



HRVATSKA POŠTANSKA BANKA

HPB p.l.c. 12M 2023

Investor information

March 2024



Limitation of liability

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- 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.
- From January 1, 2023, the euro was introduced as the official currency in the Republic of Croatia, and for the purposes of this presentation, the previous periods are prepared using a fixed HRK/EUR conversion rate where EUR 1 = HRK 7.53450.

Statement of the President of the Management Board



Marko Badurina, President of the Management Board

„Since the end of 2019, the Bank's focus on the strategic goals has continuously yielded excellent financial results and achievements, representing huge and important leaps not only for us, but for the whole Croatian banking market.

Apart from record breaking financial results from quarter to quarter, HPB stands out by taking an agile approach to growth opportunities on the market – subsequent to successful merger of Nova hrvatska banka we are carrying out operational integration which is in the final phase. Meanwhile, we were the first on the market to significantly increase interest on deposits, which has, alongside the measures of Croatian Government, contributed to the suppression of inflation.

HPB has ended 2023 by rising to the Top 5 banks in Croatia by assets' size and by achieving this we are well positioned to have a great start of the new development phase of the now significantly strengthened Croatian bank”



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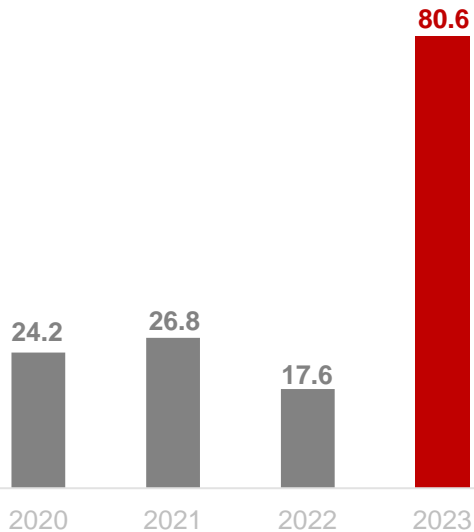


HPB creates new pages of history

Record profitability

4y cumulative

149 mn. EUR

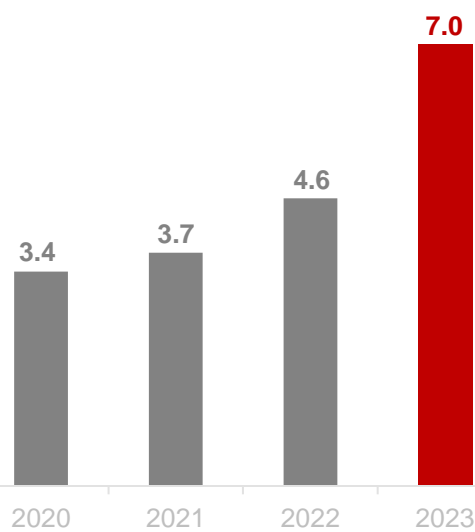


HPB p.l.c. net profit for the year, EUR mn.

The fastest growing Bank in Croatia

3y growth

2x

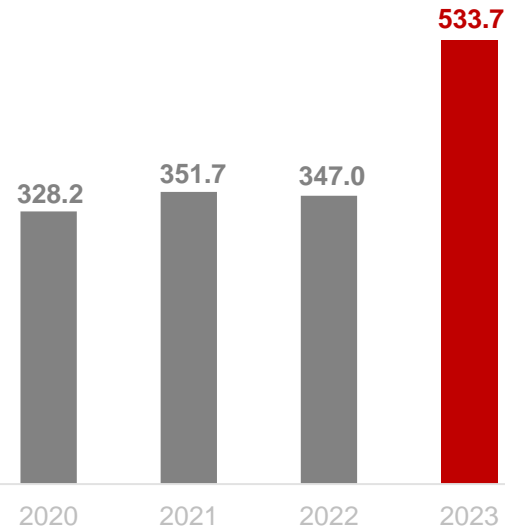


HPB p.l.c. assets at the year-end, EUR bn.

Financial strength and stability

3y cumulative growth

206 mn. EUR

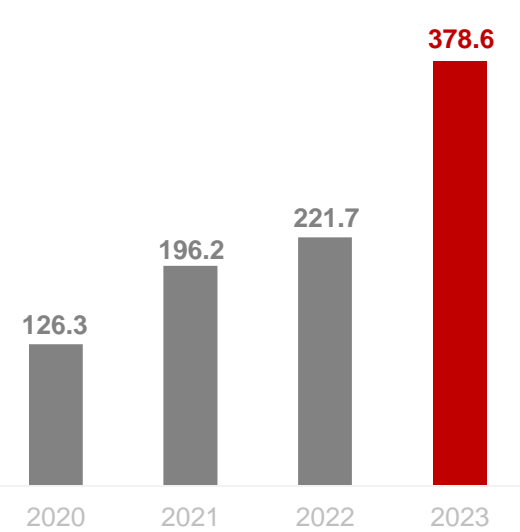


HPB p.l.c. equity and reserves at the year-end, EUR mn.

Increase in the Bank's value

3y growth

3x



HPB p.l.c. market capitalization at the year-end, EUR mn.

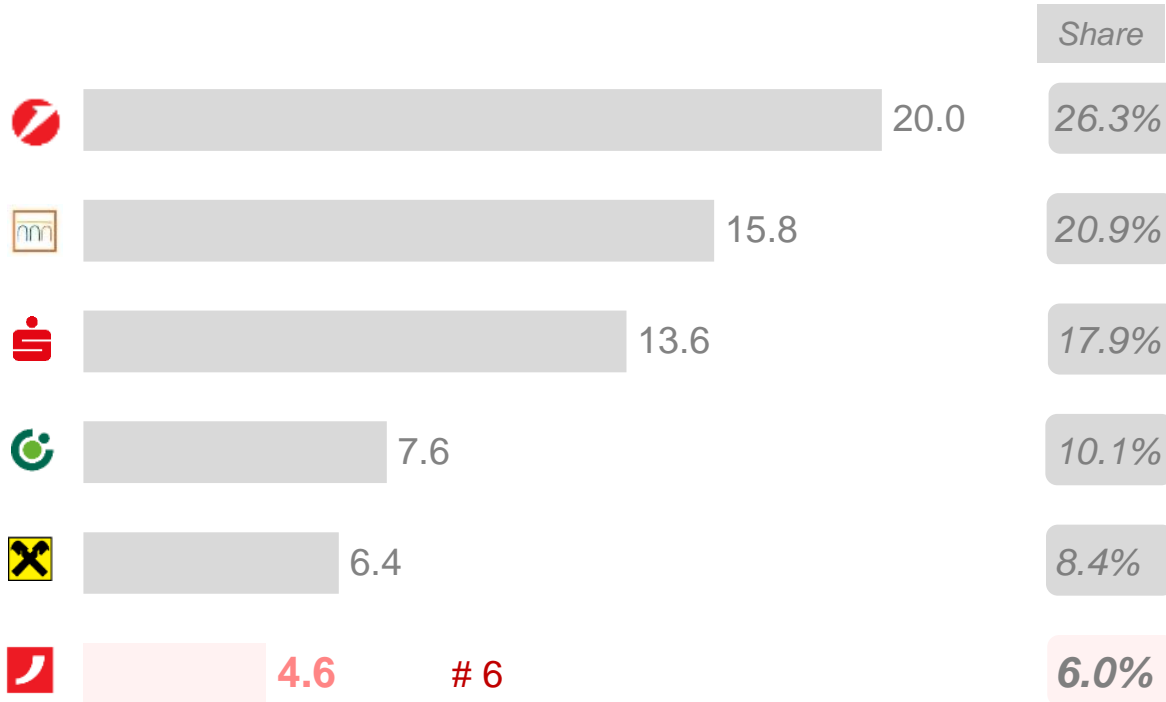


We are creating conditions for a better life in Croatia.

