

CODE OF CONDUCT

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SECTION I

Basic values as guidelines or reference values

Introduction

Privredna banka Zagreb d.d. (hereinafter: the Bank), as well as the entire PBZ Group shall act in line with the guidelines and principles laid down by the Code of Ethics in force. The members of both the Management Board and supervisory bodies, as well as the Bank and the PBZ Group employees and *external collaborators*¹ shall base their conduct on this Code and are obliged to act in line with the provisions hereof.

Contents

Article 1

1. This Code of Conduct (hereinafter: the Code) defines the basic standards of conduct of the members of the Management Board and supervisory bodies, as well as employees and external collaborators who are, within their roles, obliged to perform their duties in the interest of the Bank, the PBZ Group, and their shareholders, as well as their clients, in a diligent, proper, just and professional manner. Therefore, the use of authorities to make decisions and perform business activities must be reflective of all of the aforementioned values and principles.
2. The PBZ Group selects its external collaborators from among the natural and legal persons that share the same principles and values.
3. The failure to observe this Code shall be deemed a breach of professional and ethical principles, as well as a breach of the obligation of fair practice as regards the Bank and the PBZ Group and shall be liable to the sanctions laid down in Article 25 hereof.

¹ See DEFINITIONS

SECTION II

Obligations and prohibitions

Principles and rules of conduct

Article 2

1. The Bank and each individual company within the PBZ Group agree to promote the observance of the acts and regulations in force, as well as the general principles of conduct mentioned herein on all levels of decision making and business operations by means of an adequate internal control system, as well as the appropriate training and information systems, with the aim of protecting the fairness, the integrity and the reputation of the Bank and the entire PBZ Group.
2. In the performance of their duties, the members of both the Management Board and supervisory bodies, as well as the employees and external collaborators shall observe and apply the regulations of the Bank and the PBZ Group in force, and shall act in line with the principles and values laid down herein.
3. All employees are obliged to observe the obligations arising from their employment, abide by the decisions and the instructions that regulate the banking business and are also obliged to get acquainted with the instructions and guidelines issued by the organizational units of the Bank regardless of the form they are communicated in and follow them.
4. Amongst the rules that members of both the Management Board and supervisory bodies, as well as the employees and external collaborators are required to observe, the rules whose violation involve the employee's criminal liability (purely by the way of example, the regulations concerning money laundering, insider trading and counterfeiting of money and valuables) are considered of great importance and as a consequence, any and all violations of the abovementioned rules will be rigorously evaluated.

Actions incompatible with work obligations – conflict of interest

Article 3

1. The conflict of interest is any situation in which the members of the Management Board and supervisory bodies or employees are not or may not be neutral and objective as regards the business matter and professional activity, in other words, when using their specific position in the process of providing and performing banking and financial services they have or may have

professional and/or personal interests that can compete with the interests of the client and/or interests of the Bank and/or the PBZ Group, which affects or may affect their impartiality and objectivity in providing and performing services and activities and harms the interests of the clients and/or the Bank or the PBZ Group.

2. In the performance of their duties, the members of the Management Board, supervisory bodies and employees shall avoid making decisions or taking actions which are contrary to or in conflict with the interests of the Bank and/or the PBZ Group, or are not compatible with their work obligations and duties. By way of example, situations of conflict of interest may occur when the personal interest interferes or may interfere with the interest of the Bank and/or of the PBZ Group, impeding objective and effective fulfilment of duties, or in relation to the pursuit of inappropriate personal gain as a consequence of the position/operations covered for the Bank or PBZ Group.

By way of non-exhaustive example, potential conflict of interest may arise from certain economic interest, such as shares, other ownership rights and memberships, financial holdings and other economic interests in commercial customers of the Bank, intellectual property rights, loans granted by the Bank to a company owned by the member of the Management Board, supervisory bodies and employees, membership in a body or ownership of a body or entity with conflicting interests.

3. Without prejudice to the provision of paragraph 2 above, employees are required to avoid and refrain from any and all activities which may place them in situations of conflict of interest – even only potential – for their own account or for the account of third parties.

4. Without prejudice to the implementation of acts, regulations and general rules of the Bank and PBZ Group as regards the issue of the prohibition of competition and the restriction of the total number of functions that may be performed, the members of the Management Board and supervisory bodies, as well as employees, are obliged to put in maximum efforts as to prevent the occurrence of situations that present the conflict (even only potential) of their interests and the interests of the Bank and/or PBZ Group. In this process, it is their obligation to notify the Human Resources & Organization Department and/or the Compliance Department, without exception, on the possible conflict of interest, for their own account or for the account of a third party, arising in specific transactions of the Bank and/or the PBZ Group.

5. The members of the Management Board and supervisory bodies, as well as employees shall not conclude, for their own account or for the account of a third party, any deals that would mean going into competition with the Bank or with a company within the PBZ Group; they shall not be a member of a trading company personally liable for the obligations thereof if the company performs business activities from the business field of the Bank or the companies within the PBZ Group; and they shall not perform business operations for their own account or for other people's account, during the period of their employment at the Bank. Employees shall not be members

of the Management Board or the Supervisory Board in other companies that perform business activities in the same business field of the Bank or of the companies within the PBZ Group.

The aforementioned membership or performance of a function may be allowed only if the employees obtain an **explicit approval** of the Human Resources & Organization Department.

To **accept the membership in the supervisory bodies** of trading companies, regardless of their business field, the Bank employees who are in a special relationship with the Bank, as defined by the *Policy on management of transactions with related parties* based on the compulsory provisions of the Credit Institutions Act, are obliged to request **preliminary approval of the Bank's Management Board**.

The members of the Bank's Management Board shall not be members of the Management Board of any other trading company, and in order to accept membership in supervisory boards of trading companies, regardless of their business field, they are obliged to **request preliminary approval of the Bank's Supervisory Board**.

The members of the Bank's Management Board are obliged to notify the Bank's Supervisory Board, in writing and without delay: (a) on legal affairs on the basis whereof the members of the Management Board or one of the members of their immediate family directly or indirectly acquired stocks or business stakes in legal entity on the basis of which a **qualifying share** in this other legal entity was acquired or on the basis of which their shares fell below the limit of the qualifying share and (b) on the cancellation of membership in the supervisory board of a trading company.

6. The issuance of the necessary approval is possible if the activities, duties and services in question:

- do not have a negative effect on the services being provided to the Bank or the PBZ Group
- do not include the use of data, resources or work equipment available to the employees exclusively due to their employment at the Bank or the PBZ group
- do not include performance of financial speculation activities, which also applies in the case when the employees are only indirectly involved
- do not include direct or indirect participation of the employees in the activities similar to the activities of the Bank, companies within the PBZ Group, or the specific scope of operations of the organizational unit at which the employee works or worked
- do not have a negative impact on the employees' dignity, the Bank or the PBZ Group, including any actual or potential reputational risk.

7. The members of the Management Board and supervisory bodies, as well as employees shall not be mutually involved in activities related to lending/ borrowing money or similar items of economic nature. The prohibition in question also applies to the activities related to lending/borrowing money or similar items of economic nature between the clients and the suppliers on one side and the members of the Management Board and supervisory bodies and

employees, who make direct contact with the aforementioned persons on the basis of their job description, on the other side.

8. The members of the Management Board and supervisory bodies, as well as employees shall refrain from any and all activities which may be considered as conflict of interest that may arise from personal or professional relationships with the employees of the Bank or entities included within the scope of prudential consolidation as well as with relevant external stakeholders (such as, material suppliers, consultancies, advocates or other service providers) and/or owners of qualifying holdings in the Bank.

9. The members of the Management Board and supervisory bodies, as well as employees shall refrain from any and all activities which may be considered as conflict of interest that may arise from other current employments (i.e. part-time jobs) and previous employments within last two years.

10. The members of the Management Board and supervisory bodies, as well as employees shall not allow their performance of activities and actions to be influenced by a third party using their political influence or by a politically exposed person with whom they are in a certain personal relationship².

Conflict of interest management at Bank level

1. In addition to the cases where a member of the Management Board or supervisory bodies or an employee of the Bank are in a conflict of interest, all the employees of the Bank are also required to report to the Compliance Department those situations in which they have reason to consider that the Bank is in a conflict of interest (e.g. by providing the same or different services to different clients involved in the same transaction, being in a conflict of interest with respect to the interests of clients to whom banking or financial services are provided, etc.). Based on the received report, the Compliance Department establishes the circumstances and takes measures to prevent situations involving conflicts of interest at Bank level and/or measures to manage conflict of interest. It also takes adequate measures to prevent the negative effect of conflicts of interest on the clients' interests.

2. The Bank adopts and applies measures for preventing conflict of interest at Bank level, such as:

² in line with the definition from Anti-money laundering and terrorist financing Act

- an appropriate segregation of duties, e.g. entrusting conflicting activities within the processing of transactions or when providing services to different persons, or entrusting supervisory and reporting responsibilities for conflicting activities to different persons
 - establishing information barriers, e.g. through the physical separation of certain business lines or organizational units
 - establishing adequate procedures for transactions with related parties, e.g. requiring transactions to be conducted at arm's length
3. Provisions on actions and measures to be taken in case of conflicts of interest of the Management Board and supervisory bodies members and employees shall adequately apply to cases of conflict of interest at Bank level.

Conflict of interest in providing investment and ancillary services and in the performance of investment activities, privileged information

Article 4

1. The Bank employees involved in the providing of investment and ancillary services³ and the performance of investment activities, as well as the persons who have access to *privileged information*⁴ (that concern the Bank as the issuer of financial instruments, but also the information concerning other financial instruments, as well as the issuers of financial instruments) in the course of performing their work, professional or other assignments, the persons in management positions at the Bank who have access to privileged information, the members of the Bank's Management Board, the members of the Supervisory Board and the Audit Committee, the members of the Credit Committee and other competent Bank bodies, **are obliged to act in line with the internal rules of the Bank regulating the following areas:**

- conflict of interest in providing investment and ancillary services and the performance of investment activities
- personal transactions of employees
- management of privileged information
- public disclosure of prescribed and privileged information.

2. Should they become aware of the occurrence of a (potential) conflict of interest in the course of providing investment and ancillary services and the performance of investment activities, the Members of the Management Board and supervisory bodies, as well as the Bank employees must observe the external and internal regulations in force in order to protect the clients' interests and defend them in the best way.

³ see DEFINITIONS

⁴ see DEFINITIONS

Obligation of reporting the conflict of interest

Article 5

1. The members of the Management Board and supervisory bodies, superior managers and the Bank employees are obliged to immediately report to the Compliance Department all the circumstances and the situations that:

- pose an existing and/or potential conflict of interest or
- may lead to the occurrence of the conflict of interest.

2. In addition to all of the aforesaid, in the case of suspecting the occurrence of circumstances that pose a (potential) conflict of interest, everyone is obliged to give immediate notice to their immediate superior manager, especially if occurring in the relationships towards clients, suppliers and competition.

3. In order to avoid the conflict of interest at work, the employees have the obligation to report all family or other specific relationships with other employees to the superior manager, in the case whereof the manager is obliged to notify the Human Resources & Organization Department and organize work in such a way as to avoid making decisions or carrying out actions that may present a conflict of interest.

4. The members of the Management Board and supervisory bodies, as well as employees are obliged to report their participation in the ownership structure and the membership in third party legal entities or any material interest related to the business operation of the third party entities, that may lead to the conflict of interest, to the Compliance Department.

5. Anyone reporting the events related to the conflict of interest in good faith shall be protected from any form of retaliation, discrimination or penalty with the maximum confidentiality, in the process whereof the legal obligations shall not be questioned.

6. The Compliance Department shall assess every identified or potential conflict of interest which has been reported and shall manage it adequately. In case of an identified conflict of interest, mitigation or elimination measures shall be introduced (e.g. entrusting activities or transactions that might lead to a conflict of interest to various persons, preventing employees who carry out a specific activity also outside the Bank from having an inappropriate influence within the Bank in connection with such other activities, establishing the employee's obligation to abstain from voting on any decision if he/she has or may have a conflict of interest or if his/her objectivity or ability to properly fulfil his/her duties to the Bank are otherwise compromised).

Conflict of Interest Register

Article 6

1. The Compliance Department has set up, manages and regularly updates the Conflict of Interest Register.
2. The Conflict of Interest Register contains data and records as regards all the current and previous situations and circumstances that pose a (potential) conflict of interest.
3. The Compliance Department collects the data and the records from the previous paragraph hereof from the Human Resources & Organization Department, directly from the members of the Management Board and Supervisory bodies or employees, on the basis of their own findings or in any other lawful manner.

Conduct obligations in the work place and outside the work place

Article 7

1. Any kind of conduct in the work place that does not encourage fairness and maximum respect of dignity and moral values of each person must be avoided.
2. Any form of discrimination is prohibited, as well as any form of harassment, which particularly applies to sexual harassment and physical, verbal or non-verbal conduct of sexual nature that hurts the dignity of the person and creates intimidating, hostile or humiliating atmosphere.
3. Moreover, in their private life the members of the Management Board and supervisory bodies, as well as all employees **must sustain** from actions:
 - that might hurt their financial position (such as, for example, gambling and betting)
 - from actions performed at the Bank premises or by using the Bank assets and work equipment, which are not directly related to the performance of work or professional assignments (e.g. political or religious agitation, sending messages of inappropriate content), if such conduct might hurt or potentially hurt the integrity of another employee or a person outside the Bank
 - that are not in line with the functions they perform in the Bank/PBZ Group or conduct that might endanger the reputation and the image of the Bank/the PBZ Group
 - that are in any way illegal or inappropriate from the ethical point of view.
4. The members of the Management Board and supervisory bodies **are obliged to**:
 - behave in line with the high standards of fairness and integrity both at their work place and outside of it
 - protect the secrecy of information about any form of internal rewarding, salary included; the employees may discuss their earnings exclusively with the superior managers who have

access to such information on the basis of their authorities, and any enquiries in whatever form to other employees concerning their earnings are contrary to this Code

- take account of appropriate professional appearance and take special care as to be dressed **neatly in a formal business style** at their work place, which has a positive impact on the total image of the Bank and the PBZ Group in whole:
 - **appropriate business outfit** would comprise a work uniform for both sexes; a suit, a shirt, a tie and shoes for males, and a suit, a shirt, a scarf, shoes or sandals for females
 - as an exception, employees who do not have a constant contact with clients may, with the approval of the superior manager, wear informal business outfits such as a dress or a skirt, casual pants, a shirt or a golf shirt, a pullover, casual shoes or sandals
 - **inappropriate business outfit** would consist of any kind of denim, overalls, T-shirts, short pants, sloppy clothes, clothes bearing mottos or signs, fitness wear and flip-flops or sneakers
- perform only those activities that are in line with the job description of the employee during the office hours
- balance their personal financial situation
- protect and promote the reputation and the values of the Bank or the PBZ Group in private life and express loyalty thereto.

Personal transactions in financial instruments

Article 8

1. When carrying out their duties, the members of the Management Board and supervisory bodies, as well as the Bank employees involved in providing investment and ancillary services and the performance of investment activities, may not directly or indirectly (through a third party) conduct transactions in financial instruments in which they participate as the opposing party as against the Bank's clients outside the regulated market⁵.

2. The persons from the previous paragraph hereof are also prohibited to:

- forward orders directly to execution units (if separated from order-taking units), being obligated instead to refer to the order-taking unit (e.g. branch, Internet banking, telephone banking);
- make purchase / sale of the same currencies and/or the same financial instruments within the same day
- make short selling

⁵ If purchasing through stock exchange, the identity of the seller remains unknown and vice versa.

- carry out transactions in derivatives instruments and/or operative strategies of extremely speculative nature, such as those that may endanger capital/financial position of the participator due to their size or risk profile
- perform private business activities that due to their quantity and frequency may disturb the persons performing them in the execution of their duties
- directly enter personal transactions (or to evade the usual channels for order taking, such as the Internet) within the Bank procedure for order taking or personally carry out administrative and accounting transactions for their own account or as a co-authorized person or attorney-in-fact (the transactions in question must be carried out by some other employee or must be authorized by the superior manager prior to their execution).

3. Without prejudice to the provisions of the previous paragraphs, the employees of all organizational units who participate in the execution of transactions in financial instruments may not personally carry out actions and activities that are necessary for the execution of personal transactions in the market (nor look for the available opposing parties with which the transaction may be executed), not even if those transactions are initiated through an appropriate structure of taking and transferring orders.

4. Personal transactions conducted by the employees through a third party shall be liable to the same prohibitions laid down herein.

5. The principles and the restrictions from this Code and other internal rules shall apply to all the companies within the PBZ Group that provide investment services and perform investment activities, as well as to the fund management companies and open-end investment funds with public offering.

6. In order to enable the implementation of internal control as regards the practices of employees and to avoid possible abuse, in cases when employees come in possession, or gain access to privileged and confidential information on the issuers of the listed financial instruments (or on the financial instruments), the Bank may introduce adequate forms of tracking the flow and the dissemination of privileged and confidential information and the personal transactions of employees, as well as use specific means (so-called list of prohibited instruments) to restrict or prohibit the individual employees or employee categories to execute transactions as regards particular financial instruments. Other personal transactions.

Article 9

1. The employees are prohibited to:

- provide a loan or other form of benefits for themselves or for the clients who are their spouses, partners or relatives of up to the fourth degree⁶. This prohibition shall also apply to the cases when the client is a legal person or some other entity (including craftsmen, i.e. sole entrepreneurs) in which they hold stake, are members thereof or have a material interest therein, spouses, partners or employee's relatives of up to the fourth degree. In the aforementioned cases, the transaction must be approved by some other employee.
- carry out transactions of accounting nature at the teller or in the back office on the accounts with regard to which they themselves or their spouses or persons who under the special act have a position equal to the position in marital union or relative of up to the fourth degree have a role of the holder or the attorney-in-fact. In that case, the transaction should be carried out by some other employee or the said transaction must be authorized by the superior manager of the unit in which the transaction in question is carried out.
- Carry out transactions which exceed the given authorities
- Exceed the limits of authorized credit on the current account
- Exceed debt limits (mortgages, loans, consumer loans and the like), including borrowing from other intermediaries besides the Bank and in that way endanger their own debt servicing ability.

Confidentiality of data and information

Article 10

1. The data and the information that the members of the Management Board and supervisory bodies and employees learn in the course of performing their duties need to be treated in line with the legal and sub-legal regulations and internal rules in force, in a manner as to always ensure their confidentiality and secrecy.

2. In particular, the members of the Management Board and supervisory bodies, as well as employees, are obliged to keep the confidential information that they receive from clients or which they learn in another way in the course of performing their job secret.

3. The confidential information may be distributed within the Bank or other companies within the PBZ Group, but only to those persons who have real and justified need for the information in question for business reasons. Anyone disposing of confidential information must devote maximum effort to keep the confidentiality of those data.

⁶ see DEFINITIONS

4. The members of the Management Board and supervisory bodies and employees shall not use the confidential information that they receive from clients (including instructions as to investment or investment withdrawal) or learn in the course of performing their job with the purpose of conducting personal transactions or transactions of third parties, not even if the said transactions are carried out through a third party, or advise third parties to carry out transactions on the basis of those information.

5. The members of the Management Board and supervisory bodies, as well as employees shall not use the confidential information in their own interest or the interest of third parties, including the Bank itself, particularly those information concerning the companies that are the issuers of the financial instruments listed at the regulated market, even if they receive the information in question outside their own working environment.

6. In order to facilitate the implementation of internal control measures and procedures as regards the practices of the members of the Management Board and supervisory bodies and employees, as well as to avoid possible abuses, the Bank may introduce forms of tracking in the cases when the persons mentioned come into possession of privileged and confidential information on the issuers of the listed financial instruments, and may also use specific means (so-called list of prohibited instruments) to restrict or prohibit the individual persons or categories of persons or organizational units of the Bank to execute transactions in particular financial instruments.

8. The Bank shall not disclose confidential data to third parties without prior and explicit approval of the client, with the exception of the legitimate request of the competent authorities or the exchange of general commercial information among the banks for use in the market and in the case of request based on the regulations in force.

9. The Bank shall take the highest measures of protection of the interests of clients and the Bank by using information systems protected from unauthorized access to databases.

Assigning powers of attorney and duties

Article 11

1. The members of the Management Board and supervisory bodies, as well as the Bank employees are prohibited to personally accept powers of attorney and orders from clients with the purpose of concluding a contract with the Bank itself as the counter-party, or with the aim of executing the order and carrying out transactions through Bank as the intermediary.

2. The Bank may not conclude contracts, execute orders or carry out transactions with clients on behalf of who or for the account of who it acts as attorney-in-fact or the representative member of the Management Board, supervisory bodies or the employee of the Bank itself.

3. The prohibitions from paragraphs 1 and 2 hereof shall not apply to the cases of legal representation, statutory representation (such as representation of the company through the Management Board) or functional representation (power of attorney based on employment.)

4. The prohibitions from paragraphs 1 and 2 hereof shall also comprise relationships and situations in which the members of the Management Board or supervisory bodies or the employees act as a co-authorized person or attorney-in-fact of one or more co-authorized persons.

The exception to the prohibitions from this paragraph shall be the cases when third parties that are co-authorized persons or the holders of rights are spouses, or persons who according to the special act have the position equal to the position in marital union or a relative of up to the fourth degree of the member of the management board or supervisory bodies or the employee in question.

5. The provisions hereof shall not apply to those included in providing investment services and the performance of investment activities in line with positive regulations regulating the capital market.

Use of the Bank's assets

Article 12

1. The employees are obliged to take care of the work equipment provided by the Bank (such as, for example, personal computers, telephones and the like) and use them only to meet their work obligations, unless the Bank specifies otherwise. For that matter, the internal regulations that the Bank adopted in the realisation thereof shall apply.

SECTION III

Relations with third parties

Relations with official bodies

Article 13

1. Relations with local and foreign official bodies shall be based on the principles of transparency, professionalism and full cooperation.
2. The communication and reports shall be full and timely and in line with the relevant acts and internal procedures adopted by the Bank.

Relations with public administration, clients, supplier and other external parties

Article 14

1. The relations of the members of the Management Board and supervisory bodies and employees with public administration, political and union organizations, suppliers and clients, as well as other external parties must be based on the principles of maximum correctness, integrity, impartiality and independence.
2. Within the mentioned relations, the members of the Management Board and supervisory bodies, as well as employees shall not promise, provide or receive services, money or benefits of any kind, apart from those that may be directly attributed to the usual standards of professional conduct and decency, nor shall they encourage practices which are contrary to the interests of the Bank, the PBZ Group or clients.
3. It is also prohibited to demand or encourage third parties to provide privileged treatment to particular entities or groups of entities or affect the decisions of the opposing party in an inappropriate way.
4. In client relations and, generally, in external contacts established in the course of performing work obligations, the members of the Management Board, supervisory bodies, as well as all employees directly or indirectly involved in those relations, are obliged to conduct in a way as to meet the criteria of decency, cooperation, correctness and transparency, and are obliged to submit full and correct information upon request and by all means avoid the use of inconsistent and inappropriate practices or practices aimed at endangering the independent judgement of the opposing party. Employees shall exercise special care as to remain able to act calm, interested and kind in the communication with clients, which causes the greatest work strain.

With regard thereto, employees may refer to the detailed rules of communication laid down in the PBZ Communication Manual.

5. The bidding for the selection of supplier must be performed transparently and in line with the policy of equal chances for all the suppliers that meet the bidding conditions. As a rule, the suppliers that have the Bank client status at the same, time can be privileged on the basis of the status concerned, if they offer at least equal conditions compared to other most favourable supplier.

6. In addition to the general principle of equal treatment for all client and supplier categories, the bank shall rule out direct or indirect relationships with the persons known or suspected to belong to criminal groups or organizations acting outside the law, such as those connected to drug dealing, corruption, terrorism financing and/or money laundering, as well as usury.

Providing information to clients

Article 15

1. Without prejudice to the obligation of publishing information stipulated by the regulations in force and applicable internal procedures that regulate the obligation of transparency, the Bank is obliged to put the descriptive documentation on the offered products and services at clients' disposal.

2. Employees are also obliged to describe the nature, risks and costs of the product, transactions and services, included in the offer or specially requested, to the client.

3. The Bank has the obligation is to protect its clients in line with good business practice.

4. The clients' lack of proficiency and ignorance of business operations shall not be abused with the aim of deriving personal and business benefits.

5. Should clients fail to provide the information requested by the Bank, the aforementioned employees shall assess the clients' characteristics on the basis of the information available.

6. The permanent principle when dealing with clients is to make sure that they are as clearly as possible informed on mutually recognized obligations and on the risks that arise from and are implied by the nature of the actions performed.

Client complaints, enquiries and suggestions

Article 16

1. Attempting to develop an open and confidential relationship towards clients based on dialogue and the avoidance of conflicts, the Bank offers them a possibility of communication by means of complaints, enquiries or suggestions addressed to the organizational units of the Bank or directly to the Bank's Call centre. The complaints shall be forwarded to the competent organizational unit

and processed with due diligence and swiftness, followed by the proposal of quick and effective solutions in the case of founded complaints.

2. The Bank shall pay importance to client complaints, enquiries and suggestions in order to ensure excellence and singularity of our services, as well as to improve the quality of service and relationships with our clients in all business segments.

Stockholder relations

Article 17

1. Attempting to meet the priority obligation to the stockholders of ensuring adequate economic gain proportional to their investment and trust shown in dealings, the Bank is obliged to take account of the entrepreneurial spirit and leadership abilities according to the principle of sound and wise management.

2. The Bank has the obligation to maintain high standards in the performance of banking profession, striving to improve the quality of offered services, select its obligations as per acceptability, increase the profitability and solvency of the asset basis.

3. The Bank is obliged to provide the stockholders with accurate, timely, complete and truthful information and notifications.

4. The Bank has the obligation to guard, protect and pay due diligence to goods and assets and dismiss the improper use thereof.

Media relations

Article 18

1. Without prejudice to the authorities of the Supervisory Board and the bank's Management Board, the Bank's Public Relations and Marketing Communication Department stands as the only reference point in the relationships with media for all the companies within the PBZ Group, except in the case when a special authorization has been issued.

2. Without prior authorization of the Public Relations and Marketing Communication Department, the employees are obliged to refrain from giving statements and interviews to the representatives of the press and electronic media, as well as to third parties, and from giving any kind of information and comments related to the Bank's business operations or its work organization.

3. Relationships with media must be maintained in line with the regulations in force, as well as the internal documents of the Bank, or a particular company within the PBZ Group in line with the granted authorities.

Lectures and presentations to third parties

Article 19

1. Employees may give lectures and/or presentations that, among other things, contain the facts about the Bank's business operations to persons who are not employees of the Bank or the PBZ Group, both in country and abroad, if they send the contents and the material concerned to the Public Relations and Marketing Communication Department for a prior authorization, in that matter adhering to the provisions hereof regulating the conflict of interest.

Promotional activities

Article 20

1. In public relations, the Bank shall observe the law and good business practice. Respecting human dignity, it shall avoid means of promotion and sale techniques that force client decisions or affect their consent by means of incomplete, intermittent communication or communication containing false content.

2. Advertising and other promotional activities shall be clear, truthful and unambiguous.

3. Advertising and other promotional activities shall not disparage competing companies and products.

4. Promotional messages shall not encourage inappropriate or irresponsible individual conduct.

Receiving and giving gifts

Article 21

1. In the regular business relations, the gifting has the exclusive aim of promoting the image of the Bank and/or the PBZ Group and this practice is considered to remain within the limits of usual business practice or decency and does not present means of receiving privileged treatment in the implementation of any practice and/or activity which may be related to the Bank and/or the PBZ Group.

2. Offering and/or promising gifts, donations or other benefits to official persons or government officials in an inappropriate way is not allowed, not even if they are employees from foreign countries or international public organizations.

The same prohibition shall also apply to promises or offers given to third persons within the mentioned relations. In the course of promotion, the Bank and the PBZ Group are obliged to follow the usual business practices and shall avoid conduct and practices that are not in line with any known laws and codes of ethics of particular companies and bodies with which they have relations, public bodies included. The aforementioned does not apply to the gifts of small values which are gifted in line with the principles and procedures hereof.

3. The members of the management Board and supervisory bodies, as well as the Bank employees shall neither receive gifts or signs of appreciation that exceed small or symbolical value or represent a disregard of usual rules of decency, nor accept, for their personal gain or other persons' gain, other offered benefits or gains that are inappropriate within the usual business relationships and that compromise the independence of judgement and the business integrity of the employee or agent.

4. The gifts of small or symbolical value are the gifts the value of which does not exceed:

- **150,00 EUR (one hundred and fifty euros)**
- **50,00 EUR (fifty euros)** if the gift has been accepted by an employee involved in the business process of the choice of supplier.

The above-mentioned gift values apply to the value of a single gift or the value of multiple gifts received from the same source in the course of one calendar year.

5. The employees are obliged to report each accepted gift to their manager. Prior to the acceptance of gift that exceeds the amount from the previous paragraph hereof, it is necessary to request permission of the Compliance Department and to proceed by the provisions of the *Rules for the Management of Gifts and Entertainment Expenses*.

SECTION IV

Regulations on organization and control

Separation of accounting and organizational operations

Article 22

1. The Bank and the companies within the PBZ Group have set up adequate organizational structures in order to ensure the independence of assessment, clear and adequate distribution of responsibility and separation of duties.
2. Employees are obliged to strictly observe the regulations on the separation of accounting and organizational operations, in order to ensure proper management of the conflicts of interests and privileged information, in line with the special internal policies and procedures that are in effect and that regulate the mentioned area.

Administrative and accounting management

Article 23

1. Business transactions should be declared in accounting records and databases accurately, fully and timely in order to ensure accurate and truthful declaration of profit, capital and financial position of the Bank and the PBZ Group.
2. All agents directly or indirectly involved in the Bank management and all employees are thus obliged to cooperate in the individual transaction reporting and to keep the documentation on the conducted transaction, as well as to make sure that the documentation concerned may easily be found, in line with the administrative and accounting procedures stipulated in relation to the preparation of financial reports and all other financial communication, with the purpose of providing support to the manager in charge in the course of annual verification of control from the areas of administrative and accounting management, if necessary, as well with the purpose of maintaining reliability of corporate communication of the Bank and the PBZ Group.

Control and restrictions in business operations

Article 24

1. Performance of the internal audit activities in the Bank and the PBZ Group is organized in an independent way in line with the appropriate professional standards, in particular:
 - the persons in charge of carrying out internal audit must have adequate experience and qualifications

- management and control functions must work with resources and assets adequate to the scope and complexity of the activity that is the subject matter of internal audit
- the audits must be planned and regularly directed to the areas of greatest risk and must be properly carried out and documented in order to substantiate the findings and given recommendations
- the management and supervisory bodies of the Group must be directly reported on the audit findings
- the managers must be notified on all issues that demand their attention on time.

Through their employees, the internal audit function of the Bank and the PBZ Group has free access to data, archives and goods of the company.

2. Observation of this Code at the Bank and the PBZ Group is supervised and monitored by the Internal Audit Department, as well as the internal audits of the companies within the PBZ Group. In the performance of the internal audit function, they carry out necessary activities related to controls that they consider advisable.

3. Anyone acquainted with the practices breaching this Code, or with particular illegal or irregular events (considering laws or procedures) is obliged to act in line with the internal rules of the Bank. With the obligation to keep maximum guard of confidentiality of all data and reports, the Bank and the companies within the PBZ Group commit themselves to protect anyone who reports on such events in good faith from any form of retaliation, discrimination or penalty and to guarantee maximum confidentiality, in the process whereof the legal obligations shall not be questioned.

SECTION V

Breach of the Code provisions (Sanctions)

Measures taken in the case of breach of provisions of this Code

Article 25

1. The breach of any of the Code provisions shall be deemed breach of obligations arising from or related to employment.
2. Depending on the seriousness of violation, measures laid down in the Labour Act and/or the Bank documents may be imposed on the employee.
3. The procedures and the persons authorized to bring forward a proposal for imposing measures on employees due to the breach of obligations arising from or related to employment, as well as to decide on taking final measure against the employee are stipulated by the internal documents of the Bank.
4. The measures against the members of the Management Board and/or supervisory bodies shall be taken by the controlling bodies in line with the positive regulations and internal documents of the Bank upon the assessment of actions that represent the breach of provisions hereof.
5. The measures against external collaborators who do not have a status of employee are taken in the observance of the provisions of the agreement that regulates the collaboration concerned, whereby it is implicit that the failure to observe the aforementioned obligations and prohibitions constitute a reason for the evaluation and the termination of the agreement concerned.

Scope of application

Article 26

1. The provisions hereof shall apply to the members of the Management Board and supervisory bodies, as well as all employees, including employees who have concluded temporary employment agreement, as well as those employees working through an employment agency.
2. The provisions hereof shall also apply to external collaborators, suppliers and partners, especially obligations from articles 10, 12, 14 and 24 paragraph 3 hereof, and other provisions if they are applicable thereto.

FINAL PROVISIONS

Article 27

1. Any Bank employee must be acquainted with the provisions hereof.
2. The organizational units in charge of interpretation of the provisions hereof are the Human Resources & Organization Department and the Compliance Department.
3. The Human Resources & Organization Department and the Compliance Department are obliged to amend this Code with the permission of the Bank's Management Board, if amendments are of technical and administrative nature.
3. Each individual company within the PBZ Group may amend the Code concerned by more rigorous or different rules of conduct, with regard to the particularity of operations of that company, whereby it is necessary to send the amendments concerned to the Bank as a mother company for assessment and authorization in advance.
4. This Code shall come into force as of the date of adoption hereof.

DEFINITIONS

External collaborators: all persons who are not employed at the Bank, but perform operations for the benefit of the Bank, regardless of them being exclusive service providers or not.

Confidential information: as a rule, it consists of publicly unavailable information that concern natural or legal person of which the Bank disposes or has access to on the basis of providing services or performing its activity.

Privileged information: information of precise nature that has not been publicly available and which is directly or indirectly related to one or more issuers of financial instruments or to one or more financial instruments and which, if made publicly available, would probably considerably affect the prices of those financial instruments or the prices of derivative financial instruments. Such considerable impact is deemed possible if reasonable investors would take into account such information as a part of the basis for making their investment decisions.

Measuring the degree of relation: The degree of relation (whether in vertical or horizontal line) is measured in a way as to take into account the number of births in both lines, apart from the birth of common ancestor. That means that e.g. a brother and a sister are at the second degree of relation, since two births are necessary (from the perspective of common ancestor); cousins are at the fourth degree of relation, since four births are necessary (from the perspective of common ancestor): the birth of their parents, followed by the birth of two of them; an uncle and a nephew are at the third degree of relation, since three births are necessary (the uncle's birth, the birth of the uncle's brother/nephew's father and the nephew's birth).

Investment services and activities and ancillary services: activities and services concerning financial instruments:

Investment services and activities:

1. order receipt and transfer regarding one or more financial instruments
2. executing order for the client's account
3. trading for own account
4. portfolio management
5. investment counselling
6. services of implementing the offer, that is, the sale of financial instruments with the obligation of repurchase
7. services of implementing the offer, that is, the sale of financial instrument without the obligation of repurchase
8. managing multilateral trade platform.

Ancillary services

1. storage and administration of financial instruments for the client's account, including custody activities and services related thereto, such as, for example, the management of funds or collaterals
2. granting a credit or a loan to investors in order to enable them to conclude transactions in one or more collaterals, if a company that approves a loan or a credit is involved in the transaction,
3. counselling on capital structure, business strategies and related issues, as well as counselling and services related to merger and acquisition of a stake in companies
4. services of foreign currency operations if they are related to providing investment services
5. investment research and investment analysis, as well as other recommendations relative to transactions in financial instruments
6. services related to investment services and activities mentioned under no.6

7. investment services and activities and ancillary services relative to the core assets of derivatives from article 3, paragraph 1, item 2, sub item d, indents 2,3,4 and 7 of the Capital Market Act when those investment services and activities constitute an extension to investment or ancillary services.

A politically exposed person shall be any natural person who acts or has acted during the at least previous 12 months at a prominent public function in a member state or a third country, including their immediate family members or persons known to be close associates of a politically exposed person.

Natural persons who act or have acted at a prominent public function shall be:

1. presidents of countries, prime ministers, ministers and their deputies and state secretaries and assistant ministers
2. elected members of legislative bodies
3. members of the governing bodies of political parties
4. judges of supreme or constitutional courts or other high ranking judicial officials against whose decisions, save for exceptional cases, legal remedies may not be applied
5. judges of courts of auditors
6. members of central bank councils,
7. ambassadors, *chargés d'affaires* and high ranking officers of armed forces,
8. members of management and supervisory boards in state-owned or majority stateowned legal persons,
9. directors, deputy directors and members of the board, as well as persons carrying out equivalent function of an international organizations
10. municipality prefects, mayors, county prefects and their deputies elected on the basis of the law regulating local elections in the Republic of Croatia.

Family members of a politically exposed person shall be:

1. the spouse or common-law partner of a politically exposed person
2. the children and children's spouses or children's common-law partners, of a politically exposed person, or
3. parents of a politically exposed person.

The close associate of a politically exposed person shall be any natural person:

- a) who shall be known to have joint beneficial ownership of legal person or a legal arrangement or any other close business relations with a politically exposed person,
- b) who have sole beneficial owner ship of a legal person or a legal arrangement for which is known to have been set up for the benefit of a politically exposed person.