



Consolidated Financial Statements for the period from January 01 to June 30 2019

Unaudited

Zagreb, July 31, 2019

HRVATSKA POŠTANSKA BANKA, p.l.c.

In accordance with the Capital Markets Act, Hrvatska poštanska Banka p.l.c. (Bank) as the parent company of HPB Group (Group), publishes unaudited financial statements for the period from January 01 to June 30, 2019.

This report includes:

- Management report on HPB Group,
- statement by persons responsible for compiling the consolidated report of HPB Group,
- unaudited set of consolidated financial statements (balance sheet, profit or loss statement, statement of changes in equity, cash flow statement), and
- notes to consolidated financial statements.

Financial statements and notes have been compiled in accordance with instructions defined in Rulebook on format and content of interim financial reports of issuers (NN 114/2018).

Management report on HPB Group

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

After the reporting date, at April 1, 2019. Jadranska banka p.l.c. was successfully merged to Hrvatska poštanska banka p.l.c.

The second quarter of 2019 was a success for the Group, with a net profit after tax of HRK 126.7 million. The Group's net profit is mainly attributable to the results of the parent company, while HPB-Stambena štedionica made a net profit of HRK 2,474 thousand, HPB Invest made a net profit of HRK 561 thousand and HPB-Nekretnine a net profit of 190 thousand.

The Group continues to perform well in a low interest rate environment and preparations of Jadranska banka p.l.c. for the merger, which engaged significant resources in Šibenik earlier this year.

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

Domagoj Karadjole

Management Board Member

Mladen Mrvelj

Management Board Member

Statement by persons responsible for compiling the consolidated 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 January 01 to June 30 2019, are 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.

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

Tea BažantHead of finance division

Domagoj KaradjoleManagement Board Member

Mladen MrveljManagement Board Member

HRVATSKA POŠTANSKA BANKA, p.l.c.

Annex 1			ISSUER'S GENERAL DATA		
Reporting period:	1.1.2019	to	30.6.2019		
Year:	2019				
Quarter:	2				
Quarterly financial statements					
Registration number (MB):	03777928	Issuer's home Member State code:	HRVATSKA		
Entity's registration number (MBS):	080010698				
Personal identification number (OIB):	87939104217	LEI:	529900D5G4V6THXC5P79		
Institution code:	319				
Name of the issuer:	HRVATSKA POŠTANSKA BANKA, p.l.c.				
Postcode and town:	10000	ZAGREB			
Street and house number:	JURIŠIĆEVA 4				
E-mail address:	hpb@hpb.hr				
Web address:	www.hpb.hr				
Number of employees (end of the reporting period):	1277				
Consolidated report:	KD	(KN-not consolidated/KD-consolidated)			
Audited:	RN	(RN-not audited/RD-audited)			
Names of subsidiaries (according to IFRS):	Registered office:		MB:		
HPB-Stambena Štedionica d.d.	Savska 58, 10000 Zagreb		2068001		
HPB Invest d.o.o.	Strojarska 20, 10000 Zagreb		1972278		
HPB-nekretnine d.o.o.	Amruševa 8, 10000 Zagreb		1972260		
Bookkeeping firm:	No	(Yes/No)			
Contact person:	Tea Bažant (name of the bookkeeping firm)				
Telephone:	014804670 (only name and surname of the contact person)				
E-mail address:	tea.bazant@hpb.hr				
Audit firm:					
Certified auditor:					

