



**Raiffeisen Centrobank AG,
Vienna, Austria**

Translation of the
Report on the Audit of the closing
balance sheet according to
Section 2 para 2 of the Austrian
Demerger Act (Spaltungsgesetz) as
of 30 June 2020

27 August 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
10184002

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To the Members of the Board of Directors and Supervisory Board of
Raiffeisen Centrobank AG,
Vienna, Austria

We have audited the closing balance sheet for the year ended 30 June 2020 of

Raiffeisen Centrobank AG,
Vienna, Austria
(referred to as "RCB" oder "Company"),

and **report** on the result of our audit as follows:

1. Audit Contract and Scope of the Engagement

The Company, represented by the supervisory board, concluded an **audit contract** with us to audit the closing balance sheet according to Section 2 para 2 of the demerger act (referred to as "closing balance sheet") of the Company as at 30 June 2020 and the notes to the closing balance sheet. Our audit also comprised the accounting system in accordance with Section 269 et seq UGB (Austrian Commercial Code) and other legal requirements.

The **audit includes** assessing whether the statutory requirements, concerning the preparation of the closing balance sheet including the notes to the closing balance sheet and the accounting system were adhered to.

Our audit was performed in accordance with the **legal requirements and Austrian Standards on Auditing**. These standards require that we comply with *International Standards on Auditing (ISAs)*. We would like to emphasize that the goal of the audit is to obtain reasonable assurance about whether the closing balance sheet and the notes to the closing balance sheet as a whole are free from material misstatement. Absolute assurance is not attainable due to the test nature and other inherent limitations of an audit, together with the inherent limitations of any accounting and internal control system. There is an unavoidable risk that even material misstatements may remain undetected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit at the Company's premises in Vienna between July and August 2020. The audit was substantially completed at the date of this report.

Engagement partner of the engagement is Mr Bernhard Mechtler, Wirtschaftsprüfer (Austrian Chartered Accountant). Mr Wolfgang Höller is the responsible manager on the engagement.

The books, reports and other records of the company were the **base** for our audit. The board of directors and the assigned persons in charge provided additional information necessary.

Our audit is based on the audit contract concluded with the Company. The "General **Conditions of Contract**", issued by the Chamber of Tax Advisers and Auditors (see Annex II), form an integral part of the audit contract. The conditions of contract do not only apply to the Company and the auditor, but to third parties as well. Our liability as auditors is guided under Section 275 para 2 UGB.

2. Breakdown and Description of Significant Closing balance sheet Items

The breakdown and description of all significant closing balance sheet items are included in the notes to the closing balance sheet.

3. Summary of Audit Findings

3.1. Compliance with Statutory Requirements of the Accounting System and the Closing balance sheet including Notes

We obtain evidence that the **accounting system** is in compliance with statutory requirements.

In line with our risk and controls based audit approach and to the extent we considered necessary for the purpose of expressing an opinion, we considered internal controls related to sub processes of the financial reporting process as part of our audit.

With regard to the compliance of the **closing balance sheet** and the related explanations in the **notes**, with all applicable statutory requirements, we refer to the auditor's report.

3.2. Explanations and Evidence

Management has provided all evidence and explanations requested by us as well as their signed management representation letter.

3.3. Reporting per Section 273 para 2 UGB

During our audit we did not note any facts which indicate that there could be substantial doubt about the Company's ability to continue as a going concern, or which adversely affect its future development. Further, we did not note any facts which might indicate a material offence of the Company's legal representatives or its employees against the Company's Articles of Association or Austrian Law. We did not note any material weaknesses in the internal controls over the financial reporting process. We did not identify reasons to doubt the correctness of management's representation.

4. Auditor's Report

Report on the Closing balance sheet according to Section 2 para 2 of the Demerger Act

Audit Opinion

We have audited the closing balance sheet of

**Raiffeisen Centrobank AG,
Vienna, Austria,**

which comprise the closing balance sheet as at 30 June 2020 and the Notes.

In our opinion, the closing balance sheet presents fairly, in all material respects, the financial position of the Company as at 30 June 2020 in accordance with Austrian Generally Accepted Accounting Principles and other legal requirements.

Basis for Our Opinion

We conducted our audit in accordance with Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the Company, in accordance with Austrian company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Our liability, to the Company and any third party, is limited in accordance with statutory regulations towards liability; especially Section 275 UGB applies.

Responsibilities of Management and the Audit Committee for the Closing balance sheet

Management is responsible for the preparation and fair presentation of the closing balance sheet in accordance with Austrian Generally Accepted Accounting Principles and other legal requirements and for such internal controls as management determines are necessary to enable the preparation of the closing balance sheet that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities

Our objectives are to obtain reasonable assurance about whether the closing balance sheet as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this closing balance sheet.

As part of an audit in accordance with Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the closing balance sheet. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards.



Raiffeisen Centrobank AG, Vienna, Austria
Report on the Audit of the closing balance sheet according to Section 2 para 2
of the Austrian Demerger Act (Spaltungsgesetz) as of 30 June 2020

Engagement Partner

The engagement partner is Mr Bernhard Mechtler.

Vienna, 27 August 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Bernhard Mechtler
Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The closing balance sheet, together with our auditor's opinion, may only be published if the closing balance sheet and the notes are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

**Closing balance sheet according
to Section 2 para 2 of the Demerger Act
as of 30 June 2020**

Balance Sheet as at 30 June 2020

Assets	30/06/2020 in €	30/06/2020 in €	31/12/2019 in € thousand	31/12/2019 in € thousand
1. Deposits with central banks		440,436,034.89		51,093
2. Loans and advances to credit institutions				
a) repayable on demand	320,448,810.44		117,550	
b) other loans and advances	3,525,903,431.57	3,846,352,242.01	3,659,306	3,776,856
3. Loans and advances to customers		24,878,769.42		46,266
4. Bonds, notes and other fixed-interest securities				
a) issued by public bodies	2,977,442.80		3,120	
b) issued by other borrowers	15,185,695.85	18,163,138.65	15,210	18,330
5. Shares and other variable-yield securities		191,247,626.76		335,160
6. Equity participations		5,140,014.88		5,140
7. Shares in affiliated companies		1,100,000.00		1,100
8. Intangible fixed assets		190,522.03		137
9. Tangible fixed assets thereof land and buildings used by the credit institution for own purposes: € 8,899,339.91 previous year: € 9,025 thousand		10,587,165.47		11,008
10. Other assets		141,458,893.06		193,663
11. Prepayments and other deferrals		2,894,680.10		1,263
12. Deferred tax assets		235,923.45		219
Total assets		4,682,685,010.72		4,440,234
Off-balance sheet items				
1. Foreign assets		552,482,722.06		548,201

Equity and liabilities	30/06/2020 in €	30/06/2020 in €	31/12/2019 in € thousand	31/12/2019 in € thousand
1. Liabilities to credit institutions				
a) repayable on demand	246,428.47		45,977	
b) with agreed maturity dates or periods of notice	836,212,549.15	836,458,977.62	6,001	51,978
2. Liabilities to customers				
a) repayable on demand	619,282.89		210,861	
b) with agreed maturity dates or periods of notice	0.00	619,282.89	255,627	466,489
3. Securitised liabilities				
a) issued securitised liabilities	1,686,306,021.24		1,826,606	
b) other securitised liabilities	1,533,381,290.54	3,219,687,311.78	1,667,950	3,494,556
4. Other liabilities		489,901,246.15		287,755
5. Accruals and deferred items		253,138.90		226
6. Provisions				
a) for severance payments	4,233,537.00		4,763	
b) for taxes	112,923.33		118	
c) other provisions	7,128,778.90	11,475,239.23	6,302	11,183
7. Subscribed capital		47,598,850.00		47,599
8. Capital reserves				
a) committed	6,651,420.71		6,651	
b) uncommitted	14,000,000.00	20,651,420.71	14,000	20,651
9. Retained earnings				
a) legal reserve	1,030,936.83		1,031	
b) other reserves	33,653,910.14	34,684,846.97	33,654	34,685
10. Liability reserve pursuant to Section 57 para. 5 Austrian Banking Act		13,538,860.00		13,539
11. Net profit for the period		7,815,836.47		11,573
Total equity and liabilities		4,682,685,010.72		4,440,234
Off-balance sheet items				
1. Contingent liabilities		0.07		0
2. Commitments arising from fiduciary business transactions		7,091,121.47		7,091
3. Eligible own funds pursuant to Part 2 of Regulation (EU) No 575/2013		112,870,227.72		108,094
4. Capital requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (Total Risk-Weighted Assets)		509,451,193.21		520,337
hereof: capital requirements pursuant to Article 92 para. 1				
hereof: capital requirements pursuant to Article 92 para. 1 lit (a)		22.16%		20.77%
hereof: capital requirements pursuant to Article 92 para. 1 lit (b)		22.16%		20.77%
hereof: capital requirements pursuant to Article 92 para. 1 lit (c)		22.16%		20.77%
5. Foreign equity and liabilities		448,384,573.03		689,550

NOTES TO THE CLOSING BALANCE SHEET AS AT 30 JUNE 2020

A. ACCOUNTING POLICIES

General

Due to the planned demerger of the Equity Value Chain division, Raiffeisen Centrobank AG has to draw up a closing balance sheet in accordance with Section 2 para. 2 of the Austrian Demerger Act (Spaltungsgesetz). The closing balance according to Section 2 para. 2 of the Austrian Demerger Act comprises the balance sheet as at 30 June 2020 and the notes to the closing balance sheet.

The interim financial statements of Raiffeisen Centrobank AG as at 30 June 2020 have been prepared in accordance with the general accounting principles stipulated in the Austrian Commercial Code and the specific sectoral regulations as specified by the Austrian Banking Act. In accordance with the principles of proper accounting and taking into account standard practice as described in Section 222 para. 2 of the Austrian Commercial Code, the interim financial statements give a true and fair view of the company's net assets, financial position and earnings.

The valuation of assets and equity and liabilities is based on the principle of individual valuation assuming a going concern perspective. The principle of prudence is applied, taking account of the specific characteristics of the banking business.

Compared to the financial statements as at 31 December 2019, no changes have been made in the accounting policies. The financial statements have been prepared in compliance with the consistency principle.

The balance sheet and the income statement have been structured according to Appendix 2 of the forms contained in Section 43 Austrian Banking Act.

Since 26 April 2017, Raiffeisen Centrobank AG has been operating a branch office in Bratislava (Raiffeisen Centrobank AG Slovak Branch pobočka zahraničnej banky). The business volume as well as income and expenses attributable to the branch office have been included in the interim financial statements.

On 13 January 2020 a demerger and absorption agreement was concluded in which Raiffeisen Centrobank AG as assigning company transferred, in the form of a demerger by absorption, its Investment Services department to Kathrein Privatbank Aktiengesellschaft as acquiring company pursuant to Section 1 para. 2 no. 2 Austrian Demerger Act (Spaltungsgesetz) and Article VI Reorganization Tax Act (Umgründungssteuergesetz) by universal succession with the effective date as of 30 June 2019 (demerger date) and on the basis of the audited closing balance sheet of Raiffeisen Centrobank AG as at 30 June 2019. Kathrein Privatbank Aktiengesellschaft did not issue any new shares in the course of the demerger by absorption. In the Extraordinary General Assembly of Raiffeisen Centrobank AG held on 13 January 2020 the demerger by absorption was approved.

The European Central Bank (ECB) approved the demerger by absorption of the Investment Services department of Raiffeisen Centrobank AG to Kathrein Privatbank Aktiengesellschaft by decision dated 27 February 2020. Upon entry into the commercial register on 01 April 2020 the demerger by absorption became legally effective. This demerger partially affects the comparability of the previous year's period balance sheet and income statement. Where material amounts are reported the impact of the demerger has been considered.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are reported at the rates of exchanges fixed by the ECB. During the year, amounts denominated in currencies, for which the ECB published no rates, are converted at the middle rates of exchange published by Raiffeisen Bank International AG (RBI) on the balance sheet date. At year-end, foreign currency positions are converted at the rates published by the Vienna Stock Exchange on the last trading day. If no rate is available for a particular currency, rates published by the ECB, RBI or the respective market rates are used.

Forward foreign exchange contracts are capitalized at the forward exchange rates. Any differences in rates resulting from currency conversion are reported as profit or loss in the income statement.

Trading portfolio – valuation of securities, options and futures

In terms of securities held for trading purposes, the company's portfolio of shares in publicly listed companies as well as fixed-interest securities is reported at the share price prevailing at the balance sheet date. If no quotes or share prices are available, the value is determined by means of valuation models.

Bonds held by the company for trading purposes are valued at quotes provided by other credit institutions, brokers or at Reuters quotes, in case stock exchange quotes are not available or are not conclusive. If such quotes are not available, prices are calculated internally based on the net present value method. This method is based on an interest rate curve comprised of money market, futures and swap rates as well as spreads.

Certificates acquired based on an equity-based or index-based performance are valued with the share prices prevailing on the balance sheet date, and if no share prices are available, with the assistance of valuation models to illustrate stochastic development processes.

Derivatives are reported in the balance sheet at fair value, which equals the market price or a synthetic value. Adjustments in value are recognized through profit or loss in the income statement. The synthetic values are determined according to the Bank's own evaluation methods, which are examined and approved by risk management and which are based on recognized option-theoretical models.

Options on securities of publicly listed companies and options on security indices (i.e. purchased and sold calls and puts, primarily EUREX options) as well as futures held for trading purposes are valued according to the market prices prevailing on the balance sheet date. Value adjustments were made to take temporal differences into account.

OTC options are primarily valued at tradable prices quoted by the counterparty. Options for which no tradable prices are available are valued by adequate models. In principle, for each instrument a respective pricing model is available in the trading book. The model calculates the theoretical price if no market price is available as well as the sensitivities (e.g. delta factor) applied to determine the capital requirements pursuant to the CRR. For plain vanilla options (American and European style), the Black-Scholes model and the binomial pricing model according to Cox-Ross-Rubinstein are applied. The Curran approximation is applied to Asian options, whereas barrier options use the Heynen-Kat model. Additional pricing models are available if required. All pricing models used to calculate synthetic values have been approved by Risk Management. All pricing models have been approved by the Austrian Financial Market Supervision (FMA) and the OeNB/ECB, respectively.

Banking book — valuation of derivatives

The derivatives volume in the banking book relates exclusively to foreign exchange forward transactions to hedge foreign currency risks. They are valued at fair value relying on observable market parameters.

Loans and advances to credit institutions and customers

Loans and advances to credit institutions and customers are shown at their nominal value. Individual loan loss provisions are made in the case of an identifiable recognizable risk of default on the part of borrowers. In addition, general impairment allowances have been made from 2018 onwards for expected credit losses (ECL), whereby Raiffeisen Centrobank AG has taken the opportunity to apply the regulations of IFRS 9 to calculate general impairment allowances under company law.

The general impairment allowances pursuant to IFRS 9 have been implemented based on a two-stage procedure. If the credit default risk for current assets does not increase significantly since initial recognition, the impairment loss for each asset is measured at the present value of an expected twelve-month loss as at the reporting date (ECL Stage 1). In the case of assets whose credit risk does not increase significantly since initial recognition and which are not classified as transactions with a low credit risk at the reporting date, the expected credit loss is calculated over the asset's entire remaining term (ECL Stage 2). The expected losses for both stages are calculated on an individual transaction basis applying statistical risk parameters such as Probability of Default (PD), Exposure at Default (EAD) as well as Loss Given Default (LGD). The estimation of risk parameters includes not only historical default information but also the current economic environment (point-in-time orientation) and forward-looking information.

Equity participations and shares in affiliated companies

Equity participations and shares in affiliated companies are valued at cost unless permanent losses or decreased equity require a non-scheduled depreciation of the fair value (subjective or objectified company value). In case, reasons for impairment are no longer applicable, a write-up to the cost of acquisition is carried out.

Intangible and tangible fixed assets

The valuation of intangible and tangible fixed assets (i.e. land and buildings, office furniture and equipment as well as other tangible fixed assets) is carried out at the cost of acquisition less their scheduled, linear depreciation.