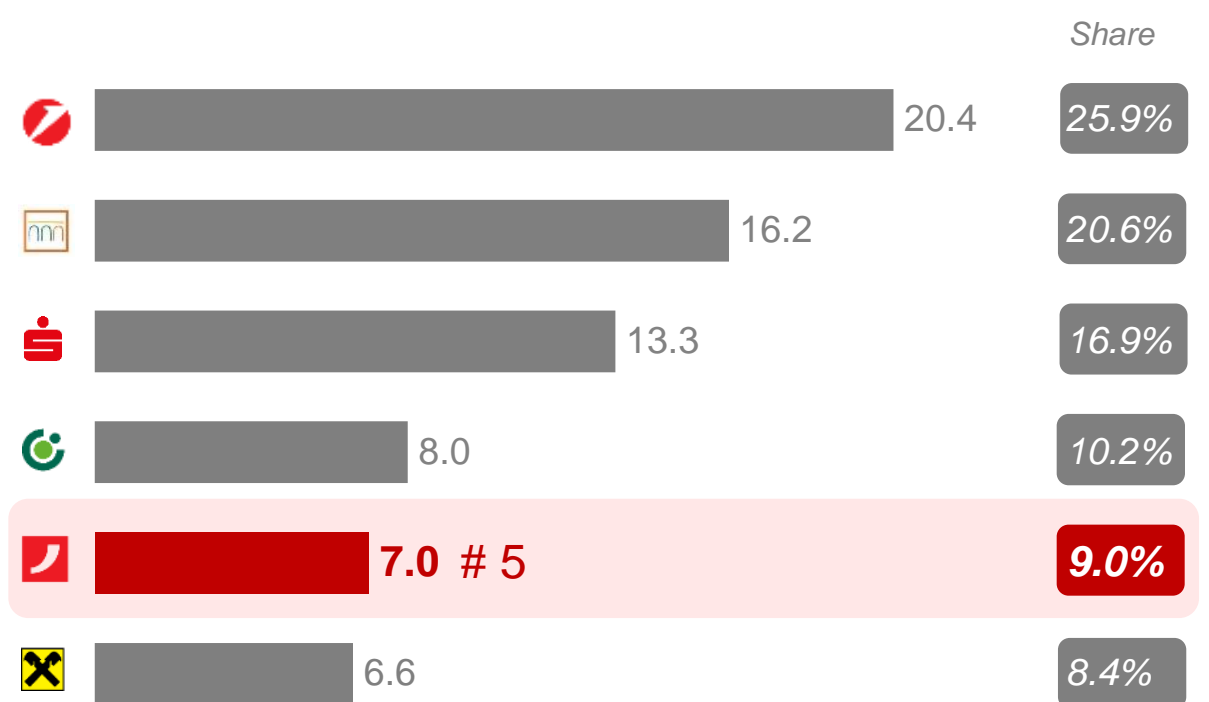
Sources: HPB p.l.c. non-consolidated quarterly financial reports (TFI-KI) for the period Jan 01 – Dec 31 2023

Bank no. 5 in Croatia – we are changing the market and making a difference

Total assets
31.12.2022 EUR bn



Total assets
31.12.2023. EUR bn



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Macroeconomic indicators



Croatia

Dec 23: **5.4%**
Dec 22: 12.7%

Euro area €

Dec 23: **2.9%**
Dec 22: 9.2%



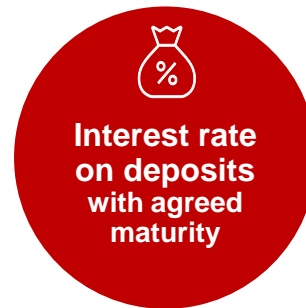
Dec 23: **6.4%**
Dec 22: 6.7%

Dec 23: **6.4%**
Dec 22: 6.7%



Q3 23: **3.0%**
Q3 22: 5.8%

Q3 23: **0.0%**
Q3 22: 2.5%



Croatia

Dec 23: **2.2%**
Dec 22: 0.2%

Dec 23: **3.4%**
Dec 22: 0.9%

Q3 23: **5.7%**
Q3 22: 6.0%

Q3 23: **9.0%**
Q3 22: 10.3%

Dec 23: **5.0%**
Dec 22: 4.7%

Dec 23: **3.6%**
Dec 22: 2.7%

Dec 23: **5.3%**
Dec 22: 3.5%



Euro area €

Dec 23: **3.3%**
Dec 22: 1.5%

Dec 23: **3.7%**
Dec 22: 1.8%

Q3 23: **1.8%**
Q3 22: 2.7%

Q3 23: **1.5%**
Q3 22: 4.1%

Dec 23: **7.7%**
Dec 22: 6.4%

Dec 23: **4.0%**
Dec 22: 2.9%

Dec 23: **5.2%**
Dec 22: 3.4%

Households

Corporations

Households

Corporations

Households' consumption

Households' home purchase

Corporations

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The rise in interest income leads to a record net profit

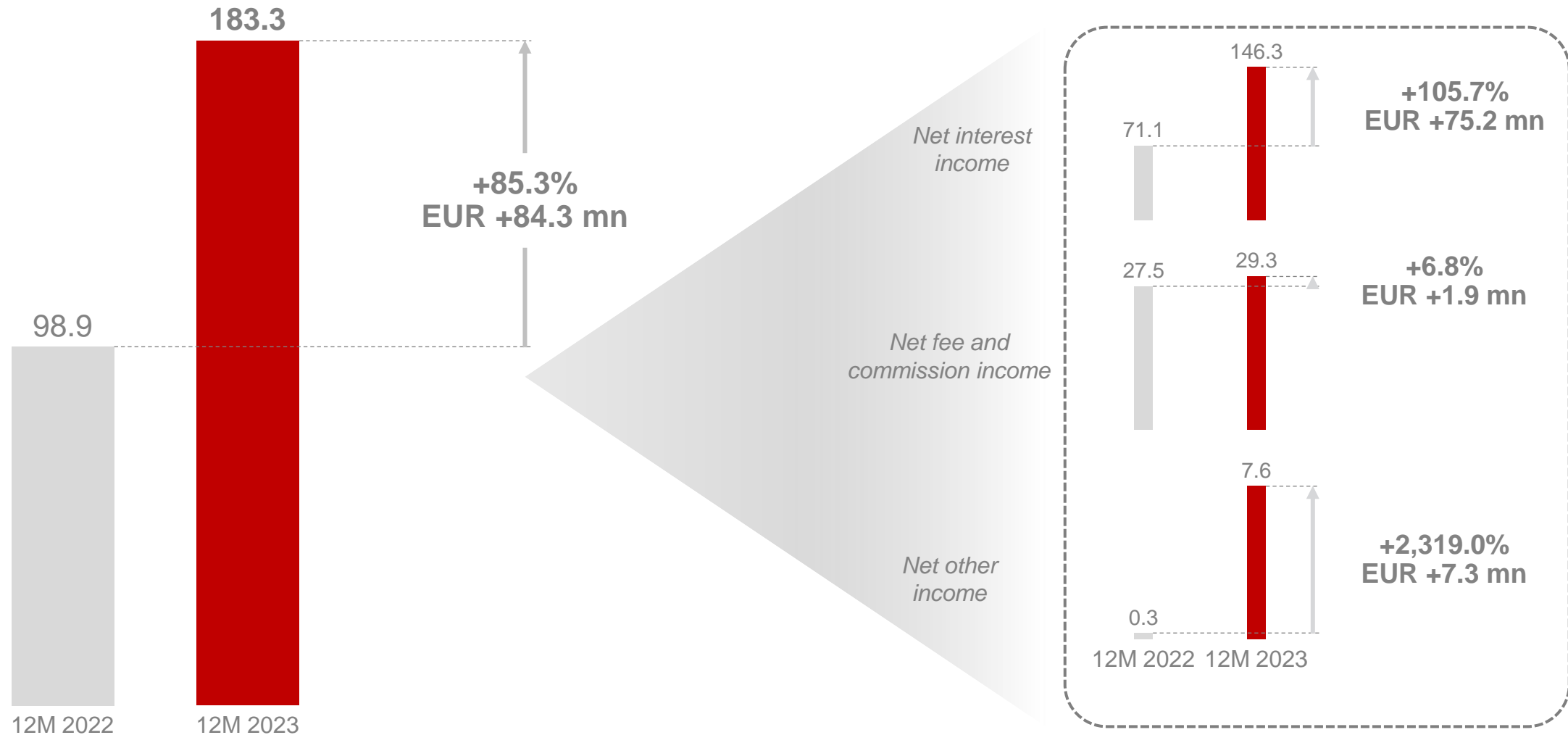
Profit and loss account (EUR mn)	12M 2022	12M 2023 ¹	Y-o-Y	Y-o-Y %
Net interest income	71.1	146.3	75.2	105.7
Net fee and commission income	27.5	29.3	1.9	6.8
Net other income	0.3	7.6	7.3	2,319.0
Operating income	98.9	183.3	84.3	85.3
Employee expenses	(34.7)	(44.2)	9.5	27.4
Administrative expenses	(32.5)	(38.7)	6.2	18.9
Depreciation	(6.5)	(8.7)	2.2	34.2
Operating expenses	(73.7)	(91.6)	17.9	24.2
Operating profit	25.2	91.7	66.5	263.4
Provisions	(4.2)	2.3	6.5	155.4
Tax	(3.4)	(13.4)	10.0	291.3
Profit after tax	17.6	80.6	63.0	358.1

¹ The data in the profit and loss statement for the 12M 2023 include the results of both HPB (1.1.-31.12.) and NHB from the merger date (3.7.-31.12)

- Net interest income is the **key driver of the record growth and net profit level** in the amount of **EUR 80.6 mn**
- A significant increase in interest income caused primarily by an increase in income on deposits with the ECB in line with the movement of the risk-free interest rate during 2023
- The net fee and commission income slightly increased compared to the previous year
- The net other income primarily relates to the gain from the increase in the fair value of the trading portfolio of securities amount to EUR +3.4 mn (compared to EUR -8.6 mn in 2022) and realized one-off net other income in 2023 as a result of legal actions taken in Bank's favor
- Relative increase in employee expenses primarily due to the impact of the merger of NHB in 2023 (from July 3), and to the lesser extent by labor and service price adjustments due to the inflationary environment and other factors
- Administrative expenses in 2023 under the pressure of the merger of NHB, higher expenses for deposit insurance, ubiquitous inflation and implemented project activities
- Provisions under the influence of positive developments in the Bank's performing portfolio and strong collections that mitigated the negative impacts of the NPL portfolio
- A strong increase in income with moderate growth in total expenses resulted in an improvement in the CIR indicator, which in 2023 amounts to 50.0% (2022: 74.5%)

