

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 and Article 24 of the Articles of Association of the Bank, made on 14<sup>th</sup> May 2018 the decision on calling the General Meeting of the Bank, and hereby invites the shareholders of the Bank to attend

## **XLV GENERAL MEETING**

**of Hrvatska poštanska banka p.l.c., Zagreb, to be held on 28<sup>th</sup> June 2018 at the Bank's offices, Zagreb, Jurišićeva 4, at 14.00 p.m.**

XLV General Meeting

### **Agenda:**

1. Opening of the General Meeting 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 2017, 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 2017
3. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2017
4. Resolution on the allocation of the profit earned in 2017
5. Resolution on the approval of the Management Board members' actions
6. Resolution on the approval of the Supervisory Board members' actions
7. Resolution on determination of remunerations to the members of the Supervisory Board
8. Resolution on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2018
9. Resolution on the suitability of the members of the Supervisory Board of Hrvatska poštanska banka p.l.c.
10. Resolution on granting the approval to acquire a qualifying holding (100% of shares) of Jadranska banka plc Šibenik under resolution, according to the Offer for the purchase and transfer of shares of Jadranska banka plc Šibenik accepted by the State Agency for Deposit Insurance and Bank Resolution (*Seller*) and on granting the approval to the Management Board for undertaking all further activities for completion of the transaction in connection with the acquisition concerned.

The shareholders are invited to attend the General Meeting.

## **PROPOSED RESOLUTIONS AND EXPLANATORY NOTES**

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Under Agenda **Item 2** 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 of Hrvatska poštanska banka p.l.c. and consolidated financial statements of Hrvatska poštanska banka Group for 2017, 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 2017, 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.*

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**Item 3** The Report submitted by the Supervisory Board to the General Meeting

### **REPORT on the supervision exercised over the conduct of business affairs of the Bank in 2017**

I

In compliance with the resolutions passed at the General Meeting of the Bank and with the consent of the Croatian National Bank, in 201, namely from 3 February to 10 of February 2017, by the Decision of the Commercial court in Zagreb number R-395/16, the composition of the Supervisory Board was the following: Dražen Kobas, President, Nada Karaman Aksentijević, Vice-President and Niko Raič, Member.

From 11 February 2017, the composition of the Supervisory board, according to the decision of the General Assembly from 30 January 2017 and Decision of Croatian National Bank from 10 February 2017, mandate

of the members was 6 months, and composition of Supervisory Board was: Marijana Miličević as president, Željko Lovrinčevića as vice president and Marijana Vuraić Kudeljan as 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 next 4 years, and in the same composition Supervisory Board worked until the end of 2017.

## II

In 2017, the Supervisory Board held 14 meetings where many issues were discussed relating to the Bank's business, and many meetings via electronic mail in the situations where individual decisions required prompt resolution, of which the majority referred to the approvals of the Supervisory Board regarding the Bank's exposure to individual clients, in accordance with the legislation in force.

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 and within the scope of their competences reported on and explained individual topics in order that the Supervisory Board could take its position and make required decisions, and the Supervisory Board could at any time seek and obtain from the Management Board information on all matters regarding the Bank's business. The meetings of the Supervisory Board were attended if necessary also by individual executive directors of departments and directors of offices who provided all required supplementary explanations which 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 Nomination Committee.

In 2017 the Audit Committee held 7 ordinary meetings and one via electronic mail, where it discussed and decided on the matters that fall within its competence and responsibility, as regulated by the Decision whereby the Audit Committee was established and its Rules of Procedure. The Audit Committee had in 2017 five members; along with the member of the Supervisory Board of the Bank, members were also Zlatko Benčić and Ivana Radeljak Novaković.

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 2017 the Remuneration Committee held 6 meetings, the Risk Management Committee held 5 meetings and the Nomination Committee held 2 meetings. At the meetings, the matters within the scope of competences and responsibilities of these committees were discussed and commented.

## IV

The Supervisory Board reviewed the reports of the auditor Ernst & Young d.o.o., Zagreb, Radnička 50 who conducted the audit of the annual financial statements and consolidated financial statements of the Bank for the year ended 31 December 2017, and accepted the auditor's reports.

The Supervisory Board reviewed the annual financial statements and consolidated financial statements of the Bank for the year ended 31 December 2017, submitted to it by the Management Board of the Bank, and established that the annual financial statements and consolidated financial statements of the Bank were prepared in accordance with the balances recorded in the business books and that they fairly disclosed the assets and the condition of the Bank. The Supervisory Board gives its consent for these, whereby in accordance with the provision of Article 300.d of the Companies Act these statements are considered to be confirmed.

The Supervisory Board gives its consent for the Management Board's annual report of condition of Hrvatska poštanska banka and its subsidiaries for the year ended 31 December 2017.

In compliance with its obligations and according to the supervision exercised in 2017, the Supervisory Board has concluded that Hrvatska poštanska banka plc has acted in accordance with the law, subordinate legislation, the Articles of Association and other bylaws of the Bank, and resolutions of the General Meeting.

## V

The Supervisory Board was presented the proposal of the Management Board for 2017 profit allocation; thereby it has been established that Hrvatska poštanska banka plc earned in the year ended 31 December 2017 the after-tax profit totaling HRK 8.333.458,88. The Supervisory Board agrees with the proposal of the Management Board for profit allocation and proposes that the General Meeting adopts such decision.

## VI

The Supervisory Board submits this Report to the General Meeting of the Bank and proposes that the General Meeting adopts the Management Board's proposal for the allocation of the profit for the year ended 31 December 2017.

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

Under Agenda **Item 4** 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 2017**

I

It is established that Hrvatska poštanska banka p.l.c. made in the year ended 31 December 2017 the net profit totalling HRK 8,333,458.88.

II

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

- to statutory reserve the amount of HRK 416,672.94
- to the retained earnings the amount of HRK 7,916,785.94.

III

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

**Explanatory Note to the Proposed Resolution**

*Proposed allocation of net profit after taxation is in accordance with the Companies Act, Articles 220 and 300b. and by the Articles of Association of Hrvatska poštanska banka, p.l.c.*

*In accordance with Company Act, the Bank is obliged to allocate 5% of the net profit earned in 2017 to the statutory reserves*

*Taking into account the lower capitalization of HPB p.l.c. in comparison with the other banks on the market, and the new capital requirement threatening the Bank for exceeding the market share of 5.00%, the Management Board and the Supervisory Board consider it appropriate to propose that the remaining net profit should be allocated to retained earnings after allocation to the legal reserves. This will impact capital adequacy positively, i.e. it will allow risk weighted assets to increase by at least HRK 50,912 thousand in 2018.*

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Under Agenda **Item 5** 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 2017 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 2017.*

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Under Agenda **Item 6** 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 2017 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 2017.*

Under Agenda **Item 7** 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 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 2018.

II

This Resolution shall apply also to the period from 1 January 2019 until the adoption of the resolution on determination of remunerations to the members of the Supervisory Board of the Bank for 2019.

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 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 2018 has been brought into line with the current resolution of the majority owner of the Bank.*

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Under **Agenda Item 8** the Supervisory Board proposes that the General Meeting passes the following resolution:

**RESOLUTION**

**on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2018**

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The Auditing Firm Ernst & Young d.o.o., Zagreb, Radnička cesta 50, is appointed as the auditor for Hrvatska poštanska banka p.l.c., for the year ending on 31 December 2018.

II

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

**Explanatory Note to the Proposed Resolution**

*By this proposed Resolution, upon the recommendation of the Audit Committee of the Bank, it is proposed to appoint the renowned Auditing Firm Ernst & Young d.o.o. Zagreb as the auditor for the year 2018, which has all required resources to provide high quality audits of the financial statements of the Bank and its subsidiaries.*

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Under Agenda **Item 9**, the Management Board of the Bank proposes that the General Meeting passes the following resolution:

**RESOLUTION**

**On the suitability of the Supervisory Board of Hrvatska poštanska banka p.l.c.**

I

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 p.l.c., 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 p.l.c., namely:

1. Marijana Miličević, MEcon.
2. Željko Lovrinčević, Ph.D.
3. Marijana Vuraić Kudeljan, M.Sc.

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

### **Explanatory Note to the Proposed Resolution**

*In the process of assessing the suitability of the members of the Supervisory Board of the Bank, it is estimated that the members of the Supervisory Board meet the requirements of Article 45 of the Credit Institutions Act (NN 159/13, 19/15, 102/15 and 15/18) and Article 3, paragraph 2, Articles 4, 5, 8, 9 and 10 of the Decision on the Suitability Assessment of the Chairperson of the Management Board, a Member of the Management Board, a Supervisory Board Member and the Key Holder of the Credit Institution (NN 14/2014 and 96/2016). The policies for selecting and evaluating the suitability of the members of the Supervisory Board are considered to be appropriate for performing the functions of a member of the Supervisory Board of the Bank, as determined by the Bank's Management Board with its proposal on the suitability of the members of the Supervisory Board of the Bank.*

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Under Agenda **Item 10** the Management Board and the Supervisory Board propose that the General Meeting passes the following resolution:

#### **RESOLUTION**

**on granting the approval to acquire a qualifying holding (100% of shares) of Jadranska banka plc Šibenik under resolution, according to the Offer for the purchase and transfer of shares of Jadranska banka plc Šibenik accepted by the State Agency for Deposit Insurance and Bank Resolution (Seller) and on granting the approval to the Management Board for undertaking all further activities for completion of the transaction in connection with the acquisition concerned**

**I**

The General Meeting of the Bank approves the *Offer for the purchase and transfer of shares of Jadranska banka plc Šibenik under resolution*, which has been accepted by the State Agency for Deposit Insurance and Bank Resolution (hereinafter referred to as “**DAB**”) on 4 May 2018, as well as the Memorandum of Understanding dated 4 May 2018, by which the aforementioned Offer has been amended and hereby the General Meeting authorizes the Management Board of the Bank to, pursuant to the terms and conditions of the abovementioned Offer and Memorandum, enter into Purchase Agreement on Shares of Jadranska banka plc Šibenik with DAB, the subject-matter of which is the acquisition of all 4,747,229 ordinary shares of Jadranska banka plc Šibenik, ticker number JDBA-R-C without nominal amount, the ISIN code HRJDBARC0004, which are registered at the Depository of the Central Depository & Clearing Company Inc. and which represent the total share capital of Jadranska banka plc. Šibenik in the amount of HRK 50,000,000.00;

**II**

The Management Board of the Bank is authorized to decide and undertake actions independently in order to meet all the above conditions until the formal acquisition of Jadranska banka plc Šibenik, as well as for the increase of its capital according to the Croatian National Bank's regulatory requirements and up to the amount of HRK 110,000,000.00 (hundred-and-ten-million kuna), and thereafter in the shortest and objectively possible time framework to conduct the merger of Jadranska banka plc Šibenik as an acquired company to Hrvatska poštanska banka p.l.c. as the acquiring company (hereinafter, all together, referred to as the “**Transaction**”).

**III**

The Bank's Management Board is authorized and entrusted to undertake all necessary actions, in accordance with relevant legislation and internal acts of the Bank, for the purpose of carrying out the Transaction referred to in items 1 and 2 of this Resolution.

**IV**

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

### **Explanatory Note to the Proposed Resolution**

*In cooperation with financial and legal advisors, the Bank has carried out due diligence of Jadranska banka plc Šibenik under resolution (hereinafter referred to as “**JABA**”), has prepared the business plan and the assessment of JABA's value. Based on the aforementioned, the Bank submitted the Offer for the purchase and transfer of shares of Jadranska banka plc Šibenik under resolution to DAB, which has been accepted by DAB on 4 May 2018, as well as the Memorandum of Understanding dated 4 May 2018, by which the aforementioned Offer has been supplemented. The Bank plans to carry out the recapitalization of JABA amounting to HRK 110,000,000.00, immediately upon the acquisition of JABA, and intends to initiate the procedure of merging JABA to the Bank in the shortest possible notice, thereby establishing a strong regional center in Šibenik-Knin County. Through acquisition and merger of JABA, positive synergies shall be achieved by combining JABA's strong position on the local market and using the existing Bank's organization, thus positively affecting the profitability and increase of the Bank's market share. The Resolution on acquisition of JABA is based on the information and assumptions that the process of recapitalization of the Bank will be carried out and the same is considered the justified business decision in the context of further growth and development of the Bank, which would enable the long-term sustainability of capital adequacy without limiting the organic growth of the Bank's business.*

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## 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 21<sup>st</sup> June 2018.**

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 za usklađenost i podršku Upravi, 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 authorized 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](http://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).

**In particular, shareholders are advised that the materials for the General Meeting of the Bank, which refers to the item 10 of the Agenda ("Offer for the acquisition of shares of *Jadranska banka plc Šibenik under resolution*"), will not be distributed nor made available on the Bank's website, therefore the shareholders have the right to detailed insight and review of the materials at the Bank's office in Zagreb, Strojarska cesta 20, in room 606 on the 6th floor, also from the day of the convening of the Bank's General Meeting, on business days from 9 a.m. to 12 p.m. (noon). The ability to access these materials is provided solely in the above described manner due to the fact that (a) the label of the materials as a whole as well as the data and conditions contained therein are strictly confidential, as such materials may be used exclusively by the Offering Parties, all for the purpose of realization the object of the Offer indicated under the proposal of the Resolution referred to in item 10 of the Agenda, both during the validity of the Offer and upon its expiration, as well as due to (b) the extensiveness of the materials.**

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, p.l.c.

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