REMUNERATION POLICY FOR MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

OF HRVATSKA POŠTANSKA BANKA p.l.c.

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1. CHRONOLOGY

The Remuneration Policy for Members of the Management Board and Supervisory Board (hereinafter: **Remuneration Policy**) is adopted pursuant to Article 247a, Article 269, paragraph 3, and Article 275, paragraph 1, item 3 of the Companies Act, Official Gazette No. 136/24, following the implementation of Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement, and pursuant to Article 44 Act on Legal Entities Owned by the Republic of Croatia, Official Gazette No. 102/25, (hereinafter: ZPOVRH).
The Remuneration Policy is adopted by the Supervisory Board and subsequently submitted for approval to the General Assembly of HRVATSKA POŠTANSKA BANKA, p.l.c. (hereinafter: **the Bank**).

The chronology of actions to date is as follows:

No.	Date	Description
1	29 March 2021	Established by the Supervisory Board of the Bank
	10 May 2021	Approved by the General Assembly of the Bank
2	17 May 2024	Adopted by the Supervisory Board of the Bank
	29 August 2024	Approved by the General Assembly of the Bank
3	15 June 2	Adopted by the Supervisory Board of the Bank
	24 July 2026	Approved by the General Assembly of the Bank

This Remuneration Policy, as the second version, replaces the initial Remuneration Policy for the members of the Management Board and Supervisory Board of HRVATSKA POŠTANSKA BANKA, p.l.c. which was established by the Supervisory Board on 17 May 2024, and approved by the General Assembly on 29 August 2024.

2. INTRODUCTORY PROVISIONS

This Remuneration Policy sets out the basic principles and guidelines that Hrvatska poštanska banka p.l.c. (hereinafter: the Bank) will apply in determining, allocating, and paying all types of remuneration to members of the Management Board and the Supervisory Board.

The terms President/member of the Management Board and Chairperson/member of the Supervisory Board used in this Remuneration Policy are gender-neutral and refer equally to persons of female and male gender.

This Remuneration Policy is based on the principal Remuneration Policy of Hrvatska poštanska banka p.l.c. and the HPB Group (hereinafter: **the Overarching Remuneration Policy**), which was adopted by the Management Board, with the consent of the Supervisory Board, in accordance with its powers under the Credit Institutions Act (hereinafter: **the CIA**) and the Decision on Staff Remuneration issued by the Croatian National Bank, hereinafter: **the CNB Decision**), is adopted by the Management Board with the consent of the Supervisory Board. The Overarching Remuneration Policy is also aligned with the provisions of the Corporate Governance Code of HANFA and the Zagreb Stock Exchange and with other relevant regulations applicable to the Bank. The Overarching Remuneration Policy applies to all matters not otherwise regulated by this Remuneration Policy.

The aforementioned Overarching Remuneration Policy has been prepared taking into account the relevant regulations governing remuneration and is aligned with the financial and non-financial objectives of the business strategy and risk strategy, including objectives related to sustainability factors, environmental, social and governance risks, corporate culture and values, measures for preventing conflicts of interest, the risk profile and risk appetite framework, and the long-term interests at the level of the Bank and the HPB Group.

For the purposes of this Remuneration Policy, remuneration encompasses all forms of payments and benefits, whether in cash or in kind, provided to an employee in exchange for the work performed for the Bank. This includes remuneration based on employment and other payments. Remuneration may consist of fixed and variable components, with the total amount representing the gross value.

A core principle of this Remuneration Policy is the adherence to the principle of equal pay for equal work or work of equal value, irrespective of gender, race or ethnicity, language, religion, political or other beliefs, national or social origin, or other discriminatory criteria.

3. REMUNERATION POLICY GOALS

The goal of the Bank is to establish a remuneration system that clearly links set business goals with performance and is focused on the long-term interests of the institution and its shareholders. In this context, this Remuneration Policy should at least meet the following criteria:

Legal framework	The structuring of remuneration and the determination of its amounts shall be carried out within, and in accordance with, the regulatory framework governing remuneration in credit institutions, legal entities of special interest to the Republic of Croatia, and joint-stock companies whose shares are admitted to trading on a regulated market. This primarily refers to the regulations prescribed by the CIA, the CNB Decision, ZPOVRH, the Companies Act, related national and EU regulations and guidelines, and corporate governance codes.

Business strategy	The remuneration system should support the achievement of the long-term objectives, interests and values of the Bank and the HPB Group, as well as the successful and ethical implementation of the Bank's strategy. Emphasis is placed on fixed remuneration, thereby preventing situations in which members of the management bodies could assume risks exceeding the acceptable risk level.
Performance criteria	Variable remuneration shall be based exclusively on performance criteria. There shall be no guaranteed variable remuneration. The performance results of the Bank, its organisational units and only thereafter the individual, assessed in relation to risks, liquidity and capital, shall form the basis for the possible awarding and payment of variable remuneration.
Ratio between fixed and variable compensation	Remuneration should be competitive, reasonable, and realistic, reflecting the value of the position within the institution and aligning with prevailing market conditions and practices. Fixed compensation must constitute a sufficiently significant portion of the total remuneration to enable a fully flexible approach to variable compensation, including the option of not awarding the variable component. Adherence to regulatory requirements regarding the maximum allowable ratio between fixed and variable compensation is mandatory.

