



HRVATSKA BANKA ZA OBNOVU I RAZVITAK

**REPORT ON FINANCIAL PERFORMANCE  
FOR THE PERIOD 1 JANUARY – 31 MARCH 2025**

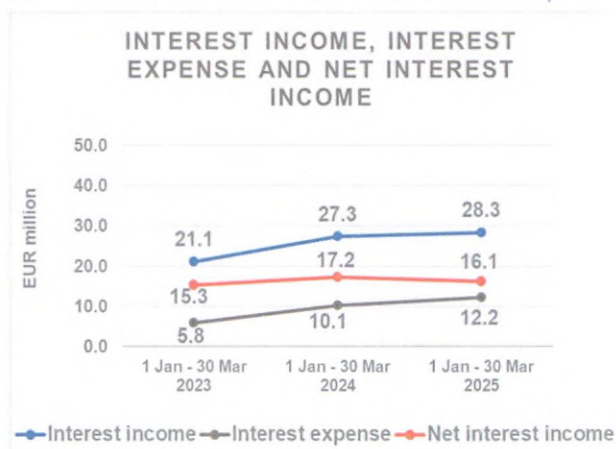
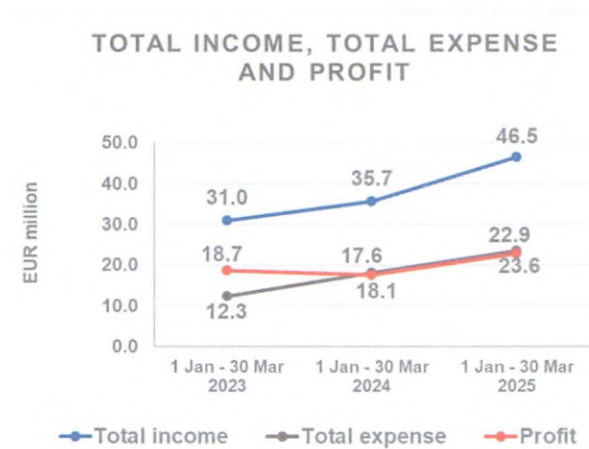
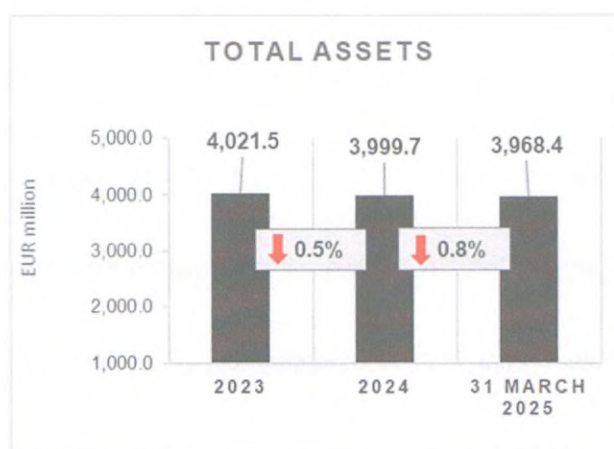
**Zagreb, May 2025**

## RESULTS OF THE GROUP

## BREAKDOWN OF THE MOST SIGNIFICANT FINANCIAL INFORMATION OF HBOR GROUP

-in millions of euros-

	2023	2024	31 March 2025
<b>Total assets</b>	4,021.5	3,999.7	3,968.4
<b>Gross loans</b>	4,077.6	4,013.4	3,981.8
<b>Total equity</b>	1,457.9	1,504.3	1,526.4
	1 January – 31 March 2023	1 January – 31 March 2024	1 January – 31 March 2025
<b>Total income</b>	31.0	35.7	46.5
<b>Total expense</b>	(12.3)	(18.1)	(23.6)
<b>Profit</b>	18.7	17.6	22.9
Interest income calculated on the basis of effective interest rate method and income from the cancellation of subsidy deferral at the expense of HBOR's operations	21.1	27.3	28.3
<b>Interest expense</b>	(5.8)	(10.1)	(12.2)
<b>Net interest income</b>	15.3	17.2	16.1



## Results of the Group

In the period 1 January – 31 March 2025, the HBOR Group generated profit after tax in the amount of EUR 22.9 million.

