

GENERAL NOTICE OF PRIVREDNA BANKA ZAGREB d.d. AS THE PROVIDER OF FINANCIAL SERVICES TO CUSTOMERS, OF THE PROCEDURE AND TERMS FOR THE RECALCULATION OF CROATIAN KUNA INTO EURO

In accordance with Article 63, paragraph 2 of the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia (OG 57/2022, 88/2022, hereinafter: the Act) and Articles 2 and 3 of the Ordinance on notifying clients of financial service providers of the introduction of the euro as the official currency in the Republic of Croatia (OG 90/2022; hereinafter: the Ordinance), Privredna banka Zagreb d.d. (hereinafter: the Bank) hereby notifies customers of the procedure and terms of recalculation of the Croatian kuna into the euro.

On 1 January 2023 the euro will become the official currency in the Republic of Croatia.

Fixed conversion rate has been published on the web site www.euro.hr and has been set by the Council Regulation (EU) 22/1208 of 12 July 2022 amending Regulation (EC) No 2866/98 as regards the conversion rate to the euro for Croatia, as confirmed by the Decision to Announce the Introduction of the Euro as the Official Currency in the Republic of Croatia, made by the RH Government at its session held on 21 July 2022 (OG 85/2022). The rate will be:

1 euro = 7.53450 kuna

Fixed conversion rate is the irrevocably fixed rate for the euro-kuna conversion, having five decimal places, and from 5 September 2022 onwards, it has been used for dual display of prices, while from 1 January 2023 it will be applied as the fixed rate at which the kuna will be replaced by the euro.

General rules of conversion and rounding of prices and other monetary values pursuant to the Act: The conversion will be carried out by applying the total numerical amount of the fixed conversion rate while rounding off the calculated amount, in line with mathematical rounding rules, to two decimals, based on the third decimal.

With the conversion, applied will be the following mathematical rounding rule:

- If the third decimal place is less than five, the second decimal remains unchanged
- If the third decimal is equal to five or more, the second decimal is increased by one.

Privredna banka Zagreb d.d.

Radnička cesta 50, HR-10000 Zagreb, Hrvatska; Tel. 01 636 0000, Fax 01 636 0063; www.pbz.hr; SWIFT: PBZGHR2X. Upisana u registar Trgovačkog suda u Zagrebu pod br. 080002817, statistički broj: 3269841, OIB 02535697732, IBAN: HR64 2340 0091 0000 0001 3. Temeljni kapital Banke u iznosu od: 1.876.574.700,00 kuna, uplaćen je u cijelosti i podijeljen je na 18.765.747 dionica svaka nominalne vrijednosti od 100,00 kuna po dionici. Uprava Banke: Dinko Lucić (predsjednik), Andrea Pavlović, Antonio Bergalio, Draženko Kopljar, Hrvoje Dajak, Vedrana Jelušić Kašić, predsjednik Nadzornog odbora: Ignacio Jaquoto

Example of conversion and rounding when buying/selling shares:

| | BUY | SELL |
|-----------------------|--------------------------------------|------------------------------------|
| SHARE | Company 1 | Company 2 |
| QUANTITY | 69 | 12 |
| PRICE | HRK 180.50 | HRK 598.00 |
| | EUR 23.96 (23,95646) | EUR 79.37 EUR (79,36823) |
| COMMISSION | HRK 250.00 | HRK 250.00 |
| | EUR 33.18 (33,18070) | EUR 33.18 (33,18070) |
| TRANSACTION VALUE | HRK 12,454.50 | HRK 7,176.00 |
| | EUR 1,653.00 (1.652,99621) | EUR 952.42 (952,41887) |
| PAY IN/PAY OUT AMOUNT | HRK 12,704.50 | HRK 6,926.00 |
| | EUR 1,686.18 (1.686,17691) | EUR 919.24 (919,23817) |

General conversion impact on customer's rights and obligations from contractual relationship:

Recalculation of prices and other monetary values will be made free of charge by applying the fixed conversion rate in line with the conversion and rounding rules pursuant to the Act, and the euro introduction procedure affects neither the rights and obligations of a client deriving from a contractual relationship with the Bank, nor the validity of existing legal instruments in which reference is made to the kuna.

General information about the period of dual display of prices and the Bank's obligations for clients - consumers in line with Article 47 of the Act:

Dual display of prices and other monetary values will be provided for from 5 September 2022 until 31 December 2023 inclusive. Essential information concerning the dual display refer to prices set forth and other monetary values when applicable with regard to an investment or ancillary service rendered and the value of which is expressed in kuna prior to 1 January 2023:

- Fee tariffs
- Amounts of initial and final balance in customer's cash account
- Monetary value of the final balance in customer's financial instruments account
- Aggregated amount of *ex ante* and *ex post* information on fees and expenses charged to customer as specified in relevant regulations
- Amount of final balance in customer's cash account on the main menu/screen of the digital channel through which the investment or ancillary service is provided.

Also, in the mentioned period the Bank will provide for dual display of fee tariffs, i.e. the price list of its services and the fixed conversion rate, on its business premises and web page.

Sending individual notices to customers:

The Bank will send individual notices to clients about the carried-out euro-kuna conversion within 30 days from the euro introduction date (by 31 January 2023). Individual notice will be delivered to clients who have contracted a financial product or service in kuna up to the date of the euro introduction, the value of which is expressed in kuna, i.e. to the clients whose assets or claims were expressed in kuna, i.e. who purchased a financial product or received a financial service in kuna prior to the euro introduction, and whose financial instruments and/or cash assets are kept with the Bank on the euro introduction date.

Manner and time of recalculating market and nominal value of financial instruments, the value of which has been expressed in kuna until the euro introduction date:

General rules on recalculating nominal value of dematerialised debt securities and money market instruments: Nominal amount of a debt security or money market instrument will not change because of the euro introduction.

As an exception to the foregoing, it is required to take account that:

- (i) Separate recalculation rules apply, in line with Article 64, paragraph 3 of the Act, to certain dematerialised debt securities issued by the Republic of Croatia and dematerialised money market instruments issued by the Ministry of Finance of the Republic of Croatia. Nominal amount and quantity of the mentioned debt securities and money market instruments will be recalculated free of charge by the Central Depository and Clearing Company Plc. on the euro introduction date.
- (ii) If it is not contrary to the terms and conditions from the issuance of the prospectus, the issuer other than the Republic of Croatia and the Ministry of Finance of the Republic of Croatia, may decide within 18 months as of the euro introduction date that the nominal amount of a debt security or money market instrument is expressed in the euro instead of the kuna, and may implement said decision in the manner prescribed by the Act.

General rules on recalculating share capital and nominal value of dematerialised equity securities and other business stakes in share capital: The market operator or the multilateral trading platform operator/manager will, on the day of the introduction of the euro, recalculate and express in euro the market value of shares that are listed or traded in kuna on trading venues, rounding to the nearest cent the value obtained, by using the fixed conversion rate, in accordance with the rules for conversion and rounding referred to in the Act.

Public limited companies (PLC) are obliged to convert the existing amount of share capital and its components attributable to shares by applying the fixed conversion rate from kuna to euro, while rounding the obtained value to the nearest cent, in accordance with the rules for conversion and rounding referred to in the Act, and are obliged to submit a request for registration of such a change to the registration court within a maximum period of one year from the euro introduction date. Upon the entry of the change in the court register, public limited companies are obliged to promptly submit a request for the registration of said change to the Central Depository system.

Display of the value of units (shares) in investment and pension funds: The value of the unit of account of the mandatory pension fund, the price of the unit in the voluntary pension fund, the price of the unit in the UCITS fund and the price of the unit in the AIF determined in the kuna for the day preceding the euro introduction day, are expressed in the euro on the euro introduction day based on the value of the net assets of the fund that is converted into the euro by applying the fixed conversion rate, and the amount obtained is rounded in accordance with regulations governing the operations of these funds.

The Bank is the signatory to the Code of Ethics for the introduction of the euro as the official currency in the Republic of Croatia.

Privredna banka Zagreb d.d.