



Raiffeisen Bank International AG
Vienna, Austria

Translation of the
Independent Assurance Report on
Compliance with the C- and R-Rules
of the Austrian Code of Corporate
Governance (ÖCGK) in accordance
with R-Rule 62 of the Code
for the Year 2014



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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- and R-Rules of the Austrian Code of Corporate Governance (ÖCGK)

Based on R-Rule 62 of the Austrian Code of Corporate Governance (ÖCGK) as amended in July 2012, we have evaluated the compliance with the C- and R-Rules of the code by Raiffeisen Bank International AG (the "Company"), Vienna, for the year 2014.

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 2014 ("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 as well as the R-rules. Since we were also engaged as auditors of the Company for the year 2014, our independent assurance engagement did not include adherence with the C- and R-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- and R-Rules of the Austrian Code of Corporate Governance except for the following:

- 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 is a company of the Austrian Raiffeisen Banking Group (RBG), which is also a majority shareholder through its central institution, RZB. Some members of the Supervisory Board therefore also hold executive roles in RBG banks. Moreover, a number of members of the Supervisory Board hold executive roles in other banks and financial services institutions. Consequently, know-how and experience specific to the industry are applied in exercising the control function of the Supervisory Board, to the benefit of the company."*
- R-Rule 76 recommends that documents made available on the company's website shall bear the date on which they were posted on the Internet. On the website of Raiffeisen Bank International AG the date on which documents were posted on the Internet is not disclosed.

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- and R-Rules of the
Austrian Code of Corporate Governance (ÖCGK) in accordance with R-Rule 62
of the Code for the Year 2014*

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, 6 March 2015

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Wilhelm Kavsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

p.p. Mag. Dr. Josef Kirchknopf
Steuerberater
(Tax Advisor)

Annexes

Corporate governance report

RBI attaches great importance to responsible and transparent business management, in order to maintain understanding and trust with its various stakeholders – not least the capital market participants. Hence, RBI is committed to complying with the Austrian Code of Corporate Governance (ACGC, or “the Code”), as in the version dated July 2012. 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).

Transparency is a key issue of corporate governance and thus of particular importance to RBI. This corporate governance report is structured following the legal guidelines of Section 243b of the Austrian Commercial Code (UGB) and is based on the structure set forth in Appendix 2 of the ACGC.

The ACGC is organized into rules L, C and R. L Rules (Legal Requirements) 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 recommendations; non-compliance does not need to be reported or justified.

RBI deviates from the below C Rule, but conducts itself in accordance with the Code through the following explanation and justification:

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

RBI is a company of the Austrian Raiffeisen Banking Group (RBG), which is also a majority shareholder through its central institution, RZB. Some members of the Supervisory Board therefore also hold executive roles in RBG banks. Moreover, a number of members of the Supervisory Board hold executive roles in other banks and financial services institutions. Consequently, know-how and experience specific to the industry are applied in exercising the control function of the Supervisory Board, to the benefit of the company.

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

Composition of the Management Board

In the 2014 financial year, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Karl Sevelda Chairman	1950	22 September 2010 ¹	30 June 2017
Johann Strobl Deputy Chairman	1959	22 September 2010 ¹	30 June 2017
Aris Bogdaneris Member	1963	1 October 2004	31 December 2015
Klemens Breuer Member	1967	16 April 2012	31 December 2015
Martin Grüll Member	1959	3 January 2005	30 June 2017
Peter Lennkh Member	1963	1 October 2004	31 December 2015

¹ Effective as of 10 October 2010.

