



**HPB d.d. 9M 2021**

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) 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.
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|   |   |
|---|---|
| Type and name of prescribed information:              | Quarterly financial statements for the period 01.01.2021 - 30.09.2021, HPB d.d. 9M 2021 Investor information and unaudited Financial statements |
| Issuer name, headquarter and address:                 | Hrvatska poštanska banka p.l.c., Jurišićeva 4, HR-10000 Zagreb  |
| Issuer's Legal Entity Identifier (LEI)                | 529900D5G4V6THXC5P79  |
| Home Member State:                                    | Republic of Croatia   |
| International Securities Identification Number (ISIN) | HRHPB0RA0002  |
| Stock code (ticker):                                  | HPB-R-A   |
| Regulated market and segment:                         | Zagreb Stock Exchange, Official market  |

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. publishes unaudited financial statements for the period from January 01 to September 30, 2021.

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, 27/2021).

# **1 Executive Summary**

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## 2 Macroeconomic environment

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## 3 Financials

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# Highest 9M profit after tax

## Accelerating on our strategic pillars

- **The most accessible bank on the market** with exclusive combination of HPB branches together with externalized services and products in post offices;
- Cost reduction in the declining margins environment, **improved C/I performance indicator (-6.3 pp vs. 9M 2020); adequate and sustainable ROAE (+1.3 pp vs. 9M 20) and above market level\***;
- **Strengthening digital channels (+51.2% mbanking transactions volume).**

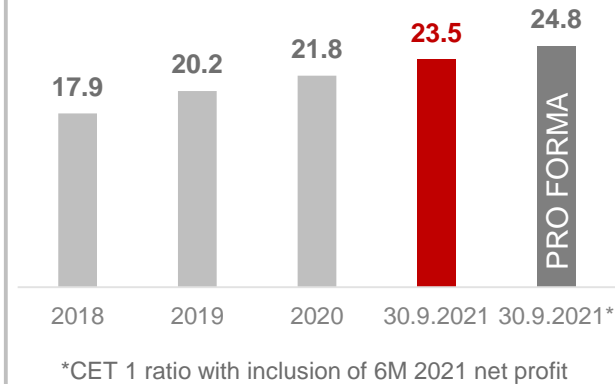
## Continuously strong capital position

- Continuous favourable trend in capital light performing portfolio and optimisation of RWA;
- We continue to **fortify** our position by harnessing efficiencies in our **risk and interest profile.**

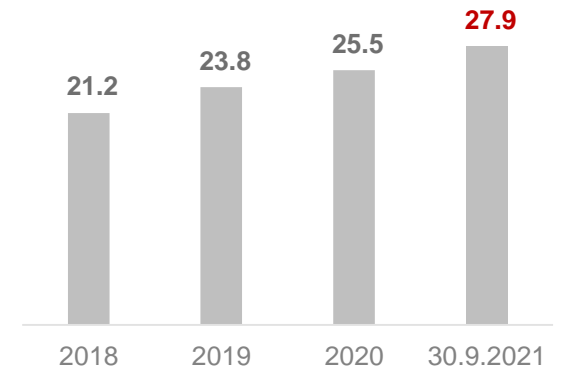
## Strong organic growth in 2021

- **Asset increase HRK +2.4 bn** in 2021;
- **Historically highest LCR** at 194%;
- Lowest 9M 2021 provision as a result of **improved portfolio quality.**

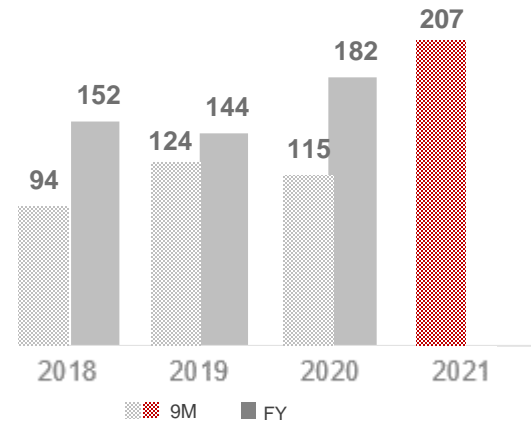
### CET 1 (%)



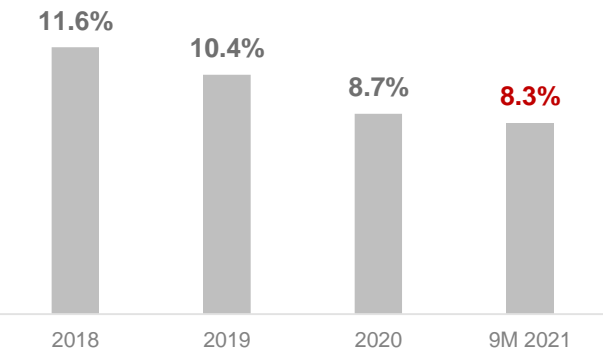
### Total assets (HRK bn)



### Net profit (HRK mn)



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



\* Market data for 6M 2021 8.1%, HPB 11.6%

- *Income statement items are shown in cumulative from start of the period until the reporting date; 9M = cumulative 1.1.2021 – 30.9.2021*
- *Balance sheet items are shown as at reporting date; 31.12.2020 and 30.9.2021*

# Key Financials 2021

## Operating profit (in HRK mn)



Growth driven by increase in net fee income & trading income, reduction of deposit insurance premium along with maintaining remaining expenses on PY levels.

## Gross loans (in HRK mn)



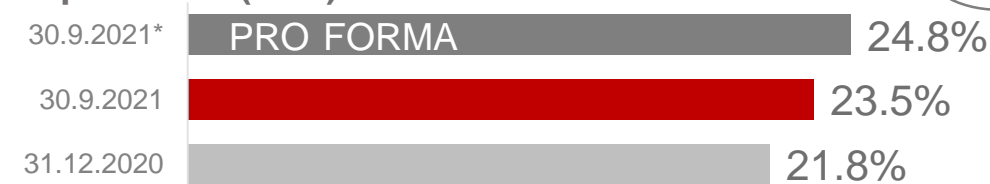
Increase of housing loans exceeded by the decrease in central government and corporate segment.

## Profit after tax (in HRK mn)



**Highest 9M profit after tax**; in addition to improved operating profit, positive impact of efficient provision management.

## CET 1 capital ratio (in %)



Elevated capital position.

\*Pro forma CET 1 ratio with inclusion of 6M 2021 profit after tax

- Income statement items are shown in cumulative from start of the period until the reporting date; 9M = cumulative 1.1.2021 – 30.9.2021
- Balance sheet items are shown as at reporting date; 31.12.2020 and 30.9.2021

# Highest 9M profit after tax in history

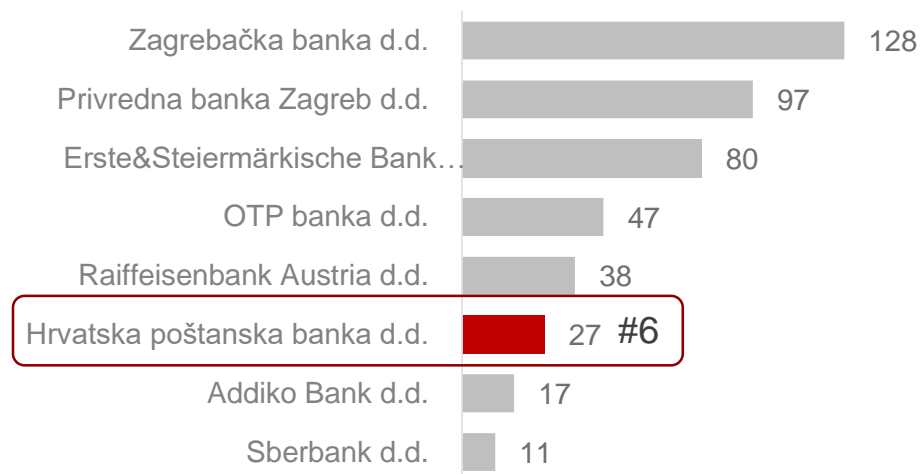
|  |        | 2019   | 2020   | 30.9.2021 | * |
|--|--------|--------|--------|-----------|---|
| Assets   | HRK mn | 23,844 | 25,500 | 27,851    | ▲ |
| Net loans to customers                           | HRK mn | 13,341 | 14,725 | 14,514    | ▼ |
| Deposits   | HRK mn | 20,069 | 21,214 | 23,037    | ▲ |
| Equity   | HRK mn | 2,370  | 2,473  | 2,673     | ▲ |
| CET 1 capital ratio                              | %      | 20.2   | 21.8   | 23.5      | ▲ |
| NPL ratio  | %      | 10.8   | 10.4   | 9.7       | ▼ |
| NPL ratio excl. 100% gov. guaranteed exposure    | %      | 10.4   | 8.7    | 8.3       | ▼ |
| NPL coverage                                     | %      | 67.5   | 62.2   | 61.1      | ▼ |
| NPL coverage excl. 100% gov. guaranteed exposure | %      | 70.0   | 74.2   | 72.3      | ▼ |

|                        |        | 2019  | 2020  | 9M 2020 | 9M 2021 | * |
|------------------------|--------|-------|-------|---------|---------|---|
| Income                 | HRK mn | 1,227 | 1,121 | 846     | 876     | ▲ |
| Net profit             | HRK mn | 144   | 182   | 165     | 207     | ▲ |
| Cost-to-income ratio   | %      | 61.3  | 64.1  | 62.6    | 56.3    | ▼ |
| Return on equity (ROE) | %      | 6.1   | 7.4   | 9.0     | 10.3    | ▲ |

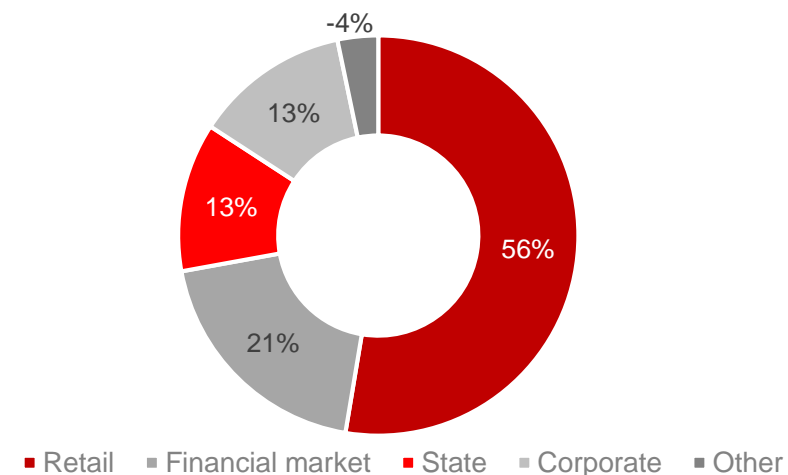
\* Balance sheet items and comparatives are shown as at reporting date; 31.12.2020 and 30.9.2021; while income statement items and comparatives are shown in cumulative (9M) from period start (1.1.2021) until reporting date (30.9.2021)

- Strong organic growth in 2021; asset increase HRK +2.4 bn;
- Highest 9M profit after tax;
- Improved NPL ratio as a result of effective collections approaches.

## Market share by total assets as of 30.06.2021 (in HRK bn)



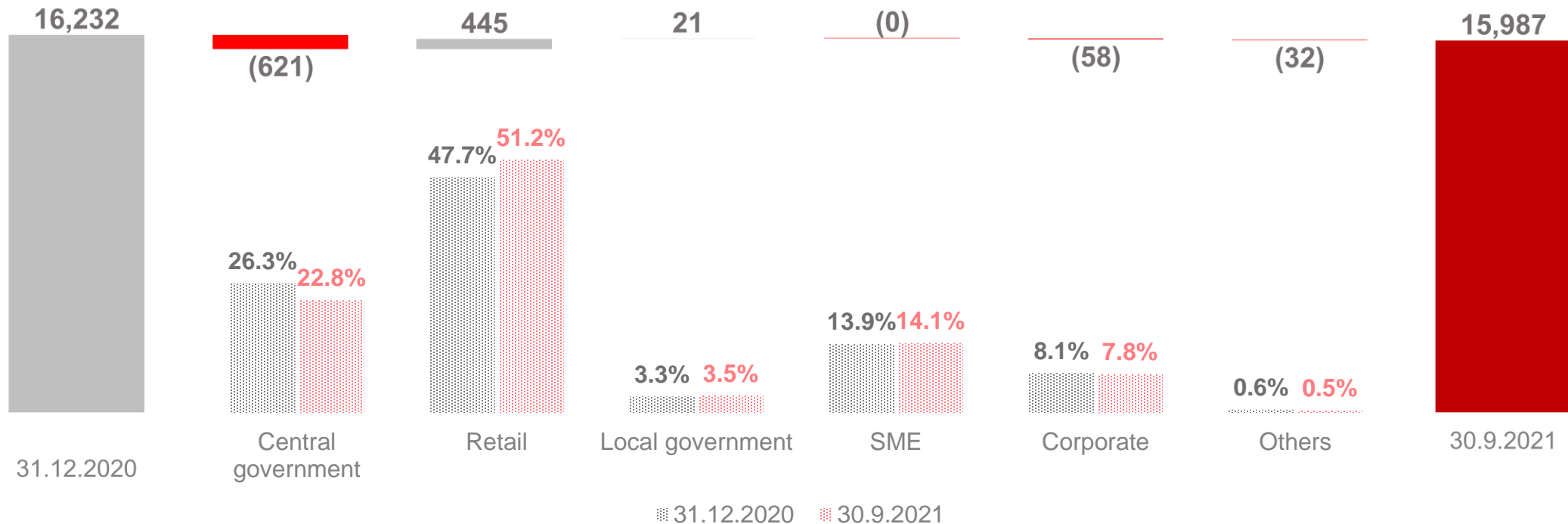
## Composition of Net profit as of 30.9.2021



Source: HPB management reports

# Gross loans development

Gross loans (in HRK mn)

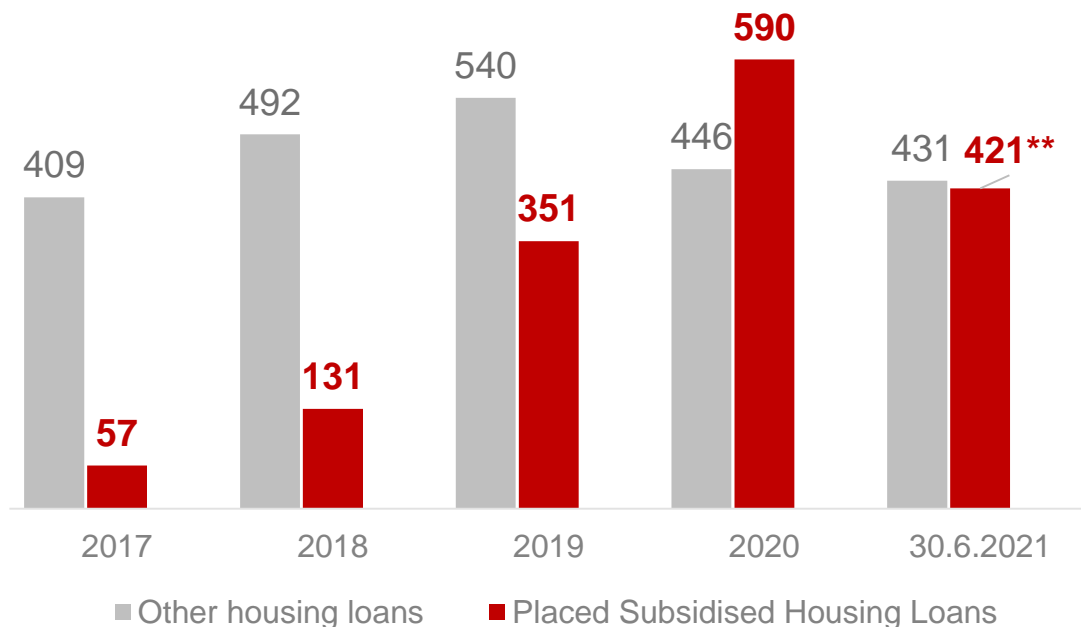


- The Bank **supported Croatian economy** during COVID-19 pandemic with SME segment market share in **HAMAG-BICRO COVID** guarantee schemes significantly above Bank's market share; 36% tourism and sport; 39% culture and media and 70% sea, transport and infrastructure at 30.9.2021; while corporate and SME segment market share in **HBOR COVID** programs amounting to 5.6% in liquidity programs, 12.0% in sea, transport and infrastructure programs and 100,0% in tourism and sport programs at 30.6.2021;
- Retail loans increase supported by higher housing loans (HRK +544.7 mn or +14.7%) representing stable upward trend;
- Prolonged and successful tourist season resulted in high liquidity of central government sufficient for regular business; following months will show additional needs of RH for loan financing.

