



**CROATIA[®]
OSIGURANJE**

CROATIA insurance company plc.,
Vatroslava Jagića 33, 10000 Zagreb HR
www.crosig.hr



SECURITIES: CROS / CROS-R-A / HRCROSRA0002
CROS2 / CROS-P-A / HRCROSPA0004

LISTING: Official market of the Zagreb Stock Exchange (Zagrebačka burza d.d.)

LEI: 74780000M0GHQ1VXJU20

HOME MEMBER STATE: Republic of Croatia

**CROATIAN FINANCIAL SERVICES
SUPERVISORY AGENCY**

**Franje Račkoga 6
10 000 Zagreb**

ZAGREB STOCK EXCHANGE

**Ivana Lučića 2a
10 000 Zagreb**

**CROATIAN NEWS AGENCY (HINA – OTS)
ots@hina.hr**

In Zagreb, 26 May 2020

**Submission of Announcement of Convocation of the 48th General Assembly of
CROATIA osiguranje d.d.**

Herewith we enclose the Announcement of Convocation of the 48th General Assembly of CROATIA osiguranje d.d., which is to be held on 3rd July 2020 at 11:00 hours, at the Company's Head Office in Zagreb, Vatroslava Jagića 33.

Sincerely,

CROATIA osiguranje d.d.

Pursuant to the provision of Article 277 of the Companies Act and Article 33 of the Articles of Association of CROATIA INSURANCE COMPANY Plc. as of 26 February 2020, the Management Board of CROATIA INSURANCE COMPANY Plc. and the Supervisory Board of CROATIA INSURANCE COMPANY Plc., issued the Decision on Convocation of the 48th General Assembly, and hereby invite the shareholders to the

**48th General Assembly of CROATIA INSURANCE COMPANY Plc.
to be held on 3rd July 2020, at 11:00 hours
at the Company's head office in Zagreb, Vatroslava Jagića 33**

I. The following agenda is determined for the 48th General Assembly:

- 1 Review of the Management report for 2019 and Statements on implementing corporate governance code
- 2 Review of the Supervisory Board's Report on Performed Supervision of Business Management of the Company for 2019
- 3 Review of the Annual Consolidated and Non-consolidated Financial statements for 2019, jointly approved by the Management Board and the Supervisory Board of CROATIA INSURANCE COMPANY Plc., and related thereto the following:
 - a Issuing of Decision on the Utilization of Profit of CROATIA INSURANCE COMPANY Plc. realised in 2019
 - b Issuing of Decision on Granting Discharge to Members of the Management Board of CROATIA INSURANCE COMPANY Plc.
 - c Issuing of Decision on Granting Discharge to Members of the Management Board of CROATIA INSURANCE COMPANY Plc.
- 4 Issuing of Decision on Appointment of Auditors of CROATIA INSURANCE COMPANY Plc. for 2019
- 5 Issuing of Decision on approval of the Management Board Remuneration Policy

II. PROPOSALS OF DECISIONS OF THE GENERAL ASSEMBLY

Ad 3 a Issuing of Decision on the Utilization of Profit of CROATIA INSURANCE COMPANY Plc. realised in 2019

Pursuant to the provision of Article 275, paragraph 1, item 2 of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19) and Article 32 of the Articles of Association of CROATIA INSURANCE COMPANY Plc. as of 26 February 2020, the 48th General Assembly of CROATIA INSURANCE COMPANY Plc., held on 3rd July 2020, issued the following

DECISION

on the Utilisation of Profit of CROATIA INSURANCE COMPANY Plc. realised in 2019

Article 1

It is determined that the company CROATIA INSURANCE COMPANY Plc. realised the profit (after taxation) in the amount of HRK 293,130,713.03 for the year ending on 31 December 2019.

Article 2

The realized profit after taxation shall be allocated to retained profit.

Article 3

This Decision enters into force on the day of its issuance.

