



HRVATSKA POŠTANSKA BANKA

HPB d.d. 2020

Investor information and audited
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 audited financial statements for the period from January 01 to December 31, 2020.

Original and official quarterly report is published in Croatian.

The report includes:

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

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

Type and name of prescribed information:	Financial statements for the period 01.01.2020 - 31.12.2020, HPB Group 2020 Investor information and audited Financial statements
Issuer name, headquarter and address:	Hrvatska poštanska banka p.l.c., Jurišićeva 4, HR-10000 Zagreb
Issuer's Legal Entity Identifier (LEI)	529900D5G4V6THXC5P79
Home Member State:	Republic of Croatia
International Securities Identification Number (ISIN)	HRHPB0RA0002
Stock code (ticker):	HPB-R-A
Regulated market and segment:	Zagreb Stock Exchange, Official market



1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

5 Appendix

HPB at a glance

Bank of the people

- Our 2020 loan growth determined by macroeconomic situation influenced by COVID-19 (**capital light lending**);
- **Strategic cooperation with Hrvatska pošta** allows us to reach even our most remote customers;
- We **fortify** our position by harnessing efficiencies in our **risk and interest profile**.

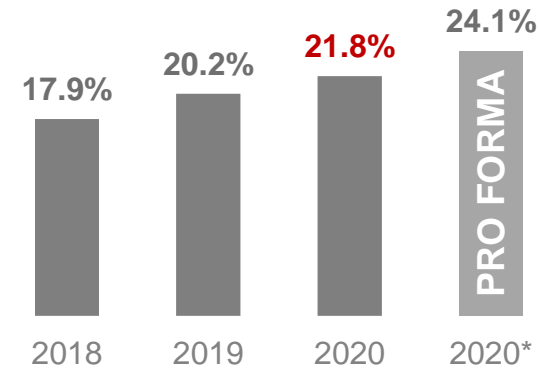
Resilience through hardships

- We **adapted our products and services** to address earthquakes and the pandemic;
- We adapted to **remote work**, ensuring the necessary resources for our employees;
- We also **donated** HRK 1 mn to the City of Petrinja.

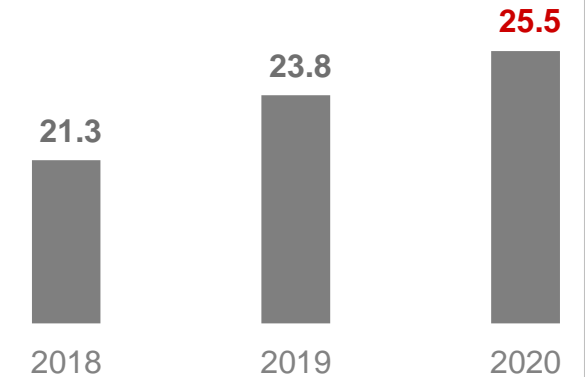
Geared for sustainable growth

- We stand on the **strongest capital position in our history**;
- We **improved our loan portfolio quality**;
- We **strengthened our market position**.

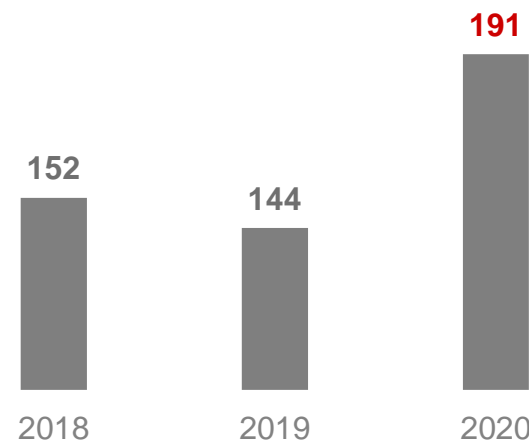
CET 1 %



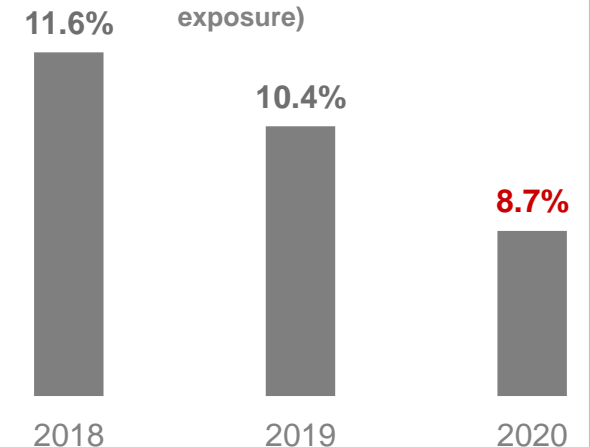
Total assets (HRK bn)



Net profit (HRK mn)



NPL % (excluding 100% gov. guaranteed exposure)



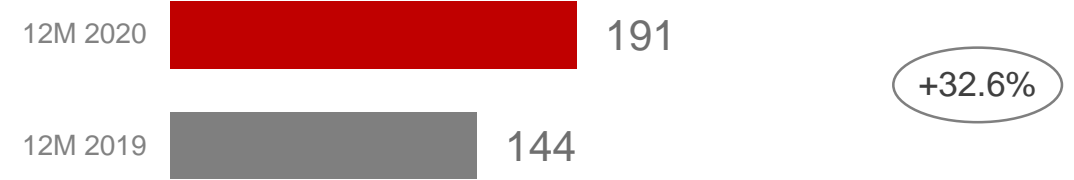
Key Financials 2020

Operating profit (in HRK mn)



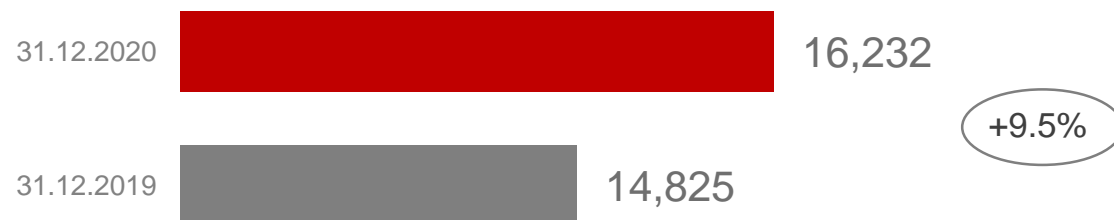
Operating profit down on COVID-driven reduction in net fee income

Profit after tax (in HRK mn)



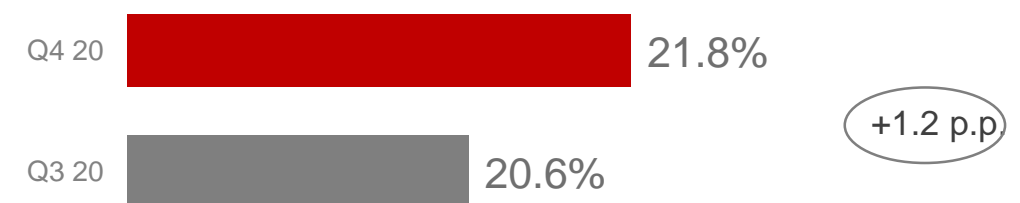
Profit after tax up on legal provisions reversal

Gross loans (in HRK mn)



Capital-light lending drives growth

CET 1 capital ratio (in %)

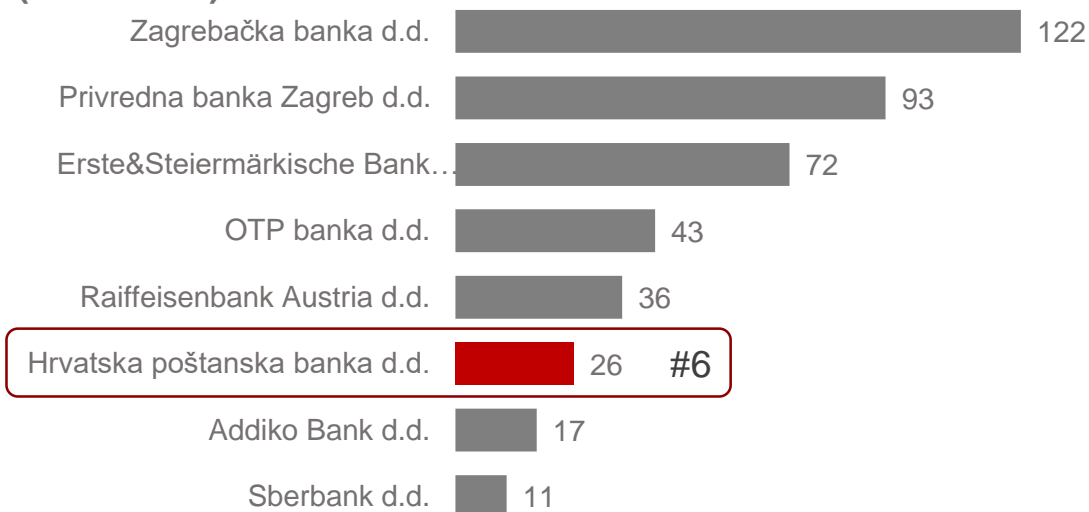


Strongest capital position in our history
Pro forma CET1 at end-2021 at 24.1%

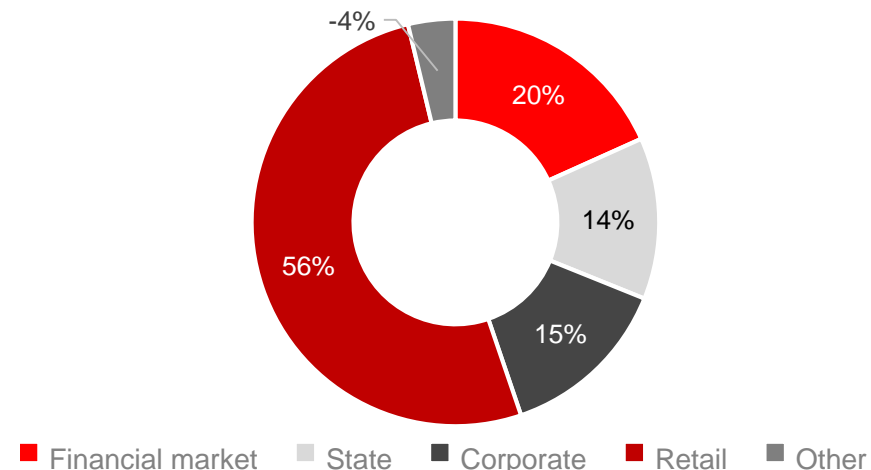
Robust Performance in 2020

		2017	2018	2019	2020	
Assets	HRK mn	19,799	21,256	23,844	25,500	▲
Net loans to customers	HRK mn	10,963	11,009	13,341	14,725	▲
Deposits	HRK mn	16,951	18,371	20,069	21,214	▲
Equity	HRK mn	1,905	2,003	2,370	2,477	▲
Income	HRK mn	1,276	1,173	1,227	1,121	▼
Net profit	HRK mn	8	152	144	190	▲
Cost-to-income ratio	%	54.4	60.1	61.3	63.8	▲
Return on equity	%	0.4	7.6	6.1	7.7	▲
CET 1 capital ratio	%	18.1	17.9	20.2	21.8	▲
NPL ratio	%	12.8	11.7	10.8	10.4	▼
NPL ratio excl. 100% gov. guaranteed exposure	%	12.8	11.6	10.4	8.7	▼
NPL coverage	%	61.1	67.3	67.5	62.2	▼
NPL coverage excl. 100% gov. guaranteed exposure	%	61.1	67.3	70.0	74.2	▲

Market share by total assets as of 30.9.2020
(in HRK bn)



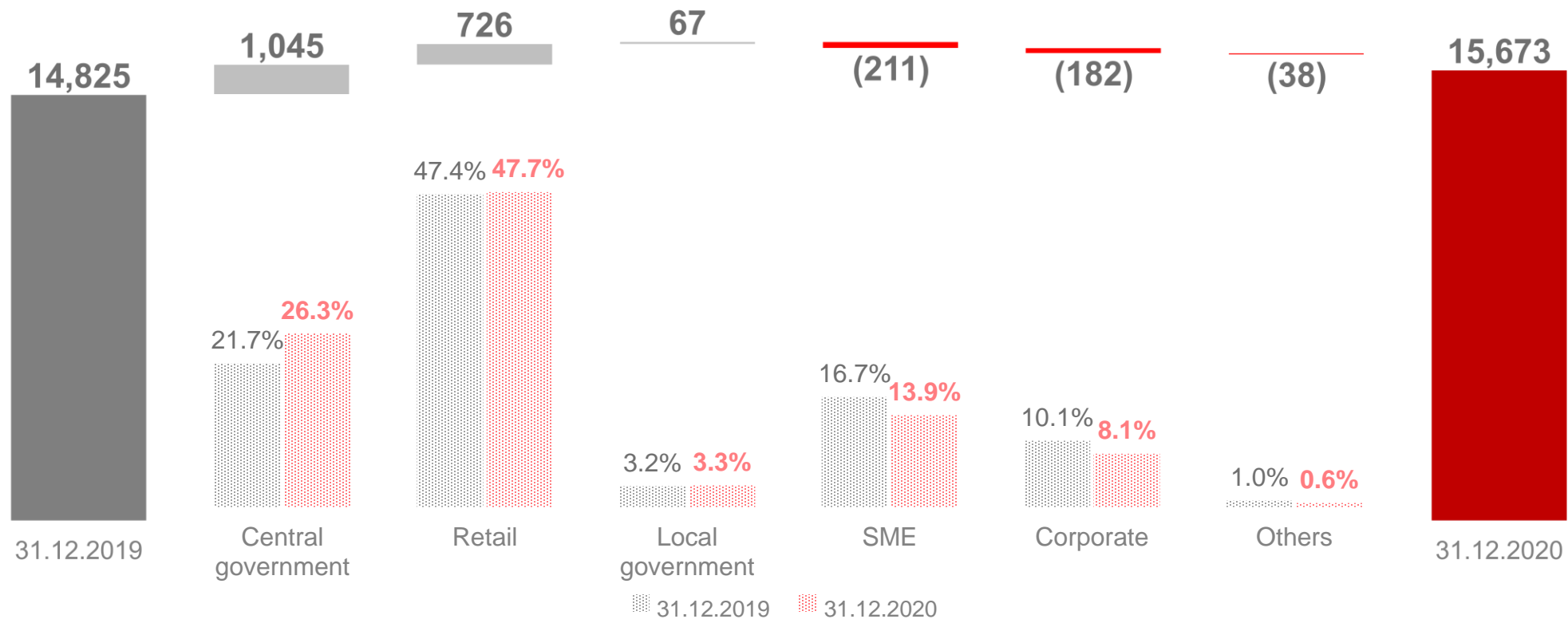
Composition of Net profit as of 31.12.2020



- Steering of risks is based on minimizing losses, rather than of NPLs
- Cost reduction measures impeded by earthquake damages