HRVATSKA POŠTANSKA BANKA, p.l.c.
**BALANCE SHEET
as at June 30 2019**

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
Assets			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	4,174,072,806	2,593,962,480
Cash in hand	002	508,022,480	999,630,635
Cash balances at central banks	003	2,770,834,522	1,179,014,824
Other demand deposits	004	895,215,804	415,317,021
Financial assets held for trading (from 6 to 9)	005	814,679,702	693,395,825
Derivatives	006	479,860	600,254
Equity instruments	007	132,682,086	97,325,439
Debt securities	008	681,517,756	595,470,132
Loans and advances	009	0	0
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	1,755,565	62,994,856
Equity instruments	011	79,277	12,312,121
Debt securities	012	0	49,248,483
Loans and advances	013	1,676,288	1,434,252
Financial assets at fair value through profit or loss (15 + 16)	014	0	0
Debt securities	015	0	0
Loans and advances	016	0	0
Financial assets at fair value through other comprehensive income (from 18 to 20)	017	4,060,105,428	5,218,884,271
Equity instruments	018	19,101,961	48,370,776
Debt securities	019	4,041,003,467	5,170,513,495
Loans and advances	020	0	0
Financial assets at amortised cost (22 + 23)	021	13,618,001,796	14,322,201,727
Debt securities	022	98,348,773	17,489,734
Loans and advances	023	13,519,653,023	14,304,711,993
Derivatives - hedge accounting	024	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	0	0
Investments in subsidiaries, joint ventures and associates	026	0	0
Tangible assets	027	208,009,445	302,599,129
Intangible assets	028	115,346,193	117,331,669
Tax assets	029	23,328,406	23,119,150
Other assets	030	64,784,690	43,148,778
Fixed assets and disposal groups classified as held for sale	031	24,702,677	20,000,000
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	23,104,786,708	23,397,637,885

HRVATSKA POŠTANSKA BANKA, p.l.c.

BALANCE SHEET (CONTINUED)
 as at June 30 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
Liabilities			
Financial liabilities held for trading (from 34 to 38)	033	445,274	565,162
Derivatives	034	445,274	565,162
Short positions	035	0	0
Deposits	036	0	0
Debt securities issued	037	0	0
Other financial liabilities	038	0	0
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	0	0
Deposits	040	0	0
Debt securities issued	041	0	0
Other financial liabilities	042	0	0
Financial liabilities measured at amortised cost (from 44 to 46)	043	20,784,004,680	20,740,297,342
Deposits	044	20,776,614,263	20,649,996,941
Debt securities issued	045	0	0
Other financial liabilities	046	7,390,417	90,300,401
Derivatives - hedge accounting	047	0	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	0	0
Provisions	049	122,452,836	117,052,018
Tax liabilities	050	25,118,600	80,428,458
Share capital repayable on demand	051	0	0
Other liabilities	052	156,928,578	153,983,478
Liabilities included in disposal groups classified as held for sale	053	0	0
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	21,088,949,969	21,092,326,458
Equity			
Initial capital	055	1,214,775,000	1,214,775,000
Share premium	056	0	0
Equity instruments issued other than capital	057	0	0
Other equity instruments	058	0	0
Accumulated other comprehensive income	059	101,235,748	218,995,706
Retained profit	060	137,956,415	205,749,839
Revaluation reserves	061	0	0
Other reserves	062	406,399,544	539,561,769
(-) Treasury shares	063	-477,000	-477,000
Profit or loss attributable to owners of the parent	064	155,947,033	126,706,112
(--) Interim dividends	065	0	0
Minority interests [non-controlling interests]	066	0	0
Total equity (from 55 to 66)	067	2,015,836,740	2,305,311,426
Total equity and liabilities (54 + 67)	068	23,104,786,709	23,397,637,884

HRVATSKA POŠTANSKA BANKA, p.l.c.
STATEMENT OF PROFIT AND LOSS
for the period January 01, 2019 to June 30, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
Interest income	001	312,270,829	158,567,859	301,538,275	149,081,457
(Interest expenses)	002	57,759,786	29,503,457	38,024,896	18,442,162
(Expenses on share capital repayable on demand)	003	0	0	0	0
Dividend received	004	803,141	788,658	3,601,395	3,601,395
Fees and commissions income	005	248,674,732	131,954,938	252,784,816	132,304,252
(Fees and commissions expenses)	006	149,996,383	79,940,322	151,451,218	79,698,103
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	0	0	4,079,683	4,079,683
Gains or (-) losses on financial assets and liabilities held for trading, net	008	17,628,749	6,889,996	43,722,143	19,520,702
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	0	0	2,027	-2,026
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	0	0	0	0
Gains or (-) losses from hedge accounting, net	011	0	0	0	0
Exchange rate differences [gain or (-) loss], net	012	-1,060,793	-2,411,901	-1,538,026	-723,854
Gains or (-) losses on derecognition of non-financial assets, net	013	0	0	0	-341,697
Other operating income	014	3,327,374	1,096,587	3,795,468	-12,306,757
(Other operating expenses)	015	34,456,243	17,666,730	21,760,599	2,675,338
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	339,431,620	169,775,628	396,749,068	194,397,552

