

Zagreb, July 23, 2024

Ref. No: F00-48/24-SS

Zagreb Stock Exchange Inc.

Croatian Financial Services Supervisory Agency (HANFA)

Croatian News Agency OTS HINA

Subject: HRVATSKA POŠTANSKA BANKA, p.l.c.

- **Notice of the convocation of the General Assembly - Invitation to the Shareholders**
- *Category: General Assembly – agenda, proposals, resolutions*

The Management Board of Hrvatska poštanska banka, p.l.c., Zagreb, Jurišićeva ulica 4 (hereinafter: the Bank), pursuant to the provisions of the Companies Act, made the Decision on July 22, 2024, to convene the General Assembly of the Bank, **to be held on August 29, 2024, in the Bank's business premises at the address Zagreb, Varšavska ulica 9, Conference Hall on the 1st floor, at 12:00 noon.**

Pursuant to the provisions of the Capital Market Act and Zagreb Stock Exchange Rules, the Management Board hereby submits for publication the Invitation to the Shareholders of the Bank in the legally defined form, containing Proposals of the Resolutions.

We hereby declare that the full, legally defined form of the Invitation to the Shareholders, including the documents for the General Assembly, will also be published on the Bank's website www.hpb.hr, pursuant to the applicable regulations.

The Invitation to the Shareholders is attached to the Notice.

Hrvatska poštanska banka, p.l.c.

The Management Board of Hrvatska poštanska banka p.l.c. (hereinafter: the Bank), Zagreb, Jurišićeva ulica 4, by virtue of the authority vested in it under Article 277 of the Companies Act (OG No. 111/93, 34/99, 121/99, 52/00, 118/03, 107/07, 146/08, 137/09, 111/12, 125/11, 68/13, 110/15, 40/19, 34/22, 114/22, 18/23, 130/23) and Article 24 of the Articles of Association of the Bank, adopted on July 22, 2024 the Resolution on the convocation of the General Assembly of the Bank, and hereby invites the Shareholders of the Bank to attend the

LII (the fifty-second) GENERAL ASSEMBLY

of Hrvatska poštanska banka p.l.c., Zagreb, to be held **on August 29, 2024, in the Bank's business premises at the address Zagreb, Varšavska ulica 9, Conference Hall on the 1st floor, at 12:00 noon.**

LII General Assembly Agenda:

1. Opening of the General Assembly and establishment of a quorum of the present Shareholders or their proxies
2. Information for the General Assembly:
 - Acquisition and disposal of HPB's own shares
 - Recommendations of the Croatian National Bank
3. Annual Financial Statements of Hrvatska poštanska banka p.l.c. and Consolidated Annual Financial Statements of Hrvatska poštanska banka Group for 2023, approved by the Management Board and the Supervisory Board of the Bank, and the Annual Management Report of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2023
4. Report of the Supervisory Board on the supervision exercised over the conduct of business affairs in the Bank in 2023
5. Resolution on allocation of profit earned in 2023
6. Resolution on the approval of the Management Board Members' actions
7. Resolution on the approval of the Supervisory Board Members' actions
8. Resolution on the approval of the Remuneration Report for the Members of the Management Board and Supervisory Board for 2023
9. Resolution on the approval of the Remuneration Policy for Members of the Management Board and Supervisory Board of Hrvatska poštanska banka, p.l.c. – version 2.0
10. Resolution on the determination of remuneration for the Members of the Supervisory Board
11. Resolution on the determination of remuneration for the Members of the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Appointments Committee and the ESG Committee
12. Resolution on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2024
13. Resolution on the suitability of the Members of the Supervisory Board of Hrvatska poštanska banka p.l.c. based on the regular annual suitability assessment procedure

The Shareholders are hereby invited to participate in the General Assembly.

PROPOSED RESOLUTIONS AND EXPLANATORY NOTES

Under Agenda **Item 2** the General Assembly shall not pass resolutions.

Information for the General Assembly

• Acquisition and disposal of HPB's own shares

Based on the Resolution of the Bank's General Assembly made on August 30, 2023, which authorized the Bank's Management Board to acquire and dispose of HPB's own shares, the General Assembly is hereby informed that the Bank had initiated a Buy-Back Programme for its own shares with effect from November 8, 2023, with the intention of acquiring up to a maximum of 300 shares. A monetary amount up to a maximum of EUR 65,000.00 was allocated for this acquisition. The purpose of acquiring own shares was the payment of variable employee remuneration in accordance with the Bank's and HPB Group's Remuneration Policy. The redemption program was set to be completed within at latest 2 (two) years.

In accordance with the Buy-Back Programme, the Bank had bought a total of 85 own shares on November 15 and 16, 2023 on the regulated market of the Zagreb Stock Exchange. Given that before the acquisition the Bank had no own shares, after the said acquisition the Bank had a total of 85 own shares without voting rights, which represents 0.004198% of the Bank's share capital. For the said acquisition of its own shares, the Bank paid a consideration amounting to EUR 15,529.00.

The bank disposed of 85 of its own shares on December 7, 2023, outside the regulated market of the Zagreb Stock Exchange d.d. on the basis of the concluded Share Transfer Agreement. Transfer from the securities account opened at the Central Clearing Depository Company (SKDD) was made to the accounts of the acquirers of shares on December 7, 2023. After the transfer, the Bank no own shares in its treasury account at that moment.

