



HRVATSKA POŠTANSKA BANKA

Investor information

February 2025

12M 2024

Limitation of liability

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Statement of the President of the Management Board



On the occasion of releasing the annual financial results for 2024, **Marko Badurina, President of the Management Board of Hrvatska poštanska banka**, stated:

„The year behind us has marked the turning point of HPB’s growth and development. By using an agile approach to opportunities we’ve managed to achieve record growth and profitability and have entered the top 5 largest banks in Croatia!

HPB’s market position is strengthened, especially with regard to operating profit and revenue. Meanwhile, overall profitability is still above average in historical terms.

I’m extremely proud of our HPB team which is proving time and again that it is ready for biggest challenges. We will also continue to be reliable support and a desirable partner to Croatian entrepreneurs and citizens.

In any event, HPB is not “standing at a crossroads” anymore, but is continuing to achieve success after success in line with our strategy of growth and profitability. Focus in 2025 will remain on further strengthening of the market position, through innovation, intensifying digital enhancements and solutions and on business endeavors which will secure long term sustainability and competitive edge.“



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Bank dedicated to clients, shareholders and the community

#5

ranking among banks in Croatia by asset size*

from 31.12.2023

#21

ranking among banks in SEE region by asset size**

as of 31.12.2023

578 k

number of clients/users of HPB banking services

as of 31.12.2024

170 k

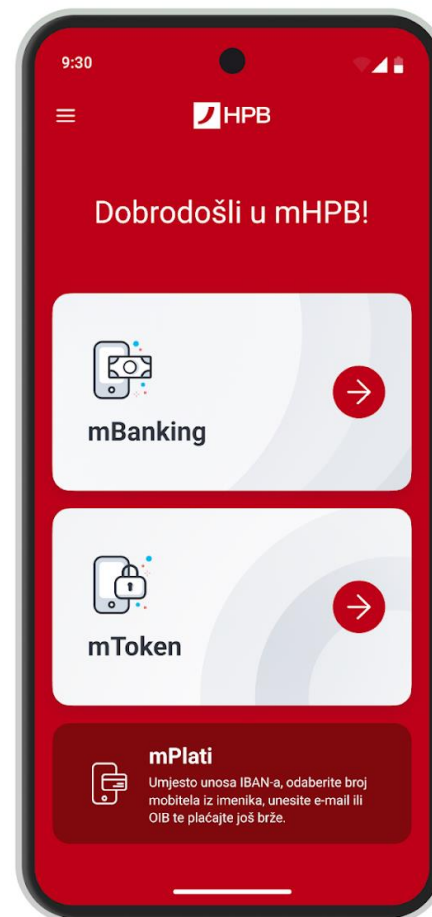
number of clients/users of HPB mobile services

as of 31.12.2024

+70%

HPB market capitalization increase

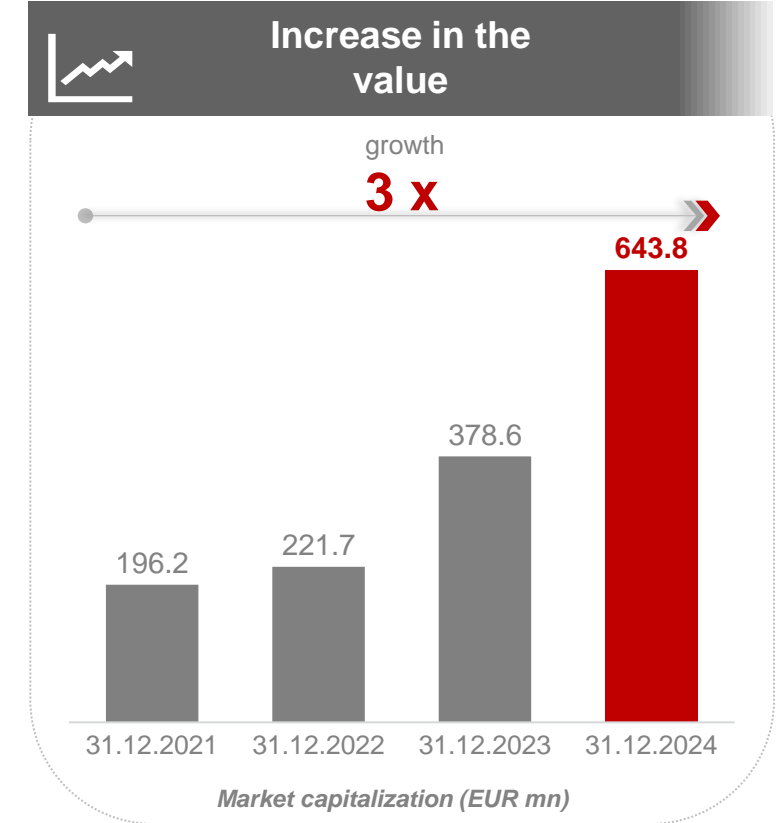
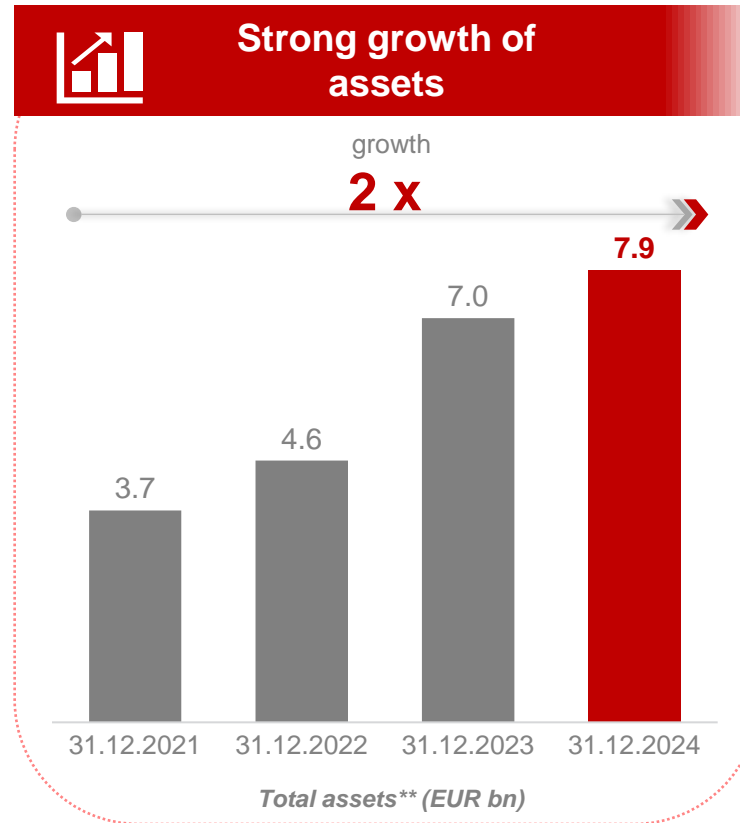
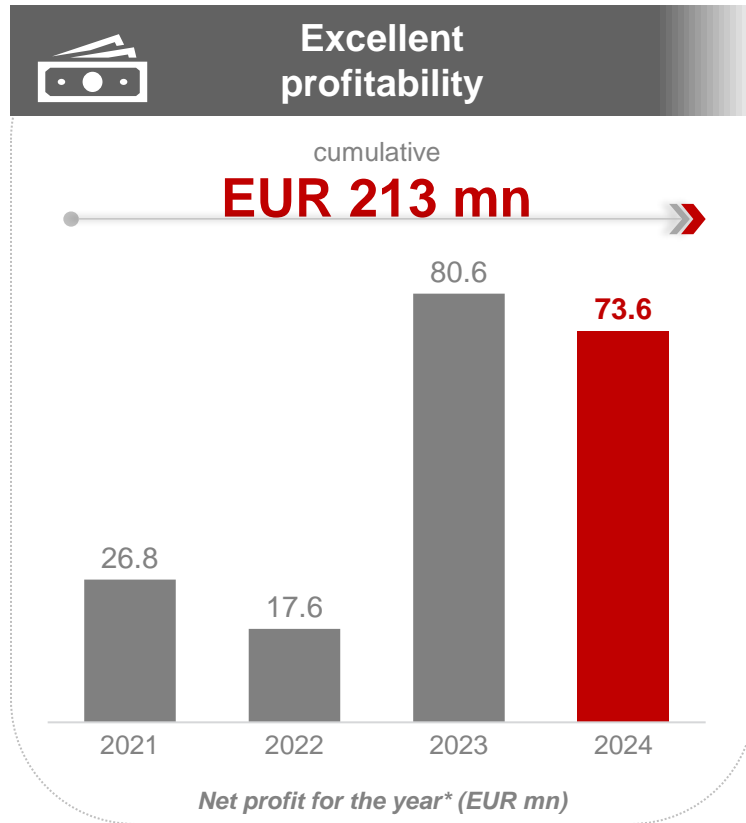
Δ 2024



At the end of 2024, a decision was made to make a significant investment in the Bank's application environment to meet future banking market requirements, create one of the key preconditions for future growth, and achieve long-term strategic goals.

We are creating conditions for a better life in Croatia

Solid foundations for sustainable growth and long-term value creation



* Profit and loss account positions in this presentation for the period 2021-2022 are presented on stand alone basis, while for 2023 include the result of HPB on a stand-alone basis including the result of Nova hrvatska banka for the period from integration till reporting date (3.7.2023 – 30.9.2023) and for 2024 includes the result of integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023

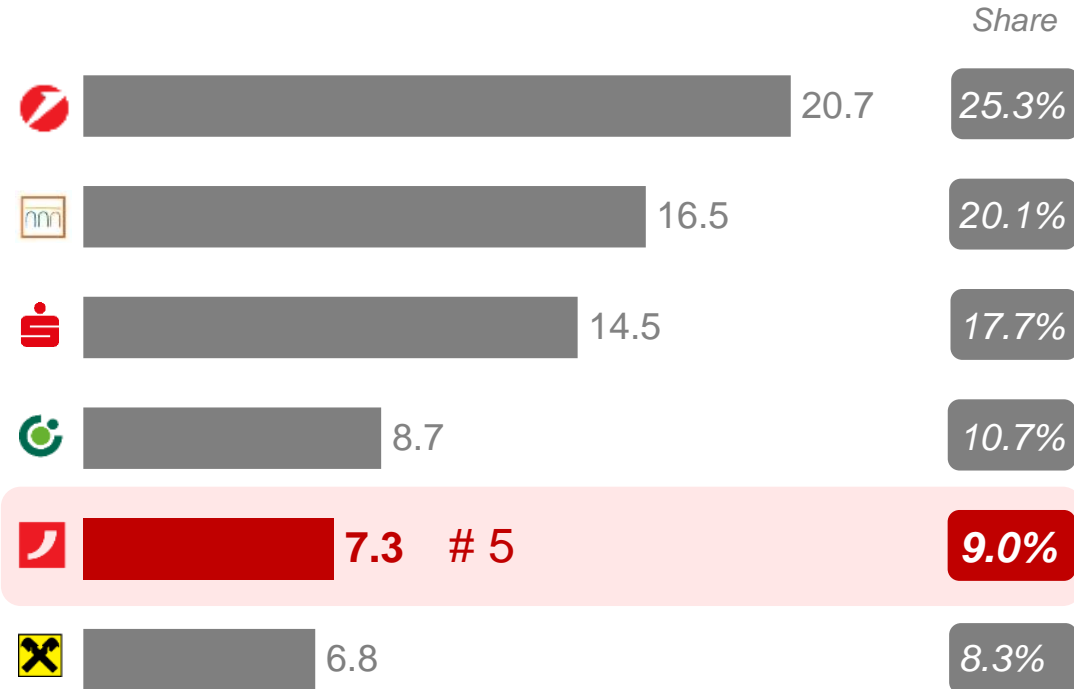
** The balance sheet positions in this presentation on the reporting dates 31.12.2021 and 31.12.2022 show the result of HPB on a stand-alone basis, while the reporting dates 31.12.2023 and 31.12.2024 include results of an integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023

