



Consolidated financial statements
for the period from Jan 01 to Dec 31 2017

Unaudited

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

This report includes:

- Management report of HPB Group,
- statement by persons accountable for compiling the report of Group,
- unaudited set of consolidated 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 were made in accordance with the TFI-KI reporting methodology by Croatian Financial Services Supervisory Agency. Items in the profit or loss statement are compiled in accordance with IFRS.

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 recorded a net profit of HRK 7,1M in 2017, as opposed to HRK 183,5M of net profit in prior year. Loss is a consequence of deteriorated creditworthiness of Agrokor and group of related parties, i.e. is a result of impairment losses that the Bank recognized on these exposures (HRK 281M of impairments on exposures towards this group of economically and legally related parties as per Dec 31 2017).

In spite of 2017 reporting period being marked with adverse effects of Agrokor on Group profitability, **the parent company as well as subsidiaries recorded a net profit**. Apart from HRK 7,1M of parent's profit, HPB Stambena štedionica made an after-tax profit of HRK 676K. HPB Invest made a net profit of HRK 1,6M, whilst HPB Nekretnine added a net profit of HRK 873K.

Apart from this, **subsidiaries have contributed to the parent through a dividend payout**. HPB Stambena štedionica has for the first time in its history paid out a dividend amounting to HRK 400K. Meanwhile, after paying out HRK 3,5M in 2016, HPB Invest paid out a dividend amounting to HRK 2,2M in 2017.

Statement by persons accountable for compiling the report of HPB Group

In accordance with the Capital Market Act, the Management Board of HPB p.l.c., the parent company of HPB Group, states that according to their best knowledge the set of consolidated unaudited 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.

Appendix 3.

Reporting period:

Jan 01

to

Dec 31 2017

Quarterly financial statements for credit institutions TFI-KI

Registration number (MB): 03777928

Registration number (MBS): 080010698

Personal identification number (OIB): 87939104217

Company: HPB p.l.c.

Postal code and city: 10000 ZAGREB

Address: JURIŠIĆEVA 4

E-mail address: hpb@hpb.hr

Internet address: www.hpb.hr

City code and name: 133 ZAGREB

County code and name: 21 GRAD ZAGREB # of employees: 1.160
(as per reporting date)

Consolidated report: YES Industry code: 6419

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

Book-keeping service provided by: n/a n/a

Contact: Tomašek David

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Surname and name: Vuić Tomislav
(persons 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
as per **Dec 31 2017**

in HRK

Item	AOP label	Dec 31 2016	Dec 31 2017
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	473.376.331
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	2.461.015.121
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	61.203.264
10. LOANS TO OTHER CUSTOMERS	012	11.406.936.798	11.015.372.274
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	143.728.742
14. OTHER ASSETS	016	827.552.055	454.528.247
A) TOTAL ASSETS (001+004 to 016)	017	19.706.018.505	20.072.783.429
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	15.389.794.813
2.1. Transactional and current accounts	022	3.981.010.898	5.125.464.754
2.2. Savings deposits (demand)	023	1.486.719.761	1.538.006.561
2.3. Term deposits	024	9.314.252.275	8.726.323.498
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	2.100.222.122
B) TOTAL LIABILITIES (018+021 +025+028+029+032+033+034)	035	17.812.605.142	18.162.274.766
EQUITY			
1. SHARE CAPITAL	036	1.214.298.000	1.214.298.000
2. PROFIT/(LOSS) FOR THE PERIOD	037	183.486.624	7.099.293
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	448.347.821
6. FAIR VALUE RESERVE	041	84.690.116	94.686.123
7. RESERVES ARISING FROM HEDGING TRANSACTIONS	042	0	0
C) TOTAL EQUITY (036 to 042)	043	1.893.413.363	1.910.508.663
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	19.706.018.505	20.072.783.429
ADDENDUM TO THE BALANCE SHEET (filled-in by the banks submitting consolidated financial statement)			
1. TOTAL EQUITY	045	1.893.413.363	1.910.508.663
2. Equity attributable to the shareholders of the parent company	046	1.893.413.363	1.910.508.663
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 2017		Jun 01 - Dec 31 2017	
		Cumulative	Quarterly	Cumulative	Quarterly
1	2	3	4	5	6
1. Interest income	048	733.387.784	184.630.907	676.898.411	165.364.479
2. Interest expense	049	213.939.602	45.569.060	139.435.674	31.766.128
3. Net interest income (048-049)	050	519.448.182	139.061.847	537.462.737	133.598.351
4. Fee and commission income	051	505.577.129	123.545.572	537.417.569	124.611.271
5. Fee and commission expense	052	310.083.100	77.928.718	329.140.958	75.836.449
6. Net fee and commission income (051-052)	053	195.494.029	45.616.854	208.276.611	48.774.822
7. Gains less losses arising from investments in subsidiaries, associated companies and joint ventures	054	0	0	0	0
8. Gains less losses from trading activities	055	69.656.910	12.782.692	48.629.494	9.624.373
9. Gains less losses from built-in derivatives	056	0	0	0	0
10. Gains less losses arising from financial assets valued at fair value through P&L, not actively traded	057	0	0	0	0
11. Gains less losses arising from securities available for sale	058	48.595.443	6.897.025	29.783.708	24.326.216
12. Gains less losses arising from securities held to maturity	059	0	0	0	0
13. Gains less losses arising from hedging activities	060	0	0	0	0
14. Income from investments in subsidiaries, associated companies and joint ventures	061	0	0	0	0
15. Income from other equity instruments	062	826.626	32.441	974.919	139.907
16. Gains less losses from exchange rate differences	063	(3.872.484)	(2.694.916)	1.771.373	(350.017)
17. Other income	064	7.751.693	1.117.251	5.391.730	855.202
18. Other operating costs	065	58.305.566	14.748.323	64.556.339	21.467.431
19. General and administrative expenses, amortization and depreciation	066	396.188.817	103.769.137	394.129.852	101.031.157
20. Operating profit (050+053 to 064-065-066)	067	383.406.016	84.295.734	373.604.381	94.470.266
21. Impairment losses and provisions	068	227.018.648	75.299.286	363.869.243	87.581.228
22. PROFIT/(LOSS) BEFORE TAX (067-068)	069	156.387.368	8.996.448	9.735.138	6.889.038
23. INCOME TAX EXPENSE / DEFERRED TAX	070	(27.099.256)	(26.634.517)	2.635.845	766.551
24. NET PROFIT/(LOSS) FOR THE PERIOD (069-070)	071	183.486.624	35.630.965	7.099.293	6.122.487
25. Earnings per share	072	91	18	4	3
ADDENDUM TO THE P&L (filled-in by the banks submitting consolidated financial statement)					
1. PROFIT FOR THE PERIOD	073	183.486.624	35.630.965	7.099.293	6.122.487
2. Attributable to the shareholders of the parent company	074	183.486.624	35.630.965	7.099.293	6.122.487
3. Minority interest (073-074)	075	0	0	0	0

Consolidated financial statements for the period from Jan 01 to Dec 31 2017 (unaudited)

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	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	398.798.666	410.702.980
1.1. Profit/(loss) before tax	002	156.387.368	9.735.138
1.2. Impairment losses and provisions	003	227.018.648	363.869.243
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)	(7.085.744)
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	(1.970.377.843)	(1.179.368.700)
2.1. Deposits with the CNB	009	(74.210.746)	(2.089.619.595)
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	206.811.979	300.758.678
2.4. Loans to other customers	012	(1.162.620.024)	391.973.064
2.5. Financial assets held for trading	013	44.627.605	48.584.425
2.6. Financial assets available for sale	014	(634.815.410)	159.563.400
2.7. Financial assets valued at fair value through profit or loss, not actively traded	015	-	-
2.8. Other operating assets	016	(435.869.440)	(81.233.882)
3. Net increase / decrease of operating liabilities (018 to 021)	017	1.825.357.435	518.513.020
3.1. Transactional accounts	018	1.044.424.666	1.144.453.856
3.2. Savings and term deposits	019	1.142.830.149	(536.641.977)
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)	(85.658.192)
4. Net cash flow from operating activities before taxation (001+008+017)	022	253.778.258	(250.152.700)
5. Income tax paid	023	(857.558)	(1.172.733)
6. Net cash inflow / outflow from operating activities (022+023)	024	252.920.700	(251.325.433)
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 to 030)	025	82.057.602	326.217.128
7.1. Purchase of tangible and intangible assets	026	(42.125.587)	(45.247.393)
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	370.489.602
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	8.469.377	37.727.970
10. Effect of foreign exchange differences on cash and cash equivalents	039	813.257	816.192
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040	9.282.634	38.544.162
12. Cash and cash equivalents at the beginning of the year	041	412.197.218	421.479.852
13. Cash and cash equivalents as per reporting date (040+041)	042	421.479.852	460.024.014

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/(loss) for the period	Fair value reserve		
1	2	3	4	5	6	7	8	9	10
Balance as per Jan 01 2017	001	1.214.775.000	(477.000)	369.783.858	86.030.542	190.502.935	84.690.116	0	1.945.305.451
Effects of changes in accounting policies and corrections of errors	002	0	0	0	(44.875.777)	(7.016.311)	0		(51.892.088)
Restated balance as per Jan 01 2017 (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	0	0	0	0	0	(6.744.613)		(6.744.613)
Change in the fair value of financial assets available for sale	005	0	0	0	0	0	18.934.865		18.934.865
Tax on items recognised directly in/transferred from equity	006	0	0	0	0	0	(2.194.245)		(2.194.245)
Other gains and (losses) recognised directly in equity	007	0	0	0	0	0	0		0
Net gains/(losses) recognised directly in equity (004+005+006+007)	008	0	0	0	0	0	9.996.007	0	9.996.007
Loss for the period	009	0	0	0	0	7.099.293	0		7.099.293
Total recognized income and expense for the period (008+009)	010	0	0	0	0	7.099.293	9.996.007	0	17.095.300
Increase/decrease in share capital	011	0	0	0	0	0	0		0
Purchase/sale of own shares	012	0	0	0	0	0	0		0
Other changes	013	0	0	0	(7.016.311)	7.016.311	0		0
Transfer to reserves	014	0	0	94.272.687	96.230.248	(190.502.935)	0		0
Dividends paid	015	0	0	0	0	0	0		0
Profit allocation (014+015)	016	0	0	94.272.687	96.230.248	(190.502.935)	0	0	0
Balance as per the reporting date (003+010+011+012+013+016)	017	1.214.775.000	(477.000)	464.056.545	130.368.702	7.099.293	94.686.123	0	1.910.508.663

NOTES TO FINANCIAL STATEMENTS

A) PROFIT OR LOSS ACCOUNT

1) INTEREST INCOME
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Loans	600.916.177	153.622.929	579.734.596	142.452.730
Deposits	2.104.322	857.566	(1.125.442)	471.823
Securities	130.367.285	30.150.412	98.289.257	22.439.926
TOTAL	733.387.784	184.630.907	676.898.411	165.364.479

2) INTEREST EXPENSE
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Borrowings	18.962.631	4.257.844	14.083.983	3.676.154
Deposits	194.976.971	41.311.216	125.351.691	28.089.974
TOTAL	213.939.602	45.569.060	139.435.674	31.766.128

3) FEE AND COMMISSION INCOME
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Cash payment operations - channels	285.883.397	70.269.462	277.133.723	67.452.911
Retail and card operations	146.326.916	34.588.792	179.789.439	35.201.430
Corporate operations	57.004.832	15.463.556	59.486.631	16.697.514
Other fee and commission income	16.361.984	3.223.762	21.007.776	5.259.416
TOTAL	505.577.129	123.545.572	537.417.569	124.611.271

4) FEE AND COMMISSION EXPENSE
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Payment operations	284.852.560	70.035.927	278.084.072	66.133.786
Other fee and commission expense	25.230.540	7.892.791	51.056.886	9.702.663
TOTAL	310.083.100	77.928.718	329.140.958	75.836.449

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Securities and equity instruments	27.643.005	3.159.032	9.891.502	(201.443)
FX transactions	43.408.098	9.847.033	38.157.579	9.693.413
HRK cash transactions	367.955	0	490.545	3.850
Derivatives	(1.762.148)	(223.373)	89.868	128.553
TOTAL	69.656.910	12.782.692	48.629.494	9.624.373

6) OPERATING EXPENSES
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
General and administrative expenses	350.700.979	91.939.889	350.056.465	90.185.289
Amortization and depreciation	45.487.838	11.829.248	44.073.387	10.845.868
Savings deposit insurance costs	34.691.397	7.760.717	35.559.103	9.155.918
Other costs	23.614.169	6.987.606	28.997.236	12.311.513
TOTAL	454.494.383	118.517.460	458.686.191	122.498.588

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES
in HRK

	Jan 01 - Dec 31 2016		Jan 01 - Dec 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Individually identified impairment losses (risk group B1C)	172.323.158	59.755.286	352.336.877	72.962.444
Portfolio based provisions for identified losses (risk group A)	13.632.773	541.409	5.575.717	5.672.535
Other provisions	41.062.717	15.002.591	5.956.649	8.946.249
TOTAL	227.018.648	75.299.286	363.869.243	87.581.228

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	450.007.251
Deposits with domestic banking institutions	21.070.270	23.369.080
Portfolio based impairment allowance for identified losses	-	-
TOTAL	774.135.009	473.376.331

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	2.461.015.121
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	3.513.107.700

11) LOANS TO CUSTOMERS
in HRK

	Dec 31 2016	Dec 31 2017
Gross loans		
Loans to financial institutions	81.583.376	62.454.545
Loans to companies	3.831.863.830	3.902.668.309
Retail loans	4.966.265.650	5.335.152.504
<i>therein: housing loans</i>	<i>1.608.068.882</i>	<i>1.907.219.052</i>
Other loans	4.040.077.723	3.197.806.535
TOTAL GROSS LOANS	12.919.790.579	12.498.081.893
Impairment allowance	(1.280.732.419)	(1.263.653.239)
Portfolio based impairment allowance for identified losses	(104.459.180)	(118.397.993)
Deferred front-end fee	(46.082.502)	(39.455.123)
TOTAL	11.488.516.478	11.076.575.538

B) BALANCE SHEET (continued)

12) DEPOSITS *in HRK*

	Dec 31 2016	Dec 31 2017
Financial institutions	1.153.448.334	1.116.060.761
Corporations	3.009.235.694	3.574.264.999
Retail	9.166.235.142	9.282.784.665
Other	1.453.063.764	1.416.684.388
TOTAL	14.781.982.934	15.389.794.813

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	42.254.446
Provisions for off-balance sheet exposure	22.291.290	34.049.808
Other	521.244.181	237.105.025
TOTAL	2.317.559.985	2.100.222.122

C) Investments in subsidiaries

The Group's subsidiaries are as follows:

	Industry	Country	Ownership as per Dec 31 2017 (%)
HPB Invest d.o.o.	Investment Fund Management	Croatia	100,00
HPB Nekretnine d.o.o.	Real Estate Agency and Construction	Croatia	100,00
HPB-Stambena štedionica d.d.	Savings Bank	Croatia	100,00

Subsidiaries are consolidated in the Group's financial statements. HPB Invest d.o.o., HPB Nekretnine d.o.o., HPB-Stambena štedionica d.d. are fully consolidated.

D) 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.

E) 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

F) 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 Insitute (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%

G) HPB STOCK

HPB's share is 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:

