



HRVATSKA BANKA ZA OBNOVU I RAZVITAK

BY-LAWS OF HRVATSKA BANKA ZA OBNOVU I RAZVITAK

October, 2026

Overview of document

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Pursuant to Article 24 of the Act on Hrvatska banka za obnovu i razvitak, the Supervisory Board of Hrvatska banka za obnovu i razvitak passed on its 5th meeting held on 5 October 2026 the following

BY-LAWS OF HRVATSKA BANKA ZA OBNOVU I RAZVITAK

Subject matter of regulation

Article 1

The By-laws of Hrvatska banka za obnovu i razvitak (hereinafter: the By-laws) define in more details the manner of work, operations and internal organisation of Hrvatska banka za obnovu i razvitak (hereinafter: HBOR).

Status and legal personality of HBOR

Article 2

- (1) The Act on Hrvatska banka za obnovu i razvitak (hereinafter: the Act) defines the position, ownership, business activities and organisation of HBOR as a special financial institution.
- (2) HBOR is the development and export bank of the Republic of Croatia.
- (3) HBOR is a legal entity owned by the Republic of Croatia, established by a special act and shall not be entered into the Register of Companies.

Corporate name

Article 3

- (1) HBOR operates under the corporate name »Hrvatska banka za obnovu i razvitak« and under the abbreviated corporate name »HBOR«.
- (2) In its foreign transactions, HBOR may use its corporate name in English: »Croatian Bank for Reconstruction and Development«.

Registered office and business address

Article 4

- (1) The registered office of HBOR is in Zagreb.
- (2) The decision on business address of HBOR shall be made by the Management Board.

Business activities and manner of conduct

Article 5

- (1) HBOR carries out banking, basic and additional financial services in the Republic of Croatia and abroad, makes investments in the Croatian economy and insures export transactions against non-market risks.
- (2) The main activities of HBOR shall be:
 1. financing the reconstruction and development of the Croatian economy,
 2. financing infrastructure,
 3. promoting exports and internationalisation of the Croatian economy,
 4. supporting the development of small and medium-sized enterprises,

5. promoting a climate neutral and sustainable economy,
6. insuring exports, including the insurance and re-insurance of receivables collection against non-market risks and other activities aimed at the internationalisation of the Croatian economy,
7. promoting the development of capital market,
8. participation in the implementation of international development cooperation.

(3) In order to conduct the activities referred to in paragraph (2) of this Article, HBOR shall enter into the following transactions in the Republic of Croatia and abroad:

1. approving loans and other placements,
2. issuing bank and other guarantees,
3. purchasing receivables with or without recourse,
4. concluding insurance and reinsurance contracts,
5. investing in private equity and venture capital funds and other entities for joint ventures and other financial instruments in the Republic of Croatia and abroad,
6. providing advisory services, including technical assistance services,
7. performing other financial transactions and services aimed at conducting the activities set out in this Article (e.g. investing in debt instruments).

(4) The Government of the Republic of Croatia may, by a decision, entrust HBOR with other financial transactions and services, as well as with allocation of funds, all if considered to be of interest to the Republic of Croatia.

(5) The activities referred to in paragraph (3), sub-paragraph (3) of this Article, which are subject to the act governing factoring, shall be performed by HBOR by applying mutatis mutandis the provisions of the act that apply to credit institutions.

(6) The activities referred to in paragraph (2), sub-paragraph (6) and the activities referred to in paragraph (3), sub-paragraph (4) of this Article shall be performed by HBOR for and on behalf of the Republic of Croatia, and the manner of their performance shall be specified in detail by the Government of the Republic of Croatia by means of a decree.

(7) HBOR performs its activities directly and indirectly through banks and other legal entities.

(8) The activities referred to in paragraphs (3) and (4) of this Article shall be performed by HBOR in the Republic of Croatia and abroad.

Authorisations in legal transactions and liability for obligations

Article 6

(1) HBOR can operate in its own name and for its own account, in its own name and for the account of another party and in the name and for the account of another party.

(2) HBOR has unlimited authorisation in legal transactions with third parties. The liability of HBOR for its obligations extends to all of its assets.

(3) The Republic of Croatia guarantees for the obligations of HBOR unconditionally, irrevocably and at first demand, without issuing a separate guarantee instrument. The liability of the Republic of Croatia as the guarantor for the obligations of HBOR is joint and several and unlimited.