The fastest growing bank in Croatia

Total assets grew by EUR +0.5 bn in Q4 2024

Total assets

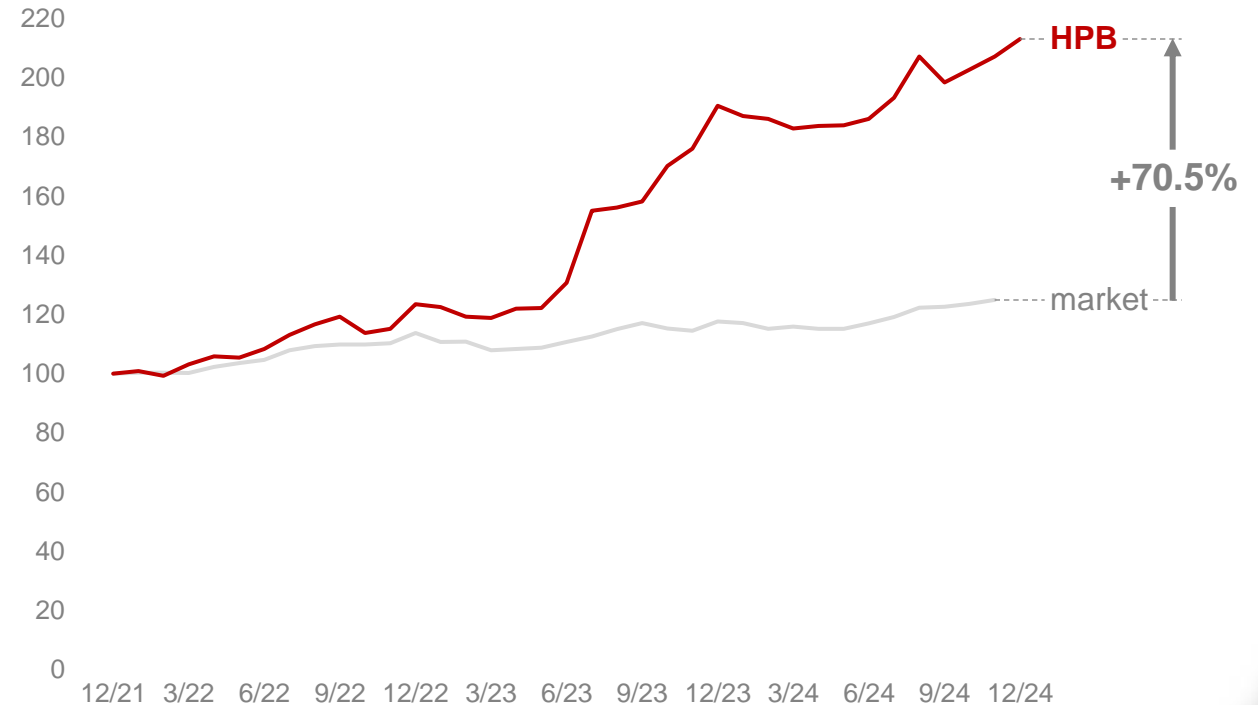
30. 9. 2024 (EUR bn)



HPB in the **TOP 5** banks by total assets.

Total assets development

Base index = 2021





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Macroeconomic indicators



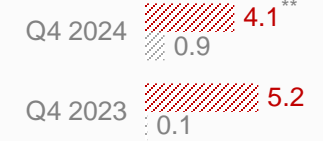
Overall inflation (HICP)



Unemployment rate



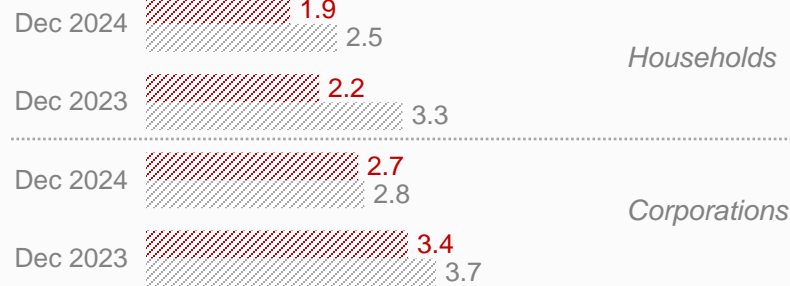
Real GDP growth quarterly



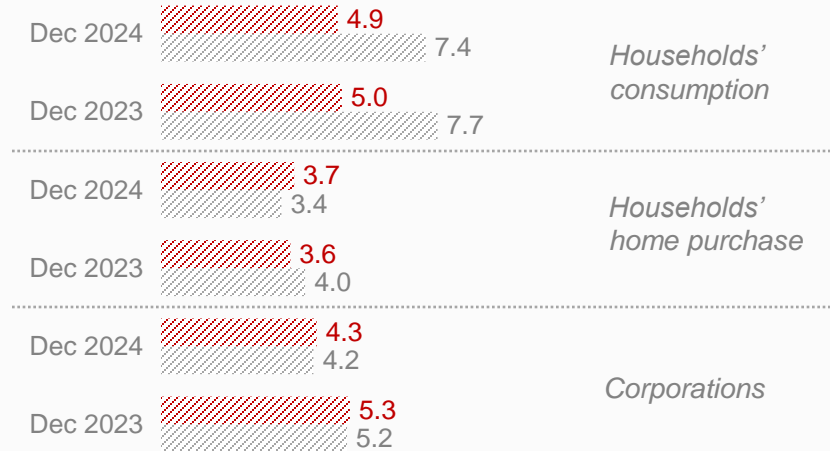
** Q3 2024



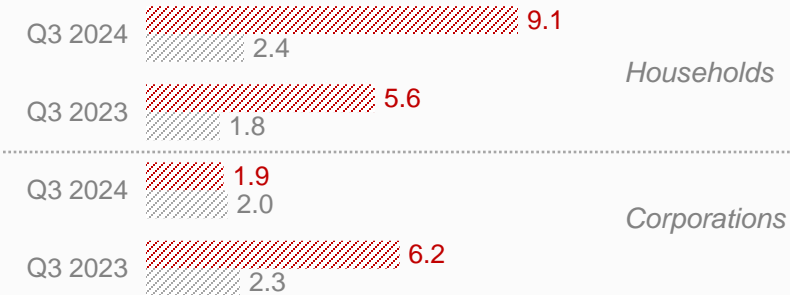
Interest rate on deposits with agreed maturity



Interest rate on loans



Financial investment growth* quarterly



* Total value of financial investment transactions during the year compared to the same period last year, according to current prices.

Croatia, % Euro area, %



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Annual growth of operating profit over 20%

Profit and loss account (EUR mn)

	12M 2023*	12M 2024*	Y-o-Y	Y-o-Y %
Net interest income	146.3	178.3	32.0	21.9
Net fee and commission income	29.3	35.4	6.0	20.5
Net other income	7.6	7.6	0.0	0.4
Operating income	183.3	221.3	38.0	20.7

Employee expenses	(44.2)	(55.7)	11.5	26.1
Administrative expenses	(38.7)	(43.6)	4.9	12.6
Depreciation	(8.7)	(10.2)	1.5	17.1
Operating expenses	(91.6)	(109.5)	17.9	19.6

Operating profit	91.7	111.8	20.1	21.9
Provisions	2.3	(21.7)	(24.0)	
Tax	(13.4)	(16.5)	3.1	23.1
Profit after tax	80.6	73.6	(7.0)	(8.7)

* 12M of 2023 include the result of HPB on a stand-alone basis including the result of Nova hrvatska banka for the period from integration till reporting date (3.7.2023 – 31.12.2023) and 12M of 2024 includes the result of integrated Bank (HPB + Nova hrvatska banka) in accordance with the integration of Nova hrvatska banka in July 2023

- ☑ A significant **annual increase in net interest income of EUR 32 mn (+22%)** was achieved due to a higher volume of liquid assets and a higher average reference interest rate on deposits with central banks.
- ☑ **Net fee and commission income continues its growth trend, increasing by EUR 6.0 mn (+21%)** in the observed period, driven by higher income in the retail segment and cost savings in the card business and FINA segments.
- ☑ The increase in employee expenses due to the integration of Nova hrvatska banka in mid-2023 and the enhancement of material rights in 2024, along with inflationary pressures on labour and service costs, resulted in an EUR 18 mn increase in operating expenses.
- ☑ **The cost-to-income ratio remained below 50%.**
- ☑ The movement of Stage 1 & 2 provisions in 2024 was marked by the migration of part of the portfolio from Stage 1 to Stage 2 in accordance with the Bank's prudent risk management approach, reflecting the deterioration of macroeconomic indicators in key export markets. In the non-performing loan portfolio, effective collection, primarily in the corporate segment, exceeded the effects of new entries into the NPL portfolio after the operational merger.

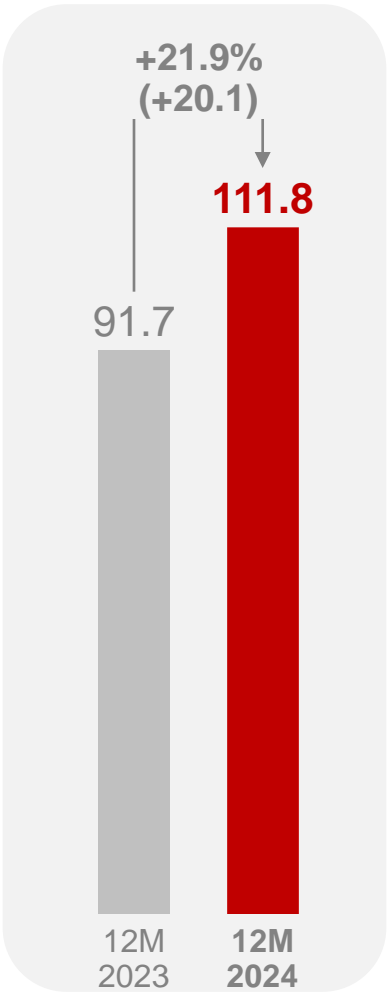


Growth in operating profit over EUR 20 mn on an annual basis.

