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No: F00-34/21-SS

Zagreb Stock Exchange Inc.**Croatian Financial Services Supervisory Agency (“HANFA”)****Croatian News Agency OTS HINA****Subject: HRVATSKA POŠTANSKA BANKA, p.l.c.**

- **Notice of convening the General Assembly, invitation to the shareholders**
- *Category: General Assembly – agenda, proposals, decisions of meeting*

The Management Board of Hrvatska poštanska banka, p.l.c., Zagreb, Jurišićeva 4 (hereinafter: the Bank), pursuant to the provisions of the Companies Act, made the Decision on March 31, 2021 to convoke the General Assembly of the Bank, **to be held on May 10, 2021 at the Hotel Academia (Gloria hall, 1st floor), Zagreb, Tkalčićeva 88, at 12:00 (noon).**

Pursuant to the provisions of the Capital market Act and the Rules of the Zagreb Stock Exchange, the Management Board hereby submits for announcement the Invitation to the shareholders of the Bank in its prescribed form, containing decision proposals.

We hereby announce that the full, prescribed form of the Invitation to the shareholders, including the documents for the General Assembly, will also be released on the Bank’s website www.hpb.hr, pursuant to the existing regulations.

The Invitation to the shareholders is in the enclosed text.

Hrvatska poštanska banka, p.l.c.

The Management Board of Hrvatska poštanska banka p.l.c. (hereinafter referred to as the Bank), Zagreb, Jurišićeva 4, by virtue of the authority vested in it under Article 277 of the Companies Act (Official Gazette No. 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 111/2012, 125/2011, 68/2013, 110/2015, 40/2019) and Article 24 of the Articles of Association of the Bank, made on March 31, 2021 the decision on convocation of the General Assembly of the Bank, and hereby invites the shareholders of the Bank to attend the

XLVIII GENERAL ASSEMBLY

of Hrvatska poštanska banka p.l.c., Zagreb, to be held on May 10, 2021 at the Hotel Academia (Gloria hall, 1st floor), Zagreb, Tkalčićeva 88, at 12:00 (noon).

XLVIII General Assembly

Agenda:

1. Opening of the General Assembly and establishment of a list of present shareholders or their proxies;
2. Annual financial statements of Hrvatska poštanska banka p.l.c. and consolidated annual financial statements of Hrvatska poštanska banka Group for 2020, confirmed by the Management Board and the Supervisory Board of the Bank, and the Management Board's Annual Report of Condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2020;
3. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2020;
4. Decision on the allocation of the profit earned in 2020;
5. Decision on the approval of the Management Board members' actions;
6. Decision on the approval of the Supervisory Board members' actions;
7. Decision on determination of remunerations to the members of the Supervisory Board;
8. Decision on determination of remunerations to the members of the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Appointment Committee;
9. Decision on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2021;
10. Decision on the suitability of the Supervisory Board of Hrvatska poštanska banka p.l.c. on the basis of the regular yearly suitability assessment procedure;
11. Adoption of the Policy on the target structure and the assessment of the suitability of the members of the Supervisory Board of the Bank;
12. Decision on approval of the Report on remuneration paid to the Members of the Management Board and the Members the Supervisory Board of the Hrvatska poštanska banka, p.l.c. in the year 2020;
13. Decision on approval of the Remuneration Policy of the members of the Management Board and the members of the Supervisory Board of the Hrvatska poštanska banka, p.l.c.;
14. Adoption of the Diversity policy for members of the Management Board and Supervisory Board of Hrvatska poštanska banka, p.l.c.;
15. Decision on granting the authorization to the Management Board for own shares buyback and disposal;
16. Decision on changes and amendments to article 19, article 24 and article 27 of the Bank's Articles of Association.

The shareholders are invited to participate in the General Assembly.

PROPOSED DECISIONS AND EXPLANATORY NOTES

Under Agenda **Item 2** the General Assembly does not pass decisions.

In accordance with the provision of Article 280.a of the Companies Act, the shareholders are advised that the Supervisory Board of the Bank gave its consent for the annual financial statements of Hrvatska poštanska banka p.l.c. and consolidated financial statements of Hrvatska poštanska banka Group for 2020, submitted to the Supervisory Board by the Management Board of the Bank, and that in accordance with the provision of Article 300.d of the Companies Act these statements were thereby confirmed.

