



**Unaudited Quarterly Financial Reports of HPB p.l.c.
for the Period from Jan 01 – Sep 30 2016**

Zagreb, October 25 2016



source: <http://www.thebanker.com/World/Central-Eastern-Europe/Top-250-EU-banks-assets-down-profits-up>

In accordance with the articles 407-411 of the Capital Markets Act, HPB p.l.c. publishes unaudited quarterly financial report for 2016 (period from Jan 01 2016 to Sep 30 2016).

This report includes:

- Management report of HPB p.l.c.,
- statement by persons accountable for compiling the report of HPB p.l.c.,
- unaudited set of unconsolidated financial statements (balance sheet, profit or loss statement, statement of changes in equity, cash flow statement), and
- notes to financial statements.

Financial statements and notes 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.

Key features of financial position and result achieved during the reporting period are as follows:

➤ **Excellent P&L trend**

- Positive trend in profitability continues, with **HRK 147,5 million of net profit** achieved, representing **an increase of 38,1%** comparison with the same period last year,
- **Operating profit** in amount of **HRK 297,8 million**, being **11,3% higher** than during corresponding period in 2015,
- **Mild decrease of net interest income** (-2,5%) with simultaneously decreased gross interest income and interest expense,
- **Improvement in net income from fees and commissions** (+3,0%) arises from growth in sustainable fees accrued in retail and corporate segments, as well as in card operations,
- Strong contribution of **trading gains (=HRK 53,2 million)** to operating result,
- Closing the VISA Europe Ltd. sale transaction during Q2 2016. resulted in HRK 33,5 million of gains from assets available for sale (total 2016 = HRK 41,7 million, 2015.: 0).
- **Operating expenses** are almost unchanged (+0,4%). Cost of externalized services was optimized, thereby neutralizing the growth of other expenses, which is mainly related to new regulation expense – EU bank recovery fund,
- **Slight decrease in impairment losses and provisions** (-4,4%) in comparison with the corresponding period in 2015, but with different structure – fall in NPL impairments, as opposed to higher general provisions (due to balance sheet growth), and higher provisions for liabilities and expenses.

➤ **BALANCE SHEET, client base and market share growth**

- **Assets' growth** (+7,6%) to the highest level achieved since June 2014 (=HRK 19,1 billion),
- **Gross loan portfolio growth** by HRK 1,1 billion (+8,8%) due to strong campaign of refinancing housing loans with FX peg, as well as due to financing new debt,
- **Deposits growth** (+9,4%) which is evident almost in all segments,
- **Repayment of borrowings** (new placements were funded from accumulated deposits, therefore there was no need for these funding sources),
- **with 26 thousand of newly opened current accounts, and with client base growth by 13 thousand** → HPB has **650 thousand clients** at the end of the reporting period.

Management report of HPB p.l.c.

A year after the successful recapitalization and reorganization has been the most successful period in the history of Hrvatska Poštanska Banka.

Net profit in the first nine months of 2016 was **HRK 147,5 million** which is **38,1% more** than in the same period last year and 19,7% more than full-year profit in 2015.

Although the Bank's primary focus in business and acquisitions are core loans and deposits, the **primary driver of net profit growth was non-interest revenue** which was up by 19,9% compared to the same period last year.

Trading profit was up by 75,1% due to ubiquitous rise capital market prices which increased value of almost all financial instruments in the Bank's portfolio. The Bank also made **HRK 41,7 million by selling securities in the available-for-sale portfolio**. The majority of the mentioned amount (HRK 33,5 million) comes from selling an ownership stake in Visa Europe Ltd.

