



**HRVATSKA POŠTANSKA BANKA d.d.**

Management Board  
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Zagreb, July 30, 2024

No: F21-5/2024-TB

<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 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 June 30, 2024.

**Hrvatska poštanska banka, p.l.c.**



HRVATSKA POŠTANSKA BANKA

# HPB p.l.c. 6M 2024

Investor information

July 2024



# Limitation of liability

- The information and data contained in this presentation are intended as general background information on Hrvatska poštanska banka p.l.c. (hereinafter referred to as the Bank or HPB) and its activities. They are provided in summary form and therefore do not necessarily represent complete information. 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," "estimates," "potential" or "continues" 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, forward-looking statements cannot be guaranteed. Accordingly, we cannot guarantee the realization of such forward-looking statements, nor should full reliance be placed on such forward-looking statements. Many factors may affect our results of operations, financial conditions, liquidity, and developments in the industry in which we operate, and these may 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 related 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, and therefore HPB hereby expressly makes no representation of warranty of any kind including, but not limited to the accuracy, completeness or reliability of the information and data provided. This presentation is for information purposes only and does not contain a recommendation to buy or sell or an offer to sell or subscribe for shares, nor does it constitute an invitation to make an offer to sell shares.
- This presentation has been prepared and the information in it has been checked with the greatest possible care. Nevertheless, rounding and transmission cannot be excluded. When adding up rounded amounts and percentages, differences may appear.

# Statement of the President of the Management Board



On the occasion of releasing the half-year financial results for 2024, **Marko Badurina, President of the Management Board of Hrvatska poštanska banka**, stated: *„At HPB, our long-term vision prioritizes expanding our market presence and elevating the quality of services we provide to our clients. We've consistently achieved above-average profitability, bolstered our capital base, and successfully met our short-term goals. With the successful operational integration of Nova Hrvatska Banka, we've unlocked resources for new development projects, and the achievements drive us to set new goals and maintain our growth trajectory, which consistently outpaces the market. Due to the significant potential for further strengthening of HPB in the future, we are ready for new challenges and successes in a changing monetary environment, continuing to contribute to improving the lives of our fellow citizens and entrepreneurs, as well as the economic progress of Croatia.”*



# Executive Summary

Macroeconomic Environment

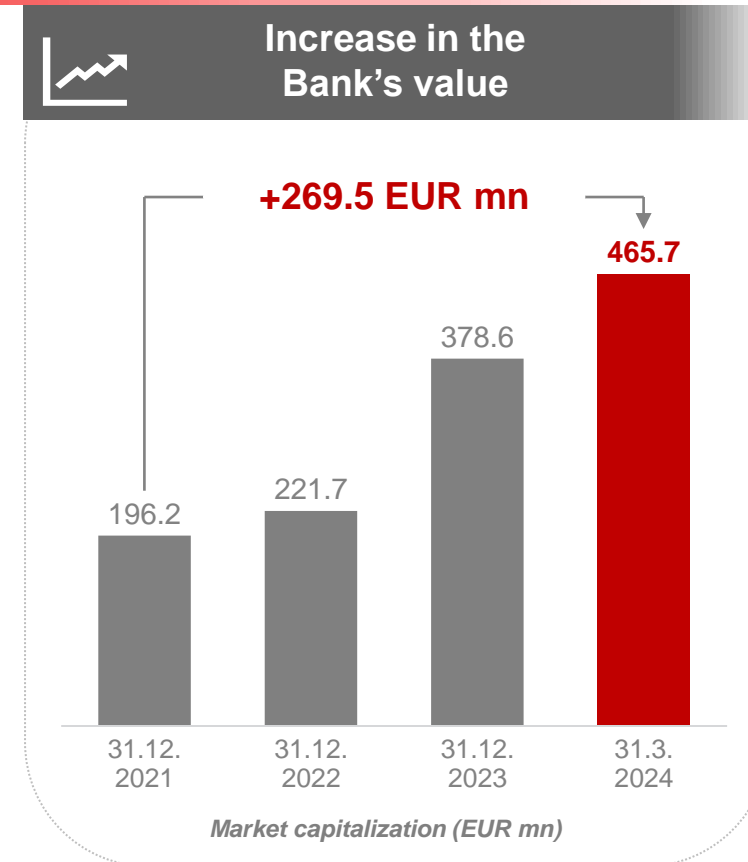
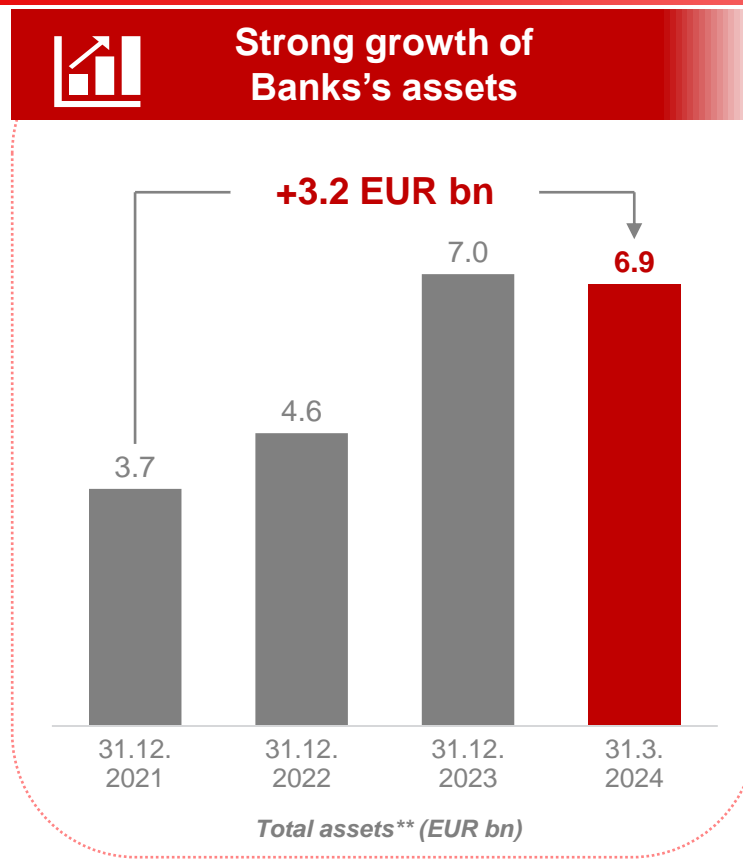
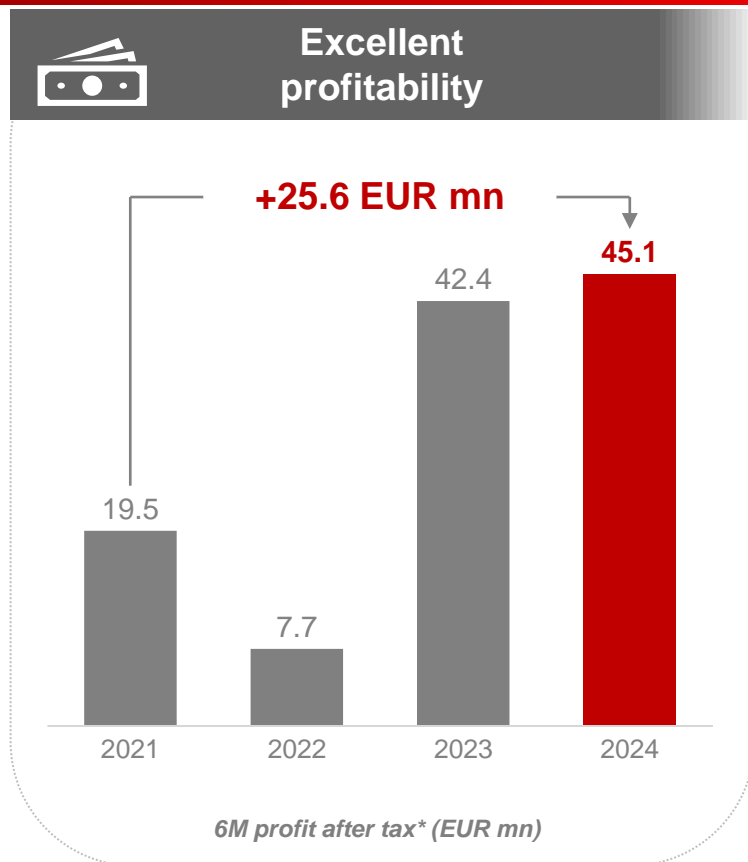
Financials

Risk Management

Additional information



# Exceptional profitability with successful integration of Nova hrvatska banka



\* Profit and loss account positions in this presentation for the first half of 2021-2023 show the result of HPB on a stand-alone basis, while the first half (6M) of 2024 includes the result of integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023

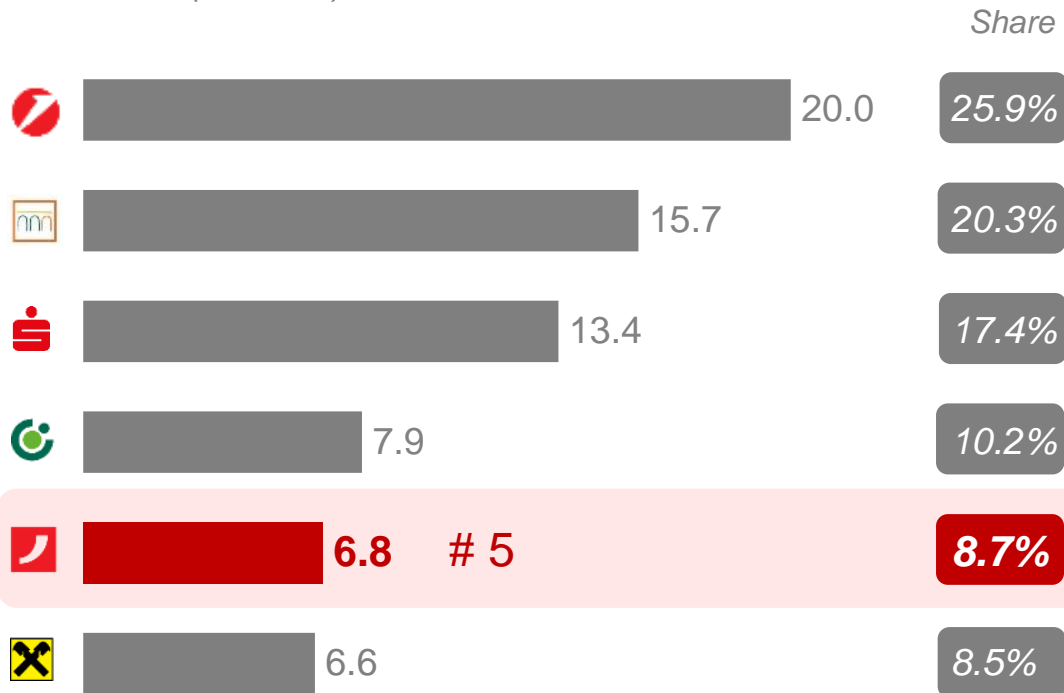
\*\* The balance sheet positions in this presentation on the reporting dates 31.12.2021 and 31.12.2022 show the result of HPB on a stand-alone basis, while the reporting dates 31.12.2023 and 30.6.2024 include results of an integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023