The Supervisory Board gave its consent for the Management Board's annual report of condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2020, submitted to the Supervisory Board by the Management Board of the Bank.

The above annual financial statements and annual report of condition of the Bank and its subsidiaries, together with the report of the Supervisory Board are submitted to the General Assembly.

[HPB Annual Report for 2020](#)

(Report available by clicking on the title of the document)

Item 3 The Report submitted by the Supervisory Board to the General Assembly

REPORT
on the supervision exercised over the conduct of business affairs of the Bank in 2020

I

In compliance with the decisions passed at the General Assembly of the Bank and with the consent of the Croatian National Bank, in 2020, the composition of the Supervisory Board was the following: Marijana Miličević as president, Željko Lovrinčević as vice president and Marijana Vuraić Kudeljan as a member. According to the decision of the General Assembly from 29 May 2017 and Decision of Croatian National Bank from 29 June 2017, mandate for the same composition of Supervisory Board was granted for the next 4 years, so the Supervisory Board worked in the same composition until the end of 2020.

II

In 2020, the Supervisory Board held eight meetings where issues relating to the Bank's business were discussed. Moreover, due to extraordinary circumstances caused by significant earthquake in Zagreb and the COVID-19 virus pandemic, and in order to implement the necessary measures to avoid gatherings and personal contacts, Supervisory Board has passed decisions 115 times via electronic mail. The majority of these referred to the consents of the Supervisory Board regarding the Bank's exposure to individual clients, in accordance with the legislation in force, as well to other decisions pertaining to legislation requiring the Supervisory Board's consent.

The supervisory function was facilitated through continuous cooperation between the Management Board and the Supervisory Board. The members of the Management Board of the Bank regularly attended the meetings of the Supervisory Board, within the scope of their competences reported on, and explained individual topics so that the Supervisory Board could have taken its position and made required decisions. Supervisory Board could at any time seek and obtain from the Management Board information on all matters regarding the Bank's business. When necessary, meetings of the Supervisory Board were attended also by individual executive directors of departments and directors of offices who provided all required supplementary explanations that contributed to the Supervisory Board's in-depth understanding of the relevant matters. In that regard, the Supervisory Board is of the opinion that the cooperation with the Management Board has been very successful.

III

The Supervisory Boards has established the following committees: the Audit Committee, the Remuneration Committee, the Risk Management Committee and the Appointment Committee. The Bank's Management Board ensured access to all information and data for the needs of efficient work of these committees, as well as the availability of Bank's expert functions.

In 2020, the Audit Committee held six regular meetings where it discussed and decided on the matters that fall within its competence and responsibility, as regulated by the Decision on establishing the Audit Committee and its Rules of Procedure. Due to the mentioned circumstances of the earthquake and pandemic COVID-19 and in situations when urgent and individual decisions required prompt decisions, the Audit Committee, in addition to regular sessions, has passed decisions seven times by e-mail.

The Audit Committee assisted the Supervisory Board in performing its duties related to overseeing the financial reporting process, the audit process (including the recommendation for appointment of the external auditor), and the effectiveness of the internal audit system by discussing annual work plans and periodic internal audit reports related to the subject.

The Audit Committee had three members in 2020, in accordance with Article 65 paragraph 6 of the Audit Act, stipulating that at least 50% of the Audit Committee members should be independent, i.e. that the majority of its members should not have business or financial relations with the entity that is audited.

Pursuant to the Decision on the Appointment of Members of the Audit Committee, the Audit Committee is currently formed by Željko Lovrinčević, president, Zlatko Benčić, deputy chairman, Ivana Radeljak Novaković, member, whereby two of the three members are independent.

Other committees have three members each, elected from amongst the members of the Supervisory Board and one of them is the president of the respective committee.

In 2020, the Remuneration Committee held two meetings and has passed 11 decisions via electronic mail, the Risk Management Committee held three meetings and has passed seven decisions via electronic mail and the Appointment Committee held two meetings and has passed six decisions via electronic mail.

Matters falling within the scope of competences and responsibilities of these committees were discussed and commented at the meetings. When necessary over the course of the year, all committees decided via electronic mail in situations when individual decisions and conclusions had to be made promptly.

The Supervisory Board assesses that all committees have successfully performed their function in accordance with applicable regulations and thus contributed to the effective work of the Supervisory Board.