In addition, the Bank has in accordance with the Buy-Back Programme a total of 49 own shares on the regulated market of the Zagreb Stock Exchange d.d. bought on February 13, 2024. Given that before the acquisition in question the Bank did not have its own shares, after the said acquisition the Bank has a total of 49 own shares without voting rights, which represents 0.002420% of the Bank's share capital. For the aforementioned acquisition of own shares, the Bank paid a consideration amounting to EUR 9,898.00.

• **Recommendations of the Croatian National Bank**

The Bank's General Assembly, i.e. its shareholders, is hereby informed on received recommendations by the Croatian National Bank (hereafter referred to as: CNB) which relates to the composition of the Supervisory and Management Boards, as follows:

1. to review the adequacy of composition of the Supervisory Board with regard to the complexity, size and planned growth, risk profile, planned process development and digitalization, as well as to create an analysis and activities plan to improve the work of the Supervisory Board;
2. to create an activity plan for compliance with the target level of the underrepresented gender in the Bank's Management Board in accordance with the Diversity Policy for members of the Management Board and the Supervisory Board of Hrvatska poštanska banka, a joint-stock company.

The Bank has provided its response to the above-mentioned recommendations, within the set deadline, on July 15, 2024, whereby it has also undertook to inform the General Assembly of the Bank about the given recommendations.

In relation to the first recommendation, the Bank emphasized in its response the fact that the number of members of the Bank's Supervisory Board is decided by the General Assembly, i.e. the Bank's shareholders, in accordance with the jurisdiction defined by the Companies Act and the Bank's Articles of Association.

Regarding the second recommendation of the CNB, the Bank stated in its statement that the procedure for electing the president and members of the Bank's Management Board does not fall under the exclusive competence of the Supervisory Board. Namely, the Bank is a legal entity of special interest to the Republic of Croatia, so the procedure for electing the Bank's Management Board is subject to the governmental decree, according to which the procedure is carried out by the competent department. Thus, the Government of the Republic of Croatia through its conclusion proposes the candidates for members of the Bank's Management Board to the Supervisory Board of the Bank. Regarding the specific appointment of the current Bank Management Board, the statement indicated the logical continuation of the mandate of the Management Board, which had successful business results in the previous term, while the appointment of the remaining two members was also a logical step from the aspect of the successful merger of Nova Hrvatska banka d.d.

In accordance with the above, we emphasize the following to the General Assembly, i.e. to the Bank's shareholders:

- in relation **to the first recommendation** of the CNB, there is a need to consider increasing the number of members of the Supervisory Board in accordance with the good practices of supervisory boards and their committees, which would also enable the representation of a larger number of people from different aspects in the subcommittees of the Supervisory Board, as well as the engagement of independent members in accordance with the Guidelines of the European Banking Authority;
- in relation **to the second recommendation** of the CNB, during the next election of the members of the Management Board and the Supervisory Board of the Bank, attention should be paid and additional emphasis should be placed on the Diversity Policy for members of the Management Board and the Supervisory Board and the targeted representation of the underrepresented gender in the Management Board and the Supervisory Board, which is defined by the subject Policy.

Under Agenda **Item 3** the General Assembly shall not pass resolutions.

Pursuant to the provision of Article 280.a of the Companies Act, the Shareholders are advised that the Supervisory Board of the Bank gave its consent to the Annual Financial Statements of Hrvatska poštanska banka p.l.c. and Consolidated Financial Statements of Hrvatska poštanska banka Group for 2023, submitted to the Supervisory Board by the Management Board of the Bank, and that as per the provision of Article 300.d of the Companies Act these statements were thereby adopted.

The Supervisory Board gave its consent to the Annual Management Report of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2023, submitted to the Supervisory Board by the Management Board of the Bank.

The above Annual Financial Statements and the Annual Management Report of the Bank and its subsidiaries, together with the report of the Supervisory Board are submitted to the General Assembly.

HPB Annual Report for 2023

Report available from the link

Item 4 The Report submitted by the Supervisory Board to the General Assembly

REPORT on the supervision exercised over the conduct of business affairs in the Bank in 2023

I

Pursuant to the provisions of the Articles of Association and the resolutions passed by the General Assembly of the Bank in 2023, the Supervisory Board operated with three Members in 2023: Marijana Miličević as President, Mislav Ante Omazić as Deputy President and Marijana Vuraić Kudeljan as Member.

In the course of 2023, within the incumbent Supervisory Board, the independence requirement was discharged at all times by Mislav Ante Omazić, ensuring the functioning of the Supervisory Board and its committees in compliance with the provisions of applicable statutory regulations.

II

In 2023, the Supervisory Board held 14 regular meetings, considered and made resolutions and conclusions on the matters pertaining to the operations of the Bank and HPB Group.

In addition to regular meetings, the Supervisory Board made resolutions on 108 occasions via electronic mail outside the meetings, in situations where individual resolutions required prompt decision-making, the majority of which pertained to the Supervisory Board's approval of the Bank's exposure to certain customers/groups of related persons pursuant to the statutory framework, as well as other decisions/internal acts that require the Supervisory Board's approval.

The Supervisory Board meetings were attended by the Members of the Management Board of the Bank, and when it was deemed necessary and at the invitation of the Supervisory Board, meetings were also attended by the relevant employees of the Bank's professional functions, with the aim of providing the Supervisory Board with complete information and additional clarification on the matters from their scope of competence. In compliance with the statutory regulations, the Supervisory Board meetings were also attended by persons responsible for the operation of individual control functions.

