

Allocation and Syndication Guidelines for Debt Capital Markets (DCM) Transactions

This summary document serves to describe the principles which Erste Group Bank AG (hereinafter “Erste Group”) will follow in syndicating and allocating new issues of fixed-income securities, and to illustrate how we intend to operate in harmony with the Markets in Financial Instruments Directive II (“MiFID II”) regulations, the European Securities and Markets Authority (“ESMA”) Market Abuse Regulation (“MAR”) and the International Capital Markets Association (“ICMA”) guidelines. These procedures apply to all branches and entities of Erste Group Bank AG.

Allocation Principles

The DCM Syndicate team (“Syndicate”) is responsible for the pricing and allocation process and has a duty of care to issuers in terms of fair treatment, transparency and appropriate advisory. DCM Origination (“Origination”) has a duty of care to issuers, and although they will not typically be directly involved with the actual allocation or book-building process, they will remain at the issuers’ disposal throughout the process, and must offer best-practice and market advisory based on their duty of care responsibilities.

Typically, in syndicated benchmark bond offerings, the ultimate pricing, sizing and allocation recommendations will be determined by means of an initial market assessment/recommendation, and a book-building process. This process enables the DCM Syndicate team to build a picture of investor interest and demand for a transaction.

Prior to the allocation and pricing, Syndicate must ensure that the book remains open for a reasonable period of time. Syndicate must also ensure all market/hedging risks associated with the issuers’ project are managed with care.

Origination and Syndicate must maintain open communication with the issuer throughout the process, ensuring that the issuer is at all times aware of any and all potential factors material to the outcome of the offering.

Guiding Principles for the Bookbuilding and Allocation Process

Origination and Syndicate must perform due care in terms of ensuring a thorough and appropriate marketing of the issuers transaction(s). The offering must be made available to any and all relevant yet appropriate investors in harmony with ensuring:

- a) A sensible level of subscription reflecting the issuers’ objectives and expectations under normal market conditions
- b) Ensuring appropriate pricing objectives on the part of the issuer may be met
- c) Distribution to an appropriate range of investors within MiFID II regulations target market assessment to achieve reasonable aftermarket price stability
- d) Ultimate allocations in compliance with both regulatory obligations and the commercial and legal imperatives of a particular transaction including as set out in the relevant offering memorandum (selling restrictions)

When acting as a bookrunner, Origination and Syndicate must, prior to the start of marketing of any offering, consult with the issuer in terms of any (e.g. market soundings) preferences and requirements regarding all aspects of the allocation process. This allows for the issuer to voice any and all preferences that might reflect the issuers' strategy regarding geographic distribution of their paper, types of investors being allocated, and any sizing restrictions on individual tickets, or how certain investors who have given supportive feedback should be treated.

Erste Group must not act as a bookrunner and provide allocations to investors on any offering without having

- a) ensured that the issuer is aware of Erste Groups' allocation policies and
- b) the allocations or allocation guidelines have been signed off by the issuer.

When acting as a bookrunner, Syndicate will, in coordination with the other bookrunner(s), prepare an allocation. This allocation may be viewed either as a recommendation to be presented to the issuer, or as an allocation to be confirmed by all bookrunners reflecting the issuer's broader allocation objectives, and all bookrunners' allocation policies. Ultimately, the bookrunners must act in accordance with all policies and regulations, and recognise that the ultimate allocation guidelines rest with the issuer.

Examples of key allocation considerations may be as follows:

- Preferred type of investors the issuer would like to favor
- Preferred geographical jurisdiction on which the issuer would like to focus
- Any specific investor the issuer would like to favor for a specific reason

In addition to the issuers' preferences, if any, Erste Group would provide and draft an allocation suggestion – in consultation with the bookrunner group – and will take following key factors into consideration:

Investor characteristics	<ul style="list-style-type: none"> • Whether the investor's expressed interest is consistent with investors profile • Geographical location of the investor • Sector or sectors of investors business • Whether investors are consistent with their investment horizon (long term vs. short term investors flipping their allocation) • Whether investors have dedicated sustainable, social or green bond portfolios, or have a clear focus on green, social and/or sustainable investments as indicated by the investor or in case they have dedicated ESG analysts and criteria, or specific sustainable preferences according to MiFID II
Order characteristics	<ul style="list-style-type: none"> • The size of an investor's expressed interest (both absolutely and relative to the investor's portfolio or assets under management) • Price sensitivity expressed • Timing and timeliness (speed of response and timeliness of the order)
Legal characteristics	<ul style="list-style-type: none"> • Any selling restrictions or other relevant legal or regulatory restrictions in jurisdictions with which the investor is connected • Minimum denomination (and multiple thereof)

Past characteristics	<ul style="list-style-type: none"> • Participation in market soundings, roadshows or quality and timeliness of their feedback during the pre-marketing and offering phase • Any relevant precedent set by way of previous experience with the investor
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This is not an exhaustive list. Please inform us if you have other or more specific objectives in the offering process, and we will discuss these with you and bear them in mind when making our recommendations.

As a bookrunner, Syndicate must ensure consistency in allocations across the above categories and ensure due care has been performed towards all investors. Exceptional treatment should be made exclusively in agreement with the issuer, and as a matter of principle be avoided. When acting as a bookrunner, Syndicate must ensure that it communicates, via market standard platforms, simultaneously with all investors, regardless of any categorisation above.

In conjunction with the other joint bookrunners, Syndicate will record a line-by-line written justification/commentary in relation to any investors that appear in either of the following two rankings of the final allocation: (this is in line with current ICMA guidelines)

- 1) investors that have received a final allocation in the top 20% of the total allocations by volume of overall deal size ranked by investor in descending order of size of allocation to each investor;
- 2) investors that receive a final allocation in the top 20% of the total allocation ranked by investor in descending order of the percentage allocation granted to each investor

Conflict of Interest

Conflicts of interest may arise in relation to the Bank's underwriting and placing activities between the issuer Client, investor Clients and the Bank.

Erste Group makes every effort to manage conflicts of interest that may arise in such a way to ensure that clients are treated fairly and that the Bank is conducting its business with integrity and according to proper standards of market conduct. These principles and procedures are set out in the internal Conflicts of Interest Policy.

Erste Group may utilise a number of means (which may be used individually or in combination) to manage a conflict of interest including:

- organisational arrangements, systems, controls, policies and procedures designed to prevent
- the conflict of interest arising or to mitigate the associated risk of damage; disclosure designed to inform the affected parties of the conflict of interest and its likely impact on them; or
- avoiding the service, activity or matter giving rise to the conflict of interest where the conflict of interest cannot be prevented or managed effectively using other means.

Erste Group have in place a centralised process to identify all underwriting and placing operations of the firm and record such information, including the date on which the firm was informed of potential underwriting and placing operations. Erste Group respects and expects Employees to respect the confidentiality of information. Our Organisation operates a "Need to Know" approach aimed at complying with all applicable Rules with respect to the handling of

such information. Access to confidential information is restricted to those who have a proper need for the information to discharge their responsibilities consistent with the legitimate interest of Clients or the Bank. As a result, effective internal arrangements prevent persons responsible for providing services to Erste Groups' investment clients, to be directly involved in decisions about recommendations on allocation or to influence such recommendations or decisions.

Internal policies and procedures prohibit Erste Group from putting its own interest (including entering into agreements or quid pro quo arrangements of any kind with investor Clients in return for preferential allocations) ahead of the issuer Client, or the interest of one investor Client ahead of another investor Client.

In some offerings, "in-house accounts" or an affiliate to Erste Group may place an order to purchase securities as an investor. Erste Groups' policy is to treat such orders as though they were received from an unaffiliated party and to judge them according to the same criteria, we apply to orders from any other investment client.

MiFID and its implementing legislation contain rules prohibiting Erste Group from paying or receiving any fee, commission, non-monetary benefit or Performance-based Commissions in relation to the provision of a MiFID service to a Client (an "Inducement"), unless such payment or receipt falls within an exception.

An Inducement could create a conflict of interest where the payment or receipt of the Inducement would distract the Bank from its obligations to serve the best interests of its Client. In order to closely monitor potential conflict of interest scenarios with regards to Inducements, the Bank has established policies, procedures and controls around Inducements that all relevant Employees are required to follow and comply.

All potential conflicts of interest that may arise in relation to possible under-pricing or over-pricing of an issue or involvement of relevant parties in the process are managed properly. During the offering process, Erste Bank keeps the issuer client informed about developments with respect to the pricing of the issue.

Erste Group provides research services as well as carrying out underwriting and placing activities and has therefore adequate controls in place to manage any potential conflicts of interest between these activities and between their different clients receiving those services.

All policies and measures are in particular suitable to prevent and manage conflicts of interest pursuant to Article 38ff of the MiFID II Delegated Regulation¹ arising from underwriting and placing financial instruments.

For more information, please contact Erste Group Securities Compliance (groupsecuritiescompliance@erstegroup.com).

¹ Commission Delegated Regulation (EU) of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive (the "MiFID II Delegated Regulation")