HRVATSKA POŠTANSKA BANKA, p.l.c.
STATEMENT OF PROFIT AND LOSS (CONTINUED)
for the period January 01, 2019 to June 30, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
(Administrative expenses)	017	177,961,173	90,919,589	202,315,982	100,458,654
(Depreciation)	018	23,029,332	11,569,048	25,001,625	12,844,587
Modification gains or (-) losses, net	019	-7,482,648	-4,153,611	-6,399,161	-6,399,161
(Provisions or (-) reversal of provisions)	020	-4,222,325	-3,808,052	-11,101,814	-11,101,814
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	19,524,747	33,712,348	17,848,691	11,365,357
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	0	0	0	0
(Impairment or (-) reversal of impairment on non-financial assets)	023	0	0	0	0
Negative goodwill recognised in profit or loss	024	0	0	0	0
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	0	0	0	0
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	0	0	0	0
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	115,656,045	33,229,084	156,285,423	74,431,607
(Tax expense or (-) income related to profit or loss from continuing operations)	028	21,461,977	6,704,679	29,579,310	12,441,916
Profit or (-) loss after tax from continuing operations (27 – 28)	029	94,194,068	26,524,405	126,706,113	61,989,691
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	0	0	0	0
Profit or (-) loss before tax from discontinued operations	031	0	0	0	0
(Tax expense or (-) income related to discontinued operations)	032	0	0	0	0
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	94,194,068	26,524,405	126,706,113	61,989,691
Attributable to minority interest [non-controlling interests]	034	0	0	0	0
Attributable to owners of the parent	035	94,194,068	26,524,405	126,706,113	61,989,691

HRVATSKA POŠTANSKA BANKA, p.l.c.
STATEMENT OF PROFIT AND LOSS (CONTINUED)
for the period January 01, 2019 to June 30, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
STATEMENT OF OTHER COMPREHENSIVE INCOME					
Income or (-) loss for the current year	036	94,194,068	26,524,405	126,706,113	61,989,691
Other comprehensive income (38 + 50)	037	4,665,002	4,259,333	121,373,140	44,577,022
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	038	0	0	0	0
Tangible assets	039	0	0	0	0
Intangible assets	040	0	0	0	0
Actuarial gains or (-) losses on defined benefit pension plans	041	0	0	0	0
Fixed assets and disposal groups classified as held for sale	042	0	0	0	0
Share of other recognised income and expense of entities accounted for using the equity method	043	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	0	0	0	0
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	046	0	0	0	0
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	0	0	0	0
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	0	0	0	0
Income tax relating to items that will not be reclassified	049	0	0	0	0
Items that may be reclassified to profit or loss (from 51 to 58)	050	4,665,002	4,259,333	121,373,140	44,577,022
Hedge of net investments in foreign operations [effective portion]	051	0	0	0	0
Foreign currency translation	052	0	0	0	0
Cash flow hedges [effective portion]	053	0	0	0	0
Hedging instruments [not designated elements]	054	0	0	0	0
Debt instruments at fair value through other comprehensive income	055	5,594,876	5,194,309	148,016,024	54,362,222
Fixed assets and disposal groups classified as held for sale	056	0	0	0	0
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	0	0	0	0
Income tax relating to items that may be reclassified to profit or (-) loss	058	-929,874	-934,976	-26,642,884	-9,785,200
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	98,859,070	30,783,738	248,079,253	106,566,713
Attributable to minority interest [non-controlling interest]	060	0	0	0	0
Attributable to owners of the parent	061	98,859,070	30,783,738	248,079,253	106,566,713