Ad 3 b Issuing of Decision on Granting Discharge to Members of the Management Board of CROATIA INSURANCE COMPANY Plc.

Pursuant to the provision of Article 275, paragraph 1, item 4 and article 276 of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19) and Article 32 of the Articles of Association of CROATIA INSURANCE COMPANY Plc. as of 26 February 2020, the 48th General Assembly of CROATIA INSURANCE COMPANY Plc., held on 3rd July 2020, issued the following

DECISION

on Granting Discharge to Members of the Management Board of CROATIA INSURANCE COMPANY Plc.

It is determined that the Management Board of CROATIA INSURANCE COMPANY Plc. had the following members in 2019:

- 1 Damir Vandelić, Chairman of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 January 2019 and 30 April 2019*
- 2 Davor Tomašković, Chairman of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 May 2019 and 31 December 2019*
- 3 Nikola Mišetić, Member of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 January 2019 and 23 April 2019*
- 4 Marijan Kralj, Member of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 January 2019 and 30 June 2019*
- 5 Robert Vučković, Member of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 January 2019 and 31 December 2019*
- 6 Miroslav Klepač, Member of the Management Board of CROATIA INSURANCE COMPANY Plc. in the period between 1 January 2019 and 31 December 2019*

The 48th General Assembly approves the work of the Management Board in 2019 and grants discharge to the members of the Management Board of CROATIA INSURANCE COMPANY Plc.

Ad 3 c Issuing of Decision on Granting Discharge to Members of the Supervisory Board of CROATIA INSURANCE COMPANY Plc.

Pursuant to the provision of Article 275, paragraph 1, item 4 and article 276 of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19) and Article 32 of the Articles of Association of CROATIA INSURANCE COMPANY Plc. as of 26 February 2020, the 48th General Assembly of CROATIA INSURANCE COMPANY Plc., held on 3rd July 2020, issued the following

DECISION

on Granting Discharge to Members of the Supervisory Board of CROATIA INSURANCE COMPANY Plc.

It is determined that the Supervisory Board of CROATIA INSURANCE COMPANY Plc. had the following members in 2019:

- 1 Roberto Škopac, Chairman of the Supervisory Board, in the period between 1 January 2019 and 31 December 2019*
- 2 Željko Lovrinčević, Vice Chairman of the Supervisory Board, in the period between 1 January 2019 and 31 December 2019*
- 3 Vitomir Palinec, Member of the Supervisory Board, in the period between 1 January 2019 and 31 December 2019*
- 4 Hrvoje Patajac, Member of the Supervisory Board, in the period between 1 January 2019 and 31 December 2019*
- 5 Petar Miladin, Member of the Supervisory Board, in the period between 1 January 2019 and 18 June 2019*
- 6 Damir Vandelić, Member of the Supervisory Board, in the period between 19 June 2019 and 31 December 2019*
- 7 Vlasta Pavličević, Member of the Supervisory Board, in the period between 1 January 2019 and 31 December 2019*

The 48th General Assembly approves the work of the Supervisory Board in 2019 and grants discharge to the members of the Supervisory Board of CROATIA INSURANCE COMPANY Plc.

Ad 4 Issuing of Decision on Appointment of Auditors of CROATIA INSURANCE COMPANY Plc. for 2020

Pursuant to the provision of Article 275, paragraph 1, item 5 of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19), Article 43, paragraph 2 of the Audit Act (Official Gazette No. 127/17) and Article 32 of the Articles of Association of CROATIA INSURANCE COMPANY Plc., the 48th General Assembly of CROATIA INSURANCE COMPANY Plc., at the proposal of the Supervisory Board, held on 3rd July 2020, issued the following

DECISION

on Appointment of Auditors of CROATIA INSURANCE COMPANY Plc. for 2020

Article 1

Following companies are appointed as Auditors of CROATIA INSURANCE COMPANY Plc. for the year 2020:

- PricewaterhouseCoopers d.o.o., PIN 81744835353, Zagreb, Heinzelova 70, for the audit of financial reports for 2020 and*
- Grant Thornton revizija d.o.o., PIN 19791532335, Zagreb, Ulica Grada Vukovara 284, for the audit of the consolidated financial reports of CROATIA INSURANCE COMPANY Plc. for the purpose of consolidation of Adris grupa d.d. for business year 2020.*

Article 2

This Decision enters into force on the day of its issuance.

Ad 5 Issuing of Decision on approval of the Management Board Remuneration Policy

Pursuant to the provision of Article 275, paragraph 1, item 3 of the Companies Act (Official Gazette No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19), and Article 32 of the Articles of Association of CROATIA INSURANCE COMPANY Plc., the 48th General Assembly of CROATIA INSURANCE COMPANY Plc., at the proposal of the Supervisory Board, held on 3rd July 2020, issued the following

DECISION

on approval of the Management Board Remuneration Policy

Article 1

The Management Board Remuneration Policy is approved in the text that was published as the Attachment to the Invitation to this General Assembly, and which makes an integral part of this Decision.

Article 2

This Decision enters into force on the day of its issuance.

III. NOTICE TO SHAREHOLDERS AND INSTRUCTIONS FOR PARTICIPATION AND EXERCISING VOTING RIGHTS

APPLICATION

Shareholders who wish to participate in the General Assembly are obliged to apply for participation in writing. The application is to be submitted directly at the Company's head office or sent by registered mail to the following address: CROATIA INSURANCE COMPANY

Plc., Legal Department, Vatroslava Jagića 33, 10000 Zagreb (with the wording: Application for General Assembly), six days prior to the General Assembly being held.

The said deadline of 6 days does not include the day when the application is received by the Company, or the day of the General Assembly session, i.e. the right to participate and vote in the General Assembly shall be granted to those shareholders whose application is received at the above stated address on 26th June 2020 at the latest, and who are registered as shareholders of CROATIA INSURANCE COMPANY Plc. with the Central Depository and Clearing Company (CDCC) on that same day.

If the shareholder is a legal person, the application form shall be certified by its usual stamp and signed by an authorized person, with the excerpt from the court register enclosed. If the shareholder is a natural person, the application form shall be signed by him/her personally. The application form is available to all shareholders at the Company's website www.crosig.hr.

POWER OF ATTORNEY

A shareholder fills out the power of attorney by writing down the correct name/company name of a legal person, its seat, personal identification number (PIN) and the account number with CDCC, or the correct name and family name of a natural person, their address, personal identification number (PIN) and the account number with CDCC. When the shareholder appoints a proxy, the power of attorney form should contain the following data written in capital letters on the line provided for that purpose: name and family name of the proxy, personal identification number (PIN) as well as his/her residence/address. If the shareholder is a legal person, the power of attorney shall be certified by its usual stamp and signed by an authorized person, with the excerpt from the court register enclosed.

If the shareholder is a natural person, the power of attorney shall be signed either in the presence of an authorized employee of the Legal Department at the Head Office of CROATIA INSURANCE COMPANY Plc. prior to the General Assembly meeting, or the signature has to be certified by a Notary Public.

Please send the filled out power of attorney for shareholder's representation at the General Assembly enclosed with the application for participation in the General Assembly. The power of attorney form, with detailed explanations on how it should be filled out, is available to all shareholders at the Company's website www.crosig.hr.

Proof of appointment of a proxy (a scan of the signed power of attorney) may also be sent by e-mail to: gs@crosig.hr, whereas the original is to be submitted to the authorized employees of the Company on the day of the General Assembly meeting.

MATERIALS FOR GENERAL ASSEMBLY

This invitation, together with the application form, power of attorney form and all the materials for the 48th General Assembly shall be available to the shareholders at the Company's website www.crosig.hr from the day of publication of this invitation on the website of the Court Register. All the materials for the 48th General Assembly of CROATIA

INSURANCE COMPANY Plc. shall also be available at the Company's registered head office, in the Legal Department.

