

## HPB d.d. 9M 2022



**Unaudited Financial Statements for the period  
from January 1 to September 30, 2022**

Type and name of prescribed information:	Financial statements for the period 1.1.2022 - 30.9.2022, HPB d.d. 9M 2022 Unaudited Financial statements for period from January 1 to September 30, 2022
Issuer name, headquarter and address:	Hrvatska poštanska banka public listed company, 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. publishes unaudited financial statements for the period from January 1 to September 30, 2022.

Original and official 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
- Unaudited 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 issuer's reports for periods during the year (NN 114/2018, 27/2021, 26/2022).

**Strong organic growth supported by acquisitions in 2022.** The acquisition of Nova Hrvatska banka marked the direction of 2022, together with ongoing intensive activities for NHB integration as one of the Bank's key priorities. In the third quarter, the Bank also acquired 100% of the ownership stake in the company Pronam Nekretnine d.o.o. and started merging process with the parent company, which is expected by the end of 2022, depending on the approval of the supervisor. Hereby, the Bank continues to optimize the structure and improve the operations of the HPB Group.

The bank is intensively preparing for the **introduction of the euro** as the official currency in the Republic of Croatia, in order to provide a simple transition to the new currency and further business with HPB for its clients. The bank has successfully implemented a dual price display from September 5, 2022, and the implementation of solutions for new processes: advance supply, intermediate advance supply and simplified intermediate advance supply in euros, which will be implemented during the last quarter of 2022, is being finalized. The Bank signed the Code of Ethics of the Ministry of Economy and Sustainable Development with the aim of reliable and transparent introduction of the new currency, to provide safe environment for its clients.

## FINANCIAL RESULTS

An increase in assets of HRK +5.5 bn compared to December 31, 2021 led to the **historically highest asset level**.

Realized **net profit** in the amount of **HRK 126.4 mn** despite inflationary pressures, negative trends on the capital market, strong price competition on domestic banking market, intensive project activities and increased expenses for deposit insurance.

**The strong growth of the gross loan portfolio** in all segments is the result of long-term investment in the development of relations with clients and continuation of the positive trend on the acquisition plan.

Positive trend of decreasing non performing exposures and **NPL ratio**, in the first 9M of 2022, continued and NPL ratio reached the **lowest level in recent history**, primarily due to the effect of efficient collection and recovery of part of the portfolio, supported by asset growth, which further confirms the positive trend of NPL ratio. At the same time, the NPL coverage ratio is significantly above the Croatian market average and amount 77.1%.

**The Bank has no exposure to entities in Belarus**, and **minimal exposure to entities in Russia and Ukraine** (0.00001%). The bank implements all measures and continues to monitor changes in EU restrictive measures (sanctions), especially in financial services.

## Key financials – Income statement

		9M 2021	9M 2022	Δ y-o-y
Net interest income	HRK mn	401	<b>388</b>	(13.5) ▼
Net fee income	HRK mn	149	<b>160</b>	10.7 ▲
Net trading gain/(loss)	HRK mn	50	<b>(22)</b>	(72.0) ▼
Net other income	HRK mn	26	<b>2</b>	(24.0) ▼
Operating income	HRK mn	626	<b>527</b>	(98.8) ▼
Operating expense	HRK mn	(349)	<b>(382)</b>	33.5 ▲
Operating profit	HRK mn	277	<b>145</b>	(132.3) ▼
Provisioning	HRK mn	(25)	<b>(6)</b>	(18.9) ▼
Net profit	HRK mn	207	<b>126</b>	(80.2) ▼
Cost-to-income ratio	%	55.7	<b>72.6</b>	16.8 ▲
Net interest margin	%	2.6	<b>2.4</b>	(0.1) ▼

Net interest income lower by 3.4% due to strong price competition on domestic banking market and continued decrease in interest rates. Despite significant volume growth, due to the continuation of the reduction in interest rates, interest income is decreasing (-4.0%). The reduction of interest expenses by a significant 15.5% mitigated the decline in interest income.

Net fee and commission income increased by 7.2% mainly due to higher volume and number of transactions in card business and payment transaction in general as a result of economic recovery and very successful tourist season after the complete reopening in post-COVID19 period.

