

Under Article 512 (1), Article 513 (1) and Article 531 (2) of the Companies Act (Official Gazette 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 and 40/2019; hereinafter: "CA"), -----  
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the contracting parties -----  
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**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 Marko Badurina, President of the Management Board, PIN: 15862538201, (hereinafter: "HPB d.d." and/or the "Acquiring Company"), -----  
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and -----  
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**HPB-Stambena štedionica, dioničko društvo za stambenu štednju**, with its headquarters in Zagreb, Savska cesta 58, entered in the register of the Commercial Court in Zagreb with ID no.: 080560254, PIN: 44091063990, represented by Mr Damir Šprem, President of the Management Board, PIN: 79372940079 (hereinafter: the "Company which is being acquired" and /or the "Acquired Company"), -----  
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have entered today in Zagreb into the following -----  
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## AGREEMENT OF MERGER

(hereinafter: the "Agreement") -----  
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### 1. Recitals

#### Article 1

##### WHEREAS:

1. 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;-----
2. HPB-Stambena štedionica, dioničko društvo za stambenu štednju (hereinafter also: "**HPB-Stambena štedionica d.d.**"), with its headquarters in Zagreb, Savska cesta 58, is entered in the register of the Commercial Court in Zagreb with ID no.: 080560254, PIN: 44091063990;-----
3. the share capital of the company HPB d.d. is amounting to HRK 1,214,775,000.00 (one billion two hundred and fourteen million seven hundred seventy five thousand HRK) and is 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) per share, entered in the Depository of the Central Depository and Clearing Company Inc. (hereinafter: "**CDCC**") in Zagreb; -----
4. the share capital of the company HPB-Stambena štedionica d.d. is amounting to HRK 40,000,000.00 (forty million HRK) and is divided into 40.000 (forty thousand) ordinary shares coded HPBS-R-A, all registered shares, each with a nominal value of HRK 1,000.00 (one thousand

HRK) per share, entered in the CDCC Depository in Zagreb, according to the CDCC Extract which constitutes **Annex 1** to this Agreement; -----

5. the Acquiring Company is the sole shareholder of the Acquired Company, and the merger is under Article 520(1) of CA being carried out with no increase in the share capital of the Acquiring Company, and in view of this circumstance the contracting parties determine herein that in compliance with Article 531(2) of CA no audit of this merger under Article 515 of CA is required, and that for this Agreement to be valid no other components referring to the issue and exchange of the shares of the Acquiring Company are required (Article 513(2) p. 3, 4, 5, 6 and 8 of CA), and they expressly declare herein that this merger will not include any exchange of the shares, and as set forth in point 4 above (i.e. that the sole shareholder of the Acquired Company is the Acquiring Company), and thus no commissioner will be designated under Article 522(2) of CA; ---
6. the merger is carried out on the basis of Article 512(1), Article 513(1) and Article 531(2) of CA; ---
7. the Acquiring Company holds 100% (one hundred percent) of the share capital of the Acquired Company, and the shareholders of the Acquiring Company will not require that a general meeting is called with reference to the provision of Article 531(1) of CA, provided that the Acquiring Company has one month prior to the general meeting of the Company which is being acquired ensured to its shareholders the rights under Article 517(2) of CA;-----
8. in this merger there is no holder of special rights under Article 524 of CA; and -----
9. bearing in mind that all previous actions have been taken to carry out the merger, the contracting parties therefore proceed with the conclusion of this Agreement and agree that the Company which is being acquired is merged with and into the Acquiring Company not later than 2<sup>nd</sup> December 2019 (the second day of December in the year of two thousand and nineteen) -----

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**now, therefore**, in consideration of the premises from previous points 1 to 9 of the Recitals, and respecting at the same time current economic position of each contracting party – signatory to this Agreement, the Acquiring Company and the Acquired Company (hereinafter collectively: the “**contracting parties**” and/or the “**participants in the merger**”) **conclude** that it is in their mutual interest, for the purpose of making as much profit as possible and of avoiding overlapping of activities, to integrate in terms of business and organisation, and financially and legally, in the manner defined herein.  
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## **2. Object of Agreement**

### **Article 2**

(1)The object of this Agreement is the merger of the public limited company HPB-Stambena štedionica d.d. with the company HPB d.d. without applying the liquidation process to the Acquired Company. -----

(2) Under this Agreement, the Acquiring Company and the Company which is being acquired regulate herein all their mutual rights and obligations and the rights and obligations towards the shareholders of the Acquiring Company or the shareholder of the Acquired Company, which result from the transfer of the entire assets, rights and obligations transferred by the Company which is being acquired to the Acquiring Company. -----