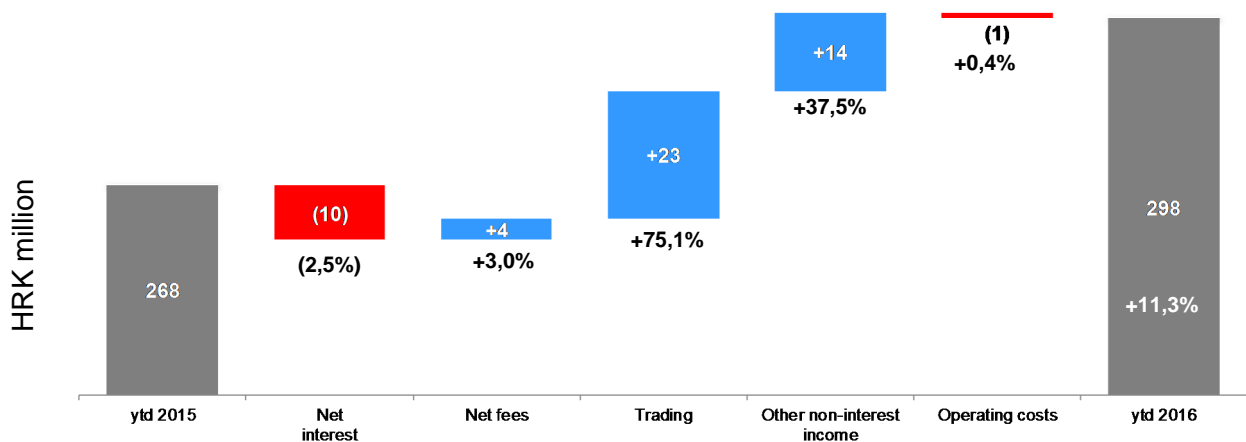
Net fee income was up by 3,0%. At the same time fees from products and services completely neutralized decline in cash based transaction fees which makes quite an accomplishment for the Bank due to sustainability of the mentioned fees.

Decline in interest rates is ubiquitous market trend due to global market developments and the Bank is making effort to neutralize decline in interest revenue. Although **interest revenue was down by 9,2%**, **interest expenses were also cut by 21,8%**. However, a **soft decline in net interest income** was inevitable (-2,5%).

Total operating expenses were almost **unchanged (+0,4%)** despite the new regulatory expense (deposits insurance). Bank managed to cut costs for externalized services (cash transportation, personal and technical security, IT equipment maintenance etc.) due to organizational and process improvements.

Due to higher non-interest revenue and constant expenses, **operating profit was up by HRK 30,2 million or 11,3% to HRK 297,8 million**. At the same time the **C/I indicator** was improved to **52%**, the best level in more than a decade.

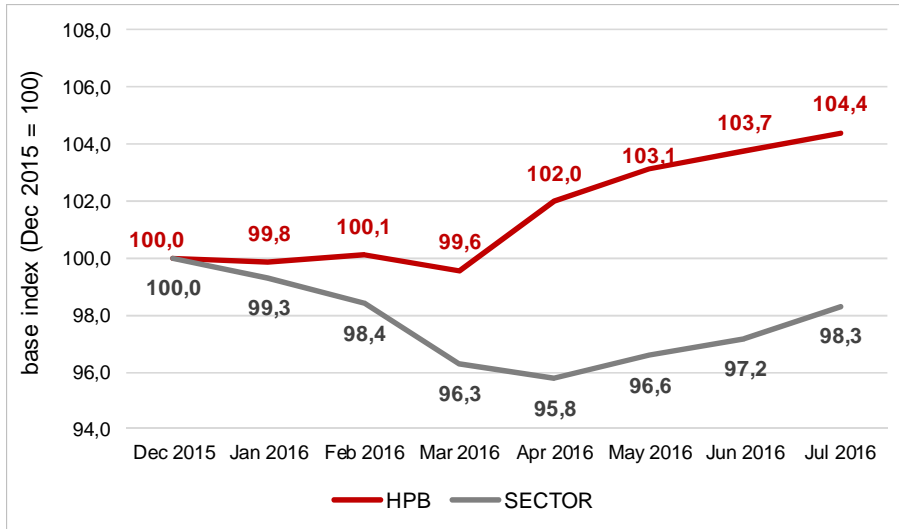
Figure 1. Operating Profit in 2016



Impairments losses and provisions were down by 4,4% due to lower NPL provisions (-22,1%) amid better collection. However, general provisions were up by HRK 11,2 million, together with provisions for liabilities and expenses (+HRK 13,8 million).

Due to loan growth in second and third quarter of 2016, the Bank ends the reporting period with **total assets amounting to HRK 19,1 billion**, the highest level since June 2014.

