



HRVATSKA POŠTANSKA BANKA

TRANSLATION

# HPB Group RESULT Q3 20

# Limitation of liability

- The information and data contained in this presentation are intended to be general background information on Hrvatska poštanska banka p.l.c. as the parent company of the Hrvatska poštanska banka Group (hereinafter referred to as the Bank, Group or HPB p.l.c.) and its activities and is supplied in summary form and therefore not necessarily complete.
- This presentation may include information and data derived from publicly available sources that have not been independently verified, therefore HPB p.l.c. hereby expressly makes no representation of warranty of any kind, including, but not limited to the accuracy, completeness or reliability of the provided information and data.
- Contained statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions therefore, when making decisions based on predictions of future uncertain events, the investors and/or others should carefully consider such factors and other uncertainties and events.



In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. (Bank), as the parent company of the Hrvatska poštanska banka Group (Group), publishes unaudited financial statements for the period from January 01 to September 30 2020.

This report includes:

- Management report of HPB Group,
- statement by persons responsible for compiling the report,
- unaudited set of consolidated financial statements (balance sheet, profit or loss statement, statement of changes in equity, cash flow statement), and
- notes to the consolidated 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).



# Management report

HPB Group is, apart from the parent company – Hrvatska poštanska Banka p.l.c., HPB Invest (investment fund management) and HPB-nekretnine (real estate agency).

As of April 1, 2019. Jadranska banka p.l.c. was successfully merged to Hrvatska poštanska banka p.l.c. and on December 2, 2019 the HPB Stambena štedionica p.l.c. was merged.

The HPB Group's net profit after tax is HRK 166.1 million. The Group's result relates largely to the results of the parent company, while HPB Invest made a net profit of HRK 738.9 thousand and HPB-Nekretnine a net profit of HRK 365.9 thousand.

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**Marko Badurina**

CEO

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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 p.l.c., the parent company of HPB Group, states that according to their best knowledge the set of consolidated unaudited financial statements for the period from January 01 to September 30, 2020, are 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., as well as companies included in consolidation as a whole.

On behalf of HPB p.l.c., the parent company of HPB Group:

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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: 1.1.2020 to 30.9.2020

