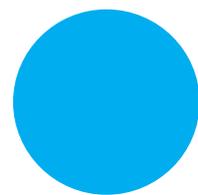


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1 Overview of the New Subordinate Legislation Issued Pursuant to the Banking Act

Author: Jadranka Mileska – Keser

Pursuant to the Banking Act (official gazette *Narodne novine*, No. 84/2002) the Croatian National Bank is authorized to issue subordinate legislation regulating bank operation in more detail. In early 2003, the Croatian National Bank adopted several important decisions complementing the regulation governing the conditions for providing banking and other financial services.

In preparing subordinate legislation (decisions and accompanying instructions), the following was taken into account:

- banking system development level in the Republic of Croatia,
- EU guidelines,
- Basel Committee on Banking Supervision recommendations,
- International Accounting Standards,
- other regulations effective in the Republic of Croatia.

A short overview of the innovations introduced by the following decisions is stated below:

- Decision on the Classification of Placements and Contingent Liabilities of Banks,
- Decision on the Capital Adequacy of Banks,
- Decision on Restricting Bank Exposure to Currency Risk,
- Decision on Consolidated Financial Reports of a Banking Group, and
- Decision on Audit of Bank Financial Reports and Business Functions.

1.1 Decision on the Classification of Placements and Contingent Liabilities of Banks

The Decision prescribes the criteria for the classification of placements and off-balance sheet contingent liabilities on the basis of which banks are exposed to credit risk, into corresponding risk categories, as well as the method of forming loan loss provisions related to credit risk and determining credit exposure of banks.

The main innovations incorporated in that Decision are the following:

1. The Decision is adjusted as follows to the International Accounting Standards which were published after the former, still effective, decision had been adopted:

- to the IAS 39 Financial Instruments: Recognition and Measurement (placements – assets),
 - to the IAS 37 Provisions, Contingent Liabilities and Contingent Assets (off-balance sheet contingent liabilities).
2. According to the new Decision, placements on the basis of which a bank is exposed to credit risk are classified into three main risk categories, instead of five, as it was prescribed by the former decision:
- fully recoverable placements (risk category A),
 - partly recoverable placements (risk category B, consisting of three sub-categories B-1, B-2 and B-3),
 - irrecoverable placements (risk category C).

The criteria for classification of placements into risk categories generally remained unchanged relative to the former decision, including:

- debtors' creditworthiness,
- debtors' timeliness in meeting their obligations, and
- collateral quality.

A difference relative to the former decision is that debtors' timeliness in meeting their obligations to a bank was not treated as a separate criterion, but as one of the components of debtors' creditworthiness which was a single classification criterion.

The provisions of the new Decision regulate the banks' obligation to determine, within their by-laws, the quality of their collaterals on the basis of the criteria prescribed by the Decision.

According to the new Decision, individual placements are subject to classification into risk categories, rather than debtors, as it was the case in the former decision, according to which all placements to a single debtor were generally classified into the same risk category by the quality of the placement with the highest credit risk.

3. Similar to placements, contingent liabilities (issued bank guarantees, letters of guarantee (surety), granted but not used irrevocable credit lines and other similar off-balance sheet contingent liabilities) are classified into three risk categories (A, B and C), relative to the assessed credit risk level.

The criteria for the classification of placements are also applied to the classification of contingent liabilities into risk categories.

Provisions for identified losses on the basis of individual placements and assumed contingent liabilities are formed for the liabilities classified into risk category B (divided into sub-categories B-1, B-2 and B-3) and risk category C.

4. Banks are obliged to form provisions for covering unidentified losses resulting from credit risk exposure. In their by-laws, which should be submitted to the Croatian National Bank, banks regulate more precisely the method of provisioning, taking account of the distribution of placements and contingent liabilities graded A by industries, geographic areas, financial strength of persons to which a bank is exposed, as well as other characteristics according to which placements and contingent liabilities graded A may be classified into several sub-categories involving different degrees of credit risk.

The amount of total provisions for unidentified losses should range from 0.85% to 1.20% of the total balance of placements and contingent liabilities classified into risk category A.

5. The Decision also prescribes the banks' obligation to form from their profit and maintain additional reserves for general bank risks that may arise as a result of a rapid growth in bank balance sheet and off-balance sheet activities and, as a consequence, increased bank exposure to various types of risks.

These reserves are formed by banks which record an annual growth of more than 20% in particular positions of assets and particular positions of off-balance sheet contingent liabilities, in comparison with the previous year. Exceptionally, banks would not be obliged to form reserves for general bank risks provided that their capital adequacy ratio is between 15% and 40%.

According to the Decision, reserves for general bank risks would be calculated by applying the progressive rates (0.10% – 0.70%) to the base which consists of bank assets, increased by the amount of provisions for identified and unidentified losses arising from placements, and then reduced by individual items set out by the Decision.

Decision on the Classification of Placements and Contingent Liabilities of Banks applies as of 1 January 2004, excluding the provisions of Articles 25 to 32 (reserves for general bank risks), which should be applied in preparing annual financial reports for 2003 and thereafter.

1.2 Decision on the Capital Adequacy of Banks

The Decision prescribes the methods for calculating capital requirements relative to the exposure to particular types of risks.

Capital requirements for particular types of risks are expressed in the absolute amount in kuna, rather than as a percentage (as it was the case so far). Since none of the components of regulatory capital may be used to cover different risks, this Decision prescribes the level and type of capital that a bank must hold to cover individual risks which it faces in its operation.

1. In the former decision on the method for calculating capital adequacy, the capital adequacy ratio was defined as the ratio between regulatory capital and bank assets weighted by credit risk exclusively. The new Decision defines the method for calculating capital adequacy ratio as the ratio between regulatory capital and the sum of the following items:
 - credit risk-weighted assets,
 - open foreign exchange position exposure to currency risk,
 - bank exposure to position risk (interest rate risk, equity risk and commodity risk),
 - bank exposure to settlement/counterparty risk, and
 - excess of the permissible exposure limits.

This Decision unites the calculation of regulatory capital and calculation of exposure to particular risks, as well as the final calculation of capital adequacy, which was, prior to the enactment of this Decision, defined by two deci-

sions: Decision on the Methodology for Calculating Bank's Capital and Decision on the Methodology for Calculating Capital Adequacy and Risk-Weighted Assets of Banks.

The new Decision on capital adequacy defines the method for calculating regulatory capital as a sum of core capital, supplementary capital I and supplementary capital II.

A new form of supplementary capital was introduced, i.e. supplementary capital II, which is composed of subordinated instruments meeting similar criteria as supplementary capital I, the only difference being the original maturity of at least two years (in supplementary capital I, maturity must exceed five years).

The amendments to deduction items from regulatory capital refer to direct and indirect bank investments in shares and other financial instruments included in regulatory capital of another bank. There are two cases where investments in banks and other financial institutions are deducted from regulatory capital: when the investment amounts to over 10% of such banks' and financial institutions' capital, or when the investment exceeds 10% of the regulatory capital of the bank whose regulatory capital is being calculated.

2. In accordance with this Decision, banks are obliged to determine the items to be allocated into trading book. All financial instruments in the trading book must be marked to market on a daily basis and banks should have a written policy establishing the basic criteria for allocating financial instruments and other items into the trading book.

The chapter on items held in the trading book regulates the conditions when a bank is obliged to calculate capital requirements for risks arising from the financial instruments allocated into the trading book.

3. The calculation of total credit risk-weighted assets is defined as the sum of total on-balance sheet items, risky off-balance sheet items, derivative off-balance sheet items, excluding the items referred to in the Decision.

The same chapter prescribes the types of derivative instruments for which credit risk is calculated and defines the methods that can be used for that purpose.

4. The Decision establishes the method of calculating open foreign exchange position and sets capital requirement for currency risk at 10% of the amount of total open foreign exchange position.

Decision on the Capital Adequacy of Banks, in contrast to Decision on Preventing Foreign Exchange Exposure of Authorized Banks and Savings Banks to Currency Risk, does not limit the open foreign exchange position, but rather requires from banks to cover 10% of the open foreign exchange position by regulatory capital that has not be used for covering other risks. The methodology for the open position calculation, described in this chapter, is fully compliant with the Decision on Restricting Bank Exposure to Currency Risk.

5. The Decision also defines the method of capital requirement calculation for position risks (interest rate risk, equity risk and commodity risk), as well as methods of calculating interest rate risk of debt securities held in

the trading book, methods of calculating general and specific risks of investing in equity securities held in the trading book and methods of calculating commodity risk).

6. Settlement/delivery risk and counterparty risk are risks arising from the factors related to a counterparty. Settlement/delivery risk occurs in the case of transactions in which debt instruments, equities or commodities are not settled after their due delivery dates. Counterparty risk occurs in all trading book items that have not matured.
7. The chapter discussing internal models for the calculation of capital requirements for particular types of risks represents an innovation in the capital requirement calculation approach. More specifically, a bank may, with a prior approval of the CNB, use its own internal risk-management models instead of other methods described in the Decision. The Decision also prescribes the main conditions that a bank must meet in order for its internal risk assessment models to be approved as official models for capital adequacy calculation. The use of internal models is approved only for the calculation of currency risk, interest rate risk, equity risk and commodity risk.
8. The provisions of this Decision regulate the excess of the permissible exposure limit to an individual person or groups of connected persons, provided that this excess arises from the trading book items. The aforementioned excess must be covered by bank capital in an adequate manner.
9. The provision on the compulsory application of the Decision for a group of banks on a consolidated basis is also an innovation. Every bank that is superordinate to another bank, financial institution or investment company, as well as every bank whose superordinate company is a financial holding with a head office in the Republic of Croatia shall apply this Decision on an individual and consolidated basis.

The application date of the Decision on the Capital Adequacy of Banks is 1 January 2004.

1.3 Decision on Restricting Bank Exposure to Currency Risk

The main difference in calculating open foreign exchange position between the old and the new Decision refers to a scope of off-balance sheet records and inclusion of positions with the so-called unilateral currency clause in the calculation.

Furthermore, on the basis of a detailed analysis of a unilateral currency clause, it has been concluded that balance sheet items indexed to foreign currency should be treated as kuna loans with embedded call options in a particular foreign currency only in the event of kuna depreciation, and that the most appropriate and precise method of including such positions in the calculation is to include their delta equivalent. However, since the Croatian banks already hold significant portfolios of such instruments and the models for delta calculation by banks should be granted a prior approval by the Croatian Na-

tional Bank (for accepting these values for regulatory purposes), an option of using calculated delta coefficients has been proposed until banks create and implement their own models and until they are, as such, approved by the Croatian National Bank for regulatory purposes.

1.4 Decision on Consolidated Financial Reports of a Banking Group

Supervision of banking groups represents an innovation in the Banking Act. The Accounting Act and International Accounting Standards recognize the entire group in preparing the basic financial reports. According to the Decision on Consolidated Financial Reports of a Banking Group, a banking group exists when a bank or financial holding with a head office in the Republic of Croatia is the superordinate company in relation to one or more banks or financial holdings, other financial institutions or companies for ancillary banking services with a head office inside or outside the Republic of Croatia

The main purpose of consolidated financial reports is a unified presentation of the group as a single accounting entity and analysis of the group performance as a whole, on the basis of information obtained in this manner. The objective of the banking supervision is monitoring of all types of risks to which a banking group is exposed on a consolidated basis, primarily determination of solvency (capital adequacy) and exposure to particular types of banking risks.

The Decision defines the scope and frequency of consolidation and content of consolidated financial reports, as well as content and time limits for submitting notifications on the composition of the banking group and the group as a whole (provided that it consists of non-financial institutions as well).

Consolidated financial reports are prepared by a superordinate bank in a banking group, and are composed of consolidated income statement and consolidated balance sheet, as well as of reports on banking group risk management (supervisory reports).

1. In a special chapter, the Decision defines a banking group, superordinate bank within a banking group, and a banking group with a superordinate financial holding, as a special case.

The Decision also envisages the exceptions for including subordinated companies in consolidated financial reports of a banking group, but not for submitting information for reporting to the Croatian National Bank on these group members. The condition for excluding an individual company is a written approval by the Croatian National Bank.

2. Relative to a nature of relationship, the Decision defines the procedures for preparing consolidated income statements and consolidated balance sheets:
 - full consolidation method (banking group, relationship of control),
 - proportionate consolidation (relationship of joint control),
 - equity method (relationship of participation)

The Croatian National Bank may require preparation of consolidated financial reports when it assesses that there is a significant or dominant influence among group members.

3. The superordinate bank is obliged to insure operation of a banking group in a manner that risks to which the banking group is exposed do not exceed the limits prescribed by the Banking Act and regulations adopted pursuant to that Act (amount of regulatory capital, capital adequacy ratio, exposure to a single person, level of investments in capital and real estates) which are related to an individual financial institution.
4. A superordinate bank is obliged to submit the following to the Croatian National Bank no later than on 30 September of the current year:
 - unaudited consolidated income statement and consolidated balance sheet and off-balance sheet items and supervisory reports as at 30 June of the current year,
 - unaudited consolidated reports on banking group risk management as at 30 June of the current year.

A superordinate bank is obliged to submit the following to the Croatian National Bank no later than on 30 April of the current year:

- audited consolidated income statement and consolidated balance sheet and off-balance sheet items and supervisory reports as at 31 December of the previous year,
- audited consolidated reports on banking group risk management as at 31 December of the previous year.

A banking group will also submit to the Croatian National Bank the prescribed schedule containing information on a banking group consolidation in compliance with the International Accounting Standards, as well as a specification of the elimination items (items that were mutually offset in consolidation) and consolidation difference.

At a special request of the Croatian National Bank, a superordinate bank is obliged to submit consolidated financial reports as at a date specified in that request.

The first reports in accordance with this Decision will be submitted by superordinate banks to the Croatian National Bank for the reporting period ending on 30 June 2003, and the first reports on the composition of a banking group and the entire group were supposed to be presented by superordinate banks as at 31 December 2002.

1.5 Decision on Audit of Bank Financial Reports and Business Functions

Prior to the enactment of the Decision on Audit of Financial Reports and Bank Business Functions, a minimum scope and contents of an audit, as well as form and contents of reports on audits of banks were prescribed by the Decision on the Form, Minimum Scope and Contents of an Audit and Reports on Audits of Banks (official gazette *Narodne novine*, No. 64/1999).

The Decision defines the scope of audits of bank financial reports and business functions, separately regulating responsibilities of banks, authorized auditors and the Croatian National Bank in the audit procedure.

According to the provisions of the new Decision, the time limit for submitting audited financial reports is 15 days following the report publication date, and no later than four months following the expiry of a business year for which the report has been prepared.

The Decision defines the concept of an audit firm and its related persons, as well as operations that this firm may perform for a bank in the same business year.

The provisions of the Decision defining rejection of an audit report, quantify for the first time the criteria according to which non-compliance with actual and objective facts in income statement and balance sheet could be determined.

Additionally, the Decision defines basic financial reports, audit of basic financial reports and the scope and method of audit procedure.

Furthermore, special financial reports for banks and special financial reports for banking groups are also defined. An auditor is obliged, as a part of special financial reporting, to verify and certify the information on a banking group consolidation in accordance with the International Accounting Standards and prepare a specification of elimination items (mutually offset in consolidation) and consolidation difference.

Along with the previously mentioned report, the auditor is obliged to verify regularity, accuracy and completeness of special financial reports, assess whether they are compliant with the existing regulations and basic financial reports.

Other information relate to the examination of the organizational aspect of business functions of a bank and superordinate bank within a banking group, performed by an authorized auditor.

The authorized auditor assesses by-laws regulating business functions of a bank or a banking group and gives opinion on the quality of by-laws and their application.

The Decision comes into effect as of the date of its publication in the official gazette *Narodne novine*, and applies for the first time in the financial reports for 2003.

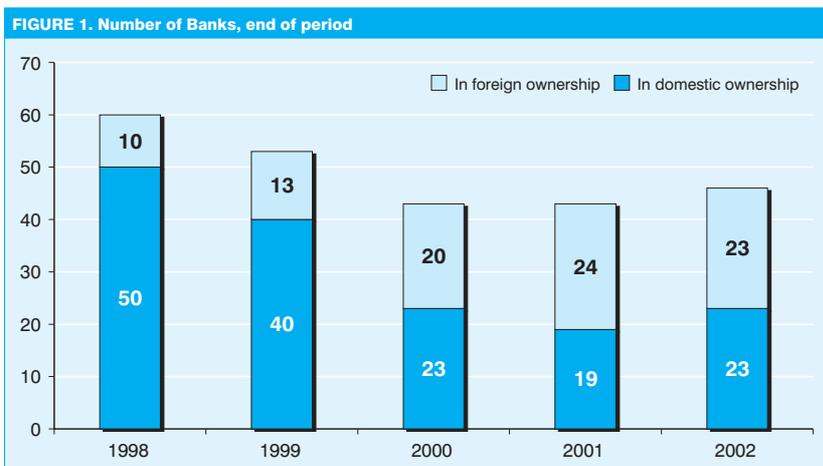
Finally, it should be noted that, apart from the previously outlined decisions, for which the corresponding instructions for the application are being prepared, the following decisions have also been published: Decision on Conducting Supervision of Bank Operations, Decision on the Conditions and Procedure for the Establishment and Operation of a Foreign Bank's Representative Office in the Republic of Croatia, Decision Regulating Market Competition within the Banking Sector, and Decision on Reporting Effective Interest Rate on Credits and Deposits¹. The Decision on the Chart of Accounts for Banks is currently being prepared as well.

¹ This Decision was issued exclusively for the purpose of a formal compliance of the regulations with the provisions of the new Banking Act. Consequently, only a preamble of this Decision was amended, whereas the content remained unchanged relative to the former decision.

2 Indicators of Banking Institution Operations

Data on banks and savings banks operations at end-2002 provided in this number of *Banks Bulletin* are based on unconsolidated audited financial reports submitted by banks and savings banks to the Croatian National Bank.

The number of banks operating in the Republic of Croatia at end-2002 increased by three, compared with end-2001 so the total number of banks operating in the country at the end of the year was 46 (Figure 1.). This was the result of the entry of seven newly licensed banks, previously operating as savings banks, into the banking system in 2002¹, the exit from the system of three banks, of which one transferred its operations onto another bank² in 2002, while two banks merged with a third bank that has been operating since under a new name³.



The number of banks in majority foreign ownership leveled with the number of banks in majority domestic ownership, due to the entry of former savings banks into the banking system. At end-2002, the number of banks in majority foreign ownership fell from 24 to 23, and the number of banks in majority domestic ownership rose from 19 to 23, compared with end-2001.

The share of bank assets in majority foreign ownership in total assets of the banking system rose from 89.3% at end-2001 to 90.2% at end-2002, despite a fall in the number of banks in majority foreign ownership, thus continuing this share's rising trend from previous years (6.7% at

2.1 Banks

2.1.1 Structure of the Banking Sector in the Republic of Croatia

- 1 Banka Brod d.d., Banka Kovanica d.d., Banka Sonic d.d., Križevačka banka d.d., Splitsko-dalmatinska banka d.d. and Zagorska banka d.d. Prva obrtnička banka d.d. had also been granted bank licence in 2002, but shortly after receiving its licence the bank merged with Hypobanka d.d., continuing to operate jointly with that bank under the name of Primus banka d.d. The bank's entry into the banking system has thus been excluded from end-2002 data.
- 2 Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb transferred its operations to HVB Bank Croatia d.d.
- 3 Istarska banka d.d. and Sisačka banka d.d. merged with Dalmatinska banka d.d., that has since operated under a new name of Nova banka d.d.

◊ 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 Croatian National Bank statistics is the source of data on the number of banks.

end-1998, 39.9% at end-1999 and 84.1% at end-2000).

To facilitate their 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.).

⇒ 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. 57/1999 and 3/2001).

Group	Classification criterion	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002
I	Assets (A)>5,000,000	4	5	6	9
II	1,000,000<A<5,000,000	15	13	14	12
III	500,000<A<1,000,000	5	8	7	7
IV	A<500,000	29	17	16	18

Numerous changes in group compositions took place in 2002. At end-2002, Group I comprised three more banks, Group II had two banks less, Group IV had two banks more than at the end of the previous year, while the number of banks in Group III remained the same. Hrvatska poštanska banka d.d., Nova banka d.d.⁴, and Erste & Steiermärkische Bank d.d. entered Group I. Dresdner Bank Croatia d.d. and Podravska banka d.d. entered Group II and Group III was joined by Privredna banka – Laguna banka d.d., Požeška banka d.d. and Partner banka d.d. Six former savings banks⁵ joined Group IV. List of banks by peer groups is given in Attachment.

4 See footnote number 3.

5 See footnote number 1.

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

6 Branch, as defined here, implies an organizational part of a bank that does not enjoy legal personality (as defined under Article 7 of the Company Act).

The number of branches and sub-branches⁶ of banks increased by 8.8% in 2002. At the end of 2002, the banking system comprised 956 branches and sub-branches (Table 2.), which is an increase of 77 branches and sub-branches compared with the end of 2001. A total of 102 new operating units were opened over the said period, while 25 operating units closed down. Of the 102 new units, 65.7% were new operating units in Group IV and 58.8% of the total increase can be attributed to the former savings banks that entered Group IV in 2002. The number of operating units in Group I increased by 23.5%, in Group II by 4.9% and in Group III by 5.9%. Of 25 operating units that closed down in 2002, 64.0% belonged to Group II, with a high 48.0% of total decline in the number of operating units being attributed to one Group II bank. Group I follows with 24.0%, while Groups III and IV accounted for 4.0% and 8.0% decline in the number of operating units, respectively.

The highest concentration of operating units (19.7%) (Figure 2.) was reported in the County of Zagreb and the City of Zagreb. It is followed by the County of Split-Dalmatia (12.9%), the County of Primorje and Gorski Kotar (11.3%) and the County of Istria (10.8%). By contrast, in terms of their operating units, banks were least represented in the County of Lika-Senj (1.5%), the County of Vukovar-Srijem (1.6%) and the County of Virovitica-Podravina (1.7%). Compared with end-2001, the concentration has fallen in half of the counties, rose in nine of the counties and remained unchanged in one county.

Majority of banks increased the number of their branches and sub-branches in 2002. In relative terms (Figure 3.), the largest increase in the number of operating units compared with their number at end-2001 took

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

Counties	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002
County of Zagreb and City of Zagreb	157	140	162	188
County of Krapina-Zagorje	18	18	19	23
County of Sisak-Moslavina	27	24	18	25
County of Karlovac	20	18	19	23
County of Varaždin	26	23	23	29
County of Koprivnica-Križevci	24	23	25	26
County of Bjelovar-Bilogora	22	20	23	25
County of Primorje and Gorski Kotar	55	57	103	108
County of Lika-Senj	8	8	10	14
County of Virovitica-Podravina	18	14	16	16
County of Požega-Slavonija	15	16	16	20
County of Slavonski Brod-Posavina	12	13	17	20
County of Zadar	39	32	41	38
County of Osijek-Baranya	59	47	50	50
County of Šibenik-Knin	28	28	30	30
County of Vukovar-Srijem	22	15	16	15
County of Split-Dalmatia	106	100	111	123
County of Istria	86	85	99	103
County of Dubrovnik and Neretva	55	49	56	56
County of Međimurje	2	26	25	24
Total	822	756	879	956

⇨ 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 as at 31 December 2002 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.

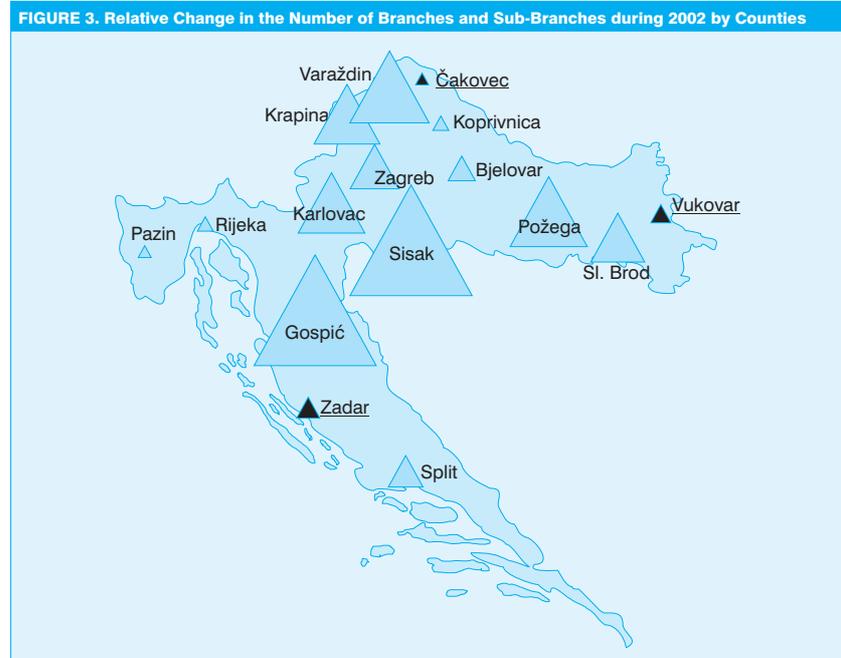
Banks are the source of data.

place at end-2002 in the County of Lika-Senj (40.0%), the County of Sisak-Moslavina (38.9%), the County of Varaždin (26.1%), the County of Požega-Slavonija (25.0%), the County of Krapina-Zagorje (21.1%), the County of Zagreb and the City of Zagreb (16.0%). Conversely, compared with end-2001, the largest absolute increase in the number of operating units was recorded at end-2002 in the County of Zagreb and the City of Zagreb (26), in the County of Split-Dalmatia (12), the County of Sisak-Moslavina (7) and in the County of Varaždin (6).

Three counties saw a decrease in the number of operating units: the

number of units declined by three in the County of Zadar and by one in the County of Vukovar-Srijem and in the County of Međimurje. In four counties, the number of sub-branches remained the same (County of Virovitica-Podravina, County of Osijek-Baranya, County of Šibenik-Knin and County of Dubrovnik) but the presence of banks through their operating units in these counties changed. In all other counties the number of operating units and branches at end-2002 increased, compared with end-2001.

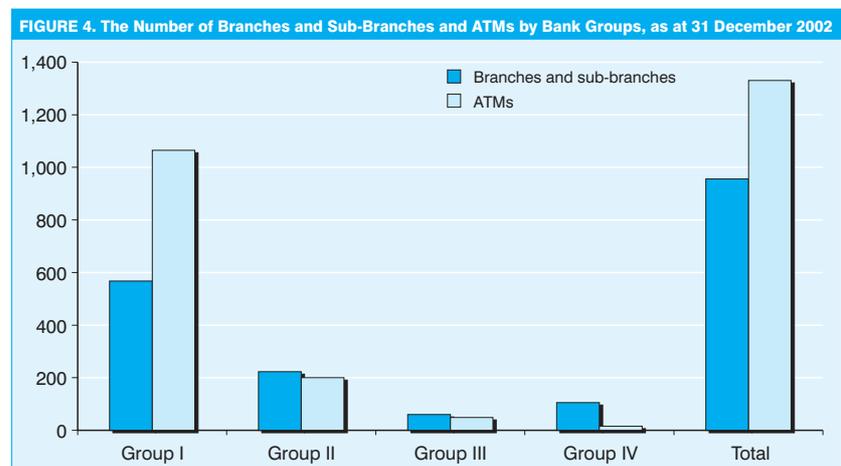
⇒ The relative change in the number of branches and sub-branches in individual counties is represented by triangles, which are positioned along the capitals of individual counties. The largest triangle shows the largest relative change in the number of branches and sub-branches in relation to other counties. 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 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.



At the end of 2002, banks operated in five counties on average. More precisely, seven banks operated in over nine counties, twelve banks operated in five to nine counties and fourteen banks operated in two to four counties. There were nine banks that operated only in one county, while four banks did not operate outside their main offices.

In line with the extent of their operations, banks in Group I had the largest number of branches and sub-branches (Figure 4.) at the end of 2002 (568 operating units). They were followed by banks in Group II (223 operating units), banks in Group IV (105 operating units) and finally,

⇒ 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.



banks in Group III (60 operating units). Group I accounted for the largest number of ATMs (1065 ATMs), or 80.0% of the total number of ATMs in the country. Group II followed with 200 ATMs, and Groups III and IV had 49 ATMs and 16 ATMs, respectively.

ATM network increased by a high 33.1% or by 331 ATMs at end-2002, compared with end-2001 (Table 3.). Newly installed ATMs in 2002 totaled 334, while only three ATMs were permanently put out of use. Of 46 banks, 25 banks do not have ATMs. The remaining 20 banks increased the number of their ATMs in the observed period, while only one bank reduced the number of its ATMs. Banks in Group I account for the largest percentage, or 75.1%, of ATMs installed during 2002. They are followed by banks in Group II (15.3%), Group III (6.9%) and Group IV (2.7%).

The number of ATMs installed increased in all counties, except the County of Virovitica-Podravina, where there was a change in the distribution of banks with ATMs in the area. The largest increase took place in the County of Zagreb and the City of Zagreb (87 units). The County of Split-Dalmatia follows with an increase of 40 units, the county of Varaždin with an increase of 31 units and finally, the County of Primorje-Gorski Kotar and the County of Istria with increases of 29 and 27 units, respectively. The largest increase in relative terms was recorded in the County of Varaždin (100.0%). The County of Šibenik-Knin follows with 94.4%, the County of Lika-Senj and the County of Vukovar-Srijem with 88.9% and 72.7%, respectively.

TABLE 3. Territorial Distribution of ATMs, end of period

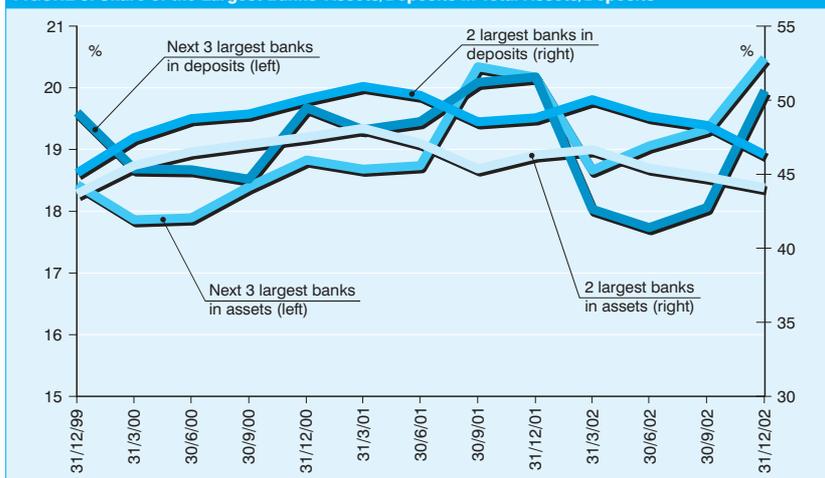
Counties	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002
County of Zagreb and City of Zagreb	181	237	307	394
County of Krapina-Zagorje	6	14	19	23
County of Sisak-Moslavina	6	14	20	27
County of Karlovac	12	21	21	26
County of Varaždin	16	23	31	62
County of Koprivnica-Križevci	12	14	16	21
County of Bjelovar-Bilogora	9	18	19	28
County of Primorje and Gorski Kotar	68	95	120	149
County of Lika-Senj	6	7	9	17
County of Virovitica-Podravina	7	8	11	11
County of Požega-Slavonija	4	6	8	9
County of Slavonski Brod-Posavina	4	10	14	18
County of Zadar	17	26	40	53
County of Osijek-Baranya	19	27	48	58
County of Šibenik-Knin	8	13	18	35
County of Vukovar-Srijem	4	5	11	19
County of Split-Dalmatia	31	63	108	148
County of Istria	80	84	102	129
County of Dubrovnik and Neretva	15	32	47	59
County of Međimurje	18	19	30	44
Total	523	736	999	1330

↔ 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.

Year 2002 saw a decline in the concentration of major banks' share of assets/deposits in total assets/total deposits (Figure 5.). The share of assets of the two largest banks in the total banking system assets fell by 2.2 percentage points, compared with end-2001 as a result of slower assets growth of these banks than the banking system's assets growth (11.7% compared with 17.3%). Deposits' growth of the two largest banks (12.8%) was also slower than total deposits' growth (18.9%), causing their share in total deposits to fall from 48.8% to 46.3%.

⇒ 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. 57/1999 and 3/2001), while Schedule BS/DEP is the source of data on total deposits (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).

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



7 The third, the fourth and the fifth largest bank in the system by assets size.

Assets of the next three largest banks⁷ grew only slightly faster than the system's assets (19.1% compared to 17.3%), causing the share of these banks assets in total assets to increase slightly (from 20.2% to 20.5%). However, in the same way as with the two largest banks, deposits of these next three largest banks grew slower (17.6%) than total deposits (18.9%), causing a decline of 0.2 percentage points in their share in total deposits.

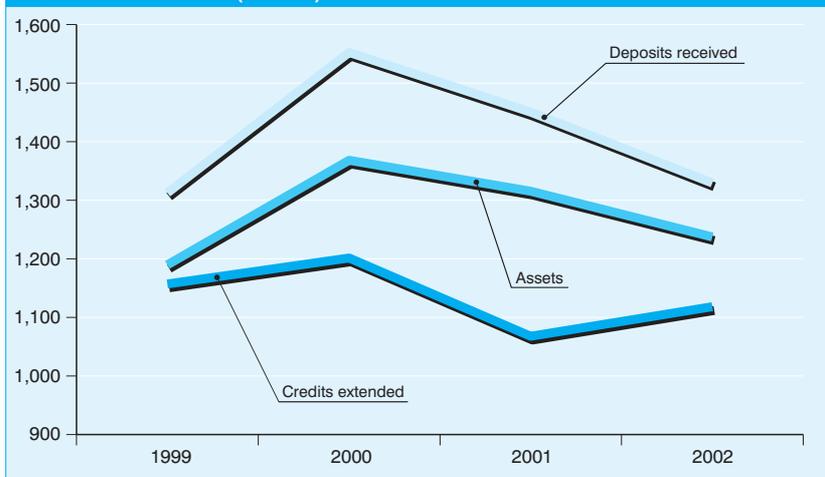
⇒ The Herfindahl index for the concentration of assets is calculated for each bank on the basis of the following formula:

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

Extended credits/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. 57/1999 and 3/2001).

FIGURE 6. Herfindahl Index (all banks)



While the concentration of assets and received deposits continued to decrease in 2002, the concentration of credits extended during the same period started to increase (Figure 6.). The value of the Herfindahl index for the concentration of assets declined by 78 points and stood at 1237 points at end-2002 compared with end-2001 thus continuing the concentration's decline trend from 2000. Received deposits concentration index reflected the same trend. At the end of 2002, this index stood at 1330, which is a decline of 121 points compared with end-2001. By contrast, the concentration of credits extended demonstrated a reverse trend. This concentration's Herfindahl index increased by 50 units, compared with end-2001, which indicates an increase in the concentration of credits extended in the system, which stood at 1118 points at end-2002.

2.1.3 Banks' Balance Sheet

Total bank assets increased by 17.3% in 2002 (Table 4.). As at 31 December 2002, total bank assets stood at 174.1 billion kuna, which is an increase of 25.7 billion kuna compared with end-2001.

The largest increase was observed in the trading portfolio of securities (75.3%), loans to financial institutions (45.8%) and loans to other clients (40.0%). With specific reserves for unidentified losses, these were the only assets items that increased their share in total assets. The share of other assets items at end-2002 shrank compared with end-2001. The largest decline during the same period was observed with money assets with the CNB (71.4%), foreclosed and repossessed assets (16.0%) and deposits with banking institutions (15.7%). Thus, loans to other clients, money assets and deposits with the CNB and deposits with banking institutions accounted for the largest share in total assets (51.8%, 12.3%, and 11.6%, respectively).

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

	Dec. 1999		Dec. 2000			Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. 1. Money assets and deposits with the CNB	9,733.5	10.4	11,489.3	10.3	18.0	22,196.3	15.0	93.2	21,387.9	12.3	-3.6
1.1. Money assets	1,245.9	1.3	1,506.3	1.3	20.9	7,822.5	5.3	419.3	2,236.9	1.3	-71.4
1.2. Deposits	8,487.6	9.1	9,983.1	8.9	17.6	14,373.9	9.7	44.0	19,151.0	11.0	33.2
2. Deposits with banking institutions	10,312.5	11.0	17,695.3	15.8	71.6	23,900.1	16.1	35.1	20,146.2	11.6	-15.7
3. MoF treasury bills and CNB bills	3,139.5	3.4	6,059.0	5.4	93.0	9,687.2	6.5	59.9	10,116.7	5.8	4.4
4. Trading portfolio of securities	1,067.8	1.1	2,462.4	2.2	130.6	4,795.6	3.2	94.8	8,408.9	4.8	75.3
5. Loans to financial institutions	1,246.2	1.3	1,085.6	1.0	-12.9	1,479.6	1.0	36.3	2,157.8	1.2	45.8
6. Loans to other clients	45,391.5	48.5	50,130.7	44.8	10.4	64,402.5	43.4	28.5	90,135.1	51.8	40.0
7. Investment portfolio of securities	15,477.1	16.5	14,167.5	12.7	-8.5	12,741.3	8.6	-10.1	12,684.7	7.3	-0.4
8. Investments in subsidiaries and associates	1,768.6	1.9	2,411.0	2.2	36.3	2,199.8	1.5	-8.8	2,448.2	1.4	11.3
9. Foreclosed and repossessed assets	447.2	0.5	614.5	0.5	37.4	446.8	0.3	-27.3	375.4	0.2	-16.0
10. Tangible assets and software (net of depreciation)	3,164.6	3.4	3,252.5	2.9	2.8	3,501.2	2.4	7.6	3,755.4	2.2	7.3
11. Interest, fees and other assets	2,518.1	2.7	3,169.2	2.8	25.9	4,273.5	2.9	34.8	4,042.3	2.3	-5.4
12. Net of: Specific reserves for unidentified losses	743.6	0.8	699.4	0.6	-6.0	1,195.7	0.8	71.0	1,519.4	0.9	27.1
Total	93,522.9	100.0	111,837.7	100.0	19.6	148,428.3	100.0	32.7	174,139.2	100.0	17.3

The share of Group I assets continued to grow in 2002, while other groups' share of assets in total assets fell (Figure 7.). Such developments may be attributed to a steady assets growth of all banks in the system as well as to further banking system consolidation.

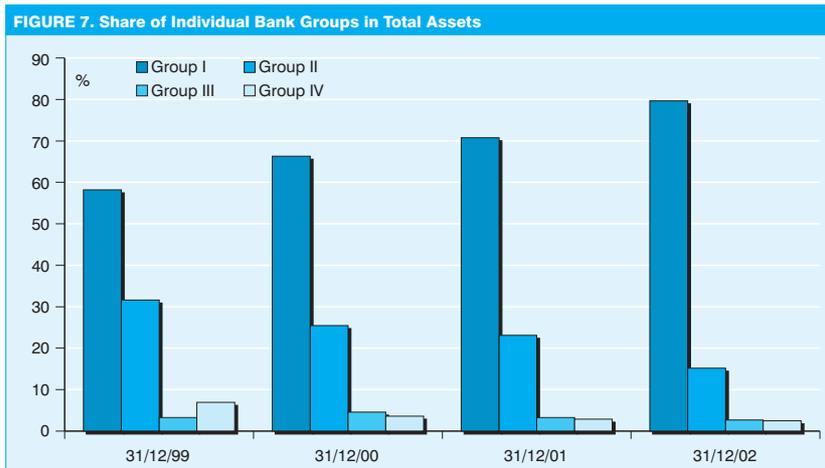
Group I accounted for 79.7% of total banking system assets at end-2002; an increase of 8.9 percentage points, compared with end-2001, largely due to the entry of three new banks into this group. It should be stressed that the number of institutions in Group I at end-2002 was the largest in the last four years and that this group comprised 5 more banks in 2002 than in 1999.

The share of Group II in total assets fell during the observed period by as much as 7.9 percentage points because four banks exited and two banks entered this group. At end-2002, the assets of the 12 institutions comprising this group accounted for 15.2% of total banking system assets.

The shares of Groups III and IV in total assets fell only slightly (by 0.6 and 0.4 percentage points, respectively) and were almost equal at end-2002 (2.7% and 2.5%, respectively), despite the fact that Group III is comprised of 7 institutions and Group IV of 18 institutions. The number of banks in Group III did not change at the end of 2002, compared with the end of 2001, but the institu-

↑ 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. 57/1999 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.

⇒ 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. 57/1999 and 3/2001).



8 See footnote 1.

tions comprising the group changed; three banks entered and three banks exited this group. Similarly, four banks exited, while six new banks, former savings banks, entered Group IV⁸.

⇓ 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. 57/1999 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.

At end-2002, total liabilities were comprised of deposits that accounted for their largest share (71.5%), other loans (11.2%), capital (8.4%), interest, fees and other liabilities (3.8%) and loans from financial institutions (2.3%) (Table 5.). Compared with end-2001, liabilities items that increased their share in total liabilities were deposits (by 0.9 percentage points) and other loans (by 0.4 percentage points) and this owing to their increased levels in the observed period of 18.9% and 22.2%, respectively. Shares of all other items in total liabilities fell, although capital rose by 11.1% and loans from financial institutions by 12.6%. As regards deposit structure, the share of savings deposits fell (by 4.0 percentage points) in favor of an increase in the share of deposits in settlement and current accounts (by 2.2 percentage points) and time deposits (by 2.7 percentage points).

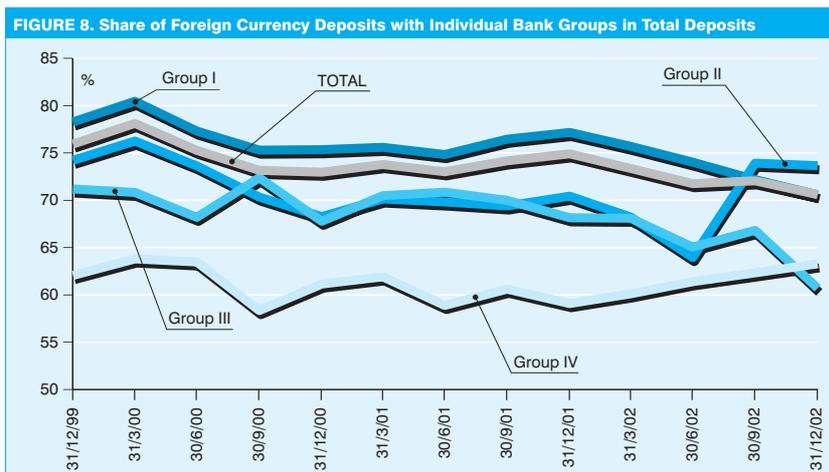
TABLE 5. Structure of Bank Liabilities, end of period, in million kuna and %

	Dec. 1999		Dec. 2000			Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	5,282.3	5.6	3,510.9	3.1	-33.5	3,629.1	2.4	3.4	4,084.6	2.3	12.6
1.1. Short-term loans	2,088.7	2.2	1,130.8	1.0	-45.9	595.7	0.4	-47.3	1,184.4	0.7	98.8
1.2. Long-term loans	3,193.7	3.4	2,380.1	2.1	-25.5	3,033.3	2.0	27.4	2,900.2	1.7	-4.4
2. Deposits	56,997.0	60.9	72,683.4	65.0	27.5	104,697.2	70.5	44.0	124,471.8	71.5	18.9
2.1. Giro account and current account deposits	9,216.9	9.9	12,619.0	11.3	36.9	16,548.6	11.1	31.1	23,272.3	13.4	40.6
2.2. Savings deposits	13,678.0	14.6	17,689.3	15.8	29.3	26,373.9	17.8	49.1	23,980.0	13.8	-9.1
2.3. Time deposits	34,102.1	36.5	42,375.1	37.9	24.3	61,774.6	41.6	45.8	77,219.6	44.3	25.0
3. Other loans	15,007.5	16.0	16,329.0	14.6	8.8	15,947.7	10.7	-2.3	19,492.6	11.2	22.2
3.1. Short-term loans	1,652.8	1.8	503.3	0.4	-69.6	594.0	0.4	18.0	4,451.2	2.6	649.4
3.2. Long-term loans	13,354.7	14.3	15,825.7	14.2	18.5	15,353.7	10.3	-3.0	15,041.4	8.6	-2.0
4. Debt securities issued	0.0	0.0	0.0	0.0	-	19.4	0.0	-	24.7	0.0	27.6
4.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	-	0.0	0.0	-	5.2	0.0	
4.2. Long-term debt securities issued	0.0	0.0	0.0	0.0	-	19.4	0.0	-	19.6	0.0	1.0
5. Supplementary capital	343.1	0.4	520.3	0.5	51.7	2,655.8	1.8	410.4	2,910.2	1.7	9.6
5.1. Subordinated instruments issued	105.5	0.1	282.9	0.3	168.08	339.4	0.2	20.0	641.3	0.4	88.95
5.2. Hybrid instruments issued	237.5	0.3	237.4	0.2	0.0	2,316.4	1.6	875.7	2,268.9	1.3	-2.1
6. Interest, fees and other liabilities	4,849.2	5.2	5,475.5	4.9	12.9	7,783.0	5.2	42.1	6,646.4	3.8	-14.6
7. Profit/loss for the current year	466.4	0.5	1,123.2	1.0	140.8	570.0	0.4	-49.3	1,925.5	1.1	237.8
8. Capital (excl. profit/loss for the current year)	10,577.3	11.3	12,195.5	10.9	15.3	13,126.3	8.8	7.6	14,583.3	8.4	11.1
Total	93,522.9	100.0	111,837.7	100.0	19.6	148,428.3	100.0	32.7	174,139.2	100.0	17.3

Profit for the current year⁹ increased the most. Compared with end-2001, this item increased by 237.8%, but it should be stressed that its relative increase was largely influenced by the item's lower level at the end of 2001 due to losses in Riječka banka. If Riječka banka were to be excluded from the calculations, profit for the current year at end-2002 of all banks included in the balance sheet would have been 48.6% larger than at end-2001. Debt securities issued recorded the next largest increase (27.6%) and it should be mentioned that this was the first time that short-term debt securities issued (5.2 million kuna) made their appearance in bank liabilities. With previously mentioned increases in deposits, other loans, loans from financial institutions and capital, a 9.6% increase in supplementary capital, whose subordinate instruments issued rose by a high 89.0%, should also be mentioned. The only liability item whose level fell at end-2002, compared with end-2001, related to interest, fees and other liabilities (14.6%).

⁹ Difference between profit for the current year reported in the balance sheet and in the income statement is due to the amount of profit distributed by banks to its shareholders.

The share of foreign currency deposits in total deposits declined steadily throughout all quarters of 2002, falling to 70.6% at the end of the year, which is a decline of 4.3 percentage points compared with end-2001 (Figure 8.). Group II accounted for the largest share of foreign currency deposits in total deposits (73.7%). Groups I and IV follow with 70.6% and 63.3%, respectively, while Group III accounted for the smallest share of foreign currency deposits in total deposits (60.7%). The trend of decline in the share of foreign currency deposits in total deposits observed with all banks during all quarters of 2002 could also be observed in Group I and III banks. The share of foreign currency deposits of Groups I and III in total deposits fell by 6.6 and 7.4 percentage points, respectively, at the end of 2002, compared with the end of 2001. By contrast, in 2002, Group IV steadily increased its share of foreign currency deposits in total deposits, compared with end-2001, resulting in an increase of 4.2 percentage points. Group II also increased its share of foreign currency deposits in total deposits at the end of 2002 (by 3.2 percentage points) although a trend of decline was observed with regard to this group's share in total deposits in the first half of 2002, compared with end-2001.



↔ 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. 57/1999 and 3/2001).

Total bank capital increased by 20.5% at end-2002, compared with end-2001 (Table 6.), and stood at 16.5 billion kuna. At end-2002, capital declined in only eight banks but rose in all other banks rose, compared with 2001. Of 2.8 billion kuna, or the total capital increase, 55.9% went to the first

2.1.4 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.

five largest banks according to their assets size, while 80.9% of the increase was attributed to the first six largest banks according to their assets size. The entry of former savings banks into the banking system did not bring about a significant increase in capital; the sum total of their capital accounted for a mere 6.7% increase in total capital increase.

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

	Dec. 1999		Dec. 2000			Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	8,219.7	74.4	8,549.9	64.2	4.0	8,966.5	65.5	4.9	9,772.1	59.2	9.0
2. Income/loss for the current year	466.4	4.2	1,123.2	8.4	140.8	570.0	4.2	-49.3	1,925.5	11.7	237.8
3. Retained income/loss	73.7	0.7	326.2	2.4	342.7	77.8	0.6	-76.2	860.3	5.2	1006.0
4. Legal reserves	1,540.2	13.9	2,098.8	15.8	36.3	853.3	6.2	-59.3	583.5	3.5	-31.6
5. Reserves provided for by the articles of association and other capital reserves	743.8	6.7	1,220.5	9.2	64.1	3,228.7	23.6	164.5	3,367.4	20.4	4.3
Total	11,043.7	100.0	13,318.6	100.0	20.6	13,696.2	100.0	2.8	16,508.8	100.0	20.5

At end-2002, share capital accounted for the largest share, or 59.2% of total bank capital. It was followed by reserves provided for by the article of association and other capital reserves (20.4%), profit for the current year (11.7%), retained income (5.2%) and legal reserves (3.5%). Profit for the current year and retained income increased their shares in total capital during 2002 (7.5 percentage points and 4.6 percentage points, respectively) while the share of other items declined. The increased shares of the two items were due to a 1006.0% increase in retained income and an increase of 237.8% in profit for the current year during the observed period. Of the total increase in retained income in 2002, a high 58.2% goes to one Group I bank. The last time such large increases in profit for the current year and retained income took place was in year 2000.

Total regulatory capital increased by 20.3% at end-2002, compared with end-2001 (Table 7.) and stood at 16.8 billion kuna. Regulatory capital of Group I increased its share in total regulatory capital by a high 11.9 percentage points, owing to an increase in this group's level of regulatory capital of as much as 45.1%, largely influenced by a change in the structure of banks comprising the group. Thus, at the end of 2002, regulatory capital of Group I accounted for 70.0% of total regulatory capital. By contrast, the share of regulatory capital of other bank groups in total regulatory capital fell during the same period.

↓ The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/1999 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/1999 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.

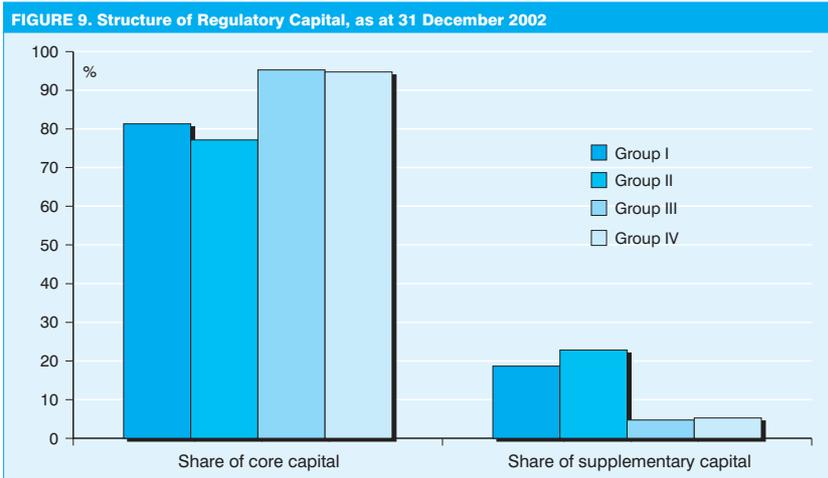
TABLE 7. Changes in Regulatory Capital, end of period, in million kuna and %

	Dec. 1999		Dec. 2000			Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Group I	5,089.8	45.7	7,631.2	59.1	49.9	8,116.5	58.1	6.4	11,776.2	70.0	45.1
Group II	3,834.5	34.5	3,144.6	24.4	-18.0	4,046.2	28.9	28.7	3,276.0	19.5	-19.0
Group III	492.6	4.4	924.5	7.2	87.7	768.0	5.5	-16.9	793.2	4.7	3.3
Group IV	1,711.9	15.4	1,211.5	9.4	-29.2	1,049.2	7.5	-13.4	965.8	5.7	-7.9
Total	11,128.8	100.0	12,911.9	100.0	16.0	13,979.7	100.0	8.3	16,811.2	100.0	20.3

The structure of gross regulatory capital continued to change in 2002; while the share of supplementary capital increased, the share of core capital decreased (Figure 9.). Banks' core capital constituted 81.9% of gross regulatory capital at the end of 2002, compared with 84.2% at the end of 2001. The increase in the share of supplementary capital at the end of 2002 was caused by a 35.5% increase in the level of this capital, compared with the end of 2001, while the level of core capital increased by 15.0% in the

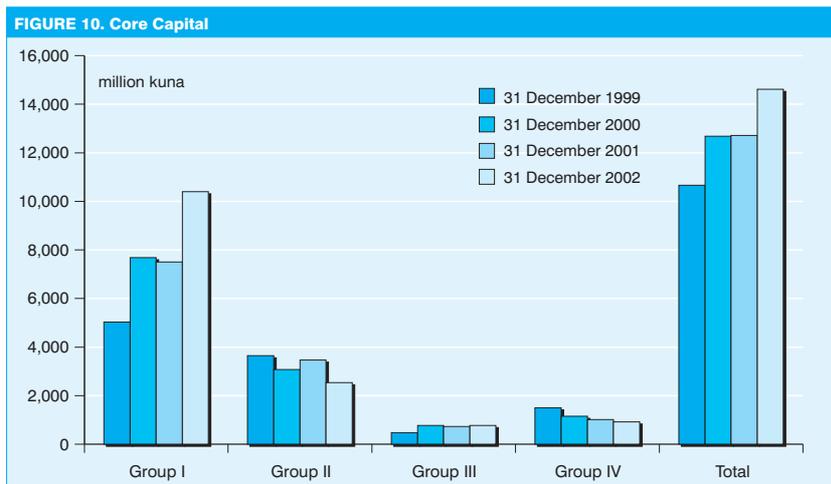
same period. The share of supplementary capital thus rose by 2.3 percentage points and at end-2002 accounted for 18.1% of total gross regulatory capital.

Only Group III increased its share of core capital in gross regulatory capital during the observed period (by 2.0 percentage points), while the shares of all other bank groups declined: in Group II by 3.8 percentage points, in Group I by 2.2 percentage points and in Group IV by 1.7 percentage points. Thus, Group III and Group IV accounted for the largest shares of core capital in gross regulatory capital (95.2% and 94.7%, respectively), while the shares of Groups I and II were somewhat smaller (81.3% and 77.2%, respectively).



↔ 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. 36/1999 and 123/2000).

Total core capital continued to increase steadily, reaching 4.6 billion kuna at the end of 2002, which is an increase of 15.0%, compared with end-2001 (Figure 10.). In terms of banks groups, Groups II and IV recorded a decline in their core capital levels (26.9% and 9.4%, respectively), while Groups I and III recorded an upturn in their core capital levels (38.7% and 4.8%, respectively). It should be mentioned that the level of core capital of Group IV has been falling steadily.



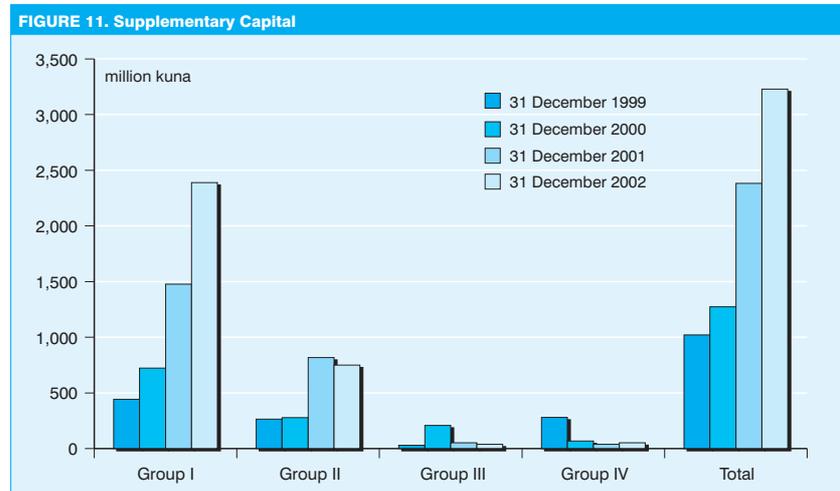
↔ The calculation of core capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/1999 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/1999 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.

Total banking system supplementary capital stood at 3.2 billion kuna at end-2002, which is an increase of 35.5% compared with end-2001 (Figure 11.). Growth rates of supplementary bank capital have been high generally in the last three years (24.9% and 87.1% in 2000 and

2001, respectively). The increase in supplementary capital was observed in Groups I and IV (61.8% and 35.2%, respectively), while the other two groups recorded a decline in their levels of supplementary capital (8.0% and 27.6% in Groups II and III, respectively).

⇒ The calculation of supplementary capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/1999 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/1999 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.

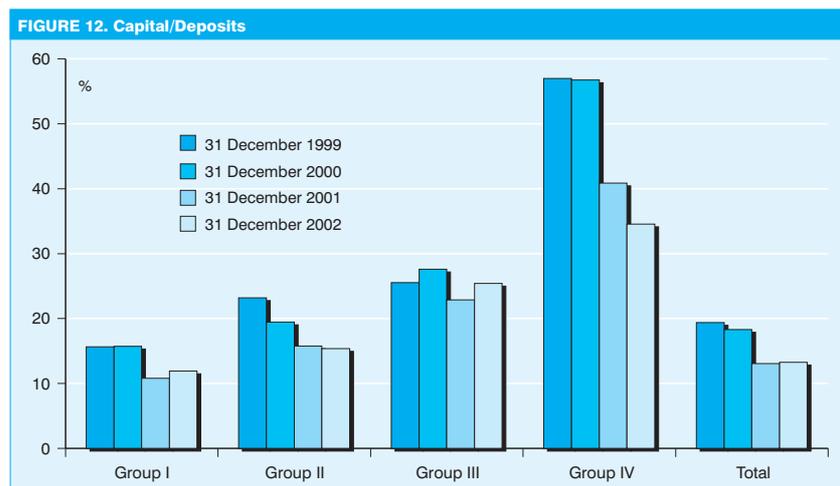


Total banking system capital to deposit ratio at end-2002 was 13.3% (Figure 12.), or almost the same as at end-2001 (13.1%). During the observed period, the ratio's largest change was observed in Group IV, where, owing to a 11.2% fall in the level of capital and a simultaneous 5.1% increase in deposits, the capital/deposit ratio fell by 6.3 percentage points. The trend reversed in Group III (deposits fell by 4.4%, capital rose by 6.3%) so this group's capital/deposit ratio rose by 2.5 percentage points. Slighter changes in the ratio took place in Groups I and II at the end of 2002; the ratio rose from 10.8% to 11.9% in Group I and fell from 15.8% to 15.4% in Group II.

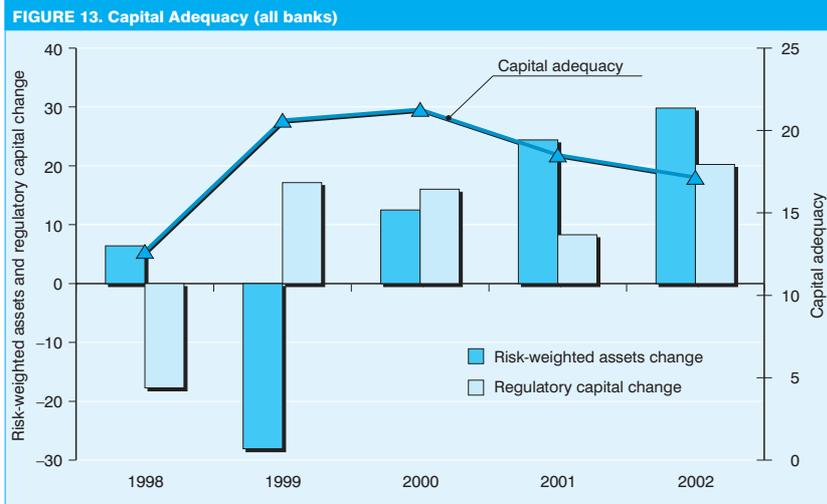
⇒ Each bank group ratio between capital and deposits is calculated in the following manner. First, the amounts of capital of all the banks in the bank group are added up. Second, all deposits of the banks in the group are added up. The sum of capital thus calculated is divided by the sum of deposits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

Schedule BS is the source of data on the amount of capital (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).

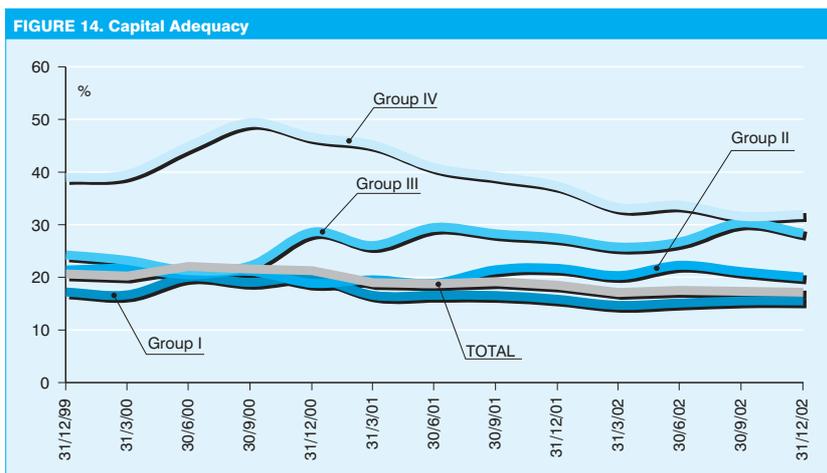
The deposits used in this calculation are giro and current account deposits, savings deposits and time deposits. Schedule BS/DEP is the source of data (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).



Capital adequacy ratio has been trending downwards since the end of 2000 and reached 17.2% at the end of 2002. This is a decline of 1.4 percentage points compared with end-2001 (Figure 13.). The trend can be attributed to the faster growth of risk-weighted assets (29.8%) compared with the growth of regulatory capital (20.3%).



Capital adequacy ratio of Group IV banks declined the most (5.4 percentage points) compared with end-2001; at end-2002 it stood at 31.9% (Figure 14.). The decline was due to a significant fall in the level of regulatory capital (7.9%) in banks of this group and a large increase in the level of risk-weighted assets (7.7%). Conversely, at the end of 2002, the lowest capital adequacy ratio was observed in Group I banks (15.8%), which is a slight decline of 0.3 percentage points compared with end-2001; a result of a faster growth of risk-weighted assets (48.0%), compared with the growth of regulatory capital (45.1%). The fall in capital adequacy ratio of Group II, from 21.7% at end-2001 to 20.1% at end-2002, can be attributed to a larger decrease in regulatory capital (19.0%) than in risk-weighted assets (12.5%). During the same period, a larger increase (3.3%) in regulatory capital, compared with risk-weighted assets (0.2%) was observed only in Group III. As a result, this group's capital adequacy ratio rose from 27.5% to 28.3%, and it was the only group with increased capital adequacy ratio at end-2002.



After-tax profit earned by banks at end-2002 was 132.0% higher than at the end of the previous year (Table 8.). Total after-tax profit was 2.1 billion kuna, compared with 0.8 billion kuna at end-2001¹⁰. The major factor contributing to such rapid profit growth is a 73.1% increase in net non-interest income and reduced loan loss provision expenses (39.5%). Net operating income before provisions (calculated as a sum of net interest and non-interest

↻ 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. 32/1999 and 101/2000) and the pertaining instruction for its implementation (*Narodne novine*, Nos. 36/1999 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. 32/1999 and 101/2000) and the pertaining instruction for its implementation (*Narodne novine*, Nos. 36/1999 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.

↻ 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.

2.1.5 Income Statement

¹⁰ Riječka banka excluded, the calculation of after-tax profit at end-2002 compared with end-2001 would show an increase of 27.0%.

income, net of general administrative expenses and depreciation) also recorded a significant upturn of as much as 48.9%, indicating that banks also improved their operative profitability in 2002, regardless of their placements evaluation, which affects the amount of loan loss provision expenses.

TABLE 8. Income Statement, in million kuna

	Group I		Group II		Group III		Group IV		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
1. Net interest income	3,083.7	3,978.4	1,191.3	879.0	161.3	181.2	221.8	246.8	4,658.1	5,285.4
1.1. Interest income	6,009.5	7,539.7	2,269.4	1,661.9	338.0	331.6	356.7	407.2	8,973.6	9,940.4
1.2. Interest expenses	2,925.7	3,561.3	1,078.1	782.9	176.7	150.4	134.9	160.4	4,315.5	4,655.0
2. Net non-interest income	825.4	1,750.9	277.4	269.9	63.9	71.4	90.1	83.2	1,256.7	2,175.3
2.1. Non-interest income	2,292.4	3,337.7	692.6	498.4	120.7	128.6	125.1	142.6	3,230.8	4,107.2
2.2. Non-interest expenses	1,467.0	1,586.8	415.3	228.5	56.8	57.2	35.0	59.4	1,974.1	1,931.9
3. General administrative expenses and depreciation	2,365.8	3,226.7	1,122.5	800.1	184.5	168.4	205.3	232.0	3,878.1	4,427.2
4. Net operating income before provisions	1,543.3	2,502.6	346.2	348.8	40.6	84.2	106.6	98.0	2,036.7	3,033.6
5. Loan loss provision expenses	622.6	392.0	48.5	43.7	118.5	7.1	18.4	45.9	807.9	488.8
6. Pre-tax profit/loss	920.6	2,110.6	297.8	305.1	-77.8	77.1	88.2	52.0	1,228.8	2,544.8
7. Income tax	266.5	387.1	51.9	61.3	7.9	9.8	8.3	11.8	334.6	470.0
8. After-tax profit/loss	654.1	1,723.4	245.9	243.8	-85.8	67.3	79.9	40.3	894.2	2,074.8

↑ 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. 57/1999 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.

Only four banks generated an after-tax loss at the end of 2002 (120.7 million kuna). The largest share of the loss (74.6%) can be attributed to one Group I bank, while the rest is attributed to three Group IV banks. A larger number of banks (8) recorded a negative net operating income before provisions. Their total operating loss before provisions amounted to 119.7 million kuna of which 51.5% went to one Group I bank, 22.8% went to three Group II banks and 25.7% to four Group IV banks.

Developments in profit across the banking system at end-2002 were also present in Group I; again the major contributing factor to the group's increase in after-tax profit of a high 163.5% was the increase in net interest income of 112.1% on the income side and a decrease of 37.0% in loan loss provision expenses on the expenditure side. In addition, bank Group I was the only group with increased after-tax profit in the observed period; all other bank groups recorded a drop in this type of profit.

After-tax profit of Group II declined by 0.9% at the end of 2002, compared with the end of 2001, due to a significant decrease in net interest income of 26.2% and a slight fall of 2.7% in net non-interest income. The group's profit fall in the observed period would probably be even higher, had it not been for the fall in general administrative expenses and depreciation (28.7%) and loan loss provision expenses (9.8%).

The largest drop in after-tax profit of 178.4% in 2002 was recorded in Group III. This was due to the slow growth in net interest (12.4%) and net non-interest income (11.8%). Not even the cuts in the group's loan loss provision expenses of 94.0% could improve the groups profit results at the end of 2002.

It should be stressed that loan loss provision expenses increased only in Group IV at end-2002 and that by 149.6%, compared with end-2001 (Table 9.). This increase, coupled with a fall in net non-interest income (7.7%) and an increase in general administrative expenses and depreciation, caused a downturn in after-tax profit of Group IV of 49.6%.

TABLE 9. Structure of Income, in %

	Group I		Group II		Group III		Group IV		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
1. Interest income	72.4	69.3	76.6	76.9	73.7	72.1	74.0	74.1	73.5	70.8
1.1. Interest income from loans	51.1	51.7	60.9	62.6	57.2	60.9	61.9	65.6	54.1	54.2
1.2. Interest income from deposits	9.0	6.6	8.1	6.3	8.7	4.1	5.6	3.1	8.6	6.3
1.3. Interest income from debt securities	11.5	9.9	5.7	7.7	7.4	6.3	4.8	3.1	9.7	9.2
1.4. Income from shares and other equity participation	0.3	0.2	0.2	0.1	0.2	0.0	0.3	0.1	0.3	0.1
1.5. Net balances on exchange rate fluctuations related to interest income	-0.2	0.0	-0.1	0.0	0.0	0.0	0.6	1.5	-0.1	0.0
1.6. Interest income from previous years	0.4	0.3	0.4	0.1	0.2	0.4	0.4	0.1	0.4	0.2
1.7. Other interest income	0.4	0.7	1.3	0.2	0.0	0.3	0.4	0.5	0.6	0.6
2. Non-interest income	27.6	30.7	23.4	23.1	26.3	27.9	26.0	25.9	26.5	29.2
2.1. Non-interest income from commissions or fees	14.7	20.2	13.0	13.4	12.4	16.5	11.7	9.9	14.0	18.6
2.2. Net balances on exchange rate fluctuations related to non-interest income	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	0.1	0.0
2.3. Income/loss from calculated exchange rate fluctuations	-1.9	-0.8	-1.9	-0.2	-0.7	-0.5	1.4	0.6	-1.7	-0.6
2.4. Income/loss from purchase/sale of foreign exchange	8.4	6.0	8.0	6.5	8.5	8.9	10.1	6.7	8.3	6.2
2.5. Income/loss from purchase/sale of securities	3.2	2.5	0.6	1.3	-0.5	0.9	0.2	0.6	2.3	2.2
2.6. Other income	3.1	2.5	2.3	1.9	4.0	2.1	2.4	7.7	2.9	2.6
2.7. Extraordinary income	0.1	0.3	1.4	0.2	0.4	0.2	0.1	0.3	0.4	0.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

↔ 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. 57/1999 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.

The share of interest income in total income fell at the end of 2002 compared with the end of 2001 (Table 9.) in favor of an increase in non-interest income of 2.8 percentage points. This was largely due to an increase in the share of non-interest income from commissions and fees (4.5 percentage points), and a decrease in the share of interest income from deposits (2.3 percentage points). However, interest income continue to account for the largest share (70.8%) of income at the end of 2002. Interest income from loans and interest income from debt securities accounted for 54.2% and 9.2%, respectively. Non-interest income that accounts for 29.2% of total income in the observed period comprises largely non-interest income from commissions or fees (18.6% of total income) and income/loss from purchase/sale of foreign exchange (6.2% of total income).

A downturn in interest income (3.1 percentage points) and an upturn in non-interest income (1.6 percentage points) were recorded in Groups I and III at end-2002, compared with end-2001. Income structure remained almost the same in Groups II and IV; their interest income shares increased by 0.3 and 0.1 percentage points, respectively.

The structure of bank expenses underwent significant changes towards the end of 2002 (Table 10.). Compared with end-2001, general administrative expenses and depreciation and interest expenses increased their shares in total expenses (3.2 and 1.1 percentage points, respectively), while the shares of loan loss provision expenses and non-interest expenses declined by 3.1 percentage points and 1.2 percentage points, respectively. Interest expenses accounted for the largest share (40.5%) of the system's total expenses at the end of 2002. They were followed by general administrative expenses and depreciation (38.5%), non-interest expenses (16.8%) and finally, loan loss provision expenses (4.2%).

⇒ 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. 57/1999 and 3/2001).

	Group I		Group II		Group III		Group IV		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
1. Interest expenses	39.6	40.6	40.5	42.2	32.9	39.3	34.3	32.2	39.3	40.5
1.1. Interest expenses on loans	10.3	8.0	11.2	9.7	4.8	4.5	5.9	3.0	10.1	7.9
1.2. Interest expenses on deposits	26.7	28.0	25.6	27.6	21.8	30.2	23.6	26.0	26.1	27.9
1.3. Interest expenses on debt securities	0.0	1.5	0.7	1.5	3.9	0.0	0.3	0.5	0.4	1.4
1.4. Premiums for the insurance of savings deposits	2.6	3.2	2.7	3.2	1.4	2.4	1.2	1.5	2.5	3.1
1.5. Net balances on exchange rate fluctuations related to interest expenses	-0.2	-0.3	-0.1	0.0	-0.1	0.0	2.3	1.1	-0.1	-0.2
1.6. Interest expenses from previous years	0.2	0.2	0.4	0.1	0.1	2.0	0.9	0.0	0.3	0.2
1.7. Other interest expenses	0.0	0.1	0.0	0.1	0.9	0.1	0.2	0.1	0.1	0.1
2. Non-interest expenses	19.9	18.1	15.6	12.3	10.6	14.9	8.9	11.9	18.0	16.8
2.1. Non-interest expenses for commissions or fees	2.5	12.0	7.6	7.0	3.2	9.4	3.5	4.6	3.8	10.8
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	6.3	6.1	7.5	5.0	7.2	5.6	5.0	7.1	6.6	5.9
2.4. Extraordinary expenses	11.1	0.1	0.5	0.2	0.2	0.0	0.4	0.3	7.6	0.1
3. General administrative expenses and depreciation	32.1	36.8	42.1	43.1	34.4	44.0	52.1	46.6	35.3	38.5
3.1. Expenses for employees	17.7	19.7	19.7	21.1	17.1	23.8	27.0	22.7	18.5	20.2
3.2. Depreciation	3.8	5.1	7.5	5.6	4.4	6.4	7.6	7.6	4.8	5.4
3.3. Other expenses	10.6	12.0	14.9	16.4	12.8	13.7	17.5	16.3	12.0	12.9
4. Loan loss provision expenses	8.4	4.5	1.8	2.4	22.1	1.9	4.7	9.2	7.4	4.2
4.1. Provision expenses for identified losses	0.2	1.5	-8.2	0.2	16.2	-1.6	-1.5	5.7	-1.1	1.4
4.2. Value adjustment of investments in subsidiaries and associates	3.0	-0.2	0.5	0.7	1.9	-0.1	0.0	0.0	2.2	-0.1
4.3. Value adjustment of investments in shares and equity participation in investment portfolio	0.7	-0.9	1.2	1.0	0.4	1.1	1.4	0.0	0.9	-0.5
4.4. Provision expenses for unidentified losses	4.6	4.1	8.3	0.5	3.6	2.4	4.9	3.5	5.4	3.4
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The greatest change in the structure of expenses of Group I at the end of 2002 involved general administrative expenses and depreciation whose share rose by a high 4.8 percentage points, compared with the end of 2001. Conversely, the share of loan loss provision expenses fell significantly (4.0 percentage points). The share of interest expenses increased by 1 percentage point in the same group, while the group's share of non-interest expenses declined by 1.8 percentage points.

The most significant decline recorded by Group II involved a fall in the share of non-interest expenses of 3.3 percentage points, simultaneously with a 1.7 percentage point increase in the share of interest expense. This group recorded an increase in the share of general administrative expenses and depreciation (1.0 percentage point), and loan loss provision expenses (0.5 percentage points).

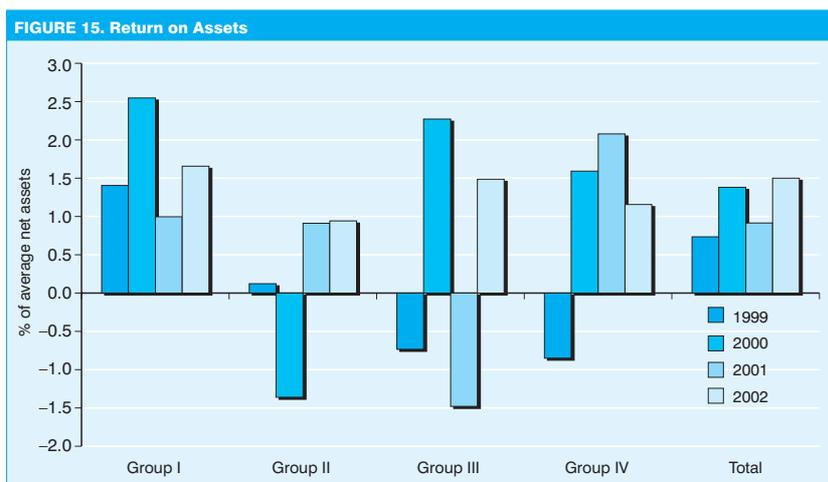
The greatest change recorded in Group III was a fall in the share of loan loss provision expenses, whose share declined by 20.2 percentage points at end-2002, compared with end-2001. This contributed to an increase in the share of other expense items, particularly general administrative expenses and depreciation (9.6 percentage points), interest expenses (6.3 percentage points) and finally, non-interest expenses (4.3 percentage points).

The share of loan loss provision expenses increased only in Group IV (by 5.5 percentage points) at end-2002, compared with end-2001, while it decreased in all other groups. This group's non-interest expenses also increased by 3.0

percentage points, while its share of interest expense declined by 2.1 percentage points. Unlike other groups, Group IV recorded a fall in its share of general administrative expenses and depreciation in the observed period (by 5.5 percentage points).

Owing to a rapid growth of pre-tax profit, return on gross assets at end-2002 stood at 1.5%, which is an increase of 0.6 percentage points compared with end-2001 (Figure 15.). Pre-tax profit rose by a high 107.1% in the observed period, while the growth of average gross assets amounted to a low 16.9%.

Return on gross assets declined at the end of 2002, compared with the end of 2001 only in Group IV (from 2.1% to 1.2%) because of the group's substantial fall in pre-tax profit (41.0%). Return on gross assets rose the most in Group III, because, unlike 2001 when it generated loss, the group generated profit in 2002. Return on gross assets of Group I stood at 1.7%, increasing by 0.7 percentage points in the observed period, owing to a major upturn in pre-tax profit of 129.3%, compared with the average gross assets growth of 32.1%. Return on assets of Group II at the end of 2002 held steady at levels recorded at end-2001 (0.9%).



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. 57/1999 and 3/2001), Schedule BS is the source of data on gross assets (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 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. 36/1999 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. 32/1999).

At 13.7%, the rate of return on average equity at the end of 2002 was this indicator's highest rate in the last four years (Figure 16.). Return on equity at end-2002 increased by 7.1 percentage points compared with end-2001, due to a faster growth in pre-tax profit (68.8%) compared with the growth in average equity (20.5%) during the same period.

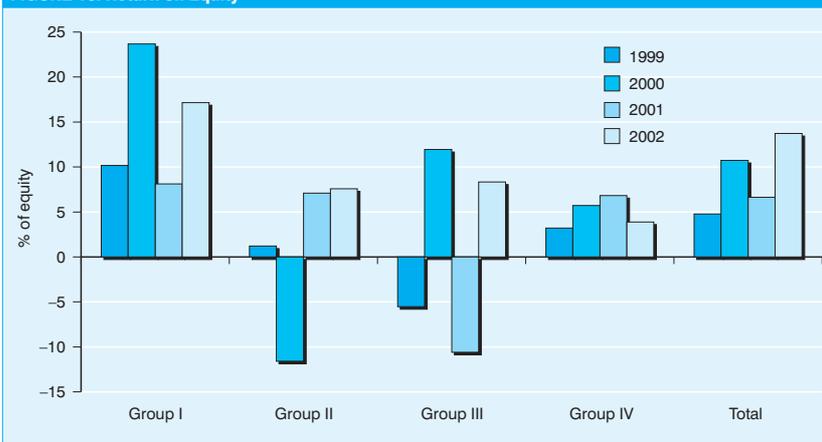
Group I had the largest return on equity at end-2002 (17.2%). Groups III (8.3%), Group II (7.6%) and finally, Group IV (3.9%) followed. All groups, except Group IV, recorded increased returns on equity due to their faster growth in pre-tax profit than in equity. Return on equity increased by 18.9 percentage points in Group III, by 9.0 percentage points in Group I and by 0.5 percentage points in Group II. A fall in pre-tax profit of 54.4% in Group IV in the observed period was larger than the fall in average equity (11.2%), causing the group's return on equity to decline by 2.9 percentage points.

⇒ 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. 57/1999 and 3/2001), while Schedule BS is the source of data on equity (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).

FIGURE 16. Return on Equity



Interest income to average net assets ratio continued to fall in 2002 (Figure 17.). At the end of 2002, the average interest income was 6.2%, which is a decline of 0.7 percentage points compared with end-2001, or a decline of 2.0 percentage points, compared with end-2000. Such developments in 2002 can be explained by a slower interest income growth (10.8%) compared with the growth in average net assets (23.9%) in the observed period.

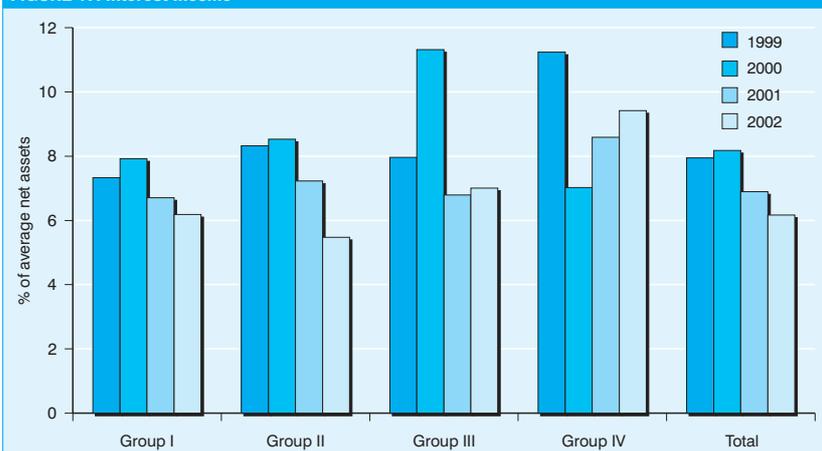
At end-2002, Group IV generated the largest average interest income (9.4%). It was followed by Group III (7.0%), Group I (6.2%) and finally, Group II (5.5%). The average interest income fell in Groups I and II (by 0.5 percentage points and 1.8 percentage points, respectively), while it rose in Groups III and IV (by 0.2 percentage points and 0.8 percentage points, respectively).

⇒ 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.

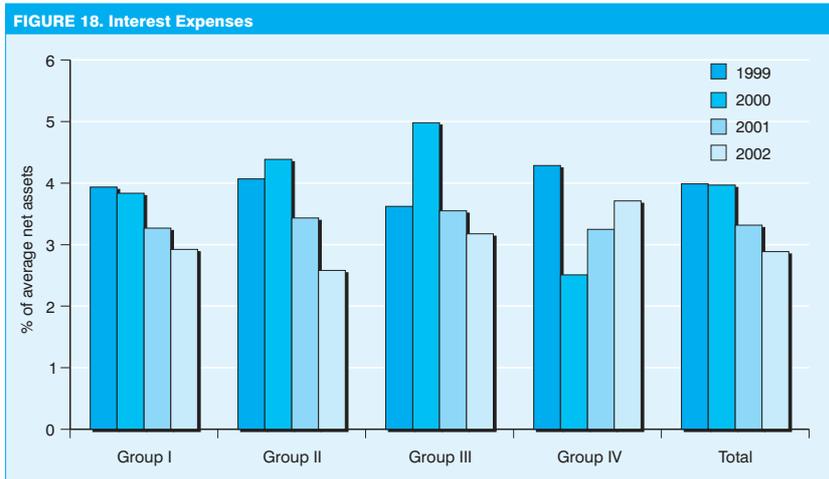
Schedule IS is the source of data on interest income, while Schedule BS is the source of data on the amount of assets (both Schedules form an integral part of the Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).

FIGURE 17. Interest Income



In the same way as the average interest income, the average interest expense in 2002 continued its downward trend from the previous two years (Figure 18.). Compared with end-2001, the average interest expense at the end of 2002 declined by 0.4 percentage points, and compared with end-2000, it declined by 1.1 percentage point, standing at 2.9% at the end of the year. Although the level of interest expense incurred during 2002 increased by 7.9% and the level of average net assets increased by 23.9%, the former's slower growth caused the average interest expense to decline.

The largest average interest expense at end-2002 was recorded in Group IV (3.7%). Groups III and I followed with 3.2% and 2.9%, respectively and finally, Group II with 2.6%. In the first three groups, there was a decline in the average interest expense during the observed period; 0.3 percentage points in Group I, 0.9 percentage points in Group II and 0.4 percentage points in Group III. The average interest expense rose only in Group IV; from 3.2% at end-2001 to 3.7% at end-2002.

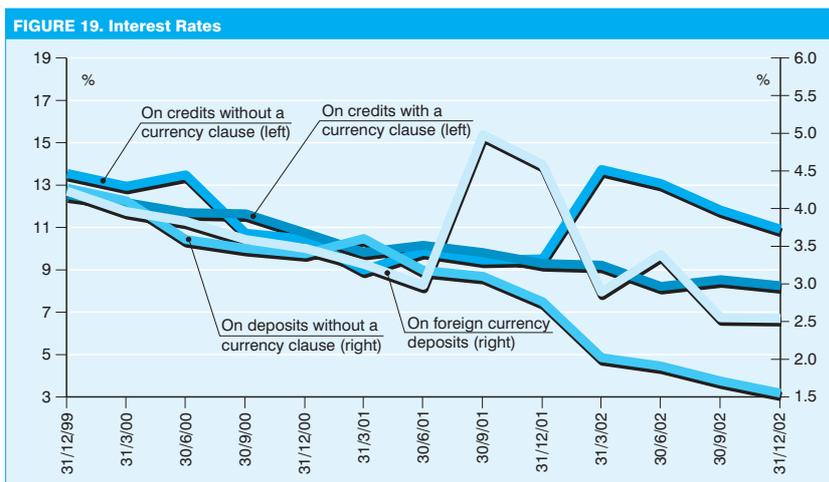


Each bank group ratio between interest expenses and average assets is calculated in the following manner. First, the interest expenses incurred in the relevant period by all the banks in the bank group are added up. Second, the amounts of average assets of each bank group are also added up. The sum of 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. 57/1999 and 3/2001).

In light of the given indicators, it can be concluded that the steeper fall in average interest income compared with the fall in average interest expense led to a fall in net interest spread (the difference between interest income and interest expense). Net interest spread of the banking system stood at 3.3% at end-2002, which is a decrease of 0.3 percentage points, compared with end-2001, and a decrease of 0.9 percentage points compared with end-2000. At end-2002, Group IV had the highest spread (5.7%). It was followed by Groups III, I, and II (3.8%, 3.3% and 2.9% percent, respectively).



The basis for calculating the weighted averages is the amount of credits 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 credits 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.

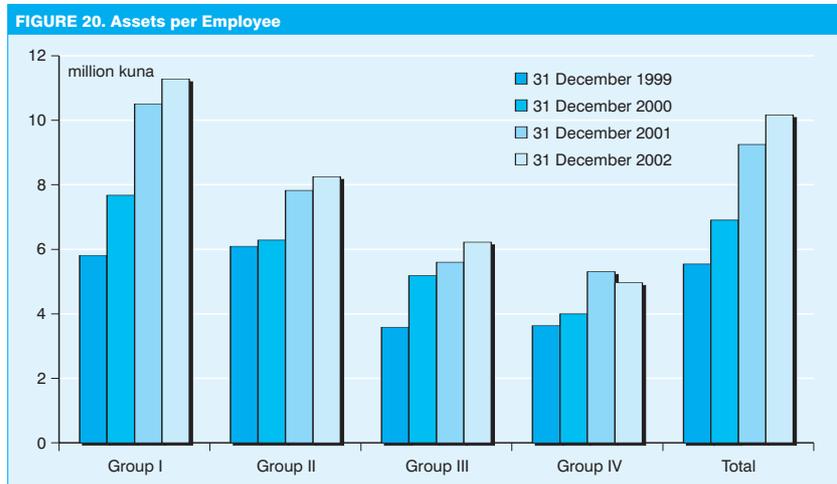
The CNB statistics is the source of data.

Compared with end-2000, interest rates on deposits fell (Figure 19.). Interest rates on deposits without a currency clause stood at 1.6% at end-2002, which is a decline of 1.2 percentage points compared with end-2001. Similarly, interest rates on foreign currency deposits fell by 2.0 percentage points, standing at 2.5% at the end of 2002.

Interest rates on credits with a currency clause fell by 1.1 percentage point in the observed period, while interest rates on credits without a currency clause rose by 1.4 percentage points. Thus at the end of 2002, the interest rate on credits with a currency clause was 8.2% and on credits without a currency clause 10.9%.

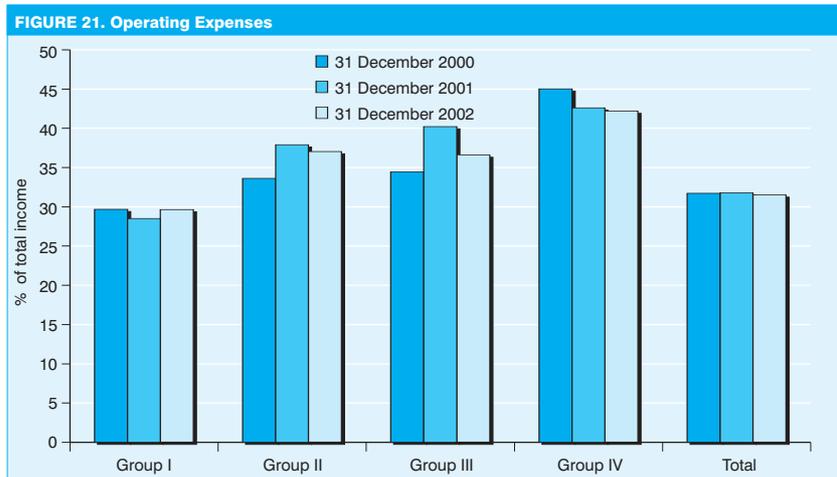
At the end of 2002, the banking system employed 17,126 persons, an increase of 6.7% compared with end-2001. It should be stressed that, at the end of 2002, Group I employed as much as 71.8% of all persons working in the banking sector, which is an increase of 9.5 percentage points compared with end-2001, due to the entry of new banks into that group. Groups II, IV and III follow, accounting for 18.7%, 5.2%, and 4.3% of the total. Because of the entry of new banks into Group IV in 2002, this group's share in the number of employed increased by 0.2 percentage points, while because of the exit of certain banks from Groups II and III, the share of these two groups in the total number of employed fell by 8.6 percentage points and 1.1 percentage point, respectively.

⇒ 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. 57/1999 and 3/2001), while banks are the source of data on the number of persons employed.



Assets per employee, an indicator of bank efficacy, have been rising steadily for the past three years. At the end of 2002, they stood at 10.2 million kuna (Figure 20.), which is an increase of 4.7 million kuna per employee, compared with end-1999. The reason for this increase can be found in slower employment growth (6.7%) compared with assets growth (17.3%).

⇒ 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. 57/1999 and 3/2001).



Group I was the most efficacious at the end of 2002 in terms of the amount of assets per employee. The group's average assets per employee were 11.3 million kuna. Groups II, III and IV followed with 8.2 million kuna, 6.2 million kuna and 5.0 million kuna, respectively. Due to slower employment growth compared with assets growth, an increase in this indicator during 2002 was recorded in Group I (0.8 million kuna), Group II (0.4 million kuna), and Group III (0.6 million kuna). A downturn as regards this indicator was observed only in Group IV, as this group's employment growth (9.0%) exceeded its assets growth (2.1%).

Operating expenses to total income ratio at end-2002 held steady at levels comparable with end-2001 (Figure 21.) – 31.5% at end-2002 and 31.8% at end-2001. Operating expenses grew at the similar rate as total income in the observed period (14.2% compared with 15.1%), so the banks continued, for the third consecutive year, to use one third of their income to cover their operating expenses.

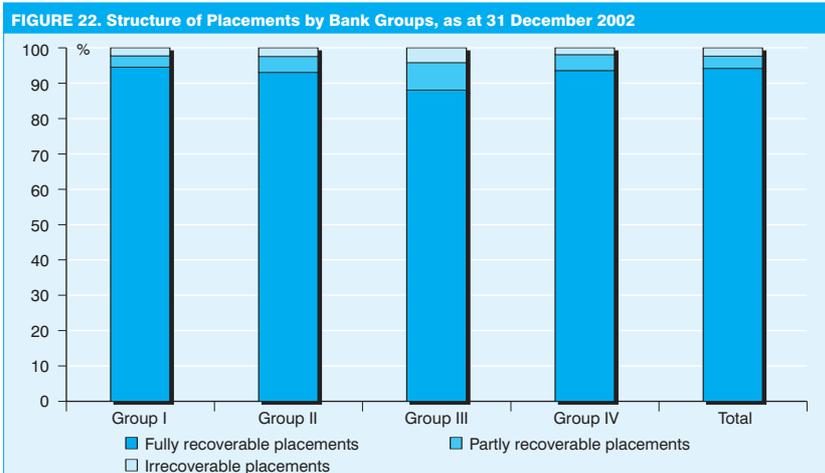
Group I was the only group that increased its operating expenses to total income ratio in the observed period (1.2 percentage points), while all other groups recorded a decline as far as this ratio is concerned. At end-2002, this ratio was the largest in Group IV (42.2%). Groups II and III followed with 37.0% and 36.6% respectively, and finally, Group I had the smallest operating expenses to total income ratio (29.7%).

Total placements stood at 183.0 billion kuna at the end of 2002, growing by 20.7%, compared with end-2001 (Table 11.) In line with the classification of placements introduced in 2001¹¹, fully recoverable placements accounted for the largest share (94.1%) of all placements. Partly recoverable placements followed with 3.5% and finally, non-recoverable placements (2.3%).

Fully recoverable placements continued to trend upwards and other placements continued to trend downwards in 2002. Owing to their 22.5% growth in 2002, fully recoverable placements increased their share in total placements by 1.4 percentage points. The share of partly recoverable placements declined by 0.9 percentage points during the same period, however it should be mentioned that, compared with end-2001, category C placements increased significantly (by 16.4%), while category D placements fell by

2.1.7 Credit Activity

¹¹ 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). IAS 39 classifies placements into three groups: fully recoverable placements, partly recoverable placements, and irrecoverable placements, thus replacing the previous categorization 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, based on IAS 39, planned for end-2003, banks will continue to report according to A, B, C, and D risk categorization of their placements.



⇨ The structure of placements by risk categories is calculated as follows. First, the amounts 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 11. Classification of Placements by Risk Categories, end of period, in million kuna and %

Placements	Dec. 1999		Dec. 2000		Dec. 2001		Dec. 2002	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	96,568.5	89.7	112,198.3	90.5	140,586.6	92.7	172,251.3	94.1
1.1. Category A	92,061.5	85.5	108,489.8	87.5	137,195.6	90.5	168,693.2	92.2
1.2. Category B	4,507.0	4.2	3,708.5	3.0	3,391.0	2.2	3,558.0	1.9
2. Partly recoverable placements	7,143.6	6.6	6,923.1	5.6	6,719.5	4.4	6,473.3	3.5
2.1. Category C	3,749.9	3.5	3,090.3	2.5	3,193.3	2.1	3,717.8	2.0
2.2. Category D	3,393.6	3.2	3,832.8	3.1	3,526.2	2.3	2,755.5	1.5
3. Irrecoverable placements	3,903.3	3.6	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3
3.1. Category E	3,903.3	3.6	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3
Total	107,615.4	110.3	123,924.5	100.0	151,593.3	100.0	182,970.0	100.0

↑ 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. 36/1999 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. 36/1999 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).

⇒ 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. 36/1999 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. 32/1999).

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. 36/1999 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. 36/1999 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).

21.9%. The share of irrecoverable placements fell only marginally (0.5 percentage points) which is hardly surprising given their slight decline of only 1.0%.

At end-2002, Group III accounted for the smallest share (88.0%) of fully recoverable placements in total placements (Figure 22.), while the group's shares of partly recoverable and irrecoverable placements in total placements were the largest, compared with other bank groups (7.8% and 4.2%, respectively). The next group with the largest share of irrecoverable placements was Group II (2.5%). Groups I and IV followed with 2.2% and 1.9%, respectively. Group I accounted for the largest share of fully recoverable placements (94.6%). It was followed by Group IV (93.6%) and finally, Group II (93.0%).

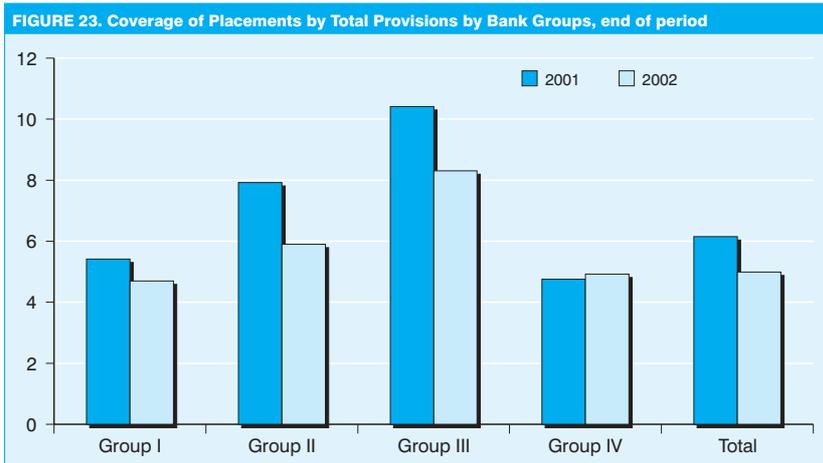
At end-2002, total provision to total placement ratio reached its lowest level in the past four years (5.0%) (Table 12.). It declined by 1.2 percentage points compared with end-2001, and a high 3.2 percentage points compared with end-2000. This is due to a reduced level of provisions (a decline of 8.4% at end-2001 and 2.2% at end-2002) and a simultaneous increase in the level of placements (22.3% at end-2001 and 20.7% at end-2002).

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

	Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002
1. Total provisions for losses	9,486.2	10,176.6	9,326.7	9,121.2
1.1. Placement value impairment (loss)	8,694.7	9,355.4	7,912.1	7,303.4
1.2. Provisions for unidentified losses	791.5	821.2	1,414.6	1,817.9
2. Total placements	107,615.4	123,924.5	151,593.3	182,970.0
3. Relative ratio of total provisions to total placements	8.8%	8.2%	6.2%	5.0%

The share of placement value impairment in total provisions continued to fall in 2002 in line with its downward trend from the previous year, in contrast with a growing share of provisions for unidentified losses (7.1 and 4.8 percentage points at end-2001 and end-2002, respectively). This is due to a change in the structure of placements, characterized by a decline in partly recoverable placements (2.9% and 3.7% in 2001 and 2002, respectively) and irrecoverable placements (10.7% and 1.0% in 2001 and 2002, respectively), relating to placement value impairment. Thus, at the end of 2002, placement value impairment accounted for 80.1% of total banking system provisions and provisions for unidentified losses accounted for 19.9% of the total, while, by comparison, placement value impairment at end-1999 accounted for 91.7% and provisions for unidentified losses for 8.3% of total banking system provisions.

All bank groups, except Group IV, recorded a fall in the coverage of placements by total provisions in the observed period (Figure 23.).



↳ 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.

Coverage ratios declined the most in Group III, from 10.4% at end-2001 to 8.3% at end-2002, and Group II, from 7.9% at end-2001 to 5.9% at end-2002. Group I recorded a slight fall of 0.7 percentage points in the said ratio, amounting to 4.7% at the end of 2002. A marginal increase in placement/total provision coverage ratio was observed only in Group IV (from 4.8% at end-2001 to 4.9% at end-2002).

At end-2002, total loans stood at 92.3 billion kuna; an increase of 40.1% compared with end-2001. Their share in total banking system assets was 53.0%. In the observed period, Group IV accounted for the largest share of loans in total assets (59.8%). Groups II and III followed with 57.4% and 54.9%, respectively. The last in the line was Group I, whose share stood at 51.9%.

The share of household loans increased by 2.0 percentage points at end-2002, compared with 2001, while the share of loans to companies (public and other enterprises) declined by 2.8 percentage points during the same period (Table 13.). As a result of total loans' fast growth in 2002, household loans accounted for 44.5% and loans to companies (public and other enterprises) for 45.0% of total loans extended by the banking system. This was due to a faster growth in household loans (46.8%) than loans to public and other enterprises (31.7%). It should be stressed that loans to other institutional sectors also increased, in particular loans to non-profit institutions (81.3%), government units (54.3%) and public enterprises (45.8%), with loans to the public sector (government units, public enterprises) accounting for 9.6% of total loans extended at end-2002.

At end-2002, only Group I had a larger share of household loans than

↳ 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. 57/1999 and 3/2001).

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

	Group I		Group II		Group III		Group IV		Total	
	Dec. 2001	Dec. 2002								
1. Government units	3,257.7	5,927.3	1,035.7	763.6	45.8	10.0	2.8	0.0	4,342.0	6,700.9
2. Financial institutions	788.1	1,644.5	599.5	461.8	17.7	38.0	74.3	13.5	1,479.6	2,157.8
3. Public enterprises	2,507.0	3,390.1	346.3	382.9	33.2	4.3	34.2	1.6	2,920.8	3,778.9
4. Other enterprises	17,902.9	28,291.5	7,998.5	6,714.7	1,242.6	1,480.9	1,500.5	1,299.8	28,644.5	37,786.8
5. Non-profit institutions	108.3	225.3	43.4	64.2	13.2	13.1	2.3	0.3	167.1	302.9
6. Households	19,679.0	32,179.4	6,702.2	6,632.0	800.6	977.7	805.7	1,290.9	27,987.5	41,080.0
7. Non-residents	257.8	314.7	63.1	149.6	1.3	16.5	18.3	4.7	340.6	485.5
Total	44,500.8	71,972.8	16,788.9	15,168.8	2,154.4	2,540.4	2,438.0	2,610.9	65,882.1	92,292.9

loans to other enterprises (44.7% compared with 39.3%), while the situation in other bank groups was opposite. The share of household loans at end-2002 was larger compared with end-2001 in all bank groups, while the share of loans to other enterprises was larger only in Group III, remaining smaller in all other bank groups.

2.1.8 Liquidity Ratios

¹² 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 to the shares of the other bank groups.

⇒ 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 Croatian National Bank.

CNB bills are purchased on the basis of the Decision on Issuing Croatian National Bank Bills Denominated in Kuna (*Narodne novine*, No. 48/1998) and the Decision on Issuing Croatian National Bank Bills Denominated in Foreign Currency (*Narodne novine*, Nos. 48/1998 and 7/1999).

⇨ The annual averages 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 utilization 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. 160/1998, 28/1999, 32/1999, 38/1999, 131/2000 and 53/2001), 2) Decision on the Short-Term Liquidity Loan (*Narodne novine*, Nos. 132/1999 and 53/2001) and 3) Decision on the Terms and Conditions for Granting Short-Term Intervention Loans (*Narodne novine*, No. 32/1999).

The amount of CNB bills and central government bills purchased by banks in 2002 increased by 9.5%, or from 9.5 billion kuna at end-2001 to 10.4 billion kuna at end-2002 (Table 14.). Looking at the structure of CNB bills and central government bills purchased, at end-2002, kuna CNB bills and T-bills accounted for the largest share (47.2% and 41.0%, respectively) of the total and they were followed by foreign currency CNB bills (11.8%), with other money market instruments remaining unused.

Group IV made the largest relative placement¹² in kuna CNB bills (75.5%); Group III made the largest relative placement in foreign currency CNB bills (62.4%), while Group II made the largest relative placement in T-bills of the Ministry of Finance (44.7%). Looking at the structure of CNB bills and central government bills in Group I, kuna CNB bills accounted for the largest share of the total (51.1%). They were followed by T-bills of the Ministry of Finance (41.7%) and foreign currency CNB bills (7.2%).

TABLE 14. Purchased CNB and Central Government Bills, in million kuna and %, stock on 31 December 2002

	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	4,336.0	51.1	373.0	27.3	20.0	6.5	165.0	75.5	4,894.0	47.2
2. CNB bills denominated in foreign currency	612.1	7.2	380.7	27.9	192.1	62.4	43.4	19.9	1,228.2	11.8
3. Ministry of Finance treasury bills	3,538.5	41.7	610.4	44.7	95.6	31.1	10.0	4.6	4,254.5	41.0
4. Other money market instruments of the central government	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	8,486.6	100.0	1,364.1	100.0	307.7	100.0	218.4	100.0	10,376.7	100.0

Total borrowing from the CNB (annual average) declined by 67.8% in 2002, compared with 2001, and stood at 37.9 million kuna at the end of the year (Table 15.). Unlike 2001, banks turned to liquidity loans in 2002 (78.0%), completely avoiding repo CNB bills. A decline in Lombard loans during 2002 (87.2%) led to the facility's smaller share in total borrowing from the CNB, so at the end of 2002, Lombard loans accounted for 22.0% of total borrowing from the CNB, compared with 55.6% at the end of 2001.

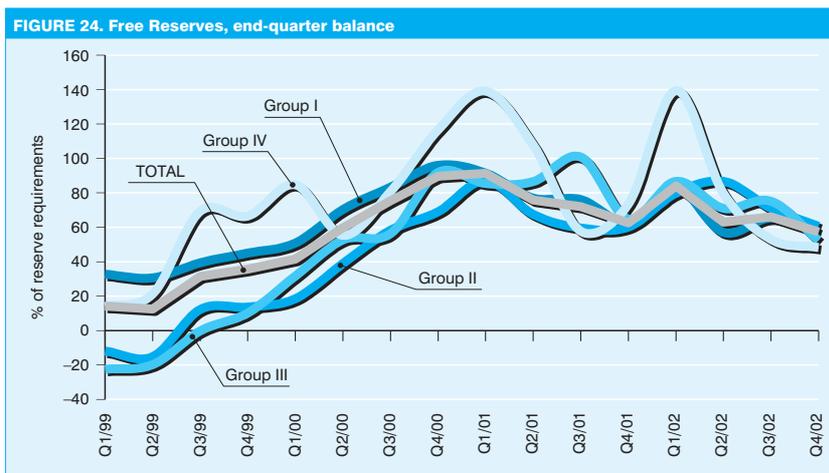
For the most part, borrowing from the CNB in 2002 related to bank Group I. Looking at bank groups, it is evident that Groups II and III had no need for CNB credit facilities in 2002. Three Group I banks and one Group IV

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

	Group I		Group II		Group III		Group IV		Total	
	2001	2002	2001	2002	2001	2002	2001	2002	2001	2002
1. Lombard loans	60.5	8.3	4.2	0.0	0.4	0.0	0.3	0.1	65.4	8.4
2. Liquidity loans	0.0	29.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.6
3. Repo CNB bills	42.7	0.0	5.1	0.0	1.6	0.0	0.2	0.0	49.7	0.0
Total	103.3	37.8	9.3	0.0	2.1	0.0	3.1	0.1	117.7	37.9

bank made use of the Lombard facility, however, 89.3% of the total amount of Lombard loans extended went to one Group I bank. Only one bank (Group I bank) made use of the liquidity loans.

Free reserves to reserve requirements ratio fell from 62.5% at end-2001 to 57.2% at end-2002 (Figure 24). In terms of bank groups, the situation was similar. The ratio declined the most in Group IV (25.3 percentage points), then in Group III (12.3 percentage points), and Group I (5.9 percentage points). The only group which recorded an increase at end-2002 was Group II (0.5 percentage points). The largest free reserves ratio was recorded in Group II (60.6%), and in Group I (57.0%), while it was somewhat smaller (52.4% and 48.2%, respectively) in Groups III and IV.



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:

$$\text{free reserves} = (\text{actual kuna reserves} + \text{actual foreign currency reserves} + \text{additional reserves}) - (\text{prescribed kuna reserves} + \text{prescribed foreign currency reserves}) - \text{borrowed reserves}$$

$$\text{actual kuna reserves} = \text{balance in giro accounts} + \text{balance in the vault} + \text{allocated reserves}$$

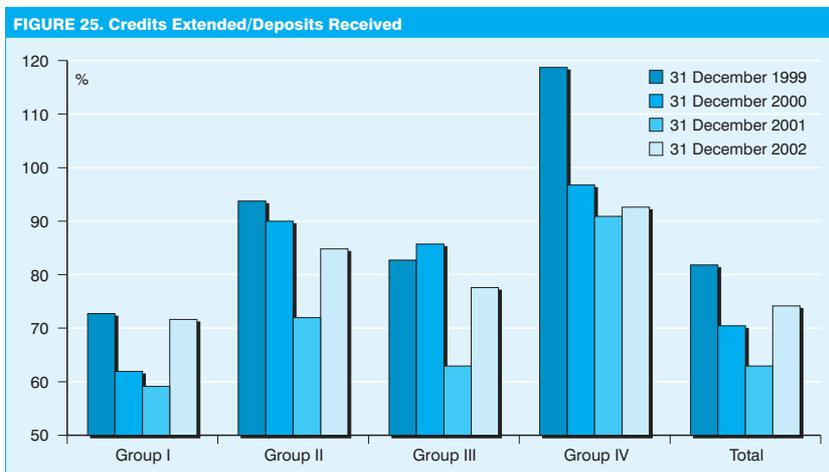
$$\text{actual foreign currency reserves} = \text{liquid foreign currency claims (including CNB bills in foreign currency)} + \text{allocated reserves}$$

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

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

The Croatian National Bank statistics is the source of data.

Credits to deposits ratio increased by 11.2 percentage points due to faster credit growth (40.1%), compared with deposits growth (18.9%) in 2002 and amounted to 74.1% (Figure 25). The same trend was observed in some bank groups. Due to faster credit than deposits growth in the observed period, the ratio increased in Group I (61.7% credits, 33.5% deposits) and in Group IV (7.1% credits, 5.1% deposits). In Group II, deposits declined faster than credits (23.3%, compared with 9.6%), while in Group III, credit growth (17.9%) followed a fall in the level of deposits (4.4%). Thus, the groups with the largest credits to deposits ratios at end-2002 were Group IV and Group II (92.6% and 84.8%, respectively). Group III followed with 77.6% and finally, Group I with 71.6%.



Each bank group ratio between total credits granted and total deposits received is calculated in the following manner. First, the total credits 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 credits 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.

Credits include kuna and foreign currency credits 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 credits.

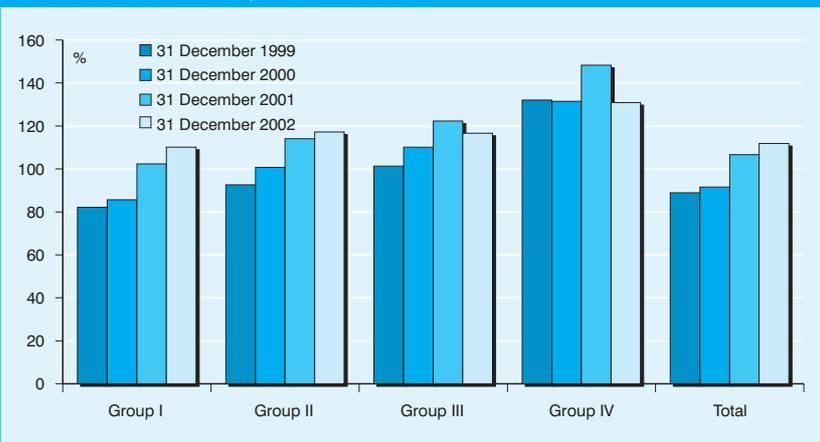
Schedule BS/LOA is the source of data on credits (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001), while Schedule BS/DEP is the source of data on deposits (Bank Statistical Report).

At the end of 2002, the ratio between short-term assets and short-term liabilities increased by 5.2 percentage points, compared with end-2001, and stood at 111.8% (Figure 26.). The increase is due to the faster growth of short-term assets (11.8%) than short-term liabilities (6.6%). The ratio was above 100.0% in all banks, with the largest ratio at end-2002 being recorded in Group IV (130.8%), followed by Group II (117.1%), Group III (116.6%) and finally, Group I (110.1%). The ratio increased in Group I (7.81 percentage points) and Group II (3.1 percentage points), while it decreased in Groups III and IV (5.7 and 17.4 percentage points, respectively).

⇒ 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. 57/1999 and 3/2001), while Schedule BS and Schedule BS/DBM are the source of data on short-term liabilities (Bank Statistical Report).

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



2.1.9 Currency Adjustment of Assets and Liabilities

On the banking system level, the ratio between long foreign exchange position and regulatory capital fell by 5.6 percentage points, compared with end-2001, and stood at 15.7% at the end of 2002 (Figure 27.). Long foreign exchange position of Group II also declined during the same period (49.5 percentage points) resulting in this Group's smallest ratio compared with other banks (8.5%). Group I had the largest long foreign exchange position to regulatory capital ratio (18.4%). The next groups with the largest ratio were Group IV and Group III (10.9% and 9.9%, respectively).

⇒ 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 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.

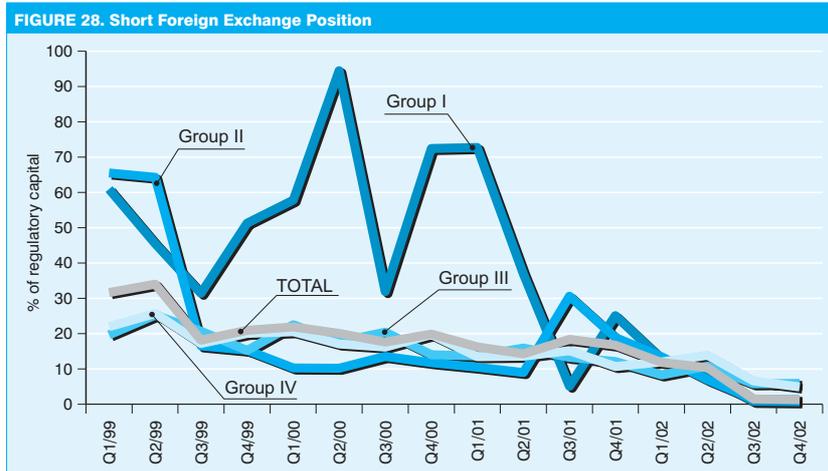
The reports submitted by banks on the basis of the Decision on the Prevention of Authorized Banks' and Savings Banks' Foreign Exchange Position Exposure to Currency Risk (*Narodne novine*, Nos. 134/1997 and 94/2000) are the source of data.

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/1999 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/1999 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 27. Long Foreign Exchange Position



On the banking system level, the ratio between short foreign exchange position and regulatory capital stood at 1.3% at end-2002; a decline of 15.4 percentage points, compared with end-2001 (Figure 28.). The ratio declined in all bank groups in the observed period. Groups III and IV had the largest short foreign exchange position to regulatory capital ratio (5.9% and 4.9%, respectively). Groups II and I followed with 1.3% and 0.7%, respectively.



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 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 Prevention of Authorized Banks' and Savings Banks' Foreign Exchange Position Exposure to Currency Risk (*Narodne novine*, Nos. 134/1997 and 94/2000) are the source of data.

The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/1999 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/1999 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.

2.2 Savings Banks

A fall in the number of savings banks in 2002 largely affected savings bank performance indicators for that year. During the observed period, savings banks consolidated their business operations, in response to adjustment requirements under the provision of Article 119 of the 1998 Banking Act, in effect at the time. As a result, at the end of 2002, there were only four savings banks operating, of which three were housing savings banks and one was a savings bank undergoing the process of adjustment with the provisions of law¹³. Of the fourteen savings banks that exited the savings bank system, seven of them, following the said adjustment, registered as banks, and are now included in bank performance analyses¹⁴. Of the remaining seven savings banks, one housing savings bank merged with another housing savings bank, three savings banks merged with two banks and in three savings banks liquidation proceedings were initiated¹⁵.

Looking at savings bank performance, it should be stressed that statistical indicators of total savings bank performance at end-2002 largely related to housing savings banks, while the indicators of change¹⁶ at end-2002, compared with end-2001, related, almost exclusively, to the change in the number of savings banks in the system. For that reason, performance indicators are in certain parts of the text dealt with separately from changes in these indicators.

Savings bank assets declined by 0.58% at end-2002, compared with end-2001, and stood at 2.37 billion kuna. Of total savings bank assets at

¹³ Prva štambena štedionica d.d., Raiffeisen stambena štedionica d.d., Wüstenrot stambena štedionica d.d. and Medimurska štedionica d.d.

¹⁴ See footnote number 1.

¹⁵ Hrvatska stambena štedionica d.d. merged with Prva stambena štedionica d.d. in May 2002. Štedionica More d.d. and Vid štedionica d.d. merged with Banka Kovanica d.d. in January 2002 and Banica Credo štedionica d.d. merged with Splitsko-dalmatinska banka d.d. in July 2002. Liquidation proceedings were initiated in Štedionica Dora (January 2002), Trgovačka štedionica d.o.o. (January 2002) and Gospodarska štedionica (April 2002).

¹⁶ Statistical indicators involve indicators of individual items balances and the shares of such items at a specific date while indicators of change involve indicators of growth, i.e. change in the share over a specific period.

2.2.1 Balance Sheet Structure

the end of the first six months of 2002, housing savings banks accounted for a high 92.19%.

Housing savings bank assets grew by 68.30% at end-2002, compared with end-2001, increasing from 1.30 billion kuna to 2.19 billion kuna.

The trading portfolio of securities accounted for 48.48%, or the largest share of total assets of savings banks (Table 16.). Treasury bills of the Ministry of Finance and CNB bills accounted for 23.68% and the investment portfolio of securities for 11.71% of total assets. Total securities accounted for 83.87% of total savings bank assets, while loans to other clients accounted for only 8.44% of total assets.

The share of trading portfolio of securities and loans to other clients in total housing savings bank assets increased by 16.50 percentage points and 3.28 percentage points, respectively at end-2002, compared with 2002, while the share of the investment portfolio of securities and T-bills of the Ministry of Finance and CNB bills decreased by 13.13 percentage points and 5.49 percentage points, respectively. Loans to other clients grew the most (688.02%), accounting for 4.18% of total housing savings bank assets at end-2002. The next fastest growing item were specific reserves for unidentified losses (396.85%), accounting for 1.58% of total 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.

	Dec. 2000		Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	91.61	5.81	156.77	6.57	71.12	27.85	1.17	-82.23
1.1. Money assets	34.52	2.19	54.73	2.29	58.53	4.60	0.19	-91.60
1.2. Deposits	57.09	3.62	102.04	4.28	78.74	23.25	0.98	-77.21
2. Deposits with banking institutions	98.95	6.27	123.52	5.18	24.83	61.60	2.60	-50.13
3. MoF treasury bills and CNB bills	237.33	15.04	418.90	17.56	76.51	561.52	23.68	34.05
4. Trading portfolio of securities	144.37	9.15	472.61	19.81	227.36	1,149.60	48.48	143.25
5. Loans to financial institutions	10.75	0.68	14.44	0.61	34.35	13.72	0.58	-5.03
6. Loans to other clients	625.65	39.66	701.20	29.40	12.08	200.15	8.44	-71.46
7. Investment portfolio of securities	190.88	12.10	337.00	14.13	76.55	277.77	11.71	-17.57
8. Investments in subsidiaries and associates	1.40	0.09	1.14	0.05	-18.11	1.21	0.05	5.94
9. Foreclosed and repossessed assets	17.73	1.12	16.39	0.69	-7.52	6.04	0.25	-63.14
10. Tangible assets and software (net of depreciation)	57.17	3.62	56.24	2.36	-1.63	25.86	1.09	-54.01
11. Interest, fees and other assets	109.62	6.95	96.07	4.03	-12.36	48.76	2.06	-49.25
12. Net of: Specific reserves for unidentified losses	7.90	0.50	8.99	0.38	13.82	2.64	0.11	-70.63
Total	1,577.55	100.00	2,385.28	100.00	51.20	2,371.45	100.00	-0.58

Savings bank liabilities comprised four items at end-2002 (Table 17.): deposits (91.73%), capital (5.20%), interest, fees and other liabilities (1.92%) and profit for the current year (1.14%). It should be mentioned that time deposits accounted for 99.64% of total savings bank deposits.

Time deposits of housing savings banks grew by 76.94% at end-2002, compared with 2001. In the same way as at end-2001, time deposits accounted for 100.00% of total housing savings bank deposits, or 92.07% of total liabilities of housing savings banks.

Following a decrease in the number of savings banks, total savings bank capital declined by 50.13%; falling from 301.76 million kuna at

TABLE 17. Structure of Savings Bank Liabilities, end of period, in million kuna and %

	Dec. 2000		Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	13.60	0.86	3.53	0.15	-74.08	-	-	-100.00
1.1. Short-term loans	12.38	0.78	2.50	0.10	-79.81	-	-	-100.00
1.2. Long-term loans	1.22	0.08	1.03	0.04	-15.91	-	-	-100.00
2. Deposits	1,197.03	75.88	1,964.82	82.37	64.14	2,175.33	91.73	10.71
2.1. Giro account and current account deposits	6.97	0.44	6.72	0.28	-3.54	0.31	0.01	-95.33
2.2. Savings deposits	46.87	2.97	47.21	1.98	0.74	7.58	0.32	-83.95
2.3. Time deposits	1,143.19	72.47	1,910.88	80.11	67.15	2,167.44	91.40	13.43
3. Other loans	4.40	0.28	2.02	0.08	-53.97	-	-	-100.00
3.1. Short-term loans	3.83	0.24	2.02	0.08	-47.18	-	-	-100.00
3.2. Long-term loans	0.57	0.04	-	-	-100.00	-	-	-
4. Debt securities issued	-	-	-	-	-	-	-	-
4.1. Short-term debt securities issued	-	-	-	-	-	-	-	-
4.2. Long-term debt securities issued	-	-	-	-	-	-	-	-
5. Supplementary capital	52.55	3.33	28.01	1.17	-46.69	0.03	0.00	-99.90
5.1. Subordinated instruments issued	7.87	0.50	3.83	0.16	-51.36	-	-	-100.00
5.2. Hybrid instruments issued	44.68	2.83	24.19	1.01	-45.87	0.03	0.00	-99.88
6. Interest, fees and other liabilities	64.53	4.09	85.15	3.57	31.95	45.61	1.92	-46.43
7. Profit/loss for the current year	-66.14	-4.19	-29.45	-1.23	-55.48	27.10	1.14	-192.01
8. Capital (excl. profit/loss for the current year)	311.60	19.75	331.20	13.89	6.29	123.38	5.20	-62.75
Total	1,577.56	100.00	2,385.28	100.00	51.20	2,371.45	100.00	-0.58

⇨ Savings banks liabilities are calculated in the same manner as 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. 57/1999 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.

end-2001 to 150.48 million kuna at end-2002 (Table 18.). Total savings bank capital at end-2002 comprised share capital (121.85%), retained loss (48.64%), profit for the current year (18.01%), reserves provided for by the article of association and other capital reserves (8.55%) and legal reserves (0.22%).

Housing savings bank capital increased by 20.00% at end-2002, compared with 2001 and stood at 137.14 million kuna at the end of the year, constituting 91.14% of total savings bank capital. Of all the items constituting housing savings bank capital, profit for the current year rose the most, as a result of profit realized by all three housing savings banks in 2002, unlike the previous year, which they all ended with a loss.

TABLE 18. Structure of Savings Bank Capital, end of period, in million kuna and %

	Dec. 2000		Dec. 2001			Dec. 2002		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Share capital	339.53	138.33	379.35	125.72	11.73	183.36	121.85	-51.67
2. Profit/loss for the current year	-66.14	-26.95	-29.45	-9.76	-55.48	27.10	18.01	-192.01
3. Retained income/loss	-52.88	-21.54	-64.72	-21.45	22.39	-73.19	-48.64	13.09
4. Legal reserves	3.95	1.61	3.64	1.21	-7.90	0.34	0.22	-90.79
5. Reserves provided for by the articles of association and other capital reserves	20.99	8.55	12.93	4.28	-38.41	12.87	8.55	-0.45
Total	245.45	100.00	301.76	100.00	22.94	150.48	100.00	-50.13

⇨ The capital as one of the items stated on the liabilities side of the aggregated balance sheet of all savings banks (Table 17.) is presented in detail. The share of each stated item in the total capital of savings banks in the observed periods is calculated as a ratio between each item and the total capital of 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.

Capital adequacy ratio of savings banks was 34.22% at end-2002, with the regulatory capital standing at 129.39 million kuna. In the same period, capital adequacy ratio of housing savings banks was 47.20% and their regulatory capital amounted to 114.96 million kuna.

2.2.2 Income Statement

⇒ In the observed periods, each item from the reports is stated cumulatively for all savings banks on the basis of data from the Bank Statistical Report (*Narodne novine*, Nos. 57/1999 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 savings banks.

In 2002 savings banks made 27.10 million kuna in profit (Table 19.), in contrast with the previous year when they made 23.79 million kuna in loss. Of the four savings banks operating at the end of 2002, three housing savings banks made profit and the one remaining savings bank ended the year with a loss. Total profit earned by housing savings banks in 2002 amounted to 33.80 million kuna.

Looking at savings bank income structure at end-2002, non-interest income accounted for 50.6% of total income, and interest income for 49.4%. The largest share of total expenses during the same period went to general administrative expenses and depreciation (39.6%); the next largest expense items were interest expenses (34.1%), non-interest expenses (23.0%) and finally, the smallest expense item was loan loss provision expense (3.4%).

	2001	2002
1. Net interest income	94.68	44.58
1.1. Interest income	212.71	114.44
1.2. Interest expenses	118.03	69.87
2. Net non-interest income	28.23	70.31
2.1. Non-interest income	100.38	117.27
2.2. Non-interest expenses	72.15	46.97
3. General administrative expenses and depreciation	130.41	80.93
4. Net operating income before provisions	-7.50	33.96
5. Loan loss provision expenses	11.24	6.86
6. Pre-tax profit/loss	-18.74	27.10
7. Income tax	5.05	0.00
8. After-tax profit/loss	-23.79	27.10

2.2.3 Credit Activity

17 See footnote number 9.

⇒ 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. 36/1999 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. 36/1999 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).

Total savings bank placements at end-2002 were 1.07 billion kuna (Table 20.), of which 889.35 million kuna went to housing savings banks. The placements of housing savings banks increased by 16.94%, compared with end-2001.

The introduction of IAS 39 affected the analysis of the structure of savings bank placements at the end of 2002¹⁷. Fully recoverable placements accounted for the largest share of placements (98.02%), while partly recoverable placements and irrecoverable placements accounted for 1.69% and 0.30%, respectively, of total placements. Fully recoverable placements accounted for 100.00% of total housing savings bank placements at end-2002, as in 2001.

Total provision to total placement ratio of savings banks amounted to 1.75% at the end of 2002 (Table 21.). It should be mentioned, though,

Placements	Dec. 2000		Dec. 2001		Dec. 2002	
	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	1,239.06	90.47	1,653.80	93.44	1,052.30	98.02
1.1. Category A	1,177.70	85.99	1,582.85	89.43	985.91	91.83
1.2. Category B	61.36	4.48	70.95	4.01	66.39	6.18
2. Partly recoverable placements	86.80	6.34	79.52	4.49	18.13	1.69
2.1. Category C	50.70	3.70	59.81	3.38	14.08	1.31
2.2. Category D	36.11	2.64	19.71	1.11	4.05	0.38
3. Irrecoverable placements	43.76	3.19	36.64	2.07	3.18	0.30
3.1. Category E	43.76	3.19	36.64	2.07	3.18	0.30
Total	1,369.62	100.00	1,769.96	100.00	1,073.60	100.00

that placement value impairment accounted for 85.72% of total provisions and related to the one remaining savings bank operating, as housing savings banks did not record any placement value impairment at the end of 2002.

The coverage of total placements of housing savings banks by total provisions was only 0.18% at the end of 2002, given the fact that housing savings banks had only 1.61 million kuna in total provisions, which represented one hundred percent provisions for unidentified losses.

Table 21. Total Provision to Total Placement Ratio of Savings Banks, end of period, in million kuna and %			
	Dec. 2000	Dec. 2001	Dec. 2002
1. Total provisions for losses	94.94	82.46	18.76
1.1. Placement value impairment (loss)	87.20	73.45	16.08
1.2. Provisions for unidentified losses	7.73	9.01	2.68
2. Total placements	1,369.62	1,769.96	1,073.60
3. Relative ratio of total provisions to total placements	6.93%	4.66%	1.75%

↔ The ratio between savings banks' total provisions and total placements that are classified into risk categories is calculated in the following manner. The specific reserves for 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 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. 36/1999 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. 32/1999).

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. 36/1999 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. 36/1999 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).

3 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 for 2002.

Data on shareholders who hold 3% or more of share in the bank's share capital are as at 31 December 2002.

Data on members of management and supervisory boards are as at 30 April 2003.

Management Board

Zdenko Vidaković – chairman, Mičo Tomičić

Supervisory Board

Damir Kreso – chairman, Mara Tomičić, Maja Vidaković

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www.banka-brod.hr

Shareholders

Share in share capital (%)

1. Mičo Tomičić	9.89
2. Mara Tomičić	9.89
3. Karlo Tomičić	9.89
4. Zdenko Vidaković	9.89
5. Maja Vidaković	9.89
6. Mirko Vidaković	9.89
7. Slobodanka Kreso	9.89
8. Razija Kreso	9.89
9. Damir Kreso	9.89
10. Željko Rački	5.00
11. Višnja Rački	5.00

¹ Bank account number

Audit firm for 2002: TEB Revizor d.o.o., Slavonski Brod

Income Statement, as at 31 December 2002, in thousand kuna

1. Net interest income	8,590
1.1. Income interest	11,828
1.2. Interest expenses	3,238
2. Net non-interest income	979
2.1. Non-interest income	3,099
2.2. Non-interest expenses	2,120
3. General administrative expenses and depreciation	4,106
4. Net operating income before provisions	5,463
5. Loan loss provision expenses	960
6. Pre-tax profit/loss	4,503
7. Income tax	877
8. After-tax profit/loss	3,626

Balance Sheet, as at 31 December 2002, in thousand kuna

Structure of Bank Assets	
1. Money assets and deposits with the CNB	14,738
1.1. Money assets	6,994
1.2. Deposits	7,744
2. Deposits with banking institutions	12,044
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	400
5. Loans to financial institutions	0
6. Loans to other clients	47,510
7. Investments 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)	1,133
11. Interest, fees and other assets	1,453
12. Net of: Specific reserves for unidentified losses	670
TOTAL	76,608

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	49,876
2.1. Giro account and current account deposits	803
2.2. Savings deposits	1,970
2.3. Time deposits	47,103
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	2,469
7. Profit/loss for the current year	3,626
8. Capital (excl. profit/loss for the current year)	20,637
TOTAL	76,608

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BAN 4133006

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Management Board

Lidija Hočurščak – chairwoman, Ratko Špirlija

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Josip Samaržija	45.00
2. Veljko Bukarica	9.00
3. Branko Turić	9.00
4. Božica Samaržija	8.00
5. Gaj grupa d.o.o.	7.00
6. Posmrtna pripomoć d.o.o.	4.00
7. Karbon d.d. in bankruptcy proceedings	3.01

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	23,717
1.1. Income interest	41,789
1.2. Interest expenses	18,072
2. Net non-interest income	1,736
2.1. Non-interest income	4,336
2.2. Non-interest expenses	2,599
3. General administrative expenses and depreciation	17,684
4. Net operating income before provisions	7,769
5. Loan loss provision expenses	4,059
6. Pre-tax profit/loss	3,710
7. Income tax	0
8. After-tax profit/loss	3,710

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	27,557
1.1. Money assets	11,781
1.2. Deposits	15,776
2. Deposits with banking institutions	16,751
3. MoF treasury bills and CNB bills	742
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	212,008
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	2,443
10. Tangible assets and software (net of depreciation)	7,340
11. Interest, fees and other assets	19,359
12. Net of: Specific reserves for unidentified losses	3,192
TOTAL	283,028

Structure of Bank Liabilities	
1. Loans from financial institutions	2,500
1.1. Short-term loans	2,500
1.2. Long-term loans	0
2. Deposits	220,084
2.1. Giro account and current account deposits	1,794
2.2. Savings deposits	566
2.3. Time deposits	217,724
3. Other loans	1,152
3.1. Short-term loans	1,152
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	12,196
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	12,196
6. Interest, fees and other liabilities	11,167
7. Profit/loss for the current year	3,710
8. Capital (excl. profit/loss for the current year)	32,219
TOTAL	283,028

Management Board

Anka Tomas – chairwoman, Vlasta Zaninović

Supervisory Board

Branko Ostović – chairman, Tatjana Ostović, Robert Solomun

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BAN 4115008

www.sonic.hr

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

1. Branko Ostović	33.07
2. Ljiljana Ostović	5.20
3. Tatjana Ostović	5.18
4. Info-leasing d.o.o.	5.17
5. Mirjana Ostović	4.72

Audit firm for 2002: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	29,581
1.1. Income interest	52,527
1.2. Interest expenses	22,946
2. Net non-interest income	5,520
2.1. Non-interest income	9,072
2.2. Non-interest expenses	3,552
3. General administrative expenses and depreciation	24,868
4. Net operating income before provisions	10,233
5. Loan loss provision expenses	126
6. Pre-tax profit/loss	10,107
7. Income tax	2,070
8. After-tax profit/loss	8,037

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	29,098
1.1. Money assets	10,671
1.2. Deposits	18,427
2. Deposits with banking institutions	25,565
3. MoF treasury bills and CNB bills	7,258
4. Trading portfolio of securities	1,612
5. Loans to financial institutions	0
6. Loans to other clients	294,731
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	427
10. Tangible assets and software (net of depreciation)	9,800
11. Interest, fees and other assets	4,117
12. Net of: Specific reserves for unidentified losses	3,970
TOTAL	368,638

Structure of Bank Liabilities	
1. Loans from financial institutions	3,000
1.1. Short-term loans	3,000
1.2. Long-term loans	0
2. Deposits	288,925
2.1. Giro account and current account deposits	2,646
2.2. Savings deposits	17,935
2.3. Time deposits	268,344
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	759
5.1. Subordinated instruments issued	538
5.2. Hybrid instruments issued	221
6. Interest, fees and other liabilities	25,678
7. Profit/loss for the current year	8,037
8. Capital (excl. profit/loss for the current year)	42,239
TOTAL	368,638

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Management Board

Gabrijel Sentić – chairman, Anka Olić, Marica Orlović

Supervisory Board

Antun Milović – chairman, Bartol Jerković, Vlatko Blekić, Mika Mimica, Josip Galić

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

1. Slavenska štedionica d.d. in bankruptcy proceedings	11.90
2. Brodsko-posavska banka d.d.	10.35
3. Đuro Đaković – Poljoprivredni strojevi i uređaji d.d.	10.12
4. Kaptol banka d.d. in bankruptcy proceedings	7.64
5. Telecomp d.o.o.	6.38
6. Šošarić d.o.o.	6.09
7. Đuro Đaković holding d.d.	5.52
8. Croatia osiguranje d.d.	4.60
9. Đuro Đaković – Specijalna vozila d.d.	4.60
10. Đuro Đaković – Termoenergetska postrojenja d.d.	4.60
11. Đuro Đaković – Montaža d.d.	4.09
12. Klas d.d.	4.05
13. Đuro Đaković – Elektromont d.d.	3.68

Audit firm for 2002: Revicon Zagreb d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	4,903
1.1. Income interest	10,572
1.2. Interest expenses	5,669
2. Net non-interest income	29,518
2.1. Non-interest income	31,127
2.2. Non-interest expenses	1,609
3. General administrative expenses and depreciation	10,006
4. Net operating income before provisions	24,415
5. Loan loss provision expenses	16,591
6. Pre-tax profit/loss	7,824
7. Income tax	0
8. After-tax profit/loss	7,824

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	15,489
1.1. Money assets	1,590
1.2. Deposits	13,899
2. Deposits with banking institutions	21,597
3. MoF treasury bills and CNB bills	714
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	67,330
7. Investments portfolio of securities	180
8. Investments in subsidiaries and associates	37,081
9. Foreclosed and repossessed assets	899
10. Tangible assets and software (net of depreciation)	10,689
11. Interest, fees and other assets	3,519
12. Net of: Specific reserves for unidentified losses	726
TOTAL	156,772

Structure of Bank Liabilities	
1. Loans from financial institutions	19,026
1.1. Short-term loans	19,000
1.2. Long-term loans	26
2. Deposits	96,713
2.1. Giro account and current account deposits	5,588
2.2. Savings deposits	9,812
2.3. Time deposits	81,313
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	3,612
7. Profit/loss for the current year	7,824
8. Capital (excl. profit/loss for the current year)	29,597
TOTAL	156,772

Management Board

Adriano Carisi – chairman, Jasna Mamić

Supervisory Board

Giovanni Battista Ravida – chairman, Giorgio Cerutti, Giorgio Covacich, Tito Favaretto, Fulvio Soldati, Adalberto Donaggio, Frank Müller

Shareholders

	Share in share capital (%)
1. UniCredito Italiano S.p.A.	80.20
2. International Finance Corporation	14.00
3. Finest S.p.A.	3.75

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BAN 2499000

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2 Merged with Zagrebačka banka d.d., Zagreb in May 2003.

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	23,484
1.1. Income interest	37,369
1.2. Interest expenses	13,885
2. Net non-interest income	9,484
2.1. Non-interest income	11,437
2.2. Non-interest expenses	1,953
3. General administrative expenses and depreciation	20,376
4. Net operating income before provisions	12,592
5. Loan loss provision expenses	5,204
6. Pre-tax profit/loss	7,388
7. Income tax	1,516
8. After-tax profit/loss	5,872

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	61,017
1.1. Money assets	3,692
1.2. Deposits	57,325
2. Deposits with banking institutions	48,996
3. MoF treasury bills and CNB bills	94,782
4. Trading portfolio of securities	3,000
5. Loans to financial institutions	1,000
6. Loans to other clients	230,316
7. Investments portfolio of securities	429
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	6,007
10. Tangible assets and software (net of depreciation)	4,223
11. Interest, fees and other assets	3,116
12. Net of: Specific reserves for unidentified losses	2,803
TOTAL	450,083

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	184,192
2.1. Giro account and current account deposits	50,545
2.2. Savings deposits	24,720
2.3. Time deposits	108,927
3. Other loans	121,147
3.1. Short-term loans	0
3.2. Long-term loans	121,147
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	12,656
7. Profit/loss for the current year	5,872
8. Capital (excl. profit/loss for the current year)	126,216
TOTAL	450,083

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Management Board

Gordana Zrinščak – chairwoman, Ljiljana Podhraški, Ružica Vadić

Supervisory Board

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

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 2002: MZ Auditors d.o.o., Zagreb

**Income Statement,
 as at 31 December 2002, in thousand kuna**

1. Net interest income	24,754
1.1. Income interest	38,157
1.2. Interest expenses	13,403
2. Net non-interest income	14,179
2.1. Non-interest income	18,569
2.2. Non-interest expenses	4,390
3. General administrative expenses and depreciation	22,235
4. Net operating income before provisions	16,698
5. Loan loss provision expenses	7,896
6. Pre-tax profit/loss	8,802
7. Income tax	0
8. After-tax profit/loss	8,802

**Balance Sheet,
 as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	59,385
1.1. Money assets	6,625
1.2. Deposits	52,760
2. Deposits with banking institutions	34,145
3. MoF treasury bills and CNB bills	6,798
4. Trading portfolio of securities	36,685
5. Loans to financial institutions	1,029
6. Loans to other clients	300,029
7. Investments portfolio of securities	2,309
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	7,524
10. Tangible assets and software (net of depreciation)	12,313
11. Interest, fees and other assets	6,102
12. Net of: Specific reserves for unidentified losses	10,560
TOTAL	455,778

Structure of Bank Liabilities	
1. Loans from financial institutions	59,450
1.1. Short-term loans	1,154
1.2. Long-term loans	58,296
2. Deposits	247,379
2.1. Giro account and current account deposits	57,858
2.2. Savings deposits	23,745
2.3. Time deposits	165,776
3. Other loans	26,722
3.1. Short-term loans	26,722
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	15,787
7. Profit/loss for the current year	8,802
8. Capital (excl. profit/loss for the current year)	97,638
TOTAL	455,778

Management Board

Ivan Maljevac – chairman, Ferenc Müller

Supervisory BoardJanos Müller – chairman, Imre Balogh, Ferenc Müller³**Shareholders**

1. Magyar Külkereskedelmi Bank R. t.

Share in share capital (%)

100.00

Audit firm for 2002: KPMG Croatia d.o.o., Zagreb

CONVEST BANKA d.d.

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BAN 2496001

3 Since 1 February 2002, the membership in the Supervisory Board has been temporarily suspended in accordance with Article 261, paragraph 2 of the Company Act, due to his appointment to the Management Board.

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	242
1.1. Income interest	829
1.2. Interest expenses	587
2. Net non-interest income	104
2.1. Non-interest income	986
2.2. Non-interest expenses	882
3. General administrative expenses and depreciation	9,623
4. Net operating income before provisions	-9,277
5. Loan loss provision expenses	-954
6. Pre-tax profit/loss	-8,323
7. Income tax	0
8. After-tax profit/loss	-8,323

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	5,331
1.1. Money assets	203
1.2. Deposits	5,128
2. Deposits with banking institutions	9,006
3. MoF treasury bills and CNB bills	39,926
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	3,467
7. Investments portfolio of securities	12
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	950
11. Interest, fees and other assets	202
12. Net of: Specific reserves for unidentified losses	126
TOTAL	58,769

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,923
2.1. Giro account and current account deposits	521
2.2. Savings deposits	23
2.3. Time deposits	1,379
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	671
7. Profit/loss for the current year	-8,323
8. Capital (excl. profit/loss for the current year)	64,498
TOTAL	58,769

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Management Board

Šime Luketin – chairman, Mato Mišić

Supervisory Board

Mirko Vuković – chairman, Boris Barać, Dražen Bilić

Shareholders

1. Boris Barać	17.50
2. Darko Gaurina	9.98
3. Bedem d.o.o.	9.50
4. Simag d.o.o.	8.96
5. Plastald.o.o.	8.54
6. Berman d.o.o.	7.47
7. Arca Merkatius d.o.o.	4.98

Share in share capital (%)

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	23,208
1.1. Income interest	45,463
1.2. Interest expenses	22,255
2. Net non-interest income	6,468
2.1. Non-interest income	13,226
2.2. Non-interest expenses	6,758
3. General administrative expenses and depreciation	19,483
4. Net operating income before provisions	10,193
5. Loan loss provision expenses	2,508
6. Pre-tax profit/loss	7,685
7. Income tax	1,676
8. After-tax profit/loss	6,009

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	70,689
1.1. Money assets	11,324
1.2. Deposits	59,365
2. Deposits with banking institutions	27,603
3. MoF treasury bills and CNB bills	3,721
4. Trading portfolio of securities	0
5. Loans to financial institutions	1,000
6. Loans to other clients	348,091
7. Investments portfolio of securities	7,331
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	18,719
10. Tangible assets and software (net of depreciation)	17,327
11. Interest, fees and other assets	9,297
12. Net of: Specific reserves for unidentified losses	5,300
TOTAL	498,478

Structure of Bank Liabilities	
1. Loans from financial institutions	46,946
1.1. Short-term loans	7,540
1.2. Long-term loans	39,406
2. Deposits	368,309
2.1. Giro account and current account deposits	72,090
2.2. Savings deposits	18,717
2.3. Time deposits	277,502
3. Other loans	4,187
3.1. Short-term loans	0
3.2. Long-term loans	4,187
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	9,455
7. Profit/loss for the current year	6,009
8. Capital (excl. profit/loss for the current year)	63,572
TOTAL	498,478

Management Board

Vedran Kuiš – chairman, Nataša Marendić

Supervisory Board

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

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BAN 2485003

www.croatiabanka.hr

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

1. State Agency for Bank Rehabilitation and Deposit Insurance	100.00
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Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	51,059
1.1. Income interest	108,450
1.2. Interest expenses	57,391
2. Net non-interest income	11,277
2.1. Non-interest income	34,069
2.2. Non-interest expenses	22,791
3. General administrative expenses and depreciation	72,241
4. Net operating income before provisions	-9,905
5. Loan loss provision expenses	-11,433
6. Pre-tax profit/loss	1,528
7. Income tax	0
8. After-tax profit/loss	1,528

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	173,708
1.1. Money assets	30,349
1.2. Deposits	143,359
2. Deposits with banking institutions	144,807
3. MoF treasury bills and CNB bills	41,269
4. Trading portfolio of securities	106,814
5. Loans to financial institutions	15,901
6. Loans to other clients	749,715
7. Investments portfolio of securities	66,536
8. Investments in subsidiaries and associates	488
9. Foreclosed and repossessed assets	52,507
10. Tangible assets and software (net of depreciation)	57,515
11. Interest, fees and other assets	36,100
12. Net of: Specific reserves for unidentified losses	8,635
TOTAL	1,436,724

Structure of Bank Liabilities	
1. Loans from financial institutions	154,487
1.1. Short-term loans	0
1.2. Long-term loans	154,487
2. Deposits	1,006,154
2.1. Giro account and current account deposits	159,897
2.2. Savings deposits	119,870
2.3. Time deposits	726,387
3. Other loans	72,935
3.1. Short-term loans	3,722
3.2. Long-term loans	69,213
4. Debt securities issued	200
4.1. Short-term debt securities issued	200
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	72,157
7. Profit/loss for the current year	1,528
8. Capital (excl. profit/loss for the current year)	129,263
TOTAL	1,436,724

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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 2002: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	18,267
1.1. Income interest	42,438
1.2. Interest expenses	24,171
2. Net non-interest income	17,252
2.1. Non-interest income	18,204
2.2. Non-interest expenses	952
3. General administrative expenses and depreciation	23,249
4. Net operating income before provisions	12,270
5. Loan loss provision expenses	2,388
6. Pre-tax profit/loss	9,882
7. Income tax	1,997
8. After-tax profit/loss	7,885

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	70,247
1.1. Money assets	1,801
1.2. Deposits	68,446
2. Deposits with banking institutions	123,251
3. MoF treasury bills and CNB bills	284,548
4. Trading portfolio of securities	5,343
5. Loans to financial institutions	12,874
6. Loans to other clients	497,745
7. Investments portfolio of securities	13,419
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	6,079
11. Interest, fees and other assets	8,960
12. Net of: Specific reserves for unidentified losses	6,454
TOTAL	1,016,012

Structure of Bank Liabilities	
1. Loans from financial institutions	143,843
1.1. Short-term loans	143,843
1.2. Long-term loans	0
2. Deposits	710,524
2.1. Giro account and current account deposits	71,846
2.2. Savings deposits	57,841
2.3. Time deposits	580,837
3. Other loans	22,109
3.1. Short-term loans	21,437
3.2. Long-term loans	672
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	14,767
7. Profit/loss for the current year	7,885
8. Capital (excl. profit/loss for the current year)	116,884
TOTAL	1,016,012

Management Board

Vlaho Sutić – chairman, Krešimir Krile, Dražen Božić

Supervisory Board

Robert Hans van Griethuysen – chairman, Hubert Steffen Leendert, Ronald Oliver Drake, David Mc Mahon, David Curl

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

1. Nova banka d.d.	100.00
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Audit firm for 2002: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	68,396
1.1. Income interest	197,708
1.2. Interest expenses	129,312
2. Net non-interest income	20,117
2.1. Non-interest income	46,103
2.2. Non-interest expenses	25,986
3. General administrative expenses and depreciation	95,676
4. Net operating income before provisions	-7,163
5. Loan loss provision expenses	-9,387
6. Pre-tax profit/loss	2,224
7. Income tax	0
8. After-tax profit/loss	2,224

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	540,100
1.1. Money assets	32,838
1.2. Deposits	507,262
2. Deposits with banking institutions	385,272
3. MoF treasury bills and CNB bills	129,749
4. Trading portfolio of securities	0
5. Loans to financial institutions	35,000
6. Loans to other clients	1,346,791
7. Investments portfolio of securities	727,161
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	52,611
11. Interest, fees and other assets	37,009
12. Net of: Specific reserves for unidentified losses	16,196
TOTAL	3,237,496

Structure of Bank Liabilities	
1. Loans from financial institutions	74,700
1.1. Short-term loans	0
1.2. Long-term loans	74,700
2. Deposits	2,742,389
2.1. Giro account and current account deposits	227,871
2.2. Savings deposits	566,853
2.3. Time deposits	1,947,665
3. Other loans	106,949
3.1. Short-term loans	0
3.2. Long-term loans	106,949
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	133,867
7. Profit/loss for the current year	2,224
8. Capital (excl. profit/loss for the current year)	177,367
TOTAL	3,237,496

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Management Board

Tomislav Vuić – chairman, Borislav Centner, Dragutin Bohuš

Supervisory Board

Reinhard Ortner – chairman, August Jost, Josef Kassler, Herbert Martinetz, Reinhold Schuster, Franz Mally, Ivan Ljubanović, Vladimir Jurašić, Kristijan Schellander, Karin Svoboda, Dragutin Bohuš⁴

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

4 Since 12 July 2002, the membership in the Supervisory Board has been temporarily suspended in accordance with Article 261, paragraph 2 of the Company Act, due to his appointment to the Management Board.

1. Erste Bank der Österreichischen Sparkassen AG	41.57
2. Steiermärkische Bank und Sparkassen AG	41.20

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	256,847
1.1. Income interest	445,859
1.2. Interest expenses	189,012
2. Net non-interest income	84,676
2.1. Non-interest income	166,672
2.2. Non-interest expenses	81,996
3. General administrative expenses and depreciation	161,798
4. Net operating income before provisions	179,725
5. Loan loss provision expenses	66,895
6. Pre-tax profit/loss	112,830
7. Income tax	23,890
8. After-tax profit/loss	88,940

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	819,579
1.1. Money assets	57,747
1.2. Deposits	761,832
2. Deposits with banking institutions	621,569
3. MoF treasury bills and CNB bills	517,569
4. Trading portfolio of securities	351,999
5. Loans to financial institutions	51,231
6. Loans to other clients	4,257,574
7. Investments portfolio of securities	298,461
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	20,853
10. Tangible assets and software (net of depreciation)	177,628
11. Interest, fees and other assets	204,003
12. Net of: Specific reserves for unidentified losses	84,796
TOTAL	7,235,670

Structure of Bank Liabilities	
1. Loans from financial institutions	75,596
1.1. Short-term loans	0
1.2. Long-term loans	75,596
2. Deposits	4,145,347
2.1. Giro account and current account deposits	777,524
2.2. Savings deposits	565,910
2.3. Time deposits	2,801,913
3. Other loans	1,986,700
3.1. Short-term loans	140
3.2. Long-term loans	1,986,560
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	158,890
5.1. Subordinated instruments issued	158,890
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	321,248
7. Profit/loss for the current year	88,940
8. Capital (excl. profit/loss for the current year)	458,949
TOTAL	7,235,670

Management Board

Izidor Sučić – chairman, Suzana Sučić, Branka Andrassy

Supervisory Board

Branko Josipović – chairman, Lovre Božina, Zdenko Prohaska

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

1. Cobalt Investments International	16.78
2. Željko Krznarić	7.44
3. Josip Bašić	7.43
4. Krešimir Jerin	7.40
5. Ivan Sučić	7.38
6. Kristina Sučić	7.37
7. Darko Gojčić	7.33
8. Faktor banka d.d.	7.28
9. Vesna Mijović	6.75
10. Gospodarsko kreditna banka d.d.	5.12
11. Branko Josipović	3.67

Audit firm for 2002: Revicon Zagreb d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	24,378
1.1. Income interest	33,200
1.2. Interest expenses	8,822
2. Net non-interest income	11,798
2.1. Non-interest income	15,226
2.2. Non-interest expenses	3,428
3. General administrative expenses and depreciation	24,605
4. Net operating income before provisions	11,571
5. Loan loss provision expenses	7,626
6. Pre-tax profit/loss	3,945
7. Income tax	855
8. After-tax profit/loss	3,090

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	33,738
1.1. Money assets	16,684
1.2. Deposits	17,054
2. Deposits with banking institutions	108,192
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	8,321
5. Loans to financial institutions	0
6. Loans to other clients	187,495
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	30
9. Foreclosed and repossessed assets	3,318
10. Tangible assets and software (net of depreciation)	10,144
11. Interest, fees and other assets	7,475
12. Net of: Specific reserves for unidentified losses	3,268
TOTAL	355,445

Structure of Bank Liabilities	
1. Loans from financial institutions	35,887
1.1. Short-term loans	0
1.2. Long-term loans	35,887
2. Deposits	189,496
2.1. Giro account and current account deposits	16,854
2.2. Savings deposits	12,087
2.3. Time deposits	160,555
3. Other loans	11,961
3.1. Short-term loans	9,356
3.2. Long-term loans	2,605
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	25,190
7. Profit/loss for the current year	2,892
8. Capital (excl. profit/loss for the current year)	90,019
TOTAL	355,445

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Management Board

Josip Slade – chairman, Slavko Durmiš, Anđelka Čavlek

Supervisory Board

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

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

1. Croatian Privatization Fund	37.00
2. Hrvatska pošta d.d.	33.56
3. Croatian Pension Insurance Institute	28.01

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	128,578
1.1. Income interest	205,895
1.2. Interest expenses	77,317
2. Net non-interest income	84,609
2.1. Non-interest income	571,156
2.2. Non-interest expenses	486,547
3. General administrative expenses and depreciation	97,244
4. Net operating income before provisions	115,943
5. Loan loss provision expenses	44,830
6. Pre-tax profit/loss	71,113
7. Income tax	0
8. After-tax profit/loss	71,113

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,311,070
1.1. Money assets	201,050
1.2. Deposits	1,110,020
2. Deposits with banking institutions	392,058
3. MoF treasury bills and CNB bills	1,146,196
4. Trading portfolio of securities	5,221
5. Loans to financial institutions	137,236
6. Loans to other clients	2,045,436
7. Investments portfolio of securities	257,034
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,376
10. Tangible assets and software (net of depreciation)	128,482
11. Interest, fees and other assets	145,514
12. Net of: Specific reserves for unidentified losses	24,857
TOTAL	5,544,765

Structure of Bank Liabilities	
1. Loans from financial institutions	165,054
1.1. Short-term loans	0
1.2. Long-term loans	165,054
2. Deposits	3,919,375
2.1. Giro account and current account deposits	2,161,899
2.2. Savings deposits	956,427
2.3. Time deposits	801,049
3. Other loans	1,192
3.1. Short-term loans	0
3.2. Long-term loans	1,192
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	953,335
7. Profit/loss for the current year	71,113
8. Capital (excl. profit/loss for the current year)	434,696
TOTAL	5,544,765

Management Board

Goran Gazivoda – chairman, Ivo Bilić, Christoph Schöfböck

Supervisory Board

Anton Knett – chairman, Günther Ettenauer, Heinz Meidlinger, Günther Wabnig, Wolfgang Edelmüller

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

1. Bank Austria Creditanstalt International AG	80.02
2. European Bank for Reconstruction and Development	19.98

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	112,754
1.1. Income interest	201,850
1.2. Interest expenses	89,096
2. Net non-interest income	41,833
2.1. Non-interest income	57,246
2.2. Non-interest expenses	15,413
3. General administrative expenses and depreciation	90,713
4. Net operating income before provisions	63,874
5. Loan loss provision expenses	9,510
6. Pre-tax profit/loss	54,364
7. Income tax	11,075
8. After-tax profit/loss	43,289

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	651,886
1.1. Money assets	17,355
1.2. Deposits	634,531
2. Deposits with banking institutions	36,137
3. MoF treasury bills and CNB bills	255,020
4. Trading portfolio of securities	0
5. Loans to financial institutions	344,857
6. Loans to other clients	2,593,039
7. Investments portfolio of securities	24,397
8. Investments in subsidiaries and associates	166
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	59,755
11. Interest, fees and other assets	69,634
12. Net of: Specific reserves for unidentified losses	26,742
TOTAL	4,008,149

Structure of Bank Liabilities	
1. Loans from financial institutions	30
1.1. Short-term loans	30
1.2. Long-term loans	0
2. Deposits	1,622,302
2.1. Giro account and current account deposits	514,165
2.2. Savings deposits	294,710
2.3. Time deposits	813,427
3. Other loans	1,935,170
3.1. Short-term loans	43,637
3.2. Long-term loans	1,891,533
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	86,214
7. Profit/loss for the current year	43,289
8. Capital (excl. profit/loss for the current year)	321,144
TOTAL	4,008,149

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Management Board

Heinz Truskaller – chairman, Igor Kodžoman, Zoran Sikirica

Supervisory Board

Wolfgang Kulterer – chairman, Günter Striedinger, Othmar Ederer, Gerd Penkner, Gerhard Suss

Shareholders

1. Hypo Alpe-Adria-Bank AG
2. VCP Finance B.V.

Share in share capital (%)

94.41
5.59

Audit firm for 2002: Discordia Audit d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	343,983
1.1. Income interest	660,759
1.2. Interest expenses	316,776
2. Net non-interest income	53,355
2.1. Non-interest income	118,672
2.2. Non-interest expenses	65,317
3. General administrative expenses and depreciation	145,371
4. Net operating income before provisions	251,967
5. Loan loss provision expenses	88,606
6. Pre-tax profit/loss	163,361
7. Income tax	30,059
8. After-tax profit/loss	133,302

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,243,893
1.1. Money assets	53,558
1.2. Deposits	1,190,335
2. Deposits with banking institutions	587,875
3. MoF treasury bills and CNB bills	108,050
4. Trading portfolio of securities	61,704
5. Loans to financial institutions	84,763
6. Loans to other clients	7,683,062
7. Investments portfolio of securities	424,507
8. Investments in subsidiaries and associates	28,885
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	62,141
11. Interest, fees and other assets	188,956
12. Net of: Specific reserves for unidentified losses	87,160
TOTAL	10,386,677

Structure of Bank Liabilities	
1. Loans from financial institutions	49,941
1.1. Short-term loans	26,300
1.2. Long-term loans	23,641
2. Deposits	7,698,766
2.1. Giro account and current account deposits	824,041
2.2. Savings deposits	826,253
2.3. Time deposits	6,048,472
3. Other loans	272,424
3.1. Short-term loans	0
3.2. Long-term loans	272,424
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	1,470,062
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	1,470,062
6. Interest, fees and other liabilities	271,175
7. Profit/loss for the current year	133,302
8. Capital (excl. profit/loss for the current year)	491,007
TOTAL	10,386,677

Management Board

Branko Buljan – chairman, Milivoj Delač, Ivka Mijić, Ružica Šarić

Supervisory Board

Marita Urlić-Radić – chairwoman, Mara Delale, Nevenka Buljan, Jure Svetić, Ante Čulić

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

1. Imex trgovina d.o.o.	38.11
2. Trajektna luka d.d.	31.16
3. Branko Buljan	23.20
4. Imex banka d.d.	4.99

Audit firm for 2002: Maran d.o.o., Split

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	17,667
1.1. Income interest	25,530
1.2. Interest expenses	7,863
2. Net non-interest income	320
2.1. Non-interest income	3,915
2.2. Non-interest expenses	3,595
3. General administrative expenses and depreciation	9,366
4. Net operating income before provisions	8,621
5. Loan loss provision expenses	-3,441
6. Pre-tax profit/loss	12,062
7. Income tax	2,456
8. After-tax profit/loss	9,606

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	67,237
1.1. Money assets	11,373
1.2. Deposits	55,864
2. Deposits with banking institutions	34,343
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	10
5. Loans to financial institutions	4,874
6. Loans to other clients	166,665
7. Investments portfolio of securities	14,761
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	16,507
11. Interest, fees and other assets	5,829
12. Net of: Specific reserves for unidentified losses	5,869
TOTAL	304,358

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	225,120
2.1. Giro account and current account deposits	54,387
2.2. Savings deposits	9,402
2.3. Time deposits	161,331
3. Other loans	1,488
3.1. Short-term loans	0
3.2. Long-term loans	1,488
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	5,914
7. Profit/loss for the current year	9,126
8. Capital (excl. profit/loss for the current year)	62,710
TOTAL	304,358

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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

	Share in share capital (%)
1. Intercommerce, d.o.o.	16.86
2. Tvornica cementa d.d.	15.04
3. Hempel, d.d.	15.00
4. Montpellier finance S.A.	10.00
5. Medias S.p.A.	7.63
6. Plava laguna d.d.	3.56

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	39,363
1.1. Income interest	69,106
1.2. Interest expenses	29,743
2. Net non-interest income	19,776
2.1. Non-interest income	28,426
2.2. Non-interest expenses	8,650
3. General administrative expenses and depreciation	38,058
4. Net operating income before provisions	21,081
5. Loan loss provision expenses	-2,059
6. Pre-tax profit/loss	23,140
7. Income tax	4,522
8. After-tax profit/loss	18,618

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	216,398
1.1. Money assets	34,361
1.2. Deposits	182,037
2. Deposits with banking institutions	342,416
3. MoF treasury bills and CNB bills	123,904
4. Trading portfolio of securities	8,768
5. Loans to financial institutions	6,000
6. Loans to other clients	462,078
7. Investments portfolio of securities	80,063
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	30,039
11. Interest, fees and other assets	10,377
12. Net of: Specific reserves for unidentified losses	10,013
TOTAL	1,270,050

Structure of Bank Liabilities	
1. Loans from financial institutions	6,697
1.1. Short-term loans	0
1.2. Long-term loans	6,697
2. Deposits	1,113,564
2.1. Giro account and current account deposits	169,729
2.2. Savings deposits	320,207
2.3. Time deposits	623,628
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	26,428
7. Profit/loss for the current year	18,618
8. Capital (excl. profit/loss for the current year)	104,743
TOTAL	1,270,050

Management Board

Ivo Šinko – chairman, Željko Kardum, Anka Bandalović

Supervisory Board

Branko Malenica – chairman, Mirjana Škugor, Miro Petric, Ante Kulušić, Luka Ninić

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BAN 241 1006

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

1. Croatia osiguranje d.d.	9.75
2. Alfa d.d.	7.89
3. Jadranska banka d.d.	7.63
4. Tiskara Kačić d.d.	4.23
5. Vodovod i odvodnja d.o.o.	4.20

Audit firm for 2002: Revicon Zagreb d.o.o., Zagreb and Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	18,346
1.1. Income interest	82,089
1.2. Interest expenses	63,743
2. Net non-interest income	10,417
2.1. Non-interest income	27,765
2.2. Non-interest expenses	17,348
3. General administrative expenses and depreciation	38,978
4. Net operating income before provisions	-10,215
5. Loan loss provision expenses	-12,800
6. Pre-tax profit/loss	2,585
7. Income tax	1,243
8. After-tax profit/loss	1,342

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	223,901
1.1. Money assets	26,382
1.2. Deposits	197,519
2. Deposits with banking institutions	175,325
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	848,933
7. Investments portfolio of securities	62,979
8. Investments in subsidiaries and associates	91,728
9. Foreclosed and repossessed assets	58,385
10. Tangible assets and software (net of depreciation)	29,621
11. Interest, fees and other assets	59,630
12. Net of: Specific reserves for unidentified losses	13,243
TOTAL	1,537,259

Structure of Bank Liabilities	
1. Loans from financial institutions	242,100
1.1. Short-term loans	0
1.2. Long-term loans	242,100
2. Deposits	1,094,095
2.1. Giro account and current account deposits	142,110
2.2. Savings deposits	310,679
2.3. Time deposits	641,306
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	10,288
5.1. Subordinated instruments issued	10,288
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	15,160
7. Profit/loss for the current year	1,342
8. Capital (excl. profit/loss for the current year)	174,274
TOTAL	1,537,259

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Management Board

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

Supervisory Board

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

Shareholders

1. Croatian Privatization Fund
2. Lanzville Investments
3. Karlovačka pivovara d.d.
4. PIF Pleter d.d.
5. Zavod za istraživanje i razvoj sigurnosti d.d.
6. Ante Županović

Share in share capital (%)

- 9.54
- 5.37
- 4.47
- 3.96
- 3.55
- 3.41

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	31,968
1.1. Income interest	57,528
1.2. Interest expenses	25,560
2. Net non-interest income	10,833
2.1. Non-interest income	23,697
2.2. Non-interest expenses	12,865
3. General administrative expenses and depreciation	35,755
4. Net operating income before provisions	7,046
5. Loan loss provision expenses	1,408
6. Pre-tax profit/loss	5,637
7. Income tax	0
8. After-tax profit/loss	5,637

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	108,784
1.1. Money assets	19,861
1.2. Deposits	88,923
2. Deposits with banking institutions	88,509
3. MoF treasury bills and CNB bills	105,742
4. Trading portfolio of securities	3,226
5. Loans to financial institutions	20,000
6. Loans to other clients	391,459
7. Investments portfolio of securities	146,440
8. Investments in subsidiaries and associates	17,740
9. Foreclosed and repossessed assets	3,783
10. Tangible assets and software (net of depreciation)	31,565
11. Interest, fees and other assets	13,163
12. Net of: Specific reserves for unidentified losses	5,145
TOTAL	925,267

Structure of Bank Liabilities	
1. Loans from financial institutions	89,778
1.1. Short-term loans	133
1.2. Long-term loans	89,645
2. Deposits	755,182
2.1. Giro account and current account deposits	162,232
2.2. Savings deposits	261,123
2.3. Time deposits	331,827
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	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	18,395
7. Profit/loss for the current year	5,637
8. Capital (excl. profit/loss for the current year)	56,264
TOTAL	925,267

Management Board

Ivan Purgar – chairman, Željko Jakuš

Supervisory Board

Rudo Mikulić – chairman, Ivica Sertić, Tomislav Lučić

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

1. Agrokor, d.d.	18.83
2. Crodel d.o.o.	11.38
3. Ledo d.d.	8.54
4. Jamnica d.d.	8.44
5. Investco vrijednosnice d.o.o.	7.99
6. Konzum d.d.	7.09
7. Litograf d.o.o.	5.85
8. Zvijezda d.d.	5.66
9. Solana Pag d.d.	5.61
10. Ivalim d.o.o.	5.61

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	19,753
1.1. Income interest	48,033
1.2. Interest expenses	28,280
2. Net non-interest income	20,326
2.1. Non-interest income	29,707
2.2. Non-interest expenses	9,381
3. General administrative expenses and depreciation	27,517
4. Net operating income before provisions	12,562
5. Loan loss provision expenses	10,064
6. Pre-tax profit/loss	2,497
7. Income tax	0
8. After-tax profit/loss	2,497

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	92,713
1.1. Money assets	16,961
1.2. Deposits	75,752
2. Deposits with banking institutions	90,577
3. MoF treasury bills and CNB bills	14,856
4. Trading portfolio of securities	196
5. Loans to financial institutions	3,507
6. Loans to other clients	401,958
7. Investments portfolio of securities	693
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	636
10. Tangible assets and software (net of depreciation)	80,053
11. Interest, fees and other assets	16,030
12. Net of: Specific reserves for unidentified losses	4,634
TOTAL	696,587

Structure of Bank Liabilities	
1. Loans from financial institutions	57,444
1.1. Short-term loans	0
1.2. Long-term loans	57,444
2. Deposits	498,887
2.1. Giro account and current account deposits	71,975
2.2. Savings deposits	17,002
2.3. Time deposits	409,910
3. Other loans	9,552
3.1. Short-term loans	4,055
3.2. Long-term loans	5,497
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	18,629
7. Profit/loss for the current year	2,497
8. Capital (excl. profit/loss for the current year)	109,578
TOTAL	696,587

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Management Board

Ivan Šaško – chairman, Časlav Stošić

Supervisory Board

Dubravka Horvat – chairwoman, Željko Gagro, Marija Keleković

Shareholders

1. Goran Delić
2. Jelena Benčak
3. Željko Gagro
4. Marin Kolega
5. Darko Sukalić
6. Siniša Delić
7. Boris Brčić
8. Leopold Kolega
9. Josipa Kolega
10. Đurđa Jakovljević
11. Grozdana Borčić

Share in share capital (%)

- | |
|------|
| 8.79 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |
| 8.68 |

Audit firm for 2002: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	17,215
1.1. Income interest	20,954
1.2. Interest expenses	3,739
2. Net non-interest income	654
2.1. Non-interest income	2,946
2.2. Non-interest expenses	2,292
3. General administrative expenses and depreciation	9,780
4. Net operating income before provisions	8,089
5. Loan loss provision expenses	2,561
6. Pre-tax profit/loss	5,528
7. Income tax	1,034
8. After-tax profit/loss	4,494

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	13,888
1.1. Money assets	2,912
1.2. Deposits	10,976
2. Deposits with banking institutions	11,965
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	84,176
7. Investments 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)	2,684
11. Interest, fees and other assets	1,421
12. Net of: Specific reserves for unidentified losses	953
TOTAL	113,181

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	78,816
2.1. Giro account and current account deposits	0
2.2. Savings deposits	763
2.3. Time deposits	78,053
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	4,960
4.1. Short-term debt securities issued	4,960
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	3,976
7. Profit/loss for the current year	4,494
8. Capital (excl. profit/loss for the current year)	20,935
TOTAL	113,181

Management Board

Goran Rameša – chairman, Milivoj Debelić

Supervisory Board

Nikola Pavletić – chairman, Mirjana Petković, Ivan Prpić, Marijan Ključariček, Vito Svetina

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

1. Adria Consulting S.R.L.	50.00
2. Riječka banka d.d.	31.85
3. Transadria d.d.	14.77

Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	11,332
1.1. Income interest	15,019
1.2. Interest expenses	3,687
2. Net non-interest income	5,164
2.1. Non-interest income	8,614
2.2. Non-interest expenses	3,450
3. General administrative expenses and depreciation	11,532
4. Net operating income before provisions	4,964
5. Loan loss provision expenses	302
6. Pre-tax profit/loss	4,662
7. Income tax	561
8. After-tax profit/loss	4,101

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	28,665
1.1. Money assets	1,155
1.2. Deposits	27,510
2. Deposits with banking institutions	36,855
3. MoF treasury bills and CNB bills	30,945
4. Trading portfolio of securities	0
5. Loans to financial institutions	3,000
6. Loans to other clients	103,912
7. Investments portfolio of securities	6,154
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	18,444
11. Interest, fees and other assets	2,812
12. Net of: Specific reserves for unidentified losses	4,554
TOTAL	226,233

Structure of Bank Liabilities	
1. Loans from financial institutions	9,402
1.1. Short-term loans	7,000
1.2. Long-term loans	2,402
2. Deposits	143,605
2.1. Giro account and current account deposits	63,088
2.2. Savings deposits	19,998
2.3. Time deposits	60,519
3. Other loans	1,200
3.1. Short-term loans	1,200
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	5,549
7. Profit/loss for the current year	4,101
8. Capital (excl. profit/loss for the current year)	62,376
TOTAL	226,233

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Management Board

Nenad Jeđud – chairman, Siniša Radiković

Supervisory Board

Mislav Blažić – chairman, Krunoslav Režek, Ivan Krolo, Gordan Miler

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

93.37

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	60,054
1.1. Income interest	116,694
1.2. Interest expenses	56,640
2. Net non-interest income	26,245
2.1. Non-interest income	40,285
2.2. Non-interest expenses	14,040
3. General administrative expenses and depreciation	44,777
4. Net operating income before provisions	41,522
5. Loan loss provision expenses	27,208
6. Pre-tax profit/loss	14,314
7. Income tax	3,238
8. After-tax profit/loss	11,076

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	255,775
1.1. Money assets	39,968
1.2. Deposits	215,807
2. Deposits with banking institutions	159,070
3. MoF treasury bills and CNB bills	202,167
4. Trading portfolio of securities	101,174
5. Loans to financial institutions	38
6. Loans to other clients	836,664
7. Investments portfolio of securities	45,535
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,347
10. Tangible assets and software (net of depreciation)	33,369
11. Interest, fees and other assets	19,976
12. Net of: Specific reserves for unidentified losses	10,832
TOTAL	1,644,283

Structure of Bank Liabilities	
1. Loans from financial institutions	63,693
1.1. Short-term loans	41,211
1.2. Long-term loans	22,482
2. Deposits	1,368,229
2.1. Giro account and current account deposits	206,533
2.2. Savings deposits	348,875
2.3. Time deposits	812,821
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	53,501
7. Profit/loss for the current year	11,076
8. Capital (excl. profit/loss for the current year)	147,784
TOTAL	1,644,283

Management Board

Stipan Pamuković – chairman, Željko Škalec, Ante Samodol

Supervisory Board

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

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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. Ivan Leko	3.14
9. Ante Pamuković	3.14
10. Ante Samodol	3.14

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	8,427
1.1. Income interest	20,118
1.2. Interest expenses	11,691
2. Net non-interest income	2,716
2.1. Non-interest income	4,358
2.2. Non-interest expenses	1,642
3. General administrative expenses and depreciation	6,603
4. Net operating income before provisions	4,540
5. Loan loss provision expenses	1,147
6. Pre-tax profit/loss	3,393
7. Income tax	641
8. After-tax profit/loss	2,752

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	25,310
1.1. Money assets	3,793
1.2. Deposits	21,517
2. Deposits with banking institutions	12,051
3. MoF treasury bills and CNB bills	5,883
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	175,480
7. Investments portfolio of securities	39,517
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	7,106
11. Interest, fees and other assets	4,663
12. Net of: Specific reserves for unidentified losses	2,131
TOTAL	267,879

Structure of Bank Liabilities	
1. Loans from financial institutions	5,000
1.1. Short-term loans	5,000
1.2. Long-term loans	0
2. Deposits	206,147
2.1. Giro account and current account deposits	28,891
2.2. Savings deposits	8,324
2.3. Time deposits	168,932
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	6,836
7. Profit/loss for the current year	2,752
8. Capital (excl. profit/loss for the current year)	47,144
TOTAL	267,879

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Management Board

Davorka Jakir – chairwoman, Helena Banjad, Zorislav Vidović

Supervisory Board

Robert Hans van Griethuysen – chairman, Hubert Steffen Leendert, Ronald Oliver Drake, David Mc

Mahon, David Curl

Shareholders

1. Reginter d.o.o.	66.75
2. Seef holding Ltd.	23.18
3. SWR Investment Ltd.	4.84

Share in share capital (%)

Audit firm for 2002: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	104,645
1.1. Income interest	250,436
1.2. Interest expenses	145,791
2. Net non-interest income	70,108
2.1. Non-interest income	143,258
2.2. Non-interest expenses	73,150
3. General administrative expenses and depreciation	236,338
4. Net operating income before provisions	-61,585
5. Loan loss provision expenses	28,513
6. Pre-tax profit/loss	-90,098
7. Income tax	0
8. After-tax profit/loss	-90,098

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	584,706
1.1. Money assets	108,646
1.2. Deposits	476,060
2. Deposits with banking institutions	1,056,877
3. MoF treasury bills and CNB bills	45,623
4. Trading portfolio of securities	288,602
5. Loans to financial institutions	19,290
6. Loans to other clients	1,857,704
7. Investments portfolio of securities	715,089
8. Investments in subsidiaries and associates	227,163
9. Foreclosed and repossessed assets	35,023
10. Tangible assets and software (net of depreciation)	160,492
11. Interest, fees and other assets	140,550
12. Net of: Specific reserves for unidentified losses	30,033
TOTAL	5,101,086

Structure of Bank Liabilities	
1. Loans from financial institutions	259,114
1.1. Short-term loans	43,000
1.2. Long-term loans	216,114
2. Deposits	4,086,942
2.1. Giro account and current account deposits	725,804
2.2. Savings deposits	1,235,502
2.3. Time deposits	2,125,636
3. Other loans	124,782
3.1. Short-term loans	1,720
3.2. Long-term loans	123,062
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	38,052
5.1. Subordinated instruments issued	38,052
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	106,676
7. Profit/loss for the current year	-90,098
8. Capital (excl. profit/loss for the current year)	575,618
TOTAL	5,101,086

Management Board

Marija Šola – chairwoman, Branka Oštrić

Supervisory Board

Borislav Škegro – chairman, Igor Oppenheim, Ivan Lovrinović

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BAN 2408002

www.partner-banka.hr

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

1. Metroholding d.d.	85.51
2. INGRA d.d.	8.47
3. Josip Kovač	4.07

Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	31,348
1.1. Income interest	45,560
1.2. Interest expenses	14,212
2. Net non-interest income	10,423
2.1. Non-interest income	20,800
2.2. Non-interest expenses	10,377
3. General administrative expenses and depreciation	28,444
4. Net operating income before provisions	13,327
5. Loan loss provision expenses	1,368
6. Pre-tax profit/loss	11,959
7. Income tax	1,614
8. After-tax profit/loss	10,345

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	87,694
1.1. Money assets	12,453
1.2. Deposits	75,241
2. Deposits with banking institutions	70,557
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	180
5. Loans to financial institutions	10,726
6. Loans to other clients	299,390
7. Investments portfolio of securities	13,853
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	2,466
10. Tangible assets and software (net of depreciation)	25,866
11. Interest, fees and other assets	12,993
12. Net of: Specific reserves for unidentified losses	5,202
TOTAL	518,522

Structure of Bank Liabilities	
1. Loans from financial institutions	53,657
1.1. Short-term loans	0
1.2. Long-term loans	53,657
2. Deposits	308,289
2.1. Giro account and current account deposits	95,228
2.2. Savings deposits	39,519
2.3. Time deposits	173,542
3. Other loans	20,355
3.1. Short-term loans	0
3.2. Long-term loans	20,355
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	22,317
7. Profit/loss for the current year	10,345
8. Capital (excl. profit/loss for the current year)	103,559
TOTAL	518,522

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Management Board

Julio Kuruc – chairman, Marijan Marušić

Supervisory Board

Sigilfredo Montinari – chairman, Nevenka Cerovsky, Ivan Pavliček, Ivan Henezi, Jurica (Đuro) Predović, Miljan Todorović, Dario Montinari

Shareholders

	Share in share capital (%)
1. Cerere S.R.L.	9.35
2. Antonia Gorgoni	9.35
3. Lorenzo Gorgoni	9.34
4. Jurica (Đuro) Predović	8.74
5. Miljan Todorović	7.96
6. Giovanni Semerano	4.11
7. Andrea Montinari	3.79
8. Dario Montinari	3.79
9. Piero Montinari	3.79
10. Sigilfredo Montinari	3.79

Audit firm for 2002: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	47,059
1.1. Income interest	79,311
1.2. Interest expenses	32,252
2. Net non-interest income	19,662
2.1. Non-interest income	34,593
2.2. Non-interest expenses	14,931
3. General administrative expenses and depreciation	48,725
4. Net operating income before provisions	17,996
5. Loan loss provision expenses	7,709
6. Pre-tax profit/loss	10,287
7. Income tax	0
8. After-tax profit/loss	10,287

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	163,429
1.1. Money assets	27,525
1.2. Deposits	135,904
2. Deposits with banking institutions	74,938
3. MoF treasury bills and CNB bills	9,995
4. Trading portfolio of securities	92,698
5. Loans to financial institutions	20
6. Loans to other clients	666,347
7. Investments portfolio of securities	47,174
8. Investments in subsidiaries and associates	4,040
9. Foreclosed and repossessed assets	2,381
10. Tangible assets and software (net of depreciation)	36,515
11. Interest, fees and other assets	18,233
12. Net of: Specific reserves for unidentified losses	7,553
TOTAL	1,108,217

Structure of Bank Liabilities	
1. Loans from financial institutions	70,992
1.1. Short-term loans	56,580
1.2. Long-term loans	14,412
2. Deposits	811,048
2.1. Giro account and current account deposits	124,547
2.2. Savings deposits	126,644
2.3. Time deposits	559,857
3. Other loans	68,521
3.1. Short-term loans	1,000
3.2. Long-term loans	67,521
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	24,987
7. Profit/loss for the current year	10,287
8. Capital (excl. profit/loss for the current year)	122,382
TOTAL	1,108,217

Management Board

Krešo Toromanović – chairman, Đurđa Babić

Supervisory BoardVlado Zec – chairman, Željko Glavić, Luka Balenović, Đurđa Babić⁵, Vlado Krauthaker**Shareholders**

1. JP Hrvatske šume p.o.
2. Croatia osiguranje d.d.
3. Zvonko Potnik
4. Kutjevo d.d.

Share in share capital (%)

- | |
|------|
| 6.79 |
| 4.92 |
| 4.60 |
| 4.57 |

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5 The membership in the Supervisory Board has been temporarily suspended in accordance with Article 261, paragraph 2 of the Company Act, due to her appointment to the Management Board.

Audit firm for 2002: Revicon Zagreb d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	22,355
1.1. Income interest	39,354
1.2. Interest expenses	16,999
2. Net non-interest income	4,580
2.1. Non-interest income	8,858
2.2. Non-interest expenses	4,278
3. General administrative expenses and depreciation	17,965
4. Net operating income before provisions	8,970
5. Loan loss provision expenses	-251
6. Pre-tax profit/loss	9,221
7. Income tax	0
8. After-tax profit/loss	9,221

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	43,964
1.1. Money assets	10,246
1.2. Deposits	33,718
2. Deposits with banking institutions	25,955
3. MoF treasury bills and CNB bills	10,023
4. Trading portfolio of securities	0
5. Loans to financial institutions	2,745
6. Loans to other clients	348,288
7. Investments portfolio of securities	57,482
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	8,200
10. Tangible assets and software (net of depreciation)	9,111
11. Interest, fees and other assets	11,674
12. Net of: Specific reserves for unidentified losses	4,721
TOTAL	512,721

Structure of Bank Liabilities	
1. Loans from financial institutions	31,172
1.1. Short-term loans	0
1.2. Long-term loans	31,172
2. Deposits	380,344
2.1. Giro account and current account deposits	54,801
2.2. Savings deposits	17,110
2.3. Time deposits	308,433
3. Other loans	1,446
3.1. Short-term loans	1,446
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	7,914
7. Profit/loss for the current year	9,221
8. Capital (excl. profit/loss for the current year)	82,624
TOTAL	512,721

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Management Board

Ante Županić – chairman, Duško Miculinić

Supervisory Board

Francesco Signorio – chairman, Domenico Petrella, Gordana Pavletić, Senad Uzelac, Milan Holjevac

Shareholders

	Share in share capital (%)
1. Francesco Signorio	36.79
2. Carlo Di Dato	10.85
3. Svitlana Bondareva	7.63
4. J.L.L. Marc Jourdan	7.51
5. Domenico Petrella	7.39
6. Franco Guidantoni	5.02
7. Joseph Amsellem	4.47
8. Gordana Pavletić	4.30

Audit firm for 2002: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	4,893
1.1. Income interest	6,333
1.2. Interest expenses	1,440
2. Net non-interest income	478
2.1. Non-interest income	1,282
2.2. Non-interest expenses	804
3. General administrative expenses and depreciation	8,509
4. Net operating income before provisions	-3,138
5. Loan loss provision expenses	-341
6. Pre-tax profit/loss	-2,797
7. Income tax	0
8. After-tax profit/loss	-2,797

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	7,204
1.1. Money assets	3,563
1.2. Deposits	3,641
2. Deposits with banking institutions	15,307
3. MoF treasury bills and CNB bills	3,167
4. Trading portfolio of securities	3,025
5. Loans to financial institutions	0
6. Loans to other clients	44,179
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,717
10. Tangible assets and software (net of depreciation)	1,305
11. Interest, fees and other assets	3,660
12. Net of: Specific reserves for unidentified losses	607
TOTAL	78,957

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	40,645
2.1. Giro account and current account deposits	2,812
2.2. Savings deposits	7,039
2.3. Time deposits	30,794
3. Other loans	14
3.1. Short-term loans	0
3.2. Long-term loans	14
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	1,077
7. Profit/loss for the current year	-2,797
8. Capital (excl. profit/loss for the current year)	40,018
TOTAL	78,957

Management Board

Zdenka Batinić – chairwoman, Doroteja Juras

Supervisory Board

Siegfried Rudolf Einhellig – chairman, Zoran Parać, Vlado Ravlić

Shareholders

1. Siegfried Rudolf Einhellig

Share in share capital (%)

99.99

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

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**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	8,465
1.1. Income interest	20,012
1.2. Interest expenses	11,547
2. Net non-interest income	-10,985
2.1. Non-interest income	4,646
2.2. Non-interest expenses	15,631
3. General administrative expenses and depreciation	15,418
4. Net operating income before provisions	-17,938
5. Loan loss provision expenses	1,583
6. Pre-tax profit/loss	-19,521
7. Income tax	0
8. After-tax profit/loss	-19,521

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	16,298
1.1. Money assets	7,581
1.2. Deposits	8,717
2. Deposits with banking institutions	15,694
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	2,246
5. Loans to financial institutions	0
6. Loans to other clients	189,505
7. Investments portfolio of securities	2,013
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	8,207
11. Interest, fees and other assets	33,585
12. Net of: Specific reserves for unidentified losses	2,024
TOTAL	265,524

Structure of Bank Liabilities	
1. Loans from financial institutions	24,004
1.1. Short-term loans	17,900
1.2. Long-term loans	6,104
2. Deposits	195,172
2.1. Giro account and current account deposits	4,681
2.2. Savings deposits	13,409
2.3. Time deposits	177,082
3. Other loans	866
3.1. Short-term loans	866
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	2,245
5.1. Subordinated instruments issued	629
5.2. Hybrid instruments issued	1,616
6. Interest, fees and other liabilities	7,119
7. Profit/loss for the current year	-19,521
8. Capital (excl. profit/loss for the current year)	55,639
TOTAL	265,524

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Management Board

Zdravka Cukon – chairwoman, Roberto Drandić

Supervisory Board

Tomislav Lazarić – chairman, Ljiljana Horvat, Draženko Pavlinić

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

100.00

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	13,180
1.1. Income interest	27,992
1.2. Interest expenses	14,812
2. Net non-interest income	15,850
2.1. Non-interest income	20,988
2.2. Non-interest expenses	5,138
3. General administrative expenses and depreciation	17,509
4. Net operating income before provisions	11,521
5. Loan loss provision expenses	3
6. Pre-tax profit/loss	11,518
7. Income tax	1,497
8. After-tax profit/loss	10,021

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	38,700
1.1. Money assets	17,120
1.2. Deposits	21,580
2. Deposits with banking institutions	45,705
3. MoF treasury bills and CNB bills	133,151
4. Trading portfolio of securities	45,924
5. Loans to financial institutions	0
6. Loans to other clients	275,955
7. Investments portfolio of securities	444
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	5,916
10. Tangible assets and software (net of depreciation)	23,832
11. Interest, fees and other assets	4,843
12. Net of: Specific reserves for unidentified losses	3,557
TOTAL	570,913

Structure of Bank Liabilities	
1. Loans from financial institutions	48,719
1.1. Short-term loans	22,327
1.2. Long-term loans	26,392
2. Deposits	412,246
2.1. Giro account and current account deposits	39,895
2.2. Savings deposits	81,229
2.3. Time deposits	291,122
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	23,956
7. Profit/loss for the current year	10,021
8. Capital (excl. profit/loss for the current year)	75,971
TOTAL	570,913

Management Board

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

Supervisory Board

Gyorgy Suranyi – chairman, Adriano Bisogni, Gianfranco Mandelli, Adriano Arietti, Ilaria Benucci

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

1. Intesa Bci Holding International S.A.	76.30
2. European Bank for Reconstruction and Development	15.00

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

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**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	941,629
1.1. Income interest	1,773,539
1.2. Interest expenses	831,910
2. Net non-interest income	537,862
2.1. Non-interest income	836,659
2.2. Non-interest expenses	298,797
3. General administrative expenses and depreciation	719,262
4. Net operating income before provisions	760,229
5. Loan loss provision expenses	70,408
6. Pre-tax profit/loss	689,822
7. Income tax	159,899
8. After-tax profit/loss	529,922

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	3,250,953
1.1. Money assets	417,581
1.2. Deposits	2,833,372
2. Deposits with banking institutions	2,712,756
3. MoF treasury bills and CNB bills	1,984,602
4. Trading portfolio of securities	1,558,053
5. Loans to financial institutions	841,158
6. Loans to other clients	16,133,915
7. Investments portfolio of securities	2,439,437
8. Investments in subsidiaries and associates	405,985
9. Foreclosed and repossessed assets	65
10. Tangible assets and software (net of depreciation)	658,431
11. Interest, fees and other assets	977,227
12. Net of: Specific reserves for unidentified losses	269,235
TOTAL	30,693,347

Structure of Bank Liabilities	
1. Loans from financial institutions	756,170
1.1. Short-term loans	210,162
1.2. Long-term loans	546,008
2. Deposits	22,752,195
2.1. Giro account and current account deposits	3,936,466
2.2. Savings deposits	4,313,354
2.3. Time deposits	14,502,375
3. Other loans	2,603,629
3.1. Short-term loans	38,621
3.2. Long-term loans	2,565,008
4. Debt securities issued	19,585
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	19,585
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,539,839
7. Profit/loss for the current year	529,922
8. Capital (excl. profit/loss for the current year)	2,492,007
TOTAL	30,693,347

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Management Board

Zdenko Adrović – chairman, Lovorka Penavić, Velimir Šonje, Vlasta Žubrinić-Pick

Supervisory Board

Herbert Stepic – chairman, Heinz Hoedl, Franz Rogi

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

1. Raiffeisen International Beteiligungs AG	72.46
2. Raiffeisenbank-Zagreb-Beteiligungsgesellschaft mbH	25.00

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	402,588
1.1. Income interest	797,747
1.2. Interest expenses	395,159
2. Net non-interest income	112,082
2.1. Non-interest income	189,439
2.2. Non-interest expenses	77,357
3. General administrative expenses and depreciation	304,773
4. Net operating income before provisions	209,897
5. Loan loss provision expenses	51,044
6. Pre-tax profit/loss	158,853
7. Income tax	30,477
8. After-tax profit/loss	128,376

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,800,451
1.1. Money assets	87,981
1.2. Deposits	1,712,470
2. Deposits with banking institutions	2,045,065
3. MoF treasury bills and CNB bills	658,405
4. Trading portfolio of securities	427,329
5. Loans to financial institutions	32,167
6. Loans to other clients	8,607,437
7. Investments portfolio of securities	4
8. Investments in subsidiaries and associates	181,955
9. Foreclosed and repossessed assets	3,369
10. Tangible assets and software (net of depreciation)	292,063
11. Interest, fees and other assets	153,620
12. Net of: Specific reserves for unidentified losses	99,940
TOTAL	14,101,925

Structure of Bank Liabilities	
1. Loans from financial institutions	198,527
1.1. Short-term loans	182,925
1.2. Long-term loans	15,602
2. Deposits	9,048,917
2.1. Giro account and current account deposits	1,542,018
2.2. Savings deposits	1,308,055
2.3. Time deposits	6,198,844
3. Other loans	3,086,332
3.1. Short-term loans	0
3.2. Long-term loans	3,086,332
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	494,674
5.1. Subordinated instruments issued	283,313
5.2. Hybrid instruments issued	211,361
6. Interest, fees and other liabilities	387,573
7. Profit/loss for the current year	128,376
8. Capital (excl. profit/loss for the current year)	757,526
TOTAL	14,101,925

Management Board

Vesna Badurina – chairwoman, Margareta Šćulac

Supervisory Board

Tomislav Lazarić – chairman, Hrvoje Matezović, Mislav Blažić, Snježana Kaponja, Marinko Dumanić

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

1. Privredna banka Zagreb d.d.	77.98
2. Riadria banka d.d.	8.27

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

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BAN 2325004

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**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	56,544
1.1. Income interest	105,664
1.2. Interest expenses	49,119
2. Net non-interest income	22,861
2.1. Non-interest income	51,137
2.2. Non-interest expenses	28,276
3. General administrative expenses and depreciation	47,974
4. Net operating income before provisions	31,431
5. Loan loss provision expenses	-8,499
6. Pre-tax profit/loss	39,930
7. Income tax	7,200
8. After-tax profit/loss	32,730

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	313,555
1.1. Money assets	30,423
1.2. Deposits	283,132
2. Deposits with banking institutions	344,276
3. MoF treasury bills and CNB bills	155,092
4. Trading portfolio of securities	35,533
5. Loans to financial institutions	0
6. Loans to other clients	902,214
7. Investments portfolio of securities	81,734
8. Investments in subsidiaries and associates	43,439
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	60,038
11. Interest, fees and other assets	19,800
12. Net of: Specific reserves for unidentified losses	19,040
TOTAL	1,936,642

Structure of Bank Liabilities	
1. Loans from financial institutions	106,389
1.1. Short-term loans	95,209
1.2. Long-term loans	11,180
2. Deposits	1,512,881
2.1. Giro account and current account deposits	216,181
2.2. Savings deposits	461,872
2.3. Time deposits	834,828
3. Other loans	12,634
3.1. Short-term loans	0
3.2. Long-term loans	12,634
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	29,618
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	29,618
6. Interest, fees and other liabilities	67,212
7. Profit/loss for the current year	32,730
8. Capital (excl. profit/loss for the current year)	175,178
TOTAL	1,936,642

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Management Board

Petar Radaković – chairman, Slađana Jagar, Sava Dalbokov

Supervisory Board

Reinhard Ortner – chairman, Christian Coreth, Manfred Wimmer, August Jost, Karin Svoboda, Herbert Martinetz, Kristijan Schellander

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

1. Erste Bank der Österreichischen Sparkassen AG	98.01
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Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	266,334
1.1. Income interest	518,642
1.2. Interest expenses	252,308
2. Net non-interest income	81,830
2.1. Non-interest income	173,135
2.2. Non-interest expenses	91,305
3. General administrative expenses and depreciation	217,238
4. Net operating income before provisions	130,926
5. Loan loss provision expenses	53,981
6. Pre-tax profit/loss	76,945
7. Income tax	-44,623
8. After-tax profit/loss	121,568

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	916,401
1.1. Money assets	178,676
1.2. Deposits	737,725
2. Deposits with banking institutions	1,577,298
3. MoF treasury bills and CNB bills	792,568
4. Trading portfolio of securities	109,228
5. Loans to financial institutions	0
6. Loans to other clients	3,986,264
7. Investments portfolio of securities	719,885
8. Investments in subsidiaries and associates	26,049
9. Foreclosed and repossessed assets	130
10. Tangible assets and software (net of depreciation)	194,962
11. Interest, fees and other assets	141,269
12. Net of: Specific reserves for unidentified losses	51,065
TOTAL	8,412,989

Structure of Bank Liabilities	
1. Loans from financial institutions	257,999
1.1. Short-term loans	60,000
1.2. Long-term loans	197,999
2. Deposits	5,850,043
2.1. Giro account and current account deposits	1,092,609
2.2. Savings deposits	1,748,800
2.3. Time deposits	3,008,634
3. Other loans	1,022,468
3.1. Short-term loans	30,699
3.2. Long-term loans	991,769
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	148,846
5.1. Subordinated instruments issued	148,846
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	175,389
7. Profit/loss for the current year	121,568
8. Capital (excl. profit/loss for the current year)	836,676
TOTAL	8,412,989

Management Board

Marijan Trusk – chairman, Verica Lindić, Višnja Jednačak

Supervisory Board

Želimir Kodrić – chairman, Džemal Mešinović, Ante Tustonjić, Zvonko Palameta, Antun Štimac, Milan Penava, Ignacije Mardetko, Vladimir Mučnjak, Anica Vrbančić

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BAN 2403009

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

1. Samoborka d.d.	9.35
2. JP Hrvatske šume p.o.	6.86
3. V. H. Trade d.o.o.	5.84
4. Tigra d.o.o.	4.96
5. Chromos d.d.	4.92
6. Vajda elvit d.o.o.	4.34
7. Končar d.d.	3.46

Audit firm for 2002: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	6,606
1.1. Income interest	13,853
1.2. Interest expenses	7,247
2. Net non-interest income	3,453
2.1. Non-interest income	6,899
2.2. Non-interest expenses	3,446
3. General administrative expenses and depreciation	10,524
4. Net operating income before provisions	-465
5. Loan loss provision expenses	-811
6. Pre-tax profit/loss	346
7. Income tax	98
8. After-tax profit/loss	248

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	72,665
1.1. Money assets	10,570
1.2. Deposits	62,095
2. Deposits with banking institutions	108,651
3. MoF treasury bills and CNB bills	24,082
4. Trading portfolio of securities	0
5. Loans to financial institutions	2,500
6. Loans to other clients	56,383
7. Investments portfolio of securities	10,037
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	558
10. Tangible assets and software (net of depreciation)	6,147
11. Interest, fees and other assets	2,425
12. Net of: Specific reserves for unidentified losses	1,641
TOTAL	281,808

Structure of Bank Liabilities	
1. Loans from financial institutions	3,495
1.1. Short-term loans	0
1.2. Long-term loans	3,495
2. Deposits	213,091
2.1. Giro account and current account deposits	54,448
2.2. Savings deposits	66,409
2.3. Time deposits	92,234
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	37,435
7. Profit/loss for the current year	248
8. Capital (excl. profit/loss for the current year)	27,539
TOTAL	281,808

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Management Board

Angelina Horvat – chairwoman, Elvis Mališ

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Lustrin d.o.o.	24.33
2. Ante Šimara	9.68
3. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
4. Ljiljana Katavić	6.07
5. Nova banka d.d.	3.26

Audit firm for 2002: Revidicon d.o.o., Varaždin

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	28,617
1.1. Income interest	52,424
1.2. Interest expenses	23,807
2. Net non-interest income	-656
2.1. Non-interest income	10,843
2.2. Non-interest expenses	11,499
3. General administrative expenses and depreciation	25,937
4. Net operating income before provisions	2,024
5. Loan loss provision expenses	-10,031
6. Pre-tax profit/loss	12,055
7. Income tax	1,726
8. After-tax profit/loss	10,329

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	70,142
1.1. Money assets	13,907
1.2. Deposits	56,235
2. Deposits with banking institutions	72,990
3. MoF treasury bills and CNB bills	42,206
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	355,173
7. Investments portfolio of securities	37,512
8. Investments in subsidiaries and associates	8,633
9. Foreclosed and repossessed assets	9,095
10. Tangible assets and software (net of depreciation)	32,228
11. Interest, fees and other assets	14,485
12. Net of: Specific reserves for unidentified losses	4,715
TOTAL	637,749

Structure of Bank Liabilities	
1. Loans from financial institutions	34,991
1.1. Short-term loans	0
1.2. Long-term loans	34,991
2. Deposits	436,086
2.1. Giro account and current account deposits	62,503
2.2. Savings deposits	71,942
2.3. Time deposits	301,641
3. Other loans	18,262
3.1. Short-term loans	0
3.2. Long-term loans	18,262
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	4,422
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	4,422
6. Interest, fees and other liabilities	24,880
7. Profit/loss for the current year	10,329
8. Capital (excl. profit/loss for the current year)	108,779
TOTAL	637,749

Management Board

Ivan Mihaljević – chairman, Tadija Vrdoljak

Supervisory Board

Günter Striedinger – chairman, Wolfgang Kulterer, Othmar Ederer, Roberto Marzanati, Gerd Penkner

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BAN 2393000

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

1. Hypo Alpe-Adria-Bank AG	71.53
2. VCP Finance B.V.	15.93

Audit firm for 2002: Ernst & Young Croatia d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	172,321
1.1. Income interest	267,616
1.2. Interest expenses	95,295
2. Net non-interest income	23,600
2.1. Non-interest income	63,551
2.2. Non-interest expenses	39,951
3. General administrative expenses and depreciation	106,844
4. Net operating income before provisions	89,077
5. Loan loss provision expenses	49,604
6. Pre-tax profit/loss	39,473
7. Income tax	10,163
8. After-tax profit/loss	29,310

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	455,697
1.1. Money assets	57,778
1.2. Deposits	397,919
2. Deposits with banking institutions	266,815
3. MoF treasury bills and CNB bills	22,314
4. Trading portfolio of securities	893
5. Loans to financial institutions	23,482
6. Loans to other clients	2,486,775
7. Investments portfolio of securities	99,265
8. Investments in subsidiaries and associates	4,624
9. Foreclosed and repossessed assets	61,363
10. Tangible assets and software (net of depreciation)	78,794
11. Interest, fees and other assets	267,225
12. Net of: Specific reserves for unidentified losses	94,312
TOTAL	3,672,935

Structure of Bank Liabilities	
1. Loans from financial institutions	179,638
1.1. Short-term loans	8,000
1.2. Long-term loans	171,638
2. Deposits	2,352,487
2.1. Giro account and current account deposits	495,945
2.2. Savings deposits	433,510
2.3. Time deposits	1,423,032
3. Other loans	147,655
3.1. Short-term loans	0
3.2. Long-term loans	147,655
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	468,036
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	468,036
6. Interest, fees and other liabilities	72,385
7. Profit/loss for the current year	29,304
8. Capital (excl. profit/loss for the current year)	423,430
TOTAL	3,672,935

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Management Board

Tomo Bolotin – chairman, Stjepan Kolovrat, Darko Medak, Ludwig Wagner, Peter Harold

Supervisory Board

Anton Knett – chairman, Christian Bruckner, Willibald Cernko, Wolfgang Edelmüller, Wolfgang Helpa, Friedrich Kadrnoska, Heinz Meidlinger

Shareholders

	Share in share capital (%)
1. Bank Austria Creditanstalt International AG	90.08
2. Splitska banka d.d.	9.60

Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	360,098
1.1. Income interest	639,631
1.2. Interest expenses	279,533
2. Net non-interest income	95,094
2.1. Non-interest income	159,021
2.2. Non-interest expenses	63,927
3. General administrative expenses and depreciation	214,008
4. Net operating income before provisions	241,184
5. Loan loss provision expenses	52,678
6. Pre-tax profit/loss	188,506
7. Income tax	39,923
8. After-tax profit/loss	148,583

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,083,035
1.1. Money assets	131,223
1.2. Deposits	951,812
2. Deposits with banking institutions	835,400
3. MoF treasury bills and CNB bills	392,040
4. Trading portfolio of securities	640,918
5. Loans to financial institutions	50,000
6. Loans to other clients	5,506,383
7. Investments portfolio of securities	2,333,701
8. Investments in subsidiaries and associates	12,635
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	184,604
11. Interest, fees and other assets	225,798
12. Net of: Specific reserves for unidentified losses	85,789
TOTAL	11,178,726

Structure of Bank Liabilities	
1. Loans from financial institutions	358,485
1.1. Short-term loans	18,464
1.2. Long-term loans	340,021
2. Deposits	8,090,384
2.1. Giro account and current account deposits	1,026,887
2.2. Savings deposits	1,940,557
2.3. Time deposits	5,122,940
3. Other loans	1,533,248
3.1. Short-term loans	32,498
3.2. Long-term loans	1,500,750
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	417,429
7. Profit/loss for the current year	0
8. Capital (excl. profit/loss for the current year)	779,180
TOTAL	11,178,726

Management Board

Ivan Malada – chairman, Joško Vukušić

Supervisory Board

Juroslav Buljubašić – chairman, Nataša Vuković, Mirko Vukušić

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BAN 4109006

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

1. Juroslav Buljubašić	62.47
2. Mirko Vukušić	8.47
3. Jozo Vukušić	6.78
4. Joško Dvornik	5.57
5. Toma Buljubašić	3.33
6. Nataša Vuković	3.27

Audit firm for 2002: SD Nika d.o.o., Split

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	6,904
1.1. Income interest	10,998
1.2. Interest expenses	4,094
2. Net non-interest income	1,605
2.1. Non-interest income	2,401
2.2. Non-interest expenses	796
3. General administrative expenses and depreciation	5,518
4. Net operating income before provisions	2,991
5. Loan loss provision expenses	886
6. Pre-tax profit/loss	2,105
7. Income tax	0
8. After-tax profit/loss	2,105

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	5,266
1.1. Money assets	1,141
1.2. Deposits	4,125
2. Deposits with banking institutions	10,199
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	819
5. Loans to financial institutions	133
6. Loans to other clients	64,454
7. Investments portfolio of securities	151
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	2,701
10. Tangible assets and software (net of depreciation)	5,319
11. Interest, fees and other assets	3,798
12. Net of: Specific reserves for unidentified losses	787
TOTAL	92,053

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	63,390
2.1. Giro account and current account deposits	125
2.2. Savings deposits	2,761
2.3. Time deposits	60,504
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	1,142
5.1. Subordinated instruments issued	761
5.2. Hybrid instruments issued	381
6. Interest, fees and other liabilities	1,640
7. Profit/loss for the current year	2,105
8. Capital (excl. profit/loss for the current year)	23,776
TOTAL	92,053

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Management Board

Željko Udovičić – chairman, Ante Babić, Josip Ševerdija

Supervisory Board

Ivo Andrižanić – chairman, Đuro Benček, Franjo Škoda

Shareholders

1. Šted – Invest d.d.
2. Paveko 2000 d.o.o.
3. Redip d.o.o.

Share in share capital (%)

89.71
 4.16
 4.05

Audit firm for 2002: Revizija Spajić d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	33,988
1.1. Income interest	60,709
1.2. Interest expenses	26,721
2. Net non-interest income	10,047
2.1. Non-interest income	13,666
2.2. Non-interest expenses	3,619
3. General administrative expenses and depreciation	15,259
4. Net operating income before provisions	28,776
5. Loan loss provision expenses	4,565
6. Pre-tax profit/loss	24,211
7. Income tax	4,992
8. After-tax profit/loss	19,219

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	103,751
1.1. Money assets	4,333
1.2. Deposits	99,418
2. Deposits with banking institutions	113,119
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	1,000
6. Loans to other clients	430,197
7. Investments portfolio of securities	69,787
8. Investments in subsidiaries and associates	1,020
9. Foreclosed and repossessed assets	6,162
10. Tangible assets and software (net of depreciation)	52,727
11. Interest, fees and other assets	10,587
12. Net of: Specific reserves for unidentified losses	22,932
TOTAL	765,418

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	483,728
2.1. Giro account and current account deposits	64,863
2.2. Savings deposits	47,395
2.3. Time deposits	371,470
3. Other loans	4,093
3.1. Short-term loans	0
3.2. Long-term loans	4,093
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	30,719
7. Profit/loss for the current year	19,219
8. Capital (excl. profit/loss for the current year)	227,659
TOTAL	765,418

Management Board

Mato Lukinić – chairman, Borna Zane, Pavao Parat

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
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Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

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**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	145,051
1.1. Income interest	241,752
1.2. Interest expenses	96,701
2. Net non-interest income	46,612
2.1. Non-interest income	74,699
2.2. Non-interest expenses	28,087
3. General administrative expenses and depreciation	111,416
4. Net operating income before provisions	80,247
5. Loan loss provision expenses	-11,359
6. Pre-tax profit/loss	91,606
7. Income tax	18,336
8. After-tax profit/loss	73,270

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	450,534
1.1. Money assets	50,955
1.2. Deposits	399,579
2. Deposits with banking institutions	595,991
3. MoF treasury bills and CNB bills	237,984
4. Trading portfolio of securities	65
5. Loans to financial institutions	10,908
6. Loans to other clients	2,140,288
7. Investments portfolio of securities	187,574
8. Investments in subsidiaries and associates	7,561
9. Foreclosed and repossessed assets	2,145
10. Tangible assets and software (net of depreciation)	212,758
11. Interest, fees and other assets	46,424
12. Net of: Specific reserves for unidentified losses	42,816
TOTAL	3,849,416

Structure of Bank Liabilities	
1. Loans from financial institutions	288,448
1.1. Short-term loans	186,222
1.2. Long-term loans	102,226
2. Deposits	2,623,405
2.1. Giro account and current account deposits	448,064
2.2. Savings deposits	657,764
2.3. Time deposits	1,517,577
3. Other loans	285,245
3.1. Short-term loans	0
3.2. Long-term loans	285,245
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	59,313
7. Profit/loss for the current year	73,270
8. Capital (excl. profit/loss for the current year)	519,735
TOTAL	3,849,416

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Management Board

Tomasz Jerzy Taraba – chairman, Andrea Kovacs

Supervisory Board

Klaus Thalhammer – chairman, Hans Janeschitz, Ralf Weingartner, Fausto Maritan, Pierre-Yves Tarneaud, Christian-Georg Kaltenbrunner, Herbert Hartl

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

1. VBB International holding AG	70.00
2. Banque Federale des Banques Populaires	10.00
3. GZ-Bank AG	6.66
4. WGZ-Bank AG	3.33

Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	89,816
1.1. Income interest	149,240
1.2. Interest expenses	59,424
2. Net non-interest income	10,206
2.1. Non-interest income	22,313
2.2. Non-interest expenses	12,106
3. General administrative expenses and depreciation	81,454
4. Net operating income before provisions	18,569
5. Loan loss provision expenses	2,850
6. Pre-tax profit/loss	15,718
7. Income tax	3,494
8. After-tax profit/loss	12,224

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	201,904
1.1. Money assets	16,707
1.2. Deposits	185,197
2. Deposits with banking institutions	92,280
3. MoF treasury bills and CNB bills	180,870
4. Trading portfolio of securities	39,835
5. Loans to financial institutions	12,672
6. Loans to other clients	1,176,447
7. Investments portfolio of securities	4,199
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	11,993
11. Interest, fees and other assets	21,218
12. Net of: Specific reserves for unidentified losses	30,813
TOTAL	1,710,605

Structure of Bank Liabilities	
1. Loans from financial institutions	2,000
1.1. Short-term loans	2,000
1.2. Long-term loans	0
2. Deposits	931,700
2.1. Giro account and current account deposits	208,970
2.2. Savings deposits	150,307
2.3. Time deposits	572,423
3. Other loans	552,419
3.1. Short-term loans	0
3.2. Long-term loans	552,419
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	70,962
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	70,962
6. Interest, fees and other liabilities	46,568
7. Profit/loss for the current year	12,224
8. Capital (excl. profit/loss for the current year)	94,732
TOTAL	1,710,605

Management Board

Marijan Kantolić – chairman, Robert Posavec

Supervisory Board

Branko Varjačić – chairman, Martin Jazbec, Branko Kunštek

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

1. Strahinjčica d.d.	89.43
2. Stražaplastika d.d.	5.59
3. Dekor d.d.	3.18

Audit firm for 2002: Rudan d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	2,483
1.1. Income interest	2,659
1.2. Interest expenses	176
2. Net non-interest income	-40
2.1. Non-interest income	449
2.2. Non-interest expenses	489
3. General administrative expenses and depreciation	1,808
4. Net operating income before provisions	635
5. Loan loss provision expenses	16
6. Pre-tax profit/loss	619
7. Income tax	0
8. After-tax profit/loss	619

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	2,007
1.1. Money assets	1,273
1.2. Deposits	734
2. Deposits with banking institutions	81
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	21,656
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	4,466
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	6,737
11. Interest, fees and other assets	117
12. Net of: Specific reserves for unidentified losses	223
TOTAL	34,841

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	6,699
2.1. Giro account and current account deposits	987
2.2. Savings deposits	4
2.3. Time deposits	5,708
3. Other loans	45
3.1. Short-term loans	45
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	271
7. Profit/loss for the current year	619
8. Capital (excl. profit/loss for the current year)	27,207
TOTAL	34,841

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Management Board

Franjo Luković – chairman, Allesandro Decio, Nikola Kalinić, Milivoj Goldštajn, Zvonimir Jurjević, Sanja Rendulić, Damir Odak, Tomica Pustišek

Supervisory Board

Roberto Nicasro – chairman, Marina Monassi, Milan Ujević, Klaus Junker, Ante Vlahović, Andrea Moneta, Alois Steinbichler, Guiseppa Vovk, Torsten Leue

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

1. UniCredito Italiano S.p.A.	81.91
2. Allianz AG	13.67

Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 31 December 2002, in thousand kuna**

1. Net interest income	1,173,656
1.1. Income interest	2,247,190
1.2. Interest expenses	1,073,534
2. Net non-interest income	631,319
2.1. Non-interest income	979,680
2.2. Non-interest expenses	348,361
3. General administrative expenses and depreciation	1,130,658
4. Net operating income before provisions	674,317
5. Loan loss provision expenses	-64,916
6. Pre-tax profit/loss	739,233
7. Income tax	147,493
8. After-tax profit/loss	591,740

**Balance Sheet,
as at 31 December 2002, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	5,559,333
1.1. Money assets	426,164
1.2. Deposits	5,133,169
2. Deposits with banking institutions	6,520,295
3. MoF treasury bills and CNB bills	2,304,781
4. Trading portfolio of securities	4,469,047
5. Loans to financial institutions	428,687
6. Loans to other clients	20,250,501
7. Investments portfolio of securities	3,647,465
8. Investments in subsidiaries and associates	1,344,422
9. Foreclosed and repossessed assets	55,932
10. Tangible assets and software (net of depreciation)	825,706
11. Interest, fees and other assets	1,054,024
12. Net of: Specific reserves for unidentified losses	399,591
TOTAL	46,060,602

Structure of Bank Liabilities	
1. Loans from financial institutions	106,244
1.1. Short-term loans	24,885
1.2. Long-term loans	81,359
2. Deposits	34,896,741
2.1. Giro account and current account deposits	7,229,547
2.2. Savings deposits	6,462,962
2.3. Time deposits	21,204,232
3. Other loans	5,435,713
3.1. Short-term loans	4,232,921
3.2. Long-term loans	1,202,792
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	1,477,830
7. Profit/loss for the current year	591,740
8. Capital (excl. profit/loss for the current year)	3,552,334
TOTAL	46,060,602

Attachment

List of Banks by Peer Groups, end of period					
Bank no. as at 31 December 2002	Bank name and headquarter	Peer group number			
		Dec. 1999	Dec. 2000	Dec. 2001	Dec. 2002
	AGROOBRRTNIČKA BANKA d.d., Zagreb ¹	IV	–	–	–
	ALPE JADRAN BANKA d.d., Split ¹	IV	–	–	–
1.	BANKA BROD d.d., Slavonski Brod	–	–	–	IV
2.	BANKA KOVANICA d.d., Varaždin	–	–	–	IV
3.	BANKA SONIC d.d., Zagreb	–	–	–	IV
	BAYERISCHE HYPO- UND VEREINSBANK AG, Glavna podružnica Zagreb ²	–	IV	IV	–
	BJELOVARSKA BANKA d.d., Bjelovar ³	II	–	–	–
4.	BRODSKO-POSAVSKA BANKA d.d., Slavonski Brod	IV	IV	IV	IV
5.	CASSA DI RISPARMIO DI TRIESTE – BANCA d.d., Zagreb	IV	IV	IV	IV
6.	CENTAR BANKA d.d., Zagreb	IV	IV	IV	IV
	CIBALAE BANKA d.d., Vinkovci ¹	IV	–	–	–
7.	CONVEST BANKA d.d., Zagreb	IV	IV	IV	IV
8.	CREDO BANKA d.d., Split	IV	IV	IV	IV
9.	CROATIA BANKA d.d., Zagreb	II	II	II	II
	ČAKOVEČKA BANKA d.d., Čakovec ³	IV	–	–	–
	DALMATINSKA BANKA d.d., Zadar ⁴	II	II	II	–
10.	DRESDNER BANK CROATIA d.d., Zagreb	IV	III	III	III
11.	DUBROVAČKA BANKA d.d., Dubrovnik	II	II	II	II
12.	ERSTE & STEIERMÄRKISCHE BANK d.d., Zagreb	–	II	II	I
13.	GOSPODARSKO KREDITNA BANKA d.d., Zagreb	IV	IV	IV	IV
	HRVATSKA GOSPODARSKA BANKA d.d., Zagreb ¹	IV	–	–	–
14.	HRVATSKA POŠTANSKA BANKA d.d., Zagreb	II	II	II	II
15.	HVB BANK CROATIA d.d., Zagreb	II	II	II	II
16.	HYPO ALPE-ADRIA-BANK d.d., Zagreb	II	II	I	I
17.	IMEX BANKA d.d., Split	IV	IV	IV	IV
	ISTARSKA BANKA d.d., Pula ⁴	II	II	II	–
18.	ISTARSKA KREDITNA BANKA UMAG d.d., Umag	III	III	II	II
19.	JADRANSKA BANKA d.d., Šibenik	II	II	II	II
	KAPTOL BANKA d.d., Zagreb ⁵	IV	IV	–	–
20.	KARLOVAČKA BANKA d.d., Karlovac	III	III	III	III
	KRAPINSKO-ZAGORSKA BANKA d.d., Krapina ⁶	IV	–	–	–
21.	KREDITNA BANKA ZAGREB d.d., Zagreb	III	III	III	III
22.	KRIŽEVAČKA BANKA d.d., Križevci	–	–	–	IV
23.	KVARNER BANKA d.d., Rijeka	IV	IV	IV	IV
24.	MEDIMURSKA BANKA d.d., Čakovec	II	II	II	II
25.	NAVA BANKA d.d., Zagreb	IV	IV	IV	IV
26.	NOVA BANKA d.d., Zagreb	–	–	–	I
27.	PARTNER BANKA d.d., Zagreb	IV	IV	IV	III
28.	PODRAVSKA BANKA d.d., Koprivnica	IV	IV	III	II
29.	POŽEŠKA BANKA d.d., Požega	IV	IV	IV	III
30.	PRIMORSKA BANKA d.d., Rijeka	–	–	IV	IV
31.	PRIMUS BANKA d.d., Zagreb ⁷	IV	IV	IV	IV
32.	PRIVREDNA BANKA – LAGUNA BANKA d.d., Poreč	IV	IV	IV	III
33.	PRIVREDNA BANKA ZAGREB d.d., Zagreb	I	I	I	I
34.	RAIFFEISENBANK AUSTRIA d.d., Zagreb	II	I	I	I
	RAZVOJNA BANKA "DALMACIJA" d.o.o., Split ¹	IV	–	–	–
35.	RIADRIA BANKA d.d., Rijeka	II	II	II	II
36.	RIJEČKA BANKA d.d., Rijeka	I	I	I	I
37.	SAMOBORSKA BANKA d.d., Samobor	IV	IV	IV	IV
	SISAČKA BANKA d.d., Sisak ⁴	III	III	III	–
38.	SLATINSKA BANKA d.d., Slatina	III	III	III	III
39.	SLAVONSKA BANKA d.d., Osijek	II	II	II	II
	SOCIETE GENERALE d.d. PARIS, Zagreb ⁸	IV	–	–	–
40.	SPLITSKA BANKA d.d., Split	I	I	I	I
41.	SPLITSKO-DALMATINSKA BANKA d.d., Split	–	–	–	IV
42.	ŠTEDBANKA d.d., Zagreb	IV	III	III	III
	TRGOVAČKA BANKA d.d., Zagreb ³	IV	–	–	–
	TRGOVAČKO-TURISTIČKA BANKA d.d., Split ¹	IV	–	–	–
43.	VARAŽDINSKA BANKA d.d., Varaždin	II	II	II	II
44.	VOLKSBANK d.d., Zagreb	IV	III	II	II
45.	ZAGORSKA BANKA d.d., Krapina	–	–	–	IV
	ZAGREBAČKA BANKA – POMORSKA BANKA SPLIT d.d., Split ⁹	II	–	–	–
46.	ZAGREBAČKA BANKA d.d., Zagreb	I	I	I	I

1 Banks in bankruptcy proceedings.

2 The operations of Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb were taken over by HVB Bank Croatia d.d., Zagreb.

3 Trgovačka banka d.d., Zagreb and Čakovečka banka d.d., Čakovec merged with Bjelovarska banka d.d., Bjelovar, and are now operating as Erste & Steiermärkische Bank d.d., Zagreb.

4 Istarska banka d.d., Pula and Sisačka banka d.d., Sisak merged with Dalmatinska banka d.d., Zadar, and are now operating as Nova banka d.d., Zagreb.

5 Its operating license was revoked on 7 March 2001.

6 Merged with Privredna banka d.d., Zagreb.

7 Prva obrtnička banka d.d., Zagreb merged with Hypobanka d.d., Zagreb in July 2002, and are now operating as Primus banka d.d., Zagreb.

8 It was sold, and its operations were taken over by Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb.

9 Merged with Zagrebačka banka d.d., Zagreb.

