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1 The Croatian National Bank Reorganisation with Special Emphasis on the Prudential Regulation and Bank Supervision Area

1.1 Introduction

In the last quarter of 2003 and in early 2004, intense preparations were carried out within the Croatian National Bank for reorganisation and introduction of the new organisational structure. The entire procedure was completed in March when the Governor of the Croatian National Bank adopted the Regulation on the Amended Regulation on the CNB Organisational Structure, which entered into force on 1 April 2004. The official performance of operations and tasks in accordance with the new organisation started as of this date, although the new organisation began to be implemented by certain organisational units even before its official entering into force, in an informal way and pursuant to the proposal of the above mentioned regulation, in order to adjust in a more expeditious and efficient way to the new organisation when it becomes effective.

There are several reasons for the CNB reorganisation. More than two years ago significant changes in the regulations closely related to the CNB operation occurred. New laws (Croatian National Bank Act, Banking Act, Foreign Exchange Act) and related subordinate legislation have been enacted, prescribing new tasks for the Croatian National Bank. Accordingly, it was necessary to adjust the organisation to the business activities and specific operations and tasks of the Croatian National Bank. In addition, the newly formed organisation should allow for further development of business activities in order to achieve greater efficiency in performing operations and tasks, as well as improved quality of the obtained results.

Furthermore, the new organisation should provide higher quality and more stimulating working conditions for the CNB employees with a basic aim of executing the tasks set out in the plan. The new organisation should also enhance work and professional potentials of the CNB employees, ensure tighter connection and a sense of belonging to the institution where they are employed, stimulating higher quality and more inventive work, with an emphasis on gaining as much specialist knowledge as possible. The new CNB structure should ensure that business activities and specific operations and tasks are performed in a contemporary and efficient manner, by using advanced technologies. A special emphasis in the reorganisation process has been made on interconnection among the CNB areas and departments in performing operations and tasks and on co-operation aiming at a rational use of potentials and effective and timely execution of the set tasks.

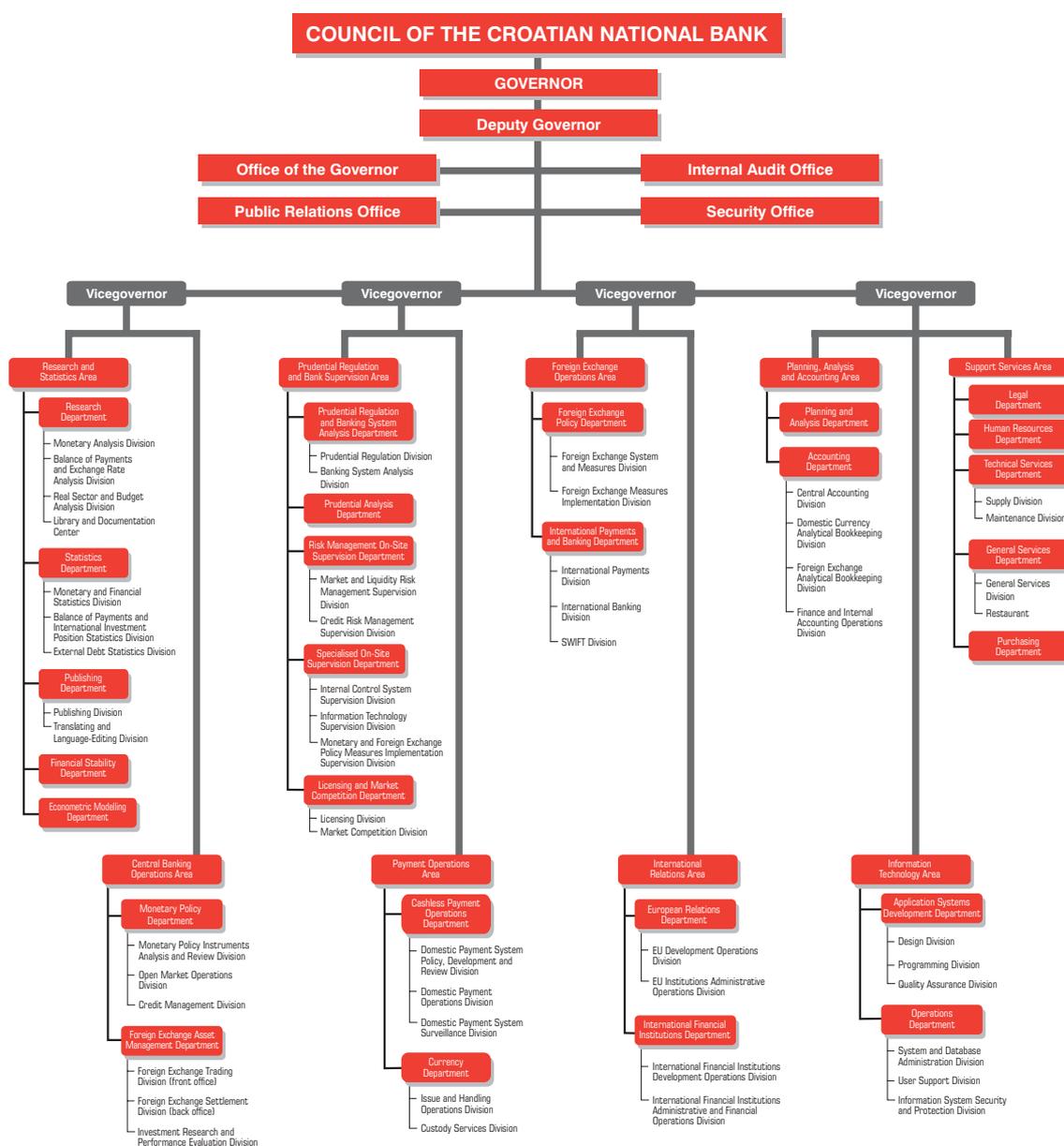
The new organisational structure should ensure and stimulate performance of business activities, i.e. operations and tasks, in the Croatian National Bank in accordance with the internationally accepted

standards, guidelines and recommendations. On the other hand, the Croatian National Bank, as a regulatory institution, should enact regulations and other legislation within its field of competence, which are fully compliant with the international standards and guidelines, EU guidelines in particular.

According to the new structure, the CNB consists of a total of nine organisational units at the area level and of four offices.

Before we move to a more detailed description of the internal structure and organisation of the Prudential Regulation and Bank Supervision Area, the overall CNB internal organisation chart is given below.

CNB Internal Organisation Chart



1.2 Bank Supervision Area Reorganisation into Prudential Regulation and Bank Supervision Area

The former Bank Supervision Area was reorganised into the new Prudential Regulation and Bank Supervision Area. The reorganisation of this area was carried out in view of new operations and tasks that were, pursuant to new prudential regulation, entrusted to the bank supervision.

Bank supervision in Croatia must continue its development, implying, among other things, an on-going harmonisation, in the broadest sense, with international supervisory standards. In this context, bank supervision operations require from employees of this area specialist knowledge and skills which would enable them to perform these operations in an efficient and quality manner. At the same time, this means that the volume of very complex supervisory activities has increased. These activities encompass: enactment of new and harmonisation of the existing regulation with internationally accepted standards and recommendations, analyses of financial reports and data of individual banks, assessment of individual bank's position, as well as taking measures and actions if weaknesses in a bank's operation have been established. Furthermore, these activities include the procedures related to on-site bank supervision, with an emphasis on supervision of a bank's individual risk management quality, examination and assessment of a bank's internal models used in risk measurement and management, as well as taking measures and actions as a response to the identified weaknesses in risk management. Finally, these activities relate to data and indicator analyses and preparation of the standard reports at the banking system level in order to establish the facts and trends in banking system developments in Croatia.

In response to the set requirements, the reorganisation started and the Prudential Regulation and Bank Supervision Area has been formed, consisting of five departments.

The individual business functions that are organisationally defined by the area's new internal structure were performed within the former organisational structure as well, but as specific operations and tasks, which did not allow them to develop adequately. A need for development and enhancement of particular specialist operations and tasks was the most important argument for the Bank Supervision Area reorganisation.

Supervision development requires an expeditious and efficient adjustment to the development of banking products which banks practically daily launch on the market. New banking products, situation on the financial markets, together with international standards and regulations – according to which supervisors as regulators are obliged to issue their regulations, i.e. to harmonise the existing national regulation with the new international standards, which banks must observe – force the supervisors to acquire new knowledge. The acquired knowledge and skills should enable them to understand the work techniques and procedures and to assess professionally and independently the quality of policies and procedures used by banks in managing individual types of risks to which they are exposed in their operations.

Consequently, operations of the former three departments were reorganised into five departments, as follows:

- ❑ Prudential Regulation and Banking System Analysis Department,
- ❑ Prudential Analysis Department,
- ❑ Risk Management On-Site Supervision Department,
- ❑ Specialised On-Site Supervision Department, and
- ❑ Licensing and Market Competition Department.

Since new standards and recommendations related to supervision and banks', or credit institutions', operations have continuously been issued and the existing one modified, the Prudential Regulation and Banking System Analysis Department is entrusted with the tasks of enacting prudential regulation, or rather its continuous harmonisation with the standards and recommendations of the Basel Committee on Banking Supervision and EU guidelines. In the forthcoming period, the application of the New Basel Capital Accord, known as Basel II, will be one of the most important tasks of this department. This department, as indicated by its name, consists also of the analytical and reporting unit involved in analysis of numerical data and other indicators, as well as in preparation of standard reports on the conditions and trends in the Croatian banking system, some of which are published (e.g. Banks Bulletin) and other are prepared for internal purposes of the Croatian National Bank.

The analysis of the supervisory (prudential) reports submitted by banks to the CNB represents a cornerstone for the performance of all bank supervision activities. On the basis of data from the previously mentioned supervisory reports a detailed analysis of a bank's operation is carried out and initial conclusions on stability and safety of a bank's operation in a particular period are made, usually on a quarterly basis. The preparation of such prudential analyses of banks' operations is entrusted to the Prudential Analysis Department. Following a prudential analysis of different financial indicators at the individual bank level, then at the level of a group of banks with comparable characteristics into which individual banks are classified and the banking system as a whole, as well as the analysis of various quality information, a bank operation risk grade is assigned according to the adopted methodology. This risk grade of a bank represents a starting point for taking particular measures and actions to eliminate weaknesses in its operation. For the purpose of gaining a better insight on a bank's operation, analysts must constantly enhance their analytical skills and be acquainted with changes in banks' operations. On the other hand, in order to allow for a timely provision of information required for carrying out quality prudential analysis, creation of information solution for a more expeditious data processing and for creation and maintenance of various databases represents a task of this department.

By monitoring of the banking industry development in the past few years, a trend of risk management function strengthening has been observed as the basic function in a hierarchy of every bank. In addition to credit risk, other risks to which banks are exposed and that they have to manage efficiently are becoming increasingly important in banks' operations. As a result of an intense financial market development, market risks have gained more importance. Individual instruments that appear on the market are relatively complex, demanding more advanced risk monitoring and assessment techniques. In the area of credit risk management an extremely strong progress has been recorded in the past few years. Techniques that have started to be used, whether in the area of credit risk management (e.g. credit modelling) or in the area of securitisation, significantly alter the view on the standard credit risk management method. Therefore, a narrow specialisation of the Risk Management On-Site Supervision Department employees in particular risk segments has been carried out.

Financial services globalisation, along with the development and greater application of information and related technologies, makes banks' activities and their risk profiles increasingly complex. Apart

from credit, interest rate and market risks, that have traditionally been considered typical risks in banking operations, other risks gain importance as well. This set of various risks may be encompassed by the term “operational risk”. According to the Basel II definition, which promotes this risk as a very important risk to be managed by a bank, operational risk is “the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.” The definition includes legal risk, i.e. a risk of non-compliance with laws and other regulations, but excludes strategic and reputational risk. It should be noted that operational risk takes second place, immediately following credit risk by its importance or bank exposure to that risk. This, among other, was one of the main reasons for establishing a separate Specialised On-Site Supervision Department, which, as a part of the operational risk management assessment in banks, carries out on-site supervision of IT systems in banks, of internal control systems, of compliance with regulations, among which supervision of monetary and foreign exchange policy measures implementation and compliance with law and other regulations are particularly significant, as well as of internal procedures and payment system operations.

Preparation and processing of banks’ applications for obtaining different authorisations, as well as market competition protection, are performed in the Licensing and Market Competition Department. Preparation and processing of banks’ applications for obtaining authorisations refers to granting operating licenses to banks, i.e. approval for providing particular banking or financial services, approval for performing the function of a member of the bank management board, approval for the acquisition of a particular number of bank shares representing a qualifying holding in the bank’s shareholding structure and other approvals which may be granted to banks at their request by the Croatian National Bank, pursuant to the Banking Act. More specifically, a bank may not operate without being granted an operating license, and without the explicit approval for providing a particular banking and other financial service a bank may not provide this respective service, i.e. it may not enter them in the register of companies, just as a member of the bank management board may only be appointed upon the CNB approval, and shareholders may not acquire shares and exercise their ownership rights arising from them unless they have previously obtained the CNB approval for their acquisition. Pursuant to the provisions of the Banking Act, supervision and protection of market competition in the banking sector are within the authority of the Croatian National Bank. Operations related to market competition protection are relatively new. For all other sectors and industries they are performed by the Croatian Competition Agency and for the banking sector these operations are performed by this department.

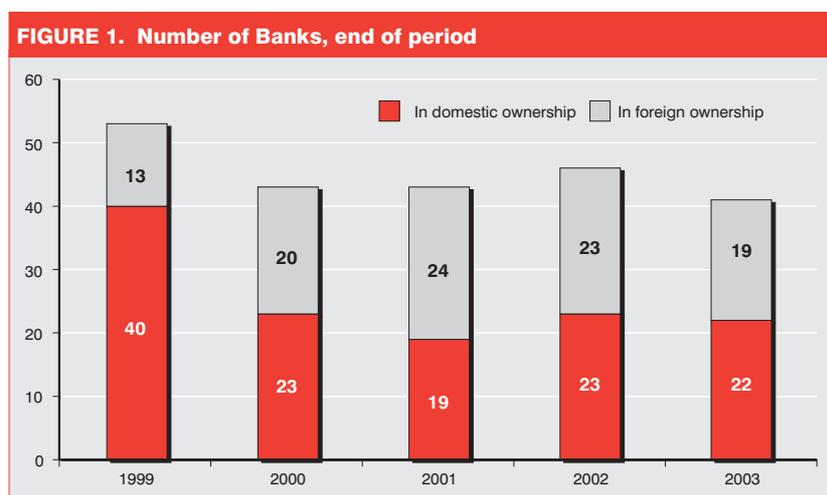
2 Indicators of Banking Institution Operations

Data on banks and housing savings banks operations in 2003, as shown below, are based on unconsolidated audited financial reports submitted by banks and housing savings banks to the Croatian National Bank.¹

2.1 Banks

2.1.1 Structure of the Banking Sector in the Republic of Croatia

At the end of 2003, there was 41 banking institution operating in the Republic of Croatia (Figure 1.) which was 5 banking institutions less than at end-2002. During the course of the year four banks merged with other banks, while one bank initiated liquidation proceedings.² The number of banks in majority foreign ownership and banks in majority domestic ownership declined at the end of 2003 compared with the end of 2002, primarily due to the continuation of merger process in the banking system. As a result, there were 19 banks in majority foreign ownership³ and 22 banks in majority domestic ownership at the end of 2003.



- 1 At the time of writing of this bulletin, audited financial reports for 2003 were not submitted by Banka Kovanica d.d., Varaždin and Primus banka d.d., Zagreb. Hence, their preliminary data were used. Total assets of these two banks account for 0.3% of total bank assets.
- 2 Cassa di Risparmio di Trieste – Banca d.d., Zagreb merged with Zagrebačka banka d.d., Zagreb, HVB Bank Croatia d.d., Zagreb merged with Splitska banka d.d., Split, Zagorska banka d.d., Krapina merged with Samoborska banka d.d., Samobor, Erste & Steiermärkische Bank d.d., Zagreb merged with Riječka banka d.d., Rijeka, which changed its name to Erste & Steiermärkische Bank d.d., Rijeka, while Convest banka d.d., Zagreb initiated liquidation proceedings.
- 3 Banks from Austria and Italy account for the largest shares in the structure of banks in majority foreign ownership.

A Decision on Consolidated Financial Reports of a Banking Group,⁴ adopted at the beginning of 2003, prescribes the types and frequency of financial reports that have to be drafted and submitted to the Croatian National Bank by a superordinate bank in a group. The reports for 2003 based on this Decision were submitted by four banking groups.⁵ Viewed by their structure, these banking groups are bank-centric.

The end of 2003 saw a further increase in the share of banks assets in majority foreign ownership in total assets. Compared with end-2002, this share rose from 91.0% to 90.2% of the total banking system assets, indicating a steady growth trend present since 1998 (6.7% at end-1998, 39.9% at end-1999, 84.1% at end-2000, and 89.3% at end-2001).

To facilitate comparison, banks have been classified into four groups based on their assets size. Group I consists of banks with assets exceeding 5 billion kuna, Group II of banks with assets between 1 billion and 5 billion kuna, Group III of banks with assets between 500 million and 1 billion kuna, and Group IV of banks with assets below 500 million kuna (Table 1.). A list of peer groups of banks is given in Attachment I.

TABLE 1. Peer Groups of Banks, end of period, in thousand kuna

Group	Classification criterion	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003
I	Assets (A) > 5,000,000	5	6	9	8
II	1,000,000 < A < 5,000,000	13	14	12	11
III	500,000 < A < 1,000,000	8	7	7	8
IV	A < 500,000	17	16	18	14
	Total	43	43	46	41

In 2003, the number of banks in Groups I and II fell by one bank in each group, by four in Group IV, and increased by one bank in Group III. Over the observed period, three banks moved from lower to higher bank groups, while one bank moved from higher to lower bank group. These were Centar banka d.d., Zagreb and Credo banka d.d., Split, which moved from Group IV to Group III, and Karlovačka banka d.d., Karlovac which moved from Group III to Group II. In addition, Dresdner Bank Croatia d.d., Zagreb, moved from Group II to Group III. Cassa di Risparmio di Trieste – Banca d.d., Zagreb, Convest banka d.d., Zagreb, HVB Bank Croatia d.d., Zagreb, Riječka banka d.d., Rijeka, and Zagorska banka d.d., Krapina exited the banking system in 2003.⁶

Group I banks' assets account for 82.9% of the total banking system assets, which indicates that the banking system is dominated by 8 largest banks, with only one bank in majority domestic ownership. Group I encompasses banks with very different asset sizes, with assets of the two largest banks far above those of other Group I banks. By contrast, Group II banks make up a more homogeneous group in terms of asset size. Group III consists of similar small banks and Group IV comprises small banks of different sizes, of which 5 were formerly savings banks.

4 Official gazette *Narodne novine*, No. 17/2003.

5 See Attachment II.

6 See footnote No. 2.

2.1.2 Territorial Distribution of Banks' Operating Network and Concentration of the Banking System

There were 1022 branches and sub-branches operating in the country at end-2003, which was an increase of 66 compared with end-2002 (Table 2).⁷ 114 new branches and sub-branches were opened, while 48 branches and sub-branches closed down during the observed period. Of the 48 closed units, 37 were branches and sub-branches of Group I banks. Over 2003, 7 banks did not undergo any changes in number, while the number of branches and sub-branches remained the same in 9 banks at end-2003 compared with end-2002. In addition, of the 114 new branches and sub-branches, one Group II bank accounted for 25.4%, one Group I bank for 16.7% and one Group III bank for 9.6%, while the remaining 31 banks accounted for 48.2% of the total of 114 new branches and sub-branches.

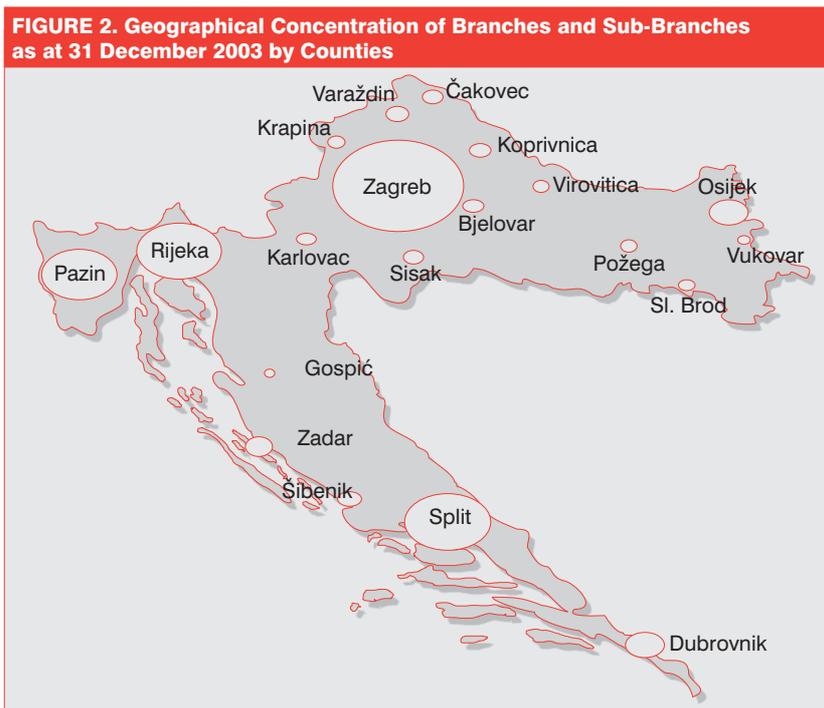
TABLE 2. Territorial Distribution of Branches and Sub-Branches, end of period

Counties	Number of branches and sub-branches			
	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003
County of Zagreb and City of Zagreb	140	162	188	190
County of Krapina-Zagorje	18	19	23	23
County of Sisak-Moslavina	24	18	25	29
County of Karlovac	18	19	23	24
County of Varaždin	23	23	29	33
County of Koprivnica-Križevci	23	25	26	28
County of Bjelovar-Bilogora	20	23	25	27
County of Primorje and Gorski Kotar	57	103	108	124
County of Lika-Senj	8	10	14	14
County of Virovitica-Podravina	14	16	16	23
County of Požega-Slavonija	16	16	20	23
County of Slavonski Brod-Posavina	13	17	20	21
County of Zadar	32	41	38	39
County of Osijek-Baranya	47	50	50	55
County of Šibenik-Knin	28	30	30	33
County of Vukovar-Srijem	15	16	15	18
County of Split-Dalmatia	100	111	123	124
County of Istria	85	99	103	110
County of Dubrovnik and Neretva	49	56	56	56
County of Međimurje	26	25	24	28
Total	756	879	956	1022

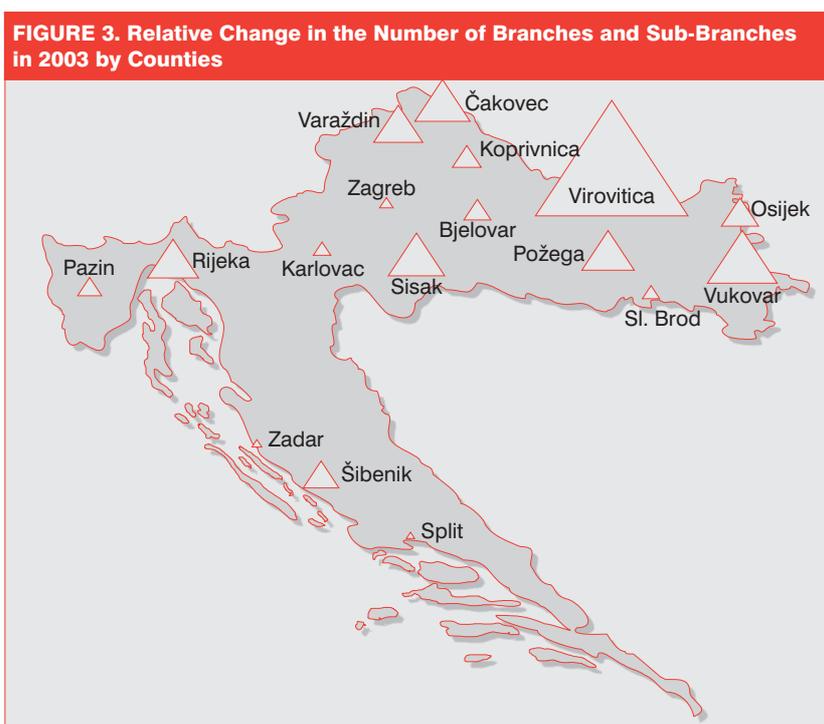
At end-2003, the largest concentration of operating units was in the County of Zagreb and the City of Zagreb (18.6%) (Figure 2.). The next largest concentrations were in the County of Split-Dalmatia (12.1%), the County of Primorje and Gorski Kotar (12.1%) and the County of Istria (10.8%). Taken together, these four counties accounted for 53.6% of the total number of branches and sub-branches of banks. The County of Lika-Senj and the County of Vukovar-Srijem accounted for the smallest shares of the total number of branches and sub-branches of banks (1.4% and 1.8% respectively). Compared with end-2002, the concentration of branches and sub-branches of banks at end-2003 declined in seven counties, increased in nine counties and remained unchanged in four counties.

The number of branches and sub-branches at end-2003 remained the same as at end-2002 only in three counties (County of Krapina-Zagorje, County of Lika-Senj, County of Dubrovnik and Neretva),

⁷ For the purpose of analysis, a bank operating unit shall be considered a branch.



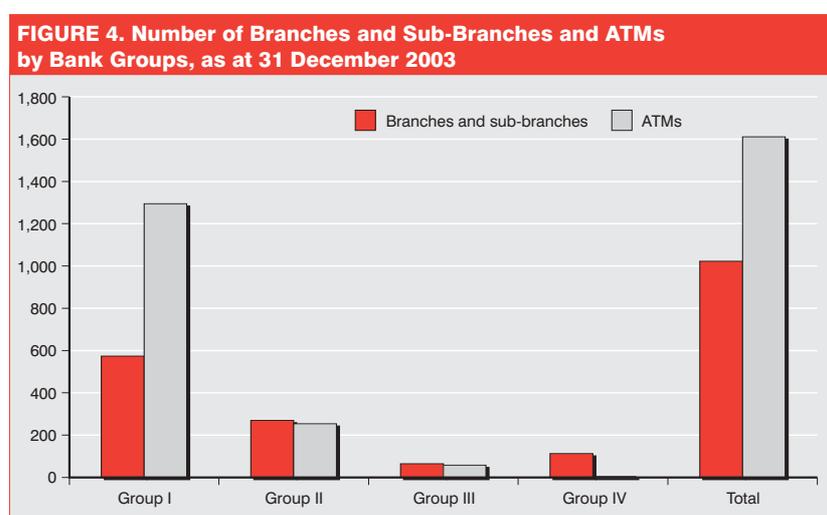
while it rose in all other counties (Figure 3.). The largest increase in the number of branches and sub-branches in relative terms was recorded in the County of Virovitica-Podravina (43.8%), the County of Vukovar-Srijem (20.0%), the County of Međimurje (16.7%) and the County of Sisak-Moslavina (16.0%). The largest absolute increase in the number of branches and sub-branches during the same period was recorded in the County of Primorje and Gorski Kotar (16), the County of



Virovitica-Podravina (7) and the County of Istria (7). These counties accounted for 65.4% of the total increase in the number of branches and sub-branches during the observed period.

At the end of 2003, as at end-2002, each bank had on average branches and sub-branches in five countries. Seven banks operated only in one county, nineteen banks operated in two to five counties, eight banks operated in five to ten counties, while seven banks operated in over ten counties.

Group I had the largest number of branches and sub-branches (Figure 4.) at end-2003 (574 operating units). Groups II and IV followed with 270 and 113 operating units respectively. Group III had 65 operating units. The number of branches and sub-branches increased the most in Groups II and III (21.1% and 8.3% respectively). They were followed by Group IV (7.6%) and by Group I, with the smallest increase (1.1%).



In 2003, the number of ATMs in the banking system increased by 281 units, reaching 1611 units at end-2003 (Table 3.). Over that period, 306 ATMs were newly-installed, while 25 were put out of use.

Group I banks had 1294 ATM units, accounting for 80.3% of the total number of ATMs in the banking system. This group was followed by Group II (254 units), Group III (58 units) and Group IV (5 units). Over the observed period, the number of ATMs grew by 27% in Group II banks, by 21.5% in Group I banks and by 18.4% in Group III banks. By contrast, the number of ATMs declined considerably in Group IV banks, by 68.8%, due to some banks' movement to higher bank groups. At end-2003, seventeen banks did not have any ATMs. The majority of banks with ATMs increased their number during 2003 (22 banks), one bank reduced its number of ATMs, and two banks had the same number of ATMs. Group I banks accounted for as much as 69.0% of the total increase in the number of ATMs.

