

Consolidated Annual Financial Statements for the Period from Jan 01 to Dec 31 2017

Audited

Zagreb, April 27 2018

In accordance with Capital Markets Act, HPB p.l.c. (Bank) as the parent company of HPB Group (Group), publishes audited consolidated annual financial statements for the period from Jan 01 to Dec 31 2017.

Content of the report is as follows:

- Management Report of HPB Group,
- Statement by persons accountable for compiling the consolidated report of HPB Group,
- Audited set of consolidated financial statements (balance sheet, profit or loss statement, statement of changes in equity, cash flow statement),
- notes to financial statements,
- Resolution by the Supervisory Board on giving consent to consolidated annual financial statements of HPB Group, and
- Proposal of allocation of profit earned in 2017 for HPB p.l.c.

Annual Report for 2017, which includes the full set of disclosures in accordance with Accounting Act and Credit Institutions Act, together with the auditor's report can be found on the following web link:
http://www.zse.hr/userdocsimages/revizor/249_revizor_2017_konsolidirano_HR.pdf



HPB GROUP

Management Report of HPB Group

HPB Group is, apart from the parent company – HPB p.l.c., comprised of HPB-Stambena štedionica (savings bank), HPB Invest (investment fund management) and HPB-nekretnine (real estate agency).

Group has realized a net profit of HRK 7,1M in 2017, as opposed to net profit of HRK 183,5M in 2016, consequent to Group's results being determined by the parent company's results, which has recognized significant impairment losses. However, we are exceptionally proud that all subsidiaries of HPB Group achieved a net profit in 2017. Apart from HRK 8,3M of the Parent's net profit, HPB-Stambena štedionica achieved a net profit amounting to HRK 315T, HPB Invest added a net profit of HRK 1,6M, while HPB-nekretnine achieved a net profit amounting to HRK 860 thousand.

Apart from this, subsidiaries have contributed to the parent's results through dividend payouts. HPB-Stambena štedionica has for the first time in its corporate history paid out a dividend amounting to HRK 400T after allocation of profit to prescribed reserves. After having paid out HRK 3,5M in 2016, HPB Invest has paid out an additional HRK 2,8M of dividend to the parent company.

On behalf of HPB p.l.c., the parent company of HPB Group:

Mladen Mrvelj
Board Member

Domagoj Karadjole
Board Member

HPB GROUP**Statement by persons accountable for compiling the consolidated report of HPB Group**

In accordance with the Capital Market Act, the Management of HPB p.l.c., the parent company of HPB Group, states that according to their best knowledge the set of consolidated audited financial statements for the period from Jan 01 to Dec 31 2017, 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., as well as companies included in consolidation as a whole.

Mladen Mrvelj
Board Member

Domagoj Karadjole
Board Member

David Tomašek
Head of Finance Division

HPB GROUP

Appendix 3.

Reporting period:

Jan 01

to

Dec 31 2017

Annual financial statements for credit institutions GFI-KI

Registration number (MB):

Registration number (MBS):

Personal identification number (OIB):

Company:

Postal code and city:

Address:

E-mail address:

Internet address:

City code and name:

County code and name: # of employees:
(as per reporting date)

Consolidated report: Industry code:

Consolidated companies (in accordance with IFRS):	Headquarters:	Registration number:
HPB-Stambena Štedionica d.d.	Savska 58, 10000 Zagreb	02068001
HPB Invest d.o.o.	Strojarska 20, 10000 Zagreb	01972278
HPB-nekretnine d.o.o.	Amruševa 8, 10000 Zagreb	01972260

Book-keeping service provided by:

Contact:

Phone: Fax:

E-mail address:

Surname and name:
(person authorized for representation)

Documentation to be made public:

1. Financial reports (balance sheet, profit or loss statement, cash flow statement, statement on changes in equity and notes to financial statements)
2. Management report
3. Statement by persons accountable for compiling the report

BALANCE SHEET		<i>in HRK</i>	
as per Dec 31 2017		Dec 31 2016	Dec 31 2017
Item	AOP label	(restated)	
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH THE CNB (002+003)	001	2.263.303.114	4.391.466.871
1.1. Cash	002	421.479.852	460.024.014
1.2. Deposits with the CNB	003	1.841.823.262	3.931.442.857
2. DEPOSITS WITH FINANCIAL INSTITUTIONS	004	774.135.009	473.330.331
3. SHORT-TERM TREASURY BILLS OF THE CROATIAN MINISTRY OF FINANCE	005	415.536.615	324.931.405
4. FINANCIAL ASSETS HELD FOR TRADING	006	696.314.398	654.815.717
5. FINANCIAL ASSETS AVAILABLE FOR SALE	007	2.630.574.528	2.459.982.241
6. FINANCIAL ASSETS HELD TO MATURITY	008	442.835.059	72.345.457
7. FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS, NOT ACTIVELY TRADED	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	3.780.197	0
9. LOANS TO FINANCIAL INSTITUTIONS	011	81.579.680	62.450.000
10. LOANS TO OTHER CUSTOMERS	012	11.406.936.798	11.013.731.914
11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	013	7.930.000	20.000.000
12. REPOSSESSED ASSETS	014	0	0
13. TANGIBLE ASSETS (LESS DEPRECIATION)	015	155.541.052	141.615.708
14. OTHER ASSETS	016	827.552.055	455.167.665
A) TOTAL ASSETS (001+004 to 016)	017	19.706.018.505	20.069.837.309
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	620.995.448	651.970.981
1.1. Short-term	019	0	0
1.2. Long-term	020	620.995.448	651.970.981
2. DEPOSITS (022 to 024)	021	14.781.982.934	15.389.912.890
2.1. Transactional and current accounts	022	3.981.010.898	5.125.557.660
2.2. Savings deposits (demand)	023	1.486.719.761	1.538.006.561
2.3. Term deposits	024	9.314.252.275	8.726.348.669
3. OTHER BORROWINGS (026+027)	025	88.426.108	20.286.850
3.1. Short-term	026	0	0
3.2. Long-term	027	88.426.108	20.286.850
4. DERIVATIVE AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	3.640.667	0
5. ISSUED SECURITIES (030+031)	029	0	0
5.1. Short-term	030	0	0
5.2. Long-term	031	0	0
6. SUBORDINATED DEBT ISSUED	032	0	0
7. HYBRID INSTRUMENTS	033	0	0
8. OTHER LIABILITIES	034	2.317.559.985	2.096.847.345
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	17.812.605.142	18.159.018.066
EQUITY			
1. SHARE CAPITAL	036	1.214.298.000	1.214.298.000
2. PROFIT FOR THE YEAR	037	183.486.624	7.898.428
3. RETAINED EARNINGS	038	41.154.765	130.368.702
4. REGULATORY RESERVES	039	6.160.835	15.708.724
5. STATUTARY AND OTHER CAPITAL RESERVES	040	363.623.023	448.288.175
6. FAIR VALUE RESERVE	041	84.690.116	94.257.214
7. RESERVES ARISING FROM HEDGING TRANSACTIONS	042	-	-
C) TOTAL EQUITY (036 to 042)	043	1.893.413.363	1.910.819.243
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	19.706.018.505	20.069.837.309
ADDENDUM TO THE BALANCE SHEET (filled-in by the banks submitting consolidated financial statement)			
1. TOTAL EQUITY	045	1.893.413.363	1.910.819.243
2. Equity attributable to the shareholders of the parent company	046	1.893.413.363	1.910.819.243
3. Minority interest (045-046)	047	0	0