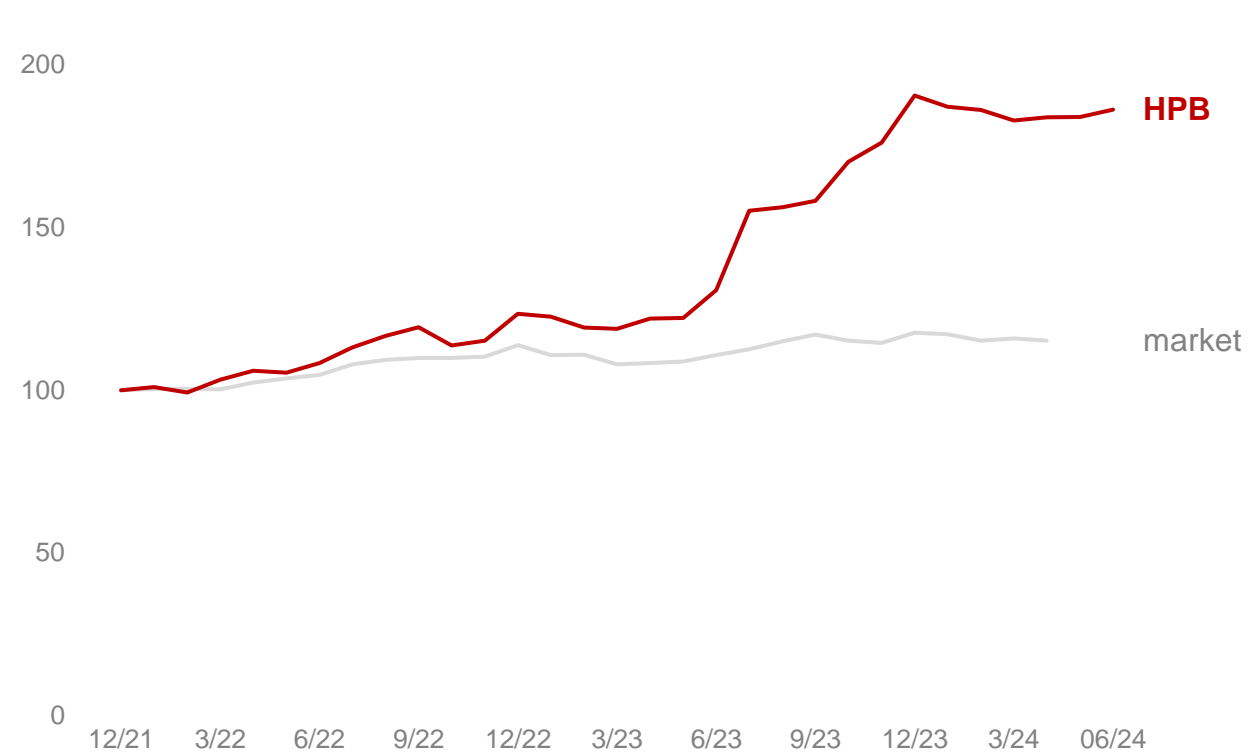
**We are creating conditions for a better life in Croatia.**

# HPB in the TOP 5 banks by total assets

Total assets  
31.3.2024 (EUR bn)



Total assets development  
Base index = 2021



Executive Summary

## **Macroeconomic Environment**

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# Macroeconomic indicators

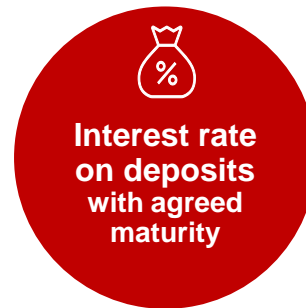


**Croatia**

Jun 24: **3.4%**  
Jun 23: 12.1%

**Euro area €**

Jun 24: **2.5%**  
Jun 23: 6.9%



**Croatia**

May 24: **2.0%**  
May 23: 1.3%

**Euro area €**

May 24: **3.1%**  
May 23: 2.5%

**Households**



May 24: **5.3%**  
May 23: 6.1%

May 24: **6.5%**  
May 23: 6.5%



May 24: **3.5%**  
May 23: 2.3%

May 24: **3.6%**  
May 23: 3.0%

**Corporations**



Q1 24: **3.9%**  
Q1 23: 2.8%

Q1 24: **0.4%**  
Q1 23: 1.3%



Q1 24: **6.7%**  
Q1 23: 5.4%

Q1 24: **2.0%**  
Q1 23: 2.3%

**Households**

Q1 24: **7.0%**  
Q1 23: 11.0%

Q1 24: **1.8%**  
Q1 23: 2.7%

**Corporations**

May 24: **4.8%**  
May 23: n/a

May 24: **7.9%**  
May 23: 7.7%

**Households' consumption**

May 24: **3.7%**  
May 23: 3.0%

May 24: **3.8%**  
May 23: 3.7%

**Households' home purchase**

May 24: **5.2%**  
May 23: 4.7%

May 24: **5.0%**  
May 23: 4.6%

**Corporations**

Executive Summary

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# Strong growth in interest income resulted in a net profit of EUR 45 mn

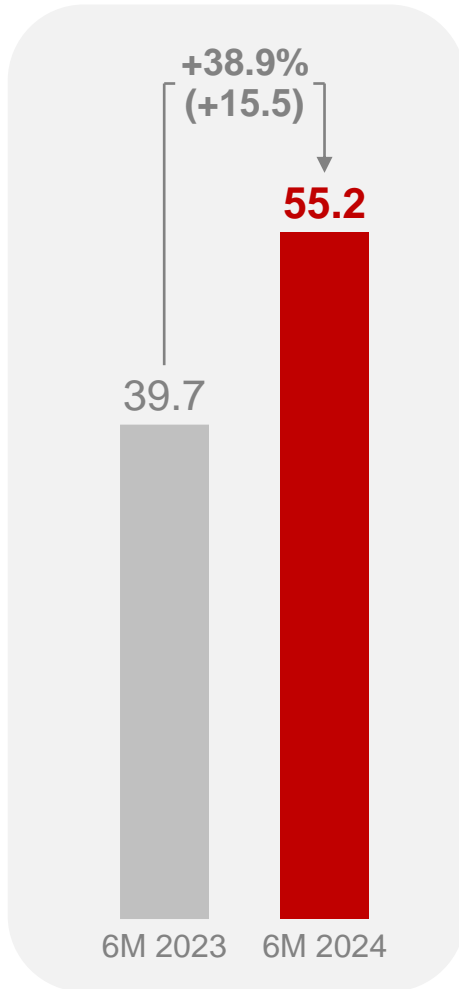
Profit and loss account (EUR mn)	6M 2023*	6M 2024*	Y-o-Y	Y-o-Y %
Net interest income	55.3	91.2	35.9	64.8
Net fee and commission income	13.0	16.7	3.7	28.3
Net other income	7.9	2.2	(5.7)	(71.9)
<b>Operating income</b>	<b>76.3</b>	<b>110.1</b>	<b>33.8</b>	<b>44.4</b>
Employee expenses	(18.3)	(27.5)	9.1	49.7
Administrative expenses	(14.9)	(21.9)	7.0	46.9
Depreciation	(3.3)	(5.6)	2.3	68.5
<b>Operating expenses</b>	<b>(36.6)</b>	<b>(54.9)</b>	<b>18.4</b>	<b>50.3</b>
<b>Operating profit</b>	<b>39.7</b>	<b>55.2</b>	<b>15.5</b>	<b>38.9</b>
Provisions	7.0	(0.6)	(7.6)	(108.6)
Tax	(4.4)	(9.5)	5.1	117.1
<b>Profit after tax</b>	<b>42.4</b>	<b>45.1</b>	<b>2.7</b>	<b>6.4</b>

\* 6M in 2023 includes the result of the Bank's operations on a stand-alone basis, while 6M in 2024 includes the result of the integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023

- **The record half-year profit after tax** results from a strong increase in net interest income
- **Net interest income significantly above the first half of 2023 (+65%)** primarily due to the market trend of interest rates and the higher volume of deposits with central banks and other financial institutions
- The growth of net fee and commission income of 28% in the observed period is the result of **higher income from payment transactions, guarantees and other loan fees**
- Net other income lower due to the absence of non-recurring effects such as those recorded in 2023, which related to the results of legal actions taken in favor of the Bank
- The movement of employee expenses primarily due to the **impact of the integration of Nova hrvatska banka in 2023 and the increase in employees' material rights in 2024**
- Operating expenses in the observed period increased in line with the integration of Nova hrvatska banka, the general increase in expenses and the increase in depreciation due to the activation of newly acquired assets
- Prudent credit policy, which is reflected in the quality of new loans, almost **completely neutralized the cost of provisions for NPL portfolio**, which is still below the long-term average

