



# Financial Statements for the Period from January 01 to March 31, 2019

*Unaudited*

Zagreb, April 30, 2019

**HRVATSKA POŠTANSKA BANKA, p.l.c.**

In accordance with the Capital Markets Act, HPB p.l.c. publishes unaudited financial statements for the period from January 01 to March 31 2019.

This report includes:

- Management report of HPB p.l.c.,
- statement by persons responsible for compiling the report of HPB 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 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 65/2018).

Key highlights of results for the reporting period are as follows:

- **Bank recorded net profit of HRK 66.5 million** that represents the best Q1 result in the past eleven years,
- **operating profit of HRK 74.3 million**, increased by HRK 5 million or 7% in comparison with the same period last year. Result is mainly affected by positive result and keeping net interest and non-interest income on the same level as last year, despite low interest margin pressure on the market.
- after reporting date, April 1, 2019 the Bank has **successfully merged Jadranska banka p.l.c.**

## Management report of HPB p.l.c.

In the first quarter of 2019, HPB achieved good business results with excellent results in all sales segments. In 2018, the Bank launched several projects and reorganizations to be ready to meet the challenges ahead over the coming period. One of the bigger ones was the merger of Jadranska banka d.d. which was successfully completed after the date of these reports. This acquisition significantly contributes to increasing the presence in Dalmatia and expanding our customer base. The highest quarterly result of HRK 66.5 million in profit is a continuation of excellent results. We remain customer focused and dedicated to process optimization with the goal of delivering internal improvements, simplicity and speed, as well as digital transformation.

**Operating profit amounts to HRK 74.3 million, which is HRK 5 million more than in the same period of 2018.** Although there is still a decline in active interest rates in the market, net interest income is almost unchanged, with an increase in the loan portfolio of almost 5%.

Net income from fees and commissions remained at the same level as in 2018.

Other non-interest income consists out of income from trading in foreign currencies and securities, dividends received, and other income. These revenues were higher (by 56.0%) compared to the same period of 2018, mainly due to the increase in securities trading income and the increase in securities prices in the Bank's portfolio. Non-interest income is certainly a potential of HPB.

Operating costs are up slightly (+ 2.6%), mainly due to the completion of engagement during the first quarter related to the merger of Jadranska banka p.l.c. and a large number of regulatory requirements. As mentioned earlier, we remain focused on optimizing processes and other costs this year, and we are working to continually reduce cost pressures on operating profit.

Continuing on 2018, in which, more intensive collection activities, better credit risk management and good coverage of partially recoverable placements (NPLs) were initiated, the Bank recorded a slightly lower amount of provisions in the first quarter compared to the same period last year. Provisional income is HRK 9.4 million and is HRK 2.0 million lower than in the same period last year.

Deposits are in slight decline, mainly due to a decrease in deposits of the central government where it recorded a decrease of 580 million. Other customer deposits have increased slightly compared to the end of last year and rose by 1.3%, which continues to show a stable customer base in the environment of low interest rates on deposits. Household deposits are up HRK 154 million or 1.63% compared to December 31, 2018. Corporate deposits (excluding central government) increased by 3.3% or HRK 84 million. Assets remained at almost the same level as at the end of last year, and decreased by only 0.1%, but the trend of improving its structure continued, in the form of growth of net loans by 4.8%.

Gross loans in the SME segment increased 5.6% compared to the end of last year, the Retail segment gross loans increased 4.2%, while the large and public enterprises sector increased by 3.0%.

Bank's capital as at March 31, 2019. It reached HRK 2,117 million, an increase of 5.7% compared to the end of last year. The most significant contribution to capital growth relates to net profit for the period and the increase in the fair value reserve.

The previously mentioned completed merger of Jadranska banka p.l.c. is a great business success and a great motivator for the start of 2019. The strengthened customer base enables us to strengthen our position in the

**HRVATSKA POŠTANSKA BANKA, p.l.c.**

region of Central Dalmatia. Significant resources that were engaged in Sibenik in the past and earlier this year are now turning to advancements in their business segments.

With a continuous focus on strategic guidelines such as business network modernization, digitization, targeting retail and SME segments, we are persistent in delivering better results and adequate shareholder returns, expanding our customer base and retaining the trust of our existing clients.

---

Tomislav Vuić  
CEO

HRVATSKA POŠTANSKA BANKA, p.l.c.