Pursuant to the provisions of the Act on HBOR, the parent company is exempt from income tax and income tax liabilities arise exclusively from the activities of the other members of the Group.

In the period 1 January – 31 March 2025, total income on consolidated basis amounted to EUR 46.5 million, whereas total expenses amounted to EUR 23.6 million.

The consolidated total income increased by 30.3 percent, whereas total expenses increased by 30.4 percent compared to the same period previous year due to the developments in total income and expenses of the parent company.

In the structure of income of the Group, the largest portion, i.e., 60.9 percent, relates to interest income as a result of operations of the parent company.

The major part of total expenses relates to interest expenses (51.7 percent) and operating expenses (36.4 percent) as a result of operation of the parent company.

The consolidated operating expenses in the period 1 January – 31 March 2025 amounted to EUR 8.6 million and consisted of general and administrative expenses and other operating expenses.

On 31 March 2025, the Group had 470 employees (on 31 March 2024: 438 employees).

## Assets and liabilities of the Group

Total assets of the Group on consolidated basis amount to EUR 3,968.4 million and were retained at the level from the beginning of the year. The reasons for such tendency are stated in the description of HBOR's financial performance.

In the structure of assets, the major portion relates to the lending activities of the parent company, i.e. net loans account for 88.5 percent of total assets.

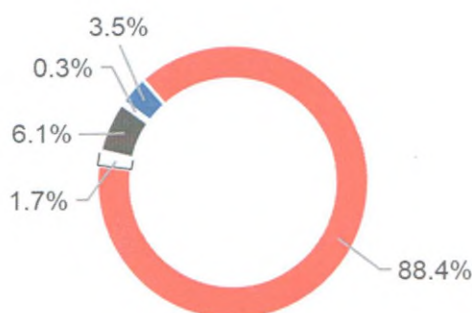
Total liabilities and total equity as at 31 March 2025 amount to EUR 3,968.4 million, of which amount total liabilities equal EUR 2,442.0 million, i.e., 61.5 percent.

In total liabilities and total equity of the Group, the major portion, i.e., 57.5 percent, consists of borrowings of the parent company.

At the end of the reporting period, total equity on consolidated basis amounted to EUR 1,526.4 million and accounted for 38.5 percent of total liabilities and total equity of the Group.

### TOTAL ASSETS

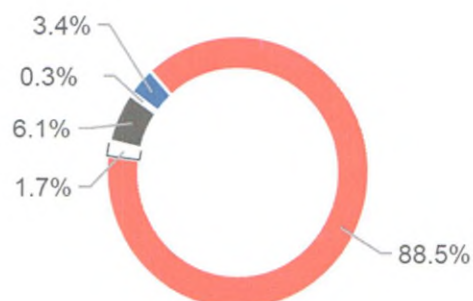
31 December 2024



- Cash on hand and deposits with other banks
- Total loans, net
- Financial assets at FVPL
- Financial assets at FVOCI
- Other assets\*

### TOTAL ASSETS

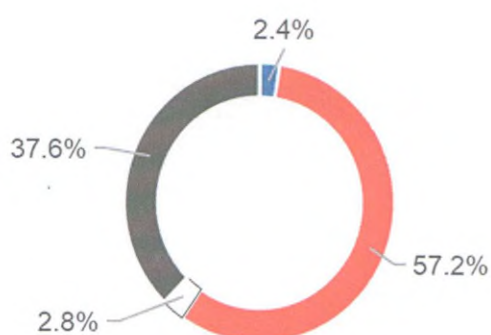
31 March 2025



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### TOTAL LIABILITIES AND TOTAL EQUITY

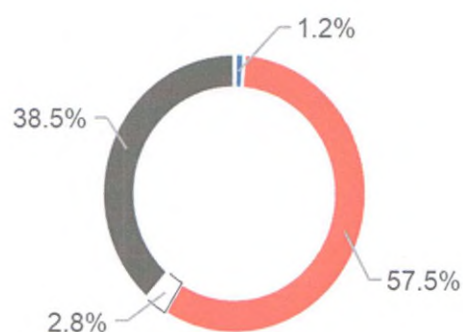
31 December 2024



- Deposits from customers
- Borrowings
- Other liabilities and provisions\*\*
- Total equity

### TOTAL LIABILITIES AND TOTAL EQUITY

31 March 2025



- Deposits from customers
- Borrowings
- Other liabilities and provisions\*\*
- Total equity

\*Property, plant and equipment and intangible assets, Foreclosed assets and Other assets

\*\*Other liabilities and Provisions for guarantees, commitments and other liabilities



## **RESULTS OF HBOR**

## OVERVIEW OF FINANCIAL PERFORMANCE OF HBOR

The following text gives an overview and explanation of the significant changes in financial position and operating performance in the reporting period.