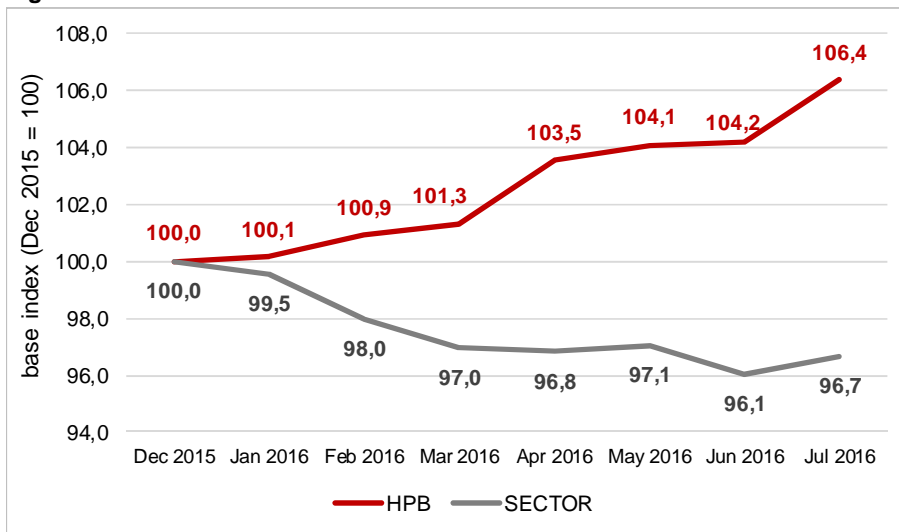
Figure 2. Total assets of HPB and credit Institutions in 2016



Source for sector: www.hnb.hr (Aggregate Monthly Report for Credit Institutions, 31 July 2016)

The growth was mainly due to new loans. The **gross loan portfolio in 2016 was up by 8,8%**, while the market stagnated.

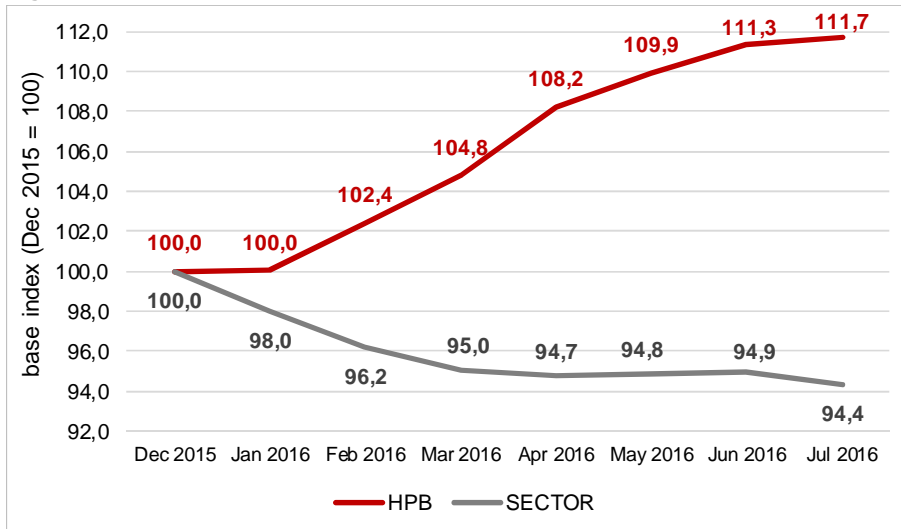
Figure 3. Gross loans of HPB and credit Institutions in 2016



Source for sector: www.hnb.hr (Aggregate Monthly Report for Credit Institutions, 31 July 2016)

Retail loans were the key driver of the loan growth with HRK 601 million or 13,0% increase.

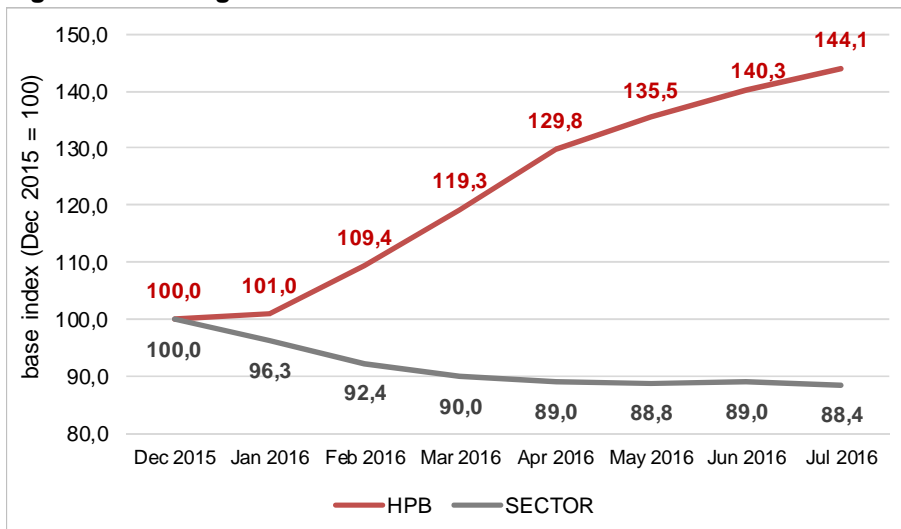
Figure 4. Retail Loans of HPB and credit institutions in 2016