(3) The Acquired Company transfers hereby its entire assets together with all the rights and obligations to the Acquiring Company, and is thus thereby merged with that company. -----  
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(4) Following the entry of merger in the register of the Commercial Court in Zagreb (hereinafter: the “**Court Register**”), the Acquired Company will cease to exist and HPB d.d. - the Acquiring Company will acquire the entire assets, together with all the rights and obligations, of the company HPB-Stambena štedionica d.d. - the Acquired Company, i.e. will accept the merger and will, following the entry in the Court Register, as legal successor (universal successor) expressly accept and assume full responsibility for the obligations of the Acquired Company. -----  
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(5) When carrying out the merger, the participants in the merger will pay due and particular attention to and take all required activities in compliance with the current regulations in respect of the housing savers of HPB-Stambena štedionica d.d. to protect all their rights under the contractual relationships with HPB-Stambena štedionica d.d. and to integrate such rights into the system of HPB d.d. -----  
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### **3. Merger Process** -----

#### **Article 3** -----

(1) The merger is carried out on the basis of the audited financial statement for the period from 1<sup>st</sup> January 2019 (the first day of January in the year of two thousand and nineteen) to 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen) for HPB-Stambena štedionica d.d. – the Acquired Company, and which constitutes the integral part of this Agreement and which has not been contested by the contracting parties. -----  
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(2) The financial statements – the balance sheets of the Acquired Company as of 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen) referred to above are attached to this Agreement and constitute its **Annex 2**. -----  
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### **4. Transfer of Assets and Losses** -----

#### **Article 4** -----

(1) The merger is carried out in the manner that the entire assets of the Acquired Company, together with all the rights and obligations, are transferred to the assets of the Acquiring Company on the basis of the financial statements – the balance sheet of the Acquired Company as of 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen). The list of the fixed assets (the list of immovable, movable property and rights transferred and entered in the public registers and other records) and of other assets as per balance sheet (hereinafter: the “**List of Assets**”) is attached to this Agreement in its **Annex 3**. -----  
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(2) By the balance sheet referred to above the value of the acquired assets has been determined. -----  
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(3) The balance sheet of the Acquired Company and other business records have been inspected by the members of the Management Board of both contracting parties and they have agreed in respect of the accuracy and regularity of the reported information. -----  
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(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 paragraph 1 above, in land registers and other public registers and records which transfer is entered in public registers and records in its name. -----  
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(5) 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. -----  
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**5. No Exchange of Shares or Increase in Share Capital** -----

**Article 5** -----

(1) For the avoidance of doubt, the contracting parties expressly declare herein that this merger will not include any exchange of the shares, in view of the Recitals from Article 1 above. -----  
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(2) As the Acquiring Company is the sole shareholder of the Acquired Company, under Article 520 (1.1.) of CA in this merger 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 this Agreement. -----  
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**6. Time of Internal Merger** -----

**Article 6** -----

(1) The entire assets of the Company which is being acquired will be transferred to the Acquiring Company with the balance sheet situation of the Acquired Company on 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen). -----  
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(2) All legal actions and procedures of the Acquired Company taken after 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen), being the date of the internal merger, will be deemed to be taken in the name and for the account of the Acquiring Company. -----  
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(3) All actions taken by the Acquired Company will be understood as the actions taken for the account of the Acquiring Company from the date of the approval of this Agreement by a general meeting of the Company which is being acquired, and under Article 531 of CA, no calling of the general meeting of the Acquiring Company will be required, having regard to the Recitals from Article 1 above. -----  
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(4) This provision referring to the internal merger is binding only upon the contracting parties and does not refer to third persons. -----  
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**7. Legal Effects of Merger** -----

**Article 7** -----

(1) On the date of the entry of merger in the Court Register where the Acquiring Company has been entered, the assets of the Acquired Company and its obligations will be transferred to the Acquiring Company, and the Acquired Company will cease to exist. -----  
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(2) The shares of the Acquired Company held by the Acquiring Company i.e. 40.000 (forty thousand) ordinary shares coded HPBS-R-A, all registered shares, each with a nominal value of HRK 1,000.00 (one thousand HRK) per share, entered in the CDCC Depository in Zagreb, 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 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 40.000 (forty thousand) ordinary shares coded HPBS-R-A, ISIN code: HRHPBSRA0004, CFI code: ESVUFR. -----  
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(3) Upon the registration in the Court Register, mutual rights and obligations of the Acquired Company and the Acquiring Company will be extinguished, and any mutual debts and claims of the contracting parties will be governed by the provisions of Article 207(1) of the Civil Obligations Act (Official Gazette 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) Upon the registration of the merger in the Court Register, this status change will be recorded in the business records of the Acquiring Company, and the assets and the liabilities of the Acquired Company will be transferred at their book values from the financial statements (balance sheet) of the Acquired Company as of 30<sup>th</sup> June 2019 (the thirtieth day of June in the year of two thousand and nineteen) 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. -----

(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<sup>st</sup> January 2019 (the first day of January in the year two thousand and nineteen) 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. -----

(6) 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 13 of the Decision on transaction accounts (Official Gazette 57/19), 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 Register 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. -----

(7) 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. -----

(8) In order to safeguard the interests of the housing savers of the Acquired Company, the Acquiring Company will ensure continuity of the procedure for all contracted loans that have been taken over (as well as for those subject to interim finance and for regular housing loans) applying the conditions under the Housing Saving and Government Incentive to the Housing Saving Act (Official Gazette 109/97, 117/97, 76/99, 10/01, 92/05, 21/10, 15/13, 139/13, 151/14, 110/15, hereinafter: "HSA") and will enable all housing savers who following the expiration of agreed saving period are approved the amount agreed to apply for regular housing loan under the conditions of HSA. -----

(9) In the period from the time when the legal effects of the merger arise until the expiration of the saving periods agreed for all housing saving contracts taken over and found at the moment when legal effects of the merger arise, the Acquiring Company shall (i) make applications to the Ministry of Finance for the purpose of granting state incentive funds, (ii) their compliance with the requirements of other housing savings banks or their legal successors, (iii) recording of received state incentive funds and

entering them in the housing saving accounts of housing savers taken over, all within the prescribed period, as well as (iv) return state incentive funds to the State Budget with the interest appertaining thereto in the cases laid down in HSA. -----  
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**8. Creditors** -----

**Article 8** -----

(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 whose creditors they are 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. -----  
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(2) In the notice of the entry of merger such right from paragraph 1 above will be brought to the creditors' attention. -----  
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**9. Acquired Company's Employment Contracts** -----

**Article 9** -----

On the date of the entry of merger in the Court Register, all employment contracts of the Acquired Company's employees will be transferred to the Acquiring Company in compliance with Article 137 of the Labour Act (Official Gazette 93/14, 127/17). -----  
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**10. General Meeting of the Acquired Company and Notices to the Shareholders of the Participants in the Merger** -----

**Article 10** -----

(1)The Management Board of the Company which is being acquired shall in the invitation to attend the general meeting of the Company which is being acquired state under Article 517(1) of CA that the Agreement of Merger has been filed in the Court Register. -----  
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(2) The Acquired Company shall call its general meeting for the purpose of approving and accepting this Agreement within 15 (fifteen) days at the latest after the fulfilment of the conditions laid down in Article 11 point d) below. -----  
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(3) 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. -----  
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(4) 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. -----  
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(5) 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. -----

(6) 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 HPB d.d. 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 participants in the 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 this Article 10(5)) that those shareholders whose shareholdings reach together at least the twentieth portion of the share capital of HPB d.d. are entitled to request the Management Board of HPB d.d. 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 and this Agreement in the Official Gazette. -----

## **11. Entry into Force** -----

### **Article 11** -----

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

- a. when adopted by the Management Boards of the participants in the merger;
- b. upon the signature of the Agreement by authorised persons of the contracting parties and upon the confirmation of this Agreement by notary public; -----
- c. when the Agreement has been approved by a general meeting of the Acquired Company; and ----
- d. when prior consent of the Croatian National Bank in terms of Article 63 (1) and (2) of the Credit Institutions Act has been obtained (Official Gazette 159/13, 19/15, 102/15, 15/18, 70/19, hereinafter : "CIA"). -----

## **12. Delivery of Agreement and Application for Registration of Merger, Prior Consent of CNB** -----

### **Article 12** -----

(1) Following the adoption of this Agreement by the Management Boards of the companies participating in this merger and the signature thereof by the authorised persons of the contracting parties and the confirmation of this Agreement by notary public, the participants in the merger will deliver this Agreement to the competent register court before the general meeting of the Acquired Company called to decide on this Agreement's approval has been convened. -----

(2) When all conditions from Article 11 above have been fulfilled, including also the consent from paragraph 5 below, the participants in the merger will each, separately and individually, make the application for registration of the merger itself to the Court Register in compliance with Article 521(1) of CA. -----

(3) All the costs of the implementation of this merger will be financed from own sources of funds of both participants in the merger. -----

(4) The Management Board of the Acquiring Company shall notify all competent institutions and regulatory bodies, as well as former customers and business partners of the Company which is being acquired, of the merger. -----

