



HRVATSKA POŠTANSKA BANKA d.d.

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<i>LEI</i>	529900D5G4V6THXC5P79
<i>Home Member State of Issuer</i>	Republic of Croatia
<i>ISIN</i>	HRHPB0RA0002
<i>Stock Exchange Identifier</i>	HPB-R-A
<i>Regulated Market/ Segment</i>	Zagreb Stock Exchange Inc. Official Market

Zagreb, February 27, 2023

No: F21-1/2023-TB

Zagreb Stock Exchange Inc.

Croatian Financial Services Supervisory Agency (“HANFA”)

Croatian News Agency OTS HINA

Subject: HRVATSKA POŠTANSKA BANKA, p.l.c.
- Other non-regulated information

Hrvatska poštanska banka, p.l.c. announces Investor’s materials for the period ended December 31, 2022.

Hrvatska poštanska banka, p.l.c.



HRVATSKA POŠTANSKA BANKA

HPB Group 12M 2022

Investor information

Limitation of liability

- The information and data contained in this presentation are intended to be general background information on Hrvatska poštanska banka p.l.c. as the parent company of the Hrvatska poštanska banka Group (hereinafter referred to as the Bank, Group or HPB) and its activities. It is supplied in summary form and therefore not necessarily complete. Certain statements contained herein may be statements of future expectations and other forward-looking statements about HPB, which are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, words such as "may", "will", "should", "expects", "plans", "contemplates", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions typically identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As such, no forward-looking statement can be guaranteed. Undue reliance should not be placed on these forward-looking statements. Many factors could cause our results of operations, financial condition, liquidity, and the development of the industries in which we compete, to differ materially from those expressed or implied by the forward-looking statements contained herein.
- This presentation contains financial and non-financial information and statistical data relating to HPB. Such information and data are presented for illustrative purposes only. This presentation may include information and data derived from publicly available sources that have not been independently verified, therefore HPB hereby expressly makes no representation of warranty of any kind, including, but not limited to the accuracy, completeness or reliability of the provided information and data. This presentation is for information purposes only and contains neither a recommendation to buy or sell nor an offer of sale or subscription to shares nor does it constitute an invitation to make an offer to sell shares.
- This presentation has been prepared and the data checked with the greatest possible care. Nonetheless, rounding, transmission, typesetting and printing errors cannot be ruled out. In the summing up of rounded amounts and percentages, rounding-off differences may occur.
- This presentation is prepared in EUR currency according to the fixed HRK/EUR conversion rate, where EUR 1 = HRK 7.534500.

1 Executive Summary

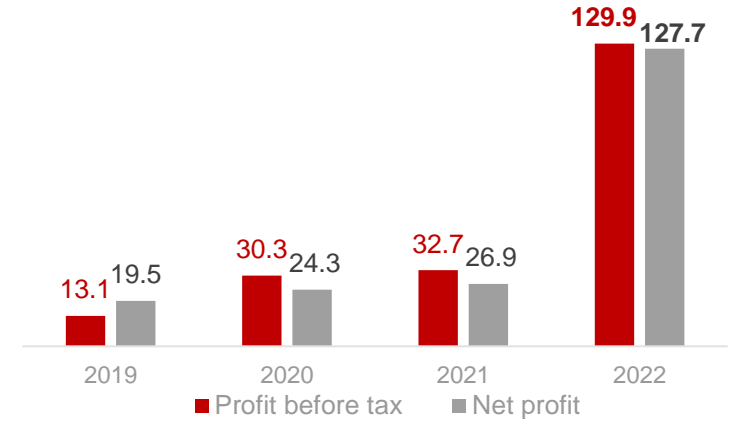
2 Macroeconomic environment

3 Financials

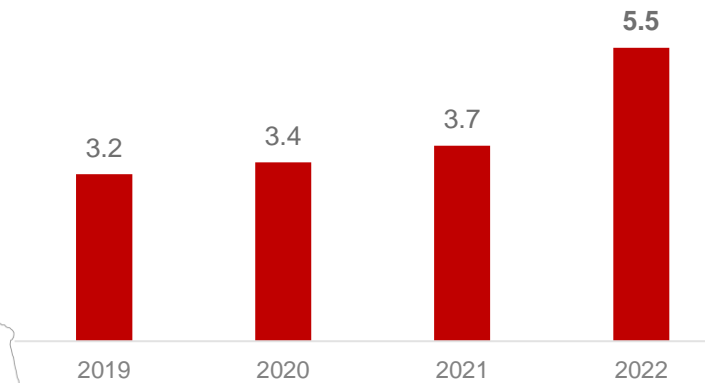
The best year in HPB Group history

We are creating conditions for better life in Croatia

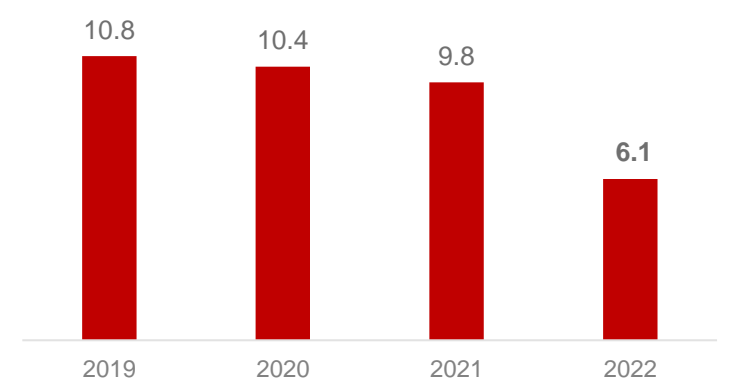
HPB Group profit (in EUR mn)



HPB Group assets (in EUR bn)

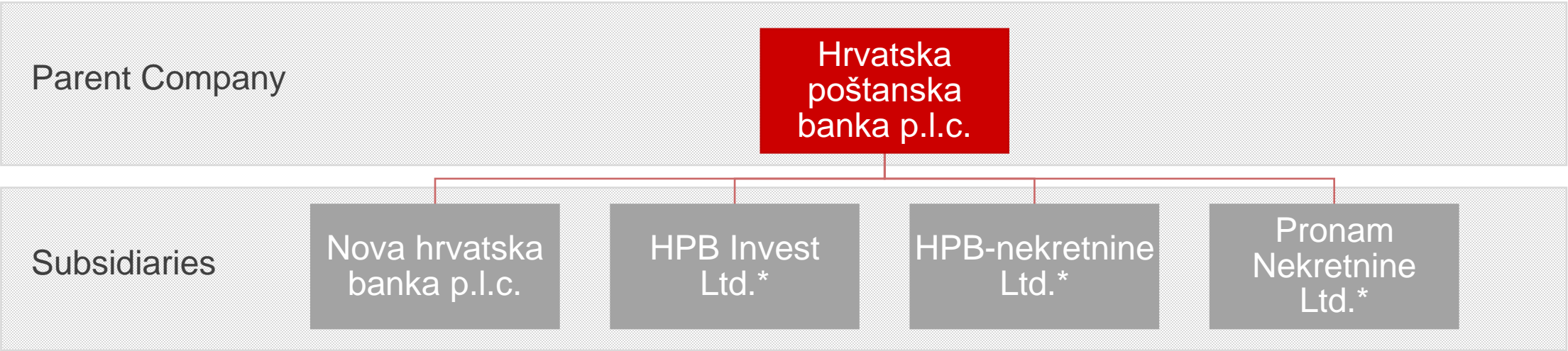


HPB Group NPL ratio (in %)



