



PRIVREDNA BANKA ZAGREB

**ARTICLES OF ASSOCIATION
OF PRIVREDNA BANKA ZAGREB d.d.
(Final version)**

(April 2016)

PBZ, a bank of **INTESA**  **SANPAOLO**

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Note:

The English translation of the Croatian original has been prepared primarily for the convenience of the reader. The original version in Croatian takes precedence.

Pursuant to Article 68, Paragraph 2 of the Articles of Association of Privredna banka Zagreb d.d. (Final version – March 2013), the Supervisory Board of the Bank, at its 6_16 meeting held on 8 April 2016, laid down the final version of the Articles of Association of Privredna banka Zagreb d.d.

The final version of the Articles of Association of PBZ d.d. comprises the Articles of Association of PBZ d.d. adopted by the shareholders of PBZ d.d. at the Annual General Meeting held on 26 May 1995, and the subsequent amendments to the Articles of Association contained in the Decisions on the Amendments to the Articles of Association of PBZ d.d. that were adopted: at the Annual General Meetings of PBZ d.d. held on 4 June 1996, 20 January 1998, and 29 June 1998; at the Extraordinary General Meeting of PBZ d.d. held on 23 March 1999; at the Annual General Meeting of PBZ d.d. held on 23 June 1999 - excluding the text of Article 1 of the relevant Decision that corresponds to the text of the Resolution of the Croatian National Bank No. Z 669/99 of 22 December 1999 whereby Privredna banka Zagreb d.d. was granted the operating licence in accordance with the provisions of the Banking Act; including also the amendments contained in the Decisions on the Amendments to the Articles of Association of PBZ d.d. adopted at the General Meetings of PBZ d.d. held on 15 April 2002, 30 January 2003, 27 June 2003, 5 April 2004, 31 August 2006, 5 April 2007, 8 April 2008, 26 October 2009, 29 March 2011, 29 March 2013 and 25 March 2016

ARTICLES OF ASSOCIATION OF PRIVREDNA BANKA ZAGREB d.d. (Final version)

I. GENERAL PROVISIONS

Article 1

- (1) Privredna banka Zagreb d.d., Zagreb (hereinafter referred to as “the Bank”) was founded under the “Decision on the Adjustment [of Operations] and the Foundation of Privredna banka Zagreb d.d.”, adopted at the Founding Meeting of the Bank held in Zagreb on 21 December 1989, and it is the legal successor to “Privredna banka Zagreb – Osnovna banka”.
- (2) In accordance with the Decision referred to under (1) above, the Bank was entered into the register kept with the Commercial Court in Zagreb, on the Register sheet No. 1-2259, on the basis of the Court Decision No. Fi-5082/89-2 of 29 December 1989.

Article 2

- (1) The Bank is a member of Intesa Sanpaolo group, registered with the banking group registry of Banca d'Italia pursuant to the legislation of the Republic of Italy. As such, the Bank shall comply with the instructions which the bank Intesa Sanpaolo S.p.A. shall, in performing its management and coordination activities, issue and provide to the Bank for the purpose of the implementation of instructions of Banca d'Italia, in the interest of the stability of Intesa Sanpaolo group, provided that this is in conformity with the legislation of the Republic of Croatia.
- (2) The Management Board of the Bank shall provide the bank Intesa Sanpaolo S.p.A. with all data and information required for the issuing of the instructions mentioned in Paragraph (1) of this Article.

Article 3

- (1) The Bank is the superordinate company in relation to other companies which, by law, together with the Bank, form the PBZ Group.
- (2) In relation to other companies belonging to the PBZ Group, the Bank represents a parent company and, as such, it shall perform activities of coordination and management of member companies of the PBZ Group.

Article 4

- (1) These Articles of Association shall regulate the basic social and economic, legal, and other relations that are of relevance to the Bank, its business operations, and its shareholders.

II. NAME AND REGISTERED OFFICE OF THE BANK

Article 5

- (1) The Bank shall operate under the name: PRIVREDNA BANKA ZAGREB – DIONIČKO DRUŠTVO.
- (2) The abbreviated name of the Bank shall read: Privredna banka Zagreb d.d.

Article 6

- (1) The Bank may, together with the name and the abbreviated name in the Croatian language, also use the name translated into English and German.
- (2) The name of the Bank translated into English shall read: PRIVREDNA BANKA ZAGREB P.L.C.

- (3) The name of the Bank translated into German shall read: PRIVREDNA BANKA ZAGREB A.G.

Article 7

- (1) The registered office of the Bank is in Zagreb.

Article 8

- (1) The Management Board of the Bank shall be entitled to make a decision on the change of the registered office of the Bank as well as the registered office address.

Article 9

- (1) In its operations, the Bank shall use the stamp or the seal containing the name and the registered office of the Bank, as well as the logotype.
- (2) The form, size, the way of use and of safekeeping of the stamp and the seal, as well as the contents of the logotype, shall be laid down by the Management Board of the Bank.

III. ACTIVITIES TO BE CARRIED OUT BY THE BANK

Article 10

- (1) The Bank may provide banking services and core and ancillary financial services, namely:
1. acceptance of deposits or other repayable funds from the public and the approval of loans out of such funds, for its own account;
 2. acceptance of deposits or other repayable funds;
 3. lending, including consumer credit, mortgage credit and, where permitted by a special law, financing of commercial transactions, including export financing based on the purchase at a discount without recourse of non-current, non-matured receivables collateralised with a financial instrument (forfeiting);
 4. repurchase of receivables with or without recourse (factoring);
 5. financial leasing;
 6. issuance of guarantees or other commitments;
 7. trading for own account or for the account of clients in:
 - money market instruments;
 - transferable securities;

- foreign exchange, including currency exchange transactions;
 - financial futures and options;
 - exchange and interest-rate instruments;
8. payment services, in particular:
- 1) services that enable depositing of cash into a payment account as well as any activities required for operating a payment account;
 - 2) services that enable cash withdrawals from a payment account as well as any activities required for operating a payment account;
 - 3) execution of payment transactions, including transfers of funds to a payment account with the user's payment services provider or with another payment services provider:
 - execution of direct debits, including one-off direct debits,
 - execution of payment transactions via a payment card or a similar means of payment,
 - execution of credit transfers, including standing orders;
 - 4) execution of payment transactions where the funds are covered by a credit line for a payment service user:
 - execution of direct debits, including one-off direct debits,
 - execution of payment transactions via a payment card or a similar means of payment,
 - execution of credit transfers, including standing orders;
 - 5) services related to issuing and/or acquiring of payment instruments;
 - 6) services related to money remittances;
9. credit reference services, such as collection, analysis and provision of information on the creditworthiness of legal and natural persons that conduct their business independently;
10. issuing and administering other means of payment, if the provision of such services is not considered the provision of money transmission services in the country and abroad;
11. safe custody services;
12. money broking;
13. activities related to the sale of insurance policies in accordance with the law governing insurance;
14. advice on capital structure, industrial strategy and related matters, and advice and services relating to mergers and the purchase of shareholdings;
15. investment and ancillary services and activities prescribed by a special act governing the capital market that are not included in the previously listed core financial services, namely:
- reception and transmission of orders in relation to one or more financial instruments;
 - execution of orders on behalf of clients;
 - dealing on own account;
 - investment advice;

- underwriting of financial instruments and/or placing of financial instruments on a firm commitment basis;
 - underwriting of financial instruments and/or placing of financial instruments without a firm commitment basis;
 - safekeeping and administration of financial instruments for the account of clients, including custodianship and related services;
 - granting credits or loans to an investor to allow him/her/it to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction;
 - foreign exchange services where these are connected to the provision of investment services;
 - investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments;
 - services related to the services of underwriting and/or placing of financial instruments on a firm commitment basis;
 - investment services and activities as well as ancillary services referring to the underlying assets of derivatives;
16. issuance of electronic money.

Article 11

- (1) The Bank may operate in its own name and for its own account; in its own name and for the account of other persons, and in the name of and for the account of other persons.

IV. DURATION AND TERMINATION OF THE BANK

Article 12

- (1) The Bank is founded as a company whose duration shall be indefinite.
- (2) The decision on the termination of the Bank can be made at the General Meeting of the Bank on the basis of votes that represent at least three quarters of the total share capital of the Bank.

V. ORGANISATION OF THE BANK AND THE MANNER OF CONDUCTING BUSINESS

Article 13

- (1) The Bank shall operate through its organisational units in the country and abroad.

- (2) The decision on the organisation of the Bank, on the establishment and the scope of activities of the organisational units of the Bank shall be made by the Management Board of the Bank.
- (3) The decision on the organisation of the Bank shall be made by the Management Board of the Bank and is subject to the consent of the Supervisory Board of the Bank.

Article 14

- (1) For performance of business activities at locations other than the registered office, the Management Board of the Bank may establish branches.

VI. PUBLICATION OF COMPANY DATA AND ANNOUNCEMENTS

Article 15

- (1) The Bank shall publish data and make announcements on the website of the court register.
- (2) Data and announcements of the Bank may also be published in the other media, including electronic media, by decision of the Management Board of the Bank.

VII. SHARE CAPITAL

Article 16

- (1) The share capital of the Bank amounts to HRK 1,907,476,900.00 (one billion nine hundred seven million four hundred seventy-six thousand nine hundred kuna).

Article 17

- (1) The Bank's share capital is divided into 19,074,769 (nineteen million seventy-four thousand seven hundred sixty-nine) ordinary registered shares each with a nominal value of HRK 100.00, whose total nominal value is HRK 1,907,476,900.00.
- (2) Each share referred to in Paragraph (1) above shall give its holder the right to one vote at the General Meeting (the right to participate in decision-making), the right to be paid dividend, and other rights in accordance with the law and these Articles of Association.

VIII. INCREASE AND REDUCTION OF THE SHARE CAPITAL

Article 18

- (1) The share capital of the Bank may be increased on the basis of the decision adopted at the General Meeting concerning:
 - the increase of the share capital through contributions (in cash or in kind/ i.e. property or rights),
 - the conditional increase of the share capital,
 - the increase of the share capital out of the Bank's funds,
 - or the share capital may be increased on the basis of another legally valid decision.

Article 19

- (1) Decisions on the increase of the share capital referred to in Article 18 hereof shall be made on the basis of votes that represent three quarters of the share capital represented at the General Meeting when the decision is made.

Article 20

- (1) The Management Board of the Bank shall be authorized to make, within a five-year period starting from the date when these Articles of Association is adopted, and subject to the consent of the Supervisory Board, one or more decisions on the increase of the share capital of the Bank via payment of contributions in cash or in kind/ i.e. property or rights and via the issue of new shares, up to the amount of HRK 833,000,000.00 (authorized capital). With reference to the shares issued on the basis of this provision, the Management Board of the Bank shall be authorized to exclude, subject to the consent of the Supervisory Board, the pre-emptive rights of the existing shareholders from being applied to the subscription of new shares.
- (2) The Management Board of the Bank, subject to the consent of the Supervisory Board, shall decide on the substance of the rights associated with the shares issued on the basis of the authorities referred to in Paragraph (1) above, as well as on the conditions for issuing such shares.
- (3) In connection with the increase of the share capital referred to in this Article, the Supervisory Board shall be authorized to bring the provisions of the Articles of Association into line with the changes caused by the increase of capital and the issue of shares in accordance with the provisions of this Article.

Article 21

- (1) The share capital of the Bank may be reduced on the basis of the decision adopted at the General Meeting of the Bank concerning:

- an ordinary reduction of the share capital,
- a simplified reduction of the share capital,
- the withdrawal of shares,
- or the share capital may be reduced on the basis of another legally valid decision.

Article 22

- (1) Decisions on the reduction of the share capital of the Bank referred to in the previous Article hereof shall be made on the basis of votes that represent three quarters of the share capital represented at the General Meeting when the decision is made.

Article 23

- (1) The Management Board of the Bank may make a decision on a forced withdrawal of the Bank's shares [from circulation].
- (2) The Management Board of the Bank shall be authorized to make the decision referred to in Paragraph (1) above in a case when such a withdrawal is necessary in order to protect the Bank from impending damage. In that case, the shares shall be withdrawn and payment for these withdrawn shares shall be made at their market value or at the nominal value of the shares, if this amount be lower than the market value.

IX. SHARES

Article 24

- (1) The Bank may issue registered shares which, by the nature of the rights they carry, according to the law and the provisions of these Articles of Association, may be ordinary and preferred shares.

Article 25

- (1) The shares of the Bank shall be issued in dematerialised form, and they shall exist exclusively in the form of electronic files in the central depository of dematerialized securities managed by the Central Depository & Clearing Company, which shall, with regard to PBZ shares, perform the operations of a depository, conduct clearing and settlement for executed transactions, and shall perform other operations in conformity with the law.
- (2) A shareholder who has shares of the Bank deposited in his account with the Central Depository & Clearing Company shall be deemed the shareholder of the Bank.

Article 26

- (1) The Bank may acquire its treasury shares in accordance with the law.

Article 27

- (1) By means of the decision of the Management Board of the Bank, the Bank's own shares may be included in the quotation on the stock exchange.

X. RESERVES**Article 28**

- (1) In addition to legally required reserves, the Bank shall also set aside the reserve for treasury shares and other reserves which shall, under these Articles of Association, be considered as special reserves.
- (2) The General Meeting of the Bank may, on the basis of a separate decision, in addition to the special reserves, also create other reserves and stipulate the terms and methods of their use.

Article 29

- (1) The level of the reserve for treasury shares shall be determined by the decision made by the shareholders at the General Meeting of the Bank once a year.

Article 30

- (1) The Bank shall create special reserves to cover potential losses arising from doubtful loans and relevant off-balance sheet items.

XI. BUSINESS BOOKS**Article 31**

- (1) The Management Board of the Bank shall ensure the keeping of business books in compliance with the law.
- (2) The Bank shall keep its business documentation in the way prescribed by the law.
- (3) On the basis of business books, the Management Board of the Bank shall, in

accordance with accounting regulations, draw up the annual financial statements and the report on the condition of the Bank, which, together with the proposal for profit distribution, shall be submitted to the Supervisory Board of the Bank for examination. After the Supervisory Board has given its consent regarding the annual financial statements, the annual financial statements shall be considered confirmed by the Management Board and by the Supervisory Board of the Bank.

- (4) A General Meeting of the Bank shall confirm the annual financial statements in cases when the Management Board and the Supervisory Board of the Bank have decided to leave it to the General Meeting of the Bank to confirm these financial statements, or when the Supervisory Board of the Bank has not given its consent to the annual financial statements compiled by the Management Board of the Bank.
- (5) The annual financial report, the report of the Management Board on the position of the Bank, the report of the Supervisory Board, and the proposal of the Management Board of the Bank for distribution of profits shall be available for examination of the shareholders at head office of the Bank starting from the date when the convening of the General Meeting has been announced.

XII. DISTRIBUTION OF PROFITS

Article 32

- (1) The profit of the Bank for each financial year shall be established in the way prescribed by the law. A financial year is considered to be a calendar year.
- (2) The costs related to the payment of dividend in the local currency of the Republic of Croatia shall be borne by the Bank.

Article 33

- (1) If the annual financial statements are confirmed by a General Meeting of the Bank, then the General Meeting may, on that occasion, decide to allocate to other reserves not more than up to a half of the amount of the net profit, which has remained after allocation of the net profit for purposes stipulated by law, and according to the order of priority set by law.
- (2) If the annual financial statements are confirmed by the Management Board and the Supervisory Board of the Bank, then they may allocate to other reserves even more than a half of the amount of the net profit which has remained after allocation of the net profit for purposes stipulated by law.
- (3) The shareholders at the General Meeting are authorized to decide that the profit should be used also for other purposes, as well as that the profit should not be distributed among the shareholders.

XIII. BODIES OF THE BANK**Article 34**

- (1) The bodies of the Bank are: the Management Board, the Supervisory Board and the General Meeting.

1. THE MANAGEMENT BOARD**Article 35**

- (1) The Management Board of the Bank shall consist of at least 5 (five) and not more than 9 (nine) members.
- (2) The Supervisory Board of the Bank shall decide on the number of members of the Management Board of the Bank.
- (3) The President and the members of the Management Board of the Bank shall be appointed by the Supervisory Board to serve a term of office of up to 5 (five) years at the longest, with a possibility of re-appointment.
- (4) The Supervisory Board may revoke its decision on the appointment of a member of the Management Board of the Bank or of its President when, in accordance with the law currently in effect, there is an important reason for doing so.

Article 36

- (1) Only a person that meets the legal requirements can be appointed the President and a member of the Management Board of the Bank.

Article 37

- (1) If during the term of office of members of the Management Board of the Bank there appears a legal impediment to the appointment of a particular member, or if it is subsequently established that a particular member of the Management Board of the Bank does not fulfill the additional requirements prescribed by the Articles of Association, or if he/she ceases to discharge the duty of a member of the Management Board of the Bank, the remaining members of the Management Board of the Bank, or the members of the Supervisory Board, shall be obliged to request an urgent convening of a meeting of the Supervisory

Board, at which they shall propose the recalling of the aforementioned member of the Management Board of the Bank, and, at the same time, the appointment – on the part of the Supervisory Board - of a new member of the Management Board of the Bank.

Article 38

- (1) While representing the Bank, the Supervisory Board shall conclude employment contracts with the members of the Management Board of the Bank, which shall regulate in more detail all their rights and obligations related to the discharge of their duties in the Management Board.
- (2) The terms and conditions of the contracts referred to above shall be set by the Supervisory Board.
- (3) The contracts referred to in Paragraph (1) above shall be signed, on behalf of the Supervisory Board, by the President of the Supervisory Board.

Managing and Representing the Bank

Article 39

- (1) The Management Board of the Bank shall conduct business affairs of the Bank and manage its assets. While doing so, it shall be required and authorized to take all actions and make all decisions which it considers necessary for successful conduct of business affairs of the Bank and its operation.
- (2) The Management Board of the Bank may, under its Rules of Procedure or an individual decision, delegate some of the powers referred to in Paragraph (1) above to the President of the Management Board of the Bank or to a particular member of the Management Board.
- (3) In performing its duties, the Management Board of the Bank may set up committees or other bodies or appoint persons that shall assist the Management Board in the performance of its activities, and/or to which i.e. to whom it may transfer some of its powers.

Article 40

- (1) The Management Board of the Bank shall make decisions by the majority of total votes, unless it is otherwise provided in the Rules of Procedure, Articles of Association, or by law, in connection with the making of particular decisions.

- (2) As an exception to the provision of paragraph (1) above, in case that the Management Board has an even number of members and there is an equality of votes on the occasion of making a decision, the President of the Management Board shall have a casting vote.
- (3) Decision-making and voting by the Management Board shall be regulated in more detail by the Rules of Procedure of the Management Board of the Bank.

Article 41

- (1) The President of the Management Board of the Bank may represent the Bank on his/her own, while the other members of the Management Board may represent the Bank jointly, two members together.

Article 42

- (1) The Management Board of the Bank may give a power-of-attorney to one or more persons.
- (2) A power-of-attorney may be given to any person who is of legal age and has full capacity to contract.
- (3) A power-of-attorney shall be given in writing and shall be entered in the court register.
- (4) A power-of-attorney that is given to two or more persons shall be considered a joint power-of-attorney.
- (5) A procurator may represent the Bank, i.e. conclude any contracts and take any legal actions in the name and for the account of Bank, where such actions arise from the registered activities of the Bank, only in conjunction with one member of the Management Board of the Bank.
- (6) A procurator may not, without having a special authorisation, dispose of nor encumber real estate, nor make statements or take any legal actions that will institute a bankruptcy proceeding or another proceeding that leads to the termination of a company. A procurator may not give to other persons an authorisation to conclude deals.

Article 43

- (1) The Management Board of the Bank shall adopt its Rules of Procedure, which shall regulate in more detail the manner in which the Management Board of the Bank conducts its business, as well as other issues related to its activities.

2. THE SUPERVISORY BOARD

Article 44

- (1) The Supervisory Board of the Bank may have five, or seven, or nine members.
- (2) The shareholders at the General Meeting shall make a decision on the number of members of the Supervisory Board and shall elect the members of the Supervisory Board individually, to serve a term of office of three years.

Article 45

- (1) Members of the Supervisory Board shall elect among themselves the President and the Deputy President. The Deputy President shall act in place of the President when the latter is prevented from attending the meeting, i.e. is absent.

Article 46

- (1) Only a person whose knowledge and experience in banking or economy or whose scientific work warrant that he/she will be capable of performing properly and efficiently the duties of a member of the Supervisory Board may be elected a member of the Supervisory Board.
- (2) A member of the Supervisory Board cannot be a person with respect to whom there are reasons stipulated by law because of which he/she cannot be a member of the Supervisory Board.

Article 47

- (1) The shareholders at the General Meeting may relieve of duty a member of the Supervisory Board even before the expiry of his/her term of office.
- (2) The decision on relieving of duty a member of the Supervisory Board shall be made at the General Meeting of the Bank by a majority of 3/4 (three fourths) of the votes cast.

Article 48

- (1) In case that the office of a member of the Supervisory Board has been terminated pursuant to Article 47 hereof, the Supervisory Board shall put forth a proposal for the election of a missing member of the Supervisory Board and present it at the next General Meeting, on which occasion the proposal shall be

decided.

Article 49

- (1) The Supervisory Board shall conduct its business at its meetings. For the purpose of the performance of particular tasks, the Supervisory Board may appoint committees that should prepare decisions that are made by the Board and supervise their implementation, and may also use its members or other professionals outside the Supervisory Board for the performance of tasks that come within the competence of the Supervisory Board.
- (2) The committees referred to above shall regularly report to the Supervisory Board of the Bank on their work.
- (3) Supervisory Board of the Bank shall set up the Audit Committee consisting of members of the Supervisory Board and members appointed by the Supervisory Board. The Audit Committee shall assist the Supervisory Board of the Bank in supervising the management of the Bank's business operations in accordance with the provisions of the valid act regulating the audit activities and the Committee's rules of procedure adopted by the Supervisory Board. The Audit Committee shall regularly report to the Supervisory Board of the Bank on its activities.

Article 50

- (1) The meetings of the Supervisory Board shall be convened, as a rule, once every quarter, but, if necessary, they can also be convened on a more frequent basis.

Article 51

- (1) The Supervisory Board may make valid decisions if more than a half of the total number of its members as set forth in Paragraph (1) of Article 44 hereof participate in its work.
- (2) Decisions can also be made in writing (by letter, by telegraph, or fax), or by means of any other technical device, if no member of the Supervisory Board is opposed to such a way of making decisions.
- (3) Decisions of the Supervisory Board shall be made by the majority of the total number of votes, unless it is otherwise provided by law. Each member of the Supervisory Board shall have one vote.
- (4) If the Supervisory Board ascertains that making of a particular decision would interfere with a personal or business interest of a

particular member of the Supervisory Board, the Supervisory Board may decide to exclude such a member from deciding on the matter with respect to which such circumstances exist. In that case, the decision shall be made by the majority of the total number of remaining members.

Article 52

- (1) The remuneration to be paid to the members of the Supervisory Board for their work shall amount to one average net salary paid out in the Bank in the previous month.
- (2) The President of the Supervisory Board shall be entitled to receive the remuneration for his work in the amount of 1.5 of the amount referred to in the previous Paragraph.

Article 53

- (1) The Supervisory Board shall perform specifically the following tasks, namely it shall:
 1. appoint and relieve of duty the Management Board of the Bank;
 2. conclude contracts with the members of the Management Board of the Bank;
 3. supervise the conduct of business affairs in the Bank;
 4. submit to the General Meeting of the Bank a written report on the supervision it has exercised;
 5. establish, in cooperation with the Management Board of the Bank, the annual financial report;
 6. represent the Bank in relation to the Management Board of the Bank;
 7. amend the Articles of Association, if this is primarily an editing task;
 8. perform other tasks entrusted to it under the law and these Articles of Association.
- (2) The Supervisory Board shall give consent to:
 1. the decisions of the Management Board of the Bank in cases stipulated by law, by these Articles of Association, and by the decisions of the Supervisory Board of the Bank; as well as
 2. in other cases stipulated by law, by these Articles of Association, and by the decisions of the Supervisory Board of the Bank.

Article 54

- (1) The activities of the Supervisory Board may be regulated in more detail in the Rules of Procedure to be adopted by the Supervisory

Board.

3. THE GENERAL MEETING OF THE BANK

Article 55

- (1) The shareholders at the General Meeting of the Bank shall decide on issues stipulated by law and by these Articles of Association, or specifically, they shall:
 1. adopt the Articles of Association and the amendments to the Articles of Association of the Bank;
 2. decide on the allocation of profits;
 3. decide on an increase and a reduction of the share capital of the Bank;
 4. appoint and relieve of duty members of the Supervisory Board of the Bank and determine the remuneration for their work;
 5. grant the approval of action to members of the Management Board and of the Supervisory Board of the Bank;
 6. appoint the auditor of the Bank;
 7. appoint members of other bodies set up at the General Meeting;
 8. decide on changes of the status, and on the termination of the Bank;
 9. perform also other tasks in compliance with the law and these Articles of Association.

Article 56

- (1) The Management Board of the Bank must, not later than within 21 days prior to the holding of the General Meeting, give notice of a general meeting to credit institutions i.e. to financial institutions and shareholders' associations who/which, at the previous general meeting, used the voting right on behalf of a shareholder or who/which have requested to be given notice of a general meeting. The day on which the notice has been given shall not be included within the aforementioned period of notice.

Article 57

- (1) Those shareholders of the Bank who on a workday immediately preceding the holding of the General Meeting of the Bank were registered as shareholders of the Bank with the Central Depository & Clearing Company shall be entitled to participate in the General Meeting of the Bank.

Article 58

- (1) The General Meeting shall be held, as a rule, at the registered

office of the Bank. The Management Board of the Bank may, in justified cases, decide that the General Meeting should be held at another place.

Article 59

- (1) At the General Meeting of the Bank decisions can be made if the Meeting is attended by the shareholders, or their proxies, who are holders of more than one half of voting shares in relation to the total number of voting shares.
- (2) Decisions shall be made by the majority of votes cast (simple majority), unless otherwise provided by law or by these Articles of Association.

Article 60

- (1) The General Meeting shall be chaired by the President of the Supervisory Board. In case that he/she be prevented from attending the Meeting, the President shall designate one of the members of the Supervisory Board to chair the General Meeting. If the President is prevented and has not designated another member of the Supervisory Board for this purpose, the General Meeting will be chaired by the eldest member of the Supervisory Board present at the General Meeting.
- (2) In his capacity as the Chairman of the General Meeting, the President of the Supervisory Board of the Bank shall:
 - (a) chair the General Meeting and decide on the sequence of discussion of individual items on the agenda, decide on the sequence of voting on individual proposals, on the manner of voting on individual decisions, and also on other procedural issues;
 - (b) sign the minutes and decisions of the General Meeting;
 - (c) on behalf of the participants of the General Meeting, communicate with other bodies of the Bank and with third parties, in cases where this is stipulated by law and by these Articles of Association;
 - (d) perform other tasks within his/her competence in accordance with the law and these Articles of Association.

Article 61

- (1) Votes at the General Meeting shall be cast by open ballot, unless the General Meeting decides otherwise in a particular case.
- (2) The shareholders or their proxies may vote at the General Meeting on the subject on which a decision is to be made also by

sending a filled-in ballot paper before the General Meeting, but only on condition that they be present at the Meeting when the decision is made on this matter.

Article 62

- (1) The conduct of business at a General Meeting of the Bank may be transmitted by sound and picture.
- (2) The members of the Supervisory Board of the Bank may, in cases when they are unable to attend in person a General Meeting of the Bank i.e. when they are prevented from doing so, participate in the conduct of business at a General Meeting by means of transmission of sound and picture.

XIV. CONTROL FUNCTIONS

Article 63

- (1) In order to establish and implement an effective system of internal controls in all areas of operation, three control functions have been set up at the Bank: risk control function, compliance function and internal audit function.

Article 64

- (1) The Management Board of the Bank may neither appoint nor remove a person responsible for the operation of a control function without approval of the Supervisory Board of the Bank.

XV. BUSINESS SECRET

Article 65

- (1) In order to protect the Bank's business interests, the Management Board of the Bank shall adopt the Rules on Business Secret to regulate what information related to the Bank's business operations shall be considered a business secret, the way of handling and keeping business secrets and the conditions for their disclosure, as well as other circumstances of importance for keeping business secrets.

Article 66

- (1) Along with the information representing a business secret, the Bank shall also preserve the confidentiality of information proclaimed a bank secret under valid regulations, and shall treat such information in accordance with the relevant provisions.

XVI. REPORTING**Article 67**

- (1) The Bank shall provide its shareholders and other users of its services with regular, timely, objective, true, complete and user-friendly reporting as is stipulated by law and the by-laws of the Bank.
- (2) The Bank shall inform its shareholders and other users of its services on a regular basis about the execution of the plans and other business policy documents of the Bank.
- (3) In fulfilling the obligations referred to in the previous paragraph, the Bank shall use, in addition to the bulletins published by the Bank itself, also other forms of reporting.
- (4) The manner of reporting and the selection of the mass media to be used for reporting shall be laid down by the Management Board of the Bank.

XVII. AMENDMENTS TO THE ARTICLES OF ASSOCIATION**Article 68**

- (1) The Articles of Association may be amended by means of a decision adopted at the General Meeting in accordance with the law and with these Articles of Association.
- (2) The Supervisory Board is authorized to make changes of the Articles of Association only if it is a matter of harmonisation of the wording, or of establishing the final version of the Articles of Association, as amended.
- (3) The proposal for amending the Articles of Association may be put forward by:
 1. the Supervisory Board;
 2. the Management Board;
 3. the shareholders of the Bank.

XVIII. TRANSITIONAL AND CONCLUDING PROVISIONS**Article 69**

- (1) These Articles of Association shall come into force on the date of its entry in the court register.
- (2) Other internal regulations of the Bank that had been adopted before coming

into force of these Articles of Association shall be applied to the extent to which they do not run counter to the provisions of these Articles of Association, until the new internal regulations be adopted.

Article 70

- (1) The text of the Articles of Association that has been duly adopted at the General Meeting of the Bank, all pages of which have been initialled by the Chairman of the General Meeting, who has also signed it, shall be considered the original copy of the Articles of Association.
- (2) The original copy of the Articles of Association and its amendments shall be kept bound into a separate book.

Article 71

- (1) Safekeeping of the Articles of Association shall be the responsibility of the Management Board of the Bank, which shall be obliged to enable any shareholder, at his/her request, to inspect the Articles of Association, or to provide a transcript or a copy of the Articles of Association at his/her expense.

Article 72

- (1) By putting his signature on the Articles of Association, the Chairman of the General Meeting of the Bank shall confirm that the Articles of Association has been adopted in accordance with the prescribed procedure, and that the wording he signed had been adopted. The same applies to the amendments of the Articles of Association as well.
- (2) It is understood that each holder of a share of the Bank has accepted the provisions of these Articles of Association as a whole.

Giovanni Gilli, sgd.
President of the Supervisory Board
Chairman of the General Meeting

In Zagreb, 8 April 2016

No.: SB_6_16/1

Articles of Association of Privredna banka Zagreb d.d. (Final version – April 2016) entered into force on 16 June 2016.

Zrinka Gligora, sgd.
Secretary of the Bank