

The Management Board of **HRVATSKA POŠTANSKA BANKA, plc**, Zagreb, Jurišićeva 4, ID#: 87939104217 (here-in-after referred to as „**the Bank**“) by virtue of the authority vested in it under Article 277 of the Companies Act (Official Gazette No. 111/1993, 34/1999, 121/1999, 52/2000, 118/2003, 107/2007, 146/2008, 137/2009, 125/2011, 152/2011, 111/2012, 68/2013, 110/2015, here-in-after referred to as “**Companies Act**”) and Article 24 of the Articles of Association of the Bank, made on October 30 2017 the decision on calling the GENERAL ASSEMBLY, and hereby invites shareholders to:

## **XLV GENERAL ASSEMBLY**

of Hrvatska poštanska banka p.l.c., Zagreb, to be held on December 08 2017 at the Bank's headquarters in Jurišićeva 4, at 10.00 am.

Following **agenda** has been set out for the XLV General Assembly:

1. Opening of the General Assembly and determining the list of shareholders that are in attendance or their authorized representatives;
2. Resolution on changes and amendments to article 3, article 8, article 25 and article 26 of the Bank's Articles of Association;
3. Resolution on changes and amendments to article 13 of the Bank's Articles of Association;
4. Resolution on changes and amendments to article 18 of the Bank's Articles of Association;
5. Management Board Report on the reasons for full exclusion of existing shareholders at subscription of new shares;
6. Resolution on full exclusion of existing shareholders at subscription of new shares;
7. Resolution on the capital increase;
8. Resolution on giving consent to acquire shares without the obligation to announce takeover offer;
9. Resolution on listing of New shares of Hrvatska poštanska banka p.l.c. on the Official Market of the Zagreb Stock Exchange;

The shareholders are invited to participate in the General Assembly.

## **PROPOSED RESOLUTIONS AND EXPLANATORY NOTES**

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Under **Agenda item 2** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

### **RESOLUTION**

#### **on changes and amendments to article 3, article 8, article 25 and article 26 of the Bank's Articles of Association;**

1. Provision of article 3 of the Bank's Articles of Association is changed and reads as follows:  
*„Information and notification of the Bank determined by law and Bank's Articles of Association shall be published on the internet site of the commercial court where court register is.“*
2. Provision of the article 8 of the Bank's Articles of Association is changed and reads as follows:  
*„Share capital of the Bank is subscribed and paid-in in full.“*
3. Provision of the article 25 of the Bank's Articles of Association is changed and reads as follows:  
*„Bank's General Assembly is convoked by a written notification published in the same manner as the notifications of the Bank, at least 30 days prior to its session. Day of publishing of invitation is not included in this time-period.“*
4. Provision of article 26 of the Bank's Articles of Association is changed and reads as follows:  
*“The right to participate at the General Assembly's work is granted to the Bank's shareholders that meet the following criteria:*  
*a) they are listed as shareholders in the depository of CENTRAL DEPOSITORY & CLEARING COMPANY Inc. at least six days prior to the date of the meeting of the General Assembly,*  
*b) they have signed for participation at the General Assembly at most six days prior to the General Assembly.*

*Shareholders which do not comply with the conditions from this article or the invitation to the General Assembly do not have the right to participate at the General Assembly.*

*Shareholders at the General Assembly may be represented by their assignees. In order to participate at the General Assembly, assignees must comply with the conditions from this article and have a written authorization to act on behalf of their clients.*

*Assignees which do not comply with all conditions from this article and the invitation to the General Assembly do not have a right to participate at the General Assembly.”*

5. The aforementioned changes and amendments to the Articles of Association will be enacted by subscription at the competent court's registry.

**Explanatory note:**

Management Board and Supervisory Board propose this change to the Articles of Association in order to comply with the legislation and to provide for faster and more expedient process of invoking the General Assembly meetings.

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Under **Agenda item 3** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

**RESOLUTION  
on changes and amendments to article 13 of the Bank's Articles of Association**

1. Provisions of the article 13 of the Bank's Articles of Association is changed and reads as follows:

*„Management Board manages business operations of the Bank at its own responsibility.*

*Management Board shall render decisions as follows:*

- *if the Management Board is made of two members, decisions are made unanimously;*
- *if the Management Board is made of three members, decision are made by a majority vote of all Management Board members, i.e. if it has votes of two board members;*
- *if the Management Board is made of four members, decisions are made by a majority vote of all Management Board members, and if the vote is split – if four Board members are present at the Management board session – President of the Management board has the casting vote;*
- *if the Management Board is made of five members, decisions are made by a majority vote of all Management Board members.*

*Management Board is obliged to obtain prior written consent of the Supervisory Board, granted by a majority vote, before concluding an individually significant legal undertaking whereby total exposure of the Bank might result in a large exposure of the Bank towards a single entity or towards a group of related parties. Prior consent of the Supervisory Board, granted by a majority vote of all members, is required also when concluding placement contracts exceeding 5% of eligible capital of the Bank, and when concluding a legal transaction whereby a large exposure towards a single entity or a group of related parties is increased to a level equal or exceeding 10% of the Bank's eligible capital.”*

2. These changes and amendments to the Banks Articles of Association come into force on the day they are entered into court register at the competent court.

