

Consolidated annual financial statements for the period from Jan 01 to Dec 31 2016

Audited

Zagreb, April 28 2017

In accordance with the articles of the Capital Markets Act, HPB p.l.c. publishes audited consolidated annual financial statements for 2016 (period from Jan 01 2016 to Dec 31 2016).

This report includes:

- Management report of HPB Group,
- statement by persons accountable for compiling the 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
- Proposal of allocation of profit earned in 2016 for HPB p.l.c.

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. Reports and notes for previous periods are harmonized for the purpose of comparability.

Management report of HPB Group

HPB Group is comprised by the parent company Hrvatska Poštanska Banka, HPB Stambena Štedionica, HPB Invest (investment fund management company) and HPB Nekretnine (real-estate company). All subsidiaries made after-tax profit in 2016 and HPB Stambena Štedionica made HRK3.3M, HPB Nekretnine HRK630K, while HPB Invest made HRK1.8M net profit. Besides subsidiaries which were founded and are 100% owned by HPB, consolidated report of financial position also includes H1 TELEKOM in which the Bank controls 58.2% of ownership. This ownership stake was acquired in a process of the pre-bankruptcy settlement by debt to equity swap and is classified as assets available for sale.

Led by the parent company, HPB Group made an **after-tax profit** of HRK190.5M in 2016. Which is 52.7% more than in 2015. Besides the Bank, 2016 was also profitable for all subsidiaries. HPB Stambena Štedionica made a HRK3.3M net profit, HPB Invest HRK1.8M, while HPB Nekretnine HRK630K.

The Group's assets are almost entirely the Bank's assets, so change in the latter reflects the change in the former, although there are certain consolidation differences due to internal transactions. The Group's assets were HRK19.8B at the end of 2016 which is 9.6% more than in 2016 while the Bank dominantly affected the Group's assets structure by optimizing returns.

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



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 audited consolidated annual financial statements for 2016 (period from Jan 01 to Dec 31 2016), 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

Dec 31 2016

Annual financial statements for credit institutions GFI-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: **1.106**
 (as per reporting date)

 Consolidated report: **YES**

 Industry code: **6419**

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: **Tomašek David**

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 Surname and name: **Vuić Tomislav**

(person authorized for representation)

Documentation to be made public:

1. Audited annual financial statements
2. Management report
3. Statement by persons accountable for compiling the report
4. Supervisory Board's consent on annual financial statements
5. Resolution on allocation of profit earned in 2016