# We continue to create value for the shareholders

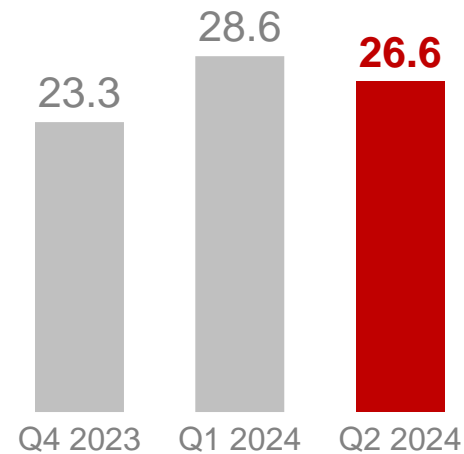
## Operating profit (EUR mn)



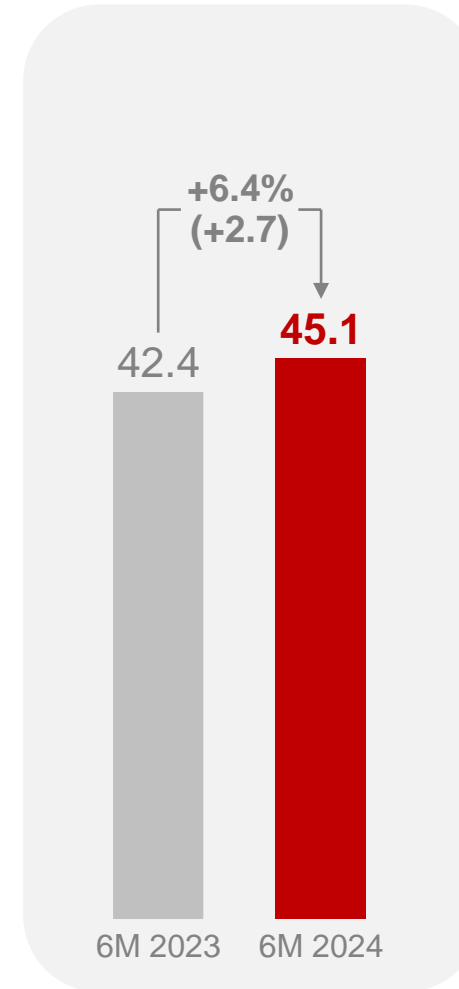
**49.9%**

6M 2024

Cost to Income Ratio (CIR)



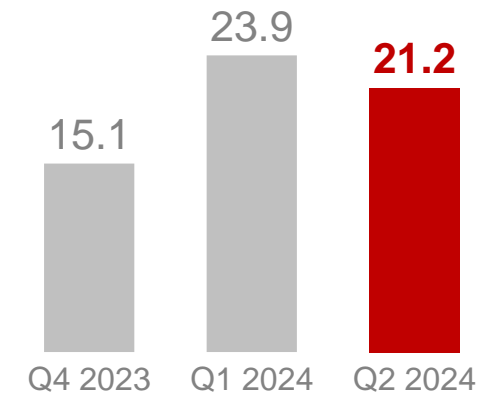
## Profit after tax (EUR mn)



**16.2%**

30.6.2024

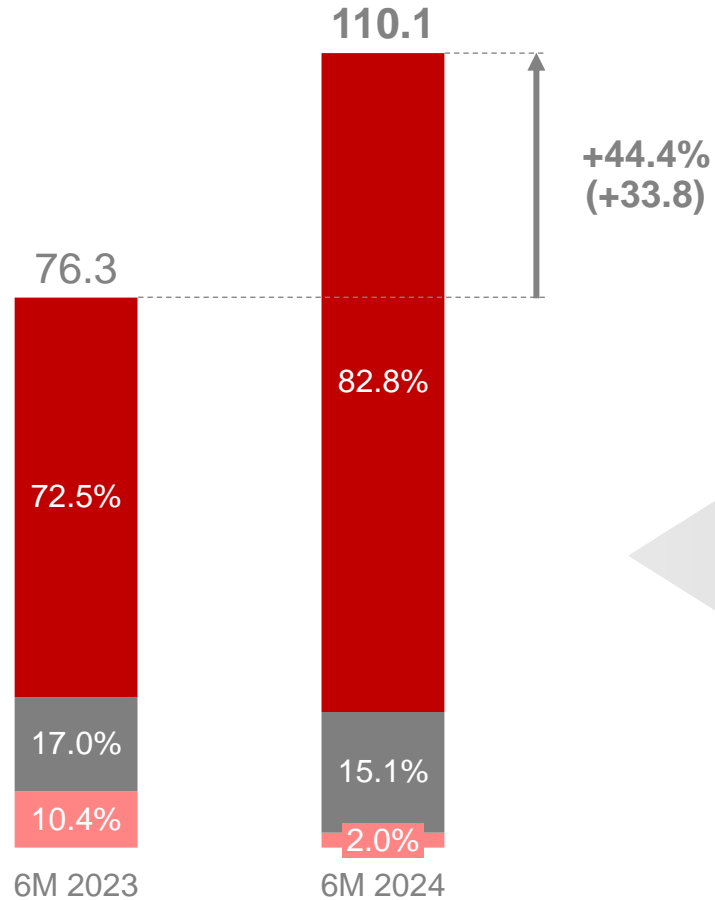
Return on Average Equity (ROAE)



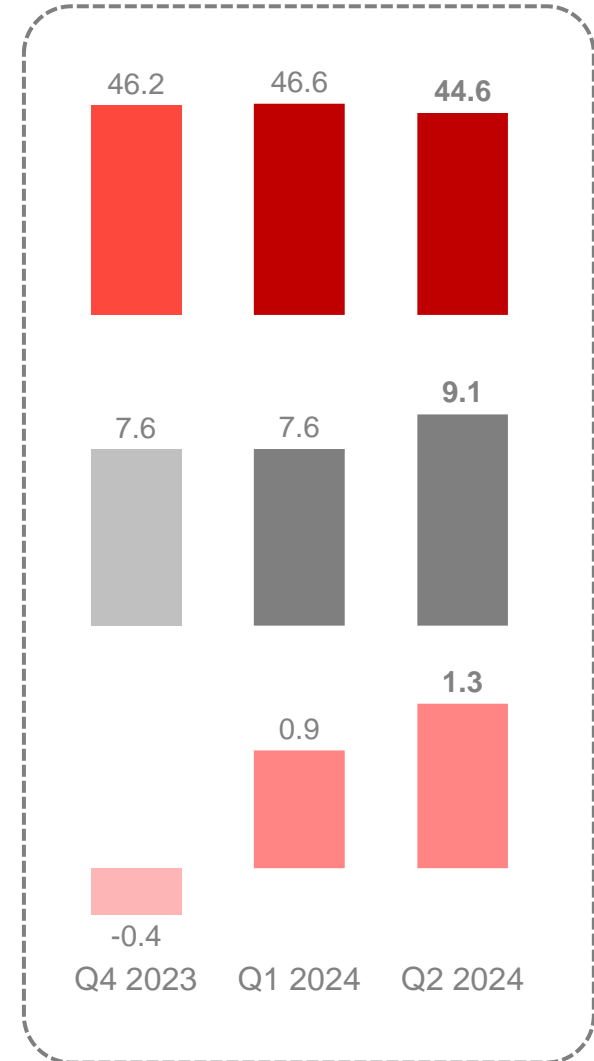
# Record operating income

Strong growth in core revenue categories

Operating income  
(EUR mn)

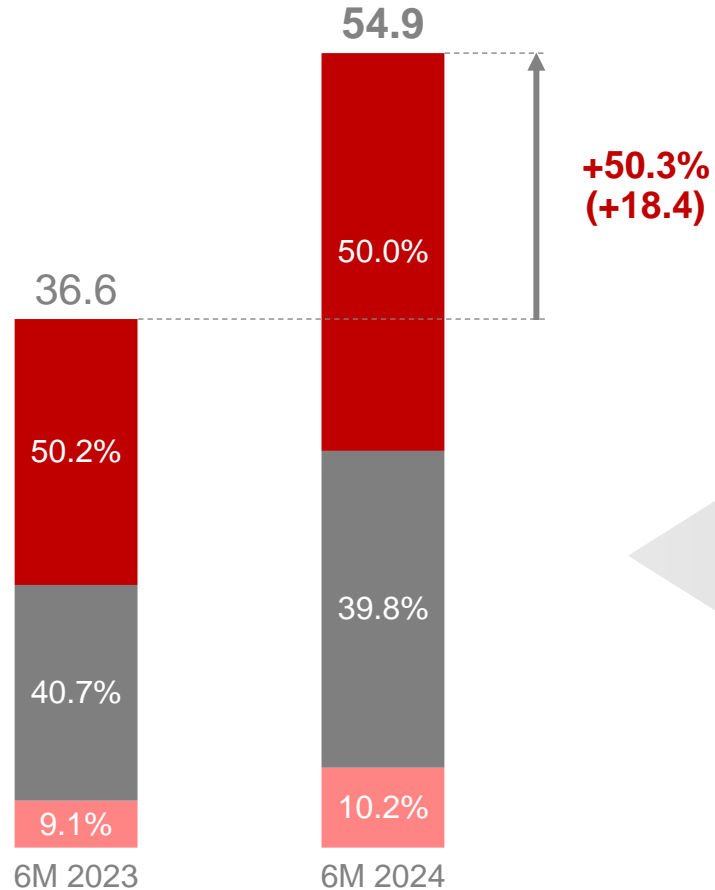


- Net interest income **+64.8%** (Y-o-Y)
- Net fee and commission income **+28.3%** (Y-o-Y)
- Net other income **-71.9%** (Y-o-Y)

