Company Registration No. 89587

ERSTE FINANCE (JERSEY) (6) LIMITED

Annual Report
and
Audited Financial Statements

for the year 31 December 2009

CONTENTS

GENERAL INFORMATION

Registration

Erste Finance (Jersey) (6) Limited (the "Company") is registered in Jersey, Channel Islands as a public limited liability company under the Companies (Jersey) Law, 1991. The company's registration number is 89587.

Directors

Executive Directors

Helen Grant	
Martin Sadleder	
Marouska Agius	
Francois Chesnay	(appointed on 22 July 2009)
Lindsey Pinnington	(appointed on 27 July 2009)
Gareth Essex – Cater	(resigned on 27 July 2009)
Daniel Le Blancq	(resigned on 27 July 2009)

Non-executive Director

Gerald Fleischmann

Alternate Director

Mark Bondin appointed for the period 31st July 2009 to 31st January 2010.

Company Secretary

Mourant & Co. Secretaries Limited

Registered Office

22, Grenville Street
St. Helier
Jersey JE4 8PX
Channel Islands

Auditors

Ernst & Young LLP
Liberation House,
Castle Street,
St. Helier, Jersey JE1 1EY
Channel Islands

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 December 2009.

Principal activity

The company is engaged in raising finance for its ultimate parent company as disclosed in note 13 to these financial statements.

Results and dividends

The statement of comprehensive income is set out on page 6 and the movements in retained earnings are disclosed in the statement of changes in equity on page 8.

No dividend payments have been proposed or paid to the holders of the ordinary shares during the current or prior year.

Directors

The names of the directors of the company who held office during the year ended 31 December 2009 to date are set out on page 2.

Statement of directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Jersey Company law requires the directors to prepare financial statements for each financial period in accordance with any generally accepted accounting principles. The financial statements of the company are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors should:

- select suitable accounting policies and then apply them consistently;
- make judgement and estimates that are reasonable and prudent;
- specify which generally accepted accounting principles have been adopted in their preparation; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements prepared by the company comply with the requirements of the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of persons responsible within the issuer

With regard to Regulation 2004/109/EC of the European Union (the "EU Transparency Directive"), we confirm to the best of our knowledge that the Financial Statements for the year to 31 December 2009 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company as required by the applicable accounting standards. The Directors' Report gives a true and fair view of important events that have occurred during the financial year and their impact on the Financial Statements. The principal risks and uncertainties faced by the Company are disclosed in Note 13 of these financial statements.

DIRECTORS' REPORT - continued

Going concern

Erste Group Bank has communicated to the directors that currently it does not have the intention to redeem any of the outstanding Preference Shares/Notes within the next 12 months.

Auditors

Ernst & Young LLP have expressed their willingness to continue in office

Signed on behalf of the Board of Directors

S. Otterdon

Mourant & Co. Secretaries Limited
Secretary

Date: 30/04/10

ERNST & YOUNG

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ERSTE FINANCE (JERSEY) (6) LIMITED

We have audited the company's financial statements for the year ended 31 December 2009 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Change in Equity, the Statement of Cash Flows and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Article 110 of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
The directors are responsible for the preparation of the financial statements in accordance with applicable Jersey law as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit..

We read other information contained in the Report and consider whether it is consistent with the audited financial statements. The other information comprises the General Information and the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the company's financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion
In our opinion the financial statements give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the company's affairs as at 31 December 2009 and of its result for the year then ended and have been properly prepared in accordance with the Companies (Jersey) Law 1991.

David Robert John Moore, ACA
For and on behalf of Ernst & Young LLP
Jersey, Channel Islands
Date: 30 April 2010

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2009 EUR	2008 EUR
Finance revenue	3	**10,512,000**	10,512,000
Finance costs	4	**(10,500,000)**	(10,500,000)
Net finance revenue		**12,000**	12,000
Administrative expenses	5	**(15,831)**	(11,655)
(Loss)/profit for the financial year		**(3,831)**	345
Other comprehensive income		**-**	-
Total comprehensive (loss)/income for the year, net of tax attributable to equity holders of the parent		**(3,831)**	345

The accounting policies and explanatory notes on pages 10 to 21 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2009