Duration and dissolution

Article 7

(1) HBOR is a legal entity established by the Republic of Croatia by a special act for an indefinite period of time and it may cease to operate only by the provisions of a special act.

(2) HBOR may not be subject to bankruptcy, pre-bankruptcy or liquidation proceedings.

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Financial operations and taxation

Article 8

- (1) HBOR does not operate with the objective of generating profit.
- (2) Annual profits shall be allocated to the reserves of HBOR.
- (3) HBOR is exempt from profit tax.

Bodies of HBOR

Article 9

The bodies of HBOR are the Management Board and the Supervisory Board.

The Management Board

Article 10

- (1) The Management Board consists of three members, of which one shall be appointed President of the Management Board, and which shall be appointed and removed from office by the Supervisory Board.
- (2) The President and the members of the Management Board shall be appointed for a five-year term of office and may be reappointed thereafter.
- (3) The President and the members of the Management Board shall be appointed in accordance with the provisions of the act on legal entities owned by the Republic of Croatia.

Cessation of the term of office

Article 11

- (1) The term of office of a member of the Management Board shall end by the expiry of the term of office, dismissal by the Supervisory Board, resignation of a member of the Management Board, retirement or death.
- (2) The President of the Management Board and the members of the Management Board shall submit their resignation to the Supervisory Board in writing.
- (3) Should any legal hindrance to the performance of duty arise for a member of the Management Board during the term of office, the President of the Management Board shall inform the Supervisory Board without delay upon becoming aware of such a hindrance.
- (4) Should the term of office of a member of the Management Board terminate by retirement or death of a member of the Management Board, the President of the Management Board shall inform the Supervisory Board without delay.
- (5) Should the circumstances referred to in paragraphs (3) and (4) of this Article arise in connection with the President of the Management Board, the President of the Supervisory Board shall convene an urgent meeting of the Supervisory Board, at which he/she shall propose that the President of the Management Board be dismissed, i.e. the termination of the term of office of the President of the Management Board be established, and shall simultaneously propose to the Supervisory Board to appoint a new President of the Management Board.

Rights and obligations of the President of the Management Board

Article 12

- (1) The President of the Management Board shall have rights, obligations and powers as defined by the Act, these By-laws and other internal regulations of HBOR and resolutions of the Supervisory Board.
- (2) The President of the Management Board shall:
 1. manage the activities of the Management Board,

2. summon meetings of the Management Board, propose the agenda and chair the meetings, as well as propose making of decisions of the Management Board,
3. assign duties to the members of the Management Board,
4. co-ordinate responsibilities and authorisations within HBOR,
5. report to the Supervisory Board on behalf of the Management Board,
6. notify the Supervisory Board of the existence of any hindrance to the performance of duties of a Management Board member in accordance with Article 11, paragraph (3) of these By-laws as well as of the termination of the term of office of a Management Board member due to retirement or death of the Management Board member in accordance with Article 11, paragraph (4) of these By-laws.

Manner of operation of the Management Board

Article 13

- (1) The manner of operation of the Management Board shall be laid down in detail in the Rules of Procedure of the Management Board.
- (2) Generally, the Management Board shall take its decisions at the Management Board meetings.
- (3) The meetings of the Management Board shall be chaired and conducted by the President of the Management Board, and, in the event of his/her absence or impediment, by a Management Board member authorised by the President of the Management Board.
- (4) The Management Board may, without holding a meeting, take decisions in writing, by electronic means or in other manners prescribed by the Rules of Procedure of the Management Board.

Decision-making of the Management Board

Article 14

The Management Board shall take its decisions by an absolute majority of votes of all of its members.

