



**Raiffeisen Bank International AG,
Vienna, Austria**

Translation of the
Independent Assurance Report on
Compliance with the C-Rules of the
Austrian Code of Corporate Governance
(ÖCGK) in accordance with C-Rule 62 of
the Code for the Year 2017

26 February 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
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To the members of the Management Board of
Raiffeisen Bank International AG,
Vienna, Austria

Translation of the independent assurance report on compliance with the C-Rules of the Austrian Code of Corporate Governance (ÖCGK)

Based on C-Rule 62 of the Austrian Code of Corporate Governance (ÖCGK) as amended in January 2015, we have evaluated the compliance with the C-Rules of the code by Raiffeisen Bank International AG (the "Company"), Vienna, for the year 2017.

Management's Responsibility

The Company's Managing Board is responsible for the compliance with the relevant rules of the ÖCGK and the reporting thereon within the Corporate Governance Report for the year 2017 ("Declaration of Compliance").

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed, the Declaration of Compliance of the Company in the Corporate Governance Report accurately discloses the compliance with the relevant rules of the ÖCGK. Since we were also engaged as auditors of the Company for the year 2017, our independent assurance engagement did not include adherence with the C-rules 77 to 83 of the ÖCGK.

Our engagement was conducted in conformity with Austrian Standards for independent assurance engagements (KFS/PG 13) and in accordance with the International Standard on Assurance Engagements (ISAE 3000) applicable to such engagements. These standards require us to comply with our professional requirements including independence requirements, and to plan and perform the engagement to enable us to express a conclusion with reasonable assurance, taking into account materiality.

The procedures selected depend on the auditor's judgment and included in particular the inspection of the representations made in the Declaration of Compliance, inquiry of the involved persons responsible for the Report, inspection of relevant documentation and data as well as of information published on the homepage (www.rbinternational.com). The evaluation of the Declaration of Compliance was performed on the basis of the questionnaire published by the Austrian Working Group for Corporate Governance.

The procedures that we performed do not constitute an audit or a review. Our engagement did not focus on revealing and clarifying of illegal acts (such as fraud), nor did it focus on assessing the efficiency of management.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our independent assurance conclusion.

Opinion

Based on the procedures performed, the Declaration of Compliance of the Company in the Corporate Governance Report accurately discloses the compliance with the relevant rules of the ÖCGK.

The Company has compliance with the C-Rules of the Austrian Code of Corporate Governance except for the following Rule:

According to C-Rule 45 Supervisory Board members may not assume any functions on the boards of other enterprises which are competitors of the company. Several members of the Company's Supervisory Board assume functions on boards of companies within the same industry, which may lead to conflicts of interest. RBI declares this deviation in the Corporate Governance Report as follows: *"RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI serves as the central institution of the regional Raiffeisen banks and other affiliated banks. Some members of the Supervisory Board in their function as shareholder representatives therefore also hold executive roles in RBG banks. Consequently, comprehensive know-how and experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company."*

According to C-Rule 52a the number of members on the Supervisory Board (without employees' representatives) shall be ten at the most. The number of members on the Supervisory Board without employees' representative of RBI AG is twelve. RBI declares this deviation in the Corporate Governance Report as follows: *"The Supervisory Board currently consists of nine core shareholder representatives for the RBG and three free float representatives. It thus has two more members than in the year before. This increase in the number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. The increase provides the Supervisory Board with additional industry knowledge and experience, more diversity, and further strengthens its ability to exercise its control function."*

Restriction on use

Because this report is prepared solely for the Management Board of the Company, its contents may not be relied upon by any other third party. Therefore, this report does not constitute an investment recommendation and should not be considered in investment decisions or decisions on the conclusion of contracts.



*Raiffeisen Bank International AG, Vienna, Austria
Independent Assurance Report on Compliance with the C-Rules of
the Austrian Code of Corporate Governance (ÖCGK) in accordance
with C-Rule 62 of the Code for the Year 2017*

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 8 of the General Conditions of Contract for the Public Accounting Professions.

Vienna, 26 February 2018

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Mag. Wilhelm Kovsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Corporate Governance Report

This Corporate Governance Report combines the Corporate Governance Report of RBI AG and the consolidated Corporate Governance Report of RBI pursuant to § 267b of the Austrian Commercial Code (UGB) in conjunction with § 251 (3) of the UGB.

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC or “the Code”) as laid out in the version dated January 2015, while taking any legal changes relating to the L Rules (Legal Requirement) in 2017, into consideration. The ACGC is publicly available on the Austrian Working Group for Corporate Governance website (www.corporate-governance.at) and on the RBI website (www.rbinternational.com → Investor Relations → Corporate Governance). RBI does not have any capital market-oriented subsidiaries which are obliged to publish a corporate governance report due to local statutory regulations.

Transparency is a key corporate governance issue and is therefore of particular importance to RBI. This Corporate Governance Report is structured according to the legal guidelines contained in § 243c of the UGB and is based on the structure set forth in Appendix 2a of the ACGC.

The ACGC is subdivided into L, C and R Rules. L Rules are based on compulsory legal requirements. C Rules (Comply or Explain) should be observed; any deviation must be explained and justified in order to ensure conduct that complies with the Code. R Rules (Recommendations) have the characteristics of guidelines; non-compliance does not need to be reported or justified.

RBI deviates from the C Rules below, however complies with the Code through the following explanations and justifications:

C Rule 45: non-competition clause for members of the Supervisory Board

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI serves as the central institution of the regional Raiffeisen banks and other affiliated banks. Some members of the Supervisory Board in their function as shareholder representatives therefore also hold executive roles in RBG banks. Consequently, comprehensive know-how and experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

C Rule 52a: The number of members of the Supervisory Board (without employee representatives) shall be ten at most.

The Supervisory Board currently consists of nine core shareholder representatives for the RBG and three free float representatives. It thus has two more members than in the year before. This increase in the number of members was based on a resolution passed by the Annual General Meeting on 22 June 2017. The increase provides the Supervisory Board with additional industry knowledge and experience, more diversity, and further strengthens its ability to exercise its control function.

In accordance with C Rule 62 of the ACGC, RBI AG commissioned KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft (KPMG) to conduct an external evaluation of compliance with the C Rules of the Code. The report on this external evaluation is publicly available at www.rbinternational.com → Investor Relations → Corporate Governance → External Evaluation of the CG Code.

Composition of the Management Board

As at 31 December 2017, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Johann Strobl Chairman	1959	22 September 2010 ¹	28 February 2022
Martin Grill	1959	3 January 2005	28 February 2020
Andreas Gschwenter	1969	1 July 2015	30 June 2018
Peter Lennkh	1963	1 October 2004	31 December 2020
Hannes Mösenbacher	1972	18 March 2017	28 February 2020

¹ Effective as of 10 October 2010

Karl Sevelda resigned as Chairman of the Management Board on 18 March 2017. At the same time, Johann Strobl was appointed Chairman of the Management Board (previously Deputy Chairman of the Management Board) and Klemens Breuer was appointed Deputy Chairman of the Management Board (previously member of the Management Board).

Klemens Breuer (Deputy Chairman of the Management Board) resigned from his position on 31 October 2017. The Working Committee temporarily reallocated responsibilities following his resignation. On 1 November 2017, Johann Strobl assumed responsibility for the Capital Markets area of the Management Board, while Peter Lennkh assumed responsibility for the Management Board area of Retail Banking. A new Deputy Chairman of the Management Board had not been appointed at the time this report was written.

On 7 December 2017, the Supervisory Board appointed Andrii Stepanenko to the Management Board, subject to approval by the supervisory authority. Upon receiving approval, Andrii Stepanenko is expected to take over the Retail Banking area from Peter Lennkh in March 2018.

On 15 January 2018, the Supervisory Board appointed Lukasz Januszweski to the Management Board, subject to approval by the supervisory authority. Upon receiving approval, Lukasz Januszweski is expected to take over the Capital Markets area from Johann Strobl in March 2018.

Members of the Management Board held seats on the supervisory board or comparable functions in the following domestic and foreign companies that are not included in the consolidated financial statements:

Karl Sevelda	Oesterreichische Kontrollbank AG (until 2 June 2017), Siemens AG Austria
Klemens Breuer	FMS Wertmanagement AöR (until 5 January 2017), UNIQA Insurance Group AG (since 4 July 2017)
Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman
Peter Lennkh	Oesterreichische Kontrollbank AG (since 2 June 2017)

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory and managerial duties at the following material subsidiaries as Managing Directors or on the Supervisory Board in the 2017 financial year:

	Supervisory Board mandate	Management
Karl Sevelda	Raiffeisen Bank d.d., Bosnia and Herzegovina, Chairman (until 19 June 2017) Raiffeisenbank Austria d.d., Croatia, Chairman (until 30 May 2017) Raiffeisen Bank Polska S.A., Poland, Chairman (until 10 March 2017) Raiffeisen Bank S.A., Romania, Chairman (until 24 April 2017) AO Raiffeisenbank, Russia, Chairman (until 21 May 2017) Raiffeisen banka a.d., Serbia, Chairman (until 31 March 2017) Tatra banka, a.s., Slovakia, Chairman (until 30 June 2017) Raiffeisenbank a.s., Czech Republic, Chairman (until 26 April 2017) Raiffeisen Bank Aval JSC, Ukraine, Chairman (until 24 April 2017) Raiffeisen Bank Zrt., Hungary, Deputy Chairman (until 30 April 2017) Priorbank JSC, Belarus, member (until 28 March 2017)	
Johann Strobl	AO Raiffeisenbank, Russia, Chairman (from 22 May 2017, previously Deputy Chairman) Raiffeisen Bank Polska S.A., Poland, Chairman (from 10 March 2017, previously member) Raiffeisen Bank S.A., Romania, Chairman (from 25 April 2017, previously member) Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member	
Klemens Breuer	Raiffeisen Centrobank AG, Austria, Chairman (until 31 October 2017) Kathrein Privatbank Aktiengesellschaft, Austria, Deputy Chairman (until 31 October 2017) Raiffeisen Bank Polska S.A., Poland, member (until 31 October 2017) Raiffeisen Bank S.A., Romania, member (until 31 October 2017) AO Raiffeisenbank, Russia, member (until 30 October 2017) Tatra banka, a.s., Slovakia, Chairman (from 4 July until 31 October 2017, previously member) Raiffeisenbank a.s., Czech Republic, Chairman (from 25 March until 31 October 2017, previously member)	
Martin Grüll	Priorbank JSC, Belarus, Chairman (from 10 April 2017, previously member) Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisen Bank Polska S.A., Poland, Deputy Chairman Raiffeisen Bank S.A., Romania, Deputy Chairman AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member	Raiffeisen CEE Region Holding GmbH, Austria, Managing Director Raiffeisen CIS Region Holding GmbH, Austria, Managing Director Raiffeisen RS Beteiligungs GmbH, Austria, Managing Director Raiffeisen SEE Region Holding GmbH, Austria, Managing Director

