

Pursuant to Article 277 of the Companies Act and Articles 9 and 10 of the Statute of SLATINSKA BANKA d.d., on 17 May 2023, the Management Board of SLATINSKA BANKA d.d., headquartered in Slatina, Vladimira Nazora 2, OIB: 42252496579 (hereinafter: the Bank), made a decision on convening the Bank's General Assembly as follows and hereby invites the Bank's shareholders to the

**GENERAL ASSEMBLY
of SLATINSKA BANKA d.d., Slatina, Vladimira Nazora 2**

which will be held on **27 June 2023 at 10:30 a.m. in Zagreb** at the Sheraton Hotel, Ulica kneza Borne 2, on the ground floor - section A of the Great Hall, with the following agenda and proposed decisions:

Agenda:

- 1. Opening of the General Assembly and establishment of a list of present shareholders or their proxies;**
- 2. The Management Board's Annual Report of the Bank's conditions and business affairs in 2022;**
- 3. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2022;**
- 4. Annual Financial Statements and Independent Auditor's Report for 2022 examined by the Bank's Management Board and Supervisory Board, and the adoption of the following decisions:**
 - a) Decision on the allocation of the profit earned in 2022,**
 - b) Decision on the approval of the Management Board members' actions for the year 2022,**
 - c) Decision on the approval of the Supervisory Board members' actions for the year 2022;**
- 5. Decision on the appointment of the Bank's auditor for the year 2023;**
- 6. Decision on the suitability of the Bank's Supervisory Board on the basis of the regular yearly suitability assessment procedure**
- 7. Decision on approval of the Report on remuneration paid to the Members of the Management Board and the Members the Supervisory Board in the year 2022**
- 8. Decision on determination of remunerations to the members of the Supervisory Board**
- 9. Decision on the adjustment of the share capital and nominal amounts of SLATINSKA BANKA d.d. shares. in accordance with the Act on Amendments to the Companies Act (OG 114/2022) and the Act on Amendments to the Companies Act (OG 18/2023);**
- 10. Decision on amending the Statute of SLATINSKA BANKA d.d.;**
- 11. Decision on granting the authorization to the Management Board for own shares buyback and disposal;**
- 12. Decision on approval of the Remuneration Policy of the members of the Management Board and the members of the Supervisory Board of the SLATINSKA BANKA d.d.;**
- 13. Adoption of the Policy on target structure, promotion of diversity and the conditions and procedure for assessing the suitability of the members of the Supervisory Board of the Bank;**

Proposed decisions:

Under Agenda Item 2 the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

**DECISION
on the acceptance of Management Board's Annual Report of the Bank's conditions
and business affairs in 2022**

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The Management Board's Annual Report of the Bank's conditions and business affairs in 2022 is accepted.

The Report submitted by the Supervisory Board to the General Assembly:

REPORT

on the supervision exercised over the conduct of business affairs of SLATINSSKA BANKA d.d. in 2022

Supervisory Board of SLATINSKA BANKA d.d. (hereinafter: the Bank) performed its operations in 2022 in the following composition:

In the period from 1 January 2022 to 30 June 2022 the Supervisory Board was composed of three members:

1. Dušan Banović - President of the Supervisory Board until 30 June 2022
2. Srećko Vukić – Deputy President of the Supervisory Board until 30 June 2022.
3. Domagoj Karačić - Member of the Supervisory Board

By the Decision of the Croatian National Bank dated 10 May 2022, the Bank received prior consent for new members of the Supervisory Board, and since 1 July 2022 the Supervisory Board has performed its tasks in the following composition of:

1. Domagoj Petrinović performs the function of a member of the Supervisory Board for a term of four years starting on 1 July 2022 - appointed President of the Supervisory Board by decision of the 1st constituent session of the Supervisory Board held on 1 July 2022
2. Domagoj Karačić serves as a member of the Supervisory Board for a term of four years starting on 1 July 2022 - appointed Deputy President of the Supervisory Board by decision of the 1st constituent session of the Supervisory Board held on 1 July 2022
3. Anita Zelić serves as a member of the Supervisory Board for a term of four years starting on 1 July 2022.

The Supervisory Board is elected by the Assembly for a term of four years according to the proposed list of candidates, after the suitability assessment procedure in accordance with the Policy on target structure, promotion of diversity and the conditions and procedure for assessing the suitability of Supervisory Board members. Suitability assessment is carried out at least once a year by the Bank's Suitability Committee in accordance with the Policy on target structure, promotion of diversity and the conditions and procedure for assessing the suitability of members of the Supervisory Board. Prior consent from the Croatian National Bank is required for membership selection.

According to the current Statute, the Bank has three members of the Supervisory Board.

The Bank applies diversity standards when selecting members of the Management Board and the Supervisory Board, which are prescribed by the Bank's policies.

The Bank strives to ensure equal representation of the underrepresented gender - women in the Supervisory Board and the Bank's Management Board. In order to increase the number of the underrepresented gender, the Bank will strive to have at least 33.3% (thirty-thirty-three per cent) female members of the Supervisory Board and Management Board in the next five years, compared to the total number of members of the Supervisory Board and Management Board. Among the key standards and responsibilities of all involved functions and employees is the continuous striving to increase the number of women in management functions, for which reason the promotion of the role of women in management bodies is carried out, as well as monitoring and reporting on the representation of women in corporate management processes.

In the composition of the Supervisory Board, out of a total of 3 members of the Supervisory Board as of 31 December 2022, two members are men and one is a woman, while in the composition of the Management Board, all three members of the Management Board are men.

The standard of professional and age diversity is also represented during the assessment and selection of members of the Management Board and the Supervisory Board, as well as the evaluation of the business experience.

Considering the size of the Bank, we believe that the size and composition of the Supervisory Board are appropriate and that the Supervisory Board Committees were established and work in an appropriate manner.

The jurisdiction of the Supervisory Board is defined in the Rules of Procedure of the Supervisory Board. The most important responsibilities and powers over the organization are shown as follows:

- to appoint (with the prior consent of the Croatian National Bank) and recall the members of the Management Board,
- submit to the Croatian National Bank a request for approval for the appointment of a member of the Management Board at least three months before the end of the term of office of an individual member of the Management Board,
- once, for a maximum period of three months, to appoint its members as deputy members of the Management Board without the consent of the Croatian National Bank in cases where the members of the Management Board are absent or unable to perform their duties,
- represent the Bank towards the members of the Management Board,
- review and examine business books, documentation, cash register, securities, minutes from Board meetings, Board decisions and other documents related to the Bank's operations,
- supervise the Bank's operations directly or assign special experts for this,
- comment on the proposed decisions of the Management Board when requested by the Supervisory Board, especially in the cases determined by the Statute, and, in the case of a negative opinion, give an explanation,
- give approval to the Management Board on business policies, strategic goals, financial plans, strategies and risk management policies, including risks arising from the macroeconomic environment in which the Bank operates with regard to the business cycle, strategies and procedures for assessing the adequacy of internal capital,
- give approval to the Management Board for the act establishing and ensuring the adequate functioning of the internal control system,
- give approval to the Management Board for the act on internal audit and to the annual work plan of internal audit
- submit a written report to the General Assembly in accordance with Article 263, paragraph 3 of the Companies Act (hereinafter: CA),
- convene the General Assembly if necessary,
- determine proposals for decisions for the General Assembly

The Bank is not obliged to form a Committee for Appointments and a Committee for Receipts, but these tasks are performed by the Supervisory Board of the Bank. Therefore, among more significant matters, it is within the competence of the Supervisory Board to::

- Regularly, and at least once a year, assess the structure, size, composition and work of the Management Board and the Supervisory Board, and make recommendations on possible changes,
- Regularly, and at least once a year, assess the knowledge, ability and experience of the Management Board and the Supervisory Board, individually and as collective bodies, and report to them on the assessment carried out

- Regularly review the policies for the selection of the Management Board and the Supervisory Board, as well as the appointment of senior management, and make recommendations on possible changes,
- Establish a way of making judgments about policies and practices related to receipts and their impact on risk, capital and liquidity management,
- Prepare decisions related to employee remuneration, including those affecting the Bank's exposure to risks and risk management.

The members of the Risk and Audit Committee in 2022 are:

Dušan Banović - President of the Risk and Audit Committee from 1 January 2022 to 30 June 2022

Sećko Vukić - Deputy President of the Risk and Audit Committee from 1 January 2022 to 30 June 2022

Domagoj Karačić - Member of the Risk and Audit Committee from 1 January 2022 to 30 June 2022

Domagoj Petrinović - President of the Risk and Audit Committee from 1 July 2022 to 31 December 2022

Domagoj Karačić - Deputy President of the Risk and Audit Committee from 1 July 2022 to 31 December 2022

Anita Zelić - Member of the Risk and Audit Committee from 1 July 2022 to 31 December 2022

The Risk and Audit Committee consists of 3 members of the Supervisory Board, and its function is to assist the Supervisory Board in performing the function of monitoring the Bank's operations, and it performs its activities in accordance with the Rules of Procedure of the Risks and Audit Committee,, in particular:

- follows the financial reporting process,
- monitors the effectiveness of the internal control system, internal audit and risk management system,
- gives prior consent to the annual work plan of control functions (internal audit function, risk control function and compliance monitoring function),
- discusses the quarterly reports of the internal audit and the half-yearly reports of the risk control function and the compliance monitoring function, as well as significant issues related to the areas of work of the control functions,
- oversees the audit of annual financial and consolidated statements,
- monitors the independence of the independent auditors or the audit firm that performs the audit, and especially the contracts for additional services,
- makes recommendations to the Assembly on the selection of an independent auditor or an auditing company,
- advises the Supervisory Board on the overall current and future risk-taking propensity and strategy, and assists in monitoring the implementation of this strategy by the senior management, while not calling into question the responsibility of the Management Board and the Supervisory Board of the credit institution in the overall risk management and supervision of the credit institution,
- examines whether the credit institution's business model and risk strategy were taken into account when determining the prices of receivables and liabilities to clients, and if that price does not reflect the risk assumed in relation to the business model and risk strategy, they propose to the management of the credit institution a plan for eliminating deficiencies, etc.

In carrying out the function of supervision over the management of the Bank's affairs, the Supervisory Board held regular sessions during 2022 where reports and information from the Bank's Management were considered. If necessary, and in accordance with the Rules of Procedure of the Supervisory Board, certain decisions were made by correspondence.

In particular, the following was discussed at the sessions:

- the Bank's business policy, which included the Bank's operational and strategic business plan,
- assessment and control of risk management in the Bank in accordance with adopted procedures
- achievement of business results (analysis of the achievement of planned balance sheet sizes - sources and placements as well as achievement of business results),

- introduction of new products and services, further development of the Bank's technical and personnel skills, compliance with legal regulations,
- resolving the collection of claims with the difficult collection and settled claims,
- adopting or amending the Bank's internal acts,
- monitoring and reporting on the effects of the coronavirus pandemic and measures to help with COVID-19, as well as CNB circulars related to the COVID-19 pandemic in the context of the published documents of the European Banking Supervisory Authority and the European Central Bank, which delivered the supervisory expectations and recommendations as well as other issues related to the Bank's operations.

In 2022, there were a total of 56 sessions of the Supervisory Board

The SB consisting of D. Banović, S. Vukić and D. Karačić held a total of 29 sessions as of 30 June 2022 (the last session was held on 15 June 2022), of which 2 physical sessions were held with the presence of SO members (1 member attended via Teams application).

The SO in the new composition: D. Petrinović, A. Zelić and D. Karačić held a total of 27 sessions, of which 3 were physical sessions attended by all members of the SB.

The meeting of the Supervisory Board is prepared and convened by the president of the Supervisory Board on his own initiative.

The meeting is convened so that the time and place of its holding will not be an obstacle to the response of those invited.

Each member of the Management Board or the Supervisory Board may, with the mandatory indication of the reason and purpose, request the convening of a Supervisory Board session. The session must be held within 15 days of the initiative.

If the request of at least two persons authorized to initiate the convening is not granted, the applicants can convene it themselves along with the announcement of the agenda.

Sessions of the Supervisory Board are convened as needed, at least once every three months.

The place, date, time and the proposed agenda of the meeting must be indicated in the invitation.

The materials submitted with the meeting invitation must contain, whenever possible, explanations and proposals for decisions in addition to the items on the agenda of the convened meeting and minutes from the previous meeting.

The meeting of the Supervisory Board is chaired by the President, and in case of his absence, the Deputy.

After the opening of the session, the President determines who is present, that is, who is participating in the decision, for the sake of the validity of the decision.

Decisions are valid if 3 (three) members of the Supervisory Board participate in the decision-making process.

An absent member may vote by giving his vote in writing to another member, in which case he is considered to be participating in the decision, in accordance with Article 266, paragraph 3 of the CA.

Considering the above, it is assessed that the Board sessions are prepared in an appropriate manner and that they are functional.

Members of the Bank's Management Board were regularly present at Supervisory Board meetings.

In 2022, the Management Board operated in the following composition:

- Andrej Kopilaš, President of the Management Board

- Marin Prskalo, Member of the Management Board
- Oliver Klesinger, Member of the Management Board

Based on the above, it is assessed that the Management Board provides adequate support and information, and that the cooperation between the Management Board and the Supervisory Board is effective.

In 2021, the Committee for assessing the suitability of the members of the Bank's Management Board, the Bank's Supervisory Board and key functions in the Bank carried out suitability assessments in accordance with the law and the Bank's internal acts.

In accordance with the legal obligation, in 2021 the Supervisory Board of the Bank participated in the procedure of regular assessment of the suitability of the members of the Bank's Management Board and persons responsible for the control functions in the Bank, as well as the assessment of the suitability of candidates for the position of a member of the Bank's Management Board.

Based on the results of the adequacy assessment conducted by the Adequacy Committee, the Supervisory Board assessed that all members of the Bank's Management Board are suitable for the performance of their functions and that the Management Board as a whole has the necessary professional knowledge, abilities and experience that enable independent and independent management of the Bank's affairs. with an understanding of its business and significant risks.

The Supervisory Board tasked the Bank's Management to eliminate certain deficiencies that were noticed in its operations by the Internal Audit and the Risk and Audit Committee during the control of certain segments of the Bank's operations, and it also made certain proposals for improving the Bank's operations, especially on the need to solve non-performing placements.

In the reporting period, the Supervisory Board and the Risk and Audit Committee received and considered the Reports of the control functions (internal audit, compliance monitoring and risk control), on which they made valid decisions. In accordance with the legal obligation, persons responsible for the work of individual control functions were also present at the sessions.

According to the Supervisory Board's assessment, the Bank's Management fully, truthfully and timely reported to the Supervisory Board about the situation in the Bank, as well as about certain tasks and actions undertaken that may affect the Bank's position and operations.

Through timely and truthful reporting by the Bank's Management Board, the members of the Bank's Supervisory Board were informed about the position and condition of the Bank in the Croatian financial market.

At its meetings, the Supervisory Board discussed the achieved monthly results of the Bank's operations, the realization of the set plans (sources and placements), as well as the profitability of the Bank's operations on a monthly level (interest margin, policy of interest rates on assets and liabilities).

At the meetings of the Supervisory Board, the implementation of the Bank's annual sources and placement plans as well as the implementation of the Bank's annual business results were discussed.

The Supervisory Board approved the reports of the Bank's Management Board presented to it at the meetings, and together with the Risk and Audit Committee, it considered and analysed the work of the Internal Audit, Compliance and Risk Control and Prevention of Money Laundering and Financing of Terrorism (control functions).

It also approved the annual work plan of the control functions for 2022, as well as the basic business documents adopted by the Bank's Management Board: the Bank's business plan for 2022, strategies and policies for risk management, strategies and procedures for assessing the adequacy of internal capital and other internal acts of the Bank. Also, in accordance with the Remuneration Policy, the Supervisory Board conducted an analysis of the employees' receipts and determined the amount of total variable remittances that can be paid for the period 1 January 2023 to 31 December 2022.

The Supervisory Board approved the decisions of the Bank's Credit Committee on the Bank's exposure to clients/groups of related persons, in accordance with the law and the Bank's Statute.

In 2022, the Supervisory Board pointed out shortcomings to the Bank's Management Board and directed the Management Board on the activities that must be undertaken in order to improve the Bank's operations.

Also, in 2022, the Suitability Committee assessed the suitability of candidates for Supervisory Board members. Based on the results of the suitability assessment carried out, the Suitability Committee assessed that the candidates are suitable for performing the function.

Based on the assessment of the knowledge, abilities and experience of individual Supervisory Board members carried out by the Suitability Assessment Committee, and taking into account the participation and work at the meetings of the Supervisory Board and its committees, the Supervisory Board assesses that all its members, individually and as a whole, are competent, experienced and through their efforts, they contributed to the work of the Supervisory Board and thus enabled adequate and comprehensive supervision of the Bank's operations and the full implementation of the Supervisory Board's functions.

Also, at its session in 2022, the Bank's Supervisory Board examined the Bank's Annual Financial Statements and Consolidated Financial Statements for 2019, the Bank's Status Report and the proposed decision on the allocation of the Bank's profits made in 2019, which were sent to it by the Bank's Management Board. The Supervisory Board had no objections to the submitted reports and determined that the annual financial statements and consolidated financial statements of the Bank (statement of profit or loss, statement of financial position, cash flow statement and notes to the financial statements) were made in accordance with the state in the business books, and they give a fair presentation of the Bank's assets and business performance, which was also confirmed by the external auditor FACT revizija d.o.o., Zagreb, that audited the financial statements for 2019.

Pursuant to all of the above, and in accordance with the legal obligation, the Bank's Supervisory Board examined the Bank's Annual Financial Statements and Consolidated Financial Statements for 2021, the Bank's status report, and the proposal for the allocation of the Bank's profits made in 2021, which were sent to it by the Bank's Management Board. The Supervisory Board had no objections to the submitted reports and found that the Annual Financial Statements (statement of profit or loss, statement of financial position, cash flow statement and notes to the financial statements) were made in accordance with the state in the business books, and they give a fair presentation of the Bank's assets and business performance, which was also

confirmed by the external auditor FACT revizija d.o.o., Zagreb, which audited the financial reports for 2020. With the approval of the Supervisory Board, the Bank's annual financial reports and consolidated annual financial reports for the year 2021, the aforementioned reports were approved by the Management Board and the Bank's Supervisory Board.

The Supervisory Board accepted the Management Board's report on the state of the Bank and agreed that the realized profit of the Bank in 2021 in the amount of HRK 3,735,771.59 should be distributed in two parts: one part in the amount of HRK 2,816,376.59 in retained earnings, and the amount of HRK 919,395.00 in reserves for the purchase of own shares.

Following the above, the Supervisory Board assesses that it is effectively organized and that it satisfactorily performs all tasks and functions as the Supervisory Board as a whole, then through the established Risk and Audit Committee, as well as through the performance of the duties of the Nomination Committee and the Remuneration Committee, as well as evaluates the work of each individual member.

The evaluation of the Supervisory Board was carried out by the president of the Supervisory Board, as an independent member, and he compiled this report, without engaging and consulting with external evaluators..

Actions that are recommended to be taken based on the evaluation results:

The Supervisory Board does not propose taking special actions or measures with regard to the content of this Report, but also the report of the Croatian National Bank during the supervision in 2022.

Following the above, the Supervisory Board of the Bank proposes to the General Assembly to take note of the Bank's Annual Financial Statements and the Bank's Consolidated Annual Financial Statements for 2022, as well as the Bank's Management Report, and to accordingly make a decision to approve actions of the members of the Management Board and the Supervisory Board for the year 2022 and the decision on the allocation of profits according to the proposal of the Bank's Management Board.

The Bank's Supervisory Board continuously supervised the Bank's operations, and according to its assessment, the Bank's operations in 2022 were in accordance with the law, the Bank's Statute and Acts, and the decisions of the General Assembly.

The Supervisory Board of the Bank submits this Report to the General Assembly of the Bank and proposes to the General Assembly to accept this report.

The Supervisory Board proposes that the General Assembly passes the following:

DECISION
on the acceptance of the Report of the Bank's Supervisory Board on the supervision of the Bank's operations in 2022

It is accepted of the Report of the Bank's Supervisory Board on the supervision of the Bank's operations in 2022

Under Agenda Item 4 the Management Board and the Supervisory Board propose that the General Assembly passes the following decisions:

a)

DECISION
on the allocation of the profit earned in 2023

I It is established that in 2022 SLATINSKA BANKA d.d. achieved a profit after taxation in the amount of HRK 6,093,725.85, i.e. EUR 808,776.40.

II The profit of SLATINSKA BANKA d.d. determined in point I of this Decision in the amount of 6,093,725.85 HRK or 808,776.40 EUR will be allocated to retained earnings.

III It is established that SLATINSKA BANKA d.d. achieved a cumulative net realized gain on sold equity instruments, which was recognized in other comprehensive income in 2022, in the amount of HRK 751,398.32, i.e. EUR 99,608.71.

IV Cumulative net realized gain on sold equity instruments determined in point III of this Decision in the amount of HRK 751,398.32 or EUR 99,608.71 will be allocated to retained earnings.

V This Decision enters into force on the day of its adoption

b)

DECISION
on the approval of the Management Board members' actions for the year 2022

I

It is established that the Management Board of SLATINSKA BANKA d.d. managed the Bank in accordance with the law and the Bank's Statute, so based on the above, the actions of the members of the Bank's Management Board for the year 2022 are approved.

II

This Decision enters into force on the day of its adoption.

Explanatory Note:

Pursuant to the provisions of Article 275, paragraph 1, item 4 of the Companies Act, the General Assembly decides, among other things, on the approval of members of the Management Board's actions.

c)

DECISION
on the approval of the Supervisory Board members' actions for the year 2022

Article 1

It is established that the Supervisory Board of SLATINSKA BANKA d.d. performed its functions and supervision of the Bank's operations in accordance with the law and the Bank's Statute, so based on the above, the members of the Bank's Supervisory Board's actions in 2022 are given approval, namely:

- Dušan Banović, President of the Supervisory Board for the period from 1 January 2022 to 30 June 2022
- Srećko Vukić, Deputy President of the Supervisory Board for the period from 1 January 2022 to 30 June 2022
- Domagoj Karačić, member of the Supervisory Board for the period from 1 January 2022 to 30 June 2022
- Domagoj Petrinović, President of the Supervisory Board for the period from 1 July 2022 to 31 December 2022

- Domagoj Karačić, Deputy President of the Supervisory Board for the period from 1 July 2022 to 31 December 2022
- Anita Zelić, member of the Supervisory Board for the period from 1 July 2022 to 31 December 2022.

Article 2

This Decision enters into force on the day of its adoption.

Explanatory Note:

Pursuant to the provisions of Article 275, paragraph 1, item 4 of the Companies Act, the General Assembly decides, among other things, on the approval of members of the Supervisory Board's actions.

Under Agenda Item 5 the Bank's Supervisory Board, in accordance with the recommendation of the Bank's Risk and Audit Committee, proposes to the General Assembly of the Bank to pass the following

DECISION on the appointment of the Bank's auditor for the year 2023

Article 1

PKF FACT revizija d.o.o., Zagreb, Zadarska ulica 80, ID: 66538066056 is appointed as the auditor of the financial statements SLATINSKA BANKA d.d. for the business year 2023..

Article 2

This Decision enters into force on the day of its adoption.

Explanatory Note:

Pursuant to Article 275, Paragraph 1, Item 5 of the Companies Act, the General Assembly decides, among other things, on the appointment of the Bank's auditor.

Under Agenda Item 6 the Management Board proposes that the General Assembly passes the following:

DECISION on the suitability of the Bank's Supervisory Board on the basis of the regular yearly suitability assessment procedure

I

Based on the regular annual assessment of suitability for performing the function of a member of the Supervisory Board of SLATINSKA BANKA d.d. and the procedure for assessing the adequacy of the Supervisory Board as a whole, which, in accordance with the Credit Institutions Act and relevant by-laws, was carried out by the Adequacy Committee of SLATINSKA BANKA d.d., it is assessed and determined that:

- a) Mr Dušan Banović, President of the Supervisory Board
Mr Srećko Vukić, Deputy President of the Supervisory Board
Mr Domagoj Karačić, member of the Supervisory Board

were suitable for performing the function of a member of the Supervisory Board in 2022 in the period from 1 January 2022 to 30 June 2022, and that:

- b) Mr Domagoj Petrinović, President of the Supervisory Board,
Mr Domagoj Karačić, Deputy President of the Supervisory Board,
Mrs Anita Zelić, member of the Supervisory Board

were suitable for performing the function of a member of the Supervisory Board in 2022 in the period from 1 July 2022 to 31 December 2022.

II

It is assessed and determined that the members of the Supervisory Board, listed in point I a) of this Decision, together or as a whole, had the necessary professional knowledge, abilities and experience that enable independent and independent supervision of the Bank's affairs, with an understanding of its affairs and significant risks.

It is assessed and determined that the members of the Supervisory Board, listed in point I b) of this Decision, together or as a whole, had the necessary professional knowledge, abilities and experiences that enable independent and independent supervision of the Bank's affairs, with an understanding of its affairs and significant risks.

III

This Decision enters into force on the day of its adoption.

Explanatory Note:

In accordance with the Credit Institutions Act and the Decision of the Croatian National Bank on the assessment of the suitability of the president of the management board, member of the management board, member of the supervisory board and holders of key functions in the credit institution, the credit institution is obliged to carry out a regular annual assessment of the suitability of members of the Supervisory Board at least once a year, and not later than 30 June of the current year for the previous year, to inform the Croatian National Bank about the regular adequacy assessment and submit the prescribed documentation. In accordance with the aforementioned obligation, the Bank's Adequacy Committee conducted the regular annual assessment of the adequacy of the members of the Bank's Supervisory Board for the period from 1 January 2022 to 31 June 2022 for members of the Supervisory Board whose mandate expired on 30 June 2022 (Mr Dušan Banović, President of the Supervisory Board, Mr Srećko Vukić, Deputy President of the Supervisory Board and Mr Domagoj Karačić, member of the Supervisory Board), as well as for the current members of the Supervisory Board whose mandate began on 1 July 2022 (Mr Domagoj Petrinović, President of the Supervisory Board, Mr Domagoj Karačić, Deputy President of the Supervisory Board and Mrs Anita Zelić, member of the Supervisory Board), and it was assessed that all members of the Bank's Supervisory Board were suitable for holding the said function in 2022. The decision on the suitability of the members of the Supervisory Board of the Bank is made by the General Assembly of the Bank.

Under Agenda Item 7, pursuant to Article 11 of the Statute of SLATINSKA BANKA d.d. (hereinafter: the Bank) and Article 275 paragraph 1 point 3 of the Companies Act, and in connection with Article 276a paragraph 4 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly of the Bank to pass the following:

DECISION

**On the approval of the Remuneration report for the year ended 31 December 2022
Together with Independent Auditor's Report**

I

The Remuneration Report (of the members of the Management Board and the Supervisory Board) for the year ended 31 December 2022 with the corresponding independent auditor's report is approved. It is attached to this decision and forms an integral part of it.

II

Immediately after the adoption of this Decision, the Reports from Article I of this Decision will be published on the Bank's website for a period of ten years.

III

This Decision enters into force on the day of its adoption.

Explanatory Note:

Pursuant to the provisions of Article 272.r of the Companies Act (hereinafter: CA), which entered into force in the middle of 2020, the Management Board and the Supervisory Board are obliged to compile a report once a year on all receipts paid by the Bank to the members of the Management Board and the Supervisory Board during the last business year. The subject report must be examined by the auditor who also examines the Bank's annual financial statements. The auditor's report is attached to the remuneration report. The remuneration report, together with the auditor's report, and in accordance with the provisions of Article 276a paragraph 4. of CA, is approved by the General Assembly of the Bank. The Management Board and Supervisory Board of the Bank have compiled the Remuneration Report for the year 2022, PKF FACT revizija d.o.o. acted as an auditor who audited the Bank's annual financial statements for 2022, reviewed the Remuneration Report and drew up an independent report that the Remuneration Report was drawn up in accordance with the law. The Auditor's Report is an integral part of the Remuneration Report.

Under Agenda Item 8 , pursuant to Article 11 of the Statute of SLATINSKA BANKA d.d. (hereinafter: the Bank), and in connection with Article 269 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly of the Bank the adoption of the following:

DECISION

on determination of remunerations to the members of the Supervisory Board

I

The members of the Supervisory Board receive a monthly remuneration for their work, namely:

- the president of the Supervisory Board in the net amount of EUR 800.00 per month
- members of the Supervisory Board in the net amount of EUR 650.00 per month

II

The Bank undertakes to calculate and pay all the fees and contributions paid for the remuneration of members of the Supervisory Board.

III

The decision enters into force on the date of its adoption, and will be applied until a different Decision on determination of remunerations to the members of the Supervisory Board is adopted.

IV

With the adoption of this Decision, the Decision of the General Assembly on the amount of remuneration to the Supervisory Board No.: 298/2022 of 27 June 2022 ceases to be valid.

Explanatory Note:

Pursuant to the provisions of Article 269, paragraph 2 of the Companies Act, the General Assembly makes a decision on the amount of remuneration to the members of the Supervisory Board.

As the official currency in the Republic of Croatia from 1 January 2023 is Euro, the Management Board proposes that the current remuneration for the President of the Supervisory Board be increased from EUR 729.98 (or HRK 5,500.00) to EUR 800.00, and the remuneration for members of the Supervisory Board from the amount of EUR 597.25 (or HRK 4,500.00) to EUR 650.00.

Under Agenda Item 9 the Management Board and the Supervisory Board propose that the General Assembly passes the following:

DECISION

on the adjustment of the share capital and nominal amounts of shares of SLATINSKA BANKA d.d.

1. It is established that the share capital of SLATINSKA BANKA d.d. (Company) as of 31 December 2022, amounts to HRK 91,897,200.00 (in letters: ninety-one million six hundred and ninety-seven thousand and two hundred kunas), and is divided into: – 918,972 (in letters: nine hundred and eighteen thousand nine hundred and seventy-two) ordinary shares, ticker SNBA-R-A, nominal amount HRK 100.00 each;
2. After the conversion of the share capital amount into euro currency at a fixed conversion rate of EUR 1 = HRK 7.53450, in accordance with the provisions of the Act on the introduction of the euro as the official currency in the Republic of Croatia ("Official Gazette" No. 57/2022 and No. 88 /2022), the share capital amounts to EUR 12,196,854.47.
3. After conversion to the euro currency at a fixed conversion rate of EUR 1 = HRK 7.53450, in accordance with the provisions of the Act on the introduction of the euro as the official currency in the Republic of Croatia ("Official Gazette" No. 57/2022 and No. 88/2022) , the converted nominal amounts of the shares are: EUR 13.27228084 euros, rounding to the nearest cent, EUR 13.27;
4. Pursuant to the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22) and the Act on Amendments Companies Act ("Official Gazette" No. 18/2023), the converted nominal amounts of shares are rounded to the nearest amount of euros expressed as a whole number to the extent that it is necessary for the adjustment of the amount of share capital, i.e. EUR 13.00 per share, which results in a difference in the amount of EUR 250,218.47, which represents the adjustment by reducing the share capital of the Bank and the amount of which is transferred to the Bank's capital reserves.
5. As determined in points 2, 3 and 4 of this Decision, after the adjustment and reduction of the share capital, the share capital of the Bank amounts to EUR 11,946,636.00, and is divided into 918,972 (in letters: nine hundred and eighteen thousand nine hundred and seventy-two) ordinary shares, ticker SNBA-R-A, with a nominal amount of EUR 13.00 each;
6. This Decision enters into force on the day of its adoption, and is applied from the moment of entry in the court register.

Explanatory Note:

Regarding the introduction of the euro as the official currency in the Republic of Croatia from 1 January 2023, in accordance with the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia ("Official Gazette" No. 57/2022 and No. 88/2022), SLATINSKA BANKA d.d. is obliged to harmonize the amount of share capital and the nominal amount of shares in accordance with the provisions of the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22) and the Act on Amendments to the Companies Act ("Official Gazette" No. 18/2023). When recalculating the existing amount of share capital and nominal amounts of all shares of SLATINSKA BANKA d.d., a fixed kuna to euro conversion rate of EUR 1 = HRK 7.53450 was applied, with rounding to the nearest cent, in accordance with the rules for recalculation and rounding prescribed by the Act on the introduction of the euro as official currency in the Republic of Croatia ("Official Gazette" No. 57/2022 and No. 88/2022). Based on the provisions of the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22) and the Act on Amendments to the Companies Act ("Official Gazette" No. 18/2023), the converted nominal amounts of all shares are rounded to the nearest amount in euro currency and expressed as a whole number to the extent that it is necessary to adjust the amount of the share capital, namely ordinary shares at a nominal amount of EUR 13.00. By harmonizing the amount of the share capital and the nominal amount of the shares, the Company will reduce the share capital by the amount of EUR 250,218.47, and this amount will be transferred to the Bank's capital reserves.

Under Agenda Item 10 the Management Board and the Supervisory Board propose that the General Assembly passes the following:

DECISION
on amending the Statute of SLATINSKA BANKA d.d.
no. 14/2022 from September 2022
(hereinafter: the Statute)

I

In the Statute section SHARE CAPITAL, Article 6. Paragraph (1) of the Statute is changed in such a way that the amount of the share capital is changed from the amount of HRK 91,897,200.00 to the amount of EUR 11,946,636.00, and accordingly the new, amended Article 6. Paragraph (1) of the Statute reads in its entirety from now on:

"Article 6.

(1) The basic capital of the Bank amounts to 11,946,636.00 Euros (in letters: eleven million nine hundred forty-six thousand six hundred thirty-six Euros)."

II

In the Statute section SHARES, Article 7, paragraph (2) of the Statute is changed in such a way that the nominal amount of the share is changed from the amount of HRK 100.00 to the amount of EUR 13.00, and accordingly the new, amended paragraph (2) of Article 7 of the Statute from now on reads:

"(2) The nominal amount of one share is EUR 13.00 (in letters: thirteen EUR)."

Other paragraphs, namely paragraphs (1), (3) and (4) of Article 7 of the Statute, remain unchanged and in force.

III

In the Statute section CONTROL FUNCTIONS, Article 18, paragraph (2) of the Statute is changed in such a way that the part of the sentence that reads: "... and 3 more (letters: three) members appointed by the Supervisory Board" is deleted, and accordingly the new, amended paragraph (2) of Article 18 of the Statute reads from now on:

"(2) The Bank has a Risk and Audit Committee consisting of 3 (letters: three) members of the Supervisory Board."

Other paragraphs, namely paragraphs (1), (3) and (4) of Article 18 of the Statute remain unchanged and in force.

IV

All other provisions and articles of the Statute, which were not changed by the previous articles of this Decision, remain unchanged and in force

V

The Supervisory Board of the Bank is authorized to determine the clarified text of the Statute.

VI

These amendments to the Statute shall enter into force on the date of entry in the court register at the competent court.

Explanatory Note:

Regarding the introduction of the euro as the official currency in the Republic of Croatia from 1 January 2023, in accordance with the Act on the Introduction of the Euro as the Official Currency in the Republic of Croatia ("Official Gazette" No. 57/2022 and No. 88/2022), SLATINSKA BANKA d.d. is obliged to harmonize the amount of share capital and the nominal amount of shares in accordance with the provisions of the Act on Amendments to the Companies Act ("Official Gazette" No. 114/22) and the Act on Amendments to the Companies Act ("Official Gazette" No. 18/2023).

In accordance with the above, the Bank made a decision to change the share capital and adjust the nominal amount of the shares, and as a result, changes the provisions of the Statute that refer to the share capital and shares.

Regarding the changes in the part of the Statute that refer to the change of members of the Risk and Audit Committee, the same needs to be changed, since the number of members of the Supervisory Board has changed from 5 members to 3 members, so it is necessary to change part I of the Statute, which talks about the number of members of the Risk and Audit Committee, accordingly, risks and audit as a sub-committee of the Supervisory Board from whose ranks the members of the Risks and Audit Committee are elected.

Under Agenda Item 11 the Management Board and the Supervisory Board propose that the General Assembly passes the following:

DECISION
on granting the authorization to the Management Board for own shares buyback and disposal

I The Bank's Management is authorized to buyback the Bank's own shares with the ticker SNB-R-A during a period of five years from the date of adoption of this Decision, without further special consent of the Bank's General Assembly, under the following conditions:

1. the total number of the Bank's own shares acquired on the basis of this decision, together with the own shares already held by the Bank, may not exceed 9.99% (nine point ninety-nine per cent) of the Bank's share capital at the time of acquisition;
2. the Bank's own shares must be acquired on the organized securities market;
3. the price at which the Bank's own shares are purchased must not be above 5% (five per cent) or below 5% (five per cent) of the average market price realized for the same shares during the previous trading day;
4. the Bank's management must report to the next General Assembly of the Bank about the reasons and purpose of acquiring shares, their number and share in capital, and the equivalent value of what the Bank gave for those shares

II The Management Board of the Bank may dispose of its own shares, which it already holds or will acquire on the basis of the provisions of this Decision, outside the organized market for the purpose and in accordance with the regulatory requirements related to variable receipts, when there is a justified need for this in order to pay variable receipts in accordance with the Receipts Policy and respecting all regulatory restrictions during disposal.

III This Decision enters into force on the day of its adoption.

Explanatory Note:

The Management Board of the Bank proposes to the General Assembly, with the approval of the Supervisory Board, the adoption of a decision on granting authorization to the Management Board for the disposal and acquisition of the Bank's own shares, which would be valid for a period of five years from the date of adoption of this Decision.

This authorization is necessary due to regulatory requirements related to variable receipts, which, when all legal prerequisites are met and the necessary approvals from the Supervisory Board and the regulator are obtained, mandate the determination, allocation and payment of variable receipts in instruments. In such cases, the Bank should have a mechanism to act in accordance with regulatory requirements, while respecting all regulatory restrictions when disposing.

Under Agenda Item 12, pursuant to Article 11 of the Statute of SLATINSKA BANKA d.d. (hereinafter: the Bank) and Article 275 paragraph 1. Item 3 of the Companies Act and in connection with Article 276.a. paragraph 1 of the Companies Act, the Management Board and the Supervisory Board propose to the General Assembly of the Bank the adoption of the following:

DECISION
on approval of the Remuneration Policy of the members of the Management Board and
the members of the Supervisory Board of the SLATINSKA BANKA d.d.

I Approval of the Remuneration Policy for the members of the Management Board and the Supervisory Board of SLATINSKA BANKA d.d., vr 1.00, document mark POUP58_000_202300-2023.

II Immediately after the adoption of this Decision, this Decision and the Remuneration Policy for members of the Management Board and the Supervisory Board of SLATINSKA BANKA d.d., vr 1.00 of the document POUP58_000_202300-2023 from Article I of this Decision, will be published on the Bank's website for a period of ten years.

III This decision enters into force on the date of its adoption.

Explanatory Note:

The Supervisory Board of SLATINSKA BANKA d.d. on 16 May 2023 passed a Decision on the adoption of the Remuneration Policy for members of the Management Board and the Supervisory Board of SLATINSKA BANKA d.d., document designation POUP58_000_202300-2023.

At least once every four years, the General Assembly decides whether to approve the Remuneration Policy for the members of the Management Board and the Supervisory Board, which was recommended by the Supervisory Board, and always when it is significantly changed.

Deviation from the Policy is allowed even without its prior amendment when it is necessary to comply with regulatory requirements and/or supervisory measures, which is proven by written changes to regulatory requirements and written decisions of the regulator.

The human resources management sector has redesigned the currently valid Remuneration Policy into two separate acts, namely: Remuneration Policy SLATINSKA BANKA d.d. and on the Remuneration Policy for members of the Management Board and the Supervisory Board of SLATINSKA BANKA d.d.

The existing Remuneration Policy vr. 4.01 from February 2021, included the remuneration policy of members of the Management Board and the Supervisory Board as Annex V to the Remuneration Policy, and the texts were not fully harmonized and clear, and therefore difficult to apply, and in practice there were difficulties in applying it.

The human resources management department, therefore, proposed to the Supervisory Board the adoption of the Remuneration Policy for the members of the Management Board and the Supervisory Board in the text as proposed in the above Remuneration Policy for members of the Management Board and the Supervisory Board of SLATINSKA BANKA d.d. made in a way that is appropriate to the concrete processes of the Bank and the provisions of the working contracts of the members of the Management Board and the Supervisory Board, which will thus be truly applicable in the Bank.

Pursuant to the provisions of Article 275, Paragraph 1, Item 3 of the Companies Act (hereinafter: CA) and the provisions of Article 276a, Paragraph 2. of CA, the General Assembly decides and approves the Remuneration Policy for members of the Management Board and the Supervisory Board of companies whose shares are listed on the regulated market for trading purposes, and the decision of the General Assembly and the Remuneration Policy is to be published and made available free of charge for a period of at least ten years on the Bank's website immediately after the General Assembly.

Under Agenda Item 13 the Management Board and the Supervisory Board propose that the General Assembly passes the following:

Policy on target structure, promotion of diversity and the conditions and procedure for assessing the suitability of the members of the Supervisory Board

1. GENERAL PROVISIONS

Article 1

The policy on target structure, promotion of diversity and the conditions and procedure for assessing the suitability of members of the Supervisory Board (hereinafter referred to as the Policy) prescribes:

- the targeted structure of the members of the Bank's Supervisory Board with regard to the type, scope and complexity of operations, the risk profile and the Bank's business strategy,
- conditions for membership in the Bank's Supervisory Board,
- suitability assessment procedure (required documentation, deadlines for submission of documentation, deadlines and method of implementation of the suitability assessment procedure, method of declaration of candidates being assessed, reporting on the results of the procedure, dynamics of the assessment, activities that follow after the suitability assessment procedure has been carried out, situations and circumstances due to which it is necessary to carry out an extraordinary assessment of the suitability of an individual member of the Supervisory Board, the form and method of keeping the documentation on the suitability assessment procedure carried out).
- the Bank's activities aimed at promoting the diversity of the Supervisory Board and the targeted representation of the underrepresented gender in the Supervisory Board, as well as the strategy and time frame for achieving this goal

Article 2

The assessment of suitability and fulfilment of the conditions for membership in the Supervisory Board, in accordance with this Policy, is carried out by the Bank's Suitability Committee.

2. TERMS

Article 3

Certain terms used in this Policy have the following meanings:

1) "related persons" to the person for whom the assessment is made are:

- members of the person's immediate family
 - a legal entity in which the candidate or a member of his immediate family has a qualified share in that legal entity and
 - a legal entity in which the candidate or a member of his immediate family is a member of senior management or is a member of the board, supervisory board, board of directors or executive director.
- 2) "significant business relationship" is a business relationship that meets any of the following conditions:
- if the total liabilities of the president or a member of the management board or a member of the supervisory board and persons related to them are towards the credit institution, its parent company or subsidiary company, its clients and other credit institutions with headquarters in the Republic of Croatia or branches of credit institutions from other member states or third countries greater than the total claims and investments in that credit institution for an amount that exceeds 2% of the credit institution's share capital, and is not less than 400 thousand euros.
 - a credit institution or a person related to it has an investment in capital instruments that exceeds 25% of the capital of the company controlled by the president or a member of the management board or a member of the supervisory board, or
 - if the company associated with the president or a member of the board or a member of the supervisory board of the credit institution derives most of its income from the provision of services to that credit institution.

- 3) "conflict of interest" in the sense of Article 38, paragraph 1, point 3 and Article 45, paragraph 1, point 3 of the credit Institutions Act, are the situations described in Article 8, paragraph 4 of the Decision on assessing the suitability of the president of the management board, member of the management board, a member of the supervisory board and a holder of a key function in a credit institution that the credit institution cannot manage in a way that ensures the independence of the candidate's opinion,
- 4) "candidate" is a person for whom the Bank or the founders have submitted a request for the issuance of prior consent for appointment to the position of member of the supervisory board, including the person who currently holds the position of member of the supervisory board as well as the person who is reappointed by the Bank to the said position
- 5) "independence of opinion" is a set of qualities of a member of the supervisory board that is necessary for making prudent, objective and independent decisions and opinions when performing duties and tasks, and is especially expressed during discussions and decisions of the supervisory board,
- 6) "procedures" are investigative actions, criminal prosecutions and criminal proceedings and proceedings that preceded the passing of a final judgment, final coercive measures, administrative sanctions or misdemeanour sanctions,
- 7) "executive function" is the function of the executive director in companies that have an established board of directors, i.e. the function of the president or member of the board in companies that have a board of directors and a supervisory board,
- 8) "non-executive function" is the function of a member of the board of directors who is not an executive director in companies that have an established board of directors, i.e. the function of a member of the supervisory board in companies that have a management board and a supervisory board,
- 9) "significant shareholder" is a shareholder who has more than 10% share in the share capital or voting rights in a company or has a significant influence on the management of that company
- 10) "significant business share" is a business share that provides more than 10% share in the share capital or voting rights in the company.

3. TARGET STRUCTURE OF THE BANK'S SUPERVISORY BOARD

Article 4

The Croatian National Bank will issue a prior approval for the performance of the position of a member of the Bank's Supervisory Board to a person deemed appropriate. A suitable person will be considered a candidate who:

- fulfils the conditions prescribed by Article 45 of the Credit Institutions Act, and
- in accordance with Article 35, Paragraph 3 of the Credit Institutions Act, it ensures that the entire composition of the Supervisory Board has the necessary professional knowledge, abilities and experiences that enable it to perform its duties independently, and if its structure is sufficiently diverse.

Article 5

The Bank's Statute stipulates that the Supervisory Board of the Bank has 5 (five) members and that the members of the Supervisory Board are elected by the General Assembly by deciding on the entire list of candidates.

Article 6

The members of the Supervisory Board must together have the professional knowledge, abilities and experience necessary for independent supervision of the Bank's affairs, and especially for understanding the Bank's affairs and significant risks.

Article 7

Members of the Supervisory Board must together with their expertise cover all business areas of the Bank's operations, have the skills they need to express their views and influence the decision-making process within the Bank, and have sufficient expertise in at least each of the following areas:

- 1) the services provided by the Bank and the main risks associated therewith,
- 2) financial markets and the capital market, solvency and internal models,
- 3) accounting, auditing and reporting,
- 4) duties of control functions,
- 5) information technologies and security,
- 6) local, regional and global markets, if applicable,
- 7) legal and regulatory framework and creditworthiness requirements,
- 8) management skills and experience,
- 9) strategic planning and knowledge of business strategy, business plan and its execution
- 10) risk management (identification, measurement, monitoring, control and mastering of the main types of risks in the Bank)
- 11) corporate governance, including the system of internal controls
- 12) analysis of the Bank's financial data
- 13) management of national and international groups and management of risks associated with group structures, if applicable.

4. COMPETENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

Article 8

In addition to the powers that the Supervisory Board has under the Companies Act, the Bank's Supervisory Board also has the following powers:

- 1) gives consent to the Management Board on the Bank's business policy,
- 2) gives approval to the Management Board on the Bank's strategic goals,
- 3) approves the Bank's Management Board's financial plan,
- 4) gives approval to the Management Board on strategies and policies for taking risks and managing them, including risks arising from the macroeconomic environment in which the Bank operates with regard to the business cycle,
- 5) gives approval to the Management Board for strategies and procedures for assessing the adequacy of the Bank's internal capital,
- 6) gives approval to the Management Board to act on internal audit and to the annual work plan of internal audit, and
- 7) makes decisions on other issues determined by the Credit Institutions Act and regulations adopted on the basis of that Act.

In addition to the duties and responsibilities of members of the Supervisory Board arising from the Companies Act, the members of the Supervisory Board are obliged to:

- 1) take positions on the findings of the Croatian National Bank and other supervisory bodies in the Bank's supervision or supervision procedures, within 30 days from the date of delivery of the Croatian National Bank's report on the performed supervision or the minutes of other supervisory bodies on the performed supervision,
- 2) monitor the adequacy of procedures and the effectiveness of internal audit
- 3) take positions on half-yearly internal audit reports
- 4) immediately notify the Croatian National Bank of:
 - the appointment or termination of their function in the administrative and supervisory bodies of other legal entities i
 - legal transactions on the basis of which the supervisory board member himself or someone from his immediate family directly or indirectly acquired shares or business interests in a legal entity on the basis of

which that supervisory board member together with members of his immediate family acquired a qualified share in that legal entity or on the basis of which their shares fell below the qualifying share limit

- 5) supervise the implementation and effectiveness of the Bank's management system,
- 6) supervise the implementation of the Bank's business policy, strategic goals and risk-management strategies and policies, and
- 7) supervise the process of publication and communication of information.

5. CONDITIONS FOR MEMBERSHIP IN THE BANK'S SUPERVISORY BORD

Article 9

A candidate who, in accordance with this Policy, has been assessed as suitable and who has received the prior consent of the Croatian National Bank to perform the function of a member of the Supervisory Board may be elected or appointed as a member of the Supervisory Board of the Bank.

A member of the Supervisory Board can be a candidate who, at any time, meets the following conditions:

- 1) has a good reputation,
- 2) has the appropriate professional knowledge, ability and experience necessary to fulfil the obligations under its competence, and who, together with the other members of the Supervisory Board, fulfils the requirements from Article 35, Paragraph 3 of the Credit Institutions Act,
- 3) who is not in a conflict of interest in relation to the Bank, shareholders, members of the supervisory board, holders of key functions and senior management of the Bank and has the ability to express an independent opinion
- 4) who can dedicate enough time to fulfil the obligations under his competence, and
- 5) who can be a member of the supervisory board according to the provisions of the Companies Act.

The Croatian National Bank will issue prior approval for the performance of the position of Supervisory Board member to a person deemed appropriate.

5.1. Good reputation, honesty and conscientiousness of members of the Supervisory Board

Article 10

(1) A candidate does not have a good reputation, conscientiousness and honesty if:

- 1) he has been legally convicted of any of the criminal offences referred to in Article 25, paragraph 2 of the Credit Institutions Act, i.e. a candidate who has been legally convicted of any of the criminal offences whose description corresponds to the criminal offences referred to in Article 25, paragraph 2 of the Credit Institutions Act,
- 2) criminal proceedings are being conducted against him for any of the criminal offences from Article 25, paragraph 2 of the Credit Institutions Act, against whom criminal proceedings are being conducted for any of the criminal offences that in their description correspond to the criminal offences from Article 25, paragraph 2 of the Credit Institutions Act, that is, who has been legally convicted or against whom criminal proceedings are being conducted for any of the criminal offences that are not specified in Article 25, Paragraph 2 of the Credit Institutions Act; including any predicate offence that is related to the criminal offence of money laundering as regulated by the regulations governing the prevention of money laundering and terrorist financing if this may cast doubt on the good reputation, honesty and conscientiousness of the candidate
- 3) a security or other measure or administrative or misdemeanour sanction has been pronounced or ordered against him, competent supervisory authorities, other public bodies or courts have conducted or are conducting investigations or proceedings due to irregularities or non-compliance with any regulations governing banking, financial or insurance activity or which govern the capital market, securities or payment transactions, regulations governing the provision of financial services, consumer protection or any other relevant regulations or if there are other negative reports with relevant, credible and reliable information (for

example as part of procedures relating to whistle-blowers) or who has been notified by the Croatian National Bank or another authorized body of the intention to initiate sanctioning proceedings, or who negotiates with the Croatian National Bank or another competent body on the terms of admission of guilt or agrees on sanctions and measures, if this may lead to in doubt the good reputation, honesty and conscientiousness of the candidate

4) he manages, or at the time of the commission of the crime, managed a company that was legally convicted of a criminal offence from points 1 and 2 of this paragraph, against which measures were imposed or against which proceedings and other actions from point 3 of this paragraph are being conducted, and which may cast doubt on the candidate's good reputation, honesty and conscientiousness,

5) he has not proven himself with his previous professional work and personal integrity,

6) his business results endanger the candidate's reputation, honesty and conscientiousness,

7) his financial stability threatens the candidate's reputation, honesty and conscientiousness, and

8) there is some other reason to suspect that he does not have a reputation, honesty and conscientiousness.

The Croatian National Bank will especially check whether the candidate has a good reputation, honesty and conscientiousness if there are justified reasons to suspect that money laundering or financing of terrorism is being carried out or has been carried out or if there have been such attempts, or if there is an increased risk in relation to the Bank.

Determining the existence of the circumstances referred to in paragraph 1, items 2 to 4 of this article and paragraph 2 of this article does not call into question the application of the principle of presumption of innocence from the regulations governing criminal proceedings.

Article 11

When determining the existence of the circumstances referred to in Article 10, paragraph 1, points 2 to 4 and paragraph 2 of Article 10 of this Policy, the Suitability Committee will take into account all available information related to the type of criminal sanctions, whether there are any criminal, misdemeanour, administrative, civil or other proceedings against the candidate, the degree to which the proceedings are in progress and the legal remedies applied, the imposed sentence or other criminal sanction, the effects of rehabilitation measures, the existing aggravating and mitigating circumstances of the case, the significance of the criminal act, misdemeanour or other violations, the period that has passed since the time of the offense, the candidate's personal contribution to the commission of the criminal offense, misdemeanour or other violations and the candidate's behaviour during that time, especially in terms of the relationship to the criminal offense, misdemeanour or other injury or violation and its transparency. The Suitability Committee will also take into account a larger number of minor acts that individually do not damage but together can damage the candidate's good reputation, honesty and conscientiousness.

Additionally, when determining the existence of the circumstances referred to in Article 10, paragraph 1, points 2 to 4 of this Policy, the Suitability Committee will take into account data on all relevant previous measures, judgments, imposed administrative or misdemeanour sanctions and procedures in connection with the candidate or the company that the candidate manages or has managed, and which was or is being conducted by the Croatian National Bank or another competent authority.

Article 12

When determining the existence of the circumstances referred to in Article 10, paragraph 1, point 5 of this Policy, the Suitability Committee will analyse information that points to incorrect behaviour of the candidate in his previous professional work, such as non-transparent treatment and non-cooperation with competent authorities, denial or withdrawal of approval to perform managerial duties or performance of professional occupations or activities and, if available, will also analyse the reasons for termination of the employment contract, removal from a key or similar function and ban on conducting business or representing a legal entity

issued by the competent authority, as well as any other information or evidence that points to that the candidate's actions are not in accordance with high standards of professional conduct.

Article 13

When determining the existence of the circumstances referred to in Article 10, paragraph 1, points 6 and 7 of this Policy, the Croatian National Bank will take into account the financial and business results of the company in which the candidate is or was a significant shareholder or in which the candidate has or had significant business shares, i.e. in which he performed the function of a member of the management board, some other management function or the function of a member of the supervisory board, before it was determined that the company had committed a major irregularity or violation of the law in its operations, before the pre-bankruptcy settlement was carried out over the company, bankruptcy proceedings have been opened, a decision on forced liquidation has been made, extraordinary administration proceedings have been initiated or work permits have been revoked, which could have an impact on the candidate's reputation, honesty and conscientiousness. The Suitability Committee will assess whether the candidate's actions influenced the occurrence of these events.

Article 14

When assessing the conditions from Article 10, paragraph 1, points 7 and 8 of this Policy, the Suitability Committee will take into account the candidate's financial stability and its possible impact on the candidate's reputation, honesty and conscientiousness. In doing so, they will analyse:

- if the candidate's assets and income call into question the fulfilment of his financial obligations in the future,
- whether the candidate is on the list of delinquent debtors (e.g. list of tax debtors of the Ministry of Finance, black list, etc.),
- whether consumer bankruptcy proceedings have been or are being conducted over the candidate's property,
- whether there are civil, misdemeanour, administrative, out-of-court proceedings or administrative sanction proceedings or investigations in which the candidate is a party, and whether measures have been taken against him by competent authorities, other public law bodies or professional associations in all jurisdictions, and which could call into question the fulfilment of his financial obligations in the future,
- whether the candidate has been legally convicted and whether criminal proceedings are being conducted against the candidate for any of the criminal offences that are not listed in Article 25, Paragraph 2 of the Credit Institutions Act,
- data on misdemeanour non-convictions and non-convictions based on administrative sanctions,
- large investments, exposures or indebtedness of the candidate, and
- financial and business results of a commercial company in which the candidate is or was a significant shareholder or in which the candidate has or had significant business shares, i.e. in which he performed the function of a member of the management board, some other management function or the function of a member of the supervisory board, which could have an impact on the candidate's reputation, honesty and conscientiousness.

Article 15

The Suitability Committee is obliged to consider all other information that could cast doubt on the good reputation, conscientiousness and honesty of the member of the Supervisory Board.

When assessing good reputation, conscientiousness, honesty and conflicts of interest, the Suitability Committee is obliged to take into account that the members of the Supervisory Board should, in any case, have a good reputation, conscientiousness and honesty, they must not be in a conflict of interest that cannot be managed and obliged to consider all available information that could cast doubt on the good reputation, conscientiousness and honesty, or point to a conflict of interest among the members of the Bank's Supervisory Board. (Chapter V, Article 19, paragraph 6)

5.2. Professional knowledge and abilities of members of the Supervisory Board

Article 16

(1) Appropriate professional knowledge in the sense of this Policy is considered to be at least a completed graduate study in the relevant field in accordance with the regulations governing scientific activity and higher education and the recognition of foreign educational qualifications.

(2) The following are considered relevant areas from paragraph 1 of this article:

- economics and other related fields (e.g. banking and finance, management, accounting, auditing),
- law and related fields (e.g. administration, financial regulation) or
- mathematics, physics, informatics, electrical engineering and related fields.

When assessing the professional knowledge of the candidate, in addition to the achieved level of education in accordance with paragraphs 1 and 2 of this article, the Suitability Committee will also check the continuous professional development of the candidate in the last five years in the following areas:

- a) banking and financial markets,
- b) accounting and auditing,
- c) regulatory framework and requirements,
- d) strategic planning and knowledge of business strategy, business plan and its execution,
- e) risk management (identification, measurement, monitoring, control and management of the main types of risks in the credit institution),
- f) climate and other environmental risks
- g) preventing money laundering and terrorist financing
- h) assessing the effectiveness of procedures and measures of the credit institution, by developing effective management, supervision and control
- i) interpreting the financial data of the credit institution, determining the main problems based on these data and appropriate controls and measures
- f) corporate management, including the system of internal controls, and
- g) analysis of financial data of the credit institution.

When assessing the ability of a candidate for a member of the supervisory board in the sense of Article 45, paragraph 1, point 2 of the Credit Institutions Act, the Suitability Committee can assess whether the candidate has the ability to understand and critically review the Bank's operations and the risks to which it is exposed, as well as his determination, strategic vision, risk assessment and readiness for continuous learning and professional development.

As an exception to paragraph 1 of this article, if the Supervisory Board has five or more members, one member of the supervisory board of the credit institution does not have to meet the condition from paragraph 1 of this article.

Taking into account the role and duties of members of the Supervisory Board, it is necessary for the candidate to have the following skills:

1. Authenticity: he is consistent in word and deed and acts in accordance with his stated values and beliefs. He openly communicates his intentions, ideas and feelings, fosters an environment characterized by openness and honesty, and accurately informs about the actual situation, while at the same time recognizing risks and problems.
2. Language: able to communicate orally in a structured and usual manner and in writing in the national language or the working language of the Bank's location.
3. Decisiveness: makes timely and informed decisions by acting quickly or deciding on a course of action, for example by expressing one's views and avoiding procrastination.
4. Communication: is able to convey the message in an understandable and acceptable manner and in an appropriate form. It focuses on providing and receiving clear and transparent messages and encourages the active provision of feedback.

5. Judgment: able to weigh data and different courses of action and reach a logical conclusion. Examines, recognizes and understands key elements and issues. He has the ability to understand the wider context outside his area of responsibility, especially when dealing with problems that may threaten the continuity of the Bank's operations.
6. Customer and Quality Focus: Focuses on providing quality and finding ways to improve it whenever possible. In particular, this means denying consent for the development and advertising of products and services and for capital expenditure, e.g. for products, office buildings or shares, in circumstances where he cannot properly assess the risks due to a lack of understanding of the architecture, principles or basic assumptions. Determines and studies the wishes and needs of clients, ensures that clients are not exposed to any unnecessary risks, and organizes the provision of accurate, complete and balanced information to clients.
7. Leadership: directs the group and provides guidance, develops and maintains teamwork, motivates and encourages available human resources. Accepts criticism and leaves room for critical discussions.
8. Loyalty: identifies with the Bank and has a sense of involvement. Shows that he can dedicate enough time to work and properly perform his duties, defends the interests of the Bank and acts objectively and critically. Recognizes and anticipates possible conflicts of private and business interests.
9. External awareness: follows movements, pillars of power and attitudes in society. He is well informed about relevant financial, economic, social and other developments at the national and international levels that may affect society and the interests of stakeholders and is able to use this information effectively.
10. Negotiation: identifies and reveals common interests in a manner designed to achieve agreement while simultaneously striving to achieve negotiation goals.
11. Persuasiveness: he is able to influence the attitudes of other people by using the power of persuasion and natural authority and tact. He has a strong personality and can take a firm stand.
12. Teamwork: is aware of the group's interests and contributes to joint results and can function as part of a team.
13. Strategic experience: able to develop a realistic vision of future developments and translate it into long-term goals, for example, by applying scenario analysis. In doing so, it appropriately takes into account the risks to which the Bank is exposed and takes appropriate measures to manage them.
14. Resilience to Stress: He is resilient and can perform consistently even under great pressure and in moments of uncertainty.
15. Sense of responsibility: understands internal and external interests, evaluates them carefully and takes care of them. He is capable of learning and understands that his actions affect the interests of stakeholders.
16. Facilitation: able to effectively and efficiently chair meetings and create an open atmosphere that encourages all participants to participate equally and is aware of the duties and responsibilities of other persons.

5.3. Experience of Supervisory Board members

Article 17

A candidate for membership in the Supervisory Board of the Bank, and in accordance with the provisions of Article 45, Paragraph 1, Point 2 of the Credit Institutions Act, must have appropriate experience.

Appropriate experience is considered to be:

- 1) experience gained by working at the management level, the level immediately below or at most two levels below the management level and supervisory board level or equivalent levels in companies that have established a board of directors, on the basis of which the candidate could acquire wide practical or theoretical knowledge in the field of banking and financial services
- 2) experience in key management positions in the body responsible for the supervision of credit or financial institutions
- 3) experience gained through academic work, and
- 4) experience gained by working in state administration bodies or public law bodies in key management positions with a high degree of independence.

Appropriate experience from paragraph 1 of this article means 5 (five) years of recent work experience for a member of the Supervisory Board.

When evaluating the experience of a candidate for a member of the Supervisory Board, the Suitability Committee will check the functions he previously held and, in addition, the responsibilities assigned to him, the size of the company in which he held positions, the company's predominant activities, i.e. whether the candidate has enough experience to be able to critically review decisions and effectively supervise the management of the credit institution and fulfil other obligations prescribed for a member of the Supervisory Board.

As an exception to paragraph 2 of this article, the Croatian National Bank may consider that a candidate for Supervisory Board member has appropriate work experience even though he does not have the specified number of years of work experience from paragraph 2 of this article, if the credit institution explains the reasons in detail and provides evidence that the candidate has other appropriate qualities related to experience, such as specialist knowledge and acquired experience that is required in the credit institution where the candidate for Supervisory Board member is appointed, an extremely successful professional career and a particularly sought-after experience that will correspond to the special role and areas of competence that the candidate for Supervisory Board member will cover.

5.4. Independence of opinion and conflict of interest of members of the Supervisory Board

Article 18

The candidate must be able to express an independent opinion, which includes the following:

- 1) the absence of a conflict of interest that cannot be managed in a way that ensures independence of opinion,
- 2) possession of the following characteristics:
 - a) courage, conviction and strength for effective assessment and review of decisions proposed by members of the Supervisory Board,
 - b) not succumbing to the influence of the prevailing thinking in the Supervisory Board.

When assessing whether a candidate possesses the qualities necessary to express an independent opinion, his previous and current business behaviour is assessed, especially in the Bank.

Membership in the Supervisory Board, i.e. ownership of shares in affiliated companies or related entities with the Bank, in itself, does not imply that a member of the Supervisory Board of the Bank is not capable of expressing an independent opinion.

Article 19.

It is considered that there is a conflict of interest that the Bank cannot manage:

- 1) if the candidate for member/member of the Supervisory Board or a person related to him/her has a significant business relationship with the Bank
- 2) if the candidate for member of the Supervisory Board/member of the Supervisory Board is also a member of the supervisory board or management of another credit institution, financial institution, mixed financial holding or financial holding that provides services on the territory of the Republic of Croatia.

A candidate for a member of the Supervisory Board of the Bank is obliged to submit up-to-date information on all known facts from paragraph 1 of this article to the Suitability Committee.

As an exception to paragraph 1, point 2 of this article, it will not be considered that there is a conflict of interest that the Bank cannot manage if a candidate for a member of the Supervisory Board/member of the Bank's Supervisory Board is also a member of the Supervisory Board:

- 1) of its subsidiary companies, which are credit or financial institutions or

2) credit or financial institutions belonging to the same group of credit institutions to which the Bank belongs.

Article 20

When assessing the existence of a conflict of interest, at least the following is assessed:

- 1) economic interests arising from the possession of shares, ownership shares or similar economic interests such as intellectual property rights in a credit institution, its parent institution or a subsidiary company, in companies or entities that are clients or suppliers of the Bank and approved credits or loans and similar that the Bank approved to the candidate for the member of the Supervisory Board or the persons connected with him, as well as the financial obligations towards the holder of a qualified share in the credit institution.
- 2) personal, business or professional relations of the candidate for the member of the Supervisory Board with the holders of qualified shares in the Bank or its parent company or its subsidiary company, whether the candidate represents any of the shareholders of the credit institution, its parent company or the subsidiary company and whether the candidate is a member supervisory board proposed by a significant shareholder
- 3) personal, business or professional relations of the candidate for Supervisory Board member with Bank employees or entities included in the scope of accounting or credit consolidation
- 4) previous positions of the candidate for Supervisory Board member in the last five years
- 5) personal, business or professional relationships of the candidate for Supervisory Board member/member of the Supervisory Board with significant suppliers, consultants or other similar service providers of the credit institution, its parent institution or subsidiary companies
- 6) whether the candidate for Supervisory Board member owns shares or ownership interests in a company or entity that has different interests compared to the Bank (for example, competitors of a credit institution) and
- 7) political influence or relations of the candidate for Supervisory Board member/Supervisory Board member with politically exposed persons in the last two years.
- 8) is there a certain period in relation to the candidate during which, due to a potential conflict of interest, he cannot assume and start performing the position to which he is appointed (cooling-off period), and
- 9) whether the candidate is directly or indirectly involved in court proceedings or out-of-court disputes, including conciliation, arbitration and similar, against a credit institution, its parent institution or a subsidiary company or holder of a qualifying share

A candidate for a member of the Supervisory Board of the Bank is obliged to submit up-to-date information on all known facts from paragraph 1 of this article to the Suitability Committee.

The Bank and members of the Supervisory Board are obliged to inform the Croatian National Bank without delay of any established, potential or perceived conflict of interest.

Based on the analysis from paragraph 1 of this article, the Bank will document, monitor and manage any established, potential or perceived conflict of interest, as well as determine the significance of the risk that arises or may arise in connection with it, and if necessary, take measures to reduce or eliminate the conflict interests in order to ensure the independence of the opinion of the member of the Supervisory Board and the impartial performance of his duties.

Article 21

A member of the Bank's Supervisory Board is obliged to refrain from participating in the discussion, decision-making or voting on proposals, plans, and agenda items and similar if a conflict of interest has been established in connection with this.

5.5. Independence of Supervisory Board members

Article 22

A member of the Supervisory Board is considered to be independent:

- 1) if he is not a shareholder who has control over the Bank or its affiliated company in the sense of the provisions of Article 23, paragraphs 3 and 4 of the Accounting Act or the national regulation transposing the provisions of Article 22, paragraph 1 of Directive 2013/34/EU of the European Parliament and the Council of 26 June 2013 on annual financial statements, consolidated financial statements and related reports of certain types of entrepreneurs, amending Directive 2006/43/EC of the European Parliament and the Council and repealing Council guidelines 78/660/EEC and 83/349/EEC (Text with EEA relevance) (OJ L 182, 29 June 2013) or does not represent a controlling shareholder
- 2) if he is not, and in the last five years, was not a member of the management board of a bank or other institution or company included in the scope of credit rating or accounting consolidation,
- 3) if he is not an employee of the majority shareholder of the Bank or if he is not connected with him in some other way,
- 4) if he is not an employee of an institution or company included in the scope of the creditworthiness or accounting consolidation,
- 5) if he is not, and in the last three years, was not a member of the senior management of the Bank or another company included in the scope of the creditworthiness or accounting consolidation, where he was directly responsible to the management,
- 6) if he does not receive or has received significant compensation from the Bank or companies included in the scope of credit rating or accounting consolidation, or is generating or used to generate significant income, in addition to the remuneration for performing the function of a member of the Supervisory Board,
- 7) if he is not, and in the last three years, was a member or partner of an audit company that provides or has provided audit services or companies that provide consulting services to the Bank or a company included in the scope of credit rating or accounting consolidation, or an employee of such companies who is or was significantly associated with the services provided,
- 8) if he is not a member of the management board of another company in which a member of the Bank's management board is a member of the supervisory board,
- 9) if the person is not related to a member of the Bank's management or another company included in the scope of the creditworthiness or accounting consolidation, or if the person is not related to any of the persons listed in items 1 to 8, 10 and 11 of this article,
- 10) if he was not a member of the Bank's management or supervisory board for more than 12 consecutive years, and
- 11) if he is not a majority shareholder or shareholder in a company or entity that was a significant supplier or significant client of the Bank or another company within the scope of the creditworthiness or accounting consolidation or had some other significant business relationship with the Bank.

A candidate for a member of the Bank's Supervisory Board is obliged to submit to the Suitability Committee up-to-date information on all known facts from paragraph 1 of this article, in order to determine whether he is an independent member of the Supervisory Board.

The independent members of the Supervisory Board should have a key role in improving the effectiveness of the Bank's system of mutual checks by improving the supervision over the decision-making of the Management Board and ensuring that:

- a) the interests of all stakeholders, including minority shareholders, are adequately taken into account in the discussions and decision-making of the Bank's Management Board. Independent members can help reduce or neutralize the excessive dominance of individual members of the Management Board who represent a certain group or category of stakeholders,

- b) no individual or small group of members of the Supervisory Board predominates in decision-making on management, and
- c) conflicts of interest between the Bank, its organizational units, other subjects in the accounting scope of consolidation and external stakeholders, including clients, are managed appropriately.

5.6. Commitment to duty

Article 23

Pursuant to Article 38, paragraph 1, point 5 and Article 45, paragraph 1, point 4 of the Credit Institutions Act, it is considered that a member of the Supervisory Board cannot devote enough time to fulfil the obligations under his jurisdiction if he simultaneously holds:

- 1) the position of president or board member of a credit institution and another position of board member of another company or the position of managing a public company or limited partnership
- 2) the function of a member of the management board and more than two functions of a member of the supervisory board or
- 3) more than four positions as a member of the supervisory board.

When assessing whether a candidate for a member/member of the Supervisory Board can devote enough time to fulfil the obligations under his/her competence in the sense of Article 38, paragraph 1, point 5 and Article 45, paragraph 1, point 4 of the Credit Institutions Act, at least the following is assessed:

- 1) the number of executive and non-executive functions or deputy functions that the candidate for member/member of the Supervisory Board performs at the same time, as well as the expected total number of days that he must devote to their performance annually
- 2) the type, size, scope and complexity of the work performed by the company, in which the candidate for member/member of the Supervisory Board has an executive or non-executive function or a deputy function
- 3) geographical location of the company where the candidate for member/member of the Supervisory Board performs the function and the travel time required to perform that function
- 4) the number of meetings of the supervisory board in which the candidate for member/member of the Supervisory Board performs the function, which are held on average per year, as well as the time required to prepare for participation in the meetings
- 5) meetings of the supervisory board, which are held as necessary with competent authorities and interested parties
- 6) the position, responsibilities and areas of competence that the candidate for member/member of the Supervisory Board covers (e.g. do they cover the position of president of one of the committees of the supervisory board)
- 7) other professional or political activities and all other functions and relevant activities, as well as the expected total number of days that the candidate for member/member of the Supervisory Board must devote to their performance annually
- 8) number of functions in organizations or entities that were not established primarily with the aim of making a profit, and
- 9) the time that needs to be devoted to introductory and continuing education

When determining the number of functions from paragraphs 1 and 2 of this article, the functions of a Supervisory Board member are considered as one function:

- a) companies within the same group, and
- b) companies in which the Bank has a qualifying share.

The restrictions from the previous paragraph do not apply to members of the Supervisory Board who represent the Republic of Croatia or another country in these bodies.

Preparation for meetings, attendance at meetings and active involvement of the president and members of the Supervisory Board at meetings are indicators of the time devoted to the performance of functions.

When determining the number of functions from paragraphs 1 and 2 of this article, the functions of a member of the management board or the supervisory board in the credit institution that carries out the adequacy assessment procedure are taken into account.

Functions of a member of the management board or supervisory board in organizations or entities that were not established primarily with the aim of making a profit, such as associations, non-profit organizations, companies that were founded with the sole purpose of managing the personal assets of a member of the supervisory board or persons related to him, provided that the member of the supervisory board does not have to manage them on a daily basis and other similar organizations or entities, are not taken into account when determining the number of functions from paragraphs 1 and 2 of this article.

6. SUITABILITY ASSESSMENT PROCEDURE

Article 24

The Suitability Committee, based on the prescribed documentation and collected data, carries out the procedure:

- initial assessment of suitability - before the appointment, i.e. submission to the Croatian National Bank of the Request for the issuance of prior approval for the appointment of a member of the Supervisory Board,
- regular annual suitability assessments - once a year with the aim of determining the permanent suitability for the position of member of the Supervisory Board to which the candidate was elected,
- extraordinary adequacy assessments - when extraordinary circumstances prescribed by this Policy occur.

6.1. Documentation that the candidate for member/member of the Supervisory Board should submit for the evaluation

Article 25.

For the purposes of carrying out the suitability assessment procedure, the candidate being evaluated is obliged to submit to the Suitability Committee, at its request, information in accordance with the Credit Institutions Act, the Decision of the CNB on the Suitability Assessment of the President of the Management Board, a member of the Management Board, a member of the Supervisory Board and the holder of key functions in the credit institution and this Policy, in particular:

- 1) information about the credit institution, including its name, personal identification number (OIB), legal identifier Code (LEI), entity registration number (MBS), registered office, explanation of decisions on the selection of candidates, name and surname of the contact person at the credit institution (address e-mail, phone number)
- 2) personal data of the person who is appointed or elected, including first and last name, gender, whether a person changed name and/or surname or gender and details thereof including date of the change, place and date of birth, current registered address (residence) including country and postal code, whether the person has lived in a country different from the country of residence in the last five years and details about it, citizenship, identity card or passport number, country of issue, personal identification number (OIB) or its equivalent and other personal data such as telephone number and e-mail addresses, information on meeting the requirements for a board member according to the provisions of the law regulating trading companies and information on the level of knowledge of Croatian language (only for foreign citizens)
- 3) information on whether the assessment of the person's suitability has already been carried out by another competent authority in

the financial sector (including data on that body, institution and function that was performed, duration of functions and date of assessment), state the explanation, if the stated assessments resulted in a negative result by decision, by revoking consent/approval for the performance of the function in question or the decision, was made with a condition, obligation (order) or recommendation

4) data on the position the candidate is appointed or elected to (president or member of the board or member of the supervisory board or the person responsible for managing the affairs of a branch of a credit institution from a third party country), the planned start and duration of the mandate, a detailed description of the candidate's duties and responsibilities and the areas of business for which he will be responsible, as well as the reporting lines of the function to which he is appointed, if the candidate holds some other position in the institution in which he is appointed; if the candidate is appointed to the function of an independent member of the supervisory board in accordance with Article 45, paragraphs 3 and 4 of the Credit Institutions Act, the name and surname of the person to be replaced (if the candidate is replacing a member of a management or supervisory board), whether it is a matter of reappointment of a candidate to the management or supervisory board, which positions in the boards the candidate holds (if applicable), and if the request was not submitted within the prescribed period, an explanation of the reasons why it was not submitted within that deadline

5) information on the candidate's education, including degree or certificate level obtained, educational qualifications, field of study, type of educational organization (e.g. university or other)

6) information about the candidate's work experience, for positions or functions in which the candidate worked, that is, which he held in the last ten years:

- a) type of function and its position in the hierarchy
- b) professional knowledge that the candidate acquired in that position
- c) the organizational structure of the employer where the jobs were performed or the position was held at the time the candidate worked in that position
- d) scope of competence, decision-making authority and responsibility
- e) name and type of activity of the entity in which the candidate performed the function
- f) number of subordinate workers, and
- g) the period of performance of the function

7) information on the existence of potential complementary or compensating factors (e.g. specialist knowledge and acquired experience that a credit institution needs, an extremely successful professional career or a particularly sought-after experience that will correspond to a specific role and areas of competencies that the candidate will perform in the credit institution, etc.) on the basis of which he can be considered as the candidate with adequate work experience even though he does not have the required number of years of work experience (applicable if the candidate does not have the required number of years of work experience)

8) information on the assessment of the level of banking experience in individual business areas

9) information on the candidate's professional development in the last five years, including details such as field of training, duration and year of completion

10) information about introductory education such as the field of education, education provider, and duration of education (number of hours) with an indication of whether the introductory education will be held before the start of the candidate's term of office or within the first year of assuming office and specifically state the planned beginning and end education if it will take place after six months have passed since taking office

11) information on whether proceedings are being conducted against the person, i.e. whether the candidate has been legally convicted for one or more criminal offences listed in Article 25 paragraph 2 of the Credit Institutions Act, that is, for any other criminal offence including any predicate criminal offence that is related to the criminal offence of money laundering as regulated by the regulations governing prevention of money laundering and financing of terrorism

12) information on whether the candidate has been legally convicted of any misdemeanour, whether there is pronounced security or other measure or misdemeanour or administrative sanction against him, if he is being

prosecuted in criminal proceedings or an investigation has been initiated and whether they were or are being conducted by the competent supervisory authorities, other public-law bodies or courts of inquiry or if there are proceedings against candidates for irregularities or non-compliance with any regulations governing banking, finance or insurance activity or which regulate the capital market, securities or payment transactions or which regulates the provision of financial services or any other relevant regulations, if there are other negative reports with relevant, credible and reliable information (for example as procedures related to whistleblowers) or whether the Croatian National Bank or another authorized body informed him about the intention to initiate the sanctioning procedure or whether he is negotiating with the Croatian National Bank or with another competent body on the conditions of admission of guilt or an agreement is reached on sanctions and measures, which may cast doubt on the candidate's good reputation, honesty and conscientiousness

13) information on whether proceedings are being conducted against the candidate, or whether the candidate has been legally convicted for some of the misdemeanours or administrative sanctions that are not listed in point 12, and which could negatively affect the financial stability of the candidate and his reputation, honesty or conscientiousness

14) information on whether the candidate participates or has participated as a party in civil, administrative or out-of-court procedure (in all stages of the procedure), whether he was or is currently the subject of the investigation, sanctioning procedure or whether measures have been imposed against him (including warnings, notices, etc.) by competent authorities or other public law bodies in all jurisdictions

15) if the answer under items 11 to 14 is affirmative, detailed information about the procedure or judgment or sanctions

16) information on whether bankruptcy or similar proceedings have been initiated against the candidate or the company he managed and, if the answer is yes, a detailed explanation

17) information on whether the candidate was ever denied a request for registration (entry in the register), approval of membership or license to run a trade, business or professional activity or his registration, approval, membership or license has been revoked, suspended or expired, if he was ever fired from his job or removed from a managerial or similar position or his authorization to representation were subject to disciplinary or similar measures

18) information on the candidate's financial situation, including information on whether the property and the candidate's income bring in question the fulfilment of his financial obligations in the future, whether the candidate is on the list of disorderly debtors and whether execution or bankruptcy proceedings have been initiated over the candidate's assets

19) information on the financial and business results of the companies in which the candidate is or is was a significant shareholder or in which the candidate has or had significant business shares, i.e. in which he performed the function of a member of the board or some other management function, including information on whether a pre-bankruptcy settlement has been carried out over the company, bankruptcy proceedings have been opened, the extraordinary administration procedure was initiated, a decision was made on compulsory liquidation or it was terminated, and whether it received extraordinary public financial support or was the subject of restructuring, recovery or rehabilitation procedure

20) information on personal relationships with a member of the management board or supervisory board or key function holder in a credit institution, its parent company or subsidiary company, holders of qualified shares in a credit institution, suppliers, advisers, other service providers or competitors of the credit institution, its parent company or subsidiary company

21) information on whether the candidate is currently directly or indirectly involved in court proceedings or out-of-court dispute (including conciliation, arbitration, etc.) against a credit institution, parent company or subsidiary or holders of qualified shares in the credit institution

22) information on whether the candidate has or had a business, professional or commercial relationship with a credit institution, its parent company and subsidiary company, holder of qualified

shares in the credit institution, clients, suppliers, advisers, other service providers or competitors of the credit institution, its parent company or subsidiary company and, if so, details about that

23) information on whether there was a certain period in relation to the candidate in which he, due to a potential conflict of interest cannot take over and start performing the function to which he is appointed (cooling-off period)

24) information on whether the candidate has financial obligations towards the credit institution, its parent company and subsidiary companies or the holder of a qualifying share and, if the answer is yes, details about that

25) information on whether the candidate has a financial interest such as an ownership stake or investment in a credit institution, parent institution or subsidiary company and in clients, suppliers or competitors, its parent company or subsidiary company and, if the answer is yes, details that

26) information on whether the candidate represents one of the shareholders of the credit institution, its parent company or subsidiary company, and whether the candidate for the position of member of the supervisory board was proposed by a significant party shareholder and, if the answer is yes, details about it

27) information on whether the candidate currently or in the last two years held a position of significant political influence (international, national or local) and whether he has relations with the politically exposed persons and, if the answer is yes, details about it

28) information on whether the candidate has any relationship, position or involvement that is not covered in previous questions and which may affect the interest of the credit institution and, if the answer is yes, details about it

29) if one of the questions related to the conflict of interest was answered in the affirmative, it is necessary to provide information on the assessment of whether this conflict of interest is significant (if not, the reason for such an opinion) and indicate how the conflict of interest can be managed or reduced

30) credit institution's assessment of the time the candidate will need to devote to the position to which he is appointed

31) the candidate's self-assessment of the time required to perform the function to which he is appointed (specify the expected total number of days per year), information on whether the candidate has enough time to perform the function to which he is appointed and all the responsibilities it covers, whether the candidate is employed full-time

32) information related to the functions that are taken into account when assessing whether the candidate can fulfil the criterion of sufficient time commitment to fulfil duties as well as details of these functions including the number of functions that enter the calculation to determine the limit of the number of functions that the candidate can perform at the same time in accordance with Article 11 of the Decision

33) information on whether the credit institution is aligned with the internal target by this designation representation or rules on diversity based on gender in terms of management and supervisory composition of the board, whether the credit institution complies with the internal policies/rules of other aspects of diversity (such as education and professional experience, age and geographical origin)

34) information on the result of the assessment of the collective adequacy of the management/supervisory board, which was carried out by the credit institution, and which should also contain the results of the assessment by individual areas of the assessment, as well as a description of the extent to which the candidate contributes to the achievement of the collective adequacy of the management and supervisory board and an explanation of the shortcomings in the collective adequacy of the management and the supervisory board so far observed and established and to what extent the appointment of the candidate can eliminate the observed deficiencies or whether it can eliminate some or all of the deficiencies.

Request for the issuance of prior consent for the president or a member of the supervisory board is submitted through the information system provided for it, electronically or in writing to Croatian National Bank.

The following documents are attached to the request from paragraph 4 of this article:

- 1) the decision on the appointment of the president or a member of the supervisory board is conditioned by obtaining the prior consent of the Croatian National Bank, i.e. if provided for by the statute that a certain shareholder appoints a certain number of members of the supervisory board, the decision of that shareholders is attached to the appointment of a member of the supervisory board, subject to obtaining the prior consent of Croatian National Bank
- 2) the minutes of the meeting of the supervisory board where the decision on the appointment of the president was made, the minutes of the general meeting where the decision on the election of the supervisory board member was made or a draft of the minutes if the final version of the minutes is not available, i.e. a proposal by the members of the supervisory board on the appointment of a candidate as president of the supervisory board if applicable
- 3) a copy of an identity card or passport (with a certified translation into Croatian in case of foreign citizens)
- 4) the original or a copy of the diploma or an identical document certified by the educational institution where the diploma was obtained, or a certified translation of a copy of the diploma or equivalent document certified by the foreign educational institution where the diploma was obtained
- 5) confirmation of the legal entity or entity (employer) in which the candidate acquired the experience referred to in Articles 7 and 9 of this Decision, where it is necessary to specify the type of function and its position in the hierarchy, professional knowledge that the candidate has acquired in that position, a description of the type and complexity of the job that the candidate performed in that function, including the organizational structure of the employer where the job or function was performed, its scope of competence, decision-making powers and responsibilities, name and type of activity of the entity (employer), number of subordinate workers and period of performance (applicable for candidates who at the time of application submission do not hold office or function of the president of the board, member of the board or member of the supervisory board in a credit institution in the Republic of Croatia)
- 6) candidate's statement from the Annex to this Decision
- 7) statement of the credit institution on the planned or undertaken measures for reduction or elimination of conflict of interest from Article 8, paragraph 11 of this Decision, if the existence of a conflict of interest is established
- 8) work program from Article 14 of this Decision, with the signature of the candidate and the indicated date of creation, with the decision of the Supervisory Board giving consent for the same work program of the candidate, in accordance with Article 48 of the Credit Institutions Act (applicable for the candidate who is appointed for president or board member)
- 9) extract from criminal and misdemeanour records, namely:
 - a) for citizens of the Republic of Croatia, a certificate from the municipal court on whether the candidate is being prosecuted in criminal procedure, not older than one month from the date of submission of the application for issuance of prior consent
 - b) for foreign citizens and citizens of the Republic of Croatia who have lived abroad in the last five years, data on misdemeanour non-conviction or non-conviction on grounds of administrative sanctions of the candidate, on whether criminal or misdemeanour proceedings are being conducted against the candidate or the procedure for imposing an administrative sanction and whether the candidate has been legally convicted of a criminal offence, not older than one month from the date of submission of the application for the issuance of the prior consent (data should refer to all jurisdictions in which the candidate lived in the last five years), and
- 10) shortlisted candidates or an explanation as to why it was not submitted
- 11) CV of the candidate.

When the request is submitted in the event that the same person is re-appointed to the management or supervisory board of the credit institution, it is not necessary to attach the above-mentioned documents to the request for prior approval under points 4, 5 and 10 of paragraph 6 of this article.

In the case referred to in paragraph 7 of this article, if the person who is re-appointed to the management of the credit institution has changed the business areas for which it is responsible, the Croatian National Bank will evaluate it in addition to other suitability criteria and her experience and professional knowledge and abilities.

In addition to the documents from paragraph 6 of this article, other documents can be attached to the request to confirm good reputation, conscientiousness, honesty, independence of opinion, professional knowledge, ability and experience of the candidate.

The Croatian National Bank can request from the credit institution that submitted the application for the issuance of prior consent for the appointment of the president or a member of the management board or a member of the supervisory board additional documents, data and information proving that the candidate meets the prescribed conditions for the president or a member of the management board or a member of the supervisory board.

The request from paragraph 2 of this article will be considered complete only after the credit institution submits all information and documents from paragraphs 4, 6 and 10 of this article and, if applicable, after the candidate conducts the interview referred to in Article 15 of this Decision.

The Croatian National Bank and the European Central Bank when deciding on the request from paragraph 2 of this article perform their tasks within a single supervisory mechanism in accordance with Article 6 of Regulation no. 1024/2013.

The work program for a candidate who is proposed to be appointed as president or member of the management board should contain:

- 1) a concise analysis of the business with indicators of success and efficiency of the business, including the credit institution's risk profile, which contains a minimum assessment of exposure to credit risk, market risk, operational risk, interest rate risk arising from transactions that are kept in the book of non-traded positions and assessment of exposure to liquidity risk in the credit institution in which the candidate was proposed as president or board member, including, as an integral part of the analysis and projection, the financial position of the credit institution, which minimally includes the capital plan and the balance sheet and profit and loss account for the mandate period, which corresponds in content to the balance sheet and the profit and loss account which is delivered to the Croatian National Bank on the basis of the Implementing Regulation of the European Commission (EU) no. 680/2014 of 16 April 2014 on establishing implementing technical standards on supervisory reporting of institutions in accordance with Regulation (EU) no. 575/2013 of the European Parliament and of the Council with the elaboration of the items of loans and receivables in the balance sheet at least towards non-financial companies, small and medium-sized companies and households
- 2) description of the environment in which the credit institution operates and its position in relation to comparable credit institutions and in relation to the banking system as a whole, it is necessary to state the perceived advantages, but also certain weaknesses in relation to comparable groups of credit institutions
- 3) description of macroeconomic and other assumptions that were taken into account during planning
- 4) a detailed description of the planned activities in the mandate period and the planned implementation dynamics, which should include highlights of significant changes compared to the current situation
- 5) planned activities and infrastructural adjustments related to the information system, internal policies and procedures, internal control systems and other functions that support basic activities
- 6) depending on the planned activities, an explanation of possible needs for organizational adaptation and detailed elaboration of the new organizational chart with an indication of the new holders of key functions in the credit institution
- 7) division of responsibilities between members of the board, including the president of the board, and explanation and changes in relation to the current situation and possible changes in the administration
- 8) if it is a matter of reappointment of the same person as president or member of the management board, the work program must contain an analysis of deviations from the actual state in relation to the state that was planned in the previous work program with an explanation of the deviation.

6.2. Deadlines for submission of documentation

Article 26

The candidate submits all the necessary documentation for the suitability assessment to the Suitability Committee no later than 15 days from the date of receipt of the Suitability Committee's request.

6.3. Deadlines and method of implementation of the suitability assessment procedure

Article 27

Before appointing a member of the Supervisory Board, i.e. submitting an application to the Croatian National Bank in accordance with the provisions of Article 46 of the Credit Institutions Act, the Suitability Committee is obliged to carry out a procedure for assessing the suitability of each candidate for a member of the Supervisory Board (initial suitability assessment).

At least once a year, the suitability committee is obliged to carry out the procedure of re-assessment of the suitability of members of the Supervisory Board with the aim of determining their permanent suitability for the position to which they were elected (regular annual suitability assessment).

When conducting a regular annual evaluation of the suitability of a member of the Supervisory Board, the Suitability Committee is obliged to take into account the suitability of the Supervisory Board as a whole.

6.4. The manner of declaration of the candidates who are being evaluated

Article 28

Candidates who are evaluated submit the documentation to the Suitability Committee in written form by mail or electronic mail.

6.5. Reporting on the results of the procedure

Article 29

The Suitability Committee is obliged to carry out the procedure of assessing the suitability of each candidate for the Supervisory Board member before the election, i.e. submitting to the Croatian National Bank a request for the issuance of prior approval for the appointment of a member of the Supervisory Board, and no later than within 15 days from the date of receipt of complete documentation based on the request of the Suitability Committee.

Based on the results of the suitability assessment, the Management Board prepares a proposal for a decision on the suitability of a member of the Supervisory Board. The Management Board submits the proposed decision to the Supervisory Board or the Appointments Committee, if established, for comments. The General Assembly makes a decision on the suitability of a member of the Supervisory Board based on the results of the suitability assessment and all the information needed to make an independent and objective decision.

6.6. Situations and circumstances that require an extraordinary assessment of the suitability of a member of the Supervisory Board

Article 30

The Suitability Committee will, without delay, carry out an extraordinary assessment of the suitability of a member of the Supervisory Board, when circumstances arise that cast doubt on individual or collective suitability, especially in the event of a certain event or situation that has a significant effect on good reputation, conscientiousness, honesty or some other criterion on the basis of which the suitability assessment is carried out, including cases when the president or member of the Supervisory Board is found to be in a conflict of interest that cannot be managed.

When carrying out the procedure from the previous paragraph of this article, it is not necessary to carry out a full assessment of suitability, but only a partial assessment of the impact of changed circumstances on the suitability of a member of the Supervisory Board.

Any member of the Supervisory Board, the Management Board or the Suitability Committee can make a proposal for an extraordinary assessment of the suitability of a member of the Supervisory Board.

6.7. The form and method of keeping documentation on the suitability assessment procedure carried out

Article 31

The documentation on the suitability procedure carried out is kept in one copy of the original on a permanent medium (paper) in the Bank's organizational unit in charge of keeping the Supervisory Board's documentation. The documentation is kept for the entire period of performance of the duties of a member of the Supervisory Board and for a period of five years after the termination of the performance of the duties of a member of the Supervisory Board.

6.8. Activities that follow the suitability assessment procedure

Article 32

The Bank will propose a person whom it has judged to be suitable as a candidate for the member of the Supervisory Board.

If the Bank, in the process of regular or extraordinary evaluation of the suitability of a member of the Supervisory Board, determines that the member of the Supervisory Board is no longer suitable, it is obliged to replace that person. In the aforementioned case, the competent authorities of the Bank will make an appropriate decision.

Exceptionally, if the Bank assesses that the deficiencies in suitability are minor and that they can be eliminated in a short period of time, the Bank may take appropriate corrective measures to eliminate the identified deficiencies, which will re-establish the suitability of the member of the Supervisory Board, unless these are deficiencies due to which the candidate does not meet the criteria of good reputation, conscientiousness and honesty, which cannot be removed by corrective measures. In the aforementioned case, the Suitability Committee will recommend corrective measures to eliminate the identified deficiencies, which will re-establish the suitability of the member of the Supervisory Board.

In the case referred to in the previous paragraph of this article, the Bank is obliged, within eight working days from the end of the assessment procedure, to notify the Croatian National Bank of the results of the assessment and its decision, as well as the corrective measures it has decided to take in order to restore the suitability of the member of the Supervisory Board, or on the decision to replace him with another candidate. The Bank is obliged to explain the results of the assessment and the decision.

If, during the assessment of the collective adequacy of the supervisory board, the Bank determines deficiencies in their collective adequacy, it is obliged to take corrective measures to eliminate them within an appropriate period and inform the Croatian National Bank about this without delay.

Corrective measures that the Bank can take to eliminate adequacy deficiencies can be:

- application of measures to reduce or eliminate conflicts of interest,
- professional development and additional education of individual members of the Supervisory Board or the Supervisory Board as a whole
- other similar measures for the purpose of ensuring the individual and collective adequacy of the Bank's Supervisory Board.

The Suitability Committee is obliged to adequately document all suitability assessment procedures of members of the Supervisory Board, including regular and extraordinary suitability assessment procedures.

The members of the Supervisory Board are obliged, without delay, to inform the Suitability Committee of any important event or circumstance that significantly affects their suitability to perform the function to which they were appointed, i.e. at least once a year to inform about the fact that the data on the basis of which the initial assessment was made remains unchanged.

7. LIST OF SHORTLISTED CANDIDATES

Article 33

Before making a proposal for a decision on the selection of candidates and carrying out the appropriateness assessment procedure in accordance with point 6 of this Policy, the Bank will draw up a list of those selected for entry into the shortlist of candidates if a larger number of candidates are proposed than the number of candidates being selected, taking into account the diversity goals established by the policy for the promotion of diversity.

8. PROCEDURE FOR SUBMITTING A REQUEST TO THE CROATIAN NATIONAL BANK FOR ISSUING PRIOR CONSENT FOR THE APPOINTMENT OF A SUPERVISORY BOARD MEMBER

8.1. Request for issuing prior approval for the appointment of a member of the Supervisory Board

Article 34

The Bank can appoint as a member of the Supervisory Board a person for whom it has received the prior consent of the Croatian National Bank.

The request for the issuance of prior approval shall be submitted to the Croatian National Bank no later than 3 (three) months before the end of the mandate of an individual member of the Supervisory Board of the Bank or the Supervisory Board as a whole.

In case of impeachment, resignation or death of a member of the Supervisory Board, if the Supervisory Board does not have at least as many members as are necessary to be able to make valid decisions on the basis of the law or statute, the Bank is obliged to submit a request for the issuance of prior approval to the Croatian National Bank no later than two months after the occurrence of the mentioned events.

With the exception of paragraphs 1, 2 and 3 of this article, for persons appointed by the court in accordance with Article 46, paragraph 3 of the Credit Institutions Act, the Bank is not obliged to obtain the prior consent of the Croatian National Bank.

The request for the issuance of the prior approval of the CNB is submitted on the prescribed form and is accompanied by the documentation stipulated in Article 13, paragraph 5 of the CNB Decision on the assessment of the suitability of the president of the management board, a member of the management board, a member of the supervisory board and the holder of a key function in a credit institution.

8.2. Updating data

Article 35

The Suitability Committee is obliged to submit to the Croatian National Bank an updated questionnaire from Article 13 paragraph 4 of the CNB's decision on assessing the suitability of the president of the management board, member of the management board, member of the supervisory board and holder of a key function in the credit institution, and attach the explained results of the regular assessment of adequacy that it has conducted.

As an exception to the previous paragraph of this article, if there is a change in the information from the questionnaire that could indicate that the candidate no longer meets the prescribed conditions, the Bank is obliged to inform the Croatian National Bank about this without delay, and no later than eight days after the change is determined, and initiate the procedure of an extraordinary adequacy assessment in accordance with Article 30 of this Policy.

If the term of office of a member of the Supervisory Board ends for any reason, the Bank is obliged to notify the Croatian National Bank of the termination of the term of office of the member of the Supervisory Board

without delay, and no later than within 3 (three) working days, and to state the reasons for the termination of the term of office.

9. SUCCESSION PLANS

Article 36

Succession plans are applied in the following cases:

- in case of sudden or unexpected circumstances (e.g. prolonged absence of a member of the Supervisory Board due to illness or some other reason, death of a member of the Supervisory Board),
- the departure of a member of the Supervisory Board from his position before the end of his mandate (resignation or recall of a member of the Supervisory Board).

In case of sudden or unexpected circumstances (e.g. prolonged absence of a member of the Supervisory Board due to illness or some other reason), and the remaining number of members of the Supervisory Board is sufficient for it to make valid decisions, after the expiration of the period of 60 days from the beginning of the absence of the member of the Supervisory Board of the Bank, a meeting of the Supervisory Board is convened, where the current situation and the need to elect a new member of the Bank's Supervisory Board will be discussed, and an appropriate decision will be made.

In the event of the death of a member of the Supervisory Board or the departure of a member of the Supervisory Board from his position before the end of his mandate (resignation or recall of a member of the Supervisory Board), and the remaining number of members of the Supervisory Board is sufficient for it to make valid decisions, a session of the Supervisory Board is also convened at which the need to elect a new member of the Bank's Supervisory Board will be discussed and appropriate decisions will be made.

In both of these cases and taking into account the diversity goals set forth in this Policy, a short list of candidates will be drawn up, after which a process of evaluating the suitability of each of the candidates from the list will be carried out before making a proposal for a decision on candidate selection. In doing so, it is necessary to take into account that the Supervisory Board must have at least one independent member of the Supervisory Board.

If, due to the aforementioned circumstances, the remaining number of members of the Supervisory Board is not sufficient for it to make valid decisions, the missing members of the Bank's Supervisory Board are appointed by the competent court in accordance with the provisions of the Companies Act, and their mandate cannot last longer than six months, but also in that case, the appointed persons must meet the requirements from Article 45 of the Credit Institutions Act. In the aforementioned case, the procedure for the regular appointment of a member of the Supervisory Board is immediately initiated, which includes the implementation of the adequacy assessment procedure and all other actions necessary for the appointment of the missing member of the Bank's Supervisory Board..

10. INTRODUCTORY AND CONTINUING EDUCATION POLICY

Article 37

The Bank will provide introductory training for members of the Supervisory Board who are appointed for the first time to a position in that Bank within six months of their appointment, in order to facilitate understanding of the structure, business model, risk profile and management system of the Bank and their role in the Bank, as well as in order to eliminate possible deficiencies that were determined during the assessment of the candidate's suitability.

The Bank is obliged to adopt a policy and establish a procedure for the introductory and continuous education of the president of the management board, members of the management board and members of the supervisory board, in order to ensure permanent suitability. The Bank is obliged to update policies, procedures and plans for introductory and continuous education and take into account changes that may occur in the management system, strategic changes, market trends, new products offered by the credit institution and other relevant changes as well as changes in the legislative framework.

The credit institution is obliged to provide adequate human and financial resources necessary for the implementation of introductory and continuing education of the president or members of the management board and members of the supervisory board.

During the planning of the necessary human and financial resources, the credit institution can take into account the available relevant reference values of the banking sector related to the costs required for education, including benchmark results collected by the European Banking Authority.

The credit institution is obliged to establish a procedure for determining business areas for which it assesses that there is a need for professional development and continuous education of the management and supervisory board as a whole, as well as individual members of the management or supervisory board.

Introductory and continuous education is carried out in order to acquire knowledge in the following areas:

- corporate management including the system of internal controls
- services provided by the credit institution and the main risks associated with it,
- financial markets and the capital market, solvency and internal models,
- accounting, auditing and reporting,
- duties of control functions,
- risk management (identification, measurement, monitoring, control and mastering of the main types of risks),
- information technologies and security,
- local, regional and global markets,
- legal and regulatory framework and creditworthiness requirements,
- management skills and experience,
- strategic planning, knowledge of business strategy, business plan and its execution
- analysis of financial data of the credit institution.

Introductory and continuous education is carried out in order to ensure the permanent suitability of the professional knowledge of members of the Supervisory Board.

The areas and topics of education will be updated in accordance with changes that may occur in the management system, strategic changes, market trends, new products offered by the Bank and other relevant changes, as well as changes in the legislative framework.

The Bank's organizational unit in charge of human resources is responsible for the development of the introductory and continuing education program in which the education topics, lecturers (either internal or external), education dates and financial resources necessary for the implementation of the education will be elaborated in detail.

Any member of the Supervisory Board can ask the Bank's organizational unit in charge of human resources to conduct training and propose training topics.

11. PROMOTION OF DIVERSITY

Article 38

When shortlisting candidates and when selecting a candidate for a member of the Supervisory Board, the Bank will take care to obtain a wider range of professional knowledge, abilities and work experience of the candidate in order to represent different points of view and experience with the aim of achieving a higher degree of independence of opinion that members of the Supervisory Board must have when performing their tasks.

The Bank will strive to ensure equal representation of candidates of various aspects of diversity, taking into account aspects such as education, professional experience, gender, age and, if applicable, geographical origin. In doing so, the Bank will take into account the type, scope, and exposure of the operations the Bank performs and the risks to which it is or could be exposed. The Bank will take care that the members of the

Supervisory Board have the highest possible level of education or academic title, and that people of both genders and people of different ages are represented to the extent possible.

Representation of the underrepresented gender

The bank will strive to ensure equal representation of the underrepresented gender - women in the Supervisory Board. In order to increase the number of the underrepresented gender in the Supervisory Board, the Bank will strive to have at least 33.3% (thirty-three point three per cent) of female members in the Supervisory Board in the next five years, compared to the total number of Supervisory Board members prescribed by the Bank's Statute.

As part of the initial, regular and extraordinary evaluation of the suitability of the candidates/members of the Supervisory Board, the Bank will look at compliance with the goal related to the number of members of the underrepresented gender.

12. ASSESSMENT OF COLLECTIVE SUITABILITY

Article 39

The members of the Supervisory Board must together have the professional knowledge, abilities and experience necessary for the independent supervision of the Bank's affairs, especially for understanding the Bank's affairs and significant risks, and to be able to understand and question the applied management practices and decisions made by the Bank's Management Board.

When assessing the collective adequacy of the Supervisory Board, the Bank is obliged to compare their current composition as well as their joint professional knowledge, abilities and work experience with the targeted collective adequacy in accordance with Article 35 of the Credit Institutions Act and the targeted structure of the Supervisory Board determined by this Policy, especially the provision of Article 7 of this Policy. In doing so, the results of individual assessments of the suitability of each member of the Bank's Supervisory Board must also be taken into account.

The assessment of the collective suitability of the Supervisory Board is carried out in accordance with the Methodology for the assessment of collective suitability.

The assessment of collective suitability is carried out in at least the following cases:

- 1) when a member of the Supervisory Board is appointed for the first time
- 2) upon reappointment of that person
- 3) if the person's jurisdiction has changed
- 4) in the event of a significant change in the Bank's business model, risk-taking propensity or risk strategy
- 5) upon changes in the structure of the group, and
- 6) in any other case that can significantly affect the collective suitability of the Supervisory board.

If, during the assessment of the collective adequacy of the Supervisory Board, shortcomings in the collective adequacy are identified, the Bank is obliged to take corrective measures to eliminate them within a reasonable period of time and to notify the Croatian National Bank thereof without delay.

Corrective measures to eliminate deficiencies in adequacy can be the application of measures to reduce or eliminate conflicts of interest, professional training and additional education of individual members of the Supervisory Board or the Supervisory Board as a whole and other similar measures for the purpose of ensuring the collective suitability of the Bank's Supervisory Board.

13. TRANSITIONAL AND FINAL PROVISIONS

Article 40

Terms used in this Policy, which have a gender meaning, refer equally to men and women.

Article 41

The Policy on the target structure, promotion of diversity and the conditions and procedure for evaluating the suitability of members of the Supervisory Board is adopted by the General Assembly of the Bank on the proposal of the Bank's Management Board.

This Policy on target structure, promotion of diversity and the conditions and procedure for evaluating the suitability of members of the Supervisory Board shall enter into force on the date of adoption.

With the entry into force of this Policy, the Policy on the target structure, conditions and procedure for assessing the suitability of the members of the Supervisory Board of the bank, version 2.00, number: 562/2019, which was adopted by the General Assembly of the Bank held on 26 June 2019, ceases to be valid..

Explanatory note:

The Bank's Suitability Committee proposed to the Management Board the adoption of the updated text of the Policy on the target structure, promotion of diversity and conditions and procedure for assessing the suitability of Supervisory Board members, version 4.00, because the amended Decision of the Croatian National Bank on the assessment of the suitability of the President of the Management Board, a member of the Management Board, a member of the Supervisory Board and key function holders in a credit institution entered into force on 31 December 2022 (OG 20/2021, 104/22), so it was necessary to update or harmonize it with the updated Decision of the CNB- and the Policy on the target structure, the promotion of diversity and the conditions and procedure for assessing the suitability of members of the Supervisory Board. After the Management Board adopted the Decision on the adoption of the text of the Policy with the approval of the Supervisory Board, the General Assembly of the Bank adopts the Policy on the target structure, the promotion of diversity and the conditions and procedure for assessing the adequacy of members of the Supervisory Board, version 4.00, and it enters into force on the date of adoption by the General Assembly of the Bank.

Invitation to the General Assembly and conditions for participation in the General Assembly and exercise of the right to vote:

All shareholders of SLATINSKA BANKA d.d. are invited to participate in the work of the General Assembly of SLATINSKA BANKA d.d.

Shareholders can be represented by proxies on the basis of a valid written power of attorney issued by the shareholder, i.e. on behalf of the shareholder who is a legal entity, a person authorized to represent. The signature of the proxy must be certified by a notary public or the proxy must sign the power of attorney in front of an authorized employee of the Bank. The written power of attorney must contain: who is representing, who is represented and a special authorization to vote on behalf of the represented shareholder. The power of attorney must be submitted to the Bank no later than the seventh day before the day of the General Assembly, i.e. no later than 20 June 2023.

Shareholders can participate in the General Assembly and exercise the right to vote if they notify the Bank in advance of their participation in the General Assembly. The application for participation must reach the Bank at one of the following addresses: Slatina, Vladimira Nazora 2 or Zagreb, Trg žrtava fašizma 2, no later than six days before the day of the Bank's General Assembly in accordance with the provisions of Article 9, point 2 of the Bank's Statute, and within which time limit the date of receipt of the application to the Bank is not included, i.e. no later than 20 June 2023.

The status in the Central Clearing Depository Company at the end of the last day of the deadline for submitting an application for participation will be relevant for participation in the General Assembly.

On the date of adoption of this Decision on convening the General Assembly, each of the 918,972 shares with a nominal value of HRK 100 into which the Bank's share capital is divided, except for 71,374 own shares, gives the right to one vote, so that there are a total of 847,598 shares with the right to vote.

From the date of publication of the invitation to the General Assembly on the website where the court register is located, the following will be available on the Bank's website www.slatinska-banka.hr: application form for the General Assembly, power of attorney form, materials required for participation in the General Assembly and other materials which serve as a basis for making proposed and published decisions at the General Assembly, as well as notifications from Article 280a of the Companies Act.

Shareholders' rights

With regard to the right of shareholders who together have shares equal to one-twentieth of the company's share capital (5% of share capital) to demand that an item be placed on the agenda of the General Assembly and that it be announced, shareholders are referred to the provisions of Article 278, paragraph 2 of the Companies Act.

With regard to the right of shareholders to submit a counter-proposal to the proposal of a particular decision made by the Management Board, i.e. the Supervisory Board of the Bank, or the proposal of shareholders for elections and appointments, shareholders are referred to the provisions of Art. 282, paragraph 1 of the Companies Act, i.e. the provisions of Article 283 of the Companies Act.

With regard to the right of shareholders to be informed about the affairs of the company, shareholders are referred to the provisions of Article 287, paragraph 1 of the Companies Act.

Materials for the General Assembly, which serve as a basis for making the proposed decisions, will be available to shareholders for inspection at the Bank's headquarters in Slatina, Vladimira Nazora 2, every working day from 8:00 a.m. to 4:00 p.m. (except Saturdays) from the announcement of the invitation to the General Assembly, as well as on the Bank's website www.slatinska-banka.hr

SLATINSKA BANKA d.d.
Management Board

PRIVACY STATEMENT
ON THE PROCESSING OF PERSONAL DATA
for the purpose of participating in the General Assembly of SLATINSKA BANKA d.d.

In accordance with the provisions of Regulation (EU) 2016/679 of the European Parliament and Council of 27 April 2016 on the protection of individuals in connection with the processing of personal data and on the free movement of such data and on the repeal of Directive 95/46/EC (General Regulation on data protection), SLATINSKA BANKA d.d., Slatina, Vladimira Nazora 2, OIB: 42252496579 (hereinafter: the Bank), as the Controller, provides information related to the processing of your personal data collected for the purpose of participating in the sessions of the Bank's General Assembly (hereinafter: the Assembly).

Contact information of the Data Controller:

SLATINSKA BANKA d.d.
Vladimira Nazora 2
33520 Slatina
Telephone: 033/637 000
www.slatinska-banka.hr

Contact information of the Data Control Officer:

szop@slatinska-banka.hr

In accordance with the General Data Protection Regulation, the Bank has adopted the Personal Data Protection Policy, which is available on the Bank's website www.slatinska-banka.hr, at the Bank's headquarters and branches, as well as at the Respondent's request.

Processing purposes and legal basis for processing:

The Bank collects and processes personal data for the purpose of participating in the sessions of the Bank's General Assembly. For this purpose, it is necessary to identify shareholders and other necessary stakeholders in order to enable access to the sessions of the Bank's Assembly. Therefore, in order to be able to attend the Bank's Assembly sessions as shareholders, it is necessary to provide the Bank with certain personal data (e.g. first and last name, OIB, etc.) through the application for participation in the Bank's Assembly.

The data collection and processing for the purpose of participating in the sessions of the Bank's Assembly is a legal obligation of the Bank for the purpose of enabling the statutory rights of shareholders in accordance with the Companies Act.

The personal data of participants that the Bank processes for the stated purpose are:

Name and surname or company and name and surname of the authorized representative of the legal entity, address of residence or headquarters, OIB, owner's code in the share register/shareholder's account number in SKDD and the number of shares owned by the shareholder, name and surname or company of the proxy, OIB of the proxy, address, residence or seat of proxy and the name and surname of the authorized representative of the legal entity.

The Bank, as the Data Controller, stores your data in accordance with legal regulations.

The Bank does not forward your personal data to third parties, except to legal recipients (notary public, competent Commercial Court and CNB as the regulator).

In addition, the Bank, as the data controller, also informs you of your rights:

Right of access, Right of rectification, Right to erasure, Right to restriction of processing, Right to data portability, Right to object and Right to file a complaint.

If you wish to exercise one of the aforementioned rights, and all the prerequisites for this have been met, the necessary form is available on the Bank's website www.slatinska-banka.hr, the Bank's branches, and the Bank's headquarters, and you can submit it by mail or in-person to the address of the Bank's headquarters, in the Bank's branches and to the personal data protection officer at the e-mail address szop@slatinska-banka.hr. The application form can be found in Annex 1 - Personal data protection policies of the Bank.

Also, more detailed information on the processing of your personal data, as well as your rights, is available in the Bank's Personal Data Protection Policy, which is available on the Bank's website www.slatinska-banka.hr, in the Bank's headquarters and in the Bank's branches, and the Bank will provide them to you at your request.

For all questions related to the exercise of your rights regarding personal data collection and processing, you can contact the Bank as the Data Controller either by mail or in person at the address of the Bank's headquarters, at the Bank's branches, or the personal data protection officer at the e-mail address szop@slatinska-banka.hr, respectively in any of the above ways.

SLATINSKA BANKA d.d.