

Erste & Steiermärkische Bank d.d.

(Incorporated as a stock corporation in the Republic of Croatia under registered number 040001037 and personal identification number 23057039320)

Securities Note

as part of the base prospectus consisting of separate documents

in relation to the

Preferred Senior Notes Retail Programme

Under this programme (the "**Programme**"), Erste & Steiermärkische Bank d.d. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue preferred senior notes in form of a public offer or a private placement in series and tranches available in the English language under Croatian law (the "**Notes**"), as further specified in relation to the specific issue of Notes in the relevant final terms (the "**Final Terms**") which supplement this securities note, as supplemented from time to time (the "**Securities Note**").

The Programme foresees terms and conditions ("**Terms and Conditions**") of the Notes with a fixed interest rate. Subject to compliance with all relevant laws, regulations and directives, the Notes will have a minimum maturity of at least one year.

Together with the registration document of the Issuer dated 3 December 2020, as supplemented from time to time (the "**Registration Document**"), this Securities Note forms part of the base prospectus consisting of separate documents within the meaning of Article 8 (6) of the Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") (the Registration Document and this Securities Note together, the "**Prospectus**").

This Securities Note has been drawn up in accordance with Annexes 14, 15, 22 and 28 of the Commission Delegated Regulation (EU) 2019/980, as amended and has been approved by the Austrian Financial Market Authority (*Finanzmarktaufsichtsbehörde* - the "**FMA**") in its capacity as competent authority pursuant to Article 20 of the Prospectus Regulation in conjunction with the Austrian Capital Market Act 2019 (*Kapitalmarktgesetz 2019*). **The FMA only approves this Securities Note as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the quality of the Notes that are the subject of this Securities Note. Investors should make their own assessment as to the suitability of investing in the Notes.**

Application may be made for the Programme and/or the Notes to be admitted to the Official Market (*Amtlicher Handel*) of the Vienna Stock Exchange (*Wiener Börse*) and/or the Official Market (*službeno tržište*) of the Zagreb Stock Exchange (*Zagrebačka burza*) (together the "**Markets**"). References in this Securities Note to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on one or more of the Markets. The Markets are regulated markets for the purposes of Directive 2014/65/EU, as amended (*Markets in Financial Instruments Directive II – "MiFID II"*). Unlisted Notes may also be issued pursuant to this Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be admitted to trading on one or more of the Markets.

The Issuer has requested the FMA to provide the competent authority of the Republic of Croatia with a certificate of approval attesting that the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document) has been drawn up in accordance with the Prospectus Regulation (regarding the host member state the "**Notification**"). The Issuer may from time to time request the FMA to provide to competent authorities of member states of the European Economic Area ("**EEA**") and the United Kingdom ("**UK**") further Notifications concerning the approval of the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document).

Each Tranche of Notes will be issued as dematerialised registered book-entry securities and will be registered with the relevant account in relation to the Holder held with the Central Depository & Clearing Company Inc.

Prospective investors should have regard to the factors described under the section headed "*1. Risk Factors*" in this Securities Note. This Securities Note does not describe all of the risks of an investment in the Notes, but the Issuer believes that all material and specific risks relating to an investment in the Notes have been described.

The Prospectus comprises a base prospectus relating to non-equity securities for the purposes of Article 8 (6) of the Prospectus Regulation. In respect of each individual series of Notes Final Terms will be filed with the notification office (*Meldestelle*) of the Austrian Control Bank (*Oesterreichische Kontrollbank AG*).

The Prospectus is valid for 12 months after the approval of this Securities Note. The obligation by the Issuer to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when the Prospectus is no longer valid.

Any decision to purchase the Notes should be made on a consideration of the Prospectus as a whole (comprising this Securities Note and the Registration Document) and including the relevant Final Terms and the summary of the individual issue ("**Issue Specific Summary**") (if any) annexed to the relevant Final Terms.

The Prospectus is to be read in conjunction with any supplement to this Securities Note and/or the Registration Document and all documents which are incorporated by reference in the Registration Document (see the section "*Documents Incorporated by Reference*"). Such documents shall be incorporated in, and form part of the Prospectus, save that any statement contained in a document which is incorporated by reference therein shall be deemed to be modified or superseded for the purpose of the Prospectus to the extent that a statement contained therein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall, except as so modified or superseded, not constitute a part of the Prospectus. Full information on the Issuer and any Tranches of Notes is only available on the basis of the combination of the Prospectus as a whole (comprising this Securities Note and the Registration Document) and the relevant Final Terms and the relevant Issue Specific Summary (if any).

No person has been authorised to give any information or to make any representation other than those contained in the Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. Neither the delivery of the Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Issuer and its subsidiaries and participations taken as a whole since the date hereof or the date upon which the Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Issuer and its subsidiaries and participations taken as a whole since the date hereof or the date upon which the Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Any significant new factor, material mistake or material inaccuracy relating to the information included in this Securities Note which may affect the assessment of any Notes issued under the Programme and which arises or is noted between the time when this Securities Note is approved and the closing of the offer period of such Notes or the time when trading on a regulated market begins, whichever occurs later, will be included and published in a supplement to this Securities Note in accordance with Article 23 of the Prospectus Regulation.

The distribution of the Prospectus and the offering or sale of Notes in certain jurisdictions may be restricted by law. Persons into whose possession the Prospectus comes are required by the Issuer to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or delivered within the United States or to U.S. persons except in certain transactions permitted by U.S. tax regulations and the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of the Prospectus, see the section "*5. Subscription and Sale*".

The Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer to subscribe for, or purchase, any Notes.

Neither the Prospectus nor any financial statements supplied in connection with the Programme or any Notes are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of the Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in the Prospectus or any financial statements and its purchase of Notes should be based upon any such investigation as it deems necessary.

The Prospectus has been prepared on the basis that any offer of Notes in any member state of the EEA and the UK (each, a "**Relevant State**") will only be made to the public pursuant to the rules under the Prospectus Regulation, or according to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer of Notes in that

Relevant State which are the subject of an offering contemplated in the Prospectus as completed by the relevant Final Terms in relation to the offer of those Notes may only do so:

- (i) (a) if a prospectus for such offer has been approved by the competent authority in that Relevant State or (b), where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, in either case published, all in accordance with the Prospectus Regulation, provided that any such prospectus has subsequently been completed by the relevant Final Terms which specify that offers may be made other than pursuant to Article 1 (4) of the Prospectus Regulation in that Relevant State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or the relevant Final Terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer; or
- (ii) in circumstances in which no obligation arises for the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer.

Except to the extent sub-paragraph (i) above may apply, the Issuer has not authorised, and will not authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer to publish or supplement a prospectus for such offer.

Prospective holders of Notes (each a "**Holder**") should note that the tax legislation of the investor's member state and of the Issuer's country of incorporation may have an impact on the income received from Notes. Prospective Holders should consult their tax advisers as to the relevant tax consequences of the ownership and disposition of Notes.

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DOCUMENTS AVAILABLE FOR INSPECTION

Electronic versions of the following documents will be available on the Issuer's website under "www.erstebank.hr" (see also the links set out below in brackets):

- (i) each set of Final Terms for Notes that are publicly offered or admitted to trading on a regulated market and the relevant Issue Specific Summary (if any)
("www.erstebank.hr/en/about-us/bonds");
- (ii) this Securities Note and any supplement to this Securities Note
("https://cdn0.erstegroup.com/content/dam/hr/ebc/www_erstebank_hr/eng/bonds/securities-note-preferred-senior-notes-retail-programme.pdf")
("www.erstebank.hr/en/about-us/bonds"); and
- (iii) the Registration Document and any supplement to the Registration Document
("www.erstebank.hr/en/about-us/bonds").

SUPPLEMENT TO THE PROSPECTUS

The Issuer is obliged by the provisions of the Prospectus Regulation that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to the information included in the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document) which may affect the assessment of any Notes and which arises or is noted between the time when this Securities Note is approved and the closing of the offer period of such Notes or the time when trading on a regulated market begins, whichever occurs later, the Issuer shall prepare a supplement to this Securities Note and/or the Registration Document or publish a replacement Securities Note and/or Registration Document for use in connection with any subsequent offering of the Notes and shall supply to the FMA and the stock exchange operating any markets such number of copies of such supplement or replacement hereto as relevant applicable legislation require.

SUCCESSOR REGISTRATION DOCUMENT

The Issuer may publish an approved registration document (as supplemented from time to time, the "**Successor Registration Document**") which is designated to replace the Registration Document at any time on or before the expiry of the Registration Document's validity on its website ("www.erstebank.hr/en/about-us/bonds") upon which such Successor Registration Document shall replace the Registration Document and shall, together with this Securities Note and *in lieu* of the Registration Document, form part of the Prospectus consisting of separate documents. Any reference to "Registration Document" in this Securities Note shall be interpreted and construed accordingly.

CONSENT TO USE PROSPECTUS

The Issuer consents that: (i) all credit institutions pursuant to the Directive 2013/36/EU, as amended, acting as financial intermediaries subsequently reselling or finally placing the Notes and (ii) each further financial intermediary who has been disclosed on the Issuer's website under "www.erstebank.hr/en/about-us/bonds" as an intermediary who is given the Issuer's consent to the use of the Prospectus for the reselling or final placing of Notes (if any) (together, the "**Financial Intermediaries**") are entitled to use the Prospectus in Austria, the Republic of Croatia and such other member state of the EEA and the UK whose competent authorities have been notified of the approval of the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document) for the subsequent resale or final placement of Notes to be issued under the Programme during the relevant offer period (as determined in the relevant Final Terms) during which subsequent resale or final placement of the relevant Notes can be made, provided however, that the Prospectus is still valid in accordance with Article 12 of the Prospectus Regulation.

The Issuer accepts responsibility for the information given in the Prospectus also with respect to such subsequent resale or final placement of the Notes by Financial Intermediaries.

The consent by the Issuer to the use of the Prospectus for subsequent resale or final placement of the Notes by Financial Intermediaries has been given under the condition that: (i) potential investors will be provided with the Prospectus, any supplement thereto, the relevant Final Terms and the relevant Issue Specific Summary (if any); and (ii) each of the Financial Intermediaries ensures that it will use the Prospectus, any supplement thereto, the relevant Final Terms and the relevant Issue Specific Summary (if any) in accordance

with all applicable selling restrictions specified in the Prospectus and any applicable laws and regulations in the relevant jurisdiction.

In the relevant Final Terms, the Issuer can determine further conditions attached to its consent which are relevant for the use of the Prospectus. The Issuer reserves the right to withdraw its consent to use the Prospectus at any time. Such withdrawal shall be published on the Issuer's website under "[www .erstebank.hr/en/about-us/bonds](http://www.erstebank.hr/en/about-us/bonds)".

In the event of an offer being made by a Financial Intermediary the Financial Intermediary shall provide information to investors on the Terms and Conditions of the offer at the time the offer is made.

Any Financial Intermediary using the Prospectus shall state on its website that it uses the Prospectus in accordance with this consent and the conditions attached to this consent.

RESPONSIBILITY STATEMENT

The Issuer, with its registered office at Jadranski trg 3/a, 51000 Rijeka, Republic of Croatia, is responsible for the information given in this Securities Note.

The Issuer hereby declares that, to the best of its knowledge, the information contained in this Securities Note is in accordance with the facts and makes no omission likely to affect its import.

1. RISK FACTORS

Prospective Holders of the Notes, which are the subject of the Prospectus and the relevant Final Terms, should consider the following risk factors, which are specific to the Notes and which are material for taking an informed investment decision and should make such decision only on the basis of the Prospectus as whole (comprising this Securities Note and the Registration Document), including the relevant Final Terms and the Issue Specific Summary (if any).

No person should acquire Notes without a thorough understanding of the mechanism of the relevant Notes and without being aware of the potential risk of loss. Any prospective Holder should carefully examine whether an investment in the Notes is appropriate given his or her personal circumstances and financial situation.

Prospective investors should also read the detailed information set out elsewhere in the Prospectus and should consult with their own professional advisers (including their financial, accounting, legal and tax advisers) and reach their own views prior to making any investment decision.

Words and expressions defined in the section entitled "3. Terms and Conditions of the Notes" shall have the same meanings in this section "1. Risk Factors".

The risk factors herein are organised into the following categories below depending on their nature (with the most material risk factors mentioned first in each of the following categories):

1.1 Risk factor relating to Notes with a fixed interest rate

1.2 Risk factors relating to certain provisions of the Terms and Conditions of the Notes

1.3 Risk factor relating to preferred senior Notes

1.4 Risk factors relating to tax and legal matters

1.5 Risk factors relating to the pricing of, costs associated with, market in and the settlement of the Notes

1.6 Risk factor relating to currencies

1.7 Risk factor relating to conflicts of interest

1.1 Risk factor relating to Notes with a fixed interest rate

Holders are exposed to the risk that the market price of such Notes falls as a result of changes in the market interest rate.

A Holder is exposed to the risk that the market price of such Notes falls as a result of changes in the market interest rate. While the nominal interest rate of the Notes as specified in the relevant Final Terms is fixed during the life of such Notes, the current interest rate on the capital market for issues of the same maturity (the "**market interest rate**") typically changes on a daily basis. As the market interest rate changes, the market price of the Notes also changes, but in the opposite direction. If the market interest rate increases, the market price of the Notes typically falls, until the yield of such Notes is approximately equal to the market interest rate. If the market interest rate falls, the market price of the Notes typically increases, until the yield of such Notes is approximately equal to the market interest rate.

1.2 Risk factors relating to certain provisions of the Terms and Conditions of the Notes

In the event that any Notes are redeemed prior to their maturity, a Holder of such Notes may be exposed to the risk that his investment will have a lower than expected yield.

The relevant Final Terms will indicate whether the Issuer may have the right to redeem the Notes prior to maturity (an optional call right) or whether the Notes will be subject to early redemption upon the occurrence of an event specified in the relevant Terms and Conditions of the Notes (an early redemption event). If the Issuer redeems the Notes prior to maturity or the Notes are subject to early redemption due to an early redemption event, a Holder of such Notes is exposed to the risk that, due to early redemption, its investment will have a lower than expected yield. The Issuer might exercise its optional call right if the yield on comparable Notes in the capital markets falls, which means that the Holder may only be able to reinvest the redemption proceeds in Notes with a lower yield or with a similar yield of a higher risk.

The Terms and Conditions of the Notes provide for a right of early redemption by the Issuer only and thus, Holders usually receive a higher yield on their Notes than they would if they were also granted a right to early redeem the Notes reflecting the higher risk of early redemption the Holders of such Notes are exposed to. Excluding the Holders' right to redeem Notes prior to their maturity is often a precondition for the Issuer being able to hedge its exposure under the Notes. Thus, without early redemption by Holders being excluded, the Issuer would not be able to issue Notes at all, or the Issuer would factor the potential hedging break costs into the redemption amount of the Notes, thus reducing the yield Holders receive from the Notes.

In case of an early redemption of any Notes, there is a risk that Holders may not be able to reinvest proceeds from the Notes in such a way that they earn the same rate of return.

Holders may be subject to the risk that any return earned from an investment in the Notes may not in the event of an early redemption of any Notes be able to be reinvested in such a way that they earn the same rate of return as the redeemed Notes.

If the relevant Final Terms provide for resolutions of Holders, certain rights of a Holder may be amended or reduced or even cancelled by way of resolutions, which could affect the Holder negatively.

If the relevant Final Terms provide for resolutions of Holders, either to be passed in a meeting of Holders or by vote taken without a meeting, a Holder is subject to the risk of being outvoted by a majority resolution of the Holders. As such majority resolution properly adopted is binding on all Holders, certain rights of such Holder against the Issuer under the Terms and Conditions of the Notes may be amended or reduced or even cancelled.

If the relevant Final Terms provide for the appointment of a Joint Representative, a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer.

If the relevant Final Terms provide for the appointment of a Joint Representative, either in the Terms and Conditions of the Notes or by a majority resolution of the Holders, it is possible that a Holder may be deprived of its individual right to pursue and enforce its rights under the Terms and Conditions of the Notes against the Issuer, such right passing to the Joint Representative who is then exclusively responsible to claim and enforce the rights of all Holders.

No conclusion may be drawn from the indicated aggregate principal amount in case of Notes offered and issued as tap issues ("up to" Notes).

In case of Notes offered and issued as tap issues ("up to" Notes) the indicated aggregate principal amount of such Notes as set out in the relevant Final Terms will represent the maximum issue volume of such Notes to be offered. The actual volume issued, however, may be lower than the maximum issue volume and may vary during the life of such Notes depending in particular on the demand for such Notes offered. No conclusion may therefore be drawn from the indicated aggregate principal amount of Notes offered and issued as tap issues with regard to the liquidity of such Notes in the secondary market.

1.3 Risk factors relating to preferred senior Notes

The Notes may be subject to write-down or conversion to equity upon the occurrence of a certain trigger event, which may result in the Holders losing some or all of their investment in the Notes (statutory loss absorption).

The respective resolution authorities are provided with uniform and effective resolution tools and resolution powers to achieve the resolution objectives.

The conditions for resolution are:

- (a) the determination that the institution is failing or likely to fail has been made by the competent authority or the resolution authority; and
- (b) having regard to timing and other relevant circumstances, there is no reasonable prospect that any alternative private sector measures, including measures by an institutional protection scheme, or supervisory action, including early intervention measures or the write-down or conversion of relevant capital instruments taken in respect of the institution, would prevent the failure of the institution within a reasonable timeframe; and
- (c) a resolution action is necessary in the public interest.

One of the resolution tools is the bail-in tool. When applying the bail-in tool, the resolution authority shall exercise the write-down and conversion powers in accordance with the following sequence to: (i) Common Equity Tier 1 ("**CET 1**") instruments; (ii) Additional Tier 1 ("**AT 1**") instruments; (iii) Tier 2 instruments; (iv) subordinated debt that is not AT 1 or Tier 2 capital in accordance with the hierarchy of claims in normal insolvency proceedings to the extent required; and (v) the rest of bail-inable liabilities (including certain senior debt, such as the Notes) in accordance with the hierarchy of claims in normal insolvency proceedings, including the ranking provided for in Article 108 of the Directive 2014/59/EU, as amended (*Bank Recovery and Resolution Directive – "BRRD"*), to the extent required (sequence of write-down and conversion or so-called "loss absorbing cascade").

If the bail-in tool is applied to the Notes, their principal amount may be fully or partially written down or converted into instruments of ownership.

In case of an insolvency of the Issuer, deposits and certain other claims have a higher ranking than claims of the Holders under the Notes.

According to Article 108 BRRD and Article 274 of the Croatian Credit Institutions Act, Official Gazette of Croatia No. 159/2013, as further amended (in Croatian "*Zakon o kreditnim institucijama*"), in normal insolvency proceedings opened over the Issuer's assets, the following insolvency hierarchy applies to claims of deposits and senior unsecured creditors:

- (a) claims of employees and former employees of the Issuer;
- (b) claims of the Croatian National Bank;
- (c) claims of: (i) covered deposits; and (ii) deposit guarantee schemes subrogating to the rights and obligations of covered depositors in insolvency;
- (d) claims of: (i) that part of eligible deposits from natural persons and micro, small and medium-sized enterprises which exceeds the coverage level provided for in Article 6 of Directive 2014/49/EU, as amended; and (ii) deposits that would be eligible deposits from natural persons and micro, small and medium-sized enterprises if they are not made through branches (located outside the EU) of institutions established within the EU;
- (e) claims of eligible deposits which exceeds the coverage level provided for in Article 6 of Directive 2014/49/EU, as amended, that would be eligible deposits if they are not made through branches (located outside the EU) of institutions established within the EU and which do not qualify as deposits under point (c) above;
- (f) claims of ordinary senior unsecured creditors (such as claims of the Holders from the Notes); and
- (g) unsecured claims resulting from debt instruments within the meaning of Article 108(2) BRRD, (so-called "non-preferred senior debt instruments"), i.e. debt instruments that meet the following conditions: (i) the original contractual maturity of the debt instruments is of at least one year; (ii) the debt instruments contain no embedded derivatives and are not derivatives themselves; (iii) the relevant contractual documentation and, where applicable, the prospectus related to the issuance explicitly refer to the lower ranking under Article 108(2) BRRD.

Therefore, in case of normal insolvency proceedings opened over the assets of the Issuer, claims of the Holders would be junior to claims listed above in points (a) to (e). Therefore, such Holders will only receive payment of their claims if and to the extent that such claims (which are senior to them) have been discharged in full. This insolvency hierarchy is also relevant for the sequence of write-down and conversion where the Issuer is placed under resolution.

The Notes may be redeemed prior to maturity for regulatory reasons.

The Issuer may, at its option, redeem all but not some only of the Notes at their principal amount, together with accrued interest (if any) for regulatory reasons. In addition, if such right is foreseen in the Terms and Conditions of the Notes, the Issuer may, at its sole discretion, redeem the Notes before their stated maturity, but not earlier than the first anniversary of the issue date of the first Tranche of the Series of the Notes, on a specified Optional Redemption Date at their principal amount plus accrued interest (if any). In each case of an early redemption, the conditions for redemption and repurchase (as set out in the Terms and Conditions of the Notes) have to be met.

It is not possible to predict whether or not the Notes will be eligible for purposes of the minimum requirements for eligible liabilities ("**MREL**") or if any further change in the laws or regulations of the Republic of Croatia or the EU will occur and so lead to the circumstances in which the Issuer is able to elect to redeem the Notes, or, in case of any right of the Issuer to early redeem the Notes, whether or

not the Issuer will elect to exercise such option or any prior permission of the Resolution Authority, if required, will be given.

The Issuer may be expected to redeem the Notes on this basis, when its cost of borrowing is lower than the Rate of Interest on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the Rate of Interest on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. Early redemption features are also likely to limit the market price of the Notes. During any period when the Issuer can redeem the Notes, the market price of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period if the market believes that the Notes may become eligible for redemption in the near term.

Any rights of the Issuer to early redeem or repurchase the Notes are subject to the prior permission of the Resolution Authority.

The Regulation (EU) No 575/2013, as amended ("**CRR**") stipulates that the redemption of eligible liabilities instruments (such as the Notes) prior to the date of their contractual maturity is subject to the prior permission of the Resolution Authority.

Therefore, the Terms and Conditions of the Notes provide that any early redemption of such Notes which qualify as eligible liabilities instruments are subject to the prior permission of the Resolution Authority in accordance with the relevant terms of the CRR, if and to the extent such prior permission is required at this time.

Under the CRR, the Resolution Authority may only permit institutions to early redeem or repurchase eligible liabilities instruments such as the Notes if certain conditions prescribed by the CRR are complied with. These conditions, as well as a number of other technical rules and standards relating to MREL applicable to the Issuer, should be taken into account by the Resolution Authority in its assessment of whether or not to permit any early redemption or repurchase. It is uncertain how the Resolution Authority will apply these criteria in practice and such rules and standards may change during the term of such Notes. It is therefore difficult to predict whether, and if so, on what terms, the Resolution Authority will grant its prior permission for any early redemption or repurchase of the Notes.

Furthermore, even if the Issuer would be granted the prior permission of the Resolution Authority, any decision by the Issuer as to whether it will early redeem the Notes will be made at the absolute discretion of the Issuer with regard to external factors such as the economic and market impact of exercising an early redemption right, regulatory capital requirements and prevailing market conditions. The Issuer disclaims, and investors should therefore not expect, that the Issuer will exercise any early redemption right in relation to the Notes.

The Notes will not foresee an early redemption at the option of the Holders.

The Holders will have no rights to call for the early redemption of their Notes.

Therefore, potential investors should not invest in the Notes in the expectation that they have an early redemption right. Furthermore, Holders should be aware that they may be required to bear the financial risks of an investment in the Notes until their final maturity.

The Notes are not secured and do not give the right to accelerate future payments and a set-off right.

The Holders have no ability to accelerate the maturity of their Notes. The Terms and Conditions of the Notes do not provide for any events of default or right to demand for repayment.

Furthermore, claims of the Issuer are not permitted to be offset against payment claims of the Issuer under the Notes which are not, and may not become secured or subject to a guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

Preferred senior notes such as the Notes have a short trading history in the Croatian market.

Preferred senior notes such as the Notes have a short trading history in the Croatian market. Market participants and credit rating agencies have limited experience in assessing the risks associated with such Notes. It is likely that the risk assessment and credit rating of preferred senior notes such as the Notes may be subject to change. Thus, the market price of the Notes may not remain stable and it may significantly fluctuate with the changing assessment and experience of market participants and credit rating agencies in connection with preferred senior notes.

1.4 Risk factors relating to tax and legal matters

The Notes are governed by Croatian law, and changes in applicable laws, regulations or regulatory policies may have an adverse effect on the Issuer, the Notes and the Holders.

The Terms and Conditions of the Notes will be governed by Croatian law. The impact of any possible judicial decision or change to such law, or administrative practice after the date of this Securities Note is unclear. Furthermore, the governing law may not be the law of the Holders' own home jurisdiction and the law applicable to the Notes may not provide the Holders with similar protection as their own law.

Changes in tax law may negatively affect the Holders.

Tax law and practice is subject to change, possibly with retrospective effect and this could adversely affect the market price of the Notes. Any such change may cause the tax treatment of the relevant Notes to change from what the purchaser understood the position to be at the time of purchase.

Furthermore, as of the date of this Securities Note, in the Republic of Croatia there are no taxes in respect to payment of principal and/or interest under the Notes. If such taxes would be introduced in the Republic of Croatia, the relevant provisions in the Terms and Conditions of the Notes may not foresee that the Issuer shall pay additional amounts to the Holders to compensate the withholding or deduction of such taxes. Thus, there is the risk for such Holders that due to the withholding or deduction they receive less money than expected.

Legal investment considerations may restrict certain investments.

Due to certain laws and regulations in relation to investments (e.g. securities-specific or regulatory provisions) or due to the scrutiny or regulation by certain authorities, an investment in the Notes may be restricted for certain potential investors. Furthermore, investors might not be able to claim (or only to claim partial) indemnification for damage that has been caused to them due to certain exclusions or restrictions of the Issuer's, the Calculation Agent's and/or the liability of any paying agent for negligent acts or omissions in connection with the Notes (or calculations thereof).

1.5 Risk factors relating to the pricing of, costs associated with, market in and settlement of the Notes

Holders are exposed to the risk of partial or total inability of the Issuer to make interest and/or redemption payments under the Notes.

Holders are subject to the risk of a partial or total inability of the Issuer to make interest and/or redemption payments that the Issuer is obliged to make under the Notes. Any deterioration of the creditworthiness of the Issuer would increase the risk of loss. A materialisation of the credit risk may result in partial or total inability of the Issuer to make interest and/or redemption payments.

Holders assume the risk that the credit spread of the Issuer widens resulting in a decrease in the market price of the Notes.

A credit spread is the margin payable by the Issuer to the Holder of an instrument as a premium for the assumed credit risk. Credit spreads are offered and sold as premiums on current risk-free interest rates or as discounts on the price.

Factors influencing the credit spread include, among other things, the creditworthiness and credit rating of the Issuer, probability of default, recovery rate, remaining term to maturity of the Notes and obligations under any collateralisation or guarantee and declarations as to any preferred payment or subordination. The liquidity situation of the market, the general level of interest rates, overall economic developments, and the currency, in which the relevant obligation is denominated may also have a negative effect.

Holders are exposed to the risk that the credit spread of the Issuer widens resulting in a decrease in the market price of the Notes.

The Holder may be exposed to the risk that due to future money depreciation (inflation), the real yield of an investment may be reduced.

Inflation risk describes the possibility that the market price of assets such as the Notes or income therefrom will decrease as higher (expected) inflation reduces the purchasing power of a currency. Higher (expected) inflation causes the rate of return to decrease in value. If the inflation rate exceeds the interest paid on any Notes (if any) the yield on such Notes will become negative.

Holders are exposed to the risk of an unfavourable development of market prices of their Notes which materialises if the Holder sells the Notes prior to the final maturity of such Notes.

The development of market prices of the Notes depends on various factors, such as changes of market interest rate levels, the policies of central banks, overall economic developments, inflation rates or the lack of or excess demand for the relevant type of Instrument. The Holder is therefore exposed to the risk of an unfavourable development of market prices of its Notes which materialises if the Holder sells the Notes prior to the final maturity of such Notes. Holders should also be aware that Notes may be issued at a price higher than the market price at issue and/or the redemption amount. This will increase the impact that unfavourable market price developments may have on the Notes. If the Holder decides to hold the Notes until final maturity, the Notes will be redeemed at the amount set out in the relevant Final Terms.

A liquid secondary market for the Notes may not develop or, if it does develop, it may not continue. In an illiquid market, a Holder may not be able to sell his Notes at fair market prices.

Application may be made to admit the Programme and/or the Notes to the Markets, which appear on the list of regulated markets issued by the European Commission. In addition, the Programme provides that Notes may not be listed at all.

Regardless of whether the Notes are listed or not, a liquid secondary market for the Notes may not develop or, if it does develop, it may not continue. The fact that the Notes may be listed does not necessarily lead to greater liquidity as compared to unlisted Notes. If the Notes are not listed on any stock exchange, pricing information for such Notes may, however, be more difficult to obtain, which may adversely affect the liquidity of the Notes. In an illiquid market, a Holder might not be able to sell its Notes at any time at fair market prices or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Generally, these types of Notes would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a material adverse effect on the market price of Notes. The possibility to sell the Notes might additionally be restricted by country-specific reasons.

There is a risk that listing of the Notes will not be accepted or trading in the Notes will be suspended, interrupted or terminated, which may have an adverse effect on the market price of such Notes.

If the Notes are listed on the Markets, the listing of such Notes may – depending on the rules applicable to such stock exchange - be suspended or interrupted by the respective stock exchange or a competent regulatory authority upon the occurrence of a number of reasons, including violation of price limits, breach of statutory provisions, occurrence of operational problems of the stock exchange or generally if deemed required in order to secure a functioning market or to safeguard the interests of Holders. Furthermore, trading in the Notes may be terminated, either upon decision of the stock exchange, a regulatory authority or upon application by the Issuer. The Issuer has no influence on trading suspension or interruptions (other than where trading in the Notes is terminated upon the Issuer's decision) and Holders in any event must bear the risks connected therewith. In particular, Holders may not be able to sell their Notes where trading is suspended, interrupted or terminated, and the stock exchange quotations of such Notes may not adequately reflect the market price of such Notes. Finally, even if trading in Notes is suspended, interrupted or terminated, such measures may neither be sufficient nor adequate nor in time to prevent price disruptions or to safeguard the Holders' interests; for example, where trading in Notes is suspended after price-sensitive information relating to such Notes has been published, the market price of such Notes may already have been adversely affected. All these risks would, if they materialise, have a material adverse effect on the Holders.

Furthermore, in case of Notes to be listed on the Official Market of the Zagreb Stock Exchange, Erste Bank Croatia will apply for their listing in line with all relevant procedures and requirements of the Zagreb Stock Exchange. The Zagreb Stock Exchange may, however, not accept the request for listing of the Notes on the Official Market upon their issuance. If such risk materialises, the Notes would not be listed on the Zagreb Stock Exchange and Holders would be prevented from trading their Notes on a regulated market. This may affect the market price of the Notes as well as compliance with regulatory requirements in respect to Holders who are entitled only for investment in listed securities.

Incidental costs related in particular to the purchase and sale of the Notes may have a significant impact on the profit potential of the Notes.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) may be incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions may charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the order value. To the extent that additional - domestic or foreign - parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), investors must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

The purchase price applicable to the Notes on a given day will often include a bid-ask spread so that the purchase price will be higher than the price at which Holders are able to sell any such Notes on that given day.

Holders have to rely on the functionality of the clearing system and there is the risk that due to the use of the clearing system any credits on the Holders' account will not be processed at all, will not be processed within the time expected by the Holder or will be delayed.

The Notes are purchased and sold through the clearing system. The Issuer does not assume any responsibility for to whether the Notes are actually transferred to the securities portfolio of the relevant Holder. Holders have to rely on the functionality of the clearing system. There is the risk that due to the use of the clearing system any credits on the Holders' account will not be processed at all, will not be processed within the time expected by the Holder or will be delayed. Thus, the Holder may suffer economic disadvantages.

1.6 Risk factor relating to currencies

Exchange rate risks may occur, if a Holder's financial activities are denominated in a currency or currency unit other than the Specified Currency in which the Issuer will make principal and interest payments. Furthermore, government and monetary authorities may impose exchange controls that could adversely affect an applicable exchange rate.

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if a Holder's financial activities are denominated principally in a currency or currency unit ("**Holder's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Holder's Currency) and the risk that authorities with jurisdiction over the Holder's Currency may impose or modify exchange controls. An appreciation in the value of the Holder's Currency relative to the Specified Currency would decrease (i) the Holder's Currency-equivalent yield on the Notes, (ii) the Holder's Currency-equivalent value of the principal payable on the Notes, and (iii) the Holder's Currency-equivalent market price of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Holders may receive less interest or principal than expected, or no interest or principal.

Exchange rate risk may occur in case of Notes where the Specified Currency is Euro.

In case of Notes where the Specified Currency is Euro, the Issuer will pay principal and interest on the Notes in the Croatian Kuna ("**HRK**") equivalent of the EUR amount based on the mid EUR/HRK rate set by the Croatian National Bank valid on the payment date. Also, if the Specified Currency is EUR, the settlement currency on the relevant issue date and, if applicable, for trading on a stock exchange will be HRK based on the mid EUR/HRK rate set by the Croatian National Bank at the relevant point in time.

Payments in HRK in respect to Notes where the Specified Currency is EUR represent an exchange rate risk. Holders may be exposed to a decrease of the yield on such Notes based on depreciation of the relevant exchange rate. Any Holder of such Notes shall be aware of the fact that the change of the relevant exchange rate may impact the yield on such Notes.

Notes denominated in EUR where payments in relation thereof are made in HRK may be also subject to inflation risk. Holders of such Notes may bear the risk of depreciation of EUR which may result in the decrease of the real value of such Notes. Inflation may decrease the real yield of the investment into such Notes. In case the inflation rate should be higher than the nominal yield on investment into such Notes, the real yield on such Notes would be negative.

1.7 Risk factor relating to conflicts of interest

The Issuer may be exposed to conflicts of interest which might adversely affect the Holders.

The Issuer and/or Erste Group Bank AG acts as market maker for the Notes. In the context of such market making activities, the Issuer and/or Erste Group Bank AG will substantially determine the market price of the Notes. The market prices provided by the Issuer and/or Erste Group Bank AG in their capacity as market makers will not always correspond to the market prices that would have formed in the absence of such market making and in a liquid market.

Employees of financial institutions such as the Issuer might undertake deals on their own behalf subject to securities laws on personal transactions and market abuse as well as statutory or internal compliance standards.

The Issuer's sales employees may be motivated to sell the Notes, due to the value of incentives received by them (in case the sale is successful) subject to securities and banking laws applicable to any such incentives. Furthermore, employees might be permitted to take part in securities offerings of the Issuer.

Despite measures taken by the Issuer to ensure compliance with applicable laws and internal procedures, all of this could create a conflict with the duties owed to the Holders.

2. GENERAL INFORMATION

Listing and admission to trading. Application may be made to admit the Programme and/or Notes to one or more of the Markets and references to listing shall be construed accordingly. As specified in the relevant Final Terms, a Series may, but need not be listed on the Markets. As of the date of this Securities Note, notes of the Issuer are admitted to trading on the Official Market (*Službeno tržište*) of the Zagreb Stock Exchange (*Zagrebačka burza*).

