

PRIVREDNA BANKA ZAGREB - DIONIČKO DRUŠTVO
Zagreb, Radnička cesta 50
Home Member State: Croatia
LEI: 549300ZHFZ4CSK7VS460
ISIN: HRPBZ0RA0004
TICKER: PBZ-R-A
Zagreb Stock Exchange - Regular Market

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 6_21 meeting, held on 3 March 2021, the Decision to call the Annual General Meeting, under which it sends the following

INVITATION TO THE ANNUAL GENERAL MEETING

of **Privredna banka Zagreb d.d.**, Zagreb, Radnička cesta 50, which will be held on **26 April 2021**, beginning at **12.00 noon**, in the *Kornati* conference room, City Plaza Zagreb, Slavenska avenija 6 (building no. 2, ground floor), Zagreb.

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 2020
2. Annual financial statements of the Bank and consolidated annual financial statements for 2020 (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 2020
 - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2020
 - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2020
3. Decision on the appointment of the external auditor who shall conduct the audit of the Bank's financial statements for the year 2021
4. Decision on the withdrawal (delisting) of the shares of Privredna banka Zagreb d.d. from the regulated market – Zagreb Stock Exchange d.d.
5. Decision authorising the Management Board of the Bank to acquire own shares
6. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment
7. Decision on the amendments to Articles 10, 15, 49, 57 and 67 of the Articles of Association of Privredna banka Zagreb d.d.

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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 27 April 2021, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

If after calling the 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 General Meeting of the Bank, the Management Board of the Bank will make a decision on its revocation.

Ad 1) The Supervisory Board of the Bank submits to the General Meeting of the Bank the following

R E P O R T

on supervision exercised over the conduct of business affairs in Privredna banka Zagreb d.d. in 2020

I.

In 2020 the Supervisory Board of the Bank performed its duties as a body composed of seven members. Having obtained the approval of the Croatian National Bank, Ms Beáta Kissné Földi and Mr Paolo Vivona started their terms of office in February. They were elected as members of the Supervisory Board at the General Meeting held in November 2019 following the resignation of Mr Adriano Arietti and Mr Paolo Sarcinelli. In the course of the year, Ms Đurić, deputy president, and Mr Giulio Moreno, member of the Supervisory Board, embarked on another three-year term of office. When the term of office of Mr Paolo Vivona ended on account of his resignation from the Supervisory Board, Mr Luca Leoncini Bartoli, elected at the General Meeting in July 2020, started his term of office as a member of the Supervisory Board in August, after obtaining the approval of the Croatian National Bank. According to the provisions of the Croatian National Bank's Decision on governance arrangements, the Bank made sure that independent members make part of the Supervisory Board of the Bank. 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 2020, the Supervisory Board held 20 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 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 2020, 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, and especially taking into account the Bank's operations amid the SARS-CoV-2 virus pandemic and the devastating earthquakes in Zagreb and Sisak-Moslavina County, the Supervisory Board finds that in 2020 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 2020 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 2020 the Audit Committee had three members appointed by the Supervisory Board from among Supervisory Board members. Five Audit Committee meetings were held in 2020 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 (internal audit, risk control, 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 2020 the Bank held planned meetings of the Remuneration Committee, the Nomination Committee, and the Risk Committee. These Committees have three members, all of whom are members of the Supervisory Board, and they 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 2020, the report of condition of the Bank and its subsidiaries, and the draft decision on the allocation of the Bank's profit earned in 2020, 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 2020 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 2020, 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 816,991,604.32

(after taxation), earned in the year ended on 31 December 2020, 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 2020 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 2020, 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, which were carried out for a major part of 2020 amid the circumstances of the SARS-CoV-2 virus pandemic and the devastating earthquakes in Zagreb and Sisak-Moslavina County, 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 2020 were confirmed, constitute an integral part of this Report.

Explanation of the proposal:

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.

