



**Consolidated quarterly financial statements
for the period from Jan 01 to Mar 31 2017**

Unaudited

Zagreb, April 28 2017

In accordance with Capital Markets Act, HPB p.l.c. (Bank) as the parent company of HPB Group (Group), publishes unaudited consolidated quarterly financial statements for the first quarter of 2017 (period from Jan 01 2017 to Mar 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). Alongside subsidiaries, where HPB p.l.c. acts as a founder and owner having a 100% ownership stake, results of H1 Telekom d.d. are included in the consolidated balance sheet. Bank has a controlling stake of 58,2% in H1 Telekom. This stake had been acquired through a debt-to-equity swap, during the pre-bankruptcy settlement proceedings, and is classified as assets held for sale.

In Q1 2017 the Group made a **net profit of HRK2.8M** which is 94.1% lower than in the same period last year.

The first quarter of 2017 was highly challenging for the Bank and the Group's subsidiaries. HPB Stambena Štedionica made an after-tax loss of HRK770K mainly due to adverse movements in securities prices. This comes after net profit in 2016. On the other hand HPB Invest made a net profit of HRK572K and HPB Nekretnine made a net profit of HRK389K.

Operating profit was HRK78M which is HRK8.4M lower than in the same period of 2016 due to absences of one-off effects from selling securities.

Due to lower deposit base the Group's assets were down by 1.5% to HRK19.5B. In the assets structure gross loans to customers were down by 1.3% as the **loans growth is limited by the Bank's capital position.**



Tomislav Vuić
President of the
Management Board

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 quarterly financial statements for the first quarter 2017 (period from Jan 01 to Mar 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.



Tomislav Katić
Executive director
Finance division



Tomislav Vuić
President of the
Management Board

Appendix 3.

Reporting period:

Jan 01

to

Mar 31 2017

Quarterly financial statements for credit institutions TFI-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:
 Consolidated report: (as per reporting date) 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
H1 TELEKOM d.d.	Split, Dračevac 2d	01834649

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
as per **Mar 31 2017**

in HRK

Item 1	AOP label 2	Dec 31 2016 3	Mar 31 2017 4
ASSETS			
1. CASH AND DEPOSITS WITH THE CNB (002+003)	001	2.263.303.114	2.658.002.660
1.1. Cash	002	421.479.852	435.069.137
1.2. Deposits with the CNB	003	1.841.823.262	2.222.933.523
2. DEPOSITS WITH FINANCIAL INSTITUTIONS	004	774.135.009	624.332.685
3. SHORT-TERM TREASURY BILLS OF THE CROATIAN MINISTRY OF FINANCE	005	415.536.615	411.289.647
4. FINANCIAL ASSETS HELD FOR TRADING	006	696.314.398	644.145.314
5. FINANCIAL ASSETS AVAILABLE FOR SALE	007	2.630.574.528	2.388.870.141
6. FINANCIAL ASSETS HELD TO MATURITY	008	442.835.059	286.587.689
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	76.048.282
10. LOANS TO OTHER CUSTOMERS	012	11.406.936.798	11.217.235.628
11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	013	7.930.000	7.930.000
12. REPOSSESSED ASSETS	014	0	0
13. TANGIBLE ASSETS (LESS DEPRECIATION)	015	155.541.052	143.876.195
14. OTHER ASSETS	016	879.444.143	1.004.843.015
A) TOTAL ASSETS (001+004 to 016)	017	19.757.910.593	19.463.161.256
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	620.995.448	598.907.896
1.1. Short-term	019	0	0
1.2. Long-term	020	620.995.448	598.907.896
2. DEPOSITS (022 to 024)	021	14.781.982.934	14.532.443.132
2.1. Transactional and current accounts	022	3.981.010.898	3.901.875.848
2.2. Savings deposits (demand)	023	1.486.719.761	1.480.709.844
2.3. Term deposits	024	9.314.252.275	9.149.857.440
3. OTHER BORROWINGS (026+027)	025	88.426.108	5.206.873
3.1. Short-term	026	0	0
3.2. Long-term	027	88.426.108	5.206.873
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	2.376.402.251
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	17.812.605.142	17.512.960.152
EQUITY			
1. SHARE CAPITAL	036	1.214.298.000	1.214.298.000
2. PROFIT FOR THE YEAR	037	190.502.935	2.843.131
3. RETAINED EARNINGS	038	86.030.542	182.260.941
4. REGULATORY RESERVES	039	6.160.835	15.708.573
5. STATUTARY AND OTHER CAPITAL RESERVES	040	363.623.023	448.347.821
6. FAIR VALUE RESERVE	041	84.690.116	86.742.638
7. RESERVES ARISING FROM HEDGING TRANSACTIONS	042	0	0
C) TOTAL EQUITY (036 to 042)	043	1.945.305.451	1.950.201.104
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	19.757.910.593	19.463.161.256
ADDENDUM TO THE BALANCE SHEET (filled-in by the banks submitting consolidated financial statement)			
1. TOTAL EQUITY	045	1.945.305.451	1.950.201.104
2. Equity attributable to the shareholders of the parent company	046	1.945.305.451	1.950.201.104
3. Minority interest (045-046)	047	0	0