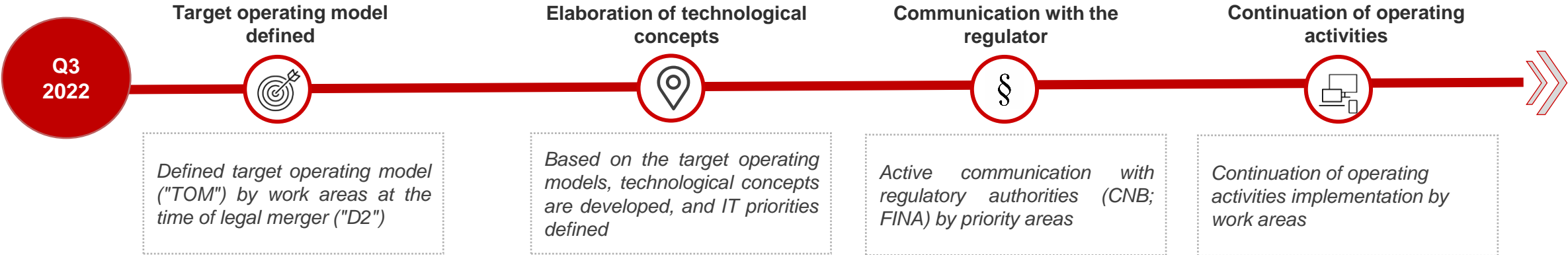
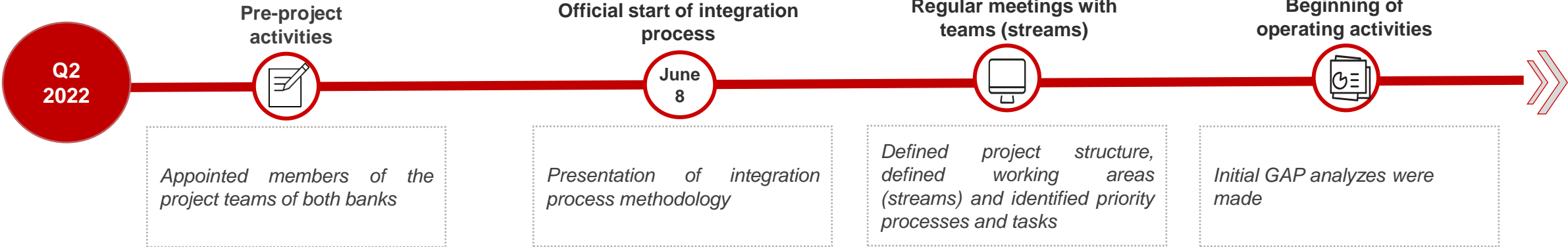
HPB Group's organic growth was supported by acquisitions

- With the acquisition of Nova hrvatska banka p.l.c. in April and Pronam Nekretnine Ltd. in July 2022, the widest business network that provides banking services was further strengthened, human capital was acquired, financial synergies were achieved, and the client base was expanded, which accelerated the growth and development of the Group
- Members of the HPB Group acquired during 2022 will be an integral part of Hrvatska poštanska banka upon completion of complex integration activities
- HPB Group structure is presented below:

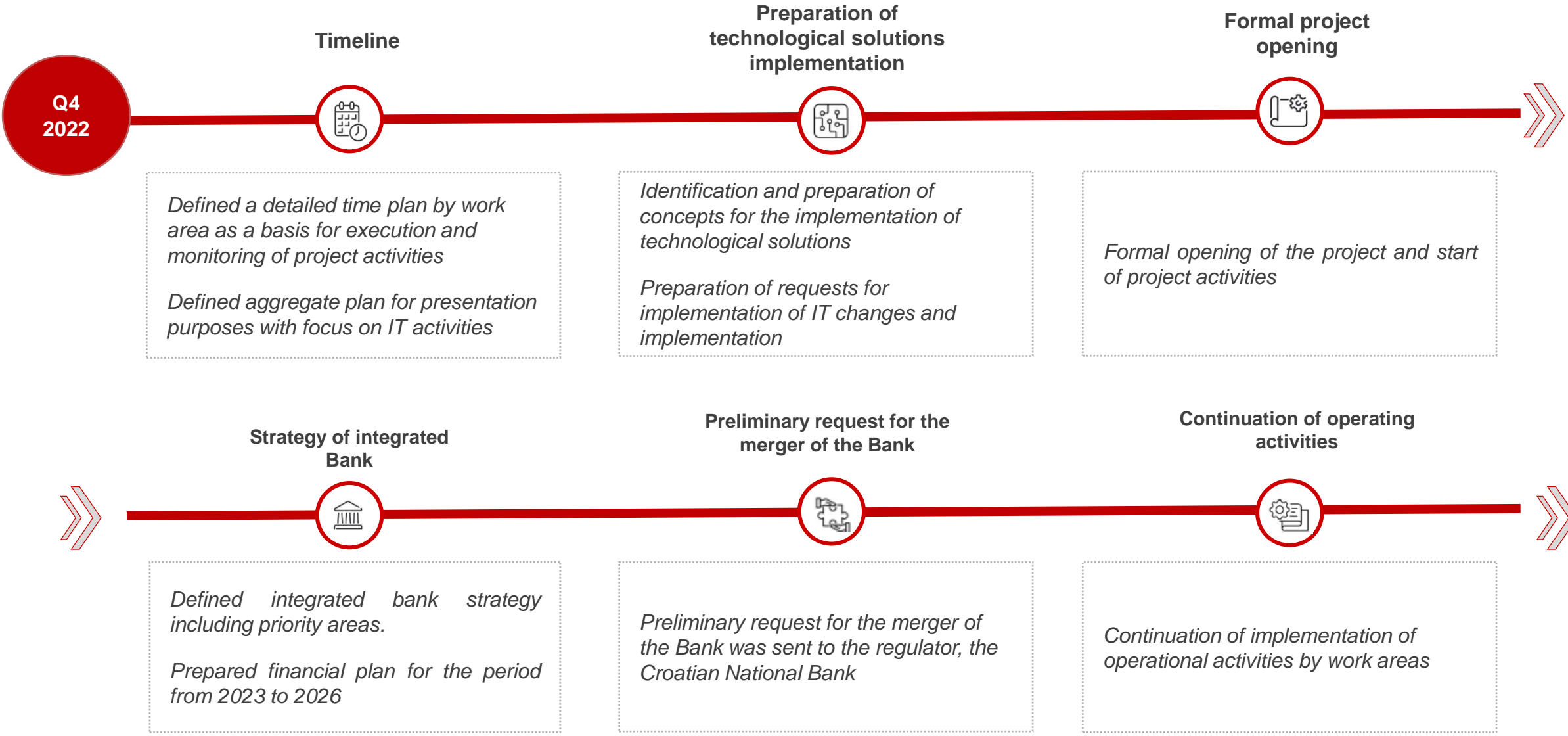


**Consolidated unaudited financial statements include the financial result of NHB from the acquisition date (April 14, 2022) to the reporting date (December 31, 2022), while other subsidiaries are exempted from consolidation in accordance with Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 Text with EEA relevance in these financial statements.*

Timeline of NHB's integration activities



Timeline of NHB's integration activities

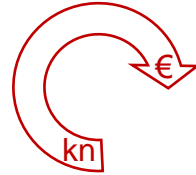


Successful conversion to euro



September 5, 2022

Mandatory dual display of prices - kunas and euros – begins.



January 1, 2023

Date of the introduction of the euro at a fixed conversion rate;
Period of dual currency circulation - kuna and euro – begins.



January 15, 2023

Period of dual circulation ends, and the euro becomes the only legal currency in the Republic of Croatia.