PROFIT OR LOSS STATEMENT

 for the period from **Jan 01 2017** to **Dec 31 2017** in HRK

Item	AOP label	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
		(restated)	
		Cumulative	Cumulative
1	2	3	5
1. Interest income	048	733.387.784	676.898.411
2. Interest expense	049	213.939.602	139.435.674
3. Net interest income (048-049)	050	519.448.182	537.462.737
4. Fee and commission income	051	505.577.129	535.395.993
5. Fee and commission expense	052	310.083.100	329.247.214
6. Net fee and commission income (051-052)	053	195.494.029	206.148.779
7. Gains less losses arising from investments in subsidiaries, associated companies and joint ventures	054	0	0
8. Gains less losses from trading activities	055	69.656.910	48.629.494
9. Gains less losses from built-in derivatives	056	0	0
10. Gains less losses arising from financial assets valued at fair value through P&L, not actively traded	057	0	0
11. Gains less losses arising from securities available for sale	058	48.595.443	30.212.617
12. Gains less losses arising from securities held to maturity	059	0	0
13. Gains less losses arising from hedging activities	060	0	0
14. Income from investments in subsidiaries, associated companies and joint ventures	061	0	0
15. Income from other equity instruments	062	826.626	974.919
16. Gains less losses from exchange rate differences	063	(3.872.484)	1.771.373
17. Other income	064	7.751.693	7.374.544
18. Other operating costs	065	58.305.566	63.144.219
19. General and administrative expenses, amortization and depreciation	066	396.188.817	396.427.546
20. Operating profit (050+053 to 064-065-066)	067	383.406.016	373.002.698
21. Impairment losses and provisions	068	227.018.648	359.842.586
22. PROFIT BEFORE TAXATION (067-068)	069	156.387.368	13.160.112
23. INCOME TAX EXPENSE / DEFERRED TAX	070	(27.099.256)	5.261.684
24. NET PROFIT FOR THE PERIOD (069-070)	071	183.486.624	7.898.428
25. Earnings per share	072	90	4
ADDENDUM TO THE P&L (filled-in by the banks submitting consolidated financial statement)			
1. PROFIT FOR THE PERIOD	073	183.486.624	7.898.428
2. Attributable to the shareholders of the parent company	074	183.486.624	7.898.428
3. Minority interest (073-074)	075	0	0

CASH FLOW STATEMENT - INDIRECT METHOD

 for the period from **Jan 01 2017** to **Dec 31 2017** in HRK

Item	AOP label	Jan 01 - Dec 31 2016 (restated)	Jan 01 - Dec 31 2017
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes in assets (002 to 007)	001	214.804.242	406.476.241
1.1. Profit for taxation	002	(27.099.256)	13.160.112
1.2. Impairment losses and provisions	003	227.018.648	359.842.586
1.3. Amortization and depreciation	004	45.487.838	44.073.387
1.4. Net unrealised gains less losses from financial assets valued at fair value through profit or loss	005	(25.665.095)	(6.946.142)
1.5. Gains / losses from sale of tangible assets	006	(253.900)	(1.882.329)
1.6. Other gains / losses	007	(4.683.993)	(1.771.373)
2. Net increase / decrease of operating assets (009 to 016)	008	(2.032.582.600)	681.570.444
2.1. Deposits with the CNB	009	-	-
2.2. Treasury bills of the Croatian Ministry of Finance	010	85.698.193	90.605.210
2.3. Deposits with and loans to financial institutions	011	13.252.769	40.590.504
2.4. Loans to other customers	012	(1.389.638.672)	218.136.344
2.5. Financial assets held for trading	013	44.627.605	48.444.823
2.6. Financial assets available for sale	014	(634.815.410)	198.252.413
2.7. Financial assets valued at fair value through profit or loss, not actively traded	015	-	-
2.8. Other operating assets	016	(151.707.085)	85.541.150
3. Net increase / decrease of operating liabilities (018 to 021)	017	1.825.357.435	573.921.676
3.1. Transactional accounts	018	1.044.424.666	1.144.546.762
3.2. Savings and term deposits	019	1.142.830.149	(536.616.806)
3.3. Derivative financial liabilities and other liabilities actively traded	020	3.640.667	(3.640.667)
3.4. Ostale liabilities	021	(365.538.047)	(30.367.613)
4. Net cash flow from operating activities before taxation (001+008+017)	022	7.579.077	1.661.968.361
5. Income tax paid	023	(857.558)	(1.342.349)
6. Net cash inflow / outflow from operating activities (022+023)	024	6.721.519	1.660.626.012
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 to 030)	025	82.057.602	143.283.737
7.1. Purchase of tangible and intangible assets	026	(42.125.587)	(42.658.845)
7.2. Investment in / disposal of subsidiaries, associated companies and joint ventures	027	-	-
7.3. Investment in / disposal of financial assets held to maturity	028	123.227.604	184.967.663
7.4. Dividends received	029	955.585	974.919
7.5. Other inflows / outflows from investing activities	030	-	-
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 to 037)	031	(326.508.925)	(37.163.725)
8.1. Net increase / decrease of borrowings	032	(295.746.710)	(37.163.725)
8.2. Net increase / decrease of issued debt securities	033	-	-
8.3. Net increase / decrease of subordinated debt and hybrid instruments	034	-	-
8.4. Share capital raised	035	-	-
8.5. Dividends paid	036	(30.762.215)	-
8.6. Other inflows / outflows from financial activities	037	-	-
9. Net increase / decrease of cash and cash equivalents (024+025+031)	038	(237.729.804)	1.766.746.024
10. Effect of foreign exchange differences on cash and cash equivalents	039	813.257	(4.982.723)
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040	(236.916.547)	1.761.763.301
12. Cash and cash equivalents at the beginning of the year	041	3.224.601.265	3.171.171.342
13. Cash and cash equivalents as per reporting date (040+041)	042	2.987.684.718	4.932.934.643