**Explanatory note**

Management Board and Supervisory Board propose that Articles of Association of the Bank be amended in this way so that Supervisory Board's accountability is increased through participation in decision making with regard to large exposure placements and legal transactions.

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Under **Agenda item 4** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

**RESOLUTION  
on changes and amendments to article 18 of the Bank's Articles of Association**

1. Provision of article 18 of the Bank's Articles of Association is changed and reads as follows:

„Supervisory Board has at most five members which are elected and revoked by the General Assembly.

*Should the General Assembly not decide otherwise, Supervisory Board members are elected for a term until the end of the third General Assembly which decides about the approval of their actions for the third business year after their appointment. Business year in which Supervisory Board is appointed is not calculated in this period.*

*In the event of early end of term of any of the Supervisory Board members, new Supervisory Board member will be elected at the next General Assembly. However, his appointment will last until the end-of-term of the Supervisory Board Member instead of whom such member was elected.*

*Each member of the Supervisory Board may resign from the function in the Supervisory Board. A written resignation is to be handed over to the president of the Supervisory Board.”*

2. These changes and amendments to the Banks Articles of Association come into force on the day they are entered into court register at the competent court.

#### **Explanatory note**

Management Board and Supervisory Board propose that the Bank's Articles of Association be amended in this way to enhance efficiency, and to arrange inter-owner relationship in a better with regard to the diversified shareholder structure and private investors' ownership stake in the Bank's capital.

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Under **Agenda item 5** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

#### **[Management Board Report on the reasons for full exclusion of existing shareholders at subscription of new shares](#)**

*(Report is available at the hyperlink above)*

#### **Explanatory note**

Per article 308 paragraph 4 and 5 of the Companies Act, Management Board with Supervisory Board's consent submits the afore-mentioned Report to the General Assembly. This item is not voted for.

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Under **Agenda item 6** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

#### **RESOLUTION on full exclusion of priority rights of existing shareholders at subscription of new shares**

Existing shareholders are excluded from their priority rights at subscription of new shares which will be issued per the Resolution on the capital increase.

#### **Explanatory note**

Management Board and Supervisory board propose this decision, in order to expedite the recapitalization process, described in more detail in Management Board Report on the reasons for full exclusion of existing shareholders at subscription of new shares, which is published in this invitation.

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Under **Agenda item 7** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

#### **RESOLUTION on the capital increase**

1. The Bank's share capital is fully paid in the amount of HRK1,214,775,000.00 (one-billion-two-hundred-fourteen-million-seven-hundred and seventy-five-thousand kunas). It is divided into 2,024,625 (two-million-twenty-four-thousand-six-hundred and twenty-five) ordinary registered shares with a face value of HRK600.00 (six hundred kunas) each.
2. In accordance with this resolution the Bank's share capital is increased from

HRK1,214,775,000.00 (one-billion-two-hundred-fourteen-million-seven-hundred and seventy-five-thousand kunas) by the maximum amount of HRK600,000,000.00 (six-hundred-million kunas) to the maximum amount of HRK1,814,775,000.00 (one-billion-eight-hundred-fourteen-million-seven-hundred and seventy-five-thousand kunas). The share capital increase can include a cash payment of a maximum of 1,000,000 (one-million) new ordinary registered shares (hereafter: **new shares**) with a face value of HRK600.00 (six-hundred kunas) each.

3. In accordance with the article 308, paragraph 4 of the Companies Act, existing shareholders are completely excluded from the priority rights for subscribing and paying new shares which will be issued as a part of the share capital increase process.
4. In cases described in the article 24 of the Credit Institutions Act (the Official Gazette 149/2013, 19/2015, 102/2015) a previous approval by the Croatian National Bank is needed in order to acquire new shares.
5. Issuing price of a new share may be equal or greater than its face value of HRK600.00 (six-hundred kunas). The final issuing price will be determined in accordance with the item 11 of this resolution.
6. A process of subscribing new shares will include public offering, subscription and payments in two rounds. Conditions for the process will be determined by a public invitation for subscription and payments of new shares. The invitation (hereafter: **public invitation**) will be published by the Management Board with previous approval of the Supervisory Board.
7. The right to subscribe new shares in the first round will be granted solely to investors (hereafter: **private investors**) which are not financed fully or partially by the state budget of the Republic of Croatia and/or local/regional government units, and are not founded or majority-owned by the government of the Republic of Croatia or local/regional government units. A period for subscribing and paying new shares will be 2 (two) days during a period stated in the public invitation. The right to subscribe new shares in the second round will be granted to the following investors (hereafter: **public sector investors**): the Republic of Croatia, local/regional government units, companies which are majority-owned by the Republic of Croatia, and other entities fully or partially financed by the state budget of the Republic of Croatia, or local/regional government units. A period for subscribing and paying new shares will be 2 (two) days during a period stated in the public invitation.
8. New shares will be subscribed by a written statement (hereafter: **subscription form**). Details in terms of time and place for subscribing new shares by subscription forms will be published in the public invitation. Subscribed new shares investors will be obligated to pay in time and manner determined by the Management Board which will be stated in the public invitation.
9. In both rounds investors are able to subscribe and pay the total amount of offered new shares if first round performance condition is met as described in the item 16 of this resolution. The allocation of shares will be made only after the second round is completed.
10. The minimum amount each investor can pay for new shares is HRK780,000.00 (seven-hundred-eighty-thousand kunas) with 1,300 (thirteen-hundred) being the minimum number of shares each investor can subscribe (hereafter: **minimum amount**). All subscription forms and payments with amounts lower than the minimum amount will not be taken into account. All subscription forms and payments with amounts higher than the minimum amount will not be taken into count. The maximum amount of new shares each investor can subscribe is not determined but is limited to the maximum amount of offered new shares (hereafter: **maximum amount**). Subscription forms and payments with amounts higher than the maximum amount will be taken into count up to the latter amount.
11. After receiving all subscription forms and payments of new shares in the first round, the Bank's Management Board will, with approval by the Supervisory Board, determine the final price of new shares. In determining final issuing price of new shares the key criteria will be maximization of the Bank's capital. The final price of new shares will be the same for all investors and each individual subscription form of each investor in a case of multiple subscriptions described in the item 21 of this resolution.
12. Should the number of valid subscribed and paid shares be higher than the total number of offered shares, the share allocation will be made by using principle of proportionality in a way that each investor receives a number of shares in the same proportion of the total number of subscribed and paid shares in both rounds together. In the latter case the number of shares which will be allocated to each investor will be determined by rounding proportional shares to the first lower integer. Should any shares be left unallocated, these will be allocated to the investor which made the first subscription and payment of shares, i.e. to the investor who made the second subscription and payment of shares if the first investor did not subscribe and pay sufficient number of shares to receive all unallocated shares less the number of allocated shares it did subscribe and pay. The aforementioned rule will be used in the appropriate manner for each next

investor in line if the second investor, or any other in line, paid insufficient amount of shares to get the remaining unallocated shares.

13. The Bank's Management Board is authorized to make a single decision on publishing public invitation in a period of 9 (nine) months from the date of enacting this resolution. The public invitation will be published on the ZSE and the Bank's web-pages.
14. A custodian bank can on behalf of its client fill and submit a subscription form which needs to state the name of the client (OIB number) and the custody account must be registered in name.
15. In accordance with the article 351, paragraph 1, item 3 of the Capital Markets Act (Official Gazette 88/2008, 146/2008, 74/2009, 54/2013, 159/2013, 18/2015, 110/2015, 123/2016) the Bank will issue new shares by using exception from publishing prospectus during public offering. The Bank will not publish prospectus for the purpose of issuing new shares.
16. The final amount of the capital increase will depend on performance of issuing new shares. The issue will be considered successful if the total of subscribed and paid-in capital in both rounds amounts to at least HRK 300,000,000 (three-hundred-million-kuna).
17. Should the conditions from the item 16 of this resolution be met, the Bank will, with approval by the Supervisory Board, deem issue of new shares successful with the exact amount of increased share capital, the exact number of new shares and allocation of new shares.
18. Should the issue of new shares be deemed unsuccessful or in the event of a potential overpayment on behalf of certain investors should the issue be deemed successful, investors will be repaid all the paid in the former or overpaid means in the latter case. The repayment will be made in a period of 7 (seven) working days after the final date for subscription and payment of new shares (second round) to the account stated in the subscription form. In the aforementioned case the Bank will not bear any payment costs or other costs imposed to the investor for the purpose of the transaction, nor will it pay any interests for the period between payments to the account stated in the public invitation and its repayments.
19. New shares will carry the same rights and rank as other existing Bank shares. They will be issued as dematerialized shares in a form of the IT system of the Central Depository & Clearing Company (hereafter: **SKDD**) under number given by the SKDD. Each share gives one vote at the Bank's General assembly. Shares are registered and bear all shareholders' rights determined by the law and the Bank's Article of Association from the date of registering the share capital increase with the court's registry.
20. New shares will be listed on the Official Market of the ZSE in accordance with all existing regulation. New shares will be tradeable in the market upon their listing.
21. Multiple subscriptions of new shares from the same investor at different prices are permitted. However, only subscriptions with prices which are equal or higher than the final issue price will be accepted.
22. Should the share capital increase not be registered with the court's registry in 12 (twelve) months from enacting this resolution, subscription form will cease to be valid and payments will be repaid to investors without delay. In the aforementioned case share capital increase and share issue will be deemed unsuccessful.
23. After making approval to the Management Board for the purposes described in the item 17 of this resolution, Supervisory Board is authorized to make a resolution on changing the Bank's Articles of Association. At the same time Supervisory Board is authorized and obliged to adjust provisions of the article 7 of the Bank's Articles of Association in part which describes the amount of the Bank's share capital and number of shares, and to determine purified text of the Articles of Association. Changes are to be made in accordance with the amount of the share capital increase and the number of new shares
24. Everything which is not regulated by this resolution is regulated by the provisions of the valid laws and the Bank's Article of Association.
25. This resolution will be enacted by subscription to the court registry of the Commercial Court in Zagreb. The Management Board and the President of the Supervisory Board are authorized to make an application for subscribing this resolution in the court registry of the Commercial Court in Zagreb.