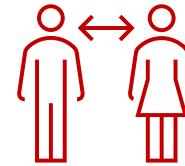
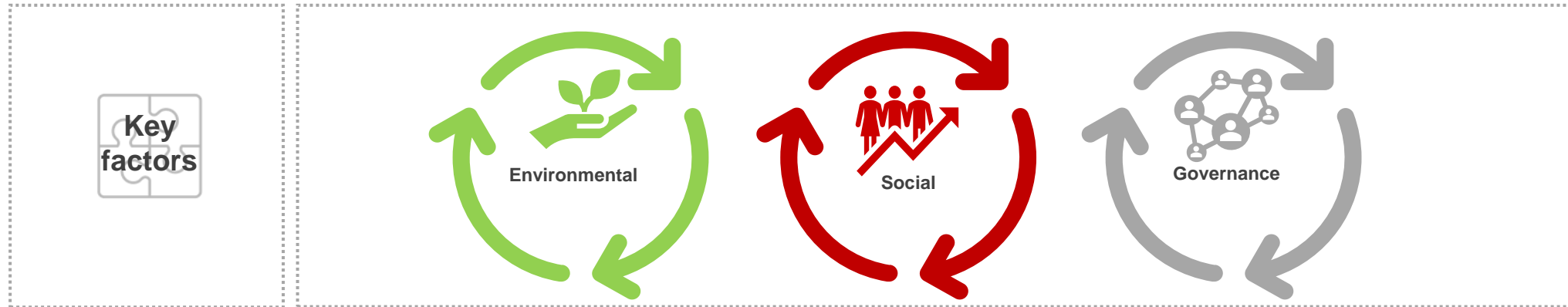


December 31, 2023

Period of mandatory dual display of prices ends.
From January 1, 2024, all prices will be expressed in euros.

- On January 1, 2023, the Republic of Croatia replaced kuna with euro and became the 20th member of the euro area.
- The introduction of the euro required the involvement of almost all organizational units of both banks, from participation in the actual drafting of the Act on the Introduction of the euro as Official Currency in the Republic of Croatia and associated by-laws to the implementation of a series of changes in IT systems, products and processes, transparent and reliable information to clients, and ensuring smooth adaptation for clients in transition from kuna to euro and strengthening of the strategic partnership with Croatian Post in the area of advance supply and supply of new currency.
- Euro project is still open on a national level, hence the Bank will continue its activities in 2023 with the aim of finalizing adjustments (e.g., implementation of SEPA Instant cross-border payment).

Creating sustainable values and enhancing social development standards – our ESG footprint



*ESG = environmental, social, governance

Creating sustainable values and enhancing social development standards – our ESG footprint

ENVIRONMENTAL



My green decision

An initiative for **making employees aware** of the importance of reducing the negative impact on the environment

Ecological actions

Completed **ecological volunteer campaign Plant with HPB**, 30,000 saplings of autochthonous tree species were planted throughout Croatia

Participation in **World CleanUp Day** - cleaning up illegal landfills

Materiality assessment

Establishing a **data collection model** on energy consumption at all locations of the Bank

Publication as part of the revised Annual Financial Report 31.3.2023

SOCIAL



Service quality and availability

Availability of financial services and encouragement to the development of the local community: **Bank in the Post Office at more than 1,000 locations.**

Permanent digitization - **e-Poslovnica** is always available to citizens

Taking care of employees

e-Classroom - online employee education

Data nursery data literacy program

HPB Sport - attractive sports programs

Signed **Diversity Charter**

Community

Joining **HRPSOR and UNEP FI (PRB)**

HPB educational series for financial literacy

Corporate volunteering **Volunteer for Croatia**

GOVERNANCE



Anti-corruption policies and acts

Implementation of the **Conflict-of-Interest Management Policy** for the purpose of transparent business

Adopted **ESG Policy** – umbrella ESG act

ESG risk management

Snapshot of the Bank's portfolio and exposure to ESG risks

Elaboration of **collateral mapping** process according to climatological and environmental risks started

Corporate governance

Award of the Zagreb Stock Exchange for the stock with the highest growth in turnover in 2022

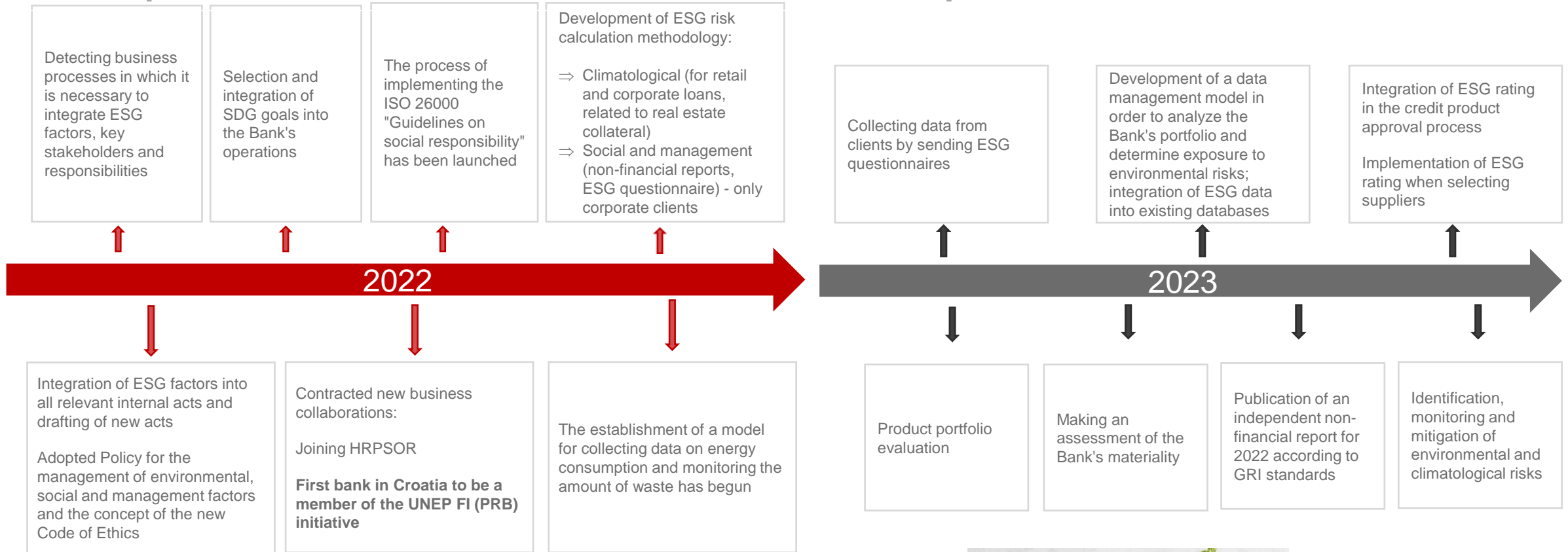
A new **Code of Ethics** was adopted in **February 2023**

Activities completed

Activities in progress

Strategy	Governance	Risks	Acts and policies	Reporting system	Products
Materiality assessment	Defining the role of the Board and management	Redesign of the data management model and development of methodologies	Integration of ESG factors in all relevant acts	Holistic approach in non-financial reporting	Evaluation of the existing portfolio
Measuring the ESG risk impact	Integration of organisational structures for managing ESG factors	Inclusion of climatological and environmental risks in risk policies	Close cooperation with stakeholders and all third parties	Disclosures based on management of ESG factors	Defining guidelines for future development
Setting up environmental KPIs		Establishing monitoring and mitigation of environmental and climatological risks		Publication of an independent sustainability report	

Creating sustainable values and enhancing social development standards – our ESG footprint

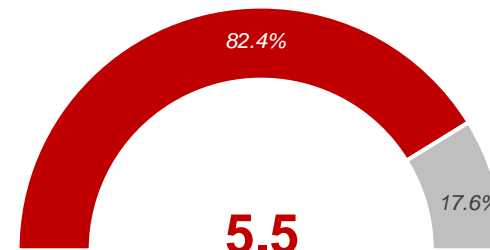


Excellent result of HPB Group in 2022

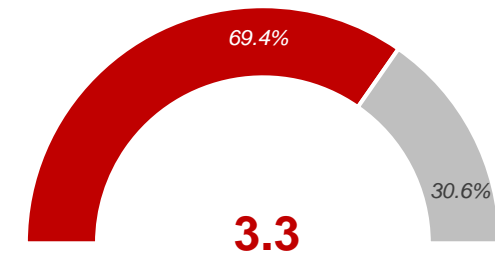
- The continued growth of the loan portfolio resulted in the achievement of the **historically highest level of HPB Group's assets** (Q4 2022 +1.2%)
- **Realized record net profit at the consolidated level** as a result of gains from the bargain purchase and continued profit generation of the parent company
- **High level of operating profit of HPB Group** maintained despite lower profitability of NHB in Q4 2022
- **Continuation of the intensive activities of the integration of NHB** as one of the key priorities of both banks

Consolidated data HPB and NHB 31.12.2022

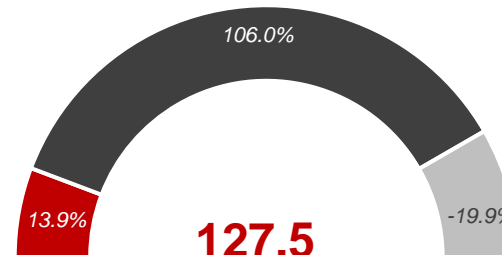
Total assets (in EUR bn)



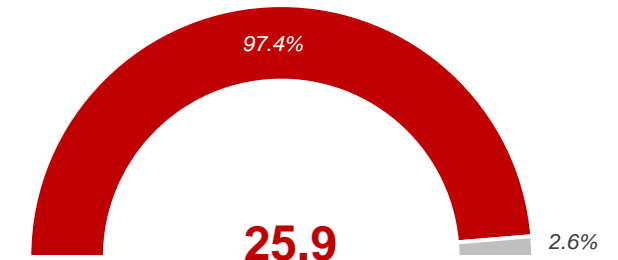
Gross loans (in EUR bn)



Profit after tax (in EUR mn)



Operating profit (in EUR mn)



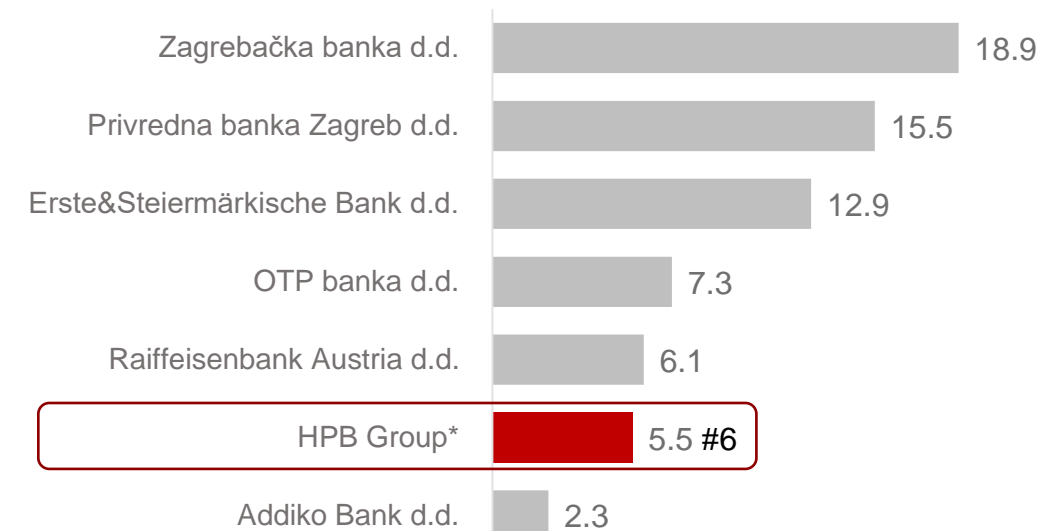
■ HPB share ■ NHB share
■ Bargain purchase (badwill)

HPB Group achieved a historically highest level of assets

		30.6.2022	30.9.2022	31.12.2022
Assets	EUR mn	5,033	5,478	5,543
Net loans to customers	EUR mn	2,908	3,011	3,063
Deposits	EUR mn	4,121	4,613	4,644
Equity	EUR mn	444	441	454
NPL ratio	%	6.9	6.3	6.1
NPL coverage	%	74.4	76.5	75.1

		1. 1. - 30. 6. 2022	1. 1. - 30. 9. 2022	1. 1. - 31. 12. 2022
Income	EUR mn	78	132	184
Net profit	EUR mn	141	149	128
Cost-to-income ratio	%	75.6	71.1	79.0
Return on equity (ROE)	%	31.9	33.7	28.1

Market share by total assets as of 30.9.2022
(in EUR bn)



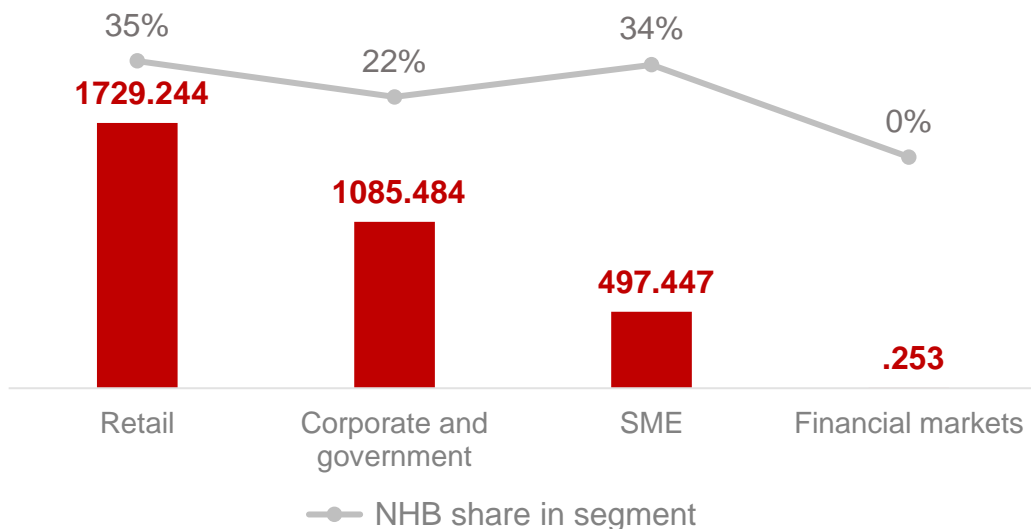
* Include consolidated data HPB + NHB as of 30.9.2022

- **Historically highest level of assets** reached with an increase of EUR 64.6 mn in the last quarter of 2022 (HPB Group's asset growth +150.0% compared to 31.12.2021)
- **Improved quality of the loan portfolio** as a result of growth of new lending volume and strong growth of the healthy portfolio with simultaneous efficiency in the early and later stages of collection through record NPL portfolio decrease; NPL coverage significantly above market average
- **HPB Group maintained a stable level of deposits** with slight growth in the last quarter +0.7% (trend of continuous growth for eight consecutive quarters)
- **High net profit was achieved** primarily as a result of the gain from a bargain purchase (badwill) and the realized profit of the parent company

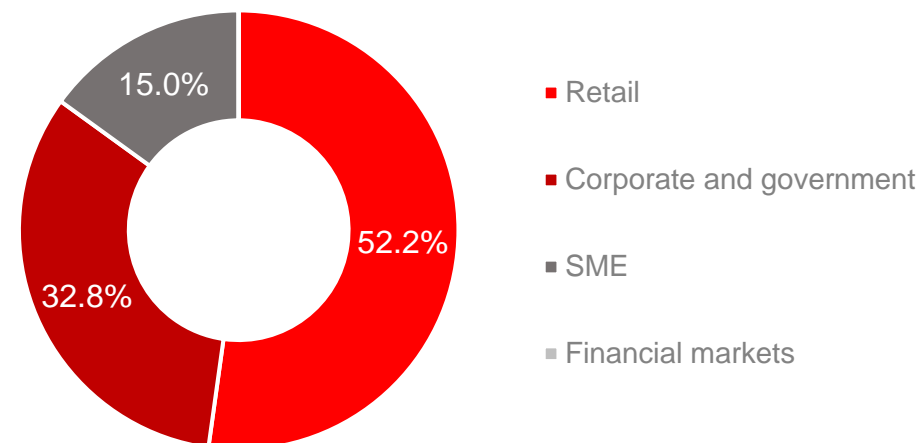
Source: HPB management reports

Continuous and stable growth of the gross loan portfolio

Gross loans by segment (in EUR mn)



Gross loan structure by segment
31.12.2022



- In the last quarter, the gross loan portfolio continued to grow in the amount of EUR 55.3 mn, mostly in corporate and government, SME and retail
- **Gross retail loans dominate the total loans** as a result of the parent company's strategic focus on this segment, especially in the part of housing loans, where a record result was achieved by HPB's participation in the APN tranche, which revitalized the client base and created a long-term business relationship

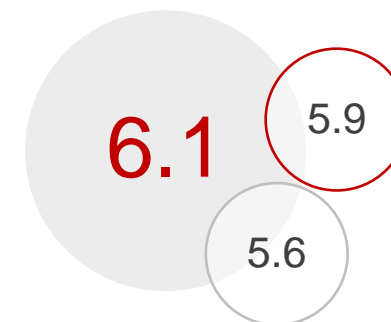
Improved loan portfolio quality

		30.6.2022	30.9.2022	31.12.2022
Exposure (total loans) **	EUR mn	4,180	4,574	4,697
Total NPL stock	EUR mn	290	287	288
NPL %	%	6.9	6.3	6.1
Loss allowance for loans	EUR mn	(261)	(267)	(271)
NPL provision	EUR mn	(215)	(219)	(216)
PL provision	EUR mn	(45)	(48)	(54)
NPL Coverage	%	74.4	76.5	75.1
NPLs not covered by provisions	EUR mn	29	20	17
CET 1	EUR mn	306	305	315
Uncovered NPLs to CET 1	%	9.5	6.4	5.5

Source FINREP regulatory reporting

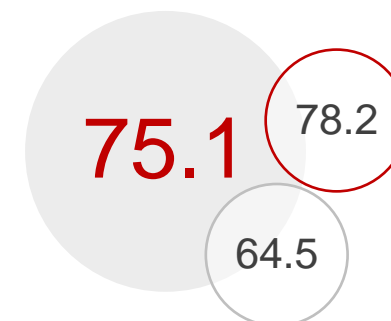
- Despite the challenges of the transition to a client approach in determination of default, an excellent business result was achieved in 2022 with an NPL share of 6.1% at the consolidated level (NPL ratio on 31.12.2021 was 9.8%)
- NPL coverage significantly above Croatian market average

NPL ratio (in %)



Market NPL ratio* 3.3%

NPL coverage (in %)



Market NPL coverage* 67.8%

○ HPB ○ NHB

* as at 30.9.2022

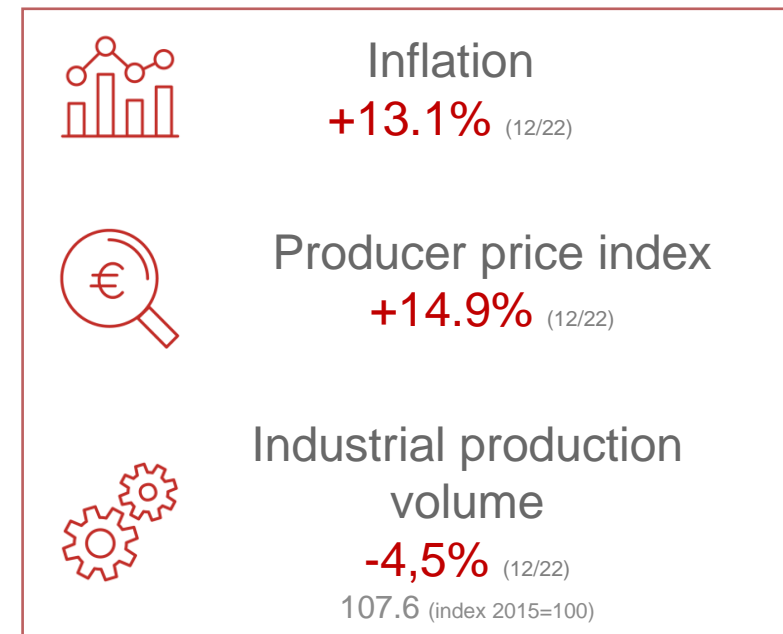
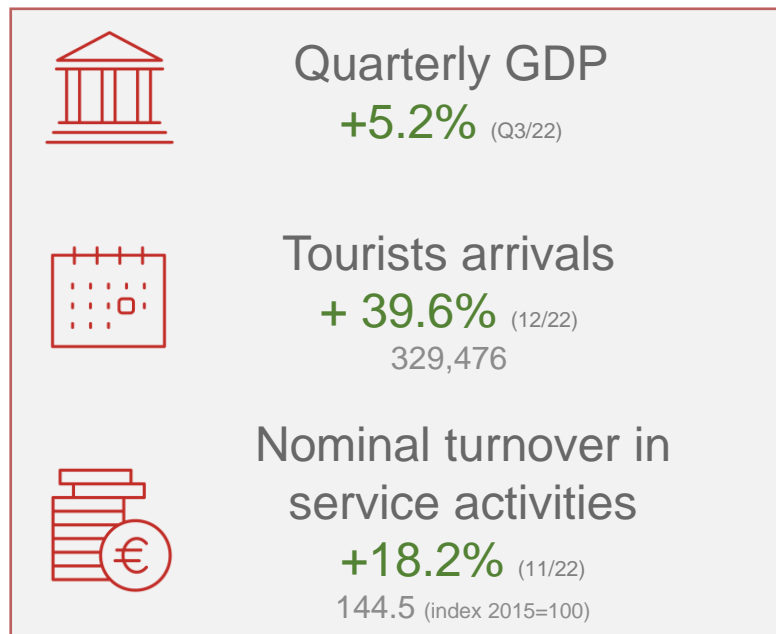
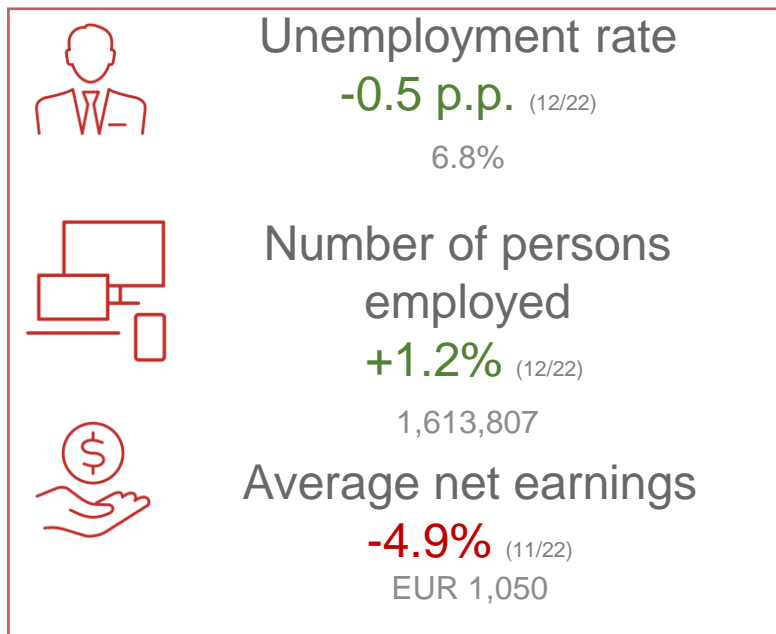
** Total loan exposure includes funds in central banks and other demand deposits as well as gross interest, fees and other receivables that are not included in management report

1 Executive Summary

2 Macroeconomic environment

3 Financials

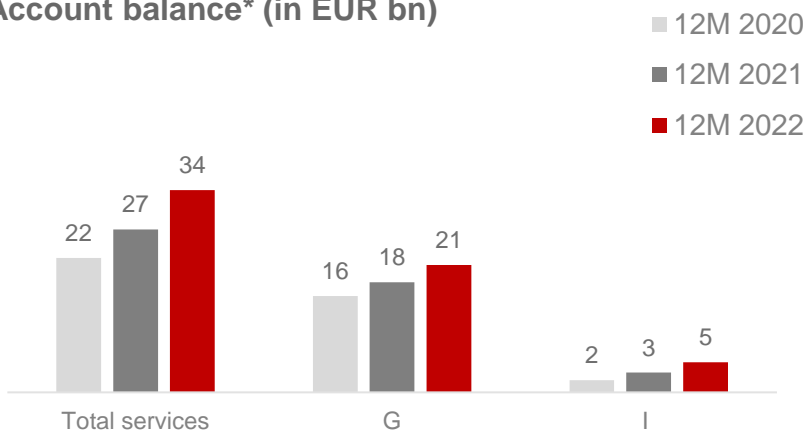
Economic indicators (y-o-y)



