



TRANSLATION

 HRVATSKA POŠTANSKA BANKA

Financial Statements for the period from January 01 to March 31, 2020

Unaudited

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. publishes unaudited financial statements for the period from January 01 to March 31 2020.

Original and official Annual report is published in Croatian.

This report includes:

- Management report of Hrvatska poštanska Banka p.l.c.,
- statement by persons responsible for compiling the report of Hrvatska poštanska Banka p.l.c.,
- 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 format and content of interim financial reports of issuers (NN 114/2018).

Income statement

	H Q 2019	H Q 2020	Δ y-o-y
Operating income	188.7	193.1	+2.4%
Operating expenses	114.4	124.2	+8.5%
Operating profit	74.3	68.9	(7.2%)
Provisions	-9.4	30.0	(419.2%)
Net income	66.5	35.2	(47.0%)

- ✓ **net interest income increased by 11.4% due to decrease in interest expenses** (interest income +6.4%)
- ✓ **net fee and commission income decreased by 1.44%** due to harmonization of fees with EU regulations (SEPA scheme) and establishing protection measures due to COVID-19 disease in March
- ✓ **Provisioning increased by 419.2%** compared to the same period of 2019, mainly due to regular provisions in the small loan portfolio (the share of NPLs is almost at the same level as in 2019)
- ✓ **operating expenses increased by 8.5%**, continuing the Bank's organic growth, mainly due to employee cost due to JABA merger
- ✓ **operating profit decreased by HRK 5.3 million** compared to the same period in 2019 due to a **larger increase in costs**

Balance sheet

	31.12.2019.	31.03.2020.	Δ ytd
Assets	23,844.5	25,299.6	+6.1%
Gross loans	14,825.2	15,107.3	+1.9%
Deposits	20,069.2	21,179.4	+5.5%
Equity	2,370.2	2,302.2	(2.9%)

- ✓ **Assets amount to HRK 25,3 billion**, market share increased to 5.65% (as of Januar 31, 2020)
- ✓ **Total loans increased by 1.9 %** or HRK 282 million HRK
- ✓ **Deposits increased by 1.1 billion** HRK
- ✓ **Equity decreased by HRK 68 million** (-2.9%) due to prices drop of securities valued through other comprehensive income

Source: management reports of the issuer

		31.12.2019.	31.03.2020.	Δ
Loan to deposit ratio*	%	67.5	65.2	(2.3 p.p.) ↓
CET1	kn mil.	2,209	2,104	(4.8%) ↓
ROAE	%	12.92	6.03	(6.9 p.p.) ↓
NPL share	%	10.81	10.43	(0.4 p.p.) ↑
Cost of risk**	kn tis.	9,385	(29,953)	(419.2%) ↓
NPL coverage	%	66.9	64.2	(2.8 p.p.) ↓

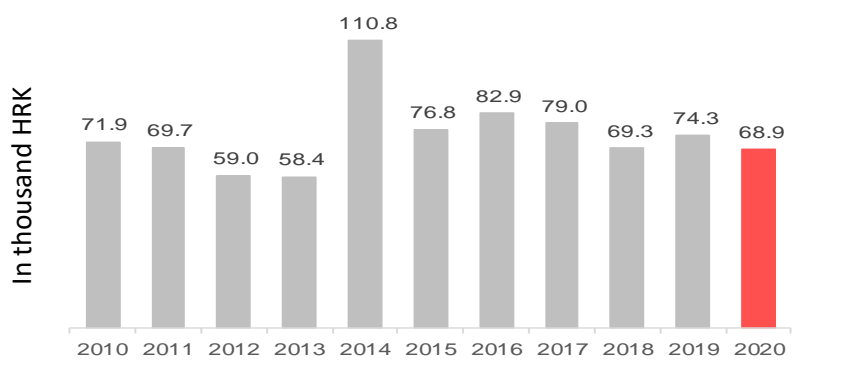
Source: management reports of the issuer

* approved net loans / deposits

**comparative period for cost of risk is 31.03.2019.

In the first quarter of 2020, operating revenues are still at record levels, where the year-on-year increase is 2.7% and amounts to HRK 193.1 million. Although lower compared to the same period last year, operating profit is at the level of Q1 2018, and amounts to HRK 68.9 million, while profit before tax amounts to HRK 39 million and is 53% lower than in the same period last year, mainly due to adjustments and provisions for losses. The effect of the use of deferred tax assets, which amounts to almost HRK 4 million for the first quarter, has a negative impact on net profit in 2020.

Long-term comparison of annual operating profit



Operating profit amounts to HRK 68.9 million and was lower by 7.2% or 5.4 million compared to the same period last year, driven by strong cost growth (+8,5%) which could not be neutralized by the high increase in operating income by 2.7 %.

Net interest income continues to grow and is **+ 10.1%** higher compared to the same period last year. The largest contribution to the growth of net interest income on a year-on-year basis stems from the higher volume of gross loans in all segments. The increase in volume neutralized the effect of a continuous decrease in interest rates, and moreover the Bank also manages interest expenses that have been reduced.

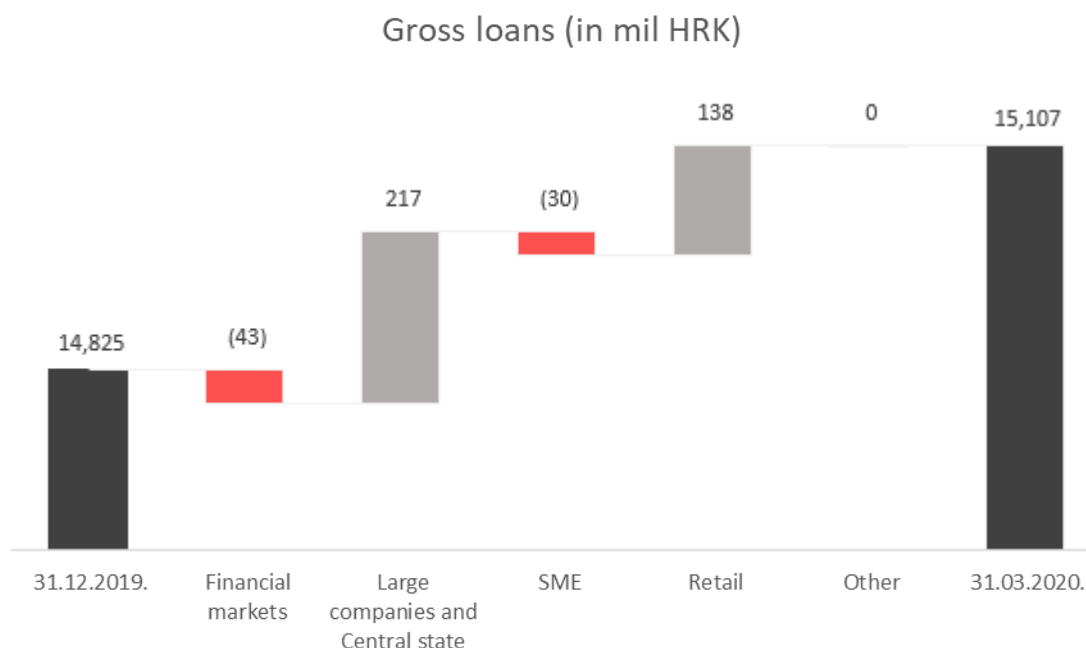
Net fees and commissions income decreased by -1.4%, mostly due to harmonization with EU regulations, specially SEPA direct debit scheme, and one-off effects on guarantees realized during the first quarter of 2019.

Other non-interest income consists of income from trading in foreign exchange and securities, dividends received, and other income. This revenues are **lower by 33.7%** compared to the same period in 2019, mainly due to the global decline in securities prices on the capital markets, which was reflected in the Bank's portfolio, which is held for trading and valued through PNL. Thus, in Q1 2020, an unrealized loss from the valuation of these instruments in the amount of HRK -18.9 million was realized, as opposed to the gain of HRK +9.4 million in Q1 2019. The mentioned decline occurred in the period of escalation of COVID-19 disease in Europe, after which the prices of securities stabilized by the end of the reporting period.

Operating costs increased by (+ 8.5%). As mentioned earlier, this is driven by merger of Jadranska banka p.l.c. and the consequent increase in workload, which includes a larger number of employees and investments in new business units. Also, cost growth is inevitable due to the launch of strategic projects that are focused on process optimization and aiming to achieve cost savings in the coming periods. We are continually working to reduce cost pressures on operating profit. In the addition, the COVID-19 pandemic, which will mark a significant part of 2020, had an impact on operating costs, primarily related to ensuring the health conditions according epidemiological measures in force in the Republic of Croatia.