Andreas Gschwenter	Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank S.A., Romania, member AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member Raiffeisen Bank Zrt., Hungary, Chairman Raiffeisenbank Austria d.d., Croatia, Chairman (from 8 June 2017, previously member)
Peter Lennkh	Raiffeisen Bank d.d., Bosnia and Herzegovina, Deputy Chairman Raiffeisen banka a.d., Serbien, Chairman (from 1 April 2017, previously member) Raiffeisenbank a.s., Czech Republic, Deputy Chairman Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank S.A., Romania, member AO Raiffeisenbank, Russia, member Tatra banka, a.s., Slovakia, member Raiffeisen Bank Sh.A., Albania, Chairman
Hannes Mösenbacher	Raiffeisen Centrobank AG, Austria, Chairman (from 1 November 2017, previously member) AO Raiffeisenbank, Russia, member Raiffeisen Bank Polska S.A., Poland, member Raiffeisen Bank d.d., Bosnien and Herzegovina, Chairman Raiffeisen Bank S.A., Romania, member Tatra banka, a.s., Slovakia, member Raiffeisenbank a.s., Czech Republic, member

Composition of the Supervisory Board

As at 31 December 2017, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Erwin Hameseder Chairman	1956	8 July 2010 ¹	Annual General Meeting 2020
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2019
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2020
Peter Gauper	1962	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	1957	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2022
Johannes Ortner	1966	22 June 2017	Annual General Meeting 2022
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2022
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2022
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2022
Bettina Selden	1952	4 June 2014	Annual General Meeting 2019
Rudolf Kortenhof ²	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl ²	1965	10 October 2010	Until further notice
Susanne Unger ²	1961	18 January 2012	Until further notice
Gebhard Muster ²	1967	22 June 2017	Until further notice
Natalie Egger-Grunicke ²	1973	18 February 2016	Until further notice
Helge Rechberger ²	1967	10 October 2010	Until further notice

¹ Effective as of 10 October 2010 ² Delegated by the Staff Council

Walter Rothensteiner (Chairman of the Supervisory Board) and Kurt Geiger (member of the Supervisory Board) resigned their Supervisory Board mandates with effect from the end of the Annual General Meeting on 22 June 2017. At the same time, Erwin Hameseder was appointed Chairman (previously 1st Deputy Chairman) and Martin Schaller was appointed 1st Deputy Chairman (previously 3rd Deputy Chairman).

Michael Höllerer and Johannes Schuster (both members of the Supervisory Board) resigned their Supervisory Board mandates with effect as of 18 March 2017.

Independence of the Supervisory Board

In accordance with and taking into consideration C Rule 53 and Appendix 1 of the ACGC, the Supervisory Board of RBI AG specified the following criteria for the independence of the members of the company's Supervisory Board:

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or of one of its subsidiaries in the past five years.
- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to "non-independent" qualification.
- The exercise of functions within the Group or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.
- The Supervisory Board member shall not have been an auditor of the company, nor a shareholder or employee of the auditing company in the previous three years.
- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.
- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.
- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

In accordance with the criteria listed above for the independence of Supervisory Board members, all RBI AG Supervisory Board members are considered independent.

Up until the Annual General Meeting of 22 June 2017, Bettina Selden and Kurt Geiger were free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. Since the Annual General Meeting of 22 June 2017, Bettina Selden, Eva Eberhartinger and Birgit Noggler have been free float representatives on the Supervisory Board of RBI AG. These members of the Supervisory Board are neither a shareholder with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies during the following periods:

1 January to 18 March 2017:

Walter Rothensteiner	UNIQA Insurance Group AG, Chairman
Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman; Flughafen Wien AG, member
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Kurt Geiger	Demir Bank OJSC, member
Johannes Schuster	UNIQA Insurance Group AG, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Walter Rothensteiner	Kathrein Privatbank Aktiengesellschaft, Austria, Chairman
Kurt Geiger	Raiffeisen Bank AVAL JSC, Ukraine, member
Michael Höllerer	Raiffeisen Centrobank AG, Austria, member
Johannes Schuster	RSC Raiffeisen Service Center GmbH, Austria, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

18 March to 22 June 2017:

Walter Rothensteiner	UNIQA Insurance Group AG, Chairman
Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman; Flughafen Wien AG (until 31 May 2017), member
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Kurt Geiger	Demir Bank OJSC, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Walter Rothensteiner	Kathrein Privatbank Aktiengesellschaft, Austria, Chairman
Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Deputy Chairman
Klaus Buchleitner	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Kurt Geiger	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, member Raiffeisen Bank AVAL JSC, Ukraine, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

22 June to 31 December 2017:

Erwin Hameseder	AGRANA Beteiligungs-AG, Chairman; STRABAG SE, Deputy Chairman; UNIQA Insurance Group AG, 2nd Deputy Chairman; Südzucker AG, 2nd Deputy Chairman
Heinrich Schaller	voestalpine AG, Deputy Chairman; AMAG Austria Metall AG, member
Klaus Buchleitner	BayWa AG, Deputy Chairman; AGRANA Beteiligungs-AG, member
Rudolf Könighofer	UNIQA Insurance Group AG, member

In addition to their functions as members of RBI AG's Supervisory Board, supervisory board mandates were also held during this period at the following material subsidiaries:

Erwin Hameseder	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, member
Rudolf Könighofer	Raiffeisen Informatik GmbH, Austria, member

No management functions at RBI AG's material subsidiaries were undertaken by Supervisory Board members.

Members of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration, Risk, Nomination and Personnel Committees. These committees comprise the following members:

From 1 January to 18 March 2017:

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Chairman	Walter Rothensteiner	Michael Höllner	Walter Rothensteiner	Walter Rothensteiner	Johannes Schuster	Walter Rothensteiner
1 st Deputy Chairman	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder
2 nd Deputy Chairman	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller
3 rd Deputy Chairman	Martin Schaller	Heinrich Schaller	Martin Schaller	Martin Schaller	Heinrich Schaller	Martin Schaller
4 th Deputy Chairman	-	Martin Schaller	-	-	Martin Schaller	-
Member	Johannes Schuster	Johannes Schuster	Johannes Schuster	Johannes Schuster	-	Johannes Schuster
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

From 18 March to 22 June 2017:

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Chairman	Walter Rothensteiner	Erwin Hameseder	Walter Rothensteiner	Walter Rothensteiner	Martin Schaller	Walter Rothensteiner
1 st Deputy Chairman	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder	Erwin Hameseder	Walter Rothensteiner	Erwin Hameseder
2 nd Deputy Chairman	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller
Member	Martin Schaller	Martin Schaller	Martin Schaller	Martin Schaller	Erwin Hameseder	Martin Schaller
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

From 22 June to 31 December 2017:

	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Chairman	Erwin Hameseder	Heinrich Schaller	Erwin Hameseder	Erwin Hameseder	Martin Schaller	Erwin Hameseder
1 st Deputy Chairman	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Erwin Hameseder	Heinrich Schaller
2 nd Deputy Chairman	Martin Schaller	Eva Eberhartinger	Martin Schaller	Martin Schaller	Heinrich Schaller	Martin Schaller
3 rd Deputy Chairman	Eva Eberhartinger	Johannes Ortner	Rudolf Könighofer	Eva Eberhartinger	Eva Eberhartinger	Rudolf Könighofer
Member	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler
Member	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden	Bettina Selden
Member	Rudolf Korten Hof	Rudolf Korten Hof	-	Rudolf Korten Hof	Rudolf Korten Hof	Rudolf Korten Hof
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	-	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl
Member	Susanne Unger	Susanne Unger	-	Susanne Unger	Susanne Unger	Susanne Unger

The Advisory Council

At the meeting held on 22 June 2017, the Supervisory Board decided to establish an Advisory Council consisting of representatives of the Raiffeisen Banking Group (RBG) pursuant to § 12 (2) of the Articles of Association. The Advisory Council has a purely consultative function for the Management Board and Supervisory Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council.

The Advisory Council provides advice on matters relating to material ownership interests of the regional Raiffeisen banks as core shareholders and on selected aspects of the relationship between RBI and the RBG. It also gives advice on RBI's central institution function as defined in § 27a of the Austrian Banking Act (BWG) and the responsibilities associated with it, and on the affiliated companies in their capacity as RBG's distribution partners.