Gross loans development

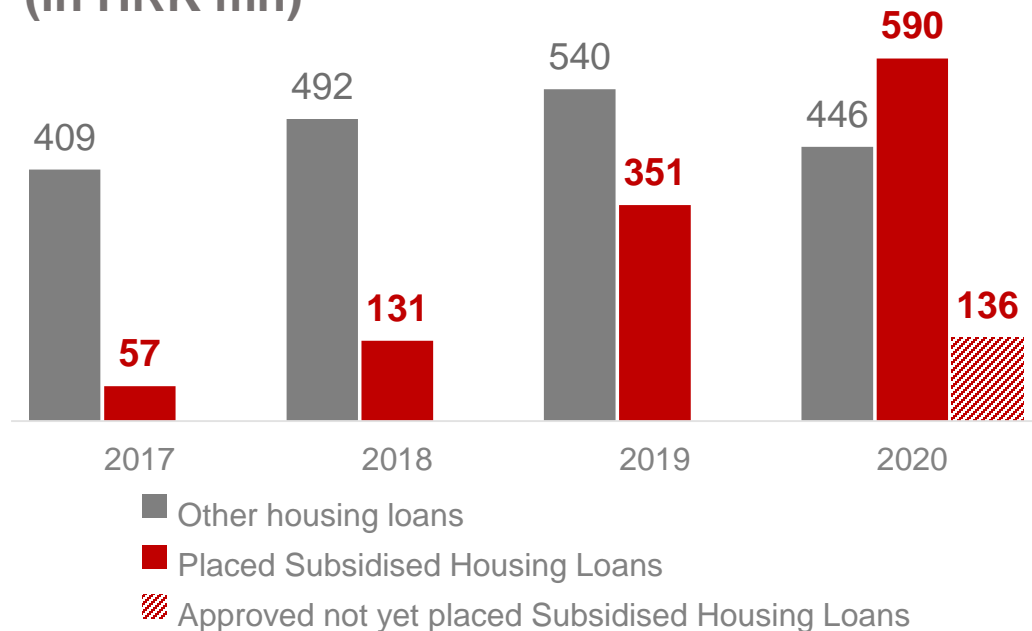
Gross loans (in HRK mn)



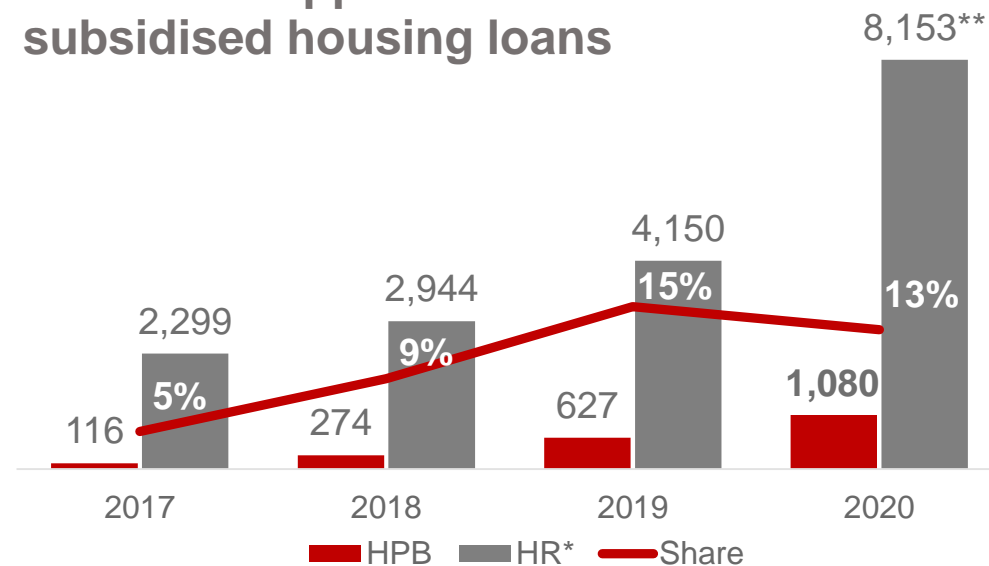
- Lending in 2020 was focused on central government, retail and government support transactions;
- Selective growth with high-quality customers led to net reduction in the SME & Corporate segments.

Subsidised Housing Loans

Housing loans volume
(in HRK mn)



Number of approved
subsidised housing loans



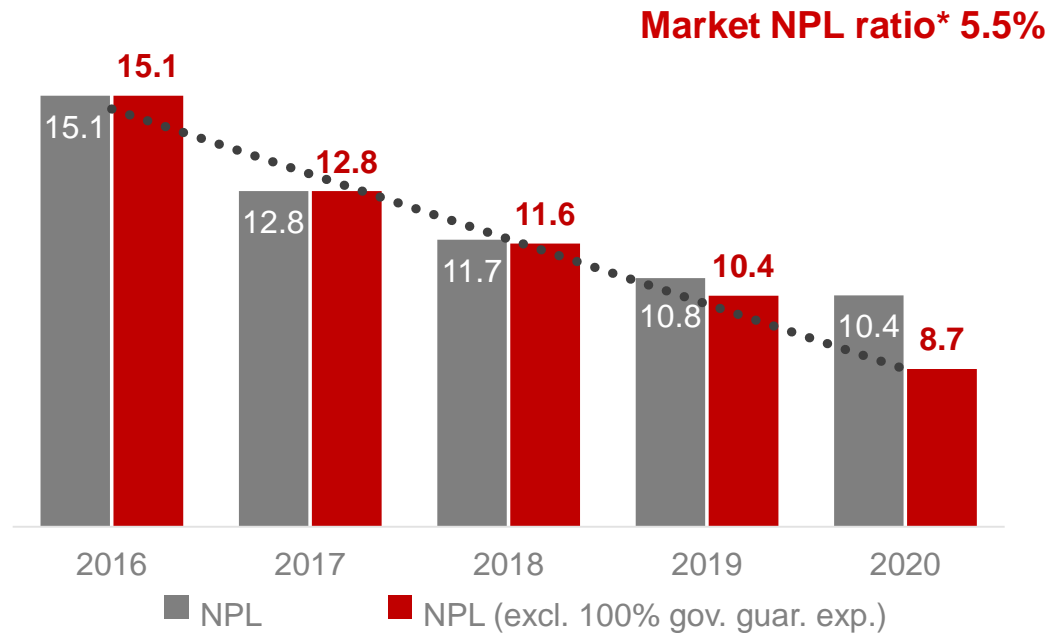
- HPB finances HRK 1.1 bn, or 12% of the total volume of subsidised housing loans in Croatia;
- Through this product, HPB attracts young, highly educated, and active clients (80% of subsidised housing loan clients are new to Bank)

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

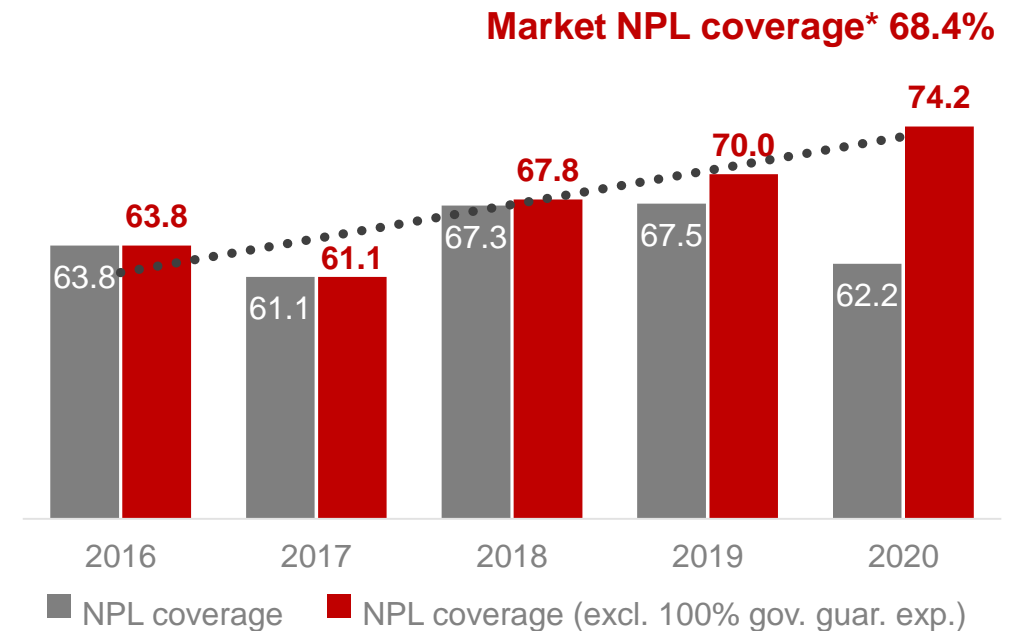
** Data of collected requests as of 26.1.2021

Portfolio quality improves

NPL ratio development (in %)



NPL coverage development (in %)

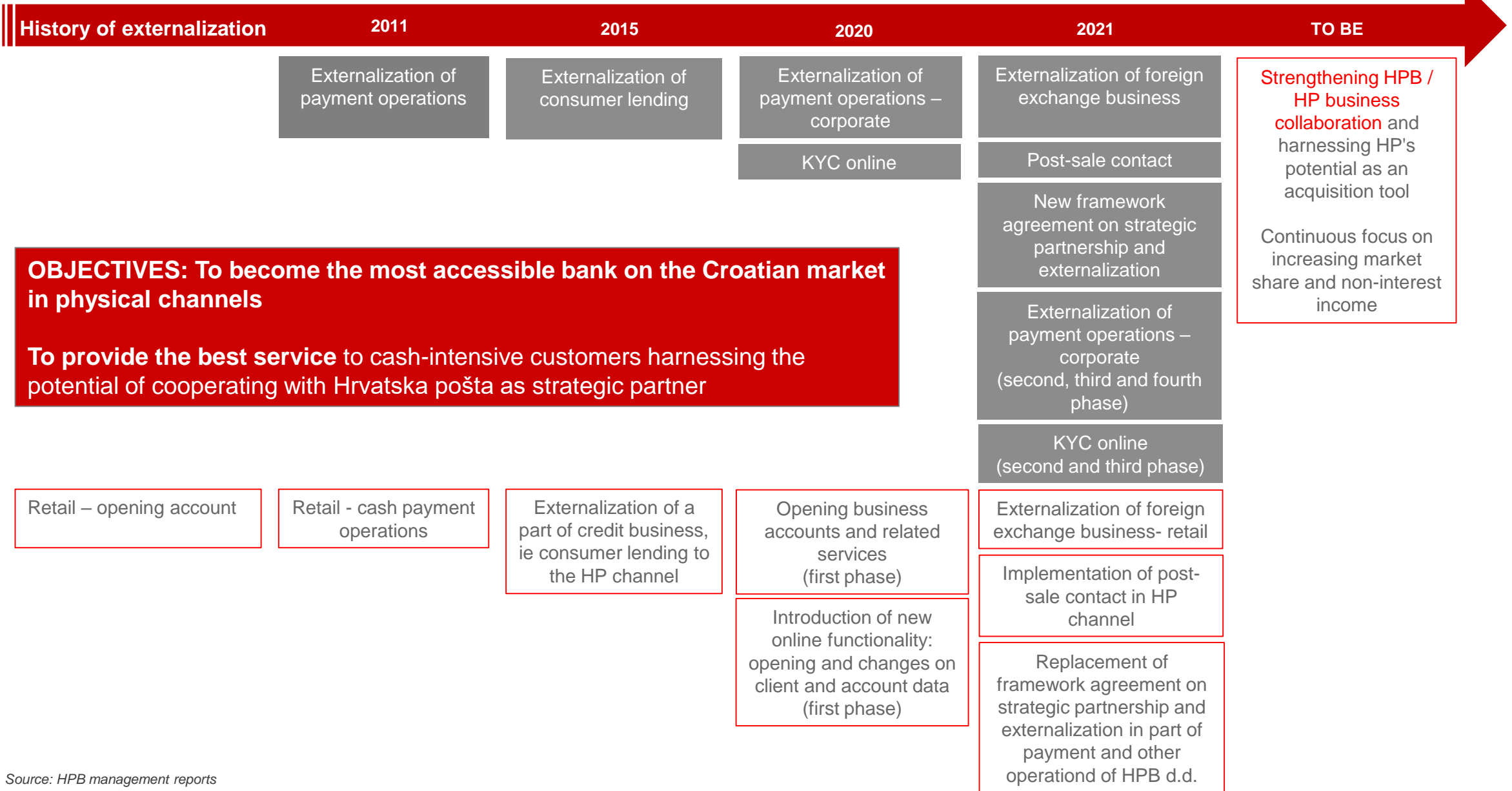


- Risk steering based on losses, and not NPLs;
- Overall NPL share decreased due to collection activities despite:
 - strong COVID-19 impact and
 - AQR new default entries

* As of 30.9.2020

Source: HPB management reports

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



OBJECTIVES: To become the most accessible bank on the Croatian market in physical channels

To provide the best service to cash-intensive customers harnessing the potential of cooperating with Hrvatska pošta as strategic partner

Strengthening HPB / HP business collaboration and harnessing HP's potential as an acquisition tool

Continuous focus on increasing market share and non-interest income

1 Executive Summary

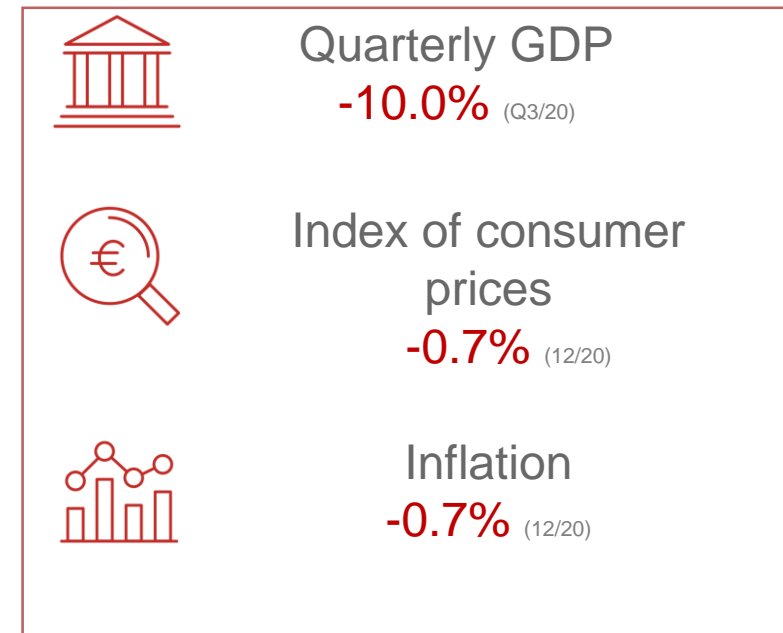
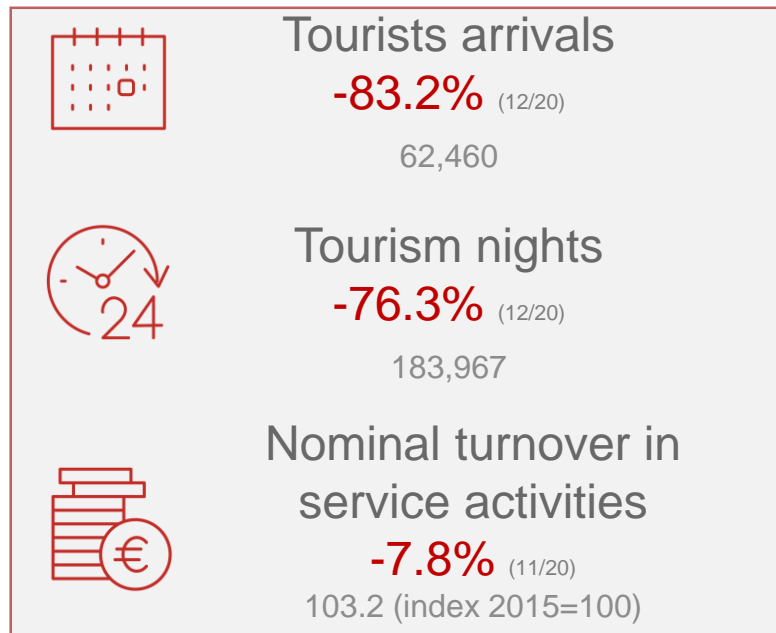
2 Macroeconomic environment

