



TRANSLATION

 HRVATSKA POŠTANSKA BANKA

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

Unaudited

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 September 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).

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..

As of April 1, 2019. Jadranska banka p.l.c. was successfully merged to Hrvatska poštanska banka p.l.c.

The HPB Group's net profit after tax is HRK 178.6 million and the trend of successful results continued in 2019. The Group's result relates largely to the results of the parent company, while HPB-Stambena štedionica made a net profit of HRK 6,970 thousand, HPB Invest made a net profit of HRK 740 thousand and HPB-Nekretnine a net profit of HRK 504 thousands.

The Group continues to perform well in a low interest rate environment and preparations of HPB-Stambena štedionica for the merger.

Marko Badurina

CEO

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board

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 September 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 Bažant

Executive Head of Finance Division

Marko Badurina

CEO

Anto Mihaljević

Member of the Management Board

Ivan Soldo

Member of the Management Board

Annex 1
ISSUER'S GENERAL DATA
Reporting period: to
Year:
Quarter:
Quarterly financial statements
Registration number (MB): **Issuer's home Member State code:**
Entity's registration number (MBS):
Personal identification number (OIB): **LEI:**
Institution code:
Name of the issuer:
Postcode and town:
Street and house number:
E-mail address:
Web address:
Number of employees (end of the reporting period):
Consolidated report: (KN-not consolidated/KD-consolidated)

Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): **Registered office:** **MB:**

HPB-Stambena Štedionica d.d.	Savska 58, 10000 Zagreb	02068001
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HPB Invest d.o.o.	Strojarska cesta 20, 10000 Zagreb	01972278
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HPB-nekretnine d.o.o.	Amruševa 8, 10000Zagreb	01972260
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Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: (only name and surname of the contact person)

Telephone:
E-mail address:
Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET

as at September 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
Asset			
Cash, cash balances at central banks and other demand deposits (from 2 to 4)	001	4,174,072,806	3,223,371,887
Cash in hand	002	508,022,480	889,290,206
Cash balances at central banks	003	2,770,834,522	1,542,905,742
Other demand deposits	004	895,215,804	791,175,939
Financial assets held for trading (from 6 to 9)	005	814,679,702	707,708,627
Derivatives	006	479,860	2,764,888
Equity instruments	007	132,682,086	95,064,523
Debt securities	008	681,517,756	609,879,216
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	1,755,565	87,633,042
Equity instruments	011	79,277	12,911,592
Debt securities	012	-	51,646,367
Loans and advances	013	1,676,288	23,075,083
Financial assets at fair value through profit or loss (15 + 16)	014	-	-
Debt securities	015	-	-
Loans and advances	016	-	-
Financial assets at fair value through other comprehensive income (from 18 to 20)	017	4,060,105,428	5,109,006,926
Equity instruments	018	19,101,961	51,145,436
Debt securities	019	4,041,003,467	5,057,861,490
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	13,618,001,796	14,710,071,235
Debt securities	022	98,348,773	18,139,882
Loans and advances	023	13,519,653,023	14,691,931,353
Derivatives - hedge accounting	024	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	025	-	-
Investments in subsidiaries, joint ventures and associates	026	-	-
Tangible assets	027	208,009,445	308,708,578
Intangible assets	028	115,346,193	122,047,892
Tax assets	029	23,328,406	22,269,234
Other assets	030	64,784,690	31,670,701
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	24,342,488,120

BALANCE SHEET (CONTINUED)
as at September 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	2,727,370
Derivatives	034	445,274	2,727,370
Short positions	035	-	-
Deposits	036	-	-
Debt securities issued	037	-	-
Other financial liabilities	038	-	-
Financial liabilities at fair value through profit or loss (from 40 to 42)	039	-	-
Deposits	040	-	-
Debt securities issued	041	-	-
Other financial liabilities	042	-	-
Financial liabilities measured at amortised cost (from 44 to 46)	043	20,784,004,680	21,549,865,232
Deposits	044	20,776,614,263	21,455,377,154
Debt securities issued	045	-	-
Other financial liabilities	046	7,390,416,92	94,488,079
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	122,452,836	113,088,395
Tax liabilities	050	25,118,600	102,641,479
Share capital repayable on demand	051	-	-
Other liabilities	052	156,928,578	149,540,259
Liabilities included in disposal groups classified as held for sale	053	-	-
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	21,088,949,968	21,917,862,735
Equity			
Initial capital	055	1,214,775,000	1,214,775,000
Share premium	056	-	-
Equity instruments issued other than capital	057	-	-
Other equity instruments	058	-	-
Accumulated other comprehensive income	059	101,235,748	340,082,529
Retained profit	060	137,956,415	152,107,086
Revaluation reserves	061	-	-
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	178,576,001
(--) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
Total equity (from 55 to 66)	067	2,015,836,740	2,424,625,385
Total equity and liabilities (54 + 67)	068	23,104,786,708	24,342,488,120