→ net interest income the main driver of operating profit

Above-average profitability while strengthening operating business

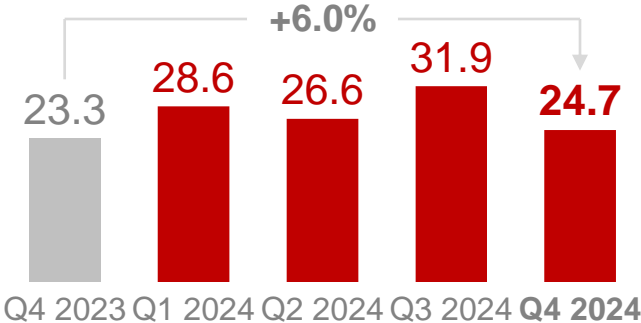
Operating profit
(EUR mn)



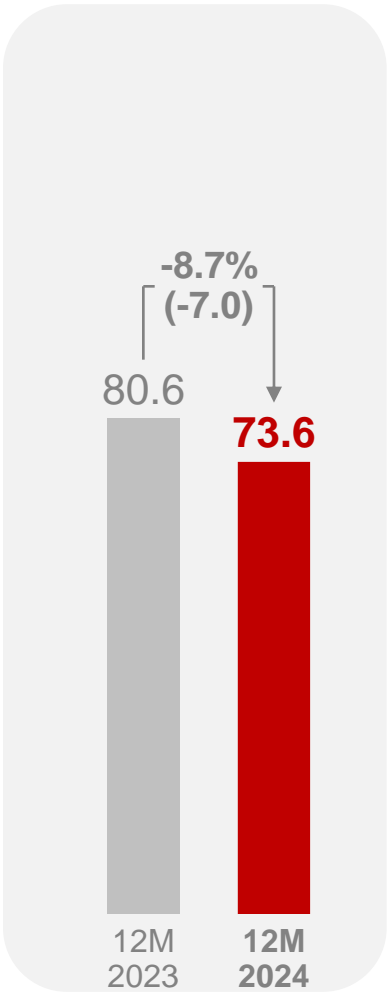
49.5%

12 M 2024

Cost to Income Ratio (CIR)



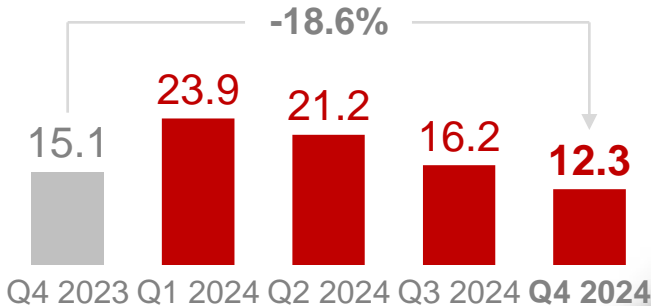
Profit after tax
(EUR mn)



13.5%

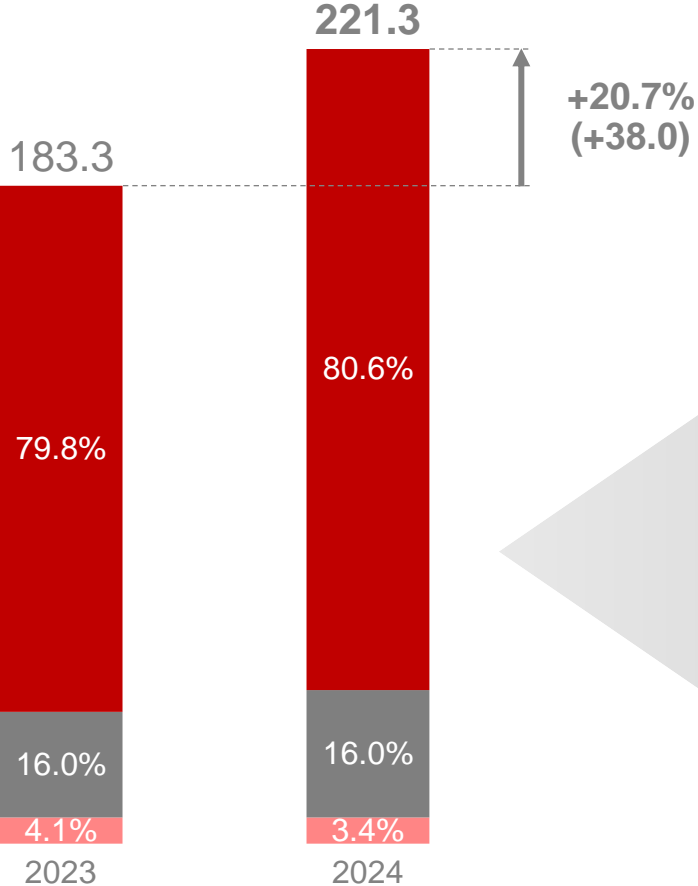
31.12.2024

Return on Average Equity (ROAE)

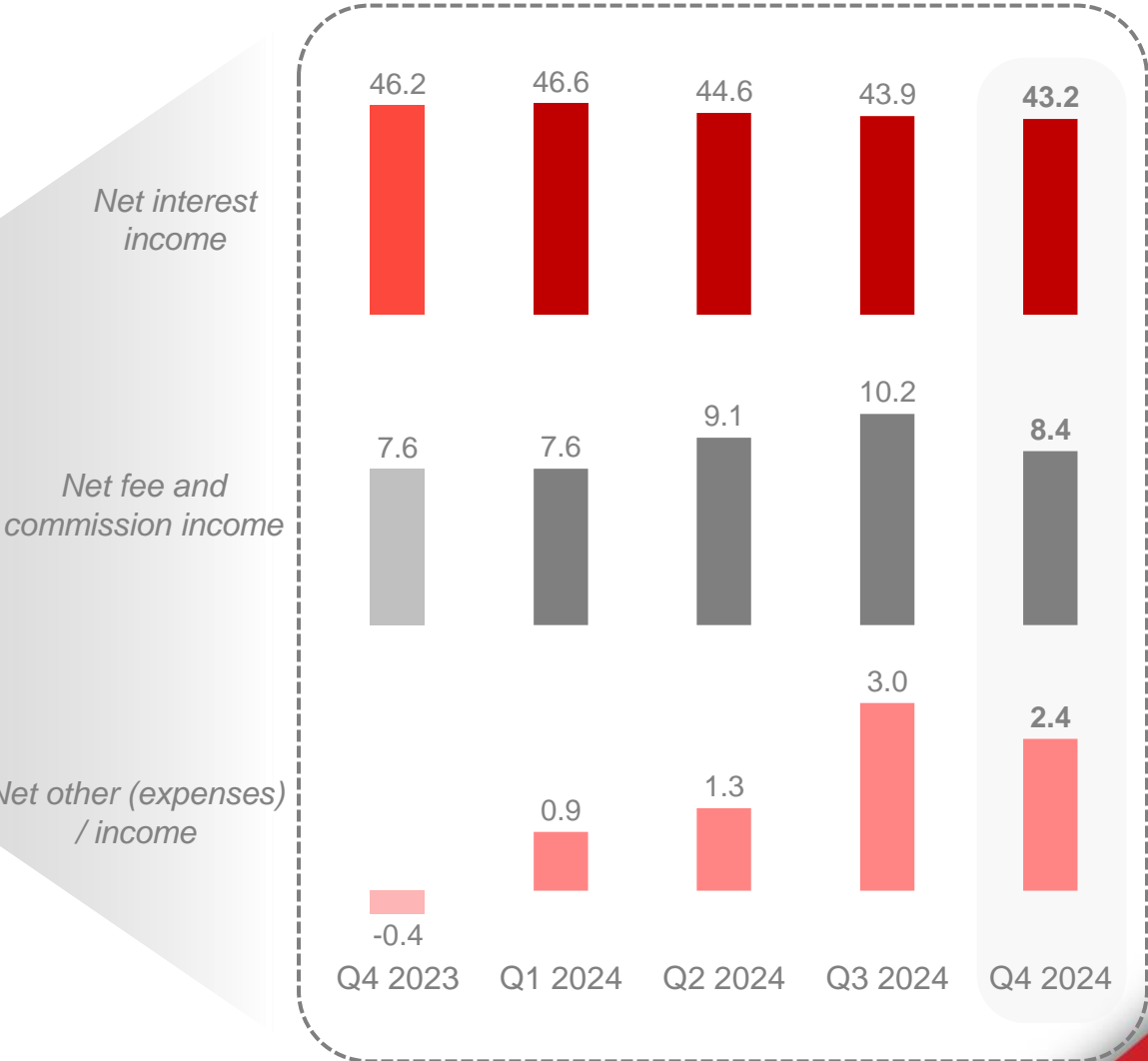


Growth in all categories of operating income

Operating income
(EUR mn)

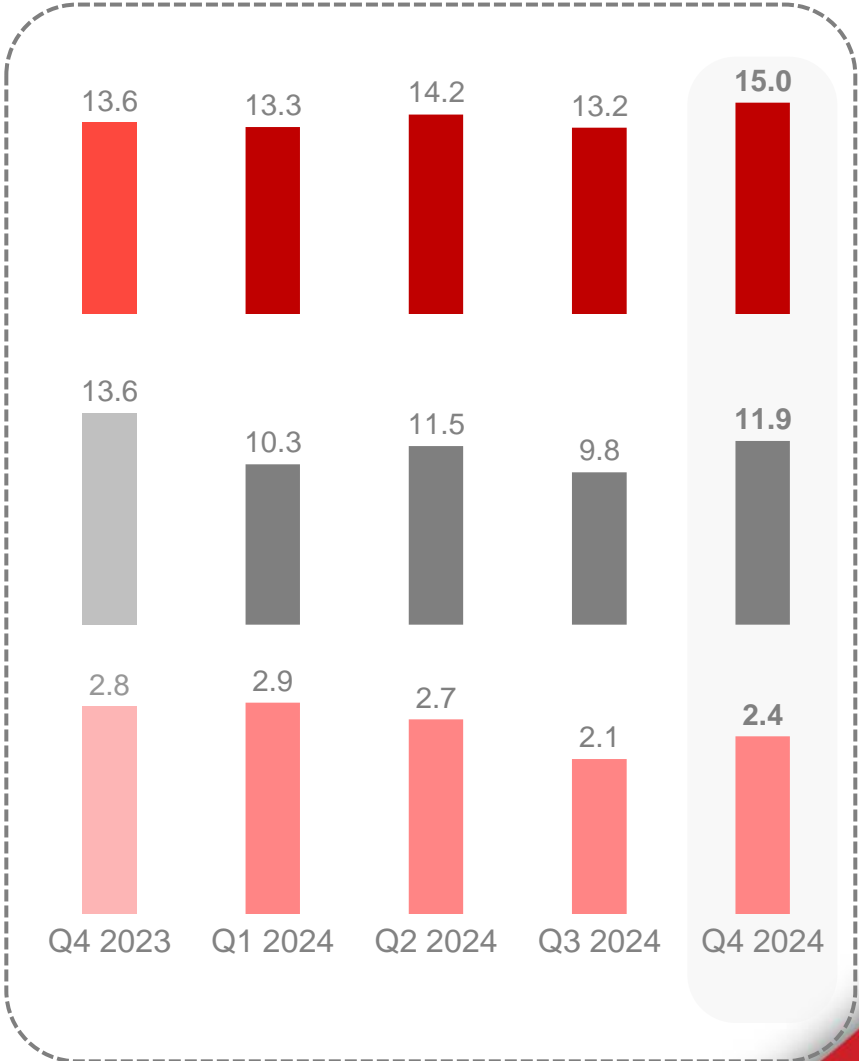
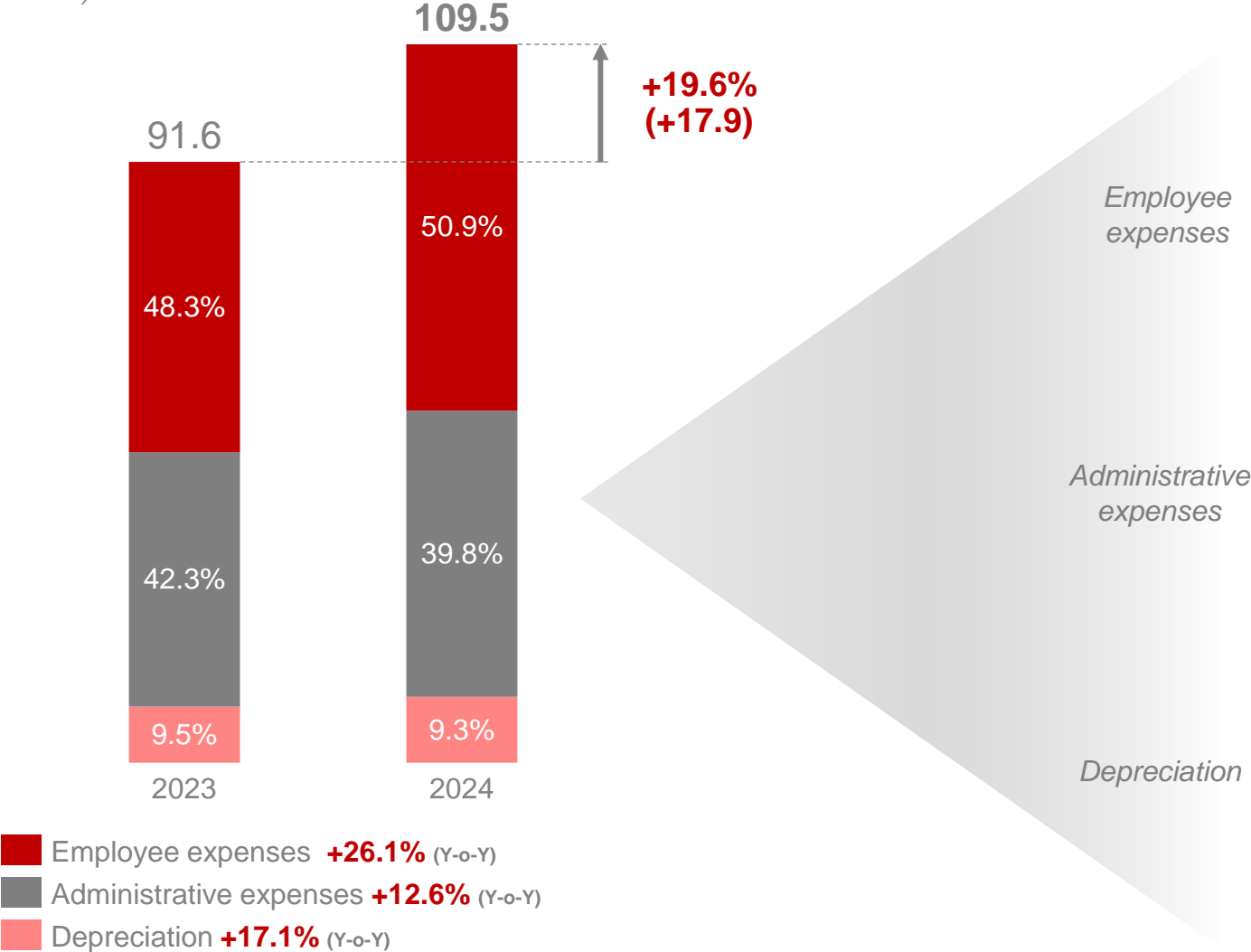


