



HRVATSKA POŠTANSKA BANKA

# **HPB d.d. Q4 2020**

Investor information and unaudited  
Financial statements

# 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. (hereinafter referred to as the Bank or HPB p.l.c.) and its activities and is supplied in summary form and therefore not necessarily complete.
- This presentation may include information and data derived from publicly available sources that have not been independently verified, therefore HPB p.l.c. 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.
- Contained statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions therefore, when making decisions based on predictions of future uncertain events, the investors and/or others should carefully consider such factors and other uncertainties and events.

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. publishes unaudited financial statements for the period from January 01 to December 31, 2020.

Original and official quarterly report is published in Croatian.

The report includes:

- Management report of Hrvatska poštanska Banka p.l.c.,
- Statement by persons responsible for compiling the report,
- Unaudited set of unconsolidated financial statements (balance sheet, profit or loss statement, statement of changes in equity, cash flow statement), and
- Notes to the financial statements.

Financial statements and notes have been compiled in accordance with instructions defined in Rulebook on format and content of interim financial reports of issuers (NN 114/2018).

# **1 Executive Summary**

## **2 Macroeconomic environment**

## **3 Financials**

## **4 Risk Management**

## **5 Appendix**

# HPB at a glance

## Bank of the people

- Our 2020 loan growth determined by macroeconomic situation influenced by COVID-19 (**capital light lending**);
- **Strategic cooperation with Hrvatska pošta** allows us to reach even our most remote customers.

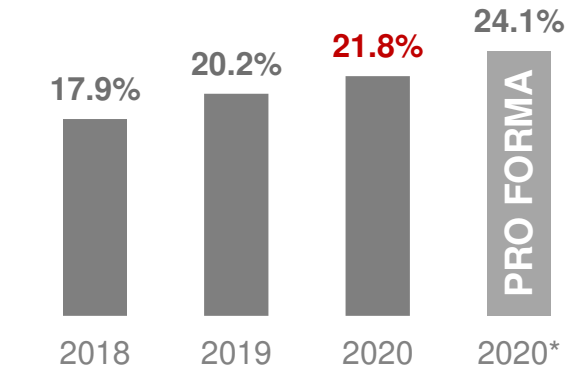
## Resilience through hardships

- We **adapted our products and services** to address earthquakes and the pandemic;
- We adapted to **remote work**, ensuring the necessary resources for our employees;
- We also **donated** HRK 1 mn to the City of Petrinja;
- We **fortify** our position by harnessing efficiencies in our **risk and interest profile**.

## Geared for sustainable growth

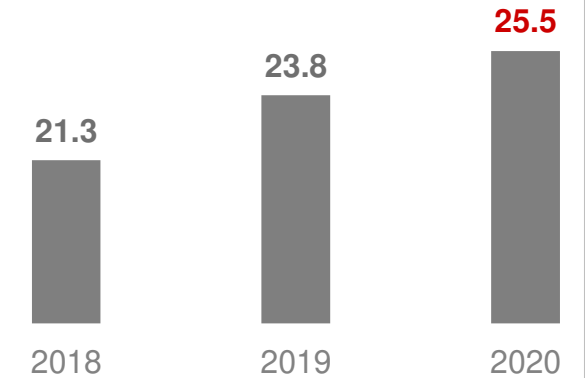
- We stand on the **strongest capital position in our recent history**;
- We **improved our loan portfolio quality**;
- We **strengthened our market position**.

### CET 1 %

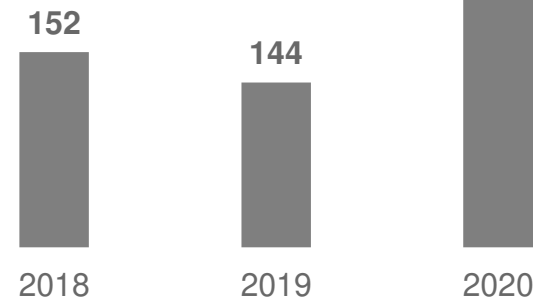


\* Pro forma CET 1 ratio with inclusion of FY20 net profit

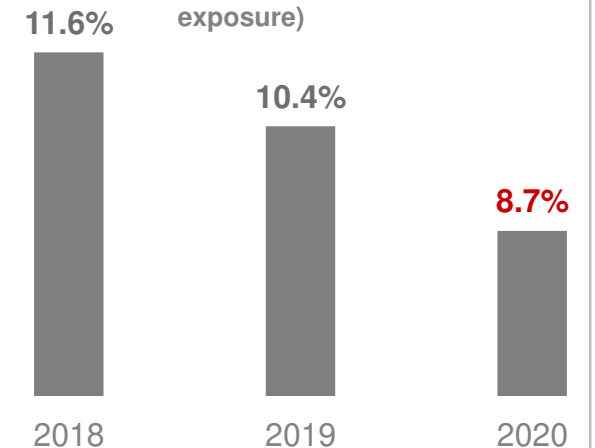
### Total assets (HRK bn)



### Net profit (HRK mn)



### NPL % (excluding 100% gov. guaranteed exposure)



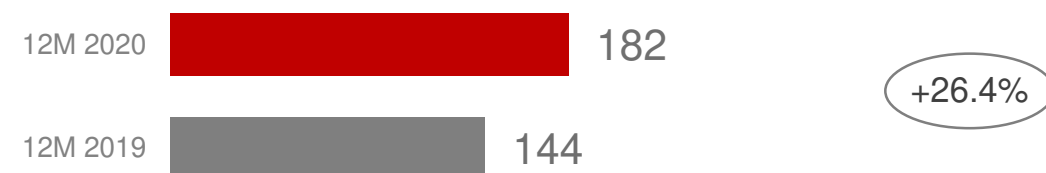
# Key Financials 2020

## Operating profit (in HRK mn)



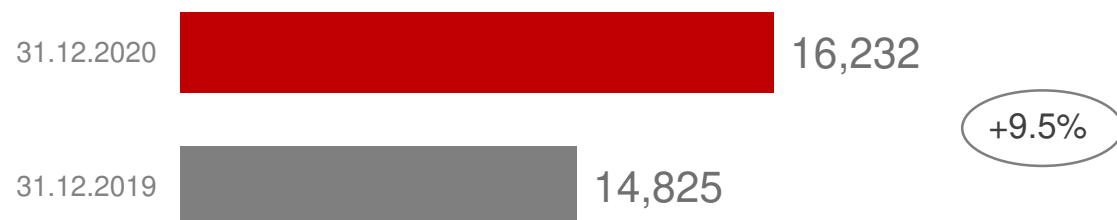
Operating profit down on COVID-driven reduction in net fee income

## Profit after tax (in HRK mn)



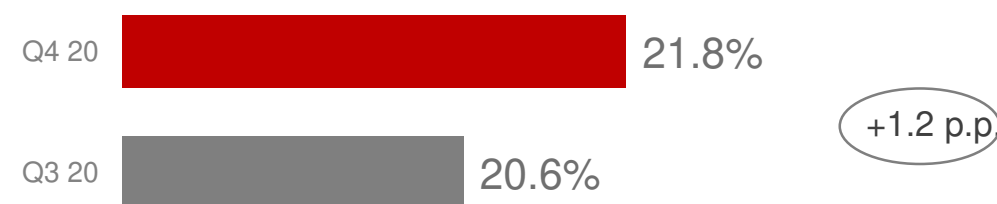
Profit after tax up on legal provisions reversal

## Gross loans (in HRK mn)



Capital-light lending drives growth

## CET 1 capital ratio (in %)



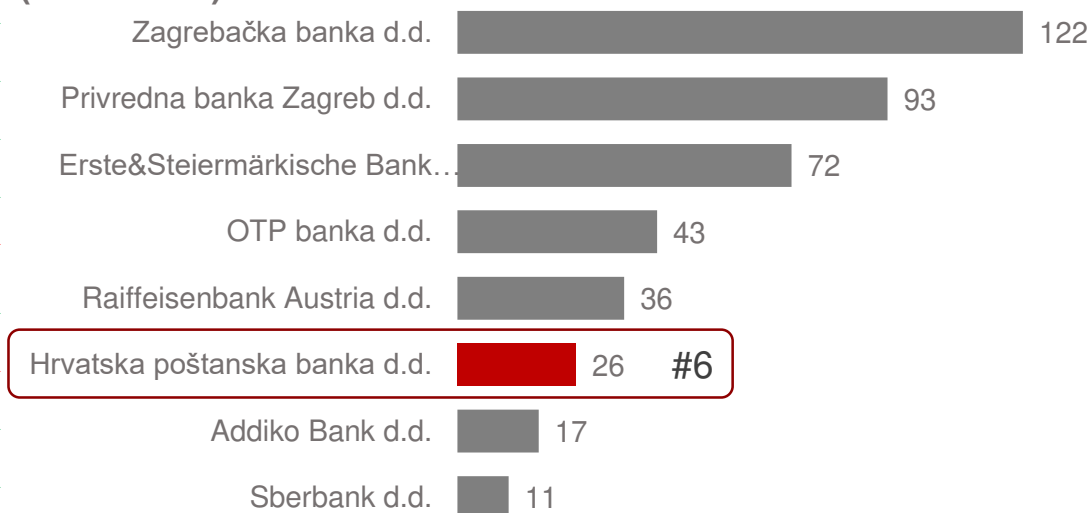
Strongest capital position in our recent history  
Pro forma CET1 at end 2020 at 24.1%

# Robust Performance in 2020

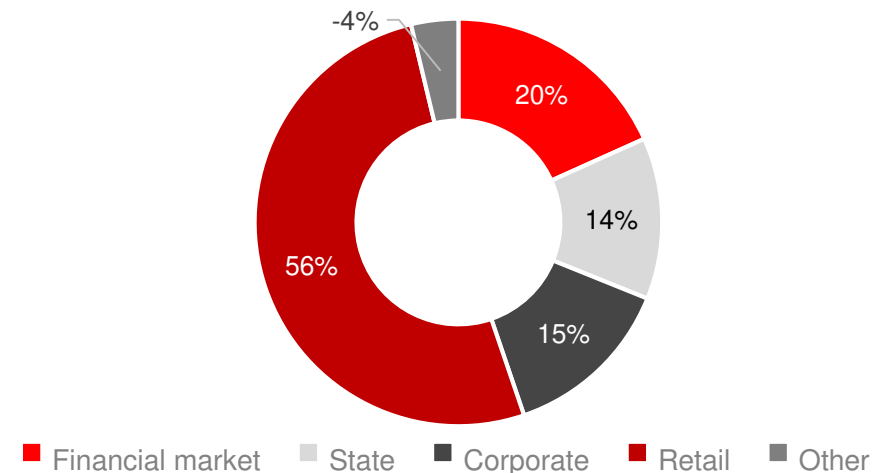
		2017	2018	2019	2020	
Assets	HRK mn	19,799	21,256	23,844	<b>25,500</b>	▲
Net loans to customers	HRK mn	10,963	11,009	13,341	<b>14,725</b>	▲
Deposits	HRK mn	16,951	18,371	20,069	<b>21,214</b>	▲
Equity	HRK mn	1,905	2,003	2,370	<b>2,473</b>	▲
Income	HRK mn	1,276	1,173	1,227	<b>1,121</b>	▼
Net profit	HRK mn	8	152	144	<b>182</b>	▲
Cost-to-income ratio	%	54.4	60.1	61.5	<b>64.1</b>	▲
Return on equity (ROE)	%	0.4	7.6	6.1	<b>7.4</b>	▲
CET 1 capital ratio	%	18.1	17.9	20.2	<b>21.8</b>	▲
NPL ratio	%	12.8	11.7	10.8	<b>10.4</b>	▼
NPL ratio excl. 100% gov. guaranteed exposure	%	12.8	11.6	10.4	<b>8.7</b>	▼
NPL coverage	%	61.1	67.3	67.5	<b>62.2</b>	▼
NPL coverage excl. 100% gov. guaranteed exposure	%	61.1	67.3	70.0	<b>74.2</b>	▲

- Steering of risks is based on prudent assessment of primary risk but with having in mind the complete risk profile
- Cost reduction measures impeded by earthquake damages

Market share by total assets as of 30.9.2020 (in HRK bn)

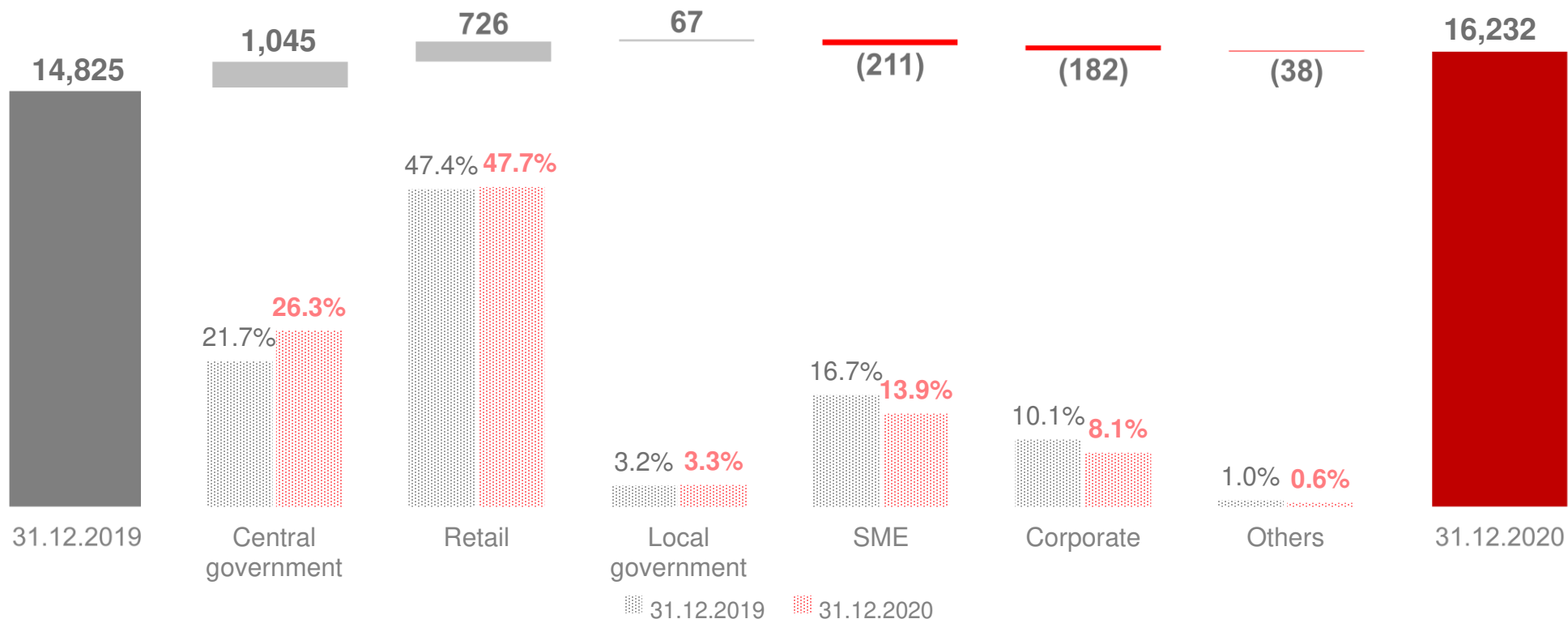


Composition of Net profit as of 31.12.2020



# Gross loans development

Gross loans (in HRK mn)

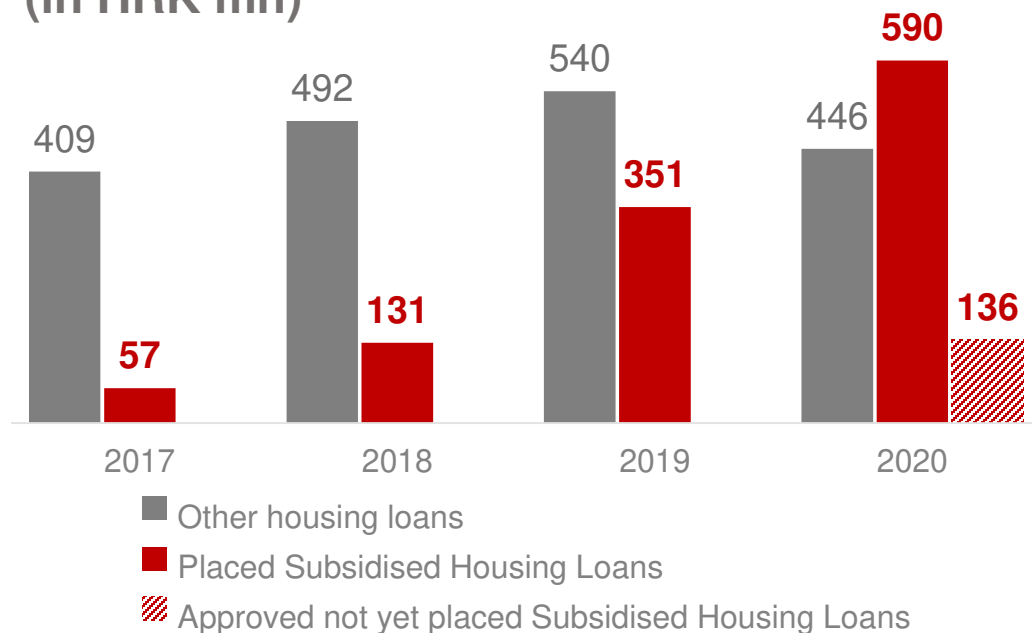


- Lending in 2020 was focused on central government, retail and government support transactions;
- Overall market situation and selective growth with high-quality customers led to net reduction in the SME & Corporate segments.

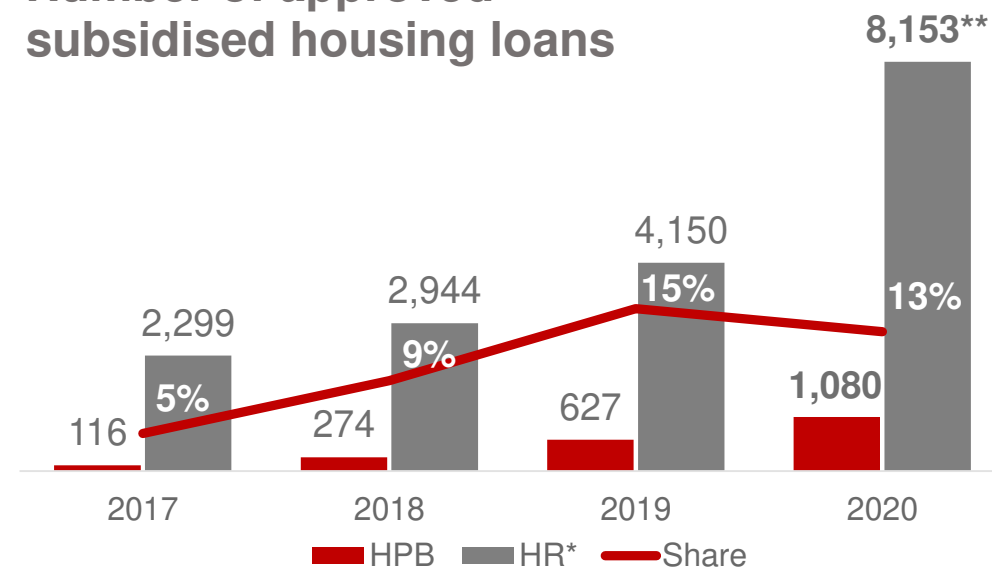


# Subsidised Housing Loans

Housing loans volume  
(in HRK mn)



Number of approved  
subsidised housing loans



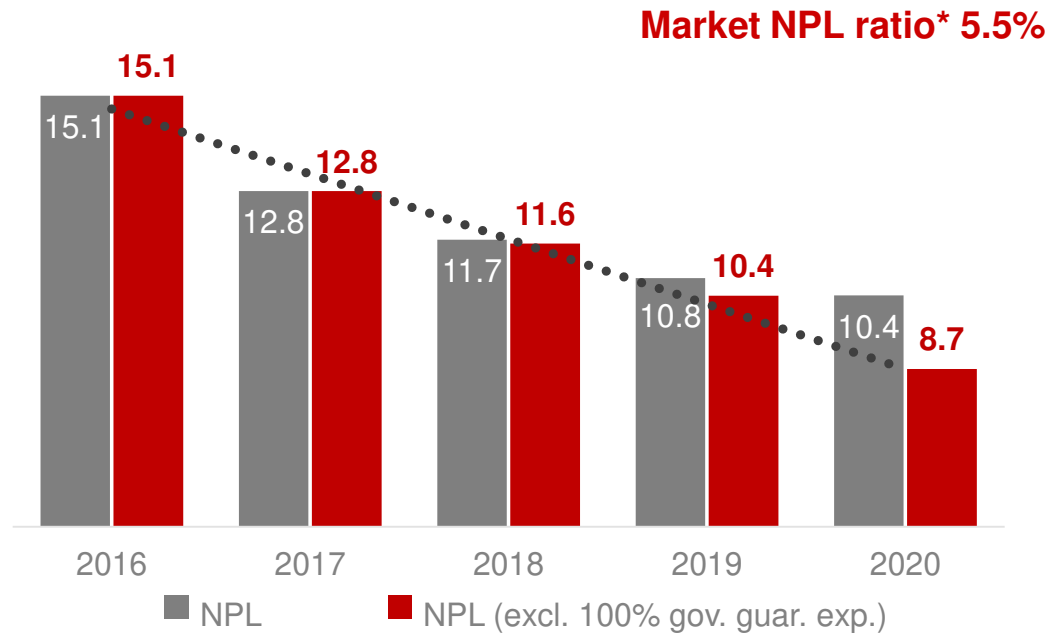
- HPB financed HRK 1.1 bn in 2020, or 12% of the total volume of subsidised housing loans in Croatia in a period 2017 - 2020;
- Through this product, HPB attracts young, highly educated, and active clients (80% of subsidised housing loan clients are new to Bank).

\* Source <https://mgipu.gov.hr/>

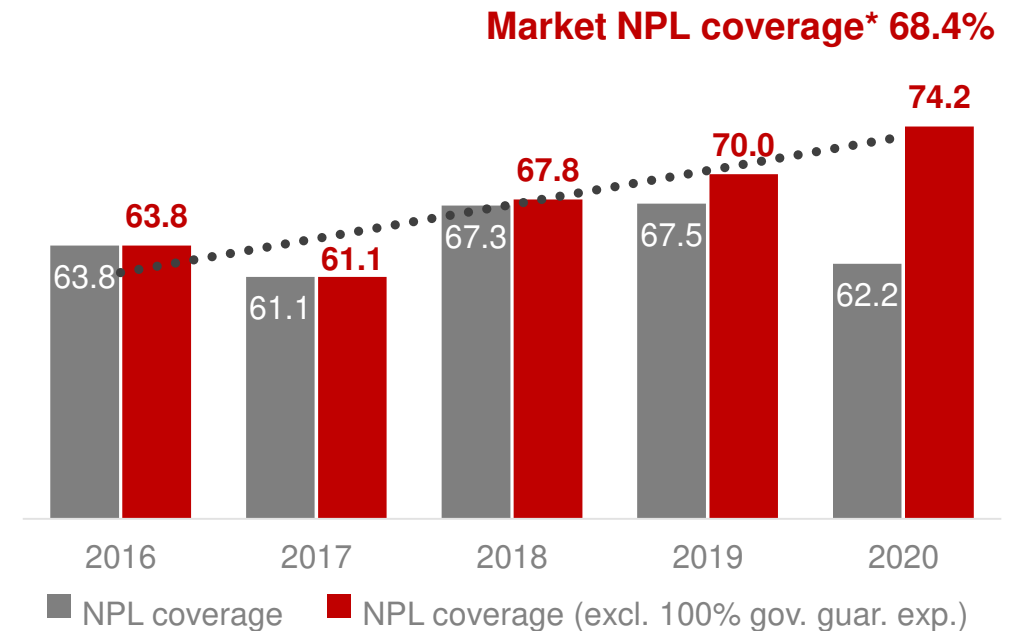
\*\* Data of collected requests as of 26.1.2021

# Portfolio quality improves

## NPL ratio development (in %)



## NPL coverage development (in %)



- Material difference in NPL ratio with or without exposure that is 100% government guaranteed;
- Overall NPL share decreased due to collection activities and capital light performing loans growth despite:
  - strong COVID-19 impact and
  - AQR new default entries.

# Business development in the channel of Hrvatska Pošta d.d.

## History of outsourcing

2011

2015

2020

2021

TO BE

Outsourcing of payment operations

Outsourcing of consumer lending

Outsourcing of payment operations – corporate

KYC online

Outsourcing of foreign exchange business

Post-sale contact

New framework agreement on strategic partnership and outsourcing

Outsourcing of payment operations – corporate (second, third and fourth phase)

KYC online (second and third phase)

**Strengthening HPB / HP business collaboration** and harnessing HP's potential as an acquisition tool

Continuous focus on increasing market share and non-interest income

**OBJECTIVES: To become the most accessible bank on the Croatian market in physical channels**

**To provide the best service to cash-intensive customers harnessing the potential of cooperating with Hrvatska pošta as strategic partner**

Retail – opening account

Retail - cash payment operations

Outsourcing of a part of credit business, ie consumer lending to the HP channel

Opening business accounts and related services (first phase)

Introduction of new online functionality: opening and changes on client and account data (first phase)

Outsourcing of foreign exchange business- retail

Implementation of post-sale contact in HP channel

Replacement of framework agreement on strategic partnership and outsourcing in part of payment and other operationd of HPB d.d.

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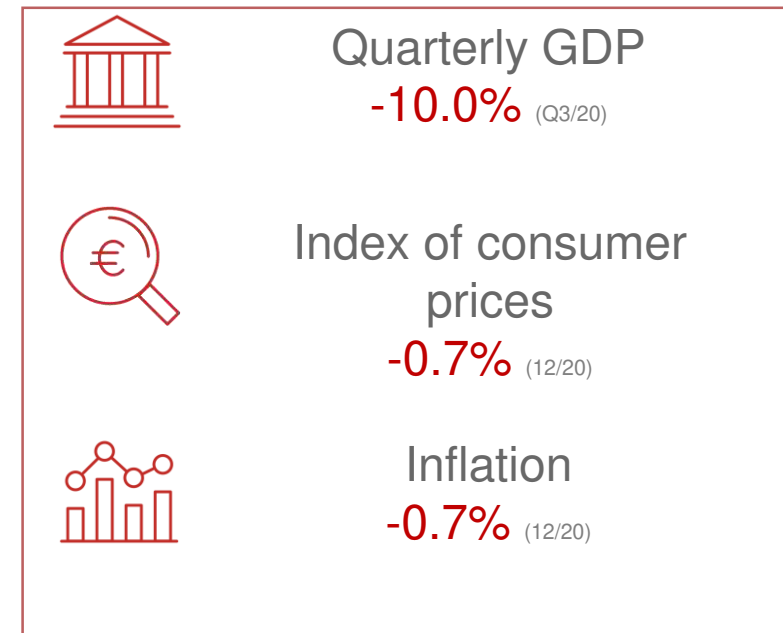
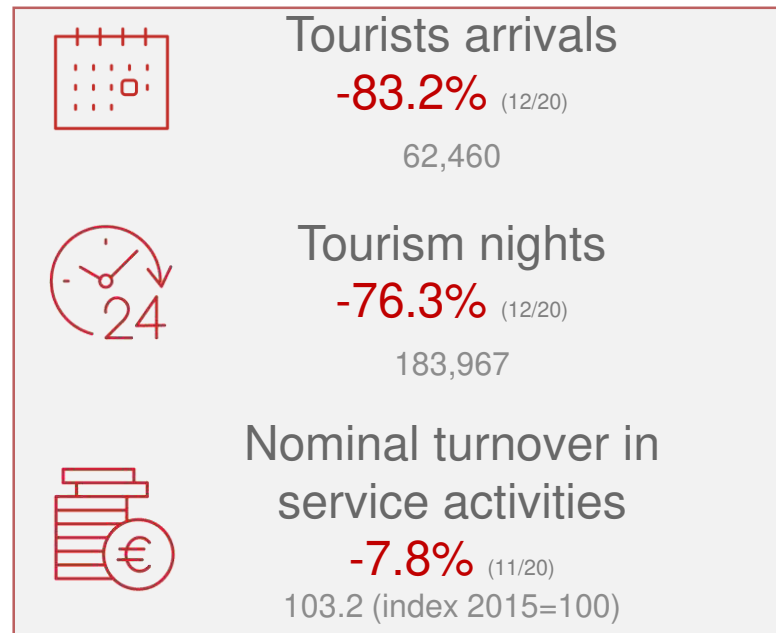
4 Risk Management