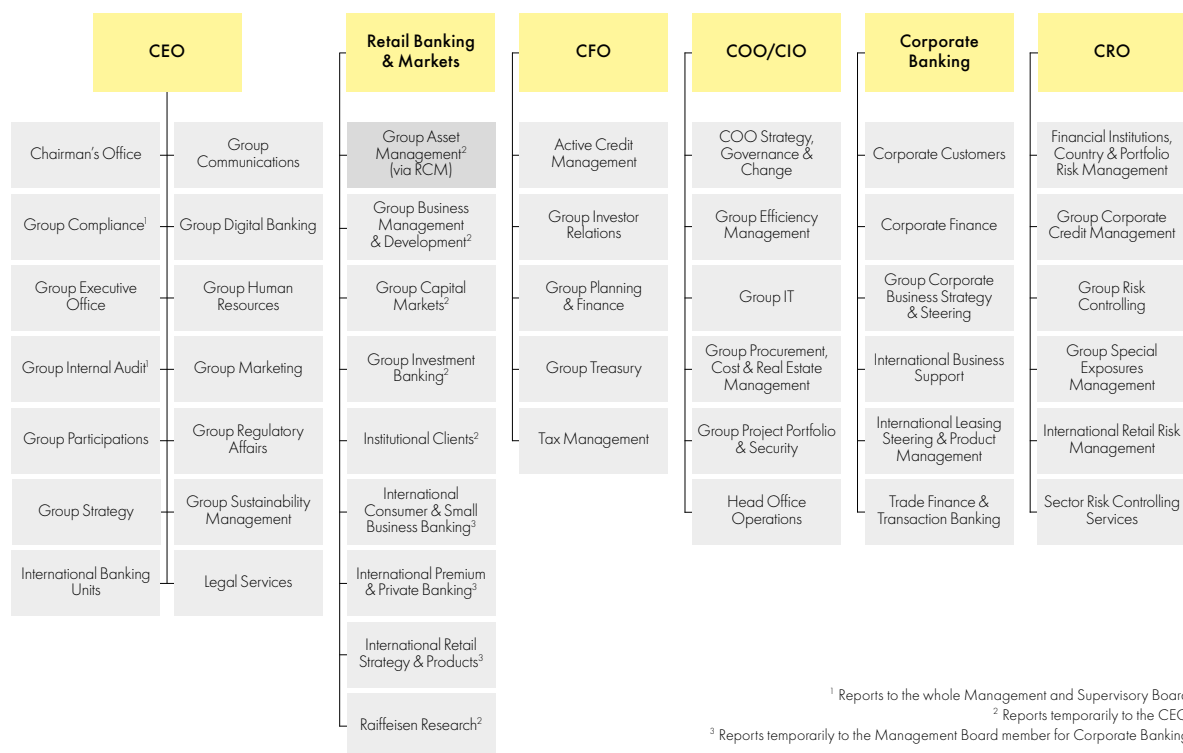
The Advisory Council consists of the Chairpersons of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year is based on a resolution that must be passed by the Annual General Meeting.

Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of shareholders and employees. Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (at 31 December 2017):



In the 2017 financial year, the following significant organizational changes, among others, took place at Tier 2 management level (B-1):

Management Board area of the Chief Executive Officer (CEO):

- The Chairman's Office was established in response to increasing regulatory requirements. This new area extensively supports the Supervisory Board, its committees, the Chairman of the Supervisory Board and the RBI Advisory Council.
- A Plenipotentiary served under the CEO from 18 March to 20 December 2017 and was assigned the following areas: Group Regulatory Affairs, Group Digital Banking, Group Marketing and Group Sustainability Management. These divisions were transferred to RBI in the course of the merger of RBI and RZB. Legal Services also reported directly to the Plenipotentiary during this period.
- The Plenipotentiary resigned on 20 December 2017, and the areas previously under him were placed directly under the authority of the CEO.
- The Group Participations division was transferred from the Management Board area of the Chief Financial Officer to the Management Board area of the CEO.

Management Board area of Retail Banking & Markets:

- The Group Asset Management division was taken over by RBI in the course of the merger. It provides asset management products and services to clients of RBI, the regional Raiffeisen banks and the Raiffeisen banks in Austria.
- Due to Klemens Breuer's resignation on 31 October 2017, Johann Strobl temporarily assumed responsibility on 1 November 2017 for the Markets area, comprising Group Business Management & Development, Group Capital Markets, Group Investment Banking, Institutional Clients and Raiffeisen Research.

- After Klemens Breuer's resignation, Peter Lennkh temporarily assumed responsibility on 1 November 2017 for the Retail Banking area, comprising Group Asset Management, International Consumer & Small Business Banking, International Premium & Private Banking and International Retail Strategy & Products.

Management Board area of the Chief Operating Officer/Chief Information Officer (COO/CIO):

- A new COO Strategy, Governance and Change division was established with responsibility for development of the COO strategy and its systematic and effective execution at corporate and Group level.

Management Board area of the Chief Risk Officer (CRO):

- Following the dissolution of the Risk Excellence and Projects division, its functions were divided up between the Group Risk Controlling division (risk management in the network) and the Group Special Exposures Management division (which assumed responsibility for all NPL issues).
- In the course of the merger of RBI and RZB, RZB's Sector Risk Controlling Services division was integrated into the Management Board area of the CRO.

The Management Board manages the company's business in accordance with the law, the Articles of Association and the Management Board's rules of procedure. The Management Board's weekly meetings are convened and led by the Chairman. The meetings facilitate mutual gathering and exchange of information, consultation and decision-making with respect to all matters requiring the board's approval. The procedural rules of the Supervisory Board and the Management Board describe the duties of the Management Board in terms of information and reporting, as well as a catalog of measures that require the approval of the Supervisory Board.

Decision-making authority and activities of the Committees of the Supervisory Board

The procedural rules of the Management Board, as well as the Supervisory Board and its Committees, outline the business management measures that require the approval of the Supervisory Board or of the appropriate Committee.

The **Working Committee** is responsible for all matters referred to it by the Supervisory Board. These include, in particular, the approval of the establishment, closure and liquidation of subsidiaries, as well as the acquisition or disposal of equity participations that exceed a certain amount (up to the ceiling amount for overall Supervisory Board responsibility). Moreover, the Working Committee deals with the execution of functions in the management bodies of other companies by members of the Management Board. Furthermore, the Working Committee approves the assumption of risks arising from banking business and risk limits to third parties above a certain level up to the ceiling amount for overall Supervisory Board responsibility.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it is responsible for approving bonus allocations and share allotments through the Share Incentive Program to members of the Management Board. Furthermore, it is also responsible for approving any acceptance of secondary employment by members of the Management Board.

The **Audit Committee** monitors the accounting process. It issues corresponding recommendations or proposals for guaranteeing reliability and supervises the effectiveness of the company's internal control, audit and risk management systems. The tasks of the Audit Committee include the supervision of the annual audit of the financial statements and consolidated financial statements, as well as checking and supervising the independence of the Group's auditors, particularly with respect to additional work performed for the audited company. The Committee examines the annual financial statements, the management report, the consolidated financial statements and the Group management report, and is responsible for the preparation for their adoption by the Supervisory Board. It also examines the proposal for earnings appropriation and the consolidated corporate governance report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. It also conducts a process, in accordance with statutory requirements, for the selection of the (Group) auditor and bank auditor and submits a recommendation to the Supervisory Board concerning the appointment of the auditor. Moreover, the Audit Committee discusses the content of the management letter as well as the report on the effectiveness of the risk management system and the internal control system. Internal Audit must provide the Audit Committee with quarterly reports on the areas audited and on any audit findings from audits performed, taking into account § 42 (3) of the BWG. The Group Compliance area also reports twice a year on the status of the internal control system and its effectiveness.

The **Remuneration Committee**'s responsibilities include, first and foremost, establishing guidelines for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In addition, the Remuneration Committee supervises and regularly reviews the remuneration policies, remuneration practices and relevant incentive structures to ensure that all related risks are controlled, monitored and limited in accordance with the BWG, as well as with respect to the company's capitalization and liquidity. In doing so, the long-term interests of shareholders, investors and employees of the company are also taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee also directly reviews the remuneration of executives responsible for risk management and compliance.

The responsibilities of the **Risk Committee** include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the monitoring of capitalization and liquidity. It is also responsible for checking whether the pricing of the services and products offered, the business model as well as risk strategy are given adequate consideration and where applicable for submitting a plan with corrective measures. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital, liquidity, as well as the probability and timing of realized profits.

The **Nomination Committee** attends to the filling of any posts on the Management Board and the Supervisory Board that have become vacant. Consideration is given to the balance and diversity of knowledge, skills and experience of all members of the governing body in question. The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, as well as a strategy for achieving the defined target. In its decision-making process, it ensures that the Management Board and the Supervisory Board are not dominated by one individual person, or a small group of persons, in a way which is contrary to the company's interests. The Nomination Committee's responsibilities also include:

- conducting regularly, and in all cases where specific events indicate a need for re-evaluation, an evaluation of the structure, size, composition and performance of the Management Board and Supervisory Board, as well as submission to the Supervisory Board of proposals for changes where necessary;
- conducting regularly, but at least once a year, an evaluation of the knowledge, skills and experience of the individual members of both the Management Board and Supervisory Board and also of the respective governing body as a whole, and informing the Supervisory Board of the results; and
- reviewing the Management Board's policy with regard to the selection of executives and supporting the Supervisory Board in preparing recommendations for the Management Board.

Number of meetings of the Supervisory Board and of the Committees

The Supervisory Board held five meetings during the reporting period. In addition, the Management Board fully informed the Supervisory Board on a prompt and regular basis of all relevant matters pertaining to the company's performance, including the risk position and risk management of the company and material Group companies, particularly in relation to important matters.

The Working Committee held eight meetings in the 2017 financial year. The Audit Committee met twice, the Personnel Committee twice, the Remuneration Committee three times, the Risk Committee four times, and the Nomination Committee seven times.

No member of the Supervisory Board was unable to personally attend more than half of the meetings of the Supervisory Board.

In addition, the Supervisory Board and the Working and Remuneration Committees also passed resolutions by circulation.

Further information on the activities of the Supervisory Board can be found in the Report of the Supervisory Board.

Management Board and Supervisory Board remuneration disclosure

Management Board remuneration

The following total amounts were paid to the Management Board of RBI AG:

in € thousands	2017	2016
Fixed remuneration	4,571	5,017
Bonuses (incl. portions for prior years)	1,882	1,467
Share-based payments	694	220
Other remuneration	2,738	2,456
Total	9,885	9,160

Fixed remuneration, as shown in the table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration basically consist of bonus payments and the share-based remuneration under the Share Incentive Program (SIP). In 2017, deferred bonus amounts from 2015 and previous years as well as immediately payable bonus amounts for 2016 were paid out. In 2017 there was an allocation of share-based payments from the 2012 tranche of the SIP (see below for details).

The payment of a bonus is linked to the achievement of annually agreed goals from four or five areas based on a balanced scorecard approach. These are weighted financial goals (adjusted to the respective function, e.g. return on risk-adjusted capital, total costs, risk-weighted assets), customer and employee goals, as well as process/efficiency/infrastructure goals and, where necessary, additional goals. The amount of the bonus is determined based on consolidated profit and the cost/income ratio; the targets to be achieved are based on RBI's medium-term return on equity target and thus consider a period spanning several years. Payment of bonuses is deferred as set forth in the BWG and implemented according to internal regulations.

Management Board members' contracts specify a maximum bonus. Similarly, the SIP includes a cap amounting to three times the allocation value. A maximum limit is thus in place for all variable compensation components. Other remuneration consists of compensation for board-level functions in affiliated companies, payments to pension funds and insurance companies, as well as vacation compensation and benefits.

The Management Board's remuneration paid in 2017 is shown in detail as follows:

in € thousands	Fixed remuneration	Bonus allocations for 2016 and prior years	Share-based payments	Other	Total
Karl Sevelda	204	0	0	75	279
Johann Strobl	900	507	206	528	2,141
Klemens Breuer	686	405	193	603	1,887
Martin Grüll	762	426	167	504	1,859
Andreas Gschwenter	734	183	0	404	1,321
Hannes Mösenbacher	523	0	0	105	628
Peter Lennkh	762	361	128	519	1,770
Total	4,571	1,882	694	2,738	9,885

The amounts shown for Klemens Breuer and Hannes Mösenbacher, who resigned or joined the Management Board during the year, respectively, are prorated based on the period in which they served on the Management Board. In addition to the amounts shown above, € 351 thousand in fixed remuneration, € 592 thousand in bonus allocations, € 205 thousand in share-based payments, € 1,787 in severance payments, and € 365 thousand in other remuneration were paid to Karl Sevelda between 18 March and 30 June 2017. Furthermore, Herbert Stepic, Aris Bogdaneris and Patrick Butler were paid a total of € 342 thousand in deferred bonus amounts on account of their previous work on the Management Board and a total of € 206 thousand in connection with the 2012 SIP tranche.

Principles of remuneration policy and practices in accordance with § 39 (2) in conjunction with § 39b of the BWG

In accordance with § 39 (2) in conjunction with § 39b of the BWG including annexes, RBI AG's Supervisory Board approved the "General Principles of the Remuneration Policy and Practice" in 2011. Remuneration of all employees, including the Management Board and other "risk personnel", must comply with these principles. These principles also apply to bonus payments for 2011 and subsequent years. The Remuneration Committee reviews these principles on a regular basis and is responsible for monitoring their implementation. To reflect changes in regulatory requirements and general conditions as of 1 January 2017, the Remuneration Committee of RBI AG's Supervisory Board approved an update to the remuneration policies that apply within the RBI Group in the form of an "Internal Law Total Rewards Management" (including annexes). By updating its remuneration principles, the RBI Group implemented the European Banking Authority's (EBA) guidelines on sound remuneration policies (EBA/GL/2015/22) and incorporated the new rules into its remuneration principles.

General remuneration principles of RBI – Summary

RBI uses a simple, transparent remuneration system which reflects the Group's business strategy and complies with regulatory requirements. The remuneration principles support the company's long-term objectives, interests and values while at the same time containing measures to avoid conflicts of interest.

RBI's remuneration system does not encourage the assumption of disproportionate risks, and instead supports sound, effective risk management (e.g. through a performance management process with financial and non-financial targets as well as qualitative and quantitative key performance indicators and the use of a bonus pool approach). This goal is also achieved by limiting variable remuneration through thresholds and upper limits, which also enables more precise long-term cost planning. In addition, special rules apply to all employees whose professional activities have significant consequences for the risk profile of the company and/or the Group ("risk personnel").

Within the overall remuneration, the relationship between fixed and variable components is made appropriate to enable employees to maintain an adequate standard of living based on their fixed income. This aims to provide maximum flexibility in the choice and implementation of the variable remuneration components, including forgoing the granting of variable remuneration entirely. In addition, the total amount of the variable remuneration does not restrict RBI's ability to improve its capitalization. The basis for all variable remuneration programs is performance, which is measured at Group, company and also individual level.

The remuneration system of RBI helps to address "silo mentality" by linking a significant part of variable remuneration to the Group's performance – in compliance with statutory and regulatory requirements. At the same time, the remuneration and performance management system provides quality enhancement and aims to strengthen customer relationships in the long term.

Share Incentive Program

Due to the immense increase in the complexity of the regulatory provisions for variable remuneration, the Management Board was prompted to review the benefits and meaningfulness of share-based remuneration in 2014. Originally intended as a variable long-term remuneration element geared towards the market and corporate success, the SIP has since lost this meaning because the annual bonus for the same target group of top executives is now deferred for three to five years, and half must be paid in instruments (e.g. shares). It was therefore decided that no further SIP tranches would be issued from the 2014 financial year onwards.

The 2012 SIP tranche matured in 2017. In accordance with the terms and conditions of the program, the number of shares actually transferred was as follows:

SIP 2012

Group of persons	Number of shares due	Share-price value of €20.955 on allotment date (10 April 2017)	Actual number of transferred shares
Members of the Management Board of RBI AG	52,718	1,104,706	36,168
Members of the management boards of subsidiary banks and branches affiliated to RBI AG	70,277	1,472,655	54,437
Executives of RBI AG affiliated companies	36,129	757,083	24,430

To avoid legal uncertainties and in accordance with the program's terms and conditions, eligible employees in three countries were given a cash settlement instead of an allocation of shares. In Austria, eligible parties were granted the option of accepting a cash settlement in lieu of half of the shares due in order to cover the income tax payable at the time of transfer. Therefore, fewer shares were actually transferred than the number that was due. The portfolio of own shares was consequently reduced by the lower number of shares actually transferred.

On the reporting date, contingent shares for the last 2013 tranche still outstanding were allocated. At 31 December 2017, the number of these contingent shares was 321,268. The number of contingently allocated shares originally announced changed due to various personnel alterations in Group units. It is shown on an aggregated level in the following table:

SIP 2013

Group of persons	Number of contingently allocated shares on 31 December 2017	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI AG	92,895	27,869	139,343
Members of the management boards of subsidiary banks and branches affiliated to RBI AG	153,235	45,971	229,853
Executives of RBI AG and other affiliated companies	75,138	22,541	112,707

No shares were repurchased for the SIP in 2017.

Expenditure for severance payments and pensions

The same rules essentially apply for the members of the Management Board as for employees. They provide for a basic contribution to a pension fund by the company and an additional contribution when the employee makes their own contributions in the same amount. Additional individual pension benefits, which are financed by a reinsurance policy, apply to two members of the Management Board.

In the event of a function or contract termination, one member of the Management Board is entitled to severance payments in accordance with a contractual agreement and four members in accordance with the Company Retirement Plan Act. In principle, the severance payment claims under contractual agreements expire if the Management Board member resigns.

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is secured by a reinsurance policy. Contracts for Management Board members are limited to the duration of their term in office or a maximum of five years. Regulations regarding severance payments, in case of the early termination of Management Board mandates, are essentially based on the principles stipulated by the ACGC. Severance payments do not exceed the maximum limits stipulated in the ACGC (a maximum of two years' total annual remuneration for early termination without serious cause – except for severance payments made under contractual agreements before 1 January 2010 – and in any case no longer than the remaining term. No remuneration is paid for premature terminations for serious reasons attributable to the Management Board member).

Supervisory Board remuneration

For the 2016 financial year, the members of the Supervisory Board received total remuneration of € 550,000 in accordance with the resolution of the Annual General Meeting. This amount included € 70,000 for the Chairman of the Supervisory Board, € 60,000 each for the Deputy Chairmen of the Supervisory Board, and € 50,000 each for the other members of the Supervisory Board. Depending on the duration of the respective Supervisory Board member's term, the remuneration for the 2016 financial year was paid on a pro rata basis or in its entirety.

Supervisory Board remuneration for the 2017 financial year was apportioned to individual Supervisory Board members as follows. The amounts stated are provisional amounts from the statement of financial position, subject to the approval of the Annual General Meeting 2018. Attendance fees were not paid. Depending on the duration of the respective Supervisory Board mandate, the provision for the 2017 financial year was booked on a pro rata basis or in its entirety.

Supervisory Board member	in €
Erwin Hameseder	65,000
Heinrich Schaller	60,000
Martin Schaller	57,500
Klaus Buchleitner	50,000
Eva Eberhartinger	25,000
Peter Gauper	25,000
Wilfried Hopfner	25,000
Rudolf Könighofer	25,000
Birgit Noggler	25,000
Johannes Ortner	25,000
Günther Reibersdorfer	50,000
Bettina Selden	50,000

Members who resigned in 2017:

Supervisory Board member	in €
Walter Rothensteiner	35,000
Kurt Geiger	25,000
Michael Höllner	12,500
Johannes Schuster	12,500

D&O insurance

A D&O (directors and officers) financial loss and liability insurance policy was maintained with UNIQA Sachversicherung AG for the 2017 financial year for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company. The policy covers both third party claims (external cover) and also claims of the company itself (internal cover) against the managers. The internal cover also protects the company.

Annual General Meeting

On 24 January 2017, an Extraordinary General Meeting passed a resolution on the merger of RBI and RZB with a clear majority. The shareholders also approved the capital increase associated with the merger. RBI's share capital was consequently increased by issuing new no par value bearer shares (ordinary shares). The number of shares issued rose to 328,939,621. RBI AG's shares are listed on the Vienna Stock Exchange.

Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see notification of voting rights published on 20 March 2017). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the Annual General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) for a period of three years from the effective date of the merger between RZB and RBI if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 50 per cent of the share capital plus one share (at the end of the three-year period, the threshold drops to 40 per cent of the share capital).

The Annual General Meeting for the 2016 financial year was held on 22 June 2017 in Vienna. The Annual General Meeting for the 2017 financial year will take place on 21 June 2018. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

At the Annual General Meeting the shareholders, as owners of the company, can exercise their rights by voting. The fundamental principle of 'one share one vote' applies. Accordingly, there are no restrictions on voting rights and all shareholders have equal rights. Every share issued confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent.

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions and a description of the diversity strategy (§ 80 of the Austrian Stock Corporation Act (AktG)) as laid down in § 243c (2) 2 and 2a of the UGB

Description of the diversity strategy

Prejudice and discrimination have no place in RBI. This is also clearly stated in the Code of Conduct which is valid across the entire Group. RBI instead advocates equality, and in keeping with its corporate identity, it offers equal opportunities for equal performance within the company, regardless of gender or other factors. This begins with staff selection, which must be without prejudice, and where the same standards must always be applied.

Supervisory Board and Management Board positions are filled while giving consideration to diversity and to the Fit and Proper policy, thereby also ensuring compliance with statutory requirements. The main requirements for holding such a position include solid education and professional experience, preferably in roles related to banks or financial institutions. This ensures that the Supervisory Board and Management Board consist of individuals with management experience who possess everything needed to provide professional management and exercise their control and monitoring function.

To further underscore the commitment to diversity, RBI's diversity vision, mission statement and daily implementation guidelines were published in July 2017. Therein, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities from diversity provides long-term benefits to the company and its employees as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130 year success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity to give clients the best possible service as a strong partner and to position itself as an attractive employer."

In addition, the Nomination Committee of RBI is committed to gender-neutral staffing policies in its activities and specifically considers gender diversity when filling positions in management bodies.

In 2017, a total of 39 per cent of the RBI AG Supervisory Board and 40 per cent of Management Board positions were filled with new personnel, with regard to the respective year-end numbers. The share of women in the Supervisory Board was up 8 percentage points to 28 per cent. The ages of persons range between 43 and 65 years on the Supervisory Board and between 45 and 58 years on the Management Board.

Measures taken to promote women to the Management Board, the Supervisory Board and into executive positions

To further improve the framework conditions for work and career, RBI continuously endeavors to reconcile family responsibilities and day-to-day work schedules as far as possible. Working arrangements such as flexible working hours, part-time and home-office working are offered in accordance with the statutory provisions, while some locations have company kindergartens with employee-friendly opening hours. Among other things, these aim to facilitate effective management of maternity leave, which should encourage women to return to work. RBI adopts a positive stance towards paternity leave and considers it an important means of strengthening equality. In order to build on management skills among employees, RBI offers targeted training and continuing education programs, which proved popular among all employees. In 2017, women made up 34 per cent of the participants in RBI AG's basic leadership program, 38 per cent in the Talent Lab for managers and 23 per cent in the Group-wide advanced leadership program.

RBI AG launched the initiative "Diversity 2020" in 2016 and continued it with a number of programs in 2017. One of the core issues targeted by the diversity initiative is the empowerment of women. In particular, it aims to increase the number of women in top management positions. Extensive communication measures were implemented to further raise awareness and highlight the importance of this issue as well as to ensure maximum transparency for the initiative. Management positions are advertised and not filled until there is at least one qualified female candidate. Potentially suitable female candidates are actively approached if needed to meet this goal. If no women apply for the position, it can be filled from the male applicants after waiting for one month. Documents needed for interviews or hearings are anonymized in order to ensure greater objectivity in the selection process. Subconscious prejudices are a significant factor preventing the appointment of women to management positions, among other things. Voluntary training courses to raise awareness in this area have already been conducted in groups. An online training module is currently in development. In addition, RBI AG supports arrangements such as part-time management in order to overcome structural barriers. It also sees gender-specific mentoring as an important tool for increasing the representation of women in management positions. To expand on this, an in-house course on the "Empowerment of women" was offered to female managers, twelve "Leadership Talents" or "Emerging Leadership Talents" successfully completed the first course in May 2017.

The Nomination Committee of RBI AG has set itself a target of filling 30 per cent of the positions on the Supervisory Board, Management Board and in upper management (Tier 2 and Tier 3 management) with women by 2024. Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG, at 31 December 2017: Supervisory Board, 28 per cent; Management Board, 0 per cent; Tier 2 management, 17 per cent; and Tier 3 management, 19 per cent. Female employees make up 46 per cent of the total workforce. RBI AG therefore meets the legal requirement, which took effect in Austria on 1 January 2018, for the share of women on its Supervisory Board.

The Nomination Committee has set itself a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management at RBI with women by no later than 2024. In RBI, the total proportion of women among employees is 67 per cent (2016 pro forma: 67 per cent). Women hold 12 per cent of Management Board positions (2016 pro forma: 14 per cent), 36 per cent of Tier 2 management positions (2016 pro forma: 36 per cent) and 45 per cent of Tier 3 management positions (2016 pro forma: 46 per cent). Women hold 15 per cent of Supervisory Board positions (2016 pro forma: 9 per cent). These figures include RBI AG and 14 network banks in CEE as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing GmbH, Valida Vorsorge Management, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. The pro forma amounts contain the figures for the companies listed in the sentence prior.

The Management Board is aware of the need to continue to pursue the existing initiatives as well as to maintain its openness to new measures in order to further increase the percentage of women in highly qualified positions. To achieve this end, it encourages women to take advantage of these opportunities and to actively participate in further development.

Transparency

The internet, particularly the company website, plays an important role for RBI with regard to open communication with shareholders, their representatives, customers, analysts, employees, and the interested public. Therefore, the website offers regularly updated information and services, including the following: annual and interim reports, company presentations, telephone conference webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, financial calendar with advance notice of important dates, information on securities transactions of the Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI AG's Articles of Association, the Corporate Governance Report, analysts' recommendations, as well as an ordering service for written information and registration for the automatic delivery of investor relations news by e-mail.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest. Members of the Management Board must therefore disclose to the Supervisory Board any significant personal interests in transactions involving the company and Group companies, as well as any other conflicts of interest. They must also inform the other members of the Management Board. Members of the Management Board who occupy management positions within other companies must ensure a fair balance between the interests of the companies in question.

Members of the Supervisory Board must immediately report any potential conflicts of interest to the Chairman of the Supervisory Board, who is supported by Compliance when carrying out his evaluation. In the event that the Chairman himself should encounter a conflict of interest, he must report this immediately to the Deputy Chairman. Company agreements with members of the Supervisory Board that require members to perform a service for the company or for a subsidiary outside of their duty on the Supervisory Board (§ 189a 7 of the UGB) in exchange for not-insignificant compensation require the approval of the Supervisory Board. This also applies to agreements with companies in which a member of the Supervisory Board has a significant financial interest. Furthermore, related party transactions as defined by § 28 of the BWG require the approval of the Supervisory Board.

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the Austrian Corporate Governance Code. The policy also gives due consideration to the EBA's guidelines on internal governance and the Basel Committee on Banking Supervision's corporate governance principles for banks.

Independent consolidated non-financial report (§ 267a of the UGB) as well as disclosure for the parent company according to § 243b of the UGB

The company will prepare an independent consolidated non-financial report according to § 267a of the UGB for the 2017 financial year for RBI, which will also contain the disclosure for the parent company according to § 243b of the UGB. The report is reviewed by the Supervisory Board according to § 96 (1) of the AktG. The Management Board appointed KPMG Austria GmbH to review the consolidated non-financial report. The Supervisory Board will report on the results of the review at the Annual General Meeting.

Accounting and audit of financial statements

RBI's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) as applied in the EU. They also comply with the regulations of the BWG in conjunction with the UGB to the extent that these are applicable to the consolidated financial statements. The consolidated annual financial statements are published within the first four months of the financial year following the reporting period. Interim reports are published no later than two months after the end of the respective reporting period pursuant to IFRS.

The Annual General Meeting on 16 June 2016 selected KPMG as external Group auditor and bank auditor for the 2017 financial year. KPMG has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.



Johann Strobl

The Management Board



Martin Grill



Andreas Gschwenter



Peter Lennkh



Hannes Mösenbacher



General Conditions of Contract for the Public Accounting Professions (AAB 2011)

Laid down by the Working Group for Fees and Conditions of Contract of the Chamber of Public Accountants and Tax Advisors, recommended for use by the Board of the Chamber of Public Accountants and Tax Advisors in its decision of March 8, 2000, and revised by the Working Group for Fees and Conditions of Contract on May 23, 2002, on October 21, 2004, on December 18, 2006, on August 31, 2007, on February 26, 2008, on June 30, 2009, on March 22, 2010, as well as on February 21, 2011

Preamble and General Points

(1) The General Conditions of Contract for the professions in the field of public accounting are divided into four sections: Section I deals with contracts for services, excluding contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions; Section II deals with contracts for rendering services in the field of bookkeeping, payroll accounting and administration and assessment of taxes and contributions; Section III covers contracts not regarded as contracts for the rendering of services, while Section IV is devoted to consumer business covered by the Austrian Consumer Act.

(2) In the event that individual provisions of these General Conditions of Contract are void, this shall not affect the validity of the remaining provisions. The invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

(3) The person entitled to exercise profession in the field of public accounting shall be obliged to render the services negotiated in accordance with the principles of due professional care and conduct. He/she shall have the right to engage suitable staff for the execution of the contract. This shall apply to all sections of The General Conditions of Contract.

(4) Finally, foreign law shall only be taken into account by the person entitled to exercise the profession, if this has been explicitly agreed upon in writing. This shall apply to all sections of the General Conditions of Contract.