BALANCE SHEET

as per	Dec 31 2016	in HRK	
Item	AOP label	Dec 31 2015	Dec 31 2016
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH THE CNB (002+003)	001	2.179.809.734	2.263.303.114
1.1. Cash	002	412.197.218	421.479.852
1.2. Deposits with the CNB	003	1.767.612.516	1.841.823.262
2. DEPOSITS WITH FINANCIAL INSTITUTIONS	004	958.338.782	774.135.009
3. SHORT-TERM TREASURY BILLS OF THE CROATIAN MINISTRY OF FINANCE	005	501.234.808	415.536.615
4. FINANCIAL ASSETS HELD FOR TRADING	006	715.276.908	696.314.398
5. FINANCIAL ASSETS AVAILABLE FOR SALE	007	1.995.759.118	2.630.574.528
6. FINANCIAL ASSETS HELD TO MATURITY	008	566.062.663	442.835.059
7. FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS, NOT ACTIVELY TRADED	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	0	3.780.197
9. LOANS TO FINANCIAL INSTITUTIONS	011	104.187.886	81.579.680
10. LOANS TO OTHER CUSTOMERS	012	10.164.694.441	11.406.936.798
11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	013	7.930.000	7.930.000
12. REPOSSESSED ASSETS	014	103.134.707	0
13. TANGIBLE ASSETS (LESS DEPRECIATION)	015	156.773.180	155.541.052
14. OTHER ASSETS	016	582.980.978	879.444.143
A) TOTAL ASSETS (001+004 to 016)	017	18.036.183.205	19.757.910.593
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	558.124.023	620.995.448
1.1. Short-term	019	393.994	0
1.2. Long-term	020	557.730.029	620.995.448
2. DEPOSITS (022 to 024)	021	12.594.728.119	14.781.982.934
2.1. Transactional and current accounts	022	2.936.586.232	3.981.010.898
2.2. Savings deposits (demand)	023	1.060.935.229	1.486.719.761
2.3. Term deposits	024	8.597.206.658	9.314.252.275
3. OTHER BORROWINGS (026+027)	025	446.650.250	88.426.108
3.1. Short-term	026	0	0
3.2. Long-term	027	446.650.250	88.426.108
4. DERIVATIVE AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	0	3.640.667
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	2.657.714.032	2.317.559.985
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	16.257.216.424	17.812.605.142
EQUITY			
1. SHARE CAPITAL	036	1.214.298.000	1.214.298.000
2. PROFIT FOR THE YEAR	037	124.777.141	190.502.935
3. RETAINED EARNINGS	038	(1.857.790)	86.030.542
4. REGULATORY RESERVES	039	0	6.160.835
5. STATUTARY AND OTHER CAPITAL RESERVES	040	359.660.725	363.623.023
6. FAIR VALUE RESERVE	041	82.088.705	84.690.116
7. RESERVES ARISING FROM HEDGING TRANSACTIONS	042	0	0
C) TOTAL EQUITY (036 to 042)	043	1.778.966.781	1.945.305.451
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	18.036.183.205	19.757.910.593
ADDENDUM TO THE BALANCE SHEET (filled-in by the banks submitting consolidated financial statement)			
1. TOTAL EQUITY	045	1.778.966.781	1.945.305.451
2. Equity attributable to the shareholders of the parent company	046	1.778.966.781	1.945.305.451
3. Minority interest (045-046)	047	0	0

PROFIT OR LOSS STATEMENT

 for the period from **Jan 01 2016** to **Dec 31 2016** in HRK

Item	AOP label	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
1	2	3	4
1. Interest income	048	792.827.047	733.387.784
2. Interest expense	049	278.496.941	213.939.602
3. Net interest income (048-049)	050	514.330.106	519.448.182
4. Fee and commission income	051	495.327.235	505.577.129
5. Fee and commission expense	052	302.342.735	310.083.100
6. Net fee and commission income (051-052)	053	192.984.500	195.494.029
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	46.697.713	69.656.910
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	670	48.595.443
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	1.073.257	826.626
16. Gains less losses from exchange rate differences	063	9.668.008	4.683.993
17. Other income	064	31.181.412	7.751.693
18. Other operating costs	065	62.388.680	58.305.566
19. General and administrative expenses, amortization and depreciation	066	411.188.110	396.188.817
20. Operating profit (050+053 to 064-065-066)	067	322.358.876	391.962.493
21. Impairment losses and provisions	068	193.680.189	227.018.648
22. PROFIT BEFORE TAXATION (067-068)	069	128.678.687	164.943.845
23. INCOME TAX EXPENSE / DEFERRED TAX	070	3.901.546	(25.559.090)
24. NET PROFIT FOR THE PERIOD (069-070)	071	124.777.141	190.502.935
25. Earnings per share	072	86	94
ADDENDUM TO THE P&L (filled-in by the banks submitting consolidated financial statement)			
1. PROFIT FOR THE PERIOD	073	124.777.141	190.502.935
2. Attributable to the shareholders of the parent company	074	124.777.141	190.502.935
3. Minority interest (073-074)	075	0	0

