



**PRIVREDNA BANKA ZAGREB**

## **Annual General Meeting 25 March 2016**

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**PRIVREDNA BANKA ZAGREB d.d.**  
**MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 277 of the Companies Act, the Management Board of the Bank at its 3\_16 meeting, held on 9 February 2016, made the following

**DECISION**  
**on calling the Annual General Meeting**

of Privredna banka Zagreb d.d., Zagreb, Radnička cesta 50, which will be held on **25 March 2016**, beginning at **11.00 a. m.**, at the Bank's premises in Zagreb, Radnička cesta 44 B1 – 8<sup>th</sup> floor.

At the Annual General Meeting of the Bank, the shareholders shall consider the following

**AGENDA**

1. The Supervisory Board Report on supervision exercised over the conduct of business affairs in the Bank in 2015
2. Annual financial statements of the Bank and consolidated annual financial statements for 2015 (*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 2015
  - 2.2 Decision on granting the approval of action to members of the Management Board of the Bank for the year 2015
  - 2.3 Decision on granting the approval of action to members of the Supervisory Board of the Bank for the year 2015
3. Decision on the appointment of the external auditor who shall conduct the audit of the Bank's financial statements for the year 2016
4. Decision on the suitability of members of the Supervisory Board of the Bank based on the regular suitability assessment and on the suitability of the candidate for member of the Supervisory Board
5. Decision on the election of a member of the Supervisory Board of the Bank
6. Decision on the amendments to Articles 15, 44, 63 and 64 of the Articles of Association of Privredna banka Zagreb d.d.

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If a quorum stipulated by the Articles of Association of Privredna banka Zagreb d.d. is not constituted at this General Meeting, then the General Meeting will be held on 29 March 2016, at the same location, beginning at the same time, and the Agenda of the meeting will remain the same.

**Božo Prka, sgd.**  
**President of the Management Board**

In Zagreb, 9 February 2016

No.: MB \_3\_16/4.1.1

**PRIVREDNA BANKA ZAGREB d.d.  
SUPERVISORY BOARD**

Pursuant to Article 263, par. 3 and Articles 300.c and 300.d of the Companies Act and Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Supervisory Board of the Bank submits to the General Meeting of the Bank the

**R E P O R T  
on supervision exercised over the conduct of business affairs  
in Privredna banka Zagreb d.d. in 2015**

I.

In 2015 the Supervisory Board of the Bank performed its duties as a body composed of seven members. Following the exit of the European Bank for Reconstruction and Development, London from the Bank's ownership, the member of the Supervisory Board appointed by the said shareholder resigned from the Board. Accordingly, as of 31 December 2015 the Supervisory Board was composed of six members elected by the General Meeting of the Bank and one member directly appointed by the biggest shareholder Intesa Sanpaolo Holding International S.A., Luxembourg. One member of the Supervisory Board is independent, as laid down by the Credit Institutions Act and the Corporate Governance Code accepted by the Bank.

II.

In the course of 2015 the Supervisory Board held 16 meetings with physical presence of members or by letter, including four regular meetings held within the deadlines prescribed by law and the Bank's Articles of Association. Members of the Management Board regularly attended Supervisory Board meetings. As required by law, meetings were also attended by persons responsible for the operation of individual control functions.

Acting in conformity with the law, the Articles of Association of the Bank, as well as its Rules of Procedure, the Supervisory Board of the Bank supervised the conduct of the Bank's affairs, established the guidelines for the Bank's business policy, and actively contributed to its implementation, all on the basis of the reports of the Management Board regarding the issues of importance for the conduct of business affairs and the condition of the Bank.

The Management Board provided the Supervisory Board with duly prepared, true and timely reports on business policy and on other general issues related to the future conduct of business, financial plans, risk management strategies and policies, operational profitability, workflow, as well as income and the condition of the Bank and other important issues. The Management Board of the Bank submitted to the Supervisory Board the financial reports on a quarterly, semi-annual and annual basis and discussed their implementation with the Supervisory Board. Quarterly reports of the internal audit and the risk control function (credit, operational, and financial risks) were also submitted to the Supervisory Board in a timely manner. Reports on the work of the risk control function and the compliance function were submitted and considered semi-annually.