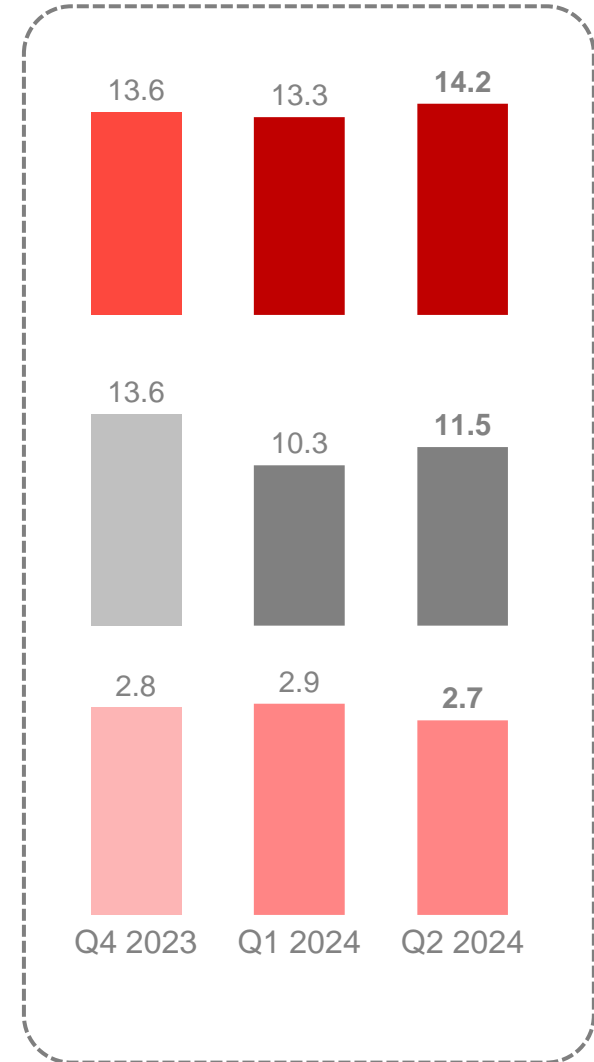
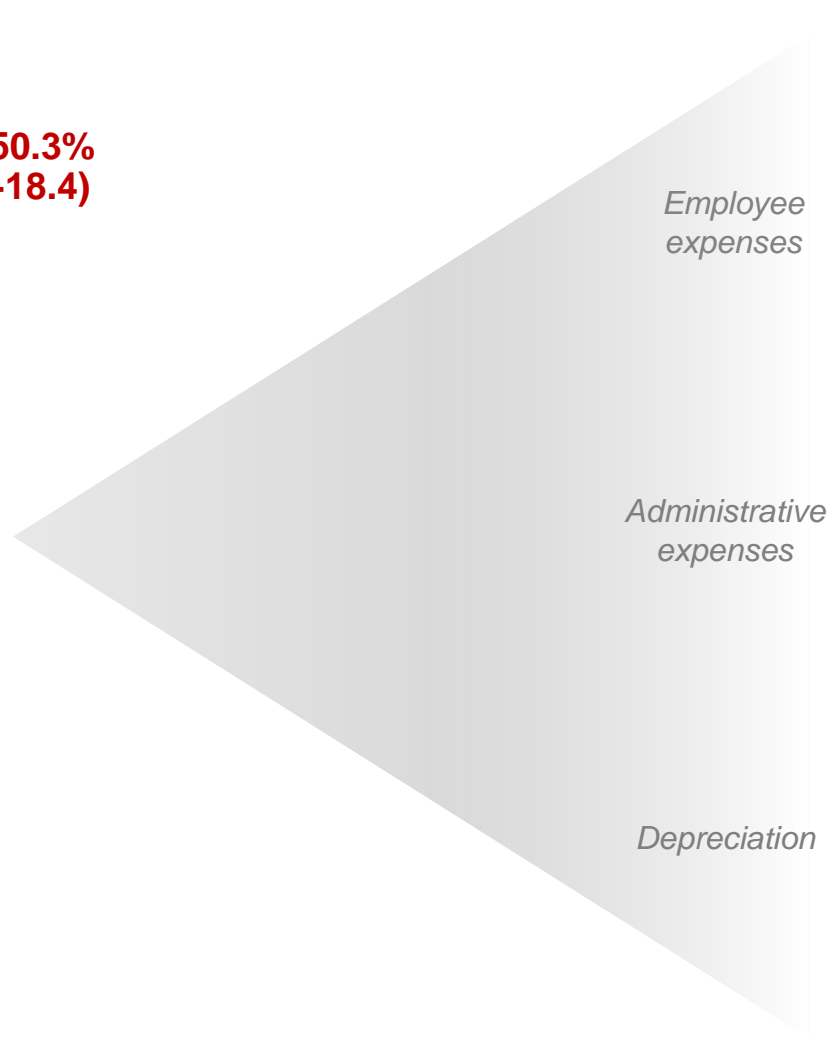


# Higher level of expenses due to integration completely outpaced by significantly higher income CIR at 49.9%

## Operating expenses (EUR mn)



- Employee expenses **+49.7%** (Y-o-Y)
- Administrative expenses **+46.9%** (Y-o-Y)
- Depreciation **+68.5%** (Y-o-Y)



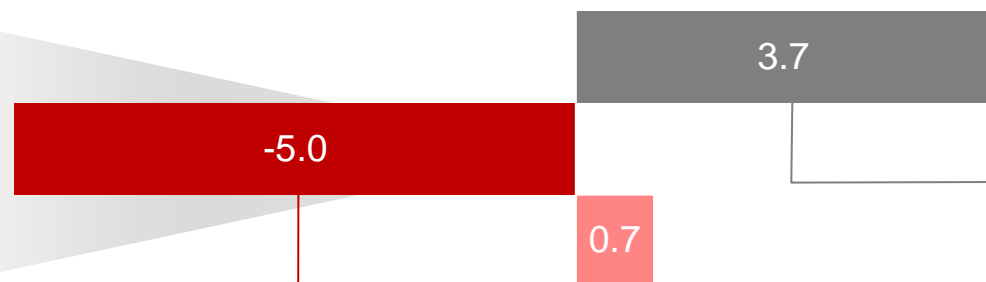
# Quality loan portfolio

NPL coverage at 77.2%



## 6M 2024

Net effect 6M 2024  
expense **EUR -0.6 mn**

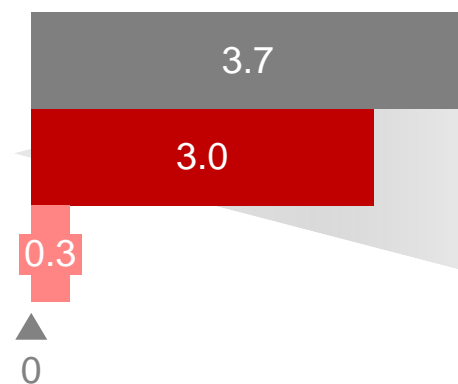


Favorable macroeconomic conditions affect the improvement of the loan quality portfolio, measured through lower internal client ratings, resulting in an income of EUR 3.7 mn for **Stage 1 and 2**.

The movement of provisions for **non-performing loans (Stage 3)** within the expected target values after the integration of Nova hrvatska banka, which was partially neutralized by inflows from NPL collection, with a lower loss rate than the historical average. The NPLs coverage is still above the market average.

## 6M 2023

Net effect 6M 2023  
income **EUR +7.0 mn**



■ Stage 1 & 2 ■ Stage 3 ■ Other provisions

# Consolidation after enormous growth in 2023

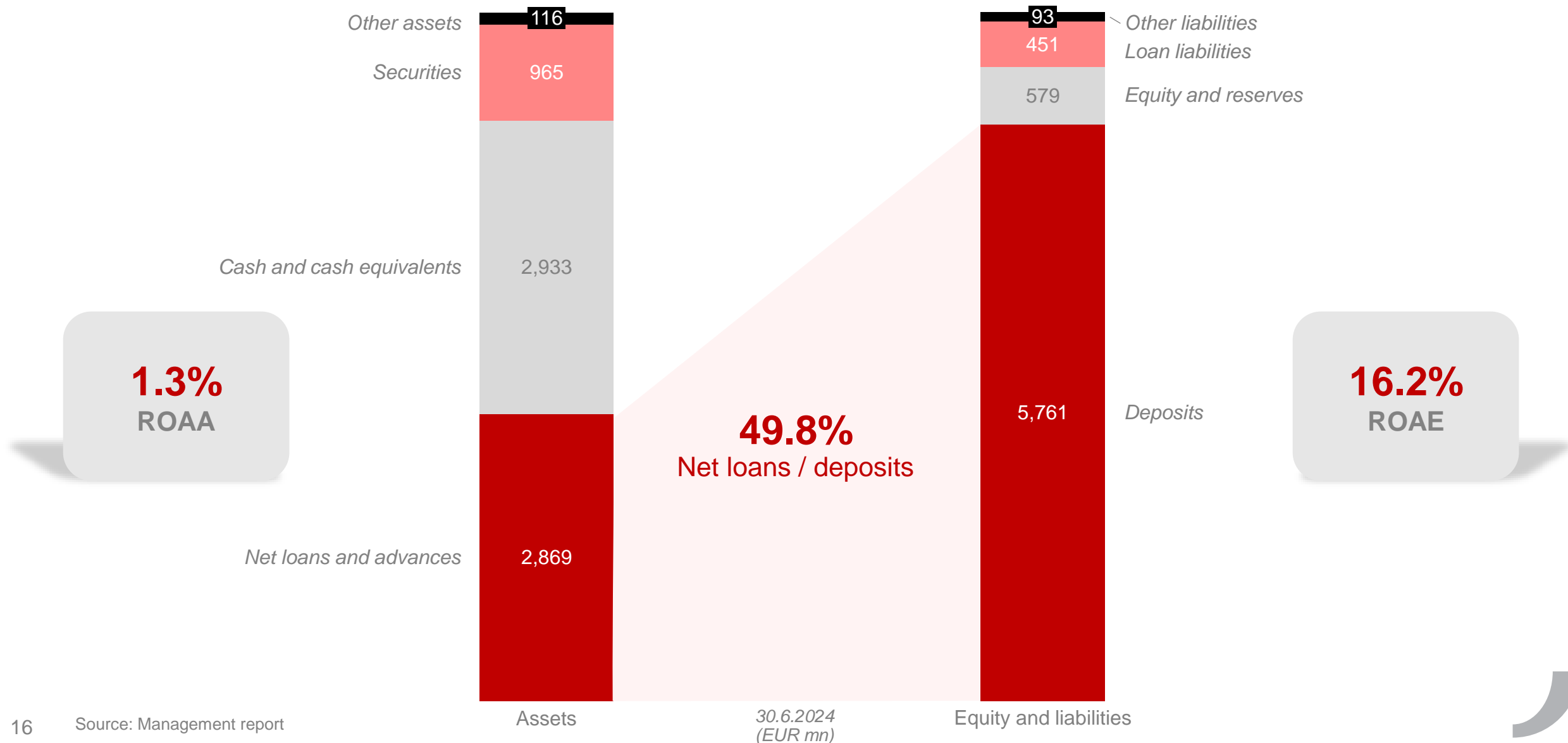
Balance sheet (EUR mn)	31.12.2023	30.6.2024	YTD	YTD %
Cash and cash equivalents	3,103	2,933	(170)	(5.8)
Securities	915	965	50	5.2
Net loans and advances	2,908	2,869	(39)	(1.4)
Other assets	120	116	(3)	(3.0)
<b>Total assets</b>	<b>7,046</b>	<b>6,884</b>	<b>(162)</b>	<b>(2.4)</b>
Deposits	5,929	5,761	(168)	(2.9)
Loan liabilities	468	451	(17)	(3.8)
Other liabilities	115	93	(23)	(24.5)
<b>Total liabilities</b>	<b>6,512</b>	<b>6,305</b>	<b>(207)</b>	<b>(3.3)</b>
<b>Total equity and reserves</b>	<b>534</b>	<b>579</b>	<b>45</b>	<b>7.8</b>