STATEMENT OF CHANGES IN EQUITY

 for the period from **Jan 01 2017** to **Dec 31 2017** in HRK

Item	AOP label	Attributable to the shareholders of the parent company						Minority interest	Total equity
		Share capital	Own shares	Regulatory, statutory and other reserves	Retained earnings	Profit for the period	Fair value reserve		
1	2	3	4	5	6	7	8	9	10
Balance as per Jan 01	001	1.214.775.000	(477.000)	369.783.858	86.030.542	190.502.935	84.690.116	-	1.945.305.451
Effects of changes in accounting policies and corrections of errors	002	-	-	-	(44.875.777)	(7.016.311)	0	-	(51.892.088)
Restated balance as per Jan 01 (001+002)	003	1.214.775.000	(477.000)	369.783.858	41.154.765	183.486.624	84.690.116	-	1.893.413.363
Disposal of financial assets available for sale	004	-	-	-	-	-	(6.744.613)	-	(6.744.613)
Change in the fair value of financial assets available for sale	005	-	-	-	-	-	18.934.865	-	18.934.865
Tax on items recognised directly in/transferred from equity	006	-	-	13.093	-	-	(2.194.245)	-	(2.181.152)
Other gains and (losses) recognised directly in equity	007	-	-	(72.739)	-	-	(428.909)	-	(501.648)
Net gains/(losses) recognised directly in equity (004+005+006+007)	008	-	-	(59.646)	-	-	9.567.098	-	9.507.452
Profit for the period	009	-	-	-	-	7.898.428	-	-	7.898.428
Total recognized income and expense for the period (008+009)	010	-	-	(59.646)	-	7.898.428	9.567.098	-	17.405.880
Increase/decrease in share capital	011	-	-	-	-	-	-	-	-
Purchase/sale of own shares	012	-	-	-	-	-	-	-	-
Other changes	013	-	-	-	(7.016.311)	7.016.311	-	-	-
Transfer to reserves	014	-	-	94.272.687	96.230.248	(190.502.935)	-	-	-
Dividends paid	015	-	-	-	-	-	-	-	-
Profit allocation (014+015)	016	-	-	94.272.687	96.230.248	(190.502.935)	-	-	-
Balance as per reporting date (003+010+011+012+013+016)	017	1.214.775.000	(477.000)	463.996.899	130.368.702	7.898.428	94.257.214	-	1.910.819.243

HPB GROUP
NOTES TO FINANCIAL STATEMENTS
A) Profit or Loss Statement
1) INTEREST INCOME

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Loans	600.916.177	579.734.596
Deposits	2.104.322	(1.125.442)
Debt securities	130.367.285	98.289.257
TOTAL	733.387.784	676.898.411

2) INTEREST EXPENSE

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Borrowings	18.962.631	14.083.983
Deposits	194.976.971	125.351.691
TOTAL	213.939.602	139.435.674

3) FEE AND COMMISSION INCOME

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Cash payment operations - channels	285.883.397	277.133.723
Retail and card operations	146.326.916	179.789.439
Corporate operations	57.004.832	59.486.631
Other fee and commission income	16.361.984	18.986.200
TOTAL	505.577.129	535.395.993

4) FEE AND COMMISSION EXPENSE

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Payment operations	284.852.560	278.084.072
Other fee and commission expense	25.230.540	51.163.142
TOTAL	310.083.100	329.247.214

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Securities and equity instruments	27.643.005	9.891.502
FX transactions	43.408.098	38.157.579
HRK cash transactions	367.955	490.545
Derivatives	(1.762.148)	89.868
TOTAL	69.656.910	48.629.494

6) OPERATING EXPENSES

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
General and administrative expenses	350.700.979	352.354.159
Amortization and depreciation	45.487.838	44.073.387
Savings deposit insurance costs	34.691.397	35.559.103
Other costs	23.614.169	27.585.116
TOTAL	454.494.383	459.571.765

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES

	Jan 01 - Dec 31 2016	Jan 01 - Dec 31 2017
	Cumulative	Cumulative
Individually identified impairment losses (risk group B i C)	172.323.158	352.277.101
Portfolio based provisions for identified losses (risk group A)	13.632.773	5.575.717
Other provisions	41.062.717	1.989.768
TOTAL	227.018.648	359.842.586

B) Balance sheet
8) CASH AND DEPOSITS WITH THE CNB
in HRK

	Dec 31 2016	Dec 31 2017
CASH	421.479.852	460.024.014
DEPOSITS WITH THE CNB	1.841.823.262	3.931.442.857
Mandatory reserve	1.300.796.321	1.300.268.691
Account for transaction settlement	541.026.941	2.631.174.166
MANDATORY TREASURY BILLS	-	-
Portfolio based impairment allowance for identified losses	-	-
TOTAL	2.263.303.114	4.391.466.871

9) DEPOSITS WITH FINANCIAL INSTITUTIONS
in HRK

	Dec 31 2016	Dec 31 2017
Deposits with foreign banking institutions	753.064.739	449.961.251
Deposits with domestic banking institutions	21.070.270	23.369.080
Portfolio based impairment allowance for identified losses	-	-
TOTAL	774.135.009	473.330.331

10) EQUITY INSTRUMENTS AND SECURITIES
in HRK

	Dec 31 2016	Dec 31 2017
Short term Treasury bills of the Croatian Ministry of Finance	415.536.615	324.931.405
Financial assets held for trading	696.314.398	654.815.717
Financial assets available for sale	2.630.574.528	2.459.982.241
Financial assets held to maturity	450.105.787	73.139.356
Portfolio based impairment allowance for identified losses	(6.771.524)	(775.376)
Deferred front-end fee	(499.204)	(18.523)
TOTAL	4.185.260.600	3.512.074.820

11) LOANS TO CUSTOMERS
in HRK

	Dec 31 2016	Dec 31 2017
Loans to financial institutions	81.579.680	62.450.000
Gross loans	81.583.376	62.454.545
Impairment allowance	(3.696)	(4.545)
Loans to companies	2.776.517.716	2.942.304.493
Gross loans	3.831.863.830	3.902.668.309
Impairment allowance	(1.055.346.114)	(960.363.816)
Retail loans	4.743.453.981	5.036.923.707
Gross loans	4.966.265.650	5.333.998.299
Impairment allowance	(222.811.669)	(297.074.592)
Other loans	4.037.506.783	3.192.134.584
Gross loans	4.040.077.723	3.198.303.415
Impairment allowance	(2.570.940)	(6.168.831)
Portfolio based impairment allowance for identified losses	(104.459.180)	(118.064.812)
Deferred front-end fee	(46.082.502)	(39.566.058)
TOTAL	11.488.516.478	11.076.181.914

HPB GROUP
B) Balance sheet (continued)

12) DEPOSITS *in HRK*

	Dec 31 2016	Dec 31 2017
Financial institutions	1.153.448.334	1.116.153.667
Corporations	3.009.235.694	3.574.264.999
Retail	9.166.235.142	9.282.809.836
Other	1.453.063.764	1.416.684.388
TOTAL	14.781.982.934	15.389.912.890

13) BORROWINGS *in HRK*

	Dec 31 2016	Dec 31 2017
Borrowings from HBOR	624.696.401	656.196.151
Borrowings from domestic banking institutions	-	-
Borrowings from domestic non-banking institutions	-	-
Borrowings from foreign banking institutions	88.426.109	20.286.850
Deferred front-end fee	(3.700.954)	(4.225.170)
TOTAL	709.421.556	672.257.831

14) OTHER LIABILITIES *in HRK*

	Dec 31 2016	Dec 31 2017
Restricted deposits	1.715.292.949	1.786.812.843
Interest and fees payable	58.731.565	48.664.624
Provisions for off-balance sheet exposure	22.291.290	25.193.152
Other	521.244.181	236.176.726
TOTAL	2.317.559.985	2.096.847.345

14) CASH AND CASH EQUIVALENTS *in HRK*

	Dec 31 2016 (restated)	Dec 31 2017
Cash and accounts held with banks	1.554.644.981	3.451.043.957
Mandatory reserve held in CNB	1.300.796.321	1.300.269.073
Placements to banks with original maturity of 90 days or less	148.462.493	101.668.054
Instruments in course of collection	167.267.547	79.953.559
TOTAL	3.171.171.342	4.932.934.643

C) Changes in accounting policies

There were no changes in accounting policies of the Group during the reporting period which might have impact on financial position or results of the Group.