Strong interest income growth

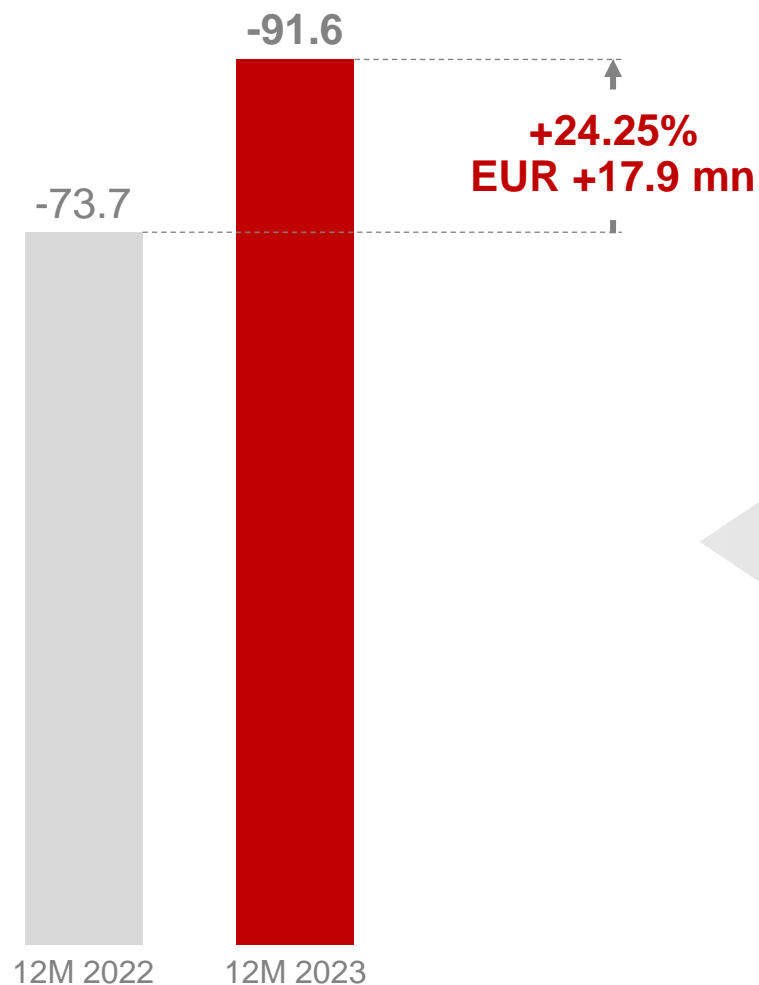
Operating income



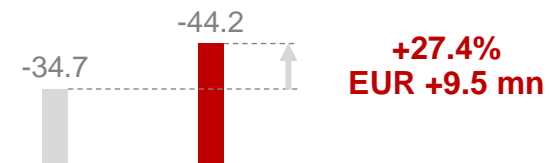
Record operating profit despite market challenges

(integration, post-implementation of the euro and inflationary pressures)

Operating expenses



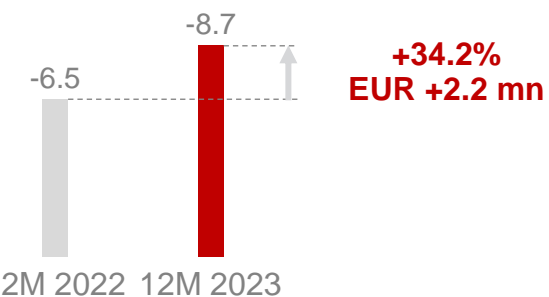
Employee expenses



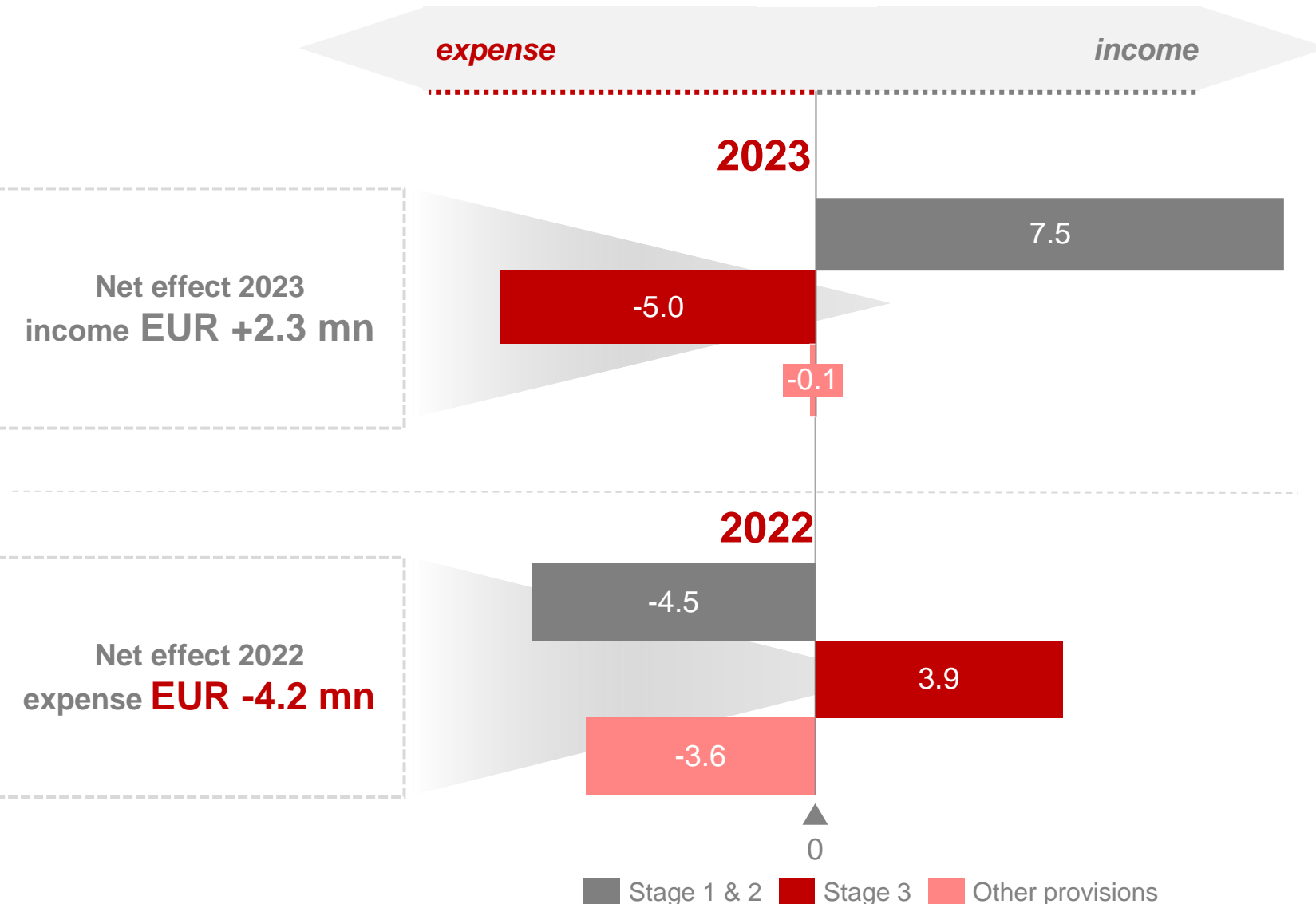
Administrative expenses



Depreciation



Provision structure



- Due to the improvement of the credit quality of the portfolio, positive macroeconomic expectations and the reduction of the Bank's income exposure in 2023, EUR 7.5 mn of provisions for Stages 1 and 2 were released, while maintaining a very high coverage compared to the market
- Provision expenses from the NPL portfolio are in line with expectations. NPL coverage above market average.
- Other provisions mostly refers to legal cases (*including CHF lawsuits*) and have negligible share in total provisions