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; Siemens AG Österreich (since 28 November 2014)
- Johann Strobl Raiffeisen-Leasing Management GmbH
- Aris Bogdaneris Visa Worldwide Pte. limited (advisory council)
- Peter Lennkh Raiffeisen-Leasing Management GmbH
- Klemens Breuer FMS Wertmanagement AöR

Composition of the Supervisory Board

During the 2014 financial year, the Supervisory Board comprised of:

Supervisory Board member	Year of birth	Original appointment	End of term
Walter Rothensteiner Chairman	1953	11 May 2001	Annual General Meeting 2016
Erwin Hameseder 1 st Deputy Chairman	1956	8 July 2010 ¹	Annual General Meeting 2015
Heinrich Schaller 2 nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2017
Markus Mair 3 rd Deputy Chairman (until 4 June 2014)	1964	8 July 2010 ¹	Annual General Meeting 2014
Martin Schaller 3 rd Deputy Chairman (since 17 September 2014)	1965	4 June 2014	Annual General Meeting 2019
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2015
Stewart D. Gager	1940	24 January 2005	Annual General Meeting 2014
Kurt Geiger	1946	9 June 2009	Annual General Meeting 2019
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2017
Johannes Schuster	1970	8 July 2010 ¹	Annual General Meeting 2015
Bettina Selden	1952	4 June 2014	Annual General Meeting 2019
Christian Teuffl	1952	8 July 2010 ¹	31 December 2014
Martin Prater ²	1953	10 October 2010	Until further notice
Rudolf Kortenhofer ²	1961	10 October 2010	Until further notice
Peter Anzeletti-Reiki ²	1965	10 October 2010	Until further notice
Susanne Unger ²	1961	18 January 2012	Until further notice
Helge Rechberger ²	1967	10 October 2010	Until further notice

¹ Effective as of 10 October 2010.

² Delegated by the Works Council.

Independence of the Supervisory Board

In accordance with C Rule 53 of the ACGC, the RBI Supervisory Board prescribed 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 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 company. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a qualification of "not independent".
- Company circumstances and the mere exercise of the function of a board member or leading employee 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 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 family relation (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board, or of persons who fill one of the positions described in the preceding points.

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

Bettina Selden and Kurt Geiger, as members of the Supervisory Board, are both neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders. They are therefore "free float representatives" according to C Rule 54 of the ACGC.

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

- Walter Rothensteiner UNIQA Insurance Group AG (Chairman)
- Erwin Hameseder AGRANA Beteiligungs-AG (Chairman), STRABAG SE, UNIQA Insurance Group AG, Südzucker AG, Flughafen Wien AG
- Heinrich Schaller voestalpine AG, AMAG Austria Metall AG
- Johannes Schuster UNIQA Insurance Group AG
- Klaus Buchleitner BayWa AG, AGRANA Beteiligungs-AG
- Christian Teufel VK Mühlen AG (listed on the stock exchange until 27 June 2014)
- Kurt Geiger Demir Bank OJSC