Year: 2020

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): 1318

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

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

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

HPB-nekretnine d.o.o. Amruševa 8, 10000Zagreb 01972260

HPB Invest d.o.o. Strojarska cesta 20, 10000 Zagreb 01972278

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, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item  | AOP code   | Last day of the preceding business year | At the reporting date of the current period |
|---|------------|---|---|
| 1   | 2          | 3                                       | 4   |
| <b>Assets</b>   |            |   |   |
| Cash, cash balances at central banks and other demand deposits (from 2 to 4)                  | 001        | 2,772,782,193                           | 4,369,185,313                               |
| Cash in hand  | 002        | 961,912,026                             | 1,095,638,381                               |
| Cash balances at central banks  | 003        | 1,014,563,142                           | 2,664,066,151                               |
| Other demand deposits   | 004        | 796,307,025                             | 609,480,781                                 |
| Financial assets held for trading (from 6 to 9)   | 005        | 612,871,552                             | 713,091,803                                 |
| Derivatives   | 006        | 852,203                                 | -   |
| Equity instruments  | 007        | 96,079,539                              | 91,467,457                                  |
| Debt securities   | 008        | 515,939,810                             | 621,624,346                                 |
| Loans and advances  | 009        | -                                       | -   |
| Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13) | 010        | 21,199,086                              | 20,230,444                                  |
| Equity instruments  | 011        | -                                       | -   |
| Debt securities   | 012        | -                                       | -   |
| Loans and advances  | 013        | 21,199,086                              | 20,230,444                                  |
| Financial assets at fair value through profit or loss (15 + 16)                               | 014        | -                                       | -   |
| Debt securities   | 015        | -                                       | -   |
| Loans and advances  | 016        | -                                       | -   |
| Financial assets at fair value through other comprehensive income (from 18 to 20)             | 017        | 4,640,197,866                           | 4,135,524,220                               |
| Equity instruments  | 018        | 57,269,384                              | 45,076,562                                  |
| Debt securities   | 019        | 4,582,928,482                           | 4,090,447,658                               |
| Loans and advances  | 020        | -                                       | -   |
| Financial assets at amortised cost (22 + 23)  | 021        | 15,213,145,060                          | 15,818,751,198                              |
| Debt securities   | 022        | 4,305,695                               | 3,244,505                                   |
| Loans and advances  | 023        | 15,208,839,365                          | 15,815,506,693                              |
| 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        | -                                       | 43  |
| Tangible assets   | 027        | 324,499,245                             | 335,392,028                                 |
| Intangible assets   | 028        | 110,071,915                             | 94,554,301                                  |
| Tax assets  | 029        | 6,453,295                               | 3,668,298                                   |
| Other assets  | 030        | 52,180,680                              | 37,821,820                                  |
| Fixed assets and disposal groups classified as held for sale                                  | 031        | 20,000,000                              | 20,000,000                                  |
| <b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>                               | <b>032</b> | <b>23,773,400,892</b>                   | <b>25,548,219,468</b>                       |
| <b>Liabilities</b>  |            |   |   |
| Financial liabilities held for trading (from 34 to 38)  | 033        | 863,025                                 | -   |
| Derivatives   | 034        | 863,025                                 | -   |
| Short positions   | 035        | -                                       | -   |
| Deposits  | 036        | -                                       | -   |
| Debt securities issued  | 037        | -                                       | -   |
| Other financial liabilities   | 038        | -                                       | -   |
| Financial liabilities at fair value through profit or loss (from 40 to 42)                    | 039        | -                                       | -   |
| Deposits  | 040        | -                                       | -   |
| Debt securities issued  | 041        | -                                       | -   |
| Other financial liabilities   | 042        | -                                       | -   |
| Financial liabilities measured at amortised cost (from 44 to 46)                              | 043        | 21,048,705,186                          | 22,807,935,851                              |
| Deposits  | 044        | 20,936,228,925                          | 22,688,764,172                              |
| Debt securities issued  | 045        | -                                       | -   |
| Other financial liabilities   | 046        | 112,476,261                             | 119,171,679                                 |
| Derivatives - hedge accounting  | 047        | -                                       | -   |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk               | 048        | -                                       | -   |
| Provisions  | 049        | 196,063,323                             | 131,544,331                                 |
| Tax liabilities   | 050        | 1,728,314                               | 11,627,805                                  |
| Share capital repayable on demand   | 051        | -                                       | -   |
| Other liabilities   | 052        | 149,349,151                             | 148,091,932                                 |
| Liabilities included in disposal groups classified as held for sale                           | 053        | -                                       | -   |
| <b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>                                       | <b>054</b> | <b>21,396,708,999</b>                   | <b>23,099,199,919</b>                       |
| <b>Equity</b>   |            |   |   |
| Initial capital   | 055        | 1,214,775,000                           | 1,214,775,000                               |
| Share premium   | 056        | -                                       | -   |
| Equity instruments issued other than capital  | 057        | -                                       | -   |
| Other equity instruments  | 058        | -                                       | -   |
| Accumulated other comprehensive income  | 059        | 319,404,893                             | 227,682,082                                 |
| Retained profit   | 060        | 156,511,227                             | 229,537,301                                 |
| Revaluation reserves  | 061        | -                                       | -   |
| Other reserves  | 062        | 539,561,769                             | 611,448,069                                 |
| ( - ) Treasury shares   | 063        | (477,000)                               | (477,000)                                   |
| Profit or loss attributable to owners of the parent   | 064        | 146,916,005                             | 166,054,097                                 |
| (-) Interim dividends   | 065        | -                                       | -   |
| Minority interests [non-controlling interests]  | 066        | -                                       | -   |
| <b>Total equity (from 55 to 66)</b>   | <b>067</b> | <b>2,376,691,894</b>                    | <b>2,449,019,549</b>                        |
| <b>Total equity and liabilities (54 + 67)</b>   | <b>068</b> | <b>23,773,400,893</b>                   | <b>25,548,219,468</b>                       |

