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Summary

After exceptionally high growth of non-interest income and total bank profit over the previous year (19.8%), in 2008 profit growth continued but at a slower rate (13.4%). The increase in interest income as the main source of profit growth was a result of asset restructuring, i.e. the growth of granted loans paired with the parallel growth of lending rates. ROAA stood at the previous year's level (1.6%), while ROAE continued its several-years long declining trend, totalling 9.9%. Only large banks saw their profit grow, while small and medium-sized banks registered a fall in profit as well as a fall in profitability and efficiency indicators.

The growth of loans granted slowed down in 2008 (13.8% relative to 14.8% in 2007) thanks to the slowdown in the most important item – loans to households. On the other hand, the growth of loans to enterprises, primarily to the construction and the real estate sector, and to government units accelerated, with loans to government units reaching an exceptionally high growth rate of 50.1%. The share of loans in bank balance sheet and total placements and contingent liabilities continued growing, thus reflecting the adjustment of banks to altered conditions in the economic and regulatory environment.

The level of bad loans and due but unpaid loan receivables went up relative to the previous year. The basic loan quality indicator – the ratio of bad to total loans slightly increased (from 4.8% to 4.9%) due to the acceleration of the growth of bad loans to enterprises and households. As a result of its above-average growth rate, the share of bad loans to households went up (to 40.1%) in the sector distribution of bad loans, while the share of bad loans to enterprises, although lower than the year before, was again the highest (58.0%). Due but unpaid loan receivables from enterprises registered a steep growth, with a large contribution coming from the growth of due but unpaid receivables from state-owned enterprises. Due but unpaid loan receivables from households also went up (primarily on the basis of cash loans, credit lines and other loans) which additionally contributed to the growth of total due but unpaid loan receivables. Despite the rise in loans that have been shown not to be capable of full collection, and the growth of due but unpaid receivables, bank estimates of the average percentage of loss on bad loans improved – the ratio of value adjustments to bad loans reduced (to 48.7%) as a result of the reduction in value adjustments of loans granted to enterprises.

For the most part of 2008, the kuna strengthened against the euro. However, its weakening in the last quarter resulted in an end-of-year exchange rate only slightly below that at the end of 2007. At the beginning of 2008, the traditionally long open position of domestic banks changed into a short position, due to the domination of the euro and a short position in that currency. Following the strengthening of the kuna component of the bank balance sheet in 2007, 2008 saw a growth of foreign currency liabilities (including those with a currency clause) and a rise in euro deposits received (15.5%). Loans granted in euros also went up noticeably in 2008 (25.8%). However, the decline in euro deposits granted that was certainly also affected by changes to regulations slowed down the growth of assets in euros (to 12.7%). Throughout 2008, the average three-month short open foreign exchange position of banks was larger than their long position and amounted to much less than the permitted maximum.

By granting placements in a foreign currency or kuna placements indexed to a foreign currency, banks transfer the foreign exchange risk to their clients. Against the backdrop of a strengthening

foreign currency sub-balance sheet, a rise in bank exposure to currency-induced credit risk occurred. Of the total amount of placements and contingent liabilities exposed to CICR, some 78.9% were not appropriately hedged against the effects of CICR. The rise in this indicator relative to the end of the previous year was a consequence of the growth of loans exposed to CICR that were granted to other enterprises and households, or to be more exact, to those enterprises and individuals who do not have matched foreign currency inflows and outflows.

The repealing of the marginal reserve requirement measure followed by the increase in the amount of deposit insurance, quickly and efficiently dealt away with disturbances in the liquidity position of individual banks early in October 2008. In the last quarter of 2008, sources of funds from majority foreign owners significantly grew, which, paired with the strong growth of household deposits (especially following the end of the tourist season), resulted in the annual deposit growth rate of 6.3%. The growth of household deposits was, both in the absolute and in the relative amount, much more significant than in the previous year, which can be attributed to the increased attractiveness of saving with banks due to unfavourable developments in the capital market and the growth of deposit rates. The effects of global economic changes and their spillover to the domestic environment were reflected in the fall of corporate deposits and the fall in deposits by other banking institutions (investment funds, etc.). Despite this, the share of deposits in bank total sources of funds increased, their liquid position being additionally strengthened by increased investments in low-risk easily marketable securities.

Banks' capital adequacy ratio continued to hold at a high level in 2008, ending the year at 15.16%. The highest quality share of regulatory capital, core capital, was also its most important constituent (95.8%). Of the total amount of regulatory capital, 65.9% was used to meet the capital requirement and 34.1% remained available in case of the growth of risk exposure. The growth of foreign currency and foreign currency indexed placements paired with the tightening of regulations relating to these placements, i.e. the increase in risk-weights from 75% to 100% for collateralised and from 125% to 150% for uncollateralised foreign currency (and indexed) claims from clients with an unmatched foreign exchange position contributed to the capital adequacy ratio going down by slightly more than 1 percentage point relative to the end of 2007. It is noteworthy that strong lending to government units, despite exposure to CICR, did not, due to the application of the 0% weight, influence bank risk-weighted assets.

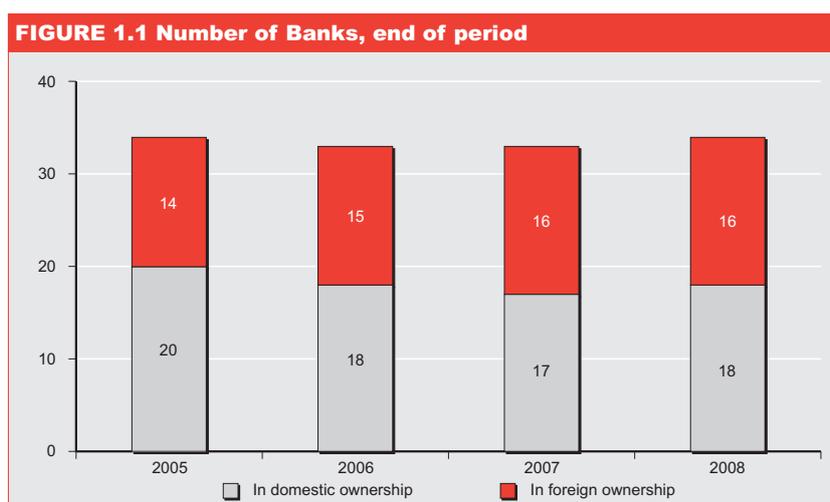
1 Performance Indicators of Banking Institutions

The entry of the Obrtnička štedna banka d.d., Zagreb into the banking system of the Republic of Croatia increased the number of banking institutions by one so at the end of 2008 relative to the end of 2007 the banking sector of the Republic of Croatia comprised 33 banks, 1 savings bank and 5 housing savings banks. The share of bank assets (including a savings bank) increased minimally during the period, totalling 98.2%, while the share of assets of housing savings banks accounted for 1.8% of total banking sector assets.

1.1 Banks

1.1.1 Structure of Banks in the Republic of Croatia

As at the end of 2007, there were 6 large and 4 medium-sized banks operating in the Republic of Croatia at the end of 2008, while after the inclusion of Obrtnička štedna banka the number of small banks went up from 23 to 24.¹ A significant slowdown in bank asset growth in 2008 in all bank groups resulted in changed shares of these groups in total bank assets (Table 1.1). The most pronounced decline in the growth rate and lowest value at the end of 2008 were realised by medium-sized banks, reducing their share from 12.9% to 12.5%. The share of large banks in total assets of all banks went up to 79.4% (at the expense of medium-sized banks) after having declined for two years, while the share of small banks remained unchanged.



¹ At the end of 2008, the number of inhabitants (Source: Croatian Bureau of Statistics, the 2001 Census) per one bank in the Republic of Croatia totalled 130.5 thousand and per one credit institution 113.8 thousand. By comparison, there were 59.4 thousand inhabitants per one credit institution in the EU-27 at the end of 2007 (Source: European Central Bank, *EU Banking Structures*, 10/08).

TABLE 1.1 Bank Peer Groups and Their Share in Total Bank Assets, end of period

	Dec. 2005		Dec. 2006		Dec. 2007		Dec. 2008	
	Number of banks	Share						
Large banks	6	81.9	6	80.2	6	79.0	6	79.4
Medium-sized banks	4	10.4	4	12.0	4	12.9	4	12.5
Small banks	24	7.7	23	7.8	23	8.1	24	8.1
Total	34	100.0	33	100.0	33	100.0	34	100.0

After the inclusion of the first savings and loan cooperative that managed to transform into a savings bank within the banking sector of the Republic of Croatia, the number of domestically-owned banks (privately owned domestic banks) went up by one relative to the end of 2007 (Table 1.2). The number of foreign-owned banks remained unchanged.

TABLE 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets, end of period

	Dec. 2005		Dec. 2006		Dec. 2007		Dec. 2008	
	Number of banks	Share						
Domestic ownership	20	8.7	18	9.2	17	9.6	18	9.4
Domestic private ownership	18	5.3	16	5.0	15	4.9	16	4.9
Domestic state ownership	2	3.4	2	4.2	2	4.7	2	4.5
Foreign ownership	14	91.3	15	90.8	16	90.4	16	90.6
Total	34	100.0	33	100.0	33	100.0	34	100.0

Despite the increase in banks owned by domestic owners, the share of domestic banks in total bank assets slightly reduced by 0.2 percentage points to 9.4%, thanks to the reduction in the share of banks in domestic state ownership, from 4.7% to 4.5% (resulting from the much slower annual growth rate of these banks (1.5%) relative to the average annual growth rate of all banks (7.25%) at the end of 2008).

The number of banking groups (9) subject to reporting to the Croatian National Bank through their superordinate banks, pursuant to the Decision on consolidated financial reports of a banking group,² remained the same as at the end of 2007.³

1.1.2 Territorial Distribution of Banking Business Networks and Concentration in the Banking Sector

Banks increased the number of their operating units by 5.1% or 61 units in 2008. At the end of 2008, there were almost 38 operating units per bank in the Republic of Croatia. In comparison, according to the end-2007 data, EU-27 had some 28 operating units per bank. The total number of ATMs grew by 347, or 11.6%, for the first time exceeding, with ATMs provided by other companies included,⁴ the figure of one hundred ATMs per one bank (101.3) (Table 1.3).

The County of Zagreb and the City of Zagreb again accounted for the largest number of operating units in the Republic of Croatia, with a share of 20.9%. Relative to the end-2007, this share slightly

2 OG 17/2003.

3 For the composition of individual banking groups, see Attachment II, Banking Groups, as at 31 December 2008.

4 In the case of Privredna banka Zagreb d.d. and Banco Popolare Croatia d.d.

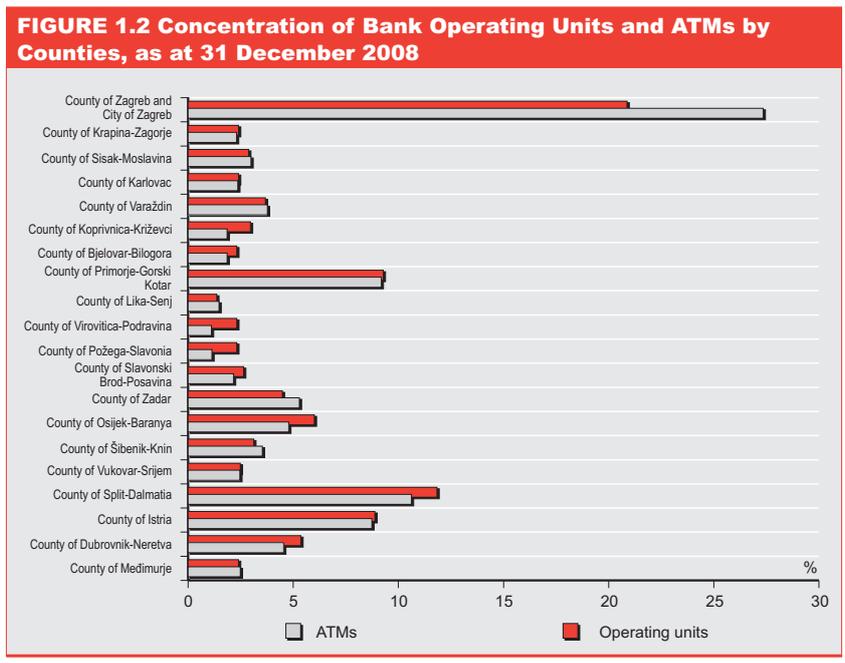
TABLE 1.3 Territorial Distribution of Operating Units and ATMs, end of period

	Dec. 2005		Dec. 2006		Dec. 2007		Dec. 2008	
	Operating units	ATMs						
County of Zagreb and City of Zagreb	224	656	229	740	251	848	261	914
County of Krapina-Zagorje	25	36	28	50	30	65	30	77
County of Sisak-Moslavina	35	59	35	80	37	90	36	100
County of Karlovac	25	50	24	61	27	67	30	79
County of Varaždin	40	82	40	93	43	105	46	126
County of Koprivnica-Križevci	51	40	36	44	37	51	37	62
County of Bjelovar-Bilogora	26	53	23	52	23	58	29	62
County of Primorje-Gorski Kotar	111	224	106	260	112	283	116	307
County of Lika-Senj	14	33	15	38	17	43	17	49
County of Virovitica-Podravina	25	25	27	36	29	36	29	37
County of Požega-Slavonia	25	24	25	32	25	30	29	38
County of Slavonski Brod-Posavina	28	38	27	49	29	57	33	72
County of Zadar	45	114	46	137	53	152	56	177
County of Osijek-Baranya	72	110	68	125	71	147	75	160
County of Šibenik-Knin	32	80	40	92	38	106	39	118
County of Vukovar-Srijem	23	51	24	57	29	70	31	82
County of Split-Dalmatia	124	251	131	279	141	320	148	355
County of Istria	107	218	109	234	109	265	111	292
County of Dubrovnik-Neretva	55	97	58	110	60	125	67	152
County of Međimurje	27	66	27	72	28	77	30	83
Total	1,114	2,307	1,118	2,641	1,189	2,995	1,250	3,342

reduced (by 0.2 percentage points). The only county also to have the share of operating units above ten percent (11.8%) was the Split-Dalmatia County. Next to follow were Primorje-Gorski Kotar and Istria County with 9.3% and 8.9% respectively. In other counties the share of operating units was below six percent (in Osijek-Baranya County it was 6.0%), with the lowest share of 1.4% in Lika-Senj County. The highest concentration of operating units (as per the number of inhabitants) was registered by the Dubrovnik-Neretva County, where there were 1834 inhabitants per one operating unit, and the lowest by the Vukovar-Srijem County, where there were 6606 inhabitants⁵ per one operating unit. The highest number of banks (29), or two more than at the end of 2007, operated in Zagreb County and the City of Zagreb, followed by Primorje-Gorski Kotar County with 24, Split-Dalmatia County with 20 and Istria County with 19 banks. There were less than 10 banks only in Lika-Senj and Krapina-Zagorje Counties (7 and 8, respectively). As at the end of 2007, three banks operated in the territory of one county only. At the same time, three banks that belong to the group of large banks were present in most counties (20) through their operating units.

The County of Zagreb and the City of Zagreb led the way with the highest number of newly installed ATMs (66). As a result, the County of Zagreb, despite the 1 percentage decrease in the ratio relative to 2007, maintained the highest share of ATMs in the total number of installed ATMs in the Republic of Croatia (27.3%). In terms of the number of ATMs, the Split-Dalmatia, Primorje-Gorski Kotar and Istria Counties followed with a concentration of approximately 10%. The smallest number of ATMs, with a concentration below 1.5%, was seen in the Požega-Slavonia, Virovitica-Podravina and Lika-Senj Counties. The largest relative increase in the number of ATMs (over 25%) was seen in the Požega-Slavonia and Brod-Posavina Counties, with 8 and 15 newly installed ATMs, respectively. Five small banks (one less than in 2007) had no ATMs.

5 At the end of 2008, the number of inhabitants per operating unit in the Republic of Croatia totalled 3,550. In comparison, in the EU-27 this indicator totalled 2,123 in 2007. By the number of inhabitants per ATM, the Republic of Croatia (1,328) was equal to the EU-27 (1,362).



With reference to the number of operating units and ATMs, the greatest relative increase was seen in the groups of banks with the smallest number of operating units and ATMs. Thus, the medium-size bank group came first in terms of an increase in the number of operating units (10.1% or 17 operating units), while the small bank group reported the highest relative increase in the number of ATMs (18.2% or 57 ATMs). The large bank group, which continued to account for over a half of all operating units as well as for over three fourths of all installed ATMs, registered their lowest growth of 2.9% and 10.0% respectively.

For the purpose of analysing the concentration of shares of assets, loans and deposits in the banking sector, data on the assets levels of the first ten largest banks are monitored. In the concentration analysis, banks are divided into three groups. The first group consists of the two largest banks, the second of the five largest banks, while the third group consists of the ten largest banks. Concentration is defined as the share of the amounts of assets, loans and deposits of individual bank groups in the

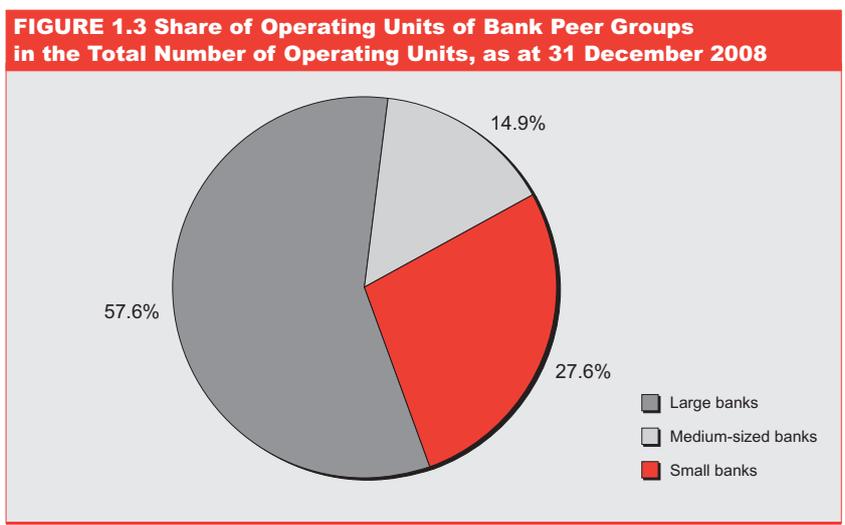
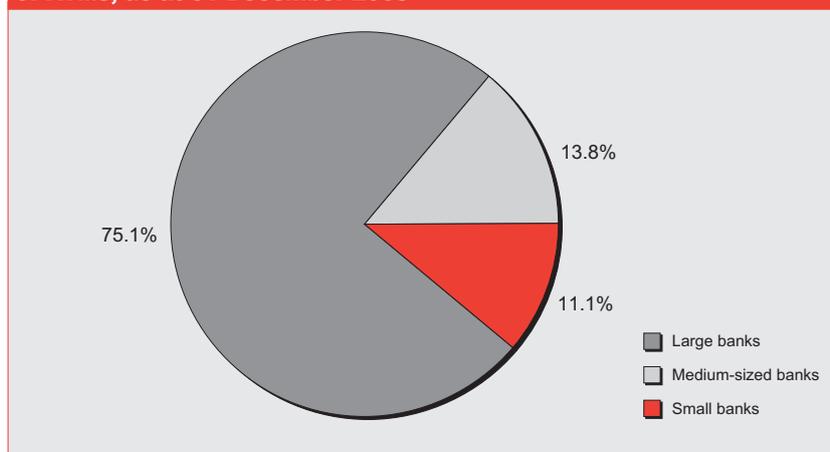
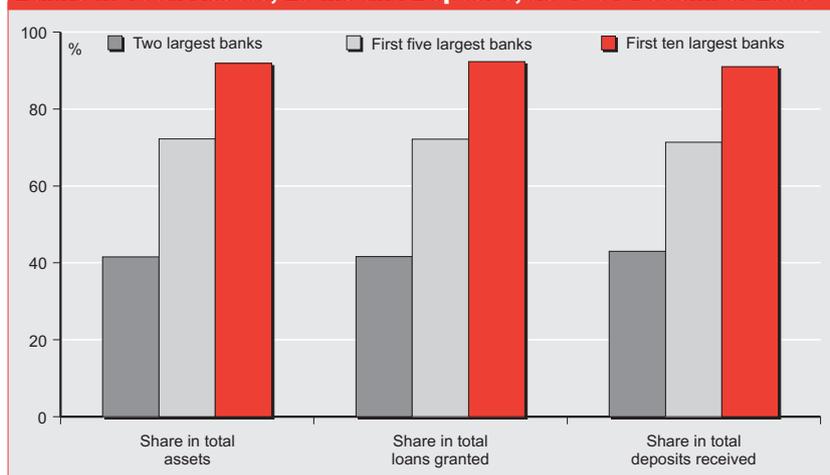


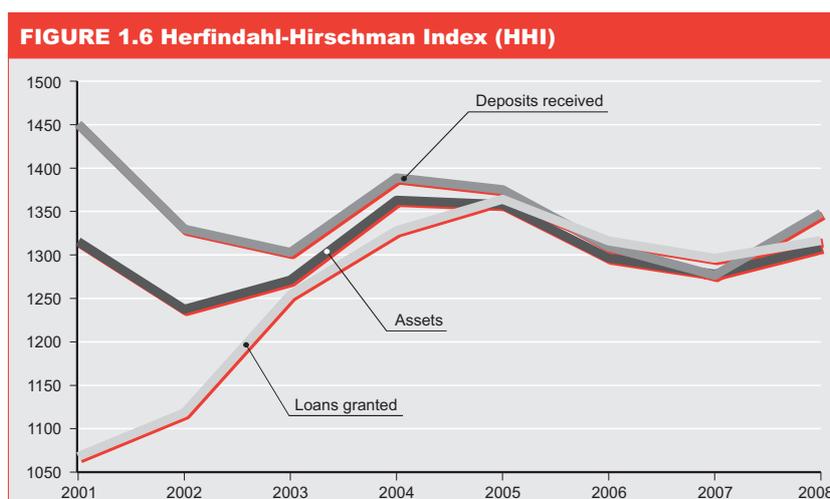
FIGURE 1.4 Share of ATMs of Bank Peer Groups in the Total Number of ATMs, as at 31 December 2008**FIGURE 1.5 Shares of Assets, Loans and Deposits of the Largest Banks in Total Assets, Loans and Deposits, as at 31 December 2008**

total amount of the respective balance sheet items of all banks (Figure 1.5).

At the end of 2008, these concentrations mostly increased relative to the end of 2007 in all bank groups. The share of assets of the two largest banks in total bank assets went up by 0.6 percentage points (to 41.6%), while the share of the five largest banks in total bank assets went up by 0.7 percentage points (to 72.3%). The share of the ten largest banks in total bank assets remained unchanged.

The shares of loans by all observed bank groups (two, five and ten largest banks) in total bank loans went up slightly, by 0.4, 0.1 and 0.2 percentage points, totalling 41.6%, 72.2% and 92.3% at the end of 2008.

In contrast to concentrations measured by shares of assets and loans, the share of deposits increased only in the group of the two largest banks (by 2.1 percentage points), while the shares of the five largest banks reduced by 0.7 percentage points. The share of deposits by the two largest banks thus reached 43.0%, the highest level since June 2006. The share of the ten largest banks, like the concentration of assets, remained unchanged.



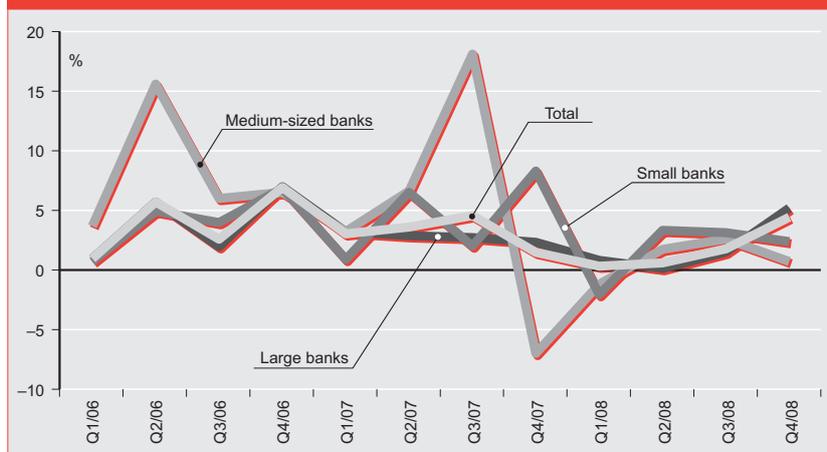
Such developments in asset concentration, loans granted and received deposits of banks led to growth of the Herfindahl-Hirschman index. Its increase, compared to the end of 2007, was the highest in the group of received deposits (72 units), while the increase in the concentration of assets and loans granted was 31 and 20 units, respectively. Due to the substantial growth of concentration of received deposits, the Herfindahl-Hirschman index for deposits again exceeded the Herfindahl-Hirschman index for loans granted, totalling 1348 units, its highest value since the end of 2005.

1.1.3 Bank Balance Sheet and Off-Balance Sheet Items

Continued implementation of the measure on the subscription of compulsory CNB bills in 2008 paired with unfavourable movements in the international and in the domestic environment contributed to a further slowdown in the annual growth rate of bank assets. After reaching 17.0% at the end of 2006 and 13.3% at the end of 2007, the annual bank asset growth rate totalled 7.2% at the end of 2008, which was its lowest value in the past ten years.

Total bank assets at the end of 2008 were HRK 370.1bn, which was an increase of HRK 25.0bn compared with the end-2007 balance. During the observed one-year period assets of 29 banks grew, while assets of four small banks narrowed. The largest annual growth rate, of 7.8%, was realised by the group of large banks, whose assets went up by HRK 21.2bn relative to the end of 2007. The assets of small banks went up by 7.3% and the assets of medium-sized banks by 3.9%.

More than a half of the total increase in bank assets during 2008 (HRK 15.7bn of the total HRK 25.0bn) was generated in the last quarter, so the asset growth rate was highest in the fourth quarter, totalling 4.4% (Figure 1.7). At the end of 2008, the lion's share of bank assets was denominated in foreign currency or indexed to foreign currency (60.7%) and the currency structure was almost entirely made up of three currencies – the euro, the Swiss franc and the US dollar. As a result, bank asset growth in the last quarter of 2008 was under the significant influence of the kuna exchange rate depreciation against these currencies. If we exclude the influence of the strengthening of these three currencies, which made up 99.2% of assets in foreign currency and indexed to foreign currency, bank asset growth in the last quarter of 2008 would only slightly exceed 2%.

FIGURE 1.7 Quarterly Rates of Change in Bank Peer Group Assets

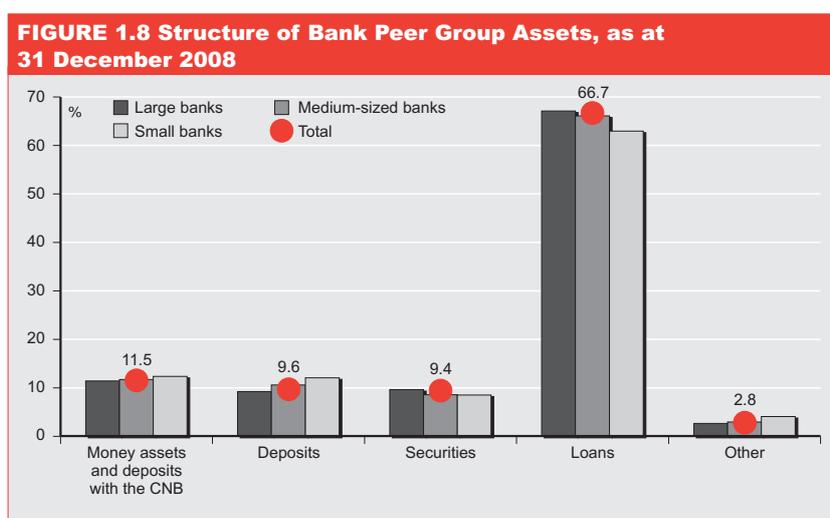
Loans granted went up much more than total assets, at a rate of 14.0% and a nominal increase of HRK 30.3bn. Despite high growth of loans relative to the end of 2007, bank assets considered as placements⁶ in the sense of the Decision on the purchase of compulsory CNB bills went up by 10.6%, i.e. less than the permitted growth rate of 12%. The reason for this lay in the significant rise of placements to government units, which are deducted from placements pursuant to the aforementioned Decision.

TABLE 1.4 Structure of Bank Assets, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	42,900.8	16.5	49,615.2	16.3	15.7	51,415.9	14.9	3.6	42,671.2	11.5	-17.0
1.1. Money assets	3,347.1	1.3	3,931.0	1.3	17.4	4,551.7	1.3	15.8	5,394.3	1.5	18.5
1.2. Deposits with the CNB	39,553.7	15.2	45,684.2	15.0	15.5	46,864.2	13.6	2.6	37,276.9	10.1	-20.5
2. Deposits with banking institutions	23,155.9	8.9	26,005.6	8.5	12.3	35,118.0	10.2	35.0	35,592.9	9.6	1.4
3. MoF treasury bills and CNB bills	7,007.2	2.7	8,077.2	2.7	15.3	8,748.7	2.5	8.3	10,062.5	2.7	15.0
4. Securities and other financial instruments held for trading	8,285.5	3.2	7,730.4	2.5	-6.7	8,515.5	2.5	10.2	6,840.0	1.8	-19.7
5. Securities and other financial instruments available for sale	11,820.8	4.5	12,678.2	4.2	7.3	11,326.4	3.3	-10.7	12,480.3	3.4	10.2
6. Securities and other financial instruments held to maturity	5,106.0	2.0	3,311.9	1.1	-35.1	3,536.7	1.0	6.8	4,798.8	1.3	35.7
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,101.4	0.4	460.1	0.2	-58.2	700.0	0.2	52.1	669.0	0.2	-4.4
8. Derivative financial assets	147.3	0.1	280.9	0.1	90.7	276.0	0.1	-1.8	121.9	0.0	-55.8
9. Loans to financial institutions	3,867.3	1.5	4,035.4	1.3	4.3	6,949.8	2.0	72.2	5,796.7	1.6	-16.6
10. Loans to other clients	148,089.7	56.9	183,740.0	60.3	24.1	209,319.6	60.7	13.9	240,808.0	65.1	15.0
11. Investments in subsidiaries and associates	1,601.8	0.6	1,675.5	0.6	4.6	1,703.9	0.5	1.7	1,774.1	0.5	4.1
12. Foreclosed and repossessed assets	356.3	0.1	445.6	0.1	25.1	355.7	0.1	-20.2	391.7	0.1	10.1
13. Tangible assets (net of depreciation)	4,198.8	1.6	4,434.1	1.5	5.6	4,510.4	1.3	1.7	4,503.8	1.2	-0.1
14. Interest, fees and other assets	4,901.6	1.9	4,788.2	1.6	-2.3	5,471.0	1.6	14.3	6,624.6	1.8	21.1
15. Net of: Collectively assessed impairment provisions	2,263.1	0.9	2,672.6	0.9	18.1	2,866.2	0.8	7.2	3,042.4	0.8	6.1
TOTAL ASSETS	260,277.2	100.0	304,605.3	100.0	17.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2

6 Decision on the purchase of compulsory CNB bills (OG 132/2007 and 29/2008).

The growth of loans at the rate twice as high as the annual rate of asset growth contributed to further strengthening of the share of loans in bank asset structure. At the end of 2008, 66.7% of bank assets were made up by loans, up four percentage points on the end of 2007. A share of the increase in loans resulted from structural changes in assets seen in the second half of 2008 due to a substantial decrease of bank deposits with the CNB. The total decrease of deposits with the CNB, totalling HRK 9.6bn (20.5%), was a consequence of changes to monetary regulations. These included the repeal of the marginal reserve requirement and reduction of the bank reserve requirement rate from 17% to 14%.⁷ These changes were a reflection of the CNB's efforts to soften the effects of the financial crisis on bank liquidity in the second half of 2008. The result of the said changes in the bank assets relative to the end of 2007 was a reduction of 3.4 percentage points in the share of money assets and deposits with the CNB.



Relative to the end of 2007, the amount of loans granted went up more than assets in all bank groups. The highest loan growth rate during the period under review was realised by large banks (14.6%), while the growth rate of medium-sized banks totalled 12.6% and of small banks 10.7%. The share of loans in assets was largest in large banks (67.1%), while in medium-sized and small banks this share totalled 66.1% and 62.9%, respectively.

In contrast to previous years, during which bank credit activity was oriented towards the household sector, the growth of loans to households slowed down significantly in 2008 under the influence of changes in the financial market and declining demand. The annual growth rate of net loans to households totalled 12.0%. Except for loans to financial institutions which went down by 16.6%, the lower growth rate relative to the end 2007 was registered only by loans to non-profit institutions (8.4%). Following an increase of HRK 13.2bn during 2008, loans to households reached an amount of HRK 122.7bn, which made up 49.8% of the total net loans of banks at the end of 2008. As compared with the balance at the end-2007, home loans (HRK 7.1bn or 15.8%) and other types of loans to households – general purpose loans, used credit lines, etc. (HRK 5.1bn or 10.6%) went up the most. The growth rate of kuna loans indexed to foreign currency (12.6%) was slightly higher than the annual growth rate of kuna loans to households (11.0%), which had no larger influence on the currency

⁷ Decision on the termination of the Decision on the marginal reserve requirement (OG 116/2008), Decision on amendments to the Decision on reserve requirements (OG 137/2008) and a Corrigendum to the Decision on reserve requirements (OG 139/2008).

structure of loans granted to households. With a share of 67.7%, kuna loans indexed to foreign currency dominated the total amount of net loans to households.

The largest change in bank loan portfolio relative to the end of 2007 was the increase in loans to government units. As a result of bank participation in external and domestic public debt refinancing, loans granted to government units went up as much as 50.1% relative to the end of 2007. The share of government units in the sector distribution of net bank loans went up by as much as two percentage points over the period in question, totalling 8.7% at the end of 2008. The entire increase in loans to government units was realised in foreign currency.

Loans to enterprises rose by HRK 10.7bn (12.9%), with the largest share of the increase in these types of loans being denominated in kuna and indexed to a foreign currency. Due to the rise in these loans and household loans indexed to foreign currency, total loans indexed to foreign currency increased by HRK 18.7bn (16.5%). The rise in loans in foreign currencies was relatively higher (50.6%) due to the rise in loans to government units, while kuna loans went up by HRK 2.0bn (2.4%) due to the increase in household loans.

Bank investments in securities, including MoF T-bills, increased by 6.2% relative to the end of 2007, totalling HRK 34.9bn. The share of total investments in securities in bank assets totalled 9.4% at the end of 2008, only slightly lower than at the end of 2007. The total increase in investments in securities relative to 2007 was realised after the changes in monetary measures, which ensured additional liquidity for banks in the last quarter of 2008. During this period, investments in bonds of foreign countries and MoF T-bills went up significantly, affecting the annual growth rate of investments in debt securities, which reached 8.4%. At the same time, these instruments made up the most important form of bank investments in securities, since bonds accounted for 53.3% and T-bills of the Ministry of Finance for 29.4% of total investments in securities. Viewed by sectors, there was an almost equal share of domestic (40.8%) and foreign (40.1%) government bonds in the bond structure at the end of 2008. Banks distributed the lion's share of the amount of total investments in securities (52.7%) into the available-for-sale portfolio. Equity securities investments were 52.4% lower at the end of 2008 than at the end of 2007, thus reducing the share of equity securities in the total amount of investment in securities from 3.7% to 1.7% at the end of 2008. The reduction of bank investments in equity securities was registered by almost all sectors, primarily enterprises (by 66.9%), probably due to changes in the capital market and the related fall in the prices of shares.

Deposits placed with other banks grew 1.4% relative to the end of 2007. Deposits went up in the last quarter of 2008, like investments in securities. Their relative low annual growth rate was affected by the change in the monetary measure on the minimum coverage of foreign currency liabilities by foreign currency claims, which was reduced from 32% to 28.5%⁸ in the first half of the year. These changes enabled banks to restructure placements and free additional funds for participation in the credit arrangement to refinance external and domestic public debt repayment. Further changes of monetary measures in the system of the reserve requirement with the CNB contributed to a rise in deposits with banks in the second half of 2008, especially in the last quarter when they went up by 21.6%. The lion's share of deposits (93.4%) was placed with foreign banks at the end of 2008 and of that amount 21.2% was placed with foreign majority owners of banks.

⁸ Decision on the minimum required amount of foreign currency claims (OG 59/2008).

TABLE 1.5 Structure of Bank Liabilities, end of period, in million HRK and %

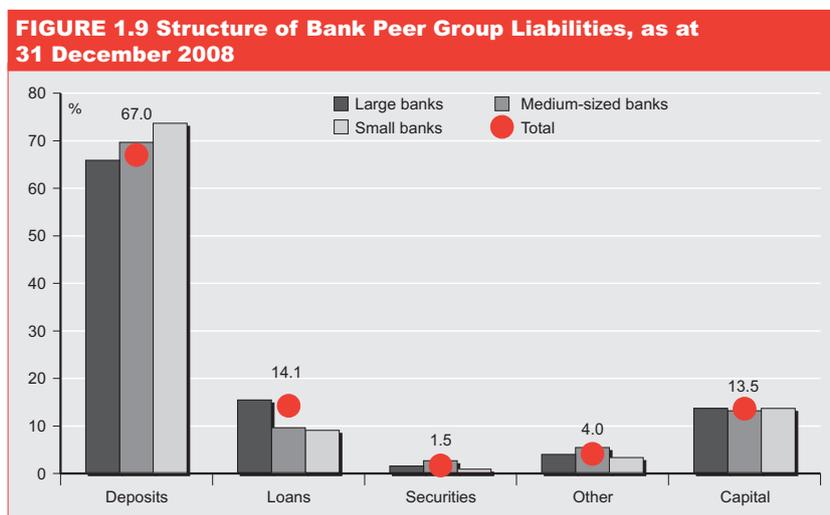
	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	13,844.2	5.3	15,102.5	5.0	9.1	20,573.0	6.0	36.2	19,270.0	5.2	-6.3
1.1. Short-term loans	7,346.5	2.8	7,286.7	2.4	-0.8	11,325.6	3.3	55.4	8,314.0	2.2	-26.6
1.2. Long-term loans	6,497.7	2.5	7,815.8	2.6	20.3	9,247.4	2.7	18.3	10,956.1	3.0	18.5
2. Deposits	171,742.0	66.0	202,950.5	66.6	18.2	233,108.0	67.6	14.9	247,813.9	67.0	6.3
2.1. Giro account and current account deposits	29,175.2	11.2	37,696.5	12.4	29.2	45,284.0	13.1	20.1	41,313.1	11.2	-8.8
2.2. Savings deposits	26,124.5	10.0	26,601.4	8.7	1.8	26,859.4	7.8	1.0	25,640.1	6.9	-4.5
2.3. Time deposits	116,442.2	44.7	138,652.5	45.5	19.1	160,964.5	46.6	16.1	180,860.7	48.9	12.4
3. Other loans	36,191.2	13.9	39,762.9	13.1	9.9	31,738.8	9.2	-20.2	32,862.6	8.9	3.5
3.1. Short-term loans	8,213.9	3.2	10,028.1	3.3	22.1	5,528.8	1.6	-44.9	7,955.1	2.1	43.9
3.2. Long-term loans	27,977.3	10.7	29,734.8	9.8	6.3	26,210.1	7.6	-11.9	24,907.5	6.7	-6.0
4. Derivative financial liabilities and other financial liabilities held for trading	223.7	0.1	221.6	0.1	-0.9	367.5	0.1	65.9	1,578.3	0.4	329.4
5. Debt securities issued	3,396.9	1.3	3,583.4	1.2	5.5	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4
5.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Long-term debt securities issued	3,396.9	1.3	3,583.4	1.2	5.5	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4
6. Subordinated instruments issued	770.7	0.3	758.1	0.2	-1.6	225.7	0.1	-70.2	53.3	0.0	-76.4
7. Hybrid instruments issued	886.6	0.3	552.4	0.2	-37.7	636.6	0.2	15.2	2,055.7	0.6	222.9
8. Interest, fees and other liabilities	9,778.3	3.8	10,413.5	3.4	6.5	11,781.4	3.4	13.1	13,139.7	3.6	11.5
TOTAL LIABILITIES	236,833.6	91.0	273,344.9	89.7	15.4	301,907.8	87.5	10.4	320,165.9	86.5	6.0
TOTAL CAPITAL	23,443.6	9.0	31,260.3	10.3	33.3	43,173.6	12.5	38.1	49,927.1	13.5	15.6
TOTAL LIABILITIES AND CAPITAL	260,277.2	100.0	304,605.3	100.0	17.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2

At the end of 2008, banks' received deposits were HRK 247.8bn, which was an increase of HRK 14.7bn compared with their end-2007 balance. Deposits went up primarily in the second half of the year, thanks to the growth of household time deposits and deposits by foreign majority owners of banks. Corporate deposits and deposits by other banking institutions (investment funds, housing savings banks, etc.) decreased relative to the end of 2007, contributing to a substantial slowdown in the growth of total deposits in 2008 relative to previous years. The annual deposit growth rate totalled 6.3% (in 2006 it totalled 18.2% and in 2007 14.9%), while the absolute increase in deposits was twice as low as in 2007. The highest deposit growth rate was realised by large banks (7.0%), while the growth rate of medium-sized banks totalled 6.7% and of small banks 1.9%. Due to this low growth rate, the share of deposits in liabilities decreased in all bank groups. At the end of 2008, the largest share of deposits in liabilities of 73.7% was realised by small banks, followed by large banks with the lowest share of 65.9%, while the share of medium-sized banks accounted for 69.6% (Figure 1.9).

Deposits of enterprises went down by a total of HRK 4.4bn (8.2%), sizeably reducing their share in total deposits (from 23.1% at the end of 2007 to 19.9% at the end of 2008). Except for short-term giro and current account deposits of enterprises, which went down by 15.2%, their savings and time deposits went down by 2.4% and 4.4% respectively. Household deposits went up by HRK 14.2bn (11.7%) relative to the end of 2007, with time deposits accounting for the entire increase, while deposits on giro and current accounts of households and their saving deposits narrowed by 2.0% and 6.9%. Deposits by bank foreign majority owners were HRK 10.8bn at the end of 2008, which was an increase of HRK 7.1bn (32.3%) on the end of 2007. Almost the entire increase in these deposits was realised by large banks.

Bank liabilities arising from received loans slightly reduced (0.3%) relative to the end of 2007 and their share in bank liabilities reduced by 1.1 percentage points. Banks received the largest share of the total amount of loans from non-residents (62.8%), while loans received from foreign majority

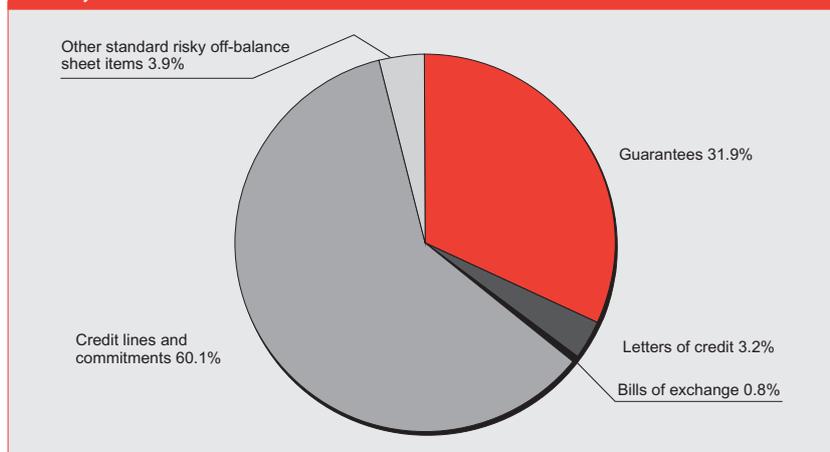
owners totalled HRK 22.7bn or 43.6% of the total loans at the end of 2008. Sources of funds (loans and deposits) from bank foreign owners accounted for 17.3% of total sources of funds, up 3.4 percentage points over the end of 2007. At the end of 2008, large banks were the group that relied the most on sources of funds from foreign owners, which accounted for 19.3% of total sources of funds. In medium-sized banks this share totalled 15.3% and in small banks 1.3%.



Total bank capital was HRK 6.8bn (1.4%) higher at the end of 2008 than at the end of 2007, while as a proportion of bank liabilities, thanks to recapitalisation and retention of the major portion of realised profit, went up by almost one percentage point. The amount of the said share was almost equal in all bank groups. To maintain a minimum capital adequacy ratio, banks issued hybrid instruments during 2008, which raised their amount at the end of 2008 to a level HRK 1.4bn higher than at the end of 2007.

Standard risky off-balance sheet items were HRK 69.7bn at the end of 2008. In contrast to the annual growth rates realised in the previous two years, which totalled 30.4% at the end of 2006 and 12.5% at the end of 2007, the increase in total standard off-balance sheet items at the end of 2008 was only 1.1% or HRK 751.6m. As a result, the ratio of off-balance sheet assets to balance sheet assets reduced from 20.1% at the end of 2007 to 18.8% at the end of 2008. The amount of standard risky off-balance sheet items narrowed in small banks (5.2%), while in large and medium-sized banks it went up, by 1.4% and 1.8%, respectively.

The increase in total standard off-balance sheet items relative to the end of 2007 was primarily a result of the increase in bank commitments arising from issued guarantees by HRK 2.3bn (10.5%) and to a smaller degree of the increase in liabilities arising from bills of exchange (HRK 326.5m) and letters of credit (HRK 318.2m). At the same time, banks substantially reduced the amount of credit lines and commitments (HRK 1.6bn or 3.4%) as well as other standard risky off-balance sheet items (HRK 613.1m or 18.0%), which contributed to a very low growth rate of the total amount of off-balance sheet items. Despite the reduction in credit lines and other commitments and the narrowing of their share in the structure of standard risky off-balance sheet items by almost 3 percentage points, these items accounted for the largest share of off-balance sheet items (60.1%) again at the end of 2008 (Figure 1.10).

FIGURE 1.10 Structure of Bank Standard Risky Off-Balance Sheet Items, as at 31 December 2008

The total contracted value of derivative financial instruments rose by HRK 4.2bn (3.0%) at the end of 2008 relative to the end of 2007 and stood at HRK 117.7bn. Relative to the end of 2007, banks increased the amount of these contracts with non-residents by HRK 14.9bn (13.6%), while the amount of contracts with residents was HRK 10.7bn (33.4%) lower. In the observed period, swaps went up the most by HRK 2.5bn or 5.4%, followed by futures, which went up by HRK 2.0bn or 43.5%. The entire increase of the total contracted value of derivative financial instruments was realised by medium-sized banks, where these items went up by 89.1%. The group of large and small banks decreased the contracted value of derivative financial instruments by 0.1% and 1.2%.

1.1.4 Bank Capital

Total bank capital went up 15.6% (or HRK 6.8bn) in 2008, twice as slow as over the previous two years, when its growth exceeded 30%. The capital of large and small banks went up at a faster rate than the capital of all banks, by 17.1% and 16.2%, while the capital of medium-sized banks went up at a rate of 6.8%, or twice as slowly. A half of this increase, or HRK 3.4bn, was a result of the increase in the first quarter, while in the remaining part of last year the increase in capital reduced from quarter to quarter.

Slightly less than a half of the growth in total bank capital was a result of the HRK 3.1bn growth in share capital. The mentioned bank recapitalisation took place predominantly in the first quarter 2008, totalling HRK 2.4bn (at two large banks and one medium-sized bank) and to a lesser extent in the second and last quarter of last year (worth HRK 0.5bn in six small banks in the second quarter and worth HRK 0.2bn in two small banks in the fourth quarter). Last year's profit distribution increased reserves stipulated by the articles of association and other capital reserves, and retained earnings by an additional HRK 3.2bn, so, since their growth was faster than the growth of share capital, the share of these two items of capital increased in the total bank capital. Current year profit also went up by HRK 0.5bn but due to a slower growth of 13.4% its share in total bank capital decreased.

Since the growth of bank assets in the past year was twice as slow as the growth of capital, totalling 7.2%, the share of capital in bank assets went up from 12.5% at the end of 2007 to 13.5% at the end

TABLE 1.6 Structure of Bank Total Capital, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	11,523.3	49.2	16,584.2	53.1	43.9	25,179.3	58.3	51.8	28,287.6	56.7	12.3
2. Current year profit/loss	3,247.8	13.9	3,394.8	10.9	4.5	4,067.4	9.4	19.8	4,612.5	9.2	13.4
3. Retained earnings/loss	2,499.9	10.7	3,716.8	11.9	48.7	4,212.0	9.8	13.3	5,694.1	11.4	35.2
4. Legal reserves	798.4	3.4	882.4	2.8	10.5	1,054.3	2.4	19.5	969.4	1.9	-8.1
5. Total reserves provided for by the articles of association and other capital reserves	5,374.0	22.9	6,676.6	21.4	24.2	8,674.1	20.1	29.9	10,398.8	20.8	19.9
5.1. Reserves provided for by the articles of association and other capital reserves	5,350.4	22.8	6,662.0	21.3	24.5	8,644.2	20.0	29.8	10,511.3	21.1	21.6
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	23.7	0.1	14.6	0.0	-38.2	30.7	0.1	109.9	-112.5	-0.2	-
5.3. Reserves arising from hedging transactions	0.0	0.0	8.3	0.0	-	-0.8	0.0	-109.4	0.0	0.0	-
6. Previous year profit/loss	0.2	0.0	-2.7	0.0	-1,300.9	-13.6	0.0	396.3	-35.3	-0.1	159.9
TOTAL CAPITAL	23,443.6	100.0	31,260.3	100.0	33.3	43,173.6	100.0	38.1	49,927.1	100.0	15.6

of last year. Its share was almost equal in large and small banks (13.6% and 13.5%), while in the group of medium-sized banks, where it was the highest, it became the lowest, totalling 13.1%.

In 2008, bank regulatory capital went up slightly faster than total bank capital, rising by a total of 15.9%. It grew significantly in the first quarter of last year, by 9.2%, stagnated during the remainder of the year and reached HRK 48.9bn only upon the distribution of the current year profit. Its rise was almost entirely (98.1%) a result of the increase in core capital, which went up at the same rate as regulatory capital, while supplementary capital I went up by 6.9%, thus reducing its already small share in gross regulatory capital from 4.5% at the end of 2007 to 4.2% at the end of last year. Its gross value (value before deductions) went up by 35.2% in 2008. Due to the exclusion of collectively assessed impairment provisions from regulatory capital,⁹ the value of supplementary capital I which is included in total regulatory capital increased only by the said amount.

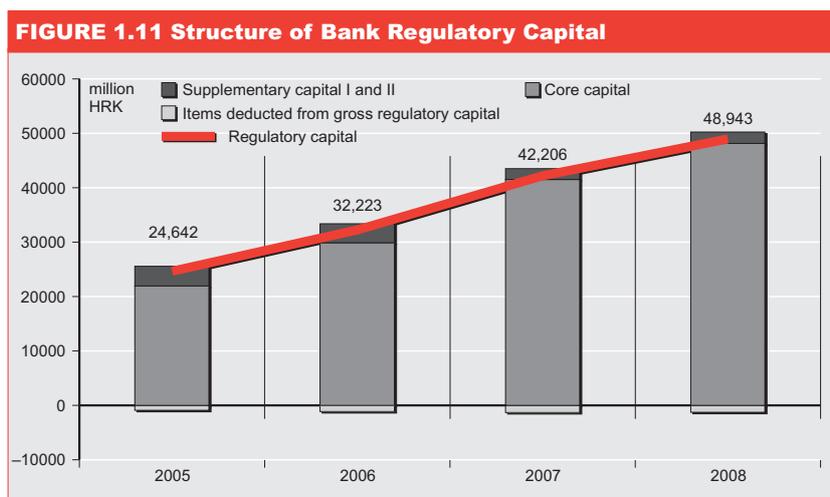
Supplementary capital II, which only two banks included in the calculation of regulatory capital at the end of 2007 in the amount of slightly over HRK 14m, fully disappeared from the total regulatory capital of all banks.

The most sizeable increase in regulatory capital was seen by large banks and to smaller extent medium-sized and small banks (Table 1.7). Large banks, as well as small banks realised the said growth by increasing their core capital at almost equal rates of 17.3% and 17.7%, and by reducing supple-

TABLE 1.7 Changes in Bank Regulatory Capital, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Large banks	19,160.5	77.8	25,577.9	79.4	33.5	32,612	77.3	27.5	38,047	77.7	16.7
Medium-sized banks	2,888.8	11.7	3,693.6	11.5	27.9	6,016	14.3	62.9	6,821	13.9	13.4
Small banks	2,580.7	10.5	2,945.6	9.1	14.4	3,584	8.5	21.7	4,075	8.3	13.7
Total	24,630.0	100.0	32,217.1	100.0	30.8	42,211.7	100.0	31.0	48,942.5	100.0	15.9

⁹ The obligation to exclude the collectively assessed impairment provisions from the regulatory capital was set forth by the amendments to the Instruction for the uniform implementation of the Decision on the capital adequacy of banks (OG 41/2006). Accordingly, banks undertook gradually to exclude the collectively assessed impairment provisions from supplementary capital I as of 31 December 2006. This process was completed by the exclusion of collectively assessed impairment provisions from reports relating to 31 December 2008.



mentary capital I by a fourth (24.9% and 25.9%). The medium-sized banks, together with a modest increase in core capital of 6.6%, increased their supplementary capital I by as much as 63.4%. They thus increased the share of this capital in total regulatory capital from 11.8% to 17.1%, while in the two remaining bank groups it accounted for a much smaller share (1.9% of regulatory capital in large and 5.1% in small banks).

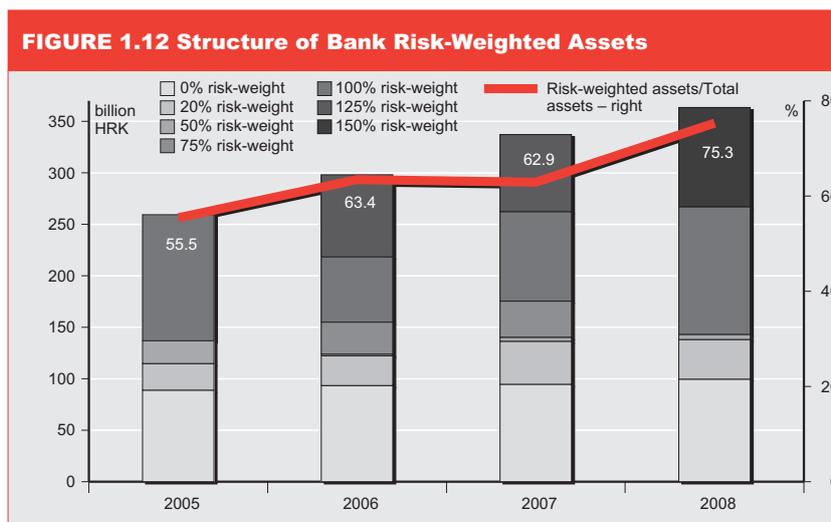
Net value of risk-weighted assets went up by 7.8% at the end of 2008 relative to the previous year (only slightly more than the increase in overall assets, which went up by 7.2%). However, the weighted amount of balance sheet assets went up as much as 28.4% or by HRK 61.6bn. The reason for this increase was predominantly the change in the weights for foreign currency (and foreign currency indexed) claims on clients with unmatched foreign exchange positions.¹⁰ This, paired with the parallel 29.0% increase in the net value of claims weighted with the risk-weight of 150%, resulted in the 54.8% increase of their weighted amount (HRK 51.1bn). The claims weighted with the risk-weight of 100% went up by 9.3% (although the increase in their net value totalled only 1.3%), accounting for the remaining share of the total weighted amount (HRK 10.5bn).

Significant, almost four times higher, growth of the weighted amount of assets than the growth of net assets increased their ratio from 62.9% at the end of 2007 to 75.3% at the end of 2008 (Figure 1.12).

The weighted standard off-balance sheet items (guarantees, commitments, etc.) and other off-balance sheet items (interest rate agreements, currency agreements, etc.) made up the remaining share of the total exposure to credit risk (together with weighted balance sheet assets). The amount of standard off-balance sheet items rose in 2008 by 17.5%, while other off-balance sheet items went up by 22.2%. Due to its highest growth rate the share of weighted balance sheet assets increased, continuing its dominance with 87.9%. The share of weighted standard off-balance sheet items reduced to 12.0% while the share of weighted other off-balance sheet items remained at 0.1%. The rise in total weighted assets or exposure to credit risk thus stood at 27.0%.

On the other hand, the exposure to market risks reduced by almost a third, i.e. by 31.0%, with the

¹⁰ As of the beginning of 2008, instead of risk weights of 75% for collateralised and 125% for uncollateralised foreign currency (and foreign currency indexed) claims on clients with an unmatched currency position, new weights were applied, of 100% and 150% respectively.



share of capital requirement intended to cover these risks narrowing from 3.2% at the end of 2007 to 1.8% at the end of last year (primarily under the influence of the reduction of the largest of all market risks – interest rate risk, whose reduction of HRK 132.2m, or 27.4%, accounted for a half of the total reduction in market risks). Normally, the share of exposures to credit risk in total risks increased, exceeding 98% (from 96.8% to 98.2%).

As a result, the total capital requirement for all risks went up by 25.1%, while, paired with the already mentioned slight increase in regulatory capital of 15.9%, bank capital adequacy ratio decreased by more than one percentage point, i.e. from 16.36% at the end of 2007 to 15.16%.

Capital adequacy ratios reduced in all bank groups. This was to the greatest extent true in large banks, whose ratio reduced by more than one percentage point (from 16.11% to 14.87%), and was primarily a consequence of the significant growth (28.6%) of total weighted assets (weighted balance and off-balance sheet items). The reduction in the capital adequacy ratio was to a smaller extent evident in medium-sized banks, where it reduced from 17.83% to 16.77% (but they continued to be the group with the highest rate), while in the small banks group it decreased by less than one percentage point, from 16.32% to 15.56%. All banks achieved capital adequacy ratios above the legally

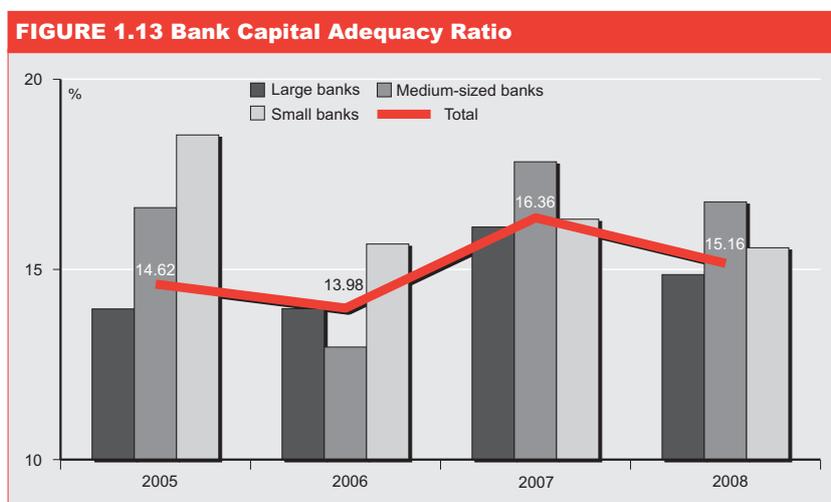
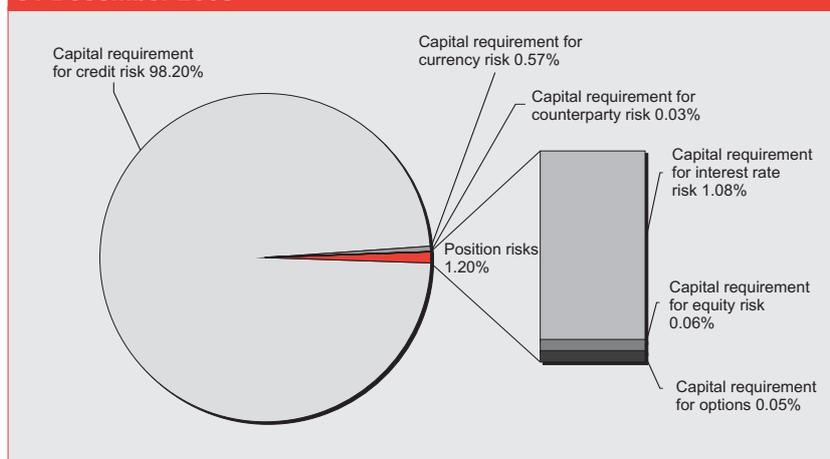


FIGURE 1.14 Structure of Bank Total Capital Requirements, as at 31 December 2008

prescribed minimum of 10%, but two banks (one of which was a large bank) reported a capital adequacy ratio of below 11%.

The capital requirement for position risks was 43.7% lower at the end of 2008 and was reported by eight banks (six large and two medium-sized banks) whose trading book activities exceeded the minimum stipulated volume of trading book activities. The remaining banks calculated the capital requirement for credit and currency risks only. All its constituents went down, with the capital requirement for options (84.8%) and the capital requirement for equity risk (78.9%) going down the most (Figure 1.14). The capital requirement for position risks decreased in large and medium-sized banks, and completely disappeared in small banks.

1.1.5 Bank Income Statement

At the end of 2008, bank pre-tax profit totalled HRK 5.7bn, which was an increase of 12.4% relative to the end of 2007. The annual pre-tax profit growth rate was much lower than at the end of 2007 (20.5%), with the increase in interest income being the primary source of profit growth. Despite profit growth, bank profitability as a whole remained at its end-2007 level.

The increase in total bank profit and maintenance of bank profitability at end-2007 level was exclusively a result of the rise in the profit of large banks. Pre-tax profits of large banks went up by 19.6%, so large banks accounted for 90.5% of the total pre-tax profit of all banks. The profit of medium-sized banks went down by 18.3% and the profit of small banks by 44.9% relative to the end of 2007. These changes additionally reduced the share of profit of medium-sized and small banks in total profit, from 9.1% at the end of 2007 to 6.6% at the end of 2008 in medium-sized banks and from 5.9% to 2.9% at small-banks. The shares of these bank groups in total bank profit were much lower than the shares of their assets in total bank assets. Weaker results of medium-sized and small banks were largely a consequence of loss from trading activities and fair value adjustments of investments in securities (Table 1.8).

TABLE 1.8 Bank Income Statement, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008
1. Net interest income	6,513.9	7,667.0	1,137.2	1,280.3	905.0	1,010.9	8,556.1	9,958.2
1.1. Total interest income	14,276.6	17,078.7	2,279.9	2,719.9	1,690.4	1,968.7	18,246.9	21,767.4
1.2. Total interest expenses	7,762.7	9,411.8	1,142.6	1,439.7	785.4	957.8	9,690.8	11,809.2
2. Net income from fees and commissions	2,297.0	2,346.3	331.5	409.3	210.9	225.2	2,839.4	2,980.9
2.1. Total income from fees and commissions	3,056.0	3,126.5	833.0	880.9	318.7	335.4	4,207.6	4,342.8
2.2. Total expenses on fees and commissions	759.0	780.2	501.4	471.6	107.8	110.2	1,368.2	1,362.0
3. Net other non-interest income	1,037.6	1,425.3	80.6	-1.0	163.3	7.0	1,281.6	1,431.3
3.1. Other non-interest income	1,557.0	2,025.7	233.3	151.9	287.1	114.1	2,077.3	2,291.7
3.2. Other non-interest expenses	519.3	600.5	152.6	152.9	123.8	107.2	795.7	860.5
4. Net non-interest income	3,334.6	3,771.5	412.2	408.4	374.2	232.2	4,121.0	4,412.1
5. General administrative expenses and depreciation	4,819.6	5,498.5	916.2	1,059.6	872.1	976.8	6,607.9	7,534.8
6. Net operating income before loss provisions	5,028.8	5,940.1	633.2	629.0	407.1	266.3	6,069.2	6,835.5
7. Total expenses on loss provisions	690.4	750.0	167.7	248.6	106.0	100.4	964.0	1,098.9
7.1. Expenses on value adjustments and provisions for identified losses	369.7	591.6	90.4	234.9	70.5	81.8	530.6	908.4
7.2. Expenses on collectively assessed impairment provisions	320.6	158.4	77.3	13.6	35.5	18.6	433.4	190.6
8. Income/loss before taxes	4,338.5	5,190.0	465.6	380.5	301.1	166.0	5,105.1	5,736.5
9. Income tax	870.8	986.8	97.6	73.8	69.3	63.4	1,037.7	1,124.0
10. Current year profit/loss	3,467.6	4,203.2	368.0	306.7	231.8	102.6	4,067.4	4,612.5

Of 34 banks, 27 achieved a pre-tax profit of HRK 5,890.7m, while seven small banks reported losses totalling HRK 154.1m. The share of assets of small banks that operated with losses made up 1.2% in the total assets of all banks at the end of 2008, while in the total assets of small banks it accounted for 14.5%. Relative to the end of 2007, 17 banks reported lower pre-tax profit – two large banks, two medium-sized banks and 13 small banks.

Net income of banks (the sum of net interest and net non-interest income) rose by 13.4% relative to the end of 2007 thanks to the growth of all of its constituents, primarily net interest income. Net interest income went up by HRK 1.4bn (16.4%) and net non-interest income by HRK 291.1m (7.1%), causing minor changes in the net income structure. After decreasing at the end of last year, the share of net interest income in net income of banks went up at the end of 2008 (from 67.5% to 69.3%), while the share of non-interest income reduced from 32.5% to 30.7% due to slower growth, primarily of income from fees and commissions.

Large banks contributed the most to the increase in net interest income, their incomes rising by 17.7%. Medium-sized and small banks registered faster increase of interest expenses than the increase of interest income. As a result, the growth rate of net interest income was lower than with large banks, totalling 12.6% with medium-sized banks and 11.7% with small banks.

Net non-interest income of large banks went up 13.1% relative to the end of 2007, thanks to the rise in other non-interest income (30.1%). The net non-interest income of medium-sized banks went down by 0.9% and the net non-interest income of small banks by 37.9% at the end of 2008.