CASH FLOW STATEMENT - INDIRECT METHOD

 for the period from **Jan 01 2016** to **Dec 31 2016** in HRK

Item	AOP label	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes in assets (002 to 007)	001	335.893.943	406.847.343
1.1. Profit for taxation	002	128.678.687	164.943.845
1.2. Impairment losses and provisions	003	193.680.189	227.018.648
1.3. Amortization and depreciation	004	46.053.115	45.487.838
1.4. Net unrealised gains less losses from financial assets valued at fair value through profit or loss	005	(7.915.529)	(25.665.095)
1.5. Gains / losses from sale of tangible assets	006	(14.934.511)	(253.900)
1.6. Other gains / losses	007	(9.668.008)	(4.683.993)
2. Net increase / decrease of operating assets (009 to 016)	008	(733.490.560)	(2.012.007.151)
2.1. Deposits with the CNB	009	0	0
2.2. Treasury bills of the Croatian Ministry of Finance	010	(501.234.808)	85.698.193
2.3. Deposits with and loans to financial institutions	011	30.074.634	13.252.769
2.4. Loans to other customers	012	8.659.306	(1.389.638.672)
2.5. Financial assets held for trading	013	(326.557.954)	44.627.605
2.6. Financial assets available for sale	014	(12.469.475)	(634.815.410)
2.7. Financial assets valued at fair value through profit or loss, not actively traded	015	0	0
2.8. Other operating assets	016	68.037.737	(131.131.636)
3. Net increase / decrease of operating liabilities (018 to 021)	017	174.022.628	1.825.357.435
3.1. Transactional accounts	018	38.059.625	1.044.424.666
3.2. Savings and term deposits	019	(128.742.977)	1.142.830.149
3.3. Derivative financial liabilities and other liabilities actively traded	020	(507.910)	3.640.667
3.4. Ostale liabilities	021	265.213.890	(365.538.047)
4. Net cash flow from operating activities before taxation (001+008+017)	022	(223.573.989)	220.197.627
5. Income tax paid	023	(318.136)	(857.558)
6. Net cash inflow / outflow from operating activities (022+023)	024	(223.892.125)	219.340.069
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 to 030)	025	5.476.081	82.057.602
7.1. Purchase of tangible and intangible assets	026	(18.991.264)	(42.125.587)
7.2. Investment in / disposal of subsidiaries, associated companies and joint ventures	027	0	0
7.3. Investment in / disposal of financial assets held to maturity	028	23.394.088	123.227.604
7.4. Dividends received	029	1.073.257	955.585
7.5. Other inflows / outflows from investing activities	030	0	0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 to 037)	031	48.056.085	(326.508.925)
8.1. Net increase / decrease of borrowings	032	(501.943.515)	(295.746.710)
8.2. Net increase / decrease of issued debt securities	033	0	0
8.3. Net increase / decrease of subordinated debt and hybrid instruments	034	0	0
8.4. Share capital raised	035	549.999.600	0
8.5. Dividends paid	036	0	(30.762.215)
8.6. Other inflows / outflows from financial activities	037	0	0
9. Net increase / decrease of cash and cash equivalents (024+025+031)	038	(170.359.959)	(25.111.254)
10. Effect of foreign exchange differences on cash and cash equivalents	039	2.999.146	813.257
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040	(167.360.813)	(24.297.997)
12. Cash and cash equivalents at the beginning of the year	041	3.416.260.075	3.248.899.262
13. Cash and cash equivalents as per reporting date (040+041)	042	3.248.899.262	3.224.601.265

STATEMENT OF CHANGES IN EQUITY

for the period from		Jan 01 2016		to	Dec 31 2016			in HRK		
Item	AOP oznaka	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 2016	001	1.214.775.000	(477.000)	359.660.725	(1.857.790)	124.777.141	82.088.705	0	1.778.966.781	
Effects of changes in accounting policies and corrections of errors	002								0	
Restated balance as per Jan 01 2016 (001+002)	003	1.214.775.000	(477.000)	359.660.725	(1.857.790)	124.777.141	82.088.705	0	1.778.966.781	
Disposal of financial assets available for sale	004						(44.835.709)		(44.835.709)	
Change in the fair value of financial assets available for sale	005						45.505.457		45.505.457	
Tax on items recognised directly in/transferred from equity	006			35.037			1.931.663		1.966.700	
Other gains and (losses) recognised directly in equity	007			(72.739)					(72.739)	
Net gains/(losses) recognised directly in equity (004+005+006+007)	008	0	0	(37.702)	0	0	2.601.411	0	2.563.709	
Profit for the period	009					190.502.935			190.502.935	
Total recognized income and expense for the period (008+009)	010	0	0	(37.702)	0	190.502.935	2.601.411	0	193.066.644	
Increase/decrease in share capital	011								0	
Purchase/sale of own shares	012								0	
Other changes	013					4.034.241			4.034.241	
Transfer to reserves	014			10.160.835	83.854.091	(94.014.926)			0	
Dividends paid	015					(30.762.215)			(30.762.215)	
Profit allocation (014+015)	016	0	0	10.160.835	83.854.091	(124.777.141)	0	0	(30.762.215)	
Balance as per Dec 31 2016 (003+010+011+012+013+016)	017	1.214.775.000	(477.000)	369.783.858	86.030.542	190.502.935	84.690.116	0	1.945.305.451	