Approvals. The Issuer has obtained all necessary consents, approvals and authorisations in the Republic of Croatia in connection with the issue and performance of Notes. Tranches of Notes will be issued under the Programme in accordance with internal approvals, as in force from time to time and as specified in the relevant Final Terms.

Method of issue. The Notes will be issued either on a syndicated or a non-syndicated basis. The Notes will be issued in series (each a "**Series**"). Each Series may be issued in Tranches (each a Tranche) on the same or different issue dates. The specific terms of each Tranche (save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche) will be identical to the terms of other Tranches of the same Series and will be set out in the relevant Final Terms.

Currencies. Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency. If the Specified Currency is Euro, the Issuer will pay principal and interest on the Notes in the HRK equivalent of the EUR amount based on the mid EUR/HRK rate set by the Croatian National Bank valid on the payment date. Also, if the Specified Currency is EUR, the settlement currency on the relevant issue date and, if applicable, for trading on a stock exchange will be HRK based on the mid EUR/HRK rate set by the Croatian National Bank at the relevant point in time.

Terms and conditions of the offer, offer period. The offer of Notes under the Prospectus is not subject to any conditions. The relevant Final Terms must be read in conjunction with the Prospectus and its supplement(s) (if any).

Issues of Notes may be offered permanently as tap issues ("up to" Notes) without a pre-determined end of the subscription period, where Notes may be issued during most of their term at a price determined and adjusted from time to time by the Issuer. The result of the offer will not be made public prior to the closing of the issue.

Alternatively, issues of Notes may be offered permanently as tap issues ("up to" Notes) with a pre-determined end of the subscription period in one or several Series, with different features, at a fixed price plus an issuing premium. When the respective subscription period has ended, the Notes will be sold over-the-counter.

The invitation to prospective investors to make offers for the subscription of Notes is carried out by the Issuer and distribution partners, if any. An offer to subscribe for Notes may be made by an investor to the Issuer or the Issuer's distribution partners, if any, during substantially the whole (or part of the) term of the Notes at the discretion of the Issuer. The Issuer retains the right to accept or reject subscription offers, in whole or in part.

Issue price. Notes may be issued at their principal amount or at a discount or premium to their principal amount, as specified in the relevant Final Terms. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. Where for a particular tranche of Notes the issue price or aggregate principal amount are not fixed at the time of issue, the relevant Final Terms shall describe the procedures for calculation and publication of such information. The issue price for Notes issued in tap issues shall be specified in the relevant Final Terms at the start of their term and thereafter shall be fixed by the Issuer continuously according to market conditions prevailing from time to time. In such case, the aggregate principal amount of the Notes may increase from time to time upon subscriptions being made, and the Issuer will in such case specify on the Issue Date the upper limit of the aggregate principal amount of the Notes in the relevant Final Terms.

Initial delivery of Notes. Each Tranche of Notes will be issued as dematerialised registered book-entry securities and will be registered with the relevant account in relation to the Holder held with the Central Depository & Clearing Company Inc.

Clearing system. The clearing system will be the Central Depository & Clearing Company Inc.

Paying Agent. The Central Depository & Clearing Company Inc. will act as principal paying agent.

No negative pledge. The Terms and Conditions of the Notes do not contain any negative pledge clauses; thus, the Holders will not have the benefit of such clauses.

Method for the calculation of the yield. The yield of a Series of Notes is displayed in the relevant Final Terms and is calculated by the following method: Calculated as the effective interest rate on the Notes on the Issue Date by reference to the internal rate of return. The internal rate of return is defined as the discount rate at which the present value of all future cash flows is equal to the initial investment. As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

Categories of potential investors. The Issuer generally does not distinct in various categories of potential investors to which the Notes are offered. The Issuer may offer Notes to all types of investors, including eligible counterparties, professional clients and retail clients using all available distribution channels taking into account requirements to conduct an appropriateness test (if applicable) (all as more fully set out/described in MiFID II) in any jurisdiction where the legal and further requirements for offering securities are. If offers are being made simultaneously in the markets of two or more countries, the Issuer generally does not reserve any tranches of Notes for certain of these.

Selling restrictions. Selling restrictions apply for the United States, the EEA, United Kingdom, Japan and such other restrictions as may be required in connection with a particular issue. Please see "*5. Subscription and Sale*".

Restrictions on the free transferability of the securities. The Terms and Conditions of the Notes do not contain any restrictions on the free transferability of the Notes. The Notes are freely transferable in accordance with applicable law and the applicable rules of the clearing system.

Representation of holders. The Issuer does not publish any contracts relating to the representation of holders on the Issuer's website.

Use of proceeds. The net proceeds from the issue of any Notes will be used by the Issuer for its general funding purposes and for generating profit. Any further details may be set out in the relevant Final Terms.

3. TERMS AND CONDITIONS OF THE NOTES (ENGLISH LANGUAGE)

General

The Issuer will prepare the Terms and Conditions applicable to each particular Tranche of Notes (the "**Conditions**"). These Conditions will be constituted by the Terms and Conditions of the Notes with a fixed interest rate set out in this section entitled "*3. Terms and Conditions of the Notes*" as further specified by the relevant Final Terms as described below.

Documentation of the Conditions

The Issuer shall document the Conditions in any of the following ways:

- The relevant Final Terms shall determine whether certain options contained in the Terms and Conditions of the Notes shall be applicable to the individual issue of Notes by replicating the relevant provisions of, and completing the relevant placeholders set out in the Terms and Conditions of the Notes in the relevant Final Terms. The replicated and completed provisions of the Terms and Conditions of the Notes alone shall constitute the Conditions (the "**Integrated Conditions**"). The Issuer shall document the Conditions in this way if the Notes shall be publicly offered, in whole or in part.
- Alternatively, the relevant Final Terms shall determine whether certain options contained in the Terms and Conditions of the Notes shall be applicable to the individual issue of Notes by making reference to the specific sections of the Terms and Conditions of the Notes. The relevant Final Terms and the Terms and Conditions of the Notes (the "**Long-form Conditions**"), taken together, shall constitute the Conditions.

Determination of Options / Completion of Placeholders

The Terms and Conditions of the Notes contain certain options (characterised by indicating the respective optional provision through instructions and explanatory notes set out in square brackets within the text of the relevant set of Terms and Conditions of the Notes as set out in this Securities Note) as well as placeholders (characterised by square brackets which include the relevant items) which shall be determined by the relevant Final Terms as follows:

Determination of Options

The Issuer shall determine which options shall be applicable to the individual issue of Notes by either replicating the relevant provisions in the relevant Final Terms or by making reference in the relevant Final Terms to the relevant sections of the Terms and Conditions of the Notes. If the relevant Final Terms do not replicate or make reference to an alternative or optional provision (as set out in the Terms and Conditions of the Notes) such provision shall be deemed to have been deleted from the Conditions.

Completion of Placeholders

The relevant Final Terms shall specify the information completing the placeholders in the Terms and Conditions of the Notes. In case the provisions of the relevant Final Terms and the Terms and Conditions of the Notes, taken together, shall constitute the Conditions the Terms and Conditions of the Notes shall be deemed to have been completed by the information contained in the relevant Final Terms as if such information were inserted in the placeholders of such provisions.

In that case, all instructions and explanatory notes and text set out in square brackets in the Terms and Conditions of the Notes and any footnotes and explanatory text set out in the relevant Final Terms shall be deemed to have been deleted from the Conditions.

TERMS AND CONDITIONS OF THE NOTES

[In case Long-form Conditions shall apply, insert:

The provisions of these Terms and Conditions of the Notes apply to the Notes as completed by the terms of the final terms which are attached hereto (the "**Final Terms**"). The blanks in the provisions of these Terms and Conditions of the Notes which are applicable to the Notes shall be deemed to be completed by the information contained in the Final Terms as if such information were inserted in the blanks of such provisions; alternative or optional provisions of these Terms and Conditions of the Notes as to which the corresponding provisions of the Final Terms are not completed or are deleted shall be deemed to be deleted from these Terms and Conditions of the Notes; and all provisions of these Terms and Conditions of the Notes which are inapplicable to the Notes (including instructions, explanatory notes and text set out in square brackets) shall be deemed to be deleted from these Terms and Conditions of the Notes, as required to give effect to the terms of the Final Terms. Copies of the Final Terms may be obtained free of charge at the principal office of the Issuer (as defined in § 1 of the Terms and Conditions of the Notes) provided that, in the case of Notes which are not listed on any stock exchange, copies of the Final Terms will only be available to holders of such Notes.]

§ 1

CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS

(1) *Currency, Denomination.* This series of notes (the "**Notes**") is being issued by Erste & Steiermärkische Bank d.d. (the "**Issuer**") in **[insert specified currency]** (the "**Specified Currency**") in the aggregate principal amount of **[in case of Notes offered and issued as tap issues insert: up to] [insert specified currency and aggregate principal amount]** (in words: **[insert aggregate principal amount in words]**) in the denomination of **[insert specified currency and specified denomination]** (the "**Specified Denomination**").

(2) *Form.* The Notes are being issued as dematerialised registered book-entry securities (in Croatian "*nematerijalizirani vrijednosni papiri na ime*").

(3) *Title to the Notes.* The rights in respect to the Notes belong to the Holder of the Notes. The Notes will be registered with the relevant account in relation to the Holder maintained by the Clearing System.

(4) *Clearing System.* The Notes will be included in the depositary services, clearing and settlement of the Clearing System. "**Clearing System**" means the Central Depository & Clearing Company Inc., Heinzelova ulica 62a, 10000 Zagreb, Croatia.

(5) *Holder of Notes.* The rights in respect to the Notes belong to the Holder of the Notes. "**Holder**" means any holder of the account with which the Notes are registered with the Clearing System, *i.e.* the holder who according to applicable laws is deemed to be the legal holder of the Notes notwithstanding the fact that Notes may not be registered with the account in its name (such in case of custody accounts, trustee accounts or other). The title to the Notes will be transferred via change of the ownership of the Notes in accordance with Croatian law and rules and instructions of the Clearing System.

(6) *Certain Definitions.*

"**Applicable Supervisory Regulations**" means, at any time, any requirements under laws and any regulations, requirements, standards, guidelines, policies or other rules thereunder applicable from time to time (including, but not limited to, the guidelines and decisions of the European Banking Authority, the European Central Bank, the Competent Authority, the Single Resolution Board and/or the Resolution Authority, the administrative practice of any such authority, any applicable decision of a court and any applicable transitional provisions) relating to prudential requirements and/or resolution and applicable to the Issuer, on an individual and/or (sub-) consolidated basis, as the case may be, from time to time, including but not limited to the provisions of the applicable national banking act, the applicable national recovery and resolution act, the applicable national insolvency act, the BRRD, the SRM Regulation, the CRD, the CRR and the SSM Regulation, or such other law, regulation or directive as may come into effect in place thereof, as applicable to the Issuer on an individual and/or (sub-) consolidated basis, as the case may be, at the relevant time.

"**BRRD**" means the Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 (*Bank Recovery and Resolution Directive*), as implemented in Croatia and as amended or replaced from time to time, and any references to relevant provisions of the BRRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"**Business Day**" means a day (other than a Saturday or a Sunday) on which

[If the Specified Currency is Euro, the following applies:

(i) the Clearing System and (ii) all relevant parts of the Trans-European Automated Real-time Gross settlement Express Transfer system 2 or its successor ("TARGET") are open to effect payments.]

[If the Specified Currency is not Euro, the following applies:

(i) the Clearing System is open and (ii) commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres] [insert, as applicable:** and (iii) all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") are open to effect payments].]

"Competent Authority" means the competent authority pursuant to Article 4(1)(40) CRR and/or Article 9(1) SSM Regulation, in each case, which is responsible to supervise the Issuer on an individual basis and/or (sub-) consolidated basis.

"CRD" means the Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 (*Capital Requirements Directive*), as amended or replaced from time to time, and any references to relevant provisions of the CRD in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"CRR" means the Regulation (EU) No 575/2013 of the European Parliament and the Council of 26 June 2013 (*Capital Requirements Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the CRR in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Resolution Authority" means the authority pursuant to Article 4(1)(130) CRR.

"SRM Regulation" means the Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 (*Single Resolution Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SRM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"SSM Regulation" means the Council Regulation (EU) No 1024/2013 of 15 October 2013 (*Single Supervisory Mechanism Regulation*), as amended or replaced from time to time, and any references to relevant provisions of the SSM Regulation in these Terms and Conditions include references to any applicable provisions of law amending or replacing such provisions from time to time.

"Subsidiary" means any subsidiary of the Issuer pursuant to Article 4(1)(16) CRR.

"Terms and Conditions" means these terms and conditions of the Notes.

"United States" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

§ 2 STATUS

(1) *Status*. The Notes constitute direct, unsecured and unsubordinated obligations of the Issuer. In the event of a bankruptcy (in Croatian "*stečaj*") or liquidation (in Croatian "*likvidacija*") of the Issuer, the obligations of the Issuer under the Notes

- (a) rank *pari passu* (i) among themselves and (ii) (subject to any applicable statutory exceptions and without prejudice to the aforesaid) with all other present or future unsecured and unsubordinated obligations of the Issuer which rank or are expressed to rank *pari passu* with the Issuer's obligations under the Notes;
- (b) rank senior to all present or future obligations under (i) Non-Preferred Senior Instruments and any obligations of the Issuer that rank *pari passu* with Non-Preferred Senior Instruments and (ii) all subordinated obligations of the Issuer; and
- (c) will be fully subordinated to the Issuer's Senior Ranking Obligations, so that in any such event no amounts will be payable in respect of the Notes until the Issuer's Senior Ranking Obligations have been satisfied in full.

"Issuer's Senior Ranking Obligations" means all obligations of the Issuer which pursuant to mandatory provisions of law, rank or are expressed to rank senior to the obligations of the Issuer under the Notes.

"Non-Preferred Senior Instruments" means any obligations of the Issuer which fall or are expressed to fall within the category of obligations described in § 24(a) of the Credit Institutions and Investment Firms Resolution Act implementing Article 108(2) BRRD and any other obligations of the Issuer which, to the extent permitted by Croatian law, rank or are expressed to rank *pari passu* with the Non-Preferred Senior Instruments of the Issuer.

"Credit Institutions and Investment Firms Resolution Act" means the Croatian Credit Institutions and Investment Firms Resolution Act (in Croatian "*Zakon o sanaciji kreditnih institucija i investicijskih društava*"), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant provisions of the Credit Institutions and Investment Firms Resolution Act include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *No Set-off/Netting, No Security/Guarantee and No Enhancement of Seniority.* The Notes are not subject to any set off arrangements or netting rights that would undermine their capacity to absorb losses in resolution.

The Notes are neither secured, nor subject to any guarantee or any other arrangement that enhances the seniority of the claims under the Notes.

(3) *Subsequent Modifications of the Ranking and the Term as well as any Notice Periods.* No subsequent agreement may modify the ranking of the Notes or shorten the term of the Notes or any applicable notice period.

(4) *Note on the possibility of statutory resolution measures.* Prior to any bankruptcy (in Croatian "*stečaj*") or liquidation (in Croatian "*likvidacija*") of the Issuer, under the Applicable Supervisory Regulations, the competent Resolution Authority may write down (including to zero) the obligations of the Issuer under the Notes, convert them into shares or other instruments of ownership of the Issuer, in each case in whole or in part, or apply any other resolution measure, including (but not limited to) any deferral of the obligations, any transfer of the obligations to another entity, an amendment of the Terms and Conditions or a cancellation of the Notes.

§ 3 INTEREST

(1) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their principal amount from and including [*insert Interest Commencement Date*] (the "**Interest Commencement Date**") to but excluding the Maturity Date (as defined in § 5 (1)) at the rate of [*insert Rate of Interest*] per cent. *per annum*.

[In the case of a short or long first or last interest period insert: With the exception of the [first] [last] payment of interest, interest] [Interest] shall be payable **[in case of quarterly interest payments insert:** quarterly] **[in case of semi-annual interest payments insert:** semi-annually] **[in case of annual interest payments insert:** annually] in arrear on [*insert Interest Payment Date(s)*] in each year (each such date, an "**Interest Payment Date**"), commencing on [*insert first Interest Payment Date*] and ending on [*insert last Interest Payment Date*]. Interest Payment Dates are subject to adjustment in accordance with the provisions set out in § 4 (4).

(2) *Default Interest.* The Notes shall cease to bear interest from the expiry of the calendar day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, the statutory default interest rate shall apply.

(3) *Calculation of Amount of Interest.* If the amount of interest payable under the Notes is required to be calculated for any period of time, such amount of interest shall be calculated by applying the rate of interest to the Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined below), and rounding the resultant figure to the nearest sub-unit of the Specified Currency, half of such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention.

(4) *Day Count Fraction.* "**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to, but excluding, the last day of such period) (the "**Calculation Period**"):

[If "Actual/Actual (ICMA)" applies, insert:

1. if the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of calendar days in such Calculation Period divided by the product of (x) the number of calendar days in such Determination Period and (y) the number of Determination Dates (as specified below) that would occur in any year; or

2. if the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of
- (A) the number of calendar days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of calendar days in such Determination Period and (y) the number of Determination Dates that would occur in any year; and
 - (B) the number of calendar days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of calendar days in such Determination Period and (y) the number of Determination Dates that would occur in any year.

"Determination Period" means the period from, and including, a Determination Date to, but excluding, the next Determination Date (including, where the Interest Commencement Date is not a Determination Date, the period commencing on the first Determination Date prior to the Interest Commencement Date, and where the final Interest Payment Date is not a Determination Date, the first Determination Date falling after the final Interest Payment Date, as the case may be).

"Determination Date" means *[insert Determination Date(s)]* in each year.]

[If "Actual/365 (Fixed)" applies, insert:

the actual number of calendar days in the Calculation Period divided by 365.]

[If "Actual/360" applies, insert:

the actual number of calendar days in the Calculation Period divided by 360.]

[If "30/360", "360/360" or "Bond Basis" applies, insert:

the number of calendar days in the Calculation Period divided by 360, the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months (unless (1) the last calendar day of the Calculation Period is the 31st calendar day of a month but the first calendar day of the Calculation Period is a calendar day other than the 30th or 31st calendar day of a month, in which case the month that includes that last calendar day shall not be considered to be shortened to a 30-calendar day month, or (2) the last calendar day of the Calculation Period is the last calendar day of the month of February in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

[If "30E/360" or "Eurobond Basis" applies, insert:

the number of calendar days in the Calculation Period divided by 360 (the number of calendar days to be calculated on the basis of a year of 360 calendar days with twelve 30-calendar day months, without regard to the date of the first calendar day or last calendar day of the Calculation Period unless, in the case of the final Calculation Period, the Maturity Date is the last calendar day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-calendar day month).]

§ 4 PAYMENTS

(1) (a) *Payment of Principal.* Payment of principal on the Notes shall be made, subject to § 4 (2) below, through the Clearing System to the accounts of the relevant account holders of the Clearing System according to the rules and instructions of the Clearing System.

(b) *Payment of Interest.* Payment of interest on the Notes shall be made, subject to § 4 (2) below, through the Clearing System to the accounts of the relevant account holders of the Clearing System according to the rules and instructions of the Clearing System.

(2) *Manner of Payment.* Subject to applicable fiscal and other laws and regulations, **[in case the Specified Currency is Euro:** all payments will be paid on due dates in the Croatian Kuna ("HRK") equivalent of the Euro amount based on the mid Euro/HRK rate set by the Croatian National Bank which will be valid on the payment date]**[in case the Specified Currency is Croatian Kuna:** all payments will be paid in the Specified Currency].

[in case the Specified Currency is Euro: Neither the Issuer nor the Paying Agent shall be liable to the Holders or any other person for any commissions, costs, losses or expenses in relation to or resulting from the credit or transfer of HRK or any currency conversion or rounding effected in connection therewith.]

(3) *Discharge.* The Issuer shall be discharged once the Clearing System issues a transfer order for the transfer of funds from its account to the accounts of the relevant account holders in accordance with the rules and instructions of the Clearing System.

(4) *Payment Business Day*. If the due date for any payment in respect of the Notes would otherwise fall on a calendar day which is not a Payment Business Day (as defined below), then the due date for such payment shall be

[if the Modified Following Business Day Convention applies, insert: postponed to the next calendar day which is a Payment Business Day unless the due date for such payment would thereby fall into the next calendar month, in which event the due date for such payment shall be brought forward to the immediately preceding calendar day which is a Payment Business Day.]

[if the Following Business Day Convention applies, insert: postponed to the next calendar day which is a Payment Business Day.]

[if the Preceding Business Day Convention applies, insert: brought forward to the immediately preceding calendar day which is a Payment Business Day.]

"**Payment Business Day**" means a calendar day (other than a Saturday or a Sunday) [which is a Business Day (as defined in § 1 (6))] [on which **[insert, as applicable:** commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in **[insert all relevant financial centres]** **[insert, as applicable:** [and] all relevant parts of the Trans-European Automated Real-time Gross Settlement Express Transfer System 2 or its successor ("TARGET") are open to effect payments].

[If the interest amount shall be adjusted, insert: If the due date for a payment of interest is **[if the Modified Following Business Day Convention or the Preceding Business Day Convention adjusted applies, insert:** brought forward] [or] **[if the Modified Following Business Day Convention or the Following Business Day Convention adjusted applies, insert:** postponed] (as described above), the Interest Period shall be adjusted accordingly. If the due date for the redemption of the principal amount of the Notes is adjusted the Holder shall not be entitled to any interest or other compensation in respect of such adjustment.]

[If the interest amount shall not be adjusted, insert: If the due date for a payment of interest is **[if the Preceding Business Day Convention unadjusted applies, insert:** brought forward] [or] **[if the Following Business Day Convention unadjusted applies, insert:** postponed] (as described above), the Interest Period shall not be adjusted accordingly.]

(5) *References to Principal*. References in these Terms and Conditions to "principal" in respect of the Notes shall be deemed to include any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes.

§ 5 REDEMPTION

(1) *Redemption on the Maturity Date*. Unless previously redeemed in whole or in part or repurchased and cancelled, and subject to adjustment in accordance with the provisions set out in § 4 (4), the Notes shall be redeemed at their principal amount on **[insert Maturity Date]** (the "**Maturity Date**").

[If the Notes are subject to Early Redemption at the Option of the Issuer insert:

(2) *Early Redemption at the Option of the Issuer*.

(a) The Issuer may, upon giving not less than **[insert Minimum Notice Period, which shall not be less than 5 Business Days]** [calendar days'] [Business Days'] **[in case of a Maximum Notice Period insert:** and not more than **[insert Maximum Notice Period]** [calendar days'] [Business Days']] notice in accordance with § 5 (2) (b), redeem all but not some only of the Notes at their principal amount together with accrued interest, if any, to but excluding the (relevant) Optional Redemption Date on the Optional Redemption Date(s).

Any such early redemption pursuant to this § 5 (2) shall only be possible if the conditions to redemption and repurchase set out in § 5 (4) are met.

Optional Redemption Date(s): **[insert Optional Redemption Date(s)]¹**

¹ The first Optional Redemption Date must not be earlier than the first anniversary of the issue date of the first Tranche of the series of Notes.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 10. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption; and
 - (ii) the Optional Redemption Date(s).

[If the Notes are not subject to Early Redemption at the Option of the Issuer other than for regulatory reasons insert:

(2) *No Early Redemption at the Option of the Issuer.* The Notes may not be redeemed at the option of the Issuer prior to their Maturity Date other than in case of an early redemption pursuant to § 5 (3).]

(3) *Early Redemption for Regulatory Reasons.*

- (a) The Issuer may, upon giving not less than **[insert Minimum Notice Period, which shall not be less than 5 Business Days]** [calendar days'] [Business Days'] **[in case of a Maximum Notice Period insert:** and not more than **[insert Maximum Notice Period]** [calendar days'] [Business Days']] notice in accordance with § 5 (3) (b), redeem all but not some only of the Notes at their principal amount together with accrued interest, if any, to but excluding the date fixed for redemption on the date fixed for redemption if, as a result of any change in, or amendment to, the directives, laws and regulations applicable in the European Union or Croatia or their interpretation, the Notes do no longer comply with the minimum requirements for eligible liabilities (MREL) (the "**MREL Requirement**") which are or, as the case may be, will be, applicable to the Issuer and/or the Issuer's MREL Group in accordance with
 - (i) Article 45 of the BRRD (as defined in § 1 (6)), as amended, and any applicable national law, as amended, implementing the BRRD; or
 - (ii) Article 12 of the Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014, as amended,

except where such non-compliance would only be based on the remaining maturity of the Notes being less than any period prescribed in the applicable MREL regulations or any applicable limits on the amount of eligible liabilities instruments being exceeded.

Where:

"Issuer's MREL Group" means the Issuer and its subsidiaries which have to comply with the MREL Requirement on a group basis.

Any such early redemption pursuant to this § 5 (3) shall only be possible if the conditions to redemption and repurchase set out in § 5 (4) are met.

- (b) The notice of redemption shall be given by the Issuer to the Holders in accordance with § 10. Such notice shall be irrevocable and shall specify:
 - (i) the series of Notes subject to redemption;
 - (ii) the date fixed for redemption.

(4) *Conditions to Redemption and Repurchase.* Any early redemption pursuant to this § 5 and any repurchase pursuant to § 9 (2) are subject to the Resolution Authority having granted the Issuer the prior permission in accordance with Articles 77 *et seq.* CRR or any successor provision for the early redemption or the repurchase, whereas such permission may, *inter alia*, require that either

- (a) before or at the same time as the redemption or repurchase, the Issuer replaces the Notes with own funds instruments or eligible liabilities of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the own funds and eligible liabilities of the Issuer would, following such early redemption or repurchase, exceed the requirements for own funds and eligible liabilities laid down in the CRR, the CRD and the BRRD by a margin that the Resolution Authority considers necessary at such time; or
- (c) the Issuer has demonstrated to the satisfaction of the Resolution Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and CRD for continuing authorisation.

(5) *No Early Redemption at the Option of a Holder.* The Holders do not have a right to demand the early redemption of the Notes.

§ 6 PAYING AGENT

(1) *Appointment; Specified Office.* The Paying Agent and its specified office is:

Central Depository & Clearing Company Inc.
Heinzelova ulica 62a
10000 Zagreb
Croatia

(2) *No Variation or Termination of Appointment.* The Paying Agent will be the Central Depository & Clearing Company Inc. for the term of the Notes. There will be no variation or termination of appointment of the Paying Agent.

(3) *Agent of the Issuer.* The Paying Agent acts solely as the agent of the Issuer and does not have any obligations towards or relationship of agency or trust to any Holder.

(4) *Determinations Binding.* All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Paying Agent shall (in the absence of willful default, bad faith or manifest error) be binding on the Issuer and the Holders.

§ 7 TAXATION

(1) *General Taxation.* All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Croatia or by any authority therein or thereof having power to tax, unless such withholding or deduction is required by law.

The Paying Agent shall withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that may be required to withhold or deduct under Croatian law and the Issuer shall not be required to pay additional amounts to the Holder in respect of such withholding or deduction.

Nevertheless, the Paying Agent shall not apply the withholding or deduction required by law or apply a lower rate of withholding or deduction if:

- (i) the Holder entitled to payment of interest on the Notes is resident for tax purposes in a jurisdiction with which Croatia has concluded a treaty for the avoidance of double taxation and in accordance with such treaty the relevant payment of interest on the Notes may be made without withholding or deduction in Croatia, or subject to a lower rate of withholding or deduction than the rate imposed under Croatia law at the time of payment, and
- (ii) at least 5 calendar days prior to the relevant interest due date, that Holder has provided to the Paying Agent the forms, certificates and documents as required by relevant Croatian taxation laws for sake of evidencing residence in the relevant country with which Croatia has concluded a treaty for the avoidance of double taxation and application thereof.

(2) *U.S. Foreign Account Tax Compliance Act (FATCA).* The Paying Agent and/or the Issuer is authorised to withhold or deduct from amounts payable under the Notes to a Holder or beneficial owner of Notes sufficient funds for the payment of any tax that it is required to withhold or deduct pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or that is otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

§ 8 PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes shall become time barred (in Croatian: "*zastarijevaju*") if not made within five years (in the case of principal) and three years (in the case of interest) upon the relevant due date.

§ 9
**FURTHER ISSUES OF NOTES,
REPURCHASES AND
CANCELLATION**

(1) *Further Issues of Notes.* The Issuer may from time to time, without the consent of the Holders, issue further Notes having the same terms as the Notes in all respects (except for the date of issuance, issue price, Interest Commencement Date and/or first Interest Payment Date) so as to form a single series with the Notes.

(2) *Repurchases.* Provided that all applicable regulatory and other statutory restrictions are observed, and provided further that the Conditions to Redemption and Repurchase laid down in § 5 (4) are met, the Issuer and any of its Subsidiaries may at any time repurchase Notes in the open market or otherwise. Notes repurchased by the Issuer or any Subsidiary may, at the option of the Issuer or such Subsidiary, be held, resold or surrendered to the Paying Agent for cancellation.

(3) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

§ 10
NOTICES

(1) *Publication.* All notices of facts concerning the Notes will be published, as follows:

- (a) on the website of the Issuer ("www .erstebank.hr/en/about-us/financial-reports-and-announcements"). Any notice so given will be deemed to have been validly given to the Holders on the fifth calendar day following the date of such publication (or, if published more than once, on the fifth calendar day following the date of the first such publication) subject that a decision to that effect has been rendered on the meeting of the Holders and the requirements provided by § 477(7) of the Capital Market Act have been met. In relation to § 477(7) of the Capital Market Act, the Issuer hereby asks each Holder for a consent for the distribution of information by website and it shall be deemed that each Holder has given its consent if it has not objected to the distribution of information by website within thirty days from the day on which the Notes have been registered with the relevant account of the Holder of the Notes with the relevant Clearing System;
- (b) otherwise, notices shall be given to the Holders in written form by the Issuer directly (to the Holders known to the Issuer) or via the respective institutions which maintain the Holders' security accounts and/or the Clearing System. Any notice so given will be deemed to have been validly given on the fifth day from the day on which the notice has been shipped. This does not affect any other applicable mandatory provisions of law or stock exchange rules publication requirements.

Where:

"Capital Market Act" means the Croatian Capital Market Act (in Croatian "*Zakon o tržištu kapitala*"), as amended or replaced from time to time, and any references in these Terms and Conditions to any relevant provisions of the Capital Market Act include references to any applicable provisions of law amending or replacing such provisions from time to time.

(2) *Form of Notice to Be Given by any Holder.* Notices regarding the Notes which are to be given by any Holder to the Issuer shall be validly given if delivered in written form in the Croatian or English language to the Issuer. The Holder shall provide evidence satisfactory to the Issuer of its holding of the Notes. Such evidence may be in the form of a certification from the Clearing System or the Custodian with which the Holder maintains a securities account in respect of the Notes that such Holder is, at the time such notice is given, the Holder of the relevant Notes. **"Custodian"** means any bank or other financial institution of recognised standing authorised to engage in securities custody business with which the Holder maintains a securities account in respect of the Notes and includes the Clearing System.

[If modifications of the Terms and Conditions by a meeting of Holders and appointment of a Joint Representative shall be possible, insert:

§ 11
**MEETING OF HOLDERS,
MODIFICATIONS AND WAIVER**

(1) *Amendment of the Terms and Conditions.* In accordance with subsequent provisions the Holders may agree with the Issuer on amendments of these Terms and Conditions with regard to certain matters by resolution with the majority specified below. Majority resolutions of the Holders shall be binding on all Holders alike. A majority resolution of the Holders which does not provide for identical conditions for all

Holder's consent is void, unless Holders who are disadvantaged have expressly consented to their being treated disadvantageously.

(2) The Holders may consent, by qualified majority resolution as provided by § 11(8), to the following material measures:

- (a) changes in the due date or reduction or exclusion of interest payments;
- (b) changes in the due date of the principal amount;
- (c) reduction of the principal amount;
- (d) changes in the currency of the Notes;
- (e) waiver or limitation of the Holders' right of termination;
- (f) substitution of the Issuer; and
- (g) amendments to or cancellation of ancillary conditions of the Notes.

All other resolutions/measures to be consented to and/or passed by the Holders (except the measures as stated under point (a) to (g) above) shall be deemed as not material and may be passed by simple majority of the Holders as provided by § 11(8).

Any amendments will not be made if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to (i) result in a change in the regulatory classification of the Notes that would be likely to result in their exclusion from own funds or reclassification as a lower quality form of own funds, or (ii) prejudice the qualification of the Notes as eligible liabilities or loss absorbing capacity instruments for the purposes of the bank resolution laws applicable to the Issuer from time to time.

(3) *Convening a Meeting of Holders.* The Holders' meeting shall be convened by the Issuer or by the Joint Representative of the Holders. It shall be convened if Holders who together hold 5 per cent. of the outstanding Notes request such convocation in writing for the purpose of appointing or removing a Joint Representative or for any other particular interest in such convocation.

(4) *Contents of the Convening Notice, Publication.* The convening notice shall state the name and the registered office of the Issuer and the time and location of the Holders' meeting, the agenda with explanation of the proposed decisions, record date and the conditions on which attendance at the Holders' meeting and the exercise of voting rights shall depend, including the form of the power of attorney for exercise of rights at the meeting. The convening notice shall be published pursuant to § 10.

(5) *Convening Period, Evidence.* The Holders' meeting shall be called at least 14 calendar days before the date of the meeting. As evidence for the entitlement to participate in the Holders' meeting a special confirmation issued by the Clearing System or the Custodian in text form shall be presented.

(6) *Agenda.* The convening party shall include in the agenda a proposed resolution for each subject on which the Holders' meeting is to pass a resolution. The agenda of the Holders' meeting shall be published together with the convening notice. No resolutions may be passed on agenda items that have not been published in accordance with § 10. Holders who together hold 5 per cent. of the outstanding Notes may request that new items be published for resolution. Such new items must be published in accordance with § 10 no later than the third calendar day preceding the Holders' meeting. Without undue delay and until the date of the Holders' meeting, the Issuer shall make available to the Holders in accordance with § 10, any counter-motions announced by a Holder before the meeting.

(7) *Quorum.* The Chairperson shall prepare a register of Holders participating in the vote. Such register shall include the Holders' names, their registered offices or places of residence and the number of voting rights represented by each Holder. Such register shall be signed by the Chairperson of the meeting and be made available for review without undue delay to all Holders at the location of the Holder's meeting designated in the convening notice. The Holders' meeting shall have a quorum if the persons present represent at least fifty per cent of the outstanding Notes by value. If the Holders' meeting does not have a quorum, the Chairperson may convene a second meeting for the purposes of passing the resolution(s) anew. Such second meeting requires no quorum. For resolutions which require a qualified majority the persons present must represent at least 25 per cent. of the outstanding Notes. Notes for which voting rights have been suspended shall not be included in the outstanding Notes.

(8) *Majority Requirements.* Resolutions relating to material measures and amendments to the Terms and Conditions as set out in § 11 (2) lit (a) to (g) above shall be passed by a majority of not less than 75 per cent. (Qualified Majority) of the votes cast. Resolutions relating to amendments of these Terms and Conditions which are not material require a simple majority of the votes cast.

(9) *Vote without a Meeting.* All votes will be taken exclusively by vote taken without a meeting. The vote shall be conducted by the scrutineer. The scrutineer shall be a notary appointed by the Issuer, or the Joint Representative of the Holders if the meeting has been convened by him. The request for voting shall set out the period within which votes may be cast. Such period shall be at least 72 hours. During the voting period, the Holders may cast their votes to the scrutineer in written form as specified in the convening notice. The request shall set out in detail the conditions to be met in order for the votes to be valid. The scrutineer shall ascertain the entitlement to cast a vote by means of the evidence provided and shall prepare a list of Holders entitled to vote. If it is ascertained that no quorum exists, the scrutineer may convene a Holders' meeting, which shall be deemed to be a second Holders' meeting within the meaning of § 11 (7). Any resolution passed by the vote shall be recorded in the minutes by a notary. Each Holder participating in the vote may request within one year of the end of the voting period a copy of the minutes and its annexes from the Issuer. Each Holder participating in the vote may object to the result in writing within two weeks of publication of the resolutions. The notary shall decide on any such objection. If it takes remedial action as a result of the objection, it shall publish the result without undue delay. § 11 (13) shall apply *mutatis mutandis*. If the scrutineer does not take remedial action as a result of the objection, it shall notify the objecting Holder without undue delay in writing.

(10) *Voting Right.* Each Holder shall participate in votes in accordance with the principal amount of the outstanding Notes held by such Holder. Voting rights are suspended with respect to the shares attributable to the Issuer or any of its Subsidiaries or held for the account of the Issuer or any of its Subsidiaries. The Issuer may not make available Notes for which the voting rights have been suspended to any third party for the purposes of exercising the voting rights in lieu of the Issuer. This shall also apply to any Subsidiaries of the Issuer. Exercise of voting rights for the purposes specified above is prohibited. It is prohibited to offer, promise or grant any advantage as consideration to any person entitled to vote not to vote, or to vote in a particular way, in a Holders' meeting or a vote. No person entitled to vote may require, accept any promise of or accept any advantage or consideration for not voting, or voting in a particular way, in a Holders' meeting or a vote.

(11) *Chair of the Vote.* The vote will be chaired by a notary appointed by the Issuer or, if the Joint Representative has convened the vote, by the Joint Representative (the "**Chairperson**").

(12) *Voting, Minutes.* In order to be valid, any resolution passed by the Holders' meeting shall be recorded in minutes of the meeting. The minutes shall be recorded by a notary.

(13) *Publication of Resolutions.* The Issuer shall publish the resolutions passed by the Holders in appropriate form and at its own expense. The resolutions shall be published without undue delay pursuant § 10. In addition, for a period of at least one month commencing on the calendar day following the Holders' meeting, the Issuer shall make available in accordance with §10 the resolutions passed by the Holders and, if these Terms and Conditions are amended by a Holders' resolution, the consolidated version of the new Terms and Conditions.

(14) *Joint Representative.*

[If no Joint Representative is designated in the Terms and Conditions insert:

The Holders may by a simple majority resolution appoint a joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder.]

[If the Joint Representative is appointed in the Terms and Conditions insert: The joint representative (the "**Joint Representative**") to exercise the Holders' rights on behalf of each Holder shall be ***[insert name and address of the Joint Representative]***. The liability of the Joint Representative shall be limited to ten times the amount of its annual remuneration, unless the Joint Representative has acted wilfully or with gross negligence.]

The Joint Representative shall have the duties and powers granted by a simple majority resolution of the Holders. The Joint Representative shall comply with the instructions of the Holders. To the extent that the Joint Representative has been authorised to assert certain rights of the Holders, the Holders shall not be entitled to assert such rights themselves, unless explicitly provided for in the relevant simple majority resolution. The Joint Representative shall provide reports to the Holders on its activities. The Joint Representative shall be liable to the Holders as joint and several creditors for the due performance of its duties. In the performance of its duties, it shall act with the care of a prudent representative. The Joint Representative's liability may be limited by resolution of the Holders. An assertion of compensation claims against the Joint Representative shall be decided by the Holders. The Joint Representative may be removed by the Holders at any time without reason. The Joint Representative may require the Issuer to provide any information that is necessary for the performance of its duties.

§ [12]
**APPLICABLE LAW,
PLACE OF JURISDICTION
AND ENFORCEMENT**

(1) *Applicable Law.* The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, Croatian law except for its conflict of law rules as far as such rules would lead to the application of foreign law.

(2) *Place of Jurisdiction.* The competent Croatian courts shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes (including any legal action or proceedings relating to any non-contractual obligations arising out of or in connection with the Notes).

(3) *Enforcement.* Any Holder may in any proceedings against the Issuer, or to which such Holder and the Issuer are parties, protect and enforce in its own name its rights arising under Notes in any way which is admitted in the country of the proceedings and which is permitted by the applicable mandatory provisions of law.

4. FORM OF FINAL TERMS

[Set out below is the form of Final Terms which will be completed for each Tranche of Notes to be issued under the Preferred Senior Notes Retail Programme]

[insert date]

Final Terms²

[insert title of relevant Tranche of Notes] (the "Notes")

issued pursuant to the

Preferred Senior Notes Retail Programme

of

Erste & Steiermärkische Bank d.d.

[Initial] Issue Price: [] per cent. *[plus the issue charge mentioned in Part B.]*

Issue Date: []³

Series No.: []

Tranche No.: []

² In the following, Notes with a Specified Denomination of at least Euro 100,000 (or its foreign currency equivalent) will be referred to as "**Wholesale Notes**". In the following, Notes with a Specified Denomination of less than Euro 100,000 (or its foreign currency equivalent) will be referred to as "**Retail Notes**".

³ The Issue Date is the date of issue and payment of the Notes. In the case of free delivery, the Issue Date is the delivery date.

IMPORTANT NOTICE

These Final Terms have been prepared for the purpose of Article 8 of the Regulation (EU) 2017/1129, as amended and must be read in conjunction with the base prospectus consisting of separate documents (i.e. (i) the securities note dated 3 December 2020 and its supplement(s) (if any) (the "**Securities Note**") and (ii) the registration document of Erste & Steiermärkische Bank d.d. (the "**Issuer**") dated 3 December 2020, and its supplement(s) (if any)) (the "**Prospectus**") pertaining to the Preferred Senior Notes Retail Programme (the "**Programme**"). The Prospectus and any supplements thereto are available for viewing in electronic form on the Issuer's website ("www.erstebank.hr/en/about-us/bonds"). Full information on the Issuer and the Notes is only available on the basis of the combination of the Prospectus, any supplements thereto and these Final Terms. [A summary of this issue is annexed to these Final Terms.]⁴

[Warning: The Prospectus dated 3 December 2020 is expected to be valid until 2 December 2021. Thereafter the Issuer intends to publish an updated and approved Prospectus on the Issuer's website ("www.erstebank.hr/en/about-us/bonds") and from that point in time, the Final Terms must be read in conjunction with the new Prospectus.]

⁴ Insert only in case of Retail-Notes.

PART A. – TERMS AND CONDITIONS OF THE NOTES

[In case the Terms and Conditions of the Notes applicable to the relevant Tranche of Notes shall be determined by replicating the relevant provisions set forth in this Securities Note and by completing the relevant placeholders, insert:

The Conditions applicable to the Notes are set out below:

[Insert the Terms and Conditions of the Notes in which the relevant provisions shall be replicated and relevant placeholders shall be completed.]

[In case the Terms and Conditions of the Notes applicable to the relevant Tranche of Notes shall be determined by making reference to the relevant provisions set forth in this Securities Note, insert:

This Part A. of the Final Terms shall be read in conjunction with the Terms and Conditions of the Notes with a fixed interest rate (the "**Terms and Conditions**") and that is set forth in the Securities Note. Capitalised terms not otherwise defined in these Final Terms shall have the meanings specified in the Terms and Conditions of the Notes when used in these Final Terms.

All references in this Part A. of the Final Terms to sections and paragraphs are to sections and paragraphs of the Terms and Conditions of the Notes.

The blanks in the provisions of the Terms and Conditions of the Notes, which are applicable to the Notes shall be deemed to be completed by the information contained in these Final Terms as if such information were inserted in the blanks of such provisions. All provisions in the Terms and Conditions of the Notes corresponding to items in these Final Terms which are either not selected or completed or which are deleted shall be deemed to be deleted from the Terms and Conditions of the Notes applicable to the Notes.

ISSUER, CURRENCY, DENOMINATION, FORM, CERTAIN DEFINITIONS (§ 1)

Currency and Denomination

| | |
|-------------------------------------|--|
| Specified Currency | [] |
| Aggregate Principal Amount | [up to] [] |
| Aggregate Principal Amount in words | [] |
| Specified Denomination | [] [must be at least EUR 1,000 or its foreign currency equivalent] |

[Business Day

| | |
|---|-----|
| <input type="checkbox"/> Relevant Financial Centre[s] | [] |
| <input type="checkbox"/> TARGET] | |

INTEREST (§ 3)

| | |
|--|---|
| Interest Commencement Date | [] |
| Rate of Interest | [] per cent. <i>per annum</i> |
| <input type="checkbox"/> Short or long first or last Interest Period | [first] [last] payment of interest |
| Regular interest payments | [quarterly] [semi-annually] [annually] |
| Interest Payment Date[s] | [] |
| First Interest Payment Date | [] |
| Last Interest Payment Date | [] |
| Day Count Fraction | |
| <input type="checkbox"/> Actual/Actual (ICMA) Determination Date[s] | [] in each year |

- Actual/365 (Fixed)
- Actual/360
- 30/360, 360/360 or Bond Basis
- 30E/360 or Eurobond Basis

PAYMENTS (§ 4)

- Payment Business Days
 - Business Days as defined in § 1 (6)
 - Relevant Financial Centre[s] []
 - TARGET
- Business Day Convention
 - Following Business Day Convention
 - Modified Following Business Day Convention
 - Preceding Business Day Convention
- Adjustment of Interest Periods
 - Adjusted
 - Unadjusted

REDEMPTION (§ 5)

Redemption on the Maturity Date

Maturity Date []

Early Redemption at the Option of the Issuer

[yes] [no]

Minimum Notice Period

[insert Minimum Notice Period (which shall not be less than 5 Business Days)] [calendar days] [Business Days]

Maximum Notice Period

[not applicable] *[insert Maximum Notice Period]* [calendar days] [Business Days]

Optional Redemption Date[s]

[specify]

Early Redemption for Regulatory Reasons

Minimum Notice Period

[insert Minimum Notice Period (which shall not be less than 5 Business Days)] [calendar days] [Business Days]

Maximum Notice Period

[not applicable] *[insert Maximum Notice Period]* [calendar days] [Business Days]

[MEETING OF HOLDERS, MODIFICATIONS AND WAIVER (§ 11)]

- Applicable
- Not applicable

Appointment of a Joint Representative of the Holders

- by simple majority resolution of the Holders

in the Terms and Conditions

***[insert name and address of
the Joint Representative]]***

PART B. – OTHER INFORMATION

ESSENTIAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue or the Offering

[Save for [the fees payable to the Manager[s]] [the commercial interests of the Manager[s]] [the [swap] [derivatives] agreement [●] and the Issuer have entered into with regard to the Notes] [if any], so] [So] far as the Issuer is aware, no person involved in the issue or offering of the Notes has an interest material to the issue or the offering.

- Other Interests, including conflicts of interest **[specify details]**

[Reasons for the Offer and] Use of Proceeds⁵ **[specify details]**

Estimated net amount of the proceeds⁶ []

Estimated Total Expenses of the Issue []

INFORMATION CONCERNING THE SECURITIES TO BE OFFERED OR ADMITTED TO TRADING

Security Codes

- ISIN []
- Common Code []
- Any Other Security Code []

Issue Yield [] per cent. *per annum*
in case there is no early redemption.

[The yield is calculated in accordance with the ICMA (International Capital Markets Association) method. The ICMA method determines the effective interest rate on notes by taking into account accrued interest on a daily basis.] **[insert any other calculation method]**

Resolutions, authorisations and approvals by virtue of which the Notes will be created and/or issued **[specify details]**

TERMS AND CONDITIONS OF THE OFFER⁷

Conditions, Offer Statistics, Expected Timetable and Action Required to Apply for the Offer

Conditions, to which the offer is subject **[specify details]**

Total amount of the issue/offer; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer **[specify details]**

The time period, including any possible amendments, during which the offer will be open and description of the application process **[In case of Wholesale Notes insert: Not applicable]**

[In case of Retail-Notes without a fixed end of the subscription period]

⁵ See the section entitled "2. General Information - Use of proceeds" in the Securities Note. If the net proceeds shall not be applied for purposes set out therein insert those reasons.

⁶ If proceeds are intended to be used for more than one principal use, it will need to be split up and order in order of priority.

⁷ To be completed in case of public offers of Retail-Notes.

insert: The Notes will be offered by the Issuer for subscription at the issue price by means of a public offering [from **[insert start date of public offer]** [respectively] [in the period from **[insert start of the subscription period]** (the "**Start of Subscription Period**") until the end of the term of the Notes or until the closing of the tap issue or until the exercise of a call option.]

[In case of Retail-Notes with an end of subscription period
insert: The Notes will be offered by the Issuer for subscription at the issue price by means of a public offering [from **[insert start date of public offer]** respectively] in the period from **[insert start of the subscription period]** to **[insert end of the subscription period]** (the "**Subscription Period**"). Following the expiration of the Subscription Period until the final closing of the offer, an acquisition may be made subject to the confirmation of the respective selling price by the Issuer [, and through a stock exchange, following the listing on a stock exchange].]

[If the aggregate principal amount for the Notes indicated in the Final Terms has been reached prior to the end of the subscription period or offer period at any time on a business day, the Issuer will terminate the subscription period or offer period for the Notes at the relevant

time on that business day without prior notice. If the Issuer has not received sufficient valid subscription applications for the Notes until the first value date of the tap issue, the Issuer reserves the right to cancel the tap issue of the Notes. The Issuer is not obliged to issue subscribed Notes.]

[specify further details]

A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants **[specify details]**

Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest) **[specify details]**

Method and time limits for paying up the securities and for delivery of the securities **[specify details]**

A full description of the manner and date in which results of the offer are to be made public **[specify details]**

The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised **[specify details]**

Plan of Distribution and Allotment

If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche. **[specify details]**

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made. **[specify details]**

Pricing

An indication of the expected price at which the securities will be offered or the method of determining the price and the process for its disclosure. **[specify details]**

Indicate the amount of any expenses and taxes specifically charged to the subscriber or purchaser. **[specify details]**

PLACING AND UNDERWRITING⁸

Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the Issuer or the offeror, or the placers in the various countries where the offer takes place. **[specify details]**

Method of Distribution

- Non-Syndicated
- Syndicated

Subscription Agreement

Date of Subscription Agreement

[]

General Features of the Subscription Agreement

[specify details (inter alia, where not all of the issue is underwritten, a statement of the portion

⁸ To be completed in case of public offers of Retail-Notes.

not covered has to be included]

Details with regard to the Manager[s]

Manager[s]

[specify name(s), address(es) and LEI of Manager(s)]

Firm Commitment

Without Firm Commitment

Stabilising Manager

[specify details] [None]

Commissions, Concessions and Estimated Total Expenses

Management and Underwriting Commission

[[] per cent. of the Aggregate Principal Amount]

Selling Concession

[[] per cent. of the Aggregate Principal Amount]

Other

[[] per cent. of the Aggregate Principal Amount]

Total Commission and Concession

[[] per cent. of the Aggregate Principal Amount]

Issue charge

[Not applicable] [[up to] [] per cent. of the Aggregate Principal Amount]

LISTING[S], ADMISSION[S] TO TRADING AND DEALING ARRANGEMENTS

Listing[s]

[Yes] [No]

Zagreb - Official Market

Vienna - Official Market

[Expected] Date of Admission[s]

[]

Estimate of the total expenses related to the admission to trading⁹

[on or around the Issue Date (as defined above)][Not applicable]

All regulated markets or equivalent markets on which to the knowledge of the Issuer, notes of the same class of the Notes to be offered or admitted to trading are already admitted to trading¹⁰

[]

Name and address of the entities which have committed themselves to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment¹¹

[Not applicable] [specify details]

⁹ Not to be completed in case of Retail-Notes.

¹⁰ In case of an increase, which is fungible with a previous issue it must be indicated that the original notes are already admitted to trading. Not to be completed in case of Wholesale-Notes.

¹¹ Not to be completed in case of Wholesale-Notes.

ADDITIONAL INFORMATION

No Rating

As at the date of these Final Terms the Notes have not been rated. [The Issuer reserves the right to apply for a rating in future.]

Selling Restrictions

TEFRA

TEFRA C

Non-TEFRA

Additional Selling Restrictions

[Not applicable] [*specify details*]

Consent to the Use of the Prospectus

Offer period during which subsequent resale or final placement of the Notes by dealers and/or further financial intermediaries can be made [*specify details*]

Further conditions for the use of the Prospectus [Not applicable] [*specify details*]

[Listing

These Final Terms comprise the details required to list the issue of Notes described in these Final Terms pursuant to the Programme (as from [*specify issue date of the Notes*]).]

[Third Party Information

[*specify relevant information*] has been extracted from [*specify relevant source of information*]. The Issuer confirms that such information has been accurately reproduced and that, as far as it is aware and is able to ascertain from information published by [*specify relevant source of information*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer

By:

Duly authorised

By:

Duly authorized

[Annex – Issue Specific Summary

[*issue specific summary to be annexed*]]

5. SUBSCRIPTION AND SALE

The sale and/or distribution of the Notes may be subject to restrictions in various jurisdictions. The Issuer may from time to time request the FMA to provide to competent authorities of the member states of the EEA and the UK a notification concerning the approval of the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document).

Except for publishing and filing the Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document), the Issuer has not taken any measures and will not take any measure in order to make the public offer of the Notes or their possession or the distribution of offer documents relating to the Notes permissible in a jurisdiction where special measures have to be taken for this purpose. Notes may be offered, sold, or delivered within a jurisdiction or originating from a jurisdiction only, if this is permitted pursuant to applicable laws and other legal provisions and if no obligations arise for the Issuer.

UNITED STATES

The Notes have not been and will not be registered under the Securities Act. Except in certain transactions exempt from the registration requirements of the Securities Act, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act.

The Notes will not be offered, sold or delivered within the United States or to U.S. persons.

In addition, until 40 days after the commencement of the offering of the Notes of the Tranche of which such Notes are a part, an offer or sale of the Notes within the United States may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM

In relation to each Relevant State, the Issuer has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

- (a) if the Final Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-Exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-Exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-Exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant dealer or dealers offering the Notes in the Relevant State nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression **an offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression **Prospectus Regulation** means Regulation (EU) 2017/1129, as amended. The Issuer may include further selling restrictions in the relevant Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Securities Note.

UNITED KINGDOM

Any offeror of Notes will be required to represent and agree that:

- (a) it has complied and will comply with all applicable provisions of the U.K. Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21 (1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer.

JAPAN

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**") and have not, directly or indirectly, been offered or sold and will not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

GLOSSARY AND LIST OF ABBREVIATIONS

For ease of reference, the glossary below sets out certain abbreviations and meanings of certain terms used in this Securities Note. Readers of this Securities Note should always have regard to the full description of a term contained in this Securities Note.

| | |
|-------------------------------|---|
| AT 1 | own funds pursuant to Article 51 CRR (<i>Additional Tier 1</i>) |
| BRRD | Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012, of the European Parliament and of the Council, as amended |
| CET 1 | own funds pursuant to Article 26 CRR (<i>Common Equity Tier 1</i>) |
| CRR | Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012, as amended (<i>Capital Requirements Regulation</i>) |
| EEA | European Economic Area |
| EU | European Union |
| Final Terms | final terms setting forth the applicable terms and conditions for Notes issued under the Prospectus, a form of which is included in this Securities Note |
| FMA | Austrian Financial Market Authority (<i>Finanzmarktaufsichtsbehörde</i>) |
| Holder | a holder of the Notes |
| HRK | Croatian Kuna |
| ISIN | International Securities Identification Number |
| Issuer | Erste & Steiermärkische Bank d.d. |
| Issue Specific Summary | the summary of the individual issue annexed to the relevant Final Terms |
| Markets | the Official Market (<i>Amtlicher Handel</i>) of the Vienna Stock Exchange (<i>Wiener Börse</i>) and the Official Market (<i>službeno tržište</i>) of the Zagreb Stock Exchange (<i>Zagrebačka burza</i>) |
| MiFID II | Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), as amended (<i>Markets in Financial Instruments Directive II</i>) |
| MREL | the minimum requirements for eligible liabilities |
| Notes | the preferred senior notes in the English language under Croatian law |
| Notification | a certificate of approval attesting that each Prospectus consisting of separate documents (i.e. this Securities Note and the Registration Document) has been drawn up in accordance with the Prospectus Regulation (sent by the FMA to the Republic of Croatia as requested by the Issuer) |
| Programme | the preferred senior notes retail programme of the Issuer |
| Prospectus | the base prospectus consisting of separate documents, i.e. this Securities Note and the Registration Document |
| Prospectus Regulation | Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended |
| Registration Document | the registration document of the Issuer dated 3 December 2020, as supplemented from time to time |

| | |
|-----------------------------|--|
| Relevant State | any member state of the EEA and the UK |
| Securities Act | United States Securities Act of 1933, as amended |
| Securities Note | this Securities Note, as supplemented from time to time |
| Series | series of the Notes as specified in the relevant Final Terms |
| Terms and Conditions | the terms and conditions of the Notes which are set out on pages 17 <i>et seqq</i> of this Securities Note |
| Tier 2 | own funds pursuant to Article 62 CRR (<i>Tier 2</i>) |
| Tranche | a tranche of a Series of Notes |
| UK | United Kingdom |

REGISTERED OFFICES OF THE ISSUER

**Erste & Steiermärkische Bank
d.d.**

Jadranski trg 3/a
51000 Rijeka
Republic of Croatia

PAYING AGENT

Central Depository & Clearing Company Inc.
Heinzelova ulica 62a
10000 Zagreb
Republic of Croatia

LEGAL ADVISERS TO THE ISSUER

WOLF THEISS Rechtsanwälte GmbH & Co KG Zagreb Branch
Ivana Lučića 2a/19th Floor, "Eurotower"
10000 Zagreb
Republic of Croatia

| | | |
|---|--|--|
| Signaturwert | I8e7m4JV9GD5koT3pZOS2257x8yCCoJwYiELrCjr7NTV6fYVyRxbNMnxXjS7HwcillYu3j9zPxx8GicOx9GQe4NupTwQV9K9YdqPssRnQFj9TJV7tkTH9RSkmUZaiT/ax08idNS0SRMI+9jBvMltjcYlIld64OlS0nlJ7LrCFA/VowIP89ss52kcjsAAngu3y4onlkbMVqP8vAJ0OHMODkPtzjvemBxK/LhmsAxM0tQwBbeDaxiK18E8cq+H/qSLS/jiLic8ROk13/aziGdUWQZps6nBfWD0P8eAn9UnMMppM57ieRGiX2K0rBxt4MhyCq5G8UxHHYZjJTwq3lyBzg== | |
|  | Unterzeichner | Österreichische Finanzmarktaufsichtsbehörde |
| | Datum/Zeit-UTC | 2020-12-03T05:50:05Z |
| | Aussteller-Zertifikat | CN=a-sign-corporate-light-02,OU=a-sign-corporate-light-02,O=A-Trust Ges. f. Sicherheitssysteme im elektr. Datenverkehr GmbH,C=AT |
| | Serien-Nr. | 532114608 |
| | Methode | urn:pdfsigfilter:bka.gv.at:binaer:v1.1.0 |
| Prüfinformation | Informationen zur Prüfung des elektronischen Siegels bzw. der elektronischen Signatur finden Sie unter: http://www.signaturpruefung.gv.at | |
| Hinweis | Dieses Dokument wurde amtssigniert. Auch ein Ausdruck dieses Dokuments hat gemäß § 20 E-Government-Gesetz die Beweiskraft einer öffentlichen Urkunde. | |