4. REMUNERATION STRUCTURE

HPB's remuneration approach is focused on optimising remuneration by placing emphasis on fixed remuneration, while allowing the possibility of entitlement to variable remuneration, but only under controlled conditions. This involves predefined rules for determining, allocating, and paying variable remuneration.
This model aims to ensure the financial stability of employees, preventing reliance on variable compensation and avoiding actions driven solely by short-term individual interests. This approach not only enhances employee satisfaction but also contributes to the long-term provision of high-quality services for clients and more stable value for shareholders.

Accordingly, the policy stipulates that the remuneration of Management Board members may consist of both fixed and variable components, while the remuneration of Supervisory Board members, given their supervisory role, consists exclusively of fixed components. Remuneration is determined by taking into account market conditions and benchmark analyses of comparable institutions, within the framework established by this Remuneration Policy.

The remuneration of the President/Member of the Management Board is formalized through an Employment Contract (hereinafter: **the Contract**), which the President/Member of the Management Board concludes with the Bank, represented by the Supervisory Board, for a period equal to the duration of their statutory function or mandate. In certain cases, remuneration may also directly arise from the provisions of the Labour Act or other regulations, the Collective Agreement, the Work Rulebook, or other Bank acts that apply to all Bank employees.

The General Assembly decides on the remuneration of the President/Member of the Supervisory Board at least once every four years, in accordance with the provisions of the

Bank's Articles of Association and within the framework established by this Remuneration Policy. This Remuneration Policy, together with the principles of adequacy, market alignment, and benchmarking set out therein, constitutes a framework for the level and structure of remuneration of Supervisory Board members. It is permissible to confirm a previous decision.

4.1. Fixed Remuneration

Fixed remuneration reflects the demands of the position, relevant professional experience, and responsibility.

In accordance with regulatory requirements for credit institutions, remuneration is considered fixed if it meets the following conditions:

- It is based on pre-determined criteria,
- It reflects the level of professional experience, length of employment, and other criteria defined by internal regulations,
- It is transparent regarding the specific amount allocated to each individual employee,
- It is paid on a continuous basis, corresponding to the employee's position and responsibilities within the organizational structure,
- It is irrevocable, with changes occurring only through amendments to the collective agreement, work rulebook, or employment contract,
- It cannot be reduced, temporarily suspended, or discontinued, unless it results from the implementation of a disciplinary decision, a fine imposed in accordance with labour relations law, collective agreement, or work rulebook, or if the employee has consented to the withholding of salary or has given written consent for the seizure of salary or other permanent monetary income for the purpose of settling a creditor's claim, except for the portion of income exempt from enforcement, in accordance with the law governing enforcement and insurance proceedings,
- It does not induce risk-taking,
- It does not solely depend on performance, and
- It is not subject to discretionary decisions.

Fixed remuneration for the President/member of the Management Board is set by the Supervisory Board within the framework of this Remuneration Policy, primarily through the Contract and potentially other acts.

Fixed remuneration for members of the Supervisory Board is determined by a decision of the General Assembly.

The framework for the highest total amount of fixed remuneration for the President/member of the Management Board for one mandate is as follows:

Salary	The gross base monthly salary for the President/member of the Management Board can be set at a maximum of five times the average gross base monthly salary of a senior management member at the B-1 level (calculated based on the average gross base monthly salary of all senior management members at the B-1 level during the previous completed business year). Adjustment mechanisms for the determined gross base monthly salary are permitted based on work tenure, the percentage increase in the harmonized consumer price index, supplements, and other criteria prescribed by the Labour Act and other regulations, the Collective Agreement, the Work Rulebook, and other internal acts of the Bank applicable to all employees. Additionally, any market-relevant criteria established by the Supervisory Board at the time of deciding on the remuneration of the President/member of the Management Board considering the market benchmark can be used. The gross base monthly salary for the President of the Management Board can be up to 20% higher than that of other members of the Management Board within the aforementioned range.
Salary compensation	In cases prescribed by the Labour Act and other regulations, the Collective Agreement, the Work Regulations, and other internal acts of the Bank applicable to all employees, as well as in cases resulting from rights established within the provisions of this Remuneration Policy.
Company car with 24/7 usage, covering all related costs	The maximum purchase value of the company car can be EUR 100,000.00 (including taxes and all related charges). The preferred procurement model is through operational leasing. Related costs include all expenses arising from the use and maintenance of the company car, as well as other costs (fees, interest, etc.).
Company mobile phone with 24/7 usage, covering all related costs	The model of the mobile device can be freely chosen, with an unlimited tariff plan, according to market prices.
D&O Insurance policy	A D&O insurance policy can be obtained according to market standards concerning insurance parameters and premium prices for this type of insurance.
Insurance for disability, accidental death, or illness (in case of the 24/7 model, with flexible working hours)	The maximum annual premium can be EUR 10,000.00 (excluding VAT), with freely determined insurance parameters.