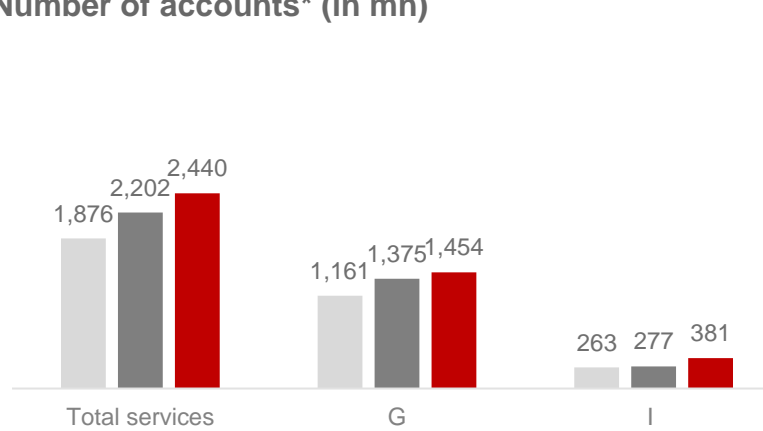
Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (September, November and December 2022)

Fiscalization system data

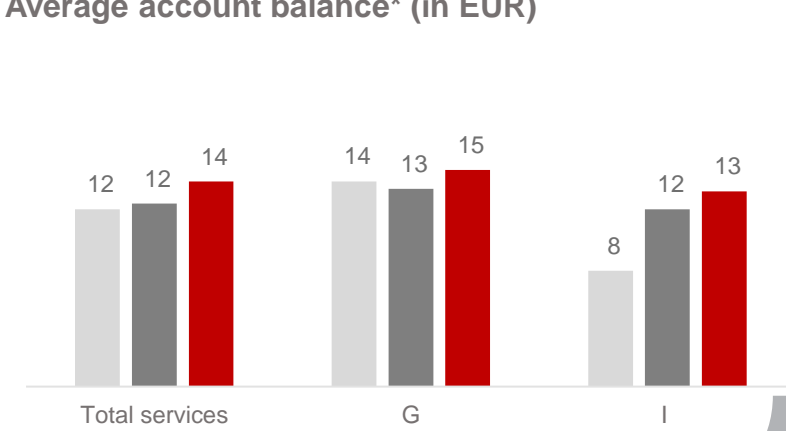
Account balance* (in EUR bn)



Number of accounts* (in mn)



Average account balance* (in EUR)



*Source: <https://www.porezna-uprava.hr/Dokumenti> (data for 12M 2020, 2021 and 2022)

"G- WHOLESALE AND RETAIL TRADE OF MOTOR VEHICLES AND MOTORCYCLES, REPAIR OF MOTOR VEHICLES AND MOTORCYCLES "
"I- ACCOMMODATION AND FOOD SERVICE ACTIVITIES "

1 Executive Summary

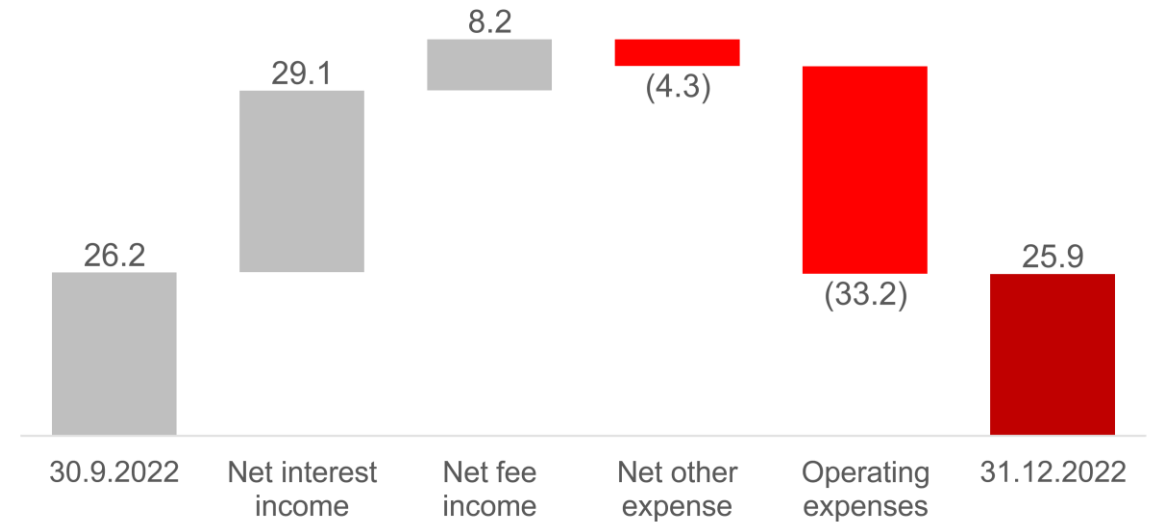
2 Macroeconomic environment

3 Financials

Realized net profit of EUR 128 mn

		6M 2022	9M 2022	12M 2022
Net interest income	EUR mn	42	69	98
Net fee income	EUR mn	15	26	34
Net trading expense	EUR mn	(4)	(3)	(1)
Net other income/(expense)	EUR mn	0	(1)	(8)
Operating income	EUR mn	54	91	124
Employee expenses	EUR mn	(20)	(31)	(45)
Administrative expenses	EUR mn	(15)	(24)	(40)
Depreciation	EUR mn	(4)	(7)	(9)
Deposit insurance	EUR mn	(2)	(2)	(4)
Operating expenses	EUR mn	(41)	(64)	(98)
Operating profit	EUR mn	13	26	26
Bargain purchase (badwill)	EUR mn	135	135	135
Provisioning	EUR mn	(8)	(12)	(32)
Net profit	EUR mn	141	149	128
Cost-to-income ratio	%	75.6	71.1	79.0
Return on asset (ROA)	%	2.8	2.7	2.3
Return on equity (ROE)	%	31.9	33.7	28.1

Operating profit development in Q4 2022 (in EUR mn)



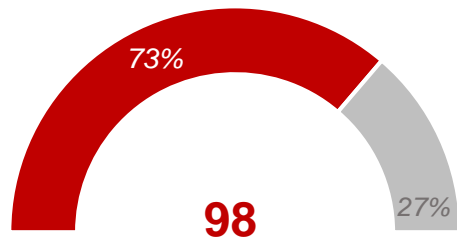
- **HPB Group's realized net profit of EUR 128 mn** is the result of gain on bargain purchase of NHB, with a significant contribution from the net profit of the parent company
- Net interest income amounts EUR 29.1 mn in the last quarter of 2022 (previous quarter: EUR 26.5 mn) and is result of the loan portfolio growth and interest rates growth with effective management of interest costs
- Net fee income for the quarter was EUR 8.2 mn and is slightly lower comparing to the previous quarter (= EUR 10.7 mn). This is a usual seasonal trend because Q3 is the peak of the tourist season and the volume of transactions, however, card operations and payment transactions continue to have a long-term positive trend
- In 2022 capital market recorded a significant drop in share prices due to the tightening of monetary policies by FED and ECB to mitigate inflation. The fourth quarter brought a reduction in losses and a certain reversal of the trend, so in the trading segment, trading losses were reduced to EUR 7.7 mn (quarterly profit in Q4: EUR 0.6 million), with a further increase in gains from FX trading to EUR 6.7 mn (quarterly profit in Q4: EUR 1.5 mn)
- During the fourth quarter, an operating loss was realized primarily due to the negative effect of the write-off and impairment of NHB's assets due to alignment with group policies and the upcoming integration process, which amounted to EUR 7.2 mn. The mentioned effects are of a one-time nature. Other one-off effects that had an impact on the profit and loss account relate to the expenses for the final phase of preparation for entering the euro.
- Risk provision costs are the result of aligning the methodology and parameters for calculating provisions for performing exposures of NHB with group policy and other provisions dominated by those for court cases (shown in more detail on page 22)

