POLICY

ON THE TARGET STRUCTURE OF THE MANAGEMENT BOARD, THE SELECTION AND SUITABILITY ASSESSMENT OF THE PRESIDENT AND MEMBERS OF THE MANAGEMENT BOARD

OF HRVATSKA POŠTANSKA BANKA p.l.c.

Zagreb, 22 May 2026

Pursuant to Article 13 of the Articles of Association of HRVATSKA POŠTANSKA BANKA, public limited company, Zagreb, (hereinafter: **the Bank**), in connection with Article 44, paragraph 6 of the Credit Institutions Act, and Articles 19 and 22 of the Decision on the Assessment of the Suitability of the Chairperson of the Management Board, Members of the Management Board, Chairperson of the Supervisory Board, Members of the Supervisory Board and Key Function Holders in a Credit Institution, Official Gazette No. 30/2026, hereinafter: **the CNB's Decision**), on 19 May 2026 the Management Board of the Bank adopted the following act:

POLICY

ON THE TARGET STRUCTURE OF THE MANAGEMENT BOARD, THE SELECTION AND SUITABILITY ASSESSMENT OF THE PRESIDENT AND MEMBERS OF THE MANAGEMENT BOARD OF HRVATSKA POŠTANSKA BANKA p.l.c.

I SUBJECT MATTER OF THE POLICY

Article 1

This Policy on the Target Structure, Selection and Suitability Assessment of the President and Members of the Management Board of HRVATSKA POŠTANSKA BANKA p.l.c., (hereinafter: **The Policy**) defines, inter alia:

- the target structure of the Management Board of the Bank as a whole
- the conditions for the selection of the President and members of the Management Board
- the expert service, procedure and timing of the suitability assessment, including:
    - the time limits and method of conducting the procedure,
    - the information and documentation that the President and members of the Management Board are required to submit to the Bank
    - the manner in which the person being assessed may provide their statement;
    - the assessment of the collective suitability of the Management Board
    - the form and manner of keeping record pertaining to a completed suitability assessment procedure,
- the requirement to conduct induction and continuous training.

II DEFINITIONS

Article 2

(1) Certain terms used in this Policy shall have the following meanings:

a. "Member of the Management Board" or "Candidate" means a person in respect of whom the Bank has submitted an application for the issuance of prior approval for appointment to the position of President or member of the Management Board, including a person currently holding the position of President or member of the Management Board, as well as a person being reappointed by the credit institution to that position.

b. "Group" means a group of undertakings connected with each other as defined in Article 22 of Directive (EU) 2013/34, as transposed into Article 19 of the Accounting Act or a group of undertakings that are subsidiaries of the same financial holding company or mixed financial holding company.

c. "Independence of mind" means the set of characteristics required of a candidate to make prudent, objective and independent decisions and form independent opinions in the performance of their duties and responsibilities, as demonstrated in particular in the discussions and decision-making of the Management Board.

d. “Suitability Assessment Committee” means the Bank’s expert service referred to in Article 22, paragraph 1, item 1 of the CNB Decision, composed of executive directors/directors of services responsible for:

- human resources management,
- legal affairs,
- compliance,
- credit risk management.

e. “Related persons” means:

- close family members of a person, as defined in the Credit Institutions Act,
- any legal person in which the person or a close family member of that person holds a qualifying holding,
- any legal person in which the person or a close family member of that person holds a senior management position or serves as a member of the management board, supervisory board or board of directors, or as an executive director.

f. “Conflict of interest” shall be deemed to exist in the situations described in Article 10 of this Policy, which are presumed to be situations that the Bank is unable to manage in a manner that safeguards the candidate’s independence of mind. Irrespective of the situations described in that Article, the existence of a conflict of interest may also be assessed in any other circumstances that could compromise the candidate’s independence of mind.

g. “Significant business relationship” means a business relationship that meets any of the following criteria:

- where the total liabilities of the President or member of the Management Board and persons related to them towards the Bank, its parent undertaking or subsidiary, its clients and other credit institutions with their registered office in the Republic of Croatia, or branches of credit institutions from other Member States or third countries, exceed the total claims and investments of the President or member of the Management Board and persons related to them in the Bank by an amount exceeding 2% of the Bank’s share capital, but not less than EUR 400,000;
- where the Bank or a person related to the Bank has an investment in Common Equity Tier 1 instruments exceeding 25% of the share capital of the company controlled by the President or member of the Management Board
- where a company related to the President or member of the Management Board of the Bank generates the majority of its income from providing services to the Bank.

(2) The expert service referred to in paragraph 1, item d of this Article shall be responsible for conducting the suitability assessment of the President of the Management Board, each member of the Management Board, the Chairperson of the Supervisory Board, members of the Supervisory Board and key function holders in the Bank.

III TARGET STRUCTURE OF THE MANAGEMENT BOARD OF THE BANK

Article 3

(1) The members of the Management Board must collectively possess the professional knowledge, skills and experience necessary to independently and autonomously manage the affairs of the Bank, and in particular to understand the Bank’s business and the related risks to which the Bank is exposed, as well as their effects in the short, medium and long term, taking into account environmental, social and governance factors.

(2) The members of the Management Board must collectively cover, through their professional knowledge, all business areas of the Bank and possess the skills necessary to articulate views and contribute effectively to the decision-making process within the Management Board of the Bank

(3) The overall composition of the Management Board must be sufficiently diverse so as to reflect, among other things, an appropriately broad range of experience.

(4) The Management Board must have a sufficient number of members with sufficient professional knowledge of at least each of the following areas:

- the services provided by the credit institution and the main risks associated therewith;
- financial and capital markets, solvency and internal models;
- the governance system of the credit institution;
- accounting and reporting;
- the duties of internal control functions;
- information technologies and security;
- local, regional and global markets, where applicable;
- the legal and regulatory framework;
- management skills and experience;
- the prevention of money laundering and terrorist financing, and the risks that money laundering and terrorist financing may pose to the operations of the credit institution;
- climate-related and other environmental risks;
- strategic planning and
- the management of national and international groups and the management of risks associated with group structures, where applicable.

(5) The permitted number of members of the Management Board of the Bank shall be determined by the Bank's Articles of Association, while the Resolution on the number of members shall be adopted by the Supervisory Board of the Bank.

(6) The area of responsibility of each member of the Management Board within the Management Board shall be governed by the Rules of Procedure of the Management Board of the Bank.

IV CRITERIA FOR MEMBERSHIP IN THE MANAGEMENT BOARD OF THE BANK

Article 4

(1) The procedure for selecting candidates for members of the Management Board shall be conducted in accordance with the provisions of the Act on Legal Entities Owned by the Republic of Croatia and other regulations applicable to the Bank, having regard to diversity in the composition of the Management Board.

(2) Appointment as a member of the Management Board shall be conditional upon the person having been assessed as suitable in accordance with this Policy and having obtained the prior approval of the Croatian National Bank to perform the function of President or member of the Management Board.

(3) A member of the Management Board may be a person who meets the following conditions, both at the time of submission of the application for the issuance of prior approval of the Croatian National Bank to perform the function of President or member of the Management Board and at all times during the term of office:

- the person has good repute, honesty and integrity;
- the person has appropriate professional knowledge, skills and experience necessary to manage the affairs of a credit institution, which, together with those of the other members of the Management Board, meet the requirements set out in Article 41, paragraphs 2 and 4 of the Credit Institutions Act;
- the person is capable of demonstrating independence of mind for the purpose of effectively assessing and reviewing decisions of the Management Board, or there is no conflict of interest

in respect of that person that cannot be managed in a manner that safeguards independence of mind;
- the person is able to devote sufficient time to fulfilling the obligations falling within their competence;
- the person meets the requirements for a member of the management board under the provisions of the law governing companies;
- the person meets the requirements for a member of the management board under the provisions of the Act on Legal Entities Owned by the Republic of Croatia or any other regulations applicable to the Bank.

IV.1. Good repute, honesty and integrity

Article 5

(1) A candidate shall be considered to have good repute, honesty and integrity where there is no evidence to suggest otherwise and where there are no grounds for reasonable doubt as to the candidate's repute.

(2) A candidate shall be deemed to have good repute, honesty and integrity if:

1. the candidate has not been convicted by a final judgment of any of the criminal offences referred to in Article 33, paragraph 2 of the Credit Institutions Act, or of any criminal offence whose statutory description corresponds to the criminal offences referred to in Article 33, paragraph 2 of the Credit Institutions Act;
2. no criminal proceedings are pending against the candidate for any of the criminal offences referred to in Article 33, paragraph 2 of the Credit Institutions Act, or for any criminal offence whose statutory description corresponds to the criminal offences referred to in Article 33, paragraph 2 of the Credit Institutions Act, and the candidate has not been convicted by a final judgment of, nor are criminal proceedings pending against the candidate for, any criminal offence not listed in Article 33, paragraph 2 of the Credit Institutions Act, including any predicate offence related to the criminal offence of money laundering as regulated by the legislation governing the prevention of money laundering and terrorist financing, where this could give rise to doubt as to the candidate's good repute, honesty and integrity;
3. no security or other measure, nor any administrative or misdemeanour sanction, has been imposed or ordered against the candidate; no competent supervisory authority, other public-law body or court has conducted or is conducting any investigation or proceedings against the candidate for irregularities or non-compliance with regulations governing banking, financial or insurance activities, capital markets, securities or payment operations, the provision of financial services, consumer protection or any other relevant regulations; there are no other negative reports containing relevant, credible and reliable information, including, by way of example, information arising from whistleblowing-related procedures; the candidate has not been notified by the Croatian National Bank or another authorised body of any intention to initiate sanctioning proceedings; and the candidate is not negotiating with the Croatian National Bank or another competent authority on the terms of an admission of guilt or an agreement on sanctions and measures, where any of the foregoing could give rise to doubt as to the candidate's good repute, honesty and integrity;
4. the candidate does not manage, and did not manage at the time of the commission of the offence, a company that has been convicted by a final judgment of a criminal offence referred to in items 1 and 2 of this paragraph, or against which measures have been imposed or proceedings or other actions referred to in item 3 of this paragraph have been or are being conducted, where such circumstances could give rise to doubt as to the candidate's good repute, honesty and integrity;
5. the candidate has demonstrated professional merit and personal integrity through previous professional work;
6. the candidate's business results do not compromise the candidate's good repute, honesty and integrity;
7. the candidate's financial stability does not compromise the candidate's good repute, honesty and integrity; and

8. there is no other reason to doubt the candidate's good repute, honesty and integrity, including under the criteria prescribed by other regulations applicable to the Bank.

(3) A person shall be deemed not to have demonstrated professional merit through previous professional work and personal integrity:

- if, in the course of their previous professional work, the person acted in a non-transparent manner or failed to cooperate with competent authorities;
- if the person was refused approval, or had approval withdrawn, for the performance of management functions or professional occupations or activities;
- if, as a result of culpable conduct, the person's employment contract was terminated, the person was removed from a key or similar function, or a competent authority imposed a prohibition on managing the affairs of, or representing, a legal person;
- where other information or evidence exists indicating that the candidate's conduct is not consistent with high standards of professional conduct.

(4) When assessing the candidate's financial stability and its potential impact on the candidate's good repute, honesty and integrity, the following shall be considered:

- whether the candidate's assets and income may impair the candidate's ability to meet financial obligations in the future;
- whether the candidate is included on any list of defaulting debtors, such as the Ministry of Finance's list of tax debtors, a blacklist or similar list;
- whether consumer bankruptcy proceedings have been conducted or are pending in respect of the candidate's assets;
- whether any civil, administrative, out-of-court or misdemeanour proceedings, proceedings for the imposition of an administrative sanction, or investigation are pending against the candidate in which the candidate is a party, or whether any measure has been imposed on the candidate by competent authorities, other public-law bodies or professional associations in any jurisdiction, where such circumstances could give rise to doubt as to the candidate's ability to meet financial obligations in the future;
- whether the candidate has been convicted by a final judgment, or whether criminal proceedings are pending against the candidate, for any criminal offence not listed in Article 33, paragraph 2 of the Credit Institutions Act;
- data on the absence of misdemeanour convictions and administrative sanctions;
- the candidate's significant investments, exposures or indebtedness; and
- the financial and business results of any company in which the candidate is or was a significant shareholder, in which the candidate has or had significant business shares, or in which the candidate performed the function of a member of the management board, another management function or the function of a member of the supervisory board, where such results could affect the candidate's good repute, honesty and integrity.

IV.2. Knowledge, skills and experience required to meet the obligations falling within the competence of the members of the Management Board of the Bank

Article 6

(1) A candidate shall be deemed to possess appropriate professional knowledge if the candidate has completed at least graduate studies in a relevant field, in accordance with the regulations governing scientific activity, higher education and the recognition of foreign educational qualifications.

(2) The following shall be considered relevant fields:

- economics and other related fields, including banking and finance, management, accounting and auditing;
- law and related fields, including public administration and financial regulation; or
- mathematics, physics, information technology, electrical engineering and related fields.

(3) When assessing a candidate's professional knowledge, in addition to the level of education attained in accordance with paragraphs 1 and 2 of this Article, it shall be determined whether the candidate has undertaken continuous professional development over the preceding five years in the following areas:

- financial markets;
- accounting and auditing;
- the regulatory framework and prudential requirements;
- strategic planning and knowledge of the business strategy, business plan and its implementation;
- risk management, including the identification, measurement, monitoring, control and mitigation of the main types of risk in a credit institution;
- corporate governance, including the internal control system;
- prevention of money laundering and terrorist financing, and the risks that money laundering and terrorist financing may pose to the operations of a credit institution;
- climate, environmental, social and governance risks;
- analysis of financial data of a credit institution.

(4) When assessing the professional knowledge and skills of a candidate, account shall also be taken of the area of responsibility for which the candidate has been nominated and the duties required by that position on the Management Board. For example, in the case of a member of the Management Board responsible for the implementation of regulations governing the prevention of money laundering and terrorist financing, the candidate's experience relating to the identification and assessment of money laundering and terrorist financing risks, as well as to policies, controls and procedures for the prevention of money laundering and terrorist financing, shall be subject to additional verification.

Article 7

(1) When assessing the candidate's skills in terms of the appropriate professional knowledge, skills and experience required to manage the affairs of the Bank, account shall be taken of the candidate's decisiveness, strategic vision, risk judgement, leadership ability, powers of persuasion, and ability and willingness to engage in continuous learning and professional development.

(2) The candidate must demonstrate, through their work programme, that they will ensure the lawful, safe and stable operation of the Bank.

Article 8

(1) Appropriate work experience shall mean:

- experience at Management Board level or immediately below Management Board level in a credit institution, financial institution, insurance undertaking or large undertaking as defined by accounting regulations or
- experience in key management positions within an authority competent for the supervision of credit and financial institutions.

(2) When assessing the experience referred to in the preceding paragraph of this Article, particular analysis shall be made of the work experience of each candidate in relation to:

- banking and financial markets;
- accounting and auditing;
- the regulatory framework and requirements;
- strategic planning and knowledge of the business strategy, business plan and its implementation;
- risk management, including the identification, measurement, monitoring, control and mitigation of the main types of risk in a credit institution, including environmental, social and governance risk;
- the prevention of money laundering and terrorist financing;
- assessment of the effectiveness of the procedures and measures of a credit institution, and the development of effective governance, supervision and control and

- interpretation of the financial data of a credit institution, identification of the main issues on the basis of those data, and appropriate controls and measures.

(3) Appropriate work experience referred to in paragraph 1 of this Article shall mean ten years of recent work experience for a candidate for President of the Management Board and five years of recent work experience for a candidate for member of the Management Board. Recent work experience shall mean experience that is not older than two years.

(4) By way of derogation from paragraph 3 of this Article, the Bank may propose that the Croatian National Bank take the position that a candidate has appropriate work experience, even if the candidate does not have the specified number of years of work experience. Such proposal must be accompanied by a detailed explanation and evidence that the candidate possesses other appropriate experience-related qualities, such as specialist knowledge and acquired experience required by the Bank, an exceptionally successful professional career, or specific required experience corresponding to the particular role and areas of competence to be performed by the candidate in the Bank, together with an appropriate proposal for induction training.

(5) Having regard to the function in the Bank to which the candidate is to be appointed, the candidate's experience shall be further assessed according to the following criteria:

- the type of function and its position in the hierarchy;
- the professional knowledge acquired by the candidate in that function;
- the type and complexity of the activities performed by the candidate, including the organisational structure of the entity, that is, the employer, in which those activities were performed at the time when the candidate held that position;
- the scope of competence, decision-making powers and responsibilities;
- the name and type of activity of the entity, that is, the employer, in which the candidate performed the function;
- the number of subordinate employees and
- the period during which the function was performed.

IV.3. Independence of mind of the members of the Management Board of the Bank

Article 9

(1) A candidate must be capable of demonstrating independence of mind, which includes:

1. the absence of any conflict of interest that cannot be managed in a manner that safeguards independence of mind;
2. possession of the following qualities:
- courage, conviction and strength to effectively assess and review decisions proposed by members of the Management Board of the Bank,
- not yielding to the influence of prevailing thinking within the Management Board of the Bank.

(2) When assessing whether a candidate possesses the qualities required to demonstrate independence of mind, the candidate's previous and current business conduct shall be assessed, particularly within the Bank.

(3) Membership of the management board or supervisory board, or the holding of an interest in companies or entities affiliated with the Bank, shall not in itself imply that the candidate is incapable of demonstrating independence of mind.

(4) In the suitability assessment procedure carried out in connection with the first appointment to the function of member of the Management Board of the Bank, account shall be taken of two letters of recommendation issued by members of the supervisory or management bodies of companies or institutions in which the candidate has worked during the preceding ten years, provided that such letters contain a positive reference to the candidate's ability to demonstrate independence of mind.

IV.4. Conflict of interest of the members of the Management Board of the Bank

Article 10

(1) A conflict of interest that the Bank is unable to manage shall be deemed to exist:

- if a candidate for President or member of the Management Board of the Bank, or a person related to the candidate, has a significant business relationship with the Bank;
- if a candidate for President or member of the Management Board of the Bank is also the chairperson or member of the supervisory board or management board of another credit institution, financial institution, mixed financial holding company or financial holding company providing services in the territory of the Republic of Croatia.

(2) By way of exception, a conflict of interest that the Bank is unable to manage shall not be deemed to exist where the candidate is also a member of the management board or supervisory board of:

- the Bank's subsidiaries that are credit or financial institutions;
- credit or financial institutions belonging to the same group of credit institutions as the Bank.

(3) When assessing whether a conflict of interest exists, at least the following shall be taken into account:

- economic interests arising from the holding of shares, ownership interests or similar economic interests, including intellectual property rights, in the Bank, its parent institution or subsidiary, or in companies or entities that are clients or suppliers of the Bank; credits, loans or similar arrangements granted by the Bank to the candidate or persons related to the candidate; and financial obligations towards a holder of a qualifying holding in the Bank;
- personal, business or professional relationships with holders of a qualifying holding in the Bank or in its parent undertaking or subsidiary, and whether the candidate represents any of the shareholders of the Bank, its parent undertaking or subsidiary;
- personal, business or professional relationships with employees, including members of the Management Board and the Supervisory Board of the Bank, or with entities included in the scope of accounting or prudential consolidation;
- the candidate's previous employment positions during the preceding five years;
- the candidate's personal, business or professional relationships with significant suppliers, advisers or other similar service providers of the Bank, its parent institution or subsidiary;
- whether the candidate holds shares or ownership interests in a company or entity whose interests differ from those of the Bank, including, for example, a competitor of the Bank;
- political influence or relationships with politically exposed persons during the preceding two years;
- whether a period has been determined during which, due to a potential conflict of interest, the candidate may not assume and commence performing the function to which the candidate is being appointed, known as a cooling-off period; and
- whether the candidate is directly or indirectly involved in court proceedings or an out-of-court dispute, including mediation, arbitration or similar proceedings, against the Bank, its parent institution or subsidiary, or a holder of a qualifying holding.

(4) The candidate shall notify the Supervisory Board of the Bank and the Croatian National Bank without delay of any identified, potential or perceived conflict of interest.

(5) Based on the analysis referred to in paragraph 3 of this Article, the Bank shall document, monitor and manage each identified or potential conflict of interest, determine the materiality of the risk arising or potentially arising therefrom and, where necessary, take measures to reduce or eliminate the conflict of interest in order to safeguard the candidate's independence of mind and the impartial performance of the candidate's duties.

(6) In the event of doubt as to the existence of a conflict of interest, the candidate shall take all possible steps to separate the candidate's private interest from the interests of the Bank in order to avoid any potential occurrence of a conflict of interest.

(7) The candidate shall recuse themselves from participating in any discussion, decision-making or voting on proposals, plans, agenda items or similar matters where a conflict of interest has been identified in relation thereto.

(8) The Bank shall regularly report to the Croatian National Bank on any situation in which an identified or potential conflict of interest has been established.

Article 11

Measures aimed at eliminating or reducing conflicts of interest may include the following:

- prohibiting participation in any discussion, decision-making or voting on proposals, plans, agenda items or similar matters where a conflict of interest has been identified in relation thereto;
- recall from a particular function;
- continuous supervision and monitoring of the identified conflict of interest;
- determination of a period during which the candidate may not assume and commence performing the function to which the candidate has been appointed;
- application of the principle that credit or other financial products are obtained on ordinary market terms, known as the arm’s length principle;
- sale of certain assets or holdings in a company; and
- any other measure that may contribute to reducing or eliminating the conflict of interest.

IV.5. Induction and continuous training of the members of the Management Board of the Bank

Article 12

(1) Members of the Management Board of the Bank shall be required to participate in induction and continuous training organised by the Bank and shall be entitled to request that the Bank organise such training.

(2) The Bank shall regulate, by a separate procedure adopted in the same manner as this Policy, the requirement for induction and continuous training, the objectives thereof separately for the Management Board as a whole and for its members individually, the expert services responsible for developing induction and continuous training programmes, the human and financial resources required for their implementation, as well as the procedure governing the right of each member of the Management Board to request training.

(3) The Bank shall ensure appropriate staffing and financial conditions for training.

IV.6. Sufficient time commitment

Article 13

(1) A candidate must be committed to fulfilling the obligations falling within the candidate’s competence. Such commitment entails the candidate’s ability to allocate sufficient time to fulfil those obligations.

(2) A candidate shall be deemed unable to devote sufficient time to the performance of the obligations falling within their competence if the candidate simultaneously holds:

- the function of President or member of the management board of a credit institution and one additional function as a member of the management board of another company, or the function of managing a public commercial partnership or limited partnership;
- the function of a member of the management board and more than two functions as a member of a supervisory board; or
- more than four functions as a member of a supervisory board.

(3) The following functions as a member of the management board or supervisory board shall be considered a single function:

- functions in companies within the same group or in entities in which members of the group have a qualifying holding; or
- functions in companies, including non-financial entities, in which the credit institution has a qualifying holding.

(4) The restrictions referred to in paragraph 2 of this Article shall not apply to candidates representing the interests of the Republic of Croatia or another Member State. In addition, when determining the number of functions that a candidate may hold simultaneously, no account shall be taken of functions as a member of the management board or supervisory board in organisations or entities not established primarily for the purpose of generating profit, including associations, non-profit organisations, companies established solely for the purpose of managing the personal assets of the candidate or persons related to the candidate, provided that the member of the management board or supervisory board is not required to manage them on a day-to-day basis, and other similar organisations or entities.

(5) As part of the analysis referred to in paragraph 1 of this Article, at least the following shall be assessed:

- the number of executive and non-executive functions, or deputy functions of members of a management body, held simultaneously by the candidate, as well as the expected total number of days per year that the candidate must devote to performing those functions;
- the individual circumstances relating to the type, size, scope and complexity of the activities performed by the company in which the candidate holds an executive, non-executive or deputy function;
- the geographical location of the company in which the candidate performs the function and the travel time required for the performance of that function;
- the average annual number of meetings of the management board or supervisory board on which the candidate serves, as well as the time required to prepare for participation in such meetings;
- meetings of the management board or supervisory board held, where necessary, with competent authorities and stakeholders;
- the candidate's position, responsibilities and areas of competence, including, for example, whether the candidate serves as chairperson of a committee of the supervisory board;
- other professional or political activities, and all other functions and relevant activities, as well as the expected total number of days per year that the candidate is required to devote to them;
- the number of functions held in organisations or entities not established primarily for the purpose of generating profit;
- the time required for induction and continuous training.

IV.7. Diversity of the Management Board

Article 14

(1) The composition of the Management Board should be sufficiently diverse, with particular emphasis on promoting gender balance and on a composition that enables a broad range of qualities and competences, especially in relation to the candidates' professional knowledge, skills and work experience, in order to ensure the representation of different views and experience. This is aimed at achieving a higher degree of independence of mind, which members of the Management Board must possess in the performance of their duties. In the context of diversity, the following aspects shall be taken into account, where applicable: education, professional experience, gender, age and geographical origin.

(2) The Bank shall define, by means of a separate policy promoting diversity among members of the Management Board and the Supervisory Board, its specific diversity objectives and obligations regarding representation on the Management Board and the Supervisory Board of the Bank, which shall also be taken into account in the suitability assessment.

IV.8. Succession plan

Article 15

(1) The Bank has prepared a succession plan for appointment to a function on the Management Board, for the purpose of ensuring continuity in the decision-making and functioning of the Management Board in the event of sudden or unexpected absences or departures of members of the Management Board from their functions, and has designated a deputy for each member of the Management Board, taking into account the diversity requirements referred to in the preceding Article.

(2) For this purpose, each member of the Management Board of the Bank has nominated, from within their area of competence, one key function holder who could, in the event of the extraordinary circumstances described in the preceding paragraph, assume the responsibilities of a member of the Management Board.

(3) Where the Management Board is not fully composed or where members of the Management Board are unable to perform their function, the Supervisory Board may, without the prior approval of the Croatian National Bank, appoint its own members, on a one-off basis, as deputies for members of the Management Board, for a maximum period of six months.

V SUITABILITY ASSESSMENT PROCEDURE AND DYNAMICS

Article 16

(1) The candidate suitability assessment procedure shall be conducted by the Suitability Assessment Committee.

(2) The candidate suitability assessment procedure shall be conducted in the following situations:

- prior to submitting an application to the Croatian National Bank for approval of the appointment of the President or a member of the Management Board, that is, assessment of a candidate for President or member of the Management Board;
- once a year, as part of the regular suitability assessment, for the purpose of determining continuing suitability to perform the function to which the candidate has been appointed, that is, regular annual suitability assessment of the President or a member of the Management Board;
- where circumstances arise requiring an extraordinary suitability assessment, that is, extraordinary suitability assessment of the President or a member of the Management Board.

V.1. Deadlines and manner of conducting the suitability assessment of a candidate for member of the Management Board of the Bank

Article 17

(1) For the purposes of the suitability assessment, the candidate shall submit to the Suitability Assessment Committee the completed Questionnaire for a Candidate for President or Member of the Management Board of a Credit Institution, as well as all required documentation and information in accordance with the Credit Institutions Act, the CNB Decision and this Policy, and in accordance with any additional requests of the Suitability Assessment Committee, as instructed by the Suitability Assessment Committee.

(2) The Questionnaire referred to in the preceding paragraph shall be provided to the candidate by the Suitability Assessment Committee.

(3) The suitability assessment, together with the proposed decision on the suitability of the candidate for the Management Board, shall be prepared by the Suitability Assessment Committee. The Management Board shall submit the proposed decision to the Nomination Committee for its statement.

(4) The decision on the suitability of the candidate and of the Management Board as a whole shall be adopted by the Supervisory Board of the Bank.

(5) The application for the issuance of prior approval to perform the function of member of the Management Board shall be submitted to the Croatian National Bank no later than four months before the planned appointment or the expiry of the term of office of the member of the Management Board.

(6) The Bank shall submit the application to the Croatian National Bank through the designated information system, electronically or in writing together with all prescribed documentation.

(7) By way of derogation, a candidate appointed by a court in accordance with Article 45, paragraph 3 of the Credit Institutions Act, as well as a candidate appointed in accordance with Article 45, paragraph 17 of the Credit Institutions Act, shall not be required to obtain the prior approval of the Croatian National Bank.

(8) Administrative support in relation to the submission of the application for the issuance of prior approval shall be provided by the Office of the Management Board.

V.2. Deadlines and manner of conducting the regular annual suitability assessment of members of the Management Board of the Bank

Article 18

(1) The regular annual suitability assessment of a member of the Management Board shall be conducted once a year for the purpose of determining their continuing suitability to perform the function to which they have been appointed, as well as the suitability of the Management Board as a whole.

(2) For the purposes of the regular annual suitability assessment, each member of the Management Board shall, at the request of the Suitability Assessment Committee, submit the updated Questionnaire referred to in Article 17, paragraph 1 of this Policy, as well as any further relevant information and evidence.

(3) The Bank shall notify the Croatian National Bank of the regular annual suitability assessment conducted in respect of a member of the Management Board no later than 30 June of the current year for the preceding year, by submitting up-to-date information and enclosing a reasoned explanation of the results of the regular suitability assessment it has conducted.

(4) By way of derogation from the preceding paragraph, where there is a change in information that could indicate that the person no longer meets the prescribed conditions, the Bank shall notify the Croatian National Bank thereof without delay and initiate an extraordinary suitability assessment procedure.

V.3. Extraordinary suitability assessment of a member of the Management Board of the Bank

Article 19

(1) An extraordinary suitability assessment shall be conducted where the following situations and circumstances requiring verification of suitability arise:

1. as soon as the Bank becomes aware of new facts or circumstances that could affect individual or collective suitability;
2. where information exists indicating an identified or potential conflict of interest that cannot be managed;
3. where there is a change in the scope of tasks or areas of competence of a particular member;
4. without delay, where there are reasonable grounds to suspect that money laundering or terrorist financing has occurred, is occurring, has been attempted, or that such attempts are ongoing, or where there is an increased risk of money laundering or terrorist financing in connection therewith, in particular in the following situations:
    i. where appropriate internal controls have not been implemented, or systems have not been established, for managing, monitoring and mitigating the risk of money laundering or terrorist financing, including where this has been identified on the basis of supervisory

findings in the course of on-site or off-site inspections, other supervisory activities, or proceedings relating to the imposition of administrative sanctions;

ii. where the Bank breaches its obligations relating to the prevention of money laundering and terrorist financing in the Republic of Croatia, in a host Member State in which it provides services directly or through a branch, or in a third country in which it operates through a branch; or

iii. where the Bank has materially changed its business activity or business model in a manner indicating a material increase in its exposure to money laundering or terrorist financing risk.

(2) When conducting the extraordinary suitability assessment procedure in the situation referred to in paragraph 1, item 4 of this Article, the Bank may conduct only a partial assessment of the impact of the changed circumstances on the suitability of the member of the Management Board, in which case the reasons for and scope of the partial assessment shall be documented.

(3) The Bank shall notify the Croatian National Bank of the completed extraordinary suitability assessment without delay.

V.4. Manner of providing a statement by the person being assessed and taking corrective measures

Article 20

(1) Before forwarding the suitability assessment to the Management Board of the Bank for further action, the Suitability Assessment Committee shall request a statement from the candidate being assessed. The request for a statement, together with the elements of the assessment or the full assessment, shall be delivered to the candidate by electronic mail.

(2) The candidate shall provide a statement on the results of the suitability assessment within the period determined by the Suitability Assessment Committee, which may not be shorter than 24 hours or longer than three days from the date of receipt of the request. By way of exception, that period may be shorter than 24 hours where the person required to provide the statement agrees to a shorter period.

(3) The Management Board shall submit the proposed decision to the Nomination Committee for its statement. The Supervisory Board shall adopt the decision on suitability on the basis of the results of the suitability assessment and all related information necessary for adopting an independent and objective decision.

(4) Where the results of the suitability assessment indicate that a member of the Management Board is not suitable or is no longer suitable, the Bank shall, in accordance with Article 48, paragraph 4 of the Credit Institutions Act, notify the Croatian National Bank of the assessment results and its decision, including the corrective measures it has decided to take with a view to restoring that member's suitability or, alternatively, its decision to replace that member with another candidate. The Bank shall provide a reasoned explanation of the assessment results and the decision taken.

(5) In the case of remediable deficiencies, the Bank shall take appropriate corrective measures to remedy the identified deficiencies with a view to restoring the suitability of the candidate, unless the deficiencies are such that the person has been assessed as not meeting the criterion of good repute, honesty and integrity and cannot be remedied by corrective measures.

(6) If, in assessing the collective suitability of the Management Board, the Bank identifies deficiencies in its collective suitability, it shall take corrective measures to remedy them within an appropriate period and shall notify the Croatian National Bank thereof without delay.

(7) Corrective measures may include the application of measures or the implementation of activities to reduce or eliminate conflicts of interest, professional development and additional training of individual candidates or of the Management Board as a whole, and other similar measures for the purpose of ensuring individual and collective suitability.

(8) The Bank shall duly document all suitability assessment procedures, including regular and extraordinary assessments, and shall inform the person being assessed, in writing and without undue delay, of the assessment results, indicating whether the conditions for membership of the Management Board have been met.

V.5. Information and documentation that a member of the Management Board is required to submit to the Bank

Article 21

(1) In addition to the documentation referred to in Articles 17 and 18 of this Policy, a member of the Management Board shall notify the Bank of any material event or circumstance that significantly affects their suitability to perform the function to which they have been appointed. The member shall also, at least once a year, notify the Bank whether the information on the basis of which the initial or previous suitability assessment was carried out remains unchanged.

(2) The notification referred to in the preceding paragraph shall be submitted to the Suitability Assessment Committee within the time limits determined by that Committee.

V.6. Assessment of collective suitability

Article 22

(1) The Bank shall conduct a collective suitability assessment, comparing the current composition of the Management Board and its collective professional knowledge, skills and work experience with the target collective suitability and target structure of the Management Board and Supervisory Board, at least in the following cases:

- upon the candidate's first appointment;
- upon the reappointment of a person in respect of whom an application for appointment has been submitted;
- where the area of competence of the person in respect of whom an application for appointment has been submitted has changed;
- in the event of a significant change in the business model, risk appetite or risk strategy of the credit institution;
- in the event of changes in the group structure;
- where there are reasonable grounds to suspect that money laundering or terrorist financing has occurred, is occurring, has been attempted, or that such attempts are ongoing, or where there is an increased risk of money laundering or terrorist financing in connection therewith, in particular in the situations described in Article 20, paragraph 5 of the CNB Decision; and
- in any other case that may significantly affect the collective suitability of the Management Board.

(2) In the procedure referred to in the preceding paragraph, the Bank shall also take into account the results of the suitability assessments of individual members of the Management Board.

(3) The assessment shall be conducted in accordance with the Methodology for the Assessment of Collective Suitability, which the Suitability Assessment Committee is required to establish.

(4) The Supervisory Board shall adopt the decision on collective suitability on the basis of the results of the suitability assessment, as well as all other information necessary for adopting an independent and objective decision.

(5) The members of the Management Board must collectively possess professional knowledge covering all business areas of the credit institution and must have the skills necessary to articulate views and influence the decision-making process within the Management Board of the Bank. They must also collectively possess appropriate professional knowledge, skills and experience across all business areas of the Bank, in particular with regard to remuneration policies and practices, including mechanisms for aligning the remuneration structure with the Bank's risk profile and capital structure.

VI RETENTION OF DOCUMENTATION

Article 23

All documentation relating to the suitability assessment of members of the Management Board shall be retained in written and electronic form within the Human Resources Management Division, in accordance with the retention periods determined pursuant to the regulations governing the protection of archival and current records.

VII FINAL PROVISIONS

Article 24

(1) Terms used in this Policy that have a gender-specific meaning shall apply equally to the masculine and feminine gender.

(2) The compliance monitoring function shall analyse the manner in which this Policy affects the credit institution's compliance with regulations and with its internal policies, and shall report to the Management Board and the Supervisory Board on all identified risks and non-compliance issues.

(3) The preparation of proposed amendments to this Policy shall fall within the competence of the Human Resources Management Division.

(4) In the event of amendments to the CNB Decision entering into force after the adoption of this Policy, the provisions of those regulations shall apply directly until this Policy is aligned with such amendments.

Article 25

(1) This Policy shall apply, mutatis mutandis, to all subsidiaries of the HPB Group included in prudential consolidation.

(2) The provisions of this Policy shall apply together with all relevant regulations governing the subject matter regulated by this Policy.

Article 26

(1) This Policy shall enter into force subject to, and on the date of, obtaining the prior consent of the Supervisory Board of the Bank.

(2) Upon the entry into force of this Policy, the Policy on the Target Structure and Suitability Assessment of Members of the Management Board of the Bank of 23 December 2022 shall cease to have effect.

Marko Badurina
President of the Management Board