

# **Annual General Meeting**

## **27 April 2022**

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**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 Privredna banka Zagreb d.d. adopted at its 5\_22 meeting, held on 22 February 2022, the following

**DECISION**  
**on calling the Annual General Meeting**

of **Privredna banka Zagreb d.d.**, Zagreb, Radnička cesta 50, which will be held on **27 April 2022**, beginning at **11.00 a.m.**, on the Bank's premises in Zagreb, Radnička cesta 44 B1 - 8<sup>th</sup> 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 2021
2. Annual financial statements of the Bank and consolidated annual financial statements for 2021 (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 2021
  - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2021
  - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2021
3. Decision on the appointment of the external auditor who shall conduct the audit of the Bank's financial statements for the year 2022
4. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment

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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 28 April 2022, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

If after the publication of this Notice any restrictive measures are imposed by potential decisions of competent authorities with regard to the SARS-CoV-2 virus pandemic or for some other reason or if the circumstances change due to the war in Ukraine or the related threat, and it makes holding of the General Meeting impossible or excessively difficult, the Management Board of the Bank will decide to revoke the General Meeting of the Bank.

***Dinko Lucić, sgd.***  
***President of the Management Board***

Zagreb, 22 February 2022  
No.: MB\_5\_22/8.1

**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 2021**

I.

In 2021 the Supervisory Board of the Bank performed its duties as a body composed of seven members, the president of the Supervisory Board Mr Ignacio Jaquotot, the deputy president Ms Draginja Đurić, and members Mr Branko Jeren, Mr Giulio Moreno, Ms Beáta Kissné Földi, Mr Christophe Velle, and Mr Luca Leoncini Bartoli. According to the provisions of 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 applied by the Bank, it was estimated that three members of the Supervisory Board of the Bank meet the independence criteria, which 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 2021, the Supervisory Board held nineteen meetings, which were mainly held, due to the SARS-CoV-2 pandemic, by 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 the Articles of Association of the Bank and valid legal regulations governing their competence and roles.

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 strategy 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

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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 function 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 2021, 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. Also, the Supervisory Board continuously received reports on all the issues related to the implementation of the Action Plan that the Bank delivered to the Croatian National Bank in August 2021 at the regulator's request following the completion of the examination concerning the implementation of the Anti-Money Laundering and Terrorist Financing Act (April 2020-April 2021).

In 2021 the Management Board and the Supervisory Board of the Bank jointly established the draft Decision on the delisting of the shares of Privredna banka Zagreb d.d. from the regulated capital market – Zagreb Stock Exchange (ZSE), which was adopted by the Bank's General Meeting on 26 April 2021. Consequently, on 7 May 2021 the ordinary shares of Privredna banka Zagreb d.d. were delisted from the regular market.

In 2021 efficient and transparent cooperation again 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, and especially taking into account the Bank's operations amid the SARS-CoV-2 virus pandemic and the outcome of approved moratoria on retail and corporate loans, the Supervisory Board finds that in 2021 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 2021 the Supervisory Board continued taking care of implementation of the 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. Also, based on the extraordinary suitability assessment by the Bank's expert services of two members of the Management Board, requested by the Croatian National Bank in connection with various anti-money laundering issues, the Supervisory Board assessed, having received

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a positive opinion of the Nomination Committee, that the two members of the Management Board were individually suitable for the performance of their 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.

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 2021 the Audit Committee had three members appointed by the Supervisory Board from among Supervisory Board members. Seven Audit Committee meetings were held in 2021 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 administrative and financial governance of the Bank, 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 (Internal Audit Department, Risk Management Department, Compliance Department) 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 2021 the Bank held planned meetings of the Remuneration Committee, the Nomination Committee, and the Risk Committee. These Committees have three members each, all of whom are members of the Supervisory Board, and they are also responsible for the Bank's subsidiaries. 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 charters 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 charters of the committees.

In line with legal obligations, the Supervisory Board examined the Annual financial reports of the Bank and consolidated financial reports for 2021, the report of condition of the Bank and its subsidiaries, and the draft decision on the allocation of the Bank's profit earned in 2021, 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 Ernst & Young d.o.o.,

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Zagreb, which audited the financial reports in 2021 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 2021, 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 1,114,776,454.49 (after taxation), earned in the year ended on 31 December 2021, 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 2021 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 2021, 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 2021 were confirmed, constitute an integral part of this Report.

***Ignacio Jaquotot, sgd.***

***President of the Supervisory Board***

In Zagreb, 28 February 2022

No.: SB\_4\_22/4.1

**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 adopted at its 5\_22 meeting, held on 22 February 2022 the following

**DECISION**

**on the Annual financial statements of the Bank for 2021**

1. The Management Board of the Bank compiled the Annual financial statements of the Bank for the year 2021, which are as stated below:

**a) Balance sheet** (in HRK million)

	2021 Subtotal	2021 Grand total
Total assets		<b>104,629</b>
Total liabilities	89,017	
Shareholders' equity	15,612	
Total liabilities and shareholders' equity		<b>104,629</b>
Off-balance sheet assets		<b>18,122</b>

**b) Income statement** (in HRK million)

	2021 Subtotal	2021 Grand total
Operating income		3,103
Provisions (net)	(291)	
Other operating expenses	(1.276)	
Depreciation and amortization	(185)	
		(1,752)
Profit before income taxes		<b>1,351</b>
Income taxes		(236)
Net profit for the year		<b>1,115</b>

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**c) Cash flow statement** (in HRK million)

	2021 Grand total
Cash and cash equivalents at the beginning of the year	26,345
Cash and cash equivalents at the end of the year	31,555
Net increase in cash and cash equivalents	<b>5,210</b>

**d) Notes to financial statements**

2. The *Annual financial statements of the Bank for the year 2021* shall be submitted to the Supervisory Board of the Bank for examination and for consent.
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, 22 February 2022

No.: MB\_5\_22/4.1.1



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**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 adopted at its 4\_22 meeting, held on 28 February 2022, the following

**DECISION**  
**on the Annual financial statements of the Bank for 2021**

1. Consent is hereby given with respect to the below stated Annual financial statements of the Bank for the year 2021, which were compiled by the Management Board of the Bank:

**a) Balance sheet** (in HRK million)

	2021 Subtotal	2021 Grand total
Total assets		<b>104,629</b>
Total liabilities	89,017	
Shareholders' equity	15,612	
Total liabilities and shareholders' equity		<b>104,629</b>
Off-balance sheet assets		<b>18,122</b>

**b) Income statement** (in HRK million)

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Depreciation and amortization	(185)	
		(1,752)
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Net profit for the year		<b>1,115</b>

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**c) Cash flow statement** (in HRK million)

	2021 Grand total
Cash and cash equivalents at the beginning of the year	26,345
Cash and cash equivalents at the end of the year	31,555
Net increase in cash and cash equivalents	<b>5,210</b>

**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 2021, 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, 28 February 2022

No.: SB\_4\_22/3.1

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**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 adopted at its 5\_22 meeting, held on 22 February 2022, the following

**DECISION**  
**on the consolidated annual financial statements for 2021**

1. The Management Board of the Bank compiled the consolidated annual financial statements of the Bank for 2021, which are as stated below:

**a) Balance sheet** (in HRK million)

	2021 Subtotal	2021 Grand total
Total assets		<b>140,982</b>
Total liabilities	122,053	
Shareholders' equity	18,929	
Total liabilities and shareholders' equity		<b>140,982</b>
Off-balance sheet assets		<b>24,036</b>

**b) Income statement** (in HRK million)

	2021 Subtotal	2021 Grand total
Operating income		4,378
Provisions (net)	(364)	
Other operating expenses	(2,056)	
Depreciation and amortization	(254)	
		(2,574)
Income arising from investments accounted by net equity method		11
Profit before income taxes		1,715
Income taxes		(312)
Net profit for the year		<b>1,403</b>
Attributable to:		
Equity holders of the Bank		1,338
Non-controlling interests		65

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**c) Cash flow statement** (in HRK million)

	2021 Grand total
Cash and cash equivalents at the beginning of the year	31,877
Cash and cash equivalents at the end of the year	39,994
Net increase in cash and cash equivalents	<b>8,117</b>

**d) Notes to financial statements**

2. *The consolidated annual financial statements for the year 2021* shall be submitted to the Supervisory Board of the Bank for examination and for consent.
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, 22 February 2022

No.: MB\_5\_22/4.1.2

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**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 adopted at its 4\_22 meeting, held on 28 February 2022, the following

**DECISION**  
**on the consolidated annual financial statements for 2021**

1. Consent is hereby given with respect to the below stated consolidated annual financial statements of the Bank for 2021, which were compiled by the Management Board of the Bank:

**a) Balance sheet** (in HRK million)

	2021 Subtotal	2021 Grand total
Total assets		<b>140,982</b>
Total liabilities	122,053	
Shareholders' equity	18,929	
Total liabilities and shareholders' equity		<b>140,982</b>
Off-balance sheet assets		<b>24,036</b>

**b) Income statement** (in HRK million)

	2021 Subtotal	2021 Grand total
Operating income		4,378
Provisions (net)	(364)	
Other operating expenses	(2,056)	
Depreciation and amortization	(254)	
		<b>(2,574)</b>
Income arising from investments accounted by net equity method		11
Profit before income taxes		1,715
Income taxes		(312)
Net profit for the year		<b>1,403</b>
Attributable to:		
Equity holders of the Bank		1,338
Non-controlling interests		65

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**c) Cash flow statement** (in HRK million)

	2021 Grand total
Cash and cash equivalents at the beginning of the year	31,877
Cash and cash equivalents at the end of the year	39,994
Net increase in cash and cash equivalents	<b>8,117</b>

**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 2021, 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, 28 February 2022

No.: SB\_4\_22/3.2

**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 27 April 2022 made the following

**D E C I S I O N**

**on the allocation of the Bank's profit earned in 2021**

1. It is hereby ascertained that the Bank, in the year ended on 31 December 2021, earned net profit (i.e. profit after tax), in the amount of **HRK 1,114,776,454.49**.
2. Net profit of the Bank referred to in paragraph 1 above shall be distributed as follows:
  - The amount of HRK 1,114,685,371.80, i.e. HRK 59.40 per share, shall be allocated for the payment of dividend to all the Bank's shareholders who on the date of adoption of this Decision are registered as holders of ordinary registered shares, with the exception of treasury shares, with the depository of the Central Depository and Clearing Company and who on this date gain right to dividend payment.  
  
The dividend will be paid no later than thirty days from the date of adoption of this Decision.
  - The amount of HRK 91,082.69 shall be allocated to the retained earnings.
3. It is hereby ascertained that the total retained earnings of the Bank amount to HRK 10,698,647,807.34 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, 27 April 2022

No.: AGM \_2\_22/2.1

**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 27 April 2022 made the following

**D E C I S I O N**

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

1. After the Annual financial statements for 2021 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 2021.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 27 April 2022

No.: AGM \_2\_22/2.2



**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 27 April 2022 made the following

**D E C I S I O N**

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

1. After the Annual financial statements for 2021 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 2021.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 27 April 2022

No.: AGM \_2\_22/2.3

**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 27 April 2022 made the following

**D E C I S I O N**

**on the appointment of the external auditor who shall conduct the audit of  
the financial statements of the Bank for the year 2022**

1. The audit firm **Ernst & Young d.o.o.**, Radnička cesta 50, Zagreb, is hereby appointed as the external auditor that shall conduct the audit of the financial statements of the Bank for the year 2022.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 27 April 2022

No.: AGM \_2\_22/3

**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), Article 20, par. 3 and Article 23, 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 20/2021), the shareholders at the Annual General Meeting of the Bank held on 27 April 2022 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**, Ms **Beata Kissné Földi**, Mr **Giulio Moreno**, Mr **Christophe Velle** and Mr **Luca Leoncini Bartoli**, 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, as a whole, 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, 27 April 2022

No.: AGM \_2\_22/4

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## EXPLANATION OF PROPOSED DECISIONS

### 1. **The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2021**

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**.*

### 2. **Decisions enclosed with the Annual Financial Statements and Consolidated Annual Financial Statements for 2021:**

#### 2.1 **Decision on the allocation of the Bank's profit earned in 2021**

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

The proposal is made to pay out a dividend that makes 99.99% of the profits earned in 2021 and equals HRK 59.40 per share, which is based on the business results achieved last year.

#### 2.2 **Decision on granting the approval of action to members of the Management Board of the Bank for the year 2021**

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 2021**

(The explanation is the same as under 2.2 above)

### 3. **Decision on the appointment of the external auditor who shall conduct the audit of the Bank's financial statements for the year 2022**

Pursuant to Article 275 of the Companies Act, the shareholders at the General Meeting decide also on the appointment of the external auditor who shall conduct the audit of the company's operation as proposed by the Supervisory Board of the Bank.

In accordance with the recommendation of the Audit Committee of the Bank, the proposal is to appoint the audit firm Ernst & Young d.o.o., Zagreb to conduct the audit of the Bank's financial statements for 2022.

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#### **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 suitability procedure*, adopted with the consent of the Supervisory Board of the Bank, and the *Policy on the target structure of the Supervisory Board of Privredna banka Zagreb d.d.*

Zagreb, March 2022

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