Due to negative trends in the trading segment, operating income is under pressure. Inflationary pressures, along with the growth of reference interest rates, led to a significant drop in bond prices on the domestic market, which follows the events on the world markets. Net loss from trading primarily refers to the adjustment of the book value of the securities in Bank's portfolio to market prices and amounts to HRK 22.5 mn (trading - HRK 70.7 mn, FX trading + HRK 48.2 mn). In addition to these effects, a one-off gain from the sale of the non-core share portfolio was recorded in 2021, which in that year increased the result for financial assets by HRK 30.8 mn, while no such sales transactions were recorded in 2022.

Increased administrative costs due to intensive ongoing activities on regulatory projects (EURO, ESG and others), the acquisitions (NHB and Pronam), rising inflation trend, especially of energy products compared to 2021. At the same time, the Bank continues to invest in IT, physical and process infrastructure in order to eliminate technological bottlenecks and improve service in general, which combined with the activation of newly acquired assets, led to an increase in depreciation costs. Also, due to the deposit growth at the entire banking system level, the costs for deposit insurance started to be calculated from the beginning of 2022 in accordance with legal regulations, which put additional pressure on the Bank's costs.

The cost in total provision expenses decreased by HRK 18.9 mn (-76.4%) compared to the first 9M of 2021 and amounts to HRK 5.8 mn. In the NPL portfolio, income from the reversal of provisions was recorded in the amount of HRK 7.8 mn. Movements in provisions are significantly better than expected due to the maximization of the positive effects of collection of the non-performing exposures in the first nine months of this year, with significant positive effects on income from provisions, which almost completely neutralized the additional allocation of provisions on the existing portfolio and the new entry of NPLs. New exposures in corporate and financial institutions segment affected the movement of provisions for the performing loans. The cost of other provisions mostly refers to regular provisions for legal cases and amounts to HRK 7.3 mn.

Despite the unstable capital market, strong inflationary pressures and the unstable geopolitical situation, HPB reached a record level of assets and achieved net profit of HRK 126.4 mn, thereby continuing to create value for its shareholders.

### Key financials – Balance sheet

		31.12.2021	30.09.2022	Δ ytd	
Assets	HRK mn	27,834	<b>33,283</b>	5,449	▲
Gross loans	HRK mn	15,727	<b>16,997</b>	1,271	▲
Deposits	HRK mn	23,450	<b>28,992</b>	5,542	▲
Equity	HRK mn	2,650	<b>2,357</b>	(293)	▼
Regulatory capital	HRK mn	2,631	<b>2,379</b>	(252)	▼
Loan/deposit ratio	%	60.7	<b>53.5</b>	(7.2)	▼
ROAE	%	7.9	<b>6.8</b>	(1.1)	▼
ROAA	%	0.8	<b>0.6</b>	(0.2)	▼
NPL ratio	%	9.8	<b>6.4</b>	(3.3)	▼
NPL ratio excluding government guarantees	%	8.4	<b>6.2</b>	(2.1)	▼
NPL coverage	%	61.1	<b>77.1</b>	15.9	▲
NPL coverage excluding government guarantees	%	75.9	<b>79.6</b>	3.7	▲
Loss allowance for loans	HRK mn	(1,575)	<b>(1,595)</b>	20.0	▲

\* Pro-forma regulatory capital with included half-year profit as of September 30, 2022 amounts to HRK 2,441 mn

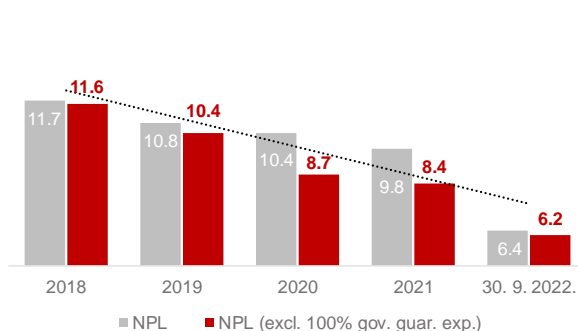
The Bank's assets reached a historically record level with an increase of HRK 5.5 bn (+19.6%) compared to December 31, 2021, thereby strengthening its market position and competing to enter the top 5 banks on the domestic market. At the same time, the strong inflow of deposits was partially retained in liquid instruments (+47.4%) until later utilization, while part of the funds were placed through loans to clients (+8.1% gross) and invested in securities (+4.7%).

The strong growth of the gross loan portfolio, in all segments, is the result of investment in client relations and the related acquisition of clients. At the same time, the retail segment recorded a growth of 4%, which is the result of work from the beginning of the year, when most internal resources were dedicated to processing credit requests for participation in the APN program. This year is historic in term of the number of processed and approved applications, which helped the growth of the retail loan portfolio, despite repayments, which are a regular and expected part of business. Significant growth of loans in Corporate segment is the result

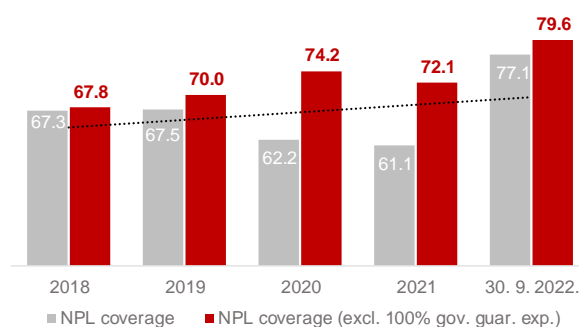
of intensive acquisition activities throughout the year, which continued the growth of the portfolio from the first and second quarter. By focusing on creditworthy clients and financing working capital, the absence of demand for investment loans was compensated. In the segment of the public sector, the constant increase in loans to local self-government entities continued, primarily for the financing of investments in communal infrastructure, but also through the financing of working capital. In the government segment, the Bank maintains its position, realizing those opportunities that do not represent too much of a price compromise, given that this segment is specific to the financing of long-term placements through tenders with the aim of obtaining the most favorable funds for the client. SME growth is the result of continuous acquisition and financing activities of quality projects and clients.

NPL portfolio, in all segments, recorded a decrease in the NPL exposure balance (Retail, SME, Corporate), as a result of significant collection (repayment) of the portfolio and recovery of placements (transition to performing portfolio). As a result of the collection, there was also a decrease in related provisions in SME and Corporate segment. On the other hand, Retail segment records an increase in the balance of provisions and coverage as a result of a more conservative approach to provisions due to the effects caused by the transition to different approach to the client (default at the client level). These movements continued the positive trend of reducing the non-performing exposures and NPL ratio in this year, which confirmed the multi-year trend. Efficient collection and recovery of part of the portfolio contributed to the fact that the NPL ratio reached the lowest level in recent history. In addition to the numerator, the Bank's business approach and asset growth also led to an increase in the denominator, which had an additional positive impact on the NPL ratio. At the same time, the coverage of non-performing exposure with provisions reached levels significantly above the average of the Croatian market (65.2% on June 30, 2022).

NPL ratio development (in %)

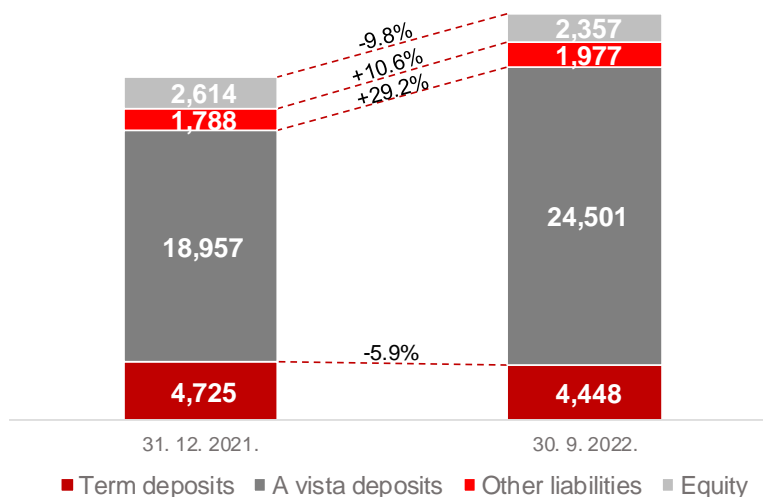


NPL coverage development (in %)



In accordance with the business model of the Bank, customer deposits dominate in the financing mix with a share of 87.0%, with a spectacular growth of HRK 5.5 bn (+23.6%). At the same time, a positive trend was noted in all segments compared to December 31, 2021: Corporate +43.9%, SME +40.1%, Financial markets +24.6% and Retail +6.7%.

### Equity and liabilities structure (in HRK mn)



In the structure of deposits, the overflow of term deposits to a vista deposits continues with regard to price movements on the market.

Capital reduction is result of falling prices of securities in Bank's portfolio which are valued through reserves for other comprehensive income (primarily government bonds).

The Bank's MREL ratio as of September 30, 2022 is 23.93% and is above first binding transitional MREL requirement (23.42%) which entered into force on January 1, 2022. The pro-forma MREL rate with the included half-year net profit is 24.67%.

Management report of Hrvatska poštanska Banka p.l.c. for the period from January 1 to September 30, 2022 is contained in the previous section of this material.

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**Marko Badurina**

President of the Management Board

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**Anto Mihaljević**

Member of the Management Board

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**Ivan Soldo**

Member of the Management Board



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 1 to September 30, 2022, 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.

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Marko Badurina

Chief Executive Officer

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Anto Mihaljević

Member of the Management Board

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Ivan Soldo

Member of the Management Board

**Annex 1****ISSUER'S GENERAL DATA**

Reporting period:

1.1.2022

do

30.9.2022

Year:

2022

Quarter:

3

**Quarterly 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 STREET 4

E-mail address: hpb@hpb.hr

Web address: www.hpb.hr

Number of employees  
(end of the reporting

1310

Consolidated report:

KN

(KN-not consolidated/KD-consolidated)

Audited:

RN

(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: Filip Siladi

(only name and surname of the contact person)

Telephone: 014804670

E-mail address: [filip.siladi@hpb.hr](mailto:filip.siladi@hpb.hr)

Audit firm:

(name of the audit firm)

Certified auditor:

(name and surname)

**BALANCE SHEET**  
as at September 30, 2022

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
<b>Assets</b>			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	6,177,602,131	8,271,557,402
Cash in hand	002	1,422,548,361	1,599,139,665
Cash balances at central banks	003	4,339,757,848	6,586,009,744
Other demand deposits	004	415,295,922	86,407,993
Financial assets held for trading (from 6 to 9)	005	616,670,614	407,176,012
Derivatives	006	-	2,012,415
Equity instruments	007	105,639,274	90,939,262
Debt securities	008	511,031,340	314,224,335
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	9,316,729	8,538,527
Equity instruments	011	-	-
Debt securities	012	-	-
Loans and advances	013	9,316,729	8,538,527
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	4,601,319,906	2,908,000,733
Equity instruments	018	48,896,784	28,979,553
Debt securities	019	4,552,423,122	2,879,021,180
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	15,955,565,325	21,034,677,566
Debt securities	022	454,371	2,152,262,337
Loans and advances	023	15,955,110,954	18,882,415,229
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	9,760,843	101,105,343
Tangible assets	027	310,680,257	302,679,049
Intangible assets	028	93,319,300	102,301,253
Tax assets	029	642,640	96,222,647
Other assets	030	51,761,294	50,274,417
Fixed assets and disposal groups classified as held for sale	031	9,200,000	-
<b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>	<b>032</b>	<b>27,835,839,039</b>	<b>33,282,532,949</b>
<b>Liabilities</b>			
Financial liabilities held for trading (from 34 to 38)	033	-	685,538
Derivatives	034	-	685,538
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	24,851,379,590	30,591,543,579
Deposits	044	24,756,955,639	30,500,164,264
Debt securities issued	045	-	-
Other financial liabilities	046	94,423,951	91,379,315
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	89,416,940	111,061,132
Tax liabilities	050	64,392,779	26,354,124
Share capital repayable on demand	051	-	-
Other liabilities	052	180,219,880	195,906,969
Liabilities included in disposal groups classified as held for sale	053	-	-
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	<b>054</b>	<b>25,185,409,189</b>	<b>30,925,551,342</b>
<b>Equity</b>			
Capital	055	1,214,775,000	1,214,775,000
Share premium	056	-	-
Equity instruments issued other than capital	057	-	-
Other equity	058	-	-
Accumulated other comprehensive income	059	240,193,702	174,301,221
Retained profit	060	291,352,537	528,176,152
Revaluation reserves	061	-	-
Other reserves	062	702,479,098	661,979,683
( - ) Treasury shares	063	(477,000)	-
Profit or loss attributable to owners of the parent	064	202,106,513	126,351,993
(-) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>2,650,429,850</b>	<b>2,356,981,607</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>27,835,839,039</b>	<b>33,282,532,949</b>