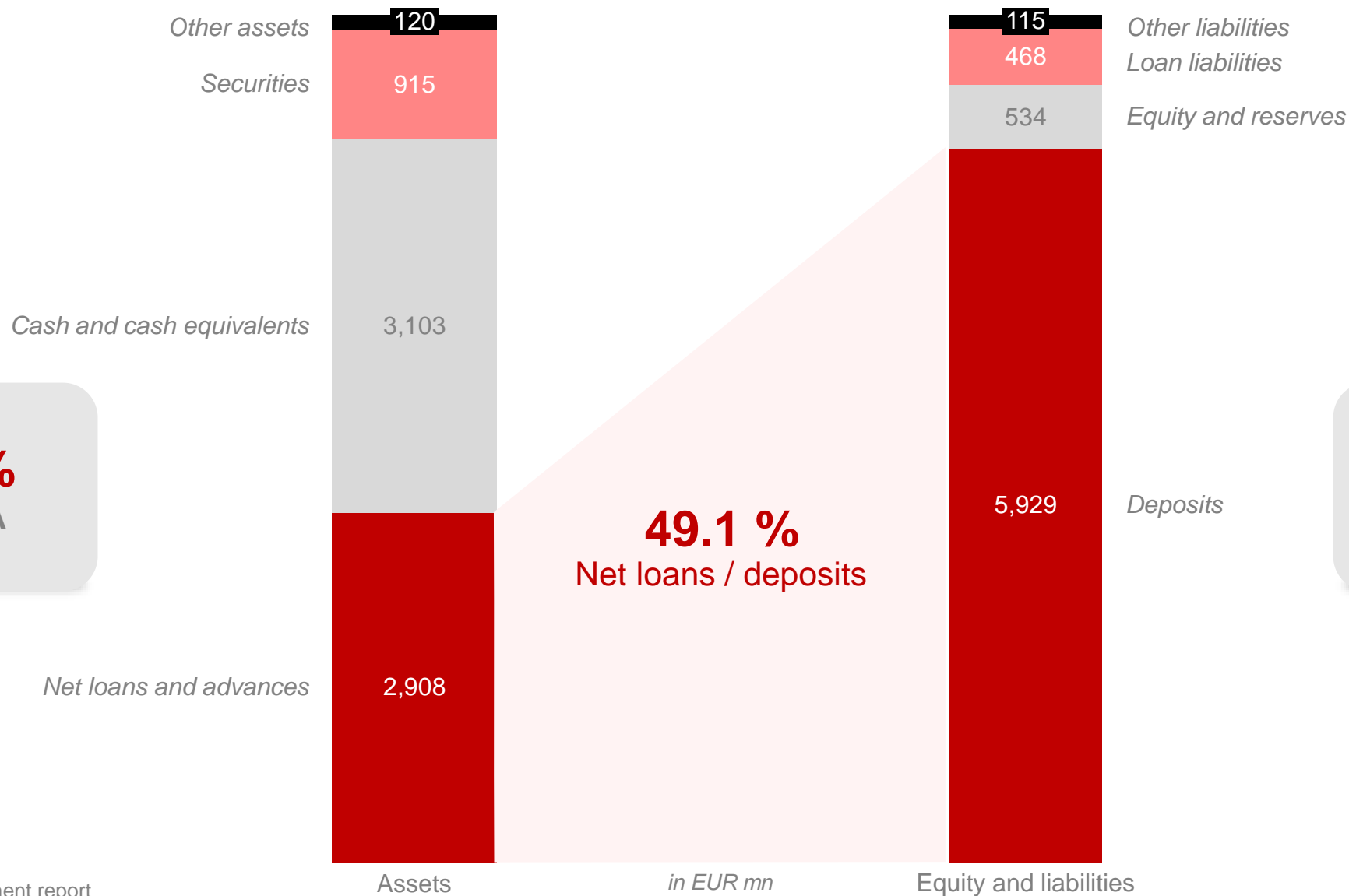
Strategic rise: assets above EUR 7 bn

Balance sheet (EUR mn)	31.12.2022	31.12.2023	YTD	YTD %
Cash and cash equivalents	1,317	3,103	1,786	135.7
Securities	781	915	133	17.1
Net loans and advances	2,104	2,908	804	38.2
Other assets	361	120	(241)	(66.9)
Total assets	4,563	7,046	2,483	54.4
Deposits	3,925	5,929	2,004	51.0
Loan liabilities	227	468	241	105.8
Other liabilities	64	115	52	81.5
Total liabilities	4,216	6,512	2,296	54.5
Total equity and reserves	347	534	187	53.8

- In 2023, the strong growth of deposits continued (+ EUR 2 bn), particularly term deposits that increased 241.5%, primarily due to success of the new product, HPB Super Štednja, which further strengthened the Bank's market share in terms of assets, additionally empowered with merger effects of NHB
- On the asset side, the inflows are reflected in the cash and cash equivalents position (+ EUR 1.8 bn), with a simultaneous growth of credit portfolio partially influenced by merger effects of HNB and slight growth of the securities portfolio associated with investment in the securities of the Republic of Croatia
- Loan liabilities refer to received loans from financial institutions (HBOR, CNB repo loans and foreign financial institutions) and MREL instruments that the Bank started contracting in 2022. The increase in the volume of these instruments in 2023 contributed to the growth of this position

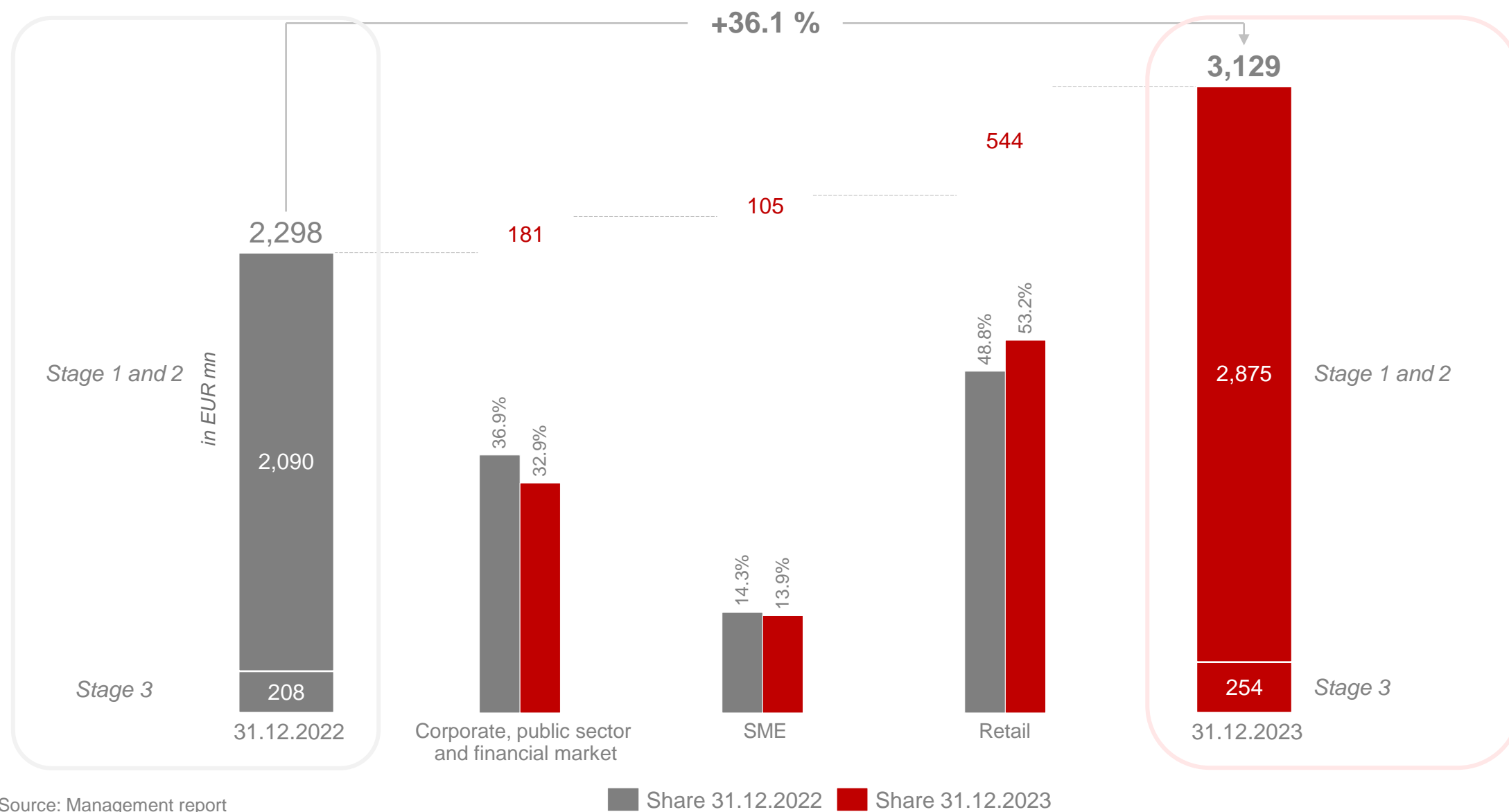
A significant increase in deposits strengthened the client base