PROPOSING NEW AGENDA ITEMS

Shareholders who jointly hold a twentieth of the share capital of the Company have the right to request that an additional item be included in the agenda of the General Assembly, whereupon the new agenda item should be accompanied by an explanation and respective decision proposal.

Such request has to be received by the Company at least 30 days prior to the General Assembly meeting. This deadline does not include the day the request is received by the Company.

SHAREHOLDERS' COUNTERPROPOSALS

Shareholders' counterproposals to the proposals of the Management Board and the Supervisory Board of the Company, relating to a particular agenda item, submitted with names and surnames of the shareholders and an accompanying explanation, as well as the shareholders' proposals regarding the appointment of Supervisory Board members or appointment of the Company's auditor, submitted without an explanation, have to be received at the Company at least 14 days prior to the day of General Assembly meeting. The date on which such counterproposals are received by the Company shall not be included in this 14-day deadline. If a shareholder does not exercise this right, he/she shall still be entitled to make counterproposals at the General Assembly meeting.

RIGHT TO INFORMATION

At the General Assembly meeting, the Management Board is obliged to provide information about the Company's operations to any shareholder at his/her request, in case this information is necessary to judge the issues included in the agenda. However, such information may be withheld due to the reasons defined in the Companies Act.

GENERAL INFORMATION FOR SHAREHOLDERS

CROATIA INSURANCE COMPANY Plc. informs the shareholders that, at the moment of issuing the Decision on Convocation of the 48th General Assembly, the share capital of CROATIA INSURANCE COMPANY Plc. is divided in 429,697 shares in nominal value of HRK 1,400.00, of which 307,598 are ordinary registered shares of the 1st issue, marked CROS-R-A; 113,349 are ordinary registered shares of the 2nd issue, marked CROS-R-A; and 8,750 are preference registered shares of the 1st issue, marked CROS-P-A, with each share entitling to one vote.

Pursuant to Article 277, paragraph 4, item 4 of the Companies Act, CROATIA INSURANCE COMPANY Plc. informs the shareholders that all information pursuant to Article 280a of the Companies Act is available at the Company's website www.crosig.hr.

The participants are invited to arrive at the General Assembly meeting 30 minutes prior to its scheduled beginning, so that the list of participants can be made in a timely manner.

Pursuant to the Articles of Association of CROATIA INSURANCE COMPANY Plc., the General Assembly cannot adopt valid decisions unless attended by shareholders whose shares represent a half of the total share capital of the Company.

In case the quorum is not met, pursuant to the provision of Article 36, paragraph 2 of the Articles of Association of CROATIA INSURANCE COMPANY Plc., the next General Assembly meeting shall be held on 3rd July 2020, at 15:00 hours, with the same agenda and at the same venue, and this General Assembly shall be able to adopt valid decisions notwithstanding the amount of the share capital represented. Granted powers of attorney will be valid for this General Assembly as well.

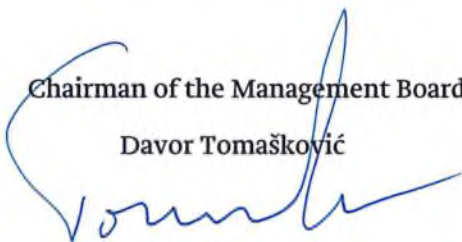
In Zagreb, 22 May 2020

CROATIA INSURANCE COMPANY Plc.

Member of the Management Board


Luka Babić

Chairman of the Management Board


Davor Tomašković

*Attachment to the Invitation to the 48th General Assembly of CROATIA INSURANCE COMPANY Plc.
Management Board Remuneration Policy, an integral part of the proposal of the Decision on approval of the
Management Board Remuneration Policy*

Pursuant to Article 26 of the Articles of Association, the Supervisory Board of the company CROATIA osiguranje d.d., Vatroslava Jagića 33, Zagreb, PIN: 26187994862 (hereinafter: Company), at its 28th meeting held on 22 May 2020, adopted the following

MANAGEMENT BOARD REMUNERATION POLICY

1. INTRODUCTORY PROVISIONS

This remuneration policy regulates the remuneration paid to members of the Management Board for their work in the Company (“member of the Management Board” shall include the Chairman of the Management, unless the actual wording or the context undoubtedly indicate that the term does not include the Chairman of the Management Board) under a concluded employment contract and agreement on performance of tasks which entail special rights and obligations as well as under the Company’s internal documents, and defines the connection between those documents and the business strategy and long-term development of the Company (hereinafter: Policy). It also serves as the basis for drawing up of annual reports on remuneration paid or promised to be paid by the Company to a current or former Management Board member.

This Policy derives from the following regulatory framework:

- Companies Act (Official Gazette 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15, 40/19)
- Insurance Act (NN 30/15, 112/2018)
- 2019 Corporate Governance Code
- Remuneration Policy issued for the Company by the Company’s Management Board and approved by the Supervisory Board, applying to all employees.

The Company ensures that this document is compliant with internal rules, policies, guidelines and strategies. This policy is aimed at performance-based rewarding, while at the same time ensuring long-term sustainability and transparency of remuneration payable to Management Board members.

2. APPOINTMENTS AND REMUNERATIONS COMMITTEE

The Supervisory Board establishes the Appointments and Remunerations Committee (hereinafter: Committee) and appoints its members.

Each member of the Committee has to possess the appropriate skills, knowledge and education as well as professional and practical experience required to perform the activities falling within the scope of competence of the Committee.

Committee members are appointed by the Supervisory Board for a maximum term of 4 (four) years, with the possibility of reappointment.

In the context of its activities relating to remunerations, the Committee has the following responsibilities:

- it makes recommendations to the Supervisory Board regarding Management Board remuneration policies at least every three years
- it makes recommendations to the Supervisory Board regarding remunerations payable to the Chairman and members of the Management Board based on the assessment of Company's performance and their personal performance
- it makes recommendations to the Supervisory Board regarding Supervisory Board remunerations policy, which is to be referred to the General Assembly for approval
- it monitors the amounts and structure of remunerations payable to senior management and employees as a whole and makes recommendations to the Management Board regarding its policies,
- it oversees the drafting of the legally prescribed compulsory annual report on remunerations, which is sent to the Supervisory Board for approval.

The Supervisory Board is responsible for delivering, implementing and monitoring this Policy.

The Committee convenes at least once a year. Description of the tasks falling under the competence of the Committee has to be available on the Company's website. The Committee's work report is included in the annual report, which has to comprise information about the number of meetings held and about Committee members.

Each year, the Committee re-evaluates the scope of its work and its own efficiency as well as the quality of the information obtained by it and recommends any changes that need to be made.

3. MANAGEMENT BOARD REMUNERATION PRINCIPLES

Basic Management Board remuneration principles are the following:

- alignment between all elements of the remuneration and the responsibility for actual performance achieved
- rewarding based on tasks of the same or similar level of complexity, in line with the conditions on the market
- performance-based rewarding, with the variable part of the paid out reward reflecting the overall achievement of the Company's objectives as well as the Management Board member's own contribution
- short-term and long-term objectives are defined as financial and nonfinancial objectives
- good managerial practices and implementation of a system of values are key for the Company's business success, which is why the nonfinancial objective is defined through conduct that indicates good-quality, efficient and ethical management of human resources and business operations and/or one that has a positive impact on the reputation and/or trust in the Company
- rewarding/incentivizing encourages professionalism and excellence, regardless of gender, ethnicity, age, disability or other.

Structure of remuneration is aimed at sustainable growth of the Company. All components of remuneration have been defined appropriately, individually and completely, in a way that does not encourage those that receive it to take unreasonable risks that would be contrary to long-term interests, business strategy, objectives or values of the Company.

4. KEY ELEMENTS OF MANAGEMENT BOARD REMUNERATION PACKAGE

4.1 Fixed remuneration

BASE SALARY

Fixed remuneration comprises base salary and applicable benefits defined in item 4.3.

Base salary is not based on work performance. It is paid in twelve monthly instalments.

Base salary is aligned with the conditions on the labour market in the insurance sector and/or the overall labour market for similar of same-level complexity jobs, because the objective is for the base salary to reflect the demands of the position and the skills and experience need to perform the relevant type of work.

Where the information obtained by comparison with the labour market is insufficient or insufficiently precise, additional information is taken into consideration, such as:

- Company's performance over the last few years and during the term of office of the relevant Management Board member
- Management Board member's performance in terms of the annual objectives set
- strategic changes in the Company's business operations (e.g., acquisitions or disinvestments, restructuring, new product lines, demerger of a part of business operations)
- Management Board member's individual rewards history
- probability of the Management Board member voluntarily leaving his position.

Base salary payable to the Chairman of the Company's Management Board is defined based on market values of Mercer IPE (International Position Evaluation) methodology and ranges between rank 65 and 69, whereas for Management Board members it ranges between rank 63 and 68.

4.2 Variable remuneration

ANNUAL BONUS

Variable remuneration is intended to reward the Management Board member's work performance, which is determined based on realization of the Company's financial and nonfinancial objectives that derive from the long-term business strategy. As a rule, objectives are set for a period of one business year.

Annual bonus depends on work performance in the relevant year and it is paid in the following business year. Annual bonus is generally not paid out unless the KPIs reach 95% of the planned values for the relevant year.

The targeted amount of annual bonus is up to 55% of the annual base salary, but the maximum annual bonus may reach no more than 83% of annual base salary.

Formula for calculating annual bonus is structured so that 80% of the bonus depends on achieved performance of the CROATIA osiguranje Group and 20% depends on personal evaluation (nonfinancial SMART objectives), with the Supervisory Board being left the discretion to adjust the overall sum. Performance of nonfinancial SMART objectives (which represent good managerial practices and

implementation of the system of values) which is significantly below the expectations and thus negatively affects business sustainability in the long run, completely cancels out the payment of annual bonus, regardless of the degree of achievement of financial objectives.

Methods used to determine whether the requirements for payment of the variable part of the remuneration have been fulfilled are the audited annual financial statements of the Company and CROATIA osiguranje Group. Poor performance is not rewarded and any fulfilment of nonfinancial (SMART) objectives that is significantly below the expectations results in non-payment of the whole bonus.

Each type of variable remuneration is connected with realizing strategic objectives and achieving sustainability, it does not promote the taking of excessive risks and it is paid out at a rate where the proportion between the fixed and variable remuneration remains reasonable. In the event that it is determined that the Management Board member is entitled to an annual bonus that is higher than 80% of maximum bonus, the difference (excess sum) is paid 3 (three) years after the determination of the right to such payment.

In the event of a negative business situation or revocation of appointment or termination of employment of the Management Board member due to reasons attributable to him/her, the Supervisory Board may issue a decision that the postponed portion of bonus not be paid out.

Payment of bonus after 3 (three) years have passed since the postponement requires verification by the Supervisory Board, which is made at the same time as the decision on bonus for the previous year.

Variable remuneration, including the postponed portion of such remuneration, is paid or payable only if it is sustainable in the context of the financial situation of the Company as a whole and if it is justified considering the Company's and the Management Board member's personal performance.

MULTIANNUAL BONUS

Purpose of multiannual rewarding/incentivizing is to prevent the Management Board member from being focused only on short-term performance of the Company, to the detriment of long-term performance.