Members of the committees

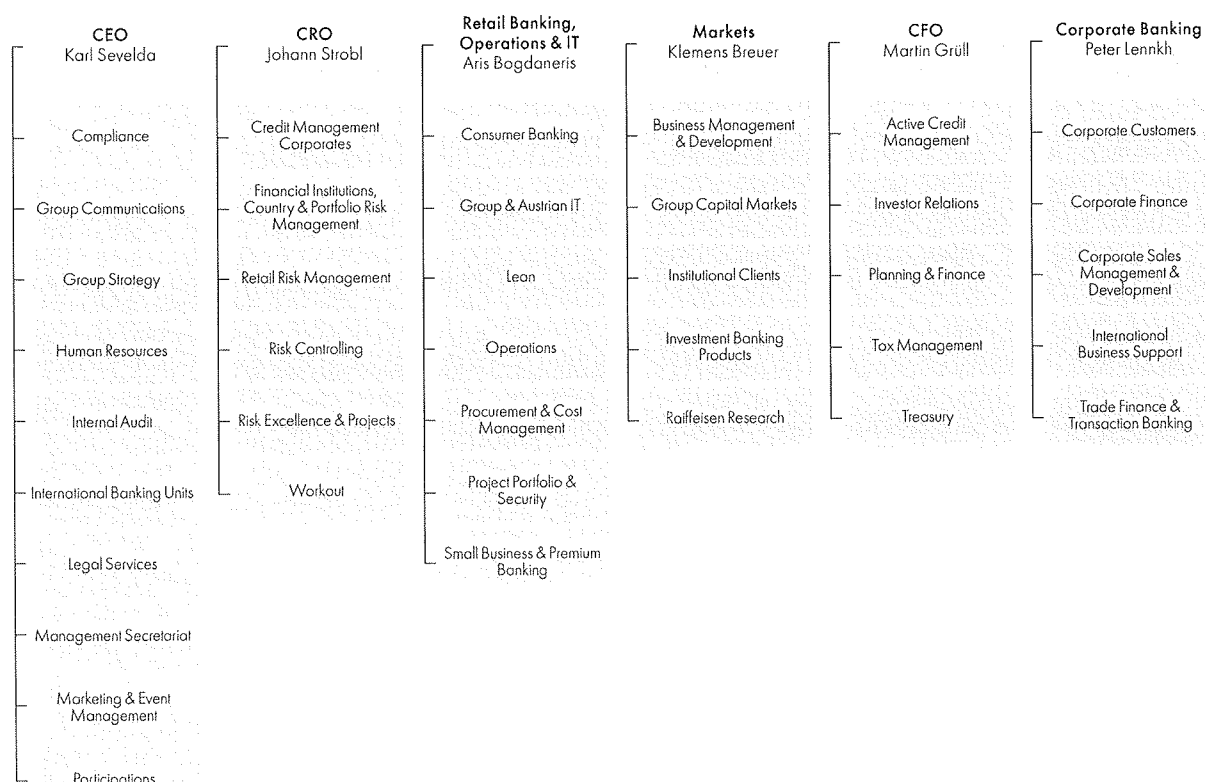
The rules of procedure of the Supervisory Board govern its organization and allocate particular tasks to the Working, Audit, Remuneration, Risk, Nomination, and Personnel Committees. These committees are comprised of the following members:

Supervisory Board member	Working Committee	Audit Committee	Personnel Committee	Remuneration Committee	Risk Committee	Nomination Committee
Walter Rothensteiner	Chairman	Chairman	Chairman	Chairman	Chairman	Chairman
Erwin Hameseder	1 st Deputy Chairman	1 st Deputy Chairman	1 st Deputy Chairman	1 st Deputy Chairman	1 st Deputy Chairman	1 st Deputy Chairman
Heinrich Schaller	2 nd Deputy Chairman	2 nd Deputy Chairman	2 nd Deputy Chairman	2 nd Deputy Chairman	2 nd Deputy Chairman	2 nd Deputy Chairman
Markus Mair (until 4 June 2014)	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman	-	-
Johannes Schuster	Member	Member	Member	Member	Member	Member
Martin Schaller (since 17 September 2014)	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman	3 rd Deputy Chairman
Martin Prater	Member	Member	-	Member	Member	Member
Rudolf Korten Hof	Member	Member	-	Member	Member	Member
Peter Anzeletti-Reikl	Member	Member	-	Member	Member	Member

Functions of the Management Board and the Supervisory Board

Allocation of competencies and functions of the Management Board

The RBI Management Board leads 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. The Management Board's areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 1 January 2015):



RBI's Organization & Internal Control System was integrated into RZB during the financial year. It now deals with matters relating to the internal control system, instructions and organization for both the RZB Group and the RBI Group. The servicing of RBI AG is regulated through Service Level Agreements.

Effective as of 1 January 2015, RBI's Compliance division, part of the Legal & Compliance division until 31 December 2014, was transferred to RZB as a stand-alone division. This division also performs the compliance duties for RBI and is regulated through a Service Level Agreement.

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 ensure mutual information gathering and decision-making for all matters requiring the board's approval. The internal regulations of the Supervisory Board and the Management Board contain information and reporting duties of the Management Board, 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 internal regulations 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 responsible committee.

The Working Committee was responsible for all matters that were referred to it by the Supervisory Board. These included, in particular, the approval of the creation, closure and liquidation of subsidiaries, as well as the acquisition or disposal of participations, where the change in the capitalized book value of the company holding exceeded 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 and the appointment of persons to the management boards and supervisory bodies of banks within the Group. Furthermore, the Working Committee approved the assumption of operational banking risk 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 allocation and stock allocation to members of the Management Board through the Share Incentive Program.

The Audit Committee monitors the accounting process and the effectiveness of the company's internal control, audit and risk management systems. Its tasks 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 auditor, 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 of its approval. It also audits the proposal for earnings appropriation and the corporate governance report. The Audit Committee presented a report on the results of its audits to the Supervisory Board. The committee is also responsible for preparing the Supervisory Board recommendation for the selection of the external auditor and bank 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.

The Remuneration Committee's responsibilities include establishing guidelines for the company's general remuneration policies and practices, particularly on the basis of the Austrian Banking Act (BWG), as well as relevant sections of the Austrian Code of Corporate Governance. The Remuneration Committee supervises and regularly reviews the remuneration policies, remuneration practices, and relevant incentive structures to ensure that all related risks were controlled, monitored and limited in accordance with the BWG, as well as 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 directly reviews the remuneration of executives responsible for risk management and compliance.

A Risk Committee was established during the 2014 financial year. Its responsibilities 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 Austrian Banking Act (BWG), as well as the observing of capitalization and liquidity. It is also responsible for ensuring proper consideration of the pricing of offered services and products, as well as the business model and credit risk strategy, and where applicable, to submit a plan with corrective measures. The Risk Committee also monitors if the incentives offered by the internal remuneration system give adequate consideration to risk, capital, liquidity, and the probability as well as timing of realized gains.

The Nomination Committee also met for the first time during the financial year. It concerns itself with 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 sets a target ratio for the under-represented sex 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 other responsibilities include:

- regularly evaluating, and in all cases where events indicate a need for a revaluation, the structure, size, composition and performance of the Management Board and Supervisory Board, as well as suggesting changes to the Supervisory Board where necessary;
- regularly conducting, 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.

At its meeting on 21 January 2014, the Supervisory Board established a temporary Project Committee to take further decisions on matters relating to RBI's capital increase. It comprised of Walter Rothensteiner, Erwin Hameseder, Heinrich Schaller, Johannes Schuster, Martin Prater and Rudolf Kortenhof. The Project Committee was authorized, in particular, to decide on the final extent of the capital increase, the subscription ratio, as well as the subscription and offer price, and to decide on corresponding adjustments to the Articles of Association. The committee's work ended on 10 February 2014 after the corresponding decisions had been taken.

Number of meetings of the Supervisory Board and of the committees

The Supervisory Board held eight 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 of the company's performance, including the risk position and risk management of the company, and material Group companies, especially in case of important matters.

The Working Committee held eight meetings in the 2014 financial year. The Audit Committee met twice, the Personnel Committee once, and the Remuneration Committee, the Risk Committee and the Nomination Committee each met twice. The Project Committee met once.

Only one member of the Supervisory Board (Markus Mair) was hindered from personally attending more than half of the sittings of the Supervisory Board.

In addition, the Supervisory Board and the Working, Project, and Nomination Committees also passed circular resolutions.

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:

in € thousands	2014	2013
Fixed remuneration	5,101	5,477
Bonuses (incl. portions for prior years)	2,798	2,947
Share-based payments	0	0
Other remuneration	2,103	1,013
Total	10,002	9,437

Fixed remuneration, as shown in the above table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration basically consist of bonus payments (immediately payable shares of the cash portion of the bonus for 2013 and deferred bonus amounts from previous years) and share-based remuneration under the Share Incentive Program (SIP).

For the 2014 year (payable in 2015), there was no bonus allocation for the Management Board due to the operating result. Furthermore, there was no allocation of share-based payments in 2013, as no SIP tranche had been issued in 2010 owing to the merger between Raiffeisen International and the principal business areas of Raiffeisen Zentralbank Österreich AG (RZB). Moreover, the maturity of the program was extended to five years in accordance with legal regulations. Therefore, the next SIP tranche will not mature before 2016.

The measurement of bonuses is linked to the achievement of company goals in relation to profit after tax, return on risk-adjusted capital (RORAC), and cost/income ratio, as well as to annually consented on personal goals. Payment of bonuses is deferred as set forth in the Austrian Banking Act (BWG) and implemented according to internal RBI regulations.

