



HRVATSKA POŠTANSKA BANKA

HPB d.d. H1 2021

Investor information and unaudited
Financial statements

Limitation of liability

- The information and data contained in this presentation are intended to be general background information on Hrvatska poštanska banka p.l.c. (hereinafter referred to as the Bank or HPB) and its activities. It is supplied in summary form and therefore not necessarily complete. Certain statements contained herein may be statements of future expectations and other forward-looking statements about HPB, which are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements which are forward-looking by reason of context, words such as "may", "will", "should", "expects", "plans", "contemplates", "intends", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" and similar expressions typically identify forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. As such, no forward-looking statement can be guaranteed. Undue reliance should not be placed on these forward-looking statements. Many factors could cause our results of operations, financial condition, liquidity, and the development of the industries in which we compete, to differ materially from those expressed or implied by the forward-looking statements contained herein.
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| | |
|---|---|
| Type and name of prescribed information: | Quarterly financial statements for the period 01.01.2021 - 30.06.2021, HPB d.d. H1 2021 Investor information and unaudited Financial statements |
| Issuer name, headquarter and address: | Hrvatska poštanska banka p.l.c., Jurišićeva 4, HR-10000 Zagreb |
| Issuer's Legal Entity Identifier (LEI) | 529900D5G4V6THXC5P79 |
| Home Member State: | Republic of Croatia |
| International Securities Identification Number (ISIN) | HRHPB0RA0002 |
| Stock code (ticker): | HPB-R-A |
| Regulated market and segment: | Zagreb Stock Exchange, Official market |

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. publishes unaudited financial statements for the period from January 01 to June 30, 2021.

Original and official quarterly report is published in Croatian.

The report includes:

- Management report of Hrvatska poštanska Banka p.l.c.,
- Statement by persons responsible for compiling the report,
- 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, 27/2021).

1 Executive Summary

2 Macroeconomic environment

3 Financials

4 Risk Management

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Best H1 performance in our 30-year history

Highest H1 net profit ever

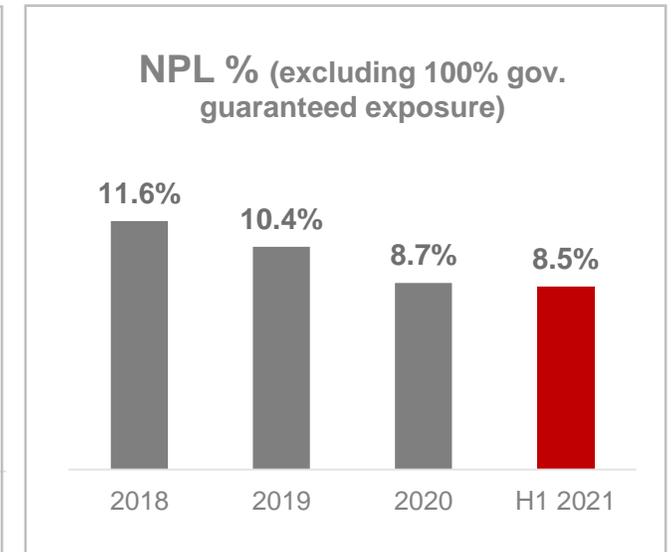
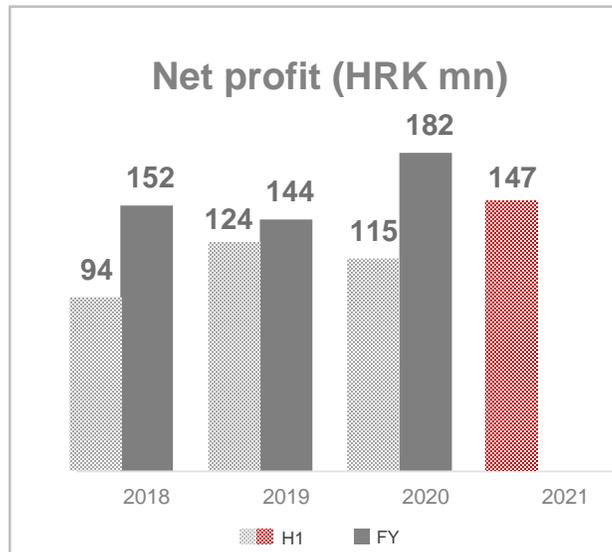
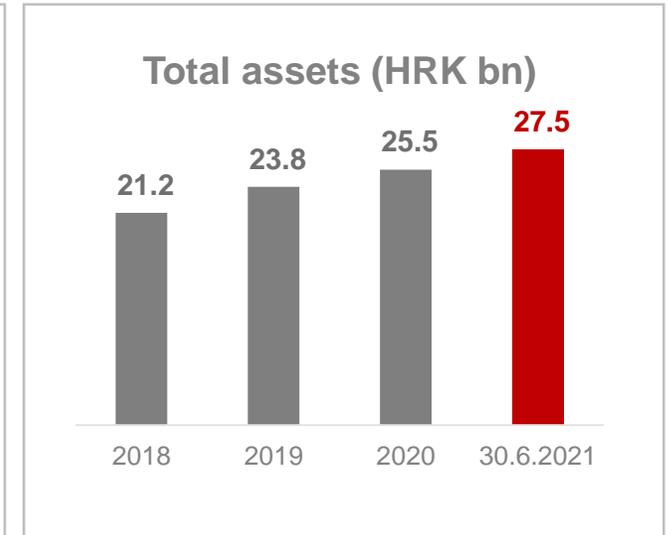
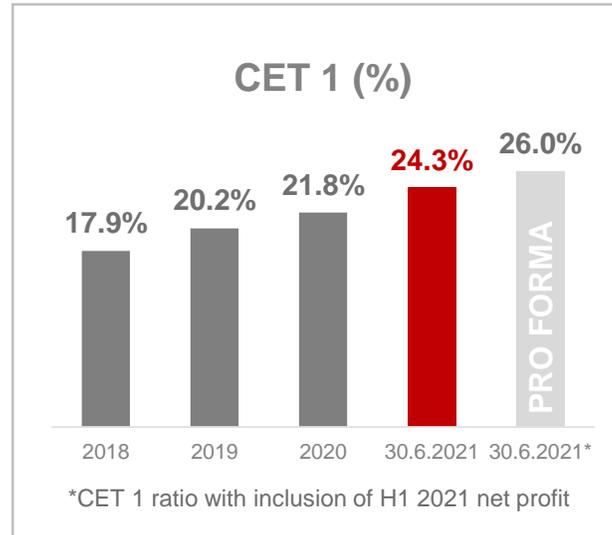
- Managed to preserve the absolute volume of net interest income, despite margin pressure;
- Net fee income +7.0% vs. H1 20;
- Improved cost-to-income ratio at 57.4% (-6.4 p.p. vs. H1 20).**

Continuously strong capital position

- Highest CET1 in recent history;**
- Continuous favourable trend in capital light performing portfolio and optimisation of RWA;
- We continue to **fortify** our position by harnessing efficiencies in our **risk and interest profile.**

Almost HRK 2 bn assets growth in 2021

- Strengthened market position;
- Improved loan portfolio quality.



- Income statement items are shown in cumulative from start of the period until the reporting date; 6M = cumulative 1.1.2021 – 30.6.2021
- Balance sheet items are shown as at reporting date; 31.12.2020 and 30.6.2021

Key Financials 2021

Operating profit (in HRK mn)



Growth driven by increase in net fee income & trading income, and reduction of deposit insurance premium.

Gross loans (in HRK mn)



Increase of housing loans exceeded by decrease in central government and corporate segment.

Profit after tax (in HRK mn)



In addition to drivers generating higher operating profit, the provisioning effect is positive with neutral effect in 6M 2021 due to improved portfolio quality and regular legal provisioning.

CET 1 capital ratio (in %)



Elevated capital position.

*Pro forma CET 1 ratio with inclusion of H1 21 profit after tax

- Income statement items are shown in cumulative from start of the period until the reporting date; 6M = cumulative 1.1.2021 – 30.6.2021
- Balance sheet items are shown as at reporting date; 31.12.2020 and 30.6.2021

Excellent performance in H1 2021

| | | 2019 | 2020 | H1 2020 | H1 2021 | * |
|--|--------|--------|--------|---------|---------------|---|
| Assets | HRK mn | 23,844 | 25,500 | 25,114 | 27,494 | ▲ |
| Net loans to customers | HRK mn | 13,341 | 14,725 | 14,175 | 14,637 | ▼ |
| Deposits | HRK mn | 20,069 | 21,214 | 20,934 | 22,470 | ▲ |
| Equity | HRK mn | 2,370 | 2,473 | 2,368 | 2,604 | ▲ |
| Income | HRK mn | 1,227 | 1,121 | 550 | 565 | ▲ |
| Net profit | HRK mn | 144 | 182 | 115 | 147 | ▲ |
| Cost-to-income ratio | % | 61.3 | 64.1 | 63.8 | 57.4 | ▼ |
| Return on equity (ROE) | % | 6.1 | 7.4 | 9.7 | 11.3 | ▲ |
| CET 1 capital ratio | % | 20.2 | 21.8 | 19.6 | 24.3 | ▲ |
| NPL ratio | % | 10.8 | 10.4 | 11.0 | 10.0 | ▼ |
| NPL ratio excl. 100% gov. guaranteed exposure | % | 10.4 | 8.7 | 9.6 | 8.5 | ▼ |
| NPL coverage | % | 67.5 | 62.2 | 61.6 | 60.6 | ▼ |
| NPL coverage excl. 100% gov. guaranteed exposure | % | 70.0 | 74.2 | 71.7 | 71.6 | ▼ |

* Income statement items and comparatives are shown in cumulative from start of the period until the reporting date; 6M = cumulative 1.1.2021 – 30.6.2021

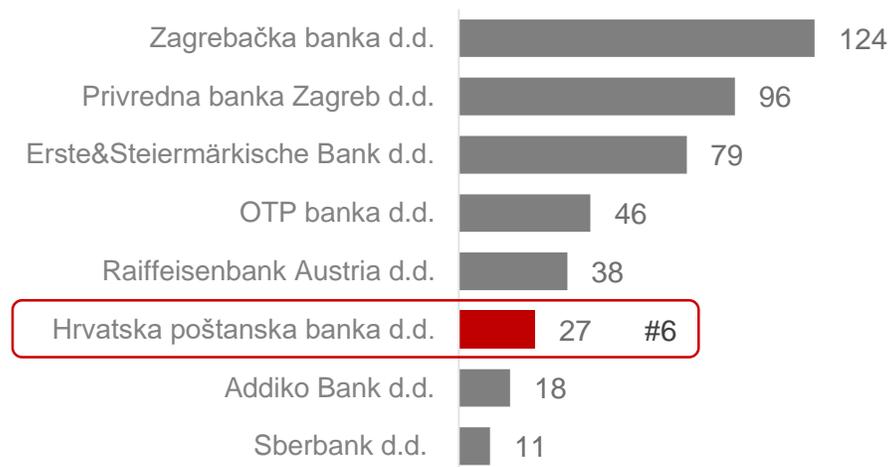
Balance sheet items and comparatives are shown as at reporting date; 31.12.2020 and 30.6.2021

- Organic growth continued despite COVID-19;
- Some clients had an increased UTP** or SICR*** caused by COVID-19 which resulted in higher loss allowance or switching to NPL, but there is still no breakthrough in DPD;
- Improved NPL ratio as a result of effective collections approaches.

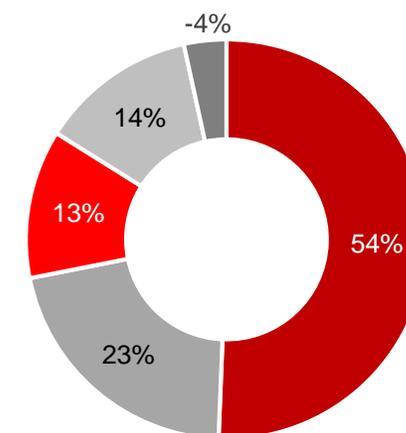
** UTP=Unlikely to pay

*** SICR=Significant increase in credit risk

Market share by total assets as of 31.03.2021 (in HRK bn)



Composition of Net profit as of 30.6.2021

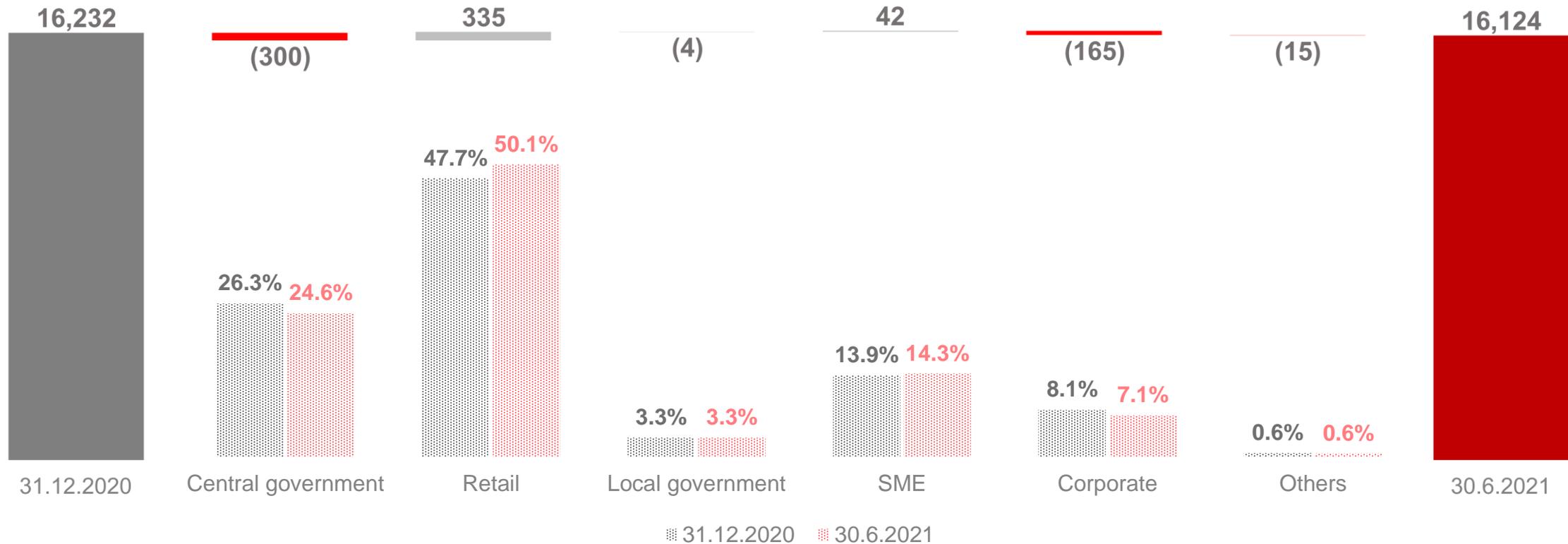


■ Retail ■ Financial market ■ State ■ Corporate ■ Other

Source: HPB management reports

Gross loans development

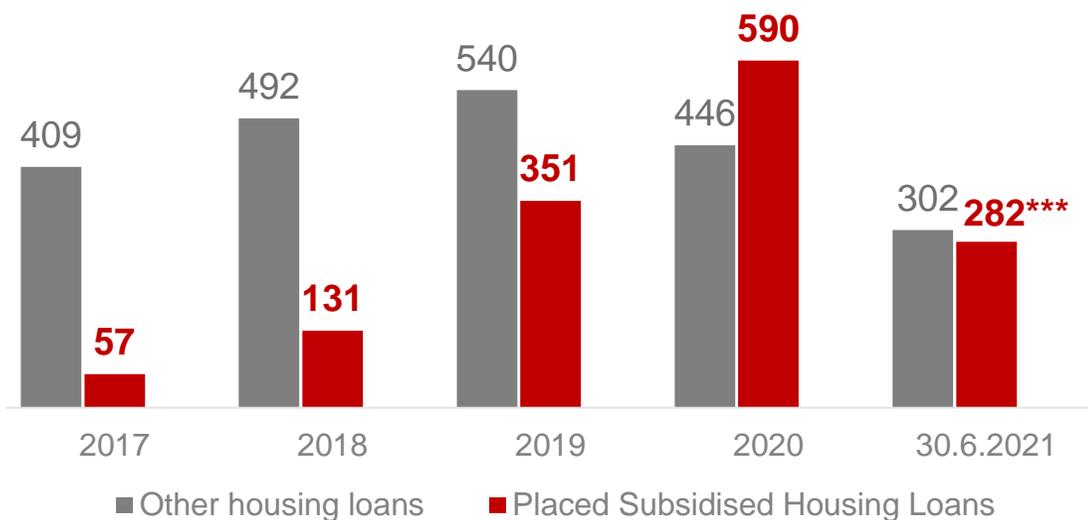
Gross loans (in HRK mn)



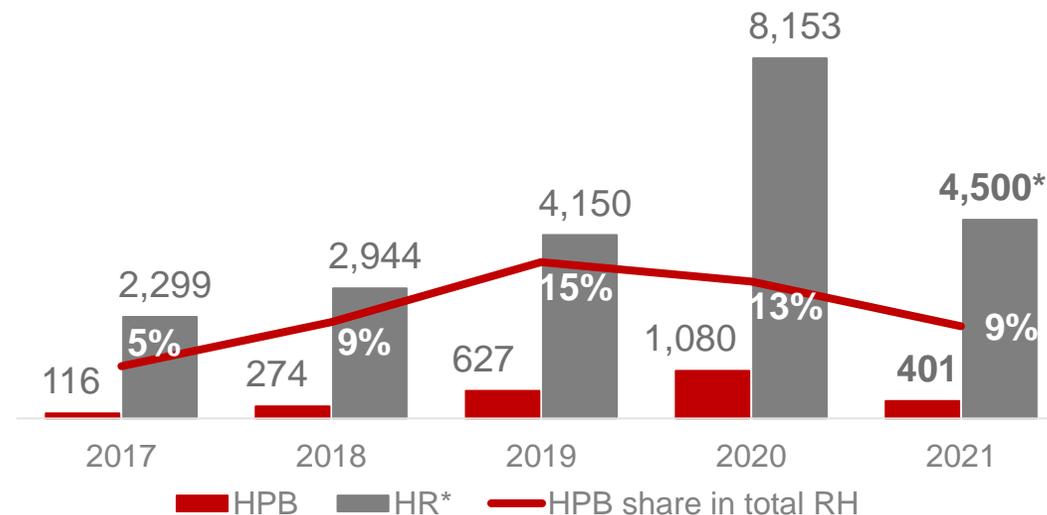
- Retail loans have a continuous and steady growth;
- Decrease in Central government exposure arises from regular maturities of loans in this segment (seasonality);
- Decrease in corporate segment driven by more prudent risk procedures and overall distrust of the economy towards investing during pandemic.

Subsidised Housing Loans

Housing loans volume (in HRK mn)



Number of approved subsidised housing loans



- Applications for this year APN subsidised housing loans began on 29.3.2021;
- Approved but not-yet-placed subsidised housing loans in the amount of HRK 154 mn at 30.6.2021
- HPB offers HRK loans at EIR of 2.09%: the lowest among all 14 banks, participating in the housing subsidy program in 2021.

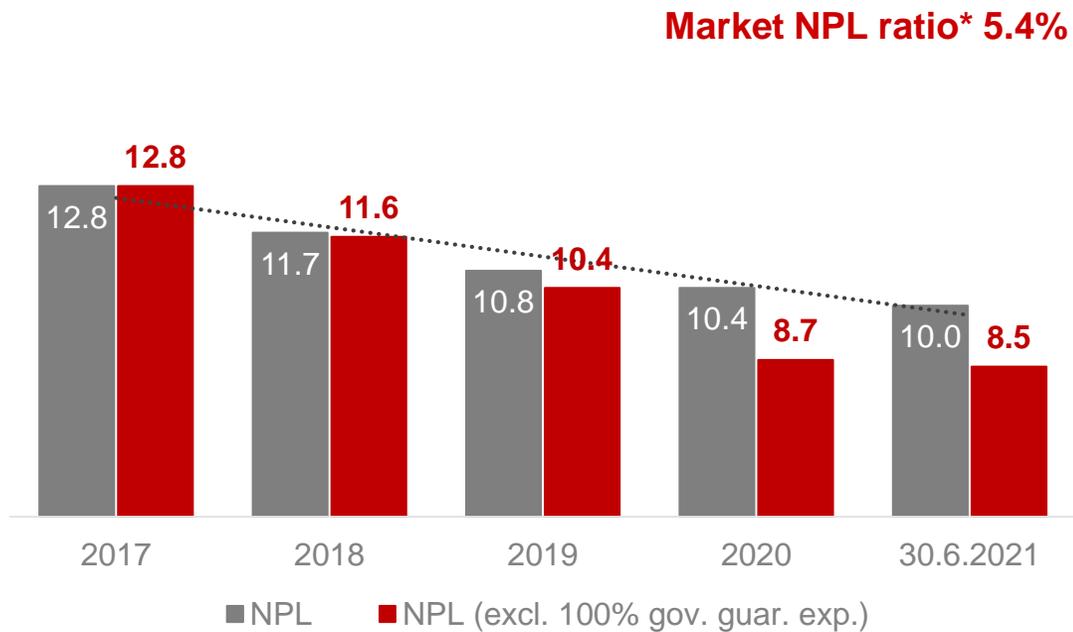
* Source <https://mgipu.gov.hr/>

** Data of approved loans as of 20.7.2021

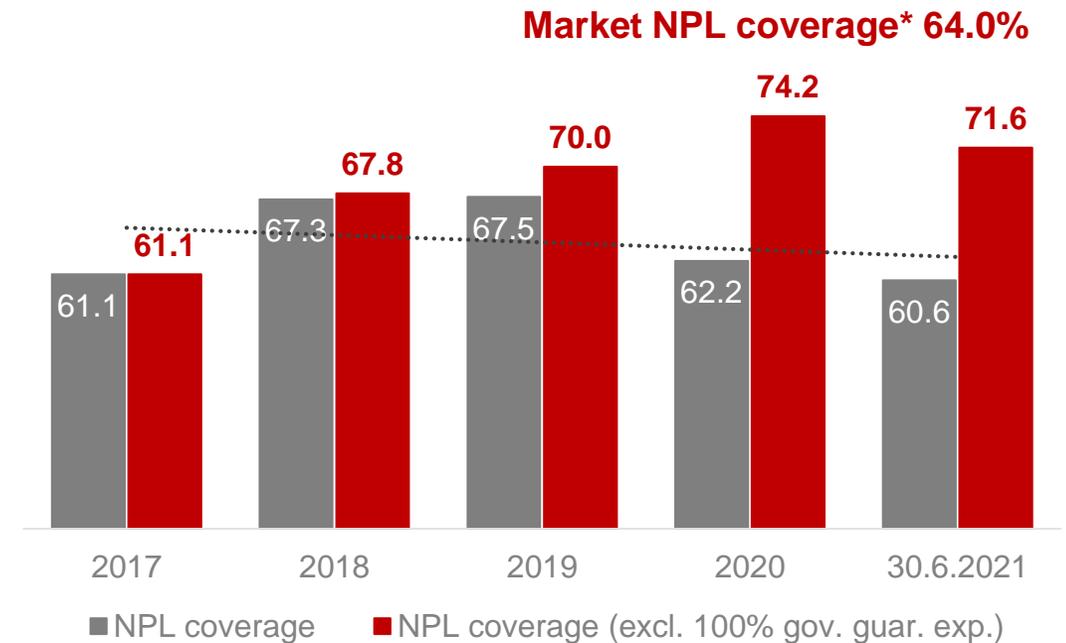
*** Includes loans placed from prior years APN tranches

Portfolio quality improves

NPL ratio development (in %)



NPL coverage development (in %)



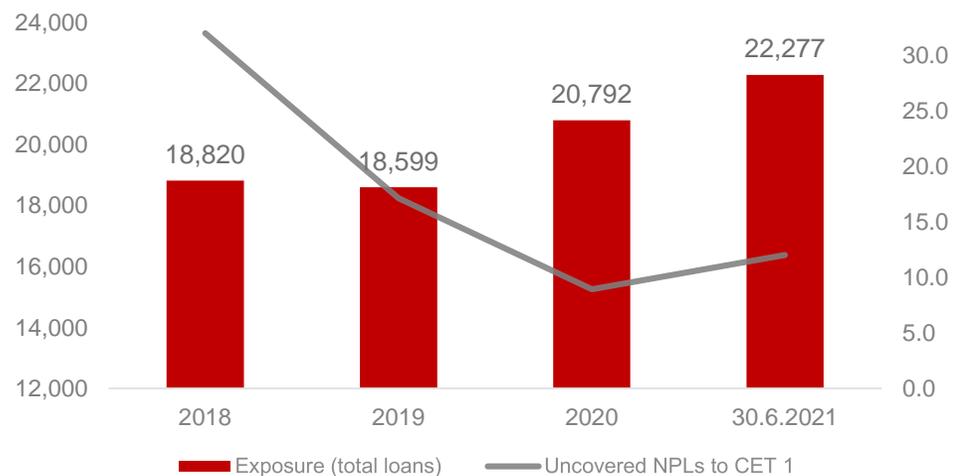
- Despite of the COVID crisis which resulted in new NPLs there is a continuation of the positive trend in the movement of NPL ratio;
- Continuous favourable trend in capital light performing portfolio along with additional monitoring of potential NPLs and successful collection activities ensures further expected positive trends in NPL ratio.

NPL portfolio deep dive

| | | 2018 | 2019 | 2020 | 30.6.2021 |
|---------------------------------------|--------|---------|---------|---------|-----------|
| Exposure (total loans) | HRK mn | 18,820 | 18,599 | 20,792 | 22,277 |
| Total NPL stock | HRK mn | 2,201 | 2,009 | 2,163 | 2,224 |
| NPL % | % | 11.7 | 10.8 | 10.4 | 10.0 |
| Loss allowance for loans | HRK mn | (1,632) | (1,554) | (1,599) | (1,572) |
| NPL | mil kn | (1,481) | (1,355) | (1,346) | (1,348) |
| PL provision | mil kn | (151) | (199) | (254) | (225) |
| NPL Coverage | % | 67.3 | 67.5 | 62.2 | 60.6 |
| NPLs not covered by provisions | HRK mn | 569 | 455 | 563 | 652 |
| NPLSs with 100% government guarantees | HRK mn | 0 | 76 | 356 | 352 |
| Uncovered NPLs | HRK mn | 569 | 379 | 207 | 300 |
| CET1* | HRK mn | 1,777 | 2,209 | 2,314 | 2,494 |
| Uncovered NPLs to CET 1 | % | 32.0 | 17.2 | 8.9 | 12.0 |

*CET 1 without inclusion of H1 2021 net profit

Uncovered NPLs to CET 1 trend



- Noticeable decline of uncovered NPLs share in total loan exposure in four consecutive reporting periods;
- Government guarantees represent a safety net on top of debt servicing for covered exposures of operating companies (fully recoverable part of NPL).

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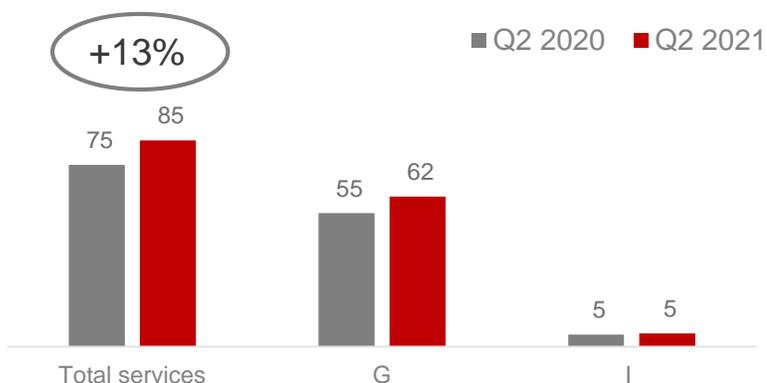
4 Risk Management

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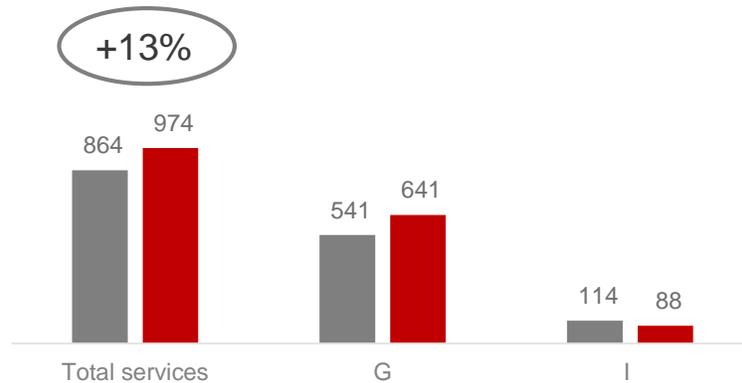
Economic indicators (y-o-y)



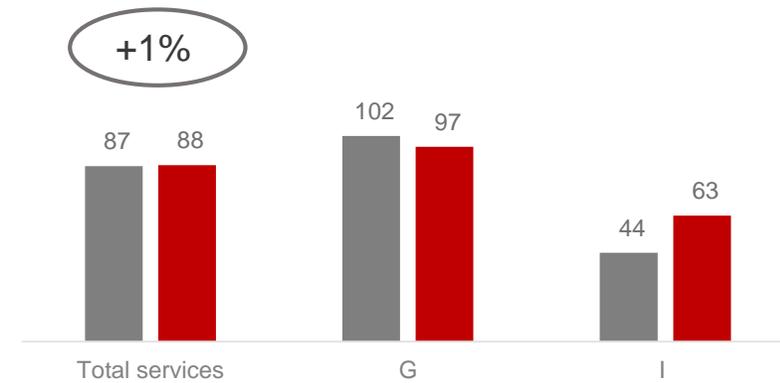
Account balance* (in HRK bn)



Number of accounts* (in mn)



Average account balance* (in HRK)



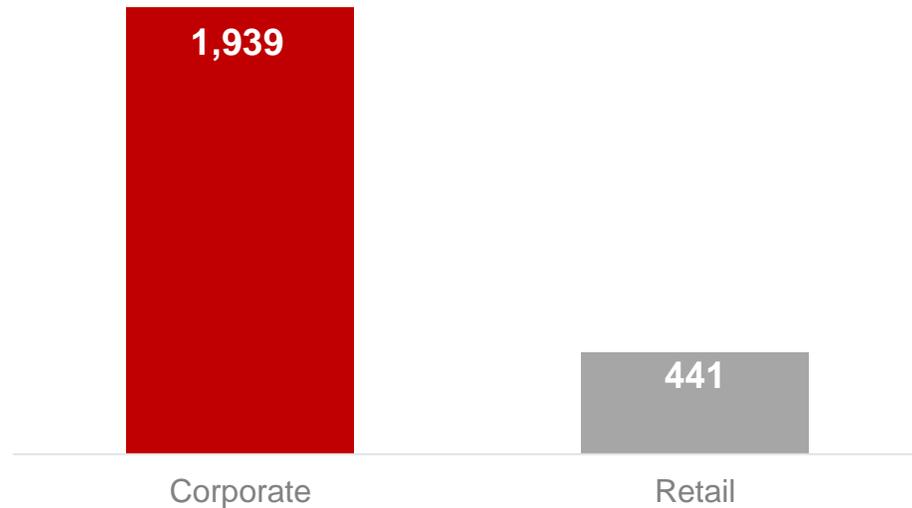
Source: Croatian Bureau of Statistics <https://www.dzs.hr/eng> (Q2 2020, Q2 2021)

*Source: <https://www.porezna-uprava.hr/Dokumenti> (data for Q2 2020 and Q2 2021)

"G- WHOLESALE AND RETAIL TRADE OF MOTOR VEHICLES AND MOTORCYCLES; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES
"I- ACCOMMODATION AND FOOD SERVICE ACTIVITIES "

COVID-19 moratoria

Total approved moratoria* (in HRK mn)



Share in Corporate segment:

24.2%

Share in Retail segment:

5.5%

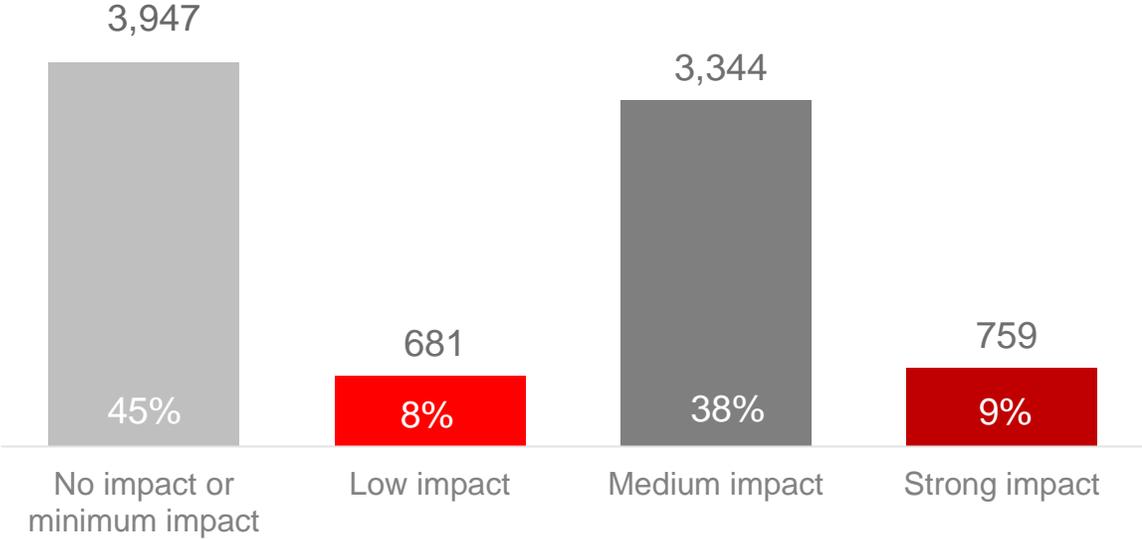
- By 30.6.2021, 5.7% (HRK 111 mn) of financed corporate moratoria transferred from performing status to default status out of total HRK 1,939 mn;
- As at 30.6.2021, HRK 5 mn active approved corporate moratoria (0.3% of the total approved);
- By 30.6.2021, HRK 419 mn corporate moratoria were repaid (21.6% out of total approved moratoria).

* Number of total approved moratoria under COVID-19 measures (2020 – 30.6.2021)

Source: HPB management reports

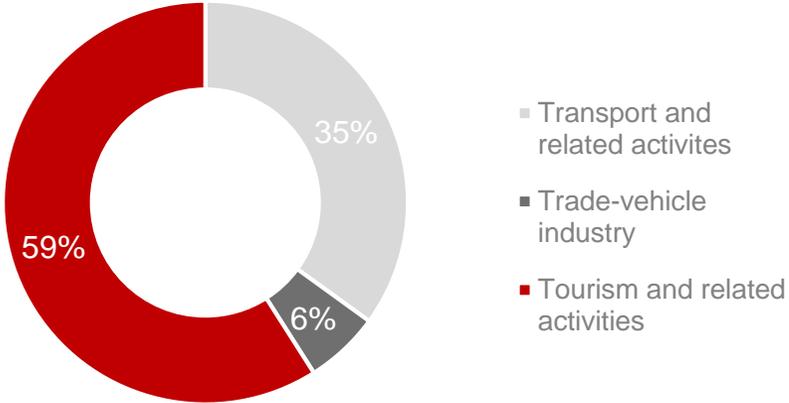
COVID-19 impact on loan portfolio

COVID-19 impact on corporate performing loans (in HRK mn)

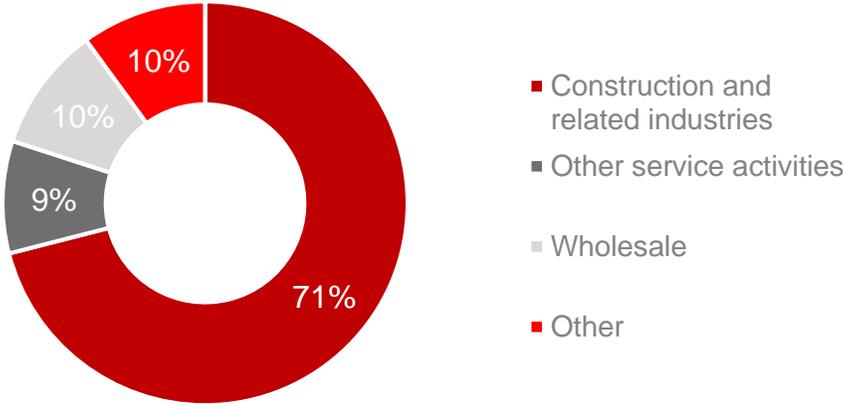


- 45% of the Bank’s corporate portfolio is largely unaffected by COVID-19.

Strong impact industries

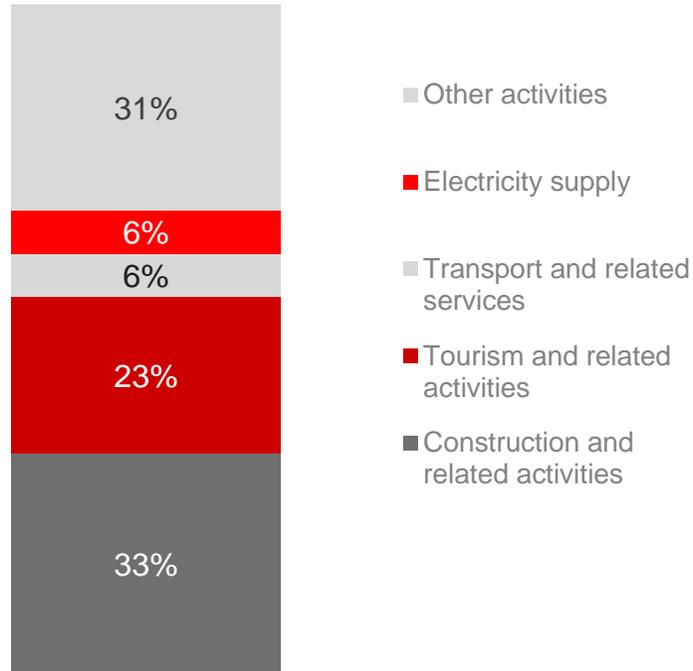


Medium impact industries

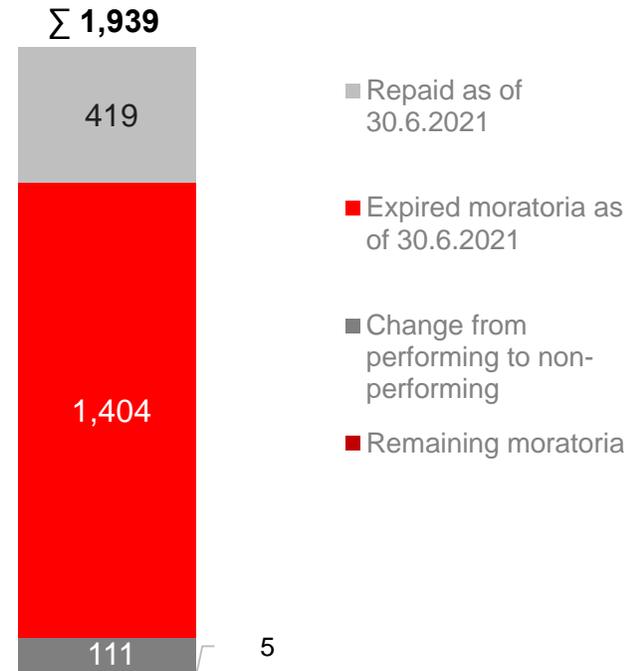


COVID-19 impact on loan portfolio

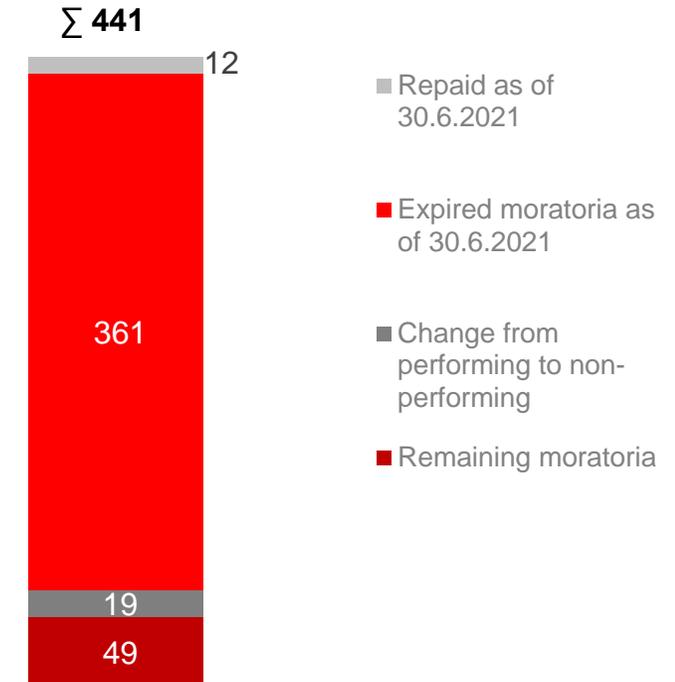
Approved moratoria per industry



Approved corporate moratoria status at 30.6.2021 (in HRK mn)



Approved retail moratoria status at 30.6.2021 (in HRK mn)



- HRK 5 mn in corporate and HRK 49 mn in retail segment remaining moratoria as at 30.6.2021;
- Total defaulted loans since moratoria approval at 30.6.2021 amounted HRK 130 mn (5.7% corporate, 4.3% retail in total approved moratoria);
- Tourism has an extremely low share in the Bank's total portfolio (6% of outstanding gross corporate loans);
- We actively manage the portfolio through the analysis of pandemic prevention measures impact on industries.

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Key financials – Income statement

| | | Q2 2020 | Q2 2021 | Δ q-o-q | | H1 2020 | H1 2021 | Δ y-o-y |
|----------------------|--------|---------|--------------|---------|--|---------|--------------|----------|
| Net interest income | HRK mn | 133 | 136 | 2.8 ▲ | | 271 | 271 | 0.3 ▲ |
| Net fee income | HRK mn | 41 | 47 | 6.1 ▲ | | 83 | 88 | 5.8 ▲ |
| Operating income | HRK mn | 201 | 229 | 27.9 ▲ | | 396 | 420 | 24.0 ▲ |
| Operating expense | HRK mn | (127) | (125) | (1.9) ▼ | | (252) | (241) | (11.2) ▼ |
| Operating profit | HRK mn | 74 | 104 | 29.8 ▲ | | 143 | 179 | 35.3 ▲ |
| Provisioning | HRK mn | 23 | 25 | (1.5) ▼ | | (7) | (1) | (6.1) ▼ |
| Net profit | HRK mn | 80 | 106 | 26.6 ▲ | | 115 | 147 | 31.7 ▲ |
| Cost-to-income ratio | % | 63.0 | 54.5 | (8.5) ▼ | | 63.8 | 57.4 | (6.3) ▼ |
| Net interest margin | % | 2.1 | 2.0 | (0.1) ▼ | | 2.2 | 2.0 | (0.1) ▼ |

- Operating profit growth primarily driven by increase in net fee income and trading income, followed by reduction of deposit insurance premium;
- Risk costs down on improved collections performance and improved quality of loan portfolio;
- Both NII and NFCI increased in Q2, when compared to the same period last year.

Operating profit development

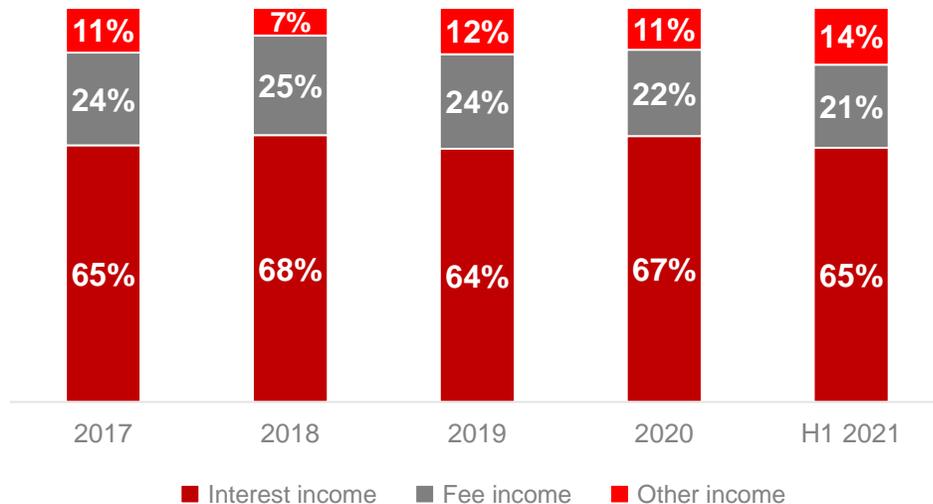
Operating profit development (in HRK mn)



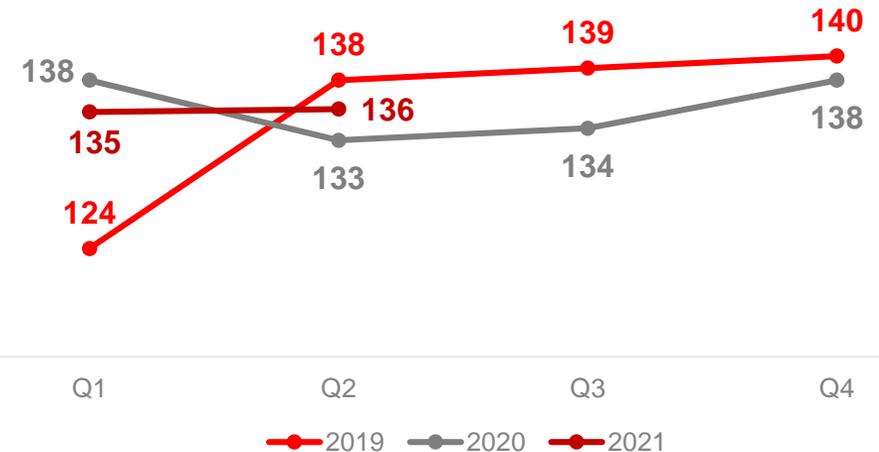
- Increase in other income driven by trading income (sale of equity instruments);
- Operating expenses decreased mainly due to lower amortization and deposit insurance premium.

Net income development

Composition of net income

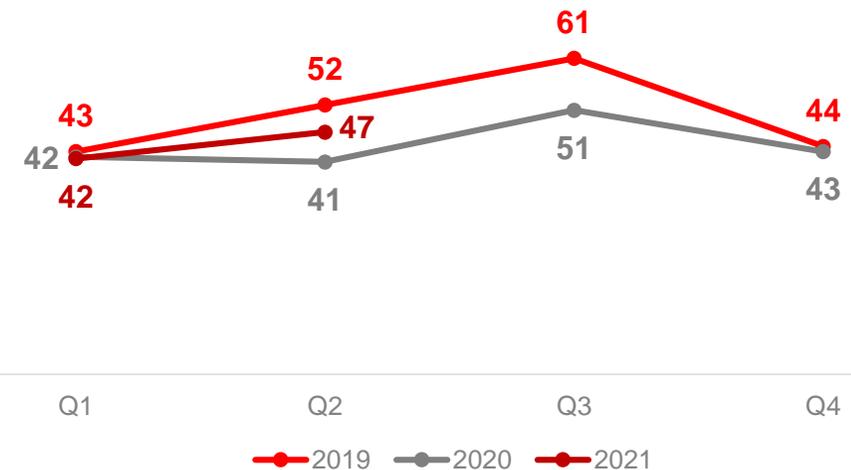


Net interest income (in HRK mn)



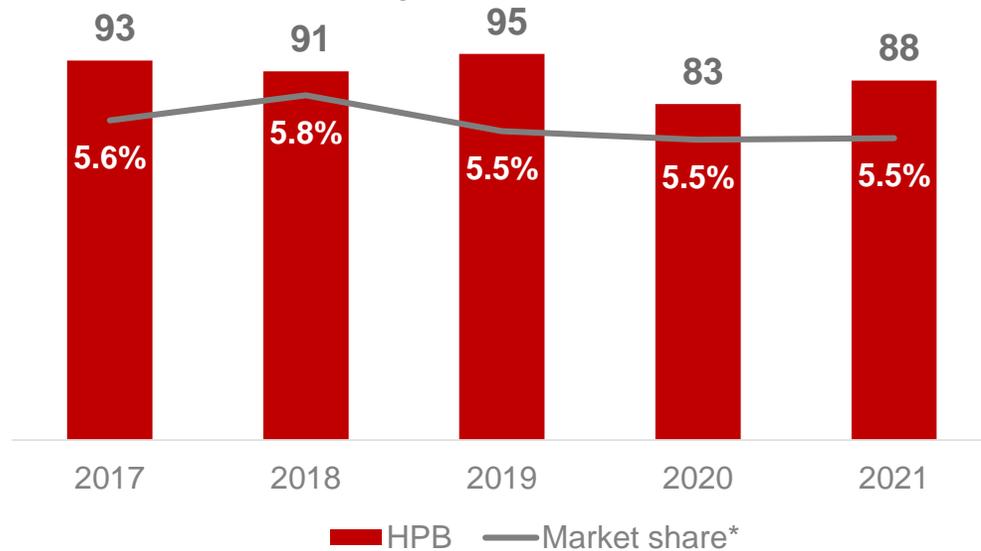
- Net interest income improved when compared to PY, despite of adjustments of loan portfolio due to the COVID-19 pandemic (increase in subsidized retail loans and government support transactions with lower interest rates) and increase in deposit, mostly due to adjustments of interest rates on deposits;
- Net fee income increased as a result of increased fees from payment and credit card transactions.

Net fee income (in HRK mn)



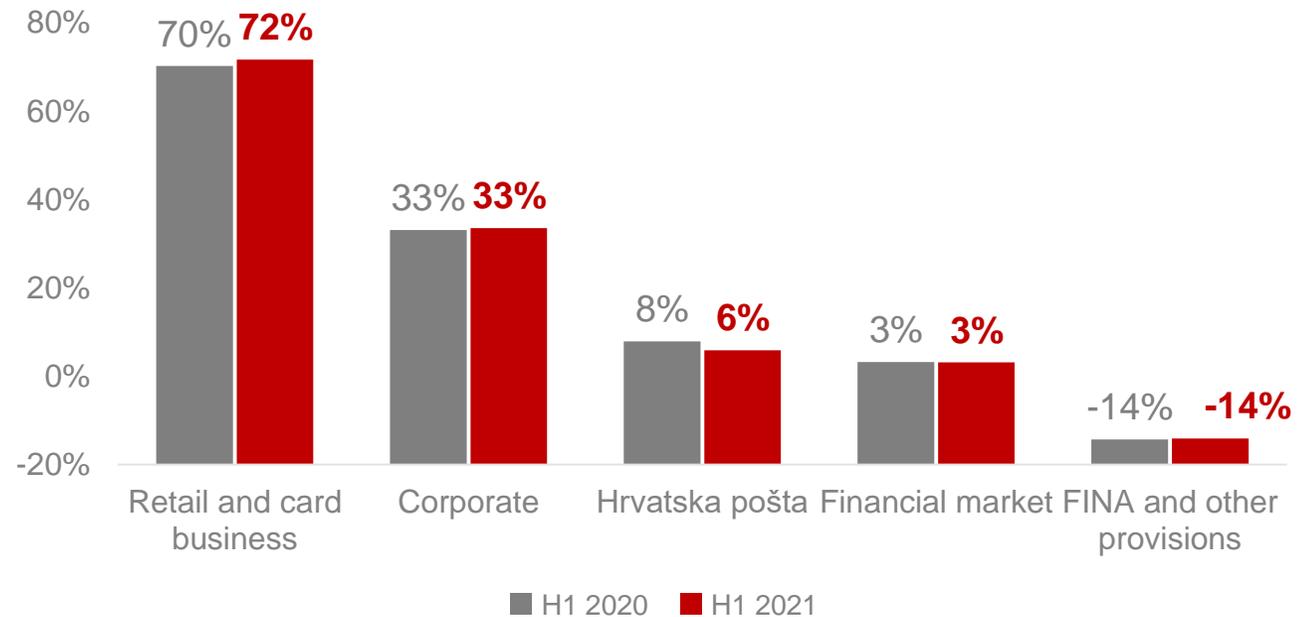
Fees and commissions

Net fee income overview in Q2 (in HRK mn)



* Market data available only for Q1 2021

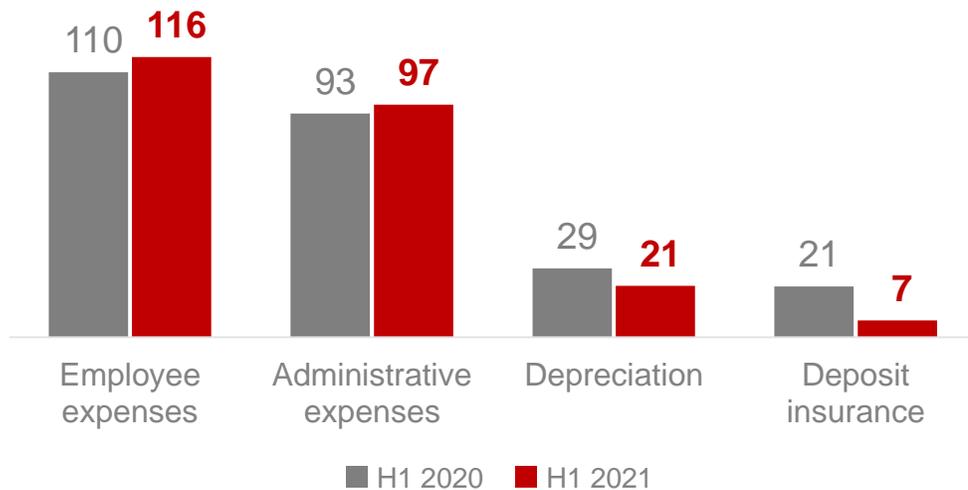
Composition of net fee and commission income



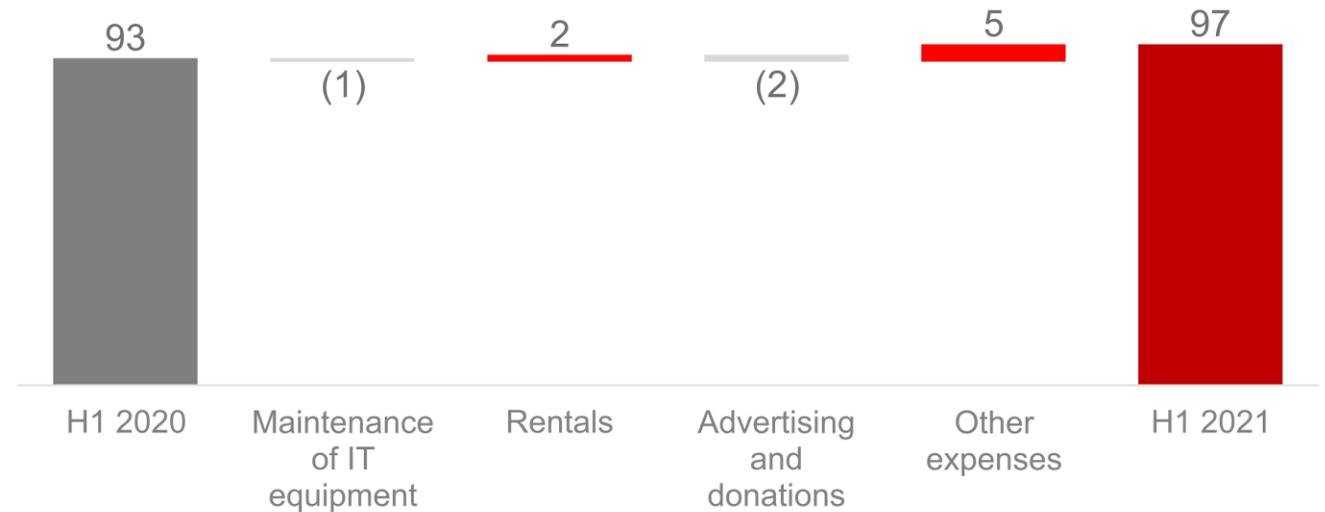
- Improved net fee income as a result of slight economic recovery (mainly driven by tourism);
- HPB net fee income on par with the banking sector with a relatively stable share;
- Retail and card business fees are still highest contributors to net fee income.

Operating expenses

Composition of operating expenses (in HRK mn)



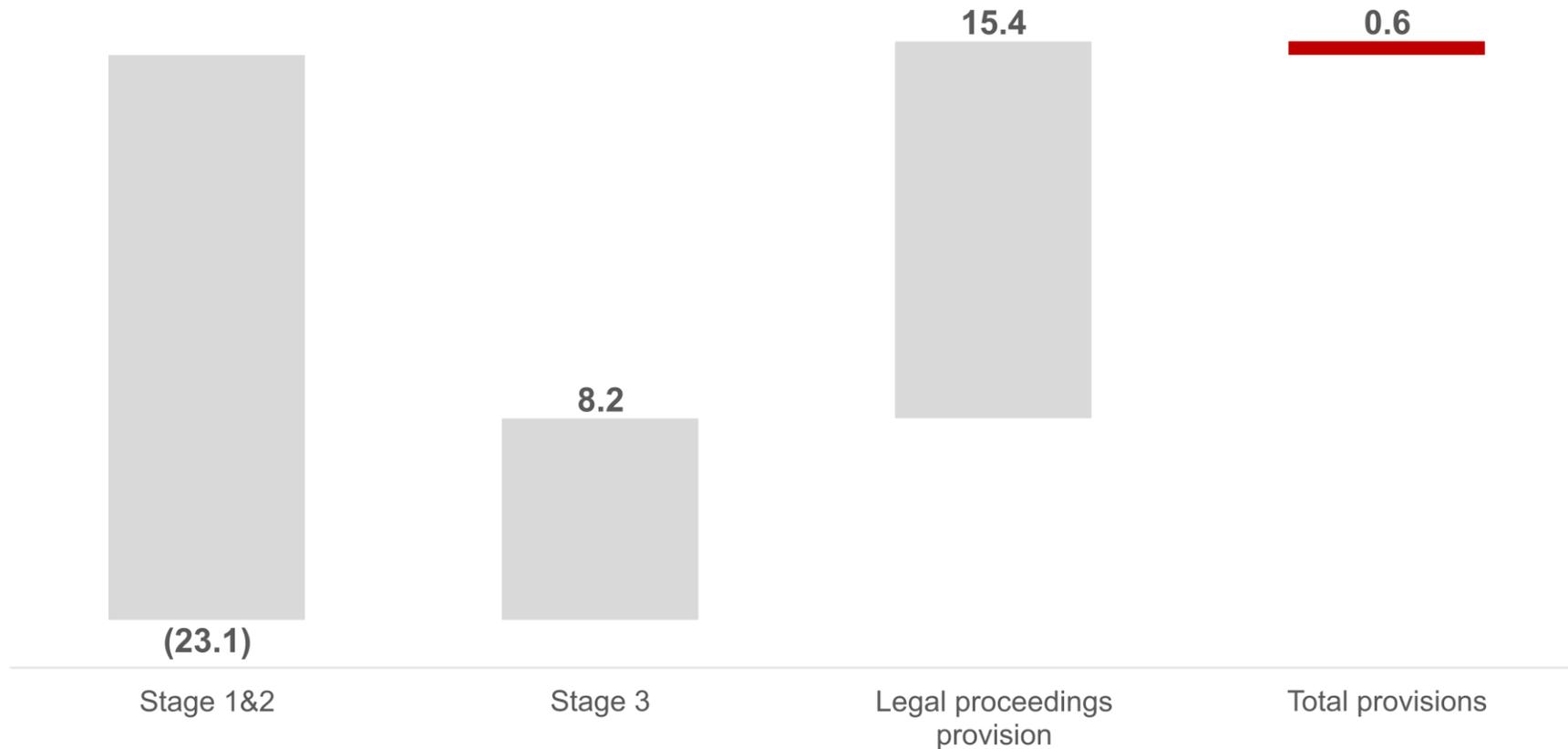
Administrative expenses development (in HRK mn)



- Employee costs up with investments on IT infrastructure optimization in-house solutions;
- Cost optimization measures initiated at the end of 2019 restrained further operating expenses growth caused by earthquakes and COVID-19 pandemic, along with general prices movements. Overall increase in administrative expenses driven by government fees which are directly associated to income and legal services;
- The Bank will aspire to agile cost management in future periods.

Provisioning

Structure of provision expenses in H1 2021 (in HRK mn)



- Lower stage 3 provisions (y-o-y) due to planned collection activities and lower provision costs on small loans portfolio;
- Portfolio optimization efforts drive risk costs down despite COVID-19 effects;
- Regular legal cases provisions.

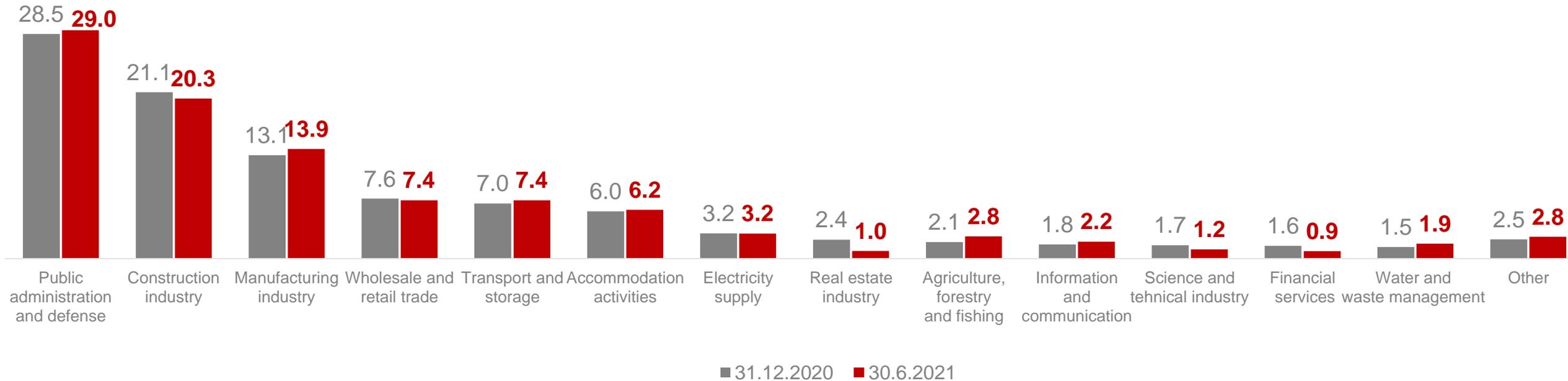
Key financials – Balance sheet

| | | 31.12.2020 | 30.6.2021 | Δ ytd | |
|--|--------|------------|----------------|-------|---|
| Assets | HRK mn | 25,500 | 27,494 | 1,994 | ▲ |
| Gross loans | HRK mn | 16,232 | 16,124 | (108) | ▼ |
| Deposits | HRK mn | 21,214 | 22,470 | 1,256 | ▲ |
| Equity | HRK mn | 2,473 | 2,604 | 131 | ▲ |
| Regulatory capital | HRK mn | 2,312 | 2,494 | 182 | ▲ |
| Loan/deposit ratio | % | 69.4 | 65.1 | (4.3) | ▼ |
| ROAE | % | 7.5 | 11.1 | 3.6 | ▲ |
| NPL ratio | % | 10.4 | 10.0 | (0.4) | ▼ |
| NPL ratio excl. 100% gov. guaranteed exposure | % | 8.7 | 8.5 | (0.2) | ▼ |
| NPL coverage | % | 62.2 | 60.6 | (1.6) | ▼ |
| NPL coverage excl. 100% gov. guaranteed exposure | % | 74.2 | 71.6 | (2.6) | ▼ |
| Loss allowance for loans | HRK mn | (1,599) | (1,572) | (27) | ▼ |

- Assets records continuous growth +7.8% ytd, liquid assets +35.5%, securities +4.7%, gross loans -0.7%;
- Deposits up +5.9% with largest increase in the central state and large corporate segment +16.0%, SMEs +11.4% and decrease in retail -0.4%.

Corporate portfolio industry distribution

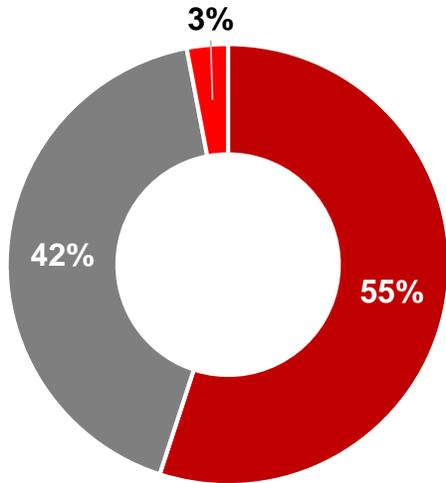
Corporate gross loans per industry (in %)



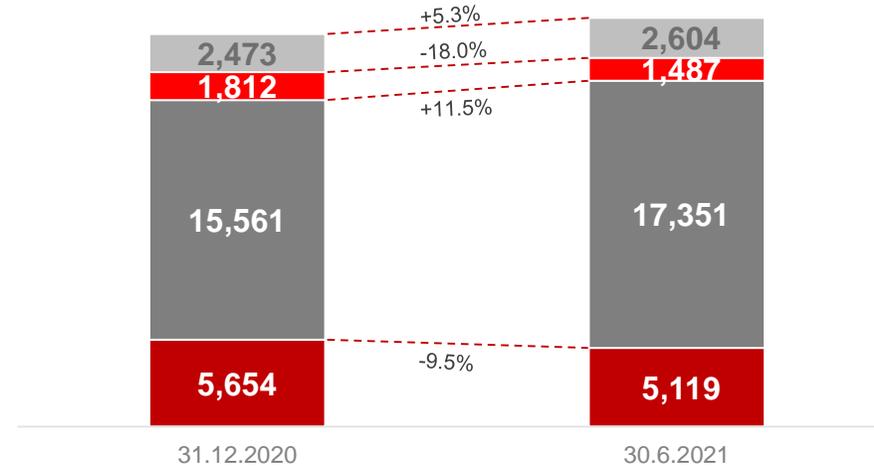
- Stable structure of corporate gross loans per industry in H1 2021;
- Reduction to some industry sectors is in line with general macroeconomic trends:
 - Wholesale and retail trade;
 - Construction & Real estate;
- Accommodation activities lending was done backed up by government guarantee schemes.

Composition of equity and liabilities

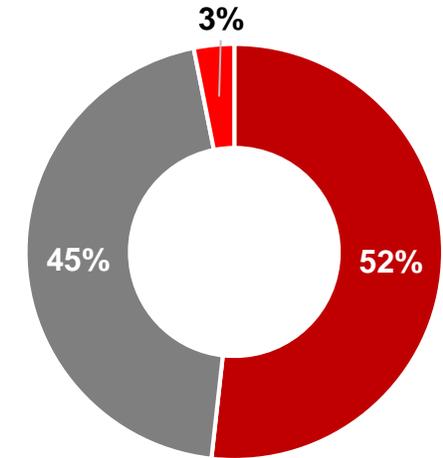
Deposit structure
31.12.2020



Equity and liabilities structure (in HRK mn)



Deposit structure
30.6.2021



■ Retail ■ Corporate ■ Financial market

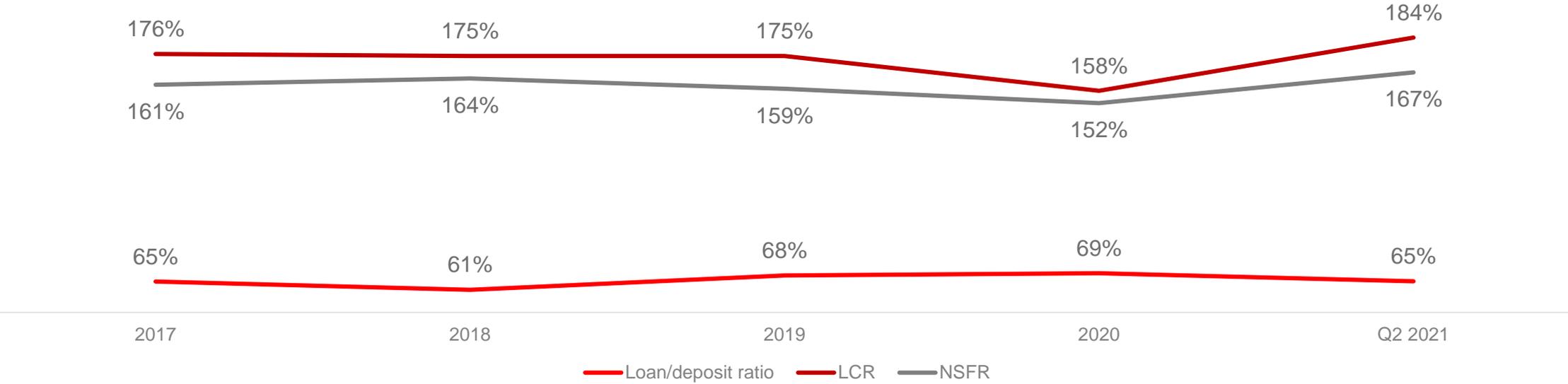
■ Term deposits ■ A vista deposits ■ Other liabilities ■ Equity

■ Retail ■ Corporate ■ Financial market

- Favorable impact on costs from observable trend of reduction of interest rates on deposits and continuous effective interest rate management;
- Customer deposits dominate the funding mix with an 85% share;
 - Bank holds 5.9% of all deposits on a market at 31.3.2021 (31.12.2020 = 5.75%);
- Stable wholesale funding structure – attracted funds through foreign financial institutions, CBRD and CNB repo loans.

Liquidity Overview

Liquidity ratios

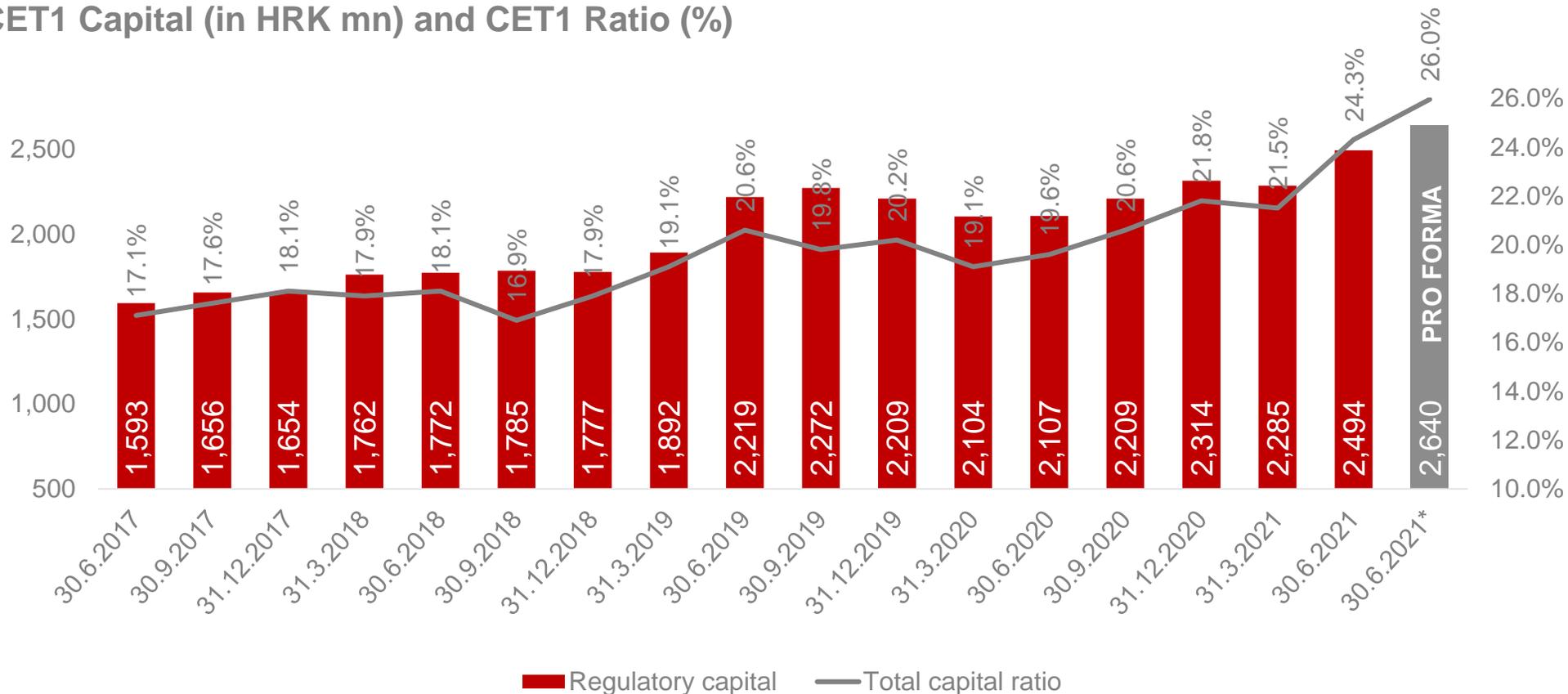


- The Bank is highly liquid with markedly low loan-to-deposit ratio.



Continuously strong capital position

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



*CET 1 ratio with inclusion of H1 2021 net profit

- Proforma CET1 calculation includes 2021 half year profit.

1 Executive Summary

2 Macroeconomic environment

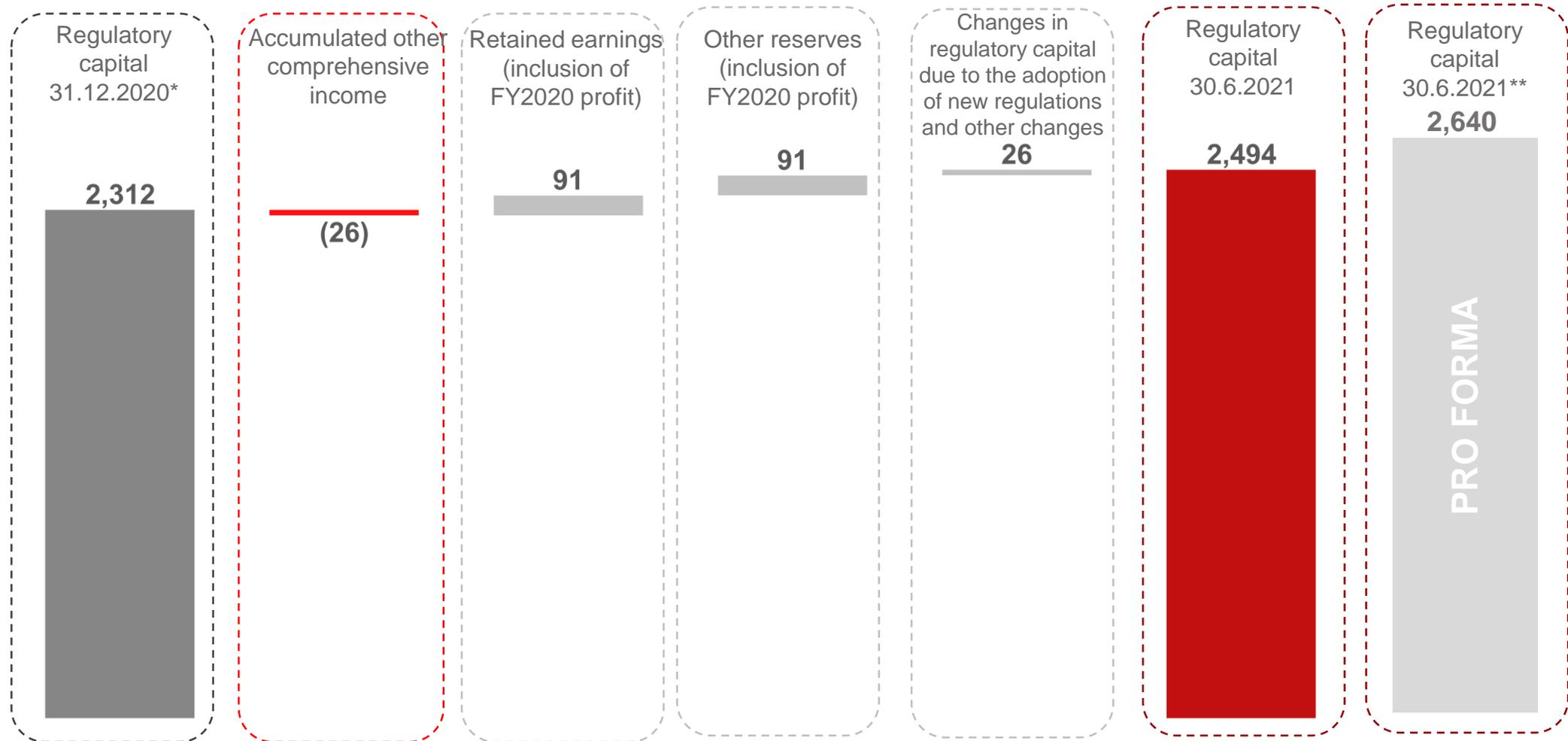
3 Financials

4 Risk Management

5 Appendix

Regulatory Capital Development

Regulatory capital development (in HRK mn)



*Note there is a difference to regulatory capital reported in Investor information for Q4 2020 (HRK 2,314 mn) due to revised deduction amount of deferred tax assets - a decrease of HRK 1.8 mn in comparison with unaudited calculation of regulatory capital presented in Investor information for Q4 2020;

**Regulatory capital with inclusion of H1 2021 net profit

Source: HPB management reports

RWA Development

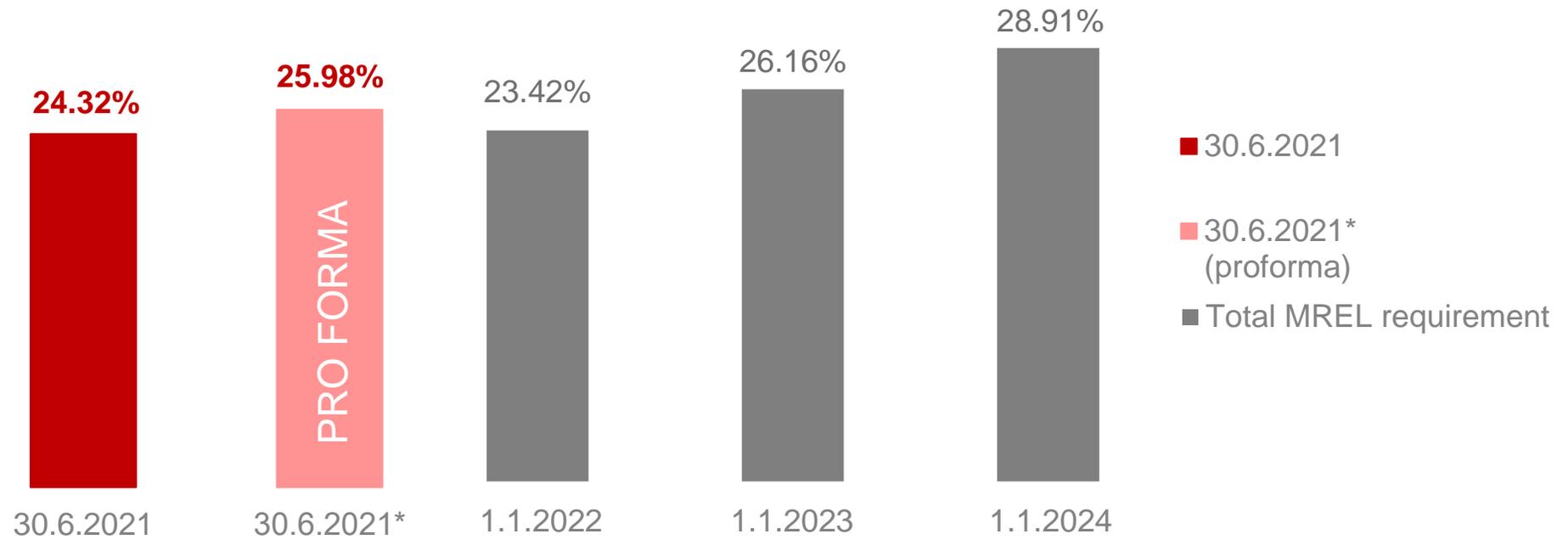
RWA development (in HRK mn)



- Risk-weighted assets decreased mainly driven by loan exposure decrease while at the same time strenghtening capital management culture.

Meeting MREL requirements

Actual CET1 ratios vs. total MREL requirement



- The Bank has adopted plan to meet MREL requirements during H1 2021

Exposures and coverage per stage

| Segment | Stage | 31.12.2020 | | | | 30.6.2021 | | | |
|-----------|-------|------------|---|----------|---|-----------|---|----------|---|
| | | Exposure | Exposure excluding 100% government guarantees | Coverage | Coverage excluding 100% government guarantees | Exposure | Exposure excluding 100% government guarantees | Coverage | Coverage excluding 100% government guarantees |
| CORPORATE | S1 | 58.5% | | 3.8% | | 51.3% | | 3.8% | |
| CORPORATE | S2 | 6.8% | | 8.1% | | 14.0% | | 8.0% | |
| CORPORATE | S3 | 34.7% | 21.7% | 47.7% | 75.2% | 34.7% | 24.5% | 47.6% | 76.4% |
| SME | S1 | 49.3% | | 4.2% | | 36.2% | | 4.0% | |
| SME | S2 | 16.8% | | 15.5% | | 25.3% | | 11.7% | |
| SME | S3 | 33.9% | 33.9% | 71.3% | 71.3% | 38.5% | 38.5% | 63.9% | 63.9% |
| STATE | S1 | 98.7% | | 1.0% | | 98.7% | | 0.3% | |
| STATE | S2 | 1.3% | | 7.2% | | 1.3% | | 5.6% | |
| STATE | S3 | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| RETAIL | S1 | 88.5% | | 0.5% | | 87.1% | | 0.5% | |
| RETAIL | S2 | 3.2% | | 7.6% | | 4.3% | | 5.9% | |
| RETAIL | S3 | 8.3% | 8.3% | 75.6% | 75.6% | 8.6% | 8.6% | 74.6% | 74.6% |
| TOTAL | S1 | 85.9% | | 1.0% | | 84.7% | | 0.7% | |
| TOTAL | S2 | 3.7% | | 10.5% | | 5.3% | | 8.5% | |
| TOTAL | S3 | 10.4% | 8.7% | 62.2% | 74.2% | 10.0% | 8.5% | 60.6% | 71.6% |

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

Management report of Hrvatska poštanska Banka p.l.c. for the period from January 01 to June 30, 2021 is contained in the previous section of this material.

Marko Badurina

President of the Management Board

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board

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

In accordance with the Capital Market Act, the Management Board of HPB plc., states that according to their best knowledge the set of unaudited financial statements for the period from January 01 to June 30, 2021, 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.

Marko Badurina

Chief Executive Officer

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board



Annex 1

ISSUER'S GENERAL DATA

Reporting period: 1.1.2021 to 30.6.2021

Year: 2021

Quarter: 2

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: JURISICEVA 4

E-mail address: hpb@hpb.hr

Web address: www.hpb.hr

Number of employees (end of the reporting period): 1293

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: Tea Bažant
 (only name and surname of the contact person)

Telephone: 014804670

E-mail address: tea.bazant@hpb.hr

Audit firm: _____
 (name of the audit firm)

Certified auditor: _____
 (name and surname)

BALANCE SHEET
as at June 30, 2021

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item | AOP code | Last day of the preceding business year | At the reporting date of the current period |
|---|------------|---|---|
| 1 | 2 | 3 | 4 |
| Assets | | | |
| Cash, cash balances at central banks and other demand deposits (from 2 to 4) | 001 | 3,662,460,152 | 5,542,654,050 |
| Cash in hand | 002 | 900,072,987 | 1,181,159,587 |
| Cash balances at central banks | 003 | 2,224,401,393 | 3,696,783,619 |
| Other demand deposits | 004 | 537,985,772 | 664,710,844 |
| Financial assets held for trading (from 6 to 9) | 005 | 719,257,423 | 720,702,428 |
| Derivatives | 006 | - | - |
| Equity instruments | 007 | 95,340,654 | 102,412,723 |
| Debt securities | 008 | 623,916,769 | 618,289,705 |
| Loans and advances | 009 | - | - |
| Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13) | 010 | 38,865,901 | 16,714,103 |
| Equity instruments | 011 | 20,000,000 | - |
| Debt securities | 012 | - | - |
| Loans and advances | 013 | 18,865,901 | 16,714,103 |
| 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 | 4,158,015,469 | 4,383,827,026 |
| Equity instruments | 018 | 49,027,711 | 46,964,846 |
| Debt securities | 019 | 4,108,987,758 | 4,336,862,180 |
| Loans and advances | 020 | - | - |
| Financial assets at amortised cost (22 + 23) | 021 | 16,413,935,375 | 16,329,546,375 |
| Debt securities | 022 | 1,978,784 | 2,856,671 |
| Loans and advances | 023 | 16,411,956,591 | 16,326,689,704 |
| 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 | 9,760,843 |
| Tangible assets | 027 | 326,523,749 | 327,139,919 |
| Intangible assets | 028 | 91,038,847 | 96,350,495 |
| Tax assets | 029 | 2,797,956 | 1,568,778 |
| Other assets | 030 | 40,321,775 | 38,216,289 |
| Fixed assets and disposal groups classified as held for sale | 031 | - | - |
| Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31) | 032 | 25,462,977,490 | 27,466,480,306 |
| Liabilities | | | |
| Financial liabilities held for trading (from 34 to 38) | 033 | 21,172 | 73,123 |
| Derivatives | 034 | 21,172 | 73,123 |
| 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 | 22,688,405,792 | 24,239,995,793 |
| Deposits | 044 | 22,569,135,023 | 24,124,704,363 |
| Debt securities issued | 045 | - | - |
| Other financial liabilities | 046 | 119,270,769 | 115,291,430 |
| Derivatives - hedge accounting | 047 | - | - |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 048 | - | - |
| Provisions | 049 | 125,688,739 | 375,659,266 |
| Tax liabilities | 050 | 25,697,310 | 57,221,464 |
| Share capital repayable on demand | 051 | - | - |
| Other liabilities | 052 | 150,060,287 | 189,521,317 |
| Liabilities included in disposal groups classified as held for sale | 053 | - | - |
| Total liabilities (33 + 39 + 43 + from 47 to 53) | 054 | 22,989,873,300 | 24,862,470,963 |
| 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 | 264,974,555 | 249,203,161 |
| Retained profit | 060 | 200,321,464 | 291,352,537 |
| Revaluation reserves | 061 | - | - |
| Other reserves | 062 | 611,448,026 | 702,479,098 |
| (-) Treasury shares | 063 | (477,000) | (477,000) |
| Profit or loss attributable to owners of the parent | 064 | 182,062,145 | 146,676,547 |
| (-) Interim dividends | 065 | - | - |
| Minority interests [non-controlling interests] | 066 | - | - |
| Total equity (from 55 to 66) | 067 | 2,473,104,190 | 2,604,009,343 |
| Total equity and liabilities (54 + 67) | 068 | 25,462,977,490 | 27,466,480,306 |

STATEMENT OF PROFIT AND LOSS
for the period January 01, 2021 to June 30, 2021

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item | AOP code | Same period of the previous year | | Current period | |
|---|------------|----------------------------------|--------------------|--------------------|--------------------|
| | | Cumulative | Quarter | Cumulative | Quarter |
| 1 | 2 | 3 | 4 | 5 | 6 |
| Interest income | 001 | 295,180,417 | 144,921,778 | 287,009,820 | 143,235,247 |
| (Interest expenses) | 002 | 27,118,318 | 13,200,053 | 18,919,654 | 8,926,693 |
| (Expenses on share capital repayable on demand) | 003 | - | - | - | - |
| Dividend received | 004 | 2,227,280 | 2,026,667 | 1,077,695 | 1,077,695 |
| Fees and commissions income | 005 | 213,553,554 | 103,958,551 | 218,458,416 | 114,661,249 |
| (Fees and commissions expenses) | 006 | 130,905,856 | 63,325,812 | 130,051,416 | 67,895,930 |
| Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net | 007 | 35,035,565 | 11,165,173 | 169,597 | 75,768 |
| Gains or (-) losses on financial assets and liabilities held for trading, net | 008 | 7,815,497 | 13,232,190 | 27,721,428 | 12,960,908 |
| Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net | 009 | 200,027 | 97,634 | 29,175,562 | 27,815,520 |
| 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 | (6,656,755) | (1,824,817) | (4,115,310) | (819,326) |
| Gains or (-) losses on derecognition of non-financial assets, net | 013 | - | - | - | - |
| Other operating income | 014 | 4,159,550 | 3,231,043 | 4,909,411 | 2,679,298 |
| (Other operating expenses) | 015 | 23,585,061 | 13,399,661 | 5,914,838 | 3,556,129 |
| Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15) | 016 | 369,905,900 | 186,882,693 | 409,520,711 | 221,307,607 |
| (Administrative expenses) | 017 | 183,664,427 | 92,145,229 | 191,774,126 | 99,069,657 |
| (Depreciation) | 018 | 5,482,500 | 3,232,500 | 6,958,179 | 4,216,929 |
| Modification gains or (-) losses, net | 019 | 40,342,918 | 19,692,825 | 33,724,172 | 16,746,259 |
| (Provisions or (-) reversal of provisions) | 020 | 2,512,470 | 2,541,861 | (1,457,954) | 1,851,610 |
| (Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss) | 021 | (59,629,807) | (60,514,125) | 22,472,806 | 19,260,570 |
| (Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates) | 022 | 65,769,974 | 37,061,274 | (24,992,891) | (45,264,569) |
| (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 from discontinued operations | 027 | - | - | - | - |
| Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26) | 028 | 136,788,358 | 97,806,851 | 178,126,365 | 129,130,371 |
| (Tax expense or (-) income related to profit or loss from continuing operations) | 029 | 21,813,853 | 18,062,462 | 31,449,818 | 22,794,378 |
| Profit or (-) loss after tax from continuing operations (27 – 28) | 030 | 114,974,505 | 79,744,389 | 146,676,547 | 106,335,993 |
| Profit or (-) loss after tax from discontinued operations (31 – 32) | 031 | - | - | - | - |
| Profit or (-) loss before tax from discontinued operations | 032 | - | - | - | - |
| (Tax expense or (-) income related to discontinued operations) | 033 | - | - | - | - |
| Profit or (-) loss for the year (29 + 30; 34 + 35) | 034 | 114,974,505 | 79,744,389 | 146,676,547 | 106,335,993 |
| Attributable to minority interest [non-controlling interests] | 035 | - | - | - | - |
| Attributable to owners of the parent | 036 | 114,974,505 | 79,744,389 | 146,676,547 | 106,335,993 |
| STATEMENT OF OTHER COMPREHENSIVE INCOME | | | | | |
| Income or (-) loss for the current year | 037 | 114,974,505 | 79,744,389 | 146,676,547 | 106,335,993 |
| Other comprehensive income (38 + 50) | 038 | (117,354,992) | (14,129,910) | (15,771,394) | (19,795,736) |
| Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49) | 039 | - | - | (457,723) | - |
| Tangible assets | 040 | - | - | - | - |
| Intangible assets | 041 | - | - | - | - |
| Actuarial gains or (-) losses on defined benefit pension plans | 042 | - | - | - | - |
| Fixed assets and disposal groups classified as held for sale | 043 | - | - | - | - |
| Share of other recognised income and expense of entities accounted for using the equity method | 044 | - | - | - | - |
| Fair value changes of equity instruments measured at fair value through other comprehensive income | 045 | - | - | - | - |
| Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net | 046 | - | - | - | - |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item] | 047 | - | - | - | - |
| Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument] | 048 | - | - | - | - |
| Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk | 049 | - | - | - | - |
| Income tax relating to items that will not be reclassified | 050 | - | - | (457,723) | - |
| Items that may be reclassified to profit or loss (from 51 to 58) | 051 | (117,354,992) | (14,129,910) | (15,313,671) | (19,795,736) |
| Hedge of net investments in foreign operations [effective portion] | 052 | - | - | - | - |
| Foreign currency translation | 053 | - | - | - | - |
| Cash flow hedges [effective portion] | 054 | - | - | - | - |
| Hedging instruments [not designated elements] | 055 | - | - | - | - |
| Debt instruments at fair value through other comprehensive income | 056 | (143,115,844) | (17,231,597) | (18,675,208) | (24,141,142) |
| Fixed assets and disposal groups classified as held for sale | 057 | - | - | - | - |
| Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates | 058 | - | - | - | - |
| Income tax relating to items that may be reclassified to profit or (-) loss | 059 | 25,760,852 | 3,101,687 | 3,361,537 | 4,345,406 |
| Total comprehensive income for the current year (36 + 37; 60 + 61) | 060 | (2,380,487) | 65,614,479 | 130,905,153 | 86,540,257 |
| Attributable to minority interest [non-controlling interest] | 061 | - | - | - | - |
| Attributable to owners of the parent | 062 | (2,380,487) | 65,614,479 | 130,905,153 | 86,540,257 |

STATEMENT OF CASH FLOW
for the period January 01, 2021 to June 30, 2021

Submitter: Hrvatska poštanska banka p.l.c.

in HRK

| Item | AOP code | Same period of the previous year | Current period |
|--|------------|----------------------------------|----------------------|
| 1 | 2 | 3 | 4 |
| Operating activities - direct method | | | |
| Interest received and similar receipts | 001 | - | - |
| Fees and commissions received | 002 | - | - |
| (Interest paid and similar expenditures) | 003 | - | - |
| (Fees and commissions paid) | 004 | - | - |
| (Operating expenses paid) | 005 | - | - |
| Net gains/losses from financial instruments at fair value through statement of profit or loss | 006 | - | - |
| Other receipts | 007 | - | - |
| (Other expenditures) | 008 | - | - |
| Operating activities - indirect method | | | |
| Profit/(loss) before tax | 009 | 136,788,358 | 178,126,367 |
| Adjustments: | | - | - |
| Impairment and provisions | 010 | 3,627,697 | (1,062,131) |
| Depreciation | 011 | 40,342,918 | 33,724,172 |
| Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss | 012 | (36,194,307) | (57,066,587) |
| (Profit)/loss from the sale of tangible assets | 013 | - | - |
| Other non-cash items | 014 | (262,208,543) | (268,090,166) |
| Promjene u imovini i obvezama iz poslovnih aktivnosti | | | |
| Deposits with the Croatian National Bank | 015 | 297,637,834 | (55,561,516) |
| Deposits with financial institutions and loans to financial institutions | 016 | - | (126,725,072) |
| Loans and advances to other clients | 017 | (836,990,918) | 164,363,340 |
| Securities and other financial instruments at fair value through other comprehensive income | 018 | 418,241,818 | (240,109,840) |
| Securities and other financial instruments held for trading | 019 | (95,311,790) | 57,603,783 |
| 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 | 1,651,404 | (877,887) |
| Other assets from operating activities | 023 | 769,583 | 2,105,485 |
| Deposits from financial institutions | 024 | 186,426,000 | (135,636,590) |
| Transaction accounts of other clients | 025 | 717,454,823 | 1,021,093,171 |
| Savings deposits of other clients | 026 | 311,744,259 | 986,663,638 |
| Time deposits of other clients | 027 | (351,908,193) | (554,268,402) |
| Derivative financial liabilities and other liabilities held for trading | 028 | 3,749,909 | (3,927,388) |
| Other liabilities from operating activities | 029 | (10,826,219) | 266,958,751 |
| Interest received from operating activities [indirect method] | 030 | 296,386,624 | 287,009,820 |
| Dividends received from operating activities [indirect method] | 031 | 2,227,280 | 1,077,695 |
| Interest paid from operating activities [indirect method] | 032 | (34,178,081) | (18,919,654) |
| (Income tax paid) | 033 | - | - |
| Net cash flow from operating activities (from 1 to 33) | 034 | 789,430,456 | 1,556,480,989 |
| Investing activities | | | |
| Cash receipts from the sale / payments for the purchase of tangible and intangible assets | 035 | (24,871,686) | (39,651,990) |
| Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures | 036 | - | - |
| Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity | 037 | - | - |
| Dividends received from investing activities | 038 | 1,651,404 | (877,887) |
| Other receipts/payments from investing activities | 039 | - | - |
| Net cash flow from investing activities (from 35 to 39) | 040 | (23,220,282) | (40,529,877) |
| Financing activities | | | |
| Net increase/(decrease) in loans received from financing activities | 041 | 433,105,189 | 289,244,441 |
| 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 | 433,105,189 | 289,244,441 |
| Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47) | 048 | 1,199,315,363 | 1,805,195,553 |
| Cash and cash equivalents at the beginning of period | 049 | 3,037,318,898 | 4,084,192,801 |
| Effect of exchange rate fluctuations on cash and cash equivalents | 050 | (6,656,755) | (4,115,310) |
| Cash and cash equivalents at the end of period (48 + 49 + 50) | 051 | 4,229,977,506 | 5,885,273,044 |

STATEMENT OF CHANGES IN EQUITY
for the period January 01, 2021 to June 30, 2021

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 | - | - | - | 264,974,555 | 200,321,464 | - | 611,448,026 | (477,000) | 182,062,145 | - | - | - | 2,473,104,190 |
| Effects of error corrections | 002 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Effects of changes in accounting policies | 003 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Opening balance [current period] (1 + 2 + 3) | 004 | 1,214,775,000 | - | - | - | 264,974,555 | 200,321,464 | - | 611,448,026 | (477,000) | 182,062,145 | - | - | - | 2,473,104,190 |
| Ordinary shares issue | 005 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Preference shares issue | 006 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Issue of other equity instruments | 007 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Exercise or expiration of other equity instruments issued | 008 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Conversion of debt to equity | 009 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Capital reduction | 010 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Dividends | 011 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Purchase/sale of treasury shares | 012 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sale or cancellation of treasury shares | 013 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of financial instruments from equity to liability | 014 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Reclassification of financial instruments from liability to equity | 015 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers among components of equity instruments | 016 | - | - | - | - | - | 91,031,073 | - | 91,031,073 | - | (182,062,146) | - | - | - | - |
| Share based payments | 017 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other increase or (-) decrease of equity instruments | 018 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the current year | 019 | - | - | - | - | (15,771,394) | - | - | - | - | 146,676,547 | - | - | - | 130,905,153 |
| Equity instruments increase or (-) decrease resulting from business combinations | 020 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance [current period] (from 4 to 20) | 021 | 1,214,775,000 | - | - | - | 249,203,161 | 291,352,537 | - | 702,479,099 | (477,000) | 146,676,546 | - | - | - | 2,604,009,343 |

Notes to financial statements

| 1) INTEREST INCOME | | in HRK | | | |
|---|---|-------------------------------------|--------------------|-----------------------|----------------------|
| AOP 001 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Debt securities | 41,777,442 | 19,750,163 | 39,340,466 | 19,843,714 | |
| Loans and advances | 253,190,309 | 125,168,515 | 247,665,494 | 123,387,674 | |
| Other assets | 212,665 | 3,100 | 3,860 | 3,860 | |
| Deposits | - | - | - | - | |
| Other liabilities | - | - | - | - | |
| Total | 295,180,417 | 144,921,778 | 287,009,820 | 143,235,247 | |
| 2) INTEREST EXPENSE | | in HRK | | | |
| AOP 002 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Debt securities | - | - | - | - | |
| Loans and advances | 1,282,607 | 753,597 | 1,321,432 | 716,423 | |
| Other assets | - | - | - | - | |
| Deposits | 25,346,742 | 12,410,434 | 17,594,976 | 8,207,784 | |
| Other liabilities | 488,969 | 36,021 | 3,246 | 2,486 | |
| Total | 27,118,318 | 13,200,053 | 18,919,654 | 8,926,693 | |
| 3) FEE AND COMMISSION INCOME | | in HRK | | | |
| AOP 005 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Securities | 196,165 | 68,308 | 1,457,267 | 744,506 | |
| Asset management | 23,531 | 10,729 | 21,643 | 10,138 | |
| Custody (according to the type of client) | 2,346,177 | 1,104,552 | 2,586,218 | 1,356,267 | |
| Loan commitments | 43,643 | 15,549 | 17,295 | 5,902 | |
| Other | 210,944,038 | 102,759,414 | 214,375,993 | 112,544,436 | |
| Total | 213,553,554 | 103,958,551 | 218,458,416 | 114,661,249 | |
| 4) FEE AND COMMISSION EXPENSE | | in HRK | | | |
| AOP 006 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Bank clearing and settlement | 828,227 | 393,361 | 982,481 | 536,226 | |
| Other | 130,077,629 | 62,932,451 | 129,068,935 | 67,359,703 | |
| Total | 130,905,856 | 63,325,812 | 130,051,416 | 67,895,930 | |
| 5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES | | in HRK | | | |
| AOP 007 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Debt securities | 35,035,565 | 11,165,173 | - | - | |
| Loans and advances | - | - | - | - | |
| Deposits | - | - | - | - | |
| Debt Securities issued | - | - | - | - | |
| Other financial liabilities | - | - | 169,597 | 75,768 | |
| Total | 35,035,565 | 11,165,173 | 169,597 | 75,768 | |
| 6) GAINS OR (-) LOSSES ON FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING | | in HRK | | | |
| AOP 008 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Equity instruments | (4,375,117) | 6,319,741 | 7,136,717 | 2,906,825 | |
| Debt securities | (12,411,896) | (4,824,778) | (4,087,657) | (2,763,481) | |
| FX transactions and derivatives | 25,202,510 | 11,737,227 | 24,672,367 | 12,917,564 | |
| Total | 7,815,497 | 13,232,190 | 27,721,428 | 12,960,908 | |
| 7) GAINS OR LOSSES ON NON-TRADING FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS | | in HRK | | | |
| AOP 009 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Equity instruments | - | - | 30,800,000 | 30,800,000 | |
| Debt securities | - | - | - | - | |
| Loans and advances | 200,027 | 97,634 | (1,624,438) | (2,984,480) | |
| Total | 200,027 | 97,634 | 29,175,562 | 27,815,520 | |
| 8) OPERATING EXPENSES | | in HRK | | | |
| AOP 015 & AOP 017 & AOP 018 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Other operating expenses | 23,585,061 | 13,399,661 | 5,914,838 | 3,556,129 | |
| Administrative expenses | 183,664,427 | 92,145,229 | 191,774,124 | 99,069,657 | |
| Employee expenses | 109,296,780 | 55,095,413 | 115,471,619 | 58,024,106 | |
| Other administrative expenses | 74,367,647 | 37,049,816 | 76,302,505 | 41,045,551 | |
| (Contributions in cash rehabilitation committees and Deposit Insurance €) | 5,482,500 | 3,232,500 | 6,958,179 | 4,216,929 | |
| Amortization | 40,342,918 | 19,692,825 | 33,724,172 | 16,746,259 | |
| Property, plant and equipment | 21,535,910 | 10,352,260 | 21,275,304 | 10,484,276 | |
| Investment property | - | - | - | - | |
| Other intangible assets | 18,807,008 | 9,340,565 | 12,448,868 | 6,261,983 | |
| Total | 253,074,906 | 128,470,216 | 238,371,313 | 123,588,973 | |
| 9) IMPAIRMENT LOSSES AND PROVISION EXPENSES | | in HRK | | | |
| AOP 019 & AOP 020 & AOP 021 & AOP 023 | Same period of the previous year 01.01.- 30.06.2020. | Current period 01.01. – 30.06.2021. | | | |
| | Cumulative | Quarter | Cumulative | Quarter | |
| Modification gains or (-) losses, net | 2,512,470 | 2,541,860 | (1,457,954) | 1,851,610 | |
| Financial assets at fair value through other comprehensive income | - | - | - | - | |
| Financial assets at amortized cost | 2,512,470 | 2,541,860 | (1,457,954) | 1,851,610 | |
| (Provisions or (-) reversal of provisions) | (59,629,807) | (60,514,125) | 22,472,806 | 19,260,570 | |
| Liabilities towards resolution committees and deposit insurance systems | - | - | - | - | |
| (Liabilities and Guarantees) | 13,850,186 | 13,511,033 | 7,078,587 | 4,164,052 | |
| (Other Provisions) | (73,479,993) | (74,025,158) | 15,394,220 | 15,096,518 | |
| (Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss) | 65,769,974 | 37,061,273 | (24,992,891) | (45,264,569) | |
| (Financial assets at fair value through other comprehensive income) | 890,424 | 2,018,346 | (1,373,211) | (1,704,962) | |
| (Financial assets at amortized cost) | 64,879,550 | 35,042,927 | (23,619,680) | (43,559,607) | |
| (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 | 3,627,698 | (25,994,712) | (1,062,130) | (27,855,608) | |
| 10) LOANS AND ADVANCES | | in HRK | | | |
| AOP 023 | 31.12.2020. | 30.06.2021. | | | |
| | Stage 1 | Stage 2 | Stage 3 | Stage 1 | Stage 3 |
| Central banks | 1,219,156,918 | - | - | 1,274,718,434 | - |
| Gross loans | 1,219,156,918 | - | - | 1,274,718,434 | - |
| Allowance | - | - | - | - | - |
| Government | 2,513,669,837 | 10,294,601 | - | 2,458,635,489 | 3,301 |
| Gross loans | 2,520,514,249 | 10,456,303 | - | 2,465,173,215 | 3,448 |
| Allowance | (6,844,412) | (161,702) | - | (6,537,726) | (147) |
| Credit institutions | 368,510,087 | - | - | 308,871,374 | - |
| Gross loans | 57,300 | - | - | 74,509 | - |
| Allowance | 27 | - | - | (0) | - |
| Deposits | 368,996,913 | - | - | 309,300,318 | - |
| Allowance | (544,154) | - | - | (503,453) | - |
| Other financial institutions | 179,270,857 | 3,893 | - | 117,221,091 | 776 |
| Gross loans | 168,686,297 | 3,983 | - | 107,157,749 | 830 |
| Allowance | (584,453) | (90) | - | (863,712) | (53) |
| Deposits | 11,262,954 | - | - | 11,540,659 | - |
| Allowance | (93,941) | - | - | (613,605) | - |
| Non - financial institutions | 3,626,480,744 | 422,197,574 | 636,986,564 | 3,067,844,929 | 698,474,433 |
| Gross loans | 3,752,909,802 | 480,885,197 | 1,456,527,825 | 3,144,648,200 | 775,639,919 |
| Allowance | (126,429,057) | (58,687,623) | (819,541,261) | (76,803,271) | (77,165,486) |
| Retail | 7,022,179,455 | 251,126,985 | 162,079,076 | 7,161,784,448 | 378,996,766 |
| Gross loans | 7,060,672,678 | 272,846,699 | 687,755,861 | 7,200,496,303 | 402,161,077 |
| Allowance | (38,493,224) | (21,719,714) | (525,676,785) | (38,711,855) | (23,164,311) |
| Total | 14,929,267,898 | 683,623,053 | 799,065,640 | 14,389,075,764 | 1,077,475,276 |
| | | | | | 860,138,664 |
| 11) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS | | in HRK | | | |
| AOP 013 | 31.12.2020. | 30.06.2021. | | | |
| | | | | | |
| Central banks | - | - | - | - | - |
| Local state | - | - | - | - | - |
| Credit institutions | - | - | - | - | - |
| Other financial institutions | - | - | - | - | - |
| Non - financial institutions | 5,093,283 | 3,279,097 | - | - | - |
| Retail | 13,772,618 | 13,435,005 | - | - | - |
| Total | 18,865,901 | 16,714,103 | | | |
| 12) DEPOSITS | | in HRK | | | |
| AOP 044 | 31.12.2020. | 30.06.2021. | | | |
| | | | | | |
| Government | 400,000,000 | 401,285,507 | - | - | - |
| Local state | 5,325,746,428 | 6,249,641,931 | - | - | - |
| Credit institutions | 209,013,088 | 416,390,107 | - | - | - |
| Other financial institutions | 1,397,035,135 | 1,318,237,690 | - | - | - |
| Non - financial institutions | 3,162,990,953 | 3,688,322,706 | - | - | - |
| Retail | 12,074,349,419 | 12,050,826,423 | - | - | - |
| Total | 22,569,135,023 | 24,124,704,363 | | | |

HPB-R-A stock during the reporting period



Stock data and details

| | |
|--|--|
| Issue date | December 12, 2000 |
| ISIN | HRHPB0RA0002 |
| Segment | Official market of the Zagreb Stock Exchange |
| Listed quantity | 2,024,625 |
| Share price as at June 29, 2021 (in HRK) | 540.00 |
| Market capitalisation (in HRK million) | 1,093.30 |

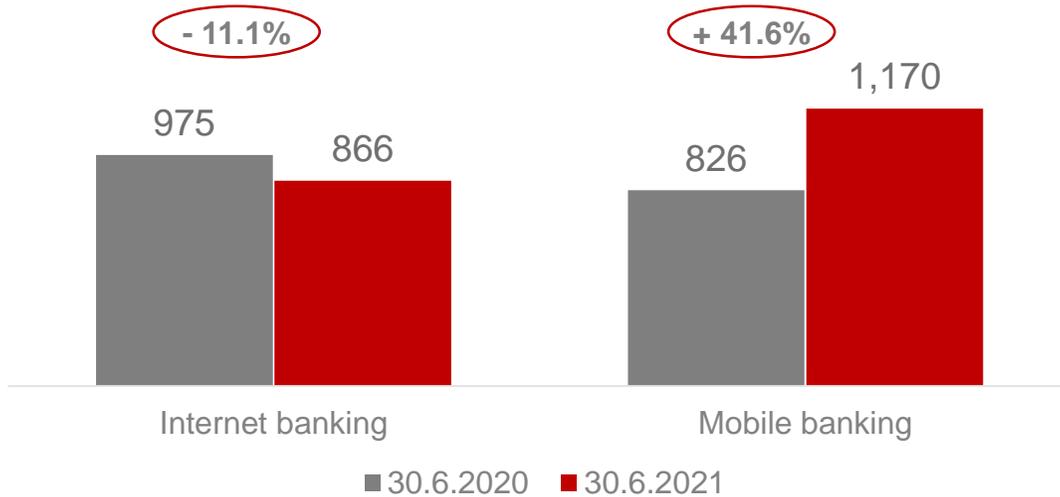
Shareholders

| | Ownership stake (%) |
|--|---------------------|
| Republic of Croatia | 42.43 |
| Croatian Post PLC | 11.93 |
| Croatian Deposit Insurance Agency | 8.98 |
| Croatian Pension Insurance Institute | 8.76 |
| Hrvatska poštanska banka p.l.c. – treasury shares | 0.04 |
| Other shareholders (each under 5% of share of the capital) | 27.86 |

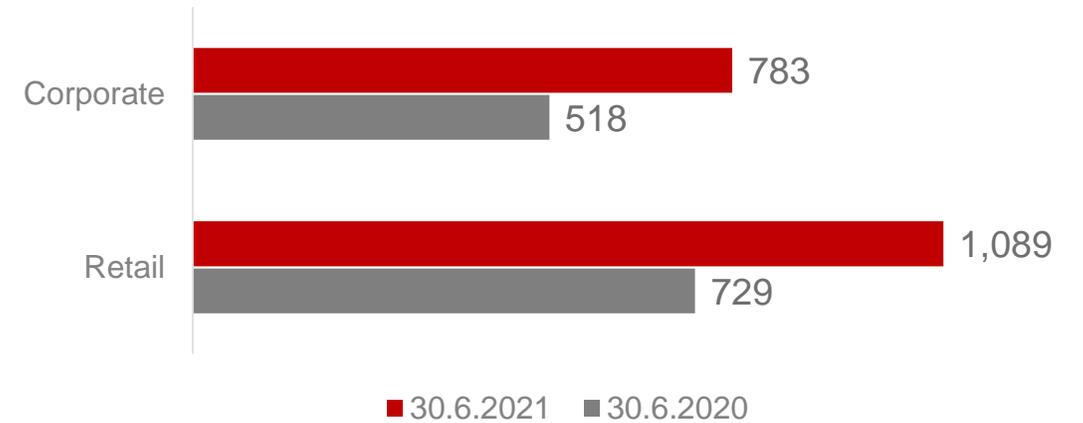
Total shares 100

Direct channels

Number of transactions (in ths)

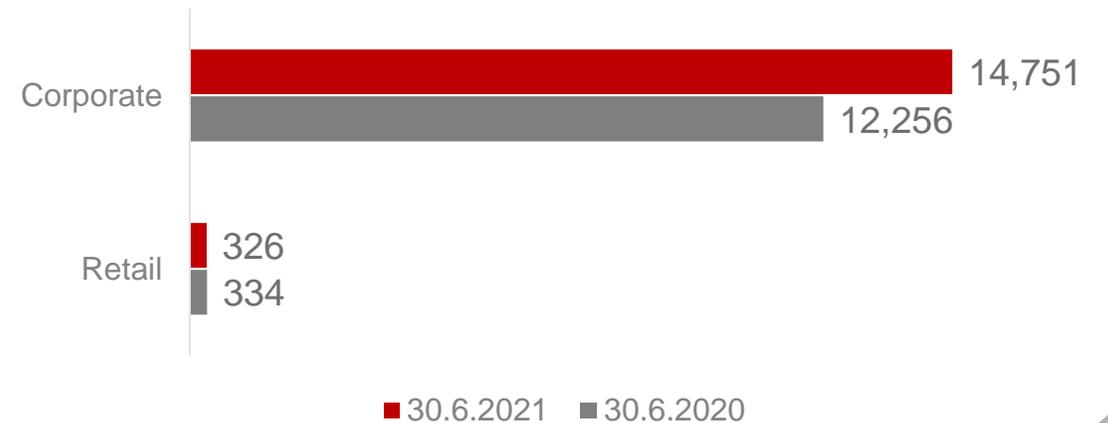


Transaction volume - Mobile banking (in HRK mn)



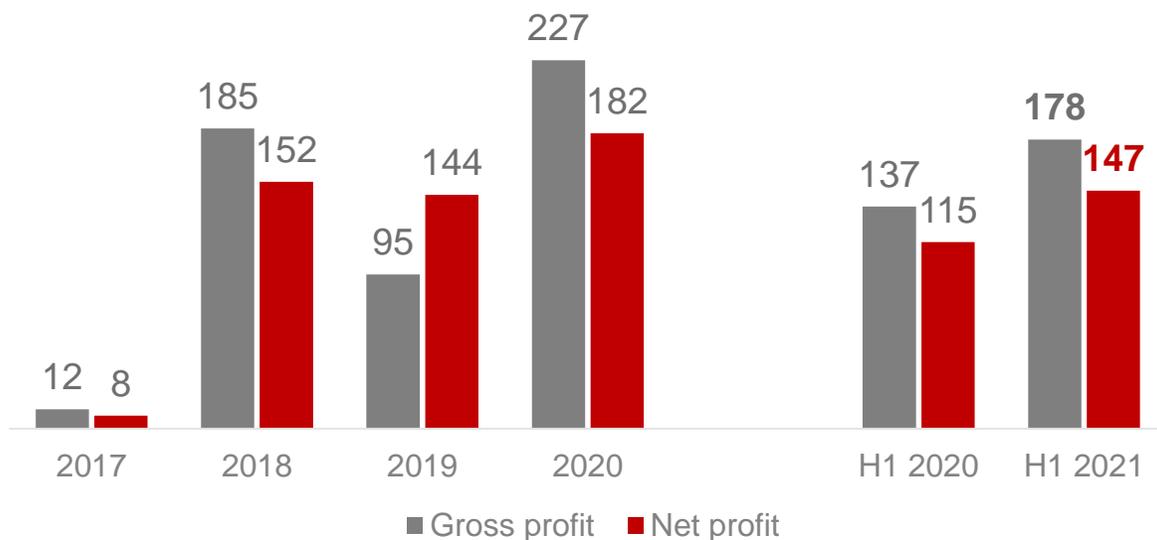
- Expected further increase in mobile banking – both in the volume and number of transactions.

Transaction volume - Internet banking (in HRK mn)

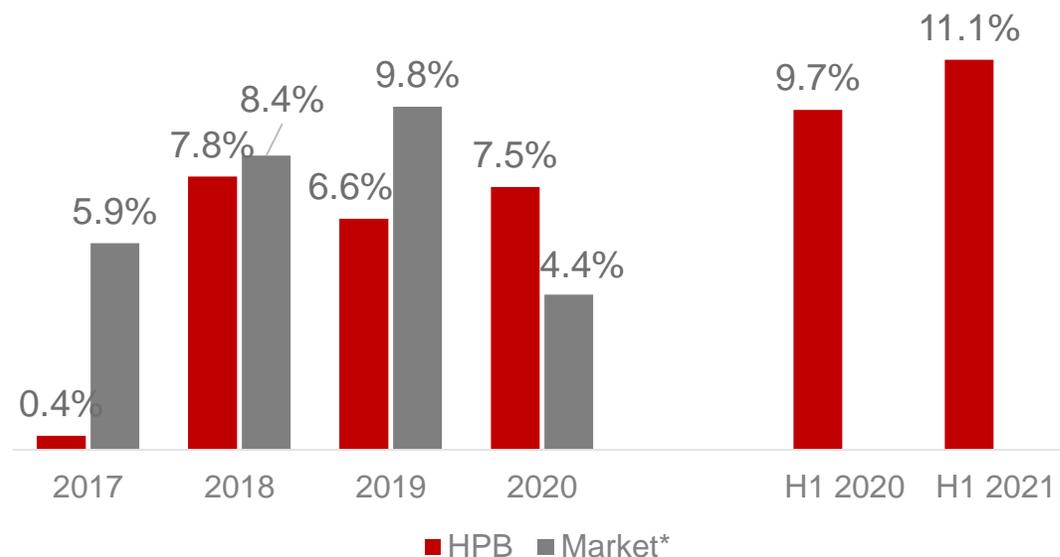


Profitability

Profit development (in HRK mn)



Return on Average Equity ROAE

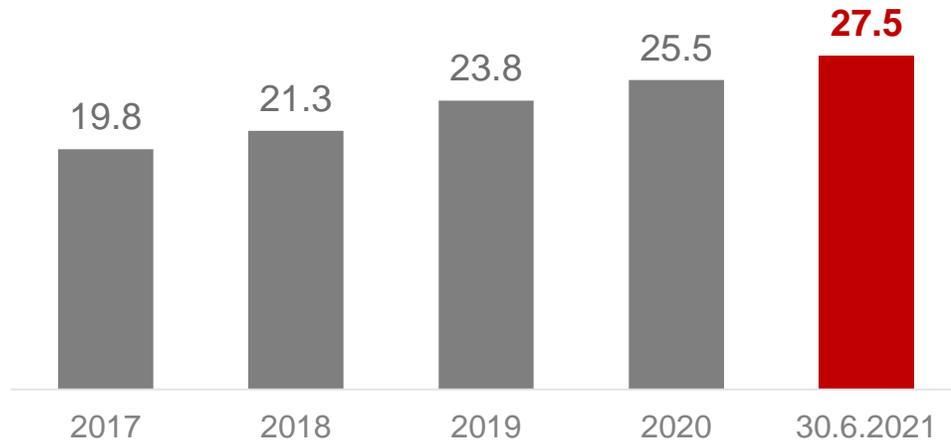


* Market share data for Q2 2021 not available at the time presentation was published

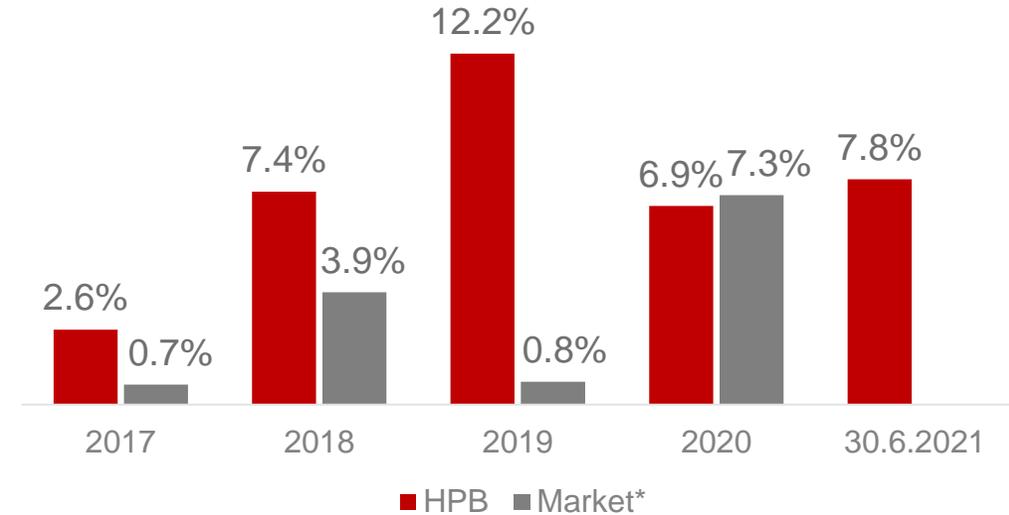
- Better quarterly results than in pre-COVID years, mainly driven by increase in net fee income, trading income and cost reduction measures.

Asset development

HPB's Asset development
(in HRK bn)



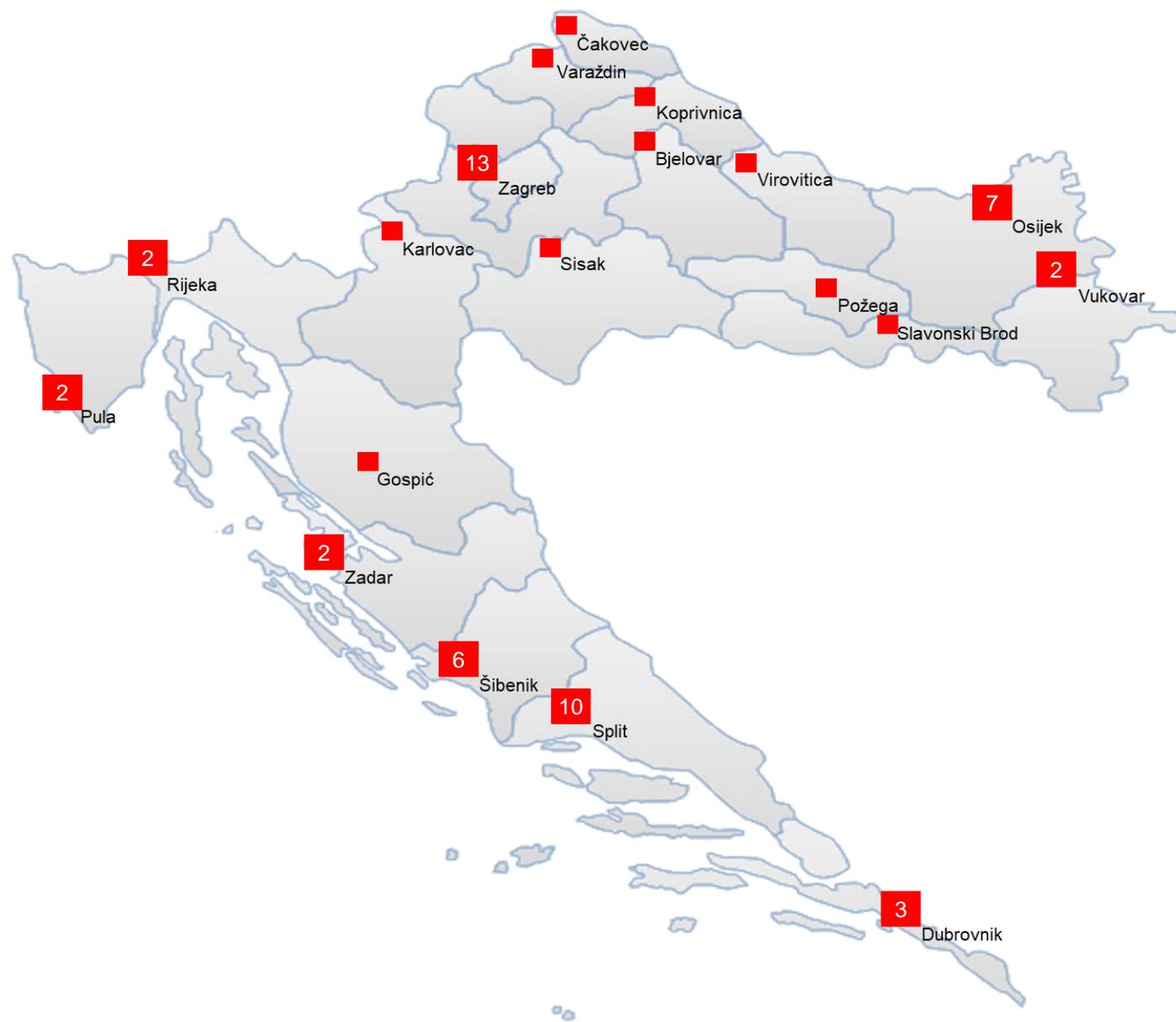
Comparative asset growth rates



* Market share data for Q2 2021 not available at the time presentation was published

- Organic growth continued in 2021;
- Asset growth reciprocated with growth in funding. Increase of liquid assets in 2021 was HRK +1,874 mn;
- LCR (Liquidity Coverage Ratio) as of 30.6.2021 is at 184%.

Accessibility



■ 57 branch offices

12 regional centers

3 business centers

142 financial corners at the Croatian post

Over 1,500 cash-out points with no fees