(5) 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 CIA. -----

**13. Cessation of Activity of the Bodies of the Acquired Company -----**

**Article 13 -----**

The Management Board of the Acquired Company will continue to exercise all its powers also following the signature of this Agreement until the entry of merger in the Court Register when the term of office of the Management Board of the Acquired Company will expire, and all other bodies will cease their activity (General Meeting, Supervisory Board, Management Board). -----

**14. FINAL PROVISIONS -----**

**Article 14 -----**

(1) **Statements accompanying the notification of merger:** Since the merger of the companies referred to in the Preamble of this Agreement is carried out applying the provisions of Article 531(1) and (2) of CA and, since by reference to relevant provisions of the articles of CA mentioned in the Recitals in Article 1 above (i) the general meeting of the Acquiring Company, (ii) audit of merger, (iii) comprehensive reports of the Management Boards of the companies where the reasons justifying the agreement of merger are stated in legal and economic terms, and (iv) exchange ratio of shares for units, (v) report of the Supervisory Board of the Acquiring Company in terms of Article 515 of CA, etc. **have not been implemented**, the contracting parties agree and confirm one to another that they will deliver to the relevant court registers together with the notification of merger in addition to this Agreement and relevant financial statements, also the following statements: -----

- the Statement of the members of the Management Board of the Acquiring Company that the shareholders entitled thereto have not required that the general meeting of the Acquiring Company is called; -----

- the Statements of the members of the Management Board of the Acquired Company that the Decision on merger and adoption of this Agreement has not been disputed, and in connection with the Statement of the members of the Management Board of the Acquiring Company (being the sole shareholder of the Acquired Company) that as this is the merger “in special cases” the Acquiring Company waives the right to set the general meeting of the Acquired Company aside, and the Statement of the Acquiring Company that the general meeting of the Acquiring Company has not been held in terms of Article 531 of CA. -----

- the Statement of the members of the Management Board of the Acquiring Company in terms of Article 531 of CA (“Merger in Special Cases”) where, among other things, they state that (1) the Report of the Management Board in terms of Article 514 of CA, (ii) the Auditor’s Report on the Merger in terms of Article 515 of CA and, (iii) Report of the Supervisory Board of the Acquiring Company in terms of Article 515 of CA have not been required; and -----

- if necessary, other statements and annexes. -----

(2) For the avoidance of doubt, it is also confirmed in principle herein, although all statements from the previous paragraph will be delivered to the Court Register with the notification of merger, that “the Statements that the decisions on merger have not been disputed” have not been required in this case of merger, having regard to the structure of the ownership of the participants in the merger and the interconnectedness, as stated in details in Article 1 above, and also since no contracting party has any legal interest to dispute these decisions. -----



----- **Article 15** -----

(1) **Dispute resolution:** The parties will seek to resolve amicably any dispute arising between the parties on the basis of the relationships governed by this Agreement. -----

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

----- **Article 16** -----

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

----- **Article 17** -----

**Modifications and amendments:** This Agreement has been concluded in the form of the notarial act; therefore, all modifications of and amendments to this Agreement will be valid if concluded in the form of the notarial act and if adopted in the same manner as this Agreement. -----

----- **Article 18** -----

**Approvals:** Each of the contracting parties represents and warrants to the other party that it will obtain and/or has obtained all internal or external approvals, consents or permits for the conclusion or performance of this Agreement, and in particular that prior consent of the Croatian National Bank in terms of Article 12(5) above has been obtained or will be obtained before the registration in the Court Register. -----

----- **Article 19** -----

**Waiver of appeal against the merger related order:** The parties - signatories to this Agreement waive also herein the right to appeal against the order related to the merger of the Acquired Company by the Acquiring Company and propose that the merger related order becomes definitive as of the day when made. -----

----- **Article 20** -----

**Number of copies:** This Agreement has been executed in nine (9) identical and equally valid copies of which two (2) for each contracting party, one (1) for notary public, and other copies will serve for the purposes of filing the application for entry of merger in the competent Commercial Court and for the purposes of notifying other national bodies. -----

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**The authorised representatives of the contracting parties have read this Agreement and in testimony of the understanding and acceptance thereof they have signed it.** -----

In Zagreb, on 30<sup>th</sup> September 2019 (on the thirtieth day of September in the year of two thousand and nineteen).

Acquiring Company:

**HRVATSKA POŠTANSKA BANKA, dioničko društvo**

President of Management Board

Marko Badurina

The Company which is being acquired:

**HPB-Stambena štedionica d.d.**

President of Management Board

Damir Šprem

TRANSLATION