D) Changes in presentation of financial reports

Group has carried out a correction of prior period error with regard to certain items in financial statements. In line with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, prior period financial reports have been restated.

Correction is related to a deduction from retained earnings for erroneously booked income from FX translation differences arising from foreign payment operations for a foreign partner, over the course of the period from Jan 01 2011 to Dec 31 2015, as well as correction of 2016 net profit for erroneously booked FX translation differences arising from aforementioned operations.

Corrections with regard to prior periods have been carried out during the current reporting period, error in booking has been eliminated, and P&L presented in these reports reflects correct effects of these transactions.

Effects arising from correction are presented below:

Effects on statement on financial position as per Dec 31 2016
(in HRK)

Item	as per 31.12.2016. - before restatement	Restatement effects	as per 31.12.2016. - after restatement
ASSETS			
Other assets (AOP 016)	879.444.143	(51.892.088)	827.552.055
EQUITY			
Profit/(loss) for the period (AOP 037)	190.502.935	(7.016.311)	183.486.624
Retained earnings (AOP 038)	86.030.542	(44.875.777)	41.154.765

Effects on P&L statement for the period from Jan 01. – Dec 31 2016:
(in HRK)

Item	01.01. - 31.12.2016. - before restatement	Restatement effects	01.01. - 31.12.2016. - after restatement
Gains less losses from exchange rate differences (AOP 063)	4.683.993	(8.556.477)	(3.872.484)
Income tax expense/deferred tax (AOP 070)	25.559.090	1.540.166	27.099.256
Profit/loss for the period (AOP 071)	190.502.935	(7.016.311)	183.486.624

E) Ownership structure of the HPB Group parent company

Ownership structure of HPB p.l.c., the parent company of Group, as per Dec 31 2017 was as follows:

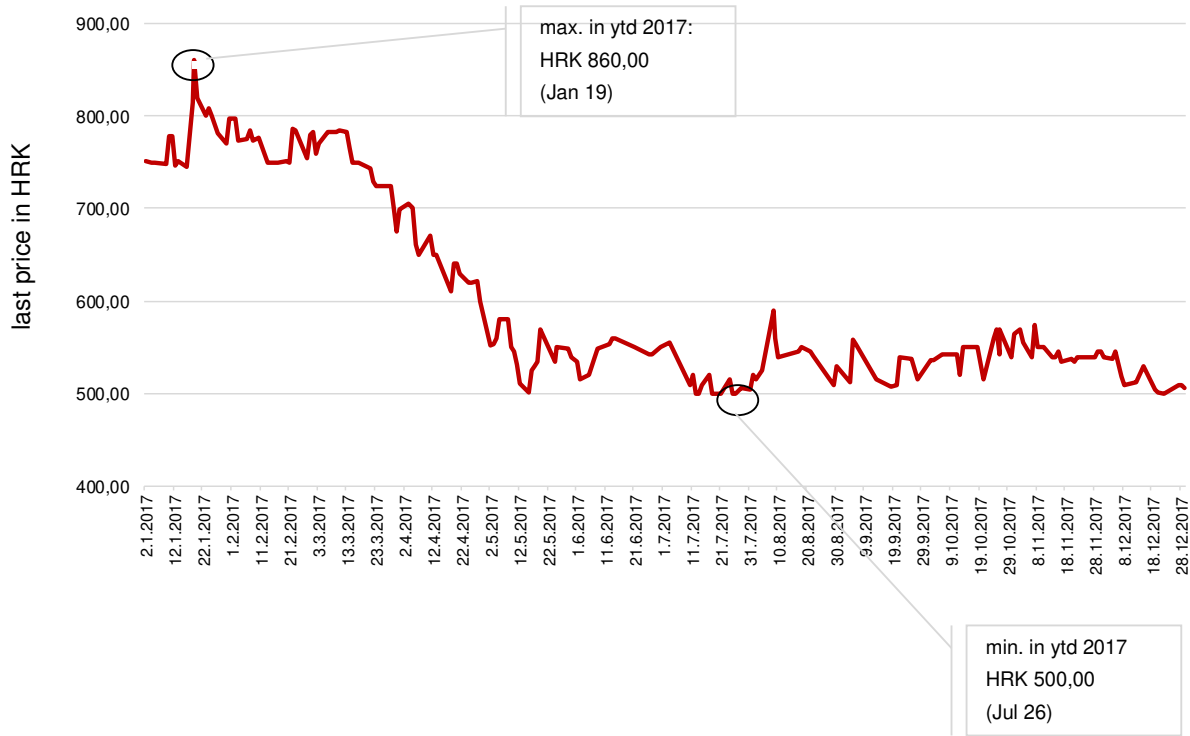
Shareholder	Ownership stake
Republic of Croatia (Ministry of State Assets)	42,43%
HP Hrvatska pošta Plc	11,93%
State Agency for Deposit Insurance and Bank Resolution	8,98%
Croatian Pension Insurance Institute (Ministry of State Assets)	8,76%
Prosperus Invest d.o.o., for Prosperus FGS	4,94%
PBZ CROATIA 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%
CROATIA osiguranje Plc	2,47%
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	4,99%
Own shares	0,04%