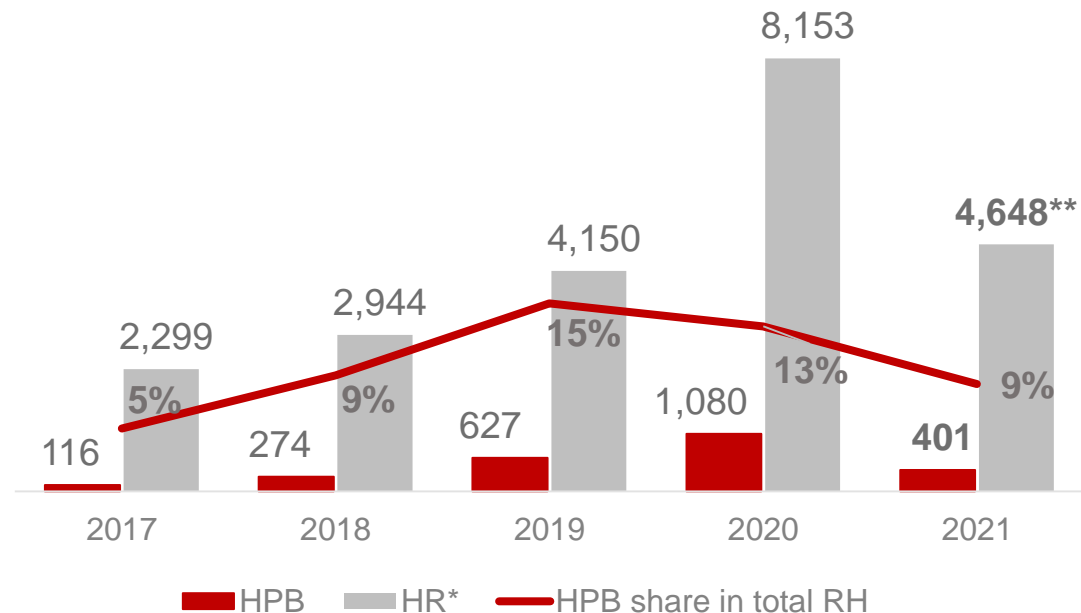


# Subsidised Housing Loans

Housing loans volume (in HRK mn)



Number of approved subsidised housing loans



- The Bank continuously participates in subsidised housing loan program;
- In the last, sixth, round, the Bank approved HRK 270 mn APN loans;
- Approved but not-yet-placed subsidised housing loans in the amount of HRK 17 mn at 30.9.2021;
- HPB offers HRK loans at EIR of 2.09%, the lowest among all 14 banks participating in the housing subsidy program in 2021.

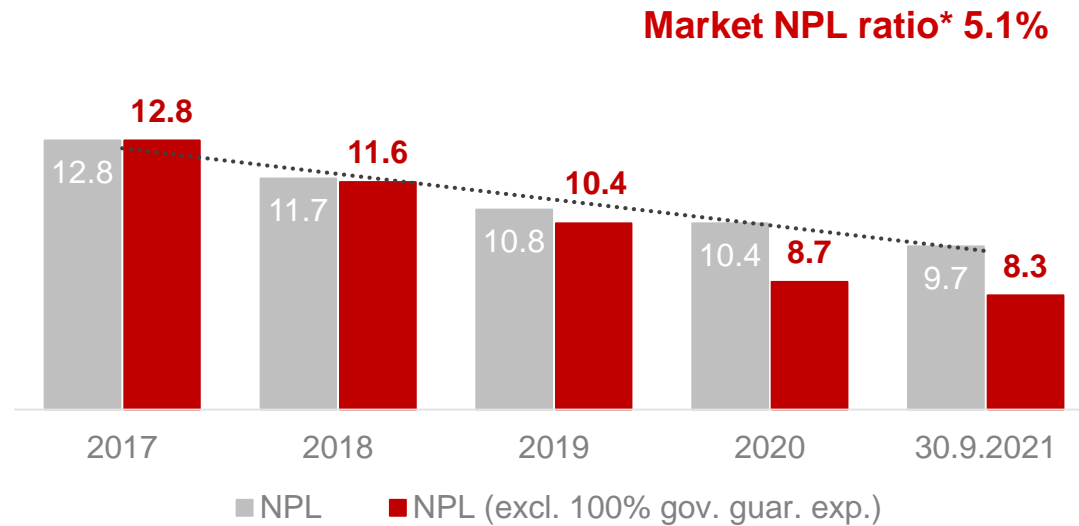
\* Source <https://mgipu.gov.hr/>

\*\* Data of approved loans as of 11.10.2021

\*\*\* Includes loans placed from prior years APN tranches

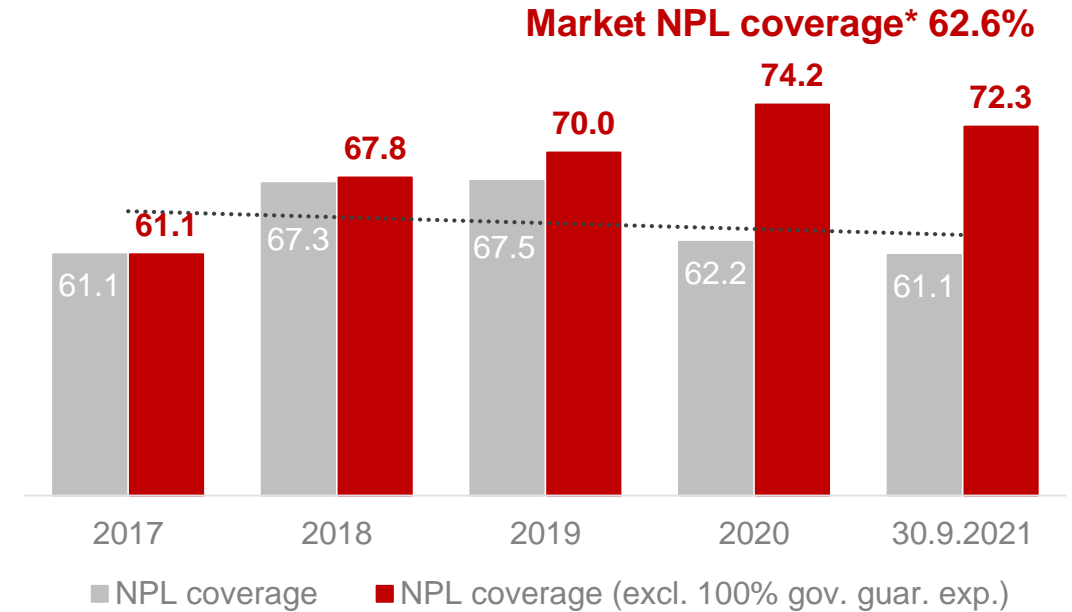
# Portfolio quality improves

## NPL ratio development (in %)



\* As of 30.6.2021

## NPL coverage development (in %)



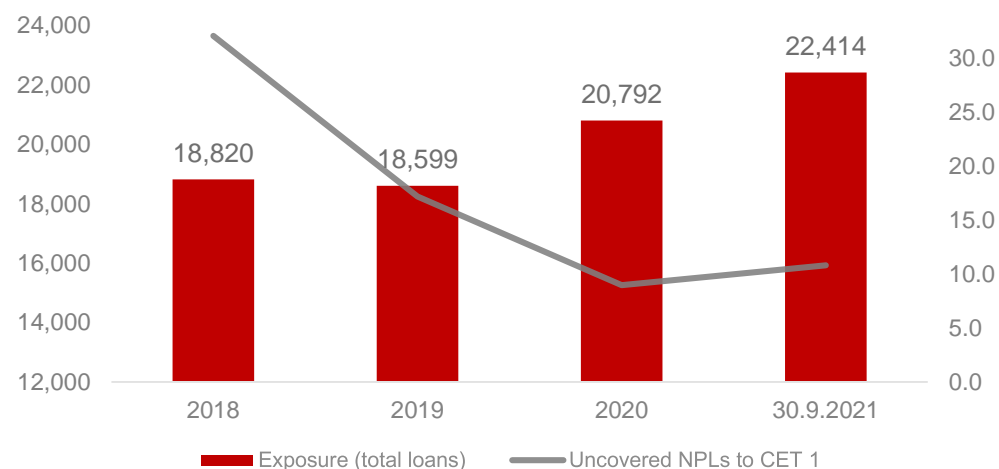
- As a result of adequate collection activities, NPL portfolio is at the lowest level in the observed period, in combination with asset increase this leads to positive trend in coverage and NPL share;
- Excluding 100% government guaranteed exposures, NPL share is at the lowest level in the last 5 years;
- Based on continuous favourable trend in relevant ratios as a result of successful collection activities we expect further positive trends in NPL ratio until the year end which is inline with Bank's objectives.

# Strong NPL coverage

|                                      |        | 2018    | 2019    | 2020    | 30.9.2021      |
|--------------------------------------|--------|---------|---------|---------|----------------|
| Exposure (total loans)               | HRK mn | 18,820  | 18,599  | 20,792  | <b>22,414</b>  |
| Total NPL stock                      | HRK mn | 2,201   | 2,009   | 2,163   | <b>2,182</b>   |
| NPL %                                | %      | 11.7    | 10.8    | 10.4    | <b>9.7</b>     |
| Loss allowance for loans             | HRK mn | (1,632) | (1,554) | (1,599) | <b>(1,565)</b> |
| NPL loss allowance                   | HRK mn | (1,481) | (1,355) | (1,346) | <b>(1,332)</b> |
| PL loss allowance                    | HRK mn | (151)   | (199)   | (254)   | <b>(233)</b>   |
| NPL Coverage                         | %      | 67.3    | 67.5    | 62.2    | <b>61.1</b>    |
| NPLs not covered by provisions       | HRK mn | 569     | 455     | 563     | <b>617</b>     |
| NPLs with 100% government guarantees | HRK mn | 0       | 76      | 356     | <b>348</b>     |
| Uncovered NPLs                       | HRK mn | 569     | 379     | 207     | <b>269</b>     |
| CET1*                                | HRK mn | 1,777   | 2,209   | 2,314   | <b>2,490</b>   |
| Uncovered NPLs to CET 1              | %      | 32.0    | 17.2    | 8.9     | <b>10.8</b>    |

\*CET 1 without inclusion of 6M 2021 net profit

## Uncovered NPLs to CET 1 trend



- Active NPL portfolio management with an objective to maintain uncovered NPLs to CET1 ratio at low level;
- Government guarantees represent a safety net on top of covered exposures of operating companies serviced by regular debt repayment.

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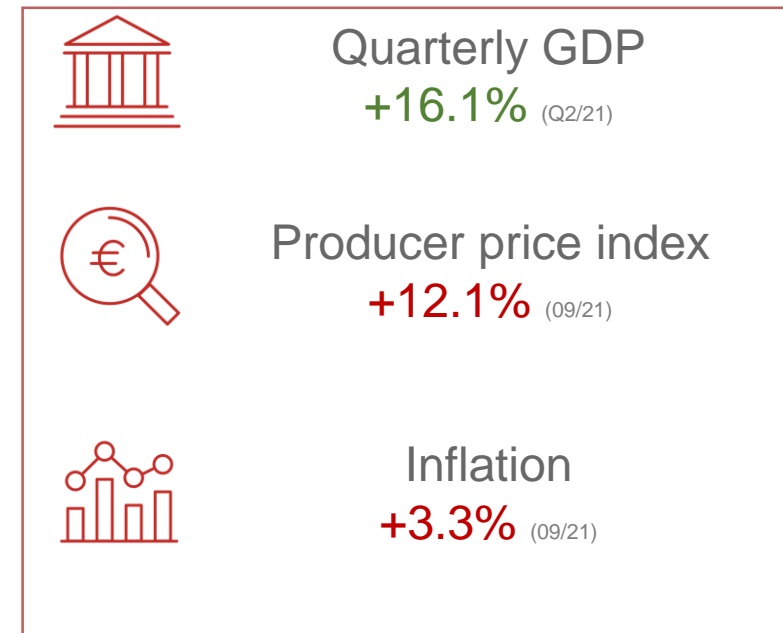
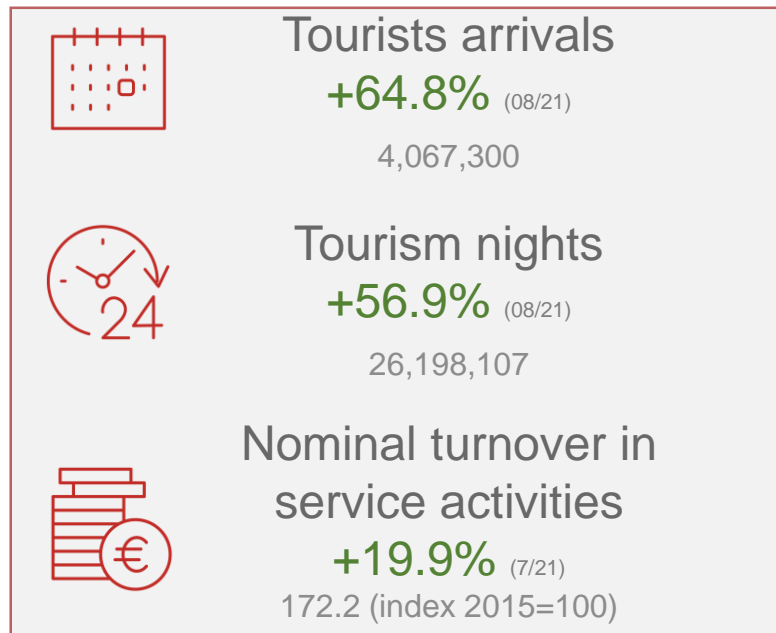
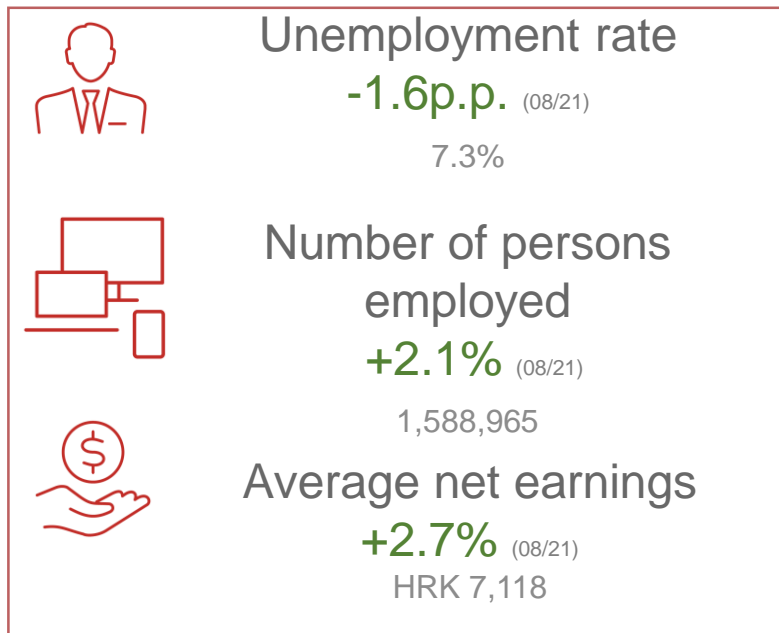
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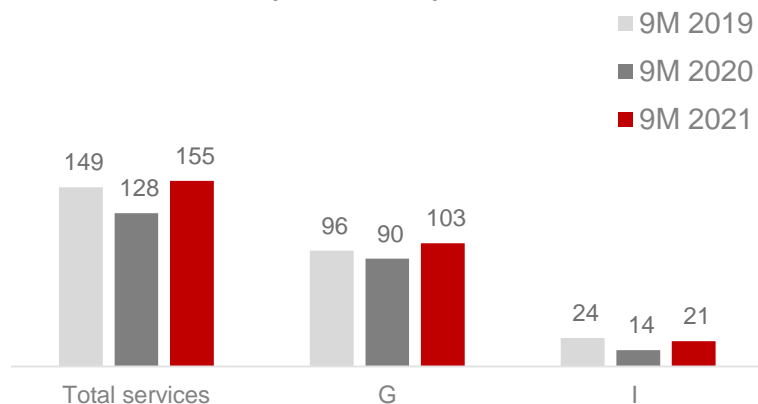
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# Economic indicators (y-o-y)

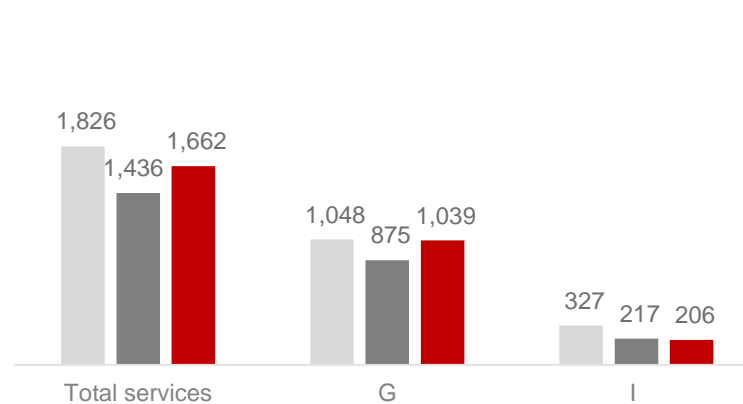


Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (July, August and September 2021)

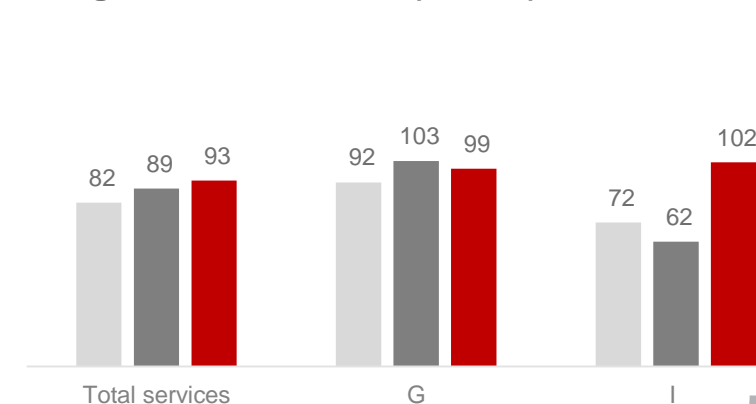
Account balance\* (in HRK bn)



Number of accounts\* (in mn)



Average account balance\* (in HRK)

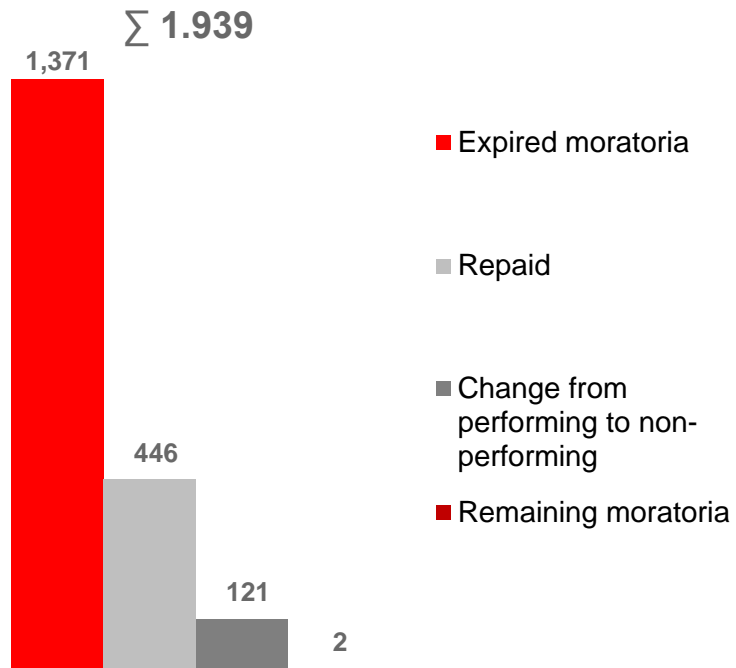


\*Source: <https://www.porezna-uprava.hr/Dokumenti> (data 2019, 2020 and 2021)

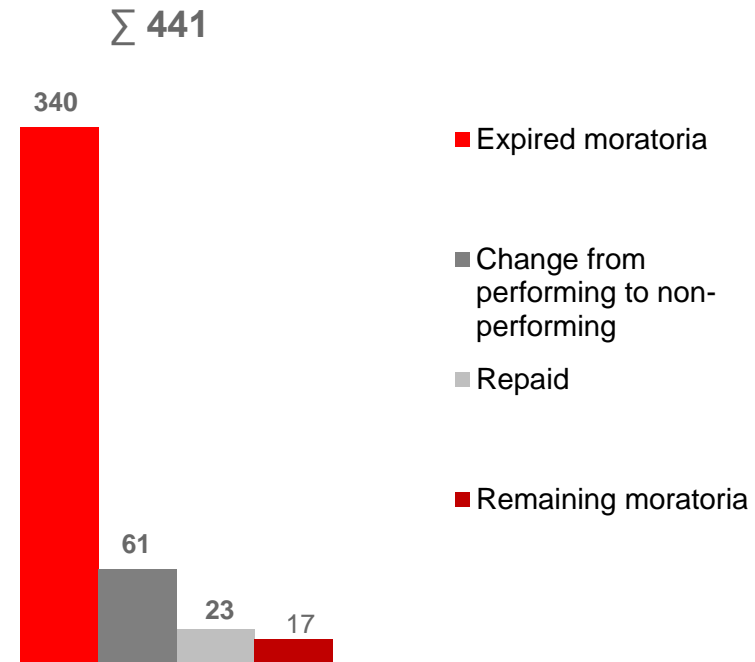
"G- WHOLESALE AND RETAIL TRADE OF MOTOR VEHICLES AND MOTORCYCLES; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES  
"I- ACCOMMODATION AND FOOD SERVICE ACTIVITIES "

# COVID-19 measures

Approved corporate moratoria status at 30.9.2021 (in HRK mn)



Approved retail moratoria status at 30.9.2021 (in HRK mn)



- **HRK 2 mn** (0.1% total approved) in corporate and **HRK 17 mn** (3.9% total approved) in retail segment remaining moratoria as at 30.9.2021;
- Total defaulted loans since moratoria approval at 30.9.2021 amounted HRK 182 mn (6.2% corporate, 13.8% retail in total approved moratoria);
- As at 30.9.2021 total expired moratoria in the amount **HRK 1.711 mn** – status **performing**.

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# Key financials – Income statement

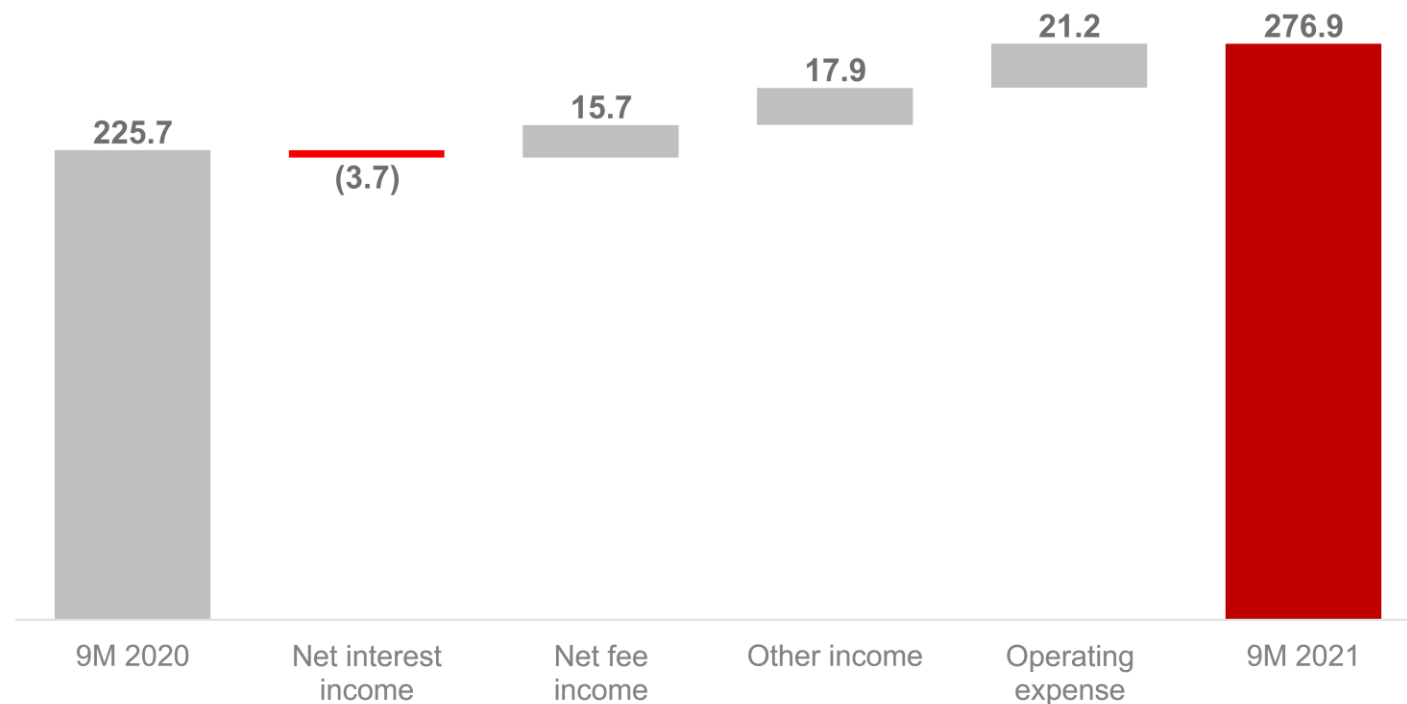
|                      |        | Q3 2020 | Q3 2020      | Δ q-o-q |  | 9M 2020 | 9M 2021      | Δ y-o-y  |
|----------------------|--------|---------|--------------|---------|--|---------|--------------|----------|
| Net interest income  | HRK mn | 134     | <b>130</b>   | (4.0) ▼ |  | 405     | <b>401</b>   | (3.7) ▼  |
| Net fee income       | HRK mn | 51      | <b>61</b>    | 10.0 ▲  |  | 133     | <b>149</b>   | 15.7 ▲   |
| Operating income     | HRK mn | 208     | <b>214</b>   | 5.9 ▲   |  | 604     | <b>634</b>   | 30.0 ▲   |
| Operating expense    | HRK mn | (126)   | <b>(116)</b> | (9.9) ▼ |  | (378)   | <b>(357)</b> | (21.2) ▼ |
| Operating profit     | HRK mn | 82      | <b>98</b>    | 15.9 ▲  |  | 226     | <b>277</b>   | 51.1 ▲   |
| Provisioning         | HRK mn | (20)    | <b>(24)</b>  | 4.1 ▲   |  | (27)    | <b>(25)</b>  | (2.0) ▼  |
| Net profit           | HRK mn | 50      | <b>60</b>    | 9.9 ▲   |  | 165     | <b>207</b>   | 41.6 ▲   |
| Cost-to-income ratio | %      | 60.5    | <b>54.2</b>  | (6.3) ▼ |  | 62.6    | <b>56.3</b>  | (6.3) ▼  |
| Net interest margin  | %      | 2.2     | <b>1.9</b>   | (0.1) ▼ |  | 3.3     | <b>3.0</b>   | (0.1) ▼  |

- Operating profit growth (+22.6%) as a result of higher NFCI and trading income, followed by savings on expense side due to reduction of deposit insurance premium while keeping other expenses inline with PY;
- NII lower for less than 1.0% due to decreased portfolio and lower market interest rates; interest expenses management in 9M 2021 (-37.2%) did not neutralise decrease in interest income (-3.7%) vs PY;
- Higher NFCI +11.8% due to withdrawal of COVID-19 measures related to card transactions, successful and prolonged tourist season and recovery of economic activity; rebounding to pre-COVID Q3 2019 level (HRK 61 mn Q3 2019);
- **Highest 9M net profit** in history.



# Operating profit development

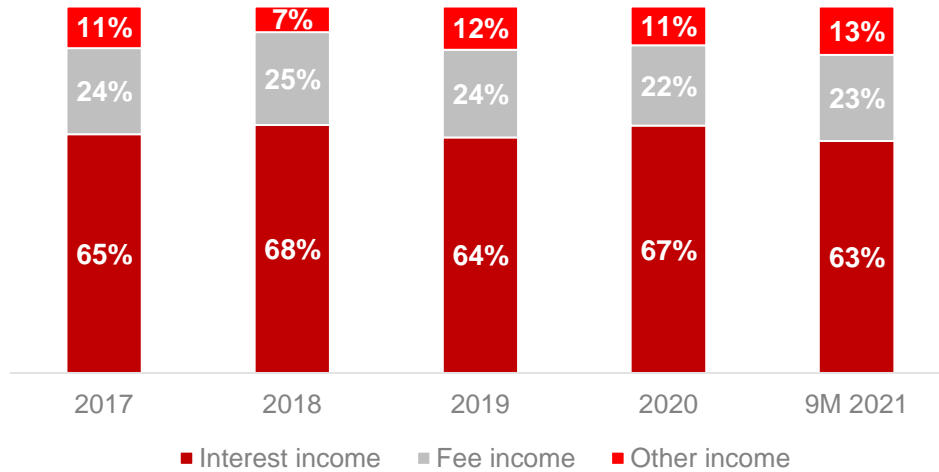
## Operating profit development (in HRK mn)



- Increase in other income driven by trading income (sale of equity instruments);
- Operating expenses decreased mainly due to lower amortization and deposit insurance premium.

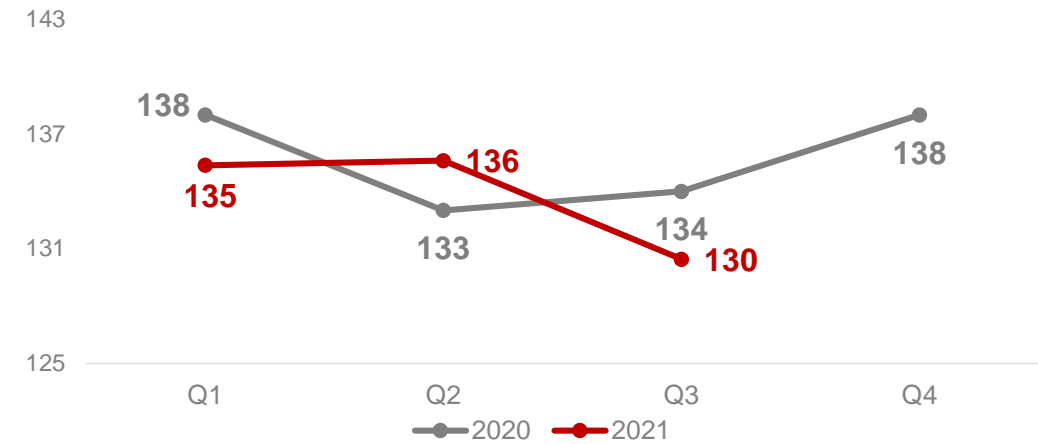
# Net income development

## Composition of net income

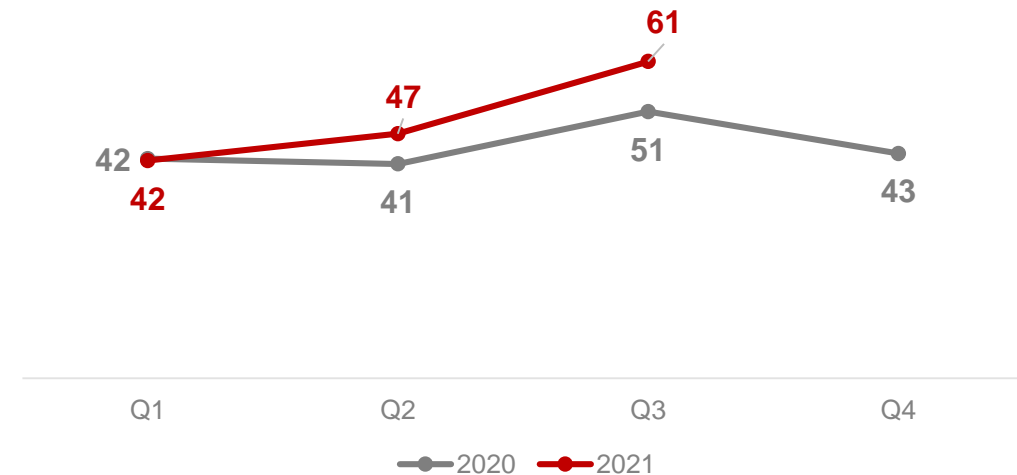


- Despite savings on expense side, net interest income lower vs PY;
- Net fee income increased as a result of increased fees from payment and credit card transactions; rebounding to pre-COVID Q3 2019 level (**HRK 61 mn Q3 2019**).

## Net interest income (in HRK mn)

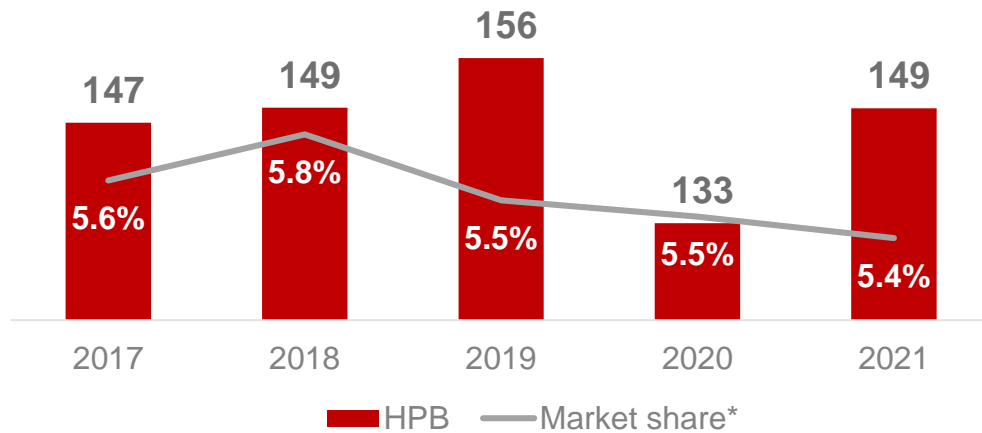


## Net fee income (in HRK mn)

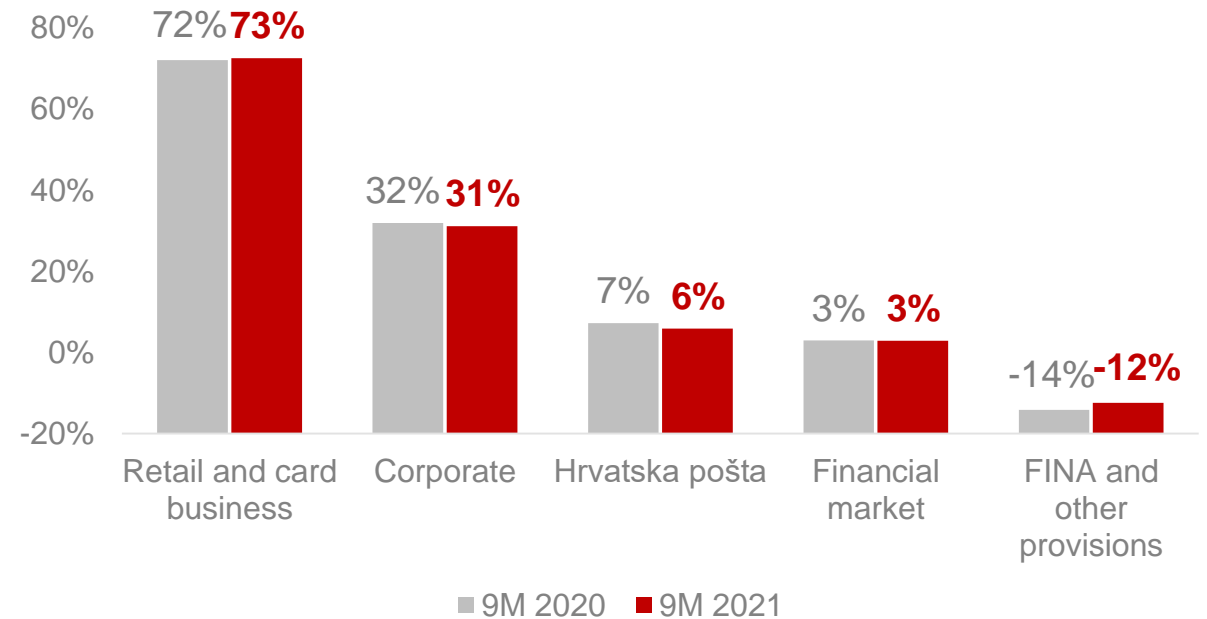


# Fees and commissions

Net fee income overview in 9M (in HRK mn)



Composition of net fee and commission income

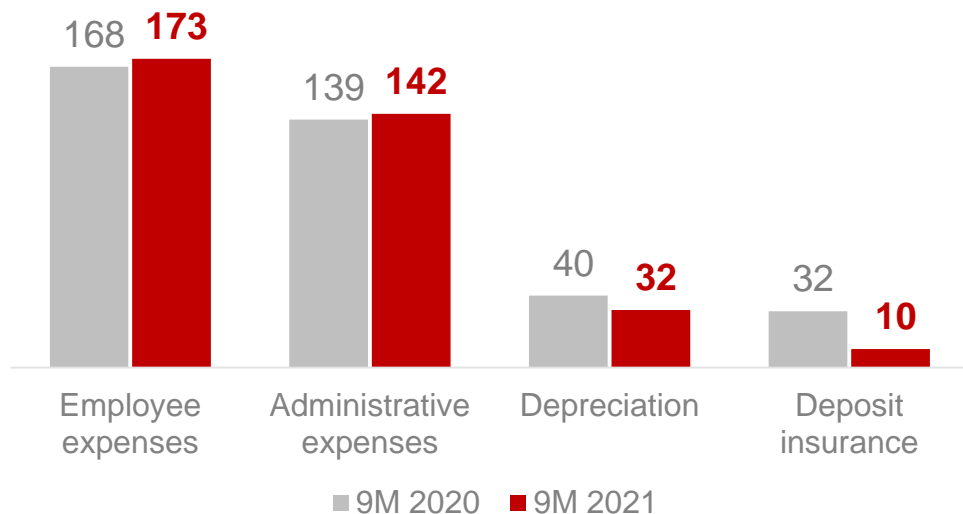


\* Market data available only for 6M 2021

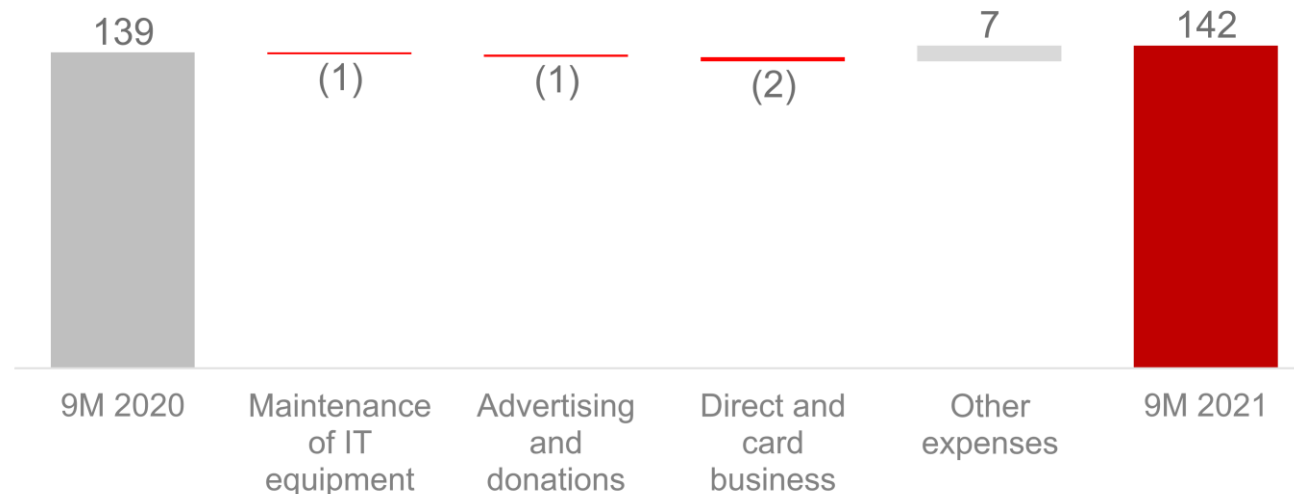
- Improved net fee income mainly driven by successful tourist season, recovery of economic activities and withdrawal of COVID-19 measures related to card business (net income from card business +20.5%);
- HPB net fee income on par with the banking sector with a relatively stable share.

# Operating expenses

Composition of operating expenses (in HRK mn)



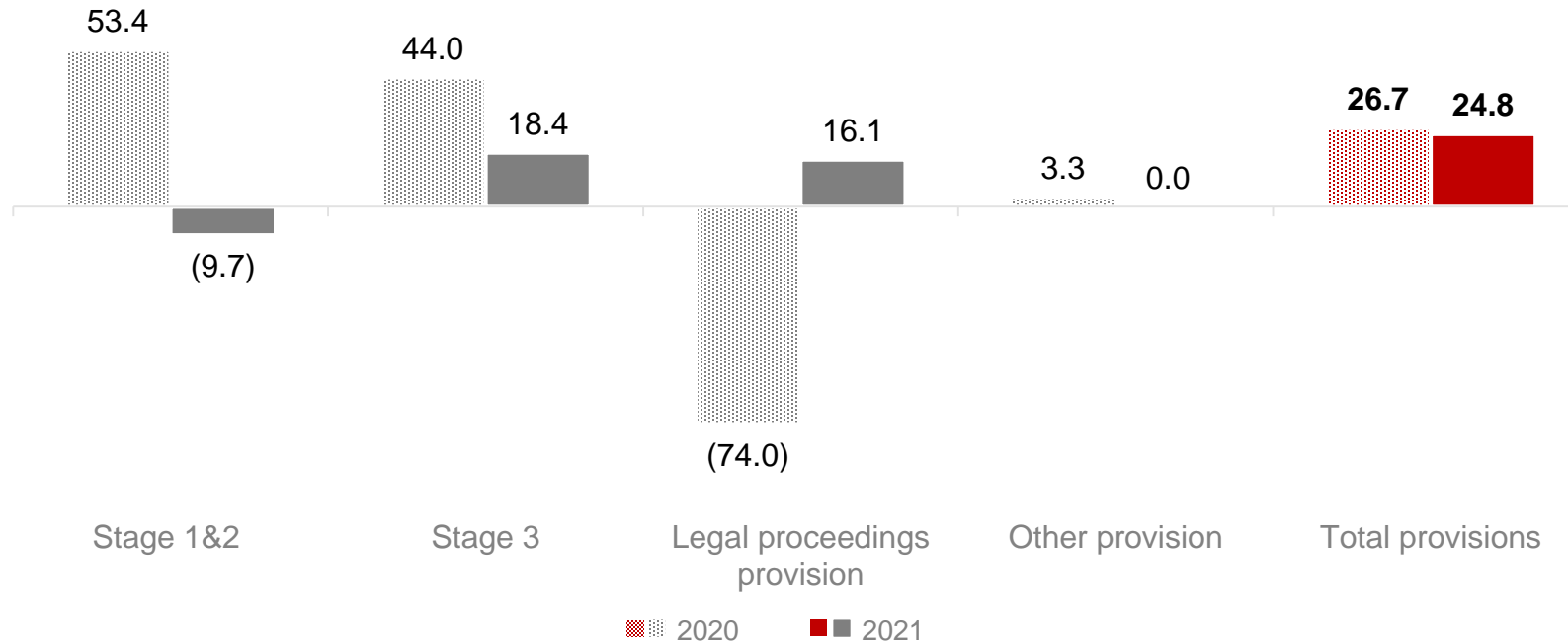
Administrative expenses development (in HRK mn)



- Operating expenses lower for 5.6% coming from reduction of deposit insurance premium and lower depreciation expense;
- Employee costs up as a result of investing in IT internal resources;
- Administrative expenses broadly inline vs PY (+2.4%); most significant negative impact coming from consulting services for regulatory projects, IT equipment maintenance (new purchases) and taxes, contributions and memberships fees based on revenue.

# Provisioning

Structure of net provision expenses in 9M 2020/2021  
(in HRK mn)



- Stage 1&2 movement under positive impact of portfolio development in relation to risk profile (higher share of retail housing loans and short-term borrowings to institutions representing liquid asset);
- Lower stage 3 provisions (y-o-y) due to planned individual positive P&L impacts as a result of collection activities;
- Regular legal cases provisions.

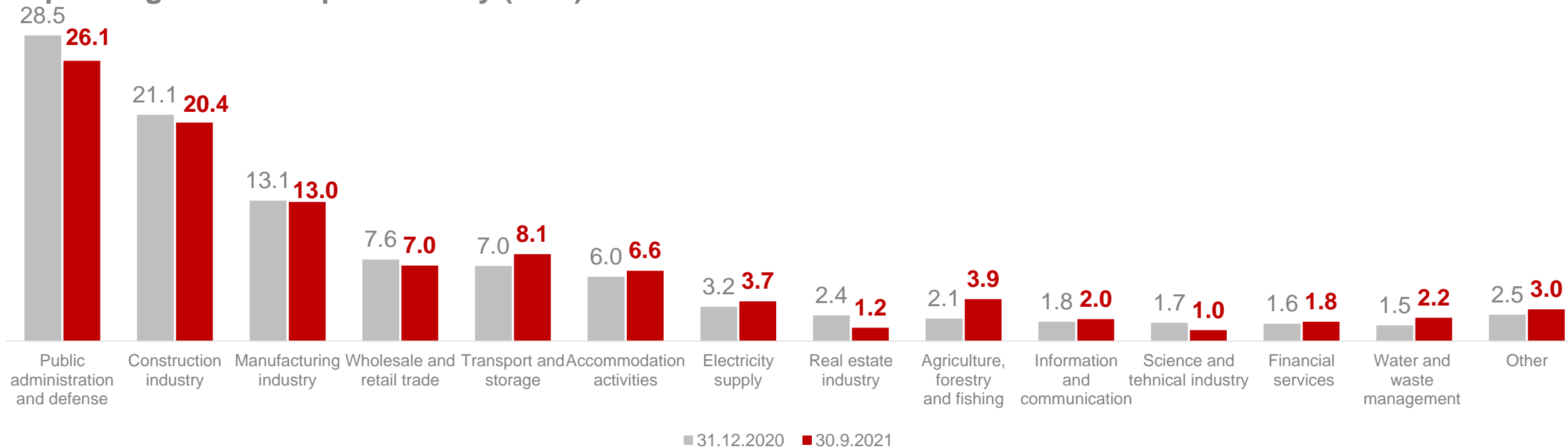
# Key financials – Balance sheet

|  |        | 31.12.2020 | 30.9.2021      | Δ ytd |   |
|--|--------|------------|----------------|-------|---|
| Assets   | HRK mn | 25,500     | <b>27,851</b>  | 2,351 | ▲ |
| Gross loans                                      | HRK mn | 16,232     | <b>15,987</b>  | (245) | ▼ |
| Deposits   | HRK mn | 21,214     | <b>23,037</b>  | 1,823 | ▲ |
| Equity   | HRK mn | 2,473      | <b>2,673</b>   | 200   | ▲ |
| Regulatory capital                               | HRK mn | 2,312      | <b>2,490</b>   | 178   | ▲ |
| Loan/deposit ratio                               | %      | 69.4       | <b>63.0</b>    | (6.4) | ▼ |
| ROAE   | %      | 7.5        | <b>10.7</b>    | 3.2   | ▲ |
| NPL ratio  | %      | 10.4       | <b>9.7</b>     | (0.7) | ▼ |
| NPL ratio excl. 100% gov. guaranteed exposure    | %      | 8.7        | <b>8.3</b>     | (0.4) | ▼ |
| NPL coverage                                     | %      | 62.2       | <b>61.1</b>    | (1.2) | ▼ |
| NPL coverage excl. 100% gov. guaranteed exposure | %      | 74.2       | <b>72.3</b>    | (1.9) | ▼ |
| Loss allowance for loans                         | HRK mn | (1,599)    | <b>(1,565)</b> | (34)  | ▼ |

- Assets records continuous growth +9.2% ytd, liquid assets +49.5% primarily due to continuous increase in deposits and interest rate decline, with slight decline in securities -0.6% and gross loans -1.5%;
- Deposits up +8.6% with largest increase in SMEs +21.7% the central state and large corporate segment +21.2%, and retail +1.1%.

