreover, it has assigned claims in the amount of EUR 37 m to Oesterreichische Kontrollbank Aktiengesellschaft. For trading at the Frankfurt and London Stock Exchanges, EUR 6 m have been furnished as security.

**(53) CONTINGENT LIABILITIES AND OTHER OFF-BALANCE-SHEET LIABILITIES.**

in EUR m	31.12.2001	31.12.2000
Contingent liabilities		
ERP bills	176	197
Guarantees	396	570
Other	0	0
<b>Aggregate</b>	<b>573</b>	<b>767</b>
Other liabilities		
Credit lines and promises	461	316
Liabilities from repurchase agreements	0	0
Other	0	0
<b>Aggregate</b>	<b>461</b>	<b>316</b>

**(54) OTHER LIABILITIES.** Investkredit and Kommunkredit are required pursuant to § 93 of the Austrian Banking Act to undertake proportionate safeguarding of depositors' accounts in the framework of the relevant programme of Banken und Bankiers GmbH, Vienna. On the basis of leasing agreements, liabilities in the amount of EUR 0.3 m will be incurred in the year 2002 (previous year for 2001: EUR 0.2 m). The corresponding liabilities for the years 2002 to 2006 are EUR 0.9 m (previous year for 2001 to 2005: EUR 0.6 m).

**(55) TRUST ACTIVITIES.** The breakdown of trust activities not shown in the balance sheet is as follows:

in EUR m	31.12.2001	31.12.2000
Loans and advances to banks	3	1
Loans and advances to customers	189	202
Financial investments	3	21
<b>Trust assets</b>	<b>195</b>	<b>224</b>
Amounts owed to banks	0	0
Amounts owed to customers	-195	-226
<b>Trust liabilities</b>	<b>-195</b>	<b>-226</b>

**(56) Assets and liabilities in foreign currencies.** Foreign currencies are those outside the euro area.

in EUR m	31.12.2001		31.12.2000	
	Assets	Liabilities	Assets	Liabilities
USD	1,952	1,883	1,272	1,382
GBP	90	135	75	118
CHF	746	388	553	123
JPY	108	122	111	2
Other	169	145	427	169
Total foreign currency	3,065	2,673	2,437	1,795
EUR	8,129	8,521	6,266	6,909
<b>Aggregate</b>	<b>11,194</b>	<b>11,194</b>	<b>8,703</b>	<b>8,703</b>

**(57) DERIVATIVE FINANCIAL TRANSACTIONS.** The structure of open derivative financial transactions is as follows:

in EUR m	Nominal amount at 31.12.2001				Market value positive	Market value negative	Total 2000	Trading portfolio 2001
	Up to 1 year	1 to 5 years	Over 5 years	Total 2001				
<b>Interest-rate related business</b>	3,987	7,054	5,260	16,301	216	-244	13,802	3,759
OTC products								
FRAs	260	43	-	303	0	-0	138	303
Interest swaps	3,283	6,620	4,904	14,808	214	-239	12,592	3,441
Interest-rate options – purchase	4	71	170	245	2	-	131	-
Interest-rate options – sale	425	321	185	930	-	-4	908	-
Other interest contracts	-	-	-	-	-	-	-	-
Products traded on the stock exchange								
Interest-rate futures	15	-	-	15	-	-	33	15
<b>Currency related business</b>	1,157	1,034	402	2,593	67	-65	3,256	863
OTC products								
Currency futures	114	-	-	114	3	-0	35	86
Currency swaps	930	1,034	402	2,366	64	-64	3,123	665
Currency options – purchase	55	-	-	55	1	-	53	55
Currency options – sale	57	-	-	57	-	-1	45	57
Other currency contracts	-	-	-	-	-	-	-	-
<b>Securities related business</b>	4	4	6	14	-	-	5	-
OTC products								
Shares-/Index futures – purchase	-	-	-	-	-	-	-	-
Shares-/Index futures – sale	-	-	-	-	-	-	-	-
Shares-/Index options – purchase	4	4	6	14	-	-	4	-
Shares-/Index options – sale	-	-	-	-	-	-	1	-
Products traded on the stock exchange								
Shares-/Index futures	-	-	-	-	-	-	-	-
Shares-/Index options	-	-	-	-	-	-	-	-
<b>Other business</b>	95	2,222	1,509	3,825	54	-56	2,395	-
OTC products								
Options	95	2,222	1,509	3,825	54	-56	2,395	-
<b>Total</b>	<b>5,242</b>	<b>10,314</b>	<b>7,176</b>	<b>22,732</b>	<b>338</b>	<b>-365</b>	<b>19,457</b>	<b>4,623</b>

**(58) FAIR VALUE BALANCE SHEET.**

in EUR m	Value of item	Fair value				Total
		Banking book	Available for sale	Trading book	Micro hedge	
Cash and balances with central banks	15	15	0	0	0	15
Loans and advances to banks	887	859	34	0	0	893
Loans and advances to customers	6,086	5,686	320	0	124	6,129
Risk provision	-69	-69	0	0	0	-69
Trading assets	94	0	0	94	0	94
Financial investments	3,831	1,735	1,980	0	122	3,837
Tangible fixed assets	289	289	0	0	0	289
Other assets	61	61	0	0	0	61
<b>Aggregate</b>	<b>11,194</b>	<b>8,576</b>	<b>2,334</b>	<b>94</b>	<b>245</b>	<b>11,249</b>
Amounts owed to banks	2,810	1,946	0	0	870	2,817
Amounts owed to customers	687	630	0	0	53	683
Debts evidenced by certificates	6,453	5,147	0	0	1,361	6,508
Provisions	45	45	0	0	0	45
Other liabilities	517	351	0	78	56	485
Subordinated capital	291	202	0	0	95	297
Minority interests	133	133	0	0	0	133
Equity	258	281	0	0	0	281
<b>Aggregate</b>	<b>11,194</b>	<b>8,735</b>	<b>0</b>	<b>78</b>	<b>2,435</b>	<b>11,249</b>

**(59) RISK MANAGEMENT.** A good management of risks that might occur in all fields of business reinforces a bank's competitive position. Investkredit's basic principles of risk management are documented in various handbooks and internal guidelines. As part of the banking risks, the credit risk constitutes the most essential risk the Investkredit Group is exposed to. Other risks that may be encountered are market risks, liquidity risks and operational risks. Basically, a value at risk is fixed for all fields by an organisational unit that does not depend on the closing of deals. Furthermore, stress tests simulating extreme market fluctuations are carried out. In addition, the determination of a bank's economic equity is essential in assessing the risks it is able to bear. New agreements reached by the Basel Committee are likely to entail changes concerning the capital adequacy requirements. Investkredit aims at quickly applying new methods and has already carried out parallel calculations to this end.

**(60) MARKET RISKS ARISING OUT OF TRADING ACTIVITIES.** Market risks arising out of trading activities are calculated continuously – broken down by interest rate risk, share price risk and currency risk – and are assessed daily after close of business. With a confidence level of 99 % and a holding period of 1 day, a variance/covariance approach is applied for the interest rate risk and the currency risk; in the case of the share price risk, volatility shown by market data or figures calculated by the Bank is taken as the basis. The strict rules of an internal risk management handbook are applied to the conduct of trading activities. These rules also contain limits for value at risk. The breakdown of risk is as follows:

in EUR m	Average		Average	
	2001	31.12.2001	2000	31.12.2000
Debt issues	1.2	1.1	0.6	0.4
Share price risks	0.2	0.3	0.4	0.2
Currency	0.1	0.0	0.1	0.1
<b>Aggregate</b>	<b>1.5</b>	<b>1.4</b>	<b>1.1</b>	<b>0.7</b>

**(61) INTEREST RATE AND LIQUIDITY RISKS IN THE BANKING BOOK.** With changing market interest rates, the bank may encounter interest rate risks, if it holds a surplus of fixed-rate positions. The interest rate risk is, however, assessed continuously in the light of the interest risk item. For this purpose, fixed-rate assets and liabilities, as well as derivative instruments are entered into maturity tables according to their respective interest-lockup period. As a consequence, a gap analysis using different scenarios is carried out and the value at risk is calculated by means of the RiskMetrics method (confidence level of 99%, holding period of 1 month).

Liquidity risks are similarly assessed which enables the bank to meet its payments when they are due, as well as to procure sufficient means under the expected conditions if the need occurs. Refinancing within the stipulated time is an essential target to be met in bank controlling.

**(62) CREDIT RISK REPORT.** Credit risks imply that debtors are not able to meet their payments. Credit risks comprise non-payment risks, country risks and default risks whereas the probability of non-payment by a debtor is assessed via different rating schemes. Therefore, the Bank's rating system first takes into account the non-payment risk of a debtor. Every borrower is assigned an internal or external rating. There are eight classes for non-defaulting loans and two classes for defaulting/doubtful loans. The internal classification corresponds to the standard rating scale of both Moody's Investors Service and Standard & Poor's and is carried out in several steps. Changes in the key balance sheet figures or other information, such as the level of indebtedness in the case of Federal and local government authorities, can lead to continuous changes in ratings. Ratings must be reassessed at least once a year. Where an external rating by S & P, Moody's or Fitch/IBCA is available, the least favourable rating of these agencies is used. Thus, the assets in the banking book and off-balance-sheet transactions are classified completely by credit standing and collateralisation. Furthermore, the credit risk is presented as value at risk and the return on risk-adjusted capital (RORAC) is calculated for individual asset classes. The following **table** shows the portfolio composition (assets and contingent liabilities in the form of guarantees and other off-balance-sheet commitments) classified by rating categories – before taking into account collaterals and the netting of balance sheet items:

in EUR m	31.12.2001		31.12.2000	
	Volume	Proportion	Volume	Proportion
AAA	2,633	22 %	1,886	20 %
AA	2,780	23 %	2,242	23 %
A	3,109	26 %	2,882	30 %
BBB	1,865	15 %	1,428	15 %
BB	1,241	10 %	753	8 %
B	186	2 %	192	2 %
CCC	229	2 %	188	2 %
D	8	0 %	18	0 %
<b>Aggregate</b>	<b>12,051</b>	<b>100 %</b>	<b>9,590</b>	<b>100 %</b>

**(63) OPERATIONAL RISKS.** Operational risks incur losses that are due to the inadequacy and failure of internal procedures, human resources and systems or external circumstances and thus include fraud, mistakes, insufficient documentation, computer errors, computer crashes, legal risks, etc. So far operational risks cannot be assessed by means of a standard procedure as is the case with market and credit risks. Investkredit, however, tries to define a method according to which such risks may be identified, assessed by means of a uniform standard, reported and minimised or avoided altogether. Therefore, it is essential to document all incurred losses, to create internal monitoring systems, as well as redundant computer systems and to take care of the necessary insurance coverage. The future equity accord (Basel II) will require a certain amount of equity to cover for operational risks.

**(64) INFORMATION ON EMPLOYEES.**

	2001	2000
<b>Employees of the Group</b>		
Austria	283	268
Abroad	9	3
<b>Aggregate</b>	<b>292</b>	<b>271</b>

The **table** shows the average number of staff during the financial year, part-time staff being weighted according to the extent of employment.

**(65) INFORMATION ON EMOLUMENTS OF AND LOANS TO MEMBERS OF THE POLICY-MAKING BODIES.** The following table contains information on the total emoluments of members of the Board of Management and the Supervisory Board as well as on severance payments and pensions for members of the Board of Management, senior officers and other staff (including changes in provisions and reserves):

in EUR m	2001	2000
<b>Total emoluments of:</b>		
Active Management Board members	0.9	0.8
Former Management Board members	0.3	0.5
Supervisory Board members	0.1	0.1
<b>Expenses for severance payments for:</b>		
Board of Management, Senior Officers	1.1	0.7
Other employees	0.5	0.3
<b>Expenses for pensions for:</b>		
Board of Management, Senior Officers	2.1	-0.9
Other employees	1.2	2.2

As at 31 December 2001, no loans to members of the Board of Management and the Supervisory Board were outstanding. Also there were no Investkredit guarantees for such persons.

**(66) INFORMATION CONCERNING POLICY-MAKING BODIES.**

**Supervisory Board.**

**GEISERICH E. TICHY**

Chairman

**HELMUT ELSNER**

Vice-Chairman (from 23 May 2001)  
CEO and Chairman of the Board of Management  
Bank für Arbeit und Wirtschaft Aktiengesellschaft

**KARL SAMSTAG**

Vice-Chairman  
Vice-Chairman of the Board of Management  
Bank Austria Aktiengesellschaft

**ELISABETH BLEYLEBEN-KOREN**

Vice-Chairperson (from 23 May 2001)  
Vice-Chairperson of the Board of Management  
Erste Bank der oesterreichischen Sparkassen AG

**KARL FINK**

(from 23 May 2001)  
Member of the Board of Management  
WIENER STÄDTISCHE Allgemeine Versicherung Aktiengesellschaft

**KLAUS HABERZETTL**

(to 23 May 2001)  
General Manager  
BA Private Equity GmbH

**HERWIG HUTTERER**

**FRIEDRICH KADRNOŠKA**

(from 23 May 2001)  
Member of the Board of Management  
Bank Austria Aktiengesellschaft

**HEINZ KESSLER**

CEO and Chairman of the Board of Management  
Nettingsdorfer Papierfabrik Management AG

**STEPHAN KOREN**

(from 23 May 2001)  
CEO and Chairman of the Board of Management  
Österreichische Postsparkasse AG

**KURT LÖFFLER**

Executive Manager  
ERP-Fund

**REGINA PREHOFER**

Head of Division Multinational Corporates, Corporate and Trade Finance  
Bank Austria Aktiengesellschaft

**KARL SEVELDA**

Vice-Chairman (to 23 May 2001)  
Member of the Board of Management  
Raiffeisen Zentralbank Österreich Aktiengesellschaft

**GERHARD TANEW-ILIITSCHEW**

Senior Vice President,  
Management Services  
Raiffeisen Zentralbank Österreich Aktiengesellschaft

**KLAUS THALHAMMER**

CEO and Chairman of the Board of Management  
Österreichische Volksbanken-AG

**WOLFGANG AGLER**

Employees' representative

**GABRIELE BAUER**

Employees' representative

**REGINA FRICK**

(to 30 November 2001)  
Employees' representative

**OTTO KANTNER**

Employees' representative

**HERMINE LESSIAK**

(from 1 December 2001)  
Employees' representative

**PETER WIMMER**

Employees' representative

**State Commissioner.****ALEXANDER GANCZ**

State Commissioner  
Director Federal Ministry of  
Finance

**KURT BAYER**

Deputy State Commissioner  
Head of Department  
Economic Policy and Integration  
Federal Ministry of Finance

**Board of Management.****ALFRED REITER**

CEO and Chairman of the Board of Management (to 31 December 2001)

**WILFRIED STADLER**

Member of the Board of Management (to 31 December 2001)  
CEO and Chairman of the Board of Management (from 1 January 2002)

**KLAUS GUGGLBERGER**

Member of the Board of Management (from 1 January 2002)

**(67) EVENTS AFTER THE BALANCE SHEET DATE.** In January 2002, both Investkredit and Kommunalkredit, respectively, issued the largest volume of bonds ever, increasing the volume of issues to more than EUR 1 bn. The consolidated enterprise VBV drei sold the Heiligenstädter Lände complex.

**(68) THE TRANSITION TO IAS.** The primary objective of IAS financial statements is to provide investors with information regarding an enterprise's financial position and performance. On the other hand, the main emphasis in financial statements pursuant to the Austrian Commercial Code is on the protection of creditors. These differing goals result in differences in accounting methods and also in reporting.

**Risk provisions.** Risk provisions are shown openly on the assets side as a reduction, according to usual international practice.

**Trading assets and liabilities.** Trading portfolio items which are contained in several different balance sheet items pursuant to the Austrian Commercial Code are summarized under IAS rules in Trading assets or Trading liabilities. These items also contain the fair values of derivative financial instruments.

**Financial investments.** The item of financial investments covers equity investments, securities serving as financial assets as well as securities in the liquidity reserve. Securities in current assets which are valued under the Austrian Commercial Code at the lower of cost and market value are stated under IAS at fair value.

**Derivative transactions.** By application of IAS 39, derivatives are treated differently according to their category. Derivatives in the trading portfolio are attributed to trading assets or liabilities. They are accounted for at their fair value, which is a deviation from the practice under the Austrian Commercial Code. Derivatives in the banking book are treated, depending on their purpose, as fair value hedges, cash flow hedges or macrohedges, and considerable differences arise vis-à-vis the Austrian Commercial Code through accounting at fair value.

**Reserves for personnel purposes.** Reserves for pensions and similar commitments are based according to the Austrian Commercial Code on the statistical accumulation procedure and under the IAS on the dynamic defined benefit obligations procedure. Future developments of salaries and pensions are taken into account in the calculation. The discount factor is oriented according to the capital market.

**Deferred taxes.** According to the Austrian Commercial Code, deferred tax liabilities that arise through differences between the result under commercial law and the tax result are entered as liabilities, while there is an option for the entry of deferred assets on the assets side. Pursuant to IAS 12, deferred taxes are formed according to temporary balance sheet differences. Deferred tax assets or liabilities therefore arise differently under the IAS balance sheet approach and the Austrian tax assessment system – irrespective of the time of their release.

