

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 13 April 2017 the decision on calling the General Meeting of the Bank, and hereby invites the shareholders of the Bank to attend

XLIV GENERAL MEETING

of HRVATSKA POŠTANSKA BANKA plc, Zagreb, to be held on 29 May 2017 at the Bank's offices, Zagreb, Jurišićeva 4, at 11.00 a.m.

XLIV General Meeting

Agenda:

1. Annual financial statements of Hrvatska poštanska banka plc and consolidated annual financial statements of Hrvatska poštanska banka Group for 2016, 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 plc and its subsidiaries for 2016
2. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs of the Bank in 2016
3. Resolution on the allocation of the profit earned in 2016
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 appointment of the auditor for 2017
8. Resolution on the suitability of candidates for the members of the Supervisory Board and election of the members of the Supervisory Board of Hrvatska poštanska banka plc
9. Resolution on the amendments to the Policy on the selection and 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 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 of Hrvatska poštanska banka plc and consolidated financial statements of Hrvatska poštanska banka Group for 2016, 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 2016, 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

on the supervision exercised over the conduct of business affairs of the Bank in 2016

I

In compliance with the resolutions passed at the General Meeting of the Bank and with the consent of the Croatian National Bank, in 2016, namely from 1 January to 30 July 2016 the composition of the Supervisory Board was the following: Dražen Kobas, President, Nada Karaman Aksentijević, Vice-President, Niko Raič, Member, and Marin Palada, Member.

Following 30 July 2016, in compliance with the Decision of the Commercial Court in Zagreb number 76.R1-252/2016 of 10 August 2016, from 10 August to 5 September 2016, and in compliance with the Decision number 28.R1-281/16 of 21 September 2016, from 21 September to 14 December 2016, the Supervisory Board consisted of three members, namely: Dražen Kobas, President, Nada Karaman Aksentijević, Vice-President, and Niko Raič, Member.

II

In 2016, the Supervisory Board held 16 meetings where many issues were discussed relating to the Bank's business, and 21 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 2016 the Audit Committee held 4 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 2016 four members; one of them was the member of the Supervisory Board of the Bank.

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 2016 the Remuneration Committee held 2 meetings, the Risk Management Committee held 5 meetings and the Nomination Committee held 4 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 Deloitte d.o.o., Zagreb, Radnička 80 who conducted the audit of the annual financial statements and consolidated financial statements of the Bank for the year ended 31 December 2016, 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 2016, 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 2016.

In compliance with its obligations and according to the supervision exercised in 2016, 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 2016 profit allocation; thereby it has been established that Hrvatska poštanska banka plc earned in the year ended 31 December 2016 the after-tax profit totalling HRK 188,277,328.42. 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 2016.

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 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 2016

I

It is established that Hrvatska poštanska banka plc made in the year ended 31 December 2016 the net profit totalling HRK 188,277,328.42.

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 12 April that one half of the profit referred to in point I above will be allocated to statutory reserve, namely the amount of HRK 9,413,866.42 while to other reserves the amount of HRK 84,724,797.79.

III

The remaining amount of the net profit totalling HRK 94,138,664.21, 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, 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.

The Management Board and the Supervisory Board previously decided to allocate 50 percent of the 2016 profit to statutory and other reserves, in accordance with the Companies Act and the Articles of Association of the Bank, seeking to obtain the consent of the Croatian National Bank to include that amount in the calculation of the common equity tier 1 capital with the status on 31 March 2017.

The on-going successful operation, harmonisation with the new legislation to enter into effect on 1 January 2018 (Articles 114 and 400 of the Regulation (EU) No 575/2013), the application of IFRS 9 to capital (to be applied from 1 January 2018) and harmonisation with the oncoming new Minimum requirement for own funds and eligible liabilities (MREL) – mean that adequate capital level is required.

Consequently based on the above, the Management Board deems appropriate to propose to transfer all remaining 2016 profit after its allocation to statutory and other reserves, to 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 2016 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 2016.

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 2016 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 2016.

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 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 2017.

II

This Resolution shall apply also to the period from 1 January 2018 until the adoption of the resolution on determination of remunerations to the members of the Supervisory Board of the Bank for 2018.

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 2017 has been brought into line with the current resolution of the majority owner of the Bank.

Under **Agenda Item 7** the Supervisory Board proposes that the General Meeting passes the following resolution:

RESOLUTION

on the appointment of the auditor of Hrvatska poštanska banka plc for the year 2017

I

The Auditing Firm Ernst & Young d.o.o., Zagreb, Radnička cesta 50, is appointed as the auditor for Hrvatska poštanska banka plc, for the year ending on 31 December 2017.

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 as the auditor for the year 2017 the renowned Auditing Firm Ernst & Young d.o.o. Zagreb, which has all required resources to provide high quality audits of the financial statements of the Bank and its subsidiaries.

Under Agenda **Item 8**, on the basis of the resolution passed by the General Meeting of the Bank, No XLIII.GS/1-17, on 30 January 2017, concerning the suitability of candidates for the members of the Supervisory Board of the Bank, the Supervisory Board of the Bank proposes that the General Meeting passes the following resolution:

RESOLUTION

**on the suitability of candidates for the members of the Supervisory Board
and on the election of the members of the Supervisory Board of Hrvatska poštanska banka plc**

I

It is confirmed that to the members of the Supervisory Board of the Bank: Marijana Miličević, Željko Lovrinčević and Marijana Vuraić Kudeljan, the term of office will expire on 11 August 2017 and that they will cease to be members of the Supervisory Board of the Bank.

II

It is confirmed that following the proposal of the Management Board of the Bank and the consent of the Nomination Committee, the General Meeting of the Bank passed the resolution No XLIII.GS/1-17 on 30 January 2017 whereby the candidates for the members of the Supervisory Board Marijana Miličević, Željko Lovrinčević and Marijana Vuraić Kudeljan were assessed suitable for the office of member of the Supervisory Board of the Bank.

III

Elected to the Supervisory Board of Hrvatska poštanska banka plc are:

1. Željko Lovrinčević, Ph.D., Zagreb, Hrvatskog proljeća 24, Ph.D. in Economics, senior research associate at the Institute of Economics, Zagreb
2. Marijana Vuraić Kudeljan, M.Sc., Sveti Ivan Zelina, Vladimira Nazora 36, Master of Science, deputy director of the Tax Administration's Central Office, Zagreb
3. Marijana Miličević, Sesvete, Pavla Lončara 18, Master of Economics, executive director of the Corporate Marketing and Development Office of Hrvatska pošta plc, Zagreb.

IV

The term of office for the members of the Supervisory Board of Hrvatska poštanska banka plc referred to in point III above and elected hereby begins on 12 August 2017 or on the first day following the date on which prior approval of the Croatian National Bank is issued and runs **for the period of six months at the most.**

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 point III above.

VI

This Resolution shall enter into force on the day of its adoption and produce legal effects as of the date on which prior approval of the Croatian National Bank 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 the Conclusion of the Government of the Republic of Croatia of 13 April 2017, the Decision of the Management Board of the company HP-Hrvatska pošta plc number: HP-01-1/17 of 13 April 2017 and the Resolution of the General Meeting of the Bank number: XLIII.GS/1-17 of 30 January 2017 whereby the above candidates were assessed suitable for the office of member of the Supervisory Board of the Bank, the Supervisory Board proposes that the General Meeting passes the said resolution.

Under **Agenda Item 9** the Management Board, with the consent of the Nomination Committee, proposes that the General Meeting adopts

AMENDMENTS TO THE POLICY ON THE SELECTION AND ASSESSMENT OF THE SUITABILITY OF MEMBERS OF THE SUPERVISORY BOARD OF THE BANK

Article 1

Article 6 Paragraph (3) of the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank of 16 May 2016 is changed so that now Paragraph (3) reads as follows:

“By way of derogation from previous paragraphs of this Article, if the Supervisory Board of the Bank has five or more members, one member of the Supervisory Board is not required to have a graduate degree and/or experience referred to in Article 8 of the Policy if he/she meets other criteria provided for in the Act and subordinate regulation.”

Article 2

In Article 8 Paragraph (1), in the introductory sentence, the words “from supervisory positions” are deleted.

In Article 8 Paragraph (1), the ninth indent is changed to read as follows:

“- long-time experience in managing of financial affairs at large undertakings as specified by accounting regulations”

Article 3

The amendments to the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank shall enter into force on the day of their adoption.

Article 4

The President of the Supervisory Board is authorised to sign the revised text of the Policy.

Explanatory Note to the Proposed Amendments to the Policy

By these proposed Amendments to the Policy on the selection and assessment of the suitability of members of the Supervisory Board of the Bank, the provisions of the Policy have been harmonized with the Croatian National Bank's Decision on amendments to the 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 96/2016).

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 22 May 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 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 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.

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