3 Financials

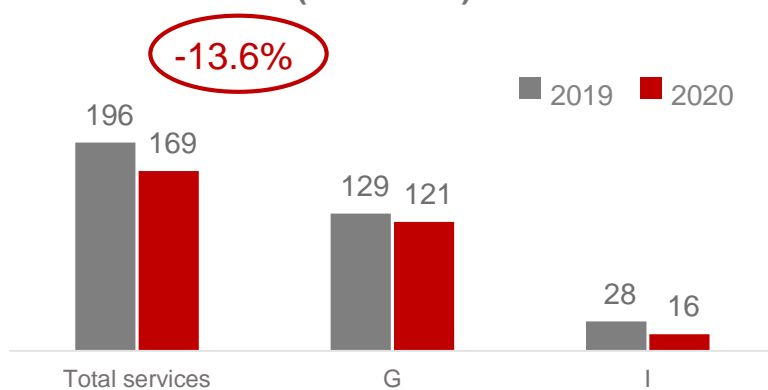
4 Risk Management

5 Appendix

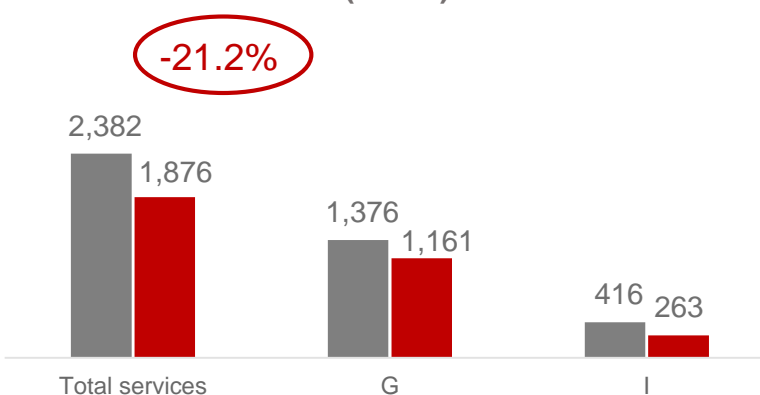
Socioeconomic indicators (y-o-y)



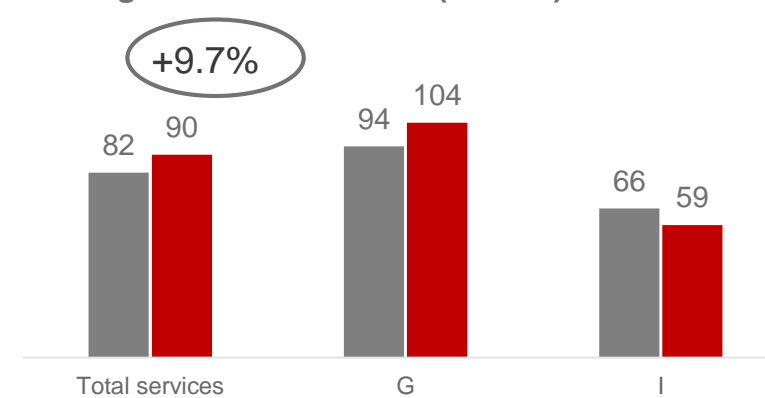
Account balance* (in HRK bn)



Number of accounts* (in mn)



Average account balance* (in HRK)



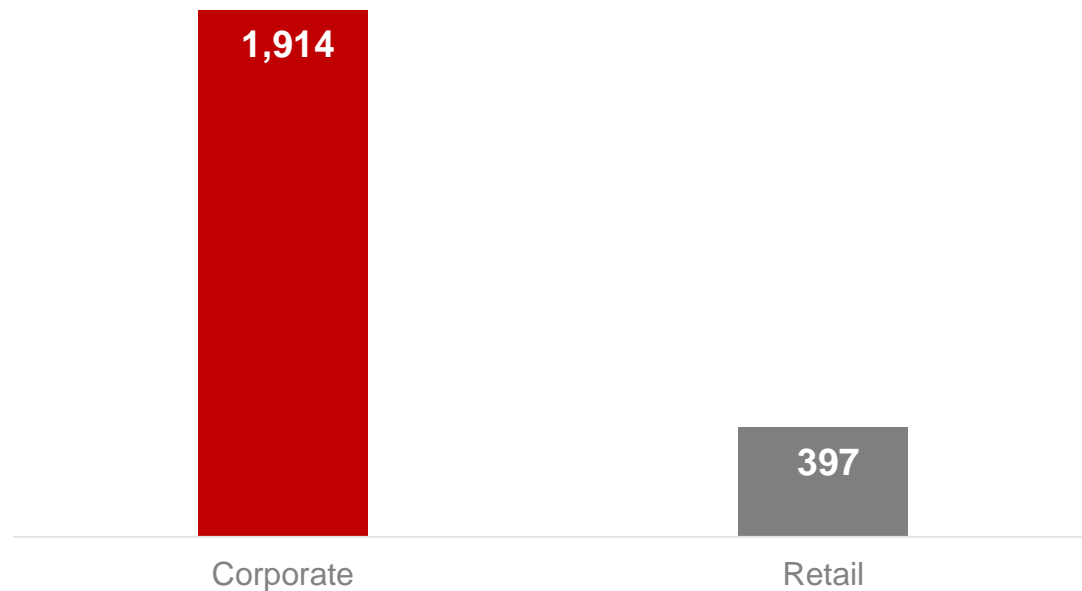
Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (November and December 2020)

*Source: <https://www.porezna-uprava.hr/Dokumenti> (data for the year 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 moratoria

Total approved moratoria (in HRK mn)



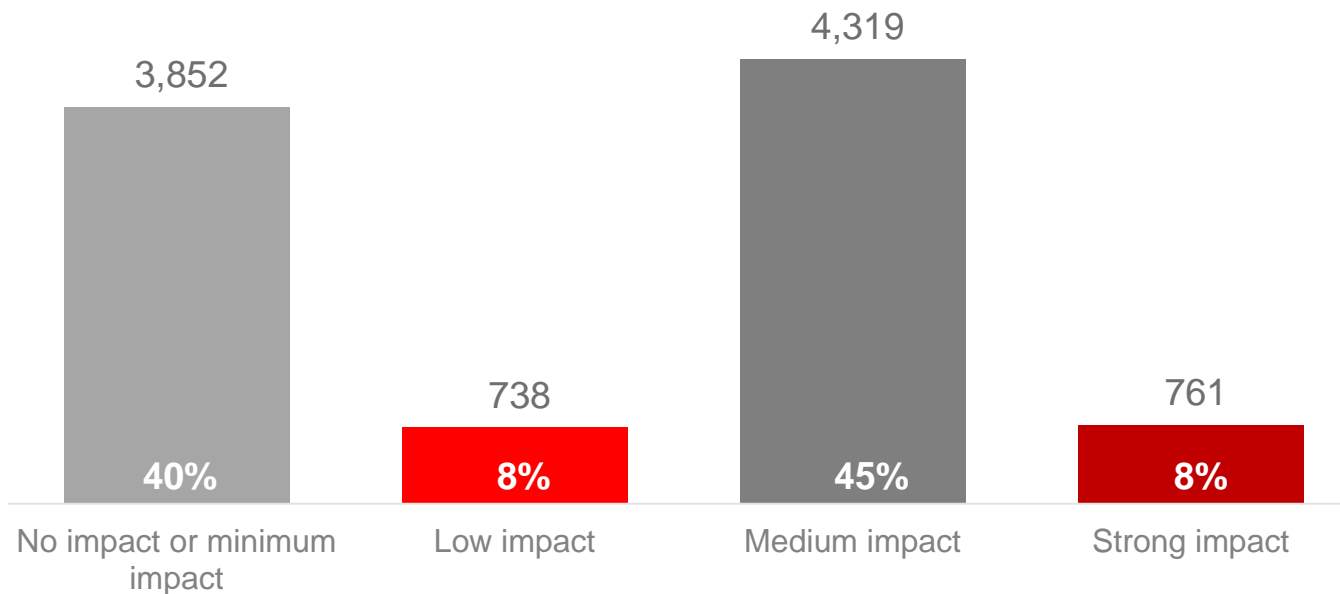
Share in Corporate segment:
22.6%

Share in Retail segment:
5.1%

- By end-2020, 1.5% of financed corporate moratoria are in default;
- Almost half of approved corporate moratoria have already expired by end-2020 (HRK 872 mn).

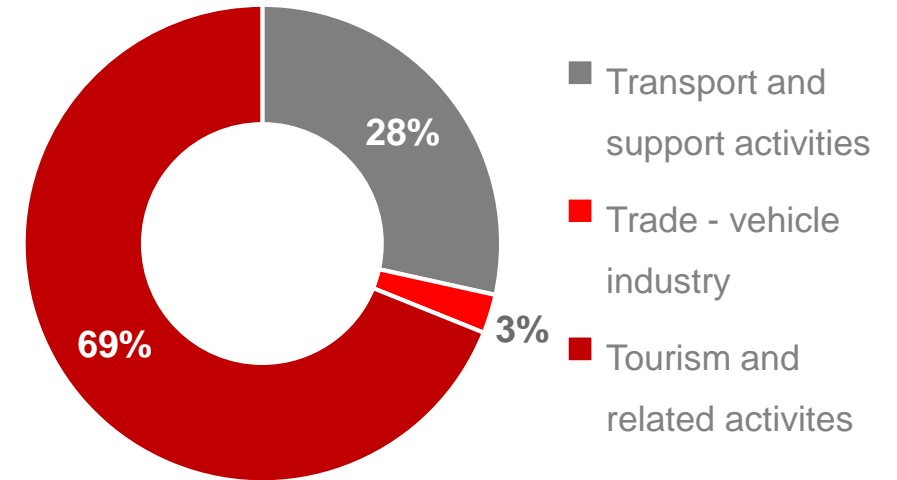
COVID-19 impact on loan portfolio

COVID-19 impact on corporate performing loans

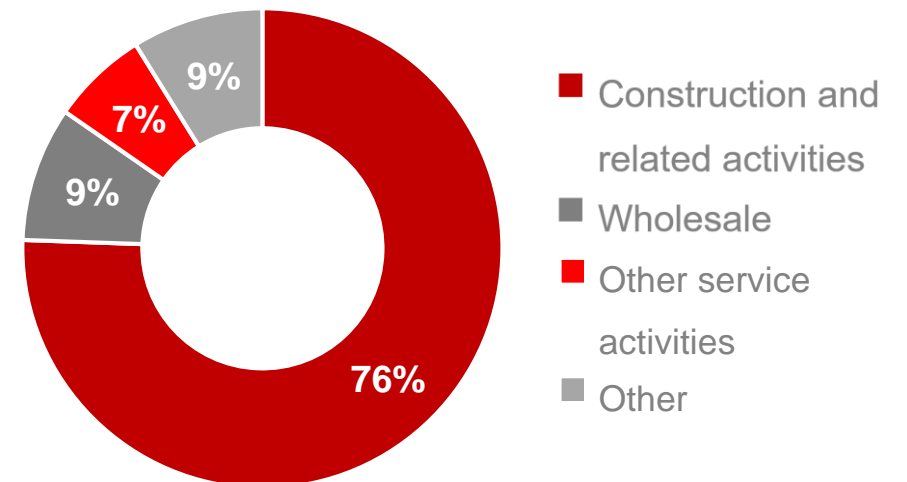


- 48% of the Bank's corporate portfolio is largely unaffected by COVID-19
- The Risk Appetite Statement (RAS) was adopted limiting new exposures to the most affected industries by the COVID-19 pandemic

Strong impact industries

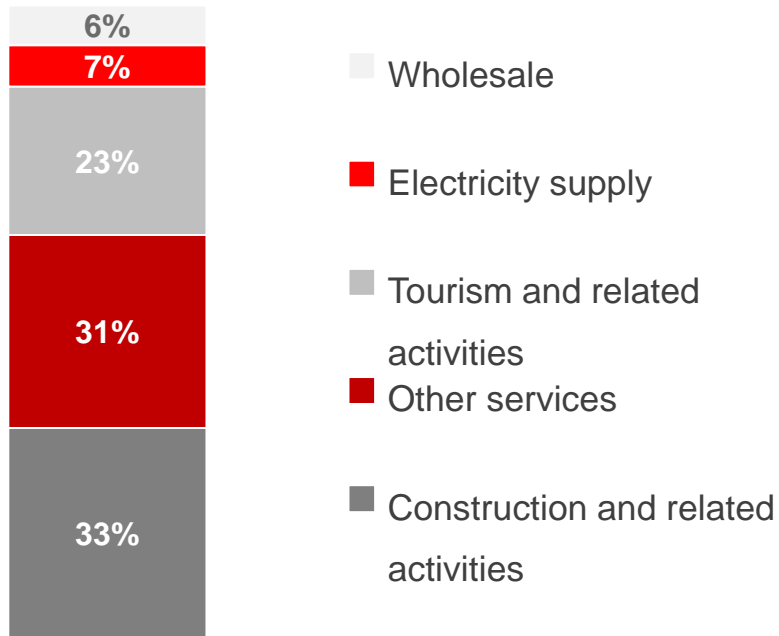


Medium impact industries

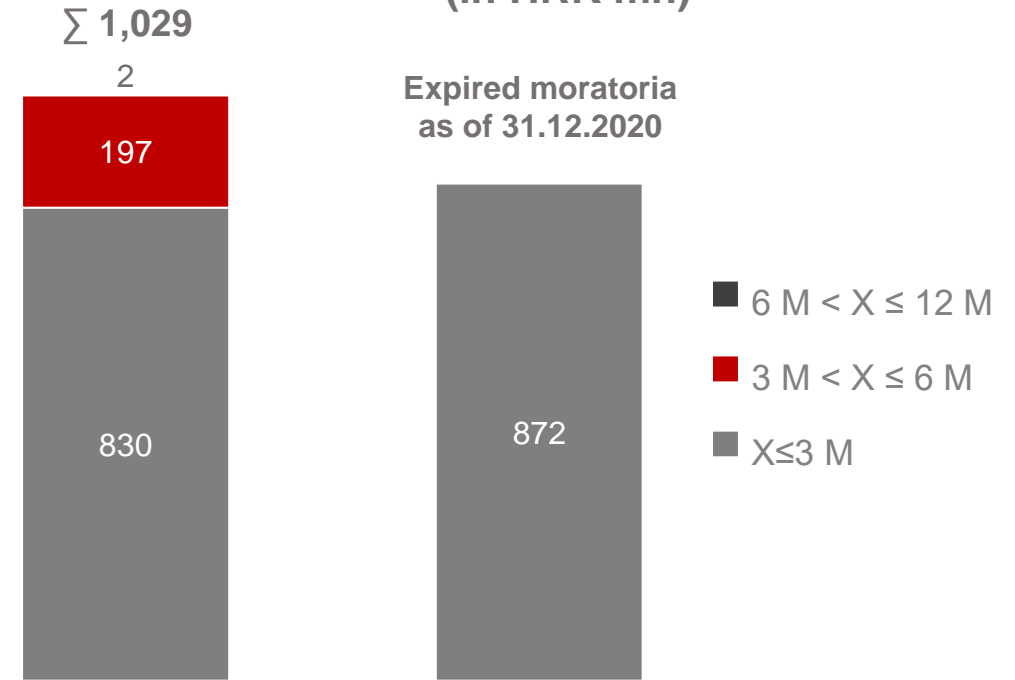


COVID-19 impact on loan portfolio

Approved moratoria per industry



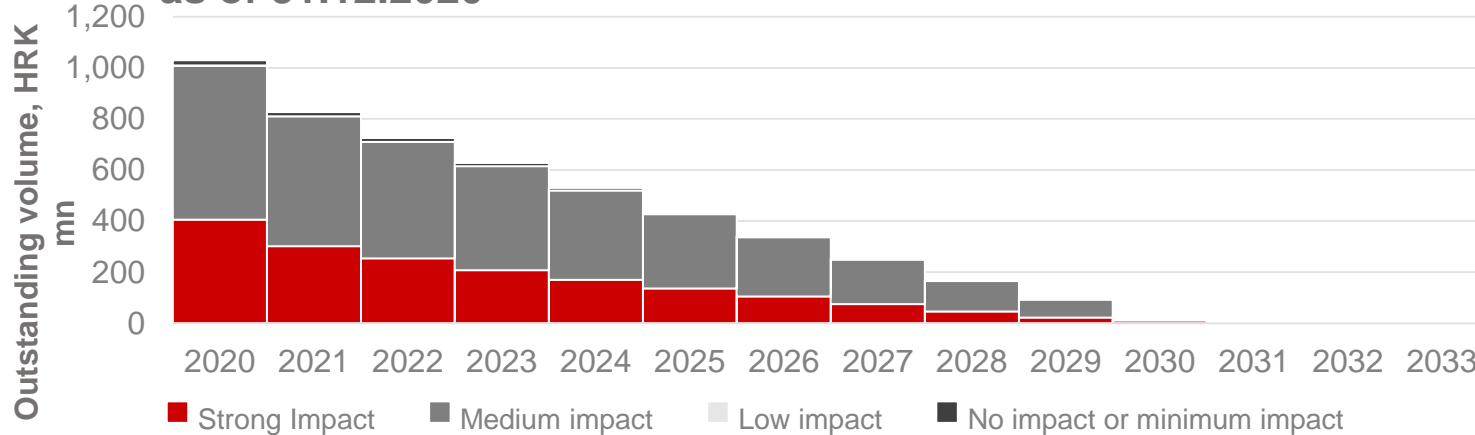
Approved moratoria per maturity (in HRK mn)



- Approved COVID-19 moratoria to corporates of HRK 1.9 bn (22.6% of outstanding gross corporate loans);
- Tourism has an extremely low share in the Bank's total portfolio (6.0% of outstanding gross corporate loans);
- We actively manage the portfolio through the analysis of pandemic prevention measures impact on industries.

Maturity of loans under moratoria – COVID-19

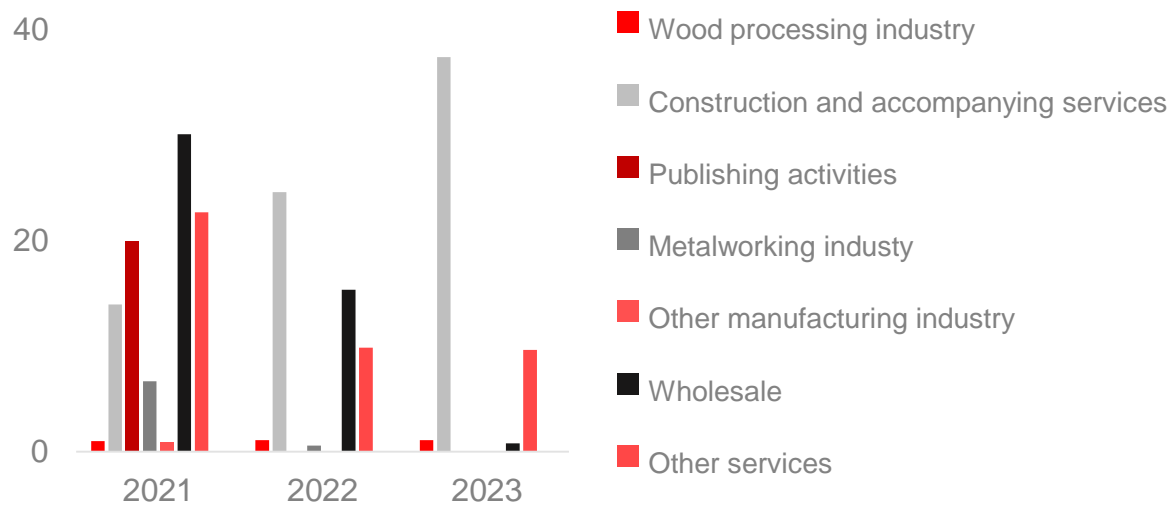
Residual maturity of loans under moratoria as of 31.12.2020*



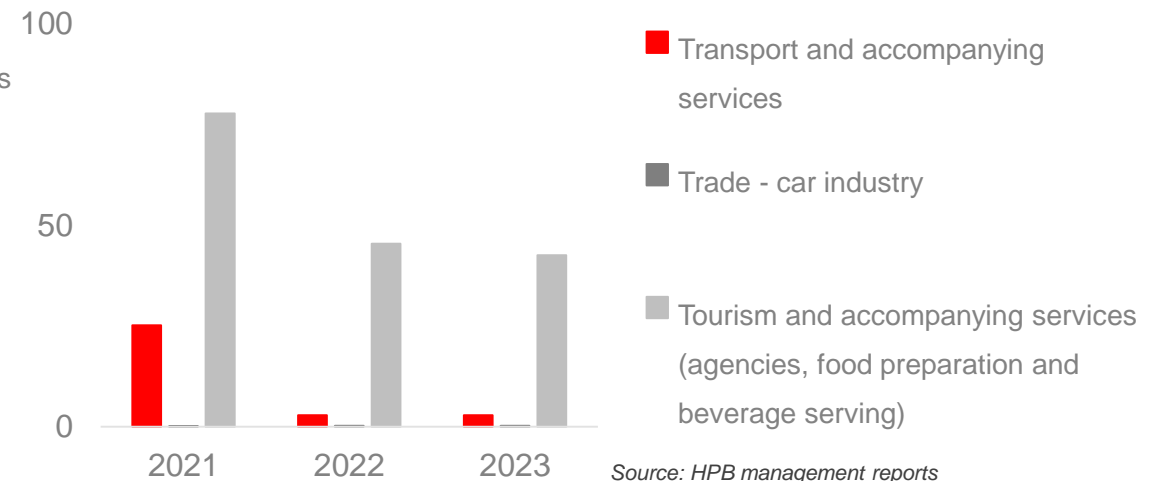
- The Bank regularly monitors loans to clients who have been granted a moratorium, regardless of the COVID-19 impact, and evaluates their cash flows on an individual basis
- By the end of 2020, 1.5% of approved corporate moratoria has defaulted

*excl. loans out of moratoria as of 31.12.2020

Medium impact – maturities by 2023 (in HRK mn)



Strong impact – maturities by 2023 (in HRK mn)



Source: HPB management reports

1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

5 Appendix

Key financials – Income statement

		2019	2020	Δ y-o-y	
Net interest income	HRK mn	536	543	7	▲
Net fee income	HRK mn	200	176	(23)	▼
Operating income	HRK mn	834	804	(29)	▼
Operating expense	HRK mn	(511)	(513)	2	▼
Operating profit	HRK mn	323	292	(31)	▼
Provisioning	HRK mn	(228)	(55)	(172)	▼
Net profit	HRK mn	144	190	46	▲
Cost-to-income ratio	%	61.3	63.8	2.5	▲
Net interest margin	%	2.4	2.2	(0.2)	▼

- Operating profit reduction primarily driven by partially mitigated COVID-19 effects;
- Successful cost optimization measures drive operating expenses down;
- A build-up (+HRK 56m) in 2019 and consequent release (-HRK 79m) account for intra-year provision fluctuations

Operating profit development

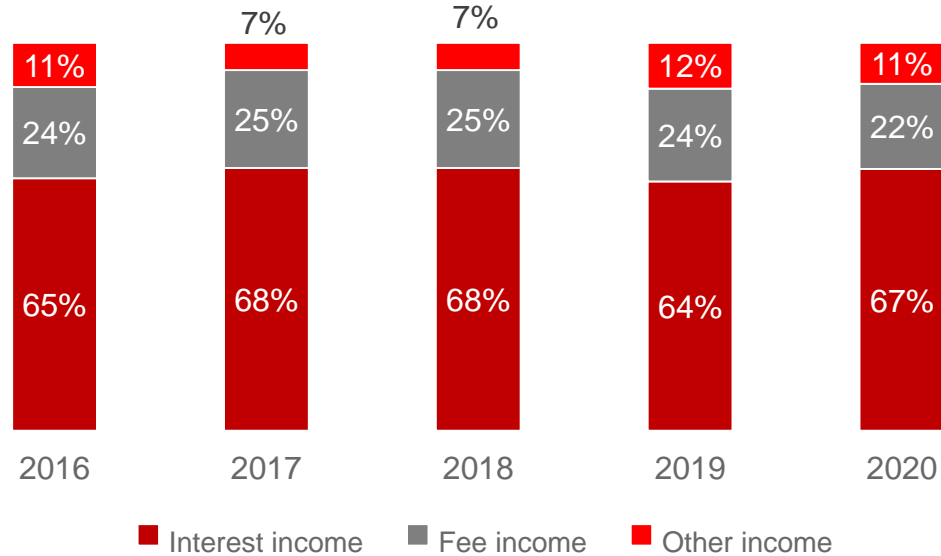
Operating profit development (in HRK mn)



- COVID-19 effects on operating profits reflected in reduced interest and fee income
- Active management of the interest profile neutralised the drop in interest income

Net income development

Composition of net income

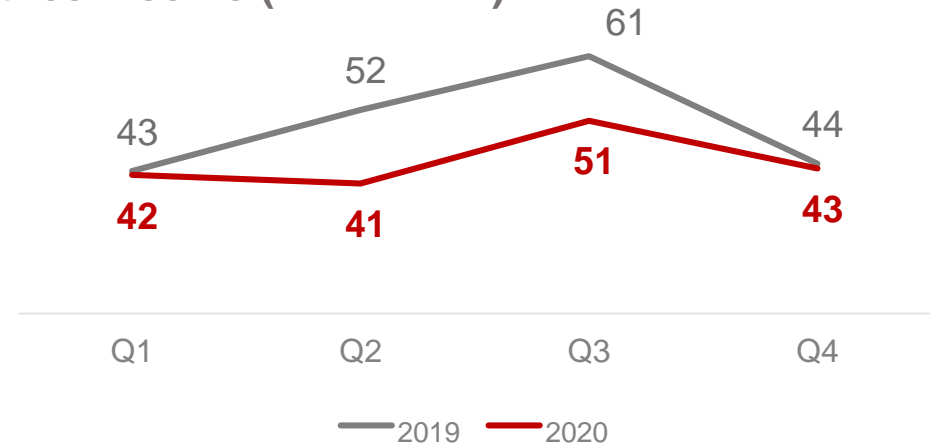


- Net interest income is slightly higher on better management of interest expense;
- Net fee income impacted by COVID-19, which was mostly reflected in Q2 and Q3.

Net interest income (in HRK mn)

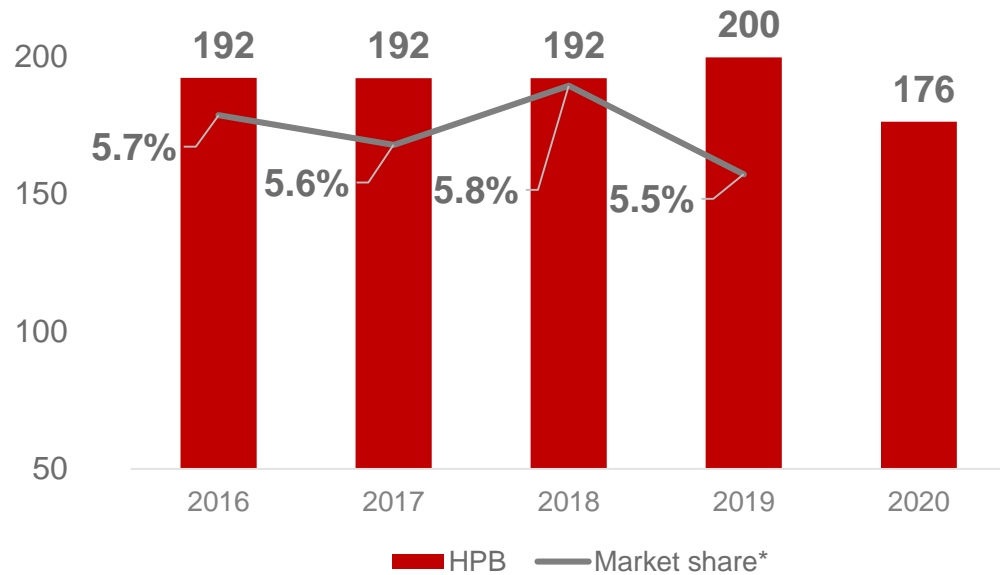


Net fee income (in HRK mn)



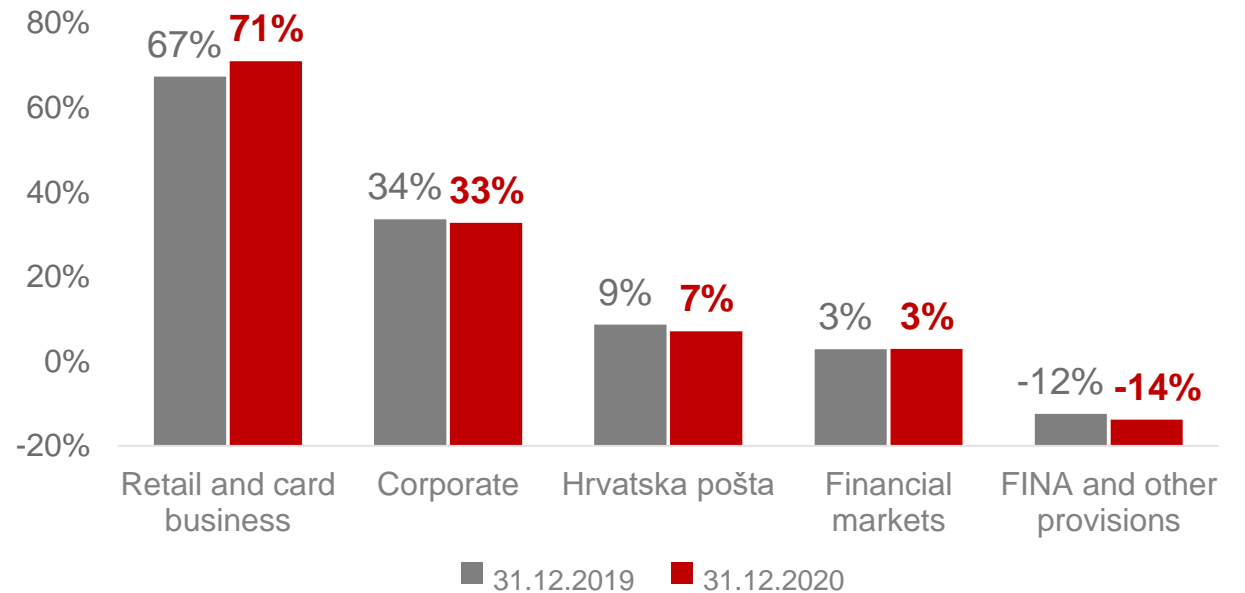
Fees and commissions

Net fee income movement (in HRK mn)



* Market data for year 2020 is not available at time of publishing of this presentation

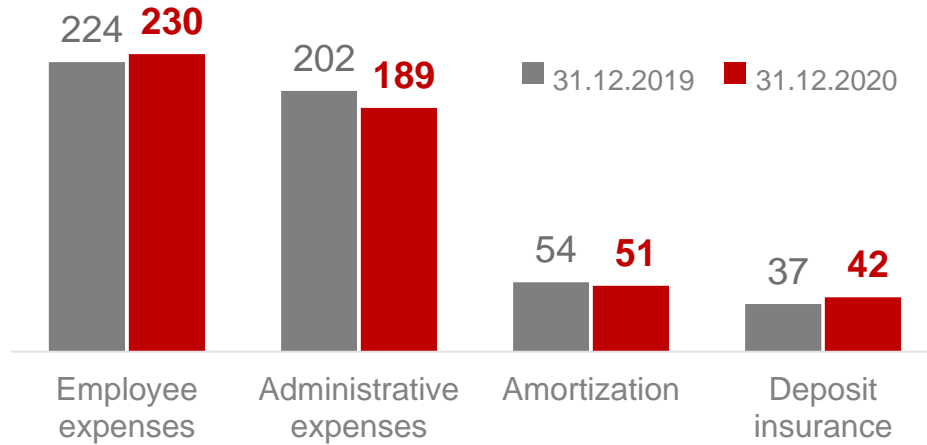
Composition of net fee and commission income



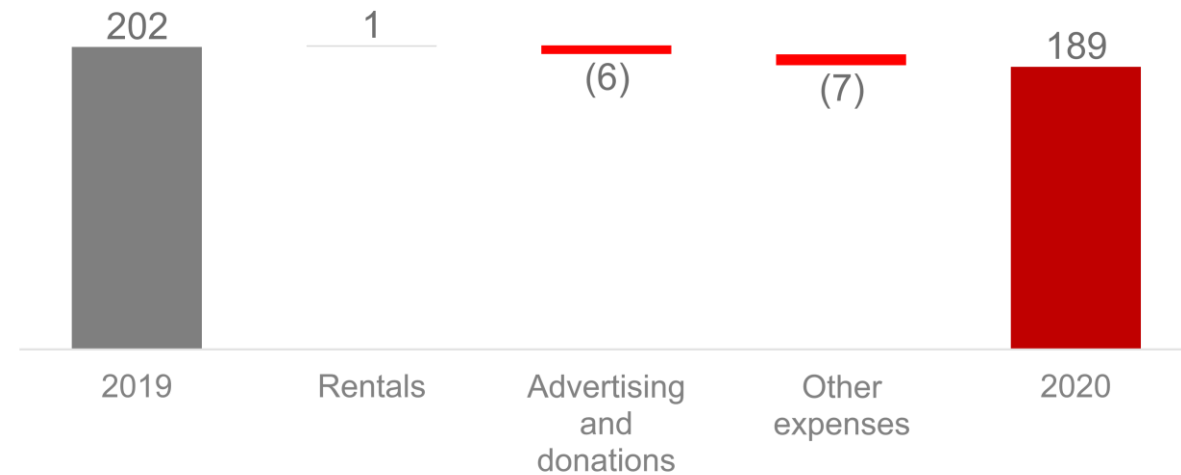
- Net fee income decline of HRK 23.4 mn vs 2019 is caused by:
 - temporary suspension of fees for cash withdrawals at ATMs of other banks (25.3.2020 – 1.7.2020);
 - slowdown in economic activities;
 - significantly lower number of tourist arrivals in the 2020 summer season;
- HPB net fee income on par with the banking sector with a relatively stable share;
- Retail and card business fees are highest contributors to net fee income

Operating expenses

Composition of operating expenses
(in HRK mn)



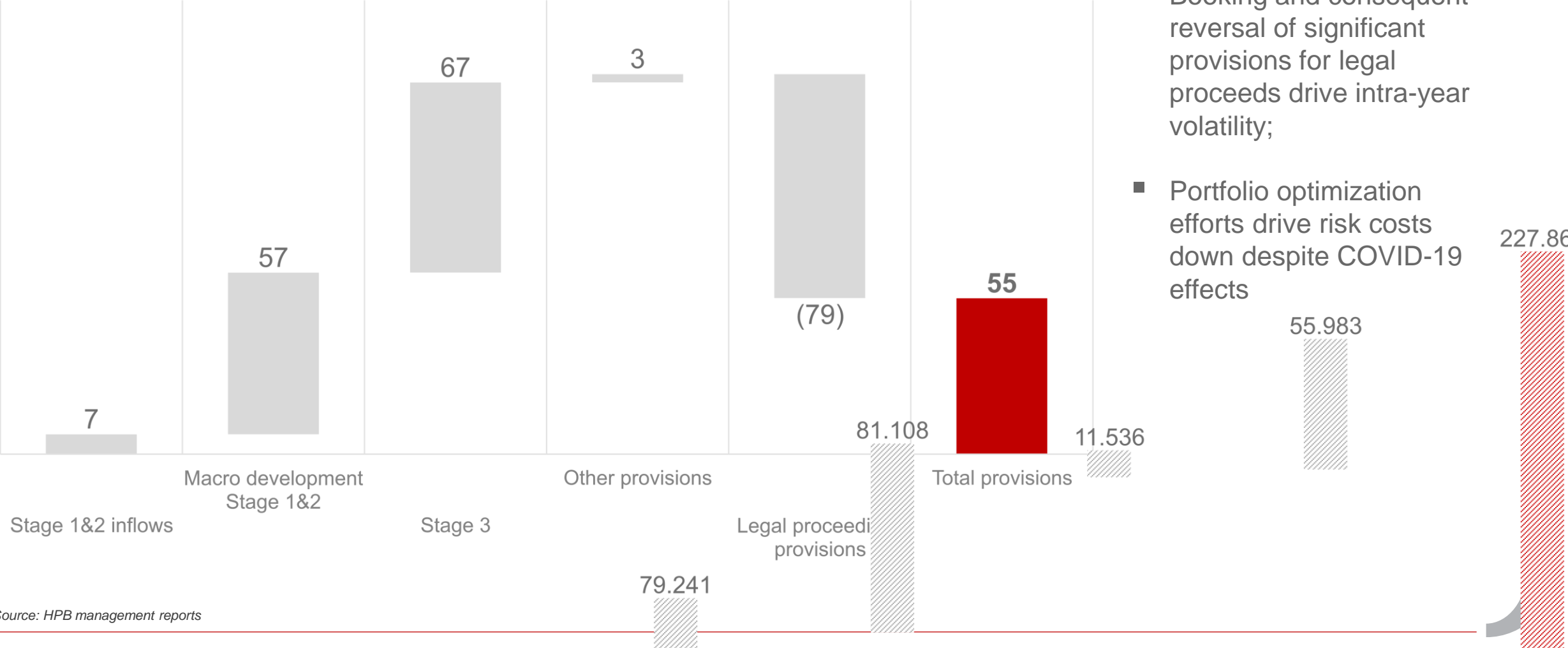
Administrative expenses development
(in HRK mn)



- Employee costs up with investments on IT infrastructure optimization;
- Cost-cutting measures effectively reduced administrative expenses in 2020;
- Rental costs up with contingency office space acquisition following earthquakes.

Provisioning

Structure of provision expenses in 2020
(in HRK mn)



Source: HPB management reports

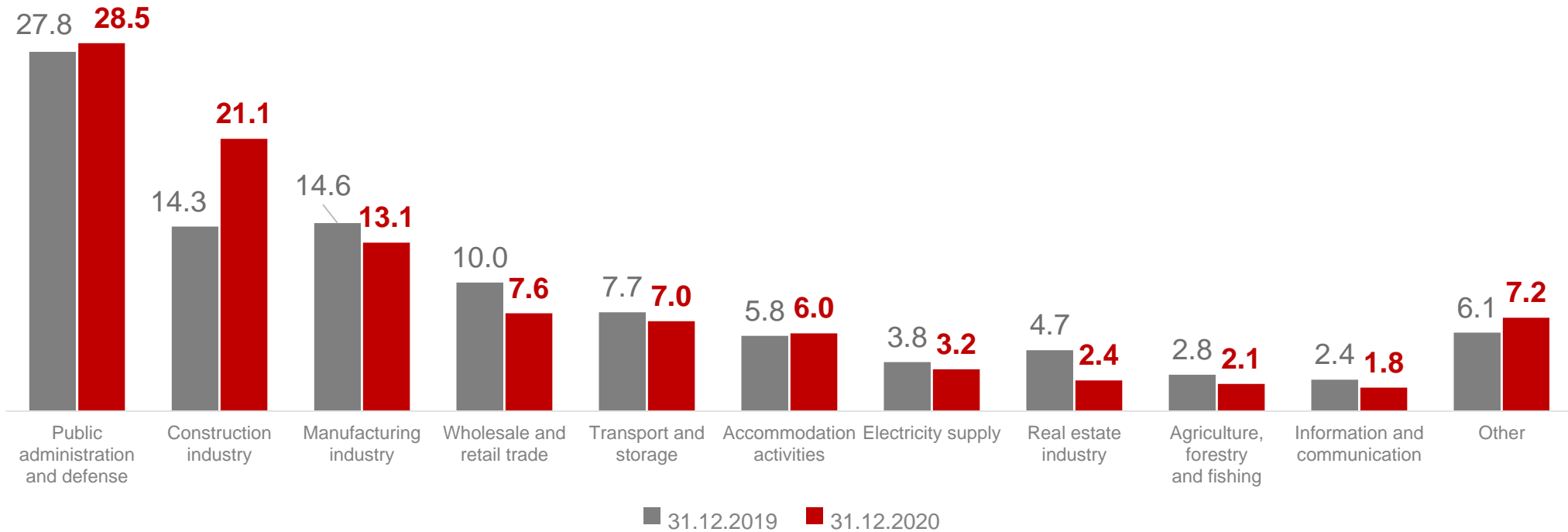
Key financials – Balance sheet

		31.12.2019	31.12.2020	Δ ytd	
Assets	HRK mn	23,844	25,498	1,653	▲
Gross loans	HRK mn	14,825	16,232	1,406	▲
Deposits	HRK mn	20,069	21,214	1,144	▲
Equity	HRK mn	2,370	2,477	107	▲
Regulatory capital	HRK mn	2,209	2,314	104	▲
Loan/deposit ratio	%	66.5	69.4	2.9	▲
ROAE	%	6.6	7.8	1.2	▲
NPL ratio	%	10.8	10.4	(0.4)	▼
NPL ratio excl. 100% gov. guaranteed exposure	%	10.4	8.7	(1.7)	▼
NPL coverage	%	67.5	62.2	(5.2)	▼
NPL coverage excl. 100% gov. guaranteed exposure	%	70.0	74.2	4.2	▲
Provision for impairment losses	HRK mn	(1,488)	(1,512)	24	▲

- Assets records continuous growth +7.0% ytd, liquid assets +15.5%, securities -7.2%, gross loans +9.5%;
- Deposits up +5.7% with largest increase in the segment of financial market HRK +314.5m, retail HRK +308.9m, central state and large corporate clients HRK +295.8m, SMEs HRK +233.3m;
- NPL coverage increases when excluding exposures covered by state guarantees (70.0% Q4 19 and 74.2% Q4 20).

Corporate portfolio industry distribution

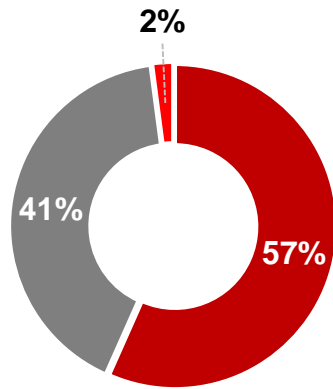
Corporate gross loans per industry (in %)



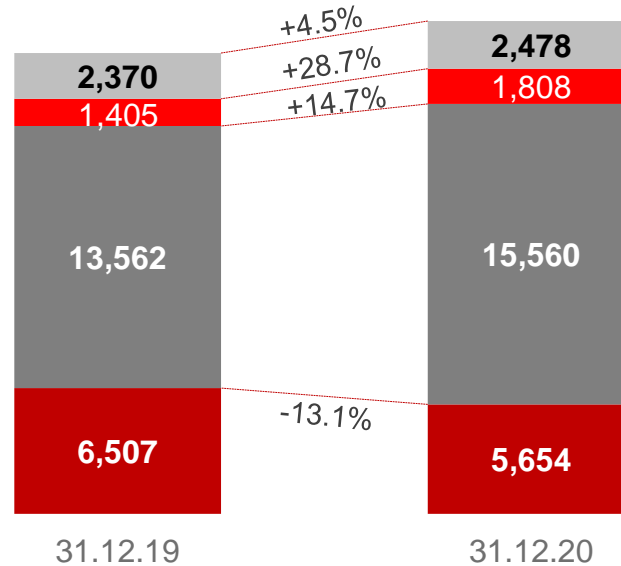
- Construction industry growth with road and infrastructure state-owned enterprises;
- Reduction to some industry sectors is in line with general macroeconomic trends:
 - Wholesale and retail trade;
 - Real estate industry;
- Accommodation activities lending was done backed up by government guarantee schemes.

Composition of equity and liabilities

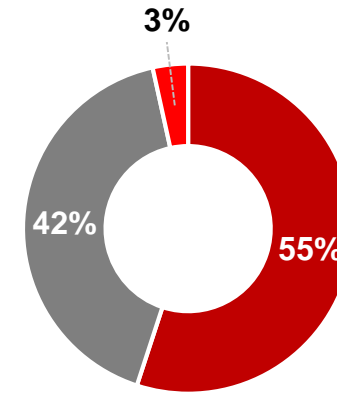
Deposit structure
31.12.2019



Equity and liabilities structure



Deposit structure
31.12.2020



■ Retail ■ Corporate ■ Financial markets

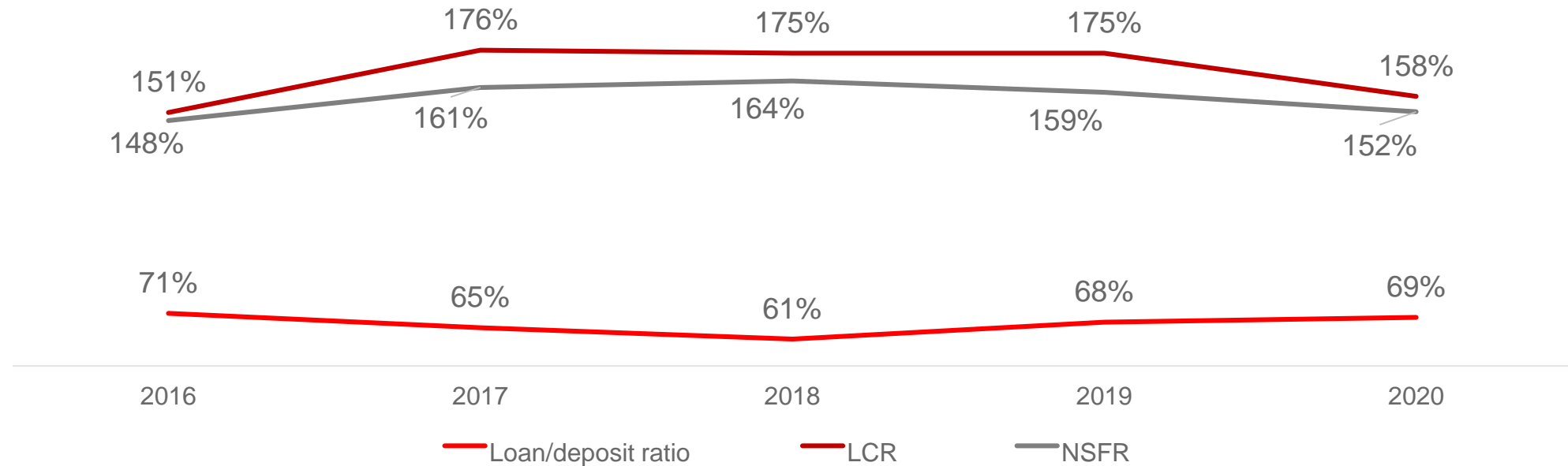
■ Term deposits ■ A vista deposits ■ Other liabilities ■ Equity

■ Retail ■ Corporate ■ Financial markets

- Favorable impact on costs from observable trend of transforming term deposits into a vista deposits
- Customer deposits dominate the funding mix with a 92% share;
 - Bank holds 5.9% of all retail deposits at 30.11.2020 (31.12.2016 = 5.3%);
- Stable wholesale funding structure – attracted funds through foreign financial institutions, CBRD and CNB repo loans.

Liquidity Overview

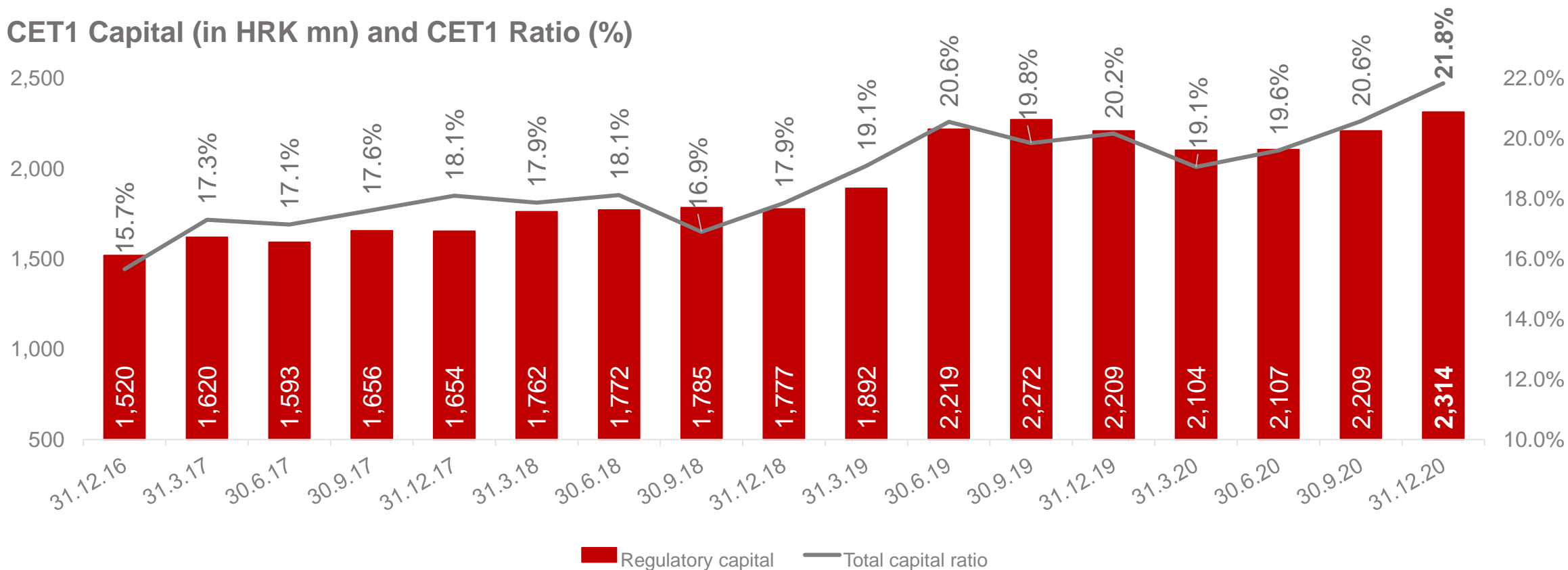
Liquidity ratios



- The Bank is highly liquid with markedly low loan-to-deposit ratio

Historically highest level of CET1 ratio

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



- Considering the 2020 unaudited after-tax profit, pro forma CET1 stands at 24.1%;
- Contribution to improvement from both:
 - Profit retention;
 - Capital management optimization measures launched in Q4 19.

1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

5 Appendix

Regulatory Capital Development

Regulatory capital development (in HRK mn)



* on 31.12.2019 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 decision of the General Assembly of the Bank this year, the net profit in 2019 was allocated equally to the position of retained earnings and other reserves.

RWA Development

RWA development (in HRK mn)



- Despite asset growth, risk-weighted assets decrease as a result of the strengthening the capital management culture

Exposures and coverage per stage

Segment	Stage	31.12.2019				31.12.2020			
		Exposure	Exposure excl. gov. guarantees	Coverage	Coverage excl. gov. guarantees	Exposure share	Exposure excl. gov. guarantees	Coverage	Coverage excl. gov. guarantees
CORPORATE	S1	85.3%		0.8%		85.9%		1.0%	
CORPORATE	S2	3.9%		9.3%		3.7%		10.5%	
CORPORATE	S3	10.8%	10.4%	67.6%	70.2%	10.4%	8.7%	62.3%	74.1%
SME	S1	61.8%		2.9%		58.5%		3.8%	
SME	S2	7.8%		10.2%		6.8%		8.1%	
SME	S3	30.5%	27.5%	62.9%	69.5%	34.7%	21.7%	47.7%	75.2%
STATE	S1	55.3%		3.3%		49.3%		4.2%	
STATE	S2	10.7%		15.5%		16.8%		15.5%	
STATE	S3	34.0%	34.0%	72.5%	72.5%	33.9%	33.9%	71.3%	71.3%
RETAIL	S1	99.2%		0.8%		98.7%		1.0%	
RETAIL	S2	0.8%		7.0%		1.3%		7.2%	
RETAIL	S3	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
TOTAL	S1	87.0%		0.4%		88.5%		0.5%	
TOTAL	S2	4.2%		4.9%		3.2%		7.6%	
TOTAL	S3	10.8%	10.4%	67.5%	70.0%	10.4%	8.7%	62.2%	74.2%

1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

5 Appendix

Management report of Hrvatska poštanska Banka p.l.c.

Management report of Hrvatska poštanska Banka p.l.c. for the period from January 01 to December 31, 2020 is contained in the previous section of this material.

Marko Badurina

President of the Management Board

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board

Statement by persons accountable for compiling the report of HPB p.l.c.

In accordance with the Capital Market Act, the Management Board of HPB plc., states that according to their best knowledge the set of unaudited financial statements for the period from January 01 to December 31, 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 31.12.2020
 Year: 2020

Yearly 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: JURIŠIĆEVA 4

E-mail address: hpb@hpb.hr

Web address: www.hpb.hr

Number of employees (end of the reporting period): 1301

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

Audited: RD (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: BDO Croatia d.o.o.
 (name of the audit firm)

Certified auditor: Ivan Čajko
 (name and surname)

BALANCE SHEET
as at December 31, 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	3,662,460,152
Cash in hand	002	961,912,026	900,072,987
Cash balances at central banks	003	1,014,563,142	2,224,401,393
Other demand deposits	004	796,271,645	537,985,772
Financial assets held for trading (from 6 to 9)	005	612,871,552	719,257,423
Derivatives	006	852,203	-
Equity instruments	007	96,079,539	95,340,654
Debt securities	008	515,939,810	623,916,769
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	21,199,086	38,865,901
Equity instruments	011	-	20,000,000
Debt securities	012	-	-
Loans and advances	013	21,199,086	18,865,901
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	4,158,015,469
Equity instruments	018	57,269,384	49,027,711
Debt securities	019	4,582,928,482	4,108,987,758
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	15,217,710,292	16,413,935,375
Debt securities	022	4,305,695	1,978,784
Loans and advances	023	15,213,404,597	16,411,956,591
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	326,523,749
Intangible assets	028	109,095,746	91,038,847
Tax assets	029	6,453,295	2,797,956
Other assets	030	42,962,745	40,321,775
Fixed assets and disposal groups classified as held for sale	031	20,000,000	-
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	23,773,157,202	25,462,977,490
Liabilities			
Financial liabilities held for trading (from 34 to 38)	033	863,025	21,172
Derivatives	034	863,025	21,172
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	22,688,405,792
Deposits	044	20,944,398,925	22,569,135,023
Debt securities issued	045	-	-
Other financial liabilities	046	112,476,261	119,270,769
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	196,063,323	125,688,739
Tax liabilities	050	1,728,314	25,697,310
Share capital repayable on demand	051	-	-
Other liabilities	052	147,415,709	150,060,287
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	22,989,873,300
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	264,974,555
Retained profit	060	153,174,469	200,321,464
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	182,062,145
(--) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
Total equity (from 55 to 66)	067	2,370,211,645	2,473,104,190
Total equity and liabilities (54 + 67)	068	23,773,157,202	25,462,977,490

STATEMENT OF PROFIT AND LOSS
for the period January 01, 2020 to December 31, 2020

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Same period of the previous year	Current period
		Cumulative	Cumulative
1	2	3	4
Interest income	001	603,977,673	588,918,099
(Interest expenses)	002	68,008,691	51,583,346
(Expenses on share capital repayable on demand)	003	-	-
Dividend received	004	3,645,670	3,292,513
Fees and commissions income	005	527,494,435	450,155,698
(Fees and commissions expenses)	006	327,852,440	273,888,635
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	5,158,277	35,035,565
Gains or (-) losses on financial assets and liabilities held for trading, net	008	87,516,168	47,068,263
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	813,430	(571,077)
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	(3,398,215)	(8,624,819)
Gains or (-) losses on derecognition of non-financial assets, net	013	-	-
Other operating income	014	4,500,059	10,448,879
(Other operating expenses)	015	6,723,042	13,223,239
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	827,123,324	787,027,901
(Administrative expenses)	017	391,518,366	381,956,776
(Contributions in cash rehabilitation committees and Deposit Insurance Schemes)	018	36,789,659	42,002,367
(Depreciation)	019	75,879,820	75,816,110
Modification gains or (-) losses, net	020	(15,756,307)	(3,386,347)
(Provisions or (-) reversal of provisions)	021	64,757,476	(61,671,217)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	022	135,818,040	109,876,155
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	023	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	024	11,535,517	8,711,610
Negative goodwill recognised in profit or loss	025	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	026	-	-
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	027	-	-
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	028	95,068,139	226,949,753
(Tax expense or (-) income related to profit or loss from continuing operations)	029	(48,704,376)	44,887,608
Profit or (-) loss after tax from continuing operations (27 – 28)	030	143,772,515	182,062,145
Profit or (-) loss after tax from discontinued operations (31 – 32)	031	-	-
Profit or (-) loss before tax from discontinued operations	032	-	-
(Tax expense or (-) income related to discontinued operations)	033	-	-
Profit or (-) loss for the year (29 + 30; 34 + 35)	034	143,772,515	182,062,145
Attributable to minority interest [non-controlling interests]	035	-	-
Attributable to owners of the parent	036	143,772,515	182,062,144
STATEMENT OF OTHER COMPREHENSIVE INCOME			
Income or (-) loss for the current year	037	143,772,515	182,062,145
Other comprehensive income (38 + 50)	038	182,222,701	(82,538,216)
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	039	(59,646)	(4,527,763)
Tangible assets	040	(72,739)	(7,533,354)
Intangible assets	041	-	-
Actuarial gains or (-) losses on defined benefit pension plans	042	-	1,825,625
Fixed assets and disposal groups classified as held for sale	043	-	-
Share of other recognised income and expense of entities accounted for using the equity method	044	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	045	-	-
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	046	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	047	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	048	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	049	-	-
Income tax relating to items that will not be reclassified	050	13,093	1,508,578
Items that may be reclassified to profit or loss (from 51 to 58)	051	182,282,347	(78,339,065)
Hedge of net investments in foreign operations [effective portion]	052	-	-
Foreign currency translation	053	-	-
Cash flow hedges [effective portion]	054	-	-
Hedging instruments [not designated elements]	055	-	-
Debt instruments at fair value through other comprehensive income	056	230,953,233	(95,463,311)
Fixed assets and disposal groups classified as held for sale	057	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	058	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	059	(48,670,886)	17,124,246
Total comprehensive income for the current year (36 + 37; 60 + 61)	060	325,995,216	99,523,929
Attributable to minority interest [non-controlling interest]	061	-	-
Attributable to owners of the parent	062	325,995,216	99,523,929

STATEMENT OF CASH FLOW
for the period January 01, 2020 to December 31, 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	90,724,397	227,124,253
Adjustments:		-	-
Impairment and provisions	010	227,442,554	174,933,719
Depreciation	011	75,961,605	74,952,898
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(93,487,877)	(73,479,009)
(Profit)/loss from the sale of tangible assets	013	-	-
Other non-cash items	014	(533,130,112)	(537,334,753)
Promjene u imovini i obvezama iz poslovnih aktivnosti			
Deposits with the Croatian National Bank	015	(138,266,736)	(280,916,192)
Deposits with financial institutions and loans to financial institutions	016	(912,523)	258,285,873
Loans and advances to other clients	017	(1,257,440,547)	(1,316,301,519)
Securities and other financial instruments at fair value through other comprehensive income	018	(406,248,652)	468,611,329
Securities and other financial instruments held for trading	019	250,303,478	(65,609,242)
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	-	-
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	(19,522,798)	-
Securities and other financial instruments at amortised cost	022	95,018,103	2,326,911
Other assets from operating activities	023	5,003,711	2,682,650
Deposits from financial institutions	024	(53,076,859)	105,943,541
Transaction accounts of other clients	025	151,009,453	1,255,559,114
Savings deposits of other clients	026	354,874,462	720,175,408
Time deposits of other clients	027	(659,126,094)	(928,046,118)
Derivative financial liabilities and other liabilities held for trading	028	417,751	5,952,655
Other liabilities from operating activities	029	-	862,044
Interest received from operating activities [indirect method]	030	509,499,920	588,918,099
Dividends received from operating activities [indirect method]	031	-	3,280,842
Interest paid from operating activities [indirect method]	032	(48,067,618)	(51,583,346)
(Income tax paid)	033	-	-
Net cash flow from operating activities (from 1 to 33)	034	(1,449,024,382)	636,339,157
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	(48,408,503)	(58,989,941)
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	70,953,916	-
Dividends received from investing activities	038	(3,645,670)	2,326,911
Other receipts/payments from investing activities	039	-	-
Net cash flow from investing activities (from 35 to 39)	040	18,899,743	(56,663,030)
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	335,049,011	475,822,595
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	335,049,011	475,822,595
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	(1,095,075,628)	1,055,498,721
Cash and cash equivalents at the beginning of period	049	4,132,394,524	3,037,318,898
Effect of exchange rate fluctuations on cash and cash equivalents	050	-	(8,624,819)
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	3,037,318,896	4,084,192,800

STATEMENT OF CHANGES IN EQUITY
for the period January 01, 2020 to December 31, 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	-	-	-	-	28,107,597	(24,739,262)	-	-	-	-	-	-	-	3,368,335
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	-	-	-	347,512,770	128,435,207	-	539,561,769	(477,000)	143,772,514	-	-	-	2,373,580,260
Ordinary shares issue	005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	007	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase/sale of treasury shares	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity instruments	016	-	-	-	-	-	71,886,257	-	71,886,257	-	(143,772,514)	-	-	-	-
Share based payments	017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease of equity instruments	018	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current year	019	-	-	-	-	(82,538,215)	-	-	-	-	182,062,145	-	-	-	99,523,930
Equity instruments increase or (-) decrease resulting from business combinations	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	-	-	-	264,974,555	200,321,464	-	611,448,026	(477,000)	182,062,145	-	-	-	2,473,104,190

Notes to financial statements

1) INTEREST INCOME		in HRK					
AOP 001	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Debt securities	93,737,077	81,200,505					
Loans and advances	509,816,505	507,402,688					
Other assets	424,091	314,906					
Deposits	-	-					
Other liabilities	-	-					
Total	603,977,673	588,918,099					
2) INTEREST EXPENSE		in HRK					
AOP 002	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Debt securities	-	-					
Loans and advances	2,658,894	2,873,659					
Other assets	-	-					
Deposits	64,311,373	47,526,686					
Other liabilities	1,038,423	1,183,001					
Total	68,008,691	51,583,346					
3) FEE AND COMMISSION INCOME		in HRK					
AOP 005	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Securities	397,609	3,269,735					
Asset management	84,655	44,754					
Custody [according to the type of client]	5,041,832	3,651,553					
Loan commitments	151,466	72,553					
Other	521,818,873	443,117,102					
Total	527,494,435	450,155,698					
4) FEE AND COMMISSION EXPENSE		in HRK					
AOP 006	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Bank clearing and settlement	1,552,230	1,726,624					
Other	326,300,211	272,162,011					
Total	327,852,440	273,888,635					
5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES		in HRK					
AOP 007	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Debt securities	5,158,277	35,035,565					
Loans and advances	-	-					
Deposits	-	-					
Debt Securities issued	-	-					
Other financial liabilities	-	-					
Total	5,158,277	35,035,565					
6) GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING		in HRK					
AOP 008	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Equity instruments	17,025,588	(770,953)					
Debt securities	20,243,874	(7,006,878)					
FX transactions and derivatives	50,246,706	54,846,094					
Total	87,516,168	47,068,263					
7) GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS		in HRK					
AOP 009	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Equity instruments	-	-					
Debt securities	813,430	-					
Loans and advances	-	(571,077)					
Total	813,430	(571,077)					
8) OPERATING EXPENSES		in HRK					
AOP 015 & AOP 017 & AOP 018	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Other operating expenses	6,723,042	13,223,239					
Administrative expenses	391,518,366	381,956,776					
Employee expenses	221,778,276	227,865,502					
Other administrative expenses	169,740,090	154,091,274					
(Contributions in cash rehabilitation committees and Deposit Insurance Schemes)	36,789,659	42,002,367					
Amortization	75,879,820	75,816,110					
Property, plant and equipment	41,291,006	43,011,508					
Investment property	-	-					
Other intangible assets	34,588,814	32,804,602					
Total	510,910,886	512,998,493					
9) IMPAIRMENT LOSSES AND PROVISION EXPENSES		in HRK					
AOP 019 & AOP 020 & AOP 021 & AOP 023	Same period of the previous year 01.01.-31.12.2019	Current period 01.01.-31.12.2020.					
	Cumulative	Cumulative					
Modification gains or (-) losses, net	(15,756,307)	(3,386,347)					
Financial assets at fair value through other comprehensive income	-	-					
Financial assets at amortized cost	(15,756,307)	(3,386,347)					
(Provisions or (-) reversal of provisions)	64,757,476	(61,671,217)					
(Liabilities and Guarantees)	8,774,476	17,214,299					
(Other Provisions)	55,983,000	(78,885,516)					
(Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss)	135,818,040	109,876,155					
(Financial assets at fair value through other comprehensive income)	3,400,611	577,174					
(Financial assets at amortized cost)	132,417,429	109,298,981					
(Impairment or (-) reversal of impairment off of investments in subsidiaries, joint ventures, and associates)	-	-					
(Impairment or (-) reversal of impairment off non-financial assets)	11,535,517	8,711,610					
(Property, plant and equipment)	7,366,349	-					
(Investment property)	3,599,080	8,711,610					
(Goodwill)	-	-					
(Other intangible assets)	-	-					
(Other)	569,488	-					
Total	227,867,340	60,302,895					
10) LOANS AND ADVANCES		in HRK					
AOP 023	31.12.2019.			31.12.2020.			
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
Central banks	1,558,206,655	-	-	1,219,156,918	-	-	
Gross loans	1,558,206,655	-	-	1,219,156,918	-	-	
Allowance	-	-	-	-	-	-	
Government	2,244,696,909	4,456,728	-	2,513,669,837	10,294,601	-	
Gross loans	2,250,085,612	5,026,891	383,503	2,520,514,249	10,456,303	-	
Allowance	(5,388,703)	(570,163)	(383,503)	(6,844,412)	(161,702)	-	
Credit institutions	233,379,950	-	-	368,510,087	-	-	
Gross loans	574,599	-	-	57,300	-	-	
Allowance	(547,979)	-	-	27	-	-	
Deposits	233,416,895	-	-	368,996,913	-	-	
Allowance	(63,565)	-	-	(544,154)	-	-	
Other financial institutions	129,436,444	461,201	-	178,937,655	3,893	-	
Gross loans	117,745,218	466,361	15,995	168,353,095	3,983	-	
Allowance	(398,194)	(5,160)	(15,995)	(584,453)	(90)	-	
Deposits	12,197,705	-	-	11,262,954	-	-	
Allowance	(108,285)	-	-	(93,941)	-	-	
Non - financial institutions	3,632,345,296	170,418,701	441,502,507	3,626,597,766	422,197,574	636,986,564	
Gross loans	3,729,047,913	219,244,197	1,343,775,272	3,753,026,824	480,885,197	1,456,527,825	
Allowance	(96,702,617)	(48,825,496)	(902,272,765)	(126,429,057)	(58,687,623)	(819,541,261)	
Retail	6,301,397,489	304,661,307	192,441,409	7,022,395,635	251,126,985	162,079,076	
Gross loans	6,330,026,490	322,194,397	644,630,416	7,060,888,859	272,846,699	688,049,269	
Allowance	(28,629,002)	(17,533,090)	(452,189,007)	(38,493,224)	(21,719,714)	(525,970,193)	
Total	14,099,462,743	479,997,937	633,943,916	14,929,267,898	683,623,053	799,065,640	
11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS		in HRK					
AOP 013	31.12.2019.	31.12.2020.					
Central banks	-	-					
Local state	-	-					
Credit institutions	-	-					
Other financial institutions	-	-					
Non - financial institutions	6,692,018	5,093,283					
Retail	14,507,069	13,772,618					
Total	21,199,086	18,865,901					
12) DEPOSITS		in HRK					
AOP 044	31.12.2019.	31.12.2020.					
Government	-	400,000,000					
Local state	4,896,096,420	5,325,746,428					
Credit institutions	127,248,024	209,013,088					
Other financial institutions	1,443,658,667	1,397,035,135					
Non - financial institutions	2,739,494,692	3,162,990,953					
Retail	11,737,901,121	12,074,349,419					
Total	20,944,398,925	22,569,135,023					

HPB-R-A stock during the reporting period



Stock data and details

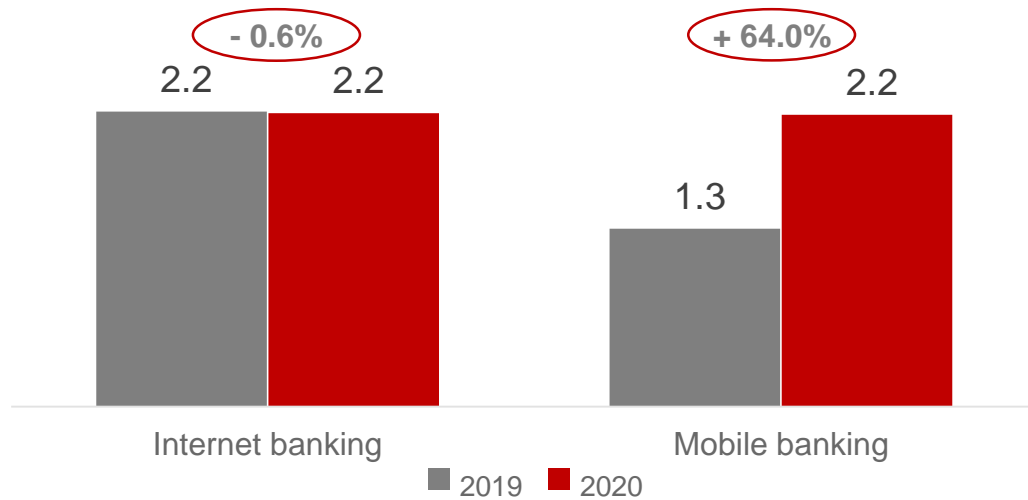
Issue date	December 12, 2000
ISIN	HRHPB0RA0002
Segment	Official market of the Zagreb Stock Exchange
Listed quantity	2,024,625
Share price as at December 30, 2020 (in HRK)	470.00
Market capitalisation (in HRK million)	992.07

Shareholders

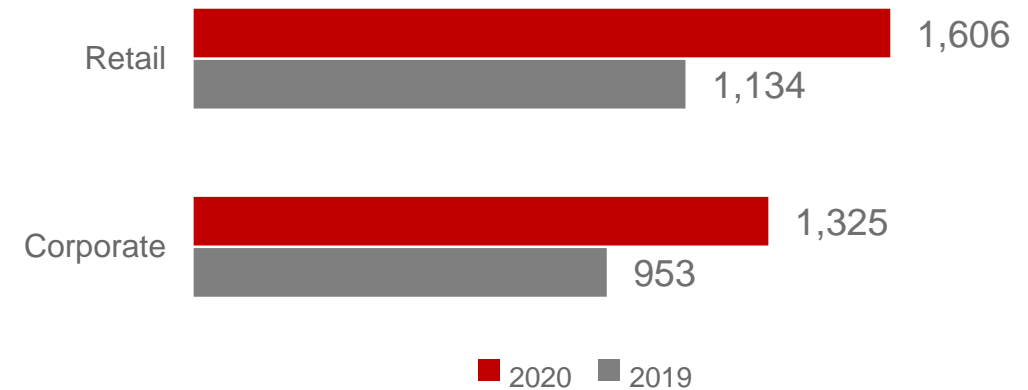
Shareholders	Ownership stake (%)
Republic of Croatia	42.43
Croatian Post PLC	11.93
State Agency for Deposit Insurance and Bank Resolution	8.98
Croatian Pension Insurance Institute	8.76
Hrvatska poštanska banka p.l.c. – treasury shares	0.04
Other shareholders (each under 5% of share of the equity capital)	27.86
Total shares	100.00

Direct channels

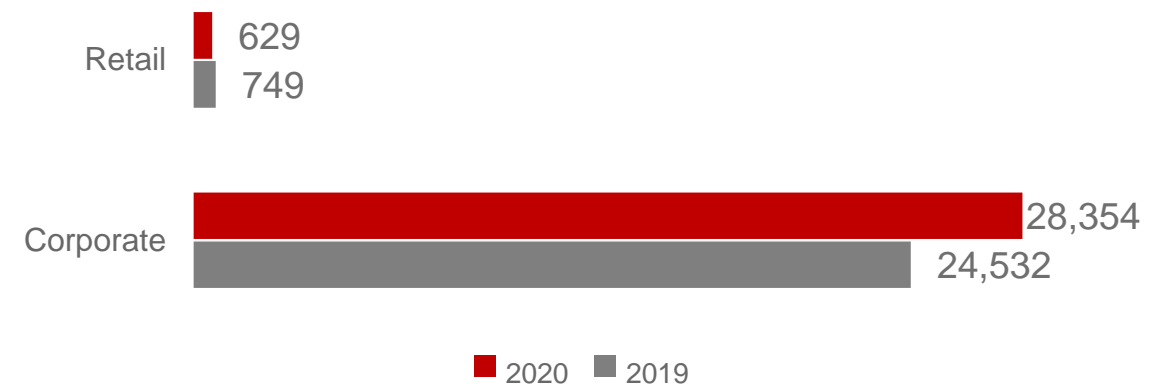
Number of transactions (in mn)



Transaction volume - Mobile banking (in HRK mn)



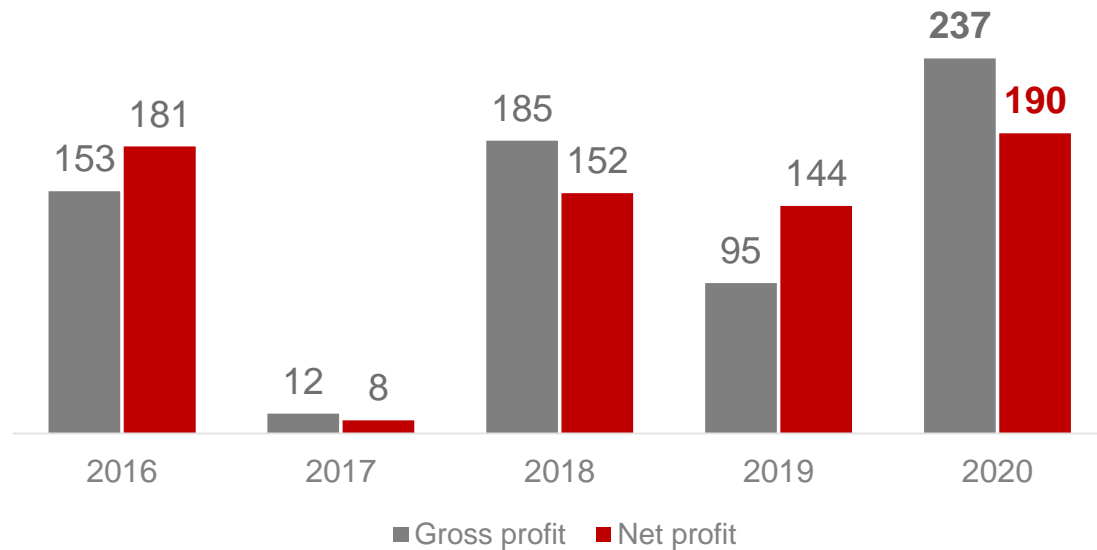
Transaction volume - Internet banking (in HRK mn)



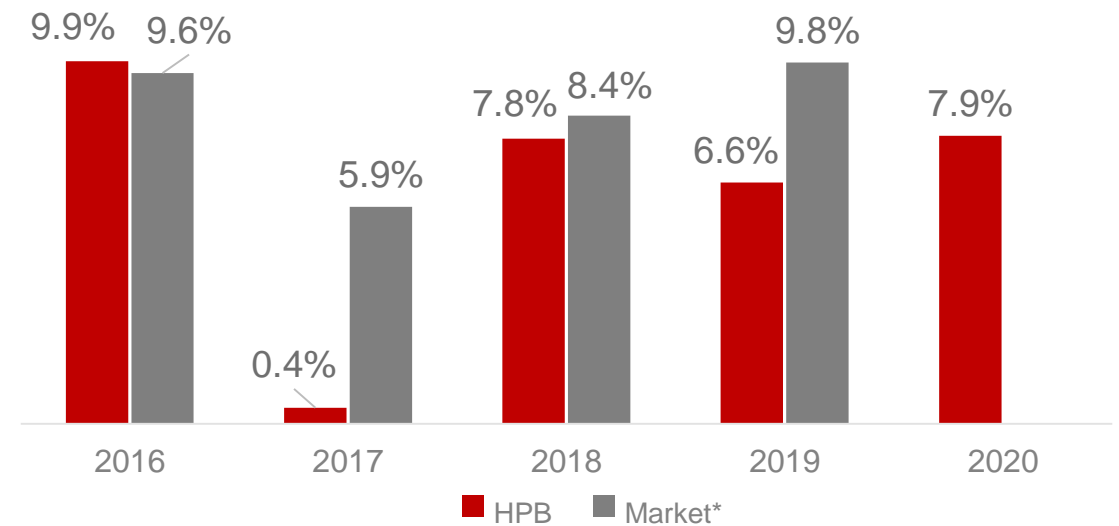
- Expected further increase in mobile banking – both in the volume and number of transactions

Profitability

Profit development (in HRK mn)



Return on Average Equity ROAE

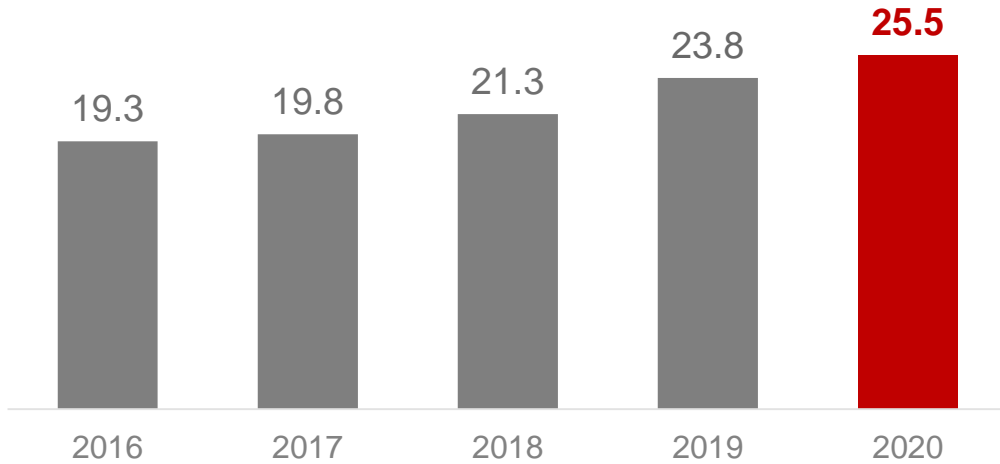


* Market data for year 2020 is not available at time of publishing of this presentation

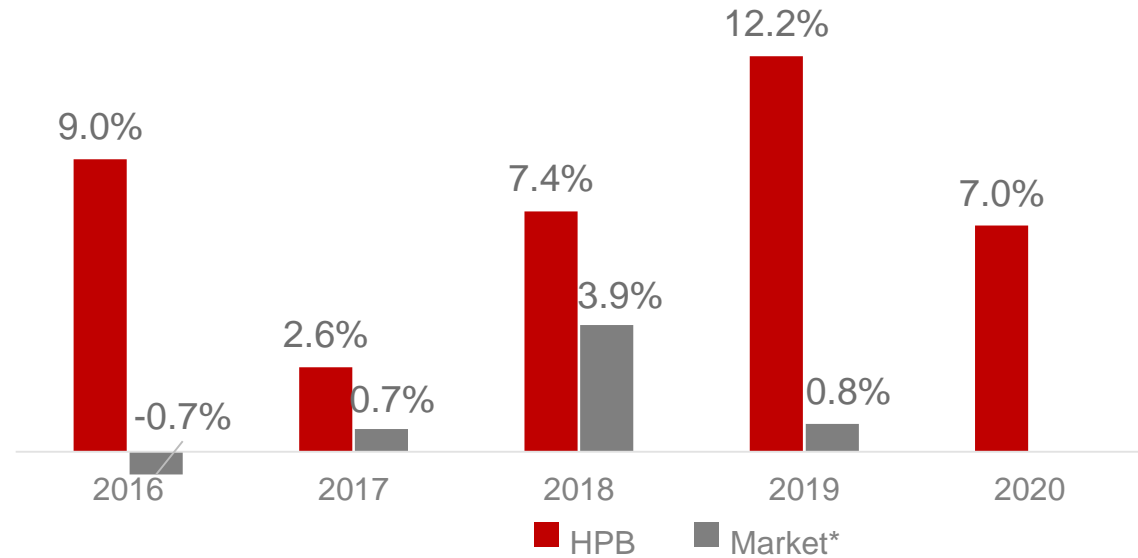
- Marked improvement in ROAE in 2020 over 2019 despite growing equity base from incorporation of previous year profits

Asset development

HPB's Asset development (in HRK bn)



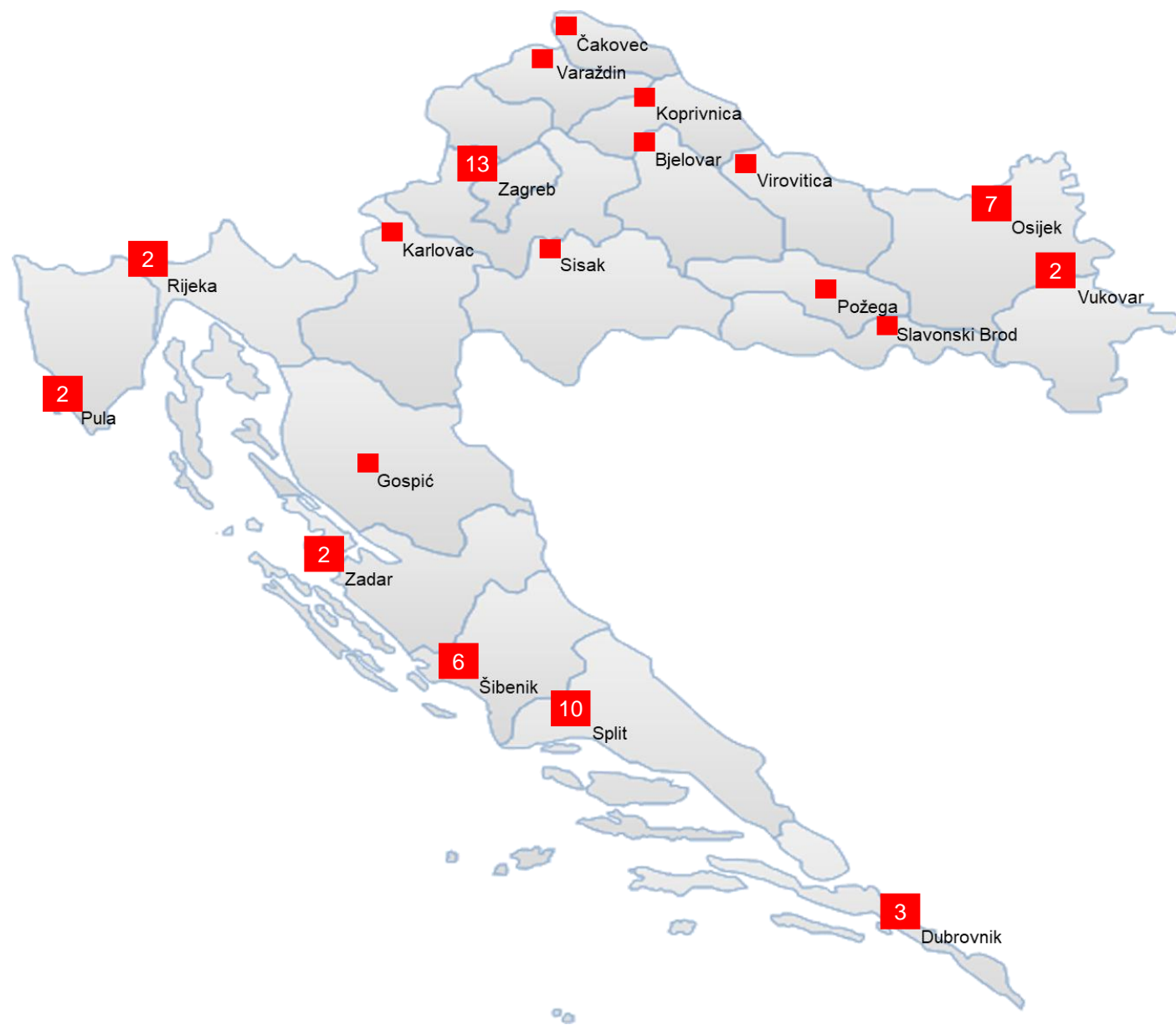
Comparative asset growth rates



* Market share data for year 2020 not available at the time presentation was published

- Rapid organic growth in 2020;
- Asset growth reciprocated with growth in funding. Increase of liquid assets in 2020 was + HRK 707.2 mn;
- LCR (Liquidity Coverage Ratio) as of 31.12.2020 is at 158%.

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

HPB p.l.c.
10 000 Zagreb, Jurišićeva 4

SUPERVISORY BORD

Zagreb, March 30 2021

In accordance with the provision of article 21 of the Articles of Association of HPB p.l.c. (in further text: Bank), and in line with Articles 300.c and 300.d of the Companies Act, Supervisory Board of the Bank has at its meeting held on March 30 2021, made the following:

RESOLUTION

on giving consent to Annual financial statements and consolidated annual financial statements of the Bank and the Group, for the 2020 business year, comprising also the Management Board's annual report on condition of HPB p.l.c. and its subsidiaries for year 2020.

I.

Consent is given to Annual financial statements and consolidated annual financial statements of the Bank and the Group for the business year ended December 31 2020, comprising also the Management Board's annual report on condition of HPB p.l.c. and its subsidiaries, submitted by the Bank's Management Board.

Acceptance is given for Auditor's report by BDO CROATIA d.o.o., Zagreb, Trg J.F.Kennedya 6b. Auditor has conducted the audit of Annual financial statements the Bank and the Group for the year ended December 31 2020.

II.

By giving consent to statements outlined in paragraph I. of this Resolution, Annual financial statements and consolidated annual financial statements of the Bank and Group for the year ended December 31 2020 are considered to be confirmed by the Management Board and the Supervisory Board.

III.

This resolution comes into force on the day of its adoption.

President of the Supervisory Board
Marijana Miličević

HPB p.l.c.
Zagreb, Jurišićeva 4

SUPERVISORY BORD

Zagreb, March 30 2021

In accordance with the provision of article 21 of the Articles of Association of HPB p.l.c. (in further text: Bank), and in line with Article 300.b and Article 275, paragraph 1, point 2 of the Companies Act, Supervisory Board of the Bank has at its meeting held on March 30 2021, made the following:

RESOLUTION

**on giving consent to Management Board's proposal
on allocation of profit earned in 2020**

I.

Bank's Supervisory Board gives its consent and accepts Management Board's proposal on allocation of profit earned in 2020, which is a constituent part of this resolution.

II.

By providing its consent outlined in paragraph I. of this Resolution, Management Board's proposal on allocation of profit earned in 2020 is considered to be confirmed.

III.

Supervisory Board proposes to General Assembly to vote in favour of profit allocation as outlined in Management Board's proposal.

IV.

This resolution comes into force on the day of its adoption and is submitted to General Assembly for adoption.

President of the Supervisory Board
Marijana Miličević