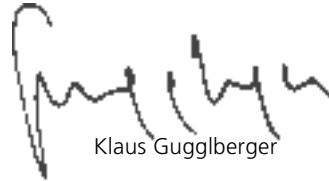
**Equity capital.** Equity held by outside parties is entered in a separate balance sheet item. The Bank's own shares are shown in the trading portfolio but are deducted from equity capital for the calculation of profit per share. The equity capital item includes the hedge reserve, which contains the changes in derivative transactions of the banking book. Changes in the fair value of real-estate investments which have a neutral effect and are due to first consolidations are shown in equity capital pursuant of IAS 40.

**Real-estate investment.** Real estate that is not used for the Bank's own business operations and is not leased is entered according to the Austrian Commercial Code at acquisition cost and according to IAS 40 at fair value. Equally according to IAS, changes in fair value are entered with effect on results.

The Board of Management of Investkredit Bank AG



Wilfried Stadler



Klaus Gugglberger

Vienna, February 2002

## Audit report according to IAS and audit certificate according to § 245a Austrian Commercial Code.

We have audited the accompanying Consolidated Financial Statements of Investkredit Bank AG, Vienna, which comprise the Balance Sheets as at 31 December 2001 and 31 December 2000, and the Income Statements, the Cash flow Statements, the Statements of Changes in Equity and the Notes for the financial years from 1 January 2001 to 31 December 2001 and from 1 January 2000 to 31 December 2000. These consolidated financial statements are the responsibility of the management. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

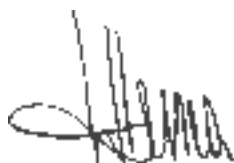
We have conducted our audit in conformity with accounting principles applicable in Austria. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Consolidated Financial Statements give a true and fair view in all material respects of the financial position of Investkredit Bank AG, Vienna, and its subsidiaries as at 31 December 2001 and 31 December 2000 and of the results of its operations and its cash flows for the financial years 1 January 2001 to 31 December 2001 and 1 January 2000 to 31 December 2000 in accordance with the International Accounting Standards (IAS).

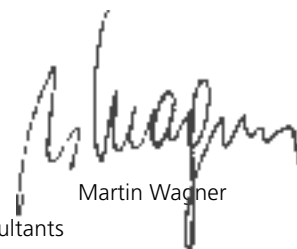
Under Austrian law, an audit of the Consolidated Management Report has to be conducted and it has to be certified whether the legal requirements for the exemption from the preparation of consolidated accounts according to Austrian law are met.

We confirm that the Management Report is consistent with the Consolidated Financial Statements and that the legal requirements for exemption from the presentation of consolidated accounts according to Austrian law are met.

KPMG Austria GmbH  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft



Wilhelm Kovsca



Martin Wagner

Chartered Accountants and Tax Consultants

Vienna, 21 February 2002

# REPORT OF THE SUPERVISORY BOARD.

In the year 2001, the Supervisory Board and its Committees performed the duties entrusted to them under the law and the Statutes. The Board of Management informed the Supervisory Board regularly on the progress of business and the situation of the Bank. The resolutions submitted for adoption and important principles and individual questions were discussed in detail at six meetings of the Supervisory Board, six meetings of the Loans Committee and one meeting of the Accounts Review Committee in preparation for approval of the annual financial statements.

The accompanying annual financial statements and the management discussion have been examined by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The final result of the audit gave no cause for objection, so that the auditor has issued an unqualified opinion.

The financial statements 2001 including the Notes, in keeping with International Accounting Standards (IAS), and the management discussion have been examined by KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna. The audit gave no cause for objection and the legal requirements were fully met. In the opinion of the auditors, the financial statements give a true and fair view in all material respects of the financial position of Investkredit and its subsidiaries as of 31 December 2001 and 31 December 2000 and of the profit or loss and cash flows in the financial years 2001 and 2000, in conformity with the International Accounting Standards. The auditors confirm that the consolidated financial statements meet the legal requirements for exemption from the obligation to present a consolidated financial statement under Austrian law. The representatives of the auditors took part in the Supervisory Board meeting of 20 March 2002 that was convened for approval of the financial statements and were available to answer questions from members of the Supervisory Board.

The Supervisory Board has noted and given its assent to the results of the audit, has endorsed the 2001 financial statements, the management discussion and the proposal for the distribution of the profit and has thus given its approval pursuant to § 125 (2) of the Austrian Stock Corporation Act. The Supervisory Board has also noted and given its assent to the result of the audit of the consolidated financial statements.

In the course of its meeting of 18 September 2001, the Supervisory Board took notice of the wish expressed by the CEO, Alfred Reiter, to retire at year-end after 26 years of meritorious service with the bank. At the meeting of 27 September 2001, Wilfried Stadler who has heretofore been successfully active as a member of the Board of Management, was unanimously elected Chairman of the Board of Management. At the same meeting, Klaus Gugglberger was selected from the circle of suitably qualified departmental managers to membership and appointed to the Board of Management.

The Supervisory Board



Geiserich E. Tichy  
Chairman

Vienna, 20 March 2002

**GEWINN- UND VERLUSTRECHNUNG PER 30. JUNI 2002  
DER INVESTKREDIT-GRUPPE.  
INVESTKREDIT GROUP INCOME STATEMENT AS OF 30 JUNE 2002.**

<b>ERFOLGSRECHNUNG IN EUR 1.000. INCOME STATEMENT IN EUR 1,000.</b>	<b>NOTES</b>	<b>1.1.-30.6. 2002</b>	<b>1.1.-30.6. 2001</b>	<b>+/-</b>
Zinsen und ähnliche Erträge. <i>Interest and similar income.</i>		560.012	502.178	12 %
Zinsen und ähnliche Aufwendungen. <i>Interest and similar expenses.</i>		-503.229	-462.185	9 %
<b>Zinsüberschuss. <i>Net interest income.</i></b>	<b>(2)</b>	<b>56.783</b>	<b>39.993</b>	<b>42 %</b>
Provisionserträge. <i>Fee and commission income.</i>		6.225	4.938	26 %
Provisionsaufwendungen. <i>Fee and commission expenses.</i>		-3.006	-1.903	58 %
Provisionsergebnis. <i>Net fee and commission income.</i>	(3)	3.219	3.035	6 %
Kreditrisikoergebnis. <i>Net credit risk result.</i>	(4)	-9.763	-2.052	>100 %
Handelsergebnis. <i>Trading result.</i>	(5)	-91	1.542	-106 %
Finanzanlageergebnis. <i>Net financial investments result.</i>	(6)	5.988	-5.475	-209 %
Verwaltungsaufwand. <i>General administrative expenses.</i>	(7)	-23.925	-20.274	18 %
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	(8)	1.772	1.453	22 %
Außerordentliches Ergebnis. <i>Extraordinary result.</i>		0	0	-
<b>Überschuss vor Steuern. <i>Profit before tax.</i></b>		<b>33.983</b>	<b>18.222</b>	<b>86 %</b>
Ertragsteuern. <i>Tax on income.</i>		-10.719	-1.476	>100 %
<b>Überschuss nach Steuern. <i>Profit after tax.</i></b>		<b>23.264</b>	<b>16.747</b>	<b>39 %</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>		-8.558	-4.045	112 %
<b>Konzernüberschuss. <i>Net profit.</i></b>	<b>(1)</b>	<b>14.706</b>	<b>12.702</b>	<b>16 %</b>

Für die Berechnung des annualisierten Gewinns je Aktie wurde der Konzernüberschuss zu der in diesem Zeitraum durchschnittlich in Umlauf befindlichen Aktienanzahl von 6,33 Mio. (Vorjahresvergleichsperiode unter Berücksichtigung des Aktiensplitts ebenfalls 6,33 Mio.) in Bezug gesetzt. *The annualized profit per share was calculated by dividing the Group profit by the average number of shares outstanding in the period, namely, 6.33 million (comparative figure for the previous year, also 6.33 million, allowing for share splitting).*

<b>IN EUR. IN EUR.</b>	<b>1.1.-30.6. 2002</b>	<b>1.1.-30.6. 2001</b>
<b>Gewinn je Aktie. <i>Earnings per share.</i></b>	<b>4,65</b>	<b>4,01</b>

Zum 30. Juni 2002 waren ebenso wie im Vorjahr keine ausübzbaren Wandel- oder Optionsrechte im Umlauf. Der unverwässerte Gewinn je Aktie entspricht damit dem verwässerten Gewinn je Aktie. *On 30 June 2002, as in the previous year, no exercisable conversion or option rights were outstanding. Thus, the undiluted profit per share is equal to the diluted profit per share.*

## INVESTKREDIT GROUP

**GEWINN- UND VERLUSTRECHNUNG IM QUARTALSVERGLEICH.  
 INCOME STATEMENT: QUARTERLY COMPARISON.**

<b>ERFOLGSRECHNUNG IN EUR 1.000. INCOME STATEMENT IN EUR 1,000.</b>	<b>2. Quartal 2001 2<sup>nd</sup> quarter 2001</b>	<b>3. Quartal 2001 3<sup>rd</sup> quarter 2001</b>	<b>4. Quartal 2001 4<sup>th</sup> quarter 2001</b>	<b>1. Quartal 2002 1<sup>st</sup> quarter 2002</b>	<b>2. Quartal 2002 2<sup>nd</sup> quarter 2002</b>	<b>+/- 2. Quartal 2<sup>nd</sup> quarter</b>
Zinsüberschuss. <i>Net interest income.</i>	21.040	24.791	32.153	30.268	26.515	+26 %
Provisionsergebnis. <i>Net fee and commission income.</i>	1.803	1.262	695	1.465	1.754	-3 %
Kreditrisikoergebnis. <i>Net credit risk result.</i>	-1.907	-1.691	-4.794	-6.569	-3.194	+68 %
Handelsergebnis. <i>Trading result.</i>	1.000	-70	1.547	1.042	-1.133	-213 %
Finanzanlageergebnis. <i>Net financial investments result.</i>	-5.107	-1.969	-14.580	2.829	3.159	-162 %
Verwaltungsaufwand. <i>General administrative expenses.</i>	-10.055	-10.307	-13.294	-11.624	-12.300	+22 %
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	1.586	-4.840	6.679	5.659	-3.887	<-100 %
Außerordentliches Ergebnis. <i>Extraordinary result.</i>	0	0	0	0	0	-
<b>Überschuss vor Steuern. <i>Profit before tax.</i></b>	<b>8.359</b>	<b>7.176</b>	<b>8.405</b>	<b>23.070</b>	<b>10.913</b>	<b>+31 %</b>
Ertragsteuern. <i>Tax on income.</i>	-1.035	-1.495	-639	-7.575	-3.144	>100 %
<b>Überschuss nach Steuern. <i>Profit after tax.</i></b>	<b>7.324</b>	<b>5.681</b>	<b>7.766</b>	<b>15.495</b>	<b>7.768</b>	<b>+6 %</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>	-1.137	-1.049	-1.967	-5.604	-2.954	>100 %
<b>Konzernüberschuss. <i>Net profit.</i></b>	<b>6.187</b>	<b>4.632</b>	<b>5.799</b>	<b>9.892</b>	<b>4.814</b>	<b>-22 %</b>

**ÜBEREINSTIMMUNGSERKLÄRUNG MIT IAS.**

Der vorliegende Zwischenbericht gemäß IAS für die Investkredit-Gruppe wurde auf Basis der vom International Accounting Standards Committee (IASC) herausgegebenen IAS und deren Interpretationen durch das Standard Interpretations Committee (SIC) erstellt. Es wurden die gleichen Bilanzierungs- und Bewertungsmethoden wie bei der Erstellung des Jahresabschlusses 2001 angewandt.

**STATEMENT OF COMPLIANCE WITH IAS.**

The present interim report for the Investkredit Group according to the International Accounting Standards (IAS) was prepared on the basis of the Standards issued by the International Accounting Standards Committee (IASC) and their interpretations by the Standard Interpretations Committee (SIC). The same accounting principles were applied as in the preparation of the financial statements 2001.

**ZWISCHENBILANZ DER INVESTKREDIT-GRUPPE ZUM 30. JUNI 2002.**  
**INVESTKREDIT GROUP INTERIM BALANCE SHEET AS OF 30 JUNE 2002.**

<b>AKTIVA IN EUR 1.000.</b> <b>ASSETS IN EUR 1,000.</b>	<b>NOTES</b>	<b>30.6.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Barreserve. <i>Cash and balances with central banks.</i>		5.299	15.106	-65 %
Forderungen an Kreditinstitute. <i>Loans and advances to banks.</i>		1.641.774	887.105	85 %
Forderungen an Kunden. <i>Loans and advances to customers.</i>	(9)	7.134.417	6.086.376	17 %
Risikovorsorgen. <i>Risk provisions for loans and advances.</i>	(10)	-78.654	-69.049	14 %
Handelsaktiva. <i>Trading assets.</i>	(11)	133.976	93.765	43 %
Finanzanlagen. <i>Financial investments.</i>	(12)	4.172.939	3.831.483	9 %
Sachanlagen. <i>Property and equipment.</i>		300.481	288.786	4 %
Übrige Aktiva. <i>Other assets.</i>	(13)	88.981	60.783	46 %
<b>Bilanzsumme.</b> <b>Total assets.</b>	<b>(21)</b>	<b>13.399.214</b>	<b>11.194.354</b>	<b>20 %</b>

<b>PASSIVA IN EUR 1.000.</b> <b>LIABILITIES AND EQUITY IN EUR 1,000.</b>	<b>NOTES</b>	<b>30.6.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Verbindlichkeiten gegenüber Kreditinstituten. <i>Amounts owed to banks.</i>	(14)	2.580.133	2.810.094	-8 %
Verbindlichkeiten gegenüber Kunden. <i>Amounts owed to customers.</i>	(15)	632.526	686.532	-8 %
Verbriefte Verbindlichkeiten. <i>Debts evidenced by certificates.</i>	(16)	9.016.941	6.453.065	40 %
Rückstellungen. <i>Provisions.</i>	(17)	45.259	44.591	1 %
Übrige Passiva. <i>Other liabilities.</i>	(18)	383.386	517.421	-26 %
Nachrangkapital. <i>Subordinated capital.</i>	(19)	318.924	291.104	10 %
Anteile in Fremdbesitz. <i>Minority interests.</i>		148.275	133.344	11 %
Eigenkapital. <i>Equity.</i>		273.769	258.203	6 %
<b>Bilanzsumme.</b> <b>Total liabilities and equity.</b>	<b>(21)</b>	<b>13.399.214</b>	<b>11.194.354</b>	<b>20 %</b>

## INVESTKREDIT GROUP

**EIGENKAPITALVERÄNDERUNGSRECHNUNG.  
STATEMENT OF CHANGES IN EQUITY.**

<b>IN EUR 1.000. IN EUR 1,000.</b>	<b>30.6.2002</b>	<b>31.12.2001</b>	<b>+/- 2002</b>	<b>+/- 2001</b>
Gezeichnetes Kapital. <i>Subscribed capital.</i>	46.000	46.000	0	0
Kapitalrücklagen. <i>Capital reserve.</i>	61.047	61.047	0	0
Gewinnrücklagen i.e.S. <i>Retained earnings.</i>	168.428	142.015	26.413	-14.219
Hedgerücklage. <i>Hedging reserve.</i>	-10.082	-7.662	-2.420	-16.505
Konzernüberschuss. <i>Net profit.</i>	14.706	23.133	-8.427	-3.628
Ausschüttung der Investkredit Bank AG. <i>Dividend paid by Investkredit Bank AG.</i>	-6.330	-6.330	0	-810
<b>Eigenkapital insgesamt. <i>Equity aggregate.</i></b>	<b>273.769</b>	<b>258.203</b>	<b>15.566</b>	<b>-35.162</b>

**KAPITALFLUSSRECHNUNG.  
CASH FLOW STATEMENT.**

<b>IN EUR 1.000. IN EUR 1,000.</b>	<b>1.1.-30.6. 2002</b>	<b>1.1.-31.12. 2001</b>
Zahlungsmittelbestand zum Ende des Vorjahres. <i>Cash holdings at the end of the previous year.</i>	15.106	4.780
Cash Flow aus operativer Geschäftstätigkeit. <i>Cash flow from operating activities.</i>	45.881	88.030
Cash Flow aus Investitionstätigkeit. <i>Cash flow from investing activities.</i>	-92.109	-277.012
Cash Flow aus Finanzierungstätigkeit. <i>Cash flow from financing activities.</i>	21.490	88.497
Effekte aus <i>Effects of</i>		
Wechselkursänderungen. <i>Exchange rate fluctuations.</i>	0	0
Änderungen des Konsolidierungskreises. <i>Changes in the group of consolidated enterprises.</i>	14.930	110.812
<b>Zahlungsmittelbestand zum Ende der Periode. <i>Cash holdings at period end.</i></b>	<b>5.299</b>	<b>15.106</b>