**STATEMENT OF PROFIT AND LOSS**  
for the period January 01, 2022 to September 30, 2022

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
Interest income	001	424,994,797	137,984,977	407,793,306	140,828,060
(Interest expenses)	002	27,525,552	8,605,898	22,949,137	8,709,231
(Expenses on share capital repayable on demand)	003	-	-	-	-
Dividend income	004	1,990,067	912,372	2,518,670	842,291
Fees and commissions income	005	370,071,010	151,612,595	399,992,281	163,716,161
(Fees and commissions expenses)	006	221,068,606	91,017,191	240,241,577	99,203,908
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	671,022	501,425	2,286,048	-
Gains or (-) losses on financial assets and liabilities held for trading, net	008	49,558,986	21,837,558	(24,571,135)	5,285,088
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	30,437,951	1,262,389	193,467	69,394
Gains or (-) losses on derecognition of 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	(6,156,096)	(2,040,785)	(6,768,367)	(2,514,894)
Gains or (-) losses on derecognition of investments in subsidiaries, joint ventures and associates, net	013	-	-	-	-
Gains or (-) losses on derecognition of non-financial assets, net	014	-	-	-	-
Other operating income	015	6,798,717	1,889,306	26,978,019	9,737,361
(Other operating expenses)	016	8,417,716	2,502,878	21,206,142	12,899,146
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 15 – 16)</b>	<b>017</b>	<b>621,354,580</b>	<b>211,833,870</b>	<b>524,025,433</b>	<b>197,151,176</b>
(Administrative expenses)	018	284,161,512	92,387,388	313,558,815	104,222,788
(Cash contributions to resolution boards and deposit guarantee schemes )	019	10,437,268	3,479,089	13,175,571	1,563,525
(Depreciation)	020	50,251,429	16,527,257	52,541,905	17,141,676
Modification gains or (-) losses, net	021	(1,978,555)	(520,600)	(2,859,520)	806,924
(Provisions or (-) reversal of provisions)	022	20,734,420	(1,738,386)	15,067,019	(3,587,625)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	023	1,696,368	26,689,259	(11,896,080)	(2,236,757)
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	024	-	-	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	025	-	-	-	-
Negative goodwill recognised in profit or loss	026	-	-	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	027	-	-	-	-
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	028	-	-	-	-
<b>Profit or (-) loss before tax from continuing operations (17 – 18 to 20 + 21 – from 22 to 25 + from 26 to 28)</b>	<b>029</b>	<b>252,095,028</b>	<b>73,968,663</b>	<b>138,718,683</b>	<b>80,854,493</b>
(Tax expense or (-) income related to profit or loss from continuing operations)	030	45,536,663	14,086,844	12,366,690	12,336,420
<b>Profit or (-) loss after tax from continuing operations (29 – 30)</b>	<b>031</b>	<b>206,558,365</b>	<b>59,881,819</b>	<b>126,351,993</b>	<b>68,518,073</b>
Profit or (-) loss after tax from discontinued operations (33 – 34)	032	-	-	-	-
Profit or (-) loss before tax from discontinued operations	033	-	-	-	-
(Tax expense or (-) income related to discontinued operations)	034	-	-	-	-
<b>Profit or (-) loss for the year (31 + 32; 36 + 37)</b>	<b>035</b>	<b>206,558,365</b>	<b>59,881,819</b>	<b>126,351,993</b>	<b>68,518,073</b>
Attributable to minority interest (non-controlling interests)	036	-	-	-	-
Attributable to owners of the parent	037	206,558,365	59,881,819	126,351,993	68,518,073
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>					
Income or (-) loss for the current year	038	206,558,365	59,881,819	126,351,993	68,518,073
Other comprehensive income (40 + 52)	039	(6,738,214)	9,033,180	(414,494,923)	(66,351,911)
Items that will not be reclassified to profit or loss (from 41 to 47 + 50 + 51)	040	(457,723)	-	-	-
Tangible assets	041	-	-	-	-
Intangible assets	042	-	-	-	-
Actuarial gains or (-) losses on defined benefit pension plans	043	-	-	-	-
Fixed assets and disposal groups classified as held for sale	044	-	-	-	-
Share of other recognised income and expense of entities accounted for using the equity method	045	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	046	-	-	-	-
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	047	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	048	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	049	-	-	-	-
Fair value changes of financial liabilities measured at fair value through profit or loss attributable to changes in their credit risk	050	-	-	-	-
Income tax relating to items that will not be reclassified	051	(457,723)	-	-	-
Items that may be reclassified to profit or loss (from 53 to 60)	052	(6,280,491)	9,033,180	(414,494,923)	(66,351,911)
Hedge of net investments in foreign operations [effective portion]	053	-	-	-	-
Foreign currency translation	054	-	-	-	-
Cash flow hedges [effective portion]	055	-	-	-	-
Hedging instruments [not designated elements]	056	-	-	-	-
Debt instruments at fair value through other comprehensive income	057	(7,659,135)	11,016,073	(506,435,033)	(81,362,653)
Fixed assets and disposal groups classified as held for sale	058	-	-	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	059	-	-	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	060	1,378,644	(1,982,893)	91,940,110	15,010,742
<b>Total comprehensive income for the current year (38 + 39; 62 + 63)</b>	<b>061</b>	<b>199,820,151</b>	<b>68,914,999</b>	<b>(288,142,930)</b>	<b>2,166,162</b>
Attributable to minority interest [non-controlling interest]	062	-	-	-	-
Attributable to owners of the parent	063	199,820,151	68,914,999	(288,142,930)	2,166,162

