

Under Article 512 (1), Article 513 (1) and Article 531 (2) of the Companies Act (*Official Gazette no.:* 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15), -----

the contracting parties -----

(1) **HRVATSKA POŠTANSKA BANKA, dioničko društvo** with its headquarters in Zagreb, Jurišićeva 4, entered in the register of the Commercial Court in Zagreb with ID no.: 080010698, PIN: 87939104217, represented by Mr Tomislav Vuić, PIN: 54007990824, President of the Management Board and on this basis Certified Special power of attorney number UB 42/19 (forty two/nineteen) from 08.02.2019. (eighth day of February in the year of two thousand and nineteen), with full powers of substitution for the solemnization of this Agreement, is represented by Mladen Mrvelj from Zagreb, Kulmerska ulica 29, PIN: 53483214286 (hereinafter: **“Hrvatska poštanska banka”** and/or the **“Acquiring Company”**), -----

and -----

(2) **JADRANSKA BANKA dioničko društvo** with its headquarters in Šibenik, Ante Starčevića 4, entered in the register of the Commercial Court in Zadar – standing service in Šibenik with ID no.: 060001044, PIN: 02899494784, represented by Mr Mato Filipović, PIN: 20791215172, President of the Management Board (hereinafter: **“Jadranska banka”** and /or the **“Acquired Company”**) -----

have entered today in Zagreb into the following -----

-----**AGREEMENT OF MERGER**-----

----- (hereinafter: the **“Agreement”**) -----

1. Recitals -----

1.1.The contracting parties determine by mutual assent: -----

1.1.1. That Hrvatska poštanska banka dioničko društvo, with its headquarters in Zagreb, Jurišićeva 4, is entered in the register of the Commercial Court in Zagreb with ID no.: 080010698, PIN: 87939104217, with the share capital amounting to HRK 1,214,775,000.00 (one billion two hundred and fourteen million seven hundred seventy five thousand HRK) divided into 2.024.625 (two million twenty four thousand six hundred twenty five) ordinary shares coded HPB-R-A, each with a nominal value of HRK 600.00 (six hundred HRK). -----

1.1.2. That Jadranska banka dioničko društvo, with its headquarters in Šibenik, Ante Starčevića 4, is entered in the register of the Commercial Court in Zadar –

standing service in Šibenik with ID no.: 060001044, PIN: 02899494784, with the share capital amounting to HRK 160,000,000.00 (one hundred sixty million HRK) divided into 15.191.133 (fifteen million one hundred ninety one thousand one hundred thirty three) ordinary shares coded JDBA-R-C, all registered shares, each with no nominal value, participating in the share capital of the company in equal portions. -----

1.1.3. That Hrvatska poštanska banka, the Acquiring Company, is the **sole shareholder** of Jadranska banka and holds in such capacity 15.191.133 (fifteen million one hundred ninety one thousand one hundred thirty three) ordinary shares coded JDBA-R-C, all registered shares, each with no nominal value, participating in the share capital of the company in equal portions of Jadranska banka i.e. make 100 % (one hundred percent) of the share capital of Jadranska banka, which expressed in monetary terms corresponds to the participation of Hrvatska poštanska banka in the share capital of Jadranska banka totalling to HRK 160,000,000.00 (in words: one hundred sixty million HRK). -----

1.1.4. As the Acquiring Company is the sole shareholder of the Acquired Company in this merger, under Article 520 (1.1.) of the Companies Act (*Official Gazette no.:* 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 125/11, 152/11, 111/12, 68/13, 110/15) (hereinafter: “CA”), there will be no increase in the share capital, exchange of shares or additional payment of money, and the merger will be made in the manner and with the effects as further elaborated in details in Article 4 below. -----

1.2. On the basis of this Agreement, the contracting parties express their intent to merge Jadranska banka, the Acquired Company, with and into Hrvatska poštanska banka, the Acquiring Company. -----

1.3. Bearing in mind that previous appropriate actions to carry out the merger have been implemented, the contracting parties therefore proceed with the conclusion of this Agreement and agree that the Acquired Company is merged with and into the Acquiring Company not later than 1st April 2019 (the first day of April in the year of two thousand and nineteen). -----

2. Object of Agreement ----- ----- -----

2.1. Under this Agreement, the contracting parties have agreed as follows: -----

2.1.1. The contracting parties define herein their respective rights and obligations which result from the transfer of the entire assets, rights and obligations transferred by the Acquired Company to the Acquiring Company. -----

- 2.1.2. The contracting parties agree that Jadranska banka, the Acquired Company, is merged into Hrvatska poštanska banka, the Acquiring Company, contributing its entire tangible and intangible assets, rights and obligations, and the Acquiring Company acquires all such assets and assumes all the rights and obligations, as set forth in this Agreement. -----

- 2.1.3. The Acquiring Company becomes the owner of the movable and immovable property and of all tangible and intangible assets of the Acquired Company on the date of the entry of merger in the court register in compliance with Article 4 (4.4.) below. -----

- 2.1.4. By signature and approval of this Agreement by a general meeting of the Acquired Company, and upon the entry of merger in the court register, the Acquired Company authorises the Acquiring Company to enter the transfer of the ownership of movable and immovable property and rights, referred to in 2.1.5. below, in land registers and other public registers and records which transfer is entered in public registers and records in its name. -----

- 2.1.5. The list of immovable, movable property and rights transferred and entered in the public registers and other records, is the integral part of this Agreement as its **Annex 1**. -----

- 2.1.6. As the Acquiring Company – Hrvatska poštanska banka is the sole shareholder of the Acquired Company – Jadranska banka, the merger is carried out under Article 512 and Article 520(1) of CA without any increase in the share capital of the Acquiring Company. Therefore, the contracting parties declare that in compliance with Article 512 and Article 531(2) of CA no audit of the merger is required and that for the validity of the Agreement no other components referring to the separation and exchange of the shares of the Acquiring Company are required (Article 513(2) (3 and 4), Article 515 and Article 515a of CA). -----

- 2.1.7. For the avoidance of doubt, it is expressly declared herein that this merger will not include any exchange of the shares, and as set forth in Article 1.1.3. and Article 2.1.6. above, Hrvatska poštanska banka is the sole shareholder of Jadranska banka, the Acquired Company, and thus no commissioner will be designated under Article 522(2) of CA. -----

- 2.1.8. The contracting parties agree that the Acquired Company will not from the date of the signature of this Agreement until the entry of merger in the court register in any way significantly reduce or encumber its assets. -----

3. Financial statements ----- -----

3.1. The contracting parties declare that for the purposes of this merger the financial statements of the Acquired Company have been prepared as of 31 December 2018 (the thirty first day of December in the year of two thousand and eighteen) and agree that these financial statements of the Acquired Company i.e. the company Jadranska banka d.d. Šibenik will be delivered to the register court as the closing financial statements of the Acquired Company in terms of Article 521(3) of CA (**Annex 2**). The contracting parties also declare that these financial statements have been audited by a certified auditor. -----

3.2. The values reported on the balance sheet of the Acquired Company are reported on the balance sheet of the Acquiring Company in compliance with the appropriate regulations governing the accounting of the credit institutions in the Republic of Croatia, ensuring in that way the taxation of such values and the continuity of taxation, as set forth in details in 3.5. below. -----

3.3. The assets and the liabilities of the Acquired Company are reported in the Financial Statements from 3.1. above. -----

3.4. The assets and the liabilities will be transferred at their book values from the financial statements (balance sheet) of the Acquired Company as of 31 December 2018 (the thirty first day of December in the year of two thousand and eighteen) to the financial statements (balance sheet) of the Acquiring Company under Article 525(1) of CA or the values reported in the statement of financial position of the Acquired Company are reported in the statement of financial position of the Acquiring Company in compliance with the appropriate regulations governing the accounting. -----