III

For the purpose of discharging its function in an efficient manner, the Supervisory Board operates the following committees: the Audit Committee, the Risk Committee, the Remuneration Committee, the Appointments Committee and the ESG Committee. The Committees operate with the aim of conducting in-depth discussions and delivering competent assessments on all matters within their scope of competence, based on the resolutions on the establishment, rules of procedure and/or other internal acts of the Bank and relevant statutory regulations.

The Management Board of the Bank has ensured access to all information and data necessary for efficient work of the committees, and when necessary, has made available the Bank's professional functions, control functions, advice from external experts in areas within their competence.

During 2023, the **Audit Committee** operated with a composition of three members. In the period from 1 January to 26 August 2023, the Audit Committee was chaired by Mislav Ante Omazić, with Ivana Željko Lovrinčević as Deputy Chairperson, and Ivana Radeljak Novaković as Member. Following the change in the composition of the Audit Committee, in the period from 27 August to 31 December 2023, the Audit Committee operated as follows: Željko Lovrinčević, Chairperson, Mislav Ante Omazić, Deputy Chairperson and Ivana Radeljak Novaković, Member. In both compositions of the Audit Committee, two members, Mislav Ante Omazić and Željko Lovrinčević continuously discharged the independence requirement in relation to the Bank, thereby ensuring the functioning of the Audit Committee in compliance with the provisions of applicable statutory regulations. In 2023, the Audit Committee held seven regular meetings. In addition to regular meetings, the Audit Committee made decisions outside the meetings on 15 occasions by electronic mail, in situations when it was deemed necessary to promptly make certain decisions / conclusions within its scope of competence.

In 2023, **the Risk Committee** operated with three Members, appointed by the Supervisory Board of the Bank. Marijana Vuraić Kudeljan chaired the Risk Committee, with Marijana Miličević and Mislav Ante Omazić as Members. In 2023, the Risk Committee held eight regular meetings. In addition to the regular meetings, the Risk Committee made decisions outside the meetings via electronic mail on 7 occasions.

In 2023, **the Remuneration Committee** operated with three Members, appointed by the Supervisory Board of the Bank. Marijana Miličević chaired the Appointments Committee, with Marijana Vuraić Kudeljan and Mislav Ante Omazić as Members. In 2023, the Remuneration Committee held nine regular meetings. In addition to the regular meetings, the Remuneration Committee made decisions outside the meetings via electronic mail on 14 occasions.

In 2023, **the Appointments Committee** operated with three Members, appointed by the Supervisory Board of the Bank. Marijana Miličević chaired the Appointments Committee, with Marijana Vuraić Kudeljan and Mislav Ante Omazić as Members. In 2023, the Appointments Committee held four regular meetings. In addition to the regular meetings, the Appointments Committee made decisions outside the meetings via electronic mail on 9 occasions.

In 2023, **the ESG Committee** operated with three Members, appointed by the Supervisory Board of the Bank. Mislav Ante Omazić chaired the ESG Committee, with Marijana Miličević and Marijana Vuraić Kudeljan as Members. In 2023, the ESG Committee held six regular meetings. In addition to the regular meetings, the ESG Committee made decisions outside the meetings via electronic mail on 2 occasions.

IV

The Supervisory Board and the Committees thereof duly held regular meetings in 2023, and all Members duly attended and participated significantly, continuously collaborated, maintained balanced composition and possessed the necessary expertise in line with the statutory requirements for the operations of credit institutions.

Contingent on the regular reporting of resolutions/recommendations and positions taken by the committees therewith, the Supervisory Board has established that all committees had successfully discharged their functions pursuant to applicable statutory regulations, thereby contributing to the effective work of the Supervisory Board.

Each Member individually contributed to the specific areas of work in a suitable and effective manner, given their role, responsibility, and expertise in specific areas, as evidenced by the results of the regular annual suitability assessment of the Members of the Supervisory Board conducted by the Suitability Assessment Committee established within the Bank, in accordance with the statutory regulations applicable to credit institutions. Based on the results of the conducted suitability assessment, it was established that in 2023, both individually and collectively, the composition of the Supervisory Board was balanced with respect to skills, experience, competencies, age, and gender, and that the Members of the Supervisory Board possess high moral standards, diverse knowledge, abilities, as well as professional and practical experience necessary to properly discharge their tasks, while also meeting the specific requirement that at least one Member of the Supervisory Board is an expert in the field of accounting and/or financial statement auditing. The General Assembly has assessed and resolved that the incumbent Members of the Supervisory Board are both individually and collectively suitable to discharge the function of a Member of the Supervisory Board.

With respect to the *Supervisory Board and the Management Board Diversity Policy* adopted by the Bank's General Assembly, the composition of the Supervisory Board during the reporting period also met the diversity targets in terms of representation of the under-represented gender - women, which stood at 66.7%, thus meeting the target level of at least 30% representation of women in the Supervisory Board.

Therefore, the necessary balance in the composition of the Supervisory Board has been established, and the required standards that ensure diversity and representation of both genders in the supervisory function of the Bank have been achieved.

Taking into consideration the suitability assessment of the Members of the Supervisory Board, including the active participation in the meetings of the Supervisory Board and its Committees, the Supervisory Board has established that all of its Members contributed significantly to its work, both individually and collectively, with their commitment, competences, experience, and dedication, thus enabling adequate and full supervision of the conduct of the Bank's affairs and complete performance of the Supervisory Board's function.

During the previous financial year, no case of conflict of interest of the Members of the Management Board or the Supervisory Board was established.

V

The Management Board and the Supervisory Board acted in compliance with the applicable statutory regulations governing their scope of competence and roles and pursuant to the provisions of the Articles of Association of the Bank.

The Supervisory Board of the Bank supervised the conduct of the Bank's business affairs, directed the Bank's business policy, and actively contributed to its implementation, all on the basis of the reports of the Management Board on matters of significance for the Bank's operations and the condition of the Bank. The Management Board provided the Supervisory Board with duly prepared, true and fair, and timely reports on the business policy and on other general matters pertaining to the future operations, corporate

strategy, financial plans, risk management strategies, policies and other relevant internal acts, operational profitability, business performance as well as the balance of revenues and expenses, and the overall condition of the Bank, and other significant matters and business events, whereby the Members of the Management Board, each within their scope of competence, provided additional explanations and clarifications, thus ensuring effective decision-making process.

The Management Board and the Supervisory Board cooperated efficiently and constructively, sharing relevant information necessary for the discharge of their tasks, thereby contributing to the achievement of the supervisory function. The Supervisory Board was able, at all times, to request and obtain information from the Management Board of the Bank on all matters pertaining to operations of the Bank which significantly impacted or could have impacted the position of the Bank, particularly information pertaining to the risk profile. The Management Board undertook to provide the Supervisory Board with suitable access to the information on the risk profile. Throughout the 2023 business year, successful and transparent cooperation was reflected in open discussions between the Management Board and the Supervisory Board of the Bank, and therefore in that regard, the Supervisory Board has established its cooperation with the Management Board of the Bank as successful.

In the light of the foregoing and taking into account the achieved financial results, the Supervisory Board has established that in 2023 the Management Board of the Bank conducted the business affairs of the Bank prudently and successfully in the best interests of all Shareholders and in line with its scope of competence, as established by the statutory regulations and the Bank's Articles of Association. The Management Board has also established clear internal relationships in connection with risk-taking and risk management, including separation of powers and responsibilities between the Supervisory Board, the Management Board, the appointed committees and the senior management.

VI

The Supervisory Board has considered the audited Annual Financial Statements of Hrvatska poštanska banka p.l.c. and the Consolidated Annual Financial statements of Hrvatska poštanska banka Group for 2023, the Management Board's Annual Report on the Condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2023 and the Resolution on the distribution of profits for 2023, submitted by the Management Board of the Bank.

The Supervisory Board has established that the Annual Financial Statements of Hrvatska poštanska banka p.l.c. and the Consolidated Annual Financial statements of Hrvatska poštanska banka Group for 2023, have been drawn up in accordance with the balances recorded in the business books and that they give a true and fair view of the assets and the business condition of the Bank, which was confirmed by the independent auditor BDO Croatia d.o.o., Zagreb („BDO“), who audited the Annual Financial Statements for 2023.

The Supervisory Board without objections grants its approval of the submitted Independent Auditor's Report, the Annual Financial Statements of Hrvatska poštanska banka, p.l.c. and the Consolidated Annual Financial Statements of Hrvatska poštanska banka Group for 2023, whereby pursuant to the provisions of Article 300.d of the Companies Act the Statements herein are established as considered by the Management Board and the Supervisory Board of the Bank.

In compliance with the obligations and pursuant to the supervision exercised in 2023, the Supervisory Board has established that Hrvatska poštanska banka p.l.c. has conducted its business affairs in compliance with applicable statutory regulations, subordinate legislation, the Articles of Association and other acts of the Bank, and the resolutions of the General Assembly.

VII

The Management Board has submitted to the Supervisory Board the Proposal of the resolution on the distribution of profits for 2023, whereby it has been established that Hrvatska poštanska banka p.l.c. earned in the year ended 31 December 2023 net profit in the amount of EUR 80,615,055.48. The Supervisory Board hereby approves the Proposal of the resolution on the distribution of profits for 2023 submitted by the Management Board.

VIII

The Supervisory Board hereby submits the Report herein to the General Assembly of the Bank and proposes that the General Assembly considers the Annual Financial Statements of Hrvatska poštanska banka p.l.c. and the Consolidated Annual Financial Statements of Hrvatska poštanska banka Group for 2023, together with the Annual Management Board Report of the Condition of Hrvatska poštanska banka p.l.c. and its subsidiaries for 2023. The Supervisory Board hereby proposes that the General Assembly passes the Resolution on the discharge of the Members of the Management Board and the Supervisory Board, as well as to adopt the Resolution on the distribution of the profits for 2023, submitted by the Management Board.

Explanatory Note

This Item shall not put to the vote, but the relevant Report is submitted to the attention of the General Assembly.

Under Agenda **Item 5** the Management Board and the Supervisory Board propose that the General Assembly passes the following resolution:

**RESOLUTION
on allocation of profit earned in 2023**

I

It is determined that Hrvatska poštanska banka, p.l.c. made a net profit of EUR 80,615,055.48 in the business year ended December 31, 2023.

II

Pursuant to Articles 220 and 222 paragraph 1 of the Companies Act and authority referred to in Article 33 of the Bank's Articles of Association, amount of EUR 1,308,731.67 is allocated to legal reserves, whereby the level of legal reserves reached the maximum amount regulated by Companies Act.

III

The remaining amount of determined net profit in the amount of EUR 79,306,323.81 after its distribution to legal reserves, is allocated to retained earnings.

IV

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

The proposed distribution of net profit is in accordance with Articles 220 and 300 b of the Companies Act and the Articles of Association of Hrvatska poštanska banka, p.l.c.

In accordance with strategic guidelines, the Bank will continue to distribute most of the realized net profit of the period to reserves and retained earnings so that the successful operation of the Bank, profitability, and growth within the limits of possibilities can be continued. Considering that the amount of the binding MREL requirement is prescribed for the Bank from January 1, 2024, the Bank must additionally strengthen its regulatory capital in the following periods.

Based on the above, the Management Board, with the approval of the Supervisory Board, proposes the adoption of the above-mentioned Resolution, whereby:

- **allocation of EUR 1,308,731.67 to legal reserves** is determined by the Companies Act. After mentioned allocation legal reserves of the Bank will reach maximum amount of 5% of share capital according to Article 220, paragraph 3 of the Companies Act, and will no longer be obliged to allocate the realized profit to legal reserves with a given level of share capital in future periods,
- remaining amount of realized net profit earned in 2023 in the amount of **EUR 79,306,323.81 is allocated to retained earnings**. At the same time, it is emphasized:
 - 1) that the amount of **EUR 24,194,268.75 will not be included in the calculation of the Common equity tier 1 capital**, taking into consideration Article 60 of the Act on the Execution of the State Budget of the Republic of Croatia for the year 2024, that - if it is determined by a special decision of the Government of the Republic of Croatia and a decision of the General Assembly - is available for the dividend payment without restrictions from Article 312a of the Credit Institutions Act.
 - 2) that the **remaining amount of retained earnings in the amount of EUR 55,112,055.06 will be included in the calculation of the Common equity tier 1 capital**, whereby in the case of a decision to pay a dividend in the above amount or its parts, it is subject to the restrictions from Article 312a of the Credit Institutions Act.

Under Agenda **Item 6** the Management Board and the Supervisory Board propose that the General Assembly passes the following resolution:

**RESOLUTION
on the approval of the actions of the Members of the Management Board**

I

It is established that during the year 2023, the Management Board of the Bank was composed of:

- M.Sc. sc. Marko Badurina, President of the Board
- Ivan Soldo, member of the Board
- Anto Mihaljević, member of the Board
- Ph.D. Tadija Vrdoljak, member of the Board since September 13, 2023
- Josip Majher, member of the Board since October 13, 2023.

II

It is established that the members of the Management Board referred to in point I of this Resolution in the business year 2023 the affairs of the Bank in accordance with the law, the Articles of Association and resolutions passed by the General Assembly and are therefore granted the approval of their actions.

III

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

In view of the fact that the Management Board managed the affairs of the Bank in compliance with the law, the Articles of Association and resolutions passed by the General Assembly, the manner in which the Management Board managed the Bank's affairs in 2023, is hereby approved.

Under Agenda **Item 7** the Supervisory Board proposes that the General Assembly 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 2023 their functions in accordance with the law, the Articles of Association and resolutions passed by the General Assembly and are therefore granted the approval of their actions.

II

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

In view of the fact that the Supervisory Board managed the affairs of the Bank in compliance with the law, the Articles of Association and resolutions passed by the General Assembly, the manner in which the Management Board managed the Bank's affairs in 2023, is hereby approved.

Under Agenda **Item 8** the Management Board and the Supervisory Board propose that the General Assembly passes the following resolution:

**RESOLUTION
on approval of the Remuneration Report for the Members
of the Management Board and Supervisory Board for 2023**

I

The Remuneration Report for the Members of the Management Board and Supervisory Board for 2023 with the Auditors' Report on the audit of the Report is hereby approved which is attached to this Resolution and is an integral part thereof.

II

This Resolution comes into force on the date of its adoption.

Attachment 1 - [Remuneration Report for the Members of the Management Board and Supervisory Board for 2023 with Independent Auditors' Report](#)

(Document available from the link)

Explanatory Note to the Proposed Resolution

In line with Article 272.r of the Companies Act, the Management Board and the Supervisory Board compiled the Remuneration Report for the Members of the Management Board and Supervisory Board in the previous business year and referred it to the Auditor for audit, in line with the Companies Act.

The auditing firm BDO CROATIA Ltd., Zagreb, Radnička cesta 180, audited the Report and issued their opinion on compliance of the Report with the prerequisites stated in Article 272.r, paragraphs 1 and 2 of the Companies Act.

The Report, together with the Auditors' Report is attached to this Resolution (Attachment 1) and the Invitation to this General Assembly.

The Management Board and the Supervisory Board propose to the General Assembly the approval of the Remuneration Report for the Members of the Management Board and Supervisory Board for 2023 together with independent auditor's report with expressing limited assurance on Remuneration Report.

Under Agenda **Item 9** the Supervisory Board propose that the General Assembly passes the following resolution:

RESOLUTION
on the approval of the Remuneration Policy for Members of the Management Board and Supervisory Board of Hrvatska poštanska banka, p.l.c. – version 2.0

I

The Remuneration Policy for Members of the Management Board and the Supervisory Board of Hrvatska poštanska banka, p.l.c., version 2.0, appended to this Resolution and constituting an integral part thereof, is hereby approved

II

Upon the effective date of the Remuneration Policy referred to in item I of this Resolution, the Remuneration Policy for the Members of the Management Board and the Supervisory Board of Hrvatska poštanska banka, p.l.c., established by the Bank's Supervisory Board on March 29, 2021, and approved by the Bank's General Assembly on May 10, 2021, shall be revoked.

III

This Resolution comes into force on the date of its adoption.

[Attachment 2 - Remuneration Policy for Members of the Management Board and Supervisory Board of Hrvatska poštanska banka, p.l.c. - version 2.0](#)

(Document available from the link)

Explanatory Note to the Proposed Decision

Pursuant to Articles 247.a, paragraph 2, 269, paragraph 3, and 275, paragraph 1, item 3 of the Companies Act ("CA"), the Supervisory Board, following a positive opinion from the Remuneration Committee, has established a new, second version of the Remuneration Policy for the members of the Management Board and the Supervisory Board of Hrvatska poštanska banka, public limited company ("Remuneration Policy"), and proposes its approval to the General Assembly.

The Remuneration Policy is attached to this resolution as in the text published as Attachment 2 of the invitation to this General Assembly.

Pursuant to Article 276.a, paragraph 1 of the CA, the General Assembly of a company whose shares are listed on a regulated market is obligated to vote on the approval of the remuneration policy for the members of the Management Board at least once every four years and whenever significant amendments are proposed, as submitted by the Supervisory Board.

The first iteration of the Remuneration Policy for the members of the Management Board and the Supervisory Board was ratified by the General Assembly of the Bank under Decision number XLVIII.GS/10-21 on May 10, 2021. Amendments and supplements to the first version were required before the four-year term expired for the following reasons:

- The Act on Amendments to the Companies Act (NN 130/23), enacted on November 10, 2023, amended provisions relating to the composition of the remuneration policy for the Management Board and the Supervisory Board, notably concerning the **maximum remuneration for the Chairman/members of the Management Board** and the authority of the General Assembly to, at the request of shareholders (holding a combined share of one-twentieth of the company's share capital), pass a resolution to **reduce the maximum remuneration for the Management Board members** as set forth in the Remuneration Policy.*

*Consequently, in the new, second version of the Remuneration Policy, a new structure has been proposed to address the aforementioned regulatory changes. This structure, in compliance with regulatory requirements, **specifies the maximum amounts for various types of remuneration for the Management Board and the Supervisory Board**. The goal is to **set a maximum remuneration framework**, within which specific remuneration details are set through contracts and decisions of the competent bodies, and subsequently approved by the General Assembly as part of the Remuneration Policy. Generally, the framework is aligned with the existing rights of the Management Board and the Supervisory Board. However, regarding the gross salary base, bonuses, and other forms of rewards for the Chairman/members of the Management Board, flexibility is maintained to allow for potential future adjustments. This ensures that the Remuneration Policy remains adaptable to facilitate operational decisions by the Supervisory Board. Additionally, provisions addressing potential restrictions arising from the Conflict of Interest Prevention Act or other relevant laws are included in the remuneration framework for Management Board members. These provisions cover other types of remuneration applicable to all Bank employees, in accordance with the Labour Act, other regulations, the Collective Agreement, the Work Rulebook, and other internal Bank policies.*

- The Decision on Amendments to the Decision on Staff Remuneration (OG 145/2021), dated January 6, 2022, revised the provisions concerning severance payments, **classifying the entire amount of severance pay as variable remuneration**. This amendment also altered the thresholds for so-called **"small remunerations"** (amounts of variable remuneration that do not require the application of*

specific requirements related to the deferral of part of the variable remuneration amount, partial payment in instruments, and the retention instrument clause). The new provisions of this Decision define small remunerations as stipulated by Article 3, paragraph 1, item 29.d of the Credit Institutions Act (gross variable remuneration of employees that annually does not exceed **50,000 euros and does not constitute more than one-third of their gross total annual remuneration**).

- The amendments and supplements to the principal Remuneration Policy of Hrvatska poštanska banka, public limited company, and its members within the HPB Group (hereinafter referred to as the Principal Remuneration Policy) have incorporated the aforementioned regulatory changes from the Decision on Staff Remuneration and the Credit Institutions Act. Furthermore, the latest version of the Principal Remuneration Policy, which took effect on April 29, 2024, includes a revised methodology for adapting the Bank's performance measurement. This revision ensures that the **Risk Appetite Framework delineates the extent of risk and risk exposure the Bank is prepared to undertake** to meet its business objectives and serves as a foundation for implementing risk constraints. Given that the Remuneration Policy for the Management Board and the Supervisory Board is based on the Principal Remuneration Policy, it is necessary to harmonize the provisions of both Policies accordingly.
- In the new term, the contracts for the performance of duties of the Chairman and Members of the Management Board (hereinafter referred to as the Contracts) have been amended and/or supplemented with provisions related to material rights that significantly deviate from the previous contracts, as follows:
 - The fixed allowance, which constitutes part of the total base salary of the Management Board members (associated with their position within the organizational structure and the powers and responsibilities stemming from that position), is excluded,
 - The option to increase the gross base salary amount in line with the rise in the harmonized index of consumer prices is included,
 - Individual education expenses, as defined in the provisions of the Contracts, are included,
 - The maximum value of the company car is specified in accordance with the provisions of the Contracts,
 - The right to professional liability insurance (Directors and Officers liability insurance – D&O) for the Management Board and Supervisory Board collectively, as per the provisions of the Contracts, is defined,
 - The entitlement to disability or accidental death insurance coverage, up to the maximum annual premium specified in the provisions of the Contracts, is defined,
 - The compensation amount for the non-compete clause following the expiration of the contract term (during the restriction period mandated by the Conflict of Interest Prevention Act) is adjusted in accordance with the provisions of the Contracts,
 - The potential for earning bonuses and other forms of rewards is outlined, contingent upon the Supervisory Board adopting a resolution that establishes, awards, and disburses such variable remuneration, all in accordance with the Decision on Remuneration,
 - Other rights afforded to all Bank employees under the general acts of the Bank shall be extended to the Chairman and Members of the Management Board to the applicable extent, taking into account the restrictions imposed by mandatory regulations (Conflict of Interest Prevention Act and equivalent legislation).
- The current Remuneration Policy for the Management Board and the Supervisory Board establishes long-term objectives through the year 2024 and outlines the macroeconomic context pertinent during the COVID-19 pandemic. To address the changes in the economic environment, the new version of the Remuneration Policy must update both the macroeconomic context and the long-term objectives. The revised policy will set forth objectives extending to the year 2026.
- The new version of the Remuneration Policy integrates the core principles from the Principal Remuneration Policy, upon which this Remuneration Policy is based. This policy is guided by the **principle of equal pay for equal work or work of equal value, irrespective of gender, race or ethnic origin, language, religion, political or other beliefs, national or social origin, or any other discriminatory criteria**.
- The new version of the Remuneration Policy updates the provisions related to how the remuneration structure **contributes to the business strategy and long-term development**.
- In the section of the new Remuneration Policy pertaining to the Supervisory Board's authority to deviate from the existing Remuneration Policy without formal amendment, as permitted by Article 247.a, paragraph 2 of the Companies Act, the **circumstances under which such deviations can occur have been expanded**. The new Remuneration Policy stipulates that, in addition to deviations for the purpose of aligning with regulatory requirements and supervisory measures, deviations are also permissible in the following cases: **i) in the event of a significant deterioration in the Bank's circumstances to the extent that maintaining the same level of remuneration would be unjust; ii) when deviation is necessary to ensure the continuity of the function of the Chairman/member of the Management Board or to prevent the loss of good management from assuming or continuing in the role**.