# Corporate portfolio industry distribution

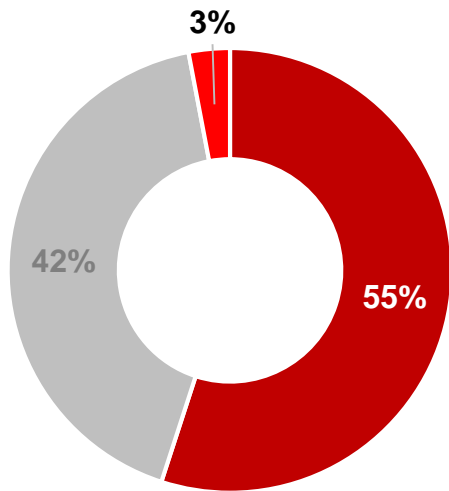
## Corporate gross loans per industry (in %)



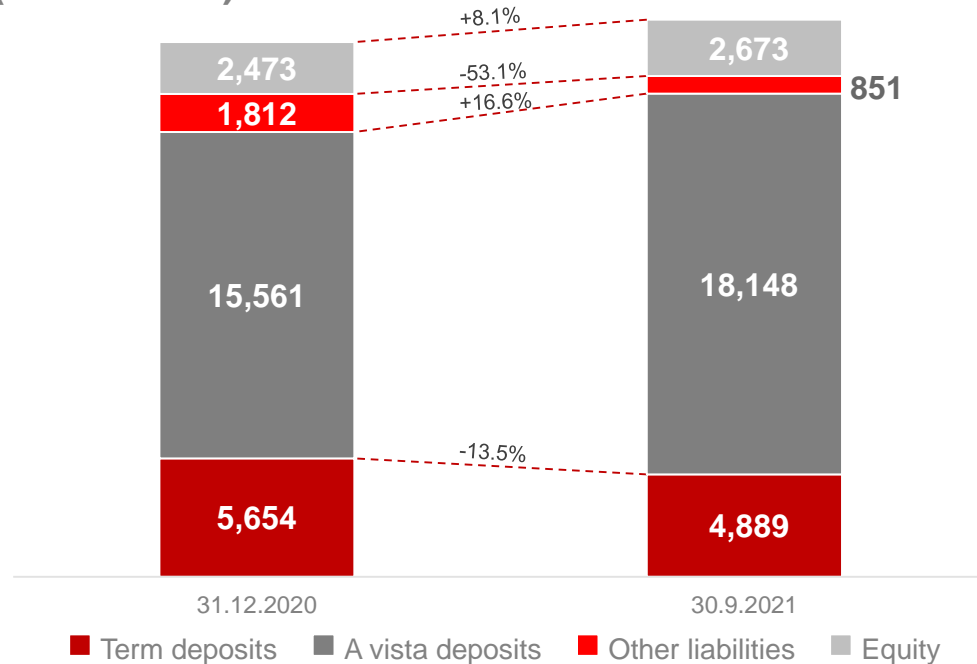
- Stable structure of corporate gross loans per industry in 9M 2021;
- Reduction to some industry sectors is in line with general macroeconomic trends:
  - Wholesale and retail trade;
  - Construction & Real estate;
- Accommodation activities lending was done backed up by government guarantee schemes.

# Composition of equity and liabilities

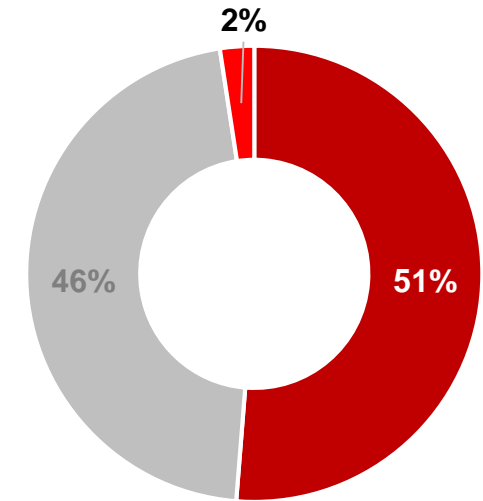
Deposit structure  
31.12.2020



Equity and liabilities structure  
(in HRK mn)



Deposit structure  
30.9.2021

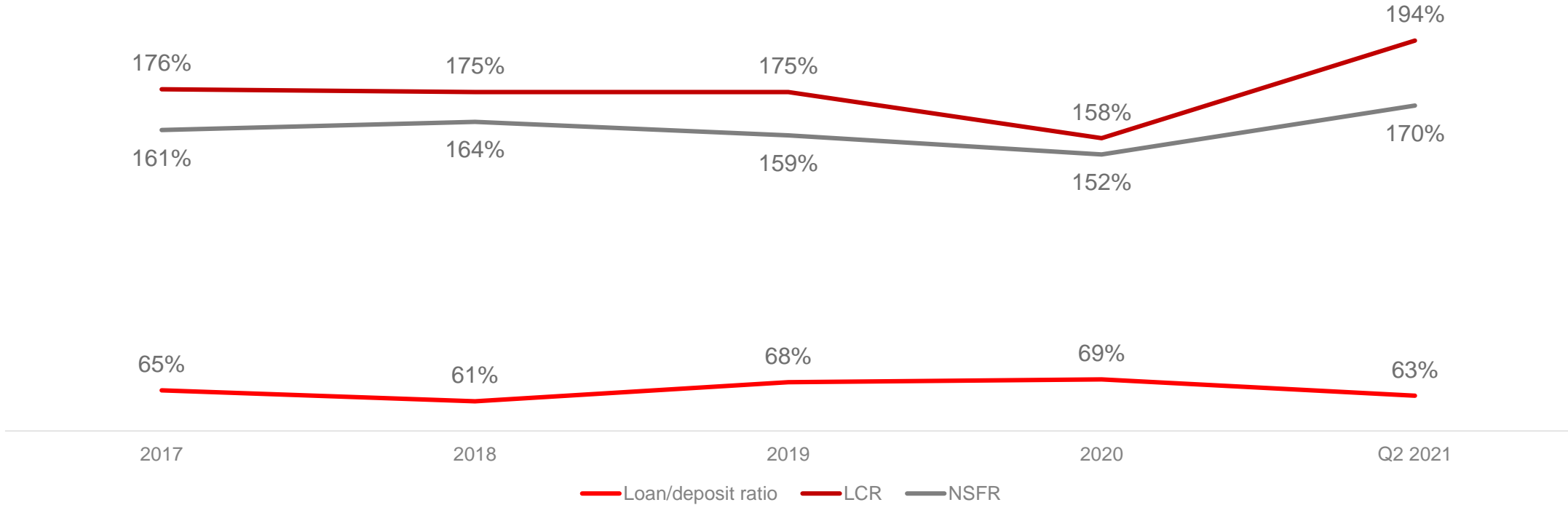


- Favourable impact on costs from observable trend of reduction of interest rates on deposits and continuous effective interest rate management;
- Customer deposits dominate the funding mix with an 86.7% share;
  - Bank holds 6.0% of all deposits on a market at 31.7.2021 (31.12.2020 = 5.75%);
- Stable 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.

# Continuously strong capital position

CET1 Capital (in HRK mn) and CET1 Ratio (%)



- Pro forma CET1 calculation includes 6M 2021 net profit.

1 Executive Summary

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2 Macroeconomic environment

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3 Financials

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**4 Risk Management**

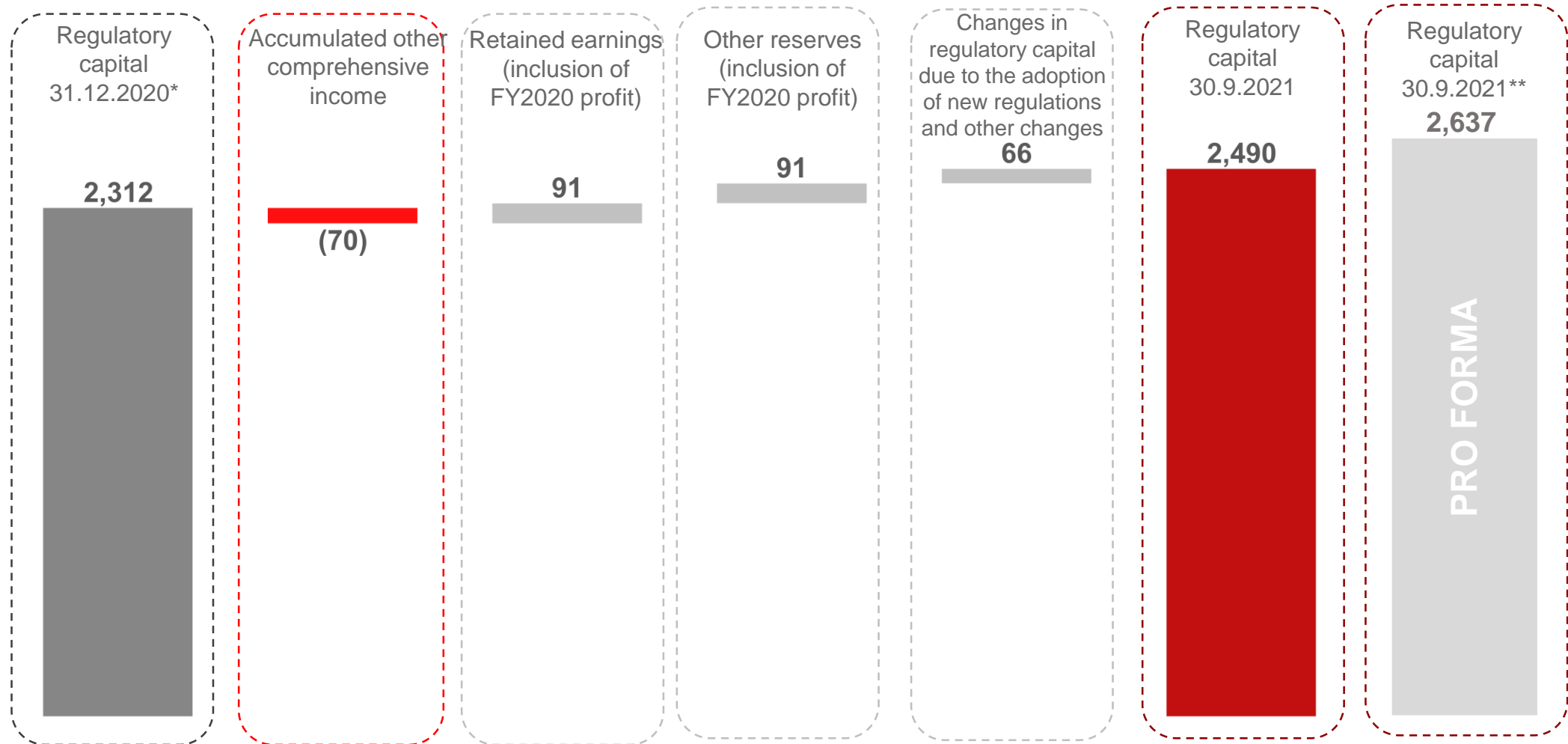
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5 Appendix

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# Regulatory Capital Development

## Regulatory capital development (in HRK mn)



\*Note there is a difference to regulatory capital reported in Investor information for Q4 2020 (HRK 2,314 mn) due to revised deduction amount of deferred tax assets - a decrease of HRK 1.8 mn in comparison with unaudited calculation of regulatory capital presented in Investor information for Q4 2020;

\*\*Regulatory capital with inclusion of 6M 2021 net profit

Source: HPB management reports

# RWA Development

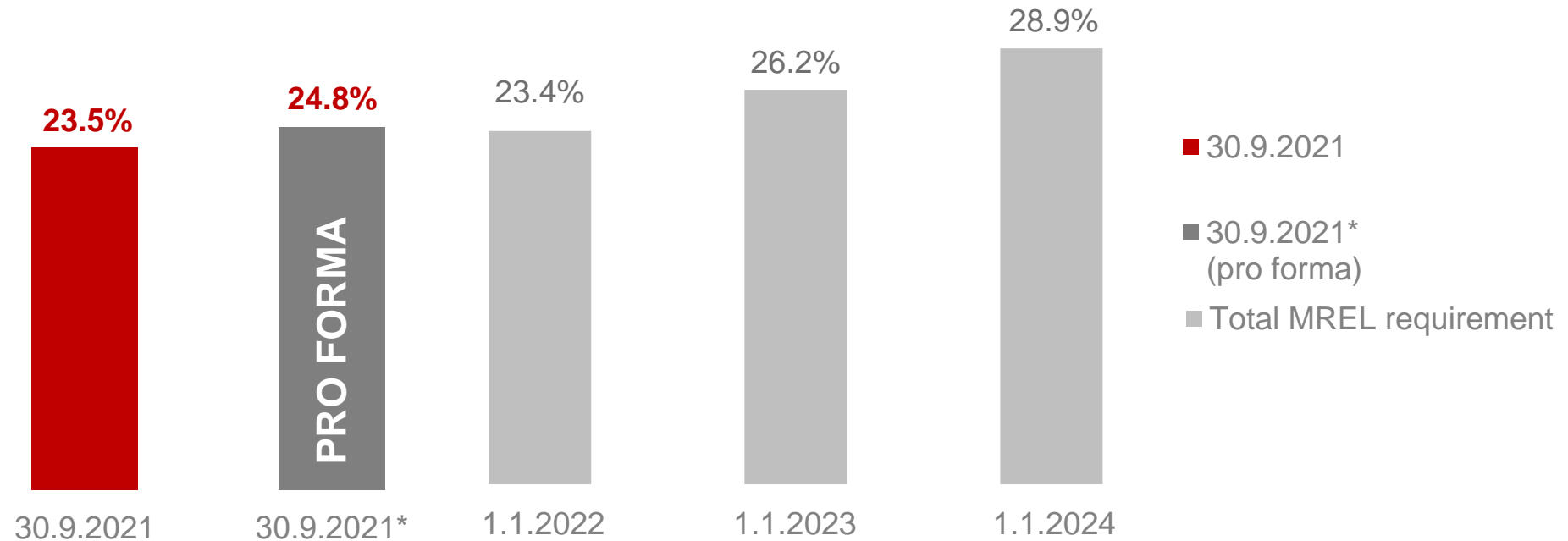
## RWA development (in HRK mn)



- Risk-weighted assets decreased mainly driven by loan exposure decrease while at the same time strenghtening capital management culture.

