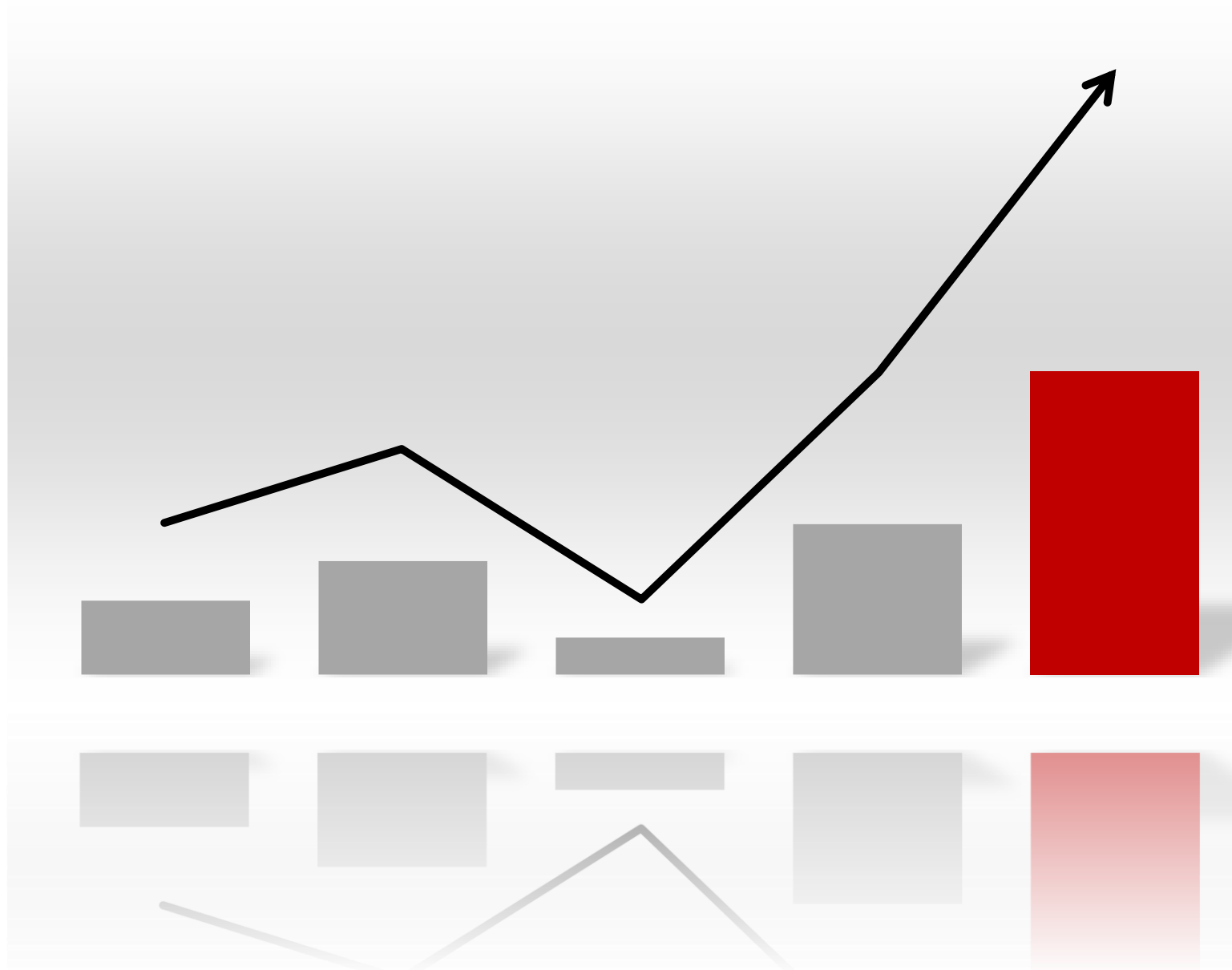




HRVATSKA POŠTANSKA BANKA

HPB FY 2016 BUSINESS RESULTS

(unaudited)



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.

