HRVATSKA POŠTANSKA BANKA, p.l.c.
Jurišićeva ulica 4, 10000 Zagreb

Confidentiality Level:
HPB - PUBLIC

General Assembly

Reference No: LVII.GS/9-26

Zagreb, July 24, 2026.

Pursuant to Article 29, paragraph 1 of the Articles of Association of HRVATSKA POŠTANSKA BANKA, public limited company, hereinafter: **the Bank**), in connection with Article 48, paragraph 9 of the Credit Institutions Act, Official Gazette No. 22/26, 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 Decision**), upon the proposal of the Management Board of the Bank, the General Assembly of the Bank hereby adopts, on July 24, 2026, the following act:

POLICY

ON THE TARGET STRUCTURE OF THE SUPERVISORY BOARD, THE ELECTION AND ASSESSMENT OF THE SUITABILITY OF THE CHAIRPERSON AND MEMBERS OF THE SUPERVISORY BOARD OF HRVATSKA POŠTANSKA BANKA, public limited company

I SUBJECT MATTER OF THE POLICY

Article 1

This Policy on the Target Structure of the Supervisory Board, the Election and Assessment of the Suitability of the Chairperson and Members of the Supervisory Board of HRVATSKA POŠTANSKA BANKA, public limited company, (hereinafter: **The Policy**) defines, inter alia:

- the target structure of the Supervisory Board of the Bank as a whole,
- the conditions for the election of members of the Supervisory Boar,
- the expert service, procedure and dynamics of the suitability assessment,
  - the time limits and method of conducting the procedure,
  - the information and documentation that a member of the Supervisory Board is required to submit to the Ban,
  - the manner in which the person being assessed provides a statement,
  - the assessment of the collective suitability of the Supervisory 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 Supervisory 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 Chairperson or member of the Supervisory Board, including a person currently holding the position of Chairperson or member of the Supervisory 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 to form independent opinions in the performance of their duties and responsibilities, as demonstrated in particular in the discussions and decision-making of the Supervisory Board.

d. “Suitability Assessment Committee” means the Bank’s expert service referred to in Article 22, paragraph 1, item 1 CNB Decision consisting of executive directors/directors of functions 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 Chairperson or a member of the Supervisory Board and their related persons 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 Chairperson or member of the Supervisory Board and their related persons in the Bank by an amount greater than 2% of the Bank’s share capital, and not less than EUR 400,000;
- where the Bank or a person related to the Bank holds an investment in Common Equity Tier 1 instruments exceeding 25% of the share capital of the company controlled by the Chairperson or member of the Supervisory Board or
- where a company related to the Chairperson or member of the Supervisory Board of the Bank derives the majority of its income from the provision of 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 SUPERVISORY BOARD OF THE BANK

Article 3

(1) When determining candidates for the position of Chairperson or member of the Supervisory Board, the Bank’s shareholders must ensure that, having regard to the nature, scale and complexity of the Bank’s activities, its risk profile and business strategy, the composition of the Supervisory Board as a whole provides for an optimal level of diversity, with a view to ensuring the effective and high-quality performance of the supervisory function over the Bank’s operations. The members of the Supervisory Board must collectively possess the professional knowledge, skills and experience necessary for the independent and autonomous supervision of the Bank’s operations, in particular for understanding the Bank’s activities, the risks to which it is exposed and the effects of such risks over the short, medium and long term, while also taking into account environmental, social and governance factors.

(2) The permitted number of members of the Supervisory Board of the Bank shall be determined by the Bank's Articles of Association, while the decision on the number of members shall be adopted by the General Assembly of the Bank.

IV CONDITIONS FOR MEMBERSHIP OF THE SUPERVISORY BOARD

Article 4

(1) The selection of candidates for membership of the Supervisory Board must be based on the candidates' competencies, while taking into account diversity in the composition of the Supervisory Board.

(2) The procedure for selecting candidates for membership of the Supervisory 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.

(3) Appointment as a member of the Supervisory 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 that function.

(4) A member of the Supervisory Board may be a person who meets the following conditions:

- has good repute, honesty and integrity;
- individually and collectively with the other members of the Supervisory Board, possesses appropriate professional knowledge, skills and experience required to fulfil the obligations falling within their competence;
- is able to demonstrate independence of mind for the purpose of effectively assessing and, where necessary, challenging the decisions of the Management Board and effectively supervising the decision-making of the Management Board, and is not subject to any conflict of interest that cannot be managed in a manner that safeguards independence of mind;
- is able to devote sufficient time to fulfilling the obligations falling within their competence;
- may serve as a member of the Supervisory Board pursuant to the provisions of the Companies Act;
- may serve as a member of the Supervisory Board pursuant to the provisions of the Act on Legal Entities Owned by the Republic of Croatia or any other regulations applicable to the Bank.

(5) here a workers' representative is appointed to the Supervisory Board, such representative shall be appointed in accordance with the law governing employment relations. In this respect, the workers' representative may not be:

- a person who, in the preceding three years, was a member of the Management Board of the Bank or of a company affiliated with the Bank;
- a member of senior management of the Bank or of a company affiliated with the Bank who performed such executive functions in the preceding 12 months; or
- a person who, within the Bank's organisational structure, is directly subordinated to any member of the Management Board or was directly subordinated to a member of the Management Board in the preceding 12 months.

(6) The workers' representative may not be elected as Chairperson of the Supervisory Board.

(7) The provisions of the Credit Institutions Act shall not apply to the workers' representative on the Supervisory Board, except for Article 48, paragraphs 11 to 16, and Title XXV of the Credit Institutions Act. Accordingly, the provisions of this Policy shall apply to the workers' representative only to the extent permitted by those provisions.

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. Professional knowledge, skills and experience required to fulfil the obligations falling within the competence of members of the Supervisory Board

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) By way of derogation from paragraph 1 of this Article, where the Supervisory Board has five or more members, one member of the Supervisory Board shall not be required to satisfy the condition referred to in paragraph 1 of this Article.

(4) 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.

(5) At least one member of the Supervisory Board must have expertise in the field of accounting or financial statement auditing.

Article 7

Appropriate skills in supervisory matters shall be understood as the ability to understand and critically review the Bank's operations and the risks to which it is exposed, together with decisiveness, strategic vision, risk judgement, independence of mind, and a commitment to continuous learning, professional training and development.

Article 8

(1) Appropriate experience shall include:

- experience acquired through work at management board level, at the level immediately below or no more than two levels below the management board, at supervisory board level, or at equivalent levels in companies with a board of directors, on the basis of which the candidate could have acquired broad practical or theoretical knowledge in the field of banking and financial services;
- experience in key management positions within a body competent for the supervision of credit or financial institutions;
- experience acquired through academic work; and
- experience acquired through work in state administration bodies or public-law bodies, in key management positions involving a high degree of autonomy.

(2) Appropriate experience referred to in the preceding paragraph shall mean five years of recent work experience for a candidate for member of the Supervisory Board, or ten years of recent work experience for a candidate for Chairperson of the Supervisory Board.

(3) By way of derogation from the preceding paragraph 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 number of years of work experience referred to in the preceding paragraph. 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 covered by the candidate, together with an appropriate proposal for induction training.

(4) When assessing a candidate's experience, consideration shall be given to the functions previously performed by the candidate and the responsibilities assigned in connection therewith, the size of the company in which the candidate performed those duties, the company's business activity and its predominant activities, and whether the candidate has sufficient experience to critically challenge decisions, effectively supervise the Management Board of the Bank and fulfil other obligations prescribed for the Chairperson or member of the Supervisory Board.

IV.3. Independence of mind of members of the Supervisory Board

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 challenge decisions proposed by members of the Supervisory Board of the Bank;
- the ability not to yield to the influence of prevailing thinking within the Supervisory 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 a candidate's first appointment as a member of the Supervisory Board, 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 Supervisory Board

Article 10

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

- where a candidate for Chairperson or member of the Supervisory Board of the Bank, or a person related to such candidate, has a significant business relationship with the Bank;
- where a candidate for Chairperson or member of the Supervisory Board of the Bank is also the chairperson or a 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 qualifying holdings in the Bank, its parent company or subsidiary; whether the candidate represents any shareholder of the Bank, its parent company or subsidiary; and whether the candidate for the function of member of the Supervisory Board was proposed by a significant shareholder;
- 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 Management 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 members of the Supervisory Board

Article 12

(1) Members of the Supervisory 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) Induction training shall be provided to members of the Supervisory Board who are appointed to that function in the Bank for the first time, within six months of their appointment, in order to facilitate their understanding of the Bank's structure, business model, risk profile and governance system, as well as their role within the Bank, and to remedy any deficiencies identified during the candidate's suitability assessment.

(3) Continuous training shall be provided throughout the entire term of office in order to ensure the continued appropriateness of the professional knowledge of members of the Supervisory Board, both individually and collectively.

(4) Training shall be organised by the Human Resources Management Division in cooperation with other relevant organisational units and control functions, which shall, at the request of the Human Resources Management Sector, provide training topics and materials and ensure the timely updating of such materials.

(5) The Human Resources Management Division shall prepare an annual continuous training plan for each member of the Supervisory Board, taking into account:

- regulatory requirements,
- the Bank's business needs,
- identified knowledge and competence needs.

The plan shall, in particular, include training in the areas of environmental, social, governance and ICT risks. Each member of the Supervisory Board may draw the attention of the Human Resources

Management Division to specific training considered appropriate and propose that such training be included in the plan.

(6) Training must be in the interest of the Bank, directly related to the duties of a member of the Supervisory Board, and suitable for acquiring, maintaining and enhancing the professional knowledge, skills and competences required for the performance of the function of a member of the Supervisory Board of the Bank.

(7) Training shall, as a rule, be delivered internally or through experts or institutions recognised in the market, with an appropriate reputation and proven expertise in delivering training for senior and executive management levels. When selecting training, due consideration shall be given to the quality of the programme, the relevance of its content, the experience of the trainers and the applicability of the acquired knowledge to the Bank's operations.

(8) Training considered to be in the interest of the Bank shall relate to the following areas:

- banking and financial markets;
- legal requirements and the regulatory framework;
- prevention of money laundering and terrorist financing;
- strategic planning and understanding of the business strategy or business plan of a credit institution and its implementation;
- management of the main types of risk of a credit institution, in particular environmental, social, governance and ICT risks;
- accounting and auditing;
- assessment of the effectiveness of a credit institution's mechanisms for achieving effective governance and oversight, as well as effective controls;
- interpretation of financial data of a credit institution, identification of key issues, and appropriate control and measures based on such data;
- information technology and digitalisation;
- sustainable business and governance, leadership;
- any other topics of interest to the Bank, which may also be proposed and substantiated by a member of the Supervisory Board of the Bank.

(9) Based on the approved training plan, the Human Resources Management Division shall invite members of the Supervisory Board to participate in specific training programmes, for which they shall register via the HRNet application.

(10) By way of exception, where the need arises during the year for additional training not envisaged in the plan, but which is in the interest of the Bank or arises from new regulatory requirements or business circumstances, the Human Resources Management Division may invite a member of the Supervisory Board to participate in such training. Particular account shall be taken of changes that may arise in the governance system, strategic changes, market developments, new Bank products, other relevant changes, as well as changes in the legislative framework.

(11) The Human Resources Management Division shall ensure that training is carried out within the prescribed time limit and shall keep records of its content, scope and participation, as well as collect any certificates evidencing participation in training.

(12) The costs of training shall be borne by the Bank up to the amount of the planned budget for the calendar year, of which the Supervisory Board shall be informed by the end of January each year. As part of the annual financial plan, the Management Board shall propose an appropriate budget amount for the training of members of the Supervisory Board, in accordance with the assessment and proposal of the Human Resources Management Division.

(13) Training costs shall be paid directly by the Bank to the providers of training services.

(14) The Bank shall ensure appropriate human and financial resources for training, as well as for the induction and training of the member of the Supervisory Board who is the workers' representative.

IV.6. Time commitment to the performance of duties

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.

(6) The Office of the Management Board shall be tasked with preparing, on an annual basis, an analysis of the attendance of members at meetings of the Supervisory Board, which shall serve as a basis for drawing conclusions on their commitment to fulfilling the obligations falling within the competence of the Supervisory Board. In addition to the attendance analysis, records shall be kept and updated on the external professional and political activities, as well as all other functions and relevant activities, of each member of the Supervisory Board. Each such member shall be required to notify the Office of the Management Board of any changes in relation thereto, and the Office of the Management Board shall notify the Committee of such changes. Where such changes in positions may reduce the ability of a member of the Supervisory Board to devote sufficient time to the performance of their function, the Suitability Assessment Committee shall be required to reassess whether that member of the Supervisory Board is able to devote sufficient time to fulfilling the obligations falling within their competence.

IV.7. Diversity of the Supervisory Board

Article 14

(1) The composition of the Supervisory Board should reflect an appropriate level of diversity, with particular emphasis on the promotion of gender balance, and should provide for a broad range of qualities and competences, especially with regard to the candidates' professional knowledge, skills and work experience. This is intended to ensure the representation of different views and experiences, with the aim of fostering the degree of independence of mind required of members of the Supervisory Board 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) In the event of the sudden or unexpected absence of a member of the Supervisory Board, or the cessation of that member's office, a new member of the Supervisory Board shall be elected in accordance with the provisions of the Credit Institutions Act, the Companies Act, the Act on Legal Entities Owned by the Republic of Croatia and all other relevant acts, taking into account the provisions of this Policy.

(2) The Management Board and the remaining members of the Supervisory Board shall, each within the scope of their respective competence, provide the necessary information to the competent stakeholders for the purpose of initiating the relevant procedure.

(3) Where the number of members of the Supervisory Board required for valid decision-making is lacking, the court may intervene by appointing a temporary member in accordance with the relevant regulations referred to in paragraph 1 of this Article.

IV 9 Independence of a member of the Supervisory Board

Article 16

(1) A member of the Supervisory Board shall be deemed not to be independent:

1. if the member is currently, or in the preceding three years was, a shareholder of the Bank or of a company affiliated with the Bank, as defined in Article 22, paragraph 1 of Directive 2013/34/EU, as transposed into Article 19, paragraphs 3 and 4 of the Accounting Act, whose shares account or accounted for at least one twentieth of the share capital, or a shareholder who, acting alone or jointly with other shareholders, is or was able to exercise, directly or indirectly, a dominant influence over the Bank or a company affiliated with the Bank;
2. if the member is currently, or in the preceding five years was, a member of the Management Board of the Bank or of another institution or company included in the scope of prudential or accounting consolidation;
3. if the member is currently, or in the preceding three years was, an employee of the majority shareholder of the Bank, or is otherwise connected with that shareholder;

4. if the member is currently, or in the preceding three years was, an employee or workers' representative on the Supervisory Board of the Bank or of a company included in the scope of prudential or accounting consolidation;
5. if the member is currently, or in the preceding three years was, a member of senior management of the Bank or of another company included in the scope of prudential or accounting consolidation, and was directly accountable to the Management Board;
6. if, in addition to remuneration for performing the function of member of the Supervisory Board, the member receives, or in the preceding three years received, from the Bank or from companies included in the scope of prudential or accounting consolidation, remuneration exceeding ten per cent of the member's total income for that period, or derives or derived significant income from the Bank or from companies included in the scope of prudential or accounting consolidation;
7. if the member is currently, or in the preceding five years was, a member or partner of an audit firm that provides or provided audit services, or of a company that provides consulting services, to the Bank or to a company included in the scope of prudential or accounting consolidation, or an employee of such companies who is or was materially involved in the services provided;
8. if the member is a member of the management board of another company in which a member of the Management Board of the Bank is a member of the supervisory board;
9. if the member is a related person of a member of the management board of the Bank or of another company included in the scope of prudential or accounting consolidation, or is a related person of any of the persons referred to in items 1 to 8, 10 and 11 of this paragraph;
10. if the member has been a member of the Supervisory Board of the Bank or of a company affiliated with the Bank for more than 12 years, or a member of the Management Board of the Bank for more than 12 consecutive years;
11. if the member is currently, or in the preceding three years was, a member of the management board of a company which, during that period, generated more than ten per cent of its total income from a business relationship with the Bank or a company affiliated with the Bank, whether as a supplier or client of the Bank or of another company included in the scope of prudential or accounting consolidation; or if, during the preceding three years, the member was a shareholder or member of that company whose shares or business interests accounted for at least one twentieth of the share capital; or if the member, acting alone or jointly with other shareholders or members, was able to exercise, directly or indirectly, a dominant influence over that company.

(2) In addition to the criteria referred to in paragraph 1 of this Article, the additional independence criteria prescribed by the Companies Act, by the Government of the Republic of Croatia pursuant to the Act on Legal Entities Owned by the Republic of Croatia, and by other regulations applicable to the Bank shall also apply, to the extent that their application is mandatory.

(3) The Bank shall ensure a sufficient number of independent members of the Supervisory Board, while also taking into account the minimum independence thresholds prescribed by the Companies Act, the Act on Legal Entities Owned by the Republic of Croatia and other regulations applicable to the Bank, to the extent that their application is mandatory.

V SUITABILITY ASSESSMENT PROCEDURE AND DYNAMICS

Article 17

(1) The suitability assessment procedure for a candidate shall be carried out by the Suitability Assessment Committee.

(2) The suitability assessment procedure for a candidate shall be carried out in the following situations:

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

V.1. Time limits and method of conducting the suitability assessment of a candidate

Article 18

(1) For the purposes of the suitability assessment, the candidate shall submit to the Suitability Assessment Committee a completed Questionnaire for a candidate for member of the supervisory board of a credit institution, together with all required documentation and information in accordance with the Credit Institutions Act, the CNB Decision and this Policy, as well as any additional requirements of the Suitability Assessment Committee, of which the candidate is informed 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) Based on the results of the suitability assessment prepared by the Suitability Assessment Committee, the Management Board shall prepare a proposed assessment of the candidate's suitability and submit it to the Nomination Committee for its opinion.

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

(5) An application for the issuance of prior approval to perform the function of a member of the Supervisory 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 Supervisory Board.

(6) In the event of the recall, resignation or death of a member of the Supervisory Board, where as a result the Supervisory Board does not have at least the number of members required for it to validly decide on matters within its competence pursuant to law or the Articles of Association, the Bank shall submit the application for the issuance of prior approval to the Croatian National Bank no later than two months after the occurrence of such event.

(7) 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.

(8) By way of exception, a candidate appointed by the court in accordance with Article 49, paragraph 3 of the Credit Institutions Act, as well as a candidate appointed in accordance with Article 49, paragraph 17 of the Credit Institutions Act, shall not be required to obtain the prior approval of the Croatian National Bank.

(9) 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. Time limits and method of conducting the regular annual suitability assessment of a member of the Supervisory Board

Article 19

(1) The regular annual suitability assessment of a member of the Supervisory Board shall be carried out once a year in order to determine the member's continuing suitability to perform the function to which the member has been appointed, as well as the suitability of the Supervisory Board as a whole.

(2) For the purposes of the regular annual suitability assessment, each member of the Supervisory Board shall, at the request of the Suitability Assessment Committee, submit an updated Questionnaire referred to in Article 18, paragraph 1 of this Policy, together with any further relevant information and evidence.

(3) The Bank shall notify the Croatian National Bank of the regular annual suitability assessment carried out in respect of a member of the Supervisory Board no later than 30 June of the current year for the preceding year, by submitting updated information and an explanation of the results of the regular suitability assessment conducted by the Bank.

(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

Article 20

(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 an extraordinary suitability assessment 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 Supervisory 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. The manner of giving response by the assessed person and corrective measures

Article 21

(1) Before submitting 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 complete 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 time limit determined by the Suitability Assessment Committee, which may not be shorter than 24 hours nor longer than three days from the date of receipt of the request. By way of derogation, such time limit may be shorter than 24 hours if the person required to provide the statement agrees to a shorter time limit.

(3) The Suitability Assessment Committee shall submit the statement of the member of the Supervisory Board to the Management Board of the Bank, together with the suitability assessment and the proposed decision on suitability, for the purpose of further action.

(4) The Management Board shall submit the proposed decision to the Nomination Committee for its opinion. The General Assembly shall adopt the decision on suitability on the basis of the results of the suitability assessment and all related information required for the adoption of an independent and objective decision.

(5) Where the results of the suitability assessment indicate that a member of the Supervisory 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.

(6) 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.

(7) Where, in assessing the collective suitability of the Supervisory Board, the Bank identifies deficiencies in its collective suitability, it shall take corrective measures to remedy such deficiencies within an appropriate time limit and shall notify the Croatian National Bank thereof without delay.

(8) Corrective measures may include measures or activities to reduce or eliminate conflicts of interest, professional development and additional training for individual candidates or for the Supervisory Board as a whole, and other similar measures aimed at ensuring individual and collective suitability.

(9) 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 Supervisory Board have been met.

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

Article 22

(1) In addition to the documentation referred to in Articles 18 and 19 of this Policy, a member of the Supervisory Board shall notify the Bank of any material event or circumstance that significantly affects the member's suitability to perform the function to which the member has 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 23

(1) The Bank shall carry out an assessment of collective suitability, comparing the current composition of the Supervisory Board and its collective professional knowledge, skills and work experience with the targeted collective suitability and the target structure of the Management Board and the 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 materially affect the collective suitability of the Supervisory 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 Supervisory 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 General Assembly of the Bank shall adopt the decision on collective suitability on the basis of the results of the suitability assessment, as well as all other information required for the adoption of an independent and objective decision.

(5) The members of the Supervisory Board must collectively possess professional knowledge covering all business areas of the credit institution, as well as the skills necessary to articulate views and contribute effectively to the decision-making process within the Supervisory 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 24

All documentation relating to the suitability assessment of members of the Supervisory 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 25

(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 or other relevant regulations entering into force after the adoption of this Policy, the provisions of such regulations shall apply directly until this Policy is aligned with those amendments.

Article 26

(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 27

(1) This Policy shall be adopted by the General Assembly of the Bank upon the proposal of the Management Board of the Bank.

(2) This Policy shall enter into force on the date of its adoption.

(3) This Policy shall also be prepared in an English-language version; however, in the event of any doubt or ambiguity of meaning, the Croatian-language version of this Policy shall prevail as the sole authoritative version.

(4) Upon the entry into force of this Policy, the Policy on the Target Structure and Assessment of the Suitability of Members of the Supervisory Board of the Bank of 30 August 2023 shall cease to have effect.

General Assembly
Chairperson

Alen Stojanović