Developing financial potential of HPB Group

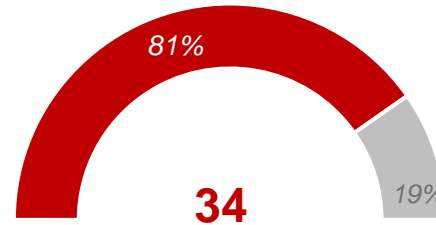
Composition of operating income (in EUR mn)

31.12.2022

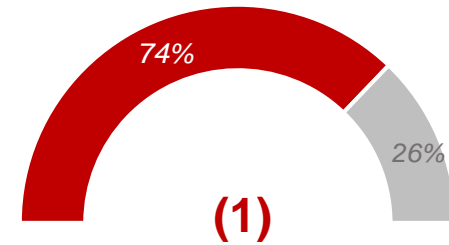
Net interest income



Net fee and commission income



Net trading loss

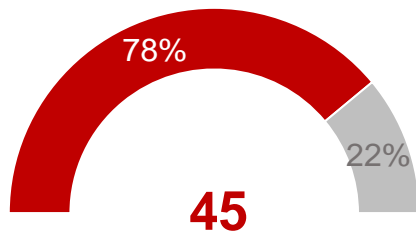


- Net other expenses amounts to EUR 7.6 mn and refers mostly to write-offs and asset impairment of NHB (EUR 8.6 mn).

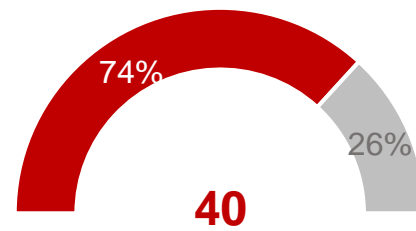
Composition of operating expenses (in EUR mn)

31.12.2022

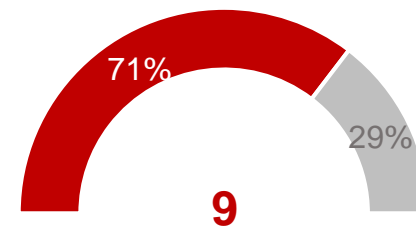
Employee expenses



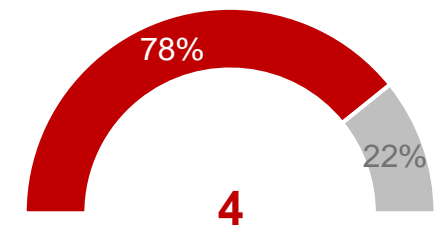
Administrative expenses



Depreciation



Deposit insurance

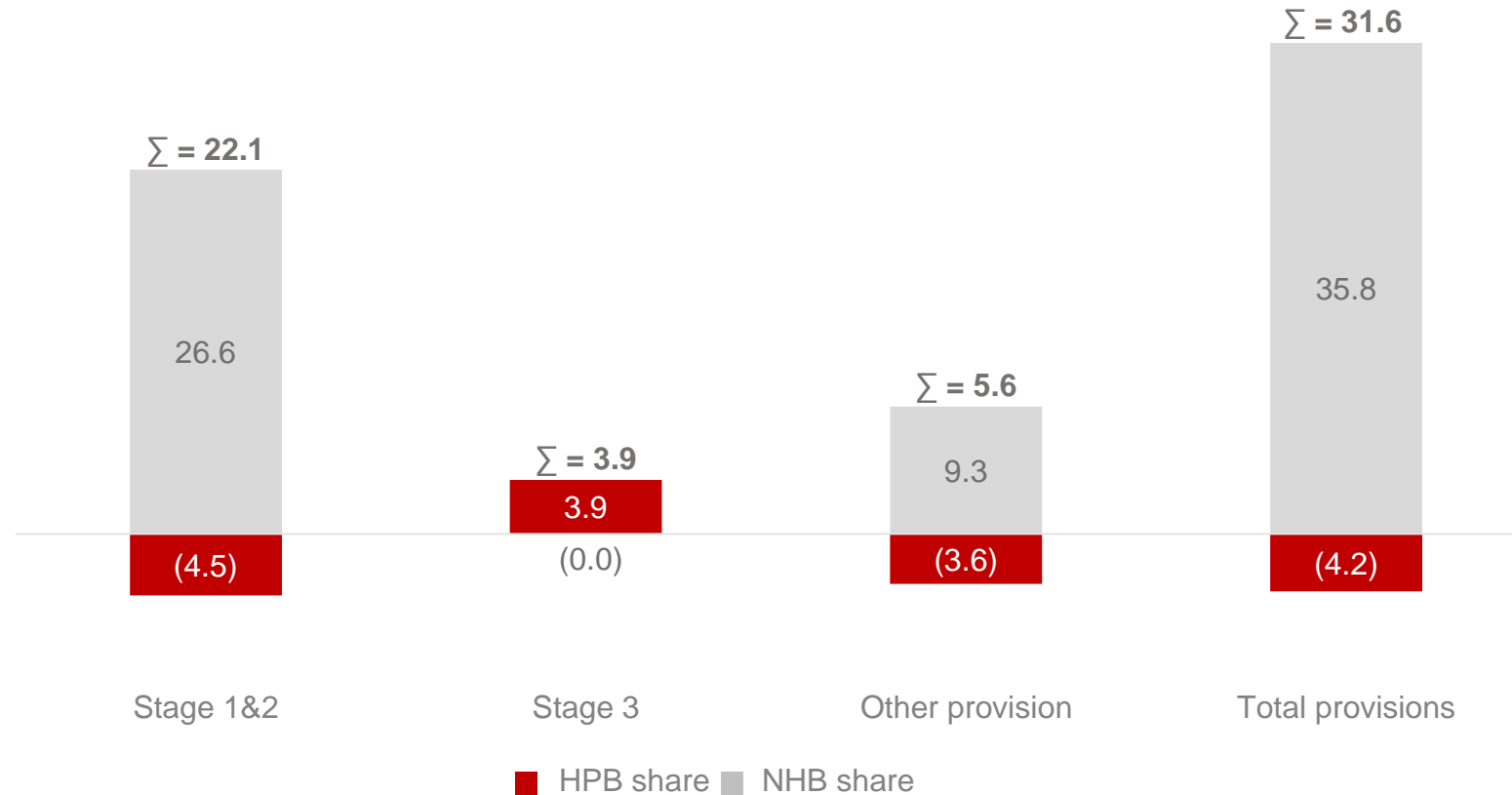


■ HPB share ■ NHB share

Structure of net provision expenses

Net provision expenses (in EUR mn)

31.12.2022



- Stage 1&2 affected by changes in methodology and parameters of calculation of NHB's expected credit losses with the group policy
- Other provisions are mostly related to legal cases