Powers and authorities of the Management Board

Article 15

- (1) The Management Board shall manage and represent HBOR, manage its operations and administer its assets in accordance with the Act and these By-laws. It shall establish and implement an effective and reliable governance system for HBOR and shall be obliged and authorised to take all actions and make all decisions that it deems necessary for lawful and successful conduct of the operations of HBOR.
- (2) Within its scope of competence, the Management Board shall perform the following, unless otherwise provided by regulations or these By-laws:
1. proposes the By-laws and changes and amendments to the By-laws to the Supervisory Board,
 2. adopts the Rules of Procedure of the Management Board,
 3. participates in determining the financial and non-financial business objectives of HBOR,
 4. adopts the business strategy of HBOR,
 5. adopts the documents regulating the internal organisation and operating procedures of HBOR,
 6. adopts general terms and conditions as well as programmes for lending activities, issuing guarantees and other financial activities and services alongside other documents regulating the operations of HBOR,
 7. adopts state aid and de minimis aid schemes,
 8. makes decisions on the rights and obligations of employees,

9. appoints and dismisses key function holders and employees responsible for the operation of internal control functions,
10. appoints and dismisses Division Executive Directors, Head of the Management Board Office, Department Managing Directors, Heads of Offices, advisers to the Management Board and other employees as determined by the Management Board, and contractually regulates their salaries and other rights and obligations,
11. prepares business and financial plans of HBOR and proposes them to the Supervisory Board,
12. prepares financial statements and proposes their adoption to the Supervisory Board, and adopts other reports based on regulations and/or HBOR documents,
13. makes decisions on HBOR loans granted directly to clients and loans granted indirectly through banks and other legal entities. For decisions of the Management Board approving a loan directly to a client, if HBOR's exposure to that client or a group of connected clients, including the loan subject to approval, exceeds EUR 40 million, the consent of the Supervisory Board shall be required, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent. Decisions on amendments to loans (for example, change of repayment period deadline, extension of disbursement period, contract on repayment in instalments, settlements, etc.) for the approval of which the Supervisory Board has granted its consent, shall be adopted by the Management Board without the consent of the Supervisory Board, except for decisions approving an increase in the loan amount exceeding 5% of the approved loan amount or an increase exceeding EUR 0.5 million, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent. The provisions of this sub-paragraph shall apply mutatis mutandis to decisions on letters of credit, guarantees, warranties and investments in corporate and municipal debt securities,
14. makes decisions on factoring transactions with or without recourse. When making decisions on the approval of factoring transactions with or without recourse, as well as when making decisions on amendments to the said decisions, the competence of the decision-making body shall be determined based on HBOR's exposure by applying, mutatis mutandis, the amounts referred to in sub-paragraph (13) of this paragraph,
15. makes decisions on membership in companies and other legal entities as well as on the acquisition or disposal of shares and stakes. For decisions of the Management Board on the basis of which share capital or initial contribution is paid into companies and other legal entities, as well as for decisions on the disposal of shares and stakes, the consent of the Supervisory Board shall be required, except in cases of acquisition or disposal of shares and stakes when conducting activities referred to in Article 5, paragraph (3) of these By-laws. When conducting activities referred to in Article 5, paragraph (3) of these By-laws, the Management Board shall adopt decisions without the consent of the Supervisory Board, except in the case of investment or disposal of shares and stakes exceeding a value of EUR 40 million, in which case the decision of the Management Board shall enter into force upon the granting of the Supervisory Board's consent,
16. makes decisions approving HBOR's exposure limit to an individual credit or financial institution or a group of connected clients involving a credit or financial institution. For decisions of the Management Board approving or increasing HBOR's exposure limit to an individual credit or financial institution or a group of connected clients involving a credit or financial institution in such a way that HBOR's exposure limit exceeds EUR 40 million, the consent of the Supervisory Board shall be required, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent,
17. makes decisions on reducing or cancelling HBOR's exposure limit to an individual credit or financial institution or a group of connected clients involving a credit or financial institution, regardless of the limit amount,
18. makes decisions on other financial and other transactions. For decisions on other financial and other transactions with an individual value exceeding EUR 40 million, the consent of the Supervisory Board shall be required, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent. Decisions on amendments to decisions for the approval of which the Supervisory Board has granted its consent, shall be adopted by the Management Board without the consent of the Supervisory Board, except for decisions

approving an increase in the transaction value exceeding 5% of the approved transaction amount or an increase exceeding EUR 0.5 million, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent,

19. makes decisions on asset and liability management, fundraising, and treasury operations, regardless of the amount. For a decision of the Management Board approving fundraising with a maturity exceeding one year, regardless of the amount, the consent of the Supervisory Board shall be required, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent,
20. makes decisions on the write-off of receivables and/or debt relief. For a decision on the write-off of receivables and/or debt relief by which a principal amount exceeding EUR 5 million in total is written off or released successively and/or under one or more placements for a single client or a group of connected clients, the consent of the Supervisory Board shall be required, in which case the decision shall enter into force upon the granting of the Supervisory Board's consent.