The number of installed ATMs at end-2003 increased in most counties, compared with end-2002, except in the County of Varaždin where the number of ATMs declined by 8 units. The largest nominal increases in the number of ATMs were recorded in the County of Zagreb and the City of Zagreb (70 units), the County of Split-Dalmatia (40 units) and the County of Primorje and Gorski Kotar (28 units). Taken together, these three counties accounted for 49.1% of the total increase. The largest rel-

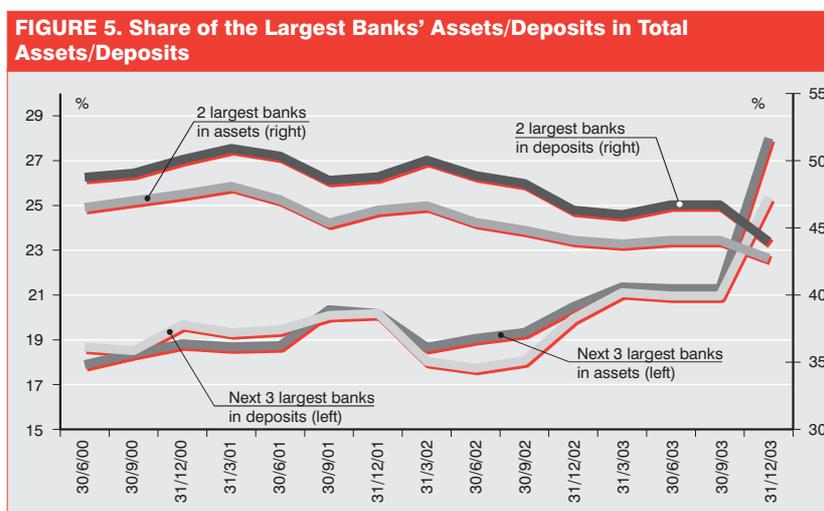
TABLE 3. Territorial Distribution of ATMs, end of period

Counties	Number of ATMs			
	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003
County of Zagreb and City of Zagreb	237	307	394	464
County of Krapina-Zagorje	14	19	23	27
County of Sisak-Moslavina	14	20	27	36
County of Karlovac	21	21	26	30
County of Varaždin	23	31	62	54
County of Koprivnica-Križevci	14	16	21	31
County of Bjelovar-Bilogora	18	19	28	39
County of Primorje and Gorski Kotar	95	120	149	177
County of Lika-Senj	7	9	17	22
County of Virovitica-Podravina	8	11	11	15
County of Požega-Slavonija	6	8	9	17
County of Slavonski Brod-Posavina	10	14	18	24
County of Zadar	26	40	53	67
County of Osijek-Baranya	27	48	58	74
County of Šibenik-Knin	13	18	35	61
County of Vukovar-Srijem	5	11	19	29
County of Split-Dalmatia	63	108	148	188
County of Istria	84	102	129	141
County of Dubrovnik and Neretva	32	47	59	64
County of Međimurje	19	30	44	51
Total	736	999	1330	1611

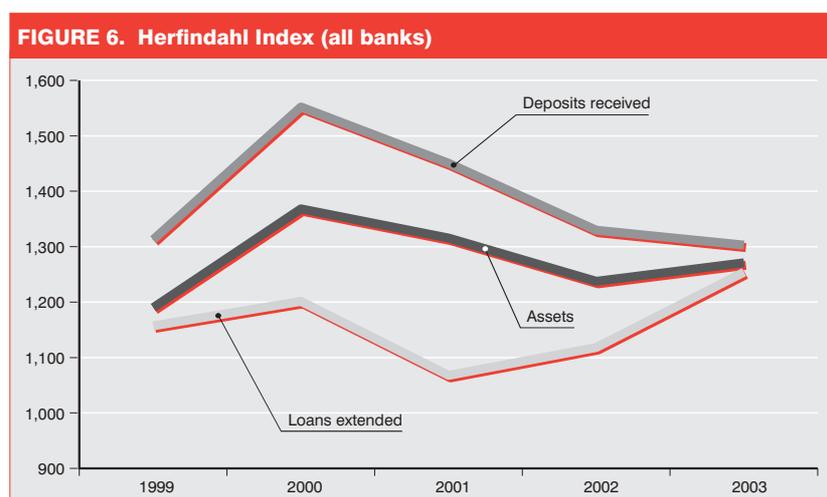
ative increases in the number of ATMs took place in the County of Požega-Slavonija (88.9%), the County of Šibenik-Knin (74.3%) and the County of Vukovar-Srijem (52.6%).

The concentration of major banks' share of assets/deposit in total assets/deposit was lower at the end of 2003 compared with the end of the previous year (Figure 5.). As the total banking system assets grew faster during the observed period than the assets of the first two largest banks (total banking system assets rose by 17.2%, and the assets of the first two largest banks grew by 13.6%), their share in the total banking system assets declined to 43.7%, while the share of their deposits in the total banking system deposits fell by 2.4 percentage points and stood at 44.0% at end-2003.

The share of assets of the largest three banks in the total banking system assets increased by 7.5 per-



centage points at the end of 2003 compared to the end of the previous year, or from 20.5% to 28.0%. At the same time, owing to their faster growth, compared with total deposits' growth (46.7% and 15.4% respectively), the share of deposits of all three banks in total deposits increased by 5.4 percentage points, and amounted to 25.4%. In order to analyse movements in the shares of the third, fourth and fifth largest bank, one should take into account that two banks have merged with other banks, which had a significant influence on their assets/deposit trends.⁸



The concentration of assets and the concentration of loans were on an upward trend during 2003 due to merger procedures, while the concentration of deposits fell at the end of 2003 compared with the end of the previous year (Figure 6.). The value of the Herfindahl index for the concentration of assets stood at 1271 points at end-2003, which was an increase of 34 points compared with end-2002. By contrast, the concentration of extended loans changed the most; it stood at 1254 points at end-2003, up 136 points compared with end-2002. In addition, 2003 saw a continuation of the downward trend in the concentration of received deposits that started in 2001; this concentration fell from 1552 points at end-2000 to 1303 points at end-2003.

2.1.3 Banks' Balance Sheet

Total bank assets stood at HRK 204.1bn at 31 December 2003, up HRK 30bn or 17.2% compared with end-2002 (Table 4.). Bank assets grew at an accelerated pace in the second half of the year (up 11.6% at the end of December relative to the end of June).

As part of its monetary measures, the central bank adopted two decisions early in 2003, which marked bank operations:

- Decision on the Compulsory Purchase of CNB Bills:⁹ banks whose placements' growth and the growth of other specified assets items exceeded the targeted 16% annually were required to

⁸ See footnote No. 2.

⁹ Official gazette *Narodne novine*, Nos. 10/2003, 54/2003 and 203/2003.

subscribe CNB bills in the amount equal to 200% of the exceeded growth. In order to avoid the unattractive yield from having to subscribe CNB bills at 0.5% annual interest rate, banks adopted different measures and adjusted their business activity so as not to be obligated to subscribe CNB bills. In the end, the Decision covered only fifteen banks because it had prompted banking groups to make use of their synergy and allocate financial products among their group members in a way which gave them better control over their asset growth. This resulted in the expansion of leasing companies, housing savings banks, asset management companies etc. The side effect of the decision in question were innovations such as trading in loans and loan portfolios among banks as well as development of an evaluation and pricing system for such transactions. The very appearance of said transactions points to the level of solidarity among banks in the market and also to the existence of market characteristics inherent to developed secondary loan markets.

- Decision on the Minimum Required Amount of Foreign Currency Claims:¹⁰ banks are required to maintain a minimum of 35% of their foreign currency liabilities by foreign currency claims on a daily basis. The decision in question was adopted with the intention of improving the ratio between banks' foreign currency liabilities and foreign currency claims.

These new monetary measures made a significant impact on the structure of banks' total balance sheet at end-2003.¹¹ The level and share of individual assets items in total bank assets reflect banks' endeavours to comply with the new monetary regulations. Accordingly, liquid and less risky assets items grew at significant rates and increased their shares in the structure of total bank assets. At the same time, these assets items were not covered by the regulation on the compulsory purchase of CNB bills but could influence the maintenance of the prescribed minimum percentage between foreign currency liabilities and foreign currency claims (35%).

Deposit with banking institutions grew by 54.8%. Due to a considerable growth, their share in total bank assets also recorded the highest growth. Deposits with banking institutions accounted for 11.6% of total bank assets at end-2002, while they stood at 15.3 at end-2003.

In addition, the share of money assets and deposits with the CNB in total bank assets also grew considerably. Following the growth rate of 30.9%, the share of this assets item accounted for 13.7% of total bank assets at end-2003, up 1.4 percentage points compared with end-2002.

Standing at 17.3% and 17.2%, the growth rates of total bank assets remained almost the same in 2002 and 2003. By contrast, the growth rates of total extended loans showed different trends. Total extended loans went up 19.3% in 2003 relative to 2002 and 40.1% in 2002 relative to 2001. The share of total extended loans in the structure of total bank assets grew to 53.9% at end-2003 or by a mere 0.9 percentage points compared with end-2002.

Due to a slowdown in their growth, the shares of T-bills and CNB bills and investment portfolios of securities in total banks assets fell significantly in 2003. Compared with 2002, they stood at 3.8% and 5.4% respectively.

10 Official gazette *Narodne novine*, No. 10/2003.

11 Decision on the Compulsory Purchase of CNB Bills (official gazette *Narodne novine*, Nos. 10/2003 and 54/2003) and the Decision on the Minimum Required Amount of Foreign Currency Claims (official gazette *Narodne novine*, No. 10/2003).

TABLE 4. Structure of Bank Assets, end of period, in million kuna and %

	Dec. 2000		Dec. 2001			Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	11,489.3	10.3	22,196.3	15.0	93.2	21,387.9	12.3	-3.6	28,000.7	13.7	30.9
1.1. Money assets	1,506.3	1.3	7,822.5	5.3	419.3	2,236.9	1.3	-71.4	2,955.6	1.4	32.1
1.2. Deposits	9,983.1	8.9	14,373.9	9.7	44.0	19,151.0	11.0	33.2	25,045.1	12.3	30.8
2. Deposits with banking institutions	17,695.3	15.8	23,900.1	16.1	35.1	20,146.2	11.6	-15.7	31,186.6	15.3	54.8
3. MoF treasury bills and CNB bills	6,059.0	5.4	9,687.2	6.5	59.9	10,116.7	5.8	4.4	7,822.5	3.8	-22.7
4. Trading portfolio of securities	2,462.4	2.2	4,795.6	3.2	94.8	8,408.9	4.8	75.3	7,323.6	3.6	-12.9
5. Loans to financial institutions	1,085.6	1.0	1,479.6	1.0	36.3	2,157.8	1.2	45.8	3,057.0	1.5	41.7
6. Loans to other clients	50,130.7	44.8	64,402.5	43.4	28.5	90,135.1	51.8	40.0	107,043.7	52.4	18.8
7. Investment portfolio of securities	14,167.5	12.7	12,741.3	8.6	-10.1	12,684.7	7.3	-0.4	10,921.4	5.4	-13.9
8. Investments in subsidiaries and associates	2,411.0	2.2	2,199.8	1.5	-8.8	2,448.2	1.4	11.3	2,456.0	1.2	0.3
9. Foreclosed and repossessed assets	614.5	0.5	446.8	0.3	-27.3	375.4	0.2	-16.0	355.4	0.2	-5.3
10. Tangible assets and software (net of depreciation)	3,252.5	2.9	3,501.2	2.4	7.6	3,755.4	2.2	7.3	4,094.6	2.0	9.0
11. Interest, fees and other assets	3,169.2	2.8	4,273.5	2.9	34.8	4,042.3	2.3	-5.4	3,603.6	1.8	-10.9
12. Net of: Specific reserves for unidentified losses	699.4	0.6	1,195.7	0.8	71.0	1,519.4	0.9	27.1	1,750.2	0.9	15.2
Total	111,837.7	100.0	148,428.3	100.0	32.7	174,139.2	100.0	17.3	204,115.0	100.0	17.2

The share of Group I assets in total bank assets continued to trend upward in 2003 (Figure 7.). Following a merger between one bank from Group II and one bank from Group I, the share of Group I assets rose by 3.2 percentage points during the observed period, reaching 82.9% at end-2003. Accordingly, Group II assets fell to 12.5% or by as much as 2.7% percentage points. A slight fall in assets was also recorded in Group IV, while Group III assets in total bank assets remained unchanged.

The share of total received deposits in total bank liabilities fell from 71.5% at end-2002 to 70.4% at end-2003 (Table 5.). Although total deposits grew by 15.4% year-on-year, 2003 saw a fall in the share of total received deposits in total bank liabilities. Time deposits grew the most, by 21.3%. Their share in total bank liabilities rose by 1.6 percentage points and stood at 45.9% at the end of 2003. Giro account deposits and current account deposits grew at lower rates of 8.6% and 3.3% respectively. As a result, these items accounted for no increase in total bank liabilities but fell compared to end-2002.

Total received loans accounted for 15.8% of total bank liabilities at end-2003. Viewed by liabilities items, total received loans grew at the highest annual rate of 64.4%, while their share grew by 2.3 per-

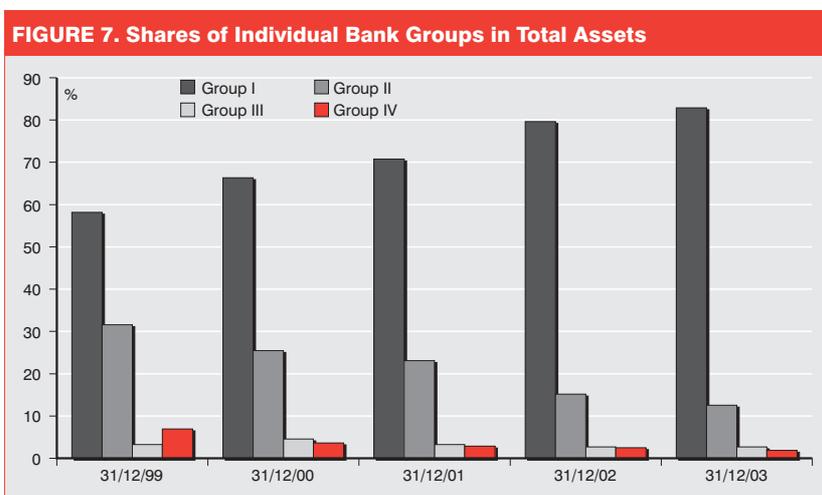
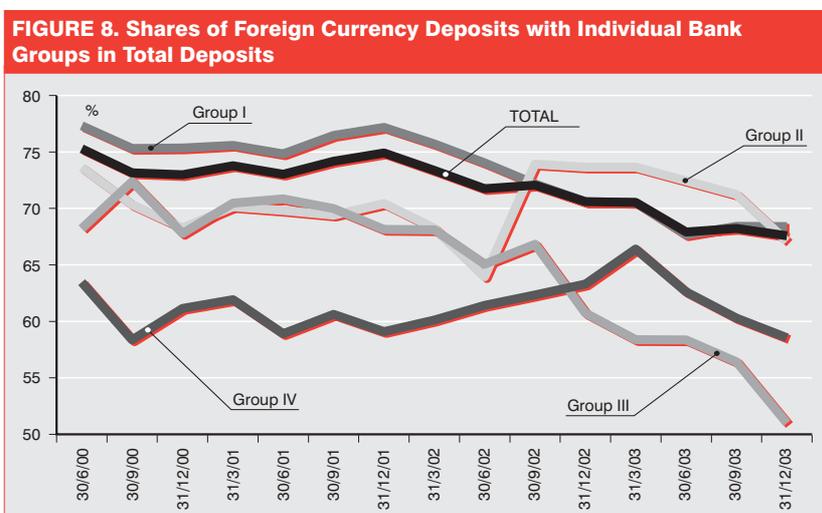


TABLE 5. Structure of Bank Liabilities, end of period, in million kuna and %

	Dec. 2000		Dec. 2001			Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	3,510.9	3.1	3,629.1	2.4	3.4	4,084.6	2.3	12.6	7,112.9	3.5	74.1
1.1. Short-term loans	1,130.8	1.0	595.7	0.4	-47.3	1,184.4	0.7	98.8	3,689.1	1.8	211.5
1.2. Long-term loans	2,380.1	2.1	3,033.3	2.0	27.4	2,900.2	1.7	-4.4	3,423.8	1.7	18.1
2. Deposits	72,683.4	65.0	104,697.2	70.5	44.0	124,471.8	71.5	18.9	143,692.8	70.4	15.4
2.1. Giro account and current account deposits	12,619.0	11.3	16,548.6	11.1	31.1	23,272.3	13.4	40.6	25,285.1	12.4	8.6
2.2. Savings deposits	17,689.3	15.8	26,373.9	17.8	49.1	23,980.0	13.8	-9.1	24,770.7	12.1	3.3
2.3. Time deposits	42,375.1	37.9	61,774.6	41.6	45.8	77,219.6	44.3	25.0	93,637.0	45.9	21.3
3. Other loans	16,329.0	14.6	15,947.7	10.7	-2.3	19,492.6	11.2	22.2	25,080.3	12.3	28.7
3.1. Short-term loans	503.3	0.4	594.0	0.4	18.0	4,451.2	2.6	649.4	3,429.0	1.7	-23.0
3.2. Long-term loans	15,825.7	14.2	15,353.7	10.3	-3.0	15,041.4	8.6	-2.0	21,651.3	10.6	43.9
4. Debt securities issued	0.0	0.0	19.4	0.0	-	24.7	0.0	27.6	97.0	0.0	292.1
4.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	-	5.2	0.0		0.0	0.0	-100.0
4.2. Long-term debt securities issued	0.0	0.0	19.4	0.0	-	19.6	0.0	1.0	97.0	0.0	395.3
5. Supplementary capital	520.3	0.5	2,655.8	1.8	410.4	2,910.2	1.7	9.6	3,075.2	1.5	5.7
5.1. Subordinated instruments issued	282.9	0.3	339.4	0.2	19.97	641.3	0.4	88.95	813.6	0.4	26.9
5.2. Hybrid instruments issued	237.4	0.2	2,316.4	1.6	875.7	2,268.9	1.3	-2.1	2,261.6	1.1	-0.3
6. Interest, fees and other liabilities	5,475.5	4.9	7,783.0	5.2	42.1	6,646.4	3.8	-14.6	6,899.4	3.4	3.8
7. Profit/loss for the current year	1,123.2	1.0	570.0	0.4	-49.3	1,925.5	1.1	237.8	2,351.6	1.2	22.1
8. Capital (excl. profit/loss for the current year)	12,195.5	10.9	13,126.3	8.8	7.6	14,583.3	8.4	11.1	15,805.7	7.7	8.4
Total	111,837.7	100.0	148,428.3	100.0	32.7	174,139.2	100.0	17.3	204,115.0	100.0	17.2

centage points. Over the observed period, the largest relative change was registered with respect to short-term loans extended by financial institutions (211.5% year-on-year). However, the growth in total received loans was most influenced by a significant nominal increase in other long-term loans (HRK 6.6bn or 43.9% year-on-year), which to a large extent was the result of increased foreign borrowings.

Foreign currency deposits accounted for 67.6% of total received deposits at end-2003, down 3 percentage points compared to end-2002 (Figure 8.). During the observed period, all bank groups recorded a decline in the share of foreign currency deposits in total received deposits. Group III registered the largest fall in the share (9.7 percentage points) and the smallest share of foreign currency deposits in total deposits (51.0%). Group I was marked by the smallest change in the share of



foreign currency deposits in total received deposits (2.2 percentage points) and had the highest share of foreign currency deposits in total received deposits at end-2003 (68.4%).

2.1.4 Banks' Capital

At end-2003, total bank capital stood at HRK 18.2bn, up 10.0% compared with end-2002 (Table 6.). Five banks recorded a fall while all other banks recorded an increase in their capital. Looking at the total banking system capital structure at end-2003, one can observe an increase in all items during the said period. Share capital grew the least (1.8%), and retained income the most (54.0%). Profit for the current year grew by 22.1%, legal reserves by 21.9%, and, finally, reserves provided for by the articles of association and other capital reserves by 13.6%.

Although still accounting for the largest share of total capital, the share of share capital in total capital has been declining steadily since 2000, falling from 64.2% at end-2000 to 54.8% at end-2003. In 2003, total share capital increased by HRK 173.5m in absolute terms, with two Group I banks accounting for the largest share in that increase. Reserves provided for by the articles of association and other capital reserves accounted for 21.1% at end-2003, taking a second largest share in total capital since 2001. Profit for the current year, retained income and legal reserves accounted for 13.0%, 7.3% and 3.9% respectively.

TABLE 6. Structure of Bank Capital, end of period, in million kuna and %

	Dec. 2000		Dec. 2001			Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	8,549.9	64.2	8,966.5	65.5	4.9	9,772.1	59.2	9.0	9,945.6	54.8	1.8
2. Profit/loss for the current year	1,123.2	8.4	570.0	4.2	-49.3	1,925.5	11.7	237.8	2,351.6	13.0	22.1
3. Retained income/loss	326.2	2.4	77.8	0.6	-76.2	860.3	5.2	1,006.0	1,324.9	7.3	54.0
4. Legal reserves	2,098.8	15.8	853.3	6.2	-59.3	583.5	3.5	-31.6	711.2	3.9	21.9
5. Reserves provided for by the articles of association and other capital reserves	1,220.5	9.2	3,228.7	23.6	164.5	3,367.4	20.4	4.3	3,824.0	21.1	13.6
Total	13,318.6	100.0	13,696.2	100.0	2.8	16,508.8	100.0	20.5	18,157.3	100.0	10.0

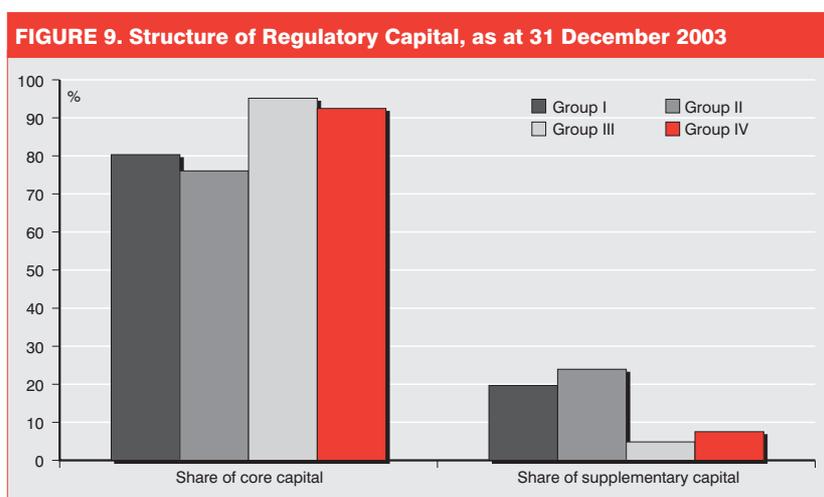
Total regulatory capital stood at HRK 19.3bn at end-2003, up 14.6% compared with end-2002 (Table 7.). Group I accounted for 74.8%, or the largest share of total regulatory capital (up 4.8 percentage points). Group III also increased its share in total regulatory capital, by 0.4 percentage points, while the share of regulatory capital of Group II decreased by 3.2 percentage points. Group IV also saw a downward trend in its share of regulatory capital (2.0 percentage points). Compared with end-2002, regulatory capital levels went up in Group I and III but fell in Group II and IV.

TABLE 7. Changes in Regulatory Capital, end of period, in million kuna and %

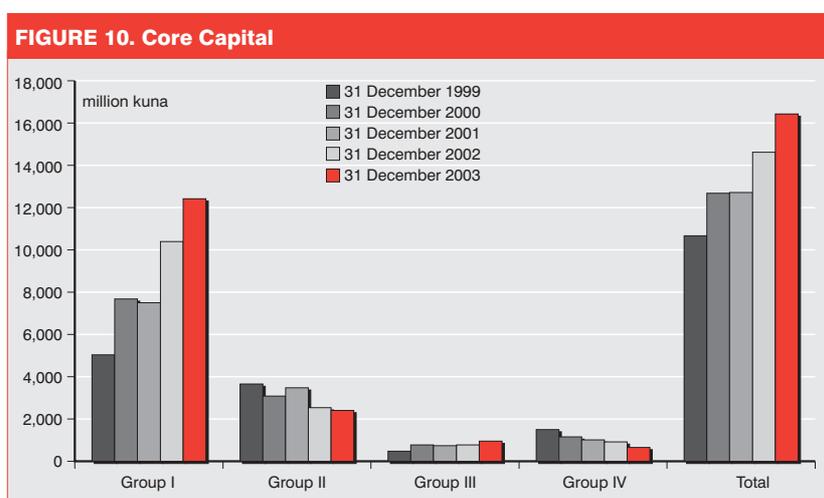
	Dec. 2000		Dec. 2001			Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Group I	7,631.2	59.1	8,116.5	58.1	6.4	11,776.2	70.0	45.1	14,423.4	74.8	22.5
Group II	3,144.6	24.4	4,046.2	28.9	28.7	3,276.0	19.5	-19.0	3,150.0	16.3	-3.8
Group III	924.5	7.2	768.0	5.5	-16.9	793.2	4.7	3.3	987.7	5.1	24.5
Group IV	1,211.5	9.4	1,049.2	7.5	-13.4	965.8	5.7	-7.9	710.9	3.7	-26.4
Total	12,911.9	100.0	13,979.7	100.0	8.3	16,811.2	100.0	20.3	19,272.0	100.0	14.6

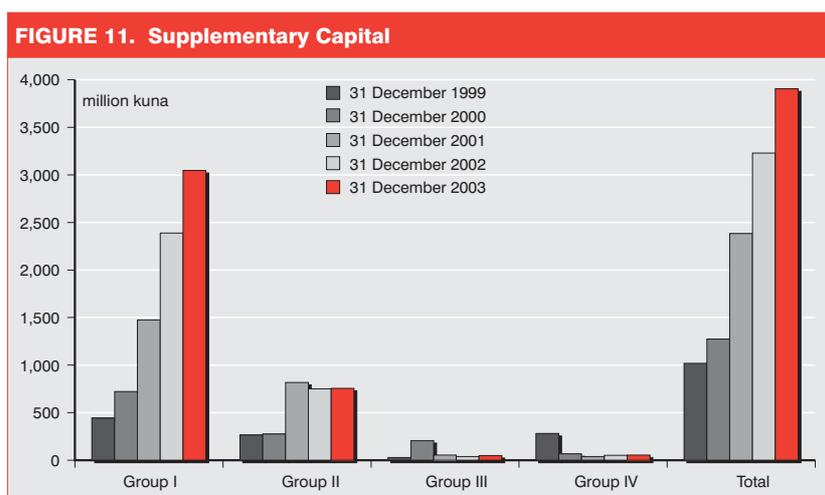
In 2003, the share of core capital in gross regulatory capital continued its decline from the previous period, and at end-2003 it accounted for 80.8% of gross regulatory capital. At the same time, supplementary capital accounted 19.2% of the total banking system gross regulatory capital, increasing by 1.1 percentage point over the observed period due to a faster growth in supplementary capital than core capital in 2003 (21.0% compared with 12.4% respectively). Gross regulatory capital stood at HRK 20.3bn at end-2003, up 13.9% compared with end-2002.

During the observed period, all bank groups recorded a fall in the share of core capital and an increase in the share of supplementary capital in gross regulatory capital. At end-2003, Groups II and I accounted for 23.9% and 19.7% respectively, or the largest share of supplementary capital in gross regulatory capital, while Groups III and IV accounted for smaller shares of 4.9% and 7.5% respectively (Figure 9.).



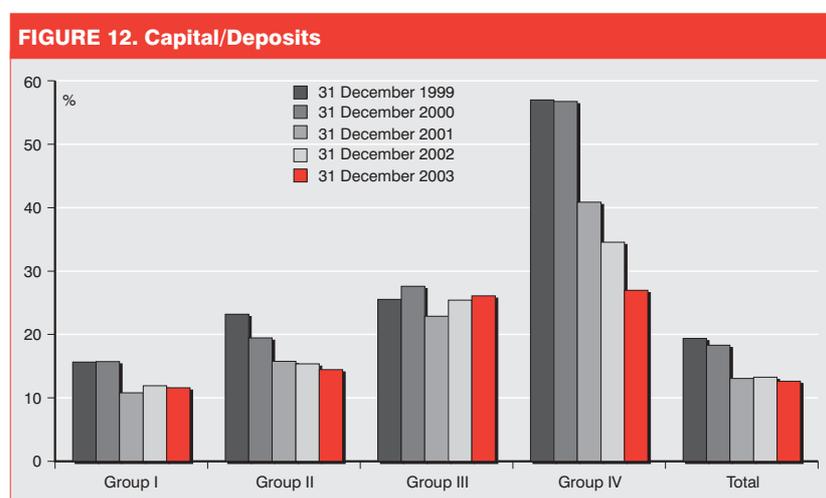
Total banking system core capital stood at HRK 16.4bn at end-2003, up 12.4% compared with end-2002 (Figure 10.). With the exception of Groups II and IV, which recorded a 5.3% and 28.3% decline respectively in their core capital, Groups I and III recorded an increase in their core capital at end-2003 compared with end-2002.





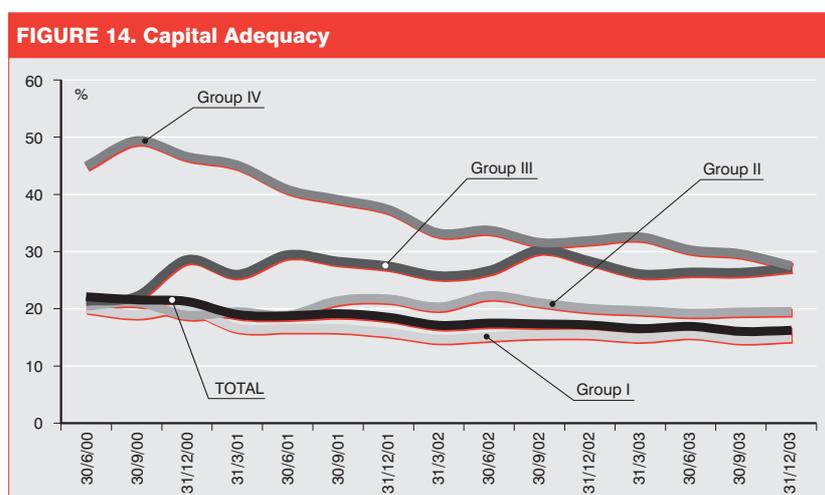
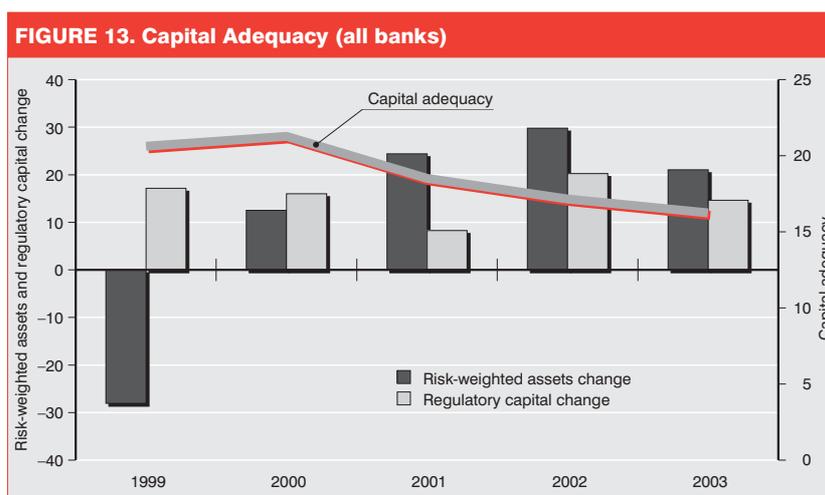
Total banking system supplementary capital at end-2003 was HRK 3.9bn, up 20.9% compared with end-2002 (Figure 11.). Supplementary capital increased in all bank groups, with the highest growth rate being recorded in Group I (27.5%).

Capital to deposit ratio declined from 13.3% to 12.6% at end-2003 compared with end-2002, as a result of slower growth in capital (10.0%) than received deposits (15.4%) (Figure 12.). The said ratio diminished in all bank groups except Group III, where, due to the higher growth in capital (20.4%) than deposits (17.3%), this ratio grew from 25.4% in 2002 to 26.1% in 2003. At end-2003, Group IV had the highest capital to deposit ratio (27.0%). Groups III and II followed, with the ratio of the latter at 14.4%.



At end-2003, capital adequacy ratio was 16.2%, declining by 1.0 percentage points compared with end-2002 (Figure 13.), and continuing its falling trend from end-2001. In the observed period, similarly as in the previous periods, capital adequacy ratio diminished on account of a faster growth in risk-weighted assets (21.0%) than regulatory capital (14.6%).

Capital adequacy ratio fell in all bank groups at end-2003 compared with end-2002 due to a faster growth in risk-weighted assets than regulatory capital (Figure 14.). At end-2003, capital adequacy ra-



ratio was the highest in Group IV (27.5%). Groups III, II and I followed with 27.1%, 19.6% and 15.0% respectively.

2.1.5 Income Statement

According to the bank operating results for 2002 and 2003, pre-tax profit grew by 18.3% and stood at HRK 3bn (Table 8.), mostly on account of increased net interest income, i.e. interest income. Individual income statement items underwent significant changes. In particular, faster interest income growth (11.9%) compared with interest expenses (2.8%) helped net interest income to grow by 19.9%. Despite a fall in net non-interest income (3.5%) and an increase in general administrative expenses and depreciation (9.1%), net operating income before provisions rose by 18.8% at end-2003 compared with end-2002. During the observed period, loan loss provision expenses grew by 21.6%.

Four banks (one from Group III and three from Group IV) reported HRK 55.8m in after-tax loss at end-2003. The stated three banks from Group IV also reported negative net operating income before

TABLE 8. Income Statement, in million kuna

	Group I		Group II		Group III		Group IV		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1. Net interest income	3,978.4	4,995.5	879.0	930.2	181.2	205.4	246.8	206.4	5,285.4	6,337.5
1.1. Interest income	7,539.7	8,810.6	1,661.9	1,586.7	331.6	369.8	407.2	354.5	9,940.4	11,121.7
1.2. Interest expenses	3,561.3	3,815.1	782.9	656.5	150.4	164.4	160.4	148.2	4,655.0	4,784.2
2. Net non-interest income	1,750.9	1,645.2	269.9	285.7	71.4	119.1	83.2	49.2	2,175.3	2,099.2
2.1. Non-interest income	3,337.7	3,611.8	498.4	530.6	128.6	182.7	142.6	90.6	4,107.2	4,415.7
2.2. Non-interest expenses	1,586.8	1,966.6	228.5	244.8	57.2	63.6	59.4	41.5	1,931.9	2,316.5
3. General administrative expenses and depreciation	3,226.7	3,702.2	800.1	752.7	168.4	190.6	232.0	186.2	4,427.2	4,831.8
4. Net operating income before provisions	2,502.6	2,938.4	348.8	463.2	84.2	133.9	98.0	69.3	3,033.6	3,604.9
5. Loan loss provision expenses	392.0	408.3	43.7	66.8	7.1	46.9	45.9	72.2	488.8	594.3
6. Pre-tax profit/loss	2,110.6	2,530.1	305.1	396.4	77.1	87.0	52.0	-2.9	2,544.8	3,010.7
7. Income tax	387.1	408.3	61.3	67.3	9.8	19.6	11.8	8.8	470.0	504.0
8. After-tax profit/loss	1,723.4	2,121.8	243.8	329.2	67.3	67.4	40.3	-11.7	2,074.8	2,506.7

provisions. On the total banking system level, four banks reported at end-2003 negative net operating income before provisions. Total operating loss before provisions was HRK 15.7m, and was accounted for by four banks from Group IV. Owing to reported income from cancelled loan loss provisions, one bank from Group IV that had recorded negative net operating income before provisions, managed to report pre-tax profit at end-2003.

As Group I assets account for 82.9% of the total banking system assets, changes in income statement on the banking system level, actually reflect changes in this group's income statement. Despite an increase in general administrative expenses (14.7%) and reported loan loss provision expenses (HRK 408.3m), a significant increase in net interest income of Group (25.6%) registered in the observed period resulted in a considerable growth in pre-tax profit (19.9%).

Net interest income grew in Group II (5.8%) at end-2003 compared with end-2002 on account of a more substantial fall in interest expenses (16.1%) than interest income (4.5%). Despite an increase in loan loss provision expenses (52.8%), general administrative expenses and depreciation fell by 5.9% during the observed period and thus contributed to the increase in pre-tax profit (30.0%).

Pre-tax profit of Group III grew by 12.9% at end-2003 compared with end-2002 due to a rapid growth in net non-interest income (66.8%) and net interest income (13.4%), and despite increased general administrative expenses and depreciation (13.2%) and a five-fold increase in loan loss provision expenses (558.3%).

At end-2003, only Group IV saw a decline in pre-tax profit. Almost all income statement items of Group IV decline at end-2003 compared with end-2002. In the observed period, this group registered the decrease in net interest income (16.4%), net non-interest income (40.9%) and general administrative expenses and depreciation (19.8%) and a concurrent increase in loan loss provision expenses (57.3%).

The share of interest income in total income was 71.6% at end-2003, which was only a slight increase (0.8 percentage points) compared with end-2002 (Table 9.). Concurrently, non-interest income accounted for 28.4% of total income. On interest income side, the share of interest income from depos-

	Group I		Group II		Group III		Group IV		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1. Interest income	69.3	70.9	76.9	74.9	72.1	66.9	74.1	79.6	70.8	71.6
1.1. Interest income from loans	51.7	54.9	62.6	63.0	60.9	56.8	65.6	73.4	54.2	56.6
1.2. Interest income from deposits	6.6	5.0	6.3	4.6	4.1	3.4	3.1	2.4	6.3	4.9
1.3. Interest income from debt securities	9.9	9.1	7.7	6.6	6.3	5.3	3.1	3.6	9.2	8.5
1.4. Income from shares and other equity participation	0.2	0.2	0.1	0.0	0.0	0.0	0.1	0.1	0.1	0.2
1.5. Net balances on exchange rate fluctuations related to interest income	0.0	0.0	0.0	0.0	0.0	0.0	1.5	0.0	0.0	0.0
1.6. Interest income from previous years	0.3	0.6	0.1	0.3	0.4	0.5	0.1	0.0	0.2	0.5
1.7. Other interest income	0.7	1.1	0.2	0.3	0.3	0.8	0.5	0.0	0.6	0.9
2. Non-interest income	30.7	29.1	23.1	25.1	27.9	33.1	25.9	20.4	29.2	28.4
2.1. Non-interest income from commissions or fees	20.2	20.6	13.4	14.8	16.5	17.5	9.9	9.0	18.6	19.4
2.2. Net balances on exchange rate fluctuations related to non-interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3. Income/loss from calculated exchange rate fluctuations	-0.8	0.6	-0.2	0.1	-0.5	1.3	0.6	1.7	-0.6	0.6
2.4. Income/loss from purchase/sale of foreign exchange	6.0	4.6	6.5	5.1	8.9	11.3	6.7	5.8	6.2	5.0
2.5. Income/loss from purchase/sale of securities	2.5	-0.1	1.3	1.1	0.9	1.1	0.6	0.1	2.2	0.1
2.6. Other income	2.5	3.2	1.9	3.9	2.1	1.8	7.7	3.2	2.6	3.3
2.7. Extraordinary income	0.3	0.1	0.2	0.2	0.2	0.1	0.3	0.6	0.3	0.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

its in total income fell significantly (1.4 percentage points), while the share of interest income from extended loans rose (2.4 percentage points). On non-interest income side, the share of income/loss from purchase/sale of securities and from purchase/sale of foreign exchange and extraordinary income in total income decline by 2.1 percentage point, 1.2 percentage points and 0.2 percentage points respectively. At same time, the share of non-interest income from provisions and fees and other income in total income grew by 0.8 percentage points and 0.7 percentage points respectively. It should be mentioned that the end of 2003, compared with the end of 2002, saw income from calculated exchange rate fluctuations.

Groups II and III increased their shares of non-interest income in total income by 2.0 percentage points and 5.2 percentage points respectively. The Group II increase in share was stimulated by the growth of non-interest income from commissions and fees (1.4 percentage points), while the Group III increase in share was stimulated by the growth in income from purchase/sale of foreign exchange (2.4 percentage points). Groups I and IV, owing to an increase in interest income from extended loans (3.2 percentage points and 7.8 percentage points respectively), recorded an upturn in the share of interest income in total income of 1.6 percentage points and 5.5 percentage points respectively.

The structure of bank expenses changed significantly over 2003 (Table 10.). In the observed period, the share of non-interest expenses in total expenses rose by 1.7 percentage points at end-2003 compared with end-2002, while the share of interest expenses in total expenses fell by 2.3 percentage points. General administrative expenses and depreciation remained at their 2002 level. However, expenses for employees grew by 1.1% in Group II and fell by 3.8% in Group III and by 1.5% in Group IV. Expenses for employees in Group I remained at almost the same level as in 2002. In addition, banks reported 0.5 percentage points higher loan loss provision expenses at end-2003 compared with end-2002; these expenses accounted for 4.7% of total bank expenses. Compared with end-2002, general administrative expenses and depreciation accounted for the largest share in total expenses (38.6%) at end-2003. They were followed by interest expenses (38.2%), non-interest expenses (18.5%) and loan loss provision expenses (4.7%).

TABLE 10. Structure of Expenses, in %

	Group I		Group II		Group III		Group IV		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1. Interest expenses	40.6	38.6	42.2	38.1	39.3	35.3	32.2	33.1	40.5	38.2
1.1. Interest expenses on loans	8.0	8.4	9.7	5.4	4.5	4.6	3.0	2.0	7.9	7.6
1.2. Interest expenses on deposits	28.0	25.9	27.6	27.8	30.2	28.6	26.0	28.0	27.9	26.4
1.3. Interest expenses on debt securities	1.5	1.0	1.5	1.2	0.0	0.0	0.5	0.5	1.4	1.0
1.4. Premiums for the insurance of savings deposits	3.2	2.9	3.2	3.5	2.4	1.3	1.5	2.3	3.1	2.9
1.5. Net balances on exchange rate fluctuations related to interest expenses	-0.3	0.0	0.0	0.1	0.0	0.1	1.1	0.0	-0.2	0.0
1.6. Interest expenses from previous years	0.2	0.3	0.1	0.1	2.0	0.6	0.0	0.0	0.2	0.2
1.7. Other interest expenses	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1
2. Non-interest expenses	18.1	19.9	12.3	14.2	14.9	13.7	11.9	9.3	16.8	18.5
2.1. Non-interest expenses for commissions or fees	12.0	13.2	7.0	9.1	9.4	8.9	4.6	4.7	10.8	12.2
2.2. Net balances on exchange rate fluctuations related to non-interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3. Other expenses	6.1	6.6	5.0	4.9	5.6	4.7	7.1	4.0	5.9	6.2
2.4. Extraordinary expenses	0.1	0.0	0.2	0.2	0.0	0.0	0.3	0.5	0.1	0.1
3. General administrative expenses and depreciation	36.8	37.4	43.1	43.7	44.0	40.9	46.6	41.6	38.5	38.6
3.1. Expenses for employees	19.7	19.9	21.1	22.2	23.8	20.0	22.7	21.2	20.2	20.3
3.2. Depreciation	5.1	5.4	5.6	4.6	6.4	5.6	7.6	6.1	5.4	5.4
3.3. Other expenses	12.0	12.1	16.4	16.9	13.7	15.3	16.3	14.3	12.9	12.9
4. Loan loss provision expenses	4.5	4.1	2.4	3.9	1.9	10.1	9.2	16.1	4.2	4.7
4.1. Provision expenses for identified losses	1.5	2.9	0.2	1.9	-1.6	9.9	5.7	14.7	1.4	3.5
4.2. Value adjustment of investments in subsidiaries and associates	-0.2	-0.3	0.7	0.4	-0.1	0.3	0.0	0.3	-0.1	-0.2
4.3. Value adjustment of investments in shares and equity participation in investment portfolio	-0.9	-0.2	1.0	-0.7	1.1	-0.3	0.0	0.0	-0.5	-0.3
4.4. Provision expenses for unidentified losses	4.1	1.7	0.5	2.4	2.4	0.2	3.5	1.2	3.4	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The largest change in the structure of expenses, registered by Group I at end-2003 compared with end-2002, related to the fall of interest expenses, by 2.0 percentage points. Their share of loan loss provision expenses also trended downwards (0.4 percentage points). The fall in the share of interest expenses and loan loss provision expenses in total expenses was stimulated by a nominal fall in these expense items. Concurrently, non-interest expenses and general administrative expenses and depreciation grew by 1.8 percentage points and 0.6 percentage points. During the observed period, the share of loan loss provision expenses in total expenses fell only in this bank group.

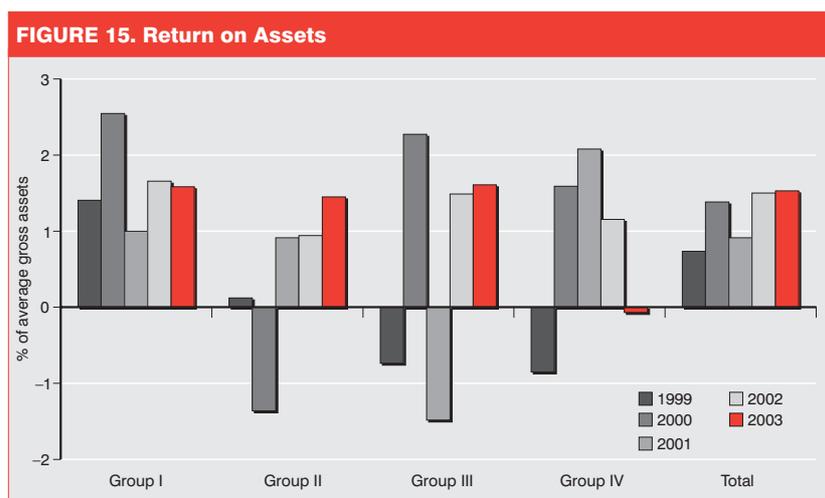
Group II share of interest expenses fell considerably in 2003 compared with 2002, by 4.1 percentage points. Concurrently, this group saw increases in the following shares: non-interest expenses (1.9 percentage points), loan loss provision expenses (1.5 percentage points) and general administrative expenses and depreciation (0.6 percentage points).

Group III was marked by the fall in interest expenses (4.0 percentage points), general administrative expenses and depreciation (3.1 percentage points) and non-interest expenses (1.2 percentage points), and the increase in loan loss provision expenses (8.2 percentage points).

Only Group IV increased its share of interest expenses (0.9 percentage points), while loan loss provision expenses saw the largest increase in the share (6.9 percentage points). The largest fall was registered in general administrative expenses and depreciation (5.0 percentage points) and non-interest expenses (2.6 percentage points).

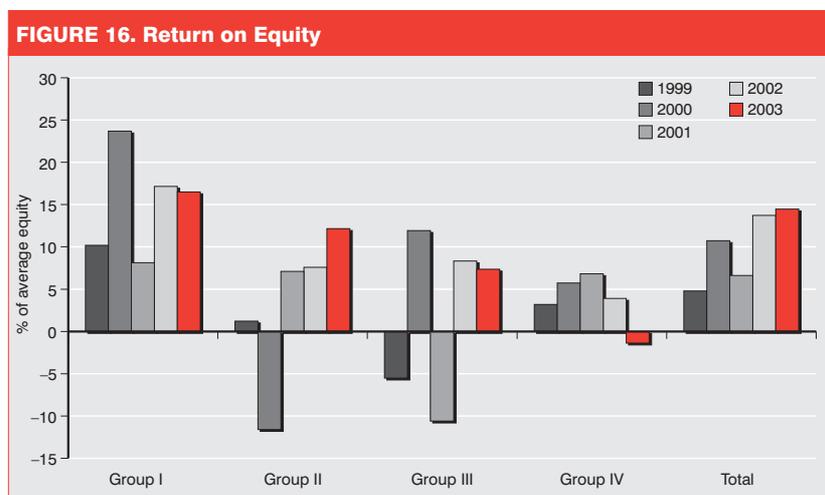
2.1.6 Return Indicators

Return on average gross assets was 1.5% at end-2003 or the same as at the end of 2002 (Figure 15.). Compared with end-2002, Group IV registered the highest fall in return on gross assets (1.3 percentage points), which stood at -0.1%. Return on gross assets fell by a negligible 0.1 percentage point in Group I and grew in other bank groups in 2003. At end-2003, the highest return on gross assets was registered by Groups III and I (1.6%), while Group II recorded somewhat lower return (1.4%).



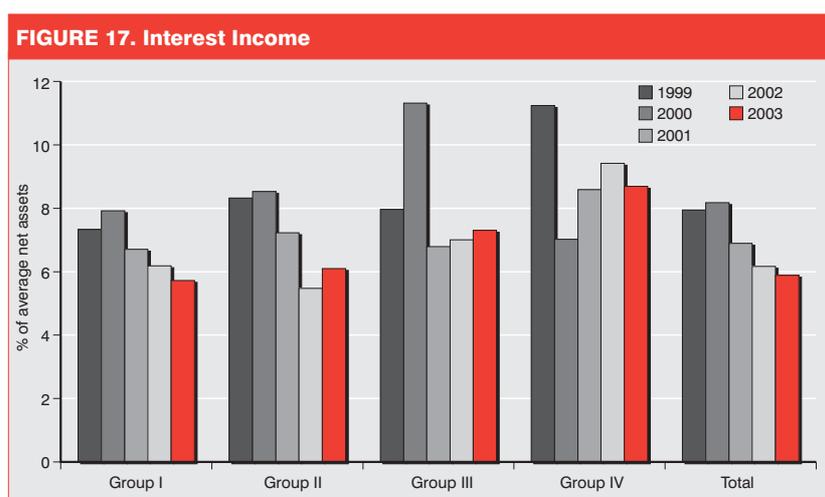
The rate of return of average equity at end-2003 was 14.5%, the indicator's highest rate of return in the last four years (Figure 16.). Return on average equity increased by 0.8 percentage points at end-2003 compared with end-2002 due to a faster growth in after-tax profit (35.0%), with a concurrent fall in average equity (15.7%) in Group II.

With the exception of Group II, all groups recorded a negligible downturn in their return on equity. Group I and III recorded a fall because of a larger increase in average equity relative to after-tax profit. By contrast, Group IV saw a larger decrease in after-tax profit than average equity. Thus, at end-2003, Group I had the highest return on equity (16.5%). Groups II and III followed, with 12.1% and 7.3% respectively and, finally, Group IV with -1.4%.



Average interest income to average net assets ratio stood at 5.9% at end-2003, a decline of only 0.3 percentage points compared with end-2002, which indicates a slowdown in the ratio's falling trend from end-2002 (Figure 17.). The small decline can be attributed to a somewhat faster growth in average net assets (17.3%) relative to the growth in interest income (11.9%).

At the end of 2003, Group IV had the largest interest income to average net assets ratio (8.7%). Groups III, II and I followed with 7.3%, 6.1%, and 5.7% respectively. This ratio diminished by 0.5 percentage points and 0.7 percentage points in Groups I and IV, and rose in Groups II and III by 0.6 percentage points and 0.3 percentage points respectively, during the observed period, compared with end-2002.



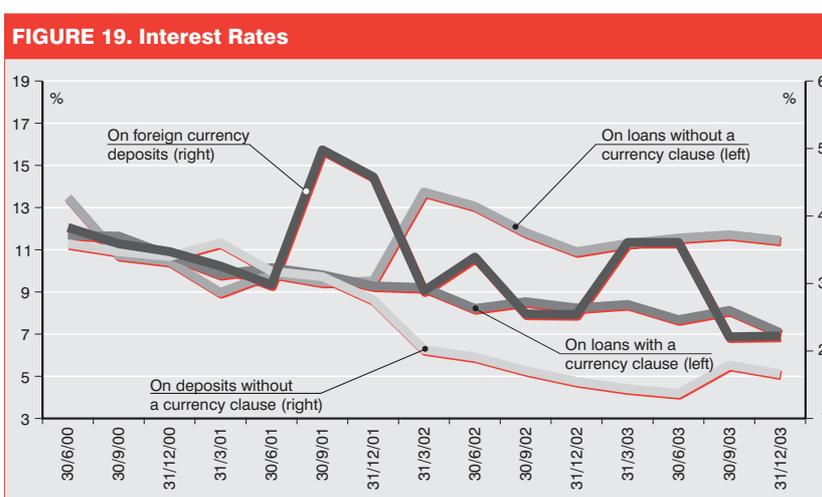
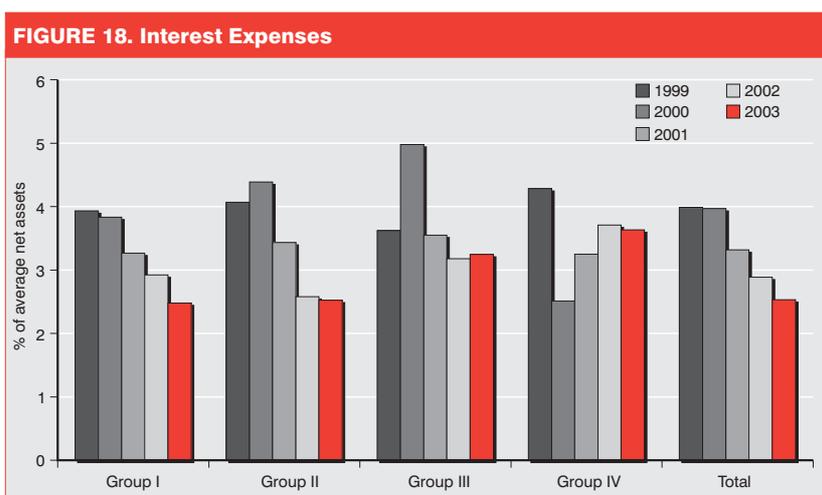
A downward trend in average interest expenses to average net assets ratio that began in 2002, continued into 2003. This ratio fell from 2.9% at end-2002 to 2.5% at end-2003 (Figure 18.), owing to a more rapid growth in average net assets (17.3%) compared with interest expenses (2.8%).

Group IV had the highest average interest expenses to average net assets ratio at end-2003 (3.6%). Group III followed with 3.2% and Groups II and I with 2.5% each. Group III recorded no change in the ratio. Over the observed period, Group I recorded a decline of 0.4 percentage points. In addition, the ratio of average interest expenses to average net assets fell by 0.1 percentage points respectively in Group II and Group IV.

Faster growth in interest income (11.9%), compared with interest expenses (2.8%) in 2003, caused net interest spread to rise to 3.4%.¹² As regards individual bank groups, Groups II and III recorded an increase in their net interest spreads of 0.7 percentage points and 0.2 percentage points respectively, while Groups I and IV recorded a decline in net interest rate spread of 0.1 percentage point and 0.7 percentage points respectively. Net interest spread of Group IV was the highest (5.1%), while the spreads of Groups III, II and I were 4.1%, 3.6% and 3.2%.

Interest rates on loans without a currency clause grew the most in 2003 (0.5 percentage points). The upward trend, although milder, was also registered in interest rates on received deposits without a

¹² Net interest spread is calculated as the difference between interest income and interest expenses divided by the average assets.

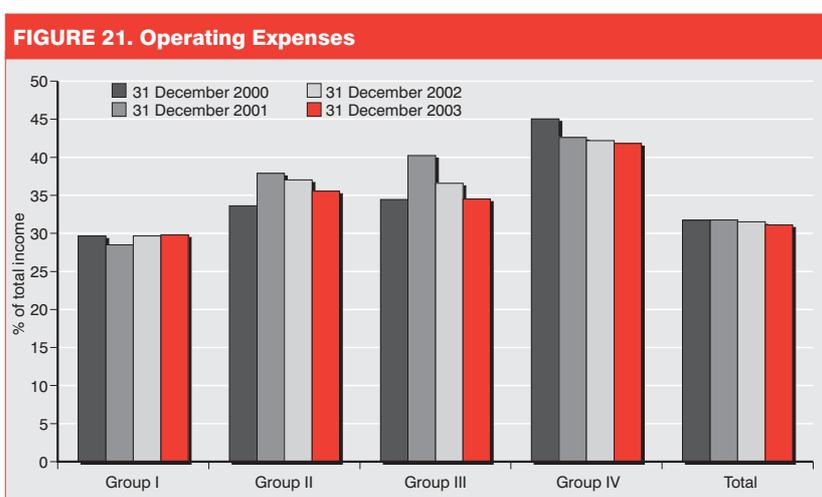
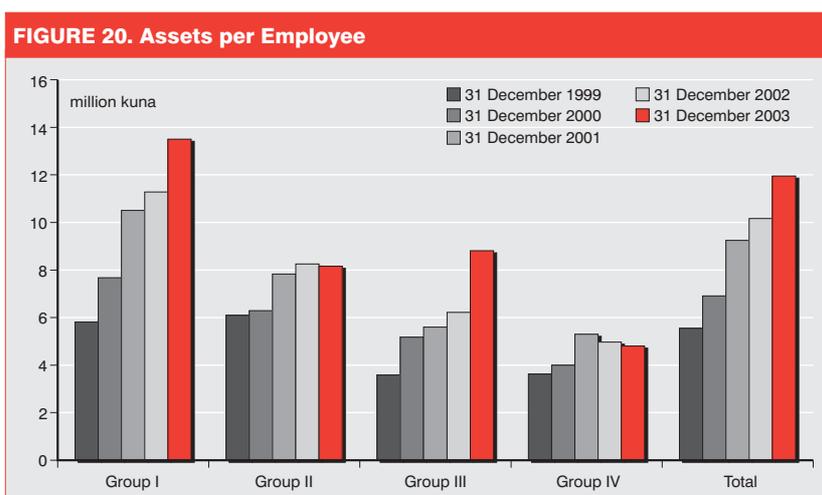


currency clause (0.1 percentage point) (Figure 19.). At end-2003, interest rates on foreign currency deposits stood at 2.2%, while interest rates on deposits without a currency clause stood at 1.7%. In the observed period, interest rates on loans and deposits followed opposite trends: interest rates on loans with a currency clause fell by 1.1 percentage point, to 7.1%, while interest rates on loans without a currency clause grew by 0.6 percentage points, to 11.5%.

Compared with 2002, the number of persons employed by the banking system fell by 0.2% at end-2003, from 17,126 to 17,086. During the observed period, the number of employees rose in Group I by 238 or 1.9%, while it declined in other bank groups: by 68 or 2.1% in Group II, 119 or 16.0% in Group II and 91 or 10.3% in Group IV. At the end of 2003, Group I accounted for 73.4% of the total number of persons working in the banking sector, while Groups II, III and IV accounted for 18.4%, 3.7% and 4.6%, respectively, of the total number of persons employed.

Assets per employee, on upward trend since 2000, stood at HRK 12.0m at the end of 2003, up HRK 1.7m compared with the end of 2002 (Figure 20.). This growth can be attributed to slower employment growth, compared with assets growth, over the observed period.

Group I was the most efficacious group in terms of assets per employee at the end of 2003; its average assets per employee stood at HRK 13.5m. Groups III, II and IV followed with HRK 8.8m, HRK 8.2m



and 4.8m respectively. Only Group IV recorded a downturn in this indicator (HRK 0.2m). Assets per employee remained at the same level in Group II and increased in Groups III and I by HRK 2.6m and HRK 2.2m respectively.

Operating expenses to total income ratio stood at 31.1% at end-2003, which was a decline of 0.4 percentage points compared with end-2002 (Figure 21.). Such developments can be attributed to a more rapid growth in total income (10.6%) and slower growth in operating expenses (9.1%) during the observed period.

In 2003, operating expenses to total income ratio increased only in Group I (0.1 percentage point), and fell in all other groups. Group IV had the highest operating expenses to total income ratio (41.8%) during the observed period. Groups II, III and I followed with 35.6%, 34.5% and 29.8% respectively.

2.1.7 Credit Activity

Total placements stood at HRK 211.0bn at end-2003, up 15.3% (Table 11.). Fully recoverable placements accounted for the largest share of total placements (94.9%) at end-2003 and grew at the rate of

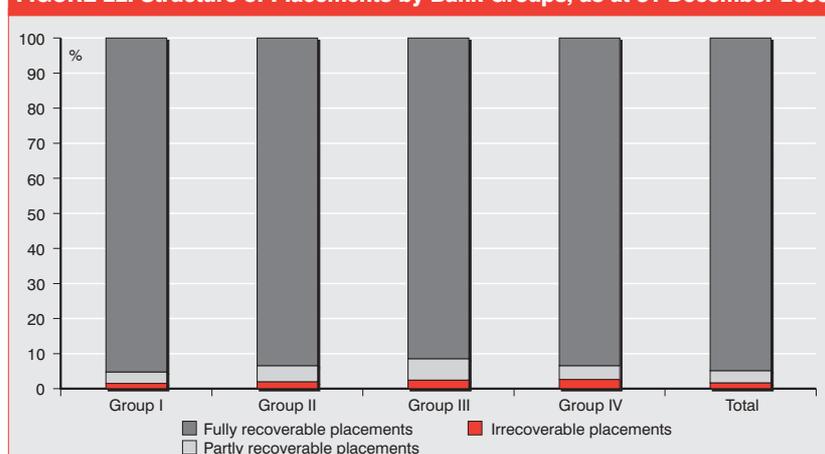
TABLE 11. Classification of Placements by Risk Categories, end of period, in million kuna and %

Placements	Dec. 2000		Dec. 2001		Dec. 2002		Dec. 2003	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	112,198.3	90.5	140,586.6	92.7	172,251.3	94.1	200,166.3	94.9
1.1. Category A	108,489.8	87.5	137,195.6	90.5	168,693.2	92.2	193,767.4	91.8
1.2. Category B	3,708.5	3.0	3,391.0	2.2	3,558.0	1.9	6,398.9	3.0
2. Partly recoverable placements	6,923.1	5.6	6,719.5	4.4	6,473.3	3.5	7,475.8	3.5
2.1. Category C	3,090.3	2.5	3,193.3	2.1	3,717.8	2.0	4,813.1	2.3
2.2. Category D	3,832.8	3.1	3,526.2	2.3	2,755.5	1.5	2,662.7	1.3
3. Irrecoverable placements	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3	3,371.5	1.6
3.1. Category E	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3	3,371.5	1.6
Total	123,924.5	100.0	151,593.3	100.0	182,970.0	100.0	211,013.6	100.0

16.2%.¹³ Despite an increase of 15.5%, partly recoverable placements accounted for 3.5% of total placements, while irrecoverable placements, i.e. placements subject to 100% value impairment, fell by 20.6%, contributing to the fall of their share in total placements.

At the end of 2003, Group I had the best quality placements (Figure 22.). This group's share of fully recoverable placements in total placements was 95.2%. Groups IV, II and III followed with the shares of 93.5%, 93.4% and 91.5% respectively. The largest share of partly recoverable placements in total placements was registered by Group II, while the largest share of irrecoverable placements in total placements was registered by Group IV (2.6%).

Total provision to total placement ratio was 4.1% at end-2003 (Table 12.). Despite a slowdown in the growth of total placements (in 2002, they grew by 20.7%), total provision to total placement ratio was

FIGURE 22. Structure of Placements by Bank Groups, as at 31 December 2003

13 A change in credit risk analysis introduced at the end of 2001 was prompted by the application of IAS 39 (See article "IAS 39: Financial Instruments – Recognition and Measurement" in *Banks Bulletin*, No. 4). Under IAS 39 placements are classified into three groups: fully recoverable placements, partly recoverable placements, and irrecoverable placements, which replace the previous categorisation into risk categories A, B, C, D and E, i.e. the classification of placements into performing assets (A and B) and non-performing assets (C, D and E). Instead of the term "provisions for identified losses", IAS 39 introduced the term "impairment loss". In accordance with IAS 39, impairment loss on financial assets is determined as the difference between the assets carrying amount and its recoverable amount, which equals the present value of the expected future cash flows arrived at by effective interest rate discounting method. By contrast, until 2001, reserves for identified losses were calculated by applying the appropriate percentage to the principal amount, depending on the risk category of the placement. Until the adoption of a new reporting form (the first quarter of 2004), based on IAS 39 and the Decisions of on the Classification of Placements and Contingent Liabilities of Banks, banks continued to report according to A, B, C, and D risk categorisation of their placements.

TABLE 12. Total Provision to Total Placement Ratio, end of period, in million kuna and %

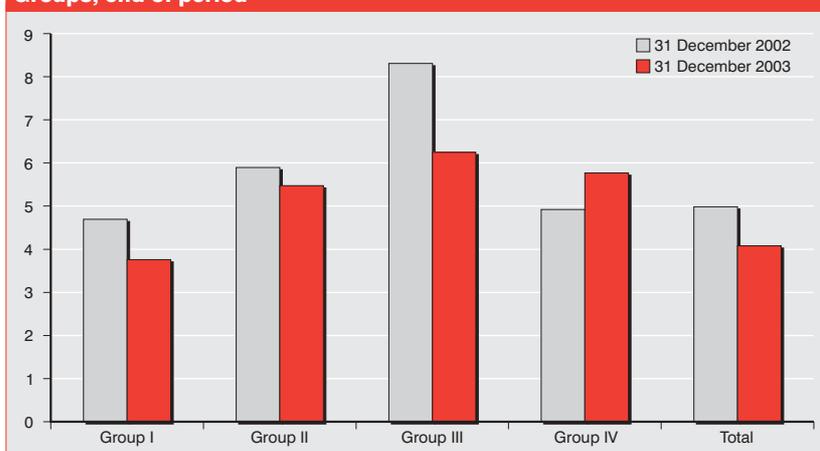
	Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003
1. Total provisions for losses	10,176.6	9,326.7	9,121.2	8,611.5
1.1. Placement value impairment (loss)	9,355.4	7,912.1	7,303.4	6,573.8
1.2. Provisions for unidentified losses	821.2	1,414.6	1,817.9	2,037.7
2. Total placements	123,924.5	151,593.3	182,970.0	211,013.6
3. Relative ratio of total provisions to total placements	8.2%	6.2%	5.0%	4.1%

lower at end-2003 than at end-2002. The reason behind this fall was a further decrease in total provisions (5.6%), which contributed to this indicator's steady downward trend. At the end of 2003, total provision to placement ratio was half the value registered at end-2002.

The changes in the structure of total placements, i.e. the increase in the share of fully recoverable placements and the fall in the share of placements subject to value impairment, resulted in the changes in the structure of total provisions for losses. Placement value impairment fell by 10.0% in the observed period, while provisions for unidentified losses rose by 12.1%. Accordingly, placement value impairment accounted for 76.3% and provisions for unidentified losses for 23.7% of total provisions.

Only Group IV recorded an increase in the coverage ratio of total placements to total provisions in 2003 compared with 2002 (Figure 23.). In addition, Group IV was the only group with an increase in total provisions (0.9%), which together with a fall in its total placements (12.7%) resulted in the coverage growth, from 4.9% at end-2002 to 5.8% at end-2003. Moreover, the fall in total placements was also recorded in Group II. As a result of a significant fall in placement value impairment, the coverage in Group II reached 5.5% at end-2003. Groups I and II also recorded a decrease in placement value impairment, owing to the increase in total placements of 20.5% and 18.6% respectively, and the fall in total provisions of 3.4% and 10.9% respectively. The strong growth in placements registered by the largest banks in the banking system (i.e. banks which form Group I) stimulated the growth in total placements at the banking system level in 2003. However, owing to such a growth in placements, Group I was the group with the lowest coverage ratio (3.8%).

Total extended loans (net) stood at HRK 110.1bn at end-2003, an increase of 19.3% compared with end-2002 (Table 13.). Household loans accounted for the largest share in the nominal increase of total extended loans (net), while loans to financial institutions grew the most in relative terms (41.7%) in

FIGURE 23. Coverage of Total Placements by Total Provisions by Bank Groups, end of period

the observed period. This figure and the growth in received loans in total bank liabilities indicate the growth in the volume of interbank lending at the end of 2003 (loans from the CNB included). Loans to households, government units and non-profit institutions accounted for 28.0%, 27.6% and 13.2%. Total loans to companies stood at 8.7%. Loans to non-residents fell by 19.4% at end-2003 compared with the end of 2002.

Owing to the annual increase of 28.0%, household loans accounted for 47.8% of total extended loans (net) at the end of 2003. At the same time, this was the largest share recorded by an individual sector. During the observed period, viewed the sectoral distribution, household loans grew by 3.3 percentage points. Loans to government units and financial institutions also increased their shares, while the share of loans to non-profit institutions remained unchanged. By contrast, loans to companies and non-residents recorded a decline in their shares.

Only Group III had a lower share of loans to households in total extended loans (net) (it fell from 38.5% at end-2002 to 29.6% at end-2003) than loans to companies (64.1% at end-2003). The opposite trend was recorded by all other bank groups: household loans extended by Groups IV, II and I stood at 56.6%, 52.4% and 47.4%.

TABLE 13. Structure of Loans by Institutional Sectors, end of period, in million kuna

	Group I		Group II		Group III		Group IV		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1. Government units	5,927.3	8,167.1	763.6	368.0	10.0	11.0	0.0	1.3	6,700.9	8,547.4
2. Financial institutions	1,644.5	2,385.5	461.8	408.2	38.0	143.7	13.5	119.5	2,157.8	3,057.0
3. Public enterprises	3,390.1	3,883.4	382.9	115.9	4.3	43.4	1.6	1.8	3,778.9	4,044.5
4. Other enterprises	28,291.5	32,256.1	6,714.7	5,943.0	1,480.9	2,041.2	1,299.8	890.4	37,786.8	41,130.7
5. Non-profit institutions	225.3	267.8	64.2	64.6	13.1	9.0	0.3	1.6	302.9	343.0
6. Households	32,179.4	42,659.0	6,632.0	7,622.1	977.7	962.1	1,290.9	1,343.7	41,080.0	52,586.9
7. Non-residents	314.7	302.0	149.6	34.4	16.5	41.3	4.7	13.7	485.5	391.3
Total	71,972.8	89,920.9	15,168.8	14,556.3	2,540.4	3,251.7	2,610.9	2,371.9	92,292.9	110,100.8

2.1.8 Liquidity Ratios

Total CNB bills and central government bills subscribed stood at HRK 8.0bn at end-2003 compared with end-2002, down 23.4%. No kuna CNB bills were subscribed. Looking at the structure of total subscribed securities at end-2003, foreign currency CNB bills accounted for 62.0%, or the largest share, T-bills accounted for 36.9% and money market instruments accounted for 1.2% of the total.

The fall in subscribed CNB and central government bills was caused by the monetary measures introduced early in 2003.¹⁴ In order to satisfy demand for loans, increase their yields and acquire bigger market share, banks adjusted their balance sheets by transferring individual assets items into loans. The redemption of kuna CNB bills was additionally stimulated by low yield rates on CNB bills compared to those on T-bills.

As regards individual bank groups, Group IV had the largest relative placement¹⁵ in foreign currency

¹⁴ See 2.1.1 Structure of the Banking Sector in the Republic of Croatia.

¹⁵ The largest relative placement is defined here as the share of investment of an individual bank group in a certain type of security that is the largest compared with the shares of the other bank groups.

TABLE 14. Purchased CNB and Central Government Bills, in million kuna and %, stock on 31 December 2003

	Group I		Group II		Group III		Group IV		Total	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. CNB bills denominated in kuna	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2. CNB bills denominated in foreign currency	3,822.2	59.5	797.1	74.0	187.7	57.7	119.8	96.8	4,926.7	62.0
3. MoF treasury bills	2,508.3	39.0	280.5	26.0	137.7	42.3	4.0	3.2	2,930.5	36.9
4. Other money market instruments of the central government	94.8	1.5	0.0	0.0	0.0	0.0	0.0	0.0	94.8	1.2
Total	6,425.3	100.0	1,077.6	100.0	325.4	100.0	123.8	100.0	7,952.1	100.0

CNB bills (96.8%), Group III had the largest relative placement in T-bills (42.3%). Only Group I reported a placement in other money market instruments, amounting to 1.5% of its total amount of subscribed CNB and central government bills.

Loan facilities extended by the CNB stood at HRK 102m on average in 2003 (Table 15.). Banks used no CNB facilities in the first six months of 2003. By contrast, in the second half of 2003, banks made use of Lombard loans in order to maintain their daily liquidity. Some banks experienced kuna liquidity problems due to the increase in reserve requirement rate on foreign exchange obligations that must be held in kuna.¹⁶ In addition, some bank used Lombard loan in order to cover kuna illiquidity caused by their speculative attempts at making profit out of the exchange rate fluctuations. From a maximum of 15 working days in a month, the number of days in which the Lombard loan could be used has been thus reduced to a maximum of 5 days in a month.

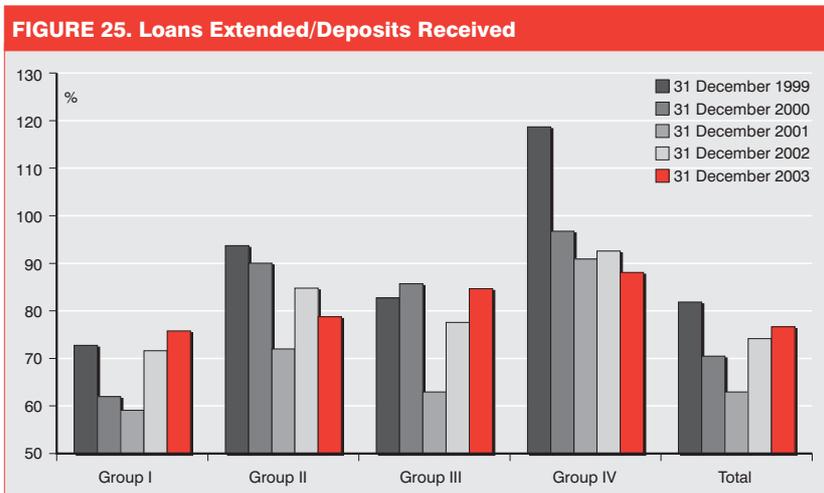
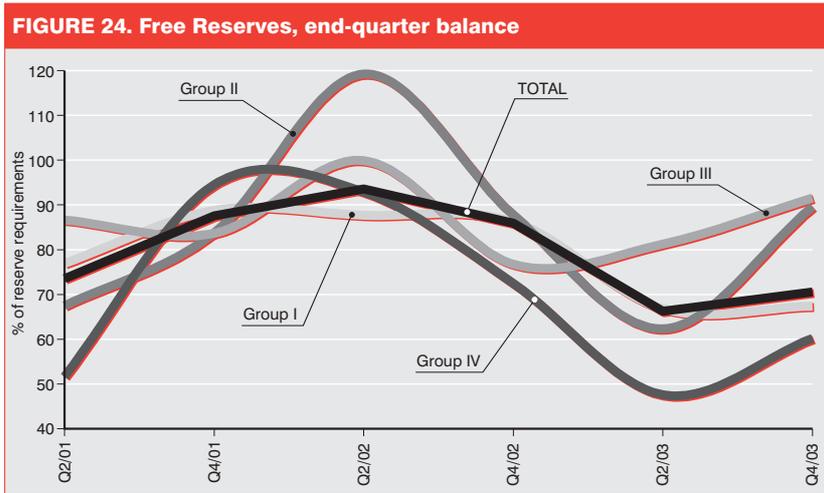
TABLE 15. CNB Loans, in million kuna, annual average

	Group I		Group II		Group III		Group IV		Total	
	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003
1. Lombard loans	8.3	15.0	0.0	85.1	0.0	1.9	0.1	0.0	8.4	102.0
2. Liquidity loans	29.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.6	0.0
3. Repo CNB bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

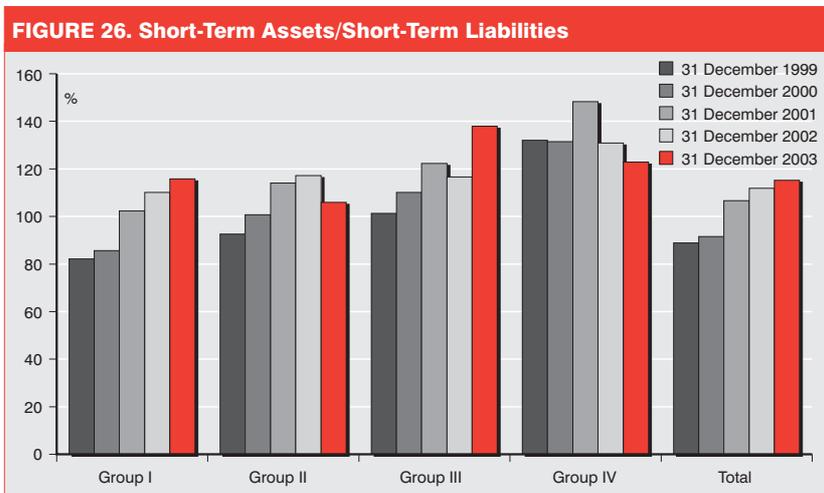
Free reserves to reserve requirements ratio stood at 70.6% at the end of the fourth quarter of 2003, which was a decline of 15.3 percentage points compared with the last quarter of 2002 (Figure 24.). The average free reserves fell by 1.7% and the average reserve requirements rose by 16.5% on account of increased calculation base. Group III had the highest free reserves to reserve requirements ratio (91.6%) at the end of 2003. Groups II and I followed with 89.6% and 67.4% respectively, while Group IV had the smallest ratio (60.2%).

The ratio of extended loans to received deposits rose by 2.5 percentage points, reaching 76.6% at end-2003 (Figure 25.). Extended loans grew faster (19.3%) than deposits (15.4%) during the observed period, causing the ratio's increase. As regards individual bank groups, the ratio grew in Groups I and III and stood at 75.8% and 84.6% respectively. By contrast, the ratio declined to 78.8% in Group II due to a decrease in extended loans, and to 88.1% in Group IV due a faster decline in extended loans than received deposits.

¹⁶ Pursuant to the amended Decision on Reserve Requirements, the percentage of the reserve requirement on foreign exchange obligations that must be held in kuna was increased from 25% to 35% in September and from 40% in November to 42% in December.



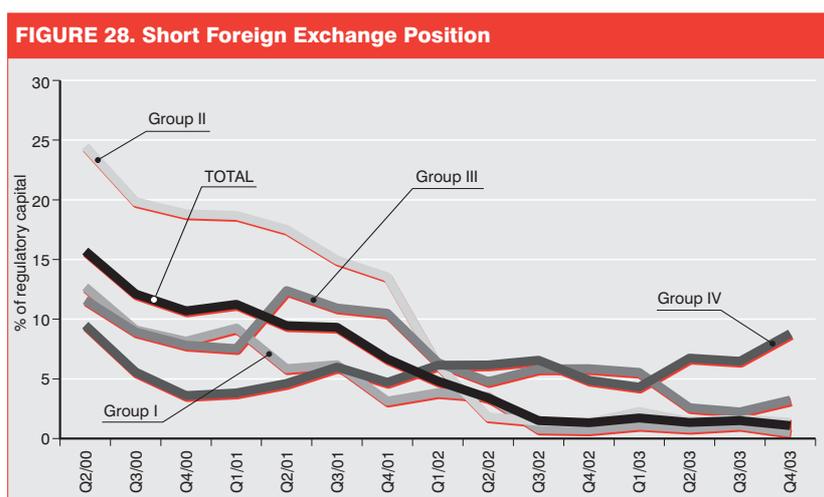
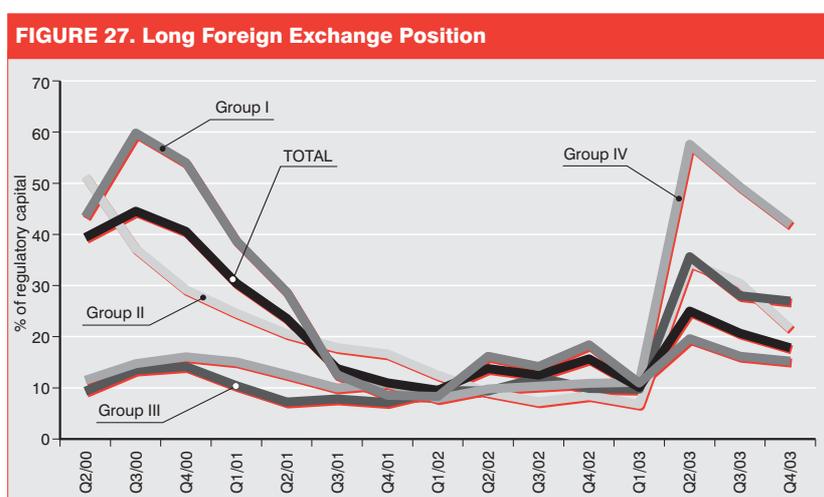
The ratio between short-term assets and short-term liabilities stood at 115.2 at end-2003, up 3.4 percentage points compared with end-2002 (Figure 26.). This ratio thus reached its record high in the last five years period. The reason behind this increase was faster growth in short-term assets (18.0%) compared with the growth in short-term liabilities (14.6%). This ratio grew in Groups I and III but



declined in Groups II and IV. Nevertheless, short-term assets/short-term liabilities ratio exceeded 100% in all bank groups. The ratio was the highest in Group III (138.0%). Groups IV, I and II followed with 122.9%, 115.7% and 105.9% respectively.

2.1.9 Currency Adjustment of Assets and Liabilities

A Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk¹⁷ that came into effect on 1 April 2003, introduced standardised¹⁸ methodology for calculating bank exposure to currency risk, expanding the scope of off-balance sheet items used in the calculation to include guarantees and options. Accordingly, the average total open positions of banks in the second, third and fourth quarter of 2003 comprise guarantees and options.



17 Official gazette *Narodne novine*, No. 17/2003.

18 New methodology for calculating bank exposure to currency risk has been harmonised with the Council Directive 93/6/EEC and the Amendment to the Basle Capital Accord (April 1998) of the Basle Committee on Banking Supervision (Bank for International Settlements).

The ratio between the average long foreign exchange position and regulatory capital stood at 17.8% at end-2003, up 2.1 percentage points compared with end-2002 (Figure 27.). Expressed as a percentage of the regulatory capital, the average long foreign exchange position was the highest in Group IV (41.9%). Groups III, II and I followed with 27.0%, 21.6% and 15.2%.

The ratio between total average short foreign exchange position and regulatory capital stood at 1.1% at end-2003, down 0.2 percentage points compared with end-2002 (Figure 28.). Group IV had the highest total short foreign exchange position to regulatory capital (8.8%). Far behind were Groups III (3.2%), Group II (1.3%) and Group I, as the group with the lowest ratio 0.5%.

2.2 Housing Savings Banks

At end-2003, there were four housing savings banks operating in Croatia (one housing savings bank was established in 2003), while liquidation was initiated against the only remaining savings bank.¹⁹

2.2.1 Housing Savings Banks' Balance Sheet

Total housing savings bank assets stood at HRK 3.5bn at end-2003, up 48.45% compared with end-2002. Within this increase, only 3.77% was accounted for by the newly-established housing savings bank. Total housing savings bank assets accounted for 1.7% of total bank assets at end-2003.

At end-2003, the investment portfolio of securities accounted for the largest share of total housing savings bank assets (43.40%) (Table 16.). The trading portfolio of securities accounted for 21.78%, T-bills and CNB bills for 21.27%, and other items for only 13.55% of total housing savings bank as-

	Dec. 2001		Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	156.77	6.57	27.85	1.17	-82.23	0.01	0.00	-99.97
1.1. Money assets	54.73	2.29	4.60	0.19	-91.60	0.01	0.00	-99.85
1.2. Deposits	102.04	4.28	23.25	0.98	-77.21	0.00	0.00	-100.00
2. Deposits with banking institutions	123.52	5.18	61.60	2.60	-50.13	25.86	0.73	-58.03
3. MoF treasury bills and CNB bills	418.90	17.56	561.52	23.68	34.05	748.89	21.27	33.37
4. Trading portfolio of securities	472.61	19.81	1,149.60	48.48	143.25	766.81	21.78	-33.30
5. Loans to financial institutions	14.44	0.61	13.72	0.58	-5.03	211.39	6.00	1,441.16
6. Loans to other clients	701.20	29.40	200.15	8.44	-71.46	187.78	5.33	-6.18
7. Investment portfolio of securities	337.00	14.13	277.77	11.71	-17.57	1,527.89	43.40	450.05
8. Investments in subsidiaries and associates	1.14	0.05	1.21	0.05	5.94	0.00	0.00	-100.00
9. Foreclosed and repossessed assets	16.39	0.69	6.04	0.25	-63.14	0.00	0.00	-100.00
10. Tangible assets and software (net of depreciation)	56.24	2.36	25.86	1.09	-54.01	18.98	0.54	-26.61
11. Interest, fees and other assets	96.07	4.03	48.76	2.06	-49.25	39.10	1.11	-19.80
12. Net of: Specific reserves for unidentified losses	8.99	0.38	2.64	0.11	-70.63	6.27	0.18	137.26
Total	2,385.28	100.00	2,371.45	100.00	-0.58	3,520.43	100.00	48.45

¹⁹ Prva stambena štedionica d.d., Zagreb, PBZ stambena štedionica d.d., Zagreb (became operational in March 2003), Raiffeisen stambena štedionica d.d., Zagreb and Wüstenrot stambena štedionica d.d., Zagreb. The compulsory liquidation was initiated against Međimurska štedionica d.d., Čakovec.

	Dec. 2001		Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	3.53	0.15	–	–	–100.00	0.39	0.01	
1.1. Short-term loans	2.50	0.10	–	–	–100.00	0.39	0.01	
1.2. Long-term loans	1.03	0.04	–	–	–100.00	–	–	
2. Deposits	1,964.82	82.37	2,175.33	91.73	10.71	3,265.14	92.75	50.10
2.1. Giro account and current account deposits	6.72	0.28	0.31	0.01	–95.33	–	–	–100.00
2.2. Savings deposits	47.21	1.98	7.58	0.32	–83.95	0.13	0.00	–98.27
2.3. Time deposits	1,910.88	80.11	2,167.44	91.40	13.43	3,265.01	92.74	50.64
3. Other loans	2.02	0.08	–	–	–100.00	–	–	
3.1. Short-term loans	2.02	0.08	–	–	–100.00	–	–	
3.2. Long-term loans	–	–	–	–	–	–	–	
4. Debt securities issued	–	–	–	–	–	–	–	
4.1. Short-term debt securities issued	–	–	–	–	–	–	–	
4.2. Long-term debt securities issued	–	–	–	–	–	–	–	
5. Supplementary capital	28.01	1.17	0.03	0.00	–99.90	10.71	0.30	36,817.24
5.1. Subordinated instruments issued	3.83	0.16	–	–	–100.00	–	–	
5.2. Hybrid instruments issued	24.19	1.01	0.03	0.00	–99.88	10.71	0.30	36,817.24
6. Interest, fees and other liabilities	85.15	3.57	45.61	1.92	–46.43	89.39	2.54	95.98
7. Profit/loss for the current year	–29.45	–1.23	27.10	1.14	–192.01	–9.33	–0.27	–134.44
8. Capital (excl. profit/loss for the current year)	331.20	13.89	123.38	5.20	–62.75	164.14	4.66	33.03
Total	2,385.28	100.00	2,371.45	100.00	–0.58	3,520.43	100.00	48.45

sets. Looking at the assets structure and the share that each individual item had in this structure, one can see that the largest increase was registered in the share of the investment portfolio of securities and loans to financial institutions (31.69 percentage points and 5.42 percentage points respectively). Concurrently, the share of the trading portfolio of securities and the share of T-bills and CNB bills declined (26.70 percentage points and 2.41 percentage points respectively). All other assets items of housing savings banks declined at end-2003 compared with end-2002.

Housing savings bank liabilities at end-2003 consisted mostly of deposits (92.75%), in particular time deposits (92.74%), capital (4.66%), interest, fees and other liabilities (2.54%) (Table 17.). All other items combined accounted for 0.05% of total housing savings bank liabilities. The 36-fold increase in the supplementary capital of housing savings banks is attributable to an increase in the level of supplementary capital of one housing savings bank. All other liabilities items (profit/loss for the current year excluded) recorded an increase at end-2003, while the profit for the current year fell by 134.44%.

Total housing savings bank capital increased by 2.88% at end-2003 compared with end-2002 (Table 18.), as a result of a 347.76% increase in legal reserves, a 61.08% increase in reserves provided for by the articles of association and other capital reserves and a 5.45% increase in share capital. Profit for the current year and retained loss declined by 134.44% and 29.69% respectively during the observed

	Dec. 2001		Dec. 2002			Dec. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Share capital	379.35	125.72	183.36	121.85	–51.67	193.36	124.91	5.45
2. Profit/loss for the current year	–29.45	–9.76	27.10	18.01	–192.01	–9.33	–6.03	–134.44
3. Retained income/loss	–64.72	–21.45	–73.19	–48.64	13.09	–51.46	–33.24	–29.69
4. Legal reserves	3.64	1.21	0.34	0.22	–90.79	1.50	0.97	347.76
5. Reserves provided for by the articles of association and other capital reserves	12.93	4.28	12.87	8.55	–0.45	20.73	13.39	61.08
Total	301.76	100.00	150.48	100.00	–50.13	154.81	100.00	2.88

period. Share capital accounted for 124.91%, or the largest share of total housing savings bank capital at end-2003. During the same period, retained income accounted for 33.24%, reserves provided for by the articles of association and other capital reserves for 13.39%, profit for the current year for 6.03% and legal reserved for 0.97% of total housing savings bank capital.

Capital adequacy ratio of housing savings banks stood at 30.98% at end 2003, up 3.24 percentage points compared with end-2002. Regulatory capital contributed HRK 170.87m to this increase.

2.2.2 Housing Savings Banks' Income Statement

According to the data for 2003, housing savings banks reported HRK 9.05m in pre-tax loss (Table 19.), in contrast with HRK 27.1m in pre-tax profit reported by housing savings banks in 2002. Of the four housing savings banks, three housing savings banks ended 2003 with HRK 11.70m in pre-tax loss, of which 71.94% can be attributed to one housing savings bank. During the same period, the remaining (fourth) housing savings bank reported pre-tax profit of HRK 2.65m.

Interest income accounted for 63.95% or the largest share of total housing savings bank income. General administrative expenses and depreciation accounted for the largest share (49.81%) of total expenses. Interest expenses, non-interest expenses and loan loss provision expenses accounted for 31.85%, 15.82% and 2.52%, respectively, of total expenses.

TABLE 19. Housing Savings Bank Income Statement, in million kuna

	2002	2003
1. Net interest income	114.44	152.00
1.1. Interest income	69.87	90.18
1.2. Interest expenses	44.58	61.83
2. Net non-interest income	117.27	81.54
2.1. Non-interest income	46.97	50.84
2.2. Non-interest expenses	70.31	30.70
3. General administrative expenses and depreciation	80.93	96.68
4. Net operating income before provisions	33.96	-4.16
5. Loan loss provision expenses	6.86	4.90
6. Pre-tax profit/loss	27.10	-9.05
7. Income tax	0.00	0.28
8. After-tax profit/loss	27.10	-9.33

2.2.3 Credit Activity of Housing Savings Banks

Total housing savings bank placements stood at HRK 2.72bn at end-2003, up 153.13% compared with end-2002 (Table 20.). Owing to their 158.23% increase, the share of fully recoverable placements in total placements grew by 1.97 percentage points, while the share of partly recoverable placements and irrecoverable placements declined by 1.68 percentage points and 0.3 percentage points respectively. Nevertheless, fully recoverable placements continued to account the largest share of total placements (99.99%). Partly recoverable placements accounted for a mere 0.01%.

TABLE 20. Classification of Housing Savings Bank Placements by Risk Categories, end of period, in million kuna and %

Placements	Dec. 2001		Dec. 2002		Dec. 2003	
	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	1,653.80	93.44	1,052.30	98.02	2,717.31	99.99
1.1. Category A	1,582.85	89.43	985.91	91.83	2,717.31	99.99
1.2. Category B	70.95	4.01	66.39	6.18	0.00	0.00
2. Partly recoverable placements	79.52	4.49	18.13	1.69	0.24	0.01
2.1. Category C	59.81	3.38	14.08	1.31	0.21	0.01
2.2. Category D	19.71	1.11	4.05	0.38	0.03	0.00
3. Irrecoverable placements	36.64	2.07	3.18	0.30	0.00	0.00
3.1. Category E	36.64	2.07	3.18	0.30	0.00	0.00
Total	1,769.96	100.00	1,073.60	100.00	2,717.54	100.00

Total provision to total placement ratio of housing savings banks stood at 0.24% at end-2003, down 1.51 percentage point compared with end-2002 (Table 21.). This decrease can be attributed to a more rapid growth in total placements (153.12%) and the decrease in total provisions for losses (65.30%).

At end-2003, the share of placement value impairment in total provisions of housing savings banks fell by 99.19 percentage points, which was in accordance with the change in the share of fully recoverable placements in total placements. During the same period, provisions for unidentified losses grew by 137.69%, reaching HRK 6.37m at end-2003.

TABLE 21. Total Provision to Total Placement Ratio of Housing Savings Banks, end of period, in million kuna and %

	Dec. 2001	Dec. 2002	Dec. 2003
1. Total provisions for losses	82.46	18.76	6.50
1.1. Placement value impairment (loss)	73.45	16.08	0.13
1.2. Provisions for unidentified losses	9.01	2.68	6.37
2. Total placements	1,769.96	1,073.60	2,717.54
3. Relative ratio of total provisions to total placements	4.66	1.75	0.24

3 Notes on Methodology

Figure 1. Number of Banks

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

Table 1. Peer Groups of Banks

In accordance with the selected criterion – the size of assets – the table shows the parameters for the classification of banks into individual groups. Schedule BS is the source of data on the size (amount) of assets (Bank Statistical Report – Narodne novine, Nos. 57/99 and 3/2001).

Table 2. Territorial Distribution of Branches and Sub-Branches

The total number of branches and sub-branches of all banks in the Republic of Croatia is classified by counties. Data on the City of Zagreb are included in the data on the County of Zagreb. Banks are the source of data.

Figure 2. Geographical Concentration of Branches and Sub-Branches by Counties

The concentration of branches and sub-branches by counties is represented by cycles, which are positioned along the capitals of individual counties. The largest cycle shows the largest concentration of branches and sub-branches in relation to other counties. The size of other cycles is in the proportion to the largest cycle. For example, the largest number of branches and sub-branches is located in the County of Zagreb and the City of Zagreb and therefore represented by the largest cycle (100%). In comparison with this county, the number of branches and sub-branches located in the County of Istria is twice lower and therefore represented by the cycle which is half the size of the largest cycle (50%), etc. Banks are the source of data.

Figure 3. Relative Change in the Number of Branches and Sub-Branches by Counties

The relative change in the number of branches and sub-branches in individual counties is represented by triangles, which are positioned along the capitals of individual counties. The largest triangle shows the largest relative change in the number of branches and sub-branches in relation to other counties. The size of other triangles is in the proportion to the largest triangle. For example, the relative change in the number of branches and sub-branches is the largest in the County of Zagreb and the City of Zagreb and therefore represented by the largest triangle (100%). In comparison with this county, the relative change in the number of branches and sub-branches in the County of Istria is twice lower and therefore represented by the triangle which is half the size of the largest triangle (50%), etc. The underlined capitals of counties and shadowed triangles represent counties in which the relative number of branches and sub-branches has decreased in the observed period. Banks are the source of data.

Figure 4. Number of Branches and Sub-Branches and ATMs by Bank Groups

The number of branches and sub-branches that form bank groups represented in this Figure is the sum of all branches and sub-branches in an individual bank group. Banks are the source of data.

Table 3. Territorial Distribution of ATMs

The total number of installed ATMs of all banks in the Republic of Croatia is classified by counties. Data on the City of Zagreb are included in the data on the County of Zagreb. Banks are the source of data.

Figure 5. Share of the Largest Banks' Assets/Deposits in Total Assets/ Deposits

The criterion for selecting the two largest and the next three largest banks in the banking system is the size of their assets. The share of assets of the two largest banks (the next three banks) in total assets is calculated as a ratio between the sum of the assets of the two largest banks (the next three banks) and the total assets of all banks, and is stated in percent. Their share of deposits in total deposits of the banking system is calculated in the same manner.

Schedule BS is the source of data on the amount of assets (Bank Statistical Report – Narodne novine, Nos. 57/99 and 3/2001), while Schedule BS/DEP is the source of data on total deposits (Bank Statistical Report – Narodne novine, Nos. 57/99 and 3/2001).

Figure 3. Herfindahl Index (all banks)

The Herfindahl index for the concentration of assets is calculated for each bank on the basis of the following formula:

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

Extended loans/received deposits concentration indices are calculated by applying the same formula. Schedule BS is the source of data on the amount of assets (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Table 4. Structure of Bank Assets

The share of each balance sheet item of assets in total bank assets is calculated on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule BS) and the derived aggregated report of the same type on the banking system 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.

Figure 7. Share of Individual Bank Groups in Total Assets

The share of assets of each stated bank group in total bank assets is calculated in the following manner. First, the total assets of all the banks in the bank group are added up. Second, the sum thus calculated is divided by total bank assets. Shares are stated in percent.

Schedule BS is the source of data on the amount of assets (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Table 5. Structure of Bank Liabilities

Bank liabilities are calculated in the same manner as bank assets in Table 4., i.e. the share of each balance sheet item of liabilities in total bank liabilities is calculated on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule BS) and the derived aggregated report of the same type on the banking system 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. Item Profit/loss for the current year is excluded from item Capital and shown separately.

Figure 8. Shares of Foreign Currency Deposits with Individual Bank Groups in Total Deposits

The share of foreign currency deposits with an individual bank group in total bank deposits is calculated in the following manner. First, the foreign currency deposits of all the banks in the bank group, recorded in the relevant quarter, are added up. Second, total deposits are added up. The sums thus calculated are mutually divided and multiplied by 100.

Schedule BS/DEP is the source of data on foreign currency deposits and total deposits (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Table 6. Structure of Bank Capital

The capital as one of the items on the liabilities side of the aggregate balance sheet of all banks (Table 5.) is presented in detail. The share of each stated item in total bank capital is calculated as a ratio between each item and total bank capital. The sums thus calculated are multiplied by 100. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

Table 7. Changes in Regulatory Capital

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated regulation.

Figure 9. Structure of Regulatory Capital

The structure of regulatory capital is calculated as a ratio between the sum of the amounts of core capital of all the banks in an individual bank group and the sum of the amounts of gross regulatory capital of the same group of banks. The amount thus calculated is multiplied by 100. The share of the supplementary capital of an individual bank group in its gross regulatory capital is calculated in the same manner.

Schedule CAP, i.e. CAP1 is the source of data on core, supplementary and gross regulatory capital, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

Figure 10. Core Capital

The calculation of core capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

This figure shows the changes in core capital in the observed period. The core capital of an individual bank group represents the sum of the amounts of core capital of all the banks in the group. Schedule CAP, i.e. CAP1 is the source of data, and it forms an integral part of the stated regulation.

Figure 11. Supplementary Capital

The calculation of supplementary capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

This figure shows the changes in supplementary capital in the observed period. The supplementary capital of an individual bank group represents the sum of the amounts of supplementary capital of all the banks in the group. Schedule CAP, i.e. CAP1 is the source of data, and it forms an integral part of the stated regulation.

Figure 12. Capital/Deposits

Each bank group ratio between capital and deposits is calculated in the following manner. First, the amounts of capital of all the banks in the bank group are added up. Second, all deposits of the banks in the group are added up. The sum of capital thus calculated is divided by the sum of deposits and multiplied by 100.

Schedule BS is the source of data on the amount of capital (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

The deposits used in this calculation are giro and current account deposits, housing savings deposits and time deposits. Schedule BS/DEP is the source of data (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Figure 13. Capital Adequacy (all banks)

The capital adequacy ratio is calculated as a ratio between the regulatory capital and the risk-weighted assets. The line shows the capital adequacy ratio of all banks, while columns show annual percentage changes in risk-weighted assets and regulatory capital of all banks.

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the pertaining instruction for its implementation (Narodne novine, Nos. 36/99 and 123/2000).

Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the instruction.

The calculation of total risk-weighted assets is regulated by the Decision on the Methodology for Calculating Capital Adequacy and Risk-Weighted Assets of Banks (Narodne novine, Nos. 32/99 and 101/2000) and the pertaining instruction for its implementation (Narodne novine, Nos. 36/99 and 123/2000).

Schedule RWA, i.e. RWA1 is the source of data on risk-weighted assets, and it forms an integral part of the instruction.

Figure 14. Capital Adequacy

The capital adequacy ratio is calculated as a ratio between the regulatory capital and the risk-weighted assets. In this figure, the capital adequacy ratio for each bank group is calculated in the following manner. First, the amounts of regulatory capital of all the banks in the bank group are added up. Second, the amounts of total risk-weighted assets of all the banks in the group are added up. The calculated sum of regulatory capital is divided by the sum of total risk-weighted assets and multiplied by 100.

The sources of data are the same as in Figure 13.

Table 8. Income Statement

In the observed periods, each item from the reports is stated cumulatively for all banks and for an individual bank group on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule IS). The total amount for each item is the sum of the same items stated in the reports. Total amounts are calculated both at the level of all banks and at the level of an individual bank group.

Table 9. Structure of Income

The share of each item of income in the total income of an individual bank group is calculated as a ratio between the sum of the amounts of the same items from the reports of the banks in the group (Bank Statistical Report - Schedule IS, Narodne novine, Nos. 57/99 and 3/2001) and the total income earned by the group. The sum thus calculated is multiplied by 100. The same principle is applied to the calculation made at the level of all banks, i.e. the amounts of the same items from the reports of all banks are added up and expressed as the ratio between the sum thus calculated and the total income earned by all banks in the observed period. The sum thus calculated is multiplied by 100.

Table 10. Structure of Expenses

The structure of expenses is calculated in the same manner as the structure of income in Table 9., i.e. the share of each item of expenses in the Income Statement of an individual bank group in total expenses of the group is calculated as a ratio between the sum of these items from the report of each bank in the group and total expenses incurred by the group. The sum thus calculated is multiplied by 100. The same principle applies to the calculation made for the banking system as a whole, i.e. the amounts of each item of expenses from the reports of all banks are added up and expressed as the ratio between the sum thus calculated and total expenses incurred by the banking system in the observed period. The sum thus calculated is also multiplied by 100.

Schedule IS is the source of data on expenses (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Figure 15. Return on Assets

Each bank group ratio between pre-tax profit and average gross assets is calculated in the following manner. First, the pre-tax profit generated in the relevant period by all the banks in the bank group is added up. Second, the amounts of average gross assets are added up. The sum of pre-tax profit thus calculated is divided by the sum of average gross assets and multiplied by 100.

Average gross assets are calculated as the arithmetic mean of the balance in gross assets at the beginning and at the end of period for which the average is calculated.

Schedule IS is the source of data on pre-tax profit (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001), Schedule BS is the source of data on gross assets (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001) and Schedule SR, i.e. SR1 is the source of data on the amounts of specific reserves for identified losses. Schedule SR, i.e. SR1 forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, Nos. 36/99 and 123/2000), which is passed on the basis of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, No. 32/99).

Figure 16. Return on Equity

Each bank group ratio between after-tax profit and average equity is calculated in the following manner. First, the after-tax profit generated in the relevant period by all the banks in the bank group is added up. Second, the amounts of average equity are added up. The sum of after-tax profit thus calculated is divided by the sum of average equity and multiplied by 100.

Average equity is calculated as the arithmetic mean of the balance in equity at the beginning and at the end of period for which the average is calculated.

Schedule IS is the source of data on after-tax profit (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001), while Schedule BS is the source of data on equity (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Figure 17. Interest Income

Each bank group ratio between interest income and average assets is calculated in the following manner. First, the interest income generated in the relevant period by all the banks in the bank group is added up. Second, the amounts of average assets of each bank group are also added up. The sum of interest income thus calculated is divided by the sum of average assets and multiplied by 100.

Average assets are calculated as the arithmetic mean of the balance in assets at the beginning and at the end of period for which the average is calculated.

Schedule IS is the source of data on interest income, while Schedule BS is the source of data on the amount of assets (both Schedules form an integral part of the Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Figure 18. Interest Expenses

Each bank group ratio between interest expenses and average assets is calculated in the following manner. First, the interest expenses incurred in the relevant period by all the banks in the bank group are added up. Second, the amounts of average assets of each bank group are also added up. The sum of interest expenses thus calculated is divided by the sum of average assets and multiplied by 100.

Average assets are calculated as the arithmetic mean of the balance in assets at the beginning and at the end of period for which the average is calculated.

Schedule IS is the source of data on interest expenses, while Schedule BS is the source of data on the amount of assets (both Schedules form an integral part of the Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Figure 19. Interest Rates

The basis for calculating the weighted averages is the amount of loans granted at a certain interest rate in the reporting month, with the exception of interest rates on overdraft facilities based on giro and current accounts. The weighted averages for such loans are calculated on the basis of their balances at the end of the reporting month.

Kuna deposits without a currency clause (sight deposits, savings and time deposits) and foreign currency deposits are reported as weighted averages of monthly interest rates. The basis for calculating the weighted averages is the balance in deposits at the end of the reporting month. The exceptions are kuna savings and time deposits, whose weighted averages are calculated (since July 1995) on the basis of the amounts of deposits received in the reporting month. When the average interest rates on total kuna deposits are calculated, all components are weighted on the basis of the balance in the relevant deposits at the end of reporting period.

The CNB statistics is the source of data.

Figure 20. Assets per Employee

The amounts of assets of all the banks in an individual bank group are added up and then expressed as the ratio between the amount thus calculated and the total number of persons employed by the banks in the group. The same procedure is applied to the calculation of this indicator for all banks.

Schedule BS is the source of data on the amount of assets (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001), while banks are the source of data on the number of persons employed.

Figure 21. Operating Expenses

Each bank group ratio between operating expenses and total income is calculated in the following manner. First, the operating expenses incurred in the relevant period by all the banks in the bank group are added up. Second, the amounts of total income of all the banks in the bank group are added up. The sum of operating expenses thus calculated is divided by the sum of total income and multiplied by 100. The same procedure is applied to the calculation of this indicator for all banks.

Schedule IS is the source of data on operating expenses (general administrative expenses and depreciation) and the source of data on total income (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Table 11. Classification of Placements by Risk Categories

Table 11. shows the amounts of placements classified by risk categories, as well as their shares in total placements that are classified.

Schedule C is the source of data, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000).

When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (Narodne novine, No. 107/2001).

Figure 22. Structure of Placements by Bank Groups

The structure of placements by risk categories is calculated as follows. First, the amounts of placements of all the banks in an individual bank group, classified into a certain risk category, are added up. Second, total classified placements of all the banks in an individual bank group are added up. The sums thus calculated are mutually divided.

The same procedure is applied to the calculation of this indicator for all banks.

The sources of data are the same as in Table 11.

Table 12. Total Provision to Total Placement Ratio

The ratio between total provisions and total placements that are classified into risk categories is calculated in the following manner. The specific reserves for identified losses, i.e. placement value impairment (loss) and provisions for unidentified losses are added up and the sum thus calculated is divided by the amount of total placements and multiplied by 100.

Schedule SR, i.e. SR1 is the source of data on the amounts of specific reserves for identified losses, i.e. placement value impairment (loss) and provisions for unidentified losses, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, Nos. 36/99 and 123/2000), passed on the basis of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, No. 32/99).

Schedule C is the source of data on total placements, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000).

When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that

were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (Narodne novine, No. 107/2001).

Figure 23. Coverage of Total Placements by Total Provisions by Bank Groups

The ratio between total provisions and total placements of an individual bank group, classified into risk categories, is calculated in the following manner. First, total provisions of all the banks in an individual bank group are added up. Second, total classified placements of all the banks in an individual bank group are added up. The sums thus calculated are mutually divided and multiplied by 100.

The sources of data on amounts of provisions and total placements are the same as in Table 12.

Table 13. Structure of Loans by Institutional Sectors

The credit exposure to an individual institutional sector is reported for each bank group as well as for all banks.

Schedule BS/LOA is the source of data (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001).

Table 14. Purchased CNB and Central Government Bills

The stock of CNB bills denominated in domestic and foreign currency and purchased on a certain date and the stock of central government bills held by banks are reported in accordance with the statistical sources of the CNB.

CNB bills are purchased on the basis of the Decision on Issuing Croatian National Bank Bills Denominated in Kuna (Narodne novine, No. 48/98) and the Decision on Issuing Croatian National Bank Bills Denominated in Foreign Currency (Narodne novine, Nos. 48/98 and 7/99).

Table 15. CNB Loans

The annual average (the reporting period ends 31 December) or the semi-annual average (the reporting period ends 31 June) of used secondary liquidity sources of the CNB are reported for each bank group and for all banks. These sources include Lombard loans, liquidity loans, intervention loans and funds borrowed at CNB repo auctions.

The utilisation of the stated secondary liquidity sources is regulated by the following decisions of the CNB: 1) Decision on the Terms and Conditions for Granting Short-Term Loans on the Basis of Pledged Securities (Lombard Loan) (Narodne novine, Nos. 160/98, 28/99, 32/99, 38/99, 131/2000 and 53/2001), 2) Decision on the Short-Term Liquidity Loan (Narodne novine, Nos. 132/99 and 53/2001) and 3) Decision on the Terms and Conditions for Granting Short-Term Intervention Loans (Narodne novine, No. 32/99).

Figure 24. Free Reserves

Each bank group ratio between free reserves and reserve requirements is calculated in the following manner. First, the free reserves allocated in a certain quarter by the banks in the bank group are added up and then the amounts of reserve requirements of each bank group are added up. The sum of free reserves thus calculated is divided by the sum of reserve requirements and multiplied by 100.

Free reserves are calculated on the basis of the following formula:

free reserves = (actual kuna reserves + actual foreign currency reserves + additional reserves) - (prescribed kuna reserves + prescribed foreign currency reserves) - borrowed reserves

actual kuna reserves = balance in giro accounts + balance in the vault + allocated reserves

actual foreign currency reserves = liquid foreign currency claims (including CNB bills in foreign currency) + allocated reserves

additional reserves = CNB bills in domestic currency + treasury bills of the MoF of the Republic of Croatia + promissory notes of the MoF of the Republic of Croatia + short-term placements in the money market

borrowed reserves = Lombard loan + repurchased CNB bills + intervention loan + special loans + pre-rehabilitation loan + overnight loan + other loans with maturity up to 7 days

The CNB statistics is the source of data.

Figure 25. Loans Extended/Deposits Received

Each bank group ratio between total loans granted and total deposits received is calculated in the following manner. First, the total loans granted by all the banks in the bank group at a certain date are added up. Second, the amounts of total deposits received by each bank group are also added up. The sum of granted loans thus calculated is divided by the sum of received deposits and multiplied by 100. The same procedure is applied to the calculation of this indicator for all banks.

Loans include kuna and foreign currency loans in net amounts, i.e. decreased by the amount of formed specific reserves for identified losses. Deposits also include the frozen foreign currency savings deposits of individuals. Deposits received from the CNB are not included since are considered liabilities based on loans.

Schedule BS/LOA is the source of data on loans (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001), while Schedule BS/DEP is the source of data on deposits (Bank Statistical Report).

Figure 26. Short-Term Assets/Short-Term Liabilities

Each bank group ratio between short-term assets and short-term liabilities is calculated in the following manner. First, the short-term assets of all the banks in the bank group in a certain quarter are added up. Second, the short-term liabilities are added up in the same manner. The sum of short-term assets thus calculated is divided by the sum of short-term liabilities and multiplied by 100.

Schedule BS and Schedule BS/CM are the source of data on short-term assets (Bank Statistical Report - Narodne novine, Nos. 57/99 and 3/2001), while Schedule BS and Schedule BS/DBM are the source of data on short-term liabilities (Bank Statistical Report).

Figure 27. Long Foreign Exchange Position

Each bank group ratio between the long foreign exchange position (f/c claims exceeding f/c liabilities) and the regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all the banks in the bank group are added up. Second, the amounts of regulatory capital are added up in the same manner. The sums thus calculated are mutually divided and the amount thus obtained is multiplied by 100.

The reports submitted by banks on the basis of the Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk (Narodne novine, No. 17/2003) are the source of data on long foreign exchange positions.

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated Instruction.

Figure 28. Short Foreign Exchange Position

Each bank group ratio between the short foreign exchange position (f/c liabilities exceeding f/c claims) and the regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all the banks in the bank group are added up. Second, the amounts of regulatory capital are added up in the same manner. The sums thus calculated are

mutually divided and the amount thus obtained is multiplied by 100.

The reports submitted by banks on the basis of the Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk (Narodne novine, No. 17/2003) are the source of data on short foreign exchange positions.

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (Narodne novine, Nos. 36/99 and 123/2000).

Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated Instruction.

Table 16. Structure of Housing Savings Bank Assets

The share of each balance sheet item of assets in total assets is calculated on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule BS) and the derived aggregated report of the same type on the banking system 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.

Table 17. Structure of Housing Savings Bank Liabilities

Housing savings banks liabilities are calculated in the same manner as housing savings banks assets in Table 16., i.e. the share of each balance sheet item of liabilities in total liabilities is calculated on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule BS) and the derived aggregated report of the same type on the banking system 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. Item Profit/loss for the current year is excluded from item Capital and shown separately.

Table 18. Structure of Housing Savings Banks Capital

The capital as one of the items stated on the liabilities side of the aggregated balance sheet of all housing savings banks (Table 17.) is presented in detail. The share of each stated item in the total capital of housing savings banks in the observed periods is calculated as a ratio between each item and the total capital of housing savings banks. The sums thus calculated are multiplied by 100. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

Table 19. Housing Savings Bank Income Statement

In the observed periods, each item from the reports is stated cumulatively for all housing savings banks on the basis of data from the Bank Statistical Report (Narodne novine, Nos. 57/99 and 3/2001 - Schedule IS). The total amount for each item is the sum of the same items stated in the reports. Total amounts are calculated at the level of all housing savings banks.

Table 20. Classification of Housing Savings Bank Placements by Risk Categories

Table 20. shows the amounts of placements classified by risk categories, as well as their shares in the total placements that are classified.

Schedule C is the source of data, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000).

When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (Narodne novine, No. 107/2001).