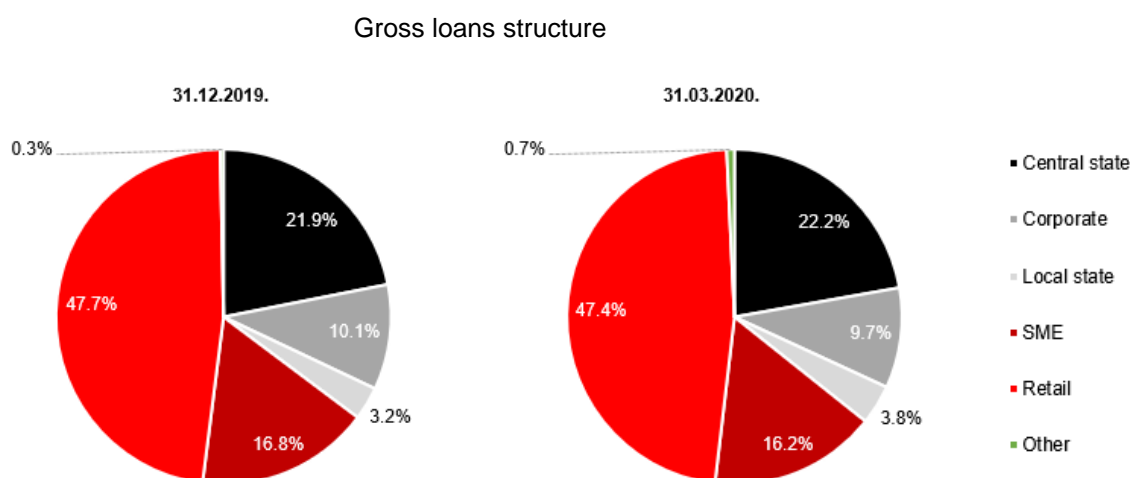
The costs of impairment and provisions for losses are higher by + 419.2% compared to the same period last year. Impairment costs for performing loans in the interim period are approximately at the same level, while the largest change is in provisions for partially recoverable placements. The dynamic of provisions is different compared to the same period last year when the Bank had more one-off effects due to the change in the collection model through intensified cancellation and loan lawsuits that are part of the small loan portfolio. During 2020, there was an increase in partially recoverable exposures (see Note 8), which largely relates to placements granted with a 100% government guarantee. Also due to the COVID-19 pandemic, collection activities were hampered by the suspension of some collection mechanisms (eg postponement of electronic public auctions based on the Decision of the Ministry of Justice as of 23.03.2020, etc.), so the new cost of risk was not mitigated by positive collection effects. However, the share of NPLs still has a decreasing trend, on 31 December 2019 it is 10.81%, while on 31 March 2020. is 10.43%). Accordingly, regular placement provisions were made in accordance with internal acts and relevant CNB regulations. We continue to maintain the coverage of NPLs at high levels (March 31, 2020 = 64.2%).

The Bank's assets as at 31 March 2020 amounted to HRK 25.3 billion (+ 6.1%), with continued growth in the gross loan portfolio. Overflow of liquidity surpluses during March 2020 the Bank could not entirely invest in interest-bearing instruments, consequently above mentioned the categories of liquid assets are also on the rise. Accordingly, the liquidity position is strong, so the LCR ratio (Liquidity coverage ratio) is dated 31.03.2020. year at 164%.



Source: management reports of the issuer (according to internal segmentation retail does not include SME)

Total gross loans increased by + 1.9% compared to 2019, and growth was achieved mostly in corporate and the public sector, while the retail sector also has continuous growth.



Source: management reports of the issuer (according to internal segmentation retail does not include SME)

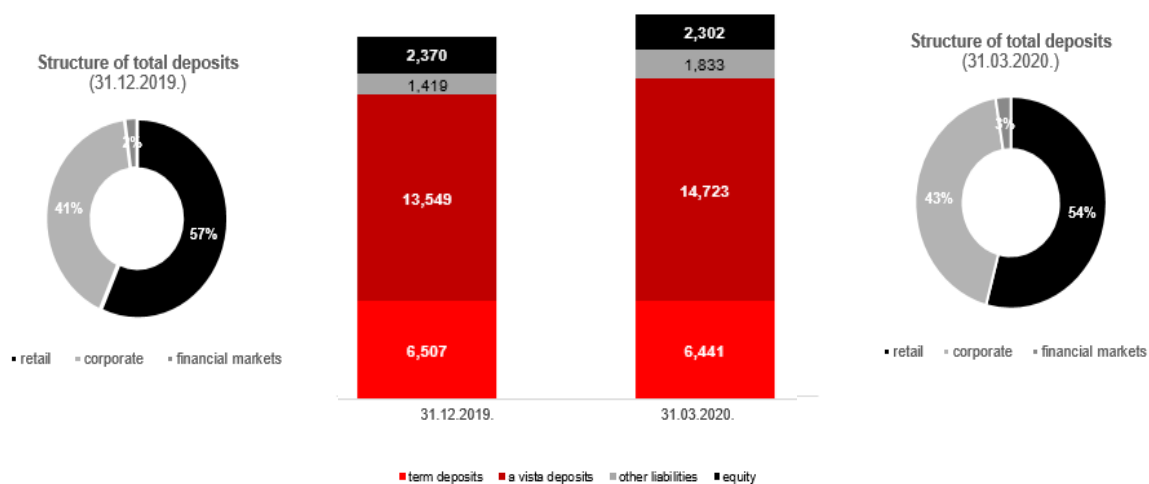
The total **increase in gross retail loans** amounts to approximately **HRK 138 million** compared to the end of 2019, with housing loans increasing by **+3.3%** and other loans by **+1.0%**.

The largest increase in the segment of large enterprises and the public sector was recorded in the categories of central and local government, which resulted in an increase in the volume of this segment by HRK 217 million. The SME segment recorded a slight decline of HRK 30 million in Q1 2020.

Banks' liabilities as of 31.03.2020. **increased by 6.1% or HRK 1.5 billion** compared to the end of 2019.