Draft Decisions:

Ad 2)

2.1

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt the following

D E C I S I O N

on the allocation of the Bank's profit earned in 2020

1. It is hereby ascertained that the Bank, in the year ended on 31 December 2020, earned net profit (i.e. profit after tax), in the amount of **HRK 816,991,604.32**.
2. Net profit of the Bank referred to in paragraph 1 above shall be allocated to other reserves. These other reserves have no specific purpose and can be used, inter alia, for potential future dividend payment upon expiry of temporary restriction period defined by the Decision

of the Croatian National Bank on Temporary Restriction of Distributions dated 14 January 2021 (Official Gazette no. 4/2021). Such other reserves shall not be considered as common equity tier 1 capital (CET 1) pursuant to Art. 26 par. 1 of the Regulation (EU) 575/2013.

3. It is hereby ascertained that the total accumulated retained earnings of the Bank amount to HRK 10,868,075,970.67 on the date of adoption of this Decision.
4. This Decision shall enter into force on the date of its adoption.

Explanation of the proposal:

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.

2.2

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt 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 2020 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 2020.
2. This Decision shall enter into force on the date when it has been adopted.

Explanation of the proposal:

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

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt 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 2020 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 2020.

2. This Decision shall enter into force on the date when it has been adopted.

Explanation of the proposal:

The explanation is the same as under 2.2 above

Ad 3)

Pursuant to the recommendation of the Audit Committee of the Bank, the Supervisory Board of the Bank puts forth to the Annual General Meeting of the Bank the proposal to adopt 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 2021

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 2021.
2. This Decision shall enter into force on the date when it has been adopted.

Explanation of the proposal:

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 2021.

Ad 4)

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt the following

DECISION

on the withdrawal (delisting) of the shares of Privredna banka Zagreb d.d. from the regulated market - Zagreb Stock Exchange Inc.

1. The company withdraws from listing on the regulated market – Zagreb Stock Exchange Inc. Zagreb, Ivana Lučića 2a/22 (hereinafter: Zagreb Stock Exchange) all the listed shares, namely 19,074,769 (in words: nineteen million seventy-four thousand seven hundred and sixty-nine) ordinary shares with a nominal value of HRK 100.00, issued in dematerialised form and deposited in the Central Depository and Clearing Company Inc. under ticker PBZ-R-A, ISIN HRPBZORA0004.

The Bank is entered in the register of the Commercial Court in Zagreb under no. 080002817, tax number: 3269841, TIN: 02535697732.

The share capital of the Bank amounts to HRK 1,907,476,900.00 and is fully paid up and divided into 19,074,769 shares, each with a nominal value of HRK 100.00 per share.

2. According to the provisions of Art. 341, par. 3 of the Capital Market Act, the Bank commits to buy out the shares, at a fair price, from all the Bank's shareholders who vote against the decision on the withdrawal of shares of Privredna banka Zagreb d.d. from the regulated market of the Zagreb Stock Exchange and require from the Bank, according to Art. 341, par. 5, that the Bank takes over their shares, and shall do so no later than three months from the date of entry of the Decision on the withdrawal (delisting) of the shares of Privredna banka Zagreb d.d. from the regulated market – Zagreb Stock Exchange in the court register.
3. Given that the Bank's shares were traded on more than one third of trading days in the last three months prior to the publication of the notice of this General Meeting in the Company's journal, the fair price shall be the average price of the Bank's shares achieved on the regulated market, calculated as the weighted average of all the prices achieved on the regulated market in the last three months prior to the publication of the notice of the general meeting, in line with Article 341, par. 9 of the Capital Market Act.
4. The Management Board shall be required to submit the application for entry of this Decision in the court register of the Commercial Court in Zagreb immediately after the adoption of this Decision.
5. This Decision shall enter into force on the date of its entry in the court register of the Commercial Court in Zagreb if passed by a majority of nine tenths of votes cast according to Article 341, par. 7, subpar. 1 of the Capital Market Act, and in all other cases upon expiry of six months from the date of entry of this Decision in the court register of the Commercial Court in Zagreb.
6. The Management Board shall be required, after entry of this Decision in the court register of the Commercial Court in Zagreb, to inform the Zagreb Stock Exchange without delay about this Decision by sending this Decision and the court's decision on entry of this Decision in the court register of the Commercial Court in Zagreb.

Explanation of the proposal:

According to the provisions of Art. 275 of the Companies Act, a proposal is put forth to the General Meeting of the Bank to adopt the Decision on the withdrawal (delisting) of the shares of Privredna banka Zagreb d.d. from the regulated market - Zagreb Stock Exchange Inc.

