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Zagreb, May 16, 2024

F00-42/24 - ss

### **CIG decision making committee**

#### **Letter of Support for COST Innovators Grant (CIG) Application of *VisionXAI: Pioneering Visual Analytics for Establishing XAI Standards in European Finance with a Policy-Focused Impact***

Dear members of the CIG committee,

Hrvatska poštanska banka p.l.c. („HPB“) is an universal banking institution with majority state-ownership operating on the Croatian market. HPB is characterized by above average operating results and continuously strong growth rates arising from a combination of organic and acquisition growth. As a result, HPB overtook Raiffeisenbank Austria rank position as of Dec 31, 2023 and is now the fifth largest bank in Croatia and the largest in Croatian ownership by assets size, with assets of EUR 7 billion and market capitalization of EUR 450 million. As a company quoted on the stock market, HPB is striving to achieve a fully transparent relationship with its stakeholders and has won multiple awards and recognitions (ZSE, CFSSA, PWC, HRIO, etc.) for sustainability, transparency and governance over the course of last few years.

We are aware of the application submitted by Prof. Dr. Jörg Osterrieder from Bern Business School for the COST Innovator Grant with the title "*VisionXAI: Pioneering Visual Analytics for Establishing XAI Standards in European Finance with a Policy-Focused Impact*," which aligns with our business goals and current activities.

On the project's aim and scope, we have been informed that:

- VisionXAI seeks to create a visual analytics tool that enhances the interpretability and standards of XAI in the European financial sector.
- The project is geared towards meeting regulatory requirements and policy impacts, ensuring alignment with EU directives.
- It is designed to be a scalable solution that bridges the gap between technical XAI approaches and practical financial applications.
- VisionXAI aims to foster trust and transparency in AI-driven financial decisions by offering clear, user-friendly interpretations.
- The initiative also intends to address bias detection and mitigation within AI systems, promoting fairness and data integrity.

Project proposition is fully in line with HPB business strategy. As stated in our Annual Report for 2023<sup>1</sup>, we base our future development plans on four pillars, among which “Digitalisation” and “Sustainable Business” (i.e. achieving a perfect balance of financial performance and all sustainability factors: environmental, social and governance).

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<sup>1</sup> HPB Annual Report 31.12.2023, pages 62 and 63, available at:  
<https://www.hpb.hr/en/financial-reports-and-other-investors-information/322>

Therefore, in our opinion, since the banking sector is held to higher societal standards with regards to transparent reporting in comparison to other industries (as confirmed by De Nederlandsche Bank<sup>2</sup>), which HPB fully supports and complies with given its strategy and development pillars, it is extremely important that clear and understandable standards for the use of AI in financial sectors be defined.

We fully endorse the COST Innovator Grant application for VisionXAI, recognizing the significant role such a tool will play in the financial sector, specifically in alleviating concerns clients and creditors might have about their data being administered by an AI solution or removing concerns regulators might have vis-a-vis AI-anti-fraud and AI-anti-money-laundering (AML) solutions. With regards to the latter, explainability of AI tools used is a prerequisite for the regulatory compliance and seamless IT-audit procedures that banks undergo each year, and which other institutions have difficulty complying with.

This tool's importance is underscored by its potential to bring clarity and accountability to AI-driven financial decisions, aligning with our dedication to responsible and transparent business practices.

With this letter, we confirm that we are very interested in the proposed solution, and we look forward to assessing the results of the project relevant for our business activities.

Sincerely,

  
Marko Badurina, CEO  
Hrvatska poštanska banka, p.l.c.



<sup>2</sup> General Principles for the use of Artificial Intelligence in the financial sector, page 33, available at:  
<https://www.dnb.nl/media/voffsric/general-principles-for-the-use-of-artificial-intelligence-in-the-financial-sector.pdf>