



Annual General Meeting

21 July 2020

(materials)

**PRIVREDNA BANKA ZAGREB d.d.
MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 277 of the Companies Act, the Management Board of the Bank at its 17_20 meeting, held on 16 June 2020, made the following

**DECISION
on calling the Annual General Meeting**

of **Privredna banka Zagreb d.d.**, Zagreb, Radnička cesta 50, which will be held on **21 July 2020**, beginning at **11.00 a.m.**, at the Bank's premises in Zagreb, Radnička cesta 44 B1 – 8th floor.

At the Annual General Meeting of the Bank, the shareholders shall consider the following

A G E N D A

1. The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2019
2. Annual financial statements of the Bank and consolidated annual financial statements for 2019 (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 2019
 - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2019
 - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2019
3. Decision on the appointment of the external auditor who shall conduct the audit of the Bank's financial statements for the year 2020
4. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment
5. Decision on the suitability of candidates for members of the Supervisory Board of the Bank
6. Decision on the election of two members of the Supervisory Board of the Bank
7. Decision on the acceptance of the ratio between variable and fixed components of the remuneration for 2019

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If a quorum stipulated by the Articles of Association of Privredna banka Zagreb d.d. is not constituted at this General Meeting, then the General Meeting will be held on 22 July 2020, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

Dinko Lucić, sgd.

President of the Management Board

In Zagreb, 16 June 2020
No.: MB_17_20/5

**PRIVREDNA BANKA ZAGREB d.d.
SUPERVISORY BOARD**

Pursuant to Article 263, par. 3 and Articles 300.c and 300.d of the Companies Act and Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Supervisory Board of the Bank submits to the General Meeting of the Bank the

R E P O R T
on supervision exercised over the conduct of business affairs
in Privredna banka Zagreb d.d. in 2019

I.

In 2019 the Supervisory Board of the Bank performed its duties as a body composed of seven members. Following the resignation of Mr Giovanni Boccolini, Mr Ignacio Jaquotot was elected as president of the Supervisory Board, effective 24 April 2019. In the course of the year, Mr Branko Jeren, Mr Paolo Sarcinelli, and Mr Christophe Velle, members of the Supervisory Board of the Bank, embarked on another three-year term of office. It was estimated that two members of the Supervisory Board meet the independence criteria, as laid down by the Credit Institutions Act, the CNB 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, and the Corporate Governance Code accepted by the Bank. The number is deemed to be sufficient for the functioning of the Supervisory Board and its committees in line with the provisions of valid regulations.

II.

In the course of 2019 the Supervisory Board held 20 meetings with physical presence of members, via electronic means of communication, or by letter in cases of utmost urgency when calling a meeting with physical presence of members was not possible for objective reasons. Four regular meetings that considered financial reports were held within the deadlines prescribed by law and the Bank's Articles of Association. Members of the Management Board regularly attended Supervisory Board meetings. As required by law, meetings were also attended by persons responsible for the operation of individual control functions.

The Management Board and the Supervisory Board acted in line with valid legal regulations governing their competence and roles and in line with the Articles of Association of the Bank.

Acting in conformity with the law, the Articles of Association of the Bank, as well as its Rules of Procedure, the Supervisory Board of the Bank supervised the conduct of the Bank's affairs, established the guidelines for the Bank's business policy, and actively contributed to its implementation, all on the basis of the reports of the Management Board on issues of importance for the conduct of business affairs and the condition of the Bank.

The Management Board provided the Supervisory Board with duly prepared, true, and timely reports on business policy and on other general issues related to the future conduct of

business, financial plans, risk management strategies and policies, operational profitability, course of business as well as income and the condition of the Bank, and other important issues. The Management Board of the Bank submitted financial reports on a quarterly, semi-annual, and annual basis and regularly discussed their implementation with the Supervisory Board. The internal audit and the risk control function (in terms of credit, operational, and financial risks) submitted their statutory quarterly reports in a timely manner. Reports on the work of the risk control functions and the compliance function were submitted and considered semi-annually.

In accordance with the law, the Articles of Association of the Bank and its own decisions, the Supervisory Board gave consent to decisions regarding the Bank's exposure to clients/groups of connected clients. It also gave consent to basic business documents: the budget for 2019, strategies and policies for taking and managing risks and other strategic documents and policies in line with valid regulations and parent bank rules. Within its competence, the Supervisory Board supervised the adequacy and transparency of the Bank's organizational structure in line with the approved business strategy and risk management strategy.

Good and constructive cooperation of the Management Board and the Supervisory Board and their sharing of relevant information necessary to complete their tasks also contributed to the fulfilment of the supervisory function. The Supervisory Board had at all times the possibility to ask for and to obtain from the Management Board of the Bank information on any issue related to operations of the Bank which significantly affected or could have affected its position. The Management Board made sure, among other things, that members of the Supervisory Board had adequate access to information on the risk profile. Efficient and transparent cooperation manifested itself in the open discussion between the Management Board and the Supervisory Board of the Bank and also in-between members of each of the two bodies.

In the light of the foregoing and the achieved financial results, the Supervisory Board finds that in 2019 the Management Board of the Bank was good and successful in managing the company's affairs in the best interest of all the shareholders and in line with its competence, as established by legal regulations and the Bank's Articles of Association, and that it established clear internal relations in connection with risk-taking and risk management, which also includes segregation of duties and responsibilities between the Supervisory Board, the Management Board, the appointed committees and the senior management.

Also in 2019 the Supervisory Board continued taking care of implementation of the long-term succession plan in connection with the composition of the Management Board and, in line with the procedure prescribed by law, it annually assessed suitability of the president and members of the Management Board and persons responsible for the operation of control functions in the Bank. Based on the outcome of the suitability assessment, and after obtaining a positive opinion of the Nomination Committee, the Supervisory Board found that the president and all members of the Management Board of the Bank were individually suitable to perform their respective functions and that the Management Board collectively had sufficient knowledge, skills and experience to perform its duties independently and without undue influence from other persons, and in particular to understand the Bank's activities and the main risks.

Keeping in mind the assessment of the knowledge, skills, and experience of individual members of the Supervisory Board conducted by the Bank's expert service, with a positive opinion of the Nomination Committee, and keeping in mind their participation and work done in the meetings of the Supervisory Board and its committees, the Supervisory Board finds that all of its members contributed significantly to its work, both individually and collectively, with their competences, experience, and dedication, thus enabling complete performance of the Supervisory Board's function. Last year no conflict of interest of Management Board or Supervisory Board members was detected.

III.

The Supervisory Board was assisted by the Audit Committee in its work. The Chairman of the Audit Committee regularly reported on the Committee's work and the most important conclusions from the last meeting at the Supervisory Board meetings.

In 2019 the number of members of the Audit Committee was reduced from five to three, all appointed by the Supervisory Board of the Bank from among its members. Two members of the Audit Committee who were appointed by the General Meeting of the Bank tendered their resignations from the Committee. Six Audit Committee meetings were held in 2019 to discuss issues that fall within the competence of the Supervisory Board of the Bank. The Audit Committee helped the Supervisory Board perform its duties related to supervision over the process of financial reporting, audit process (including a recommendation for the selection of an independent external auditor given to the shareholders' meeting), as well as compliance with laws, regulations, rules, and the code of ethics, verified whether all the control functions were independent and properly skilled to accomplish their functions, and examined the periodic reports of the heads of control functions (Risk Management, Internal Audit, Compliance) and the head of the Anti-Money Laundering function. The Supervisory Board supervised, with the assistance of the Audit Committee, adequacy and efficiency of the system of internal controls to ensure timely detection and monitoring of all the risks the Bank is exposed to in its operation.

In 2019 the Bank held planned meetings of the Remuneration Committee, the Nomination Committee, and the Risk Committee, which are composed of Supervisory Board members and are also responsible for the Bank's subsidiaries in the Republic of Croatia. The Management Board made sure that the committees of the Supervisory Board had adequate access to all information and data necessary for them to perform their tasks, including information of relevant corporate functions. The meetings discussed issues falling within the competence of those committees, observing the deadlines set by law and the internal Charter of the Committees of the Supervisory Board. Based on regular work reports, decisions, and recommendations of its technical committees, the Supervisory Board finds that all the committees were successful in carrying out tasks falling within their competence in line with the law, by-laws, and the Charter of the Committees.

In line with legal obligations, the Supervisory Board examined the Annual financial reports of the Bank and consolidated financial reports for 2019, the report of condition of the Bank and its subsidiaries, and the draft decision on the allocation of the Bank's profit earned in 2019, which were submitted by the Management Board. The Supervisory Board made no remarks on the submitted reports and it found that the Annual financial reports and consolidated financial reports of the Bank (profit and loss account, balance sheet, cash flow report, and notes to financial reports) were prepared in accordance with the balances recorded in the business books and that they fairly disclosed the assets and the financial condition of the Bank and the PBZ Group, as was confirmed also by the external auditor BDO Croatia d.o.o., Zagreb, which audited the financial reports in 2019 in line with the decision of the General Meeting of the Bank.

After the Supervisory Board has given its consent to the Annual financial reports of the Bank and consolidated annual financial reports for 2019, the mentioned financial reports are considered to be confirmed by the Management Board and by the Supervisory Board of the Bank.

The Supervisory Board of the Bank accepted the Management Board report of condition of the Bank and its subsidiaries, and it agreed that the Bank's profit totalling HRK 1,879,591,356.54 (after taxation), earned in the year ended on 31 December 2019, should be allocated in the manner proposed by the Management Board of the Bank.

Based on the foregoing, the Supervisory Board of the Bank hereby presents the proposal to the Annual General Meeting of the Bank to take note of the Annual financial reports of the Bank and consolidated annual financial reports of the Bank for 2019 as well as the Management Board report of the condition of the Bank and its subsidiaries, and in this connection, to make the decision on granting approval of action to the members of the Management Board and the Supervisory Board of the Bank, as well as to adopt the decision on the profit allocation as proposed by the Management Board of the Bank.

Having supervised the conduct of the Bank affairs in 2019, which included also the review and examination of the Bank's documentation, the Supervisory Board established that the Bank acted in consistence with the law, by-laws, decisions of the Croatian National Bank related to performed supervisory examinations of particular segments of the Bank's operation, Bank's internal regulations, instructions and guidelines of the parent bank, as well as the decisions of the General Shareholders' Meeting of the Bank. Also, the Supervisory Board finds that the Bank's operations were successful in their entirety and that the planned objectives were accomplished.

Respective decisions of the Management Board and the Supervisory Board of the Bank, by means of which the Annual financial reports of the Bank and consolidated annual financial reports of the Bank for 2019 were confirmed, constitute an integral part of this Report.

Ignacio Jaquotot, sgd.

President of the Supervisory Board

In Zagreb, 21 February 2020

No.: SB_3_20/4.1

**PRIVREDNA BANKA ZAGREB d.d.
MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Management Board of the Bank at its 5_20 meeting, held on 18 February 2020 adopted the following

DECISION
on the Annual financial statements of the Bank for 2019

1. The Management Board of the Bank compiled the Annual financial statements of the Bank for the year 2019, which are as stated below:

a) Balance sheet (in HRK million)

	2019 Subtotal	2019 Grand total
Total assets		87,440
Total liabilities	72,779	
Shareholders' equity	14,661	
Total liabilities and shareholders' equity		87,440
Off-balance sheet assets		16,070

b) Income statement (in HRK million)

	2019 Ukupno	2019 Sveukupno
Operating income		3,998
Provisions (net)	(345)	
Other operating expenses	(1,334)	
Depreciation and amortization	(173)	
		(1,852)
Profit before income taxes		2,146
Income taxes		(266)
Net profit for the year		1,880

c) Cash flow statement (in HRK million)

	2019 Grand total
Cash and cash equivalents at the beginning of the year	18,600
Cash and cash equivalents at the end of the year	21,407
Net increase in cash and cash equivalents	2,807

d) Notes to financial statements

2. The *Annual financial statements of the Bank for the year 2019* shall be submitted to the Supervisory Board of the Bank for examination and for obtaining its consent with respect to the statements.
3. This Decision shall enter into force on the date when it has been adopted.

Dinko Lucić, sgd.
President of the Management Board

In Zagreb, 18 February 2020

No.: MB_5_20/4.1.1

PRIVREDNA BANKA ZAGREB d.d.
SUPERVISORY BOARD

Pursuant to Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 300.d of the Companies Act, the Supervisory Board of the Bank at its 3_20 meeting, held on 21 February 2020, adopted the following

D E C I S I O N
on the Annual financial statements of the Bank for 2019

1. Consent is hereby given with respect to the below stated Annual financial statements of the Bank for the year 2019, which were compiled by the Management Board of the Bank:

a) Balance sheet (in HRK million)

	2019 Subtotal	2019 Grand total
Total assets		87,440
Total liabilities	72,779	
Shareholders' equity	14,661	
Total liabilities and shareholders' equity		87,440
Off-balance sheet assets		16,070

b) Income statement (in HRK million)

	2019 Ukupno	2019 Sveukupno
Operating income		3,998
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Other operating expenses	(1,334)	
Depreciation and amortization	(173)	
		(1,852)
Profit before income taxes		2,146
Income taxes		(266)
Net profit for the year		1,880

c) Cash flow statement (in HRK million)

	2019 Grand total
Cash and cash equivalents at the beginning of the year	18,600
Cash and cash equivalents at the end of the year	21,407
Net increase in cash and cash equivalents	2,807

d) Notes to financial statements

2. After the Supervisory Board of the Bank has given its consent with respect to the Annual financial statements of the Bank for 2019, the mentioned financial statements shall be considered confirmed by the Management Board and by the Supervisory Board of the Bank.
3. This Decision shall enter into force on the date when it has been adopted.

Ignacio Jaquotot, sgd.
President of the Supervisory Board

In Zagreb, 21 February 2020

No.: SB _3_20/3.1

**PRIVREDNA BANKA ZAGREB d.d.
MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Management Board of the Bank at its 5_20 meeting, held on 18 February 2020 adopted the following

DECISION
on the consolidated annual financial statements for 2019

1. The Management Board of the Bank compiled the consolidated annual financial statements of the Bank for 2019, which are as stated below:

a) Balance sheet (in HRK million)

	2019 Subtotal	2019 Grand total
Total assets		117,917
Total liabilities	100,495	
Shareholders' equity	17,422	
Total liabilities and shareholders' equity		119,917
Off-balance sheet assets		20,737

b) Income statement (in HRK million)

	2019 Subtotal	2019 Grand total
Operating income		4,920
Provisions (net)	(395)	
Other operating expenses	(2,197)	
Depreciation and amortization	(232)	
		(2,824)
Income arising from investments accounted by net equity method		12
Profit before income taxes		2,108
Income taxes		(370)
Net profit for the year		1,738
Attributable to:		
Equity holders of the Bank		1,652
Non-controlling interests		86

c) Cash flow statement (in HRK million)

	2019 Grand total
Cash and cash equivalents at the beginning of the year	22,839
Cash and cash equivalents at the end of the year	26,234
Net increase in cash and cash equivalents	3,395

d) Notes to financial statements

2. *The consolidated annual financial statements for the year 2019* shall be submitted to the Supervisory Board of the Bank for examination and for obtaining its consent with respect to the statements.
3. This Decision shall enter into force on the date when it has been adopted.

Dinko Lucić, sgd.

President of the Management Board

In Zagreb, 18 February 2020

No.: MB_5_20/4.1.2

PRIVREDNA BANKA ZAGREB d.d.
SUPERVISORY BOARD

Pursuant to Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 300.d of the Companies Act, the Supervisory Board of the Bank at its 3_20 meeting, held on 21 February 2020, adopted the following

DECISION
on the consolidated annual financial statements for 2019

1. Consent is hereby given with respect to the below stated consolidated annual financial statements of the Bank for 2019, which were compiled by the Management Board of the Bank:

a) Balance sheet (in HRK million)

	2019 Subtotal	2019 Grand total
Total assets		117,917
Total liabilities	100,495	
Shareholders' equity	17,422	
Total liabilities and shareholders' equity		119,917
Off-balance sheet assets		20,737

b) Income statement (in HRK million)

	2019 Subtotal	2019 Grand total
Operating income		4,920
Provisions (net)	(395)	
Other operating expenses	(2,197)	
Depreciation and amortization	(232)	
		(2,824)
Income arising from investments accounted by net equity method		12
Profit before income taxes		2,108
Income taxes		(370)
Net profit for the year		1,738
Attributable to:		
Equity holders of the Bank		1,652
Non-controlling interests		86

c) Cash flow statement (in HRK million)

	2019 Grand total
Cash and cash equivalents at the beginning of the year	22,839
Cash and cash equivalents at the end of the year	26,234
Net increase in cash and cash equivalents	3,395

d) Notes to financial statements

2. After the Supervisory Board of the Bank has given its consent with respect to the consolidated annual financial statements for 2019, the mentioned financial statements shall be considered confirmed by the Management Board and by the Supervisory Board of the Bank.
3. This Decision shall enter into force on the date when it has been adopted.

Ignacio Jaquotot, sgd.
President of the Supervisory Board

In Zagreb, 21 February 2020

No.: SB_3_20/3.2

PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING

Item 2.1

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION
on the allocation of the Bank's profit earned in 2019

1. It is hereby ascertained that the Bank, in the year ended on 31 December 2019, earned net profit (i.e. profit after tax), in the amount of **HRK 1,879,591,356.54**.
2. Net profit of the Bank referred to in paragraph 1 above shall be allocated to retained earnings.
3. It is hereby ascertained that the total accumulated retained earnings of the Bank amount to **HRK 10,823,991,448.16** on the date of adoption of this Decision.
4. This Decision shall enter into force on the date of its adoption.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM _1_20/2.1

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Item 2.2

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION

on granting the approval of action to members of the Management Board of the Bank

1. After the Annual financial statements for 2019 have been presented to the Annual General Meeting of the Bank - which statements were confirmed by the Management Board and the Supervisory Board of the Bank, it is hereby ascertained that the Management Board of Privredna banka Zagreb d.d. managed the affairs of the Bank in accordance with the law and the Articles of Association of the Bank, and, based on the foregoing, members of the Management Board shall be granted the approval of action for the year 2019.
2. This Decision shall enter into force on the date when it has been adopted.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM _1_20/2.2

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Item 2.3

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION

on granting the approval of action to members of the Supervisory Board of the Bank

1. After the Annual financial statements for 2019 have been presented to the Annual General Meeting of the Bank - which statements were confirmed by the Management Board and the Supervisory Board of the Bank, it is hereby ascertained that the Supervisory Board of Privredna banka Zagreb d.d. performed its functions in accordance with the law and the Articles of Association of the Bank, and, based on the foregoing, members of the Supervisory Board shall be granted the approval of action for the year 2019.
2. This Decision shall enter into force on the date when it has been adopted.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM_1_20/2.3

PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING

Item 3

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION
on the appointment of the external auditor who shall conduct the audit of
the financial statements of the Bank for the year 2020

1. The audit firm **BDO Croatia d.o.o., Zagreb**, Trg J. F. Kennedyja 6b, is hereby appointed as the external auditor that shall conduct the audit of the financial statements of the Bank for the year 2020.
2. This Decision shall enter into force on the date when it has been adopted.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM _1_20/3

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Item 4

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), Article 19, par. 3 and Article 22, par. 1 of the 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 (Official Gazette 93/2018), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

**DECISION
on the suitability of members of the Supervisory Board of the Bank
based on regular suitability assessment**

1. Upon completion of the regular annual assessment of the suitability to perform the function of a member of the Supervisory Board of the Bank an assessment has been made that:
 - Mr **Ignacio Jaquotot**, president of the Supervisory Board ,
 - Ms **Draginja Đurić**, deputy president of the Supervisory Board,
 - Mr **Branko Jeren**, Mr **Giulio Moreno** and Mr **Christophe Velle**, members of the Supervisory Board,are suitable to perform the function of a member of the Supervisory Board.
2. It is assessed that the members of the Supervisory Board collectively or individually have the necessary knowledge, skills and experience allowing it to monitor the Bank's operations independently and without undue influence from other persons and to have an understanding of its operations and significant risks.
3. This Decision shall enter into force on the date of its adoption.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM _1_20/4

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 22, par. 1 of the 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 (Official Gazette 93/2018), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION

on the suitability of candidates for members of the Supervisory Board of the Bank

1. Upon completion of the assessment of the suitability of the candidates for members of the Supervisory Board of the Bank, it was found that:
 - Mr **Giulio Moreno**, candidate for a member of the Supervisory Board, and
 - Mr **Luca Leoncini Bartoli**, candidate for a member of the Supervisory Board,are suitable to perform the function of a member of the Supervisory Board of the Bank.
2. This Decision shall enter into force on the date of its adoption.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM_1_20/5

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION

on the election of two members of the Supervisory Board of the Bank

1. Elected to the Supervisory Board of the Bank for a three-year term of office are as follows:
 - Mr **Giulio Moreno**, domiciled in Rome, Italy, BSc in Political Science; for another term of office, starting on 30 November 2020, subject to prior approval of the Croatian National Bank,
 - Mr **Luca Leoncini Bartoli**, domiciled in Milan, Italy, BSc in Business and Economy, Head of International Subsidiary Banks Credit Department, Intesa Sanpaolo; effective from the date of prior approval of the Croatian National Bank.
(elected instead of Mr Paolo Vivona, whose term of office on the Supervisory Board shall end on account of his resignation, effective from the beginning of the term of office of the new member).
2. This Decision shall enter into force on the date of issuance of the prior approval of the Croatian National Bank for the performance of the function of a member of the supervisory board of a credit institution.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM_1_20/6

**PRIVREDNA BANKA ZAGREB d.d.
ANNUAL GENERAL MEETING**

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 100.a of the Credit Institution Act (Official Gazette 159/13, 19/15, 102/15, 15/18, 70/19 and 47/20), the shareholders at the Annual General Meeting of the Bank held on 21 July 2020 made the following

DECISION

**on the acceptance of the ratio between variable and fixed components
of the remuneration for 2019**

I.

In order that those who have a major direct involvement in the Bank's/PBZ Group management have the opportunity to gain competitive bonuses, in line with the level of performance achieved, consent is hereby given for a higher ratio between the variable and the fixed component of the remuneration for the PBZ Group Risk Takers who are identified as ISP Group Risk Takers as well, and not belonging to the control functions or to the PBZ Group Risk Takers identified as ISP Group Risk Takers operating in Banka Intesa Sanpaolo d.d. Slovenia, up to a maximum 200% to 100%, all in line with the applicable regulatory framework.

Further to the foregoing, the maximum amount of variable remuneration equals 200% of the fixed remuneration of each of the eight Risk Takers covered by the above range who hold the following functions:

- Privredna banka Zagreb d.d.: President of the Management Board, Deputy President of the Management Board, Member of the Management Board responsible for the Corporate Division, member of the Management Board responsible for the Small Business & SME Division, Member of the Management Board responsible for the Retail Division, Member of the Management Board responsible for the Chief Operating Officer Area, Senior Executive Director – CFO;
- Intesa Sanpaolo Banka d.d., Bosnia & Herzegovina: President of the Management Board.

The purpose of the proposed acceptance of higher ratio is not to automatically increase the variable remuneration to the Risk Takers listed in this Item, but only to create preconditions for enabling a variable remuneration of more than 100%.

II.

The higher cap referred to in item I of this Decision is determined in accordance with 2019 PBZ Group Remuneration and Incentive Policies and in compliance with the valid Remuneration and Incentive Policies of the Parent Company for 2019.

III.

The implementation of this Decision has no material impact on the maintenance of the adequate capital level of Privredna banka Zagreb d.d. and PBZ Group.

IV.

This Decision shall enter into force on the date of its adoption.

Chairman of the General Meeting

In Zagreb, 21 July 2020

No.: AGM_1_20/7