NOTES TO FINANCIAL STATEMENTS

A) PROFIT OR LOSS STATEMENT

1) INTEREST INCOME

in HRK

AOP 048	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Loans	653.562.861	600.916.177
Deposits	2.773.259	2.104.322
Debt securities	136.490.927	130.367.285
TOTAL	792.827.047	733.387.784

2) INTEREST EXPENSE

in HRK

AOP 049	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Borrowings	36.602.806	18.962.631
Deposits	241.894.135	194.976.971
TOTAL	278.496.941	213.939.602

3) FEE AND COMMISSION INCOME

in HRK

AOP 051	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Cash payment operations - channels	290.870.928	285.883.397
Retail and card operations	133.189.658	146.326.916
Corporate operations	50.279.820	57.004.832
Other fee and commission income	20.986.829	16.361.984
TOTAL	495.327.235	505.577.129

4) FEE AND COMMISSION EXPENSE

in HRK

AOP 052	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Payment operations	270.460.872	284.852.560
Other fee and commission expense	31.881.863	25.230.540
TOTAL	302.342.735	310.083.100

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES

in HRK

AOP 055	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Securities and equity instruments	8.251.673	27.643.005
FX transactions	40.654.631	43.408.098
HRK cash transactions	421.619	367.955
Derivatives	(2.630.210)	(1.762.148)
TOTAL	46.697.713	69.656.910

6) OPERATING EXPENSES

in HRK

AOP 065 & AOP 066	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
General and administrative expenses	365.134.995	350.700.979
Amortization and depreciation	46.053.115	45.487.838
Savings deposit insurance costs	35.194.252	34.691.397
Other costs	27.194.428	23.614.169
TOTAL	473.576.790	454.494.383

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES

in HRK

AOP 068	Jan 01 - Dec 31 2015	Jan 01 - Dec 31 2016
Individually identified impairment losses (risk group B i C)	191.896.138	172.323.158
Portfolio based provisions for identified losses (risk group A)	(5.935.916)	13.632.773
Other provisions	7.719.967	41.062.717
TOTAL	193.680.189	227.018.648

B) BALANCE SHEET

8) CASH AND DEPOSITS WITH THE CNB

in HRK

AOP 001	Dec 31 2015	Dec 31 2016
CASH	412.197.218	421.479.852
DEPOSITS WITH THE CNB	1.767.612.516	1.841.823.262
Mandatory reserve	1.279.570.476	1.300.796.321
Account for transaction settlement	488.042.040	541.026.941
MANDATORY TREASURY BILLS	-	-
Portfolio based impairment allowance for identified losses	-	-
TOTAL	2.179.809.734	2.263.303.114

9) DEPOSITS WITH FINANCIAL INSTITUTIONS

in HRK

AOP 004	Dec 31 2015	Dec 31 2016
Deposits with foreign banking institutions	810.491.087	753.064.739
Deposits with domestic banking institutions	147.847.695	21.070.270
Portfolio based impairment allowance for identified losses	-	-
TOTAL	958.338.782	774.135.009

