



HRVATSKA POŠTANSKA BANKA

TRANSLATION

HPB d.d. RESULTS Q3 20

Investor information and Financial statements

Limitation of liability

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

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. publishes unaudited financial statements for the period from January 01 to September 30 2020.

This report includes:

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

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

1 Executive Summary

2 Macroeconomic environment

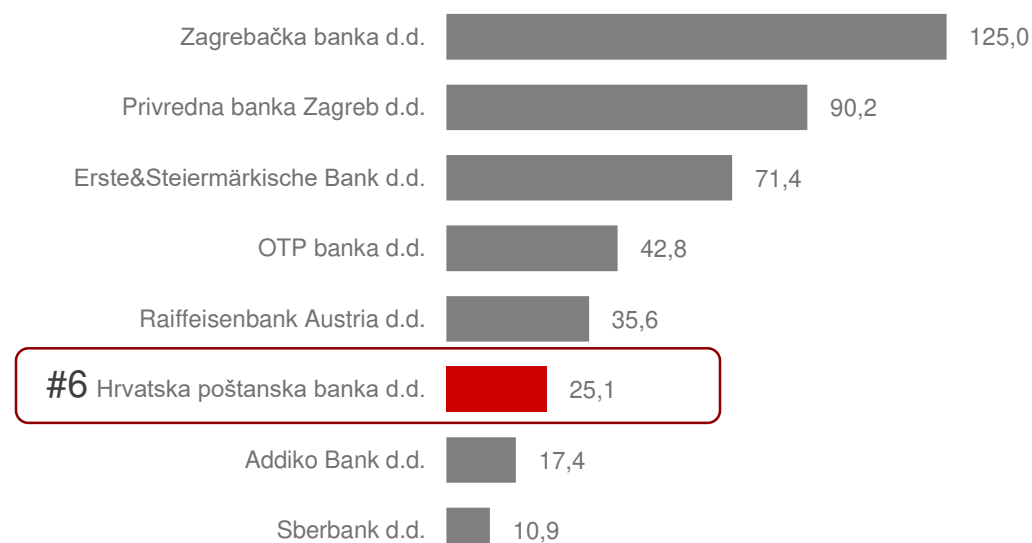
3 Financials

4 Risk Management

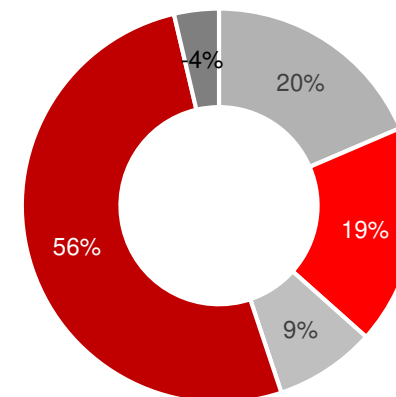
5 Appendix

		2017.	2018.	2019.	30.9.2019.	30.9.2020.
Assets	HRK mil	19,799	21,256	23,844	24,155	25,590 ▲
Net loans to customers	HRK mil	10,963	11,009	13,341	12,638	14,174 ▲
Deposits	HRK mil	16,951	18,371	20,069	20,454	21,345 ▲
Equity	HRK mil	1,905	2,003	2,370	2,413	2,443 ▲
Income	HRK mil	1,276	1,173	1,227	941	846 ▼
Net profit	HRK mil	8	152	144	170	165 ▼
Cost-to-income ratio	%	54.4	60.1	61.3	55.8	62.6 ▼
Return on equity	%	0.4	7.6	6.1	7.1	6.8 ▼
CET 1 capital ratio	%	18.1	17.9	20.2	19.9	20.6 ▲
Total capital ratio	%	18.1	17.9	20.2	19.9	20.6 ▲
NPL share	%	12.8	11.7	10.8	11.8	10.4 ▲
NPL coverage	%	61.1	67.3	67.5	69.5	62.5 ▼

Market position by total assets as of 30 Jun 2020 (in HRK bln)



Composition of Net profit as of Sep, 30 2020



■ Financial market ■ State ■ Corporate ■ Retail ■ Other

Successful completion of a comprehensive assessment provided by the European Central Bank (AQR and Stress Test)

Total assets up +7,32% (ytd) → net placements up +6,2% (ytd)

In July 2020 market share increased up to 5,63% (June 2020 = 5,56%)

Net profit lower by 3,2% in comparison with 9M 2019

Selective loan growth → largest increase in the segment of placements to the central and local government and retail (housing loan subsidies)

SARK at historically highest level of **20,6%**

Source: management reports of the issuer

Key Financials Q3 2020

Operating result (in HRK thousand)



Operating profit is lower due to lower operating income mostly affected by COVID-19 disease and higher cost growth

Net interest income increased by +0,97%; net income from fees and commissions decreased by -14,5% due to the suspension of customer fees and the slowdown in economic activities (lower tourist season)

Gross loans (in HRK thousand)



Highest growth in the corporate and public sector segment (HRK +524 million) while retail segment records continuous growth (HRK + 505 million)

Net result (in HRK thousand)



Net profit in comparison with same period 2019 is lower mainly due to a decline in operating profit

Provisioning decreased by -67,73% due to the cancellation of provisions for litigation (HRK 89 million); credit risk provisions at the same level

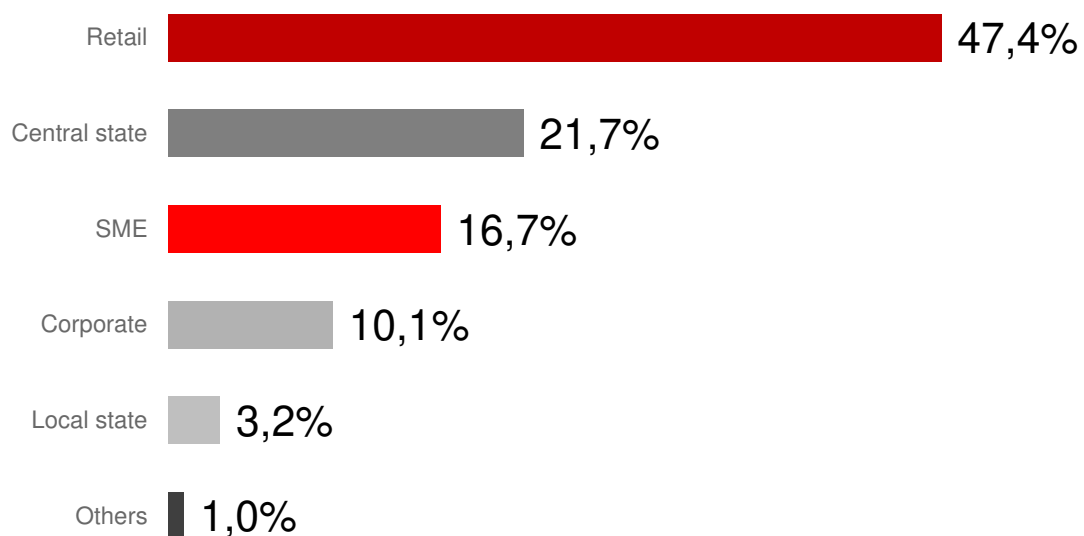
CET 1 capital ratio (in %)



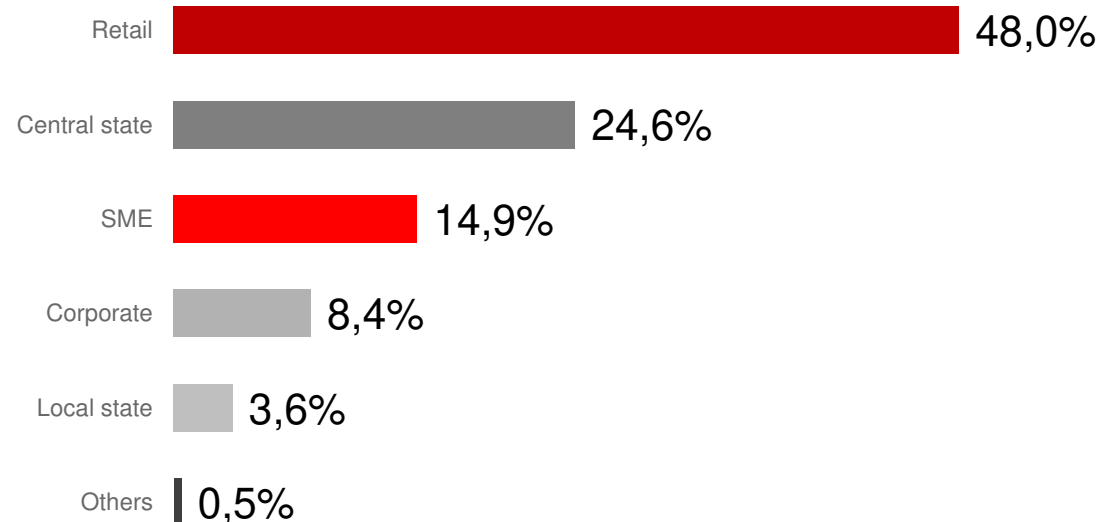
Strong capital base lead to high capital adequacy

Gross loans structure per segment

31.12.2019



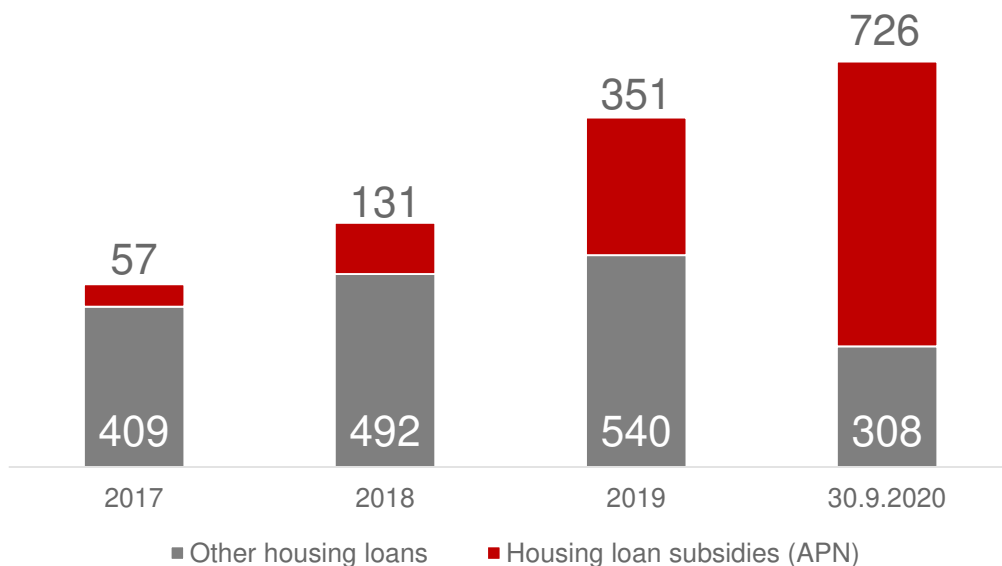
30.9.2020.



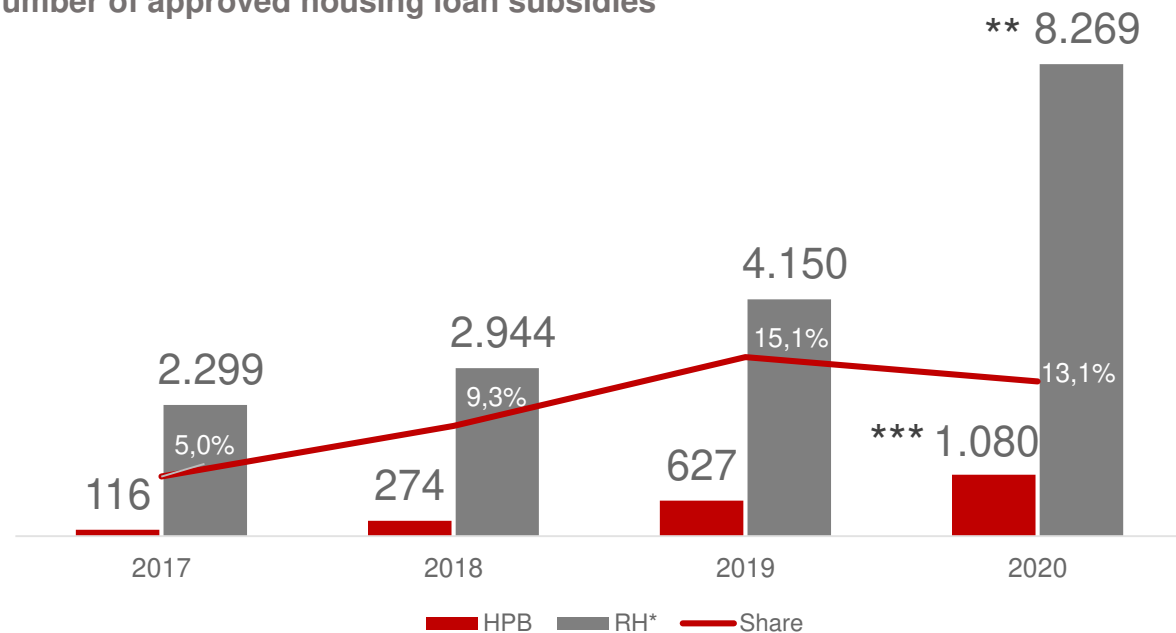
- Total gross loans increased by 5.7%, HRK 848 million (ytd)
- Most significant growth was achieved in corporate and the public sector + HRK 524 million, while the retail sector recorded continuous growth + HRK 505 million.
- Increase in housing loans + HRK 469 million, mainly in housing loan subsidies segment

Loan subsidies

Housing loan production (in HRK million)



Number of approved housing loan subsidies



- In a four-year framework, since the introduction of housing loan subsidies, the bank **approved** a total of about **1,600 loans** and placed around **billion HRK**
- **70% of newly approved housing loans** in Y2020 refers to housing loan subsidies (APN), which represent an increase of 58 bp compared to the beginning of the implementation of measures (September 2017)
- Increased base of young, highly educated and active clients (**80% new clients**)
- Increased quality of Bank's loan portfolio