PROFIT OR LOSS STATEMENT

 for the period from **Jan 01 2017** to **Mar 31 2017**

in HRK

Item	AOP label	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
		Cumulative	Quarterly	Cumulative	Quarterly
1	2	3	4	5	6
1. Interest income	048	179.835.320	179.835.320	172.547.276	172.547.276
2. Interest expense	049	59.891.354	59.891.354	38.728.708	38.728.708
3. Net interest income (048-049)	050	119.943.966	119.943.966	133.818.568	133.818.568
4. Fee and commission income	051	117.083.464	117.083.464	117.764.443	117.764.443
5. Fee and commission expense	052	72.534.892	72.534.892	72.315.469	72.315.469
6. Net fee and commission income (051-052)	053	44.548.572	44.548.572	45.448.974	45.448.974
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	12.997.880	12.997.880	8.687.412	8.687.412
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	8.214.839	8.214.839	334.916	334.916
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	7.138	7.138	21.668	21.668
16. Gains less losses from exchange rate differences	063	3.706.224	3.706.224	1.229.631	1.229.631
17. Other income	064	3.217.650	3.217.650	1.543.951	1.543.951
18. Other operating costs	065	11.262.259	11.262.259	14.064.797	14.064.797
19. General and administrative expenses, amortization and depreciation	066	94.973.501	94.973.501	99.011.732	99.011.732
20. Operating profit (050+053 to 064-065-066)	067	86.400.509	86.400.509	78.008.591	78.008.591
21. Impairment losses and provisions	068	41.140.050	41.140.050	71.714.777	71.714.777
22. PROFIT BEFORE TAXATION (067-068)	069	45.260.459	45.260.459	6.293.814	6.293.814
23. INCOME TAX EXPENSE / DEFERRED TAX	070	(2.558.091)	(2.558.091)	3.450.683	3.450.683
24. NET PROFIT FOR THE PERIOD (069-070)	071	47.818.550	47.818.550	2.843.131	2.843.131
25. Earnings per share	072	24	24	1	1
ADDENDUM TO THE P&L (filled-in by the banks submitting consolidated financial statement)					
1. PROFIT FOR THE PERIOD	073	47.818.550	47.818.550	2.843.131	2.843.131
2. Attributable to the shareholders of the parent company	074	47.818.550	47.818.550	2.843.131	2.843.131
3. Minority interest (073-074)	075	0	0	0	0

CASH FLOW STATEMENT - INDIRECT METHOD

 for the period from **Jan 01 2017** to **Mar 31 2017**

in HRK

Item	AOP label	Jan 01 - Mar 31 2016	Jan 01 - Mar 31 2017
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes in assets (002 to 007)	001	89.542.515	88.812.661
1.1. Profit for taxation	002	45.260.459	6.293.814
1.2. Impairment losses and provisions	003	41.140.050	71.714.777
1.3. Amortization and depreciation	004	11.037.613	11.337.253
1.4. Net unrealised gains less losses from financial assets valued at fair value through profit or loss	005	(4.189.383)	696.448
1.5. Gains / losses from sale of tangible assets	006	-	-
1.6. Other gains / losses	007	(3.706.224)	(1.229.631)
2. Net increase / decrease of operating assets (009 to 016)	008	(7.382.228)	73.565.198
2.1. Deposits with the CNB	009	337.654.291	(381.110.261)
2.2. Treasury bills of the Croatian Ministry of Finance	010	(97.635.669)	4.246.968
2.3. Deposits with and loans to financial institutions	011	(7.740.135)	149.802.324
2.4. Loans to other customers	012	(149.918.610)	117.986.393
2.5. Financial assets held for trading	013	(182.606.624)	51.472.636
2.6. Financial assets available for sale	014	34.267.274	239.206.599
2.7. Financial assets valued at fair value through profit or loss, not actively traded	015	-	-
2.8. Other operating assets	016	58.597.245	(108.039.461)
3. Net increase / decrease of operating liabilities (018 to 021)	017	17.758.759	(194.338.203)
3.1. Transactional accounts	018	34.037	(79.135.050)
3.2. Savings and term deposits	019	315.459.829	(170.404.752)
3.3. Derivative financial liabilities and other liabilities actively traded	020	-	(3.640.667)
3.4. Ostale liabilities	021	(297.735.107)	58.842.266
4. Net cash flow from operating activities before taxation (001+008+017)	022	99.919.046	(31.960.344)
5. Income tax paid	023	-	-
6. Net cash inflow / outflow from operating activities (022+023)	024	99.919.046	(31.960.344)
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 to 030)	025	(23.368.625)	151.329.397
7.1. Purchase of tangible and intangible assets	026	(7.305.558)	(4.939.641)
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	(16.070.205)	156.247.370
7.4. Dividends received	029	7.138	21.668
7.5. Other inflows / outflows from investing activities	030	-	-
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 to 037)	031	(114.018.594)	(105.306.787)
8.1. Net increase / decrease of borrowings	032	(114.018.594)	(105.306.787)
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	-	-
8.6. Other inflows / outflows from financial activities	037	-	-
9. Net increase / decrease of cash and cash equivalents (024+025+031)	038	(37.468.173)	14.062.266
10. Effect of foreign exchange differences on cash and cash equivalents	039	2.870.625	(472.981)
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040	(34.597.548)	13.589.285
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	377.599.670	435.069.137

STATEMENT OF CHANGES IN EQUITY

 for the period from **Jan 01 2017** to **Mar 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 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	0	0	0		0
Restated balance as per Jan 01 2017 (001+002)	003	1.214.775.000	(477.000)	369.783.858	86.030.542	190.502.935	84.690.116		1.945.305.451
Disposal of financial assets available for sale	004	0	0	0	0	0	0		0
Change in the fair value of financial assets available for sale	005	0	0	0	0	0	2.497.788		2.497.788
Tax on items recognised directly in/transferred from equity	006	0	0	0	0	0	(445.266)		(445.266)
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	2.052.522	0	2.052.522
Profit for the period	009	0	0	0	0	2.843.131	0		2.843.131
Total recognized income and expense for the period (008+009)	010	0	0	0	0	2.843.131	2.052.522	0	4.895.653
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	0	0	0		0
Transfer to reserves	014	0	0	94.272.536	96.230.399	(190.502.935)	0		0
Dividends paid	015	0	0	0	0	0	0		0
Profit allocation (014+015)	016	0	0	94.272.536	96.230.399	(190.502.935)	0	0	0
Balance as per Mar 31 2017 (003+010+011+012+013+016)	017	1.214.775.000	(477.000)	464.056.394	182.260.941	2.843.131	86.742.638	0	1.950.201.104