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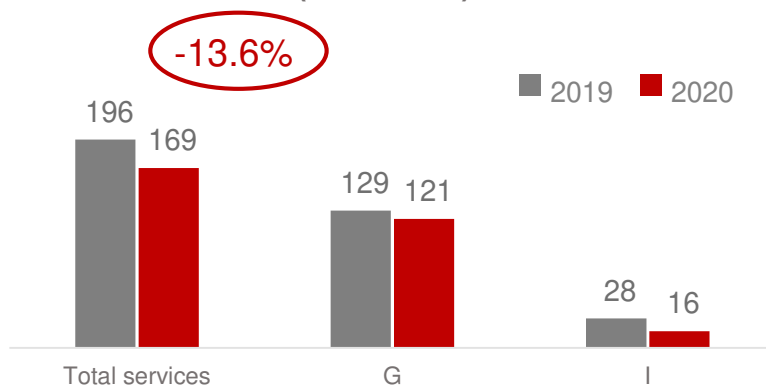
5 Appendix

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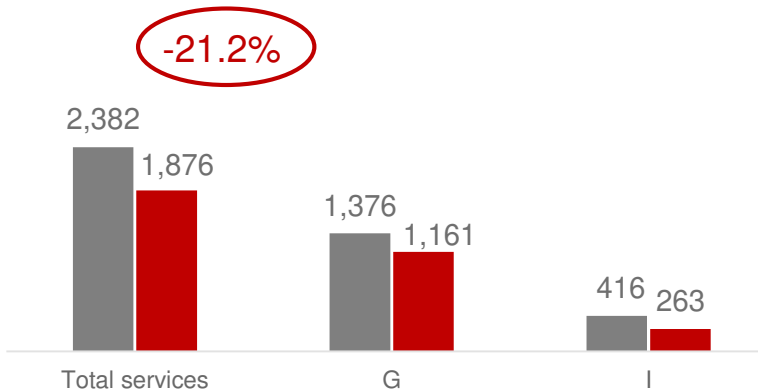
# Socioeconomic indicators (y-o-y)



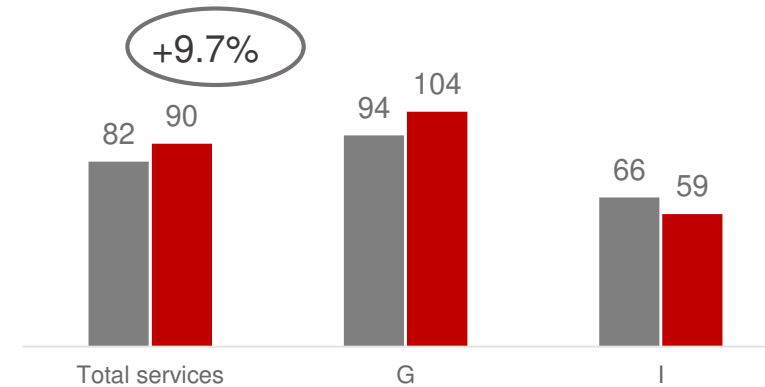
Account balance\* (in HRK bn)



Number of accounts\* (in mn)



Average account balance\* (in HRK)



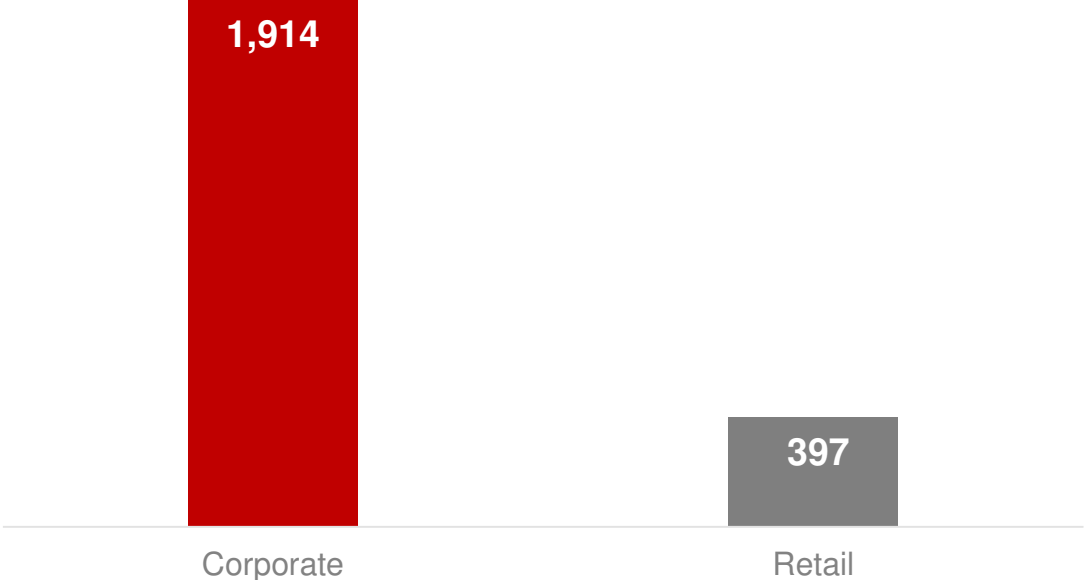
Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (November and December 2020)

\*Source: <https://www.porezna-uprava.hr/Dokumenti> (data for the year 2019 and 2020)

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

# COVID-19 moratoria

Total approved moratoria (in HRK mn)



Share in Corporate segment:  
**22.6%**

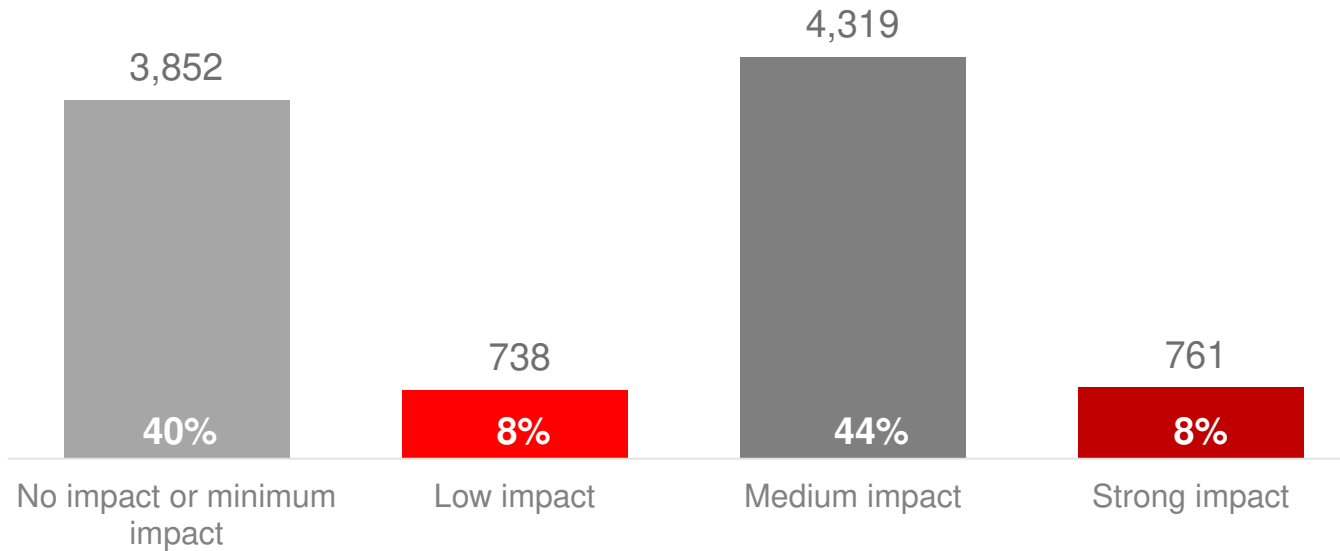
Share in Retail segment:  
**5.1%**

- By end-2020, 1.5% of financed corporate moratoria are in default;
- Almost half of approved corporate moratoria have already expired by end-2020 (HRK 872 mn).



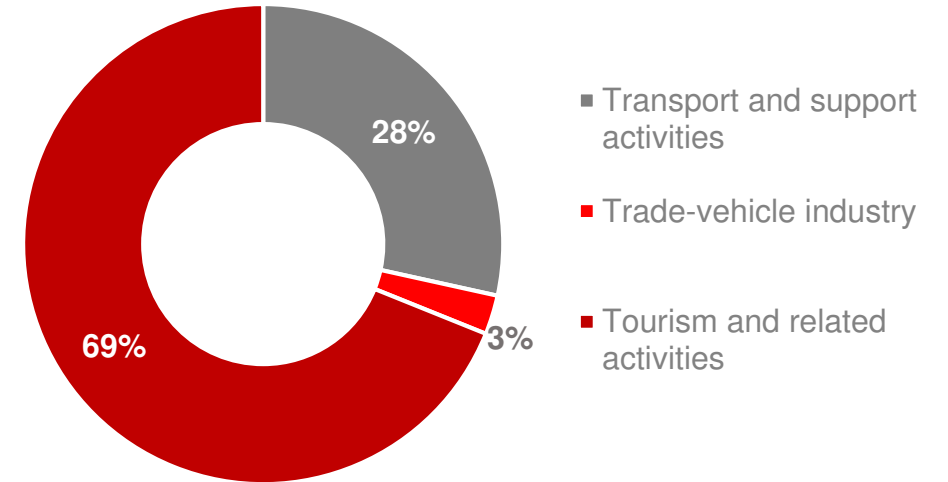
# COVID-19 impact on loan portfolio

COVID-19 impact on corporate performing loans (in HRK mn)

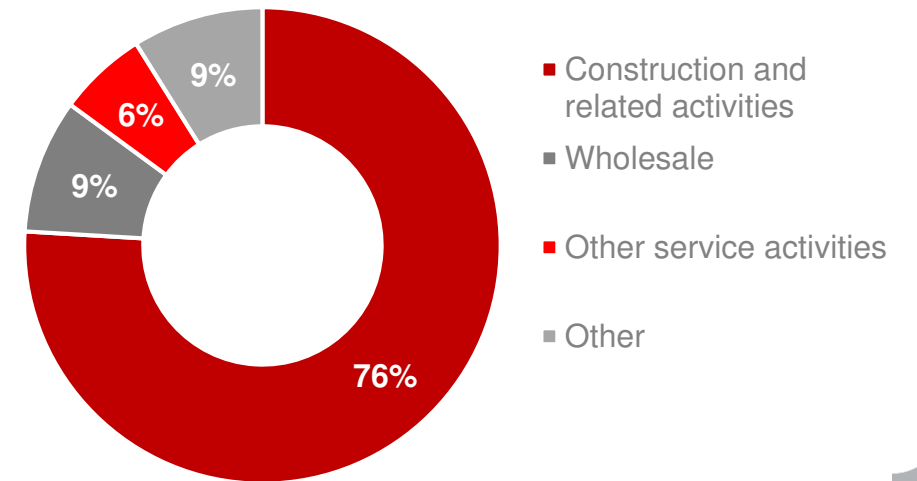


- 48% of the Bank's corporate portfolio is largely unaffected by COVID-19;
- The Risk Appetite Statement (RAS) was adopted limiting new exposures to the most affected industries by the COVID-19 pandemic.

