



TRANSLATION

 HRVATSKA POŠTANSKA BANKA

Consolidated Financial Statements for the period from January 01 to June 30, 2020

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 June 30, 2020.

Original and official Annual report is published in Croatian.

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),
- 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., HPB Invest (investment fund management) and HPB-nekretnine (real estate agency).

As of April 1, 2019. Jadranska banka p.l.c. was successfully merged to Hrvatska poštanska banka p.l.c. and on December 2, 2019 the HPB Stambena štedionica p.l.c. was merged.

The HPB Group's net profit after tax is HRK 115.7 million. The Group's result relates largely to the results of the parent company, while HPB Invest made a net profit of HRK 523.2 thousand and HPB-Nekretnine a net profit of HRK 188.5 thousands.

The Group continues to perform well in a low interest rate environment.

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 June 30, 2020, 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-nekretnine d.o.o.	Amruševa 8, 10000Zagreb	01972260
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HPB Invest d.o.o.	Strojarska cesta 20, 10000 Zagreb	01972278
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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 June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP 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	2,772,782,193	3,971,809,570
Cash in hand	002	961,912,026	1,259,128,355
Cash balances at central banks	003	1,014,563,142	2,352,441,428
Other demand deposits	004	796,307,025	360,239,787
Financial assets held for trading (from 6 to 9)	005	612,871,552	710,352,824
Derivatives	006	852,203	-
Equity instruments	007	96,079,539	91,167,530
Debt securities	008	515,939,810	619,185,294
Loans and advances	009	-	-
Non-trading financial assets mandatorily at fair value through profit or loss (from 11 to 13)	010	21,199,086	20,188,346
Equity instruments	011	-	-
Debt securities	012	-	-
Loans and advances	013	21,199,086	20,188,346
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	4,640,197,866	4,116,294,903
Equity instruments	018	57,269,384	49,476,023
Debt securities	019	4,582,928,482	4,066,818,880
Loans and advances	020	-	-
Financial assets at amortised cost (22 + 23)	021	15,213,145,060	15,747,813,608
Debt securities	022	4,305,695	2,654,291
Loans and advances	023	15,208,839,365	15,745,159,317
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	324,499,245	320,799,772
Intangible assets	028	110,071,915	98,275,335
Tax assets	029	6,453,295	11,338,244
Other assets	030	52,180,680	51,012,585
Fixed assets and disposal groups classified as held for sale	031	20,000,000	20,000,000
Total assets (1 + 5 + 10 + 14 + 17 + 21 + from 24 to 31)	032	23,773,400,893	25,067,885,187

BALANCE SHEET (CONTINUED)

as at June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP 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	863,025	-
Derivatives	034	863,025	-
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	21,048,705,186	22,355,410,385
Deposits	044	20,936,228,925	22,238,021,015
Debt securities issued	045	-	-
Other financial liabilities	046	112,476,261	117,389,370
Derivatives - hedge accounting	047	-	-
Fair value changes of the hedged items in portfolio hedge of interest rate risk	048	-	-
Provisions	049	196,063,323	135,259,860
Tax liabilities	050	1,728,314	5,085,118
Share capital repayable on demand	051	-	-
Other liabilities	052	149,349,151	199,110,106
Liabilities included in disposal groups classified as held for sale	053	-	-
Total liabilities (33 + 39 + 43 + from 47 to 53)	054	21,396,708,999	22,694,865,469
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	319,404,893	202,050,181
Retained profit	060	156,511,227	229,537,301
Revaluation reserves	061	-	-
Other reserves	062	539,561,769	611,448,026
(-) Treasury shares	063	(477,000)	(477,000)
Profit or loss attributable to owners of the parent	064	146,916,005	115,686,209
(--) Interim dividends	065	-	-
Minority interests [non-controlling interests]	066	-	-
Total equity (from 55 to 66)	067	2,376,691,894	2,373,019,717
Total equity and liabilities (54 + 67)	068	23,773,400,893	25,067,885,186