Management Board members' contracts specify a maximum bonus. Similarly, 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 associated companies, payments to pension funds and reinsurance policies, as well as to other insurance and benefits.

The Management Board's remuneration paid in 2014 is shown in detail as follows:

in € thousands	Fixed remuneration	Bonus allocations for 2013 and prior years	Share-based payments	Other	Total
Karl Sevelda	1,108	582	0	378	2,068
Johann Strobl	908	555	0	337	1,800
Aris Bogdaneris	808	480	0	357	1,645
Klemens Breuer	759	398	0	391	1,548
Martin Grill	759	482	0	303	1,544
Peter Lennkh	759	301	0	337	1,397
Total	5,101	2,798	0	2,103	10,002

In addition to the amounts listed above, Herbert Stepic received an amount of € 803 thousand in fixed remuneration on the basis of contractual obligations. Furthermore, deferred bonus amounts totaling € 203 thousand were paid to Herbert Stepic and Patrick Butler on account of their previous work on the Management Board.

Principles of remuneration policy and practices in accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG)

In accordance with Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG) including annexes, RBI'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 apply to bonus payments for 2011 and subsequent years. The Remuneration Committee is responsible for the regular monitoring of these policies and practices and their implementation. Taking the current version of Section 39 (2) in conjunction with Section 39b of the Austrian Banking Act (BWG) including annexes into account, following the implementation of Directive 2013/36/EU, the Remuneration Committee of RBI's Supervisory Board approved a new version of the "General Principles of the Remuneration Policy and Practice" in 2014, which were applied as of 2014.

Share Incentive Program

Due to the enormous 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. Originally intended as a variable long-term remuneration element which is geared to 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 will be issued in future.

No tranche of the Share Incentive Program matured in 2014, as no SIP tranche was issued in 2010 and the maturity of the program was extended to five years in 2011, in accordance with legal regulations. Consequently, the next SIP tranche will not mature until 2016.

Under the SIP, new tranches were last issued in 2011, 2012 and 2013. This means that on the reporting date, contingent shares for these three tranches were allocated. As at 31 December 2014, the number of these contingent shares was 975,955 (of which 212,796 were attributable to the 2011 allocation, 402,209 to the 2012 allocation and 360,950 to the 2013 allocation). The number of contingently allocated shares originally announced changed due to various personnel changes within Group units. It is aggregated in the following table:

SIP 2011, 2012 and 2013

Group of persons	Number of contingently allocated shares at 31/12/2014	Minimum allocation of shares	Maximum allocation of shares
Members of the Management Board of RBI	331,707	99,513	497,561
Members of the management boards of bank subsidiaries and branches affiliated to RBI	409,539	122,862	614,309
Executives of RBI and other affiliated companies	234,709	70,413	352,064

No shares were repurchased for SIP in 2014.

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 on the part of 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 three members of the Management Board.

In the event of a function or contract termination, two members of the Management Board are entitled to severance payments in accordance with the Salaried Employees Act and the Banking Sector Tariff Agreement, one member in accordance with contractual agreements and three members in accordance with the Employee Benefit Act. In principle, the severance payment claims under the Salaried Employees Act or 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 based on the principles stipulated by the Austrian Code of Corporate Governance, as well as on the stipulated maximum limits (a maximum of two years' total annual remuneration for early termination without serious cause and in any case no longer than the remaining term. No remuneration is given for premature terminations for serious reasons caused by the Management Board member).

Supervisory Board remuneration

Supervisory Board remuneration was apportioned to individual Supervisory Board members as follows. The amounts provided are provisional amounts from the statement of financial position, subject to the approval of the Annual General Meeting 2015. Attendance fees were not paid.

Supervisory Board member	in €
Walter Roithensteiner	70,000
Erwin Hameseder	60,000
Heinrich Schaller	60,000
Markus Mair	30,000
Klaus Buchleitner	50,000
Stewart D. Gager	25,000
Kurt Geiger	50,000
Günther Reibersdorfer	50,000
Johannes Schuster	50,000
Christian Teuffl	50,000
Bettina Selden	25,000
Martin Schaller	30,000

D&O insurance

In the 2014 financial year, a D&O (directors and officers) financial loss and liability insurance was signed with UNIQA Sachversicherung AG for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company.