# Meeting MREL requirements

## Actual CET1 ratios vs. total MREL requirement



\* Pro forma CET 1 ratio with inclusion of 6M 2021 net profit

- The Bank has adopted plan to meet MREL requirements during H1 2021

# Exposures and coverage per stage

| Segment   | Stage | 31.12.2020 |   |          |   | 30.9.2021 |   |          |   |
|-----------|-------|------------|---|----------|---|-----------|---|----------|---|
|           |       | Exposure   | Exposure excluding 100% government guarantees | Coverage | Coverage excluding 100% government guarantees | Exposure  | Exposure excluding 100% government guarantees | Coverage | Coverage excluding 100% government guarantees |
| CORPORATE | S1    | 58.5%      |   | 3.8%     |   | 50.7%     |   | 4.0%     |   |
| CORPORATE | S2    | 6.8%       |   | 8.1%     |   | 16.8%     |   | 7.2%     |   |
| CORPORATE | S3    | 34.7%      | 21.7%   | 47.7%    | 75.2%   | 32.4%     | 22.2%   | 48.4%    | 79.9%   |
| SME       | S1    | 49.3%      |   | 4.2%     |   | 39.8%     |   | 4.0%     |   |
| SME       | S2    | 16.8%      |   | 15.5%    |   | 25.8%     |   | 11.3%    |   |
| SME       | S3    | 33.9%      | 33.9%   | 71.3%    | 71.3%   | 34.5%     | 34.5%   | 67.7%    | 67.7%   |
| STATE     | S1    | 98.7%      |   | 1.0%     |   | 98.4%     |   | 0.4%     |   |
| STATE     | S2    | 1.3%       |   | 7.2%     |   | 1.6%      |   | 4.9%     |   |
| STATE     | S3    | 0.0%       | 0.0%  | 0.0%     | 0.0%  | 0.0%      | 0.0%  | 0.0%     | 0.0%  |
| RETAIL    | S1    | 88.5%      |   | 0.5%     |   | 86.1%     |   | 0.5%     |   |
| RETAIL    | S2    | 3.2%       |   | 7.6%     |   | 4.6%      |   | 5.8%     |   |
| RETAIL    | S3    | 8.3%       | 8.3%  | 75.6%    | 75.6%   | 9.3%      | 9.3%  | 70.4%    | 70.4%   |
| TOTAL     | S1    | 85.9%      |   | 1.0%     |   | 84.5%     |   | 0.7%     |   |
| TOTAL     | S2    | 3.7%       |   | 10.5%    |   | 5.8%      |   | 8.0%     |   |
| TOTAL     | S3    | 10.4%      | 8.7%  | 62.2%    | 74.2%   | 9.7%      | 8.3%  | 61.1%    | 72.3%   |

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 September 30, 2021 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 September 30, 2021, 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



## Annex 1

## ISSUER'S GENERAL DATA

Reporting period: 01/01/2021 to 30/09/2021

Year: 2021

Quarter: 3

## Quarterly financial statements

Registration number (MB): 03777928 Issuer's home Member State code: HRVATSKA

Entity's registration number (MBS): 080010698

Personal identification number (OIB): 87939104217 LEI: 529900D5G4V6THXC5P79

Institution code: 319

Name of the issuer: HRVATSKA POŠTANSKA BANKA, p.l.c.

Postcode and town: 10000 ZAGREB

Street and house number: JURISIĆEVA 4

E-mail address: hpb@hpb.hr

Web address: www.hpb.hr

Number of employees (end of the reporting period): 1288

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

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Bookkeeping firm: No (Yes/No) (name of the bookkeeping firm)

Contact person: Tea Bažant (only name and surname of the contact person)

Telephone: 014804670

E-mail address: tea.bazant@hpb.hr

Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

**BALANCE SHEET**  
as at September 30, 2021

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        | 3,662,460,152                           | 6,210,680,397                               |
| Cash in hand  | 002        | 900,072,987                             | 1,652,201,037                               |
| Cash balances at central banks  | 003        | 2,224,401,393                           | 3,604,213,672                               |
| Other demand deposits   | 004        | 537,985,772                             | 954,265,688                                 |
| Financial assets held for trading (from 6 to 9)   | 005        | 719,257,423                             | 593,084,328                                 |
| Derivatives   | 006        | -                                       | -   |
| Equity instruments  | 007        | 95,340,654                              | 103,740,271                                 |
| Debt securities   | 008        | 623,916,769                             | 489,344,057                                 |
| Loans and advances  | 009        | -                                       | -   |
| Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13) | 010        | 38,865,901                              | 9,246,359                                   |
| Equity instruments  | 011        | 20,000,000                              | -   |
| Debt securities   | 012        | -                                       | -   |
| Loans and advances  | 013        | 18,865,901                              | 9,246,359                                   |
| 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        | 4,158,015,469                           | 4,271,495,912                               |
| Equity instruments  | 018        | 49,027,711                              | 47,985,977                                  |
| Debt securities   | 019        | 4,108,987,758                           | 4,223,509,935                               |
| Loans and advances  | 020        | -                                       | -   |
| Financial assets at amortised cost (22 + 23)  | 021        | 16,413,935,375                          | 16,284,358,495                              |
| Debt securities   | 022        | 1,978,784                               | 2,927,431                                   |
| Loans and advances  | 023        | 16,411,956,591                          | 16,281,431,064                              |
| 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        | 9,760,843                               | 9,760,843                                   |
| Tangible assets   | 027        | 326,523,749                             | 312,854,146                                 |
| Intangible assets   | 028        | 91,038,847                              | 99,837,801                                  |
| Tax assets  | 029        | 2,797,956                               | 1,558,517                                   |
| Other assets  | 030        | 40,321,775                              | 31,922,316                                  |
| Fixed assets and disposal groups classified as held for sale                                  | 031        | -                                       | -   |
| <b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>                               | <b>032</b> | <b>25,462,977,490</b>                   | <b>27,824,799,114</b>                       |
| <b>Liabilities</b>  |            |   |   |
| Financial liabilities held for trading (from 34 to 38)  | 033        | 21,172                                  | 391   |
| Derivatives   | 034        | 21,172                                  | 391   |
| 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        | 22,688,405,792                          | 24,570,388,887                              |
| Deposits  | 044        | 22,569,135,023                          | 24,471,187,058                              |
| Debt securities issued  | 045        | -                                       | -   |
| Other financial liabilities   | 046        | 119,270,769                             | 99,201,829                                  |
| Derivatives - hedge accounting  | 047        | -                                       | -   |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk               | 048        | -                                       | -   |
| Provisions  | 049        | 125,688,739                             | 344,728,880                                 |
| Tax liabilities   | 050        | 25,697,310                              | 69,910,488                                  |
| Share capital repayable on demand   | 051        | -                                       | -   |
| Other liabilities   | 052        | 150,060,287                             | 166,846,127                                 |
| 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>22,989,873,300</b>                   | <b>25,151,874,773</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        | 264,974,555                             | 258,236,341                                 |
| Retained profit   | 060        | 200,321,464                             | 291,352,537                                 |
| Revaluation reserves  | 061        | -                                       | -   |
| Other reserves  | 062        | 611,448,026                             | 702,479,098                                 |
| ( - ) Treasury shares   | 063        | (477,000)                               | (477,000)                                   |
| Profit or loss attributable to owners of the parent   | 064        | 182,062,145                             | 206,558,365                                 |
| (-) Interim dividends   | 065        | -                                       | -   |
| Minority interests [non-controlling interests]  | 066        | -                                       | -   |
| <b>Total equity (from 55 to 66)</b>   | <b>067</b> | <b>2,473,104,190</b>                    | <b>2,672,924,341</b>                        |
| <b>Total equity and liabilities (54 + 67)</b>   | <b>068</b> | <b>25,462,977,490</b>                   | <b>27,824,799,114</b>                       |

**STATEMENT OF PROFIT AND LOSS**  
for the period January 01, 2021 to September 30, 2021

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item  | AOP code   | Same period of the previous year |                    | Current period     |                    |
|---|------------|----------------------------------|--------------------|--------------------|--------------------|
|   |            | Cumulative                       | Quarter            | Cumulative         | Quarter            |
| 1   | 2          | 3                                | 4                  | 5                  | 6                  |
| Interest income   | 001        | 441,208,201                      | 146,027,784        | 424,994,797        | 137,984,977        |
| (Interest expenses)   | 002        | 39,955,739                       | 12,837,421         | 27,525,552         | 8,605,898          |
| (Expenses on share capital repayable on demand)   | 003        | -                                | -                  | -                  | -                  |
| Dividend received   | 004        | 3,280,842                        | 1,053,562          | 1,990,067          | 912,372            |
| Fees and commissions income   | 005        | 341,876,343                      | 128,322,789        | 370,071,010        | 151,612,595        |
| (Fees and commissions expenses)   | 006        | 208,616,477                      | 77,710,621         | 221,068,606        | 91,017,191         |
| Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net     | 007        | 35,035,565                       | -                  | 671,022            | 501,425            |
| Gains or (-) losses on financial assets and liabilities held for trading, net   | 008        | 28,643,341                       | 20,827,844         | 49,558,986         | 21,837,558         |
| Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net                               | 009        | 216,712                          | 16,685             | 30,437,951         | 1,262,389          |
| 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        | (7,587,801)                      | (931,046)          | (6,156,096)        | (2,040,785)        |
| Gains or (-) losses on derecognition of non-financial assets, net   | 013        | -                                | -                  | -                  | -                  |
| Other operating income  | 014        | 6,355,898                        | 2,196,348          | 6,798,717          | 1,889,306          |
| (Other operating expenses)  | 015        | 9,648,144                        | (13,936,917)       | 8,417,716          | 2,502,878          |
| <b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>  | <b>016</b> | <b>590,808,741</b>               | <b>220,902,841</b> | <b>621,354,580</b> | <b>211,833,870</b> |
| (Administrative expenses)   | 017        | 309,562,403                      | 125,897,976        | 284,161,512        | 92,387,388         |
| (Contributions in cash rehabilitation committees and Deposit Insurance Schemes)   | 018        | -                                | (5,482,500)        | 10,437,268         | 3,479,089          |
| (Depreciation)  | 019        | 58,111,404                       | 17,768,486         | 50,251,429         | 16,527,257         |
| Modification gains or (-) losses, net   | 020        | (3,383,797)                      | (5,896,267)        | (1,978,555)        | (520,600)          |
| (Provisions or (-) reversal of provisions)  | 021        | (62,691,595)                     | (3,061,788)        | 20,734,420         | (1,738,386)        |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)                    | 022        | 83,447,502                       | 17,677,528         | 1,696,368          | 26,689,259         |
| (Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)                            | 023        | -                                | -                  | -                  | -                  |
| (Impairment or (-) reversal of impairment on non-financial assets)  | 024        | -                                | -                  | -                  | -                  |
| Negative goodwill recognised in profit or loss  | 025        | -                                | -                  | -                  | -                  |
| Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method | 026        | -                                | -                  | -                  | -                  |
| Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations      | 027        | -                                | -                  | -                  | -                  |
| <b>Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)</b>                 | <b>028</b> | <b>198,995,230</b>               | <b>62,206,872</b>  | <b>252,095,028</b> | <b>73,968,663</b>  |
| (Tax expense or (-) income related to profit or loss from continuing operations)  | 029        | 34,046,017                       | 12,232,164         | 45,536,663         | 14,086,844         |
| <b>Profit or (-) loss after tax from continuing operations (27 – 28)</b>  | <b>030</b> | <b>164,949,213</b>               | <b>49,974,708</b>  | <b>206,558,365</b> | <b>59,881,819</b>  |
| Profit or (-) loss after tax from discontinued operations (31 – 32)   | 031        | -                                | -                  | -                  | -                  |
| Profit or (-) loss before tax from discontinued operations  | 032        | -                                | -                  | -                  | -                  |
| (Tax expense or (-) income related to discontinued operations)  | 033        | -                                | -                  | -                  | -                  |
| <b>Profit or (-) loss for the year (29 + 30; 34 + 35)</b>   | <b>034</b> | <b>164,949,213</b>               | <b>49,974,708</b>  | <b>206,558,365</b> | <b>59,881,819</b>  |
| Attributable to minority interest [non-controlling interests]   | 035        | -                                | -                  | -                  | -                  |
| Attributable to owners of the parent  | 036        | 164,949,213                      | 49,974,708         | 206,558,365        | 59,881,819         |
| <b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>  |            |                                  |                    |                    |                    |
| Income or (-) loss for the current year   | 037        | 164,949,213                      | 49,974,708         | 206,558,365        | 59,881,819         |
| Other comprehensive income (38 + 50)  | 038        | (91,723,091)                     | 25,631,901         | (6,738,214)        | 9,033,180          |
| Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)  | 039        | -                                | -                  | (457,723)          | -                  |
| Tangible assets   | 040        | -                                | -                  | -                  | -                  |
| Intangible assets   | 041        | -                                | -                  | -                  | -                  |
| Actuarial gains or (-) losses on defined benefit pension plans  | 042        | -                                | -                  | -                  | -                  |
| Fixed assets and disposal groups classified as held for sale  | 043        | -                                | -                  | -                  | -                  |
| Share of other recognised income and expense of entities accounted for using the equity method                                      | 044        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income                                  | 045        | -                                | -                  | -                  | -                  |
| Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net               | 046        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]                    | 047        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]             | 048        | -                                | -                  | -                  | -                  |
| Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk       | 049        | -                                | -                  | -                  | -                  |
| Income tax relating to items that will not be reclassified  | 050        | -                                | -                  | (457,723)          | -                  |
| Items that may be reclassified to profit or loss (from 51 to 58)  | 051        | (91,723,091)                     | 25,631,901         | (6,280,491)        | 9,033,180          |
| Hedge of net investments in foreign operations [effective portion]  | 052        | -                                | -                  | -                  | -                  |
| Foreign currency translation  | 053        | -                                | -                  | -                  | -                  |
| Cash flow hedges [effective portion]  | 054        | -                                | -                  | -                  | -                  |
| Hedging instruments [not designated elements]   | 055        | -                                | -                  | -                  | -                  |
| Debt instruments at fair value through other comprehensive income   | 056        | (111,857,428)                    | 31,258,416         | (7,659,135)        | 11,016,073         |
| Fixed assets and disposal groups classified as held for sale  | 057        | -                                | -                  | -                  | -                  |
| Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates                          | 058        | -                                | -                  | -                  | -                  |
| Income tax relating to items that may be reclassified to profit or (-) loss   | 059        | 20,134,337                       | (5,626,515)        | 1,378,644          | (1,982,893)        |
| <b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>   | <b>060</b> | <b>73,226,122</b>                | <b>75,606,609</b>  | <b>199,820,151</b> | <b>68,914,999</b>  |
| Attributable to minority interest [non-controlling interest]  | 061        | -                                | -                  | -                  | -                  |
| Attributable to owners of the parent  | 062        | 73,226,122                       | 75,606,609         | 199,820,151        | 68,914,999         |