- Total assets lower by EUR 162 mn compared to the end of 2023 mainly due to **lower volume of a vista deposits**, which on the asset side was reflected in a reduction of cash and cash equivalents
- In total deposits, **term deposits recorded a growth of 6.8%** in the observed period (30.6.: Super Štednja 2 amounts EUR 350 mn), with a simultaneous decrease in a vista deposits by 8.3%, primarily due to the continuation of the trend of overflowing a vista into term deposits as well as auctions of treasury bills of the Republic of Croatia, in February and May, with more attractive interest rates
- Loans remain flat with an **improved structure of the loan portfolio**
- Loan liabilities refer to MREL instruments and received loans from financial institutions (CBRD, CNB repo loans and foreign financial institutions), where reduction refers to regular repayment



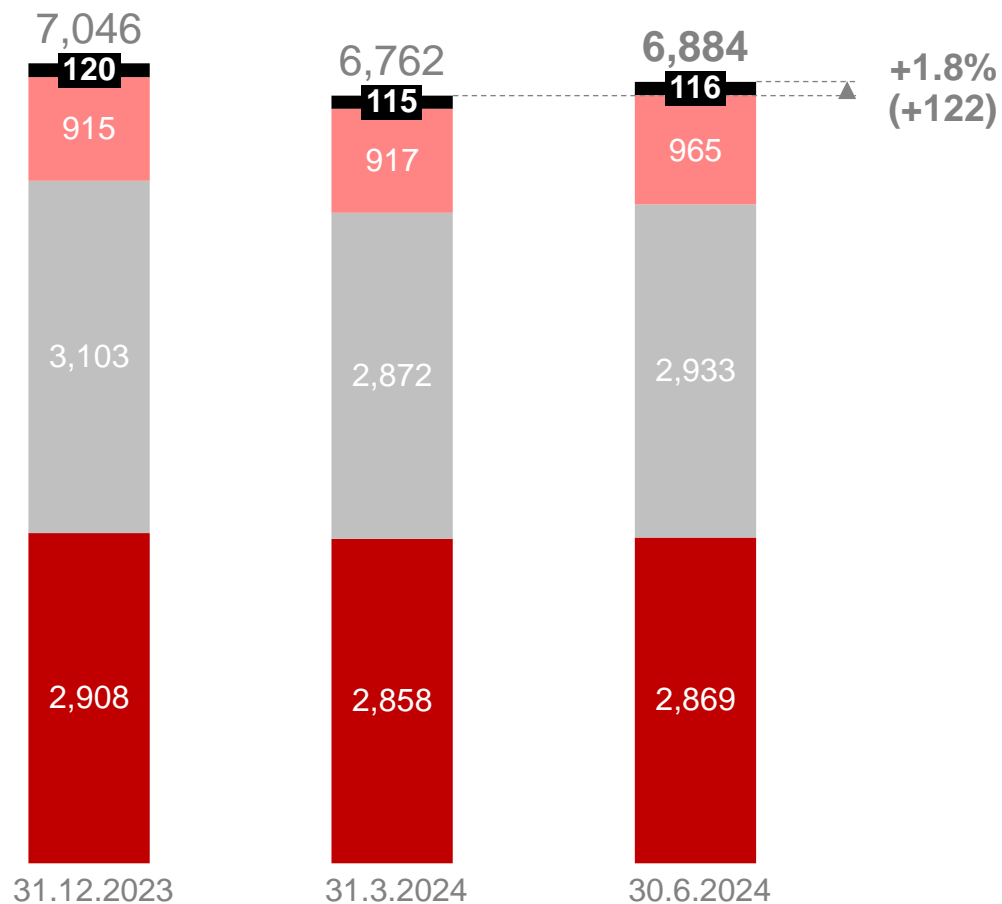
# Client deposits form the basis of financing