## ANGABEN ZUR GEWINN- UND VERLUSTRECHNUNG. INFORMATION ON THE INCOME STATEMENT.

### (1) SEGMENTBERICHTERSTATTUNG. SEGMENT REPORTING.

in EUR Mio. in EUR m.	Unternehmen. <i>Corporates.</i>	Kommunen. <i>Local government.</i>	Immobilien. <i>Real estate.</i>	Sonstige. <i>Others.</i>	Summe. <i>Total.</i>
Zinsen und ähnliche Erträge. <i>Interest and similar income.</i>	236,3	305,5	18,1	0,0	560,0
Zinsen und ähnliche Aufwendungen. <i>Interest and similar expenses.</i>	-205,1	-288,6	-9,6	0,0	-503,2
<b>Zinsüberschuss. <i>Net interest income.</i></b>	<b>31,2</b>	<b>17,0</b>	<b>8,6</b>	<b>0,0</b>	<b>56,8</b>
Provisionserträge. <i>Fee and commission income.</i>	2,0	3,7	0,5	0,0	6,2
Provisionsaufwendungen. <i>Fee and commission expenses.</i>	-1,6	-1,2	-0,2	0,0	-3,0
Provisionsergebnis. <i>Net fee and commission income.</i>	0,4	2,6	0,3	0,0	3,2
Kreditrisikoergebnis. <i>Net credit risk result.</i>	-9,3	-0,5	0,1	0,0	-9,8
Handelsergebnis. <i>Trading result.</i>	0,4	0,3	-0,8	0,0	-0,1
Finanzanlageergebnis. <i>Net financial investments result.</i>	-1,2	7,2	0,0	0,0	6,0
Verwaltungsaufwand. <i>General administrative expenses.</i>	-13,1	-8,9	-1,9	0,0	-23,9
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	-0,6	2,4	0,0	0,0	1,8
Außerordentliches Ergebnis. <i>Extraordinary result.</i>	0,0	0,0	0,0	0,0	0,0
<b>Überschuss vor Steuern. <i>Profit before tax.</i></b>	<b>7,7</b>	<b>20,0</b>	<b>6,2</b>	<b>0,0</b>	<b>34,0</b>
Ertragsteuern. <i>Tax on income.</i>	-2,4	-6,2	-2,1	0,0	-10,7
<b>Überschuss nach Steuern. <i>Profit after tax.</i></b>	<b>5,3</b>	<b>13,8</b>	<b>4,2</b>	<b>0,0</b>	<b>23,3</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>	0,0	-7,0	-1,5	0,0	-8,6
<b>Konzernüberschuss. <i>Net profit.</i></b>	<b>5,3</b>	<b>6,7</b>	<b>2,7</b>	<b>0,0</b>	<b>14,7</b>
Segmentvermögen. <i>Segment assets.</i>	6.221	6.807	397		
Segmentverbindlichkeiten. <i>Segment liabilities.</i>	6.165	6.710	119		
<b>Durchschnittliches Eigenkapital. <i>Average equity.</i></b>	<b>162</b>	<b>59</b>	<b>44</b>		<b>266</b>
<b>Cost-Income-Ratio. <i>Cost-income ratio.</i></b>	<b>41,0 %</b>	<b>44,9 %</b>	<b>23,3 %</b>		<b>39,9 %</b>
<b>Return on Equity vor Steuern. <i>Return on equity before tax.</i></b>					<b>25,6 %</b>
<b>Return on Equity – Konzernüberschuss. <i>Return on equity – net profit.</i></b>	<b>6,5 %</b>	<b>22,8 %</b>	<b>12,1 %</b>		<b>11,1 %</b>

**(2) ZINSÜBERSCHUSS. NET INTEREST INCOME.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
<b>Zinsertrag. Interest income.</b>	<b>545,6</b>	<b>492,2</b>
Kredit- und Geldmarkt. <i>Lending business and money market.</i>	457,5	404,8
Festverzinsliche Wertpapiere. <i>Fixed-income securities.</i>	74,9	75,3
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	7,0	8,7
Anteile an verbundenen Unternehmen und Beteiligungen. <i>Interests in unconsolidated related enterprises.</i>	6,2	3,4
<b>Zinsaufwand. Interest expenses.</b>	<b>-500,6</b>	<b>-459,7</b>
Einlagen. <i>Deposits.</i>	-339,7	-301,3
Verbriefte Verbindlichkeiten. <i>Debts evidenced by certificates.</i>	-152,2	-151,3
Nachrangkapital. <i>Subordinated capital.</i>	-8,6	-7,1
<b>Ergebnis aus dem Miet- und Leasinggeschäft. Earnings from rental and leasing business.</b>	<b>11,8</b>	<b>7,5</b>
Leasingerträge. <i>Leasing earnings.</i>	3,0	0,5
Mieterträge. <i>Earnings from rentals.</i>	11,4	9,4
Afa auf Leasinggegenstände und Sonstige Aufwendungen Leasing. <i>Depreciation of property leased and other leasing expenses.</i>	-0,2	-1,0
Afa auf Mietgegenstände. <i>Depreciation of property rented.</i>	-2,4	-1,5
<b>Insgesamt. Aggregate.</b>	<b>56,8</b>	<b>40,0</b>

**(3) PROVISIONSERGEBNIS. NET FEE AND COMMISSION INCOME.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Kreditgeschäft. <i>Lending business.</i>	-0,1	0,2
Wertpapiergeschäft. <i>Securities business.</i>	0,6	0,2
Zahlungsverkehr. <i>Payment transactions.</i>	-0,5	-0,2
Abwicklung der Umweltförderungen und Sonstiges Dienstleistungsgeschäft. <i>Environmental aid transactions and other services business.</i>	3,2	2,7
<b>Insgesamt. Aggregate.</b>	<b>3,2</b>	<b>3,0</b>

**(4) KREDITRISIKOERGEBNIS. NET CREDIT RISK RESULT.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Zuführung/Auflösung von Risikovorsorgen. <i>Allocation to/Release of risk provisions.</i>	-9,8	-2,1
Direktabschreibungen. <i>Direct write-offs.</i>	0,0	0,0
Eingänge aus abgeschriebenen Forderungen. <i>Amounts received against loans and advances written off.</i>	0,1	0,1
Währungsanpassungen. <i>Currency adjustments.</i>	0,0	0,0
<b>Insgesamt. Aggregate.</b>	<b>-9,8</b>	<b>-2,1</b>

**(5) HANDELSERGEBNIS. TRADING RESULT.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Wertpapierhandel. <i>Securities trading.</i>	0,3	-1,0
Devisenhandel. <i>Currency trading.</i>	0,1	1,8
Zinsderivate. <i>Interest derivatives.</i>	-0,7	0,3
Währungsderivate. <i>Currency derivatives.</i>	0,1	0,1
Wertpapierderivate. <i>Securities derivatives.</i>	0,1	0,3
Sonstige Finanzinstrumente. <i>Other financial instruments.</i>	0,0	0,0
<b>Insgesamt. Aggregate.</b>	<b>-0,1</b>	<b>1,5</b>

**(6) FINANZANLAGEERGEBNIS. NET FINANCIAL INVESTMENTS RESULT.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Ergebnis aus Wertpapieren. <i>Net result from securities.</i>	8,3	-4,7
Ergebnis aus Anteilen an verbundenen Unternehmen, assoziierten und sonstigen Beteiligungen. <i>Net result from investments in subsidiaries and associates and other investments.</i>	-2,4	-0,8
<b>Insgesamt. Aggregate.</b>	<b>6,0</b>	<b>-5,5</b>

**(7) VERWALTUNGSaufWAND. GENERAL ADMINISTRATIVE EXPENSES.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Personalaufwand. <i>Personnel expenses.</i>	-15,3	-12,7
Sachaufwendungen. <i>Other administrative expenses.</i>	-7,3	-6,1
Abschreibungen und Wertberichtigungen auf Sachanlagen. <i>Depreciation and amortization of property and equipment.</i>	-1,3	-1,4
<b>Insgesamt. Aggregate.</b>	<b>-23,9</b>	<b>-20,3</b>

**(8) SONSTIGER BETRIEBLICHER ERFOLG. OTHER OPERATING RESULTS.**

in EUR Mio. in EUR m.	1.1.2002- 30.6.2002	1.1.2001- 30.6.2001
Sonstige betriebliche Erträge. <i>Other operating earnings.</i>	3,3	2,8
Abschreibungen auf immaterielle Anlagewerte. <i>Depreciation on intangible assets.</i>	-0,9	-0,6
Sonstige Steuern. <i>Other tax.</i>	-0,2	-0,5
Sonstige betriebliche Aufwendungen. <i>Other operating expenses.</i>	-0,4	-0,3
<b>Insgesamt. Aggregate.</b>	<b>1,8</b>	<b>1,5</b>

**ANGABEN ZUR BILANZ.****INFORMATION ON THE BALANCE SHEET.****(9) FORDERUNGEN AN KUNDEN. LOANS AND ADVANCES TO CUSTOMERS.**

in EUR Mio. in EUR m.	Täglich fällig. <i>Repayable on demand.</i>		Andere Forderungen. <i>Other.</i>	
	30.6.2002	31.12.2001	30.6.2002	31.12.2001
<b>Inländische Kunden. Austrian customers.</b>	<b>56</b>	<b>41</b>	<b>5.242</b>	<b>4.293</b>
Unternehmen. <i>Corporates.</i>	38	17	2.030	1.864
Öffentliche Hand. <i>Public sector.</i>	0	17	3.070	2.275
Sonstige. <i>Other.</i>	18	7	143	154
<b>Ausländische Kunden. Foreign customers.</b>	<b>4</b>	<b>12</b>	<b>1.832</b>	<b>1.741</b>
Unternehmen. <i>Corporates.</i>	4	12	1.200	1.141
Öffentliche Hand. <i>Public sector.</i>	0	0	625	587
Sonstige. <i>Other.</i>	0	0	7	12
<b>Insgesamt. Aggregate.</b>	<b>61</b>	<b>53</b>	<b>7.074</b>	<b>6.033</b>

**(10) RISIKOVORSORGE. RISK PROVISIONS.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Stand zum 1.1. <i>As at 1.1.</i>	69	64
Zuführung (+)/Auflösung (-) von Vorsorgen. <i>Allocation to (+)/Release of (-) risk provisions for loans and advances.</i>	10	8
Zweckbestimmte Verwendung. <i>Earmarked use.</i>	0	-4
Währungsanpassungen. <i>Currency adjustments.</i>	0	0
<b>Stand zum 30.6.2002. As at 30.6.2002.</b>	<b>79</b>	<b>69</b>

**(11) HANDELSAKTIVA. TRADING ASSETS.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Schuldverschreibungen und andere festverzinsliche Wertpapiere. <i>Bonds and other fixed-income securities.</i>	17	21
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	1	5
Positive Marktwerte aus derivativen Finanzinstrumenten. <i>Positive fair values from derivative financial instruments.</i>	115	68
Sonstige Handelsbestände. <i>Other trading portfolio items.</i>	0	0
<b>Insgesamt. Aggregate.</b>	<b>134</b>	<b>94</b>

**(12) FINANZANLAGEN. FINANCIAL INVESTMENTS.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Schuldverschreibungen und andere festverzinsliche Wertpapiere. <i>Bonds and other fixed-income securities.</i>	3.737	3.257
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	197	177
Sonstige Wertpapiere und Derivate zu Absicherungszwecken. <i>Other securities and derivatives for hedging purposes.</i>	153	296
Anteile an nicht konsolidierten verbundenen Unternehmen. <i>Investments in unconsolidated related enterprises.</i>	13	30
Anteile an at equity bewerteten Unternehmen. <i>Investments in enterprises accounted for under the equity method.</i>	62	59
Sonstiger Anteilsbesitz. <i>Other investments.</i>	12	13
<b>Insgesamt. Aggregate.</b>	<b>4.173</b>	<b>3.831</b>

**(13) ÜBRIGE AKTIVA. OTHER ASSETS.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Immaterielle Anlagewerte. <i>Intangible assets.</i>	8	6
Sonstige Vermögensgegenstände. <i>Other assets.</i>	51	38
Rechnungsabgrenzungsposten. <i>Deferred items.</i>	30	16
Zinsabgrenzung. <i>Deferred interest.</i>	0	0
<b>Insgesamt. Aggregate.</b>	<b>89</b>	<b>61</b>

**(14) VERBINDLICHKEITEN GEGENÜBER KREDITINSTITUTEN. AMOUNTS OWED TO BANKS.**

in EUR Mio. in EUR m.	Täglich fällig. <i>Repayable on demand.</i>		Andere Verbindlichkeiten. <i>Other liabilities.</i>	
	30.6.2002	31.12.2001	30.6.2002	31.12.2001
Inländische Kreditinstitute. <i>Austrian banks.</i>	290	24	1.183	1.401
Ausländische Kreditinstitute. <i>Foreign banks.</i>	2	9	1.105	1.375
<b>Insgesamt. Aggregate.</b>	<b>292</b>	<b>33</b>	<b>2.288</b>	<b>2.777</b>

**(15) VERBINDLICHKEITEN GEGENÜBER KUNDEN. AMOUNTS OWED TO CUSTOMERS.**

in EUR Mio. in EUR m.	Täglich fällig. Repayable on demand.		Andere Verbindlichkeiten. Other liabilities.	
	30.6.2002	31.12.2001	30.6.2002	31.12.2001
Inländische Kunden. <i>Austrian customers.</i>	101	41	443	554
Unternehmen. <i>Corporates.</i>	67	13	156	194
Öffentliche Hand. <i>Public sector.</i>	0	0	15	16
Sonstige. <i>Other.</i>	34	28	272	345
Ausländische Kunden. <i>Foreign customers.</i>	9	4	80	87
Unternehmen. <i>Corporates.</i>	8	4	28	31
Öffentliche Hand. <i>Public sector.</i>	0	0	0	4
Sonstige. <i>Other.</i>	1	0	52	53
<b>Insgesamt. <i>Aggregate.</i></b>	<b>109</b>	<b>45</b>	<b>523</b>	<b>642</b>

**(16) VERBRIEFTE VERBINDLICHKEITEN. DEBTS EVIDENCED BY CERTIFICATES.**

in EUR Mio. in EUR m.			Davon börsennotiert. Thereof listed.	
	30.6.2002	31.12.2001	30.6.2002	31.12.2001
Begebene Schuldverschreibungen. <i>Bonds issued.</i>	8.943	6.380	8.565	6.017
Begebene Geldmarktpapiere. <i>Money market paper issued.</i>	0	0	0	0
Sonstige verbrieftete Verbindlichkeiten. <i>Other debts evidenced by certificates.</i>	74	73	0	0
<b>Insgesamt. <i>Aggregate.</i></b>	<b>9.017</b>	<b>6.453</b>	<b>8.565</b>	<b>6.017</b>

**(17) RÜCKSTELLUNGEN. PROVISIONS.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Rückstellungen laufende Steuern. <i>Provisions for current taxes.</i>	12	8
Rückstellungen latente Ertragsteuern. <i>Provisions for deferred taxes on income.</i>	0	2
Personalarückstellungen. <i>Provisions for personnel expenses.</i>	31	30
Sonstige Rückstellungen. <i>Other provisions.</i>	2	4
<b>Insgesamt. <i>Aggregate.</i></b>	<b>45</b>	<b>45</b>

**(18) ÜBRIGE PASSIVA. OTHER LIABILITIES.**

in EUR Mio. in EUR m.	30.6.2002	31.12.2001
Handelsspassiva. <i>Trading liabilities.</i>	84	78
Rechnungsabgrenzungsposten. <i>Deferred items.</i>	41	44
Leasingverbindlichkeiten. <i>Leasing liabilities.</i>	0	0
Sonstige Verbindlichkeiten. <i>Other liabilities.</i>	252	389
Ausschüttung der Investkredit Bank AG. <i>Dividend paid by Investkredit Bank AG.</i>	6	6
<b>Insgesamt. <i>Aggregate.</i></b>	<b>383</b>	<b>517</b>

**(19) NACHRANGKAPITAL. SUBORDINATED CAPITAL.**

in EUR Mio. in EUR m.			Davon börsennotiert. Thereof listed.	
	30.6.2002	31.12.2001	30.6.2002	31.12.2001
Genussrechtskapital. <i>Profit participation rights capital.</i>	0	0	0	0
Ergänzungskapital. <i>Supplementary capital.</i>	109	100	97	88
Sonstige nachrangige Verbindlichkeiten. <i>Other subordinated liabilities.</i>	210	191	189	190
<b>Insgesamt. <i>Aggregate.</i></b>	<b>319</b>	<b>291</b>	<b>285</b>	<b>278</b>

**(20) DERIVATIVE FINANZGESCHÄFTE. DERIVATIVE FINANCIAL TRANSACTIONS.**

in EUR Mio. in EUR m.	Nominalbetrag per 30.6.2002. Nominal amount at 30.6.2002.				Markt- werte positiv. Fair value positive.	Markt- werte negativ. Fair value negative.	Vergleich Summe. Compari- son total. 31.12.2001	Handels- bestand. Trading portfolio. 30.6.2002
	Restlaufzeit. Remaining maturity.							
	Bis 1 Jahr. Up to 1 year.	1 bis 5 Jahre. 1 to 5 years.	Über 5 Jahre. Over 5 years.	Summe. Total. 30.6.2002				
Zinsbezogene Geschäfte. Interest-rate related business.	5.225	4.186	1.479	10.889	139	-196	16.301	5.132
Währungsbezogene Geschäfte. Currency related business.	872	331	51	1.254	55	-62	2.593	687
Wertpapierbezogene Geschäfte. Securities related business.	4	4	6	14	-	-	14	-
Sonstige Geschäfte. Other business.	26	7	-	33	20	-22	3.825	-
<b>Insgesamt. Aggregate.</b>	<b>6.126</b>	<b>4.528</b>	<b>1.536</b>	<b>12.189</b>	<b>214</b>	<b>-279</b>	<b>22.732</b>	<b>5.818</b>

**(21) MARKTWERTBILANZ. FAIR VALUE BALANCE SHEET.**

in EUR Mio. in EUR m.	Bilanzwert. Value of item.	Marktwerte. Fair value.				Summe. Total.
		Bankbuch. Banking book.	Available for sale.	Handels- buch. Trading- book.	Micro hedge.	
Barreserve. Cash and balances with central banks.	5	5	0	0	0	5
Forderungen an Kreditinstitute. Loans and advances to banks.	1.642	1.596	39	0	12	1.646
Forderungen an Kunden. Loans and advances to customers.	7.134	6.804	290	0	150	7.244
Risikovorsorge. Risk provisions for loans and advances.	-79	-79	0	0	0	-79
Handelsaktiva. Trading assets.	134	0	0	134	0	134
Finanzanlagen. Financial investments.	4.173	2.676	1.365	0	137	4.177
Sachanlagen. Property and equipment.	300	300	0	0	0	300
Übrige Aktiva. Other assets.	89	89	0	0	0	89
<b>Aktiva. Assets.</b>	<b>13.399</b>	<b>11.392</b>	<b>1.693</b>	<b>134</b>	<b>299</b>	<b>13.518</b>
Verbindlichkeiten gegenüber Kreditinstituten. Amounts owed to banks.	2.580	1.778	0	0	808	2.586
Verbindlichkeiten gegenüber Kunden. Amounts owed to customers.	633	580	0	0	52	632
Verbriefte Verbindlichkeiten. Debts evidenced by certificates.	9.017	7.572	0	0	1.533	9.105
Rückstellungen. Provisions.	45	45	0	0	0	45
Übrige Passiva. Other liabilities.	383	212	0	84	55	352
Nachrangkapital. Subordinated capital.	319	209	0	0	114	323
Anteile in Fremdbesitz. Minority interests.	148	148	0	0	0	148
Eigenkapital. Equity.	274	327	0	0	0	327
<b>Passiva. Liabilities and equity.</b>	<b>13.399</b>	<b>10.872</b>	<b>0</b>	<b>84</b>	<b>2.562</b>	<b>13.518</b>

**(22) MARKTRISIKEN AUS HANDELSAKTIVITÄTEN. MARKET RISKS ARISING OUT OF TRADING ACTIVITIES.**

Value at Risk <sup>1)</sup> in EUR Mio. Value at risk <sup>1)</sup> in EUR m.	Durchschnitt. Average.		Durchschnitt. Average.	
	2002	30.6.2002	2001	31.12.2001
Schuldtitel. <i>Debt issues.</i>	0,4	0,8	1,2	1,1
Substanzwerte. <i>Share price risks.</i>	0,1	0,1	0,2	0,3
Währungen. <i>Currency.</i>	0,1	0,1	0,1	0,0
<b>Insgesamt. <i>Aggregate.</i></b>	<b>0,6</b>	<b>1,1</b>	<b>1,5</b>	<b>1,4</b>

1) Konfidenzniveau 99 % 1 Tag Haltedauer. *Confidence level 99 % 1 day holding period.*

**(23) ANGABEN ÜBER ARBEITNEHMER. INFORMATION ON EMPLOYEES.**

Durchschnittlich beschäftigte MitarbeiterInnen. Average number of employees.	30.6.2002	31.12.2001
Inland. <i>Austria.</i>	298	283
Ausland. <i>Abroad.</i>	12	9
<b>Insgesamt. <i>Aggregate.</i></b>	<b>310</b>	<b>292</b>

**(24) ORGANE DER INVESTKREDIT BANK AG. POLICY-MAKING BODIES OF INVESTKREDIT BANK AG.**

Dem **Aufsichtsrat** gehörten zum 30. Juni 2002 folgende Personen an.

On 30 June 2002, the following persons were members of the **Supervisory Board**:

o. Univ.-Prof. Ing. Dkfm. Dr. Geiserich E. Tichy (Vorsitzender. *Chairman*); Helmut Elsner, Karl Samstag, Dr. Karl Sevelda (stellvertretende Vorsitzende. *Vice-Chairmen*); Dr. Elisabeth Bleyleben-Koren, Dkfm. Karl Fink, Dkfm. Herwig Hutterer, Mag. Friedrich Kadrnoska, Dr. Heinz Kessler, Mag. Dr. Stephan Koren, Mag. Kurt Löffler, DDr. Regina Prehofer, Dr. Karl Stoss, Dr. Klaus Thalhammer; vom Betriebsrat delegiert. *Employees' representatives*: Dipl.-Ing. Wolfgang Agler, Gabriele Bauer, Ing. Otto Kantner, Hermine Lessiak, Peter Wimmer

Den **Vorstand** bildeten zum 30. Juni 2002. On 30 June 2002 the **Board of Management** consisted of:

Dr. Wilfried Stadler (Vorsitzender. *Chairman*), Mag. Klaus Gugglberger.

In allen Übersichten dieses Berichtes sind Rundungsdifferenzen auf Grund der Verwendung der tatsächlichen Beträge möglich.

*In this Report, totals may not add precisely because of rounding.*

**ERKLÄRUNG ÜBER DIE GRUNDLEGENDE RICHTUNG:** Aktionärs- und Kundeninformation über aktuelle Entwicklungen der Bank.  
**BASIC PURPOSE OF THE PUBLICATION:** Provision of information to shareholders and customers on current developments of the Bank.

ANNEX

**Supplement of 25 October 2002  
to the Prospectus dated 22 October 2002**

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

**Listing on the Official Market of the Vienna Stock Exchange of  
up to EUR 100,000,000 subordinated non-cumulative Limited Recourse Notes  
having the benefit of a Support Undertaking entered into with  
Investkredit Bank AG**  
*(Incorporated in the Republic of Austria)*

The following additional information is provided in accordance with the Stock Exchange Act (*Börsegesetz*) and the Capital Markets Act (*Kapitalmarktgesetz*):

**General Information - Jersey Procedures**

A copy of the Prospectus together with this Supplement to Prospectus dated 23 October 2002 has been delivered to the registrar of companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to their circulation.

The Jersey Financial Services Commission has given and has not withdrawn its consent under Article 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of the Notes

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

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

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

It should be remembered that the price of securities and the income from them can go down as well as up.

**General Information - Listing**

On 23 October 2002, the Notes were admitted to trading in the Official Market (*Amtlicher Handel*) on the Vienna Stock Exchange.

**REGISTERED OFFICE OF THE ISSUER**

22 Grenville Street  
St Helier, Jersey JE4 8PX  
The Channel Islands

**REGISTERED OFFICE OF INVESTKREDIT**

Renngasse 10  
A-1013 Vienna  
Austria

**LEAD MANAGER**

**Bayerische Hypo- und Vereinsbank Aktiengesellschaft**  
Am Tucherpark 16  
D-80538 Munich  
Germany

**PRINCIPAL PAYING AGENT, CALCULATION AGENT**

**Citibank, N.A., London**  
336 Strand  
London WC2R 1HB  
United Kingdom

**VIENNA PAYING AGENT**

**Investkredit Bank AG**  
Renngasse 10  
A-1013 Vienna  
Austria

**FRANKFURT PAYING AGENT**

**Citibank AG**  
Neue Mainzer Strasse 75  
D-60311 Frankfurt am Main  
Germany

**LEGAL ADVISORS**

*To the Lead Manager in Austria*

**Saxinger Chalupsky Weber & Partner  
Rechtsanwälte GmbH**  
Rathausplatz 4  
A-1010 Vienna  
Austria

*To the Issuer in Jersey*

**Mourant du Feu & Jeune**  
P.O. Box 87  
22 Grenville Street  
St Helier, Jersey JE4 8PX  
The Channel Islands

**AUDITORS**

*To the Issuer in Jersey*

**KPMG**  
45, The Esplanade  
St Helier, Jersey JE4 8WQ  
The Channel Islands

*To Investkredit in Austria*

**KPMG Austria GmbH**  
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft  
Kolingasse 19  
A-1013 Vienna  
Austria

Munich / Vienna / Jersey, 1 November 2002

Bayerische Hypo- und Vereinsbank AG

Investkredit Bank AG

Investkredit Funding Ltd

**Investkredit Funding Ltd,**

**Jersey, Channel Islands**

**Supplement**

**Pursuant to Section 11 of the  
Securities Sales Prospectus Act  
(*Wertpapier-Verkaufsprospektgesetz*)**

**to the**

**Sales Prospectus**

**dated 1 November 2002**

**relating to**

**up to EUR 100,000,000 Limited Recourse Notes**

**having the benefit of a Support Undertaking entered into with  
Investkredit Bank AG, Vienna, Austria**

**The date of this supplement is 8 November 2002**

On 8 November 2002 the Investkredit Bank AG released its quarterly report for the period ended 30 September 2002. This report is attached hereto and shall form part of the sales prospectus dated 1 November 2002.

**Supplement of 8 November 2002  
to the Prospectus dated 22 October 2002**

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

**Listing on the Official Market of the Vienna Stock Exchange of  
up to EUR 100,000,000 subordinated non-cumulative Limited Recourse Notes  
having the benefit of a Support Undertaking entered into with  
Investkredit Bank AG**  
*(Incorporated in the Republic of Austria)*

On 8 November 2002, the Group released its quarterly financial report as of 30 September 2002 which is attached hereto. The following data is extracted from the quarterly financial report of the Group and reflects the economic development of the Group since 30 June 2002.

**Balance Sheet**

in EUR 1,000

	<b>As at 30.9.2002</b>
<u>Assets</u>	
Cash and balances with central banks .....	16,058
Loans and advances to banks .....	1,198,569
Loans and advances to customers .....	7,416,323
Risk provisions for loans and advances .....	-79,952
Trading assets .....	167,024
Financial investments .....	4,630,638
Property and equipment .....	368,197
Other assets .....	103,758
<b>Total</b> .....	<b>13,820,615</b>
<u>Liabilities and equity</u>	
Amounts owed to banks .....	2,457,080
Amounts owed to customers .....	475,682
Debts evidenced by certificates .....	9,134,113
Provisions .....	48,580
Other liabilities .....	917,298
Subordinated capital .....	376,324
Minority interests .....	160,760
Equity .....	250,779
<b>Total</b> .....	<b>13,820,615</b>

## Income Statement

in EUR 1,000

	<b>1.1. – 30.9.2002</b>
Interest and similar income .....	860,076
Interest and similar expenses .....	-776,642
Net interest income .....	83,433
Fee and commission income .....	9,589
Fee and commission expenses .....	-3,806
Net fee and commission income .....	5,783
Net credit risk result .....	-10,826
Trading result .....	-2,195
Net financial investments result .....	5,031
General administrative expenses .....	-37,100
Other operating results .....	270
Extraordinary result .....	0
Profit for the period before tax .....	44,396
Tax on income .....	-11,080
Profit for the period after tax .....	33,316
Minority interests .....	-12,626
Net profit for the period .....	20,690

## Capital Adequacy and Selected Ratios

in EUR mio

	<b>As at 30.9.2002</b>
Core capital (tier 1) .....	350
Total capital ratio .....	11.3%
Own funds (tier 1+2+3) – total equity .....	639
Core capital ratio .....	6.2%
Interest margin .....	0.89%
Cost income ratio .....	42.6%
Return on assets .....	1.08%
Return on equity before tax .....	23.3%
Return on equity – net profit .....	10.8%

## Cash Flow Statement

in EUR 1,000

	<u>1.1. - 30.9.2002</u>
Cash holding at the end of the previous year .....	<b>15,106</b>
Cash flow from operating activities .....	83,082
Cash flow from investing activities .....	-188,436
Cash flow from financing activities .....	78,890
Effects of exchange rate fluctuations .....	0
Effects of changes in the group of consolidated enterprises .....	27,415
Cash holding at period end .....	<u><b>16,058</b></u>

## Capitalisation

in EUR 1,000

	<u>As at 30.9.2002</u>
Subscribed capital .....	46,000
Capital reserves .....	61,047
Retained earnings .....	152,445
Hedge reserves .....	-23,074
Net profit .....	20,690
Dividend paid .....	-6,330
Total .....	<u>250,779</u>
Total supplementary capital .....	163,021
Total subordinated liabilities .....	<u>213,303</u>
<b>Total capitalisation</b> .....	<u><b>627,103</b></u>

## Investkredit Shares

	<u>30.9.2002</u>
Period end price in EUR .....	42.10
Market capitalisation in EUR mio .....	266.6
Price-earnings ratio .....	9.7
Earnings per share in EUR .....	4.36

## **Developments since 30 June 2002**

### **Balance Sheet and Income Statement Data as at 30 September 2002**

As at 30 September 2002, the Group had consolidated total assets of approximately EUR 13.8 billion, an increase of 23% from EUR 11.2 billion as at 31 December 2001. The Group's net profit for the period from 1 January until 30 September 2002 was EUR 20.7 million, an increase of 19% compared with the net profit of the first three quarters in 2001.

These developments result from changes in:

*Net interest income.* In the first three quarters net interest income has risen by EUR 18.7 million or 29% compared to the first nine months of 2001. The increase came from improved earnings in all three segments.

*Net fee and commission income.* Net fee and commission income has improved by 35% to EUR 5.8 million and derived mainly from the fees for the handling by Kommunalkredit of public environmental promotion schemes.

*Net credit risk result.* The EUR 7.1 million drop in net credit risk result to EUR 10.8 million reflects the actual economic situation.

*Trading result.* The Group's trading result showed a loss of EUR 2.2 million, compared with EUR 1.5 million for the previous year, as interest rate hedges in the real estate segment resulted in negative valuations.

*Net financial investment result.* Net financial investment result of EUR 5 million was not significantly different in the third quarter compared with the second quarter.

*General administrative expenses – cost income ratio.* General administrative expenses rose by 21% to EUR 37.1 million. On the personnel expenses side, additional jobs were created and increased expenses for retirement and employee benefits arose. Following the expansion of business volume, operating expenditure also went up by EUR 3 million. The cost-income ratio for the first three quarters 2002 was at 42.6%.

*Profit before tax – net profit.* Profit before tax amounted to EUR 44.4 million. Net profit improved in comparison with the first nine months of 2001 by 19% to EUR 20.7 million.

*Total assets.* The 23% growth in total assets to EUR 13.8 billion as compared with the end of 2001 is primarily based on the growth in Austrian local government finance through Kommunalkredit as well as on the increase of financial investments by both Investkredit and Kommunalkredit. Financial investments increased by 800 million compared with the previous year.

### **Further Developments**

On the long-term refinancing side, additional EUR 100 million were issued under the Investkredit FRN 2002 floating rate note (current level of EUR 600 million). A supplementary capital bond issue increased the level of Kommunalkredit's eligible own funds by approximately EUR 40 million to EUR 193 million.

Kommunalkredit International Bank, Cyprus, opened its business in Limassol. A Kommunalkredit subsidiary was established in Warsaw (Kommunalkredit Polska Sp.z.o.o.). Europolis Invest completed its acquisition of a commercial property called Sienna Center in the centre of Warsaw.



2002

**Zwischenbericht zum 30. September 2002.**  
***Interim Report as of 30 September 2002.***

**Investkredit Bank AG**

1013 Wien, Renngasse 10, Tel. +43/1/53 1 35-0, Fax +43/1/53 1 35-983.  
[www.investkredit.at](http://www.investkredit.at), [invest@investkredit.at](mailto:invest@investkredit.at)



**INVEST  
KREDIT**

DIE BANK FÜR UNTERNEHMEN

# DIE INVESTKREDIT IM ÜBERBLICK. INVESTKREDIT AT A GLANCE.

<b>INVESTKREDIT-AKTIE. INVESTKREDIT SHARES.</b>	<b>30.9.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Ultimokurs in EUR. <i>Period end price in EUR.</i>	42,10	36,45	
Marktkapitalisierung in EUR Mio. <i>Market capitalization in EUR m.</i>	266,6	230,8	+16 %
Kurs/Gewinn-Verhältnis. <i>Price-earnings ratio.</i>	9,7	10,0	
Gewinn je Aktie in EUR <sup>1)</sup> . <i>Earnings per share in EUR<sup>1)</sup>.</i>	4,36	3,65	+19 %

<b>UNTERNEHMENSKENNZAHLEN. KEY FIGURES.</b>	<b>30.9.2002</b>	<b>31.12.2001</b>
Kernkapitalquote. <i>Core capital ratio.</i>	6,2 %	6,8 %
Eigenmittelquote. <i>Total capital ratio.</i>	11,3 %	10,4 %
Zinsspanne <sup>2)</sup> . <i>Interest margin<sup>2)</sup>.</i>	0,89 %	0,97 %
Cost-Income-Ratio <sup>3)</sup> . <i>Cost-income ratio<sup>3)</sup>.</i>	42,6 %	41,8 %
Return on Assets <sup>4)</sup> . <i>Return on assets<sup>4)</sup>.</i>	1,08 %	0,71 %
Return on Equity <sup>5)</sup> . <i>Return on equity<sup>5)</sup>.</i>	23,3 %	12,2 %
Return on Equity - Konzernüberschuss <sup>6)</sup> . <i>Return on equity – net profit<sup>6)</sup>.</i>	10,8 %	8,4 %

<sup>1)</sup> Annualisiert. *Annualized.*

<sup>2)</sup> Zinsüberschuss in Relation zu durchschnittlicher Bilanzsumme. *Ratio of net interest income to average total assets.*

<sup>3)</sup> Verwaltungsaufwand in Relation zu Betriebserträgen (Kosten-/Ertragskoeffizient). *Ratio of administrative expenses to income.*

<sup>4)</sup> Überschuss vor Steuern in Relation zu durchschnittlichen risikogewichteten Aktiva (Gesamtkapitalrentabilität).  
*Ratio of profit before tax to average risk-weighted assets.*

<sup>5)</sup> Überschuss vor Steuern in Relation zu durchschnittlichem Eigenkapital (Eigenkapitalrendite). *Ratio of profit before tax to average equity.*

<sup>6)</sup> Konzernüberschuss in Relation zu durchschnittlichem Eigenkapital (Eigenkapitalrendite nach Steuern). *Ratio of net profit to average equity.*

<b>ERFOLGSRECHNUNG. INCOME STATEMENT.</b>	<b>1.1.-30.9. 2002</b>	<b>1.1.-30.9. 2001</b>	<b>+/-</b>
Zinsüberschuss in EUR Mio. <i>Net interest income in EUR m.</i>	83,4	64,8	+29 %
Überschuss vor Steuern in EUR Mio. <i>Profit before tax in EUR m.</i>	44,4	25,4	+75 %
Konzernüberschuss in EUR Mio. <i>Net profit in EUR m.</i>	20,7	17,3	+19 %

<b>AUSGEWÄHLTE ZAHLEN. SELECTED FIGURES.</b>	<b>30.9.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Bilanzsumme in EUR Mio. <i>Total assets in EUR m.</i>	13.821	11.194	+23 %
Finanzierungen <sup>7)</sup> in EUR Mio. <i>Financing<sup>7)</sup> in EUR m.</i>	10.245	8.901	+15 %
Kernkapital gemäß BWG in EUR Mio. <i>Core capital (Tier 1) pursuant to the Austrian Banking Act in EUR m.</i>	350	358	-2 %
Eigenmittel gemäß BWG in EUR Mio. <i>Own funds (Tier 1 + 2+ 3) pursuant to the Austrian Banking Act in EUR m.</i>	639	551	+16 %
Mitarbeiter (Stichtag). <i>Number of employees (as of 30.9.).</i>	350	320	+9%

<sup>7)</sup> Forderungen an Kunden, Haftungen und Treuhandkredite sowie Schuldverschreibungen und andere festverzinsliche Wertpapiere von anderen Nichtbanken-Emittenten. *Loans and advances to customers, provision for guarantees and trust loans as well as bonds and other fixed-interest securities of other non-bank issuers.*

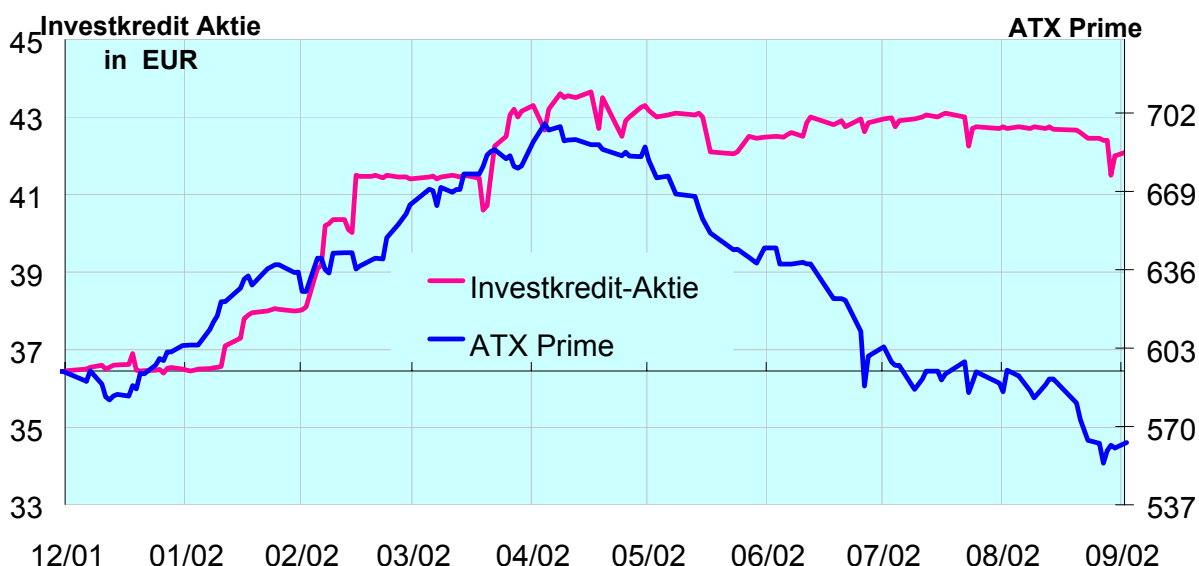
<b>RATINGS.</b>		<b>Langfristig. long-term.</b>	<b>Kurzfristig. short-term.</b>
Investkredit Bank AG	Moody's Investors Service	A1	P-1
Kommunalkredit Austria AG	FitchRatings	AA-	F1+
	Moody's Investors Service	Aa3	P-1

## SEHR GEEHRTE AKTIONÄRIN, SEHR GEEHRTER AKTIONÄR, SEHR GEEHRTE KUNDEN DER INVESTKREDIT,

die Ergebnisse der Spezialbanken-Gruppe mit den Marktbereichen Unternehmen, Kommunen und Immobilien haben sich bis zum 30. September 2002 weiterhin erfreulich entwickelt. In den ersten drei Quartalen ist die Bilanzsumme insbesondere in Folge der stark expandierenden inländischen Kommunalfinanzierungen um 23 % auf rund EUR 13,8 Mrd. angestiegen. Auch ertragsmäßig hat sich die Investkredit-Gruppe mit einem auf EUR 20,7 Mio. verbesserten Konzernüberschuss (+ 19 % gegenüber den ersten drei Quartalen 2001) deutlich weiter entwickelt. Die jüngste Studie des unabhängigen Finanzberaters Schwabe, Ley & Greiner – basierend auf einer Umfrage bei 1.130 Großunternehmen in Österreich – bezeichnet die Investkredit als die Bank mit der „höchsten allgemeinen Zufriedenheit“. Wie in den Vorjahren belegte die Investkredit Platz 1 in der Kategorie „Fachkompetenz“ und Platz 2 bei „Offenheit und Partnerschaft“. Die Kundenanteile im Firmenkundengeschäft mit der Investkredit als zweitgrößter Bank erweisen sich als stabil.

**MARKTSITUATION.** Anzeichen für eine weltweite Konjunkturerholung sind derzeit kaum zu erkennen. Sinkende Börsenkurse beeinflussen über Vermögensverluste und gedämpfte Unternehmenserwartungen auch die Realwirtschaft, die internationale Nachfrage bleibt daher verhalten. Dies findet auch in der Geschäftslage der österreichischen Sachgüterproduktion einen Niederschlag. Der Produktionswert stagniert im bisherigen Jahresverlauf (+0,1 %), die Produktionserwartungen wurden nach einem Stimmungshoch im Frühjahr wieder zurückgenommen. Mit +3,5 % erhöhten sich die österreichischen Exporte im bisherigen Jahresverlauf dynamisch, die Auftragsbestände liegen um 3,3 % über dem Vorjahr. In Anbetracht der aktuellen konjunkturellen Lage und der vorsichtigen Wachstumsprognosen für die Wirtschaft ist die zu beobachtende Investitionsneigung der Unternehmen eher zurückhaltend. Ein gewisser Ausgleich in der Kreditnachfrage ergibt sich für die Investkredit aus dem Umstand, dass Unternehmen verstärkt dazu übergehen, Liquiditätslinien mittel- und langfristig zu sichern.

**INVESTKREDIT-AKTIE.** Der Kurs zum 30. September 2002 liegt um 16 % über dem Jahresultimo. Die Investkredit-Aktie hat sich damit in dem turbulenten Börsenumfeld der letzten Monate als langfristig ausgerichteter Wert sehr stabil erwiesen.



**ERTRAGSENTWICKLUNG.** Die sichtbaren Verbesserungen der Grunderträge haben sich in allen drei Segmenten fortgesetzt. Der **Zinsüberschuss** ist daher gegenüber den ersten drei Quartalen 2001 um EUR 18,7 Mio. oder 29 % angestiegen. Auch das **Provisionsergebnis**, das vor allem durch die Abwicklung der Umweltförderung beeinflusst ist, hat sich um 35 % auf EUR 5,8 Mio. verbessert. Das gegenüber dem Vorjahr um EUR 7,1 Mio. verschlechterte **Kreditrisikoergebnis** von - EUR 10,8 Mio. spiegelt die Konjunktursituation wider. Das Treasury der Investkredit konnte im dritten Quartal trotz des schwierigen Marktumfelds ein sehr

erfreuliches Handelsergebnis erzielen. In der Gruppe bleibt das **Handelsergebnis** mit einem Verlust von EUR 2,2 Mio. deutlich hinter dem Vorjahreswert, da Zinsabsicherungsgeschäfte im Immobiliensegment zu negativen Bewertungen führten. Das **Finanzanlageergebnis** von EUR 5,0 Mio. hat sich im dritten Quartal nur unwesentlich gegenüber dem Halbjahr verändert und weist damit weiterhin deutliche Verbesserungen gegenüber dem Vorjahresvergleichswert auf. Der **Verwaltungsaufwand** hat sich um **21 %** auf EUR 37,1 Mio. erhöht. Im Bereich des Personalaufwands erklärt sich der Anstieg durch zusätzliche Arbeitsplätze in den innovativen Geschäftsbereichen und deutlich überproportionale Aufwendungen für die Altersvorsorge der MitarbeiterInnen – vor allem in Folge der ungünstigen Marktentwicklungen für die Pensionskassen. Auch die Sachaufwendungen haben sich im Zuge der Expansion des Geschäftsvolumens um EUR 3,0 Mio. erhöht. **Dennoch hat sich das Cost-Income-Ratio mit 42,6% gegenüber den ersten drei Quartalen 2001 verbessert.** Die Verbesserung des **Überschusses vor Steuern** um 75 % auf EUR 44,4 Mio. liegt deutlich über jener des Konzernüberschusses. Dies ist durch die gestiegenen Anteile der Partner an Tochtergesellschaften erklärbar. Nach Abzug des Aufwandes für Steuern und der Fremdanteile am Ergebnis hat sich der **Konzernüberschuss** gegenüber den ersten drei Quartalen 2001 **um 19%** auf EUR 20,7 Mio. verbessert.

**BILANZSTRUKTUR UND KAPITALENTWICKLUNG.** Das **Bilanzsummenwachstum** um 23 % gegenüber dem Jahresultimo 2001 auf EUR 13,8 Mrd. ist primär im Zuwachs bei österreichischen Kommunalfinanzierungen begründet. Die Refinanzierung erfolgte in erster Linie durch Anleiheemissionen. Die verbrieften Verbindlichkeiten, die zu Beginn des Jahres deutlich erhöht wurden, sind im dritten Quartal praktisch nicht weiter angestiegen. Sie betragen EUR 9,1 Mrd. (+42 % über dem Jahresultimo 2001). Im Bereich der langfristigen Refinanzierung wurde zuletzt der im März emittierte Floater aufgrund der guten Nachfrage um EUR 100 Mio. auf nunmehr EUR 600 Mio. aufgestockt. Die Platzierung erfolgte unter der Federführung der DZ-Bank in Frankfurt. Die **Kernkapitalquote** beträgt 6,2 %, die **Eigenmittelquote** 11,3 %. Zur Stärkung der Eigenmittelausstattung der Investkredit-Gruppe wurde die HypoVereinsbank mit der Planung und Durchführung einer Kapital-Emission beauftragt. Die Emission besteht in „hybridem Tier 1 Kapital“, das zur Gänze dem Kernkapital der Investkredit-Gruppe zugerechnet werden kann und sich vorzugsweise an das Privatpublikum in Deutschland und Österreich wendet.

**SEGMENT UNTERNEHMEN.** Die Entwicklung der Auszahlungen im **mittel- und langfristigen Kreditgeschäft** hat sich auch im dritten Quartal zufriedenstellend entwickelt. Die Nachfrage nach Unternehmensfinanzierungen insbesondere über die Niederlassung Frankfurt gestaltete sich erfreulich. Über das Kontaktnetz zu internationalen Partnerbanken konnte die Teilnahme an Syndizierungskrediten weiter ausgebaut werden. Strukturierungsfragen in der Finanzierung sind wichtige Themen im Gespräch mit den Unternehmenskunden. Die Absicherung der Liquidität und damit die zukunftsichere vertragliche Gestaltung der Finanzierung wird als immer wichtiger eingestuft. Der offene Umgang der Bank mit dem Investkredit-Rating von Unternehmen wird von den Kunden mit Interesse aufgenommen. Der „Rating Report“ der Investkredit, der das individuelle Ratingergebnis transparent darstellt, ist dabei ein wichtiges Instrument.

Das weltweit schwierige Umfeld führte auch im dritten Quartal zu einem rückläufigen Emissionsvolumen von **Asset Backed Securities**. Im Vergleich zum Vorjahr nahmen die Ratingmigrationen von im Markt befindlichen Wertpapieren zu. Die Bestandspflege des bestehenden ABS-Portfolios und eine Erweiterung des verwendeten Analyseinstrumentariums hatte daher Vorrang gegenüber Neuinvestitionen. Das gewogene Durchschnittsrating des ABS-Portfolios hat sich im dritten Quartal auf Grund von Rückführungen von nicht Aaa gerateten ABS-Tranchen verbessert.

Bei den **Corporate Finance** Aktivitäten lag der Schwerpunkt des Vertriebs des M&A-Beratungsunternehmens Europa Consult GmbH auch im dritten Quartal 2002 im Geschäftsbereich Management Buy-Outs (MBOs) und Management Buy-Ins (MBIs). Der signifikant steigende Deal flow in diesem Bereich spiegelt den Bedarf nach qualifizierten Beratungsleistungen wider, die nicht nur eine Unterstützung im Transaktionsprozess selbst sondern auch die Entwicklung umsetzbarer Finanzierungskonzepte umfassen. Als Corporate Finance-Gesamtanbieter verfügt die Investkredit-Gruppe über ein transaktions- und finanzierungserfahrenes Expertenteam und kann alle Finanzierungsinstrumente von Beteiligungskapital über Mezzaninkapital bis zum klassischen Langfristkredit aus dem Haus zur Verfügung stellen. Damit wird eine rasche und zuverlässige

Umsetzung der Finanzierung gewährleistet und die Realisierungschance bei MBO/MBI-Projekten optimiert. INVEST MEZZANIN konnte zwei im zweiten Quartal zugesagte Projekte nunmehr finalisieren. Während im dritten Quartal im Bereich Private Equity und Venture Capital nach wie vor ein deutlicher Rückgang der Investitionsvolumina am Markt zu beobachten ist, kann bei einer Fortsetzung des schwierigen Umfeldes in den nächsten 12 Monaten mit einer steigenden Zahl von Konzernausgliederungen gerechnet werden. INVEST EQUITY geht davon aus, dass noch heuer zwei Transaktionen im Bereich Private Equity im industriellen Sektor abgeschlossen werden können.

Die anhaltend schlechte Stimmung an den internationalen Börsen und weitere Revisionen der Wachstumsprognosen nach unten haben das langfristige Zinsniveau deutlich abgeschwächt. Dies ermöglichte den Unternehmenskunden, ihre Zinsrisiken zu attraktiven Konditionen abzusichern. Mit ihrem spezialisierten Know How im Bereich der **Zinsderivate** stellt die Investkredit dafür eine Reihe von individuell passenden Instrumenten zur Verfügung. Andererseits führt die Stimmung an den internationalen Aktienbörsen dazu, dass sich der Schwerpunkt der Veranlagungsgeschäftes von den Investkredit-Investmentfonds zu konventionellen Veranlagungsformen wie Anleihen und Termineinlagen verlagert. So betrug der Stand an **Termineinlagen** bei der Investkredit International Bank p.l.c. in Malta per Ende September EUR 110 Mio. Damit konnte das erfreuliche Niveau des Vorjahres gehalten werden.

**SEGMENT KOMMUNEN.** Durch Begebung einer Ergänzungskapitalanleihe zu sehr günstigen Konditionen wurden im dritten Quartal die anrechenbaren Eigenmittel der Kommunalkredit um rund EUR 40 Mio. auf EUR 193 Mio. aufgestockt. Mit der strategischen Fokussierung auf das Angebot intelligenter Finanzierungsprodukte ist die Kommunalkredit weiterhin erfolgreich: mit weiteren strukturierten Finanzierungen mit der öffentlichen Hand in Österreich, US-Lease-Geschäften im B-Loan-Bereich und dem Abschluss von Garantien für eine polnische Stadt zugunsten der Europäischen Investitionsbank, EIB. Damit ist die Kommunalkredit für die EIB der bevorzugte Partner für derartige Garantien in Polen. Auch in der Schweiz, dem zweiten "Heimmarkt" der Kommunalkredit, wird die Marktpräsenz kontinuierlich weiter ausgebaut. Weitere Aktivitäten im dritten Quartal: Die Kommunalkredit International Bank, Cyprus, nahm in Limassol ihre Geschäftstätigkeit auf (Schwerpunkte: internationale öffentliche Finanzierungen mittels Wertpapiertransaktionen, Teilnahme an Syndizierungen) und in Warschau wurde eine Kommunalkredit-Tochtergesellschaft gegründet (die Kommunalkredit Polska Sp. z o.o.)

**SEGMENT IMMOBILIEN.** Europolis Invest hat im dritten Quartal die Akquisition der Büroimmobilie Sienna Center im Zentrum Warschaws abgeschlossen. Mit einem Investitionsvolumen von rund USD 60 Mio. wurde damit eine weitere sehr gut vermietete Büroimmobilie erworben. Zu den Mietern zählen unter anderem Nokia, Oracle und Servier. Die Gesamtbürofläche der Europolis-Gruppe beträgt derzeit über 100.000 m<sup>2</sup>. Die Leerstandsrate liegt bei 3 %. Nach der Überflutung Prags im Ausmaß eines 500jährigen Hochwassers mussten sowohl der Zeitplan für die Fertigstellung des Projektes River City Prague als auch die Struktur der Projektfinanzierung und die Marketingstrategie angepasst werden. In Budapest wurde für das Objekt City Gate der Mietvertrag von Nokia bei gleich bleibender Miethöhe, jedoch mit einer reduzierten Fläche bis Ende des Jahres 2008 verlängert. Die Tochtergesellschaft Europolis Invest Management Sp. z o.o. in Warschau wurde mit der Aufnahme von zusätzlichem Personal weiter planmäßig ausgebaut.

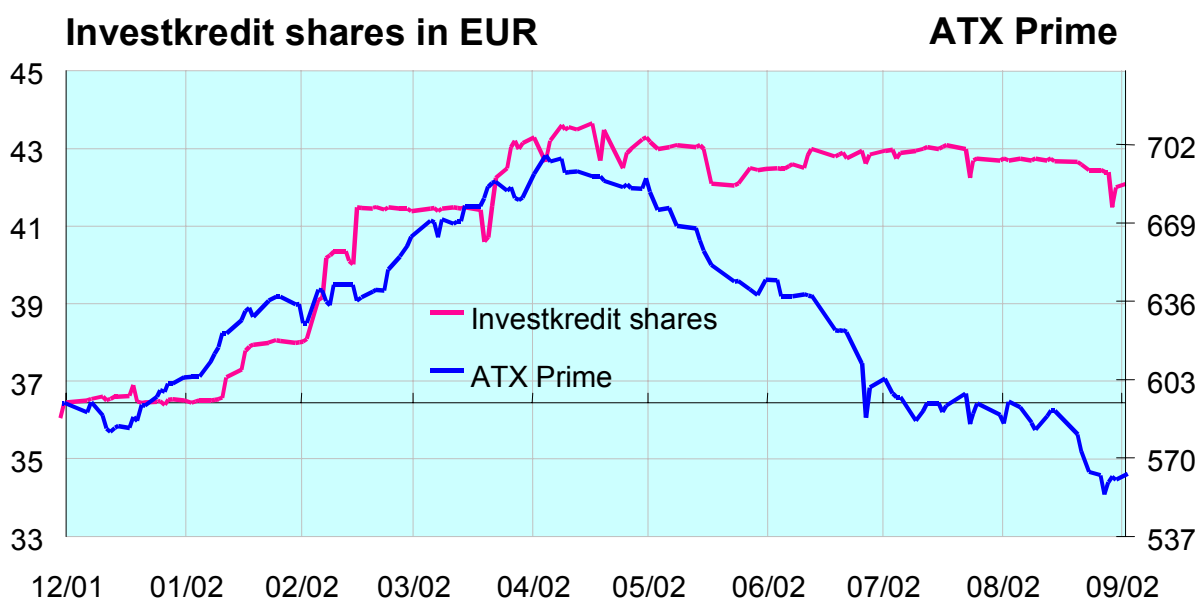
**AUSBLICK.** Die preisbestimmte Wettbewerbsfähigkeit sollte es den Industrieunternehmen in Österreich erlauben, verbliebene internationale Impulse auch im weiteren Jahresverlauf zu nutzen. Im Zuge der erwarteten Konjunkturerholung wird sich auch die Investitionsnachfrage langsam beleben, da aufgeschobene Ersatzinvestitionen nachgeholt werden müssen und auch die Aufbauarbeiten nach dem Hochwasser Investitionen erfordern. Die gerade in einem schwierigen Marktumfeld erfreuliche Geschäftsentwicklung der Investkredit-Gruppe sollte sich damit auch im vierten Quartal fortsetzen. Aufbauend auf den Ergebnissen der ersten drei Quartale sollte der Return on Equity gegenüber dem Jahresergebnis 2001 spürbar verbessert und der Gewinn je Aktie gesteigert werden.

## DEAR SHAREHOLDER, DEAR INVESTKREDIT CUSTOMER,

The results of our specialised banking group with its corporate, local government and real estate market segments have continued to improve most satisfactorily in the period up to 30 September 2002. Total assets increased in the first nine months by 23% to around EUR 13.8 billion thanks to strong growth in domestic local government finance. There was also a significant improvement in the Investkredit Group's profits with consolidated net profit rising to EUR 20.7 million (up by 19% compared to the same period in 2001). The latest study by the independent financial consultancy, Schwabe, Ley & Greiner – based on a poll of 1,130 major Austrian corporates – shows Investkredit to be the bank giving the “highest level of overall satisfaction”. As in previous years, Investkredit came first in the “Technical Competence” category and second in “Openness and Partnership”. Investkredit, Austria's second largest bank in corporate business, has maintained a stable market share.

**THE MARKET SITUATION.** At present, there are hardly any signs of a global recovery. Falling share prices affect the real economy as a result of diminishing wealth and corporates lowering their forecasts; demand therefore remains muted at an international level. This also has an effect on the business of Austrian companies producing manufactured goods. Production has stagnated in the year to date (+0.1%); after sentiment reached a peak in the spring, forecasts for production went back down again. Austrian exports have risen by a dynamic 3.5% in the year to date; order books are up by 3.3% compared to the previous year. In view of the current economic situation and the cautious forecasts for growth, there tends to be little willingness to invest on the part of corporates. Investkredit sees some compensation in the effect on demand for corporate lending in that corporates are increasingly tending to secure their medium- and long-term lines of liquidity.

**INVESTKREDIT SHARES.** The share price as of 30 September is 16% higher than at the turn of the year. In the turbulent markets of recent months, this shows Investkredit shares to be a very stable long-term investment.



**INCOME DEVELOPMENT.** Improvements in underlying earnings can be seen in all three segments. Accordingly, **net interest income** has risen by EUR 18.7 million or 29% compared to the first nine months of 2001. **Net fee and commission income**, above all influenced by implementation of schemes to promote the environment, has improved by 35% to EUR 5.8 million. The EUR 7.1 million drop in **net credit risk result** to – EUR 10.8 million is a reflection of the economic situation. Investkredit's treasury showed a very respectable trading result in the third quarter despite the difficult markets. The Group's **trading result** showed a loss of EUR 2.2 million, well down on the figure for the previous year, as interest rate hedges in the real estate segment resulted in negative valuations. **Net financial investment result** of EUR 5 million was not significantly different

in the third quarter to the end of the first half and so continues to show significant improvements on the comparable figure for the previous year. **General administrative expenses** rose by 21% to EUR 37.1 million. On the personnel expenses side, an explanation for the rise may be found in the additional jobs created in the innovative areas of business and in the disproportionate expenses for retirement and employee benefits – above all as a result of the effect of unfavourable market developments on the pension funds. Following the expansion of business volume, operating expenditure also went up by EUR 3 million. Nevertheless, the cost-income ratio of 42.6% was better than for the first three quarters of 2001. The 75% rise in **profit before tax** to EUR 44.4 million is well above that for net profit. The explanation for this lies in the increase in partners' shares in subsidiaries. After taxes and minority interests, **net profit** improved in comparison with the first nine months of 2001 by 19% to EUR 20.7 million.

**BALANCE SHEET STRUCTURE AND CAPITAL DEVELOPMENT.** Compared to the end of 2001, the 23% **growth in total assets** to EUR 13.8 billion is primarily based on the growth in Austrian local government finance. Refinancing was mainly achieved by issuing bonds. Debt evidenced by certificates that rose significantly at the beginning of the year hardly went up at all in the third quarter. They amounted to EUR 9.1 billion (up by 42% compared to the end of 2001). On the long-term refinancing side, the amount of the floater issued in March increased by EUR 100 million to its current level of EUR 600 million as a result of strong demand. DZ Bank in Frankfurt lead-managed the placement. The **core capital ratio** amounts to 6.2% and the **total capital ratio** to 11.3%. To improve the Investkredit Group's level of equity, we have given HypoVereinsbank a mandate to plan and carry out a new issue. The issue consists of "hybrid Tier 1 capital", that can be entirely allocated to the Investkredit Group's core capital and is directed preferably at private German and Austrian investors.

**CORPORATES.** The volume of **medium- and long-term loans** in the third quarter also developed satisfactorily. Demand for loans to corporates, particularly through the Frankfurt branch, shaped up very nicely. Our network of contacts with international partner banks enabled us to further build up our share of the syndicated loan business. In financing, structural questions are an important feature of discussions with corporate customers. The ability to secure liquidity and consequently a contractually binding level of finance for the future is steadily growing in importance. Customers appreciate the open way the bank deals with its Investkredit Rating of corporates. Investkredit's Rating Report, clearly showing the results of an individual rating, is an important tool for this.

The difficult global environment led to a further drop in the volume of **asset-backed securities** issued in the third quarter. Compared to the previous year, there was an increase in the number of changes in the rating of securities in the market. Looking after the existing ABS portfolio and working on the instruments used for analysis therefore took priority over new investments. As a result of a drop in the number of ABS tranches not rated Aaa, the weighted average rating of the ABS portfolio improved in the third quarter.

On the **corporate finance** side in the third quarter, the M&A consultancy, Europa Consult GmbH, concentrated once again on MBOs and MBIs. The significant increase in deal flow in this area reflects the demand for qualified advisory services that not only support the actual process of the transaction but also include creating financing concepts that can be implemented. As a provider of all kinds of corporate finance, the Investkredit Group has a team of experts experienced in deals and in financing; it is able to offer on its own every kind of financial instrument from equity capital through mezzanine capital to classical long-term loans. This guarantees that we are able to offer finance speedily and reliably and optimises the chances of MBO and MBI projects succeeding. INVEST MEZZANIN has now finalised two projects that it had agreed to in the second quarter. Whilst the third quarter showed a further drop in the amounts invested in the private equity and venture capital markets, we expect a continuation of these difficult market conditions over the next 12 months to lead to an increase in the number of spin-offs. INVEST EQUITY assumes that there are two private equity transactions in the industrial sector that it can still finalise before the end of the year.

The continuing poor market sentiment on stock exchanges around the world and further downward adjustments of growth forecasts have considerably lowered the long-term level of interest rates. This has enabled corporate

customers to hedge their interest rate risk at attractive conditions. With its specialised know-how in the field of **interest rate derivatives**, Investkredit offers a range of individually tailored instruments. On the other hand, the sentiment on international stock exchanges has pushed Investkredit's investment funds into concentrating their investments on conventional forms of investment such as bonds and fixed deposits. The level of **time deposits** with Investkredit International Bank p.l.c. in Malta as of the end of September accordingly stood at EUR 110 million. This matches the pleasing level achieved in the previous year.

**LOCAL GOVERNMENT.** A supplementary capital bond issue at very favourable conditions increased the level of Kommunalkredit's eligible own funds by around EUR 40 million to EUR 193 million. Kommunalkredit has continued to be successful by strategically focusing on offering intelligent financing products: these include structured loans to the public sector in Austria, US leases in the B loan sector and setting up guarantees for a Polish city in favour of the European Investment Bank (EIB). This makes Kommunalkredit EIB's preferred partner for these kinds of guarantee in Poland. Kommunalkredit's market presence in Switzerland, its second "home market", also continues to grow. Additional activities in the third quarter include: Kommunalkredit International Bank, Cyprus opened its doors for business in Limassol (concentrating on financing the public sector internationally by means of securities transactions and participating in syndicated loans) and a Kommunalkredit subsidiary was established in Warsaw (Kommunalkredit Polska Sp. z o.o.).

**REAL ESTATE.** Europolis Invest completed its acquisition in the third quarter of a commercial property called Sienna Center in the centre of Warsaw. It thus acquired a very well let office property for an investment of around USD 60 million. Amongst others, tenants include Nokia, Oracle and Servier. The Europolis Group's total office space now exceeds 100,000 square metres. Only 3% is standing empty. Following the highest flooding in Prague in 500 years, the timetable for completing the River City Prague project, as well as the structuring of the project finance and the marketing strategy, have all had to be put back. In Budapest, Nokia extended its rental agreement for the City Gate property until the end of 2008 with the rent unchanged but for a smaller space. The build-up of the subsidiary, Europolis Invest Management Sp. z o.o. in Warsaw continued to plan with the hiring of additional staff.

**THE OUTLOOK.** The price-competitiveness of Austrian industrial corporates should enable them to continue to take advantage of any remaining international impulses over the remainder of the year. Following the expected economic upswing, investment demand should also begin to perk up, as corporates will have to catch up with delayed capital expenditure on replacing equipment, and the rebuilding work following the floods will also require financing. We can therefore expect the Investkredit Group's good performance in such difficult market conditions to continue in the fourth quarter. Building on the results of the first nine months, ROE compared to net profit for 2001 should show a noticeable improvement and earnings per share should rise.

Mag. Dr. Wilfried Stadler

Mag. Klaus Gugglberger

GEWINN- UND VERLUSTRECHNUNG PER 30. SEPTEMBER 2002  
 DER INVESTKREDIT-GRUPPE.  
 INVESTKREDIT GROUP INCOME STATEMENT AS OF 30 SEPTEMBER 2002.

<b>Erfolgsrechnung in EUR 1.000</b> <b>Income Statement in EUR 1,000</b>	<b>Notes</b>	<b>1.1.-30.9.</b> <b>2002</b>	<b>1.1.-30.9.</b> <b>2001</b>	<b>+/-</b>
Zinsen und ähnliche Erträge. <i>Interest and similar income.</i>		860.076	766.100	12%
Zinsen und ähnliche Aufwendungen. <i>Interest and similar expenses.</i>		-776.642	-701.316	11%
<b>Zinsüberschuss.</b> <b>Net interest income.</b>	<b>(2)</b>	<b>83.433</b>	<b>64.783</b>	<b>29%</b>
Provisionserträge. <i>Fee and commission income.</i>		9.589	7.482	28%
Provisionsaufwendungen. <i>Fee and commission expenses.</i>		-3.806	-3.184	20%
Provisionsergebnis. <i>Net fee and commission income.</i>	<b>(3)</b>	<b>5.783</b>	<b>4.297</b>	<b>35%</b>
Kreditrisikoergebnis. <i>Net credit risk result.</i>	<b>(4)</b>	<b>-10.826</b>	<b>-3.743</b>	<b>&gt;100%</b>
Handelsergebnis. <i>Trading result.</i>	<b>(5)</b>	<b>-2.195</b>	<b>1.472</b>	<b>-249%</b>
Finanzanlageergebnis. <i>Net financial investments result.</i>	<b>(6)</b>	<b>5.031</b>	<b>-7.444</b>	<b>-168%</b>
Verwaltungsaufwand. <i>General administrative expenses.</i>	<b>(7)</b>	<b>-37.100</b>	<b>-30.581</b>	<b>21%</b>
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	<b>(8)</b>	<b>270</b>	<b>-3.387</b>	<b>-108%</b>
Außerordentliches Ergebnis. <i>Extraordinary result.</i>		0	0	-
<b>Überschuss vor Steuern.</b> <b>Profit before tax.</b>		<b>44.396</b>	<b>25.399</b>	<b>75%</b>
Ertragsteuern. <i>Tax on income.</i>		-11.080	-2.971	>100%
<b>Überschuss nach Steuern.</b> <b>Profit after tax.</b>		<b>33.316</b>	<b>22.428</b>	<b>49%</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>		-12.626	-5.094	148%
<b>Konzernüberschuss.</b> <b>Net profit.</b>	<b>(1)</b>	<b>20.690</b>	<b>17.333</b>	<b>19%</b>

Für die Berechnung des annualisierten Gewinns je Aktie wurde der Konzernüberschuss zu der in diesem Zeitraum durchschnittlich in Umlauf befindlichen Aktienanzahl von 6,33 Mio. (Vorjahresvergleichsperiode unter Berücksichtigung des Aktiensplitts ebenfalls 6,33 Mio.) in Bezug gesetzt. *The annualized profit per share was calculated by dividing the Group profit by the average number of shares outstanding in the period, namely, 6.33 million (comparative figure for the previous year, also 6.33 million, allowing for share splitting).*

in EUR. <i>in EUR.</i>	<b>1.1.-30.9.2002</b>	<b>1.1.-30.9.2001</b>
<b>Annualisierter Gewinn je Aktie. Annualized earnings per share.</b>	<b>4,36</b>	<b>3,65</b>

Zum 30. September 2002 waren ebenso wie im Vorjahr keine ausübbaeren Wandel- oder Optionsrechte im Umlauf. Der unverwässerte Gewinn je Aktie entspricht damit dem verwässerten Gewinn je Aktie. *On 30 September 2002, as in the previous year, no exercisable conversion or option rights were outstanding. Thus, the undiluted profit per share is equal to the diluted profit per share.*

## GEWINN- UND VERLUSTRECHNUNG IM QUARTALSVERGLEICH INCOME STATEMENT: QUARTERLY COMPARISON

<b>Erfolgsrechnung in EUR 1.000</b> <i>Income Statement in EUR 1,000</i>	<b>3. Quartal 2001 3<sup>rd</sup> quarter 2001</b>	<b>4. Quartal 2001 4<sup>th</sup> quarter 2001</b>	<b>1. Quartal 2002 1<sup>st</sup> quarter 2002</b>	<b>2. Quartal 2002 2<sup>nd</sup> quarter 2002</b>	<b>3. Quartal 2002 3<sup>rd</sup> quarter 2002</b>	<b>+/- 3. Quartal 3<sup>rd</sup> quarter</b>
Zinsüberschuss. <i>Net interest income.</i>	24.791	32.153	30.268	26.515	26.650	+8%
Provisionsergebnis. <i>Net fee and commission income.</i>	1.262	695	1.465	1.754	2.564	>100%
Kreditrisikoergebnis. <i>Net credit risk result.</i>	-1.691	-4.794	-6.569	-3.194	-1.063	-37%
Handelsergebnis. <i>Trading result.</i>	-70	1.547	1.042	-1.133	-2.104	>100%
Finanzanlageergebnis. <i>Net financial investments result.</i>	-1.969	-14.580	2.829	3.159	-956	-51%
Verwaltungsaufwand. <i>General administrative expenses.</i>	-10.307	-13.294	-11.624	-12.300	-13.175	+28%
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	-4.840	6.679	5.659	-3.887	-1.502	-69%
Außerordentliches Ergebnis. <i>Extraordinary result.</i>	0	0	0	0	0	-
<b>Überschuss vor Steuern.</b> <i>Profit before tax.</i>	<b>7.176</b>	<b>8.405</b>	<b>23.070</b>	<b>10.913</b>	<b>10.414</b>	<b>+45%</b>
Ertragsteuern. <i>Tax on income.</i>	-1.495	-639	-7.575	-3.144	-361	-76%
<b>Überschuss nach Steuern.</b> <i>Profit after tax.</i>	<b>5.681</b>	<b>7.766</b>	<b>15.495</b>	<b>7.768</b>	<b>10.053</b>	<b>+77%</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>	-1.049	-1.967	-5.604	-2.954	-4.069	>100%
<b>Konzernüberschuss.</b> <i>Net profit.</i>	<b>4.632</b>	<b>5.799</b>	<b>9.892</b>	<b>4.814</b>	<b>5.984</b>	<b>+29%</b>

### Übereinstimmungserklärung mit IAS.

Der vorliegende Zwischenbericht gemäß IAS für die Investkredit-Gruppe wurde auf Basis der vom International Accounting Standards Committee (IASC) herausgegebenen IAS und deren Interpretationen durch das Standard Interpretations Committee (SIC) erstellt. Es wurden die gleichen Bilanzierungs- und Bewertungsmethoden wie bei der Erstellung des Jahresabschlusses 2001 angewandt.

### Statement of compliance with IAS.

The present interim report for the Investkredit Group according to the International Accounting Standards (IAS) was prepared on the basis of the Standards issued by the International Accounting Standards Committee (IASC) and their interpretations by the Standard Interpretations Committee (SIC). The same accounting principles were applied as in the preparation of the financial statements 2001.

ZWISCHENBILANZ DER INVESTKREDIT-GRUPPE ZUM 30. SEPTEMBER 2002.  
 INVESTKREDIT GROUP INTERIM BALANCE SHEET AS OF 30 SEPTEMBER 2002.

<b>Aktiva in EUR 1.000.</b> <b>Assets in EUR 1,000.</b>	<b>Notes</b>	<b>30.9.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Barreserve. <i>Cash and balances with central banks.</i>		16.058	15.106	6%
Forderungen an Kreditinstitute. <i>Loans and advances to banks.</i>		1.198.569	887.105	35%
Forderungen an Kunden. <i>Loans and advances to customers.</i>	(9)	7.416.323	6.086.376	22%
Risikovorsorgen. <i>Risk provisions for loans and advances.</i>	(10)	-79.952	-69.049	16%
Handelsaktiva. <i>Trading assets.</i>	(11)	167.024	93.765	78%
Finanzanlagen. <i>Financial investments.</i>	(12)	4.630.638	3.831.483	21%
Sachanlagen. <i>Property and equipment.</i>		368.197	288.786	27%
Übrige Aktiva. <i>Other assets.</i>	(13)	103.758	60.783	71%
<b>Bilanzsumme.</b> <b>Total assets.</b>	<b>(21)</b>	<b>13.820.615</b>	<b>11.194.354</b>	<b>23%</b>

<b>Passiva in EUR 1.000.</b> <b>Liabilities and equity in EUR 1,000.</b>		<b>30.9.2002</b>	<b>31.12.2001</b>	<b>+/-</b>
Verbindlichkeiten gegenüber Kreditinstituten. <i>Amounts owed to banks.</i>	(14)	2.457.080	2.810.094	-13%
Verbindlichkeiten gegenüber Kunden. <i>Amounts owed to customers.</i>	(15)	475.682	686.532	-31%
Verbriefte Verbindlichkeiten. <i>Debts evidenced by certificates.</i>	(16)	9.134.113	6.453.065	42%
Rückstellungen. <i>Provisions.</i>	(17)	48.580	44.591	9%
Übrige Passiva. <i>Other liabilities.</i>	(18)	917.298	517.421	77%
Nachrangkapital. <i>Subordinated capital.</i>	(19)	376.324	291.104	29%
Anteile in Fremdbesitz. <i>Minority interests.</i>		160.760	133.344	21%
Eigenkapital. <i>Equity.</i>		250.779	258.203	-3%
<b>Bilanzsumme.</b> <b>Total liabilities and equity.</b>	<b>(21)</b>	<b>13.820.615</b>	<b>11.194.354</b>	<b>23%</b>

**EIGENKAPITALVERÄNDERUNGSRECHNUNG.  
STATEMENT OF CHANGES IN EQUITY.**

in EUR 1.000. in EUR 1,000.	30.9.2002	31.12.2001	+/- 2002	+/- 2001
Gezeichnetes Kapital. <i>Subscribed capital.</i>	46.000	46.000	0	0
Kapitalrücklagen. <i>Capital reserve.</i>	61.047	61.047	0	0
Gewinnrücklagen i.e.S. <i>Retained earnings.</i>	152.445	142.015	10.430	-14.219
Hedgerücklage. <i>Hedging reserve.</i>	-23.074	-7.662	-15.411	-16.505
Konzernüberschuss. <i>Net profit.</i>	20.690	23.133	-2.442	-3.628
Ausschüttung der Investkredit Bank AG. <i>Dividend paid by Investkredit Bank AG.</i>	-6.330	-6.330	0	-810
<b>Eigenkapital insgesamt. <i>Equity aggregate.</i></b>	<b>250.779</b>	<b>258.203</b>	<b>-7.424</b>	<b>-35.162</b>

**KAPITALFLUSSRECHNUNG.  
CASH FLOW STATEMENT.**

in EUR 1.000. in EUR 1,000.	1.1.-30.9.2002	1.1.- 31.12.2001
<b>Zahlungsmittelbestand zum Ende des Vorjahres. <i>Cash holdings at the end of the previous year.</i></b>	<b>15.106</b>	<b>4.780</b>
Cash Flow aus operativer Geschäftstätigkeit. <i>Cash flow from operating activities.</i>	83.082	88.030
Cash Flow aus Investitionstätigkeit. <i>Cash flow from investing activities.</i>	-188.436	-277.012
Cash Flow aus Finanzierungstätigkeit. <i>Cash flow from financing activities.</i>	78.890	88.497
Effekte aus <i>Effects of</i>		
Wechselkursänderungen. <i>Exchange rate fluctuations.</i>	0	0
Änderungen des Konsolidierungskreises. <i>Changes in the group of consolidated enterprises.</i>	27.415	110.812
<b>Zahlungsmittelbestand zum Ende der Periode. <i>Cash holdings at period end.</i></b>	<b>16.058</b>	<b>15.106</b>

ANGABEN ZUR GEWINN- UND VERLUSTRECHNUNG.  
 INFORMATION ON THE INCOME STATEMENT.

(1) Segmentberichterstattung. *Segment reporting.*

in EUR Mio. <i>in EUR m.</i>	Unter- nehmen. <i>Corporates.</i>	Kommunen. <i>Local government.</i>	Immobilien. <i>Real estate.</i>	Sonstige. <i>Others.</i>	Summe. <i>Total.</i>
Zinsen und ähnliche Erträge. <i>Interest and similar income.</i>	348,6	483,5	28,0	0,1	860,1
Zinsen und ähnliche Aufwendungen. <i>Interest and similar expenses.</i>	-302,3	-459,4	-14,9	0,0	-776,6
<b>Zinsüberschuss.</b> <b><i>Net interest income.</i></b>	<b>46,3</b>	<b>24,0</b>	<b>13,1</b>	<b>0,0</b>	<b>83,4</b>
Provisionserträge. <i>Fee and commission income.</i>	2,6	6,1	0,8	0,0	9,6
Provisionsaufwendungen. <i>Fee and commission expenses.</i>	-2,4	-1,0	-0,4	0,0	-3,8
Provisionsergebnis. <i>Net fee and commission income.</i>	0,2	5,2	0,4	0,0	5,8
Kreditrisikoergebnis. <i>Net credit risk result.</i>	-10,4	-0,5	0,1	0,0	-10,8
Handelsergebnis. <i>Trading result.</i>	1,1	0,1	-3,4	0,0	-2,2
Finanzanlageergebnis. <i>Net financial investments result.</i>	-2,5	7,5	0,0	0,0	5,0
Verwaltungsaufwand. <i>General administrative expenses.</i>	-20,5	-13,6	-3,0	0,0	-37,1
Sonstiger betrieblicher Erfolg. <i>Other operating results.</i>	-0,6	0,7	0,1	0,0	0,3
Außerordentliches Ergebnis. <i>Extraordinary result.</i>	0,0	0,0	0,0	0,0	0,0
<b>Überschuss vor Steuern.</b> <b><i>Profit before tax.</i></b>	<b>13,5</b>	<b>23,5</b>	<b>7,3</b>	<b>0,0</b>	<b>44,4</b>
Ertragsteuern. <i>Tax on income.</i>	-3,3	-7,0	-0,8	0,0	-11,1
<b>Überschuss nach Steuern.</b> <b><i>Profit after tax.</i></b>	<b>10,2</b>	<b>16,5</b>	<b>6,5</b>	<b>0,0</b>	<b>33,3</b>
Fremdanteil am Überschuss. <i>Minority interests.</i>	-1,8	-8,4	-2,4	0,0	-12,6
<b>Konzernüberschuss.</b> <b><i>Net profit.</i></b>	<b>8,4</b>	<b>8,1</b>	<b>4,1</b>	<b>0,0</b>	<b>20,7</b>
Segmentvermögen. <i>Segment assets.</i>	6.545	6.923	336		
Segmentverbindlichkeiten. <i>Segment liabilities.</i>	6.396	6.910	133		
<b>Durchschnittliches Eigenkapital.</b> <b><i>Average equity.</i></b>	<b>157</b>	<b>56</b>	<b>41</b>		<b>254</b>
<b>Cost-Income-Ratio.</b> <b><i>Cost-income ratio.</i></b>	<b>43,1%</b>	<b>46,4%</b>	<b>29,4%</b>		<b>42,6%</b>
<b>Return on Equity vor Steuern.</b> <b><i>Return on equity before tax.</i></b>					<b>23,3%</b>
<b>Return on Equity - Konzernüberschuss.</b> <b><i>Return on equity – net profit.</i></b>	<b>7,1%</b>	<b>19,3%</b>	<b>13,5%</b>		<b>10,8%</b>

## (2) Zinsüberschuss. *Net interest income.*

in EUR Mio. <i>in EUR m.</i>	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
<b>Zinsertrag. <i>Interest income.</i></b>	<b>837,6</b>	<b>751,5</b>
Kredit- und Geldmarkt. <i>Lending business and money market.</i>	703,4	617,1
Festverzinsliche Wertpapiere. <i>Fixed-income securities.</i>	115,9	116,6
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	8,9	12,1
Anteile an verbundenen Unternehmen und Beteiligungen. <i>Interests in unconsolidated related enterprises.</i>	9,3	5,7
<b>Zinsaufwand. <i>Interest expenses.</i></b>	<b>-773,9</b>	<b>-698,6</b>
Einlagen. <i>Deposits.</i>	-520,9	-459,7
Verbriefte Verbindlichkeiten. <i>Debts evidenced by certificates.</i>	-239,7	-228,0
Nachrangkapital. <i>Subordinated capital.</i>	-13,3	-10,9
<b>Ergebnis aus dem Miet- und Leasinggeschäft. <i>Earnings from rental and leasing business.</i></b>	<b>19,8</b>	<b>11,9</b>
Leasingerträge. <i>Leasing earnings.</i>	3,2	1,5
Mieterträge. <i>Earnings from rentals.</i>	19,3	13,1
Afa auf Leasinggegenstände und Sonstige Aufwendungen Leasing. <i>Depreciation of property leased and other leasing expenses.</i>	-0,3	-1,1
Afa auf Mietgegenstände. <i>Depreciation of property rented.</i>	-2,4	-1,6
<b>Insgesamt. <i>Aggregate.</i></b>	<b>83,4</b>	<b>64,8</b>

## (3) Provisionsergebnis. *Net fee and commission income.*

in EUR Mio. <i>in EUR m.</i>	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Kreditgeschäft. <i>Lending business.</i>	0,6	0,3
Wertpapiergeschäft. <i>Securities business.</i>	0,8	0,3
Zahlungsverkehr. <i>Payment transactions.</i>	-0,6	-0,2
Abwicklung der Umweltförderungen und Sonstiges Dienstleistungsgeschäft. <i>Environmental aid transactions and other services business.</i>	5,0	4,0
<b>Insgesamt. <i>Aggregate.</i></b>	<b>5,8</b>	<b>4,3</b>

## (4) Kreditrisikoergebnis. *Net credit risk result.*

in EUR Mio. <i>in EUR m.</i>	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Zuführung/Auflösung von Risikovorsorgen. <i>Allocation to/Release of risk provisions.</i>	-10,9	-3,8
Direktabschreibungen. <i>Direct write-offs.</i>	0,0	0,0
Eingänge aus abgeschriebenen Forderungen. <i>Amounts received against loans and advances written off.</i>	0,1	0,1
Währungsanpassungen. <i>Currency adjustments.</i>	0,0	0,0
<b>Insgesamt. <i>Aggregate.</i></b>	<b>-10,8</b>	<b>-3,7</b>

## (5) Handelsergebnis. *Trading result.*

in EUR Mio. <i>in EUR m.</i>	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Wertpapierhandel. <i>Securities trading.</i>	0,6	-0,6
Devisenhandel. <i>Currency trading.</i>	-0,2	0,9
Zinsderivate. <i>Interest derivatives.</i>	-2,8	0,8
Währungsderivate. <i>Currency derivatives.</i>	0,0	0,0
Wertpapierderivate. <i>Securities derivatives.</i>	0,2	0,4
Sonstige Finanzinstrumente. <i>Other financial instruments.</i>	0,0	0,0
<b>Insgesamt. <i>Aggregate.</i></b>	<b>-2,2</b>	<b>1,5</b>

**(6) Finanzanlageergebnis. Net financial investments result.**

in EUR Mio. in EUR m.	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Ergebnis aus Wertpapieren. <i>Net result from securities.</i>	8,0	-5,6
Ergebnis aus Anteilen an verbundenen Unternehmen, assoziierten und sonstigen Beteiligungen. <i>Net result from investments in subsidiaries and associates and other investments.</i>	-3,0	-1,9
<b>Insgesamt. Aggregate.</b>	<b>5,0</b>	<b>-7,4</b>

**(7) Verwaltungsaufwand. General administrative expenses.**

In EUR Mio. in EUR m.	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Personalaufwand. <i>Personnel expenses.</i>	-23,5	-19,9
Sachaufwendungen. <i>Other administrative expenses.</i>	-11,6	-8,5
Abschreibungen und Wertberichtigungen auf Sachanlagen. <i>Depreciation and amortization of property and equipment.</i>	-2,0	-2,2
<b>Insgesamt. Aggregate.</b>	<b>-37,1</b>	<b>-30,6</b>

**(8) Sonstiger betrieblicher Erfolg. Other operating results.**

In EUR Mio. in EUR m.	1.1.2002- 30.9.2002	1.1.2001- 30.9.2001
Sonstige betriebliche Erträge. <i>Other operating earnings.</i>	2,9	3,8
Abschreibungen auf immaterielle Anlagewerte. <i>Depreciation on intangible assets.</i>	-1,0	-0,9
Sonstige Steuern. <i>Other tax.</i>	-0,2	-0,5
Sonstige betriebliche Aufwendungen. <i>Other operating expenses.</i>	-1,3	-5,8
<b>Insgesamt. Aggregate.</b>	<b>0,3</b>	<b>-3,4</b>

**ANGABEN ZUR BILANZ.  
INFORMATION ON THE BALANCE SHEET.**
**(9) Forderungen an Kunden. Loans and advances to customers.**

In EUR Mio. in EUR m.	Täglich fällig. <i>Repayable on demand.</i>		Andere Forderungen. <i>Other.</i>	
	30.9.2002	31.12.2001	30.9.2002	31.12.2001
Inländische Kunden. <i>Austrian customers.</i>	49	41	5.468	4.293
Unternehmen. <i>Corporates.</i>	35	17	2.058	1.864
Öffentliche Hand. <i>Public sector.</i>	0	17	3.260	2.275
Sonstige. <i>Other.</i>	14	7	151	154
Ausländische Kunden. <i>Foreign customers.</i>	5	12	1.894	1.741
Unternehmen. <i>Corporates.</i>	5	12	1.223	1.141
Öffentliche Hand. <i>Public sector.</i>	0	0	655	587
Sonstige. <i>Other.</i>	0	0	15	12
<b>Insgesamt. Aggregate.</b>	<b>54</b>	<b>53</b>	<b>7.362</b>	<b>6.033</b>

**(10) Risikovorsorge. Risk provisions.**

in EUR Mio. in EUR m.	30.9.2002	31.12.2001
Stand zum 1.1. <i>As at 1.1.</i>	69	64
Zuführung (+)/Auflösung (-) von Vorsorgen. <i>Allocation to (+)/Release of (-) risk provisions for loans and advances.</i>	11	8
Zweckbestimmte Verwendung. <i>Earmarked use.</i>	0	-4
Währungsanpassungen. <i>Currency adjustments.</i>	0	0
<b>Stand zum 30.9.2002. As at 30.9.2002.</b>	<b>80</b>	<b>69</b>

**(11) Handelsaktiva. Trading assets.**

In EUR Mio. in EUR m.	30.9.2002	31.12.2001
Schuldverschreibungen und andere festverzinsliche Wertpapiere. <i>Bonds and other fixed-income securities.</i>	28	21
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	1	5
Positive Marktwerte aus derivativen Finanzinstrumenten. <i>Positive fair values from derivative financial instruments.</i>	138	68
Sonstige Handelsbestände. <i>Other trading portfolio items.</i>	0	0
<b>Insgesamt. Aggregate.</b>	<b>167</b>	<b>94</b>

**(12) Finanzanlagen. Financial investments.**

In EUR Mio. in EUR m.	30.9.2002	31.12.2001
Schuldverschreibungen und andere festverzinsliche Wertpapiere. <i>Bonds and other fixed-income securities.</i>	3.953	3.257
Aktien und andere nicht festverzinsliche Wertpapiere. <i>Shares and other variable-yield securities.</i>	197	177
Sonstige Wertpapiere und Derivate zu Absicherungszwecken. <i>Other securities and derivatives for hedging purposes.</i>	392	296
Anteile an nicht konsolidierten verbundenen Unternehmen. <i>Investments in unconsolidated related enterprises.</i>	13	30
Anteile an at equity bewerteten Unternehmen. <i>Investments in enterprises accounted for under the equity method.</i>	62	59
Sonstiger Anteilsbesitz. <i>Other investments.</i>	12	13
<b>Insgesamt. Aggregate.</b>	<b>4.631</b>	<b>3.831</b>
<b>Davon Umlaufvermögen. Of which available for sale.</b>	<b>1.753</b>	<b>2.101</b>

**(13) Übrige Aktiva. Other assets.**

In EUR Mio. in EUR m.	30.9.2002	31.12.2001
Immaterielle Anlagewerte. <i>Intangible asstes.</i>	8	6
Latente Steuern. <i>Deferred taxes.</i>	6	8
Sonstige Vermögensgegenstände. <i>Other assets.</i>	60	30
Rechnungsabgrenzungsposten. <i>Deferred items.</i>	31	16
Zinsabgrenzung. <i>Deferred interest.</i>	0	0
<b>Insgesamt. Aggregate.</b>	<b>104</b>	<b>61</b>

**(14) Verbindlichkeiten gegenüber Kreditinstituten. Amounts owed to banks.**

In EUR Mio. in EUR m.	Täglich fällig. <i>Repayable on demand.</i>		Andere Verbindlichkeiten. <i>Other liabilities.</i>	
	30.9.2002	31.12.2001	30.9.2002	31.12.2001
Inländische Kreditinstitute. <i>Austrian banks.</i>	47	24	1.100	1.401
Ausländische Kreditinstitute. <i>Foreign banks.</i>	3	9	1.307	1.375
<b>Insgesamt. Aggregate.</b>	<b>50</b>	<b>33</b>	<b>2.407</b>	<b>2.777</b>

**(15) Verbindlichkeiten gegenüber Kunden. Amounts owed to customers.**

In EUR Mio. in EUR m.	Täglich fällig. Repayable on demand.		Andere Verbindlichkeiten. Other liabilities.	
	30.9.2002	31.12.2001	30.9.2002	31.12.2001
Inländische Kunden. <i>Austrian customers.</i>	62	41	324	554
Unternehmen. <i>Corporates.</i>	55	13	182	194
Öffentliche Hand. <i>Public sector.</i>	0	0	17	16
Sonstige. <i>Other.</i>	7	28	125	345
Ausländische Kunden. <i>Foreign customers.</i>	5	4	85	87
Unternehmen. <i>Corporates.</i>	5	4	30	31
Öffentliche Hand. <i>Public sector.</i>	0	0	0	4
Sonstige. <i>Other.</i>	0	0	55	53
<b>Insgesamt. Aggregate.</b>	<b>67</b>	<b>45</b>	<b>409</b>	<b>642</b>

**(16) Verbriefte Verbindlichkeiten. Debts evidenced by certificates.**

in EUR Mio. in EUR m.	30.9.2002	31.12.2001	Davon börsennotiert. Thereof listed.	
			30.9.2002	31.12.2001
Begebene Schuldverschreibungen. <i>Bonds issued.</i>	9.065	6.380	8.623	6.017
Begebene Geldmarktpapiere. <i>Money market paper issued.</i>	0	0	0	0
Sonstige verbrieftete Verbindlichkeiten. <i>Other debts evidenced by certificates.</i>	70	73	0	0
<b>Insgesamt. Aggregate.</b>	<b>9.134</b>	<b>6.453</b>	<b>8.623</b>	<b>6.017</b>

**(17) Rückstellungen. Provisions.**

in EUR Mio. in EUR m.	30.9.2002	31.12.2001
Rückstellungen laufende Steuern. <i>Provisions for current taxes.</i>	12	8
Rückstellungen latente Ertragsteuern. <i>Provisions for deferred taxes on income.</i>	3	2
Personalarückstellungen. <i>Provisions for personnel expenses.</i>	31	30
Sonstige Rückstellungen. <i>Other provisions.</i>	2	4
<b>Insgesamt. Aggregate.</b>	<b>49</b>	<b>45</b>

**(18) Übrige Passiva. Other liabilities.**

in EUR Mio. in EUR m.	30.9.2002	31.12.2001
Handelsspassiva. <i>Trading liabilities.</i>	120	78
Rechnungsabgrenzungsposten. <i>Deferred items.</i>	41	44
Leasingverbindlichkeiten. <i>Leasing liabilities.</i>	0	0
Sonstige Verbindlichkeiten. <i>Other liabilities.</i>	750	389
Ausschüttung der Investkredit Bank AG. <i>Dividend paid by Investkredit Bank AG.</i>	6	6
<b>Insgesamt. Aggregate.</b>	<b>917</b>	<b>517</b>

**(19) Nachrangkapital. Subordinated capital.**

in EUR Mio. in EUR m.	30.9.2002	31.12.2001	Davon börsennotiert. Thereof listed.	
			30.9.2002	31.12.2001
Genussrechtskapital. <i>Profit participation rights capital.</i>	0	0	0	0
Ergänzungskapital. <i>Supplementary capital.</i>	163	100	108	88
Sonstige nachrangige Verbindlichkeiten. <i>Other subordinated liabilities.</i>	213	191	191	190
<b>Insgesamt. Aggregate.</b>	<b>376</b>	<b>291</b>	<b>299</b>	<b>278</b>

**(20) Derivative Finanzgeschäfte. Derivative financial transactions.**

in EUR Mio. in EUR m.	Nominalbetrag per 30.9.2002. Nominal amount at 30.9.2002.			Summe. Total. 30.9.2002	Marktwerte positiv. Fair value positive.	Marktwerte negativ. Fair value negative.	Vergleich Summe. Compari- son total. 31.12.2001	Handels- bestand. Trading portfolio. 30.9.2002
	Restlaufzeit.	Remaining maturity.						
	Bis 1 Jahr. Up to 1 year.	1 bis 5 Jahre. 1 to 5 years.	Über 5 Jahre. Over 5 years.					
Zinsbezogene Geschäfte. <i>Interest-rate related business.</i>	4.787	9.702	6.357	<b>20.847</b>	413	-640	<b>16.301</b>	<b>5.826</b>
Währungsbezogene Geschäfte. <i>Currency related business.</i>	1.241	1.016	424	<b>2.682</b>	63	-72	<b>2.593</b>	<b>822</b>
Wertpapierbezogene Geschäfte. <i>Securities related business.</i>	4	5	18	<b>26</b>	-	-	<b>14</b>	-
Sonstige Geschäfte. <i>Other business.</i>	138	2.698	1.967	<b>4.803</b>	112	-124	<b>3.825</b>	-
<b>Insgesamt. Aggregate.</b>	<b>6.170</b>	<b>13.421</b>	<b>8.766</b>	<b>28.358</b>	<b>588</b>	<b>-837</b>	<b>22.732</b>	<b>6.648</b>

**(21) Marktwertbilanz. Fair value balance sheet.**

in EUR Mio. in EUR m.	Bilanzwert. Value of item.	Marktwerte. Fair value.					Summe. Total.
		Bankbuch. Banking book.	Available for sale.	Handels- buch. Trading book.	Micro hedge.		
Barreserve. <i>Cash and balances with central banks.</i>	16	16	0	0	0	16	
Forderungen an Kreditinstitute. <i>Loans and advances to banks.</i>	1.199	1.174	20	0	13	1.206	
Forderungen an Kunden. <i>Loans and advances to customers.</i>	7.416	7.174	283	0	164	7.621	
Risikovorsorge. <i>Risk provisions for loans and advances.</i>	-80	-80	0	0	0	-80	
Handelsaktiva. <i>Trading assets.</i>	167	<b>0</b>	0	<b>167</b>	0	167	
Finanzanlagen. <i>Financial investments.</i>	4.631	2.917	1.594	0	160	4.670	
Sachanlagen. <i>Property and equipment.</i>	368	368	0	0	0	368	
Übrige Aktiva. <i>Other assets.</i>	104	104	0	0	0	104	
<b>Aktiva. Assets.</b>	<b>13.821</b>	<b>11.673</b>	<b>1.896</b>	<b>167</b>	<b>336</b>	<b>14.072</b>	
Verbindlichkeiten gegenüber Kreditinstituten. <i>Amounts owed to banks.</i>	2.457	1.824	0	0	659	2.483	
Verbindlichkeiten gegenüber Kunden. <i>Amounts owed to customers.</i>	476	421	0	0	55	476	
Verbrieftete Verbindlichkeiten. <i>Debts evidenced by certificates.</i>	9.134	7.700	0	0	1.544	9.244	
Rückstellungen. <i>Provisions.</i>	49	49	0	0	0	49	
Übrige Passiva. <i>Other liabilities.</i>	917	683	0	120	82	886	
Nachrangkapital. <i>Subordinated capital.</i>	376	299	0	0	129	427	
Anteile in Fremdbesitz. <i>Minority interests.</i>	161	161	0	0	0	161	
Eigenkapital. <i>Equity.</i>	251	348	0	0	0	348	
<b>Passiva. Liabilities and equity.</b>	<b>13.821</b>	<b>11.484</b>	<b>0</b>	<b>120</b>	<b>2.469</b>	<b>14.072</b>	

**(22) Marktrisiken aus Handelsaktivitäten. Market risks arising out of trading activities.**

<b>Value at Risk<sup>1)</sup> in EUR Mio. Value at risk<sup>1)</sup> in EUR m.</b>	Durchschnitt. Average. 2002	30.9.2002	Durchschnitt. Average. 2001	31.12.2001
Schuldtitel. <i>Debt issues.</i>	0,4	0,7	1,2	1,1
Substanzwerte. <i>Share price risks.</i>	0,1	0,1	0,2	0,3
Währungen. <i>Currency.</i>	0,1	0,3	0,1	0,0
<b>Insgesamt. Aggregate.</b>	<b>0,6</b>	<b>1,1</b>	<b>1,5</b>	<b>1,4</b>

<sup>1)</sup> Konfidenzniveau 99 % 1 Tag Haltedauer. *Confidence level 99 % 1 day holding period.*

**(23) Angaben über Arbeitnehmer. Information on employees.**

<b>Durchschnittlich beschäftigte MitarbeiterInnen. Average number of employees.</b>	30.9.2002	31.12.2001
Inland. <i>Austria.</i>	303	283
Ausland. <i>Abroad.</i>	17	9
<b>Insgesamt. Aggregate.</b>	<b>320</b>	<b>292</b>

**(24) Organe der Investkredit Bank AG. Policy-making bodies of Investkredit Bank AG.**

Dem **Aufsichtsrat** gehörten zum 30. September 2002 folgende Personen an.

*On 30 September 2002, the following persons were members of the **Supervisory Board**:*

o. Univ.-Prof. Ing. Dkfm. Dr. Geiserich E. Tichy (Vorsitzender. *Chairman*); Helmut Elsner, Karl Samstag, Dr. Karl Sevelda (stellvertretende Vorsitzende. *Vice-Chairmen*); Dr. Elisabeth Bleyleben-Koren, Dkfm. Karl Fink, Dkfm. Herwig Hutterer, Mag. Friedrich Kadnoska, Dr. Heinz Kessler, Mag. Dr. Stephan Koren, Mag. Kurt Löffler, DDr. Regina Prehofer, Dr. Karl Stoss, Dr. Klaus Thalhammer; vom Betriebsrat delegiert. *Employees' representatives*: Dipl.-Ing. Wolfgang Agler, Gabriele Bauer, Ing. Otto Kantner, Hermine Lessiak, Peter Wimmer

Den **Vorstand** bildeten zum 30. September 2002.

*On 30 September 2002 the **Board of Management** consisted of:*

Dr. Wilfried Stadler (Vorsitzender. *Chairman*), Mag. Klaus Gugglberger.

In allen Übersichten dieses Berichtes sind Rundungsdifferenzen auf Grund der Verwendung der tatsächlichen Beträge möglich.

*In this Report, totals may not add precisely because of rounding.*

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**Basic purpose of the publication:** Provision of information to shareholders and customers on current developments of the Bank.

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44 vollkonsolidierte Unternehmen. *44 fully consolidated companies.*

<sup>1)</sup> at-equity konsolidiert. *Consolidated at equity.*

<sup>2)</sup> zu Buchwerten konsolidiert. *Consolidated at cost.*

## Finanzmarktkalender 2003. *Financial Market Calendar 2003*

Eckdaten vorläufiges Ergebnis 2002. <i>Preliminary result for 2002 – Key figures</i>	13. Februar 2003. <i>13 February 2003</i>
Bilanzpressegespräch 2002. <i>2002 Accounts press conference</i>	27. März 2003. <i>27 March 2003</i>
Ergebnis 1. Quartal 2003. <i>1<sup>st</sup> quarter result for 2003</i>	14 Mai 2003. <i>14 May 2003</i>
Ordentliche Hauptversammlung. <i>Annual General Meeting</i>	14. Mai 2003. <i>14 May 2003</i>
Ergebnis 1. Halbjahr 2003. <i>1<sup>st</sup> half-year result for 2003</i>	8. August 2003. <i>8 August 2003</i>
Ergebnis 1.-3. Quartal 2003. <i>1<sup>st</sup>-3<sup>rd</sup> quarter result for 2003</i>	7. November 2003. <i>7 November 2003</i>

8 November 2002

Investkredit Funding Ltd  
Jersey, Channel Islands

Investkredit Bank AG  
Vienna, Austria

Bayerische Hypo- und  
Vereinsbank AG, München

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November 2002

Investkredit Funding Ltd  
Jersey, Channel Islands

Investkredit Bank AG  
Vienna, Austria

Bayerische Hypo- und  
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**Investkredit Funding Ltd**  
**St. Helier, Jersey, Channel Islands**

**zum Amtlichen Markt an der Frankfurter Wertpapierbörse zugelassen**

**München, im November 2002**

**Bayerische Hypo- und Vereinsbank Aktiengesellschaft**

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