Depreciation rates applied are 33.3 per cent p.a. for intangible fixed assets, 2.5 per cent and 10.0 per cent p.a. for immovable fixed assets, and 10.0 per cent – 33.0 per cent for movable fixed assets. A full year's depreciation is taken in the case of additions made during the first half of the financial year, whereas half-year depreciation applies to additions in the second half of the financial year. Low value assets (cost of acquisition per item less than € 0.8 thousand) are fully depreciated in the year of acquisition.

Liabilities to credit institutions and customers

Liabilities to credit institutions and customers are reported at the amount of repayment, taking into consideration the principle of financial prudence.

Securitized liabilities

Securitized liabilities are measured at fair value which equals the present value method, or the common option value methods for the option component. Securitized liabilities include capital protected structured products, whose rate of interest depends on the equity price or equity index performance, reverse convertible bonds and certificates with option character (turbo, discount, bonus, factor, express and index/participation certificates) and warrants.

Provisions for severance payments

The provisions for severance payments are designed to fulfil legal demands, as well as those arising from individual or collective contractual agreements. Provisions are calculated in accordance with the guidelines specified by IAS 19, applying the Projected Unit Credit Method and assuming a calculatory interest rate of 1.25 per cent (31/12/2019: 0.9 per cent), as well as an unchanged annual salary increase amounting to 3.7 per cent (31/12/2019: 3.5 per cent). The AVÖ (Austrian actuaries' association) 2018-P-basis for calculating retirement pension insurances – Pagler & Pagler for salaried employees was taken as biometric basis for calculation.

The underlying presumption is a decreasing fluctuation rate in connection with the earliest possible retirement date, at the age of 60 for women and 65 for men, taking into account the changes to Austria's General Social Security Law in accordance to the Budgetary Amendment 2003. The premium reserve amounts to 87.4 per cent (31/12/2019: 89.9 per cent) of the statistical termination benefit obligations on the balance sheet date.

Other provisions

Other provisions have been made according to expected demands. They comprise identifiable risks and liabilities, the extent of which has not yet been determined. Long-term provisions are discounted. The interest rate amounts to 1.25 per cent (31/12/2019: 0.9 per cent).

B. NOTES TO BALANCE SHEET ITEMS

I. Deposits with central banks

The balance sheet item A 1, which encompasses deposits with the Austrian National Bank, amounted to € 440,436 thousand (31/12/2019: € 51,093 thousand). Prevailing regulations pertaining to liquidity and minimum reserves were observed.

II. Loans and advances

II.1. Classification of loans and advances and securities positions according to their remaining term

in € thousand	Repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
30/06/2020						
Loans and advances to credit institutions	320,331	406,244	269,414	1,985,539	864,825	3,846,352
Loans and advances to customers	24,372	507	0	0	0	24,879
Bonds, notes and other fixed-interest securities	0	0	10,489	7,674	0	18,163
Shares and other variable-yield securities	191,248	0	0	0	0	191,248
Other assets	56,977	4,543	6,435	58,778	14,726	141,459
	592,927	411,294	286,338	2,051,991	879,551	4,222,101

in € thousand	Repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	>5 years	Total
31/12/2019						
Loans and advances to credit institutions	117,550	347,883	406,571	2,215,654	689,199	3,776,856
Loans and advances to customers	3,680	35,506	0	6,991	90	46,266
Bonds, notes and other fixed-interest securities	0	0	7,518	10,811	0	18,330
Shares and other variable-yield securities	335,160	0	0	0	0	335,160
Other assets	30,234	2,573	5,194	119,927	35,734	193,663
	486,623	385,962	419,284	2,353,383	725,023	4,370,274

II.2. Loans and advances to affiliated companies and equity participations

in € thousand	Loans and advances to affiliated companies (direct/indirect >50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (<50%)
30/06/2020		
Loans and advances to credit institutions	3,372,895	0
Loans and advances to customers	0	507
Bonds, notes and other fixed-interest securities	7,511	0
Shares and other variable-yield securities	109	0
Other assets	110	8
	3,380,625	515

in € thousand	Loans and advances to affiliated companies (direct/indirect >50%)	Loans and advances to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (<50%)
31/12/2019		
Loans and advances to credit institutions	3,490,332	0
Loans and advances to customers	0	506
Bonds, notes and other fixed-interest securities	7,518	0
Shares and other variable-yield securities	110	0
Other assets	688	8
	3,498,649	514

“Loans and advances to credit institutions” included tradable money market deposits (solely RBI) in the amount of € 2,951,504 thousand (31/12/2019: € 2,933,576 thousand) serving as hedges for certificates issued by Raiffeisen Centrobank AG.

III. Securities

Figures supplied pursuant to Section 64 para. 1 no. 10 and no. 11 Austrian Banking Act

in € thousand 30/06/2020	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	2,527	18,161	18,163	18,163
Shares and other variable-yield securities, A 5	41,270	149,978	191,248	191,248
Equity participations, A 6	5,140	0	5,140	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

in € thousand 31/12/2019	Unlisted	Listed	Total	Valued at market price
Bonds, notes and other fixed-interest securities, A 4	0	18,330	18,330	18,330
Shares and other variable-yield securities, A 5	60,795	274,367	335,160	335,160
Equity participations, A 6	5,140	0	5,140	x
Shares in affiliated companies, A 7	1,100	0	1,100	x

As at 30/06/2020, balance sheet item A 4 included fixed-interest securities held for trading amounting to € 18,163 thousand (31/12/2019: € 18,330 thousand) of which € 10,489 thousand (31/12/2019: € 7,518 thousand) would fall due in the forthcoming year.

IV. Equity participations and shares in affiliated companies

Unchanged to the previous year's period, the Bank directly held a minimum of 20 per cent of the shares in the subsequent companies as at 30/06/2020:

in €thousand				
Name		Shareholding	Equity	Annual results
Domicile		in %	31/12/2019	2019
1	Centrotrade Holding GmbH, Vienna	100	1,131	(12)
2	Syrena Immobilien Holding AG, Spittal/Drau	21	27,320	(369)

Further to the sale of the commodity trading subsidiaries, Centrotrade Holding GmbH did not perform any operational activities.

V. Fixed assets

The composition and development of fixed assets is contained in the table outlining the development of fixed assets.

VI. Other assets

Balance sheet item A 10 "Other assets" totaling € 141,459 thousand (31/12/2019: € 193,663 thousand) referred primarily to purchase contracts from trading in derivative financial instruments reported at fair value as at 30/06/2020:

in € thousand	30/06/2020	31/12/2019
Positive fair values of derivative financial instruments		
from OTC options	84,363	162,650
from trading in EUREX options and futures	8,355	14,809
from trading in other options and futures	46,915	13,733
	139,632	191,192

In addition, loans and advances to foreign tax authorities in the amount of € 1,265 thousand (31/12/2019: € 1,040 thousand) were included. In the previous year, the item contained the settlement of Group charges (including capital yields tax charged to the Group) in the amount of € 556 thousand.

VII. Deferred tax assets

"Deferred tax assets" amounted to € 236 thousand (31/12/2019: € 219 thousand) as at 30/06/2020.

in € thousand 30/06/2020	Deferred tax assets	Deferred tax liabilities
Loans and advances to credit institutions	5	0
Loans and advances to customers	16	0
Shares and other variable-yield securities	0	(267)
Prepayments and other deferrals	14	0
Provisions for severance payments	1,819	0
Other provisions	301	0
Total	2,155	(267)
Balance	1,888	
Deferred tax assets as at 30/06/2020 (12.5%)	236	

in € thousand 31/12/2019	Deferred tax assets	Deferred tax liabilities
Loans and advances to credit institutions	8	0
Loans and advances to customers	25	0
Shares and other variable-yield securities	0	(267)
Prepayments and other deferrals	14	0
Provisions for severance payments	1,926	0
Other provisions	50	0
Total	2,023	(267)
Balance	1,756	0
Deferred tax assets as at 31/12/2019 (12.5%)	219	0

"Deferred tax assets" were recognized at a tax rate of 12.5 per cent as, based on the prevailing group assessment agreement, this percentage provides for tax relief in the future. Any tax relief beyond this rate cannot be assessed by the Group member as no influence can be exerted on the amount of the untaxable portion of the taxable profit on Group level.

VIII. Liabilities

VIII.1. Classification of liabilities according to their remaining term

in € thousand	Repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	> 5 years	Total
30/06/2020						
Liabilities to credit institutions	246	762,199	73,977	9	29	836,459
Liabilities to customers	619	0	0	0	0	619
Securitized liabilities	0	105,431	221,145	1,826,650	1,066,462	3,219,687
Other liabilities	126,050	23,344	35,738	271,893	32,876	489,901
	126,916	890,974	330,859	2,098,552	1,099,366	4,546,667

in € thousand	Repayable on demand/ without maturity	0-3 months	3-12 months	1-5 years	> 5 years	Total
31/12/2019						
Liabilities to credit institutions	45,978	5,370	0	0	630	51,978
Liabilities to customers	210,861	4,129	6,631	244,867	0	466,489
Securitized liabilities	0	129,343	417,125	1,984,660	963,427	3,494,556
Other liabilities	106,756	39,651	33,552	105,790	2,006	287,755
	363,595	178,493	457,309	2,335,318	966,063	4,300,778

VIII.2. Liabilities to affiliated companies and equity participations

in € thousand 30/06/2020	Liabilities to affiliated companies	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (<50%)
Liabilities to credit institutions	761,034	0
Other liabilities	8,524	2
	769,558	2

in € thousand 31/12/2019	Liabilities to affiliated companies	Liabilities to equity participations in which Raiffeisen Centrobank AG has a direct shareholding (<50%)
Liabilities to credit institutions	4,931	0
Liabilities to customers	1,131	0
Other liabilities	2,976	2
	9,038	2

VIII.3. Securitized liabilities

The balance sheet item P 3 "Securitized liabilities" included issued and other securitized liabilities totaling € 3,219,687 thousand (31/12/2019: € 3,494,556 thousand), held for trading and allocated to the following product categories:

in € thousand	30/06/2020	31/12/2019
Issued securitized liabilities	1,686,306	1,826,606
Capital Protection Certificates	1,543,834	1,541,572
Reverse Convertible Bonds	142,472	285,034
Other securitized liabilities	1,533,381	1,667,950
Certificates with option character	1,524,657	1,654,733
Warrants	8,725	13,217
	3,219,687	3,494,556

"Securitized liabilities" in the amount of € 326,576 thousand (31/12/2019: € 546,468 thousand) would fall due in the next year.

VIII.4. Other liabilities

The balance sheet item P 4 "Other liabilities" amounting to € 489,901 thousand (31/12/2019: € 287,755 thousand) referred primarily to liabilities reported at fair value as well as premiums received from trading in securities and derivative financial instruments.

in € thousand	30/06/2020	31/12/2019
Negative fair values of derivative financial instruments	408,028	185,626
from OTC options and forward exchange transactions	361,478	168,459
from trading in EUREX options and futures	27,598	5,364
from trading in other options and futures	18,952	11,803
Short-selling of trading assets	77,560	74,453
	485,588	260,079

“Other liabilities“ as at 30/06/2020 included liabilities with settlement character in the amount of € 731 thousand (31/12/2019: € 529 thousand), group charges in the amount of € 526 thousand (31/12/2019: € 44 thousand), liabilities to domestic tax authorities adding up to € 427 thousand (31/12/2019: € 787 thousand) and liabilities related to payroll accounting in the amount of € 635 thousand (31/12/2019: € 610 thousand). In addition, the item included a liability to the Austrian Financial Market Supervision coming to € 665 thousand, liabilities to foreign counterparties relating to index fees adding up to € 988 thousand (31/12/2019: € 465 thousand) and short-term charges derived from security trades not yet settled coming to € 203 thousand (31/12/2019: € 13,437 thousand). Compared to the previous year's period, the item also included a liability relating to an equity capital market transaction in the amount of € 11,512 thousand.

IX. Provisions

Provisions were as follows:

in € thousand	30/06/2020	31/12/2019
Provisions for severance payments	4,234	4,763
Provisions for taxes	113	119
Other provisions	7,129	6,302
Provisions for bonus payments	1,989	2,449
Provisions for overdue vacation	1,599	1,293
Provisions for legal, auditing and consulting expenses	278	212
Provisions for litigation risks	0	233
Provisions for dividend charges/outstanding invoices		
in		
the securities segment	794	247
Provisions for outstanding invoices (others)	334	173
Provisions for outstanding license fees	350	0
Provisions for charged Management Board expenses	1,223	983
Provisions for market data risks	510	365
Sundry	52	347
	11,475	11,183

X. Share capital and reserves

The **share capital** remained unchanged and was comprised of 655,000 no-par-value shares.

The shares in Raiffeisen Centrobank AG were owned by the following companies:

	<u>%</u>	<u>Shares</u>
RBI IB Beteiligungs GmbH, Vienna	100.00	654,999
Raiffeisen International Invest Holding GmbH, Vienna (previously Lexxus Services Holding GmbH, Vienna)	0.00	1
	<hr/>	
	100.00	655,000

As of the merger contract dated 27/05/2019, Lexxus Services Holding GmbH, Vienna, as transferred company was merged with Raiffeisen International Invest Holding GmbH, Vienna as transferring company.

Capital reserves amounted to € 20,651 thousand as at 30/06/2020, remained unchanged to the previous year (31/12/2019: € 20,651 thousand) and contain committed and uncommitted capital reserves adding up to € 6,561 thousand and € 14,000 thousand, respectively.

Retained earnings included legal reserves in the amount of € 1,031 thousand (31/12/2019: € 1,031 thousand) and other reserves totaling € 33,654 thousand (31/12/2019: € 33,654 thousand).

Liability reserve pursuant to Section 57 para. 5 Austrian Banking Act remained unchanged to the previous year, totaling € 13,539 thousand.

XI. Obligations arising from the use of tangible fixed assets not recognized in the balance sheet

The rental and leasing expenses during the period under review amounted to € 202 thousand (first half of 2019: € 227 thousand), thereof € 25 thousand (2019: € 29 thousand) to affiliated companies. For the 2020 financial year, rental and leasing expenses are expected to total € 394 thousand and € 1,773 thousand for the 2020-2024 financial years, of which the rental and leasing expenses for affiliated companies will total € 36 thousand and € 186 thousand, respectively.

XII. Supplementary data

Assets and liabilities in foreign currencies

The following amounts were contained in the balance sheet total in foreign currencies:

in € thousand	Current value	
	30/06/2020	31/12/2019
Assets	949,653	1,415,100
Liabilities	789,360	1,217,538

Trading book

A trading book is maintained. At the balance sheet date, the trading volume at fair values (positive and negative fair values offset) estimated pursuant to internal risk calculation amounted to:

in € thousand	30/06/2020	31/12/2019
Shares/mutual funds	103,629	266,706
Listed options	7,845	11,508
Futures	33,017	10,667
Warrants/certificates with option character	(1,518,672)	(1,575,382)
OTC options	(277,947)	(2,622)
Purchased bonds/tradable money market deposits	3,175,901	3,260,011
Issued capital protection certificates and reverse convertible bonds	(1,702,188)	(1,759,507)

Volume of the securities trading book

As at the balance sheet date the securities trading book (notional amount) was made up as follows:

in € thousand	30/06/2020	31/12/2019
Securities	4,061,324	3,757,989
Other financial instruments	7,698,364	8,711,147
	11,759,688	12,469,136

Data on transactions with derivative financial instruments and unsettled forward transactions

Raiffeisen Centrobank AG's trading in derivative financial instruments focuses on options and forward transactions (mainly futures).

The financial instruments issued by Raiffeisen Centrobank AG can be classified as warrants, certificates mainly on equities and equity indices (turbo, discount, bonus, factor, express and index/participation certificates), as well as capital protection certificates and reverse convertible bonds with a payment structure related to equity or equity indices.

Equities held by Raiffeisen Centrobank AG represent, together with purchased options, tradable money market deposits and zero bonds depicted in other balance sheet items, the hedge positions to issued certificates and warrants, and are part of the Bank's market maker activities.

The volumes of derivative financial instruments and unsettled forward transactions as at 30/06/2020 were as follows:

in € thousand 30/06/2020	Notional amount		thereof trading book	Fair value	
	Purchase	Sale		Positive	Negative
1. Foreign exchange contracts	78,928	98,736	79,952	7,160	(42)
1.1. OTC products	46,387	98,736	47,411	6,067	(42)
Forward foreign exchange contracts	0	97,712	0	0	(42)
Currency options/gold contracts	46,387	1,024	47,411	6,067	0
1.2. Products traded on stock exchange	32,541	0	32,541	1,092	0
Future foreign exchange contracts	32,541	0	32,541	1,092	0
2. Equity contracts	7,865,313	2,091,182	9,956,495	130,030	(406,298)
2.1. OTC products	7,372,954	1,682,322	9,055,276	77,379	(361,094)
Equity/index-based options	7,372,954	1,682,322	9,055,276	77,379	(361,094)
2.2. Products traded on stock exchange	492,359	408,860	901,219	52,651	(45,204)
Equity/index-based future contracts	205,074	67,569	272,643	36,231	(4,479)
Equity/index-based options	287,285	341,291	628,575	16,420	(40,725)
3. Commodities/precious metals	102,806	936	103,742	2,086	(1,688)
3.1. OTC products	29,728	901	30,628	559	(343)
Commodity and precious metal options	29,728	901	30,628	559	(343)
3.2. Products traded on stock exchange	73,078	36	73,114	1,526	(1,346)
Commodity and precious metal future contracts	73,078	36	73,114	1,526	(1,346)
4. Other transactions	41,450	0	41,450	357	0
4.1. OTC products	41,450	0	41,450	357	0
Other options	41,450	0	41,450	357	0
Total OTC products	7,490,519	1,781,959	9,174,766	84,363	(361,479)
Total stock exchange traded products	597,978	408,896	1,006,874	55,270	(46,550)
	8,088,497	2,190,855	10,181,640	139,633	(408,028)

The volumes of derivative financial instruments and unsettled forward transactions as at 31/12/2019 were as follows:

in € thousand 31/12/2019	Notional amount		thereof trading book	Fair value	
	Purchase	Sale		Positive	Negative
1. Foreign exchange contracts	71,982	117,361	73,008	5,018	(156)
1.1. OTC products	44,658	117,361	45,684	4,272	(156)
Forward foreign exchange contracts	0	116,335	0	0	(156)
Currency options/gold contracts	44,658	1,026	45,684	4,272	0
1.2. Products traded on stock exchange	27,324	0	27,324	747	0
Future foreign exchange contracts	27,324	0	27,324	747	0
2. Equity contracts	2,954,755	2,442,255	5,397,010	179,865	(185,401)
2.1. OTC products	2,029,634	1,817,926	3,847,559	154,968	(168,303)
Equity/index-based options	2,029,634	1,817,926	3,847,559	154,968	(168,303)
2.2. Products traded on stock exchange	925,121	624,330	1,549,451	24,897	(17,098)
Equity/index-based future contracts	189,056	76,879	265,935	9,321	(2,258)
Equity/index-based options	736,065	547,451	1,283,516	15,576	(14,840)
3. Commodities/precious metals	98,744	6,000	104,744	5,142	(69)
3.1. OTC products	30,507	6,000	36,507	2,244	0
Commodity and precious metal options	30,507	6,000	36,507	2,244	0
3.2. Products traded on stock exchange	68,237	0	68,237	2,898	(69)
Commodity and precious metal future contracts	68,237	0	68,237	2,898	(69)
4. Other transactions	41,450	0	41,450	1,167	0
4.1. OTC products	41,450	0	41,450	1,167	0
Other options	41,450	0	41,450	1,167	0
Total OTC products	2,146,249	1,941,287	3,971,201	162,650	(168,459)
Total stock exchange traded products	1,020,682	624,330	1,645,012	28,542	(17,167)
Total	3,166,931	2,565,617	5,616,213	191,193	(185,627)

C. OTHER DISCLOSURES

Contingent liabilities

In accordance with Section 93 of the Austrian Banking Act, the Bank is legally obliged to provide for proportionate deposit insurance as part of its membership in a professional association. Raiffeisen Centrobank AG is a member of Einlagensicherung AUSTRIA GesmbH. The contingent liabilities derived from theoretical claims were reported at a market value of € 0.07.

Other contractual contingencies

The following assets were pledged as security for obligations as at 30/06/2020:

Item A 2 Loans and advances to credit institutions

€ 961,702 thousand (31/12/2019: € 425,516 thousand)

Collateral deposited with banks for the securities and options business and securities lending

Item A 3 Loans and advances to customers

€ 24,372 thousand (31/12/2019: € 3,451 thousand)

Collateral deposited with stock exchanges and other financial institutions for the securities and option business

Item A 4 Fixed-interest securities

€ 2,967 thousand (31/12/2019: € 3,078 thousand)

Collateral deposited with banks for the securities and options business

Letters of comfort

As at the balance sheet date Raiffeisen Centrobank AG had not issued any letters of comfort.

Commitments arising from fiduciary business transactions

Commitments arising from fiduciary business transactions not included in the balance sheet referred to one equity participation held in trust in the amount of € 7,091 thousand on 30/06/2020 and 31/12/2019.

Own funds

The own funds pursuant to part 2 CRR were as follows:

in € thousand	30/06/2020	31/12/2019
Capital paid-in	47,599	47,599
Earned capital	68,875	68,875
Core capital (tier 1 capital) before deductions	116,474	116,474
Intangible fixed assets	(191)	(137)
Prudent valuation	(2,468)	(1.252)
Holdings in non-significant investments in financial sector entities	(946)	(6.992)
Core capital (tier 1 capital) after deductions	112,870	108,094
Supplementary own funds	0	0
Core capital	112,870	108,094
Supplementary capital	0	0
Supplementary own funds (after deductions)	0	0
Total own funds	112,870	108,094
Total risk-weighted assets	509,451	520,337
Core capital ratio, credit risk (core capital/risk-weighted assets credit risk)	72.3 %	73.1 %
Core capital ratio, total (core capital/total risk-weighted assets)	22.2 %	20.8 %
Own funds ratio (own funds/total risk-weighted assets)	22.2 %	20.8 %

Own funds requirements pursuant to Article 92 of Regulation (EU) No 575/2013 (total risk-weighted assets) were as follows:

in € thousand	30/06/2020	31/12/2019
Risk-weighted assets (credit risk)	156,191	147,818
Standard approach	101,434	99,577
CVA (credit value adjustment) risk	54,757	48,241
Risk-weighted assets (position risk in bonds, equities, commodities and foreign currencies)	220,931	240,312
Risk-weighted assets (settlement and delivery risks)	137	16
Risk-weighted assets (operational risk)	132,191	132,191
Total risk-weighted assets	509,451	520,337

Risk-weighted assets for the credit risk according to asset classes were as follows:

in € thousand	30/06/2020	31/12/2019
Risk-weighted assets according to standard approach	101,434	99,577
Governments and central banks	23	16
Institutions	75,780	50,978
Corporates	4,997	28,864
Equity participations	6,240	6,240
Other positions	14,395	13,479
CVA risk	54,757	48,241
	156,191	147,818

Number of staff

	2020		2019	
	30/06	Average for the period	30/06	Average for the period
Salaried employees	170	181	197	194
<i>thereof part-time</i>	<i>36</i>	<i>39</i>	<i>42</i>	<i>41</i>

Overall return on assets

in € thousand or in per cent	30/06/2020	31/12/2019
Net income for the period	7,683	11,573
Balance sheet total	4,682,685	4,440,234
Overall return on assets	0.2 %	0.3 %

Group relations

The company is an affiliated company of Raiffeisen Bank International AG (ultimate holding company), Vienna, and is integrated in its consolidated financial statements. The consolidated financial statements are deposited with the Commercial Court in Vienna and are available at the respective parent company.

Since 17 December 2008, the company has been a member of the corporate group Raiffeisen Zentralbank Österreich Aktiengesellschaft (now Raiffeisen Bank International AG) pursuant to Section 9 Austrian Corporation Tax Act. The application submitted by the company to become a group member of the corporate group RZB as of the business year 2008 pursuant to Section 9 Austrian Corporation Tax Act was notified to the financial authorities on 19 December 2008 and was approved by notice on 22 April 2009.

The taxable results of the members of the group are attributed to the parent company. Any tax adjustments between the parent company and the individual members of the corporate group are regulated in the form of a tax allocation agreement.

Members of the Management Board, the Supervisory Board and State Commissioners

Management Board

Harald Kröger (Chief Executive Officer)

Heike Arbter (Member of the Management Board)

Supervisory Board

Łukasz Januszewski (Chairman)

Member of the Management Board, Raiffeisen Bank International AG, Vienna

Hannes Mösenbacher (Deputy Chairman)

Member of the Management Board, Raiffeisen Bank International AG, Vienna

Michael Höllner (Member)

Plenipotentiary Raiffeisen Bank International AG

Andrii Stepanenko (Member)

Member of the Management Board, Raiffeisen Bank International AG, Vienna

Christian Moucka (Member)

General Management, Raiffeisenbank Region Baden

Matthias Zitzenbacher (Member)

General Management, Raiffeisenbank Leoben-Bruck eGen (mbH)

State Commissioners

Alfred Hacker

Karl-Heinz Tscheppe

Significant Events after the Balance Sheet Date

The forthcoming two years will be a period of transformation for Raiffeisen Centrobank AG. On 17 June 2020, the Supervisory Board of RBI approved the two-phase integration of Raiffeisen Centrobank AG into RBI. In the first phase the demerger of the equity business of Raiffeisen Centrobank AG, i.e. the segments Global Equity Sales, Equity Capital Markets and Company Research, is being prepared. The remaining business segments Structured Products and Trading & Treasury are merged into RBI by the end of 2022. This transformation process is still subject to the approval of the responsible committees and supervisory bodies of Raiffeisen Centrobank AG and RBI, the approval of the Austrian Financial Market Supervision and the entry into the Commercial Register.

Vienna, 27 August 2020

The Management Board

Harald Kröger
Chief Executive Officer

Heike Arbter
Member of the Management Board

General Conditions of Contract for the Public Accounting Professions (AAB 2018)

Recommended for use by the Board of the Chamber of Tax Advisers and Auditors, last recommended in its decision of April 18, 2018

Preamble and General Items

(1) Contract within the meaning of these Conditions of Contract refers to each contract on services to be rendered by a person entitled to exercise profession in the field of public accounting exercising that profession (de facto activities as well as providing or performing legal transactions or acts, in each case pursuant to Sections 2 or 3 Austrian Public Accounting Professions Act (WTBG 2017). The parties to the contract shall hereinafter be referred to as the "contractor" on the one hand and the "client" on the other hand).

(2) The General Conditions of Contract for the professions in the field of public accounting are divided into two sections: The Conditions of Section I shall apply to contracts where the agreeing of contracts is part of the operations of the client's company (entrepreneur within the meaning of the Austrian Consumer Protection Act. They shall apply to consumer business under the Austrian Consumer Protection Act (Federal Act of March 8, 1979 / Federal Law Gazette No. 140 as amended) insofar as Section II does not provide otherwise for such business.

(3) In the event that an individual provision is void, the invalid provision shall be replaced by a valid provision that is as close as possible to the desired objective.

SECTION I

1. Scope and Execution of Contract

(1) The scope of the contract is generally determined in a written agreement drawn up between the client and the contractor. In the absence of such a detailed written agreement, (2)-(4) shall apply in case of doubt:

(2) When contracted to perform tax consultation services, 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 (if so agreed) prepared by the contractor. Unless explicitly agreed otherwise, documents and papers required for taxation purposes shall be produced by the client.
- 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 contractor 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) Provided the preparation of one or more annual tax return(s) is part of the contract accepted, this shall not include the examination of any particular accounting conditions nor the examination of whether all relevant concessions, particularly those with regard to value added tax, have been utilized, unless the person entitled to exercise the profession can prove that he/she has been commissioned accordingly.

(4) In each case, the obligation to render other services pursuant to Sections 2 and 3 WTBG 2017 requires for the contractor to be separately and verifiably commissioned.

(5) The aforementioned paragraphs (2) to (4) shall not apply to services requiring particular expertise provided by an expert.

(6) The contractor is not obliged to render any services, issue any warnings or provide any information beyond the scope of the contract.

(7) The contractor shall have the right to engage suitable staff and other performing agents (subcontractors) for the execution of the contract as well as to have a person entitled to exercise the profession substitute for him/her in executing the contract. Staff within the meaning of these Conditions of Contract refers to all persons who support the contractor in his/her operating activities on a regular or permanent basis, irrespective of the type of underlying legal transaction.

(8) In rendering his/her services, the contractor shall exclusively take into account Austrian law; foreign law shall only be taken into account if this has been explicitly agreed upon in writing.

(9) Should the legal situation change subsequent to delivering a final professional statement passed on by the client orally or in writing, the contractor 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.

(10) The client shall be obliged to make sure that the data made available by him/her may be handled by the contractor in the course of rendering the services. In this context, the client shall particularly but not exclusively comply with the applicable provisions under data protection law and labor law.

(11) Unless explicitly agreed otherwise, if the contractor electronically submits an application to an authority, he/she acts only as a messenger and this does not constitute a declaration of intent or knowledge attributable to him/her or a person authorized to submit the application.

(12) The client undertakes not to employ persons that are or were staff of the contractor during the contractual relationship, 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 contractor the amount of the annual salary of the member of staff taken over.

2. 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 without special request at the disposal of the contractor at the agreed date, and in good time if no such date has been agreed, 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 contractor has commenced his/her work.

(2) The contractor shall be justified in regarding information and documents presented to him/her by the client, in particular figures, as correct and complete and to base the contract on them. The contractor shall not be obliged to identify any errors unless agreed separately in writing. This shall particularly apply to the correctness and completeness of bills. However, he/she is obliged to inform the client of any errors identified by him/her. In case of financial criminal proceedings he/she shall protect the rights of the client.

(3) 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.

(4) If the client fails to disclose considerable risks in connection with the preparation of financial statements and other statements, the contractor shall not be obliged to render any compensation insofar as these risks materialize.

(5) Dates and time schedules stated by the contractor for the completion of the contractor's products or parts thereof are best estimates and, unless otherwise agreed in writing, shall not be binding. The same applies to any estimates of fees: they are prepared to best of the contractor's knowledge; however, they shall always be non-binding.

(6) The client shall always provide the contractor with his/her current contact details (particularly the delivery address). The contractor may rely on the validity of the contact details most recently provided by the client, particularly have deliveries made to the most recently provided address, until such time as new contact details are provided.

3. Safeguarding of Independence

(1) The client shall be obliged to take all measures to prevent that the independence of the staff of the contractor be jeopardized and shall himself/herself 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 acknowledges that his/her personal details required in this respect, as well as the type and scope of the services, including the performance period agreed between the contractor and the client for the services (both audit and non-audit services), shall be handled within a network (if any) to which the contractor belongs, and for this purpose transferred to the other members of the network including abroad for the purpose of examination of the existence of grounds of bias or grounds for exclusion and conflicts of interest. For this purpose the client expressly releases the contractor in accordance with the Data Protection Act and in accordance with Section 80 (4) No. 2 WTBG 2017 from his/her obligation to maintain secrecy. The client can revoke the release from the obligation to maintain secrecy at any time.

4. Reporting Requirements

(1) (Reporting by the contractor) 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) (Communication to the client) All contract-related information and opinions, including reports, (all declarations of knowledge) of the contractor, his/her staff, other performing agents or substitutes ("professional statements") shall only be binding provided they are set down in writing. Professional statements in electronic file formats which are made, transferred or confirmed by fax or e-mail or using similar types of electronic communication (that can be stored and reproduced but is not oral, i.e. e.g. text messages but not telephone) shall be deemed as set down in writing; this shall only apply to professional statements. The client bears the risk that professional statements may be issued by persons not entitled to do so as well as the transfer risk of such professional statements.

(3) (Communication to the client) The client hereby consents to the contractor communicating with the client (e.g. by e-mail) in an unencrypted manner. The client declares that he/she has been informed of the risks arising from the use of electronic communication (particularly access to, maintaining secrecy of, changing of messages in the course of transfer). The contractor, his/her staff, other performing agents or substitutes are not liable for any losses that arise as a result of the use of electronic means of communication.

(4) (Communication to the contractor) Receipt and forwarding of information to the contractor and his/her staff are not always guaranteed when the telephone is used, in particular in conjunction with automatic telephone answering systems, fax, e-mail and other types of electronic communication. As a result, instructions and important information shall only be deemed to have been received by the contractor provided they are also received physically (not by telephone, orally or electronically), unless explicit confirmation of receipt is provided in individual instances. Automatic confirmation that items have been transmitted and read shall not constitute such 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 contractor by mail or courier. Delivery of documents to staff outside the firm's offices shall not count as delivery.

(5) (General) In writing shall mean, insofar as not otherwise laid down in Item 4. (2), written form within the meaning of Section 886 Austrian Civil Code (ABGB) (confirmed by signature). An advanced electronic signature (Art. 26 eIDAS Regulation (EU) No. 910/2014) fulfills the requirement of written form within the meaning of Section 886 ABGB (confirmed by signature) insofar as this is at the discretion of the parties to the contract.

(6) (Promotional information) The contractor will send recurrent general tax law and general commercial law information to the client electronically (e.g. by e-mail). The client acknowledges that he/she has the right to object to receiving direct advertising at any time.

5. Protection of Intellectual Property of the Contractor

(1) The client shall be obliged to ensure that reports, expert opinions, organizational plans, drafts, drawings, calculations and the like, issued by the contractor, be used only for the purpose specified in the contract (e.g. pursuant to Section 44 (3) Austrian Income Tax Act 1988). Furthermore, professional statements made orally or in writing by the contractor may be passed on to a third party for use only with the written consent of the contractor.

(2) The use of professional statements made orally or in writing by the contractor for promotional purposes shall not be permitted; a violation of this provision shall give the contractor the right to terminate without notice to the client all contracts not yet executed.

(3) The contractor shall retain the copyright on his/her work. Permission to use the work shall be subject to the written consent by the contractor.

6. Correction of Errors

(1) The contractor shall have the right and shall be obliged to correct all errors and inaccuracies in his/her professional statement made 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 professional 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 contractor and/or – in cases where a written professional statement has not been delivered – six months after the contractor 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 Item 7.

7. Liability

(1) All liability provisions shall apply to all disputes in connection with the contractual relationship, irrespective of the legal grounds. The contractor is liable for losses arising in connection with the contractual relationship (including its termination) only in case of willful intent and gross negligence. The applicability of Section 1298 2nd Sentence ABGB is excluded.

(2) In cases of gross negligence, the maximum liability for damages due from the contractor is tenfold the minimum insurance sum of the professional liability insurance according to Section 11 WTBG 2017 as amended.

(3) The limitation of liability pursuant to Item 7. (2) refers to the individual case of damages. The individual case of damages includes all consequences of a breach of duty regardless of whether damages arose in one or more consecutive years. In this context, multiple acts or failures to act that are based on the same or similar source of error as one consistent breach of duty if the matters concerned are legally and economically connected. Single damages remain individual cases of damage even if they are based on several breaches of duty. Furthermore, the contractor's liability for loss of profit as well as collateral, consequential, incidental or similar losses is excluded in case of willful damage.

(4) 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 no 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.

(5) Should Section 275 Austrian Commercial Code (UGB) be applicable (due to a criminal offense), the liability provisions contained therein shall apply even in cases where several persons have participated in the execution of the contract or where several activities requiring compensation have taken place and irrespective of whether other participants have acted with intent.

(6) In cases where a formal auditor's report is issued, the applicable limitation period shall commence no later than at the time the said auditor's report was issued.

(7) If activities are carried out by enlisting the services of a third party, e.g. a data-processing company, any warranty claims and claims for damages which arise against the third party according to law and contract shall be deemed as having been passed on to the client once the client has been informed of them. Item 4. (3) notwithstanding, in such a case the contractor shall only be liable for fault in choosing the third party.

(8) The contractor's liability to third parties is excluded in any case. If third parties come into contact with the contractor's work in any manner due to the client, the client shall expressly clarify this fact to them. Insofar as such exclusion of liability is not legally permissible or a liability to third parties has been assumed by the contractor in exceptional cases, these limitations of liability shall in any case also apply to third parties on a subsidiary basis. 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 sustained losses; the claims of the parties injured shall be satisfied in the order in which the claims have been raised. The client will indemnify and hold harmless the contractor and his/her staff against any claims by third parties in connection with professional statements made orally or in writing by the contractor and passed on to these third parties.

(9) Item 7. shall also apply to any of the client's liability claims to third parties (performing agents and vicarious agents of the contractor) and to substitutes of the contractor relating to the contractual relationship.

8. Secrecy, Data Protection

(1) According to Section 80 WTBG 2017 the contractor shall be obliged to maintain secrecy in all matters that become known to him/her in connection with his/her 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) Insofar as it is necessary to pursue the contractor's claims (particularly claims for fees) or to dispute claims against the contractor (particularly claims for damages raised by the client or third parties against the contractor), the contractor shall be released from his/her professional obligation to maintain secrecy.

(3) The contractor 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.

(4) The contractor is a data protection controller within the meaning of the General Data Protection Regulation ("GDPR") with regard to all personal data processed under the contract. The contractor is thus authorized to process personal data entrusted to him/her within the limits of the contract. The material made available to the contractor (paper and data carriers) shall generally be handed to the client or to third parties appointed by the client after the respective rendering of services has been completed, or be kept and destroyed by the contractor if so agreed. The contractor is authorized to keep copies thereof insofar as he/she needs them to appropriately document his/her services or insofar as it is required by law or customary in the profession.

(5) If the contractor supports the client in fulfilling his/her duties to the data subjects arising from the client's function as data protection controller, the contractor shall be entitled to charge the client for the actual efforts undertaken. The same shall apply to efforts undertaken for information with regard to the contractual relationship which is provided to third parties after having been released from the obligation to maintain secrecy to third parties by the client.

9. Withdrawal and Cancellation („Termination“)

(1) The notice of termination of a contract shall be issued in writing (see also Item 4. (4) and (5)). The expiry of an existing power of attorney shall not result in a termination of the contract.

(2) 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 Item 11.

(3) However, a continuing agreement (fixed-term or open-ended contract on – even if not exclusively – the rendering of repeated individual services, also with a flat fee) may, without good reason, only be terminated at the end of the calendar month by observing a period of notice of three months, unless otherwise agreed in writing.

(4) After notice of termination of a continuing agreement and unless otherwise stipulated in the following, only those individual tasks shall still be completed by the contractor (list of assignments to be completed) that can (generally) be completed fully within the period of notice insofar as the client is notified in writing within one month after commencement of the termination notice period within the meaning of Item 4. (2). The list of assignments to be completed shall be completed within the termination period if all documents required are provided without delay and if no good reason exists that impedes completion.

(5) Should it happen that in case of a continuing agreement more than two similar assignments which are usually completed only once a year (e.g. financial statements, annual tax returns, etc.) are to be completed, any assignments 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 9. (4).

10. Termination in Case of Default in Acceptance and Failure to Cooperate on the Part of the Client and Legal Impediments to Execution

(1) If the client defaults on acceptance of the services rendered by the contractor or fails to carry out a task incumbent on him/her either according to Item 2. or imposed on him/her in another way, the contractor shall have the right to terminate the contract without prior notice. The same shall apply if the client requests a way to execute (also partially) the contract that the contractor reasonably believes is not in compliance with the legal situation or professional principles. His/her fees shall be calculated according to Item 11. Default in acceptance or failure to cooperate on the part of the client shall also justify a claim for compensation made by the contractor for the extra time and labor hereby expended as well as for the damage caused, if the contractor does not invoke his/her right to terminate the contract.

(2) For contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, a termination without prior notice by the contractor is permissible under Item 10. (1) if the client verifiably fails to cooperate twice as laid down in Item 2. (1).

11. Entitlement to Fee

(1) If the contract fails to be executed (e.g. due to withdrawal or cancellation), the contractor shall be entitled to the negotiated compensation (fee), provided he/she was prepared to render the services and was prevented from so doing by circumstances caused by the client, whereby a merely contributory negligence by the contractor in this respect shall be excluded; in this case the contractor need not take into account the amount he/she obtained or failed to obtain through alternative use of his/her own professional services or those of his/her staff.

(2) If a continuing agreement is terminated, the negotiated compensation for the list of assignments to be completed shall be due upon completion or in case completion fails due to reasons attributable to the client (reference is made to Item 11. (1)). Any flat fees negotiated shall be calculated according to the services rendered up to this point.

(3) If the client fails to cooperate and the assignment cannot be carried out as a result, the contractor 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 ineffective and the consequences indicated in Item 11. (1) shall apply.

(4) If the termination notice period under Item 9. (3) is not observed by the client as well as if the contract is terminated by the contractor in accordance with Item 10. (2), the contractor shall retain his/her right to receive the full fee for three months.

12. Fee

(1) Unless the parties explicitly agreed that the services would be rendered free of charge, an appropriate remuneration in accordance with Sections 1004 and 1152 ABGB is due in any case. Amount and type of the entitlement to the fee are laid down in the agreement negotiated between the contractor and his/her client. Unless a different agreement has verifiably been reached, payments made by the client shall in all cases be credited against the oldest debt.

(2) The smallest service unit which may be charged is a quarter of an hour.

(3) Travel time to the extent required is also charged.

(4) Study of documents which, in terms of their nature and extent, may prove necessary for preparation of the contractor in his/her own office may also be charged as a special item.

(5) Should a remuneration already agreed upon prove inadequate as a result of the subsequent occurrence of special circumstances or due to special requirements of the client, the contractor shall notify the client thereof and additional negotiations for the agreement of a more suitable remuneration shall take place (also in case of inadequate flat fees).

(6) The contractor includes charges for supplementary costs and VAT in addition to the above, including but not limited to the following (7) to (9):

(7) Chargeable supplementary costs also include documented or flat-rate cash expenses, traveling expenses (first class for train journeys), per diems, mileage allowance, copying costs and similar supplementary costs.

(8) Should particular third party liabilities be involved, the corresponding insurance premiums (including insurance tax) also count as supplementary costs.

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

(10) For the execution of a contract wherein joint completion involves several contractors, each of them will charge his/her own compensation.

(11) In the absence of any other agreements, compensation and advance payments are due immediately after they have been requested in writing. Where payments of compensation 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 at the amount stipulated in Section 456 1st and 2nd Sentence UGB shall apply.

(12) Statutory limitation is in accordance with Section 1486 of ABGB, with the period beginning at the time the service has been completed or upon the issuing of the bill within an appropriate time limit at a later point.

(13) An objection may be raised in writing against bills presented by the contractor within 4 weeks after the date of the bill. Otherwise the bill is considered as accepted. Filing of a bill in the accounting system of the recipient is also considered as acceptance.

(14) Application of Section 934 ABGB within the meaning of Section 351 UGB, i.e. rescission for *laesio enormis* (lesion beyond moiety) among entrepreneurs, is hereby renounced.

(15) If a flat fee has been negotiated for contracts concerning bookkeeping, payroll accounting and administration and assessment of payroll-related taxes and contributions, 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. Unless otherwise agreed to in writing, the fee shall be considered agreed upon for one year at a time.

(16) Particular individual services in connection with the services mentioned in Item 12. (15), 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.

(17) The contractor shall have the right to ask for advance payments and can make delivery of the results of his/her (continued) work dependent on satisfactory fulfillment of his/her demands. As regards continuing agreements, the rendering of further services may be denied until payment of previous services (as well as any advance payments under Sentence 1) has been effected. This shall analogously apply if services are rendered in installments and fee installments are outstanding.

(18) With the exception of obvious essential errors, a complaint concerning the work of the contractor shall not justify even only the partial retention of fees, other compensation, reimbursements and advance payments (remuneration) owed to him/her in accordance with Item 12.

(19) Offsetting the remuneration claims made by the contractor in accordance with Item 12. shall only be permitted if the demands are uncontested and legally valid.

13. Other Provisions

(1) With regard to Item 12. (17), reference shall be made to the legal right of retention (Section 471 ABGB, Section 369 UGB); if the right of retention is wrongfully exercised, the contractor shall generally be liable pursuant to Item 7. or otherwise only up to the outstanding amount of his/her fee.

(2) The client shall not be entitled to receive any working papers and similar documents prepared by the contractor in the course of fulfilling the contract. In the case of contract fulfillment using electronic accounting systems the contractor shall be entitled to delete the data after handing over all data based thereon – which were prepared by the contractor in relation to the contract and which the client is obliged to keep – to the client and/or the succeeding public accountant in a structured, common and machine-readable format. The contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy) for handing over such data in a structured, common and machine-readable format. If handing over such data in a structured, common and machine-readable format is impossible or unfeasible for special reasons, they may be handed over in the form of a full print-out instead. In such a case, the contractor shall not be entitled to receive a fee.

(3) At the request and expense of the client, the contractor 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 contractor and his/her client and to original documents in his/her possession and to documents which are required to be kept in accordance with the legal anti-money laundering provisions applicable to the contractor. The contractor may make copies or duplicates of the documents to be returned to the client. Once such documents have been transferred to the client, the contractor shall be entitled to an appropriate fee (Item 12. shall apply by analogy).

(4) The client shall fetch the documents handed over to the contractor within three months after the work has been completed. If the client fails to do so, the contractor shall have the right to return them to the client at the cost of the client or to charge an appropriate fee (Item 12. shall apply by analogy) if the contractor can prove that he/she has asked the client twice to pick up the documents handed over. The documents may also further be kept by third parties at the expense of the client. Furthermore, the contractor is not liable for any consequences arising from damage, loss or destruction of the documents.

(5) The contractor 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 funds at his/her disposal, even if these funds are explicitly intended for safekeeping, if the client had to have anticipated the counterclaim of the contractor.

(6) To secure an existing or future fee payable, the contractor 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 of the transfer. Subsequently, the amount secured may be collected either after agreement has been reached with the client or after enforceability of the fee by execution has been declared.

14. Applicable Law, Place of Performance, Jurisdiction

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

(2) The place of performance shall be the place of business of the contractor.

(3) In absence of a written agreement stipulating otherwise, the place of jurisdiction is the competent court of the place of performance.

SECTION II

15. Supplementary Provisions for Consumer Transactions

(1) Contracts between public accountants and consumers shall fall under the obligatory provisions of the Austrian Consumer Protection Act (KSChG).

(2) The contractor shall only be liable for the willful and grossly negligent violation of the obligations assumed.

(3) Contrary to the limitation laid down in Item 7. (2), the duty to compensate on the part of the contractor shall not be limited in case of gross negligence.

(4) Item 6. (2) (period for right to correction of errors) and Item 7. (4) (asserting claims for damages within a certain period) shall not apply.

(5) Right of Withdrawal pursuant to Section 3 KSChG:

If the consumer has not made his/her contract statement in the office usually used by the contractor, 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 contractor as well as instructions on the right to withdraw from 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 contractor or his/her representative,

2. if the conclusion of the contract has not been preceded by any talks between the parties involved or their representatives, or

3. in case of contracts where the mutual services have to be rendered immediately, if the contracts are usually concluded outside the offices of the contractors, and the fee agreed upon does not exceed €15.

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

If the consumer withdraws from the contract according to Section 3 KSChG,

1. the contractor shall return all benefits received, including all statutory interest, calculated from the day of receipt, and 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 contractor as far as they are of a clear and predominant benefit to him/her.

According to Section 4 (3) KSChG, claims for damages shall remain unaffected.

(6) Cost Estimates according to Section 5 Austrian KSChG:

The consumer shall pay for the preparation of a cost estimate by the contractor in accordance with Section 1170a ABGB only if the consumer has been notified of this payment obligation beforehand.

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

(7) Correction of Errors: Supplement to Item 6.:

If the contractor is obliged under Section 932 ABGB to improve or complement his/her services, he/she shall execute this duty at the place where the matter was transferred. If it is in the interest of the consumer to have the work and the documents transferred by the contractor, the consumer may carry out this transfer at his/her own risk and expense.

(8) Jurisdiction: Shall apply instead of Item 14. (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 (2) and 104 (1) Austrian Court Jurisdiction Act (JN), the only competent courts shall be the courts of the districts where the consumer has his/her domicile, usual residence or place of employment.

(9) Contracts on Recurring Services:

(a) Contracts which oblige the contractor 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) requires considerable expenses on the part of the contractor and if he/she informed the consumer about this no later than at the time 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.