Retail and corporate deposits are still increasing by 5.5%, indicating our clients' confidence and a stable deposit base, with the continuing trend of overflow from term deposits (-1.0%) to a vista accounts (+8.7%), which has a favorable effect on the average cost of the source. Retail deposits increased by 1.0%, while corporate deposits increased by + 10.5%. Deposits remain the main source of funds for HPB (83.7%), while HRK deposits have dominant share.

Liabilities (in mil HRK)



Source: management reports of the issuer (according to internal segmentation retail does not include SME)

At the end of Q1 2020, the Bank further improved the maturity and interest rate structure of sources by participating in the CNB's structural operation, where HRK 400 million of liquidity was obtained for a period of 5 years with the pledge of Croatian government securities.

Bank's equity as of 31.03.2020. reached HRK 2,302 million and decreased by HRK 68 million compared to the end of last year. The most significant contribution to capital decrease relates to the mentioned global decline in the price of securities which reduced the accumulated other comprehensive income from securities in the portfolio that is valuable through the remaining comprehensive income whereby a part of these securities was sold on the basis of which HRK 23.9 million of realized profit was reported in PNL, which as at 31 December 2019. was contained in this category of capital. **A stronger capital base and capital management optimization measures launched during the fourth quarter of 2019 continue to result in a high capital adequacy ratio.**

The first quarter of 2020 was finally marked by good business results and growth in operating revenues. In this period, the Bank also participates in the APN program of subsidized housing loans for which good results are expected, as in history. It is certainly necessary to point out the disease COVID-19 which caused major changes in the economic and social environment, where the Bank invests maximum effort and adapts its business to new circumstances, and so we organized the delivery of pensions to our clients in cooperation with partner Croatian Post., we initiated measures to help citizens and companies, we provide loans for liquidity of exporters, we operate through digital channels and a large number of other initiatives that we do to easily overcome this uncertain period. Through the initiative #zajednosnažniji as a socially responsible institution, we do our best to ensure continuous business while taking care of the safety and protection of our clients and employees.

During 2020, we will take all necessary actions to continue living our mission of creating conditions for a better life in Croatia, with the aim of achieving a long-term sustainable return for our shareholders in these challenging times.

Marko Badurina

Chief Executive Officer

Anto Mihaljević

Member of the Management Board

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 01 to March 31, 2020, compiled in accordance with the accounting regulation applicable to credit institutions in Croatia, presents complete and accurate view of assets and liabilities, losses and gains, financial position and results of HPB p.l.c.

Tea Bažant

Executive Head of finance division

Marko Badurina

Chief Executive Officer

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board

Annex 1
ISSUER'S GENERAL DATA
Reporting period: to
Year:
Quarter:
Quarterly financial statements
Registration number (MB): **Issuer's home Member State code:**
Entity's registration number (MBS):
Personal identification number (OIB): **LEI:**
Institution code:
Name of the issuer:
Postcode and town:
Street and house number:
E-mail address:
Web address:
Number of employees (end of the reporting period):
Consolidated report: (KN-not consolidated/KD-consolidated)

Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): **Registered office:** **MB:**

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: (only name and surname of the contact person)

Telephone:
E-mail address:
Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET

as at March 31, 2020

In HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
Assets			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	2,772,746,813	4,886,472,669
Cash in hand	002	961,912,026	1,036,068,723
Cash balances at central banks	003	1,014,563,142	3,440,241,363
Other demand deposits	004	796,271,645	410,162,583
Financial assets held for trading (from 6 to 9)	005	612,871,552	656,544,662
Derivatives	006	852,203	32,810
Equity instruments	007	96,079,539	84,919,175
Debt securities	008	515,939,810	571,592,677
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	21,199,086	20,308,129
Equity instruments	011	-	-
Debt securities	012	-	-
Loans and advances	013	21,199,086	20,308,129
Financial assets at fair value through profit or loss (15 + 16)	014	-	-
Debt securities	015	-	-
Loans and advances	016	-	-
Financial assets at fair value through other comprehensive income (from 18 to 20)	017	4,640,197,866	4,034,940,975
Equity instruments	018	57,269,384	45,545,931
Debt securities	019	4,582,928,482	3,989,395,044
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	15,217,710,292	15,143,492,936
Debt securities	022	4,305,695	6,446,727
Loans and advances	023	15,213,404,597	15,137,046,209
Derivatives - hedge accounting	024	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	-	-
Investments in subsidiaries, joint ventures and associates	026	5,490,000	5,490,000
Tangible assets	027	324,429,807	324,406,744
Intangible assets	028	109,095,746	102,222,660
Tax assets	029	6,453,295	25,946,029
Other assets	030	42,962,745	31,772,198
Fixed assets and disposal groups classified as held for sale	031	20,000,000	20,000,000
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	23,773,157,202	25,251,597,003

