



Banks Bulletin

Year 18 · Number 31 · September 2018



Contents

1 International Financial Reporting Standard 9	3
2 Performance indicators of credit institutions.	7
Summary	7
2.1 Introduction	10
2.2 Banks.	11
2.3 Housing savings banks	42
3 Notes on methodology.	48
Tables	48
Figures.	51
4 List of credit institutions	63
Attachment I	94
Attachment II.	95
Abbreviations.	96
Symbols.	96

PUBLISHER

Croatian National Bank

Trg hrvatskih velikana 3, 10000 Zagreb

Phone: +385 1 45 64 555, Contact phone: +385 1 45 65 006, Fax: +385 1 45 64 687

www.hnb.hr

Those using data from this publication are requested to cite the source.

Any additional corrections that might be required will be made in the website version.

ISSN 1334-0123 (online)

1 International Financial Reporting Standard 9

The implementation of the International Financial Reporting Standard 9 – *Financial Instruments* (IFRS 9), which regulates the accounting treatment of financial instruments, started at the beginning of 2018. The initial implementation of IFRS 9 in Croatia’s credit institutions resulted in losses of HRK 1.4bn (recorded directly in the capital). The bulk of this amount was related to the increase in value impairments and provisions. The impact of the implementation of the new standard was not negligible but the banking system absorbed the loss without difficulty.

The IFRS 9, which replaced the International Accounting Standard 39 – *Financial Instruments: Recognition and Measurement* (IAS 39) entered into force on 1 January 2018. The key objective of this new standard is to simplify the recognition and measurement of financial instruments and to improve the manner in which losses are recognised because these aspects were underlined as the main shortcomings of IAS 39. The implementation process of IFRS 9 is very complex and had (and will continue to have) a significant influence on key areas of credit institutions’ operations.

Under IAS 39, loss recognition was based on the fact that value impairment is recognised at the moment when the loss is incurred (the so-called incurred loss model). However, the financial crisis of the past decade uncovered flaws in this concept of loss recognition. The argument was that under such an approach the real effect of the loss is recognised “too little, too late”. The new standard changed the way in which loss is recognised in such a way that losses are recognised in the amount in which (on the basis of all available and, possibly, comprehensive data) they can be expected, i.e. before they are actually incurred (the so-called expected loss model). Accordingly, instead of entities identifying losses by looking back, the new concept introduced the assessment of expected future losses on the basis of data on past and future events.

The new rules related to the classification and measurement of financial instruments (including the new loss concept) are applied to the balance as found in the books – so the implementation of the new standard had a one-off impact on capital on 1 January 2018.

In order to comply with IFRS 9, the CNB modified its subordinate legislation and adopted the [Decision on the classification of exposures into risk categories and the method of determining credit losses](#) (OG 114/2017). In addition, the CNB carried out a quantitative impact study of the initial IFRS 9 implementation.

The impact credit institutions identified and reported in the capital, as a rule, by reducing retained profit, was a loss of HRK 1.4bn. This made up 0.3% of the total assets of credit institutions assets as at 31 December 2017, i.e. 35.2% of their total profit before tax in 2017. A detailed breakdown of the total impact is shown in Table 1.1.

Table 1.1 The impact of IFRS 9 on capital, in thousand HRK¹

Description	Credit institutions	Banks	Housing savings banks
1 Value impairment of balance sheet exposures in portfolios subject to value impairment	-1,293,517	-1,277,233	-16,284
1.1 Breakdown by value impairment stage			
Stage 1	404,969	406,709	-1,740
Stage 2	-1,392,139	-1,387,002	-5,138
Stage 3	-306,347	-296,941	-9,406
1.2 Breakdown by type of impact			
Impact based on value impairment recalculation	-1,333,113	-1,316,697	-16,417
Impact of transfer of excluded interest in the balance sheet	39,597	39,464	133
1.3 Breakdown by portfolio			
Amortised cost	-1,110,730	-1,100,764	-9,966
Fair value through other comprehensive income	-182,786	-176,469	-6,317
2 Provisions for off-balance sheet exposures	24,447	24,508	-61
Stage 1	215,241	215,217	24
Stage 2	-121,328	-121,243	-85
Stage 3	-69,466	-69,466	0
3 Change in fair value for financial assets at fair value through profit or loss	-217,000	-217,000	0
4 Other	12,871	12,878	-7
Total impact of IFRS 9 on retained earnings	-1,473,199	-1,456,848	-16,351
Note: The impact of IFRS 9 on capital reported by institutions in their financial statements as at 1 January 2018	-1,393,704	-1,388,018	-5,687

Although the overall impact of the implementation of IFRS 9 was negative, it is noteworthy that positive impacts, totalling HRK 33m, were reported by six banks and two housing savings banks out of a total of 24 banks and five housing savings banks.

The bulk of the negative impact of the initial IFRS 9 implementation had to do with additional value impairments of balance sheet exposures in portfolios subject to the calculation of expected credit loss (HRK 1.3bn, which accounted for 5.8% of the value impairment as at the end of 2017). The calculation of expected credit loss arising from household loans (household sector) in the portfolio measured at amortised cost made the greatest contribution and one of the main reasons for such a rise in value impairments is connected with stage 2². This stage includes assets in connection to which

- 1 The difference between the impact on retained profit and the impact on capital that credit institutions recorded in their books as at 1 January 2018 relates for the most part to the value impairment of financial assets measured at fair value through other comprehensive income. Namely, the impact of the said impairment on the overall balance sheet capital is neutral due to its specific recognition through retained profit and other comprehensive income (given that both items are presented as balance sheet capital).
- 2 The concept of value impairment stage 1, 2 and 3 has been developed and accepted both in literature and practice. From the aspect of loss expectation, each instrument that is subject to the calculation of expected credit loss, which includes all debt instruments measured at amortised cost and at fair value through other comprehensive income, is classified in one of the three stages of value impairment. If its credit risk is low, it is classified into stage 1, where the 12-month expected credit loss is calculated. If it comes to a significant increase in credit risk (although still not in default) it is transferred to stage 2, where the expected loss is calculated for the entire lifetime of the instrument. If loss is actually incurred, the instrument is transferred to stage 3, where loss that is actually incurred is determined.

a significant increase in credit risk has arisen, but which, however, are still not at default. For financial assets in this stage the expected loss is calculated for the entire lifetime of the instrument, which is much more than the 12-month expected credit loss of stage 1. Therefore, as expected, stage 2 accounted for the main share of the increase in value impairments.

The positive impact of the transfer of net excluded interest income to the balance sheet is included in the impact of the recalculation of value impairment. Namely, according to the rules in force until the end of 2017, credit institutions had to suspend and continue to calculate interest based on claims under which they recognised loss in the off-balance sheet records (so-called excluded interest) and could recognise them in the profit or loss only after collection. This treatment changes with the implementation of IFRS 9. Interest income will also be calculated for loans in stage 3 (on net carrying amount). Consequently, the positive impact of HRK 40m from the transfer of excluded interest income from off-balance sheet records on balance sheet claims is included in the total capital impact.

The second-largest negative impact on the overall loss came from renewed measurement of financial assets at fair value through profit or loss (HRK 217m), while the positive effect of other impacts, such as deferred tax assets and revaluation reserves from equity securities, was almost negligible, totalling HRK 13m.

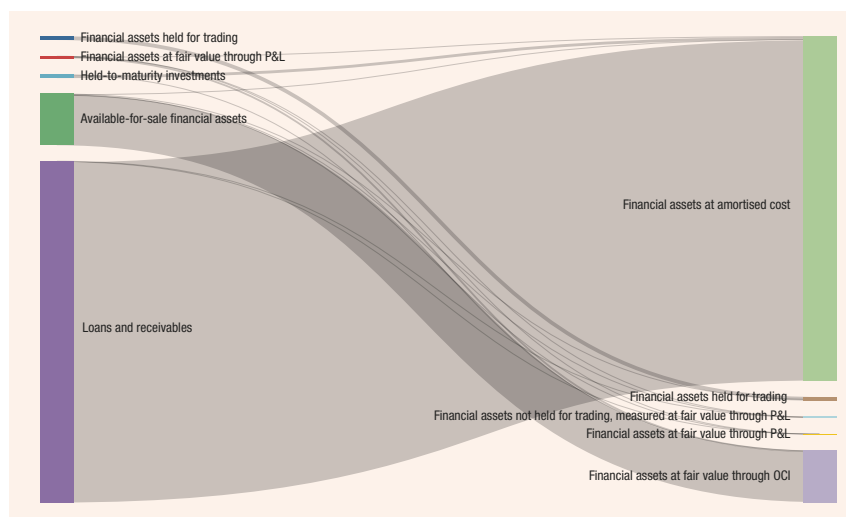
A slight positive effect came from the decline in provisions for off-balance sheet exposures, which totalled HRK 24m. This was largely a result of the decrease in provisions for credit lines and financing commitments, predominantly in the credit institutions and non-financial corporations sectors.

An analysis of the portfolios under IAS 39 and IFRS 9 by their economic essence leads to the conclusion that reclassification of financial instruments has not actually resulted in any changes (Figure 1.1): 86% of financial assets remained in the portfolio measured at amortised cost, 13% was made up of assets measured at fair value through comprehensive income and a negligible remaining portion falls on assets measured at fair value through profit or loss.

The conclusion is that the impact of the initial change to IFRS 9 was not negligible but that the banking system absorbed the loss without difficulty. Moreover, the new standard did not lead to a reduction in the banking system's own funds because the application of the two rules in banking regulations made this burden easier for banks. First, since 2018 banks may include unrealised gains from measuring assets at fair value (which under the CNB rules³, were excluded from common equity tier 1 capital ratio) in their own funds. Secondly, in order for a possible sudden loss increase not to lead to a sharp decrease in own funds, which credit institutions use to cover

3 [Decision implementing the part of Regulation \(EU\) No 575/2013 pertaining to the valuation of assets and off-balance sheet items and the calculation of own funds and capital requirements](#) (OG 160/2013, 140/2015 and 113/2016).

Figure 1.1 Reclassification of financial assets from IAS 39 to IFRS 9



risks they are exposed to, credit institutions in the European Union have been provided with the option of gradual inclusion of IFRS 9 impact in own funds over a transitional period of five years.⁴ Due to the high capitalisation of Croatia's banking system, most of its credit institutions have not made use of these transitional arrangements.

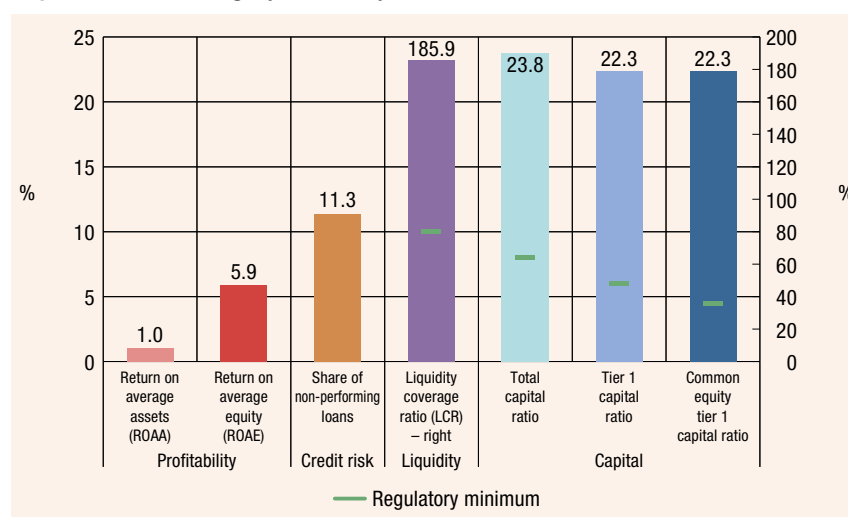
4 Regulation (EU) 2017/2395 of the European Parliament and of the Council of 12 December 2017 amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State.

2 Performance indicators of credit institutions

Summary

After five years of decline, bank assets slightly increased in 2017 (0.7%). This was influenced by the recapitalisation of the OTP bank Hrvatska by its Hungarian parent bank, the ultimate purpose of which was the take-over of Splitska banka. This also dwarfed the influence that strong growth in the sale of claims, exchange rate developments and the exit of a bank from the system, not to mention difficulties in the Agrokor Group⁵, had on bank assets. These difficulties slowed down the recovery in the quality of bank loan portfolio and contributed to the fall in profitability. Despite all this, the banking system remained stable, highly liquid and strongly capitalised (Figure 2.1).

Figure 2.1 Banking system key indicators, as at 31 December 2017



Lending to non-financial corporations and households increased markedly, with investment and housing loans recovering slightly. In 2017, loans to non-financial corporations rose by 4.3% (based on transactions⁶), mostly to tourism-related companies (in the segment of accommodation and food service activities), and a noticeable increase was seen in manufacturing and agriculture. The growth of household loans (4.0%, based on transactions) was mostly generated by the increase in non-purpose cash loans. Housing

- For the purposes of this publication, Agrokor Group includes Agrokor d.d. and all persons that credit institutions linked to this company, that is, all persons that are considered by credit institutions to constitute one and the same risk as Agrokor. Pursuant to the Act on Extraordinary Administration Procedure In Companies of Systemic Importance for the Republic of Croatia (OG 32/2017) Agrokor d.d. has been identified as a company of systemic importance.
- Rates of change calculated on the basis of transaction data exclude the impact of exchange rate adjustments and write-offs on loan movements, whereby write-offs include the partial write-off of the principal in the process of conversion from loans in the Swiss franc to loans in euros. The effect of the sale of claims is excluded in the amount of value adjustments.

loans increased as well, reversing the years-long trend of decline. This was probably boosted by measures of July 2017 aimed at subsidising housing loans. Both as regards housing and non-purpose cash loans only the kuna component increased, with loans in kuna reaching almost a half of the amount of total loans to households. The growth of loans granted at fixed interest rates continued, which was doubtlessly aided by CNB recommendations regarding the risks of possible changes in interest rates⁷. Despite the increase in loans to the domestic private sector, total loans granted decreased (5.9% or 2.3% based on transactions), their share in assets declining to 57.9%, the lowest value since 2005. On the other hand, the liquidity surplus was high, as reflected in the unusually high amounts deposited in bank giro accounts with the CNB and high liquidity coverage ratios (LCR). This was a result, among other things, of the strong deleveraging of the central government with domestic banks, especially by enterprises in the road sector, at the very end of the year. In addition, lending from foreign parent banks, primarily through reverse repo loans, subsided.

Loan quality improved – the share of partly recoverable and fully irrecoverable loans (B and C risk category loans) decreased from 13.8% to 11.3% – under the key influence of the sale of claims. Financial difficulties faced by the Agrokor Group and thus connected loss recognition clouded the impact of positive shifts in the economic environment and slowed down the recovery of loan quality. Although remaining relatively high (22.2%), the share of B and C risk category loans in the non-financial corporations sector decreased by as much as six percentage points. Despite the high amounts of claims sold, construction continued to account for the largest share of B and C risk category loans in the non-financial corporations sector. More than a half of loans to this activity was classified into these risk categories. New lending improved the quality of loans to tourism – the share of B and C risk category loans in this activity totalled 13.0%, which was, together with agriculture, the lowest amount among the top activities in the distribution of loans to this sector. The improvement in the quality of loans to households, where the share of B and C risk category loans dropped to 8.1% was primarily affected by developments in housing loans and the improvement of this indicator to 6.2%.

The upward trend in the level of recognised loan losses (technically speaking, coverage of B and C risk category loans by value adjustments), observed since 2011, was interrupted. Coverage fell from 63.7% to 61.5% under the influence of the sale of well-covered claims and the inflow of new loans with collection difficulties. The sale of claims continued to increase in 2017, with non-financial corporations accounting for three-quarters of that amount. Over the past years the coverage of B and C risk category loans in the non-financial corporation sector strongly grew under the influence of

7 Aiming at mitigating interest rate risk for consumers and interest rate-induced credit risk for banks, the CNB adopted a [Recommendation to mitigate interest rate and interest rate-induced credit risk in long-term consumer loans. The new regulation on the classification of exposures of credit institutions](#), in force since 2018, makes it mandatory for credit institutions to include the interest rate risk of borrowers in the assessment of their creditworthiness.

the rules on gradual increase in value adjustments for long-term delinquent placements⁸, which motivated banks to search for solutions regarding their problem loans more actively by, among other things, selling them in the secondary market.

The trend for domestic to be substituted for foreign funds and the growth of the share of sight deposits⁹ as well as of kuna deposits in bank sources of financing continued. The growth in domestic sources of financing was strongly connected with the effects of a good tourist season, i.e. developments in the third quarter of the year, when deposits of non-financial corporations from tourism and trade grew, as well as deposits of households from Croatia's coastal counties and the City of Zagreb. The structure of deposits, which grew slightly, continued to register the growth of sight deposits. They reached almost a half of total deposits, with the influence of their growth dominating in the household sector. This was aided by the fall in the attractiveness of time deposits with banks, most likely due to low interest rates and tax on savings, which made households turn to other forms of investments. Sources from majority foreign owners declined by a quarter so their small contribution additionally declined, to 2.9% of total sources.

Bank profit and returns indicators noticeably decreased, by over one third, as a result of the rise in the costs of value adjustments and provisions linked to the Agrokor Group. The return on average assets (ROAA) and the return on average equity (ROAE) totalled 1.0% and 5.9% respectively. The disappearance of the base period effect, especially in connection with the sale of equity shares in 2016 (Visa, etc.) contributed to the weakening of 2017 earnings. Setting aside the effect of the sale of Visa shares in 2016, the operating profitability registered a record high in 2017, with the rise from 2016 being predominantly a result of the strengthening of income from fees and commissions especially that related to credit cards or more accurately, the Dynamic Currency Conversion (DCC¹⁰) service. Income from dividends of subsidiaries also contributed positively, while cost efficiency had a negative effect, deteriorating somewhat, predominantly as a result of the growth in employee expenses. Interest income continued its fall, receiving an additional boost from weaker interest income from the Agrokor Group. Nevertheless, the net interest margin remained the same, under the influence of strong savings on interest expenses, especially in the household sector. Ten banks operated with losses, while three banks were operationally unprofitable, i.e. their operating income did not cover general operating expenses.

Total capital ratio increased to a record high (23.8%). The growth in own funds and a reduction of exposure to risk contributed almost equally to the

8 [Decision on amendments to the Decision on the classification of placements and off-balance sheet liabilities of credit institutions](#) (OG 89/2013).

9 Deposits with transaction accounts or savings deposits.

10 The Dynamic Currency Conversion service enables cardholders of foreign-issued cards to select the option of debiting the card in the domestic currency of the cardholder when withdrawing cash at ATMs or making payments at EFTPOS devices. This means that, if the cardholder selects the DCC service, the domestic bank executes the currency conversion, i.e. the conversion of the kuna into the currency of the cardholder.

increase in the total capital ratio. They were realised under the influence of the increase in retained earnings and the decrease in the average credit risk weight. The decrease in the weight was under the strongest influence of the sale in claims and the growth in the non-risk items (weighted by a 0% risk weight), such as the amount at giro accounts with the CNB. Exposures weighted by a 0% risk weight increased noticeably, accounting for almost 40% of all risk-weighted exposures. They are mostly exposures to domestic central government. As of 2018, for the portion of these exposures that is not denominated and financed in kuna, a risk weight will be applied depending on the credit rating of the domestic central government. This means that a risk weight of 20% will be applied in 2018.¹¹ This regulatory change will result in the growth of risk exposure. However, the strong capital base of domestic banks is sufficient to absorb this increase in capital requirements. Unused own funds, that is, bank own funds that are not used to cover capital requirements, totalled HRK 18.3bn at the end of 2017, accounting for over a third of total own funds.

Assets of housing savings banks grew, as did their profit. Assets of housing savings banks grew by 1.3%. Deposits with financial institutions grew the most, with housing loans to households following closely. Their quality remained unchanged – risk categories B and C accounted for 1.8% of total loans. As with banks, the kuna component in the balance sheet of housing savings banks strengthened. Profit (from continuing operations, before tax) went up by 4.0%, primarily under the influence of lower interest expenses and thus connected increase in net interest income. ROAA and ROAE totalled 0.7% and 5.8% respectively. All housing savings banks operated with profit. The already high total capital ratio of housing savings banks grew additionally, to 28.6%.

2.1 Introduction

The slight downward trend in the number of credit institutions present since 2010 continued throughout 2017. There were 30 credit institutions operating in the Republic of Croatia at the end of the year – 25 banks (including one savings bank) and five housing savings banks – one credit institution fewer than at the end of 2016. In addition to domestic credit institutions, there was one branch of an EU credit institution, while almost 150 institutions from the EU (end the European Economic Area¹²) notified the CNB of the direct provision of mutually recognised services in the territory of the Republic of Croatia.¹³

- 11 If the rating of the domestic central government remains unchanged, these exposures will be weighted at 50% in 2019 and full weight application depending on credit rating will start in 2020, which means that a 100% weight will be applied.
- 12 The European Economic Area consists of EU member states and Norway, Iceland and Liechtenstein.
- 13 Updated information on credit institutions operating in the territory of the Republic of Croatia may be found [here](#).

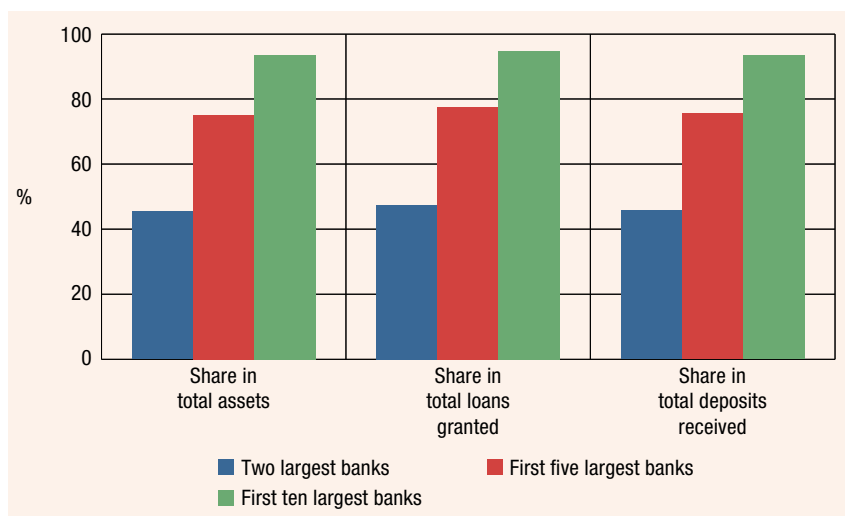
2.2 Banks

2.2.1 Structural features

The number of banks decreased by one from the end of 2016 because voluntary winding-up proceedings were initiated at Štedbanka in December 2017. Similar trends continued throughout 2018. Bankruptcy proceedings were opened against Tesla štedna banka in March¹⁴. In June, Prva stambena štedionica merged into the parent bank, Zagrebačka banka, and voluntary winding-up proceedings were initiated in Primorska banka.

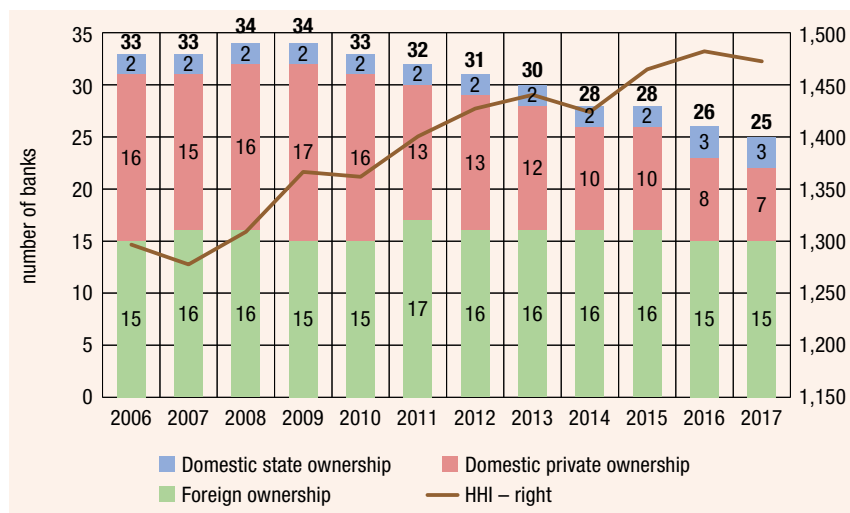
The system continues to be dominated by large, foreign-owned banks. As from the end of 2009, when the downward trend started, the number of banks fell by nine, under the influence of the decline in the number of banks in domestic ownership¹⁵. The number of banks in foreign ownership remained unchanged (15), their share in total banking system assets trending slightly downwards to 90.1%. Banks in domestic ownership accounted for the remaining share, with the share of assets of banks in domestic ownership increasing significantly (by two percentage points), to 6.1%¹⁶. The bulk of bank assets, 46.6%, was held by credit institutions in Italian ownership, due to the ownership of the two top banks. The share of the two top banks has

Figure 2.2 Shares of assets, loans and deposits of the largest banks in total assets, loans and deposits, as at 31 December 2017



- 14 Tesla štedna banka did not submit end-2017 data and is not included in the aggregated data as at the date presented in tables and figures (but is included in the data pertaining to the number of banks). This had no bearing on analysis given that pursuant to the latest available data the assets of this bank totalled only HRK 1.5m or 0.0004% of total assets of credit institutions.
- 15 From 2009 to 2017 five institutions entered bankruptcy or compulsory winding-up proceedings, three merged with other institutions and one initiated voluntary winding-up proceedings. Mergers related to foreign-owned banks and other changes pertained to domestic banks. In the same period three domestic banks became foreign-owned banks.
- 16 A share of this increase relates to the ownership change at Jadranska banka, which, in the process of recapitalisation as part of resolution proceedings at the end of 2016, became a domestic state-owned bank, since it is temporarily owned by the State Agency for Deposit Insurance and Bank Resolution.

Figure 2.3 Number of banks and the Herfindahl-Hirschman Index (HHI) for bank assets



been on the rise since 2007, when it totalled 40.9%. At the end of 2017, it reached 45.5% (Figure 2.2) and together with the indicator of the share of assets of the five top banks, which has been oscillating at some 75% for a period of several years, indicates high system concentration. On the other hand, the Herfindahl-Hirschman Index for assets has trended slowly upwards for several years but still remains below 1,500 (1,473; Figure 2.3), which is considered characteristic for a competitive market.

The majority of foreign-owned banks, 11 of them, are owned by shareholders from the European Union. The share of their assets in total bank assets slightly strengthened from the end of 2016, totalling 89.2%. Four banks were owned by shareholders from third countries¹⁷ and the share of assets of these banks remained the same as at the end of the previous year (1.0%).

Table 2.1 Ownership structure of banks and their share in total bank assets, end of period

	Dec. 2015		Dec. 2016		Dec. 2017	
	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	12	9.7	11	10.3	10	9.9
Domestic private ownership	10	4.4	8	4.0	7	3.7
Domestic state ownership	2	5.3	3	6.3	3	6.1
Foreign ownership	16	90.3	15	89.7	15	90.1
Total	28	100.0	26	100.0	25	100.0

17 A third country is a country that is not an EU member state or a signatory to the Agreement on the European Economic Area.

2.2.2 Balance sheet

Assets

The annual increase of 0.7% (1.4%, if the exchange rate effects are excluded¹⁸) halted the five-year downward trend in bank assets, so they ended 2017 at HRK 391.3bn (Figure 2.4). The recapitalisation of OTP banka Hrvatska for the purpose of the takeover of Splitska Banka had a decisive influence on the increase in assets. For this reason bank capital in the balance sheet gained strength, while on the assets side investments in associated companies almost doubled (Table 2.2). Voluntary winding-up proceedings at Štedbanka had a slight negative effect on total bank assets.

The greatest change in bank assets, in nominal terms, was the growth in money assets and deposits with the central bank of HRK 14.4.bn (25.5%). The bulk of this increase was accounted for by the increase in giro accounts of banks, of HRK 13.1bn (48.1%; Figure 2.5), so these assets reached HRK 40.3bn at the end of the year or as much as 10.3% of total bank assets. Banks usually end the year with slightly higher amounts in their giro accounts. However, these developments were strongly affected by the repayment of the loan in December as part of the measures under the programme of business and financial restructuring of public enterprises related to road building. In the last month of the year banks were unable to otherwise engage these funds, especially in view of the negative trend of deposit interest rates in foreign banks.

Table 2.2 Structure of bank assets, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	49,425.3	12.6	56,355.2	14.5	14.0	70,735.5	18.1	25.5
Money assets	7,289.7	1.9	7,706.9	2.0	5.7	8,440.2	2.2	9.5
Deposits with the CNB	42,135.6	10.7	48,648.2	12.5	15.5	62,295.3	15.9	28.1
Deposits with financial institutions	27,727.6	7.0	21,162.5	5.4	-23.7	19,250.2	4.9	-9.0
MoF treasury bills and CNB bills	12,258.7	3.1	8,783.9	2.3	-28.3	8,607.1	2.2	-2.0
Securities	37,901.3	9.6	47,158.8	12.1	24.4	44,373.3	11.3	-5.9
Derivatives and financial assets	2,431.1	0.6	2,665.8	0.7	9.7	1,075.1	0.3	-59.7
Loans	246,949.2	62.8	235,954.5	60.7	-4.5	226,674.1	57.9	-3.9
Loans to financial institutions	5,002.3	1.3	5,076.1	1.3	1.5	3,528.3	0.9	-30.5
Loans to other clients	241,946.9	61.5	230,878.5	59.4	-4.6	223,145.9	57.0	-3.3
Investments in subsidiaries, associates and joint ventures	4,185.3	1.1	4,365.7	1.1	4.3	8,524.7	2.2	95.3
Foreclosed and repossessed assets	1,550.0	0.4	1,265.5	0.3	-18.4	1,095.5	0.3	-13.4
Tangible assets (net of depreciation)	4,456.1	1.1	4,256.2	1.1	-4.5	4,214.9	1.1	-1.0
Interest, fees and other assets	6,509.5	1.7	6,753.8	1.7	3.8	6,786.0	1.7	0.5
TOTAL ASSETS	393,394.3	100.0	388,721.9	100.0	-1.2	391,336.4	100.0	0.7

18 In 2017, the kuna exchange rate appreciated by 0.6% against the euro and by 12.5% against the US dollar.

As regards total loans, the negative, downward trend continued so they declined by an additional HRK 9.3bn (3.9%) net. This in turn resulted in the continued decline of the share of loans in total assets, to 57.9%, the lowest value of this indicator since March 2005. Concurrently, the loan to deposit ratio fell to 76.1%, with lower figures being recorded only back in 2002. Government deleveraging had the greatest negative influence on loans last year, followed by the deleveraging of financial institutions (domestic and foreign). The greatest contribution to the decline in loans to government units (of HRK 11.bn or 21.8%; Figure 2.5) came from the repayment of loans by public enterprises from the road construction segment that belong to the general government sector. An additional contribution to the decline in loans to this sector came from the government, which reduced its direct borrowing, predominantly in relation to the so-called club loans. Decisive for the decrease in loans to financial institutions domestic (by 30.5%) and foreign (by 42.5%), were reverse repo loans, which fell by almost 40%. A few, mostly large, banks grant this type of loans, which due to their short-term nature vary, and most of them are agreed on with parent banks.

In the two most represented sectors, the non-financial corporations and the households sectors, loans increased by 3.1% and 3.3% (net).

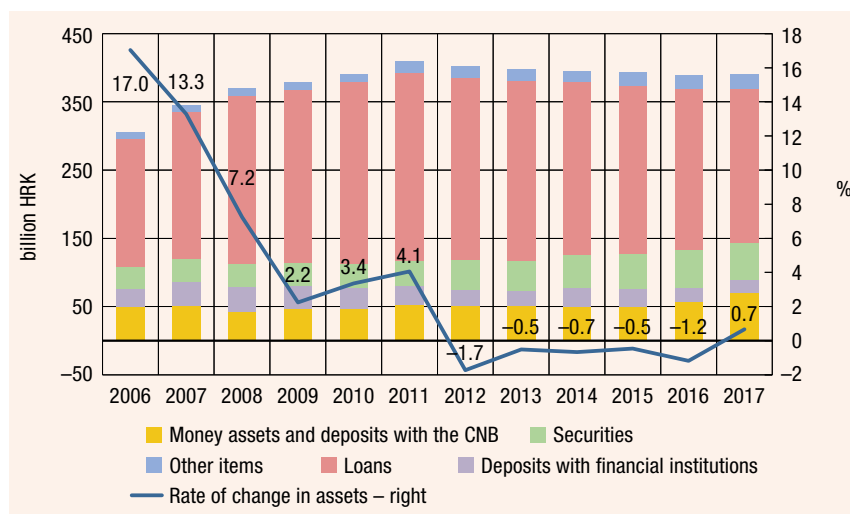
The increase, realised by only several types of loans, was sufficiently strong to outweigh strong negative influences from the sale of claims, exchange rate developments and (in the sector of non-financial corporations) from the increase in losses under loans to the Agrokor Group. The growth in lending in the non-financial corporations sector was most prominent to companies from the segment of accommodation and food service activities, including mostly loans for investments granted to hotels. Next to stand out were loans to financial and insurance activities (counted among other, less important activities) and to a smaller extent, loans to manufacturing. In the household sector, loan growth, for the first time in five years, was based on the increase in kuna non-purpose cash loans and housing loans. The rise in kuna loans (under the influence of the changes in the last quarter) outweighed the fall in foreign-exchange housing loans and ultimately enabled a modest annual growth in total housing loans to households, for the first time since 2011 (Figure 2.6), as well as a levelling out of the shares of the two most represented currencies (Figure 2.7). An additional impetus to the growth of housing loans in the second half of 2017 was provided by subsidies for housing loans¹⁹. The increase in the share of kuna loans in assets was enabled by the strengthening of domestic kuna sources in liabilities (Figure 2.8), which received an additional boost from the CNB's regular reverse repo operations and structural repo operations.

Bank investments in debt securities decreased, almost exclusively due to bills of exchange, which declined by HRK 3.3bn (78.0%; Figure 2.5).

The fall in investments in bills of exchange was particularly affected by loss

19 Subsidies for housing loans are an assistance measure by the Republic of Croatia aimed at facilitating home purchase by Croatian citizens through repayment of a portion of their housing loan. The conditions are laid down in the Act on Subsidies for Housing Loans (OG 65/2017).

Figure 2.4 Bank assets



recognition, which on an annual level reached HRK 2bn. Banks continued to reduce their investments into bonds of foreign issuers, especially foreign governments (HRK 1bn or 15.3%), while investments in RC bonds grew (HRK 2.0bn or 7.1%) under the influence of the subscription of a smaller share of the latest kuna bond issue. An overview of the bank investment structure reflects that 84.5% of the total portfolio is held in central government securities, which are considered the safest investments. RC bonds and MoF T-bills accounted for almost three-quarters, while securities of foreign governments (mostly bonds) accounted for another 10.9%. Banks distributed the majority of their debt securities portfolio in the portfolio of instruments available for sale (85.7%) so the changes in fair value of these instruments led to a rise in unrealised gains reported in bank capital (by HRK 247.5m or 31.3%).

Figure 2.5 Change in key bank asset items in 2017

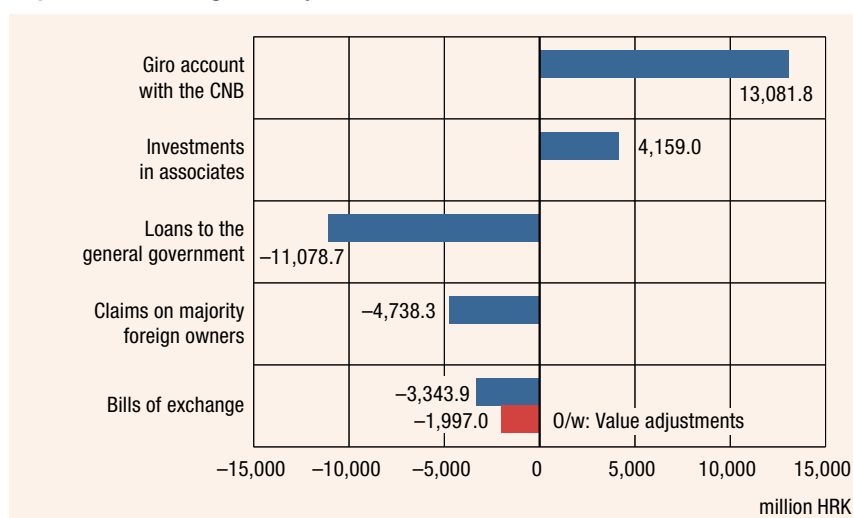


Figure 2.6 Housing loans to households

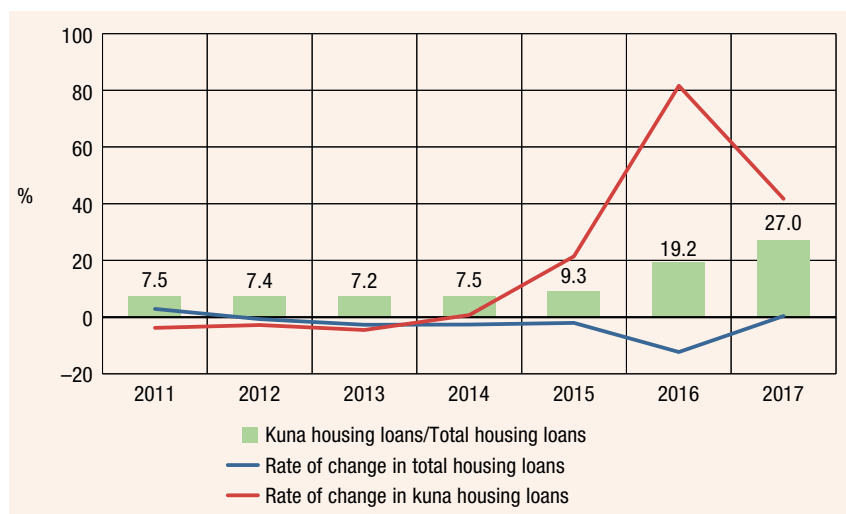


Figure 2.7 Currency structure of loans to households

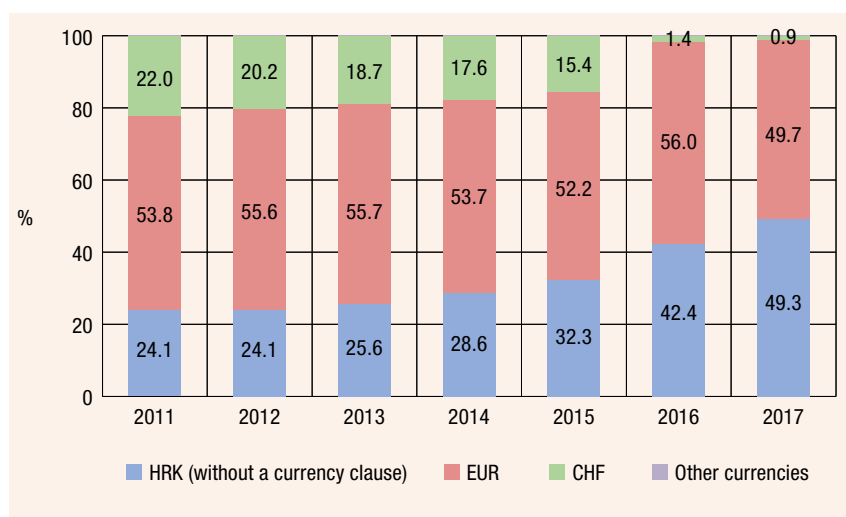
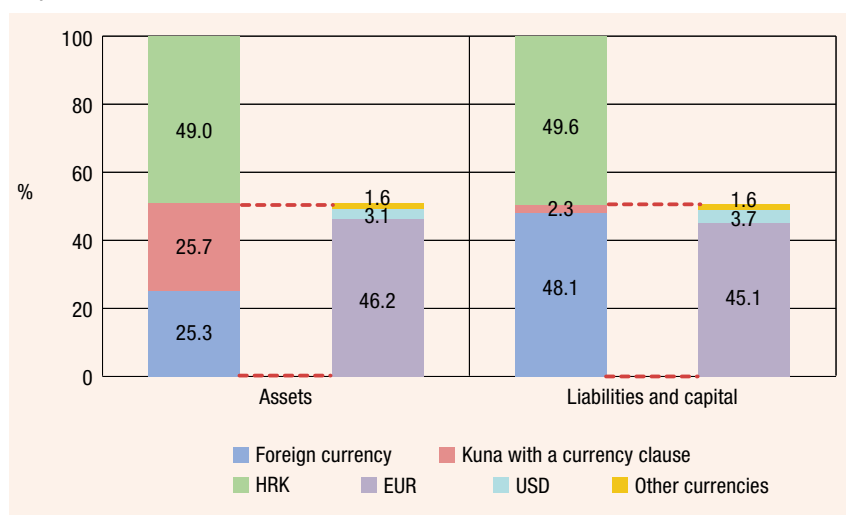


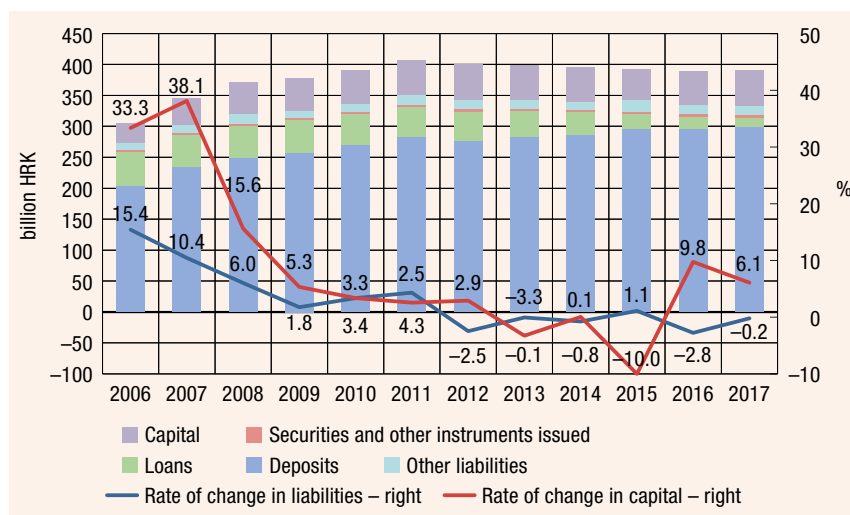
Figure 2.8 Currency structure of bank assets and bank liabilities and capital, as at 31 December 2017



Liabilities and capital

The changes in the exchange rate of the kuna against the two most represented currencies set the course for developments in total liabilities, which fell slightly in nominal terms, by HRK 0.7bn (0.2%; Figure 2.9). In real terms, liabilities grew by HRK 2.4bn or 0.7%²⁰. A key contribution to this came from equally strong but divergent developments in domestic and foreign sources²¹, which were present for the most part of the year. The HRK 6.2bn (18.9%) fall in foreign sources of financing outstripped the HRK 5.2bn rise in domestic sources (1.8%; Figure 2.10). The downward trend in foreign sources of financing has been uninterrupted since 2012 (Figure 2.11), with the greatest contribution to such developments coming from sources from majority foreign owners: from the end of 2011, when they peaked, in nominal terms, until the end of 2017 these sources decreased by HRK 62.3bn (87.0%). As a result, the share of majority foreign owners in total sources of financing, which at its peak accounted for more than one fifth of all sources, declined to only 2.9% at the end of 2017. Net sources from equity owners (determined as the difference between liabilities and claims) accounted for a slightly higher share of assets at the end of 2017 (0.9%) than at the end of 2016 (0.4%), which was a consequence of a decrease in total claims (reverse repo loans) that was stronger than that in sources of financing.

Figure 2.9 Bank liabilities and capital

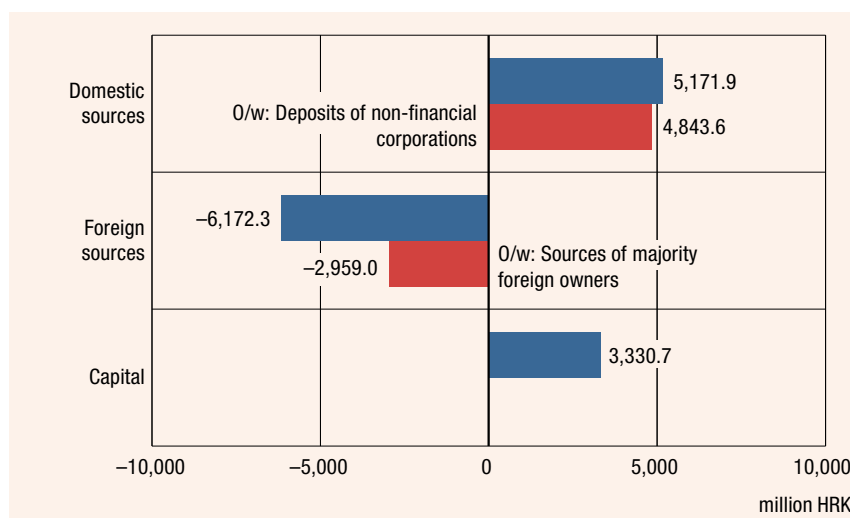


20 The effective change in the foreign currency assets excludes the effects of changes in the kuna/euro and kuna/US dollar exchange rates. With respect to these currencies, it is calculated in line with the following formula: amount of foreign currency assets i_t – the amount of foreign currency assets i_{t-1} – the amount of foreign currency assets i_{t-1} x the rate of change in the exchange rate, i = the euro, the US dollar, t = the reporting date.

21 Sources of financing are composed of received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments.

Table 2.3 Structure of bank liabilities and capital, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	622.4	0.2	1,506.9	0.4	142.1	1,638.3	0.4	8.7
Short-term loans	611.2	0.2	503.5	0.1	-17.6	363.7	0.1	-27.8
Long-term loans	11.2	0.0	1,003.4	0.3	8844.7	1,274.6	0.3	27.0
Deposits	294,214.6	74.8	295,302.8	76.0	0.4	297,746.3	76.1	0.8
Transaction account deposits	76,631.9	19.5	101,391.0	26.1	32.3	131,478.6	33.6	29.7
Savings deposits	21,052.5	5.4	19,954.7	5.1	-5.2	14,917.9	3.8	-25.2
Time deposits	196,530.2	50.0	173,957.2	44.8	-11.5	151,349.8	38.7	-13.0
Other loans	23,658.6	6.0	17,554.7	4.5	-25.8	14,285.3	3.7	-18.6
Short-term loans	2,109.5	0.5	1,674.3	0.4	-20.6	1,097.1	0.3	-34.5
Long-term loans	21,549.2	5.5	15,880.4	4.1	-26.3	13,188.2	3.4	-17.0
Derivative financial liabilities and other financial liabilities held for trading	2,339.2	0.6	2,269.8	0.6	-3.0	932.8	0.2	-58.9
Debt securities issued	300.8	0.1	353.6	0.1	17.6	429.8	0.1	21.5
Short-term debt securities issued	0.8	0.0	0.0	0.0	-100.0	0.0	0.0	0.0
Long-term debt securities issued	300.0	0.1	353.6	0.1	17.9	429.8	0.1	21.5
Subordinated instruments issued	2,724.0	0.7	2,659.3	0.7	-2.4	2,366.4	0.6	-11.0
Hybrid instruments issued	2,198.4	0.6	2,190.9	0.6	-0.3	2,101.9	0.5	-4.1
Interest, fees and other liabilities	17,361.6	4.4	12,031.9	3.1	-30.7	13,653.2	3.5	13.5
TOTAL LIABILITIES	343,419.6	87.3	333,870.1	85.9	-2.8	333,153.9	85.1	-0.2
Share capital	34,275.4	8.7	33,858.8	8.7	-1.2	34,294.4	8.8	1.3
Current year profit (loss)	-4,615.8	-1.2	5,031.3	1.3	-	3,348.0	0.9	-33.5
Retained earnings (loss)	15,579.3	4.0	11,228.1	2.9	-27.9	15,473.6	4.0	37.8
Legal reserves	1,035.2	0.3	1,033.1	0.3	-0.2	921.6	0.2	-10.8
Reserves provided for by the articles of association and other capital reserves	2,892.5	0.7	2,842.7	0.7	-1.7	2,969.3	0.8	4.5
Revaluation reserves	1,115.1	0.3	863.8	0.2	-22.5	1,175.6	0.3	36.1
Previous year profit (loss)	-307.0	-0.1	-5.9	0.0	-98.1	0.0	0.0	-100.0
TOTAL CAPITAL	49,974.7	12.7	54,851.8	14.1	9.8	58,182.5	14.9	6.1
TOTAL LIABILITIES AND CAPITAL	393,394.3	100.0	388,721.9	100.0	-1.2	391,336.4	100.0	0.7

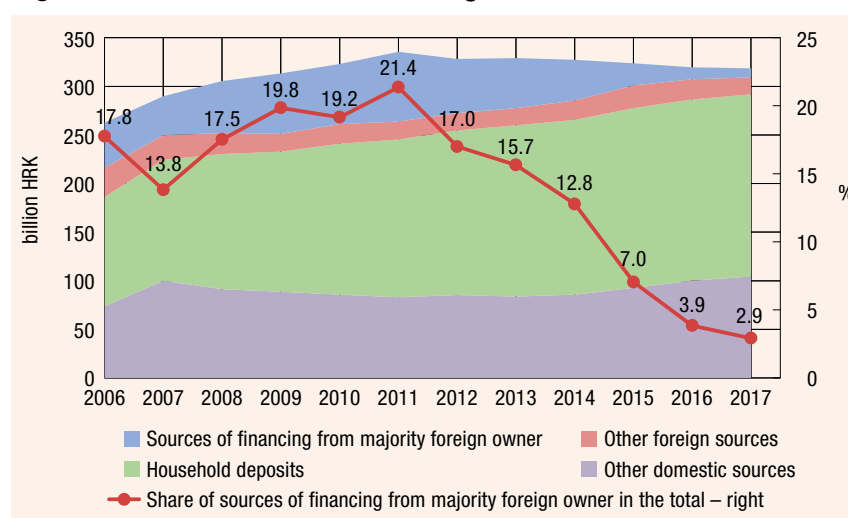
Figure 2.10 Change in key bank liabilities and capital items in 2017

In contrast to negative developments registered by foreign sources of financing, domestic sources boasted uninterrupted growth²², their share in total sources of bank financing reaching 91.6% at the end of 2017. The annual rates of change in domestic sources reflect the sudden slowdown in their growth after 2008 (Figure 2.11). The trend remained roughly unchanged until the end of 2017. The changes in domestic sources are dominated by deposits, with all sectors registering growth in 2017. Deposits of non-financial corporations, which went up by HRK 4.8bn or 8.3% (Figure 2.10), stood out by their nominal influence on domestic deposits in the past year. The rise in these deposits was affected by private non-financial corporations. The majority of the rise was realised in the third quarter, which, given the key activities responsible for the growth (accommodation, food preparation and trade), is to be attributed to the effects of the tourist season. The growth of household deposits slowed down to a mere 0.4% on an annual level (1.5% in real terms), which is (excluding 2002, when household deposits fell) the all-time low of this sector's growth rate²³. Similarly as with deposits of non-financial corporations, almost the only positive effect, i.e. a rise in household deposit items over the past year, was seen in the third quarter, in coastal counties and the City of Zagreb, which too can be attributed to inflows from tourism.

Table 2.4 Structure of bank sources of financing, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Deposits	294,214.6	90.9	295,302.8	92.4	0.4	297,746.3	93.5	0.8
Loans	24,281.1	7.5	19,061.7	6.0	-21.5	15,923.5	5.0	-16.5
Debt securities issued	300.8	0.1	353.6	0.1	17.6	429.8	0.1	21.5
Hybrid and subordinated instruments issued	4,922.4	1.5	4,850.2	1.5	-1.5	4,468.3	1.4	-7.9
TOTAL SOURCES OF FINANCING	323,718.8	100.0	319,568.3	100.0	-1.3	318,567.9	100.0	-0.3
<i>Total sources of financing from majority foreign owner</i>	22,819.6	7.0	12,309.5	3.9	-46.1	9,350.6	2.9	-24.0

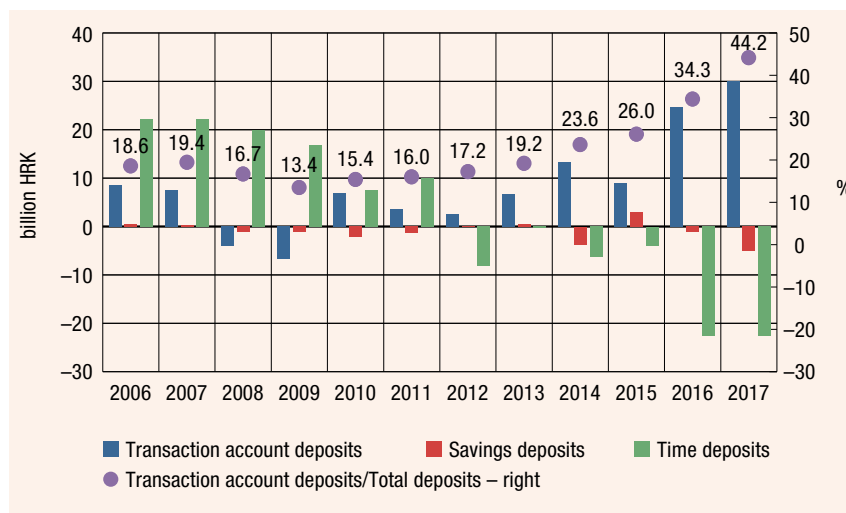
Figure 2.11 Sources of bank financing



22 To be more accurate, from the year 2000 because electronic data on credit institutions are available since 1999.

23 See previous footnote.

Figure 2.12 Annual change in deposits and share of transaction account deposits



The previously noticed changes in the maturity structure of deposit items continued. The share of deposits that clients want to have available at all times (transaction accounts and savings deposits) became almost the same as that of time deposits (Figure 2.13). Deposits in transaction accounts grew by HRK 30.1bn (29.7%) in 2017 (Figure 2.12), while time deposits fell (by HRK 22.6bn or 13%) and savings deposits (by HRK 5bn or 25.2%). Time deposits started trending downwards uninterruptedly in the middle of 2014, picking up pace suddenly in the last two years. Most of these changes were generated in the household sector (Figure 2.14), which is linked to a long-term downward trend in interest rates, a lack of incentives for saving (just for illustration, the average return on new household kuna time deposits fell below 1% in December), as well as a search for higher returns in other forms of investments²⁴. In addition, a significant contribution to the fall in time deposits came from the return of deposits to majority foreign owners and other non-residents. A noticeable contribution to the rise in deposits on transaction accounts came from money assets with the accounts of non-financial corporations, which can be interpreted as recovery after a long crisis period, by which this sector again reached one fifth of total bank deposits. The decrease in savings deposits and the spill-over to transaction accounts is a result of the change in the methodology of reporting foreign exchange current accounts and giro accounts²⁵.

24 Investment funds' assets grew by HRK 3.7bn or 20.2% from June 2015 until the end of 2017; Source: Table B-2 Investment funds' net assets, <http://www.hanfa.hr/publications/statistics>.

25 Changes in reporting foreign currency current and giro accounts of households as transaction accounts instead of as savings deposits, in accordance with the functionalities of transaction accounts, were provided for in 2014 through amendments to the Foreign Exchange Act and the Payment System Act.

Figure 2.13 Bank deposits

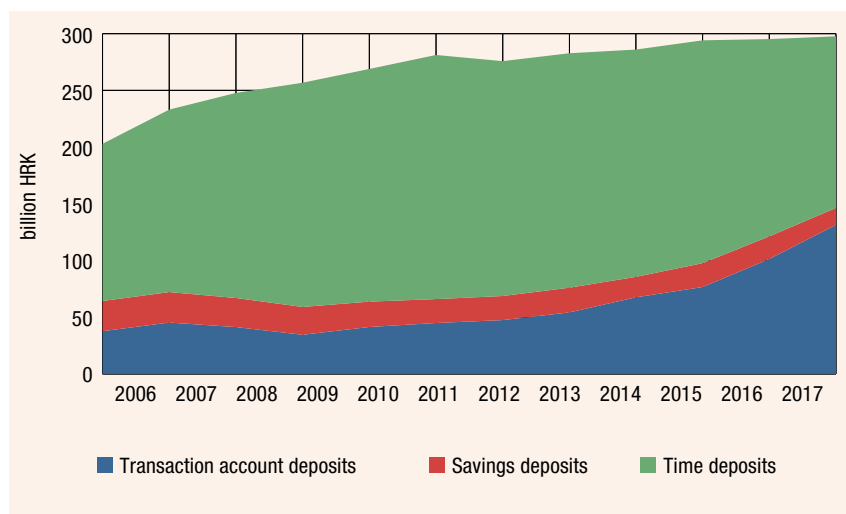
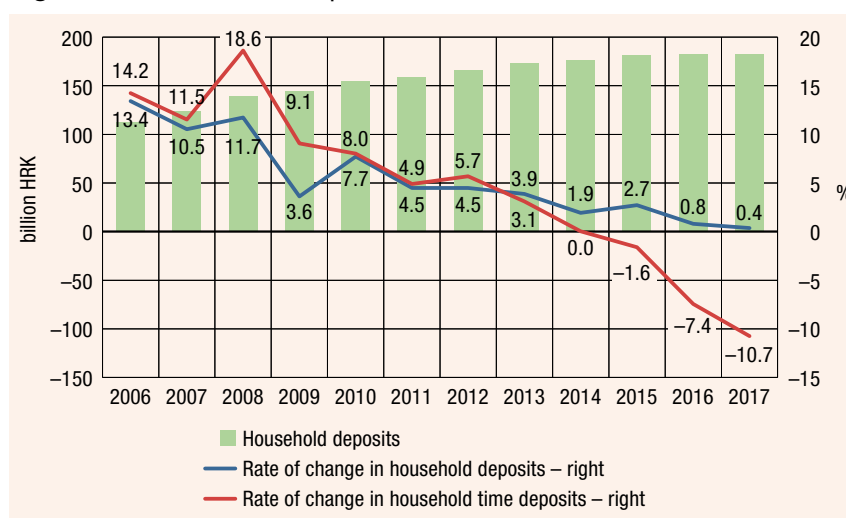


Figure 2.14 Household deposits

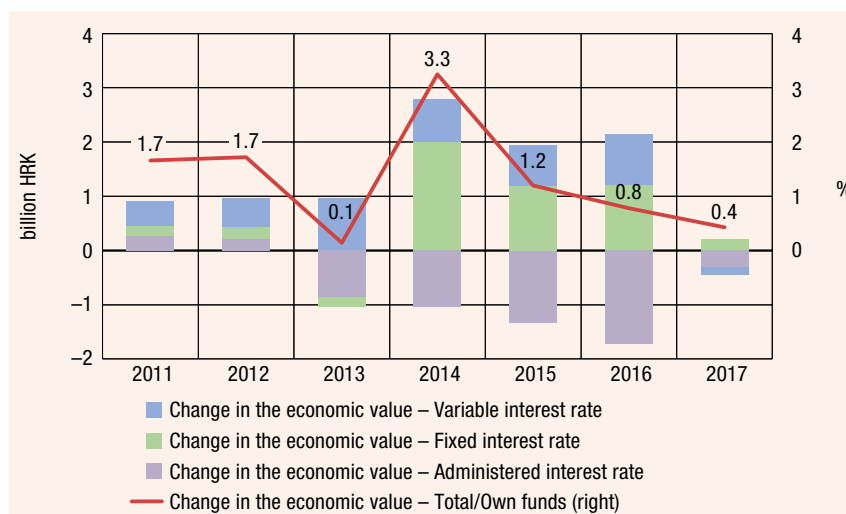


The already low exposure to interest rate risk in the non-trading book additionally decreased (to 0.4% of own funds) under the influence of developments in O-SII banks (Figure 2.15). They started the full application of internal models for calculating exposures to this risk in December 2017, thus reducing the level of exposure. Apart from greater attractiveness of kuna loans, 2017 also brought a growth in the share of loans with fixed interest rates, continuing the trends from the previous year. The share of loans with a fixed interest rate noticeably increased, surpassing one third of the amount of total interest-rate sensitive loans. The CNB's recommendations related to the risk of possible interest rate changes must have contributed to this trend.

As for loans received, the years-long downward trend continued, pushing this source to only 5% of total bank sources, or 4.1% of total assets.

A key contribution to a further decline of 16.5% in 2017 came from the repayment of loans to non-residents (HRK 1.2bn or 25.1%), to the CBRD (HRK 1.2bn or 10.5%) and to domestic non-financial corporations (by HRK 0.8bn or 72.5%). On the other hand, due to the need of smaller banks for additional sources of financing, borrowing in the domestic financial market

Figure 2.15 Interest rate risk in the non-trading book



increased slightly (8.7%), primarily as a result of repo loans with other banks or the CNB's regular and structural repo auctions.

As already mentioned, large-scale recapitalisation and retention of the 2016 profit played a key role in the strengthening of capital items (by HRK 3.3bn or 6.2%; Figure 2.10). Capital items changed noticeably due to two large transactions but with an opposite sign. The process of covering retained losses of past years through simplified reduction of share capital pushed the growth of share capital realised as a result of capitalisation down to only 1.3%. In 2017, bank dividend payments reduced their capital by HRK 1.5bn (30.7% of the profit realised in 2016), with banks setting aside additional HRK 1.5bn for liabilities for announced (and unpaid) dividends. HRK 2.1bn of profit and HRK 319.9m of losses realised in 2016 was transferred to retained gains. At the end of 2017, retained gains increased by HRK 4.2bn (37.8%) due to retained losses being covered from reserves and equity.

2.2.3 Earnings

Income statement

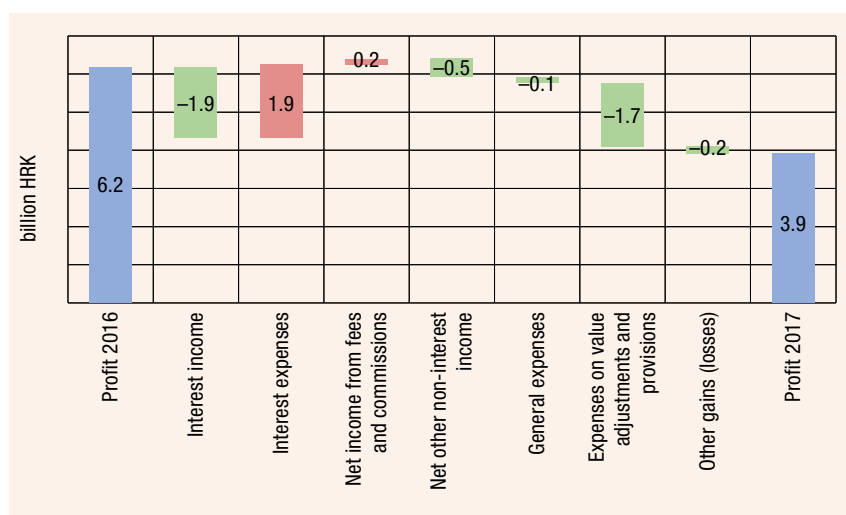
Bank profit decreased considerably in 2017, primarily reflecting the losses arising from operating difficulties in the Agrokor Group. Banks generated HRK 3.9bn in profit from continuing operations (before tax), down HRK 2.3bn or 36.7% from 2016 (Table 2.5). This was a result of unfavourable developments in almost all items of the income statement, especially of the decline in interest income and the rise in the expenses on value adjustments and provisions (Figure 2.16). Expenses related to the Agrokor Group had a key impact on the rise in expenses on value adjustments and provisions. The remaining debtors registered income from cancelled expenses on value adjustments and provisions, which was a result of improvement in the economic environment, reflected in the greater creditworthiness of clients

and better collection. This was also a result of intensified activity aimed at resolving the issue of irrecoverable placements, especially through sales. The sale of claims grew strongly in 2017 and consequently so did the income generated. In the business books of most banks it was recorded as income from cancelled expenses on value adjustments and it only partially moderated previous losses.

The disappearance of the base period effect, especially of income linked to the sale in the share of Visa Europe Ltd.²⁶ in the second quarter of 2016 noticeably contributed to the decrease in the 2017 earnings.

According to the June 2016 estimate, the sale of shares in Visa Europe Ltd. earned banks HRK 656.8m worth of income. A noticeable positive effect on the results realised in 2016, came from the sale of one bank's share in a credit card company and the conversion of loans in the Swiss franc into loans in euros, which was to the greatest extent completed in the first quarter of the year.²⁷

Figure 2.16 Contributions by profit components (continuing operations, before tax)



Note: Red/green columns show positive/negative contribution of the item to profit developments.

If we set aside the effect generated by Visa in 2016, net operating income (before loss provisions) increased in 2017, primarily thanks to the success of the tourist season. If we set aside the effect of Visa in 2016, net operating income in 2017 increased by 3.0%, largely as a result of the strengthening of income from fees and commissions, especially income related to credit cards. Income from fees and commissions related to credit cards rose by 16.6% and the greatest portion of that income (43.7%) was

26 Visa Inc. (US) merged the European segment of its operations by taking over its daughter company Visa Europe Ltd. (United Kingdom), the global value of the transaction being estimated at EUR 18.4bn. The transaction includes the payment of a cash consideration to the shareholders of Visa Europe Ltd., of a consideration in the form of preferred shares of Visa Inc. and a deferred cash consideration within three years after the date on which the purchase was completed.

27 On the effects of the 2016 loan conversion see more in Banks Bulletin No. 30, chapter 1.2.3 Earnings.

Table 2.5 Bank income statement, in million HRK and %

	Amount		Change
	Jan. – Dec. 2016	Jan. – Dec. 2017	
CONTINUING OPERATIONS			
Interest income	16,524.6	14,669.9	-11.2
Interest expenses	5,699.2	3,770.4	-33.8
Net interest income	10,825.4	10,899.6	0.7
Interest income from fees and commissions	4,520.9	4,810.9	6.4
Expenses on fees and commissions	1,303.8	1,437.9	10.3
Net income from fees and commissions	3,217.1	3,373.0	4.8
Income from equity investments	773.8	826.3	6.8
Gains (losses)	1,865.5	1,155.0	-38.1
Other operating income	579.0	452.7	-21.8
Other operating expenses	1,241.3	934.9	-24.7
Net other non-interest income	1,977.1	1,499.1	-24.2
Total operating income	16,019.6	15,771.6	-1.5
General administrative expenses and depreciation	7,209.6	7,358.0	2.1
Net operating income before loss provisions	8,810.0	8,413.7	-4.5
Expenses on value adjustments and provisions	2,854.9	4,528.8	58.6
Other gains (losses)	215.8	19.8	-90.8
Profit (loss) from continuing operations, before taxes	6,170.9	3,904.7	-36.7
Income tax on continuing operations	1,296.8	560.9	-56.7
Profit (loss) from continuing operations, after taxes	4,874.1	3,343.8	-31.4
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations, after taxes	157.2	4.3	-97.3
Current year profit (loss)	5,031.3	3,348.0	-33.5
<i>Note: Number of banks operating with losses, before taxes</i>	9	10	11.1

generated in the third quarter of the year. Income from DCC²⁸ services stood out. Profit from currency trading increased as well, by 4.1%. A noticeable contribution to non-interest income also came from income from dividends of subsidiaries, rising by 6.8%. The main source of bank earnings, net interest income, grew, but very slightly. Identically as in the previous year, it was founded on strong savings on interest expenses.

Net interest income from fees and commissions grew healthily in 2017.

Income from fees and commissions grew by 6.4%. In addition to the already mentioned income from fees and commissions related to credit cards, income from fees and commissions for arranging government bonds increased as well (thanks to the domestic central government more actively participating in the capital markets), and so did the income from fees and commissions for payment services and income from fees and commissions stemming from agreements for insurance companies (thanks to loan repayment insurance policies). Income from fees and commissions related to payment services increased in all sectors, the most in the household sector, accounting for the bulk (36.4%) of total income banks generate from different types of fees and commissions.

28 See footnote 10.

Net interest income continued to grow for the fourth year in succession, although at a very modest rate (0.7%). It continued to be based on the strong decline in interest expenses (33.8%), which was even stronger than in 2016. Interest income continued to fall prompted by lower interest income from the Agrokor Group. Interest expenses on deposits were as much as 44.0% lower, the household sector accounting for the bulk of the decrease. Amid mild growth in received deposits, the decrease in interest expenses was a result of the fall in deposit rates (Figure 2.19), enabled by high liquidity and restrained demand for loans as well as by strong changes in deposit structure, which were manifested in the growth of the share of cheapest sources, such as deposits with transaction accounts. Interest income from loans was almost 10% lower, with the fall being registered in all sectors. However, the rate of decline was twice as large for non-financial corporations as that for households. As regards the household sector, interest income from all the more important types of loan fell. This includes non-purpose cash loans, although they grew sizeably in 2017. Statutory limitations on the level of effective interest rates, especially on overdraft facilities²⁹ also played a role with respect to interest income from loans to households. Interest income from debt instruments also declined noticeably, by one fifth, which can predominantly be linked to bills of exchange, i.e. to the reduction in exposure arising from bills of exchange and the deterioration in their quality.

The downward trend in general operating expenses was interrupted in 2017. General administrative expenses and depreciation rose slightly (2.1%), primarily under the influence of increased employee expenses (2.4%) and depreciation of intangible assets (21.6%). Employee expenses rose at the same time that the size of the workforce stagnated, so it might be a connection with the need for highly-educated employees. Increased needs linked to information technology are visible from developments in the expenses on intangible assets, where banks reported a rise in costs linked to application software.

The rise in expenses on value adjustments and provisions by 58.6% in 2017 was under the dominant influence of the rise in losses from exposures to the Agrokor Group. The increase in expenses on value adjustments of debt securities, i.e. bills of exchange, stood out, while the expenses on value adjustments of loans to households and especially to non-financial corporations declined. In both sectors the sale of claims and thus connected income from cancelled expenses on value adjustments played an important role. As regards the household sector, income from cancelled expenses on value adjustments for housing loans increased. In 2016, it was under the key influence of the loan conversion and in 2017 of the sale of claims. However, as regards other important forms of lending to this sector, overdraft facilities and especially, non-purpose cash loans, expenses on value adjustments rose. Within total expenses on value adjustments and provisions

29 In the first half of 2017, the maximum effective interest rate (EIR) on consumer loans totalled 9.68% and in the second half it stood at 9.41%. In 2016, this rate was 10.05% and 9.88% respectively. In practice, banks set interest rates on overdrafts facilities in the amount of the maximum EIR or close to it.

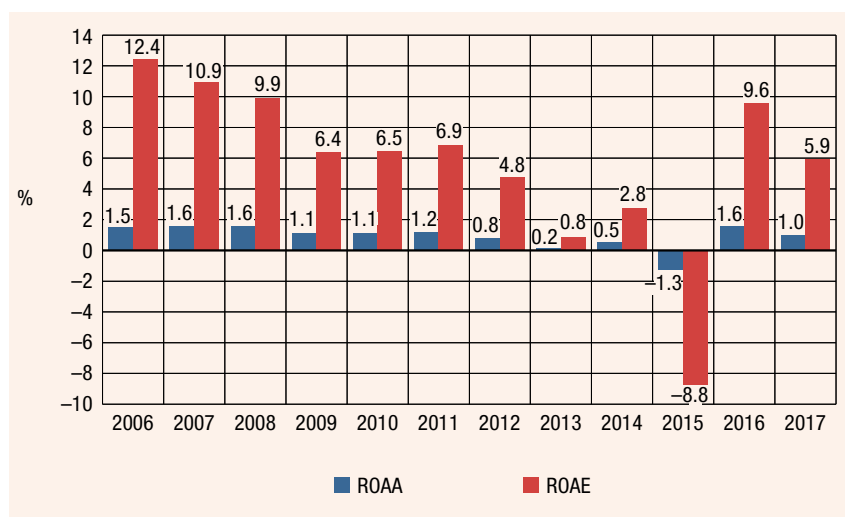
the expenses on value adjustments of investments in subsidiaries, associates and joint ventures rose multiple times, primarily due to value adjustments of bank investments in factoring companies.

Ten banks operated with losses. Nine banks reported operating losses (from continuing operations, before tax) at the end of 2016. However, two ultimately reported a current year profit³⁰. Three banks were operationally non-profitable, that is, their general operating expenses exceeded their total operating income.

Returns indicators

A rise in expenses on value adjustments and provisions, as well as slightly reduced cost efficiency, pushed down returns indicators. The expenses on value adjustments and provisions ate away a little more than a half of net operating income in 2017. They reached 1.2% of average bank assets, which was noticeably more than in 2016 (0.7%) and in the pre-crisis period (in 2002-2008 they averaged 0.3%). This is why the return on average assets (ROAA) and the return on average equity (ROAE) decreased. ROAA decreased from 1.6% to 1.0% and ROAE from 9.6% to 5.9% (Figure 2.17)³¹. On the other hand, if the effect of the 2016 sale of Visa shares is excluded, operating profitability, measured as the ratio of net operating income before loss provisions to average assets, reached its record high in 2017, propelled by the income from fees and commissions and, when referring to previous years, improved cost efficiency.

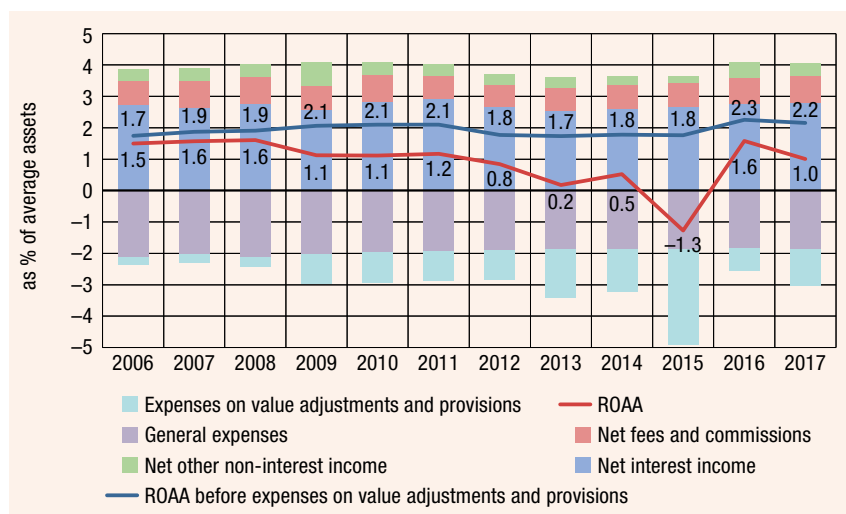
Figure 2.17 Bank return on average assets (ROAA) and return on average equity (ROAE)



30 In Jadranska banka current year profit for 2016 was a result of the coverage of losses within the framework of resolution proceedings, while in Banka Kovanica it was a result of the profit from non-continuing operations.

31 The decrease in the assets to equity ratio contributed to the fall in ROAE.

Figure 2.18 ROAA decomposition



Interest rate spread widened to 2.9% (Figure 2.20), the highest value since 2005 (3.0%). The decline in deposit interest rates and greater reliance on cheaper sources of financing enabled a strong reduction in average interest expenses, from 1.3% to 0.8%. This, amid the fall in average interest income, enabled the widening of the spread.

Figure 2.19 Interest rates on time deposits (new business)

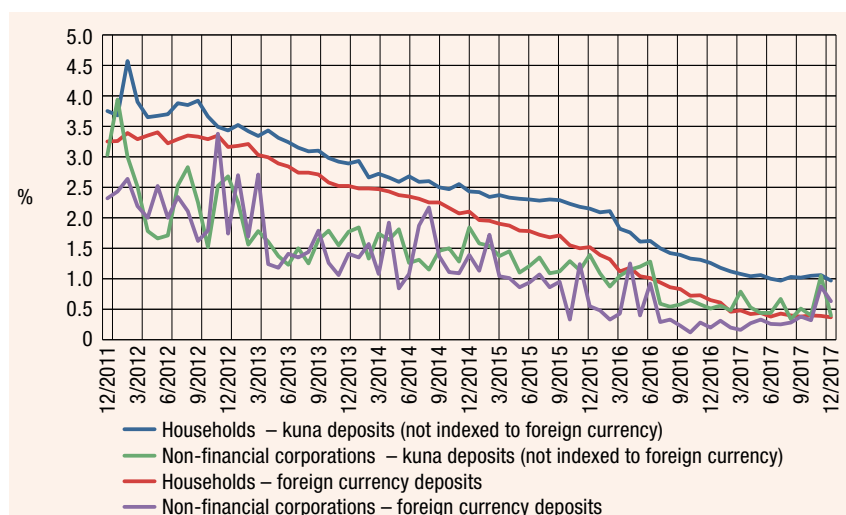
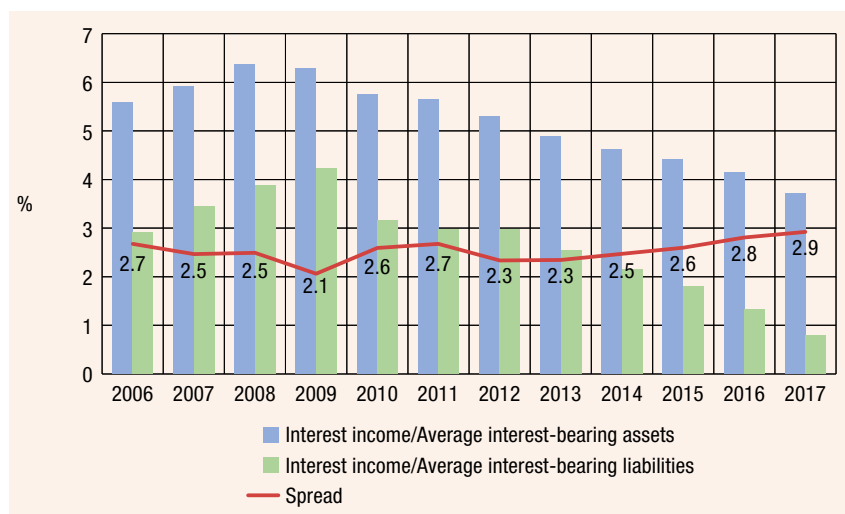
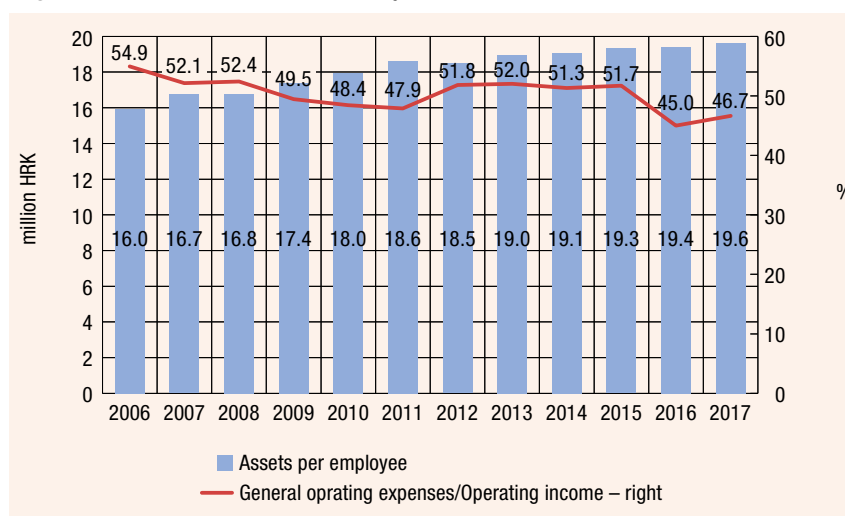


Figure 2.20 Spread



Cost efficiency deteriorated. The cost-to-income ratio rose, or rather, deteriorated, from 45.0% at the end of 2016 to 46.7% at the end of 2017 (Figure 2.21). However, it is noteworthy that in 2016 this indicator was strongly affected by the sale of Visa. If this extraordinary effect is excluded, the downward trend in this ratio continues.

Figure 2.21 Bank cost efficiency



2.2.4 Credit risk

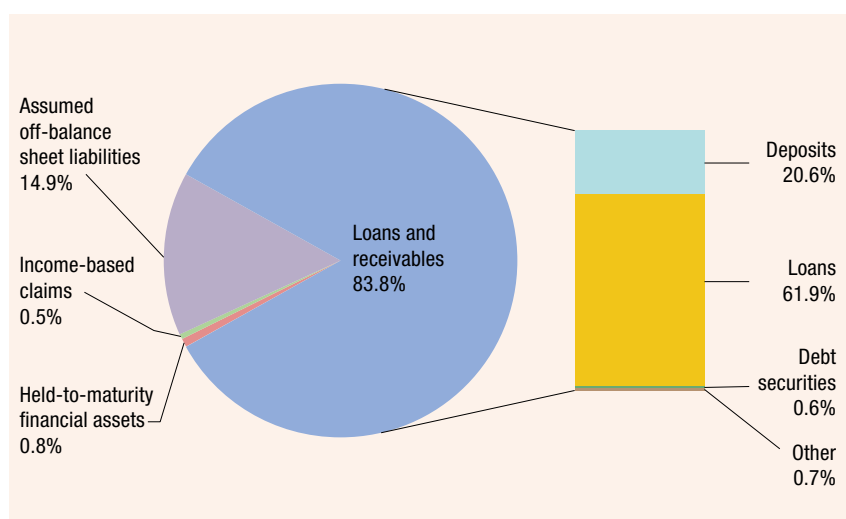
Placements and assumed off-balance sheet liabilities

Bank exposure to credit risk continued to decline for the sixth year in a row. All types of placements and off-balance sheet liabilities declined in 2017 except for highly liquid assets. The quality of credit exposure improved. The key influence on the change in the level of exposure and in the indicators of the quality of credit exposure came from the

deleveraging of the general government, intensified activities aimed at resolving the issue of irrecoverable placements and difficulties in the Agrokor Group.

Total exposure to credit risk decreased. Only highly liquid assets grew at a very noticeable rate. In 2017, total placements and assumed off-balance sheet liabilities decreased by 1.8%. This was the sixth successive year of decline in exposure to credit risk. During the period placements and off-balance sheet liabilities declined by more than HRK 40bn, i.e. almost 10%. The decline in total exposure to credit risk in 2017 continued at the same pace as in the previous year, primarily due to the decrease in loans granted, which continued falling for the fourth year in succession. Loans remained the key component of credit exposure, although their share in the structure of total bank placements and off-balance sheet liabilities fell, totalling 61.9% (Figure 2.22), down 2.7 percentage points from 2016. In terms of the size of growth, only deposits made stood out among the components of total exposure to credit risk. Apart from loans, the majority of remaining items decreased as well, so the share of deposits in total credit exposure grew by 3.3 percentage points to 20.6%. The increase in deposits was a result of the high balance of bank assets in settlement accounts with the CNB.

Figure 2.22 Structure of bank placements and assumed off-balance sheet liabilities, as at 31 December 2017



The quality of total exposure to credit risk improved. Partly recoverable and fully irrecoverable placements and off-balance sheet liabilities distributed into risk categories B and C decreased by 13.9%. Their decline, relatively strong in comparison with the decline in total placements and assumed off-balance sheet liabilities, resulted in the improvement of the indicator of the quality of total credit exposure, that is, by a reduction in the share of risk groups B and C in total exposure, from 9.7% at the end of 2016 to 8.5% at the end of 2017. The biggest contribution to this change came from the sale of claims, which contributed to a better quality of loans granted and outstripped negative developments in the portfolio of debt securities. The noticeable deterioration in the quality of this portfolio was linked to the

deterioration in the financial standing of the Agrokor Group. The negative effect of this event also partially contributed to a slow-down in the recovery of credit quality and total credit exposure.

In 2017, banks realised the largest amount of the sale of claims thus far.

The intensive sale activity, present since 2012 additionally increased in the year under observation, resulting in the sale of almost HRK 8.4bn of partly recoverable and fully irrecoverable balance sheet liabilities (gross). The years-long rising trend in the growth of claims sold is a consequence of banks' intensive activity aimed at reducing non-performing claims in their portfolios, especially long-term problem claims burdening their collection systems and operating results. Non-financial corporations accounted for almost three-thirds of the amount of claims sold in 2017. The coverage of non-performing loans of this sector grew strongly over the past years, under the influence of the rules on the gradual increase in value adjustments for long-term delinquent placements, which prompted banks to address the issue of resolving problem loans more actively, among other things, by selling them in the secondary market.³² The growing volume of such sales has been boosted by the development of this market, which absorbed more than HRK 26.7bn of bank non-performing balance-sheet claims.³³

The favourable effect of the sale of claims is reflected in the increased dynamics of the reduction of losses arising from the materialisation of credit risk. As from the end of 2016, total value adjustments and provisions for placements and off-balance sheet liabilities decreased 14.9%. The reduction in value adjustments and provisions for category A (5.9%) had only a negligible effect. The key change was related to the 16.1% decrease in value adjustments and provisions for placements and off-balance sheet liabilities of risk categories B and C, resulting from their decline in the portfolio of loans granted. The decrease in value adjustments of non-performing loans to non-financial corporations and households, as sectors whose claims were most often subject to sale, was almost the same. An opposite effect on the overall developments but in a smaller amount came from the increase in the value adjustments and provisions in the portfolio of debt securities, while the contribution of losses registered by other types of placements and off-balance sheet liabilities to the overall change was only negligible.

The reduction in value adjustments and provisions in 2017 reversed the years-long rising trend in the coverage of total placements and off-balance sheet liabilities of risk categories B and C. The upward trend as regards the growth in identified losses, i.e. in the coverage of non-performing loans by value adjustments, started in 2011, was interrupted by a decrease in value adjustments and provisions more significant than that in the principal, i.e. placements and off-balance sheet liabilities of risk categories B and C.

32 Sale of placements is regulated by the [Decision on the sale of placements by credit institutions](#) (OG 127/2014 and 24/2018).

33 Banks and savings banks have been submitting data on claims sold to the CNB since 2010. As of April 2017, these data are included in the system of reporting for statistical and supervisory purposes.

This resulted in the fall in coverage, from 63.5% at the end of 2016 to 61.9% at the end of 2017, primarily under the influence of the sale of claims well-covered by value adjustments (81.5% on average). The decrease in value adjustments from this basis outstripped the growth in value adjustments for new non-performing exposures, including losses linked to the Agrokor Group.

Table 2.6 Classification of bank placements and assumed off-balance sheet liabilities by risk categories, end of period, in million HRK and %

Risk (sub) category	Dec. 2015			Dec. 2016			Dec. 2017		
	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage (%)	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage (%)	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage (%)
A	362,550.9	3,348.0	0.9	365,032.2	3,344.5	0.9	363,088.8	3,148.2	0.9
B-1	12,528.5	1,836.8	14.7	8,411.0	1,185.9	14.1	7,751.3	963.9	12.4
B-2	18,363.9	9,484.3	51.6	12,168.7	6,488.8	53.3	9,908.0	5,322.0	53.7
B-3	8,008.0	6,578.8	82.2	8,029.2	6,599.4	82.2	8,492.3	6,968.1	82.1
C	10,453.1	10,453.9	100.0	10,691.5	10,693.2	100.0	7,685.9	7,686.2	100.0
Total	411,904.4	31,701.9	7.7	404,332.6	28,311.7	7.0	396,926.3	24,088.4	6.1

Loans

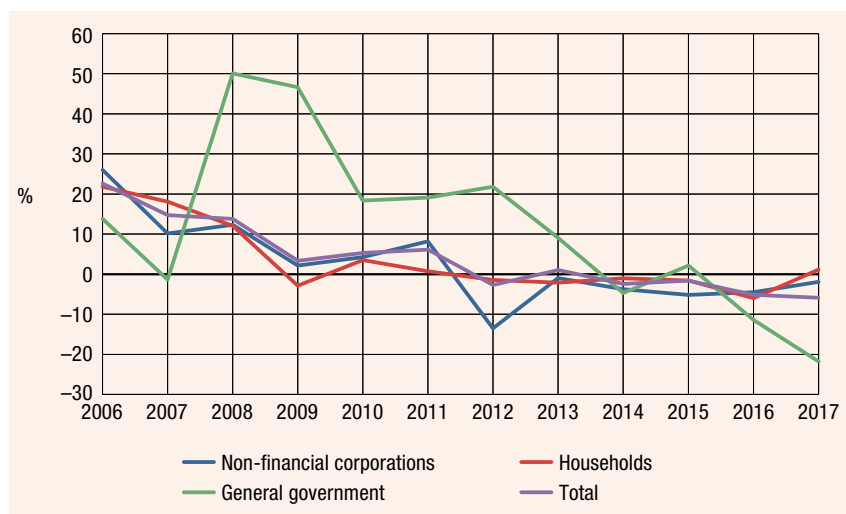
New lending in 2017 did not result in the recovery of total loans in gross amount.

Loans granted (from the portfolio of loans and receivables, in gross amount) continued to decrease, the annual rate of their decrease rising to 5.9% (Figure 2.23). If the main contributions to this change, i.e. the sale of claims and exchange rate developments, were excluded, the annual rate of change in loans would remain negative, although slightly moderated (-2.3% based on transactions). However, lending towards key sectors, non-financial corporations and households, grew noticeably (based on transactions) in 2017, so developments in total loans were a result of the decrease in loans in other sectors, especially to the general government. The kuna dominated the new credit activity, thus increasing the share of the domestic currency in the currency structure of total loans, from 34.5% at the end of 2016 to 38.8% at the end of 2017.

Credit exposure to the general government sector decreased the most in 2017.

Loans to the general government declined by HRK 11.1bn (21.8%). Other exposures to this sector also decreased, to a smaller extent, for instance off-balance sheet liabilities and debt securities falling within the scope of placements. Exposure to public enterprises falling within the scope of the general government went down the most, primarily due to the implementation of measures from the programme of business and finance restructuring of public enterprises from the roadbuilding segment, predominantly on the basis of the reduction of banks' share in syndicated loans to these companies. An additional boost to the reduction in total loans was provided by the decrease in loans to non-residents (HRK 2.3bn or 28.5%), with reverse repo loans of banks with foreign parents decreasing the most, followed by the decrease in loans to domestic financial institutions (HRK 1,6bn or 29.8%).

Figure 2.23 Rates of change of bank loans



The sale of claims completely offset or noticeably reduced the results of lending to key sectors. Thus, if the sale of claims is taken into account, the amount of loans to non-financial corporations decreased by HRK 1.6bn or 1.9% in nominal terms, although loans granted to this sector noticeably increased based on transactions (HRK 3.6bn or 4.3%). A relatively small loan growth in nominal terms (HRK 1.3bn or 1.1%), was a result of the growth of loans to households and the sale of claims on this sector in the year under review, in contrast to a noticeable increase based on transactions (HRK 4.5bn or 4.0%).