NOTES TO FINANCIAL STATEMENTS

A) PROFIT OR LOSS ACCOUNT

1) INTEREST INCOME
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Loans	145.693.406	145.693.406	145.299.602	145.299.602
Deposits	457.577	457.577	(609.432)	(609.432)
Debt securities	33.684.337	33.684.337	27.857.106	27.857.106
TOTAL	179.835.320	179.835.320	172.547.276	172.547.276

2) INTEREST EXPENSE
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Borrowings	5.587.366	5.587.366	5.912.448	5.912.448
Deposits	54.303.988	54.303.988	32.816.260	32.816.260
TOTAL	59.891.354	59.891.354	5.912.448	5.912.448

3) FEE AND COMMISSION INCOME
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Cash payment operations - channels	70.020.839	70.020.839	68.214.213	68.214.213
Retail and card operations	31.227.196	31.227.196	31.203.636	31.203.636
Corporate operations	12.287.189	12.287.189	13.287.726	13.287.726
Other fee and commission income	3.548.240	3.548.240	5.058.868	5.058.868
TOTAL	117.083.464	117.083.464	117.764.443	117.764.443

4) FEE AND COMMISSION EXPENSE
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Payment operations	68.162.326	68.162.326	68.358.109	68.358.109
Other fee and commission expense	4.372.566	4.372.566	3.957.360	3.957.360
TOTAL	72.534.892	72.534.892	72.315.469	72.315.469

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Securities and equity instruments	4.218.663	4.218.663	715.846	715.846
FX transactions	9.786.627	9.786.627	8.007.655	8.007.655
HRK cash transactions	22.183	22.183	8.050	8.050
Derivatives	(1.029.593)	(1.029.593)	(44.139)	(44.139)
TOTAL	12.997.880	12.997.880	8.687.412	8.687.412

6) OPERATING EXPENSES
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
General and administrative expenses	83.935.888	83.935.888	87.674.479	87.674.479
Amortization and depreciation	11.037.613	11.037.613	11.337.253	11.337.253
Savings deposit insurance costs	8.761.391	8.761.391	9.246.539	9.246.539
Other costs	2.500.868	2.500.868	4.818.258	4.818.258
TOTAL	106.235.760	106.235.760	113.076.529	113.076.529

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES
in HRK

	Jan 01 - Mar 31 2016		Jan 01 - Mar 31 2017	
	Cumulative	Quarterly	Cumulative	Quarterly
Individually identified impairment losses (risk group B i C)	44.778.716	44.778.716	76.759.386	76.759.386
Portfolio based provisions for identified losses (risk group A)	(3.726.603)	(3.726.603)	(6.476.383)	(6.476.383)
Other provisions	87.937	87.937	1.431.774	1.431.774
TOTAL	41.140.050	41.140.050	71.714.777	71.714.777

B) BALANCE SHEET

8) CASH AND DEPOSITS WITH THE CNB

in HRK

	Dec 31 2016	Mar 31 2017
CASH	421.479.852	435.069.137
DEPOSITS WITH THE CNB	1.841.823.262	2.222.933.523
Mandatory reserve	1.300.796.321	1.241.826.051
Account for transaction settlement	541.026.941	981.107.472
MANDATORY TREASURY BILLS	-	-
Portfolio based impairment allowance for identified losses	-	-
TOTAL	2.263.303.114	2.658.002.660

9) DEPOSITS WITH FINANCIAL INSTITUTIONS

in HRK

	Dec 31 2016	Mar 31 2017
Deposits with foreign banking institutions	753.064.739	578.104.034
Deposits with domestic banking institutions	21.070.270	46.228.651
Portfolio based impairment allowance for identified losses	-	-
TOTAL	774.135.009	624.332.685