BALANCE SHEET (CONTINUED)

as at March 31, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	AOP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
Liabilities			
Financial liabilities held for trading (from 34 to 38)	033	863,025	33,288
Derivatives	034	863,025	33,288
Short positions	035	-	-
Deposits	036	-	-
Debt securities issued	037	-	-
Other financial liabilities	038	-	-
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	-	-
Deposits	040	-	-
Debt securities issued	041	-	-
Other financial liabilities	042	-	-
Financial liabilities measured at amortised cost (from 44 to 46)	043	21,056,875,186	22,609,154,117
Deposits	044	20,944,398,925	22,489,835,221
Debt securities issued	045	-	-
Other financial liabilities	046	112,476,261	119,318,896
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	196,063,323	196,008,508
Tax liabilities	050	1,728,314	13,217,715
Share capital repayable on demand	051	-	-
Other liabilities	052	147,415,709	130,966,417
Liabilities included in disposal groups classified as held for sale	053	-	-
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	21,402,945,557	22,949,380,045
Equity			
Initial capital	055	1,214,775,000	1,214,775,000
Share premium	056	-	-
Equity instruments issued other than capital	057	-	-
Other equity instruments	058	-	-
Accumulated other comprehensive income	059	319,404,893	216,180,091
Retained profit	060	153,174,469	225,060,726
Revaluation reserves	061	-	-
Other reserves	062	539,561,769	611,448,026
(-) Treasury shares	063	(477,000)	(477,000)
Profit or loss attributable to owners of the parent	064	143,772,514	35,230,115
(--) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
Total equity (from 55 to 66)	067	2,370,211,645	2,302,216,958
Total equity and liabilities (54 + 67)	068	23,773,157,202	25,251,597,003

INCOME STATEMENT

for the period January 01, 2020 to March 31, 2020

In HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Kumulativ	Tromjesečje
1	2	3	4	1	2
Interest income	001	140,692,187	140,692,187	150,258,639	150,258,639
(Interest expenses)	002	16,908,380	16,908,380	13,918,265	13,918,265
(Expenses on share capital repayable on demand)	003	-	-	-	-
Dividend received	004	-	-	200,613	200,613
Fees and commissions income	005	113,647,580	113,647,580	109,595,003	109,595,003
(Fees and commissions expenses)	006	71,019,732	71,019,732	67,580,044	67,580,044
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	-	-	23,870,392	23,870,392
Gains or (-) losses on financial assets and liabilities held for trading, net	008	22,317,471	22,317,471	(5,416,693)	(5,416,693)
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	-	-	102,393	102,393
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	-	-	-	-
Gains or (-) losses from hedge accounting, net	011	-	-	-	-
Exchange rate differences [gain or (-) loss], net	012	(845,600)	(845,600)	(4,831,938)	(4,831,938)
Gains or (-) losses on derecognition of non-financial assets, net	013	-	-	-	-
Other operating income	014	768,023	768,023	928,507	928,507
(Other operating expenses)	015	15,497,967	15,497,967	12,435,400	12,435,400
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	173,153,582	173,153,582	180,773,207	180,773,207

INCOME STATEMENT (CONTINUED)

for the period January 01, 2020 to March 31, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.					
Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Kumulativ	Tromjesečje
1	2	3	4	5	6
(Administrative expenses)	017	86,739,343	86,739,343	91,519,198	91,519,198
(Depreciation)	018	12,157,038	12,157,038	20,650,093	20,650,093
Modification gains or (-) losses, net	019	-	-	(29,391)	(29,391)
(Provisions or (-) reversal of provisions)	020	-	-	884,318	884,318
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	(9,385,091)	(9,385,091)	28,708,700	28,708,700
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	-	-	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	023	-	-	-	-
Negative goodwill recognised in profit or loss	024	-	-	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	-	-	-	-
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	-	-	-	-
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	83,642,292	83,642,292	38,981,507	38,981,507
(Tax expense or (-) income related to profit or loss from continuing operations)	028	17,109,441	17,109,441	3,751,391	3,751,391
Profit or (-) loss after tax from continuing operations (27 – 28)	029	66,532,851	66,532,851	35,230,116	35,230,116
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	-	-	-	-
Profit or (-) loss before tax from discontinued operations	031	-	-	-	-
(Tax expense or (-) income related to discontinued operations)	032	-	-	-	-
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	66,532,851	66,532,851	35,230,116	35,230,116
Attributable to minority interest [non-controlling interests]	034	-	-	-	-
Attributable to owners of the parent	035	66,532,851	66,532,851	35,230,116	35,230,116

INCOME STATEMENT (CONTINUED)

for the period January 01, 2020 to March 31, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Income or (-) loss for the current year	036	66,532,851	66,532,851	35,230,116	35,230,116
Other comprehensive income (38 + 50)	037	48,037,983	48,037,983	(103,225,083)	(103,225,083)
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	038	-	-	-	-
Tangible assets	039	-	-	-	-
Intangible assets	040	-	-	-	-
Actuarial gains or (-) losses on defined benefit pension plans	041	-	-	-	-
Fixed assets and disposal groups classified as held for sale	042	-	-	-	-
Share of other recognised income and expense of entities accounted for using the equity method	043	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	-	-	-	-
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	046	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	-	-	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	-	-	-	-
Income tax relating to items that will not be reclassified	049	-	-	-	-
Items that may be reclassified to profit or loss (from 51 to 58)	050	48,037,983	48,037,983	(103,225,083)	(103,225,083)
Hedge of net investments in foreign operations [effective portion]	051	-	-	-	-
Foreign currency translation	052	-	-	-	-
Cash flow hedges [effective portion]	053	-	-	-	-
Hedging instruments [not designated elements]	054	-	-	-	-
Debt instruments at fair value through other comprehensive income	055	58,582,906	58,582,906	(125,884,247)	(125,884,247)
Fixed assets and disposal groups classified as held for sale	056	-	-	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	-	-	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	058	(10,544,923)	(10,544,923)	22,659,165	22,659,165
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	114,570,834	114,570,834	(67,994,967)	(67,994,967)
Attributable to minority interest [non-controlling interest]	060	-	-	-	-
Attributable to owners of the parent	061	114,570,834	114,570,834	(67,994,967)	(67,994,967)

STATEMENT OF CASH FLOW

for the period January 01, 2020 to March 31, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP code	Same period of the previous year	Current period
1	2	3	4
Operating activities - direct method			
Interest received and similar receipts	001	-	-
Fees and commissions received	002	-	-
(Interest paid and similar expenditures)	003	-	-
(Fees and commissions paid)	004	-	-
(Operating expenses paid)	005	-	-
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	-	-
Other receipts	007	-	-
(Other expenditures)	008	-	-
Operating activities - indirect method			
Profit/(loss) before tax	009	83,642,292	38,981,507
Adjustments:		-	-
Impairment and provisions	010	(9,385,091)	29,622,409
Depreciation	011	12,157,038	20,650,093
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(22,317,471)	(13,621,416)
(Profit)/loss from the sale of tangible assets	013	(143,996)	-
Other non-cash items	014	845,600	(93,277,166)
Changes in assets and liabilities from operating activities			
Deposits with the Croatian National Bank	015	858,030,057	359,111,599
Deposits with financial institutions and loans to financial institutions	016	(293,381,820)	-
Loans and advances to other clients	017	(120,158,606)	(312,375,620)
Securities and other financial instruments at fair value through other comprehensive income	018	(1,832,889,651)	514,147,757
Securities and other financial instruments held for trading	019	184,730,600	(53,921,741)
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	(28,908,892)	-
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	-	890,957
Securities and other financial instruments at amortised cost	022	22,439	(2,141,032)
Other assets from operating activities	023	83,780,095	11,190,547
Deposits from financial institutions	024	(83,025,500)	124,155,576
Transaction accounts of other clients	025	1,083,374,363	613,229,235
Savings deposits of other clients	026	1,371,027,605	244,020,710
Time deposits of other clients	027	(1,135,754,549)	127,198,586
Derivative financial liabilities and other liabilities held for trading	028	-	6,012,898
Other liabilities from operating activities	029	(506,700,082)	(25,800,707)
Interest received from operating activities [indirect method]	030	-	140,692,187
Dividends received from operating activities [indirect method]	031	-	200,613
Interest paid from operating activities [indirect method]	032	-	(16,908,380)
(Income tax paid)	033	-	-
Net cash flow from operating activities (from 1 to 33)	034	(355,055,569)	1,712,058,267

STATEMENT OF CASH FLOW

for the period January 01, 2020 to March 31, 2020

In HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP code	Same period of the previous year	Current period
1	2	3	4
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	(19,826,917)	(13,753,944)
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	(122,750,000)	-
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	-	(2,141,032)
Dividends received from investing activities	038	-	-
Other receipts/payments from investing activities	039	-	-
Net cash flow from investing activities (from 35 to 39)	040	(142,576,917)	(15,894,976)
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	90,788,695	436,832,189
Net increase/(decrease) in debt securities issued	042	-	-
Net increase/(decrease) in Tier 2 capital instruments	043	-	-
Increase in share capital	044	-	-
(Dividends paid)	045	-	-
Other receipts/(payments) from financing activities	046	-	-
Net cash flow from financing activities (from 41 to 46)	047	90,788,695	436,832,189
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	(406,843,791)	2,132,995,480
Cash and cash equivalents at the beginning of period	049	3,128,314,965	3,037,318,898
Effect of exchange rate fluctuations on cash and cash equivalents	050	3,895,146	4,831,938
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	2,725,366,320	5,175,146,316

STATEMENT OF CHANGES IN EQUITY

for the period January 01, 2020 to March 31, 2020

In HRK

Item	AOP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Opening balance [before restatement]	001	1,214,775,000	-	-	-	319,405,173	153,174,469	-	539,561,769	(477,000)	143,772,514	-	-	-	2,370,211,925
Effects of error corrections	002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	-	-	-	319,405,173	153,174,469	-	539,561,769	(477,000)	143,772,514	-	-	-	2,370,211,925
Ordinary shares issue	005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	007	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF CHANGES IN EQUITY

for the period January 01, 2020 to March 31, 2020

Item	AOP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	() Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Dividends	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase/sale of treasury shares	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity instruments	016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease of equity instruments	018	-	-	-	-	(103,225,083)	143,772,514	-	-	-	(143,772,514)	-	-	-	(103,225,083)
Total comprehensive income for the current year	019	-	-	-	-	-	-	-	-	-	35,230,115	-	-	-	35,230,115
Equity instruments increase or (-) decrease resulting from business combinations	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	-	-	-	216,180,090	296,946,983	-	539,561,769	(477,000)	35,230,115	-	-	-	2,302,216,957

NOTES TO FINANCIAL STATEMENTS

A) STATEMENT OF PROFIT AND LOSS

1) INTEREST INCOME

in HRK

AOP 001	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	20,466,430	20,466,430	22,027,279	22,027,279
Loans and advances	119,811,422	119,811,422	127,982,346	127,982,346
Other assets	414,335	414,335	249,014	249,014
Deposits	-	-	-	-
Other liabilities	-	-	-	-
Total	140,692,187	140,692,187	150,258,639	150,258,639

2) INTEREST EXPENSE

in HRK

AOP 002	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	-	-	-	-
Loans and advances	923,399	923,399	531,836	531,836
Other assets	-	-	-	-
Deposits	15,485,565	15,485,565	12,933,482	12,933,482
Other liabilities	499,416	499,416	452,947	452,947
Total	16,908,380	16,908,380	13,918,265	13,918,265

3) FEE AND COMMISSION INCOME

in HRK

AOP 005	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Securities	80,523	80,523	-	-
Asset management	11,972	11,972	73,995	73,995
Custody [according to the type of client]	1,294,371	1,294,371	1,121,542	1,121,542
Loan commitments	39,924	39,924	1,269,446	1,269,446
Other	112,220,790	112,220,790	107,130,020	107,130,020
Total	113,647,580	113,647,580	109,595,003	109,595,003

4) FEE AND COMMISSION EXPENSE

in HRK

AOP 006	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Bank clearing and settlement	399,060	399,060	368,965	368,965
Other	70,620,672	70,620,672	67,211,079	67,211,079
Total	71,019,732	71,019,732	67,580,044	67,580,044

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

AOP 007	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	-	-	23,870,392	23,870,392
Loans and advances	-	-	-	-
Deposits	-	-	-	-
Debt Securities issued	-	-	-	-
Other financial liabilities	-	-	-	-
Total	4,079,683	4,079,683	23,870,392	23,870,392

AOP 008	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Equity instruments	3,234,838	3,234,838	(11,294,858)	(11,294,858)
Debt securities	10,276,966	10,276,966	(7,587,117)	(7,587,117)
FX transactions and derivatives	8,805,667	8,805,667	13,465,282	13,465,282
Total	22,317,471	22,317,471	(5,416,693)	(5,416,693)

AOP 009	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Loans and advances	-	-	102,393	102,393
Total	-	-	102,393	102,393

6) OPERATING EXPENSES
in HRK

AOP 015 & AOP 017 & AOP 018	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
(Other operating expenses)	10,647,158	10,647,158	12,435,400	12,435,400
(Administrative expenses)	91,590,152	91,590,152	91,519,198	91,519,198
(Employee expenses)	46,860,883	46,860,883	54,201,367	54,201,367
(Other administrative expenses)	44,729,269	44,729,269	37,317,831	37,317,831
(Amortization)	12,157,038	12,157,038	20,650,093	20,650,093
(Property, plant and equipment)	4,093,533	4,093,533	11,183,650	11,183,650
(Investment property)	-	-	-	-
(Other intangible assets)	8,063,505	8,063,505	9,466,444	9,466,444
Total	114,394,348	114,394,348	124,604,691	124,604,691

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES

in HRK

AOP 019 & AOP 020 & AOP 021 & AOP 023	Same period of the previous year 01.01.-31.03.2019		Current period 01.01. – 31.03.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Modification gains or (-) losses, net	-	-	(29,391)	(29,391)
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets at amortized cost	-	-	(29,391)	(29,391)
(Provisions or (-) reversal of provisions)	4,311,818	4,311,818	884,318	884,318
(Liabilities and Guarantees)	3,826,468	3,826,468	339,153	339,153
(Other Provisions)	485,350	485,350	545,166	545,166
(Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss)	(13,696,909)	(13,696,909)	28,708,700	28,708,700
(Financial assets at fair value through other comprehensive income)	5,235,258	5,235,258	(1,127,923)	(1,127,923)
(Financial assets at amortized cost)	(18,932,168)	(18,932,168)	29,836,623	29,836,623
(Impairment or (-) reversal of impairment off 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)	-	-	-	-
Total	(9,385,091)	(9,385,091)	29,622,409	29,622,409

B) BALANCE SHEET

8. LOANS AND ADVANCES

in HRK

AOP 023	31.12.2019.			31.03.2020.		
	Stupanj 1	Stupanj 2	Stupanj 3	Stupanj 1	Stupanj 2	Stupanj 3
Central banks	1,558,206,655	-	-	1,199,095,056	-	-
Gross loans	1,558,206,655	-	-	1,199,095,056	-	-
Allowance	-	-	-	-	-	-
Government	2,244,696,909	4,456,728	-	2,178,738,780	2,434,214	152,668
Gross loans	2,250,085,612	5,026,891	383,503	2,184,330,715	2,646,122	571,708
Allowance	(5,388,703)	(570,163)	(383,503)	(5,591,936)	(211,908)	(419,040)
Credit institutions	233,379,950	-	-	275,657,242	-	-
Gross loans	574,599	-	-	20,786	-	-
Allowance	(547,979)	-	-	(0)	-	-
Deposits	233,416,895	-	-	275,698,306	-	-
Allowance	(63,565)	-	-	(61,850)	-	-
Other financial institutions	129,436,444	461,201	-	117,801,069	7,003	218
Gross loans	117,745,218	466,361	15,995	105,652,991	8,608	4,242,742
Allowance	(398,194)	(5,160)	(15,995)	(367,846)	(1,605)	(4,242,525)
Deposits	12,197,705	-	-	12,614,830	-	-
Allowance	(108,285)	-	-	(98,906)	-	-
Non - financial institutions	3,632,345,296	170,418,701	441,502,507	3,452,938,447	435,036,949	574,966,567
Gross loans	3,729,047,913	219,244,197	1,343,775,272	3,540,298,313	490,838,222	1,485,745,072
Allowance	(96,702,617)	(48,825,496)	(902,272,765)	(87,359,865)	(55,801,273)	(910,778,505)
Retail	6,301,397,489	304,661,307	192,441,409	6,450,302,727	285,277,038	164,638,232
Gross loans	6,330,026,490	322,194,397	644,630,416	6,487,175,872	308,141,133	639,431,950
Allowance	(28,629,002)	(17,533,090)	(452,189,007)	(36,873,145)	(22,864,095)	(474,793,717)
Total	14,099,462,743	479,997,937	633,943,916	13,674,533,321	722,755,204	739,757,684

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

	<i>u HRK</i>	
AOP 013	31.12.2019.	31.03.2020.
Central banks	-	-
Government	-	-
Credit institutions	-	-
Other financial institutions	-	-
Non - financial institutions	6,692,018	5,658,914
Retail	14,507,069	14,649,214
Total	21,199,086	20,308,129

10) DEPOSITS

	<i>u HRK</i>	
AOP 044	31.12.2019.	31.03.2020.
Government	-	400,000,000
Local Government		4,845,932,617
Credit institutions	127,248,024	131,725,012
Other financial institutions	1,443,658,667	2,293,581,027
Non - financial institutions	2,739,494,692	2,969,341,171
Retail	11,737,901,121	11,849,255,393
Total	20,944,398,925	22,489,835,220

C) MERGING OF JADRANSKA BANKA P.L.C. AND HPB STAMBENA ŠTEDIONICA P.L.C.

As of April 01, 2019 the Bank merged Jadranska banka p.l.c., which resulted in capital increase in amount of HRK 42,884 thousand, with December 2, 2019, HPB Stambena štedionica p.l.c. was merged, which also increased the capital items by HRK 4,652 thousand.

D) BANK'S OWNERSHIP STRUCTURE

Bank's ownership structure as per March, 31 2020 was as follows:

Dioničar	Vlasnički udio
Republic of Croatia (Ministry of State Assets)	42.43%
HP Hrvatska pošta Plc	11.93%
State Agency for Deposit Insurance and Bank Resolution	8.98%
Croatian Pension Insurance Institute (Ministry of State Assets)	8.76%
Prosperus Invest d.o.o., for Prosperus FGS	4.94%
PBZ CROATIA OSIGURANJE OMF (B category)	4.12%
ERSTE d.o.o. for ERSTE PLAVI OMF (B category)	3.90%
Allianz ZB d.o.o., for AZ OMF (B category)	2.88%
the Disposal of NEK Radioactive Waste and Spent Nuclear Fuel	2.36%
RAIFFEISEN D.D., for Raiffeisen OMF (B category)	2.20%
Minorities	7.46%
Treasury shares	0.04%

E) HPB STOCK

HPB Stock is listed on ZSE's Official market. Last share price at the end of first quarter of 2020 amounted to HRK 456.00 (31.03.2020. trading day), representing an increase of 24 percent in comparison with the last price achieved in 2019. (=HRK 600.00 as per December 30, 2019 trading day).

Trading of HPB-R-A stock during the reporting period was as follows (below presented last price in trading day) :