### Financial performance

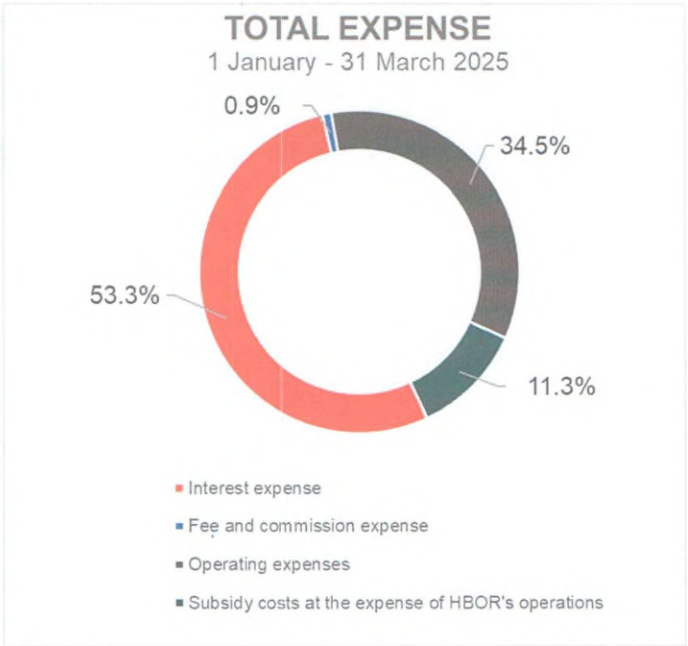
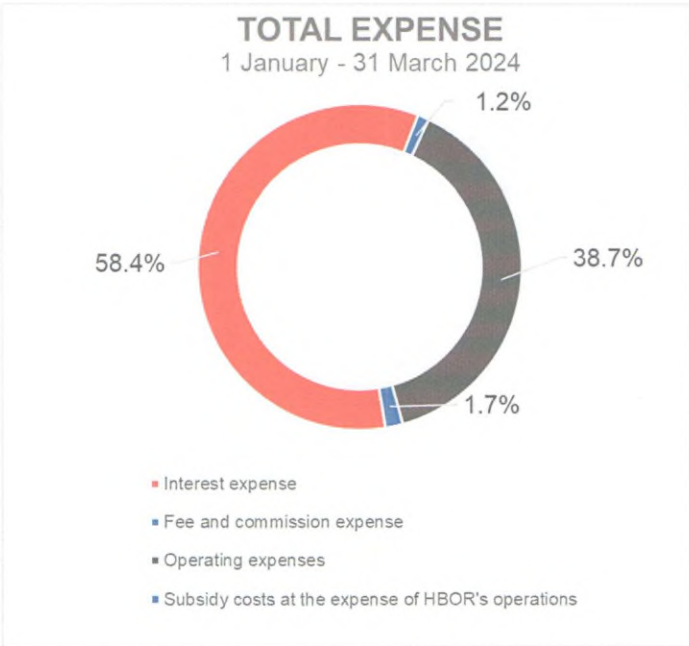
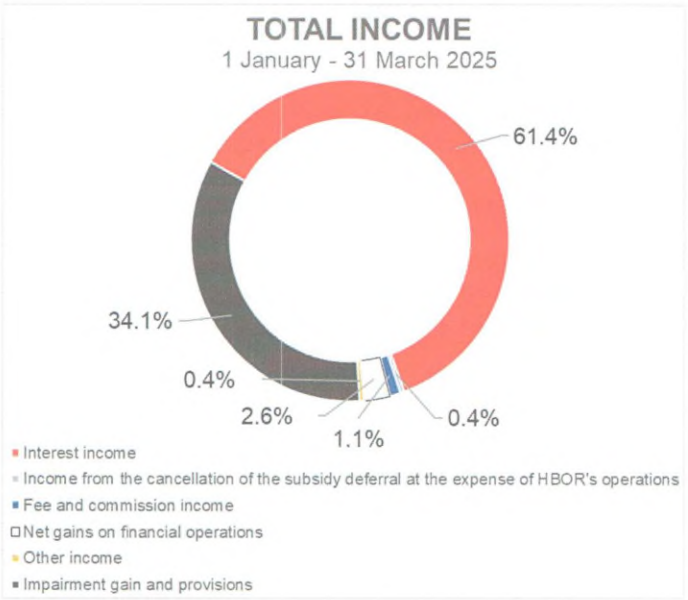
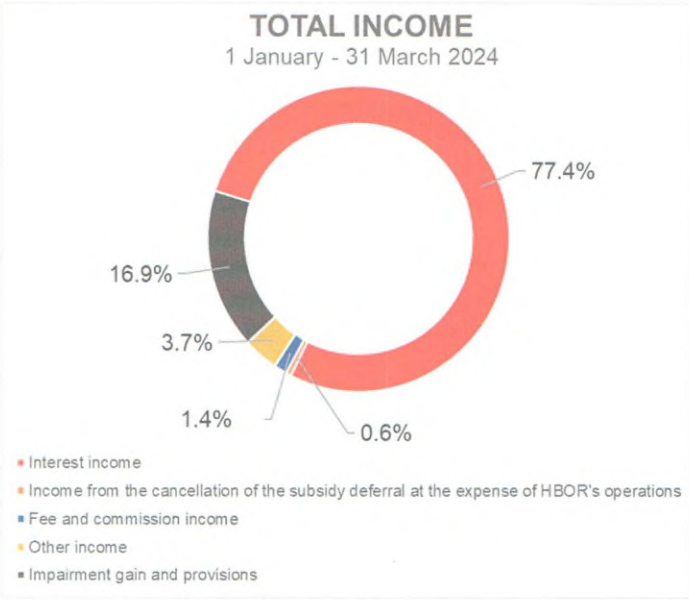
In the period from 1 January to 31 March 2025, HBOR generated total income of EUR 45.8 million, expenses of EUR 22.9 million and profit in the amount of EUR 22.9 million. HBOR's profit generated in the reporting period increased by EUR 5.3 million compared with the profit generated in the same period last year.

The increase in profit in the period from 1 January to 31 March 2025 compared with the same period last year is a result of an increase in total income by EUR 10.9 million and an increase in total expenses by EUR 5.6 million.

The circumstances that affected the financial result achieved in the three-month reporting period 2025 compared to the results generated in the same period in 2024 are:

- increase in interest income of EUR 1.1 million,
- increase in interest expenses of EUR 2.1 million,
- increase in net gains from financial activities in the amount of EUR 1.2 million,
- decrease in other income of EUR 1.1 million,
- increase in net impairment gains and provisions by EUR 9.7 million,
- increase in operating expenses of EUR 1.2 million,
- increase in subsidy cost at the expense of HBOR's operations by EUR 2.3 million.

A detailed description of trends is given for each category separately in the following text.





### ***Net interest income***

Net interest income amounted to EUR 16.1 million, a decrease of 5.6 percent on the same period of the previous reporting year.

Interest income calculated on the basis of the effective interest rate method amounted to EUR 28.1 million, an increase of 4.0 percent on the same reporting period last year. The increase in interest income is largely the result of the increase in the effective interest rate.

Interest expenses amounted to EUR 12.2 million, an increase of 20.9 percent on the same reporting period last year, which is mostly due to an increase in interest rates on borrowings.

With regard to the described trends, greater increase in interest expenses compared to the increase in interest income influenced the decrease in net interest margin compared to the same reporting period of the previous year, which amounted to 1.60 percent, whereas in the same period of the previous year it had amounted to 1.69 percent.

### ***Net fee income and commission income***

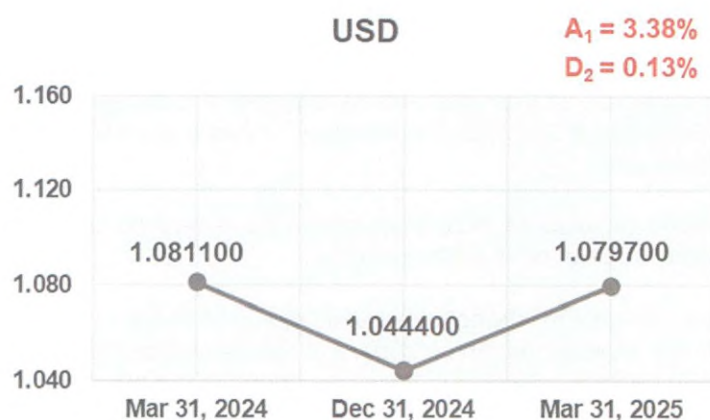
Net fee and commission income amounted to EUR 0.3 million and remained at the same level as in the same reporting period last year.

### ***Net gains/(losses) on financial operations***

Net gains/(losses) on financial operations are comprised of net foreign exchange gains/(losses) on the principal amount of receivables and liabilities, gains/(losses) arising out of value adjustment of financial assets stated at fair value through profit or loss and realised gains/(losses) arising out of financial assets at fair value through other comprehensive income.

In the reporting period, net gains from financial activities amounted to EUR 1.2 million, whereas, in the same reporting period previous year, amounted to EUR 0 million.

A breakdown of changes in the exchange rate of the euros against the USD:



Note:

A<sub>1</sub> = EUR appreciation Mar 31, 2025/Dec 31, 2024

D<sub>2</sub> = EUR depreciation Mar 31, 2025/Mar 31, 2024

Funds and sources of funds that are denominated in another currency or are indexed to the currency clause are converted by HBOR into the equivalent value in EUR at the middle exchange rate of HBOR or another agreed exchange rate on the reporting date.

Revenues and expenditures in another currency are converted at the exchange rate on the transaction date. The resulting foreign exchange gains or losses are recorded in the Profit or Loss Account in net figures.

### ***Operating expenses***

Operating expenses that include general and administrative expenses and other operating expenses stood at EUR 7.9 million, an increase of 17.3 percent compared with the same period previous year, mostly as a result of an increase in general and administrative expenses due to an increase in the number of employees.

On 31 March 2025, HBOR had 448 employees (on 31 March 2024: 419 employees).

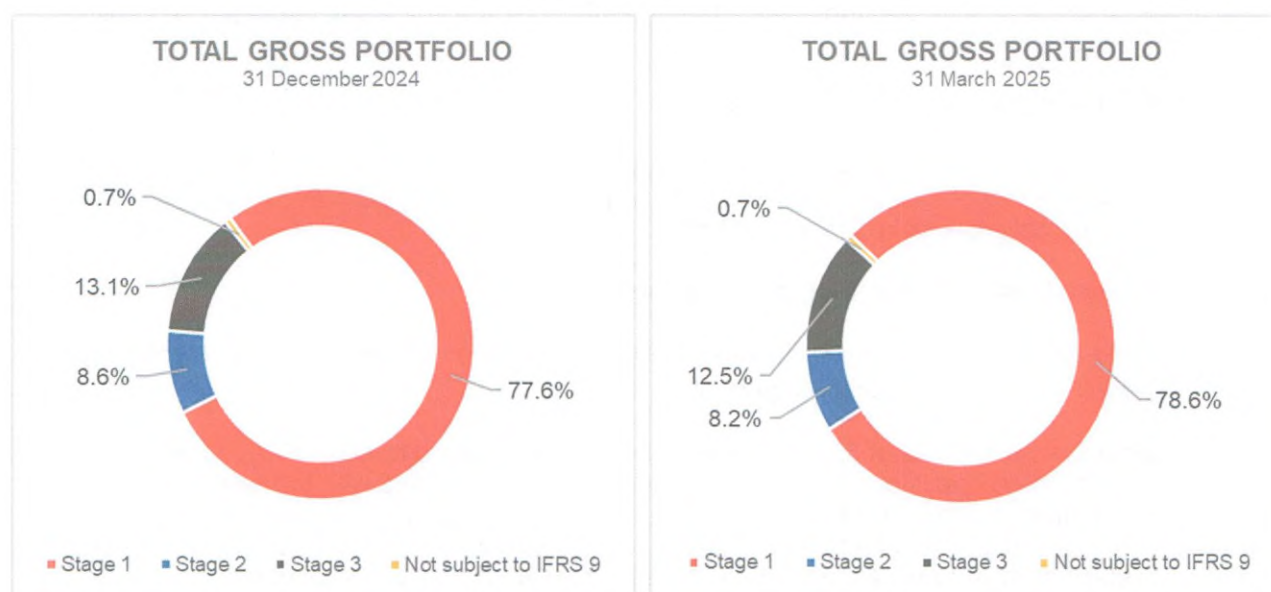
### ***Subsidy costs at the expense of HBOR's operations***

Subsidy costs at the expense of HBOR's operations stood at HRK 2.6 million and are linked with the new product of subsidising interest rates at the expense of HBOR's operations that was introduced in the second half of 2023.