- Net interest income **+21.9%** (Y-o-Y)
- Net fee and commission income **+20.5%** (Y-o-Y)
- Net other income **+0.4%** (Y-o-Y)



Expenses in a function of market share growth

Operating expenses
(EUR mn)

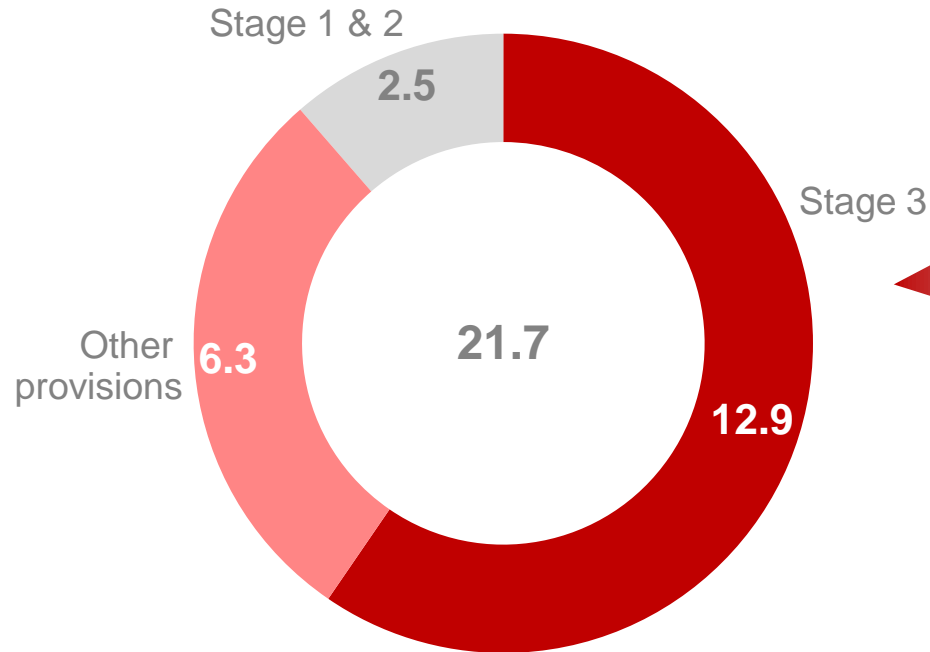


Lowest NPL ratio in the Bank's history of 3.0%

NPL coverage remained above the market average

Structure of provision costs

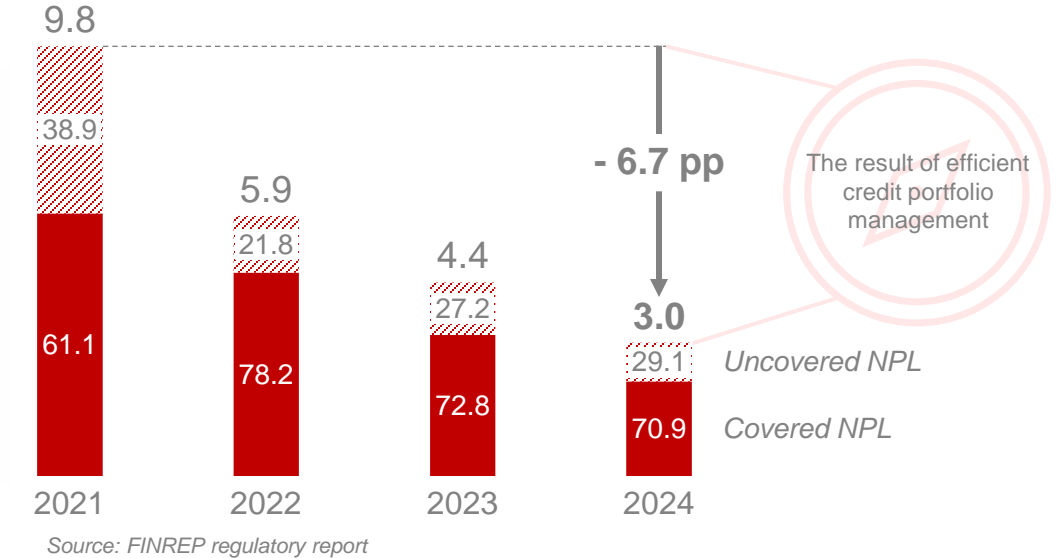
31.12.2024 in EUR mn



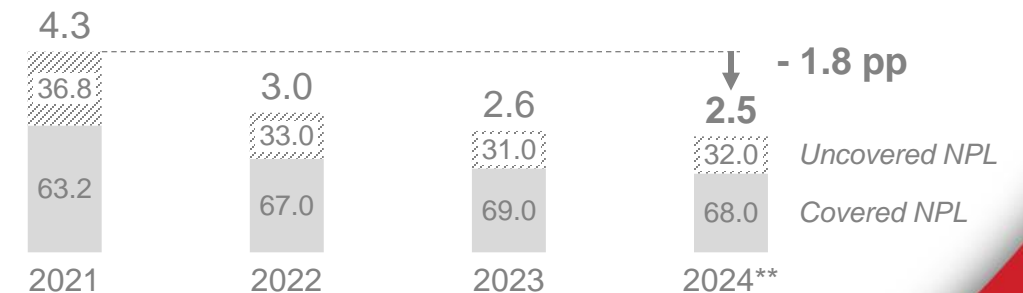
- Although there was no delay in the repayment, performing portfolio was marked by the migration of a portion of placements from Stage 1 to Stage 2 in accordance with a prudent risk management approach.
- Efficient collection, write-offs of a part of non-performing exposures and the positive impact of performing loans resulted in the lowest NPL ratio in the Bank's history. Provisions for non-performing loans (Stage 3) are, compared to the previous period, on expected level, considering all effects of the legal and operational merger and one-off effects of the change in methodology in 2024.
- Other reservations refer primarily to legal cases.

15 Source: Management report

HPB - NPL ratio, %



Market - NPL ratio, %



** Data as of September 30, 2024, source: CNB statistics, SV2 Selected indicators of the structure, concentration and operations of credit institutions

Continued above-average asset growth driven by strong Q4

Balance sheet (EUR mn)