	Notes	2009 EUR	2008 EUR
ASSETS			
Non-current assets			
Financial assets	6	-	200,000,000
Current assets			
Financial assets	6	**200,000,000**	-
Receivables	7	**2,861,600**	2,861,600
Cash at bank	11	**11,392**	15,395
		202,872,992	2,876,995
TOTAL ASSETS		**202,872,992**	202,876,995
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	8	**2**	2
Retained earnings		**4,289**	8,120
Total equity		**4,291**	8,122
Non-current liabilities			
Preference shares	9	-	200,000,000
Current liabilities			
Preference shares	9	**200,000,000**	-
Payables	10	**2,868,701**	2,868,873
Total liabilities		**202,868,701**	202,868,873
TOTAL EQUITY AND LIABILITIES		**202,872,992**	202,876,995

The accounting policies and explanatory notes on pages 10 to 21 form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 30th April 2010 and were signed on its behalf by:

Director

STATEMENT OF CHANGES IN EQUITY

	Share capital EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2009	2	8,120	8,122
Loss for the year	-	(3,831)	(3,831)
Balance at 31 December 2009	**2**	**4,289**	**4,291**
Balance at 1 January 2008	2	7,775	7,777
Profit for the year	-	345	345
Balance at 31 December 2008	**2**	**8,120**	**8,122**

The accounting policies and explanatory notes on pages 10 to 21 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS

	Note	2009 EUR	2008 EUR
Cash flows from operating activities			
Interest received on investments		**10,512,000**	10,512,000
Dividends paid on preference shares		**(10,500,000)**	(10,500,000)
Cash paid on administrative expenses		**(16,003)**	(9,205)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS		**(4,003)**	2,795
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**15,395**	12,600
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	11	**11,392**	15,395

The accounting policies and explanatory notes on pages 10 to 21 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Erste Finance (Jersey) (6) Limited is a limited liability company incorporated and domiciled in Jersey.

The financial statements of Erste Finance (Jersey) (6) Limited for the year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 30th April 2010. The principal activities of Erste Finance (Jersey) (6) Limited are described in the directors' report.

2.1 BASIS OF PREPARATION

Basis of preparation

These financial statements are prepared on a historical cost basis and presented in Euros.

Going concern

Erste Group Bank has communicated to the directors that currently it does not have the intention to redeem any of the outstanding Preference Shares/Notes within the next 12 months.

Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and comply with the Companies (Jersey) Law, 1991.

2.2 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2009:

- IFRIC 13 Customer Loyalty Programmes effective 1 July 2008
- IFRIC 15 Agreements for the Construction of Real Estate effective 1 January 2009
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation effective 1 October 2008
- IFRIC 9 Remeasurement of Embedded Derivatives (Amended) and IAS 39 Financial Instruments: Recognition and Measurement (Amended) effective for periods ending on or after 30 June 2009
- IFRS 1 First-time Adoption of International Financial Reporting Standards (Amended) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 January 2009
- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations (Amended) effective 1 January 2009
- IFRS 8 Operating Segments effective 1 January 2009
- IFRS 7 Financial Instruments: Disclosures (Amended) effective 1 January 2009
- IAS 1 Presentation of Financial Statements (Revised) effective 1 January 2009
- IAS 32 Financial Instruments: Presentation (Amended) and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation (Amended) effective 1 January 2009
- IAS 23 Borrowing Costs (Revised) effective 1 January 2009
- Improvements to IFRSs (May 2008)
- IFRIC 18 Transfers of Assets from Customers effective 1 July 2009

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 CHANGES IN ACCOUNTING POLICIES - continued

- **IAS 39 Financial Instruments: Recognition and Measurement and IFRIC 9 Reassessment of embedded derivatives (Amended)**

  The amendment to IFRIC 9 requires an entity to assess whether an embedded derivative must be separated from the host contract when the entity reclassifies a hybrid financial asset out of the 'fair value through profit or loss' category. This assessment is to be based on circumstances that existed on the later of the date the entity first came party to the contract and the date of any contract amendments that significantly change the cash flows of the contract. IAS 39 now states that if an embedded derivative cannot be reliably measured the entire hybrid instrument can remain classified at fair value through profit and loss. This amendment had no impact on the Company's financial statements.

- **IFRS 7 Financial Instruments: Disclosures (Amended)**

  The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by the source of inputs, using a three-level hierarchy, by class, for all financial instruments recognized at fair value. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between the levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The Company does not have any items recorded at fair value. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in Note 13.