### ***Impairment gain/(loss) and provisions***

In the reporting period, a net gain from impairment of placements in the amount of EUR 15.6 million was recorded (in the period 1 January – 31 March 2024: net gain in the amount of EUR 5.9 million).

The text to follow contains a breakdown of portfolio quality:



#### Overview of total gross portfolio and provisions by structure – financial institutions and direct

	2024		Mar 31, 2025	
	In millions of euros	Breakdown (percent)	In millions of euros	Breakdown (percent)
<b>Total gross portfolio</b>	<b>4,992.7</b>	<b>100.0</b>	<b>4,948.4</b>	<b>100.0</b>
<b>Of which:</b>				
- financial institutions	1,580.8	31.7	1,555.3	31.4
- direct	3,411.9	68.3	3,393.1	68.6
<b>Total provisions</b>	<b>496.7</b>	<b>100.0</b>	<b>485.9</b>	<b>100.0</b>
<b>Of which:</b>				
- financial institutions	8.2	1.7	7.9	1.6
- direct	488.5	98.3	478.0	98.4
<b>Provisions/gross portfolio</b>	<b>9.9 percent</b>	<b>-</b>	<b>9.8 percent</b>	<b>-</b>



## **Significant changes in financial position**

Total assets of HBOR as at 31 March 2025 amounted to EUR 3,964.7 million and were retained at the level from the beginning of the year.

### ***Cash on hand and deposits with other banks***

As at 31 March 2025, cash on hand and deposits with other banks amounted to EUR 130.0 million representing 3.3 percent of total assets, a decrease of 4.4 percent compared with 31 December 2024 as a result of reallocation of liquidity reserve funds.

### ***Loans to financial institutions and other customers***

As at 31 March 2025, total net loans amounted to EUR 3,510.2 million representing 88.5 percent of total assets, remained at the beginning-of-the-year level.

Total gross loans amounted to EUR 3,981.8 million and were retained at the level from the beginning of the year. Gross loans to other customers decreased by 1.2 percent compared with the beginning-of-the-year level, while gross loans to financial institutions remained at the beginning-of-the-year level.

As at 31 March 2025, the proportion between gross loans on-lent through financial institutions and direct placements stood at 31 percent: 69 percent (31 December 2024: 31 percent: 69 percent).

### ***Financial assets at fair value through profit or loss***

Loans at fair value (HBOR has determined that mezzanine loans are classified here), investments in investment funds and a part of equity instruments are classified to these assets. As at 31 March 2025, the total amount of these assets was EUR 68.8 million representing 1.7 percent of total assets.

### ***Financial assets at fair value through other comprehensive income***

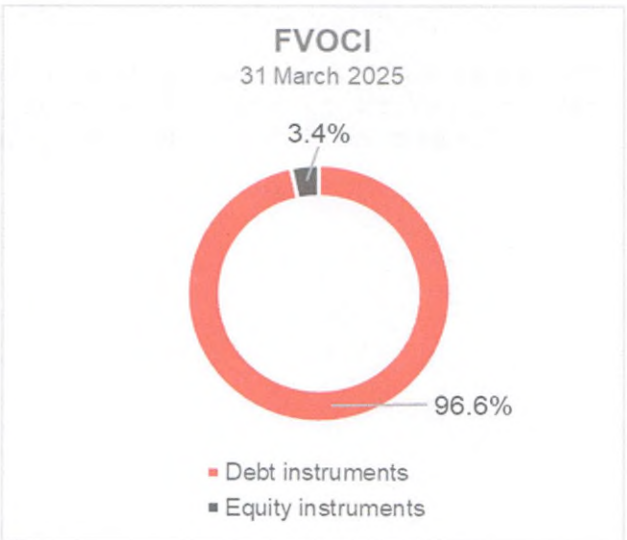
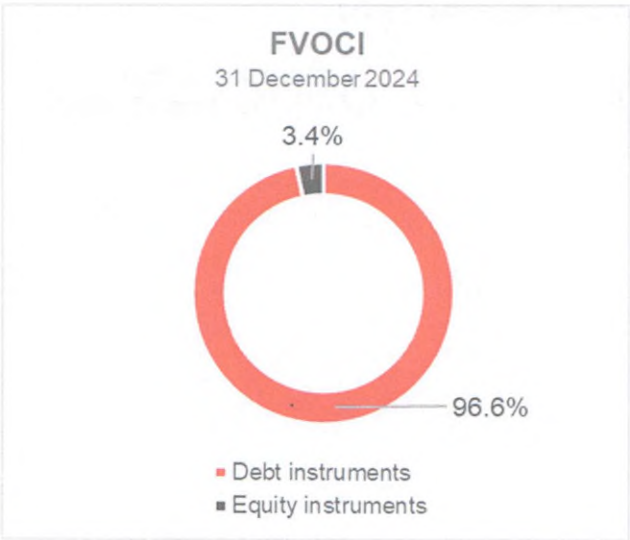
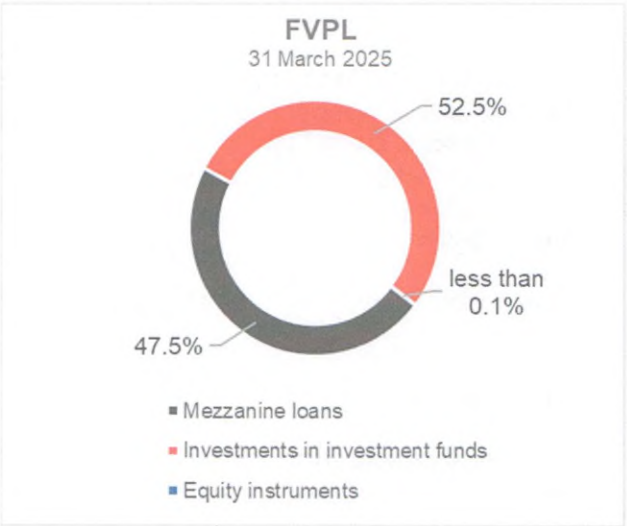
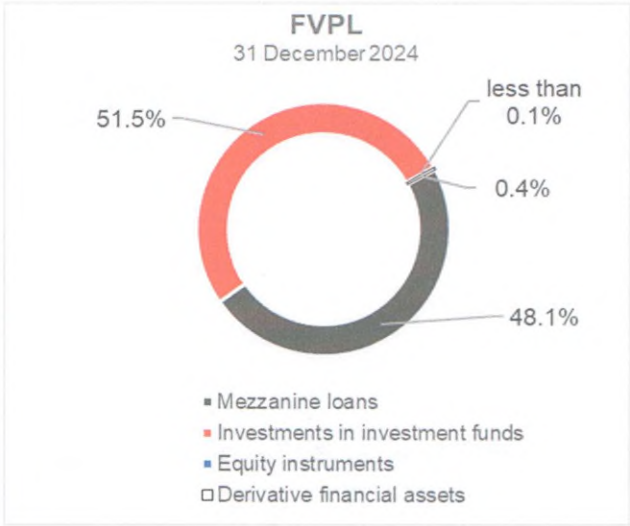
#### ***a) Debt instruments***

Bonds of the Republic of Croatia and treasury bills of the Ministry of Finance as part of liquidity reserve as well as bonds of a company are classified to these assets. On the reporting date, they amounted to EUR 227.7 million, representing 5.7 percent of total assets.

The impairment of these financial assets is calculated through the application of the model of expected credit losses in the manner that provisions are recognised in the accounts of other comprehensive income, thus not reducing the carrying amount of these financial assets in the statement on financial position. On the reporting date, they amounted to EUR 0.4 million in other reserves.

**b) Equity instruments**

Equity instruments (shares of companies) that HBOR does not intend to sell and to which irrevocable option of subsequent measurement of fair value through other comprehensive income without recycling is applied are classified to these assets, i.e. reserves recognised under other comprehensive income will never be transferred to the statement on profit or loss.  
On the reporting date, these assets amounted to EUR 8.1 million, representing 0.2 percent of total assets.