## **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 p.l.c., states that according to their best knowledge the set of unaudited financial statements for the period from January 01 to March 31 2019, 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 director  
Finance division

---

Tomislav Vuić  
CEO

Annex 1			ISSUER'S GENERAL DATA		
Reporting period:	1.1.2019	to	31.3.2019		
Year:	2019				
Quarter:	1				
<b>Quarterly financial statements</b>					
Registration number (MB):	03777928	Issuer's home Member State code:	HRVATSKA		
Entity's registration number (MBS):	080010698				
Personal identification number (OIB):	879391042 17	LEI:	529900D5G4V6THXC5P79		
Institution code:	319				
Name of the issuer:	HRVATSKA POŠTANSKA BANKA, p.l.c.				
Postcode and town:	10000	ZAGREB			
Street and house number:	JURIŠIĆEVA 4				
E-mail address:	hpb@hpb.hr				
Web address:	www.hpb.hr				
Number of employees (end of the reporting period):	1123				
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)				

**HRVATSKA POŠTANSKA BANKA, p.l.c.**
**BALANCE SHEET**  
**as at March 31 2019**

in HRK

<b>Submitter: Hrvatska poštanska banka p.l.c.</b>			
<b>Item</b>	<b>ADP code</b>	<b>Last day of the preceding business year</b>	<b>At the reporting date of the current period</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Assets</b>			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	<b>001</b>	<b>3,738,705,603</b>	<b>2,315,507,052</b>
Cash in hand	<b>002</b>	475,623,952	772,723,593
Cash balances at central banks	<b>003</b>	2,469,141,407	1,374,000,650
Other demand deposits	<b>004</b>	793,940,244	168,782,809
Financial assets held for trading (from 6 to 9)	<b>005</b>	<b>649,215,941</b>	<b>550,106,722</b>
Derivatives	<b>006</b>	479,860	
Equity instruments	<b>007</b>	132,682,086	66,650,208
Debt securities	<b>008</b>	516,053,995	483,456,514
Loans and advances	<b>009</b>		
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	<b>010</b>	<b>1,676,288</b>	<b>1,676,288</b>
Equity instruments	<b>011</b>	0	0
Debt securities	<b>012</b>	0	0
Loans and advances	<b>013</b>	1,676,288	1,676,288
Financial assets at fair value through profit or loss (15 + 16)	<b>014</b>	<b>0</b>	<b>0</b>
Debt securities	<b>015</b>	0	0
Loans and advances	<b>016</b>	0	0
Financial assets at fair value through other comprehensive income (from 18 to 20)	<b>017</b>	<b>3,342,777,926</b>	<b>4,348,943,073</b>
Equity instruments	<b>018</b>	17,699,255	22,717,002
Debt securities	<b>019</b>	3,325,078,671	4,326,226,071
Loans and advances	<b>020</b>	0	0
Financial assets at amortised cost (22 + 23)	<b>021</b>	<b>12,950,774,595</b>	<b>13,438,513,967</b>
Debt securities	<b>022</b>	75,259,611	76,722,238
Loans and advances	<b>023</b>	12,875,514,984	13,361,791,729
Derivatives - hedge accounting	<b>024</b>	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	<b>025</b>	0	0
Investments in subsidiaries, joint ventures and associates	<b>026</b>	166,755,000	168,240,000
Tangible assets	<b>027</b>	184,640,235	140,954,548
Intangible assets	<b>028</b>	112,881,244	118,026,404
Tax assets	<b>029</b>	22,742,269	0
Other assets	<b>030</b>	64,637,644	75,178,456
Fixed assets and disposal groups classified as held for sale	<b>031</b>	20,000,000	20,000,000
<b>Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)</b>	<b>032</b>	<b>21,254,806,746</b>	<b>21,177,146,510</b>

HRVATSKA POŠTANSKA BANKA, p.l.c.

