

The Management Board of HRVATSKA POŠTANSKA BANKA plc (hereinafter referred to as the Bank), Zagreb, Jurišićeva 4, by virtue of the authority vested in it under Article 277 of the Companies Act and Article 24 of the Articles of Association of the Bank, made on 31 March 2016 the decision on calling the General Meeting of the Bank, and hereby invites the shareholders of the Bank to attend

XLI GENERAL MEETING

of HRVATSKA POŠTANSKA BANKA plc, Zagreb, to be held on 16 May 2016 at the Bank's offices, Zagreb, Jurišićeva 4, at 11.00 a.m.

XLI General Meeting

Agenda:

1. Annual financial statements and consolidated financial statements of Hrvatska poštanska banka plc for 2015, confirmed by the Management Board and the Supervisory Board, and the Management Board's Annual Report of Condition of the Bank and its Subsidiaries for 2015.
2. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2015
3. Resolution on the allocation of the profit earned in 2015
4. Resolution on the approval of the Management Board members' actions
5. Resolution on the approval of the Supervisory Board members' actions
6. Resolution on determination of remunerations to the members of the Supervisory Board
7. Resolution on the suitability of members of the Supervisory Board of Hrvatska poštanska banka plc, and on the election of members of the Supervisory Board of Hrvatska poštanska banka plc
8. Adoption of the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank

PROPOSED RESOLUTIONS AND EXPLANATORY NOTES

Under Agenda **Item 1** the General Meeting does not pass resolutions.

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 and consolidated financial statements of Hrvatska poštanska banka plc for 2015, 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 plc and its subsidiaries for 2015, 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 Meeting.

Item 2 The Report submitted by the Supervisory Board to the General Meeting

[Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2015](#)

(The report is available by clicking on the title of the document)

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

Under Agenda **Item 3** the Management Board and the Supervisory Board propose that the General Meeting passes the following resolution:

RESOLUTION on the allocation of the profit earned in 2015

I

It is established that the Bank made in the year ended 31 December 2015 the after-tax profit totalling HRK 123,216,698.18.

II

The profit referred to above is allocated in the following manner:

- to statutory reserve the amount of HRK 6,160,834.91
- to reserve for own shares the amount of HRK 10,000,000.00
- to the retained earnings the amount of HRK 107,055,863.27.

III

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

Explanatory Note to the Proposed Resolution

The proposed allocation of the profit is in accordance with the Companies Act, Article 220 and 300.b, the Articles of Association of the Bank and the MEO principle compliant Business Plan of Hrvatska poštanska banka, presented to the European Commission in April of 2015.

With the recapitalization of the Bank fully implemented on 30 September 2015, the capital increase was accompanied by decrease (of the nominal value of a share) whereby the Bank's accumulated loss was covered. Consequently, in accordance with the law the Bank is obliged when allocating the profit made in 2015 to first allocate 5% of the net profit to statutory reserve.

In accordance with the CNB's Decision on remunerations from June 2014 and HPB's Remuneration Policy, the Bank is obliged to provide for the possibility to pay variable remuneration component to its employees in the Bank's own shares, and in accordance with the regulations to form reserve for own shares.

During the recapitalization process in 2015, the Bank prepared the MEO principle compliant Business Plan according to which it is provided to retain the profit made in 2015.

Faced with the lack of capital, and until the time the recapitalization was fully implemented, the Bank converted in June of 2015 hybrid instruments into the capital and applied for the CNB's consent for the inclusion of the semi-annual profit in the amount of HRK 82.6 million in the share capital. The Bank was granted approval in August of 2015 and included the semi-annual profit in the share capital, achieving thereby the capital adequacy ratio of 10.6%. As the CNB's approval does not provide for the payment of the profit previously included in the share capital, the semi-annual profit is not available for the payment of dividends; it is proposed therefore that upon the allocation of the profit to statutory reserve and reserve for own shares, the remaining profit is allocated to the retained earnings.

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

RESOLUTION
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 2015 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 resolution shall enter into force on the day of its adoption.

Explanatory Note to the Proposed Resolution

Since the Management Board managed the affairs of the Bank in accordance with the law, the Articles of Association and resolutions passed by the General Meeting, it is approved hereby the manner in which the Management Board managed the Bank's affairs in 2015.

Under Agenda **Item 5** the Supervisory Board proposes that the General Meeting passes the following resolution:

RESOLUTION
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 2015 their functions in accordance with the law and the Articles of Association, and are therefore granted the approval of their actions.

II

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

Explanatory Note to the Proposed Resolution

Since the Supervisory Board supervised the affairs of the Bank in accordance with the law, the Articles of Association and resolutions passed by the General Meeting, it is approved hereby the manner in which the Management Board performed its functions in 2015.

Under Agenda **Item 6** the Management Board and the Supervisory Board propose that the General Meeting passes the following resolution:

RESOLUTION
on determination of remunerations to the members of the Supervisory Board

I

The members of the Supervisory Board shall be paid a monthly remuneration in the net amount of HRK 2,000.00 in 2016.

II

This Resolution shall apply also to the period from 1 January 2017 until the adoption of the resolution on determination of remunerations to the members of the Supervisory Board of the Bank for 2017.

III

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

IV

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

Explanatory Note to the Proposed Resolution

By this proposed resolution, the remuneration to the members of the Supervisory Board for 2016 has been brought into line with the current resolution of the majority owner of the Bank.

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

RESOLUTION
on the suitability of members of the Supervisory Board of Hrvatska poštanska banka plc,
and on the election of members of the Supervisory Board of Hrvatska poštanska banka plc

I

It is confirmed that to the members of the Supervisory Board of Hrvatska poštanska banka plc:

1. Dražen Kobas
2. Nada Karaman Aksentijević
3. Niko Raič
4. Marin Palada

the term of office will expire on 30 July 2016 and that they will cease to be members of the Supervisory Board of the Bank.

II

On the basis of the regular yearly suitability assessment procedure conducted in accordance with the Credit Institutions Act and relevant subordinate regulations by the Suitability Assessment Committee to assess the suitability to perform the function of members of the Supervisory Board of Hrvatska poštanska banka plc, and the proposal of the Management Board referring to the suitability of members of the Supervisory Board, each of the members of the Supervisory Board of Hrvatska poštanska banka plc, namely:

1. Dražen Kobas
2. Nada Karaman Aksentijević
3. Niko Raič
4. Marin Palada

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

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 Bank.

III

Re-elected to the Supervisory Board of Hrvatska poštanska banka plc are:

1. **Dražen Kobas**, Lučko, Ježdovečka 1d, Master of Economics, Executive Director of the Management Board, Executive Director of the Office of Internal Audit in Hrvatska pošta plc Zagreb
2. **Nada Karaman Aksentijević, Ph.D.**, Rijeka, Hosti 7, Doctor of Economics, University Professor, Head of the Department of National Economy and Development at the Faculty of Economics in Rijeka
3. **Niko Raič, M.Sc.**, Zagreb, Horvačanska cesta 25, Master of Science, Director of the Department for Budget Preparation and Financing of Local Governments within the Ministry of Finance of the Republic of Croatia, Zagreb
4. **Marin Palada**, Zagreb, Ilica 191, Master of Economics, currently unemployed.

IV

The term of office for the members of the Supervisory Board of Hrvatska poštanska banka plc referred to above and elected hereby begins on 31 July 2016 and runs until the election of new members.

V

On the basis of this Resolution, in accordance with the Credit Institutions Act, the application will be made to the Croatian National Bank for prior approval to perform the function of a member of the Supervisory Board of Hrvatska poštanska banka plc for persons listed in the above point III; this Resolution shall enter into force on the date on which prior approval to perform the function of a member of the Supervisory Board of Hrvatska poštanska banka plc is issued.

Explanatory Note to the Proposed Resolution

In accordance with subordinate regulations and bylaws of the Bank, the regular yearly suitability assessment procedure was conducted for the members of the Supervisory Board of the Bank, and as proposed by the Management Board of the Bank, and following the declaration of the Nomination Committee, the Resolution on their suitability is passed. In addition to that, taking into consideration the fact that the term of office of the current members of the Supervisory Board will expire in July of 2016, in accordance with the Conclusion of the Government of the Republic of Croatia, Class: 022-03/16-07/01, Ref. No. 50301-05/18-16-2 of 14 January 2016, it is proposed to re-elect the current members of the Supervisory Board for the term to run until the election of new members of the Supervisory Board.

Under Agenda **Item 8** the Management Board proposes that the General Meeting adopts:

**[Policy on the selection and assessment of the suitability
of members of the Supervisory Board of the Bank](#)**

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

Explanatory Note to the Proposed Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank

In accordance with the Credit Institutions Act and the Decision of the Croatian National Bank on the assessment of the suitability of the president of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution (CNB's Decision), general meeting of a credit institution adopts appropriate policy on the selection and assessment of the fulfilment of the requirements for members of the supervisory board.

In compliance with this obligation, the General Meeting of the Bank adopted in 2013 the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank (Policy). Since in the meantime the Credit Institutions Act and the CNB's Decision have been amended, it has been required to harmonize relevant provisions and amend the Policy, incorporating the provisions which define the method of responding by a person being assessed.

CONDITIONS APPLYING TO ATTENDING THE GENERAL MEETING 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 Meeting.

A shareholder may exercise the right to attend General Meeting and exercise voting right if a shareholder has notified intended attendance at the General Meeting not later than seven days before the date of the General Meeting i.e. **the last day for such notification being 9 May 2016**. 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 Meeting. The notifications of intended attendance at the General Meeting 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.

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

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, shall be notarized.

Materials for the General Meeting of the Bank serving as guidelines for passing resolutions and General Meeting 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 Meeting, on business days from 9 a.m. to 12.00 p.m. (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 Meeting 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 resolution 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 Meeting and to come 30 minutes before the time at which the General Meeting is due to start to be entered on the list of attendees.

HRVATSKA POŠTANSKA BANKA, plc

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