HRVATSKA POŠTANSKA BANKA, p.l.c.
STATEMENT OF CASH FLOW
for the period January 01, 2019 to June 30, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Operating activities - direct method			
Interest received and similar receipts	001	0	0
Fees and commissions received	002	0	0
(Interest paid and similar expenditures)	003	0	0
(Fees and commissions paid)	004	0	0
(Operating expenses paid)	005	0	0
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	0	0
Other receipts	007	0	0
(Other expenditures)	008	0	0
Operating activities - indirect method			
Profit/(loss) before tax	009	115,656,045	156,285,423
Adjustments:		0	0
Impairment and provisions	010	19,524,747	17,848,691
Depreciation	011	23,029,332	25,001,625
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	-17,628,749	-43,722,143
(Profit)/loss from the sale of tangible assets	013	0	0
Other non-cash items	014	0	0
Changes in assets and liabilities from operating activities			
Deposits with the Croatian National Bank	015	-740,024,823	809,261,075
Deposits with financial institutions and loans to financial institutions	016	233,911,985	-227,182,407
Loans and advances to other clients	017	-856,309,264	-481,935,146
Securities and other financial instruments at fair value through other comprehensive income	018	-362,913,540	-2,412,358,025
Securities and other financial instruments held for trading	019	74,520,781	184,714,452
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	0	-62,994,856
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	0	0
Securities and other financial instruments at amortised cost	022	92,522,651	59,880,392
Other assets from operating activities	023	-216,714,369	-80,667,962
Deposits from financial institutions	024	137,578,989	-175,998,705
Transaction accounts of other clients	025	1,363,567,719	1,332,043,188
Savings deposits of other clients	026	172,105,286	1,715,534,205
Time deposits of other clients	027	-194,549,637	-1,031,597,800
Derivative financial liabilities and other liabilities held for trading	028	-29,846	-535,316
Other liabilities from operating activities	029	-112,963,722	313,810,739
Interest received from operating activities [indirect method]	030	0	0
Dividends received from operating activities [indirect method]	031	0	0
Interest paid from operating activities [indirect method]	032	0	0
(Income tax paid)	033	0	0
Net cash flow from operating activities (from 1 to 33)	034	-268,716,415	97,387,430

HRVATSKA POŠTANSKA BANKA, p.l.c.
STATEMENT OF CASH FLOW (CONTINUED)
for the period January 01, 2019 to June 30, 2019

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Investing activities			
Cash receipts from the sale / payments for the purchase of tangible and intangible assets	035	1,415,507	-120,528,429
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	0	0
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	0	0
Dividends received from investing activities	038	0	0
Other receipts/payments from investing activities	039	0	0
Net cash flow from investing activities (from 35 to 39)	040	1,415,507	-120,528,429
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	35,793,293	100,462,907
Net increase/(decrease) in debt securities issued	042	0	0
Net increase/(decrease) in Tier 2 capital instruments	043	0	0
Increase in share capital	044	0	0
(Dividends paid)	045	0	0
Other receipts/(payments) from financing activities	046	0	0
Net cash flow from financing activities (from 41 to 46)	047	35,793,293	100,462,907
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	-231,507,615	77,321,908
Cash and cash equivalents at the beginning of period	049	3,240,990,060	3,163,668,151
Effect of exchange rate fluctuations on cash and cash equivalents	050	0	0
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	3,009,482,445	3,240,990,059

STATEMENT OF CHANGES IN EQUITY
for the period January 01, 2019 to June 31, 2019

In HRK

Item	ADP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Opening balance [before restatement]	001	1,214,775,000	0	0	0	101,235,748	137,956,415	0	406,399,544	-477,000	155,947,033	0	0	0	2,015,836,740
Effects of error corrections	002	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Effects of changes in accounting policies	003	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	0	0	0	101,235,748	137,956,415	0	406,399,544	-477,000	155,947,033	0	0	0	2,015,836,740
Ordinary shares issue	005	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Preference shares issue	006	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Issue of other equity instruments	007	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Exercise or expiration of other equity instruments issued	008	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Conversion of debt to equity	009	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital reduction	010	0	0	0	0	0	0	0	0	0	0	0	0	0	0

HRVATSKA POŠTANSKA BANKA, p.l.c.