### **Total liabilities**

As at 31 March 2025, total liabilities amounted to EUR 2,439.0 million, which represents 61.5 percent of total liabilities and total equity. The major part of total liabilities consists of HBOR's borrowings in the total amount of EUR 2,283.4 million.

Borrowings were retained at the level from the beginning of the year, whereas changes in these liabilities are shown in the following table:

	(in millions of euros)
- Draw-down of funds borrowed under previously contracted funds of special financial institutions and under general borrowings	205.0
- Repayments of borrowings	(210.1)
- Foreign exchange gains or losses	(0.6)
- Other calculations *	0.8
<b>Total changes</b>	<b>(4.9)</b>

*\* Other calculations relate to the amount of interest not due and deferred fees.*

### **Total equity**

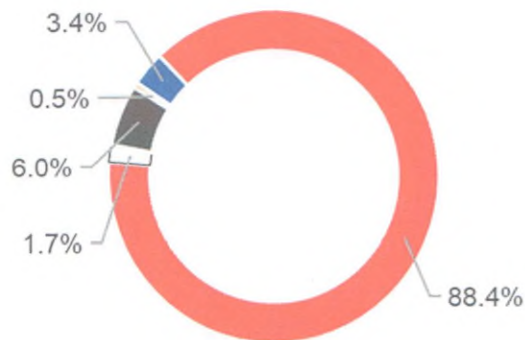
Out of the total amount of total liabilities and total equity, EUR 1,525.7 million or 38.5 percent relate to total equity.

Total equity of HBOR is comprised of the capital and the guarantee fund. HBOR's capital is comprised of founder's capital contributed from the budget of the Republic of Croatia, retained earnings from the profits generated in the previous years, other reserves and profits for the current period.

The total amount of capital contributed from the budget of the Republic of Croatia stood at EUR 905.3 million, and the remaining amount to be contributed to the founder's capital up to the total amount of EUR 929.1 million set by the HBOR Act is EUR 23,8 million.

### TOTAL ASSETS

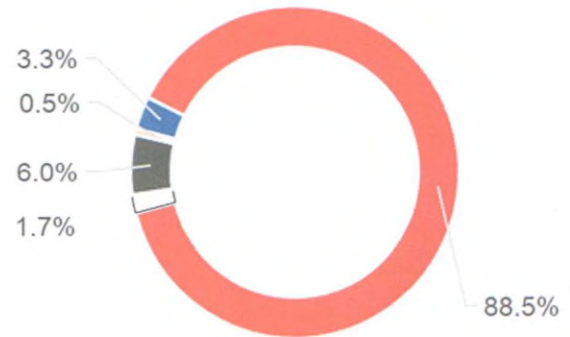
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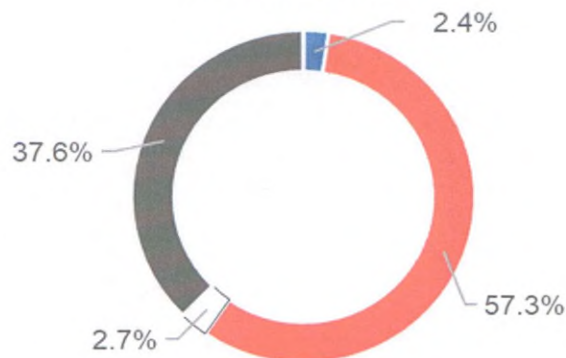
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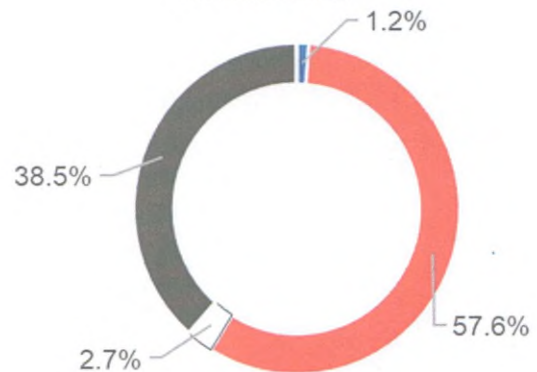
31 December 2024



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31 March 2025



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\*\* Other liabilities and Provisions for guarantees, commitments and other liabilities