



HRVATSKA POŠTANSKA BANKA

# SUCCESS CONTINUES

## FINANCIAL RESULTS Jan 01 – Sep 30 2016



Source: <http://www.thebanker.com/World/Central-Eastern-Europe/Top-250-EU-banks-assets-down-profits-up>

*Press conference*

Zagreb, October 25 2016

HPB p.l.c.



## VISION

Largest Croatian-owned banking group that takes best possible care of the financial security and prosperity of its clients and community.

CLIENT-  
FOCUSED

GOAL  
ACHIEVEMENT  
CULTURE

ACCOUNTABILITY

AGILITY

TEAMWORK

EXCELLENCE

HPB Group respects its owners and ensures long-term sustainable return on invested capital.

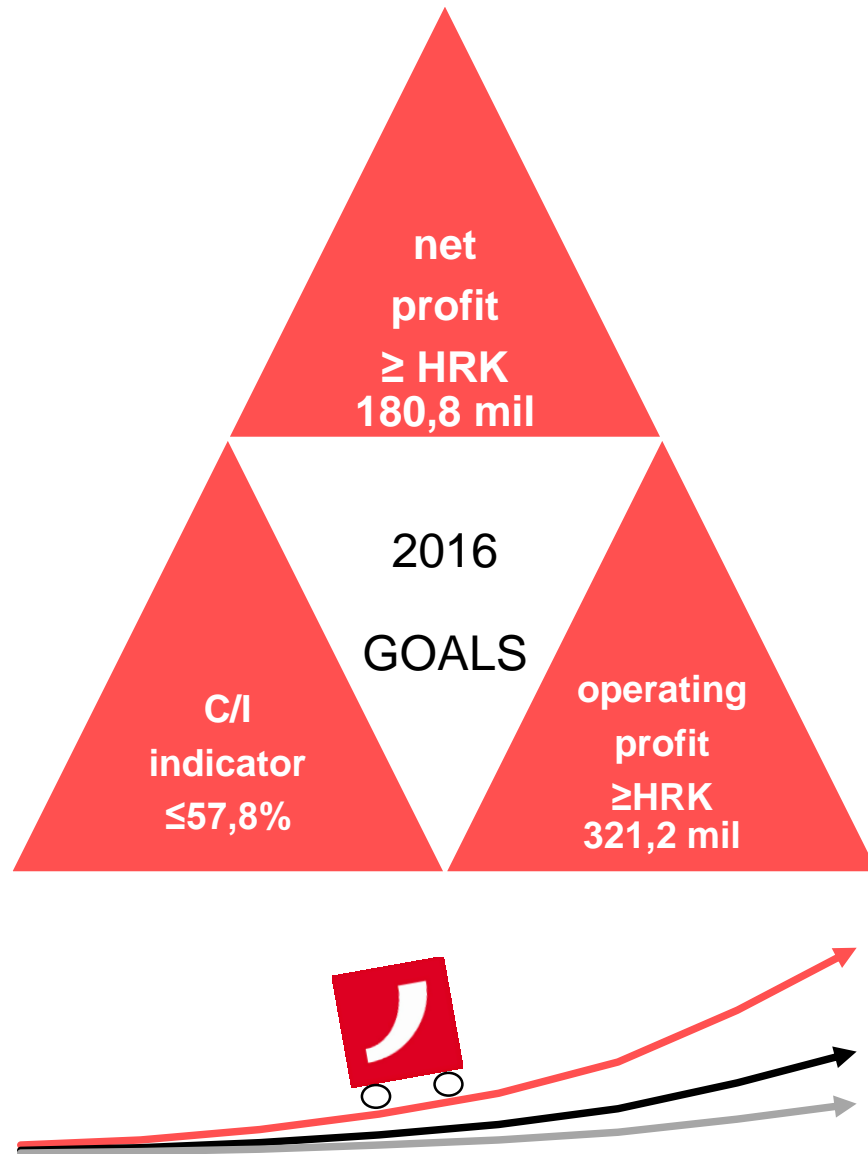
## TRENDS IN 2016

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- **net profit and operating profit exceed records set in 2015**
- **market share growth**
- **growth in total loans and deposits**
- **strong housing loans growth**
- **momentum set for growth and profitability**
- **26 thousand of newly opened current accounts**
- **client base grows by 13 thousand during 2016**
- **HPB has 650 thousand of faithful clients**



# 2016 SURPASSES RECORD BREAKING 2015 AND IS BETTER THAN PLANNED



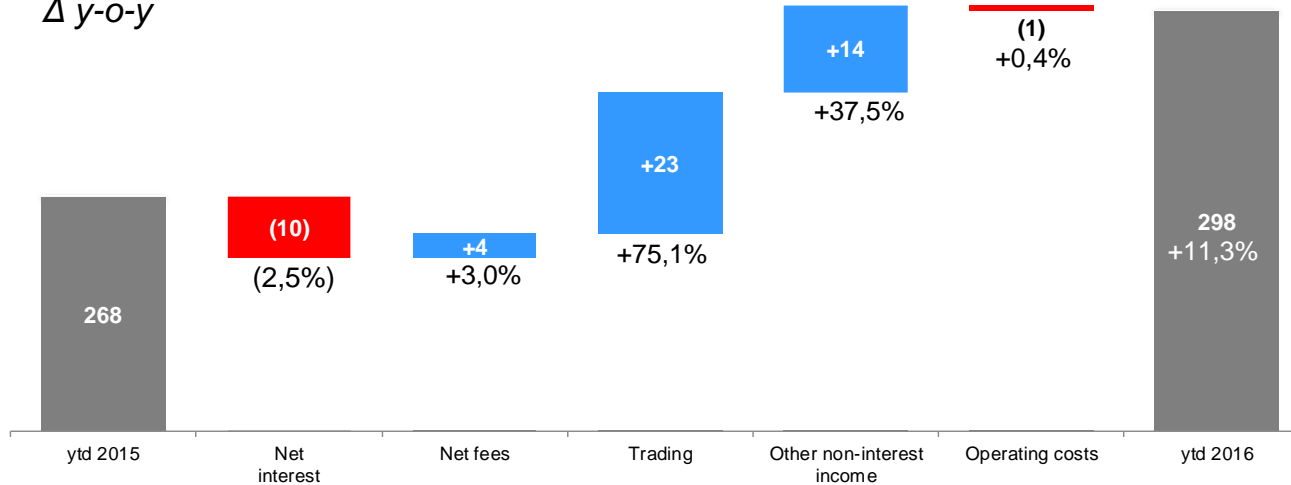
	ytd 2014	ytd 2015	ytd 2016	plan ytd 2016	
net result	HRK (409,8 mil)	HRK 106,8 mil	HRK 147,5 mil	HRK 145,5 mil	✓
operating profit	HRK 236,8 mil	HRK 267,6 mil	HRK 297,8 mil	HRK 244,3 mil	✓
C/I	58,6%	54,8%	52,2%	56,9%	✓
Δ assets	(1,5%)	(4,1%)	+7,6%	+1,5%	✓
Δ loans	(2,3%)	(0,3%)	+8,8%	+5,7%	✓
Δ deposits	(1,8%)	+3,8%	+9,4%	+2,2%	✓



# NON-INTEREST INCOME GROWTH & CONSTANT COSTS

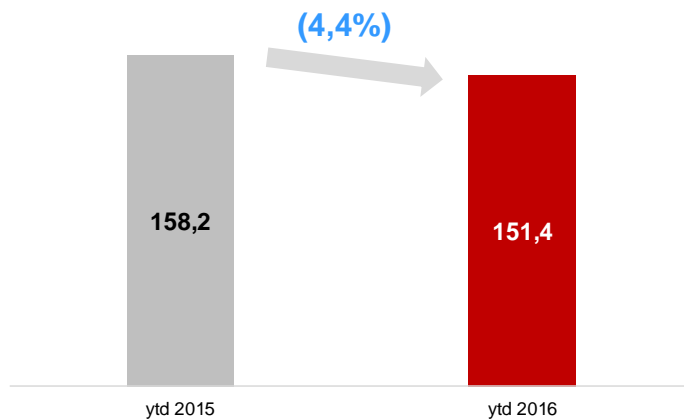
## Operating profit (HRK million)

Δ y-o-y

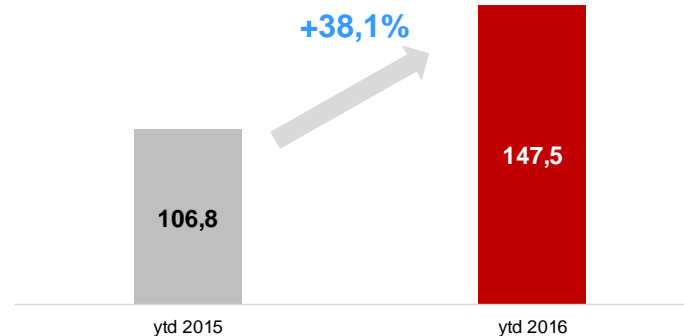


- **net interest:** general market trend of decreasing interest rates. Income growth in retail operations due to strong volume addition, that annuled the effect of lower interest rates. Corporate decline due to dynamics of volume growth (effectuated in Q3 2016).
- **net fees:** opening of new retail current accounts (26 thousand in 2016) and corporate accounts (+1,2 thousand in 2016) created a basis for long-term sustainable revenue
- **trading:** soaring prices on capital markets & efficient management of FX position
- **ostali income:** sale of AFS securities and VISA Europe Ltd. ownership stake in 2016
- **operating costs:** positive impact of carried-out reorganization process has annuled regulation expenses & higher deposit insurance expense due to deposit growth in 2016.
- **operating profit:** increase resulted in further improvements in C/I indicator to 52,2%
- **impairments and provisions:** improved collection in 2016, combined with high NPL coverage - above 67 posto (in comparison with 1H 2016 sector average of 60%)
- **net profit** – strong profitability continues - new best 9m result, that surpasses the full year record set in 2015

## Impairments (HRK million)



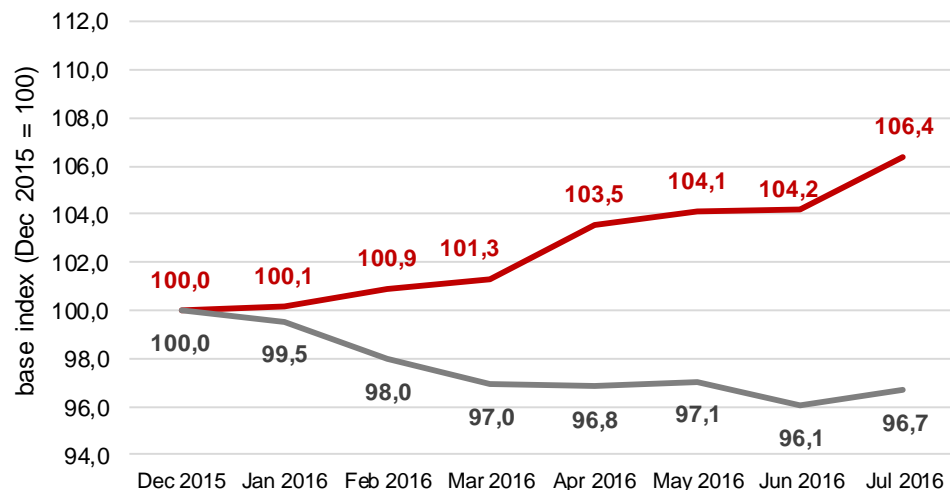
## Net profit (HRK million)



# LOAN & DEPOSIT GROWTH SIGNIFICANTLY ABOVE THE MARKET

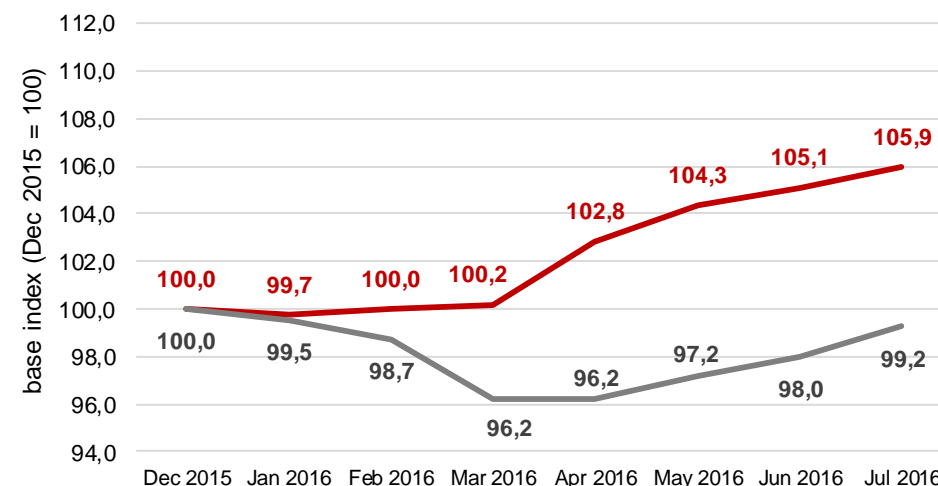
ITEM (IN HRK)	Dec 31 2015	Sep 30 2016	Δ YTD 2016	MARKET SHARE (est)
TOTAL ASSETS	17.713.166.474	19.060.556.263	+7,6%	4,8% <i>+0,4 pp in 2016</i>
GROSS LOANS	12.418.155.144	13.507.004.184 <i>HRK 3,6 billion of new volume</i>	+8,8%	5,0% <i>+0,6 pp in 2016</i>
DEPOSITS	14.579.241.087	15.962.791.196	+9,4%	5,3% <i>+0,5 pp in 2016</i>

## Gross loans



HPB GROWTH  
VS  
SECTOR DECLINE  
(LOANS) &  
STAGNATION  
(DEPOSITS)

## Deposits



Source for sector: [www.hnb.hr](http://www.hnb.hr) (aggregate statistical reports for credit institutions)

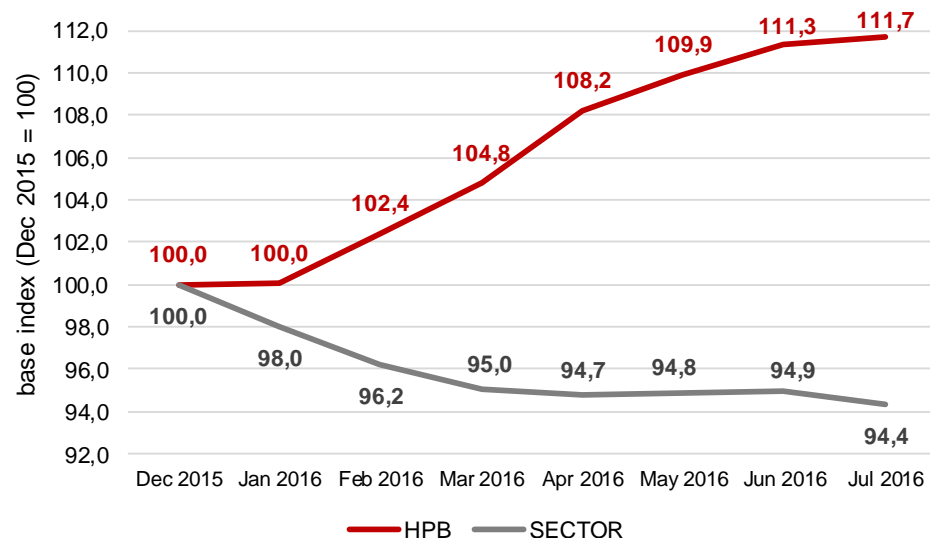
Source for sector: [www.hnb.hr](http://www.hnb.hr) (aggregate statistical reports for credit institutions)



# POTENTIAL PARTIALLY UTILISED IN RETAIL SEGMENT

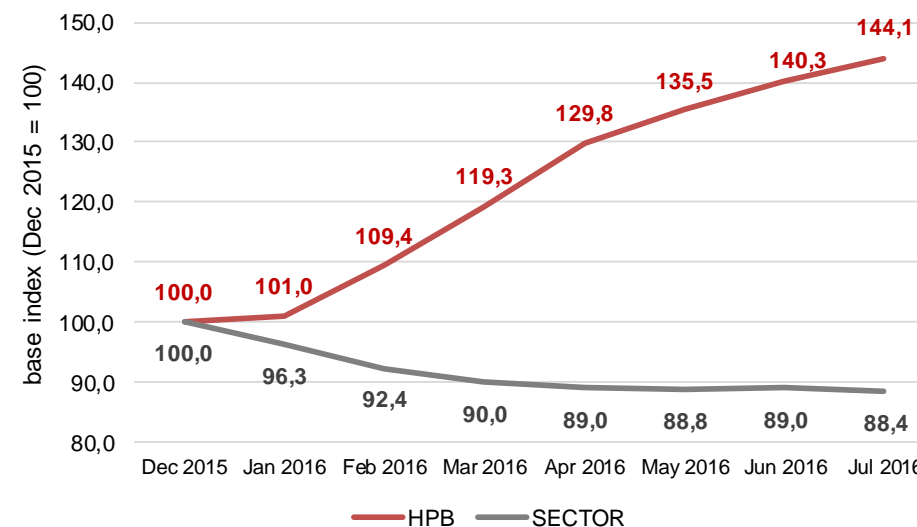
ITEM (IN HRK)	Dec 31 2015	Sep 30 2016	Δ YTD 2016	MARKET SHARE (est)
RETAIL LOANS	4.634.571.446	5.235.533.920 <i>HRK 1,1 billion of new volume</i>	+13,0%	4,5% <i>+0,8 pp in 2016</i>
HOUSING LOANS	961.008.397	1.433.853.499	+49,2%	2,7% <i>+1,1 pp in 2016</i>
OTHER LOANS	3.673.563.049	3.801.680.421	+3,5%	5,8% <i>+0,2 pp in 2016</i>

## Retail loans



HPB GROWTH  
VS  
SECTOR  
DECLINE

## Housing loans



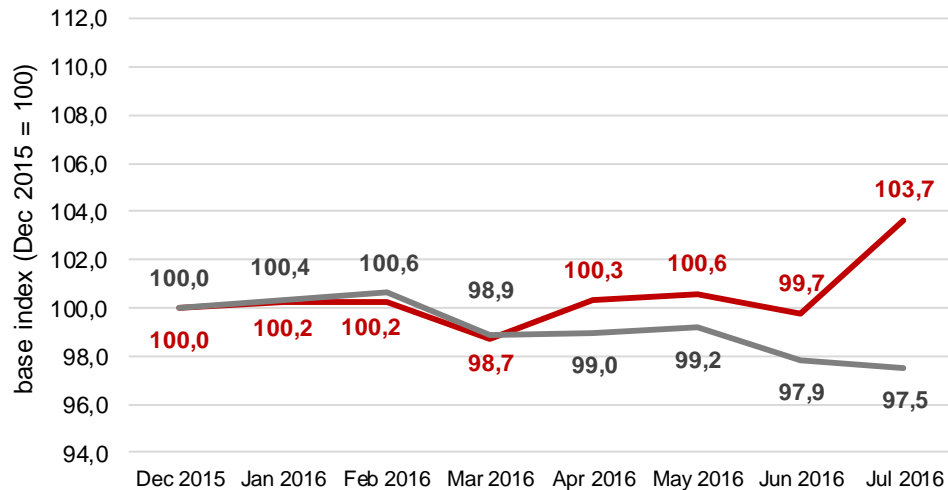
Source for sector: [www.hnb.hr](http://www.hnb.hr) (aggregate statistical reports for credit institutions)



# BENEFIT FOR CROATIAN ECONOMY BY PROVIDING FINANCING FOR COMMERCIAL PROJECTS THAT GENERATE VALUE

ITEM (IN HRK)	Dec 31 2015	Sep 30 2016	Δ YTD 2016	MARKET SHARE (est)
LOANS TO NON-FINANCIAL CORPORATE ENTITIES	7.679.392.796	8.182.144.255 <i>HRK 2,5 billion of new volume</i>	+6,5%	5,6% <i>+0,3 pp in 2016</i>
LOANS TO COMPANIES	4.185.847.569	4.575.208.867	+9,3%	5,1% <i>+0,3 pp in 2016</i>
LOANS TO OTHER LEGAL ENTITIES	3.493.545.227	3.606.935.388	+3,2%	6,5% <i>+0,5 pp in 2016</i>

## Loans to non-financial corporate entities

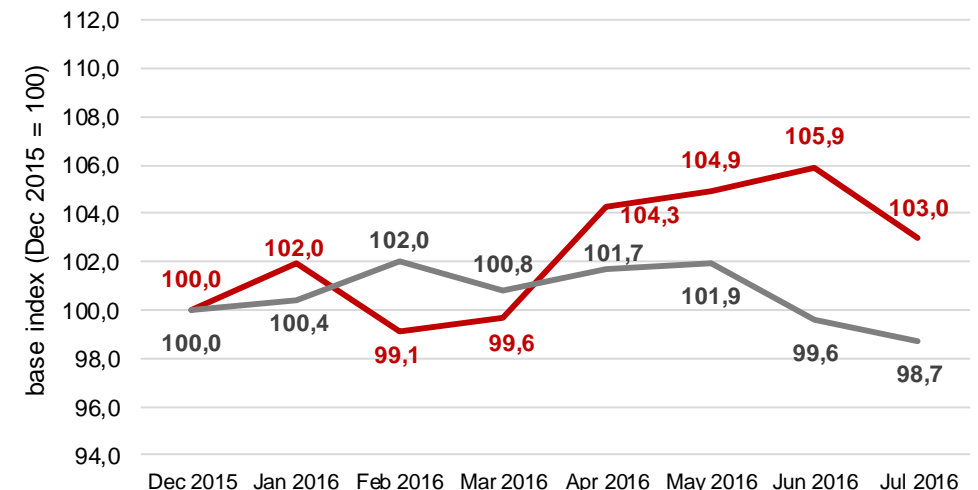


— HPB — SECTOR

Source for sector: [www.hnb.hr](http://www.hnb.hr) (aggregate statistical reports for credit institutions)

HPB GROWTH  
VS  
SEKTOR  
DECLINE

## Loans to companies



— HPB — SECTOR

Source for sector: [www.hnb.hr](http://www.hnb.hr) (aggregate statistical reports for credit institutions)





# OTHER INFORMATION ABOUT HPB

- 26 thousand of new current accounts & 1,2 thousand of new business accounts ytd 2016
- client base grows by 13 thousand clients in 2016
- HRK 3,6 billion of new loan volume in 2016



- SuperSmart HPB won the SoMo Tech prize for the best mobile application (*Weekend media festival, Rovinj, September 2016*)
- renowned magazine The Banker indicated HPB as one of the *rising stars* in the analysis 'Top 250 EU banks' (The Banker, September 2016)



# DISCLAIMER:

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This presentation was prepared for the sole purpose of presenting HPB p.l.c. (later in the text: "HPB" or "the Bank") to attendees of press conference held on October 25 2016, with regard to the publication of quarterly unconsolidated financial reports of HPB for Q3 2016.

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