The Supervisory Board believes that this Remuneration Policy effectively captures the complexity and dedication inherent in the roles of the Management Board and the Supervisory Board members. Furthermore, it strategically supports the Bank's business objectives and fosters its long-term sustainable development.

Under Agenda **Item 10** the Management Board and the Supervisory Board propose that the General Assembly passes the following resolution:

RESOLUTION
on determination of remuneration for 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 EUR 265.45 in 2024.

II

This Resolution shall apply also to the period from 1 January 2025, until the adoption of the resolution on determination of remuneration for the Members of the Supervisory Board of the Bank for 2025.

III

The Bank shall calculate and pay all the contributions and taxes paid on the remuneration for the Members of the Supervisory Board.

IV

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

This proposed resolution, aligns the remuneration for the Members of the Supervisory Board for 2024 with the current decision of the majority owner of the Bank.

Under Agenda **Item 11** the Supervisory Board proposes that the General Assembly passes the following resolution:

RESOLUTION
on determination of remuneration
for the Members of the Audit Committee, the Risk Management Committee,
the Remuneration Committee, the Appointments Committee and ESG Committee

I

The remuneration for work in the Audit Committee, the Risk Management Committee, the Remuneration Committee, the Appointment Committee and ESG Committee of Hrvatska poštanska banka, p.l.c. is determined for the business year 2024 as follows:

1. Audit Committee - monthly fee of EUR 265.45 net, for each Member of the Committee,
2. Risk Management Committee, Remuneration Committee, Appointment Committee and ESG Committee - monthly fee of EUR 0.13 net for each Member of the Committee, for each of the Committees.

II

This Resolution shall also apply for the period from 1 January 2025, until the Resolution on determination of the remuneration for the Audit Committee, the Risk Management Committee, the Remuneration Committee and the Appointment Committee for the business year 2025 is adopted.

III

The Bank undertakes to calculate and pay all contributions and taxes applicable on this type of remuneration and the amounts of remuneration referred to in item I of this Resolution.

IV

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

Pursuant to Article 50 of the Credit Institutions Act (OG 159/13, 19/15, 102/15, 15/18, 70/19, 47/20, 146/20, 151/22), Article 10 Decision on governance arrangements (OG 96/2018, 67/2019, 145/2020 i 145/2021) and Article 65 of the Audit Act (OG 127/17), the Bank has established Supervisory Board Committees, which act as its subsidiary bodies, as follows: (i) the Remuneration Committee, (ii) the Appointment Committee, (iii) the Risk Management Committee, (iv) the ESG Committee and (v) the Audit Committee.

With the exception of the Audit Committee, the Remuneration Committee, the Appointment Committee, the Risk Management Committee and the ESG Committee, are comprised of the Members of the Supervisory Board and therefore the Supervisory Board proposes a symbolic remuneration for this Committees work.

Under Agenda **Item 12** the Supervisory Board proposes that the General Assembly passes the following resolution:

RESOLUTION

on the appointment of the auditor of Hrvatska poštanska banka p.l.c. for the year 2024

I

The auditing firm BDO CROATIA d.o.o., Zagreb, Radnička cesta 180 is appointed as the auditor for Hrvatska poštanska banka p.l.c., for the year ending 31 December 2024.

II

This Resolution comes into force on the date 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 that auditing firm BDO CROATIA Ltd., Zagreb, be appointed as the auditor for the year 2024, as it possess all required resources to provide high quality audits of the financial statements of the Bank and HPB Group.

Under Agenda **Item 13**, the Management Board, with the consent of the Appointments Committee, proposes that the General Assembly passes the following resolution:

RESOLUTION

on the suitability of the Supervisory Board of Hrvatska poštanska banka p.l.c. based on the regular annual suitability assessment procedure

I

Based on the regular annual suitability assessment procedure for membership in the Bank's Supervisory Board, the following Members of the Supervisory Board of Hrvatska poštanska banka p.l.c.,

- Marijana Miličević, Chairperson
- Mislav Ante Omazić, Deputy Chairperson
- Marijana Vuraić Kudeljan, Member

are individually deemed to be suitable to perform the function of a Member of the Supervisory Board of Hrvatska poštanska banka p.l.c.

