

MANAGEMENT BOARD

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 277 of the Companies Act, the Management Board of the Bank adopted at its 33_20 meeting, held on 30 December 2020, the Decision to call the Extraordinary General Meeting of the Bank, under which it sends the following

**INVITATION
TO THE EXTRAORDINARY GENERAL MEETING**

of **Privredna banka Zagreb d.d.**, Zagreb, Radnička cesta 50, which will be held on **15 February 2021**, beginning at **11:00 a.m.**, in the conference room of the Hilton Garden Inn Hotel in Zagreb, Radnička cesta 21, 8th floor.

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

A G E N D A

1. Decision on the approval of the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for business year 2019

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Draft Decision:

Ad 1)

The Management Board and the Supervisory Board of the Bank of the Bank put forth to the Extraordinary General Meeting of the Bank the proposal to adopt the following

D E C I S I O N

on the approval of

the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for business year 2019

I.

The Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for business year 2019 is hereby approved.

II.

The Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for business year 2019, accompanied with the Auditor's report on the examination of the Report, is enclosed with this Decision as its integral part.

III.

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

Explanation of the proposal:

In accordance with Article 272r of the Companies Act, the Management Board and the Supervisory Board are required to compile once a year a clear and comprehensible report on all remuneration paid by the company to members of the Management Board and the Supervisory Board during the last business year.

In line with the abovementioned, the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019 (hereinafter: the Report) is structured in two parts.

Part I of the Report provides general information, presenting structural components of the remuneration of Members of the Supervisory Board of the Bank and the Management Board of the Bank and the Incentive system for 2019 for the President and Members of the Management Board of the Bank.

Part II of the Report provides Quantitative data – data on all remuneration paid in and for business year 2019. The data relates to each Member of the Supervisory Board and the Management Board of the Bank (stating name and surname) who held office during 2019 and to each former Member of the Supervisory Board and the Management Board, and includes at least the following information:

- all fixed and variable parts of remuneration, their percentages in total remuneration, an explanation of how they are in line with current remuneration policy, including how they support the company's long-term performance and how the criteria for assessing that performance have been applied; (for the Members of the Management Board the fixed remuneration is broken down in a way to show fixed remuneration with contributions (1st and 2nd Pillar, taxes and surtaxes on fixed remuneration, variable remuneration is broken down in line with the applicable payout scheme)
- the number of shares (up-front and deferred) each Member of the Management Board of the Bank is entitled to
- comparative presentation of annual changes in remuneration, income, i.e. profit of the Bank and average remuneration of employees, etc.

The Remuneration Report is to be examined by the auditor examining also the Bank's annual financial reports. BDO Croatia d.o.o. has examined the Report and prepared an independent report on whether the Remuneration Report has been compiled in line with legal provisions and this Auditor's report is enclosed with the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019.

After the Extraordinary General Meeting approves the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019, in line with the provisions of Article 276a of the Companies Act, the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019 and the Auditor's report will be made available free of charge on the Bank's website for a period of ten years.

The Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019 is enclosed with and will be published together with the draft Decision.

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

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

The right to participate in the Extraordinary 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.

Given the extraordinary circumstances in which this Extraordinary General Meeting of the Bank 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 Extraordinary 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 imposed safety measures, the shareholders, proxies of shareholders and legal representatives of shareholders who decide, at their own discretion, to participate electronically in the Extraordinary General Meeting of the Bank:

- have to register for participation by electronic means at the e-mail address: skupstina.banke@pbz.hr six days ahead of the Extraordinary General Meeting of the Bank, providing the following data: first and last name or company name of the shareholder, address of residence or registered office of the shareholder, shareholder's taxpayer identification number (OIB), shareholder's CDCC account, number of shares, and the shareholder's e-mail, to which an access code will be sent to enable the shareholder's remote participation in the Extraordinary General Meeting of the Bank, and a copy of their ID card (both sides);

All the shareholders can participate in the Extraordinary General Meeting of the Bank personally if they change their decision to participate in the Extraordinary General Meeting of the Bank by electronic means.

Information on personal data protection can be found in the document *Information on personal data processing of PBZ d.d – General Meeting*, which is enclosed with this Invitation.

Votes will be cast electronically at the Extraordinary General Meeting of the Bank regardless of whether you intend to participate remotely or at the specified venue. It will be possible to take a vote at the Extraordinary General Meeting of the Bank using your own smartphone/tablet or an official device.

A shareholder can be represented by a proxy at the Extraordinary General Meeting of the Bank on the basis of a written authorisation which need not be certified by a notary public, but the original of which has to be delivered not later than the date of holding of the Extraordinary General Meeting of the Bank. The mentioned authorisation can be sent also via e-mail (pdf format to the e-mail address: General.Secretariat@pbz.hr).

Shareholders, or their proxies, may vote at the Extraordinary 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, but only on condition that they be present at the Extraordinary General Meeting of the Bank during decision-making on that matter.

The participation of shareholders or proxies of shareholders in the Extraordinary General Meeting of the Bank 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 send the necessary instructions for electronic voting and links for downloading necessary applications to all the shareholders or proxies of shareholders who register for participation to the e-mail address they provided.

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

For the purpose of timely registration of the shareholders or proxies participating in person in the Extraordinary General Meeting of the Bank, the shareholders or proxies are kindly asked to register at the venue of the Extraordinary General Meeting of the Bank at least 60 minutes before the scheduled start time of the Extraordinary General Meeting of the Bank.

A ballot paper and a proxy form can be obtained at Privredna banka Zagreb d.d., Zagreb, Radnička cesta 44, B1-8A, and they are 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 Extraordinary General Meeting of the Bank, which should serve as a basis for making the published decision, will be made available to the shareholders starting from the date when the calling of the Extraordinary 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).

The integral version of the Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019 will be published on the websites of the Croatian Financial Services Supervisory Agency – Official Register of Regulated Information, Zagreb Stock Exchange, Hina, and the Bank.

If a quorum stipulated by the Articles of Association of Privredna banka Zagreb d.d. is not constituted at this Extraordinary General Meeting of the Bank, then the Extraordinary General Meeting of the Bank will be held on 16 February 2021, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

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

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 Extraordinary 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.

Independent report with expressing limited assurance on Remuneration Report for the Bank PRIVREDNA BANKA ZAGREB d.d., Zagreb

Underlying subject matter

Pursuant to the regulations specified in paragraphs 1 and 2 of Article 272r of the Companies Act applicable in the Republic of Croatia (“Reporting Requirements”) and the contract concluded with PRIVREDNA BANKA ZAGREB d.d., Zagreb (“the Bank”), we performed an engagement with the expression of limited assurance of the attached Report on remuneration of Members of the Supervisory board and the Management board of Privredna banka Zagreb d.d. for the business year 2019 (“the Remuneration Report for 2019”) prepared by the Management Board and the Supervisory Board of the Bank, in which all remuneration paid or committed to be paid by the Bank to each current and former member of the Management Board and the Supervisory Board during the financial year ended 31 December 2019 are disclosed. Our task, based on the procedures performed and the evidence gathered, is to express a conclusion in the form of an independent report with expressing a limited assurance on the Remuneration Report.

Basis of preparation

Reporting requirements for the preparation of the Remuneration Report are the information required by the paragraphs 1 and 2 of Article 272r of the Companies Act.

Management board and Supervisory board responsibilities

The Management Board and the Supervisory Board are responsible for the content and presentation of the Remuneration Report prepared in accordance with Article 272r of the Companies Act and for such internal controls as the Management Board determines are necessary to enable the preparation of the Remuneration Report that is free from material misstatements whether due to fraud or error.

The Bank’s Management Board is responsible for measuring and reporting remuneration in accordance with the Reporting requirements as well as the selection and application of policies and the forming of appropriate estimates and judgments during the preparation of the Report.

Practitioner’s responsibilities

Our responsibility is to review the Remuneration Report and, based on the work performed and the evidence gathered, to express a conclusion in the form of an independent report with expressing limited assurance on the Remuneration Report. Our limited assurance engagement was performed in accordance with International Standard on Assurance Engagements 3000 (amended) issued by the International Auditing and Assurance Standards Board (IAASB). The standard requires that we plan and perform the engagement and gather sufficient appropriate evidence to form our conclusion as to whether the Remuneration Report has been prepared, in all material respects, in accordance with the Reporting Requirements.

We have acted in accordance with the independence requirements and ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct.

BDO Croatia d.o.o. operates in accordance with International Standards on Quality Control (ISQC 1) and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements of professional standards and applicable legal and regulatory requirements.

Procedures aimed at gathering evidence for the purpose of limited assurance engagements are more limited than is the case when issuing a reasonable assurance and accordingly less assurance is given than in the case of a reasonable assurance or an audit. Our engagement did not include the audit or review of the Remuneration Report or any accounting and other evidence on the basis of which it was prepared. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. The nature and scope of our work were determined on the basis of risk assessment and our professional judgement exercised for the purpose of obtaining a limited assurance and do not include an opinion of the appropriateness of the remuneration of Management and Supervisory Board.

In respect of the subject matter we have performed following procedures:

- Inquiries to responsible persons in order to gain understanding of the remuneration policy and procedures related to preparation of the Remuneration Report, as well as inquiries regarding the accuracy of disclosures in the Remuneration Report,
- Understanding of the Company's internal controls, processes and systems set up for the preparation of the Remuneration Report,
- Comparison of the names of persons entered in the court register with the names of persons listed in the Remuneration Report as current and former members of the Management Board and the Supervisory Board during the financial year ended 31 December 2019,
- Reconciliation, on the sample basis, of input data disclosed in the Remuneration Report with the supporting documentation provided by the Bank, and
- Reading the Remuneration Report and confirming the presentation is in accordance with Article 272r of the Companies Act.

Limitations in the preparation of the Remuneration Report

The interpretation of performance results is to some extent subjective because it takes into account both qualitative and quantitative aspects. Due to the inherent subjectivity in the interpretation of qualitative reward criteria, but also subjectivity in measuring quantitative goals (for example, related to the subsequent risk monitoring for variable receipts), various acceptable methodologies for measuring the achievement of individual goals and subsequent risk monitoring are possible. Furthermore, in the preparation of the Remuneration Report, various other assessments and judgments were used, which include, those related to: compliance with the remuneration policy; an explanation of how employees' remuneration were taken into account in the calculation of average remuneration and which employees were included in that calculation.

Statement of the Management Board and the Supervisory Board

The Management Board and the Supervisory Board of the Bank declare that the Remuneration Report for 2019 is accurate and complete and that it contains all the regulations of the Reporting Requirements.

Conclusion

Based on our work performed and evidence gathered, nothing has come to our attention that causes us to believe, that the Remuneration Report for 2019 is not prepared in such a way that it contains data required by paragraphs 1 and 2 of Article 272r of the Companies Act.

This conclusion is formed on the basis of, and is subject to, the inherent limitations set forth in the Limitations in the preparation of the Remuneration Report and Limitations of distribution and use sections.

Limitations of distribution and use

Our report is intended solely for the use prescribed in Article 272r of the Companies Act and may not be published or used for any other purpose. To the fullest extent permitted by law, we do not accept responsibility and do not agree to any obligations to any party other than the Bank in connection with our work, this independent report with expressing limited assurance or the conclusions we have reached.

Zagreb, 23rd December 2020

BDO Croatia d.o.o.
Trg J. F. Kennedy 6b
10000 Zagreb



Ivan Čajko, Member of the Management Board

**BDO CROATIA**
BDO Croatia d.o.o.
za pružanje revizorskih, konzalting
i računovodstvenih usluga
Zagreb, J. F. Kennedy 6b



Ivan Čajko, Certified Auditor

Appendix

1. The Report on remuneration of Members of the Supervisory board and the Management board of Privredna banka Zagreb d.d. for the business year 2019

**The Report on remuneration of Members of the Supervisory Board
and the Management Board of Privredna banka Zagreb d.d. for the
business year 2019**

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Introduction

The Report on remuneration of Members of the Supervisory Board and the Management Board of Privredna banka Zagreb d.d. for the business year 2019 (hereinafter: the Remuneration Report or the Report) has been prepared to meet the requirements from pars. 1 and 2 of Article 272.r of the Companies Act.

The Remuneration Report provides information about all remuneration that the Company or some other Company of the same **paid out or undertook to pay out to the current and the former Members of the Management Board and Supervisory Board over the last business year.**

With the aim of publishing data in accordance with regulatory obligations, this Report illustrates the implementation and compliance with the provisions of PBZ Group Remuneration and Incentive Policies – 2019 (hereinafter: PBZ Group Remuneration Policy or Remuneration Policy), adopted by the Decision of the Management Board of the Bank of 17.09.2019, approved by the Supervisory Board on 26.09.2019 after the positive advice by the Company Remuneration Committee, which apply and are to be interpreted in line with the relevant regulatory framework of the Republic of Croatia (primarily the Credit Institutions Act and the Croatian National Bank's Decision on employee remuneration) and internal regulations of Intesa Sanpaolo Group in the part that is not contrary to the abovementioned Croatian regulatory framework.

As of 31 December 2019, the PBZ Group was composed of Privredna banka Zagreb d.d., six Subsidiaries (PBZ Card d.o.o., PBZ stambena štedionica d.d., PBZ Leasing d.o.o., PBZ Nekretnine, Intesa Sanpaolo banka Bosna i Hercegovina d.d., and Intesa Sanpaolo banka d.d. Slovenia), and one associated Company (PBZ Croatia osiguranje d.d.).

In Privredna banka Zagreb d.d. the **Management Board of the Bank** is responsible for the implementation of the Remuneration Policy, which is regularly aligned with the regulations of the Republic of Croatia and the European Union and the standards and internal regulations of Intesa Sanpaolo S.p.A. (hereinafter: the Parent Bank), and it is also responsible for the implementation of all decisions of the Bank's Supervisory Board, with prior involvement of the Remuneration Committee, in accordance with the aforementioned Remuneration Policy.

There were no significant amendments to remuneration management policies and practices in relation to those from 2018, apart from those related to the alignment of certain provisions with the Intesa Sanpaolo Group's Remuneration and Incentive Policies, taking into account also regulatory requirements, while other amendments were related to regular updating and definition of certain processes involving corporate bodies/committees and structures of the Bank and defining their duties and responsibilities, in line with its proper PBZ Group Remuneration and Incentive Policy – 2019, adopted by the Bank in September 2019. In this regard, in order to comply with a specific request of the JST submitted to the Parent Bank, in March 2019 the Bank first had to acknowledge the ISP Group Guidelines on Remuneration, Incentives and Identification of Staff a Material Impact on the Risk Profile, and then in March 2020 it had to adopt its own PBZ Group Guidelines on Remuneration, Incentives and Identification of Staff a Material Impact on the Risk Profile, together with the PBZ Group Remuneration Policy (in May 2020), which together make the Remuneration and Incentive System Framework adopted to ensure sound and prudent management of the Company in

line with the interests of all stakeholders according to the criteria of equality, sustainability and competitiveness.

In any case, remuneration systems must take into account current and future risks and the level of capital strength and guarantee remuneration based on results actually achieved and sustainable over time.

In 2019 the Supervisory Board of the Bank and the Management Board of the Bank each acted as a body composed of seven members, as follows:

Supervisory Board of the Bank

- Ignacio José Jaquotot Calvo, President of the Supervisory Board – term of office from 23 April 2019
- Draginja Đurić, Deputy President of the Supervisory Board – term of office from 1 April 2017
- Adriano Arietti, independent Member of the Supervisory Board – term of office from 22 February 2017
- Branko Jeren, independent Member of the Supervisory Board – term of office from 22 April 2019
- Giulio Moreno, Member of the Supervisory Board – term of office from 29 November 2017
- Paolo Sarcinelli, Member of the Supervisory Board – term of office from 31 March 2019
- Christophe Velle, Member of the Supervisory Board – term of office from 18 October 2019.

In 2019 the end of the term of office of: Mr Giovanni Boccolini, President of the Supervisory Board of the Bank – tendered his resignation effective from 2 April 2019, and Mr. Ignacio José Jaquotot Calvo began his first term of office in the Supervisory Board of the Bank as its President. The term of office of Mr. Jeren, Mr. Sarcinelli and Mr. Velle underwent a renewal in 2019 for the next three years (Mr Sarcinelli was replaced by Mr Vivona on 4 February 2020).

Management Board of the Bank

- Dinko Lucić, President of the Management Board, manages the activities of the Management Board and coordinates all business functions within the Bank and the PBZ Group, and is also responsible for Control and Staff functions: Compliance, Anti-Money Laundering, HR and Organization, Legal Affairs, PR and Marketing Communication, General Secretariat and Customer Satisfaction – term of office from 11 February 2018;
- Alessio Cioni, Deputy President of the Management Board, responsible for Control and Staff functions: Cybersecurity and BCM, Project Management in terms of strategic projects, area under the authority of the Chief Financial Officer: Accounting, Planning and Control, Treasury and ALM, Administrative and Financial Governance, Procurement, Research, Data Management, coordination of the CRO Area (save for the Risk Management Department) and of the COO Area (save for the Treasury Back Office), coordination of PBZ Group Companies in the segment of finance (CFO Area), and coordination of Subsidiary Banks in alignment with the Banking Subsidiaries Coordination Committee – term of office from 13 September 2017;
- Darko Drozdek, Member of the Management Board, responsible for the Small Business and SME Division – renewed term of office from 24 October 2019;

- Ivan Gerovac, Member of the Management Board, responsible for the Corporate Division – term of office from 11 February 2018;
- Draženko Kopljar, Member of the Management Board, responsible for the operations Area (Chief Operating Officer): Payments, Back Office, ICT, Real Estate and Logistics – term of office from 11 February 2018;
- Ivan Krolo, Member of the Management Board, responsible for the Retail Division – term of office from 11 February 2018;
- Andrea Pavlović, Member of the Management Board, responsible for the CRO Area - renewed term of office from 15 May 2019.

PART I – General Information

Presenting structural components of the remuneration of Members of the Supervisory Board of the Bank and the Management Board of the Bank

Remuneration is paid to Members of the Supervisory Board of the Bank according to the duties and responsibilities assigned to them.

In accordance with the provisions of the Articles of Association of Privredna banka Zagreb d.d. from April 2016, the remuneration to be paid to the Members of the Supervisory Board for their work amounts to one average net salary paid out in the Bank in the previous month. The President of the Supervisory Board is entitled to receive the remuneration for his work in the amount of 1.5 of the amount referred to in the previous paragraph of this Article.

Further to the foregoing, remuneration of the Members of the Supervisory Board of the Bank is established in a fixed amount.

Variable remuneration amounts, bonuses linked to results, profit-sharing clauses or options to buy shares at predetermined prices are not normally envisaged. Exemptions from this principle are envisaged only on an exceptional and justified basis, in accordance with the ISP Group Remuneration and Incentive Policies and the relative supervisory regulations in force.

Members of the Supervisory Board normally have the right to reimbursement of the expenses incurred as a result of their office.

Remuneration of employees, and thus also the President and Members of the Management Board of the Bank, is divided into the following elements:

- **fixed component** that is permanent and irrevocable by nature and determined on the basis of predetermined and non-discretionary criteria such as a contract, the function performed by the employee, assigned responsibilities, and specific experience and expertise;
- **variable component** that is related to the employee's performance and aligned with the achieved results and potentially assumed risks, consisting of:
 - short-term variable component that is paid through incentive systems
 - all variable short-term and long-term components related to the period of employment (stability, non-competition, one-off retention and similar agreements) or extraordinary agreements (entry bonus);
 - all discretionary benefits.

It is noteworthy that guaranteed bonuses are not envisaged and neither are prior agreements governing benefits or severance pay payable in connection with or at the moment of early termination of office of Members of the Supervisory Board of the Bank or in case of early termination of the employment agreement with Members of the Management Board of the Bank and/or employees of the Bank.

Incentive system for 2019 for the President and Members of the Management Board of the Bank

The Incentive System for the President and Members of the Management Board aims to guide the behaviour and managerial actions towards reaching the objectives set for the Bank's strategy and in the Business plan and to reward the best annual performance assessed with a view to optimise the risk/return ratio.

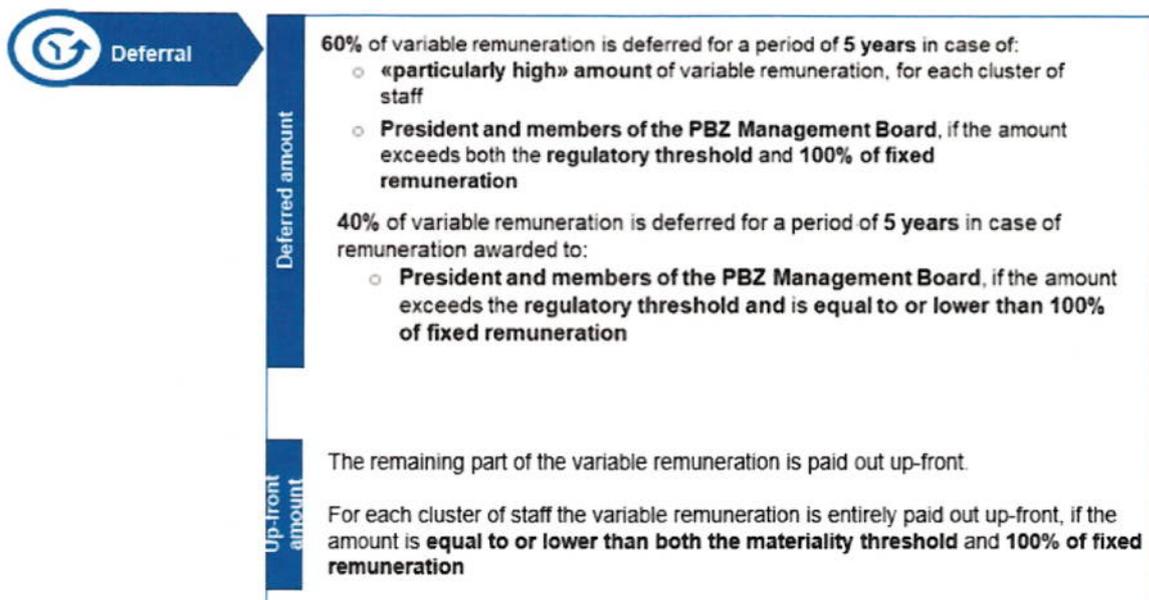
This System is formalised through Performance Scorecards.

Performance Scorecards include both KPI¹s of economic-financial nature and non-financial KPIs.

The total amount due is attributed annually based on the evaluation of the results of the individual Performance Scorecard and according to the Bank's and ISP Group yearly results.

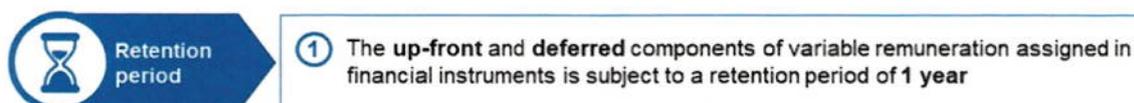
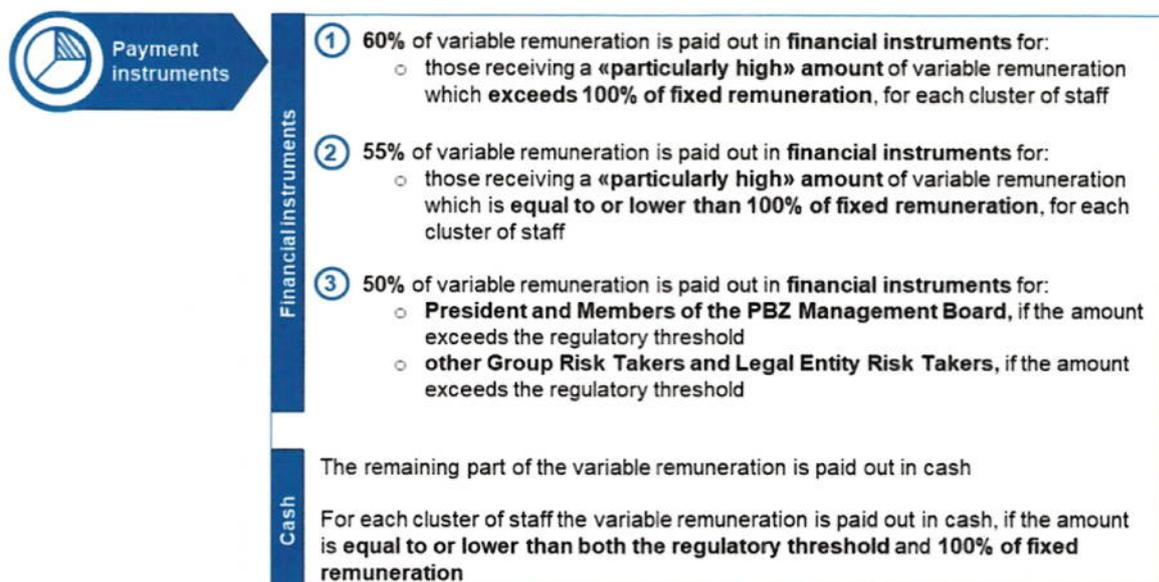
The incentive system for 2019, which is based on financial instruments, applies to the President and Members of the Management Board of the Bank and variable remuneration is above the *materiality threshold* set in line with the CNB Decision on employee remuneration at HRK 200,000 gross and/or 30% of gross fixed remuneration on an annual level.

Provided below is an overview of the implementation of the Remuneration System referring to the Members of the Management Board of the Bank for 2019:



¹ KPI - Key Performance Indicator

As provided by the PBZ Group Remuneration and Incentive Policies, for the three-year period 2019-2021, is considered particularly high the variable remuneration exceeding 400,000 €.



Financial instruments awarded to Members of the Management Board of the Bank whose bonus exceeds the regulatory threshold are ordinary shares of Privredna banka Zagreb d.d. (PBZ-RA ticker), the price of which is set according to its market price as of 27 April 2020 – the value of one ordinary share of PBZ was HRK 870,00 or EUR 115,193644489 according to the middle exchange rate of the Croatian National Bank (EUR 1 = HRK 7,5525 HRK).

In the event of deferral, each instalment is subject to a subsequent adjustment mechanism - *malus conditions* - according to which the accepted relative amount and number of financial instruments allocated, if any, may be reduced, even reduced to zero, in the year in which the deferred instalment is paid, in accordance with the level of implementation of the minimum regulatory conditions in relation to a sound capital base (CET1²) and liquidity (NSFR³), representing compliance with the associated limits established as part of the PBZ Group and ISP Group's RAF⁴ as well as financial sustainability conditions (No Loss and Positive Gross Income). In case one of the conditions is not met, the deferred part is reduced to zero; if the sustainability requirement is not met, the deferred share is reduced by 50%.

The right to reimbursement of remuneration or reimbursement of bonuses already paid as a prescribed mechanism (the so-called Clawback mechanism) may be activated in relation to

² CET1 - Common Equity Tier 1

³ NSFR - Net Stable Funding Ratio

⁴ RAF – Risk Appetite Framework

- disciplinary initiatives and provisions envisaged for fraudulent behaviour or gross negligence by personnel, also taking into account the relative legal, contribution and fiscal profiles;
- behaviour non-compliant with the legal and regulatory provisions, Articles of Association or any codes of ethics and conduct established ex ante by the Group and from which a “significant loss” derived for the Bank or the customer.

These mechanisms may be applied for 5 years following the payment of a single instalment (up-front or deferred) of variable remuneration.

PART II – Quantitative data

1. Presentation of remuneration of the Members of the Supervisory Board and the Management Board

1.1. Remuneration of the Members of the Supervisory Board of the Bank

SUPERVISORY BOARD REMUNERATION (PAID FOR/IN 2019)

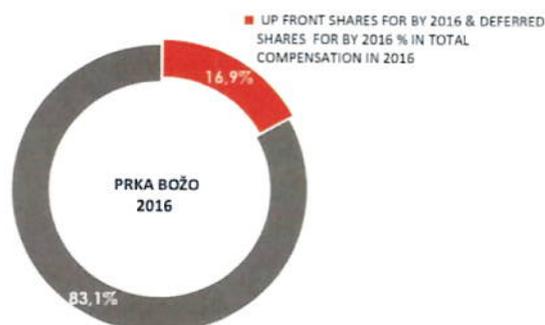
Supervisory Board	Fixed remuneration paid in 2019 for 2019*	Fixed remuneration paid in 2019 for 2018*	Other payments**
Đurić Draginja	- kn	- kn	- kn
Sarcinelli Paolo	- kn	- kn	- kn
Velle Christophe	- kn	- kn	- kn
Arietti Adriano	163.304 kn	40.858 kn	20.214 kn
Gulio Moreno	163.118 kn	- kn	27.852 kn
Jeren Branko	163.145 kn	13.619 kn	- kn
Igancio José Jaquotot Calvo	- kn	- kn	17.392 kn
Boccolini Giovanni	- kn	- kn	9.631 kn

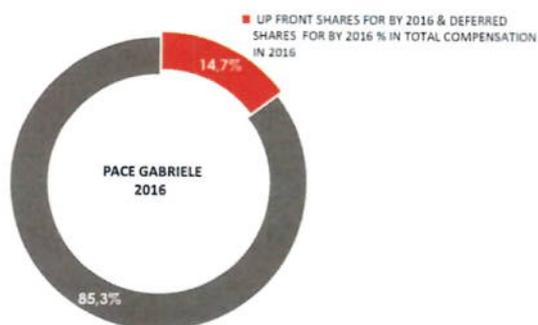
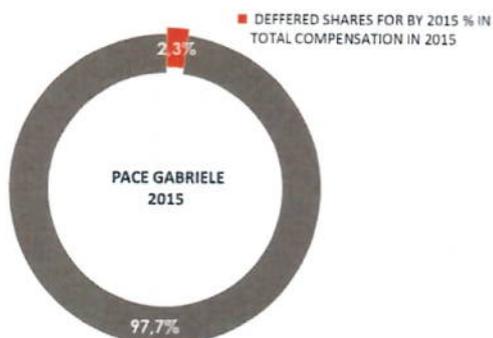
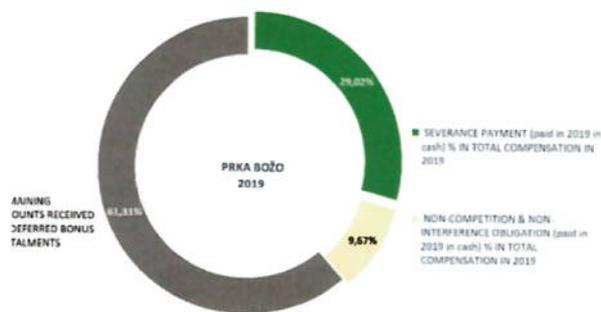
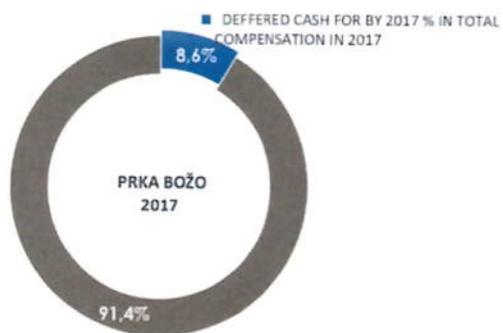
*The amounts relate to the remuneration for membership in the Supervisory Board (according to the Parent Bank rules, those Members that are part of ISP Group cannot receive any membership fee)

** the amounts refer to the costs and salary in kind calculations related to travel and other expenses (accommodation, taxi, fees related to the verification of different documentation, etc.)

Members of the Supervisory Board of the Bank are not entitled to receive variable remuneration and therefore the Bank's shares.

1.2. Remuneration of the former Members of the Management Board of the Bank in 2019





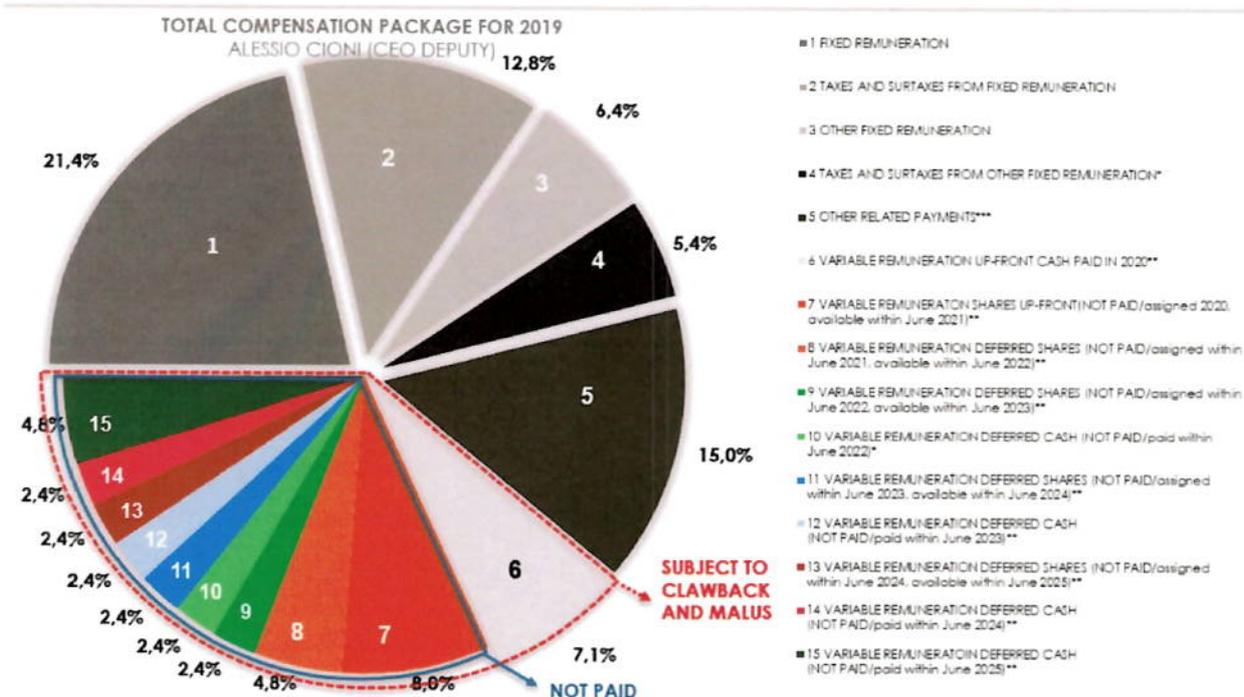
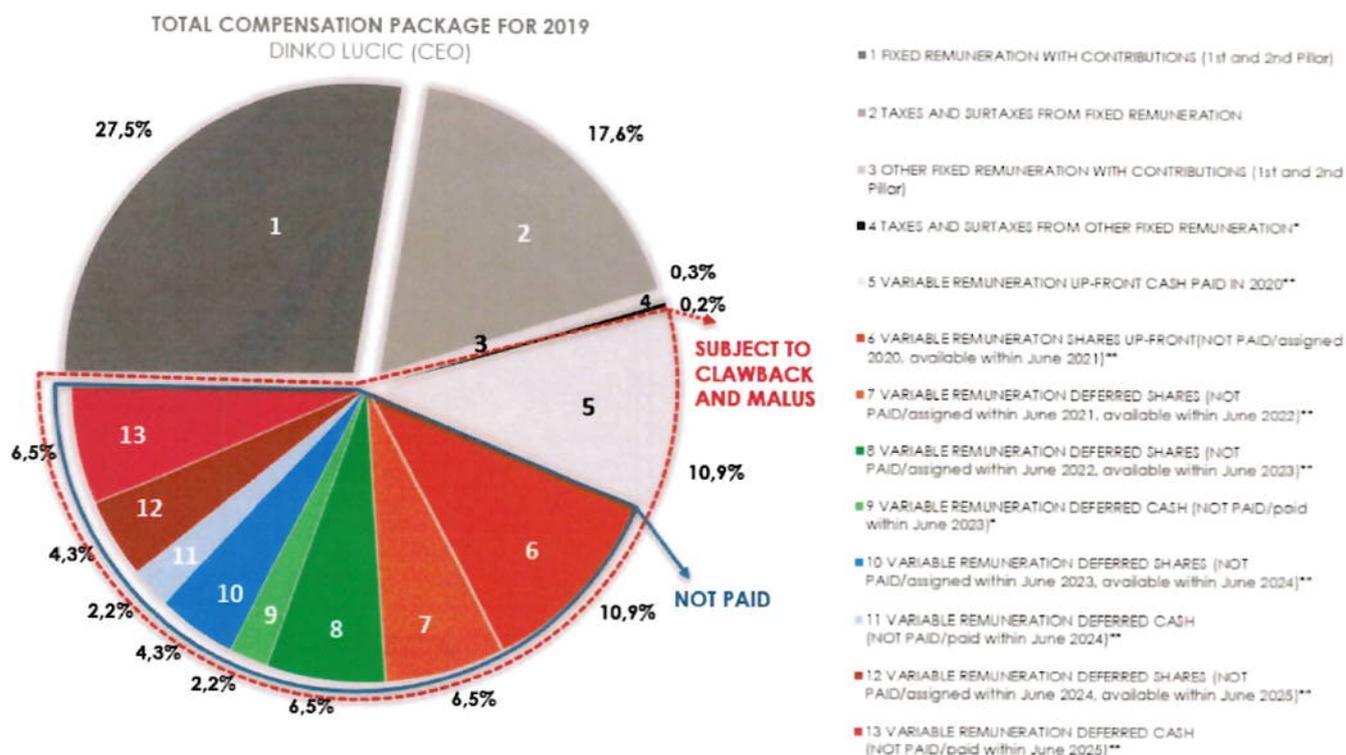
GROSS I IN HRK - TOTAL PAID IN 2019 - PBZ EX MB MEMBERS

EX PBZ MANAGEMENT BOARD MEMBERS	DEFERRED SHARES FOR BY 2015*	NO OF DEFERRED SHARES FOR BY 2015	UP FRONT SHARES FOR BY 2016*	NO OF UP FRONT SHARES FOR BY 2016	DEFERRED SHARES FOR BY 2016*	NO OF DEFERRED SHARES FOR BY 2016	DEFERRED CASH FOR BY 2017*	SEVERANCE PAYMENT (paid in 2019 in cash)	NON-COMPETITION & NON-INTERFERENCE OBLIGATION (paid in 2019 in cash)
PRKA BOŽO	275.984 kn	16.234	1.055.970 kn	62.189	351.979 kn	20.729	762.318 kn	1.157.733 kn	385.913 kn
PACE GABRIELE	96.580 kn	5.681	377.126 kn	22.210	125.703 kn	7.403			

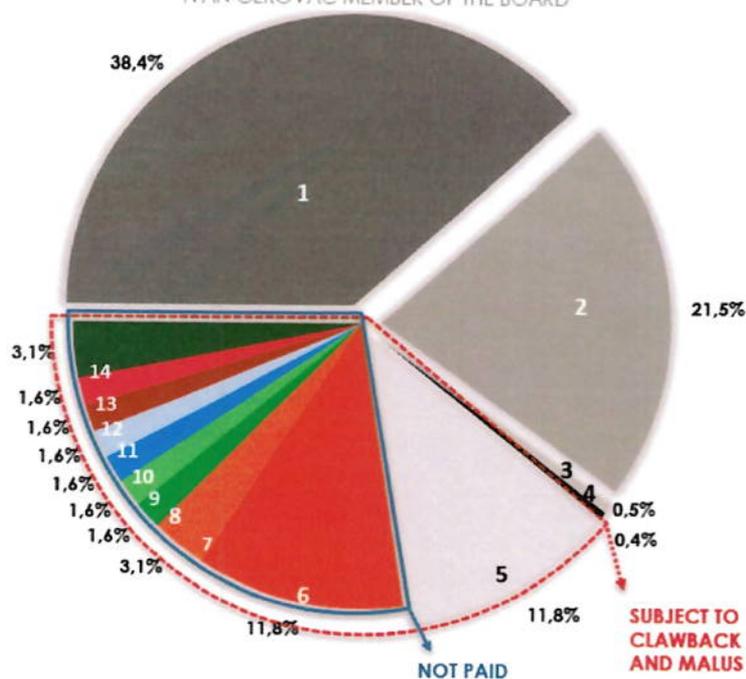
*the amounts refer to deferred instalments of variable remuneration for previous years which was under possibility of malus and clawback according to ISP/PBZ Remuneration Rules

1.3. Remuneration of the Members of the Management Board of the Bank

Competence Criteria

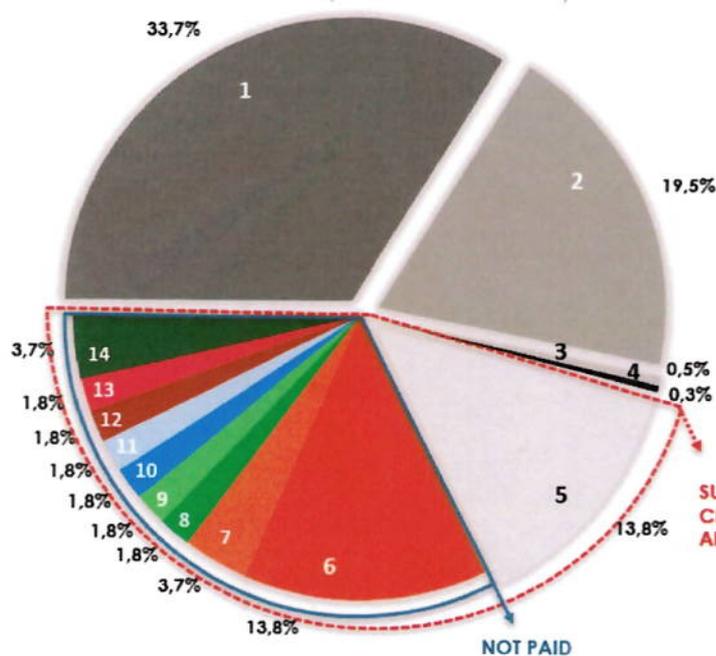


TOTAL COMPENSATION PACKAGE FOR 2019
IVAN GEROVAC MEMBER OF THE BOARD



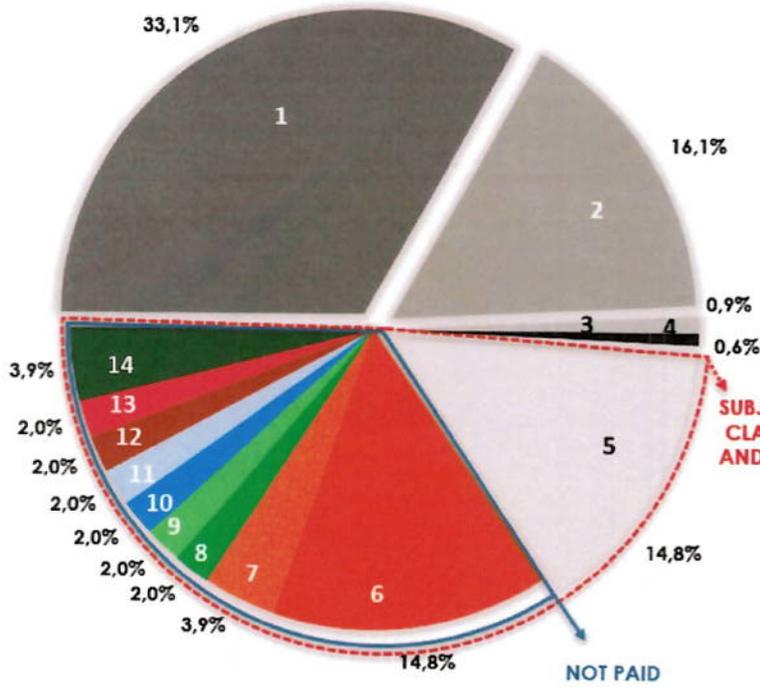
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**
- 6 VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**
- 7 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**
- 8 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2022, available within June 2023)**
- 9 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2022)*
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- 12 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2024, available within June 2025)**
- 13 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**
- 14 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**

TOTAL COMPENSATION PACKAGE FOR 2019
DRAZENKO KOPLJAR (MEMBER OF THE BOARD)



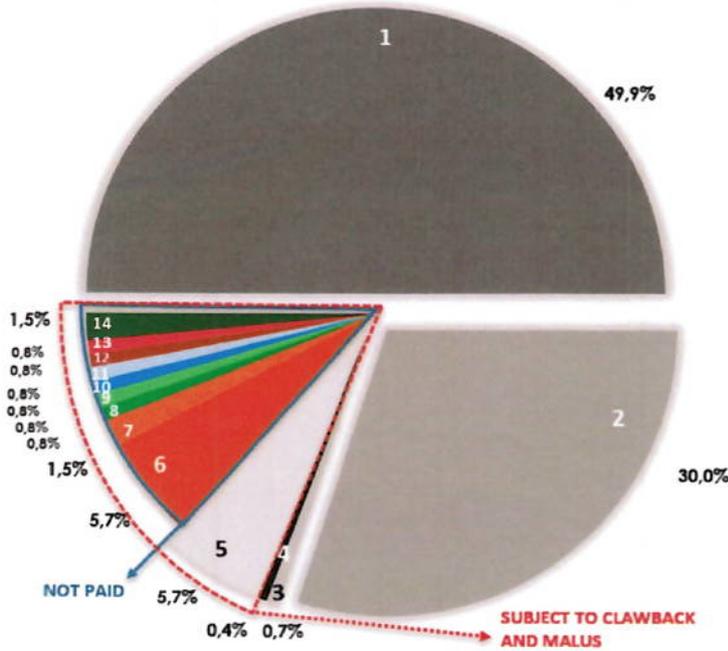
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**
- 6 VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**
- 7 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**
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- 13 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**
- 14 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**

**TOTAL COMPENSATION PACKAGE FOR 2019
IVAN KROLO (MEMBER OF THE BOARD)**



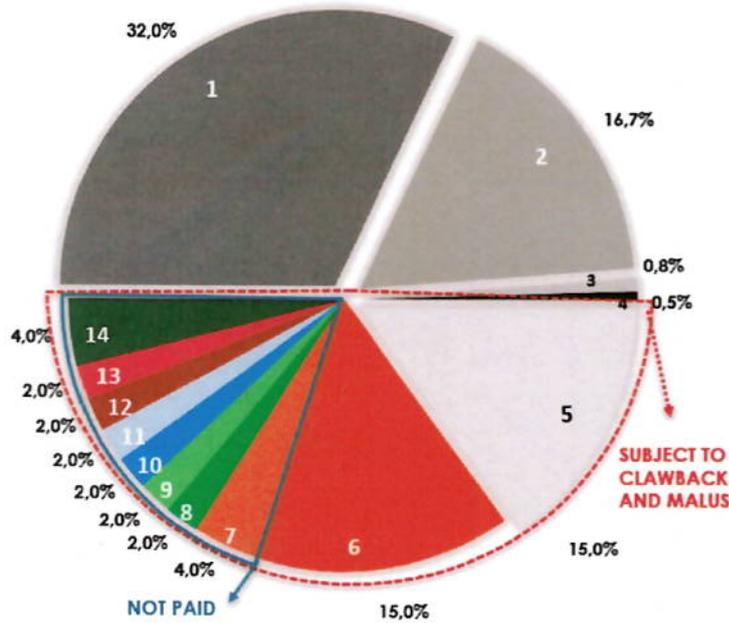
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**
- 6 VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**
- 7 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**
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- 13 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**
- 14 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**

**TOTAL COMPENSATION PACKAGE FOR 2019
ANDREA PAVLOVIC (MEMBER OF THE BOARD)**



- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**
- 6 VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**
- 7 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**
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- 9 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2022)*
- 10 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2023, available within June 2024)**
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- 12 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2024, available within June 2025)**
- 13 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**
- 14 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**

**TOTAL COMPENSATION PACKAGE FOR 2019
DARKO DROZDEK (MEMBER OF THE BOARD)**



- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**
- 6 VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**
- 7 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**
- 8 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2022, available within June 2023)**
- 9 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2022)*
- 10 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2023, available within June 2024)**
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- 12 VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2024, available within June 2025)**
- 13 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**
- 14 VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**

TOTAL FIXED AND VARIABLE REMUNERATION PAID FOR PEZ FOR 2019 (GROSS I)

MANAGEMENT BOARD	FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)***	TAXES AND SURTAXES FROM FIXED REMUNERATION	OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)***	TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*	OTHER RELATED PAYMENTS***	VARIABLE REMUNERATION UP-FRONT CASH PAID IN 2020**	SUBJECT TO MALUS AND CLAWBACK									
							NOT PAID					NOT PAID				
							VARIABLE REMUNERATION SHARES UP-FRONT (NOT PAID/assigned 2020, available within June 2021)**	VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2021, available within June 2022)**	VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2022, available within June 2023)**	VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2022)*	VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2023, available within June 2024)**	VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2023)**	VARIABLE REMUNERATION DEFERRED SHARES (NOT PAID/assigned within June 2024, available within June 2025)**	VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2024)**	VARIABLE REMUNERATION DEFERRED CASH (NOT PAID/paid within June 2025)**	
LUČIĆ DINKO	1 917 920 kn	1 224 090 kn	30 271 kn	14 484 kn		757 150 kn	757 150 kn	454 290 kn	454 290 kn	151 430 kn	302 840 kn	151 430 kn	302 840 kn	454 290 kn		
Shares No							848	530	530		347		349			
ČIONI ALESSIO	1 225 306 kn	729 299 kn	347 550 kn	310 462 kn	856 433 kn	407 494 kn	454 290 kn	272 574 kn	136 287 kn	136 287 kn	136 287 kn	136 287 kn	136 287 kn	272 574 kn		
Shares No****							530	312	156		156		156			
GEROVAC IVAN	1 186 764 kn	665 541 kn	16 262 kn	11 588 kn		343 432 kn	343 432 kn	96 915 kn	48 458 kn	48 458 kn	48 458 kn	48 458 kn	48 458 kn	96 915 kn		
Shares No****							416	111	55		55		57			
KOPLIAR DRAŽENKO	1 217 996 kn	704 081 kn	17 232 kn	12 352 kn		499 719 kn	499 719 kn	133 258 kn	66 629 kn	66 629 kn	66 629 kn	66 629 kn	66 629 kn	133 258 kn		
Shares No****							572	152	76		76		78			
ERČIĆ IVAN	889 651 kn	454 031 kn	23 620 kn	17 670 kn		397 504 kn	397 504 kn	106 001 kn	53 001 kn	53 001 kn	53 001 kn	53 001 kn	53 001 kn	106 001 kn		
Shares No****							425	121	60		60		63			
PAVLOVIĆ ANDREA	1 455 191 kn	994 953 kn	22 031 kn	13 480 kn		188 530 kn	188 530 kn	50 575 kn	25 137 kn	25 137 kn	25 137 kn	25 137 kn	25 137 kn	50 575 kn		
Shares No****							216	57	28		28		31			
DROZDEK DARKO	919 915 kn	480 325 kn	22 256 kn	13 847 kn		431 576 kn	431 576 kn	115 087 kn	57 543 kn	57 543 kn	57 543 kn	57 543 kn	57 543 kn	115 087 kn		
Shares No****							494	131	65		65		69			

* The amounts refer to the cost of salary in kind (usage of company car, accommodation, International Healthcare Programme, taxes etc.)

** Subject to clawback and malus

*** Italian Social Security Contributions - Company Pension Fund & Company Health Insurance

**** For Alessio Cioni contributions 1st and 2nd Pillar do not apply

***** PEZ share countervalue as of 27th April 2020 = 115,1934 €

Applicable pay-out schedules for Members of the Management Board for the 2019 performance bonus:

Pay-out schedule for the President of the Management Board:

Gross Amount €	UP-FRONT CASH (paid in May 2020) €	UP-FRONT SHARES (assigned 2020, available within June 2021) €	DEFERRED SHARES (assigned within June 2021, available within June 2022) €	DEFERRED SHARES (assigned within June 2022, available within June 2023) €	DEFERRED CASH (paid within June 2023) €	DEFERRED SHARES (assigned within June 2023, available within June 2024) €	DEFERRED CASH (paid within June 2024) €	DEFERRED SHARES (assigned within June 2024, available within June 2025) €	DEFERRED CASH (paid within June 2025) €
100%	20%	20%	12%	12%	4%	8%	4%	8%	12%

Pay-out schedule for the Deputy President of the Management Board:

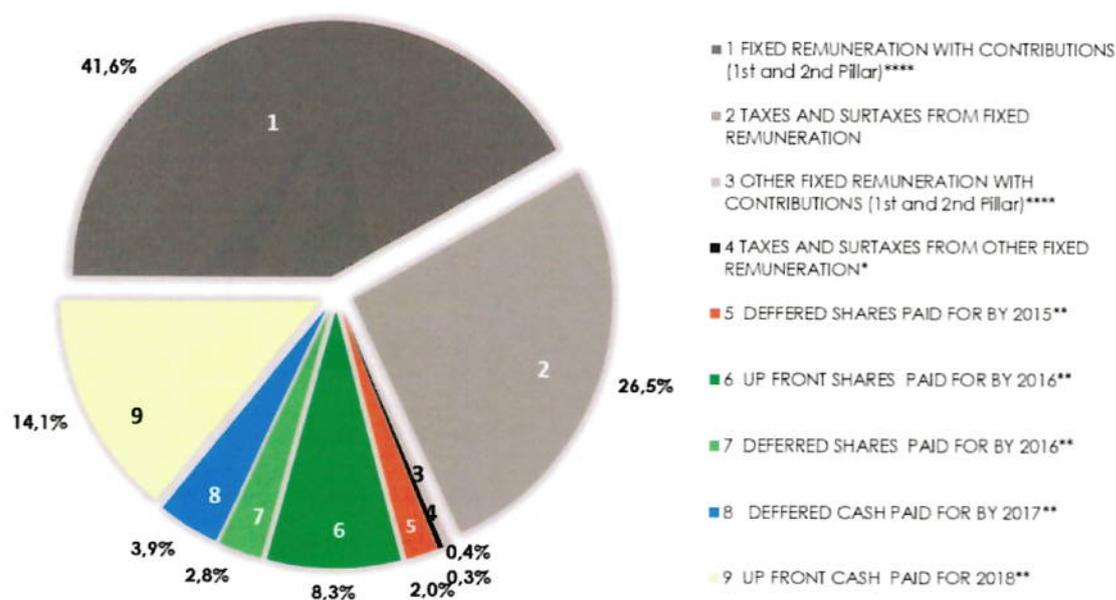
Gross Amount €	UP-FRONT CASH (paid in May 2020) €	UP-FRONT SHARES (assigned 2020, available within June 2021) €	DEFERRED SHARES (assigned within June 2021, available within June 2022) €	DEFERRED SHARES (assigned within June 2022, available within June 2023) €	DEFERRED CASH (paid within June 2022) €	DEFERRED SHARES (assigned within June 2023, available within June 2024) €	DEFERRED CASH (paid within June 2023) €	DEFERRED SHARES (assigned within June 2024, available within June 2025) €	DEFERRED CASH (paid within June 2024) €	DEFERRED CASH (paid within June 2025) €
100%	20%	20%	12%	6%	6%	6%	6%	6%	6%	12%

Pay-out schedule for other Members of the Management Board:

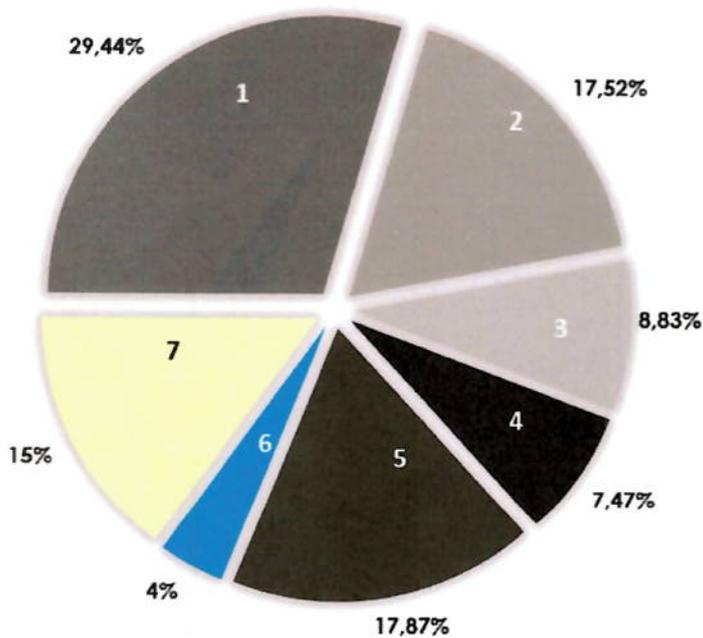
Gross Amount €	UP-FRONT CASH (paid in May 2020) €	UP-FRONT SHARES (assigned 2020, available within June 2021) €	DEFERRED SHARES (assigned within June 2021, available within June 2022) €	DEFERRED SHARES (assigned within June 2022, available within June 2023) €	DEFERRED CASH (paid within June 2022) €	DEFERRED SHARES (assigned within June 2023, available within June 2024) €	DEFERRED CASH (paid within June 2023) €	DEFERRED SHARES (assigned within June 2024, available within June 2025) €	DEFERRED CASH (paid within June 2024) €	DEFERRED CASH (paid within June 2025) €
100%	30%	30%	8%	4%	4%	4%	4%	4%	4%	8%

Cash Criteria

TOTAL COMPENSATION PAID IN 2019
DINKO LUCIC (CEO)

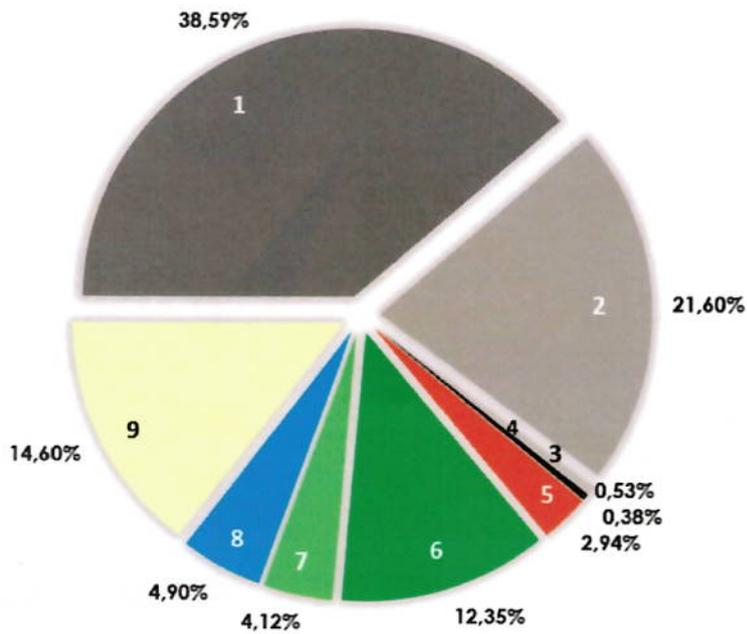


TOTAL COMPENSATION PAID IN 2019
ALESSIO CIONI (DEPUTY CEO)



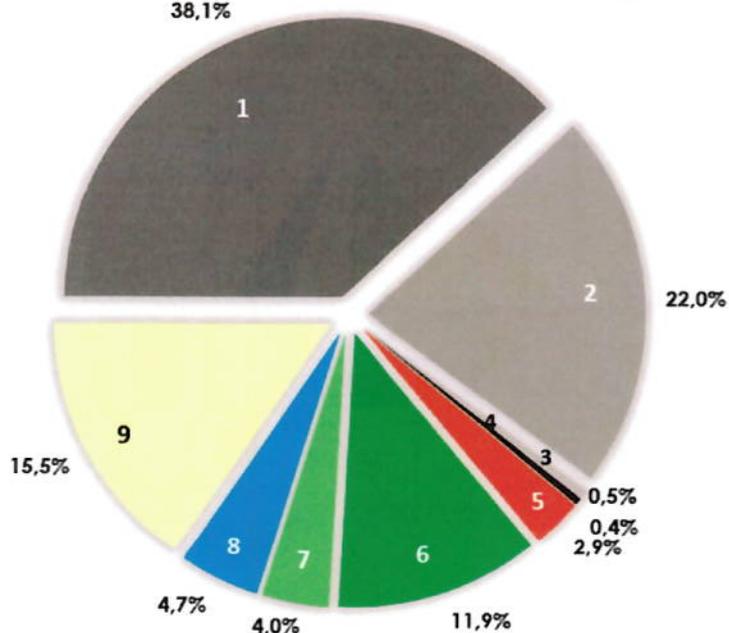
- 1 FIXED REMUNERATION
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 OTHER RELATED PAYMENTS***
- 6 DEFERRED CASH PAID FOR BY 2017**
- 7 UP FRONT CASH PAID FOR 2018**

TOTAL COMPENSATION PAID IN 2019
IVAN GEROVAC (MEMBER OF THE BOARD)



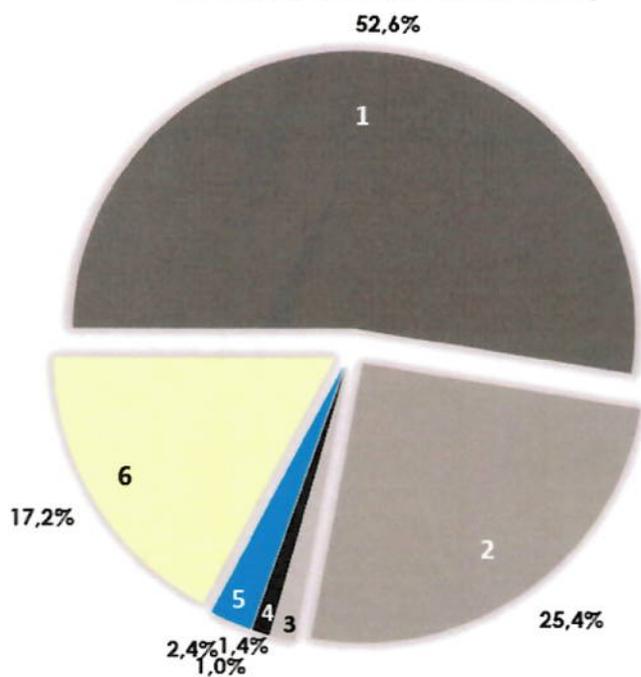
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 DEFERRED SHARES PAID FOR BY 2015**
- 6 UP FRONT SHARES PAID FOR BY 2016**
- 7 DEFERRED SHARES PAID FOR BY 2016**
- 8 DEFERRED CASH PAID FOR BY 2017**
- 9 UP FRONT CASH PAID FOR 2018**

TOTAL COMPENSATION PAID IN 2019
DRAZENKO KOPLJAR (MEMBER OF THE BOARD)
38,1%



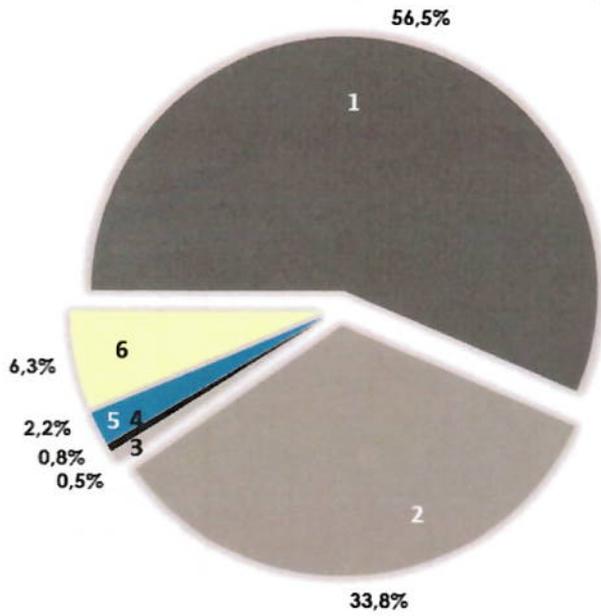
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 DEFERRED SHARES PAID FOR BY 2015**
- 6 UP FRONT SHARES PAID FOR BY 2016**
- 7 DEFERRED SHARES PAID FOR BY 2016**
- 8 DEFERRED CASH PAID FOR BY 2017**
- 9 UP FRONT CASH PAID FOR 2018**

TOTAL COMPENSATION PAID IN 2019
IVAN KROLO (MEMBER OF THE BOARD)
52,6%



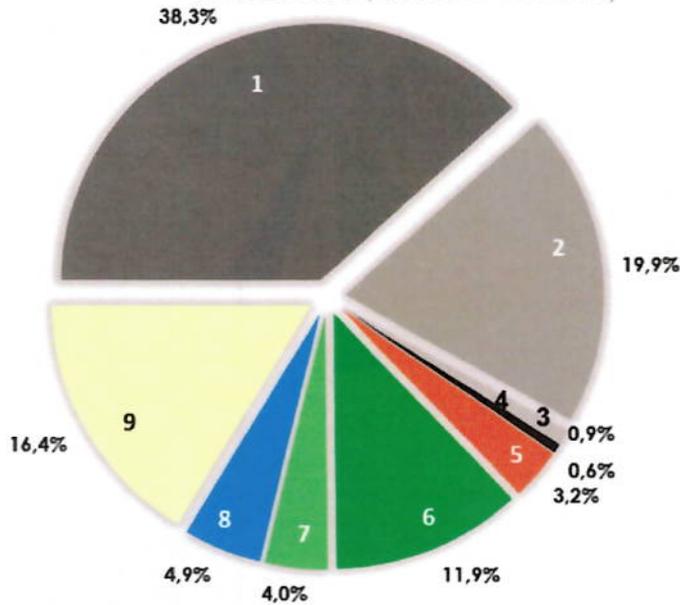
- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 DEFERRED CASH PAID FOR BY 2017**
- 6 UP FRONT CASH PAID FOR 2018**

TOTAL COMPENSATION PAID IN 2019
ANDREA PAVLOVIC (MEMBER OF THE BOARD)



- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 DEFERRED CASH PAID FOR BY 2017**
- 6 UP FRONT CASH PAID FOR 2018**

TOTAL COMPENSATION PAID IN 2019
DARKO DROZDEK (MEMBER OF THE BOARD)



- 1 FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 2 TAXES AND SURTAXES FROM FIXED REMUNERATION
- 3 OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****
- 4 TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*
- 5 DEFERRED SHARES PAID FOR BY 2015**
- 6 UP FRONT SHARES PAID FOR BY 2016**
- 7 DEFERRED SHARES PAID FOR BY 2016**
- 8 DEFERRED CASH PAID FOR BY 2017**
- 9 UP FRONT CASH PAID FOR 2018**

The structure and payment plan of remuneration are in line with the relevant Remuneration Policies and regulatory framework as shown in Part I of this Report.

TOTAL FIXED AND VARIABLE REMUNERATION PAID FOR PBZ IN 2019 (GROSS I)

MANAGEMENT BOARD	FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****	TAXES AND SURTAXES FROM FIXED REMUNERATION	OTHER FIXED REMUNERATION WITH CONTRIBUTIONS (1st and 2nd Pillar)****	TAXES AND SURTAXES FROM OTHER FIXED REMUNERATION*	OTHER RELATED PAYMENTS***	DEFERRED SHARES PAID FOR BY 2015**	UP FRONT SHARES PAID FOR BY 2014**	DEFERRED SHARES PAID FOR BY 2014**	DEFERRED CASH PAID FOR BY 2017**	UP FRONT CASH PAID FOR 2018**
LUCIĆ DINKO	1.886.364 kn	1.201.027 kn	20.271 kn	14.484 kn		89.678 kn	377.126 kn	125.703 kn	176.740 kn	639.307 kn
Shares No						5276	22210	7403		
CIONI ALESSIO	1.224.930 kn	729.169 kn	367.555 kn	310.662 kn	743.662 kn				161.361 kn	624.021 kn
GEROVAC IVAN	1.178.444 kn	659.640 kn	16.262 kn	11.588 kn		89.678 kn	377.126 kn	125.703 kn	149.566 kn	446.028 kn
Shares No						5276	22210	7403		
KOPLJAR DRAŽENKO	1.210.204 kn	698.568 kn	17.232 kn	12.352 kn		93.141 kn	377.126 kn	125.703 kn	149.566 kn	490.631 kn
Shares No						5479	22210	7403		
KROLO IVAN	885.310 kn	426.831 kn	23.620 kn	17.070 kn					40.791 kn	289.918 kn
PAVLOVIĆ ANDREA	1.651.350 kn	987.307 kn	22.031 kn	13.680 kn					63.527 kn	185.102 kn
DROZDEK DARKO	912.781 kn	475.300 kn	22.254 kn	13.847 kn		77.250 kn	282.853 kn	94.273 kn	116.933 kn	390.275 kn
Shares No						4545	16658	5552		

* the amounts refer to the cost of salary in kind (company car, accommodation, International Healthcare Programme insurances, taxes etc)

** the amounts refer to deferred instalments of variable remuneration for previous years (2015, 2016, 2017 & 2018) paid in 2019, which was under possibility of bonus and clawback rules according to IS/PBZ Remuneration Rules

*** Italian Social Security Contributions* - Company Pension Fund & Company Health Insurance

**** For Alessio Cioni contributions 1st and 2nd Pillar do not apply

2. Comparative presentation of annual changes in remuneration, income, i.e. profit of the Bank and average remuneration of employees

PBZ d.d. (in HRK)	2019.	2018.	2017.	2016.	2015.
Income	3.997.341.085,66	3.320.741.607,11	3.816.522.965,02	3.839.310.433,43	3.163.829.709,75
Net profit	1.879.591.356,54	1.379.820.597,56	1.443.444.287,42	1.605.188.350,76	193.167.296,47

PBZ d.d. (in HRK)	2019.	2018.	2017.	2016.	2015.
Annual average remuneration per employee (gross I)*	182.032,40	187.148,36	193.519,88	187.969,92	216.376,31

* average receipts in the year refer to total gross and net salary payments, pension and health insurance contributions and taxes and surtaxes of the Bank's employees paid for the business year divided by the average number of employees during the year on the basis of full-time equivalent

The ratio of average remuneration of the Members of the Management Board of the Bank and average remuneration of employees is balanced and in line with the practices in the Banking Industry.

3. Clawback of variable parts of remuneration

In 2019, the Bank did not request the return of variable parts of remuneration from Members of the Management Board of the Bank, nor the return of remuneration from Members of the Supervisory Board of the Bank.

4. Exception from the Remuneration Policy

In 2019, the Bank did not deviate from the Remuneration Policy in accordance with the provisions of Article 247a, paragraph 2 of the Companies Act.

5. Remuneration paid or committed to a Member of the Management Board of the Bank in 2019 by a third party in connection with activities performed as a Member of the Management Board of the Bank

During 2019, no third party paid or undertook to pay the Members of the Management Board of the Bank remuneration in connection with the activities he performed as a Member of the Management Board of the Bank.

6. Remuneration that the Bank has undertaken to pay to a Member of the Management Board of the Bank in case of early termination of membership in the Management Board of the Bank

Based on international and national best practices, the PBZ Group, in compliance with ISP Remuneration and Incentive Policies has set a maximum limit equal to 24 months of the fixed remuneration for compensation paid by way of severance. The adoption of this limit can lead to a maximum disbursement of the amount that equals twice the maximum fixed remuneration payed.

Members of the Management Board of the Bank may receive remuneration based on a non-competition agreement, for the portion which, for each year of duration of the agreement, does not exceed the last year of fixed remuneration and within an agreement reached in order to settle a current or potential dispute (independently from the context in which the agreement is drawn up), if calculated according to the formula defined by Intesa Sanpaolo, approved previously by the ISP Shareholders' Meeting and indexed to the number of years of employment in the Group. This amount can't be anyway lower than the amount resulting from the provisions of the Labour Act.

Members of the Management Board

Company tenure (years)	Severance
Up to 2	2 months of fixed remuneration
More than 2 and up to 21	2 months of fixed remuneration + half month for each year of employment (starting from the third year)
More than 21	12 months of fixed remuneration

The principles for the definition of severance - inspired to both the correlation between severance pay and ongoing performance criteria and the control of potential litigations – are:

- protecting the level of sound capital base;
- “no reward for failure”;
- unobjectability of individual behaviour (consistency with compliance breach absence criteria).

In 2019, there was no early termination of membership in the Management Board of the Bank.

7. Remuneration that the Bank undertook to pay to a Member of the Management Board of the Bank in case of regular termination of membership in the Management Board

In 2019, there was no regular termination of membership in the Management Board of the Bank, and thus no payment of remuneration or reservation of amounts on that basis.

8. Remuneration that the Bank undertook to pay to a former Member of the Management Board of the Bank whose membership in the Management Board was terminated in 2019, in connection with the termination of membership in the Management Board of the Bank

There was no termination of membership in the Management Board of the Bank during 2019, and thus neither the payment of remuneration nor the reservation of amounts on that basis.

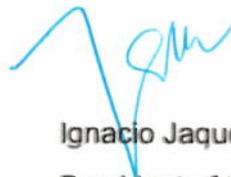
Final provisions

This Remuneration Report, as well as the Auditor's Report on the Examination of Remuneration Report, shall be published and made available free of charge by the Bank for a period of ten years on its website after the General Meeting of the Bank has decided on the Report in accordance with law.

In Zagreb, 23rd December 2020

Dinko Lucić

President of the Management Board



Ignacio Jaquotot

President of the Supervisory Board





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 Bergaglio, Darko Drozdek, Draženko Kopljar, Ivan Gerovac, Ivan Kroló, 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. In addition to the aforementioned, with regard to the shareholders, we will collect the shareholder's CDCC account and the number of shares. From the stakeholders that will attend the Meeting by electronic means we collect the e-mail address data. Regardless of whether you attend the meeting physically or electronically, you need to present your personal identity card.

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. Therefore we avail ourselves of the Bank's legitimate interest when requesting you to deliver your personal data.

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.

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, December 2020

PRIVREDNA BANKA ZAGREB d.d.