31.12.2023



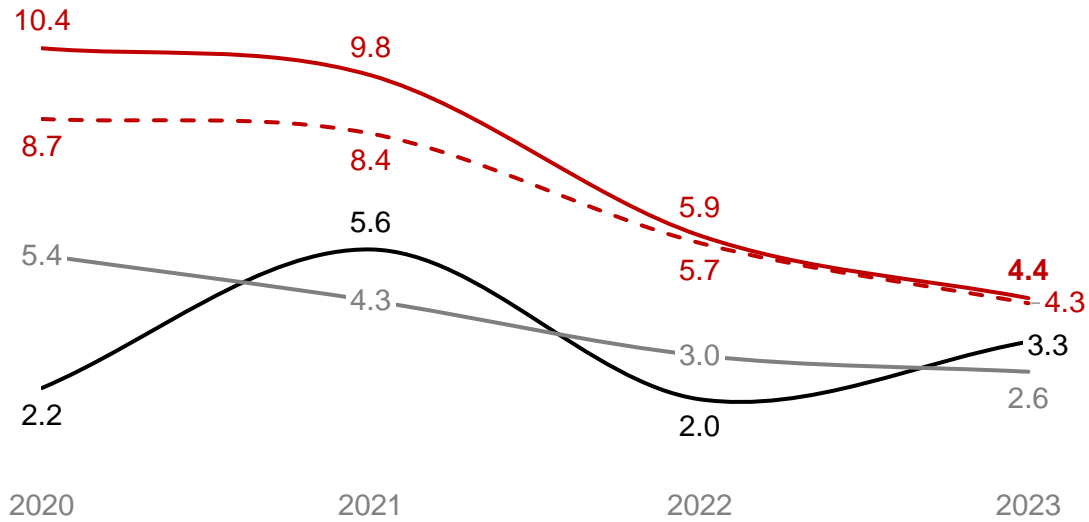
Gross loan portfolio

Stable dispersion by segments



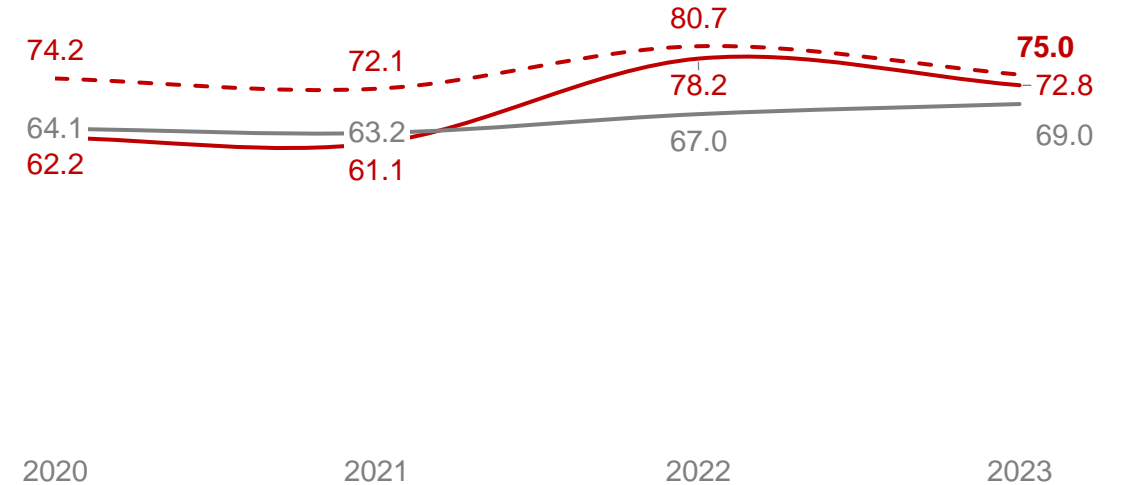
Significant improvement in NPL ratio

NPL ratio, %



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

NPL coverage, %

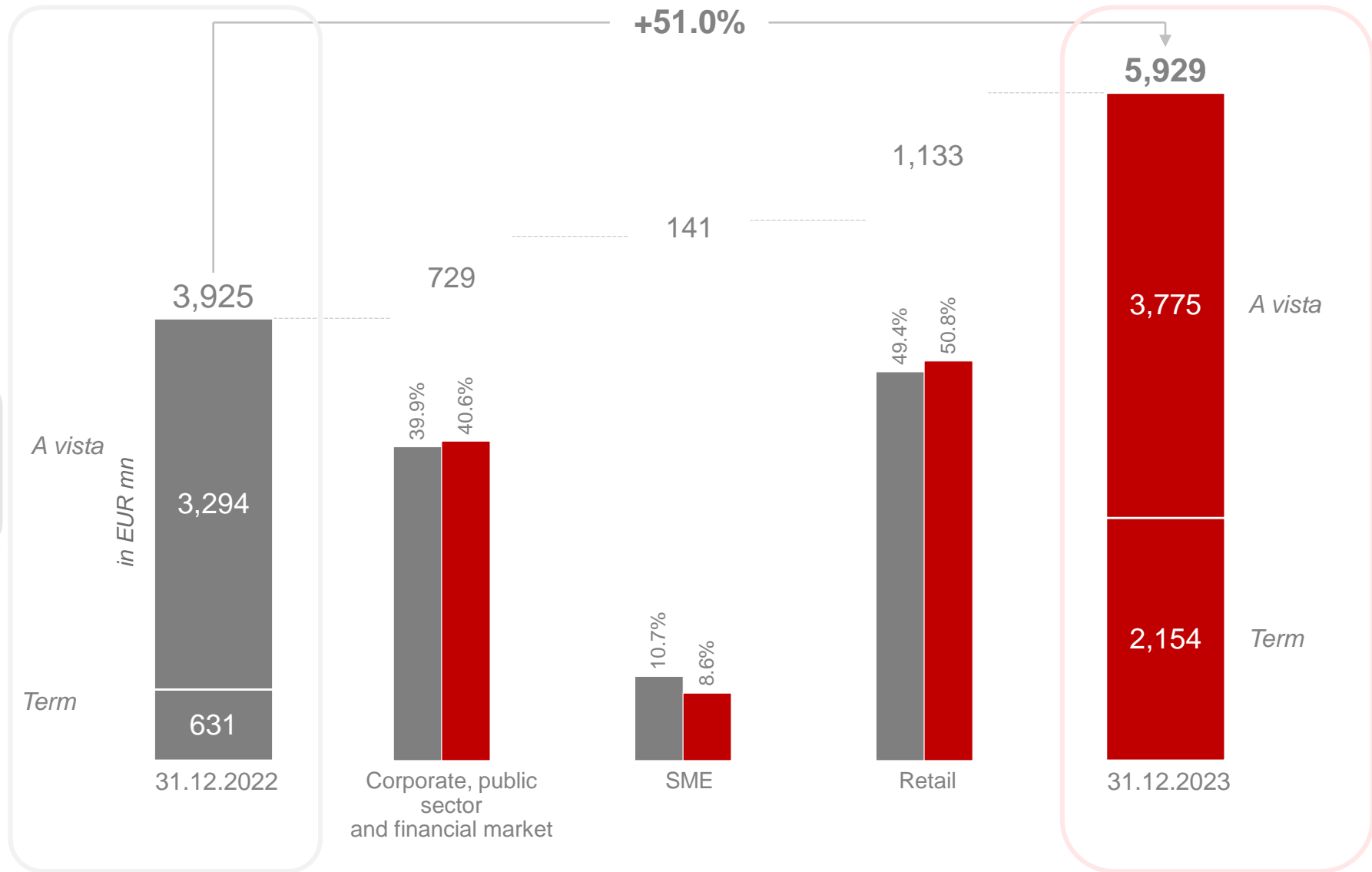


- NPL coverage
- - NPL coverage - excluded gov. guarantees
- Market NPL coverage

- According to effective collection activities and asset growth, **NPL ratio shows a record-best result in the Bank's history**. This, along with the recovery of a part of the portfolio and successful management of NPLs, further confirms and contributes to the overall multi-year success in reducing the NPL level
- **Coverage of NPL still above the level of the sector average** (December 31, 2023: 69.0%)

Exceptional growth in deposits with robust liquidity

181.3%
LCR
2022



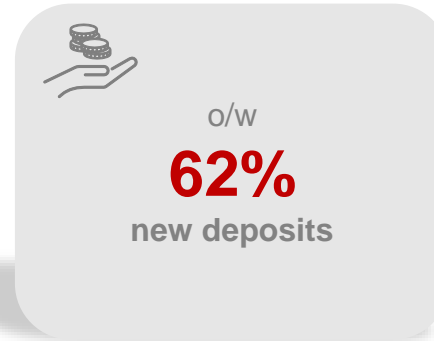
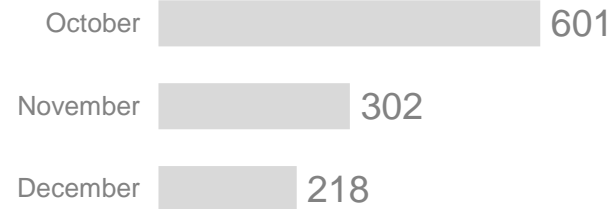
254.5%
LCR
2023