SUMMARY – RECORD YEAR MARKED BY PROFITS AND STRONGER MARKET POSITION

PROFIT AND LOSS ACCOUNT

- ✓ **Record net profit: HRK180M** (+47% YoY)
- ✓ **Record operating profit: HRK385M** (+19.8% YoY)
- ✓ Sustained interest revenue in spite of lower market interest rates with strong contribution of non-interest operations

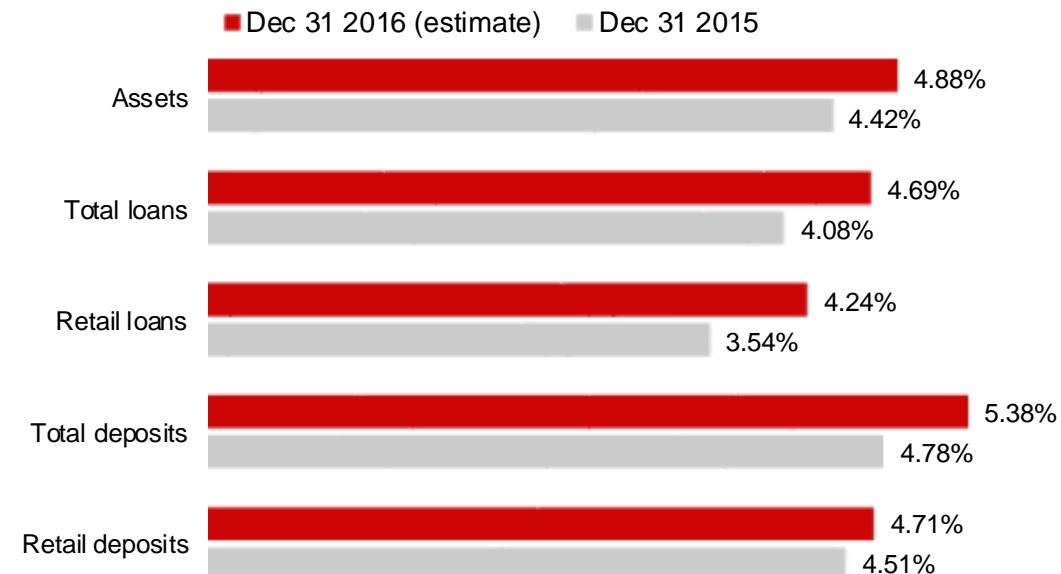
BALANCE SHEET

- ✓ **Largest assets YoY growth** in the last 5 years → **+9.3%** (sector: 1% decline)
- ✓ **Sound portfolio growth** in retail, corporate and government segments
- ✓ Placements financed by **deposit base expansion** with simultaneous lowering of interest rates
- ✓ **Realized NPL sale project** („Sunrise”) which unburdened the balance sheet by HRK1.1B of due uncollected receivables and future losses of the given portfolio

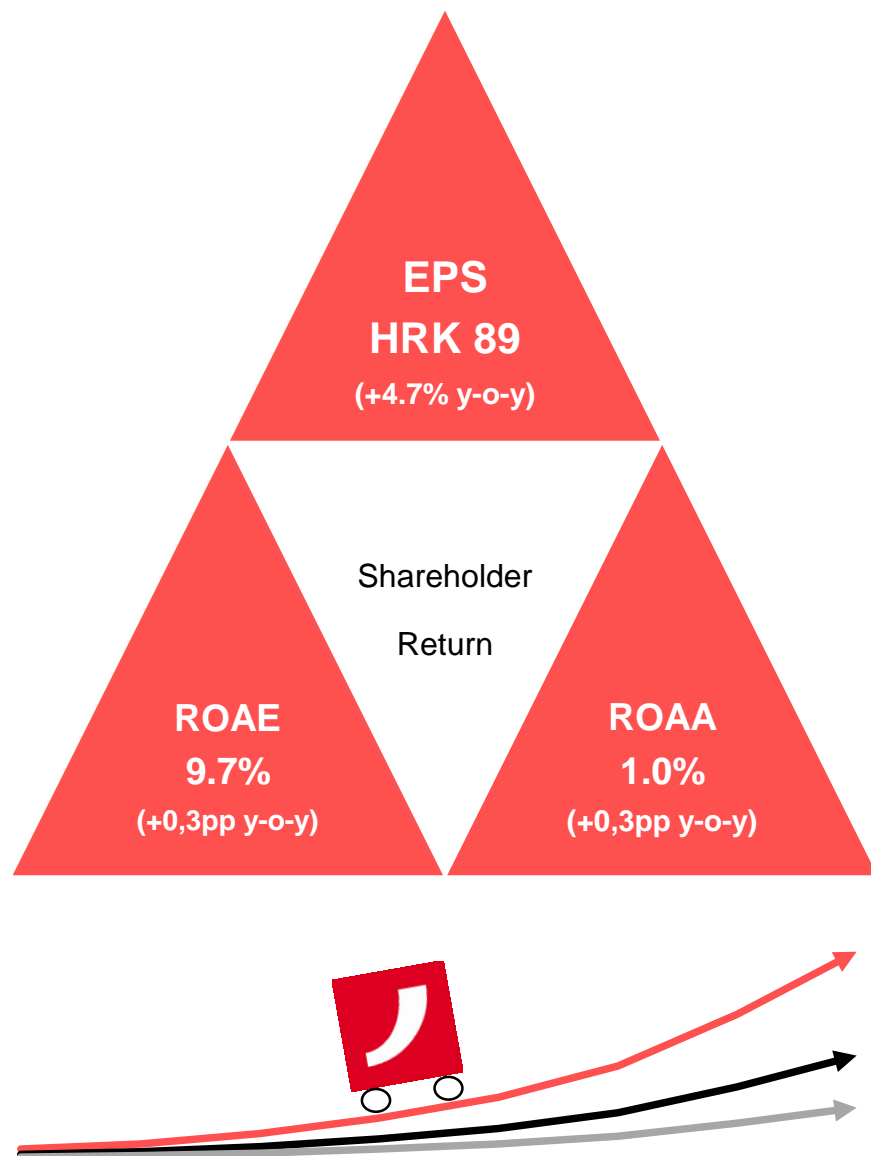
CLIENTS AND PRODUCTS

- ✓ Over 640,000 clients (+0.5% YoY)
- ✓ 429,000 retail current accounts (+2.2% YoY)
- ✓ 9,592 corporate accounts (+1.9% YoY)
- ✓ 727,000 HPB cards (+5.4% YoY)

MARKET SHARES



HPB 2016 TRENDS – CONSECUTIVE RECORDS MATCHING GUIDANCE



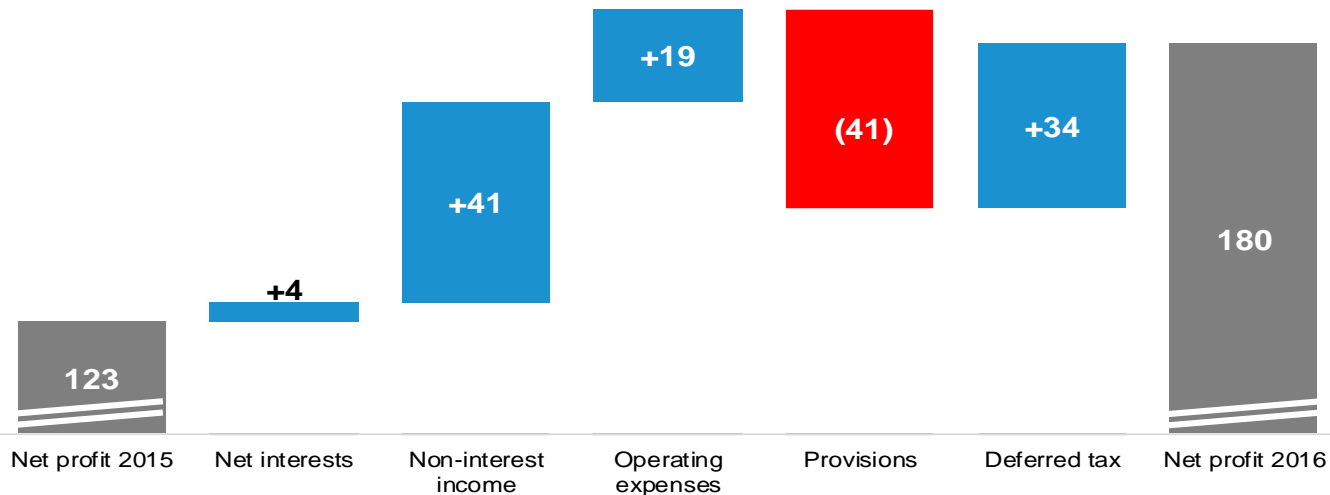
	2014	2015	2016	2016 Plan	
Net Result	HRK (635.4M)	HRK 123.2M	HRK 180.2M	HRK 180.8M	✓
Operating Profit	HRK 299.5M	HRK 321.6M	HRK 385.4M	HRK 321.2M	✓
C/I	60.1%	58.8%	53.3%	57.8%	✓
Δ Balance Sheet	(5.4%)	+2.0%	+9.3%	+2.0%	✓
Δ Loans	(11.2%)	(1.5%)	+11.6%	+6.7%	✓
Δ Deposits	(4.2%)	+2.8%	+11.4%	+3.3%	✓



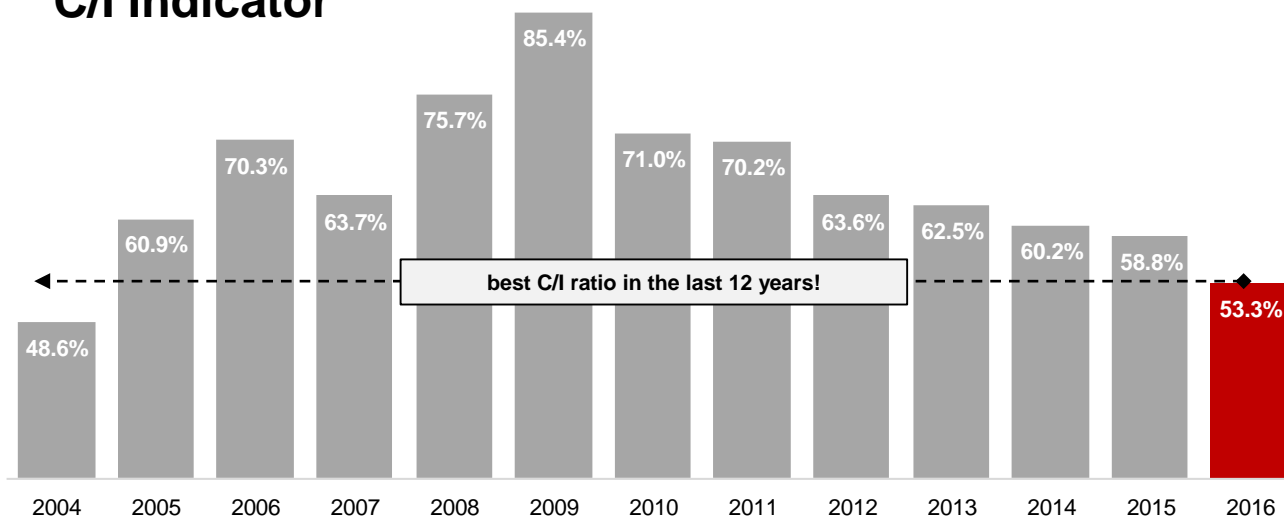
PROFIT AND LOSS ACCOUNT – NET PROFIT IN LINE WITH PLAN //

2016 BETTER THAN 2015 IN ALL OPERATING CATEGORIES

Net Profit (HRK million)



C/I Indicator



- **Net interests (+0.8%)**
general trend of declining interest rates. Net income slightly up due to, on one hand, strong loan volume growth in retail and corporate segments, and on the other hand, active management of funding costs
- **Non-interest income (+15.0%)**
net fees: by opening new retail current accounts (33K in 2016) and corporate accounts (+1.5K in 2016) the Bank created a sustainable revenue base and substituted decline in cash payments
securities trading and exchange rate differences: higher capital market prices & FX trading gains
other income: sale of assets available for sale (VISA Europe Ltd and other)
- **Operating expenses (-4.1%)**
positive effects of reorganization in 2015 & continued improvements in 2016 offset the new regulation costs
- **Operating profit (+19.8%)**
improved C/I indicator to 53.3%
- **Provision expenses (+21%)**
lower NPL provisions but higher provisions overall due to the Bank's growth + other provisions and impairments
- **Deferred tax**
business plan 2017 viably achievable. Consequently, deferred tax assets have been recognized from accumulated tax losses carried from 2014

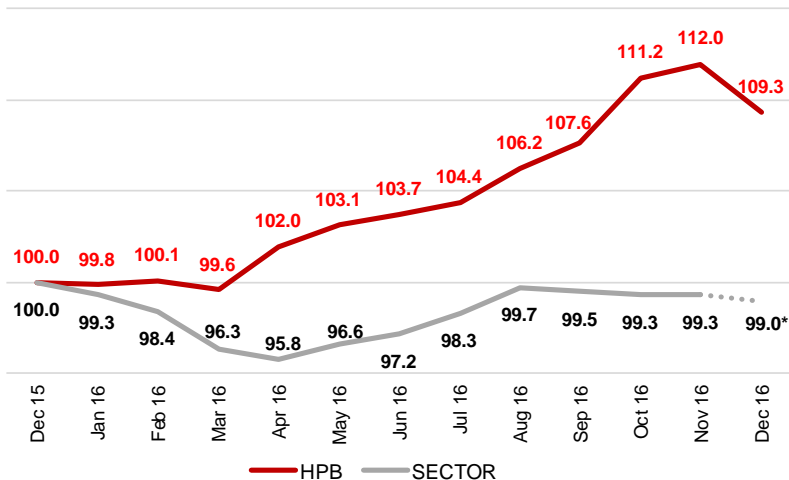


BALANCE SHEET – GROWTH FAR BEYOND GUIDANCE, GAINED SHARE IN DECLINING MARKET

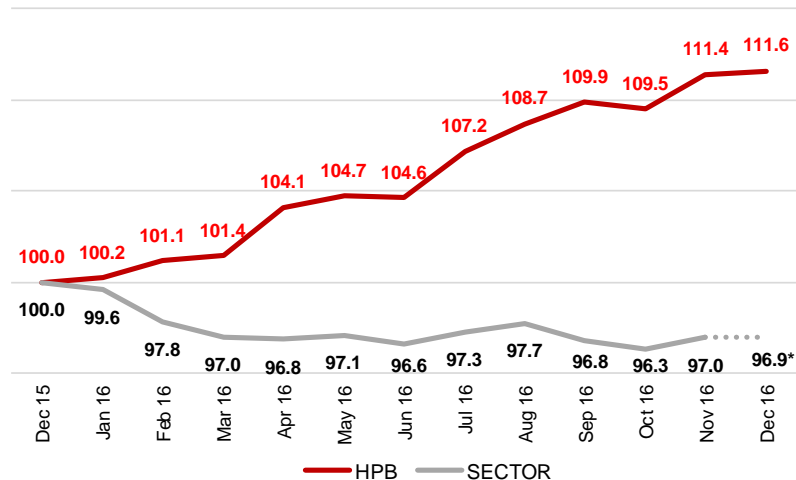
POSITION (HRK)	Dec 31 2015	Dec 31 2016	Δ YoY	MARKET SHARE (ESTIMATE)
TOTAL ASSETS	17,713,166,474	19,360,019,773	+9.3%	4.9% <i>+0.5 pp in 2016</i>
NET LOANS	10,155,303,536	11,329,022,831 <i>HRK4.3B new loan volume</i>	+11.6%	4.7% <i>+0.6 pp in 2016</i>
DEPOSITS	14,579,241,087	16,245,283,521	+11.4%	5.4% <i>+0.6 pp in 2016</i>

HPB vs MARKET

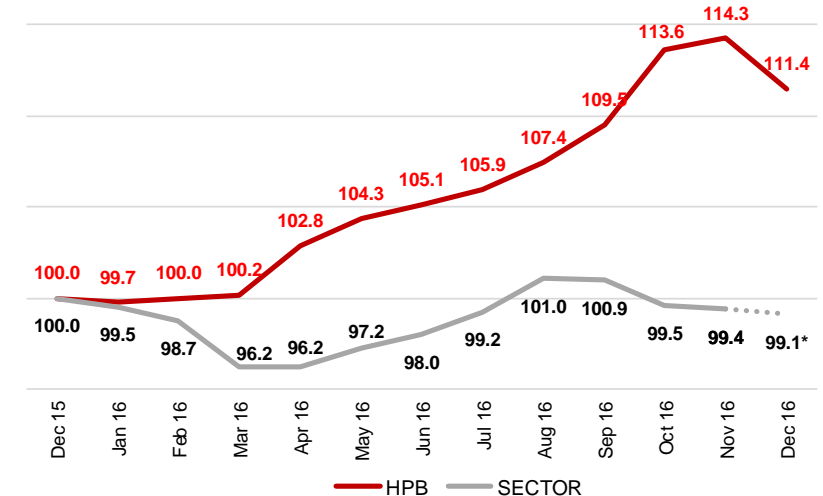
BALANCE SHEET



NET LOANS



DEPOSITS

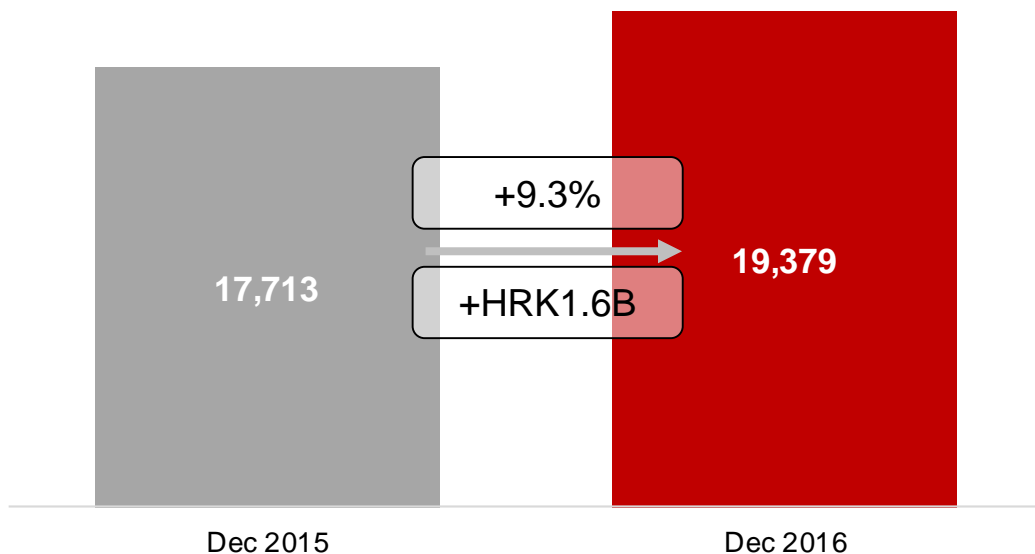


Source for sector: www.hnb.hr (aggregated statistical report for credit institutions)



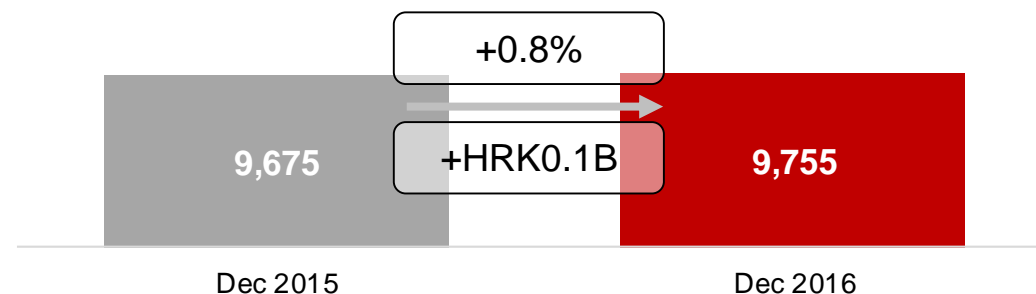
RISK EXPOSURE – MINIMAL RWA GROWTH ON SUBSTANTIALLY HIGHER VOLUME

Assets (HRK million)



- In November 2016 as part of the regular supervisory estimate the CNB determined a rate of 15.35% at which the Bank will need to maintain its regulatory capital (14.00% until now) which is higher than minimum rate determined by the law (=12.00%).
- In order to comply with the regulatory standards amid limited capital the Bank optimized its risk exposure which increased marginally compared to the assets growth.

Risk exposure (HRK million)



- Minimizing risk exposure:

RISK EXPOSURE / ASSETS 2015 \approx 55%
RISK EXPOSURE / ASSETS 2016 \approx 50%

CAPITAL ADEQUACY
=15,64%



OTHER EVENTS IN 2016 –

DEEP CHANGES INSIDE-OUT IN ORDER TO BE PREPARED FOR 2017



- renowned magazine **The Banker** indicated HPB as **one of the rising stars** in the analysis 'Top 250 EU banks' (The Banker, September 2016)
- introduced **SuperSmart HPB** – accounts and other banking services can be opened via m-banking
- **SuperSmart HPB** won the **SoMo Tech prize** for the best mobile application (Weekend media festival, Rovinj, September 2016)
- **mHPB** ranked as the **best** banking app in Croatia (VIDI, February 2017)
- HPB gets the „**Employer Partner**” certificate by Selectio (December 2016)
- In 2016 the Bank has started a **renovation of the business network** under concept „**100% Croatian model of branches**”
- Deloitte puts HPB among best digitally equipped banks in Croatia



DISCLAIMER

This presentation was prepared for the sole purpose of presenting HPB p.l.c. (hereafter: "HPB" or "the Bank") to attendees of press conference held on February 28 2017, with regard to publishing the Bank's FY 2016 unconsolidated (unaudited) business results.

The presentation does not include all potential information and should be accompanied with the verbal presentation by the Bank's management, and was thus prepared for specific purpose of presenting HPB at the conference. The presentation is not comprehensive, nor does it contain all necessary information which might be necessary for investors to decide whether to initiate a buy or sell transaction of HPB-R-A stock.

All the data and opinions in this presentation are prepared by the Bank and have not been subject to audit or any other similar validation procedure in full. It is assumed that future events could affect the presented data and the Bank is not obliged to update or adjust the data accordingly.

Every investor considering a purchase of HPB shares is advised to follow its own judgment of HPB's financial position, including inherent risks.

This presentation may include forward-looking information, including expectations and plans for financial position and results. The information represents financial data based on current assumptions and management's expectations about events that could happen in the future. This information is of subjective nature, and demands consideration, and is subject to risks and uncertainties which could cause actual results to differ materially from the forward-looking information presented in this document. No guarantee or representation, in good faith, is or is going to be given - by the Bank, its management or employees - for any obligation for or based on false representation.

The Bank (including related parties, management, employees, agents or advisers or any other person involved), will bear no liability, to the extent permitted by the law, for any losses, damages or expenses that might be incurred as a result of the investors' or any third party's reliance on information contained in this presentation or for any statements related to this presentation.