Strong impact industries

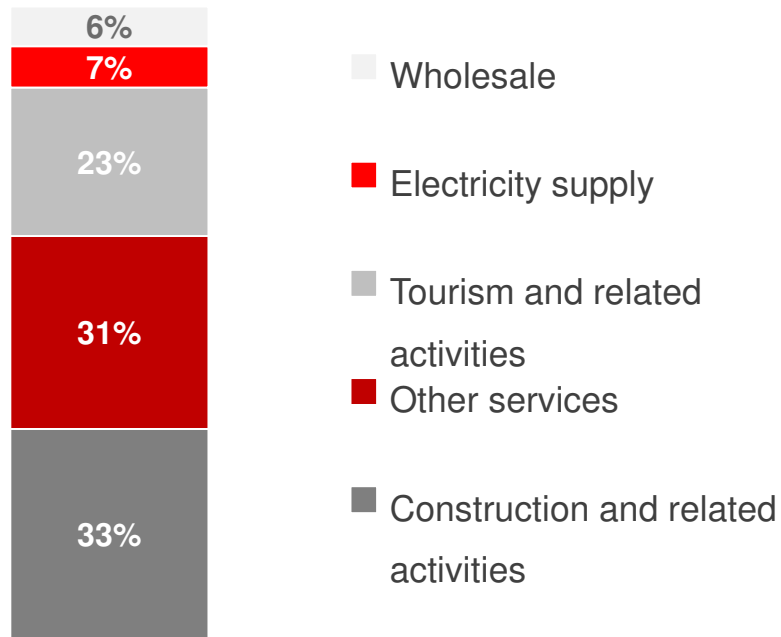


Medium impact industries

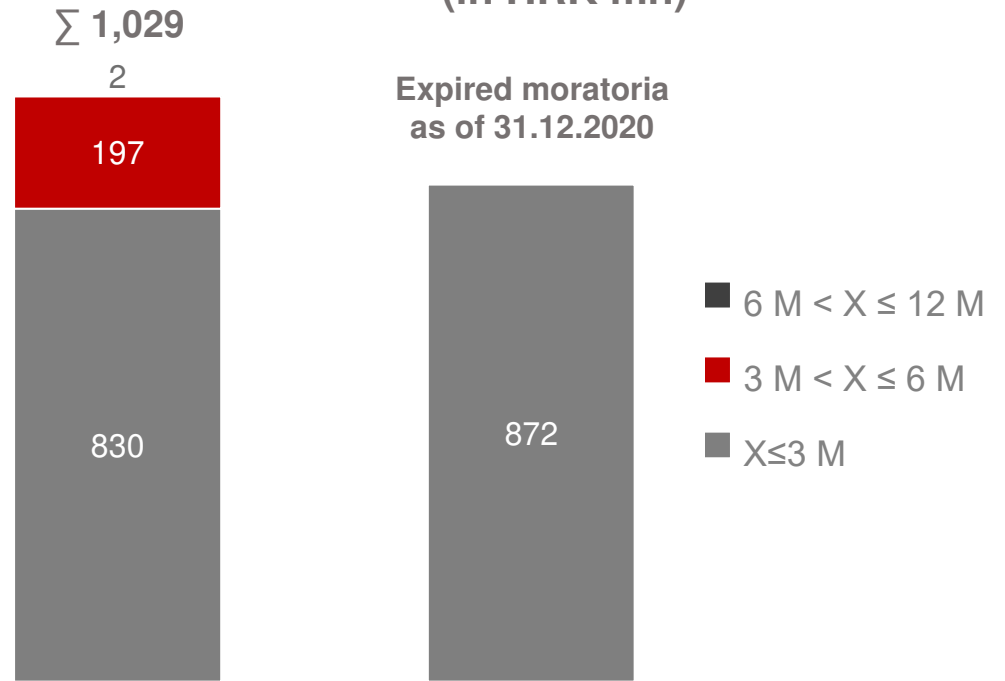


# COVID-19 impact on loan portfolio

## Approved moratoria per industry



## Approved corporate moratoria per maturity (in HRK mn)

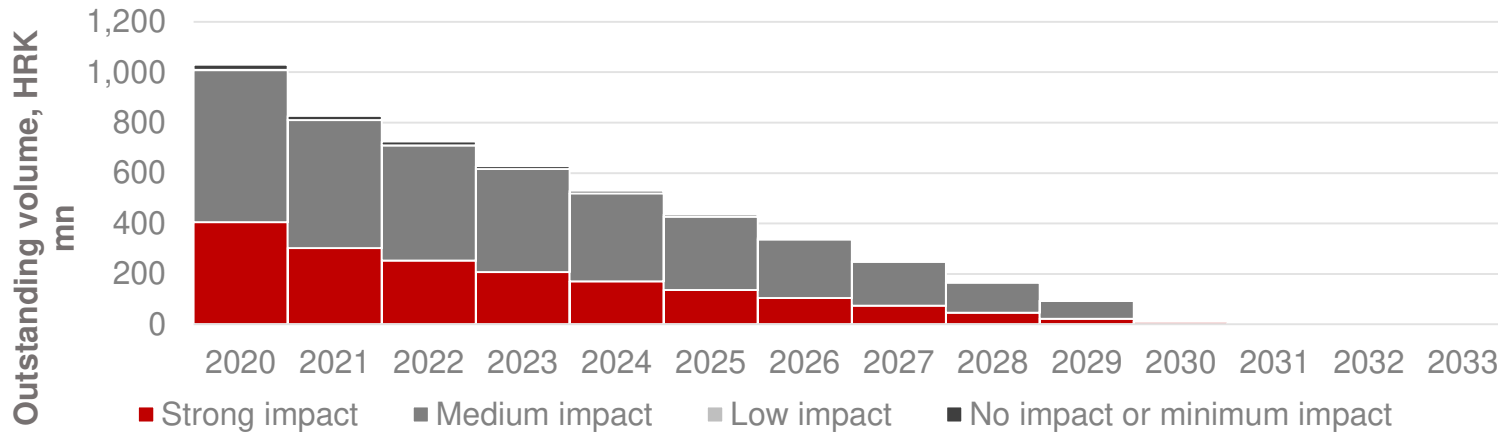


- Approved COVID-19 moratoria to corporates of HRK 1.9 bn (22.6% of outstanding gross corporate loans);
- Tourism has an extremely low share in the Bank's total portfolio (6.0% of outstanding gross corporate loans);
- We actively manage the portfolio through the analysis of pandemic prevention measures impact on industries.



# Maturity of loans under moratoria – COVID-19

**Residual maturity of loans under moratoria as of 31.12.2020\***



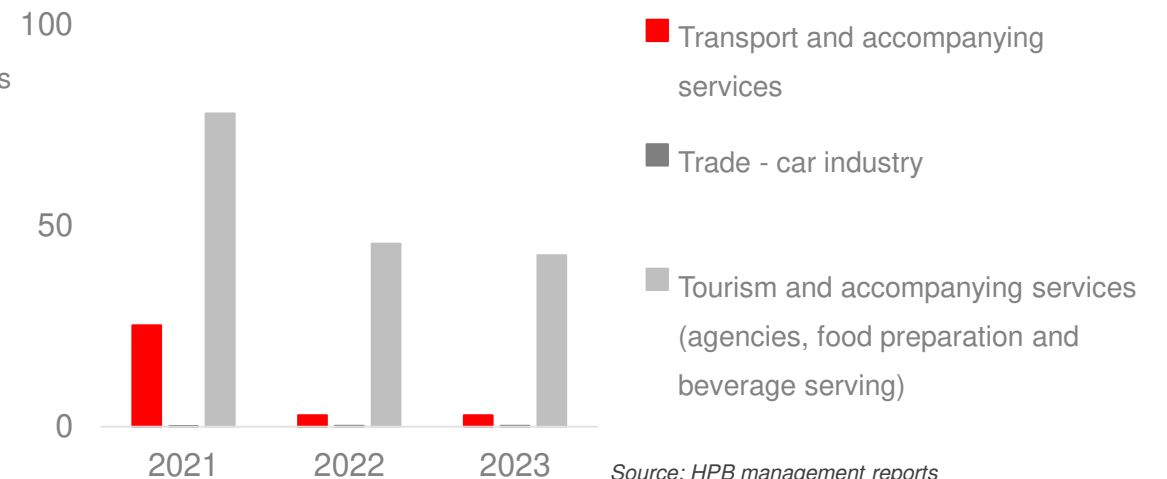
- The Bank regularly monitors loans to clients who have been granted a moratorium, regardless of the COVID-19 impact, and evaluates their cash flows on an individual basis
- By the end of 2020, 1.5% of approved corporate moratoria has defaulted

\*excl. loans out of moratoria as of 31.12.2020

**Medium impact – maturities by 2023 (in HRK mn)**



**Strong impact – maturities by 2023 (in HRK mn)**



Source: HPB management reports

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# Key financials – Income statement

		2019	2020	Δ y-o-y	
Net interest income	HRK mn	541	<b>543</b>	2	▲
Net fee income	HRK mn	200	<b>176</b>	(24)	▼
Operating income	HRK mn	839	<b>804</b>	(35)	▼
Operating expense	HRK mn	(516)	<b>(515)</b>	(1)	▼
Operating profit	HRK mn	323	<b>289</b>	(34)	▼
Provisioning	HRK mn	(228)	<b>(62)</b>	(166)	▼
Net profit	HRK mn	144	<b>182</b>	38	▲
Cost-to-income ratio	%	61.3	<b>64.1</b>	2.8	▲
Net interest margin	%	2.4	<b>2.2</b>	(0.2)	▼

- Operating profit reduction primarily driven by COVID-19 effects;
- A build-up (HRK +56 mn) in 2019 and consequent release (HRK -79 mn) account for intra-year provision fluctuations.

# Operating profit development

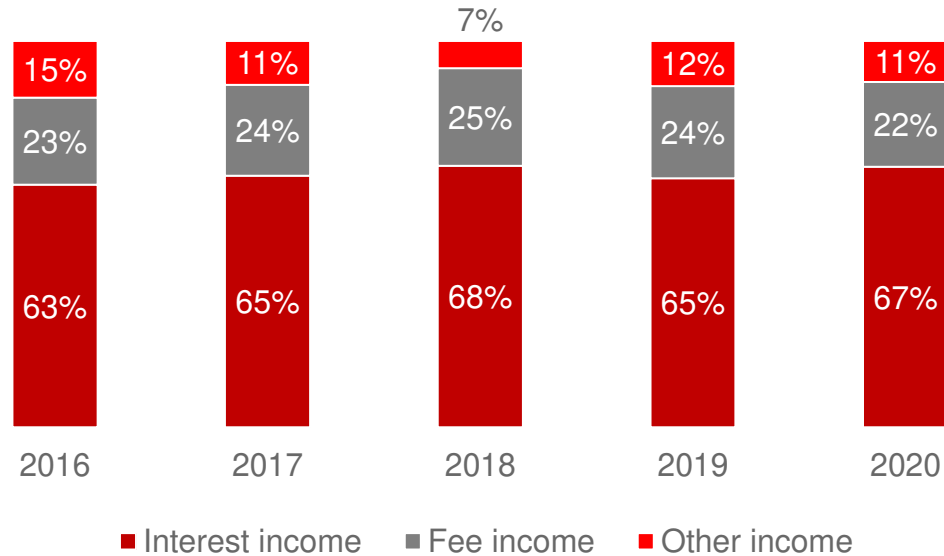
## Operating profit development (in HRK mn)



- COVID-19 effects on operating profits reflected in reduced interest and fee income;
- Active management of the interest profile neutralised the drop in interest income.

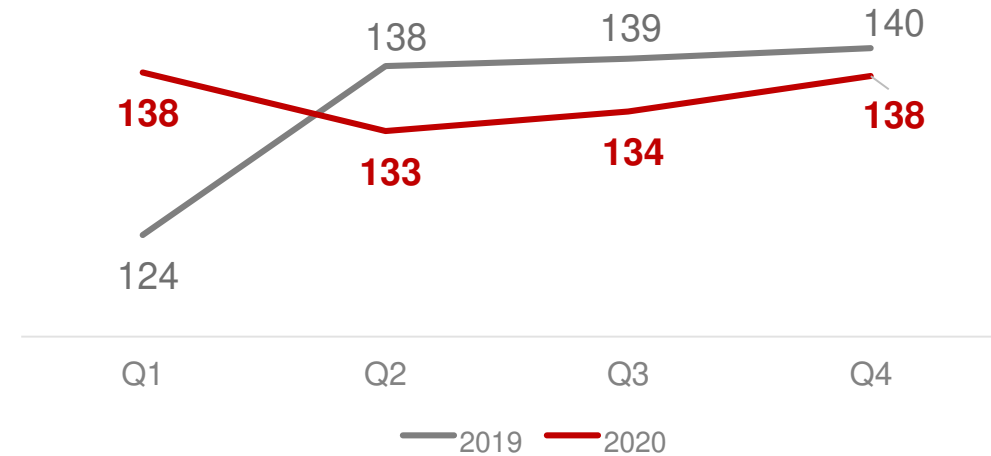
# Net income development

## Composition of net income

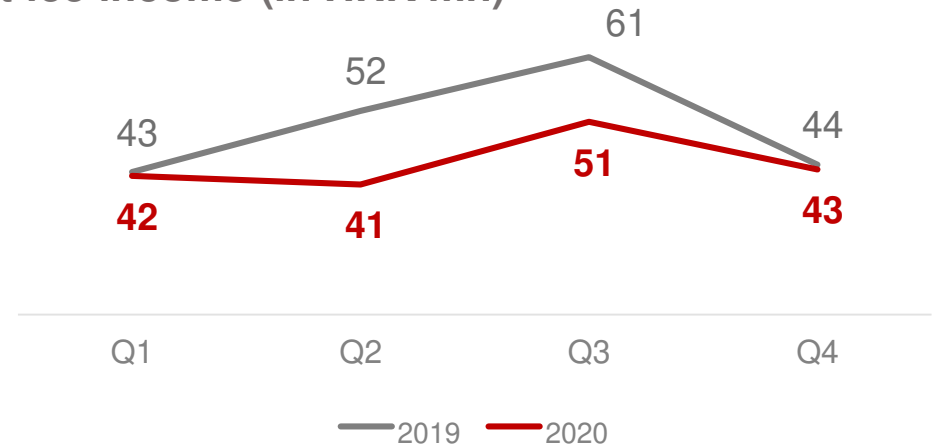


- Net interest income is slightly higher on better management of interest expense;
- Net fee income impacted by COVID-19, which was mostly reflected in Q2 and Q3.

## Net interest income (in HRK mn)

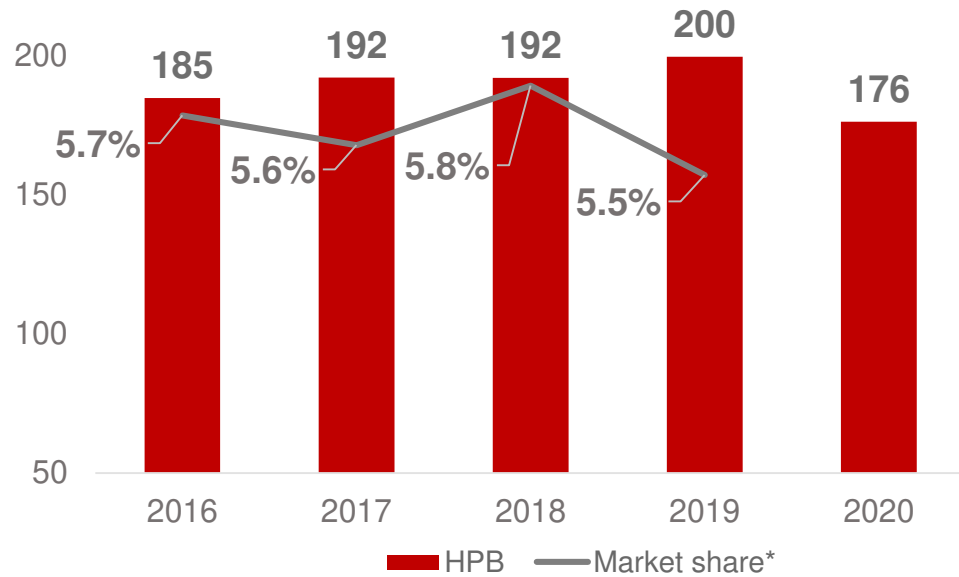


## Net fee income (in HRK mn)



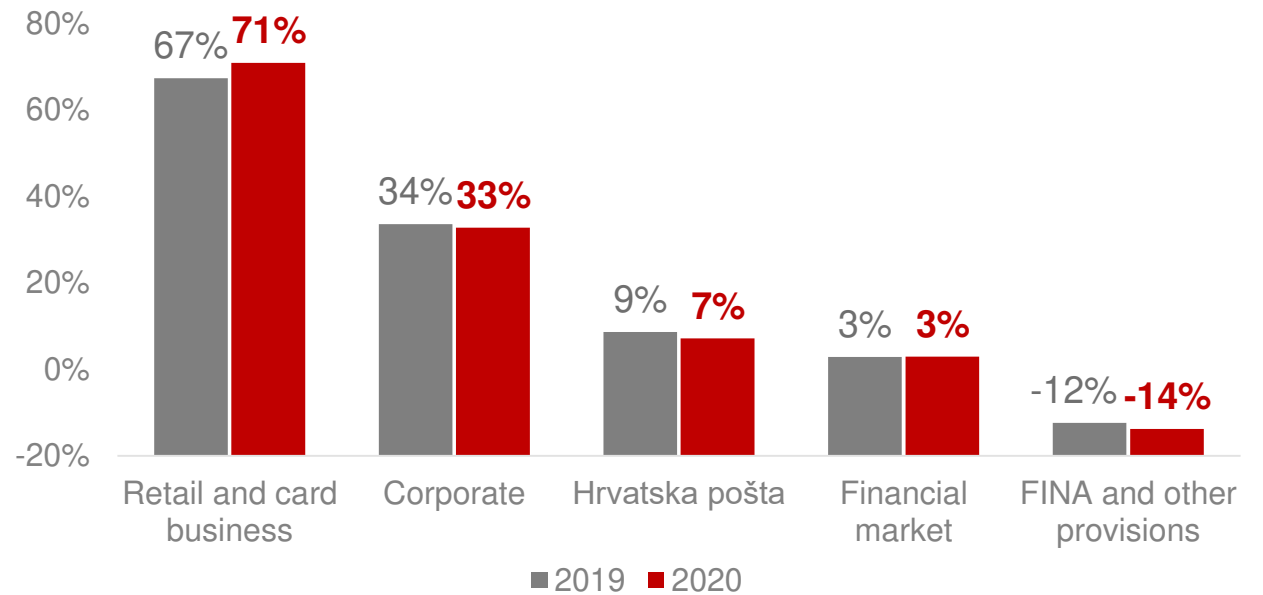
# Fees and commissions

## Net fee income overview (in HRK mn)



\* Market data for year 2020 is not available at time of publishing of this presentation

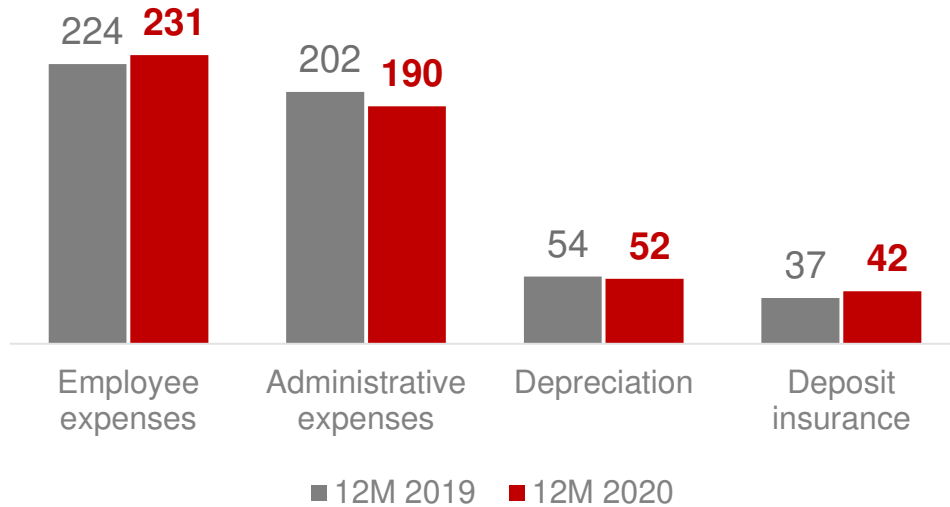
## Composition of net fee and commission income



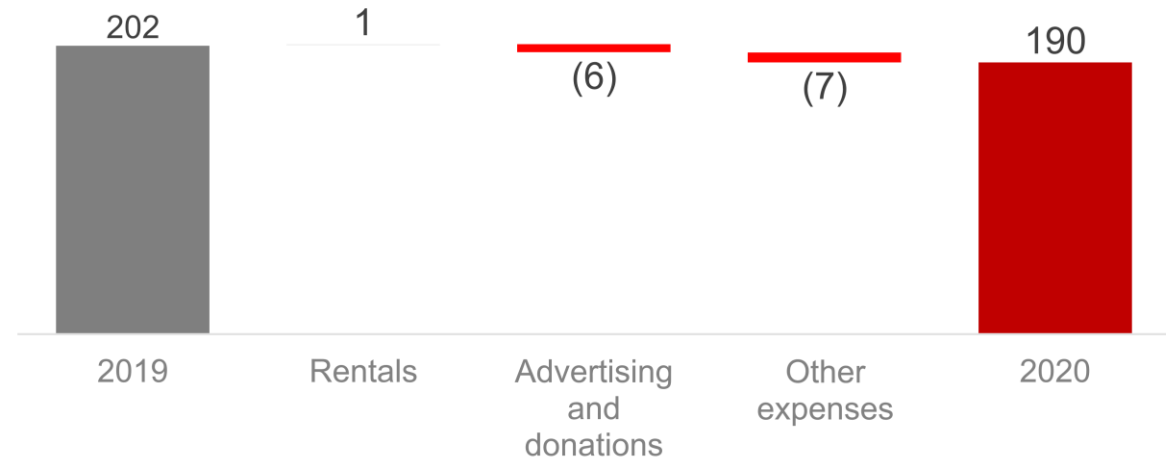
- Net fee income decline of HRK 23.4 mn vs 2019 is caused by:
  - temporary suspension of fees for cash withdrawals at ATMs of other banks (25.3.2020 – 1.7.2020);
  - slowdown in economic activities;
  - significantly lower number of tourist arrivals in the 2020 summer season;
- HPB net fee income on par with the banking sector with a relatively stable share;
- Retail and card business fees are highest contributors to net fee income.

# Operating expenses

Composition of operating expenses  
(in HRK mn)



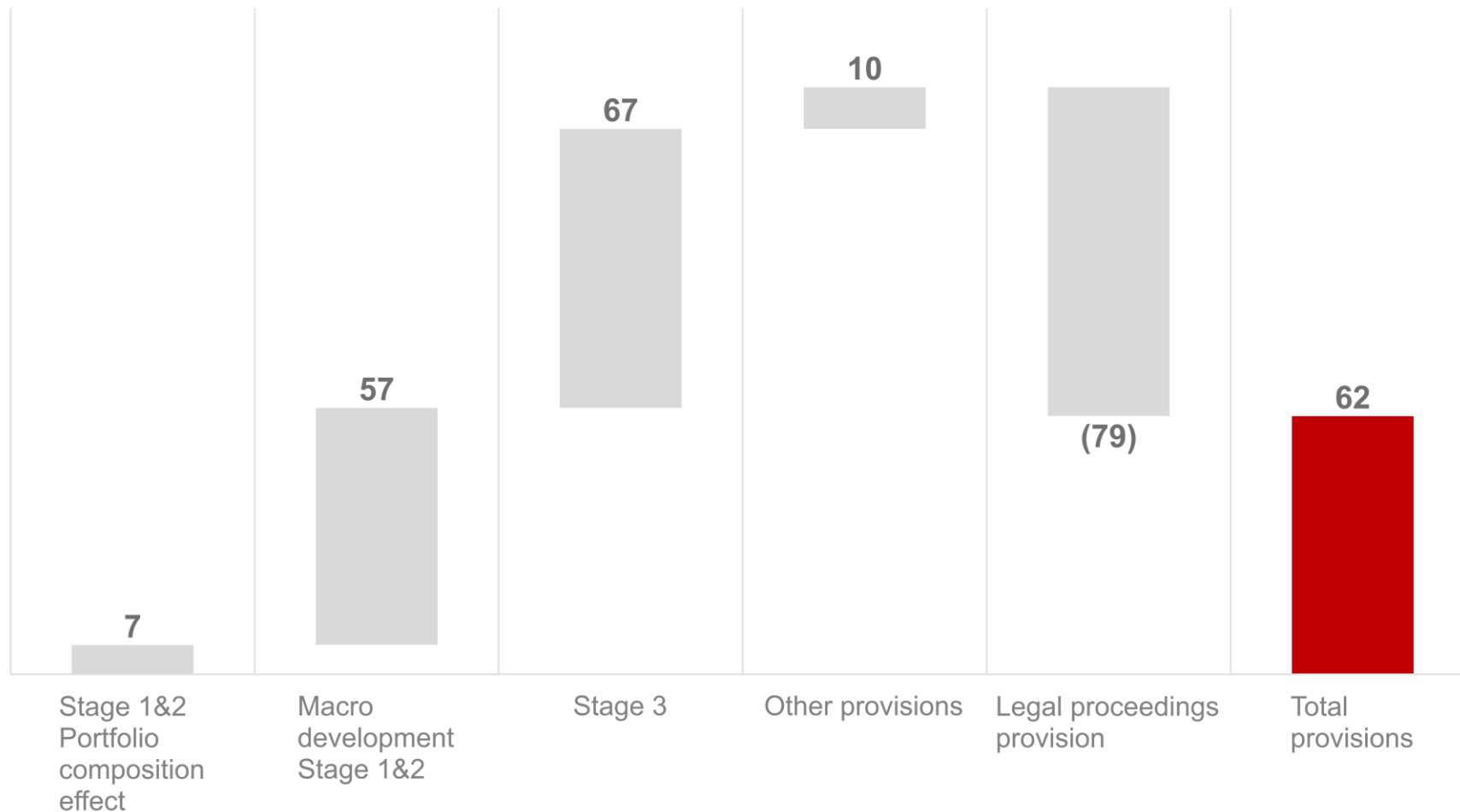
Administrative expenses development  
(in HRK mn)



- Employee costs up with investments on IT infrastructure optimization – in house solutions;
- Cost-cutting measures effectively reduced administrative expenses in 2020;
- Rental costs up with contingency office space acquisition following earthquakes.

# Provisioning

## Structure of provision expenses in 2020 (in HRK mn)



- Booking and consequent reversal of significant provisions for legal proceeds drive intra-year volatility;
- Portfolio optimization efforts drive risk costs down despite COVID-19 effects.



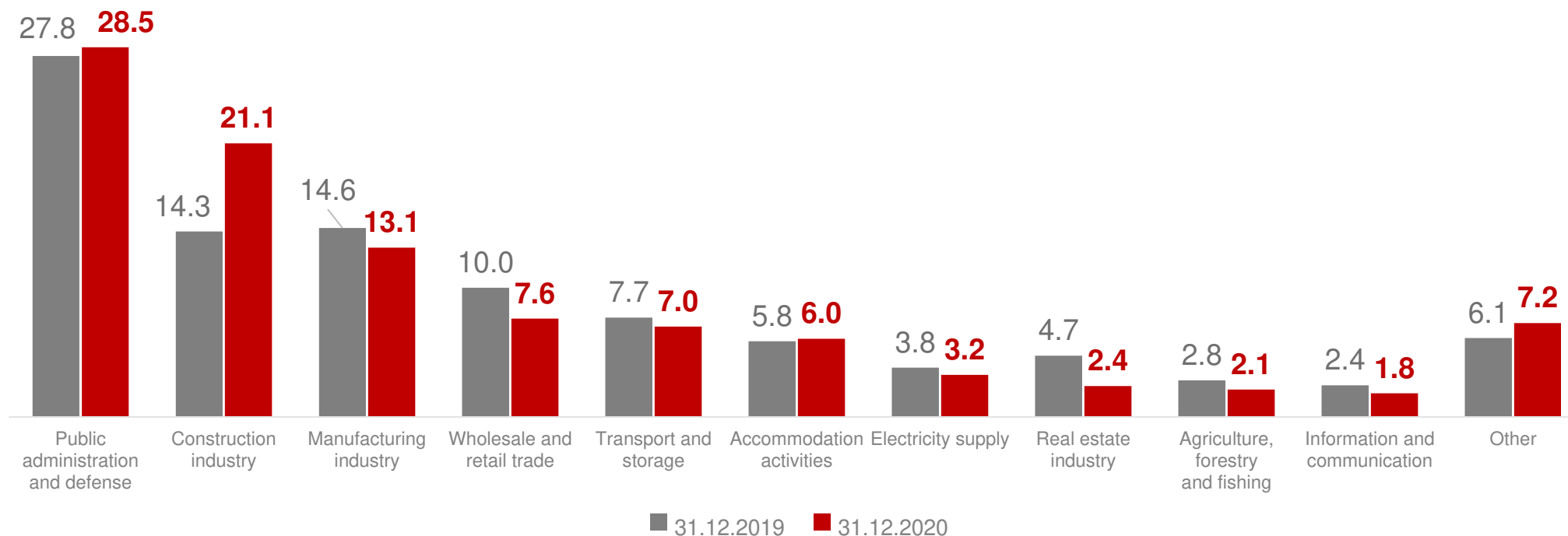
# Key financials – Balance sheet

		31.12.2019	31.12.2020	Δ ytd	
Assets	HRK mn	23,844	<b>25,500</b>	1,656	▲
Gross loans	HRK mn	14,825	<b>16,232</b>	1,407	▲
Deposits	HRK mn	20,069	<b>21,214</b>	1,145	▲
Equity	HRK mn	2,370	<b>2,473</b>	103	▲
Regulatory capital	HRK mn	2,209	<b>2,314</b>	105	▲
Loan/deposit ratio	%	66.5	<b>69.4</b>	2.9	▲
ROAE	%	6.6	<b>7.5</b>	0.9	▲
NPL ratio	%	10.8	<b>10.4</b>	(0.4)	▼
NPL ratio excl. 100% gov. guaranteed exposure	%	10.4	<b>8.7</b>	(1.7)	▼
NPL coverage	%	67.5	<b>62.2</b>	(5.3)	▼
NPL coverage excl. 100% gov. guaranteed exposure	%	70.0	<b>74.2</b>	4.2	▲
Provision for impairment losses	HRK mn	(1,488)	<b>(1,512)</b>	24	▲

- Assets records continuous growth +6.9% ytd, liquid assets +15.5%, securities -7.2%, gross loans +9.5%;
- Deposits up +5.7% with largest increase in the segment of financial market HRK +314.5 mn, retail HRK +308.9 mn, central state and large corporate clients HRK +295.8 mn, SMEs HRK +233.3 mn;
- NPL coverage increases when excluding exposures covered by state guarantees (70.0% Q4 19 and 74.2% Q4 20).

# Corporate portfolio industry distribution

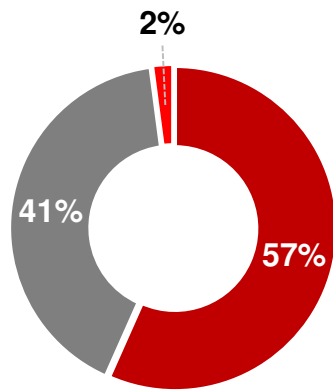
Corporate gross loans per industry (in %)



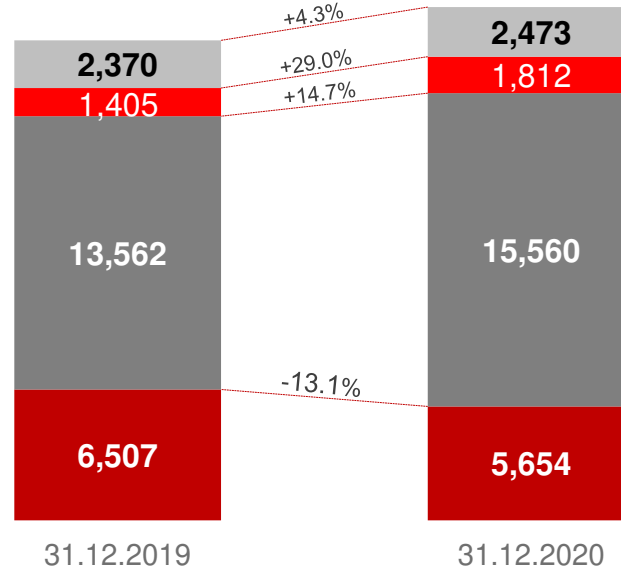
- Construction industry growth with road and infrastructure state-owned enterprises;
- Reduction to some industry sectors is in line with general macroeconomic trends:
  - Wholesale and retail trade;
  - Real estate industry;
- Accommodation activities lending was done backed up by government guarantee schemes.

# Composition of equity and liabilities

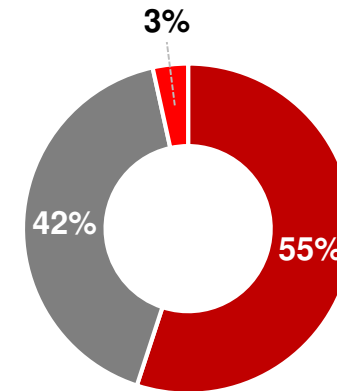
Deposit structure  
31.12.2019



Equity and liabilities structure  
(in HRK mn)



Deposit structure  
31.12.2020



■ Retail ■ Corporate ■ Financial markets

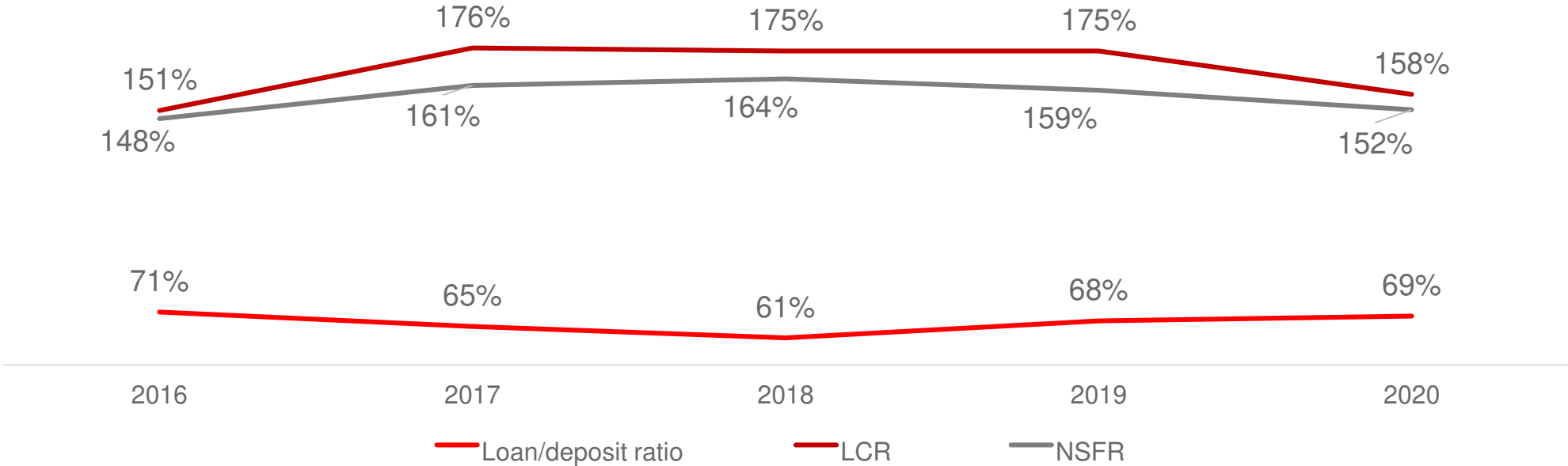
■ Term deposits ■ A vista deposits ■ Other liabilities ■ Equity

■ Retail ■ Corporate ■ Financial markets

- Favorable impact on costs from observable trend of transforming term deposits into a vista deposits;
- Customer deposits dominate the funding mix with a 92% share;
  - Bank holds 5.8 % of all deposits at 30.11.2020 (31.12.2016 = 5.3%);
- Stable wholesale funding structure – attracted funds through foreign financial institutions, CBRD and CNB repo loans.

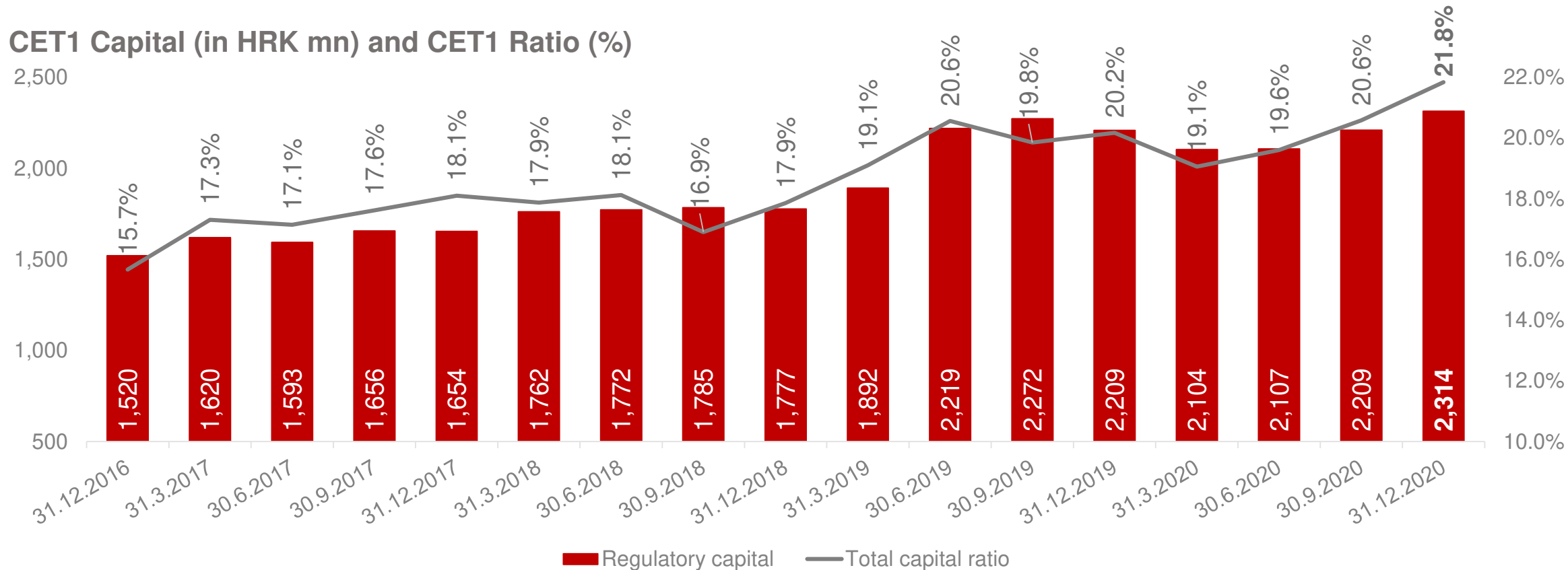
# Liquidity Overview

## Liquidity ratios



- The Bank is highly liquid with markedly low loan-to-deposit ratio.

# Highest level of CET1 ratio in recent history



- Considering the 2020 unaudited after-tax profit, pro forma CET1 stands at 24.1%;
- Contribution to improvement from both:
  - Profit retention;
  - Capital management optimization measures launched in Q4 19.

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# Regulatory Capital Development

## Regulatory capital development (in HRK mn)



\* on 31.12.2019 the Bank included 6-month profit in 2019 in the calculation of regulatory capital (retained earnings position), in accordance with the approval of the regulator. By decision of the General Assembly of the Bank this year, the net profit in 2019 was allocated equally to the position of retained earnings and other reserves.

# RWA Development

RWA development (in HRK mn)



- Despite asset growth, risk-weighted assets decreased as a result of the strengthening the capital management culture.



# Exposures and coverage per stage

Segment	Stage	31.12.2019				31.12.2020			
		Exposure	Exposure excl. gov. guarantees	Coverage	Coverage excl. gov. guarantees	Exposure	Exposure excl. gov. guarantees	Coverage	Coverage excl. gov. guarantees
CORPORATE	S1	61.8%		2.9%		58.5%		3.8%	
CORPORATE	S2	7.8%		10.2%		6.8%		8.1%	
CORPORATE	S3	30.5%	27.5%	62.9%	69.5%	34.7%	21.7%	47.7%	75.2%
SME	S1	55.3%		3.3%		49.3%		4.2%	
SME	S2	10.7%		15.5%		16.8%		15.5%	
SME	S3	34.0%	34.0%	72.5%	72.5%	33.9%	33.9%	71.3%	71.3%
STATE	S1	99.2%		0.8%		98.7%		1.0%	
STATE	S2	0.8%		7.0%		1.3%		7.2%	
STATE	S3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
RETAIL	S1	87.0%		0.4%		88.5%		0.5%	
RETAIL	S2	4.2%		4.9%		3.2%		7.6%	
RETAIL	S3	8.8%	8.8%	68.6%	68.6%	8.3%	8.3%	75.6%	75.6%
TOTAL	S1	85.3%		0.8%		85.9%		1.0%	
TOTAL	S2	3.9%		9.3%		3.7%		10.5%	
TOTAL	S3	10.8%	10.4%	67.5%	70.0%	10.4%	8.7%	62.2%	74.2%

1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

5 Appendix

# Management report of Hrvatska poštanska Banka p.l.c.

Management report of Hrvatska poštanska Banka p.l.c. for the period from January 01 to December 31, 2020 is contained in the previous section of this material.

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**Marko Badurina**

President of the Management Board

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**Anto Mihaljević**

Member of the Management Board

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**Ivan Soldo**

Member of the Management Board

# Statement by persons accountable for compiling the report of HPB p.l.c.

In accordance with the Capital Market Act, the Management Board of HPB plc., states that according to their best knowledge the set of unaudited financial statements for the period from January 01 to December 31, 2020, compiled in accordance with the accounting regulation applicable to credit institutions in Croatia, presents complete and accurate view of assets and liabilities, losses and gains, financial position and results of HPB p.l.c.

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Tea Bažant

Executive Head of finance division

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Marko Badurina

Chief Executive Officer

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Anto Mihaljević

Member of the Management Board

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Ivan Soldo

Member of the Management Board

**BALANCE SHEET**  
as at December 31, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>Assets</b>			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	2,772,746,813	3,662,460,152
Cash in hand	002	961,912,026	900,072,987
Cash balances at central banks	003	1,014,563,142	2,224,401,393
Other demand deposits	004	796,271,645	537,985,772
Financial assets held for trading (from 6 to 9)	005	612,871,552	719,257,423
Derivatives	006	852,203	-
Equity instruments	007	96,079,539	95,340,654
Debt securities	008	515,939,810	623,916,769
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	21,199,086	18,865,901
Equity instruments	011	-	-
Debt securities	012	-	-
Loans and advances	013	21,199,086	18,865,901
Financial assets at fair value through profit or loss (15 + 16)	014	-	-
Debt securities	015	-	-
Loans and advances	016	-	-
Financial assets at fair value through other comprehensive income (from 18 to 20)	017	4,640,197,866	4,158,015,469
Equity instruments	018	57,269,384	49,027,711
Debt securities	019	4,582,928,482	4,108,987,758
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	15,217,710,292	16,414,151,555
Debt securities	022	4,305,695	1,978,784
Loans and advances	023	15,213,404,597	16,412,172,771
Derivatives - hedge accounting	024	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	-	-
Investments in subsidiaries, joint ventures and associates	026	5,490,000	9,760,843
Tangible assets	027	324,429,807	326,523,749
Intangible assets	028	109,095,746	91,038,847
Tax assets	029	6,453,295	7,545,824
Other assets	030	42,962,745	40,280,095
Fixed assets and disposal groups classified as held for sale	031	20,000,000	20,000,000
<b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>	<b>032</b>	<b>23,773,157,202</b>	<b>25,467,899,859</b>
<b>Liabilities</b>			
Financial liabilities held for trading (from 34 to 38)	033	863,025	21,172
Derivatives	034	863,025	21,172
Short positions	035	-	-
Deposits	036	-	-
Debt securities issued	037	-	-
Other financial liabilities	038	-	-
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	-	-
Deposits	040	-	-
Debt securities issued	041	-	-
Other financial liabilities	042	-	-
Financial liabilities measured at amortised cost (from 44 to 46)	043	21,056,875,186	22,688,405,792
Deposits	044	20,944,398,925	22,569,135,023
Debt securities issued	045	-	-
Other financial liabilities	046	112,476,261	119,270,769
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	196,063,323	125,643,877
Tax liabilities	050	1,728,314	30,445,178
Share capital repayable on demand	051	-	-
Other liabilities	052	147,415,709	150,105,150
Liabilities included in disposal groups classified as held for sale	053	-	-
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	<b>054</b>	<b>21,402,945,557</b>	<b>22,994,621,169</b>
<b>Equity</b>			
Initial capital	055	1,214,775,000	1,214,775,000
Share premium	056	-	-
Equity instruments issued other than capital	057	-	-
Other equity instruments	058	-	-
Accumulated other comprehensive income	059	319,404,893	242,230,591
Retained profit	060	153,174,469	200,321,464
Revaluation reserves	061	-	22,743,964
Other reserves	062	539,561,769	611,448,026
( - ) Treasury shares	063	(477,000)	(477,000)
Profit or loss attributable to owners of the parent	064	143,772,514	182,236,646
(-) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>2,370,211,645</b>	<b>2,473,278,691</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>23,773,157,202</b>	<b>25,467,899,860</b>

**STATEMENT OF PROFIT AND LOSS**  
for the period January 01, 2020 to December 31, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Interest income	001	603,977,673	154,214,054	588,918,099	147,709,898
(Interest expenses)	002	68,008,691	19,495,171	51,583,346	11,627,607
(Expenses on share capital repayable on demand)	003	-	-	-	-
Dividend received	004	3,645,670	23,216	3,292,513	11,671
Fees and commissions income	005	527,494,435	119,265,559	450,155,698	108,279,355
(Fees and commissions expenses)	006	327,852,440	75,488,475	273,888,635	65,272,158
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	5,158,277	1,078,594	35,035,565	-
Gains or (-) losses on financial assets and liabilities held for trading, net	008	87,516,168	10,458,710	47,068,263	18,424,922
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	813,430	811,403	(571,077)	(787,789)
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	-	-	-	-
Gains or (-) losses from hedge accounting, net	011	-	-	-	-
Exchange rate differences [gain or (-) loss], net	012	(3,398,215)	(607,639)	(8,624,819)	(1,037,018)
Gains or (-) losses on derecognition of non-financial assets, net	013	-	-	-	-
Other operating income	014	4,500,059	1,109,378	8,723,496	2,367,598
(Other operating expenses)	015	43,512,701	11,744,086	54,017,656	12,855,881
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>	<b>016</b>	<b>790,333,665</b>	<b>179,625,543</b>	<b>744,508,102</b>	<b>185,212,991</b>
(Administrative expenses)	017	391,518,366	102,114,372	382,990,226	104,941,454
(Depreciation)	018	75,879,820	38,564,207	75,816,110	17,704,706
Modification gains or (-) losses, net	019	(15,756,307)	(2,701,140)	(3,386,347)	(2,550)
(Provisions or (-) reversal of provisions)	020	64,757,476	74,602,661	(61,671,217)	1,020,378
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	135,818,040	56,149,366	109,876,155	26,428,653
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	-	-	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	023	11,535,517	11,535,517	6,986,227	6,986,227
Negative goodwill recognised in profit or loss	024	-	-	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	-	-	-	-
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	-	-	-	-
<b>Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)</b>	<b>027</b>	<b>95,068,139</b>	<b>(106,041,720)</b>	<b>227,124,253</b>	<b>28,129,023</b>
(Tax expense or (-) income related to profit or loss from continuing operations)	028	(48,704,376)	(79,452,557)	44,887,608	10,841,591
<b>Profit or (-) loss after tax from continuing operations (27 – 28)</b>	<b>029</b>	<b>143,772,515</b>	<b>(26,589,163)</b>	<b>182,236,645</b>	<b>17,287,432</b>
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	-	-	-	-
Profit or (-) loss before tax from discontinued operations	031	-	-	-	-
(Tax expense or (-) income related to discontinued operations)	032	-	-	-	-
<b>Profit or (-) loss for the year (29 + 30; 34 + 35)</b>	<b>033</b>	<b>143,772,515</b>	<b>(26,589,163)</b>	<b>182,236,645</b>	<b>17,287,432</b>
Attributable to minority interest [non-controlling interests]	034	-	-	-	-
Attributable to owners of the parent	035	143,772,515	(26,589,163)	182,236,645	17,287,432
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>					
Income or (-) loss for the current year	036	143,772,515	(26,589,163)	182,236,645	17,287,432
<b>Other comprehensive income (38 + 50)</b>	<b>037</b>	<b>182,222,701</b>	<b>(60,237,230)</b>	<b>(82,538,216)</b>	<b>9,184,875</b>
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	038	(59,646)	(59,646)	(4,527,763)	(4,527,763)
Tangible assets	039	(72,739)	(72,739)	(7,533,354)	(7,533,354)
Intangible assets	040	-	-	-	-
Actuarial gains or (-) losses on defined benefit pension plans	041	-	-	1,825,625	1,825,625
Fixed assets and disposal groups classified as held for sale	042	-	-	-	-
Share of other recognised income and expense of entities accounted for using the equity method	043	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	-	-	-	-
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	046	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	-	-	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	-	-	-	-
Income tax relating to items that will not be reclassified	049	13,093	13,093	1,179,966	1,179,966
Items that may be reclassified to profit or loss (from 51 to 58)	050	182,282,347	(60,177,584)	(78,010,453)	13,712,638
Hedge of net investments in foreign operations [effective portion]	051	-	-	-	-
Foreign currency translation	052	-	-	-	-
Cash flow hedges [effective portion]	053	-	-	-	-
Hedging instruments [not designated elements]	054	-	-	-	-
Debt instruments at fair value through other comprehensive income	055	230,953,233	(64,703,423)	(95,134,699)	16,722,730
Fixed assets and disposal groups classified as held for sale	056	-	-	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	-	-	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	058	(48,670,886)	4,525,839	17,124,246	(3,010,091)
<b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>	<b>059</b>	<b>325,995,216</b>	<b>(86,826,393)</b>	<b>99,698,429</b>	<b>26,472,307</b>
Attributable to minority interest [non-controlling interest]	060	-	-	-	-
Attributable to owners of the parent	061	325,995,216	(86,826,393)	99,698,429	26,472,307

**STATEMENT OF CASH FLOW**  
for the period January 01, 2020 to December 31, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Same period of the previous year	Current period
1	2	3	4
<b>Operating activities - direct method</b>			
Interest received and similar receipts	001	-	-
Fees and commissions received	002	-	-
(Interest paid and similar expenditures)	003	-	-
(Fees and commissions paid)	004	-	-
(Operating expenses paid)	005	-	-
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	-	-
Other receipts	007	-	-
(Other expenditures)	008	-	-
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	009	90,724,397	227,124,253
Adjustments:		-	-
Impairment and provisions	010	227,442,554	174,933,719
Depreciation	011	75,961,605	74,952,898
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(93,487,877)	(73,479,009)
(Profit)/loss from the sale of tangible assets	013	-	-
Other non-cash items	014	(533,130,112)	(537,334,753)
<b>Promjene u imovini i obvezama iz poslovnih aktivnosti</b>			
Deposits with the Croatian National Bank	015	(138,266,736)	(280,916,192)
Deposits with financial institutions and loans to financial institutions	016	(912,523)	258,285,873
Loans and advances to other clients	017	(1,257,440,547)	(1,316,301,519)
Securities and other financial instruments at fair value through other comprehensive income	018	(406,248,652)	468,611,329
Securities and other financial instruments held for trading	019	250,303,478	(65,609,242)
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	-	-
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	(19,522,798)	-
Securities and other financial instruments at amortised cost	022	95,018,103	2,326,911
Other assets from operating activities	023	5,003,711	2,682,650
Deposits from financial institutions	024	(53,076,859)	105,943,541
Transaction accounts of other clients	025	151,009,453	1,255,559,114
Savings deposits of other clients	026	354,874,462	720,175,408
Time deposits of other clients	027	(659,126,094)	(928,046,118)
Derivative financial liabilities and other liabilities held for trading	028	417,751	5,952,655
Other liabilities from operating activities	029	-	862,044
Interest received from operating activities [indirect method]	030	509,499,920	588,918,099
Dividends received from operating activities [indirect method]	031	-	3,280,842
Interest paid from operating activities [indirect method]	032	(48,067,618)	(51,583,346)
(Income tax paid)	033	-	-
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>(1,449,024,382)</b>	<b>636,339,157</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	(48,408,503)	(58,989,941)
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-	-
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	70,953,916	-
Dividends received from investing activities	038	(3,645,670)	2,326,911
Other receipts/payments from investing activities	039	-	-
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>040</b>	<b>18,899,743</b>	<b>(56,663,030)</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	335,049,011	475,822,595
Net increase/(decrease) in debt securities issued	042	-	-
Net increase/(decrease) in Tier 2 capital instruments	043	-	-
Increase in share capital	044	-	-
(Dividends paid)	045	-	-
Other receipts/(payments) from financing activities	046	-	-
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>335,049,011</b>	<b>475,822,595</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>(1,095,075,628)</b>	<b>1,055,498,721</b>
Cash and cash equivalents at the beginning of period	049	4,132,394,524	3,037,318,898
Effect of exchange rate fluctuations on cash and cash equivalents	050	-	(8,624,819)
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>051</b>	<b>3,037,318,896</b>	<b>4,084,192,800</b>

STATEMENT OF CHANGES IN EQUITY  
for the period January 01, 2020 to December 31, 2020

in HRK

Item	AOP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Opening balance [before restatement]	001	1,214,775,000	-	-	-	319,405,173	153,174,469	-	539,561,769	(477,000)	143,772,514	-	-	-	2,370,211,925
Effects of error corrections	002	-	-	-	-	(661,142)	(24,739,262)	28,768,739	-	-	-	-	-	-	3,368,335
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	-	-	-	318,744,031	128,435,207	28,768,739	539,561,769	(477,000)	143,772,514	-	-	-	2,373,580,260
Ordinary shares issue	005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	007	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase/sale of treasury shares	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity instruments	016	-	-	-	-	-	71,886,257	-	71,886,257	-	(143,772,514)	-	-	-	(1)
Share based payments	017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease of equity instruments	018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current year	019	-	-	-	-	(76,513,440)	-	(6,024,776)	-	-	182,236,646	-	-	-	99,698,430
Equity instruments increase or (-) decrease resulting from business combinations	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	-	-	-	242,230,591	200,321,464	22,743,963	611,448,026	(477,000)	182,236,646	-	-	-	2,473,278,689





# HPB-R-A stock during the reporting period



## Stock data and details

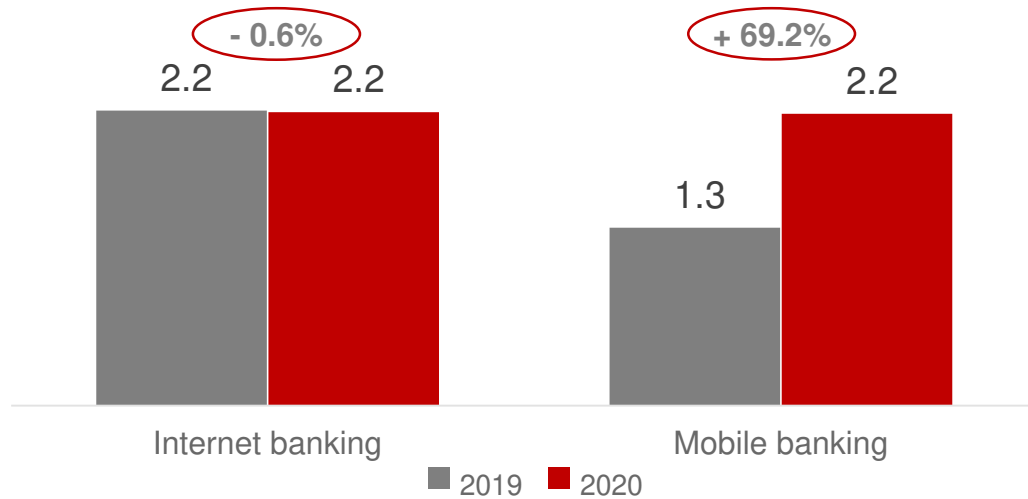
Issue date	December 12, 2000
ISIN	HRHPB0RA0002
Segment	Official market of the Zagreb Stock Exchange
Listed quantity	2,024,625
Share price as at December 30, 2020 (in HRK)	470.00
Market capitalisation (in HRK million)	992.07

## Shareholders

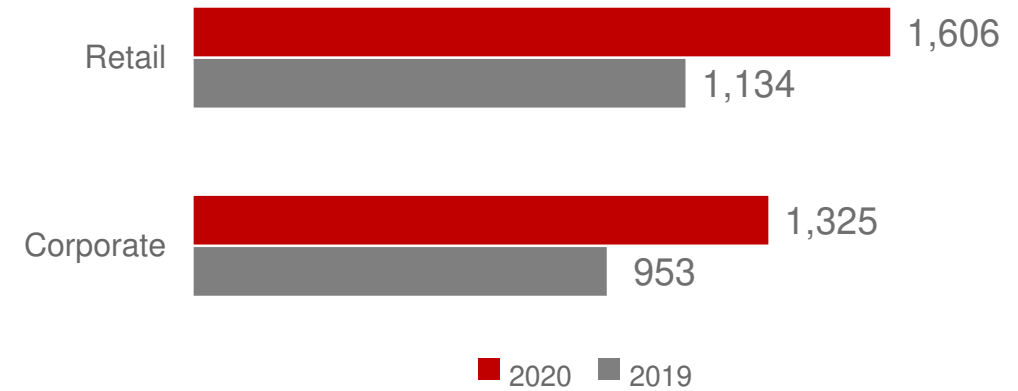
Shareholders	Ownership stake (%)
Republic of Croatia	42.43
Croatian Post PLC	11.93
Croatian Deposit Insurance Agency	8.98
Croatian Pension Insurance Institute	8.76
Hrvatska poštanska banka p.l.c. – treasury shares	0.04
Other shareholders (each under 5% of share of the equity capital)	27.86
<b>Total shares</b>	<b>100.00</b>