**STATEMENT OF CASH FLOW**  
for the period January 01, 2022 to September 30, 2022

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

Item	AOP code	Same period of the previous year	Current period
1	2	3	4
<b>Operating activities - direct method</b>			
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	-	-
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	009	252,095,028	138,718,683
Adjustments:		-	-
Impairment and provisions	010	24,409,343	6,030,459
Depreciation	011	50,251,429	52,541,905
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(80,667,959)	22,091,620
(Profit)/loss from the sale of tangible assets	013	-	-
Other non-cash items	014	(397,469,245)	(384,844,169)
<b>Promjene u imovini i obvezama iz poslovnih aktivnosti</b>			
Deposits with the Croatian National Bank	015	(90,596,684)	455,954,460
Deposits with financial institutions and loans to financial institutions	016	-	-
Loans and advances to other clients	017	217,447,288	(3,651,911,783)
Securities and other financial instruments at fair value through other comprehensive income	018	(119,631,681)	1,135,124,946
Securities and other financial instruments held for trading	019	215,789,574	185,895,136
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	20,000,000	-
Securities and other financial instruments at amortised cost	022	(948,647)	(2,151,807,966)
Other assets from operating activities	023	8,399,460	305,366
Deposits from financial institutions	024	39,760,243	353,656,123
Transaction accounts of other clients	025	745,778,473	1,296,645,417
Savings deposits of other clients	026	1,752,877,622	4,449,208,769
Time deposits of other clients	027	(707,349,518)	(453,268,678)
Derivative financial liabilities and other liabilities held for trading	028	(20,089,721)	(2,359,098)
Other liabilities from operating activities	029	215,091,560	1,818,677
Interest received from operating activities [indirect method]	030	384,629,685	407,793,306
Dividends received from operating activities [indirect method]	031	1,990,067	2,518,670
Interest paid from operating activities [indirect method]	032	(27,525,552)	(22,949,137)
(Income tax paid)	033	-	(5,782,313)
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>2,484,240,765</b>	<b>1,835,380,393</b>
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	(45,380,780)	(44,322,650)
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-	(91,344,500)
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	-	-
Dividends received from investing activities	038	(948,647)	-
Other receipts/payments from investing activities	039	-	-
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>040</b>	<b>(46,329,427)</b>	<b>(135,667,150)</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	70,985,216	199,565,990
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	-	681,600
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>70,985,216</b>	<b>200,247,590</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>2,508,896,554</b>	<b>1,899,960,833</b>
Cash and cash equivalents at the beginning of period	049	4,084,192,801	6,500,586,061
Effect of exchange rate fluctuations on cash and cash equivalents	050	(6,156,096)	(6,768,367)
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>051</b>	<b>6,586,933,259</b>	<b>8,393,778,527</b>

STATEMENT OF CHANGES IN EQUITY  
for the period January 01, 2022 to September 30, 2022

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	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
		3	4	5	6	7	8	9	10	11	12	13	14	15	16
Opening balance (before restatement)	001	1,214,775,000	-	-	-	240,193,702	291,362,537	-	702,479,099	(477,000)	202,106,512	-	-	-	2,650,429,950
Effects of error corrections	002	-	-	-	-	-	(5,782,313)	-	-	-	-	-	-	-	(5,782,313)
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance (current period) (1 + 2 + 3)	004	1,214,775,000	-	-	-	240,193,702	285,570,224	-	702,479,099	(477,000)	202,106,512	-	-	-	2,644,647,537
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 receivables to equity instruments	009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	012	-	-	-	-	-	-	-	(204,000)	-	-	-	-	-	(204,000)
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	016	-	-	-	-	242,605,928	-	(40,499,416)	-	(202,106,512)	-	-	-	-	-
Equity increase or ( - ) decrease resulting from business combinations	017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	018	-	-	-	-	-	-	-	-	681,600	-	-	-	-	681,600
Other increase or ( - ) decrease in equity	019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the current year	020	-	-	-	-	(414,494,923)	-	-	-	-	128,351,993	-	-	-	(286,142,930)
Closing balance (current period) (from 4 to 20)	021	1,214,775,000	-	-	-	(174,301,221)	528,176,152	-	661,979,693	-	128,351,993	-	-	-	2,358,504,607

**Notes to financial statements**

<b>1) INTEREST INCOME</b>		<i>in HRK</i>	
<b>AOP 001</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Debt securities	55,790,241	16,439,775	55,515,902
Loans and advances	369,205,257	121,539,764	352,290,379
Other assets	9,298	5,438	17,025
Deposits	-	-	-
Other liabilities	-	-	-
<b>Total</b>	<b>424,994,797</b>	<b>137,984,977</b>	<b>407,793,306</b>
<b>2) INTEREST EXPENSE</b>		<i>in HRK</i>	
<b>AOP 002</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Debt securities	-	-	-
Loans and advances	2,605,650	1,284,218	3,567,167
Other assets	-	-	1,401,983
Deposits	24,914,943	7,319,968	19,341,753
Other liabilities	4,958	1,713	7,303,884
<b>Total</b>	<b>27,525,552</b>	<b>8,605,898</b>	<b>22,949,137</b>
<b>3) FEE AND COMMISSION INCOME</b>		<i>in HRK</i>	
<b>AOP 005</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Securities	2,265,503	1,520,997	1,961,590
Asset management	28,468	18,330	18,312
Custody (according to the type of client)	3,960,530	2,604,338	3,766,352
Loan commitments	21,182	15,280	21,145
Other	363,795,264	147,453,665	394,224,883
<b>Total</b>	<b>370,071,010</b>	<b>151,612,598</b>	<b>389,992,281</b>
<b>4) FEE AND COMMISSION EXPENSE</b>		<i>in HRK</i>	
<b>AOP 006</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Bank clearing and settlement	1,538,376	555,896	3,448,136
Other	219,230,240	90,462,295	238,793,442
<b>Total</b>	<b>220,768,616</b>	<b>91,018,191</b>	<b>242,241,577</b>
<b>5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES</b>		<i>in HRK</i>	
<b>AOP 007</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Debt securities	-	-	2,116,089
Loans and advances	-	-	-
Deposits	-	-	-
Debt Securities Issued	-	-	-
Other financial liabilities	671,021	501,425	167,959
<b>Total</b>	<b>671,021</b>	<b>501,425</b>	<b>2,284,048</b>
<b>6) GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING</b>		<i>in HRK</i>	
<b>AOP 008</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Equity instruments	6,457,589	1,320,872	(14,748,204)
Debt securities	(2,602,689)	1,484,968	(58,169,853)
FX transactions and derivatives	43,709,098	18,031,716	48,346,922
<b>Total</b>	<b>49,558,998</b>	<b>21,837,558</b>	<b>(24,571,135)</b>
<b>7) GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<i>in HRK</i>	
<b>AOP 009</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Equity instruments	30,800,000	-	-
Debt securities	-	-	-
Loans and advances	(362,048)	1,262,339	193,467
<b>Total</b>	<b>30,437,951</b>	<b>1,262,339</b>	<b>193,467</b>
<b>8) OPERATING EXPENSES</b>		<i>in HRK</i>	
<b>AOP 015 &amp; AOP 017 &amp; AOP 018</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Other operating expenses	8,417,716	2,502,876	21,206,142
Administrative expenses	284,161,512	92,387,388	313,558,815
Employee expenses	171,300,782	55,829,162	186,742,062
Other administrative expenses	112,280,730	36,538,280	126,816,753
(Contributions in cash rehabilitation committees and Deposit Insurance Scheme	10,437,268	3,479,689	13,175,571
Amortization	50,251,429	16,527,257	52,541,905
Property, plant and equipment	31,501,746	10,226,442	29,547,671
Investment property	-	-	-
Other intangible assets	18,749,682	6,300,814	22,994,235
<b>Total</b>	<b>353,267,924</b>	<b>114,896,612</b>	<b>400,482,434</b>
<b>9) IMPAIRMENT LOSSES AND PROVISION EXPENSES</b>		<i>in HRK</i>	
<b>AOP 019 &amp; AOP 020 &amp; AOP 021 &amp; AOP 022</b>		Same period of the previous year 01.01.-30.09.2021.	Current period 01.01. – 30.09.2022
		Cumulative	Quarter
Modification gains or (-) losses, net	(1,978,555)	(520,600)	(2,859,520)
Financial assets at fair value through other comprehensive income	-	-	-
Financial assets at amortized cost	(1,978,555)	(520,600)	(2,859,520)
(Provisions or (-) reversal of provisions)	20,734,420	(1,738,386)	15,067,019
Liabilities towards resolution committees and deposit insurance systems	-	-	-
(Liabilities and Guarantees)	4,668,180	(2,410,406)	7,777,831
(Other Provisions)	16,066,240	672,020	7,289,187
(Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss)	1,696,368	26,689,259	(11,896,080)
(Financial assets at fair value through other comprehensive income)	(1,732,177)	(358,967)	(13,284,538)
(Financial assets at amortized cost)	3,426,546	27,048,226	1,386,458
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures, and associates)	-	-	-
(Impairment or (-) reversal of impairment off non-financial assets)	-	-	-
(Property, plant and equipment)	-	-	-
(Investment property)	-	-	-
(Goodwill)	-	-	-
(Other intangible assets)	-	-	-
(Other)	-	-	-
<b>Total</b>	<b>24,409,343</b>	<b>25,471,473</b>	<b>6,030,459</b>
<b>10) LOANS AND ADVANCES</b>		<i>in HRK</i>	
<b>AOP 023</b>		31.12.2021.	30.09.2022.
		Stage 1	Stage 2
<b>Central banks</b>		1,326,441,533	870,487,073
Gross loans	1,326,441,533	-	870,487,073
Allowance	-	-	-
<b>Government</b>		3,442,887,361	40,919,550
Gross loans	3,442,887,361	27,813,410	41,506,163
Allowance	(13,940,306)	(598,613)	(606,613)
<b>Credit institutions</b>		277,890,317	634
Gross loans	117,158	-	118,267
Allowance	(0)	-	(0)
Deposits	278,323,532	-	2,310,529,250
Allowance	(550,373)	-	(11,011,062)
<b>Other financial institutions</b>		170,320,447	730
Gross loans	160,489,050	122	277,469,225
Allowance	(2,059,031)	(0)	(1,225,993)
Deposits	12,188,549	-	18,521,201
Allowance	(298,121)	-	(454,443)
<b>Non - financial institutions</b>		1,635,385,261	235,482,949
Gross loans	1,661,243,557	836,572,344	3,249,449,815
Allowance	(25,858,296)	(66,484,172)	(73,033,938)
Retail	7,096,378,085	372,303,977	7,410,604,486
Gross loans	7,190,592,928	419,935,430	831,400,100
Allowance	(84,214,842)	(41,631,453)	(810,378,229)
<b>Total</b>	<b>13,949,303,005</b>	<b>1,169,606,868</b>	<b>17,477,206,847</b>
<b>11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS</b>		<i>in HRK</i>	
<b>AOP 013</b>		31.12.2021.	30.09.2022.
Central banks	-	-	-
Local state	-	-	-
Credit institutions	-	-	-
Other financial institutions	-	-	-
Non - financial institutions	2,895,195	2,858,265	-
Retail	6,421,574	5,882,261	-
<b>Total</b>	<b>9,316,769</b>	<b>8,538,527</b>	
<b>12) DEPOSITS</b>		<i>in HRK</i>	
<b>AOP 044</b>		31.12.2021.	30.09.2022.
Government	401,789,616	402,537,560	-
Local state	6,375,119,951	8,260,529,069	-
Credit institutions	103,484,950	432,618,732	-
Other financial institutions	1,472,818,860	1,673,202,957	-
Non - financial institutions	6,602,215,343	6,087,835,597	-
Retail	12,601,533,019	13,683,440,357	-
<b>Total</b>	<b>24,756,955,639</b>	<b>30,500,164,264</b>	