3.5. It is declared that by way of such transfer of the assets and the liabilities (at their book values), any profit generated by the Acquired Company from 1 January 2018 (the first day of January in the year two thousand and eighteen) until the date of the preparation of the financial statements of the Acquiring Company, in compliance with the provisions from the previous paragraph, will be taxable in the Acquiring Company or that the “tax continuity” will be realized in compliance with the regulations governing the corporate income tax. -----

3.6. Mutual relationship of obligations and claims, if any, of the companies participating in this merger will be governed by the provisions of Article 207(1) of the Civil Obligations Act (*Official Gazette*, numbers: 35/05, 41/08, 125/11, 78/15, 29/18) referring to mergers, and will be extinguished within the periods prescribed in that Article. -----

4. Effects of Merger ----- -----

4.1. As this Agreement of Merger involves *the merger in special cases* in terms of Article 531(2) of the Companies Act i.e. the Acquiring Company holds before the merger

100% (one hundred percent) of the shares of the Acquired Company, as set forth in Article 1(1.1.3.) above and others, no transfer of the shares of the Acquiring Company will be made in exchange for the shares of the Acquired Company, bearing in mind the fact that the Acquiring Company is also the sole shareholder of the Acquired Company.

4.2. The shares of Jadranska banka held by Hrvatska poštanska banka i.e. 15.191.133 (fifteen million one hundred ninety one thousand one hundred thirty three) ordinary shares coded JDBA-R-C, all registered shares, each with no nominal value will cease to exist on the date of the entry of merger in the court register, and following the merger related order made by the Commercial Court in Zagreb, the Acquiring Company will give the notification prepared in compliance with the Rules of the Central Depository and Clearing Company Inc. (hereinafter: “CDCC”) that the Acquired Company ceases to be the member of the CDCC depository and that in the depository services and clearing and settlement services the termination of securities is to be entered, namely of 15.191.133 (fifteen million one hundred ninety one thousand one hundred thirty three) ordinary shares coded JDBA-R-C, ISIN mark HRJDBARC0004.

4.3. In the light of the determinations from Article 1(1.1.3.) and Article 4(4.2.) above and the fact that this case involves the merger in special cases, the contracting parties agree that the share capital of the Acquiring Company will amount after the merger to HRK 1,214,775,000.00 (one billion two hundred and fourteen million seven hundred seventy five thousand HRK) divided into 2.024.625 (two million twenty four thousand six hundred twenty five) ordinary shares coded HPB-R-A, each with a nominal value of HRK 600.00 (six hundred HRK).

4.4. On the date of the entry of merger in the register of the Commercial Court in Zagreb where the Acquiring Company has been entered, the Acquired Company will cease to exist.

4.5. On the date of the merger implementation, all existing bank / transaction accounts (HRK and foreign currency) of the Acquired Company will be extinguished under Article 12(2) of the Decision on the manner of opening transaction accounts (“Official Gazette”, numbers: 3/2011, 35/2011, 50/2011, 89/2011, 101/2011, 135/2011, 56/2012, 18/2013, 23/2013, 10/2014, 150/2014, 64/2016, 107/2017 and 1/2018), and the Management Board of the Acquiring Company will advise thereof the Croatian National Bank. The Acquired Company shall immediately before the entry of merger in the court registers notify thereof the credit institutions in Croatia and abroad with which the Acquired Company opened transaction or similar accounts, if any, the Financial Agency, and if necessary, all business partners of the Acquired Company. ---

4.6. From the date of the entry of merger in the Acquiring Company’s court register, all outstanding obligations of the Acquired Company will be paid from the accounts of the Acquiring Company, both to legal entities and natural persons, on the basis of the

documentation held by the Acquired Company on the date of such entry of merger. ----

5. Transfer of Assets -----

5.1. On the date of the entry of merger in the court register, the Acquired Company transfers all assets of the Acquired Company to the Acquiring Company, all its rights, reserves and obligations i.e. the total value of its assets determined in Article 3(3.2. and 3.3.) above, as well as the value of outstanding but unrealized rights and obligations, not reported herein. -----

5.2. Following the entry of merger in the court register, the values reported on the balance sheet of the Acquired Company will be reported on the balance sheet of the Acquiring Company in compliance with the regulations governing accounting. -----

5.3. The claims and obligations existing between the Acquired Company and its customers remain valid under the same terms and conditions as before. If the terms and conditions of the Acquiring Company are more favourable for the customers than those agreed by the Acquired Company and its customers, the Acquiring Company will start to apply from the date of merger its terms and conditions. -----

5.4. The Acquired Company authorises the Acquiring Company to enter, following the entry of merger in the court register, in the land registers, CDCC and other public registers and records the transfer of the following rights to the Acquiring Company: the ownership of immovable property, shares, participations, movable property, intellectual property rights, and all other rights of the Acquired Company, entered in public registers and records, in accordance with the authorisation already given by the Acquired Company as referred to in Article 2(2.1.4.) above. -----

6. Supervisory Board and Management Board of the Acquired Company -----

6.1. The Acquiring Company is not obliged to ensure to current members of the Management and Supervisory Boards of the Acquired Company any further rights or special benefits, **except for** the members of the Management Board of the Acquired Company who are entitled to continue to exercise their rights in the Acquiring Company in compliance with the relevant provisions from the *Agreements on performing services of president and member of the Management Board in Jadranska banka d.d. Šibenik*, concluded on 14 July 2018 (the fourteenth day of July in the year two thousand and eighteen). -----

7. Creditors -----

7.1. The contracting parties declare and agree that by implementing the merger, the payment of claims has not been threatened either to the creditors of the Acquiring

Company or the creditors of the Acquired Company. The Acquiring Company shall provide security under the terms and conditions laid down in Article 523 of CA over the claims of the creditors of the contracting parties who make themselves known for the purpose of securing their claims within the term of six (6) months following the date of publication of the entry of merger in the court register where the company of which they are creditors is entered. The creditors of the Acquiring Company have also such right but only provided that they can prove that by the merger the payment of their claims have been threatened. -----

7.2. In the Notice of the entry of merger such right from paragraph 7.1. above will be brought to the creditors' attention. -----

8. Employment Contracts -----

8.1. On the date of the entry of merger in the register of the Commercial Court in Zagreb, the Acquiring Company takes over the employees of the Acquired Company in compliance with Article 137 of the Labour Act (*Official Gazette*, numbers: 93/14 and 127/17). -----

8.2. The Management Board of the Acquired Company continues to exercise its powers also following the conclusion of this Agreement until the entry of merger in the court register. Upon the entry of merger, the Management Board and other bodies of the Acquired Company cease to exist and do not enjoy legal succession in the Acquiring Company in terms of function or rights, with the exclusion of the rights arising until the date of entry of merger and those from Article 6(6.1.) above. -----

9. Costs -----

9.1. All the costs in connection with the performance of this Agreement, including, without limitation, notary public, court and other fees and charges, costs of preparation and holding of a general meeting of the Acquired Company where decision will be made in regard of the approval of this Agreement, etc., shall be borne by the Acquired Company. -----

10. General Meeting of the Acquired Company and Notices to the Shareholders of the Companies Participating in the Merger -----

10.1 The Acquired Company shall hold its general meeting for the purpose of approving and accepting this Agreement no later than 18 March 2019 (the eighteenth day of March in the year of two thousand and nineteen). -----

10.2. This Agreement and other written materials laid down in Article 517(2) of CA will be available to the shareholders of the Acquired Company in the business premises of the Acquired Company immediately upon the delivery to the register court where the

Acquired Company is entered in terms of Article 517(1) of CA. -----

10.3 As the Acquiring Company holds 100% (one hundred percent) of the shares of the Acquired Company, under Article 531 of CA it is not required to seek for the merger the approval of a general meeting of the Acquiring Company. -----

10.4. This Agreement and other written materials laid down in Article 517(2) of CA will be available to the shareholders of the Acquiring Company on its website immediately upon the delivery to the register court where the Acquiring Company is entered in terms of Article 517(1) of CA. -----

10.5. As the Acquiring Company is the sole shareholder of the Acquired Company and under Article 531(1) of CA does not convene a general meeting of Hrvatska poštanska banka for the purpose of approving this merger or the Agreement of Merger, the Acquiring Company will immediately following the signature of this Agreement by the Management Boards of the companies participating in this merger and delivery of the Agreement to the register court, notify the shareholders of the Acquiring Company (making available the Agreement of Merger in terms of Article 10(10.4) above) that those shareholders whose shareholdings reach together at least the twentieth portion of the share capital of Hrvatska poštanska banka are entitled to request the Management Board of Hrvatska poštanska banka to call a general meeting of the Acquiring Company for the purpose of approving the Agreement of Merger, within one month following the publication of such notice in the *Official Gazette*. -----

11. Filing of the Application for Entry -----

11.1 Should a general meeting of the Acquired Company approve this Agreement, the participants in this merger shall, not later than 3 (three) days following the date of such approval, file with the competent courts the application for the entry of the merger based on this Agreement. -----

11.2. Pursuant to Article 521(1) of CA, each company will file with the competent register court a separate application for the entry of merger in the register of the competent Commercial Court. -----

12. The actions of the Acquired Company will be understood as taken for the account of the Acquiring Company -----

12.1. The participants in the merger agree that exclusively for the purpose of dealing with the internal relationships in effect solely between the participants in the merger all actions taken by the Acquired Company from the date of the decision concerning the approval of this Agreement by a general meeting of the Acquired Company until the date of the entry of merger in the court register of the Acquiring Company shall be

understood as the actions taken by the Acquiring Company in terms of Article 513(2)(7) of CA. -----

12.2. The Management Board of the Acquired Company shall act from the date laid down in the previous paragraph of this Article under the direction of the Acquiring Company, and so until the entry of merger in the court register. -----

13. Dispute Resolution -----

13.1. The parties will seek to resolve amicably any dispute between the parties and between the shareholders of the parties and the Acquiring Company, arising on the basis of the relationships governed by this Agreement. -----

13.2. Should any dispute may not be resolved amicably, such dispute will be subject to the jurisdiction of the Commercial Court in Zagreb. -----

14. Headings of Individual Parts -----

14.1. The headings of individual parts of this Agreement are provided for ease of reference only and shall not affect its interpretation. -----

15. Modifications and Amendments -----

15.1 Any modifications and amendments to this Agreement shall be made in writing and signed by authorised representatives of the contracting parties. -----

16. Special Provision -----

16.1. Each of the contracting parties represents and warrants to the other party that it will obtain all approvals, consents and permits for the conclusion or performance of this Agreement. -----

16.2. Each of the contracting parties undertakes, in particular, to seek, following the conclusion of this Agreement, prior consent of the Croatian National Bank in terms of Article 63 (1) and (2) of the Credit Institutions Act (*Official Gazette* no.: 159/13, 19/15, 102/15, 15/18). -----

17. Entry into Force -----

17.1. This Agreement will enter into force when the following conditions are cumulatively fulfilled: -----

17.1.1. upon the signature of the Agreement by authorised persons of the contracting parties; -----

17.1.2. when consents, permits from Article 16(16.2.) above have been granted; and -----

17.1.3. when the Agreement has been approved by a general meeting of the Acquired Company. -----

18. Number of Copies -----

18.1. This Agreement has been executed in seven (7) identical and equally valid copies; the Acquired Company shall receive one (1) copies, the Acquiring Company shall receive five (5) copies, and a notary public shall receive one (1) copy when attesting it; other copies will serve for the purposes of filing the application for entry of merger in the competent Commercial Courts. -----

The authorised representatives of the contracting parties have read, understood and accepted this Agreement and in witness thereof they have signed it. -----

----- In Zagreb, on 12 February, 2019 -----
(twelfth day of February in the year of two thousand and nineteen)

(1) HRVATSKA POŠTANSKA BANKA d.d. -----

President of Management Board: -----

By Special power of attorney of Tomislav Vuić: Mladen Mrvelj, Assignee

(2) JADRANSKA BANKA d.d. ŠIBENIK -----

President of Management Board: -----

Mato Filipović