### **Explanatory note**

Management Board and Supervisory Board propose the Resolution on the capital increase in order to comply with new capital requirements which arise from regulations coming into force on Jan 01 2018 and after, as well as to secure a capital base for sustainable growth in the future, which is described in detail in Management Board Report on the reasons for full exclusion of existing shareholders at subscription of new shares, under item 5 of this Agenda.

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Under **Agenda item 8** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

**RESOLUTION**  
**on giving consent to acquire shares without the obligation to announce takeover bid**

Based on Article 14, paragraph 1 item 3 of the Act on the Takeover of Joint stock companies (Act on the Takeover of Joint-Stock Companies (Official Gazette, no. 109/2007, 36/2009, 108/2012, 90/2013, 99/2013, 148/2013), investors which acquire shares in the share capital increase process in accordance with the Resolution on increasing share capital approved by (this) General Assembly on December 08, 2017, are granted approval to acquire shares without obligation to make a takeover bid should their subscription of shares require announcement of a takeover bid.

**Explanatory note**

Management Board and Supervisory Board propose the Resolution on giving consent to acquire shares without the obligation to announce takeover bid, in order to secure success of the share issue, taking into account that this offers assurance for potential investors and awareness about implications of their investment decision.

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Under **Agenda item 9** the Bank's Management Board and Supervisory Board propose enactment of the following resolution:

**RESOLUTION**  
**on listing of new shares of Hrvatska Poštanska Banka p.l.c. to Official Market of ZSE**

1. In accordance with the item 20 of the Resolution on increasing share capital all new shares are listed on the Official Market of ZSE after registering the Bank's share capital increase in accordance with the Resolution on increasing share capital with the court registry of the Commercial Court in Zagreb, and after issuing new shares as securities registered with the SKDD, and after getting approval by the Croatian Financial Services Supervisory Agency for listing prospectus and publishing it.
2. The Bank's Board is authorized and obliged to make all necessary actions needed to comply issuance of new shares with the current regulation and in accordance with the Resolution on increasing share capital. The maximum number of new shares which can be listed on the Official Market of ZSE is capped to 1 million.

**Explanatory note**

Management Board and Supervisory Board propose this Resolution in order to carry out the capital increase, published under item 7 of this agenda.

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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 Assembly.

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 December 01 2017.

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 final day set for the delivery of notifications of intended attendance at the General Meeting. Registration forms for attending the Bank's General Assemble can be submitted directly in the Bank in its headquarters in Jurišićeva 4, Zagreb, or can be sent to the Bank via registered mail to the address: Hrvatska poštanska banka p.l.c., Compliance and Management Board office, Jurišićeva 4, 10000 Zagreb.

Legal entity 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 entity.

Shareholders or their proxies shall vote on the agenda and agenda items either in person or by proxies who shall have written and attested power of attorney. Written power-of-attorney which is given by a shareholder, or is submitted in the name of a legal entity-shareholder by an authorized person, must be verified by a public notary.

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)

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, 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.

Shareholders are invited to participate in the General Assembly, and to come 30 minutes before the beginning of the session because of the registration of participants.

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**HRVATSKA POŠTANSKA BANKA, p.l.c.**