**BALANCE SHEET (CONTINUED)**  
 as at March 31 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
<b>Liabilities</b>			
<b>Financial liabilities held for trading (from 34 to 38)</b>	<b>033</b>	<b>445,274</b>	<b>0</b>
Derivatives	034	445,274	0
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
<b>Financial liabilities at fair value through profit or loss (from 40 to 42)</b>	<b>039</b>	<b>0</b>	<b>0</b>
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
<b>Financial liabilities measured at amortised cost (from 44 to 46)</b>	<b>043</b>	<b>19,005,058,008</b>	<b>18,771,313,757</b>
Deposits	044	18,997,667,591	18,762,371,825
Debt securities issued	045	0	0
Other financial liabilities	046	7,390,416,92	8,941,932
Derivatives - hedge accounting	047	0	0
<b>Fair value changes of the hedged items in portfolio hedge of interest rate risk</b>	<b>048</b>	<b>0</b>	<b>4,394</b>
<b>Provisions</b>	<b>049</b>	<b>84,909,385</b>	<b>88,808,146</b>
<b>Tax liabilities</b>	<b>050</b>	<b>23,088,365</b>	<b>12,527,203</b>
<b>Share capital repayable on demand</b>	<b>051</b>	<b>0</b>	<b>0</b>
<b>Other liabilities</b>	<b>052</b>	<b>138,804,902</b>	<b>187,421,364</b>
<b>Liabilities included in disposal groups classified as held for sale</b>	<b>053</b>	<b>0</b>	<b>0</b>
<b>Total liabilities (33 + 39 + 43 + from 47 to 53)</b>	<b>054</b>	<b>19,252,305,934</b>	<b>19,060,074,864</b>
<b>Equity</b>			
Initial capital	055	1,214,775,000	1,214,775,000
Share premium	056	0	0
Equity instruments issued other than capital	057	0	0
Other equity instruments	058	0	0
Accumulated other comprehensive income	059	97,622,566	145,660,549
Retained profit	060	132,457,010	284,314,574
Revaluation reserves	061	0	0
Other reserves	062	406,265,672	406,265,672
(-) Treasury shares	063	-477,000	-477,000
Profit or loss attributable to owners of the parent	064	151,857,564	66,532,851
(--) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
<b>Total equity (from 55 to 66)</b>	<b>067</b>	<b>2,002,500,812</b>	<b>2,117,071,646</b>
<b>Total equity and liabilities (54 + 67)</b>	<b>068</b>	<b>21,254,806,746</b>	<b>21,177,146,510</b>



**HRVATSKA POŠTANSKA BANKA, p.l.c.**
**STATEMENT OF PROFIT AND LOSS  
for the period January 01, 2019 to March 31, 2019**

in HRK

**Submitter: Hrvatska poštanska banka p.l.c.**

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
Interest income	001	150,194,900	150,194,900	140,692,187	140,692,187
(Interest expenses)	002	26,257,270	26,257,270	16,908,380	16,908,380
(Expenses on share capital repayable on demand)	003	0	0	0	0
Dividend received	004	14,483	14,483	0	0
Fees and commissions income	005	112,555,030	112,555,030	113,647,580	113,647,580
(Fees and commissions expenses)	006	69,940,794	69,940,794	71,019,732	71,019,732
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	0	0	0	0
Gains or (-) losses on financial assets and liabilities held for trading, net	008	10,510,553	10,510,553	22,317,471	22,317,471
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	0	0	0	0
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	0	0	0	0
Gains or (-) losses from hedge accounting, net	011	0	0	0	0
Exchange rate differences [gain or (-) loss], net	012	1,184,119	1,184,119	-845,600	-845,600
Gains or (-) losses on derecognition of non-financial assets, net	013	0	0	0	0
Other operating income	014	2,553,571	2,553,571	768,023	768,023
(Other operating expenses)	015	15,910,928	15,910,928	15,497,967	15,497,967
<b>Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)</b>	<b>016</b>	<b>164,903,664</b>	<b>164,903,664</b>	<b>173,153,582</b>	<b>173,153,582</b>

**STATEMENT OF PROFIT AND LOSS (CONTINUED)**  
**for the period January 01, 2019 to March 31, 2019**

in HRK

**Submitter: Hrvatska poštanska banka p.l.c.**

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
(Administrative expenses)	017	84,233,877	84,233,877	86,739,343	86,739,343
(Depreciation)	018	11,334,288	11,334,288	12,157,038	12,157,038
Modification gains or (-) losses, net	019	0	0	0	0
(Provisions or (-) reversal of provisions)	020	0	0	0	0
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	-11,355,140	-11,355,140	-9,385,091	-9,385,091
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	0	0	0	0
(Impairment or (-) reversal of impairment on non-financial assets)	023	0	0	0	0
Negative goodwill recognised in profit or loss	024	0	0	0	0
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	0	0	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	0	0	0	0
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	80,690,639	80,690,639	83,642,292	83,642,292
(Tax expense or (-) income related to profit or loss from continuing operations)	028	14,524,315	14,524,315	17,109,441	17,109,441
Profit or (-) loss after tax from continuing operations (27 – 28)	029	66,166,324	66,166,324	66,532,851	66,532,851
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	0	0	0	0
Profit or (-) loss before tax from discontinued operations	031	0	0	0	0
(Tax expense or (-) income related to discontinued operations)	032	0	0	0	0
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	66,166,324	66,166,324	66,532,851	66,532,851
Attributable to minority interest [non-controlling interests]	034	0	0	0	0
Attributable to owners of the parent	035	66,166,324	66,166,324	66,532,851	66,532,851

HRVATSKA POŠTANSKA BANKA, p.l.c.

**STATEMENT OF OTHER COMPREHENSIVE INCOME**  
 for the period January 01, 2019 to March 31, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
<b>STATEMENT OF OTHER COMPREHENSIVE INCOME</b>					
<b>Income or (-) loss for the current year</b>	<b>036</b>	66,166,324	66,166,324	66,532,851	66,532,851
<b>Other comprehensive income (38 + 50)</b>	<b>037</b>	<b>8,924,335</b>	<b>8,924,335</b>	<b>48,037,983</b>	<b>48,037,983</b>
<b>Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)</b>	<b>038</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tangible assets	039	0	0	0	0
Intangible assets	040	0	0	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	0	0	0	0
Fixed assets and disposal groups classified as held for sale	042	0	0	0	0
Share of other recognised income and expense of entities accounted for using the equity method	043	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	0	0	0	0
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	046	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	0	0	0	0
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	0	0	0	0
Income tax relating to items that will not be reclassified	049	0	0	0	0
<b>Items that may be reclassified to profit or loss (from 51 to 58)</b>	<b>050</b>	<b>8,924,335</b>	<b>8,924,335</b>	<b>48,037,983</b>	<b>48,037,983</b>
Hedge of net investments in foreign operations [effective portion]	051	0	0	0	0
Foreign currency translation	052	0	0	0	0
Cash flow hedges [effective portion]	053	0	0	0	0
Hedging instruments [not designated elements]	054	0	0	0	0
Debt instruments at fair value through other comprehensive income	055	10,789,185	10,789,185	58,582,906	58,582,906
Fixed assets and disposal groups classified as held for sale	056	0	0	0	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	0	0	0	0
Income tax relating to items that may be reclassified to profit or (-) loss	058	-1,864,850	-1,864,850	-10,544,923	-10,544,923
<b>Total comprehensive income for the current year (36 + 37; 60 + 61)</b>	<b>059</b>	<b>75,090,659</b>	<b>75,090,659</b>	<b>114,570,834</b>	<b>114,570,834</b>
<b>Attributable to minority interest [non-controlling interest]</b>	<b>060</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Attributable to owners of the parent</b>	<b>061</b>	<b>75,090,659</b>	<b>75,090,659</b>	<b>114,570,834</b>	<b>114,570,834</b>

**STATEMENT OF CASH FLOW**  
**for the period January 01, 2019 to March 31, 2019**

in HRK

<b>Submitter: Hrvatska poštanska banka p.l.c.</b>			
<b>Item</b>	<b>ADP code</b>	<b>Same period of the previous year</b>	<b>Current period</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Operating activities - direct method</b>			
Interest received and similar receipts	001	0	0
Fees and commissions received	002	0	0
(Interest paid and similar expenditures)	003	0	0
(Fees and commissions paid)	004	0	0
(Operating expenses paid)	005	0	0
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	0	0
Other receipts	007	0	0
(Other expenditures)	008	0	0
<b>Operating activities - indirect method</b>			
Profit/(loss) before tax	009	80,690,639	83,642,292
Adjustments:			
Impairment and provisions	010	-11,355,140	-9,385,091
Depreciation	011	11,334,288	12,157,038
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	568,587	-22,317,471
(Profit)/loss from the sale of tangible assets	013	-134,466	-143,996
Other non-cash items	014	-1,184,119	845,600
<b>Changes in assets and liabilities from operating activities</b>			
Deposits with the Croatian National Bank	015	258,799,351	858,030,057
Deposits with financial institutions and loans to financial institutions	016	-248,599,191	-293,381,820
Loans and advances to other clients	017	-490,182,180	-120,158,606
Securities and other financial instruments at fair value through other comprehensive income	018	-8,989,966	-1,832,889,651
Securities and other financial instruments held for trading	019	4,351,587	184,730,600
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	0	-28,908,892
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	0	0
Securities and other financial instruments at amortised cost	022	0	22,439
Other assets from operating activities	023	51,198,184	83,780,095
Deposits from financial institutions	024		-83,025,500
Transaction accounts of other clients	025	-26,885,431	1,083,374,363
Savings deposits of other clients	026		1,371,027,605
Time deposits of other clients	027	-33,101,250	-1,135,754,549
Derivative financial liabilities and other liabilities held for trading	028	6,537	0
Other liabilities from operating activities	029	-81,428,172	-506,700,082
Interest received from operating activities [indirect method]	030	0	0
Dividends received from operating activities [indirect method]	031	14,483	0
Interest paid from operating activities [indirect method]	032	0	0
(Income tax paid)	033	0	0
<b>Net cash flow from operating activities (from 1 to 33)</b>	<b>034</b>	<b>-494,896,259</b>	<b>-355,055,569</b>

**STATEMENT OF CASH FLOW (CONTINUED)**  
**for the period January 01, 2019 to March 31, 2019**

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
<b>Investing activities</b>			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	-6,224,619	-19,826,917
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	0	-122,750,000
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	0	0
Dividends received from investing activities	038	0	0
Other receipts/payments from investing activities	039	0	0
<b>Net cash flow from investing activities (from 35 to 39)</b>	<b>040</b>	<b>-6,224,619</b>	<b>-142,576,917</b>
<b>Financing activities</b>			
Net increase/(decrease) in loans received from financing activities	041	-2,313,176	90,788,695
Net increase/(decrease) in debt securities issued	042	0	0
Net increase/(decrease) in Tier 2 capital instruments	043	0	0
Increase in share capital	044	0	0
(Dividends paid)	045	0	0
Other receipts/(payments) from financing activities	046	0	0
<b>Net cash flow from financing activities (from 41 to 46)</b>	<b>047</b>	<b>-2,313,176</b>	<b>90,788,695</b>
<b>Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)</b>	<b>048</b>	<b>-503,434,054</b>	<b>-406,843,791</b>
<b>Cash and cash equivalents at the beginning of period</b>	<b>049</b>	<b>3,632,222,000</b>	<b>3,128,314,965</b>
Effect of exchange rate fluctuations on cash and cash equivalents	050	-472,981	3,895,146
<b>Cash and cash equivalents at the end of period (48 + 49 + 50)</b>	<b>051</b>	<b>3,128,314,965</b>	<b>2,725,366,320</b>

**STATEMENT OF CHANGES IN EQUITY**
**for the period January 01, 2019 to March 31, 2019**

in HRK

Item	ADP 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
<b>Opening balance [before restatement]</b>	<b>001</b>	1,214,775,000	0	0	0	97,622,566	132,457,010	0	463,499,115	-477,000	151,857,564	0	0	0	<b>2,059,734,255</b>
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Effects of changes in accounting policies</b>	<b>003</b>	0	0	0	0	0	0	0	<b>-57,233,443</b>	0	0	0	0	0	<b>-57,233,443</b>
Opening balance [current period] (1 + 2 + 3)	004	<b>1,214,775,000</b>	0	0	0	<b>97,622,566</b>	<b>132,457,010</b>	0	<b>406,265,672</b>	<b>-477,000</b>	<b>151,857,564</b>	0	0	0	<b>2,002,500,812</b>
Ordinary shares issue	005	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preference shares issue	006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issue of other equity instruments	007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Exercise or expiration of other equity instruments issued</b>	<b>008</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conversion of debt to equity	009	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Capital reduction</b>	<b>010</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0

STATEMENT OF CHANGES IN EQUITY (CONTINUED)  
 for the period January 01, 2019 to March 31, 2019

in HRK

Item	ADP 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	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase/sale of treasury shares	012	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale or cancellation of treasury shares	013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from equity to liability	014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from liability to equity	015	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers among components of equity instruments	016	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share based payments	017	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other increase or ( - ) decrease of equity instruments	018	0	0	0	0	48,037,983	151,857,564	0	0	0	-85,324,713	0	0	0	114,570,834
Total comprehensive income for the current year	019	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments increase or ( - ) decrease resulting from business combinations	020	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	0	0	0	145,660,549	284,314,574	0	406,265,672	-477,000	66,532,851	0	0	0	2,117,071,646