84% of total liabilities are related to deposits

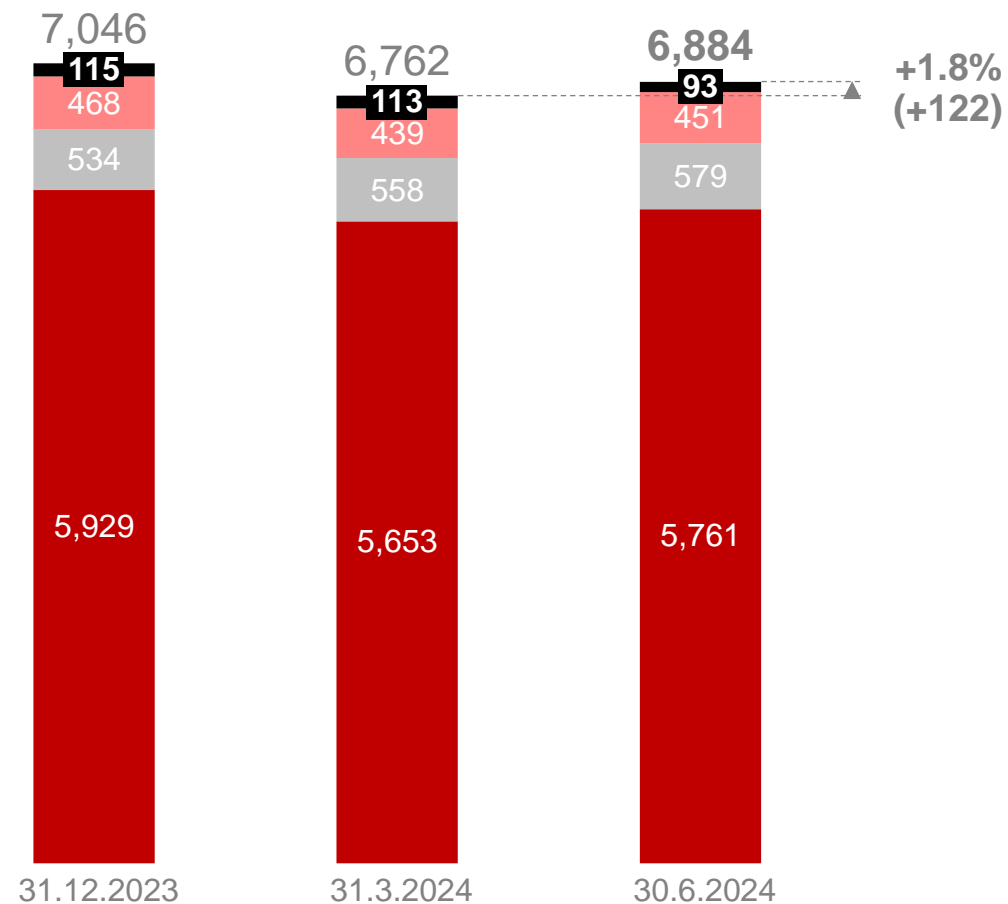


# Stable balance sheet structure

## Assets (EUR mn)



## Liabilities and equity (EUR mn)

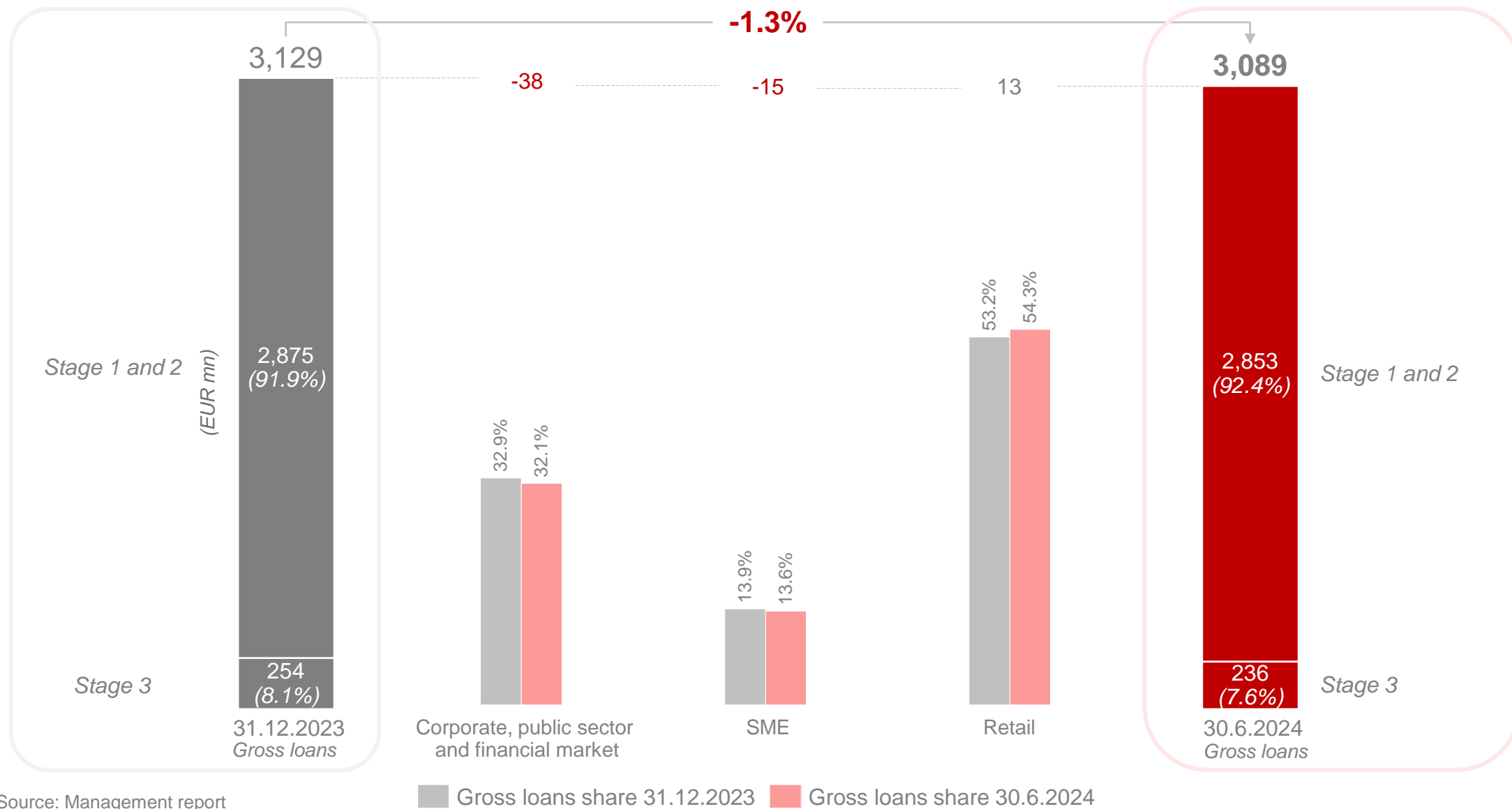


Other assets
  Cash and cash equivalents  
 Securities
  Net loans and advances

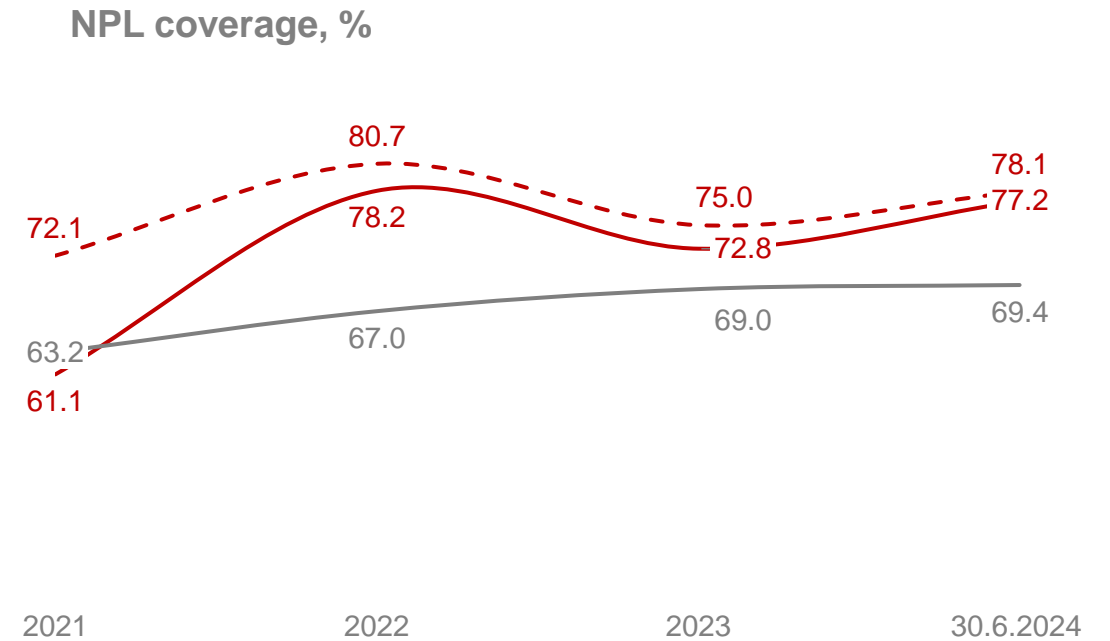
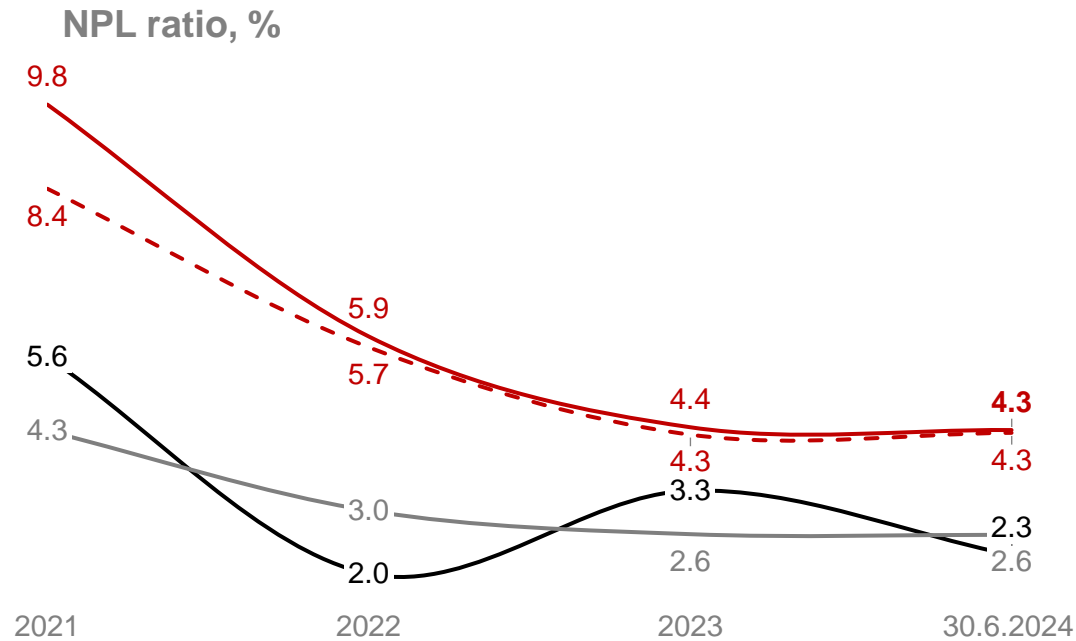
Other liabilities
  Equity and reserves  
 Loan liabilities
  Deposits

# Improved quality of gross loan portfolio

The share of NPLs in total loans decreased by 1.5 pp



# Improved NPL ratio with still high coverage



— NPL ratio  
 - - NPL ratio - excluded gov. guarantees  
 — Uncovered NPL in CET 1 ratio  
 — Market NPL ratio\*

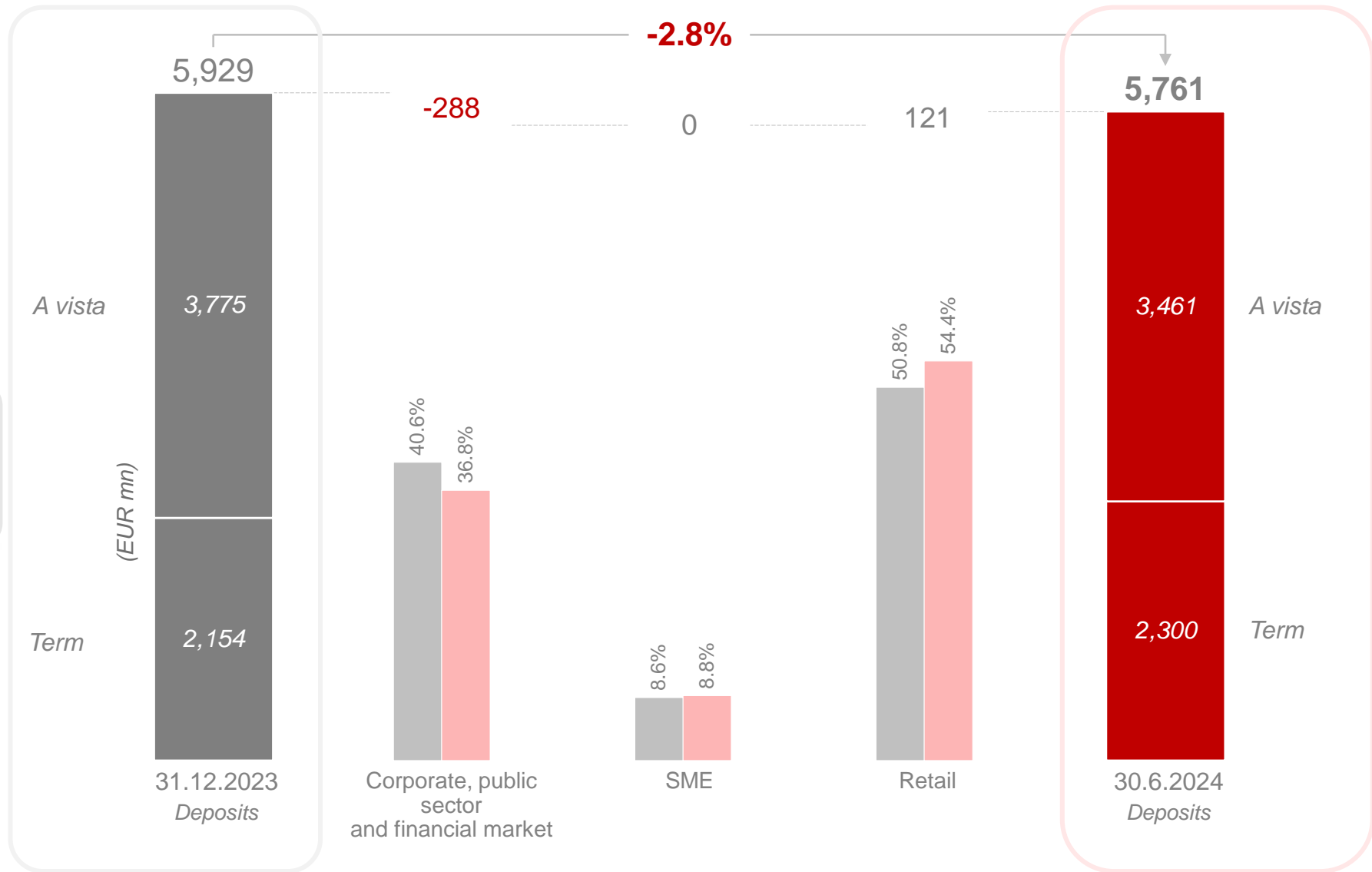
— NPL coverage  
 - - NPL coverage - excluded gov. guarantees  
 — Market NPL coverage\*