 STATEMENT OF CHANGES IN EQUITY (CONTINUED)
 for the period January 01, 2019 to June 31, 2019

In HRK

Item	ADP code	Attributable to owners of the parent											Non-controlling interest		Total
		Equity	Share premium	Equity instruments issued other than capital	Other equity instruments	Accumulated other comprehensive income	Retained profit	Revaluation reserves	Other reserves	(-) Treasury shares	Profit or (-) loss attributable to owners of the parent	(-) Interim dividends	Accumulated other comprehensive income	Other items	
1	2	3	4	5	1	2	3	4	5	11	12	13	14	15	16
Dividends	011	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase/sale of treasury shares	012	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale or cancellation of treasury shares	013	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from equity to liability	014	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reclassification of financial instruments from liability to equity	015	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfers among components of equity instruments	016	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Share based payments	017	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other increase or (-) decrease of equity instruments	018	0	0	0	0	117,759,958	67,793,424	0	133,162,225	0	-29,240,921	0	0	0	289,474,686
Total comprehensive income for the current year	019	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Equity instruments increase or (-) decrease resulting from business combinations	020	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	0	0	0	218,995,706	205,749,839	0	539,561,769	-477,000	126,706,112	0	0	0	2,305,311,426

NOTES TO FINANCIAL STATEMENTS

A) STATEMENT OF PROFIT AND LOSS

1) INTEREST INCOME

In HRK

ADP 001	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Loans	270,609,283	137,323,837	254,703,402	122,614,221
Deposits	637,728	298,479	1,721,907	1,820,701
Securities	41,023,818	20,945,543	45,112,964	24,646,534
Total	312,270,829	158,567,859	301,538,274	149,081,456

2) INTEREST EXPENSE

In HRK

ADP 002	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Borrowings	6,385,169	3,480,368	6,581,885	3,611,459
Deposit	51,374,617	26,023,089	31,443,011	14,830,704
Total	57,759,786	29,503,457	38,024,896	18,442,162

3) FEE AND COMMISSION INCOME

In HRK

ADP 005	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Cash payment operations - channels	132,109,660	67,076,601	130,837,236	66,160,786
Retail and card operations	77,047,908	44,079,967	79,440,737	47,326,765
Corporate operations	29,439,960	15,644,423	33,896,083	18,917,591
Other fee and commission income	10,077,204	5,153,947	8,610,760	(100,890)
Total	248,674,732	131,954,938	252,784,816	132,304,251

4) FEE AND COMMISSION EXPENSE

In HRK

ADP 006	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Payment operations	131,845,757	68,815,218	132,421,819	67,336,806
Other fee and commission expense	18,150,626	11,125,104	19,029,398	12,361,296
Total	149,996,383	79,940,322	151,451,217	79,698,102

A) RAČUN DOBITI I GUBITKA (NASTAVAK)
5) GAINS LESS LOSSES FROM TRADING ACTIVITIES
In HRK

ADP 007 & ADP 008	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Securities and equity instruments	(5,796,461)	(5,688,219)	26,443,358	11,047,584
FX transactions	22,514,068	11,306,995	21,408,505	12,345,501
HRK cash transactions	151,080	143,880	154,560	154,560
Derivatives	760,062	1,127,340	(204,596)	52,741
Total	17,628,749	6,889,996	47,801,827	23,600,386

6) OPERATING EXPENSES
In HRK

ADP 015 & ADP 017 & ADP 018	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
General and administrative expenses	177,961,173	90,919,589	192,770,993	90,418,171
Amortization and depreciation	23,029,332	11,569,048	25,001,624	12,844,586
Savings deposit insurance costs	18,040,703	9,279,626	18,378,703	9,678,703
Other costs	16,415,540	8,387,104	12,926,886	3,037,119
Total	235,446,748	120,155,367	249,078,207	115,978,580

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES
In HRK

ADP 019 & ADP 020 & ADP 021	Same period of the previous year		Current period	
	Cumulative	Quarter	Cumulative	Quarter
Impairments and provisions for losses	15,324,709	31,148,202	22,084,429	16,086,445
Modification	7,482,648	4,153,611	6,399,161	6,399,161
Other impairments and adjustments	(22,287)	(1,243,906)	(15,337,552)	(15,822,902)
Total	22,785,070	34,057,907	13,146,038	6,662,704