(5) The work prepared in the offices of the person entitled to exercise the profession may, at the discretion of the person entitled to exercise the profession, be carried out with or without using electronic data processing. In case electronic data processing is used, the client – not the person entitled to exercise the profession – is obliged to effect the registrations or notifications required under the relevant provisions of the Data Protection Act.

(6) The client undertakes not to employ staff of the person entitled to exercise the profession during and within one year after termination of the contractual relationship, either in his/her company or in an associated company, failing which he/she shall be obliged to pay the person entitled to exercise the profession the amount of the annual salary of the employee taken over.

SECTION I

1. Scope

(1) The General Conditions of Contract in Section I shall apply to contracts concerning (statutory and voluntary) audits with or without auditor's certificate, expert opinions, court expert opinions, preparation of annual financial statements and other financial statements, tax consultancy and other services to be rendered within the framework of a contract for the rendering of services, excluding bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

(2) The General Conditions of Contract shall apply, if their use has been explicitly or tacitly agreed upon. Furthermore, in the absence of another agreement, they shall be used for reference to facilitate interpretation.

(3) Point 8 shall also apply to third parties whose services, in certain cases, may be enlisted by the contractor for the execution of the contract.

2. Scope and Execution of Contract

(1) Reference shall be made to Items 3 and 4 of the Preamble.

(2) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the person entitled to exercise the profession shall not be obliged to inform the client of changes or of the consequences thereof. This shall also apply to the completed parts of a contract.

(3) An application submitted by the person entitled to exercise the profession to an authority (e.g. tax office, social security institution) by electronic means, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to submit such an application.

3. Client's Obligation to Provide Information and Submit Complete Set of Documents

(1) The client shall make sure that all documents required for the execution of the contract be placed in good time and without special request at the disposal of the person entitled to exercise the profession and that he/she be informed of all events and circumstances which may be of significance for the execution of the contract. This shall also apply to documents, events and circumstances which become known only after the person entitled to exercise the profession has commenced his/her work.

(2) The client shall confirm in writing that all documents submitted, all information provided and explanations given in the context of audits, expert opinions and expert services are complete. This statement may be made on the forms specifically designed for this purpose.

(3) If the client fails to disclose considerable risks in connection with the preparation of annual financial statements and other statements, the contractor shall not be obliged to render any compensation in this respect.

4. Maintenance of Independence

(1) The client shall be obliged to take all measures to make sure that the independence of the employees of the person entitled to exercise the profession be maintained and shall refrain from jeopardizing their independence in any way. In particular, this shall apply to offers of employment and to offers to accept contracts on their own account.

(2) The client consents that their personal details, meaning their name and the type and scope of the services, including the performance period, agreed between the professional practitioner and the client (both audit and non-audit services), shall be handled within the information network (network), to which the professional practitioner belongs, and for this purpose transferred to the other members of the information network (network) including abroad (a list of all recipients of communications shall be sent to the client at their request by the commissioned professional practitioner) for the purpose of examination of the existence of grounds of bias or grounds for exclusion within the meaning of Sections 271 et seq. of the Company Code (UGB). For this purpose the client expressly releases the professional practitioner in accordance with the Data Protection Act and in accordance with Section 91 Subsection 4 Clause 2 of the Auditing, Tax Advising and Related Professions Act (WTBG) from their obligation to maintain secrecy. Moreover, the client acknowledges in this regard that in states which are not EU members a lower level of data protection than in the EU may prevail. The client can revoke this consent at any time in writing to the professional practitioner.

5. Reporting Requirements

- (1) In the absence of an agreement to the contrary, a written report shall be drawn up in the case of audits and expert opinions.
- (2) All information and opinions of the person entitled to exercise the profession and his employees shall only be binding provided they are set down or confirmed in writing. Written opinions shall only be those on which there is a company signature. Written opinions shall in no circumstances be information sent electronically, specifically not via e-mail.
- (3) Transmission errors cannot be excluded when information and data is transmitted electronically. The person entitled to exercise the profession and his employees shall not be liable for losses which arise as a result of electronic transmission. Electronic transmission shall be exclusively at the client's risk. The client is aware that confidentiality is not guaranteed when the Internet is used. Furthermore, amendments or supplements to documents transmitted shall only be permissible subject to explicit approval.
- (4) Receipt and forwarding of information to the person entitled to exercise the profession and his employees are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other electronic means of communication. As a result, instructions and important information shall only be deemed to have been received by the person entitled to exercise the profession provided they are also received in writing, unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not as such constitute explicit confirmations of receipt. This shall apply in particular to the transmission of decisions and other information relating to deadlines. As a result, critical and important notifications must be sent to the person entitled to exercise the profession by post or courier. Delivery of documents to employees outside the firm's offices shall not count as delivery.
- (5) The client agrees to being sent recurrent general tax law and general commercial law information by the person entitled to exercise the profession via electronic means. This shall not apply to unsolicited information in accordance with § 107 of the Austrian Telecommunications Act (TKG).

6. Protection of Intellectual Property of the Person Entitled to Exercise the Profession

- (1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the person entitled to exercise the profession, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 Para. 3 Austrian Income Tax Act 1988). Furthermore, professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession may be passed on to a third party for use only with the written consent of the person entitled to exercise the profession.
- (2) The use of professional statements passed on by the client orally or in writing made by the person entitled to exercise the profession for promotional purposes shall not be permitted; a violation of this provision shall give the person entitled to exercise the profession the right to terminate without notice to the client all contracts not yet executed.
- (3) The person entitled to exercise the profession shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the person entitled to exercise the profession.

7. Correction of Errors

- (1) The person entitled to exercise the profession shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement passed on by the client orally or in writing which subsequently come to light and shall be obliged to inform the client thereof without delay. He/she shall also have the right to inform a third party acquainted with the original statement of the change.
- (2) The client has the right to have all errors corrected free of charge, if the contractor can be held responsible for them; this right will expire six months after completion of the services rendered by the person entitled to exercise the profession and/or – in cases where a written statement has not been delivered – six months after the person entitled to exercise the profession has completed the work that gives cause to complaint.
- (3) If the contractor fails to correct errors which have come to light, the client shall have the right to demand a reduction in price. The extent to which additional claims for damages can be asserted is stipulated under Point 8.

8. Liability

- (1) The person entitled to exercise the profession shall only be liable for violating intentionally or by gross negligence the contractual duties and obligations entered into.
- (2) In cases of gross negligence, the maximum liability for damages due from the appointed person entitled to exercise the profession is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 of the Act on Professions in the Field of Public Accounting (WTBG) in the currently valid version.
- (3) Any action for damages may only be brought within six months after those entitled to assert a claim have gained knowledge of the damage, but not later than three years after the occurrence of the (primary) loss following the incident upon which the claim is based, unless other statutory limitation periods are laid down in other legal provisions.
- (4) Should Section 275 of the Austrian Business Enterprise Code (Commercial Code, UGB) be mandatorily applicable, the liability provisions pursuant to Section 275 shall apply where these represent mandatory law, even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place, irrespective of whether other participants have acted with intent.
- (5) In cases where a formal audit certificate is issued, the applicable limitation period shall commence at the latest at the time of issue of said audit certificate.
- (6) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, and the client is informed thereof, any warranty claims and claims for damages which arise against the third party according to law and in accordance with the conditions of the third party, shall be deemed as having been passed on to the client. The person entitled to exercise the profession shall only be liable for fault in choosing the third party.
- (7) The person entitled to exercise the profession shall not be liable to a third party, if his/her professional statements are passed on by the client orally or in writing without the approval or knowledge of the person entitled to exercise the profession.
- (8) The above provisions shall apply not only vis-à-vis the client but also vis-à-vis third parties, if the person entitled to exercise the profession, in exceptional cases, should be liable for his/her work. In any case, a third party cannot raise any claims that go beyond any claim raised by the client. The maximum sum of liability shall be valid only once for all parties injured, including the compensation claims of the client, even if several persons (the client and a third party or several third parties) have been wronged; the claims of the aggrieved parties shall be satisfied in the order in which the claims have been raised.

9. Secrecy, Data Protection

- (1) According to Section 91 WTBG the person entitled to exercise the profession shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his work for the client, unless the client releases him/her from this duty or he/she is bound by law to deliver a statement.
- (2) The person entitled to exercise the profession shall be permitted to hand on reports, expert opinions and other written statements pertaining to the results of his/her services to third parties only with the permission of the client, unless he/she is required to do so by law.
- (3) The person entitled to exercise the profession is authorized to process personal data entrusted to him/her within the framework of the purpose of the contract or to have them processed by a third party according to Point 8 Item 5. The person entitled to exercise the profession shall guarantee that according to Section 15 of the Data Protection Act secrecy be maintained. According to Section 11 of the Data Protection Act the material made available to the person entitled to exercise the profession (data carrier, data, control numbers, analyses and programs) as well as all results obtained as a result of the work provided shall be returned to the client, unless the client has requested in writing that the material and/or results be transferred to a third party. The person entitled to exercise the profession shall be obliged to take measures to ensure that the client can meet his/her obligation to provide information according to Section 26 of the Data Protection Act. The client's instructions required for this purpose shall be given in writing to the person entitled to exercise the profession. Unless a fee has been negotiated for providing such information, the client shall be charged only the actual efforts undertaken. The client shall meet his/her obligation to provide information to those concerned and/or to register in the data processing register, unless the contrary has been explicitly agreed in writing.

10. Termination

- (1) Unless otherwise agreed in writing or stipulated by force of law, either contractual partner shall have the right to terminate the contract at any time with immediate effect. The fee shall be calculated according to Point 12.
- (2) However, a continuing agreement (even with a flat fee) – always to be presumed in case of doubt – may, without good reason (cf. Section 88 Item 4 WTBG), only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.
- (3) Except for cases listed in Item 5, in case of termination of a continuing agreement only those tasks shall be part of the list of jobs to be completed and finished that can be completed fully or to the largest part within the period of notice, with financial statements and annual income tax returns being deemed to be subject to successful completion within two months calculated from the balance sheet date. In this case the above-mentioned jobs actually have to be completed within a reasonable period of time, if all documents and records required are provided without delay and if no good reason within the meaning of Section 88 Paragraph 4 WTBG is cited.
- (4) In case of a termination according to Item 2 the client shall be informed in writing within one month which assignments at the time of termination are considered to be part of the work to be completed.
- (5) If the client is not informed within this period about the assignments still to be carried out, the continuing agreement shall be deemed terminated upon completion of the tasks under way at the date when the notice of termination is served.
- (6) Should it happen that in case of a continuing agreement as defined under Items 2 and 3 – for whatever reason – more than two similar jobs which are usually completed only once a year (e.g. financial statements or annual tax returns etc.) are to be completed, any such jobs exceeding this number shall be regarded as assignments to be completed only with the client's explicit consent. If applicable, the client shall be informed of this explicitly in the statement pursuant to Item 4.

11. Default in Acceptance and Failure to Cooperate on the part of the Client

If the client defaults on acceptance of the services rendered by the person entitled to exercise the profession or fails to carry out a task incumbent on him/her either according to Point 3 or imposed on him/her in another way, the person entitled to exercise the profession shall have the right to terminate the contract without prior notice. His/her fees shall be calculated according to Point 12. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the person entitled to exercise the profession for the extra time and labor hereby expended as well as for the damage caused, if the person entitled to exercise the profession does not invoke his/her right to terminate the contract.

12. Entitlement to Fee

- (1) If the contract fails to be executed (e.g. due to termination), the person entitled to exercise the profession shall be entitled to the negotiated fee, provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client (Section 1168 of the Civil Code (ABGB)); in this case the person entitled to exercise the profession need not deduct the amount he/she obtained or could have obtained through alternative use of his/her own professional services or those of his/her employees.
- (2) If the client fails to cooperate and the assignment cannot be carried out because of lack of cooperation, person entitled to exercise the profession shall also have the right to set a reasonable grace period on the understanding that, if this grace period expires without results, the contract shall be deemed cancelled and the consequences indicated in Item 1) shall apply.
- (3) If the person entitled to exercise the profession terminates the contract without good reason and at an inopportune moment, he/she shall compensate the client for the damage caused according to Point 8.
- (4) If the client – having been made aware of the legal situation – agrees that the person entitled to exercise the profession duly completes the task, the work shall be completed accordingly.

13. Fee

- (1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be

credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved.

- (2) Proper understanding between the person entitled to exercise the profession and their principals is most effectively achieved by clearly expressed remuneration agreements.
- (3) The smallest service unit which may be charged is a quarter of an hour.
- (4) Travel time to the extent required is also charged in most cases.
- (5) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the person entitled to exercise the profession in his/her own office may also be charged as a special item
- (6) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or special requirements of the principal, additional negotiations for the agreement of a more suitable remuneration are usual. This also usually applies where inadequate fixed sum remunerations are concerned.
- (7) Persons entitled to exercise the profession also include charges for supplementary costs and value-added (turnover) tax in addition to the above.
- (8) Supplementary costs also include documented or flatrate cash expenses, travelling expenses (first class for train journeys, sleeping car (wagon lits) if necessary, dietary requirements, mileage allowance, photocopy costs and similar supplementary costs.
- (9) Should particular third party liabilities be involved, the necessary insurance premiums also count as supplementary costs.

(10) Personnel and material expenses for the preparation of reports, expertises and similar documents are also viewed as supplementary costs.

(11) For the execution of a commission wherein mutual conclusion involves several persons entitled to exercise the profession, each of the latter will charge his/her own remuneration.

(12) Remunerations and advance payments required are due immediately after receipt of their written claim should no other agreements exist. Where payments of remuneration are made later than 14 days after the due date, default interest may be charged. Where mutual business transactions are concerned, a default interest rate of 8% above the base rate is agreed upon (Cf. Section 352 of the Austrian Business Enterprise Code (Commercial Code, UGB)).

(13) Time limitation is in accordance with Section 1486 of the Austrian Civil Code (ABGB), starting at the time of conclusion of the service involved or a later rendering of accounts after an appropriate time-limit.

(14) An objection may be raised in writing against bills presented by the appointed trustee up to 4 weeks after the date of presentation. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(15) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

14. Other Provisions

(1) In addition to the reasonable rate or fee charged, the person entitled to exercise the profession shall have the right to claim reimbursement of expenses. He/she can ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. In this context reference shall be made to the legal right of retention (Section 471 of the Civil Code (ABGB), Section 369 of the Austrian Business Enterprise Code (Commercial Code, UGB)). If the right of retention is wrongfully exercised, the person entitled to exercise the profession shall be liable only in case of gross negligence up to the outstanding amount of his/her fee. As regards standing orders, the provision of further services may be denied until payment of previous services has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(2) After all the data to be archived, which has been prepared by the public accountant and tax advisor, has been delivered to the client or to the succeeding public accountant and tax advisor, the person entitled to exercise the profession shall be entitled to delete the data in question.

(3) With the exception of obvious essential errors, a complaint concerning the work of the person entitled to exercise the profession shall not justify the retention of remuneration owed in accordance with Item 1.

(4) Offsetting the remuneration claims made by the person entitled to exercise the profession in accordance with Item 1 shall only be permitted, if the demands are uncontested and legally valid.

(5) At the request and expense of the client, the person entitled to exercise the profession shall hand over all documents received from the client within the scope of his/her activities. However, this shall not apply to correspondence between the person entitled to exercise the profession and his/her client, to original documents in his/her possession or to documents which have to be kept in accordance with the directive on money laundering. The person entitled to exercise the profession may make or retain copies or duplicates of the documents to be returned to the client. The client shall be obliged to bear these expenses in so far as these copies or duplicates may be required as a proof of the orderly execution of all professional duties by the person entitled to exercise the profession.

(6) In the event of termination of the contract, the contractor shall be entitled to charge an appropriate fee for further queries after termination of the contract and for granting access to the relevant information about the audited company.

(7) The client shall fetch the documents handed over to the person entitled to exercise the profession within three months after the work has been completed. If the client fails to do so, the person entitled to exercise the profession shall have the right to return them to the client at the cost of the client or to charge safe custody charges, if the person entitled to exercise the profession can prove that he/she has asked the client twice to pick up the documents handed over.

(8) The person entitled to exercise the profession shall have the right to compensation of any fees that are due by use of any available deposited funds, clearing balances, trust funds or other liquid resources at his/her disposal even if these funds are explicitly intended for safe keeping, if the client had to reckon with a counterclaim of the person entitled to exercise the profession.

(9) To safeguard an existing or future fee payable, the person entitled to exercise the profession shall have the right to transfer a balance held by the client with the tax office or another balance held by the client in connection with charges and contributions, to a trust account. In this case the client shall be informed about the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability by execution has been declared.

15. Applicable Law, Place of Performance, Jurisdiction

(1) The contract, its execution and the claims resulting from it shall be exclusively governed by Austrian law.

(2) The place of performance shall be the place of business of the person entitled to exercise the profession.

(3) In case of disputes, the court of the place of performance shall be the competent court.

16. Supplementary Provisions for Audits

(1) For statutory audits of financial statements which are carried out in order to issue a formal audit certificate (e.g. Section 268 and the following sections of the Company Code), the purpose of the contract, unless otherwise agreed to in writing, shall not be to investigate whether regulations concerning tax laws or specific regulations, e.g. price fixing, restriction of competition and foreign exchange regulations have been adhered to. Neither shall the purpose of the statutory audit of financial statements be to investigate whether the business is run in an economical, efficient and expedient manner. Within the framework of a statutory audit of a financial statement there shall be no obligation to detect the falsification of accounts or other irregularities.

(2) When a qualified or unqualified audit certificate is issued within the scope of a statutory audit of the annual financial statement, the audit certificate issued shall be appropriate for the respective type of business organization.

(3) If financial statements are published together with the audit certificate, they shall only be published in the form confirmed or explicitly permitted by the auditor.

(4) If the auditor revokes his/her audit certificate, the further use thereof shall no longer be permitted. If the financial statements have been published with the audit certificate, the revocation thereof shall also be published.

(5) For other statutory and voluntary audits of financial statements as well as for other audits, the above principles shall apply accordingly.

17. Supplementary Provisions concerning the Preparation of Annual Financial Statements and Other Financial Statements, Consultation and Other Services to be Provided within the Framework of a Contract for the Rendering of Services

(1) The person entitled to exercise the profession, when performing the aforementioned activities, shall be justified in accepting information provided by the client, in particular figures, as correct. However, he/she is obliged to inform the client of any errors identified by him/her. The client shall present the person entitled to exercise the profession with all important documents required for keeping deadlines, in particular tax assessment notices, in good time so as to ensure that the person entitled to exercise the profession has a reasonable amount of time, but not less than one week, to process the information.

(2) In the absence of written agreements to the contrary, consultation shall consist of the following activities:

- a) preparing annual tax returns for income tax and corporate tax as well as value-added tax (VAT) on the basis of the financial statements and other documents and papers required for taxation purposes and to be submitted by the client or prepared by the contractor.
- b) examining the tax assessment notices for the tax returns mentioned under a).
- c) negotiating with the fiscal authorities in connection with the tax returns and notices mentioned under a) and b).
- d) participating in external tax audits and assessing the results of external tax audits with regard to the taxes mentioned under a).
- e) participating in appeal procedures with regard to the taxes mentioned under a). If the person entitled to exercise the profession receives a flat fee for regular tax consultation, in the absence of written agreements to the contrary, the activities mentioned under d) and e) shall be invoiced separately.

(3) Particular matters pertaining to income tax, corporate tax and ratable value tax return as well as all matters relating to value-added tax, withholding tax on salaries and wages and other taxes and duties shall only be prepared on the basis of a specific contract. This shall also apply to

- a) processing non-recurring matters pertaining to tax, e.g. inheritance tax, capital transfer tax, land transfer tax,
- b) the defense and consultation in penal procedures relating to the taxes mentioned,
- c) providing consultation and expert opinions in matters pertaining to the foundation, restructuring, merger, capital increase and decrease, and reorganization of a company, entry and retirement of a shareholder or partner, sale of a business, winding up, management consultancy and other activities according to Sections 3 to 5 of the Act on Professions in the Field of Public Accounting (WTBG).
- d) the preparation of applications to the Register of Companies in connection with annual financial statements, including the keeping of records required.

(4) Provided the preparation of the annual value added tax return is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant value added tax concessions have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(5) The aforementioned paragraphs shall not apply to services requiring particular expertise provided by an expert.

SECTION II 18. Scope

The General Conditions of Contract in Section II shall apply to contracts for the rendering of services in the field of bookkeeping, payroll accounting and the administration and assessment of payroll-related taxes and contributions.

19. Scope and Execution of Contract

- (1) Reference shall be made to Items 3 and 4 of the Preamble.
- (2) The person entitled to exercise the profession shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and in using them as a basis for accounting. The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if errors are identified, he/she shall inform the client thereof.
- (3) If a flat fee has been negotiated for the activities mentioned in Point 18, in the absence of written agreements to the contrary, representation in matters concerning all types of tax audits and audits of payroll-related taxes and social security contributions including settlements concerning tax assessments and the basis for contributions, preparation of reports, appeals and the like shall be invoiced separately.
- (4) Particular individual services in connection with the services mentioned in Point 18, in particular ascertaining whether the requirements for statutory social security contributions are met, shall be dealt with only on the basis of a specific contract and shall be treated according to Section I or Section III of the General Conditions of Contract.
- (5) Any application submitted to authorities (e.g. tax office, social insurance institution) electronically, shall be regarded as neither signed by the person entitled to exercise the profession nor by the person authorized to transmit the application.

20. Client's Duty to Cooperate

The client shall make sure that all information and documents required for bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions be placed at the disposal of the person entitled to exercise the profession on an agreed date without his/her specific request.

21. Termination

- (1) Unless otherwise agreed to in writing, either contractual partner may terminate the contract at the end of each month with three months' notice without giving a particular reason.
- (2) If the client repeatedly fails to fulfill his/her duties according to Point 20, the person entitled to exercise the profession shall have the right to terminate the contract immediately without prior notice.
- (3) If the person entitled to exercise the profession delays in rendering services due to reasons for which he/she is solely responsible, the client shall have the right to terminate the contract immediately without prior notice.
- (4) In case of a termination of the contractual relationship only those assignments shall be considered part of the contract which the contractor is already working on or major parts of which can be completed within the period of notice and which are notified to the client within one month.

22. Fee and Entitlement to Fee

- (1) Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.
- (2) If the contract is terminated pursuant to Point 21 Item 2 the person entitled to exercise the profession shall have the right to the full fee negotiated for three months. This shall also apply if the client fails to observe the period of notice.
- (3) If the contract is terminated pursuant to Point 21 Item 3, the person entitled to exercise the profession shall only have the right to the fee corresponding to the services rendered up to this point, provided they are of value to the client.
- (4) If a flat fee has not been negotiated, the fee shall be calculated pursuant to Item 2 according to the monthly average of the current year of contract until termination.
- (5) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.

- (6) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

23. Other Provisions

In all other cases, the provisions of Section I of the General Conditions of Contract shall apply accordingly.

SECTION III

24. Scope

- (1) The General Conditions of Contract in Section III shall apply to all contracts not mentioned in the previous sections, which are not to be regarded as contracts for rendering services and are not related to the contracts mentioned in the previous sections.
- (2) In particular, Section III of the General Conditions of Contract shall apply to contracts concerning the non-recurring participation in negotiations, to services as an agent in matters pertaining to insolvency, to contracts concerning non-recurring interventions and the handling of the individual matters mentioned in Point 17 Item 3 in the absence of a continuing agreement.

25. Scope and Execution of Contract

- (1) Reference shall be made to Items 3 and 4 of the Preamble.
- (2) The person entitled to exercise the profession shall be justified in regarding and obliged to regard information and documents presented to him/her by the client, in particular figures, as correct and complete. In case of penal procedures he/she shall protect the rights of the client.
- (3) The person entitled to exercise the profession shall not be obliged to identify errors, unless he/she has been specifically instructed to do so in writing. However, if he/she identifies errors, the client shall be informed accordingly.

26. Client's Duty to Cooperate

The client shall make sure that all the necessary information and documents be placed at the disposal of the person entitled to exercise the profession in good time and without his/her special request.

27. Termination

Unless otherwise agreed to in writing or stipulated by force of law, either contractual party shall have the right to terminate the contract at any time with immediate effect (Section 1020 of the Civil Code (ABGB)).

28. Fee and Entitlement to Fee

- (1) Unless the parties agreed that the services would be rendered free of charge or unless explicitly stipulated otherwise, an appropriate remuneration in accordance with Sections 1004 and 1152 of the Austrian Civil Code (ABGB) is due. Unless a different agreement has demonstrably been reached, payments by the client shall in all cases be credited against the oldest debt. The claim for remuneration by the person entitled to exercise the profession is based upon an agreement concluded between him/her and the principal involved. Furthermore, the basics standardized under section 13 apply.
- (2) In the event of termination the fee shall be calculated according to the services rendered up to this point, provided they are of value to the client.
- (3) Application of § 934 ABGB (Austrian Civil Code) within the meaning of § 351 Austrian Business Enterprise Code (Commercial Code, UGB), i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

29. Other Provisions

The reference in Point 23 to provisions in Section I shall apply accordingly.

SECTION IV

30. Scope

The Conditions of Contract of Section IV shall only apply to consumer business in accordance with the Consumer Act (Federal Law of March 8, 1979/Federal Law Gazette No. 140 as amended).

31. Supplementary Provisions for Consumer Transactions

- (1) Contracts between persons entitled to exercise the profession and consumers shall fall under the obligatory provisions of the Consumer Act.
- (2) The person entitled to exercise the profession shall only be liable for the deliberate and gross negligent violation of the obligations assumed.
- (3) Contrary to the limitation laid down in Point 8 Item 2 of the General Conditions of Contract, the duty to compensate on the part of the person entitled to exercise the profession shall not be limited in case of gross negligence.
- (4) Point 8 Item 3 of the General Conditions of Contract (asserting claims for damages within a certain period) shall not apply.
- (5) Right of Withdrawal according to Section 3 of the Consumer Protection Act

If the consumer has not made his/her contract statement in the office usually used by the person entitled to exercise his/her profession, he/she may withdraw from the contract application or the contract proper. This withdrawal may be declared until the contract has been concluded or within one week after its conclusion; the period commences as soon as a document has been handed over to the consumer which contains at least the name and the address of the person entitled to exercise the profession as well as instructions on the right to revoke the contract, but no earlier than the conclusion of the contract.

The consumer shall not have the right to withdraw from the contract,

1. if the consumer himself/herself established the business relationship concerning the conclusion of this contract with the person entitled to exercise the profession or his/her agent,
2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their agents or
3. in case of contracts where the mutual services have to be provided immediately, if the contracts are usually concluded outside the offices of the persons entitled to exercise the profession, and the fee agreed upon does not exceed €15.

In order to become legally effective, the revocation shall be declared in writing. It is sufficient if the consumer returns a document that contains his/her contract declaration or that of the person entitled to exercise the profession to the person entitled to exercise the profession with a note which reveals that the consumer rejects the conclusion or the maintenance of the contract. It is sufficient if this declaration is dispatched within a week.

If the consumer withdraws from the contract according to Section 3 of the Consumer Act,

1. the person entitled to exercise the profession shall return all benefits received, including all statutory interest, calculated from the day of receipt, and to compensate the consumer for all necessary and useful expenses incurred in this matter,
2. the consumer shall pay for the value of the services rendered by the person entitled to exercise the profession as far as they are of a clear and predominant benefit to him/her.

According to Section 4 Paragraph 3 of the Consumer Act claims for damages shall remain unaffected.

- (6) Cost Estimates according to Section 5 of the Consumer Act

The consumer shall pay for the preparation of a cost estimate in accordance with Section 1170a of the Austrian Civil Code by the person entitled to exercise the profession only, if this payment obligation has been notified to the consumer beforehand.

If the contract is based on a cost estimate prepared by the person entitled to exercise the profession, its correctness shall be deemed warranted as long as the opposite has not been explicitly declared.

- (7) Correction of Errors: Supplement to Point 7

If the person entitled to exercise the profession is obliged according to Section 932 of the Austrian Civil Code to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred to him/her. If it is in the interest of the consumer to have the work and the documents returned by the person entitled to exercise the profession, the consumer may carry out this transfer at his/her own risk and expense.

- (8) Jurisdiction: Instead of Point 15 Item 3:

If the domicile or the usual residence of the consumer is within the country or if he/she is employed within the country, in case of an action against him/her according to Sections 88, 89, 93 Paragraph 2 and 104 Paragraph 1 JN the jurisdiction of a court shall depend on the district where the consumer has his domicile, usual residence or place of employment.

- (9) Contracts on Recurring Services

(a) Contracts which oblige the person entitled to exercise the profession to render services and the consumer to effect repeated payments and which have been concluded for an indefinite period or a period exceeding one year, may be terminated by the consumer at the end of the first year, and after the first year at the end of every six months, by adhering to a two-month period of notice.

(b) If the total work is regarded as a service that cannot be divided on account of its character, the extent and price of which is determined already at the conclusion of the contract, the first date of termination may be postponed until the second year has expired. In case of such contracts the period of notice may be extended to a maximum of six months.

(c) If the execution of a certain contract indicated in lit.a) 1 requires considerable expenses on the part of the person entitled to exercise the profession and if he/she informed the consumer about this not later than when the contract was concluded, reasonable dates of termination and periods of notice which deviate from lit.a) and b) and which fit the respective circumstances may be agreed.

(d) If the consumer terminates the contract without complying with the period of notice, the termination shall become effective at the next termination date which follows the expiry of the period of notice.