Source for sector: www.hnb.hr (Aggregate Monthly Report for Credit Institutions, 31 July 2016)

Housing loans were up by 49,2% or HRK 473 million.

Figure 5. Housing Loans of HPB and credit institutions in 2016

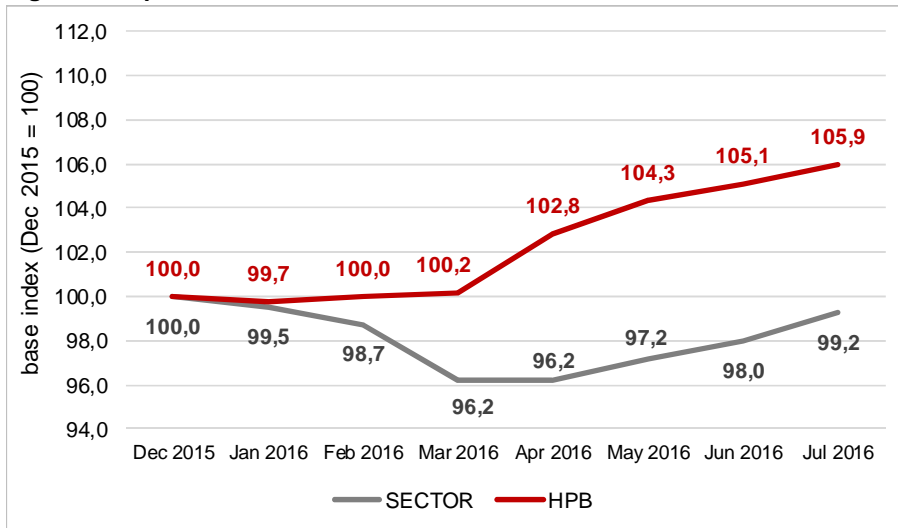


Source for sector: www.hnb.hr (Aggregate Monthly Report for Credit Institutions, 31 July 2016)

In the third quarter of 2016 the Bank ended the negative trend in corporate loans which were up by HRK 518,2 mil or 6,5% during the quarter.

Deposits remain the dominant source of liquidity, having increased by 9,4% in 2016, while in the **third quarter only they were up by HRK 637 million to HRK 16,0 billion**. The increase was achieved both in retail (+3,3%, together with 26 thousand of newly open current accounts) and corporate deposits (+20,8% with 1,2 thousand of newly opened business accounts).

Figure 6. Deposits of HPB and credit institutions in 2016



Source for sector: www.hnb.hr (Aggregate Monthly Report for Credit Institutions, 31 July 2016)

Tomislav Vuić
 Management Board
 President


Statement by persons accountable for compiling the report of HPB p.l.c.

In accordance with the Capital Market Act, the Management Board of HPB p.l.c., states that according to their best knowledge the set of unaudited quarterly financial statements for 2016 (period from Jan 01 to Sep 30 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.



Goran Jamić
Finance Division
Deputy Executive Director





Tomislav Vuić
Management Board
President

HPB p.l.c.

Appendix 3.

Reporting period:

Jan 01

to

Sep 30 2016

Quarterly financial statements for credit institutions TFI-KIRegistration 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.hrInternet address: www.hpb.hrCity code and name: **133** **ZAGREB**County code and name: **21** **GRAD ZAGREB**# of employees: **1.061**
(as per reporting date)Consolidated report: **NO**Industry code: **6419**

Consolidated companies (in accordance with IFRS):

Headquarters:

Registration number:

Book-keeping service

provided by: **n/a****n/a**Contact: **Čizmešija Marko**Phone: **014888191**Fax: **014804594**E-mail address: marko.cizmesija@hpb.hrSurname and name: **Vuić Tomislav**