The fact that solely the Bank's shares representing less than 3% of the Bank's share capital are distributed to the public, substantial costs arising from the maintenance of the listing, and the optimisation of business activities of the Bank are the main reasons for the withdrawal of the Bank's shares from the regulated market.

Ad 5)

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt the following

DECISION

authorising the Management Board of the Bank to acquire own shares

1. Pursuant to Article 233, par. 1 of the Companies Act (Official Gazette 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 111/2012, 125/2011, 68/2013, 110/2015, 40/2019; hereinafter: CA) and based on the CNB's Decision no. 43-091/02-21/BV of 25 February 2021 on granting the approval for the acquisition of own shares, issued on the basis of the prior specific instruction of the ECB no. ECB-SSM-2021-HR-4 of 23 February 2021, the General Meeting authorises the Management Board to acquire own shares from the Bank's shareholders voting against the Decision of the General Meeting on the withdrawal of the Bank's shares from the regulated market, without any further consents of the General Meeting and on the conditions from the subject Decision of the General Meeting for a maximum number of 425.534 shares.
2. This Decision shall enter into force on the date of its adoption.

Explanation of the proposal:

In order to meet its legal obligation to buy out the shares from all the Bank's shareholders voting against the Decision on the withdrawal (delisting) of the shares of Privredna banka Zagreb d.d. from the regulated market - Zagreb Stock Exchange Inc., since the Bank has obtained the necessary approvals for the buy-back of own shares, the Management Board is given the authority to acquire own shares without any further consents of the General Meeting and on the conditions from the subject Decision of the General Meeting for a maximum of 425,534 shares.

Ad 6)

The Management Board of the Bank hereby proposes that the Annual General Meeting of the Bank adopt 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 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.

Explanation of the proposal:

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.

Ad 7)

The Management Board and the Supervisory Board of the Bank hereby propose that the Annual General Meeting of the Bank adopt the following

DECISION

on the amendments to Articles 10, 15, 49, 57, and 67 of the Articles of Association of Privredna banka Zagreb d.d.

Article 1

III. ACTIVITIES TO BE CARRIED OUT BY THE BANK

In Article 10, item 8, after subitem 6 the comma is deleted and new subitems 7) and 8) are added that read as follows:

- 7) payment initiation service;
- 8) account information service,

Article 2

VI. ANNOUNCEMENTS

Article 15 is amended to read as follows:

„(1) The Bank shall publish data and make announcements on the website of the court register when the obligation to publish them arises from the law and by-laws of the Bank.

(2) The publication of the data and announcements referred to in par. 1 above shall be timely, objective, true, and complete, as stipulated by the law and by-laws of the Bank.

(3) The data and announcements referred to in par. 1 above may be published also in other bulletins, including electronic information media, according to the decision of the Management Board of the Bank.

(4) The Bank shall provide its shareholders and other users of its services with regular, timely, objective, true, complete and user-friendly reporting as is stipulated by the law and by-laws of the Bank.”

Article 3

XIII. BODIES OF THE BANK

2. THE SUPERVISORY BOARD OF THE BANK

Article 49, par. 3 is amended to read as follows:

„(3) The Supervisory Board of the Bank shall set up the Audit Committee and adopt its rules of procedure. The composition of the Audit Committee shall be established by the rules of

procedure of the Audit Committee. The Audit Committee shall perform the tasks laid down by the provisions of the valid act regulating audit activities and the Committee's rules of procedure. The Audit Committee shall regularly report to the Supervisory Board of the Bank on its activities.”

Article 4

XIII. BODIES OF THE BANK

3. THE GENERAL MEETING OF THE BANK

Article 57 of the Articles of Association is amended to read as follows:

„(1) Those shareholders of the Bank who are registered as shareholders of the Bank with the Central Depository & Clearing Company six (6) days inclusive prior to the General Meeting of the Bank (record date) shall be entitled to participate in or vote at the General Meeting of the Bank provided that they state in an application to the Bank that they intend to participate in or vote at the General Meeting of the Bank and that the application is received by the Bank at the address indicated in the notice no later than six (6) days before the General Meeting of the Bank. The time limit does not include the day when the Bank receives the application.”