B) BALANCE SHEET
8) OTHER DEMAND DEPOSITS
In HRK

ADP 004	31.12.2018.	30.06.2019.
Deposits with foreign banking institutions	790,051,655	413,702,921
Deposits with domestic banking institutions	105,164,149	1,614,099
UKUPNO	895,215,804	415,317,021

9) LOANS AND ADVANCES
In HRK

ADP 023	31.12.2018.	30.06.2019.
Loans to financial institutions	98,081,079	36,601,593
Gross loans	98,086,422	36,607,092
Allowance	(5,343)	(5,499)
Corporate & SME loans	2,762,170,141	3,434,605,673
Gross loans	3,869,177,354	4,541,319,117
Allowance	(1,107,007,213)	(1,106,713,444)
Retail loans	5,511,218,252	6,366,276,704
Gross loans	5,863,631,187	6,737,756,289
Allowance	(352,412,935)	(371,479,585)
Other loans	3,208,199,067	2,437,868,869
Gross loans	3,215,841,883	2,446,726,128
Allowance	(7,642,816)	(8,857,259)
Expected credit losses (A1 and A2 risk groups)	140,828,980	156,367,214
Other adjustments	4,584,608	9,254,601
Deferred front-end fee	(34,314,464)	(37,547,307)
Mandatory reserve at CNB	1,419,939,919	1,506,788,380
Deposits with financial institutions	408,945,441	394,496,266
TOTAL NET LOANS	13,519,653,023	14,304,711,992

10) DEPOSITS
In HRK

ADP 044	31.12.2018.	30.06.2019.
Deposits from financial institutions	476,769,730	280,720,018
Deposits from corporate	8,394,723,407	8,429,569,025
Deposits from retail	11,164,674,340	11,098,596,410
Other deposits	80,264,400	49,932,848
Interst payable	30,528,704	29,284,651
Borrowings from HBOR	596,439,856	674,335,644
Borrowings from foreign banking institutions	36,667,567	90,606,641
Deferred front-end fee	(3,453,741)	(3,048,296)
TOTAL	20,776,614,264	20,649,996,941

C) Changes in accounting policies

IFRS 16 was adopted in January 2016 and replaces the IAS 17 Leases, IFRIC 4 Determining if the contract includes the leasing, SIC 15 Operative lease-incentives and SIC 27 Change in content of transactions including the legal form of leasing. IFRS 16 establishes the principles of recognizing, measuring, presenting and reporting of leasing and requires from lessees stating all leaseings individually in the balance similarly as a financial leasing in accordance with the IAS 17. The standard includes two exemptions in recognition for a lessee – asset lease of „low value“ (e.g. personal computers) and short-term lease, that is a 12-month lease period or shorter. At a date of beginning of a lease, the lessee will recognize leasing liabilities and assets which presents the right for use of principle assets during the period of leasing, that is right to use assets. Lessees will be obligated to separately recognize interest costs of liabilities for leasing and depreciation costs of right to use assets. Lessees will also be obligated to again measure the liabilities for leasing after certain events (i.e. change of leasing period, change in future leasing payments which are result of change in index or rate used for determining those payments). Lessee will be recognizing in general the amount of remeasurement of these liabilities as an adjustment on the right of use assets.

The accounting treatment of a lessor in accordance with the IFRS 16 remains unchanged in terms of the current in accordance to the IAS 17. The lessor will continue to classify all leases using the same classification principles as in the IAS 17 and will separate two forms of leaseings: operative and financial leasing. IFRS 16 also requires from the lessee and lessor more extensive reporting than in line with IAS 17. IFRS 16 is put into force for annual periods that start at or after 1 January 2019.

D) Merging of Jadranska Banka p.l.c.

As of April 01, 2019 the Bank merged Jadranska banka p.l.c., which resulted in capital increase in amount of HRK 51,146 T.

E) Bank's ownership structure

Bank's ownership structure as per June 30 2019 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%
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	7.46%
Own shares	0.04%

F) HPB stock

HPB Stock is listed on ZSE's Official market. Last share price at the end of the Q2 2019 amounted to HRK 490,00 (June 26, 2019 trading day), representing an increase of 8.9 percent in comparison with the last price achieved in 2018 (=HRK 450,00 as per December 28, 2018 trading day).

Trading during the reporting period was as follows:

