

**ZAGREB STOCK EXCHANGE**

**Ivana Lučića 2a  
10 000 Zagreb**

**CROATIAN FINANCIAL SERVICES  
SUPERVISORY AGENCY (HANFA)**

**Miramarska 24b  
10 000 Zagreb**

**OTS HINA**

Zagreb, June 11, 2015

**SUBJECT: General Meeting Decisions' Proposals**

Pursuant to the Capital Market Act, ERSTE&STEIERMÄRKISCHE BANK d.d. with its headquarters in Rijeka, Jadranski Trg 3/a, (hereinafter: the Bank) announces the proposal of the Decision on the Bank's auditor for 2015 and the proposal of the Decision on Amendments of the Articles of Association of the Bank that will be, inter alia, on the Agenda of the General Meeting of the Bank which will take place on June 17, 2015, in Zagreb, in the business premises of the Bank, Ivana Lučića 2, at 9,00 AM:

a) Proposal of the Decision on the Bank's auditor for 2015

**"I**

*The company Ernst & Young d.o.o., Milana Sachsa 1, 10000 Zagreb is appointed as the Bank's Auditor for the year 2015.*

**II**

*This Decision shall enter into force as of the day of its adoption."*

b) Proposal of the Decision on Amendments of the Articles of Association of the Bank

*"Pursuant to provisions of Article 275, Paragraph 1, Item 5 of the Companies Act and Article 7, Paragraph 2, Item 2.5. of the Articles of Association of the Bank, the General Meeting passes the following*

**DECISION**

**on amendments of the Articles of Association of the Bank**

**Article 8 is hereby amended and reads as follows:**

**Article 8**

**SUPERVISORY BOARD**

*(1) The Supervisory Board shall supervise the management of the Bank. It has authority to inspect the Bank's business books and any and all Bank's documents and assets including cash and any securities, which and when it deems necessary. For that purpose the Supervisory Board may instruct its own members and/or experts. The Supervisory Board shall report to the General Meeting in writing on its supervision and findings.*

(2) The Supervisory Board shall have five (5), seven (7), nine (9), or eleven (11) members, as resolved by the General Meeting. If the Supervisory Board consists of seven (7), nine (9) or eleven (11) members, the shareholder ESB Holding GmbH shall have the right to appoint 2 (two) members of the Supervisory Board. The remaining members of the Supervisory Board shall be elected by the General Meeting.

(3) The mandate of the elected Supervisory Board member shall commence, unless otherwise decided by the General Meeting at the time of election, at the first session of the Supervisory Board after the General Meeting at which such member was elected. The mandate will terminate, unless otherwise decided by the General Meeting at the time of election, at the end of the fourth Annual General Meeting following that at which the member was elected. A General Meeting can revoke the elected member of the Supervisory Board before the expiry of his/her mandate by a resolution adopted by not less than  $\frac{3}{4}$  of the shareholders' votes present at the General Meeting. The mandate of the Supervisory Board members appointed by the shareholder ESB Holding GmbH, shall be determined by the decision on appointment and shall not exceed four years. The Supervisory Board members can be re-elected or reappointed.

(4) Any physical person who is capable of doing business can be a member of the Supervisory Board.

(5) The following persons may not be elected members of the Supervisory Board:

5.1. a member of the Bank's Management Board;

5.2. already a Supervisory Board member or a Board of directors member in 10 (ten) other companies

5.3. a member of the management board or an Executive Director of the company which is a subsidiary of the Bank;

5.4. a member of the management board of any other company or bank where a member of the Bank's Management Board is a member of the Supervisory Board or the Board of directors;

5.5. a person who does not meet the requirements of the Companies Act, the Credit Institutions Act and other relevant regulations.

(6) The members of the Supervisory Board shall elect among themselves the President and the Deputy of the Supervisory Board.

(7) The Supervisory Board may appoint various committees among its members, which committees may also include experts in various aspects of banking and which experts shall act as consultants only. In addition, the Supervisory board establishes committees in accordance with the relevant regulations.

(8) The Supervisory Board shall have its own By-laws whereby the arrangement of meetings, decision-making process, the position of committees and their authorities shall be governed.

(9) The Supervisory Board's activities are carried out at its meetings. The Supervisory Board's meetings are chaired by the President of the Supervisory Board or his Deputy.

(10) The Supervisory Board's meetings shall be called by written notice, delivered to all its members, accompanied by the Agenda for the Meeting and all the material relevant for the particular meeting. The Supervisory Board may decide that the Supervisory Board can vote and decide on a motion in writing or by fax, without convening a meeting.

(11) The Supervisory Board may adopt valid decisions if the meeting was validly convoked in accordance with the provisions of the previous paragraph and the rules of procedure of the Supervisory Board, if at least more than a half of members of the Supervisory Board are present at the meeting. The remaining members who are not present may be represented by proxy by any other member of the Supervisory Board who is present at the meeting, provided that the authorisation for representation is submitted in writing to the Supervisory Board prior to the meeting. If the voting is done in writing or by fax, the resolution is adopted in a valid manner if the majority of the total number

of members has voted for the resolution, and if no other member of the Supervisory Board is opposed to such voting.

(12) The Supervisory Board shall make its decisions by a simple majority of the votes cast.

(13) The proceedings at meetings of the Supervisory Board and its decisions made shall be recorded in Minutes. The Minutes shall be signed by the President of the Supervisory Board or his Deputy. The Minutes shall be recorded by a secretary appointed by the President of the Supervisory Board.

(14) Members of the Supervisory Board shall keep confidential all the confidential information or information which might constitute the Bank's business secrets.

(15) The Supervisory Board shall decide on all matters as required by law or these Articles and in particular on the following issues:

- 15.1. appointment and dismissal of the members and the President of the Management Board;
- 15.2. execution of service agreements with the members of the Management Board;
- 15.3. supervision of the Management Board's performance;
- 15.4. monitoring the Bank's business activities with regard to the application of law, the Bank's By-laws and resolutions of General Meetings;
- 15.5. supervision of the Bank's financial and business bookkeeping;
- 15.6. supervision of the annual financial reports of the Bank;
- 15.7. investigation of reasons for failure to achieve planned targets;
- 15.8. supervision over the Bank's business results.

(16) The Supervisory Board may, subject to the Management Board's consent, attend the Management Board's meetings.

(17) The following decisions of the Bank's Management Board shall be subject to the Supervisory Board's approval:

- 17.1. granting loans or issuing loan guarantees, for which, in accordance with the Banks bylaws and/or relevant laws the Supervisory Board consent is needed except in cases from Paragraphs 18 and 21 of this Article which are subject to the Supervisory Board prior approval;
- 17.2 acquisition and sale of Bank's equities representing a value in excess of the limit prescribed by the Supervisory Board in other companies and banks, incorporation, acquisition, sale and cessation by the Bank of companies or business units;
- 17.3 nomination of the Management Board members and members of Supervisory Board in companies in which the Bank is major shareholder or has the right to appoint Management Board members and members of Supervisory Boards;
- 17.4 setting up and closing down the Bank's branches, subsidiaries and representative offices;
- 17.5 acquisition and sale of properties of a value in excess of the limit prescribed by the Supervisory Board, and granting mortgages, liens, pledges on the Bank's properties, save when property rights are acquired by the Bank as security for repayment of the Bank's loans and guarantees;
- 17.6. granting a general power of attorney to the second line managers and prokura;
- 17.7. issuing new shares and participating in issues of new shares by third parties, including provision of related services and undertaking subscription for shares, where the limits prescribed by the Supervisory Board has been exceeded;
- 17.8. taking loans and credits in excess of the amount decided by the Supervisory Board in each particular case or in aggregate in a business year;
- 17.9. setting up and adoption of the employment policy and Remuneration Policy;
- 17.10. adoption of the Rules of procedure of the Management Board;
- 17.11. adoption of the Bank's Rules on the Organization and its amendments and other Bank's bylaws, provided that, pursuant to the relevant laws, the Supervisory Board consent is needed;
- 17.12. execution of employment, consulting and service agreements which create Bank's expenses in excess of the amount as prescribed by the Supervisory Board;



- 17.13. any decision in principle regarding creation of new business areas or cessation of existing business areas;
- 17.14. all other decisions which pursuant to law or a resolution of the General Meeting are subject to Supervisory Board approval;
- 17.15. approving the Bank's medium and long term strategy and the annual, medium and long term business plan;
- 17.16. any other matter as required by the Supervisory Board.

(18) The Supervisory Board prior approval is required for conclusions of legal transactions that would result with Bank's exposure or its increase exceeding HRK 50,000.00 towards the following persons:

- 18.1. Bank's shareholders owning 5 (five) percent or more of shares with voting rights at the Bank's General Meeting;
- 18.2. the Management Board and Supervisory Board members, as well as Bank's procurists;
- 18.3. persons who have concluded employment contracts with the Bank the provisions of which imply that these persons have a significant influence over the operation of the Bank or the contracts in which the remuneration for the work of these persons is determined in accordance with the special criteria, different from those applied to the persons who have concluded the standard employment contracts, where these persons are not referred to in item 18.1. or 18.2. of this Paragraph;
- 18.4. legal persons in which the Bank, Management Board and Supervisory Board members, as well as Bank's procurists, hold a participation;
- 18.5. legal persons whose member of the Management or Supervisory Board or its procurist is at the same time a member of the Bank's Management or Supervisory Board or its procurist;
- 18.6. legal persons whose Management Board member owns 10 percent or more of shares with voting rights at the Bank's General Meeting;
- 18.7. members of the Management, Supervisory Board or the procurist of the company which is directly or indirectly a parent undertaking of the Bank or which is a subsidiary undertaking of the Bank;
- 18.8. third parties acting for the account of a person mentioned in Items 18.1. to 18.7. of this Paragraph concerning transactions with which an exposure of the Bank would be incurred or increased;
- 18.9. funds that are holders of the Bank's shares;
- 18.10. persons connected with the persons mentioned in this Paragraph, Items 18.1. to 18.7. in a way that they constitute a single risk, unless it is shown otherwise, because one of them, directly or indirectly, has control over the other or others; or they constitute a single risk although there is no relationship of control between them because they are so interconnected that, if one of them were to experience financial problems, in particular funding or repayment difficulties, the other or all of the others would also be likely to encounter funding or repayment difficulties;
- 18.11. immediate family members of natural persons mentioned in this Paragraph, Items 18.1. to 18.7.

(19) When determining whether the exposure of the persons mentioned in this Article, Paragraph 18, Items 18.1. to 18.7. exceeds the amount of HRK 50,000.00, the exposure of the mentioned persons should be taken into consideration together with the exposure of persons who are connected with them, mentioned in this Article, Paragraph 18, Items 18.10. and 18.11.

(20) For the purpose of Paragraph 18 of this Article, Immediate family members are considered to be:

1. Spouse or a person with whom the person is living in a household and who in accordance with special legislation has the position equal to the one in a marital union,
2. Son, adopted son, daughter or adopted daughter of that Person,
3. Son, adopted son, daughter or adopted daughter of the person from item 1 of this Paragraph,
4. Another person who doesn't have full capacity to exercise rights and who has been placed under guardianship of the person.

- (21) The Supervisory Board prior approval is required for entering into following legal transactions:
- 21.1 All kind of loans to the Bank's employees, except those which do not exceed one quarter of the annual salary of the employee or amount less than EUR 5,000.00, in which cases the Supervisory Board prior approval is not required, provided that these persons are not persons in a special relationship with the Bank;
  - 21.2 Current account overdrafts, Maestro Instalment and Revolving Cash Loans which are being approved to all persons in Paragraph 18 of this Article, under the condition where these persons are natural persons and the exposure exceeds the amount of HRK 50,000.00 HRK, may be granted cumulative for one year in advance, under the condition that the person whom the Decision of the Management Board concerns are by name stated in it as well as the conditions under which legal transactions from this paragraph are concluded. For other natural persons from Paragraph 18 of this Article who are not stated by name in the Decision of the Management Board it is necessary to obtain a prior approval for each legal transaction by which the exposure exceeds the amount of HRK 50,000.00.
- (22) For all other legal transactions for persons from Paragraph 18 of this Article in which the exposure exceeds the amount of HRK 50,000.00 it is necessary to obtain a prior approval for each legal transaction.
- (23) In case from Paragraph 21 of this Article, the Management Board shall submit the cumulative report on every granted loan after the end of the year for which the approval is given. Upon request of any Supervisory Board member or the Supervisory Board as a whole the report on single legal transaction will be made.
- (24) Supervisory Board member cannot vote on the approval of exposure which would incur or increase towards himself/herself or persons connected with him/her.
- (25) The members of the Supervisory Board shall receive reimbursement for their expenses. The General Meeting may decide the amount of reimbursement for the Supervisory Board members.
- (26) Each member of the Supervisory Board may resign at any time. The resignation letter shall be addressed to the Management Board, without giving reasons for the resignation. The Management Board shall inform the other members of the Supervisory Board on the resignation and take measures to enter the change of composition of the Supervisory Board into the Court Register. Whenever a member of the Supervisory Board ceases to be a member before his mandate expires, notwithstanding the reason, a new member will be elected without delay, and not later than at the next regular General Meeting. A new member can also be appointed by the court.

**II**

Other provisions of Articles of Association remain unchanged.

**III**

Amendments to the Articles of Association shall enter into force as of the date of registration at the Court Register.

**IV**

The Chairman of the General Meeting is entitled to ascertain and sign revised text of the Articles of Association."

**ERSTE&STIEERMÄRKISCHE BANK d.d.**



ERSTE & STIEERMÄRKISCHE  
BANK D.D.

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