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In accordance with the law, the Articles of Association of the Bank and its own decisions, also last year the Supervisory Board gave consent to decisions of the Credit Committee of the Bank regarding the Bank's exposure to customers/groups of related parties. The Supervisory Board also gave consent to basic business documents adopted by the Management Board of the Bank: the budget for 2015, strategies and policies for assuming and managing risks, strategies and procedures for assessing adequacy of internal capital, and regulations which establish and ensure adequate functioning of control functions. Within the scope of its authority, the Supervisory Board gave consent to changes to the organizational structure of the Bank at the macro and mezzo level, thus exercising supervision over the adequacy of the Bank's organizational structure.

Continuous cooperation of the Management Board with the Supervisory Board also contributed to the fulfilment of the supervisory function. The Supervisory Board had at all times the possibility to ask for and to obtain from the Management Board information on any issue related to operations of the Bank which significantly affected or could have affected its position. Good and transparent cooperation, which was always in the best interest of the Bank, its customers and shareholders, and was also in conformity with the currently valid legal provisions and internal regulations, manifested itself in the open discussion between the Management Board and the Supervisory Board of the Bank and also in-between members of each of the two bodies.

Also in 2015 the Supervisory Board continued taking care of implementation of the long-term succession plan, by means of thoughtful and timely appointment of members of the Management Board of the Bank on the basis of a prior assessment of their suitability for the function of the president or member of the Management Board and with the approval of the Croatian National Bank.

Last year, as required by law, the Supervisory Board of the Bank participated in the process of regular suitability assessment of members of the Management Board and persons responsible for the operation of control functions in the Bank. Based on the outcome of the suitability assessment conducted by the expert service of the Bank, the Supervisory Board found that the president and each member of the Management Board of the Bank were suitable to perform their respective functions and that the Management Board collectively had sufficient knowledge, skills and experience to perform its duties independently and without undue influence from other persons, and in particular to understand the Bank's activities and the main risks.

### III.

The Supervisory Board was assisted by the Audit Committee in its work. The Chairman of the Audit Committee regularly reported on the Committee's work at the meetings of the Supervisory Board.

The Audit Committee, appointed in accordance with the law and the parent bank rules, worked in the previous year as a body composed of five members, including two members of the Supervisory Board of the Bank. Six meetings were held in 2015 to discuss issues that fall within the scope of authority of the Supervisory Board of the Bank. The Audit Committee helped the Supervisory Board perform its duties related to supervision over the process of financial reporting, audit process (including a recommendation for the selection of an external auditor given to the shareholders' meeting), as well as compliance with laws, regulations, rules, and the code of ethics. The Supervisory Board supervised, with the assistance of the Audit Committee, adequacy of the system of internal controls, which relies on three mutually independent control functions (internal audit, risk control, and compliance) with the aim of maintaining and improving a system of internal controls that enables the Bank to monitor and detect in a timely manner all risks to which it may be exposed in its operation.

In 2015, pursuant to the provisions of the Credit Institutions Act, the Bank held meetings of the Remuneration Committee, the Nomination Committee, and the Risk Committee, technical

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committees of the Supervisory Board of the Bank which are composed of Supervisory Board members and are also responsible for the Bank's subsidiaries. In 2015 all the three committees held meetings to discuss issues falling within the scope of their authority, observing the deadlines set by law and the internal Charter of the Committees of the Supervisory Board.

#### IV.

As is required by law, the Supervisory Board of the Bank examined the Annual financial reports of the Bank and consolidated financial reports for 2015, the report of condition of the Bank and its subsidiaries, and the draft decision on the allocation of the Bank's profit earned in 2015, which were submitted by the Management Board. The Supervisory Board of the Bank made no remarks on the submitted reports and it found that the Annual financial reports and consolidated financial reports of the Bank (profit and loss account, balance sheet, cash flow report, and notes to financial reports) were prepared in accordance with the balances recorded in the business books and that they fairly disclosed the assets and the financial condition of the Bank and the PBZ Group, as was confirmed also by the external auditor KPMG Croatia d.o.o., Zagreb, which audited the financial reports in 2015.

After the Supervisory Board of the Bank has given its consent to the Annual financial reports of the Bank and consolidated annual financial reports for 2015, the mentioned financial reports are considered confirmed by the Management Board and by the Supervisory Board of the Bank.

The Supervisory Board of the Bank accepted the Management Board report of condition of the Bank and its subsidiaries, and it agreed that the Bank's profit totalling HRK 193,167,296.56 (after taxation), earned in the year ended on 31 December 2015, should be allocated in the manner proposed by the Management Board of the Bank.

Based on the foregoing, the Supervisory Board of the Bank hereby presents the proposal to the Annual General Meeting of the Bank to *take note* of the Annual financial reports of the Bank and consolidated annual financial reports of the Bank for 2015 as well as the Management Board report of the condition of the Bank and its subsidiaries, and in this connection, to *make the decision* on granting approval of action to the members of the Management Board and the Supervisory Board of the Bank, as well as to adopt the decision on the profit allocation as proposed by the Management Board of the Bank.

Having supervised the conduct of the Bank affairs in 2015, which included also the review and examination of the Bank's documentation, the Supervisory Board established that the Bank acted in consistence with the law, by-laws, decisions of the Croatian National Bank related to performed supervisory examinations of particular segments of the Bank's operation, Bank's internal regulations, instructions and guidelines of the parent bank, as well as the decisions of the General Shareholders' Meeting of the Bank.

Respective decisions of the Management Board and the Supervisory Board of the Bank, by means of which the Annual financial reports of the Bank and consolidated annual financial reports of the Bank for 2015 were confirmed, constitute an integral part of this Report.

***Giovanni Gilli, sgd.***  
***President of the Supervisory Board***

In Zagreb, 18 February 2016

No.: SB\_2\_16/4.1

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**PRIVREDNA BANKA ZAGREB d.d.**  
**MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Management Board of the Bank at its 3\_16 meeting, held on 9 February 2016 adopted the following

**D E C I S I O N**  
**on the Annual financial statements of the Bank for 2015**

1. The Management Board of the Bank compiled the Annual financial statements of the Bank for the year 2015, which are as stated below:

**a) Balance sheet** (in HRK million)

	2015 Subtotal	2015 Grand total
Total assets		<b>69,214</b>
Total liabilities	57,790	
Shareholders' equity	11,424	
Total liabilities and shareholders' equity		<b>69,214</b>
Off-balance sheet assets		<b>12,023</b>

**b) Income statement** (in HRK million)

	2015 Subtotal	2015 Grand total
Operating income		3,161
Provisions (net)	(145)	
Losses recognized on CHF conversion	(1,311)	
Other operating expenses	(1,378)	
Depreciation and amortization	(117)	
		(2,951)
Profit before income taxes		210
Income taxes		(17)
Net profit for the year		<b>193</b>

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**c) Cash flow statement** (in HRK million)

	2015 Grand total
Cash and cash equivalents at the beginning of the year	11,917
Cash and cash equivalents at the end of the year	12,019
Net increase in cash and cash equivalents	<b>102</b>

**d) Notes to financial statements**

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2. The *Annual financial statements of the Bank for the year 2015* shall be submitted to the Supervisory Board of the Bank for examination and for obtaining its consent with respect to the statements.
3. This Decision shall enter into force on the date when it has been adopted.

***Božo Prka, sgđ.***

***President of the Management Board***

In Zagreb, 9 February 2016

No.: MB\_3\_16/3.1.1

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**PRIVREDNA BANKA ZAGREB d.d.**  
**SUPERVISORY BOARD**

Pursuant to Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 300.d of the Companies Act, the Supervisory Board of the Bank at its 2\_16 meeting, held on 18 February 2016, adopted the following

**D E C I S I O N**  
**on the Annual financial statements of the Bank for 2015**

1. Consent is hereby given with respect to the below stated Annual financial statements of the Bank for the year 2015, which were compiled by the Management Board of the Bank:

**a) Balance sheet (in HRK million)**

	2015 Subtotal	2015 Grand total
Total assets		<b>69,214</b>
Total liabilities	57,790	
Shareholders' equity	11,424	
Total liabilities and shareholders' equity		<b>69,214</b>
Off-balance sheet assets		<b>12,023</b>

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Cash and cash equivalents at the beginning of the year	11,917
Cash and cash equivalents at the end of the year	12,019
Net increase in cash and cash equivalents	<b>102</b>

**d) Notes to financial statements**

2. After the Supervisory Board of the Bank has given its consent with respect to the Annual financial statements of the Bank for 2015, the mentioned financial statements *shall be considered confirmed* by the Management Board and by the Supervisory Board of the Bank.
3. This Decision shall enter into force on the date when it has been adopted.

***Giovanni Gilli, sgd.***

***President of the Supervisory Board***

In Zagreb, 18 February 2016

No.: SB\_2\_16/3.1.1

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**PRIVREDNA BANKA ZAGREB d.d.**  
**MANAGEMENT BOARD**

Pursuant to Article 39 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the Management Board of the Bank at its 2\_16 meeting, held on 9 February 2016 adopted the following

**D E C I S I O N**  
**on the consolidated annual financial statements for 2015**

1. The Management Board of the Bank compiled the consolidated annual financial statements of the Bank for 2015, which are as stated below:

**a) Balance sheet** (in HRK million)

	2015 Subtotal	2015 Grand total
Total assets		<b>78,423</b>
Total liabilities	65,198	
Shareholders' equity	13,225	
Total liabilities and shareholders' equity		<b>78,423</b>
Off-balance sheet assets		<b>13,068</b>

**b) Income statement** (in HRK million)

	2015 Subtotal	2015 Grand total
Operating income		3.975
Provisions (net)	(151)	
Losses recognized on CHF conversion	(1.311)	
Other operating expenses	(1.896)	
Depreciation and amortization	(174)	
		(3.532)
Income arising from investments accounted by net equity method		24
Profit before income taxes		467
Income taxes		(97)
Net profit for the year		<b>370</b>
Attributable to:		
Equity holders of the Bank		365
Non-controlling interests		5

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**c) Cash flow statement** (in HRK million)

	2015 Grand total
Cash and cash equivalents at the beginning of the year	12,733
Cash and cash equivalents at the end of the year	12,989
Net increase in cash and cash equivalents	<b>256</b>

**d) Notes to financial statements**

2. *The consolidated annual financial statements for the year 2015* shall be submitted to the Supervisory Board of the Bank for examination and for obtaining its consent with respect to the statements.
3. This Decision shall enter into force on the date when it has been adopted.

***Božo Prka, sgđ.***

***President of the Management Board***

In Zagreb, 9 February 2016

No.: MB\_3\_16/3.1.2

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**PRIVREDNA BANKA ZAGREB d.d.**  
**SUPERVISORY BOARD**

Pursuant to Article 53 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank) and Article 300.d of the Companies Act, the Supervisory Board of the Bank at its 2\_16 meeting, held on 18 February 2016, adopted the following

**DECISION**  
**on the consolidated annual financial statements for 2015**

1. Consent is hereby given with respect to the below stated consolidated annual financial statements of the Bank for 2015, which were compiled by the Management Board of the Bank:

**a) Balance sheet** (in HRK million)

	2015 Subtotal	2015 Grand total
Total assets		<b>78,423</b>
Total liabilities	65,198	
Shareholders' equity	13,225	
Total liabilities and shareholders' equity		<b>78,423</b>
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	2015 Subtotal	2015 Grand total
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		(3.532)
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Net profit for the year		<b>370</b>
Attributable to:		
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	2015 Grand total
Cash and cash equivalents at the beginning of the year	12,733
Cash and cash equivalents at the end of the year	12,989
Net increase in cash and cash equivalents	<b>256</b>

**d) Notes to financial statements**

2. After the Supervisory Board of the Bank has given its consent with respect to the consolidated annual financial statements for 2015, the mentioned financial statements *shall be considered confirmed* by the Management Board and by the Supervisory Board of the Bank.
3. This Decision shall enter into force on the date when it has been adopted.

***Giovanni Gilli, sgd.***

***President of the Supervisory Board***

In Zagreb, 18 February 2016

No.: SB\_2\_16/3.1.2

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**  
**on the allocation of the Bank's profit earned in 2015**

1. It is hereby ascertained that the Bank, in the year ended on 31 December 2015, earned net profit (i.e. profit after tax), in the amount of **HRK 193,167,296.56**.
2. Net profit of the Bank referred to in paragraph 1 above shall be distributed as follows:
  - The amount of **HRK 193,142,575.36**, i.e. **HRK 10.16** per share, shall be allocated for the payment of dividend to all the Bank's shareholders who are registered as holders of ordinary registered shares, with the exception of treasury shares, with the depository of the Central Depository and Clearing Company on 14 April 2016 (record date).  
The claim for the payment of dividend shall mature on 21 April 2016 (payment date).
  - The amount of **HRK 24,721.20** shall be allocated to the retained earnings.
3. It is hereby ascertained that the total accumulated retained earnings of the Bank amount to **HRK 7,442,024,864.81** on the date of adoption of this Decision.
4. This Decision shall enter into force on the date of its adoption.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/2.1

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**

**on granting the approval of action to members of the Management Board of the Bank**

1. After the Annual financial statements for 2015 have been presented to the Annual General Meeting of the Bank - which statements were confirmed by the Management Board and the Supervisory Board of the Bank, it is hereby ascertained that the Management Board of Privredna banka Zagreb d.d. managed the affairs of the Bank in accordance with the law and the Articles of Association of the Bank, and, based on the foregoing, members of the Management Board shall be granted the approval of action for the year 2015.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/2.2

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**

**on granting the approval of action to members of the Supervisory Board of the Bank**

1. After the Annual financial statements for 2015 have been presented to the Annual General Meeting of the Bank - which statements were confirmed by the Management Board and the Supervisory Board of the Bank, it is hereby ascertained that the Supervisory Board of Privredna banka Zagreb d.d. performed its functions in accordance with the law and the Articles of Association of the Bank, and, based on the foregoing, members of the Supervisory Board shall be granted the approval of action for the year 2015.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/2.3



Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**  
**on the appointment of the external auditor who shall conduct the audit of**  
**the financial statements of the Bank for the year 2016**

1. The audit firm **KPMG Croatia d.o.o., Zagreb**, Ivana Lučića 2a, is hereby appointed as the external auditor that shall conduct the audit of the financial statements of the Bank for the year 2016.
2. This Decision shall enter into force on the date when it has been adopted.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/3

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**  
**on the suitability of members of the Supervisory Board of the Bank**  
**based on regular suitability assessment and on the suitability of the candidate for**  
**member of the Supervisory Board**

1. Upon completion of the regular annual assessment of the suitability to perform the function of a member of the Supervisory Board of the Bank and the assessment of the suitability of the candidate for member of the Supervisory Board, an assessment has been made that:
  - Mr **Giovanni Gilli**, President of the Supervisory Board,
  - Ms **Draginja Đurić**, Deputy President of the Supervisory Board,
  - Mr **Fabrizio Centrone**, Mr **Branko Jeren**, Mr **Antonio Nucci**, Mr **Paolo Sarcinelli**, and Mr **Christophe Velle**, Members of the Supervisory Board,are suitable to perform the function of a member of the Supervisory Board, and that:
  - Mr **Christophe Velle**, candidate for member of the Supervisory Board,is suitable to perform the function of a member of the Supervisory Board for another term of office.
2. It is assessed that the members of the Supervisory Board collectively or individually have the necessary knowledge, skills and experience allowing it to monitor the Bank's operations independently and without undue influence from other persons and to have an understanding of its operations and significant risks.
3. This Decision shall enter into force on the date of its adoption.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/4

**PRIVREDNA BANKA ZAGREB d.d.  
ANNUAL GENERAL MEETING**

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**

**on the election of a member of the Supervisory Board of the Bank**

1. Mr **Christophe Velle**, Master in Public Law & Jurisprudence, General Manager in Intesa Sanpaolo Holding S.A., Luxembourg, residing in Bertrange, France, is hereby re-elected to the Supervisory Board of the Bank for a three-year term of office, effective as of *17 October 2016*.
2. This Decision shall enter into force on the date of issuance of the prior approval of the Croatian National Bank for the performance of the function of a member of the supervisory board of a credit institution.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/5

Pursuant to Article 55 of the Articles of Association of Privredna banka Zagreb d.d. (hereinafter: the Bank), the shareholders at the Annual General Meeting of the Bank held on 25 March 2016 made the following

**D E C I S I O N**  
**on the amendments to Articles 15, 44, 63 and 64**  
**of the Articles of Association of Privredna banka Zagreb d.d.**

**Article 1**

The title of chapter VI that precedes Article 15 of the Articles of Association is amended to read as follows: "VI. PUBLICATION OF COMPANY DATA AND ANNOUNCEMENTS"

Article 15 is amended to read as follows:

"(1) The Bank shall publish data and make announcements on the website of the court register.

(2) Data and announcements of the Bank may also be published in the other media, including electronic media, by decision of the Management Board of the Bank."

**Article 2**

Paragraphs 3 and 4 of Article 44 are deleted.

**Article 3**

The title of chapter XIV that precedes Articles 63 and 64 is amended to read as follows: "XIV. CONTROL FUNCTIONS".

Articles 63 and 64 are amended to read as follows:

"Article 63

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

Article 64

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

**Article 4**

The Supervisory Board of the Bank shall be authorised to determine *the final version* of the Articles of Association.

**Article 5**

This Decision shall enter into force on the date of its entry in the court register.

***Chairman of the General Meeting***

In Zagreb, 25 March 2016

No.: GM \_1\_16/6