# Direct channels

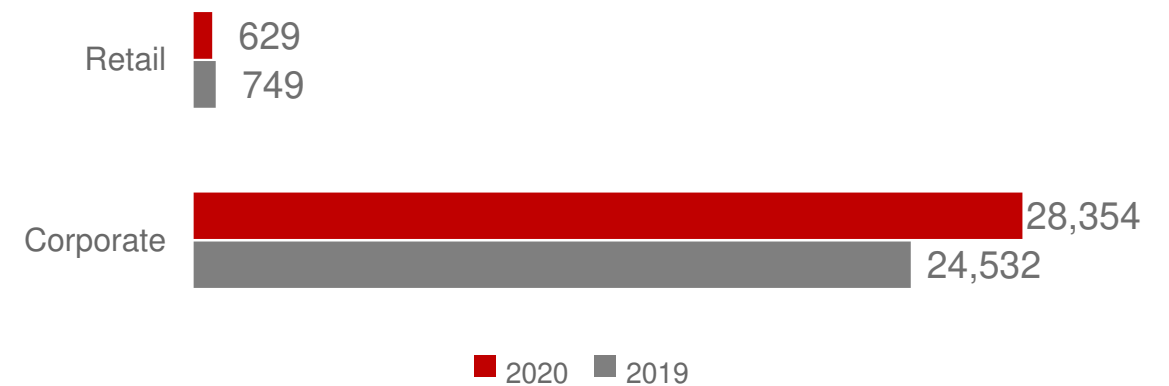
Number of transactions (in mn)



Transaction volume - Mobile banking (in HRK mn)



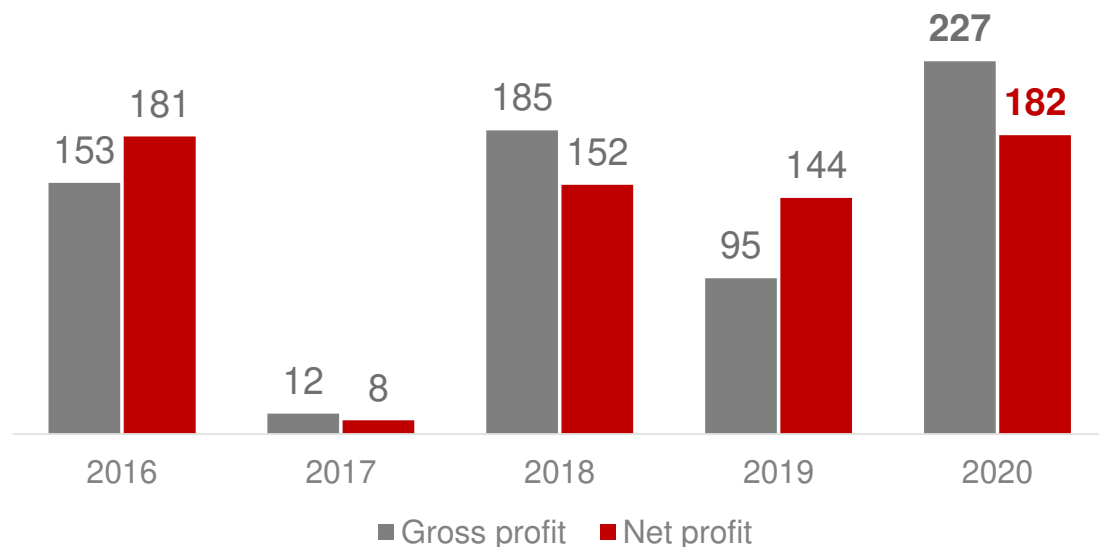
Transaction volume - Internet banking (in HRK mn)



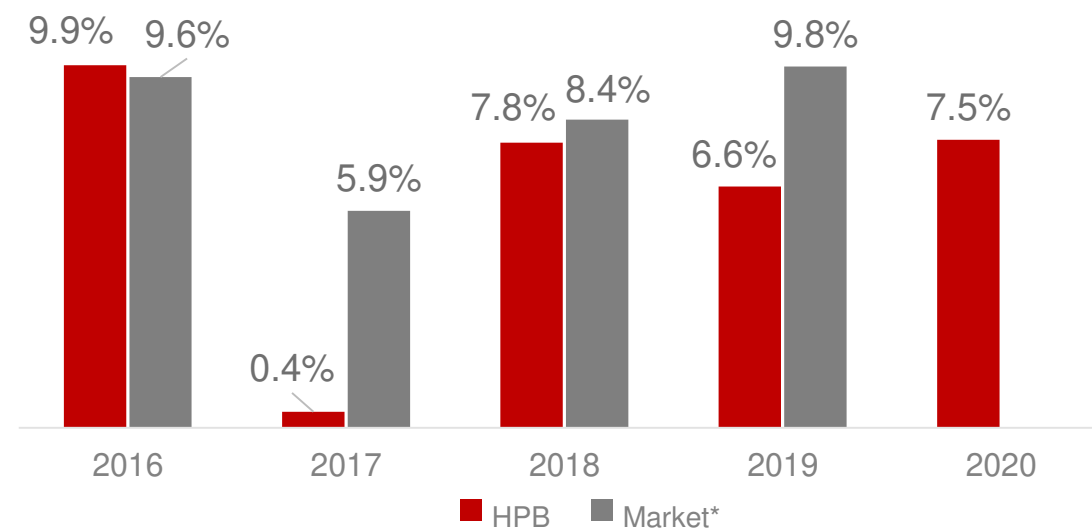
- Expected further increase in mobile banking – both in the volume and number of transactions.

# Profitability

Profit development (in HRK mn)



Return on Average Equity ROAE

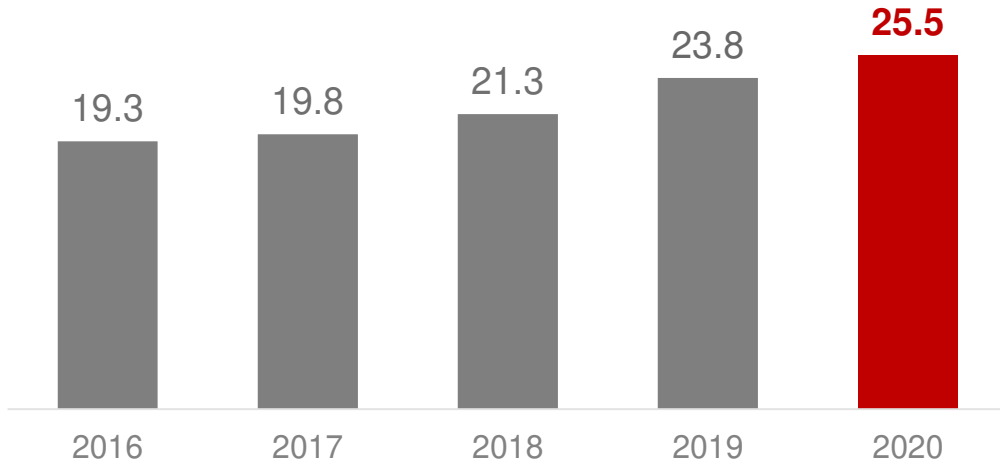


\* Market data for year 2020 is not available at time of publishing of this presentation

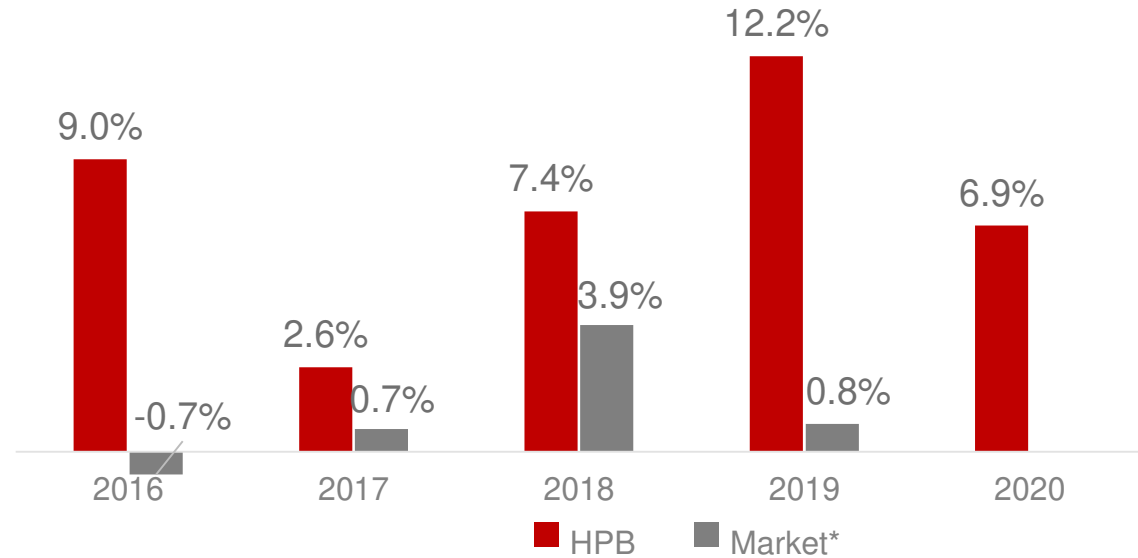
- Marked improvement in ROAE in 2020 over 2019 despite growing equity base from incorporation of previous year profits.

# Asset development

HPB's Asset development (in HRK bn)



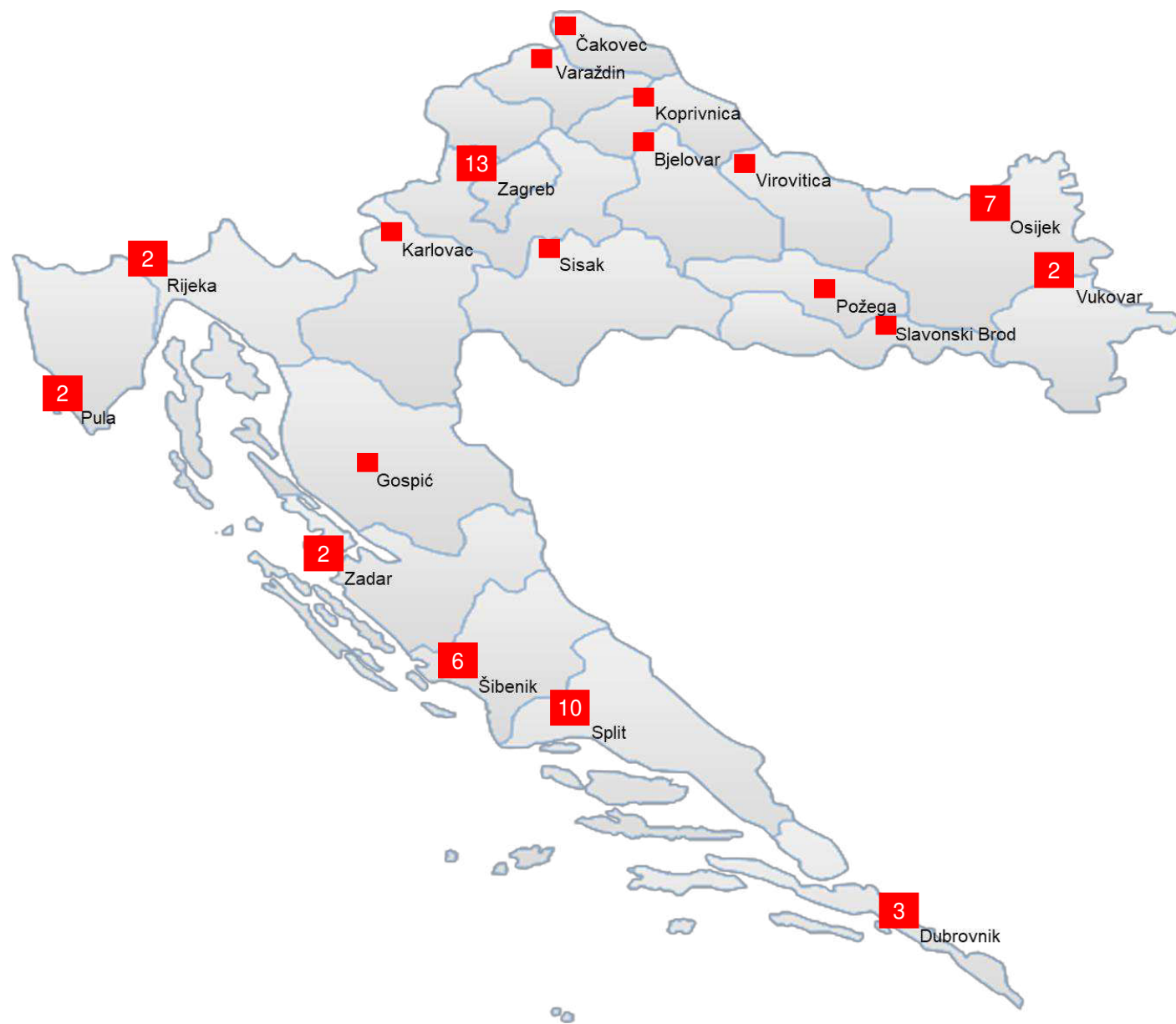
Comparative asset growth rates



\* Market share data for year 2020 not available at the time presentation was published

- Rapid organic growth in 2020;
- Asset growth reciprocated with growth in funding. Increase of liquid assets in 2020 was HRK +707.2 mn;
- LCR (Liquidity Coverage Ratio) as of 31.12.2020 is at 158%.

# Accessibility



■ 57 branch offices

12 regional centers

3 business centers

142 financial corners at the Croatian post

Over 1,500 cash-out points with no fees