

Internal Governance Guidelines

based on the EBA Guidelines 2017/11 of 26 September 2017

Steiermärkische
SPARKASSE 

People are what counts.

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List of Abbreviations

ABA	Committee for Banking Supervision Law and Procedures
AktG	Stock Corporation Act
ALCO	Asset Liability Committee
ALM	Asset Liability Management
AVS	Share Administration Savings Bank
BaSAG	Federal Law on the Restructuring and Resolution of Banks
BCM	Business Continuity Management
BGBI	Federal Law Gazette
BörseG	Stock Exchange Act
BRRD	Bank Recovery and Resolution Directive
BWG	Banking Act
CRR	Capital Requirements Regulation
EBA	European Banking Authority
EBOe	Erste Bank der Oesterreichischen Sparkassen AG
EGB	Erste Group Bank AG
EIOPA	European Insurance and Occupational Pensions Authority
ESAEG	Deposit Protection and Investor Compensation Act
EU	European Union
EUR	Euro
ESFS	European System of Financial Supervision
ESMA	European Securities and Market Authority
ESRB	European Systemic Risk Board
ESCB	European System of Central Banks
ECB	European Central Bank
FATCA	Foreign Account Tax Compliance Act
FMA	Financial Market Supervisory Authority
FMA-MS-IR	Minimum Standards of the Financial Market Supervisory Authority for the Internal Audit
FM-GwG	Financial Market Money Laundering Act
GL	Guideline
GO	Rules of Procedure
HV	Haftungsverbund (Joint Liability Scheme)
HV3	Haftungsverbund 3 (Joint Liability Scheme 3)
HVG	Haftungsverbundgesellschaft (Joint Liability Scheme Company)
IPS	Institutional Protection Scheme
OeNB	Oesterreichische Nationalbank (Austrian National Bank)
OeSPV	Oesterreichischer Sparkassenverband (Austrian Savings Banks Association)
PAP	Product Audit Process
PSG	Austrian Private Foundations Act
RL	Directive
S-Haftungs AG	Sparkassen-Haftungs Aktiengesellschaft (Savings Banks Liability Company)
SIS	Savings Banks Information System
Sparkasse(n)	Savings Bank(s)
Sparkassengruppe	Savings Bank Group
SpG	Savings Banks Act
SpK	Sparkasse(n) (Savings Bank(s))
S-PV	Sparkassen Prüfungsverband (Savings Banks Auditing Association)
SRB	Single Resolution Board
SRM	Single Resolution Mechanism
SSM	Single Supervisory Mechanism
UGB	Austrian Commercial Code

VERA-VO	Regulation on Asset, Profit and Risk Statements
WAG	Securities Supervision Act

Preamble

The internal governance of a credit institution includes all standards and principles that are concerned with the institution's objectives and strategies, risk management, compliance, internal auditing and business continuity management (BCM). It demonstrates *inter alia* how:

- the business is organised;
- responsibilities are defined and clearly delimited;
- reporting lines are established and describes the information that they convey; and
- demonstrates how the internal control system is organised and implemented.

The aim of internal governance is to ensure an appropriate, transparent corporate structure for Steiermärkische Bank und Sparkassen AG (hereinafter "Sparkasse" or "institution") and to portray this in a transparent manner - both for the staff of the institution and for third parties such as the supervisory authorities. To this effect, the reporting channels as well as the distribution of tasks and competence regulations within the institution must be clearly defined, precisely delimited, coherent and enforceable.

The Sparkasse is committed to a clear regulatory framework for the management and supervision of the company, which arises from statutory and regulatory requirements, but also from the present guidelines. These regulations apply *inter alia* to the management and control of the company, the organisational structure, the exercising of responsibility and the lawful conduct of all management bodies. Having clear regulations also means avoiding or disclosing conflicts of interest. This applies in particular if, for example, the company enters into financing transactions with its own employees or members of the Supervisory Board.

In this context, compliance with the relevant laws and regulations as well as the pertinent binding circulars, minimum standards and guidelines issued by the supervisory authorities and the internal rules and regulations is considered essential.

In addition to the legal requirements with regard to the individual governing bodies / key functionaries (e.g. § 28a BWG), the Internal Governance Guidelines more specifically represent an implementation of the requirements of the EBA Guidelines on Internal Governance (EBA / GL / 2017/11).

The EBA Guidelines are based on the so-called "Three lines of defence" model for identifying the functions within an institution which are responsible for dealing with risks. The business line - the first line of defence - takes and manages the risks associated with the performance of its activities.

As the second line of defence, the independent risk management and compliance functions are responsible for the further identification, measurement, monitoring and reporting of risks, and for ensuring compliance with the internal and external requirements on an individual and group basis, across all business lines and internal units, regardless of the first line of defence.

The independent internal audit acts as the third line of defence. The internal audit department conducts risk-based and general audits and verifies that internal governance processes and mechanisms are sound, effective, implemented and consistently applied. The internal audit also provides an independent review of the first two lines of defence.

Within these three lines of defence, appropriate internal control procedures, mechanisms and procedures must be designed, developed, maintained and evaluated. To ensure their proper functioning and to fulfil their tasks, all internal control functions must be highly independent of the business units they control and have the necessary financial and human resources.

1. General and Ownership Structure

1.1. Business Mission

Identity: Who we are

We are an independent savings bank, part of the Austrian Sparkassengruppe and a member of the Haftungsverbund. There is a good reason for our near 200-year history. The savings bank concept has always been our central focus. We make it easy for people to better shape their lives and their future.

Mission: What we want

Based on our business model, we want to grow with our customers - continuously and in a risk-conscious manner. We want to be the best in consulting quality, financial competence, speed of decision-making and regional presence. In Styria and the Western Balkans region.

Goals: What we want to achieve

Our private customers must be able to rely on a strong branch network in the region and on the best advisers. We claim local leadership. Because we understand the local people, know the regional requirements and are deeply rooted in the region.

Since we fully understand the business relationship with our corporate clients, we strive for the principal bank function. Our problem-solving expertise, customer orientation and reliability make us the first point of contact for corporate clients in financial matters.

We are the only bank with foreign investments in Bosnia-Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia. Together with the Erste Group, we are thus establishing a strong banking network in the Western Balkans that facilitates attractive business opportunities.

We foster motivation, enthusiasm, enjoyment of business, passion and a willingness to embrace change in our employees as prerequisites for growth and success. Managers are conscious of their role model function, which they assume with responsibility.

Values: What we stand for

Credibility: We take decisions that are clear and understandable. This makes us credible in every way.

Reliability: We are a reliable partner. Security, trust and quality form the basis for this. Our commitments are based on sound decisions and are binding.

Passion: We are passionate about the concerns of our customers. We want to inspire through our services and our commitment.

1.2. Savings Banks (Sparkassen)

According to the Savings Banks Act of 1979, a Sparkasse has **five special characteristics**: It is:

- A **legal entity under private law**.
- A **credit institution** within the meaning of the Banking Act (BWG) or the Capital Requirements Regulation (CRR).
- A **company** within the meaning of the Austrian Commercial Code (UGB).
- **Ownerless**. This principle fundamentally excludes participation in the assets or profits of a Sparkasse for municipalities, savings banks associations and other legal entities and natural persons.
- **Charitable**. In contrast to the Savings Banks Regulation, where charitable status was mentioned among the duties of savings banks, the Savings Banks Act (SpG) no longer lists the concept of charitable status. The only indication of this function is the dedicated reserve. The Sparkassen have incorporated charitable status into their statutes and see themselves as modern sponsors.

Vereinssparkassen (Association Savings Banks) were established by savings bank associations. The Savings Bank Association has the task of safeguarding the organisational existence of this savings bank. The governing bodies of the Savings Bank Association are the General Meeting and the Director of the Association. The members of the association are not liable for the liabilities of the Sparkassen.

Savings Bank Limited Company: In accordance with § 92 BWG, Sparkassen may introduce their banking operations into a savings bank limited company and take shares in this company in return. The remaining savings bank continues to have the legal form of a share management savings bank ("AVS") - stripped of banking business - and limits its activity essentially to the management of the share capital, which it receives from the operating savings bank limited company. The share management savings bank is also attributable to the savings bank sector. It is an independent institution; the classification as an association or community savings bank remains. This construction implies that the community now bears contingent liability for the share management savings bank, whereas the latter bears contingent liability for the savings bank limited company. These contingent liabilities are defined by law (§ 2 section 1 SpG).

The savings bank limited company is a member of the sector association.

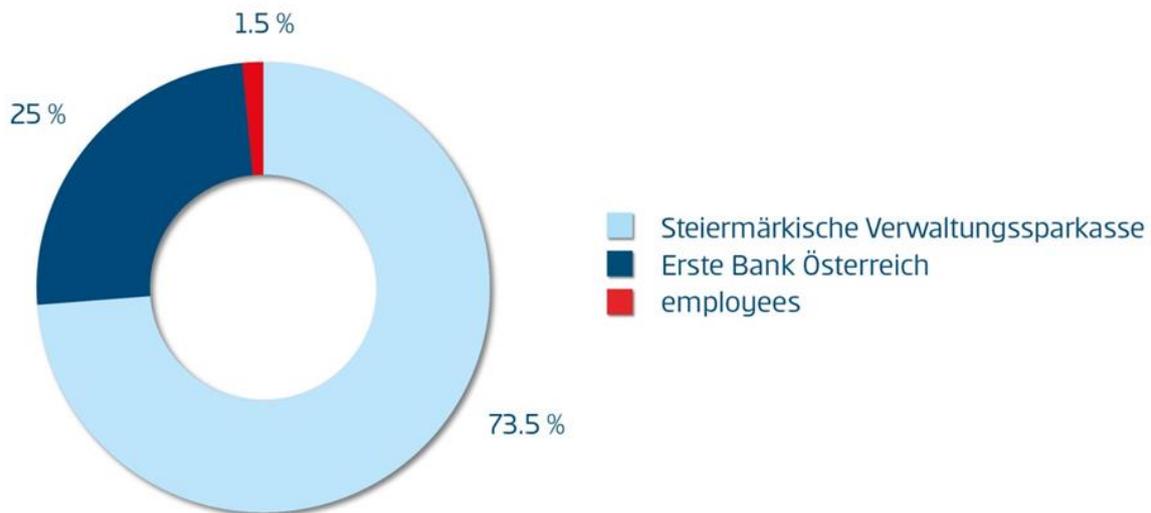
1.3. Ownership Structure

Steiermärkische Sparkasse was founded in 1825 as an association savings bank and subsequently, in 1991, took the opportunity provided by the Banking Act to place the banking business into a limited company.

At this time, Steiermärkische Sparkasse was renamed Steiermärkische Verwaltungssparkasse (FN 37655a) and became a shareholder of the limited company, which today bears the name Steiermärkische Bank und Sparkassen AG (FN 34274d).

Erste Bank der österreichischen Sparkassen AG (Erste Bank Österreich) has held a 25% stake and one share in Steiermärkische Sparkasse since 2000.

The current ownership structure is as follows:



1.4. Principles of Business Policy

Steiermärkische Bank und Sparkassen AG is a classic universal bank with a traditional focus on private clients, small and medium-sized enterprises, private banking clients, large corporations, institutional clients and the public sector. With total assets of 15 billion euros (2017) and 134 branches, it is the largest retail bank in Styria. The extended home market includes Macedonia, Bosnia and Herzegovina, Montenegro, Croatia, Serbia and Slovenia. Its presence and expertise in these countries make Steiermärkische Sparkasse a reliable partner not only for private customers in this region, but also for export-oriented, medium-sized businesses and industrial companies with a focus on South Eastern Europe.

The goal of Steiermärkische Sparkasse is to transfer its traditional values into the digital age.

The general principles are updated regularly, and the current version can be accessed in the Open Network.

1.5. Scope of Business / Corporate Purpose

The scope of business or corporate purpose of the Sparkasse is as follows:

The purpose of the company is the operation of all banking transactions pursuant to § 1 sections 1 and 3 of the Banking Act (Federal Law on Banking (BWG), BGBl. 532/1993, as amended), except for:

- the issuing of mortgage bonds and public sector bonds;
- the management of investment funds under the Investment Funds Act 2011 - InvFG, BGBl I no. 77/2011 (investment business);
- trading in financial instruments for own or third-party account pursuant to § 1 section 1 no. 6 letters e to g and j Securities Supervision Act 2007 - WAG 2007, BGBl. no.

60/2007, except for trading by persons pursuant to § 2 section 1 nos. 11 and 13 WAG 2007;

- the management of property funds in accordance with the Property Investment Fund Act ImmlInvFG, BGBl I no. 80/2003 (property fund business);
- the receipt of home savings deposits and the granting of home savings loans (home savings business);
- acceptance and assessment of severance payments and independent pension contributions (occupational pension fund business).

The purpose of the company further includes:

- acquisition, letting and leasing of property and movable assets;
- transactions of property and asset trustees;
- agricultural and forestry businesses including wine wholesale and retail and snack bars;
- garage trades;
- the safekeeping of objects in return for payment; and
- all other transactions that are suitable for directly or indirectly promoting the company's business purpose.
- The company may participate in other business ventures.
- The Company is authorised to establish subsidiaries and branch offices. Its business activity is national and international.

1.6. Code of Conduct of the Sparkassengruppe

Through the Austrian Savings Banks Association (ÖSPV), the Sparkassengruppe has prepared a Code of Conduct, i.e. a voluntary commitment of the Sparkassengruppe to stakeholders such as the state, their customers and their own employees. Particular emphasis is placed here on the regional responsibility of the Sparkasse towards civil society.

The Sparkassengruppe has undertaken to comply with this Code of Conduct and the public conduct associated with it, in accordance with lawful and ethical principles. In this way, the Sparkassen set an example for sustainable social responsibility and define their commitment to society. The Code of Conduct provides guidance for the actions of the Sparkassen and all their employees, while formulating binding rules and practices for conduct in daily business life.

The contents of the Code of Conduct can be accessed electronically at www.sparkassenverband.at.

1.7. Code of Conduct of Steiermärkische Sparkasse

The "Code of Conduct of Steiermärkische Sparkasse", which is intended for all employees as a companion in their working life and contains important recommendations regarding conduct, also applies at the Sparkasse. The purpose of the Code of Conduct is to assist employees in overcoming the legal and ethical challenges of their daily work and in implementing and illustrating the business policy of Steiermärkische Sparkasse. It represents

a summary of the most important legal and internal provisions and can be found in the Open Network.

1.8. Competent Supervisory Authorities

As a licensed credit institution of an EU Member State, the Sparkasse is subject to the single supervisory mechanism and thus to the regulatory requirements of the European and Austrian supervisory authorities. These statutory provisions and regulatory supervision standards include, for example, those relating to minimum regulatory capital requirements, categorisation of risk positions and off-balance sheet credit items, customer credit risk, liquidity / interest rate risk, foreign exchange positions, operational risk and general corporate governance and disclosure requirements.

The Single Supervisory Mechanism (SSM) refers to the system of banking supervision in Europe. It is composed of the European Central Bank (ECB) and the national supervisory authorities of the participating countries.

The purpose of SSM banking supervision is to:

- guarantee the security and solidity of the European banking system;
- strengthen financial integration and stability;
- ensure uniform supervision.

European Central Bank (ECB):

As an independent body of the EU, the ECB exercises banking supervision from a European perspective by:

- developing a common approach to ongoing supervision;
- taking unified supervisory and corrective action; and
- ensuring the consistent application of the regulations and supervisory policy.

The ECB, together with the national supervisory authorities, is responsible for making European banking supervision work effectively and coherently.

The ECB is entitled to:

- conduct supervisory reviews, on-site audits and investigations;
- grant or withdraw banking approvals;
- assess the acquisition or disposal of qualifying holdings by banks;
- ensure compliance with EU supervisory regulations;
- set higher equity capital requirements (equity capital buffer) to counteract any financial risks.

The ECB is responsible for the direct supervision of 125 major banks in the euro area countries. All Sparkassen of the Austrian Savings Banks Group, which are affiliated with Erste Group Bank AG in the form of a joint liability scheme (Haftungsverbund), were classified as significant and system-relevant and are under the direct supervision of the ECB.

The major banks are supervised by Joint Supervisory Teams (JSTs). Each major bank has its own JST, which is made up of ECB staff and national supervisory authorities.

<https://www.bankingsupervision.europa.eu/home/contacts/html/index.en.html>

Financial Market Authority (FMA):

Otto-Wagner-Platz 5,

A-1090 Vienna

www.fma.gv.at

Since 1 April 2002, the integrated national supervision of the Austrian financial market has been carried out by the FMA. The FMA consists of the three core areas of Banking Supervision, Insurance and Pension Fund Supervision and Securities Supervision.

On the one hand, the FMA supervises banks, insurers, pension funds, occupational pension funds, investment firms and investment services companies, investment funds, financial conglomerates and publicly traded companies. On the other hand, it monitors:

- compliance with legal requirements, fairness and transparency in trading in listed securities (market and stock exchange supervision);
- that in the public offering of securities comprehensive prospectuses adequately present to the public the opportunities and risks of the investment (supervision of capital market prospectuses);
- that the principles of good corporate governance and proper advice are adhered to (supervision of compliance and rules of conduct);
- that the unauthorised offering and provision of financial services is prevented and prosecuted;
- and that all financial institutions have adequate mechanisms to prevent money laundering and the terrorist financing.

Since 1 January 2015, the FMA has also taken on the role of **national resolution authority**. In this role, to preserve financial market stability in the event of the failure or impending failure of an institution, it is required to ensure an orderly resolution and also forms part of the "Single European Resolution Mechanism" for savings banks under the direct supervision of the ECB. In this context, the **Single Resolution Board (SRB)**, in conjunction with the European Council and the EU Commission, takes the important decisions on behalf of the major institutions, but uses the respective national resolution authority for implementation purposes.

Oesterreichische Nationalbank (OeNB):

Otto-Wagner-Platz 3,

A-1090 Vienna

www.oenb.at

One of the central tasks of the OeNB is to contribute to maintaining the stability of the financial system. Specifically, this means identifying risks at an early stage, assessing their systemic relevance and informing market participants and decision-makers. If necessary, the OeNB identifies requirements and options for action and assesses their effects and side effects.

As part of its analysis of financial market stability, the OeNB observes the development of the business, earnings and liquidity position as well as the risk-bearing capacity of the banks at the system level (stability analysis) and at the institutional level (individual bank analysis within the framework of banking supervision). It also analyses developments in equity, credit and currency markets.

Under its expanded financial market stability mandate, the OeNB also analyses developments in insurance companies, investment companies (investment funds), pension funds and occupational pension funds. In addition to the financial assessment, particular attention is paid to the potential for contagion between the financial intermediaries.

The OeNB is an integral part of both the Eurosystem and the European System of Central Banks (ESCB). The European Central Bank (ECB) and the national central banks of the countries that have adopted the euro form the Eurosystem and jointly operate monetary policy in the euro area.

The ESCB comprises the ECB and the national central banks of all EU Member States, whether or not they have adopted the euro. As long as there are EU Member States that do not belong to the euro area, the Eurosystem and the ESCB will coexist.

European System of Financial Supervision (ESFS)

ESFS (*European System of Financial Supervision*) is a system of public authorities and committees of the European Union for financial market supervision. Three **European Supervisory Authorities** (ESAs) represent the most important component for the banking, securities and insurance industries.

The ESFS comprises the following:

- **EBA** (European Banking Authority)
- **ESMA** (European Securities and Markets Authority)
- **EIOPA** (European Insurance and Occupational Pensions Authority)
- **ESRB** (European Systemic Risk Board)
- Committee of European Supervisory Authorities and the competent supervisory authorities of the Member States.

The task of the three financial supervisory authorities (EBA, ESMA and EIOPA) is to develop uniform standards, guidelines and recommendations and to monitor the application of EU

law. The authorities have the right to intervene only in exceptional cases, such as when a national supervisory authority violates EU law.

The relevant financial supervisory authorities for the savings banks in this context are EBA and ESMA.

European Banking Authority (EBA)

Whereas national supervisory authorities and the ECB are responsible for monitoring individual financial institutions, the EBA has a role to play in improving the functioning of the internal market through appropriate, effective, harmonised supervision and regulation at the European level.

First and foremost, the EBA prepares binding technical standards and guidelines for the financial sector. These uniform standards are intended to provide consistent, harmonised supervisory regulations for financial institutions in the EU, thereby contributing to the creation of a level playing field and ensuring the protection of depositors, investors and consumers.

A further focus of the EBA is on measures to ensure the harmonised application of supervisory regulations. In addition, the EBA is mandated to assess risks and vulnerabilities in the EU banking sector, notably through regular risk assessment reports and Europe-wide stress tests. www.eba.europa.eu

European Securities and Markets Authority (ESMA)

ESMA is an independent EU authority whose purpose is to improve investor protection and ensure stable, properly functioning financial markets. ESMA's activities include the analysis of risks for investors, markets and financial stability, the completion of a uniform set of rules for EU financial markets, the promotion of standardisation of supervisory practices and the direct supervision of certain financial institutions such as credit rating agencies and transaction registers. www.esma.europa.eu

2. Group Structure

The Sparkassengruppe consists of Erste Group Bank AG (EGB / Erste Holding) as the central institution of the sector, Erste Bank der oesterreichischen Sparkassen AG (EBOe), Die Zweite Wiener Vereins-Sparcasse and the 46 Sparkassen in the federal states.

In 2002, Erste Holding and a large number of the Austrian Sparkassen founded the Haftungsverbund (cross guarantee system). Meanwhile, the EGB, EBOe and all Austrian Sparkassen are affiliated with each other through joint liability agreements.

The Sparkassen focus on a uniform business and market policy, profitability-oriented division of labour and a uniform market presence, with the involvement of their central institution - Erste Group Bank AG - as the lead bank. In addition, an early warning system was established for the early detection and avoidance of financial difficulties in Sparkassen, as well as mutual responsibility and the obligation for material and financial support in the Sparkassengruppe - the **Haftungsverbund** - which, in addition to the legally required deposit protection insurance, is designed to secure certain customer claims.

Over time, the Haftungsverbund was expanded in accordance with the provisions of competition law while the cooperation among its members was further intensified. The joint liability company (Haftungsverbund GmbH), which is majority-owned by the EGB, was granted wide-ranging powers over its members.

The member institutions of the Haftungsverbund form a contract group (in the majority of cases without equity participation by the EGB) in accordance with § 15 section 1 AktG, which for supervisory purposes is viewed as a credit institution group pursuant to § 30 section 1 BWG and is also classified as such by the European Banking Directive. The credit institution group forms the basis for the consolidation of equity capital to be carried out by the EGB in accordance with Article 18 in conjunction with Article 92 section 3 CRR and the risk-weighted assessment basis according to Article 92 section 3 in conjunction with Article 107 section 1 CRR. In addition, the Sparkasse is part of a Haftungsverbund within the meaning of Article 4 section 1 no. 127 CRR.

The Haftungsverbund of the Austrian Sparkassen is based on the following contractual agreements:

- Framework agreement
- Supplementary agreement
- Second supplementary agreement
- Rulebooks and regulations related to the Haftungsverbund

The regulations required for the purpose of group controlling are laid down in contractual agreements such as the second supplementary agreement, rulebooks, etc. Roll-outs of issues relevant to group controlling in the Haftungsverbund take place in accordance with the principles set out in the second supplementary agreement (see in particular item 3, second supplementary agreement, principle of proportionality).

2.1. Haftungsverbund

The Haftungsverbund (cross guarantee system) stands for:

- The establishment of a uniform business and market policy, which includes the following areas: planning and development and the consistent use of sector products and services, bundling of essential resolution functions, standardisation of market presence and advertising strategy and coordinated marketing planning.
- Establishment of an early warning system that identifies potential financial problems of its members as early as possible and provides efficient support to its members to overcome such problems.
- The protection of certain customer claims extending beyond the statutory deposit protection insurance through the establishment of a suitably formulated warranty obligation of the Sparkassen and the EGB (extended deposit protection insurance).

In the case of an event requiring protection (i.e. the opening of bankruptcy proceedings against a member of the Haftungsverbund), customer claims are covered up to a certain amount. The cross guarantee system comes into play after the statutory deposit protection insurance, thus acting as a supplement and providing compensation to investors within the scope of the mutual liability agreements.

The primary goal of Erste Bank and the Sparkassen, however, is that there should never be an incident that requires the intervention of the Haftungsverbund (an event requiring protection). Hence, as in the past, customer deposits should be safe and profitably invested in the Sparkassen that participate in the Haftungsverbund.

The cooperation in the Sparkassengruppe establishes a production, distribution, advertising, specialisation and guarantee community that offers benefits for all stakeholders.

2.1.1. Rulebooks / Policies

The principles for managing the "Haftungsverbund" contract group are specified in the Rulebooks of the Haftungsverbund. These principles are defined in detail through policies that apply across the Haftungsverbund.

The members of the Haftungsverbund, in their mutual interest, have defined principles for the identification, measurement, control and limitation of risk in various business and organisational areas, especially risk management, treasury and internal auditing, and set these down in so-called Rulebooks. The aim is that, by way of the commitment of each Sparkasse to comply with the provisions of these Rulebooks, the risk of the respective members of the Haftungsverbund should be limited in accordance with the framework agreement and thus should not contradict the duty of care of a business manager pursuant to § 39 BWG.

Regulations laid down in group policies, which are relevant to the Sparkassen in this context, are also rolled out in accordance with this process. The Group Policy Framework also reflects this defined process.

Extract from the Group Policy Framework, version 4.0, item 1.2, page 5:

“This policy and all policies and procedures under the Group Policy Framework are not automatically transferable to saving banks in Austria (“Sparkassen in Österreich”) on a one-to-one basis but their contents must be adopted adequately, with respect to the proportionality principles as defined by the Haftungsverbund III regulations.”

The current and historical versions of the Rulebooks are available in the Sparkassen Information System (SIS) under the menu item "HV3 - Rulebooks & Policies" or in the Open Network under the menu item Sparkassen Cooperation "Rulebooks".

2.1.2. Participation and Approval Rights of the HVG

As agreed in the regulations of the Haftungsverbund, **the HVG has the following rights** regarding governance:

- Possibility to attend meetings of the Sparkassen and Supervisory Board.
- Participation in Management Board appointments (the Sparkasse has undertaken to ensure that Haftungsverbund GmbH is included in the relevant opinion-forming process of the Supervisory Board / Sparkassen Council each time the appointment of a new member of the Management Board is envisaged).
- Possibility to demand the dismissal of a member of the Management Board in serious cases.

Concerning the essential **obligations of the HVG** according to the regulations of the Haftungsverbund, the following tasks can be cited:

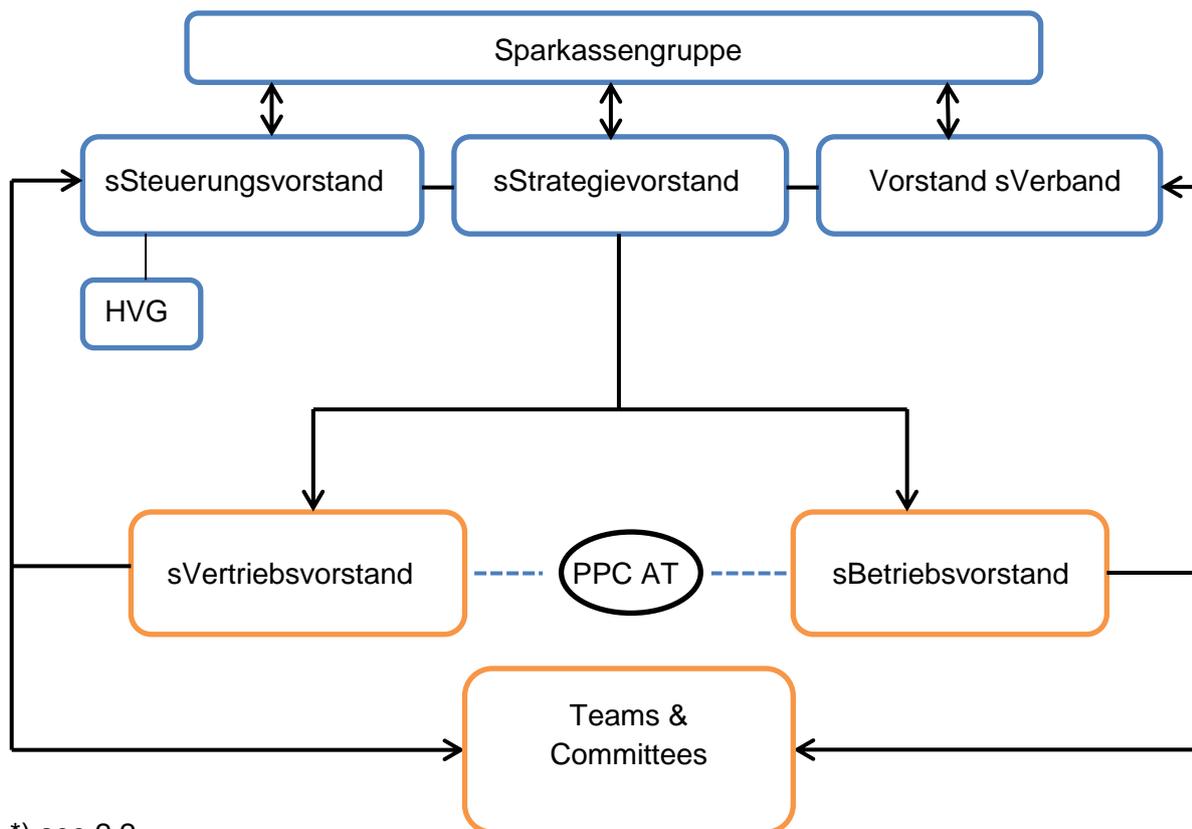
- Operate an early warning system to detect any financial difficulties at an early stage and act to prevent liability cases.
- Conduct regulatory monitoring to assess qualitative criteria for evaluating the situation of IPS members.
- Plausibility check and approval of the annual planning of the Sparkassen with regard to the Austrian Commercial Code (UGB).
- Monitor the contract parties for compliance with the Rulebooks.
- Monitor compliance with limits set in the HV contracts.

On concluding the joint liability contracts, the Sparkasse (just like the EGB and all other savings banks) has undertaken to cooperate constructively with the HVG, especially in all areas covered by the contractual Rulebooks, and to consult the HVG to clarify any doubts, in order to ensure (uniform) compliance with the contractual Rulebooks in the interest of all contract parties.

2.1.3. Committees in the Sparkassengruppe

The Sparkassengruppe sees itself as a group of independent, regionally based savings banks, which - as a single body within the association which it formed (Haftungsverbund) - acts and operates in the market as a financial entity. Within the framework of a committee-based structure, the members of the Sparkassengruppe collectively prepare the various topics for discussion and jointly decide on how to handle the respective issues.

The following chart presents the tasks and structure of the bodies involved in the Haftungsverbund:



*) see 2.2

The **sStrategievorstand** (Strategy Board) defines the medium and long-term strategic priorities of the Sparkassengruppe. It tasks the sVertriebsvorstand (Sales Board) and sBetriebsvorstand (Operations Board) with drawing up measures to realise the strategic priorities and can delegate and reclaim tasks to and from the sVertriebsvorstand and sBetriebsvorstand, teams and committees. The sStrategievorstand is also an escalation body in the event of disagreement with the sVertriebsvorstand / sBetriebsvorstand. It also defines and oversees the annual budget of all sales and operations projects.

The **sSteuerungsvorstand** (Steering Board) is the advisory committee for the Sparkassen and the HVG for matters relating to regulations relevant to group controlling in the Haftungsverbund. The sSteuerungsvorstand can delegate tasks to other boards, teams and committees against regular reporting, and can also reclaim such tasks.

The aim of the **sVertriebsvorstand** (Sales Board) is to implement the strategic priorities defined by the sVertriebsvorstand for all sales divisions, marketing / communications and human resources. It tasks the teams / experts assigned to it with the preparation of the necessary projects and measures.

The **sBetriebsvorstand** (Operations Board) implements the strategic priorities defined by the sStrategievorstand for the operating areas of accounting, control, ALM, infrastructure, risk management and internal auditing. It tasks the teams / experts assigned to it with the preparation of the necessary projects and measures.

The **Project Portfolio Committee (PPC AT)** administers the tasks of project progress and cost control for the projects and measures to be implemented.

The **teams and committees**, which are set up hierarchically under the Sales, Operations and Management Boards of the Savings Banks Association, elaborate - operationally at the expert level - the required projects and measures and the regulations relevant to the group and group-controlling and submit these to the governing bodies for decision-making.

For all committees in the Sparkassengruppe, the composition and specific tasks are defined in Rules of Procedure.

2.2. Oesterreichischer Sparkassenverband (Austrian Savings Banks Association) (OeSPV)

The Oesterreichischer Sparkassenverband (Austrian Savings Banks Association) (OeSPV) represents the interests of the Austrian Sparkassen and its purpose according to § 3 of the statutes is "as the overall representative of the Austrian savings bank industry, to protect its interests both in the interrelationships of the members and externally at any time and to take the necessary measures for this purpose."

At the same time, the Oesterreichischer Sparkassenverband fulfils the functions of the Professional Association of Savings Banks on the basis of the Delegation Agreement of 17 July 1947, as amended on 27 September 2004. The Professional Association of Savings Banks was constituted on 17 July 1947 on the basis of the Federal Act of 24 July 1946 BGBl 182, concerning the establishment of Chambers of Commerce - Chamber of Commerce Act.

Further details on the tasks of the OeSPV (particularly based on the statutes) can be found under the following link: <https://www.sparkassenverband.at/de/s-verband>.

2.3. Deposit Protection Scheme

Any credit institution domiciled in Austria that wishes to receive customer deposits or provide services in investment and securities subject to compulsory insurance must be a member of a deposit protection scheme. The Sparkasse is a member of Sparkassen-Haftungs Aktiengesellschaft (S-Haftungs AG), the deposit protection scheme maintained by the Professional Association of Savings Banks. As a deposit protection scheme of the Austrian savings bank sector, S-Haftungs AG fulfils the statutory duties of deposit protection insurance and investor compensation for its member institutions.

The Sparkasse has concluded a corresponding agreement with regard to the existing reporting and cooperation obligations towards S-Haftungs AG.

2.4. Remediation and Resolution Planning [BRRD, BaSAG]

The Sparkasse is included in the group remediation and resolution plan of the EGB and for this reason does not need to draw up its own plan.

2.5. Sparkassen-Prüfungsverband (Savings Bank Audit Association)

Pursuant to § 24 of the Savings Bank Act, the auditing body to be set up by the Sparkassen-Prüfungsverband (S-PV) - the statutory audit institution of the Sparkasse - has the following tasks:

- to conduct statutory audits;
- to conduct other audits and audit-related activities; and
- to conduct audits required according to other federal regulations.

In addition, pursuant to § 1 section 1 ESAEG, in connection with the appropriate deposit protection scheme, the legally responsible audit institution (namely S-Haftungs AG) must perform duties in relation to an early warning system for its affiliated credit institutions - thus including the Sparkasse.

3. Organisational and Operational Structure

The governing bodies of the Sparkassen are the Management Board, the Supervisory Board and the Annual General Meeting.

A central area of corporate governance is the allocation of responsibilities and control between the Management Board and the Supervisory Board of the Sparkasse. The Management Board manages the company on its own responsibility and establishes its strategic direction. The Supervisory Board advises the Management Board in its strategic planning and is also the supervisory authority and consultation level for the Management Board; however, it does not have any management competence.

The interrelation between the Management Board and the Supervisory Board is ensured by ongoing reporting by the Management Board to the Supervisory Board meetings and the meetings of the committees listed below. Further details are given in the statutes and Rules of Procedure (see reference in the Appendix).

3.1. Management Board

The Management Board manages the business and represents the Sparkasse and, according to the statutes, consists of two to four members. It is appointed by the Supervisory Board for a maximum of five years. Currently, the Management Board consists of four members.

3.1.1. Allocation of Responsibilities

The allocation of responsibilities is regulated by the Supervisory Board. The detailed breakdown of responsibilities can be found in the current organisation chart published on the Open Network.

The Management Board manages the affairs of the company with the care of a prudent and conscientious business manager.

The Supervisory Board has approved Rules of Procedure for the Management Board, which regulate the tasks to be performed and the type of cooperation, especially as regards the form of decision-making in the Management Board. Weekly board meetings are held on the basis of a pre-determined agenda; minutes of the resolutions passed are prepared for each meeting.

Regular meetings take place between the individual members of the Management Board and the departments or staff units directly subordinate to them; as a result, the Management Board is kept up-to-date with the latest developments in the Sparkasse and the risks arising therefrom, and can take appropriate measures if necessary, thus ensuring that it is able to fulfil its key tasks of monitoring the work of the senior management of the Sparkasse.

The Internal Audit department, the WAG Compliance Officer and the Money Laundering Officer report to the full Management Board. The head of the Strategic Risk Management department has direct access to the Management Board. These functions report directly to the Supervisory Board as required by law.

The company is represented jointly by two members of the Management Board or by one member of the Management Board together with one authorised joint signatory. Sole signatory authority or sole power of attorney for the entire business operation cannot be granted.

3.1.2. Appointment / Internal Suitability Assessment (Fit and Proper Person Test)

The qualification requirements for members of the Management Board of the Sparkasse are regulated in the internal guidelines for the selection and sustainability assessment of Management Board members. These guidelines, in compliance with the relevant legal provisions, define the internal framework for the selection and sustainability assessment of proposed and appointed members of the Management Board and is an important benchmark for good corporate governance and control. The appraisal of proposed and appointed members of the Management Board is based on the following criteria:

- Personal reliability
- Professional aptitude and required experience
- Governance criteria (possible conflicts of interest, independence, time availability, overall composition of the Management Board, diversity)

The initial and ongoing suitability assessment of the individual members of the Management Board and the assessment of the structure, size, composition and performance of the Management Board as a management body are carried out by the Nomination Committee.

3.2. Supervisory Board

The Supervisory Board decides on matters prescribed by the law and its own statutes and rules of procedure. In addition, it is required to supervise the Management Board in the management of the company.

The Supervisory Board performs its duties at plenary meetings but has also delegated certain agendas to committees of the Supervisory Board. The chairman of each committee must report regularly on the work of the committee.

The Supervisory Board consists of at least 3 and a maximum of 8 members elected by the Annual General Meeting, as well as members delegated by the Works Council pursuant to the Austrian Labour Constitution Act. As a body of the FMA, the State Commissioner is to be invited to all meetings of the Supervisory Board and the committees to which decision-making competence was delegated by the Supervisory Board.

The Supervisory Board must meet at least once each calendar quarter. The invitation to the meetings announcing the agenda must be made at least eight days before the date of the meeting. A corresponding report is prepared on the meetings of the Supervisory Board.

3.2.1. Risk Committee

The Sparkasse has established a Risk Committee that meets the requirements of § 39d BWG. The tasks and functioning of the committee are laid down in the Rules of Procedure for the Risk Committee of the Sparkasse. The Risk Committee advises the Management Board on risk appetite and risk strategy and oversees the implementation of the strategy. It also decides on the approval of loans that go beyond the authorisation of the Management Board.

3.2.2. Audit Committee

The Sparkasse has established an Audit Committee that meets the requirements of § 63a BWG. The tasks and functioning of the committee are laid down in the Rules of Procedure for the Audit Committee of the Sparkasse. The Audit Committee is responsible for auditing the annual accounts (and preparing the declarative statement) and it oversees the financial reporting process and the effectiveness of the internal audit, internal control system and risk management system of the bank. In addition, the Audit Committee is required to report to the Supervisory Board on the outcome of the audit, on how the audit contributed to the reliability of financial reporting, and on the role of the Audit Committee.

3.2.3. Nomination Committee

The Sparkasse has established a Nomination Committee that meets the requirements of § 29 BWG. The tasks and functioning of the committee are laid down in the Rules of Procedure for the Nomination Committee of the Sparkasse. The Nomination Committee regulates the contractual relationships between the Management Board and the Company and submits proposals to the Supervisory Board for the vacant positions on the Management Board and Supervisory Board. It is also responsible for the ongoing suitability assessment of Supervisory Boards and Management Boards.

3.2.4. Remuneration Committee

The Sparkasse has established a Remuneration Committee that meets the requirements of § 39c BWG. The tasks and functioning of the committee are laid down in the Rules of Procedure for the Remuneration Committee of the Sparkasse. In particular, the Remuneration Committee is responsible for approving general principles of remuneration policy, for its regular review and implementation, and for resolutions on the granting and amount of the contractually agreed variable remuneration of the members of the Management Board.

3.2.5. Strategy Committee

The Strategy Committee is responsible for preparing the resolutions of the Supervisory Board on all issues and matters relating to the strategic and systemic planning of the company and for the associated setting of objectives for medium and long-term corporate

development. The tasks and functioning of the committee are laid down in the Rules of Procedure for the Strategy Committee.

3.3. Divisions and Departments / Permanent Committees

The tasks of the various departments and functions defined in the organisation chart of the Sparkasse are set out in task and function descriptions and must be published on the Open Network.

In addition, the following bodies have been established at the Sparkasse by resolution of the Management Board:

- Asset Allocation Advisory Board
- Local Operational Risk Committee (LORCO)
- Market Team
- Operating Liquidity Committee (OLC)
- Process Committee
- Process Team Cluster Financing
- Process Team Cluster Customer / Basic Business
- Security Management Board
- SEE Strategy Team (South East Europe)
- Strategy Team
- Treasury Advisory Board

The tasks and competences of these bodies and their members are set out in Rules of Procedure adopted by the Management Board.

3.4. Internal Rules

To meet legal and supervisory requirements and to define clear, uniform and transparent rules for the execution of business and work processes, the Sparkasse has published an extensive internal set of rules in the Open Network (/ intranet). The specification of the individual rules depends on the content and the target group.

Haftungsverbund Rulebooks / Policies (see also 2.1.1) are approved by the sSteuerungsvorstand (steering committee) and must subsequently be implemented directly by the Sparkasse.

Competence for passing resolutions on other rules and regulations in the Sparkasse stems from the Rules of Procedure of the Management Board. Depending on the subject matter of the regulation, this may be transferred to the full Management Board or to individual members of the Management Board. The full Management Board may delegate to executive management, in accordance with the organisational chart, the authority to compile instructions that bindingly regulate the performance of a work process or specific task relating to day-to-day business.

Compliance with the internal rules is verified as part of the work performed by the internal audit department. In accordance with statutory regulations, the internal audit department

reports on this to executive management, the Audit Committee and the Chairman of the Supervisory Board, who in turn reports to the full Supervisory Board.

In addition, the control functions regularly submit the reports stipulated by law to the Supervisory Board and its committees.

4. Control Functions

The main internal control functions of the Sparkasse are summarised below.

4.1. Head of Strategic Risk Management

In accordance with the provisions of § 39 section 5 BWG, a risk management department with direct access to executive management, which is independent of the operating business, is established in the Sparkasse.

The Head of Strategic Risk Management is appointed by the Management Board after completing the in-house suitability assessment process (fit and proper person test). Pursuant to §39 section 5 BWG, the head of the risk management department cannot be removed from office without first informing the Supervisory Board.

Risk reports are submitted to the full Management Board. Pursuant to § 39d section 3 BWG, the head of the department participates in the meetings of the Risk Committee, reports on the risk types pursuant to § 39 section 2b BWG and the risk situation of the Sparkasse and draws attention to risky developments that may affect the Sparkasse.

4.2. Internal Audit

In accordance with the provisions of § 42 BWG, an internal audit department, which reports directly to the full Management Board and serves exclusively the ongoing and comprehensive auditing of the legality, correctness and fitness of purpose of the Sparkasse, has been established in the Sparkasse.

The full Management Board must grant the internal audit department the necessary competences and resources to fulfil its tasks. The organisational procedures and competences (e.g. reporting frequency, immediate reporting requirement) are specified in the instructions for the internal audit and the audit manual, taking account of the legal requirements, especially the minimum standards of the Financial Market Authority for internal auditing (FMA-MS).

The Head of Internal Auditing is appointed by the Management Board after completing the in-house suitability assessment process (fit and proper person test) and after reviewing the provisions of § 42 section 2 BWG. The Head of Internal Auditing cannot be removed from office without first informing the Supervisory Board.

The internal audit department prepares an annual audit plan and ensures its permanent implementation. In addition, the internal audit department conducts unplanned audits and special audits (on the joint proposal of at least two Management Board members according to § 42 section 3 BWG).

The Head of Internal Auditing issues a quarterly report to the full Management Board. In addition, it reports quarterly to the Chairman of the Supervisory Board and to the Audit Committee on audit-related matters and the main findings of the conducted audits. The Chairman of the Supervisory Board must report to the next meeting of the Supervisory Board on audit-related matters and the main findings of the audits.

The Head of Internal Auditing submits an annual report to the full Management Board, the Chairman of the Supervisory Board and the Audit Committee. The Chairman of the Supervisory Board informs the Supervisory Board about the contents of the annual report.

4.3. Group Audit

Pursuant to § 42 section 7 BWG, the internal audit department of the superordinate credit institution must conduct the Group Audit. This is essentially carried out through the audit of the Haftungsverbund, which is integrated into Erste Group at the organisational level (Group Audit). The Haftungsverbund Audit Rulebook specifies the tasks in the Haftungsverbund which are assigned to the Group Audit department. The Haftungsverbund audit department has a right to information in the case of new appointments to the position of Head of Internal Auditing of the Sparkasse as well as a right of objection if reservations exist regarding the qualifications of the proposed person (pursuant to § 42 section 2 BWG).

In addition, the internal audit department of the Sparkasse also performs group audit work with regard to the subordinated financial and credit institutions.

4.4. Compliance Officer and Money Laundering Officer

In accordance with Article 22 Del. VO 2017/565, which specifically ensures the appropriateness and effectiveness of procedures and measures for compliance with legal requirements and the minimisation of compliance risks and conflicts of interest, the Sparkasse has set up a permanent, independent and effective compliance function. An independent WAG Compliance Officer was appointed by the Sparkasse for this purpose.

In accordance with § 23 FM-GwG, the Sparkasse has appointed a Money Laundering Officer to ensure compliance with the legal requirements for the prevention of money laundering and terrorist financing and take account of international sanctions and embargos.

To ensure the proper and independent performance of the duties of these two functions, the WAG Compliance Officer and the Money Laundering Officer are subordinated to the Management Board, to which they report directly. The Officers prepare a written activity report for the full Management Board and Supervisory Board of the Sparkasse at least once a year.

The Officers and their deputies are appointed after successfully completing the in-house suitability assessment process (fit and proper person test). The Officers have access to all Sparkasse information, data and systems relevant to the exercise of their functions.

The main tasks of the Officers include the introduction and further development of strategies, procedures and systems to ensure compliance with the legal requirements of WAG 2007, BörseG and FM-GwG as well as the internal guidelines and the implementation of controls and monitoring activities based on an annual risk analysis.

5. Corporate Governance

The following chapter provides an overview of the aspects summarised under the heading "Corporate Governance".

5.1. Dealing with Conflicts of Interest

Conflicts of interest can arise when legal actions or decisions of management body members (also) affect their own interests and thereby the (exclusive) perception of the interests of the Sparkasse is compromised or there is a risk that this will entail disadvantages for the Sparkasse, its business partners or customers. Potential conflicts of interest may be due to personal, family, financial or other circumstances and must be avoided as far as possible. Conflicts of interest that cannot be avoided must be disclosed.

To counteract conflicts of interest in the management body and to professionally manage existing conflicts of interest, the Sparkasse issued the corresponding "Internal Directive on Dealing with Conflicts of Interests of Members of the Governing Bodies of Steiermärkische Bank und Sparkassen AG", which regulates the following aspects:

- **Identification** of conflicts of interest
- **Monitoring** and **control** of conflicts of interest ("prevention")
- Control of conflicts of interest with the aim of **avoidance / circumvention**
- **Disclosure** of conflicts of interest

In addition, the "Guidelines for Dealing with Conflicts of Interest for Employees of Steiermärkische Bank und Sparkassen AG" sets out provisions in connection with conflicts of interest that must be observed by all employees.

5.2. Complaint Management

The Sparkasse has established transparent and appropriate procedures for handling complaints from its customers and business partners in order to identify, analyse and remedy recurring as well as potential legal and operational risks.

The OE Ombudsman assumes this function in the Sparkasse, in accordance with § 39e BWG.

All employees have access to the following via the Open Network:

- The function profile with a detailed description of tasks and procedures
- The term complaint as defined in VERA-VO (§ 5 section 1 no. 4 letter a)

"A complaint is any expression of dissatisfaction that a natural person or legal entity presents to a credit institution with a specific demand regarding a specific transaction, where the same demand is not pending before a court or arbitration body or the outcome of which has not already been judicially determined."

- Information about how to submit a complaint (Internet, hard copy contact form)

All customers of the Sparkasse can use the following methods / documents to enter complaints and provide feedback:

- The link: <https://www.sparkasse.at/steiermaerkische/wir-ueber-uns/ombudsstelle>

5.3. Whistle-blower System

The Sparkasse has numerous in-house procedures for the prevention of illegal or improper conduct. By way of the whistle-blower system, the Company expressly invites all employees to provide information at an early stage about potential internal violations of regulatory standards, which other employees have committed or caused.

In accordance with the provisions of § 99g BWG, these procedures ensure adequate protection of employees, the protection of personal data and clear rules on the confidentiality of the person reporting the violations.

5.4. Remuneration Policy

The principles of the remuneration policy of the Sparkasse for both variable and fixed remuneration are laid down in corresponding guidelines. These guidelines are reviewed annually and amended if necessary. The guidelines are based on national, European, statutory and regulatory requirements. Approval of the remuneration policy guidelines is the responsibility of the Remuneration Committee, which assesses the incentives for managing risk, capital and liquidity.

The focus of the remuneration policy is on appropriate, balanced compensation in accordance with the performance, competence and responsibility of the employees and the maintenance of a sustainable personnel cost structure. The remuneration system of the Sparkasse is uniform, market-oriented and transparent.

The underlying principles of the Sparkasse's guidelines on remuneration policy are, for example, a balance between fixed and variable reference components, the avoidance of conflicts of interest, ensuring risk adequacy and sustainability in remuneration policy and the relationship between performance and remuneration.

Based on the EU directives and their national implementation, increasingly stringent principles regarding variable remuneration components are used. In particular, performance-based variable remuneration considers not only quantitative but also qualitative, non-financial performance elements and long-term elements.

5.5. Disclosure

Regarding the disclosure requirements pursuant to Part 8 of (EU) Regulation no. 575/2013, reference can be made to the fact that, based on the CRR provisions, full disclosure is made by the EGB at the Group level. Therefore, disclosure pursuant to Part 8 of the CRR - even of sub-sections - is not necessary for the Sparkasse at the individual level.

The disclosure documents of Erste Group Bank AG (consolidated level) are available at: www.erstegroup.com/ir

Concerning compulsory disclosure regarding corporate governance and remuneration in accordance with § 65a BWG, reference is made to the statements on the website of the Sparkasse (under "Imprint").

6. Risk Management Framework

The most significant risks for the Sparkasse are credit, market, liquidity, equity and operational risk. While credit risk denotes the risk of partial or complete default of contractually agreed payments, market risks for the Sparkasse are mainly caused by fluctuations in interest rates, exchange rates, share prices or commodity prices. Liquidity risk is the risk of being unable to meet its payment obligations without restriction and is divided into refinancing risk, maturity risk and call-off risk. Operational risk is the risk of losses caused by inadequacy or failure of internal processes, people and systems or by external events, including legal risk.

The limitation of risks is ensured by adequate methods for risk measurement and limitation.

6.1. Risk Strategy / Policy

The risk strategy / policy formulates the principles of the Sparkasse for dealing with risks. The primary objective of the risk strategy is to ensure the risk-bearing capacity of the Sparkasse in compliance with statutory regulations and supervisory requirements, taking account of customer-oriented banking operations. To meet this objective of risk limitation, the Sparkasse has implemented a system of risk monitoring and control that ensures adequate treatment of the assumed risks.

6.2. Guidelines (including monitoring)

As part of the Internal Capital Adequacy Assessment Process (ICAAP), the Sparkasse is required to consider all material risks identified in its risk profile. In accordance with the provisions of the law, the completeness of the risks classified as material risks must be reviewed annually. The risk materiality assessment must be carried out at least once a year and account is also taken of the result in the calculation of risk-bearing capacity and the overall stress test.

In the risk-bearing capacity calculation, the prevailing risks are compared to the coverage potential. The Sparkasse evaluates its risk strategy at least once a year, including its risk appetite ("RAS").

Further details can be found in the Risk Management Rulebook, which is binding for all savings banks, including the current version of the Appendices and the rules and regulations of the Sparkasse.

6.3. Outsourcing

Outsourcing is defined as the use of a third party (the "outsourcing service provider") by the Sparkasse to carry out activities that are normally undertaken by the Sparkasse now or in the future. It must be noted that the ultimate responsibility for proper risk management in connection with outsourcing or outsourced activities remains with the executive management of the Sparkasse that practices outsourcing.

The Outsourcing Guidelines stipulate that the institution must ensure that outsourcing activities are implemented without loss of control in a traceable, efficient and consistent manner. Thus, for example, specific controls for monitoring outsourcing, business continuity plans, exit strategies, etc. are agreed in an outsourcing contract. Special consideration is also given in the Outsourcing Guidelines to the influence of outsourcing on the daily business of the Sparkasse and the overall risk associated with outsourcing.

The guidelines are based on the regulatory framework for outsourcing, implemented *inter alia* in the General Rulebook and Risk Management Rulebook of the Haftungsverbund, and thus form the basis for outsourcing by the Sparkasse (and for outsourcing within the Sparkassengruppe).

6.4. Product Audit Process

The Risk Management Rulebook stipulates that the products of the Haftungsverbund savings banks are generally developed jointly with the EGB and EBOe, that they are discussed in the relevant specialist committees as required and then approved individually in each Sparkasse. The Product Audit Process (PAP) must be implemented and documented whenever a new geographic target market is processed, a new product or service is offered, or when substantial changes are made to an existing product or service. The Sparkasse has implemented the guidelines for the product audit process in the Sparkassengruppe. This applies to the PAP for both standard and individual products.

The basic principle for auditing standard products is that the audit is first carried out centrally by the EGB or EBOe (depending on the responsibility for product management). The corresponding PAP document is then submitted to the Sparkasse. Certain parts that can only be comprehensively assessed locally in the respective institution are supplemented locally by the Sparkasse. The local audit is then carried out on this basis and the decision of the Management Board is obtained.

If, in justified exceptional cases, the Sparkasse decides to develop its own product, the PAP is carried out locally at the Sparkasse in accordance with the process specifications and voted on by Haftungsverbund GmbH before the decision is taken.

7. Business Continuity Management / Emergency Plan

Business Continuity Management (BCM) has ensured that critical business processes are constantly available to the institution. To also ensure availability in emergencies and crises, emergency measures are defined. These include the necessary activities and preventive measures required to avoid potential risks in order to minimise the probabilities and consequences.

8. Appendices

The following appendices refer to the currently valid version of the respective document.

- Appendix 1 – [Sparkasse Statutes](#)
- Appendix 2 – [Management Board Rules of Procedure](#)
- Appendix 3 – [Supervisory Board Rules of Procedure](#)
- Appendix 4 – [Risk Committee Rules of Procedure](#)
- Appendix 5 – [Audit Committee Rules of Procedure](#)
- Appendix 6 – [Nomination Committee Rules of Procedure](#)
- Appendix 7 – [Remuneration Committee Rules of Procedure](#)
- Appendix 8 – [Guidelines for Dealing with Conflicts of Interest](#)
- Appendix 9 – [Guidelines for Dealing with Conflicts of Interest for Holders of Key Functions](#)
- Appendix 10 – [Guidelines for Dealing with Conflicts of Interest for Members of Governing Bodies](#)
- Appendix 12 – [Sparkassengruppe Code of Conduct](#)
- Appendix 13 – [Outsourcing Guidelines and Outsourcing Risk Assessment Guidelines](#)
- Appendix 14 – [Emergency Plan / BCM Policy](#)
- Appendix 15 – [Sparkasse Organisation Chart](#)
- Appendix 16 – [Sparkassengruppe Product Audit Process Guideline](#)
- Appendix 17 – [Guidelines for Compliance \(e.g. Acceptance of Gifts\)](#)
- Appendix 19 – [Guidelines for the Selection and Suitability Assessment of Management Board Members](#)
- Appendix 20 – [Guidelines for the Selection and Suitability Assessment of Supervisory Board Members](#)
- Appendix 21 – [Guidelines for Remuneration Policy](#)