**STATEMENT OF PROFIT AND LOSS**  
for the period January 01, 2020 to September 30, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item  | AOP code   | Same period of the previous year |                    | Current period     |                    |
|---|------------|----------------------------------|--------------------|--------------------|--------------------|
|   |            | Cumulative                       | Quarter            | Cumulative         | Quarter            |
| 1   | 2          | 3                                | 4                  | 5                  | 6                  |
| Interest income   | 001        | 456,749,031                      | 155,210,756        | 441,110,154        | 146,014,039        |
| (Interest expenses)   | 002        | 54,280,387                       | 16,255,491         | 39,959,672         | 12,837,887         |
| (Expenses on share capital repayable on demand)   | 003        | -                                | -                  | -                  | -                  |
| Dividend received   | 004        | 3,622,454                        | 21,059             | 3,280,842          | 1,053,562          |
| Fees and commissions income   | 005        | 418,225,160                      | 165,440,344        | 349,185,453        | 130,570,172        |
| (Fees and commissions expenses)   | 006        | 252,734,526                      | 101,283,308        | 208,625,138        | 77,712,019         |
| Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net     | 007        | 4,079,683                        | -                  | 35,035,565         | -                  |
| Gains or (-) losses on financial assets and liabilities held for trading, net   | 008        | 87,189,780                       | 43,467,637         | 28,643,341         | 20,827,844         |
| Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net                               | 009        | 2,027                            | -                  | 216,712            | 16,685             |
| 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        | (2,781,705)                      | (1,243,679)        | (7,587,801)        | (931,046)          |
| Gains or (-) losses on derecognition of non-financial assets, net   | 013        | -                                | -                  | -                  | -                  |
| Other operating income  | 014        | 5,488,255                        | 1,692,787          | 8,891,643          | 3,132,645          |
| (Other operating expenses)  | 015        | 32,667,878                       | 10,907,279         | 9,547,697          | (19,468,045)       |
| <b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>  | <b>016</b> | <b>632,891,894</b>               | <b>236,142,826</b> | <b>600,643,402</b> | <b>229,602,040</b> |
| (Administrative expenses)   | 017        | 301,694,943                      | 99,378,961         | 317,703,017        | 128,525,871        |
| (Depreciation)  | 018        | 37,741,782                       | 12,740,157         | 58,457,544         | 17,883,412         |
| Modification gains or (-) losses, net   | 019        | (13,055,167)                     | (6,656,006)        | (3,383,797)        | (5,896,267)        |
| (Provisions or (-) reversal of provisions)  | 020        | (9,845,185)                      | 1,256,629          | (62,691,595)       | (3,061,788)        |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)                    | 021        | 80,558,224                       | 62,709,533         | 83,447,502         | 17,677,528         |
| (Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)                            | 022        | -                                | -                  | -                  | -                  |
| (Impairment or (-) reversal of impairment on non-financial assets)  | 023        | -                                | -                  | -                  | -                  |
| Negative goodwill recognised in profit or loss  | 024        | -                                | -                  | -                  | -                  |
| Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method | 025        | -                                | -                  | -                  | -                  |
| Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations      | 026        | -                                | -                  | -                  | -                  |
| <b>Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)</b>                 | <b>027</b> | <b>209,686,963</b>               | <b>53,401,540</b>  | <b>200,343,137</b> | <b>62,680,750</b>  |
| (Tax expense or (-) income related to profit or loss from continuing operations)  | 028        | 31,110,963                       | 1,531,653          | 34,289,040         | 12,312,862         |
| <b>Profit or (-) loss after tax from continuing operations (27 – 28)</b>  | <b>029</b> | <b>178,576,000</b>               | <b>51,869,887</b>  | <b>166,054,097</b> | <b>50,367,888</b>  |
| Profit or (-) loss after tax from discontinued operations (31 – 32)   | 030        | -                                | -                  | -                  | -                  |
| Profit or (-) loss before tax from discontinued operations  | 031        | -                                | -                  | -                  | -                  |
| (Tax expense or (-) income related to discontinued operations)  | 032        | -                                | -                  | -                  | -                  |
| <b>Profit or (-) loss for the year (29 + 30; 34 + 35)</b>   | <b>033</b> | <b>178,576,000</b>               | <b>51,869,887</b>  | <b>166,054,097</b> | <b>50,367,888</b>  |
| Attributable to minority interest [non-controlling interests]   | 034        | -                                | -                  | -                  | -                  |
| Attributable to owners of the parent  | 035        | 178,576,000                      | 51,869,887         | 166,054,097        | 50,367,888         |
| <b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>  |            |                                  |                    |                    |                    |
| Income or (-) loss for the current year   | 036        | 178,576,000                      | 51,869,887         | 166,054,097        | 50,367,888         |
| Other comprehensive income (38 + 50)  | 037        | 242,459,931                      | 121,086,791        | (91,723,091)       | 25,631,901         |
| Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)  | 038        | -                                | -                  | -                  | -                  |
| Tangible assets   | 039        | -                                | -                  | -                  | -                  |
| Intangible assets   | 040        | -                                | -                  | -                  | -                  |
| Actuarial gains or (-) losses on defined benefit pension plans  | 041        | -                                | -                  | -                  | -                  |
| Fixed assets and disposal groups classified as held for sale  | 042        | -                                | -                  | -                  | -                  |
| Share of other recognised income and expense of entities accounted for using the equity method                                      | 043        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income                                  | 044        | -                                | -                  | -                  | -                  |
| Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net               | 045        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]                    | 046        | -                                | -                  | -                  | -                  |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]             | 047        | -                                | -                  | -                  | -                  |
| Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk       | 048        | -                                | -                  | -                  | -                  |
| Income tax relating to items that will not be reclassified  | 049        | -                                | -                  | -                  | -                  |
| Items that may be reclassified to profit or loss (from 51 to 58)  | 050        | 242,459,931                      | 121,086,791        | (91,723,091)       | 25,631,901         |
| Hedge of net investments in foreign operations [effective portion]  | 051        | -                                | -                  | -                  | -                  |
| Foreign currency translation  | 052        | -                                | -                  | -                  | -                  |
| Cash flow hedges [effective portion]  | 053        | -                                | -                  | -                  | -                  |
| Hedging instruments [not designated elements]   | 054        | -                                | -                  | -                  | -                  |
| Debt instruments at fair value through other comprehensive income   | 055        | 295,656,656                      | 147,640,632        | (111,857,428)      | 31,258,416         |
| Fixed assets and disposal groups classified as held for sale  | 056        | -                                | -                  | -                  | -                  |
| Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates                          | 057        | -                                | -                  | -                  | -                  |
| Income tax relating to items that may be reclassified to profit or (-) loss   | 058        | (53,196,725)                     | (26,553,841)       | 20,134,337         | (5,626,515)        |
| <b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>   | <b>059</b> | <b>421,035,931</b>               | <b>172,956,678</b> | <b>74,331,006</b>  | <b>75,999,790</b>  |
| Attributable to minority interest [non-controlling interest]  | 060        | -                                | -                  | -                  | -                  |
| Attributable to owners of the parent  | 061        | 421,035,931                      | 172,956,678        | 74,331,006         | 75,999,790         |