(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 **Sep 30 2016**

in HRK

Item	AOP label	Dec 31 2015	Sep 30 2016
1	2	3	4
ASSETS			
1. CASH AND DEPOSITS WITH THE CNB (002+003)	001	2.179.809.734	2.313.312.878
1.1.Cash	002	412.197.218	451.003.058
1.2.Deposits with the CNB	003	1.767.612.516	1.862.309.820
2. DEPOSITS WITH FINANCIAL INSTITUTIONS	004	958.338.782	939.426.627
3. SHORT-TERM TREASURY BILLS OF THE CROATIAN MINISTRY OF FINANCE	005	501.234.808	612.920.409
4. FINANCIAL ASSETS HELD FOR TRADING	006	596.525.929	562.900.876
5. FINANCIAL ASSETS AVAILABLE FOR SALE	007	1.995.759.118	2.274.506.476
6. FINANCIAL ASSETS HELD TO MATURITY	008	566.062.663	441.917.263
7. FINANCIAL ASSETS VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS, NOT ACTIVELY TRADED	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	0	338.154
9. LOANS TO FINANCIAL INSTITUTIONS	011	104.187.886	89.322.439
10. LOANS TO OTHER CUSTOMERS	012	10.051.115.650	11.066.669.259
11. INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	013	53.420.000	53.420.000
12. REPOSSESSED ASSETS	014	103.134.707	96.410.564
13. TANGIBLE ASSETS (LESS DEPRECIATION)	015	147.109.089	145.873.746
14. OTHER ASSETS	016	456.468.108	463.537.572
A) TOTAL ASSETS (001+004 to 016)	017	17.713.166.474	19.060.556.263
LIABILITIES			
1. BORROWINGS FROM FINANCIAL INSTITUTIONS (019+020)	018	558.124.023	607.633.943
1.1. Short-term	019	393.994	0
1.2. Long-term	020	557.730.029	607.633.943
2. DEPOSITS (022 to 024)	021	12.392.106.047	14.184.565.632
2.1. Transactional and current accounts	022	2.953.953.271	3.836.744.745
2.2. Savings deposits (demand)	023	1.060.935.229	1.345.177.437
2.3. Term deposits	024	8.377.217.547	9.002.643.450
3. OTHER BORROWINGS (026+027)	025	446.650.250	175.681.420
3.1. Short-term	026	0	0
3.2. Long-term	027	446.650.250	175.681.420
4. DERIVATIVE AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING	028	0	53.688
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	2.537.022.027	2.184.674.049
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	15.933.902.347	17.152.608.732
EQUITY			
1. SHARE CAPITAL	036	1.214.298.000	1.214.298.000
2. PROFIT FOR THE YEAR	037	123.216.697	147.522.209
3. RETAINED EARNINGS	038	0	82.293.647
4. REGULATORY RESERVES	039	0	6.160.835
5. STATUTARY AND OTHER CAPITAL RESERVES	040	359.660.725	363.660.725
6. FAIR VALUE RESERVE	041	82.088.705	94.012.115
7. RESERVES ARISING FROM HEDGING TRANSACTIONS	042	0	0
C) TOTAL EQUITY (036 to 042)	043	1.779.264.127	1.907.947.531
D) TOTAL LIABILITIES AND EQUITY (035+043)	044	17.713.166.474	19.060.556.263