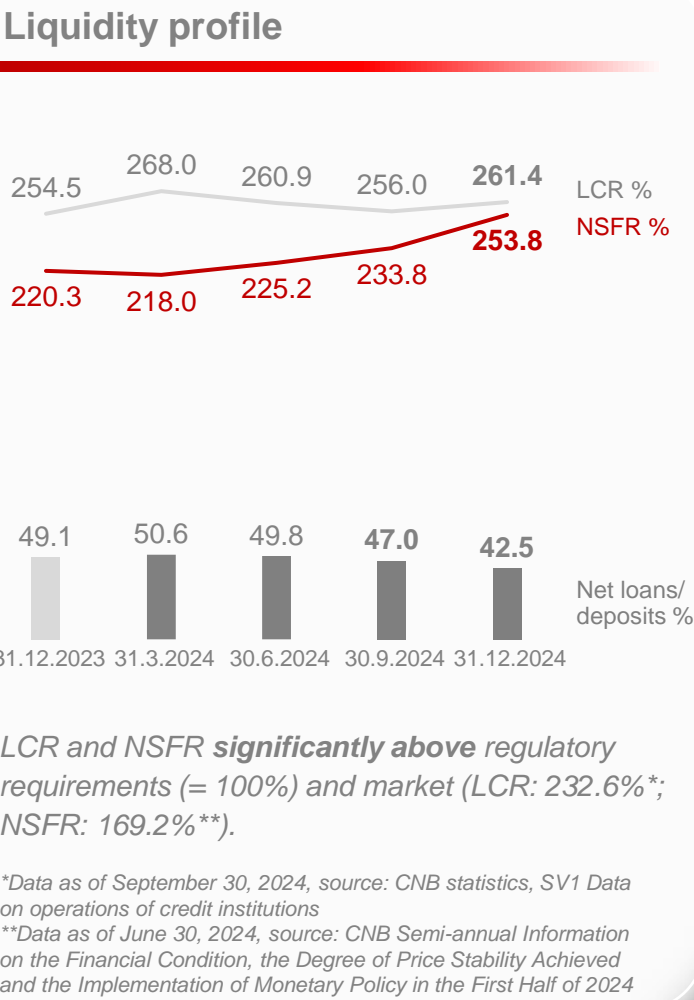
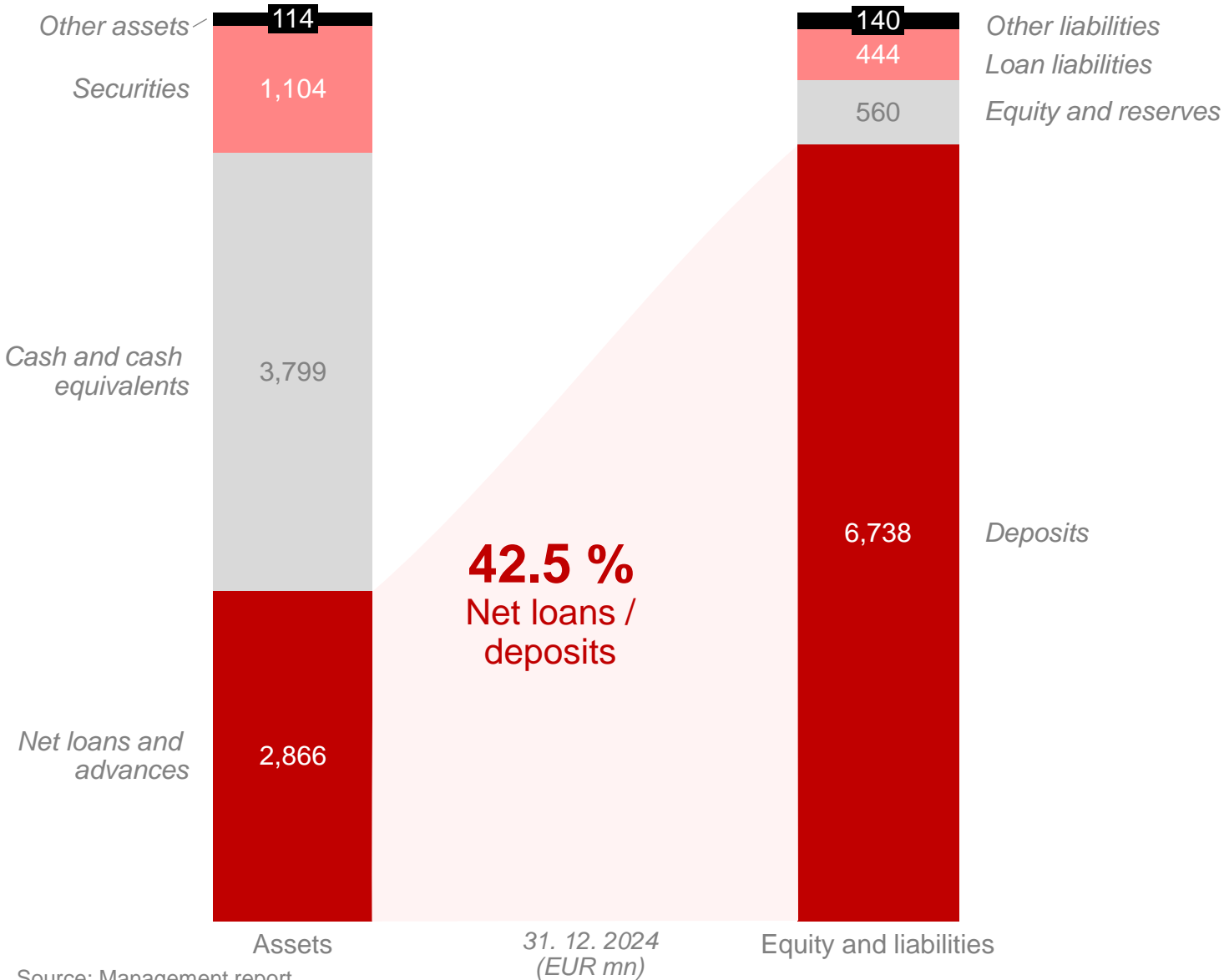
	31.12.2023	31.12.2024	YTD	YTD %
Cash and cash equivalents	3,103	3,799	696	22.4
Securities and other financial instruments	915	1,104	189	20.6
Net loans and advances	2,908	2,866	(43)	(1.5)
Other assets	120	114	(5)	(4.5)
Total assets	7,046	7,882	836	11.9
Deposits	5,929	6,738	809	13.7
Loan liabilities	468	444	(24)	(5.1)
Other liabilities	115	140	25	21.6
Total liabilities	6,512	7,323	810	12.4
Total equity and reserves	534	560	26	4.9

- ☑ The **excess liquidity** from collected deposits on the asset side was reflected in **an increase in cash and cash equivalents and investment in securities and other financial instruments** (mainly bonds and treasury bills of the Republic of Croatia) following a further decrease in market reference rates.
- ☑ **Loan portfolio without significant fluctuations**, with significantly improved portfolio quality and **a historically lowest NPL ratio of 3.0%**, bringing the Bank closer to the average of credit institutions in Croatia.
- ☑ Deposits recorded growth across all business segments (EUR +530 mn in Q4 2024), with **term deposits** showing **an annual increase of 17.1%**, primarily driven by the effect of attractive interest rates on Super Štednja, while **a vista deposits** recorded **an annual growth of 11.7%**.
- ☑ Loan liabilities relate to MREL instruments and loans received from financial institutions (HBOR, CNB repo placements, and foreign financial institutions), while the decrease is due to regular repayments.

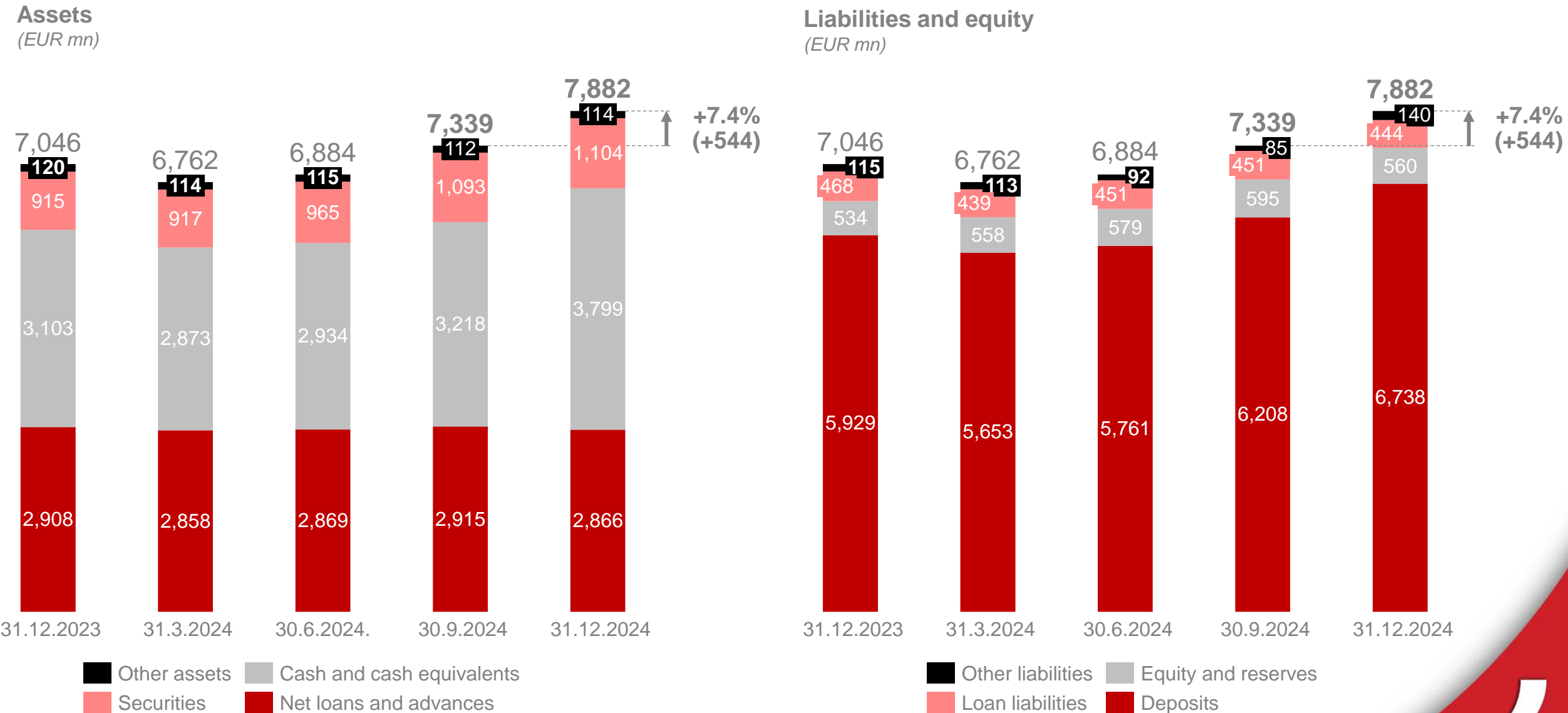
➤ **Total assets grew by almost a billion euros year-on-year (EUR +544 mn in Q4 2024).**

→ the growth of the deposit base (+ 13.7%) forms a strong foundation for further development

Exceptional liquidity position due to growing deposits

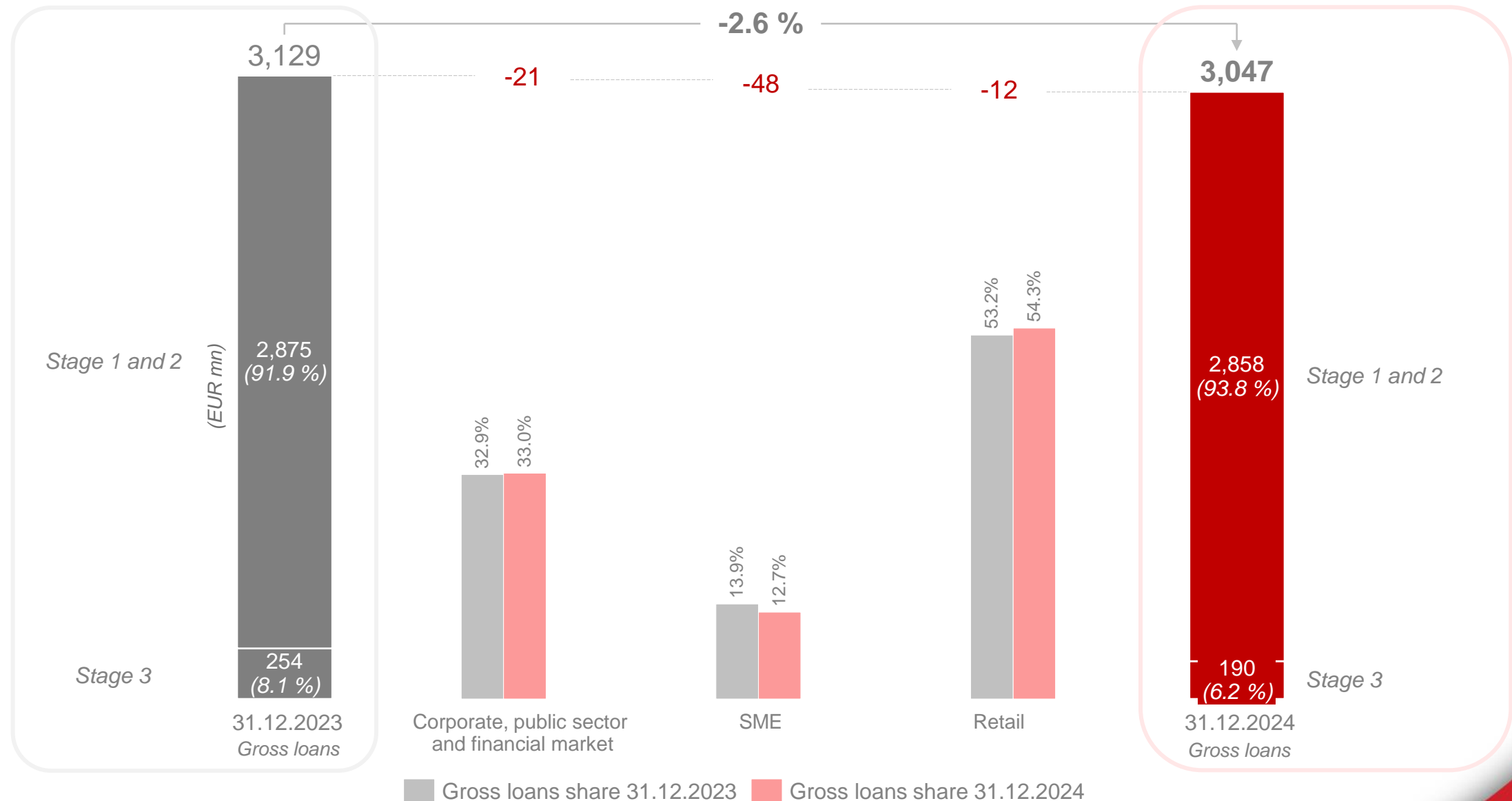


Strong fundamentals provides the potential for growth



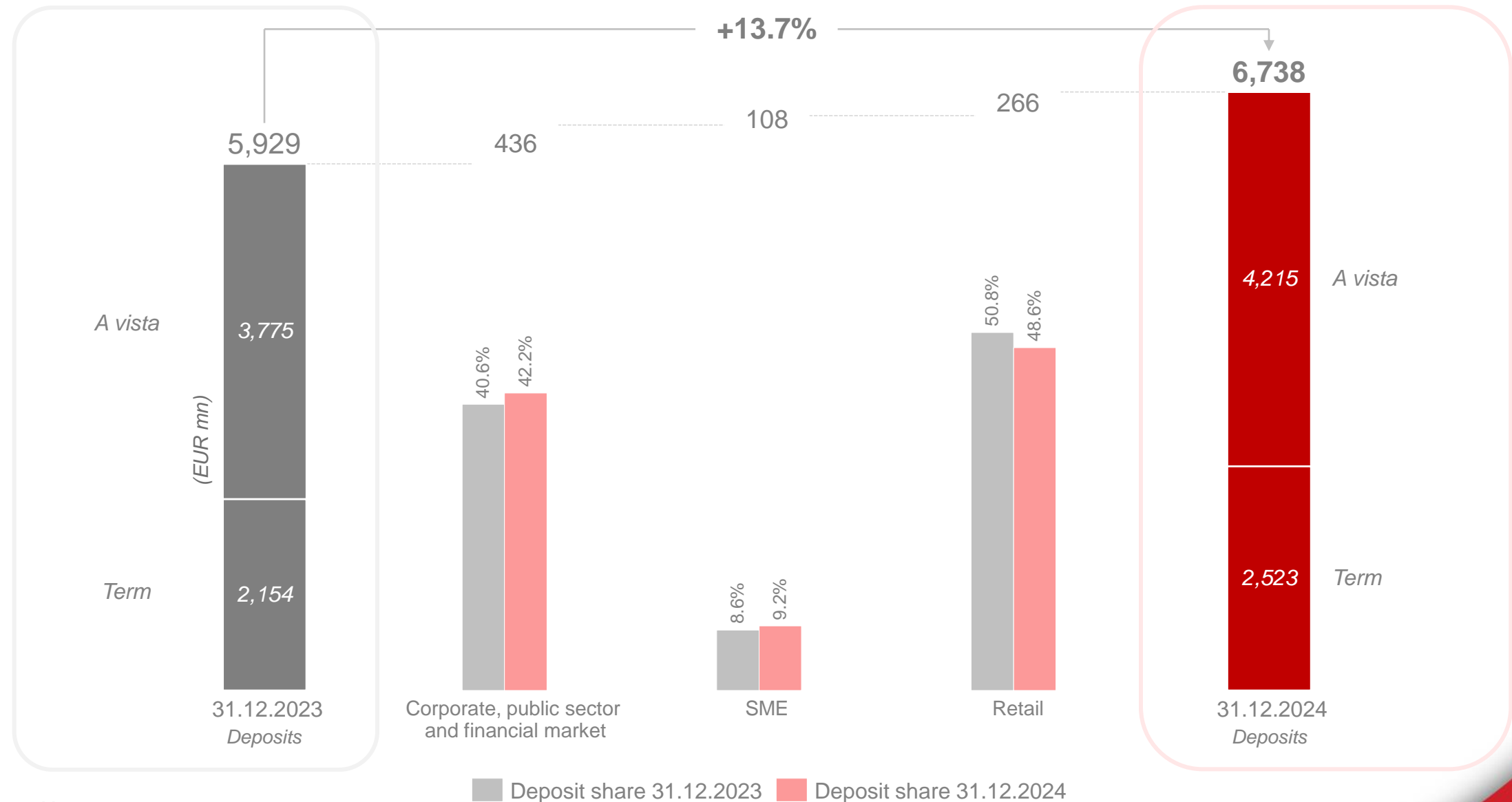
Improved quality of gross loan portfolio

In 2024, EUR 1.4 bn of new loans were approved and utilized



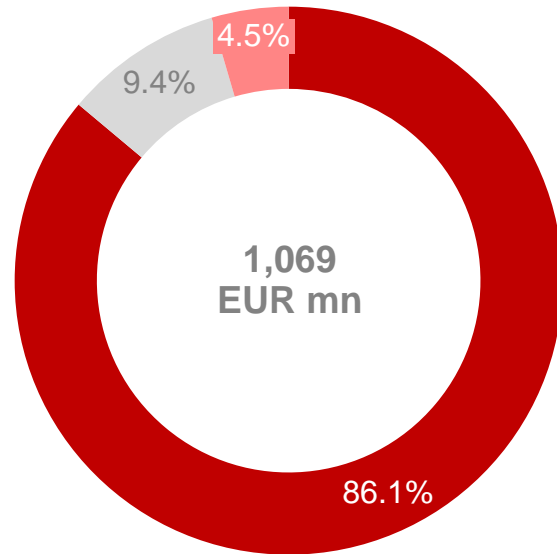
Deposit base expansion with steady growth of a vista and term deposits

Super Štednja balance od EUR 1.3 bn as of 31.12.2024



Low-risk securities portfolio

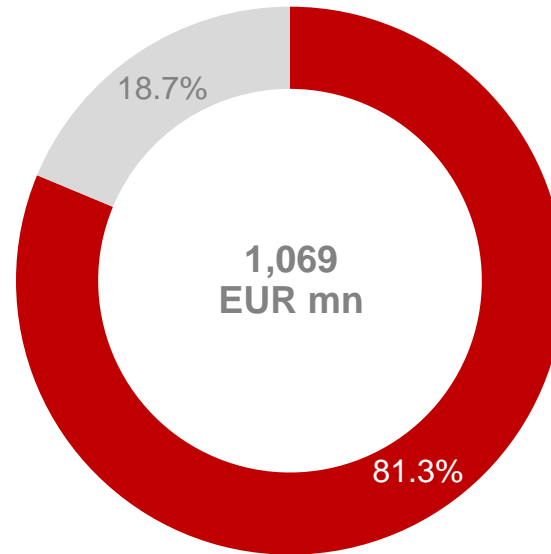
Securities* by issuer



■ Republic of Croatia - Ministry of Finance
■ French Republic - Ministry of Economy and Finance
■ Other

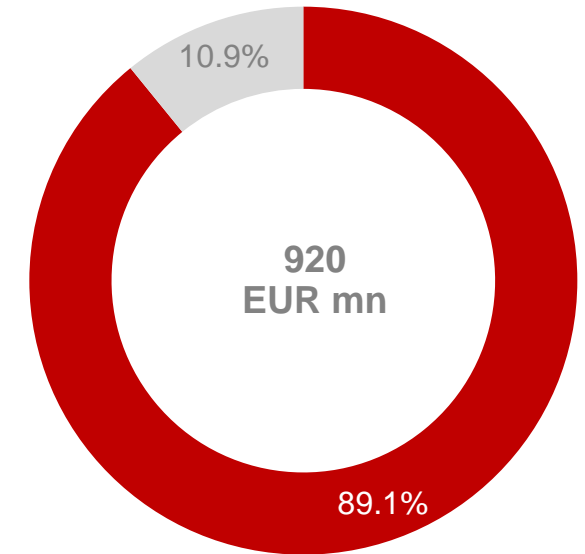
Type of securities*

Total...



■ Bond
■ Treasury bill

...o/w issued by Croatia – Ministry of Finance



*Securities are presented in nominal amount



The securities portfolio consists of 81.3% bonds, with government bonds covering 76.7% of the total portfolio as the most significant investment.



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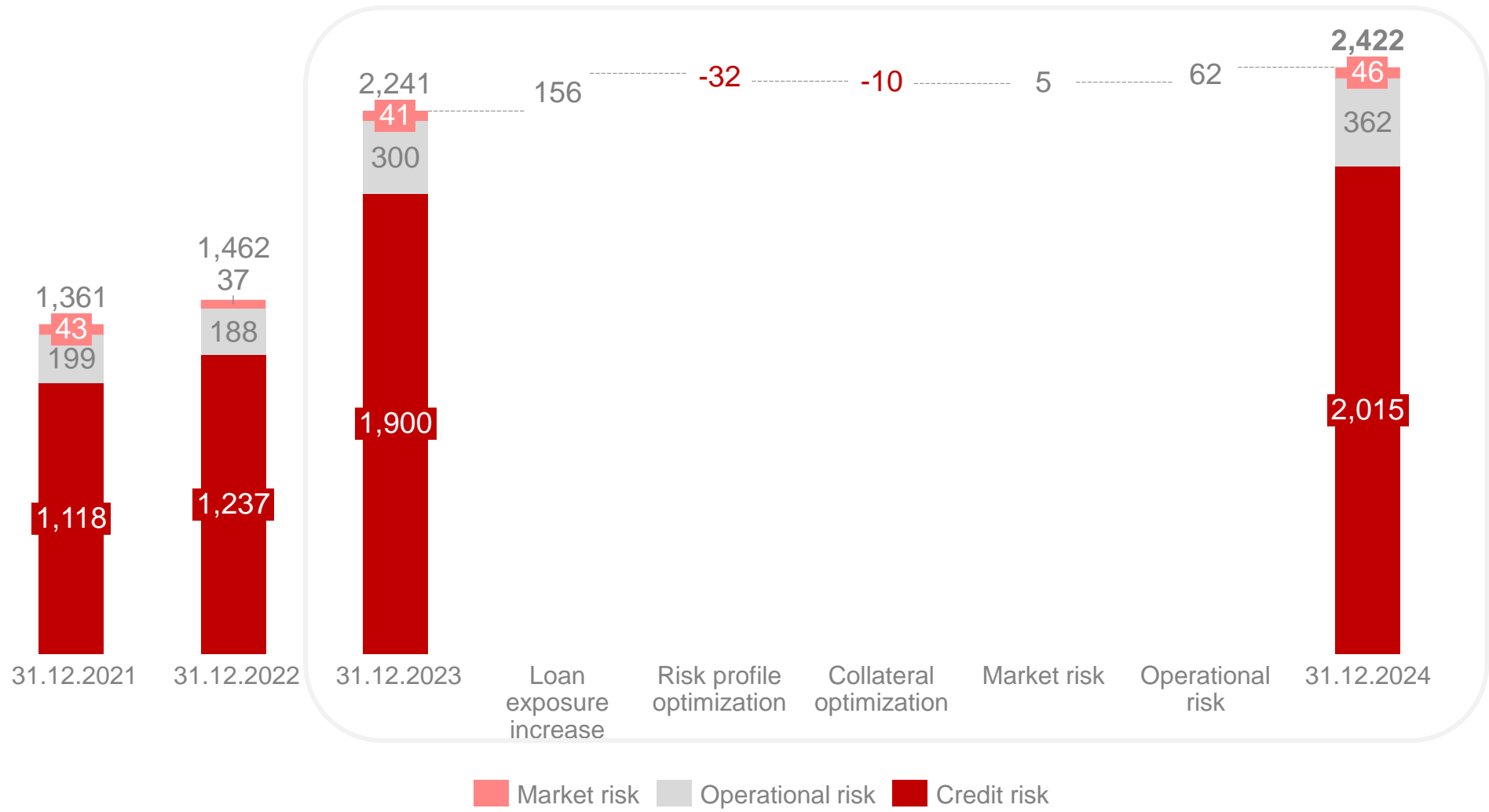
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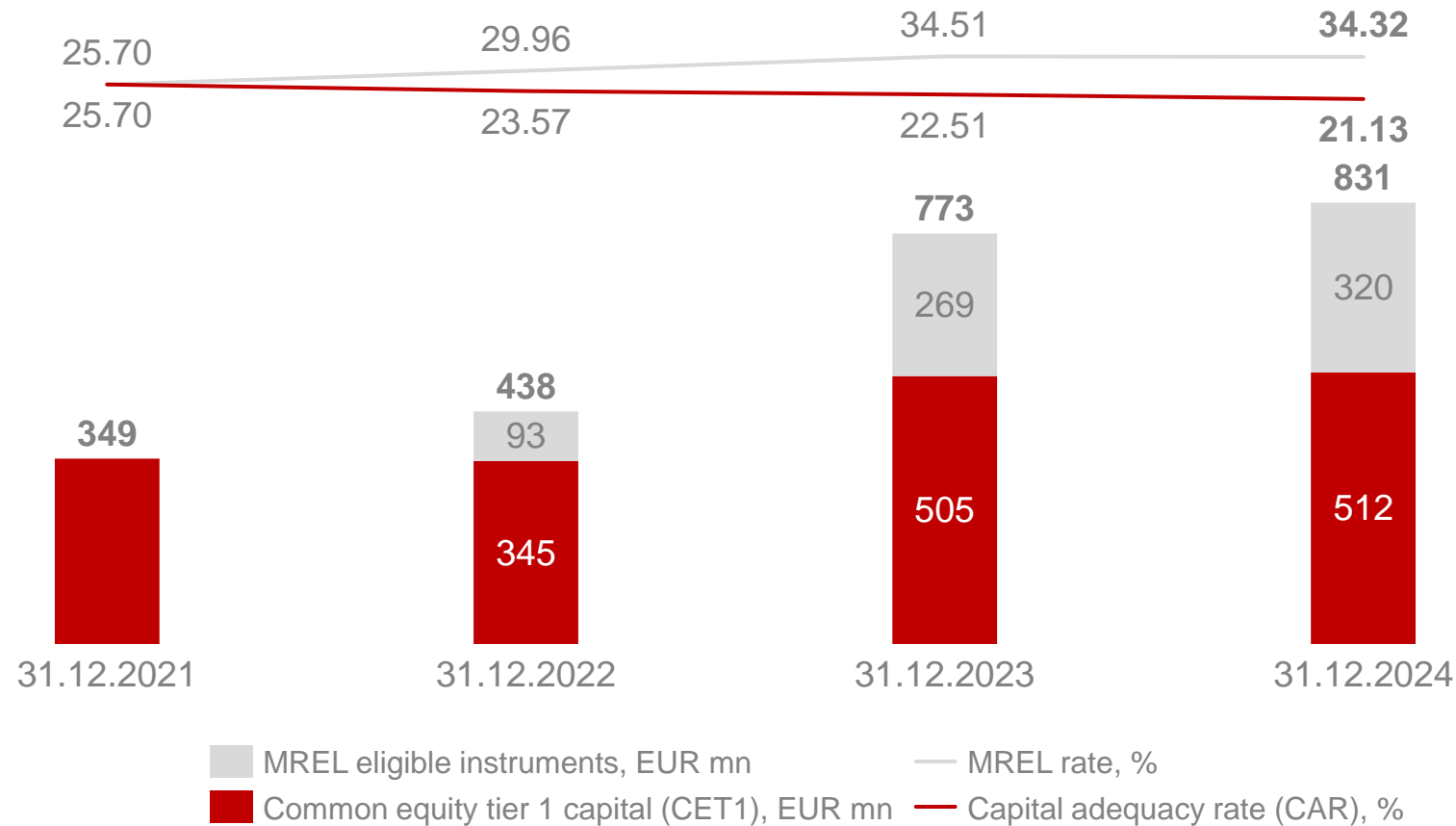
Moderate RWA growth

RWA development (EUR mn)



Continuous strengthening of capital base

Regulatory capital and MREL eligible instruments development

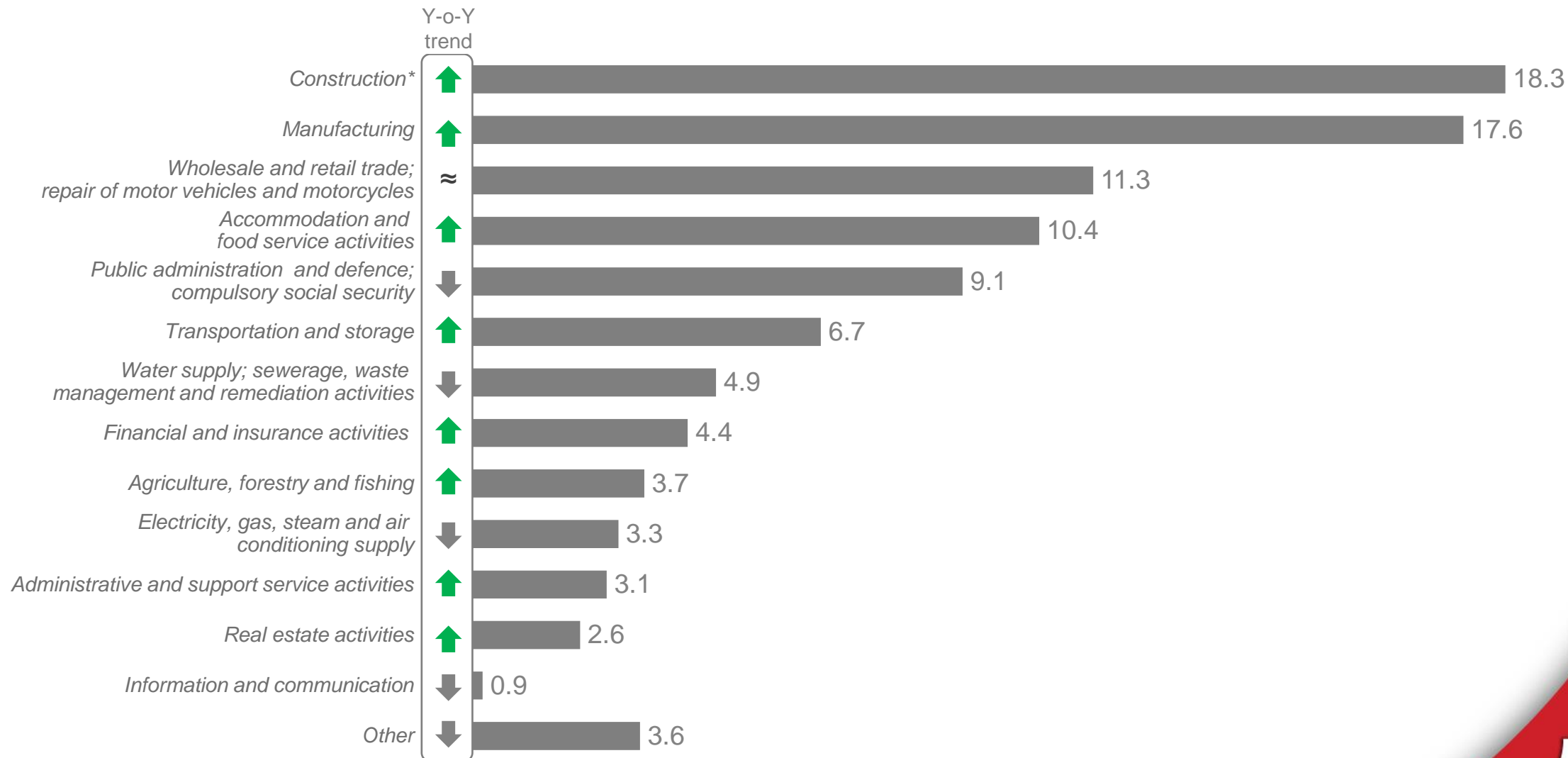


- ☑ Capitalization indicators slightly decreased compared to the previous year, in line with the decision on dividend payout from a part of retained earnings for 2023.

Diversified loan portfolio with a stable structure

Corporate gross loans structure per industry, %

31.12.2024



* Hrvatske autoceste are included in construction industry, with a share of 51.75% of the total exposure to that industry



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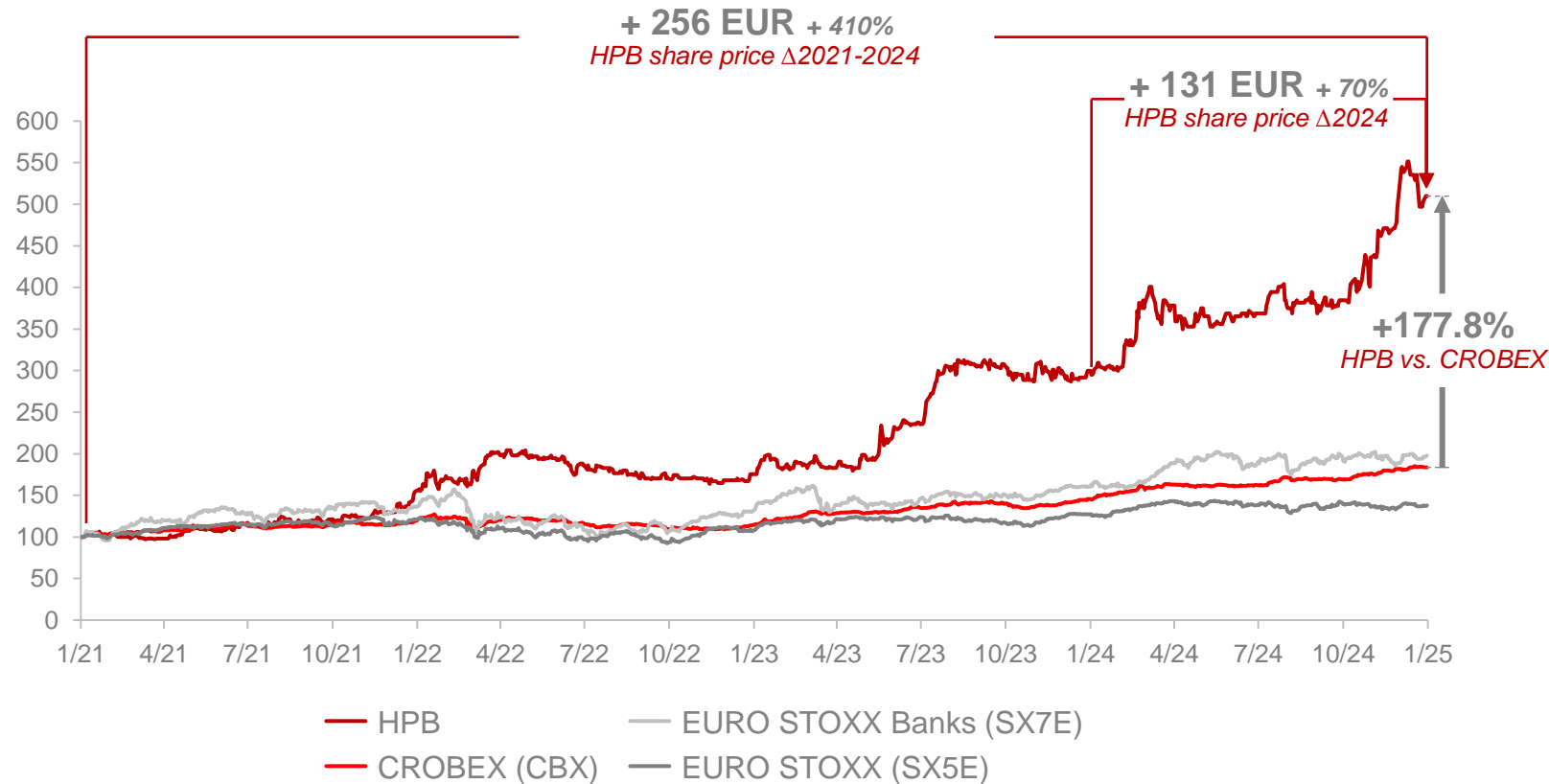
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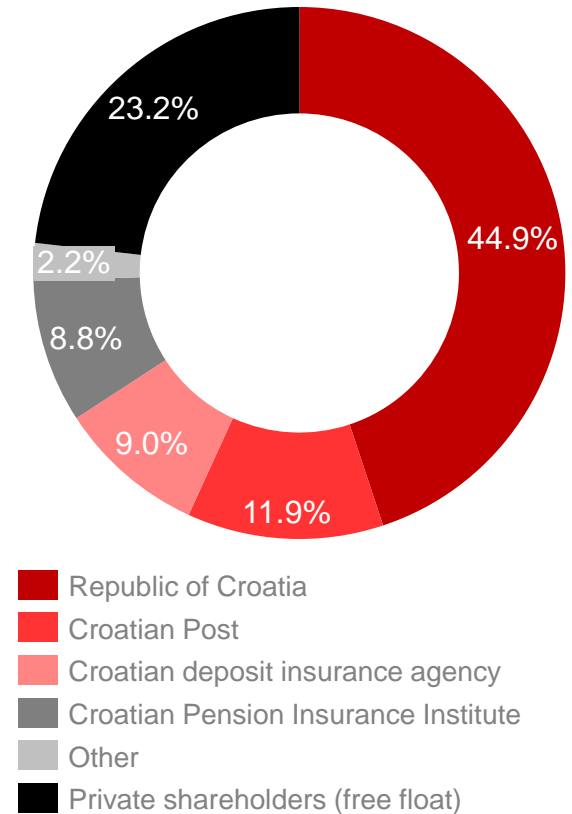
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HPB share outperformed relevant market indices

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



Ownership structure
31.12.2024

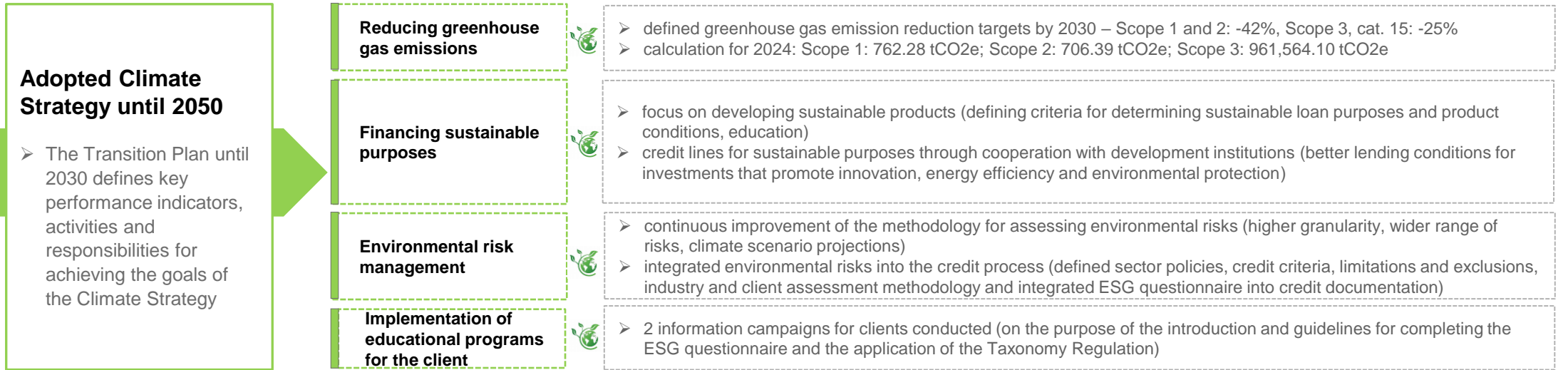


For the second year in a row and for the third time in its history, HPB pays out a dividend. In 2024, a EUR 23.90 dividend was voted in two equal parts of EUR 11.95. The first part was paid on January 7, 2025, the second will be paid on June 26, 2025.

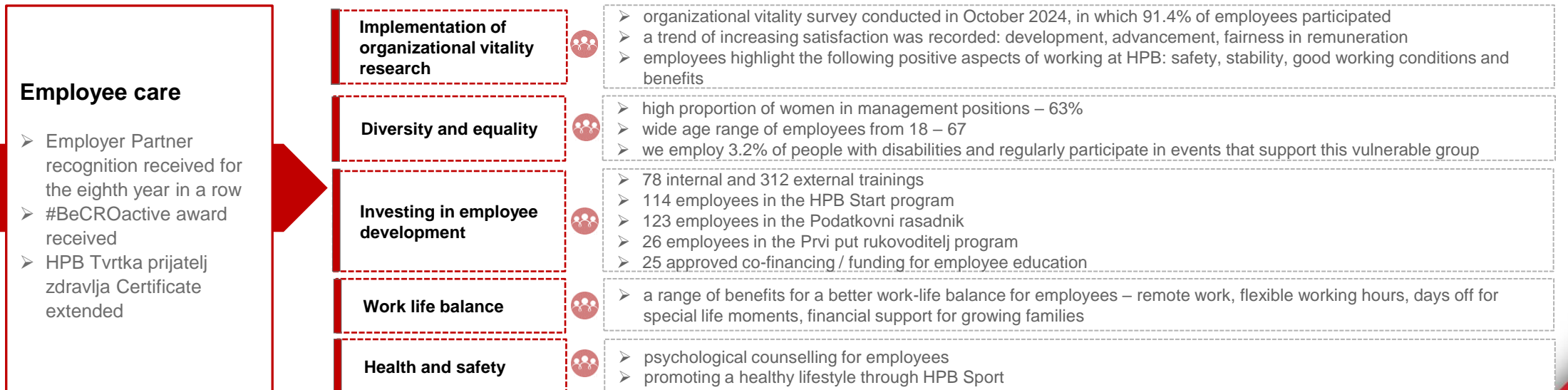
Sustainable business in 2024



ENVIRONMENT



SOCIETY



Sustainable business in 2024

SOCIETY

Caring for the community

- focus on creating better conditions for life in Croatia

We volunteer for Croatia



- in June 2024, the Volunteer Club was founded, which has 82 members
- during 2024, 15 volunteer actions were carried out in which 119 volunteers participated (Green Cleanup, Missionaries of Charity - Sisters of Mary Theresa's Soup Kitchen, Safe House, Sveta Ana Retirement Home, Tići Kindergarten...)

HPB for financial literacy



- 26 financial educations
- during European Money Week, we organized financial educations in 10 cities
- cooperation with HUB on the project Finance for new generations for young entrepreneurs

Collaboration with the academic community



- presenting HPB as a potential future employer to students of the Faculty of Economics, University of Osijek
- participation in the 4th Banking Academy organized by the Department of Finance, University of Economics, Zagreb, with the topics: "From Traditional to Digital: How AI and Process Automation Shape the New Era of Banking" and "e-Branch",
- participation in the Career Week of the Faculty of Organization and Informatics (FOI) in Varaždin with the topic "AI and Banking: Challenges and Opportunities for IT Professionals"

Business collaborations



- continued cooperation on the Safer Schools and Kindergartens project with the Hrvatski crveni križ (first aid kits provided and distributed to 13 schools and 12 kindergartens)

Service quality



- 33% fewer complaints compared to 2023
- Continuation of the Quality Wednesday workshop – 5 workshops conducted

GOVERNANCE

Transparent and accountable corporate governance

- The bank was awarded the Zlatna Kuna, the Croatian Chamber of Commerce award for the most successful bank.

Preparation for ESRS sustainability reporting



- IT solution for data management and sustainability reporting implemented
- Data management model for sustainability factors established

ESG questionnaire implemented in the Bank's business



- ESG questionnaire created to collect data from clients on sustainability factors
- ESG questionnaire data management process established
- first completed ESG questionnaires collected from clients

Implementation of the UNEP FI Principles for Responsible Banking



- conducted an analysis of the impact of the Bank's portfolio
- identified areas of significant positive and negative impacts - focus placed on the areas of Climate Stability and Circular Economy in which two SMART goals were set (the goals of the HPB Group's Climate Strategy - reduction of greenhouse gas emissions and increase of GAR)
- publication of the first report in accordance with the Bank's membership in the UNEP FI initiative

Achievements and awards in 2024

Zlatna Kuna - Croatian Chamber of Commerce award for the most successful bank in 2023 (October 2024)



Best Buy Award medal for HPB SUPER ŠTEDNJA in the category "Bank that offers the best price-quality ratio on the Croatian market when it comes to savings options".



HPB Bond plus – declared the best fund in 2023 in the conservative mixed fund category by the Association of Investment and Pension Fund Management Companies of the Croatian Chamber of Commerce



#BeCRO active as part of the European Week of Sport project, in the Workplace category modeled after the European Commission's #BeActive Awards



The company is a friend of health – a certificate from the Croatian Institute of Public Health as confirmation of caring for the health of its employees and clients and the purchase of automated external defibrillators (AEDs) for the Bank's business network



The Bank's LinkedIn community exceeded 10,000 followers in 2024 - **TOP4** banks in Croatia



Abbreviations

Abbreviation	Definition
CAR	Capital Adequacy Ratio
CBRD	Croatian Bank for Reconstruction and Development
CET 1	Common Equity Tier 1
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
NSFR	Net Stable Funding Ratio
Q	Quarter
ROAE	Return on Average Equity
RWA	Risk-Weighted Assets
SEE	South East Europe
Stage 1 and 2	Performing Loans
Stage 3 or NPL	Non-Performing Loans
Y-o-Y	Year-over-Year
YTD	Year to Date
12M	Twelve-month period

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
Net stable funding ratio (NSFR)	Ratio of the available amount of stable funding relative to the required amount of stable funding
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 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



HRVATSKA POŠTANSKA BANKA

We are creating conditions for a better life in Croatia.

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