Of total income items, interest income rose the most in the period under review (by HRK 3.5bn or

TABLE 1.9 Structure of Bank Income, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008
1. INTEREST INCOME	75.6	76.8	68.1	72.5	73.6	81.4	74.4	76.6
1.1. Interest income from loans granted	63.2	64.4	56.7	61.7	62.5	68.3	62.3	64.4
1.2. Interest income from deposits	5.7	5.3	6.4	6.0	6.3	6.6	5.9	5.5
1.3. Interest income from debt securities	6.3	5.9	4.9	4.7	4.7	6.4	5.9	5.8
1.4. Interest income from interest rate swaps	0.2	0.9	0.1	0.0	0.0	0.0	0.2	0.7
1.5. Net balances on exchange rate fluctuations related to interest income	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0
1.6. Interest income from previous years	0.2	0.2	0.1	0.1	0.2	0.1	0.2	0.2
2. INCOME FROM FEES AND COMMISSIONS	16.2	14.1	24.9	23.5	13.9	13.9	17.2	15.3
2.1. Income from fees for payment operations services	6.5	5.7	17.0	15.3	6.4	6.4	7.9	7.0
2.2. Income from fees for other banking services	9.6	8.3	7.9	8.2	7.4	7.4	9.2	8.2
2.3. Net balances on exchange rate fluctuations related to claims based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST INCOME	8.2	9.1	7.0	4.0	12.5	4.7	8.5	8.1
TOTAL INCOME	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

19.3%). This change additionally increased the significance of this source of income in banks, with the share of interest income in total income rising from 74.4% to 76.6% at the end of 2008, relative to 2007 (Table 1.9). Under the circumstances of slower growth of placements and contingent liabilities, interest income from loans granted to all sectors, except households and government units, went up at a slower rate than in 2007 (19.8% versus 21.3%). The greater volume of lending to the government in 2008 reflected itself in the 27.1% increase of interest income from loans to this sector, while in the household sector the rise of interest income from loans was lower, totalling 18.8%. Since the growth of loans to households slowed down in 2008, the increase in interest income from this basis may be attributed to the higher price of loans and especially the increase in interest rates on long-term loans. Looking at the structure of interest income from loans by institutional sector, households accounted for the largest portion of income (53.6%). However, relative to the end of 2007, this share went down by 0.5 percentage points. By the size of its share in interest income from loans, next to follow was income from loans to enterprises (37.0%).

Net income from fees and commissions went up by 5.0%, which is much less than at the end of 2007, when the growth rate totalled 27.7%. Income from fees for payment services continued growing at a moderate rate (2.6%), so the slowdown in the growth of income from fees and commissions was primarily affected by much slower growth of income from other banking services (investment banking, cards operations, e-banking, fees for managing deposit accounts, etc.). The increase in income from other banking services in 2008 totalled HRK 82.1m (3.6%) or several times less than the increase in 2007, which totalled HRK 520.2m or 29.9%. The cause for this is probably to be sought in a lower volume of investment banking operations and lower income from non-credit products due to market saturation, as well as lower income from cross-selling due to the slowdown in credit growth.

Other non-interest income continued its slight growth, with the growth rate totalling 10.3% at the end of 2008, thanks to the profits from the translation of balance sheet positions with a currency clause to the agreed exchange rate, primarily in large banks. However, the growth of this income was exclusively a result of the growth in large banks (30.1%), while in medium-sized and small banks

this income reduced substantially (by 36.9% and 60.2% respectively). In contrast to last year, when banks generated profit from trading activity, at the end of 2008, bank loss from trading totalled HRK 2.1bn and was largely caused by the loss from derivatives trading that totalled HRK 2.5bn. Since these derivatives are used by banks as risk hedges (although reported as derivatives held for trading due to complex hedge accounting rules) losses from derivatives trading should be viewed in the context of the parallel HRK 3.2bn profit from exchange rate fluctuations. Only small banks realised a trading profit, thanks to trading in foreign exchange, while all banks lost on securities trading, with the overall loss standing at HRK 331.8m.

Despite changes in the financial market and more difficult conditions of financing, which contributed to an increase in interest rates on deposits and higher cost of borrowing, the growth of interest expenses slowed down (from 34.7% at the end of 2007 to 21.9% at the end of 2008). Slower growth of interest expenses was a consequence of changes in bank liabilities, which also registered a slower growth of received loans and deposits than in 2007, for they generate the lion's share of interest expenses. Expenses on received loans went up by 9.5% in 2008 and expenses on received deposits by 24.4%.

General administrative expenses and depreciation rose by 14.0% relative to the end of 2007, the rise being the highest in medium-sized banks (15.1%). In large banks, these expenses rose by 14.1%, while the growth rate was the lowest in small banks (12.0%).

Total expenses on loss provisions were 14.0% higher at the end of 2008 than at the end of 2007 due to the rise in expenses on value adjustments and provisions for identified losses on an individual basis by 71.0%, while expenses on collectively assessed impairment provisions fell by 56.0%. The increase

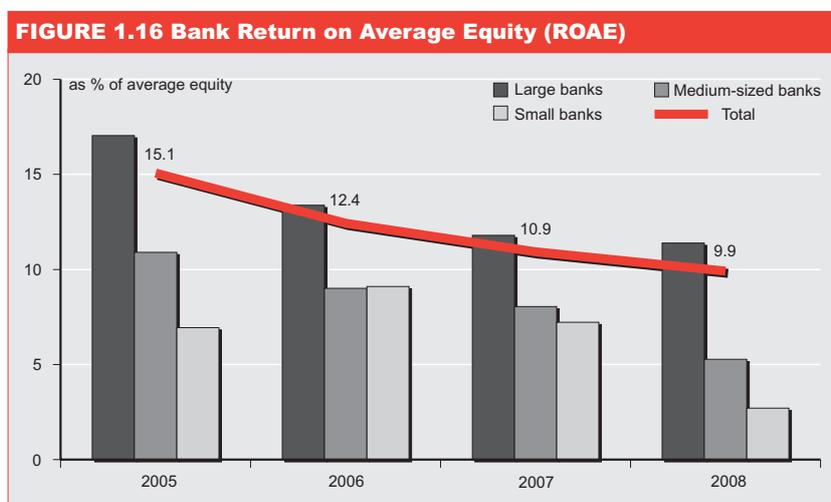
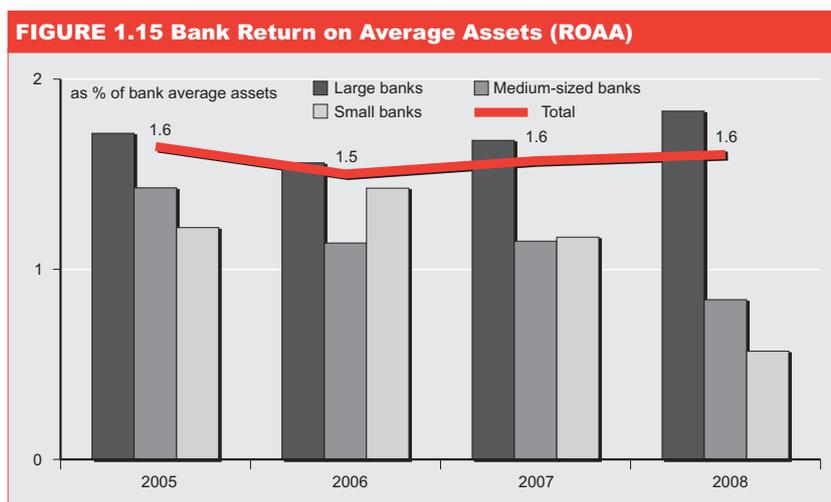
TABLE 1.10 Structure of Bank Expenses, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008	Jan.–Dec. 2007	Jan.–Dec. 2008
1. INTEREST EXPENSES	53.3	55.2	39.7	42.7	39.4	42.5	49.9	52.1
1.1. Interest expenses on loans received	13.0	12.1	5.1	4.5	3.5	4.5	10.9	10.2
1.2. Interest expenses on deposits	36.4	38.8	32.4	34.9	33.7	35.8	35.6	37.9
1.3. Interest expenses on debt securities	1.3	1.1	0.5	1.7	0.4	0.4	1.1	1.1
1.4. Interest expenses on interest rate swaps	1.1	1.6	0.1	0.0	0.0	0.0	0.8	1.2
1.5. Savings deposits insurance premiums	1.6	1.5	1.5	1.5	1.7	1.7	1.6	1.5
1.6. Net balances on exchange rate fluctuations related to interest expenses	-0.1	0.0	-0.1	0.0	0.0	0.0	-0.1	0.0
1.7. Interest expenses from previous years	0.0	0.1	0.1	0.1	0.0	0.1	0.0	0.1
2. EXPENSES ON FEES AND COMMISSIONS	5.2	4.6	17.4	14.0	5.4	4.9	7.0	6.0
2.1. Expenses on fees/commissions for banking services of residents	4.1	3.4	16.6	13.2	5.2	4.6	6.0	5.0
2.2. Expenses on fees/commissions for banking services of non-residents	1.1	1.1	0.9	0.8	0.2	0.3	1.0	1.0
2.3. Net balances on exchange rate fluctuations related to liabilities based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST EXPENSES	3.6	3.5	5.3	4.5	6.2	4.8	4.1	3.8
4. GENERAL ADMINISTRATIVE EXPENSES AND DEPRECIATION	33.1	32.3	31.8	31.4	43.7	43.4	34.0	33.2
5. LOSS PROVISION EXPENSES	4.7	4.4	5.8	7.4	5.3	4.5	5.0	4.8
5.1. Expenses on value adjustments and provisions for identified losses	2.5	3.5	3.1	7.0	3.5	3.6	2.7	4.0
5.2. Expenses on collectively assessed impairment provisions	2.2	0.9	2.7	0.4	1.8	0.8	2.2	0.8
TOTAL EXPENSES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

in expenses on value adjustments and provisions for identified losses on an individual basis may be linked to the decline in quality of total placements and contingent liabilities, i.e. the increase in bad placements and contingent liabilities, primarily bad loans (risk categories B and C). The more than halved growth rate of risk category A placements and contingent liabilities in 2008, totalling 6.3%, relative to 2007, when it totalled 13.6%, was the reason for the lower expenses on collectively assessed impairment provisions.

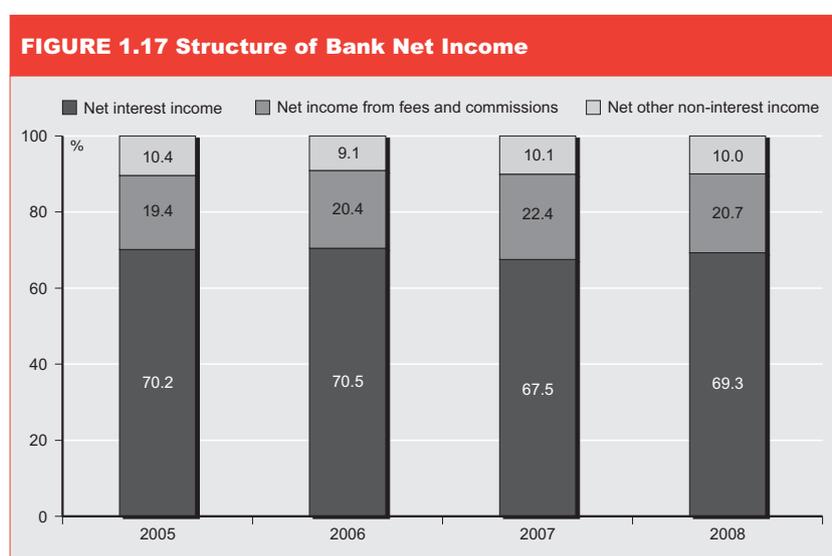
1.1.6 Indicators of Bank Returns

Despite the growth of interest income and net income in 2008, the return on average assets (ROAA) did not go up, and totalled 1.6% as at the end of 2007. The fact that this indicator did hold on to the level of the previous year is a consequence of the growth of profit and ROAA in large banks (from 1.7% at the end of 2007 to 1.8%). A fall in profits of medium-sized and small banks resulted in the decline of this indicator to less than 1%. In medium-sized banks, ROAA reduced from 1.2% to 0.8% and in small banks from 1.2% to 0.6% (Figure 1.16).



The years-long downward trend of the return on average equity (ROAE) continued in 2008 under the influence of recapitalisations and continued faster growth of capital over profit. After having decreased by more than one percentage point relative to the end of 2007, ROAE totalled 9.9%. This indicator reduced in all bank groups – in large banks from 11.8% to 11.4%, in medium-sized banks from 8.1% to 5.3% and in small banks from 7.2% to a low 2.7% (Figure 1.16).

The structure of net income was different depending on a bank group. Relative to the end of 2007, the share of net interest income in net income of all bank groups increased. After the increase of 0.9 percentage points at the end of 2008, large banks continued to have the lowest share of net interest income in net income (67.0%). This share increased by 2.4 percentage points in medium-sized banks, to 75.8% of net income, while the most significant increase (by 10.6 percentage points to 81.3%) was registered by small banks. Such a change in the structure of net income of medium-sized and small banks was to a large extent a consequence of the sizeable decrease in non-interest income and to a small extent of the growth in net interest income.

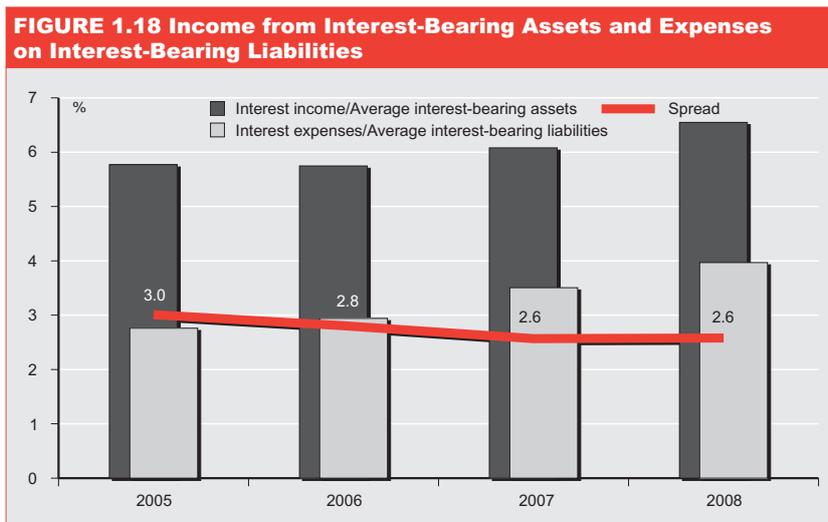


In medium-sized banks, other non-interest income reduced by 34.9% relative the end-2007 balance, primarily due to the loss on securities trading of HRK 229.0m. Due to higher other non-interest expense than income of medium-sized banks at the end of 2008, there was no net other non-interest income in the structure of net income of medium-sized banks. Net income from fees and commissions went up by 23.5%, with its share in net income of medium-sized banks ending the year at 24.2%.

In small banks the reduction in other non-interest income totalled 60.2% because in addition to the reduction in almost all items of other income relative to the end of 2007, this group realised a loss on securities not traded in active markets and carried at fair value through profit and loss and a loss from assets available for sale in the total amount of HRK 43.7m. As a result, net other non-interest income accounted for only 0.6% in the structure of net income of small banks at the end of 2008, while net income from fees and commissions made up 18.1% of net income.

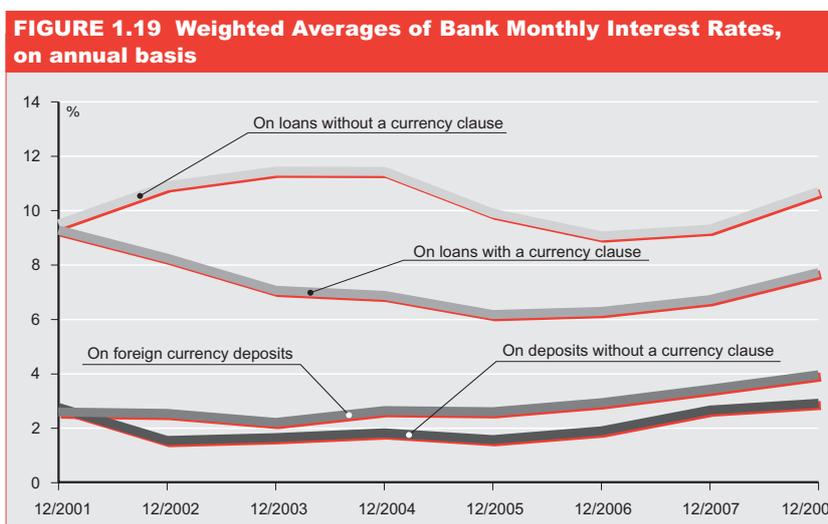
In the past year the spread¹¹ remained unchanged at 2.6% (Figure 1.18). Although after having risen

¹¹ The spread was calculated as the difference between interest income earned on average interest-bearing assets and interest expense incurred on average interest-bearing liabilities.



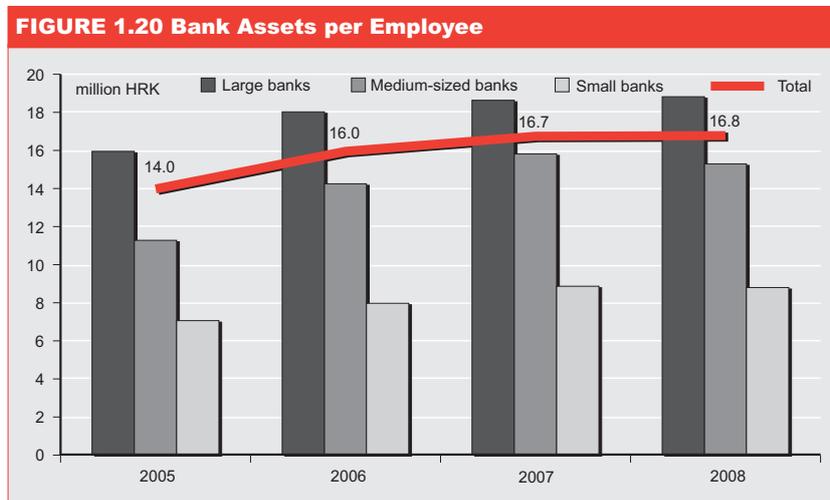
by 0.5 percentage points the average interest income by the unit of interest-bearing assets attained its highest level (6.6%) in the last five years, the average interest expenses by the unit of interest-bearing liabilities rose at the same rate, totalling 4.0%.

The spread slightly narrowed in medium-sized and small banks, standing at 2.8 and 3.4 percentage points, respectively. The reason for this narrowing was the slower growth of average interest income from the average interest expenses. In large banks, the spread maintained its end-of-2007 level, standing at 2.5 percentage points. The increase in the average interest income of banks was under the influence of the rise in lending rates, which continued growing in 2008, and the parallel increase in deposit rates (Figure 1.19).

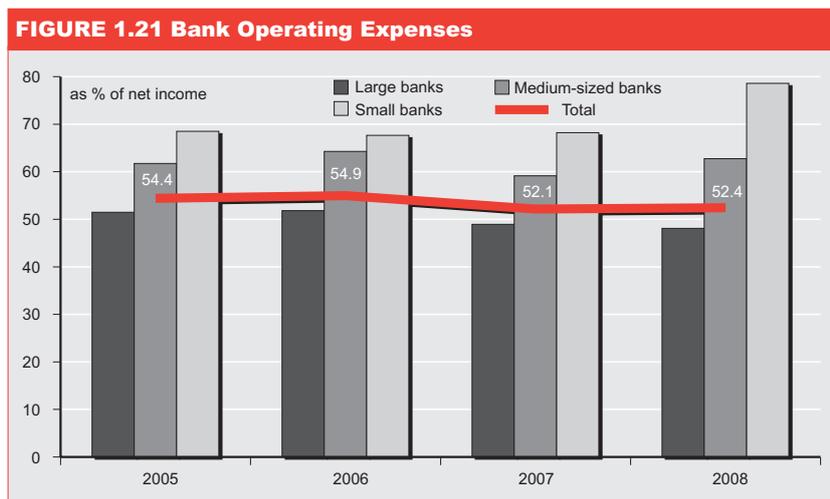


Faster growth of costs relative to 2007 was primarily affected by the rise in employee costs of 16.4% with a parallel 7.0% increase in the number of employees. The largest increase in the number of employees in a one-year period was seen in small banks (8.2%) and the smallest in large banks (6.7%), while in medium-sized banks this increase totalled 7.4%.

At the end of 2008, banks employed 22,065 persons and there was one employee for assets of HRK 16.8m (Figure 1.20). At the end of 2008, assets per employee above the average for all banks were seen in large banks, totalling HRK 18.8m. In medium-sized banks, this ratio totalled HRK 15.3m, while in small banks it was still the lowest (HRK 8.8m).



Due to weaker growth of net income (13.4%) than the growth of costs (14.0%), bank cost effectiveness mildly reduced, as evident in the rise of the cost to income ratio from 52.1% to 52.4%. In a review of the value of this indicator in the peer group of banks it is evident that only large banks raised their cost effectiveness. The value of this indicator reduced only in this bank group, totalling 48.1%. In small and medium-sized banks this indicator deteriorated due to the growth of costs that was faster than that of net income so the value of this indicator continued to be the highest in small banks (78.6%), while in medium-sized banks it totalled 62.8%.



1.1.7 Bank Exposure to Credit Risk

Total bank placements and contingent liabilities exposed to credit risk and subject to classification into different risk categories¹² totalled HRK 422.5bn at the end of 2008, which was a rise of 6.6% relative to the end of the previous year. In 2008, the growth of placements and contingent liabilities slowed down substantially relative to the previous two years,¹³ especially in the group of medium-sized banks, where after the high growth rates in 2006 and 2007 (41.7% and 21.2%), the growth of placements and contingent liabilities totalled 3.0%. In contrast to previous years, when large banks realised the lowest growth rates, in 2008 placements and contingent liabilities of this group of banks had the highest growth rate (7.2%), influenced by the rise in the last quarter of 2008, when after the repeal of the marginal reserve requirement foreign sources of funds went up substantially, primarily sources from foreign owners. In small banks, placements and contingent liabilities went up by 6.2%, down 10 percentage points on 2007.

Bank placements (balance sheet items) grew by HRK 25.3bn (7.7%) in 2008, while contingent liabilities (standard off-balance sheet items) grew by HRK 751.6m or 1.1%, so at the end of 2008, placements accounted for 83.5% and contingent liabilities for 16.5% of bank placements and contingent liabilities. In the distribution of placements and contingent liabilities by instrument, the share of loans continued growing, reaching 59.8% of total placements and contingent liabilities, while the share of deposits went down from 20.6% to 17.1%. The share of securities exposed to credit risk (securities held to maturity and securities classified into the available-for-sale portfolio) in the distribution of placements and contingent liabilities went up (to 5.4%), thanks primarily to the growth of investments in securities of foreign countries and MoF T-bills. The remaining 1.2% of placements and contingent liabilities were made up by claims arising from income, embedded derivatives and other claims. The decline in deposits granted at the rate of 11.5% was under the influence of changes to monetary regulations during 2008 (reduction in the minimum ratio of the foreign exchange coverage and the reserve requirement rate and the repealing of the marginal reserve requirement), for the purpose of ensuring additional liquidity and conditions for refinancing of government debt. In addition, the growth of loans granted and investments in foreign securities and the low rate of growth of contingent liabilities were under the influence of the measure on the subscription of compulsory CNB bills, that is, they are a reflection of bank efforts to direct their operations to more profitable placements (loans) and placements not subject to limitations (placements to domestic government units and non-residents) in circumstances of limited growth.

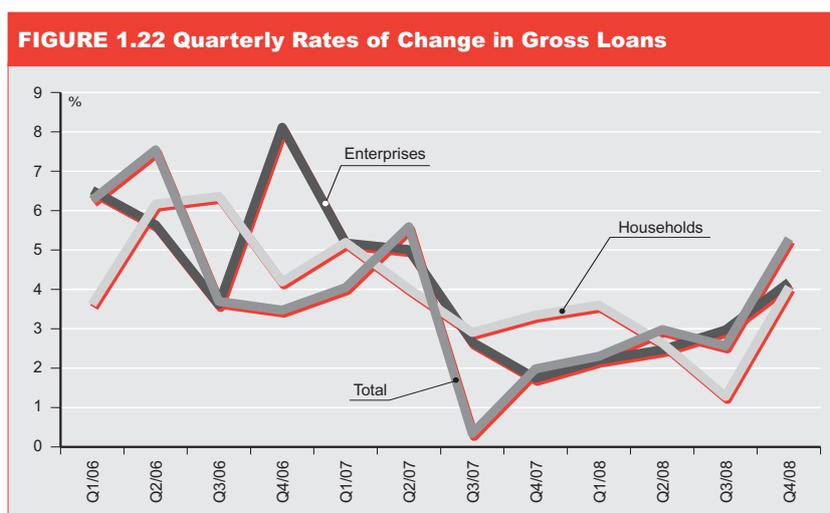
Bank loans granted (gross) went up by HRK 31.0bn in 2008 to HRK 252.7bn, at the rate of 13.8%. Relative to the previous year, loan growth slowed down slightly. In 2007, loans granted went up by 14.8%. This was a result of the slowdown in the most important item, loans to households, which grew by HRK 13.6bn or 12.1% in 2008, which was substantially lower than the 18.1% registered in 2007. After the 10.2% rise in 2007, loans to enterprises went up at a faster rate, growing by HRK 10.6bn or 12.3%. The growth of loans to state-owned enterprises totalled 6.9% and to other enterprises 12.9%. Viewed by activity,¹⁴ the amount of bank loans granted to the construction and the

12 Pursuant to the Decision on the classification of placements and contingent liabilities of banks (OG 17/2003, 149/2005 and 74/2006) and in accordance with IAS 39, bank placements and contingent liabilities are classified into risk categories: A – fully recoverable placements and contingent liabilities, B – partly recoverable placements and contingent liabilities and C – irrecoverable placements and contingent liabilities.

13 The growth of placements and contingent liabilities totalled 13.4% in 2007, while in 2006 it totalled 25.5%.

14 Excluding households, public administration and defence.

real estate sector increased the most, followed by loans to trade and agriculture. The highest growth rate was seen in loans to government units which rose by HRK 7.2bn or 50.1%. This growth was primarily accounted for by loans to the central government (HRK 5.4bn), whose loan growth totalled 76.2%. Loans to central government funds went up by 36.2%, while loans to the local government and funds went down by 4.5%. The share of loans granted to government units rose by over 2 percentage points and stood at 8.5% of total loans (gross). Except for the non-resident sector, the shares of all other sectors reduced relative to the end of 2007. The share of loans to households declined to below 50% (49.8%), while the share of loans to enterprises stood at 38.3%.



Among loans to households, home loans went up the most, in nominal and relative terms. Compared with the end of 2007, they went up by HRK 7.1bn or 15.7%. Cash loans, credit lines and other loans went up by HRK 5.4bn (10.9%), followed by credit card loans, which grew by HRK 606.4m or 12.3%. Mortgage and car loans went up at below-average rates of 6.7% and 2.7%, which reduced their shares in total household loans. The share of home loans went up the most (by 0.7 percentage points), which totalled 41.6% at the end of 2008, while the share of cash loans, credit lines and other loans accounted for 43.9% of household loans.

Large banks had the highest growth rate of loans granted (14.4%), followed by medium-sized banks, where they went up by 12.1% and small banks with the growth rate of 10.4%. Small banks are the only bank group where the share of loans to enterprises increased in sector distribution and the only group where this sector had the majority share (51.9%). The share of loans to government units increased in large and medium-sized banks, in large banks at the expense of the reducing share of loans to households and in medium-sized banks at the expense of the reducing share of loans to financial institutions. In large and medium-sized banks, loans to households led the way with 50.4% and 52.4%, respectively.

At the end of 2008, banks allocated 2.3% of their total placements and contingent liabilities in risk categories B (provisioning percentage of 1% to 90%) and in risk category C (provisioning percentage of 90% to 100%) 1.0% of placements and contingent liabilities. As a result, the so-called bad placements and contingent liabilities (risk categories B and C) made up 3.3% of total placements and contingent liabilities (Table 1.11). Banks allocated the remaining 96.7% of placements and contingent

TABLE 1.11 Classification of Bank Placements and Contingent Liabilities by Risk Categories, in million HRK and %

	Dec. 2005		Dec. 2006		Dec. 2007		Dec. 2008	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	267,835.4	96.0	338,310.4	96.8	384,204.3	96.9	408,397.9	96.7
2. Partly recoverable placements and contingent liabilities (category B)	6,801.6	2.4	7,147.3	2.0	7,946.5	2.0	9,865.7	2.3
3. Irrecoverable placements and contingent liabilities (category C)	4,238.5	1.5	4,173.1	1.2	4,270.3	1.1	4,214.6	1.0
Total	278,875.5	100.0	349,630.8	100.0	396,421.2	100.0	422,478.1	100.0

liabilities into the highest quality category, i.e. the category of fully recoverable placements and contingent liabilities that went up by 6.3% in 2008.

At the end of 2007, the share of bad placements and contingent liabilities totalled 3.1%. However, due to their growth at the rate of 15.3%, the share of bad placements and contingent liabilities went up by 0.2 percentage points. This decreased the amount of placements and contingent liabilities classified into category C by 1.3%, while category B widened by 24.2%. The increase in the ratio of bad to total placements and contingent liabilities reversed the two-year declining trend of this indicator. In relation to almost all types of placements and contingent liabilities, the growth of bad placements was more prominent than the growth of placements from category A, while the largest contribution to the rise in total bad placements and contingent liabilities came from the growth of bad loans, whose share in their distribution went up to 88.6%. Next to follow were bad contingent liabilities with a share of 7.8%, while of the remaining items none had the share that exceeded 1% of bad placements and contingent liabilities.

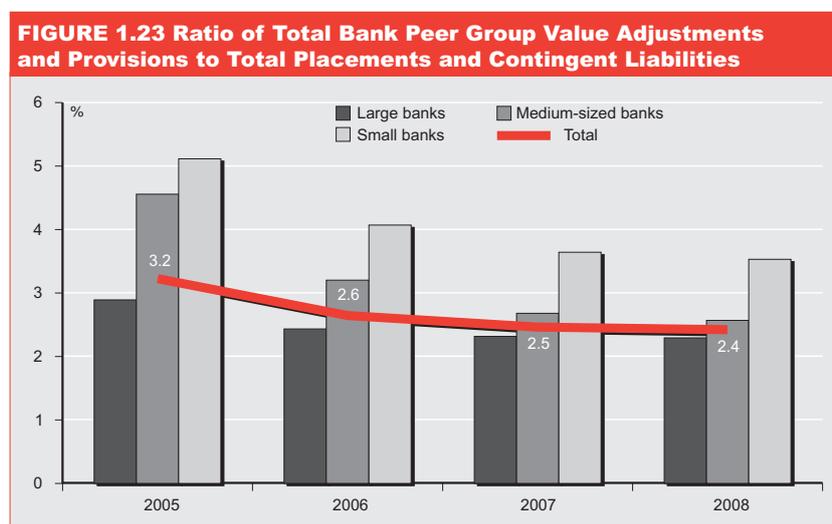
The ratio of bad to total placements and contingent liabilities increased in all bank groups. The largest growth of bad placements and contingent liabilities, in relative terms, belonging exclusively to risk category B, was registered by medium-sized banks (37.5%), increasing the share of bad placements and contingent liabilities in this bank group by 1.1 percentage points to 4.4%. The ratio of bad to total placements and contingent liabilities was again the highest in small banks (6.3%), where in 2008 bad placements and contingent liabilities grew 12.7%. In large banks bad placements increased at the lowest rate of 11.8%, accounting for 2.9% of total placements and contingent liabilities.

Bad placements and contingent liabilities are subject to value impairment by the amount of loss due to the impossibility of full recovery (categories B and C), while placements and contingent liabilities classified into risk category A are subject to collectively assessed impairment provisions. The total amount of these value adjustments and provisions went up by 4.7% in 2008; due to the faster growth

TABLE 1.12 Ratio of Total Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %

	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008
1. Total value adjustments against placements and provisions for contingent liabilities	9,002.3	9,252.2	9,774.6	10,230.1
1.1. Value adjustments against placements and provisions for contingent liabilities	6,427.8	6,201.3	6,290.3	6,555.2
1.2. Collectively assessed impairment provisions	2,574.5	3,050.9	3,484.3	3,674.9
2. Total placements and contingent liabilities	278,875.5	349,630.8	396,421.2	422,478.1
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	3.2	2.6	2.5	2.4

of total placements and contingent liabilities the coverage of total placements and contingent liabilities by total value adjustments and provisions fell, totalling 2.4% at the end of 2008 (Table 1.12). This indicator reduced in all bank groups, most prominently in small banks, where despite the decline its value was still the highest (Figure 1.23). Collectively assessed bank impairment provisions at the end of 2008 totalled 0.9% of category A placements and contingent liabilities.



Bad placements and contingent liabilities grew by HRK 1.9bn in 2008 (15.3%), with the growth of bad loans (HRK 1.8bn) contributing the most to this growth. The growth of bad loans at the rate of 16.7% contributed to the deterioration in the basic loan quality indicator – the ratio of bad to total loans increased from 4.8% at the end of 2007 to 4.9% at the end of 2008. The ratio of bad to total loans increased in all sectors except the non-resident sector. In the enterprises sector the ratio of bad to total loans stood at 7.5%, while in the household sector it totalled 4.0%. Viewed by nominal amount, bad loans went up the most, HRK 901.4m, in the enterprises sector, which was the annual rate of 14.2%. Bad loans to the construction sector realised the steepest growth, followed by loans to the trade and real estate sectors. Bad loans to households went up by HRK 792.5m or 18.8%. As a result of its above-average growth rate, the share of bad loans to households went up (to 40.1%) in the sector distribution of bad loans, while the share of bad loans to enterprises, although lower than the year before, was again the highest (58.0%). Bad loans to households went up predominantly due to the rise in bad cash loans, credit lines and other loans to households of 20.9%, followed by the 23.0% rise in bad home loans. A faster growth rate was seen only by bad credit card loans (69.2%). Bad cash loans, credit lines and other loans made up 68.5% of total bad loans to households. Despite its exceptionally high growth, the share of bad credit card loans (2.1% of total bad loans to households) was still the lowest among all types of loans to households.

In medium-sized banks, bad loans to enterprises (31.4%) and bad loans to households (57.6%) went up the most. In large banks, the growth of bad loans was also faster in the household sector than in the enterprises sector (14.2% to 10.6%), while in small banks it was the opposite, bad loans to enterprises going up 14.3%, those to households 13.2%. In large banks the ratio of bad to total loans slightly reduced (to 4.3%), while in medium-sized and small banks it went up to 6.4% and 8.8%.

The due but unpaid share of receivables from loans¹⁵ totalled HRK 9.4bn at the end of 2008, or

approximately 3.7% of total loans. Compared with the end of 2007, due but unpaid receivables from loans went up by 23.9%. The largest share of due but unpaid receivables from loans (63.4%) was made up by receivables from enterprises, which, after having grown by 38.2%, stood at 6.1% of loans to enterprises. The share of due but unpaid receivables from loans relating to state-owned enterprises went up from 0.9% to 6.9%, while the share of those relating to other enterprises went up from 5.4% to 6.0%. Due but unpaid receivables from loans to households also went up (10.2%), the majority of the rise relating to the due but unpaid receivables from cash loans, credit lines and other loans, which had increased by 13.4%. The share of due but unpaid receivables from loans to households was 2.5%, while cash loans, credit lines and other loans accounted for the worst indicator of 4.5%.

Despite the rise in bad loans and due but unpaid receivables, bank estimates of the average percentage of losses on bad loans improved – the ratio of value adjustments to bad loans reduced from 54.4% to 48.7%. Loan value adjustments went up 4.4%, thanks to the rise in value adjustments of loans to households (13.1%). The coverage of bad loans to households by value adjustments was 63.8%. Value adjustments of loans granted to enterprises reduced by 3.9%, thus covering 38.1% of bad loans to enterprises. At the same time, the share of due but unpaid receivables in B and C loans to enterprises totalled 51.2%.

TABLE 1.13 Sectoral Structure of Net Bank Loans, end of period, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008
1. Government units	13,693.4	20,073.8	540.8	1,227.6	82.1	193.8	14,316.3	21,495.2
2. Financial institutions	4,557.1	4,070.7	1,201.6	473.4	1,191.2	1,252.6	6,949.8	5,796.7
3. State-owned enterprises	7,186.5	7,750.2	695.1	729.9	107.7	62.5	7,989.3	8,542.7
4. Other enterprises	56,191.6	63,827.6	10,715.5	11,950.2	8,427.5	9,748.3	75,334.6	85,526.0
5. Non-profit institutions	469.7	489.3	38.7	40.4	36.9	61.5	545.3	591.1
6. Households	88,445.3	99,157.2	13,826.7	15,984.6	7,273.5	7,592.0	109,545.5	122,733.8
7. Non-residents	1,544.9	1,820.1	33.7	47.7	10.1	51.4	1,588.6	1,919.1
Total	172,088.4	197,188.8	27,052.1	30,453.9	17,129.0	18,962.1	216,269.5	246,604.8

Of the total amount of bank placements (excluding contingent liabilities), 45.4% were covered by quality insurance instruments, which was a substantial increase relative to the end of 2007 when this indicator stood at 40.2%.

The most important instrument of collateral for bank placements¹⁶ was residential real estate – the share of placements collateralised by residential real estate property in total collateralised placements stood at 35.2%. Then came other instruments (as laid down by the internal bylaws of banks) with a share of 23.4%, followed by commercial real estate (22.5%) and guarantees or securities of domestic government units and the CNB (10.8%). The share of deposits was 5.8%, while shares of all other instruments were below 1%. The value of collateral covered 89.1% of the value of collateralised placements, which was an improvement in this indicator since the end of 2007 when the coverage was 87.7%.

The share of collateralised placements went up on the end of 2007 in all bank groups. Large banks

¹⁵ For loans that did not fall due in their entire amount, only the portion that fell due was included.

¹⁶ Pursuant to the Decision on supervisory reports of banks (OG 115/2003, 29/2006, 46/2006 and 74/2006) quality instruments of collateral are residential and commercial real estate property, deposits, guarantees or securities of domestic government units and the CNB, government units and central banks of OECD member states, domestic banks and banks of OECD member states but also all other instruments specified as quality collateral instruments in internal bank bylaws.

had the best collateralised to total placements ratio of 47.6%, followed by small banks (39.2%) and medium-sized banks (36.0%). In large banks, residential real estate was the predominant instrument of collateral, while in other bank groups this role was taken by commercial real estate.

Total placements and contingent liabilities exposed to currency-induced credit risk (CICR),¹⁷ i.e. all placements and contingent liabilities in foreign currency and indexed to foreign currency, amounted to HRK 238.3.7bn¹⁸ or 57.3% of total placements and contingent liabilities (net) at the end of 2008. In 2008, placements and contingent liabilities exposed to CICR went up by HRK 26.2bn or 12.4%, pushing up their share in total placements and contingent liabilities (net) by 3.0 percentage points. Of the total amount of placements and contingent liabilities exposed to CICR, some 78.9% were not appropriately hedged against the effects of CICR. At the end of 2007, this percentage was much lower (75.5%). The rise in this indicator was a consequence of the growth of loans exposed to CICR that were granted to other enterprises and households, or to be more exact, to those enterprises and individuals who do not have matched foreign currency inflows and outflows. As a result, if only loans are analysed, there is a visible growth of the unhedged share – the share of loans unhedged against CICR totalled 91.5% at the end of 2008 relative to 88.8% at the end of 2007.

The shares of placements and contingent liabilities exposed to currency-induced credit risk went up in all bank groups. However, they went up the most in large banks, where 60.0% of placements (net) were exposed to CICR at the end of 2008. The share of unhedged placements stood at 78.5%. Medium-sized banks had a larger share of unhedged placements (86.3%), while this indicator was again the lowest in small banks (71.6%), which may be attributed to a much significant share of small short-term placements that are, in accordance with regulations, reported as hedged.

1.1.8 Bank Exposure to Liquidity Risk

In 2008, banks' total sources of financing were 5.1% larger than at the end of 2007, totalling HRK 299.9bn. The rate of growth was twice slower than in 2007, when it amounted to 10.7%, primarily as a result of the rise in the last quarter of 2008. Sources of financing, which include received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments went up the most in small banks (6.6%). In large banks they went up by 5.5% and in medium-sized banks by only 1.3%. The largest constituent of bank sources of financing, deposits, which make up four fifths of total sources, went up by 6.3% during last year. Since received loans, the second source of financing by size, were 0.3% lower than at the end of 2007 the structure of the sources of financing changed. The share of received loans reduced by an entire percentage point, while the share of deposits went up almost as much. The shares of issued subordinated and hybrid instruments also increased (Table 1.14).

Deposits were the dominant source of financing in all bank groups and to the largest extent in small banks, where their share was almost 90%. Large banks accounted for the largest share of received loans in total sources of financing, almost one fifth, while issued debt securities were a source of funds only in large banks. Medium-sized banks doubled the share of issued subordinated and hybrid instruments in their total sources of financing, from 1.6% to 3.1%.

¹⁷ The risk that, in case of the weakening of domestic currency, clients that do not have stable foreign currency income will not be able to repay their foreign currency or foreign currency indexed liabilities.

¹⁸ Net book value, i.e. the amount reduced by value adjustments.

TABLE 1.14 Structure of Bank Sources of Financing, end of period, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008	Dec. 2007	Dec. 2008
Deposits	78.8	79.7	86.1	85.3	88.1	88.5	80.4	81.1
Loans	19.7	18.6	12.3	11.6	10.7	10.7	18.1	17.1
Debt securities issued	1.5	1.4	0.0	0.0	0.0	0.0	1.2	1.1
Hybrid and subordinated instruments issued	0.0	0.3	1.6	3.1	1.2	0.9	0.3	0.7
TOTAL SOURCES OF FINANCING	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Deposits and loans of majority foreign owner	14.7	19.0	15.0	14.8	2.0	1.2	13.7	17.0

Received deposits went up by HRK 14.7bn to HRK 247.8bn at the end of 2008. They went up the most in large banks, by 7.0%, and small banks, by 6.7%, while in medium-sized banks they went up by a modest 1.9%.

In contrast to deposits, received loans were HRK 0.2bn lower than at the end of 2007, totalling HRK 52.1bn. In large banks they went down by 0.4% and in medium-sized banks by 2.9%, going up by 5.8% only in small banks.

Sources of funds from foreign owners went up by HRK 12.2bn in the last year, i.e. by 30.9% (deposits received from owners rose by 32.3% and loans by a smaller 29.2%). As a result, their share in total sources of funds also rose, from 13.9% to 17.3%. The said increase was realised only by large banks (an increase of 36.6%), while medium-sized banks went up slightly, by 1.3%. This source of financing decreased by 34.7% in small banks. The shares of deposits and loans received from foreign owners in total sources of financing went up only in large banks, to 19.3%.

Households continued to be the largest source of bank financing,¹⁹ with their share rising from 42.7% to 45.3% during last year. The non-resident sector followed by the size of its share (23.4%), which also increased by 1.9 percentage points. In contrast, the shares of enterprises and domestic financial institutions, which together accounted for 28.2% of total sources, narrowed from 14.0% and 18.9% to 11.7% and 16.5%, respectively.

In all bank groups, households accounted for the largest share in sources of financing. This was to the largest extent true in small banks, where this sector accounted for more than a half of total sources (58.2%), while in other two bank groups it was lower, totalling 43.7% in large banks and 47.1% in medium-sized banks. The share of households went up in all bank groups, but it went up the most in medium-sized banks, by 5.5 percentage points. In large and medium-sized banks the next source of financing by the size of their share were deposits and loans received from non-residents, which made up more than a fourth of total sources in large banks or 26.2% and 17.6% in medium-sized banks. Deposits and loans from domestic financial institutions made up the second largest source of funds in small banks with a share of 18.0% and were a significant source of funds in medium-sized banks, accounting for 16.6%.

The reduction in loans received by banks in 2008 was a result of the 6.3% decrease in loans from financial institutions (which make up slightly more than a third of received loans) and the consequent

¹⁹ Issued debt securities and subordinated and hybrid instruments (which participate in the total structure of sources of financing with 1.7%) have not been classified by sector for analysis purposes.

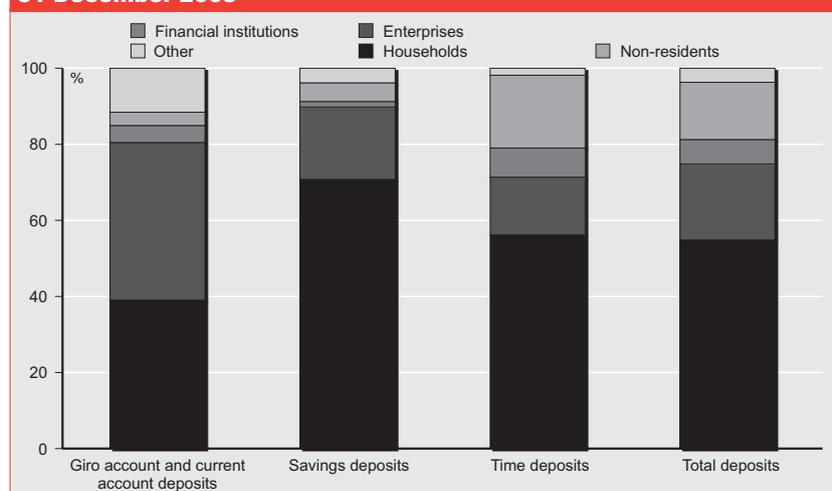
TABLE 1.15 Sectoral Structure of Received Loans, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Loans from government units	528.0	1.1	272.9	0.5	-48.3	183.3	0.4	-32.8	125.7	0.2	-31.4
Loans from financial institutions	13,843.8	27.7	15,102.5	27.5	9.1	20,573.0	39.3	36.2	19,270.0	37.0	-6.3
Loans from enterprises	40.8	0.1	0.0	0.0	-99.9	189.4	0.4	0.0	3.5	0.0	-98.1
Loans from foreign financial institutions	35,143.1	70.2	39,129.4	71.3	11.3	31,117.8	59.5	-20.5	32,603.9	62.5	4.8
Loans from other non-residents	479.3	1.0	360.5	0.7	-24.8	248.3	0.5	-31.1	129.3	0.2	-47.9
TOTAL LOANS RECEIVED	50,035.0	100.0	54,865.4	100.0	9.7	52,311.8	100.0	-4.7	52,132.6	100.0	-0.3
Loans from majority foreign owner	17,705.0	35.4	22,925.5	41.8	29.5	17,600.8	33.6	-23.2	22,735.6	43.6	29.2

reduction of their share to 37.0%. This reduction was larger than the 4.8% growth in loans from foreign financial institutions. As a result, at the end of 2008 these loans made up almost two thirds of received loans, i.e. 62.5% (Table 1.15).

The mentioned rise in deposits of HRK 14.7bn was almost equal to the rise of household deposits of HRK 14.2bn (11.7%). The increase in deposits by the remaining half a billion kuna was a result of the difference among the rise of deposits in three sectors (which went up by altogether HRK 8.4bn during last year) and the decrease of deposits in two sectors – the enterprises sector and the financial institutions sector, which together narrowed by HRK 7.9bn. The rise in deposits of the non-residents sector accounted for slightly over a half of the rise in household deposits or HRK 7.2bn and was in its relative amount larger than that of all other sectors (24.1%). Deposits of government units and non-profit institutions also went up by a total of HRK 1.2bn at an almost equal growth rate of 14.9% and 14.3%, respectively.

These developments further increased the existing share of household deposits in total deposits received by banks to 54.9% (by 2.6 percentage points). The non-resident sector also saw an increase by more than two percentage points (from 12.9% to 15.1%). The share of deposits by enterprises, second in size, changed the most, decreasing by 3.2 percentage points to 19.9% in total deposits, while the share of deposits by financial institutions reduced by 1.9 percentage points.

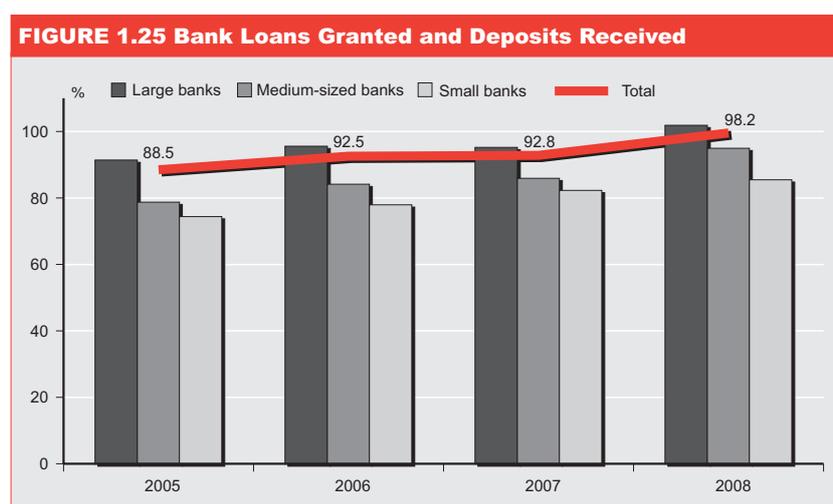
FIGURE 1.24 Sectoral Structure of Received Deposits, as at 31 December 2008

This increase in household deposits in 2008 was exclusively a consequence of the rise in time deposits by as much as HRK 15.9bn (or 18.5%), while giro and current account deposits of this sector, as well as savings deposits reduced by a total of HRK 1.7bn (or by 2.0% and 6.9% respectively). Time deposits, viewed by the deposit maturity structure, were the only ones to go up, by HRK 19.9bn (or 12.4%), while deposits on giro and current accounts went down (by 8.8%), like savings deposits (by half as much, i.e. 4.5%). As with the increase in time deposits, the decrease in savings deposits (of HRK 1.2bn) was primarily influenced by the movements of household deposits, which went down by HRK 1.3bn (6.9%). The crucial contribution to the reduction in giro and current account deposits by HRK 4.0bn came from the fall in these deposits from enterprises, which totalled over three fourths or HRK 3.1bn.

Time deposits accounted for almost three fourths of all deposits at the end of last year (their share went up by almost four percentage points to 73.0% within one year), while the share of giro and current account deposits shrank from 19.4% to 16.7% and the share of savings deposits from 11.5% to 10.4%.

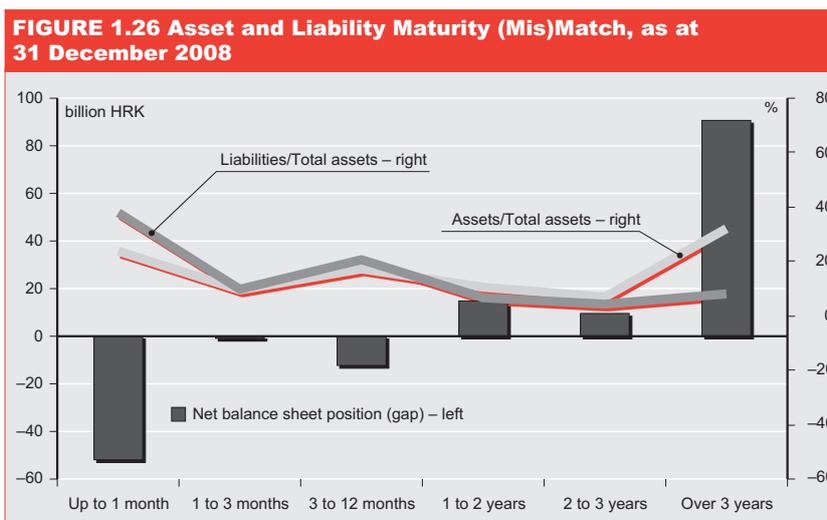
Foreign currency deposits went up by HRK 18.7bn or 15.3% in 2008, thus accounting for 56.9% of all deposits. Foreign currency time deposits went up by HRK 20.3bn, while giro and current account deposits went down by HRK 0.7bn and HRK 0.9bn, respectively. Kuna deposits remained almost unchanged, although time deposits rose significantly, by HRK 3.6bn, and giro and current account deposits went down by HRK 3.3bn and HRK 0.3bn. Kuna deposits indexed to a currency clause decreased by HRK 4.0bn (primarily due to the HRK 3.9bn decrease in time deposits).

Considering that loans granted grew more (14.0%) than received deposits in 2008, their ratio significantly increased (Figure 1.25). It remained the highest in large banks, totalling 101.9%, followed by the ratio of 94.9% in medium-sized banks (which went up the most, by 9.0 percentage points), while small banks had the smallest ratio of 85.4%.



At the end of 2008, banks reported the usual maturity structure mismatch or negative cumulative gap²⁰ in all three categories of the remaining short-term maturity (up to one, up to three and up to twelve months). The total short-term mismatch increased by HRK 9.2bn or 16.5% in the last year,

²⁰ This represents the difference between net assets and liabilities (not including capital) with the same period until maturity.



with its share in assets increasing from 16.1% to 17.4%. The reason for this was the twice faster growth of short-term liabilities (6.3%) relative to the increase in assets of the same maturity, which went up by 3.2% (primarily due to the 10.5% rise in time deposits with remaining short-term maturity). The share of short-term assets in total bank assets went down by two percentage points, from 52.3% to 50.3%, because total assets went up faster (7.2%) than assets with remaining maturity of up to one year. The share of short-term bank liabilities in total assets also went down from 68.3% to 67.7%. The mismatch, which was largest for the shortest maturity (up to one month), decreased by HRK 4.1bn, but increased by HRK 3.4bn for maturities between one and three months and particularly for maturities of three months up to one year, by HRK 9.9bn (Figure 1.26).

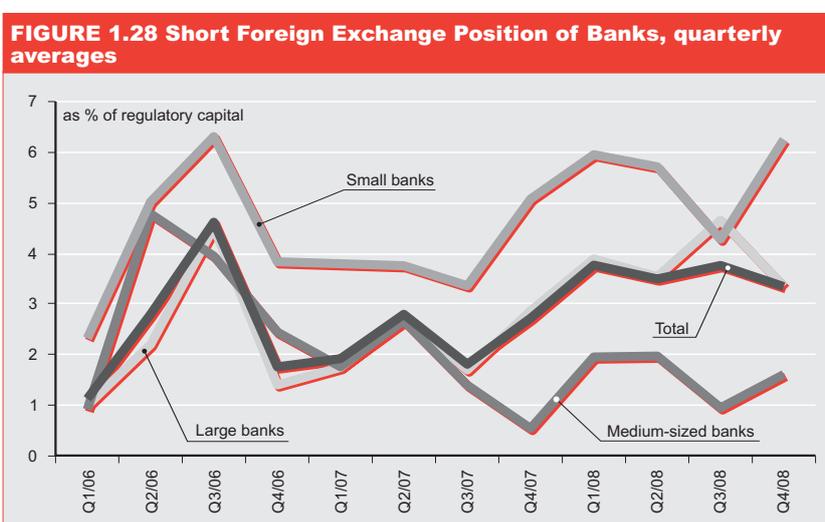
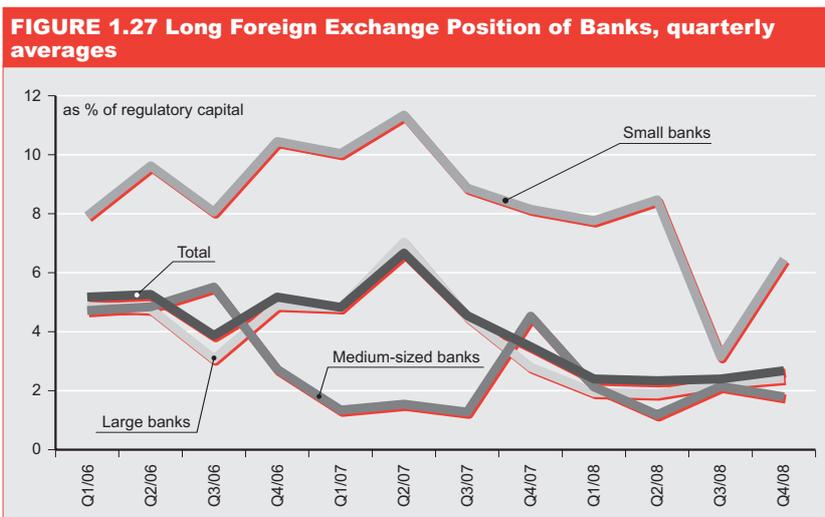
1.1.9 Currency Adjustment of Bank Assets and Liabilities

Throughout 2008, the average bank three-month short open foreign exchange position was larger than the long position, i.e. the amount of foreign currency and foreign currency indexed liabilities exceeded the amount of foreign currency and foreign currency indexed claims that are included in the calculation of the open foreign exchange position pursuant to regulations.²¹ In the fourth quarter of 2008, the average bank short foreign exchange position was HRK 1.5bn and the average long foreign exchange position was HRK 1.2bn. Shown as a percentage of the banks' regulatory capital, short and long positions were 3.3% and 2.7%, respectively (Figures 1.27 and 1.28). Large banks had a short position of 3.3% of their regulatory capital, while small and medium-sized banks had a long open position, totalling 1.8% and 6.5% of regulatory capital.

For the most part of 2008, the kuna strengthened against the euro. However, its weakening in the last quarter resulted in an end-of-year exchange rate that was only slightly below that at the end of 2007. On the other hand, in the one-year period under review, the kuna exchange rate against the Swiss franc depreciated by 11.3%.

At the beginning of 2008, the traditionally long open foreign exchange position of domestic banks

²¹ Decision on the limitation of bank exposure to foreign exchange risk (OG 17/2003, 39/2006, 130/2006 and 25/2009).



changed into a short position, due to the domination of the euro and a short position in that currency. Following the strengthening of the kuna component of the bank balance sheet²² in 2007, 2008 saw a 13.1% growth of euro liabilities (including those with a currency clause in euros) and primarily a rise in euro deposits received (15.5%). Loans granted in euros also went up noticeably in 2008 (25.8%). However, the decline in euro deposits granted, surely also affected by changes to monetary regulations, slowed down the growth of assets in euros (to 12.7%).

The share of the foreign currency component on the liabilities side (items with a currency clause included) went up from 58.5% at the end of 2007 to 60.6% at the end of 2008. The share of the euro went up by 1.6 percentage points, to 86.0% of currency (and foreign currency indexed) bank liabilities. The share of the Swiss franc decreased to 7.2%, while the share of the US dollar totalled 6.0% after a slight increase. The share of foreign currency component on the assets side (items with a currency clause included) went up from 57.5% to 60.7%. The share of the euro decreased (to 76.2%), the same as the share of the Swiss franc (to 18.0%), while the share of the US dollar went up to 5.1% of foreign currency (and foreign currency indexed) assets. Banks shortened the long spot

²² Does not include foreign currency indexed kuna items.

position in the Swiss franc, created by the popularisation of loans with a currency clause in Swiss franc, with a forward position, while starting with the second quarter 2008, the three-month rate of growth of loans linked to the Swiss franc became negative (effectively, i.e. taking into account the exchange rate movements).

1.2 Housing Savings Banks

At the end of 2008, there were five housing savings banks operating in the territory of the Republic of Croatia. The growth of assets of housing savings banks in the business year totalled 6.43%, while, although slower than in 2007, the growth of bank assets totalled 7.25%. As a result, the share of assets of housing savings banks in total banking sector assets fell for the fourth consecutive year, and at the end of 2008 stood at 1.85%.

As over the previous years, four housing savings banks were under the direct or indirect majority ownership of foreign shareholders and their assets accounted for 98.37% of total housing savings bank assets. The remaining 1.63% of total assets of housing savings banks went to the one housing savings bank in majority domestic state ownership. Due to the significant growth of this housing savings bank (89.42% at an annual level) the share of domestic ownership went up by 0.71 percentage points. At the end of 2008, housing savings banks had a staff of 416 persons, accounting for 1.85% of the total number of employees in the banking sector.

1.2.1 Housing Savings Bank Balance Sheet

At the end of 2008, total assets of housing savings banks stood at almost HRK 7.0bn, increasing by HRK 420.7m (6.43%) relative to the end of 2007 (Table 1.16). In the period under review, total assets went down in one housing savings bank, while in others they went up.

The growth of assets of housing savings banks in 2008 was to the greatest extent financed by the increase in share capital and issued hybrid instruments, while deposits of housing savings bank depositors, the main source of financing, went up by a modest 4.30%. The significant upward trend of loans granted continued, while the credit activity of housing savings banks was, as in 2007, partly a result of asset restructuring, i.e. decreased securities investments. Consequently, the asset structure of housing savings banks continued to change, with the share of loans in assets going up and the share of investments in securities going down. At the end of 2008, net loans made up 58.21% of housing savings bank assets, up 8.11 percentage points on the end of 2007. The share of securities went down by 11.42 percentage points to 35.31% in the period. The continued narrowing of the securities portfolio in favour of growing home loans and the consequent increase in the share of loans in the balance sheet resulted in a positive trend of the growing significance of housing savings banks' core business, which is granting loans under the households' home-savings model. However, the reduction in the securities portfolio in the one-year period under review was partly a consequence of the spillover of the world's financial crisis into the domestic capital market, which led not only to a substantial fall in share value but also to a fall in the value of government bonds that constitute the major portion of housing savings bank investments.

At the end of the 2008, net loans totalled HRK 4.1bn, HRK 2.8bn of which were used for loans to savers of housing savings banks, while the remaining HRK 1.2bn were placed to government units and financial institutions. Relative to the end of 2007, net loans went up by a total of HRK 775.8m (23.66%). The growth of home loans (by HRK 633.1m or 28.61%) contributed the most to the increase in loans, while loans granted to financial institutions accounted for a smaller share HRK 167.4m and loans granted to government units reduced by HRK 24.7m. All housing savings banks but one registered high growth rates of home loans at the end of 2008 so the share of housing savings banks in home financing at banking sector level went up by 0.5 percentage points, totalling 5.18% at the end of 2008. The increase in home loans in the period under review affected an increase in the ratio of loans and deposits received from housing savings bank savers by 9.23 percentage points or 45.87% at the end of 2008.

Total securities investments of housing savings banks went down by HRK 598.9m or 19.58% at the end of 2008 relative to the end of 2007. Since the decrease was entirely accounted for by bonds of the Republic of Croatia, which together with MoF T-bills make up the securities portfolio of housing savings banks, their investments structure changed. Investments in RC bonds were HRK 671.1m (23.94%) lower, while investments in MoF T-bills were HRK 72.2m (28.25%) higher. As a result, the share of RC bonds went down by 4.97 percentage points to 86.68% (2007: 91.64%), while the share of MoF T-bills in the same ratio increased to 13.32% (2007: 8.36%).

The majority of securities were classified in the available-for-sale portfolio (54.94% of total investments), which was the only portfolio to go up at the end of 2008 relative to the end of 2007. How-

TABLE 1.16 Structure of Housing Savings Bank Assets, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	0.02	0.00	0.01	0.00	-75.00	0.02	0.00	200.00	0.02	0.00	13.33
1.1. Money assets	0.02	0.00	0.01	0.00	-75.00	0.02	0.00	200.00	0.02	0.00	13.33
1.2. Deposits with the CNB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deposits with banking institutions	720.52	11.74	111.51	1.75	-84.52	47.08	0.72	-57.78	259.74	3.73	451.66
3. MoF treasury bills and CNB bills	781.98	12.74	347.66	5.46	-55.54	255.54	3.90	-26.50	327.72	4.70	28.25
4. Securities and other financial instruments held for trading	390.64	6.36	284.39	4.46	-27.20	156.80	2.40	-44.87	76.52	1.10	-51.20
5. Securities and other financial instruments available for sale	706.82	11.51	1,058.33	16.61	49.73	1,246.37	19.04	17.77	1,121.08	16.09	-10.05
6. Securities and other financial instruments held to maturity	869.63	14.17	1,303.26	20.45	49.86	871.21	13.31	-33.15	692.70	9.94	-20.49
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,382.46	22.52	1,260.63	19.79	-8.81	528.44	8.07	-58.08	241.45	3.47	-54.31
8. Derivative financial assets	0.00	0.00	5.40	0.08	100.00	6.66	0.10	23.30	0.00	0.00	-100.00
9. Loans to financial institutions	263.70	4.30	69.87	1.10	-73.50	106.52	1.63	52.45	273.94	3.93	157.17
10. Loans to other clients	727.58	11.85	1,713.04	26.89	135.44	3,172.30	48.47	85.19	3,780.69	54.28	19.18
11. Investments in subsidiaries and associates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Foreclosed and repossessed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Tangible assets (net of depreciation)	8.17	0.13	7.00	0.11	-14.36	8.05	0.12	15.08	8.75	0.13	8.67
14. Interest, fees and other assets	323.77	5.27	250.78	3.94	-22.54	195.96	2.99	-21.86	240.86	3.46	22.92
15. Net of: Collectively assessed impairment provisions	36.93	0.60	40.45	0.63	9.52	50.13	0.77	23.92	58.00	0.83	15.71
TOTAL ASSETS	6,138.35	100.00	6,371.41	100.00	3.80	6,544.81	100.00	2.72	6,965.47	100.00	6.43

ever, by only 3.11%. Other securities portfolios declined, especially the portfolio of securities carried at fair value through profit and loss and not traded in active markets so at the end of 2008 it accounted for only 9.82% of all securities due to the HRK 473.2m or 66.21% decline. The result of this noticeable decrease was the rise in securities held until maturity, which totalled 3.47 percentage points, to 32.13%, although investments reduced during the period in this portfolio as well (HRK 86.2m or 9.83%). The portfolio of securities held for trading reduced to a half of its 2007-value due to the HRK 80.3m fall, standing at only HRK 76.5m or 3.11% at the end of 2008.

Deposits of housing savings bank savers were HRK 6.3bn at the end of 2008, which was an increase of 4.30% relative to the end of 2007 (Table 1.17). Considering that the total increase of household deposits at system level totalled HRK 14.5bn during the year in question, it is evident that housing savings banks managed to attract only HRK 259.7m of that amount, which is less than two percent. This increase in deposits totalled only some twenty million kuna or several percentage points more than the growth in 2007. The lion's share of this increase in deposits towards the end of the year may, as usual, be attributed to government incentives paid to savers in housing savings banks.

Three housing savings banks increased the amount of issued hybrid instruments, by HRK 51.37m (128.65%) in total.

Total capital of housing savings banks was HRK 312.5m at the end of 2008, which was an increase of HRK 70.1m or 28.90% compared with the end of 2007. As at the end of the previous two years, the share capital of housing savings banks increased by a larger amount (HRK 93.8m), but the increase in total capital was first offset by losses from previous years and then by unrealised losses arising from

TABLE 1.17 Structure of Housing Savings Bank Liabilities, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23
1.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23
2. Deposits	5,514.72	89.84	5,803.62	91.09	5.24	6,038.37	92.26	4.04	6,298.11	90.42	4.30
2.1. Giro account and current account deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2. Savings deposits	0.03	0.00	0.03	0.00	32.00	0.04	0.00	18.18	0.04	0.00	2.56
2.3. Time deposits	5,514.69	89.84	5,803.59	91.09	5.24	6,038.33	92.26	4.04	6,298.07	90.42	4.30
3. Other loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Derivative financial liabilities and other financial liabilities held for trading	4.13	0.07	0.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1. Short-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2. Long-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Subordinated instruments issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Hybrid instruments issued	10.33	0.17	61.70	0.97	497.51	39.93	0.61	-35.28	91.31	1.31	128.65
8. Interest, fees and other liabilities	388.97	6.34	312.51	4.90	-19.66	223.86	3.42	-28.37	263.36	3.78	17.64
TOTAL LIABILITIES	5,918.14	96.41	6,177.83	96.96	4.39	6,302.34	96.30	2.02	6,652.92	95.51	5.56
TOTAL CAPITAL	220.21	3.59	193.58	3.04	-12.09	242.47	3.70	25.25	312.55	4.49	28.90
TOTAL LIABILITIES AND CAPITAL	6,138.35	100.00	6,371.41	100.00	3.80	6,544.81	100.00	2.72	6,965.47	100.00	6.43

TABLE 1.18 Structure of Housing Savings Bank Total Capital, end of period, in million HRK and %

	Dec. 2005		Dec. 2006			Dec. 2007			Dec. 2008		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	203.36	92.35	287.48	148.51	41.37	357.09	147.27	24.21	450.89	144.26	26.27
2. Current year profit/loss	52.28	23.74	-54.50	-28.15	0.00	-44.72	-18.44	-17.95	12.91	4.13	-128.87
3. Retained earnings/loss	-53.64	-24.36	-37.12	-19.18	-30.79	-15.93	-6.57	-57.09	-61.58	-19.70	286.53
4. Legal reserves	1.94	0.88	2.32	1.20	19.62	2.51	1.04	8.09	3.44	1.10	37.00
5. Total reserves provided for by the articles of association and other capital reserves	29.88	13.57	-13.12	-6.78	0.00	-56.49	-23.30	330.55	-93.12	-29.79	64.85
5.1. Reserves provided for by the articles of association and other capital reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.62	0.20	-
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	29.88	13.57	-13.12	-6.78	0.00	-56.49	-23.30	330.55	-93.74	-29.99	65.94
5.3. Reserves arising from hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Previous year profit/loss	-13.61	-6.18	8.52	4.40	0.00	0.00	0.00	-100.00	0.00	0.00	0.00
TOTAL CAPITAL	220.21	100.00	193.58	100.00	-12.09	242.47	100.00	25.25	312.55	100.00	28.90

the value adjustment of financial assets available for sale (Table 1.18). At the end of 2008, three housing savings banks increased their retained losses from previous year by altogether HRK 54.3m, while of the remaining two housing savings banks, one completely annulled the loss realised over previous years and ended the year with a positive HRK 3.6m, while the other increased its retained earnings by HRK 5.3m. Four housing savings banks reduced their capital for the unrealised loss, while one housing savings bank had no financial assets available for sale.

The regulatory capital of housing savings banks rose by as much as 39.67% to HRK 395.2m relative to the end of 2007. The increase in regulatory capital was a result of recapitalisations and inclusion of hybrid instruments in supplementary capital I. The realised capital growth was offset by the increase in deductions, primarily the capital loss and unrealised loss on value adjustments of assets available for sale and then the exclusion of the last portion of collectively assessed impairment provisions from regulatory capital (the gradual exclusion of these provisions started in 2006²³).

Despite an increase in regulatory capital, the capital adequacy ratio continued to trend downwards, with the capital adequacy ratio of housing savings banks going down from 14.51% at the end of 2007 to 13.15% at the end of 2008. In addition to the growth of home loans (by HRK 633.1m or 28.61%), the decline in the capital adequacy ratio was also affected by the growth in weighted assets due to the change in CNB regulations (by HRK 576.8m or 19.78%) in the part referring to the increase of weights for items exposed to currency-induced credit risk, because more than a third of housing savings banks' weighted net assets was granted to debtors without a hedged foreign exchange position or adequate instruments of collateral. As a result, the net value of risk-weighted assets grew by 6.58% at the end of 2008, while its weighted amount grew by 63.03%. The largest contribution to the growth of the weighted amount of assets came from growth of net assets exposed to currency-induced credit risk, which have as of the beginning of 2008 been assigned a 100% risk weighting (32.03%) and 150% risk weighting (18.10%).

23 Decision on amendments to the Instruction for the uniform implementation of the Decision on the capital adequacy of banks (OG 41/2006).

A consequence of credit activities of housing savings banks through asset restructuring was an increase in the share of capital requirements for credit risk in the capital requirements structure, from 94.31% of the total capital requirements at the end of 2007 to 98.46% at the end of 2008.

1.2.2 Housing Savings Bank Income Statement

In 2008, housing savings banks' profit after tax stood at HRK 12.9m, while in the previous two years they posted losses totalling HRK 44.7m in 2007 and HRK 54.5m in 2006. Although financial results of all housing savings banks were better in 2008 relative to the previous year, only three housing savings banks realised a profit of HRK 28.0m, while the remaining two housing savings banks posted losses of HRK 15.1m. The increase in profit over the period under review was primarily a result of the increase in net interest income and net non-interest income of housing savings banks.

Net income of housing savings banks was HRK 161.6m at the end of 2008, HRK 63.5m or 64.66% more than at the end of 2007. The substantial increase in net income was equally affected by the rise in net interest income (HRK 29.7m) and net non-interest income (HRK 33.8m).

The increase in net interest income was primarily a result of the strong, almost 50%-growth in income from granted home loans (HRK 44.1m) and loans to government units (HRK 18.6m), which managed to make up for the HRK 26.4m lower income from debt securities relative to 2007 and generate 14.20% higher total interest income. However, slightly slower growth of interest expenses, 6.72% relative to a twice faster growth of interest income, indirectly contributed to the increase in net interest income.

The growth in net non-interest income was primarily a consequence of the reduction in losses, primarily losses on securities not traded in active markets and carried at fair value through profit and loss, as well as losses on securities trading. Total realised losses on securities trading went down from HRK 45.6m to HRK 13.6m in the one-year period. However, the increase in unrealised losses of HRK 37.3m should be added to this figure, by which some housing savings banks directly reduced their capital pursuant to the provisions of IAS 39. It becomes clear from the above that total losses of housing savings banks (realised and unrealised) from investments in securities totalled HRK 50.8m in 2008.

Although securities investments of housing savings banks continue to result in significant losses from fair value adjustments, they are a significant source of interest income of housing savings banks. Nevertheless, due to continued reduction in the share of securities in the balance sheet, for the first time income from securities investments (HRK 138.2m) were lower than interest income from granted loans (HRK 200.0m). Relative to the end of 2007, interest income from securities went down by 16.01%, accounting for 40.16% of the structure of total interest income. In contrast to interest income from securities, interest income from granted loans went up by 49.43% relative to the end of 2007, its share growing by further 13.70 percentage points in the structure of total interest income, to 58.11%. Interest income from home loans made up 39.95% of total interest income.

Total interest expenses in 2008 went up by 6.72%, due mainly to higher liabilities on housing savings deposits (5.93%), but for the first time also due to loans received from financial institutions (short-

TABLE 1.19 Housing Savings Bank Income Statement, in million HRK

	Jan.–Dec. 2007	Jan.–Dec. 2008
1. Net interest income	106.23	135.89
1.1. Total interest income	301.44	344.24
1.2. Total interest expenses	195.22	208.34
2. Net income from fees and commissions	65.76	67.00
2.1. Total income from fees and commissions	77.18	76.61
2.2. Total expenses on fees and commissions	11.42	9.61
3. Net other non-interest income	-73.86	-41.31
3.1. Other non-interest income	-43.48	-15.15
3.2. Other non-interest expenses	30.38	26.16
4. Net non-interest income	-8.10	25.69
5. General administrative expenses and depreciation	128.44	127.93
6. Net operating income before loss provisions	-30.31	33.65
7. Total expenses on loss provisions	13.40	13.51
7.1. Expenses on value adjustments and provisions for identified losses	3.42	5.70
7.2. Expenses on collectively assessed impairment provisions	9.98	7.81
8. Income/loss before taxes	-43.71	20.14
9. Income tax	1.01	7.23
10. Current year profit/loss	-44.72	12.91

term repo loan of the parent bank to one of the housing savings banks). Housing savings banks additionally rationalised their operations during the observed period, cutting some of their expenses, of which the most important ones were the reduction in general administrative expenses (9.11%) and expenses on fees and commissions (15.85%), which contributed to the positive financial result at the end of 2008. Total expenses on loss provisions went up only slightly relative to 2007, by 0.81%. The reason for this was the increase in provisions for identified losses on an individual basis of HRK 2.28m or 66.70% and the reduction in the collectively assessed impairment provisions in almost the same amount of HRK 2.17m or 21.74%.

1.2.3 Housing Savings Bank Exposure to Credit Risk

At the end of 2008, total placements and contingent liabilities of housing savings banks were HRK 6.6bn, an increase of 16.55% compared with the end of 2007 (Table 1.20).

Fully recoverable placements (category A), which increased by 16.37%, accounted for the bulk of the increase in total placements and contingent liabilities. In the same period, bad placements (category B and C) went up 25.62%, continuing the mild declining trend in the quality of placements. Despite this, the amount of bad placements remained relatively low (HRK 31.0m), as did their share in the total placements and contingent liabilities of housing savings banks (0.5%). At the end of the year,

TABLE 1.20 Classification of Housing Savings Bank Placements and Contingent Liabilities by Risk Categories, end of period, in million HRK and %

	Dec. 2005		Dec. 2006		Dec. 2007		Dec. 2008	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	3,493.99	99.93	4,540.66	99.84	5,670.27	99.69	6,598.48	99.53
2. Partly recoverable placements and contingent liabilities (category B)	2.11	0.06	5.67	0.12	14.93	0.26	24.57	0.37
3. Irrecoverable placements and contingent liabilities (category C)	0.36	0.01	1.44	0.03	2.87	0.05	6.47	0.10
Total	3,496.46	100.00	4,547.77	100.00	5,688.07	100.00	6,629.52	100.00

TABLE 1.21 Ratio of Total Housing Savings Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %

	Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008
1. Total value adjustments against placements and provisions for contingent liabilities	38.36	44.79	57.56	69.77
1.1. Value adjustments against placements and provisions for contingent liabilities	0.89	3.56	6.36	10.75
1.2. Collectively assessed impairment provisions	37.47	41.23	51.21	59.02
2. Total placements and contingent liabilities	3,496.46	4,547.77	5,688.07	6,629.52
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	1.10	0.98	1.01	1.05

bad placements were reported by three housing savings banks (over the previous several years only one housing savings banks had reported bad placements).

Total placement value adjustments and provisions for contingent liabilities rose slightly faster than placements and contingent liabilities (21.21%) with the value adjustments and provisions to total placements and contingent liabilities ratio rising only slightly (Table 1.21). Due to the structure of total placements and contingent liabilities with fully recoverable placements predominant, collectively assessed impairment provisions continued to account for the major share of total value adjustments and provisions.

The exposure of the largest portion of net placements of housing savings banks to currency-induced credit risk, present over the previous years, continued in 2008 (90.32%), as a consequence of sector distribution of placements (due to legislative restrictions housing savings banks can make placements mainly to two sectors, households and government units, which do not have a matched currency position) so the majority of exposed placements, 83.10% were not hedged against this risk.

2 Notes on Methodology

Data on the business operations of banks, savings banks and housing savings banks are based on unconsolidated audited financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Figure 1.1 Number of Banks

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks. A bank is classified as a domestic bank if it is under the majority ownership of domestic natural and legal persons or as a foreign-owned bank if it is under majority ownership of foreign natural and legal persons. The total number of banks is the sum of the domestic and foreign-owned banks. CNB statistics are the source of data on the number of banks.

Table 1.1 Bank Peer Groups and Their Share in Total Bank Assets

In accordance with the selected criterion – the relative share of assets of an individual bank in total bank assets – Table 1.1 shows the bank peer groups. Depending on the size of the relative share of a bank's assets in the total assets of all banks at the end of the reporting period, banks have been divided into three peer groups: large, medium-sized and small banks. Large banks are banks whose assets exceed 5% of the total assets of all banks, medium-sized banks are banks whose assets are greater than 1% and less than 5% of the total assets of all banks, and small banks are banks whose assets are less than 1% of the total assets of all banks (see Attachment I, List of Banking Institutions by Peer Groups, end of period). Schedule BS1-2 is the source of data on the size (amount) of assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks. Banks under domestic ownership are divided into private domestic banks and state-owned domestic banks. A bank is classified as a private domestic bank if it is under the majority ownership of domestic natural and legal persons, or as a state-owned domestic bank if it is under the majority ownership of governmental units. A bank is classified as a foreign-owned bank if it is under the majority ownership of foreign natural and legal persons. The share of each bank's assets in total bank assets is calculated and shown by the type of ownership. The total number of banks is the sum of the banks under domestic (i.e. domestic private and state ownership) and foreign ownership. CNB statistics and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the number of banks.

Table 1.3 Territorial Distribution of Operating Units and ATMs

The total number of operating units and the total number of installed ATMs of all banks in the Republic of Croatia are classified by counties. Zagreb County includes the data on the City of Zagreb. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.2 Concentration of Bank Operating Units and ATMs by Counties

The bars in Figure 1.2 show the relative share of the number of operating units and ATMs by counties

at the end of the period. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.3 Share of Operating Units of Bank Peer Groups in the Total Number of Operating Units

The number of operating units of an individual bank peer group is the sum of operating units of all banks classified in the respective peer group. The relative share of operating units in the total number of operating units is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.4 Share of ATMs of Bank Peer Groups in the Total Number of ATMs

The number of ATMs of an individual bank peer group is the sum of ATMs of all banks classified into the respective peer group. The relative share of ATMs in the total number of ATMs is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

Figure 1.5 Shares of Assets, Loans and Deposits of the Largest Banks in Total Assets, Loans and Deposits

The criterion for selecting the two largest banks, the first five largest banks and the first ten largest banks in the banking sector is the size of their assets. The share of assets of the selected bank groups in total assets is calculated as a ratio between the sum of assets of the selected bank groups and total assets of all banks, and is stated in percentages. The share of deposits and the share of loans in total deposits and total loans of all banks is calculated in the same manner. Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.6 Herfindahl-Hirschman Index (HHI)

The Herfindahl-Hirschman index, which is used to measure the degree of concentration of assets, is calculated on the basis of the following formula:

$$HHI = \sum \left(\frac{\text{assets of a bank}}{\text{total assets of all banks}} \cdot 100 \right)^2$$

Granted loans/received deposits concentration indices are calculated by applying the same formula. The Herfindahl-Hirschman index can vary from 0 (perfectly competitive industry) to 10 000 (monopoly). Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.4 Structure of Bank Assets

The share of each balance sheet item of assets in total assets of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure of bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.7 Quarterly Rates of Change in Bank Peer Group Assets

The rate of change in assets of bank peer groups is calculated as a ratio between assets of an individual bank peer group, i.e. total assets of all banks at the end of the reporting period and assets of an individual bank peer group, i.e. total assets of all banks at the end of the previous quarter. Schedule BS1-2 is the source of data on the quarterly rates of change in assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.8 Structure of Bank Peer Group Assets

The share of individual asset items in total assets is calculated as a ratio between individual asset items and total assets of bank peer groups, i.e. total assets of all banks at the end of the reporting period. Individual asset items comprise money assets and deposits with the CNB, deposits (with banking institutions), securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries, associates and joint ventures, foreclosed and repossessed assets, tangible assets net of depreciation, and interest, fees and other assets) and collectively assessed impairment provisions. Schedule BS1-2 is the source of data on the structure of assets of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.5 Structure of Bank Liabilities

Bank liabilities are calculated in the same manner as bank assets in Table 1.4, i.e. the share of each balance sheet item of liabilities in total liabilities of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.9 Structure of Bank Peer Group Liabilities

The share of individual liability items in total liabilities is calculated as a ratio between individual liability items and total liabilities of bank peer groups, i.e. total liabilities of all banks at the end of the reporting period. Individual liability items comprise deposits (giro account and current account deposits, savings deposits and time deposits), loans (loans from financial institutions and other loans), securities (issued debt securities, issued subordinated instruments and issued hybrid instruments), other liabilities (derivative financial liabilities and other financial liabilities held for trading, and interest, fees and other liabilities) and capital.

Schedule BS1-2 is the source of data on the structure of liabilities of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.10 Structure of Bank Standard Risky Off-Balance Sheet Items

The share of an individual standard risky off-balance sheet item in total standard risky off-balance sheet items is calculated as a ratio between an individual standard risky off-balance sheet item and total standard risky off-balance sheet items at the end of the reporting period. Schedule BS/IBS1-3 is the source of data on the structure of bank standard risky off-balance sheet items (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.6 Structure of Bank Total Capital

Bank capital, as one of the liability items shown in Table 1.5, is presented in detail in Table 1.6 and

the share of each stated capital item in the total capital of all banks is calculated as a ratio between each capital item and total capital of all banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.7 Changes in Bank Regulatory Capital

The regulatory capital is calculated in accordance with the Decision on the capital adequacy of banks (Official Gazette 17/2003, 120/2003, 149/2005, 130/2006, 130/2007 and 31/2008) and the Instruction for the uniform implementation of the Decision on the capital adequacy of banks (Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009). Schedule JK2 is the source of data on the changes in bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.11 Structure of Bank Regulatory Capital

The columns in Figure 1.11 show the regulatory capital components at the end of the reporting period. The core capital is the amount of core capital decreased by the amount of deduction items, while supplementary capital I and II represent those amounts of supplementary capital I and II that are included in the regulatory capital. Items deducted from gross regulatory capital are the amount of total items deducted from gross regulatory capital. Schedule JK2 is the source of data on the structure of bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.12 Structure of Bank Risk-Weighted Assets

The columns in Figure 1.12 show the net value of assets weighted by risk at the end of the reporting period. The ratio is used to determine the proportion of total risk-weighted assets to total assets at the end of the reporting period. Schedule PBA1 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the structure of bank risk-weighted assets.

Figure 1.13 Bank Capital Adequacy Ratio

The capital adequacy ratio is calculated as a ratio between total regulatory capital of individual bank peer groups, i.e. total regulatory capital of all banks and total risk exposure of individual bank peer groups, i.e. total risk exposure of all banks. Total risk exposure is the sum of credit risk-weighted assets (including risky and derivative off-balance sheet items weighted by credit risk), increased by total foreign exchange position exposure to currency risk, capital requirement for position risks (multiplied by 10), capital requirement for settlement risk and capital requirement for counterparty risk (multiplied by 10), and capital requirement for exceeding the permissible exposure limits (multiplied by 10). Schedule SAK is the source of data on bank capital adequacy ratios (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.14 Structure of Bank Total Capital Requirements

The total capital requirements are the sum of capital requirements for credit risk, capital requirements for currency risk, capital requirements for interest rate risk, capital requirements for equity risk, capital

requirements for commodity risk, capital requirements for options, capital requirements for settlement risk, capital requirements for counterparty risk and capital requirements for exceeding the permissible exposure limits. Position risks based on interest rate risk and equity risk are divided into specific and general risk. Schedule PKZ is the source of data on the structure of total bank capital requirements (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Table 1.8 Bank Income Statement

Each income statement item is shown cumulatively for all banks and individual bank peer groups on the basis of data from the income statements of banks in the observed periods. The total amount of each income statement item represents the sum of the same income statement items stated in the income statements of banks. Total amounts are calculated for all banks and for individual bank peer groups. Schedule RDG1-1 is the source of data on bank income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.9 Structure of Bank Income

The share of each income item in total income of an individual bank peer group is calculated as a ratio between the sum of the same income items from the income statements of an individual bank peer group and total income earned by the respective peer group. The share of each income item in total income of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.10 Structure of Bank Expenses

The structure of expenses is calculated in the same manner as the structure of income in Table 1.9, i.e. the share of each expense item in total expenses of an individual bank peer group is calculated as a ratio between the sum of the same expense items from the income statements of an individual bank peer group and total expenses incurred by the respective peer group. The share of each expense item in total expenses of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.15 Bank Return on Average Assets (ROAA)

The return on average assets of bank peer groups and all banks is calculated as a ratio between income before taxes and average assets. The average assets of bank peer groups and all banks are calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.16 Bank Return on Average Equity (ROAE)

The return on average equity of bank peer groups and all banks is calculated as a ratio between income after taxes and average equity. The average equity of bank peer groups and all banks is calculated as the arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average equity (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.17 Structure of Bank Net Income

The columns in Figure 1.17 show the share of net interest income, net income from fees and commissions and net other non-interest income in total net income of all banks at the end of the reporting period.

Schedule RDG1-1 is the source of data on the structure of bank net income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.18 Income from Interest-Bearing Assets and Expenses on Interest-Bearing Liabilities

Income from interest-bearing assets is the ratio between total interest income and average interest-bearing assets. Expenses on interest-bearing liabilities are the ratio between total interest expenses and average interest-bearing liabilities. The spread is the difference between the share of interest income in the average interest-bearing assets and the share of interest expenses in the average interest-bearing liabilities. Interest-bearing assets comprise deposits with the CNB (excluding other deposits with the CNB in foreign currency), deposits with banking institutions, debt securities (excluding debt securities held for trading), loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year. Interest-bearing liabilities comprise received loans, received deposits, issued debt securities, issued subordinated instruments and issued hybrid instruments. The average interest-bearing liabilities are calculated as the arithmetic mean of the balance in interest-bearing liabilities at the end of the reporting period and the balance in interest-bearing liabilities at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the income from interest-bearing assets and the expenses on interest-bearing liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.19 Weighted Averages of Bank Monthly Interest Rates

The base for the calculation of the weighted averages of bank monthly interest rates on kuna and foreign currency loans are the amounts of loans bearing corresponding interest rates, which were disbursed during the reporting month, with the exception of interest rates on giro and current account overdrafts, for which the weighted averages were calculated based on the balance of these loans at the end of the reporting month. Interest rates on kuna deposits not tied to the currency clause comprise giro account and current account deposits, savings deposits and time deposits. The averages of interest rates on total kuna deposits not tied to the currency clause and total foreign currency deposits are weighted by the end-of-month balances of all categories included in the calculation. The exceptions are kuna and foreign currency time deposits, whose weighted averages are calculated (since July 1995) on the basis of deposits received in the reporting month. CNB statistics are the source of data.

Figure 1.20 Bank Assets per Employee

The assets of all banks in an individual bank peer group are added up and then divided by the total number of persons employed by the banks in the peer group. The same procedure is applied to the calculation of this indicator for all banks. Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) and Schedule PD3 (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006) are the source of data on bank assets per employee.

Figure 1.21 Bank Operating Expenses

Operating expenses of bank peer groups and all banks together are shown as the ratio between gen-

eral administrative expenses and depreciation and the sum of net interest income and net non-interest income at the end of the reporting period. Schedule RDG1-1 is the source of data on the bank operating expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.22 Quarterly Rates of Change in Gross Loans

The rates of change in gross loans in selected sectors (corporate and retail) are calculated as the ratio between the amount of gross loans to selected sectors at the end of the reporting period and the amount of gross loans to selected sectors at the end of the previous quarter. The rates of change in total gross loans are calculated in the same manner. Schedule RS1 is the source of data on the quarterly rates of change in gross loans (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.11 Classification of Bank Placements and Contingent Liabilities by Risk Categories

Table 1.11 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.12 Ratio of Total Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Figure 1.23 Ratio of Total Bank Peer Group Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank peer group value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions of all banks in an individual bank peer group are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities of the respective peer group. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.13 Sectoral Structure of Net Bank Loans

The net loan exposure to an individual institutional sector is reported for each bank peer group as well as for all banks together. Schedule BS/KRED1-7 is the source of data on the sectoral structure of net bank loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.14 Structure of Bank Sources of Financing

The structure of sources of financing is shown for all bank peer groups and for all banks together. The share of individual sources of financing in total sources of financing is calculated as a ratio between individual sources of financing and total sources of financing. The share of deposits and loans of majority foreign owners is shown under separate line item and calculated in the same manner as above. Schedule BS1-2, Schedule BS/DEP1-8 and Schedule BS/OK1-9 are the source of data on the structure of bank sources of financing (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.15 Sectoral Structure of Received Loans

The amount of loans received from institutional sectors and their shares in total received loans are shown for all banks. The share of loans received from an individual institutional sector in total received loans is calculated as a ratio between the amount of loans received from an individual institutional sector and the amount of total received loans. The amount and the share of loans from majority foreign owners in total received loans are shown under separate line item. Schedule BS/OK1-9 is the source of data on the sectoral structure of received loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.24 Sectoral Structure of Received Deposits

Figure 1.24 shows the share of an individual institutional sector in giro account and current account deposits, savings deposits, time deposits and total deposits. The shares of individual institutional sectors are calculated as a ratio between giro account and current account deposits, savings deposits, time deposits and total deposits of an individual institutional sector and total giro account and current account deposits, savings deposits, time deposits and total deposits of all institutional sectors. Schedule BS/DEP1-8 is the source of data on the sectoral structure of received deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.25 Bank Loans Granted and Deposits Received

Figure 1.25 shows the ratio between total net loans granted by individual bank peer groups and all banks and total deposits received by individual bank peer groups and all banks at the end of the reporting period. Schedule BS1-2 is the source of data on the bank loans granted and deposits received (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.26 Asset and Liability Maturity (Mis)Match

The maturity (mis)match between assets and liabilities is shown by remaining maturity and on a net basis. The assets by remaining maturity are calculated as a ratio between assets classified by remaining maturity terms and total assets at the end of the reporting period. The liabilities by remaining maturity are calculated as a ratio between liabilities classified by remaining maturity terms and total assets at the end of the reporting period. The net balance sheet position (gap) shows the mismatch between the maturity structures of assets and liabilities and represents the difference between assets and liabilities classified by maturity terms. Schedule BS/ROC1-14 is the source of data on the assets and liabilities classified by remaining maturity terms (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.27 Long Foreign Exchange Position of Banks

Each bank peer group ratio between its long foreign exchange position (f/c claims exceeding f/c liabili-

ties) and its regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all banks in an individual bank peer group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the long foreign exchange position of banks.

Figure 1.28 Short Foreign Exchange Position of Banks

Each bank peer group ratio between its short foreign exchange position (f/c liabilities exceeding f/c claims) and its regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all banks in an individual bank group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the short foreign exchange position of banks.

Table 1.16 Structure of Housing Savings Bank Assets

The share of each balance sheet item of assets in total assets of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure of housing savings bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.17 Structure of Housing Savings Bank Liabilities

Housing savings bank liabilities are calculated in the same manner as housing savings bank assets in Table 1.16, i.e. the share of each balance sheet item of liabilities in total liabilities of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.18 Structure of Housing Savings Bank Total Capital

Housing savings bank capital, as one of the liability items shown in Table 1.17, is presented in detail in Table 1.18 and the share of each stated capital item in the total capital of all housing savings banks is calculated as the ratio between each capital item and total capital of all housing savings banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.19 Housing Savings Bank Income Statement

Each income statement item is shown cumulatively for all housing savings banks on the basis of data from the income statements of housing savings banks in the observed periods. Schedule RDG1-1 is the source of data on housing savings bank income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.20 Classification of Housing Savings Bank Placements and Contingent Liabilities by Risk Categories

Table 1.20 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of housing savings bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.21 Ratio of Total Housing Savings Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total housing savings bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

3 List of Banks, Savings Banks and Housing Savings Banks

Data on individual banks', savings banks' and housing savings banks' addresses, telephone numbers, fax numbers, members of management and supervisory boards, shareholders and auditors are shown in the list of banks, savings banks and housing savings banks. The key financial data and capital adequacy ratios are also enclosed.

Data on members of management and supervisory boards, and on shareholders who hold 3% or more of share in the share capital of a bank, savings bank or housing savings bank are as at 31 December 2008.

Financial and capital adequacy data are as at 31 December 2008. They are based on unconsolidated audited financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Data on auditors relate to audits performed in 2008.

BANCO POPOLARE CROATIA d.d.

Petrovaradinska 1, 10000 Zagreb
 Phone: +385 1/4653-400
 Fax: +385 1/4653-409
 BAN¹ 4115008
<http://www.bpc.hr>

Shareholders**Share in share capital (%)**

1. Banco Popolare Società Cooperativa 91.74

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

Goran Gazivoda – chairperson
 Ivan Dujmović

Supervisory Board

Domenico de Angelis – chairperson, Lorenzo Chiappini
 Massimo Minolfi, Marco Franceschini, Tin Dolički

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	159,739
1.1. Money assets	18,958
1.2. Deposits with the CNB	140,780
2. Deposits with banking institutions	352,606
3. MoF treasury bills and CNB bills	24,945
4. Securities and other financial instruments held for trading	148
5. Securities and other financial instruments available for sale	870
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	13,500
10. Loans to other clients	1,334,242
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	754
13. Tangible assets (net of depreciation)	60,856
14. Interest, fees and other assets	28,689
15. Net of: Collectively assessed impairment provisions	16,104
TOTAL ASSETS	1,960,245

Liabilities and capital	
1. Loans from financial institutions	290,458
1.1. Short-term loans	75,400
1.2. Long-term loans	215,058
2. Deposits	1,285,859
2.1. Giro account and current account deposits	34,123
2.2. Savings deposits	30,944
2.3. Time deposits	1,220,792
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	138
8. Interest, fees and other liabilities	86,639
TOTAL LIABILITIES	1,663,094
9. Capital	297,151
TOTAL LIABILITIES AND CAPITAL	1,960,245

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	75,619
1.1. Total interest income	143,782
1.2. Total interest expenses	68,163
2. Net income from fees and commissions	10,793
2.1. Total income from fees and commissions	13,830
2.2. Total expenses on fees and commissions	3,037
3. Net other non-interest income	8,966
3.1. Other non-interest income	14,245
3.2. Other non-interest expenses	5,278
4. Net non-interest income	19,760
5. General administrative expenses and depreciation	77,158
6. Net operating income before loss provisions	18,221
7. Total expenses on loss provisions	16,868
7.1. Expenses on value adjustments and provisions for identified losses	13,420
7.2. Expenses on collectively assessed impairment provisions	3,448
8. Income (loss) before taxes	1,353
9. Income tax	253
10. Current year profit (loss)	1,100

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	11,501
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	9,888
5. Other standard risky off-balance sheet items	1,683
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	23,072

Derivative financial instruments	
1. Futures	0
2. Options	737
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	737

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

16.45

1 Bank account number.

BANKA BROD d.d.

Zajčeva 21, 35000 Slavonski Brod
 Phone: +385 35/445-711
 Fax: +385 35/445-755
 BAN 4124003
<http://www.banka-brod.hr>

Management Board

Zdenko Vidaković – chairperson
 Mićo Tomičić

Supervisory Board

Damir Kreso – chairperson
 Pero Ćosić
 Damir Tus

Shareholders

	Share in share capital (%)
1. Neđo Jelčić	7.40
2. Mićo Tomičić	6.99
3. Damir Kreso	6.81
4. Slobodanka Kreso	6.79
5. Mara Tomičić	6.79
6. Maja Vidaković	6.79
7. Zdenko Vidaković	6.79
8. Razija Kreso	5.96
9. Karlo Tomičić	5.96
10. Mirko Vidaković	5.96
11. Krešimir Planinić	5.08
12. Željko Rački	3.29
13. Višnja Rački	3.26

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	72,838
1.1. Money assets	20,211
1.2. Deposits with the CNB	52,627
2. Deposits with banking institutions	92,767
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	16,436
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	208,401
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,775
14. Interest, fees and other assets	4,508
15. Net of: Collectively assessed impairment provisions	3,504
TOTAL ASSETS	394,221

Liabilities and capital	
1. Loans from financial institutions	4,107
1.1. Short-term loans	0
1.2. Long-term loans	4,107
2. Deposits	325,714
2.1. Giro account and current account deposits	15,618
2.2. Savings deposits	4,466
2.3. Time deposits	305,630
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	15,896
TOTAL LIABILITIES	345,716
9. Capital	48,504
TOTAL LIABILITIES AND CAPITAL	394,221

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	19,485
1.1. Total interest income	37,966
1.2. Total interest expenses	18,481
2. Net income from fees and commissions	1,234
2.1. Total income from fees and commissions	2,941
2.2. Total expenses on fees and commissions	1,706
3. Net other non-interest income	2,587
3.1. Other non-interest income	3,574
3.2. Other non-interest expenses	988
4. Net non-interest income	3,821
5. General administrative expenses and depreciation	12,911
6. Net operating income before loss provisions	10,395
7. Total expenses on loss provisions	4,968
7.1. Expenses on value adjustments and provisions for identified losses	3,975
7.2. Expenses on collectively assessed impairment provisions	993
8. Income (loss) before taxes	5,427
9. Income tax	1,140
10. Current year profit (loss)	4,286

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	5,955
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	168
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	6,123

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

12.99

BANKA KOVANICA d.d.

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 Phone: +385 42/403-403
 Fax: +385 42/212-148
 BAN 4133006
 http://www.kovanica.hr

Shareholders

	Share in share capital (%)
1. Cassa di Risparmio della Repubblica di San Marino S.p.A.	93.06
2. Josip Samaržija	5.96

Management Board

Radojka Olić – chairperson, Darko Kosovec, Gian Luigi Bonfe

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Supervisory Board

Gilberto Ghiotti – chairperson, Ivan Majdak, Luca Simoni, Vladimiro Renzi, Andrea Albertini, Čedomil Cesarec, Davor Štern

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	120,449
1.1. Money assets	11,709
1.2. Deposits with the CNB	108,740
2. Deposits with banking institutions	106,477
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	18,245
6. Securities and other financial instruments held to maturity	123,518
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	93,069
10. Loans to other clients	546,294
11. Investments in subsidiaries and associates	141
12. Foreclosed and repossessed assets	1,279
13. Tangible assets (net of depreciation)	23,084
14. Interest, fees and other assets	20,228
15. Net of: Collectively assessed impairment provisions	9,252
TOTAL ASSETS	1,043,532

Liabilities and capital	
1. Loans from financial institutions	2,871
1.1. Short-term loans	2,500
1.2. Long-term loans	371
2. Deposits	846,240
2.1. Giro account and current account deposits	32,964
2.2. Savings deposits	22,389
2.3. Time deposits	790,887
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	33,085
8. Interest, fees and other liabilities	39,976
TOTAL LIABILITIES	922,173
9. Capital	121,359
TOTAL LIABILITIES AND CAPITAL	1,043,532

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	22,789
1.1. Total interest income	68,577
1.2. Total interest expenses	45,788
2. Net income from fees and commissions	2,658
2.1. Total income from fees and commissions	3,661
2.2. Total expenses on fees and commissions	1,002
3. Net other non-interest income	-21,939
3.1. Other non-interest income	-17,866
3.2. Other non-interest expenses	4,073
4. Net non-interest income	-19,281
5. General administrative expenses and depreciation	35,495
6. Net operating income before loss provisions	-31,986
7. Total expenses on loss provisions	-4,388
7.1. Expenses on value adjustments and provisions for identified losses	-5,422
7.2. Expenses on collectively assessed impairment provisions	1,034
8. Income (loss) before taxes	-27,598
9. Income tax	0
10. Current year profit (loss)	-27,598

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	4,383
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	17,185
5. Other standard risky off-balance sheet items	7
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	21,575

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	1,846
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	1,846

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

17.24

BANKA SPLITSKO-DALMATINSKA d.d.

114. brigade 9, 21000 Split
Phone: +385 21/540-280
Fax: +385 21/540-290
BAN 4109006
<http://www.bsd.hr>

Management Board

Ante Blažević – chairperson, Ivo Krolo

Supervisory Board

Juroslav Buljubašić – chairperson, Miljenko Validžić,
Mirko Vukušić

Shareholders

	Share in share capital (%)
1. Juroslav Buljubašić	31.49
2. Hypo Alpe-Adria-Bank d.d.	10.14
3. Blue Line	9.83
4. Mirko Vukušić	5.84
5. Joško Dvornik	5.75
6. Venči Čulić Meić	4.03
7. Nataša Vuković	3.90
8. Mira Marić Banje	3.63
9. HPB d.d. /ST Invest – ST global equity OIF	3.49
10. Anđa Vukušić	3.30
11. Jakša Medić	3.02

Audit firm for 2008:
SD Nika d.o.o., Split

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	15,833
1.1. Money assets	3,415
1.2. Deposits with the CNB	12,418
2. Deposits with banking institutions	33,239
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	869
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	4,000
10. Loans to other clients	131,851
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	230
13. Tangible assets (net of depreciation)	13,102
14. Interest, fees and other assets	3,384
15. Net of: Collectively assessed impairment provisions	1,709
TOTAL ASSETS	200,799

Liabilities and capital	
1. Loans from financial institutions	160
1.1. Short-term loans	0
1.2. Long-term loans	160
2. Deposits	136,609
2.1. Giro account and current account deposits	400
2.2. Savings deposits	3,375
2.3. Time deposits	132,833
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	9,690
TOTAL LIABILITIES	146,459
9. Capital	54,340
TOTAL LIABILITIES AND CAPITAL	200,799

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	11,932
1.1. Total interest income	18,346
1.2. Total interest expenses	6,414
2. Net income from fees and commissions	716
2.1. Total income from fees and commissions	1,268
2.2. Total expenses on fees and commissions	552
3. Net other non-interest income	-154
3.1. Other non-interest income	899
3.2. Other non-interest expenses	1,053
4. Net non-interest income	563
5. General administrative expenses and depreciation	10,086
6. Net operating income before loss provisions	2,409
7. Total expenses on loss provisions	985
7.1. Expenses on value adjustments and provisions for identified losses	709
7.2. Expenses on collectively assessed impairment provisions	276
8. Income (loss) before taxes	1,424
9. Income tax	325
10. Current year profit (loss)	1,099

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	35
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	2,510
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,545

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

27.53

BKS BANK d.d.

Mijekarski trg 3, 51000 Rijeka
 Phone: +385 51/353-555
 Fax: +385 51/353-566
 BAN 2488001
<http://www.bks.hr>

Shareholders

1. BKS Bank AG

Audit firm for 2008:
 KPMG Croatia d.o.o., Zagreb

**Share in share
 capital (%)**
 99.79

Management Board

Goran Rameša – chairperson, Milivoj Debelić

Supervisory Board

Herta Stockbauer – chairperson, Heimo Penker,
 Marijan Ključariček, Josef Morak, Dubravko Orlovac

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	39,470
1.1. Money assets	2,102
1.2. Deposits with the CNB	37,368
2. Deposits with banking institutions	55,426
3. MoF treasury bills and CNB bills	9,840
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	3,352
6. Securities and other financial instruments held to maturity	35,372
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	16,000
10. Loans to other clients	247,925
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	383
13. Tangible assets (net of depreciation)	26,127
14. Interest, fees and other assets	14,971
15. Net of: Collectively assessed impairment provisions	4,176
TOTAL ASSETS	444,691

Liabilities and capital	
1. Loans from financial institutions	60,146
1.1. Short-term loans	0
1.2. Long-term loans	60,146
2. Deposits	279,563
2.1. Giro account and current account deposits	103,560
2.2. Savings deposits	18,375
2.3. Time deposits	157,628
3. Other loans	14,649
3.1. Short-term loans	0
3.2. Long-term loans	14,649
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	16,841
TOTAL LIABILITIES	371,199
9. Capital	73,493
TOTAL LIABILITIES AND CAPITAL	444,691

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	14,694
1.1. Total interest income	24,906
1.2. Total interest expenses	10,212
2. Net income from fees and commissions	3,800
2.1. Total income from fees and commissions	6,323
2.2. Total expenses on fees and commissions	2,523
3. Net other non-interest income	940
3.1. Other non-interest income	2,064
3.2. Other non-interest expenses	1,125
4. Net non-interest income	4,740
5. General administrative expenses and depreciation	20,853
6. Net operating income before loss provisions	-1,419
7. Total expenses on loss provisions	77
7.1. Expenses on value adjustments and provisions for identified losses	282
7.2. Expenses on collectively assessed impairment provisions	-205
8. Income (loss) before taxes	-1,496
9. Income tax	-246
10. Current year profit (loss)	-1,250

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	47,493
2. Letters of credit	315
3. Bills of exchange	0
4. Credit lines and commitments	35,420
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	83,228

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

15.93

CENTAR BANKA d.d.

Amruševa 6, 10000 Zagreb
 Phone: +385 1/4803-444
 Fax: +385 1/4803-441
 BAN 2382001
<http://www.centarbanka.hr>

Shareholders

	Share in share capital (%)
1. Heruc d.d.	41.23
2. PBZ d.d. (custody account)	8.20
3. Heruc Euroholding LTD	3.85

Management Board

Fran Renko – chairperson, Marko Brnić, Gordana Amančić

Audit firm for 2008:

Nexia revizija d.o.o., Zagreb

Supervisory Board

Dragutin Biondić – chairperson, Igor Knežević,
 Gordana Zrinščak, Dragutin Kalogjera, Milenko Umićević

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	94,323
1.1. Money assets	8,111
1.2. Deposits with the CNB	86,213
2. Deposits with banking institutions	68,337
3. MoF treasury bills and CNB bills	62,189
4. Securities and other financial instruments held for trading	12,067
5. Securities and other financial instruments available for sale	10,371
6. Securities and other financial instruments held to maturity	96,748
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	40,000
10. Loans to other clients	893,786
11. Investments in subsidiaries and associates	4,000
12. Foreclosed and repossessed assets	2,340
13. Tangible assets (net of depreciation)	10,873
14. Interest, fees and other assets	30,362
15. Net of: Collectively assessed impairment provisions	12,466
TOTAL ASSETS	1,312,930

Liabilities and capital	
1. Loans from financial institutions	315,396
1.1. Short-term loans	101,820
1.2. Long-term loans	213,576
2. Deposits	756,819
2.1. Giro account and current account deposits	160,640
2.2. Savings deposits	19,859
2.3. Time deposits	576,320
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	1
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	45,300
TOTAL LIABILITIES	1,117,515
9. Capital	195,415
TOTAL LIABILITIES AND CAPITAL	1,312,930

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	46,207
1.1. Total interest income	90,112
1.2. Total interest expenses	43,905
2. Net income from fees and commissions	18,092
2.1. Total income from fees and commissions	24,275
2.2. Total expenses on fees and commissions	6,183
3. Net other non-interest income	-79
3.1. Other non-interest income	4,436
3.2. Other non-interest expenses	4,515
4. Net non-interest income	18,012
5. General administrative expenses and depreciation	44,025
6. Net operating income before loss provisions	20,194
7. Total expenses on loss provisions	3,662
7.1. Expenses on value adjustments and provisions for identified losses	2,894
7.2. Expenses on collectively assessed impairment provisions	767
8. Income (loss) before taxes	16,533
9. Income tax	3,431
10. Current year profit (loss)	13,102

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	147,482
2. Letters of credit	17,525
3. Bills of exchange	0
4. Credit lines and commitments	109,673
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	274,680

Derivative financial instruments	
1. Futures	0
2. Options	19,725
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	19,725

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

13.15

CREDO BANKA d.d.

Zrinsko-Frankopanska 58, 21000 Split
 Phone: +385 21/340-410
 Fax: +385 21/380-683
 BAN 2491005
<http://www.credobanka.hr>

Management Board

Šime Luketin – chairperson, Mato Mišić

Supervisory Board

Boris Barač – chairperson, Mirko Vuković, Dražen Bilić

Shareholders

	Share in share capital (%)
1. Mirko Vuković	31.93
2. Boris Barač	24.17
3. Kvarner Vienna Insurance Group d.d.	6.66
4. Kapitalni fond d.d.	4.83
5. Simag d.o.o.	4.66
6. Marko Vuković	4.49
7. Alkom d.o.o.	4.18

Audit firm for 2008:

Kalibović i Partneri d.o.o., Zagreb

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	172,811
1.1. Money assets	13,683
1.2. Deposits with the CNB	159,128
2. Deposits with banking institutions	104,549
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	7,516
6. Securities and other financial instruments held to maturity	51,921
7. Securities and other financial instruments not traded in active markets but carried at fair value	5
8. Derivative financial assets	0
9. Loans to financial institutions	4,715
10. Loans to other clients	934,533
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	8,483
13. Tangible assets (net of depreciation)	21,452
14. Interest, fees and other assets	27,438
15. Net of: Collectively assessed impairment provisions	12,318
TOTAL ASSETS	1,321,104

Liabilities and capital	
1. Loans from financial institutions	148,991
1.1. Short-term loans	6,505
1.2. Long-term loans	142,486
2. Deposits	942,467
2.1. Giro account and current account deposits	170,755
2.2. Savings deposits	62,232
2.3. Time deposits	709,480
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	22,890
8. Interest, fees and other liabilities	72,529
TOTAL LIABILITIES	1,186,877
9. Capital	134,227
TOTAL LIABILITIES AND CAPITAL	1,321,104

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	42,583
1.1. Total interest income	92,638
1.2. Total interest expenses	50,055
2. Net income from fees and commissions	11,939
2.1. Total income from fees and commissions	14,547
2.2. Total expenses on fees and commissions	2,608
3. Net other non-interest income	-757
3.1. Other non-interest income	6,033
3.2. Other non-interest expenses	6,790
4. Net non-interest income	11,182
5. General administrative expenses and depreciation	41,569
6. Net operating income before loss provisions	12,196
7. Total expenses on loss provisions	7,256
7.1. Expenses on value adjustments and provisions for identified losses	6,621
7.2. Expenses on collectively assessed impairment provisions	635
8. Income (loss) before taxes	4,940
9. Income tax	1,539
10. Current year profit (loss)	3,401

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	146,566
2. Letters of credit	4,360
3. Bills of exchange	0
4. Credit lines and commitments	37,939
5. Other standard risky off-balance sheet items	183
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	189,048

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

12.24

CROATIA BANKA d.d.

Kvaternikov trg 9, 10000 Zagreb
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 Fax: +385 1/2391-470
 BAN 2485003
<http://www.croatiabanka.hr>

Management Board

Ivan Purgar – chairperson, Marko Gabela

Supervisory Board

Ivan Pažin – chairperson, Kamilo Vrana, Ivan Tomljenović, Branka Grabovac, Ivan Bukarica

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	100.00

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

Balance Sheet as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	189,599
1.1. Money assets	19,975
1.2. Deposits with the CNB	169,624
2. Deposits with banking institutions	293,404
3. MoF treasury bills and CNB bills	38,588
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	49,227
6. Securities and other financial instruments held to maturity	14,268
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	15
9. Loans to financial institutions	63,500
10. Loans to other clients	1,049,381
11. Investments in subsidiaries and associates	440
12. Foreclosed and repossessed assets	44,262
13. Tangible assets (net of depreciation)	27,547
14. Interest, fees and other assets	69,620
15. Net of: Collectively assessed impairment provisions	15,203
TOTAL ASSETS	1,824,647

Liabilities and capital	
1. Loans from financial institutions	282,924
1.1. Short-term loans	64,000
1.2. Long-term loans	218,924
2. Deposits	1,227,509
2.1. Giro account and current account deposits	228,513
2.2. Savings deposits	94,199
2.3. Time deposits	904,798
3. Other loans	18,476
3.1. Short-term loans	18,311
3.2. Long-term loans	165
4. Derivative financial liabilities and other financial liabilities held for trading	41
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	70,000
8. Interest, fees and other liabilities	77,305
TOTAL LIABILITIES	1,676,256
9. Capital	148,392
TOTAL LIABILITIES AND CAPITAL	1,824,647

Income Statement as at 31 December 2008, in thousand HRK

1. Net interest income	64,142
1.1. Total interest income	118,032
1.2. Total interest expenses	53,890
2. Net income from fees and commissions	6,873
2.1. Total income from fees and commissions	16,257
2.2. Total expenses on fees and commissions	9,385
3. Net other non-interest income	1,691
3.1. Other non-interest income	12,741
3.2. Other non-interest expenses	11,049
4. Net non-interest income	8,564
5. General administrative expenses and depreciation	68,999
6. Net operating income before loss provisions	3,707
7. Total expenses on loss provisions	2,737
7.1. Expenses on value adjustments and provisions for identified losses	1,871
7.2. Expenses on collectively assessed impairment provisions	866
8. Income (loss) before taxes	970
9. Income tax	201
10. Current year profit (loss)	769

Off-Balance Sheet Items as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	81,707
2. Letters of credit	5,712
3. Bills of exchange	0
4. Credit lines and commitments	54,188
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	141,607

Derivative financial instruments	
1. Futures	0
2. Options	83,778
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	83,778

CAPITAL ADEQUACY RATIO, in % as at 31 December 2008

14.04

ERSTE & STEIERMÄRKISCHE BANK d.d.

Jadranski trg 3a, 51000 Rijeka
 Phone: +385 62/375-000
 Fax: +385 62/376-000
 BAN 2402006
 http://www.erstebank.hr

Shareholders

1. Erste Group Bank AG
2. Die Steiermärkische Bank und Sparkassen AG

Share in share capital (%)

55.10
 40.98

Management Board

Petar Radaković – chairperson, Tomislav Vuić, Boris Centner, Slađana Jagar

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Supervisory Board

Herbert Juranek – chairperson, Franz Kerber, Kristijan Schellander, Gerhard Maier, Peter Nemschak
 Reinhard Ortner

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	6,303,559
1.1. Money assets	592,058
1.2. Deposits with the CNB	5,711,501
2. Deposits with banking institutions	5,478,342
3. MoF treasury bills and CNB bills	1,363,292
4. Securities and other financial instruments held for trading	36
5. Securities and other financial instruments available for sale	981,624
6. Securities and other financial instruments held to maturity	346,159
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	14,592
9. Loans to financial institutions	499,117
10. Loans to other clients	30,062,923
11. Investments in subsidiaries and associates	54,463
12. Foreclosed and repossessed assets	26,915
13. Tangible assets (net of depreciation)	413,122
14. Interest, fees and other assets	602,511
15. Net of Collectively assessed impairment provisions	420,013
TOTAL ASSETS	45,726,641

Liabilities and capital	
1. Loans from financial institutions	2,138,238
1.1. Short-term loans	863,282
1.2. Long-term loans	1,274,956
2. Deposits	33,385,389
2.1. Giro account and current account deposits	3,949,667
2.2. Savings deposits	2,971,473
2.3. Time deposits	26,464,249
3. Other loans	2,922,862
3.1. Short-term loans	4,083
3.2. Long-term loans	2,918,779
4. Derivative financial liabilities and other financial liabilities held for trading	308,133
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,866,673
TOTAL LIABILITIES	40,621,295
9. Capital	5,105,345
TOTAL LIABILITIES AND CAPITAL	45,726,641

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	1,105,691
1.1. Total interest income	2,699,127
1.2. Total interest expenses	1,593,435
2. Net income from fees and commissions	315,413
2.1. Total income from fees and commissions	460,146
2.2. Total expenses on fees and commissions	144,733
3. Net other non-interest income	410,816
3.1. Other non-interest income	462,477
3.2. Other non-interest expenses	51,661
4. Net non-interest income	726,229
5. General administrative expenses and depreciation	709,287
6. Net operating income before loss provisions	1,122,634
7. Total expenses on loss provisions	137,753
7.1. Expenses on value adjustments and provisions for identified losses	81,826
7.2. Expenses on collectively assessed impairment provisions	55,927
8. Income (loss) before taxes	984,880
9. Income tax	197,204
10. Current year profit (loss)	787,676

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	1,353,928
2. Letters of credit	164,905
3. Bills of exchange	408,957
4. Credit lines and commitments	2,192,443
5. Other standard risky off-balance sheet items	79,779
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	4,200,012

Derivative financial instruments	
1. Futures	0
2. Options	118,401
3. Swaps	1,175,049
4. Forwards	15,279,780
5. Other	311,125
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	16,884,355

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

12.09

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 http://www.hpbb.hr

Management Board

Josip Protega – chairperson, Ivan Sladonja

Supervisory Board

Zdravko Marić – chairperson, Drago Jakovčević,
 Robert Jukić, Marijo Dragun, Grga Ivezić, Miro Kovač,
 Vedran Duvnjak

Shareholders

	Share in share capital (%)
1. Croatian Privatisation Fund	37.00
2. Hrvatska pošta d.d.	33.56
3. Croatian Pension Insurance Administration	28.01

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	2,004,873
1.1. Money assets	367,916
1.2. Deposits with the CNB	1,636,957
2. Deposits with banking institutions	1,431,389
3. MoF treasury bills and CNB bills	1,249,870
4. Securities and other financial instruments held for trading	298,529
5. Securities and other financial instruments available for sale	317,690
6. Securities and other financial instruments held to maturity	561,546
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	6,965
9. Loans to financial institutions	100,378
10. Loans to other clients	8,000,965
11. Investments in subsidiaries and associates	80,383
12. Foreclosed and repossessed assets	56,317
13. Tangible assets (net of depreciation)	195,847
14. Interest, fees and other assets	450,514
15. Net of: Collectively assessed impairment provisions	116,132
TOTAL ASSETS	14,639,135

Liabilities and capital	
1. Loans from financial institutions	1,787,702
1.1. Short-term loans	362,200
1.2. Long-term loans	1,425,502
2. Deposits	10,124,705
2.1. Giro account and current account deposits	2,584,552
2.2. Savings deposits	1,350,401
2.3. Time deposits	6,189,752
3. Other loans	58,656
3.1. Short-term loans	60
3.2. Long-term loans	58,595
4. Derivative financial liabilities and other financial liabilities held for trading	6,741
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	310,601
8. Interest, fees and other liabilities	1,426,280
TOTAL LIABILITIES	13,714,686
9. Capital	924,450
TOTAL LIABILITIES AND CAPITAL	14,639,135

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	424,357
1.1. Total interest income	907,190
1.2. Total interest expenses	482,833
2. Net income from fees and commissions	168,264
2.1. Total income from fees and commissions	571,567
2.2. Total expenses on fees and commissions	403,303
3. Net other non-interest income	-66,859
3.1. Other non-interest income	-3,467
3.2. Other non-interest expenses	63,393
4. Net non-interest income	101,405
5. General administrative expenses and depreciation	381,526
6. Net operating income before loss provisions	144,236
7. Total expenses on loss provisions	139,061
7.1. Expenses on value adjustments and provisions for identified losses	142,239
7.2. Expenses on collectively assessed impairment provisions	-3,178
8. Income (loss) before taxes	5,175
9. Income tax	-3,542
10. Current year profit (loss)	8,717

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	546,575
2. Letters of credit	60,214
3. Bills of exchange	124,800
4. Credit lines and commitments	1,589,423
5. Other standard risky off-balance sheet items	23,398
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,344,410

Derivative financial instruments	
1. Futures	287,983
2. Options	0
3. Swaps	0
4. Forwards	1,091,334
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	1,379,317

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

11.19

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Shareholders

1. Hypo Alpe-Adria-Bank
 International AG

**Share in share
capital (%)**

100.00

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Management Board²

Markus Ferstl – chairperson, Krešimir Starčević

Supervisory Board

Tilo Berlin – chairperson, Božidar Špan, Othmar
 Ederer, Gerd Penkner, Wolfgang Peter

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	2,614,349
1.1. Money assets	178,491
1.2. Deposits with the CNB	2,435,859
2. Deposits with banking institutions	674,376
3. MoF treasury bills and CNB bills	698,937
4. Securities and other financial instruments held for trading	130,105
5. Securities and other financial instruments available for sale	2,672,719
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	2,058
9. Loans to financial institutions	889,226
10. Loans to other clients	18,339,253
11. Investments in subsidiaries and associates	37,859
12. Foreclosed and repossessed assets	17,576
13. Tangible assets (net of depreciation)	179,559
14. Interest, fees and other assets	473,452
15. Net of: Collectively assessed impairment provisions	219,133
TOTAL ASSETS	26,510,337

Liabilities and capital	
1. Loans from financial institutions	1,172,693
1.1. Short-term loans	135,570
1.2. Long-term loans	1,037,123
2. Deposits	16,782,584
2.1. Giro account and current account deposits	1,864,927
2.2. Savings deposits	1,187,562
2.3. Time deposits	13,730,094
3. Other loans	1,970,962
3.1. Short-term loans	1,970,962
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	248,435
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	732,443
8. Interest, fees and other liabilities	943,525
TOTAL LIABILITIES	21,850,642
9. Capital	4,659,695
TOTAL LIABILITIES AND CAPITAL	26,510,337

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	596,050
1.1. Total interest income	1,618,285
1.2. Total interest expenses	1,022,236
2. Net income from fees and commissions	198,869
2.1. Total income from fees and commissions	245,944
2.2. Total expenses on fees and commissions	47,075
3. Net other non-interest income	93,800
3.1. Other non-interest income	164,597
3.2. Other non-interest expenses	70,796
4. Net non-interest income	292,669
5. General administrative expenses and depreciation	512,302
6. Net operating income before loss provisions	376,417
7. Total expenses on loss provisions	190,747
7.1. Expenses on value adjustments and provisions for identified losses	192,932
7.2. Expenses on collectively assessed impairment provisions	-2,185
8. Income (loss) before taxes	185,670
9. Income tax	36,972
10. Current year profit (loss)	148,698

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	3,607,693
2. Letters of credit	84,895
3. Bills of exchange	0
4. Credit lines and commitments	944,560
5. Other standard risky off-balance sheet items	632,384
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	5,269,533

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	10,051,102
4. Forwards	5,772,794
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	15,823,896

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

18.29

² In 2009 (according to the data available as at 31 May 2009) Ivan Mihaljević and Tadija Vrdoljak have been appointed to the management board.

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Shareholders

1. Branko Buljan
2. Ivka Mijić

Share in share capital (%)

77.98
 22.02

Audit firm for 2008:
 Maran d.o.o., Split

Management Board

Čedo Maletić – chairperson, Ružica Šarić

Supervisory Board

Branko Buljan – chairperson, Ivanka Mijić, Marija Buljan

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	146,452
1.1. Money assets	15,686
1.2. Deposits with the CNB	130,766
2. Deposits with banking institutions	117,542
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	1,368
5. Securities and other financial instruments available for sale	51,284
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	35,000
10. Loans to other clients	711,264
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	46,410
14. Interest, fees and other assets	18,312
15. Net of: Collectively assessed impairment provisions	8,905
TOTAL ASSETS	1,118,727

Liabilities and capital	
1. Loans from financial institutions	53,544
1.1. Short-term loans	20,750
1.2. Long-term loans	32,794
2. Deposits	900,961
2.1. Giro account and current account deposits	156,558
2.2. Savings deposits	27,351
2.3. Time deposits	717,052
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	33,000
8. Interest, fees and other liabilities	28,725
TOTAL LIABILITIES	1,016,230
9. Capital	102,496
TOTAL LIABILITIES AND CAPITAL	1,118,727

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	41,640
1.1. Total interest income	81,230
1.2. Total interest expenses	39,590
2. Net income from fees and commissions	5,061
2.1. Total income from fees and commissions	7,508
2.2. Total expenses on fees and commissions	2,447
3. Net other non-interest income	-1,761
3.1. Other non-interest income	2,904
3.2. Other non-interest expenses	4,665
4. Net non-interest income	3,300
5. General administrative expenses and depreciation	28,893
6. Net operating income before loss provisions	16,047
7. Total expenses on loss provisions	6,411
7.1. Expenses on value adjustments and provisions for identified losses	6,354
7.2. Expenses on collectively assessed impairment provisions	57
8. Income (loss) before taxes	9,636
9. Income tax	2,062
10. Current year profit (loss)	7,574

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	63,839
2. Letters of credit	3,036
3. Bills of exchange	0
4. Credit lines and commitments	11,437
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	78,312

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

11.76

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Management Board

Miro Dodić – chairperson, Marina Vidič

Supervisory Board

Milan Travan – chairperson, Edo Ivančić, Marijan Kovačić, Vlado Kraljević, Vlatko Reschner

Shareholders

	Share in share capital (%)
1. Intercommerce d.o.o.	17.16
2. Tvornica cementa Umag d.o.o.	15.31
3. Serfin d.o.o.	9.84
4. Assicurazioni Generali S.p.A.	7.76
5. Marijan Kovačić	6.90
6. Branko Kovačić	3.64
7. Plava laguna d.d.	3.63
8. Nerio Perich	3.45
9. Milenko Opačić	3.40

Audit firm for 2008:
PricewaterhouseCoopers d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	287,571
1.1. Money assets	37,138
1.2. Deposits with the CNB	250,433
2. Deposits with banking institutions	357,244
3. MoF treasury bills and CNB bills	64,277
4. Securities and other financial instruments held for trading	1,930
5. Securities and other financial instruments available for sale	3,269
6. Securities and other financial instruments held to maturity	46,658
7. Securities and other financial instruments not traded in active markets but carried at fair value	492
8. Derivative financial assets	0
9. Loans to financial institutions	38,000
10. Loans to other clients	1,390,512
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	4,214
13. Tangible assets (net of depreciation)	43,925
14. Interest, fees and other assets	16,842
15. Net of: Collectively assessed impairment provisions	18,085
TOTAL ASSETS	2,236,869

Liabilities and capital	
1. Loans from financial institutions	23,545
1.1. Short-term loans	0
1.2. Long-term loans	23,545
2. Deposits	1,932,529
2.1. Giro account and current account deposits	327,739
2.2. Savings deposits	327,902
2.3. Time deposits	1,276,888
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	8,750
8. Interest, fees and other liabilities	47,868
TOTAL LIABILITIES	2,012,693
9. Capital	224,177
TOTAL LIABILITIES AND CAPITAL	2,236,869

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	75,257
1.1. Total interest income	129,112
1.2. Total interest expenses	53,855
2. Net income from fees and commissions	17,210
2.1. Total income from fees and commissions	21,807
2.2. Total expenses on fees and commissions	4,597
3. Net other non-interest income	9,593
3.1. Other non-interest income	12,660
3.2. Other non-interest expenses	3,067
4. Net non-interest income	26,803
5. General administrative expenses and depreciation	58,941
6. Net operating income before loss provisions	43,119
7. Total expenses on loss provisions	7,916
7.1. Expenses on value adjustments and provisions for identified losses	7,315
7.2. Expenses on collectively assessed impairment provisions	601
8. Income (loss) before taxes	35,203
9. Income tax	7,765
10. Current year profit (loss)	27,438

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	35,840
2. Letters of credit	7,369
3. Bills of exchange	0
4. Credit lines and commitments	104,534
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	147,744

Derivative financial instruments	
1. Futures	0
2. Options	12,535
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	12,535

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

12.01

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Management Board

Ivo Šinko – chairperson, Marija Trlaja, Mirko Goreta

Supervisory Board

Miro Petric – chairperson, Duje Stančić, Stipe Kuvač,
 Mile Paić

Shareholders

	Share in share capital (%)
1. Croatia osiguranje d.d.	6.48
2. Alfa d.d.	6.26
3. Ugo oprema i građenje d.o.o.	4.58
4. Jolly JBS d.o.o.	4.43
5. Tiskara Malenica d.o.o.	4.24
6. NCP Remontno brodogradilište Šibenik d.o.o.	4.18
7. Importanne d.o.o.	3.76
8. Vodovod i odvodnja d.o.o.	3.39
9. Rivijera d.d.	3.17

Audit firm for 2008:

Šibenski Revicon d.o.o., Šibenik

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	339,112
1.1. Money assets	37,498
1.2. Deposits with the CNB	301,614
2. Deposits with banking institutions	247,009
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	11,551
6. Securities and other financial instruments held to maturity	507,078
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	125,000
10. Loans to other clients	1,009,201
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	55,821
13. Tangible assets (net of depreciation)	27,497
14. Interest, fees and other assets	49,659
15. Net of: Collectively assessed impairment provisions	17,948
TOTAL ASSETS	2,353,980

Liabilities and capital	
1. Loans from financial institutions	138,193
1.1. Short-term loans	76,500
1.2. Long-term loans	61,693
2. Deposits	1,756,404
2.1. Giro account and current account deposits	240,209
2.2. Savings deposits	338,215
2.3. Time deposits	1,177,980
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	4
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	15,887
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	41,359
TOTAL LIABILITIES	1,951,847
9. Capital	402,134
TOTAL LIABILITIES AND CAPITAL	2,353,980

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	67,961
1.1. Total interest income	133,423
1.2. Total interest expenses	65,461
2. Net income from fees and commissions	13,653
2.1. Total income from fees and commissions	21,595
2.2. Total expenses on fees and commissions	7,942
3. Net other non-interest income	12,793
3.1. Other non-interest income	22,397
3.2. Other non-interest expenses	9,604
4. Net non-interest income	26,446
5. General administrative expenses and depreciation	52,382
6. Net operating income before loss provisions	42,025
7. Total expenses on loss provisions	165
7.1. Expenses on value adjustments and provisions for identified losses	-770
7.2. Expenses on collectively assessed impairment provisions	935
8. Income (loss) before taxes	41,859
9. Income tax	8,449
10. Current year profit (loss)	33,410

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	33,273
2. Letters of credit	14,562
3. Bills of exchange	0
4. Credit lines and commitments	166,743
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	214,578

Derivative financial instruments	
1. Futures	0
2. Options	28,909
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	28,909

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

18.74

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 http://www.kaba.hr

Management Board

Sandi Šola – chairperson, Siniša Žanetić, Marijana Trpčić-Reškovac

Supervisory Board

Danijel Žamboki – chairperson, Peter Darrell Saric, Ivan Podvorac, Goran Vukšić

Shareholders

	Share in share capital (%)
1. Sandi Šola	19.50
2. Mate Šarić	9.63
3. Batheja Pramod	5.47
4. Marijan Šarić	4.94
5. Goran Ivanišević	4.47
6. PBZ Invest d.o.o.	4.05
7. Croatian Privatisation Fund	3.96
8. Dario Šimić	3.95
9. Ivan Jaime Guerrero Devlahovic	3.01

Audit firm for 2008:
 HLB Revidicon d.o.o., Varaždin

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	218,222
1.1. Money assets	22,974
1.2. Deposits with the CNB	195,248
2. Deposits with banking institutions	223,183
3. MoF treasury bills and CNB bills	25,988
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	14,773
6. Securities and other financial instruments held to maturity	155,269
7. Securities and other financial instruments not traded in active markets but carried at fair value	247
8. Derivative financial assets	0
9. Loans to financial institutions	11,582
10. Loans to other clients	1,254,902
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	4,486
13. Tangible assets (net of depreciation)	64,271
14. Interest, fees and other assets	38,002
15. Net of: Collectively assessed impairment provisions	15,873
TOTAL ASSETS	1,995,052

Liabilities and capital	
1. Loans from financial institutions	161,584
1.1. Short-term loans	59,621
1.2. Long-term loans	101,963
2. Deposits	1,567,646
2.1. Giro account and current account deposits	383,308
2.2. Savings deposits	225,498
2.3. Time deposits	958,839
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	6
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	4,008
8. Interest, fees and other liabilities	48,609
TOTAL LIABILITIES	1,781,853
9. Capital	213,200
TOTAL LIABILITIES AND CAPITAL	1,995,052

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	77,635
1.1. Total interest income	131,221
1.2. Total interest expenses	53,586
2. Net income from fees and commissions	13,508
2.1. Total income from fees and commissions	27,686
2.2. Total expenses on fees and commissions	14,178
3. Net other non-interest income	12,592
3.1. Other non-interest income	21,145
3.2. Other non-interest expenses	8,553
4. Net non-interest income	26,100
5. General administrative expenses and depreciation	66,200
6. Net operating income before loss provisions	37,536
7. Total expenses on loss provisions	14,012
7.1. Expenses on value adjustments and provisions for identified losses	12,108
7.2. Expenses on collectively assessed impairment provisions	1,904
8. Income (loss) before taxes	23,524
9. Income tax	2,123
10. Current year profit (loss)	21,401

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	174,017
2. Letters of credit	1,313
3. Bills of exchange	0
4. Credit lines and commitments	285,669
5. Other standard risky off-balance sheet items	2,707
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	463,706

Derivative financial instruments	
1. Futures	0
2. Options	15,697
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	15,697

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

12.43

KREDITNA BANKA ZAGREB d.d.

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<http://www.kbz.hr>

Management Board

Nelsi Rončević – chairperson, Ivan Dropulić

Supervisory Board

Mirjana Krile – chairperson, Ankica Čeko, Gordana Letica, Irena Severin, Nadira Eror

Shareholders

	Share in share capital (%)
1. Euroherc osiguranje d.d.	19.90
2. Jadransko osiguranje d.d.	16.93
3. Agram životno osiguranje d.d.	16.65
4. Euroleasing d.o.o.	11.42
5. Euro daus d.d.	8.89
6. Euroduhan d.d.	4.19
7. Euroagram nekretnine d.o.o.	4.00
8. Sunce osiguranje d.d.	3.38

Audit firm for 2008:
 Nexia revizija d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	207,837
1.1. Money assets	33,814
1.2. Deposits with the CNB	174,023
2. Deposits with banking institutions	231,728
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	41,109
6. Securities and other financial instruments held to maturity	1,494
7. Securities and other financial instruments not traded in active markets but carried at fair value	15,652
8. Derivative financial assets	103
9. Loans to financial institutions	50,000
10. Loans to other clients	855,299
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	11,603
13. Tangible assets (net of depreciation)	34,985
14. Interest, fees and other assets	47,551
15. Net of: Collectively assessed impairment provisions	11,621
TOTAL ASSETS	1,485,739

Liabilities and capital	
1. Loans from financial institutions	90,084
1.1. Short-term loans	74,300
1.2. Long-term loans	15,784
2. Deposits	1,190,840
2.1. Giro account and current account deposits	203,803
2.2. Savings deposits	58,541
2.3. Time deposits	928,496
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	4
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	34,296
TOTAL LIABILITIES	1,315,224
9. Capital	170,515
TOTAL LIABILITIES AND CAPITAL	1,485,739

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	41,269
1.1. Total interest income	89,337
1.2. Total interest expenses	48,068
2. Net income from fees and commissions	14,183
2.1. Total income from fees and commissions	25,101
2.2. Total expenses on fees and commissions	10,918
3. Net other non-interest income	8,725
3.1. Other non-interest income	10,480
3.2. Other non-interest expenses	1,755
4. Net non-interest income	22,908
5. General administrative expenses and depreciation	50,640
6. Net operating income before loss provisions	13,537
7. Total expenses on loss provisions	-1,568
7.1. Expenses on value adjustments and provisions for identified losses	-3,182
7.2. Expenses on collectively assessed impairment provisions	1,614
8. Income (loss) before taxes	15,105
9. Income tax	3,550
10. Current year profit (loss)	11,556

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	74,201
2. Letters of credit	20,123
3. Bills of exchange	0
4. Credit lines and commitments	129,440
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	223,764

Derivative financial instruments	
1. Futures	0
2. Options	34,439
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	34,439

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

12.52

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Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

96.39

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Management Board

Nenad Jeđud – chairperson, Ljiljana Horvat

Supervisory Board

Ivan Krolo – chairperson, Zoran Kureljušić, Siniša Špoljarec, Ivanka Petrović, Ljiljana Miletić

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	419,744
1.1. Money assets	75,717
1.2. Deposits with the CNB	344,027
2. Deposits with banking institutions	431,424
3. MoF treasury bills and CNB bills	159,586
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	131,261
6. Securities and other financial instruments held to maturity	3,517
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	81,598
10. Loans to other clients	1,599,642
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	4,665
13. Tangible assets (net of depreciation)	39,268
14. Interest, fees and other assets	22,793
15. Net of: Collectively assessed impairment provisions	32,503
TOTAL ASSETS	2,860,995

Liabilities and capital	
1. Loans from financial institutions	98,684
1.1. Short-term loans	34,364
1.2. Long-term loans	64,320
2. Deposits	2,211,369
2.1. Giro account and current account deposits	443,472
2.2. Savings deposits	378,052
2.3. Time deposits	1,389,844
3. Other loans	153,813
3.1. Short-term loans	0
3.2. Long-term loans	153,813
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	80,991
TOTAL LIABILITIES	2,544,857
9. Capital	316,138
TOTAL LIABILITIES AND CAPITAL	2,860,995

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	107,186
1.1. Total interest income	187,424
1.2. Total interest expenses	80,238
2. Net income from fees and commissions	32,150
2.1. Total income from fees and commissions	37,408
2.2. Total expenses on fees and commissions	5,258
3. Net other non-interest income	-1,370
3.1. Other non-interest income	9,311
3.2. Other non-interest expenses	10,680
4. Net non-interest income	30,780
5. General administrative expenses and depreciation	66,156
6. Net operating income before loss provisions	71,810
7. Total expenses on loss provisions	7,831
7.1. Expenses on value adjustments and provisions for identified losses	4,270
7.2. Expenses on collectively assessed impairment provisions	3,561
8. Income (loss) before taxes	63,980
9. Income tax	12,981
10. Current year profit (loss)	50,999

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	68,937
2. Letters of credit	4,927
3. Bills of exchange	0
4. Credit lines and commitments	238,616
5. Other standard risky off-balance sheet items	3,628
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	316,108

Derivative financial instruments	
1. Futures	0
2. Options	11,591
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	11,591

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

14.24

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Management Board

Stipan Pamuković – chairperson, Željko Škalec

Supervisory Board

Jakov Gelo – chairperson, Višnjica Mališa, Ivan Gudelj,
 Daniel Hrnjak, Anđelko Ivančić

Shareholders

	Share in share capital (%)
1. Kemika d.d.	14.51
2. I.C.F. Invest d.o.o.	5.97
3. Dragica Predović	4.56
4. Hypo Alpe-Adria-Bank AG	4.05
5. GIP Pionir d.d.	3.96
6. Euroherc osiguranje d.d.	3.95
7. Stipan Pamuković	3.92
8. Željko Škalec	3.92
9. Gradko d.o.o.	3.63
10. Munis d.o.o.	3.57
11. Aling J.T.D.	3.30
12. Jadransko osiguranje d.d.	3.30
13. Agram životno osiguranje d.d.	3.30
14. Branko Škarica	3.24
15. HPB d.d. (custody account)	3.19

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb/SAM-SEC
 Samobor

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	58,382
1.1. Money assets	4,086
1.2. Deposits with the CNB	54,296
2. Deposits with banking institutions	20,218
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	44,882
6. Securities and other financial instruments held to maturity	8,263
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	43
9. Loans to financial institutions	250
10. Loans to other clients	220,192
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	721
13. Tangible assets (net of depreciation)	6,441
14. Interest, fees and other assets	7,279
15. Net of: Collectively assessed impairment provisions	2,702
TOTAL ASSETS	363,968

Liabilities and capital	
1. Loans from financial institutions	36,947
1.1. Short-term loans	34,850
1.2. Long-term loans	2,097
2. Deposits	277,626
2.1. Giro account and current account deposits	44,720
2.2. Savings deposits	5,451
2.3. Time deposits	227,455
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	20,000
8. Interest, fees and other liabilities	7,863
TOTAL LIABILITIES	342,436
9. Capital	21,532
TOTAL LIABILITIES AND CAPITAL	363,968

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	4,947
1.1. Total interest income	25,916
1.2. Total interest expenses	20,970
2. Net income from fees and commissions	828
2.1. Total income from fees and commissions	3,819
2.2. Total expenses on fees and commissions	2,990
3. Net other non-interest income	-47,772
3.1. Other non-interest income	-47,139
3.2. Other non-interest expenses	632
4. Net non-interest income	-46,943
5. General administrative expenses and depreciation	9,156
6. Net operating income before loss provisions	-51,153
7. Total expenses on loss provisions	6,601
7.1. Expenses on value adjustments and provisions for identified losses	8,439
7.2. Expenses on collectively assessed impairment provisions	-1,837
8. Income (loss) before taxes	-57,754
9. Income tax	0
10. Current year profit (loss)	-57,754

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	60,005
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	4,113
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	64,118

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	4,341
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,341

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

10.73

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<http://www.oba.hr>

Shareholders

several shareholders

Share in share capital (%)

none of the shares is higher than 3%

Management Board

Suzana Barada – chairperson, Davorin Rimac

Audit firm for 2008:

BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Zlatko Cahun – chairperson, Krešimir Rastija, Alen Stojanović

Balance Sheet as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	18,241
1.1. Money assets	714
1.2. Deposits with the CNB	17,528
2. Deposits with banking institutions	8,449
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	10,000
10. Loans to other clients	95,514
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,046
14. Interest, fees and other assets	4,832
15. Net of: Collectively assessed impairment provisions	1,135
TOTAL ASSETS	137,947

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	119,571
2.1. Giro account and current account deposits	9,593
2.2. Savings deposits	16,688
2.3. Time deposits	93,290
3. Other loans	3,338
3.1. Short-term loans	0
3.2. Long-term loans	3,338
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,061
TOTAL LIABILITIES	123,970
9. Capital	13,977
TOTAL LIABILITIES AND CAPITAL	137,947

Income Statement as at 31 December 2008, in thousand HRK

1. Net interest income	5,340
1.1. Total interest income	9,710
1.2. Total interest expenses	4,369
2. Net income from fees and commissions	1,725
2.1. Total income from fees and commissions	2,162
2.2. Total expenses on fees and commissions	437
3. Net other non-interest income	-680
3.1. Other non-interest income	1,661
3.2. Other non-interest expenses	2,341
4. Net non-interest income	1,045
5. General administrative expenses and depreciation	9,033
6. Net operating income before loss provisions	-2,647
7. Total expenses on loss provisions	3,205
7.1. Expenses on value adjustments and provisions for identified losses	2,050
7.2. Expenses on collectively assessed impairment provisions	1,155
8. Income (loss) before taxes	-5,853
9. Income tax	0
10. Current year profit (loss)	-5,853

Off-Balance Sheet Items as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	301
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,946
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,248

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in % as at 31 December 2008

19.62

OTP BANKA HRVATSKA d.d.

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<http://www.otpbanka.hr>

Shareholders

1. OTP Bank RT

**Share in share
 capital (%)**
 100.00

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Management Board

Damir Odak – chairperson, Zorislav Vidović, Balazs Pal Bekeffy

Supervisory Board

Antal Gyorgy Kovacs – chairperson, Gabor Czikora, Laszlo Kecskés, Gabor Kovacz, Balazs Fekete

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	1,323,877
1.1. Money assets	138,785
1.2. Deposits with the CNB	1,185,093
2. Deposits with banking institutions	1,677,473
3. MoF treasury bills and CNB bills	284,330
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	496,895
6. Securities and other financial instruments held to maturity	71,229
7. Securities and other financial instruments not traded in active markets but carried at fair value	8,428
8. Derivative financial assets	53
9. Loans to financial institutions	15,950
10. Loans to other clients	8,599,735
11. Investments in subsidiaries and associates	78,063
12. Foreclosed and repossessed assets	178
13. Tangible assets (net of depreciation)	201,228
14. Interest, fees and other assets	221,402
15. Net of: Collectively assessed impairment provisions	104,870
TOTAL ASSETS	12,873,970

Liabilities and capital	
1. Loans from financial institutions	807,742
1.1. Short-term loans	106,726
1.2. Long-term loans	701,016
2. Deposits	9,215,694
2.1. Giro account and current account deposits	1,628,959
2.2. Savings deposits	1,115,896
2.3. Time deposits	6,470,839
3. Other loans	983,457
3.1. Short-term loans	0
3.2. Long-term loans	983,457
4. Derivative financial liabilities and other financial liabilities held for trading	221
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	37,449
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	332,873
TOTAL LIABILITIES	11,377,436
9. Capital	1,496,535
TOTAL LIABILITIES AND CAPITAL	12,873,970

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	376,395
1.1. Total interest income	727,389
1.2. Total interest expenses	350,995
2. Net income from fees and commissions	98,659
2.1. Total income from fees and commissions	136,020
2.2. Total expenses on fees and commissions	37,361
3. Net other non-interest income	26,772
3.1. Other non-interest income	49,195
3.2. Other non-interest expenses	22,424
4. Net non-interest income	125,430
5. General administrative expenses and depreciation	290,193
6. Net operating income before loss provisions	211,632
7. Total expenses on loss provisions	26,401
7.1. Expenses on value adjustments and provisions for identified losses	20,230
7.2. Expenses on collectively assessed impairment provisions	6,171
8. Income (loss) before taxes	185,231
9. Income tax	36,683
10. Current year profit (loss)	148,548

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	236,341
2. Letters of credit	20,034
3. Bills of exchange	0
4. Credit lines and commitments	969,913
5. Other standard risky off-balance sheet items	2,349
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,228,637

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	36,657
4. Forwards	0
5. Other	191,638
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	228,295

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

12.28

PARTNER BANKA d.d.

Vončinina 2, 10000 Zagreb
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 BAN 2408002
<http://www.partner-banka.hr>

Shareholders

1. Metroholding d.d.

**Share in share
 capital (%)**
 99.99

Audit firm for 2008:
 Nexia revizija d.o.o., Zagreb

Management Board

Martina Dalić – chairperson, Ante Žigman

Supervisory Board

Borislav Škegro – chairperson, Ivan Ćurković, Božo Čulo

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	108,597
1.1. Money assets	9,283
1.2. Deposits with the CNB	99,314
2. Deposits with banking institutions	86,615
3. MoF treasury bills and CNB bills	28,483
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	106,229
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	7
9. Loans to financial institutions	28,000
10. Loans to other clients	872,574
11. Investments in subsidiaries and associates	147
12. Foreclosed and repossessed assets	6,543
13. Tangible assets (net of depreciation)	33,489
14. Interest, fees and other assets	23,222
15. Net of: Collectively assessed impairment provisions	10,787
TOTAL ASSETS	1,283,118

Liabilities and capital	
1. Loans from financial institutions	264,446
1.1. Short-term loans	88,421
1.2. Long-term loans	176,025
2. Deposits	813,333
2.1. Giro account and current account deposits	148,123
2.2. Savings deposits	35,200
2.3. Time deposits	630,010
3. Other loans	4,944
3.1. Short-term loans	0
3.2. Long-term loans	4,944
4. Derivative financial liabilities and other financial liabilities held for trading	5
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	36,143
TOTAL LIABILITIES	1,118,870
9. Capital	164,248
TOTAL LIABILITIES AND CAPITAL	1,283,118

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	47,794
1.1. Total interest income	88,690
1.2. Total interest expenses	40,895
2. Net income from fees and commissions	8,424
2.1. Total income from fees and commissions	13,939
2.2. Total expenses on fees and commissions	5,515
3. Net other non-interest income	4,839
3.1. Other non-interest income	7,502
3.2. Other non-interest expenses	2,662
4. Net non-interest income	13,263
5. General administrative expenses and depreciation	49,096
6. Net operating income before loss provisions	11,961
7. Total expenses on loss provisions	7,840
7.1. Expenses on value adjustments and provisions for identified losses	6,752
7.2. Expenses on collectively assessed impairment provisions	1,088
8. Income (loss) before taxes	4,121
9. Income tax	1,021
10. Current year profit (loss)	3,100

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	111,336
2. Letters of credit	41,697
3. Bills of exchange	2,090
4. Credit lines and commitments	42,211
5. Other standard risky off-balance sheet items	5,038
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	202,370

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	32,600
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	32,600

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

12.92

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<http://www.poba.hr>

Management Board

Julio Kuruc – chairperson, Davorka Jakir, Marijan Marušić

Supervisory Board

Miljan Todorović – chairperson, Sigilfredo Montinari, Dario Montinari, Jurica (Đuro) Predović, Dolly Predović, Maurizio Dallochio, Filippo Disertori

Shareholders

	Share in share capital (%)
1. Lorenzo Gorgoni	9.87
2. Assicurazioni Generali S.p.A.	9.54
3. Cerere S.R.L.	9.53
4. Antonia Gorgoni	9.77
5. Miljan Todorovic	8.33
6. Andrea Montinari	5.76
7. Dario Montinari	5.76
8. Piero Montinari	5.76
9. Sigilfredo Montinari	5.76
10. Luigi Liaci	3.94
11. Giovanni Semeraro	4.11

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	389,526
1.1. Money assets	41,166
1.2. Deposits with the CNB	348,359
2. Deposits with banking institutions	362,297
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	66,436
6. Securities and other financial instruments held to maturity	67,400
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	1
9. Loans to financial institutions	324,070
10. Loans to other clients	1,471,904
11. Investments in subsidiaries and associates	1,530
12. Foreclosed and repossessed assets	2,123
13. Tangible assets (net of depreciation)	71,155
14. Interest, fees and other assets	59,248
15. Net of: Collectively assessed impairment provisions	22,150
TOTAL ASSETS	2,793,540

Liabilities and capital	
1. Loans from financial institutions	188,908
1.1. Short-term loans	123,600
1.2. Long-term loans	65,308
2. Deposits	2,141,848
2.1. Giro account and current account deposits	387,160
2.2. Savings deposits	233,966
2.3. Time deposits	1,520,722
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	111,631
TOTAL LIABILITIES	2,442,387
9. Capital	351,153
TOTAL LIABILITIES AND CAPITAL	2,793,540

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	90,713
1.1. Total interest income	181,312
1.2. Total interest expenses	90,599
2. Net income from fees and commissions	34,864
2.1. Total income from fees and commissions	50,754
2.2. Total expenses on fees and commissions	15,890
3. Net other non-interest income	12,287
3.1. Other non-interest income	24,623
3.2. Other non-interest expenses	12,335
4. Net non-interest income	47,151
5. General administrative expenses and depreciation	105,478
6. Net operating income before loss provisions	32,386
7. Total expenses on loss provisions	8,477
7.1. Expenses on value adjustments and provisions for identified losses	8,827
7.2. Expenses on collectively assessed impairment provisions	-350
8. Income (loss) before taxes	23,909
9. Income tax	3,831
10. Current year profit (loss)	20,077

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	52,465
2. Letters of credit	24,849
3. Bills of exchange	0
4. Credit lines and commitments	159,741
5. Other standard risky off-balance sheet items	766
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	237,820

Derivative financial instruments	
1. Futures	0
2. Options	821
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	821

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

14.54

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Management Board

Duško Miculinić – chairperson, Željka Pavić, Anto Pekić

Supervisory Board

Francesco Signorio – chairperson, Carlo Cattaneo, Gordana Pavletić, Domenico Petrella, Franco Brunati

Shareholders

	Share in share capital (%)
1. Francesco Signorio	49.96
2. Svetlana Signorio	8.92
3. Confisi S.A.	5.71
4. J.L.L. Marc Jourdan	4.91
5. Marino Bastianini	2.58
6. Gordana Pavletić	0.27
7. Carlo Di Dato	7.14
8. Domenico Petrella	6.31
9. IBS S.R.L.	5.72

Audit firm for 2008:
 Revidicon d.o.o., Varaždin

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	15,574
1.1. Money assets	4,116
1.2. Deposits with the CNB	11,458
2. Deposits with banking institutions	31,621
3. MoF treasury bills and CNB bills	1,856
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	4,546
6. Securities and other financial instruments held to maturity	266
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	78,513
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	853
14. Interest, fees and other assets	3,977
15. Net of: Collectively assessed impairment provisions	1,114
TOTAL ASSETS	136,094

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	87,493
2.1. Giro account and current account deposits	5,326
2.2. Savings deposits	9,806
2.3. Time deposits	72,361
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	5,500
8. Interest, fees and other liabilities	3,833
TOTAL LIABILITIES	96,826
9. Capital	39,268
TOTAL LIABILITIES AND CAPITAL	136,094

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	5,723
1.1. Total interest income	9,582
1.2. Total interest expenses	3,859
2. Net income from fees and commissions	121
2.1. Total income from fees and commissions	1,355
2.2. Total expenses on fees and commissions	1,235
3. Net other non-interest income	543
3.1. Other non-interest income	769
3.2. Other non-interest expenses	226
4. Net non-interest income	664
5. General administrative expenses and depreciation	9,214
6. Net operating income before loss provisions	-2,828
7. Total expenses on loss provisions	3,909
7.1. Expenses on value adjustments and provisions for identified losses	3,919
7.2. Expenses on collectively assessed impairment provisions	-11
8. Income (loss) before taxes	-6,737
9. Income tax	0
10. Current year profit (loss)	-6,737

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,243
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,135
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,378

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

40.46

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Shareholders**Share in share capital (%)**

1. Intesa Bci Holding International S.A.	76.59
2. European Bank for Reconstruction and Development (EBRD)	20.88

Management Board³

Božo Prka – chairperson, Ivan Gerovac, Tomislav Lazarić, Marco Capellini, Gabriele Pace, Mario Henjak Draženko Kopljar

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Supervisory Board

György Surányi – chairperson, Adriano Arietti, Paolo Grandi, Anne Fossemale, Giovanni Boccolini, Massimo Pierdicchi, Massimo Malagoli

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	6,983,038
1.1. Money assets	1,408,519
1.2. Deposits with the CNB	5,574,519
2. Deposits with banking institutions	6,818,946
3. MoF treasury bills and CNB bills	1,744,077
4. Securities and other financial instruments held for trading	1,473,870
5. Securities and other financial instruments available for sale	1,306,294
6. Securities and other financial instruments held to maturity	1,100,884
7. Securities and other financial instruments not traded in active markets but carried at fair value	217,979
8. Derivative financial assets	23,629
9. Loans to financial institutions	793,848
10. Loans to other clients	42,194,353
11. Investments in subsidiaries and associates	358,336
12. Foreclosed and repossessed assets	13,224
13. Tangible assets (net of depreciation)	855,025
14. Interest, fees and other assets	1,044,424
15. Net of: Collectively assessed impairment provisions	536,365
TOTAL ASSETS	64,391,562

Liabilities and capital	
1. Loans from financial institutions	3,390,110
1.1. Short-term loans	1,696,793
1.2. Long-term loans	1,693,317
2. Deposits	43,830,746
2.1. Giro account and current account deposits	7,744,286
2.2. Savings deposits	5,898,914
2.3. Time deposits	30,187,546
3. Other loans	5,667,703
3.1. Short-term loans	0
3.2. Long-term loans	5,667,703
4. Derivative financial liabilities and other financial liabilities held for trading	201,915
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,431,444
TOTAL LIABILITIES	55,521,918
9. Capital	8,869,644
TOTAL LIABILITIES AND CAPITAL	64,391,562

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	1,877,968
1.1. Total interest income	3,797,042
1.2. Total interest expenses	1,919,074
2. Net income from fees and commissions	378,495
2.1. Total income from fees and commissions	612,007
2.2. Total expenses on fees and commissions	233,512
3. Net other non-interest income	295,579
3.1. Other non-interest income	507,381
3.2. Other non-interest expenses	211,802
4. Net non-interest income	674,074
5. General administrative expenses and depreciation	1,113,514
6. Net operating income before loss provisions	1,438,527
7. Total expenses on loss provisions	106,271
7.1. Expenses on value adjustments and provisions for identified losses	81,271
7.2. Expenses on collectively assessed impairment provisions	25,000
8. Income (loss) before taxes	1,332,256
9. Income tax	232,009
10. Current year profit (loss)	1,100,247

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	2,919,271
2. Letters of credit	511,582
3. Bills of exchange	0
4. Credit lines and commitments	10,771,844
5. Other standard risky off-balance sheet items	33,001
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	14,235,698

Derivative financial instruments	
1. Futures	106,937
2. Options	0
3. Swaps	16,165,160
4. Forwards	4,865,207
5. Other	452,044
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	21,589,348

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

15.48

³ In 2009 (according to the data available as at 31 May 2009) Jonathan Charles Locke and Dinko Lucić have been appointed to the management board, and Tomislav Lazarić and Marco Capellini have ceased to be members of the management board.

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Management Board

Zdenko Adrović – chairperson, Vlasta Žubrinić-Pick,
 Jasna Širola, Zoran Koščak, Vesna Ciganek Vuković,
 Mario Žižek

Supervisory Board

Herbert Stepic – chairperson, Heinz Hoedl, Franz
 Rogi, Peter Lennkh, Martin Gruell

Shareholders

	Share in share capital (%)
1. Raiffeisen International Bank-Holding AG	75.00
2. Raiffeisenbank-Zagreb Beteiligungs GmbH	25.00

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	4,388,571
1.1. Money assets	417,412
1.2. Deposits with the CNB	3,971,158
2. Deposits with banking institutions	2,249,056
3. MoF treasury bills and CNB bills	1,021,462
4. Securities and other financial instruments held for trading	3,870,279
5. Securities and other financial instruments available for sale	10,022
6. Securities and other financial instruments held to maturity	793,827
7. Securities and other financial instruments not traded in active markets but carried at fair value	361,524
8. Derivative financial assets	30,501
9. Loans to financial institutions	338,161
10. Loans to other clients	26,143,537
11. Investments in subsidiaries and associates	210,745
12. Foreclosed and repossessed assets	283
13. Tangible assets (net of depreciation)	419,891
14. Interest, fees and other assets	825,581
15. Net of: Collectively assessed impairment provisions	285,333
TOTAL ASSETS	40,378,109

Liabilities and capital	
1. Loans from financial institutions	3,018,423
1.1. Short-term loans	2,142,126
1.2. Long-term loans	876,297
2. Deposits	23,205,529
2.1. Giro account and current account deposits	4,135,037
2.2. Savings deposits	2,472,936
2.3. Time deposits	16,597,555
3. Other loans	7,220,007
3.1. Short-term loans	1,302,205
3.2. Long-term loans	5,917,802
4. Derivative financial liabilities and other financial liabilities held for trading	384,402
5. Debt securities issued	99,683
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	99,683
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,043,498
TOTAL LIABILITIES	34,971,542
9. Capital	5,406,567
TOTAL LIABILITIES AND CAPITAL	40,378,109

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	991,029
1.1. Total interest income	2,495,928
1.2. Total interest expenses	1,504,899
2. Net income from fees and commissions	351,661
2.1. Total income from fees and commissions	478,543
2.2. Total expenses on fees and commissions	126,882
3. Net other non-interest income	154,996
3.1. Other non-interest income	217,193
3.2. Other non-interest expenses	62,197
4. Net non-interest income	506,657
5. General administrative expenses and depreciation	843,414
6. Net operating income before loss provisions	654,272
7. Total expenses on loss provisions	53,854
7.1. Expenses on value adjustments and provisions for identified losses	54,019
7.2. Expenses on collectively assessed impairment provisions	-165
8. Income (loss) before taxes	600,418
9. Income tax	99,608
10. Current year profit (loss)	500,810

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	3,892,399
2. Letters of credit	219,335
3. Bills of exchange	2,599
4. Credit lines and commitments	2,911,287
5. Other standard risky off-balance sheet items	1,810,183
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	8,835,804

Derivative financial instruments	
1. Futures	4,403,444
2. Options	0
3. Swaps	6,372,375
4. Forwards	14,331,577
5. Other	66,344
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	25,173,740

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

12.59

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Shareholders

	Share in share capital (%)
1. Aquae Vivae d.d.	79.34
2. Samoborka d.d.	5.15
3. Samoborska banka d.d.	3.51

Management Board

Marijan Kantolić – chairperson, Verica Ljubičić

Audit firm for 2008:

Revizija servis d.o.o., Zabok

Supervisory Board

Dragutin Plahutar – chairperson, Želimir Kodrić, Milan Penava, Nevenka Plahutar, Martin Jazbec

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	129,363
1.1. Money assets	98,955
1.2. Deposits with the CNB	30,408
2. Deposits with banking institutions	22,510
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	258
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	262
9. Loans to financial institutions	54,311
10. Loans to other clients	157,499
11. Investments in subsidiaries and associates	54
12. Foreclosed and repossessed assets	2,033
13. Tangible assets (net of depreciation)	28,851
14. Interest, fees and other assets	3,742
15. Net of: Collectively assessed impairment provisions	2,319
TOTAL ASSETS	396,565

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	308,244
2.1. Giro account and current account deposits	84,887
2.2. Savings deposits	66,831
2.3. Time deposits	156,525
3. Other loans	44
3.1. Short-term loans	44
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	7,786
TOTAL LIABILITIES	316,074
9. Capital	80,490
TOTAL LIABILITIES AND CAPITAL	396,565

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	12,329
1.1. Total interest income	20,305
1.2. Total interest expenses	7,976
2. Net income from fees and commissions	930
2.1. Total income from fees and commissions	3,529
2.2. Total expenses on fees and commissions	2,599
3. Net other non-interest income	2,485
3.1. Other non-interest income	3,513
3.2. Other non-interest expenses	1,029
4. Net non-interest income	3,415
5. General administrative expenses and depreciation	11,310
6. Net operating income before loss provisions	4,434
7. Total expenses on loss provisions	-2,332
7.1. Expenses on value adjustments and provisions for identified losses	-1,630
7.2. Expenses on collectively assessed impairment provisions	-702
8. Income (loss) before taxes	6,766
9. Income tax	1,382
10. Current year profit (loss)	5,384

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	8,503
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	42,018
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	50,521

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	35,006
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	35,006

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

33.76

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Management Board

Angelina Horvat – chairperson, Elvis Mališ

Supervisory Board

Mirko Lukač – chairperson, Oleg Uskoković, Blaženka Eror Matić, Vinko Radić, Denis Smolar

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
2. Société Générale – Splitska banka d.d. (custody account)	4.95
3. PBZ Invest d.o.o.	4.87
4. Erste & Steiermärkische Bank d.d./CSC	4.31
5. Ingra d.d.	4.08
6. Vaba d.d.	3.81
7. HPB d.d. (custody account)	3.78
8. Hypo Alpe-Adria-Bank d.d. (custody account)	3.31
9. Croatia Lloyd d.d.	3.02

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	136,621
1.1. Money assets	18,311
1.2. Deposits with the CNB	118,310
2. Deposits with banking institutions	134,740
3. MoF treasury bills and CNB bills	44,096
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,144
6. Securities and other financial instruments held to maturity	69,164
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	1
9. Loans to financial institutions	49,500
10. Loans to other clients	593,797
11. Investments in subsidiaries and associates	6,034
12. Foreclosed and repossessed assets	4,199
13. Tangible assets (net of depreciation)	28,455
14. Interest, fees and other assets	13,262
15. Net of Collectively assessed impairment provisions	8,801
TOTAL ASSETS	1,072,212

Liabilities and capital	
1. Loans from financial institutions	40,415
1.1. Short-term loans	0
1.2. Long-term loans	40,415
2. Deposits	816,708
2.1. Giro account and current account deposits	145,569
2.2. Savings deposits	75,659
2.3. Time deposits	595,481
3. Other loans	16,707
3.1. Short-term loans	0
3.2. Long-term loans	16,707
4. Derivative financial liabilities and other financial liabilities held for trading	1
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	15
8. Interest, fees and other liabilities	40,221
TOTAL LIABILITIES	914,067
9. Capital	158,145
TOTAL LIABILITIES AND CAPITAL	1,072,212

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	39,478
1.1. Total interest income	75,421
1.2. Total interest expenses	35,943
2. Net income from fees and commissions	7,917
2.1. Total income from fees and commissions	10,998
2.2. Total expenses on fees and commissions	3,081
3. Net other non-interest income	808
3.1. Other non-interest income	2,869
3.2. Other non-interest expenses	2,061
4. Net non-interest income	8,725
5. General administrative expenses and depreciation	34,736
6. Net operating income before loss provisions	13,467
7. Total expenses on loss provisions	1,377
7.1. Expenses on value adjustments and provisions for identified losses	861
7.2. Expenses on collectively assessed impairment provisions	516
8. Income (loss) before taxes	12,090
9. Income tax	3,087
10. Current year profit (loss)	9,003

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	8,134
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	29,387
5. Other standard risky off-balance sheet items	480
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	38,002

Derivative financial instruments	
1. Futures	0
2. Options	13,113
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	13,113

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

16.01

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Management Board

Ivan Mihaljević – chairperson, Branka Štinc

Supervisory Board

Thomas Morgl – chairperson, Paul Kocher, Zlata Vrdojak

Shareholders

1. Hypo Alpe-Adria-Bank
 International AG

**Share in share
 capital (%)**

100.00

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	1,350,341
1.1. Money assets	93,788
1.2. Deposits with the CNB	1,256,553
2. Deposits with banking institutions	1,032,522
3. MoF treasury bills and CNB bills	132,785
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	334,040
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	7,836,573
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	85,123
13. Tangible assets (net of depreciation)	67,774
14. Interest, fees and other assets	131,764
15. Net of: Collectively assessed impairment provisions	89,553
TOTAL ASSETS	10,881,368

Liabilities and capital	
1. Loans from financial institutions	449,480
1.1. Short-term loans	38,000
1.2. Long-term loans	411,480
2. Deposits	7,460,576
2.1. Giro account and current account deposits	1,032,030
2.2. Savings deposits	402,773
2.3. Time deposits	6,025,774
3. Other loans	29,693
3.1. Short-term loans	0
3.2. Long-term loans	29,693
4. Derivative financial liabilities and other financial liabilities held for trading	29,217
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	745,405
8. Interest, fees and other liabilities	282,053
TOTAL LIABILITIES	8,996,425
9. Capital	1,884,944
TOTAL LIABILITIES AND CAPITAL	10,881,368

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	269,998
1.1. Total interest income	623,907
1.2. Total interest expenses	353,909
2. Net income from fees and commissions	97,938
2.1. Total income from fees and commissions	117,938
2.2. Total expenses on fees and commissions	20,000
3. Net other non-interest income	16,695
3.1. Other non-interest income	62,442
3.2. Other non-interest expenses	45,747
4. Net non-interest income	114,633
5. General administrative expenses and depreciation	232,082
6. Net operating income before loss provisions	152,550
7. Total expenses on loss provisions	56,646
7.1. Expenses on value adjustments and provisions for identified losses	46,146
7.2. Expenses on collectively assessed impairment provisions	10,500
8. Income (loss) before taxes	95,904
9. Income tax	21,342
10. Current year profit (loss)	74,562

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,073,801
2. Letters of credit	12,186
3. Bills of exchange	0
4. Credit lines and commitments	870,512
5. Other standard risky off-balance sheet items	130,361
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,086,860

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	2,172,272
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	2,172,272

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

23.03

SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA d.d.

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<http://www.splitskabanka.hr>

Shareholders

1. Société Générale

**Share in share
 capital (%)**
 99.76

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

Pierre Boursot – chairperson, Philippe Marcotte de
 Quivières, Henri Bellenger, Ivo Bilić, Florian Urban

Supervisory Board

Jean-Didier Reigner – chairperson, Serge Eveillé,
 Alexis Juan

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	2,943,245
1.1. Money assets	289,418
1.2. Deposits with the CNB	2,653,827
2. Deposits with banking institutions	2,712,866
3. MoF treasury bills and CNB bills	837,864
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	2,227,313
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	4,149
9. Loans to financial institutions	883,546
10. Loans to other clients	17,356,426
11. Investments in subsidiaries and associates	21,979
12. Foreclosed and repossessed assets	1,613
13. Tangible assets (net of depreciation)	250,586
14. Interest, fees and other assets	484,999
15. Net of: Collectively assessed impairment provisions	229,086
TOTAL ASSETS	27,495,498

Liabilities and capital	
1. Loans from financial institutions	1,277,758
1.1. Short-term loans	170,000
1.2. Long-term loans	1,107,758
2. Deposits	13,573,491
2.1. Giro account and current account deposits	2,709,886
2.2. Savings deposits	1,802,573
2.3. Time deposits	9,061,032
3. Other loans	8,777,837
3.1. Short-term loans	2,793,084
3.2. Long-term loans	5,984,753
4. Derivative financial liabilities and other financial liabilities held for trading	24,323
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,003,230
TOTAL LIABILITIES	24,656,639
9. Capital	2,838,859
TOTAL LIABILITIES AND CAPITAL	27,495,498

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	712,422
1.1. Total interest income	1,528,489
1.2. Total interest expenses	816,067
2. Net income from fees and commissions	201,386
2.1. Total income from fees and commissions	262,937
2.2. Total expenses on fees and commissions	61,551
3. Net other non-interest income	120,648
3.1. Other non-interest income	163,895
3.2. Other non-interest expenses	43,247
4. Net non-interest income	322,034
5. General administrative expenses and depreciation	616,302
6. Net operating income before loss provisions	418,154
7. Total expenses on loss provisions	70,357
7.1. Expenses on value adjustments and provisions for identified losses	46,677
7.2. Expenses on collectively assessed impairment provisions	23,680
8. Income (loss) before taxes	347,797
9. Income tax	76,285
10. Current year profit (loss)	271,511

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,695,153
2. Letters of credit	95,873
3. Bills of exchange	0
4. Credit lines and commitments	5,057,185
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	6,848,212

Derivative financial instruments	
1. Futures	0
2. Options	79,427
3. Swaps	3,695,732
4. Forwards	300,401
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,075,560

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

10.10

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Slavonska avenija 3, 10000 Zagreb
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<http://www.stedbanka.hr>

Shareholders

1. Šted-Nova d.d.
2. Željko Udovičić
3. Paveko 2000 d.o.o.
4. Redip d.o.o.

Share in share capital (%)

- 80.74
9.87
6.35
3.04

Management Board

Ante Babić – chairperson, Zdravko Zrинуšić, Christian Panjол-Tuflija

Audit firm for 2008:

BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Ivo Andriјanić – chairperson, Đuro Benček
Petar Ćurković

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	90,932
1.1. Money assets	2,969
1.2. Deposits with the CNB	87,962
2. Deposits with banking institutions	110,317
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	96,904
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	417
9. Loans to financial institutions	76,017
10. Loans to other clients	706,991
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	10,102
13. Tangible assets (net of depreciation)	45,297
14. Interest, fees and other assets	10,141
15. Net of: Collectively assessed impairment provisions	8,928
TOTAL ASSETS	1,138,210

Liabilities and capital	
1. Loans from financial institutions	11,593
1.1. Short-term loans	0
1.2. Long-term loans	11,593
2. Deposits	749,546
2.1. Giro account and current account deposits	134,090
2.2. Savings deposits	19,654
2.3. Time deposits	595,802
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	42,568
TOTAL LIABILITIES	803,706
9. Capital	334,504
TOTAL LIABILITIES AND CAPITAL	1,138,210

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	42,483
1.1. Total interest income	72,749
1.2. Total interest expenses	30,266
2. Net income from fees and commissions	8,742
2.1. Total income from fees and commissions	10,875
2.2. Total expenses on fees and commissions	2,133
3. Net other non-interest income	10,377
3.1. Other non-interest income	12,592
3.2. Other non-interest expenses	2,215
4. Net non-interest income	19,119
5. General administrative expenses and depreciation	17,952
6. Net operating income before loss provisions	43,650
7. Total expenses on loss provisions	-9,647
7.1. Expenses on value adjustments and provisions for identified losses	-9,893
7.2. Expenses on collectively assessed impairment provisions	246
8. Income (loss) before taxes	53,297
9. Income tax	10,542
10. Current year profit (loss)	42,756

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	153,013
2. Letters of credit	17,113
3. Bills of exchange	0
4. Credit lines and commitments	30,096
5. Other standard risky off-balance sheet items	2,264
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	202,486

Derivative financial instruments	
1. Futures	0
2. Options	161,337
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	161,337

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

24.03

VABA d.d. banka Varaždin

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 Phone: +385 42/659-400
 Fax: +385 42/659-401
 BAN 2489004
 http://www.vaba.hr

Management Board⁴

Igor Čičak – chairperson, Zvonimir Jasek

Supervisory Board

Milan Horvat – chairperson, Balz Thomas Merkli,
 Stjepan Bunić, Vladimir Koščec, Anisur Rehman Khan,
 Artur Gedike, Ljiljana Weissbarth

Shareholders

	Share in share capital (%)
1. Fima Validus d.d.	29.46
2. Balkan Financial Sector	19.04
3. Fima grupa d.d.	12.10
4. Gara Secundus d.o.o.	4.96
5. Nikomat d.d.	3.28
6. Croatia osiguranje d.d.	3.29
7. Hypo Alpe-Adria-Bank d.d.	3.37

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	172,904
1.1. Money assets	14,726
1.2. Deposits with the CNB	158,177
2. Deposits with banking institutions	44,222
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	162,088
6. Securities and other financial instruments held to maturity	52,408
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	12
9. Loans to financial institutions	100,022
10. Loans to other clients	822,873
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	2,119
13. Tangible assets (net of depreciation)	26,528
14. Interest, fees and other assets	34,792
15. Net of: Collectively assessed impairment provisions	11,287
TOTAL ASSETS	1,406,682

Liabilities and capital	
1. Loans from financial institutions	219,246
1.1. Short-term loans	217,900
1.2. Long-term loans	1,346
2. Deposits	1,009,803
2.1. Giro account and current account deposits	132,781
2.2. Savings deposits	14,744
2.3. Time deposits	862,277
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	41,374
TOTAL LIABILITIES	1,270,423
9. Capital	136,259
TOTAL LIABILITIES AND CAPITAL	1,406,682

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	34,781
1.1. Total interest income	89,228
1.2. Total interest expenses	54,447
2. Net income from fees and commissions	5,756
2.1. Total income from fees and commissions	8,173
2.2. Total expenses on fees and commissions	2,417
3. Net other non-interest income	-10,466
3.1. Other non-interest income	-1,941
3.2. Other non-interest expenses	8,525
4. Net non-interest income	-4,710
5. General administrative expenses and depreciation	53,391
6. Net operating income before loss provisions	-23,320
7. Total expenses on loss provisions	9,678
7.1. Expenses on value adjustments and provisions for identified losses	7,168
7.2. Expenses on collectively assessed impairment provisions	2,510
8. Income (loss) before taxes	-32,998
9. Income tax	0
10. Current year profit (loss)	-32,998

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	21,016
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	97,624
5. Other standard risky off-balance sheet items	533
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	119,173

Derivative financial instruments	
1. Futures	0
2. Options	4,552
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,552

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

12.01

⁴ In 2009 (according to the data available as at 31 May 2009) Stjepan Bunić has been appointed to the management board, and Zvonimir Jasek has ceased to be a member of the management board.

VENETO BANKA d.d.

Draškovićeve 58, 10000 Zagreb
 Phone: +385 1/4802-666
 Fax: +385 1/4802-571
 BAN 2381009
<http://www.venetobanka.hr>

Shareholders

1. Veneto Banca Holding S.C.P.A.

Share in share capital (%)

100.00

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Adriano Carisi – chairperson, Jasna Mamić

Supervisory Board

Gian-Quinto Perissinotto – chairperson, Pierluigi Ronzani, Mauro Gallea, Gaetano Caberlotto, Innocente Nardi

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	120,277
1.1. Money assets	15,155
1.2. Deposits with the CNB	105,121
2. Deposits with banking institutions	102,655
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,355
6. Securities and other financial instruments held to maturity	5,666
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	274
9. Loans to financial institutions	34,500
10. Loans to other clients	522,384
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	1,739
13. Tangible assets (net of depreciation)	40,940
14. Interest, fees and other assets	26,671
15. Net of: Collectively assessed impairment provisions	7,836
TOTAL ASSETS	848,626

Liabilities and capital	
1. Loans from financial institutions	34,066
1.1. Short-term loans	0
1.2. Long-term loans	34,066
2. Deposits	512,865
2.1. Giro account and current account deposits	49,532
2.2. Savings deposits	17,438
2.3. Time deposits	445,895
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	22,133
TOTAL LIABILITIES	569,064
9. Capital	279,563
TOTAL LIABILITIES AND CAPITAL	848,626

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	18,926
1.1. Total interest income	49,696
1.2. Total interest expenses	30,770
2. Net income from fees and commissions	4,059
2.1. Total income from fees and commissions	5,619
2.2. Total expenses on fees and commissions	1,561
3. Net other non-interest income	2,748
3.1. Other non-interest income	4,677
3.2. Other non-interest expenses	1,929
4. Net non-interest income	6,807
5. General administrative expenses and depreciation	43,128
6. Net operating income before loss provisions	-17,395
7. Total expenses on loss provisions	4,318
7.1. Expenses on value adjustments and provisions for identified losses	4,848
7.2. Expenses on collectively assessed impairment provisions	-530
8. Income (loss) before taxes	-21,713
9. Income tax	0
10. Current year profit (loss)	-21,713

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	17,410
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	65,795
5. Other standard risky off-balance sheet items	251
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	83,456

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	73,153
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	73,153

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

36.39

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<http://www.volksbank.hr>

Shareholders

1. VB International AG

**Share in share
capital (%)**
99.18

Audit firm for 2008:
Ernst & Young d.o.o., Zagreb

Management Board⁵

Tomasz Jerzy Taraba – chairperson, Andrea Kovacs,
Dieter Hornbacher

Supervisory Board

Michael Ivanovsky – chairperson, Gerhard Woeber,
Joerg Poglits, Fausto Maritan, David Krepelka

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	729,286
1.1. Money assets	54,635
1.2. Deposits with the CNB	674,651
2. Deposits with banking institutions	745,824
3. MoF treasury bills and CNB bills	85,301
4. Securities and other financial instruments held for trading	912
5. Securities and other financial instruments available for sale	118,004
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	1,374
9. Loans to financial institutions	357,106
10. Loans to other clients	5,543,196
11. Investments in subsidiaries and associates	1,950
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	14,692
14. Interest, fees and other assets	143,917
15. Net of: Collectively assessed impairment provisions	63,442
TOTAL ASSETS	7,678,120

Liabilities and capital	
1. Loans from financial institutions	191,244
1.1. Short-term loans	153,400
1.2. Long-term loans	37,844
2. Deposits	5,285,945
2.1. Giro account and current account deposits	363,195
2.2. Savings deposits	260,930
2.3. Time deposits	4,661,820
3. Other loans	66,789
3.1. Short-term loans	0
3.2. Long-term loans	66,789
4. Derivative financial liabilities and other financial liabilities held for trading	96,650
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	69,838
8. Interest, fees and other liabilities	262,412
TOTAL LIABILITIES	5,972,878
9. Capital	1,705,242
TOTAL LIABILITIES AND CAPITAL	7,678,120

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	209,519
1.1. Total interest income	461,433
1.2. Total interest expenses	251,914
2. Net income from fees and commissions	44,482
2.1. Total income from fees and commissions	55,404
2.2. Total expenses on fees and commissions	10,921
3. Net other non-interest income	22,403
3.1. Other non-interest income	43,700
3.2. Other non-interest expenses	21,297
4. Net non-interest income	66,886
5. General administrative expenses and depreciation	155,778
6. Net operating income before loss provisions	120,626
7. Total expenses on loss provisions	26,453
7.1. Expenses on value adjustments and provisions for identified losses	26,307
7.2. Expenses on collectively assessed impairment provisions	146
8. Income (loss) before taxes	94,173
9. Income tax	19,273
10. Current year profit (loss)	74,900

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	99,102
2. Letters of credit	3,501
3. Bills of exchange	0
4. Credit lines and commitments	395,820
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	498,423

Derivative financial instruments	
1. Futures	0
2. Options	179,193
3. Swaps	5,060,257
4. Forwards	22,089
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	5,261,539

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

22.22

⁵ In 2009 (according to the data available as at 31 May 2009) Dubravka Lukić has been appointed to the management board.

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Fax: +385 1/6110-533
BAN 2360000
<http://www.zaba.hr>

Shareholders

1. Bank Austria Creditanstalt AG
2. Allianz AG

Share in share capital (%)

84.21
11.72

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Franjo Luković – chairperson, Milivoj Goldštajn, Tomica Pustišek, Sanja Rendulić, Miljenko Živaljić, Marko Remenar

Supervisory Board

Erich Hampel – chairperson, Jakša Barbić, Klaus Junker, Robert Zadrazil, Marco Iannaccone, Carlo Marini, Franco Andreta, Torsten Leue

Balance Sheet
as at 31 December 2008, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	10,305,634
1.1. Money assets	1,322,790
1.2. Deposits with the CNB	8,982,843
2. Deposits with banking institutions	9,133,573
3. MoF treasury bills and CNB bills	2,184,688
4. Securities and other financial instruments held for trading	1,050,730
5. Securities and other financial instruments available for sale	3,188,987
6. Securities and other financial instruments held to maturity	668,820
7. Securities and other financial instruments not traded in active markets but carried at fair value	64,648
8. Derivative financial assets	37,474
9. Loans to financial institutions	666,776
10. Loans to other clients	59,021,591
11. Investments in subsidiaries and associates	917,890
12. Foreclosed and repossessed assets	22,327
13. Tangible assets (net of depreciation)	1,179,828
14. Interest, fees and other assets	1,666,556
15. Net of: Collectively assessed impairment provisions	721,758
TOTAL ASSETS	89,387,763

Liabilities and capital	
1. Loans from financial institutions	2,570,350
1.1. Short-term loans	1,665,325
1.2. Long-term loans	905,024
2. Deposits	62,751,710
2.1. Giro account and current account deposits	11,657,115
2.2. Savings deposits	6,069,801
2.3. Time deposits	45,024,794
3. Other loans	4,952,623
3.1. Short-term loans	1,866,342
3.2. Long-term loans	3,086,281
4. Derivative financial liabilities and other financial liabilities held for trading	278,216
5. Debt securities issued	3,292,663
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	3,292,663
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,587,090
TOTAL LIABILITIES	76,432,652
9. Capital	12,955,111
TOTAL LIABILITIES AND CAPITAL	89,387,763

Income Statement
as at 31 December 2008, in thousand HRK

1. Net interest income	2,383,825
1.1. Total interest income	4,939,875
1.2. Total interest expenses	2,556,050
2. Net income from fees and commissions	900,464
2.1. Total income from fees and commissions	1,066,891
2.2. Total expenses on fees and commissions	166,427
3. Net other non-interest income	349,415
3.1. Other non-interest income	510,168
3.2. Other non-interest expenses	160,753
4. Net non-interest income	1,249,879
5. General administrative expenses and depreciation	1,703,639
6. Net operating income before loss provisions	1,930,065
7. Total expenses on loss provisions	191,041
7.1. Expenses on value adjustments and provisions for identified losses	134,921
7.2. Expenses on collectively assessed impairment provisions	56,120
8. Income (loss) before taxes	1,739,024
9. Income tax	344,770
10. Current year profit (loss)	1,394,254

Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	5,499,254
2. Letters of credit	927,749
3. Bills of exchange	0
4. Credit lines and commitments	14,510,410
5. Other standard risky off-balance sheet items	4,929
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	20,942,342

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	3,181,040
4. Forwards	20,202,666
5. Other	1,225,976
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	24,609,683

CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008

17.39

HPB STAMBENA ŠTEDIONICA d.d.

Praška 5, 10000 Zagreb
Phone: +385 1/4805-048
Fax: +385 1/4888-164
<http://www.hpb.hr>

Shareholders

1. Hrvatska poštanska banka d.d.

Share in share capital (%)

100.00

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Management Board

Dunja Vidošević – chairperson, Jasminka Makarun

Supervisory Board

Marijo Kirinić – chairperson, Ana Klarić, Josip Ivančić

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	3,479
3. MoF treasury bills and CNB bills	5,443
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	14,454
6. Securities and other financial instruments held to maturity	38,921
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	41,411
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	39
14. Interest, fees and other assets	10,660
15. Net of: Collectively assessed impairment provisions	950
TOTAL ASSETS	113,457

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	77,095
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	77,095
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	12,029
TOTAL LIABILITIES	89,123
9. Capital	24,333
TOTAL LIABILITIES AND CAPITAL	113,457

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	2,719
1.1. Total interest income	4,119
1.2. Total interest expenses	1,400
2. Net income from fees and commissions	1,546
2.1. Total income from fees and commissions	1,825
2.2. Total expenses on fees and commissions	279
3. Net other non-interest income	-795
3.1. Other non-interest income	48
3.2. Other non-interest expenses	843
4. Net non-interest income	751
5. General administrative expenses and depreciation	5,716
6. Net operating income before loss provisions	-2,246
7. Total expenses on loss provisions	461
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	461
8. Income (loss) before taxes	-2,707
9. Income tax	0
10. Current year profit (loss)	-2,707

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	612
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	612

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

53.00

PBZ STAMBENA ŠTEDIONICA d.d.

Radnička cesta 44, 10000 Zagreb
 Phone: +385 1/6363-730
 Fax: +385 1/6363-731
<http://stambena.pbz.hr>

Shareholders

1. Privredna banka Zagreb d.d.

**Share in share
 capital (%)**
 100.00

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Management Board

Mirko Brozović – chairperson, Branimir Čosić

Supervisory Board

Tomislav Lazarić – chairperson, Zoran Kureljušić,
 Dražen Kovačić, Nenad Štimac, Andrea Pavlović

**Balance Sheet
 as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	153,056
3. MoF treasury bills and CNB bills	47,649
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,061,923
6. Securities and other financial instruments held to maturity	260,963
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	12,899
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	171
14. Interest, fees and other assets	22,217
15. Net of: Collectively assessed impairment provisions	13,248
TOTAL ASSETS	1,545,630

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,486,335
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,486,335
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	10,000
8. Interest, fees and other liabilities	13,329
TOTAL LIABILITIES	1,509,664
9. Capital	35,966
TOTAL LIABILITIES AND CAPITAL	1,545,630

**Income Statement
 as at 31 December 2008, in thousand HRK**

1. Net interest income	16,959
1.1. Total interest income	69,359
1.2. Total interest expenses	52,400
2. Net income from fees and commissions	11,804
2.1. Total income from fees and commissions	13,438
2.2. Total expenses on fees and commissions	1,634
3. Net other non-interest income	-7,672
3.1. Other non-interest income	-6,705
3.2. Other non-interest expenses	967
4. Net non-interest income	4,132
5. General administrative expenses and depreciation	11,547
6. Net operating income before loss provisions	9,544
7. Total expenses on loss provisions	1,371
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	1,371
8. Income (loss) before taxes	8,173
9. Income tax	919
10. Current year profit (loss)	7,254

**Off-Balance Sheet Items
 as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	159
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	159

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
 as at 31 December 2008**

78.08

PRVA STAMBENA ŠTEDIONICA d.d.

Savska 60-62, 10000 Zagreb
 Phone: +385 1/6065-127
 Fax: +385 1/6065-120
<http://www.prva-stambena.hr>

Shareholders

1. Zagrebačka banka d.d.

Share in share capital (%)

100.00

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Snježana Herceg – chairperson, Srećko Maceković

Supervisory Board

Tomica Pustišek – chairperson, Davor Pavlič, Nataša Svilar

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	1,991
3. MoF treasury bills and CNB bills	230,267
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	36,347
6. Securities and other financial instruments held to maturity	197,721
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	136,730
10. Loans to other clients	1,400,984
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	1,663
14. Interest, fees and other assets	96,775
15. Net of: Collectively assessed impairment provisions	19,106
TOTAL ASSETS	2,083,371

Liabilities and capital	
1. Loans from financial institutions	148
1.1. Short-term loans	0
1.2. Long-term loans	148
2. Deposits	1,831,966
2.1. Giro account and current account deposits	0
2.2. Savings deposits	40
2.3. Time deposits	1,831,927
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	127,076
TOTAL LIABILITIES	1,959,191
9. Capital	124,180
TOTAL LIABILITIES AND CAPITAL	2,083,371

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	33,520
1.1. Total interest income	95,088
1.2. Total interest expenses	61,567
2. Net income from fees and commissions	18,184
2.1. Total income from fees and commissions	20,679
2.2. Total expenses on fees and commissions	2,495
3. Net other non-interest income	-9,736
3.1. Other non-interest income	187
3.2. Other non-interest expenses	9,923
4. Net non-interest income	8,448
5. General administrative expenses and depreciation	16,496
6. Net operating income before loss provisions	25,472
7. Total expenses on loss provisions	2,001
7.1. Expenses on value adjustments and provisions for identified losses	137
7.2. Expenses on collectively assessed impairment provisions	1,864
8. Income (loss) before taxes	23,471
9. Income tax	5,052
10. Current year profit (loss)	18,419

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	69,499
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	69,499

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

11.69

RAIFFEISEN STAMBENA ŠTEDIONICA d.d.

Radnička cesta 47, 10000 Zagreb
 Phone: +385 1/6006-100
 Fax: +385 1/6006-199
<http://www2.raiffeisenstambena.hr>

Shareholders

1. Raiffeisen Bausparkasse GmbH

Share in share capital (%)

100.00

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Management Board

Hans Christian Vallant – chairperson, Franjo Franjić

Supervisory Board

Johann Ertl – chairperson, Zdenko Adrović, Christian Ratz

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	2
1.1. Money assets	2
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	86,843
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	125,942
7. Securities and other financial instruments not traded in active markets but carried at fair value	233,348
8. Derivative financial assets	0
9. Loans to financial institutions	50,000
10. Loans to other clients	1,402,100
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	4,017
14. Interest, fees and other assets	103,985
15. Net of: Collectively assessed impairment provisions	14,929
TOTAL ASSETS	1,991,308

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,773,925
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,773,925
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	50,911
8. Interest, fees and other liabilities	91,900
TOTAL LIABILITIES	1,916,736
9. Capital	74,572
TOTAL LIABILITIES AND CAPITAL	1,991,308

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	49,698
1.1. Total interest income	115,218
1.2. Total interest expenses	65,520
2. Net income from fees and commissions	16,656
2.1. Total income from fees and commissions	21,532
2.2. Total expenses on fees and commissions	4,877
3. Net other non-interest income	-18,416
3.1. Other non-interest income	-10,403
3.2. Other non-interest expenses	8,013
4. Net non-interest income	-1,760
5. General administrative expenses and depreciation	51,765
6. Net operating income before loss provisions	-3,827
7. Total expenses on loss provisions	7,314
7.1. Expenses on value adjustments and provisions for identified losses	5,350
7.2. Expenses on collectively assessed impairment provisions	1,964
8. Income (loss) before taxes	-11,141
9. Income tax	1,262
10. Current year profit (loss)	-12,404

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	12,924
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	12,924

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

11.51

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

Heinzelova 33A, 10000 Zagreb
 Phone: +385 1/4803-777
 Fax: +385 1/4803-798
<http://www.wuestenrot.hr>

Shareholders

1. Bausparkasse Wüstenrot AG
 2. Wüstenrot Bank AG
 3. Wüstenrot Versicherungs AG

Share in share capital (%)

68.58
 25.63
 5.79

Management Board

Zdravko Anđel – chairperson, Ivan Ostojić

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Supervisory Board

Wolfgang Radlegger – chairperson, Marlies Wiest-Jetter, Frank Weber, Werner Wabscheg, Klaus Wöhry

**Balance Sheet
as at 31 December 2008, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	15
1.1. Money assets	15
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	14,369
3. MoF treasury bills and CNB bills	44,362
4. Securities and other financial instruments held for trading	76,515
5. Securities and other financial instruments available for sale	8,356
6. Securities and other financial instruments held to maturity	69,154
7. Securities and other financial instruments not traded in active markets but carried at fair value	8,100
8. Derivative financial assets	0
9. Loans to financial institutions	87,211
10. Loans to other clients	923,298
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,860
14. Interest, fees and other assets	7,227
15. Net of: Collectively assessed impairment provisions	9,768
TOTAL ASSETS	1,231,699

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,128,785
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,128,785
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	30,396
8. Interest, fees and other liabilities	19,021
TOTAL LIABILITIES	1,178,202
9. Capital	53,497
TOTAL LIABILITIES AND CAPITAL	1,231,699

**Income Statement
as at 31 December 2008, in thousand HRK**

1. Net interest income	32,997
1.1. Total interest income	60,454
1.2. Total interest expenses	27,457
2. Net income from fees and commissions	18,811
2.1. Total income from fees and commissions	19,134
2.2. Total expenses on fees and commissions	323
3. Net other non-interest income	-4,693
3.1. Other non-interest income	1,721
3.2. Other non-interest expenses	6,414
4. Net non-interest income	14,118
5. General administrative expenses and depreciation	42,405
6. Net operating income before loss provisions	4,710
7. Total expenses on loss provisions	2,361
7.1. Expenses on value adjustments and provisions for identified losses	209
7.2. Expenses on collectively assessed impairment provisions	2,153
8. Income (loss) before taxes	2,349
9. Income tax	0
10. Current year profit (loss)	2,349

**Off-Balance Sheet Items
as at 31 December 2008, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	27,991
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	27,991

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 31 December 2008**

10.90

Attachment I

List of Banking Institutions by Peer Groups, end of period

Ordinal no. as at 31 Dec. 2008	Name of banking institution and its registered office	Peer group identifier			
		Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008
1.	Banco Popolare Croatia d.d., Zagreb ¹	S	S	S	S
2.	Banka Brod d.d., Slavonski Brod	S	S	S	S
3.	Banka Kovanica d.d., Varaždin	S	S	S	S
4.	Banka Splitsko-dalmatinska d.d., Split	S	S	S	S
5.	BKS bank d.d., Rijeka ²	S	S	S	S
6.	Centar banka d.d., Zagreb	S	S	S	S
7.	Credo banka d.d., Split	S	S	S	S
8.	Croatia banka d.d., Zagreb	S	S	S	S
9.	Erste & Steiermärkische Bank d.d., Rijeka	L	L	L	L
10.	Hrvatska poštanska banka d.d., Zagreb	MS	MS	MS	MS
11.	Hypo Alpe-Adria-Bank d.d., Zagreb	L	L	L	L
12.	Imex banka d.d., Split	S	S	S	S
13.	Istarska kreditna banka Umag d.d., Umag	S	S	S	S
14.	Jadranska banka d.d., Šibenik	S	S	S	S
15.	Karlovačka banka d.d., Karlovac	S	S	S	S
16.	Kreditna banka Zagreb d.d., Zagreb	S	S	S	S
17.	Međimurska banka d.d., Čakovec	S	S	S	S
18.	Nava banka d.d., Zagreb	S	S	S	S
19.	Obrtnička štedna banka d.d., Zagreb ³	–	–	–	S
20.	OTP banka Hrvatska d.d., Zadar ⁴	MS	MS	MS	MS
21.	Partner banka d.d., Zagreb	S	S	S	S
22.	Podravska banka d.d., Koprivnica	S	S	S	S
	Požeška banka d.d., Požega ⁵	S	–	–	–
23.	Primorska banka d.d., Rijeka	S	S	S	S
24.	Privredna banka Zagreb d.d., Zagreb	L	L	L	L
25.	Raiffeisenbank Austria d.d., Zagreb	L	L	L	L
26.	Samoborska banka d.d., Samobor	S	S	S	S
27.	Slatinska banka d.d., Slatina	S	S	S	S
28.	Slavonska banka d.d., Osijek	MS	MS	MS	MS
29.	Société Générale – Splitska banka d.d., Split ⁶	L	L	L	L
30.	Štedbanka d.d., Zagreb	S	S	S	S
31.	Vaba d.d. banka Varaždin, Varaždin	S	S	S	S
32.	Veneto banka d.d., Zagreb ⁷	S	S	S	S
33.	Volksbank d.d., Zagreb	MS	MS	MS	MS
34.	Zagrebačka banka d.d., Zagreb	L	L	L	L
1.	HPB stambena štedionica d.d., Zagreb	–	HSB	HSB	HSB
2.	PBZ stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB
3.	Prva stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB
4.	Raiffeisen stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB
5.	Wüstenrot stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB

¹⁾ Banka Sonic d.d., Zagreb changed its name into Banco Popolare Croatia d.d., Zagreb on 23 April 2007. ²⁾ Kvarner banka d.d., Rijeka changed its name into BKS Bank d.d., Rijeka on 22 August 2008. ³⁾ Obrtnička štedna banka d.d., Zagreb started operating on 17 July 2008. ⁴⁾ Nova banka d.d., Zadar changed its name into OTP banka Hrvatska d.d., Zadar on 1 September 2005. ⁵⁾ Požeška banka d.d., Požega merged with Podravska banka d.d., Koprivnica on 1 July 2006. ⁶⁾ HVB Splitska banka d.d., Split changed its name into Société Générale – Splitska banka d.d., Split on 10 July 2006. ⁷⁾ Gospodarsko-kreditna banka d.d., Zagreb changed its name into Veneto banka d.d., Zagreb on 6 April 2007.

Note:

L – large bank (share in total bank assets above 5%)

MS – medium-sized bank (share in total bank assets between 1% and 5%)

S – small bank (share in total bank assets below 1%)

HSB – housing savings bank

Attachment II

Banking Groups Subject to Reporting to the CNB on a Consolidated Basis, as at 31 December 2008

Banking group	Superordinate institution	Banking group members
1. ERSTE & STEIERMÄRKISCHE BANK	Erste & Steiermärkische bank d.d., Rijeka	MBU d.o.o., Zagreb Erste nekretnine d.o.o., Zagreb Erste DMD d.o.o. za upravljanje dobrovoljnim mirovinskim fondom, Zagreb Erste d.o.o. za upravljanje obveznim mirovinskim fondom, Zagreb S Immorent leasing Zeta d.o.o. za poslovanje nekretninama, Zagreb Erste factoring d.o.o., Zagreb IT Solutions d.o.o., Bjelovar Erste vrijednosni papiri Zagreb d.o.o., Zagreb
2. HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB stambena štedionica d.d., Zagreb HPB Invest d.o.o. HPB Nekretnine d.o.o.
3. HYPO ALPE-ADRIA-BANK	Hypo Alpe-Adria-Bank d.d., Zagreb	Hypo Alpe-Adria-Invest d.d., Zagreb Hypo Alpe-Adria-Ulaganje d.o.o., Zagreb Hypo Alpe-Adria-Nekretnine d.o.o., Zagreb Alpe Adria Centar d.o.o., Zagreb Magus d.o.o., Zagreb Projekt nekretnine d.o.o., Zagreb
4. OTP BANKA HRVATSKA	OTP banka Hrvatska d.d., Zadar	OTP Nekretnine d.o.o., Zadar
5. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ Card d.o.o., Zagreb Međimurska banka d.d., Čakovec PBZ Leasing d.o.o., Zagreb PBZ Invest d.o.o., Zagreb PBZ Croatia osiguranje d.d., Zagreb Invest Holding Karlovac d.o.o., Karlovac PBZ Nekretnine d.o.o., Zagreb PBZ stambena štedionica d.d., Zagreb Centurion d.o.o., Ljubljana Centurion d.o.o., Sarajevo
6. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen leasing d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb Raiffeisen upravljanje nekretninama d.o.o., Zagreb Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen mirovinsko osiguravajuće društvo d.o.o., Zagreb
8. SLATINSKA BANKA	Slatinska banka d.d., Slatina	Turbina d.o.o., Slatina
9. SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA	Société Générale – Splitska banka d.d., Split	SG Consumer Finance d.o.o., Zagreb
10. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	UniCredit Bank d.d., Mostar Prva stambena štedionica d.d., Zagreb ZB Invest d.o.o., Zagreb CA IB d.d., Zagreb Pominvest d.d., Split Zagreb nekretnine d.o.o., Zagreb Zane BH d.o.o., Sarajevo Allianz ZB društvo za upravljanje dobrovoljnim mirovinskim fondovima d.o.o., Zagreb Allianz ZB mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb

Abbreviations

bn	– billion
CNB	– Croatian National Bank
IAS	– International Accounting Standards
m	– million
MoF	– Ministry of Finance
ROAA	– return on average assets
ROAE	– return on average equity
CICR	– currency-induced credit risk