II

In terms of Article 20, paragraph 4 of the CNB Decision, it is assessed that the members of the Supervisory Board from point I of this Resolution, possess collectively i.e. as a whole required knowledge, skills and experience to supervise the Bank's business activities independently without undue influence and understanding of the business and the significant risks of the credit institution and that the given target level of the under-represented gender has been met.

III

This Resolution comes into force on the date of its adoption.

Explanatory Note to the Proposed Resolution

Pursuant to the Credit Institutions Act and 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 (OG No. 20/21 and 104/22) a credit institution is obliged to conduct a regular annual assessment of the suitability of the members of the Supervisory Board at least once a year in order to determine their suitability for the position to which they were appointed.

In compliance with the stipulated obligation, a procedure of regular annual assessment of the suitability of members of the Supervisory Board of the Bank was conducted and the Members of the Supervisory Board of the Bank are deemed to be suitable for performing the respected functions.

The resolution on the suitability of the Members of the Supervisory Board, based on the proposal of the Management Board, with the opinion of the Appointments Committee, is passed by the General Assembly of the Bank.

ATTENDANCE AND VOTING RIGHTS CONDITIONS FOR THE GENERAL ASSEMBLY

The share capital of the Bank amounts to EUR 161,970,000.00 and is divided into 2,024,625 ordinary registered shares, each of the nominal value of EUR 80.00 deposited in the depository at the Central Depository & Clearing Company Inc., coded HPB (formerly: HPB-R-A).

Each ordinary registered share shall entitle its holder the right to one vote at the General Assembly.

Registrations for participation in the General Assembly is to be submitted directly to the Bank or may be sent to the Bank by registered mail, so that the Registrations for participation must be received by the Bank 6 (six) days prior to the General Assembly being held.

Registrations for participation in the General Assembly can be submitted:

- by registered mail to the address of the Bank's headquarters: **Hrvatska poštanska banka, dioničko društvo, Ured Uprave, Jurišićeva ulica 4, 10000 Zagreb, with designation: „Records and Post Management Office – for the GA“**
- by direct/personal handover, in the Bank's business premises at the address **Zagreb, Varšavska ulica 9, with designation: „Records and Post Management Office – for the GA“**

The given deadline of 6 days does not include the day when the registration for participation is received by the Bank, or the day of the General Assembly session, **i.e. the right to participate and vote in the General Assembly shall be granted to those shareholders whose registrations for participation is received at the above stated addresses on August 22, 2024 at the latest, and who are registered as shareholders of Bank in the depository at the Central Depository & Clearing Company Inc., on that same day.**

Shareholders or their proxies shall vote on the agenda and agenda items either in person or through proxies.

Shareholders shall also be entitled to exercise the right to vote through a proxy on the basis of a written power of attorney issued by the Shareholder, i.e., issued on behalf of the Shareholder who is a legal entity by a person authorized by law to represent it. It is not necessary to verify such power of attorney by notary public.

Legal entities shall be required to submit registration for participation in the General Assembly, and any power of attorney authorizing another person to represent them at the General Assembly no later than day of the General Assembly. They shall also be invited to submit a simple copy of the Certificate of Incorporation or other relevant public document from another competent register from which it is evident that the registration form or the power of attorney was signed by a person who is legally authorized to represent that legal entity on the day of the signing. Notary Public shall verify such power of attorney.

The registration forms for participation in the General Assembly and the power of attorney, as well as all attachments shall be in Croatian language or if they are in a foreign language, they shall be translated into the Croatian language by a certified court interpreter.

The original power of attorney may be submitted together with the registration for participation, and it shall be submitted no later than the day of the General Assembly, during the compilation of the Attendance List of all participants. In addition to the original, the power of attorney can be previously submitted by e-mail (in the .pdf format) to the email address: ured.upraveGS@hpb.hr.

Materials for the General Assembly of the Bank, serving as guidelines for passing decisions, and General Assembly registration form and power of attorney form shall be made available to the Shareholders on the website of the Bank www.hpb.hr **as well at the Bank's business premises at the address Zagreb, Varšavska ulica 9**, following the publication of the Notice of the convocation of the General Assembly, on business days from 9:00 to 12:00 noon.

With reference to the entitlement of the Shareholders who together hold no less than one twentieth (5%) of the Bank's share capital to request that an item be included on the agenda of the General Assembly, the Shareholders are referred to Article 278, paragraph 2 of the Companies Act. With respect of the entitlement of the to submit their counter - proposals to the decisions proposed by the Management Board and / or Supervisory Board, the Shareholders are referred to Article 282, paragraph 1 of the Companies Act. With regard of the entitlement of the Shareholders to be advised of the company's business, Shareholders are referred to Article 287 paragraph 1 of the Companies Act.

The Shareholders are invited to attend the General Assembly and are advised to arrive 30 minutes before the commencement time of the Assembly, to be entered onto the Attendance List.

Information on personal data protection is available via a link to the document [**Information on personal data processing for the purpose of convening and conducting the General Assembly of HPB p.l.c.**](#)

HRVATSKA POŠTANSKA BANKA, p.l.c.

Contacts:

E-mail: ured.upraveGS@hpb.hr

Investor Relations: Sandra Skendžić, phone +385 1 4804 410

Business Secretary: Snježana Čop, phone +385 1 4804 652