PROFIT OR LOSS STATEMENT

for the period from **Jan 01 2016** to **Sep 30 2016**

in HRK

Item	AOP label	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
		Cumulative	Quarterly	Cumulative	Quarterly
1	2	3	4	5	6
1. Interest income	048	594.072.069	196.791.194	539.165.281	179.728.508
2. Interest expense	049	207.629.642	62.532.661	162.268.732	49.716.943
3. Net interest income (048-049)	050	386.442.427	134.258.533	376.896.549	130.011.565
4. Fee and commission income	051	362.639.473	127.203.751	373.151.521	137.049.404
5. Fee and commission expense	052	224.780.688	76.990.880	231.161.522	82.703.115
6. Net fee and commission income (051-052)	053	137.858.785	50.212.871	141.989.999	54.346.289
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	30.375.423	13.327.088	53.191.512	31.899.665
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	0	0	41.698.418	0
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	920.726	5.993	794.185	6.835
16. Gains less losses from exchange rate differences	063	9.488.011	1.189.576	5.259.661	1.383.690
17. Other income	064	26.992.678	12.584.196	3.666.006	675.098
18. Other operating costs	065	34.717.768	11.552.273	44.424.913	16.471.006
19. General and administrative expenses, amortization and depreciation	066	289.794.475	100.782.646	281.281.740	96.859.366
20. Operating profit (050+053 to 064-065-066)	067	267.565.807	99.243.338	297.789.677	104.992.770
21. Impairment losses and provisions	068	158.243.230	73.423.787	151.359.550	47.402.507
22. PROFIT BEFORE TAXATION (067-068)	069	109.322.577	25.819.551	146.430.127	57.590.263
23. INCOME TAX EXPENSE / DEFERRED TAX	070	2.483.024	1.249.300	(1.092.082)	1.365.581
24. NET PROFIT FOR THE PERIOD (069-070)	071	106.839.553	24.570.251	147.522.209	56.224.682
25. Earnings per share	072	53	12	73	45

CASH FLOW STATEMENT - INDIRECT METHOD

 for the period from **Jan 01 2016** to **Sep 30 2016**

in HRK

Item	AOP label	Jan 01 - Sep 30 2015	Jan 01 - Sep 30 2016
1	2	3	4
OPERATING ACTIVITIES			
1. Cash flow from operating activities before changes in assets (002 to 007)	001	305.447.046	306.789.438
1.1. Profit for taxation	002	109.322.577	146.430.127
1.2. Impairment losses and provisions	003	158.243.230	151.359.550
1.3. Amortization and depreciation	004	36.355.052	33.389.573
1.4. Net unrealised gains less losses from financial assets valued at fair value through profit or loss	005	(3.801.650)	(19.274.706)
1.5. Gains / losses from sale of tangible assets	006	14.815.848	144.555
1.6. Other gains / losses	007	(9.488.011)	(5.259.661)
2. Net increase / decrease of operating assets (009 to 016)	008	(905.834.340)	(1.531.584.556)
2.1. Deposits with the CNB	009	(558.017.896)	(94.697.304)
2.2. Treasury bills of the Croatian Ministry of Finance	010	(302.405.331)	(111.685.601)
2.3. Deposits with and loans to financial institutions	011	(95.164.946)	33.777.602
2.4. Loans to other customers	012	120.786.688	(1.140.853.033)
2.5. Financial assets held for trading	013	(60.399.405)	33.625.053
2.6. Financial assets available for sale	014	(55.411.670)	(224.504.767)
2.7. Financial assets valued at fair value through profit or loss, not actively traded	015	0	
2.8. Other operating assets	016	44.778.220	(27.246.506)
3. Net increase / decrease of operating liabilities (018 to 021)	017	461.211.312	1.422.386.765
3.1. Transactional accounts	018	144.765.609	882.791.474
3.2. Savings and term deposits	019	(154.858.643)	909.668.111
3.3. Derivative financial liabilities and other liabilities actively traded	020	(507.910)	53.688
3.4. Ostale liabilities	021	471.812.256	(370.126.508)
4. Net cash flow from operating activities before taxation (001+008+017)	022	(139.175.982)	197.591.647
5. Income tax paid	023	(87.330)	(199.988)
6. Net cash inflow / outflow from operating activities (022+023)	024	(139.263.312)	197.391.659
INVESTING ACTIVITIES			
7. Net cash flow from investing activities (026 to 030)	025	36.425.379	93.686.114
7.1. Purchase of tangible and intangible assets	026	(1.857.772)	(31.253.471)
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	37.362.425	124.145.400
7.4. Dividends received	029	920.726	794.185
7.5. Other inflows / outflows from investing activities	030	0	0
FINANCIAL ACTIVITIES			
8. Net cash flow from financial activities (032 to 037)	031	143.988.875	(252.221.125)
8.1. Net increase / decrease of borrowings	032	(405.588.454)	(221.458.910)
8.2. Net increase / decrease of issued debt securities	033	0	0
8.3. Net increase / decrease of subordinated debt and hybrid instruments	034	(422.271)	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	41.150.942	38.856.648
10. Effect of foreign exchange differences on cash and cash equivalents	039	(2.214.341)	(50.809)
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040	38.936.601	38.805.839
12. Cash and cash equivalents at the beginning of the year	041	361.121.698	412.197.218
13. Cash and cash equivalents as per reporting date (040+041)	042	400.058.299	451.003.057

