

GENERAL TERMS OF BUSINESS OF HYPO ALPE- ADRIA-BANK INTERNATIONAL AG

Version November 2009

GENERAL PROVISIONS

I. BASIC RULES GOVERNING THE RELATIONSHIP BETWEEN THE CLIENT AND THE BANK

A. *Scope of application and amendments to the General Terms of Business*

1. Scope of application

Section 1. (1) These General Terms of Business (hereinafter GTB) shall apply to the whole of the business relationship between the client and all domestic and foreign branches of the Bank. Provisions contained in agreements concluded with clients or in special conditions shall take precedence.

(2) The terms "consumer" and "entrepreneur" are used hereinafter within the meaning of the Consumer Protection Act [*Konsumentenschutzgesetz*].

2. Amendments

Section 2. (1) Amendments to the General Terms and Conditions of Business or to the giro account agreement shall become legally valid for all current and future business relations between the customer and the bank 2 months following notification to the customer, unless the bank receives a written objection from the customer within this period. Notification to the customer can be in any form agreed with the customer within the framework of the business relation, in particular through notification on a statement of account. An agreement made with the customer concerning receipt of declarations from the bank shall also apply with respect to notification of amendments to the General Terms and Conditions of Business or to the giro account agreement. If the customer has not advised the bank of any address and no agreement has been made concerning delivery, the announcement of the amended General Terms and Conditions of Business in the bank's hall shall be authoritative; the first sentence of this paragraph shall apply accordingly.

(2) In its notification, the bank shall draw the attention of the customer to the amendment of the General Terms and Conditions of Business or to the giro account agreement as well as to the fact that failure to comment on his part shall apply as consent to the amendment after the passing of two months following notification. In the case of cus-

tomers who have not advised the bank of any address, a corresponding reference will be included in the announcement of the amended General Terms and Conditions of Business.

(3) In the event of any such intended amendment to the General Terms and Conditions of Business or to the giro account agreement, the customer shall be entitled to terminate his giro account agreement immediately and free of charge prior to the coming into force of the amendment.

B. *Delivery of declarations*

1. Instructions by the client

Section 3. (1) Instructions are to be given in writing.

(2) The Bank shall, however, also be authorised to process instructions which are communicated to it through electronic means (in particular by telephone, telegraph, telex, fax or remote data transmission). The Bank shall only be obliged to execute such instructions, where the other prerequisites are provided, if the client has agreed this with the Bank.

(3) The Bank shall be authorised to process instructions which are given to it within the context of a business relationship with an entrepreneur in any form for the account of the latter, if the Bank comes to the view, without fault, that they originate from the entrepreneur, and the Bank shall not be held accountable for an invalid instruction.

2. The obtaining of confirmations by the Bank

Section 4. For security reasons the Bank shall be entitled, in particular in the case of instructions given by remote communication, to obtain a confirmation of the instruction before executing it through the same or another means of communication, dependent upon the circumstances.

3. Declarations by the Bank

Section 5. (1) The notifications and declarations of the bank made by telecommunication shall apply subject to written confirmation – provided no deviating written agreements have been made or customary practices of the bank apply. This does not apply with respect to consumers.

(2) Declarations and information to be communicated or made accessible to the customer by the bank will be sent to the customer in paper form (in particular by means of statements of account) unless an agreement has been made with him on call-up or transfer by electronic means.

C. *Withdrawal authorisation following the death of the client*

Section 6. (1) As soon as it learns of the death of a client, the Bank shall permit withdrawals on the basis of an order of the probate court [*Abhandlungsgericht*] or the certificate of inheritance [*Einantwortungsurkunde*]. Drawings by an account/custody account holder with sole drawing powers

on the joint account/custody account shall not be affected by this rule.

(2) Signatory authorities shall not expire as a result of the death of the client, if they have been granted by an entrepreneur for a joint account. In the event of doubt, accounts of an entrepreneur shall be deemed to be business accounts.

D. Obligations and liability of the Bank

1. Information obligations

Section 7. (1) In the absence of any separate agreement to the contrary, the bank is not subject to any obligations to inform other than those mentioned in its terms and conditions of business and over and above the statutory obligations to inform. Consequently, the bank – in the absence of any statutory or contractual obligations – is not obliged to inform the customer of imminent price falls, of the value or lack of value of items entrusted or of circumstances that impair or could threaten the value of these items, or to provide the customer with any other advice or information.

(2) The obligations to inform envisaged in §§ 26 (1) to (4), 28 (1), 31 and 32 of the Law on Payment Services do not apply with respect to entrepreneurs.

2. Execution of instructions

Section 8. (1) An order whose content typically necessitates the involvement of a third party will be fulfilled by the bank through appointment of a third party on its own behalf. If the bank selects the third party, it shall be liable for the thoroughness of its selection.

(2) Upon request by the customer, the bank is obliged to assign any claims against the third party to the customer.
(3) In addition, with payment services within the European Economic Area (EEA) in Euro or another currency of an EEA signatory state, the bank shall be liable with respect to consumers (but not with respect to entrepreneurs) for the correct execution of the transfer up until receipt by the beneficiary's payment service provider (Point 40a of these terms and conditions).

Section 9. Omitted

E. Duties to cooperate and liability of the client

1. Introduction

Section 10. The client must observe in particular the duties to cooperate listed below during transactions with the Bank; violation thereof shall give rise to liabilities for damages by the client or to a reduction of the client's claims for damages against the Bank.

2. Notification of important changes

a) Name or address

Section 11. (1) The client must notify the Bank immediately in writing of changes to his name, his company, his address or the address of a recipient office designated by him.

(2) If the client fails to notify changes of address, then written declarations by the Bank shall be deemed to have been received if they have been sent to the last address notified to the Bank.

b) Representative authority

Section 12. (1) The client must immediately notify the Bank in writing of the termination of or amendments to a representative authority notified to it, including a drawing and signatory authority (Nos. 31 and 32), and must provide evidence via appropriate documents.

(2) A representative authority notified to the Bank shall continue to apply up to the point of written notification of its termination or an amendment to its former scope, unless the Bank was aware of the termination or the amendment, or was unaware of it through gross negligence. This shall also apply in particular if the termination or the amendment to the representative authority is registered in a public register and a publication to this effect has taken place.

c) Capacity to contract, winding up of the company

Section 13. The Bank must be notified immediately in writing of any loss and any restriction to the client's capacity to contract. If the client is a company or a legal entity, then the Bank must also be notified immediately in the event that it is wound up.

3. Clarity of instructions

Section 14. (1) The client must ensure that his instructions to the Bank are clearly and unequivocally worded. Amendments, confirmations and repetitions must be explicitly designated as such.

(2) If the client wishes to give the Bank special directions for the execution of instructions, then he must inform the Bank of this separately and explicitly, and in the case of instructions given on forms, separately from the form itself. This shall apply in particular if execution of the instruction is especially urgent or is linked to specific deadlines and timings.

4. Due care during the use of remote transmission

Section 15. If the customer places orders or issues other declarations via telecommunication, he must take suitable precautions against transmission errors and abuse.

Section 15a. (1) When using a payment instrument, agreed as suitable for issuing of an order to the bank, the customer must take all reasonable precautions to protect the personalised security features against unauthorised access and must also notify the bank, or the body appointed by it, of the loss, theft, misuse or other unauthor-

ised use of the payment instrument immediately following detection. Entrepreneurs are liable for damages incurred by the bank as a result of violation of these obligations to take due care – without limit in terms of amount for all forms of culpability on the part of the entrepreneur.

(2) The bank is entitled to bar payment instruments issued to the customer if

- objective reasons related to the security of the payment instrument justify this, or
- in the event of a suspicion of non-authorized or fraudulent use of the payment instrument, or
- if there is a considerably increased risk of the customer not fulfilling his payment obligations in connection with a credit line related to the payment instrument.

The bank will inform the customer of any such bar and of the reasons for it - if possible before but at the latest immediately following the bar - provided announcement of the bar or of the reasons for the bar do not violate a court or administration authority order, or would contravene Austrian or European Union legal standards or objective security considerations.

5. Making objections

Section 16. (1) The customer must check declarations of the bank, such as confirmations of orders issued by him, notifications concerning their execution, statements of account, deposit lists, balancing of account and other settlement statements of all kinds as well as dispatches and payments of the bank, for completeness and correctness and must raise any objections immediately.

(2) If no written objections are received by the bank within two months, the declarations and services of the bank set out shall apply as approved; the bank will inform the customer of the significance of his conduct in this respect at the beginning of each deadline period.

(3) In the event of any debit resulting from a non-authorized or incorrectly executed payment transaction, the customer can only obtain rectification by the bank if he has informed the bank of a non-authorized or incorrectly executed payment transaction immediately following detection, at the latest, however, 13 months from the date of the debit, unless the bank has not advised the customer of the information envisaged in Point 40 (8) of these terms and conditions concerning the corresponding payment procedure or made this information accessible to him. The above deadline period is reduced from 13 to 3 months for entrepreneurs.

6. Instruction in the event that notifications are not received

Section 17. The client must instruct the Bank immediately if he fails to receive regular notifications from the Bank (e.g. account statements or statements of securities) or other notifications or deliveries from the Bank, which the client was entitled to expect in the circumstances, within the deadline which is to be customarily estimated for the agreed transmission.

7. Translations

Section 18. Foreign language documents of all kinds are to be presented to the Bank, on request, together with a translation into German, which is to be certified by a court sworn translator.

F. Place of performance, choice of law, place of jurisdiction

1. Place of performance

Section 19. The place of performance for both parties shall be the premises of that branch of the Bank with which the transaction was concluded.

2. Choice of law

Section 20. Austrian law shall apply for all legal relations between the client and the Bank.

3. Place of jurisdiction

Section 21. (1) An entrepreneur may only bring actions against the Bank at the court with subject matter jurisdiction at the registered offices of the principal branch of the Bank. This place of jurisdiction shall also apply for actions by the Bank against an entrepreneur, the Bank also being authorised to assert its rights at any other court with geographical and subject matter jurisdiction.

(2) The general place of jurisdiction in Austria for actions by a consumer or against a consumer agreed with the Bank at the time of conclusion of the contract shall continue to apply even if the consumer moves his place of residence abroad after conclusion of the contract and Austrian court decisions are enforceable in the country concerned.

G. Termination of the business relation

1. Ordinary termination

2. Termination for good cause

3. Legal consequences

1. Ordinary termination

Section 22. (1) In the absence of an agreement for a specific period, the bank and the customer can terminate the entire business relation or individual parts thereof at any time subject to adherence to an appropriate period of notice.

This also applies in particular for the termination of giro account agreements with entrepreneurs. With giro account agreements with entrepreneurs, § 30 paragraph 4 of the Law on Payment Services, which regulates above all the pro-rata refund of amounts paid in advance, is not applicable.

(2) In deviation from this, the customer of a consumer giro account can terminate an indefinite giro account agreement, or a giro account agreement limited to more than twelve months, at any time subject to adherence to a period of notice of one month. The right to termination of the giro account agreement upon an amendment to the General Terms and Conditions of Business or of the giro account agreement, proposed by the bank, remains unaffected.

(3) The bank can terminate an indefinite giro account agreement with a consumer subject to a period of notice of 2 months. Notice of termination must be served in paper form or using another, agreed, permanent data carrier.

2. Termination for good cause

Section 23. (1) If a serious ground exists, then the Bank and the client may terminate the entire business relationship or individual elements thereof at any time with immediate effect, any other agreements notwithstanding.

(2) A serious ground entitling the Bank to termination shall exist in particular if

- there is a deterioration in or threat to the economic situation of the client or of a jointly obliged party with resulting endangering of the fulfilment of liabilities with respect to the Bank,
- the client gives incorrect details in relation to his financial circumstances or other important factors or
- the client fails to or is unable to fulfil the obligation to furnish or increase collateral.

3. Legal consequences

Section 24. (1) Amounts due under the business relationship shall fall due immediately upon termination of the business relationship as a whole. The client shall moreover be obliged to release the Bank from all obligations taken on for him.

(2) The Bank shall further be authorised to call in all obligations accepted for the client and to settle these with effect for the client and to immediately redebit these subject to the receipt of issued credit notes. Claims arising out of securities, in particular bills of exchange and cheques, may be asserted by the Bank up to coverage of any existing debit balance.

(3) The GTB shall continue to apply even after termination of the business relationship until complete settlement.

II. BANKING INFORMATION

Banking information

Section 25. General banking information in relation to the financial position of a company shall, where no obligation exists in this respect, only be provided on a non-binding basis and shall only be provided in writing to entrepreneurs.

Section 26. Omitted

Section 27. Omitted

III. OPENING AND MANAGEMENT OF ACCOUNTS AND CUSTODY ACCOUNTS

A. Scope of application

Section 28. Unless determined otherwise, the rules hereinafter in relation to accounts shall also apply to custody accounts.

B. Opening accounts

Section 29. The future accountholder must provide evidence of his identity when opening an account. Accounts shall be managed under the name or company name of the accountholder and a number.

C. Specimen signatures

Section 30. Those persons who are to have drawing authority and signatory authority on the account must deposit their signature with the Bank. The Bank shall permit written drawings in relation to the account with the client on the basis of the deposited signatures.

D. Drawing authority and signatory authority

1. Drawing authority

Section 31. Only the accountholder shall have authority to draw on the account. Only those persons whose signatory authority is based on the law or to whom a power of attorney to draw on the account in question has been explicitly granted in writing shall be authorised to represent him; such persons must provide evidence of their identity and representative authority.

2. Signatory authority

Section 32. (1) The accountholder may explicitly grant signatory authority in writing to other persons. The authorised signatory shall exclusively be authorised to undertake and revoke drawings on the funds in the account.

(2) Signatory authority to a custody account shall also cover the authority to buy and sell securities within the scope of the available cover and the investment objective of the custody account holder investigated in accordance with the Securities Supervision Act [*Wertpapieraufsichtsgesetz*].

E. Special types of account

1. Subsidiary account

Section 33. An account may also include subsidiary accounts. Even if these are given a subsidiary designation, exclusively the accountholder is authorised and obligated towards the Bank.

2. Trust account

Section 34. In the case of trust accounts, exclusively the trustee, as accountholder, shall be authorised and obligated towards the Bank.

3. Joint account

Section 35. (1) An account may also be opened for several holders (joint account).

Drawings on the account, in particular its closure and the grant of signatory authorities, may only be undertaken jointly by all accountholders. Each accountholder may arrange in individual instances to be represented by his own representative authorised for this purpose.

(2) All accountholders shall be jointly liable for obligations arising out of the account.

(3) Unless explicitly agreed otherwise, every accountholder shall be personally entitled to draw on the funds in the account. This entitlement shall also cover the authority to buy and sell securities within the limits of the available cover and the joint investment objective of all custody accountholders investigated in accordance with the Securities Supervision Act. It shall, however, be terminated through the explicit opposition of another accountholder, in which case only all joint accountholders together shall have such entitlement.

(4) Signatory authorities may be revoked by each individual joint accountholder.

Section 36. Omitted

4. Foreign currency account

Section 37. (1) If the Bank manages a foreign currency account for the client, then transfers in the foreign currency concerned are to be credited to this account unless a differing transfer instruction has been given. If the client does not have a foreign currency account, then the Bank may credit foreign currency funds in the domestic currency, if the client has given no explicit instruction to the contrary. Settlement shall take place at the rate on the date on which the foreign currency funds are available to the Bank and can be realised by it.

(2) The holders of foreign currency deposits shall bear all financial and legal disadvantages and losses caused through measures outside the control of the Bank and which affect the Bank's total balances in the currency concerned that are maintained in Austria and abroad, on a prorata basis up to the amount of their own holdings.

F. Account balances and statements of securities

Section 38. (1) Unless agreed otherwise, the Bank shall balance accounts quarterly. Any interest and charges which have accrued during the quarter shall become part of the closing balance, on which interest shall subsequently be charged ("compound interest"). Statements of securities shall be sent out once a year.

(2) The Bank shall hold the account statement with the account balance/statement of securities at the account-holding branch ready for collection by the client.

IV. GIRO CREDIT TRANSFERS

A. Transfer instructions

Section 39. (1) Transfer orders must include the beneficiary's payment service provider (sorting code or Bank Identification Code = BIC) and the account number or International Bank Account Number (= IBAN). This information constitutes the "customer identifier".

(2) The purpose stated in the transfer order is immaterial for the bank.

(3) The acceptance of a transfer order by the bank does not by itself create any third party rights whatsoever with respect to the bank.

(4) The bank is only obliged to execute a transfer order if the corresponding account of the customer stated has full cover (credit balance, credit facility granted).

(5) If the customer provides more information than laid down in paragraph 1, the transfer order will be executed exclusively on the basis of the customer identifier stated by the customer (paragraph 1).

(6) Transfer orders received by the bank cannot be unilaterally revoked by the customer. If a later execution date is agreed for a transfer order, irrevocability shall not apply until the close of the business day preceding the execution date.

(7) If the bank refuses execution of a transfer order, it will inform the customer of the refusal in the manner agreed with him, if possible including the reasons for the refusal, and also indicating how the transfer order can be corrected so as to enable execution at a future date. Transfer orders justifiably refused by the bank shall not trigger the execution deadlines agreed in Point 40a of these terms and conditions of business.

(8) Information concerning transfer orders executed (reference, amount, currency, charges, interest, exchange rate, value date of the debit) and other payments made with debiting to their account, in particular using direct debiting and direct debit authorisation, will be provided on a monthly basis in the bank to customers who are consumers - unless already shown against the respective transaction in the statement of account.

Execution periods

Section 39a. (1) Payment orders which reach the bank after the times laid down for the respective payment form or on a date that is not a business day, will be treated as if received on the following business day. A business day is every day on which the bank is open and maintains the business operations necessary for the performance of payment transactions.

(2) If an agreement is made between the customer issuing a payment order and the bank to the effect that the execu-

tion of a payment order should begin on a specific day or at the end of a specific period, or on the day on which the customer makes the money amount available to the bank, the agreed date shall apply as the date of receipt. If the agreed date is not a business day of the bank, the payment order will be treated as if received on the following business day.

(3) With effect from 1.1.2012, the bank shall ensure that, upon receipt, the amount that is the subject matter of the payment transaction, reaches the payment service provider of the payment beneficiary at the latest at the end of the following business day; up until 1.1.2012 a maximum period of 3 business days applies for this. The above mentioned maximum periods will be extended by one further business day for payment transactions triggered in paper form. This paragraph is applicable solely to payment transactions within the European Economic Area ("EEA") and in Euro.

(4) For payment transactions within the European Economic Area not denominated in Euro but in another currency of an EEA signatory state, the execution period referred to in paragraph 3 is a maximum of 4 business days.

B. Credit notes and right of cancellation

Section 40. (1) With valid giro account contracts, the bank is obliged and irrevocably authorised to receive money for the customer and to credit this to his account. Even following termination of the giro account agreement, the bank is entitled to receive money for the customer if the customer has liabilities from the account. The order to make an amount of money available to the customer will be executed by the bank by crediting the amount to the account of the payment beneficiary, provided nothing to the contrary is stipulated by the order.

(2) Information on transfers credited to the account (reference, amount, currency, charges, interest, exchange rate, value date of the credit note) will be provided to customers who are consumers on a monthly basis in the bank upon request – unless shown against the respective transaction in the statement of account.

(3) The bank is entitled to deduct own charges for the transfer from the amount to be credited. The bank will show the amount transferred and charges deducted separately.

(4) The bank can cancel credit notes issued as a result of an error at any time. In other cases, the bank will only cancel a credit note if it receives clear evidence of the invalidity of the transfer order. The right of cancellation shall not be removed by any interim balancing of account. If the right of cancellation applies, the bank can refuse disposal of the amounts credited.

C. Credit subject to the reservation of receipt of funds

Section 41. (1) If the bank credits amounts to the customer's account that it is required to collect on behalf of the customer (in particular within the scope of the collection of cheques, bills of exchange and other securities, direct debits etc.), or amounts which are to be transferred to the customer's account, before the amount to be collected or transferred has reached the bank, this will be done solely subject to the reserve of the bank actually receiving the amount credited. This shall also apply if the amount to be collected is payable to the bank.

(2) As a result of the reserve, the bank is entitled to cancel the credit note by means of simple posting if the collection or transfer fails or if, as a result of the economic position of a party obliged to pay, official intervention or other reasons, it is foreseeable that the bank will not obtain the right of unrestricted disposal of the amount to be collected or transferred.

(3) The reserve can also be exercised if the amount credited has been collected abroad or transferred from abroad and is debited back to the bank by a third party under foreign law or on the basis of an agreement made with a foreign bank.

(4) In the event of a valid reserve, the bank is also entitled to refuse the customer disposal of the amounts credited. The reserve is not removed by balancing of account.

D. Debit entries

Section 42. (1) With transfer orders, debit postings are not to be understood as notification of execution until two business days have passed without cancellation of the debit posting (see Point 40a (1) of these terms and conditions).

(2) Cheques and other payment instructions as well as debit notes are considered honoured if the debit posting to the customer account drawn on is not cancelled within two business days, unless the bank has already informed the presenter of the honouring or made payment to him in cash.

E. Direct debit authorisation and direct debit orders

Section 42a. (1) The customer consents to the debiting of his account with amounts which third parties authorised by him collect through debiting his account with the bank. This consent can be revoked by the customer at any time in writing.

(2) If, at the time of the debiting of the account, the bank was in possession of an order from the customer to pay amounts, collected by a third party acting by order, with debiting of the customer's account ("**direct debit order**"), the bank must comply with a request of the customer who is a consumer to reverse the debit to his account with the amount collected. This does not apply if the bank can demonstrate that the information concerning the imminent collection has been provided to or made accessible to the

customer by the bank or the payment beneficiary in an agreed form at least four weeks prior to the due date. The bank must receive the customer's request for cancellation of the debit within 8 weeks of the date of the debiting of the account. Entrepreneurs are not entitled to submit any such request.

(3) If no direct debit order from the customer ("**direct debit authorisation**") was available to the bank at the time of the debiting of the account, the bank must comply with the customer's request to cancel the account debit without any questions within 8 weeks from the date of the debiting of the account (even if the customer is an entrepreneur).

(4) A justified request by the customer for cancellation of a debit posting will be complied with within 10 business days.

V. REMUNERATIONS FOR SERVICES AND REIMBURSEMENT OF COSTS

A. Charges: alteration of the scope of performance

1. Principle of entitlement to charges

Section 43. (1) The bank is entitled to demand payment from the customer for its services, in particular interest, charges and commission.

(2) This also applies for expedient services provided by the bank without an order but in an emergency or to the benefit of the customer, or in connection with the processing of the customer's estate by the bank.

(3) Paragraph 1 does not apply for the once-off provision of information to consumers concerning the bank, the use of the payment service, concerning charges, interest and exchange rates, concerning communication, protection and assistance measures, concerning alterations and termination of the giro account agreement and concerning legal remedies, provided the provision is in a form agreed with the customer as part of the business relation.

(4) Paragraph 1 shall likewise not apply for services of the bank to consumers in connection with the termination of the giro account agreement by the customer.

2. Amount of the remunerations

Section 44. The bank is entitled to appropriate payment for its services, the level of which will be laid down by the bank for specific typical services in a price notice. Charges for services provided in the context of a consumer loan agreement or consumer giro account agreement are only applicable if they have been agreed with the customer.

3. Change to the remunerations for regular services

Section 45. (1) The bank can, at its reasonably exercised discretion, alter charges for regular services (interest, account management charges etc.) to entrepreneurs taking account of all relevant circumstances (in particular changes in statutory framework conditions, changes on the money or capital market, changes in refinancing costs,

changes in personnel and material expenditure, changes to the consumer price index etc.).

(2) In the absence of any agreement to the contrary, the charges agreed with consumers for the regular services provided by the bank (with the exception of interest) will be adjusted annually as of 1 April in accordance with the development of the consumer price index 2005 (VPI) published by "Statistik Austria" or of its successor index, subject to commercial rounding to full cents. The adjustment will be made in the amount of the change in the annual average of the VPI for the last calendar year prior to the adjustment compared to the annual average of the VPI for the penultimate year prior to the adjustment. In the event of a reduction in the annual average of the VPI, the bank will lower the charges in all cases; in the event of an increase, the bank can refrain from alteration of the charges. If an increase in the annual average of the VPI does not result in increased charges for whatever reason, the right to increase charges in subsequent years shall not be forfeited. This shall also apply accordingly if the increase in charges is less than the full amount of the increases in the annual average of the VPI.

Interest rates in consumer business can be altered in accordance with an adjustment clause to be agreed separately with the customer. The statutory obligation to include this adjustment clause in a consumer loan agreement remains unaffected.

If an adjustment clause links the interest rate to a reference interest rate (e.g. EURIBOR), alterations shall become effective immediately without prior notification to the customer. The customer will be informed at the latest in the following calendar quarter concerning the changes in the interest rate that have taken effect.

In consumer business, adjustments to charges on the basis of the adjustment clauses referred to above in this paragraph (2) shall be made at the earliest two months after the date of conclusion of the contract.