HPB GROUP

F) HPB stock

Shares of HPB p.l.c., the parent company of HPB Group, are listed on the Official Market of ZSE. The last price per share at the end of the reporting period was HRK 506,00 (Dec 29 2017) representing a decrease of 32,6% when compared to the last traded price in 2016 (HRK 751,00 on Dec 30 2016).

Trading during the reporting period was as follows:



HPB p.l.c.
Zagreb, Jurišićeva 4

SUPERVISORY BOARD

Zagreb, March 30 2018

In accordance with the provision of article 21 of the Articles of Association of HPB p.l.c. (in further text: Bank), and in line with Articles 300.c and 300.d of the Companies Act, Supervisory Board of the Bank has at its meeting held on March 30 2018, made the following:

RESOLUTION

on giving consent to Annual financial statements and consolidated annual financial statements of the Bank and the Group, for the 2017 business year, comprising also the Management Board's annual report on condition of HPB p.l.c. and its subsidiaries

- I. Consent is given to Annual financial statements and consolidated annual financial statements of the Bank and the Group for the business year ended December 31 2017, comprising also the Management Board's annual report on condition of HPB p.l.c. and its subsidiaries, submitted by the Bank's Management Board.

Acceptance is given for Auditor's report by Ernst & Young d.o.o., Zagreb, Radnička 50. Auditor has conducted the audit of Annual financial statements the Bank and the Group for the year ended December 31 2017.

- II. By giving consent to statements outlined in paragraph I. of this Resolution, Annual financial statements and consolidated annual financial statements of the Bank and Group for the year ended December 31 2017 are considered to be confirmed by the Management Board and the Supervisory Board.
- III. This resolution comes into force on the day of its adoption.

President of the Supervisory Board

Marijana Miličević

HPB p.l.c.
Zagreb, Jurišićeva 4

SUPERVISORY BOARD

Zagreb, March 30 2018

In accordance with the provision of article 21 of the Articles of Association of HPB p.l.c. (in further text: Bank), and in line with Article 300.b and Article 275, paragraph 1, point 2 of the Companies Act, Supervisory Board of the Bank has at its meeting held on March 30 2018, made the following:

RESOLUTION
on giving consent to Management Board's proposal on
allocation of profit earned in 2017

I.

Bank's Supervisory Board gives its consent and accepts Management Board's proposal on allocation of profit earned in 2017, which is a constituent part of this resolution.

II.

By providing its consent outlined in paragraph I. of this Resolution, Management Board's proposal on allocation of profit earned in 2017 is considered to be confirmed.

III.

Supervisory Board proposes to General Assembly to vote in favour of profit allocation as outlined in Management Board's proposal.

IV.

This resolution comes into force on the day of its adoption and is submitted to General Assembly for adoption.

President of the Supervisory Board
Marijana Miličević