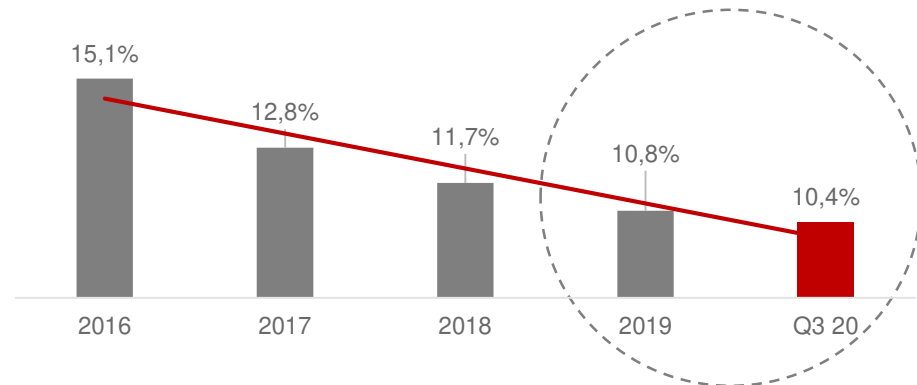
* Source <https://mgipu.gov.hr/>

** Data of collected requests as of Oct, 21 2020

*** the total number of submitted requests for APN that will be mostly placed to clients by the end of 2020

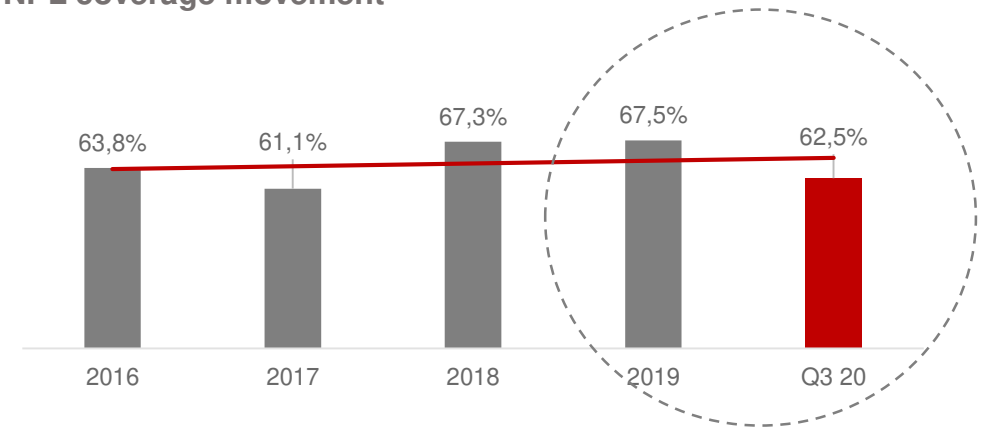
Loan portfolio quality

NPL share movement

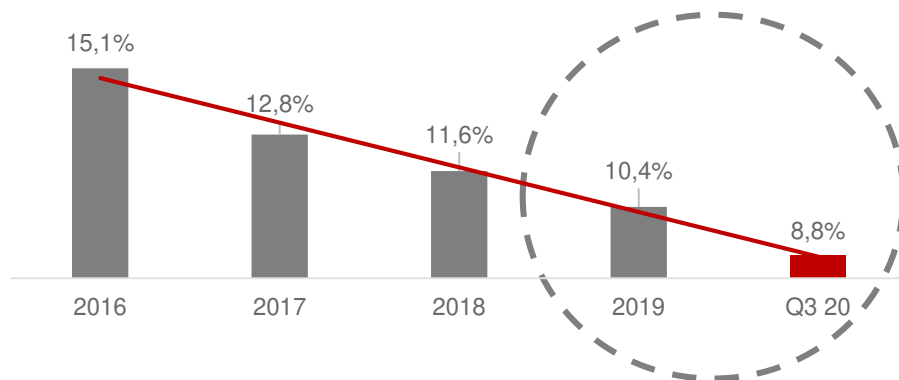


Ø Market NPL share*
7,93%

NPL coverage movement

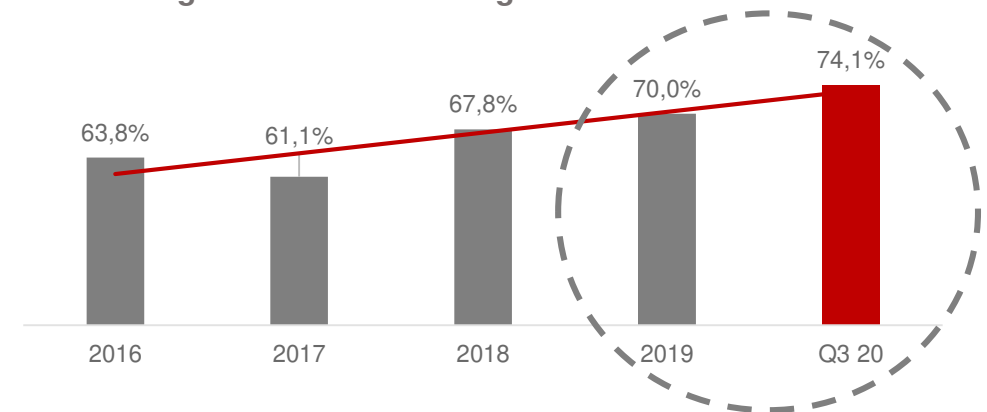


NPL share movement - state guarantees excluded



Ø Market NPL coverage*
64,3%

NPL coverage movement - state guarantees excluded

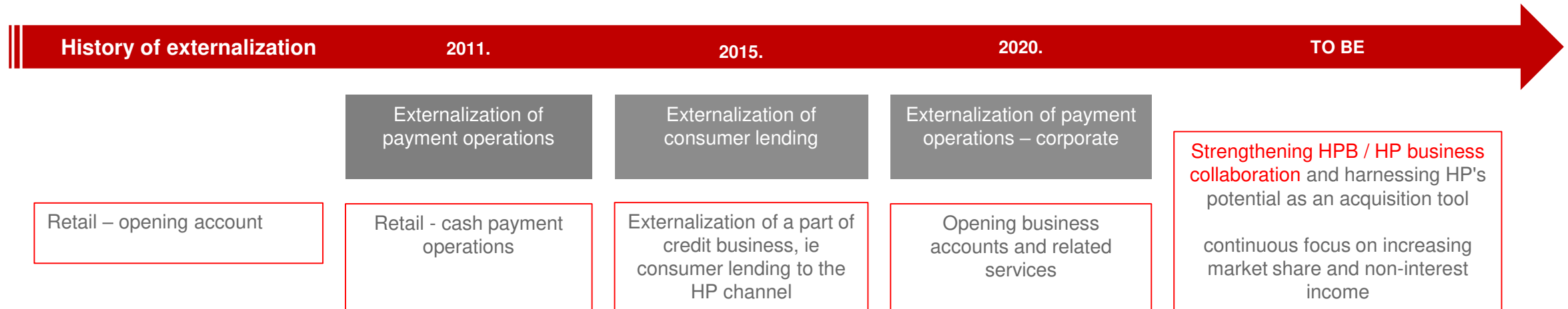


- Increased quality of the loan portfolio with adequate coverage
- The Bank has a high share of NPLs which are 100% covered by the guarantee of the Republic of Croatia and represents a fully recoverable part of loan (although the client is classified in the NPL portfolio due to compliance with the CNB Decision on classification of exposures into risk groups and method of determining credit losses)
- Calculation of NPL share include funds with central banks and other a vista deposits (according to EBA guidelines; Risk dashboard data as of Q2 2020)

* For period 2016 – 30.6.2020

Source: management reports of the issuer

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



Hrvatska pošta d.d. as an important distinguishing element of the Bank - contractual, IT and ownership connections are the basis of the largest branch network in Croatia which is used for contracting part of the most frequently used financial products and services from the HPB range.

OBJECTIVE: To become the most accessible bank on the Croatian market in physical channels with cost optimization with Hrvatska pošta d.d.

Providing the best service to cash-intensive customers with the use of potential in cooperation with a strategic partner HP

1 Executive Summary

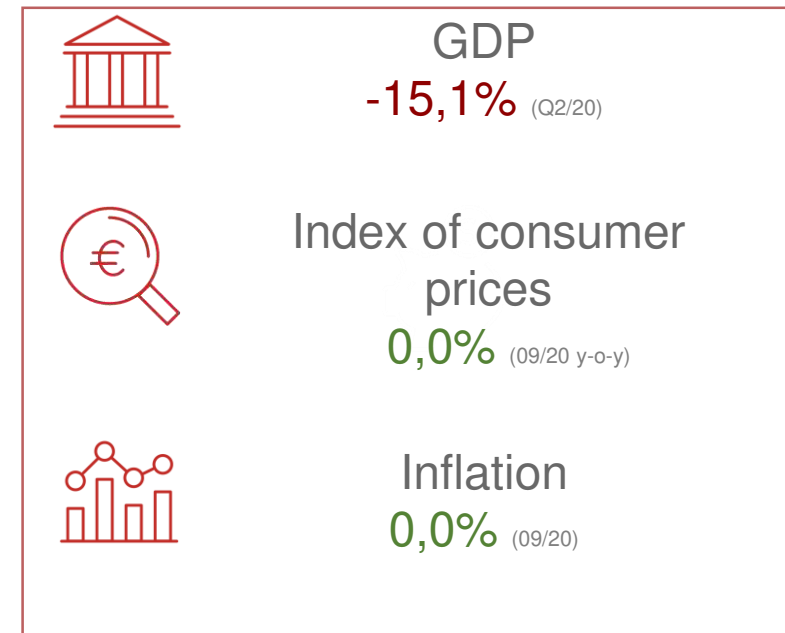
2 Macroeconomic environment

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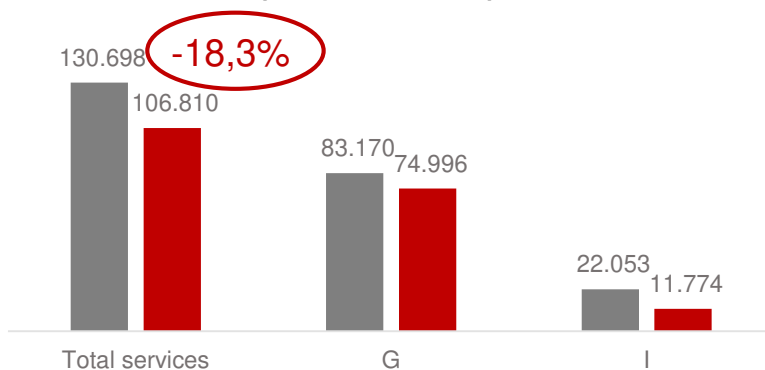
5 Appendix

Socioeconomic indicators (y-o-y)

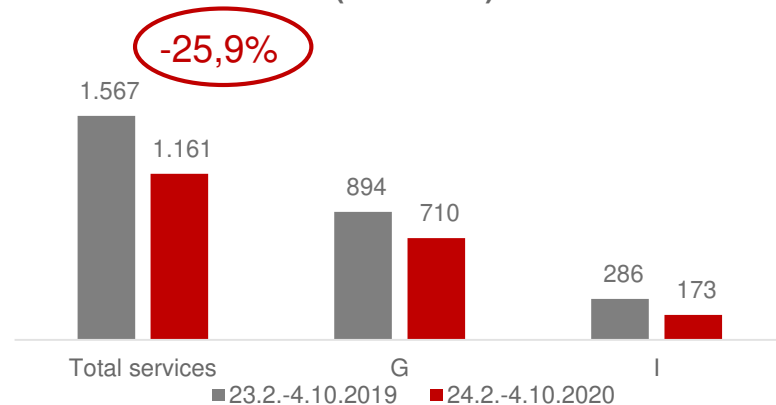


Data from ficscalisation system:

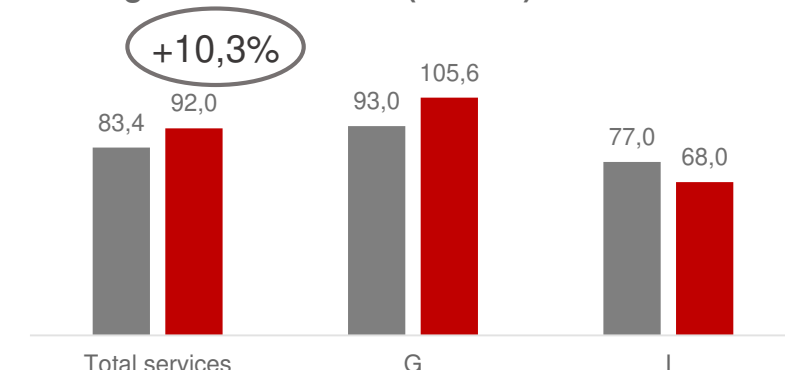
Account value* (in HRK million)



Number of account* (in million)



Average account value* (in HRK)



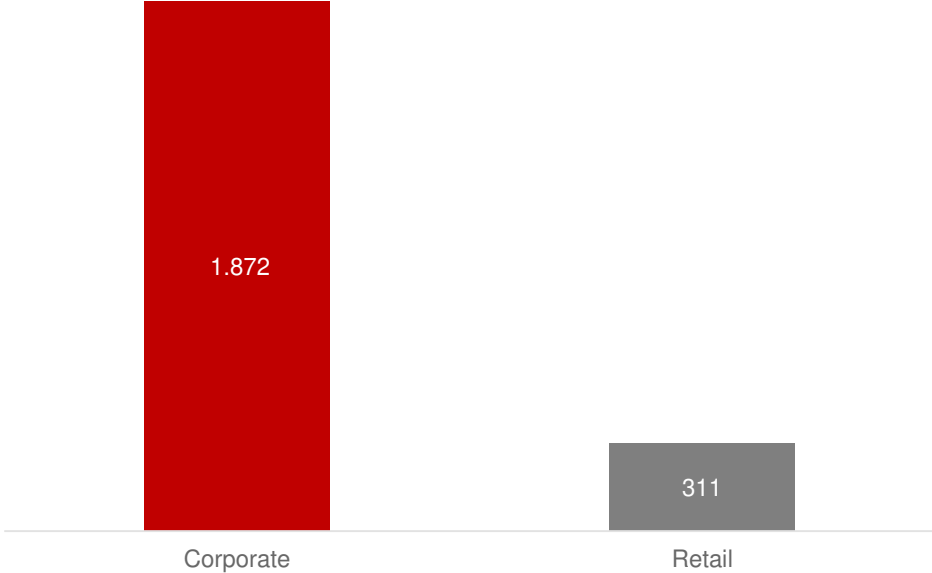
Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (July and August 2020)

*Source: <https://www.porezna-uprava.hr/Dokumenti> (data for the period 23.2.-4.10.2019 and 2020.)

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

COVID-19 impact on loan portfolio

Total exposure - implemented measures (in HRK million)



Corporate
Segment share 22,89%

Retail
Segment share 4,34%

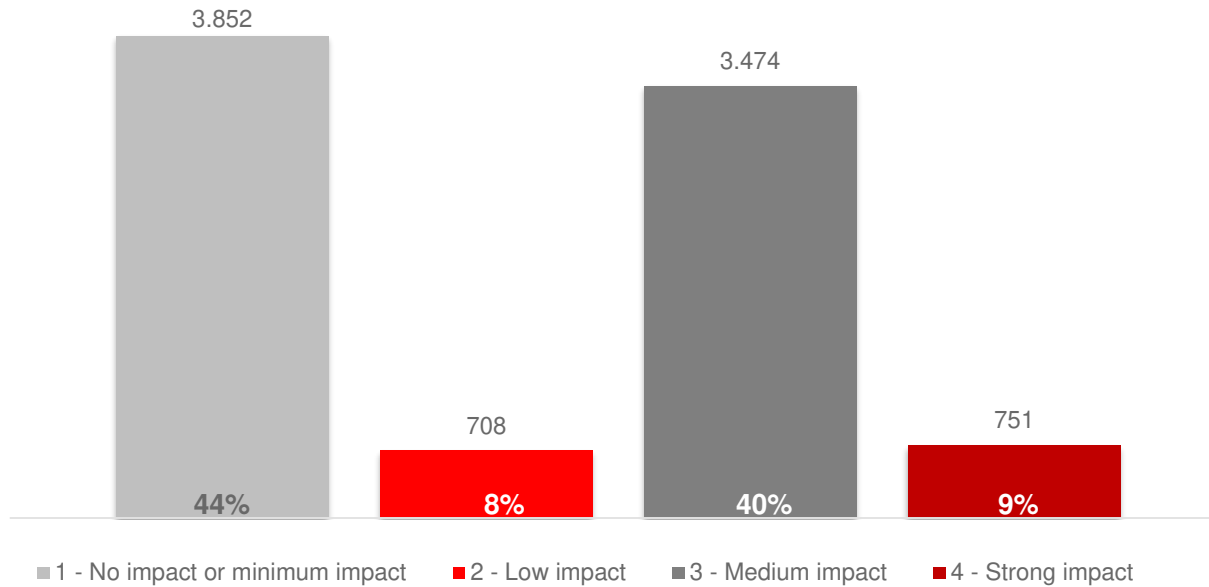
- Until September, 30 2020 the moratorium has expired for loans worth HRK 746 million
- Performing loans that went into repayment after the moratorium are regularly repaid

Source: management reports of the issuer



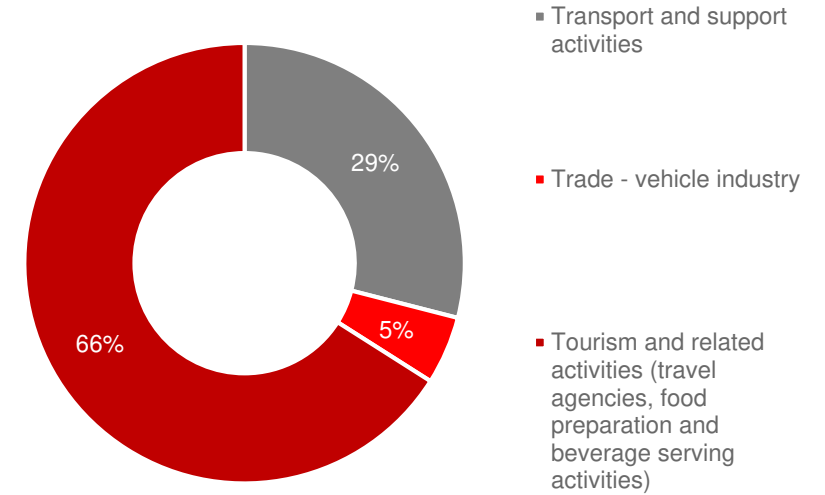
COVID-19 impact on loan portfolio

COVID 19 impact on corporate performing loans

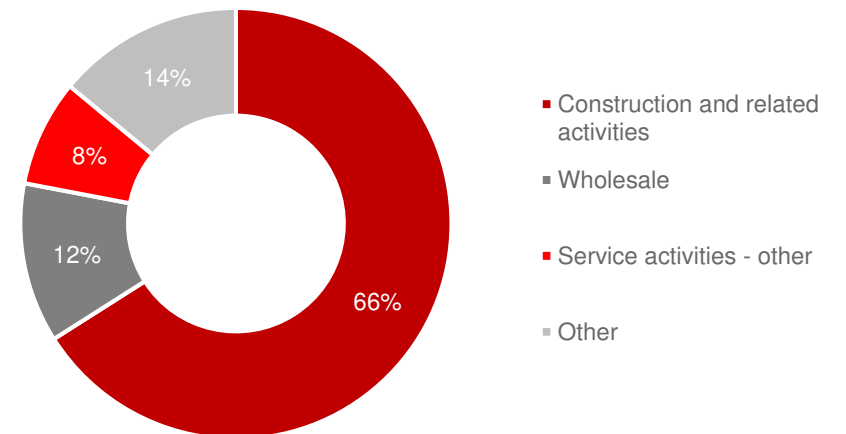


- Most of Bank's portfolio (52%) is not affected by the COVID-19 pandemic or it has a low impact
- The Decision on Risk Appetite (RAS) was adopted limiting new exposures to the most affected activities by the COVID 19 pandemic

Strong impact industries

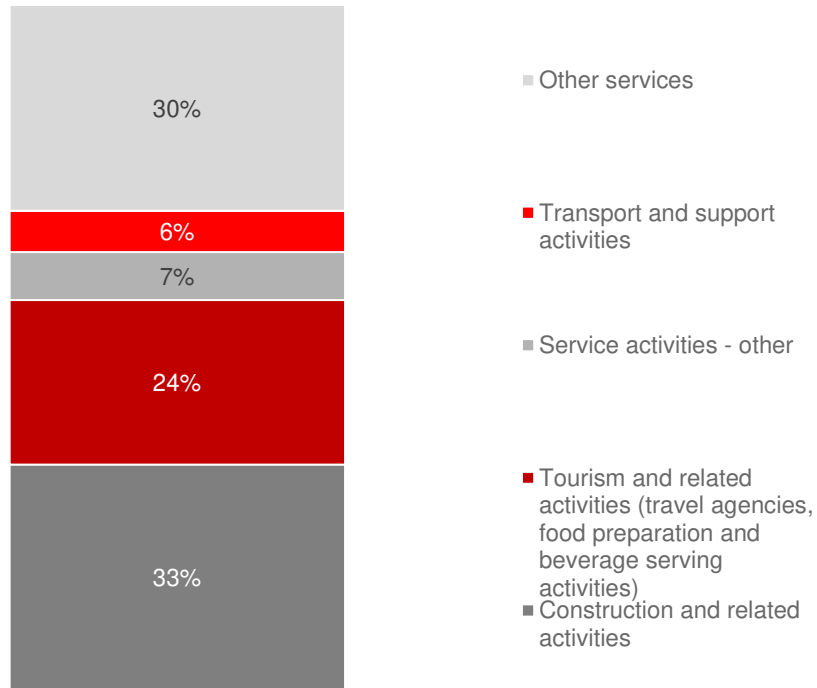


Medium impact industries

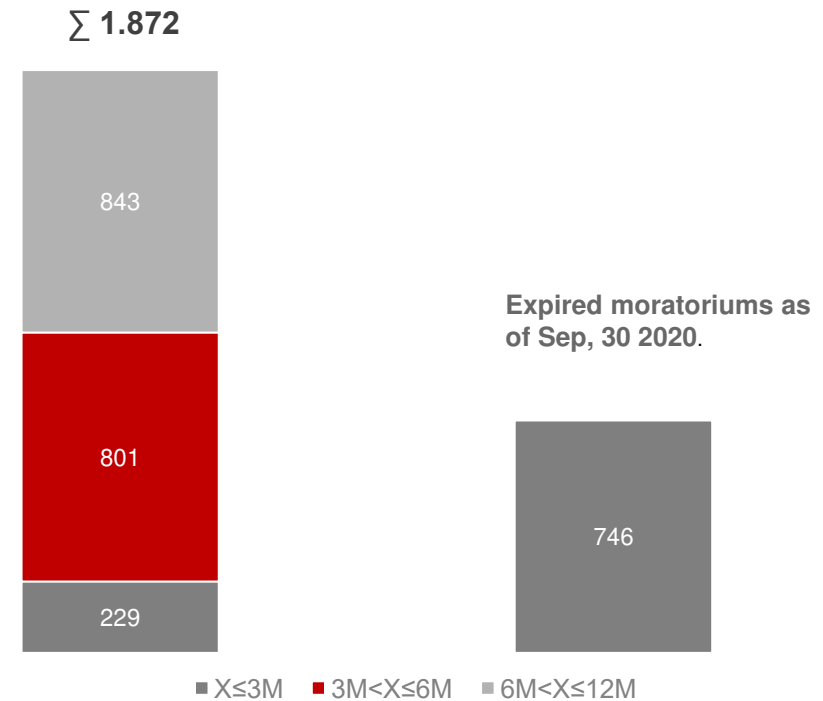


COVID-19 impact on loan portfolio

Approved moratoriums per industry



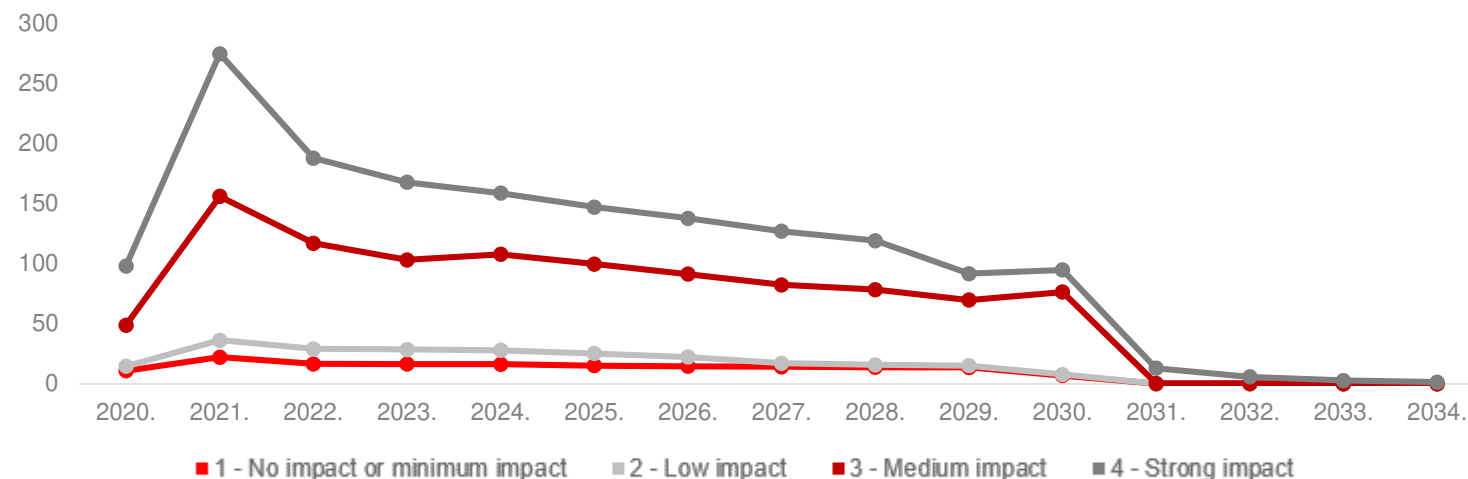
Approved moratoriums per maturity (in HRK million)



- We approved moratoriums due to the impact of COVID-19 - a total of HRK 1.87 billion approved to corporate sector (23.0% of the gross corporate loans)
- Tourism has an extremely low share in the Bank's total portfolio (6% of gross corporate loans)
- We actively manage the portfolio, analyzes the industry and the impact of pandemic prevention measures on them

Maturity of loans under moratorium – COVID 19

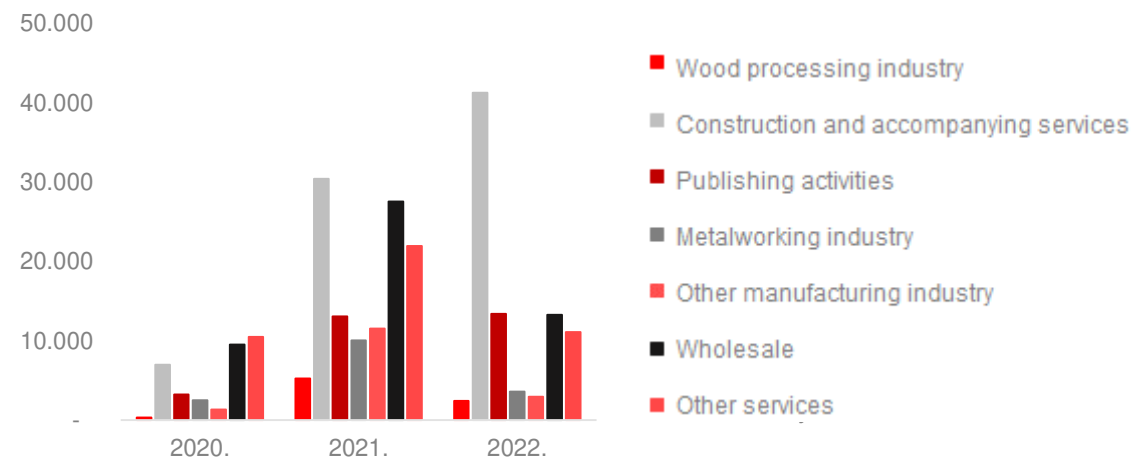
Maturity of loans under moratorium – realised by Sep, 30 2020*



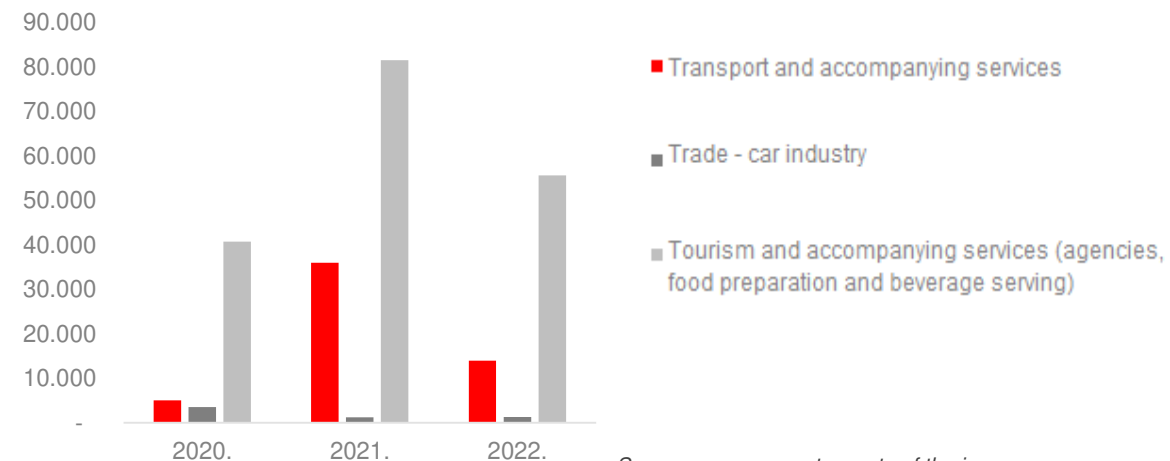
*excl. loans out of moratorium as of Sep, 30 2020

- The Bank regularly monitors loans to clients who have been granted a moratorium, regardless of the COVID impact, and approach the cash flows of clients on an individual basis
- Until the end of the 3rd quarter, the Bank does not record delays in payment on performing loans

Medium impact – maturities by 2022



Strong impact – maturities by 2022



Source: management reports of the issuer

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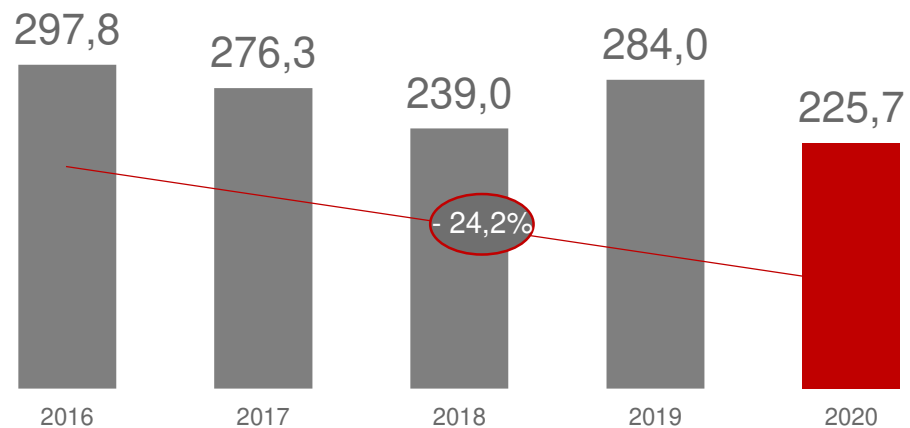
Key financials – Income statement

		30.9.2019.	30.9.2020.	
Net interest income	kn. tis.	401,248	405,128	3,880 ▲
Net fee income	kn. tis.	155,865	133,261	(22,604) ▼
Operating income	kn. tis.	642,472	604,116	(38,356) ▼
Operating expense	kn. tis.	(358,488)	(378,384)	(19,896) ▼
Operating profit	kn. tis.	283,984	225,732	(58,252) ▼
Provisioning	kn. tis.	(82,876)	(26,741)	56,135 ▲
Net profit	kn. tis.	170,360	164,945	(5,415) ▼
Cost-to-income ratio	%	55.8	62.6	6.8 ▼
Net interest margin	%	1.8	1.6	(0.1) ▼

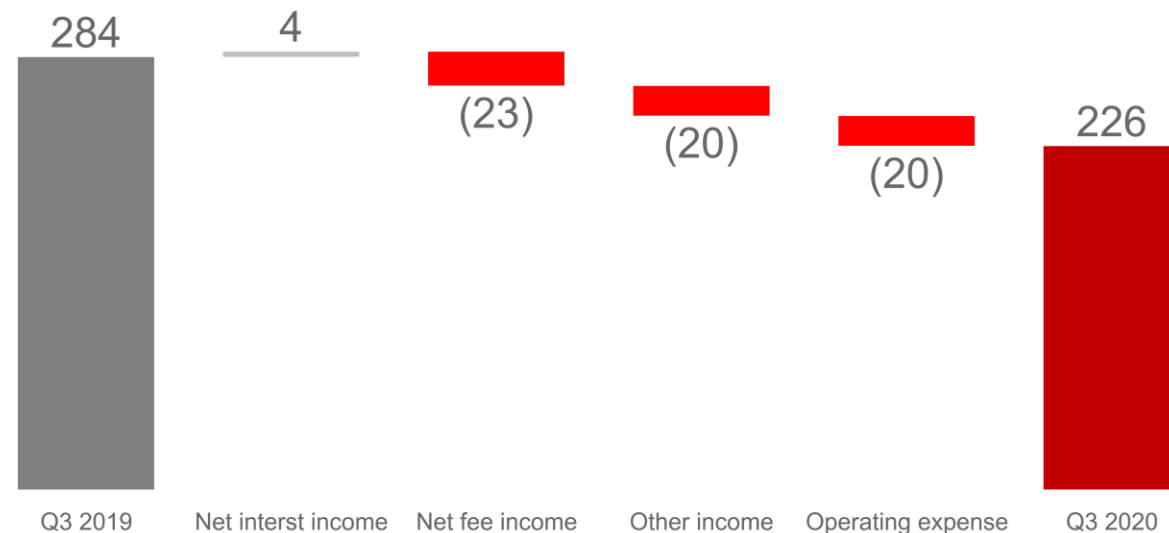
- Net interest income is higher by HRK 3.9m (+ 1,0%) compared to last year, which is a result of a stronger decline in interest expenses than the decline in income.
- Net fee income decreased by -14.5%. The largest deviations in the positions of card business and fees from payment transactions with legal entities due to the impact of COVID-19 disease that lead to suspension of fees to clients in order to facilitate access to their funds (Q2), slowdown in economic activities and significantly lower number of tourist arrivals (decrease of -47.6% according to CBS).
- OPEX increased by +5.5% in the position of employee costs (merger of JABA and HPB Stambena-štedionica) and insurance of savings deposits (increase in customer deposits).
- Provisions are lower by 67.7% due to revenues collected from suspension of litigation provisions in the amount of HRK 89 million.

Operating profit

Operating profit movement in third quarter (in HRK million)



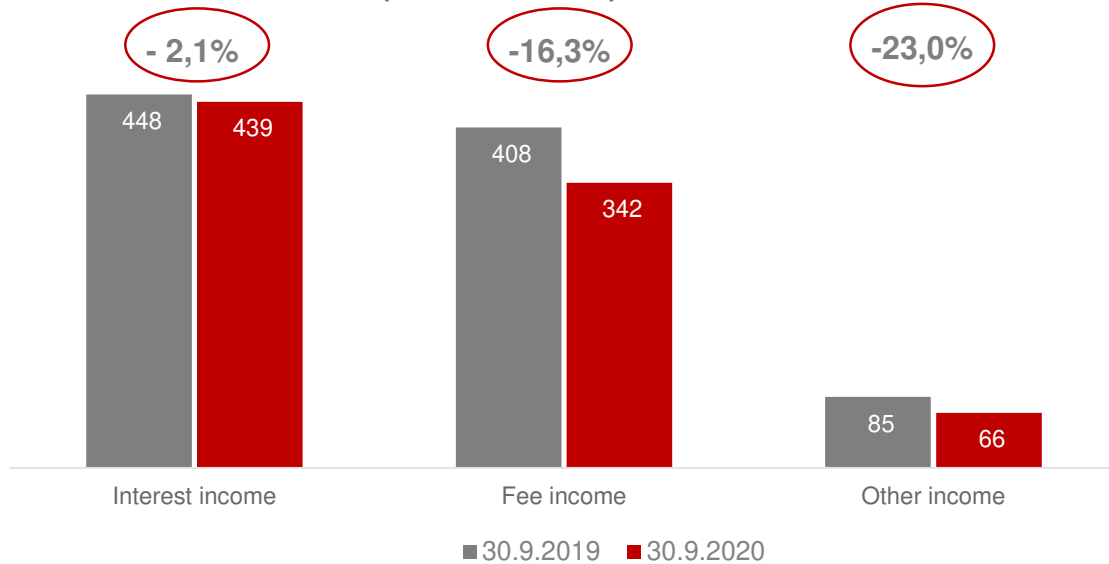
Operating profit movement (in HRK million)



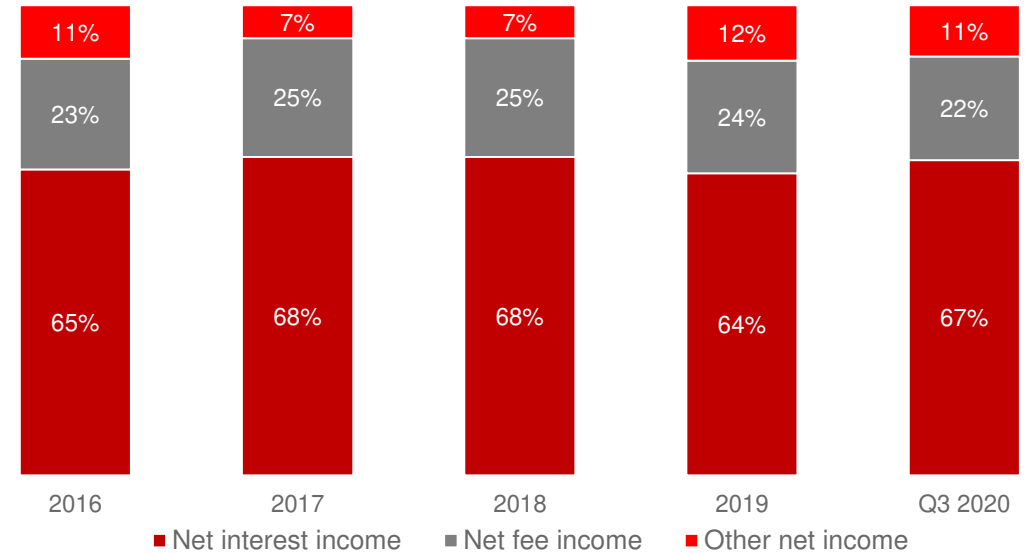
- Operating profit is expected to be lower than last year, mostly as a result of the adjustment to the COVID-19 pandemic → the previously mentioned impact on the decline in net fee income and slower growth in net interest income
- Profit from trading lower by -47.1% compared to the same period last year mainly due to the falling prices of securities
- From March 2020, the calculation and recognition of default interest to clients was suspended

Operating income

Gross income movement (in HRK million)



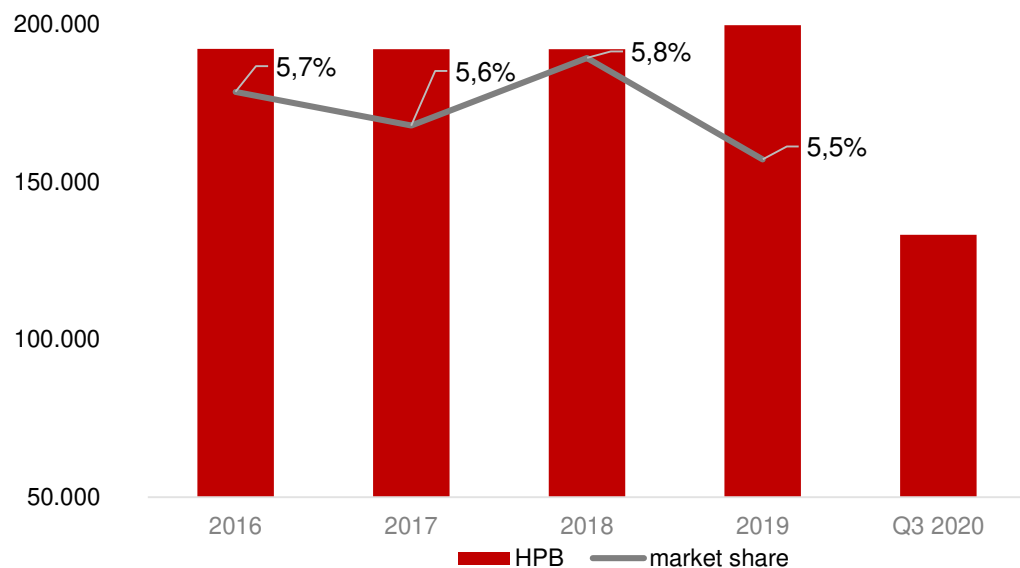
Composition of net income



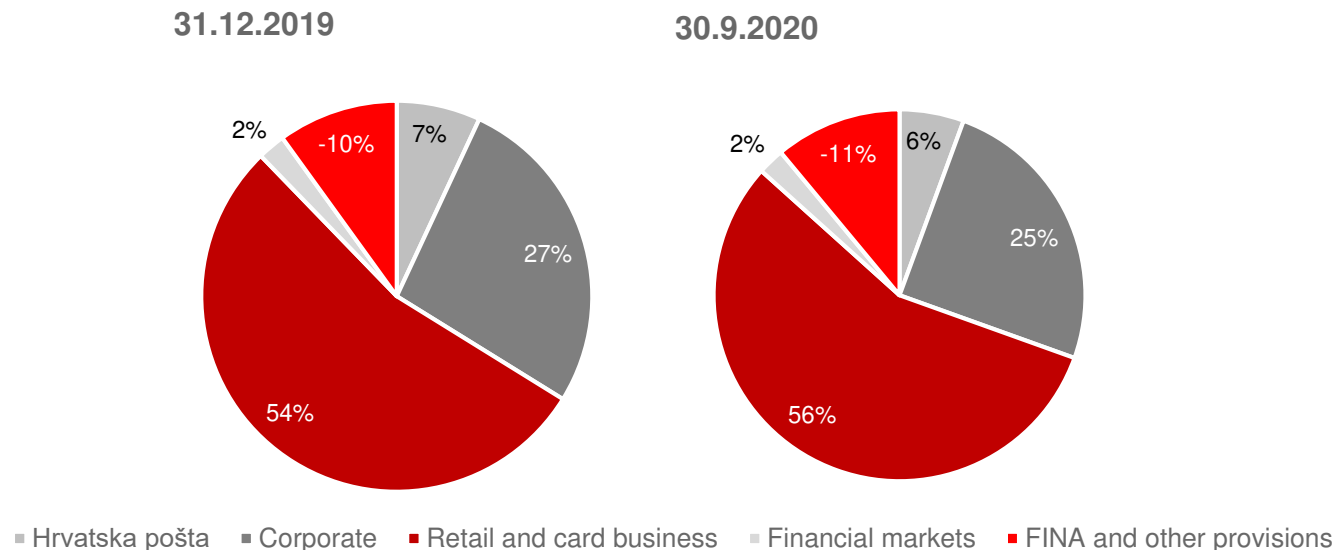
- Interest income slightly lower than 9M 2019, mostly due to the adjustment of the loan portfolio to the COVID-19 pandemic, ie active credit risk management (increase in placements with the central state and housing loan subsidies)
- The decline in operating income amortized by the decline in operating expenses

Fees and commissions

Net fee income movement (in HRK thousand)



Composition of net fee and commission income

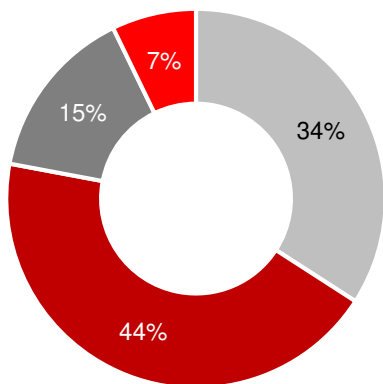


- Net fee and commission income follows long-term sectoral movement with a share of 5%
- Fees and commissions amount an average of 24% of total operating income
- The largest share of income from fees and commissions is made up of retail and card business fees
- Decline compared to Q3 19 caused by: 1) temporary suspension of fees for cash withdrawals at ATMs outside the parent bank (March 25, 2020 - July 1, 2020) in accordance with the CNB Recommendation due to the COVID-19 pandemic, 2) slowdown in economic activities, 3) significantly lower number of tourist arrivals (decrease by -47.6% according to CBS)

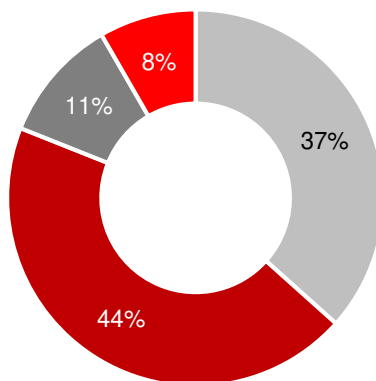
Source: management reports of the issuer

Operating cost

31.12.2019

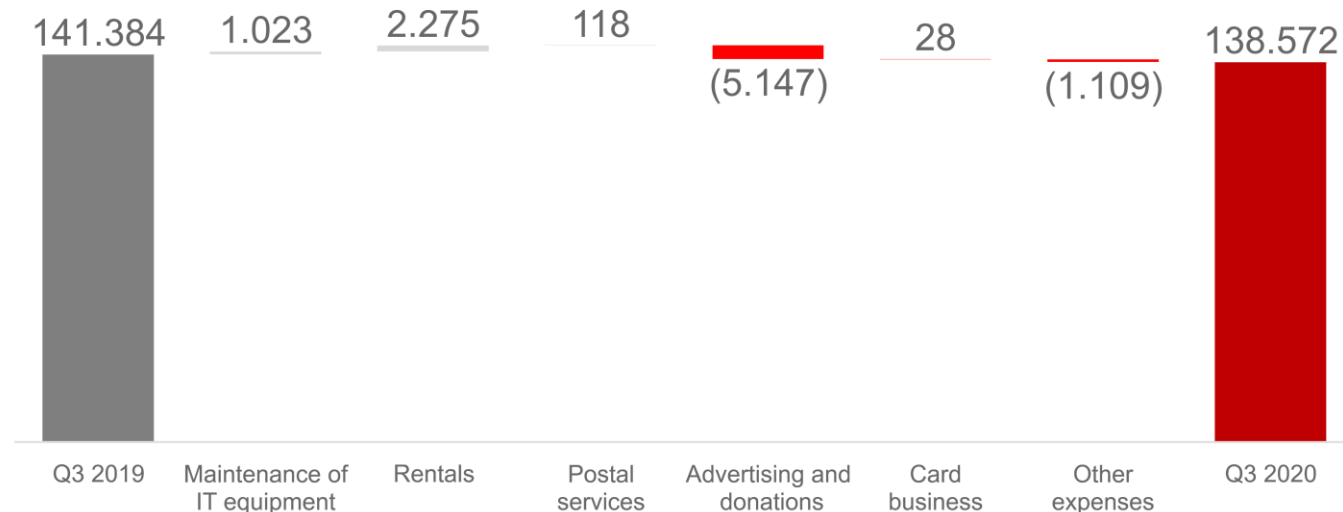


30.9.2020



■ Administrative expenses ■ Employee expenses ■ Amortization ■ Deposit insurance

Administrative expenses movement (in HRK thousand)



- Bank successfully reduced costs in 2020 despite increased spending related to the COVID-19 pandemic
- At the beginning of 2020, significant activities related to the optimization and rationalization of general and operating costs were launched, which were intensified at the beginning of the COVID-19 pandemic.
- Increase in costs of IT equipment and protective and safety equipment due to the adaptation of measures made by Croatian Civil Protection Headquarter and implementation of home office method of work
- The increase in the rental cost is the result of finding new office space due to the earthquake in Zagreb, but their optimization is being carried out and the effects are expected to happen in 2021

Source: management reports of the issuer

Key financials – Balance sheet

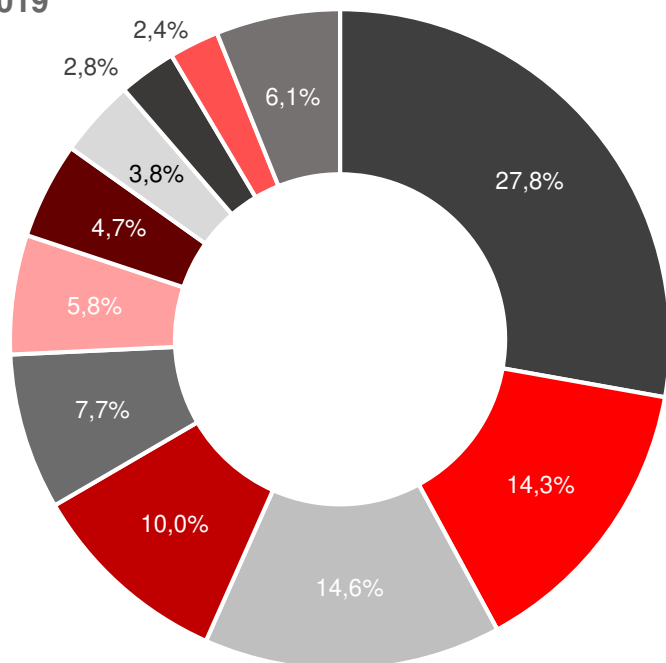
		31.12.2019.	30.9.2020.	
Asset	HRK ths	23,844,461	25,589,779	1,745,318 ▲
Gross loans	HRK ths	14,825,207	15,672,811	847,604 ▲
Deposits	HRK ths	20,069,171	21,344,770	1,275,599 ▲
Equity	HRK ths	2,370,212	2,443,438	73,226 ▲
Regulatory capital	HRK ths	2,209,224	2,209,303	79 ▲
Loan/deposit ratio	%	66.5	66.4	(0.1) ▼
ROAE	%	6.6	9.5	2.9 ▲
NPL share	%	11.7	10.4	(1.3) ▲
NPL coverage	%	67.3	62.5	(4.8) ▼
Balance of placement value adjustment	HRK ths	(1,487,615)	(1,507,193)	(19,578) ▼

- Assets records continuous growth + 7.3% ytd → liquid assets + 29.8%, securities -7.7%, gross loans + 5.7%
- Deposits up + 6.4% → largest increase in the segment of central state and large corporate clients HRK +688m, SMEs HRK +242m, retail HRK +235m
- Moderate recovery in the price of securities that caused the recovery of the comprehensive income reserve + 12.7% compared to Q2
- NPL coverage increases when excluding exposures covered by state guarantees (70.0% Q4 19 → 74.1% Q3 20)

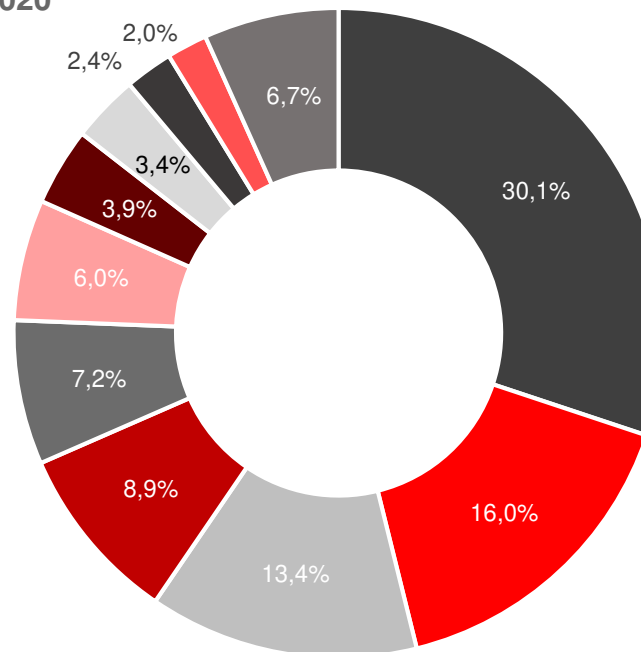
Source: management reports of the issuer

Structure of corporate gross loans per industry

31.12.2019



30.9.2020

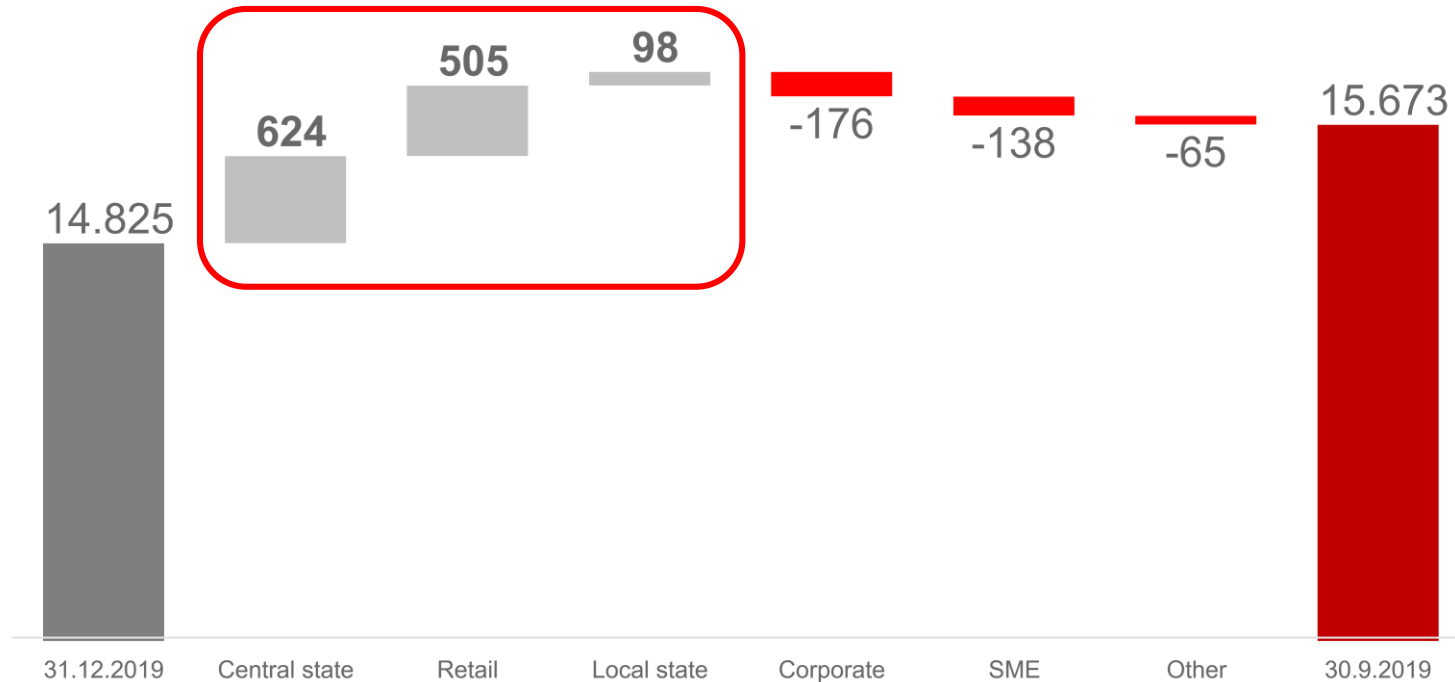


- Public administration and defense; 30,1%
- Construction industry; 16,0%
- Manufacturing industry; 13,4%
- Wholesale and retail trade; 8,9%
- Transport and storage; 7,2%
- Accommodation activities; 6,0%
- Real estate industry; 3,9%
- Electricity supply; 3,4%
- Agriculture, forestry and fishing; 2,4%
- Information and communication; 2,0%
- Other; 6,7%

- Accommodation service industry (primarily **tourism**), which was hardest hit by the COVID-19 pandemic, had a **low share of 6.0% as of Sep, 30 2020**.
- Large share of exposure (**30.1%**) to the **central and local state**, which represents the **lowest risk**, with a parallel increase in housing loan subsidies to retail sector

Gross loan movement

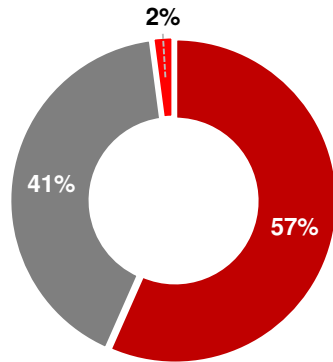
Gross loans (in HRK million)



- Total gross loans grew by **+ 5.7%** compared to 2019, and the highest growth was achieved in the public sector,
- The retail sector has continuous growth, mostly in housing loans

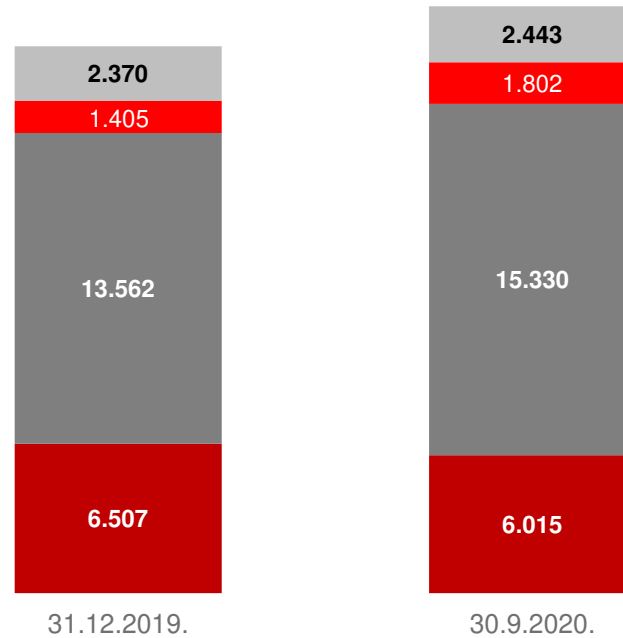
Composition of equity and liabilities and deposit structure

Deposit structure
31.12.2019.



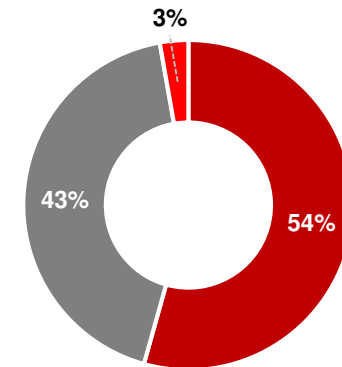
■ Retail ■ Corporate ■ Financial markets

Equity and liabilities structure



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

Deposit structure
30.09.2020.

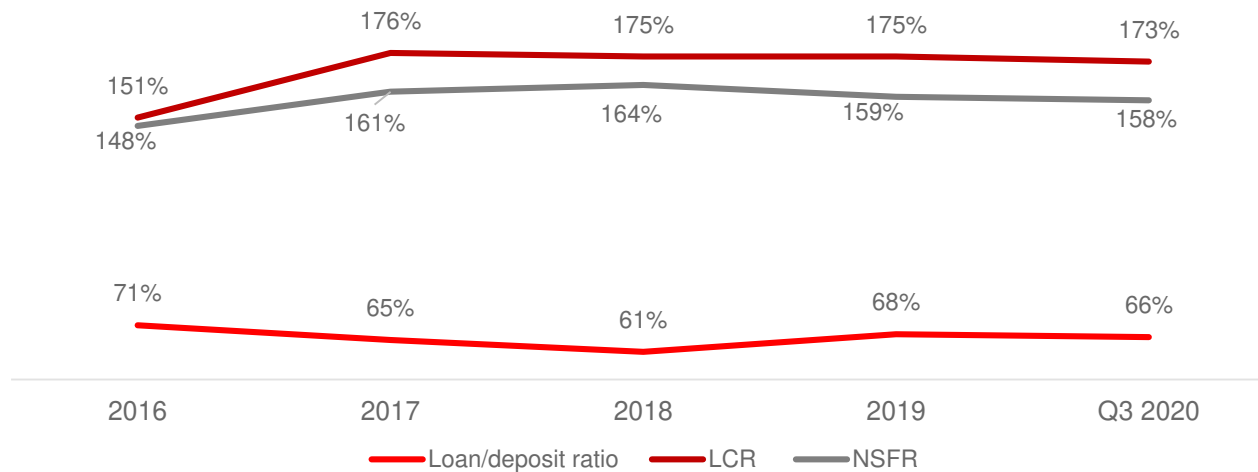


■ Retail ■ Corporate ■ Financial markets

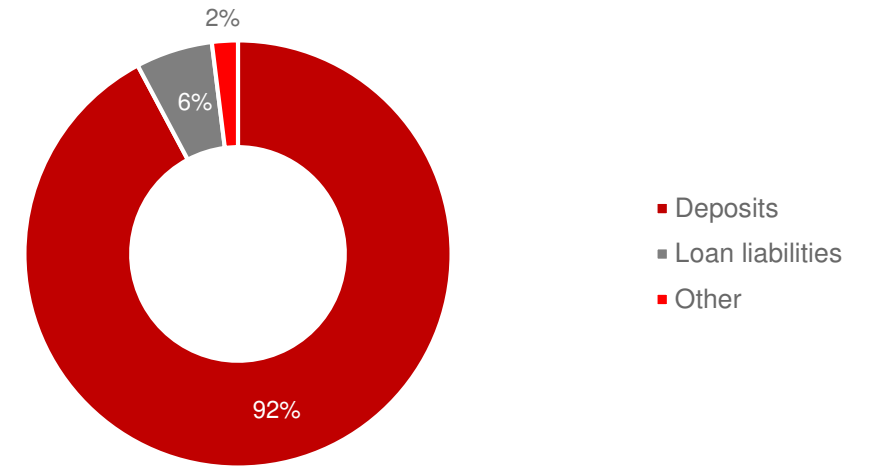
- Stable deposit base and key financing source
- Deposits recorded an increase of HRK 1,276 million (+ 6.4%)

Liquidity and financial stability review

Liquidity ratios



Funding mix as of Sep, 30 2020*

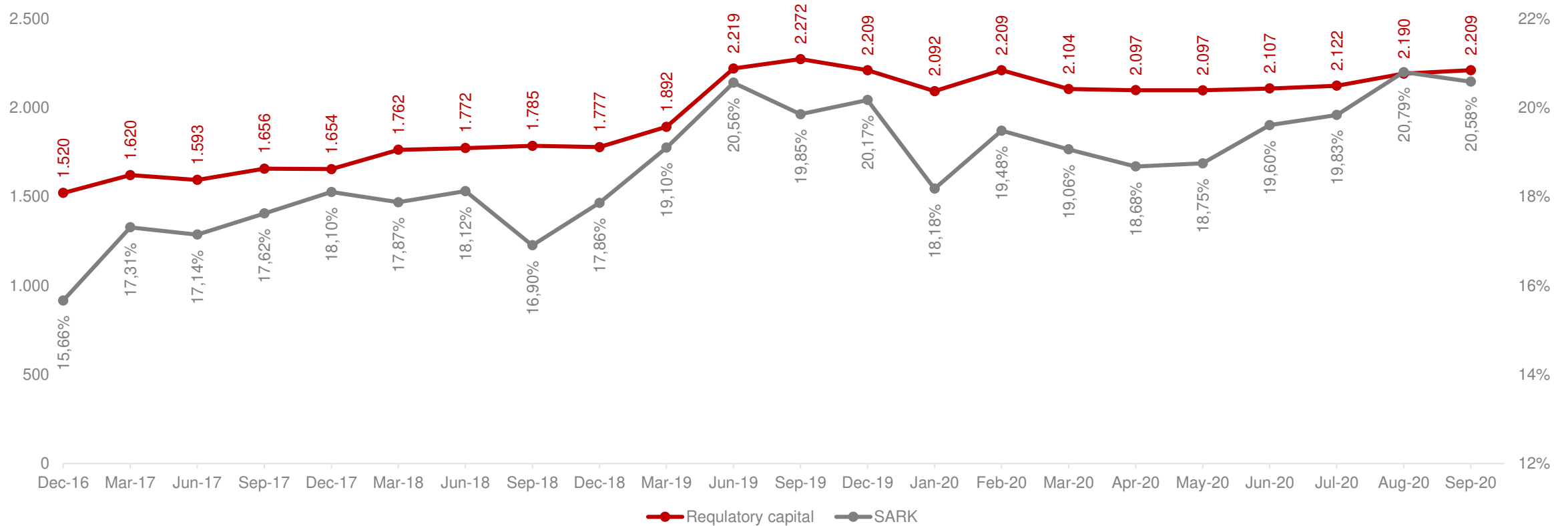


*excl. equity

- The bank is highly liquid with significantly low loan-to-deposit ratio
- The most significant source of funds are **customer deposits 92%**
- Stable and constant growth of deposits, primarily retail sector, increased the market share to 5.9% (2016 = 5.3%)
- Stable structure of received loans - foreign financial institutions, CBRD and CNB repo loans

Regulatory capital and adequacy ratio movement

Regulatory capital and adequacy ratio movement (in HRK million)



- Capital management optimization measures launched in Q4 19, mostly by optimizing RWA, result in an increase in the adequacy rate through 2020 → above the regulatory minimum by + 5.4%

1 Executive Summary

2 Macroeconomic environment

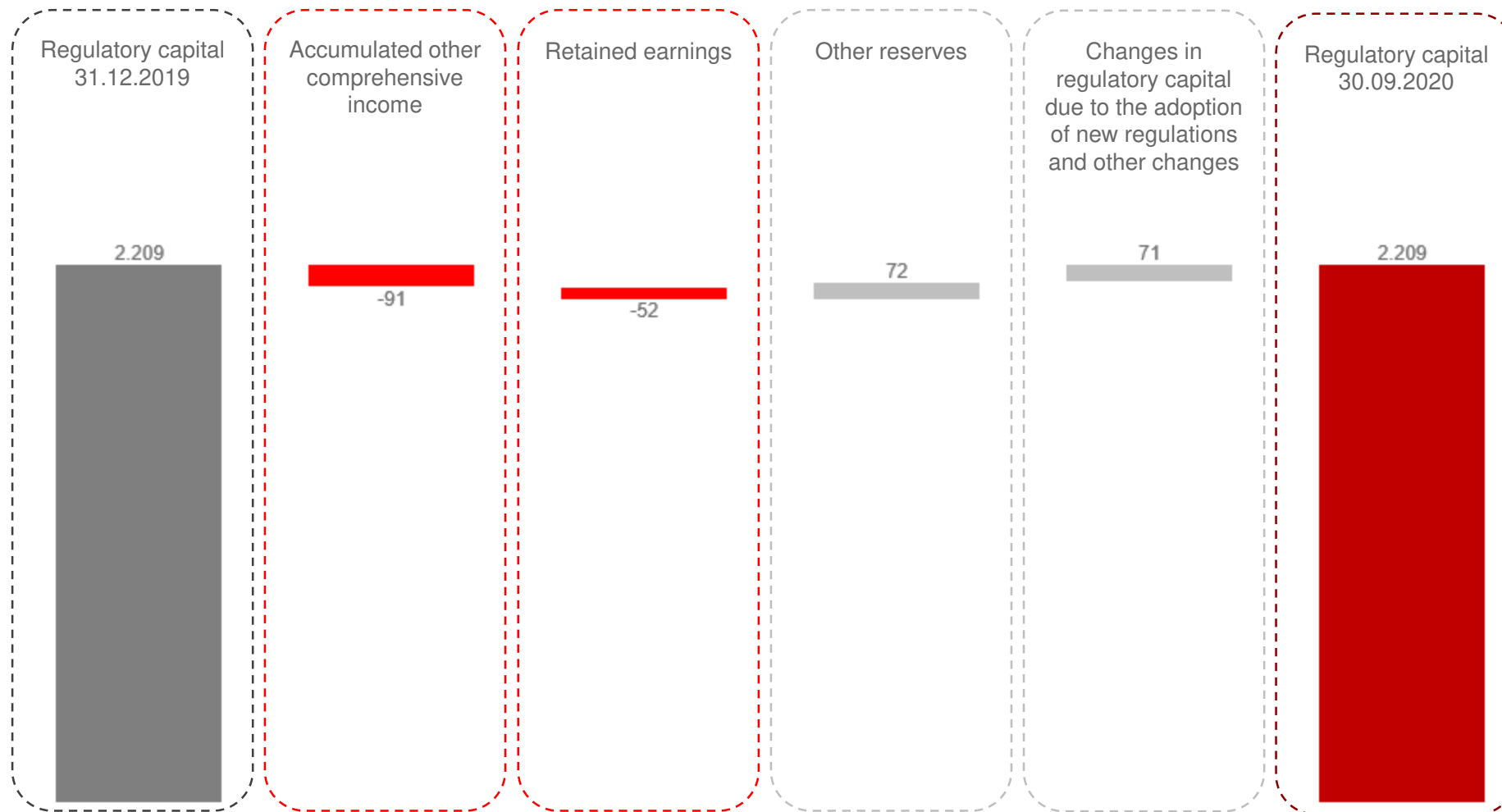
3 Financials

4 Risk Management

5 Appendix

Regulatory capital movement

Regulatory capital (in HRK million)



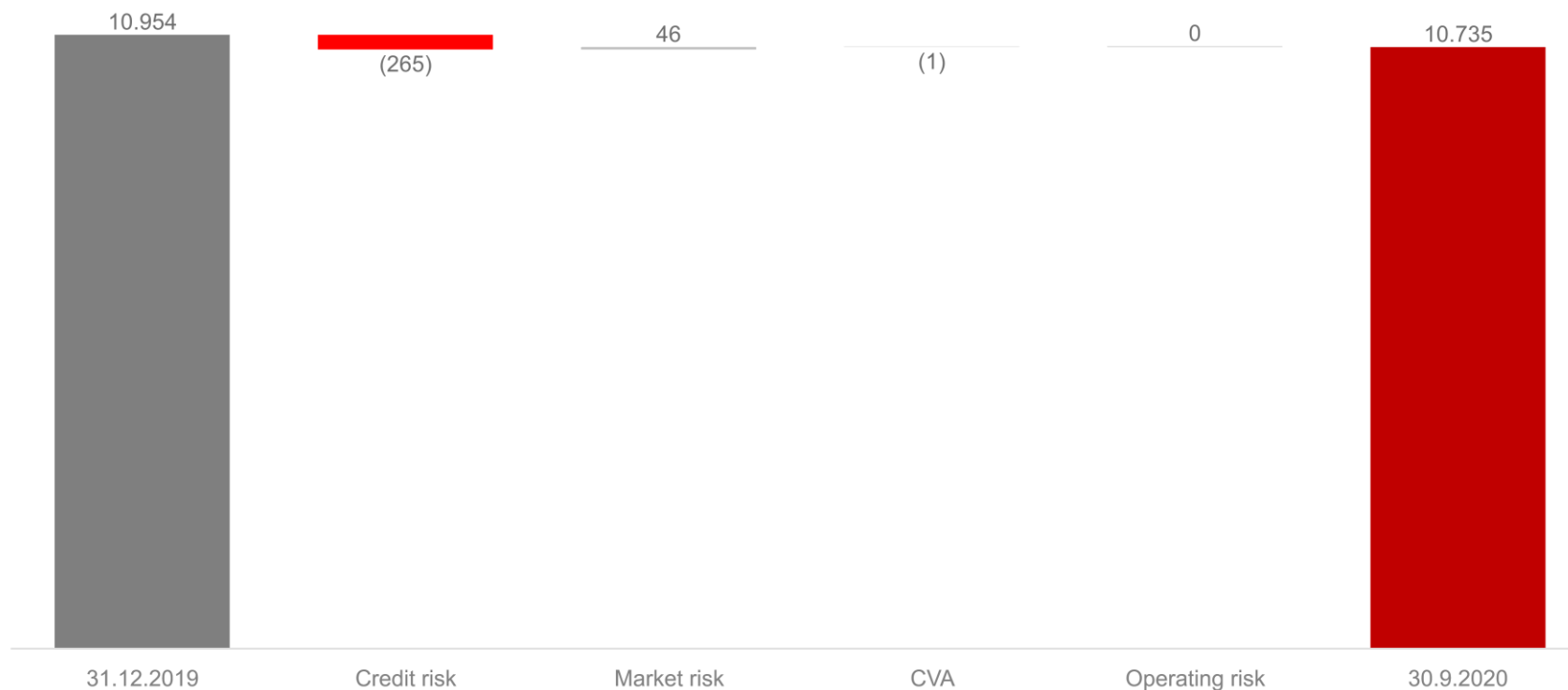
- Strong and stable capital base

* on Dec, 31 2019 the Bank included 6-month profit in 2019 in the calculation of regulatory capital (retained earnings position), in accordance with the approval of the regulator. By the decision of the General Assembly of the Bank this year, the net profit in 2019 was allocated to the position of retained earnings and other reserves.

Source: management reports of the issuer

RWA – risk-weighted assets

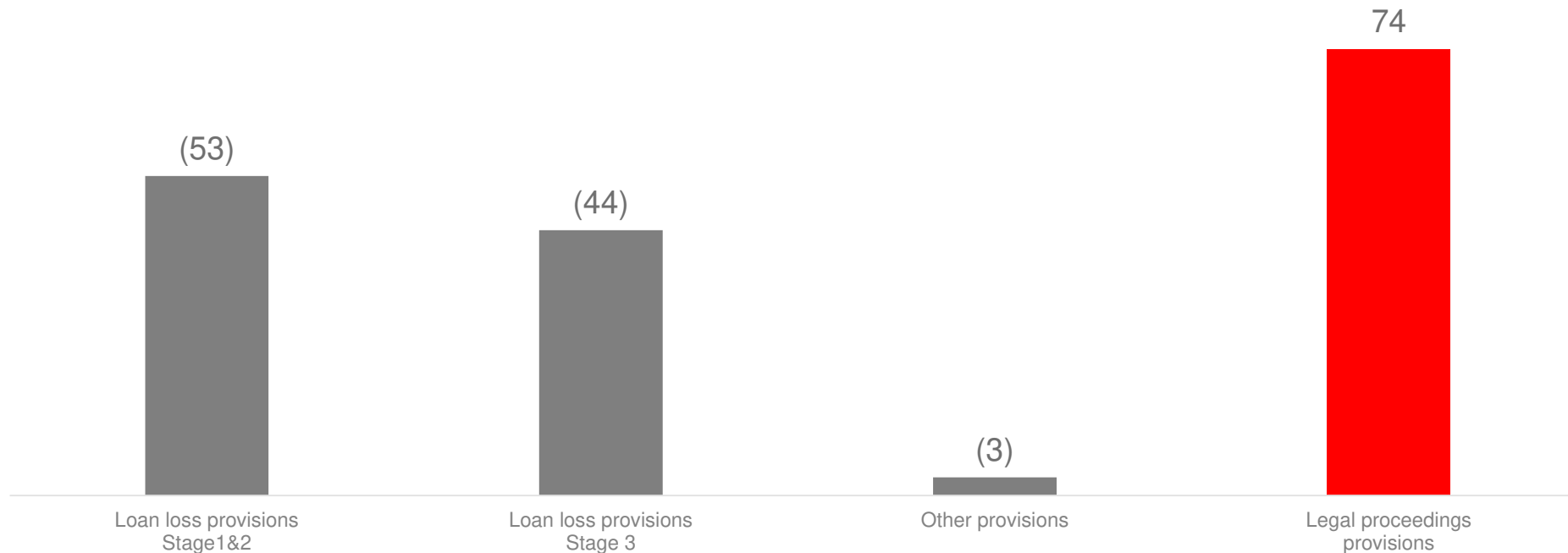
RWA movement (in HRK thousand)



- In line with the growth of the Bank's assets, the risk-weighted assets are decreasing as a result of the strengthening the capital management culture

Provisioning

Structure of provision costs (in HRK million) as of Sep, 30 2020



- Provisioning costs are **lower by 67.7%** than in 2019, mainly due to the suspension of legal proceedings provisions (net provisions for credit risk amount to HRK -97.4 million; net legal proceedings provisions + HRK 70.7 million)
- Provisions on a collective basis also include updates of macroeconomic indicators in the model for calculating provisions due to economic circumstances and projections caused by the impact of COVID-19 disease (HRK 55.8 million additional cost recognized in 6M 2020)

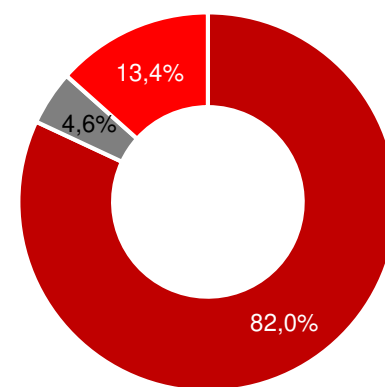
Source: management reports of the issuer

Exposures and coverage per stage

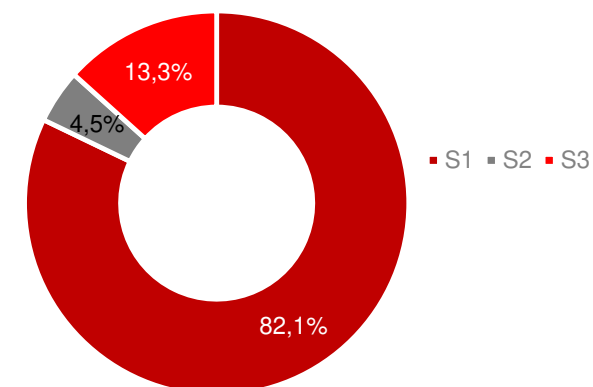
Segment	Stage	Share	Coverage	Share	Coverage
		30.9.2019	30.9.2019	30.9.2020	30.9.2020
CORPORATE	S1	66,6%	2,8%	61,8%	3,4%
CORPORATE	S2	6,0%	6,3%	5,4%	10,5%
CORPORATE	S3	27,5%	68,2%	32,8%	46,8%
SME	S1	57,2%	3,3%	50,0%	4,1%
SME	S2	7,1%	11,0%	19,0%	14,2%
SME	S3	35,7%	69,5%	31,0%	71,0%
STATE	S1	99,1%	0,8%	98,6%	0,8%
STATE	S2	0,9%	7,3%	1,4%	8,6%
STATE	S3	0,0%	0,0%	0,0%	0,0%
RETAIL	S1	86,4%	0,5%	89,4%	0,6%
RETAIL	S2	5,3%	4,5%	2,5%	8,2%
RETAIL	S3	8,3%	72,8%	8,1%	74,5%

Exposure per stage

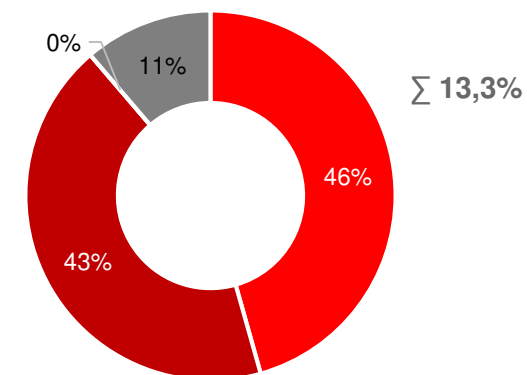
30.9.2019.



30.9.2020.



NPL share per segment as of Sep, 30 2020



The increase in stage 1 and stage 2 coverage mainly reflects the deterioration of macroeconomic indicators and their impact on risk parameters due to the COVID pandemic, while the increase in stage 3 share in the corporate segment, accompanied by a decrease in coverage, is the result of AQR and reclassification of certain exposures covered by state guarantees as a non-performing assets.

Source: management reports of the issuer

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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, 2020, compiled in accordance with the accounting regulation applicable to credit institutions in Croatia, presents complete and accurate view of assets and liabilities, losses and gains, financial position and results of HPB p.l.c.

Tea Bažant

Executive Head of finance division

Marko Badurina

Chief Executive Officer

Anto Mihaljević

Member of the Management Board

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): 1293

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

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

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

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
Assets			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	2,772,746,813	4,369,145,517
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	796,271,645	609,440,985
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	57,269,884	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	15,217,710,292	15,818,751,197
Debt securities	022	4,305,695	3,244,505
Loans and advances	023	15,213,404,597	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	5,490,000	9,760,843
Tangible assets	027	324,429,807	335,340,777
Intangible assets	028	109,095,746	93,679,345
Tax assets	029	6,453,295	3,668,298
Other assets	030	42,962,745	29,149,470
Fixed assets and disposal groups classified as held for sale	031	20,000,000	20,000,000
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	23,773,157,202	25,548,341,915
Liabilities			
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	21,056,875,186	22,815,773,082
Deposits	044	20,944,398,925	22,696,601,403
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	147,415,709	145,958,652
Liabilities included in disposal groups classified as held for sale	053	-	-
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	21,402,945,557	23,104,903,870
Equity			
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	153,174,469	225,060,726
Revaluation reserves	061	-	-
Other reserves	062	539,561,769	611,448,026
(-) Treasury shares	063	(477,000)	(477,000)
Profit or loss attributable to owners of the parent	064	143,772,514	164,949,211
(-) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
Total equity (from 55 to 66)	067	2,370,211,645	2,443,438,045
Total equity and liabilities (54 + 67)	068	23,773,157,202	25,548,341,915

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	449,763,619	153,376,995	441,208,201	146,027,784
(Interest expenses)	002	48,513,520	14,335,439	39,955,739	12,837,421
(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	408,228,876	162,080,529	341,876,343	128,322,789
(Fees and commissions expenses)	006	252,363,965	101,190,270	208,616,477	77,710,621
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	77,057,458	37,767,549	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	(2,790,576)	(1,207,156)	(7,587,801)	(931,046)
Gains or (-) losses on derecognition of non-financial assets, net	013	-	-	-	-
Other operating income	014	3,390,681	1,224,818	6,355,898	2,196,348
(Other operating expenses)	015	31,768,615	10,636,171	9,648,144	(19,419,417)
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	610,708,122	227,101,914	590,808,740	226,385,341
(Administrative expenses)	017	289,403,994	95,674,012	309,562,403	125,897,976
(Depreciation)	018	37,315,613	12,592,382	58,111,404	17,768,486
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	79,668,674	62,821,205	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	-	-	-	-
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	201,109,859	48,101,680	198,995,228	62,206,872
(Tax expense or (-) income related to profit or loss from continuing operations)	028	30,748,181	1,223,379	34,046,017	12,232,164
Profit or (-) loss after tax from continuing operations (27 – 28)	029	170,361,678	46,878,301	164,949,211	49,974,708
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	-	-	-	-
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	170,361,678	46,878,301	164,949,211	49,974,708
Attributable to minority interest [non-controlling interests]	034	-	-	-	-
Attributable to owners of the parent	035	170,361,678	46,878,301	164,949,211	49,974,708
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Income or (-) loss for the current year	036	170,361,678	46,878,301	164,949,211	49,974,708
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)
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	412,821,609	167,965,092	73,226,122	75,606,609
Attributable to minority interest [non-controlling interest]	060	-	-	-	-
Attributable to owners of the parent	061	412,821,609	167,965,092	73,226,122	75,606,609

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
Operating activities - direct method			
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	-	-
Operating activities - indirect method			
Profit/(loss) before tax	009	201,109,859	198,995,230
Adjustments:		-	-
Impairment and provisions	010	69,823,489	24,139,704
Depreciation	011	37,315,613	58,111,404
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(77,057,458)	(56,091,105)
(Profit)/loss from the sale of tangible assets	013	(1,004,496)	-
Other non-cash items	014	(446,973,043)	(262,208,543)
Promjene u imovini i obvezama iz poslovnih aktivnosti			
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	(505,086,427)	13,813,275
Deposits from financial institutions	024	263,918,240	(63,696,447)
Transaction accounts of other clients	025	1,056,225,944	1,208,021,491
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	125,132,026	(3,284,454)
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)	-
Net cash flow from operating activities (from 1 to 33)	034	(756,863,448)	1,238,226,896
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	(87,625,000)	(53,605,973)
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	-	-
Net cash flow from investing activities (from 35 to 39)	040	(87,625,000)	(52,544,783)
Financing activities			
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	-	-
Net cash flow from financing activities (from 41 to 46)	047	198,262,553	471,104,153
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	(646,225,895)	1,656,786,266
Cash and cash equivalents at the beginning of period	049	4,132,394,523	3,037,318,898
Effect of exchange rate fluctuations on cash and cash equivalents	050	(35,415,714)	7,587,801
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	3,450,752,914	4,701,692,965

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	-	-	-	319,405,173	153,174,469	-	539,561,769	(477,000)	143,772,514	-	-	-	2,370,211,925
Effects of error corrections	002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance (current period) (1 + 2 + 3)	004	1,214,775,000	-	-	-	319,405,173	153,174,469	-	539,561,769	(477,000)	143,772,514	-	-	-	2,370,211,925
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	-	-	-	-	(91,723,091)	71,886,257	-	71,886,257	-	(143,772,514)	-	-	-	(91,723,091)
Total comprehensive income for the current year	019	-	-	-	-	-	-	-	-	-	164,949,211	-	-	-	164,949,211
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	225,060,726	-	611,448,026	(477,000)	164,949,211	-	-	-	2,443,438,045

Notes to financial statements

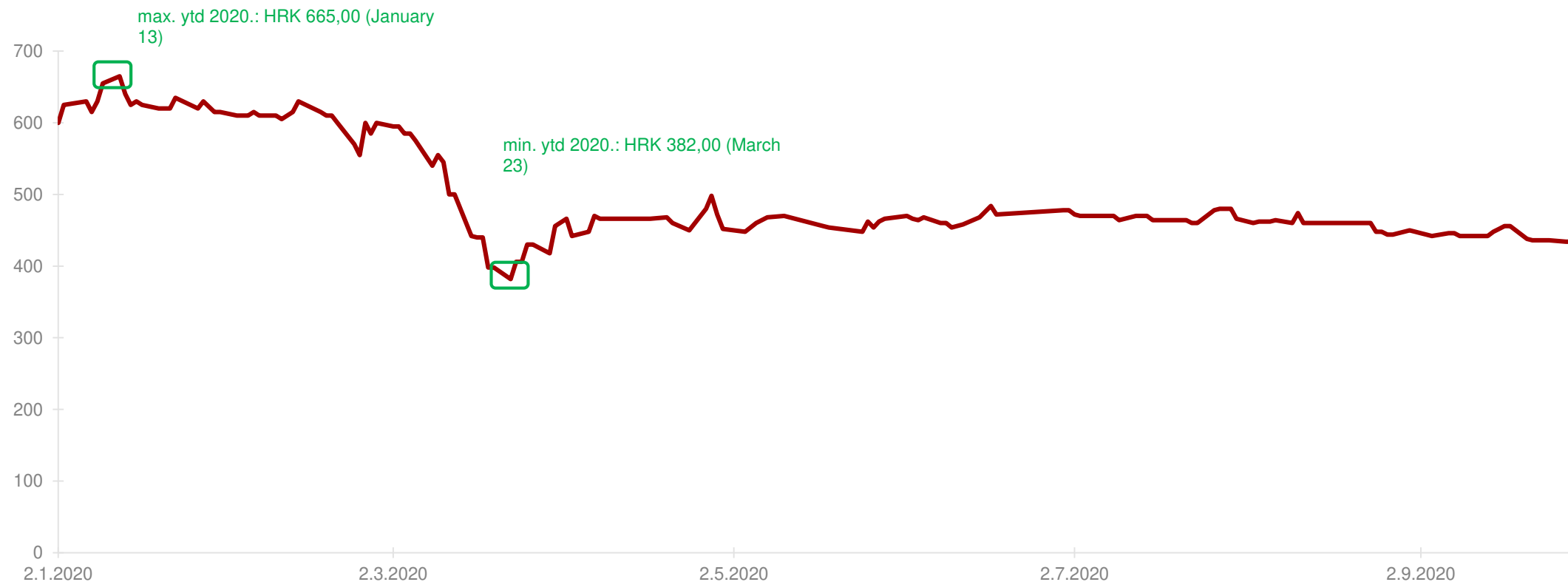
		Same period of the previous year 01.01.- 30.09.2019		Current period 01.01. – 30.09.2020.	
		Cumulative	Quarter	Cumulative	Quarter
1) INTEREST INCOME in HRK					
AOP 001					
Debt securities		69,806,446	24,693,482	61,418,998	19,641,556
Loans and advances		379,542,786	128,683,461	379,576,529	126,386,220
Other assets		414,387	52	212,673	8
Deposits		-	-	-	-
Other liabilities		-	-	-	-
Total		449,763,619	153,376,995	441,208,201	146,027,784
2) INTEREST EXPENSE in HRK					
AOP 002					
Debt securities		-	-	-	-
Loans and advances		1,884,006	445,767	2,026,595	743,988
Other assets		-	-	-	-
Deposits		45,881,173	13,700,677	37,216,595	11,869,853
Other liabilities		748,340	188,995	712,550	223,581
Total		48,513,520	14,335,439	39,955,739	12,837,421
3) FEE AND COMMISSION INCOME in HRK					
AOP 005					
Securities		317,543	135,747	232,226	40,351
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	15,795
Other		404,062,690	160,652,430	337,997,610	127,048,641
Total		408,228,876	162,080,530	341,876,343	128,322,789
4) FEE AND COMMISSION EXPENSE in HRK					
AOP 006					
Bank clearing and settlement		1,138,324	385,407	1,272,024	443,797
Other		251,225,640	100,804,863	207,344,453	77,266,824
Total		252,363,965	101,190,270	208,616,477	77,710,621
5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES in HRK					
AOP 007					
Debt securities		4,079,683	-	35,035,565	-
Loans and advances		-	-	-	-
Deposits		-	-	-	-
Debt Securities issued		-	-	-	-
Other financial liabilities		-	-	-	-
Total		4,079,683	-	35,035,565	-
6) GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING in HRK					
AOP 008					
Equity instruments		16,066,674	11,181,187	-	4,975,117
Debt securities		22,488,574	9,442,621	(12,380,088)	31,808
FX transactions and derivatives		38,502,210	17,143,742	41,023,429	15,820,919
Total		77,057,458	37,767,550	28,643,341	20,827,844
7) GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS					
AOP 009					
Equity instruments		-	-	-	-
Debt securities		-	-	-	-
Loans and advances		2,027	-	216,712	16,684
Total		2,027	-	216,712	16,684
8) OPERATING EXPENSES in HRK					
AOP 015 & AOP 017 & AOP 018					
(Other operating expenses)		10,735,466	7,539,904	9,648,144	7,861,145
(Administrative expenses)		289,403,994	95,674,012	278,048,773	94,384,346
(Employee expenses)		150,943,494	51,101,131	166,922,396	57,625,615
(Other administrative expenses)		138,460,500	44,572,881	111,126,377	36,758,730
Contributions in cash to resolution committees and deposit insurance schem		21,033,149	3,096,267	31,513,630	4,233,069
(Amortization)		37,315,613	12,592,383	58,111,404	17,768,486
(Property, plant and equipment)		13,814,056	5,025,550	22,515,728	979,818
(Investment property)		-	-	-	-
(Other intangible assets)		23,501,558	7,566,832	35,595,676	16,788,668
Total		358,488,222	118,902,565	377,321,951	124,247,045
9) IMPAIRMENT LOSSES AND PROVISION EXPENSES in HRK					
AOP 019 & AOP 020 & AOP 021 & AOP 023					
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	1,200,193	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)		79,668,674	62,821,205	83,447,502	17,677,528
(Financial assets at fair value through other comprehensive income)		5,078,472	(2,239,321)	676,726	(213,697)
(Financial assets at amortized cost)		74,590,202	65,060,526	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)		-	-	-	-
Total		82,878,656	70,733,840	24,139,704	20,512,007

10) LOANS AND ADVANCES							in HRK
AOP 023							
	31.12.2019.			30.09.2020.			
	Stupanj 1	Stupanj 2	Stupanj 3	Stupanj 1	Stupanj 2	Stupanj 3	
Central banks	1,558,206,655	-	-	1,239,927,076	-	-	
Gross loans	1,558,206,655	-	-	1,239,927,076	-	-	
Allowance	-	-	-	-	-	-	
Government	2,244,696,909	4,456,728	-	2,561,652,607	396,714	374	
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)	
Credit institutions	233,379,950	-	-	319,375,729	-	-	
Gross loans	574,599	-	-	37,140	-	-	
Allowance	(547,979)	-	-	(0)	-	-	
Deposits	233,416,895	-	-	319,935,511	-	-	
Allowance	(63,565)	-	-	(596,923)	-	-	
Other financial institutions	129,436,444	461,201	-	97,251,756	1,335	-	
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)	-	-	
Non - financial institutions	3,632,345,296	170,418,701	441,502,507	3,288,087,756	439,536,164	627,914,253	
Gross loans	3,729,047,913	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)	
Retail	6,301,397,489	304,661,307	192,441,409	6,875,232,267	203,058,653	163,072,008	
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)	
Total	14,099,462,743	479,997,937	633,943,916	14,381,527,191	642,992,865	790,986,636	

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	
Total	21,199,086	20,230,444	

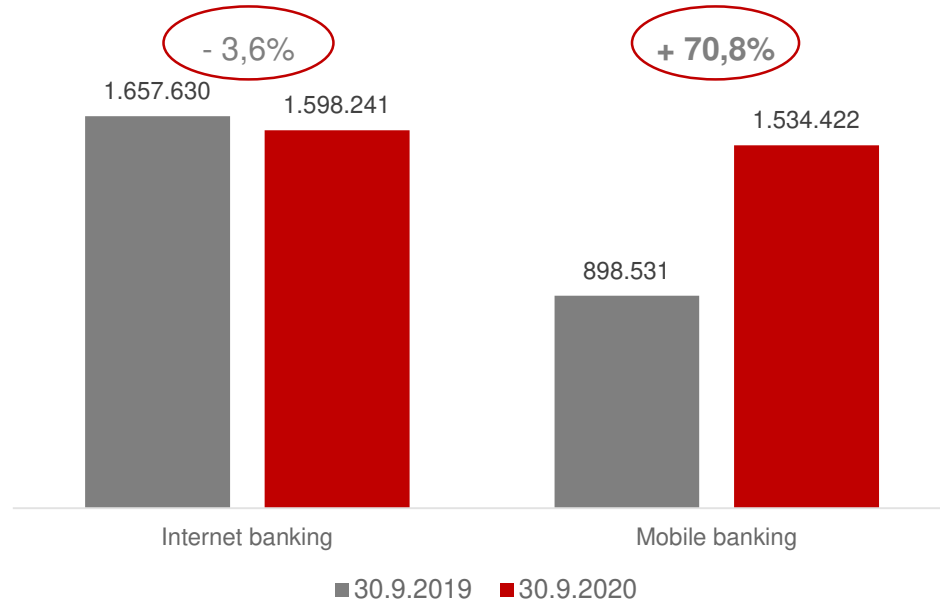
12) DEPOSITS			in HRK
AOP 044			
	31.12.2019.	30.09.2020.	
Government	-	400,000,000	
Local state	4,896,096,420	5,492,277,151	
Credit institutions	127,248,024	176,087,267	
Other financial institutions	1,443,658,667	1,431,907,745	
Non - financial institutions	2,739,494,692	3,197,107,389	
Retail	11,737,901,121	11,999,221,852	
Total	20,944,398,925	22,696,601,403	

Trading of HPB-R-A stock during the reporting period



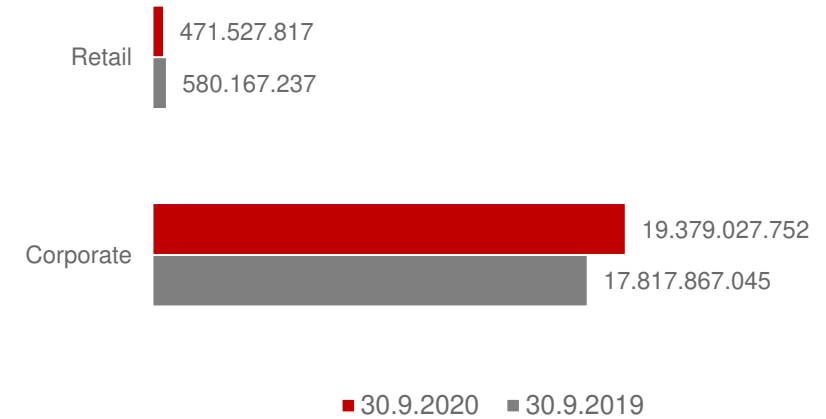
Direct channels

Transaction number - direct channels

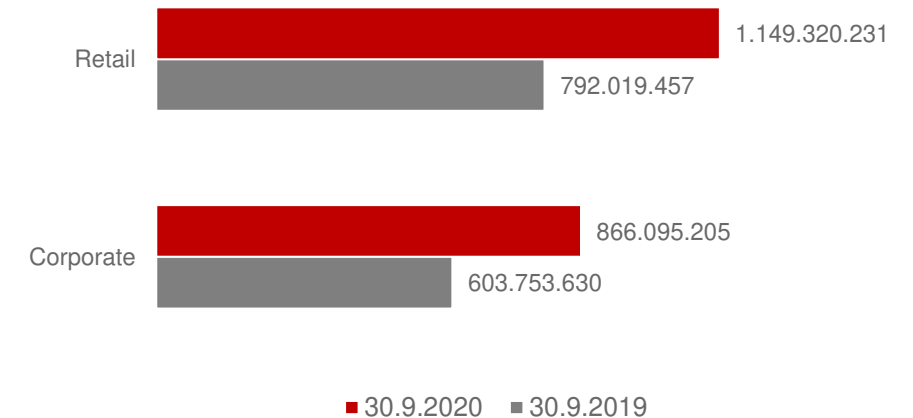


- Expected significant increase in mobile banking both in the volume and number of transactions

Transaction volume - Internet banking

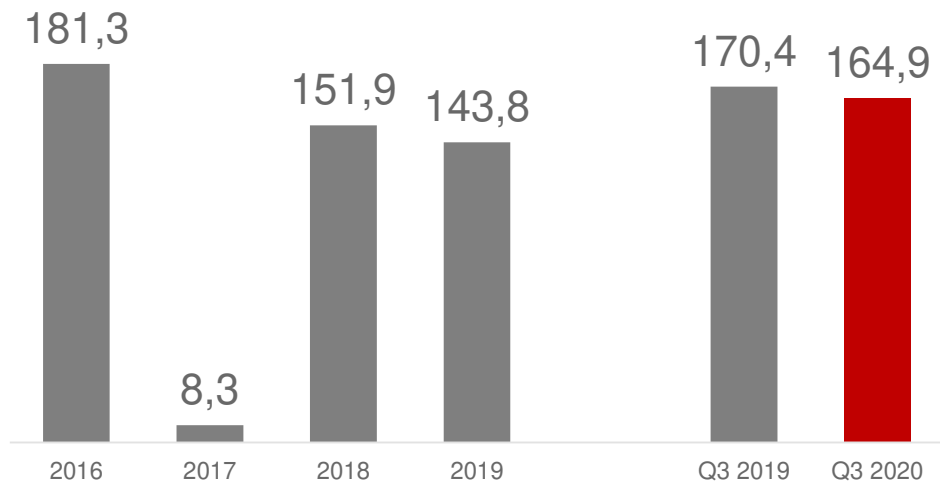


Transaction volume - Mobile banking

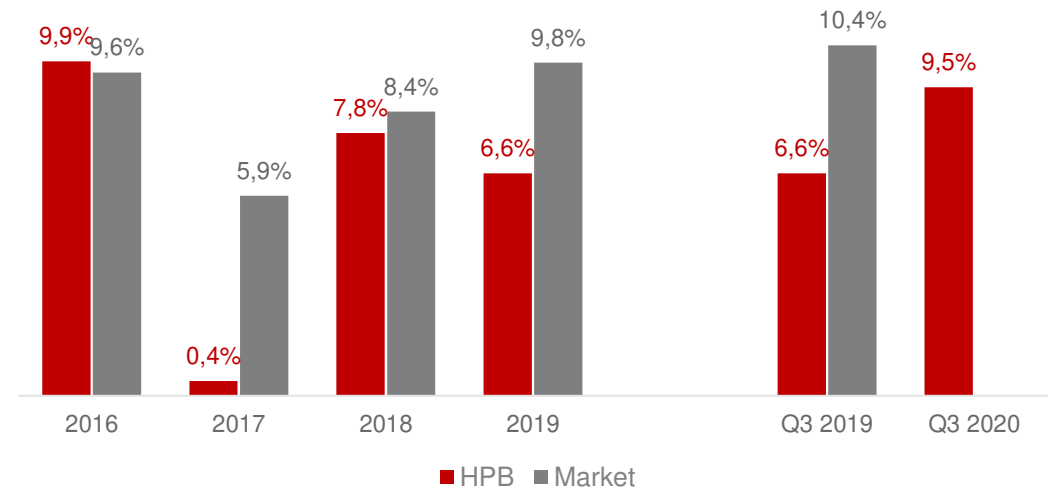


Net profit and return on equity

Net profit movement (in HRK million)



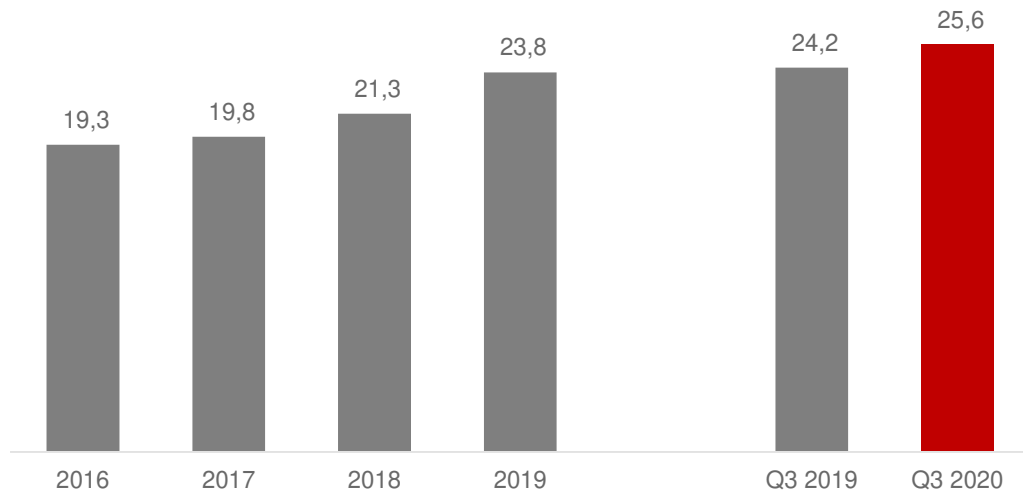
Return on average equity ROAE



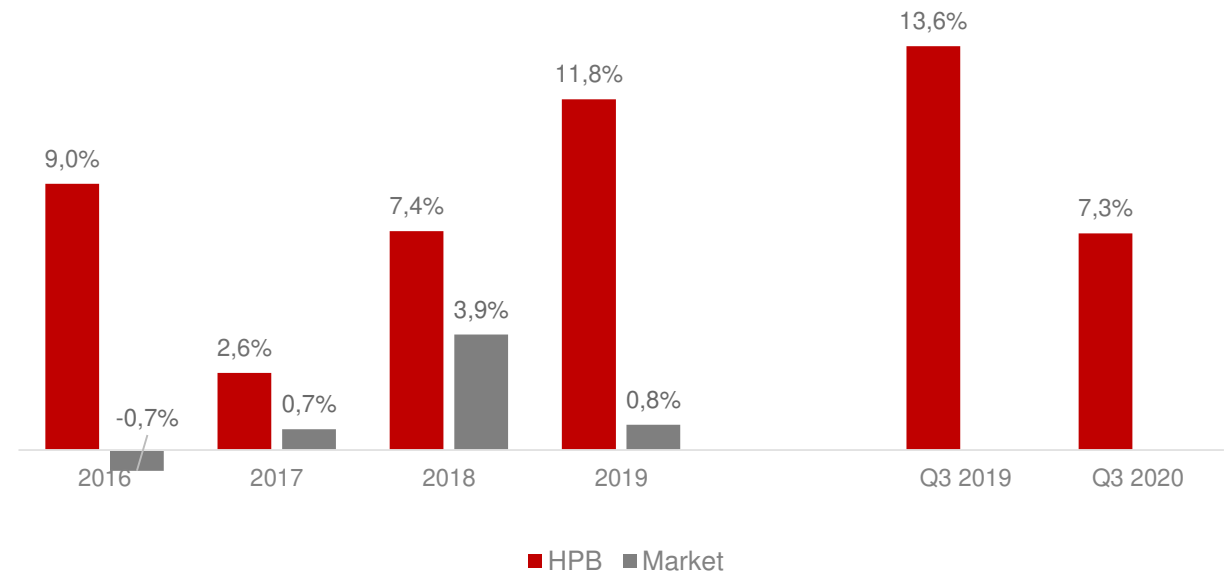
- The cumulative net profit amounts to HRK 650 million in observed period
- The average rate of return on average capital (ROAE) is 6.2% in a period 2016 - 2019

Asset movement

Asset movement (in HRK billion)

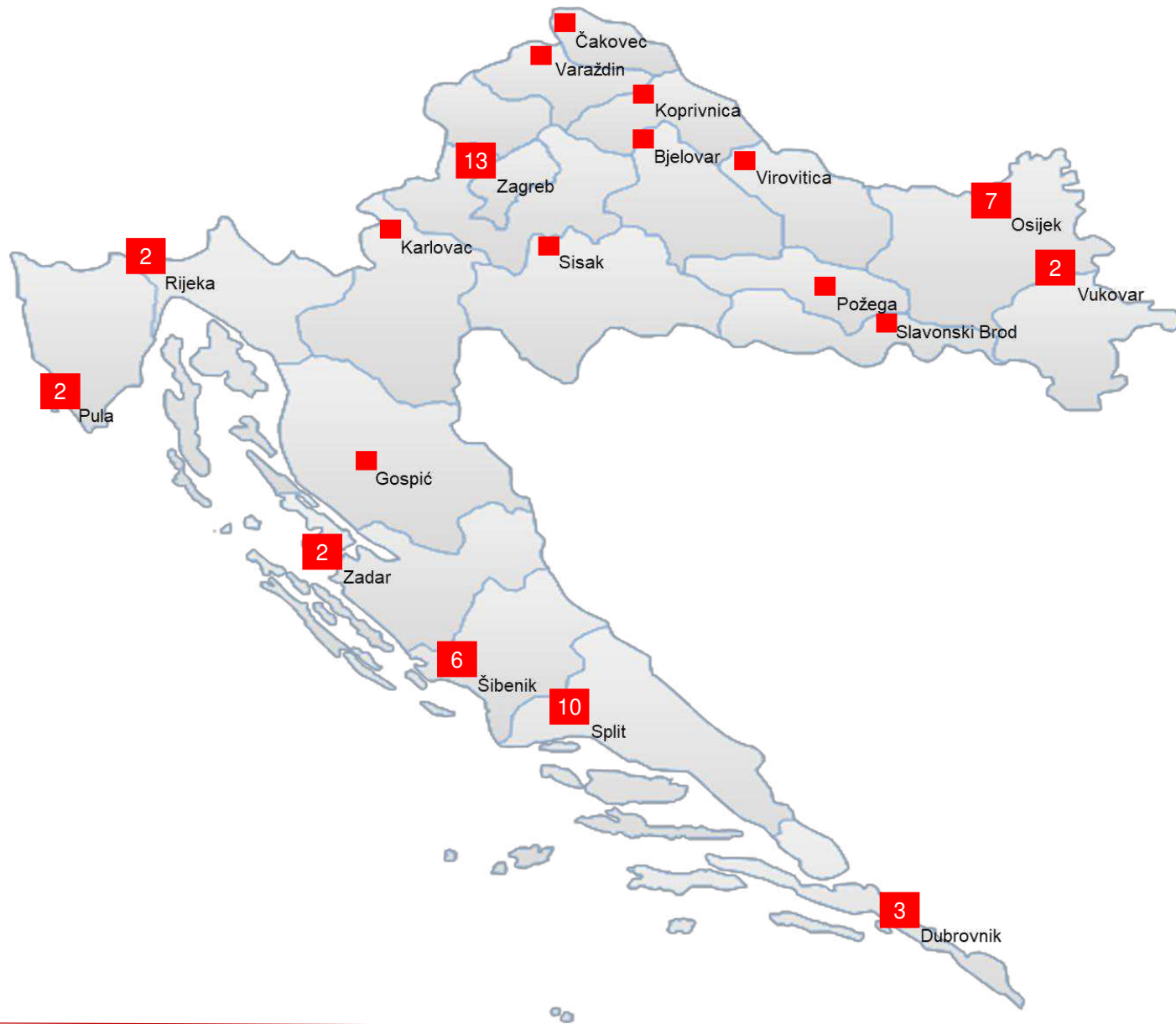


Comparative asset growth rates



- **Stable and sustainable growth of assets**, in 2019 acquisition growth through Jadranska banka, in 2020 continued more rapid growth than the market (July, 31 2020. market growth +3.3%, HPB growth 5.8%)
- In 2020, we recorded the continued **growth of the bank's gross loan portfolio**
- During the first half of 2020, a strong **increase in sources of funds** and consequently an **increase in liquid assets** (+ HRK 901 million)

Accessibility



■ 57 branch offices

12 regional centers

3 business centers

142 financial corners at the Croatian post

Over 1.500 cash-out points with no fees