**STATEMENT OF CASH FLOW**  
for the period January 01, 2021 to September 30, 2021

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        | 198,995,230                      | 252,095,028          |
| Adjustments:   |            |                                  |                      |
| Impairment and provisions  | 010        | 24,139,704                       | 24,409,343           |
| Depreciation   | 011        | 58,111,404                       | 50,251,429           |
| Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss    | 012        | (56,091,105)                     | (80,667,959)         |
| (Profit)/loss from the sale of tangible assets   | 013        | -                                | -                    |
| Other non-cash items   | 014        | (262,208,543)                    | (397,469,245)        |
| <b>Promjene u imovini i obvezama iz poslovnih aktivnosti</b>   |            |                                  |                      |
| Deposits with the Croatian National Bank   | 015        | 318,279,579                      | (90,596,684)         |
| Deposits with financial institutions and loans to financial institutions   | 016        | -                                | -                    |
| Loans and advances to other clients  | 017        | (1,011,483,817)                  | 217,447,288          |
| Securities and other financial instruments at fair value through other comprehensive income                            | 018        | 460,670,888                      | (119,631,681)        |
| Securities and other financial instruments held for trading  | 019        | (78,196,069)                     | 215,789,574          |
| 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        | -                                | 20,000,000           |
| Securities and other financial instruments at amortised cost   | 022        | 1,061,190                        | (948,647)            |
| Other assets from operating activities   | 023        | 13,813,275                       | 8,399,460            |
| Deposits from financial institutions   | 024        | (63,696,447)                     | 39,760,243           |
| Transaction accounts of other clients  | 025        | 1,208,021,491                    | 745,778,473          |
| Savings deposits of other clients  | 026        | 650,247,498                      | 1,752,877,622        |
| Time deposits of other clients   | 027        | (491,474,706)                    | (707,349,518)        |
| Derivative financial liabilities and other liabilities held for trading  | 028        | 5,832,393                        | (20,089,721)         |
| Other liabilities from operating activities  | 029        | (3,284,454)                      | 215,091,560          |
| Interest received from operating activities [indirect method]  | 030        | 296,386,624                      | 384,629,685          |
| Dividends received from operating activities [indirect method]   | 031        | 3,280,842                        | 1,990,067            |
| Interest paid from operating activities [indirect method]  | 032        | (34,178,081)                     | (27,525,552)         |
| (Income tax paid)  | 033        | -                                | -                    |
| <b>Net cash flow from operating activities (from 1 to 33)</b>  | <b>034</b> | <b>1,238,226,896</b>             | <b>2,484,240,765</b> |
| <b>Investing activities</b>  |            |                                  |                      |
| Cash receipts from the sale / payments for the purchase of tangible and intangible assets                              | 035        | (53,605,973)                     | (45,380,780)         |
| 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        | -                                | -                    |
| Dividends received from investing activities   | 038        | 1,061,190                        | (948,647)            |
| Other receipts/payments from investing activities  | 039        | -                                | -                    |
| <b>Net cash flow from investing activities (from 35 to 39)</b>   | <b>040</b> | <b>(52,544,783)</b>              | <b>(46,329,427)</b>  |
| <b>Financing activities</b>  |            |                                  |                      |
| Net increase/(decrease) in loans received from financing activities  | 041        | 471,104,153                      | 70,985,216           |
| 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>471,104,153</b>               | <b>70,985,216</b>    |
| <b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>   | <b>048</b> | <b>1,656,786,266</b>             | <b>2,508,896,553</b> |
| Cash and cash equivalents at the beginning of period   | 049        | 3,037,318,898                    | 4,084,192,801        |
| Effect of exchange rate fluctuations on cash and cash equivalents  | 050        | 7,587,801                        | (6,156,096)          |
| <b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>   | <b>051</b> | <b>4,701,692,965</b>             | <b>6,586,933,258</b> |

STATEMENT OF CHANGES IN EQUITY  
for the period January 01, 2021 to September 30, 2021

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                        | -             | -  | -                        | 264,974,555                            | 200,321,464     | -                    | 611,448,026    | (477,000)           | 182,062,145   | -                        | -                                      | -     | 2,473,104,190 |
| Effects of error corrections   | 002      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Effects of changes in accounting policies  | 003      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Opening balance (current period) (1 + 2 + 3)                                       | 004      | 1,214,775,000                        | -             | -  | -                        | 264,974,555                            | 200,321,464     | -                    | 611,448,026    | (477,000)           | 182,062,145   | -                        | -                                      | -     | 2,473,104,190 |
| 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      | -                                    | -             | -  | -                        | -                                      | 91,031,073      | -                    | 91,031,073     | -                   | (182,062,146)   | -                        | -                                      | -     | -             |
| Share based payments   | 017      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Other increase or ( - ) decrease of equity instruments                             | 018      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Total comprehensive income for the current year                                    | 019      | -                                    | -             | -  | -                        | (6,738,214)                            | -               | -                    | -              | -                   | 206,558,366   | -                        | -                                      | -     | 199,820,152   |
| Equity instruments increase or ( - ) decrease resulting from business combinations | 020      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Closing balance (current period) (from 4 to 20)                                    | 021      | 1,214,775,000                        | -             | -  | -                        | 258,236,341                            | 291,352,537     | -                    | 702,479,099    | (477,000)           | 206,558,365   | -                        | -                                      | -     | 2,672,924,342 |

**Notes to financial statements**

**1) INTEREST INCOME**

|         |                    | <i>in HRK</i>                                       |                    |                                     |                    |
|---------|--------------------|---|--------------------|-------------------------------------|--------------------|
| AOP 001 |                    | Same period of the previous year 01.01.-30.09.2020. |                    | Current period 01.01. – 30.09.2021. |                    |
|         |                    | Cumulative  | Quarter            | Cumulative                          | Quarter            |
|         | Debt securities    | 61,418,998  | 19,641,556         | 55,780,241                          | 16,439,775         |
|         | Loans and advances | 379,576,529   | 126,386,220        | 369,205,257                         | 121,539,764        |
|         | Other assets       | 212,673   | 9                  | 9,298                               | 5,438              |
|         | Deposits           | 0   | 0                  | 0                                   | 0                  |
|         | Other liabilities  | 0   | 0                  | 0                                   | 0                  |
|         | <b>Total</b>       | <b>441,208,201</b>                                  | <b>146,027,784</b> | <b>424,994,797</b>                  | <b>137,984,977</b> |

**2) INTEREST EXPENSE**

|         |                    | <i>in HRK</i>                                       |                   |                                     |                  |
|---------|--------------------|---|-------------------|-------------------------------------|------------------|
| AOP 002 |                    | Same period of the previous year 01.01.-30.09.2020. |                   | Current period 01.01. – 30.09.2021. |                  |
|         |                    | Cumulative  | Quarter           | Cumulative                          | Quarter          |
|         | Debt securities    | 0   | 0                 | 0                                   | 0                |
|         | Loans and advances | 2,026,595   | 743,988           | 2,605,650                           | 1,284,218        |
|         | Other assets       | 0   | 0                 | 0                                   | 0                |
|         | Deposits           | 37,216,595  | 11,869,853        | 24,914,943                          | 7,319,968        |
|         | Other liabilities  | 712,550   | 223,581           | 4,958                               | 1,713            |
|         | <b>Total</b>       | <b>39,955,739</b>                                   | <b>12,837,421</b> | <b>27,525,552</b>                   | <b>8,605,898</b> |

**3) FEE AND COMMISSION INCOME**

|         |   | <i>in HRK</i>                                       |                    |                                     |                    |
|---------|---|---|--------------------|-------------------------------------|--------------------|
| AOP 005 |   | Same period of the previous year 01.01.-30.09.2020. |                    | Current period 01.01. – 30.09.2021. |                    |
|         |   | Cumulative  | Quarter            | Cumulative                          | Quarter            |
|         | Securities                                | 232,226   | 40,351             | 2,262,503                           | 1,520,997          |
|         | Asset management                          | 34,099  | 10,567             | 28,468                              | 18,330             |
|         | Custody [according to the type of client] | 3,553,612   | 1,207,435          | 3,960,593                           | 2,604,326          |
|         | Loan commitments                          | 58,796  | 15,795             | 21,182                              | 15,280             |
|         | Other                                     | 337,977,610   | 127,048,641        | 363,795,264                         | 147,453,852        |
|         | <b>Total</b>                              | <b>341,876,343</b>                                  | <b>128,322,789</b> | <b>370,071,010</b>                  | <b>151,612,595</b> |

**4) FEE AND COMMISSION EXPENSE**

|         |                              | <i>in HRK</i>                                       |                   |                                     |                   |
|---------|------------------------------|---|-------------------|-------------------------------------|-------------------|
| AOP 006 |                              | Same period of the previous year 01.01.-30.09.2020. |                   | Current period 01.01. – 30.09.2021. |                   |
|         |                              | Cumulative  | Quarter           | Cumulative                          | Quarter           |
|         | Bank clearing and settlement | 1,272,024   | 443,797           | 1,538,376                           | 555,896           |
|         | Other                        | 207,344,453   | 77,266,824        | 219,539,230                         | 80,461,926        |
|         | <b>Total</b>                 | <b>208,616,477</b>                                  | <b>77,710,621</b> | <b>221,068,606</b>                  | <b>81,017,191</b> |

**5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

|         |                             | <i>in HRK</i>                                       |          |                                     |                |
|---------|-----------------------------|---|----------|-------------------------------------|----------------|
| AOP 007 |                             | Same period of the previous year 01.01.-30.09.2020. |          | Current period 01.01. – 30.09.2021. |                |
|         |                             | Cumulative  | Quarter  | Cumulative                          | Quarter        |
|         | Debt securities             | 35,035,565  | -        | -                                   | 0              |
|         | Loans and advances          | -   | -        | -                                   | -              |
|         | Deposits                    | -   | -        | -                                   | -              |
|         | Debt Securities issued      | -   | -        | -                                   | -              |
|         | Other financial liabilities | -   | -        | 671,021                             | 501,425        |
|         | <b>Total</b>                | <b>35,035,565</b>                                   | <b>0</b> | <b>671,021</b>                      | <b>501,425</b> |

**6) GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING**

|         |                                 | <i>in HRK</i>                                       |                   |                                     |                   |
|---------|---------------------------------|---|-------------------|-------------------------------------|-------------------|
| AOP 008 |                                 | Same period of the previous year 01.01.-30.09.2020. |                   | Current period 01.01. – 30.09.2021. |                   |
|         |                                 | Cumulative  | Quarter           | Cumulative                          | Quarter           |
|         | Equity instruments              | -   | 4,975,117         | 8,457,589                           | 1,320,872         |
|         | Debt securities                 | (12,380,088)  | 31,808            | (2,602,689)                         | 1,484,968         |
|         | FX transactions and derivatives | 41,023,429  | 15,820,919        | 43,704,086                          | 19,031,718        |
|         | <b>Total</b>                    | <b>28,643,341</b>                                   | <b>20,827,844</b> | <b>49,558,986</b>                   | <b>21,837,558</b> |

**7) GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS**

|         |                    | <i>in HRK</i>                                       |               |                                     |                  |
|---------|--------------------|---|---------------|-------------------------------------|------------------|
| AOP 009 |                    | Same period of the previous year 01.01.-30.09.2020. |               | Current period 01.01. – 30.09.2021. |                  |
|         |                    | Cumulative  | Quarter       | Cumulative                          | Quarter          |
|         | Equity instruments | -   | -             | 30,800,000                          | -                |
|         | Debt securities    | -   | -             | -                                   | -                |
|         | Loans and advances | 216,712   | 16,684        | (362,049)                           | 1,262,392        |
|         | <b>Total</b>       | <b>216,712</b>                                      | <b>16,684</b> | <b>30,437,951</b>                   | <b>1,262,392</b> |

**8) OPERATING EXPENSES**

|                             |  | <i>in HRK</i>                                       |                    |                                     |                    |
|-----------------------------|--|---|--------------------|-------------------------------------|--------------------|
| AOP 015 & AOP 017 & AOP 018 |  | Same period of the previous year 01.01.-30.09.2020. |                    | Current period 01.01. – 30.09.2021. |                    |
|                             |  | Cumulative  | Quarter            | Cumulative                          | Quarter            |
|                             | Other operating expenses   | 9,648,144   | 7,861,145          | 8,417,716                           | 2,502,878          |
|                             | Administrative expenses  | 279,046,773   | 94,384,246         | 284,161,512                         | 92,387,988         |
|                             | Employee expenses  | 169,802,996   | 57,625,615         | 171,300,782                         | 55,829,182         |
|                             | Other administrative expenses  | 111,126,377   | 36,758,730         | 112,860,730                         | 36,558,226         |
|                             | (Contributions in cash rehabilitation committees and Deposit Insurance Scheme) | 31,513,630  | 4,233,069          | 10,437,268                          | 3,479,089          |
|                             | Amortization   | 58,111,404  | 17,768,486         | 50,251,429                          | 16,527,257         |
|                             | Property, plant and equipment  | 22,515,728  | 979,818            | 31,501,746                          | 10,226,442         |
|                             | Investment property  | -   | -                  | -                                   | -                  |
|                             | Other intangible assets  | 35,595,676  | 16,788,668         | 18,749,682                          | 6,300,814          |
|                             | <b>Total</b>   | <b>377,321,951</b>                                  | <b>124,247,045</b> | <b>353,267,924</b>                  | <b>114,896,612</b> |

**9) IMPAIRMENT LOSSES AND PROVISION EXPENSES**

|                                       |   | <i>in HRK</i>                                       |                   |                                     |                   |
|---------------------------------------|---|---|-------------------|-------------------------------------|-------------------|
| AOP 019 & AOP 020 & AOP 021 & AOP 023 |   | Same period of the previous year 01.01.-30.09.2020. |                   | Current period 01.01. – 30.09.2021. |                   |
|                                       |   | Cumulative  | Quarter           | Cumulative                          | Quarter           |
|                                       | Modification gains or (-) losses, net   | (3,383,797)   | (5,896,267)       | (1,978,555)                         | (520,600)         |
|                                       | Financial assets at fair value through other comprehensive income   | -   | -                 | -                                   | -                 |
|                                       | Financial assets at amortized cost  | (3,383,797)   | (5,896,267)       | (1,978,555)                         | (520,600)         |
|                                       | (Provisions or (-) reversal of provisions)  | (62,891,595)  | (3,061,768)       | 20,734,420                          | (1,738,386)       |
|                                       | Liabilities towards resolution committees and deposit insurance systems   | -   | -                 | -                                   | -                 |
|                                       | (Liabilities and Guarantees)  | 10,829,653  | (3,020,534)       | 4,668,180                           | (2,410,406)       |
|                                       | (Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss) | (73,521,248)  | (41,255)          | 16,066,240                          | 672,020           |
|                                       | (Financial assets at fair value through other comprehensive income)   | 83,447,502  | 17,677,528        | 1,696,368                           | 26,689,259        |
|                                       | (Financial assets at amortized cost)  | 676,726   | (213,697)         | (1,732,177)                         | (358,967)         |
|                                       | (Impairment or (-) reversal of impairment off of investments in subsidiaries, joint ventures, and associates)             | 82,770,776  | 17,891,226        | 3,428,546                           | 27,048,226        |
|                                       | (Impairment or (-) reversal of impairment off non-financial assets)   | -   | -                 | -                                   | -                 |
|                                       | (Property, plant and equipment)   | -   | -                 | -                                   | -                 |
|                                       | (Investment property)   | -   | -                 | -                                   | -                 |
|                                       | (Goodwill)  | -   | -                 | -                                   | -                 |
|                                       | (Other intangible assets)   | -   | -                 | -                                   | -                 |
|                                       | (Other)   | -   | -                 | -                                   | -                 |
|                                       | <b>Total</b>  | <b>24,139,704</b>                                   | <b>20,512,007</b> | <b>24,409,343</b>                   | <b>25,471,473</b> |

**10) LOANS AND ADVANCES**

|                                     |                       | 31.12.2020.        |               |                      | 30.09.2021.           |                      |         |
|-------------------------------------|-----------------------|--------------------|---------------|----------------------|-----------------------|----------------------|---------|
| AOP 023                             |                       | Stage 1            | Stage 2       | Stage 3              | Stage 1               | Stage 2              | Stage 3 |
|                                     |                       | Central banks      | 1,219,156,918 | -                    | -                     | 1,309,753,602        | -       |
| Gross loans                         | 1,219,156,918         | -                  | -             | 1,309,753,602        | -                     | -                    |         |
| Allowance                           | -                     | -                  | -             | -                    | -                     | -                    |         |
| <b>Government</b>                   | <b>2,513,669,837</b>  | <b>10,294,501</b>  | -             | <b>2,177,295,113</b> | <b>7,225,342</b>      | -                    |         |
| Gross loans                         | 2,520,514,249         | 10,456,303         | -             | 2,185,886,084        | 7,241,406             | -                    |         |
| Allowance                           | (6,844,412)           | (161,702)          | -             | (8,590,971)          | (16,064)              | -                    |         |
| <b>Credit institutions</b>          | <b>368,510,887</b>    | -                  | -             | <b>348,685,520</b>   | -                     | -                    |         |
| Gross loans                         | 57,300                | -                  | -             | 96,958               | -                     | -                    |         |
| Allowance                           | 27                    | -                  | -             | (3)                  | -                     | -                    |         |
| Deposits                            | 368,996,913           | -                  | -             | 348,709,410          | -                     | -                    |         |
| Allowance                           | (54,154)              | -                  | -             | (113,845)            | -                     | -                    |         |
| <b>Other financial institutions</b> | <b>179,270,857</b>    | <b>3,893</b>       | -             | <b>172,682,157</b>   | <b>880</b>            | -                    |         |
| Gross loans                         | 168,886,297           | 3,983              | -             | 166,165,008          | 931                   | -                    |         |
| Allowance                           | (84,453)              | (90)               | -             | (4,846,412)          | (51)                  | -                    |         |
| Deposits                            | 11,262,954            | -                  | -             | 11,790,484           | -                     | -                    |         |
| Allowance                           | (93,941)              | -                  | -             | (626,923)            | -                     | -                    |         |
| <b>Non - financial institutions</b> | <b>3,626,480,744</b>  | <b>422,197,574</b> | -             | <b>636,986,564</b>   | <b>3,058,100,116</b>  | <b>780,439,740</b>   |         |
| Gross loans                         | 3,752,909,802         | 480,885,197        | -             | 1,456,527,825        | 3,136,435,433         | 858,193,548          |         |
| Allowance                           | (126,429,057)         | (58,687,623)       | -             | (819,541,261)        | (77,763,907)          | (732,570,309)        |         |
| <b>Retail</b>                       | <b>7,022,179,455</b>  | <b>251,126,985</b> | -             | <b>162,079,076</b>   | <b>7,176,851,393</b>  | <b>409,432,491</b>   |         |
| Gross loans                         | 7,060,672,678         | 272,846,699        | -             | 687,756,861          | 7,213,081,195         | 435,467,376          |         |
| Allowance                           | (38,493,224)          | (21,719,714)       | -             | (35,677,785)         | (36,229,802)          | (26,034,885)         |         |
| <b>Total</b>                        | <b>14,929,267,898</b> | <b>683,623,053</b> | -             | <b>799,065,640</b>   | <b>14,243,368,901</b> | <b>1,197,098,453</b> |         |

**11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS**

|                              |                   | <i>in HRK</i>    |             |
|------------------------------|-------------------|------------------|-------------|
| AOP 013                      |                   | 31.12.2020.      | 30.09.2021. |
|                              |                   | Central banks    | -           |
| Local state                  | -                 | -                |             |
| Credit institutions          | -                 | -                |             |
| Other financial institutions | -                 | -                |             |
| Non - financial institutions | 5,093,283         | 3,042,145        |             |
| Retail                       | 13,772,618        | 6,204,214        |             |
| <b>Total</b>                 | <b>18,865,901</b> | <b>9,246,359</b> |             |

**12) DEPOSITS**

|                              |                       | <i>in HRK</i>         |             |
|------------------------------|-----------------------|-----------------------|-------------|
| AOP 044                      |                       | 31.12.2020.           | 30.09.2021. |
|                              |                       | Government            | 400,000,000 |
| Local state                  | 5,325,746,428         | 6,353,943,650         |             |
| Credit institutions          | 209,013,088           | 114,040,673           |             |
| Other financial institutions | 1,397,035,135         | 1,529,916,447         |             |
| Non - financial institutions | 3,162,990,953         | 3,808,399,431         |             |
| Retail                       | 12,074,340,419        | 12,263,340,295        |             |
| <b>Total</b>                 | <b>22,565,135,023</b> | <b>24,471,187,058</b> |             |



# HPB-R-A stock during the reporting period



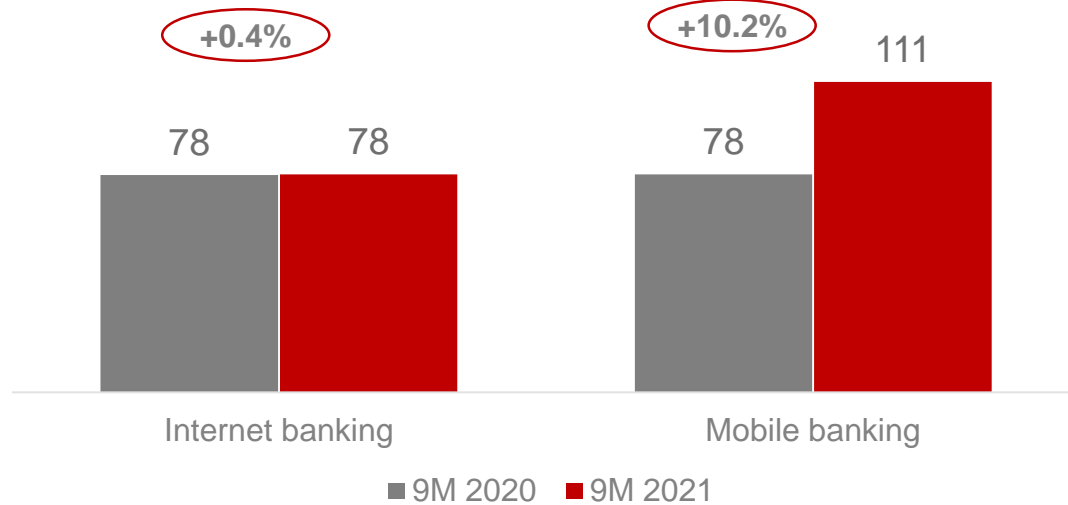
## Stock data and details

|   |  |
|---|--|
| Issue date                                    | December 12, 2000                            |
| ISIN  | HRHPB0RA0002                                 |
| Segment                                       | Official market of the Zagreb Stock Exchange |
| Listed quantity                               | 2,024,625                                    |
| Share price as at September 30, 2021 (in HRK) | 570.00                                       |
| Market capitalisation (in HRK million)        | 1,133.79                                     |

| 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 capital) | 27.86               |
| <b>Total shares</b>  | <b>100</b>          |

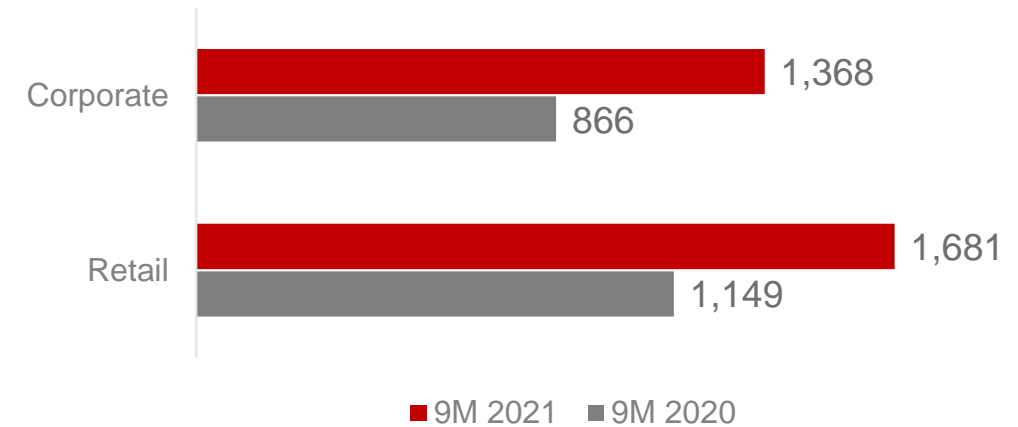
# Direct channels

Number of users (in ths)

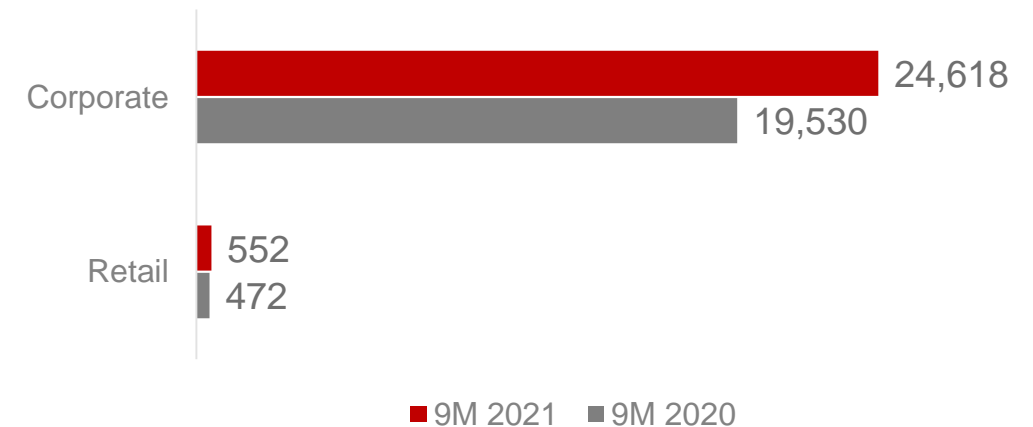


- Strengthening digital channels in 9M 2021; mobile banking services +10.2% and internet banking +0.4% vs 9M 2020;
- Further increase in mobile banking in the volume for mobile (+51.2%) and internet (+25.8%) banking.

## Transaction volume - Mobile banking (in HRK mn)

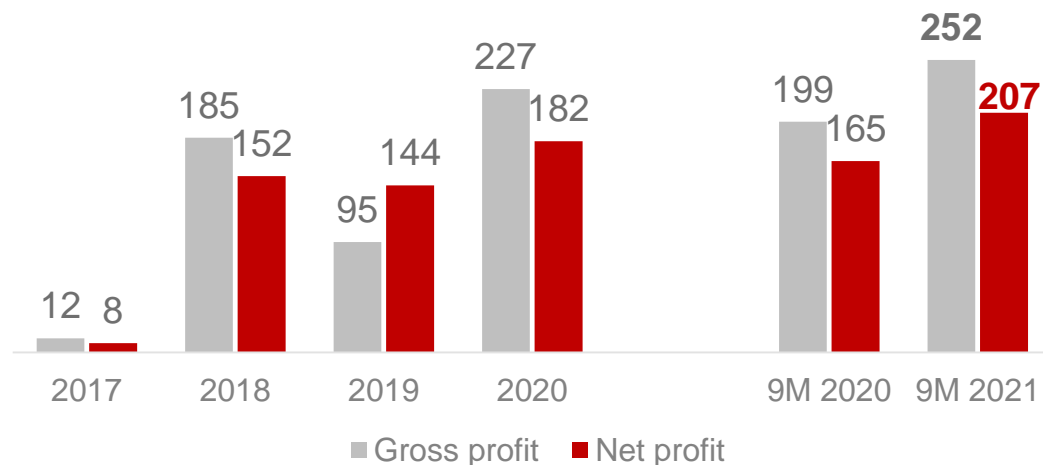


## Transaction volume - Internet banking (in HRK mn)

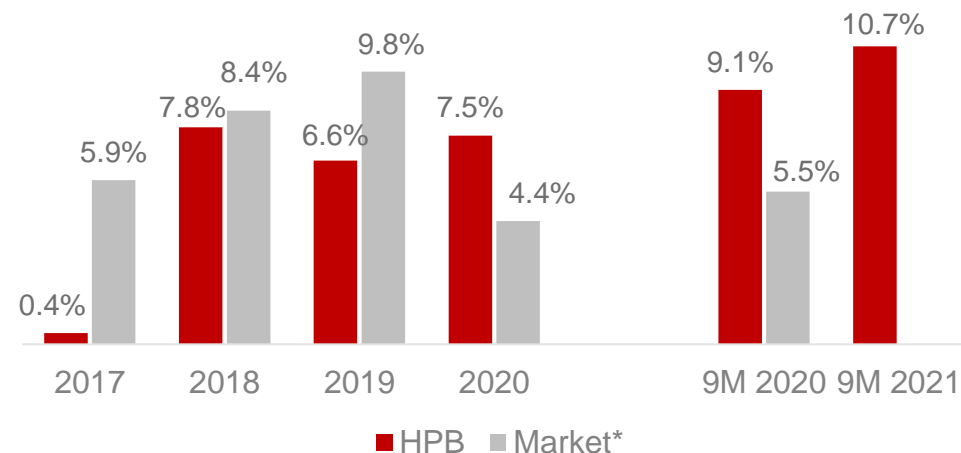


# Profitability

Profit development (in HRK mn)



Return on Average Equity ROAE

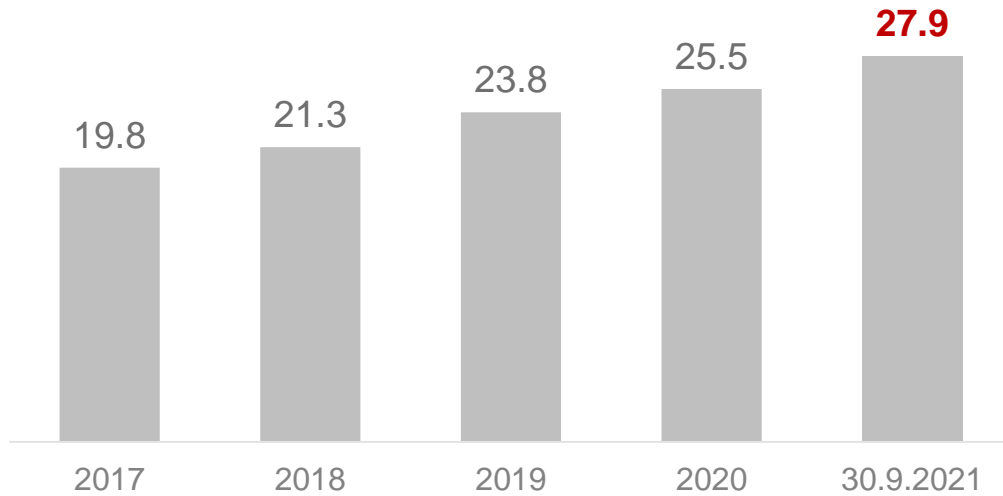


\* Market share data for 9M 2021 not available at the time presentation was published

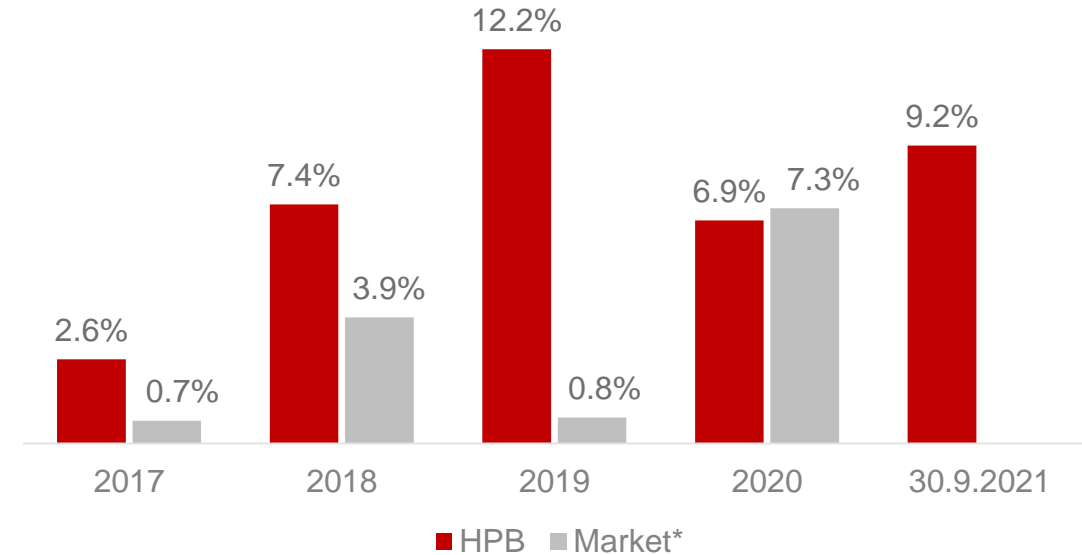
- Better quarterly results when compared to pre-COVID years, mainly driven by increase in net fee income, trading income and reduction of deposit insurance premium.

# Asset development

HPB's Asset development  
(in HRK bn)



Comparative asset growth rates



\* Market data were not available for 9M 2021 at the time this presentation was published

- Organic growth continued in 2021;
- Asset growth reciprocated with growth in funding. Increase of liquid assets in 2021 was HRK +2,6 bn;
- LCR (Liquidity Coverage Ratio) as of 30.9.2021 is at 194%.

# Accessibility

**HPB together with strategic partner Hrvatska Pošta is accessible at over 1,050 locations.**

Products and services are offered to our current and potential clients in:

## 12 regional centers Retail and SME

- 51 offices and 6 branch offices for retail clients
- 12 offices for corporate clients

## 1,016 Post offices

- Payment services and transactions for retail and corporate clients
- Loan services to retail clients in HP financial corner at over 140 locations