Article 5

XVI. REPORTING

Article 67 and the heading above are deleted.

Article 6

The Supervisory Board of the Bank is hereby authorised to establish the *consolidated text* of the Articles of Association.

Article 7

This Decision shall enter into force on the date of its entry in the court register.

Explanation of the proposal:

Article 1 of the Decision proposes to adjust the Bank's activities to the scope of payment services laid down by the provision of Article 4 of the Payment System Act.

Article 2 of the Decision proposes that Article 15 of the Articles of Association be amended by merging the provisions of Article 15 and Article 67 of the Articles of Association, which govern identical matters, into a single provision for the purpose of a clearer and more systematic definition of the matter of the Bank's announcements.

Article 3 proposes the amendments to par. 3, Article 49 of the Articles of Association in order to align with the most recent amendments to Article 65 of the Audit Act.

Article 4 of the Decision proposes the amendments to par. 1, Article 57 of the Articles of Association in a way that participation in the General Meeting of the Bank is made conditional upon submission of the application to participate 6 days ahead of the General Meeting. The proposed amendments are primarily technical and allow better preparation for the General Meeting, especially taking into account the technological solutions for holding the General Meeting provided for in the Bank's Articles of Association (exercise of shareholders' rights by means of electronic communication). The proposed amendments are in line with the provision

of Article 279, par. 2 of the Companies Act and the practice of leading companies in the Republic of Croatia.

Article 5 of the Decision proposes deletion of Article 67 of the Articles of Association for the purpose of uniform regulation of the matter of announcements and communications of the Bank within the proposed new Article 15 of the Articles of Association.

Conditions for participating in the Annual General Meeting and exercising voting rights

All shareholders of the Bank that hold ordinary registered shares are hereby invited to participate in the Annual General Meeting of the Bank.

The right to participate in the Annual General Meeting of the Bank can be exercised by those shareholders who are registered as the Bank shareholders at the depository of the Central Depository and Clearing Company Inc. (hereinafter: CDCC) on the work day immediately preceding the day of holding of the Extraordinary General Meeting of the Bank.

Each of 19,074,769 shares with a nominal value of HRK 100 that the share capital of the Bank is divided in, excluding 57,713 treasury shares, gives its holder the right to one vote, so that there shall be a total of 19,017,056 of shares with voting rights.

- Shareholders, their proxies or legal representatives, may vote at the Annual General Meeting of the Bank on a particular matter which is the subject of decision-making also by returning ahead of the meeting a properly filled-in ballot paper/proxy, but only on condition that they be present at the Annual General Meeting of the Bank during decision-making on that matter (including also by electronic means, as stated below).
- Given the extraordinary circumstances in which this Annual General Meeting is convened (SARS-CoV-2 virus pandemic) and in line with Articles 58 and 62 of the Articles of Association of Privredna banka Zagreb d.d., it will be made possible for the shareholders to participate in the Annual General Meeting of the Bank at a venue that ensures compliance with the safety measures introduced by the Civil Defence Command of the Republic of Croatia and by remote electronic communication, which also includes casting a vote by electronic communication.

Therefore, in order to observe the safety measures, shareholders, proxies or legal representatives of shareholders, who decide at their own discretion to participate in the work of the Annual General Meeting of the Bank, are instructed to register for participation at the Annual General Meeting of the Bank and exercise of their voting rights using the link <https://csp.pbz.hr>, if possible at the latest six days ahead of the General Meeting of the Bank.

The participation of shareholders, proxies or legal representatives of shareholders in the Annual General Meeting by electronic means is subject to the following minimum technical preconditions:

- a personal computer (desktop or laptop) with Internet access or a smartphone with Internet access;
- microphone, speakers (or earphones) and camera (if using a PC or a laptop);
- installed Zoom desktop client on the computer or Zoom mobile app on the mobile phone.

The Bank will timely provide all the shareholders, their proxies or legal representatives who register for participation with all the necessary instructions for electronic voting and links for accessing the voting application to the e-mail address they provide in the application. Any problems encountered while registering for participation at the Annual General Meeting can be reported at the e-mail address: skupstina.banke@pbz.hr.

The shareholders exercising their voting rights electronically will receive an electronic confirmation of receipt of their vote from the Bank.

- Shareholders may be represented at the Annual General Meeting by proxies based on a written proxy. Given the extraordinary circumstances in which this Annual General Meeting is convened (SARS-CoV-2 virus pandemic), the Bank allowed for the possibility of selecting, without a fee, a lawyer to represent them at the Annual General meeting, as follows:
 - Mr Luka Rimac, lawyer from Zagreb, Ivana Lučića 2a/23 kat (Eurotower), telephone: 01 4818 972; e-mail: l.rimac@mpr.hr or
 - Mr Boris Bilić, lawyer from Split, Sukoišanska 43, telephone: 021 484 733; e-mail: boris.bilic@odvjetnicko-drustvo.hr or
 - Mr Viktor Pezelj, lawyer from Rijeka, Splitska 2, telephone: 051 322 173; e-mail: lawfirm@pavlakipartneri.com or
 - Ms Tatjana Ostović, lawyer from Osijek, Reisnerova 34 telephone: 031 208 080; e-mail: tatjana.ostovic@odvjetnici.biz
- Shareholders may also appoint, at their own expense, some other proxy of their choice to represent them at the Annual General Meeting of the Bank.
- The recommended proxy form is comprised in the ballot paper/proxy form. Ballot paper/proxy forms may be obtained from the General Secretariat Office of the Bank and they are also available on the Bank's website.
- The signature of the person giving proxy on the ballot paper/proxy form does not have to be notarized by a notary public.
- If the person giving proxy is a legal person, an excerpt from the court register or another register where that person is registered not older than 30 days shall be enclosed with the ballot paper/proxy or its copy, transcription or another deed showing that the proxy was signed by the person authorised by law to represent the legal person. Deeds prepared in a foreign language shall be translated into Croatian by an authorised court interpreter.
- A duly filled in and signed ballot paper/proxy with attachments shall be sent to the e-mail address: Tajnistvo.Banke@pbz.hr, and the original shall be delivered to the address: Privredna banka Zagreb d.d. – General Secretariat Office, Zagreb, Radnička cesta 44 B1-8A by 4 p.m. on 23 April 2021 or on the day of the Annual General Meeting of the Bank, to the notary public keeping the minutes of the Annual General Meeting of the Bank.
- Aside from providing the original, the ballot paper/proxy and its attachments may also be delivered by electronic mail (pdf format to the e-mail address: Tajnistvo.Banke@pbz.hr).

For the purpose of registration of the participants in the Annual General Meeting of the Bank, shareholders, proxies or legal representatives of shareholders are kindly asked to register 30 minutes before the scheduled start time of the Annual General Meeting of the Bank.

A ballot paper/proxy form can be obtained at Privredna banka Zagreb d.d., Zagreb, Radnička cesta 44, B1-8A, and it is also available on the Bank's website (www.pbz.hr), where all other announcements can also be found, in conformity with the provisions of the Companies Act (hereinafter: the CA).

The materials for the Annual General Meeting of the Bank, which should serve as a basis for making the published decisions, will be made available to the shareholders starting from the date when the calling of the Annual General Meeting of the Bank is announced, every work day from 9.00 a.m. to 12.00 noon, on the Bank premises in Zagreb, Radnička cesta 44, B1-8A, and on the website of the Bank (www.pbz.hr).

If a quorum stipulated by the Articles of Association of Privredna banka Zagreb d.d. is not constituted at this Annual General Meeting of the Bank, then the Annual General Meeting of the Bank will be held on 27 April 2021, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

The information on personal data protection can be found in the document *Information on personal data processing of PBZ d.d. - Annual General Meeting*, which is attached to this Invitation.

Shareholders' rights

As regards exercising of a right to:

- make an addition to the agenda (which is the right of those shareholders who, together, hold shares equal to the twentieth part, i.e. 5% of the share capital) – shareholders are advised to consult the provisions of Article 278, par. 2 of the CA (a request by the shareholders must be received at/by the Bank at least 30 days prior to the holding of the General Meeting, where the day of receipt of the request is not included in the specified time limit, *and the request must be sent to the address: Privredna banka Zagreb d.d. – General Secretariat, Zagreb, Radnička cesta 44, B1-8A*).
- make a counterproposal in relation to proposed decision on a certain agenda item where such proposal was made by the Management Board or the Supervisory Board of the Bank – shareholders are advised to consult the provisions of Article 282, par. 1 (a counterproposal must be delivered to the Bank at least 14 days prior to the holding of the General Meeting, where the day of its receipt is not included in the specified time limit, and it must be sent to the address: *Privredna banka Zagreb d.d. – General Secretariat, Zagreb, Radnička cesta 44, B1-8A*).
- be informed at the Annual General Meeting, at their own request, by the Management Board of the Bank about the company business where necessary for proper evaluation of the items on the agenda – the shareholders are advised to consult the provisions of Article 287 of the CA.

Privredna banka Zagreb d.d.



INFORMATION ON PERSONAL DATA PROCESSING - GENERAL MEETING PBZ d.d.

(pursuant to Article 13 of the General Data Protection Regulation (EU) 2016/679)

INTRODUCTORY INFORMATION ON EUROPEAN UNION AND REPUBLIC OF CROATIA LEGISLATION ON PERSONAL DATA PROTECTION

We process your personal data pursuant to the provisions contained in the Regulation (EU) 2016/679 of the EUROPEAN PARLIAMENT AND COUNCIL of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (hereinafter referred to as: General Data Protection Regulation) and in connection with the national Act on Implementing the General Data Protection Regulation.

The General Data Protection Regulation contains a number of rules which are implemented in order to ensure that personal data are processed by taking into account the rights and fundamental freedoms of people. Also, this General Data Protection Regulation allows free movement of personal data within the European Union, without any restrictions and prohibitions.

This Information on Personal Data Processing (hereinafter referred to as: the Information) includes the requirements of the General Data Protection Regulation and the national Act on Implementing the General Data Protection Regulation.

Pursuant to Article 13 of the General Data Protection Regulation, we hereby provide you as a stakeholder of the General Meeting with information on how we process your personal data, what rights you have regarding data processing and protection, and how you may exercise these rights.

We process and use your personal data legally, fairly and transparently while safeguarding the security of your personal data from unauthorized or illegal processing, and for that purpose we are implementing the most advanced technical, security and organisational protective measures.

INFORMATION ON THE CONTROLLER

The controller is Privredna banka Zagreb d.d., Radnička cesta 50, Zagreb (City of Zagreb), PIN 02535697732, entered in the Court Registry of the Commercial Court in Zagreb, under the Company Registration Number (MBS) 080002817 (hereinafter referred to as: the Bank). The Bank processes your personal data for the purposes specified in Section III of this Information.

Contact data:

Privredna banka Zagreb d.d.

Data Protection Officer

Radnička cesta 50

10 000 Zagreb

E-mail: sluzbenik.za.zastitu.osobnih.podataka@pbz.hr

CONTACT DATA OF THE DATA PROTECTION OFFICER

The Bank appointed a Data Protection Officer, as required by Article 37 of the General Data Protection Regulation.

Regarding any questions concerning your personal data processing and/or exercising of the rights foreseen by the General Data Protection Regulation and as specified in the part of this Information titled Data Subjects' Rights, you may contact the Data Protection Officer at the following addresses:

Privredna banka Zagreb d.d.

Radnička cesta 50, HR-10000 Zagreb, Croatia; Phone +385 1 636 0000, Fax +385 1 636 0063; www.pbz.hr; SWIFT: PBZGHR2X. Registered at the Commercial Court in Zagreb under the number 080002817, statistical No. 3269841, TPIN (OIB) 02535697732, IBAN: HR64 2340 0091 0000 0001 3. Share capital in the amount of HRK 1,907,476,900.00 has been fully paid in and divided into 19,074,769 shares, nominal value HRK 100.00 each. Management Board: Dinko Lucić (President), Alessio Cioni (Deputy President), Andrea Pavlović, Antonio Bergalio, Darko Drozdek, Draženko Kopljar, Supervisory Board: Ignacio Jaquotot (President)

Privredna banka Zagreb d.d.
Data Protection Officer
Radnička cesta 50
10000 Zagreb
E-mail: sluzbenik.za.zastitu.osobnih.podataka@pbz.hr.

PROCESSING OF PARTICIPANTS' DATA FOR THE PURPOSE OF PARTICIPATING AT THE GENERAL MEETING

For the purpose of participating at the Bank's General Meeting (hereinafter referred to as: the Meeting), it is required to identify shareholders and other necessary stakeholders in order to enable them to obtain access to the Meeting. For this reason, we will process the following personal data of all stakeholders: name and surname or company's name, address of residence or registered office, PIN, copy of personal identity card, e-mail address (necessary for the purpose of voting by means of electronic communication). In addition to the aforementioned, with regard to the shareholders, we will collect the shareholder's CDCC account and the number of shares. This data processing is based on the legitimate interest of the Bank in order to provide execution of the shareholders rights prescribed by law.

The Companies Act in Art. 274 provides the companies with the possibility to enable participation also by electronic communication. In order to facilitate the shareholders to exercise their right to participate in the work of the Bank's General Meeting (hereinafter referred to as: the Meeting) the possibility of remote participation of shareholders and other stakeholders at the Meeting was introduced. Thus in addition to the physical presence it is possible to participate in its work also by electronic means, and the choice of the modality of participation is left to shareholders themselves.

Remote participation is enabled by using the Zoom application (Zoom Video Communications, Inc.) which needs to be installed for the purpose of remote participation at the Meeting.

For the purpose of voting by means of electronic communication we will forward your personal data to the provider of the electronic voting service Codex Sortium d.o.o. that will enable the electronic voting through application solutions and will erase the data after the meeting is held.

For the purpose of scanning of personal identity card, we are using the Microblink solution, IT programme that will verify your personal identity card or forward it to the verifier. While scanning the card, Microblink does not store the data.

Data on shareholders are retained by the Bank as the Controller for 12 months after the shareholder ceases to be a shareholder of the company, following which expiry the said data are erased/destroyed.

Should the valid recommendations of the Croatian Institute of Public Health laid down by the National Civil Protection Authority at the time of holding the Meeting provide for an obligation to deliver the list of persons physically present at the Meeting, the data will also be delivered to the competent National Civil Protection Authority, in accordance to the legal obligation of the Bank.

DATA SUBJECTS' RIGHTS

You may at any time contact the Bank, as the Controller, for the purpose of exercising your rights pursuant to the General Data Protection Regulation by using contact data provided in this Information. You can submit your request in writing or to the following e-mail address of the Data Protection Officer: sluzbenik.za.zastitu.osobnih.podataka@pbz.hr.

The Bank shall provide you with information on action taken on your request without undue delay and in any event within one month of receipt of the request. That period may be extended by two further months where necessary, taking into account the complexity and number of the requests. The Bank

shall inform you of any such extension within one month of receipt of the request, together with the reasons for the delay.

Where you have made the request by electronic means, the information shall be provided by electronic means where possible, unless you have requested otherwise. If the Bank does not take action on your request, it shall inform you without delay and at the latest within one month of receipt of the request of the reasons for not taking action and of the possibility of lodging a complaint with a supervisory authority.

Any communication and actions undertaken by the Bank with respect to the exercise of the rights listed below shall be free of charge. However, where your requests are manifestly unfounded or excessive, in particular because of their repetitive character, the Bank may refuse to act on your requests.

You can contact the Bank as the Controller in order to exercise the following rights:

(1) Right to data access – You may obtain from the Bank, as the Controller, a certificate of whether your personal data are processed and if processed, you have the right to access personal data and information as provided for in Article 15 of the General Data Protection Regulation, including, for example, processing purposes, personal data categories, retention periods, etc.

If your personal data are transferred to a third country or an international organization, you have the right to be notified of the appropriate transfer security measures.

If so, the Bank shall provide you with a copy of the personal data processed. For all further copies, the Bank may charge you a reasonable fee based on administrative costs. If the request is submitted electronically, and unless otherwise requested, the Bank shall deliver the data in the usual electronic format.

(2) Right to rectification – You may instruct the Bank to rectify your personal data that is incorrect. Taking into account the purposes of the processing, you also have the right to have incomplete personal data completed by means of providing a supplementary statement.

(3) Right to erasure (“Right to be forgotten”) – You may request from the Bank as the Controller to erase your personal data where one of the grounds listed in Article 17 of the General Data Protection Regulation applies (for example, the personal data are no longer necessary in relation to the purposes for which they were collected or otherwise processed or the consent for processing your personal data has been withdrawn or there is no other legal basis for processing or the personal data have to be erased for compliance with a legal obligation under EU law or under the regulations of the Republic of Croatia or the data have been unlawfully processed or an objection has been made for direct marketing).

We hereby inform you that the Bank may not erase your personal data if their processing is necessary, for example, in order to meet retention period requirements, for reasons of public interest, for establishment, exercise or defence of legal claims.

(4) Right to restriction of processing – You may request the Bank to restrict the processing of your personal data in the cases provided for in Article 18 of the General Data Protection Regulation, including, for example, if it is necessary to verify the accuracy of your personal data.

(5) Right to data portability – If the processing of your personal data is based on your consent or is required for the performance of an agreement or for taking action prior to the conclusion of an agreement and if processing is carried out by automated means, you may: request the obtaining of personal data you received in a structured, customary and machine-readable format.

(6) Right to object – At any time, you may object to personal data processing to the contact addresses provided in this Information, if processing is performed in the public interest or is necessary for the purpose of legitimate interests of the Bank as the Controller. If you decide to object, the Bank shall refrain from further processing your personal data, unless the Bank proves that there are compelling legitimate grounds for processing (bases overriding the interests, rights and freedoms of

the data subject) or that processing is necessary for establishment, exercise or defence of legal claims.

In conclusion of this Information, as required by Article 21, par. 4 of the General Data Protection Regulation, we further draw your attention to this right.

(7) Automated individual decision-making, including profiling – In the case of automated decision-making, including profiling (for example the calculation of total scoring during assessment), Article 22 of the General Data Protection Regulation gives you the right not to be subject to a decision based solely on automated processing of your personal data, including profiling, which generates a legal effect that affects you more considerably, unless the said decision:

- a) is necessary for performance of an agreement between you and the Bank;
- b) is authorised by RoC or EU member law to which the controller is subject and which also lays down suitable measures to safeguard the data subject's rights and freedoms and legitimate interests;
- c) is based on your explicit consent.

In the cases under (a) and (c), the Bank shall implement suitable measures to safeguard your rights and freedoms and legitimate interests, and you may exercise the right for the Bank to enable you to express your point of view and to contest the decision.

(8) Right to file a complaint and right to file a complaint with the data protection authority

Notwithstanding your right to contact the administrative body or the court, if you consider that processing of your personal data carried out by the Bank constitutes a violation of the General Data Protection Regulation and/or valid regulations of RoC, you may also lodge a complaint with the Personal Data Protection Agency. Regardless of the above, if you consider that the processing of your personal data by the Bank violates the General Data Protection Regulation or the national implementing regulation, you can contact the Data Protection Officer at the address sluzbenik.za.zastitu.osobnih.podataka@pbz.hr so that we could jointly try to resolve your complaint.

Pursuant to Article 21, paragraph 4 of the General Data Protection Regulation, we would like to draw your attention to your right to object under Article 21, paragraphs 1 and 2 of the General Data Protection Regulation.

You have the right to object, on grounds relating to your particular situation, at any time **to processing of personal data concerning you** which is based on Article 6, paragraph (1) item (e) (*processing in the public interest*) or Article 6, paragraph (1) item (f) (if processing is necessary for the purposes of legitimate interests pursued by the Bank or a third party, except where such interests are overridden by the interests or fundamental rights of the data subjects requesting the protection of personal data, including profiling based on those provisions).

You also have the right to object to the processing of your personal data pursuant to Article 6, paragraph (1) item (f) of the General Data Protection Regulation (*if processing is necessary for the purposes of legitimate interests pursued by the Bank or a third party, except where such interests are overridden by the interests or fundamental rights of the data subjects requesting the protection of personal data, including profiling based on those provisions*), if such data are processed by the joint controllers.

If you object, we shall no longer process your personal data (unless we demonstrate, while solving your objection, that there are compelling legitimate grounds for the processing which override your interests, rights and freedoms or if processing is done for the exercise or defence of legal claims).

You can submit your objections to the contact addresses provided in this Information.

Zagreb, March 2021