Historical level of assets in amount of EUR 5.5 bn

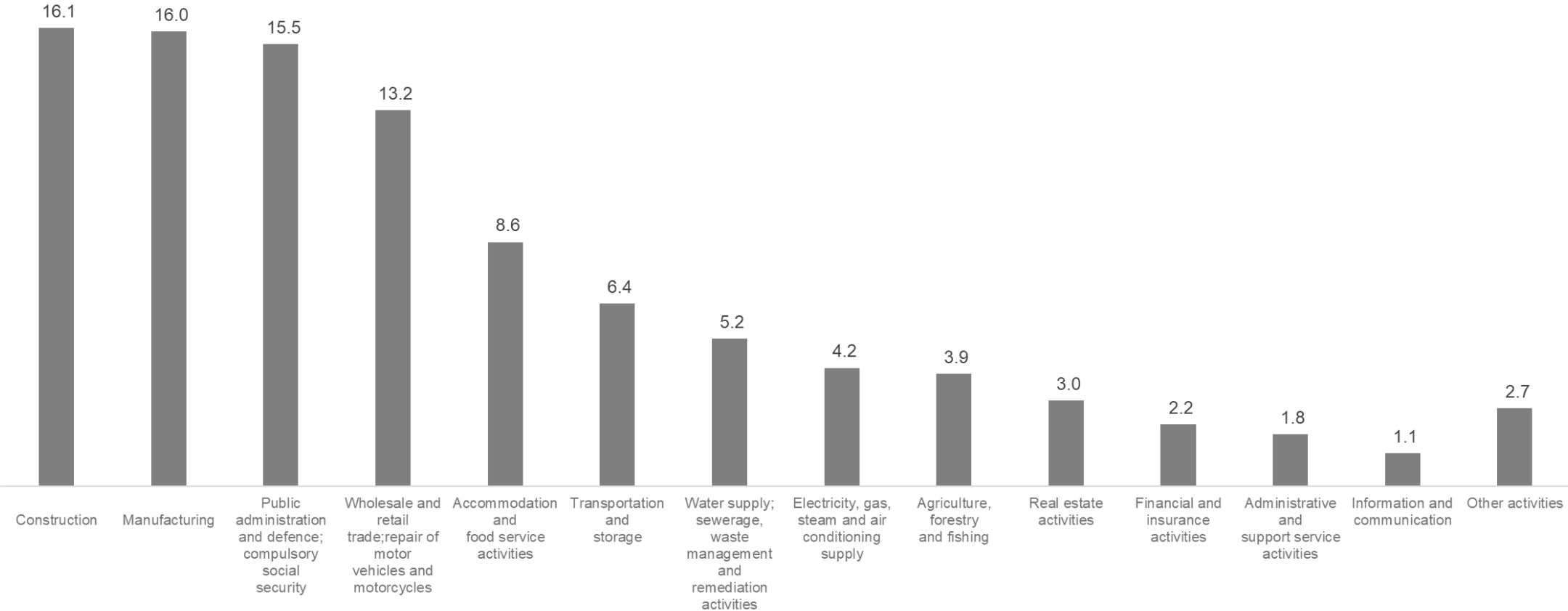
		30.6.2022	30.9.2022	31.12.2022
Liquid assets	EUR mn	1,206	1,542	1,514
Securities	EUR mn	809	807	863
Gross loans	EUR mn	3,149	3,257	3,312
Net loans	EUR mn	2,908	3,011	3,063
Other assets	EUR mn	110	118	102
Total assets	EUR mn	5,033	5,478	5,543
Deposits	EUR mn	4,121	4,613	4,644
Loan liabilities	EUR mn	357	314	325
Other liabilities	EUR mn	111	109	119
Total liabilities	EUR mn	4,589	5,036	5,089
Paid-in capital	EUR mn	161	161	161
Accumulated other comprehensive income	EUR mn	(17)	(27)	5
Retained earnings	EUR mn	65	70	72
Other reserves	EUR mn	93	88	88
Profit or loss for the year	EUR mn	6	14	(8)
Badwill (Gain on bargain purchase)	EUR mn	135	135	135
Equity and reserves	EUR mn	444	441	454
Loan-to-deposit ratio	%	70.6	65.3	66.0
NPL ratio	%	6.9	6.3	6.1
NPL coverage	%	74.4	76.5	75.1

HPB has no exposure to entities in Belarus, and has negligible exposure to entities in Russia and Ukraine NHB has low exposure to entities in Russia, Ukraine and Belarus (balance sheet 0.02% and off-balance sheet 0.29%)

- HPB Group has reached the highest level of assets in history, and approaches the 5th position on the Croatian banking market
- An increase in the volume of the loan portfolio in almost all segments with a positive trend in the NPL ratio despite the detrimental effects of aligning NHB's methodology with group policy
- HPB Group maintained a stable level of deposits with slight growth in the last quarter +0.7%
- In the last quarter parent company performed change in business model for debt securities from 'hold to collect and sell' to 'hold to collect' and consequently performed reclassification of aforementioned financial asset

We continue to support business and industries that generate value for economy

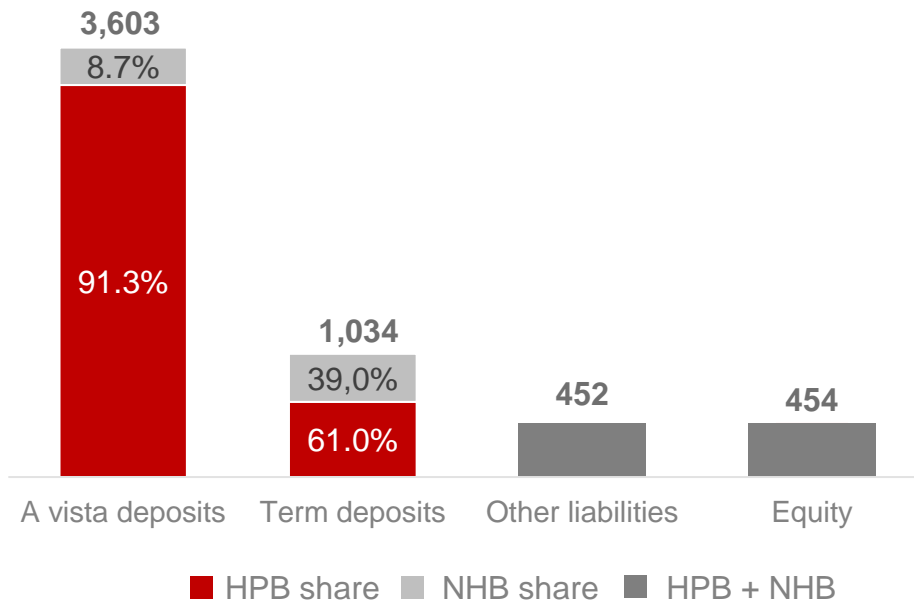
Corporate gross loans per industry (in %)
31.12.2022



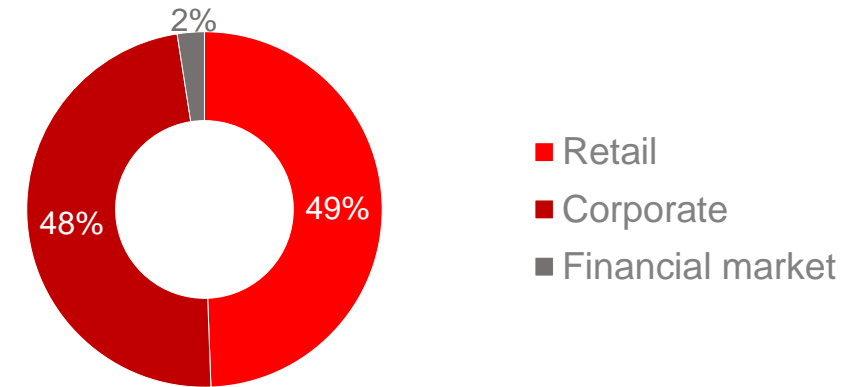
* Hrvatske autoceste are included in construction industry, with a share of 54.4% of the total exposure to that industry

HPB Group is a reliable partner in deposit business

Composition of equity and liabilities (in EUR mn)
31.12.2022



Deposit structure
31.12.2022



- **High share of client deposits (83.7%) in financing sources;** HPB's deposit structure is dominated by a vista deposits (83.9%), while NHB's deposit structure is dominated by term deposits (56.2%) due to longer fixed terms and attractive interest rates
- Stable liquidity position of the Group with satisfactory liquidity reserves and a consolidated liquidity coverage ratio of 174.8%
- Other obligations relate primarily to loans received from credit institutions - HBOR, CNB repo placements and foreign financial institutions, and to MREL instruments that HPB began to contract in 2022 with the aim of maintaining the prescribed levels of regulatory requirements