STATEMENT OF PROFIT AND LOSS

for the period January 01, 2020 to June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
Interest income	001	301,538,275	149,081,457	295,096,115	144,880,102
(Interest expenses)	002	38,024,896	18,442,162	27,121,785	13,203,540
(Expenses on share capital repayable on demand)	003	-	-	-	-
Dividend received	004	3,601,395	3,601,395	2,227,280	2,026,667
Fees and commissions income	005	252,784,816	132,304,252	218,615,281	106,198,458
(Fees and commissions expenses)	006	151,451,218	79,698,103	130,913,119	63,330,615
Gains or (-) losses on derecognition of financial assets and liabilities not measured at fair value through profit or loss, net	007	4,079,683	4,079,683	35,035,565	11,165,173
Gains or (-) losses on financial assets and liabilities held for trading, net	008	43,722,143	19,520,702	7,815,497	13,232,190
Gains or losses on non-trading financial assets mandatorily at fair value through profit or loss, net	009	2,027	(2,027)	200,027	97,634
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	(1,538,026)	(723,854)	(6,656,755)	(1,824,817)
Gains or (-) losses on derecognition of non-financial assets, net	013	-	(341,697)	-	-
Other operating income	014	3,795,468	(12,306,757)	5,758,998	3,571,207
(Other operating expenses)	015	21,760,599	2,675,338	29,015,742	16,622,058
Total operating income, net (1 – 2 – 3 + 4 + 5 – 6 + from 7 to 14 – 15)	016	396,749,068	194,397,552	371,041,362	186,190,401

STATEMENT OF PROFIT AND LOSS (CONTINUED)

for the period January 01, 2020 to June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.					
Item	AOP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
(Administrative expenses)	017	202,315,982	100,458,654	189,177,146	94,537,413
(Depreciation)	018	25,001,625	12,844,587	40,574,132	19,808,486
Modification gains or (-) losses, net	019	(6,399,161)	(6,399,161)	2,512,470	2,541,861
(Provisions or (-) reversal of provisions)	020	(11,101,814)	(11,101,814)	(59,629,807)	(60,514,125)
(Impairment or (-) reversal of impairment on financial assets not measured at fair value through profit or loss)	021	17,848,691	11,365,357	65,769,974	37,061,274
(Impairment or (-) reversal of impairment of investments in subsidiaries, joint ventures and associates)	022	-	-	-	-
(Impairment or (-) reversal of impairment on non-financial assets)	023	-	-	-	-
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	156,285,423	74,431,607	137,662,387	97,839,214
(Tax expense or (-) income related to profit or loss from continuing operations)	028	29,579,310	12,441,916	21,976,178	18,073,287
Profit or (-) loss after tax from continuing operations (27 – 28)	029	126,706,113	61,989,691	115,686,209	79,765,927
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	126,706,113	61,989,691	115,686,209	79,765,927
Attributable to minority interest [non-controlling interests]	034	-	-	-	-
Attributable to owners of the parent	035	126,706,113	61,989,691	115,686,209	79,765,927

STATEMENT OF PROFIT AND LOSS (CONTINUED)

for the period January 01, 2020 to June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.

Item	AOP 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	126,706,113	61,989,691	115,686,209	79,765,927
Other comprehensive income (38 + 50)	037	121,373,140	44,577,022	(117,354,992)	(14,129,910)
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	121,373,140	44,577,022	(117,354,992)	(14,129,910)
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	148,016,024	54,362,222	(143,115,844)	(17,231,597)
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	(26,642,884)	(9,785,200)	25,760,852	3,101,687
Total comprehensive income for the current year (36 + 37; 60 + 61)	059	248,079,253	106,566,713	(1,668,783)	65,636,017
Attributable to minority interest [non-controlling interest]	060	-	-	-	-
Attributable to owners of the parent	061	248,079,253	106,566,713	(1,668,783)	65,636,017

STATEMENT OF CASH FLOW

for the period January 01, 2020 to June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP 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	-	-
Profit/(loss) before tax	009	156,285,423	137,662,387
Adjustments:			
Impairment and provisions	010	17,848,691	3,627,697
Depreciation	011	25,001,625	40,342,918
Net unrealised (gains)/losses on financial assets and liabilities at fair value through statement of profit or loss	012	(43,722,143)	(36,194,307)
(Profit)/loss from the sale of tangible assets	013	-	-
Other non-cash items	014	-	(256,971,544)
Deposits with the Croatian National Bank	015	809,261,075	297,637,834
Deposits with financial institutions and loans to financial institutions	016	(227,182,407)	-
Loans and advances to other clients	017	(481,935,146)	(836,990,918)
Securities and other financial instruments at fair value through other comprehensive income	018	(2,412,358,025)	418,241,818
Securities and other financial instruments held for trading	019	184,714,452	(95,311,790)
Securities and other financial instruments at fair value through statement of profit or loss, not traded	020	(62,994,856)	-
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	59,880,392	1,651,404
Other assets from operating activities	023	(80,667,962)	1,168,095
Deposits from financial institutions	024	(175,998,705)	186,426,000
Transaction accounts of other clients	025	1,332,043,188	717,454,823
Savings deposits of other clients	026	1,715,534,205	311,744,259
Time deposits of other clients	027	(1,031,597,800)	(351,908,193)
Derivative financial liabilities and other liabilities held for trading	028	(535,316)	4,050,084
Other liabilities from operating activities	029	313,810,739	(10,826,219)
Interest received from operating activities [indirect method]	030	-	296,386,624
Dividends received from operating activities [indirect method]	031	-	2,227,280
Interest paid from operating activities [indirect method]	032	-	(34,178,081)
(Income tax paid)	033	-	-
Net cash flow from operating activities (from 1 to 33)	034	97,387,430	796,240,171

STATEMENT OF CASH FLOW (CONTINUED)
for the period January 01, 2020 to June 30, 2020

in HRK

Submitter: Hrvatska poštanska banka p.l.c.			
Item	AOP 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	(120,528,429)	(24,855,335)
Cash receipts from the sale / payments for the purchase of investments in branches, associates and joint ventures	036	-	-
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	-	1,651,404
Other receipts/payments from investing activities	039	-	-
Net cash flow from investing activities (from 35 to 39)	040	(120,528,429)	(23,203,931)
Financing activities			
Net increase/(decrease) in loans received from financing activities	041	100,462,907	433,105,189
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	100,462,907	433,105,189
Net increase/(decrease) of cash and cash equivalents (34 + 40 + 47)	048	77,321,908	1,206,141,429
Cash and cash equivalents at the beginning of period	049	3,163,668,151	3,037,318,898
Effect of exchange rate fluctuations on cash and cash equivalents	050	-	(6,656,755)
Cash and cash equivalents at the end of period (48 + 49 + 50)	051	3,240,990,059	4,236,803,572

STATEMENT OF CHANGES IN EQUITY

for the period January 01, 2020 to June 30, 2020

in HRK

Item	AOP 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	-	-	-	319,404,893	156,511,227	-	539,561,769	(477,000)	146,916,006	-	-	-	2,376,691,895
Effects of error corrections	002	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effects of changes in accounting policies	003	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Opening balance [current period] (1 + 2 + 3)	004	1,214,775,000	-	-	-	319,404,893	156,511,227	-	539,561,769	(477,000)	146,916,006	-	-	-	2,376,691,895
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, 2020 to June 30, 2020

Item	AOP 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	-	-	-	-	(117,354,712)	73,026,074	-	71,886,257	-	(146,916,006)	-	-	-	(119,358,387)
Total comprehensive income for the current year	019	-	-	-	-	-	-	-	-	-	115,686,209	-	-	-	115,686,209
Equity instruments increase or (-) decrease resulting from business combinations	020	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Closing balance [current period] (from 4 to 20)	021	1,214,775,000	-	-	-	202,050,181	229,537,301	-	611,448,026	(477,000)	115,686,209	-	-	-	2,373,019,717

A) STATEMENT OF PROFIT AND LOSS

1) INTEREST INCOME

in HRK

AOP 001	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	50,377,278	18,146,713	41,777,442	19,750,163
Loans and advances	250,746,148	130,934,726	253,103,652	125,165,341
Other assets	414,335	-	212,665	(36,348)
Deposits	515	18	2,355	946
Other liabilities	-	-	-	-
Total	301,538,276	149,081,457	295,096,114	144,880,102