10) EQUITY INSTRUMENTS AND SECURITIES

in HRK

AOP 005 - 009	Dec 31 2015	Dec 31 2016
Short term Treasury bills of the Croatian Ministry of Finance	501.234.808	415.536.615
Financial assets held for trading	715.276.908	696.314.398
Financial assets available for sale	1.995.759.118	2.630.574.528
Financial assets held to maturity	574.826.429	450.105.787
Portfolio based impairment allowance for identified losses	(8.255.991)	(6.771.524)
Deferred front-end fee	(507.775)	(499.204)
TOTAL	3.778.333.497	4.185.260.600

11) LOANS TO CUSTOMERS

in HRK

AOP 011 & 012	Dec 31 2015	Dec 31 2016
Gross loans		
Loans to financial institutions	104.190.902	81.583.376
Loans to companies	4.135.862.987	3.831.863.830
Retail loans	4.779.585.855	4.966.265.650
<i>there-in: housing loans</i>	<i>1.106.022.806</i>	<i>1.608.068.882</i>
Other loans	3.493.545.228	4.040.077.723
TOTAL GROSS LOANS	12.513.184.972	12.919.790.579
DEFERRED FRONT-END FEE	(47.672.780)	(46.082.502)
Impairment allowance	(2.104.931.823)	(1.280.732.419)
Portfolio based impairment allowance for identified losses	(91.698.042)	(104.459.180)
TOTAL IMPAIRMENT LOSSES	(2.196.629.865)	(1.385.191.599)
TOTAL	10.268.882.327	11.488.516.478

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

AOP 021	Dec 31 2015	Dec 31 2016
Financial institutions	879.218.202	1.153.448.334
Corporations	1.948.137.946	3.009.235.694
Retail	8.719.314.802	9.166.235.142
Other	1.048.057.169	1.453.063.764
TOTAL	12.594.728.119	14.781.982.934

13) BORROWINGS
in HRK

AOP 018 & 025	Dec 31 2015	Dec 31 2016
Borrowings from HBOR	561.173.123	624.696.401
Borrowings from domestic banking institutions	0	0
Borrowings from domestic non-banking institutions	393.994	0
Borrowings from foreign banking institutions	446.650.250	88.426.109
Deferred front-end fee	(3.443.094)	(3.700.954)
TOTAL	1.004.774.273	709.421.556

14) OTHER LIABILITIES
in HRK

AOP 034	Dec 31 2015	Dec 31 2016
Restricted deposits	2.187.135.040	1.715.292.949
Interest and fees payable	73.630.369	58.731.565
Provisions for off-balance sheet exposure	20.143.351	22.291.290
Other	376.805.272	521.244.181
TOTAL	2.657.714.032	2.317.559.985

C) INVESTMENTS IN SUBSIDIARIES

The Group's subsidiaries are as follows:

	Industry	Country	Ownership as per Dec 31 2016 (%)
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 2016 which might have impact on financial position or results of the Group.

Bank, as a parent company of the Group, has intention to start with capitalization of internal personnel expenses with regard to project development, should all the necessary requirements as set by IAS 38 be met. Bank has commenced with preparations for this change during 2016. Useful life of such developed intangible asset will be in line with estimated period of use, and estimated period of inflow of economic benefits linked with this fixed asset.

D) BANK'S OWNERSHIP STRUCTURE

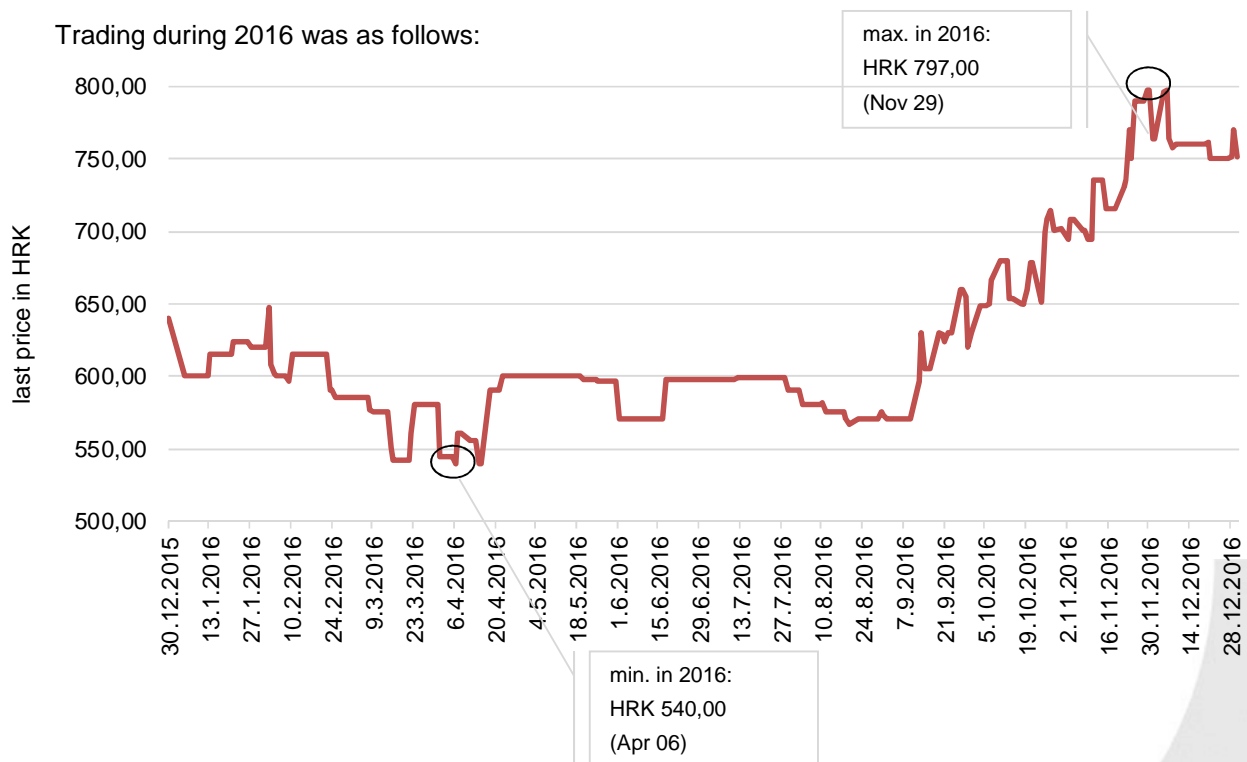
Ownership structure of HPB p.l.c., the parent company of Group, as per December 31 2016 was as follows:

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%
RAIFFEISEN D.D., for Raiffeisen OMF (B category)	2,42%
Fund for Financing the Decommissioning of the Krško Nuclear Power Plant and the Disposal of NEK Radioactive Waste and Spent Nuclear Fuel	2,36%
Minorities	4,77%
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 750,00 (Dec 31 2016) representing an increase of 17,3% when compared to the last traded price in 2015 (HRK 640,00 on Dec 31 2015).

Trading during 2016 was as follows:



HPB p.l.c.
Zagreb, Jurišićeva 4

SUPERVISORY BOARD

Zagreb, April 12 2017

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 it's 5th meeting - held on April 12 2017, made the following:

RESOLUTION

on giving consent to consolidated Annual financial statements of HPB Group, for the 2016 business year, comprising also the Management Board's annual report on condition of the Bank and its subsidiaries

- I. Consent is given to consolidated Annual financial statements of HPB Group for the business year ended December 31 2016, comprising also the Management Board's annual report on condition of the Bank and its subsidiaries, submitted by the Bank's Management Board.

Acceptance is given for Auditor's report by Deloitte d.o.o., Zagreb, Radnička 80. Auditor has conducted the audit of consolidated Annual financial statements of HPB Group for the year ended December 31 2016.

- II. By giving consent to statements outlined in paragraph I. of this Resolution, consolidated Annual financial statements of HPB p.l.c. for the year ended December 31 2016 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, April 12 2017

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 it's 5th meeting - held on April 12 2017, made the following:

RESOLUTION
on giving consent to Management Board's proposal on
allocation of profit earned in 2016

I.

Bank's Supervisory Board gives its consent and accepts Management Board's proposal on allocation of profit earned in 2016, 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 2016 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