



HRVATSKA POŠTANSKA BANKA

# HPB p.l.c. 12M 2023

Investor information and audited financial statements

March 2024



# Limitation of liability

- The information and data contained in this presentation are intended as general background information on Hrvatska poštanska banka p.l.c. (hereinafter referred to as the Bank or HPB) and its activities. They are provided in summary form and therefore do not necessarily represent complete information. Certain statements contained herein may be statements of future expectations and other forward-looking statements about HPB, which are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, words such as "may," "will," "should," "expects," "plans," "contemplates," "intends," "anticipates," "estimates," "potential" or "continues" and similar expressions typically identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As such, forward-looking statements cannot be guaranteed. Accordingly, we cannot guarantee the realization of such forward-looking statements, nor should full reliance be placed on such forward-looking statements. Many factors may affect our results of operations, financial conditions, liquidity, and developments in the industry in which we operate, and these may differ materially from those expressed or implied by the forward-looking statements contained herein.
- This presentation contains financial and non-financial information and statistical data related to HPB. Such information and data are presented for illustrative purposes only. This presentation may include information and data derived from publicly available sources that have not been independently verified, and therefore HPB hereby expressly makes no representation of warranty of any kind including, but not limited to the accuracy, completeness or reliability of the information and data provided. This presentation is for information purposes only and does not contain a recommendation to buy or sell or an offer to sell or subscribe for shares, nor does it constitute an invitation to make an offer to sell shares.
- This presentation has been prepared and the information in it has been checked with the greatest possible care. Nevertheless, rounding and transmission cannot be excluded. When adding up rounded amounts and percentages, differences may appear.
- From January 1, 2023, the euro was introduced as the official currency in the Republic of Croatia, and for the purposes of this presentation, the previous periods are prepared using a fixed HRK/EUR conversion rate where EUR 1 = HRK 7.53450.

Type and name of prescribed information:	Financial statements for the period 1.1.2023 - 31.12.2023, HPB p.l.c. 12M 2023 Investor information and audited Financial statements for the period 1.1.2023 - 31.12.2023
Issuer name, headquarter and address:	Hrvatska poštanska banka p.l.c., Jurišićeva ulica 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

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. (hereinafter referred to as the Bank or HPB), publishes audited financial statements for the period from January 1 to December 31, 2023.

Original and official report is published in Croatian.

The report includes:

- Management report of HPB 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 the content and structure of the annual issuer's reports (NN 114/2018, 132/2020).

# Statement of the President of the Management Board



**Marko Badurina**, President of the Management Board

*„Since the end of 2019, the Bank's focus on the strategic goals has continuously yielded excellent financial results and achievements, representing huge and important leaps not only for us, but for the whole Croatian banking market.*

*Apart from record breaking financial results from quarter to quarter, HPB stands out by taking an agile approach to growth opportunities on the market – subsequent to successful merger of Nova hrvatska banka we are carrying out operational integration which is in the final phase. Meanwhile, we were the first on the market to significantly increase interest on deposits, which has, alongside the measures of Croatian Government, contributed to the suppression of inflation.*

*HPB has ended 2023 by rising to the Top 5 banks in Croatia by assets' size and by achieving this we are well positioned to have a great start of the new development phase of the now significantly strengthened Croatian bank”*



# Executive Summary

Macroeconomic Environment

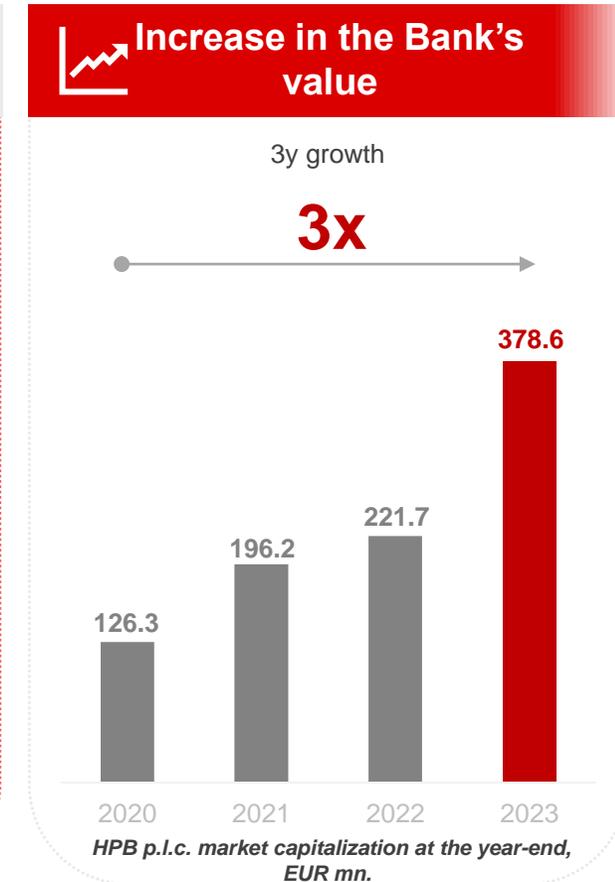
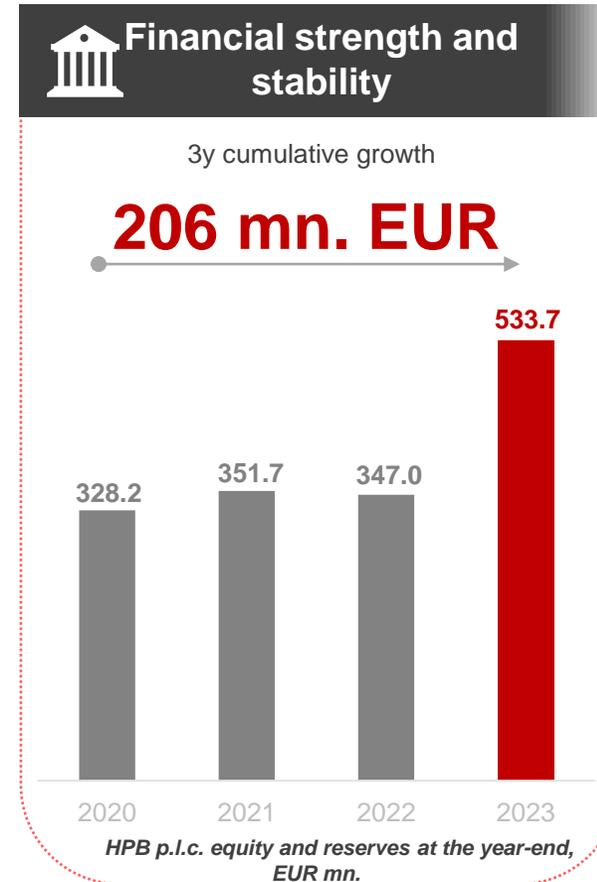
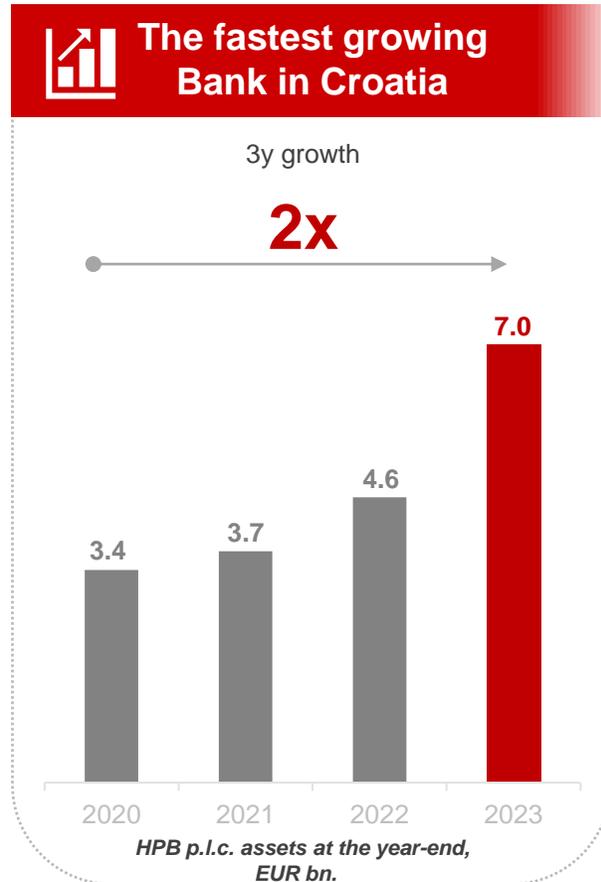
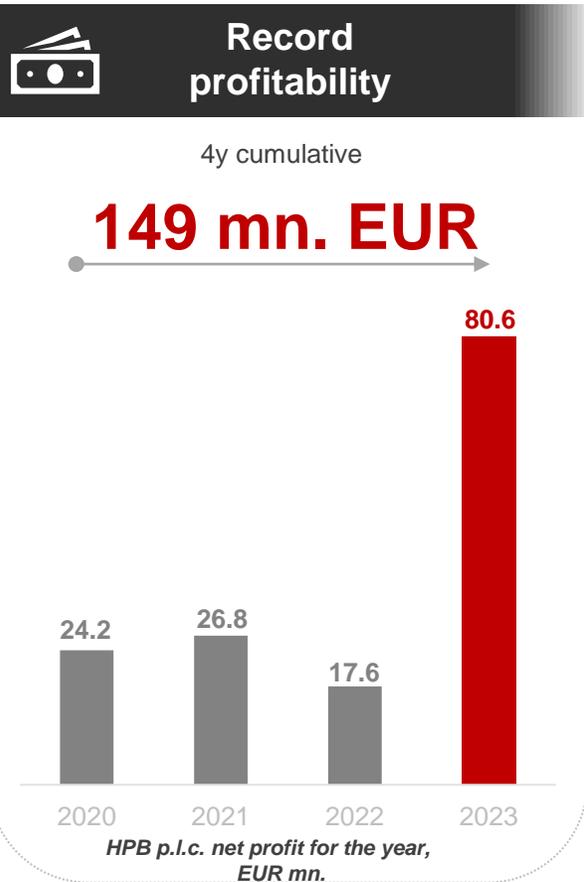
Financials