**STATEMENT OF CASH FLOW**  
for the period January 01, 2020 to September 30, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item   | AOP code   | Same period of the previous year | Current period       |
|--|------------|----------------------------------|----------------------|
| 1  | 2          | 3                                | 4                    |
| <b>Operating activities - direct method</b>  |            |                                  |                      |
| Interest received and similar receipts   | 001        | -                                | -                    |
| Fees and commissions received  | 002        | -                                | -                    |
| (Interest paid and similar expenditures)   | 003        | -                                | -                    |
| (Fees and commissions paid)  | 004        | -                                | -                    |
| (Operating expenses paid)  | 005        | -                                | -                    |
| Net gains/losses from financial instruments at fair value through statement of profit or loss                          | 006        | -                                | -                    |
| Other receipts   | 007        | -                                | -                    |
| (Other expenditures)   | 008        | -                                | -                    |
| <b>Operating activities - indirect method</b>  |            |                                  |                      |
| Profit/(loss) before tax   | 009        | 209,686,962                      | 200,343,137          |
| Adjustments:   |            | -                                | -                    |
| Impairment and provisions  | 010        | 70,713,039                       | 24,139,704           |
| Depreciation   | 011        | 37,741,782                       | 58,111,404           |
| Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss    | 012        | (87,189,780)                     | (56,091,105)         |
| (Profit)/loss from the sale of tangible assets   | 013        | (1,004,496)                      | -                    |
| Other non-cash items   | 014        | (399,678,068)                    | (262,208,543)        |
| <b>Promjene u imovini i obvezama iz poslovnih aktivnosti</b>   |            |                                  |                      |
| Deposits with the Croatian National Bank   | 015        | 926,235,665                      | 318,279,579          |
| Deposits with financial institutions and loans to financial institutions   | 016        | 2,773,911                        | -                    |
| Loans and advances to other clients  | 017        | (1,706,246,776)                  | (1,011,483,817)      |
| Securities and other financial instruments at fair value through other comprehensive income                            | 018        | (1,845,782,114)                  | 460,670,888          |
| Securities and other financial instruments held for trading  | 019        | 52,100,069                       | (78,196,069)         |
| Securities and other financial instruments at fair value through statement of profit or loss, not traded               | 020        | (82,419,226)                     | -                    |
| Securities and other financial instruments mandatorily at fair value through statement of profit or loss               | 021        | -                                | -                    |
| Securities and other financial instruments at amortised cost   | 022        | 57,119,729                       | 1,061,190            |
| Other assets from operating activities   | 023        | (886,354,153)                    | 14,358,860           |
| Deposits from financial institutions   | 024        | 263,918,240                      | (63,696,447)         |
| Transaction accounts of other clients  | 025        | 1,056,225,944                    | 1,213,685,788        |
| Savings deposits of other clients  | 026        | 1,253,551,236                    | 650,247,498          |
| Time deposits of other clients   | 027        | (486,328,774)                    | (491,474,706)        |
| Derivative financial liabilities and other liabilities held for trading  | 028        | (2,282,096)                      | 5,832,393            |
| Other liabilities from operating activities  | 029        | 145,204,583                      | (3,084,616)          |
| Interest received from operating activities [indirect method]  | 030        | 428,955,164                      | 296,386,624          |
| Dividends received from operating activities [indirect method]   | 031        | 2,179,175                        | 3,280,842            |
| Interest paid from operating activities [indirect method]  | 032        | (77,664,802)                     | (34,178,081)         |
| (Income tax paid)  | 033        | (2,458,356)                      | -                    |
| <b>Net cash flow from operating activities (from 1 to 33)</b>  | <b>034</b> | <b>(1,071,003,142)</b>           | <b>1,245,984,523</b> |
| <b>Investing activities</b>  |            |                                  |                      |
| Cash receipts from the sale / payments for the purchase of tangible and intangible assets                              | 035        | (87,625,000)                     | (53,486,573)         |
| 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            |
| Other receipts/payments from investing activities  | 039        | -                                | -                    |
| <b>Net cash flow from investing activities (from 35 to 39)</b>   | <b>040</b> | <b>(87,625,000)</b>              | <b>(52,425,383)</b>  |
| <b>Financing activities</b>  |            |                                  |                      |
| Net increase/(decrease) in loans received from financing activities  | 041        | 198,262,553                      | 471,104,153          |
| 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>198,262,553</b>               | <b>471,104,153</b>   |
| <b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>   | <b>048</b> | <b>(960,365,589)</b>             | <b>1,664,663,293</b> |
| Cash and cash equivalents at the beginning of period   | 049        | 4,596,187,526                    | 3,037,318,898        |
| Effect of exchange rate fluctuations on cash and cash equivalents  | 050        | (35,415,714)                     | 7,587,801            |
| <b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>   | <b>051</b> | <b>3,600,406,223</b>             | <b>4,709,569,992</b> |

STATEMENT OF CHANGES IN EQUITY  
for the period January 01, 2020 to September 30, 2020

in HRK

| Item   | AOP code | Attributable to owners of the parent |               |  |                          |  |                 |                      |                |                     |   | Non-controlling interest |  | Total |               |
|--|----------|--------------------------------------|---------------|--|--------------------------|--|-----------------|----------------------|----------------|---------------------|---|--------------------------|--|-------|---------------|
|  |          | Equity                               | Share premium | Equity instruments issued other than capital | Other equity instruments | Accumulated other comprehensive income | Retained profit | Revaluation reserves | Other reserves | ( ) Treasury shares | Profit or ( - ) loss attributable to owners of the parent | ( ) Interim dividends    | Accumulated other comprehensive income |       | Other items   |
| 1  | 2        | 3                                    | 4             | 5  | 6                        | 7                                      | 8               | 9                    | 10             | 11                  | 12  | 13                       | 14                                     | 15    | 16            |
| Opening balance (before restatement)   | 001      | 1,214,775,000                        | -             | -  | -                        | 319,404,893                            | 156,511,227     | -                    | 539,561,769    | (477,000)           | 146,916,006   | -                        | -                                      | -     | 2,376,691,895 |
| Effects of error corrections   | 002      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Effects of changes in accounting policies  | 003      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Opening balance (current period) (1 + 2 + 3)                                       | 004      | 1,214,775,000                        | -             | -  | -                        | 319,404,893                            | 156,511,227     | -                    | 539,561,769    | (477,000)           | 146,916,006   | -                        | -                                      | -     | 2,376,691,895 |
| 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      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Purchases/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      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Share based payments   | 017      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Other increase or ( - ) decrease of equity instruments                             | 018      | -                                    | -             | -  | -                        | (91,722,811)                           | 73,026,074      | -                    | 71,886,300     | -                   | (146,916,006)   | -                        | -                                      | -     | (93,726,443)  |
| Total comprehensive income for the current year                                    | 019      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | 166,054,097   | -                        | -                                      | -     | 166,054,097   |
| Equity instruments increase or ( - ) decrease resulting from business combinations | 020      | -                                    | -             | -  | -                        | -                                      | -               | -                    | -              | -                   | -   | -                        | -                                      | -     | -             |
| Closing balance (current period) (from 4 to 20)                                    | 021      | 1,214,775,000                        | -             | -  | -                        | 227,682,082                            | 229,537,301     | -                    | 611,448,069    | (477,000)           | 166,054,097   | -                        | -                                      | -     | 2,449,019,549 |

**Notes to financial statements**
**1) INTEREST INCOME**
*in HRK*

| AOP 001            | Same period of the previous year 01.01.-<br>30.09.2019 |                    | Current period 01.01. – 30.09.2020. |                    |
|--------------------|--|--------------------|-------------------------------------|--------------------|
|                    | Cumulative   | Quarter            | Cumulative                          | Quarter            |
| Debt securities    | 69,806,446   | 19,429,169         | 61,418,998                          | 19,641,556         |
| Loans and advances | 386,526,356  | 135,780,208        | 379,474,835                         | 126,371,183        |
| Other assets       | 414,387  | 52                 | 212,673                             | 8                  |
| Deposits           | 1,842  | 1,327              | 3,647                               | 1,292              |
| Other liabilities  | -  | -                  | -                                   | -                  |
| <b>Total</b>       | <b>456,749,031</b>                                     | <b>155,210,756</b> | <b>441,110,154</b>                  | <b>146,014,039</b> |

**2) INTEREST EXPENSE**
*in HRK*

| AOP 002            | Same period of the previous year 01.01.-<br>30.09.2019 |                   | Current period 01.01. – 30.09.2020. |                   |
|--------------------|--|-------------------|-------------------------------------|-------------------|
|                    | Cumulative   | Quarter           | Cumulative                          | Quarter           |
| Debt securities    | -  | -                 | -                                   | -                 |
| Loans and advances | 2,173,490  | 671,749           | 2,316,079                           | 990,866           |
| Other assets       | -  | -                 | -                                   | -                 |
| Deposits           | 51,358,556   | 15,394,747        | 36,931,044                          | 11,623,441        |
| Other liabilities  | 748,340  | 188,995           | 712,550                             | 223,581           |
| <b>Total</b>       | <b>54,280,387</b>                                      | <b>16,255,491</b> | <b>39,959,672</b>                   | <b>12,837,887</b> |

**3) FEE AND COMMISSION INCOME**
*in HRK*

| AOP 005                                   | Same period of the previous year 01.01.-<br>30.09.2019 |                    | Current period 01.01. – 30.09.2020. |                    |
|---|--|--------------------|-------------------------------------|--------------------|
|   | Cumulative   | Quarter            | Cumulative                          | Quarter            |
| Securities                                | 317,543  | 135,747            | 232,226                             | 36,061             |
| Asset management                          | 38,134   | 13,459             | 34,099                              | 10,567             |
| Custody [according to the type of client] | 3,693,742  | 1,240,939          | 3,553,612                           | 1,207,435          |
| Loan commitments                          | 116,767  | 37,955             | 58,796                              | 15,154             |
| Other                                     | 414,058,974  | 164,012,244        | 345,306,720                         | 129,300,956        |
| <b>Total</b>                              | <b>418,225,160</b>                                     | <b>165,440,344</b> | <b>349,185,453</b>                  | <b>130,570,173</b> |

**4) FEE AND COMMISSION EXPENSE**
*in HRK*

| AOP 006                      | Same period of the previous year 01.01.-<br>30.09.2019 |                    | Current period 01.01. – 30.09.2020. |                   |
|------------------------------|--|--------------------|-------------------------------------|-------------------|
|                              | Cumulative   | Quarter            | Cumulative                          | Quarter           |
| Bank clearing and settlement | 1,138,324  | 385,407            | 1,272,024                           | 443,797           |
| Other                        | 251,596,202  | 100,897,901        | 207,353,114                         | 77,268,222        |
| <b>Total</b>                 | <b>252,734,526</b>                                     | <b>101,283,308</b> | <b>208,625,138</b>                  | <b>77,712,019</b> |

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

| AOP 007                     | Same period of the previous year 01.01.-<br>30.09.2019 |          | Current period 01.01. – 30.09.2020. |          |
|-----------------------------|--|----------|-------------------------------------|----------|
|                             | Cumulative   | Quarter  | Cumulative                          | Quarter  |
| Debt securities             | 4,079,683  | -        | 35,035,565                          | -        |
| Loans and advances          | -  | -        | -                                   | -        |
| Deposits                    | -  | -        | -                                   | -        |
| Debt Securities issued      | -  | -        | -                                   | -        |
| Other financial liabilities | -  | -        | -                                   | -        |
| <b>Total</b>                | <b>4,079,683</b>                                       | <b>-</b> | <b>35,035,565</b>                   | <b>-</b> |

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

| AOP 008                         | Same period of the previous year 01.01.-<br>30.09.2019 |                   | Current period 01.01. – 30.09.2020. |                   |
|---------------------------------|--|-------------------|-------------------------------------|-------------------|
|                                 | Cumulative   | Quarter           | Cumulative                          | Quarter           |
| Equity instruments              | 16,066,674   | 11,181,187        | -                                   | 4,975,117         |
| Debt securities                 | 32,620,896   | 15,142,709        | (12,380,088)                        | 31,808            |
| FX transactions and derivatives | 38,502,210   | 17,143,742        | 41,023,429                          | 15,820,919        |
| <b>Total</b>                    | <b>87,189,780</b>                                      | <b>43,467,638</b> | <b>28,643,341</b>                   | <b>20,827,844</b> |

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

| AOP 009            | Same period of the previous year 01.01.-<br>30.09.2019 |          | Current period 01.01. – 30.09.2020. |               |
|--------------------|--|----------|-------------------------------------|---------------|
|                    | Cumulative   | Quarter  | Cumulative                          | Quarter       |
| Equity instruments | -  | -        | -                                   | -             |
| Debt securities    | -  | -        | -                                   | -             |
| Loans and advances | 2,027  | -        | 216,712                             | 16,684        |
| <b>Total</b>       | <b>2,027</b>   | <b>-</b> | <b>216,712</b>                      | <b>16,684</b> |

**8) OPERATING EXPENSES**
*in HRK*

| AOP 015 & AOP 017 & AOP 018     | Same period of the previous year 01.01.-<br>30.09.2019 |                    | Current period 01.01. – 30.09.2020. |                    |
|---------------------------------|--|--------------------|-------------------------------------|--------------------|
|                                 | Cumulative   | Quarter            | Cumulative                          | Quarter            |
| (Other operating expenses)      | 32,667,879   | 10,907,279         | 9,547,697                           | (19,468,045)       |
| (Administrative expenses)       | 301,694,943  | 99,378,961         | 317,703,017                         | 128,525,871        |
| (Employee expenses)             | 159,696,175  | 56,494,056         | 203,353,069                         | 90,772,104         |
| (Other administrative expenses) | 141,998,768  | 42,884,905         | 114,349,947                         | 37,753,766         |
| (Amortization)                  | 37,741,782   | 12,740,157         | 58,457,544                          | 17,883,412         |
| (Property, plant and equipment) | 23,927,726   | 14,860,827         | 35,941,816                          | 14,174,692         |
| (Investment property)           | 13,814,056   | 13,814,056         | 22,515,728                          | 22,515,728         |
| (Other intangible assets)       | -  | (15,934,725)       | -                                   | (18,807,008)       |
| <b>Total</b>                    | <b>372,104,603</b>                                     | <b>123,026,397</b> | <b>385,708,258</b>                  | <b>126,941,238</b> |

**9) IMPAIRMENT LOSSES AND PROVISION EXPENSES**
*in HRK*

| AOP 019 & AOP 020 & AOP 021 & AOP 023   | Same period of the previous year 01.01.-<br>30.09.2019 |                   | Current period 01.01. – 30.09.2020. |                   |
|---|--|-------------------|-------------------------------------|-------------------|
|   | Cumulative   | Quarter           | Cumulative                          | Quarter           |
| Modification gains or (-) losses, net   | (13,055,167)   | (6,656,006)       | (3,383,797)                         | (5,896,267)       |
| Financial assets at fair value through other comprehensive income   | -  | -                 | -                                   | -                 |
| Financial assets at amortized cost  | (13,055,167)   | (6,656,006)       | (3,383,797)                         | (5,896,267)       |
| (Provisions or (-) reversal of provisions)  | (9,845,185)  | 1,256,629         | (62,691,595)                        | (3,061,788)       |
| (Liabilities and Guarantees)  | 5,435,931  | 1,200,194         | 10,829,653                          | (3,020,534)       |
| (Other Provisions)  | (15,281,116)   | 56,435            | (73,521,248)                        | (41,255)          |
| (Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss) | 80,558,224   | 62,709,532        | 83,447,502                          | 17,677,529        |
| (Financial assets at fair value through other comprehensive income)   | 5,078,472  | (2,239,321)       | 676,726                             | (213,697)         |
| (Financial assets at amortized cost)  | 75,479,752   | 64,948,854        | 82,770,776                          | 17,891,226        |
| (Impairment or (-) reversal of impairment off of investments in subsidiaries, joint ventures, and associates)             | -  | -                 | -                                   | -                 |
| (Impairment or (-) reversal of impairment off non-financial assets)   | -  | -                 | -                                   | -                 |
| (Property, plant and equipment)   | -  | -                 | -                                   | -                 |
| (Investment property)   | -  | -                 | -                                   | -                 |
| (Goodwill)  | -  | -                 | -                                   | -                 |
| (Other intangible assets)   | -  | -                 | -                                   | -                 |
| (Other)   | -  | -                 | -                                   | -                 |
| <b>Total</b>  | <b>83,768,206</b>                                      | <b>70,622,168</b> | <b>24,139,704</b>                   | <b>20,512,007</b> |

| 10) LOANS AND ADVANCES              |                       |                    |                    |                       |                    |                    | in HRK |
|-------------------------------------|-----------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|--------|
| AOP 023                             |                       |                    |                    |                       |                    |                    |        |
|                                     | 31.12.2019.           |                    |                    | 30.09.2020.           |                    |                    |        |
|                                     | Stage 1               | Stage 2            | Stage 3            | Stage 1               | Stage 2            | Stage 3            |        |
| <b>Central banks</b>                | <b>1,558,206,655</b>  | -                  | -                  | <b>1,239,927,076</b>  | -                  | -                  |        |
| Gross loans                         | 1,558,206,655         | -                  | -                  | 1,239,927,076         | -                  | -                  |        |
| Allowance                           | -                     | -                  | -                  | -                     | -                  | -                  |        |
| <b>Government</b>                   | <b>2,244,696,909</b>  | <b>4,456,728</b>   | -                  | <b>2,561,652,607</b>  | <b>396,714</b>     | <b>374</b>         |        |
| Gross loans                         | 2,250,085,612         | 5,026,891          | 383,503            | 2,567,252,578         | 544,242            | 387,851            |        |
| Allowance                           | (5,388,703)           | (570,163)          | (383,503)          | (5,599,971)           | (147,528)          | (387,476)          |        |
| <b>Credit institutions</b>          | <b>233,379,950</b>    | -                  | -                  | <b>319,375,729</b>    | -                  | -                  |        |
| Gross loans                         | 233,991,494           | -                  | -                  | 37,140                | -                  | -                  |        |
| Allowance                           | (611,544)             | -                  | -                  | (0)                   | -                  | -                  |        |
| Deposits                            | -                     | -                  | -                  | 319,935,511           | -                  | -                  |        |
| Allowance                           | -                     | -                  | -                  | (596,923)             | -                  | -                  |        |
| <b>Other financial institutions</b> | <b>129,436,444</b>    | <b>461,201</b>     | -                  | <b>97,251,756</b>     | <b>1,335</b>       | -                  |        |
| Gross loans                         | 117,745,218           | 466,361            | 15,995             | 85,911,241            | 1,407              | 502,962            |        |
| Allowance                           | (398,194)             | (5,160)            | (15,995)           | (399,680)             | (72)               | (502,962)          |        |
| Deposits                            | 12,197,705            | -                  | -                  | 11,838,941            | -                  | -                  |        |
| Allowance                           | (108,285)             | -                  | -                  | (98,745)              | -                  | -                  |        |
| <b>Non - financial institutions</b> | <b>3,627,780,064</b>  | <b>170,418,701</b> | <b>441,502,507</b> | <b>3,288,087,756</b>  | <b>439,536,164</b> | <b>627,914,253</b> |        |
| Gross loans                         | 3,724,482,681         | 219,244,197        | 1,343,775,272      | 3,403,539,018         | 504,193,386        | 1,462,624,656      |        |
| Allowance                           | (96,702,617)          | (48,825,496)       | (902,272,765)      | (115,451,262)         | (64,657,221)       | (834,710,403)      |        |
| <b>Retail</b>                       | <b>6,301,397,489</b>  | <b>304,661,307</b> | <b>192,441,409</b> | <b>6,875,232,267</b>  | <b>203,058,653</b> | <b>163,072,008</b> |        |
| Gross loans                         | 6,330,026,490         | 322,194,397        | 644,630,416        | 6,914,472,069         | 221,635,660        | 677,449,974        |        |
| Allowance                           | (28,629,002)          | (17,533,090)       | (452,189,007)      | (39,239,801)          | (18,577,007)       | (514,377,965)      |        |
| <b>Total</b>                        | <b>14,094,897,511</b> | <b>479,997,937</b> | <b>633,943,916</b> | <b>14,381,527,191</b> | <b>642,992,865</b> | <b>790,986,636</b> |        |

| 11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS |                   |                   | in HRK |
|--|-------------------|-------------------|--------|
| AOP 013  |                   |                   |        |
|  | 31.12.2019.       | 30.09.2020.       |        |
| Central banks  | -                 | -                 |        |
| Local state  | -                 | -                 |        |
| Credit institutions  | -                 | -                 |        |
| Other financial institutions   | -                 | -                 |        |
| Non - financial institutions   | 6,692,018         | 5,488,142         |        |
| Retail   | 14,507,069        | 14,742,302        |        |
| <b>Total</b>   | <b>21,199,086</b> | <b>20,230,444</b> |        |

| 12) DEPOSITS                 |                       |                       | in HRK |
|------------------------------|-----------------------|-----------------------|--------|
| AOP 044                      |                       |                       |        |
|                              | 31.12.2019.           | 30.09.2020.           |        |
| Government                   | -                     | 400,000,000           |        |
| Local state                  | 4,896,096,420         | 5,492,277,151         |        |
| Credit institutions          | 127,248,024           | 176,087,267           |        |
| Other financial institutions | 1,436,745,667         | 1,426,269,141         |        |
| Non - financial institutions | 2,738,237,692         | 3,194,908,762         |        |
| Retail                       | 11,737,901,121        | 11,999,221,852        |        |
| <b>Total</b>                 | <b>20,936,228,925</b> | <b>22,688,764,172</b> |        |