Table 21. Total Provision to Total Placement Ratio of Housing Savings Banks

The ratio between housing savings banks' total provisions and total placements that are classified into risk categories is calculated in the following manner. The specific reserves for housing savings banks' identified losses, i.e. placement value impairment (loss) and provisions for unidentified losses are added up and the sum thus calculated is divided by the amount of housing savings banks' total placements classified into risk categories and multiplied by 100.

Schedule SR, i.e. SR1 is the source of data on the amounts of specific reserves for identified losses, i.e. placement value impairment (loss) and provisions for unidentified losses, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, Nos. 36/99 and 123/2000), passed on the basis of the Decision on the Amount and Method of Forming Specific Reserves to Ensure Against Potential Losses of Banks (Narodne novine, No. 32/99).

Schedule C is the source of data on total placements, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000).

When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (Narodne novine, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (Narodne novine, No. 107/2001).

4 List of Banks

Data on individual banks' addresses, telephone numbers, fax numbers, members of management and supervisory boards, shareholders who hold 3% or more of share in the bank's share capital, and on bank auditors.

Data on shareholders who hold 3% or more of share in the bank's share capital are as at 31 March 2004.

Data on auditors relate to bank auditors for 2003.

BANKA BROD d.d.

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Management Board Zdenko Vidaković – chairman, Mićo Tomičić

Supervisory Board Damir Kreso – chairman, Mara Tomičić, Maja Vidaković

Shareholders	Share in share capital (%)
1. Damir Kreso	7.78
2. Razija Kreso	7.78
3. Slobodanka Kreso	7.78
4. Mara Tomičić	7.78
5. Mićo Tomičić	7.78
6. Karlo Tomičić	7.78
7. Maja Vidaković	7.78
8. Mirko Vidaković	7.78
9. Zdenko Vidaković	7.78
10. ŠKZ Brod na Savi	7.22
11. Neđo Jelčić	7.03
12. Ante Zdilar	7.03
13. Višnja Rački	3.94
14. Željko Rački	3.94

Audit firm for 2003: Alfa Revizija d.o.o., Slavonski Brod

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	9,800
1.1. Income interest	14,078
1.2. Interest expenses	4,278
2. Net non-interest income	1,772
2.1. Non-interest income	4,291
2.2. Non-interest expenses	2,519
3. General administrative expenses and depreciation	5,645
4. Net operating income before provisions	5,927
5. Loan loss provision expenses	1,017
6. Pre-tax profit/loss	4,910
7. Income tax	940
8. After-tax profit/loss	3,970

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	26,788
1.1. Money assets	12,122
1.2. Deposits	14,666
2. Deposits with banking institutions	12,827
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	950
5. Loans to financial institutions	0
6. Loans to other clients	64,020
7. Investment portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	1,272
11. Interest, fees and other assets	1,528
12. Net of: Specific reserves for unidentified losses	922
TOTAL	106,463

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	68,484
2.1. Giro account and current account deposits	826
2.2. Savings deposits	2,272
2.3. Time deposits	65,386
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	3,362
7. Profit/loss for the current year	3,970
8. Capital (excl. profit/loss for the current year)	30,647
TOTAL	106,463

1 Bank account number.

BANKA KOVANICA d.d.

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Management Board Lidija Hočurščak – chairwoman, Ratko Špirelja

Supervisory Board Josip Samaržija – chairman, Dražen Dedi, Ivan Majdak, Božica Samaržija, Milan Štimac

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

1. Josip Samaržija	76.25
2. Gaj grupa d.o.o.	6.73
3. Banka Kovanica d.d.	5.81
4. Posmrtna pripomoć d.o.o.	3.74

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	24,514
1.1. Income interest	49,520
1.2. Interest expenses	25,006
2. Net non-interest income	4,681
2.1. Non-interest income	7,643
2.2. Non-interest expenses	2,962
3. General administrative expenses and depreciation	20,159
4. Net operating income before provisions	9,036
5. Loan loss provision expenses	6,194
6. Pre-tax profit/loss	2,842
7. Income tax	0
8. After-tax profit/loss	2,842

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	59,300
1.1. Money assets	21,636
1.2. Deposits	37,664
2. Deposits with banking institutions	23,754
3. MoF treasury bills and CNB bills	35,138
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	247,745
7. Investment portfolio of securities	0
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	2,290
10. Tangible assets and software (net of depreciation)	15,038
11. Interest, fees and other assets	19,234
12. Net of: Specific reserves for unidentified losses	3,086
TOTAL	399,433

Structure of Bank Liabilities	
1. Loans from financial institutions	7,706
1.1. Short-term loans	0
1.2. Long-term loans	912
2. Deposits	331,644
2.1. Giro account and current account deposits	3,997
2.2. Savings deposits	1,437
2.3. Time deposits	326,210
3. Other loans	1,850
3.1. Short-term loans	1,850
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	28,309
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	17,745
6. Interest, fees and other liabilities	10,564
7. Profit/loss for the current year	2,842
8. Capital (excl. profit/loss for the current year)	33,876
TOTAL	399,433

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Management Board Anka Tomas – chairwoman, Igor Lukačić

Supervisory Board Branko Ostović – chairman, Tatjana Ostović, Robert Solomun

Shareholders	Share in share capital (%)
1. Branko Ostović	41.02
2. Milivoj Mrkoci	6.12
3. Abba d.o.o.	5.46
4. Ljiljana Ostović	5.28
5. Tatjana Ostović	5.18
6. Mirjana Ostović	4.72

Audit firm for 2003: Revidicon d.o.o., Varaždin

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	32,951
1.1. Income interest	58,491
1.2. Interest expenses	25,540
2. Net non-interest income	3,887
2.1. Non-interest income	7,230
2.2. Non-interest expenses	3,343
3. General administrative expenses and depreciation	26,646
4. Net operating income before provisions	10,192
5. Loan loss provision expenses	1,826
6. Pre-tax profit/loss	8,366
7. Income tax	1,754
8. After-tax profit/loss	6,612

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	56,980
1.1. Money assets	12,337
1.2. Deposits	44,643
2. Deposits with banking institutions	52,654
3. MoF treasury bills and CNB bills	9,625
4. Trading portfolio of securities	0
5. Loans to financial institutions	180
6. Loans to other clients	345,537
7. Investment portfolio of securities	122
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	11,683
11. Interest, fees and other assets	3,182
12. Net of: Specific reserves for unidentified losses	4,910
TOTAL	475,053

Structure of Bank Liabilities	
1. Loans from financial institutions	7,706
1.1. Short-term loans	7,000
1.2. Long-term loans	706
2. Deposits	388,210
2.1. Giro account and current account deposits	5,470
2.2. Savings deposits	21,667
2.3. Time deposits	361,073
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	348
5.1. Subordinated instruments issued	127
5.2. Hybrid instruments issued	221
6. Interest, fees and other liabilities	21,912
7. Profit/loss for the current year	6,612
8. Capital (excl. profit/loss for the current year)	50,265
TOTAL	475,053

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Management Board Ivan Malada – chairman, Joško Vukušić

Supervisory Board Juroslav Buljubašić – chairman, Mirko Vukušić, Nataša Vuković

Shareholders	Share in share capital (%)
1. Juroslav Buljubašić	55.91
2. Mirko Vukušić	8.31
3. Jozo Vukušić	6.53
4. Joško Dvornik	6.51
5. Jakiša Medić	5.00
6. Toma Buljubašić	3.20

Audit firm for 2003: SD Nika d.o.o., Split

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	8,418
1.1. Income interest	13,176
1.2. Interest expenses	4,758
2. Net non-interest income	1,302
2.1. Non-interest income	2,448
2.2. Non-interest expenses	1,146
3. General administrative expenses and depreciation	5,827
4. Net operating income before provisions	3,893
5. Loan loss provision expenses	1,816
6. Pre-tax profit/loss	2,077
7. Income tax	144
8. After-tax profit/loss	1,933

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	14,927
1.1. Money assets	3,379
1.2. Deposits	11,548
2. Deposits with banking institutions	14,610
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	344
5. Loans to financial institutions	0
6. Loans to other clients	80,248
7. Investment portfolio of securities	155
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,644
10. Tangible assets and software (net of depreciation)	5,070
11. Interest, fees and other assets	4,163
12. Net of: Specific reserves for unidentified losses	1,007
TOTAL	120,154

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	89,399
2.1. Giro account and current account deposits	274
2.2. Savings deposits	2,552
2.3. Time deposits	86,573
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	391
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	391
6. Interest, fees and other liabilities	3,149
7. Profit/loss for the current year	1,933
8. Capital (excl. profit/loss for the current year)	25,282
TOTAL	120,154

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Management Board Gabrijel Sentić – chairman, Marica Orlović

Supervisory Board Milan Horvat – chairman, Mika Mimica, Manda Ciprić, Gordana Ercegovac, Darko Katić

Shareholders

	Share in share capital (%)
1. Slavonska štedionica d.d. in bankruptcy proceeding	11.90
2. Brodsko-posavska banka d.d.	10.95
3. Đuro Đaković – Poljoprivredni strojevi i uređaji d.d.	10.12
4. Kaptol banka d.d. in bankruptcy proceeding	7.64
5. Telecom d.o.o.	6.38
6. Teleinženjering d.o.o.	6.10
7. Đuro Đaković holding d.d.	5.52
8. Croatia osiguranje d.d.	4.60
9. Đuro Đaković – Montaža d.d.	4.60
10. Đuro Đaković – Specijalna vozila d.d.	4.60
11. Đuro Đaković – Termoenergetska postrojenja d.d.	4.60
12. Klas d.d.	4.05
13. Đuro Đaković – Elektromont d.d.	3.68

Audit firm for 2003: Šibenski Revicon d.o.o., Šibenik

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	-869
1.1. Income interest	4,704
1.2. Interest expenses	5,573
2. Net non-interest income	478
2.1. Non-interest income	1,956
2.2. Non-interest expenses	1,478
3. General administrative expenses and depreciation	9,268
4. Net operating income before provisions	-9,659
5. Loan loss provision expenses	-833
6. Pre-tax profit/loss	-8,826
7. Income tax	0
8. After-tax profit/loss	-8,826

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	8,445
1.1. Money assets	573
1.2. Deposits	7,872
2. Deposits with banking institutions	219
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	60,689
7. Investment portfolio of securities	180
8. Investments in subsidiaries and associates	37,924
9. Foreclosed and repossessed assets	999
10. Tangible assets and software (net of depreciation)	17,122
11. Interest, fees and other assets	4,625
12. Net of: Specific reserves for unidentified losses	495
TOTAL	129,708

Structure of Bank Liabilities	
1. Loans from financial institutions	6,330
1.1. Short-term loans	6,318
1.2. Long-term loans	12
2. Deposits	81,085
2.1. Giro account and current account deposits	3,466
2.2. Savings deposits	5,488
2.3. Time deposits	72,131
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	6,808
7. Profit/loss for the current year	-8,826
8. Capital (excl. profit/loss for the current year)	44,311
TOTAL	129,708

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Management Board Gordana Zrinščak – chairwoman, Ljiljana Podhraški, Ružica Vadić

Supervisory Board Dragutin Biondić – chairman, Željko Lalić, Igor Knežević, Irena Kovačević, Žarko Kraljević

Shareholders	Share in share capital (%)
1. Heruc d.d.	58.36
2. Heruc – izrada odjeće d.o.o.	6.02
3. Lipa Mill d.d.	6.02
4. Heruc Zug AG	4.22
5. Diners Club Adriatic d.d.	4.13

Audit firm for 2003: MZ Auditors d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	27,073
1.1. Income interest	40,551
1.2. Interest expenses	13,478
2. Net non-interest income	11,938
2.1. Non-interest income	17,342
2.2. Non-interest expenses	5,404
3. General administrative expenses and depreciation	25,120
4. Net operating income before provisions	13,891
5. Loan loss provision expenses	4,493
6. Pre-tax profit/loss	9,397
7. Income tax	1,850
8. After-tax profit/loss	7,547

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	47,144
1.1. Money assets	5,607
1.2. Deposits	41,537
2. Deposits with banking institutions	61,717
3. MoF treasury bills and CNB bills	16,020
4. Trading portfolio of securities	33,377
5. Loans to financial institutions	3,085
6. Loans to other clients	349,085
7. Investment portfolio of securities	10,576
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	11,312
10. Tangible assets and software (net of depreciation)	11,977
11. Interest, fees and other assets	7,335
12. Net of: Specific reserves for unidentified losses	3,953
TOTAL	547,695

Structure of Bank Liabilities	
1. Loans from financial institutions	66,260
1.1. Short-term loans	970
1.2. Long-term loans	65,290
2. Deposits	323,075
2.1. Giro account and current account deposits	92,562
2.2. Savings deposits	51,510
2.3. Time deposits	179,003
3. Other loans	28,429
3.1. Short-term loans	28,429
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	20,527
7. Profit/loss for the current year	7,547
8. Capital (excl. profit/loss for the current year)	101,857
TOTAL	547,695

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Management Board Šime Luketin – chairman, Mato Mišić

Supervisory Board Mirko Vuković – chairman, Boris Barać, Dražen Bilić

Shareholders	Share in share capital (%)
1. Boris Barać	24.97
2. Darko Gaurina	9.98
3. Bedem d.o.o.	9.50
4. Simag d.o.o.	8.96
5. Alkom Invest d.o.o.	8.01
6. Arca Merkatus d.o.o.	4.98
7. Plastal d.o.o.	3.52

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	21,625
1.1. Income interest	44,606
1.2. Interest expenses	22,981
2. Net non-interest income	9,416
2.1. Non-interest income	16,207
2.2. Non-interest expenses	6,791
3. General administrative expenses and depreciation	22,126
4. Net operating income before provisions	8,915
5. Loan loss provision expenses	4,567
6. Pre-tax profit/loss	4,348
7. Income tax	1,143
8. After-tax profit/loss	3,205

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	83,469
1.1. Money assets	13,775
1.2. Deposits	69,694
2. Deposits with banking institutions	63,015
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	7,496
5. Loans to financial institutions	9,000
6. Loans to other clients	434,396
7. Investment portfolio of securities	10,561
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	16,532
10. Tangible assets and software (net of depreciation)	19,436
11. Interest, fees and other assets	12,229
12. Net of: Specific reserves for unidentified losses	6,245
TOTAL	649,889

Structure of Bank Liabilities	
1. Loans from financial institutions	57,951
1.1. Short-term loans	0
1.2. Long-term loans	57,951
2. Deposits	491,210
2.1. Giro account and current account deposits	122,684
2.2. Savings deposits	25,984
2.3. Time deposits	342,542
3. Other loans	17,684
3.1. Short-term loans	0
3.2. Long-term loans	17,684
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	15,232
7. Profit/loss for the current year	3,205
8. Capital (excl. profit/loss for the current year)	64,607
TOTAL	649,889

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Management Board Krunoslav Brkljačić – chairman, Željka Prga, Dalibor Jandl

Supervisory Board Niko Šeremet – chairman, Marijo Kirinić, Martina Ninić, Ivan Tomljenović, Jure Šimović

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

1. State Agency for Bank Rehabilitation and Deposit Insurance	100.00
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Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	68,971
1.1. Income interest	123,081
1.2. Interest expenses	54,109
2. Net non-interest income	9,471
2.1. Non-interest income	34,176
2.2. Non-interest expenses	24,705
3. General administrative expenses and depreciation	67,891
4. Net operating income before provisions	10,551
5. Loan loss provision expenses	-2,602
6. Pre-tax profit/loss	13,153
7. Income tax	0
8. After-tax profit/loss	13,153

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	180,243
1.1. Money assets	25,545
1.2. Deposits	154,698
2. Deposits with banking institutions	225,964
3. MoF treasury bills and CNB bills	61,922
4. Trading portfolio of securities	55,597
5. Loans to financial institutions	692
6. Loans to other clients	762,378
7. Investment portfolio of securities	28,482
8. Investments in subsidiaries and associates	509
9. Foreclosed and repossessed assets	48,767
10. Tangible assets and software (net of depreciation)	58,714
11. Interest, fees and other assets	45,677
12. Net of: Specific reserves for unidentified losses	9,359
TOTAL	1,459,586

Structure of Bank Liabilities	
1. Loans from financial institutions	159,507
1.1. Short-term loans	0
1.2. Long-term loans	159,507
2. Deposits	1,021,657
2.1. Giro account and current account deposits	127,373
2.2. Savings deposits	124,639
2.3. Time deposits	769,645
3. Other loans	67,292
3.1. Short-term loans	3,823
3.2. Long-term loans	63,469
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	67,185
7. Profit/loss for the current year	13,153
8. Capital (excl. profit/loss for the current year)	130,792
TOTAL	1,459,586

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Management Board Hans-Joachim Gersmann – chairman, Mato Karačić

Supervisory Board Erich Brogl – chairman, Gisbert Jockenhöfer, Felix Friedrich Carl von Joest

Shareholders

1. Dresdner Bank AG

Share in share capital (%)

100.00

Audit firm for 2003: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	12,894
1.1. Income interest	30,417
1.2. Interest expenses	17,523
2. Net non-interest income	17,393
2.1. Non-interest income	18,187
2.2. Non-interest expenses	794
3. General administrative expenses and depreciation	26,534
4. Net operating income before provisions	3,753
5. Loan loss provision expenses	7,511
6. Pre-tax profit/loss	-3,758
7. Income tax	1,803
8. After-tax profit/loss	-5,561

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	54,645
1.1. Money assets	1,412
1.2. Deposits	53,233
2. Deposits with banking institutions	233,276
3. MoF treasury bills and CNB bills	123,952
4. Trading portfolio of securities	23,629
5. Loans to financial institutions	10,004
6. Loans to other clients	257,395
7. Investment portfolio of securities	10,488
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	3,711
11. Interest, fees and other assets	11,098
12. Net of: Specific reserves for unidentified losses	5,961
TOTAL	722,237

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	574,749
2.1. Giro account and current account deposits	63,375
2.2. Savings deposits	55,584
2.3. Time deposits	455,790
3. Other loans	12,237
3.1. Short-term loans	12,237
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	16,700
7. Profit/loss for the current year	-5,561
8. Capital (excl. profit/loss for the current year)	124,112
TOTAL	722,237

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Management Board Vlaho Sutić – chairman, Dražen Božić, Krešimir Krile

Supervisory Board Robert Hans van Griethuysen – chairman, David Curl, Ronald Drake, David McMahon, Damir Odak, Marijan Kostrenčić, Sanja Martinko

Shareholders **Share in share capital (%)**
 1. Nova banka d.d. 100.00

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	104,282
1.1. Income interest	199,133
1.2. Interest expenses	94,851
2. Net non-interest income	29,194
2.1. Non-interest income	52,897
2.2. Non-interest expenses	23,703
3. General administrative expenses and depreciation	82,324
4. Net operating income before provisions	51,152
5. Loan loss provision expenses	12,344
6. Pre-tax profit/loss	38,808
7. Income tax	0
8. After-tax profit/loss	38,808

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	491,752
1.1. Money assets	34,994
1.2. Deposits	456,758
2. Deposits with banking institutions	523,866
3. MoF treasury bills and CNB bills	202,273
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	1,374,510
7. Investment portfolio of securities	647,995
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	46,369
11. Interest, fees and other assets	38,215
12. Net of: Specific reserves for unidentified losses	19,968
TOTAL	3,305,012

Structure of Bank Liabilities	
1. Loans from financial institutions	168,542
1.1. Short-term loans	105,850
1.2. Long-term loans	62,692
2. Deposits	2,745,038
2.1. Giro account and current account deposits	227,982
2.2. Savings deposits	531,242
2.3. Time deposits	1,985,814
3. Other loans	70,744
3.1. Short-term loans	0
3.2. Long-term loans	70,744
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	102,548
7. Profit/loss for the current year	38,808
8. Capital (excl. profit/loss for the current year)	179,332
TOTAL	3,305,012

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Management Board Petar Radaković – chairman, Tomislav Vuić, Boris Centner, Sava Dalbokov, Slađana Jagar

Supervisory Board Reinhard Ortner – chairman, Bernhard Spalt, August Jost, Josip Stanković, Karin Svoboda, Reinhold Schuster, Kristijan Schellander, Manfred Wimmer, Franz Mally

Shareholders

Share in share capital (%)

1. Erste Bank der Österreichischen Sparkassen AG	59.81
2. Die Steiermärkische Bank und Sparkassen AG	35.00

Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

Income Statement, as at 31 December 2003, in thousand kuna

1. Net interest income	593,625
1.1. Income interest	1,041,806
1.2. Interest expenses	448,181
2. Net non-interest income	173,186
2.1. Non-interest income	346,753
2.2. Non-interest expenses	173,567
3. General administrative expenses and depreciation	469,514
4. Net operating income before provisions	297,297
5. Loan loss provision expenses	85,996
6. Pre-tax profit/loss	211,301
7. Income tax	-17,082
8. After-tax profit/loss	228,383

Balance Sheet, as at 31 December 2003, in thousand kuna

Structure of Bank Assets	
1. Money assets and deposits with the CNB	2,667,242
1.1. Money assets	285,802
1.2. Deposits	2,381,440
2. Deposits with banking institutions	4,696,543
3. MoF treasury bills and CNB bills	138,316
4. Trading portfolio of securities	700,215
5. Loans to financial institutions	20,932
6. Loans to other clients	9,752,822
7. Investment portfolio of securities	954,866
8. Investments in subsidiaries and associates	31,012
9. Foreclosed and repossessed assets	29,099
10. Tangible assets and software (net of depreciation)	434,915
11. Interest, fees and other assets	250,074
12. Net of: Specific reserves for unidentified losses	158,832
TOTAL	19,517,204

Structure of Bank Liabilities	
1. Loans from financial institutions	501,067
1.1. Short-term loans	0
1.2. Long-term loans	501,067
2. Deposits	12,632,596
2.1. Giro account and current account deposits	2,058,045
2.2. Savings deposits	2,772,690
2.3. Time deposits	7,801,861
3. Other loans	4,027,505
3.1. Short-term loans	30,010
3.2. Long-term loans	3,997,495
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	316,196
5.1. Subordinated instruments issued	316,196
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	435,957
7. Profit/loss for the current year	228,383
8. Capital (excl. profit/loss for the current year)	1,375,500
TOTAL	19,517,204

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 www.gkb.hr

Management Board Suzana Sučić – chairwoman, Izidor Sučić, Krešimir Jerin

Supervisory Board Lovre Božina – chairman, Branko Josipović, Željko Krznarić

Shareholders	Share in share capital (%)
1. Ivan Sučić	8.56
2. Kata Šparica	8.20
3. Željko Krznarić	7.44
4. Josip Bašić	7.43
5. Krešimir Jerin	7.40
6. Kristina Sučić	7.37
7. Darko Gojčić	7.33
8. Faktor banka d.d.	7.28
9. Vesna Mijović	6.75
10. Cobalt Investments International	6.23
11. Gospodarsko kreditna banka d.d.	5.66
12. Branko Josipović	3.67

Audit firm for 2003: Repos d.o.o., Zagreb

Income Statement, as at 31 December 2003, in thousand kuna

1. Net interest income	26,225
1.1. Income interest	35,998
1.2. Interest expenses	9,773
2. Net non-interest income	11,583
2.1. Non-interest income	14,922
2.2. Non-interest expenses	3,339
3. General administrative expenses and depreciation	26,411
4. Net operating income before provisions	11,397
5. Loan loss provision expenses	6,883
6. Pre-tax profit/loss	4,514
7. Income tax	961
8. After-tax profit/loss	3,553

Balance Sheet, as at 31 December 2003, in thousand kuna

Structure of Bank Assets	
1. Money assets and deposits with the CNB	31,523
1.1. Money assets	19,140
1.2. Deposits	12,383
2. Deposits with banking institutions	49,766
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	186,668
7. Investment portfolio of securities	11,763
8. Investments in subsidiaries and associates	15
9. Foreclosed and repossessed assets	2,250
10. Tangible assets and software (net of depreciation)	19,943
11. Interest, fees and other assets	6,656
12. Net of: Specific reserves for unidentified losses	3,686
TOTAL	304,898

Structure of Bank Liabilities	
1. Loans from financial institutions	37,283
1.1. Short-term loans	0
1.2. Long-term loans	37,283
2. Deposits	109,204
2.1. Giro account and current account deposits	15,051
2.2. Savings deposits	11,282
2.3. Time deposits	82,871
3. Other loans	45,116
3.1. Short-term loans	4,970
3.2. Long-term loans	40,146
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	9,162
7. Profit/loss for the current year	3,553
8. Capital (excl. profit/loss for the current year)	100,580
TOTAL	304,898

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Management Board Josip Slade – chairman, Slavko Durmiš, Anđelka Čavlek

Supervisory Board Mato Crkvenac – chairman, Zoran Bubaš, Božidar Pankretić, Željko Pecek, Ivan Videka, Srećko Vuković, Mario Švigir

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

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	180,062
1.1. Income interest	256,596
1.2. Interest expenses	76,534
2. Net non-interest income	60,264
2.1. Non-interest income	641,223
2.2. Non-interest expenses	580,959
3. General administrative expenses and depreciation	121,361
4. Net operating income before provisions	118,965
5. Loan loss provision expenses	34,586
6. Pre-tax profit/loss	84,378
7. Income tax	0
8. After-tax profit/loss	84,378

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,088,289
1.1. Money assets	236,756
1.2. Deposits	851,533
2. Deposits with banking institutions	378,003
3. MoF treasury bills and CNB bills	887,045
4. Trading portfolio of securities	8,268
5. Loans to financial institutions	9
6. Loans to other clients	2,441,270
7. Investment portfolio of securities	404,006
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,376
10. Tangible assets and software (net of depreciation)	131,685
11. Interest, fees and other assets	104,343
12. Net of: Specific reserves for unidentified losses	26,051
TOTAL	5,418,243

Structure of Bank Liabilities	
1. Loans from financial institutions	240,462
1.1. Short-term loans	0
1.2. Long-term loans	240,462
2. Deposits	3,718,023
2.1. Giro account and current account deposits	1,707,573
2.2. Savings deposits	956,809
2.3. Time deposits	1,053,641
3. Other loans	857
3.1. Short-term loans	0
3.2. Long-term loans	857
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	868,714
7. Profit/loss for the current year	84,378
8. Capital (excl. profit/loss for the current year)	505,809
TOTAL	5,418,243

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Management Board Wolfgang Peter – chairman, Goran Gazivoda, Peter Harold, Ludwig Wagner, Ivo Bilić, Christoph Schöfböck

Supervisory Board Anton Knett – chairman, Wolfgang Edelmüller, Wolfgang Helpa, Friedrich Kadrnoska, Heinz Meidlinger, Harald Nogrased, Ralf Cymanek

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

1. Bank Austria Creditanstalt AG	99.74
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Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	506,501
1.1. Income interest	901,297
1.2. Interest expenses	394,796
2. Net non-interest income	147,761
2.1. Non-interest income	279,749
2.2. Non-interest expenses	131,988
3. General administrative expenses and depreciation	391,176
4. Net operating income before provisions	263,086
5. Loan loss provision expenses	50,434
6. Pre-tax profit/loss	212,652
7. Income tax	39,475
8. After-tax profit/loss	173,177

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	2,141,065
1.1. Money assets	176,167
1.2. Deposits	1,964,898
2. Deposits with banking institutions	3,048,741
3. MoF treasury bills and CNB bills	301,282
4. Trading portfolio of securities	1,246,978
5. Loans to financial institutions	422,307
6. Loans to other clients	9,167,401
7. Investment portfolio of securities	2,120,304
8. Investments in subsidiaries and associates	8,089
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	319,525
11. Interest, fees and other assets	380,634
12. Net of: Specific reserves for unidentified losses	123,250
TOTAL	19,033,076

Structure of Bank Liabilities	
1. Loans from financial institutions	293,403
1.1. Short-term loans	28,979
1.2. Long-term loans	264,424
2. Deposits	12,161,348
2.1. Giro account and current account deposits	1,548,964
2.2. Savings deposits	2,087,632
2.3. Time deposits	8,524,752
3. Other loans	4,766,811
3.1. Short-term loans	366,250
3.2. Long-term loans	4,400,561
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	536,900
7. Profit/loss for the current year	173,177
8. Capital (excl. profit/loss for the current year)	1,101,437
TOTAL	19,033,076

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Management Board Heinz Truskaller – chairman, Igor Kodžoman, Zoran Sikirica

Supervisory Board Günter Striedinger – chairman, Othmar Ederer, Wolfgang Kulterer, Gerd Penkner, Thomas Morgl

Shareholders	Share in share capital (%)
1. Hypo Alpe-Adria-Bank AG	95.91
2. VCP Finance B.V.	4.09

Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	409,839
1.1. Income interest	793,821
1.2. Interest expenses	383,982
2. Net non-interest income	61,951
2.1. Non-interest income	144,647
2.2. Non-interest expenses	82,696
3. General administrative expenses and depreciation	220,866
4. Net operating income before provisions	250,924
5. Loan loss provision expenses	85,540
6. Pre-tax profit/loss	165,384
7. Income tax	34,236
8. After-tax profit/loss	131,148

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,737,319
1.1. Money assets	86,455
1.2. Deposits	1,650,864
2. Deposits with banking institutions	2,612,357
3. MoF treasury bills and CNB bills	63,982
4. Trading portfolio of securities	80,639
5. Loans to financial institutions	279,489
6. Loans to other clients	8,837,785
7. Investment portfolio of securities	214,763
8. Investments in subsidiaries and associates	34,173
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	68,793
11. Interest, fees and other assets	250,017
12. Net of: Specific reserves for unidentified losses	120,541
TOTAL	14,058,776

Structure of Bank Liabilities	
1. Loans from financial institutions	70,756
1.1. Short-term loans	28,200
1.2. Long-term loans	42,556
2. Deposits	11,052,993
2.1. Giro account and current account deposits	943,774
2.2. Savings deposits	965,811
2.3. Time deposits	9,143,408
3. Other loans	278,019
3.1. Short-term loans	50,000
3.2. Long-term loans	228,019
4. Debt securities issued	76,890
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	76,890
5. Supplementary capital	1,428,266
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	1,428,266
6. Interest, fees and other liabilities	324,823
7. Profit/loss for the current year	131,148
8. Capital (excl. profit/loss for the current year)	695,881
TOTAL	14,058,776

IMEX BANKA d.d.

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Management Board Branko Buljan – chairman, Milivoj Delač

Supervisory Board Dušan Dadić – chairman, Ante Čulić, Branka Žaja

Shareholders

1. Imex trgovina d.o.o.
2. Trajektna luka d.d.
3. Branko Buljan
4. Imex banka d.d.
5. Ivka Mijić

Share in share capital (%)

49.76
 31.16
 10.21
 4.99
 3.88

Audit firm for 2003: Reviz-biro d.o.o., Split

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	18,441
1.1. Income interest	28,719
1.2. Interest expenses	10,278
2. Net non-interest income	3,515
2.1. Non-interest income	6,542
2.2. Non-interest expenses	3,027
3. General administrative expenses and depreciation	10,480
4. Net operating income before provisions	11,476
5. Loan loss provision expenses	-1,167
6. Pre-tax profit/loss	12,643
7. Income tax	2,594
8. After-tax profit/loss	10,049

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	52,247
1.1. Money assets	6,425
1.2. Deposits	45,822
2. Deposits with banking institutions	13,433
3. MoF treasury bills and CNB bills	39,103
4. Trading portfolio of securities	966
5. Loans to financial institutions	16,591
6. Loans to other clients	212,302
7. Investment portfolio of securities	30,111
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	13,178
11. Interest, fees and other assets	3,849
12. Net of: Specific reserves for unidentified losses	8,132
TOTAL	373,648

Structure of Bank Liabilities	
1. Loans from financial institutions	23,000
1.1. Short-term loans	23,000
1.2. Long-term loans	0
2. Deposits	267,630
2.1. Giro account and current account deposits	47,696
2.2. Savings deposits	14,664
2.3. Time deposits	205,270
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	10,259
7. Profit/loss for the current year	9,546
8. Capital (excl. profit/loss for the current year)	63,213
TOTAL	373,648

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Management Board Miro Dodić – chairman, Anton Belušić

Supervisory Board Milan Travan – chairman, Edo Ivančić, Marijan Kovačić, Vlado Kraljević, Vlatko Reschner

Shareholders

1. Intercommerce d.o.o.
2. Tvornica cementa Umag d.d.
3. Hempel d.d.
4. Serfin d.o.o.
5. KB 1909 S.p.A.
6. Plava laguna d.d.

Share in share capital (%)

16.86
 15.04
 15.00
 9.66
 7.63
 3.57

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	42,278
1.1. Income interest	73,871
1.2. Interest expenses	31,593
2. Net non-interest income	26,286
2.1. Non-interest income	36,392
2.2. Non-interest expenses	10,106
3. General administrative expenses and depreciation	43,196
4. Net operating income before provisions	25,368
5. Loan loss provision expenses	-799
6. Pre-tax profit/loss	26,168
7. Income tax	5,289
8. After-tax profit/loss	20,879

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	268,773
1.1. Money assets	32,538
1.2. Deposits	236,235
2. Deposits with banking institutions	335,623
3. MoF treasury bills and CNB bills	113,049
4. Trading portfolio of securities	7,857
5. Loans to financial institutions	17,000
6. Loans to other clients	565,419
7. Investment portfolio of securities	100,116
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	30,549
11. Interest, fees and other assets	11,324
12. Net of: Specific reserves for unidentified losses	11,022
TOTAL	1,438,708

Structure of Bank Liabilities	
1. Loans from financial institutions	8,474
1.1. Short-term loans	0
1.2. Long-term loans	8,474
2. Deposits	1,274,465
2.1. Giro account and current account deposits	207,311
2.2. Savings deposits	307,747
2.3. Time deposits	759,407
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	21,333
7. Profit/loss for the current year	20,879
8. Capital (excl. profit/loss for the current year)	113,557
TOTAL	1,438,708

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Management Board Ivo Šinko – chairman, Anka Bandalović, Željko Kardum

Supervisory Board Ante Kulušić – chairman, Duje Stančić, Ivana Lemac, Mile Paić, Miro Petrić

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

1. Croatia osiguranje d.d.	9.75
2. Alfa d.d.	7.89
3. Importanne d.o.o.	4.81
4. Tiskara Malenica d.o.o.	4.23
5. Vodovod i odvodnja d.o.o.	4.20
6. Jadranska banka d.d.	4.12

Audit firm for 2003: Revicon Zagreb d.o.o., Zagreb and Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	24,965
1.1. Income interest	78,587
1.2. Interest expenses	53,623
2. Net non-interest income	25,964
2.1. Non-interest income	40,067
2.2. Non-interest expenses	14,103
3. General administrative expenses and depreciation	38,569
4. Net operating income before provisions	12,359
5. Loan loss provision expenses	5,184
6. Pre-tax profit/loss	7,175
7. Income tax	1,744
8. After-tax profit/loss	5,431

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	196,311
1.1. Money assets	27,711
1.2. Deposits	168,600
2. Deposits with banking institutions	207,507
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	909,445
7. Investment portfolio of securities	50,622
8. Investments in subsidiaries and associates	87,222
9. Foreclosed and repossessed assets	65,706
10. Tangible assets and software (net of depreciation)	25,757
11. Interest, fees and other assets	55,537
12. Net of: Specific reserves for unidentified losses	13,824
TOTAL	1,584,283

Structure of Bank Liabilities	
1. Loans from financial institutions	211,419
1.1. Short-term loans	9,500
1.2. Long-term loans	201,919
2. Deposits	1,171,335
2.1. Giro account and current account deposits	141,511
2.2. Savings deposits	316,230
2.3. Time deposits	713,594
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	10,356
5.1. Subordinated instruments issued	10,356
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	11,923
7. Profit/loss for the current year	5,431
8. Capital (excl. profit/loss for the current year)	173,819
TOTAL	1,584,283

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Management Board Sanda Cvitešić – chairwoman, Stjepan Poljak, Marijana Trpčić-Reškovac

Supervisory Board Želimir Feitl – chairman, Suzana Brenko, Terezija Barbarić, Helena Lenac, Ivan Podvorac

Shareholders

1. Croatian Privatisation Fund
2. Lanzville Investments
3. Karlovačka pivovara d.d.
4. Lola Ribar d.d.
5. Validus d.d.
6. Munja d.d.

Share in share capital (%)

9.54
 5.37
 4.47
 4.15
 4.03
 3.57

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	36,531
1.1. Income interest	60,754
1.2. Interest expenses	24,223
2. Net non-interest income	13,830
2.1. Non-interest income	30,482
2.2. Non-interest expenses	16,652
3. General administrative expenses and depreciation	38,901
4. Net operating income before provisions	11,460
5. Loan loss provision expenses	7,132
6. Pre-tax profit/loss	4,328
7. Income tax	0
8. After-tax profit/loss	4,328

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	146,260
1.1. Money assets	22,248
1.2. Deposits	124,012
2. Deposits with banking institutions	72,191
3. MoF treasury bills and CNB bills	100,494
4. Trading portfolio of securities	703
5. Loans to financial institutions	156,284
6. Loans to other clients	464,228
7. Investment portfolio of securities	155,789
8. Investments in subsidiaries and associates	15,076
9. Foreclosed and repossessed assets	3,650
10. Tangible assets and software (net of depreciation)	32,148
11. Interest, fees and other assets	17,963
12. Net of: Specific reserves for unidentified losses	7,627
TOTAL	1,157,159

Structure of Bank Liabilities	
1. Loans from financial institutions	88,829
1.1. Short-term loans	137
1.2. Long-term loans	88,692
2. Deposits	976,163
2.1. Giro account and current account deposits	350,558
2.2. Savings deposits	249,689
2.3. Time deposits	375,916
3. Other loans	11
3.1. Short-term loans	0
3.2. Long-term loans	11
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	11,776
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	11,776
6. Interest, fees and other liabilities	14,382
7. Profit/loss for the current year	4,328
8. Capital (excl. profit/loss for the current year)	61,670
TOTAL	1,157,159

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Management Board Ivan Purgar – chairman, Željko Jakuš

Supervisory Board Rudo Mikulić – chairman, Tomislav Lučić, Ivica Sertić

Shareholders	Share in share capital (%)
1. Agrokor d.d.	18.83
2. Crodel d.o.o.	11.38
3. Investco vrijednosnice d.o.o.	9.27
4. Ledo d.d.	8.54
5. Jamnica d.d.	8.44
6. Konzum d.d.	7.09
7. Litograf d.o.o.	5.85
8. Zvijezda d.d.	5.66
9. Ivalim	5.61
10. Solana Pag d.d.	5.61

Audit firm for 2003: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	23,688
1.1. Income interest	51,411
1.2. Interest expenses	27,723
2. Net non-interest income	29,263
2.1. Non-interest income	45,409
2.2. Non-interest expenses	16,145
3. General administrative expenses and depreciation	29,352
4. Net operating income before provisions	23,599
5. Loan loss provision expenses	16,504
6. Pre-tax profit/loss	7,095
7. Income tax	0
8. After-tax profit/loss	7,095

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	117,615
1.1. Money assets	22,228
1.2. Deposits	95,388
2. Deposits with banking institutions	82,260
3. MoF treasury bills and CNB bills	7,644
4. Trading portfolio of securities	11,265
5. Loans to financial institutions	29,007
6. Loans to other clients	466,680
7. Investment portfolio of securities	3,895
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	636
10. Tangible assets and software (net of depreciation)	41,693
11. Interest, fees and other assets	14,528
12. Net of: Specific reserves for unidentified losses	5,413
TOTAL	769,811

Structure of Bank Liabilities	
1. Loans from financial institutions	50,541
1.1. Short-term loans	0
1.2. Long-term loans	50,541
2. Deposits	563,587
2.1. Giro account and current account deposits	109,497
2.2. Savings deposits	23,076
2.3. Time deposits	431,014
3. Other loans	10,285
3.1. Short-term loans	8,330
3.2. Long-term loans	1,955
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	26,163
7. Profit/loss for the current year	7,095
8. Capital (excl. profit/loss for the current year)	112,140
TOTAL	769,811

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Management Board Časlav Stošić – chairman, Sandra Brkić

Supervisory Board Dubravka Horvat – chairwoman, Željko Gagro, Marija Keleković

Shareholders

1. Goran Delić

Share in share capital (%)

94.45

Audit firm for 2003: Mimako d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	19,092
1.1. Income interest	27,290
1.2. Interest expenses	8,198
2. Net non-interest income	1,068
2.1. Non-interest income	2,834
2.2. Non-interest expenses	1,766
3. General administrative expenses and depreciation	10,452
4. Net operating income before provisions	9,708
5. Loan loss provision expenses	6,680
6. Pre-tax profit/loss	3,028
7. Income tax	565
8. After-tax profit/loss	2,463

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	20,008
1.1. Money assets	9,107
1.2. Deposits	10,901
2. Deposits with banking institutions	16,084
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	5,000
6. Loans to other clients	93,994
7. Investment portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	6,733
11. Interest, fees and other assets	863
12. Net of: Specific reserves for unidentified losses	1,114
TOTAL	141,568

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	110,044
2.1. Giro account and current account deposits	0
2.2. Savings deposits	2,509
2.3. Time deposits	107,535
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	3,381
7. Profit/loss for the current year	2,463
8. Capital (excl. profit/loss for the current year)	25,680
TOTAL	141,568

KVARNER BANKA d.d.

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Management Board Goran Rameša – chairman, Milivoj Debelić

Supervisory Board Nikola Pavletić – chairman, Vito Svetina, Marijan Ključariček, Mirjana Petković, Dušan Todorović

Shareholders	Share in share capital (%)
1. Adria Consulting S.R.L.	50.00
2. Erste & Steiermärkische bank d.d.	31.85
3. Transadria d.d.	14.77

Audit firm for 2003: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	11,856
1.1. Income interest	14,706
1.2. Interest expenses	2,850
2. Net non-interest income	5,178
2.1. Non-interest income	10,005
2.2. Non-interest expenses	4,827
3. General administrative expenses and depreciation	11,039
4. Net operating income before provisions	5,995
5. Loan loss provision expenses	1,012
6. Pre-tax profit/loss	4,983
7. Income tax	1,034
8. After-tax profit/loss	3,949

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	30,910
1.1. Money assets	2,472
1.2. Deposits	28,438
2. Deposits with banking institutions	19,334
3. MoF treasury bills and CNB bills	3,967
4. Trading portfolio of securities	447
5. Loans to financial institutions	28,000
6. Loans to other clients	120,699
7. Investment portfolio of securities	13,491
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	131
10. Tangible assets and software (net of depreciation)	27,002
11. Interest, fees and other assets	1,591
12. Net of: Specific reserves for unidentified losses	4,421
TOTAL	241,151

Structure of Bank Liabilities	
1. Loans from financial institutions	2,259
1.1. Short-term loans	0
1.2. Long-term loans	2,259
2. Deposits	162,243
2.1. Giro account and current account deposits	76,715
2.2. Savings deposits	17,641
2.3. Time deposits	67,887
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	9,224
7. Profit/loss for the current year	3,949
8. Capital (excl. profit/loss for the current year)	63,476
TOTAL	241,151

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Management Board Nenad Jeđud – chairman, Siniša Radiković

Supervisory Board Ivan Krolo – chairman, Mislav Blažić, Gordan Miler, Ivanka Petrović, Nenad Štimac

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

1. Privredna banka Zagreb d.d.

96.39

Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	72,884
1.1. Income interest	126,573
1.2. Interest expenses	53,689
2. Net non-interest income	20,293
2.1. Non-interest income	36,644
2.2. Non-interest expenses	16,351
3. General administrative expenses and depreciation	50,711
4. Net operating income before provisions	42,466
5. Loan loss provision expenses	10,334
6. Pre-tax profit/loss	32,132
7. Income tax	6,861
8. After-tax profit/loss	25,271

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	298,916
1.1. Money assets	41,454
1.2. Deposits	257,462
2. Deposits with banking institutions	146,100
3. MoF treasury bills and CNB bills	209,739
4. Trading portfolio of securities	104,426
5. Loans to financial institutions	65
6. Loans to other clients	1,029,432
7. Investment portfolio of securities	36,527
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	493
10. Tangible assets and software (net of depreciation)	37,045
11. Interest, fees and other assets	24,120
12. Net of: Specific reserves for unidentified losses	13,477
TOTAL	1,873,386

Structure of Bank Liabilities	
1. Loans from financial institutions	116,410
1.1. Short-term loans	0
1.2. Long-term loans	116,410
2. Deposits	1,504,728
2.1. Giro account and current account deposits	270,665
2.2. Savings deposits	370,039
2.3. Time deposits	864,024
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	68,030
7. Profit/loss for the current year	25,271
8. Capital (excl. profit/loss for the current year)	158,947
TOTAL	1,873,386

NAVA BANKA d.d.

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Management Board Stipan Pamuković – chairman, Ante Samodol, Željko Škalec

Supervisory Board Jakov Gelo – chairman, Ivan Gudelj, Daniel Hrnjak, Anđelko Ivančić, Višnjica Mališa

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

1. Kemika d.d.	21.65
2. GIP Pionir d.d.	8.86
3. Dragica Predović	6.80
4. Stipan Pamuković	5.85
5. Željko Škalec	5.85
6. Aling J.T.D.	4.92
7. Ivan Gudelj	4.33
8. Ante Pamuković	3.14
9. Ante Samodol	3.14

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	10,199
1.1. Income interest	22,812
1.2. Interest expenses	12,613
2. Net non-interest income	4,047
2.1. Non-interest income	6,858
2.2. Non-interest expenses	2,811
3. General administrative expenses and depreciation	8,351
4. Net operating income before provisions	5,895
5. Loan loss provision expenses	2,712
6. Pre-tax profit/loss	3,183
7. Income tax	644
8. After-tax profit/loss	2,539

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	47,566
1.1. Money assets	4,801
1.2. Deposits	42,765
2. Deposits with banking institutions	20,336
3. MoF treasury bills and CNB bills	5,958
4. Trading portfolio of securities	174
5. Loans to financial institutions	0
6. Loans to other clients	213,829
7. Investment portfolio of securities	17,649
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	7,100
11. Interest, fees and other assets	4,656
12. Net of: Specific reserves for unidentified losses	2,306
TOTAL	314,962

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	258,463
2.1. Giro account and current account deposits	49,658
2.2. Savings deposits	9,146
2.3. Time deposits	199,659
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	6,096
7. Profit/loss for the current year	2,539
8. Capital (excl. profit/loss for the current year)	47,864
TOTAL	314,962

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Management Board Damir Odak – chairman, Helena Banjad, Zorislav Vidović, Sanja Martinko

Supervisory Board Robert Hans van Griethuysen – chairman, David Curl, Ronald Drake, Marijan Kostrenčić, David McMahon

Shareholders

1. Reginter d.o.o.
2. SEEF holding Ltd.
3. SWR Investment Ltd.

Share in share capital (%)

- 67.80
 23.27
 4.52

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	156,242
1.1. Income interest	278,052
1.2. Interest expenses	121,810
2. Net non-interest income	86,942
2.1. Non-interest income	139,570
2.2. Non-interest expenses	52,628
3. General administrative expenses and depreciation	212,285
4. Net operating income before provisions	30,899
5. Loan loss provision expenses	-14,976
6. Pre-tax profit/loss	45,875
7. Income tax	0
8. After-tax profit/loss	45,875

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	829,365
1.1. Money assets	81,522
1.2. Deposits	747,843
2. Deposits with banking institutions	868,530
3. MoF treasury bills and CNB bills	197,994
4. Trading portfolio of securities	102,272
5. Loans to financial institutions	201
6. Loans to other clients	2,253,576
7. Investment portfolio of securities	630,895
8. Investments in subsidiaries and associates	241,630
9. Foreclosed and repossessed assets	23,513
10. Tangible assets and software (net of depreciation)	123,612
11. Interest, fees and other assets	155,881
12. Net of: Specific reserves for unidentified losses	31,712
TOTAL	5,395,757

Structure of Bank Liabilities	
1. Loans from financial institutions	234,757
1.1. Short-term loans	57,737
1.2. Long-term loans	177,020
2. Deposits	4,286,256
2.1. Giro account and current account deposits	722,429
2.2. Savings deposits	1,169,977
2.3. Time deposits	2,393,850
3. Other loans	176,968
3.1. Short-term loans	39,886
3.2. Long-term loans	137,082
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	39,098
5.1. Subordinated instruments issued	39,098
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	95,751
7. Profit/loss for the current year	45,875
8. Capital (excl. profit/loss for the current year)	517,052
TOTAL	5,395,757

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Management Board Marija Šola – chairwoman, Branka Oštrić

Supervisory Board Borislav Škegro – chairman, Ivan Lovrinović, Igor Oppenheim

Shareholders	Share in share capital (%)
1. Metroholding d.d.	85.84
2. INGRA d.d.	8.82
3. Josip Kovač	4.07

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	38,491
1.1. Income interest	51,983
1.2. Interest expenses	13,492
2. Net non-interest income	21,872
2.1. Non-interest income	32,550
2.2. Non-interest expenses	10,678
3. General administrative expenses and depreciation	31,493
4. Net operating income before provisions	28,870
5. Loan loss provision expenses	10,198
6. Pre-tax profit/loss	18,672
7. Income tax	3,860
8. After-tax profit/loss	14,813

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	88,426
1.1. Money assets	12,220
1.2. Deposits	76,206
2. Deposits with banking institutions	68,302
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	513
5. Loans to financial institutions	77,650
6. Loans to other clients	329,019
7. Investment portfolio of securities	14,705
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	4,887
10. Tangible assets and software (net of depreciation)	26,714
11. Interest, fees and other assets	10,458
12. Net of: Specific reserves for unidentified losses	5,429
TOTAL	615,245

Structure of Bank Liabilities	
1. Loans from financial institutions	42,990
1.1. Short-term loans	0
1.2. Long-term loans	42,990
2. Deposits	412,988
2.1. Giro account and current account deposits	145,865
2.2. Savings deposits	62,605
2.3. Time deposits	204,518
3. Other loans	14,975
3.1. Short-term loans	0
3.2. Long-term loans	14,975
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	23,434
7. Profit/loss for the current year	14,813
8. Capital (excl. profit/loss for the current year)	106,045
TOTAL	615,245

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Management Board Julio Kuruc – chairman, Marijan Marušić

Supervisory Board Sigilfredo Montinari – chairman, Dario Montinari, Jurica (Đuro) Predović, Dolly Predović, Miljan Todorović

Shareholders

1. Cerere S.R.L.
2. Antonia Gorgoni
3. Lorenzo Gorgoni
4. Jurica (Đuro) Predović
5. Miljan Todorović
6. Dario Montinari
7. Sigilfredo Montinari
8. Andrea Montinari
9. Piero Montinari
10. Giovanni Semeraro

Share in share capital (%)

- 9.35
 9.35
 9.34
 8.74
 8.18
 4.80
 4.80
 4.79
 4.79
 4.11

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb and Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	55,177
1.1. Income interest	95,772
1.2. Interest expenses	40,595
2. Net non-interest income	22,987
2.1. Non-interest income	42,076
2.2. Non-interest expenses	19,094
3. General administrative expenses and depreciation	62,355
4. Net operating income before provisions	15,804
5. Loan loss provision expenses	3,426
6. Pre-tax profit/loss	12,378
7. Income tax	605
8. After-tax profit/loss	11,773

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	229,137
1.1. Money assets	36,973
1.2. Deposits	192,164
2. Deposits with banking institutions	99,534
3. MoF treasury bills and CNB bills	38,104
4. Trading portfolio of securities	44,791
5. Loans to financial institutions	137
6. Loans to other clients	836,633
7. Investment portfolio of securities	13,707
8. Investments in subsidiaries and associates	2,939
9. Foreclosed and repossessed assets	2,135
10. Tangible assets and software (net of depreciation)	40,979
11. Interest, fees and other assets	24,184
12. Net of: Specific reserves for unidentified losses	9,178
TOTAL	1,323,102

Structure of Bank Liabilities	
1. Loans from financial institutions	86,347
1.1. Short-term loans	64,500
1.2. Long-term loans	21,847
2. Deposits	992,551
2.1. Giro account and current account deposits	175,063
2.2. Savings deposits	135,584
2.3. Time deposits	681,904
3. Other loans	62,662
3.1. Short-term loans	0
3.2. Long-term loans	62,662
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	37,445
7. Profit/loss for the current year	11,773
8. Capital (excl. profit/loss for the current year)	132,324
TOTAL	1,323,102

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Management Board² Đurđa Babić, Marijan Štefanac

Supervisory Board Josip Medunić – chairman, Marina Žarković, Đuro Šimić, Karlo Gregurić, Branko Štulić

Shareholders	Share in share capital (%)
1. Kamen-Ingrad d.d.	6.92
2. JP Hrvatske šume p.o.	6.79
3. Kutjevo d.d.	4.57
4. Plamen International d.o.o.	4.06
5. Croatia osiguranje d.d.	3.74
6. Zvečevo PI d.d.	3.53

Audit firm for 2003: Revicon Zagreb d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	20,283
1.1. Income interest	35,781
1.2. Interest expenses	15,498
2. Net non-interest income	8,592
2.1. Non-interest income	12,386
2.2. Non-interest expenses	3,794
3. General administrative expenses and depreciation	17,369
4. Net operating income before provisions	11,506
5. Loan loss provision expenses	10,775
6. Pre-tax profit/loss	731
7. Income tax	85
8. After-tax profit/loss	646

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	38,864
1.1. Money assets	8,030
1.2. Deposits	30,834
2. Deposits with banking institutions	36,727
3. MoF treasury bills and CNB bills	15,268
4. Trading portfolio of securities	0
5. Loans to financial institutions	2,745
6. Loans to other clients	275,379
7. Investment portfolio of securities	47,982
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	11,025
10. Tangible assets and software (net of depreciation)	8,536
11. Interest, fees and other assets	10,199
12. Net of: Specific reserves for unidentified losses	5,436
TOTAL	441,289

Structure of Bank Liabilities	
1. Loans from financial institutions	35,285
1.1. Short-term loans	8,200
1.2. Long-term loans	27,085
2. Deposits	312,013
2.1. Giro account and current account deposits	47,106
2.2. Savings deposits	17,896
2.3. Time deposits	247,011
3. Other loans	1,486
3.1. Short-term loans	1,486
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	5,993
7. Profit/loss for the current year	646
8. Capital (excl. profit/loss for the current year)	85,866
TOTAL	441,289

2 Ms Davorka Jakir was appointed as chairwoman of Požeška banka management board in April 2004.

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Management Board Duško Miculinić – chairman, Dražen Kurpis

Supervisory Board Francesco Signorio – chairman, Carlo Cattaneo, Gordana Pavletić, Domenico Petrella, Daniele Sinosich

Shareholders

1. Francesco Signorio
2. Carlo Di Dato
3. Svetlana Bondareva
4. J.L.L. Marc Jourdan
5. Domenico Petrella
6. Franco Guidantoni
7. Joseph Amsellem
8. Gordana Pavletić
9. Cofisi S.A.

Share in share capital (%)

- 44.29
- 9.81
- 6.90
- 6.79
- 6.68
- 4.54
- 4.04
- 3.89
- 3.81

Audit firm for 2003: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	5,146
1.1. Income interest	6,847
1.2. Interest expenses	1,701
2. Net non-interest income	761
2.1. Non-interest income	1,655
2.2. Non-interest expenses	894
3. General administrative expenses and depreciation	7,649
4. Net operating income before provisions	-1,742
5. Loan loss provision expenses	-78
6. Pre-tax profit/loss	-1,664
7. Income tax	0
8. After-tax profit/loss	-1,664

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	9,356
1.1. Money assets	1,824
1.2. Deposits	7,532
2. Deposits with banking institutions	10,347
3. MoF treasury bills and CNB bills	4,126
4. Trading portfolio of securities	1,155
5. Loans to financial institutions	0
6. Loans to other clients	50,886
7. Investment portfolio of securities	964
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,677
10. Tangible assets and software (net of depreciation)	1,183
11. Interest, fees and other assets	3,906
12. Net of: Specific reserves for unidentified losses	623
TOTAL	82,977

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	41,213
2.1. Giro account and current account deposits	3,233
2.2. Savings deposits	6,625
2.3. Time deposits	31,355
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,223
7. Profit/loss for the current year	-1,664
8. Capital (excl. profit/loss for the current year)	42,205
TOTAL	82,977

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Management Board Zdenka Batinić – chairwoman, Doroteja Juras

Supervisory Board Siegfried Rudolf Einhellig – chairman, Zoran Parać, Vlado Ravlić

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

1. Siegfried Rudolf Einhellig 99.99

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	13,799
1.1. Income interest	29,277
1.2. Interest expenses	15,478
2. Net non-interest income	-2,621
2.1. Non-interest income	3,187
2.2. Non-interest expenses	5,808
3. General administrative expenses and depreciation	15,056
4. Net operating income before provisions	-3,878
5. Loan loss provision expenses	35,918
6. Pre-tax profit/loss	-39,796
7. Income tax	0
8. After-tax profit/loss	-39,796

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	25,602
1.1. Money assets	10,817
1.2. Deposits	14,785
2. Deposits with banking institutions	16,217
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	3,335
5. Loans to financial institutions	0
6. Loans to other clients	210,794
7. Investment portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	13,957
11. Interest, fees and other assets	24,727
12. Net of: Specific reserves for unidentified losses	2,473
TOTAL	292,159

Structure of Bank Liabilities	
1. Loans from financial institutions	27,360
1.1. Short-term loans	15,000
1.2. Long-term loans	12,360
2. Deposits	227,963
2.1. Giro account and current account deposits	3,479
2.2. Savings deposits	14,423
2.3. Time deposits	210,061
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	5,451
5.1. Subordinated instruments issued	3,757
5.2. Hybrid instruments issued	1,694
6. Interest, fees and other liabilities	9,638
7. Profit/loss for the current year	-39,796
8. Capital (excl. profit/loss for the current year)	61,543
TOTAL	292,159

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Management Board Zdravka Cukon – chairwoman, Roberto Drandić

Supervisory Board Dajana Kobeščak – chairwoman, Mario Henjak

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

1. Privredna banka Zagreb d.d.	100.00
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Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	18,661
1.1. Income interest	37,230
1.2. Interest expenses	18,569
2. Net non-interest income	16,629
2.1. Non-interest income	24,039
2.2. Non-interest expenses	7,410
3. General administrative expenses and depreciation	19,483
4. Net operating income before provisions	15,807
5. Loan loss provision expenses	1,607
6. Pre-tax profit/loss	14,200
7. Income tax	3,188
8. After-tax profit/loss	11,012

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	79,445
1.1. Money assets	25,042
1.2. Deposits	54,403
2. Deposits with banking institutions	37,351
3. MoF treasury bills and CNB bills	156,041
4. Trading portfolio of securities	22,240
5. Loans to financial institutions	0
6. Loans to other clients	371,749
7. Investment portfolio of securities	339
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	5,360
10. Tangible assets and software (net of depreciation)	23,404
11. Interest, fees and other assets	10,507
12. Net of: Specific reserves for unidentified losses	4,876
TOTAL	701,560

Structure of Bank Liabilities	
1. Loans from financial institutions	92,528
1.1. Short-term loans	
1.2. Long-term loans	92,528
2. Deposits	504,822
2.1. Giro account and current account deposits	62,109
2.2. Savings deposits	90,159
2.3. Time deposits	352,554
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	15,206
7. Profit/loss for the current year	11,012
8. Capital (excl. profit/loss for the current year)	77,992
TOTAL	701,560

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Management Board Božo Prka – chairman, Ivan Gerovac, Davor Holjevac, Tomislav Lazarić, Giancarlo Miranda, Draženko Pavlinić

Supervisory Board György Surányi – chairman, Adriano Arietti, Luigi de Puppi de Puppi, Claudio Viezzoli, Giovanni Boccolini, Massimo Pierdicchi, Massimo Malagoli

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

1. Intesa Bci Holding International S.A.	76.30
2. European Bank for Reconstruction and Development (EBRD)	20.08

Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	1,202,494
1.1. Income interest	2,075,350
1.2. Interest expenses	872,856
2. Net non-interest income	370,428
2.1. Non-interest income	740,846
2.2. Non-interest expenses	370,419
3. General administrative expenses and depreciation	751,401
4. Net operating income before provisions	821,521
5. Loan loss provision expenses	91,853
6. Pre-tax profit/loss	729,668
7. Income tax	154,376
8. After-tax profit/loss	575,292

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	5,095,805
1.1. Money assets	552,863
1.2. Deposits	4,542,942
2. Deposits with banking institutions	3,625,059
3. MoF treasury bills and CNB bills	3,107,412
4. Trading portfolio of securities	1,218,196
5. Loans to financial institutions	615,791
6. Loans to other clients	20,566,761
7. Investment portfolio of securities	2,153,216
8. Investments in subsidiaries and associates	395,713
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	753,240
11. Interest, fees and other assets	572,100
12. Net of: Specific reserves for unidentified losses	314,090
TOTAL	37,789,203

Structure of Bank Liabilities	
1. Loans from financial institutions	2,595,307
1.1. Short-term loans	1,872,814
1.2. Long-term loans	722,493
2. Deposits	26,287,164
2.1. Giro account and current account deposits	4,217,042
2.2. Savings deposits	4,483,566
2.3. Time deposits	17,586,558
3. Other loans	3,932,484
3.1. Short-term loans	38,619
3.2. Long-term loans	3,893,865
4. Debt securities issued	20,123
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	20,123
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,599,277
7. Profit/loss for the current year	575,292
8. Capital (excl. profit/loss for the current year)	2,779,554
TOTAL	37,789,203

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Management Board Zdenko Adrović – chairman, Lovorka Penavić, Vlasta Žubrinić-Pick, Jasna Širola

Supervisory Board Herbert Stepic – chairman, Heinz Hoedl, Franz Rogi

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

1. Raiffeisen International Beteiligungs AG	75.00
2. Raiffeisenbank-Zagreb Beteiligungsgesellschaft mbH	25.00

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	456,162
1.1. Income interest	937,774
1.2. Interest expenses	481,612
2. Net non-interest income	170,078
2.1. Non-interest income	276,055
2.2. Non-interest expenses	105,977
3. General administrative expenses and depreciation	387,237
4. Net operating income before provisions	239,003
5. Loan loss provision expenses	47,223
6. Pre-tax profit/loss	191,780
7. Income tax	37,219
8. After-tax profit/loss	154,561

**Balance Sheet,
as at 31 December 2003, in thousand kuna****Structure of Bank Assets**

1. Money assets and deposits with the CNB	3,163,018
1.1. Money assets	108,855
1.2. Deposits	3,054,163
2. Deposits with banking institutions	3,919,569
3. MoF treasury bills and CNB bills	297,554
4. Trading portfolio of securities	898,782
5. Loans to financial institutions	134,243
6. Loans to other clients	9,597,485
7. Investment portfolio of securities	179
8. Investments in subsidiaries and associates	192,955
9. Foreclosed and repossessed assets	3,369
10. Tangible assets and software (net of depreciation)	335,245
11. Interest, fees and other assets	189,983
12. Net of: Specific reserves for unidentified losses	126,184
TOTAL	18,606,198

Structure of Bank Liabilities

1. Loans from financial institutions	528,572
1.1. Short-term loans	502,143
1.2. Long-term loans	26,429
2. Deposits	11,649,259
2.1. Giro account and current account deposits	1,944,544
2.2. Savings deposits	1,568,529
2.3. Time deposits	8,136,186
3. Other loans	4,295,822
3.1. Short-term loans	535,284
3.2. Long-term loans	3,760,538
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	661,212
5.1. Subordinated instruments issued	444,040
5.2. Hybrid instruments issued	217,172
6. Interest, fees and other liabilities	534,542
7. Profit/loss for the current year	0
8. Capital (excl. profit/loss for the current year)	936,791
TOTAL	18,606,198

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Management Board Vesna Badurina – chairwoman, Margareta Šćulac

Supervisory Board Dajana Kobešćak – chairwoman, Marinko Dumanić, Snježana Kaponja, Hrvoje Matezović, Ljiljana Miletić

Shareholders	Share in share capital (%)
1. Privredna banka Zagreb d.d.	77.98
2. Riadria banka d.d.	8.27

Audit firm for 2003: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	69,743
1.1. Income interest	120,211
1.2. Interest expenses	50,468
2. Net non-interest income	43,078
2.1. Non-interest income	62,539
2.2. Non-interest expenses	19,461
3. General administrative expenses and depreciation	53,791
4. Net operating income before provisions	59,030
5. Loan loss provision expenses	13,281
6. Pre-tax profit/loss	45,749
7. Income tax	7,060
8. After-tax profit/loss	38,689

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	330,845
1.1. Money assets	24,872
1.2. Deposits	305,973
2. Deposits with banking institutions	308,260
3. MoF treasury bills and CNB bills	59,427
4. Trading portfolio of securities	25,822
5. Loans to financial institutions	62
6. Loans to other clients	1,106,531
7. Investment portfolio of securities	59,620
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	73,345
11. Interest, fees and other assets	40,370
12. Net of: Specific reserves for unidentified losses	25,985
TOTAL	1,978,297

Structure of Bank Liabilities	
1. Loans from financial institutions	642
1.1. Short-term loans	0
1.2. Long-term loans	642
2. Deposits	1,647,741
2.1. Giro account and current account deposits	246,463
2.2. Savings deposits	481,611
2.3. Time deposits	919,667
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	30,371
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	30,371
6. Interest, fees and other liabilities	51,430
7. Profit/loss for the current year	38,689
8. Capital (excl. profit/loss for the current year)	209,424
TOTAL	1,978,297

3 Data are as at 31 December 2003; Riadria banka d.d. merged with Privredna banka Zagreb d.d. at the beginning of 2004.

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Management Board Marijan Kantolić – chairman, Marijan Trusk

Supervisory Board Dragutin Plahutar – chairman, Želimir Kodrić, Branko Varjačić, Martin Jazbec, Milan Penava

Shareholders

1. Strahinjčica d.d.
2. Samoborka d.d.
3. JP Hrvatske šume p.o.

Share in share capital (%)

- 72.23
 5.15
 3.78

Audit firm for 2003: Rudan d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	6,510
1.1. Income interest	13,140
1.2. Interest expenses	6,630
2. Net non-interest income	4,913
2.1. Non-interest income	8,670
2.2. Non-interest expenses	3,757
3. General administrative expenses and depreciation	11,842
4. Net operating income before provisions	-419
5. Loan loss provision expenses	-507
6. Pre-tax profit/loss	88
7. Income tax	59
8. After-tax profit/loss	29

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	53,035
1.1. Money assets	16,155
1.2. Deposits	36,880
2. Deposits with banking institutions	101,581
3. MoF treasury bills and CNB bills	35,109
4. Trading portfolio of securities	0
5. Loans to financial institutions	67,000
6. Loans to other clients	89,596
7. Investment portfolio of securities	6,256
8. Investments in subsidiaries and associates	18
9. Foreclosed and repossessed assets	2,684
10. Tangible assets and software (net of depreciation)	12,273
11. Interest, fees and other assets	1,966
12. Net of: Specific reserves for unidentified losses	2,074
TOTAL	367,444

Structure of Bank Liabilities	
1. Loans from financial institutions	2,434
1.1. Short-term loans	0
1.2. Long-term loans	2,434
2. Deposits	245,667
2.1. Giro account and current account deposits	56,295
2.2. Savings deposits	72,555
2.3. Time deposits	116,817
3. Other loans	46
3.1. Short-term loans	46
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	55,638
7. Profit/loss for the current year	0
8. Capital (excl. profit/loss for the current year)	63,659
TOTAL	367,444

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Management Board Angelina Horvat – chairwoman, Elvis Mališ

Supervisory Board Ante Šimara – chairman, Ljiljana Katavić, Marija Maleković, Ružica Šimara, Sandra Šimara

Shareholders

1. State Agency for Bank Rehabilitation and Deposit Insurance
2. Lust-prom d.o.o.
3. Slop-prom d.o.o.
4. Ante Šimara
5. Rima promet d.o.o.
6. Sloper d.o.o.
7. Lustrin d.o.o.
8. Nova banka d.d.

Share in share capital (%)

- 8.32
- 7.46
- 7.46
- 7.46
- 7.33
- 6.36
- 4.61
- 3.26

Audit firm for 2003: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	33,965
1.1. Income interest	56,320
1.2. Interest expenses	22,355
2. Net non-interest income	3,212
2.1. Non-interest income	13,621
2.2. Non-interest expenses	10,409
3. General administrative expenses and depreciation	25,510
4. Net operating income before provisions	11,667
5. Loan loss provision expenses	-406
6. Pre-tax profit/loss	12,073
7. Income tax	2,603
8. After-tax profit/loss	9,470

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	80,401
1.1. Money assets	14,369
1.2. Deposits	66,032
2. Deposits with banking institutions	104,824
3. MoF treasury bills and CNB bills	19,565
4. Trading portfolio of securities	0
5. Loans to financial institutions	15,000
6. Loans to other clients	390,888
7. Investment portfolio of securities	44,651
8. Investments in subsidiaries and associates	8,002
9. Foreclosed and repossessed assets	978
10. Tangible assets and software (net of depreciation)	42,455
11. Interest, fees and other assets	7,514
12. Net of: Specific reserves for unidentified losses	5,420
TOTAL	708,858

Structure of Bank Liabilities	
1. Loans from financial institutions	39,063
1.1. Short-term loans	0
1.2. Long-term loans	39,063
2. Deposits	494,382
2.1. Giro account and current account deposits	62,067
2.2. Savings deposits	79,114
2.3. Time deposits	353,201
3. Other loans	22,353
3.1. Short-term loans	7,647
3.2. Long-term loans	14,706
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	155
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	155
6. Interest, fees and other liabilities	24,412
7. Profit/loss for the current year	9,470
8. Capital (excl. profit/loss for the current year)	119,023
TOTAL	708,858

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Management Board Ivan Mihaljević – chairman, Tadija Vrdoljak

Supervisory Board Günter Striedinger – chairman, Wolfgang Kulterer, Othmar Ederer, Gerd Penkner, Zlata Vrdoljak

Shareholders	Share in share capital (%)
1. Hypo Alpe-Adria-Bank AG	76.23
2. VCP Finance B.V.	15.93

Audit firm for 2003: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	176,128
1.1. Income interest	278,459
1.2. Interest expenses	102,331
2. Net non-interest income	36,159
2.1. Non-interest income	93,031
2.2. Non-interest expenses	56,872
3. General administrative expenses and depreciation	116,708
4. Net operating income before provisions	95,579
5. Loan loss provision expenses	1,654
6. Pre-tax profit/loss	93,925
7. Income tax	19,665
8. After-tax profit/loss	74,260

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	586,557
1.1. Money assets	66,672
1.2. Deposits	519,885
2. Deposits with banking institutions	680,760
3. MoF treasury bills and CNB bills	22,907
4. Trading portfolio of securities	885
5. Loans to financial institutions	9,259
6. Loans to other clients	3,045,589
7. Investment portfolio of securities	94,574
8. Investments in subsidiaries and associates	8,418
9. Foreclosed and repossessed assets	74,578
10. Tangible assets and software (net of depreciation)	65,492
11. Interest, fees and other assets	171,551
12. Net of: Specific reserves for unidentified losses	110,999
TOTAL	4,649,571

Structure of Bank Liabilities	
1. Loans from financial institutions	173,126
1.1. Short-term loans	17,000
1.2. Long-term loans	156,126
2. Deposits	3,282,815
2.1. Giro account and current account deposits	546,184
2.2. Savings deposits	419,844
2.3. Time deposits	2,316,787
3. Other loans	86,830
3.1. Short-term loans	0
3.2. Long-term loans	86,830
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	480,905
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	480,905
6. Interest, fees and other liabilities	98,902
7. Profit/loss for the current year	74,260
8. Capital (excl. profit/loss for the current year)	452,733
TOTAL	4,649,571

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Management Board Željko Udovičić – chairman, Ante Babić, Josip Ševerdija

Supervisory Board Ivo Andrijanić – chairman, Đuro Benček, Petar Ćurković

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

1. Šted – Invest d.d.	89.71
2. Paveko 2000 d.o.o.	5.50

Audit firm for 2003: Revizija Spajić d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	29,035
1.1. Income interest	57,301
1.2. Interest expenses	28,266
2. Net non-interest income	9,388
2.1. Non-interest income	15,360
2.2. Non-interest expenses	5,972
3. General administrative expenses and depreciation	11,002
4. Net operating income before provisions	27,421
5. Loan loss provision expenses	2,436
6. Pre-tax profit/loss	24,985
7. Income tax	5,189
8. After-tax profit/loss	19,796

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	76,369
1.1. Money assets	7,871
1.2. Deposits	68,498
2. Deposits with banking institutions	82,811
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	508,700
7. Investment portfolio of securities	64,812
8. Investments in subsidiaries and associates	400
9. Foreclosed and repossessed assets	6,598
10. Tangible assets and software (net of depreciation)	50,853
11. Interest, fees and other assets	14,340
12. Net of: Specific reserves for unidentified losses	16,527
TOTAL	788,356

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	476,711
2.1. Giro account and current account deposits	63,053
2.2. Savings deposits	33,972
2.3. Time deposits	379,686
3. Other loans	3,441
3.1. Short-term loans	0
3.2. Long-term loans	3,441
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	59,788
7. Profit/loss for the current year	19,796
8. Capital (excl. profit/loss for the current year)	228,620
TOTAL	788,356

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Management Board Mato Lukinić – chairman, Pavao Parat, Borna Zane

Supervisory Board Tea Martinčić – chairwoman, Renata Babić, Duilio Belić, Marijana Brcko, Čedomil Cesarec

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

1. Zagrebačka banka d.d. 93.80

Audit firm for 2003: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	176,472
1.1. Income interest	267,730
1.2. Interest expenses	91,258
2. Net non-interest income	45,267
2.1. Non-interest income	76,809
2.2. Non-interest expenses	31,542
3. General administrative expenses and depreciation	100,113
4. Net operating income before provisions	121,626
5. Loan loss provision expenses	18,401
6. Pre-tax profit/loss	103,224
7. Income tax	21,152
8. After-tax profit/loss	82,072

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	432,124
1.1. Money assets	56,039
1.2. Deposits	376,085
2. Deposits with banking institutions	391,485
3. MoF treasury bills and CNB bills	318,000
4. Trading portfolio of securities	0
5. Loans to financial institutions	67,833
6. Loans to other clients	2,561,135
7. Investment portfolio of securities	148,004
8. Investments in subsidiaries and associates	7,561
9. Foreclosed and repossessed assets	3,116
10. Tangible assets and software (net of depreciation)	200,081
11. Interest, fees and other assets	50,784
12. Net of: Specific reserves for unidentified losses	46,886
TOTAL	4,133,237

Structure of Bank Liabilities	
1. Loans from financial institutions	504,126
1.1. Short-term loans	411,707
1.2. Long-term loans	92,419
2. Deposits	2,653,774
2.1. Giro account and current account deposits	528,321
2.2. Savings deposits	637,074
2.3. Time deposits	1,488,379
3. Other loans	279,542
3.1. Short-term loans	53,528
3.2. Long-term loans	226,014
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	58,602
7. Profit/loss for the current year	82,072
8. Capital (excl. profit/loss for the current year)	555,121
TOTAL	4,133,237

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Supervisory Board Manfred Kunert – chairman, Christian-Georg Kaltenbrunner, Herbert Hartl, Hans Janeschitz, Denis Le Moullac, Fausto Maritan, Gerhard Wöber

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

1. VB International AG	78.55
2. Deutsche Zentral Genossenschaftsbank	4.65

Audit firm for 2003: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2003, in thousand kuna**

1. Net interest income	102,802
1.1. Income interest	162,569
1.2. Interest expenses	59,767
2. Net non-interest income	13,207
2.1. Non-interest income	25,449
2.2. Non-interest expenses	12,242
3. General administrative expenses and depreciation	98,160
4. Net operating income before provisions	17,850
5. Loan loss provision expenses	-1,542
6. Pre-tax profit/loss	19,393
7. Income tax	4,884
8. After-tax profit/loss	14,509

**Balance Sheet,
as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	367,745
1.1. Money assets	23,083
1.2. Deposits	344,662
2. Deposits with banking institutions	274,432
3. MoF treasury bills and CNB bills	322,114
4. Trading portfolio of securities	52,331
5. Loans to financial institutions	156,897
6. Loans to other clients	1,492,741
7. Investment portfolio of securities	12,014
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	7,603
11. Interest, fees and other assets	21,924
12. Net of: Specific reserves for unidentified losses	30,111
TOTAL	2,677,690

Structure of Bank Liabilities	
1. Loans from financial institutions	70,568
1.1. Short-term loans	58,000
1.2. Long-term loans	12,568
2. Deposits	1,206,380
2.1. Giro account and current account deposits	194,547
2.2. Savings deposits	166,497
2.3. Time deposits	845,336
3. Other loans	1,089,602
3.1. Short-term loans	0
3.2. Long-term loans	1,089,602
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	72,913
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	72,913
6. Interest, fees and other liabilities	51,138
7. Profit/loss for the current year	14,509
8. Capital (excl. profit/loss for the current year)	172,580
TOTAL	2,677,690

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Supervisory Board Paolo Fiorentino – chairman, Klaus Junker, Torsten Leue, Marina Monassi, Ante Vlahović, Guiseppe Vovk, Alessandro Maria Decio, Renieri de Marchis

Shareholders	Share in share capital (%)
1. UniCredito Italiano S.p.A.	82.16
2. Allianz AG	13.75

Audit firm for 2003: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
 as at 31 December 2003, in thousand kuna**

1. Net interest income	1,490,556
1.1. Income interest	2,525,871
1.2. Interest expenses	1,035,315
2. Net non-interest income	574,569
2.1. Non-interest income	1,042,966
2.2. Non-interest expenses	468,397
3. General administrative expenses and depreciation	1,148,377
4. Net operating income before provisions	916,748
5. Loan loss provision expenses	27,644
6. Pre-tax profit/loss	889,103
7. Income tax	160,079
8. After-tax profit/loss	729,024

**Balance Sheet,
 as at 31 December 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	6,646,841
1.1. Money assets	803,717
1.2. Deposits	5,843,124
2. Deposits with banking institutions	7,650,665
3. MoF treasury bills and CNB bills	909,412
4. Trading portfolio of securities	2,669,991
5. Loans to financial institutions	912,543
6. Loans to other clients	24,918,303
7. Investment portfolio of securities	2,807,002
8. Investments in subsidiaries and associates	1,384,278
9. Foreclosed and repossessed assets	30,630
10. Tangible assets and software (net of depreciation)	929,160
11. Interest, fees and other assets	1,019,728
12. Net of: Specific reserves for unidentified losses	456,638
TOTAL	49,421,915

Structure of Bank Liabilities	
1. Loans from financial institutions	568,730
1.1. Short-term loans	472,047
1.2. Long-term loans	96,683
2. Deposits	36,893,725
2.1. Giro account and current account deposits	8,092,246
2.2. Savings deposits	6,403,321
2.3. Time deposits	22,398,158
3. Other loans	5,787,255
3.1. Short-term loans	2,246,579
3.2. Long-term loans	3,540,676
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,562,647
7. Profit/loss for the current year	729,024
8. Capital (excl. profit/loss for the current year)	3,880,534
TOTAL	49,421,915

Attachment I

List of Banks by Peer Groups, end of period					
Bank no. as at 31 Dec. 2003	Bank name and headquarter	Peer group number			
		Dec. 2000	Dec. 2001	Dec. 2002	Dec. 2003
1.	Banka Brod d.d., Slavonski Brod	–	–	IV	IV
2.	Banka Kovanica d.d., Varaždin ¹	–	–	IV	IV
3.	Banka sonic d.d., Zagreb	–	–	IV	IV
	Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb ²	IV	IV	–	–
4.	Brodsko-posavska banka d.d., Slavonski Brod	IV	IV	IV	IV
	Cassa di Risparmio di Trieste – Banca d.d., Zagreb ³	IV	IV	IV	–
5.	Centar banka d.d., Zagreb	IV	IV	IV	III
	Convest banka d.d., Zagreb ⁴	IV	IV	IV	–
6.	Credo banka d.d., Split	IV	IV	IV	III
7.	Croatia banka d.d., Zagreb	II	II	II	II
	Dalmatinska banka d.d., Zadar ⁵	II	II	–	–
8.	Dresdner Bank Croatia d.d., Zagreb	III	III	II	III
9.	Dubrovačka banka d.d., Dubrovnik	II	II	II	II
10.	Erste & Steiermärkische Bank d.d., Zagreb	II	II	I	I
11.	Gospodarsko kreditna banka d.d., Zagreb	IV	IV	IV	IV
12.	Hrvatska poštanska banka d.d., Zagreb	II	II	I	I
	HVB Bank Croatia d.d., Zagreb ⁶	II	II	II	–
13.	Hypo Alpe-Adria-Bank d.d., Zagreb	II	I	I	I
14.	Imex banka d.d., Split	IV	IV	IV	IV
	Istarska banka d.d., Pula ⁵	II	II	–	–
15.	Istarska kreditna banka Umag d.d., Umag	III	II	II	II
16.	Jadranska banka d.d., Šibenik	II	II	II	II
	Kaptol banka d.d., Zagreb ⁷	IV	–	–	–
17.	Karlovačka banka d.d., Karlovac	III	III	III	II
18.	Kreditna banka Zagreb d.d., Zagreb	III	III	III	III
19.	Križevačka banka d.d., Križevci	–	–	IV	IV
20.	Kvarner banka d.d., Rijeka	IV	IV	IV	IV
21.	Međimurska banka d.d., Čakovec	II	II	II	II
22.	Nava banka d.d., Zagreb	IV	IV	IV	IV
23.	Nova banka d.d., Zagreb	–	–	I	I
24.	Partner banka d.d., Zagreb	IV	IV	III	III
25.	Podravska banka d.d., Koprivnica	IV	III	II	II
26.	Požeška banka d.d., Požega	IV	IV	III	IV
27.	Primorska banka d.d., Rijeka	–	IV	IV	IV
28.	Primus banka d.d., Zagreb ⁸	IV	IV	IV	IV
29.	Privredna banka – Laguna banka d.d., Poreč	IV	IV	III	III
30.	Privredna banka Zagreb d.d., Zagreb	I	I	I	I
31.	Raiffeisenbank Austria d.d., Zagreb	I	I	I	I
32.	Riadria banka d.d., Rijeka	II	II	II	II
	Riječka banka d.d., Rijeka ⁹	I	I	I	–
33.	Samoborska banka d.d., Samobor	IV	IV	IV	IV
	Sisačka banka d.d., Sisak ⁵	III	III	–	–
34.	Slatinska banka d.d., Slatina	III	III	III	III
35.	Slavonska banka d.d., Osijek	II	II	II	II
36.	Splitska banka d.d., Split	I	I	I	I
37.	Splitsko-dalmatinska banka d.d., Split	–	–	IV	IV
38.	Štedbanka d.d., Zagreb	III	III	III	III
39.	Varaždinska banka d.d., Varaždin	II	II	II	II
40.	Volksbank d.d., Zagreb	III	II	II	II
	Zagorska banka d.d., Krapina ¹⁰	–	–	IV	–
41.	Zagrebačka banka d.d., Zagreb	I	I	I	I

¹ Banka Kovanica was classified into Group IV on the basis of preliminary data for 2003. ² Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb transferred its operations to HVB Bank Croatia d.d., Zagreb. ³ Cassa di Risparmio di Trieste – Banca d.d., Zagreb transferred its operations to Zagrebačka banka d.d., Zagreb. ⁴ Convest banka d.d., Zagreb initiated liquidation proceedings. ⁵ Istarska banka d.d., Pula and Sisačka banka d.d., Sisak merged with Dalmatinska banka d.d., Zadar, that has since operated under a new name of Nova banka d.d., Zagreb. ⁶ HVB Bank Croatia d.d., Zagreb merged with Splitska banka d.d., Split. ⁷ Its operating license was revoked on 7 March 2001. ⁸ Primus banka was classified into Group IV on the basis of preliminary data for 2003. Prva obrtnička banka d.d., Zagreb merged with Hypobanka d.d., Zagreb in July 2002, that has since operated under a new name of Primus banka d.d., Zagreb. ⁹ Erste & Steiermärkische Bank d.d., Zagreb merged with Riječka banka d.d., Rijeka, that has since operated under a new name of Erste & Steiermärkische Bank d.d., Rijeka. ¹⁰ Zagorska banka d.d., Krapina merged with Samoborska banka d.d., Samobor.

Attachment II

Banking Groups, as at 31 December 2003		
Banking group	Superordinate institution	Banking group members
1. NOVA BANKA	REGINTER d.o.o., Zagreb	Nova banka d.d., Zagreb Dubrovačka banka d.d., Dubrovnik
2. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	Riadria banka d.d., Rijeka PBZ American Express d.o.o., Zagreb Medimurska banka d.d., Čakovec Privredna banka – Laguna banka d.d., Poreč PBZ Leasing d.o.o., Zagreb PBZ Invest d.o.o., Zagreb PBZ Croatia osiguranje d.d., Zagreb (mandatory pension fund) Invest Holding Karlovac d.o.o., Karlovac PBZ Nekretnine d.o.o., Zagreb (real estate) PBZ Stambena štedionica d.d., Zagreb
3. 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 (mandatory pension fund) Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb (voluntary pension fund) Raiffeisen poslovni prostori d.o.o., Zagreb (business premises) Raiffeisen upravljanje nekretninama d.o.o., Zagreb (real estate) Raiffeisen consulting d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb
4. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	Varaždinska banka d.d., Varaždin Zagrebačka banka BH Mostar d.d., Mostar Universal banka d.d., Sarajevo Prva stambena štedionica d.d., Zagreb ZB Invest d.o.o., Zagreb Pominvest d.d., Split Zagreb nekretnine d.o.o., Zagreb (real estate) Allianz ZB društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb (voluntary pension fund) Allianz ZB društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb (mandatory pension fund)