IV

The Supervisory Board reviewed the Annual financial statements of Hrvatska poštanska banka p.l.c. and consolidated annual financial statements of Hrvatska poštanska banka Group for 2020, the Management Board's Annual Report of Condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2020 and Decision on the allocation of the profit earned in 2020, submitted by the Management Board.

The Supervisory Board established that the Annual financial statements of Hrvatska poštanska banka p.l.c. and consolidated annual financial statements of Hrvatska poštanska banka Group for 2020 were prepared in accordance with the balances recorded in the business books and that they fairly represent the assets and the business condition of the Bank. The report of the external auditor BDO Croatia LLC Zagreb, Trg John Fitzgerald Kennedy 6/b, who conducted the audit of the annual financial statements and consolidated financial statements of the Bank for the year ended 31 December 2020, also confirmed this.

The Supervisory Board reviewed the reports of the auditor BDO Croatia LLC Zagreb, , and accepted the auditor's report. The Supervisory Board gives its consent on the Annual financial statements of Hrvatska poštanska banka PLC and consolidated annual financial statements of Hrvatska poštanska banka Group for 2020, whereby in accordance with the provision of Article 300.d of the Companies Act these statements are considered to be confirmed.

In line with its obligations and according to the supervision exercised in 2020, the Supervisory Board has concluded that Hrvatska poštanska banka p.l.c. has acted in accordance with the law, subordinate legislation, the Articles of Association and other bylaws of the Bank, and decisions of the General Assembly.

V

The Supervisory Board was presented with the proposal of the Management Board for 2020 profit allocation, whereby it has been established that Hrvatska poštanska banka p.l.c. earned in the year ended 31 December 2020 an after-tax profit totalling HRK 182.062.145,18. The Supervisory Board agrees with the proposal of the Management Board for profit allocation.

VI

As part of continuous activities to improve corporate governance and further on the Bank's orientation towards the development of inclusiveness, the Supervisory Board proposed to the General Assembly the adoption of the Diversity Policy for members of the Management Board and Supervisory Board of Hrvatska poštanska banka p.l.c. Diversity Policy defines target representation of the underrepresented gender in the Management Board and the Supervisory Board, as strategy and period for achieving that goal.

Furthermore, in order to ensure an optimal degree of transparency towards shareholders regarding the remuneration practices of the Management Board and the Supervisory Board, the Supervisory Board established the Remuneration Policy for members of the Management Board and the Supervisory Board of Hrvatska poštanska banka, p.l.c. This policy sets out the basic principles and guidelines that the Bank will apply in determining, allocating and paying all types of remuneration for members of the Management Board and the Supervisory Board of the Bank, all based on applicable internal and external regulations.

The Supervisory Board, together with the Management Board, prepared the Remuneration Report for members of the Supervisory Board for 2020, audited by the independent auditor BDO Croatia LLC,

Zagreb. The report shows, in a clear manner, the amount of every part of remuneration that the Bank has paid or has committed to pay to each current and former member of the Management Board and the Supervisory Board. This report, together with the report of the independent auditor BDO Croatia LLC is submitted to the General Assembly for approval.

VI

The Supervisory Board submits this Report to the General Assembly of the Bank and proposes that the General Assembly adopts the Management Board's proposal of the Annual financial statements of Hrvatska poštanska banka p.l.c. and consolidated annual financial statements of Hrvatska poštanska banka Group for 2020, together with the Management Board's Annual Report of Condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2020.

The Supervisory Board proposes that the General Assembly adopts the decision to grant note of release to the members of the Management Board and the Supervisory Board, as well as to adopts the Decision on the allocation of the profit earned in 2020, submitted by the Management Board.

Explanatory Note

This Item is not put to the vote but the relevant Report is submitted for the General Assembly to take cognizance thereof.

Under Agenda **Item 4** the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

DECISION on the allocation of the profit earned in 2020

I

It is established that Hrvatska poštanska banka p.l.c. made in the year ended December 31, 2020 the net profit totaling HRK 182.062.145,18.