■ Share 31.12.2022 ■ Share 31.12.2023

HPB Super Štednja - hit on the market and a magnet for new clients

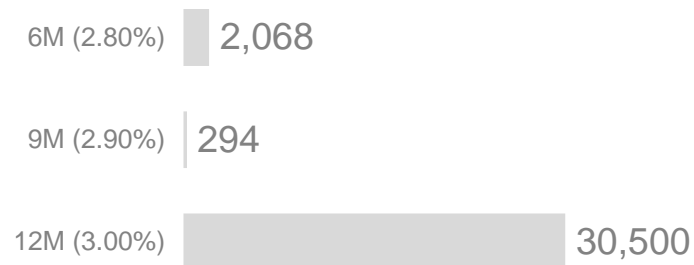
**EUR
1,121 mn**
total term
deposits

Contracted deposits per month (EUR mn)
31.12.2023



32,862
no. of
contracted
deposits

No. of contracts based on maturity and interest rates
31.12.2023



- Revitalized and strengthened client base
- The outflow of deposits during the issuance of treasury notes has been minimized → **goal to retain clients**



Super štednja

Super štednja 2

- **The latest attractive savings offer from January 1, 2024**
- The strategy focuses on **retaining existing clients and attracting new ones.**

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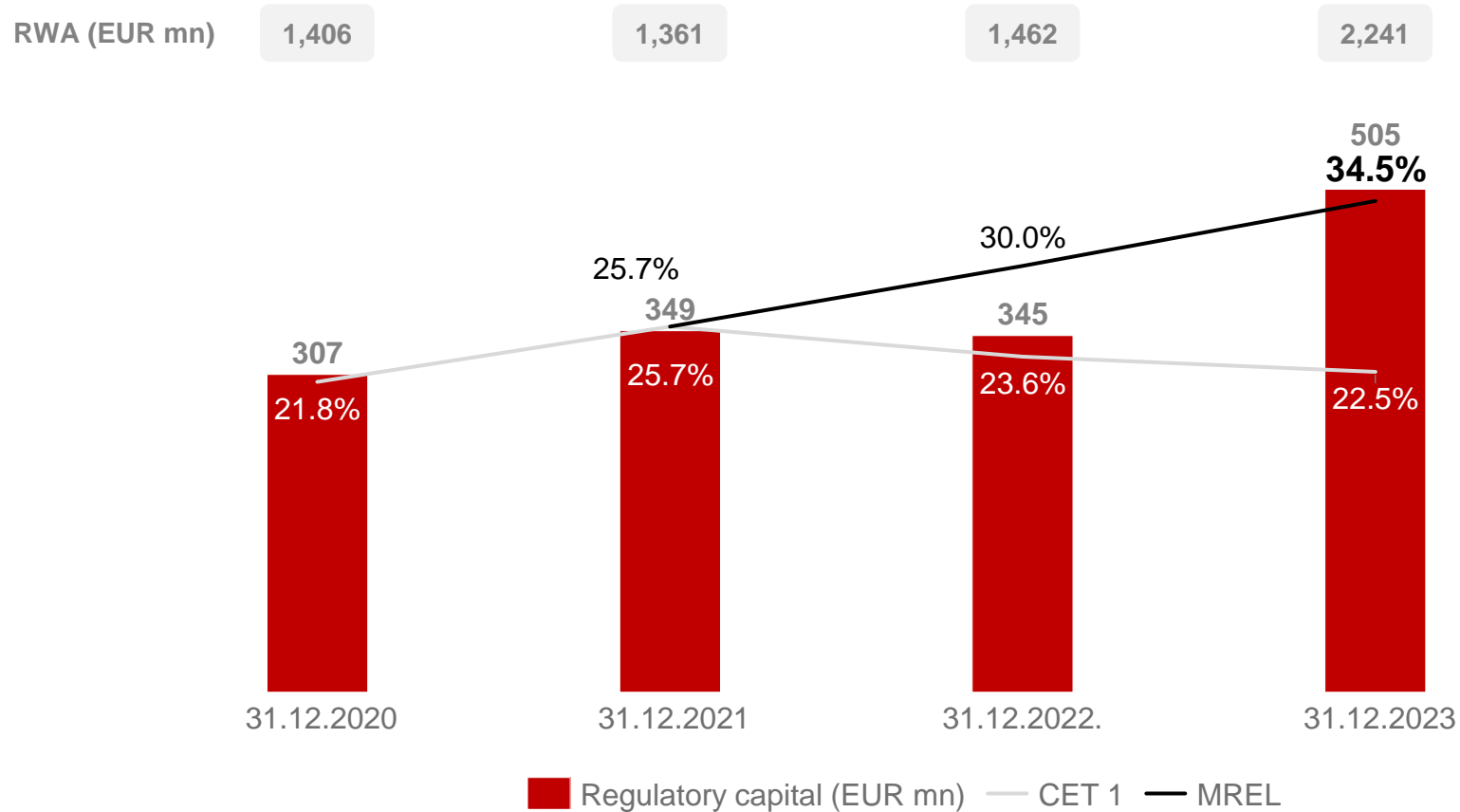
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Continuously strong capital position

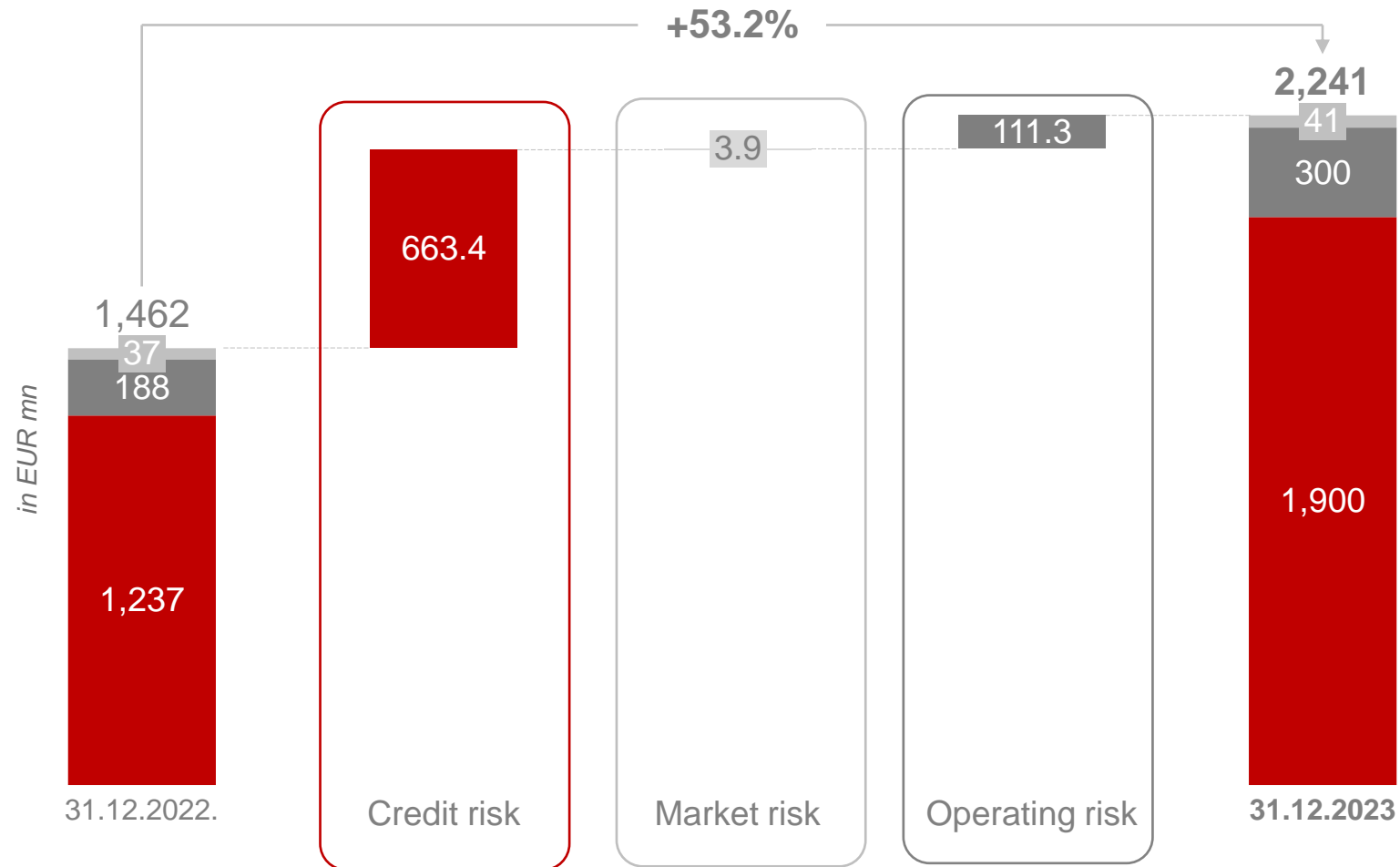


34.5%
MREL realization

27.58%
MREL regulatory requirement
31.12.2023

- Regulatory capital adequacy ratio (CAR) under the influence of regulatory capital growth (profit)
- The regulatory MREL requirement as of **January 1, 2024, is 30.81%**. Due to increase in the countercyclical buffer, it is raised by 0.5%, reaching a total of **31.31%**, effective from **June 30, 2024**