STATEMENT OF CHANGES IN EQUITY

for the period from **Jan 01 2016** to **Sep 30 2016** 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 2016	001	1.214.775.000	(477.000)	359.660.725	0	123.216.697	82.088.705	0	1.779.264.127
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	0	123.216.697	82.088.705	0	1.779.264.127
Disposal of financial assets available for sale	004						(39.338.329)		(39.338.329)
Change in the fair value of financial assets available for sale	005						54.242.591		54.242.591
Tax on items recognised directly in/transferred from equity	006						(2.980.852)		(2.980.852)
Other gains and (losses) recognised directly in equity	007								0
Net gains/(losses) recognised directly in equity (004+005+006+007)	008	0	0	0	0	0	11.923.410	0	11.923.410
Profit for the period	009					147.522.209			147.522.209
Total recognized income and expense for the period (008+009)	010	0	0	0	0	147.522.209	11.923.410	0	159.445.619
Increase/decrease in share capital	011								0
Purchase/sale of own shares	012								0
Other changes	013								0
Transfer to reserves	014			10.160.835	82.293.647	(92.454.482)			0
Dividends paid	015					(30.762.215)			(30.762.215)
Profit allocation (014+015)	016	0	0	10.160.835	82.293.647	(123.216.697)	0	0	(30.762.215)
Balance as per Sep 30 2016 (003+010+011+012+013+016)	017	1.214.775.000	(477.000)	369.821.560	82.293.647	147.522.209	94.012.115	0	1.907.947.531

NOTES TO FINANCIAL STATEMENTS

A) PROFIT OR LOSS STATEMENT

1) INTEREST INCOME
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Loans	491.606.632	158.673.492	443.174.324	148.451.801
Deposits	5.423.392	4.939.909	1.168.756	305.541
Debt securities	97.042.045	33.177.793	94.822.201	30.971.166
TOTAL	594.072.069	196.791.194	539.165.281	179.728.508

2) INTEREST EXPENSE
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Borrowings	23.313.057	7.152.679	14.704.787	4.895.140
Deposits	184.316.585	55.379.982	147.563.945	44.821.803
TOTAL	207.629.642	62.532.661	162.268.732	49.716.943

3) FEE AND COMMISSION INCOME
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Cash payment operations - channels	217.991.510	73.692.871	215.613.934	73.314.011
Retail and card operations	101.774.257	39.394.115	110.588.003	47.057.564
Corporate operations	36.024.410	12.260.730	41.541.276	14.749.499
Other fee and commission income	6.849.296	1.856.035	5.408.308	1.928.330
TOTAL	362.639.473	127.203.751	373.151.521	137.049.404

4) FEE AND COMMISSION EXPENSE
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Payment operations	215.371.763	73.154.497	214.816.633	73.574.948
Other fee and commission expense	9.408.925	3.836.383	16.344.889	9.128.167
TOTAL	224.780.688	76.990.880	231.161.522	82.703.115

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Securities and equity instruments	4.664.914	(230.577)	20.988.266	19.289.313
FX transactions	27.948.538	13.352.430	33.561.065	12.831.643
HRK cash transactions	373.786	291.956	367.955	178.850
Derivatives	(2.611.815)	(86.721)	(1.725.775)	(400.142)
TOTAL	30.375.423	13.327.088	53.191.512	31.899.665

6) OPERATING EXPENSES
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
General and administrative expenses	253.439.423	88.792.587	247.892.167	85.205.495
Amortization and depreciation	36.355.052	11.990.059	33.389.573	11.653.871
Savings deposit insurance costs	18.930.072	6.463.901	26.269.792	9.173.924
Other costs	15.787.696	5.088.372	18.155.121	7.297.082
TOTAL	324.512.243	112.334.919	325.706.653	113.330.372

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES
in HRK

	Jan 01 - Sep 30 2015		Jan 01 - Sep 30 2016	
	Cumulative	Quarterly	Cumulative	Quarterly
Individually identified impairment losses (risk group B i C)	144.139.780	58.696.663	112.308.228	30.839.754
Portfolio based provisions for identified losses (risk group A)	1.806.684	6.911.778	12.991.196	7.476.387
Other provisions	12.296.766	7.815.346	26.060.126	9.086.366
TOTAL	158.243.230	73.423.787	151.359.550	47.402.507

