

# **Annual General Meeting**

## **2 April 2019**

**(explanation of proposed decisions)**

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## **Agenda**

- 1. The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2018**
- 2. Annual financial statements of the Bank and consolidated annual financial statements for 2018 (*confirmed by the Management Board and the Supervisory Board of the Bank*), and Annual Management Board Report of Condition of the Bank and its Subsidiaries, and in this regard:**
  - 2.1 Decision on the allocation of the Bank's profit earned in 2018**
  - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2018**
  - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2018**
- 3. Decision on the suitability and election of a member of the Supervisory Board of the Bank**
- 4. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment**

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## 1. **The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2018**

The obligation to submit a report on supervision exercised over the conduct of business affairs in the Bank is stipulated in Articles 263, 300.c, and 300.d of the Companies Act, which includes also the obligation [of the SB] to report on the results of its examination of the annual financial statements, the Annual Management Board Report of Condition of the Bank and its Subsidiaries, and the proposed decision on profit allocation.

*There is **no voting** on this Agenda item, but instead, the participants of the Annual General Meeting are supposed **to take note of the Supervisory Board Report** on supervision exercised over the conduct of business affairs in the Bank in 2018.*

## 2. **Decisions enclosed with the Annual Financial Statements and Consolidated Annual Financial Statements for 2018:**

### 2.1 **Decision on the allocation of the Bank's profit earned in 2018**

Pursuant to provisions of Article 275 of the Companies Act, the Decision on the allocation of the Bank's profit is adopted by the General Meeting of the Bank after the Management Board of the Bank (in line with Articles 300.b and 300.c of the Companies Act) has presented a proposal of the Decision on the allocation of profit to the Supervisory Board of the Bank for examination and approval.

Proposal is made to pay out almost 100% of the profits earned in 2018 as dividend, i.e. HRK 72.58 per share, based on last year's business results.

### 2.2 **Decision on granting the approval of action to members of the Management Board of the Bank for the year 2018**

Pursuant to Article 276 of the Companies Act, the shareholders at the General Meeting of the Bank once a year, on the occasion when the annual financial statements are presented to the General Meeting, decide on granting the approval of action to members of the Management Board and the Supervisory Board – by means of which they express their approval of the way in which members of the Management Board and the Supervisory Board ran the company in a given year.

### 2.3 **Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2018**

(The explanation is the same as under 2.2 above)

## 3. **Decision on the suitability and election of a member of the Supervisory Board of the Bank**

After Mr Boccolini, president of the Supervisory Board of the Bank, tendered his resignation, effective from the date of the Annual General Meeting of the Bank at which annual financial reports for 2018 will be presented, the expert service of the Bank conducted a suitability assessment of Mr **Ignacio Jose Jaquotot Calvo**, candidate for member of the Supervisory Board of the Bank. The Decision on the suitability is adopted by the General Meeting of the Bank, to which the Management Board of the Bank, after obtaining positive opinion from the Nomination Committee, submits the draft decision on the suitability of the candidate for a member of the Supervisory Board of the Bank.

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According to the provisions of Article 46 of the Credit Institutions Act, a person can be elected as a member of the supervisory board of a credit institution only if the Croatian National Bank has given its prior approval for the performance of the function of a member of the supervisory board. In line with the provision of Article 280 of the Companies Act, the Supervisory Board of the Bank submits to the General Meeting of the Bank a proposal to elect Mr Jaquotot Calvo as a member of the Supervisory Board of the Bank for a term of office of three years, starting on the date of the prior approval of the CNB for performing the function of a member of the supervisory board of a credit institution.

The resume of the nominated candidate is available on the Bank's web site.

#### **4. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment**

According to the provisions of the Credit Institutions Act and the CNB's Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution, the General Meeting decides on the suitability of members of the Supervisory Board of the Bank on a regular basis - once a year.

Before submitting the draft decision to the General Meeting, a suitability assessment of present members of the Supervisory Board was conducted at the Bank in accordance with the *Policy on the assessment of the suitability of members of the Supervisory Board of the Bank* and the *Policy on the structure of the Supervisory Board of the Bank*, adopted by the General Meeting of the Bank.

Zagreb, 26 February 2019

***Privredna banka Zagreb d.d.***