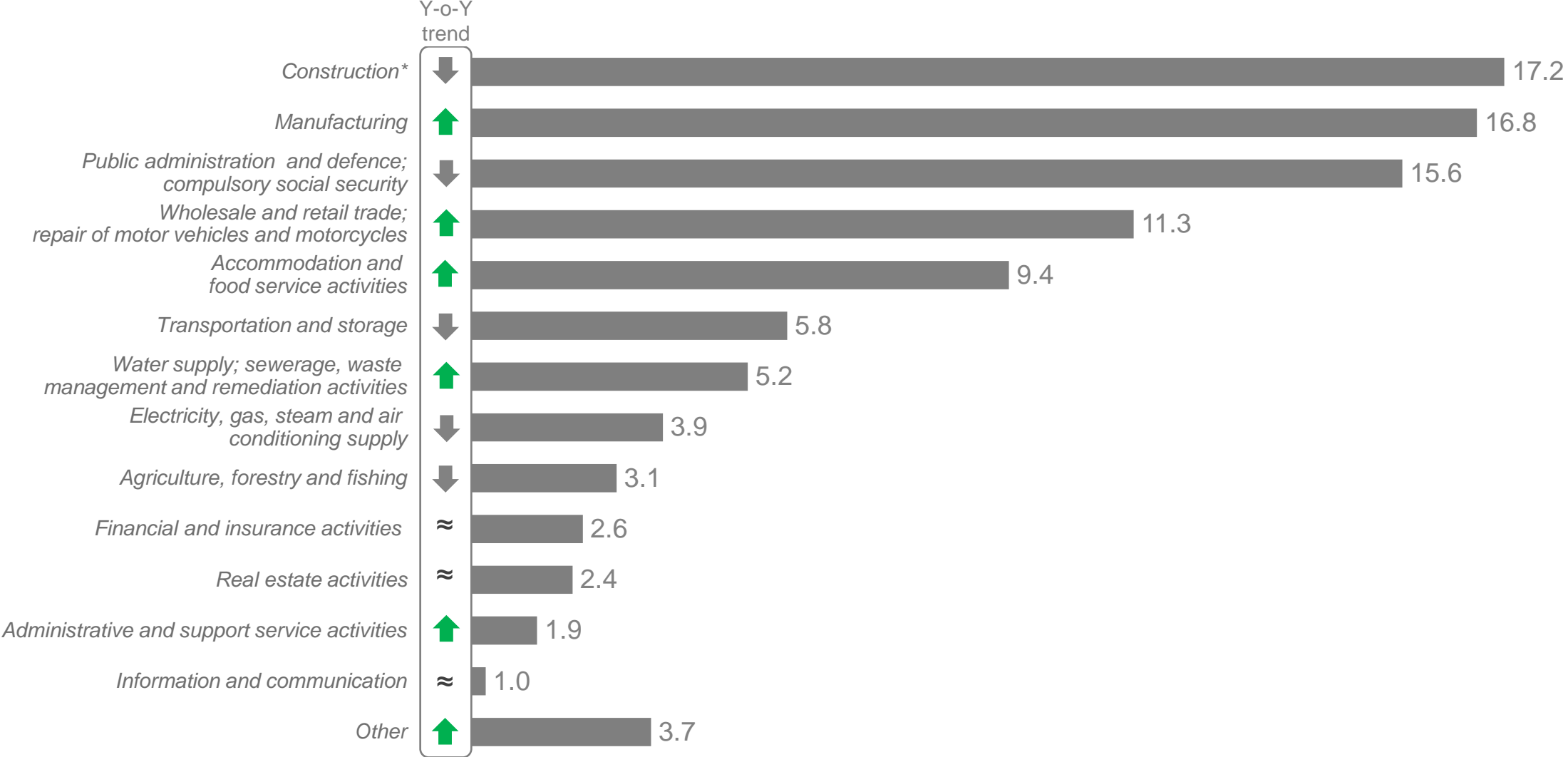
RWA development



HPB monitors and supports development of the Croatian economy

Corporate gross loans per industry, %

31.12.2023



* Hrvatske autoceste are included in construction industry, with a share of 53.32% of the total exposure to that industry

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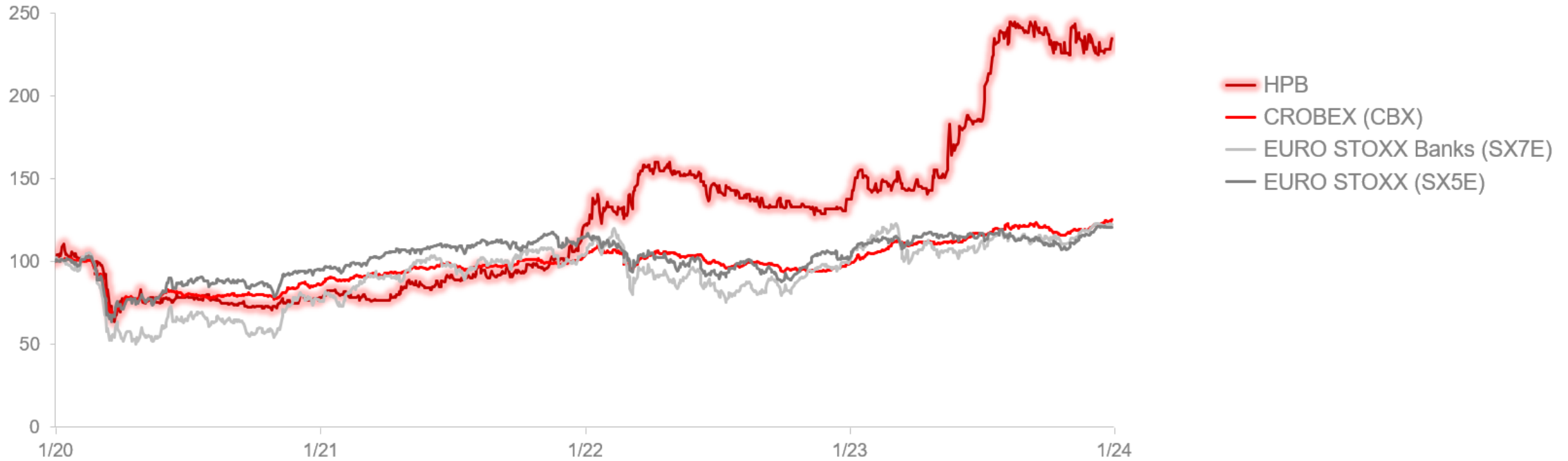
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Significantly faster growth of the share value than the market

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



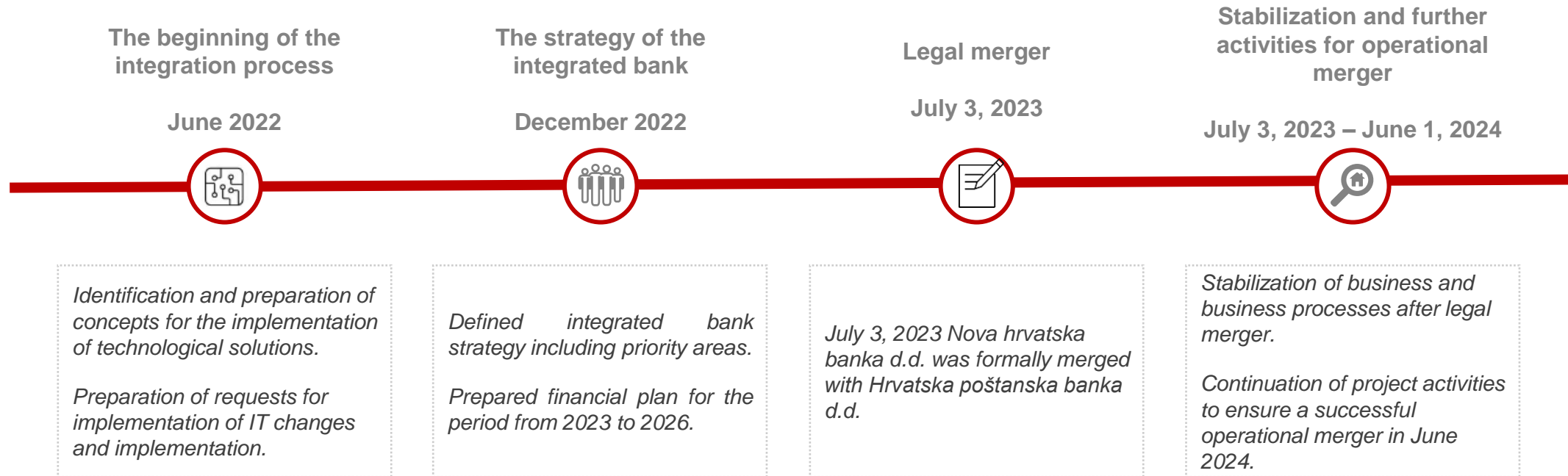
Dividend payment on June 24, 2024 in the amount of EUR 2.61 per share

HPB award winner:



- ZSE - **The share with the largest price increase** in 2023
- PwC - **Recognition for the greatest progress in building public trust** in 2023
- HRIO - **Award of the Croatian Sustainability Index in the Environmental Management category** for 2023
- ZSE - **Stock with the highest turnover** in 2022
- HANFA and ZSE - **Highest compliance with the corporate governance code on the ZSE Official Market** in 2021