II

Pursuant to Articles 220 and 300b. the Companies Act, and Article 33 of the of the Articles of Association of the Bank, the profit established under item I of this Decision is allocated in the following manner:

- to statutory reserve the amount of HRK 9.103.107,26
- to other reserves the amount of HRK 81.927.965,33
- to the retained earnings the amount of HRK 91.031.072,59

III

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

Proposed allocation of net profit earned is in line with Articles 220 and 300.b of the Companies Act and the Articles of Association of the Bank. Namely, in order to continue with Bank's successful business operations, profitability and growth within the limits of available capital, effects on the Bank's capital position need to be mitigated, as follows:

- *in line with Regulation (EU) 2017/2395, adverse effects on own funds, arising from IFRS 9 application during the transitional period, are increased during 2021 by approximately HRK 16 million;*
- *in line with Regulation (EU) 873/2020 amending Regulations (EU) 575/2013 and (EU) 876/2019 adverse effects on own funds during the transitional period of application of deduction for unrealized gains or losses arising from assets measured at fair value through other comprehensive income (FVOCI), are increased by approximately HRK 19 million;*
- *caused by the situation in the Republic of Croatia related to the COVID-19 disease, the Croatian National Bank issued a Decision on a temporary distribution restriction on January 15 2021, which prohibits all credit institutions, to pay out dividends or creating an obligation to pay dividends, on a temporary basis – until December 31 2021.*

Accordingly, the Management Board and the Supervisory Board propose the allocation of the whole remaining profit, after its allocation to statutory and other reserves, to retained earnings.

Under Agenda **Item 5** the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

DECISION
on the approval of the Management Board members' actions

I

It is established that the members of the Management Board of the Bank managed in 2020 the affairs of the Bank in accordance with the law and the Articles of Association, and are therefore granted the approval of their actions.

II

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

Since the Management Board managed the affairs of the Bank in accordance with the law, the Articles of Association and decisions passed by the General Assembly, it is approved hereby the manner in which the Management Board managed the Bank's affairs in 2020.

Under Agenda **Item 6** the Supervisory Board proposes that the General Assembly passes the following decision:

DECISION
on the approval of the Supervisory Board members' actions

I

It is established that the members of the Supervisory Board of the Bank performed in 2020 their functions in accordance with the law and the Articles of Association, and are therefore granted the approval of their actions.

II

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

Since the Supervisory Board supervised the affairs of the Bank in accordance with the law, the Articles of Association and decisions passed by the General Assembly, it is approved hereby the manner in which the Management Board performed its functions in 2020.

Under Agenda **Item 7** the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

DECISION
on determination of remunerations to the members of the Supervisory Board of the Bank

I

The members of the Supervisory Board shall be paid a monthly remuneration in the net amount of HRK 2,000.00 in 2021.

II

This Decision shall apply also to the period from January 1, 2022 until the adoption of the decision on determination of remunerations to the members of the Supervisory Board of the Bank for 2022.

III

On the amount of the remuneration referred to in point I above, the Bank shall calculate and pay all the levies payable on the remunerations to the members of the Supervisory Board.

IV

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

By this proposed decision, the remuneration to the members of the Supervisory Board for 2021 has been brought into line with the current decision of the majority owner of the Bank.

Under Agenda **Item 8** the Supervisory Board proposes that the General Assembly passes the following decision:

DECISION
**on determination of remunerations to the members of the Audit Committee,
the Risk Management Committee, the Remuneration Committee and the Appointment
Committee**

I

The remuneration for work in the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Appointment Committee of Hrvatska poštanska banka, j.s.c. is determined for the business year 2021, applicable from 1 February 2021, for:

1. Audit Committee - monthly fee of HRK 2,000.00 net, for each member of the Board,
2. Risk Management Committee, Remuneration Committee and Appointment Committee - monthly fee of HRK 1.00 net for each member of the committee, for each of the committees.

II

This Decision shall also apply for the period from January 1, 2022 until the decision on determining the remuneration for the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Appointment Committee for the business year 2022 is made.

III

The Bank undertakes to calculate and pay all fees paid on the fees of the members of the Supervisory Board on the amounts of fees referred to in item I of this Decision.

IV

This Decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

Pursuant to Article 50 of the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20) and Article 65 of the Audit Act (OG 127/17), the Bank has established Supervisory Board committees, which act as its subsidiary bodies, as follows: the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Appointment Committee.

The proposed remuneration to the members of the Supervisory Board for their work in these bodies is appropriate to the engagement and tasks performed, taking into account relevant regulations and internal and external factors such as economic trends and trends, in particular the effects The COVID-19 pandemic had on the banking industry. Accordingly, in order to bear the burden evenly, the monthly remuneration for work in the Risk Management Committee, the Remuneration Committee and the Appointment Committee has been reduced to HRK 1.00 per member in each committee.

Under Agenda **Item 9** the Supervisory Board proposes that the General Assembly passes the following decision:

DECISION

on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2021

I

The auditing firm BDO Croatia d.o.o. Zagreb, Trg John Fitzgerald Kennedy 6/b, is appointed as the auditor for Hrvatska poštanska banka p.l.c., for the year ending on 31 December 2021.

II

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

By this proposed decision, upon the recommendation of the Audit Committee of the Bank, it is proposed to appoint the auditing firm BDO Croatia d.o.o. Zagreb, Trg John Fitzgerald Kennedy 6/b as the auditor for the year 2021, which has all required resources to provide high quality audits of the financial statements of the Bank and HPB Group.

Under Agenda **Item 10**, the Management Board, with the consent of the Appointment Committee, proposes that the General Assembly passes the following decision:

DECISION

on the suitability of the Supervisory Board of Hrvatska poštanska banka p.l.c. on the basis of the regular yearly suitability assessment procedure

I

Based on the regular yearly suitability assessment procedure for to perform the function of members of the Bank's Supervisory Board, each of the members of the Supervisory Board of Hrvatska poštanska banka p.l.c., namely:

- Marijana Miličević, Chairman
- Željko Lovrinčević, Deputy Chairman
- Marijana Vuraić Kudeljan, Member

is considered to be suitable to perform the function of member of the Supervisory Board of Hrvatska poštanska banka p.l.c.

II

It is assessed that the members of the Supervisory Board possess collectively i.e. as a whole required knowledge, skills and experience to supervise the Bank's business activities independently without undue influence, and understanding of the business and the significant risks of the credit institution.

III

This decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

In accordance with the Credit Institutions Act and the relevant Decision of the Croatian National Bank, a credit institution is obliged to conduct a regular annual assessment of the suitability of members of the Supervisory Board at least once a year in order to determine their suitability for the position to which they were appointed.

In accordance with the stated obligation, a procedure of regular annual assessment of the suitability of members of the Supervisory Board of the Bank was conducted and the members of the Supervisory Board of the Bank are considered to be appropriate for performing the respected functions.

The decision on the suitability of the members of the Supervisory Board, based on the proposal of the Management Board, with the opinion of the Appointment Committee, is made by the General Assembly of the Bank.

Under Agenda **Item 11** the Management Board, with the consent of the Appointment Committee, proposes that the General Assembly adopts

Policy on the target structure and the assessment of the suitability of the members of the supervisory board of the bank

(Policy available by clicking on the title of the document)

Explanatory Note to the proposed Policy:

At the proposal of the Bank's Management Board, the General Assembly of the Bank adopted a Policy for assessing the suitability of members of the Bank's Supervisory Board on June 28, 2019.

On 26 February 2021, the Decision on the assessment of the suitability of the President of the Management Board, a member of the Management Board, a member of the Supervisory Board and a key function holder in a credit institution was published in the Official Gazette (OG 20/2021).

Since credit institutions are obliged in accordance with Article 27, paragraph 2 of the said Decision to harmonize their policies with that Decision by June 1, 2021 at the latest, the Bank's Management Board proposes the adoption of the Policy in question.

Under Agenda **Item 12** the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

DECISION

on approval of the Report on remuneration the Members of the Management Board and the Members the Supervisory Board of the Hrvatska poštanska banka, p.l.c. in the year 2020

I

The Report on remuneration the Members of the Management Board and to the Members the Supervisory Board of the Hrvatska poštanska banka, p.l.c. in the year 2020 is hereby approved with the Auditors' Report on the examination of the Report which is attached to this Decision an integral part thereof.

II

This decision shall enter into force on the day of its adoption.

Attachment 1 - Report on remuneration the Members of the Management Board and the Members the Supervisory Board of the Hrvatska poštanska banka, p.l.c. in the year 2020, with Independent Auditors' Report
(Report available by clicking on the title of the document)

Explanatory Note to the Proposed Decision

In line with Article 272.r of the Companies Act, the Management Board and the Supervisory Board compiled the Report on remuneration paid the Members of the Management Board and the Members the Supervisory Board of the Bank in the previous business year and referred it to the Auditor for review, in line with the Companies Act.

The auditing firm BDO Croatia d.o.o. Zagreb, Trg John Fitzgerald Kennedy 6/b reviewed the Report and issued their opinion on compliance of the Report with the prerequisites stated in Article 272.r, paragraphs 1 and 2 of the Companies Act.

The Report, together with the Auditors' Report is attached to this decision as in the text published as Attachment 1 of the proposed decision Invitation to this General Assembly.

It is proposed to approve the Report, since the Management Board and the Supervisory Board considers the remuneration of the Management Board and Supervisory Board Members to be appropriate to the engagement and work they are performing and to the status and business affairs of the Bank.

Under Agenda **Item 13** the Supervisory Board proposes that the General Assembly passes the following decision:

DECISION

on approval of the Remuneration Policy for the Members of the Management Board and the Members of the Supervisory Board of the Hrvatska poštanska banka, p.l.c.

I

The Remuneration Policy of the Members of the Management Board and the Supervisory Board of the Hrvatska poštanska banka, p.l.c. is approved, which is attached to this Decision an integral part thereof.

II

This decision shall enter into force on the day of its adoption.

Attachment 2 - Remuneration Policy for Members of the Management Board and the Members of the Supervisory Board of the Hrvatska poštanska banka, p.l.c.
(Policy available by clicking on the title of the document)

Explanatory Note to the Proposed Decision

In line with Articles 247.a and 269 paragraph 3 of the Companies Act and following the implemented Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36 / EC as regards the promotion of long-term shareholder participation, and in accordance with the provisions of the CNB Decision on employee benefits (Official Gazette No. 31/2017 i 57/2017), the Supervisory Board determined the Remuneration Policy of the Management Board and the Supervisory Board of the Bank and proposes to the General Assembly to approve the said Policy.

The Policy is attached to this decision as in the text published as Attachment 2 of the proposed decision Invitation to this General Assembly.

The Supervisory Board is responsible for determination of the Remuneration Policy of the Members of the Management Board and the Supervisory Board, in cooperation with the General Assembly, in a way that the General Assembly approves the Policy submitted by the Supervisory Board.

The Supervisory Board considers that the Remuneration policy that it appropriately reflects the work complexity and engagement of the Management Board and the Supervisory Board Members and contributing to the business strategy and long-term sustainable development of the Bank.

Under Agenda Item 14 the Supervisory Board, with the consent of the Appointment Committee, proposes that the General Assembly adopts the

**Diversity policy for members of
The Management Board and Supervisory Board of Hrvatska poštanska banka, p.l.c.**
(Policy available by clicking on the title of the document)

Explanatory Note to the Proposed Policy

In accordance with the continuous development of inclusiveness in the Bank's management and its mission of creating conditions for a better life in Croatia, the Bank's Supervisory Board, upon the recommendation of the Appointment Committee, approved the Diversity Policy proposal for the Management Board and the Supervisory Board and proposes its adoption to the General Assembly.

The Policy Proposal also meets the objectives of compliance with applicable domestic and EU regulations, which refers in particular to (i) the provisions of the Decision on the assessment of the suitability of the President of the Management Board, Member of the Management Board, Supervisory Board and key functionary in the credit institution (OG 20/21), which regulate the obligation of credit institutions to determine the target representation of the under-represented sex in the Management Board and the Supervisory Board, and (ii) the provisions of the Accounting Act (OG 78/15, 134/15, 120/16, 116/18, 42/20, 47 / 20), from which arises the obligation of subjects of public interest to publicly publish the description and objectives of the diversity policy.

Under Agenda **Item 15** the Management Board and the Supervisory Board propose that the General Assembly passes the following decision:

DECISION

on granting the authorization to the Management Board for own shares buyback and disposal

I

Authorization is granted to the Bank's Management Board to carry out share buyback of the Bank's own shares under the ticker HPB-R-A during the period from the date of this Decision until the next regular General Assembly of the Bank in 2022, without further special consents of the General Assembly of the Bank, under following conditions:

1. total number of the Bank's own shares acquired pursuant to this Decision, together with the own shares already held by the Bank, may not exceed 1% (one percent) of the Bank's share capital at the time of the buyback;
2. own shares must be acquired on a regulated and organized securities market;
3. the price at which the Bank's own shares are purchased may not exceed 5% (five percent) or be below 5% (five percent) of the average market price achieved for the shares during the previous trading day;
4. the quantity of own shares acquired over the course of one trading day may not exceed 25% of the average daily trading volume in the 20 trading days preceding the day of purchase;
5. in the business year in which the Bank acquired its own shares, it must allocate a part of the profit and record the amounts corresponding to the amounts paid for the acquisition of the Bank's own shares – to reserves for these shares, so that the Bank's net assets, disclosed in the financial reports for the last business year, do not fall below the amount of share capital and reserves that by law, Articles of Association or decision of the General Assembly, the Bank should hold, and which may not be used for payments to shareholders, due to acquisition of these shares;
6. The Bank's Management Board must report to the first General Assembly that follow on the reasons and purpose of acquiring the shares, their number and share in the share capital and on the equivalent of what the Bank has paid for those shares.

II

The Bank's Management Board may dispose of Bank's own shares, which the Bank already holds or will acquire pursuant to the provisions of this Decision, outside the regulated market for the purpose of variable remuneration and in accordance with regulatory requirements related to variable remuneration, when there is a justified basis for payment of variable remuneration in line with Remuneration policy and taking into account all regulatory restrictions with regard to disposal of own shares.

III

This Decision shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Decision

The Bank's Management Board proposes to the General Assembly to issue a decision on authorizing the Management Board to buyback and dispose of the Bank's own shares. The authorization would be valid over the course of the the period from the date of the Decision until the next regular General Assembly of the Bank in 2022.

This authorization is required for regulatory requirements related to payment of variable remuneration which, when all legal preconditions are met and the necessary approvals of the Supervisory Board and the supervisory body are obtained, require the determination, allocation and payment of variable remuneration in instruments. In such a case, the Bank should have a mechanism to comply with regulatory requirements, while respecting all regulatory constraints during the disposal of own shares.

The Bank shall adopt and publish an own shares buyback program prior to the commencement of trading, i.e. the acquisition of own shares. Data with regard to acquisition of own shares will be published regularly on the Zagreb Stock Exchange and in accordance with the Rules of the Zagreb Stock Exchange, and the General Assembly will be informed about the acquired shares, their quantity and the paid price.

Under **Agenda item 16** the Bank's Management Board and Supervisory Board propose enactment of the following decision:

DECISION on changes and amendments to article 19, article 24 and article 27 of the Bank's Articles of Association

I

Article 19 of Articles of Association of Hrvatska poštanska banka p.l.c. (hereafter referred to as: Articles of Association), is amended so that it now reads as follows:

„At the constituent session of the Supervisory Board, the members of the Supervisory Board elect the president and deputy president from among themselves. No special invitation is required to convene this session.“

II

New paragraphs 4, 5 and 6 are added to **Article 24** as follows:

„The Bank's Management Board is authorized to make a decision that would enable shareholders to exercise by electronic communication all or only some rights in full or in part and when they do not personally or through proxies participate in the General Assembly in the place where it is held, in accordance with relevant provisions of the Companies Act and taking into account any additional circumstances.

If the Management Board of the Bank decides to enable the shareholders to exercise their rights by means of electronic communication, it shall determine the detailed conditions for the exercise of these rights, in the invitation to the General Assembly.

The Bank's Management Board is authorized to issue a decision that the session of the General Assembly may be transmitted by sound and image in accordance with the relevant provisions of the Companies Act. If the Management Board decides that the session of the General Assembly is to be transmitted by sound and image, this will be stated in the invitation to the General Assembly.“

Current paragraph 4 is to become paragraph 7.

III

New paragraph 3 is added to **Article 27** as follows:

„The Bank's Management Board is authorized to make a decision that would enable shareholders to vote in writing or by electronic communication when they do not personally or through proxies participate in the General Assembly, in accordance with the relevant provisions of the Companies Act. If the Management Board of the Bank decides to enable the shareholders to vote in this way, the invitation to the General Assembly will determine the detailed conditions for voting in writing or by electronic communication.“

IV

Other provisions of the Articles of Association remain unchanged.

V

These amendments to the Articles of Association shall enter into force upon entry in the court register with the competent court.

VI

Through consent of the Supervisory Board to this proposal, it will be considered that it has been jointly confirmed in terms of the provision of Article 280, paragraph 3 of the Companies Act, and will be sent to the General Assembly for a vote.

Explanatory note:

Amendments to the provisions of the Articles of Association are proposed in order to update and achieve compliance with positive legal regulations, primarily with regard to the exercise of shareholders' rights at the General Assembly of the Bank in accordance with available technological solutions, which is allowed by the provisions of Article 274, paragraphs 1, 2 and 4 of the Companies Act.

With the proposed amendments to Article 24 of the Articles of Association, the Bank's Management Board will be authorized to issue a decision enabling shareholders to exercise all or only some rights, in whole or in part, by electronic communication and when they do not personally participate in the General Assembly in the place where it is held. Shareholders are to decide whether they will use this opportunity or not. The Bank's Management Board will also be authorized to decide that the work of the General Assembly will be transmitted by sound and image. Taking into account the future circumstances and possibilities of the Bank to meet the prescribed conditions for granting these options, if it opts for any of these solutions, the Management Board will inform the shareholders in the invitation to the General Meeting.

With the proposed amendments to Article 27 of the Articles of Association, the Bank's Management Board will be authorized to issue a decision that would enable shareholders to vote in writing or by electronic communication when they do not personally or through proxies participate in the General Assembly. If the Management Board decides to enable the shareholders to vote in this way, the detailed conditions for voting in writing or by electronic communication will be determined through invitation to the General Assembly.

Based on reasons stated above, the Management Board has decided as in the body of this Decision.

CONDITIONS APPLYING TO ATTENDING THE GENERAL ASSEMBLY AND EXERCISING VOTING RIGHTS

The Bank's share capital is divided into 2,024,625 ordinary registered shares, each with the nominal value of HRK 600.00, deposited in the depository with the CENTRAL CLEARING AND DEPOSITORY COMPANY Inc., coded HPB-R-A.

Each ordinary registered share shall give its holder the right to one vote at the General Assembly.

A shareholder may exercise the right to attend General Assembly and exercise voting right if a shareholder has notified intended attendance at the General Assembly not later than six days before the date of the General Assembly i.e. **the last day for such notification being May 3, 2021.**

A shareholder is a person who is registered with the depository of the Central Clearing And Depository Company Inc. as a holder of shares on the last day set for the delivery of notifications of intended attendance at the General Assembly. The notifications of intended attendance at the General Assembly may be delivered directly to the Bank at its offices in Zagreb, Jurišićeva 4, or may be sent to the Bank by registered mail to the following address: Hrvatska poštanska banka d.d., Ured Uprave, Jurišićeva 4, 10000 Zagreb.

Shareholders or their proxies shall vote on the agenda and agenda items either in person or by proxies. The written power of attorney given by a shareholder or given in the name of a shareholder (legal person) by the person legally authorized to represent it, do not have to be notarized.

Legal persons shall attach to their notifications of intended attendance at the General Assembly the extract from the Companies Register showing the details of the person authorized to represent a legal person.

The original power of attorney may be submitted together with the application for participation, but it must be submitted no later than the day of the General Assembly, when registering the participants. In addition to the original, the power of attorney can be previously submitted by e-mail (pdf format) to the email address: ured.upraveGS@hpb.hr.

Materials for the General Assembly of the Bank serving as guidelines for passing decisions and General Assembly registration form and power of attorney form shall be made available to shareholders on the website of the Bank www.hpb.hr and in the Bank's offices in Zagreb, Jurišićeva 4, following the notice of General Assembly, on business days from 9:00 to 12:00 (noon).

With regard to the right of shareholders whose holdings together reach the twentieth part of the share capital (5% of the share capital) to demand that items be placed on agenda of the General Assembly and announced, shareholders are referred to paragraph 2 of Article 278 of the Companies Act. In respect of the right of shareholders to make a counterproposal in response to a proposal of any individual decision made by the Management Board or the Supervisory Board of the Bank, shareholders are referred to paragraph 1 of Article 282 of the Companies Act. As for the right of shareholders to be advised of the company's business, shareholders are referred to paragraph 1 of Article 287 of the Companies Act.

The shareholders are invited to attend the General Assembly and to come 30 minutes before the time at which the General Assembly is due to start to be entered on the list of attendees.

According to the current circumstances in the Republic of Croatia related to the COVID-19 virus pandemic, during the General Assembly the Bank is obliged to ensure the application of special protection measures adopted by the Civil Protection Headquarters of the Republic of Croatia, which will be implemented by the Bank during the organization and holding of the General Assembly.

Hrvatska poštanska banka, p.l.c.

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