Multiannual bonus is intended to motivate and reward Management Board members to work on the company's continual long-term growth and prosperity and to instil a long-term perspective in their decision-making process.

Multiannual bonus depends on the realization of specifically set objectives for the Management Board member: e.g., three-year increase in the value of shares, earnings per share, return on equity, precisely specified sales increase or alike.

The targeted amount of multiannual bonus is up to 55% of the annual base salary, but the maximum multiannual bonus may reach no more than 83% of annual base salary.

The right to payment and the actual amount of multiannual bonus is determined by the Company's Supervisory Board based on achieved results of the Company and CROATIA osiguranje Group and

based on personal contribution of the Management Board member during the contracted period, i.e. achievement of defined objectives according to the performance plan and evaluation (degree of reaching the planned KPIs).

As a rule, the right to payment of a portion of the multiannual bonus for a specific business year cannot be exercised if achieved KPIs do not reach 90% of the planned values.

Payment of 50% of bonus is usually a one-off payment made after the final annual accounts, whereas the amount equivalent to 50% of multiannual bonus realized in any individual year is retained by the end of the term of office so that it could be used to balance out the total amount of multiannual bonus payable at the end of the term of office based on the KPIs for that term.

Each type of variable remuneration is connected with realizing strategic objectives and achieving sustainability, it does not promote the taking of excessive risks and it is paid out at a rate where the proportion between the fixed and variable remuneration remains reasonable.

In the event that it is determined that the Management Board member is entitled to a multiannual bonus that is higher than 80% of the maximum bonus payable in the year when his/her term of office ends, the difference (excess sum) is paid 3 (three) years after the determination of the right to such payment.

In the event of a negative business situation or revocation of appointment or termination of employment of the Management Board member due to reasons attributable to him/her, a decision may be issued that the postponed portion of bonus not be paid out.

Payment of bonus after 3 (three) years have passed since the postponement requires verification by the Supervisory Board, which is made at the same time as the decision on bonus for the previous year.

Multiannual bonus is paid or payable only if it is sustainable in the context of the financial situation of the Company as a whole and if it is justified considering the Company's and the Management Board member's personal performance.

In the event of occurrence of certain circumstances defined by law or another applicable rule, the Company may demand that paid-out variable remuneration be refunded.

SHARES

The Company may unilaterally decide to pay out the annual and/or multiannual bonus by assigning shares to the Management Board member, either the Company's own shares or shares of a related company that are traded in a regulated market, in which case the Management Board member

- acquires shares at the moment when he/she would otherwise receive a cash payment as payment of the bonus earned

- may immediately dispose of the shares assigned to him/her as payment of the annual bonus, whereas when it comes to shares assigned to him/her as payment of the multiannual bonus, the Company shall specify the time during which the Management Board member has to hold the shares.

Assignment of shares contributes to the Management Board member being focused on an appropriate balance between short-term and long-term objectives.

4.3 Benefits

Benefits are not connected with work performance and they are contracted under the Agreement on performance of tasks which entail special rights and obligations. The Supervisory Board regularly analyses the level of benefits and, if necessary, changes existing ones and introduces new ones.

Benefits include:

- 24/7 use of company car
- life insurance
- additional health insurance
- accident insurance policy
- personal liability insurance policy
- pension insurance - 3rd pillar voluntary pension insurance.

The Company shall be under no obligation to pay contributions for remaining years of service as required for the Management Board member to receive pension if termination of his/her employment would lead to early retirement.

5. AGREEMENT CONCLUDED WITH THE MANAGEMENT BOARD MEMBER

5.1 Agreement

Management Board members conclude Agreements on performance of tasks which entail special rights and obligations with the Company, which is represented by the Chairman of the Management Board. Under such agreements, they enter an open-ended employment relationship with the Company and agree to perform the tasks of a member of the Management Board during the term of office for which they have been appointed by the Supervisory Board. When it comes to the prerequisites for termination of the agreement and notice periods, the relevant terms of that agreement as well as the terms of applicable legal regulations apply *mutatis mutandis*.

5.2 Notice period

In the event of termination of employment, the Management Board member has the right to a notice period of at least 2 months.

5.3 Severance pay

If the Management Board member's Agreement on performance of tasks of a Management Board member terminates by expiry of the term for which it has been concluded or based on the Management Board member's dismissal from office by the Supervisory Board and termination of employment contract, the Management Board member shall be entitled to a severance pay equivalent to 10 (ten) base salaries specified under the Agreement based on which he/she performed the tasks of a member of the Management Board (provided that his/her employment is thereby terminated).

6. ALIGNMENT OF REMUNERATION PAYABLE TO MANAGEMENT BOARD MEMBERS WITH CERTAIN CONDITIONS

In determining the remuneration payable to Management Board members, the Company makes sure that the amount of remuneration is aligned with the internal and external context. In terms of internal alignment, this means that remuneration is based on job complexity according to a recognized and scientifically verified job evaluation methodology. This evaluation is performed for and applies to all jobs in the Company. External alignment means that remuneration is aligned with market conditions in the financial and insurance industry.

7. MEASURES INTENDED TO PREVENT CONFLICT OF INTEREST

Measures intended to prevent conflict of interest included in the Remuneration Policy are the following:

- alignment of variable remuneration with the financial context, risk management, legal regulations, compliance and human resource management aspects
- a Management Board member is not included in the decision-making process regarding his/her own remuneration
- the Committee is responsible for contracting individual reward packages (including variable-pay rewards) for members of the Management Board
- financial objectives applying to members of the Management Board are defined in a way that they are mutually balanced out so that in the event of a high level of achievement of any one financial objective which would result from unethical conduct, this would cause a lower level of achievement of another financial objective.

8. PROCEDURE OF DELIVERING, IMPLEMENTING AND MONITORING REMUNERATION POLICIES

The Supervisory Board adopts the Remuneration Policies at the recommendation of and in cooperation with the Committee, as described in Article 2 hereof.

Remuneration Policies serve as a basis for drawing up annual remuneration reports and they have to be aligned with one another.

The Supervisory Board submits the Policies to the General Assembly for decision-making (approval) at least once every four years and each time they need to be significantly changed based on the recommendation of the Committee.

In the event that the General Assembly does not approve the Remuneration Policies, the Supervisory Board shall submit a reviewed and revised Remuneration Policy at the next General Assembly meeting, where it shall be put to vote.

The Supervisory Board has the authority to diverge from this Policy in the part where it applies to fixed and variable remuneration (by defining different amounts of remuneration) in the following cases:

- extraordinary circumstances in the market that demand an extraordinary cost reduction
- inability to hire an adequate candidate in the local labour market

- significant disturbance in the local labour market in terms of the mentioned elements of remuneration being non-competitive
- emergency measures being needed to retain a particular Management Board member.

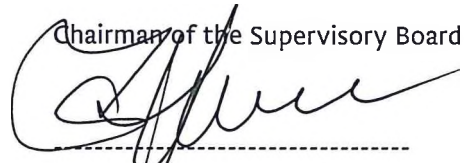
The Supervisory Board may issue a special decision authorizing a member of the Supervisory Board to issue a decision on divergence from this Policy.

9. FINAL PROVISIONS

This Policy shall be reviewed when required, but in any case it is to be reviewed at least every 4 (four) years. Where no changes are to be introduced, a special decision shall be issued in confirmation of this fact.

The drafting of a recommendation for amendments and consolidating the text of this Policy shall be the responsibility of the Committee, whereas the Company's Human Resources department shall provide professional support to the Supervisory Board and/or Committee, at their request, and it shall be responsible for implementing the Policy.

The Policy also applies to the business year in which it was adopted.

Chairman of the Supervisory Board


Roberto Skopac