Loan quality has been improving for the third successive year, with the sale of claims and positive improvements in the economic environment playing the key role. B and C risk category loans decreased by 22.6% from the end of 2016 and their share in total loans went down from 13.8% to 11.3% (Figure 2.24). The downward trend in non-performing loans has lasted since mid-2015, i.e. for 11 quarters in a row, which can be attributed to the stronger role of the sale of claims, without which the share of non-performing loans would have continued to increase slightly, reaching some 20% of total loans at the end of 2017. Although non-performing loans reduced in all sectors, the improvement in total quality was predominantly affected by their reduction in the non-financial corporation and household sectors.

The rate of reduction of identified loan losses doubled in 2017, resulting in the fall of coverage of partly recoverable and fully irrecoverable loans (Figure 2.25). Value adjustments of loans classified into risk category B and C decreased by HRK 5.8bn (25.3%) and coverage went down from 63.7% and 61.5%. The decrease in value adjustments of non-performing loans to non-financial companies had mostly to do with loans to construction and trade, whose claims in risk categories B and C are, as a rule, covered better than the sector average. As a result, the coverage of non-performing loans to non-financial corporations decreased from 63.2% to 61.9%. As for the households sector, value adjustments of housing loans decreased the most, followed by the usually well-covered non-purpose cash loans. This caused the coverage of non-performing loans to this sector to go down from 64.7% to 60.8%.

Figure 2.24 Share of bank partly recoverable and fully irrecoverable loans

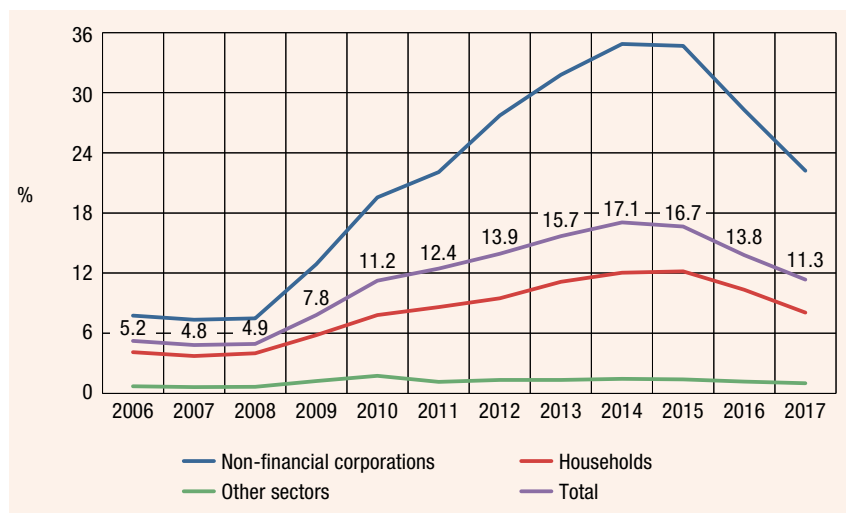


Figure 2.25 Coverage of partly recoverable and fully irrecoverable loans by value adjustments

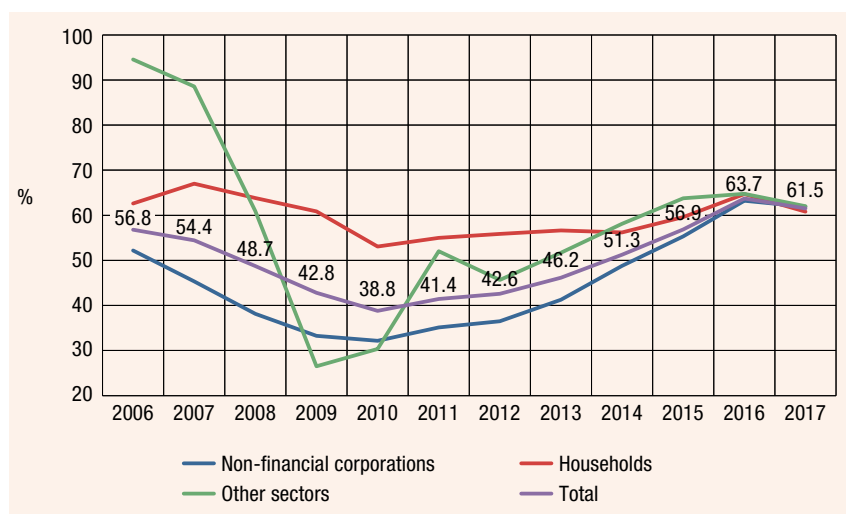
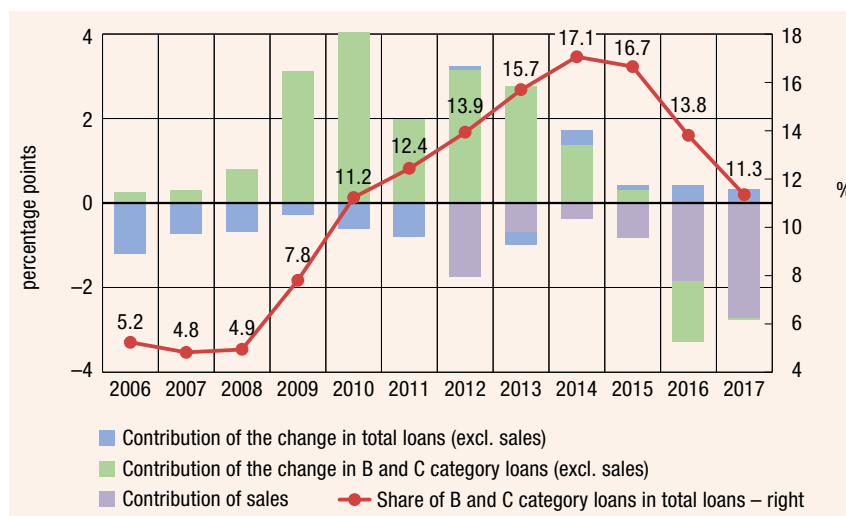


Figure 2.26 Decomposition of the change in the share of bank partly recoverable and fully irrecoverable loans



Note: The columns describe the degree in which individual components contributed to the change in the share of partly recoverable and fully irrecoverable loans in total bank loans from the end of the previous year.

Loans in foreign currencies (including loans in kuna indexed to a foreign currency) continued to decrease, while the rise in kuna lending was evident exclusively in the household sector, thus reflecting the reluctance of the sector to take on currency risk. The overall increase in household loans in 2017 was generated in domestic currency (HRK 8.4bn or 17.4%), while loans in foreign currencies (including loans in kuna indexed to foreign currency) noticeably decreased (HRK 7.1bn or 10.9%). Therefore, the kuna share in the currency structure of loans to households continued to gain strength, nearing a half of total loans to the sector at the end of 2017, i.e. was almost equal to the share of loans in foreign currencies. The share of the kuna component in total housing loans was 27.0%. The kuna share also grew strongly in total non-purpose cash loans, by rising to 67.2%.

The changes in the currency structure of total exposure to currency risk resulted in further reduction of bank exposure to currency induced credit risk (CICR). The change in currency structure of loans had the greatest influence on the reduction in exposure to CICR due to the already mentioned increase in kuna loans and the further decline in loans in foreign currencies. Loans in foreign currencies fell by altogether HRK 20.6bn (12.1%), predominantly those to the general government and households, i.e. sectors that usually do not have a balanced foreign exchange position and are unhedged against currency risk. This caused the smallest ever share of total loans (61.0% net) to be exposed to CICR at the end of 2017. Despite the described developments in the currency structure of loans, the majority of loans in foreign currencies are still granted to borrowers with unmatched foreign exchange positions (85.0%).

Table 2.7 Bank loans, end of period, in million HRK and %

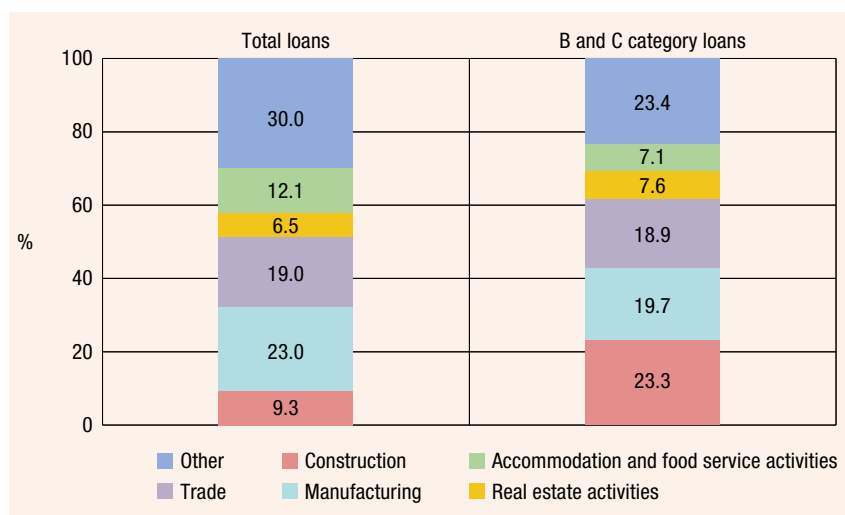
	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans								
General government	57,544.8	20.9	50,997.2	19.5	-11.4	39,883.9	16.2	-21.8
Non-financial corporations	87,269.5	31.7	83,378.8	31.9	-4.5	81,808.3	33.3	-1.9
Construction	12,157.8	4.4	9,945.0	3.8	-18.2	7,626.9	3.1	-23.3
Information and communication	2,256.2	0.8	1,769.0	0.7	-21.6	1,540.8	0.6	-12.9
Agriculture	4,620.0	1.7	4,972.0	1.9	7.6	5,245.7	2.1	5.5
Real estate activities	6,599.3	2.4	6,009.9	2.3	-8.9	5,358.2	2.2	-10.8
Manufacturing	19,916.1	7.2	19,245.0	7.4	-3.4	18,849.0	7.7	-2.1
Transportation and storage	2,931.2	1.1	3,057.1	1.2	4.3	3,055.4	1.2	-0.1
Accommodation and food service activities	7,906.5	2.9	8,530.8	3.3	7.9	9,923.7	4.0	16.3
Professional, scientific and technical activities	4,110.8	1.5	4,865.8	1.9	18.4	5,059.6	2.1	4.0
Trade	17,361.4	6.3	16,364.2	6.3	-5.7	15,535.6	6.3	-5.1
Other activities	9,410.2	3.4	8,619.9	3.3	-8.4	9,613.5	3.9	11.5
Households	120,426.7	43.7	113,246.0	43.4	-6.0	114,531.7	46.6	1.1
Housing loans	54,998.8	20.0	48,236.0	18.5	-12.3	48,439.3	19.7	0.4
Mortgage loans	2,599.4	0.9	2,207.0	0.8	-15.1	1,940.5	0.8	-12.1
Investment loans	2,503.3	0.9	2,326.3	0.9	-7.1	2,314.2	0.9	-0.5
Credit card loans	3,716.2	1.3	3,607.9	1.4	-2.9	3,528.9	1.4	-2.2
Overdraft facilities	7,856.8	2.9	7,422.1	2.8	-5.5	6,993.3	2.8	-5.8
General-purpose cash loans	39,808.8	14.5	40,734.7	15.6	2.3	42,940.9	17.5	5.4
Other household loans	8,943.4	3.2	8,712.0	3.3	-2.6	8,374.6	3.4	-3.9

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Other sectors	10,180.4	3.7	13,577.6	5.2	33.4	9,641.3	3.9	-29.0
Total	275,421.4	100.0	261,199.5	100.0	-5.2	245,865.3	100.0	-5.9
Partly recoverable and fully irrecoverable loans								
General government	14.7	0.0	8.6	0.0	-41.2	7.9	0.0	-8.1
Non-financial corporations	30,256.6	66.0	23,586.3	65.4	-22.0	18,172.4	65.1	-23.0
Construction	8,169.3	17.8	6,534.3	18.1	-20.0	4,226.7	15.2	-35.3
Information and communication	1,048.9	2.3	925.6	2.6	-11.8	296.7	1.1	-67.9
Agriculture	782.6	1.7	640.9	1.8	-18.1	596.7	2.1	-6.9
Real estate activities	2,479.2	5.4	2,154.0	6.0	-13.1	1,388.5	5.0	-35.5
Manufacturing	6,876.0	15.0	4,814.3	13.4	-30.0	3,582.9	12.8	-25.6
Transportation and storage	402.7	0.9	338.1	0.9	-16.0	473.0	1.7	39.9
Accommodation and food service activities	1,575.9	3.4	1,333.1	3.7	-15.4	1,294.8	4.6	-2.9
Professional, scientific and technical activities	1,572.5	3.4	1,318.7	3.7	-16.1	988.2	3.5	-25.1
Trade	6,069.2	13.2	4,646.5	12.9	-23.4	3,435.9	12.3	-26.1
Other activities	1,280.3	2.8	880.8	2.4	-31.2	1,889.0	6.8	114.5
Households	14,673.8	32.0	11,699.9	32.5	-20.3	9,230.1	33.1	-21.1
Housing loans	5,374.5	11.7	3,941.7	10.9	-26.7	2,990.4	10.7	-24.1
Mortgage loans	871.6	1.9	664.4	1.8	-23.8	520.1	1.9	-21.7
Investment loans	618.7	1.3	510.9	1.4	-17.4	386.9	1.4	-24.3
Credit card loans	140.1	0.3	116.4	0.3	-16.9	80.4	0.3	-30.9
Overdraft facilities	960.7	2.1	741.5	2.1	-22.8	416.5	1.5	-43.8
General-purpose cash loans	3,674.7	8.0	3,062.8	8.5	-16.7	2,560.1	9.2	-16.4
Other household loans	3,033.4	6.6	2,662.3	7.4	-12.2	2,275.8	8.2	-14.5
Other sectors	917.4	2.0	750.7	2.1	-18.2	484.1	1.7	-35.5
Total	45,862.5	100.0	36,045.4	100.0	-21.4	27,894.5	100.0	-22.6
Value adjustments of partly recoverable and fully irrecoverable loans								
General government	4.2	0.0	3.7	0.0	-13.5	2.2	0.0	-40.1
Non-financial corporations	16,739.5	64.2	14,912.5	64.9	-10.9	11,250.5	65.5	-24.6
Construction	4,843.2	18.6	4,405.2	19.2	-9.0	3,058.9	17.8	-30.6
Information and communication	531.7	2.0	527.6	2.3	-0.8	159.1	0.9	-69.8
Agriculture	382.7	1.5	390.8	1.7	2.1	356.2	2.1	-8.8
Real estate activities	1,324.0	5.1	1,364.8	5.9	3.1	772.0	4.5	-43.4
Manufacturing	3,662.6	14.0	2,903.7	12.6	-20.7	2,186.0	12.7	-24.7
Transportation and storage	250.7	1.0	186.7	0.8	-25.5	173.4	1.0	-7.1
Accommodation and food service activities	620.1	2.4	615.7	2.7	-0.7	586.0	3.4	-4.8
Professional, scientific and technical activities	804.2	3.1	813.6	3.5	1.2	615.7	3.6	-24.3
Trade	3,587.6	13.8	3,152.4	13.7	-12.1	2,252.0	13.1	-28.6
Other activities	732.7	2.8	551.9	2.4	-24.7	1,091.3	6.4	97.7
Households	8,745.2	33.5	7,566.7	32.9	-13.5	5,611.1	32.7	-25.8
Housing loans	2,812.8	10.8	2,506.4	10.9	-10.9	1,759.2	10.2	-29.8
Mortgage loans	459.7	1.8	396.7	1.7	-13.7	320.9	1.9	-19.1
Investment loans	336.3	1.3	346.5	1.5	3.0	275.1	1.6	-20.6
Credit card loans	130.0	0.5	107.9	0.5	-17.0	65.4	0.4	-39.4
Overdraft facilities	915.4	3.5	697.9	3.0	-23.8	379.0	2.2	-45.7
General-purpose cash loans	2,586.7	9.9	2,138.3	9.3	-17.3	1,736.1	10.1	-18.8
Other household loans	1,504.3	5.8	1,373.0	6.0	-6.0	1,075.5	6.3	-21.7
Other sectors	589.9	2.3	487.8	2.1	-17.3	302.8	1.8	-37.9
Total	26,078.8	100.0	22,970.6	100.0	-11.9	17,166.6	100.0	-25.3

Developments in the level and quality of loans to non-financial corporations were under the greatest influence of loans to the construction activity.

Although loans to the majority of activities in the non-financial corporations sector decreased, their decrease in construction (HRK 2.3bn or 23.3%) had the key effect on the total change. Given that the decrease was almost exclusively in loans of risk category B and C, it mostly contributed to the improvement in the quality indicators of loans to the non-financial corporations sector. As from 2016, the share of non-performing loans in total loans to non-financial corporations decreased by more than six percentage points, although it still remained at a relatively high 22.2%. Despite large amounts of sales of claims, construction continued to account for the greatest share of non-performing loans to the non-financial corporations sector (Figure 2.27). More than a half of the loans to this activity were non-performing. A more noticeable rise in loans was observed only in the accommodation and food service activity (HRK 1.4bn or 16.3%), which placed this activity in the third place in the distribution of total loans to non-financial corporations, behind manufacturing and trade. New lending improved the quality of loans to the accommodation and food service activity so the share of non-performing loans totalled 13.0%, which was, in addition to agriculture, the lowest indicator among the leading activities in the loan distribution of this sector. Of loans to non-financial corporations, investment loans (3.3%) rose the most in 2017, which was their first growth observed on an annual level since 2011.

Figure 2.27 Structure of bank loans to non-financial corporations by activity, as at 31 December 2017



In line with years-long developments, among loans to the household sector non-purpose cash loans increased the most. A slight increase in housing loans halted the years-long trend of decline. Non-purpose cash loans are the only type of loans that increased uninterruptedly over a long period of time. Therefore, their importance in the structure of total loans to households has been strengthening and the difference between their share and the share of the leading, housing loans, decreasing.³⁴ The

³⁴ A detailed breakdown to 27 types of loans, including non-purpose cash loans is available in the regulatory reports of credit institutions since 2010.

growth in non-purpose cash loans was undoubtedly stimulated by the relative simplicity of their approval, that is, of obtaining such a loan, as well as by the need of households for funds aimed at financing their short-term needs. The importance of this type of loan is reflected in their productivity, i.e. the relatively stable income they generate for banks amid the fall of interest income. As from 2016, non-purpose cash loans increased HRK 2.2bn (5.4%), exclusively in kuna, their share in total loans to households reaching 37.5%. Housing loans increased very little (0.4%). However, this was their first growth in nominal terms since 2011, on an annual level. Nevertheless, the kuna component of these loans grew noticeably (35.2%), the contribution of subsidies to housing loans of July 2017 playing an important role. The euro component of housing loans continued to decline, as did the remaining share of housing loans in the Swiss franc.

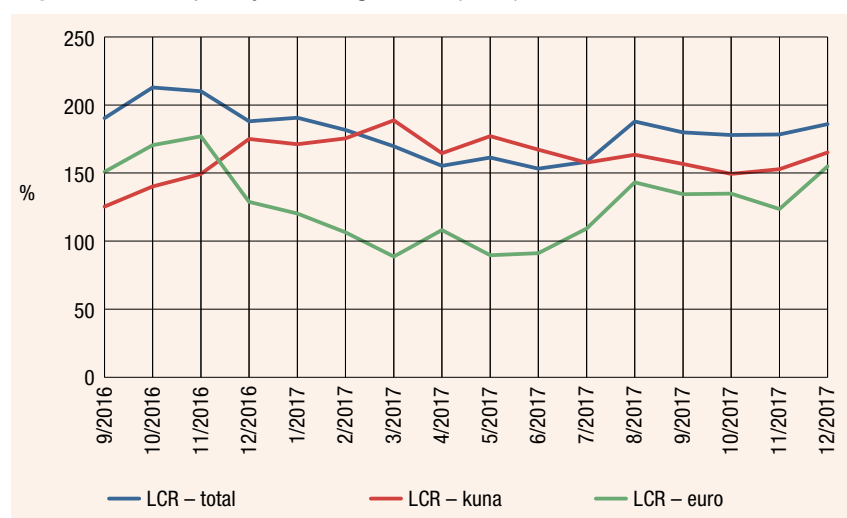
Developments related to housing loans contributed the most to the improvement in the quality of loans to households. The share of non-performing loans to households reduced from 10.3% at the end of 2016 to 8.1% at the end of 2017, due to the decrease in non-performing loans of almost all loan types, by a total of 21.1%. The greatest contribution came from the continuation of the years-long trend of reduction in non-performing housing loans. As a result, their credit quality indicator went down from 8.2% to 6.2%. The quality of housing loans in kuna was the best, their share of non-performing loans totalling 2.9%, which may be attributed to the inflow of new loans in addition to the reduction of the non-performing share. Despite the ageing of the portfolio of euro-indexed housing loans, their quality slightly improved, the share of B and C risk category loans decreasing to 6.0%. Although their share in the structure of housing loans was almost negligible, Swiss franc loans, the quality of which is highly problematic, continued to have a negative influence on the share of risk category B and C loans of housing loans.

2.2.5 Liquidity risk

The liquidity coverage ratio (LCR) indicated that banks had at their disposal substantial surpluses to cover their liquidity needs under stress scenarios. At the end of 2017, LCR totalled 185.9% (Figure 2.28), which means that it much exceeded 80% which was the required level of this indicator for 2017. All banks had LCRs above 80% and at the same time met the 100% fully phased-in LCR requirement. In the first two quarters of 2017, LCR registered a decline. However, in the third quarter it grew noticeably, which may be attributed to the effects of the tourist season and the depositing of the surplus in accounts with foreign banks. The LCR maintained its high level through the fourth quarter ending the year almost at the same level as the year before. This was, among other things, influenced by the growth in the balance in giro accounts with the CNB, which is partly linked to strong deleveraging of the central government with domestic banks at the very end of the year.

At the end of 2017, the liquidity buffer, the numerator in the LCR calculation, totalled almost HRK 88bn, accounting for as much as 22.5% of bank assets. The liquidity buffer, increased by 18.9%, largely due to the increase in claims and reserves with the CNB, which was for the most part linked to the already mentioned unusually high amounts that banks deposited at the giro accounts with the CNB at the end of the year. Claims and reserves with the central banks thus increased their share in the liquidity buffer to 37.4%. Although reduced, the share of receivables from central governments remained at the top – they accounted for slightly over a half of the liquidity buffer at the end of 2017.

Figure 2.28 Liquidity coverage ratio (LCR)³⁵



2.2.6 Capital adequacy

Bank total capital ratio reached its all-time high of 23.8% (Figure 2.29) at the end of 2017. The increase of 0.9 percentage points in the ratio from the end of 2016 was equally a result of the fall in risk exposure and of the growth in own funds. This increase was a continuation of the years-long trend predominantly generated by the reduction in exposure to risk, especially credit risk (Figure 2.32). In the last 11 years this trend was interrupted only two times: in 2008 (affected by the tightening of weights for currency induced credit risk) and in 2015 (affected by the losses caused by the conversion of loans in Swiss francs). In the unlikely event that they suffer full losses arising from non-performing loans, banks would have to set aside 18.5% of their capital to cover these losses, which is a lower burden on capital than in 2016, when this ratio totalled 23.8%. High bank capitalisation levels are corroborated by the leverage ratio of 12.5%.

³⁵ LCR developments for the kuna and the euro are significantly affected by inflows/outflows from derivatives, which are offset at the total LCR level. In addition, the total LCR is affected by positions in remaining currencies, for instance in the US dollar. This explains the differences in the level and trends of the total LCR and its variations for major currencies.

Figure 2.29 Bank total capital ratio

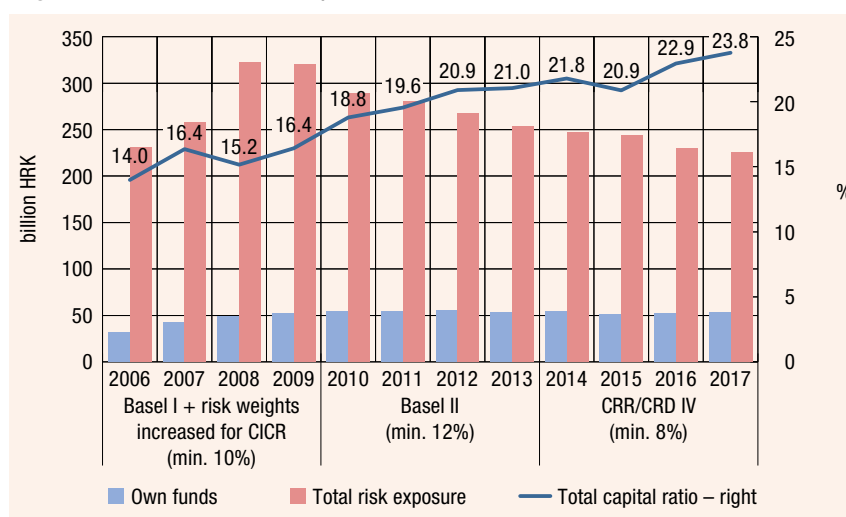


Table 2.8 Own funds, risk exposure and capital ratios of banks, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
OWN FUNDS	50,917.1	100.0	52,568.9	100.0	3.2	53,645.3	100.0	2.0
TIER 1 CAPITAL	46,586.3	91.5	48,859.2	92.9	4.9	50,447.8	94.0	3.3
Common equity tier 1 capital	46,586.3	91.5	48,859.2	92.9	4.9	50,447.8	94.0	3.3
Capital instruments eligible as common equity tier 1 capital	33,717.6	66.2	33,904.3	64.5	0.6	34,352.8	64.0	1.3
Retained earnings	11,820.6	23.2	14,278.2	27.2	20.8	18,535.6	34.6	29.8
Other	1,048.1	2.1	676.6	1.3	-35.4	-2,440.6	-4.5	-
Additional tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
TIER 2 CAPITAL	4,330.9	8.5	3,709.7	7.1	-14.3	3,197.5	6.0	-13.8
TOTAL RISK EXPOSURE AMOUNT	243,830.0	100.0	229,271.8	100.0	-6.0	225,836.3	100.0	-1.5
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	211,793.3	86.9	202,283.2	88.2	-4.5	199,205.8	88.2	-1.5
Standardised approach	182,231.5	74.7	174,732.6	76.2	-4.1	170,866.5	75.7	-2.2
Internal ratings based approach (IRB)	29,561.8	12.1	27,550.6	12.0	-6.8	28,339.2	12.5	2.9
POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	8,550.8	3.5	4,569.6	2.0	-46.6	5,148.3	2.3	12.7
OPERATIONAL RISK	22,871.3	9.4	22,099.5	9.6	-3.4	21,363.5	9.5	-3.3
CREDIT VALUATION ADJUSTMENT	614.7	0.3	319.5	0.1	-48.0	118.8	0.1	-62.8
Common equity tier 1 capital ratio	19.1	-	21.3	-	11.5	22.3	-	4.8
Tier 1 capital ratio	19.1	-	21.3	-	11.5	22.3	-	4.8
Total capital ratio	20.9	-	22.9	-	9.8	23.8	-	3.6

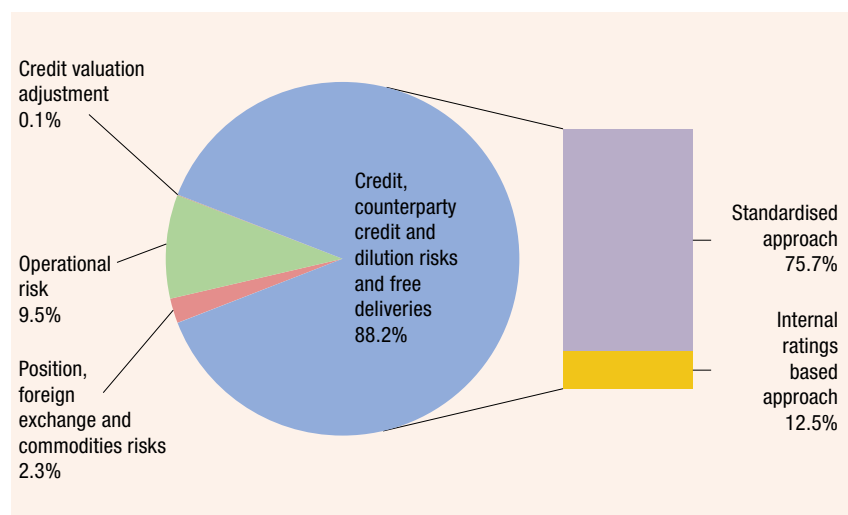
Bank own funds increased under the influence of retained gains from 2016. Bank own funds increased by 2.0% in 2017 (Table 2.8). Tier 1 capital rose by 3.3%, while additional own funds decreased by 13.8%. A major contribution to the increase in tier 1 capital came from a bank that retained a larger portion of its 2016 profit in capital reserves. This profit was sufficient to offset losses sustained by nine banks. Developments observed in the share capital (recapitalisation worth HRK 3.2bn and a simplified share capital reduction for the purpose of covering losses worth HRK 2.4bn) had no effect on equity tier 1 capital because in the first case significant investments in the

financial sector entities are at the same time a deduction item in the same amount, while in the second case retained loss is already included in the equity tier 1 capital. The mentioned coverage of losses thus reflected itself only in the retained gains item, which, growing by almost 30%, reached HRK 18.5bn at the end of 2017, that is, exceeded one third of total own funds. The continuing downward trend in additional own funds was under the influence the fall in instruments recognised as additional own funds by the majority of banks that use them. As a result, the share of additional own funds in own funds declined by 1.1 percentage point to 6.0%.

System level capitalisation viewed at individual bank level was exceptionally high, especially in top banks according to the size of their assets. Thus, the rates of nine banks, whose assets account for 81.0% of the system, were higher than 20% (Figure 2.31), while 14 banks, which account for 18.6% of assets boasted ratios ranging from 15% to 20%. One bank undergoing resolution proceedings had a total capital ratio below 8%, as did Tesla štedna banka, which entered bankruptcy proceedings in March 2018.

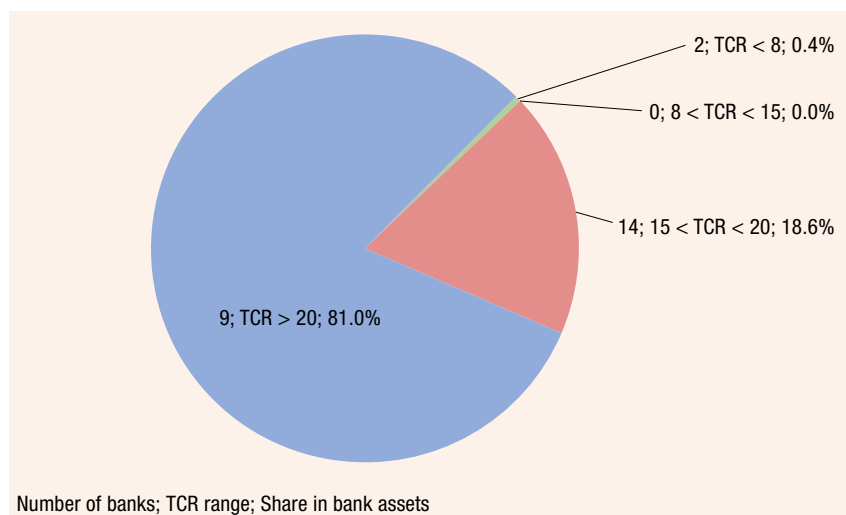
Exposure to market risks continued trending downwards by an additional 1.5%, primarily due to the reduction in the exposure to credit risk and then by the exposure to operating risk. The fall in exposure to credit risk (by 1.5%) was almost exclusively due to exposures measured by the use of the standardised approach, which went down by 2.2%. The rise in losses from the Agrokor Group and in the sale of claims contributed the most to the fall in exposures weighted by higher risk weights. The highest change in weighted exposures, in nominal terms, was the growth in exposures that carry a risk weight of 0%, that is, of exposures that do not increase exposure to credit risk (by 4.9%). This is linked to the increase in assets with giro accounts primarily arising from the deleveraging of the central government (for more details see chapter 2.2.2 Balance sheet). At the end of 2017, the share of exposures weighted by a risk weight of 0%, accounted for almost 40% of all risk weighted exposures, while the average credit risk weight was reduced to 49.7%, its lowest value since 2002. Credit risk exposure measured

Figure 2.30 Structure of bank total risk exposure, as at 31 December 2017



under the IRB approach increased by 2.9%, primarily in the corporates category, which is a reflection of the increase in loans to this sector in a bank applying this approach.

Figure 2.31 Distribution of the bank total capital ratio (TCR), as at 31 December 2017



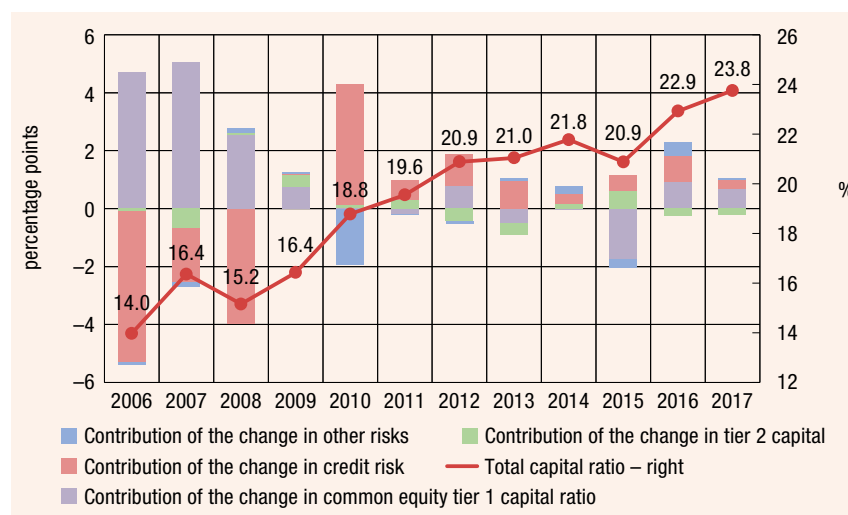
Exposure to market risks increased by 12.7% on an annual level, which was almost entirely accounted for by the increase in the key component, i.e. exposure to currency risk. A strong rise in exposure to currency risk, of HRK 673.1m or 40.1%, was a reflection of the rise in the open position in the euro of some banks and of the increase in the number of banks that are obligated to allocate capital requirements for currency risk. Namely, in contrast to the end of 2016, at the end of 2017 the total net foreign exchange position of these banks exceeded their own funds by 2%. As a result they were obligated to allocate capital requirements for currency risk. At the same time, exposures to all other market risks decreased.

The downward trend in exposure to operating risk, uninterrupted since 2012, continued, with a further reduction of 3.3%. Developments in 2017 were under the key influence of banks using the advanced approach. The share of operating risk in total risk exposure has been oscillating within a very narrow range (one percentage point) since its introduction in 2010, totalling 9.5% at the end of 2017 (Table 2.8).

After meeting all capital requirements, HRK 18.3bn or 34.2% of own funds remained unutilised at the end of 2017. The decrease in the amount of the unutilised capital as from the year before was a consequence of the HRK 2.6bn increase in capital requirements arising from supervisory measures. The largest amount was generated by the change in the manner of allocating the capital requirement for the total capital ratio, from allocation only on a consolidated basis to allocation on an unconsolidated basis as well, while the remaining portion of the increase was accounted for by the requirement to maintain higher capital rates in relation to the statutory requirement, as a result of the regular supervisory process. In addition to the HRK 18.1bn needed to cover minimum capital requirements (from the

so-called first pillar of the capital adequacy framework) banks required HRK 18.0bn in order to cover the remaining capital requirements and buffers. The greatest portion was that for the structural systemic risk buffer (HRK 6.3bn), followed by the capital conservation buffer (HRK 5.6bn) and for the additional own funds requirement imposed by supervisory measures (HRK 5.3bn).

Figure 2.32 Decomposition of the change in the total capital ratio



Note: The columns describe the degree in which individual components contributed to the change in the total capital ratio from the end of the previous year.

2.3 Housing savings banks

At the end of 2017, there were five housing savings banks operating in the Republic of Croatia. Four housing savings banks were directly or indirectly owned by foreign shareholders and one was in domestic ownership. Their assets grew slightly but their share in total assets of credit institutions remained unchanged at 2%.

2.3.1 Balance sheet

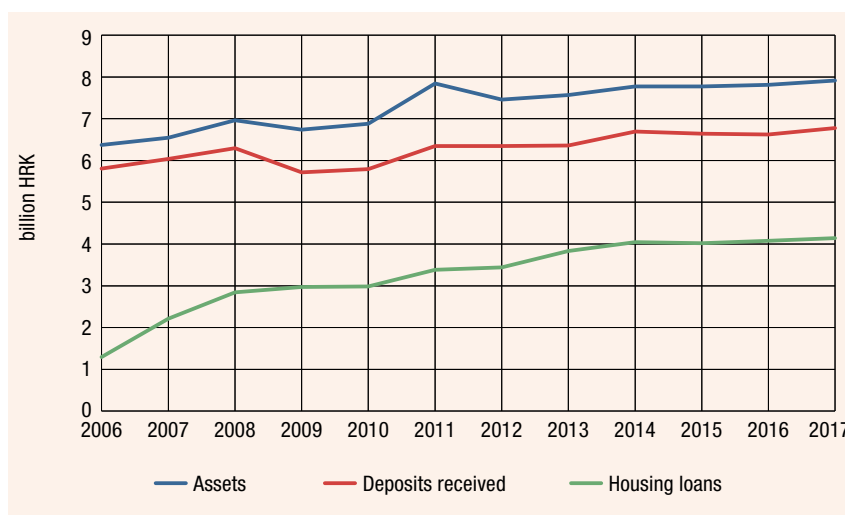
Housing savings banks' assets grew by HRK 103.6m or 1.3% on an annual level (1.8% if the exchange rate effects are excluded), thanks to the growth in kuna housing savings. The rise in the sources of financing and assets freed through decreased securities investments were predominantly directed into deposits with financial institutions (which grew by 30.8%), and to a smaller extent into housing savings loans (net) to households (which grew by 1.6%). Total investments in securities reduced by 1.8%, as a result of negative developments in the first half of the year.

Household savings in kuna continued to grow in 2017, almost at the same intensity as over the previous year (67.3%; 66.8% in 2016), which,

spurred by the parallel decline in foreign currency savings, increased the share of kuna savings to 12.5%. Foreign currency items, pertaining exclusively to savings in euros, registered the greatest negative changes in the first quarter, which then continued for the rest of the year. Exchange rate developments made a smaller contribution to such developments. The savings of housing savings bank savers increased by HRK 144.0m (2.2% or 2.7% effectively) from the end of 2016. Deposits of foreign households continued to grow at high rates. However, their amount at the end of the year remained low, totalling HRK 20.4m. The change was dominated by one housing savings bank, which reported that the change in the status of domestic housing savings bank savers was at issue, i.e. their emigration in search for work. Of other types of financing, two housing savings banks relied on loans from parent banks and reverse repo loans to one housing savings bank decreased noticeably in 2017.

Housing savings banks' LCR was exceptionally high (946.9%) at the end of 2017.

Figure 2.33 Assets, deposits and loans of housing savings banks



Total balance sheet capital increased 1.6%. The decrease in the amount of value adjustment of debt securities partially reduced the effect of the increase in retained gains. Four housing savings banks retained their last year's profit in capital (HRK 20.9m or 10.4%), while one paid out its entire profit to its parent bank. The marking to market of the securities in the available-for-sale portfolio had a negative effect, reducing the unrealised gain from these securities and thus the revaluation reserves of housing savings banks by 10.4%.

Table 2.9 Structure of housing savings banks assets, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	0.0	0.0	0.0	0.0	20.0	0.0	0.0	-75.0
Money assets	0.0	0.0	0.0	0.0	20.0	0.0	0.0	-75.0
Deposits with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with financial institutions	563.9	7.3	518.4	6.6	-8.1	678.0	8.6	30.8
MoF treasury bills and CNB bills	162.4	2.1	84.7	1.1	-47.8	88.8	1.1	4.8
Securities	2,706.7	34.8	2,876.0	36.8	6.3	2,819.5	35.6	-2.0
Derivative financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	4,226.0	54.4	4,223.1	54.1	-0.1	4,234.9	53.5	0.3
Loans to financial institutions	52.0	0.7	37.2	0.5	-28.6	22.3	0.3	-40.0
Loans to other clients	4,174.0	53.7	4,186.0	53.6	0.3	4,212.6	53.2	0.6
Investments in subsidiaries, associates and joint ventures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreclosed and repossessed assets	1.4	0.0	1.9	0.0	39.8	1.1	0.0	-40.2
Tangible assets (net of depreciation)	2.2	0.0	1.9	0.0	-11.2	2.9	0.0	49.0
Interest, fees and other assets	109.6	1.4	105.0	1.3	-4.2	89.5	1.1	-14.8
TOTAL ASSETS	7,772.2	100.0	7,811.1	100.0	0.5	7,914.7	100.0	1.3

Table 2.10 Structure of housing savings bank liabilities and capital, end of period, in million HRK and %

	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	42.0	0.5	37.0	0.5	-11.9	4.0	0.1	-89.2
Short-term loans	42.0	0.5	37.0	0.5	-11.9	4.0	0.1	-89.2
Long-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	6,645.0	85.5	6,621.9	84.8	-0.3	6,777.4	85.6	2.3
Transaction account deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings deposits	0.0	0.0	0.0	0.0	-37.0	1.9	0.0	11,023.5
Time deposits	6,645.0	85.5	6,621.8	84.8	-0.3	6,775.5	85.6	2.3
Other loans	95.4	1.2	94.5	1.2	-1.0	93.9	1.2	-0.6
Short-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	95.4	1.2	94.5	1.2	-1.0	93.9	1.2	-0.6
Derivative financial liabilities and other financial liabilities held for trading	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subordinated instruments issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid instruments issued	83.2	1.1	82.7	1.1	-0.6	67.4	0.9	-18.5
Interest, fees and other liabilities	129.7	1.7	137.6	1.8	6.1	121.1	1.5	-12.0
TOTAL LIABILITIES	6,995.4	90.0	6,973.7	89.3	-0.3	7,063.9	89.3	1.3
Share capital	487.9	6.3	487.9	6.2	0.0	487.9	6.2	0.0
Current year profit (loss)	47.5	0.6	46.4	0.6	-2.3	49.3	0.6	6.3
Retained earnings (loss)	177.6	2.3	200.5	2.6	12.9	221.5	2.8	10.4
Legal reserves	10.5	0.1	11.6	0.1	10.1	11.9	0.2	2.9
Reserves provided for by the articles of association and other capital reserves	-10.7	-0.1	-17.9	-0.2	67.7	-17.4	-0.2	-3.0
Revaluation reserves	64.0	0.8	108.9	1.4	70.2	97.5	1.2	-10.4
Previous year profit (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL CAPITAL	776.8	10.0	837.4	10.7	7.8	850.8	10.7	1.6
TOTAL LIABILITIES AND CAPITAL	7,772.2	100.0	7,811.1	100.0	0.5	7,914.7	100.0	1.3

2.3.2 Earnings

In 2017, the profit of housing savings banks increased slightly. They generated profit (from continuing operations, before tax) of HRK 58.3m, up 4% from the year before (Table 2.11). All housing savings banks operated with a profit.

Net interest income, the largest share of operating income, was 4.0% higher in 2017 than the year before. This was a consequence of a decline in interest expenses (9.4%) that was more sizeable than that in interest income (4.1%). Net income from fees and commissions decreased as well (9.3%) as a result of decreased income from fees and commissions. In contrast to the year before, the negative amount of net other non-interest income increased in 2017 under the influence of decreased income from the sale of assets from the portfolio of assets available for sale and income from trading in debt instruments. Total operating income went down slightly (0.6%).

Table 2.11 Housing savings bank income statement, in million HRK and %

	Amount		Change
	Jan. – Dec. 2016	Jan. – Dec. 2017	
CONTINUING OPERATIONS			
Interest income	331.2	317.5	-4.1
Interest expenses	200.5	181.6	-9.4
Net interest income	130.6	135.9	4.0
Income from fees and commissions	50.7	45.8	-9.8
Expenses on fees and commissions	5.7	4.9	-13.3
Net income from fees and commissions	45.0	40.8	-9.3
Income from equity investments	0.0	0.0	0.0
Gains (losses)	9.8	7.6	-22.7
Other operating income	3.4	4.0	16.5
Other operating expenses	22.0	22.4	1.8
Net other non-interest income	-8.8	-10.8	23.5
Total operating income	166.9	165.9	-0.6
General administrative expenses and depreciation	103.3	99.2	-4.0
Net operating income before loss provisions	63.6	66.7	4.9
Expenses on value adjustments and provisions	7.6	8.4	11.4
Other gains (losses)	0.0	0.0	0.0
Profit (loss) from continuing operations, before taxes	56.0	58.3	4.0
Income tax on continuing operations	9.6	8.9	-6.9
Profit (loss) from continuing operations, after taxes	46.4	49.3	6.3
DISCONTINUED OPERATIONS			
Profit (loss) from continuing operations, after taxes	0.0	0.0	0.0
Current year profit (loss)	46.4	49.3	6.3
<i>Note: Number of housing savings banks operating with losses, before taxes</i>	0	0	0.0

Returns indicators remained almost unchanged. The increase in net operating income before loss provisions pushed down the share of general operating expenses in operating income to 59.8% (last year it totalled 61.9%). The increase in profit had no substantial effect on the change in returns indicators of housing savings banks. The return on average assets (ROAA) was maintained at 0.7% and the return on average equity (ROAE) at 5.8%.

2.3.3 Credit risk

The quality of credit exposure of housing savings banks remained good, as a result of good quality of housing savings banks' housing loans to households. Total housing savings bank placements and off-balance sheet liabilities (items exposed to credit risk that are classified into risk categories) increased by 2.2% from 2016, totalling HRK 5.7bn (Table 2.12). Risk categories B and C accounted for 1.4% of total placements and off-balance sheet liabilities of housing savings banks.

The increase in credit exposure was mostly influenced by the growth in deposits made. Their increase of 30.8% was the most significant change among the components of credit exposure. The increase in total loans was weak (0.3%), generated thanks to the relatively noticeable rise in housing loans in kuna (16.5%). The results of the credit activity in kuna were reduced by the parallel fall in housing loans in kuna indexed to the euro, which was, as with banks, the continuation of the trend of households deleveraging in foreign currency. The share of kuna loans in the currency structure of housing loans increased by almost three percentage points from the end of 2016, to 22.3% at the end of 2017.

Table 2.12 Classification of housing savings bank placements and assumed off-balance sheet liabilities by risk categories, end of period, in million HRK and %

Risk category	Dec. 2015		Dec. 2016			Dec. 2017		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
A	5,539.7	98.8	5,544.2	98.7	0.1	5,663.5	98.6	2.2
B	58.2	1.0	65.1	1.2	11.7	68.3	1.2	5.0
C	9.9	0.2	10.7	0.2	8.5	9.6	0.2	-10.3
Total	5,607.8	100.0	5,619.9	100.0	0.2	5,741.4	100.0	2.2

The quality of housing loans remained unchanged. As at the end of 2016, in 2017 risk categories B and C accounted for only 1.8% of total housing loans. The growth in value adjustments of housing loans classified into risk categories B and C slightly exceeded the increase in their allocation base, which raised the coverage level to 36.3%. At system level, housing savings bank accounted for 8.0% of housing loans, thus continuing the slight but years-long rising trend in this share. The dominance of household housing loans, which accounted for almost three-quarters of total credit exposure at the end of 2017, continued to have a favourable effect on its good quality.

Table 2.13 Coverage of housing savings bank total placements and assumed off-balance sheet liabilities by total value adjustments and provisions, end of period, in million HRK and %

	Dec. 2015	Dec. 2016	Dec. 2017
Total value adjustments against placements and provisions for assumed off-balance sheet liabilities	68.3	76.0	77.8
Value adjustments and provisions	20.0	27.9	28.8
Collectively assessed value adjustments and provisions	48.4	48.1	49.0
Total placements and assumed off-balance sheet liabilities	5,607.8	5,619.9	5,741.4
Coverage (%)	1.2	1.4	1.4

2.3.4 Capital adequacy

At the end of 2017, the total capital ratio of housing savings banks was 28.6%, up 2.7 percentage points from the end of 2016 (25.9%). The ratio had grown as a result of the 2.4% growth in own funds paired with a 7.0% decline in total risk exposure. Own funds of housing savings banks mostly comprised items of the highest quality, which is why the remaining two capital ratios were also high. All housing savings banks met the prescribed minimum capital ratios. The average credit risk weight trended downwards from 32.4% at the end of last year to 29.7%.

3 Notes on methodology

End-of the year data on the business operations of credit institutions are based on unconsolidated audited financial reports delivered by credit institutions to the Croatian National Bank.

Tables

Table 2.1 Ownership structure of banks and their share in total bank assets

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks, with both direct and indirect ownership being the subject of oversight. Banks under domestic ownership are divided into private domestic banks and state-owned domestic banks. A bank is classified as a private domestic bank if it is majority owned by domestic natural and legal persons (which are not controlled by a foreign person), or as a state-owned domestic bank if it is majority owned by governmental units. A bank is classified as a foreign-owned bank if it is majority owned by foreign natural and legal persons or domestic legal persons, which are controlled by a foreign person.

The source of data on the ownership structure of banks is report PD33 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017).

The source of data on the amount of bank assets is form BS3-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druge-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 2.2 Structure of bank assets

This table shows bank asset items, the share of each item in total assets of all banks and the change in the balance relative to the balance at the end of the previous period.

The source of data on the amount of bank assets is form BS3-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to

mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druga-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 2.3 Structure of bank liabilities and capital

This table shows bank liabilities and capital items, the share of each item in total liabilities and capital of all banks and the change in the balance relative to the balance at the end of the previous period.

The source of data on the amount of bank liabilities and capital is the same as for Table 2.2.

Table 2.4 Structure of bank sources of financing

This table shows the structure of bank sources of financing by instruments. The amount and the share of the sources of financing from majority foreign owner are shown separately.

The source of data on the bank sources of financing are forms BS3-2, BS/DEP3-8 and BS/OK3-9 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druga-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 2.5 Bank income statement

This table shows bank income statement items and the rates of change relative to the same period of the previous year.

The source of data on the income statement is form RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017).

Table 2.6 Classification of bank placements and assumed off-balance sheet liabilities by risk categories

This table shows the placements and assumed off-balance sheet liabilities of banks (gross) by risk categories and the relevant amounts of placement value adjustments and provisions for off-balance sheet items. The coverage is the ratio between value adjustments/provisions and placements and assumed off-balance sheet liabilities.

The source of data on the classification of placements and assumed off-balance sheet liabilities is report RS3 compiled in accordance with

the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017).

Table 2.7 Bank loans

This table shows the loan amounts, the amounts of partly recoverable and fully irrecoverable loans and value adjustments of partly recoverable and fully irrecoverable loans for selected sectors and types of household loans and activities within the non-financial corporations sector. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). Households include non-profit institutions serving households, while Other sectors include financial corporations and rest of the world.

The source of data on bank loans and value adjustments is the same as for Table 2.6.

The distribution of exposures by institutional sectors is conducted by the CNB in accordance with the European System of Accounts 2010 (ESA 2010), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017).

Table 2.8 Own funds, risk exposure and capital ratios of banks

This table shows the structure of own funds and total risk exposure and the capital ratio at the end of the reporting period.

Reports C 01.00, C 02.00 and C 03.00 (Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013) are the source of data on own funds, risk exposure and capital ratios of banks.

Table 2.9 Structure of housing savings bank assets

This table shows asset items of housing savings banks, the share of each item in total assets of all housing savings banks and the change in the balance relative to the balance at the end of the previous period.

The source of data on the amount of assets of housing savings banks is the same as for Table 2.2.

Table 2.10 Structure of housing savings bank liabilities and capital

This table shows liabilities and capital items of housing savings banks, the share of each item in total liabilities and capital of all housing savings banks and the change in the balance relative to the balance at the end of the previous period.

The source of data on the amount of liabilities and capital of housing savings banks is the same as for Table 2.2.

Table 2.11 Housing savings banks income statement

This table shows the amounts of income statement items of housing savings banks and the rates of change relative to the same period of the previous year.

The source of data on the income statement of housing savings banks is the same as for Table 2.5.

Table 2.12 Classification of housing savings bank placements and assumed off-balance sheet liabilities by risk categories

This table shows the placements and assumed off-balance sheet liabilities of housing savings banks (gross) by risk categories and their share in the total placements and assumed off-balance sheet liabilities classified into risk categories.

The source of data on the classification of housing savings bank placements and assumed off-balance sheet liabilities is the same as for Table 2.6.

Table 2.13 Coverage of housing savings bank total placements and assumed off-balance sheet liabilities by total value adjustments and provisions

The coverage is calculated by adding up placement value adjustments and provisions for assumed off-balance sheet liabilities (for risk categories B and C) and collectively assessed placement value adjustments and provisions for assumed off-balance sheet liabilities (for risk category A) and by dividing the amount thus obtained by the amount of total placements and assumed off-balance sheet liabilities.

The source of data on the coverage of placements and assumed off-balance sheet liabilities of housing savings bank is the same as for Table 2.6.

Figures

Figure 2.1 Banking system key indicators

For profitability indicators see the note referring to Figure 2.17. For the indicator of the share of non-performing loans (risk categories B and C) see the note referring to Figure 2.24. For LCR see the note referring to Figure 2.28. For capital indicators see the note referring to Figure 2.29.

Figure 2.2 Shares of assets, loans and deposits of the largest banks in total assets, loans and deposits

This figure shows the shares of the two largest banks, the five largest banks and the ten largest banks in total assets, loans and deposits of all banks. The criterion for selecting the two largest banks, the five largest banks and the ten largest banks is the size of their assets.

The source of data on the amount of bank assets, loans and deposits of the largest banks in total assets is the same as for Table 2.2.

Figure 2.3 Number of banks and the Herfindahl-Hirschman Index (HHI) for bank assets

The figure shows the number of banks by ownership structure and Herfindahl-Hirschman Index (HHI) for asset concentration. HHI for assets is calculated on the basis of the following formula:

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

Up to 31 December 2009, the source of data on the amount of bank assets was form BS1-2 from the statistical report (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004 and 60/2006), and as of 31 December 2010, the source of data is form BS3-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druge-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Up to 31 December 2009, the source of data on the ownership structure of banks was report PD3 (Decision on supervisory reports of banks (OG 115/2003, 29/2006, 46/2006 and 74/2006), and in the period from 31 December 2010 to 31 December 2013 report PD32 (Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). As at 31 December 2014, the source of data on the ownership structure of banks was report PD32, and as of 31 December 2015 report PD33 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015, 7/2017 and 44/2017).

Figure 2.4 Bank assets

This figure shows the bank assets, the amount of individual items and the rates of change in assets. Bank asset items consist of five positions: money assets and deposits with the central bank, deposits with financial institutions, securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries,

associates and joint ventures, foreclosed and repossessed assets, tangible assets (net of depreciation), and interest, fees and other assets).

As of 31 October 2013, loan amount is reduced by the amount of collected fees and the amounts of financial instruments are reduced by the amount of the corresponding collectively assessed impairment provisions (for category A), formerly included in the position Other items.

The source of data on bank assets is the same as for Figure 2.3.

Figure 2.5 Change in key bank asset items in 2017

This figure shows the change in key bank asset items in 2017.

The source of data on bank assets is the same as for Table 2.2.

Figure 2.6 Housing loans to households

This figure shows the rate of change in kuna housing loans to households, in total housing loans to households as well as the share of kuna housing loans in total housing loans to households. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). Households include non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

Up to 31 December 2012, the source of data on bank loans was report RS2, and as at 31 December 2013, the source of data was report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). As of 31 December 2014, the source of data is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 7/2017 and 44/2017).

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Figure 2.7 Currency structure of loans to households

This figure shows the structure of loans to households by currency. Foreign currency loans include loans in kuna indexed to foreign currency. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest rates are excluded). Households include non-profit institutions serving households. As of 31 October 2013, the loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

The source of data on bank loans is the same as for Figure 2.6.

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Figure 2.8 Currency structure of bank assets and bank liabilities and capital

This figure shows the structure of bank assets and bank liabilities and capital by currency.

The source of data on the structure of bank assets and bank liabilities and capital by currency are reports VSI3-19 and VSO3-20 from the statistical report, which are based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druga-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 2.9 Bank liabilities and capital

This figure shows the bank liabilities and capital, the amount of individual items and the rates of change in liabilities and capital. Bank liabilities and capital items consist of five positions: deposits (transaction account deposits, savings deposits and time deposits), loans (loans from financial institutions and other loans), securities and other instruments issued (issued debt securities, issued subordinated instruments and issued hybrid instruments), other liabilities (derivative financial liabilities and other financial liabilities held for trading, and interest, fees and other liabilities) and capital.

As of 31 October 2013, the amount of granted loans in assets is reduced by the amount of fees collected on loans (formerly recorded as deferred income in liabilities).

The source of data on bank liabilities and capital is the same as for Figure 2.3.

Figure 2.10 Change in key bank liabilities and capital items in 2017

This figure shows the change in key bank liabilities and capital items in 2017.

The source of data on bank liabilities and capital is the same as for Table 2.2.

Figure 2.11 Sources of bank financing

The figure shows developments in bank financing sources. Household deposits are shown separately and sources from majority foreign owners are shown as a share of total sources of bank financing at the end of the reporting period.

Up to 31 December 2009, the source of data on bank sources of financing were forms BS1-2, BS/DEP1-8 and BS/OK1-9 from the statistical report

(Decision relating to the bank statistical report OG 166/2003, 53/2004, 129/2004 and 60/2006), and as of 31 December 2010, the source of data are forms BS3-2, BS/DEP3-8 and BS/OK3-9 from the statistical report, which are based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druge-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 2.12 Annual change in deposits and share of transaction account deposits

The figure shows annual changes in individual types of bank deposits and the share of transaction account deposits in total bank deposits at the end of the reporting period.

Up to 31 December 2009, the source of data on bank deposits was form BS/DEP1-8 from the statistical report (Decision relating to the bank statistical report OG 166/2003, 53/2004, 129/2004 and 60/2006), and as of 31 December 2010 form BS/DEP3-8 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druge-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 2.13 Bank deposits

The figure shows developments in individual types of bank deposits.

The source of data on bank deposits is the same as for Figure 2.12.

Figure 2.14 Household deposits

This figure shows total household deposits at the end of reporting period and the rates of change in total and time deposits of households relative to the balance at the end of the previous period.

The source of data on household deposits is the same as for Figure 2.12.

Figure 2.15 Interest rate risk in the non-trading book

This figure shows the change in the economic value of the non-trading book (by interest rate type) and the ratio between the change in the economic value of the non-trading book and own funds.

Interest rate risk in the non-trading book is measured by a change in its economic value in the conditions of a standard interest rate shock. A standard interest rate shock is a parallel shift in interest rates of 200 basis

points. A change in the economic value of the non-trading book is calculated as a sum total of net weighted positions across all time zones, for each major currency individually (a currency that constitutes over 5% of the total balance sheet assets) and for other currencies on an aggregate basis. The ratio between the change in the economic value and bank own funds must not exceed 20%.

Up to 31 December 2013, the source of data on the interest rate risk in the non-trading book were forms EVKI FKS, EVKI PKS, EVKI AKS and EVKI ZBR (Decision on the management of interest rate risk in the non-trading book, OG 2/2010, 34/2010 and 37/2012), and from 31 December 2014 up to 31 December 2016, the source of data were forms EVKI FKS, EVKI PKS, EVKI AKS and EVKI ZBR (Decision on the management of interest rate risk in the non-trading book, OG 41A/2014, 47/2014, and 69/2015). As at 31 December 2017, the source of data on the interest rate risk in the non-trading book were forms EVKI FKS, EVKI PKS, EVKI AKS and EVKI ZBR (Decision on the management of interest rate risk in the non-trading book, OG 120/2016 and 14/2017).

Figure 2.16 Contributions by profit components (continuing operations, before tax)

This figure shows a contribution of individual components to bank profit (loss) (continuing operations, before tax) during the year in question. Red/green columns show a positive/negative contribution of each item to profit.

The source of data on bank profit (loss) (continuing operations, before tax) is the same as for Table 2.5.