\* Data as of March 31, 2024, source: CNB statistics, SV2 Selected indicators of the structure, concentration and operations of credit institutions

- Continuation of decreasing trend of the NPL ratio primarily due to further reduction of exposure to NPLs, while maintaining the coverage of NPLs at high levels and above the sector average, which ultimately contributes to the Bank's overall positive result

# Continuation of the growth trend of term deposits in a challenging environment

**254.5%**  
LCR  
31.12.2023



**260.9%**  
LCR  
30.6.2024

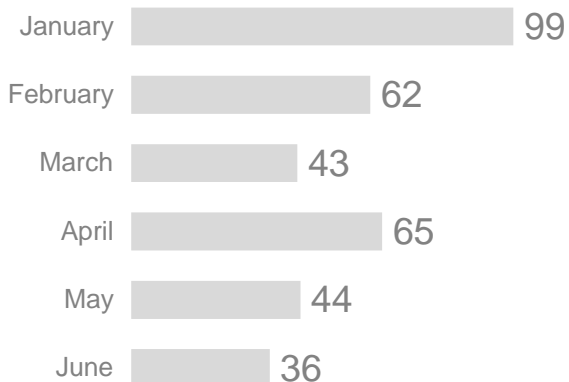
■ Deposit share 31.12.2023 ■ Deposit share 31.3.2024

# Best Buy Award medal winner for saving products

HPB Super Štednja 2

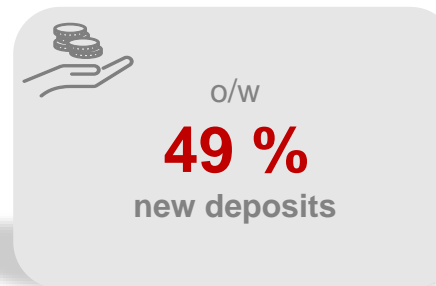
## Contracted deposits per month (EUR mn)

30. 6. 2024



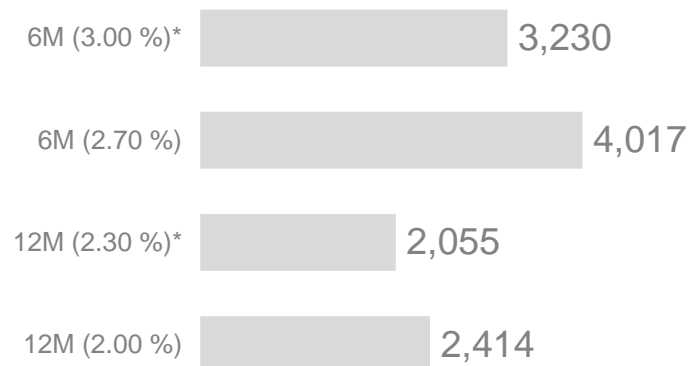
**EUR 350  
mn**

total term  
deposits



## No. of contracts based on maturity and interest rates

30. 6. 2024



**11,716**

no. of  
contracted  
deposits

## Super Štednja 2

- One of the most favorable savings offers from January 1, 2024.
- HPB winner of the Best Buy Award medal for saving products in the category Bank that offers the best price-quality ratio on the Croatian market when it comes to savings options
- Strategy for retaining existing and attracting new clients

\*including the transfer of regular income

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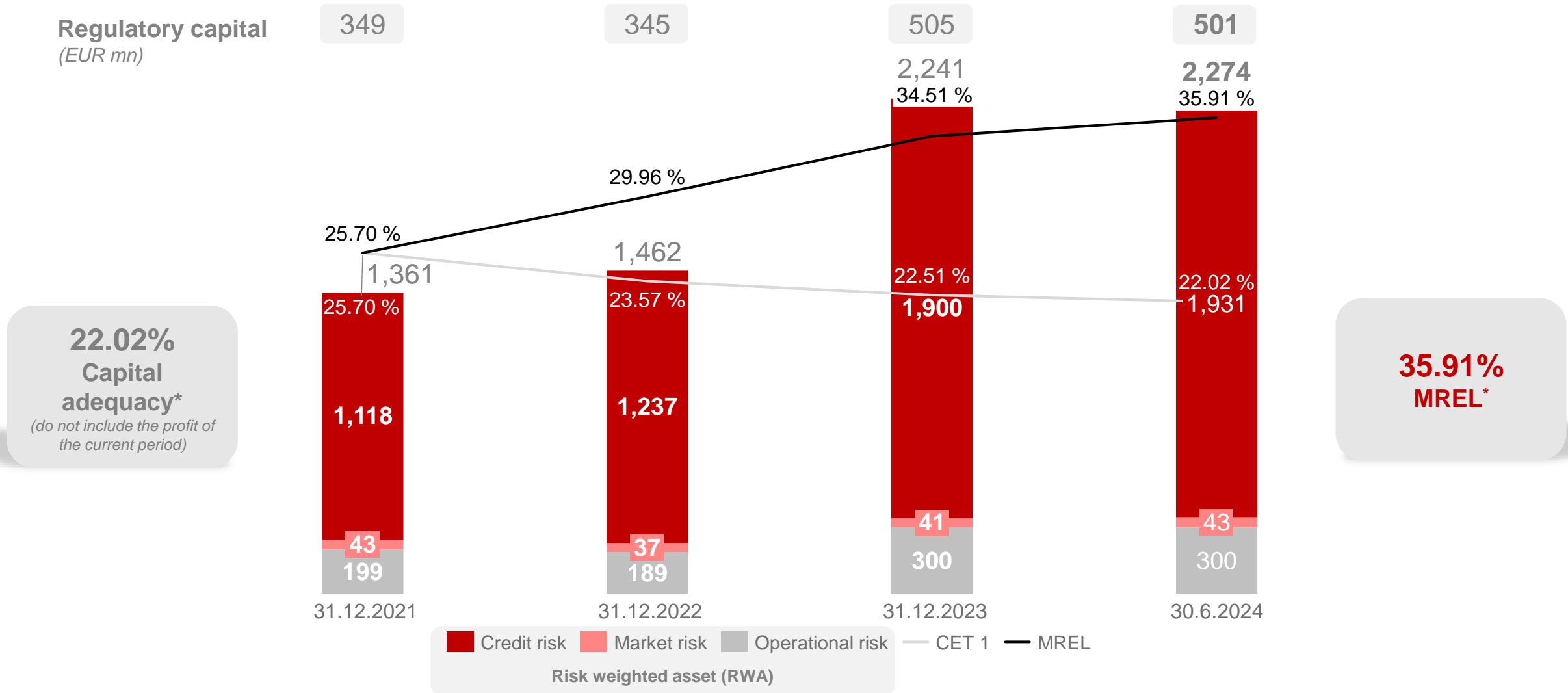
Financials

**Risk Management**

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# A high level of capitalization that enables growth



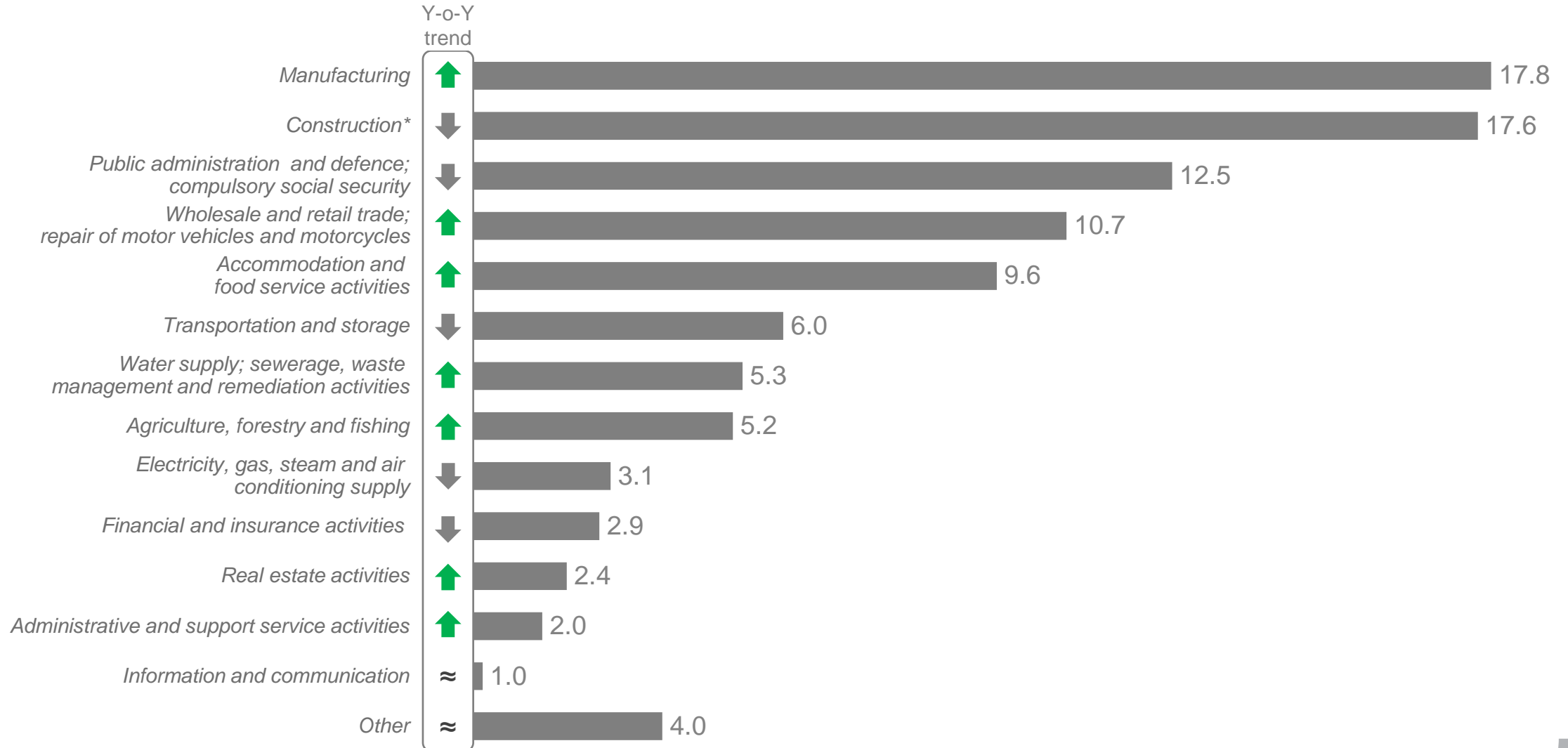
\* The regulatory MREL requirement, as of June 30, 2024, is 31.31%, while the requirement for the regulatory capital adequacy rate is 16.96%



# A highly diversified and stable credit portfolio

## Corporate gross loans per industry, %

30.6.2024



\* Hrvatske autoceste are included in construction industry, with a share of 53.49% of the total exposure to that industry

Source: Management report, according to National Classification of Activities (NKD)

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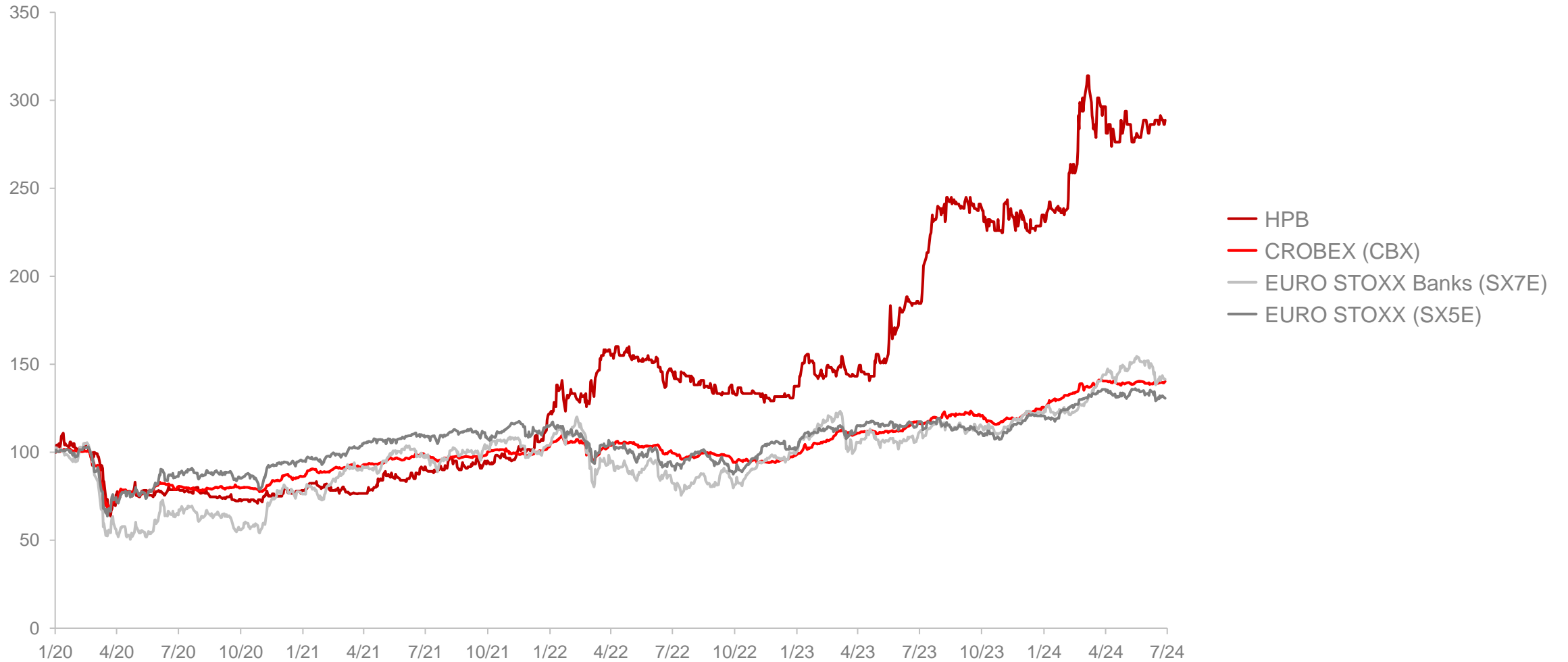
Risk Management

**Additional information**



# Significantly faster growth of the share value than the market

HPB share price movement index and CROBEX, EURO STOXX and EURO STOXX Banks indices



# Sustainability report for 2023

In accordance with the international sustainability reporting framework of the Global Reporting Initiative (GRI)

## ENVIRONMENT

### Climate strategy until 2050

Defined principles, areas of influence, priorities and goals of the Bank in adjustment and mitigating climate change

### Analysis of activities according to the Regulation on Taxonomy

An assessment of the acceptability and compliance of the Bank's activities was carried out

### Calculation of greenhouse gas emissions

New methodology and calculation of greenhouse gas emissions Ranges 1, 2 and 3

❖ Range 1  
649.41 tCO<sub>2</sub>e

❖ Range 2  
597.05 tCO<sub>2</sub>e

❖ Range 3  
799,574.21 tCO<sub>2</sub>e

### Assessment of the significance of environmental risks

The first assessment of the materiality of environmental risks to other types of prudential risks was carried out

### Green asset ratio

Published green asset ratio (GAR - Green Asset Ratio) in accordance with the Taxonomy Regulation

❖ GAR: 0.75%

## SOCIETY

### Non-discrimination and diversity

In accordance with the Sustainable Development Goals of the UN (SDG), defined and adopted:

❖ Principles of diversity and non-discrimination

❖ Principles of protection of human and children's rights

### Taking care of employees

Creating a work environment that enables a better work-life balance

Implementation of the organizational vitality survey, December 2023

❖ 80% employee-participant

Continuous investment in professional training and development of employees

❖ 335 educations

A high proportion of women in management positions and a wide age range of employees

❖ 62.65% women in managerial positions

### Support community

Corporate volunteering Volontirajmo za Hrvatsku

❖ 7 actions

Financial literacy activities expanded with new collaborations

❖ Foundation Hrvatska za djecu  
❖ Toni Milun 2.0

Participation in the project: 'Sigurnije škole i vrtići'

Cooperation with the academic community

❖ Support for student competitions (STEM Games, TVZ Mc2, Money Motion Student Hackathon, Organize Yout Talk)

❖ Support for awarding the best FERIT students

## GOVERNANCE

### Code of ethics

Implementation of the prescribed principles and guidelines that imply legal, ethical and professional conduct in business with all persons and entities with which the Bank is in contact

### Cooperation with suppliers

Principles for suppliers with high ethical standards and values, implemented in the procurement process

### Transparent reporting

Development of an application system for sustainability data management and reporting

### Communication with stakeholders

Key stakeholders involved in the dual materiality assessment process

Continuous publication of accurate, timely and reliable information about the Bank's impact on the environment and society

### Principles of responsible banking

HPB is the first bank in the Republic of Croatia to sign the UN principles for responsible banking, an analysis of the impact of the portfolio was carried out and key business segments with positive and negative effects were identified

## COMPLIANCE WITH THE NORM FOR SOCIAL RESPONSIBILITY ISO 26000:2020

**HRIO award - sustainability index** in the Environmental Management category as a confirmation of the excellence of the Bank, which cares about the environment as one of the most important segments of sustainable business

**Employer Partner** certificate, which is particularly due to investments in employee development, increase in material rights and continuous improvement of the organizational climate

Recognition in the Business sector category from the **Volunteer Oscar** edition of the Volunteer Center Zagreb

Extended certificate of CIPH **Tvrtnka prijatelj zdravlja** as part of the National program Živjeti zdravo

PwC's **Recognition for the greatest progress in building public trust** as an indicator of effort and investment in corporate improvement management and transparent communication

# Abbreviations

<b>Abbreviation</b>	<b>Definition</b>
CBRD	Croatian Bank for Reconstruction and Development
CET 1	Common Equity Tier 1
CIR	Cost-to-income ratio
CNB	Croatian National Bank
CROBEX	Croatian Benchmark Stock Exchange Index
ECB	European Central Bank
ESG	Environmental, Social and Governance
GDP	Gross Domestic Product
HICP	Harmonised index of consumer prices
HPB	Hrvatska poštanska banka
ISIN	International Securities Identification Number
LCR	Liquidity Coverage Ratio
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
Q	Quarter
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RWA	Risk-Weighted Assets
Stage 1 and 2	Performing Loans
Stage 3 or NPL	Non-Performing Loans
Y-o-Y	Year-over-Year
YTD	Year to Date
6M	First half



# Indicies calculation

Indicator	Calculation
Liquidity coverage ratio (LCR)	The ratio of liquid assets to net liquidity outflow
NPL coverage	Ratio of accumulated impairments for non-performing loans to total non-performing loans
NPL ratio	Ratio of non-performing loans to total loans
Loan to deposit ratio	Ratio of net loans to deposits as of the reporting date
Cost to income ratio (CIR)	Operating cost to net operating income ratio
Return on average assets (ROAA)	Ratio of annualized profit for the current year to average assets (arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year)
Return on average equity (ROAE)	Ratio of annualized profit for the current year to average equity (arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year)
Common Equity Tier 1 (CET 1)	Common Equity Tier 1 (CET1) capital to risk-weighted assets (RWA) ratio