Completion of NHB integration



Sustainable and socially responsible business (ESG)

ESG factors and goals

Sustainable business is one of the strategic pillars of the development of HPB

ENVIRONMENT

Climate change
Greenhouse gas emissions
Sustainable resource utilization
Waste and pollution
Preservation of biodiversity



SOCIETY

Working conditions
Human and child rights
Health and safety
Diversity and inclusion
Employee and community relations



GOVERNANCE

Remuneration policy
Bribery and corruption
Conflict of interest
Political lobbying
Diversity of the governing body



Although it supports all 17 global goals, considering its business model, the Bank recognizes its greatest impact in the following goals:

3 HEALTH AND WELL-BEING



5 GENDER EQUALITY



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



12 SUSTAINABLE CONSUMPTION AND PRODUCTION

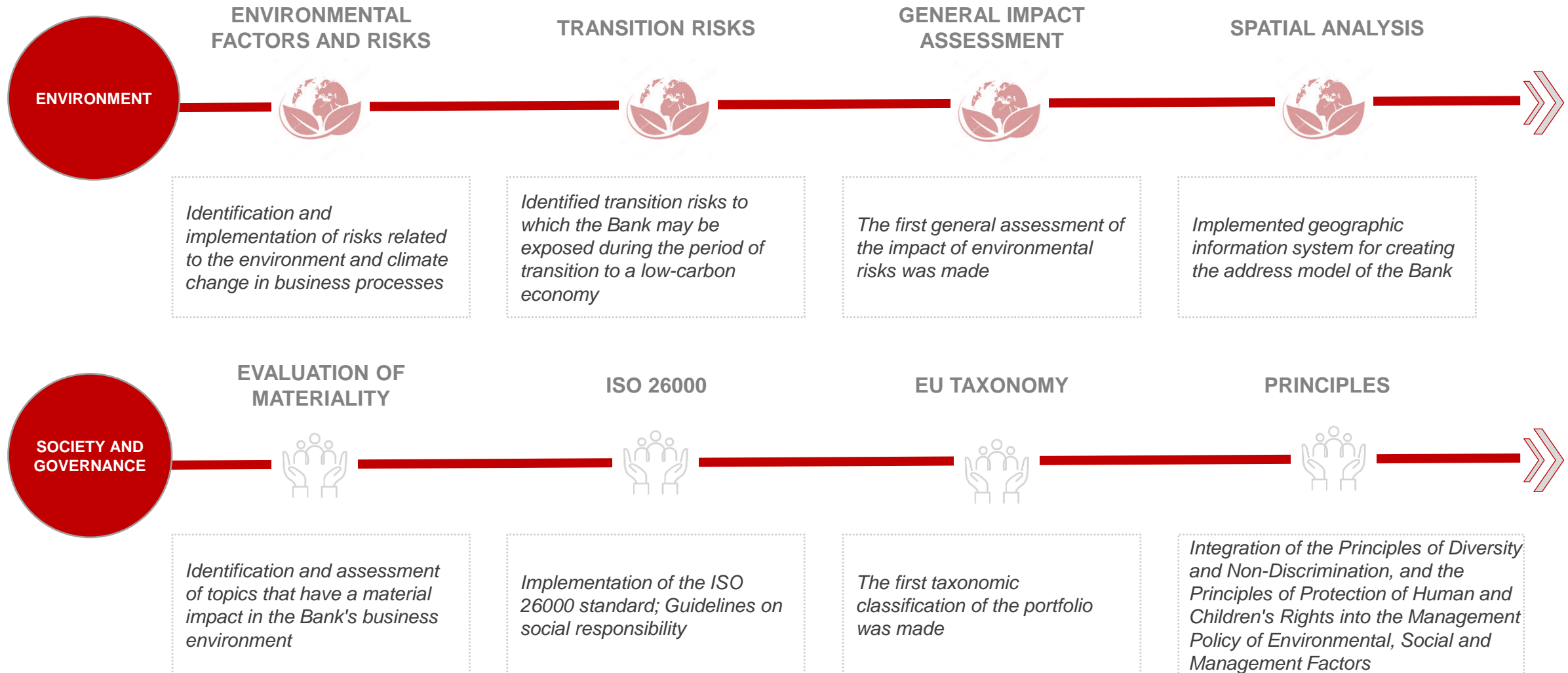


13 CLIMATE ACTION



Sustainable and socially responsible business (ESG)

Key activities in transitioning to a low-carbon economy



Sustainable and socially responsible business (ESG)

Key activities in the transition to a low-carbon economy – focus in 2024.



Assessment of dual materiality



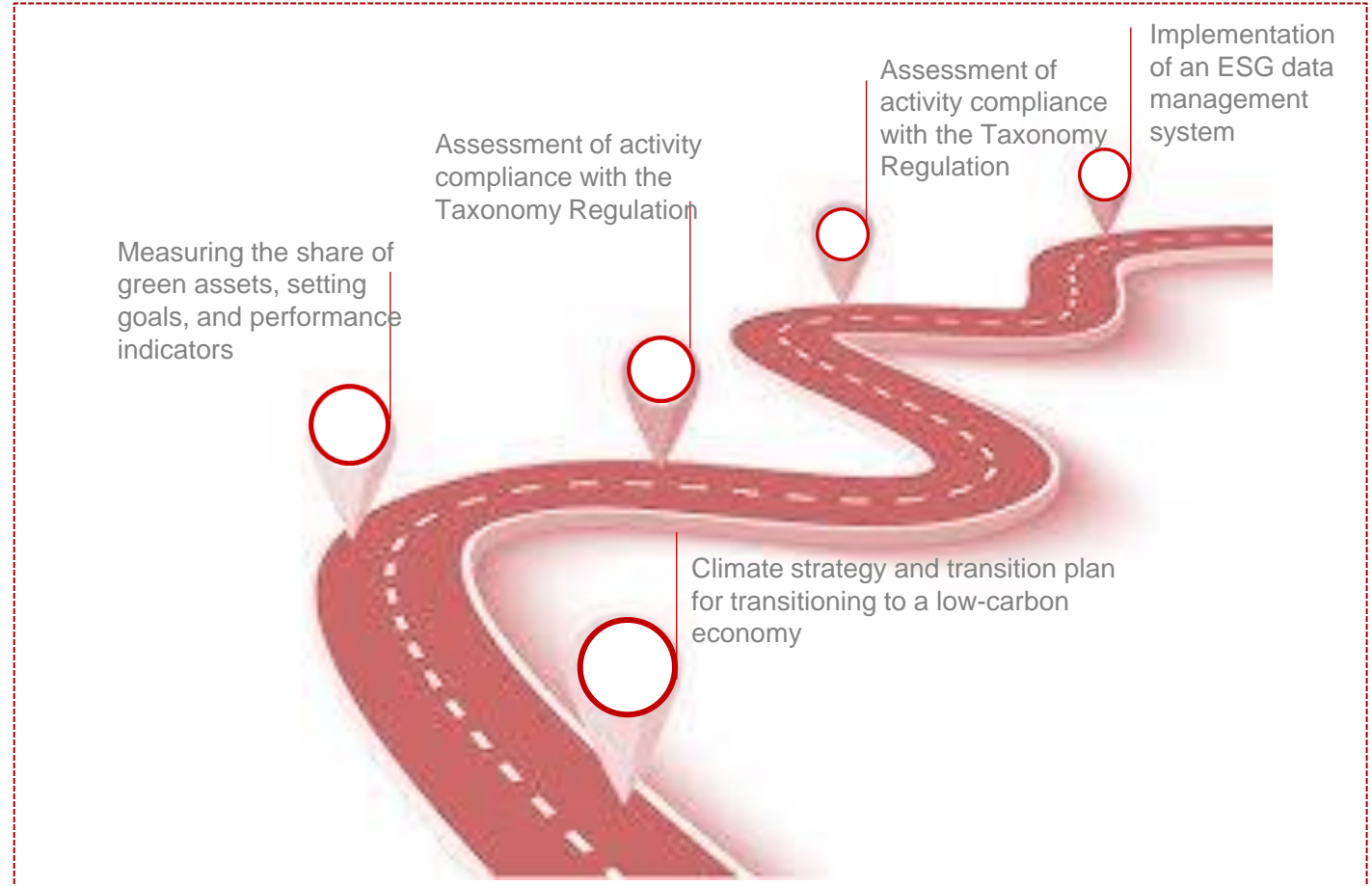
Development of sustainable products



Implementation of new reporting standards according to the Corporate Reporting Directive



Portfolio Transformation and Long-Term Sustainability - Long-term financing for sustainable growth and contributing to the creation of a low-carbon, climate-resilient, and circular economy



Abbreviations

Abbreviation	Definition
CBRD	Croatian Bank for Reconstruction and Development
CET 1	Common Equity Tier 1
CHF	Swiss Frank
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
NHB	Nova hrvatska banka
NPL	Non-Performing Loans
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RWA	Risk-Weighted Assets
Stage 1 and 2	Performing Loans
Stage 3	Non-Performing Loans
Y-o-Y	Year-over-Year
YTD	Year to Date

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