(3) If, in the course of HBOR's business operations, a question or the need to pass a decision arises for which the competence of any HBOR's body has not been established by the provisions of the Act or these By-laws, the Management Board shall be competent to pass such decision.

(4) The provisions of this Article shall apply, mutatis mutandis, to transactions performed by HBOR in its own name and for the account of others as well as in the name and for the account of others, unless otherwise provided by regulations and/or the contract with the principal and/or decisions of the Management Board or the Supervisory Board.

(5) In the implementation of the transactions referred to in the previous paragraph, including the activities referred to in Article 5, paragraph (2), sub-paragraph (6) of these By-laws and the transactions referred to in Article 5, paragraph (3), sub-paragraph (4) of these By-laws, the term exposure referred to in paragraph (2), sub-paragraph (13) of this Article shall mean the total aggregate amount of all placements approved to an individual client under an individual mandate transaction.

(6) For the purpose of determining the competence of the decision-making bodies when making decisions referred to in sub-paragraphs (13) and (14) of paragraph (2) of this Article, internal documents shall define the term exposure as well as the rules and the manner of using the term exposure.

Representation

Article 16

- (1) HBOR shall be represented by the President and one member of the Management Board acting jointly or by two members of the Management Board acting jointly.
- (2) The power of representation of the Management Board of HBOR cannot be limited.
- (3) The Management Board may authorise employees of HBOR or third parties to represent HBOR in certain transactions pursuant to regulations.

Responsibility of the Management Board

Article 17

- (1) The Management Board shall, in accordance with the Act and these By-laws, represent HBOR and conduct the business of HBOR.
- (2) The Supervisory Board shall be authorised to raise the question of responsibility of the Management Board or an individual member of the Management Board for his/her work.

Employment contracts of Management Board members

Article 18

The President of the Supervisory Board shall conclude individual employment contracts with the President and the members of the Management Board regulating in detail their rights and duties.

Supervisory Board

Article 19

- (1) The Supervisory Board of HBOR consists of 12 members.
- (2) The Members of the Supervisory Board are eight ministers in the Government of the Republic of Croatia as follows:
 - the minister in charge of finance
 - the minister in charge of the economy
 - the minister in charge of regional development and EU funds
 - the minister in charge of infrastructure
 - the minister in charge of tourism
 - the minister in charge of agriculture
 - the minister in charge of environmental protection
 - the minister in charge of construction.
- (3) Three members of the Supervisory Board and their permanent deputies are appointed to the Supervisory Board by the Croatian Parliament from among the Members of the Croatian Parliament.
- (4) The President of the Croatian Chamber of Economy is ex officio member of the Supervisory Board.
- (5) The minister in charge of finance is the President of the Supervisory Board, and the minister in charge of the economy is the Deputy President.

Manner of operation of the Supervisory Board

Article 20

- (1) The manner of operation of the Supervisory Board shall be regulated in more details by the Rules of Procedure of the Supervisory Board.
- (2) The Supervisory Board generally takes decisions at its meetings. The Supervisory Board may also take decisions without holding a meeting in writing, by electronic means or in other ways prescribed by the Rules of Procedure of the Supervisory Board.
- (3) Meetings of the Supervisory Board are chaired by the President of the Supervisory Board or, if he/she is prevented, by the Deputy President of the Supervisory Board.
- (4) Meetings of the Supervisory Board are convened when necessary, generally once in three months, but at least once in six months.

Decision-making of the Supervisory Board

Article 21

- (1) The Supervisory Board takes its decisions by a majority of votes of its attending members, with the obligatory presence of at least half of its members or their deputies, where applicable.
- (2) On behalf of the Supervisory Board, decisions and other acts of the Supervisory Board are signed by the President or, if he/she is prevented, by the Deputy President of the Supervisory Board.

Powers and authorities of the Supervisory Board

Article 22

- (1) The Supervisory Board shall supervise the work of the Management Board and the conduct of business of HBOR, give consents to the Management Board's decisions, and shall perform other duties and make decisions in the cases put within its authority by the Act and these By-laws.
- (2) Within the framework of its responsibilities, the Supervisory Board shall:

1. adopt HBOR's By-laws,
2. adopt its Rules of Procedure and the rules of procedure of the Supervisory Board committees,
3. appoint and dismiss the President and members of the Management Board,
4. participate in determining HBOR's financial and non-financial business objectives,
5. adopt the remuneration policy of the Management Board,
6. make decisions on the Management Board remuneration,
7. determine the principles and give consent to the HBOR's employees remuneration policy,
8. give consent to HBOR's business strategy,
9. give consent to HBOR's risk assumption and management strategies and policies, including the risks associated with sustainability factors,
10. give consent to the acts on internal control functions, their activity plans and activity reports,
11. give consent for the appointment or dismissal of an employee where the obligation of obtaining the Supervisory Board consent is required by HBOR's regulations and/or internal acts,
12. adopt the business and financial plans of HBOR's operations,
13. adopt the annual financial statements of HBOR,
14. make a decision on the selection of an auditing company,
15. evaluate its own work and the work of Supervisory Board committees and shall submit a written report on the supervision performed to the ownership entity referred to in Article 24 of the By-laws, which also includes the report of the Supervisory Board on the work of the compliance monitoring function,
16. give consent for decisions of the Management Board on direct loans to clients, if the exposure of HBOR to those clients or a group of persons connected with the clients, including the loan subject to approval, exceeds EUR 40 million, and for decisions of the Management Board on the increase of loan amount greater than 5% of the approved loan amount or exceeding EUR 0.5 million, requiring a consent of the Supervisory Board. Provisions of this sub-paragraph shall be applied appropriately to decisions on letters of credit, guarantees, warranties and investments in corporate and municipal debt securities of HBOR as well,
17. give consent for decisions of the Management Board approving receivables purchase with or without recourse and for decisions on changes to the stated decisions of the Management Board which increase the exposure, applying, in an appropriate manner, the amounts referred to in sub-paragraph (16) of this paragraph,
18. give consent for decisions of the Management Board, by which HBOR's limit of exposure to a single credit or financial institution or a group of clients connected with that credit or financial institution is approved or increased so that HBOR's exposure limit is greater than EUR 40 million,
19. give consent for decisions of the Management Board on other financial and any other transactions in an amount exceeding EUR 40 million, and for decisions of the Management Board on increasing the amount of transaction approved by the Supervisory Board that exceeds 5% of the approved transaction amount, or amounts to more than EUR 0.5 million,
20. give consent for individual decisions of the Management Board on transactions with entities that have a special relationship with HBOR,
21. give consent for decisions of the Management Board on membership in companies and other legal entities into which equity capital or initial contribution is paid, as well as on disposal of shares and interests, except in cases of acquisition or disposal of interests and shares when performing activities referred to in Article 5 paragraph (3) of these By-laws. When performing activities referred to in Article 5 paragraph (3) of these By-laws, the Management Board shall make decisions without consent of the Supervisory Board, except in the case of investment or disposal of shares and interests of value greater than EUR 40 million, when the decision of the Management Board enters into force with the consent of the Supervisory Board,

22. give consent for decisions of the Management Board approving the raising of funds with a maturity of more than one year, regardless of the amount,
23. give consent for decisions of the Management Board on write-offs of receivables and/or debt relief, by which one client or a group of persons connected with the client is written off or relieved in total, successively and/or by one or more placements, more than EUR 5 million of the principal/principals,
24. perform other duties put within its competence by law, another regulations or a decision of the Supervisory Board adopted by the majority referred to in Article 33 paragraph (1) of these By-laws.

(3) The provisions of this Article shall appropriately apply to the activities performed by HBOR in its own name and for the account of others and in the name and for the account of others, unless otherwise prescribed by the regulations and/or decisions of the Management Board or the Supervisory Board.

(4) In the conduct of the activities from the previous paragraph, including the activities referred to in Article 5 paragraph (2) sub-paragraph (6) of these By-laws and the activities from Article 5 paragraph (3) sub-paragraph (4) of these By-laws, the term exposure from paragraph (2) sub-paragraph (16) of this Article shall imply the total amount of all placements approved to an individual client within the framework of a single mandate transaction.

(5) For the purposes of determining the jurisdiction of the decision-making body when making decisions from paragraph (2) sub-paragraphs (16) and (17) of this Article, internal acts will define the term exposure, the rules and the way of using the term exposure.

Supervisory Board committees

Article 23

- (1) The Supervisory Board shall have three committees as follows: the Audit Committee, the Appointment and Remuneration Committee and the Risk Committee.
- (2) The Committees referred to in paragraph (1) of this Article shall consist of three members each.
- (3) Members of the Audit Committee shall be appointed by the Supervisory Board in accordance with the provisions of the act on legal entities owned by the Republic of Croatia.
- (4) The President of the Supervisory Board is also the Chairman of the Appointment and Remuneration Committee, the President of the Croatian Chamber of Economy is its member ex officio, while the third member is appointed by the Supervisory Board from among its members appointed by the Croatian Parliament.
- (5) The President and members of the Risk Committee are appointed by the Supervisory Board from among the members of the Supervisory Board.
- (6) The powers and responsibilities as well as the mode of work of the committees referred to in paragraph (1) of this Article shall be governed by the Rules of Procedure adopted by the Supervisory Board.

Ownership entity

Article 24

- (1) The Government of the Republic of Croatia (hereinafter: the Government) as the ownership entity shall exercise the founder's rights of the Republic of Croatia in HBOR.
- (2) The Government shall make decisions put within the assembly's authority in accordance with the provisions of the act on legal entities owned by the Republic of Croatia and shall:
 1. Take note of the annual report of the Supervisory Board on performed supervision,
 2. Approve the remuneration policy of the Management Board and decides on remuneration of members of the Supervisory Board.

Internal organisation and manner of conducting business in HBOR

Article 25

(1) HBOR performs its activities within the framework of the following organisational units: divisions, departments, services, units, independent organisational units and independent functions with the Management Board.

(2) HBOR has neither subsidiaries nor branch offices.

(3) The Management Board may establish regional offices with the objective of promoting balanced regional development. Within the scope of their authority, regional offices shall perform information, advisory, and educational activities, provide support to clients, cooperate with units of local and regional government and other stakeholders, and perform other tasks regulated by HBOR's internal acts. The decision on establishing a specific regional office shall define its geographical scope of operations.

(4) The scope of work, responsibilities and internal organisation of units referred to in this Article as well as specific tasks of regional offices are regulated in detail by HBOR's internal regulations.

Committees and other bodies with HBOR

Article 26

The Management Board may establish committees and other bodies, and determine the scope of their responsibilities and the way in which they carry out their activities.

Powers and authorities of committees, bodies, organisational units and employees

Article 27

(1) In performing its duties, the Management Board may delegate the authority for making of decisions falling under the competence of the Management Board, with the exception of the decisions for which a consent of the Supervisory Board is required, to committees, bodies, organisational units and employees:

1. from Article 15 paragraph (2), sub-paragraphs (13), (14), (18), (19), and (20) of these By-laws,
2. on the management of impairments and provisions,

the Management Board may delegate only provided that the preconditions from paragraph (2) of this Article have been previously fulfilled in an appropriate manner.

(2) In performing the duties referred to in paragraph (1) sub-paragraphs (1) and (2) of this Article, the Management Board may delegate its powers only provided that, in the part of activities in relation to which the authority is delegated, the following preconditions have been met:

- a clear organisational structure with well-defined, transparent and consistent lines of powers and responsibilities established in such a manner so as to avoid the conflict of interest,
- a system of established responsibilities and powers of committees, bodies, organisational units and individual employees with special authorisations for the approval of exposures, depending on the amount and the risk of exposure,
- an effective system of management of all risks that HBOR is or could be exposed to in its operations,
- an appropriate system of internal controls that includes appropriate administrative and accounting procedures,
- a clear and documented decision-making process,
- a clear and documented process of reporting to the Management Board on all delegated powers and decisions made on the basis of the delegated powers,
- a remuneration policy that is consistent with an appropriate and effective risk management that promotes appropriate and effective risk management,

to the extent applicable in the part of business in relation to which the authorisation is delegated while respecting other provisions of the regulations governing certain areas of operations or risk, respectively.

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(3) The provisions of this Article shall appropriately apply to the activities performed by HBOR in its own name and for the account of others and in the name and for the account of others, unless otherwise set forth in the regulations and/or decisions of the Management Board or the Supervisory Board.

Internal control functions

Article 28

(1) In order to establish and implement an effective internal control system in all areas of operations, three control functions have been established in HBOR: risk control function, compliance monitoring function and internal audit function.

(2) The internal control functions referred to in Article 1 above shall be independent of business processes and activities in which the risk arises, i.e. which are monitored and supervised by such control functions, and shall be established so as to avoid the conflict of interest.

(3) The organisation and work of internal control functions from paragraph (1) above shall be established within the framework of independent organisational units.

(4) The Management Board shall, with the consent of the Supervisory Board, pass internal regulations for each of the internal control functions referred to in paragraph (1) above, by which at least the following shall be prescribed: objectives, scope and manner of operation of the internal control function, organisational structure and role of the internal control function, position of the internal control function within HBOR, measures to ensure independence and objectivity of the internal control function, powers, responsibilities and relations with other organisational units and other elements in accordance with regulations.

(5) A person responsible for the work of a particular internal control function cannot be appointed or replaced by the Management Board without the consent of the Supervisory Board.

Annual financial statements

Article 29

(1) Annual financial statements are adopted by the Supervisory Board at the proposal of the Management Board, and the Supervisory Board submits them for information to the Croatian Parliament and to the Government of the Republic of Croatia.

(2) Annual financial statements are accepted when adopted by the Supervisory Board.

Audit of operations

Article 30

(1) The audit of the financial statements of HBOR shall be carried out by a chartered firm of auditors each year in accordance with the law regulating the audit, whereas the decision on the appointment of a firm of auditors is made by the Supervisory Board.

(2) In addition to the audit from paragraph (1) of this Article, HBOR is also the subject of an audit carried out by the State Audit Office in accordance with the law regulating the State Audit Office.

Business and banking secret

Article 31

(1) Data designated as a business secret by regulations and HBOR's internal acts shall be considered a business secret. Due to their nature and significance for the operations of HBOR, its clients, and other persons, such data may not be disclosed, transmitted, or made available for inspection to third parties, unless such action is permitted by regulations and/or HBOR's internal acts.

(2) Banking secret are all data, facts and circumstances designated as bank secret by the law governing credit institutions.

(3) The Management Board shall define more detailed provisions concerning business and banking secret as well as the confidential data storage.

Conflict of interests

Article 32

(1) President and members of the Management Board as well as employees referred to in Article 15 paragraph (2) sub-paragraph (10) of these By-laws must not establish another credit institution or any other financial institution during their employment with HBOR. Establishing another credit institution or a financial institution stands as well for the purchasing of shares or any other manner of acquiring ownership interest in other credit and financial institutions.

(2) Acquiring ownership interest of less than 5% of the total capital of a credit institution or a financial institution is not considered a purchase of shares or acquisition of ownership interest in other credit and financial institutions.

(3) By way of exception to the provisions of this Article, the Supervisory Board may give its consent to activities that are contrary to the provisions of paragraphs (1) and (2) of this Article.

Passing of, and Changes and Amendments to, the By-laws

Article 33

(1) The By-laws are adopted, changed and amended by the Supervisory Board by a qualified majority of 3/4 of the attending members' votes, but in any case by at least a majority vote of all the members.

(2) The Supervisory Board may authorise the Management Board to pass changes to the By-laws or to adopt the consolidated text of the By-laws.

(3) Draft changes and amendments to the By-laws may be proposed by the Supervisory Board and the Management Board.

Transitional and final provisions

Article 34

(1) These By-laws shall come into force on the day when adopted.

(2) To the decisions of the Management Board made before the entry into force of these By-laws, for which the approval of the Supervisory Board is required, the provisions on the jurisdiction of the By-laws in force at the time of the adoption of such Management Board decision shall apply.

(3) The Management Board Office shall be responsible for the interpretation of these By-laws.

(4) These By-laws shall be published on the Internet and Intranet sites of HBOR.

(5) On the date of these By-laws coming into force, the By-laws of the Croatian Bank for Reconstruction and Development, adopted by the Supervisory Board of HBOR at its meeting held on 1 March 2024 by the Decision No. 1000-4-1/2024 shall cease to be valid.