

# **Annual General Meeting**

## **31 March 2014**

**(explanation of proposed decisions)**

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## Agenda

1. The Supervisory Board Report on supervision exercised over of the conduct of business affairs in the Bank in 2013
2. Annual financial statements of the Bank and consolidated annual financial statements for 2013 (*confirmed by the Management Board and the Supervisory Board of the Bank*), and Annual Management Board Report of Condition of the Bank and its Subsidiaries, and in this regard:
  - 2.1 Decision on the allocation of the Bank's profit earned in 2013
  - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2013
  - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2013
  - 2.4 Decision on payment of the remuneration to the President of the Supervisory Board of the Bank for the year 2013
3. Decision on the appointment of the external auditor who shall conduct the audit of the financial statements of the Bank for the year 2014
4. Decision on the suitability of members of the Supervisory Board of the Bank
5. Decision on the election of two new members of the Supervisory Board of the Bank

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## **1. The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2013**

The obligation to submit a report on supervision exercised over the conduct of business affairs in the Bank is stipulated in Articles 263, 300.c, and 300.d of the Companies Act, which includes also the obligation [of the SB] to report on the results of its examination of the annual financial statements, the Annual Management Board Report of Condition of the Bank and its Subsidiaries, and the proposed decision on profit allocation.

*There is **no voting** on this Agenda item, but instead, the participants of the Annual General Meeting are supposed to take note of the Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2013.*

## **2. Decisions enclosed with the Annual Financial Statements for 2013:**

### **2.1. Decision on the allocation of the Bank's profit earned in 2013**

Pursuant to provisions of Article 275 of the Companies Act, the Decision on the allocation of the Bank's profit is adopted by the General Meeting of the Bank after the Management Board of the Bank (in line with Articles 300.b and 300.c of the Companies Act) has presented a proposal of the Decision on the allocation of profit to the Supervisory Board of the Bank for examination and approval.

The proposed dividend of HRK **25.80** per share is based on the business results achieved in the previous year.

### **2.2. Decision on granting the approval of action to members of the Management Board of the Bank for the year 2013**

Pursuant to Article 276 of the Companies Act, the shareholders at the General Meeting of the Bank once a year, on the occasion when the annual financial statements are presented to the General Meeting, decide on granting the approval of action to members of the Management Board and the Supervisory Board – by means of which they express their approval of the way in which members of the Management Board and the Supervisory Board ran the company in a given year.

### **2.3. Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2013**

(The explanation is the same as under 2.2 above)

### **2.4. Decision on payment of the remuneration to the President of the Supervisory Board of the Bank for the year 2013**

Pursuant to the provision of Article 269 of the Companies Act, remuneration for their work on the Board may be paid to members of the Supervisory Board, on which shareholders make a decision at a general meeting. The proposed amount of the remuneration is commensurate with the work that was done by the President of the Supervisory Board in 2012 and the financial results and condition of the Bank, and it reflects recognition of the invested efforts, knowledge and experience.

*Pursuant to provisions of Article 300.d of the Companies Act there is **no voting** on Annual financial statements of the Bank and consolidated annual financial statements for 2013 (confirmed by the Management Board and the Supervisory Board of the Bank), or on Annual Management Board Report of Condition of the Bank and its Subsidiaries – as presented under this Agenda item, but instead, the participants of the Annual General Meeting are supposed to take note of them.*

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**3. Decision on the appointment of the external auditor who shall conduct the audit of the financial statements of the Bank for 2014**

Pursuant to Article 275 of the Companies Act, the shareholders at the General Meeting decide on the appointment of the external auditor who shall conduct the audit of the company's operation as proposed by the Supervisory Board of the Bank. In accordance with the recommendation of the Audit Committee of the Bank, the proposal is to appoint the audit firm KPMG Croatia d.o.o., Zagreb, to conduct the audit of the Bank's financial statements for a third year in a row.

**4. Decision on the suitability of members of the Supervisory Board of the Bank**

According to the provisions of the Credit Institutions Act and the CNB's Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution, the General Meeting decides on the suitability of members of the Supervisory Board of the Bank.

Before submitting the draft decision to the General Meeting, a suitability assessment of present members and candidates for members of the Supervisory Board was conducted at the Bank in accordance with the *Policy on the assessment of the suitability of members of the Supervisory Board of the Bank*, adopted by the General Meeting of the Bank, and the *Policy on the structure of the Management Board and the Supervisory Board of Privredna banka Zagreb d.d.*, adopted by the Supervisory Board of the Bank.

**5. Decision on the election of two new members of the Supervisory Board of the Bank**

Pursuant to the provision of Article 275 of the Companies Act, the General Meeting decides on the election of Supervisory Board members.

The president of the Supervisory Board, Mr György Surányi, tendered his resignation, effective from the date of holding the General Meeting of the Bank, while the three-year term of office of Mr Ivan Šramko, Deputy President of the Supervisory Board, will expire on 29 March 2014.

Further to the foregoing and considering that the Supervisory Board of the Bank is composed of seven members, a proposal is put forth to elect two new members, Mr Giovanni Gilli, Head of the Strategic Operations Unit of Intesa Sanpaolo, and Ms Draginja Đurić, President of the Executive Board of Banca Intesa AD Beograd.

The resumes of Mr Gilli and Ms Đurić are available on the Bank's website.

27 February 2014

***Privredna banka Zagreb d.d.***