

Tax code of conduct Erste&Steiermärkische Bank d.d.

Introduction

This document, approved by the Management Board of Erste&Steiermärkische Bank d.d. (Bank), determines the Bank's approach towards tax issues and tax risk. The document will be periodically updated by the organizational part of the Bank responsible for taxes, and all amendments will be approved by the Management Board of Bank. This document is effective from 1 January 2017.

Bank's Tax code of conduct

The Bank's Tax code of conduct establishes the principles i.e. „tax rules of conduct“ that all employees of the Bank should follow when carry out their assignments, in order to support the implementation of this document. Non-compliance with these principles may result in breach of employment obligations, and consequently lead to disciplinary proceedings against employees, sanctions and potentially dismissal. These principles are described in more detail below.

1. Compliance with laws, rules and regulations

The Bank is committed to compliance with all applicable tax regulations as well as the requirements for reporting and public disclosure of information, wherever there is such a legal requirement, all in accordance with the application of the principle of transparency. All business lines of the Bank are required to cooperate with tax department which continuously provides advice and guidance to ensure tax compliance.

2. Compliance with the Bank's internal acts

Tax decisions are made in a manner consistent with the adopted Principles of Corporate Governance and the Bank's Code of Conduct. High standards of corporate governance, responsible behaviour, respect for the community, sustainable business and maintaining a good reputation are key determinants of internal acts, as well as guidelines for tax decisions.

Key business decisions are made with prior analysis of tax effects and compliance with the Bank's internal acts. Responsible business lines are required to work with tax department to ensure the above.

3. Tax risk management

The Bank assesses continuously and with due care tax risks in its operations, determines the methods of managing those risks, and ensures quality argumentation to support the position taken. In case of doubt or uncertainty regarding the application or interpretation of tax regulations, the tax department should ask for an official statement from the tax authority or an appropriate written opinion from external tax advisors to support the decision making process.

When making tax decision and respecting the requirements of the adopted Code of Conduct of the Bank, special attention should be put to the following:

- preserving the good reputation of the Bank;
- impact of potential negative financial effects on the Bank's result, including the risk of penalties (also for the responsible person) and default interest;
- encouraging and maintaining constructive, professional and transparent relations with the tax authorities, based on the principles of integrity, cooperation and mutual trust;
- consider the wider consequences of potential disagreements with tax authorities and the possible impact on the relationship with them;
- commitment of the Bank and Erste Group¹ for complete compliance with all relevant laws, rules and regulations in countries in which it operates;
- act in full compliance with the newly implemented EU disclosure rules (DAC 6) and hereby support in combating tax avoidance and tax evasion;
- the Bank does not create or offer products that would enable or encourage tax evasion;
- in relations with third parties, the Bank insists on the application of the principles set out in this document and does not participate or contribute to any form of tax evasion.

The application of the above standards is particularly pronounced in relation to internal transactions with related parties and the application of the Bank's Transfer Pricing Policy. Business relations with members of Erste Group are contracted in accordance with the arm's length principle.

4. Relations with the tax authorities

The Bank maintains responsible and transparent cooperation with the tax authorities respecting integrity and independence of the tax officials and avoiding any inappropriate influence on the conduct of tax proceedings. In relations with tax and other competent authorities, the Bank is open and cooperative. The Bank always strives to

¹ Erste Group Bank AG, the international financial services provider and parent company of Erste&Steiermärkische bank d.d.

achieve high level of tax certainty in its operations, and in cases where there are doubts regarding the given legal framework seeks interpretations from the competent tax authorities.

5. Tax reliefs, exemptions and incentives

All legally available tax reliefs, exemptions and incentives are used by the Bank with due care and reasonable approach to positive financial effects due to the use of these benefits.

6. New tax regulations

The Bank carefully monitors all potential changes in the tax system of the Republic of Croatia and other jurisdictions in which it operates, which may have an impact on the Bank's tax position and business activities.

7. Entities from tax havens – „off - shore“ jurisdictions

As social responsibility is one of the key features of Bank's operations, the Bank is committed not to doing business with companies from „off-shore“ jurisdictions, unless there are sound business reasons which are not in the conflict with the principles described in this document.

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