Risk Management

Additional information



# HPB creates new pages of history

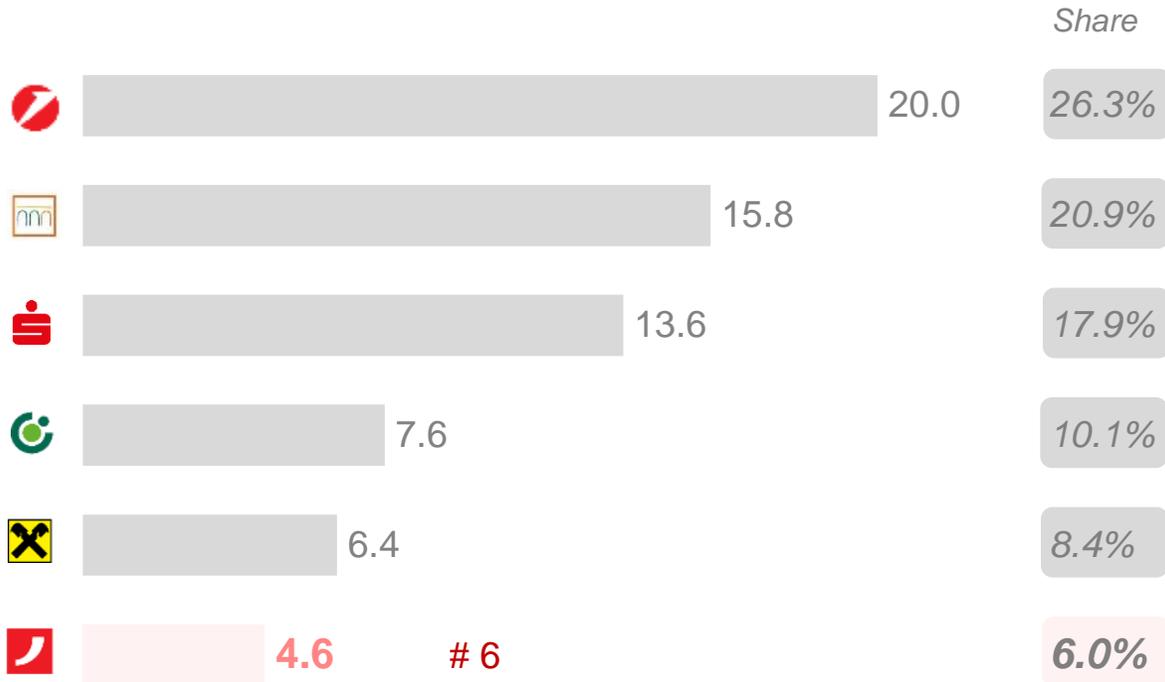


**We are creating conditions for a better life in Croatia.**

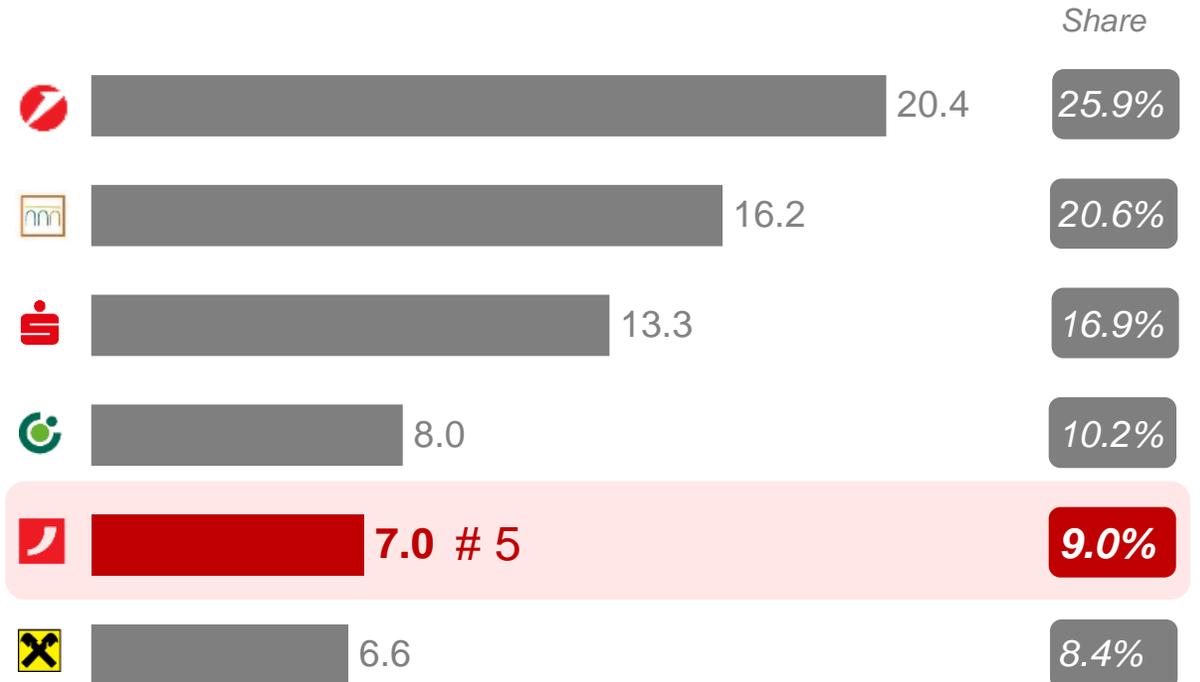
Sources: HPB p.l.c. unconsolidated quarterly financial reports (TFI-KI) for the period Jan 01 – Dec 31 2023

# Bank no. 5 in Croatia – we are changing the market and making a difference

Total assets  
31.12.2022 EUR bn



Total assets  
31.12.2023 EUR bn



Executive Summary

## **Macroeconomic Environment**

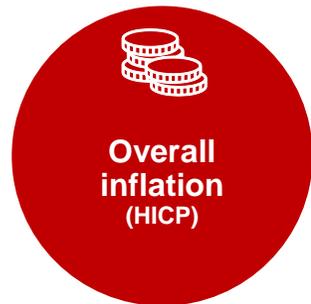
Financials

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# Macroeconomic indicators



**Croatia**

Dec 23: **5.4%**  
Dec 22: 12.7%

**Euro area €**

Dec 23: **2.9%**  
Dec 22: 9.2%



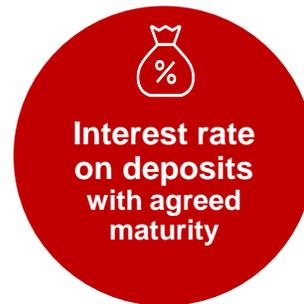
Dec 23: **6.4%**  
Dec 22: 6.7%

Dec 23: **6.4%**  
Dec 22: 6.7%



Q3 23: **3.0%**  
Q3 22: 5.8%

Q3 23: **0.0%**  
Q3 22: 2.5%



**Croatia**

Dec 23: **2.2%**  
Dec 22: 0.2%

Dec 23: **3.4%**  
Dec 22: 0.9%

Q3 23: **5.7%**  
Q3 22: 6.0%

Q3 23: **9.0%**  
Q3 22: 10.3%

Dec 23: **5.0%**  
Dec 22: 4.7%

Dec 23: **3.6%**  
Dec 22: 2.7%

Dec 23: **5.3%**  
Dec 22: 3.5%



**Euro area €**

Dec 23: **3.3%**  
Dec 22: 1.5%

Dec 23: **3.7%**  
Dec 22: 1.8%

Q3 23: **1.8%**  
Q3 22: 2.7%

Q3 23: **1.5%**  
Q3 22: 4.1%

Dec 23: **7.7%**  
Dec 22: 6.4%

Dec 23: **4.0%**  
Dec 22: 2.9%

Dec 23: **5.2%**  
Dec 22: 3.4%

**Households**

**Corporations**

**Households**

**Corporations**

**Households' consumption**

**Households' home purchase**

**Corporations**

Executive Summary

Macroeconomic Environment

**Financials**

Risk Management

Additional information



# The rise in interest income leads to a record net profit

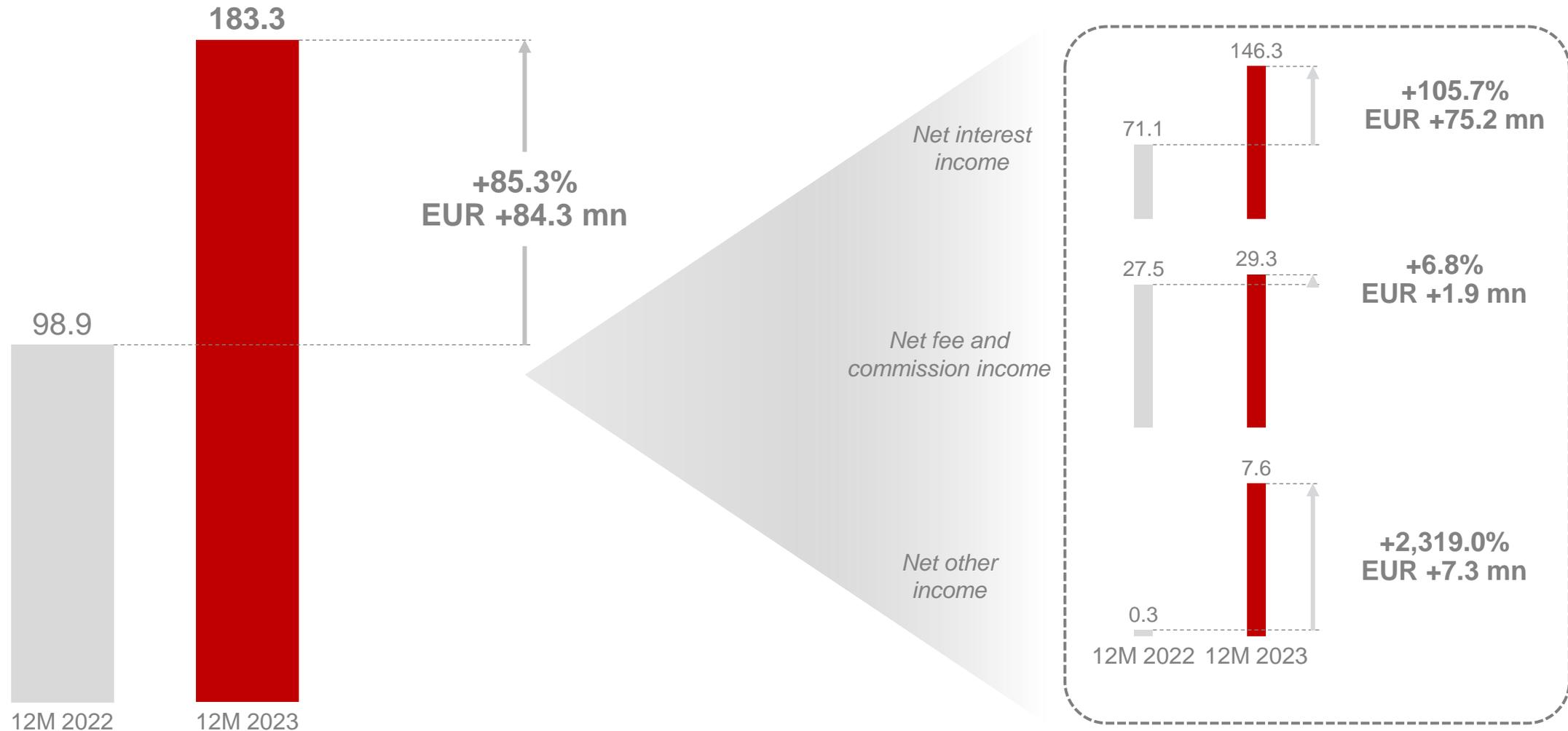
Profit and loss account (EUR mn)	12M 2022	12M 2023 <sup>1</sup>	Y-o-Y	Y-o-Y %
Net interest income	71.1	146.3	75.2	105.7
Net fee and commission income	27.5	29.3	1.9	6.8
Net other income	0.3	7.6	7.3	2,319.0
<b>Operating income</b>	<b>98.9</b>	<b>183.3</b>	<b>84.3</b>	<b>85.3</b>
Employee expenses	(34.7)	(44.2)	9.5	27.4
Administrative expenses	(32.5)	(38.7)	6.2	18.9
Depreciation	(6.5)	(8.7)	2.2	34.2
<b>Operating expenses</b>	<b>(73.7)</b>	<b>(91.6)</b>	<b>17.9</b>	<b>24.2</b>
<b>Operating profit</b>	<b>25.2</b>	<b>91.7</b>	<b>66.5</b>	<b>263.4</b>
Provisions	(4.2)	2.3	6.5	155.4
Tax	(3.4)	(13.4)	10.0	291.3
<b>Profit after tax</b>	<b>17.6</b>	<b>80.6</b>	<b>63.0</b>	<b>358.1</b>

<sup>1</sup> The data in the profit and loss statement for the 12M 2023 include the results of both HPB (1.1.-31.12.) and NHB from the merger date (3.7.-31.12)

- Net interest income is the **key driver of the record growth and net profit level** in the amount of **EUR 80.6 mn**
- A significant increase in interest income caused primarily by an increase in income on deposits with the ECB in line with the movement of the risk-free interest rate during 2023
- The net fee and commission income slightly increased compared to the previous year
- The net other income primarily relates to the gain from the increase in the fair value of the trading portfolio of securities amount to EUR +3.4 mn (compared to EUR -8.6 mn in 2022) and realized one-off net other income in 2023 as a result of legal actions taken in Bank's favor
- Relative increase in employee expenses primarily due to the impact of the merger of NHB in 2023 (from July 3), and to the lesser extent by labor and service price adjustments due to the inflationary environment and other factors
- Administrative expenses in 2023 under the pressure of the merger of NHB, higher expenses for deposit insurance, ubiquitous inflation and implemented project activities
- Provisions under the influence of positive developments in the Bank's performing portfolio and strong collections that mitigated the negative impacts of the NPL portfolio
- A strong increase in income with moderate growth in total expenses resulted in an improvement in the CIR indicator, which in 2023 amounts to 50.0% (2022: 74.5%)

# Strong interest income growth

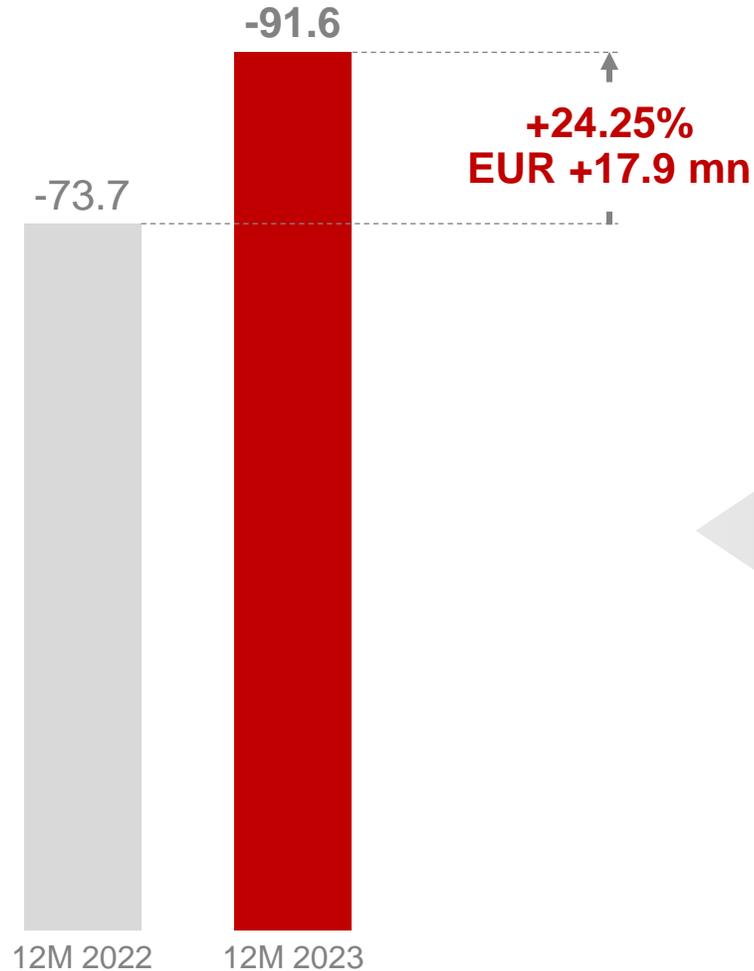
Operating income



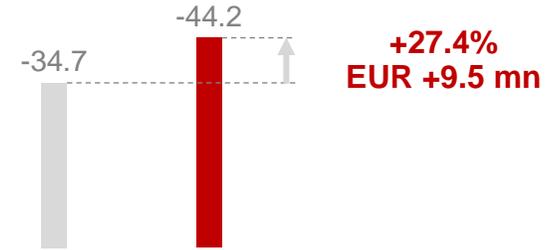
# Record operating profit despite market challenges

(integration, post-implementation of the euro and inflationary pressures)

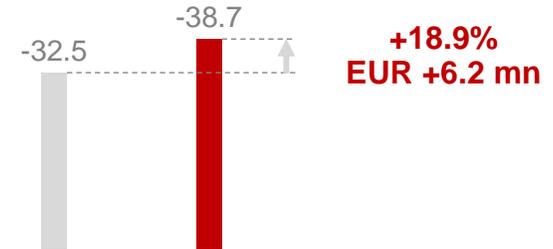
## Operating expenses



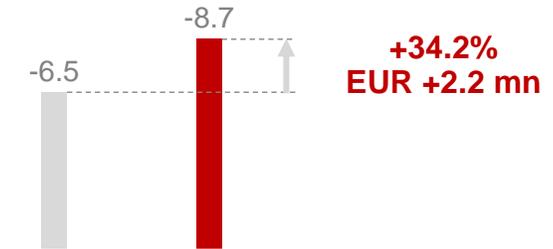
Employee expenses



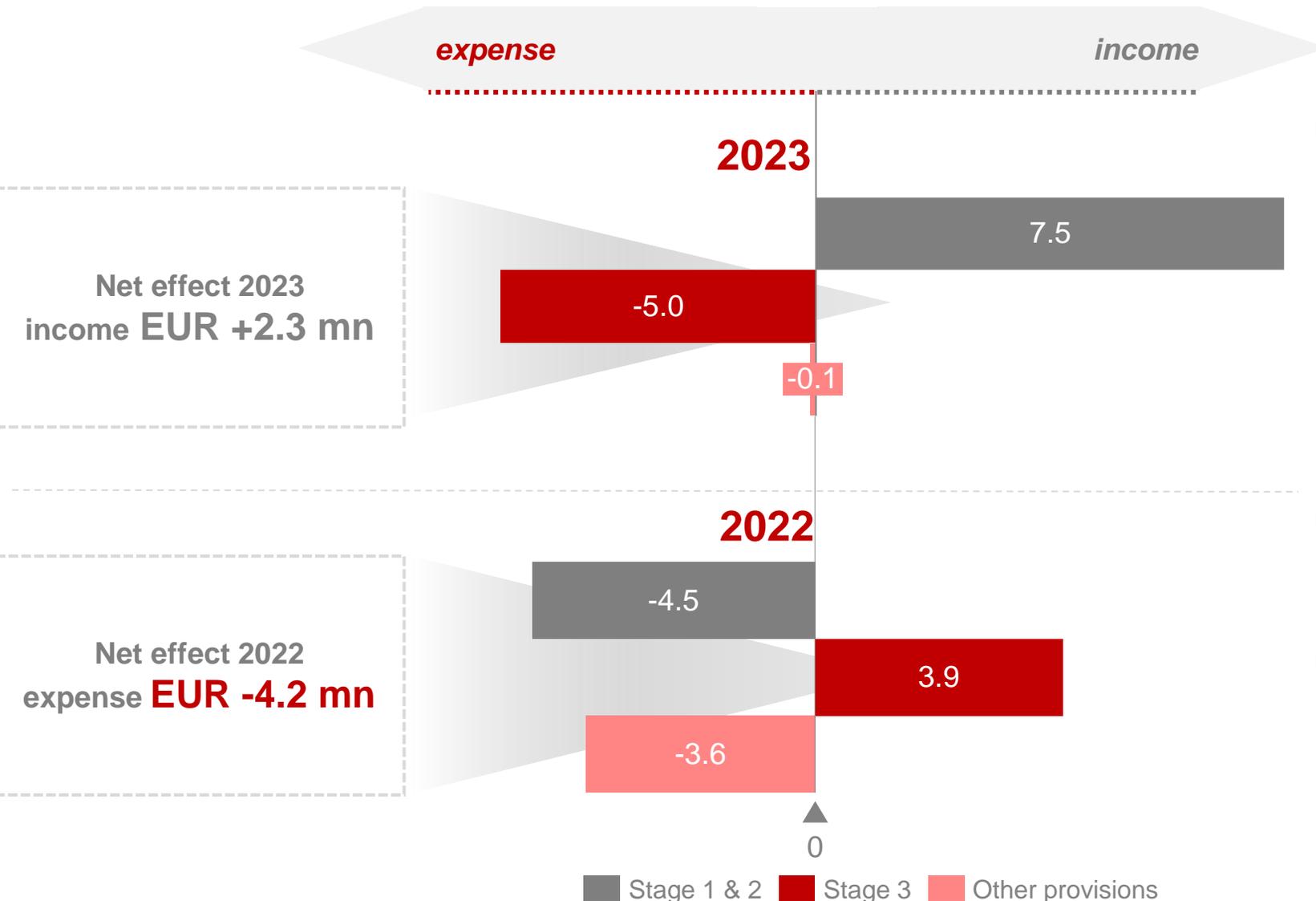
Administrative expenses



Depreciation



# Provision structure



- Due to the improvement of the credit quality of the portfolio, positive macroeconomic expectations and the reduction of the Bank's income exposure in 2023, EUR 7.5 mn of provisions for Stages 1 and 2 were released, while maintaining a very high coverage compared to the market
- Provision expenses from the NPL portfolio are in line with expectations. NPL coverage above market average.
- Other provisions mostly refers to legal cases (*including CHF lawsuits*) and have negligible share in total provisions

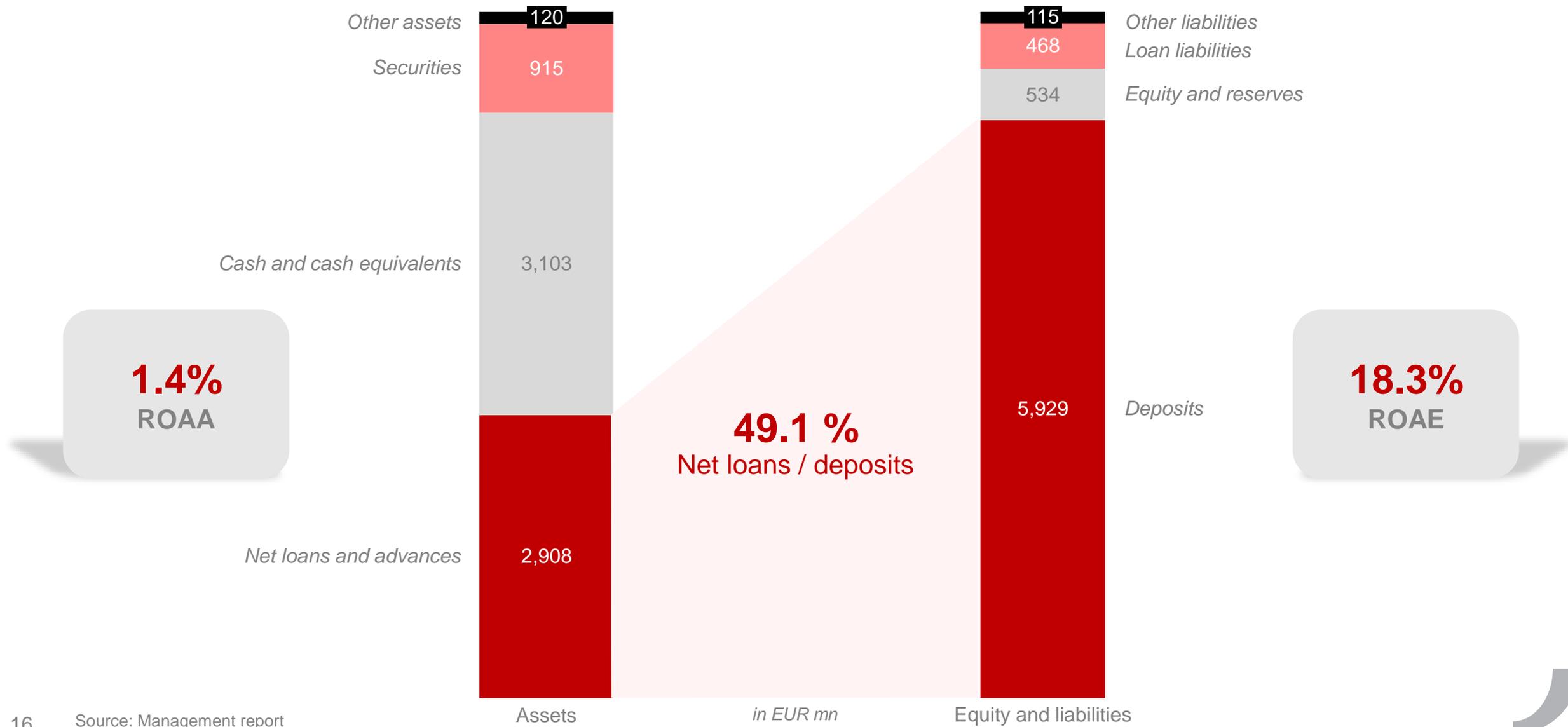
# Strategic rise: assets above EUR 7 bn

Balance sheet (EUR mn)	31.12.2022	31.12.2023	YTD	YTD %
Cash and cash equivalents	1,317	3,103	1,786	135.7
Securities	781	915	133	17.1
Net loans and advances	2,104	2,908	804	38.2
Other assets	361	120	(241)	(66.9)
<b>Total assets</b>	<b>4,563</b>	<b>7,046</b>	<b>2,483</b>	<b>54.4</b>
Deposits	3,925	5,929	2,004	51.0
Loan liabilities	227	468	241	105.8
Other liabilities	64	115	52	81.5
<b>Total liabilities</b>	<b>4,216</b>	<b>6,512</b>	<b>2,296</b>	<b>54.5</b>
<b>Total equity and reserves</b>	<b>347</b>	<b>534</b>	<b>187</b>	<b>53.8</b>

- In 2023, the strong growth of deposits continued (+ EUR 2 bn), particularly term deposits that increased 241.5%, primarily due to success of the new product, HPB Super Štednja, which further strengthened the Bank's market share in terms of assets, additionally empowered with merger effects of NHB
- On the asset side, the inflows are reflected in the cash and cash equivalents position (+ EUR 1.8 bn), with a simultaneous growth of credit portfolio partially influenced by merger effects of HNB and slight growth of the securities portfolio associated with investment in the securities of the Republic of Croatia
- Loan liabilities refer to received loans from financial institutions (HBOR, CNB repo loans and foreign financial institutions) and MREL instruments that the Bank started contracting in 2022. The increase in the volume of these instruments in 2023 contributed to the growth of this position

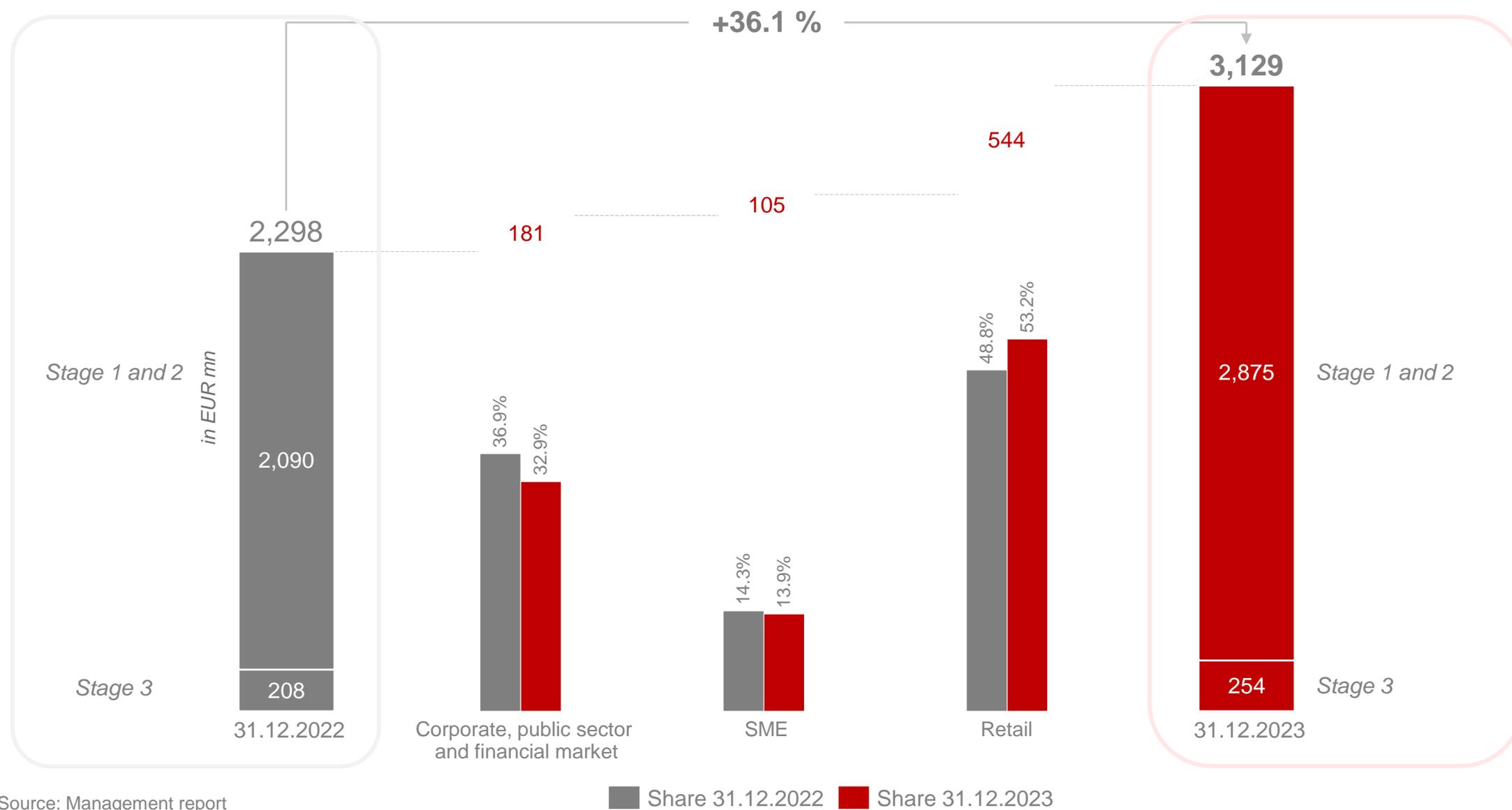
# A significant increase in deposits strengthened the client base

31.12.2023



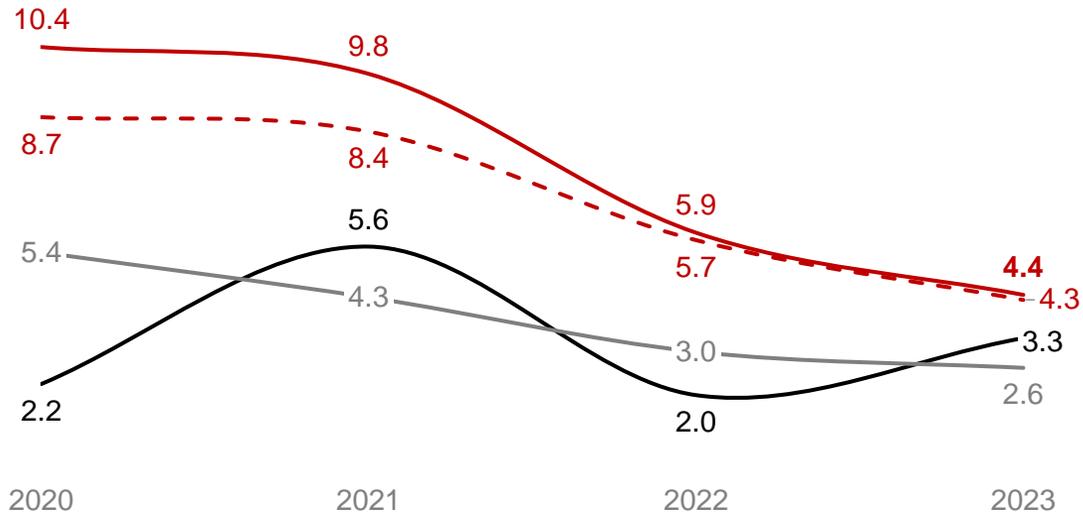
# Gross loan portfolio

Stable dispersion by segments



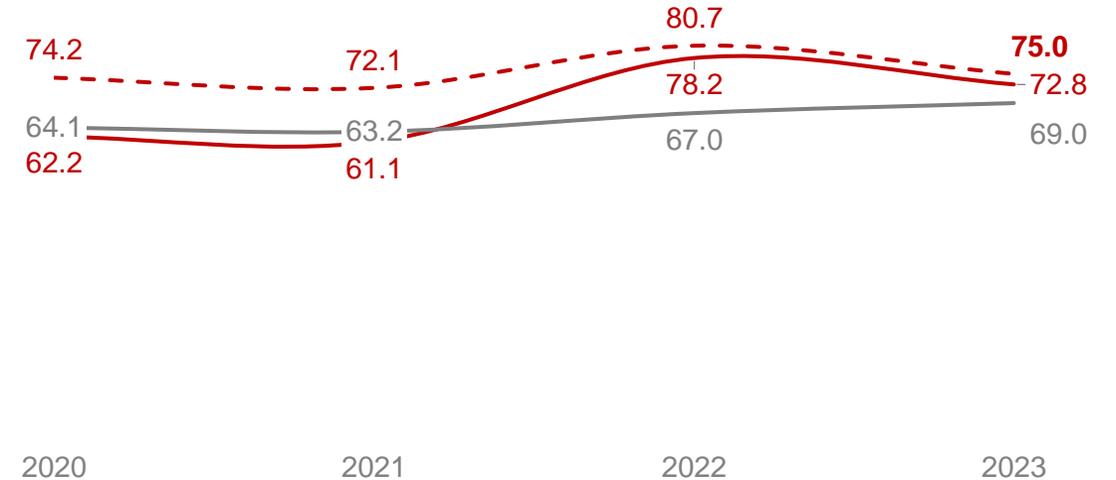
# Significant improvement in NPL ratio

NPL ratio, %



- NPL ratio
- - NPL ratio - excluded gov. guarantees
- Uncovered NPL in CET 1 ratio
- Market NPL ratio

NPL coverage, %

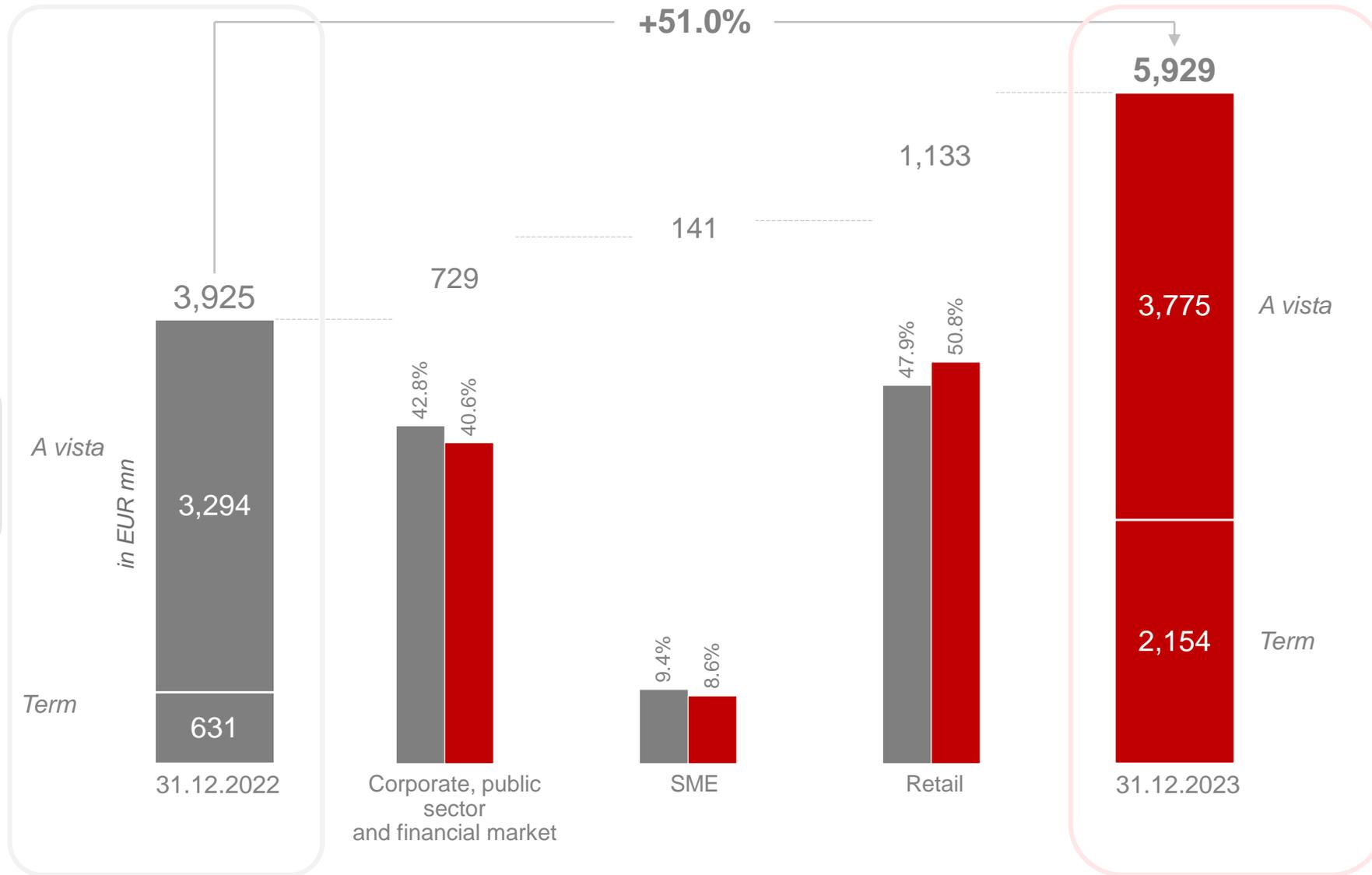


- NPL coverage
- - NPL coverage - excluded gov. guarantees
- Market NPL coverage

- According to effective collection activities and asset growth, **NPL ratio shows a record-best result in the Bank's history**. This, along with the recovery of a part of the portfolio and successful management of NPLs, further confirms and contributes to the overall multi-year success in reducing the NPL level
- **Coverage of NPL still above the level of the sector average** (December 31, 2023: 69.0%)

# Exceptional growth in deposits with robust liquidity

**181.3%**  
LCR  
2022



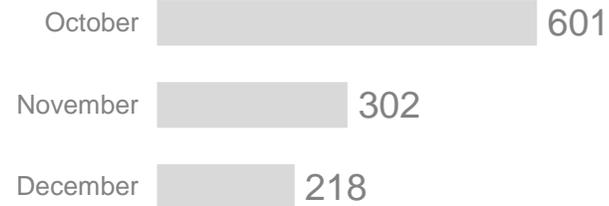
**254.5%**  
LCR  
2023

■ Share 31.12.2022 ■ Share 31.12.2023

# HPB Super Štednja - hit on the market and a magnet for new clients

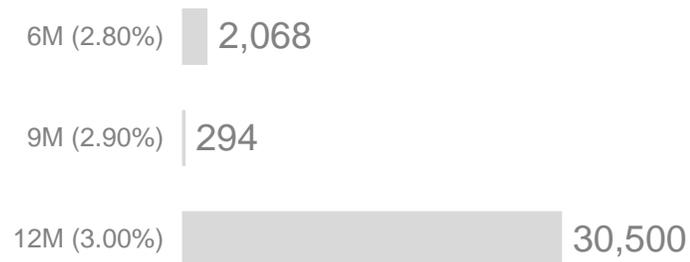
**EUR  
1,121 mn**  
total term  
deposits

Contracted deposits per month (EUR mn)  
31.12.2023



**32,862**  
no. of  
contracted  
deposits

No. of contracts based on maturity and interest rates  
31.12.2023



- Revitalized and strengthened client base
- The outflow of deposits during the issuance of treasury notes has been minimized → **goal to retain clients**



**Super Štednja**

**Super Štednja 2**

- **The latest attractive savings offer from January 1, 2024**
- The strategy focuses on **retaining existing clients and attracting new ones.**

Executive Summary

Macroeconomic Environment

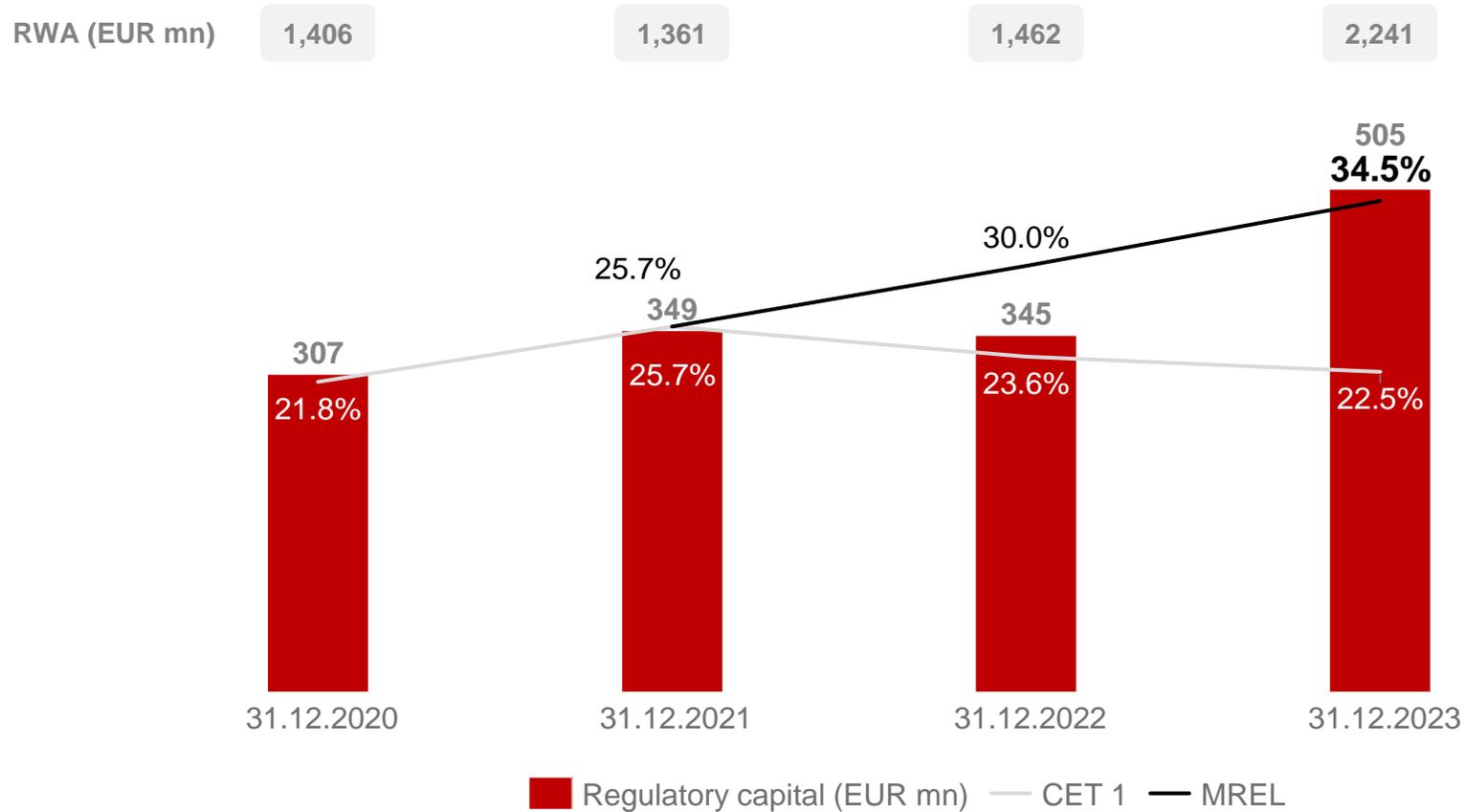
Financials

**Risk Management**

Additional information



# Continuously strong capital position



**34.5%**  
MREL realization

**27.58%**  
MREL regulatory requirement  
31.12.2023

- Regulatory capital adequacy ratio (CAR) under the influence of regulatory capital growth (profit)
- The regulatory MREL requirement as of **January 1, 2024, is 30.81%**. Due to increase in the countercyclical buffer, it is raised by 0.5%, reaching a total of **31.31%**, effective from **June 30, 2024**

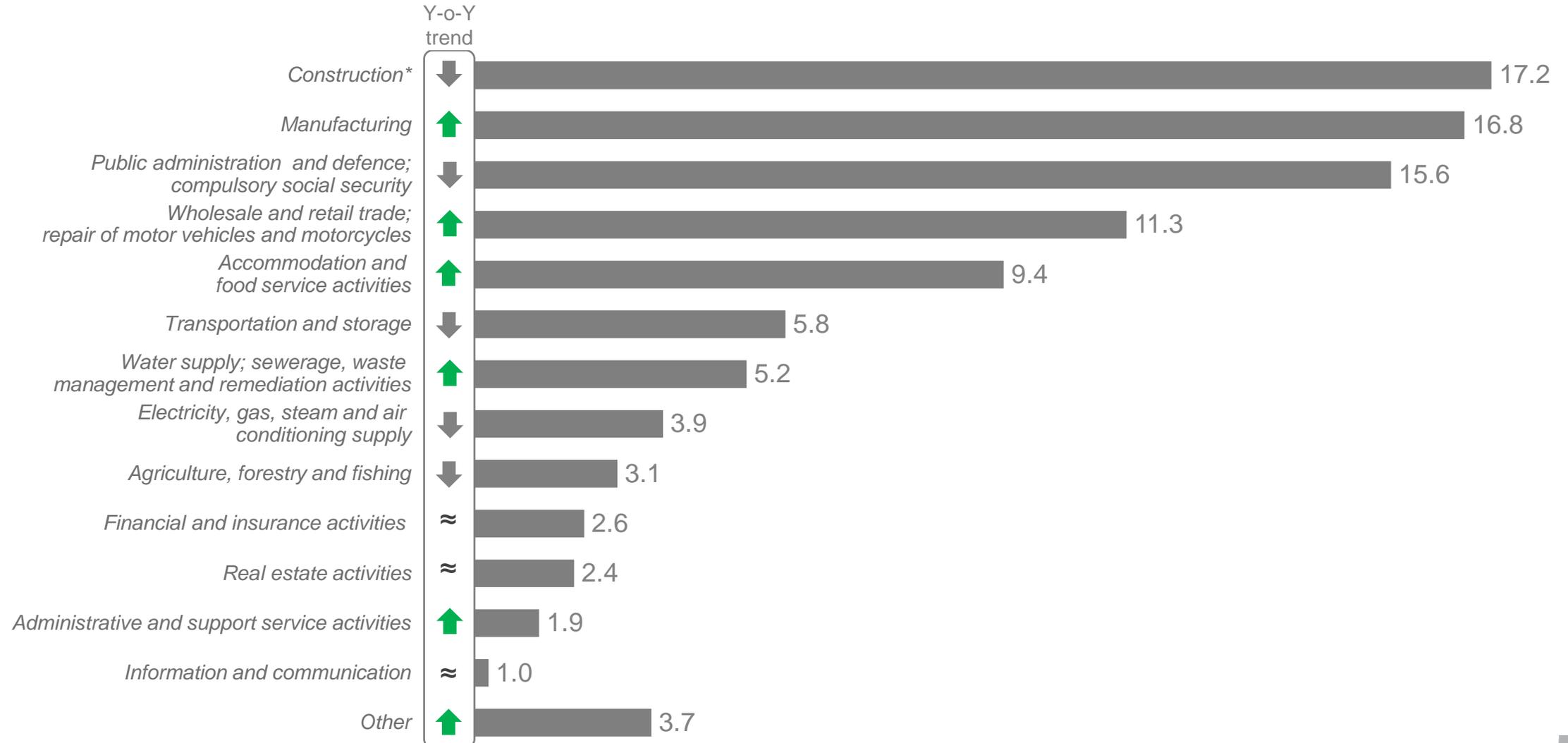
# RWA development



# HPB monitors and supports development of the Croatian economy

## Corporate gross loans per industry, %

31.12.2023



\* Hrvatske autoceste are included in construction industry, with a share of 53.32% of the total exposure to that industry

Source: Management report

Executive Summary

Macroeconomic Environment

Financials

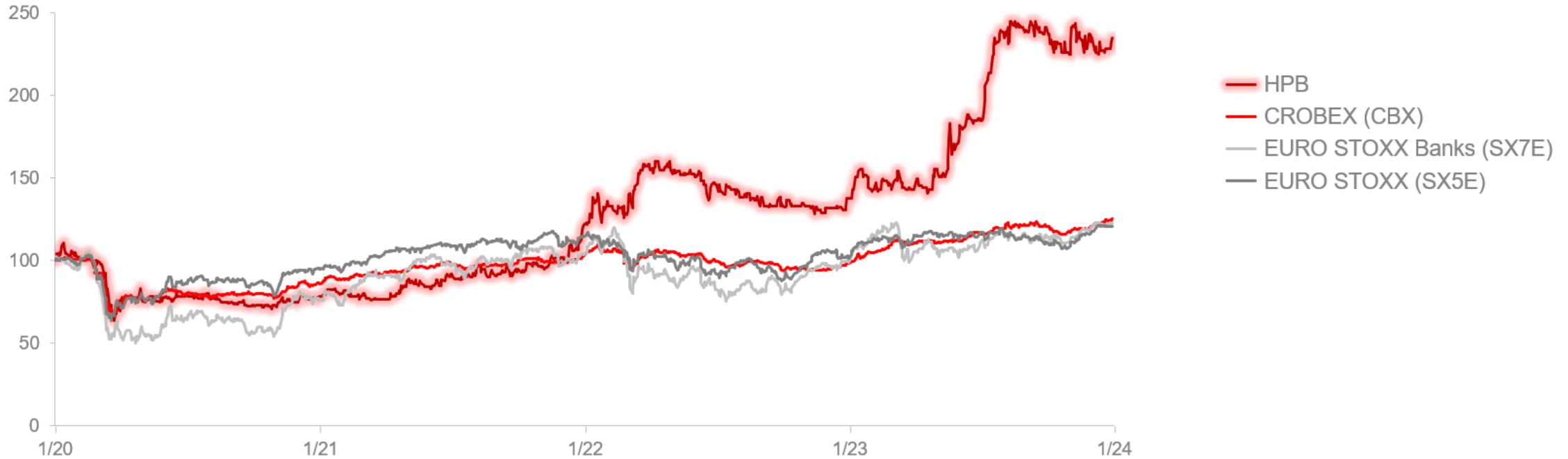
Risk Management

**Additional information**



# Significantly faster growth of the share value than the market

HPB share price movement index and CROBEX, EURO STOXX and EURO STOXX Banks indices



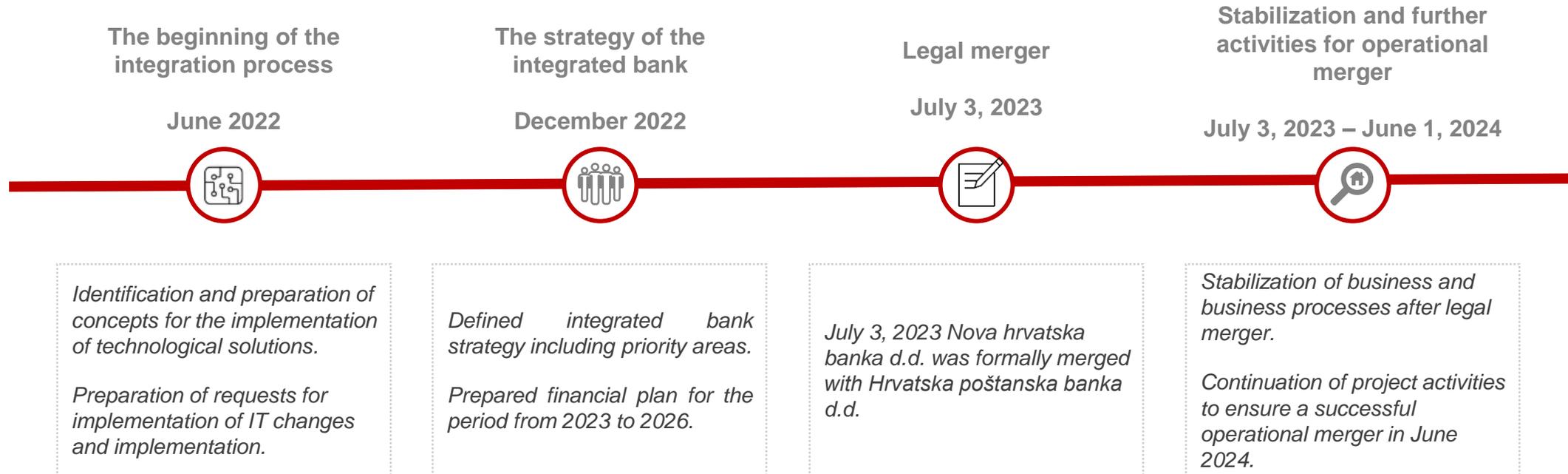
Dividend payment on June 24, 2024 in the amount of EUR 2.61 per share

HPB award winner:



- ZSE - **The share with the largest price increase** in 2023
- PwC - **Recognition for the greatest progress in building public trust** in 2023
- HRIO - **Award of the Croatian Sustainability Index in the Environmental Management category** for 2023
- ZSE - **Stock with the highest turnover** in 2022
- HANFA and ZSE - **Highest compliance with the corporate governance code on the ZSE Official Market** in 2021

# Completion of NHB integration



# Sustainable and socially responsible business (ESG)

## ESG factors and goals

Sustainable business is one of the strategic pillars of the development of HPB

### ENVIRONMENT

Climate change  
Greenhouse gas emissions  
Sustainable resource utilization  
Waste and pollution  
Preservation of biodiversity



### SOCIETY

Working conditions  
Human and child rights  
Health and safety  
Diversity and inclusion  
Employee and community relations



### GOVERNANCE

Remuneration policy  
Bribery and corruption  
Conflict of interest  
Political lobbying  
Diversity of the governing body



Although it supports all 17 global goals, considering its business model, the Bank recognizes its greatest impact in the following goals:

3 HEALTH AND WELL-BEING



5 GENDER EQUALITY



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



12 SUSTAINABLE CONSUMPTION AND PRODUCTION

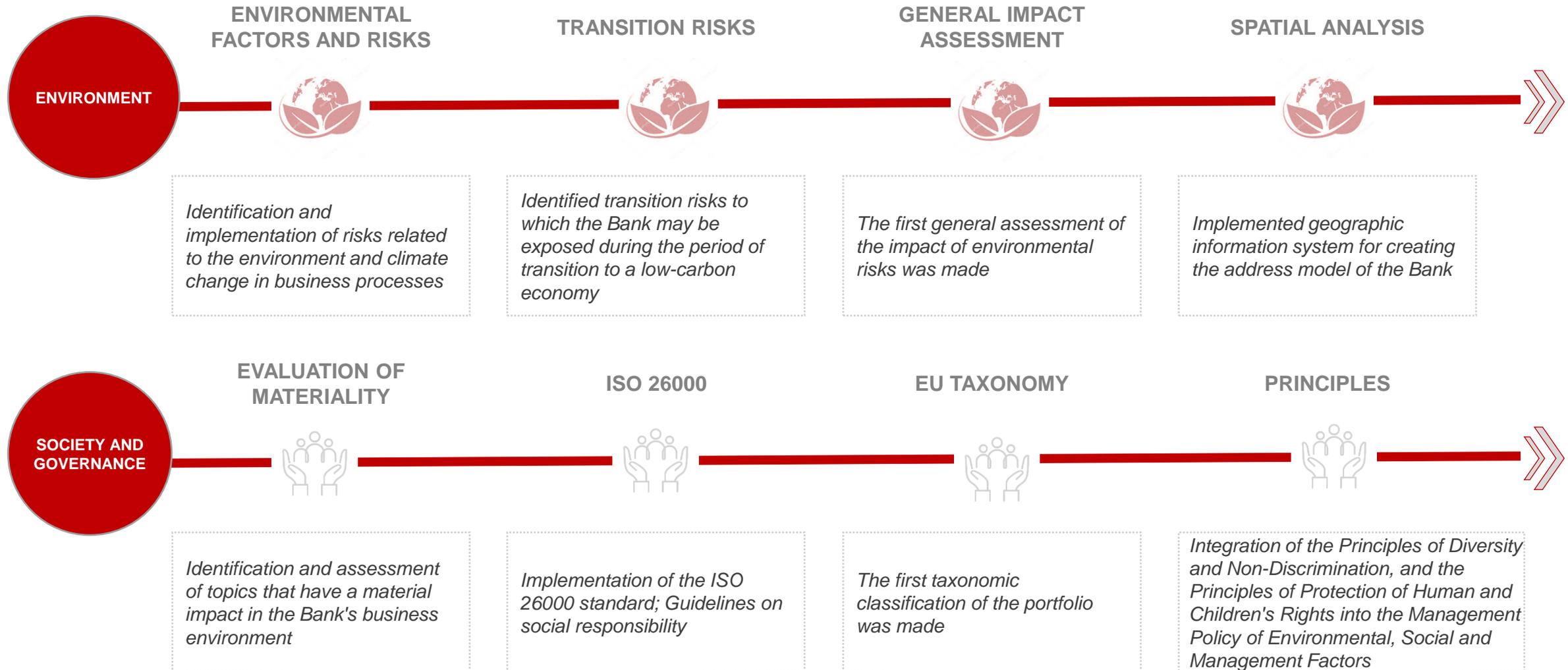


13 CLIMATE ACTION



# Sustainable and socially responsible business (ESG)

## Key activities in transitioning to a low-carbon economy



# Sustainable and socially responsible business (ESG)

## Key activities in the transition to a low-carbon economy – focus in 2024.



Assessment of dual materiality



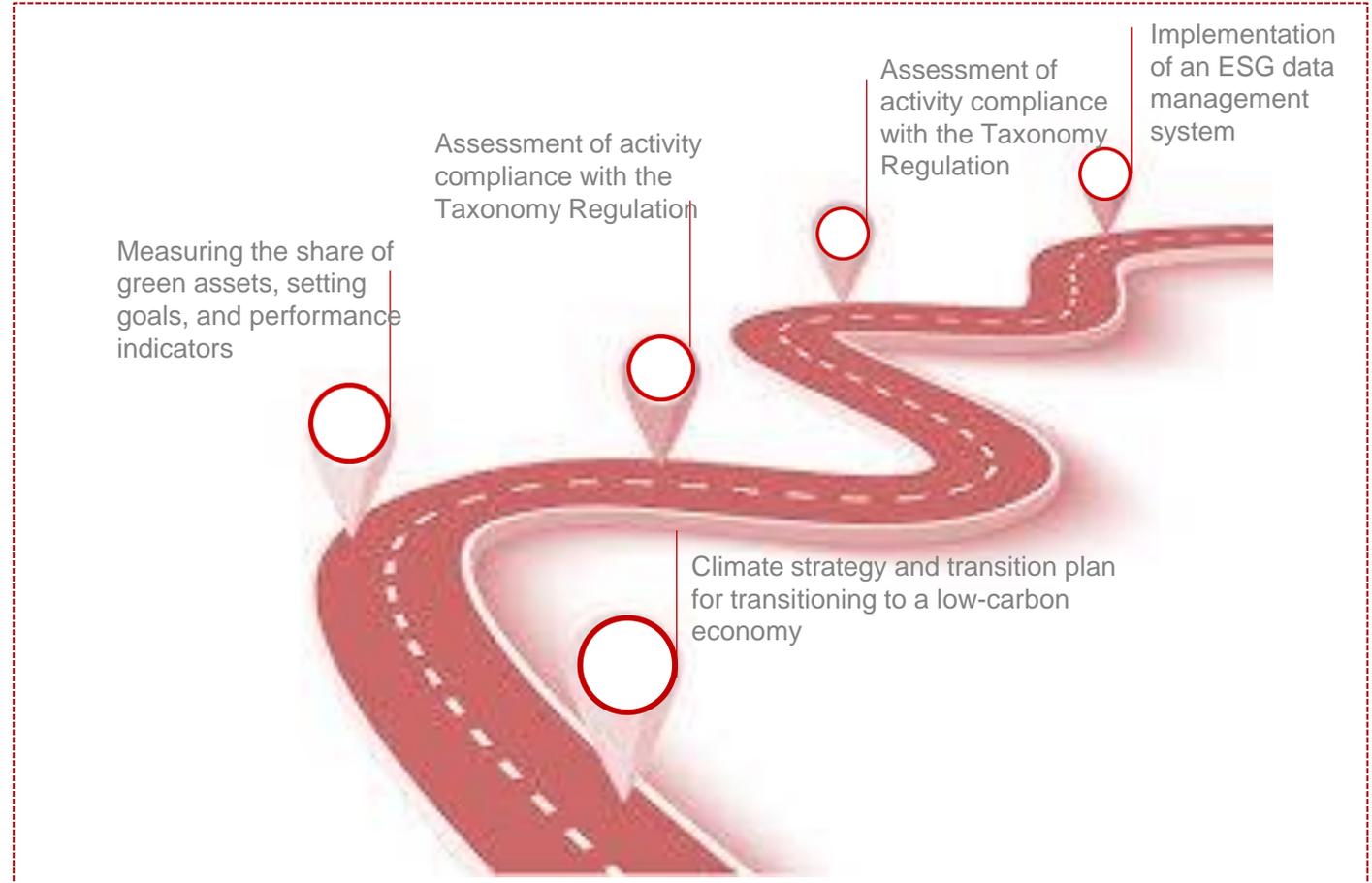
Development of sustainable products



Implementation of new reporting standards according to the Corporate Reporting Directive



Portfolio Transformation and Long-Term Sustainability - Long-term financing for sustainable growth and contributing to the creation of a low-carbon, climate-resilient, and circular economy



# Abbreviations

<b>Abbreviation</b>	<b>Definition</b>
CBRD	Croatian Bank for Reconstruction and Development
CET 1	Common Equity Tier 1
CHF	Swiss Frank
CIR	Cost-to-income ratio
CNB	Croatian National Bank
CROBEX	Croatian Benchmark Stock Exchange Index
ECB	European Central Bank
ESG	Environmental, Social and Governance
GDP	Gross Domestic Product
HICP	Harmonised index of consumer prices
HPB	Hrvatska poštanska banka
ISIN	International Securities Identification Number
LCR	Liquidity Coverage Ratio
MREL	Minimum Requirement for Own Funds and Eligible Liabilities
NHB	Nova hrvatska banka
NPL	Non-Performing Loans
ROAA	Return on Average Assets
ROAE	Return on Average Equity
RWA	Risk-Weighted Assets
Stage 1 and 2	Performing Loans
Stage 3	Non-Performing Loans
Y-o-Y	Year-over-Year
YTD	Year to Date



# Indices calculation

Indicator	Calculation
Liquidity coverage ratio (LCR)	The ratio of liquid assets to net liquidity outflow
NPL coverage	Ratio of accumulated impairments for non-performing loans to total non-performing loans
NPL ratio	Ratio of non-performing loans to total loans
Loan to deposit ratio	Ratio of net loans to deposits as of the reporting date
Cost to income ratio (CIR)	Operating cost to net operating income ratio
Return on average assets (ROAA)	Ratio of annualized profit for the current year to average assets (arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year)
Return on average equity (ROAE)	Ratio of annualized profit for the current year to average equity (arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year)
Common Equity Tier 1 (CET 1)	Common Equity Tier 1 (CET1) capital to risk-weighted assets (RWA) ratio



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

In accordance with the Capital Market Act, the Management Board of HPB p.l.c., states that according to their best knowledge the set of audited financial statements for the period from January 1 to December 31, 2023, are compiled in accordance with the accounting regulation applicable to credit institutions in Croatia, presents complete and accurate view of assets and liabilities, losses and gains, financial position and results of HPB p.l.c.

On behalf of HPB p.l.c.:

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**Marko Badurina**

President of the Management Board

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**Ivan Soldo**

Member of the Management Board

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**Anto Mihaljević**

Member of the Management Board

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**Tadija Vrdoljak**

Member of the Management Board

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**Josip Majher**

Member of the Management Board

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

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Management report of Hrvatska poštanska Banka p.l.c. for the period from January 1 to December 31, 2023 is contained in the previous section of this material.

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**Marko Badurina**

President of the Management Board

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**Ivan Soldo**

Member of the Management Board

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**Anto Mihaljević**

Member of the Management Board

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**Tadija Vrdoljak**

Member of the Management Board

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**Josip Majher**

Member of the Management Board

**ISSUER'S GENERAL DATA**

Reporting period:

1.1.2023

to

31.12.2023

Year:

2023

**Annual financial statements**

Registration number (MB): 03777928

Issuer's home Member  
State code:

HRVATSKA

Entity's registration  
number (MBS): 080010698Personal 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 ULICA 4

E-mail address: hpb@hpb.hr

Web address: www.hpb.hr

Number of employees  
(end of the reporting): 1727

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:  
(name and surname)

**BALANCE SHEET**  
balance as at 31.12.2023

in EUR

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Last day of the preceding business year	Current period
1	2	3	4
<b>Assets</b>			
<b>Cash, cash balances at central banks and other demand deposits (from 2 to 4)</b>	<b>001</b>	<b>1,316,506,298</b>	<b>3,103,793,849</b>
Cash in hand	002	126,110,085	136,782,367
Cash balances at central banks	003	1,179,043,853	2,957,462,257
Other demand deposits	004	11,352,360	9,549,225
<b>Financial assets held for trading (from 6 to 9)</b>	<b>005</b>	<b>54,714,278</b>	<b>54,809,698</b>
Derivatives	006	48,141	612,632
Equity instruments	007	12,505,659	14,348,314
Debt securities	008	42,160,478	39,848,752
Loans and advances	009	0	0
<b>Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)</b>	<b>010</b>	<b>908,193</b>	<b>490,500</b>
Equity instruments	011	0	0
Debt securities	012	0	0
Loans and advances	013	908,193	490,500
<b>Financial assets at fair value through profit or loss (15 + 16)</b>	<b>014</b>	<b>0</b>	<b>0</b>
Debt securities	015	0	0
Loans and advances	016	0	0
<b>Financial assets at fair value through other comprehensive income (from 18 to 20)</b>	<b>017</b>	<b>3,788,891</b>	<b>4,394,287</b>
Equity instruments	018	3,788,891	4,394,287
Debt securities	019	0	0
Loans and advances	020	0	0
<b>Financial assets at amortised cost (22 + 23)</b>	<b>021</b>	<b>3,104,467,730</b>	<b>3,786,154,629</b>
Debt securities	022	722,976,345	855,856,956
Loans and advances	023	2,381,491,385	2,930,297,673
Derivatives - hedge accounting	024	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	0	0
Investments in subsidiaries, joint ventures and associates	026	13,418,985	1,295,487
Tangible assets	027	42,278,803	60,791,774
Intangible assets	028	13,269,613	14,601,447
Tax assets	029	3,006,236	5,316,953
Other assets	030	10,851,336	14,404,364
Fixed assets and disposal groups classified as held for sale	031	0	0
<b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>	<b>032</b>	<b>4,563,210,363</b>	<b>7,046,052,988</b>
<b>Liabilities</b>			
<b>Financial liabilities held for trading (from 34 to 38)</b>	<b>033</b>	<b>70,801</b>	<b>16,165</b>
Derivatives	034	70,801	16,165
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
<b>Financial liabilities at fair value through profit or loss (from 40 to 42)</b>	<b>039</b>	<b>0</b>	<b>0</b>
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
<b>Financial liabilities measured at amortised cost (from 44 to 46)</b>	<b>043</b>	<b>4,163,491,754</b>	<b>6,418,350,046</b>
Deposits	044	4,152,678,064	6,397,218,638
Debt securities issued	045	0	0
Other financial liabilities	046	10,813,690	21,131,408
Derivatives - hedge accounting	047	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	0	0
<b>Provisions</b>	<b>049</b>	<b>19,199,035</b>	<b>41,571,561</b>
<b>Tax liabilities</b>	<b>050</b>	<b>1,469,513</b>	<b>7,508,138</b>
<b>Share capital repayable on demand</b>	<b>051</b>	<b>0</b>	<b>0</b>
<b>Other liabilities</b>	<b>052</b>	<b>31,984,098</b>	<b>44,870,183</b>
Liabilities included in disposal groups classified as held for sale	053	0	0
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	<b>054</b>	<b>4,216,215,201</b>	<b>6,512,316,093</b>
<b>Equity</b>			
Capital	055	161,228,350	161,970,000
Share premium	056	0	0
Equity instruments issued other than capital	057	0	0
Other equity	058	0	0
Accumulated other comprehensive income	059	8,020,695	8,645,102
Retained profit	060	72,286,496	194,508,595
Revaluation reserves	061	0	0
Other reserves	062	87,859,802	87,998,143
(-) Treasury shares	063	0	0
Profit or loss attributable to owners of the parent	064	17,599,819	80,615,055
(-) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>346,995,162</b>	<b>533,736,895</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>4,563,210,363</b>	<b>7,046,052,988</b>

**STATEMENT OF PROFIT OR LOSS**  
for the period 1.1.2023. to 31.12.2023

in EUR

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Interest income	001	74,863,131	172,024,623
(Interest expenses)	002	4,249,157	26,248,803
(Expenses on share capital repayable on demand)	003	0	0
Dividend income	004	338,302	983,998
Fees and commissions income	005	69,332,053	71,144,260
(Fees and commissions expenses)	006	41,861,790	41,786,385
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	404,386	48,460
Gains or (-) losses on financial assets and liabilities held for trading, net	008	-1,063,369	6,458,100
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	-6,391	202,518
Gains or (-) losses on derecognition of financial assets and liabilities at fair value through profit or loss, net	010	0	0
Gains or (-) losses from hedge accounting, net	011	0	0
Exchange rate differences [gain or (-) loss], net	012	-407,326	-1,044,303
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net	013	0	0
Gains or (-) losses on derecognition of non-financial assets, net	014	0	18,970
Other operating income	015	2,686,647	7,671,345
(Other operating expenses)	016	1,602,447	4,441,421
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 15 – 16)</b>	<b>017</b>	<b>98,434,039</b>	<b>185,031,362</b>
(Administrative expenses)	018	60,676,742	77,899,213
(Cash contributions to resolution boards and deposit guarantee schemes)	019	3,286,792	1,614,947
(Depreciation)	020	9,298,176	11,838,680
Modification gains or (-) losses, net	021	-474,335	-423,864
(Provisions or (-) reversal of provisions)	022	6,591,812	-5,364,485
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	023	-2,847,135	1,926,399
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	024	0	0
(Impairment or (-) reversal of impairment on non-financial assets)	025	-73,930	2,664,464
Negative goodwill recognised in profit or loss	026	0	0
Share of the profit or (-) losses of investments in subsidiaries, joint ventures and associates accounted for using the equity method	027	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	028	0	0
Profit or (-) loss before tax from continuing operations (17 – 18 to 20 + 21 - from 22 to 25 + from 26 to 28)	029	21,027,247	94,028,280
(Tax expense or (-) income related to profit or loss from continuing operations)	030	3,427,428	13,413,225
Profit or (-) loss after tax from continuing operations (29 – 30)	031	17,599,819	80,615,055
Profit or (-) loss after tax from discontinued operations (33 – 34)	032	0	0
Profit or (-) loss before tax from discontinued operations	033	0	0
(Tax expense or (-) income related to discontinued operations)	034	0	0
Profit or (-) loss for the year (31 + 32; 36 + 37)	035	17,599,819	80,615,055
Attributable to minority interest [non-controlling interests]	036	0	0
Attributable to owners of the parent	037	17,599,819	80,615,055
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>			
Income or (-) loss for the current year	038	17,599,819	80,615,055
<b>Other comprehensive income (40+ 52)</b>	<b>039</b>	<b>-23,858,488</b>	<b>624,407</b>
<b>Items that will not be reclassified to profit or loss (from 41 to 47 + 50 + 51)</b>	<b>040</b>	<b>1,619,343</b>	<b>624,407</b>
Tangible assets	041	1,644,048	0
Intangible assets	042	0	0
Actuarial gains or (-) losses on defined benefit pension plans	043	0	0
Fixed assets and disposal groups classified as held for sale	044	0	0
Share of other recognised income and expense of entities accounted for using the equity method	045	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	046	330,761	707,640
fair value through other comprehensive income, net	047	0	0
through other comprehensive income [hedged item]	048	0	0
through other comprehensive income [hedging instrument]	049	0	0
Fair value changes of financial liabilities measured at fair value through profit or loss attributable to changes in their credit risk	050	0	0
Income tax relating to items that will not be reclassified	051	-355,466	-83,233
<b>Items that may be reclassified to profit or loss (from 53 to 60)</b>	<b>052</b>	<b>-25,477,831</b>	<b>0</b>
Hedge of net investments in foreign operations [effective portion]	053	0	0
Foreign currency translation	054	0	0
Cash flow hedges [effective portion]	055	0	0
Hedging instruments [not designated elements]	056	0	0
Debt instruments at fair value through other comprehensive income	057	-31,070,526	0
Fixed assets and disposal groups classified as held for sale	058	0	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	059	0	0
Income tax relating to items that may be reclassified to profit or (-) loss	060	5,592,695	0
<b>Total comprehensive income for the current year (38 + 39; 62 + 63)</b>	<b>061</b>	<b>-6,258,669</b>	<b>81,239,462</b>
Attributable to minority interest [non-controlling interest]	062	0	0
Attributable to owners of the parent	063	-6,258,669	81,239,462

**STATEMENT OF CASH FLOW**  
for the period 1.1.2023 to 31.12.2023

in EUR

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year	At the reporting date of the current period
1	2	3	4
<b>Operating activities - direct method</b>			
Interest received and similar receipts	001	0	0
Fees and commissions received	002	0	0
(Interest paid and similar expenditures)	003	0	0
(Fees and commissions paid)	004	0	0
(Operating expenses paid)	005	0	0
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	0	0
Other receipts	007	0	0
(Other expenditures)	008	0	0
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	009	21,027,247	94,028,280
Adjustments:		0	0
Impairment and provisions	010	4,219,012	-349,758
Depreciation	011	9,298,176	11,838,680
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	665,374	-4,433,078
(Profit)/loss from the sale of tangible assets	013	0	0
Other non-cash items	014	-70,613,974	-145,715,515
<b>Changes in assets and liabilities from operating activities</b>			
Deposits with the Croatian National Bank	015	176,049,045	0
Deposits with financial institutions and loans to financial institutions	016	0	0
Loans and advances to other clients	017	-474,416,241	425,370,983
Securities and other financial instruments at fair value through other comprehensive income	018	-32,184,192	0
Securities and other financial instruments held for trading	019	26,390,567	-95,420
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	0	0
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	0	417,693
Securities and other financial instruments at amortised cost	022	-118,705,658	-57,295,990
Other assets from operating activities	023	-3,981,431	-1,460,850
Deposits from financial institutions	024	94,257,224	60,383,971
Transaction accounts of other clients	025	350,095,600	894,102,619
Savings deposits of other clients	026	364,624,112	-385,324,934
Time deposits of other clients	027	-35,379,783	469,743,840
Derivative financial liabilities and other liabilities held for trading	028	-1,647,721	-70,801
Other liabilities from operating activities	029	40,466,458	-10,216,511
Interest received from operating activities [indirect method]	030	74,863,131	172,024,623
Dividends received from operating activities [indirect method]	031	338,302	983,998
Interest paid from operating activities [indirect method]	032	-4,249,157	-26,248,803
(Income tax paid)	033	-767,445	0
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>420,348,646</b>	<b>1,497,683,027</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-10,005,587	-9,359,869
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-12,123,499	0
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	0	0
Dividends received from investing activities	038	0	0
Other receipts/payments from investing activities	039	0	147,986,942
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>040</b>	<b>-22,129,086</b>	<b>138,627,073</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	53,578,453	151,100,976
Net increase/(decrease) in debt securities issued	042	0	0
Net increase/(decrease) in Tier 2 capital instruments	043	0	0
Increase in share capital	044	0	0
(Dividends paid)	045	0	0
Other receipts/(payments) from financing activities	046	90,464	0
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>53,668,917</b>	<b>151,100,976</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>451,888,477</b>	<b>1,787,411,076</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>049</b>	<b>874,237,686</b>	<b>1,316,506,298</b>
Effect of exchange rate fluctuations on cash and cash equivalents	050	-407,326	-123,525
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>051</b>	<b>1,325,718,837</b>	<b>3,103,793,849</b>

**STATEMENT OF CHANGES IN EQUITY**  
for the period from to 31.12.2023

in EUR

Sources of equity changes	ADP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity	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
<b>Opening balance [before restatement]</b>	<b>001</b>	161,228,350	0	0	0	8,020,695	72,286,496	0	87,859,803	0	17,599,819	0	0	0	<b>346,995,163</b>
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Effects of changes in accounting policies</b>	<b>003</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance [current period] (1 + 2 + 3)	004	161,228,350	0	0	0	8,020,695	72,286,496	0	87,859,803	0	17,599,819	0	0	0	<b>346,995,163</b>
Ordinary shares issue	005	741,650	0	0	0	0	0	0	-741,650	0	0	0	0	0	0
Preference shares issue	006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issue of other equity instruments	007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Exercise or expiration of other equity instruments issued</b>	<b>008</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conversion of receivables to equity instruments	009	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Capital reduction</b>	<b>010</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	011	0	0	0	0	0	-5,284,273	0	0	0	0	0	0	0	<b>-5,284,273</b>
Purchase of treasury shares	012	0	0	0	0	0	0	0	0	-6,800	0	0	0	0	<b>-6,800</b>
Sale or cancellation of treasury shares	013	0	0	0	0	0	0	0	0	6,800	0	0	0	0	<b>6,800</b>
Reclassification of financial instruments from equity to liability	014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from liability to equity	015	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Transfers among components of equity</b>	<b>016</b>	0	0	0	0	0	16,719,828	0	0	0	-16,719,828	0	0	0	0
<b>Equity increase or ( - ) decrease resulting from business combinations</b>	<b>017</b>	0	0	0	0	0	110,786,543	0	0	0	0	0	0	0	<b>110,786,543</b>
<b>Share based payments</b>	<b>018</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Other increase or ( - ) decrease in equity</b>	<b>019</b>	0	0	0	0	0	0	0	879,991	0	-879,991	0	0	0	0
<b>Total comprehensive income for the current year</b>	<b>020</b>	0	0	0	0	624,407	0	0	0	0	80,615,055	0	0	0	<b>81,239,462</b>
<b>Closing balance [current period] (from 4 to 20)</b>	<b>021</b>	<b>161,970,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,645,102</b>	<b>194,508,594</b>	<b>0</b>	<b>87,998,144</b>	<b>0</b>	<b>80,615,055</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>533,736,895</b>

Notes to financial statements

1) INTEREST INCOME

in EUR			
AOP 001	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Debt securities	10,563,888	-	17,891,422
Loans and advances	64,300,865	-	103,179,754
Other assets	2,260	-	51,153,447
Deposits	-	-	-
Other liabilities	-	-	-
<b>Total</b>	<b>74,867,113</b>	-	<b>172,024,623</b>

2) INTEREST EXPENSE

in EUR			
AOP 002	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Debt securities	-	-	-
Loans and advances	534,353	-	7,961
Other assets	-	-	-
Deposits	3,692,520	-	26,174,161
Other liabilities	22,284	-	66,682
<b>Total</b>	<b>4,249,157</b>	-	<b>26,248,803</b>

3) FEE AND COMMISSION INCOME

in EUR			
AOP 005	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Securities	314,724	-	336,048
Asset management	3,145	-	6,496
Customer (according to the type of client)	655,229	-	647,257
Loan commitments	3,614	-	6,558
Other	68,355,341	-	70,147,902
<b>Total</b>	<b>69,532,053</b>	-	<b>71,144,261</b>

4) FEE AND COMMISSION EXPENSE

in EUR			
AOP 006	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Bank clearing and settlement	320,708	-	336,260
Other	41,541,082	-	41,450,125
<b>Total</b>	<b>41,861,790</b>	-	<b>41,786,385</b>

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

in EUR			
AOP 007	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Debt securities	-	-	-
Loans and advances	261,119	-	(1,536)
Deposits	-	-	-
Debt Securities issued	-	-	-
Other financial liabilities	-	-	-
<b>Total</b>	<b>123,267 #</b>	-	<b>50,397</b>
		<b>404,386</b>	<b>48,460</b>

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

in EUR			
AOP 008	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Equity instruments	(1,516,338)	-	2,040,867
Debt securities	(7,857,747)	-	1,231,263
FX transactions and derivatives	7,812,716	-	3,176,970
<b>Total</b>	<b>(1,063,369)</b>	-	<b>6,458,100</b>

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

in EUR			
AOP 009	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Equity instruments	-	-	-
Debt securities	-	-	-
Loans and advances	(8,391)	-	202,516
<b>Total</b>	<b>(8,391)</b>	-	<b>202,516</b>

8) OPERATING EXPENSES

in EUR			
AOP 015 & AOP 017 & AOP 018	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Other operating expenses	1,602,447	-	4,441,421
Administrative expenses	60,676,742	-	77,899,213
Employee expenses	34,785,851	-	44,256,226
Other administrative expenses	25,690,891	-	33,642,957
(Contributions in cash rehabilitation committees and Deposit Insurance Schem	3,286,792	-	1,614,947
Amortization	9,296,176	-	11,638,680
Property, plant and equipment	5,290,373	-	7,230,221
Investment property	-	-	-
Other intangible assets	4,037,203	-	4,608,458
<b>Total</b>	<b>74,664,157</b>	-	<b>85,704,290</b>

9) IMPAIRMENT LOSSES AND PROVISION EXPENSES

in EUR			
AOP 019 & AOP 020 & AOP 021 & AOP 023	Same period of the previous year 01.01. - 31.12.2022.	Current period 01.01. - 31.12.2023.	
		Cumulative	Cumulative
Modification gains or (-) losses, net	(474,335)	-	(423,864)
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortized cost	(474,335)	-	(423,864)
(Provisions or (-) reversal of provisions)	6,591,812	-	(5,364,485)
Liabilities towards resolution committees and deposit insurance systems	-	-	-
(Liabilities and Guarantees)	2,026,619	-	(5,052,532)
(Other Provisions)	3,665,193	-	(311,953)
(Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss)	(2,847,135)	-	1,926,399
(Financial assets at fair value through other comprehensive income)	(2,815,299)	-	-
(Financial assets at amortized cost)	(31,836)	-	1,926,399
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures, and associates)	-	-	-
(Impairment or (-) reversal of impairment of non-financial assets)	(73,930)	-	2,664,464
(Property, plant and equipment)	(73,930)	-	(1,694)
(Investment property)	-	-	(6,859)
(Goodwill)	-	-	-
(Other intangible assets)	-	-	2,715,926
(Other)	-	-	-
<b>Total</b>	<b>4,145,082</b>	-	<b>(349,788)</b>

10) LOANS AND ADVANCES

AOP 023	31.12.2022.			31.12.2023.		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Central banks	2,601	-	-	-	-	-
Gross loans	-	-	-	-	-	-
Allowance	-	-	-	-	-	-
Deposits	2,591	-	-	-	-	-
Allowance	-	-	-	-	-	-
<b>Government</b>	<b>466,044,303</b>	<b>4,392,479</b>	<b>67</b>	<b>35,594,286</b>	<b>6,402</b>	<b>527</b>
Gross loans	467,261,947	4,427,815	12,279	35,792,179	11,336	132,772
Allowance	(1,517,644)	(65,337)	(12,213)	(197,893)	(4,934)	(132,245)
<b>Credit institutions</b>	<b>262,570,725</b>	-	-	<b>1,564,563</b>	-	<b>169</b>
Gross loans	13,203	-	-	16,432	-	172
Allowance	(3)	-	-	(0)	-	(4)
Deposits	263,814,761	-	-	1,551,167	-	-
Allowance	(1,257,236)	-	-	(3,035)	-	-
<b>Other financial institutions</b>	<b>36,818,897</b>	<b>68</b>	<b>436</b>	<b>450,864,654</b>	<b>1,773,946</b>	<b>2,846,111</b>
Gross loans	33,757,620	69	66,817	450,089,885	1,805,576	2,916,570
Allowance	(308,941)	(2)	(66,381)	(1,230,810)	(31,630)	(70,459)
Deposits	2,295,401	-	-	2,157,717	-	-
Allowance	(65,183)	-	-	(52,138)	-	-
<b>Non - financial institutions</b>	<b>409,318,331</b>	<b>120,208,881</b>	<b>29,957,266</b>	<b>652,151,087</b>	<b>188,276,332</b>	<b>36,332,674</b>
Gross loans	417,468,373	126,213,825	114,288,065	661,450,793	195,925,929	98,793,546
Allowance	(8,150,041)	(6,004,943)	(84,328,779)	(9,649,177)	(8,246,672)	(82,460,672)
<b>Retail</b>	<b>911,684,973</b>	<b>123,410,939</b>	<b>18,281,069</b>	<b>1,273,097,668</b>	<b>255,463,826</b>	<b>34,225,225</b>
Gross loans	917,701,708	134,674,095	18,451,633	1,279,022,452	277,544,147	167,697,343
Allowance	(6,016,735)	(11,463,156)	(90,150,564)	(5,564,784)	(22,080,319)	(133,472,118)
<b>Total</b>	<b>2,085,240,161</b>	<b>248,012,267</b>	<b>48,238,867</b>	<b>2,413,372,259</b>	<b>443,520,509</b>	<b>73,404,905</b>

11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

in EUR	
AOP 013	31.12.2023.
Central banks	-
Local state	-
Credit institutions	-
Other financial institutions	-
Non - financial institutions	324,420
Retail	583,773
<b>Total</b>	<b>908,193</b>

12) DEPOSITS

in EUR	
AOP 044	31.12.2023.
Government	53,464,431
Local state	1,291,051,359
Credit institutions	67,902,861
Other financial institutions	231,291,384
Non - financial institutions	535,464,803
Retail	1,972,803,223
<b>Total</b>	<b>4,152,978,061</b>

**Hrvatska poštanska banka, p.l.c.**  
**10000 Zagreb, Jurišićeva ulica 4**

**SUPERVISORY BOARD**

Zagreb, March 28, 2024

In accordance with the provision of article 21 of the Articles of Association of HPB p.l.c. (hereinafter: Bank), and in line with Articles 300.c and 300.d of the Companies Act, Supervisory Board of the Bank has on 36. meeting held on March 28, 2024, made the following:

**RESOLUTION**  
**on giving consent**  
**to Annual financial statements and consolidated annual financial**  
**statements of the Bank and the Group for 2023, comprising also the**  
**Management Board's annual report on condition of HPB p.l.c. and its subsidiaries for**  
**year 2023**

**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, 2023, comprising also the Management Board's annual report on condition of HPB p.l.c. and its subsidiaries for 2023.

Acceptance is given for Auditor's report by BDO Croatia d.o.o., Radnička cesta 180, Zagreb. Auditor has conducted the audit of Annual financial statements the Bank and the Group for the year ended December 31, 2023.

**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, 2023, 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

**HRVATSKA POŠTANSKA BANKA, p.l.c.**  
**Zagreb, Jurišićeva ulica 4**

**Management Board**  
Zagreb, March 28, 2024

Number: UB-240328-2

Pursuant to the provision of Article 21 of the Articles of Association of HPB p.l.c. (hereinafter: 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 on 36. meeting held on March 28, 2024, made the following:

**RESOLUTION**  
**on allocation of profit earned in 2023**

**I.**

It is determined that Hrvatska poštanska banka, p.l.c. made a net profit of EUR 80,615,055.48 in the business year ended December 31, 2023.

**II.**

Pursuant to Articles 220 and 222 paragraph 1 of the Companies Act and authority referred to in Article 33 of the Bank's Articles of Association, amount of EUR 1,308,731.67 is allocated to legal reserves, whereby the level of legal reserves reached the maximum amount regulated by Companies Act.

**III.**

The remaining amount of determined net profit in the amount of EUR 79,306,323.81 after its distribution to legal reserves, is allocated to retained earnings.

**IV.**

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

**Explanation:**

The proposed distribution of net profit is in accordance with Articles 220 and 300 b of the Companies Act and the Articles of Association of Hrvatska poštanska banka, p.l.c.

In accordance with strategic guidelines, the Bank will continue to distribute most of the realized net profit of the period to reserves and retained earnings so that the successful operation of the Bank, profitability, and growth within the limits of possibilities can be continued. Considering that the amount of the binding MREL requirement is prescribed for the Bank from January 1, 2024, the Bank must additionally strengthen its regulatory capital in the following periods.

Based on the above, it is considered appropriate:

- **allocation of EUR 1,308,731.67 to legal reserves** is determined by the Companies Act. After mentioned allocation legal reserves of the Bank will reach maximum amount of 5% of share capital according to Article 220, paragraph 3 of the Companies Act, and will no longer be obliged to allocate the realized profit to legal reserves with a given level of share capital in future periods,
- remaining amount of realized net profit earned in 2023 in the amount of **EUR 79,306,323.81 is allocated to retained earnings**. At the same time, it is emphasized:
  - 1) that the amount of **EUR 24,194,268.75 will not be included in the calculation of the Common equity tier 1 capital**, taking into consideration Article 60 of the Act on the Execution of the State Budget of the Republic of Croatia for the year 2024, that - if it is determined by a special decision of the Government of the Republic of Croatia and a decision of the General Assembly - is available for the dividend payment without restrictions from Article 312a of the Credit Institutions Act.
  - 2) that the **remaining amount of retained earnings in the amount of EUR 55,112,05506 will be included in the calculation of the Common equity tier 1 capital**, whereby in the case of a decision to pay a dividend in the above amount or its parts, it is subject to the restrictions from Article 312a of the Credit Institutions Act.

In accordance with the above, it was decided as in the sentence.

Marko Badurina  
President of the Management Board

Distribute to:

1. Finance Management Department
2. Management Board
3. Supervisory Board
4. Archive of the Management Office

**Hrvatska poštanska banka, p.l.c.**  
**10000 Zagreb, Jurišićeva ulica 4**

**SUPERVISORY BOARD**

Zagreb, March 28, 2024

Pursuant to the provision of Article 21 of the Articles of Association of HPB p.l.c. (hereinafter: 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 on 36. meeting held on March 28, 2024, made the following:

**RESOLUTION**  
**on allocation of Bank's profit earned in 2023**

**I.**

Bank's Supervisory Board gives its consent and accepts Management Board's proposal on allocation of profit earned in 2023, which is a consistent 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 2023 is considered to be confirmed.

**III.**

Supervisory Board proposes to General Assembly to vote in favor of allocation of profit earned in 2023 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