Education/Training	Induction and continuous training in accordance with the requirements of the CIA, the CNB Decision, the Labour Act and related Bank acts governing training during the performance of the function of President/member of the Management Board. Education/training costs of the President/member of the Management Board, at their request submitted to the Bank, may be agreed for each of them up to a maximum of EUR 15,000.00 per year, excluding VAT, with additional coverage of related costs such as transport, accommodation and similar costs.
Other receipts	All other remunerations to which all Bank employees are entitled according to the Labour Act and other regulations, the Collective Agreement, the Work Rulebook, and other internal acts of the Bank, are permitted, subject to any restrictions arising from the Conflict of Interest Prevention Act hereinafter: **the CIPA**) or another equivalent law.
Expense reimbursement	Reimbursement of expenses incurred by the President/member of the Management Board during their mandate, in relation to fulfilling their responsibilities (including, but not limited to, daily allowances, meal expenses, transportation costs, travel, and accommodation expenses), is permitted in accordance with relevant regulations, the Collective Agreement, the Work Rulebook, and other internal Bank policies applicable to all employees. Additionally, the Bank may indemnify the President/member of the Management Board for fines and/or penalties imposed due to their role, except in cases where the offense resulted from their direct personal actions.

The President/member of the Management Board shall also be entitled to use all necessary work equipment, including corporate cards for business purposes, information technology and telecommunications equipment, in accordance with the Agreement, with the Supervisory Board being fully authorised to independently determine the rights of the President/members of the Management Board in this respect, or, subsidiarily, by reference to the provisions of relevant regulations, the Collective Agreement, the Work Regulations and other internal acts of the Bank applicable to all employees of the Bank.

With respect to the remuneration of the Chairperson/member of the Supervisory Board, it is established that the General Assembly shall decide on the remuneration of the Chairperson/member of the Supervisory Board in accordance with the following framework laid down in the provisions of the Bank's Articles of Association:

- *The Members of the Supervisory Board shall be reimbursed for all the costs incurred in connection with their work on the Supervisory Board.*
- *The Members of the Supervisory Board shall be entitled to remuneration for their work on the Supervisory Board in the amount established by the General Assembly.*

The framework for the maximum total amount of fixed remuneration for the President/member of the Supervisory Board for one mandate is as follows:

Remuneration	Remuneration, that is, reward, for engagement on the Supervisory Board and remuneration for engagement on each individual related committee of the Supervisory Board, all in amounts to be freely determined by a separate decision of the General Assembly, which the General Assembly shall adopt at least once every four years.. A decision confirming an earlier decision shall be permitted. The remuneration must be appropriate to the duties performed by the Chairperson/member of the Supervisory Board and to the condition of the company. When determining the level of remuneration, the scope of responsibilities, the complexity of the institution, and the market benchmark of comparable credit institutions are taken into account.
D&O insurance policy	It is approved that D&O insurance policies contracted in accordance with the above framework for the Management Board and the President/members of the Management Board may include, within their coverage, the Supervisory Board collectively, as well as individual members of the Supervisory Board, under equal terms.
Education/training	Induction and continuous training in accordance with the requirements of the CIA, the CNB Decision, the Labour Act and related Bank acts governing training during the performance of the function of Chairperson/member of the Supervisory Board. Education should cover relevant areas such as credit operations, regulations relating to credit operations, risk management, ESG and sustainability, digital transformation, and corporate governance. The Bank ensures appropriate conditions for attending education, in accordance with the obligations arising from the aforementioned regulations and acts. Education carried out for the purpose of mandatory introductory or continuous education and related exclusively to the performance of the function of a Supervisory Board member shall be considered a Bank expense for the training of its own management. In all other cases, education shall be considered remuneration of Supervisory Board members, which must be separately approved by the General Assembly.
Expense reimbursement	In accordance with the provisions of the Bank's Articles of Association, reimbursement shall be permitted of all expenses incurred by the Chairperson/member of the Supervisory Board during their term of office in connection with the fulfilment of their responsibilities, with the relevant provisions of the Bank's internal acts applicable to all employees of the Bank applying mutatis mutandis. This includes, but is not limited to: daily allowances, transportation costs, travel and accommodation expenses, and other costs directly related to work on the Supervisory Board. Given that the Chairperson/member of the Supervisory Board is not in an employment relationship with the Bank, the application of

	internal acts implies the application of equal standards of documentation, justification, and approval of expenses in order to ensure transparency and appropriate cost control.

The relative share of fixed remuneration in the total remuneration of the President/member of the Management Board in a year in which there is no variable remuneration shall be 100%; where variable remuneration is awarded, the ratio shall be linked to the permitted fixed-to-variable remuneration ratio of 1:1, as further explained in section 4.2 of this Remuneration Policy.

The Chairperson/member of the Supervisory Board shall be entitled exclusively to fixed remuneration, which therefore represents 100% of their total remuneration. All remuneration of the Chairperson/member of the Supervisory Board based on decisions of the General Assembly shall constitute fixed remuneration.

The Bank shall fulfil all tax obligations relating to the above remuneration of the President/member of the Management Board and the Chairperson/member of the Supervisory Board in accordance with the relevant regulations.

4.2. Variable remuneration

Variable remuneration represents income that does not meet the criteria for classification as fixed remuneration. This type of remuneration depends on the performance of employees, organizational units, and the institution, and aims to:

- Attract, motivate, and retain employees through a level of income that exceeds what is possible with fixed remuneration and/or
- Recognize special contributions towards achieving long-term interests and business objectives, and a positive impact on the institution's risk profile.

The Supervisory Board may act only within the limitation that the annual amount of variable remuneration of the President/member of the Management Board may not exceed the annual amount of the fixed component of the total remuneration of the President/member of the Management Board.

In this respect, the following types of variable remuneration shall not be taken into account when calculating the above maximum ratio between the variable and fixed components of total remuneration:

- Severance pay that does not exceed the amount stipulated by labour relations law,
- Severance pay determined by a collective agreement or work rulebook that is not subject to discretionary decision,
- Severance pay awarded based on a final court decision,
- remuneration paid upon termination of employment on the basis of a contractual non-compete clause, during the period of the non-compete obligation, in an amount not exceeding the fixed remuneration that would have been paid during that period had the employee remained employed by the institution,
- remuneration paid as damages in the event of judicial termination of the contract, as prescribed by the law governing employment relations,
- severance pay not covered by the preceding items, where the institution has demonstrated to the Croatian National Bank the reasons for, and appropriateness of, the amount of such severance pay.

The framework for the maximum total amount of variable remuneration of the President/member of the Management Board for one term of office is as follows:

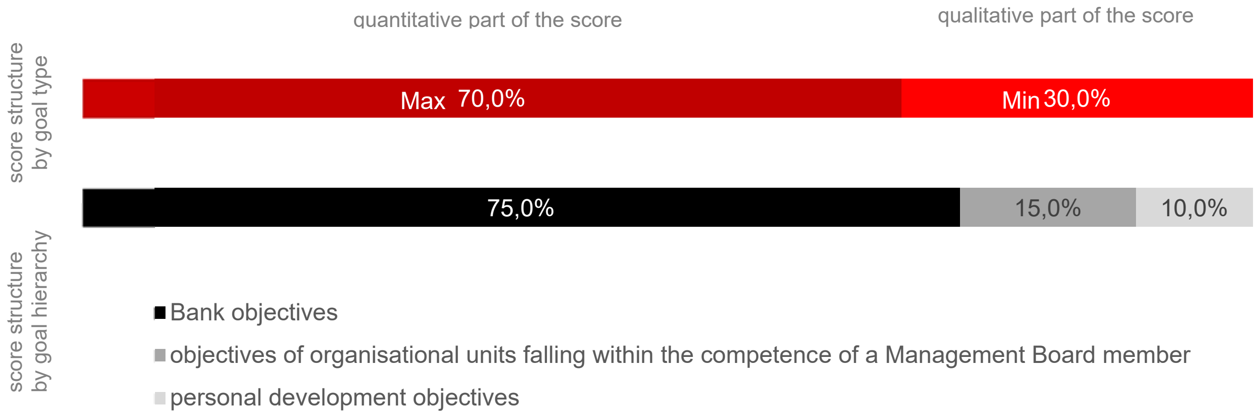
Severance pay agreed by contract	A maximum of six monthly gross salaries of the President/member of the Management Board, based on the average monthly gross salary of the President/member of the Management Board to which they were entitled during the last three months of the term of office and employment relationship.
Contractual non-compete clause after contract termination	During the restriction period prescribed by the Conflict of Interest Prevention Act or equivalent law, the monthly compensation is as follows: up to 100% of the average monthly gross salary during the initial two-thirds of the non-compete period, and up to 50% during the remaining one-third of the non-compete period, based on the average monthly gross salary earned during the last three months before the contract termination. It is established that there is no obstacle to compensation based on a contractual non-compete obligation being classified, depending on the circumstances of the case, as fixed rather than variable remuneration.
Bonuses and other rewards	Where and if the Supervisory Board adopts a bonus programme or another act establishing such variable remuneration, all restrictions prescribed by the regulatory framework governing remuneration in credit institutions, legal entities of special interest to the Republic of Croatia, and joint-stock companies whose shares are admitted to trading on a regulated market, as well as by the CIPA or another equivalent regulation, shall be observed. The maximum amount of such remuneration shall be linked to the limitation under the permitted ratio of fixed to variable remuneration on an annual basis, excluding the effect of remuneration that is not taken into account when calculating the maximum ratio between the variable and fixed components of total remuneration.
Other services	All other remuneration to which all employees of the Bank are entitled pursuant to the Labour Act and other regulations, the Collective Agreement, the Work Regulations and other internal acts of the Bank shall be permitted, subject to any restrictions arising from the CIPA or another equivalent law.

The regulatory framework imposes limitations on the powers to determine, award and pay variable remuneration. In accordance with those limitations, the HPB Group has established specific principles and rules for determining, awarding and paying variable remuneration, as defined in the Overarching Remuneration Policy.

The Bank shall fulfil all tax obligations relating to the above remuneration in accordance with the relevant regulations.

4.2.1. Performance measurement for Members of the Management Board

The performance of the President/member of the Management Board of the Bank shall be measured using operational business objectives derived from the Bank's business strategy, values, and long-term business objectives and interests. Operational business objectives shall be expressed through key performance indicators, together with the corresponding method of measurement. In this respect, variable remuneration is strongly linked to an effective risk management system and to the achievement of sustainable capitalisation and profitability.[1] The objectives and key performance indicators for all members of the Management Board for each financial year shall be approved by the Supervisory Board. They must be both qualitative and quantitative in nature, with the overall performance assessment for all members of the Management Board structured as follows:



The calculation methodology shall be prescribed internally within the Bank by the Performance Management Rulebook, which is based on the Overarching Remuneration Policy.

Based on the adopted business strategy, key performance indicators (hereinafter: **KPIs**) shall be determined for the strategic period, which usually lasts from three to five years.

The defined set of objectives and key performance indicators is presented in the table below. In this respect, each KPI constitutes a guideline reflecting financial objectives that are appropriately aligned with the Bank's business strategy, financial and non-financial objectives and long-term interests, sustainability-related objectives, ESG sustainability factors, risk profile and risk appetite framework. Accordingly, for the forthcoming period during which this Remuneration Policy applies, objectives have been defined with an emphasis on prudent risk management, creating value for shareholders through market share growth and profit generation, rational cost management, achieving economies of scale, generating sustainable income based on high-quality client service and sustainable business, and digitalisation of operations and operational excellence, all with a view to achieving an optimal outcome for the Bank, its shareholders and clients.

The objectives for the period until 2030, structured into groups of financial and non-financial objectives, including objectives related to sustainability factors and taking into account the special regulations applicable to credit institutions, are as follows:

[1] As opposed to this, the fixed part of the remuneration is not directly related to the achievement of objectives, but represents a fixed income, which reflects the scope of responsibilities arising from the function of a member of the Management Board in a credit institution, the experience of a member of the Management Board and other elements described in paragraph 4.1 of this Remuneration Policy.

GROUP OF OBJECTIVES: RISK APPETITE FRAMEWORK	1. RISK MANAGEMENT	WEIGHT: 20%
GROUP OF OBJECTIVES: FINANCIAL	1. PROFITABILITY 2. BALANCE SHEET QUALITY 3. CAPITAL STRUCTURE	WEIGHT: 30%
GROUP OF OBJECTIVES: NON-FINANCIAL	1. OPERATIONAL INDICATORS 2. INFRASTRUCTURE AND SECURITY	WEIGHT: 10%
	1. CUSTOMER SATISFACTION	WEIGHT: 30%
GROUP OF OBJECTIVES: SUSTAINABILITY	1. SUSTAINABILITY INDICATORS	WEIGHT: 10%

Minimum share of qualitative objectives

Strategic objectives of the Bank directly assigned to organisational units falling within the competence of the President/member of the Management Board:

GROUP OF OBJECTIVES: STRATEGIC — ORGANISATIONAL UNIT LEVEL	1 SUSTAINABLE GROWTH AND CUSTOMER FOCUS 2. DIGITAL AND OPERATIONAL EXCELLENCE	Weight: 25%[2]

Operational performance indicators included in the groups of non-financial objectives, sustainability objectives and strategic objectives directly assigned to organisational units falling within the competence of the President/member of the Management Board shall consist of a combination of qualitative or quantitative performance indicators.

4.2.2. Specific criteria for determining, awarding, and paying variable remuneration

The Supervisory Board shall determine the variable remuneration of the President/member of the Management Board. Variable remuneration shall be awarded to the President/member of the Management Board after the expiry of an assessment period of at least one year. When adopting decisions concerning the President/member of the Management Board, the results of performance measurement shall also be considered in the context of the performance measurement results for the preceding three years, where comparative data are available, in order for performance to be assessed over the long term. This approach seeks to prevent, in

[2] It refers to the share of strategic objectives in the structure of organizational units' objectives.

accordance with sound business practice, the rewarding of previous conduct based on short-term interests.

Where annual variable remuneration would exceed the amounts defined as small remuneration under the CNB Decision and the CIA, such remuneration shall be awarded subject to the following conditions:

- at least 40% of the variable component of remuneration shall be deferred for payment, and, in the case of an exceptionally high variable component of remuneration, at least 60% shall be deferred. At HPB Group level, the category of an exceptionally high variable component of remuneration is defined as variable remuneration in the amount of EUR 400,000.00 on an annual basis or variable remuneration that, on an annual basis, equals or exceeds 100% of fixed remuneration;
- The deferral period for the variable remuneration should not be shorter than 5 years;
- A minimum of 50% of each portion of the variable remuneration must consist of financial instruments;
- A retention period of at least 2 years from the date of the transfer of rights to the financial instruments is mandatory, regardless of whether the variable remuneration is deferred or not.

Exceptionally, for types of variable remuneration that are not considered in the calculation of the maximum ratio between the variable and fixed parts of total remuneration, the rules related to deferral, allocation in instruments, and retention do not apply.

Deferred remuneration shall be paid, or rights arising from instruments shall be transferred, in full at the end of the deferral period or in several instalments during the deferral period by applying the principle of proper time apportionment, depending on the risks and adjustments made in each individual case. The principle of proper time apportionment in the payment of deferred remuneration requires that, for remuneration deferred over n years, starting from the end of the assessment period, the remuneration payments made at the end of each year from the end of the assessment period shall equal the deferred amount of remuneration multiplied by 1/n.

During the deferral period, the instruments shall not be transferred to the President/member of the Management Board but shall be held as treasury shares. The Bank may decide not to hold the instruments during the deferral period, in which case it shall bear the relevant market risks.

Ordinary shares of HPB shall be used for the payment of part of variable remuneration in instruments. When determining the number of shares to be awarded, or when determining any subsequent reduction in the number of shares awarded to the President/member of the Management Board on the basis of variable remuneration, the market or fair value of the instrument on the award date shall be used.

Deferred portions of remuneration may not be paid more than once a year. The first deferred portion of remuneration may be paid at least one year after the start of the deferral period. An amount of dividend or interest on an instrument may not be paid to the President/member of the Management Board before the rights from that financial instrument have been transferred to them.

4.2.3. Ex-post risk monitoring for variable remuneration

Variable remuneration shall be fully subject to reduction through the application of malus and clawback provisions, and may be reduced by up to 100%.

Malus allows for the reduction of remuneration that has previously been awarded but has been deferred and has not yet been paid. Malus shall apply to the full amount of deferred unpaid variable remuneration. Clawback entails the return of amounts paid or rights transferred from instruments, irrespective of whether they were deferred or non-deferred.

The decision to activate malus and clawback provisions shall be adopted by the Supervisory Board, which shall also define the reasons, necessary measures and rules of procedure in relation to the specific case that gave rise to the need for their activation. Verification of whether situations have occurred that trigger the activation of malus or clawback clauses shall be carried out at least once a year, and the circumstances that may lead to the application of those clauses are as follows:

MALUS	CLAWBACK
• The competent supervisory authority has imposed a restriction on, or cancellation of, the payment of variable remuneration at Bank level. • There are serious breaches, including, for example: - The President/member of the Management Board participated in activities that have resulted in significant losses for the Bank or was responsible for such activities, - The President/member of the Management Board did not meet the prescribed or internally set fit-and-proper standards, - Unlawful behaviour or a serious mistake by the President/member of the Management Board has been subsequently established • The Bank has subsequently suffered significant impairment in financial performance • There have been significant risk management omissions at the Bank • Significant changes occurred in Common Equity Tier 1 capital and regulatory capital, namely capital requirements are not met or may be expected not to be met, or there has been a significant increase in the Bank's capital requirements. • Supervisory measures were imposed, and the actions of the President/member of the Management Board contributed to the imposition of supervisory measures	• Fraud or another criminal offence, or misleading information relating to the President/member of the Management Board, with a significant negative impact on the credibility and profitability of the Bank. • The award and payment of variable remuneration resulted from a breach of the rules set out in the Remuneration Policy, the Overarching Remuneration Policy or binding regulations relating to remuneration. • The occurrence of any reason for the application of malus, where, having regard to the purpose of the Remuneration Policy or the Overarching Remuneration Policy, there are justified reasons for the corresponding application of that reason also in relation to remuneration previously awarded and paid.

5. CONTRIBUTION OF THE REMUNERATION STRUCTURE TO THE BUSINESS STRATEGY AND LONG-TERM DEVELOPMENT

The foundation of the Bank's strategy is a corporate culture that discourages excessive risk-taking. This approach ensures that the Bank remains competitive and profitable while maintaining strong capitalization, liquidity, and solvency. These qualities are reflected in key indicators such as the total capital ratio, liquidity coverage ratio, and the minimum requirement for capital and eligible liabilities.

At the same time, in line with the Bank's mission, "We create conditions for a better life in Croatia", and its vision, "A Croatian-owned bank with relevant market influence that best cares for its clients, shareholders and the community", the objective is to manage the Bank's operations in a manner that makes a positive contribution to its clients, employees, shareholders and the community. This may be reflected in the Bank's credit and deposit policies, return on equity in line with market benchmarks, encouragement of and investment in sustainable initiatives, products and projects in terms of environmental, social and governance sustainability, investment in employee training, promotion of a healthy atmosphere within the Bank and increased employee satisfaction, all of which may also contribute to general economic growth and social progress.

5.1. Contribution from the perspective of fixed remuneration

The adequacy and sustainability of fixed remuneration of the President/member of the Management Board are ensured by determining such fixed remuneration taking into account market conditions and benchmark analysis for comparable institutions, with adjustment having regard to the Bank's ownership structure and the remuneration framework that may potentially arise from mandatory requirements of subordinate legislation based on the Act on Legal Entities Owned by the Republic of Croatia and other relevant regulations. In the interest of shareholders and in accordance with their objectives, the fixed remuneration system is aligned with the business strategy, as it provides the President/member of the Management Board with financial stability appropriate to their professional experience and position, thereby excluding the assumption of risks for the institution that exceed the acceptable risk level. Performance assessment over short-term periods, one year, and long-term periods, three or more years, is carried out by considering relevant performance parameters, thereby ensuring the implementation of the strategy and building the Bank's long-term performance.

On the other hand, limiting the remuneration of members of the Supervisory Board exclusively to fixed remuneration ensures the independence of the supervisory function from business risks, and therefore appropriate supervision of the work of the Management Board. The appropriateness of the total level of fixed remuneration of Supervisory Board members is a matter decided by the General Assembly, guided by the principles set out in this Policy and the relevant regulations.

5.2. Contribution from the perspective of variable remuneration

The Supervisory Board shall adopt a decision on the maximum amount of variable remuneration that the institution will determine for all employees in a financial year for a particular assessment period, within the framework of the approved total cost plan of the institution relating to employee remuneration. When adopting the decision on the maximum amount of variable remuneration, the following shall be taken into account:

- All types of risks,
- Expected and unexpected losses,
- The ratio between variable and fixed remuneration,
- Criteria for assessing performance and risks over the long term,
- Control goals and the financial position, including capital adequacy and liquidity.

Accordingly, variable remuneration at the overall Bank level, and at the individual level for the President/member of the Management Board, is based on a combination of the performance assessment of the President/member of the Management Board, the performance of organisational units within their area of competence, and the overall performance results of the Bank, with adjustments made through qualitative and quantitative criteria for aligning variable remuneration with performance and risks.

In this respect, the Bank's Strategy and Risk Appetite Framework represent the framework of risks and risk exposure that the Bank is willing to assume in order to achieve its business objectives, and serve as the starting point for implementing risk limitation.

This promotes a culture of sustainable and consistent goal achievement. Variable remuneration is not allocated or paid in the event of failure or risk to the Bank.

The President/member of the Management Board shall be subject to the award and payment criteria, as well as the limitation on the ratio between fixed and variable remuneration, applicable to all identified employees of the Bank, that is, employees whose professional activities have a material impact on the risk profile. In this respect, their position shall not be differentiated from the position of other identified employees.

6. CONTRACTUAL RELATIONS WITH THE MEMBERS OF THE MANAGEMENT BOARD

The President/member of the Management Board shall enter into an Agreement with the Bank, represented by the Supervisory Board, for the purpose of regulating their employment and corporate-status relationship with the Bank. The Agreement shall be concluded for the duration of the term of office, provided that the provisions of the Agreement governing the rights of the President/member of the Management Board after the expiry of the term of office and termination of employment, such as severance pay, the contractual non-compete obligation after termination of the Agreement and reimbursement of misdemeanour-related costs, shall continue to apply after termination of the Agreement until such rights have been fully fulfilled by the Bank.

The Contract shall provide for its termination in accordance with the following criteria:

- Expiration of the term of office for which the President/member of the Management Board was appointed;
- Resignation from the position of President/member of the Management Board, with a notice period of up to 90 days, or exceptionally up to 6 months (as decided by the Supervisory Board, depending on the reasons for the resignation);
- Revocation from the position of President/member of the Management Board by the Supervisory Board, without a notice period or with a notice period of up to 90 days (as decided by the Supervisory Board, depending on the reasons for the revocation);
- The occurrence of the circumstances referred to in Article 43, paragraph 2 of the CIA or the introduction of resolution administration pursuant to the Act on the Resolution of Credit Institutions and Investment Firms.

The employment contracts shall provide for obligations relating to severance pay towards the President/member of the Management Board, as well as obligations arising from the contractual non-compete clause.

The award and payment of severance pay shall reflect the performance of the individual over a certain period and shall not reward failure. Accordingly, severance pay may be provided for in the Agreement of the President/member of the Management Board in the following cases: expiry of the term of office, resignation from the function of President/member of the Management Board in cases of a significant impairment of the rights of the President/member of the Management Board, and recall of the President/member of the Management Board, except where such recall results from a serious breach of duties or a materially substantiated vote of no confidence, that is, refusal to grant discharge. Obligations relating to severance pay may be agreed in an amount of up to a maximum of six monthly gross salaries of the President/member of the Management Board, based on the average gross salary of the President/member of the Management Board to which they were entitled during the last three months of the term of office and employment relationship.

The Contract shall provide for a contractual non-compete obligation for the period prescribed by the CIPA or another equivalent law after termination of the Agreement, during which the President/member of the Management Board may not perform activities or duties contrary to the restrictions under the CIPA or another equivalent law. This particularly means that they may not accept appointment to management functions or employment with a legal person with which the Bank had a business relationship during the term of office of the President/member of the Management Board, or which performed supervisory functions over the Bank. For the duration of the contractual non-compete obligation, the Bank shall undertake to pay the President/member of the Management Board monthly compensation, namely during the initial two-thirds of the total non-compete period in an amount of up to 100% of the average monthly gross salary of the President/member of the Management Board to which they were entitled during the last three months before termination of the Contract, and during the remaining one-third of the total non-compete period in an amount of up to 50% of the average monthly gross salary of the President/member of the Management Board to which they were entitled during the last three months before termination of the Contract. The Bank shall not have the right to withdraw from the agreed non-compete obligation and thereby cease to fulfil the obligation to pay the agreed compensation, except where the Conflict of Interest Commission, upon the request of the President/member of the Management Board, grants consent for appointment, election or conclusion of a contract in relation to the performance of the above activities or duties before the expiry of the specified period, in which case the agreed non-compete obligation shall cease to apply in respect of the period following such consent.

If the Contract of the President/member of the Management Board is terminated due to a final proven gross breach of duty towards the Bank or a final proven criminal offense committed by the President/member of the Management Board against the Bank, the Bank shall be entitled to recover from the President/member of the Management Board the amounts paid as compensation for the contractual non-compete obligation, or to withhold payment if such amounts have not yet been paid.

The contractual non-compete obligation shall constitute fixed or variable remuneration, depending on the circumstances under which the President/member of the Management Board becomes entitled to payment.

The Bank shall not apply compensation packages relating to additional pension benefits to the President/members of the Management Board.

7. MANAGING CONFLICT OF INTEREST

The remuneration system established as set out in the preceding provisions of this Remuneration Policy is aimed at performance management, while also preventing conflicts of interest. This is particularly reflected in the following:

- emphasis is placed on fixed remuneration of employees. Variable remuneration is an exception and may comprise only a limited portion of the total remuneration of the President/members of the Management Board, while it is excluded for the Supervisory Board in order to ensure independence in the performance of their duties;
- variable remuneration may be awarded only under controlled conditions. It is linked to capital adequacy, risks and the overall performance of the institution, organisational units and the individual, with assessment based on qualitative and quantitative criteria;
- performance is measured on an annual basis. In doing so, the results of performance measurement are also considered in the context of the performance measurement results for the preceding three years, where comparative data are available, in order for performance to be assessed over the long term, thereby seeking to prevent situations driven by short-term interests;
- a non-compete obligation for members of the Management Board has been agreed also for the period prescribed by the CIPA and another equivalent law after termination of the Agreement.

The President/members of the Management Board have undertaken not to use personal hedging strategies against the risk of a reduction in variable remuneration, nor to take out insurance against the loss of variable remuneration or against an unfavourable outcome of risks assumed.

The fundamental principles and rules for managing conflicts of interest, as well as the basic framework for identifying and preventing conflicts of interest in every segment of business and work, are prescribed by applicable legislative acts and other regulations, as well as by the Bank's internal acts relating to different business segments. Implementing acts and business practice in different business segments further operationalise specific measures for preventing conflicts of interest, identifying failures and establishing corrective measures.

The position of the President/members of the Management Board should also be considered in light of the Bank's predominantly state-owned structure. In this respect, as previously stated, additional regulation under the CIPA applies to presidents and members of management boards of companies under predominant state ownership, who have the status of obliged persons within the meaning of that Act. This regulation provides additional protection against conflicts of interest at the level of the HPB Group. In this segment, the President and members of the Management Board, as identified employees, are also subject to additional oversight by the Conflict of Interest Commission.

8. FINAL PROVISIONS

8.1. Adoption and review of the Remuneration Policy

The General Assembly shall decide at least once every four years whether to approve the Remuneration Policy submitted by the Supervisory Board, and in any event whenever the Remuneration Policy is materially amended. The Remuneration Committee shall be required to recommend to the Supervisory Board, at least every three years, a remuneration policy for the forthcoming period.

Deviation from the Remuneration Policy shall be permitted even without its prior amendment where this is necessary from the perspective of the long-term well-being of the Bank. This shall, in particular, include the authority to deviate from the Remuneration Policy in the following cases:

- for the purpose of aligning conduct with regulatory requirements and supervisory measures, particularly in the event of the adoption of additional or amended regulatory or related requirements/objectives arising from ZPOVRH or other relevant regulations/decisions based thereon;
- in the event of significant deterioration of the Bank's circumstances to the extent that maintaining the same level of remuneration would be unjust,
- where deviation is necessary to ensure continuity in the function of the President/member of the Management Board, or to prevent good management from refusing to assume or continue performing the function.

The Supervisory Board shall report any deviations to the General Assembly at its next meeting and shall request that the content of the Remuneration Policy be aligned with the deviations that have proven necessary.

Any decision to amend the Remuneration Policy shall be adopted in accordance with the rules and roles governing the work of the Supervisory Board, the Remuneration Committee, internal control functions and other corporate functions of the Bank, whose roles and responsibilities in relation to remuneration are regulated in detail by the Overarching Remuneration Policy, all in accordance with the provisions of the CIA, the CNB Decision, ZPOVRH and the applicable corporate governance codes. Their roles shall apply mutatis mutandis to this Remuneration Policy. The procedure for verifying whether the Remuneration Policy is consistent with the expected effects shall be carried out at least once a year, simultaneously with the review of the Overarching Remuneration Policy.

If, during the review of the Remuneration Policy, deficiencies are identified in its content or implementation, or if it is established that it does not have the expected effect, a revised Remuneration Policy shall be submitted to the General Assembly.

If the proposed Remuneration Policy is not approved by the General Assembly, the current Remuneration Policy shall continue to apply, while a new revised policy shall be submitted to the next General Assembly. The same shall apply mutatis mutandis to the decision on the amount of remuneration of members of the Supervisory Board.

8.2. Period of application and disclosure

This Remuneration Policy shall be adopted by the Supervisory Board on 15 June 2026 and shall enter into force on the date of its approval by the General Assembly. It shall apply for a maximum period of the following four years. By way of exception, the Remuneration Policy shall apply for a shorter period if, before the expiry of its period of application, it is amended and adopted in amended form.

The approved Remuneration Policy shall be published and made available free of charge on the Bank's website for a period of ten years.

On the date of entry into force of this Policy, the Remuneration Policy for Members of the Management Board and Supervisory Board of HRVATSKA POŠTANSKA BANKA p.l.c., adopted by the Supervisory Board on 17 May 2024 and approved by the General Assembly of the Bank on 29 August 2024, shall cease to have effect.

Prof. Ph.D. Alen Stojanović
Chairperson of the Supervisory Board