Annual General Meeting

The Annual General Meeting for financial year 2013 was held on 4 June 2014 in Vienna. The Annual General Meeting for financial year 2014 will take place on 17 June 2015. The convening notice will be published in the Wiener Zeitung's official register 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 confers one vote; registered shares have not been issued. Shareholders may exercise their voting rights themselves or by means of an authorized agent. RZB has not exercised its right to nominate up to one third of the Supervisory Board members to be elected by the Annual General Meeting, as per the Articles of Association, so that the share structure complies with the principle of "one share, one vote".

Report on measures taken by the company to promote women to the Management Board, the Supervisory Board and into executive positions (Section 80 of the Austrian Stock Corporation Act [AktG]) as laid down in Section 243b (2) 2 of the Austrian Commercial Code (UGB)

One of Raiffeisen's fundamental values has always been to offer equal opportunities for equal performance regardless of gender or other factors. This begins with the recruitment process, where it is important to ensure that the same standards are always applied in staff selection, without prejudice and without restrictions. The relatively high proportion of 67 per cent of female employees at RBI underscores the effectiveness of these activities.

The following table shows the total proportion of women in managerial positions (positions with staff responsibility) at RBI as a whole, as well as the breakdown by Management Board, tier 2 and tier 3 management levels. Changes can mostly be explained by total headcount fluctuations (e.g. reduction measures), as well as by organizational adjustments (number of organizational units or hierarchical levels) at various Group units.

Year	Proportion of women of the total number of employees	Proportion of women of the total number of executives	Management Board	Tier 2 management	Tier 3 management
2014	67%	54%	15%	36%	46%
2013	67%	56%	16%	41%	50%
2012	67%	56%	15%	41%	52%

A corresponding framework to promote the advancement of women must be established and continually developed. Improving the family-work balance is a very important element of this. Appropriate measures include flexible working hours, part-time models and home office. These models are implemented in nearly all countries the Group is active in, and in accordance with the local statutory provisions. The measures are supplemented with further national initiatives, such as the company's kindergarten with employee-friendly operating hours at the Vienna site.

The Management Board is aware of the need to continuously promote the existing initiatives as well as to maintain its openness to new initiatives 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 make specific calls for such initiatives.

In order to build on management skills, RBI offers targeted training and continuing education programs, which also proved popular among female employees. For example, approximately 38 per cent of the participants in the Group-wide top-management program "Execute" were women. In 2014, female employees accounted for 15 per cent of participants in the restructured Advanced Leadership Training program for middle management.

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 on the following topics: annual and interim reports, company presentations, conference call webcasts, ad-hoc releases, press releases, investor relations releases, share price information and stock data, information for debt investors, financial calendar with advanced notice of important dates, information on securities transactions of Management Board and Supervisory Board that are subject to reporting requirements (directors' dealings), RBI's Articles of Association, the corporate governance report, analysts' research and recommendations, as well as an ordering service for written information and registration for the automatic receipt of investor relations news by e-mail.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI 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. 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 their duty on the Supervisory Board (Section 228 (3) 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 Section 28 of the Austrian Banking Act (BWVG) require the approval of the Supervisory Board.

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 Austrian Banking Act (BWVG) in conjunction with the Austrian Commercial Code 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 year under review. Interim reports are published no later than two months after the end of the respective period under review pursuant to IFRS.

The Annual General Meeting selected KPMG Austria AG Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, now KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, as its external auditor and bank auditor for the 2014 financial year. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft has confirmed to RBI 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 efficiency of the company's risk management in accordance with the Austrian Code of Corporate Governance, based on the documents submitted to him and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for addressing the report in the Audit Committee and for reporting thereon in the Supervisory Board.

The Management Board



Karl Sevelda



Aris Bogdaneris



Martin Grill



Johann Strobl



Klemens Breuer



Peter Lennkh



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 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.