Figure 2.17 Bank return on average assets (ROAA) and return on average equity (ROAE)

The return on average assets is calculated as a ratio between profit (loss) before taxes (on an annual level) and average bank assets. The average assets is calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year. As of 31 December 2012, data on the profit (loss) before taxes refers exclusively to the profit (loss) from continuing operations (before taxes).

The return on average equity is calculated as a ratio between profit (loss) after taxes (on an annual level) and average bank equity. The average equity is calculated as the arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year.

Up to 31 December 2011, the source of data on the amount of bank profit (loss) before taxes and the amount of bank profit (loss) after taxes was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). As at 31 December 2012 and 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN

compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017).

Up to 31 December 2009, the source of data on bank assets and capital were forms BS1-2 from the statistical report (Decision relating to the bank statistical report OG 166/2003, 53/2004, 129/2004 and 60/2006), and as of 31 December 2010 form BS3-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/financijski-sektor/druge-monetarne-financijske-institucije/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 2.18 ROAA decomposition

This figure shows individual bank income statement items as a share in average bank assets. The average assets are calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year.

The source of data on bank income statement and bank assets is the same as for Figure 2.17.

Figure 2.19 Interest rates on time deposits (new business)

This figure shows the weighted monthly interest rate averages. Shown are household deposits and deposits of non-financial corporations, separately for kuna deposits not indexed to foreign currency and foreign currency deposits. In principle, the basis for calculation of weighted averages for deposits are amounts received during the reporting month (new business), while for overnight deposits the basis for calculation of weighted averages are book balances at the end of the reporting month. New business means new deposits received in the reporting month. It is defined as each new contract between a client and the reporting institution. New business thus includes all financial contracts setting interest rates on deposits for the first time and all renewed agreements regarding the conditions of existing deposit contracts.

The source of data on interest rates are reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017).

Figure 2.20 Spread

The spread is the difference between the share of interest income (on an annual level) in the average interest-bearing assets and the share of interest expenses (on an annual level) in the average interest-bearing liabilities.

Interest income/expenses do not include income/expenses related to derivative financial instruments held for trading.

Interest-bearing assets comprise deposits with the central bank, deposits with financial institutions, debt securities, loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year.

Interest-bearing liabilities comprise received loans, received deposits, issued debt securities, issued subordinated instruments and issued hybrid instruments. The average interest-bearing liabilities are calculated as the arithmetic mean of the balance in interest-bearing liabilities at the end of the reporting period and the balance in interest-bearing liabilities at the end of the previous year.

The source of data on income from interest-bearing assets and expenses on interest-bearing liabilities, and on bank interest income and interest liabilities is the same as for Figure 2.17.

Figure 2.21 Bank cost efficiency

This figure shows the asset to employee ratio and the ratio of general operating expenses (general administrative expenses and depreciation) to operating income.

Up to 31 December 2009, the source of data on the number of employees was report PD3 (Decision on supervisory reports of banks (OG 115/2003, 29/2006, 46/2006 and 74/2006), and as of 31 December 2010 reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017).

The source of data on bank assets and on general operating expenses and operating income is the same as for Figure 2.17.

Figure 2.22 Structure of bank placements and assumed off-balance sheet liabilities

This figure shows the structure of exposure to credit risk (gross) of balance sheet (placements) and off-balance sheet items. The placements are divided into the loans and receivables category and into the category of financial assets held to maturity, with claims from interest and fees being covered under the item interest and fee receivables. The structure of the loans and receivables category is shown by instruments.

The source of data on the structure of bank placements and assumed off-balance sheet liabilities is the same as for Table 2.6.

Figure 2.23 Rates of change of bank loans

As regards loans to selected sectors and total loans, the figure shows the rates of change relative to the balance at the end of the previous period. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). Households include non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

Up to 31 December 2009, the source of data on bank loans was form RS1 (Decision on supervisory reports of banks, OG 115/2003, 29/2006, 46/2006 and 74/2006). From 31 December 2010 to 31 December 2012, the source of data was report RS2, and as at 31 December 2013, the source of data was report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). As of 31 December 2014, the source of data is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017).

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Figure 2.24 Share of bank partly recoverable and fully irrecoverable loans

Total partly recoverable and fully irrecoverable bank loans are expressed as a share of total bank loans. Shown are the selected sectors and total loans at the end of the reporting period. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest rates are excluded). Households include non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

The source of data on bank loans is the same as for Figure 2.23.

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Figure 2.25 Coverage of partly recoverable and fully irrecoverable loans by value adjustments

Value adjustments of loans classified into risk categories B and C are expressed as a share of partly recoverable and fully irrecoverable bank loans. Shown are the selected sectors and total loans at the end of the reporting period. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). Households include non-profit institutions serving households. As of 31 October 2013, the loan amount is reduced

by the amount of collected fees (formerly recorded as deferred income in liabilities).

The source of data on bank loans and value adjustments is the same as for Figure 2.23.

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Figure 2.26 Decomposition of the change in the share of bank partly recoverable and fully irrecoverable loans

This figure shows developments in the share of partly recoverable and fully irrecoverable bank loans in total loans and the influence of individual items on the change in this indicator from the end of the previous year.

The source of data on bank loans is the same as for Figure 2.23.

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

Up to March 2017, the source of data on sold claims classified into risk categories B and C were data collected pursuant to the request by the CNB, and as of April 2017 the source of data are reports PROPK (Decision on supervisory reports of credit institutions, OG 41A/2014, 127/2014, 67/2015, 119/2015, 7/2017 and 44/2017). Sales and purchases among banks are not included.

Figure 2.27 Structure of bank loans to non-financial corporations by activity

This figure shows the structure of total bank loans to non-financial corporations and loans classified into risk categories B and C of this sector by activity. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). The distribution of exposure by activities and institutional sectors is conducted by the CNB in accordance with the National Classification of Economic Activities 2007, and the European System of Accounts 2010 (ESA 2010), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016, 121/2016 and 76/2017).

Figure 2.28 Liquidity coverage ratio (LCR)

Liquidity coverage ratio (LCR) is calculated as the ratio between the liquidity buffer (liquid assets) and net liquidity outflow (difference between outflow and inflow, whereby inflow is included in the calculation in the maximum amount of 75% of the outflow). LCR must be at least 100%. Exceptionally, during the transitional period the LCR must be at least: 60% in 2015, 70% in 2016 and 80% in 2017. The LCR requirement must be met on an aggregate basis (for

all currencies combined). It must also be reported on an individual basis for major currencies (accounting for over 5% of liabilities).

The source of data on the LCR is report C 76.00 (Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013).

Figure 2.29 Bank total capital ratio

The total capital ratio (up to 31 December 2013, the capital adequacy ratio) is calculated as a ratio between total bank own funds and total risk exposure. Up to 2009, banks had to maintain a minimum capital adequacy ratio of 10%, and from 2010 to 2013 this ratio was set at 12%. As of 2014, credit institutions must at all times meet the following capital requirements: common equity tier 1 capital ratio of 4.5%, tier 1 capital ratio of 1% and a total capital ratio of 8%.

Up to 31 December 2009, the source of data on the capital adequacy of banks was form SAK (Instructions for the uniform implementation of the Decision on the capital adequacy of banks, OG 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and from 31 December 2010 to 31 December 2013 the source of data was form SAJK (Decision on reports on own funds and capital requirements of credit institutions, OG 1/2009, 41/2009, 75/2009, 2/2010 and 37/2012). As of 31 December 2014, the source of data are reports C 01.00, C 02.00, C 03.00 (Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013).

Figure 2.30 Structure of bank total risk exposure

The bank total risk exposure comprises the following: credit risk exposure (including exposures to counterparty credit and dilution risks and free deliveries), settlement/delivery risk exposure, position, foreign exchange and commodities risk exposure, operational risk exposure amount, credit valuation adjustment risk exposure and total risk exposure amount related to large exposures in the trading book.

The source of data on the total risk exposure amount is report C 02.00 (Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013).

Figure 2.31 Distribution of the bank total capital ratio (TCR)

This figure shows the number of banks in which the total capital ratio remains within the selected buckets of the total capital ratio and the share of the assets of these banks in the total bank assets.

The source of data on the amount of bank assets is the same as for Table 2.2.

The source of data on the bank total capital ratio is report C 03.00 (Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013).

Figure 2.32 Decomposition of the change in the total capital ratio

This figure shows developments in the total capital ratio and the influence of individual items on the change in this indicator from the end of the previous year.

The source of data on the total capital ratio and its items is the same as for Table 2.8.

Figure 2.33 Assets, deposits and loans of housing savings banks

This figure shows the amount of assets, received deposits and granted home loans of housing savings banks. Loans include exclusively loans distributed in the loans and receivables category. They are presented on a gross basis and relate to the principal (interest are excluded). Households include non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

The source of data on the amount of assets and received deposits of housing savings banks is the same as for Figure 2.3.

The source of data on housing loans of housing savings banks is the same as for Figure 2.23.

The distribution of exposures by institutional sectors is described in the note referring to Table 2.7.

4 List of credit institutions

The list of credit institutions contains contact data and data on members of management and supervisory boards, shareholders and auditors of credit institutions. The key financial data and the total capital ratio are given for all institutions.

Data on shareholders who hold 3% or more of share in the share capital of an institution (with a maximum of top ten shareholders), and financial and total capital ratio data are as at 31 December 2017. They are based on unconsolidated audited reports submitted to the Croatian National Bank by credit institutions.

Data on members of management and supervisory boards are as at 1 June 2018.

Data on auditors relate to the audits performed in 2017.

ADDIKO BANK d.d.

Slavonska avenija 6, 10000 Zagreb
www.addiko.hr

Management board

Mario Žižek – chairperson, Ivan Jandrić, Jasna Širola,
Dubravko-Ante Mlikotić

Supervisory board

Hans Hermann Anton Lotter – chairperson, Nicholas John
Tesseyman, Tomislav Perović, Csongor Bulcsu Németh

Shareholders

1. Addiko Bank AG 100.00

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	346,799	Financial liabilities held for trading	2,716
Financial assets held for trading	40,762	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	17,979,018
Available for sale financial assets	4,836,593	Electronic money	9,636
Loans and receivables (financial leasing included)	15,499,117	Transaction accounts	6,712,421
Deposits with the CNB	3,525,269	Savings deposits	963,752
Deposits made (except deposits with the CNB)	1,318,213	Time deposits	7,850,231
Debt securities	128,191	Other received deposits	70,637
Loans and receivables	10,527,444	Received loans	577,790
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	1,793,629
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	922
Tangible assets	203,056	Derivatives – hedge accounting	0
Intangible assets	65,792	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	180,926
Tax assets	113,968	Tax liabilities	4,259
Non-current assets and disposal groups classified as held for sale	26,303	Liabilities included in disposal groups classified as held for sale	0
Other assets	66,829	Other liabilities	171,303
Memorandum item: Collectively assessed impairment provisions	119,722	Total liabilities	18,338,223
Total assets	21,199,217	Share capital	2,558,898
		Revaluation reserves	81,418
		Reserves	-9,402
		Less: Treasury shares	0
		Retained earnings (loss)	427
		Previous year profit (loss)	0
		Current year profit (loss)	229,654
		Total equity	2,860,995
		Total liabilities and equity	21,199,217

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	742,041
Interest expenses	263,325
Net interest income	478,716
Income from fees and commissions	211,387
Expenses on fees and commissions	36,087
Net income from fees and commissions	175,300
Income from equity investments	92
Gains (losses)	33,535
Other operating income	29,733
Other operating expenses	41,975
Net other not-interest income	21,385
Total operating income	675,400
General administrative expenses and depreciation	429,061
Net operating income before loss provisions	246,339
Expenses on value adjustments and provisions	116,163
Other gains (losses)	23,027
Profit (loss) from continuing operations, before taxes	153,204
Income tax on continuing operations	-76,450
Profit (loss) from continuing operations, after taxes	229,654
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	229,654

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	428,863	Options	0
Uncovered letters of credit	7,908	Swaps	1,943,501
Guaranteed bills of exchange	0	Forwards	376,396
Accepted bills of exchange	0	Futures	0
Revolving loans	208,299	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	614,679	Total notional amount of derivative financial instruments	2,319,898
Other standard risky off-balance sheet items	663,486		
Total standard off-balance sheet items	1,923,234		

Total capital ratio

as at 31 December 2017, in %

27.8

BANKA KOVANICA d.d.

Petra Preradovića 29, 42000 Varaždin
www.kovanica.hr

Management board

Nicola Ceccaroli – chairperson, Ivan Mužić

Supervisory board

Francesco Carobbi – chairperson, Ivan Majdak, Mladen Vedriš,
Stefano Marsigli Rossi Lombardi, Filippo Francini

Shareholders

1. Cassa di Risparmio della Repubblica
di San Marino S.p.A. 99.67

Share in share capital (%)

Audit firm for 2017:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	13,985
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	43,476
Loans and receivables (financial leasing included)	1,020,109
Deposits with the CNB	192,559
Deposits made (except deposits with the CNB)	12,344
Debt securities	0
Loans and receivables	815,207
Held-to-maturity investments	9,764
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	40,321
Intangible assets	2,347
Investments in associates, subsidiaries and joint ventures	141
Tax assets	5,503
Non-current assets and disposal groups classified as held for sale	7,520
Other assets	1,924
Memorandum item: Collectively assessed impairment provisions	9,910
Total assets	1,145,091

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	997,652
Electronic money	0
Transaction accounts	24,064
Savings deposits	133,560
Time deposits	791,152
Other received deposits	9
Received loans	8,986
Debt securities issued	0
Hybrid and subordinated instruments	39,881
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	12,794
Tax liabilities	116
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	17,577
Total liabilities	1,028,139
Share capital	106,962
Revaluation reserves	-288
Reserves	5,008
Less: Treasury shares	38
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	5,308
Total equity	116,951
Total liabilities and equity	1,145,091

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	74,836
Interest expenses	15,896
Net interest income	58,940
Income from fees and commissions	7,601
Expenses on fees and commissions	2,402
Net income from fees and commissions	5,199
Income from equity investments	9
Gains (losses)	63
Other operating income	0
Other operating expenses	3,723
Net other not-interest income	-3,651
Total operating income	60,488
General administrative expenses and depreciation	31,450
Net operating income before loss provisions	29,038
Expenses on value adjustments and provisions	25,031
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	4,007
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	4,007
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1,301
Current year profit (loss)	5,308

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	557
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	8,813
Other standard risky off-balance sheet items	5,433
Total standard off-balance sheet items	14,803

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

17.3

CROATIA BANKA d.d.

Roberta Frangeša Mihanovića 9, 10110 Zagreb
www.croatiabanka.hr

Management board¹

Branka Grabovac, Zoran Sabolić

Supervisory board

Maruška Vizek – chairperson, Josip Lozančić, Zdenka Pogačić, Ana Michielli Pavuna

Shareholders

1. State Agency for Deposit Insurance
and Bank Resolution 100.00

Share in share
capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	34,947	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	2,317,135
Available for sale financial assets	887,051	Electronic money	0
Loans and receivables (financial leasing included)	1,502,859	Transaction accounts	391,051
Deposits with the CNB	270,199	Savings deposits	17,435
Deposits made (except deposits with the CNB)	44,162	Time deposits	1,727,205
Debt securities	0	Other received deposits	17,698
Loans and receivables	1,188,498	Received loans	163,492
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	254
Tangible assets	55,308	Derivatives – hedge accounting	0
Intangible assets	4,187	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	8,369
Tax assets	4,099	Tax liabilities	340
Non-current assets and disposal groups classified as held for sale	5,280	Liabilities included in disposal groups classified as held for sale	0
Other assets	597	Other liabilities	16,476
Memorandum item: Collectively assessed impairment provisions	12,940	Total liabilities	2,342,320
Total assets	2,494,328	Share capital	474,600
		Revaluation reserves	-1,425
		Reserves	0
		Less: Treasury shares	0
		Retained earnings (loss)	-290,536
		Previous year profit (loss)	0
		Current year profit (loss)	-30,631
		Total equity	152,008
		Total liabilities and equity	2,494,328

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	98,051
Interest expenses	39,011
Net interest income	59,040
Income from fees and commissions	10,305
Expenses on fees and commissions	4,753
Net income from fees and commissions	5,551
Income from equity investments	0
Gains (losses)	17,326
Other operating income	8,678
Other operating expenses	5,989
Net other not-interest income	20,015
Total operating income	84,607
General administrative expenses and depreciation	61,577
Net operating income before loss provisions	23,029
Expenses on value adjustments and provisions	54,283
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-31,254
Income tax on continuing operations	-656
Profit (loss) from continuing operations, after taxes	-30,598
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-33
Current year profit (loss)	-30,631

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	43,067	Options	0
Uncovered letters of credit	7,821	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	17,523	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	12,455	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	30,213		
Total standard off-balance sheet items	111,078		

Total capital ratio

as at 31 December 2017, in %

15.8

1 Management board members were appointed by the Commercial Court in Zagreb.

ERSTE&STEIERMÄRKISCHE BANK d.d.

Jadranski trg 3a, 51000 Rijeka
www.erstebank.hr

Management board

Christoph Schoefboeck – chairperson, Borislav Centner, Slađana Jagar, Zdenko Matak, Martin Hornig

Supervisory board

Willibald Cernko – chairperson, Sava Ivanov Dalbokov, Franz Kerber, Hannes Frotzbacher, Judit Agnes Havasi, Renate Veronika Ferlitz, Nikolai Leo de Arnoldi

Shareholders

1. Erste Group Bank AG 59.02
2. Steiermärkische Bank und Sparkassen AG 40.98

Share in share capital (%)

Audit firm for 2017:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	1,366,025	Financial liabilities held for trading	51,640
Financial assets held for trading	249,954	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	49,185,418
Available for sale financial assets	7,467,527	Electronic money	0
Loans and receivables (financial leasing included)	44,448,099	Transaction accounts	17,569,657
Deposits with the CNB	5,843,557	Savings deposits	1,519,150
Deposits made (except deposits with the CNB)	860,495	Time deposits	24,545,022
Debt securities	82,553	Other received deposits	317,081
Loans and receivables	37,661,494	Received loans	3,469,714
Held-to-maturity investments	1,390,561	Debt securities issued	376,266
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	1,281,104
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	107,425
Tangible assets	1,056,458	Derivatives – hedge accounting	0
Intangible assets	110,654	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	989,492	Provisions	211,610
Tax assets	87,931	Tax liabilities	131,858
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	38,923	Other liabilities	483,226
Memorandum item: Collectively assessed impairment provisions	376,962	Total liabilities	50,063,753
Total assets	57,205,625	Share capital	3,500,361
		Revaluation reserves	260,324
		Reserves	38,971
		Less: Treasury shares	0
		Retained earnings (loss)	2,692,721
		Previous year profit (loss)	0
		Current year profit (loss)	649,495
		Total equity	7,141,872
		Total liabilities and equity	57,205,625

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	2,136,367
Interest expenses	453,734
Net interest income	1,682,633
Income from fees and commissions	606,549
Expenses on fees and commissions	165,863
Net income from fees and commissions	440,686
Income from equity investments	24,549
Gains (losses)	134,502
Other operating income	84,199
Other operating expenses	118,230
Net other not-interest income	125,020
Total operating income	2,248,338
General administrative expenses and depreciation	961,043
Net operating income before loss provisions	1,287,295
Expenses on value adjustments and provisions	475,567
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	811,729
Income tax on continuing operations	162,233
Profit (loss) from continuing operations, after taxes	649,495
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	649,495

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	2,434,274	Options	3,329
Uncovered letters of credit	135,516	Swaps	12,896,049
Guaranteed bills of exchange	0	Forwards	8,900,152
Accepted bills of exchange	0	Futures	0
Revolving loans	1,346,045	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	2,094,246	Total notional amount of derivative financial instruments	21,799,530
Other standard risky off-balance sheet items	37,716		
Total standard off-balance sheet items	6,047,797		

Total capital ratio

as at 31 December 2017, in %

22.4

HRVATSKA POŠTANSKA BANKA d.d.

Jurišićeva 4, 10000 Zagreb
www.hpb.hr

Management board

Tomislav Vuić – chairperson, Mladen Mrvelj, Domagoj Karadjole

Supervisory board

Marijana Miličević – chairperson, Marijana Vuraić Kudeljan, Željko Lovrinčević

Shareholders

Share in share capital (%)

1. Republic of Croatia	42.43
2. Hrvatska pošta d.d.	11.93
3. State Agency for Deposit Insurance and Bank Resolution	8.98
4. Croatian Pension Insurance Institute	8.76
5. Prosperus FGS	4.94
6. PBZ Croatia osiguranje OMF	4.12
7. Erste Plavi OMF	3.90

Audit firm for 2017:

Ernst&Young d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	460,024
Financial assets held for trading	743,172
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	2,581,349
Loans and receivables (financial leasing included)	15,406,768
Deposits with the CNB	3,931,443
Deposits made (except deposits with the CNB)	473,451
Debt securities	7,912
Loans and receivables	10,993,962
Held-to-maturity investments	72,594
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	212,210
Intangible assets	110,664
Investments in associates, subsidiaries and joint ventures	45,490
Tax assets	56,259
Non-current assets and disposal groups classified as held for sale	20,000
Other assets	89,623
Memorandum item: Collectively assessed impairment provisions	117,560
Total assets	19,798,153

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	17,623,559
Electronic money	10,472
Transaction accounts	6,206,506
Savings deposits	493,501
Time deposits	8,464,458
Other received deposits	1,768,082
Received loans	673,037
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	7,503
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	77,064
Tax liabilities	22,787
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	169,451
Total liabilities	17,892,861
Share capital	1,214,775
Revaluation reserves	115,994
Reserves	442,126
Less: Treasury shares	477
Retained earnings (loss)	124,540
Previous year profit (loss)	0
Current year profit (loss)	8,333
Total equity	1,905,292
Total liabilities and equity	19,798,153

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	657,791
Interest expenses	134,455
Net interest income	523,336
Income from fees and commissions	519,185
Expenses on fees and commissions	328,837
Net income from fees and commissions	190,348
Income from equity investments	4,175
Gains (losses)	79,180
Other operating income	10,575
Other operating expenses	49,505
Net other not-interest income	44,425
Total operating income	758,109
General administrative expenses and depreciation	401,932
Net operating income before loss provisions	356,177
Expenses on value adjustments and provisions	365,544
Other gains (losses)	21,828
Profit (loss) from continuing operations, before taxes	12,461
Income tax on continuing operations	4,127
Profit (loss) from continuing operations, after taxes	8,333
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	8,333

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	730,566
Uncovered letters of credit	14,870
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	446,646
Margin credit lines	0
Other credit lines and commitments	849,975
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	2,042,056

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

18.1

IMEX BANKA d.d.

Tolstojeva 6, 21000 Split
www.imexbanka.hr

Management board

Gordan Miler – chairperson, Ružica Šarić, Hrvoje Glogolja

Supervisory board

Marko Buljan – chairperson, Mihovil Anđelinović, Vinko Belak

Shareholders

	Share in share capital (%)
1. Branko Buljan.....	55.47
2. Ivka Mijić.....	17.23
3. Agrokor d.d.	9.07
4. TLS d.d.	8.60
5. Imex trgovina d.o.o.	7.39

Audit firm for 2017:

BDO Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	29,803	Financial liabilities held for trading	0
Financial assets held for trading	827	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,601,129
Available for sale financial assets	327,214	Electronic money	0
Loans and receivables (financial leasing included)	1,282,936	Transaction accounts	133,829
Deposits with the CNB	207,677	Savings deposits	35,356
Deposits made (except deposits with the CNB)	68,458	Time deposits	1,345,280
Debt securities	0	Other received deposits	2,228
Loans and receivables	1,006,801	Received loans	34,800
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	49,636
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	42,432	Derivatives – hedge accounting	0
Intangible assets	1,959	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	1,721
Tax assets	239	Tax liabilities	785
Non-current assets and disposal groups classified as held for sale	59,593	Liabilities included in disposal groups classified as held for sale	0
Other assets	1,595	Other liabilities	14,180
Memorandum item: Collectively assessed impairment provisions	11,039	Total liabilities	1,617,816
Total assets	1,746,597	Share capital	147,635
		Revaluation reserves	-1,685
		Reserves	5,463
		Less: Treasury shares	0
		Retained earnings (loss)	-8,443
		Previous year profit (loss)	0
		Current year profit (loss)	-14,188
		Total equity	128,781
		Total liabilities and equity	1,746,597

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	76,369
Interest expenses	24,688
Net interest income	51,681
Income from fees and commissions	7,143
Expenses on fees and commissions	2,408
Net income from fees and commissions	4,735
Income from equity investments	30
Gains (losses)	304
Other operating income	773
Other operating expenses	5,965
Net other not-interest income	-4,858
Total operating income	51,558
General administrative expenses and depreciation	43,804
Net operating income before loss provisions	7,754
Expenses on value adjustments and provisions	21,942
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-14,188
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-14,188
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-14,188

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	90,974	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	15,724	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	106,698		

Total capital ratio

as at 31 December 2017, in %

15.3

ISTARSKA KREDITNA BANKA UMAG d.d.

Ernesta Miloša 1, 52470 Umag
www.ikb.hr

Management board

Miro Dodić – chairperson, Klaudija Paljuh, Emanuela Vukadinović

Supervisory board

Milan Travan – chairperson, Edo Ivančić, Marijan Kovačić, Anton Belušić, Milenko Opačić

Shareholders

	Share in share capital (%)
1. Intercommerce export-import d.o.o.	17.16
2. Serfin d.o.o.	10.18
3. Assicurazioni Generali S.p.A.	7.76
4. Marijan Kovačić.....	6.91
5. Terra Istriana Umag d.o.o.....	6.37
6. Branko Kovačić.....	4.46
7. Plava laguna d.d.....	3.64
8. Nerio Perich.....	3.45
9. Milenko Opačić.....	3.40

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	220,148
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	14,485
Available for sale financial assets	562,560
Loans and receivables (financial leasing included)	2,349,419
Deposits with the CNB	518,279
Deposits made (except deposits with the CNB)	257,018
Debt securities	270
Loans and receivables	1,573,852
Held-to-maturity investments	152,143
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	63,859
Intangible assets	2,195
Investments in associates, subsidiaries and joint ventures	20
Tax assets	1,127
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,763
Memorandum item: Collectively assessed impairment provisions	18,856
Total assets	3,367,721

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	3,050,771
Electronic money	0
Transaction accounts	992,164
Savings deposits	324,285
Time deposits	1,633,448
Other received deposits	3,448
Received loans	55,151
Debt securities issued	0
Hybrid and subordinated instruments	42,234
Other financial liabilities measured at amortised cost	40
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,975
Tax liabilities	1,931
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	16,279
Total liabilities	3,070,956
Share capital	162,800
Revaluation reserves	234
Reserves	37,954
Less: Treasury shares	91
Retained earnings (loss)	69,595
Previous year profit (loss)	0
Current year profit (loss)	26,273
Total equity	296,764
Total liabilities and equity	3,367,721

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	99,505
Interest expenses	18,360
Net interest income	81,145
Income from fees and commissions	32,087
Expenses on fees and commissions	4,868
Net income from fees and commissions	27,219
Income from equity investments	0
Gains (losses)	15,871
Other operating income	1,378
Other operating expenses	7,729
Net other not-interest income	9,520
Total operating income	117,884
General administrative expenses and depreciation	66,319
Net operating income before loss provisions	51,565
Expenses on value adjustments and provisions	19,673
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	31,892
Income tax on continuing operations	5,619
Profit (loss) from continuing operations, after taxes	26,273
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	26,273

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	72,813
Uncovered letters of credit	2,095
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	46,518
Margin credit lines	0
Other credit lines and commitments	81,818
Other standard risky off-balance sheet items	230
Total standard off-balance sheet items	203,474

Derivate financial instruments	
Options	983
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	983

Total capital ratio

as at 31 December 2017, in %

19.4

J&T banka d.d.

Aleja kralja Zvonimira 1, 42000 Varaždin
www.jtbanka.hr

Management board

Ivica Božan – chairperson, Petar Rajković, Hrvoje Draksler

Supervisory board

Igor Kováč – chairperson, Július Strapek, Željko Filipović, Jan Kotek

Shareholders

1. J&T BANKA a.s.	82.55
2. Alternative upravljanje d.o.o.	11.63

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	9,396
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	265,979
Loans and receivables (financial leasing included)	946,268
Deposits with the CNB	210,992
Deposits made (except deposits with the CNB)	87,046
Debt securities	23,317
Loans and receivables	624,913
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	18,873
Intangible assets	13,523
Investments in associates, subsidiaries and joint ventures	0
Tax assets	285
Non-current assets and disposal groups classified as held for sale	19,413
Other assets	2,463
Memorandum item: Collectively assessed impairment provisions	7,697
Total assets	1,276,199

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,129,924
Electronic money	0
Transaction accounts	97,700
Savings deposits	21,924
Time deposits	817,721
Other received deposits	2,273
Received loans	143,286
Debt securities issued	0
Hybrid and subordinated instruments	47,021
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	832
Tax liabilities	720
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	6,657
Total liabilities	1,138,133
Share capital	307,085
Revaluation reserves	24,709
Reserves	3,793
Less: Treasury shares	287
Retained earnings (loss)	-168,162
Previous year profit (loss)	0
Current year profit (loss)	-29,073
Total equity	138,066
Total liabilities and equity	1,276,199

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	61,271
Interest expenses	20,615
Net interest income	40,656
Income from fees and commissions	7,038
Expenses on fees and commissions	1,783
Net income from fees and commissions	5,255
Income from equity investments	0
Gains (losses)	7,909
Other operating income	8,708
Other operating expenses	4,352
Net other not-interest income	12,265
Total operating income	58,177
General administrative expenses and depreciation	35,907
Net operating income before loss provisions	22,270
Expenses on value adjustments and provisions	52,716
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-30,446
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-30,446
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1,373
Current year profit (loss)	-29,073

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	8,032
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	150
Margin credit lines	0
Other credit lines and commitments	11,216
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	19,398

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

19.1

JADRANSKA BANKA d.d.

Ante Starčevića 4, 22000 Šibenik
www.jadranska-banka.hr

Resolution administration²

Nensi Marin – chairperson, Tea Martinčić

Supervisory board²

–

Shareholders

1. State Agency for Deposit Insurance and Bank Resolution	93.01
2. Pro Kolekt d.o.o.	4.67

Share in share capital (%)

Audit firm for 2017:

HLB Revidicon d.o.o., Varaždin

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	35,727
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	549,491
Loans and receivables (financial leasing included)	1,112,434
Deposits with the CNB	444,541
Deposits made (except deposits with the CNB)	233,014
Debt securities	25,959
Loans and receivables	408,920
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	15,730
Intangible assets	8,177
Investments in associates, subsidiaries and joint ventures	0
Tax assets	0
Non-current assets and disposal groups classified as held for sale	7,224
Other assets	491
Memorandum item: Collectively assessed impairment provisions	7,999
Total assets	1,729,275

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,659,521
Electronic money	0
Transaction accounts	313,602
Savings deposits	337,492
Time deposits	890,485
Other received deposits	2
Received loans	117,940
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	4,906
Tax liabilities	1,928
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	22,288
Total liabilities	1,688,643
Share capital	50,000
Revaluation reserves	21,232
Reserves	400
Less: Treasury shares	0
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	–31,001
Total equity	40,632
Total liabilities and equity	1,729,275

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	44,836
Interest expenses	18,969
Net interest income	25,867
Income from fees and commissions	12,844
Expenses on fees and commissions	2,962
Net income from fees and commissions	9,883
Income from equity investments	0
Gains (losses)	16,867
Other operating income	7,739
Other operating expenses	5,507
Net other not-interest income	19,099
Total operating income	54,849
General administrative expenses and depreciation	45,597
Net operating income before loss provisions	9,252
Expenses on value adjustments and provisions	40,252
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	–31,001
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	–31,001
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	–31,001

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	13,471
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	141,694
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	155,166

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

1.9

- 2 Pursuant to the Decision of the State Agency for Deposit Insurance and Bank Resolution resolution proceedings were opened against the bank on 9 October 2015 and resolution administration took over the powers of the management board. The State Agency for Deposit Insurance and Bank Resolution took over the powers of the supervisory board and the general meeting.

KARLOVAČKA BANKA d.d.

Ivana Gorana Kovačića 1, 47000 Karlovac
www.kaba.hr

Management board

Željka Surač – chairperson, Marino Rade, Ljiljana Movre

Supervisory board

Nedjeljko Strikić – chairperson, Bernarda Ivšić, Željko Tintor,
Ana Kirinčić, Mato Crkvenac

Shareholders

1. Marko Vuković	37.56
2. Ivan Žabčić.....	37.56
3. Archdiocese of Zagreb.....	7.69
4. Marijan Šarić	4.01

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	33,138
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	276,924
Available for sale financial assets	13,224
Loans and receivables (financial leasing included)	1,591,821
Deposits with the CNB	294,046
Deposits made (except deposits with the CNB)	170,250
Debt securities	0
Loans and receivables	1,127,525
Held-to-maturity investments	153,590
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	28,226
Intangible assets	826
Investments in associates, subsidiaries and joint ventures	0
Tax assets	580
Non-current assets and disposal groups classified as held for sale	82,483
Other assets	560
Memorandum item: Collectively assessed impairment provisions	16,701
Total assets	2,181,373

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	2,000,025
Electronic money	0
Transaction accounts	661,877
Savings deposits	82,812
Time deposits	1,190,310
Other received deposits	1,926
Received loans	8,558
Debt securities issued	0
Hybrid and subordinated instruments	54,162
Other financial liabilities measured at amortised cost	381
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	7,112
Tax liabilities	1,324
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	31,552
Total liabilities	2,040,013
Share capital	176,678
Revaluation reserves	0
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-42,987
Previous year profit (loss)	0
Current year profit (loss)	7,669
Total equity	141,360
Total liabilities and equity	2,181,373

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	76,485
Interest expenses	19,847
Net interest income	56,639
Income from fees and commissions	24,166
Expenses on fees and commissions	7,289
Net income from fees and commissions	16,877
Income from equity investments	0
Gains (losses)	8,768
Other operating income	872
Other operating expenses	6,704
Net other not-interest income	2,937
Total operating income	76,452
General administrative expenses and depreciation	43,770
Net operating income before loss provisions	32,683
Expenses on value adjustments and provisions	26,845
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	5,838
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	5,838
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1,831
Current year profit (loss)	7,669

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	69,689
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	15,814
Margin credit lines	0
Other credit lines and commitments	187,073
Other standard risky off-balance sheet items	2,545
Total standard off-balance sheet items	275,121

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

15.6

KENTBANK d.d.

Gundulićeva 1, 10000 Zagreb
www.kentbank.hr

Management board

Ivo Bilić – chairperson, Fikret Kartal, Damir Brkić

Supervisory board

Meriç Uluşahin – chairperson, Salih Hakan Özgüz, Daniela Roguljić Novak

Shareholders

1. Süzer Holding A.Ş. 100.00

Share in share capital (%)

Audit firm for 2017:

Ernst&Young d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	42,440	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,832,853
Available for sale financial assets	577,096	Electronic money	0
Loans and receivables (financial leasing included)	1,342,653	Transaction accounts	305,900
Deposits with the CNB	141,821	Savings deposits	69
Deposits made (except deposits with the CNB)	27,459	Time deposits	1,372,335
Debt securities	0	Other received deposits	1,040
Loans and receivables	1,173,373	Received loans	115,895
Held-to-maturity investments	66,126	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	37,615
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	42,008	Derivatives – hedge accounting	0
Intangible assets	5,512	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	1,496
Tax assets	337	Tax liabilities	1,035
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	2,443	Other liabilities	12,865
Memorandum item: Collectively assessed impairment provisions	13,948	Total liabilities	1,848,248
Total assets	2,078,615	Share capital	278,012
		Revaluation reserves	2,741
		Reserves	2,137
		Less: Treasury shares	0
		Retained earnings (loss)	-57,762
		Previous year profit (loss)	0
		Current year profit (loss)	5,238
		Total equity	230,366
		Total liabilities and equity	2,078,615

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	83,154
Interest expenses	22,854
Net interest income	60,300
Income from fees and commissions	13,385
Expenses on fees and commissions	3,688
Net income from fees and commissions	9,697
Income from equity investments	0
Gains (losses)	11,211
Other operating income	1,397
Other operating expenses	4,417
Net other not-interest income	8,191
Total operating income	78,188
General administrative expenses and depreciation	58,199
Net operating income before loss provisions	19,989
Expenses on value adjustments and provisions	14,751
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	5,238
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	5,238
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	5,238

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	41,946	Options	0
Uncovered letters of credit	428	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	46,112	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	35,042	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	123,528		

Total capital ratio

as at 31 December 2017, in %

18.9

KREDITNA BANKA ZAGREB d.d.

Ulica grada Vukovara 74, 10000 Zagreb
www.kbz.hr

Management board

Boris Zadro – chairperson, Nataša Jakić Felić

Supervisory board

Nadira Eror – chairperson, Ankica Čeko, Ivan Penić, Silvije Orsag

Shareholders

	Share in share capital (%)
1. Jadransko osiguranje d.d.	19.98
2. Euroherc osiguranje d.d.	19.97
3. Agram life osiguranje d.d.	19.86
4. Euroagram TIS d.o.o.	7.78
5. Euro Daus d.d.	7.30
6. Krivić d.o.o.	4.99

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	54,628	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	12,315	Financial liabilities measured at amortised cost	3,026,668
Available for sale financial assets	911,516	Electronic money	0
Loans and receivables (financial leasing included)	2,252,887	Transaction accounts	419,859
Deposits with the CNB	373,836	Savings deposits	13,613
Deposits made (except deposits with the CNB)	92,858	Time deposits	1,906,661
Debt securities	0	Other received deposits	2,595
Loans and receivables	1,786,193	Received loans	599,851
Held-to-maturity investments	29,174	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	84,089
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	68,057	Derivatives – hedge accounting	0
Intangible assets	25,030	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	2,319
Tax assets	3,940	Tax liabilities	4,841
Non-current assets and disposal groups classified as held for sale	16,941	Liabilities included in disposal groups classified as held for sale	0
Other assets	8,705	Other liabilities	13,007
Memorandum item: Collectively assessed impairment provisions	20,382	Total liabilities	3,046,836
Total assets	3,383,193	Share capital	243,200
		Revaluation reserves	25,041
		Reserves	15,566
		Less: Treasury shares	0
		Retained earnings (loss)	31,787
		Previous year profit (loss)	0
		Current year profit (loss)	20,765
		Total equity	336,358
		Total liabilities and equity	3,383,193

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	129,954
Interest expenses	44,031
Net interest income	85,923
Income from fees and commissions	27,449
Expenses on fees and commissions	8,239
Net income from fees and commissions	19,210
Income from equity investments	0
Gains (losses)	15,752
Other operating income	5,874
Other operating expenses	8,440
Net other not-interest income	13,186
Total operating income	118,319
General administrative expenses and depreciation	67,340
Net operating income before loss provisions	50,979
Expenses on value adjustments and provisions	25,467
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	25,512
Income tax on continuing operations	4,748
Profit (loss) from continuing operations, after taxes	20,765
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	20,765

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	108,723	Options	9,848
Uncovered letters of credit	3,621	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	45,742	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	5,871	Total notional amount of derivative financial instruments	9,848
Other standard risky off-balance sheet items	40,288		
Total standard off-balance sheet items	204,244		

Total capital ratio

as at 31 December 2017, in %

17.2

OTP BANKA HRVATSKA d.d.

Domovinskog rata 3, 23000 Zadar
www.otpbanka.hr

Management board

Balázs Pal Békeffy – chairperson, Helena Banjad, Zorislav Vidović

Supervisory board

Antal László Pongrácz – chairperson, Anna Mitkova Florova, Branko Mikša, László Kecskés, Balázs Létay, Péter Csány, Péter János Besz

Shareholders

1. OTP Bank Nyrt. 100.00

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	277,064
Financial assets held for trading	2,670
Financial assets designated at fair value through profit or loss	11,297
Available for sale financial assets	1,839,551
Loans and receivables (financial leasing included)	13,829,257
Deposits with the CNB	2,235,892
Deposits made (except deposits with the CNB)	773,525
Debt securities	1,171
Loans and receivables	10,818,669
Held-to-maturity investments	38,550
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	266,156
Intangible assets	74,472
Investments in associates, subsidiaries and joint ventures	3,231,317
Tax assets	47,277
Non-current assets and disposal groups classified as held for sale	15,578
Other assets	13,779
Memorandum item: Collectively assessed impairment provisions	107,063
Total assets	19,646,969

Liabilities and equity	
Financial liabilities held for trading	2,377
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	14,145,392
Electronic money	9,904
Transaction accounts	6,677,977
Savings deposits	337,996
Time deposits	6,154,410
Other received deposits	14,560
Received loans	950,275
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	271
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	265,204
Tax liabilities	39,553
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	157,908
Total liabilities	14,610,434
Share capital	4,161,082
Revaluation reserves	65,283
Reserves	183,391
Less: Treasury shares	0
Retained earnings (loss)	574,590
Previous year profit (loss)	0
Current year profit (loss)	52,188
Total equity	5,036,535
Total liabilities and equity	19,646,969

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	634,353
Interest expenses	76,950
Net interest income	557,403
Income from fees and commissions	171,597
Expenses on fees and commissions	47,434
Net income from fees and commissions	124,163
Income from equity investments	139
Gains (losses)	77,094
Other operating income	13,621
Other operating expenses	42,721
Net other not-interest income	48,133
Total operating income	729,698
General administrative expenses and depreciation	412,388
Net operating income before loss provisions	317,311
Expenses on value adjustments and provisions	251,964
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	65,347
Income tax on continuing operations	13,159
Profit (loss) from continuing operations, after taxes	52,188
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	52,188

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	160,462
Uncovered letters of credit	7,979
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	87,686
Margin credit lines	0
Other credit lines and commitments	1,086,922
Other standard risky off-balance sheet items	58,245
Total standard off-balance sheet items	1,401,294

Derivate financial instruments	
Options	31
Swaps	1,545,452
Forwards	136,424
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	1,681,906

Total capital ratio

as at 31 December 2017, in %

16.9

PARTNER BANKA d.d.

Vončinina 2, 10000 Zagreb
www.paba.hr

Management board

Petar Repušić – chairperson, Marina Puljiz, Luka Čulo

Supervisory board

Božo Čulo – chairperson, Ivan Ćurković, Božo Matić

Shareholders

1. Metroholding d.d.....	90.01
2. Crodupplin d.o.o.	9.99

Share in share capital (%)

Audit firm for 2017:

Krako-Revizija d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	17,318
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	552,604
Loans and receivables (financial leasing included)	1,114,979
Deposits with the CNB	144,355
Deposits made (except deposits with the CNB)	54,348
Debt securities	31,998
Loans and receivables	884,278
Held-to-maturity investments	42,081
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	38,505
Intangible assets	2,207
Investments in associates, subsidiaries and joint ventures	2,191
Tax assets	1,087
Non-current assets and disposal groups classified as held for sale	20,329
Other assets	463
Memorandum item: Collectively assessed impairment provisions	11,030
Total assets	1,791,765

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,606,435
Electronic money	0
Transaction accounts	338,551
Savings deposits	1,104
Time deposits	1,012,962
Other received deposits	1,685
Received loans	236,191
Debt securities issued	0
Hybrid and subordinated instruments	15,942
Other financial liabilities measured at amortised cost	1
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,960
Tax liabilities	156
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	5,712
Total liabilities	1,614,264
Share capital	89,100
Revaluation reserves	-1,917
Reserves	66,152
Less: Treasury shares	0
Retained earnings (loss)	17,367
Previous year profit (loss)	0
Current year profit (loss)	6,799
Total equity	177,501
Total liabilities and equity	1,791,765

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	68,013
Interest expenses	24,249
Net interest income	43,764
Income from fees and commissions	7,385
Expenses on fees and commissions	2,322
Net income from fees and commissions	5,063
Income from equity investments	109
Gains (losses)	13,889
Other operating income	2,338
Other operating expenses	3,577
Net other not-interest income	12,759
Total operating income	61,587
General administrative expenses and depreciation	38,837
Net operating income before loss provisions	22,749
Expenses on value adjustments and provisions	14,465
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	8,285
Income tax on continuing operations	1,485
Profit (loss) from continuing operations, after taxes	6,799
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	6,799

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	105,497
Uncovered letters of credit	1,622
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	23,368
Margin credit lines	0
Other credit lines and commitments	26,905
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	157,391

Derivate financial instruments	
Options	1,812
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	1,812

Total capital ratio

as at 31 December 2017, in %

15.5

PODRAVSKA BANKA d.d.

Opatička 3, 48300 Koprivnica
www.poba.hr

Management board

Julio Kuruc – chairperson, Davorka Jakir, Daniel Unger, Goran Varat

Supervisory board

Miljan Todorović – chairperson, Dario Montinari, Sigilfredo Montinari, Dolly Predović, Maurizio Dallochio, Filippo Disertori, Michaele Calcaterra Borri, Ezio Simonelli, Antonio Moniaci

Shareholders

	Share in share capital (%)
1. Antonia Gorgoni	9.91
2. Lorenzo Gorgorni	9.87
3. Assicurazioni Generali S.p.A.	9.54
4. Cerere S.p.A.	9.53
5. Miljan Todorović.....	8.88
6. Andrea Montinari.....	5.76
7. Dario Montinari.....	5.76
8. Piero Montinari	5.76
9. Sigilfredo Montinari	5.76
10. Giovanni Semeraro.....	4.11

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	45,574	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	2,789,588
Available for sale financial assets	723,361	Electronic money	0
Loans and receivables (financial leasing included)	2,245,925	Transaction accounts	831,799
Deposits with the CNB	567,519	Savings deposits	142,092
Deposits made (except deposits with the CNB)	153,977	Time deposits	1,468,527
Debt securities	0	Other received deposits	13,136
Loans and receivables	1,524,430	Received loans	204,111
Held-to-maturity investments	105,750	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	129,032
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	891
Tangible assets	98,706	Derivatives – hedge accounting	0
Intangible assets	44,952	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	4,653
Tax assets	5,220	Tax liabilities	2,442
Non-current assets and disposal groups classified as held for sale	2,577	Liabilities included in disposal groups classified as held for sale	0
Other assets	2,849	Other liabilities	39,308
Memorandum item: Collectively assessed impairment provisions	22,129	Total liabilities	2,835,991
Total assets	3,274,914	Share capital	270,515
		Revaluation reserves	9,848
		Reserves	155,546
		Less: Treasury shares	11,082
		Retained earnings (loss)	0
		Previous year profit (loss)	0
		Current year profit (loss)	14,096
		Total equity	438,923
		Total liabilities and equity	3,274,914

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	110,204
Interest expenses	34,425
Net interest income	75,779
Income from fees and commissions	37,120
Expenses on fees and commissions	14,078
Net income from fees and commissions	23,042
Income from equity investments	688
Gains (losses)	29,345
Other operating income	4,582
Other operating expenses	11,148
Net other not-interest income	23,467
Total operating income	122,288
General administrative expenses and depreciation	84,669
Net operating income before loss provisions	37,619
Expenses on value adjustments and provisions	20,152
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	17,467
Income tax on continuing operations	3,304
Profit (loss) from continuing operations, after taxes	14,163
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-67
Current year profit (loss)	14,096

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	58,113	Options	0
Uncovered letters of credit	1,984	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	13,230	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	340,001	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	413,327		

Total capital ratio

as at 31 December 2017, in %

16.8

PRIMORSKA BANKA d.d.

Scarpina 7, 51000 Rijeka
www.primorska.hr

Management board

Mario Pilat – chairperson, Goran Brajdić

Supervisory board

Andrej Galogaža – chairperson, Gabriele Ruffa, Thierry David
Raphaël Mossé

Shareholders

1. C.I.M. Banque SA.....	69.78
2. Francesco Maria Amadeo Signorio.....	15.02
3. COFISI S.A.....	8.88

Share in share capital (%)

Audit firm for 2017:

BDO Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	3,132
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	241,892
Loans and receivables (financial leasing included)	313,297
Deposits with the CNB	207,546
Deposits made (except deposits with the CNB)	17,136
Debt securities	2,102
Loans and receivables	86,514
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	2,558
Intangible assets	4,981
Investments in associates, subsidiaries and joint ventures	0
Tax assets	0
Non-current assets and disposal groups classified as held for sale	1,630
Other assets	248
Memorandum item: Collectively assessed impairment provisions	2,745
Total assets	567,739

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	493,343
Electronic money	0
Transaction accounts	60,406
Savings deposits	4,595
Time deposits	366,044
Other received deposits	4,252
Received loans	54,360
Debt securities issued	0
Hybrid and subordinated instruments	3,687
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,227
Tax liabilities	258
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	4,065
Total liabilities	498,894
Share capital	70,000
Revaluation reserves	-2,721
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	10,625
Previous year profit (loss)	0
Current year profit (loss)	-9,059
Total equity	68,845
Total liabilities and equity	567,739

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	13,121
Interest expenses	10,517
Net interest income	2,604
Income from fees and commissions	7,852
Expenses on fees and commissions	1,958
Net income from fees and commissions	5,893
Income from equity investments	0
Gains (losses)	9,452
Other operating income	64
Other operating expenses	1,402
Net other not-interest income	8,114
Total operating income	16,611
General administrative expenses and depreciation	15,462
Net operating income before loss provisions	1,149
Expenses on value adjustments and provisions	7,326
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-6,177
Income tax on continuing operations	2,882
Profit (loss) from continuing operations, after taxes	-9,059
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-9,059

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	3,698
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	1,790
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	5,488

Derivate financial instruments	
Options	0
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	0

Total capital ratio

as at 31 December 2017, in %

33.9

PRIVREDNA BANKA ZAGREB d.d.

Radnička cesta 50, 10000 Zagreb
www.pbz.hr

Management board

Dinko Lucić – chairperson, Ivan Gerovac, Darko Drozdek, Draženko Kopljar, Andrea Pavlović, Alessio Cioni, Ivan Krolo

Supervisory board

Giovanni Boccolini – chairperson, Draginja Đurić, Christophe Velle, Branko Jeren, Paolo Sarcinelli, Adriano Arietti, Giulio Moreno

Shareholders

1. Intesa Sanpaolo Holding International S.A. 97.47

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	1,617,381
Financial assets held for trading	552,859
Financial assets designated at fair value through profit or loss	1,659,959
Available for sale financial assets	4,144,658
Loans and receivables (financial leasing included)	64,205,347
Deposits with the CNB	15,863,236
Deposits made (except deposits with the CNB)	3,512,801
Debt securities	799,378
Loans and receivables	44,029,932
Held-to-maturity investments	201,273
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	656,372
Intangible assets	181,235
Investments in associates, subsidiaries and joint ventures	2,231,732
Tax assets	299,231
Non-current assets and disposal groups classified as held for sale	90,209
Other assets	41,234
Memorandum item: Collectively assessed impairment provisions	509,314
Total assets	75,881,489

Liabilities and equity	
Financial liabilities held for trading	7,378
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	60,605,455
Electronic money	1,793
Transaction accounts	24,354,127
Savings deposits	5,480,447
Time deposits	27,969,598
Other received deposits	423,201
Received loans	2,376,098
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	192
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	364,356
Tax liabilities	250,355
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	898,923
Total liabilities	62,126,468
Share capital	3,477,077
Revaluation reserves	146,466
Reserves	198,348
Less: Treasury shares	76,001
Retained earnings (loss)	8,565,687
Previous year profit (loss)	0
Current year profit (loss)	1,443,444
Total equity	13,755,022
Total liabilities and equity	75,881,489

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	2,686,203
Interest expenses	372,847
Net interest income	2,313,356
Income from fees and commissions	888,209
Expenses on fees and commissions	258,767
Net income from fees and commissions	629,442
Income from equity investments	445,626
Gains (losses)	219,727
Other operating income	73,888
Other operating expenses	227,706
Net other not-interest income	511,535
Total operating income	3,454,332
General administrative expenses and depreciation	1,318,273
Net operating income before loss provisions	2,136,060
Expenses on value adjustments and provisions	463,061
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	1,672,999
Income tax on continuing operations	229,555
Profit (loss) from continuing operations, after taxes	1,443,444
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	1,443,444

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	3,356,800
Uncovered letters of credit	53,245
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	3,768,796
Margin credit lines	0
Other credit lines and commitments	7,454,951
Other standard risky off-balance sheet items	853
Total standard off-balance sheet items	14,634,645

Derivate financial instruments	
Options	110
Swaps	506,587
Forwards	2,350,357
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	2,857,054

Total capital ratio

as at 31 December 2017, in %

25.4

RAIFFEISENBANK AUSTRIA d.d.

Magazinska cesta 69, 10000 Zagreb
www.rba.hr

Management board

Michael Georg Müller – chairperson, Ivan Žižić, Zoran Koščak,
Daniel Mitteregger, Liana Keserić, Marko Jurjević

Supervisory board

Andreas Gschwenter – chairperson, Peter Jacenko, Lovorka
Penavić, Markus Kirchmair, Harald Kreuzmair, Kemal Kozarić,
Sabine Zucker

Shareholders

1. Raiffeisen SEE Region Holding GmbH..... 100.00

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	804,617
Financial assets held for trading	528,019
Financial assets designated at fair value through profit or loss	40,569
Available for sale financial assets	5,617,098
Loans and receivables (financial leasing included)	23,043,164
Deposits with the CNB	5,551,488
Deposits made (except deposits with the CNB)	920,654
Debt securities	0
Loans and receivables	16,571,022
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	564,589
Intangible assets	209,261
Investments in associates, subsidiaries and joint ventures	395,420
Tax assets	91,628
Non-current assets and disposal groups classified as held for sale	0
Other assets	91,342
Memorandum item: Collectively assessed impairment provisions	261,386
Total assets	31,385,706

Liabilities and equity	
Financial liabilities held for trading	45,966
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	26,175,986
Electronic money	0
Transaction accounts	14,968,988
Savings deposits	317,759
Time deposits	8,566,591
Other received deposits	252,631
Received loans	1,236,703
Debt securities issued	0
Hybrid and subordinated instruments	832,173
Other financial liabilities measured at amortised cost	1,141
Derivatives – hedge accounting	4,257
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	184,344
Tax liabilities	91,423
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	418,499
Total liabilities	26,920,476
Share capital	3,633,632
Revaluation reserves	34,168
Reserves	179,623
Less: Treasury shares	0
Retained earnings (loss)	222,191
Previous year profit (loss)	0
Current year profit (loss)	395,617
Total equity	4,465,230
Total liabilities and equity	31,385,706

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	1,025,617
Interest expenses	163,783
Net interest income	861,834
Income from fees and commissions	628,910
Expenses on fees and commissions	284,772
Net income from fees and commissions	344,138
Income from equity investments	71,734
Gains (losses)	368,127
Other operating income	31,686
Other operating expenses	88,593
Net other not-interest income	382,954
Total operating income	1,588,926
General administrative expenses and depreciation	786,144
Net operating income before loss provisions	802,782
Expenses on value adjustments and provisions	327,723
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	475,059
Income tax on continuing operations	79,444
Profit (loss) from continuing operations, after taxes	395,615
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1
Current year profit (loss)	395,617

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	2,444,207
Uncovered letters of credit	107,791
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	875,622
Margin credit lines	0
Other credit lines and commitments	1,577,182
Other standard risky off-balance sheet items	2,778,985
Total standard off-balance sheet items	7,783,787

Derivate financial instruments	
Options	0
Swaps	9,304,627
Forwards	5,775,123
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	15,079,749

Total capital ratio

as at 31 December 2017, in %

22.5

SAMOBORSKA BANKA d.d.

Trg kralja Tomislava 8, 10430 Samobor
www.sabank.hr

Management board

Marijan Kantolić – chairperson, Verica Ljubičić

Supervisory board

Dragutin Plahutar – chairperson, Milan Penava, Drago Jakovčević, Roman Malarić

Shareholders

1. Aquae Vivae d.d.	83.54
2. Samoborka d.d.	5.15
3. Tigra d.o.o.	3.13

Share in share capital (%)

Audit firm for 2017:

HLB Revidicon d.o.o., Varaždin

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	15,592
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	399
Available for sale financial assets	0
Loans and receivables (financial leasing included)	419,737
Deposits with the CNB	193,417
Deposits made (except deposits with the CNB)	55,750
Debt securities	0
Loans and receivables	170,570
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	24,157
Intangible assets	603
Investments in associates, subsidiaries and joint ventures	35
Tax assets	244
Non-current assets and disposal groups classified as held for sale	8,487
Other assets	154
Memorandum item: Collectively assessed impairment provisions	3,395
Total assets	469,407

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	407,474
Electronic money	0
Transaction accounts	134,876
Savings deposits	53,543
Time deposits	217,724
Other received deposits	990
Received loans	227
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	114
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	424
Tax liabilities	100
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	2,498
Total liabilities	410,495
Share capital	49,248
Revaluation reserves	0
Reserves	18,203
Less: Treasury shares	1,486
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	-7,052
Total equity	58,912
Total liabilities and equity	469,407

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	11,779
Interest expenses	2,958
Net interest income	8,821
Income from fees and commissions	4,280
Expenses on fees and commissions	1,411
Net income from fees and commissions	2,869
Income from equity investments	0
Gains (losses)	653
Other operating income	1,262
Other operating expenses	1,327
Net other not-interest income	588
Total operating income	12,278
General administrative expenses and depreciation	12,870
Net operating income before loss provisions	-592
Expenses on value adjustments and provisions	6,460
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-7,052
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-7,052
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-7,052

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	10,571
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	14,286
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	24,857

Derivate financial instruments	
Options	8,757
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	8,757

Total capital ratio

as at 31 December 2017, in %

23.7

SBERBANK d.d.

Varšavska 9, 10000 Zagreb
www.sberbank.hr

Management board

Csaba Soós – chairperson, Holger Peter Stupar, Igor Repin

Supervisory board

Stefan Karl Zapotocky – chairperson, Kornél Halmos,
Alexander Titov, Dragutin Bohuš, Dmitry Pavlovich Kuzin

Shareholders

1. Sberbank Europe AG..... 100.00

Share in share capital (%)

Audit firm for 2017:

Ernst&Young d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	213,352	Financial liabilities held for trading	3,239
Financial assets held for trading	2,180	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	7,578,712
Available for sale financial assets	422,564	Electronic money	0
Loans and receivables (financial leasing included)	8,019,869	Transaction accounts	1,476,745
Deposits with the CNB	1,511,242	Savings deposits	473,058
Deposits made (except deposits with the CNB)	1,224,867	Time deposits	4,541,938
Debt securities	24,793	Other received deposits	61,179
Loans and receivables	5,258,968	Received loans	950,269
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	75,163
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	360
Tangible assets	56,320	Derivatives – hedge accounting	0
Intangible assets	80,339	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	31,923
Tax assets	82,980	Tax liabilities	4,300
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	19,161	Other liabilities	137,370
Memorandum item: Collectively assessed impairment provisions	77,557	Total liabilities	7,755,544
Total assets	8,896,764	Share capital	1,530,668
		Revaluation reserves	18,480
		Reserves	16,985
		Less: Treasury shares	0
		Retained earnings (loss)	-289,096
		Previous year profit (loss)	0
		Current year profit (loss)	-135,816
		Total equity	1,141,220
		Total liabilities and equity	8,896,764

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	365,990
Interest expenses	81,242
Net interest income	284,748
Income from fees and commissions	81,555
Expenses on fees and commissions	25,777
Net income from fees and commissions	55,778
Income from equity investments	0
Gains (losses)	33,210
Other operating income	7,067
Other operating expenses	19,385
Net other not-interest income	20,891
Total operating income	361,417
General administrative expenses and depreciation	214,129
Net operating income before loss provisions	147,288
Expenses on value adjustments and provisions	305,705
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-158,417
Income tax on continuing operations	-22,713
Profit (loss) from continuing operations, after taxes	-135,704
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-112
Current year profit (loss)	-135,816

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	302,133	Options	0
Uncovered letters of credit	13,835	Swaps	0
Guaranteed bills of exchange	0	Forwards	1,297,196
Accepted bills of exchange	0	Futures	0
Revolving loans	24,377	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	240,375	Total notional amount of derivative financial instruments	1,297,196
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	580,720		

Total capital ratio

as at 31 December 2017, in %

19.7

SLATINSKA BANKA d.d.

Vladimira Nazora 2, 33520 Slatina
www.slatinska-banka.hr

Management board

Andrej Kopilaš – chairperson, Marin Prskalo, Elvis Mališ

Supervisory board

Ružica Vadić – chairperson, Blaženka Eror Matic, Hrvoje Markovinović, Denis Smolar, Krunoslav Lisjak

Shareholders

	Share in share capital (%)
1. SZAIF d.d.	24.00
2. Republic of Croatia	8.32
3. Dragutin Sokačić	8.03
4. Treasury shares	7.77
5. Banka splitsko-dalmatinska d.d. in bankruptcy	6.53
6. Emil Mikulić	3.98
7. Ljubica Berišić	3.96
8. Josip Galić	3.26
9. Milivoj Mrkoci	3.26
10. Finesa Credos d.d.	3.16

Audit firm for 2017:

BDO Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	23,608	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,406,992
Available for sale financial assets	264,812	Electronic money	0
Loans and receivables (financial leasing included)	1,220,968	Transaction accounts	237,767
Deposits with the CNB	408,252	Savings deposits	115,733
Deposits made (except deposits with the CNB)	20,966	Time deposits	915,505
Debt securities	0	Other received deposits	1,984
Loans and receivables	791,751	Received loans	136,002
Held-to-maturity investments	14,777	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	1
Tangible assets	52,291	Derivatives – hedge accounting	0
Intangible assets	7,192	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	5,723	Provisions	4,827
Tax assets	3,872	Tax liabilities	46
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	618	Other liabilities	17,176
Memorandum item: Collectively assessed impairment provisions	9,948	Total liabilities	1,429,042
Total assets	1,593,861	Share capital	91,897
		Revaluation reserves	21
		Reserves	15,331
		Less: Treasury shares	6,592
		Retained earnings (loss)	63,514
		Previous year profit (loss)	0
		Current year profit (loss)	649
		Total equity	164,820
		Total liabilities and equity	1,593,861

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	61,422
Interest expenses	19,422
Net interest income	42,000
Income from fees and commissions	12,640
Expenses on fees and commissions	3,632
Net income from fees and commissions	9,008
Income from equity investments	8
Gains (losses)	9,319
Other operating income	5,231
Other operating expenses	4,967
Net other not-interest income	9,590
Total operating income	60,597
General administrative expenses and depreciation	38,579
Net operating income before loss provisions	22,018
Expenses on value adjustments and provisions	20,749
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	1,269
Income tax on continuing operations	620
Profit (loss) from continuing operations, after taxes	649
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	649

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	15,243	Options	10
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	3,928	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	82,948	Total notional amount of derivative financial instruments	10
Other standard risky off-balance sheet items	210		
Total standard off-balance sheet items	102,330		

Total capital ratio

as at 31 December 2017, in %

18.2

SPLITSKA BANKA d.d.

Ulica Domovinskog rata 61, 21000 Split
www.splitskabanka.hr

Management board

Slaven Celić – chairperson, Balázs Balogh, Zvonimir Akrap,
Balázs Olchváry, Bruno Biuk

Supervisory board

Antal László Pongrácz – chairperson, Balázs Pal Békeffy,
Szaboles Annus, Branko Mikša, Balázs Letáy, Zsolt Barna,
Zoltán Major

Shareholders

1. OTP banka Hrvatska d.d. 100.00

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	383,523
Financial assets held for trading	126,404
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	4,306,232
Loans and receivables (financial leasing included)	21,571,024
Deposits with the CNB	3,493,243
Deposits made (except deposits with the CNB)	3,211,918
Debt securities	411,175
Loans and receivables	14,454,688
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	92,239
Intangible assets	35,878
Investments in associates, subsidiaries and joint ventures	255,639
Tax assets	97,604
Non-current assets and disposal groups classified as held for sale	15,776
Other assets	7,536
Memorandum item: Collectively assessed impairment provisions	162,940
Total assets	26,891,855

Liabilities and equity	
Financial liabilities held for trading	10,502
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	22,768,888
Electronic money	0
Transaction accounts	8,676,342
Savings deposits	3,042,579
Time deposits	9,892,836
Other received deposits	317,930
Received loans	837,405
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	1,796
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	320,684
Tax liabilities	20,861
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	260,184
Total liabilities	23,381,119
Share capital	1,409,974
Revaluation reserves	90,552
Reserves	1,959,892
Less: Treasury shares	0
Retained earnings (loss)	135,187
Previous year profit (loss)	0
Current year profit (loss)	-84,870
Total equity	3,510,735
Total liabilities and equity	26,891,855

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	914,409
Interest expenses	156,079
Net interest income	758,330
Income from fees and commissions	297,667
Expenses on fees and commissions	59,296
Net income from fees and commissions	238,371
Income from equity investments	246
Gains (losses)	82,480
Other operating income	21,702
Other operating expenses	64,953
Net other not-interest income	39,475
Total operating income	1,036,177
General administrative expenses and depreciation	557,921
Net operating income before loss provisions	478,255
Expenses on value adjustments and provisions	576,352
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-98,096
Income tax on continuing operations	-13,227
Profit (loss) from continuing operations, after taxes	-84,870
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-84,870

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	1,611,935
Uncovered letters of credit	44,926
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	1,503,028
Margin credit lines	0
Other credit lines and commitments	2,381,240
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	5,541,130

Derivate financial instruments	
Options	0
Swaps	1,850,579
Forwards	1,396,314
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	3,246,892

Total capital ratio

as at 31 December 2017, in %

21.2

TESLA ŠTEDNA BANKA d.d.³

Trg J. F. Kennedyja 6b, 10000 Zagreb

Management board

–

Supervisory board

–

Shareholders

Share in share capital (%)

1. Government of the Autonomous Province of Vojvodina.....	26.50
2. Fund for Development of the Republic of Serbia ..	23.63
3. Zvezda d.d.....	9.81
4. SIA RTB Capital	9.00
5. Končar-elektroindustrija d.d.	8.58
6. Đuro Đaković Holding d.d.	4.96
7. Sladorana d.o.o.....	4.90

Audit firm for 2017:

–

3 Bankruptcy proceedings were instituted against it on 30 March 2018. The Bank did not submit the audited data as at the end of 2017 and is therefore not included in the aggregated data as at the date presented in tables and figures (it is included in the data relating to the number of banks).

VENETO BANKA d.d.

Draškovićeva 58, 10000 Zagreb
www.venetobanka.hr

Management board

Dajana Kobeščak – chairperson, Kitica Mioč

Supervisory board

Paolo Sarcinelli – chairperson, Matija Birov, Ivo Šulenta

Shareholders

1. Intesa Sanpaolo S.p.A. 100.00

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	12,170	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	882,715
Available for sale financial assets	78,583	Electronic money	0
Loans and receivables (financial leasing included)	1,027,679	Transaction accounts	116,793
Deposits with the CNB	275,567	Savings deposits	1
Deposits made (except deposits with the CNB)	43,867	Time deposits	715,470
Debt securities	0	Other received deposits	17,682
Loans and receivables	708,244	Received loans	32,769
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	18,462	Derivatives – hedge accounting	0
Intangible assets	1,950	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	59,282
Tax assets	5	Tax liabilities	287
Non-current assets and disposal groups classified as held for sale	1,599	Liabilities included in disposal groups classified as held for sale	0
Other assets	1,744	Other liabilities	22,778
Memorandum item: Collectively assessed impairment provisions	7,375	Total liabilities	965,062
Total assets	1,142,192	Share capital	611,366
		Revaluation reserves	132
		Reserves	76
		Less: Treasury shares	0
		Retained earnings (loss)	-419,296
		Previous year profit (loss)	0
		Current year profit (loss)	-15,148
		Total equity	177,130
		Total liabilities and equity	1,142,192

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	36,587
Interest expenses	12,301
Net interest income	24,285
Income from fees and commissions	-6,900
Expenses on fees and commissions	2,078
Net income from fees and commissions	-8,978
Income from equity investments	0
Gains (losses)	1,033
Other operating income	6,058
Other operating expenses	6,295
Net other not-interest income	796
Total operating income	16,103
General administrative expenses and depreciation	49,265
Net operating income before loss provisions	-33,161
Expenses on value adjustments and provisions	-18,013
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-15,148
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-15,148
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-15,148

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	39,257	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	27,992	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	67,249		

Total capital ratio

as at 31 December 2017, in %

27.7

ZAGREBAČKA BANKA d.d.

Trg bana Josipa Jelačića 10, 10000 Zagreb
www.zaba.hr

Management board

Miljenko Živaljić – chairperson, Lorenzo Ramajola, Marko Remenar, Dijana Hrastović, Albert Angersbach, Stefano Gison, Claudio Cesario

Supervisory board

Erich Hampel – chairperson, Romeo Collina, Christoph Metzke, Savoula Demetriou, Aurelio Maccario, Danimir Gulin, Simone Marcucci, Wolfgang Schilk, Zeynep Nazan Somer Ozelgin

Shareholders

1. UniCredit S.p.A.	84.47
2. Allianz SE	11.72

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets	
Money assets	2,379,824
Financial assets held for trading	1,050,694
Financial assets designated at fair value through profit or loss	105,006
Available for sale financial assets	8,377,361
Loans and receivables (financial leasing included)	86,270,041
Deposits with the CNB	15,889,343
Deposits made (except deposits with the CNB)	5,618,798
Debt securities	1,008,334
Loans and receivables	63,753,565
Held-to-maturity investments	70
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	1,206,082
Intangible assets	192,713
Investments in associates, subsidiaries and joint ventures	1,637,475
Tax assets	492,631
Non-current assets and disposal groups classified as held for sale	379,890
Other assets	96,577
Memorandum item: Collectively assessed impairment provisions	673,716
Total assets	102,188,364

Liabilities and equity	
Financial liabilities held for trading	808,507
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	82,605,857
Electronic money	0
Transaction accounts	39,756,482
Savings deposits	1,014,005
Time deposits	37,890,613
Other received deposits	882,412
Received loans	3,005,791
Debt securities issued	54,141
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	2,413
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	719,571
Tax liabilities	0
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	2,356,223
Total liabilities	86,490,158
Share capital	9,774,844
Revaluation reserves	287,002
Reserves	555,364
Less: Treasury shares	0
Retained earnings (loss)	4,241,636
Previous year profit (loss)	0
Current year profit (loss)	839,360
Total equity	15,698,206
Total liabilities and equity	102,188,364

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	4,461,573
Interest expenses	1,739,801
Net interest income	2,721,772
Income from fees and commissions	1,201,434
Expenses on fees and commissions	167,185
Net income from fees and commissions	1,034,249
Income from equity investments	278,905
Gains (losses)	-30,580
Other operating income	125,231
Other operating expenses	200,318
Net other not-interest income	173,238
Total operating income	3,929,258
General administrative expenses and depreciation	1,583,439
Net operating income before loss provisions	2,345,820
Expenses on value adjustments and provisions	1,314,595
Other gains (losses)	-25,100
Profit (loss) from continuing operations, before taxes	1,006,125
Income tax on continuing operations	166,765
Profit (loss) from continuing operations, after taxes	839,360
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	839,360

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items	
Guarantees	4,953,851
Uncovered letters of credit	204,825
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	2,484,598
Margin credit lines	0
Other credit lines and commitments	9,624,328
Other standard risky off-balance sheet items	51,585
Total standard off-balance sheet items	17,319,187

Derivate financial instruments	
Options	0
Swaps	51,572,334
Forwards	4,833,011
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	56,405,346

Total capital ratio

as at 31 December 2017, in %

28.1

HPB-STAMBENA ŠTEDIONICA d.d.

Savska cesta 58, 10000 Zagreb
www.hpb-stedionica.hr

Management board

Damir Šprem – chairperson, Slavica Matić

Supervisory board

Mato Filipović – chairperson, Alen Stojanović, Miroslav Marić

Shareholders

1. Hrvatska poštanska banka d.d. 100.00

Share in share capital (%)

Audit firm for 2017:

Ernst&Young d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	0	Financial liabilities held for trading	0
Financial assets held for trading	140,826	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	302,393
Available for sale financial assets	0	Electronic money	0
Loans and receivables (financial leasing included)	211,585	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	0
Deposits made (except deposits with the CNB)	40,645	Time deposits	302,393
Debt securities	0	Other received deposits	0
Loans and receivables	170,941	Received loans	0
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	66	Derivatives – hedge accounting	0
Intangible assets	100	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	833
Tax assets	468	Tax liabilities	1,316
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	295	Other liabilities	6,205
Memorandum item: Collectively assessed impairment provisions	1,701	Total liabilities	310,748
Total assets	353,340	Share capital	40,000
		Revaluation reserves	0
		Reserves	134
		Less: Treasury shares	0
		Retained earnings (loss)	2,144
		Previous year profit (loss)	0
		Current year profit (loss)	315
		Total equity	42,592
		Total liabilities and equity	353,340

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	14,393
Interest expenses	8,094
Net interest income	6,299
Income from fees and commissions	3,751
Expenses on fees and commissions	205
Net income from fees and commissions	3,546
Income from equity investments	0
Gains (losses)	-2,088
Other operating income	400
Other operating expenses	895
Net other not-interest income	-2,583
Total operating income	7,262
General administrative expenses and depreciation	6,584
Net operating income before loss provisions	678
Expenses on value adjustments and provisions	-191
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	870
Income tax on continuing operations	555
Profit (loss) from continuing operations, after taxes	315
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	315

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	1,187	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	1,187		

Total capital ratio

as at 31 December 2017, in %

24.2

PBZ STAMBENA ŠTEDIONICA d.d.

Radnička cesta 44, 10000 Zagreb
www.pbz-stambena.hr

Management board

Branimir Čosić – chairperson, Dražen Klarić

Supervisory board

Dinko Lucić – chairperson, Damir Novotny, Davor Vodanović

Shareholders

1. Privredna banka Zagreb d.d. 100.00

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	0	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,536,501
Available for sale financial assets	780,042	Electronic money	0
Loans and receivables (financial leasing included)	1,020,373	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	1,891
Deposits made (except deposits with the CNB)	303,286	Time deposits	1,530,610
Debt securities	25,815	Other received deposits	0
Loans and receivables	691,271	Received loans	4,000
Held-to-maturity investments	16,344	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	0
Tangible assets	91	Derivatives – hedge accounting	0
Intangible assets	278	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	116
Tax assets	2,444	Tax liabilities	5,985
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	49	Other liabilities	10,865
Memorandum item: Collectively assessed impairment provisions	8,384	Total liabilities	1,553,468
Total assets	1,819,621	Share capital	115,000
		Revaluation reserves	33,252
		Reserves	-235
		Less: Treasury shares	0
		Retained earnings (loss)	109,249
		Previous year profit (loss)	0
		Current year profit (loss)	8,887
		Total equity	266,153
		Total liabilities and equity	1,819,621

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	60,227
Interest expenses	38,977
Net interest income	21,250
Income from fees and commissions	6,253
Expenses on fees and commissions	1,160
Net income from fees and commissions	5,093
Income from equity investments	0
Gains (losses)	268
Other operating income	54
Other operating expenses	5,241
Net other not-interest income	-4,918
Total operating income	21,424
General administrative expenses and depreciation	10,302
Net operating income before loss provisions	11,122
Expenses on value adjustments and provisions	252
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	10,870
Income tax on continuing operations	1,984
Profit (loss) from continuing operations, after taxes	8,887
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	8,887

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	6,740	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	6,740		

Total capital ratio

as at 31 December 2017, in %

58.8

PRVA STAMBENA ŠTEDIONICA d.d.⁴

Samoborska cesta 145, 10000 Zagreb
www.prva-stambena.hr

Management board⁴

Antonija Matošin – chairperson, Darija Hejini

Supervisory board⁴

Dijana Hrastović – chairperson, Jasna Mandac, Danimir Gulin

Shareholders

1. Zagrebačka banka d.d. 100.00

Share in share capital (%)

Audit firm for 2017:

Deloitte d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	0	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	2,273,179
Available for sale financial assets	1,043,582	Electronic money	0
Loans and receivables (financial leasing included)	1,587,700	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	0
Deposits made (except deposits with the CNB)	252,830	Time deposits	2,272,989
Debt securities	0	Other received deposits	0
Loans and receivables	1,334,870	Received loans	0
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	190
Tangible assets	320	Derivatives – hedge accounting	0
Intangible assets	687	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	5,817
Tax assets	0	Tax liabilities	10,287
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	11,343	Other liabilities	30,009
Memorandum item: Collectively assessed impairment provisions	14,288	Total liabilities	2,319,292
Total assets	2,643,632	Share capital	80,000
		Revaluation reserves	62,779
		Reserves	-7,300
		Less: Treasury shares	0
		Retained earnings (loss)	167,447
		Previous year profit (loss)	0
		Current year profit (loss)	21,414
		Total equity	324,340
		Total liabilities and equity	2,643,632

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	105,214
Interest expenses	62,128
Net interest income	43,086
Income from fees and commissions	9,710
Expenses on fees and commissions	1,357
Net income from fees and commissions	8,353
Income from equity investments	0
Gains (losses)	-188
Other operating income	242
Other operating expenses	6,416
Net other not-interest income	-6,362
Total operating income	45,076
General administrative expenses and depreciation	10,831
Net operating income before loss provisions	34,245
Expenses on value adjustments and provisions	7,089
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	27,156
Income tax on continuing operations	5,742
Profit (loss) from continuing operations, after taxes	21,414
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	21,414

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	11,476	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	11,476		

Total capital ratio

as at 31 December 2017, in %

30.5

⁴ Prva stambena štedionica d.d., Zagreb, merged with Zagrebačka banka d.d., Zagreb, on 1 June 2018. Data on Management and Supervisory board members relate to the situation as at 31 December 2017.

RAIFFEISEN STAMBENA ŠTEDIONICA d.d.

Ulica grada Vukovara 37b, 10000 Zagreb
www.raiffeisenstambena.hr

Management board

Tomislav Matić – chairperson, Sonja Skobe

Supervisory board

Ivan Žižić – chairperson, Marko Jurjević, Liana Keserić

Shareholders

1. Raiffeisenbank Austria d.d..... 100.00

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	1	Financial liabilities held for trading	61
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,064,599
Available for sale financial assets	205,999	Electronic money	0
Loans and receivables (financial leasing included)	810,924	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	0
Deposits made (except deposits with the CNB)	61,934	Time deposits	1,028,243
Debt securities	0	Other received deposits	0
Loans and receivables	748,990	Received loans	0
Held-to-maturity investments	169,113	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	36,262
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	94
Tangible assets	659	Derivatives – hedge accounting	0
Intangible assets	5,247	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	2,260
Tax assets	8	Tax liabilities	3,343
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	4,153	Other liabilities	18,621
Memorandum item: Collectively assessed impairment provisions	9,770	Total liabilities	1,088,885
Total assets	1,196,105	Share capital	180,000
		Revaluation reserves	1,112
		Reserves	261
		Less: Treasury shares	0
		Retained earnings (loss)	-91,139
		Previous year profit (loss)	0
		Current year profit (loss)	16,985
		Total equity	107,220
		Total liabilities and equity	1,196,105

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	52,425
Interest expenses	28,403
Net interest income	24,021
Income from fees and commissions	4,235
Expenses on fees and commissions	1,566
Net income from fees and commissions	2,670
Income from equity investments	0
Gains (losses)	10,974
Other operating income	924
Other operating expenses	3,442
Net other not-interest income	8,455
Total operating income	35,146
General administrative expenses and depreciation	19,347
Net operating income before loss provisions	15,799
Expenses on value adjustments and provisions	-1,186
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	16,985
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	16,985
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	16,985

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	75,136
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	7,828	Total notional amount of derivative financial instruments	75,136
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	7,828		

Total capital ratio

as at 31 December 2017, in %

23.5

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

HeinzeloVA 33A, 10000 Zagreb
www.wuestenrot.hr

Management board

Zdravko Anđel – chairperson, Ivan Ostojčić

Supervisory board

Susanne Riess – chairperson, Emanuel Kovačić, Andreas Grünbichler

Shareholders

1. Bausparkasse Wüstenrot AG..... 100.00

Share in share capital (%)

Audit firm for 2017:

KPMG Croatia d.o.o., Zagreb

Balance sheet

as at 31 December 2017, in thousand HRK

Assets		Liabilities and equity	
Money assets	5	Financial liabilities held for trading	0
Financial assets held for trading	80,440	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	1,774,187
Available for sale financial assets	23,131	Electronic money	0
Loans and receivables (financial leasing included)	1,322,933	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	0
Deposits made (except deposits with the CNB)	21,013	Time deposits	1,648,081
Debt securities	0	Other received deposits	0
Loans and receivables	1,301,919	Received loans	93,921
Held-to-maturity investments	461,423	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	31,182
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	1,004
Tangible assets	1,729	Derivatives – hedge accounting	0
Intangible assets	3,046	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	2,232
Tax assets	8,108	Tax liabilities	4,654
Non-current assets and disposal groups classified as held for sale	1,137	Liabilities included in disposal groups classified as held for sale	0
Other assets	10	Other liabilities	10,412
Memorandum item: Collectively assessed impairment provisions	14,375	Total liabilities	1,791,485
Total assets	1,901,961	Share capital	72,894
		Revaluation reserves	390
		Reserves	1,706
		Less: Treasury shares	0
		Retained earnings (loss)	33,751
		Previous year profit (loss)	0
		Current year profit (loss)	1,735
		Total equity	110,476
		Total liabilities and equity	1,901,961

Income statement

for 2017, in thousand HRK

Continuing operations	
Interest income	85,271
Interest expenses	44,044
Net interest income	41,228
Income from fees and commissions	21,840
Expenses on fees and commissions	653
Net income from fees and commissions	21,187
Income from equity investments	0
Gains (losses)	-1,401
Other operating income	2,335
Other operating expenses	6,369
Net other not-interest income	-5,435
Total operating income	56,979
General administrative expenses and depreciation	52,149
Net operating income before loss provisions	4,831
Expenses on value adjustments and provisions	2,458
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	2,372
Income tax on continuing operations	634
Profit (loss) from continuing operations, after taxes	1,738
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-3
Current year profit (loss)	1,735

Off-balance sheet items

as at 31 December 2017, in thousand HRK

Standard off-balance sheet items		Derivate financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	32,749	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	32,749		

Total capital ratio

as at 31 December 2017, in %

16.6

Attachment I

List of credit institutions, end of period

Ordinal no. as at 31 December 2017	Name of credit institution and its head office	Identifier								
		2010	2011	2012	2013	2014	2015	2016	2017	
1	Addiko Bank d.d., Zagreb ¹⁾	B	B	B	B	B	B	B	B	B
	Banco Popolare Croatia d.d., Zagreb ²⁾	B	B	B	B	–	–	–	–	–
2	Banka Kovanica d.d., Varaždin	B	B	B	B	B	B	B	B	B
	Banka splitsko-dalmatinska d.d., Split ³⁾	B	B	B	B	B	B	–	–	–
	BKS Bank d.d., Rijeka ⁴⁾	B	B	B	B	B	B	–	–	–
	Centar banka d.d., Zagreb ⁵⁾	B	B	B	–	–	–	–	–	–
	Credo banka d.d., Split ⁶⁾	B	–	–	–	–	–	–	–	–
3	Croatia banka d.d., Zagreb	B	B	B	B	B	B	B	B	B
4	Erste&Steiermärkische Bank d.d., Rijeka	B	B	B	B	B	B	B	B	B
5	Hrvatska poštanska banka d.d., Zagreb	B	B	B	B	B	B	B	B	B
6	Imex banka d.d., Split	B	B	B	B	B	B	B	B	B
7	Istarska kreditna banka Umag d.d., Umag	B	B	B	B	B	B	B	B	B
8	J&T banka d.d., Varaždin ⁷⁾	B	B	B	B	B	B	B	B	B
9	Jadranska banka d.d., Šibenik ⁸⁾	B	B	B	B	B	B	B	B	B
10	Karlovačka banka d.d., Karlovac	B	B	B	B	B	B	B	B	B
11	KentBank d.d., Zagreb ⁹⁾	B	B	B	B	B	B	B	B	B
12	Kreditna banka Zagreb d.d., Zagreb	B	B	B	B	B	B	B	B	B
	Međimurska banka d.d., Čakovec ¹⁰⁾	B	B	–	–	–	–	–	–	–
	Nava banka d.d., Zagreb ¹¹⁾	B	B	B	B	–	–	–	–	–
13	OTP banka Hrvatska d.d., Zadar	B	B	B	B	B	B	B	B	B
14	Partner banka d.d., Zagreb	B	B	B	B	B	B	B	B	B
15	Podravska banka d.d., Koprivnica	B	B	B	B	B	B	B	B	B
16	Primorska banka d.d., Rijeka	B	B	B	B	B	B	B	B	B
17	Privredna banka Zagreb d.d., Zagreb	B	B	B	B	B	B	B	B	B
18	Raiffeisenbank Austria d.d., Zagreb	B	B	B	B	B	B	B	B	B
19	Samoborska banka d.d., Samobor	B	B	B	B	B	B	B	B	B
20	Sberbank d.d., Zagreb ¹²⁾	B	B	B	B	B	B	B	B	B
21	Slatinska banka d.d., Slatina	B	B	B	B	B	B	B	B	B
22	Splitska banka d.d., Split ¹³⁾	B	B	B	B	B	B	B	B	B
	Štedbanka d.d., Zagreb ¹⁴⁾	B	B	B	B	B	B	B	B	–
23	Tesla štedna banka d.d., Zagreb ¹⁵⁾	SB	SB	SB	SB	SB	SB	SB	SB	SB
24	Veneto banka d.d., Zagreb	B	B	B	B	B	B	B	B	B
25	Zagrebačka banka d.d., Zagreb	B	B	B	B	B	B	B	B	B
1	HPB-Štambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB
2	PBZ stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB
3	Prva stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB
4	Raiffeisen stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB
5	Wüstenrot stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB	HSB

¹⁾ Hypo Alpe-Adria-Bank d.d., Zagreb, changed its name to Addiko Bank d.d., Zagreb, on 11 July 2016. ²⁾ Banco Popolare Croatia d.d., Zagreb, merged with OTP banka Hrvatska d.d., Zadar, on 1 December 2014. ³⁾ Bankruptcy proceedings were instituted against Banka splitsko-dalmatinska d.d., Split, on 1 July 2016. ⁴⁾ BKS Bank d.d., Rijeka, merged with BKS Bank AG, Klagenfurt, on 1 October 2016. At the same time, BKS Bank AG, Glavna podružnica Rijeka, became operational. It changed its name to BKS Bank AG, Glavna podružnica Hrvatska, on 30 June 2017. ⁵⁾ Bankruptcy proceedings were instituted against Centar banka d.d., Zagreb, on 30 September 2013. ⁶⁾ Credo banka d.d., Split, had its authorisation withdrawn on 22 November 2011 and a decision was reached to open compulsory winding-up proceedings. Bankruptcy proceedings were initiated on 16 January 2012. ⁷⁾ Vaba d.d. banka Varaždin, Varaždin, changed its name to J&T banka d.d., Varaždin, on 2 January 2017. ⁸⁾ Resolution proceedings were instituted against Jadranska banka d.d., Šibenik, on 9 October 2015. ⁹⁾ Banka Brod d.d., Slavonski Brod, changed its name to KentBank d.d., Zagreb, on 6 July 2012. ¹⁰⁾ Međimurska banka d.d., Čakovec, merged with Privredna banka Zagreb d.d., Zagreb, on 1 December 2012. ¹¹⁾ Bankruptcy proceedings were instituted against Nava banka d.d., Zagreb, on 1 December 2014. ¹²⁾ Volksbank d.d., Zagreb, changed its name to Sberbank d.d., Zagreb, on 18 January 2013. ¹³⁾ Société Générale-Splitska banka d.d., Split, changed its name to Splitska banka d.d., Split, on 15 May 2017. ¹⁴⁾ Voluntary winding-up proceedings were initiated in Štedbanka d.d., Zagreb, on 27 December 2017. ¹⁵⁾ A štedna banka malog poduzetništva d.d., Zagreb, changed its name to Tesla štedna banka d.d., Zagreb, on 23 May 2011. Bankruptcy proceedings were instituted against it on 30 March 2018. The Bank did not submit the audited data as at the end of 2017 and is therefore not included in the aggregated data as at the date presented in tables and figures (it is included in the data relating to the number of banks).

B – bank
SB – savings bank
HSB – housing savings bank

Attachment II

Credit institution groups subject to reporting to the CNB on a consolidated basis, as at 31 December 2017

	Credit institution group	Superordinate credit institution	Group members
1	ADDIKO BANK	Addiko Bank d.d., Zagreb	Hypo Alpe-Adria-Leasing d.o.o. u likvidaciji, Zagreb
2	ERSTE&STEIERMÄRKISCHE BANK	Erste&Steiermärkische Bank d.d., Rijeka	Erste Bank AD, Podgorica Erste Card Club d.d., Zagreb Erste Factoring d.o.o., Zagreb Erste&Steiermärkische S-Leasing d.o.o., Zagreb Erste Card d.o.o., Ljubljana Diners Club International Mak d.o.o.e.l., Skopje
3	HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB-Stambena štedionica d.d., Zagreb
4	OTP BANKA HRVATSKA	OTP banka Hrvatska d.d., Zadar	Splitska banka d.d., Split SB Leasing d.o.o., Zagreb SB ZGRADA d.o.o., Split
5	PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ CARD d.o.o., Zagreb Banka Intesa Sanpaolo d.d. Slovenija, Koper Intesa Sanpaolo Banka d.d. Bosna i Hercegovina, Sarajevo PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondom, Zagreb PBZ-LEASING d.o.o., Zagreb PBZ stambena štedionica d.d., Zagreb PBZ-NEKRETNINE d.o.o., Zagreb
6	RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen Leasing d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb
7	ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	Prva stambena štedionica d.d., Zagreb UniCredit Bank d.d., Mostar UniCredit Leasing Croatia d.o.o., Zagreb ZB Invest d.o.o., Zagreb

Abbreviations

bn – billion
CBRD – Croatian Bank for Reconstruction and Development
CNB – Croatian National Bank
CICR – currency induced credit risk
d.d. – dioničko društvo (joint stock company)
DAB – State Agency for Deposit Insurance and Bank Resolution
EIR – effective interest rate
EU – European Union
HHI – Herfindahl-Hirschman Index
HRK – Croatian kuna
IRB – internal ratings-based approach
LCR – liquidity coverage ratio
IAS – International Accounting Standard
IFRS – International Financial Reporting Standard
MoF – Ministry of Finance
m – million
No. – number
OG – Official Gazette
RC – Republic of Croatia
ROAA – return on average assets
ROAE – return on average equity
TCR – total capital ratio

Symbols

.... – data not available