STATEMENT OF PROFIT AND LOSS

for the period January 01, 2019 to September 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	475,628,614	163,357,785	456,749,031	155,210,756
(Interest expenses)	002	86,744,270	28,984,484	54,280,387	16,255,491
(Expenses on share capital repayable on demand)	003	-	-	-	-
Dividend received	004	963,594	160,453	3,622,454	21,059
Fees and commissions income	005	397,824,537	149,149,805	418,225,160	165,440,344
(Fees and commissions expenses)	006	245,928,461	95,932,078	252,734,526	101,283,308
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	-	-	4,079,683	-
Gains or (-) losses on financial assets and liabilities held for trading, net	008	34,364,952	16,736,203	87,189,780	43,467,637
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	-	-	2,027,00	-
Gains or (-) losses on financial assets and liabilities at fair value through profit or loss, net	010	-	-	-	-
Gains or (-) losses from hedge accounting, net	011	-	-	-	-
Exchange rate differences [gain or (-) loss], net	012	-1,046,475	14,318	-2,781,705	-1,243,679
Gains or (-) losses on derecognition of non-financial assets, net	013	-	-	-	-
Other operating income	014	5,293,835	1,966,461	5,488,255	1,692,787
(Other operating expenses)	015	34,342,958	-113,285	32,667,878	10,907,279
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	546,013,368	206,581,748	632,891,893	236,142,825

STATEMENT OF PROFIT AND LOSS (CONTINUED)

for the period January 01, 2019 to September 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	273,550,816	95,589,643	301,694,943	99,378,961
(Depreciation)	018	34,011,637	10,982,305	37,741,782	12,740,157
Modification gains or (-) losses, net	019	-10,988,871	-3,506,223	-13,055,167	-6,656,006
(Provisions or (-) reversal of provisions)	020	-12,301,322	-8,078,997	-9,845,185	1,256,629
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	85,080,602	65,555,855	80,558,224	62,709,533
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	-	-	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	023	4,441,739	4,441,739	-	-
Negative goodwill recognised in profit or loss	024	-	-	-	-
Share of the profit or (-) loss of investments in subsidiaries, joint ventures and associates accounted for using the equity method	025	-	-	-	-
Profit or (-) loss from fixed assets and disposal groups classified as held for sale not qualifying as discontinued operations	026	-	-	-	-
Profit or (-) loss before tax from continuing operations (16 – 17 – 18 + 19 – from 20 to 23 + from 24 to 26)	027	150,241,025	34,584,980	209,686,962	53,401,539
(Tax expense or (-) income related to profit or loss from continuing operations)	028	27,972,605	6,510,628	31,110,963	1,531,653
Profit or (-) loss after tax from continuing operations (27 – 28)	029	122,268,420	28,074,352	178,575,999	51,869,886
Profit or (-) loss after tax from discontinued operations (31 – 32)	030	-	-	-	-
Profit or (-) loss before tax from discontinued operations	031	-	-	-	-
(Tax expense or (-) income related to discontinued operations)	032	-	-	-	-
Profit or (-) loss for the year (29 + 30; 34 + 35)	033	122,268,420	28,074,352	178,575,999	51,869,886
Attributable to minority interest [non-controlling interests]	034	-	-	-	-
Attributable to owners of the parent	035	122,268,420	28,074,352	178,575,999	51,869,886

STATEMENT OF PROFIT AND LOSS (CONTINUED)
for the period January 01, 2019 to September 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	122,268,420	28,074,352	178,575,999	51,869,886
Other comprehensive income (38 + 50)	037	586,477	3,810,223	242,459,931	121,086,823
Items that will not be reclassified to profit or loss (from 39 to 45) + 48 + 49)	038	-	-	-	-
Tangible assets	039	-	-	-	-
Intangible assets	040	-	-	-	-
Actuarial gains or (-) losses on defined benefit pension plans	041	-	-	-	-
Fixed assets and disposal groups classified as held for sale	042	-	-	-	-
Share of other recognised income and expense of entities accounted for using the equity method	043	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income	044	-	-	-	-
Gains or (-) losses from hedge accounting of equity instruments at fair value through other comprehensive income, net	045	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedged item]	046	-	-	-	-
Fair value changes of equity instruments measured at fair value through other comprehensive income [hedging instrument]	047	-	-	-	-
Fair value changes of financial liabilities at fair value through profit or loss attributable to changes in their credit risk	048	-	-	-	-
Income tax relating to items that will not be reclassified	049	-	-	-	-
Items that may be reclassified to profit or loss (from 51 to 58)	050	586,477	3,810,223	242,459,931	121,086,823
Hedge of net investments in foreign operations [effective portion]	051	-	-	-	-
Foreign currency translation	052	-	-	-	-
Cash flow hedges [effective portion]	053	-	-	-	-
Hedging instruments [not designated elements]	054	-	-	-	-
Debt instruments at fair value through other comprehensive income	055	1,902,516	4,196,388	295,656,656	144,608,076
Fixed assets and disposal groups classified as held for sale	056	-	-	-	-
Share of other recognised income and expense of investments in subsidiaries, joint ventures and associates	057	-	-	-	-
Income tax relating to items that may be reclassified to profit or (-) loss	058	-1,316,039	-386,165	-53,196,725	-23,521,253
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	122,854,897	31,884,575	421,035,930	172,956,709
Attributable to minority interest [non-controlling interest]	060	-	-	-	-
Attributable to owners of the parent	061	122,854,897	31,884,575	421,035,930	172,956,709

STATEMENT OF CASH FLOW

for the period January 01, 2019 to September 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	-	-
Fees and commissions received	002	-	-
(Interest paid and similar expenditures)	003	-	-
(Fees and commissions paid)	004	-	-
(Operating expenses paid)	005	-	-
Net gains/losses from financial instruments at fair value through statement of profit or loss	006	-	-
Other receipts	007	-	-
(Other expenditures)	008	-	-
Operating activities - indirect method			
Profit/(loss) before tax	009	150,241,025	209,686,962
Adjustments:			
Impairment and provisions	010	72,779,280	70,713,039
Depreciation	011	34,011,637	37,741,782
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	34,364,952	-87,189,780
(Profit)/loss from the sale of tangible assets	013	-101,594	-1,004,496
Other non-cash items	014	-474,314,364	-399,678,068
Changes in assets and liabilities from operating activities			
Deposits with the Croatian National Bank	015	184,532,688	926,235,665
Deposits with financial institutions and loans to financial institutions	016	15,822,582	2,773,911
Loans and advances to other clients	017	-407,829,929	-1,706,246,776
Securities and other financial instruments at fair value through other comprehensive income	018	-924,832,535	-1,845,782,114
Securities and other financial instruments held for trading	019	-28,361,035	52,100,069
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	-	-82,419,226
Securities and other financial instruments mandatorily at fair value through statement of profit or loss	021	-	-
Securities and other financial instruments at amortised cost	022	80,908,686	57,119,729
Other assets from operating activities	023	-125,494,519	-886,354,153
Deposits from financial institutions	024	167,738,028	263,918,240
Transaction accounts of other clients	025	787,926,616	1,056,225,944
Savings deposits of other clients	026	715,678,765	1,253,551,236
Time deposits of other clients	027	-724,419,208	-486,328,774
Derivative financial liabilities and other liabilities held for trading	028	-	-2,282,096
Other liabilities from operating activities	029	-49,128,425	145,204,583
Interest received from operating activities [indirect method]	030	486,771,499	428,955,164
Dividends received from operating activities [indirect method]	031	963,594	2,179,175
Interest paid from operating activities [indirect method]	032	-41,608,082	-77,664,802
(Income tax paid)	033	-61,816	-2,458,356
Net cash flow from operating activities (from 1 to 33)	034	-44,412,154	-1,071,003,140

STATEMENT OF CASH FLOW (CONTINUED)
for the period January 01, 2019 to September 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	37,142,328	-87,625,000
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-121,265,000	-
Cash receipts from the sale / payments for the purchase of securities and other financial instruments held to maturity	037	-	-
Dividends received from investing activities	038	-	-
Other receipts/payments from investing activities	039	-	-
Net cash flow from investing activities (from 35 to 39)	040	-84,122,672	-87,625,000
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	-16,703,955	198,262,553
Net increase/(decrease) in debt securities issued	042	-	-
Net increase/(decrease) in Tier 2 capital instruments	043	-	-
Increase in share capital	044	-	-
(Dividends paid)	045	-	-
Other receipts/(payments) from financing activities	046	-	-
Net cash flow from financing activities (from 41 to 46)	047	-16,703,955	198,262,553
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	-145,238,781	-960,365,587
Cash and cash equivalents at the beginning of period	049	3,659,248,018	4,596,187,526
Effect of exchange rate fluctuations on cash and cash equivalents	050	-36,336,999	-35,415,714
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	3,477,672,238	3,600,406,224

STATEMENT OF CHANGES IN EQUITY

for the period January 01, 2019 to September 30, 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	-	-	-	101,235,748	137,956,415	-	406,399,544	-477,000	155,947,033	-	-	-	2,015,836,740
Effects of error corrections	002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	-	-	-	101,235,748	137,956,415	-	406,399,544	-477,000	155,947,033	-	-	-	2,015,836,740
Ordinary shares issue	005	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Preference shares issue	006	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Issue of other equity instruments	007	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Exercise or expiration of other equity instruments issued	008	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conversion of debt to equity	009	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital reduction	010	-	-	-	-	-	-	-	-	-	-	-	-	-	-

STATEMENT OF CHANGES IN EQUITY

for the period January 01, 2019 to September 30, 2019

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
Dividends	011	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Purchase/sale of treasury shares	012	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale or cancellation of treasury shares	013	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from equity to liability	014	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification of financial instruments from liability to equity	015	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers among components of equity instruments	016	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share based payments	017	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other increase or (-) decrease of equity instruments	018	-	-	-	-	238,846,781	14,150,671	-	133,162,225	-	22,628,968	-	-	-	408,788,645
Total comprehensive income for the current year	019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity instruments increase or (-) decrease resulting from business combinations	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	-	-	-	340,082,529	152,107,086	-	539,561,769	-477,000	178,576,001	-	-	-	2,424,625,385

A) STATEMENT OF PROFIT AND LOSS

1) INTEREST INCOME

in HRK

ADP 001	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Loans	404,471,016	133,861,733	383,914,701	129,211,299
Deposits	1,048,269	410,541	3,027,884	1,305,977
Securities	70,109,329	29,085,511	69,806,446	24,693,482
TOTAL	475,628,614	163,357,785	456,749,031	155,210,758

2) INTEREST EXPENSE

in HRK

ADP 002	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Borrowings	17,455,110	11,069,941	9,608,534	3,026,650
Deposit	69,289,160	17,914,543	44,671,852	13,228,841
TOTAL	86,744,270	28,984,484	54,280,387	16,255,491

3) FEE AND COMMISSION INCOME

in HRK

ADP 005	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Cash payment operations - channels	185,984,272	53,874,612	197,058,231	66,220,995
Retail and card operations	149,105,743	72,057,835	157,227,203	77,786,466
Corporate operations	46,804,747	17,364,787	50,854,662	16,958,579
Other fee and commission income	15,929,775	5,852,571	13,085,064	4,474,303
TOTAL	397,824,537	149,149,805	418,225,160	165,440,344

A) STATEMENT OF PROFIT AND LOSS (CONTINUED)

4) FEE AND COMMISSION EXPENSE

in HRK

ADP 006	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Payment operations	199,386,480	67,540,723	200,935,605	68,513,785
Other fee and commission expense	46,541,981	28,391,355	51,798,921	32,769,523
TOTAL	245,928,461	95,932,078	252,734,526	101,283,308

5) GAINS LESS LOSSES FROM TRADING ACTIVITIES

in HRK

ADP 007 & ADP 008	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Securities and equity instruments	(3,574,337)	2,222,124	52,767,253	26,323,895
FX transactions	36,367,158	13,853,090	38,440,961	17,032,456
HRK cash transactions	288,040	136,960	295,920	141,360
Derivatives	1,284,091	524,029	(234,670)	(30,074)
TOTAL	34,364,952	16,736,203	91,269,464	43,467,638

6) OPERATING EXPENSES

in HRK

ADP 015 & ADP 017 & ADP 018	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Securities and equity instruments	265,588,984	81,135,825	290,482,971	97,711,978
FX transactions	33,227,519	10,781,555	37,741,782	12,740,158
HRK cash transactions	26,403,185	8,599,644	27,972,290	9,593,587
Derivatives	16,685,723	5,941,638	15,907,559	2,980,673
TOTAL	341,905,411	106,458,662	372,104,603	123,026,396

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES

in HRK

ADP 019 & ADP 020 & ADP 021	Same period of the previous year 01.01. - 30.09.2018.		Current period 01.01. - 30.09.2019.	
	Cumulative	Quarter	Cumulative	Quarter
Impairments and provisions for losses	71,806,598	49,223,901	85,994,156	63,909,727
Modification	10,990,548	3,496,920	13,055,167	6,656,007
Other impairments and adjustments	971,005	8,262,260	(15,281,116)	56,435
TOTAL	83,768,151	60,983,081	83,768,206	70,622,169

B) BALANCE SHEET**8) OTHER DEMAND DEPOSITS***in HRK*

ADP 004	31.12.2018.	30.09.2019.
Deposits with foreign banking institutions	790,051,655	787,471,277
Deposits with domestic banking institutions	105,164,149	3,704,663
TOTAL	895,215,804	791,175,939

9) LOANS AND ADVANCES*in HRK*

ADP 023	31.12.2018.	30.09.2019.
Loans to financial institutions	98,081,079	61,096,249
Gross loans	98,086,422	61,101,825
Allowance	(5,343)	(5,576)
Corporate & SME loans	2,762,170,141	3,785,297,955
Gross loans	3,869,177,354	4,931,520,982
Allowance	(1,107,007,213)	(1,146,223,027)
Retail loans	5,511,218,252	6,455,505,303
Gross loans	5,863,631,187	6,838,812,873
Allowance	(352,412,935)	(383,307,571)
Other loans	3,208,199,067	2,349,882,848
Gross loans	3,215,841,883	2,359,373,828
Allowance	(7,642,816)	(9,490,980)
Expected credit losses (A1 and A2 risk groups)	140,828,980,00	181,147,641
Other adjustments	4,584,608,00	18,263,158
Deferred front-end fee	(34,314,464)	(28,721,757)
Mandatory reserve at CNB	1,419,939,919	1,530,043,846
Deposits with financial institutions	408,945,441	342,953,637
TOTAL NET LOANS	13,519,653,023	14,695,468,880

B) BALANCE SHEET (CONTINUED)**10) DEPOSITS***in HRK*

ADP 044	31.12.2018.	30.09.2019.
Deposits from financial institutions	476,769,730	318,707,086
Deposits from corporate	8,394,723,407	9,029,405,786
Deposits from retail	11,164,674,340	11,203,189,498
Other deposits	80,264,400	46,586,981
Interest payable	30,528,704	29,554,468
Borrowings from HBOR	596,439,856	741,674,736
Borrowings from foreign banking institutions	36,667,567	89,237,034
Deferred front-end fee	(3,453,741)	(2,978,435)
TOTAL	20,776,614,264	21,455,377,154

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 sheet 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 42.884 thousand.

E) BANK'S OWNERSHIP STRUCTURE

Bank's ownership structure as per September, 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%
RAIFFEISEN D.D., for Raiffeisen OMF (B category)	7.46%
Minorities	0.04%

F) HPB STOCK

HPB Stock is listed on ZSE's Official market. Last share price at the end of the Q3 2019 amounted to HRK 570.00 (30.09.2019. trading day), representing an increase of 26,67 percent in comparison with the last price achieved in 2018 (=HRK 450.00 as per December 28, 2018 trading day).

Trading of HPB-R-A stock during the reporting period was as follows (below presented last price in trading day) :

