

Extraordinary General Meeting

22 December 2021

(material)

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 adopted at its 30_21 meeting, held on 9 November 2021, the following

DECISION

to call the Extraordinary General Meeting

of **Privredna banka Zagreb d.d.**, Zagreb, Radnička cesta 50, which will be held on **22 December 2021**, beginning at **11.00 a.m.**, on the Bank's premises in Zagreb, Radnička cesta 44 B1 – 8th floor.

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

AGENDA

1. Policy on the target structure of the Supervisory Board of PBZ d.d. and on the suitability assessment criteria
2. Decision on the suitability of candidates for members of the Supervisory Board of the Bank and the collective suitability of the Supervisory Board of the Bank
3. Decision on the election of two members of the Supervisory Board of the Bank

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If a quorum stipulated by the Articles of Association of Privredna banka Zagreb d.d. is not constituted at this Extraordinary General Meeting, then the Extraordinary General Meeting will be held on 23 December 2021, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

If after calling the Extraordinary General Meeting of the Bank any circumstances arise concerning the SARS-Cov-2 virus pandemic or any other natural disaster that make it impossible to hold the Extraordinary General Meeting of the Bank, the Management Board of the Bank will make a decision on its revocation.

Dinko Lucić, sgd.
President of the Management Board

In Zagreb, 9 November 2021
No.: MB_30_21/10.1

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

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 19 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 No. 20/2021), the shareholders at the Extraordinary General Meeting of the Bank held on 22 December 2021 adopted the following

P O L I C Y
on the target structure of the Supervisory Board of
Privredna banka Zagreb d.d. and on the suitability assessment criteria

1. Introduction

Pursuant to the provisions of the Credit Institutions Act, Decision of the Croatian National Bank on the assessment of the suitability of the president of the management board, member of the management board, member of the supervisory board, and key function holder in a credit institution, Decision of the Croatian National Bank on governance arrangements, Guidelines EBA on the assessment of the suitability of members of the management body and key function holders, European Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EZ of the European Parliament and of the Council with regard to obligations of depositaries, and the Anti Money Laundering and Terrorism Financing Act, this Policy hereby prescribes:

- the target **structure** of the Supervisory Board of the Bank with respect to the nature, scope and complexity of the Bank's operations, its risk profile, and business strategy,
- detailed **criteria** for members of the Supervisory Board, including
 - their specific competence, adequate knowledge, skills and experience to perform their functions
 - requirements regarding initial and ongoing education
 - requirements regarding the commitment of the Supervisory Board members to performing their functions, and analysis to be carried out by the Bank for the purpose of determining if the candidate can devote enough time to performing his/her duties
 - situations, relationships and circumstances that are or may constitute a conflict of interest, measures for resolving conflicts of interest or measures for managing and mitigating potential conflicts of interest
 - requirement for facilitating diversity within the Supervisory Board, and
 - succession plans, policies and procedures of the Bank listing appropriate actions to be taken with regard to sudden or unexpected absences or departure of a member of the Supervisory Board.

The suitability of members of the Supervisory Board shall be assessed in accordance with the *Policy on the assessment of the suitability* adopted by the Management Board, with the consent of the Supervisory Board, pursuant to the Decision on the assessment of the suitability

of the president of the management board, member of the management board, member of the supervisory board, and key function holder in a credit institution made by Croatian National Bank.

The Bank is in any case fully dedicated and obliged to ensure that the members of the Supervisory Board meet the conditions for membership in the Supervisory Board at all times.

Definitions

For the purposes of this Policy the following terms shall have meaning as described below:

1) "procedures" means:

- investigations, criminal prosecutions and criminal proceedings; and
- proceedings that preceded a judgement with final force and effect, final enforcement measures or minor offence and administrative sanctions.

2) "connected persons" with the person being assessed are:

- immediate family members

- a legal person in which the person or a member of his immediate family has a qualifying holding, and

- a legal entity in which the person or a member of his immediate family is a member of senior management or is a member of the management board, supervisory board, board of directors or executive director

3) "significant business relationship" means a business relationship which meets any of the following criteria:

- total liabilities of members of the Supervisory Board and persons connected with them towards the Bank, its parent company or subsidiary, its clients and other credit institutions domiciled in the Republic of Croatia or branches of credit institutions from other Member States or third countries higher than their total claims and investments in the Bank by an amount exceeding 2% of the share capital of the Bank, but not lower than HRK 3,000,000.00;
- Bank or a person connected with the Bank has a holding in the initial capital instruments exceeding 25% of the initial capital of an undertaking controlled by a member of the Supervisory Board
- an undertaking connected with a member of the Supervisory Board derives most of its income from the provision of services to the Bank

4) "conflict of interest" for the purposes of Article 38, paragraph 1, item 3 and Article 45, paragraph 1, item 3 of the Credit Institutions Act are circumstances described under item 3.6 of this Policy whereby the Bank cannot ensure independence of mind of the candidate.

5) "candidate" means a person of whom the Bank assesses suitability or has submitted the request for prior consent with regard to the appointment to the function of a member of the Supervisory Board.

6) "independence of mind" means specific abilities of a member of the Supervisory Board which are required to make prudent, objective and independent decisions and give independent opinions while performing their duties and tasks, particularly as they pertain to the discussions and decisions of the Supervisory Board.

7) "Expert service" or "authority competent for suitability assessment" means the Corporate function of Human Resources and Organization Department.

8) "Nomination Committee" is a committee of the Supervisory Board composed of at least three of its members.

2. Structure of the Supervisory Board of Privredna banka Zagreb d.d.

This Policy prescribes the target structure of the Supervisory Board of the Bank with regard to its type, scope and complexity, risk profile and business strategy.

The Articles of Association of Privredna banka Zagreb d.d. set out that only a person whose knowledge and experience in banking or economy or whose scientific work warrant that he/she will be capable of performing properly and efficiently the duties of a member of the Supervisory Board may be elected a member of the Supervisory Board.

According to provisions of the Articles of Association, the Supervisory Board may have five, or seven, or nine members, i.e. an uneven number of members. The decision on the number of members of the Supervisory Board is adopted by the General Meeting. Members of the Supervisory Board are elected by the General Meeting for a maximum of 3 (three) years, with the possibility of re-election.

The Nomination Committee proposes members of the Supervisory Board and creates a description of duties and conditions required for performing the duties of individual members of the Supervisory Board and the expected dedication to the fulfilment of these duties.

When selecting and proposing candidates for the members of the Supervisory Board, Nomination Committee shall ensure:

- that appropriate candidates are chosen for each proposed function, in accordance with the criteria defined under item 3 of this Policy;
- that the set diversity within the Supervisory Board has been achieved, including appropriate representation of both sexes in accordance with specific needs and capabilities.

2.1. Quantitative Composition of the Supervisory Board

The number of members of the Supervisory Board of the Bank is determined by the Bank's Articles of Association, and the decision on the number of members is adopted by the General Meeting.

An Audit Committee has been established by the Supervisory Board, in accordance with the Audit Act and Articles of Association of the Bank, for the purpose of monitoring the financial reporting process and analysing annual and quarterly financial statements, assessing the effectiveness and suitability of the Bank's internal control system, and in particular the functioning of risk management, accounting system and internal auditing, verifying independence of all control functions, monitoring and promoting corporate culture development initiatives based on controls and principles of fairness, lawfulness and compliance with regulations, supervising the auditing of annual financial statements and consolidated reports, reporting to the Supervisory Board on the outcome of statutory audits, reviewing activities of external auditors, monitoring the independence of the audit firm, giving recommendations to the General Meeting on the selection of external auditors and assuming responsibility for selecting the audit firm, discussing the plans and annual reports of the internal audit function and other important issues related to these areas.

Three committees have also been established in accordance with the provisions of the Credit Institutions Act and by-laws of the Croatian National Bank – Remuneration Committee, Nomination Committee, and the Risk Committee. These committees have been established by the Supervisory Board, which has also appointed their members from members of the Supervisory Board. Each of the committees has three members, one of whom has been

appointed as the president of the committee. The Supervisory Board also adopted the Rules of Procedure of Supervisory Board Committees. Competence of specific committees has been defined in accordance with relevant provisions of the Credit Institutions Act, Rules of Procedure of Supervisory Board Committees and specific decisions of the Croatian National Bank.

According to the provisions of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council, as long as the Bank acts as a depositary of the UCITS funds of a company belonging to Intesa Sanpaolo Group, its Supervisory Board shall have two independent members within the meaning of the said EU Regulation.

In all cases, and in accordance with the Decision of the Croatian National Bank on governance arrangements, independent members of the Supervisory Board have to also be members of the aforementioned Supervisory Board committees, due to which the Bank has to ensure there is a sufficient number of independent members of the Supervisory Board.

The quantitative structure of the Supervisory Board must ensure the targeted representation of the underrepresented gender in the Supervisory Board in accordance with the decision of the Nomination Committee.

2.2. Qualitative Composition of the Supervisory Board

Members of the Supervisory Board have to have adequate knowledge, skills, and expertise as well as sufficient experience in the field of corporate governance so that they might perform their function efficiently and professionally. The experience acquired within the Intesa Sanpaolo Group and companies engaged in similar activities will be particularly valued in terms of corporate governance.

In order to achieve the optimal qualitative composition of the Supervisory Board, each member of the Supervisory Board shall have the knowledge, skills, and expertise, acquired in financial and credit institutions, medium or large companies, research centres or academic environments, in one or more areas listed below:

- banking and/or insurance and/or finance
- strategic planning
- risk management and risk management methods
- accounting and/or financial matters
- system of internal controls
- regulatory framework and prudential requirements
- corporate governance and organisation
- information technology

The composition of the Supervisory Board must be such that its members as a whole ensure that all the relevant competences/fields of operation are represented therein, all with the aim of achieving the suitability of the Supervisory Board as a whole.

The composition of the Supervisory Board must ensure the continuity of the performance of the supervisory function at the Bank.

2.3. Collective suitability of the Supervisory Board

The collective acquired knowledge, skills and expertise at the level of the entire Supervisory Board ensures high-quality supervision of the management of Bank operations and the suitability of the Supervisory Board as a whole, meaning that the members of the Supervisory Board have to collectively possess professional knowledge, skills and experience necessary

to perform functions in accordance with the business model, risk appetite, strategy and markets in which the Bank operates, and in accordance with the target structure of the Supervisory Board set out in this Policy.

In accordance with this Policy, Supervisory Board has to have a sufficient number of members with adequate professional knowledge in one or more areas listed below:

- services provided by the Bank and main associated risks
- financial markets and the capital market, solvency and internal models
- governance arrangements of the Bank
- accounting and reporting
- control functions' duties
- information technologies and security
- local, regional and global markets
- legal and regulatory framework
- management skills and experience
- strategic planning
- management of national and international groups and on risk management related to group structures

3. Suitability criteria for members of the Supervisory Board

Member of the Supervisory Board may be any person who meets the following criteria:

- a. is of good repute, have honesty and integrity;
- b. possess adequate knowledge, skills and experience to perform the duties within their competence, and together with other members of the supervisory board meet the requirements referred to in Article 35, paragraph (3) of Credit Institutions Act.
- c. is able to have independence of mind, i.e. they do not have a conflict of interest that cannot be managed in a manner that ensures independence of mind;
- d. is able to commit sufficient time to perform the duties within their competence; and
- e. who meets the criteria for supervisory board members under the provisions of the Companies Act.

3.1. Good repute, honesty and integrity

It shall be considered that a person (candidate) is not of good repute, no honesty and with no integrity

- a) who has been convicted by a judgement with final force and effect for any of the crimes referred to in Article 25, paragraph 2 of the Credit Institutions Act, or who has been convicted by a judgement with final force and effect for any of the crimes which by definition correspond to the crimes referred to in Article 25, paragraph 2 of the Credit Institutions Act
- b) who is subject to criminal prosecution for any crimes referred to in Article 25, paragraph 2 of the Credit Institutions Act, or who is subject to criminal prosecution for any crimes which by definition correspond to the crimes referred to in Article 25, paragraph 2 of the Credit Institutions Act, or who has been convicted by a judgement with final force and effect or who is subject to criminal prosecution for any crimes not listed in Article

25, paragraph 2 of the Credit Institutions Act, but which could affect the good repute of the person

- c) against who a security or some other measure or misdemeanour sanction has been imposed or ordered, or who is subject to proceedings conducted by the competent courts or authorities for irregularities or non-compliance with any of the regulations governing banking, financial or insurance activities or governing securities markets, securities or payment instruments, regulations governing the provision of financial services, consumer protection or any other relevant regulations, which may raise doubts about the good repute of the person
- d) who manages, or managed at the time of the offence, the undertaking which has been convicted by a judgement with final force and effect for any crimes referred to in items a) and b) of this paragraph, or who is subject to measures or proceedings referred to in item c) of this paragraph, which may raise doubts about the good repute of the candidate
- e) who has not achieved good results by his/hers past professional work and personal integrity
- f) whose business results compromise the person's good repute, honesty and integrity
- g) whose financial stability compromises the person's good repute, honesty and conscientiousness and, or
- h) whom there are some other grounds for suspicion about his/her good repute, honesty and integrity.

The good repute, honesty and integrity of the candidate will be specially analysed if there is justified cause to suspect the candidate of current or previous money laundering or terrorist financing or any such attempts or if there is increased risk thereof in relation to the credit institution.

In assessing the criteria referred to in items b), c) and d) of this paragraph, and in case of suspicion of money laundering and terrorist financing the Bank shall take into account all available information related to the type of criminal sanctions, whether criminal, misdemeanour, administrative, litigation or any other proceedings, the degree to which the proceedings are and the remedies imposed, the sentence or other criminal sanction imposed, the effects of rehabilitation measures, the existing aggravating and mitigating circumstances of the case, the significance of the offense, misdemeanour or other injury, the period elapsed since the personal contribution of the candidate to the commission of a criminal offense, misdemeanour or other injury or violation and the conduct of the candidate in at that time, especially in terms of the attitude towards the criminal offense, misdemeanour or other violation or violation and its transparency. The Bank should also take into account a large number of minor offenses which do not individually, but might cumulatively undermine the good repute, honesty and integrity of the candidate.

In assessing the criteria referred to in items b), c) and d) of this paragraph and in case of suspicion of money laundering and terrorist financing the Bank may request from the candidate to submit as to the facts and circumstances that may impact the candidate's good repute, honesty and integrity.

In addition, in assessing the criteria referred to in items b), c) and d) and in case of suspicion of money laundering and terrorist financing the Bank shall take into account the data on all relevant previous measures, judgements and proceedings relating to the candidate or the undertaking that the candidate manages or has managed, which the Croatian National Bank or another competent authority conducts or has conducted.

In assessing the criteria referred to in item e) of this paragraph, the Bank shall analyse the information suggesting incorrect behaviour of the candidate in his/hers past professional work, such as non-transparent behaviour and lack of co-operation with the competent authorities, refusing or revoking approval for the performance of managerial functions or professional occupations or activities and shall, where available, also analyse the reasons for the termination of the employment contract, removal from a key or similar function and ban on directing the business or representation of a legal person imposed by the competent authority, as well as all other information and evidence suggesting that the candidate's actions were not in line with the high standard of professional conduct.

In assessing the criteria referred to in items f) and g) of this paragraph, the Bank shall take into account the financial and business results of an undertaking in which the candidate is or has been a significant shareholder, or in which the candidate has or has had significant holdings, or in which he/she had performed the function of a member of the management board, some other managerial function or the function of a supervisory board member before it has been established that the undertaking has committed a major irregularity or legal offence in its operation, before the prebankruptcy settlement proceedings over the undertaking have been carried out, the bankruptcy proceedings have been initiated, a decision on the compulsory winding-up has been rendered or the undertaking's authorisation has been withdrawn, which could affect the candidate's good repute. The Bank shall assess whether the person's behaviour contributed to these events.

In assessing the criteria referred to in items g) and h) of this paragraph, the Bank shall take into account the financial stability of a candidate and its potential influence on the candidate's good repute.

In doing so, the Bank shall analyse:

- a) whether the candidate's property and income threaten him/her meeting relevant financial obligations in the future
- b) whether the candidate's name is included on any list of unreliable debtors (e.g. Ministry of Finance's tax defaulter list, "black list", etc.)
- c) whether personal bankruptcy has been declared over the candidate's property
- d) whether any civil, criminal, administrative or out-of-court misdemeanour or proceedings for imposing administrative sanctions have been initiated against the candidate which could threaten the candidate's ability to meet his/her financial obligations in the future
- e) whether the candidate has been convicted by a judgement with final force and effect, or whether he/she is subject to criminal prosecution for any crimes not listed in Article 25, paragraph 2 of the Credit Institutions Act
- f) whether the candidate has been convicted of a misdemeanour or subject to administrative sanctions
- g) large investments or exposures or loans taken out by the candidate and
- h) the financial and business results of the undertaking in which the candidate is or has been a significant shareholder or in which the candidate has or has had significant holdings or in which he/she performed the function of a member of the management board, some other managerial function or the function of a member of the supervisory board, which could affect the candidate's good repute, honesty and integrity

3.2. Professional knowledge, skills and abilities

Members of the Supervisory Board have to have a graduate degree in one of the following relevant areas:

- economics and other related areas (e.g. finance, accounting, management)

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- law and related fields (the term “related fields” refers to a graduate degree in social sciences)
 - mathematics, physics, information science, electrical engineering and related areas.

By way of exception, if the Supervisory Board is composed of at least five members, one member of the Supervisory Board is not required to have a graduate degree provided that he/she meets all the other criteria laid down in this Policy and relevant regulations.

It is also desirable that members of the Supervisory Board possess the following:

- specific highly-developed knowledge, skills and competencies such as:
 - authenticity, determination, communicativeness, judgement, "focused on customers and quality", leadership, loyalty, external awareness, negotiation, persuasiveness, teamwork, strategic experience, stress mitigation, sense of responsibility, chairing meetings.

3.3. Adequate experience

Supervisory Board members shall have five years of recent work experience in performing functions set out below:

- experience of serving at management board level or level immediately below management board level or equivalent levels in undertakings with board of directors, paired with broad practical or theoretical knowledge in the segment of banking and financial services;
- experience in key managerial positions in a body or an authority competent for the supervision of credit or financial institutions;
- experience gained from working in academic positions; and
- experience gained from working in key managerial positions involving a high degree of autonomy with government administration bodies or public authorities

In assessing the experience of a candidate for a member of the Supervisory Board, the Bank is obligated to check the previous position and responsibilities assigned to him, the size of the company in which he held office, the company's activities and its predominant activities, and whether the candidate has sufficient experience to critically review decisions and effectively supervise the Management Board of the Bank and meet other obligations prescribed for a member of the Supervisory Board.

By way of derogation from necessary experience requirement it may be considered that a candidate for a member of the Supervisory Board has appropriate work experience even though he / she does not have the sufficient length of abovementioned work experience if detailed explanation can be assured of the reasons and evidence submitted that the candidate has other adequate experience-related qualities, such as specialist knowledge or acquired experience required in the credit institution to which the candidate is being appointed, an exceptionally successful professional career or specific required knowledge suited for the special role to be fulfilled or areas of competence to be covered by the candidate.

3.4. Independence of members of the Supervisory Board

It shall be considered that a member of the Supervisory Board is independent:

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- a) if he/she is neither controlling shareholder of the Bank or the Bank's affiliated company nor is he/she a representative of a majority shareholder
 - b) if he/she is not a member of the Bank's Management Board nor any other institution or company included in the scope of accounting or credit consolidation, nor has he/she been a member in the last five years
 - c) if he/she is not an employee of a controlling shareholder of the Bank nor is he/she connected with a majority shareholder in any other way
 - d) if he/she is not an employee of an institution or company included in the scope of accounting or credit consolidation
 - e) if he/she is not a member of senior management of the Bank or other company included in the scope of accounting or credit consolidation, directly liable to the Bank's Management Board, nor has he/she been a member in the last three years
 - f) if, save the remuneration for performing the function of a member of the Supervisory Board of the Bank or other companies included in the scope of accounting or credit consolidation, he/she does not receive or has not received any significant remuneration, or he/she receives or has he/she received any significant revenue
 - g) if he/she isn't or has not been a member or partner of an audit firm that provides or has provided auditing services or a company that provides or has provided consultancy services to the Bank or to a company included in the scope of accounting or credit consolidation, or an employee of the aforementioned companies that is or has been associated with provided services to a significant degree
 - h) if he/she is not a member of the management board of another company in which a member of the Management Board of the Bank is a member of the supervisory board
 - i) if he/she is not connected with a member of the Management Board of the Bank or other company included in the scope of accounting or credit consolidation, nor is he/she connected with any of the persons stated under items (a) to (k) of this Article
 - j) if he/she has not been a member of the Management Board nor the Supervisory Board of the Bank for more than 12 consecutive years, and
 - k) if he/she is not a majority stakeholder or shareholder in a company or entity that has been a significant supplier or significant customer of the Bank or another company included in the scope of accounting or credit consolidation, nor has he/she had any other significant business relationship with the Bank.

The Bank shall also verify whether the candidate fulfils the independence conditions stated under Article 24 of the Commission Delegated Regulation (EU) 2016/438 of 17 December 2015 supplementing Directive 2009/65/EC of the European Parliament and of the Council with regard to obligations of depositories.

3.5. Commitment of a member of the Supervisory Board to performing his/her duties

Member of the Supervisory Board shall commit sufficient time to performing his/her respective duties and responsibilities under his/her competence.

In order to determine whether the candidate may commit sufficient time to performing his/her duties, the Bank must carry out a mandatory **analysis** for the purpose of assessing the following:

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- a) number of executive and non-executive functions or deputy functions simultaneously held by the candidate as well as the expected total number of days he must dedicate per year to perform them
 - b) nature size, scope and complexity of the operations of the undertaking in which the candidate holds an executive or non-executive functions or the deputy function
 - c) geographic location of the undertaking in which the candidate performs the function and the travel time required to perform this function
 - d) average number of meetings held annually by the Supervisory Board in which the candidate performs the function as well as the time required to prepare for participation in the meetings
 - e) Supervisory Board meetings held as needed with the competent authorities and interested parties
 - f) candidate's position, responsibilities and areas of competence (e.g. whether they cover the position of chairman of any supervisory board committee)
 - g) other professional or political activities and all other functions and relevant activities as well as the expected total number of days that the candidate must dedicate annually to their performance
 - h) number of functions held in organizations or entities that were not primarily established for the sole purpose of generating profit and
 - i) the time invested in initial and ongoing training,

It shall be considered that a member of the Supervisory Board cannot commit sufficient time to performing duties and obligations under his/her area of competence if he/she simultaneously holds the following:

- function of a member of the management board and more than two functions as a member of the supervisory board or
- more than four functions as a member of the supervisory board.

Under assessment referred to in paragraph 1 of this Article one function shall be considered to be the function of a member of the management or supervisory board

- in undertakings within the same group
- of undertakings in which a credit institution has a qualifying holding.

In determining the number of functions which the candidate may simultaneously hold the functions of the member of the supervisory board of the credit institution conducting the suitability assessment procedure shall be taken into account.

The functions of a member of the management board or supervisory board in organisations or entities not established for the sole purpose of generating profit such as non-profit organisations, undertakings set up for the sole purpose of managing personal assets of the candidate or persons connected with him/her provided that they do not require day-to-day management by the candidate, and other similar organisations or entities, shall not be considered when determining the number of functions which the candidate may simultaneously hold.

Taking into consideration the possible involvement of members of the Bank's Supervisory Board in other committees and membership-related activities (meetings, preparations for meeting, etc.), it is generally estimated that the minimum full time equivalent (FTE) for performing the functions within the Supervisory Board shall be as follows:

Supervisory Board:

An average of 20 meetings of the Supervisory Board are held every year. Time necessary including the preparation for each of the meetings is approximately 1 day.

Committees of the Supervisory Board:

- The Audit Committee (approximately 5 meetings per year): 0,5 days per meeting including preparation
- The Risk Committee (approximately 4 meetings per year): 0,5 days per meeting including preparation
- The Remuneration Committee (approximately 7 meetings per year): 0,5 days per meeting including preparation
- The Nominations Committee (approximately 5 meeting per year): 0,5 day per meeting including preparation

In this regard it is generally estimated that the minimum full time equivalent (FTE) for performing the functions within the Supervisory Board shall be as follows:

- Member of the Supervisory Board: 25-30 days per year (taking into consideration the participation to the committees)
- President of the Supervisory Board: 40 days per year (taking into consideration the participation to the committees)

3.6. Independence of mind and conflict of interest

Member of the Supervisory Board must be able to express his/her independent opinion, which implies the following:

- a. absence of any conflict of interest that cannot be managed in a way that ensures independence of mind
- b. having the following abilities:
 - (i) courage, conviction and strength for effectively assessing and reviewing decisions proposed by the members of the Supervisory Board,
 - (ii) not succumbing to the influence of predominant opinions within the Supervisory Board, and
 - (iii) resist 'group think'.

In assessing whether the candidate possesses the abilities needed to express an independent opinion, his/hers previous and current corporate behaviour shall be assessed, in particular the behaviour as it pertains to the Bank.

Membership in the management or supervisory board or holding shares in affiliated companies or affiliated entities with a Bank does not in itself imply that the candidate is not able to express an independent opinion.

It shall be deemed that conflict of interest that the Bank cannot manage exists:

- a. if a candidate or a related person has a significant business relationship with the Bank
- b. if the candidate for the member of the Supervisory Board is also a member of the supervisory board or management board of another credit institution, financial institution, mixed financial holding company or financial holding company providing services on the territory of the Republic of Croatia.

Exceptionally, no conflict of interest shall be deemed to exist that the Bank cannot manage if a candidate is also a member of the management board or supervisory board:

- a. in its subsidiaries, which are credit or financial institutions
- b. in credit or financial institutions belonging to the same group of credit institutions as the Bank.

In assessing the existence of a conflict of interest, at least the following shall be taken into consideration:

- a) economic interests arising from the possession of shares, ownership interests or similar economic interests such as intellectual property rights in undertakings or entities which are clients of the Bank in the past five years, and credits or loans approved by the Bank to the candidate or connected persons
- b) personal or professional relations with holders of a qualifying holding in the Bank or its parent undertaking or its subsidiary
- c) personal or professional relations with the Bank's employees or entities included in the scope of accounting or prudential consolidation
- d) previous positions held by the candidate in the last five years
- e) personal or professional relations with significant suppliers, consultants or providers of other similar services,
- f) the candidate has shares or ownership interests in an undertaking or entity with different interests in relation to the Bank
- g) political influence or affiliation with politically exposed persons in the last two years.¹

The Bank shall require from the candidate up-to-date information on all known facts listed in this item.

Based on an analysis of the assessment on the existence of conflict of interest, the Bank shall document, monitor and duly manage each actual, potential or perceived conflict of interest establish the significance of the risk that arises or might arise in connection therewith and, where necessary, take measures to mitigate or eliminate conflicts of interest in order to ensure the candidate's independence of mind and impartial performance of his or her duties.

Member of the Supervisory Board shall avoid taking part in any discussion, decision-making or voting on proposals, plans, agenda items. etc. should a conflict of interest be established regarding any of the aforementioned items.

Measures for mitigating conflicts of interest may, for example, include the following:

- a) prohibition to participate in the discussion, decision-making or voting on proposals, plans, agenda items, etc., if a conflict of interest has been established to exist in connection therewith
- b) ordering removal from a particular function
- c) ongoing supervision and monitoring of conflicts of interest by the Bank
- d) regular reporting to the Croatian National Bank in connection with the situation in relation to which a potential conflict of interest has been established
- e) setting a period during which the candidate may not assume and start performing the function to which he / she has been appointed
- f) applying the arm's length principle for obtaining loans or other financial products
- g) sale of certain property or shares in the company and
- h) any other measure that may contribute to the reduction or elimination of conflicts of interest.

¹ pursuant to the definition stated under the Anti Money Laundering and Terrorism Financing Act

The Bank shall notify the Croatian National Bank without any delay if it identifies a conflict of interest which may affect the independence of mind of any member of the Supervisory Board.

4. Facilitating diversity within the Supervisory Board

When appointing members of the Supervisory Board, the Bank shall take into account that the Supervisory Board structure is sufficiently diverse so that the members appointed to the Supervisory Board possess as wide range of professional knowledge, skills and work experience as possible in order to represent different opinions and experiences with the aim of achieving a higher degree of independence of mind which members of the Supervisory Board should fully utilise when performing their duties.

The aforementioned diversity parameters should be taken into consideration when determining the best possible composition of the Supervisory Board with regard to achieving a balanced members structure.

When appointing members of the Supervisory Board, the Bank should consider different aspects of diversity, such as education and professional experience, gender, age, and find an adequate balance in order to achieve the optimum composition of the Supervisory Board, more specifically:

- members of the Supervisory Board should possess considerate supervisory and/or management experience
- if possible, members of the Supervisory Board should have experience working in various areas and different occupations
- Supervisory Board as a whole should have appropriate expertise, special knowledge and experience in banking and financial industries, responsible risk management, financial management and human resources, and experience working internationally
- The Nomination Committee sets a minimum target quota for the underrepresented sex in accordance with the regulatory framework and internal acts of the parent bank
- appropriate age diversity among members of the Supervisory Board shall also be taken into consideration.

The aforementioned aspects of diversity shall be considered when determining the composition of the Supervisory Board and selecting persons to appoint as members of the Supervisory Board, or when drafting a list of potential candidates for said function, succession planning, training, etc.

When deciding which person shall be appointed as a member of the Supervisory Board, the Bank's General Meeting shall act in the interest of the Bank and PBZ Group, and only after assessing all the facts for each individual case.

5. Succession plans

Succession plans listing appropriate actions to be taken with regard to sudden or unexpected absences or departure of a member of the Supervisory Board are defined in accordance with the guidelines of the parent bank, requirements of this Policy and relevant regulations in force in the Republic of Croatia.

6. Initial training

Within a period of six months from their appointment, candidates who are appointed to these functions for the first time shall undergo initial training to better understand the structure, business model, risk profile and management system of the Bank and PBZ Group, as well as their new roles at the Bank.

The initial training objectives are to familiarize newly appointed employees with the following:

- organizational structures and key business processes
- macroeconomic situation and market position of the Bank
- financial performance indicators
- current key projects and corporate guidelines
- regulatory obligations with regard to general and/or specific business areas (GDPR, ZSPK...)
- corporate culture of organization and acceptable corporate behaviour based on organizational values, code of ethics, etc.
- principles of active employee management and available instruments
- requirements, conditions and specifics of the function to which they were appointed
- etc.

Expert Service provides the necessary budget and organizes the content and implementation of initial training, and candidates who are appointed to these functions for the first time shall access the initial training in accordance with relevant Human Resources and Organization procedures.

The duration of candidates' initial training shall be determined by the Bank's Expert Service depending on pre-set plans and the initial training program, with the duration being **one (1) to five (5) days**.

7. Ongoing education

In addition to fulfilling the requirements referred to in the previous items, candidates shall also continuously expand their professional knowledge and ensure their permanent competencies within the scope of their authority in the following areas:

- Strategic management and planning
- Regulatory and prudential framework
- Risk management
- Financial markets
- Accounting and finances
- Internal audit
- Human resources management and organization

The above requirement means any participation at professional specialist programs (course, seminar, workshop), forum and conferences within the country and abroad, and participation in strategic meetings, coordination and educational programs organized by the Intesa Sanpaolo Group.

Professional training shall be attended at least 3 days a year.

Professional training shall be documented by annually reviewing personal education advancements in accordance with the organizational and individual needs for expanding

professional knowledge, and pursuant to the valid procedures set by the Expert Service for training activities.

Expert Service, in cooperation with the relevant functions of the Bank, monitors all relevant circumstances in relation to the content of aforementioned professional training and updates all training content or related plans and programs with new developments or changes.

8. Final provisions

This Policy shall be adopted by the General Meeting of the Bank at the proposal of the Management Board of the Bank. The procedure for amending the Policy is identical to the procedure of its adoption.

Head of Human Resources and Organization is in charge of all amendments which are not essential but technical in nature, acting pursuant to the consent of a competent member of the Management Board and subject to sending a prior notification to the parent bank.

The provisions of this Policy shall be appropriately implemented at the PBZ group level, i.e. PBZ coordinates the subsidiaries to ensure that rules in line with this Policy are adopted, taking into account their specific characteristics and applicable regulations, within the framework set forth by Intesa Sanpaolo Group rules.

By virtue of entry into force of this Policy, Policy on the target structure of the Supervisory Board of Privredna banka Zagreb d.d. number: IGS_2_19/3, of 24 July 2019 shall expire.

Chairman of the General Meeting

In Zagreb, 22 December 2021
No.: EGM_4_21/1

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Explanation of proposed Decision:

A proposal is made to the Extraordinary General Meeting to adopt the Policy on the target structure of the Supervisory Board of Privredna banka Zagreb d.d. and on the suitability assessment criteria in order to align with the provisions of the Croatian National Bank'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, as published in the Official Gazette no.: 20/2021 of 26 February 2021.

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

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) Article 23, par. 1 and Article 24, par. 3 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 No. 20/2021), the shareholders at the Extraordinary General Meeting of the Bank held on 22 December 2021 adopted the following

D E C I S I O N

**on the suitability of candidates for members of the Supervisory Board of the Bank and
the collective suitability 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:
 - g. **Ignacio José Jaquotot Calvo** is suitable to perform the function of a member and the president of the Supervisory Board of the Bank;
 - Ms **Maja Martinović** is suitable to perform the function of a member of the Supervisory Board of the Bank.
2. It is assessed that the Members of the Supervisory Board collectively or individually have the necessary knowledge, skills and experience allowing them 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, 22 December 2021
No.: EGM_4_21/2

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Explanation of proposed Decision:

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 candidates for members of the Supervisory Board of the Bank.

It is assessed that the Members of the Supervisory Board collectively or individually have the necessary knowledge, skills and experience allowing them 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.

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

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Extraordinary General Meeting of the Bank held on 22 December 2021 made the following

DECISION

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

1. The following are elected to the Supervisory Board of the Bank for a term of office of three years:
 - Mr **Ignacio Jose Jaquotot Calvo**, LL.M, domiciled in Madrid, Spain, for another term of office, effective from 24 April 2022, subject to prior approval of the Croatian National Bank
 - Ms **Maja Martinović**, PhD in Economics, domiciled in Zagreb, effective from 23 April 2022, subject to prior approval of the Croatian National Bank (elected as an independent member instead of Mr Branko Jeren, whose membership of the Supervisory Board shall expire on 22 April 2022).
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, 22 December 2021
No.: EGM_4_21/3

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Explanation of proposed Decision:

Pursuant to Article 275 of the Companies Act the General Meeting decides on the election of members of the Supervisory Board.

After the suitability assessment of Mr Ignacio Jaquotot and Ms Maja Martinović had been performed by the Bank's expert service, the Nomination Committee issued a positive opinion on their suitability for performing the function of a member of the Supervisory Board of the Bank in line with the Credit Institutions Act, by-laws, and the Charter of the Committees of the Supervisory Board, proposing them to the Supervisory Board of the Bank as candidates for Supervisory Board members.

Further to the foregoing and according to the provisions of Article 280 of the Companies Act, the Supervisory Board submits to the Extraordinary General Meeting of the Bank the proposal to re-elect Mr Jaquotot and to elect Ms Martinović as members of the Supervisory Board of the

Bank for a three-year term of office subject to prior approval of the Croatian National Bank for performing the function of a member of the supervisory board of a credit institution.
The resumes of the nominated candidates are available on the Bank's web site.