2) INTEREST EXPENSE

in HRK

AOP 002	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	-	-	-	-
Loans and advances	1,501,742	578,342	1,325,213	793,375
Other assets	-	-	-	-
Deposits	35,963,809	17,803,891	25,307,603	12,374,144
Other liabilities	559,346	59,930	488,969	36,021
Total	38,024,897	18,442,163	27,121,785	13,203,540

3) FEE AND COMMISSION INCOME

in HRK

AOP 005	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Securities	181,797	101,273	196,165	196,165
Asset management	24,675	12,703	23,531	(50,464)
Custody [according to the type of client]	2,452,802	1,158,431	2,346,177	1,224,635
Loan commitments	78,812	38,889	43,643	(1,225,803)
Other	250,046,730	130,992,956	216,005,765	106,053,925
Total	252,784,816	132,304,252	218,615,281	106,198,458

4) FEE AND COMMISSION EXPENSE

in HRK

AOP 006	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Bank clearing and settlement	752,918	353,857	828,227	459,262
Other	150,698,300	79,344,246	130,084,892	62,871,353
Total	151,451,218	79,698,103	130,913,119	63,330,615

5) GAIN/LOSSES ON TERMINATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES
in HRK

AOP 007	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Debt securities	4,079,683	4,079,683	35,035,565	11,165,173
Loans and advances	-	-	-	-
Deposits	-	-	-	-
Debt Securities issued	-	-	-	-
Other financial liabilities	-	-	-	-
Total	4,079,683	4,079,683	35,035,565	11,165,173

AOP 008	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Equity instruments	4,885,487	1,650,649	(4,975,117)	6,319,741
Debt securities	17,478,188	5,317,251	(12,411,896)	(4,824,778)
FX transactions and derivatives	21,358,468	12,552,801	25,202,510	11,737,227
Total	43,722,143	19,520,701	7,815,497	13,232,190

AOP 009	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
Equity instruments	-	-	-	-
Debt securities	-	-	-	-
Loans and advances	2,027	(2,027)	200,027	97,634
Total	2,027	(2,027)	200,027	97,634

6) OPERATING EXPENSES
in HRK

AOP 015 & AOP 017 & AOP 018	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
	Cumulative	Quarter	Cumulative	Quarter
(Other operating expenses)	21,760,599	2,675,338	29,015,742	16,622,058
(Administrative expenses)	202,315,982	100,458,653	189,177,146	94,537,413
(Employee expenses)	103,202,120	58,328,887	112,580,965	56,362,968
(Other administrative expenses)	99,113,862	42,129,766	76,596,181	38,174,445
(Amortization)	25,001,625	12,844,587	40,574,132	19,808,486
(Property, plant and equipment)	9,066,899	4,973,366	21,767,124	10,467,921
(Investment property)	-	-	-	-
(Other intangible assets)	15,934,725	7,871,220	18,807,008	9,340,565
Total	249,078,206	115,978,578	258,767,020	130,967,957

7) IMPAIRMENT LOSSES AND PROVISION EXPENSES

in HRK

AOP 019 & AOP 020 & AOP 021 & AOP 023	Same period of the previous year 01.01.-30.06.2019.		Current period 01.01. – 30.06.2020.	
Same period of the previous year 01.01.-30.06.2019.	Cumulative	Quarter	Cumulative	Quarter
Modification gains or (-) losses, net	(6,399,161)	(6,399,161)	2,512,470	2,541,860
Financial assets at fair value through other comprehensive income	-	-	-	-
Financial assets at amortized cost	(6,399,161)	(6,399,161)	2,512,470	2,541,860
(Provisions or (-) reversal of provisions)	(11,101,814)	(11,101,814)	(59,629,807)	(60,514,125)
(Liabilities and Guarantees)	4,235,738	409,270	13,850,186	13,511,033
(Other Provisions)	(15,337,552)	(11,511,083)	(73,479,993)	(74,025,158)
(Impairment or (-) reversal of impairment on financial assets that are not measured at fair value through profit or loss)	17,848,692	11,365,357	65,769,973	37,061,273
(Financial assets at fair value through other comprehensive income)	7,317,793	2,082,535	890,424	2,018,346
(Financial assets at amortized cost)	10,530,898	9,282,822	64,879,549	35,042,927
(Impairment or (-) reversal of impairment off of investments in subsidiaries, joint ventures, and associates)	-	-	-	-
(Impairment or (-) reversal of impairment off non-financial assets)	-	-	-	-
(Property, plant and equipment)	-	-	-	-
(Investment property)	-	-	-	-
(Goodwill)	-	-	-	-
(Other intangible assets)	-	-	-	-
(Other)	-	-	-	-
Total	13,146,039	6,662,704	3,627,696	(25,994,712)

B) BALANCE SHEET

8. LOANS AND ADVANCES

u HRK

AOP 023	31.12.2019.			30.06.2020.		
	Stupanj 1	Stupanj 2	Stupanj 3	Stupanj 1	Stupanj 2	Stupanj 3
Central banks	1,558,206,655	-	-	1,254,455,997	-	-
Gross loans	1,558,206,655	-	-	1,254,455,997	-	-
Allowance	-	-	-	-	-	-
Government	2,244,696,909	4,456,728	-	2,644,121,485	2,495,878	80,529
Gross loans	2,250,085,612	5,026,891	383,503	2,650,415,805	2,662,389	470,213
Allowance	(5,388,703)	(570,163)	(383,503)	(6,294,320)	(166,511)	(389,685)
Credit institutions	233,379,950	-	-	239,384,963	-	-
Gross loans	233,991,494	-	-	26,875	-	-
Allowance	(611,544)	-	-	-	-	-
Deposits	-	-	-	239,438,695	-	-
Allowance	-	-	-	(80,607)	-	-
Other financial institutions	129,436,444	461,201	-	107,834,619	254,875	-
Gross loans	117,745,218	466,361	15,995	96,095,732	255,188	2,962
Allowance	(398,194)	(5,160)	(15,995)	(464,001)	(312)	(2,962)
Deposits	12,197,705	-	-	12,305,516	-	-
Allowance	(108,285)	-	-	(102,628)	-	-
Non - financial institutions	3,627,780,064	170,418,701	441,502,507	3,353,874,489	424,416,552	664,330,990
Gross loans	3,724,482,681	219,244,197	1,343,775,272	3,475,928,436	488,215,551	1,534,885,971
Allowance	(96,702,617)	(48,825,496)	(902,272,765)	(122,053,947)	(63,798,998)	(870,554,980)
Retail	6,301,397,489	304,661,307	192,441,409	6,657,132,296	232,149,065	164,627,578
Gross loans	6,330,026,490	322,194,397	644,630,416	6,695,279,330	251,371,263	655,903,998
Allowance	(28,629,002)	(17,533,090)	(452,189,007)	(38,147,035)	(19,222,198)	(491,276,421)
Total	14,094,897,511	479,997,937	633,943,916	14,256,803,849	659,316,370	829,039,097

9) NON-TRADING FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS*in HRK*

AOP 013	31.12.2019.	30.06.2020.
Central banks	-	-
Government	-	-
Credit institutions	-	-
Other financial institutions	-	-
Non - financial institutions	6,692,018	5,506,462
Retail	14,507,069	14,681,884
Total	21,199,086	20,188,346

10) DEPOSITS*u HRK*

AOP 044	31.12.2019.	30.06.2020.
Government	-	400,000,000
Local state	4,896,096,420	5,143,177,536
Credit institutions	127,248,024	171,841,231
Other financial institutions	1,436,745,667	1,563,113,057
Non - financial institutions	2,738,237,692	3,016,676,056
Retail	11,737,901,121	11,943,213,136
Total	20,936,228,925	22,238,021,015

C) MERGING OF JADRANSKA BANKA P.L.C. AND HPB STAMBENA ŠTEDIONICA 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, with December 2, 2019 HPB Stambena štedionica p.l.c. was merged, which also increased the capital items by HRK 4,652 thousand.

D) BANK'S OWNERSHIP STRUCTURE

Bank's ownership structure as per June, 30 2020 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%
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%
Treasury shares	0.04%

E) HPB STOCK

HPB Stock is listed on ZSE's Official market. Last share price at the end of second quarter of 2020 amounted to HRK 478.00 (30.06.2020. trading day), representing a decrease of 20.33 percent in comparison with the last price achieved in 2019. (=HRK 600.00 as per December 30, 2019 trading day).

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