- **IAS 1 Presentation of Financial Statements (Revised)**

  The revised standard requires that the statement of changes in equity includes only transactions with shareholders; introduces a new statement of comprehensive income that combines all items of income and expense recognised in profit or loss together with "other comprehensive income" (either in one single statement or in two linked statements); and requires the inclusion of a third column on the balance sheet to present the effect of restatements of financial statements or retrospective application of a new accounting policy as at the beginning of the earliest comparative period. The Company made the necessary changes to the presentation of its financial statements in 2009 and has elected to present a single statement for the statement of comprehensive income.

Standards, interpretations and amendments to published standards that are not yet effective

Up to the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the current reporting period and which have not been adopted early. None of these standards, interpretations and amendments are expected to have an impact on the financial position or performance of the Company. These are as follows:

- IFRIC 17 - *Distributions of Non-cash Assets to Owners*
- IFRIC 19 - *Extinguishing Financial Liabilities with Equity Instruments.* .
- IFRIC 14 - *Prepayments of a Minimum Funding Requirement (Amended).*
- IFRS 3 - *Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*
- IAS 39 - *Financial Instruments: Recognition and Measurement (Amended) - eligible hedged items*
- IFRS 9 - *Financial Instruments: Phase 1 financial assets, classification and measurement.*

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 CHANGES IN ACCOUNTING POLICIES - continued

Standards, interpretations and amendments to published standards that are not yet effective - continued

- IFRS 2 - *Group Cash-settled Share-based Payment Transactions (Amended).*
- IAS 32 - *Classification on Rights Issues (Amended).*
- IAS 24 - *Related Party Disclosures (Revised).*
- IFRS 1 - *Additional Exemptions for First-time Adopters (Amended).*

In April 2009 the IASB issued its second omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. The effective dates of the improvements are various and the earliest is for the financial year beginning 1 July 2009.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets

Financial assets consist of in Subordinated Perpetual Fixed Rate Notes which are non-listed private placements and are classified as loans and receivables.

When financial assets are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement loans and receivables are subsequently carried at amortised cost using the effective interest method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and transaction costs.

Gains and losses are recognised in the statement of comprehensive income when loans and receivables are derecognised or impaired, as well as through the amortisation process.

Embedded Contracts

As disclosed in notes 9 and 13, the host debt instrument includes certain embedded derivatives. The Directors have assessed that all embedded derivatives are non-option in their nature and have therefore not separately accounted for them.

Preference shares

When financial liabilities are recognised initially, they are measured at fair value plus directly attributable transaction costs.

Preference shares are listed but do not have an active market. As a result, and to be consistent with the accounting treatment for the investments, the preference shares are also recorded at amortised cost. In addition, preference shares that, in substance, exhibit characteristics of a financial liability are recognised as a liability in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Preference Shares – continued

All regular way purchases and sales of financial assets are recognised on the trade date which is the date that an asset is delivered to or by the company. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues, unless collectability in doubt.

Interest expense

The corresponding dividends on preference shares are recognised as an interest expense in the statement of comprehensive income. Interest expense is recognised as the interest accrues using the effective interest rate method.

Foreign currency translation

Transactions in foreign currency are translated to Euro, which is also the functional and reporting currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Taxation

Since the company is not a regulated financial service entity, the effect on the company of a change in Jersey's tax regime effective 1 January 2009, is limited to the change of status from exempt (applicable up to fiscal year 2008) to liable to Jersey income tax at 0%.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Derecognition of financial assets and financial liabilities

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;or
- the company has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Impairment of financial assets

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The amount of loss shall be recognised in the statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in thestatement of comprehensive income, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Receivables

Receivables are recognised and carried at the expected recoverable amount

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash at bank with a maturity of less than 3 months. Cash at bank is carried at cost.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Payables

Amounts payable are recognised and carried at cost which is the consideration to be paid for goods and services received, whether or not billed to the company.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

3. FINANCE REVENUE

	2009 EUR	2008 EUR
Income from investments	**10,512,000**	10,512,000

4. FINANCE COSTS

	2009 EUR	2008 EUR
Dividends on preference shares	**10,500,000**	10,500,000

5. ADMINISTRATIVE EXPENSES

	2009 EUR	2008 EUR
Auditors' remuneration	**10,404**	9,500
Professional fees	**5,242**	2,100
Bank charges	**185**	55
	15,831	11,655

NOTES TO THE FINANCIAL STATEMENTS - continued

6. FINANCIAL ASSETS

	2009 EUR	2008 EUR
Loans and receivables		
Non-current		
Series 286 Subordinated Perpetual Fixed Rate Notes	-	200,000,000
Current		
Series 286 Subordinated Perpetual Fixed Rate Notes	**200,000,000**	-

At 31 December 2009 and 2008 the company held Series 286 Tranche 1 Subordinated Perpetual Fixed Rate Notes in the principal amount of EUR 200,000,000 issued by Erste Group Bank AG (formerly Erste Bank der Oesterreichischen Sparkassen AG).

The Notes are redeemable at the option of the issuer, in whole or in part, on the interest payment date falling on 23 September 2010 and on any subsequent interest payment date. Earlier redemption for tax reasons or capital reasons is permitted on any interest payment date.

Interest is receivable annually, in arrears, at a fixed rate of 5.256% per annum.

7. RECEIVABLES

	2009 EUR	2008 EUR
Interest income receivable (note i)	**2,861,600**	2,861,600

i. Interest income is received annually throughout the financial year.

8. ISSUED CAPITAL

Authorised share capital

The authorised share capital is made up of:

i. An unlimited number of shares designated as Ordinary Shares;

ii. An unlimited number of shares designated as Unclassified Shares.

The Unclassified shares can be issued in the form of either Preference shares or Nominal shares.

Issued and fully paid up

	2009 EUR	2008 EUR
Ordinary shares		
2 ordinary shares of EUR 1 each	**2**	2

NOTES TO THE FINANCIAL STATEMENTS - continued

8. ISSUED CAPITAL - continued

The rights attaching to the Ordinary Shares are as follows:

- **As regards Income** - Subject to the Law and the provisions of the company's Articles of Association, each ordinary share shall confer on the holder thereof the right to receive such profits of the company available for distribution as the Directors may declare or the Members may resolve by ordinary resolution after any payment to or provision for the holders of the preference shares of any amount then payable in accordance with any Statement of Rights relating thereto and after payment of any other preferential dividend then payable on any other class of shares.

- **As regards Capital** - Subject to the Law and the provisions of the company's Articles of Association, on a winding-up or other return of capital (other than a purchase or redemption of any preference share or any share of any other class of redeemable shares) the holder of each ordinary share shall be entitled, following payment to the holders of the preference shares of all amounts then payable in accordance with any Statement of Rights and following payment in accordance with the rights of any other class of shares having priority in accordance herewith and following the repayment of the nominal amount of the capital paid-up on the nominal shares, to repayment of the nominal amount of the capital paid-up thereon and thereafter any surplus assets then remaining shall be distributed *pari passu* among the holders of the ordinary shares in proportion to the amounts paid-up thereon.

- **As regards Voting** - The holder of each ordinary share shall be entitled to receive notice of general meetings of the company and class meetings relating to ordinary shares and to attend and vote there at.

9. PREFERENCE SHARES

	2009	2008
	EUR	EUR
Non-current liabilities		
200,000 Series J 5.25% preference shares of EUR1,000 each	-	200,000,000
Current liabilities		
200,000 Series J 5.25% preference shares of EUR1,000 each	**200,000,000**	-

At 31 December 2009 and 2008, 200,000 Series J Non-cumulative Non-voting preference shares of EUR 1,000 per share were in issue.

Dividends on the preference shares are payable annually, in arrears, on the paid up amount of the shares at a dividend rate of 5.25% per annum.

Preference shares are redeemable at the option of the company, subject to the prior consent of the ultimate parent company Erste Group Bank AG ('Erste Bank') (formerly Erste Bank der Oesterreichischen Sparkassen AG) on any dividend payment date following on or after 23 September 2010. Upon redemption, the holders of preference shares will be entitled to receive EUR 1,000 per share plus accrued dividends. Earlier redemption for tax reasons or capital reasons is permitted on any interest payment date.

NOTES TO THE FINANCIAL STATEMENTS - continued

9. PREFERENCE SHARES - continued

The preference shares rank ahead of the ordinary shares in the event of liquidation, dissolution or winding up of the company and have the benefit of a 'support agreement' entered into by the company and Erste Bank for the purpose of fulfilling the company's payment obligations in respect of the preference shares. Preference shares do not carry the right to vote unless dividends are in arrears.

Notwithstanding the availability of sufficient assets of the company to pay any liquidation distribution to the holders of the preference shares, if at the time such liquidation distribution is to be paid, proceedings are pending or have been commenced for the voluntary or involuntary liquidation, dissolution or winding up of Erste Bank, the liquidation distribution paid to the holders of the preference shares shall not exceed the amount per share that would have been paid as the liquidation distribution from the assets of Erste Bank had the preference shares been issued by Erste Bank and ranked (i) junior to all liabilities of Erste Bank (other than any liability expressed to rank pari passu with or junior to the 'support agreement'), (ii) pari passu with all asset party securities of Erste Bank and (iii) senior to Erste Bank's share capital.

10. PAYABLES

	2009 **EUR**	2008 EUR
Dividends payable on preference shares (note i)	**2,858,333**	2,858,333
Accruals	**10,368**	10,540
	2,868,701	2,868,873

i. Dividends on preference shares are paid annually.

11. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances:

	2009 **EUR**	2008 EUR
Cash at bank	**11,392**	15,395

12. RELATED PARTY DISCLOSURES

The parent and ultimate parent company

The parent company of Erste Finance (Jersey) (6) Limited is Erste Bank (Malta) Limited, a company registered in Malta, with its registered address at 72, Regent House, Bisazza Street, Sliema SLM 1641. Erste Bank (Malta) Limited owns 100% of the ordinary shares in Erste Finance (Jersey) (6) Limited.

The ultimate parent of Erste Finance (Jersey) (6) Limited is Erste Group Bank AG ("Erste Bank") (formerly Erste Bank der Oesterreichischen Sparkassen AG) incorporated under the laws of Austria, with its registered office at Graben 21, 1010 A Vienna, Austria.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. RELATED PARTY DISCLOSURES - continued

Related party transactions and balances

During the financial year interest receivable on Subordinated Perpetual Fixed Rate Notes by the ultimate parent company amounted to EUR10,512,000 (2008: EUR10,512,000). Accrued interest income receivable at 31 December is separately disclosed in note 7.

Key management personnel

Gerald Fleischmann, Martin Sadleder and Marouska Agius are senior employees of Erste Bank (Malta) Limited or Erste Group Bank AG ("Erste Bank") (formerly Erste Bank der Oesterrieichischen Sparkassen AG or their affiliate companies. They do not receive directors' fees.

Francois Chesney, Lindsey Pinnington and Helen Grant are employees of a subsidiary of Mourant Limited. Affiliates of Mourant Limited provide ongoing administrative services to the company at commercial rates.

On 1st April 2010, Mourant Limited sold its interest in Mourant International Finance Administration to State Street Corporation ("SSC"). Each of Francois Chesnay, Lyndsey Pinnington and Helen Grant is an employee of a subsidiary of SSC. Affiliates of SSC now provide administrative services to the Company at commercial rates.

13. FINANCIAL INSTRUMENTS

Financial risk management policies

Erste Bank (Malta) Limited being 100% owner of Erste Finance (Jersey) (6) Limited uses a control and risk management system that is proactive and tailored to the group's risk profile. This system is based on a clear risk strategy consistent with the company's business strategy. The system's goal is the early identification and management of risks and trends.

Risk was assessed upfront during the set up of the SPV, between lawyers and Erste Group Bank AG itself. This resulted in careful selection of assets and liabilities with similar terms to minimise the risk within the company.

The company's principal financial assets comprise investments, cash at bank and receivables. Financial liabilities comprise preference share and payables.

The carrying amounts on the statement of financial position as at 31 December 2009 and 2008 have arisen mainly in connection with the company's operations.

Fair values

At 31 December, the carrying amounts of cash at bank, receivables, and payables approximated their fair values due to the short term maturities of these assets and liabilities.

The fair value of the preference shares, based on the quoted market price of the shares as at 31 December 2009 was EUR122,316,000 (2008: EUR63,000,000).

As disclosed in notes 9 and 13, the host debt instrument includes certain embedded derivatives. The Directors have assessed that all embedded derivatives are non-option in their nature and have therefore not separately accounted for them.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. FINANCIAL INSTRUMENTS - continued

Financial risk management policies - continued

Market risk

Market risk is the fluctuation in interest rates, exchange rate and security prices. However as the company has only one loan outstanding, where the borrower is the ultimate parent company (Erste Group Bank AG) the market risk can be considered as very limited. Interest rate risk and foreign currency risk, making up market risk, are dealt with as described above.

Interest rate risk

Interest rate risk is the risk of adverse change in the fair value of financial instruments caused by movement in market interest rates. This type of risk arises, when mismatches exist between assets and liabilities in respect of their maturities or of the timing of interest rate adjustments.

The interest rate on the investments, being issued notes of Erste Group Bank AG ("Erste Bank"), as well as the interest on preference shares issued by Erste Finance (Jersey) (6) Limited are both subject to fixed interest rates up to redemption date. Accordingly, there is no exposure to interest rate risk. Since both financial instruments are subject to fixed interest rates, the company is not exposed to any interest rate risk as a result of possible changes in interest rates.

Foreign currency risk

Fluctuation in foreign exchange rates creates foreign currency risks. The company has transactional currency exposures arising from interest receivables and dividend payables in foreign currencies. As the timing of interest receivables in foreign currencies matches that of dividend payables, the foreign currencies risk is limited only to certain administrative expenses incurred in Sterling.

Credit risk

The company's exposure to credit risk with respect to financial assets arises from default of the counter party, with a maximum exposure equal to the carrying amounts. In particular, the Company is exposed to Erste Group Bank AG's credit risk as there is a concentration of credit risk with the ultimate parent company. The financial assets of the company are neither past due nor impaired. Please refer to Note 6 for a detailed overview of the company's investments.

Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations when they fall due under normal and stress circumstances.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. FINANCIAL INSTRUMENTS - continued

Liquidity risk - continued

The company manages liquidity risk throughout the entire year, resulting in a positive short-term liquidity gap, and by timing the financial asset maturities on a basis similar to those of the financial liabilities. The company also has the benefit of the preference shares in issue being limited recourse.

Liquidity risk principally relates to the company's dividend payment obligations under the preference shares. The timing of cash flows receivable on interest accruing to the company onits investments matches that of dividend payments. Therefore we consider that there is no liquidity risk at all.

The table below summarises the maturity profile of the company's financial liabilities at 31 December 2009 and 2008 based on contractual undiscounted repayment obligations. The repayment obligations are based on the assumption that the interest rates in the future will be similar to those prevailing at 31 December 2009 and that the preference shares will mature as indicated in note 9.

	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5years	More than 5 years	Undated	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
2009							
Liabilities							
Preference shares	-	-	207,652,054	-	-	-	207,652,054
Other liabilities	-	-	2,868,701	-	-	-	2,868,701
Capital and reserves	-	-	-	-	-	4,291	4,291
Total liabilities	-	-	**210,520,755**	-	-	**4,221**	**210,526,046**
2008							
Liabilities							
Preference shares	-	-	10,500,00	207,661,641	-	-	218,161,641
Other liabilities	-	-	2,868,873	-	-	-	2,868,873
Capital and reserves	-		-	-	-	8,122	8,122
Total liabilities	-	-	**13,368,873**	**207,661,641**	-	**8,122**	**221,038,636**

13. FINANCIAL INSTRUMENTS - continued

Liquidity risk - continued

The table below summarises the undiscounted maturity profile of the Company's financial assets at 31 December 2009 and 2008 and that the investments will mature as indicated in note 6.

	Less than 1 month	Between 1 and 3 months	Between 3 months and 1 year	Between 1 year and 5years	More than 5 years	Undated	Total
	EUR	EUR	EUR	EUR	EUR	EUR	EUR
2009							
Assets							
Financial Assets	-	-	207,660,800	-	-	-	207,660,800
Receivables	-	-	2,861,600	-	-	-	2,861,600
Cash at Bank	11,392	-	-	-	-	-	11,392
Total Assets	**11,392**	**-**	**210,522,400**	**-**	**-**	**-**	**210,533,792**
2008							
Assets							
Financial Assets	-	-	10,500,000	207,661,641	-	-	218,161,641
Receivables	-	-	2,861,600	-	-	-	2,861,600
Cash at Bank	15,395	-	-	-	-	-	15,395
Total Assets	**15,395**	**-**	**13,361,600**	**207,661,641**	**-**	**-**	**221,038,636**

Capital management

The primary objective of the company is to raise capital for the Erste Bank group by raising money in the form of preference shares and in turn lends this capital to Erste Group Bank AG ("Erste Bank"). In doing so the company ensures to support the group's requirements, whilst retaining sufficient financial independence there from.