(3) Changes to charges that go beyond paragraphs (1) or (2) above as well as changes in the scope of performance are only possible with the consent of the customer. Any such changes will take effect 2 months following information to the customer concerning the changes desired by the bank, provided no written objection from the customer reaches the bank by this time. When informing the customer, the bank will draw attention to the respectively desired change as well as to the fact that failure to comment on the part of the customer will constitute acceptance upon expiry of the deadline. The customer is entitled to terminate his giro account agreement immediately and free of charge up until the date on which the change takes effect. The bank will draw the attention of the customer to this right of termination when notifying him of the change.

A. Reimbursement of expenses

Section 46. (1) The client shall bear all necessary and expedient expenses, disbursements, costs and charges, in particular stamp and legal duties, taxes, postage, costs for insurance, legal representation, debt collection, opera-

tional advice, telecommunications and the furnishing, administration and realisation or release of collateral, arising out of the business relationship between him and the Bank. If the Bank is unable to execute a payment instruction from the client through lack of cover or if it is obliged to take action against the client as a result of enforcement measures by third parties, then it shall be entitled to levy a reasonable flat rate amount for expenses in accordance with a notice displayed in the Bank.

(2) The Bank may invoice these expenditures as a total amount, without listing them individually, unless the client explicitly requests a detailed list.

VI. COLLATERAL

A. *Furnishing and increase of collateral*

1. Claim for the furnishing of collateral

Section 47. The Bank may require the client to furnish reasonable collateral within a reasonable period for all claims arising out of the business relationship with him, even if the claims are conditional, time-limited or have not yet matured.

2. Alteration of the risk

Section 48. (1) If circumstances should subsequently arise or become known, which justify an increased risk assessment in relation to the claims against the client, then the Bank shall be authorised to require the furnishing or increase of collateral within a reasonable period. This shall in particular be the case if the client's financial circumstances have altered or look likely to alter detrimentally, or if the value of the available collateral has deteriorated or looks likely to deteriorate.

(2) This shall also apply if the furnishing of collateral was not requested when the claims arose.

B. *The Bank's right of lien*

1. Extent and origin

Section 49. (1) The client shall grant the Bank a right of lien to property and titles of all kinds which come into the Bank's possession.

(2) The right of lien shall also apply in particular to all attachable claims of the client towards the Bank, .e.g. arising out of credit balances. If securities underlie the Bank's right of lien, then the right of lien shall also extend to the interest and profit-sharing certificates attached to these securities.

Section 50. (1) The right of lien guarantees the claims of the Bank against the client arising out of the business relationship, including joint accounts, even if the claims are conditional, time-limited or have not yet matured.

(2) The right of lien shall arise when the Bank acquires possession of the pledged property, if the Bank has claims according to (1) and otherwise at any future point in time when such claims arise.

2. Exceptions from the right of lien

Section 51. (1) Property and titles that were assigned by the client for the purposes of execution of a specific instruction prior to the time the right of lien arose, for example amounts for honouring a specific cheque or bill of exchange, and for execution of a specific transfer, shall not be covered by the right of lien. This shall, however, only apply for as long as the assignment remains effective.

(2) Notwithstanding the existing right of lien, the Bank shall execute drawings on current accounts by the client in favour of third parties, for as long as the client has not received a notification from the Bank in relation to the assertion of the right of lien. Attachment of the credit balance shall not be considered to be a drawing by the client.

(3) The right of lien shall also not extend to assets which the client has disclosed to the Bank as goods in trust, prior to the time the right of lien arose, or which have come into the possession of the Bank without the client's intent.

C. *Release of collateral*

Section 52. The Bank shall release collateral at the client's request, if it has no justified collateral interest therein.

D. *Realisation of collateral*

1. Sale

Section 53. The Bank shall realise collateral which has a market or stock market price at such price on the open market, in accordance with the relevant legal provisions.

Section 54. The Bank shall arrange for an expert to value collateral that has no market or stock market price. The Bank shall inform the client of the result of the estimate, asking him to designate an interested purchaser within a reasonable period, who must pay the Bank at least the ascertained estimate amount as a purchase price within this period. If the client fails to designate an interested purchaser within this period or if the purchase price is not paid by the designated interested purchaser, then the Bank shall be irrevocably authorised to sell the security in the client's name at least at the estimated value. The proceeds of the sale shall serve to redeem the collateralised claims, with any surplus being due to the client.

2. Forced realisation and out-of-court sale by auction

Section 55. The Bank shall also be authorised to effect forced realisation of the collateral or, if such collateral has no market or stock market price, to arrange for its sale by auction out of court.

3. Collection

Section 56. (1) The Bank may call in and collect the claims of all kinds furnished to it as collateral (including those whose ownership is evidenced in securities) when the collateralised claim matures. Prior to this, collection

upon maturity of the claim serving as collateral shall be admissible. In the event of an impending loss in value of the claim serving as collateral, it may be called in prior to maturity. The client must, if possible, be informed of this in advance. Amounts collected prior to maturity of the collateralised claim shall replace the collected claim as security. (2) The provisions of (1) shall not apply to the wage and salary claims of consumers, which have been furnished as collateral for claims that have not yet matured.

4. Admissibility of realisation

Section 57. Even if the purchaser does not pay the purchase price immediately, realisation of the collateral by the Bank shall nevertheless be admissible, provided no offer or equivalent offer with immediate cash payment exists and the subsequent payment is secured.

E. Right of retention

Section 58. The Bank may retain the payments to the client that are incumbent on it as a result of claims arising out of the business relationship, even if they are not based on the same legal circumstance. Sections 50 and 51 shall apply accordingly.

VII. OFFSETTING AND NETTING

A. Offsetting

1. By the Bank

Section 59. (1) The Bank shall be entitled to offset between all the client's claims, insofar as they are attachable, and all the client's liabilities towards it.

(2) Notwithstanding the existing right to offset, the Bank shall execute drawings of the client in favour of third parties in relation to credit balances from current accounts, for as long as the client has received no offsetting statement. Attachment of the credit balance shall not be considered to be a drawing by the client.

2. By the client

Section 60. The client shall only be authorised to cancel his liabilities through offsetting if the Bank is insolvent, or if the client's claim is associated with his liability or has been approved by a court or acknowledged by the Bank.

B. Netting

Section 61. Contrary to the provisions of Section 1416 of the Austrian General Civil Code [ABGB], the Bank may credit payments against claims of the Bank only where no collateral has been provided for these claims or if the value of the collateral provided does not cover the claims. In this respect it shall be irrelevant when the individual claims have matured. This shall also apply under a current account relationship.

SPECIAL TYPES OF TRANSACTIONS

I. TRADE IN SECURITIES AND OTHER ASSETS

A. Scope of application

Section 62. The provisions of Sections 63 to 67 shall apply for securities and other assets, even if they are not certificated.

B. Type of execution

Section 63. (1) As a rule, the Bank executes orders from its client to sell and purchase securities as a commission agent.

(2) If, however, the Bank agrees a fixed price with the client, then it concludes a contract of sale.

(3) Through this, the customer declares his consent to the Bank's implementation policy, on the basis of which the Bank – in the absence of instructions to the contrary – will execute the customer's orders. The Bank will inform the customer of any fundamental alterations to the implementation policy.

(4) The Bank can also execute orders, received by it for the purchase and sale of securities, in part if the market situation does not permit complete implementation.

C. Place of execution

Section 64. The legal regulations and client applicable at the place of performance are applicable for the performance.

D. Timing

Section 65. If the instruction for same day execution has not been received in sufficient time to allow it to be incorporated into the normal course of work, then it shall be set down for the next trading day.

E. Inadequate cover

Section 66. (1) The Bank may fully or partially refrain from executing securities transactions if no appropriate cover is available.

(2) The Bank shall, however, be authorised to execute such securities transactions if it is not aware that the client only wishes the instruction to be executed provided cover is available.

(3) If the client procures no cover, despite a request to do so, then the Bank shall be authorised to conclude a squaring transaction at the best possible price for the account of the client.

F. Foreign transactions

Section 67 If the client is given a credit for a claim to the delivery of securities (securities invoice), the customer's claim against the Bank shall correspond to the share, held by the Bank for the account of the customer, of the total

inventory of securities of the same kind, held by the Bank abroad for its customers in accordance with the respective legal regulations and customers.

G. Equity transactions

Section 68. In the case of equity transactions whose definite securities are not yet being traded on the market, the Bank shall not be liable either for issue of the securities by the joint stock company concerned or for the opportunity to exercise the shareholder rights prior to issue of the shares.

II. CUSTODY OF SECURITIES AND OTHER ASSETS

A. Securities held in custody

Section 69. (1) The Bank shall be authorised to allocate securities deposited with it to the beneficiary's custody account.

(2) The Bank is explicitly authorised to also hold in custody abroad securities that are issued in Austria and to hold in custody in Austria securities that are issued abroad. It is also authorised to have securities issued abroad registered under the name of the Austrian custodian or under the name of the nominee of the foreign custodian.

(3) The Bank shall only be liable to an entrepreneur for the careful selection of the third party custodian.

B. Redemption of securities, coupon renewal, drawing, calling in

Section 70. (1) The Bank shall be responsible for detachment of due interest, profit and dividend certificates and shall collect the proceeds thereof. The Bank shall procure new interest, profit and dividend certificate coupons without special instruction.

(2) The Bank shall monitor drawings, calling in and other similar measures with respect to the securities held in custody, insofar as announcements in relation to these appear in the official gazette "Amtsblatt der Wiener Zeitung" or in the "Mercur Authentischer Verlosungsanzeiger". The Bank shall redeem drawn and called in securities and also interest, profit and dividend certificates.

(3) In the case of securities held in custody by third parties, the obligations under (1) and (2) shall be incumbent on the third party custodian. In the case of securities held in custody abroad, the Bank shall not be obliged to inform the client of the numbers of securities credited to the securities held abroad, in particular securities redeemable by drawing. The Bank shall then determine by drawing to which clients the drawn securities are to be allocated. If, however, numbers of securities redeemable by drawing are notified, then these shall only apply for the drawing and redemption, however only for as long as this remains the case according to foreign practice. If, according to foreign practice, there is to be prorata distribution of the redemption amounts of drawn securities, and if it would

not be possible to represent the shares remaining to individual clients in securities, then the clients whose shares are redeemed are to be ascertained through drawing.

C. The Bank's duty to check

Section 71. The Bank shall check whether domestic securities are affected by public notices, payment stops and the like, on a single occasion at the time of deposit with the Bank on the basis of the domestic documents available to it. Public notice procedures for the avoidance of securities shall also be checked following deposit.

D. Notification of exchange and other measures

Section 72. In the event of conversion, capital increase, capital reduction, merger, exercise or realisation of subscription rights, request to deposit, consolidate, convert, exchange offer, coupon increase and other important measures affecting the securities, the Bank shall attempt to notify the client if an announcement has appeared in the official gazette "Amtsblatt der Wiener Zeitung" or is received by the Bank in the name of the issuing office or from the foreign custodian in good time. If the client fails to give instructions in good time, then the Bank shall act with its best discretion, taking the client's interest into account; in particular it shall realise at the last possible opportunity any titles that would otherwise expire.

III. TRADE IN FOREIGN EXCHANGE AND FOREIGN CURRENCIES

A. Type of execution

Section 73. The Bank shall conclude a contract of sale with the client in relation to foreign exchange and foreign currencies. If it is agreed that the Bank shall act as commission agent for the client, then the rules laid down in the section relating to trade in securities shall apply accordingly for the commission business. Any dealing in its own name shall not require a specific notice in accordance with Section 405 Austrian Business Code. **Forward transactions**

Section 74. (1) In the event of forward transactions, the Bank may require evidence from the client a reasonable period prior to maturity that the payment owed by the client will arrive in good time in the agreed account. If such evidence is not provided, or if it proves as a result of other circumstances that the client will not meet its obligations, then the Bank shall be authorised to conclude a squaring transaction at the best possible price even prior to the agreed maturity.

(2) The Bank shall be authorised, even without prior agreement, to demand cover for the risk of loss, if this risk should, in its professional opinion, have increased or if the client's financial position has deteriorated. Cover is to be deposited in monetary form, unless agreed otherwise. A right of lien in favour of the Bank exists to the assets de-

posited as cover. If no cover is deposited, then the Bank shall be authorised to conclude a squaring transaction at the best possible price.

(3) If the Bank concludes a squaring transaction according to (1) or (2), then any price difference shall be debited from/credited to the client. The client shall bear all expenses accruing in connection therewith.

IV. FOREIGN CURRENCY LOANS

Section 75. Foreign currency loans shall have effect, i.e. shall be repayable, in the currency in which the Bank granted them. Payments in another currency shall be considered to be collateral, unless the Bank informs the client that they are being used to redeem the loan liabilities. The Bank shall also be authorised to convert into the domestic currency a debt balance outstanding in a foreign currency, subject to notification to the client, if

- the credit risk increases through the price development of the foreign currency, and the Bank does not acquire adequate security within a reasonable period, or
- refinancing in the foreign currency is no longer possible as a result of legal circumstances or other circumstances outside the control of the Bank, or
- the loan is due for repayment in its entirety and is not repaid despite a formal reminder.

V. COLLECTION AND BILL DISCOUNTING, BILL AND CHEQUE TRANSACTIONS

A. Scope of application

Section 76. These conditions shall apply for bills of exchange, cheques and other collection documents (such as commercial transfers and certificates of obligation).

B. Collection or negotiation

Section 77. Such documents are generally accepted by the Bank, unless their negotiation (discounting) has been agreed.

C. Timeliness of the instructions

Section 78. Orders for collection must be received in sufficient time to ensure that they can be executed during the normal course of business without the aid of special express measures.

D. Rights and obligations of the Bank

Section 79. In the event of discounting, in the circumstances designated under Sections 41 (2) and (3), the Bank may debit the seller with the full nominal amount plus all expenses incurred by the Bank; in the case of documents denominated in a foreign currency, the client shall also bear the exchange rate risk.

Section 80. In these circumstances and in the event of the redebiting of credit notes "subject to receipt" of the

amounts involved (Section 41), the Bank shall retain the rights under securities law to payment of the full amount with accessory claims against the client and all those obligated under the document, up to the point of coverage of any debt balance arising as a result of such redebiting.

Section 81. The Bank may require from the client the transfer of the claim underlying the document or its purchase by the client and all current and future rights arising out of the underlying transactions including the associated collateral.

Section 82. The Bank is only required to redeem documents presented to it for payment provided an instruction from the client has been received in good time and adequate cover is available.

VI. NOTIFICATION IN RELATION TO STATE GUARANTEES FOR AUSTRIAN LANDES-HYPOTHEKENBANKEN (*PROVINCIAL MORTGAGE BANKS*)

Section 83. On 1 April 2003, the European Commission and the Republic of Austria reached the following agreement with respect to the Austrian State guarantee for Austrian State Mortgage Banks [*Landes-Hypothekenbanken*].

Liabilities which exist on 2 April 2003 are covered by the State guarantee, irrespective of their term. Liabilities which are entered into during the transitional period up to 1 April 2007 are covered by the State guarantee provided they mature before 30 September 2017.