## NOTES TO FINANCIAL STATEMENTS

### A) STATEMENT OF PROFIT AND LOSS

#### 1) INTEREST INCOME

*in HRK*

ADP 001	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Loans	131,616,083	131,616,083	120,324,550	120,324,550
Deposits	339,249	339,249	(98,793)	(98,793)
Securities	18,239,568	18,239,568	20,466,430	20,466,430
<b>Total</b>	<b>150,194,900</b>	<b>150,194,900</b>	<b>140,692,187</b>	<b>140,692,187</b>

#### 2) INTEREST EXPENSE

*in HRK*

ADP 002	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Borrowings	2,904,801	2,904,801	2,970,426	2,970,426
Deposit	23,352,469	23,352,469	13,937,953	13,937,953
<b>Total</b>	<b>26,257,270</b>	<b>26,257,270</b>	<b>16,908,380</b>	<b>16,908,380</b>

#### 3) FEE AND COMMISSION INCOME

*in HRK*

ADP 005	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Cash payment operations - channels	65,033,058	65,033,058	64,676,450	64,676,450
Retail and card operations	31,902,826	31,902,826	32,113,972	32,113,972
Corporate operations	13,795,537	13,795,537	14,978,492	14,978,492
Other fee and commission income	1,823,609	1,823,609	1,878,666	1,878,666
<b>Total</b>	<b>112,555,030</b>	<b>112,555,030</b>	<b>113,647,580</b>	<b>113,647,580</b>

#### 4) FEE AND COMMISSION EXPENSE

*in HRK*

ADP 006	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Payment operations	63,030,539	63,030,539	65,085,014	65,085,014
Other fee and commission expense	6,910,255	6,910,255	5,934,719	5,934,719
<b>Total</b>	<b>69,940,794</b>	<b>69,940,794</b>	<b>71,019,732</b>	<b>71,019,732</b>



**A) STATEMENT OF PROFIT AND LOSS (CONTINUED)**
**5) GAINS LESS LOSSES FROM TRADING ACTIVITIES**
*in HRK*

ADP 008	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Securities and equity instruments	(336,442)	(336,442)	13,511,804	13,511,804
FX transactions	11,207,073	11,207,073	9,063,005	9,063,005
HRK cash transactions	7,200	7,200	0	0
Derivatives	(367,278)	(367,278)	(257,338)	(257,338)
<b>Total</b>	<b>10,510,553</b>	<b>10,510,553</b>	<b>22,317,471</b>	<b>22,317,471</b>

**6) OPERATING EXPENSES**
*in HRK*

ADP 015 & ADP 017 & ADP 018	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
General and administrative expenses	84,233,877	84,233,877	87,234,837	87,234,837
Amortization and depreciation	11,334,288	11,334,288	12,157,038	12,157,038
Savings deposit insurance costs	8,542,000	8,542,000	8,700,000	8,700,000
Other costs	7,368,928	7,368,928	6,302,473	6,302,473
<b>Total</b>	<b>111,479,093</b>	<b>111,479,093</b>	<b>114,394,348</b>	<b>114,394,348</b>

**7) IMPAIRMENT LOSSES AND PROVISION EXPENSES**
*in HRK*

ADP 021	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Impairments and provisions for losses	(15,904,285)	(15,904,285)	(9,870,442)	(9,870,442)
Other impairments and adjustments	4,549,145	4,549,145	485,350	485,350
<b>Total</b>	<b>(11,355,140)</b>	<b>(11,355,140)</b>	<b>(9,385,091)</b>	<b>(9,385,091)</b>

HRVATSKA POŠTANSKA BANKA, p.l.c.

## B) BALANCE SHEET

### 8) OTHER DEMAND DEPOSITS

*in HRK*

<b>ADP 004</b>	<b>31.12.2018.</b>	<b>31.03.2019.</b>
Deposits with foreign banking institutions	790,051,655	129,387,522
Deposits with domestic banking institutions	3,888,589	39,395,287
<b>Total</b>	<b>793,940,244</b>	<b>168,782,809</b>

### 9) LOANS AND ADVANCES

*in HRK*

<b>ADP 023</b>	<b>31.12.2018.</b>	<b>31.03.2019.</b>
<b>Loans to financial institutions</b>	<b>98,081,079</b>	<b>68,885,281</b>
Gross loans	98,086,422	68,890,702
Allowance	(5,343)	(5,421)
<b>Corporate &amp; SME loans</b>	<b>2,762,170,141</b>	<b>3,120,502,874</b>
Gross loans	3,869,177,354	4,206,442,049
Allowance	(1,107,007,213)	(1,085,939,175)
<b>Retail loans</b>	<b>5,511,218,252</b>	<b>5,769,100,410</b>
Gross loans	5,863,631,187	6,118,043,867
Allowance	(352,412,935)	(348,943,457)
<b>Other loans</b>	<b>2,854,888,204</b>	<b>2,781,045,477</b>
Gross loans	2,862,531,020	2,789,904,097
Allowance	(7,642,816)	(8,858,620)
Expected credit losses (A1 and A2 risk groups)	(140,828,980,00)	(143,176,742)
Other adjustments	(4,584,608,00)	(2,855,440)
Deferred front-end fee	(34,314,464)	(31,574,543)
Mandatory reserve at CNB	1,419,939,919	1,388,975,274
Deposits with financial institutions	408,945,441	410,889,139
<b>TOTAL NET LOANS</b>	<b>12,875,514,984</b>	<b>13,361,791,729</b>

### 10) DEPOSITS

*in HRK*

<b>ADP 044</b>	<b>31.12.2018.</b>	<b>31.03.2019.</b>
Deposits from financial institutions	490,264,248	505,583,618
Deposits from corporate	8,323,190,970	7,813,475,140
Deposits from retail	9,478,926,696	9,632,995,321
Other deposits	44,682,983	59,041,045
Interst payable	30,528,704	28,711,595
Borrowings from HBOR	596,439,856	671,961,802
Borrowings from foreign banking institutions	37,087,875	54,091,548
Deferred front-end fee	(3,453,741)	(3,488,244)
<b>TOTAL</b>	<b>18,997,667,591</b>	<b>18,762,371,825</b>

### **C) Changes in accounting policies**

IFRS 16 was adopted in January 2016 and replaces the IAS 17 Leases, IFRIC 4 Determining if the contract includes the leasing, SIC 15 Operative lease-incentives and SIC 27 Change in content of transactions including the legal form of leasing. IFRS 16 establishes the principles of recognizing, measuring, presenting and reporting of leasing and requires from lessees stating all leaseings individually in the balance sheet similarly as a financial leasing in accordance with the IAS 17. The standard includes two exemptions in recognition for a lessee – asset lease of „low value“ (e.g. personal computers) and short-term lease, that is a 12-month lease period or shorter. At a date of beginning of a lease, the lessee will recognize leasing liabilities and assets which presents the right for use of principle assets during the period of leasing, that is right to use assets. Lessees will be obligated to separately recognize interest costs of liabilities for leasing and depreciation costs of right to use assets. Lessees will also be obligated to again measure the liabilities for leasing after certain events (i.e. change of leasing period, change in future leasing payments which are result of change in index or rate used for determining those payments). Lessee will be recognizing in general the amount of remeasurement of these liabilities as an adjustment on the right of use assets.

The accounting treatment of a lessor in accordance with the IFRS 16 remains unchanged in terms of the current in accordance to the IAS 17. The lessor will continue to classify all leases using the same classification principles as in the IAS 17 and will separate two forms of leaseings: operative and financial leasing. IFRS 16 also requires from the lessee and lessor more extensive reporting than in line with IAS 17. IFRS 16 is put into force for annual periods that start at or after 1 January 2019.

## D) Bank's ownership structure

Bank's ownership structure as per March 31 2019 was as follows:

Shareholder	Ownership stake
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%
Fund for Financing the Decommissioning of the Krško Nuclear Power Plant and 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%
Own shares	0.04%

## E) HPB stock

HPB Stock is listed on ZSE's Official market. Last share price at the end of the Q1 2019 amounted to HRK 474,00 (March 29, 2019 trading day), representing an increase of 5.33 percent in comparison with the last price achieved in 2018 (=HRK 450,00 as per December 28, 2018 trading day).

Trading during the reporting period was as follows:

