Raiffeisen Bank International AG, Vienna, Austria

Translation of the Independent Assurance Report on Compliance with the C-Rules of the Austrian Code of Corporate Governance (ÖCGK) in accordance with C-Rule 62 of the Code for the Year 2019

21 February 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft
10173320

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Annexes

To the members of the Management Board of
Raiffeisen Bank International AG,
Vienna, Austria

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

Based on C-Rule 62 of the Austrian Code of Corporate Governance (ÖCGK) as amended in January 2018, we have evaluated the compliance with the C-Rules of the code by Raiffeisen Bank International AG (the "Company"), Vienna, for the year 2019.

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 2019 ("Declaration of Compliance").

Auditors' Responsibility

Our responsibility is to state whether, based on our procedures performed, the Declaration of Compliance of the Company in the Corporate Governance Report accurately discloses the compliance with the relevant rules of the ÖCGK. Since we were also engaged as auditors of the Company for the year 2019, our independent assurance engagement did not include adherence with the C-rules 77 to 83 of the ÖCGK.

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

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

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

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

Opinion

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

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

According to C-Rule 45 Supervisory Board members may not assume any functions on the boards of other enterprises which are competitors of the company. Several members of the Company's Supervisory Board assume functions on boards of companies within the same industry, which may lead to conflicts of interest. RBI declares this deviation in the Corporate Governance Report as follows: "RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI AG serves as the central institution (as defined by § 27a of the Austrian Banking Act (BWG)) of the regional Raiffeisen banks and other affiliated credit institutions. Some members of the Supervisory Board in their function as shareholder representatives therefore also hold executive roles in RBG banks. Consequently, comprehensive know-how and extensive experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company."

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

Restriction on use

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

General Conditions of Contract

Our responsibility and liability towards the Company and any third party is subject to paragraph 7 of the General Conditions of Contract for the Public Accounting Professions.

Vienna, 21 February 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Wilhelm Kovsca
Wirtschaftsprüfer
(Austrian Chartered Accountant)

Corporate Governance Report

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

RBI attaches great importance to responsible and transparent business management in order to maintain the understanding and confidence of its various stakeholders – not least capital market participants. Hence, RBI is committed to adhering to the Austrian Corporate Governance Code (ACGC, or the Code) as laid out in the version dated January 2018. 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 → Investors → Corporate Governance). In addition to RBI, Tatra banka, a.s., as a listed subsidiary bank, is obliged to publish a corporate governance report due to local statutory regulations. This report is published with the annual report and can be downloaded from the Tatra banka website (www.tatrabanka.sk → About bank → Economic results → Annual Reports). RBI has no further subsidiaries which are required to publish a corporate governance report.

As a listed bank, the governance of RBI is shaped by a multitude of legal regulations which apply equally to all market participants. Aside from complying with the ACGC, RBI also has a self-imposed Code of Conduct (www.rbinternational.com → About us → Code of Conduct), which obliges RBI to commit to sustainable corporate management and the corresponding social and environmental responsibility.

Furthermore, in 2019, RBI completed a comprehensive Group-wide process to review its strategy and governance for the first time and determined a Group-wide applicable Vision & Mission and related values. With a goal to be the most recommended financial services group in 2025, the company has established a clear Vision. The Mission statement was developed in order to realize this: "We transform continuous innovation into superior customer experience". The four central stakeholder groups for the Mission statement are customers, employees, shareholders of RBI, as well as the general public. The Vision & Mission and corporate values together form the central element of the corporate governance of the company.

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

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

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

RBI AG is the central institution of the Raiffeisen Banking Group Austria (RBG). Within RBG, RBI AG serves as the central institution (as defined by § 27a of the Austrian Banking Act (BWG)) of the regional Raiffeisen banks and other affiliated credit institutions. Some members of the Supervisory Board in their function as shareholder representatives therefore also hold executive roles in RBG banks. Consequently, comprehensive know-how and extensive experience specific to the industry can be applied in exercising the control function of the Supervisory Board, to the benefit of the company.

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

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

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

Composition of the Management Board

As at 31 December 2019, the Management Board consisted of the following members:

Management Board member	Year of birth	Original appointment	End of term
Johann Strobl Chairman	1959	22 September 2010[1]	28 February 2022
Martin Grüll	1959	3 January 2005	28 February 2020*
Andreas Gschwenter	1969	1 July 2015	30 June 2023
Lukasz Januszewski	1978	1 March 2018	28 February 2021
Peter Lennkh	1963	1 October 2004	31 December 2020
Hannes Mösenbacher	1972	18 March 2017	28 February 2025
Andrii Stepanenko	1972	1 March 2018	28 February 2021

1 Effective as of 10 October 2010

*The number of members of RBI AG's Management Board will be reduced from seven to six when Martin Grüll's Management Board mandate expires at the end of February 2020. The Management Board areas of responsibility will be reorganized in a way that aims to exploit opportunities to streamline the organization.

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

Andreas Gschwenter	RSC Raiffeisen Service Center GmbH, Austria, Deputy Chairman Raiffeisen Informatik Geschäftsführungs GmbH, Deputy Chairman (since 26 September 2019)
Peter Lennkh	Oesterreichische Kontrollbank Aktiengesellschaft, Austria, Member
Martin Grüll	UNIQA Insurance Group AG, Austria, Member (since 26 June 2019)

In addition to the management and governance of RBI AG, the members of the Management Board performed supervisory and managerial duties at the following material subsidiaries in executive roles or as supervisory board members in the 2019 financial year:

	Supervisory Board mandate	Management
Johann Strobl	AO Raiffeisenbank, Russia, Chairman Raiffeisen Bank S.A., Romania, Chairman Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
Martin Grüll	Priorbank JSC, Belarus, Chairman Raiffeisen Bank Aval JSC, Ukraine, Chairman Raiffeisenbank (Bulgaria) EAD, Bulgaria, Chairman Raiffeisen Bank S.A., Romania, Deputy Chairman AO Raiffeisenbank, Russia, Member	Raiffeisen CEE Region Holding GmbH, Austria, Managing Director Raiffeisen CIS Region Holding GmbH, Austria, Managing Director Raiffeisen RS Beteiligungs GmbH, Austria, Managing Director Raiffeisen SEE Region Holding GmbH, Austria, Managing Director
Andreas Gschwenter	Raiffeisenbank Austria d.d., Croatia, Chairman Raiffeisen Bank Zrt., Hungary, Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
Lukasz Januszewski	Raiffeisenbank a.s., Czech Republic, Chairman Raiffeisen Centrobank AG, Austria, Chairman Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member (from 7 February 2019) Tatra banka, a.s., Slovakia, Member	
Peter Lennkh	Raiffeisen banka a.d., Serbia, Chairman Raiffeisen Bank Kosovo J.S.C., Kosovo, Chairman Raiffeisen Bank Sh.A., Albania, Chairman Raiffeisenbank a.s., Czech Republic, Deputy Chairman Raiffeisen Bank d.d., Bosnia and Herzegovina, Deputy Chairman (until 25 February 2019) AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Tatra banka, a.s., Slovakia, Member	

Hannes Mösenbacher	Raiffeisen Bank d.d., Bosnia and Herzegovina, Chairman (until 25 February 2019) Raiffeisen Centrobank AG, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisen Bank S.A., Romania, Member Raiffeisenbank a.s., Czech Republic, Member Tatra banka, a.s., Slovakia, Member	
Andrii Stepanenko	Raiffeisen Kapitalanlage-Gesellschaft mit beschränkter Haftung, Austria, Chairman Tatra banka, a.s., Slovakia, Chairman Kathrein Privatbank Aktiengesellschaft, Austria, Deputy Chairman AO Raiffeisenbank, Russia, Member Raiffeisenbank a.s., Czech Republic, Member Raiffeisen Bank Aval JSC, Ukraine, Member Raiffeisen Bank S.A., Romania, Member (from 7 February 2019) Raiffeisen Centrobank AG, Austria, Member	

Composition of the Supervisory Board

As at 31 December 2019, the Supervisory Board comprised:

Supervisory Board member	Year of birth	Original appointment	End of term
Erwin Hameseder Chairman	1956	8 July 2010[1]	Annual General Meeting 2020
Martin Schaller 1st Deputy Chairman	1965	4 June 2014	Annual General Meeting 2024
Heinrich Schaller 2nd Deputy Chairman	1959	20 June 2012	Annual General Meeting 2022
Klaus Buchleitner	1964	26 June 2013	Annual General Meeting 2020
Peter Gauper	1962	22 June 2017	Annual General Meeting 2022
Wilfried Hopfner	1957	22 June 2017	Annual General Meeting 2022
Rudolf Könighofer	1962	22 June 2017	Annual General Meeting 2022
Johannes Ortner	1966	22 June 2017	Annual General Meeting 2022
Günther Reibersdorfer	1954	20 June 2012	Annual General Meeting 2022
Eva Eberhartinger	1968	22 June 2017	Annual General Meeting 2022
Andrea Gaal	1963	21 June 2018	Annual General Meeting 2023
Birgit Noggler	1974	22 June 2017	Annual General Meeting 2022
Rudolf Kortenhof[2]	1961	10 October 2010	Until further notice
Peter Anzeletti-Reikl[2]	1965	10 October 2010	Until further notice
Gebhard Muster[2]	1967	22 June 2017	Until further notice
Sigrid Netzker[2]	1971	1 January 2019	Until 31 December 2019
Helge Rechberger[2]	1967	10 October 2010	Until further notice
Susanne Unger[2]	1961	16 February 2012	Until further notice

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

Sigrid Netzker took over Natalie Egger-Grunicke's Supervisory Board functions for one year starting on 1 January 2019. Natalie Egger-Grunicke reassumed her Supervisory Board functions on 1 January 2020.

Independence of the Supervisory Board

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

- The Supervisory Board member shall not have been a member of the Management Board or a senior executive of the company or one of its subsidiaries in the past five years.

- The Supervisory Board member shall not have, or have had in the previous year, any significant business relationships with the company or a subsidiary of the company. This also applies to business relationships with companies in which the Supervisory Board member has a significant financial interest, albeit not with regard to carrying out executive functions within the Group. The approval of individual transactions by the Supervisory Board according to L Rule 48 of the ACGC does not automatically lead to a non-independent qualification.

- The exercise of functions within the company or merely exercising the function of a management board member or senior executive by a Supervisory Board member does not, as a rule, lead to the company concerned being regarded as a company in which a Supervisory Board member has a significant financial interest, to the extent that circumstances do not support the presumption that the Supervisory Board member derives a direct personal advantage from doing business with the company.

- The Supervisory Board member shall not have been an auditor of the company, nor a stakeholder in or employee of the auditing company in the previous three years.

- The Supervisory Board member shall not be a member of the management board of another company in which a Management Board member of the company is a member of the supervisory board.

- The Supervisory Board member shall not be part of the Supervisory Board for longer than 15 years. This does not apply to Supervisory Board members who are shareholders with business interests in the company, or who represent the interests of such shareholders.

- The Supervisory Board member shall not be a close relative (direct descendant, spouse, partner, father, mother, uncle, aunt, brother, sister, nephew, niece) of a member of the Management Board or of persons who meet one of the criteria described in the preceding points.

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

Eva Eberhartinger, Birgit Noggler and Andrea Gaal are free float representatives on the Supervisory Board of RBI AG according to C Rule 54 of the ACGC. These members of the Supervisory Board are neither shareholders with a shareholding of greater than 10 per cent, nor do they represent the interests of such shareholders.

Members of the Supervisory Board had the following additional supervisory board mandates or comparable functions in domestic and foreign stock exchange listed companies from 1 January to 31 December 2019:

Erwin Hameseder	AGRANA Beteiligungs-Aktiengesellschaft, Austria, Chairman; STRABAG SE, Austria, Deputy Chairman; UNIQA Insurance Group AG, Austria, 2nd Deputy Chairman; Südzucker AG, Germany, 2nd Deputy Chairman
Heinrich Schaller	voestalpine AG, Austria, Deputy Chairman; AMAG Austria Metall AG, Austria, Deputy Chairman
Klaus Buchleitner	BayWa AG, Germany, Deputy Chairman; AGRANA Beteiligungs-Aktiengesellschaft, Austria, Deputy Chairman
Rudolf Könighofer	UNIQA Insurance Group AG, Austria, Member (until 26 June 2019)
Birgit Noggler	Semperit AG Holding, Austria, Member (since 4 September 2019)

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

Erwin Hameseder	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Chairman
Klaus Buchleitner	LEIPNIK-LUNDENBURGER INVEST Beteiligungs Aktiengesellschaft, Austria, Member

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

The Supervisory Board, both in its entirety and in its committees, has the necessary knowledge and experience to match the type, scope and complexity of RBI's business and its risk structure.

Members of the Committees

The procedural rules of the Supervisory Board govern its organization and allocate particular tasks to the Working, Risk, Audit, Remuneration, Nomination and Personnel Committees. These committees comprised the following members as of 31 December 2019:

	Working Committee	Risk Committee	Audit Committee	Remuneration Committee	Nomination Committee	Personnel Committee
Chairman	Erwin Hameseder	Birgit Noggler	Eva Eberhartinger	Erwin Hameseder	Erwin Hameseder	Erwin Hameseder
1st Deputy Chairman	Heinrich Schaller	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Heinrich Schaller	Heinrich Schaller
2nd Deputy Chairman	Martin Schaller	Erwin Hameseder	Heinrich Schaller	Martin Schaller	Martin Schaller	Martin Schaller
Member	Andrea Gaal	Heinrich Schaller	Johannes Ortner	Eva Eberhartinger	Rudolf Könighofer	Rudolf Könighofer
Member	Birgit Noggler	Eva Eberhartinger	Andrea Gaal	Andrea Gaal	Andrea Gaal	Andrea Gaal
Member	–	Andrea Gaal	Birgit Noggler	Birgit Noggler	Birgit Noggler	Birgit Noggler
Member	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	Rudolf Kortenhof	–
Member	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	Peter Anzeletti-Reikl	–
Member	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	Susanne Unger	–

The following changes were made during the financial year:

Birgit Noggler was elected Chairman of the Risk Committee from among the Supervisory Board/Risk Committee members at the inaugural Supervisory Board meeting on 13 June 2019.
She succeeded Martin Schaller, who was elected to 1st Deputy Chairman after serving as Chairman. Erwin Hameseder was elected to 2nd Deputy Chairman after serving as 1st Deputy Chairman. Heinrich Schaller was elected a Member of the Risk Committee after serving as 2nd Deputy Chairman.

Birgit Noggler is Chairman of the Risk Committee within the meaning of § 39d of the BWG. She satisfies the legal standards, technical qualifications and independence requirements set out in § 39d (3) of the BWG. In addition to serving as the Chairman of the Risk Committee, her principal occupation is the provision of tax advisory services. She was the Chief Financial Officer of Immofinanz AG from 2011 to 2016 and held management positions at Immofinanz AG from 2007 to 2011. Birgit Noggler has worked in accounting from the start of her professional career and therefore has extensive expertise in this field. Birgit Noggler also holds supervisory board positions at B & C Industrieholding GmbH, Semperit Aktiengesellschaft Holding and NOE Immobilien Development GmbH.

The Audit Committee, Working Committee and Risk Committee all consist of one-third core shareholder representatives, one-third free float representatives and one-third employee representatives.

According to § 63a (4) of the BWG, one member of the Audit Committee must be a financial expert. This requirement is fulfilled by Eva Eberhartinger as Chairman of the Audit Committee. Three other members of the Audit Committee also have relevant expertise from their positions as senior executives of banks.

In addition to serving as Chairman of the Audit Committee, in her main role Eva Eberhartinger chairs the Tax Management division at the Institute for Accounting & Auditing at the Vienna University of Economics and Business and was Vice Rector for financial affairs at the Vienna University of Economics and Business from 2006 to 2011. On account of her high level of expertise and many years of experience in research and lecturing at both national and international universities, Eva Eberhartinger is a recognized expert in the areas of finance and accounting, as well as taxation. Her research focuses on accounting, taxation, financing and taxes, European/international accounting, and international tax law. Furthermore, Eva Eberhartinger has numerous publications in various specialist journals. She has been on the supervisory board of the Austrian Treasury since 2013, and served as the Vice Chair until 2017. She has also been a member of the supervisory board of maxingvest AG (Germany) since 2014.

The responsibility of free float representatives has been further strengthened by the appointment of Eva Eberhartinger as Chairman of the Audit Committee and Birgit Noggler as Chairman of the Risk Committee.

The Advisory Council

The Advisory Council consists of representatives of RBG and has a purely consultative function for the Management Board of RBI AG. The rights and obligations that the Management Board and Supervisory Board have under the law and the Articles of Association are not curtailed by the Advisory Council's activities.

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

The Advisory Council consists of the seven Chairmen of the supervisory boards of the regional Raiffeisen banks and the Chairman of Raiffeisenverband Salzburg. It met five times in 2019. Out of the eight members of the Advisory Council, four members attended all the meetings in 2019. Two members were excused from one meeting, one member from two meetings and one member from three meetings. Member attendance at each meeting thus ranged between 62 per cent and 100 per cent.

Advisory Council members receive reasonable compensation for their activities. The compensation for the 2017 financial year and subsequent years was determined by the Annual General Meeting on 21 June 2018.

As long as the General Meeting passes no resolutions to the contrary in the future, Advisory Council members are paid the following annual remuneration:

- For the Chairman of the Advisory Council: € 25,000 (excluding VAT)
- For the Deputy Chairman of the Advisory Council: € 20,000 (excluding VAT)
- For every other member of the Advisory Council: € 15,000 each (excluding VAT)

Each member of the Advisory Council is additionally paid an attendance fee of € 1,000 (excluding VAT) for each meeting.

Depending on the duration of the respective Advisory Council mandate, the annual remuneration for the financial year is allocated on a pro rata basis or in its entirety.

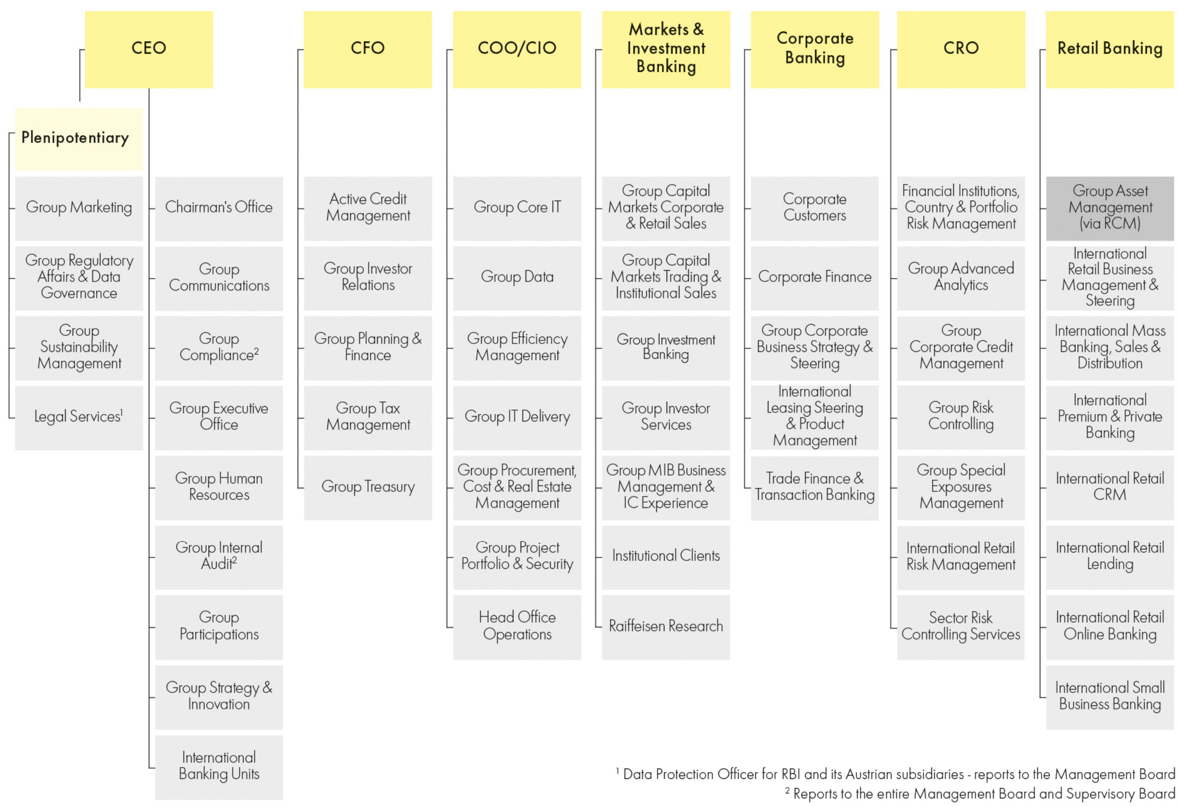
Functions of the Management Board and the Supervisory Board

Division of responsibilities and functions of the Management Board

The RBI AG Management Board manages the company according to clearly defined goals, strategies and guidelines on its own authority, with a focus on future-oriented business management and in line with modern, sustainable business principles. In doing so, the Management Board pursues the good of the company at all times and considers the interests of customers, shareholders and employees.

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

Management Board members' areas of responsibility have been defined by the Supervisory Board, without prejudice to the general responsibility of the Management Board, as follows (as at 31 December 2019):



[1] Data Protection Officer for RBI and its Austrian subsidiaries - reports to the Management Board
[2] Reports to the entire Management Board and Supervisory Board

In the 2019 financial year, the following significant organizational changes, among others, took place at Tier 2 management level (B-1):

Management Board area of the Chief Executive Officer (CEO)

- The Group Regulatory Affairs division was renamed Group Regulatory Affairs & Data Governance to reflect the growing importance of data governance in the Group. Group Governmental and Public Affairs was also integrated into the division in order to ensure a stronger uniform approach, particularly in relation to regulatory issues.
- In addition, the following changes were approved in December 2019 and put into effect on 1 February 2020:
  - The Group Participations and International Banking Units divisions will be merged to form the Group Equity Investments division. This division will be the central point of contact for all equity investments (affiliated credit and financial institutions, associated companies and other equity investments held in and outside Austria) and RBI internal stakeholders. To maximize synergies and optimize existing processes, a single division will handle the tasks previously performed by the equity investment managers and relationship managers.
  - The Retail Banking Management Board area will take over managing the Group Marketing division in order to support tighter integration between digital marketing activities and business activities.

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

- Group IT was dissolved, and its tasks distributed among three new B-1 units; Group IT Delivery, Group Core IT and Group Data. These units pursue objectives that are clearly linked to RBI's strategic priorities. COO Strategy, Governance & Change was also dissolved and most of the tasks integrated into Group IT Delivery.

Management Board area of Markets & Investment Banking

- The Group Business Management & Development division was renamed Group MIB Business Management & Institutional Clients Experience. Its responsibility includes the Group-wide Markets & Investment Banking (MIB) strategy, managing the MIB business and implementing compliance methods and measures for Institutional Clients.

- The Institutional Clients division was reorganized and split into two organizational units: Institutional Clients and Group Investor Services. The change eliminated one hierarchical level and separated responsibilities between account management and business management.

- The Group Capital Markets division was renamed Group Capital Markets Trading & Institutional Sales in consideration of its Group function.

- The Group Competence Center for Capital Markets Corporate/Retail Sales was renamed Group Capital Markets Corporate & Retail Sales, taking its function into account.

Management Board area of the Chief Risk Officer (CRO)

- A new Group Advanced Analytics division was created. Due to the growing importance of advanced analytics for RBI, the advanced analytics team was established as a separate B-1 unit that is responsible for the Group and reports directly to the CRO.

The Management Board areas of Martin Grüll (CFO) will be reallocated when his Management Board mandate expires on 28 February 2020.

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

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

The **Working Committee** is responsible for all matters referred to it by the Supervisory Board. It handles general focus reports on individual industries in the corporate customer business and financial institutions area as part of reviewing loan and limit applications. It takes these opportunities to discuss selected customer groups and financial institutions, as well as material changes in customer creditworthiness. The Working Committee also looks at developments with respect to the 20 largest groups of connected customers in the corporate customer business in the course of the year and reviews special reports on certain customers or industries in response to current events. The Working Committee discusses and decides on limit applications for companies and financial institutions and confers on limit applications that fall within the Supervisory Board's decision-making authority as well as reports written for the Supervisory Board, such as the annual report on all significant investments under § 28b of the BWG, before they are addressed by the Supervisory Board.

In addition, the Working Committee considers requests and reports on the formation, closure and liquidation of subsidiaries and the acquisition and disposal of equity participations up to the ceiling amount for Supervisory Board responsibility. The Working Committee also discusses and decides on the assumption of new board-level functions by Management Board members and the allocation of duties among the individual members of the Management Board.

The responsibilities of the **Risk Committee** include advising the Management Board on current and future risk propensity and risk strategy, monitoring the implementation of this risk strategy with regard to the controlling, monitoring and limitation of risk in accordance with the BWG, as well as the observing of capitalization and liquidity. To fulfill these responsibilities, the Risk Committee obtains quarterly reports on issues such as credit, liquidity and market risk, the Internal Capital Adequacy Assessment Process (ICAAP) and non-performing loans. The Committee also looks at current risk aspects, including selected country reports on current political changes as well as reports on regulatory developments and their repercussions for RBI. In addition, the Risk Committee discusses relevant metrics and tolerances regarding the Group's risk appetite, with due consideration given to budgeting and strategy.

Furthermore, the Risk Committee is also responsible for examining whether adequate consideration is given to the business model and risk strategy in the pricing of the services and products offered. To this end, the Risk Committee discusses reports submitted to it on pricing and price calculations in the customer and financial institutions business and discusses remedial action plans if necessary. The Risk Committee also monitors whether the incentives offered by the internal remuneration system give adequate consideration to risk, capital and liquidity, as well as the timing of realized profits and losses. This involves the presentation of a report on remuneration policies in the Risk Committee, which is used to assess whether the remuneration structure reflects RBI's risk appetite.

In the last financial year, the Risk Committee focused especially on ongoing reporting, monitoring compliance with Russian and US sanctions and the regular status reports on money laundering prevention. It also devoted particular attention to reporting on possible risks associated with the portfolio of mortgages denominated in Swiss francs in Poland.

The **Audit Committee** monitors the accounting process. It issues recommendations for improving reliability and supervises the effectiveness of the company's internal control, audit and risk management systems.

The Audit Committee also oversees the annual audit of the financial statements and consolidated financial statements and thus monitors the independence of the external Group auditor/bank 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 for their adoption by the Supervisory Board. The Audit Committee reviews the audit plan in great detail and engages in discussions with the auditor about key facts covered in the audit of the financial statements, special focuses of the audit, the management letter and the report on the effectiveness of risk management and the internal control system. It also examines the Management Board's proposal for earnings appropriation and the Corporate Governance Report. The Audit Committee presents a report on the results of its examinations to the Supervisory Board. It also conducts a process, in accordance with statutory requirements, for the selection of the Group auditor and bank auditor and submits a recommendation to the Supervisory Board concerning the appointment of the auditor.

The Audit Committee also engages in regular discussions with Internal Audit about general audit issues, defined audit areas, findings made during audits and steps taken to make improvements in response to audit findings. Group Compliance also reports regularly to the Audit Committee and discusses the status and effectiveness of the internal control system with the Audit Committee. In particular, the parties discuss the findings from reviews of key controls in financial reporting and non-financial reporting areas as well as additional required improvements. The Audit Committee also devotes attention to the accounting framework and discusses the implementation of necessary projects.

One important issue that the Audit Committee addressed in 2019 was the selection of a new external auditor/bank auditor for the business years from 2021. The associated tender criteria were coordinated and defined, the audit tender conducted, and the proposals reviewed and evaluated. The Audit Committee prepared a shortlist from these proposals and submitted it to the Supervisory Board for a decision.

Another key issue in 2019 was reporting on outsourcing management.

Special reports are compiled on current issues; at the end of each year, the Audit Committee also defines core issues for the upcoming year.

The **Remuneration Committee's** responsibilities include, first and foremost, establishing guidelines for the company's remuneration policies and practices, particularly on the basis of the BWG, as well as relevant sections of the ACGC. In doing so, the company's interests along with the long-term interests of shareholders, investors and employees of the company are taken into account, as are the economic interests of maintaining a functioning banking system and the stability of the financial market. The Remuneration Committee issues detailed internal remuneration policies for RBI and makes changes as needed as part of a regular review process. On that basis, the Remuneration Committee selects the companies within RBI that are subject to the remuneration principles. This selection and the underlying selection process are reviewed at regular intervals. The Remuneration Committee is also responsible for approving the proposed list of employees and functions which have a material impact on the risk profile of the Group and/or company. The Remuneration Committee conducts regular reviews of these Identified Staff.

In addition, the Remuneration Committee supervises and regularly reviews remuneration policies, remuneration practices and relevant incentive structures to ensure that all related risks are controlled, monitored and limited in accordance with the BWG, as well as with respect to capitalization and liquidity. To this end, reports from Human Resources, Internal Audit, Compliance and Risk Management are presented to the Remuneration Committee and the associated findings and measures are discussed. The Remuneration Committee further reviews the remuneration of executives responsible for risk management and compliance.

The Remuneration Committee is also responsible for deciding whether employees are subject to penalty or clawback events. It reviews potential cases and then, based on the facts, decides how the event will affect the payment of variable remuneration.

The **Nomination Committee's** duties include filling any posts on the Management Board and Supervisory Board that have become vacant. The Nomination Committee evaluates potential candidates based on a description of the duties entailed and, after conducting an appropriate fit & proper test, issues recommendations for filling the board vacancy, giving consideration to the balance and diversity of knowledge, skills and experience of all members of the governing body in question.

The Nomination Committee also specifies a target ratio for the under-represented gender on the Management Board and the Supervisory Board, consults on the strategy for achieving the defined target ratio and regularly discusses the adoption of development programs. The Nomination Committee is also responsible for evaluating decision-making within the Management Board and Supervisory Board, ensuring 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 verifies and makes this assessment based on the meeting processes and communication lines within each board (e.g. minute-taking, deputizing arrangements, resolutions passed by circulation in urgent cases, monitoring of courses of action taken, meeting preparations, forwarding of documents) and on the perceptions of the members themselves. The Nomination Committee's responsibilities also include regularly assessing the structure, size, composition and performance of the Management Board and Supervisory Board, with reports on the bodies' composition, organizational structures and the results of their work being presented as a basis for any decisions. It also regularly evaluates 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. The evaluation takes place in the Nomination Committee and is based on the self-evaluation of the individual members of the Management Board and Supervisory Board, as well as on individual continuing education reports.

The diversity report was addressed and the resolution to extend Martin Schaller's term of office on the Supervisory Board was recommended in the past financial year. The Nomination Committee evaluated various options and discussed aspects of succession planning in detail in connection with the expiration of Martin Grüll's term of office on the Management Board.

The Nomination Committee also reviews the Management Board's policy with regard to the selection of executives and supports the Supervisory Board in preparing recommendations for the Management Board. As part of its responsibility, the Nomination Committee evaluates the selection of key function holders, the guiding principles of executive selection and development, succession planning and the policies and steps taken for filling upper management positions.

The **Personnel Committee** deals with the remuneration of Management Board members as well as their employment contracts. In particular, it discusses and decides on provisions in the individual Management Board members' employment contracts and makes changes to the contracts as needed. It is also responsible for approving any acceptance of secondary employment by members of the Management Board.

It sets targets for the Management Board based on applicable rules and regulations and makes any required changes. The Personnel Committee also discusses whether the Management Board has attained its targets and approves bonus allocations on that basis. In addition, it discusses, and reviews submitted information that appears to require a clawback of past bonuses or non-payment of bonuses from existing provisions (penalty). The Personnel Committee then decides whether to pay amounts from bonus payments that were deferred as required by law.

Number of meetings of the Supervisory Board and of the Committees

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

The Working Committee (WC) held eight meetings in the 2019 financial year. The Risk Committee (RiC) met four times, the Audit Committee (AC) four times, the Remuneration Committee (ReC) twice, the Nomination Committee (NC) four times, and the Personnel Committee (PC) twice.

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

In 2019, Supervisory Board members attended the meetings of the Supervisory Board and its Committees as shown below:

Supervisory Board member	SB (7)	WC (8)	RiC (4)	AC (4)	ReC (2)	NC (4)	PC (2)	Total (31)
Erwin Hameseder	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Martin Schaller	7/7	8/8	4/4	n/a	2/2	4/4	2/2	27
Heinrich Schaller	5/7	6/8	3/4	3/4	2/2	3/4	2/2	24
Klaus Buchleitner	4/7	n/a	n/a	n/a	n/a	n/a	n/a	4
Peter Gauper	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Wilfried Hopfner	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Rudolf Könighofer	7/7	n/a	n/a	n/a	n/a	3/4	2/2	12
Johannes Ortner	7/7	n/a	n/a	4/4	n/a	n/a	n/a	11
Günther Reibersdorfer	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Eva Eberhartinger	7/7	n/a	4/4	4/4	2/2	n/a	n/a	17
Andrea Gaal	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Birgit Noggler	7/7	8/8	4/4	4/4	2/2	4/4	2/2	31
Rudolf Kortenhof	5/7	8/8	4/4	4/4	2/2	4/4	n/a	27
Peter Anzeletti-Reikl	7/7	8/8	4/4	4/4	2/2	4/4	n/a	29
Gebhard Muster	4/7	n/a	n/a	n/a	n/a	n/a	n/a	4
Sigrid Netzker	5/7	n/a	n/a	n/a	n/a	n/a	n/a	5
Helge Rechberger	7/7	n/a	n/a	n/a	n/a	n/a	n/a	7
Susanne Unger	7/7	8/8	4/4	4/4	2/2	4/4	n/a	29

n/a – not applicable, as not a member of the respective Committee

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

Self-evaluation and efficiency review by the Supervisory Board

As required by C Rule 36 of the ACGC, the Supervisory Board of RBI AG conducted a self-evaluation and efficiency review for the 2019 financial year. This evaluation was performed in cooperation with the Vienna University of Economics and Business and is designed to ensure that the Supervisory Board's work consistently improves in terms of efficiency and effectiveness.

In addition to the conventional questionnaire-based evaluation, experts conducted individual interviews with each Supervisory Board member. The Supervisory Board members were asked in particular for their assessment of the organizational structure, working methods of the Supervisory Board, the work done by the Committees, access to information, and the composition and independence of the Supervisory Board. Based on the granularity of the evaluation, the Supervisory Board's work will be analyzed to see in what way it can be optimized and how a positive contribution can be made to strategic business development. Following the evaluation, appropriate measures are to be developed in Q1 2020.

Remuneration disclosure

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

In accordance with § 39 (2) in conjunction with § 39b of the BWG including annexes, RBI AG's Supervisory Board approved the General Principles of the Remuneration Policy and Practice in 2011. Remuneration of all employees including the Management Board and other Identified Staff, whose professional activities have a material impact on the risk profile of the company and/or the Group, must comply with these principles. These principles also applied to bonus payments for 2011 and subsequent years. The Remuneration Committee of the Supervisory Board of RBI AG reviews these principles on a regular basis and is responsible for monitoring their implementation. To reflect changes in the regulatory requirements and framework and/or adjustments to the RBI remuneration system, the remuneration principles that apply within the RBI Group in the form of an Internal Regulation Total Rewards Management (including annexes) are regularly updated and submitted to the Remuneration Committee for approval. This was last done in March 2019.

General remuneration principles of RBI

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

RBI's remuneration system does not encourage the assumption of disproportionate risks, and instead supports sound, effective risk management (e.g. through a performance management process with financial and non-financial targets as well as qualitative and quantitative key performance indicators and the use of a bonus pool approach). This goal is also achieved by limiting variable remuneration through thresholds and upper limits, which also enables more precise long-term cost planning. In addition, special rules apply to Identified Staff Examples are shown below:

- Variable remuneration payment installments (the payment of variable remuneration for Identified Staff is determined by a defined deferred period)
- As a general rule, 50 per cent of the variable remuneration is administered in the form of non-cash instruments (phantom shares are used to fulfil this regulatory requirement at RBI)
- Ex-post risk review of variable remuneration (penalty/clawback)

Total remuneration consists of both fixed and variable components, with an appropriate ratio between the two. Employees' fixed income is set at a level that allows them to maintain an adequate standard of living. This aims to provide maximum flexibility in the choice and implementation of the variable remuneration components, including the ability to forgo the granting of variable remuneration entirely. In addition, the total amount of the variable remuneration does not restrict RBI's ability to improve its capitalization. The basis for all variable remuneration programs is performance, which is measured at the Group, company and also individual level.

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

Management Board remuneration

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

in € thousand	2019	2018	2017
Fixed remuneration	5,434	5,154	4,571
Bonuses (incl. portions for prior years)	3,196	2,493	1,882
Share-based payments	0	399	694
Other remuneration	2,778	2,345	2,738
Total	**11,408**	**10,391**	**9,885**

Fixed remuneration, as shown in the table, includes salaries and benefits in kind. Performance-based components of the Management Board's remuneration essentially consist of bonus payments, i.e. deferred bonus amounts from previous years as well as immediately payable bonus amounts for 2018 were paid out.

The payment of a bonus is linked to the achievement of annually agreed goals from various areas based on a balanced scorecard approach. These are weighted financial targets (adjusted to the respective function, e.g. return on risk-adjusted capital, total costs, risk-weighted assets), customer and employee goals, as well as process/efficiency/infrastructure goals and, where necessary, additional objectives. The amount of the bonus is determined based on return on equity (ROE) and the cost/income ratio (CIR); the targets to be achieved reflect the strategic targets for ROE and CIR at RBI level. Payment of bonuses is deferred as set forth in the BWG and implemented according to internal regulations.

Management Board members' contracts specify a maximum bonus. A maximum limit is thus in place for all variable compensation components. The total of all variable compensation components is capped at 100 per cent of the fixed remuneration. This cap applies to the Chairman of the Management Board as well as to all the members and includes all forms of variable remuneration. Fixed remuneration includes regular salaries and benefits in kind. Other remuneration consists of compensation for board-level functions in affiliated companies (supervisory board remuneration), payments to pension funds, employee retirement funds and insurance companies, subsidies, fringe benefits (accommodation allowance, tuition allowance, company car, company parking spaces and most of the benefits that employees receive) as well as non-cash benefits.

The Management Board's remuneration paid in 2019 is shown in detail as follows:

in € thousand	Fixed Remuneration	Bonus allocations for 2018 and prior years	Other	Total
Johann Strobl	900	832	414	2,146
Martin Grüll	761	696	383	1,840
Andreas Gschwenter	760	498	408	1,666
Lukasz Januszewski	776	125	332	1,233
Peter Lennkh	699	631	444	1,774
Hannes Mösenbacher	762	301	402	1,465
Andrii Stepanenko	776	113	395	1,284
Total	**5,434**	**3,196**	**2,778**	**11,408**

In addition to the amounts listed above, Herbert Stepic, Klemens Breuer, Aris Bogdaneris, and Karl Sevelda were paid deferred bonus amounts totaling € 1,346 thousand on account of their previous work on the Management Board. No other additional payments or exceptional one-off payments were made.

Expenditure for severance payments and pensions

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

Furthermore, protection against occupational disability risk is provided by a pension fund and/or on the basis of an individual pension benefit, which is covered by a reinsurance policy. Contracts for Management Board members are limited to the duration of their term in office or a maximum of five years.

Regulations regarding severance payments, in case of the early termination of Management Board mandates, are essentially based on the principles stipulated by the ACGC. Severance payments do not exceed the maximum limits stipulated in the ACGC (a maximum of two years' total annual remuneration for early termination without serious cause – except for severance payments made under contractual agreements before 1 January 2010 – and in any case no longer than the remaining term; no severance payment is made in the event of premature termination for serious reasons attributable to the Management Board member). There are no special severance payment provisions for change of control situations, i.e. the principles laid out above also essentially apply in such cases.

In the event of a function or contract termination, one member of the Management Board is entitled to severance payments in accordance with a contractual agreement. The amount of the assessment base is determined with reference to the provisions of § 23 and § 23a of the Salaried Employees Act, especially in relation to the term compensation. Six members are entitled to severance payments in accordance with the Company Retirement Plan Act. In principle, the severance payment claims under contractual agreements expire if the Management Board member resigns.

Supervisory Board remuneration

A new remuneration model for the Supervisory Board was adopted at the Annual General Meeting on 21 June 2018. Under the new model, elected Supervisory Board members are paid the following annual remuneration starting in the 2017 financial year as long as the General Meeting does not pass any future resolutions to the contrary:

- For the Chairman of the Supervisory Board: € 120,000
- For the Deputy Chairman of the Supervisory Board: € 90,000 each
- For every other elected member of the Supervisory Board: € 60,000 each
- For the Chairman of the Audit Committee and Risk Committee: an additional € 10,000 each

The annual remuneration for the financial year is allocated and paid on a pro rata basis or in its entirety depending on how long the Supervisory Board member has served on the Supervisory Board or committee, and whether he or she chairs the Supervisory Board or committee. In addition, the Annual General Meeting resolved on 21 June 2018 to pay each elected member of the Supervisory Board an additional attendance fee of € 1,000 for each meeting they attend.

Corresponding provisions for Supervisory Board remuneration for the financial year 2019 were formed. Members of the Supervisory Board will be paid the following remuneration for 2019, reflecting their time in office and chairman positions held:

Supervisory Board member in € thousand	Fixed remuneration	Attendance payments	Total remuneration
Erwin Hameseder	120	31	151
Martin Schaller	94	27	121
Heinrich Schaller	90	24	114
Klaus Buchleitner	60	4	64
Peter Gauper	60	7	67
Wilfried Hopfner	60	7	67
Rudolf Könighofer	60	12	72
Johannes Ortner	60	11	71
Günther Reibersdorfer	60	7	67
Eva Eberhartinger	70	17	87
Andrea Gaal	60	31	91
Birgit Noggler	66	31	97
Total	**860**	**209**	**1,069**

The total remuneration for the Supervisory Board members in 2019 corresponds to 66 per cent of the average compensation of an RBI Management Board member for 2019.

D&O insurance

A D&O (Directors & Officers) financial loss and liability insurance policy was maintained with UNIQA Österreich Versicherungen AG for the 2019 financial year for the Supervisory Board, the Management Board and key executives, the cost of which is borne by the company. The policy covers both third-party claims (external cover) and also claims of the company itself (internal cover) against the managers. The internal cover also protects the company.

Annual General Meeting

The Annual General Meeting for the 2018 financial year was held on 13 June 2019 in Vienna. The Annual General Meeting for the 2019 financial year will take place on 18 June 2020. The convening notice will be published in the Wiener Zeitung's official journal and in electronic form a minimum of 28 days before the Annual General Meeting.

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

Syndicate agreement concerning RBI

Due to a syndicate agreement relating to RBI, the regional Raiffeisen banks and direct and indirect subsidiaries of the regional Raiffeisen banks are parties acting in concert as defined in § 1 6 of the Austrian Takeover Act (see notification of voting rights most recently published on 20 August 2019). The terms of the syndicate agreement include a block voting agreement for all matters that require a resolution from the General Meeting of RBI, rights to nominate members of the RBI Supervisory Board and preemption rights among the syndicate partners. The terms also include a contractual restriction on sales of the RBI shares held by the regional Raiffeisen banks (with a few exceptions) for a period of three years from the effective date of the merger between Raiffeisen Zentralbank (RZB) and RBI in March 2017 if the sale would directly and/or indirectly reduce the regional Raiffeisen banks' aggregate shareholding in RBI to less than 50 per cent of the share capital plus one share (at the end of the three-year period, the threshold drops to 40 per cent of the share capital).

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

Description of the diversity strategy

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

The RBI Group Diversity Policy was published in June 2018. It describes the relevance of this issue for RBI, defines the various responsibilities, and also describes how to implement a diversity strategy in the Group. The subsidiaries focused on local strategies in 2019.

The key components of this policy include RBI's diversity vision and mission statement, which were drawn up in 2017, and the daily implementation guidelines. In them, RBI presents its stance on this issue: "RBI believes that diversity adds value. Capitalizing on the opportunities of diversity provides long-term benefits to the company and its employees, as well as to the economy and society as a whole. RBI is continuing Raiffeisen's 130-year success story as it embraces diversity. RBI actively and professionally harnesses the potential of diversity to give clients the best possible service as a strong partner and to position itself as an attractive employer."

The RBI Group Diversity Policy defines a strategy for filling Management Board and Supervisory Board positions whereby hiring must give consideration to both diversity and compliance with statutory requirements. Other important diversity aspects include age, gender and geographic origin. The main requirements for holding such a position also include solid education and professional experience, preferably in roles related to banks or financial institutions. The objective is that the boards include a wide range of qualifications and expertise in order to obtain the broadest possible variety of experience and diverse opinions, collectively resulting in sound decision-making.

The composition of the Management Board and Supervisory Board should be structured so that the board members' geographic origins reflect the diversity of RBI's markets and its cultural context. With respect to the age structure of the Management Board and Supervisory Board, the board members should preferably not have all been born in the same decade. The aim is for women to fill 35 per cent of the positions within the Supervisory Board, Management Board and Tier 2 management of the RBI Group by no later than 2024.

The RBI Management Board did not change in 2019. One Management Board member's term was extended. Of the seven Management Board members, currently five are from Austria, one from Poland, and one from Ukraine. Members of non-Austrian origin therefore constituted 29 per cent of the Management Board at the end of 2019. One Supervisory Board position was again filled by a woman in 2019. All the Supervisory Board members are of Austrian origin. Ages of members range between 45 to 65 years for the Supervisory Board (2018: between 44 to 64 years), and between 41 to 60 years for the Management Board (2018: between 40 to 59 years).

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

RBI is convinced that increasing the proportion of women in management is good for the results generated by the company. Female empowerment is therefore strategically embedded in its diversity management and supported by numerous programs.

To further improve the framework conditions for work and career, RBI continuously endeavors to reconcile family responsibilities and day-to-day work schedules as far as possible. Working arrangements such as flexible working hours, part-time and home-office working are offered and actively supported in accordance with statutory provisions. Likewise, some locations have company kindergartens with employee-friendly opening hours. Among other things, these aim to facilitate effective management of maternity leave, which should encourage women to return to work. RBI adopts a positive stance towards paternity leave as well and considers it an important means of ensuring equality.

The Diversity 2020 initiative continued in Austria in 2019 with a number of programs that had launched in previous years. One of the current core issues targeted by this diversity initiative is the empowerment of women. In particular, it aims to increase the number of women in top management positions. RBI is convinced that a lasting impact can only be achieved by directly addressing personnel processes. For this reason, management positions are advertised but not filled until there is at least one qualified female candidate. Potentially suitable candidates are actively invited to apply if needed to meet this goal. If no women apply for the position, it can be filled with male applicants after a waiting period of one month. External HR consultants are encouraged to always present female candidates. Documents needed for interviews or hearings are anonymized in order to guarantee objectivity in the selection process. At least one female assessor must be involved in the talent selection process; self-nomination is now an option as well. Subconscious prejudices are a key factor currently preventing the increased appointment of women to management positions. To counter this, RBI executives (since 2018) and employees have been offered a specific e-microlearning program to help them identify prejudices that they may hold and learn how to consciously deal with them. In addition, RBI supports arrangements such as part-time management in order to overcome structural barriers. It also sees gender-specific mentoring as an important tool for increasing the representation of women in management positions. In 2019, two female employees completed Lead F, a corporate innovation program for future female leaders.

For RBI AG, the Nomination Committee has set a target of filling 30 per cent of the positions on the Supervisory Board, Management Board and in upper management (Tier 2 and Tier 3 management) with women by 2024. Women held the following proportions of Tier 3 management positions and higher (positions with staff responsibility) at RBI AG as at 31 December 2019: Supervisory Board, 28 per cent (2018: 28 per cent); Management Board, 0 per cent (2018: 0 per cent); Tier 2 management, 20 per cent (2018: 19 per cent); and Tier 3 management, 24 per cent (2018: 20 per cent). Female employees make up 47 per cent (2018: 46 per cent) of the total workforce. RBI AG therefore meets the legal requirement, which took effect in Austria on 1 January 2018, for the share of women on its Supervisory Board. The percentage of women in top management increased marginally in the year under review. RBI AG is currently undergoing an extensive realignment and transformation intended to capitalize on the opportunities arising from changes in the banking business environment. The current figures on the percentage of women are thus only a snapshot of this process. The staffing structure and recruitment and promotion practices in connection with the proportion of women in top management were analyzed in detail with an external organization. The analysis identified potential for development in the RBI corporate culture. An extensive change management project will therefore be launched in 2020, which will also address aspects of diversity, link them to other key cultural elements and reflect current changes.

For the entire RBI Group, the Nomination Committee has set a target of filling 35 per cent of the positions on the Supervisory Board, Management Board and in Tier 2 management with women by no later than 2024. The following figures include RBI AG and 13 network banks in CEE as well as Raiffeisen Bausparkasse Gesellschaft m.b.H., Raiffeisen Kapitalanlage-Gesellschaft m.b.H., Raiffeisen-Leasing Gesellschaft m.b.H, Valida Vorsorge Management, Kathrein Privatbank Aktiengesellschaft and Raiffeisen Centrobank AG. As at 31 December 2019, the total proportion of women among employees in the RBI Group was 66 per cent (2018: 66 per cent). Women held 14 per cent of Management Board positions (2018: 14 per cent), 35 per cent of Tier 2 management positions (2018: 35 per cent) and 46 per cent of Tier 3 management positions (2018: 46 per cent). Women currently hold 24 per cent of Supervisory Board positions (2018: 18 per cent).

The Management Board is aware of the need to continue to pursue 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 the opportunities in this respect and to actively participate in further development.

Transparency

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

A whistleblower hotline was established at the RBI in keeping with regulatory and statutory guidelines. Employees can use the hotline to anonymously report possible violations throughout the Group in their local language to an independent company. All reports are investigated by RBI's Compliance department. The investigation findings must be reported back before the case can be closed.

Conflicts of interest

Both the Management Board and the Supervisory Board of RBI AG are required to disclose any potential conflicts of interest.

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

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

These and other requirements and rules of conduct are covered by a corporate policy that contains the duties required by law and by the ACGC. The policy also gives due consideration to the European Banking Authority's (EBA) guidelines on internal governance, the joint European Securities and Markets Authority/EBA guidelines to assess the suitability of members of management bodies and key function holders, the European Central Bank's guide to fit and proper assessments and the Basel Committee on Banking Supervision's corporate governance principles for banks.

For a number of years, RBI has had internal policies that govern in detail the business transactions conducted to avoid conflicts of interest. The rules enacted in Austria in mid-2019 on transactions with related companies and people (as part of the transposition of the EU Shareholder Rights Directive into Austrian law) have been reflected in a separately issued internal directive.

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

The company prepared an independent consolidated non-financial report according to § 267a of the UGB for the 2019 financial year for RBI, which also contains the disclosures for the parent company according to § 243b of the UGB. The report was reviewed by the Supervisory Board according to § 96 (1) of the AktG. In addition, KPMG was appointed by the Management Board to audit the consolidated non-financial report and will report its findings to the Supervisory Board at its March 2020 meeting. The Supervisory Board will report on the results of the audit at the Annual General Meeting.

Accounting and audit of financial statements

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

The Annual General Meeting on 21 June 2018 selected KPMG as external Group auditor and bank auditor for the 2019 financial year. KPMG has confirmed to RBI AG that it has the certification of a quality auditing system. It has also declared that there are no reasons for disqualification or prejudice. The Supervisory Board is informed of the result of the audit by a statutory report regarding the audit of the consolidated financial statements by the auditor, as well as by the report of the Audit Committee. Furthermore, the auditor assesses the effectiveness of the company's risk management in accordance with the ACGC, based on the documents submitted to the auditor and otherwise available. The resulting report is presented to the Chairman of the Supervisory Board, who is responsible for ensuring the report is addressed in the Audit Committee and presented to the Supervisory Board.

The Management Board

Johann Strobl

Martin Grüll

Andreas Gschwenter

Łukasz Januszewski

Peter Lennkh

Hannes Mösenbacher

Andrii Stepanenko

KAMMER DER STEUERBERATER UND WIRTSCHAFTSPRÜFER

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 such 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 papiers 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.