10) EQUITY INSTRUMENTS AND SECURITIES

in HRK

	Dec 31 2016	Mar 31 2017
Short term Treasury bills of the Croatian Ministry of Finance	415.536.615	411.289.647
Financial assets held for trading	696.314.398	644.145.314
Financial assets available for sale	2.630.574.528	2.388.870.141
Financial assets held to maturity	450.105.787	287.890.577
Portfolio based impairment allowance for identified losses	(6.771.524)	(1.014.844)
Deferred front-end fee	(499.204)	(288.044)
TOTAL	4.185.260.600	3.730.892.791

11) LOANS TO CUSTOMERS

in HRK

	Dec 31 2016	Mar 31 2017
Gross loans		
Financial institutions	81.583.376	76.052.125
Companies	3.831.863.830	3.812.814.914
Retail	4.966.265.650	5.007.370.338
<i>therein: housing loans</i>	<i>1.608.068.882</i>	<i>1.610.595.026</i>
Other loans	4.040.077.723	3.860.503.718
SUBTOTAL	12.919.790.579	12.756.741.095
Impairment allowance	(1.280.732.419)	(1.312.073.591)
Portfolio based impairment allowance for identified losses	(104.459.180)	(106.492.011)
Deferred front-end fee	(46.082.502)	(44.891.583)
TOTAL	11.488.516.478	11.293.283.910

B) BALANCE SHEET (continued)
12) DEPOSITS
in HRK

	Dec 31 2016	Mar 31 2017
Financial institutions	1.153.448.334	1.097.434.499
Corporations	3.009.235.694	3.010.482.071
Retail	9.166.235.142	9.081.987.646
Other	1.453.063.764	1.342.538.916
TOTAL	14.781.982.934	14.532.443.132

13) BORROWINGS
in HRK

	Dec 31 2016	Mar 31 2017
Borrowings from HBOR	624.696.401	603.136.147
Borrowings from domestic banking institutions	-	-
Borrowings from domestic non-banking institutions	-	-
Borrowings from foreign banking institutions	88.426.109	5.206.873
Deferred front-end fee	(3.700.954)	(4.228.251)
TOTAL	709.421.556	604.114.769

14) OTHER LIABILITIES
in HRK

	Dec 31 2016	Mar 31 2017
Restricted deposits	1.715.292.949	1.684.225.351
Interest and fees payable	58.731.565	53.698.279
Provisions for off-balance sheet exposure	22.291.290	19.575.219
Other	521.244.181	618.903.402
TOTAL	2.317.559.985	2.376.402.251

C) INVESTMENTS IN SUBSIDIARIES

The Group's subsidiaries are as follows:

	Industry	Country	Ownership as per March 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
H1 Telekom d.d.	Telecommunications	Croatia	58,17

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.

Investment in H1 Telekom d.d.

On March 25 2008, the Bank made an agreement with H1 Telekom d.d. to convert credit receivables from long-term loan into the company's equity. HPB acquired an ownership stake of 41,25% through this agreement. The stake was increased to 58,17% after converting receivables from bond, long-term loan and interest receivables into equity after the completion of the pre-bankruptcy settlement on July 29 2015.

H1 Telekom d.d. signed the merger agreement with OT-Optima Telekom d.d. Pursuant to the agreement, H1 Telekom d.d. as the transferor company, will be merged with OT-Optima Telekom d.d. as a transferee, by transferring the entire property and all rights and obligations of H1, without liquidation of the transferor company. The effect of merger should occur after obtaining all necessary permits and approvals.

Financial position of H1 Telekom is included in the consolidated balance sheet of HPB Group by using short-cut consolidation procedure as described in IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*.

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.

D) BANK'S OWNERSHIP STRUCTURE

Ownership structure of HPB p.l.c., the parent company of Group, as per March 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%

E) HPB-R-A STOCK

Share HPB-R-A is listed on the Official Market of ZSE. The last price per share at the end of the reporting period was HRK 699,00 (Mar 30 2017), representing a decrease of 6,9 percent in comparison with the last traded price in 2016 (=HRK 751,00 on Dec 30 2016).

Trading with HPB-R-A during the reporting period was as follows:

