

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 May 20, 2019 the decision on calling the General Meeting of the Bank, and hereby invites the shareholders of the Bank to attend

XLVI GENERAL MEETING

of Hrvatska poštanska banka p.l.c., Zagreb, to be held on June 28, 2019 at the Bank's offices, Zagreb, Jurišićeva 4, at 10.00 a.m.

XLVI 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 2018, 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 2018
3. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2018
4. Resolution on the allocation of the profit earned in 2018
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 2019
9. Resolution on the suitability of the members of the Supervisory Board of Hrvatska poštanska banka p.l.c.
10. Adoption of the Policy on the assessment of the suitability of members of the Supervisory Board of the Bank

The shareholders are invited to attend the General Meeting.

PROPOSED RESOLUTIONS AND EXPLANATORY NOTES

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 2018, 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 2018, 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 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 2018

I

In compliance with the resolutions passed at the General Meeting of the Bank and with the consent of the Croatian National Bank, in 2018, the composition of the Supervisory Board was the following: 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 2018.

II

In 2018, the Supervisory Board held 9 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 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 Nomination Committee.

In 2018, the Audit Committee held 5 ordinary meetings 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 2018 three members in accordance with Article 65 paragraph 6 of the Audict 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 relation with the entity that is audited.

Accordingly, on 20 March, 2018, the Supervisory Board of the Bank issued a Decision on the Appointment of Members of the Audit Committee, currently made by Željko Lovrinčević, president, Zlatko Benčić, deputy chairman, Ivan Radeljak Novaković, member.

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 2018, the Remuneration Committee held 4 meetings, the Risk Management Committee held 6 meetings and the Nomination Committee held 1 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 2018, 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 2018, 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 2018.

In compliance with its obligations and according to the supervision exercised in 2018, 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 2018 profit allocation; thereby it has been established that Hrvatska poštanska banka plc earned in the year ended 31 December 2018 the after-tax profit totalling HRK 151.857.564,16. 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 2018.

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 2018

I

It is established that Hrvatska poštanska banka plc recorded a net profit the net profit totalling HRK 151.857.564,16 for the year ended December 31 2018.

II

In compliance with the powers under Article 33 of the Articles of Association of the Bank and Article 220 of the Companies Act, the Management Board and the Supervisory Board resolved on March 29 2019 that one half of the profit referred to in point I above will be allocated as follows: to statutory reserve the amount of HRK 7.592,878,21 and to other reserves the amount of HRK 68.335.903,87.

III

The remaining amount of the net profit totalling HRK 75.928.782,08 following its allocation referred to in point II above, will be allocated to retained earnings.

IV

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, and the Articles of Association of the Bank.

The Management Board and the Supervisory Board previously decided to allocate 50 percent of the 2018 profit to statutory and other reserves, having aimed to obtain the approval by the Croatian National Bank to include these reserves in the own funds calculation as per March 31 2019.

Namely, in order to continue with Bank's successful business operations, profitability and growth within the frame of available capital – adverse effects of new regulation enacted on Jan 01 2018 need to be mitigated. Burden of this regulation on the capital position is gradually increasing with time (in accordance with Article 114 of Regulation (EU) 575/2013 – relating to assigned risk weights on sovereign exposure in EUR, which are increased from 20 to 50%). Furthermore, in line with Regulation (EU) 2017/2395, negative effects arising from IFRS 9 application are increased in the transitional period by HRK 5 million.

Taking into account these factors, as well as the fact that RWA will be increased due to consolidation (as per Mar 31 2019) and merger of Jadranska banka (in subsequent reporting periods), Bank needs to strengthen its own funds by including the profit for 2018 in capital reserves, so that risks might be minimized.

Based on the above, the Management and Supervisory Board proposed to allocate all remaining 2018 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 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 2018 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 2018.

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 2018 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 2018.

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 2019.

II

This Resolution shall apply also to the period from 1 January 2020 until the adoption of the resolution on determination of remunerations to the members of the Supervisory Board of the Bank for 2020.

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 2019 has been brought into line with the current resolution of the majority owner of the Bank.

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 2019

I

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 2019.

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 2019, which has all required resources to provide high quality audits of the financial statements of the Bank and its subsidiaries.

Under Agenda **Item 9**, the Management Board, with the consent of the Nomination Committee, 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, Chairman
2. Željko Lovrinčević, Deputy Chairman
3. 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 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) in accordance with Article 26 paragraph 3 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 93/2018). 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.

Under Agenda **Item 10** the Management Board proposes that the General Meeting adopts

POLICY ON THE 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 assessment of the suitability of members of the Supervisory Board of the Bank

The General Meeting of the Bank adopted on May 16, 2016 the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank (Policy), as well as amendments to this Policy on September 5, 2016 and May 29, 2017.

Since in the meantime the Credit Institutions Act (Official Gazette, number 15/2018) and the CNB's Decision on the assessment of the suitability of the chairperson of the management board, members of the management board, members of the supervisory board and key function holders in a credit institution (Official Gazette, number 93/2018) have been amended, it has been necessary to harmonize the relevant provisions of Policy with the Credit Institutions Act and the CNB's Decision.

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 June 21, 2019.**

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 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, p.l.c.

Contacts:

Investor Relations

Lucia Ana Tomić

Telephone number: 01 488 8294

luciaana.tomic@hpb.hr

**Business Secretary of the
Management Board**

Snježana Čop

Telephone number: 01 4804 652

snjezana.cop@hpb.hr