B) BALANCE SHEET

8) CASH AND DEPOSITS WITH THE CNB

in HRK

	Dec 31 2015	Sep 30 2016
CASH	412.197.218	451.003.058
DEPOSITS WITH THE CNB	1.767.612.516	1.862.309.820
Mandatory reserve	1.279.570.476	1.206.459.086
Account for transaction settlement	488.042.040	655.850.734
MANDATORY TREASURY BILLS	-	-
Portfolio based impairment allowance for identified losses	-	-
TOTAL	2.179.809.734	2.313.312.878

9) DEPOSITS WITH FINANCIAL INSTITUTIONS

in HRK

	Dec 31 2015	Sep 30 2016
Deposits with foreign banking institutions	810.491.087	744.752.625
Deposits with domestic banking institutions	147.847.695	194.674.002
Portfolio based impairment allowance for identified losses	-	-
TOTAL	958.338.782	939.426.627

10) EQUITY INSTRUMENTS AND SECURITIES

in HRK

	Dec 31 2015	Sep 30 2016
Short term Treasury bills of the Croatian Ministry of Finance	501.234.808	612.920.409
Financial assets held for trading	596.525.929	562.900.876
Financial assets available for sale	1.995.759.118	2.274.506.476
Financial assets held to maturity	574.826.429	449.571.556
Derivative financial assets		338.154
Portfolio based impairment allowance for identified losses	(8.255.991)	(7.514.719)
Deferred front-end fee	(507.775)	(139.574)
TOTAL	3.659.582.518	3.892.583.178

11) LOANS TO CUSTOMERS

in HRK

	Dec 31 2015	Sep 30 2016
Gross		
Financial institutions	104.190.902	89.326.009
Corporations	4.185.847.569	4.575.208.867
Retail	4.634.571.446	5.235.533.920
<i>wherein: housing loans</i>	<i>961.008.397</i>	<i>1.433.853.499</i>
Other	3.493.545.227	3.606.935.388
TOTAL GROSS LOAN PORTFOLIO	12.418.155.144	13.507.004.184
DEFERRED FRONT END FEE	(46.845.984)	(45.497.340)
Provisions for impairment losses	(2.125.589.596)	(2.205.261.030)
Portfolio based impairment allowance for identified losses	(90.416.028)	(100.254.116)
TOTAL IMPAIRMENTS AND PROVISIONS	(2.216.005.624)	(2.305.515.146)
TOTAL	10.155.303.536	11.155.991.698

B) BALANCE SHEET (continued)

12) DEPOSITS *in HRK*

	Dec 31 2015	Sep 30 2016
Financial institutions	913.221.701	1.207.654.784
Corporations	1.954.309.669	2.458.873.832
Retail	8.476.517.508	8.760.014.620
Other	1.048.057.169	1.758.022.396
TOTAL	12.392.106.047	14.184.565.632

13) BORROWINGS *in HRK*

	Dec 31 2015	Sep 30 2016
Borrowings from HBOR	561.173.123	611.337.352
Borrowings from domestic banking institutions	-	-
Borrowings from domestic non-banking institutions	393.994	-
Borrowings from foreign banking institutions	446.650.250	175.681.420
Deferred front-end fee	(3.443.094)	(3.703.409)
TOTAL	1.004.774.273	783.315.363

14) OTHER LIABILITIES *in HRK*

	Dec 31 2015	Sep 30 2016
Restricted deposits	2.187.135.040	1.778.225.564
Interest and fees payable	73.630.369	72.648.425
Provisions for off-balance sheet exposure	20.118.045	23.885.987
Other	256.138.573	309.914.073
TOTAL	2.537.022.027	2.184.674.049

C) Changes in Accounting Policies

There were no changes in accounting policies of the Bank during 2016.

D) BANK'S OWNERSHIP STRUCTURE

Bank's ownership structure as per September 30 2016 was as follows:

Shareholder	Vlasnički udio
Republic of Croatia (DUUDI)	42,43%
HP Hrvatska pošta Plc	11,93%
State Agency for Deposit Insurance and Bank Resolution	8,98%
Croatian Pension Insurance Institute (DUUDI)	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) Dionica HPB-R-A

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 630,00 (Sep 30 2016) representing a decrease of 1,6% when compared to the last traded price in 2015. (HRK 640,00 on Dec 31 2015).

Trading during 2016 was as follows:

