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1 Performance indicators of credit institutions

Summary

Bank assets decreased by 1.2% in 2016, trending slightly downward for the fifth year in a row. This decrease was strongly impacted by the conversion of loans in Swiss francs into loans in euro, by exchange rate developments, by the sale of claims and the exit of two banks from the system. Developments that started in 2015 continued, as reflected in weak lending and sustained bank de-leveraging.

The bulk of the conversions of loans in Swiss francs into loans in euro was carried out in 2016, which improved the quality of housing loans to households. Conversions, predominantly relating to housing loans, started at the end of 2015, but were mostly carried out in 2016. Partial write-offs of loan principals – HRK 5.0bn in 2016, and almost HRK 6.0bn in total during the two years were charged to provisions made earlier. Under the influence of the partial write-off of the principle of converted loans and improvement in the creditworthiness of clients, as well as early repayments and refinancing, the quality of housing loans to households improved, leading to income from cancelled expenses on value adjustments of housing loans. The share of partly recoverable and fully irrecoverable loans (B and C risk category loans) decreased from 9.8% at the end of 2015 to 8.2% of total housing loans at the end of 2016. The refinancing of converted loans by kuna loans provided momentum to home financing in kuna. However, housing loans still went down (–2.2% based on transactions¹).

Credit activity remained subdued, while kuna lending continued. Total loans granted² decreased by 1.1% (based on transactions). In addition to greater lending to financial institutions, especially foreign parents, a slight increase in lending was observed in the household sector, primarily in the form of non-purpose cash loans, thus interrupting a years-long downward trend in lending to this sector. Loans to other sectors decreased. In the non-financial corporations sector, in 2016 banks upped their lending only to tourism and professional, scientific and technical activities. New lending was primarily realised in kuna, with loans granted at fixed interest rates growing in importance.

Loan quality improved. The share of B and C risk category loans decreased for the second year in a row, from 16.7% at the end of 2015 to 13.8% at the end of 2016. This is the result of improvements in the economic environment, as reflected in better collection of claims and improved creditworthiness of clients, as well as an increase in the resolution of non-performing loans, especially through the sale of claims. In addition to the previously mentioned loan conversion, improvement in the loan quality in the household sector was also a result of the change in the credit risk assessment rules at one bank.

¹ 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 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.

² In gross amount, from the portfolio of loans and receivables.

The sale of irrecoverable claims intensified significantly, especially in the non-financial corporations sector. The CNB's progressive rules on the gradual increase in value adjustments for long-term delinquent placements provided a strong impetus to sale. HRK 6.0bn of B and C category claims³, whose net book value, after reduction by the amount of value adjustments, totalled HRK 1.5bn, were sold in 2016. These sales generated income worth HRK 338.6m, which only slightly moderated previous losses.

The ageing of the portfolio, strengthened by the mentioned regulatory rules on the gradual increase in value adjustments, contributed to a noticeable growth in the coverage of B and C risk category loans by value adjustments. It increased from 56.9% at the end of 2015 to 63.7% at the end of 2016. The indicator went up noticeably in the non-financial corporations sector, which registered a noticeable growth in the loans of risk category C (for which a 100% value adjustment was carried out), particularly in construction. It remained the riskiest activity, with the share of loans of risk categories B and C totalling as much as 65.7%. Although reduced noticeably from the end of 2015, the share of loans of risk categories B and C in the non-financial corporations sector remained relatively high (28.3%).

Bank deleveraging, especially to majority foreign owners, continued and a large portion of foreign sources was replaced by domestic sources of finance. The growth of the share of deposits in transaction accounts, which went up by almost a third, as well as kuna deposits, continued. Deposits of all domestic sectors increased, the deposits of non-financial corporations in particular. On the other hand, the growth of household deposits was relatively modest. This was surely aided by low interest rates on savings deposits, as well as the tax on interest on savings deposits that caused households to turn to other forms of investment. Sources from foreign parents strongly decreased (46.1%), which, together with the growth in lending to them (reverse repo loans), contributed to a decline in net sources from majority foreign owners⁴, to only 0.4% of assets. Borrowing with the CNB increased, reflecting the need (of predominantly smaller banks) for additional kuna sources, which were provided through regular and structural repo auctions. However, the overall liquidity position was quite good. At the end of 2016, the liquidity coverage ratio (LCR) totalled 188.0%, indicating that banks had at their disposal a substantial surplus to cover liquidity needs in a 30-day stress period.

Bank profitability improved in 2016 after the losses of 2015 caused by conversion costs of 2015. Banks generated HRK 6.2bn in profit from continuing operations (before tax), while in 2015 they recorded a loss of HRK 5.0bn. The influence of lower expenses on value adjustments and provisions was particularly strong, especially the influence of expenses on provisions for loan conversion, and also expenses on loan value adjustments, the latter partly being under the influence of conversions. An important impact on the result came from various one-off revenues, such as sales of equity holdings (especially the sale of shares in Visa Europe Ltd.) and of irrecoverable claims, as well as dividends received. The return on average assets (ROAA) and the return on average equity (ROAE) reached the highest level since 2008, totalling 1.6% and 9.6% respectively. However, the effects of sales of equity holdings excluded, profitability indicators were much lower than in the period before the crisis, primarily due to the cost of risks. Although it went down significantly in 2016, it remained elevated compared to the pre-crisis period.

³ In addition to these balance sheet claims, there were HRK 1.5bn of associated off-balance sheet claims.

⁴ The difference between liabilities to and claims on majority foreign owners.

Net operating income increased significantly from 2015 as a result of favourable developments in all items, i.e. the growth in net income, both interest and non-interest income, and lower general operating expenses. The increase in net interest income was achieved through sizeable savings in interest expenses, although the decline in interest income continued. Weak lending activity and high liquidity reserves enabled banks to continue to deleverage and reduce interest rates on received deposits, as well as on loans granted. To an extent, stricter rules, or rather, stricter regulation of the interest rate limits, as well as a competitive environment played their role. Income from fees and commissions decreased as well, primarily income related to card operations, under the influence of regulations on the limiting of the amount of interchange fees. Active management of general operating expenses continued, thus continuing in 2016 the slow but stable years-long trend of improved cost efficiency.

Total capital ratio increased under the influence of the sale of claims and conversion of loans, which limited exposure to credit and currency risks. It increased from 20.9% at the end of 2015 to its all-time high of 22.9% at the end of 2016. A portion of the reduction in exposure to credit risk arose from the improvement in the creditworthiness of individual clients (getting out of default).

Assets of housing savings banks trended up slightly in 2016 (0.5%), while operating results weakened slightly. Deposits of housing savings banks savers stagnated, most likely aided by developments in the system of state incentives, namely their uninterrupted decline. Housing loans increased slightly, exclusively as result of the growth in the kuna component. Their quality remained good, although the share of risk category B and C increased, from 1.6% at the end of 2015 to 1.8% at the end of 2016. In 2016, housing savings banks reported profit from continuing operations (before tax) of HRK 56.0m, i.e. 5.5% less than in 2015. ROAA and ROAE decreased slightly as a result of lower net interest income and a rise in expenses on value adjustments and provisions, totalling 0.7% and 5.8% respectively. The total capital ratio of housing savings banks increased slightly to 25.9%.

1.1 Introduction

There were 31 credit institutions operating in the Republic of Croatia at the end of 2016 – 26 banks, one savings bank and five housing savings banks. In addition to one branch, more than a hundred credit institutions from the EU (and the EEA) used the benefits of the single passport, notifying the CNB of direct provision of mutually recognised services in the territory of the Republic of Croatia.⁵

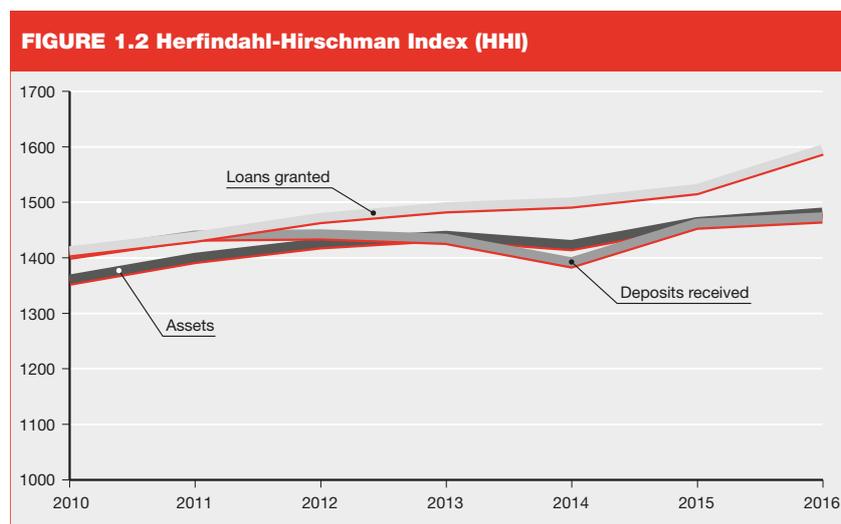
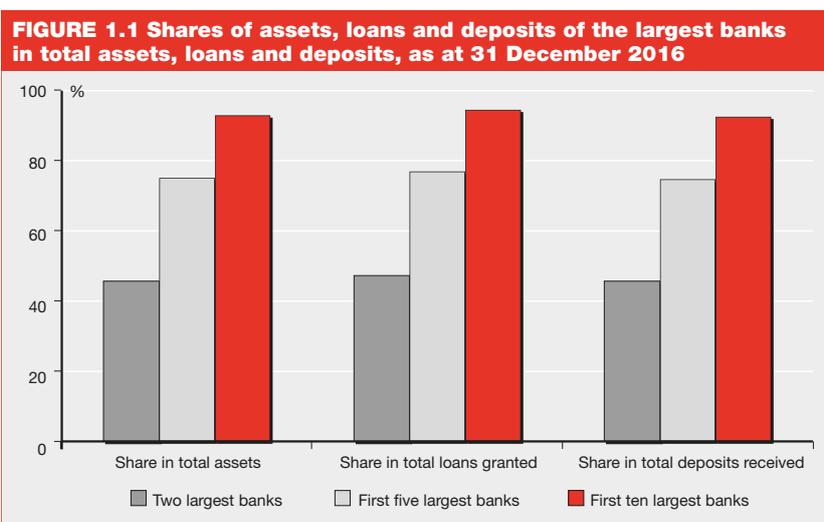
⁵ The single passport system enables credit and financial institutions from the EU and contracting parties to the Agreement on the European Economic Area to provide mutually recognised services in other member states without additional authorisation requirements. The competent authorities of the home Member State are obliged to notify the competent authority of the host Member State. A list of institutions exercising the right of establishment and freedom to provide services in the Republic of Croatia is available on the CNB's website: <http://www.hnb.hr/temeljne-funkcije/supervizija/popis-kreditnih-institucija>.

1.2 Banks

1.2.1 Structural features

Number of banks and concentrations

In 2016, the number of banks decreased by two. At the beginning of July 2016, bankruptcy proceedings were opened against one bank⁶, while in October one bank merged with its foreign parent bank (which continued operating in the Republic of Croatia through a branch⁷). One bank underwent resolution proceedings that started in October 2015.



6 Bankruptcy proceedings were opened against Banka splitsko-dalmatinska d.d., Split, on 1 July 2016.

7 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 (on 30 June 2017 the bank changed its name to BKS Bank AG, Glavna podružnica Hrvatska).

System concentration, measured by the share of leading banks in total assets, loans granted (net) and deposits of all banks, grew over the past year. The shares of the two leading banks changed the most, due to the increase in assets in one of the banks, while on average the system as a whole registered a fall. At the end of 2016, the assets and deposits of the top two banks accounted for 45.7% of assets, i.e. deposits, and 47.3% of total loans of all banks. The assets of the top five banks also grew from 2015, to 75.2% of total bank assets, while the share of the top ten banks remained at 92.9% of total bank assets (Figure 1.1).

The Herfindahl-Hirschman index (HHI) grew as well. The HHI for loans granted grew the most, continuing the ten-year upward trend. At the end of 2016, it totalled 1,596, greatly exceeding the remaining indices (Figure 1.2). As from the end of 2016, the values of the remaining two indices grew as well, for both assets and deposits. However, their increase was at a much slower rate.

Ownership structure

The number of banks in foreign ownership fell, as did the market share of such banks, although it remained dominant. Both the number of banks in foreign ownership and the number of banks in domestic ownership fell by one, the first because of the merger of a bank to its foreign parent, and the second due to bankruptcy proceedings being initiated at one bank (Table 1.1). The increase in the number of banks owned by domestic owners had to do with one bank in resolution proceedings. Amid the increase in the number of banks in this group, a contribution to the increase in their share in total bank assets came from a noticeable increase in the assets of one of the banks from the group. The shares of assets of the remaining groups in total bank assets decreased proportionally.

TABLE 1.1 Ownership structure of banks and their share in total bank assets, end of period

	Dec. 2014		Dec. 2015		Dec. 2016	
	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	12	9.9	12	9.7	11	10.3
Domestic private ownership	10	4.7	10	4.4	8	4.0
Domestic state ownership	2	5.2	2	5.3	3	6.3
Foreign ownership	16	90.1	16	90.3	15	89.7
Total	28	100.0	28	100.0	26	100.0

The majority of foreign-owned banks, 11 of them, were owned by shareholders from the European Union. The share of their assets in total bank assets totalled 88.7% at the end of 2016. Four banks were owned by shareholders from third countries⁸, while the assets of these banks gained some strength from the end of the previous year, to 1.0% of total assets.

⁸ A third country is a country that is not an EU member state and not a signatory to the Agreement on the European Economic Area.

1.2.2 Balance sheet

Assets

Total bank assets at the end of 2016 stood at HRK 388.7bn, which is a decrease of HRK 4.7bn or 1.2% from the end of the previous year. It thus continued trending slightly downward (Figure 1.3). A few banks, accounting for the prevailing share of assets in the system, were exposed to strong one-off influences that set the course and intensity of the overall changes in the system. Most of the negative developments were reflected in bank loan portfolios. Paired with healthy growth of domestic sources the balance on the balance sheet was achieved through deleveraging abroad, which was observed throughout the year (Table 1.2). The decrease in assets totalled HRK 2.1bn or 0.5%, excluding the effects of exchange rate changes of the kuna against the three most widely represented currencies on banks' balance sheets (the euro, the Swiss franc and the US dollar) and the exit of two banks from the system.

Loans granted decreased, largely under the influence of the conversion of loans in Swiss francs into loans in euro⁹, and the sale of claims. The greatest change in bank assets, in nominal terms, was the fall in the loan portfolio of HRK 11bn (4.5%) or HRK 14.2bn (5.2%) in gross terms. This was, in both nominal and relative terms, its greatest reduction¹⁰. In addition to the loan conversion and the sale of claims, an additional contribution to the fall of total loans was the change in the financing of the central government. Such developments later affected the ratio between loans and deposits which had been falling for the fifth year in a row, totalling only 79.9% at the end of 2016. If one-off effects of the sale and write-offs are excluded from the annual change, as well as developments caused by exchange rate changes, the annual decline in total gross loans was 1.1% (based on transactions).

Most conversions were completed by the end of 2016. Regulatory changes made it possible for loan conversions to start as early as November 2015. However, most of the conversions were carried out in the first quarter of 2016. By the end of the year most of the loans in Swiss francs had been converted into loans in euro. A total amount of almost HRK 6.0bn of partial write-offs of the principal was carried out in the process of conversion, of which HRK 5.0bn was write-offs carried out during the period under review. At the end of 2016, there was still HRK 1.6bn of loans to households indexed to the Swiss franc in bank loan portfolios, which accounted for 1.4% of total loans to this sector.

The sale of irrecoverable claims intensified significantly in 2016. Banks sold HRK 6.0bn of risk categories B and C (gross amount), principal and accrued interest in the course of the year, as well as more than HRK 1.4bn of off-balance sheet liabilities, to several enterprises specialising in collecting and managing claims. Net book value of sold claims (after the reduction for value adjustments) totalled HRK 1.5bn. Almost three quarters of the total amount of claims was accounted for by non-financial corporations, while claims from households mostly accounted for the rest.

9 The conversion of Swiss franc loans (and kuna loans indexed to the Swiss franc) to euro loans (and euro-indexed kuna loans) is regulated by the Act on Amendments to the Consumer Credit Act and the Act on Amendments to the Credit Institutions Act (OG 102/2015).

10 Since 2000, i.e. from the time when comparison based on electronically received reports was made possible. In this period gross loans saw negative rates of change on only four occasions, in 2012 and in the period from 2014 to 2016.

TABLE 1.2 Structure of bank assets, end of period, in million HRK and %

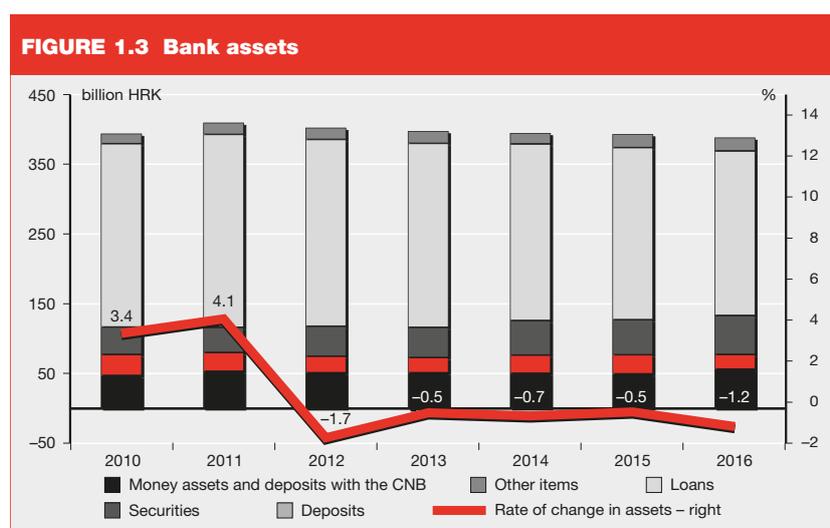
	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	50,252.6	12.7	49,425.3	12.6	-1.6	56,355.2	14.5	14.0
Money assets	6,462.7	1.6	7,289.7	1.9	12.8	7,706.9	2.0	5.7
Deposits with the CNB	43,789.9	11.1	42,135.6	10.7	-3.8	48,648.2	12.5	15.5
Deposits with financial institutions	26,369.0	6.7	27,727.6	7.0	5.2	21,162.5	5.4	-23.7
MoF treasury bills and CNB bills	15,353.5	3.9	12,258.7	3.1	-20.2	8,783.9	2.3	-28.3
Securities	34,236.2	8.7	37,901.3	9.6	10.7	47,158.8	12.1	24.4
Derivatives and financial assets	1,357.0	0.3	2,431.1	0.6	79.2	2,665.8	0.7	9.7
Loans	253,132.3	64.0	246,949.2	62.8	-2.4	235,954.5	60.7	-4.5
Loans to financial institutions	5,735.2	1.5	5,002.3	1.3	-12.8	5,076.1	1.3	1.5
Loans to other clients	247,397.1	62.6	241,946.9	61.5	-2.2	230,878.5	59.4	-4.6
Investments in subsidiaries, associates and joint ventures	2,722.1	0.7	4,185.3	1.1	53.8	4,365.7	1.1	4.3
Foreclosed and repossessed assets	1,544.8	0.4	1,550.0	0.4	0.3	1,265.5	0.3	-18.4
Tangible assets (net of depreciation)	4,243.0	1.1	4,456.1	1.1	5.0	4,256.2	1.1	-4.5
Interest, fees and other assets	6,027.2	1.5	6,509.5	1.7	8.0	6,753.8	1.7	3.8
TOTAL ASSETS	395,237.7	100.0	393,394.3	100.0	-0.5	388,721.9	100.0	-1.2

Loans to households fell the most in 2016. This was predominantly a result of one-off effects. If they were excluded, growth, seen for the first time after 2008, would amount to some 0.1% (based on transactions) and would be generated by loans in kuna. Housing loans had the largest impact on the nominal decrease in gross loans to households (HRK 7.2bn or 6%) due to the influence of write-offs in the process of conversion. Then came all other types of loans as a result of the sale of claims and regular repayments. The rise in lending to households was visible exclusively in two types of kuna loans: cash general purpose loans and housing loans. Kuna housing loans went up by 90.2%, reaching HRK 9.7bn or one fifth of total housing loans. The rise in the attractiveness of housing loans in kuna is a sort of a reaction of borrowers to the materialisation of currency-induced credit risks in connection to loans in Swiss francs over the previous years. It gained additional momentum as a result of new offers by banks providing for refinancing of converted loans (in another or the same bank) and new loans. The growth in the share of kuna loans in total assets was enabled by the strengthening of kuna sources in liabilities, which was aided by the reintroduction of regular reverse repo operations and the introduction of structural repo operations.

Loans to the general government decreased but exposure to this sector increased amid growing investments in bonds. Gross loans of the general government sector decreased by HRK 6.5bn (11.4%), which was for the most part a result of a change in the way in which the central government is financed, and then of the deleveraging of a few large non-financial corporations included in coverage of this sub-sector. A reduction in the loans to the Republic of Croatia (by HRK 3.8bn) was predominantly a result of the way in which the Ministry of Finance is financed; the Ministry repaid its matured loan and a small bond by issuing new kuna bonds. Banks subscribed the majority of the issue, as well as a new (and larger) issue of long-term T-bills¹¹. As a result, Croatia's debt securities portfolio grew by HRK 6.1bn, which was reflected in the rise of the overall balance sheet claims from the RC. A noticeable contribution to the decrease in gross loans to the central government was made by a few large non-financial corporations included in the coverage of this sub-sector, predominantly in relation to the so-called club loans and loans for investments.

¹¹ Long term T-bills are reported as bonds due to their maturity.

In the non-financial corporations sector, banks upped their lending to tourism and professional, scientific and technical activities. Gross loans granted to non-financial corporations decreased by HRK 3.9bn or 4.5%, primarily under the influence of the sale of claims, so this decrease, based on transactions, amounted to 0.5%. The sale of claims determined the intensity and direction of loans to non-financial corporations in 2016, thus offsetting the growth in loans present in most activities. The bulk of the sale of claims was completed by the end of the year (HRK 4.4bn), while a share of contracted sales remained unrealised (HRK 0.7bn)¹². Without the influence of sales and exchange rate developments, that is, based on transactions, the loans to non-financial corporations grew primarily in the segment of accommodation and food service activities, and in professional, scientific and technical activities, followed by agriculture and manufacturing.



Loans to foreign parents grew strongly. Subdued credit activity towards all domestic sectors was additionally weakened by one-off effects, so the only noticeable nominal growth in loans on an annual level was realised in the foreign sector, totalling HRK 3.2bn (64.5%). This was a reflection of the increase in reverse repo loans to parent banks that were realised in the second half of 2016. Only a few, predominantly large, banks grant such loans, which often vary due to their short-term character. Despite this increase and negative changes in loans to domestic sectors, the share of loans granted abroad in total loans remained small, totalling 3.1%.

The overall level of highly liquid assets, such as cash, giro accounts and other placed deposits remained virtually unchanged. The divergent trends exhibited by two items, deposits with the CNB and deposits with other financial institutions, kept the liquidity surplus in the system at almost the same level. This is why no very strong influence on overall balance sheet developments has been seen. Deposits with financial institutions decreased by HRK 6.6bn (23.7%), while cash and deposits with the central bank increased by HRK 6.9bn (14%). These changes were partially under the influence of changes in the system of allocation of the foreign currency component of reserve requirements¹³. The allocation of the foreign currency component of reserve requirements was replaced by maintaining the average daily balance of liquid foreign currency claims, including in the euro settlement accounts with the CNB, which at the end of the 2016 stood at HRK 3.6bn. In addition to a strong growth of

¹² Those were claims registered among assets for disposal which are, in accordance with the International Financial Reporting Standard 5, grouped into "assets held for sale", which indicates that their sale is highly likely and that they do not fall within the scope of placements.

¹³ Decision on reserve requirements (OG 136/2015).

kuna assets from the last quarter of the year banks ended the year with HRK 27.2bn in their giro accounts, up almost 70% from a year earlier. The increase on kuna giro accounts was affected by a foreign exchange intervention of the central bank, that is, by the purchase of foreign currency from banks at the very end of the year. In addition to this auction, three more auctions to purchase foreign currency from banks were held in the course of the year.

Bank investments in debt securities of domestic issuers contributed to the growth in the amount and share of these investments in the balance sheet. The annual growth of HRK 5.9bn (11.7%), to 14.4% of total assets was a reflection of greater bank investments in domestic government bonds (HRK 9.6bn or 52.4%) and bonds of non-financial corporations (HRK 1.2bn or 129%), paired with a simultaneous decrease of investments in MoF T-bills (HRK 3.5bn or 28.3%) and debt securities of foreign countries (HRK 1.1bn or 14.5%). A review of bank investment structure shows that the predominant part of the portfolio is held in the safest securities, so RC bonds make up almost a half, MoF T-bills account for 16%, while securities of foreign countries (mostly bonds) account for the additional 12%. At the end of 2016, banks distributed the majority of their debt securities portfolio into the portfolio of instruments available for sale (70.3%). The consequence of measuring at fair value consequently led to a reduction in unrealised gains that are reported in bank capital (by HRK 250.5m or 24.1%). Under the influence of changes from the first half of the year, when Visa Europe Ltd.¹⁴ was taken over, investments into equity securities were reduced (HRK 396.8m or 37%). Banks also reduced almost all of their other investment activities, especially into tangible assets and assets acquired, which is to a degree an influence of the sale of claims. As a result, the ratio of total investments in tangible assets to eligible capital remained at levels much below the permitted 40%¹⁵, totalling 10.2% at the end of 2016.

Liabilities and capital

The most important contribution to the decrease in total bank liabilities came from the decline in provisions for loan conversion, followed by banks' further deleveraging abroad. Compared with the end of 2015, liabilities decreased by HRK 9.5bn or 2.8% (Table 1.3). Banks set aside provisions for conversion (reported in accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets) on 30 September 2015 in line with regulatory provisions, based on the assessment of the effect of the conversion of the entire portfolio of loans to households denominated in Swiss francs into loans in euro. Most conversions were completed by the end of the first quarter 2016 so the amount of provisions decreased from the initial HRK 6.9bn to HRK 118.1m at the end of the year.

14 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. Source: <http://d1lge852tjqow.cloudfront.net/CIK-0001403161/75d2207b-d58f-4008-a10d-d38b0da826df.pdf>

15 A credit institution's total holdings of tangible assets may not exceed 40% of the credit institution's eligible capital. Tangible assets include any immovable and movable property owned or used by a credit institution on the basis of a leasing contract, rental agreement or lease contract, the useful life of which exceeds one year. This includes assets acquired (tangible assets acquired in exchange for outstanding claims of a credit institution), except holdings of tangible assets for the first two years after acquisition, which a credit institution acquired in exchange for its claims during the process of financial reconstruction or in the course of bankruptcy or foreclosure proceedings, or through the realisation of collateral received pursuant to the Foreclosure Act.

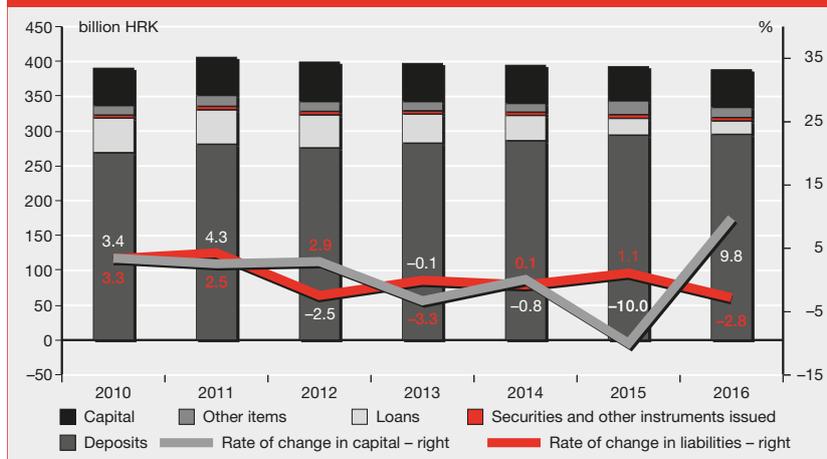
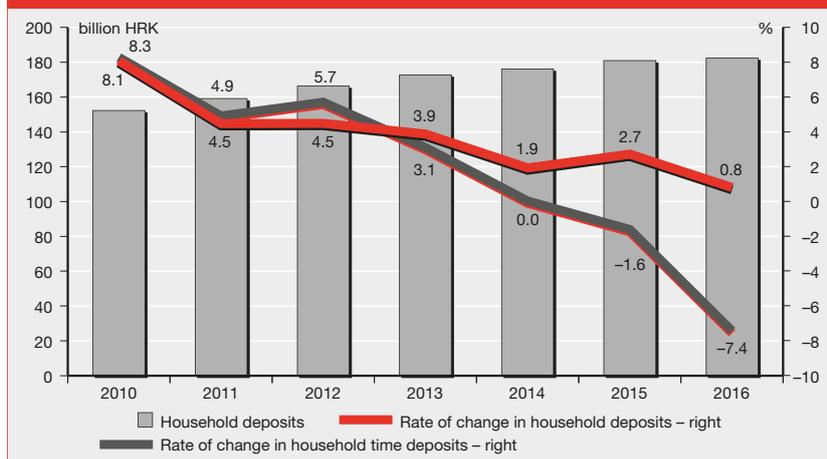
TABLE 1.3 Structure of bank liabilities and capital, end of period, in million HRK and %

	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	641.6	0.2	622.4	0.2	-3.0	1,506.9	0.4	142.1
Short-term loans	602.5	0.2	611.2	0.2	1.4	503.5	0.1	-17.6
Long-term loans	39.1	0.0	11.2	0.0	-71.3	1,003.4	0.3	884.7
Deposits	286,075.4	72.4	294,214.6	74.8	2.8	295,302.8	76.0	0.4
Transaction account deposits	67,556.2	17.1	76,631.9	19.5	13.4	101,391.0	26.1	32.3
Savings deposits	18,045.1	4.6	21,052.5	5.4	16.7	19,954.7	5.1	-5.2
Time deposits	200,474.1	50.7	196,530.2	50.0	-2.0	173,957.2	44.8	-11.5
Other loans	35,919.8	9.1	23,658.6	6.0	-34.1	17,554.7	4.5	-25.8
Short-term loans	5,632.7	1.4	2,109.5	0.5	-62.5	1,674.3	0.4	-20.6
Long-term loans	30,287.2	7.7	21,549.2	5.5	-28.9	15,880.4	4.1	-26.3
Derivative financial liabilities and other financial liabilities held for trading	1,180.5	0.3	2,339.2	0.6	98.2	2,269.8	0.6	-3.0
Debt securities issued	299.9	0.1	300.8	0.1	0.3	353.6	0.1	17.6
Short-term debt securities issued	0.0	0.0	0.8	0.0	100.0	0.0	0.0	-100.0
Long-term debt securities issued	299.9	0.1	300.0	0.1	0.0	353.6	0.1	17.9
Subordinated instruments issued	2,050.0	0.5	2,724.0	0.7	32.9	2,659.3	0.7	-2.4
Hybrid instruments issued	2,319.4	0.6	2,198.4	0.6	-5.2	2,190.9	0.6	-0.3
Interest, fees and other liabilities	11,231.2	2.8	17,361.6	4.4	54.6	12,031.9	3.1	-30.7
TOTAL LIABILITIES	339,717.8	86.0	343,419.6	87.3	1.1	333,870.1	85.9	-2.8
Share capital	33,757.2	8.5	34,275.4	8.7	1.5	33,858.8	8.7	-1.2
Current year profit (loss)	1,534.6	0.4	-4,615.8	-1.2	-	5,031.3	1.3	-
Retained earnings (loss)	15,943.0	4.0	15,579.3	4.0	-2.3	11,228.1	2.9	-27.9
Legal reserves	1,046.0	0.3	1,035.2	0.3	-1.0	1,033.1	0.3	-0.2
Reserves provided for by the articles of association and other capital reserves	2,600.4	0.7	2,892.5	0.7	11.2	2,842.7	0.7	-1.7
Revaluation reserves	727.9	0.2	1,115.1	0.3	53.2	863.8	0.2	-22.5
Previous year profit (loss)	-89.1	0.0	-307.0	-0.1	244.4	-5.9	0.0	-98.1
TOTAL CAPITAL	55,519.9	14.0	49,974.7	12.7	-10.0	54,851.8	14.1	9.8
TOTAL LIABILITIES AND CAPITAL	395,237.7	100.0	393,394.3	100.0	-0.5	388,721.9	100.0	-1.2

TABLE 1.4 Structure of bank sources of financing, end of period, in million HRK and %

	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Deposits	286,075.4	87.4	294,214.6	90.9	2.8	295,302.8	92.4	0.4
Loans	36,561.4	11.2	24,281.1	7.5	-33.6	19,061.7	6.0	-21.5
Debt securities issued	299.9	0.1	300.8	0.1	0.3	353.6	0.1	17.6
Hybrid and subordinated instruments issued	4,369.4	1.3	4,922.4	1.5	12.7	4,850.2	1.5	-1.5
TOTAL SOURCES OF FINANCING	327,306.2	100.0	323,718.8	100.0	-1.1	319,568.3	100.0	-1.3
Total sources of financing from majority foreign owner	41,849.3	12.8	22,819.6	7.0	-45.5	12,309.5	3.9	-46.1

Throughout 2016, banks decreased their foreign funding at a similar quarterly pace, especially to majority foreign owners (Table 1.4). The annual fall in foreign sources totalled HRK 13.2bn (28.5%). All types of foreign sources decreased, especially deposits and loans. The bulk of the change had to do with the sources of majority foreign owners (down HRK 10.5bn or 46.1%, to 3.9% of total bank sources). The intensity of this reduction has been growing due to the fall in the base. Relating total liabilities and total claims of majority foreign owners, or observation on a net basis, showed that banks' debts to their majority foreign owners continued to exceed their claims at the end of 2016. The growth in loans granted, paired with the simultaneous decline in liabilities, reduced this difference to only HRK 1.7bn (0.4% of bank assets). For comparison, it stood at HRK 14.8bn (3.8% of bank assets) at the end of 2015. In contrast to external sources, the sources of all domestic sectors increased, by HRK 9bn (3.2%), which ultimately made up for the most part of external sources. The bulk of this growth was realised from deposits.

FIGURE 1.4 Bank liabilities and capital**FIGURE 1.5 Household deposits**

Deposit growth was mild. However, changes in maturity and currency structure of deposits were noticeable. Due to the mentioned divergent developments in deposits of domestic and foreign sectors, the overall annual rate of deposit growth was small (growth in nominal terms totalled 0.4% and in real terms 0.8%). Sight deposits, i.e. transaction account deposits and savings deposits, grew by a total of HRK 23.7bn (24.2%), while time deposits declined by HRK 22.6bn (11.5%). Thus, the share of sight deposits increased by 7.9 percentage points, or to 41.1% of total deposits.

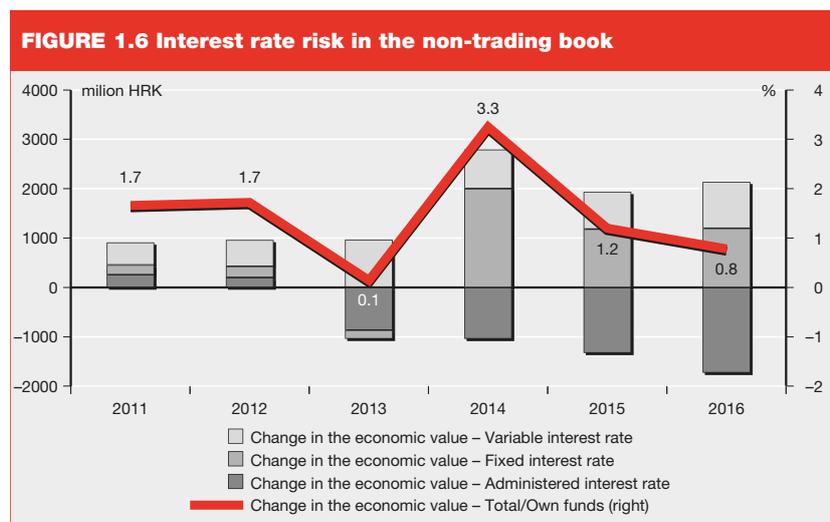
Households were the most instrumental in the maturity transformation of deposits. This was partly a result of the manner in which individual deposit instruments are reported in bank statements¹⁶. The fall in household time deposits was surely aided by the low interest rates on savings deposits, as well as by the tax on interest rates on savings deposits¹⁷ that caused households to turn

16 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.

17 The Act on Amendments to the Income Tax Act (OG 143/2014) introduced early in 2015, inter alia, a tax on interest on kuna and foreign currency savings deposits (sight and time savings deposits and annuity savings) at a rate of 12%. Interest on the positive balance in giro accounts, current accounts and foreign currency accounts are not subject to tax provided that the interest rate does not exceed 0.5% a year.

to other forms of investments. The rates of change of household time deposits became negative back in the middle of 2015 (Figure 1.5), while on the other hand net assets of investment funds grew by one fourth or HRK 3.7bn¹⁸ during the period (that is from June 2015 until the end of 2016). The overall level of household deposits increased by only HRK 1.5bn or 0.8% (1.3% in real terms) due to negative developments early in the year. Similar changes in the maturity structure in favour of sight deposits were registered by deposits of non-financial corporations. However, their overall level noticeably increased, by HRK 4.9bn (9.2%). The majority of positive developments in these deposits, as well as in household deposits, remained contained to the middle of the year (the second and the third quarter), which is linked to the effects of the tourist season. This is corroborated by the increase in deposits of non-financial corporations from the accommodation and food service activities, deposits of motorway management companies and in household deposits of households from the coastal areas.

The relatively low exposure to interest risk in the non-trading book additionally decreased in 2016. The ratio of the economic value of the non-trading book and own funds decreased from 1.2% at the end of 2015 to 0.8% at the end of 2016 (Figure 1.6). The main reason for this is the growth of the weighted amount of interest-rate sensitive liabilities, which offset the interest rate-sensitive assets (weighted amount), that is, decrease the overall position. The increase in sight deposits had the greatest effect. In this sense, key was the increase in deposits negotiated at administered interest rates (changed on the basis of the decision by the credit institution's management board), so the increased negative position in administered interest rates reduced the overall position.



Loans received continued the downward trend present for several years. Reducing by one-fifth, they came down to only 6% of total bank sources. Changes were most visible in loans from abroad, which went down by HRK 5.5bn (52.6%), mostly due to loans received from majority foreign owners, and banks also reduced loans received from other foreign financial institutions. On the other hand, borrowing in the domestic market went up slightly (1.9%), as a reflection of the need (predominantly by smaller banks) for additional kuna sources, ensured through regular and structural repo auctions.

Bank capital received a boost from the current year profit, which, during the period under review, went up by HRK 4.9bn or 9.8% (Figure 1.4). The amount of this influence was reduced by nega-

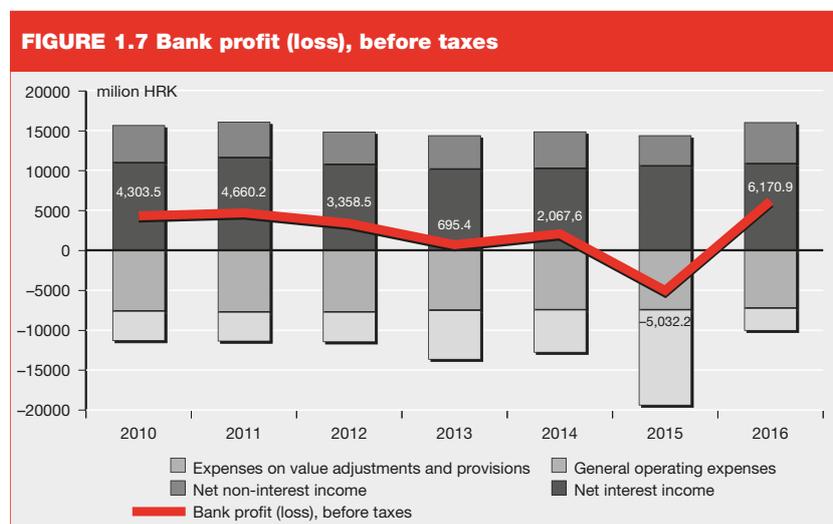
¹⁸ Source: http://www.hanfa.hr/media/1166/b-02_net_o_imovina_if.xlsx

tive developments in share capital and revaluation reserves, as well as in dividend payments from profit realised in 2015. Share capital decreased by HRK 416.6m (1.2%) from the end of 2015 due to the simplified reduction of capital at multiple banks aimed at covering operating losses from previous years and the exit of two banks from the system. Five smaller banks were recapitalised in 2016, mostly through cash payments and to a smaller extent through the transfer of instruments with the characteristics of equity into ordinary shares. A total of six banks made dividend payments, amounting to HRK 356.8m, predominantly from their 2015 profit.

1.2.3 Earnings

Income statement

Following the losses of 2015 caused by the conversion of loans in Swiss francs into loans in euro, banks' earnings recovered in 2016. The influence of lower expenses on value adjustments and provisions was particularly strong, especially the influence of expenses on provisions for conversion and also expenses on loan value adjustments, the latter partly being under the influence of conversions. An important impact on the result came from various one-off revenues, such as sales of equity holdings (especially the sale of shares in Visa Europe Ltd.) and of irrecoverable claims, as well as dividends received. ROAA and ROAE reached their highest value since 2008. However, excluding the effects of the sale of equity holdings, profitability remained lower than in the period before the crisis. This was predominantly a consequence of the cost of risk, which, although reduced, remained elevated.



The main source of income, interest income, continued its years-long downward trend as a result of sluggish lending activity, changes to its structure and of a decline in interest rates. Therefore, net interest income growth was generated through sizeable cuts on interest expenses. The share of loans granted in the structure of interest-bearing assets decreased, while the share of less productive forms of assets, such as securities, especially bonds of the domestic central government, increased. Weak lending activity and high liquidity reserves enabled banks to continue to deleverage and lower interest rates on received deposits, as well as on loans granted. To an extent, stricter rules, or rather stricter regulation of the interest rate limits, as well as a competitive environment played their role.

Income from fees and commissions decreased as well, primarily income related to card operations, under the influence of regulations limiting the amount of interchange fees. Active management of general operating expenses continued, thus continuing the slow but stable years-long trend of improved cost efficiency throughout 2016.

Banks generated HRK 6.2bn in profit from continuing operations (before tax) in 2016, while in 2015 they recorded a loss of HRK 5.0bn (Figure 1.7) under the influence of regulations relating to conversion from September of the same year. This change was to the greatest extent caused by developments in provisioning and value adjustment costs, that is, by their reduction from HRK 12.0bn in 2015 to HRK 2.9bn in 2016. In 2015, this item was burdened by provisioning costs for the conversion of loans in Swiss francs into loans in euro in the amount of HRK 6.8bn. In 2016, banks reported an additional HRK 50.4m in provisioning costs for loan conversion. This raised direct conversion costs, which relate to the cost of the partial write-off of the principal and the cost of overpayment, to HRK 6.9bn. In addition, banks faced a series of indirect loan conversion costs (the costs of balancing the foreign exchange position being the most significant) and other measures related to the portfolio of loans in Swiss francs (such as the measure to fix the exchange rate of the Swiss franc for loan repayments for a period of one year¹⁹ and the measure of restricting interest rates on housing loans in Swiss francs to 3.23%²⁰). In 2016, after most of the conversions had been carried out, these effects were either not seen or else considerably reduced. Under the influence of the partial write-off of the principle of converted loans and improvement in the creditworthiness of clients, as well as early repayments and refinancing, income from cancelled expenses on value adjustments of housing loans was generated.

One-off income related to equity holdings strongly affected operating results in 2016, while income from the sale of irrecoverable claims increased. The sale of shares of Visa Europe Ltd. generated HRK 656.8m for banks²¹. In addition, income from affiliated companies, that is, income from dividends and the sale of holdings strongly affected profit trends. Two banks led the way by generating a total of HRK 600m in income. The rise in the sale of irrecoverable claims, which, in 2016, were realised at prices exceeding the net book value, generated a greater income under this item. It totalled HRK 338.6m, as against the HRK 209.3m in 2015. This moderated previous losses – the value adjustments of the claims sold in 2016 totalled HRK 4.5bn.

Net operating income increased from 2015 by slightly over one quarter (Table 1.5). This was a result of favourable developments in all items, i.e. the growth in net income, both interest and non-interest income, and lower general operating expenses. The greatest change was seen by net other non-interest income, primarily thanks to the effect of the sale of shares of Visa Europe Ltd., income from dividends and income from embedded derivatives used for the purpose of conversion (with the aim of balancing the foreign exchange position). The strong growth of these items was only partly moderated by the growth of operating expenses that was predominantly caused by the growth of

19 The Act on Amendments to the Consumer Credit Act (OG 9/2015) and Act on Amendments to the Credit Institutions Act (OG 19/2015) set the exchange rate of the Swiss franc against the kuna at the level of HRK 6.39 for one Swiss franc a period of one year. According to the data from March 2015, bank costs under this item totalled HRK 223.4m.

20 The Act on Amendments to the Consumer Credit Act (OG 143/2013) laid down that, when the exchange rate of the currency to which the loan is indexed appreciates by more than 20% against the kuna, the interest rate on housing loans must not exceed the average weighted interest rate at which the loans were initially granted, reduced by 30%. This rate is unchangeable and stops being applied when the exchange rate depreciates to a level below the mentioned appreciation of 20% for a continuous period of 30 days. In the Official Gazette 149/2013, the CNB announced that the average weighted interest rate at which Croatian credit institutions granted housing loans in Swiss francs and in kuna indexed to the Swiss franc amounted to 4.62%. Reduced by 30% it stands at 3.23% and is applied as of 1 January 2014.

21 According to the estimate from June 2016.

TABLE 1.5 Bank income statement, in million HRK and %

	Jan. – Dec. 2015	Jan. – Dec. 2016	Change
CONTINUING OPERATIONS			
Interest income	18,129.3	16,524.6	-8.9
Interest expenses	7,580.7	5,699.2	-24.8
Net interest income	10,548.6	10,825.4	2.6
Interest income from fees and commissions	4,614.3	4,520.9	-2.0
Expenses on fees and commissions	1,580.3	1,303.8	-17.5
Net income from fees and commissions	3,034.0	3,217.1	6.0
Income from equity investments	349.1	773.8	121.6
Gains (losses)	862.3	1,865.5	116.3
Other operating income	639.0	579.0	-9.4
Other operating expenses	1,051.9	1,241.3	18.0
Net other non-interest income	798.5	1,977.1	147.6
Total operating income	14,381.1	16,019.6	11.4
General administrative expenses and depreciation	7,438.6	7,209.6	-3.1
Net operating income before loss provisions	6,942.5	8,810.0	26.9
Expenses on value adjustments and provisions	11,973.5	2,854.9	-76.2
Other gains (losses)	-1.2	215.8	-
Profit (loss) from continuing operations, before taxes	-5,032.2	6,170.9	-
Income tax on continuing operations	-402.2	1,296.8	-
Profit (loss) from continuing operations, after taxes	-4,630.0	4,874.1	-
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations, after taxes	14.2	157.2	1,008.0
Current year profit (loss)	-4,615.8	5,031.3	-
Note: Number of banks operating with losses, before taxes	15	9	-40.0

payments to the resolution fund²². Expenses for insurance premiums for savings deposits decreased slightly, despite the increase in the calculation base and the fact that the coverage of insurance was widened in mid-2015 to include deposits of large and medium-sized enterprises and smaller municipalities²³. These developments were caused by the change in the methodology of insurance premium calculations. In addition to the amount of insured deposits, starting from 1 June 2016, it is based on the risk level of individual institutions²⁴.

Savings on expenses raised net income from fees and commissions by 6.0%. A noticeable decline in expenses was predominantly a reflection of the base period effect. Namely, in 2015 banks suffered considerable costs of conversion of their sources from the Swiss franc into euro in an attempt to balance their foreign exchange position. Income from fees and commissions decreased slightly, the decrease related to credit cards (HRK 114.4m or 10.8%) standing out the most. It was affected by rules on the limiting of the amount of interchange fees that were introduced in December 2015²⁵. More noticeable rises were seen only in the income from fees and commissions stemming from agreements for insurance companies (under the influence of the growth in the segment of loan repayment insurance policies) and income from fees and commissions for digital banking²⁶.

22 The Act on the Resolution of Credit Institutions and Investment Firms (OG 19/2015).

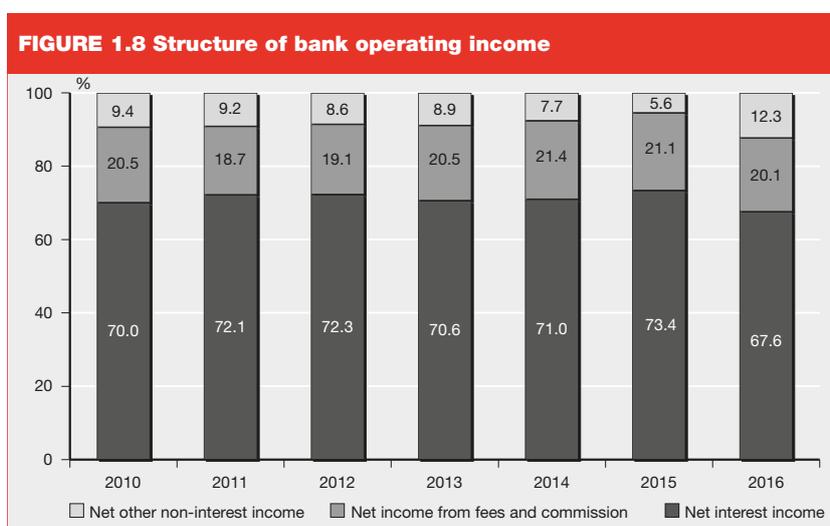
23 Deposit Insurance Act (OG 82/2015).

24 Ibid.

25 Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions limited the fees for debit or credit cards to 0.2% or 0.3% of the transaction value. The interchange fee is a fee paid for each transaction directly or indirectly (i.e. through a third party) between the issuer and the acquirer involved in a card-based payment transaction.

26 Internet, telephone or mobile banking and confirmations via text messages.

Net interest income continued to grow (2.6%). However, its increase continued to be founded on savings on interest expenses. They were down by almost a quarter, which was a slightly more visible decrease than in 2015. Interest expenses on deposits (especially time deposits) went down the most, with the decline in the household sector (28.7%) leading the way. The decline in interest income from loans was more dynamic than the year before and, as with interest expenses, the greatest change was visible in the household sector. The downward trend in interest rates on the market was exacerbated by stricter limitations regarding the amount of default interest and thus indirectly contractual interest rates, as well as effective interest rates on loans to consumers²⁷. Interest income from household loans went down by 5.3% as a result of developments in all more significant types of loans to this sector, especially housing loans, non-purpose cash loans and current account overdrafts. As regards non-purpose cash loans, one of the few types of lending that grew in 2016, the key influence was in the decline of interest rates.



General administrative expenses and depreciation fell slightly in 2016 predominantly under the influence of lower employee expenses (1.4%). The number of employees went down by 1.5%, continuing the trend started in 2011. The fall in the number of employees would still be present if the data of two banks that left the system in 2016 were excluded from the sample. Four banks were operationally non-profitable, that is, their operating income did not suffice to cover their general operating expenses.

Total expenses on value adjustments and provisions decreased strongly, by as much as HRK 9.1bn, in 2016, mostly due to high one-off provisioning costs for loan conversion in 2015. In addition, it is important to stress that much lower costs associated with credit risk were also registered in 2016, both in the household sector and in the non-financial corporations sector. Expenses on loan value adjustments almost halved, the effect of the decline being almost the same in both sectors mentioned. As for housing loans to households in 2016, income generated from the cancelling of expenses on value adjustments was HRK 171.2m as opposed to the HRK 594,8m costs in 2015, which may predominantly be linked to the loan conversion. Expenses on value adjustments of non-financial corporates were 35.9% lower under the influence of activities aimed at the resolution of non-performing loans and improving the creditworthiness of individual clients.

²⁷ The Act on Amendments to Civil Obligations Act (OG 78/2015), in force since 1 August 2015.

Nine banks reported operating losses from continuing operations (before tax). In addition to four operationally non-profitable banks, five more banks reported negative results due to the effect of expenses on value adjustments and provisions. Two banks fewer, that is, seven banks, reported current year losses. Namely, two banks had made a profit from non-continuing operations, which ultimately resulted in their current year profit. In one of these banks, it was a result of resolution proceedings late in 2016.

Returns indicators

Developments in expenses on value adjustments and provisions, as well as strong one-off effects, caused a recovery in bank returns indicators. After the negative figures in 2015, in 2016 ROAA and ROAE totalled 1.6% and 9.6% (Figure 1.9), which were their highest levels since 2008. However, the effects of the sale of equity holdings excluded, returns indicators continued to be much lower than in the period before the crisis, primarily due to the still high cost of risk. The ratio of expenses on value adjustments and provisions to average assets was 0.7% and, although declining, was still much higher than the average 0.3% in the period from 2002 to 2008.

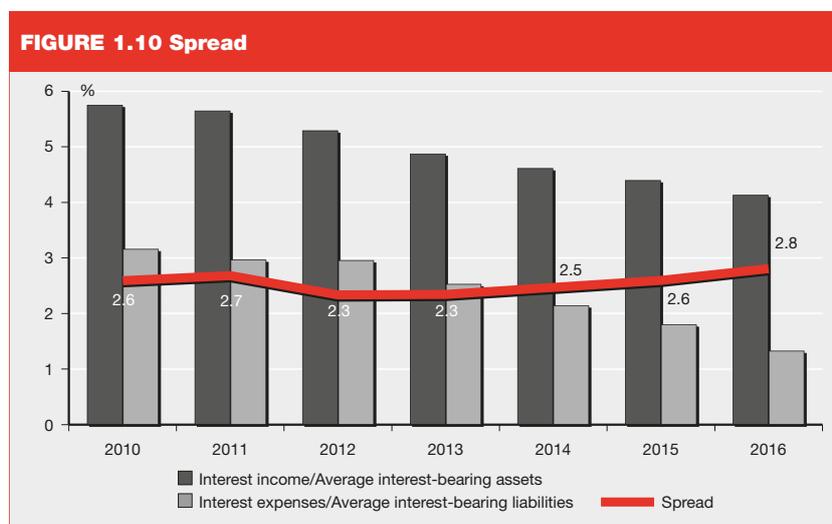
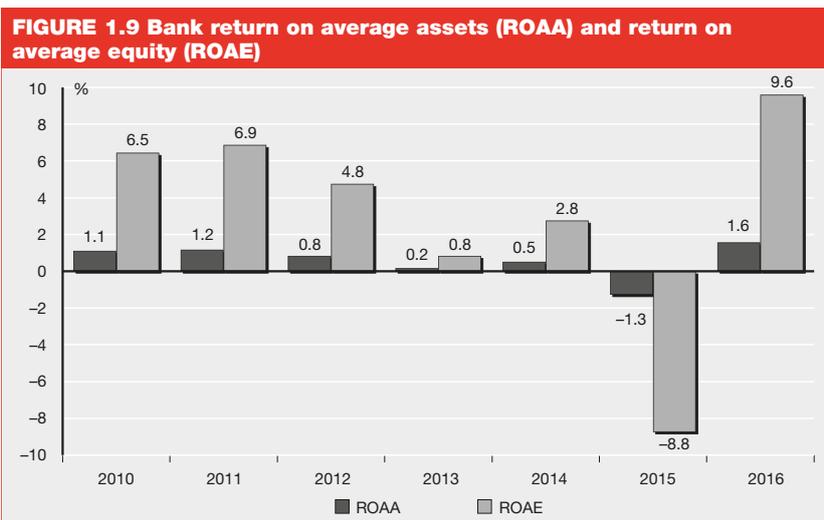
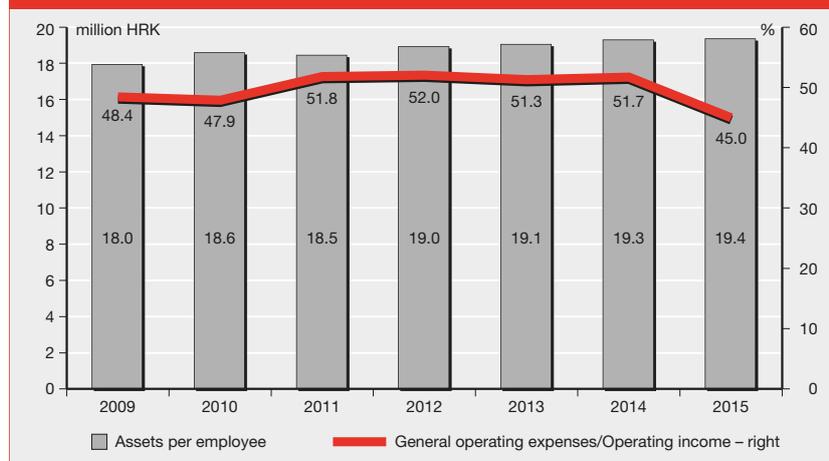


FIGURE 1.11 Bank cost efficiency

Further savings on interest expenses continued to widen the interest rate spread, from 2.6 to 2.8 (Figure 1.10), the highest level registered since 2005. The average cost of interest liabilities to households declined from 1.9% to 1.4%, which spurred a further widening of the interest rate spread in this sector, as well as the overall interest rate spread.

The already favourable cost-efficiency indicator, the cost-to-income ratio, additionally improved. It totalled 45.0% at the end of 2016, while the year before it amounted to 51.7% (Figure 1.11). This was under the strong influence of the rising operating income, while the effect of a decrease in general operating expenses was noticeably lower. They declined in 2016 by 3.1%, from 1.9% to 1.8% of average assets.

1.2.4 Credit risk

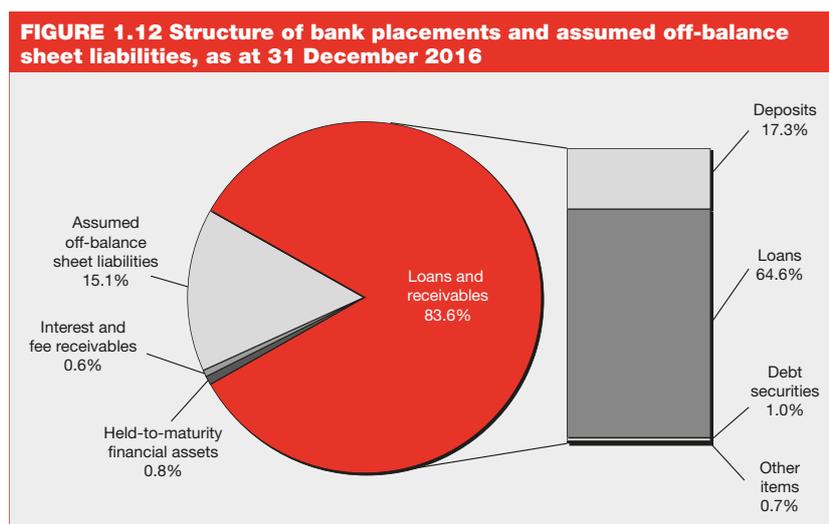
Placements and assumed off-balance sheet liabilities

Developments as regards the level of exposure to credit risk and indicators of the quality of credit exposure in 2016 were largely determined by the effects of conversion of loans in Swiss francs into loans in euro and intensified activities aimed at resolving the issue of irrecoverable placements, especially through the sale of claims, which reached the highest volume ever during the year in question. These developments influenced the main component of credit risk exposure, namely the size and quality of loans granted, while changes in other portfolios that make up the overall exposure to credit risk had no major influence on overall developments.

Total exposure to credit risk decreased, while only assumed off-balance sheet liabilities grew at a more noticeable rate. At the end of 2016, total placements and assumed off-balance sheet liabilities exposed to credit risk²⁸ stood at HRK 404,3bn (Table 1.6), decreasing by HRK 7.6bn or 1.8% from

²⁸ Total exposure to credit risk comprises placements (balance sheet items) and assumed off-balance sheet liabilities. The placements can be divided into a loan and receivables portfolio and a portfolio of held-to-maturity financial assets, with the receivables on interest and fees being covered by a separate item (receivables based on income). The portfolios of financial assets comprise various

the end of 2015. The overall change was under the key influence of the decrease in loans granted that reduced for the third consecutive year so their amount went down to the end-2009 level. The fall in the amount of loans was accompanied by a simultaneous fall in the structure of total placements and off-balance sheet liabilities of banks. At the end of 2016, this share totalled 64.6%, down 2.3 percentage points from the end of 2015. In terms of size of growth, only off-balance sheet liabilities (HRK 6.0bn or 11.0%) stood out among the components of total exposure to credit risk, primarily as a result of the growth in assumed credit lines and commitments to finance non-financial corporations and the central government.



The quality of total exposure to credit risk improved. Partly and fully irrecoverable placements and off-balance sheet liabilities (distributed into risk categories B and C) decreased by 20.4%. The difference between the intensity of their decrease and of the decrease 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 12.0% at the end of 2015 to 9.7% at the end of 2016. The biggest contribution to this change came from the sale of claims.

The sale of claims grew strongly. The volume of sales started growing in 2012 when their influence on developments in the indicator of quality of credit exposure grew as well. The growth of these activities was a result of the stepped-up attempts of numerous banks to cut their shares of non-performing claims and alleviate the pressure such placements exert on value adjustment expenses. Namely, additional rules were laid down within the framework of prudential regulation on the gradual increase in value adjustments for long-term delinquent placements, rules aimed at increasing the coverage of non-performing claims by value adjustments.²⁹ The fall in net book value and development of the market for partially recoverable claims increased sales activities in 2016 (see chapter 1.2.2 Balance sheet).

instruments such as loans, deposits, bonds and T-bills, and assumed off-balance sheet liabilities comprise guarantees, credit lines, etc. Placements and assumed off-balance sheet liabilities are classified into risk categories A (fully recoverable placements and off-balance sheet liabilities), B (partly recoverable placements and off-sheet liabilities) and C (fully irrecoverable placements and off-balance sheet liabilities). Risk category B includes the following three subcategories, depending on the amount of the established loss: B-1 – losses of up to 30% of the amount of claims, B-2 – losses of between 30% and not exceeding 70% of the amount of claims and B-3 – losses exceeding 70% and less than 100%. Exposures bearing losses equivalent to 100% of the amount of claims are classified into category C.

²⁹ Decision on the classification of placements and off-balance sheet liabilities of credit institutions (OG 41A/2014).

TABLE 1.6 Classification of bank placements and assumed off-balance sheet liabilities by risk categories, end of period, in million HRK and %

Risk (sub) category	Dec. 2014			Dec. 2015			Dec. 2016		
	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	365,613.1	3,363.4	0.9	362,550.9	3,348.0	0.9	365,032.2	3,344.5	0.9
B-1	15,728.9	2,364.5	15.0	12,528.5	1,836.8	14.7	8,411.0	1,185.9	14.1
B-2	19,774.4	9,768.0	49.4	18,363.9	9,484.3	51.6	12,168.7	6,488.8	53.3
B-3	5,559.4	4,615.6	83.0	8,008.0	6,578.8	82.2	8,029.2	6,599.4	82.2
C	10,022.4	10,020.4	100.0	10,453.1	10,453.9	100.0	10,691.5	10,693.2	100.0
Total	416,698.2	30,131.8	7.2	411,904.4	31,701.9	7.7	404,332.6	28,311.7	7.0

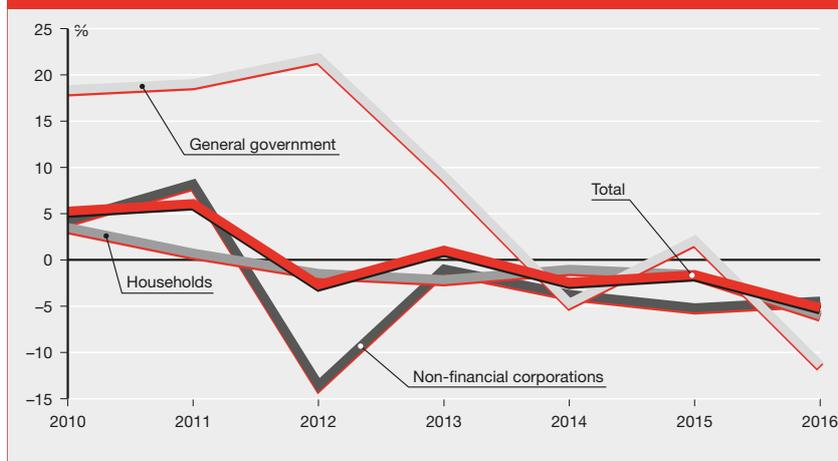
The growth of losses arising from credit risk materialisation was interrupted in 2016. Total value adjustments and provisions for placements and off-balance sheet liabilities decreased by 10.7%. Value adjustments and provisions for risk category A decreased negligibly, maintaining the same level of exposure coverage for this risk category (0.9%).³⁰ Value adjustments of placements and off-balance sheet liabilities categorised into groups B and C decreased almost half as much as the basis for their calculation (11.9%). The coverage of placements and off-balance sheet liabilities belonging to risk categories B and C thus greatly increased, from 57.5% to 63.5%. Total value adjustments decreased exclusively due to the sale of claims well covered by value adjustments, 75.6% on average. Without them, the growth in value adjustments of placements in risk categories B and C would have continued growing as a result of losses from earlier identified problem claims.

Loans

Credit activity remained subdued. In 2016, loans granted (classified into the loans and receivables portfolio, in gross amount) continued to fall, the annual rate of decrease accelerating to 5.2% (Figure 1.13). The already mentioned write-off of converted loans and sale of claims contributed to this change. Without them the rate of decrease in loans granted would have remained at last year's levels (-1.1% based on transactions). In addition to greater lending to financial institutions, especially to foreign parents, a slight increase in lending was observed in the household sector, excluding the one-off effects, while loans to the remaining sectors decreased. In contrast to overall developments, the growth of kuna lending continued, especially in the household sector. This can partly be linked with the refinancing of converted loans and the lower propensity of this sector to assume currency risk.

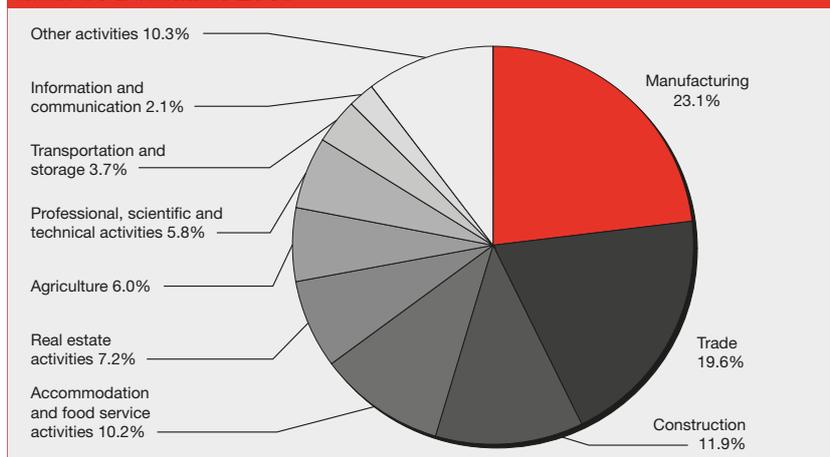
New lending was primarily made in kuna, loans granted at fixed interest rates growing in importance. Rising at a rate of 23.6%, kuna loans to households amounted to more than HRK 48.0bn at the end of 2016, that is, 42.4% of total loans to this sector. Their share thus increased by more than ten percentage points within a year. The growth of housing loans in kuna was particularly strong (HRK4.6bn or 90.2%). This can partly be attributed to the mentioned refinancing of converted loans. Despite it, total housing loans went down by HRK 6.8bn (12.3%). The share of the kuna component

³⁰ The collective impairment of placements classified into risk category A is performed in the amount of latent losses established by a credit institution by applying its internal methodology, whereby the level of value adjustments and provisions may not be lower than 0.80% of the total balance of placements and off-balance sheet liabilities classified into risk category A. If a credit institution has no established methodology it is obliged to carry out value adjustments and assess provisions collectively in the amount not lower than 1% of the total balance of placements and off-balance sheet liabilities classified into risk category A.

FIGURE 1.13 Rates of change of bank loans

in total housing loans doubled, reaching 20.1%. Nominally, loans in Swiss francs decreased the most (HRK 17.4bn or 87.1%) from the end of 2015m. This strong fall was caused by the loan conversion. Less than 1% of loans in that currency remained on banks' balance sheets at the end of 2016, mainly in the category of housing loans to households. Loans in euros remained equally represented as at the end of 2015, their share totalling 62.8%.

Bank exposure to currency induced credit risk (CICR)³¹ trended down. Kuna loans increased in the majority of other sectors, by a total of HRK 10.6bn (13.3%). Thanks to this and the strong decline in the foreign currency component of loans (HRK 24.8bn or 12.7%) bank exposure to currency induced credit risk decreased. At the end of 2016, far fewer bank loans (net) were exposed to CICR than at the end of 2015 (65.5% vis-à-vis 71.4%). This continued the trend started after 2011 at the end of which the share of loans exposed to CICR reached its all-time high of 77.3%. At the same time, although at a slower pace, the share of loans not hedged against CICR, or loans to borrowers with an

FIGURE 1.14 Structure of bank loans to non-financial corporations by activity as at 31 December 2016

³¹ Currency-induced credit risk is the risk that the borrowers with unmatched foreign currency positions, whose foreign currency liabilities exceed their foreign currency assets (including items in kuna with a currency clause) will not be able to settle their liabilities towards banks in the event of a change in exchange rates.

TABLE 1.7 Bank loans, end of period, in million HRK and %

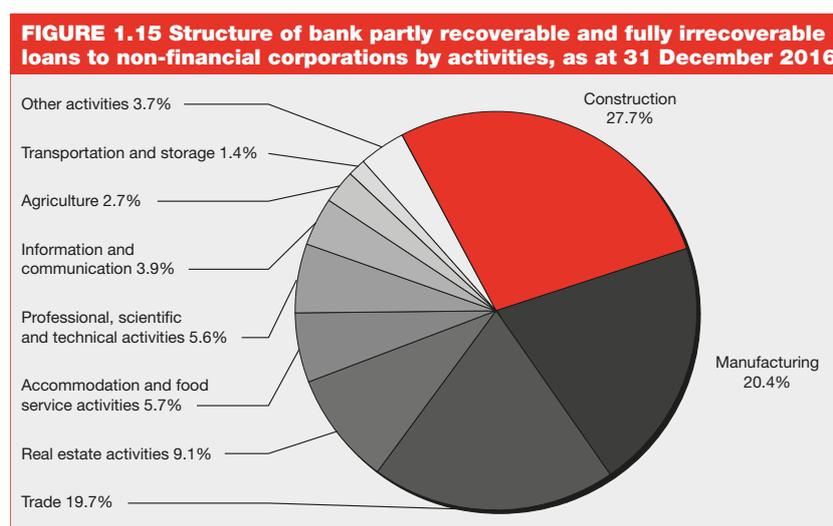
	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans								
General government	56,339.5	20.1	57,544.8	20.9	2.1	50,997.2	19.5	-11.4
Non-financial corporations	92,019.5	32.9	87,269.5	31.7	-5.2	83,378.8	31.9	-4.5
Households	122,346.4	43.7	120,426.7	43.7	-1.6	113,246.0	43.4	-6.0
Housing loans	56,127.3	20.1	54,998.8	20.0	-2.0	48,236.0	18.5	-12.3
Mortgage loans	2,843.3	1.0	2,599.4	0.9	-8.6	2,207.0	0.8	-15.1
Car loans	1,439.3	0.5	1,057.3	0.4	-26.5	988.8	0.4	-6.5
Credit card loans	3,831.0	1.4	3,716.2	1.3	-3.0	3,607.9	1.4	-2.9
Overdraft facilities	8,157.5	2.9	7,856.8	2.9	-3.7	7,422.1	2.8	-5.5
General-purpose cash loans	39,123.4	14.0	39,808.8	14.5	1.8	40,734.7	15.6	2.3
Other household loans	10,824.7	3.9	10,389.4	3.8	-4.0	10,049.5	3.8	-3.3
Other sectors	9,224.3	3.3	10,180.4	3.7	10.4	13,577.6	5.2	33.4
Total	279,929.8	100.0	275,421.4	100.0	-1.6	261,199.5	100.0	-5.2
Partly recoverable and fully irrecoverable loans								
General government	47.4	0.1	14.7	0.0	-69.1	8.6	0.0	-41.2
Non-financial corporations	32,086.4	67.2	30,256.6	66.0	-5.7	23,586.3	65.4	-22.0
Households	14,718.9	30.8	14,673.8	32.0	-0.3	11,699.9	32.5	-20.3
Housing loans	4,934.7	10.3	5,374.5	11.7	8.9	3,941.7	10.9	-26.7
Mortgage loans	929.1	1.9	871.6	1.9	-6.2	664.4	1.8	-23.8
Car loans	92.7	0.2	76.4	0.2	-17.6	55.7	0.2	-27.0
Credit card loans	157.7	0.3	140.1	0.3	-11.2	116.4	0.3	-16.9
Overdraft facilities	1,052.0	2.2	960.7	2.1	-8.7	741.5	2.1	-22.8
General-purpose cash loans	3,807.8	8.0	3,674.7	8.0	-3.5	3,062.8	8.5	-16.7
Other household loans	3,745.0	7.8	3,575.8	7.8	-4.5	3,117.5	8.6	-12.8
Other sectors	902.4	1.9	917.4	2.0	1.7	750.7	2.1	-18.2
Total	47,755.1	100.0	45,862.5	100.0	-4.0	36,045.4	100.0	-21.4
Value adjustments of partly recoverable and fully irrecoverable loans								
General government	11.7	0.0	4.2	0.0	-63.7	3.7	0.0	-13.5
Non-financial corporations	15,654.0	63.9	16,739.5	64.2	6.9	14,912.5	64.9	-10.9
Households	8,273.8	33.8	8,745.2	33.5	5.7	7,566.7	32.9	-13.5
Housing loans	2,161.0	8.8	2,812.8	10.8	30.2	2,506.4	10.9	-10.9
Mortgage loans	439.1	1.8	459.7	1.8	4.7	396.7	1.7	-13.7
Car loans	76.3	0.3	60.9	0.2	-20.2	47.1	0.2	-22.6
Credit card loans	147.1	0.6	130.0	0.5	-11.6	107.9	0.5	-17.0
Overdraft facilities	1,001.4	4.1	915.4	3.5	-8.6	697.9	3.0	-23.8
General-purpose cash loans	2,660.7	10.9	2,586.7	9.9	-2.8	2,138.3	9.3	-17.3
Other household loans	1,788.2	7.3	1,779.7	6.8	-0.5	1,672.4	7.3	-6.0
Other sectors	540.3	2.2	589.9	2.3	9.2	487.8	2.1	-17.3
Total	24,479.8	100.0	26,078.8	100.0	6.5	22,970.6	100.0	-11.9

unmatched currency position, trended downwards. At the end of 2016, a total of 83.7% of loans in foreign currency or in kuna indexed to foreign currency was placed to such borrowers.

The share of B and C risk category loans decreased for the second year in a row, from 16.7% at the end of 2015 to 13.8% at the end of 2016. This is a result of improvements in the economic environment, as reflected in better claims' collection and improved creditworthiness of clients from the non-financial corporations sector, as well as an increase in the resolution of non-performing loans, especially through the sale of claims. In the household sector, improvements in credit quality were

also affected by the conversion Swiss franc into euro loans, and the change in credit risk assessment rules at one bank.³² These developments in key sectors resulted in a decrease of total loans classified into risk categories B and C of more than HRK 9.8bn (21.4%).

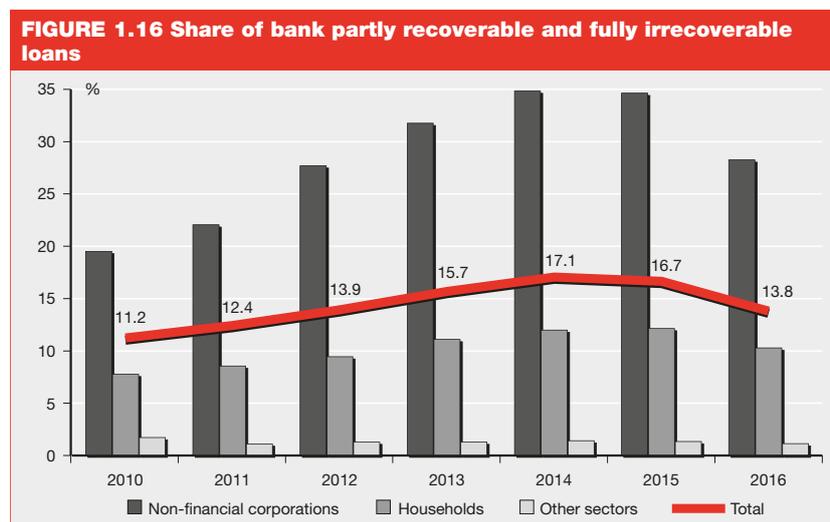
The quality of loans to non-financial corporations improved. However, the share of loans in risk categories B and C remained relatively high. In the non-financial corporations sector, loans classified into risk categories B and C decreased by 22.0%, which, despite the lack of new lending, contributed to loan quality improvement in that sector. The share of these risk categories in total loans to non-financial corporates declined from 34.7% to 28.3% thanks to the decline in non-performing loans in all activities. The greatest contributions to this decline were seen in manufacturing (30.0%), trade (23.4%) and construction (20.0%), due, among other things, to the sale of claims. Only loans classified into risk category B decreased, while loans classified into risk category C increased due to the ageing of the portfolio and recognition of additional losses from earlier-identified problem clients. This goes particularly for construction, where, in comparison with other important activities, the largest portion of loans was classified into risk categories B and C (65.7%). Construction again accounted for the largest share of non-performing loans to non-financial corporations in the system (27.7%, Figure 1.15).



The quality of loans to households, especially housing loans, improved. A noticeable decrease in loans to households classified into risk categories B and C (20.3%) resulted in the decline in their share in total loans, from 12.2% at the end of 2015 to 10.3%. The greatest contribution to this trend came from housing loans. In this category the non-performing share fell from 26.7% to 8.2% of total housing loans. All mentioned factors, i.e. loan conversion, sale of claims and change in the rules of credit risk assessment at one large banks contributed to these developments in the portfolio of loans to households. The associated effects of the conversion of loans that cannot be measured comprehensively, such as, for instance, early loan repayments or reclassification of claims due to changed lending conditions and improved creditworthiness of borrowers, contributed to the improvement in the quality of household loans. The improvement in the indicator of credit exposure in that portion of the portfolio can surely be attributed to the refinancing of converted loans by kuna loans. The share of loans classified into risk categories B and C in kuna housing loans halved to 4.6%, the lowest share of these risk categories among all currencies in which housing loans are granted. As for housing loans

³² The bank remained in compliance with the regulatory framework after changing its internal rules.

in euro, the share of risk categories B and C increased to 7.0%, while in the segment of housing loans in Swiss francs this share grew to 64.9%. However, they accounted for only 2.9% of total bank housing loans at the end of 2016. The improvement in the quality of loans to households was also caused by cash non-purpose loans, whose non-performing share declined to 7.5% of total loans, thanks to new lending activity but also thanks to the sale of problem claims. Cash non-purpose loans made up the largest share, that is, the majority of claims on households sold in 2016.



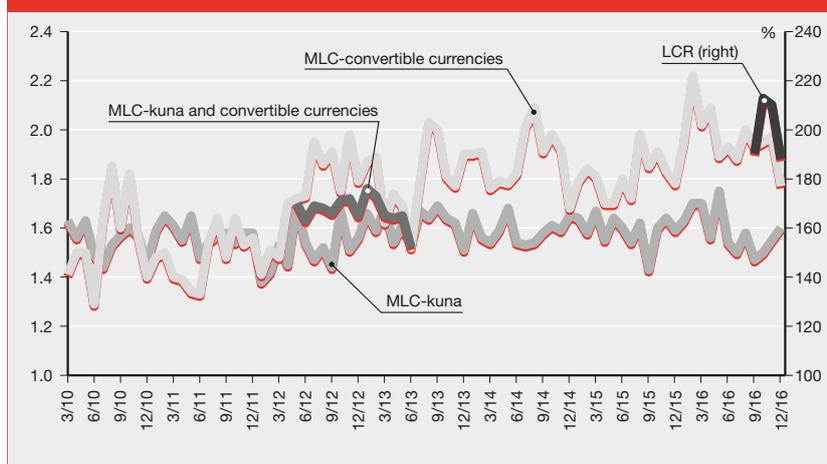
The ten-year upward trend in the losses arising from credit risk materialisation was halted in 2016. Total value adjustments of loans classified into risk categories B and C decreased by HRK 3.1bn (11.9%). The influence of the sale of claims well covered by value adjustments was crucial. Without them value adjustments would have continued to grow, especially due to the mentioned increase in risk category C in the non-financial corporations sector, particularly in construction. The different pace of decline in loans classified into risk group B and C and their value adjustments caused their coverage to grow. It increased from 56.9% at the end of 2015 to 63.7% at the end of 2016. Coverage increased in the non-financial corporations sector, by 7.9 percentage points, to 63.2%, and the increase was visible in all more important activities. In the household sector coverage grew by 5.1 percentage points, to 64.7%. It grew the most in housing and mortgage loans. To cover losses potentially arising from the uncovered portion of loans classified into risk categories B and C banks had to set aside 23.8% of capital at the end of 2016. This is a far lower burden on capital than at the end of 2015, when the ratio of loans classified into risk categories B and C (net amount) to capital stood at 39.6%.

1.2.5 Liquidity risk

Banks submitted the latest reports on MLCs at the end of 2016. CNB regulation relating to reports for determining the minimum liquidity coefficient (MLC)³³ ceased to apply as of the reporting date of 31 December 2016, but the LCR (Liquidity Coverage Ratio)³⁴, harmonised with the requirements of the relevant delegated act³⁵, became available in September 2016.

³³ Decision on liquidity risk management (OG 105/2016).

³⁴ Commission Implementing Regulation (EU) 2016/322 of 10 February 2016 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions of the liquidity coverage requirement.

FIGURE 1.17 MLC for period up to one month and LCR

MLCs in kuna and convertible currencies, in both periods under review, continued to be noticeably greater than the minimum. In comparison with the end 2015, MLCs in convertible currencies for the period up to one week decreased, from 2.6 to 2.3, while in the period up to one month it remained unchanged, amounting to 1.8 (Figure 1.17). MLC in kuna for the period of up to one week increased from 2.2 to 2.3, while for the period of up to one month it remained at the same level, 1.6.

At the end of 2016, the liquidity coverage ratio (LCR)³⁶ totalled 188.0%, indicating that banks had at their disposal substantial surpluses to cover liquidity needs under stress scenarios. At the end of 2016, all banks had LCRs higher than the minimum 70% set for 2016. Only one bank failed to meet the LCR requirement in its full scope, i.e. in that bank the indicator was below 100%. LCR for the kuna as well as LCR for the euro was lower than the overall figure, totalling 175.0% or 128.9% respectively.

At the end of 2016, banks had at their disposal a significant amount of liquid assets. The numerator in the LCR calculation, the liquidity buffer, totalled almost HRK 74.0bn or 19.0% of bank assets, and for the most part (63.7%) included the claims from central governments. The denominator, net liquidity outflow, totalled HRK 39.9bn. It is calculated as the difference between outflow and inflow, inflow being included in the calculation in the maximum amount of 75% of the outflow. The said limitation on the inclusion of inflow did not substantially affect the LCR, while the exclusion of certain household deposits from the calculation of the outflow had only a relatively small influence, totalling 12.1% of household deposits³⁷.

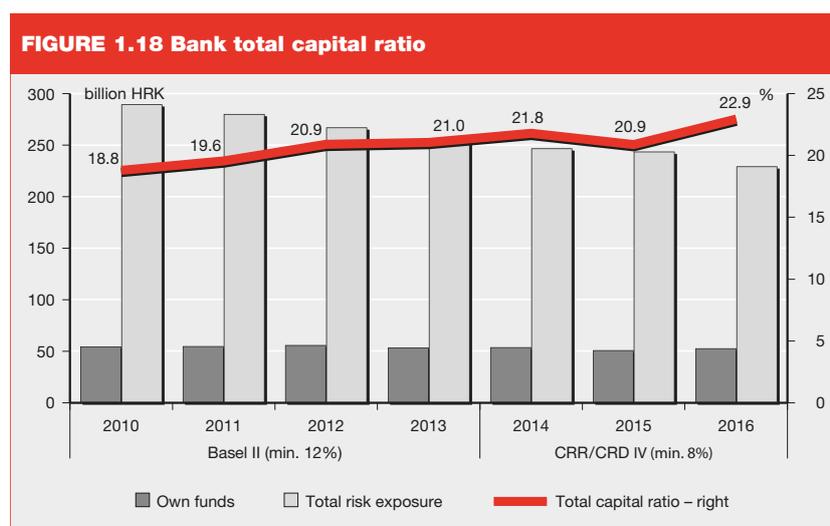
35 Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 with regard to liquidity coverage requirement for credit institutions.

36 The LCR is calculated as a ratio of the liquidity buffer and net liquidity outflow during a 30-day stress period. The implementation of the LCR in its full scope of 100% will start in 2018. A transitional period provided for the gradual introduction of the LCR, so credit institutions were required to maintain LCR of at least 60% in 2015, of at least 70% in 2016 and of at least 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).

37 It is possible to exclude from the calculation of the outflow those household deposits that cannot be withdrawn within a period of 30 days or deposits for which such early withdrawal leads to a penalty that includes loss of interest and a materially significant penalty.

1.2.6 Capital adequacy

A decrease in bank exposure to all types of risks and the slight increase in own funds at the end of 2016 resulted in the rise of the total capital ratio to its record high. The total capital (own funds) ratio stood at 22.9%, up two percentage points over the end of 2015 (Figure 1.18). The increase in the total capital ratio is a continuation of the several-years long trend, except in 2015, when the ratio fell under the influence of regulatory provisions regarding the conversion of loans and thus connected current year losses. The common equity tier 1 capital ratio of banks was 21.3% and as banks do still not use the additional tier 1 capital this was, at the same time, the tier 1 capital ratio.



Profit retention slightly raised own funds. Bank own funds totalled HRK 52.6bn at the end of 2016, up HRK 1.6bn from the previous year (Table 1.8). This increase was exclusively the result of the growth in tier 1 capital, of HRK 2.3bn (4.9%), while tier 2 capital went down in the majority of banks that use it by altogether HRK 0.6bn (14.3%). Tier 1 capital grew predominantly thanks to profit retention in the current year with capital reserves at several banks in the total amount exceeding HRK 1.7bn. The coverage of losses of previous years in the course of resolution of one bank and recapitalisations that were completed in 2016 at several banks had a smaller influence. Previous reductions of share capital aimed at covering retained losses weakened the influence of recapitalisation on developments in original own funds.

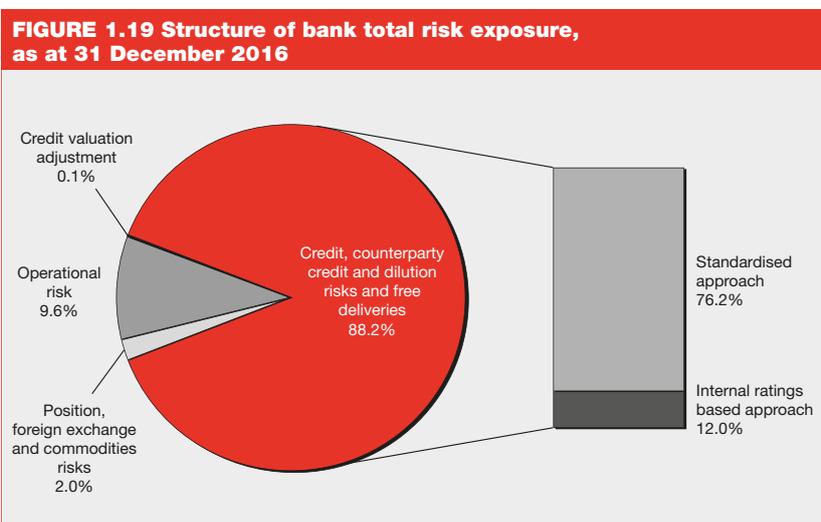
Most banks were well capitalised, particularly leading banks in terms of asset size. Thus, 15 banks, accounting for 25% of assets, boasted total capital ratios ranging from 13.5% to 20%, while 10 banks, accounting for 74.5% of the system, had total capital ratios higher than 20%. The median value of the total capital ratio of 19.1% was also high. Only the bank undergoing resolution proceedings had a total capital ratio below 8%.

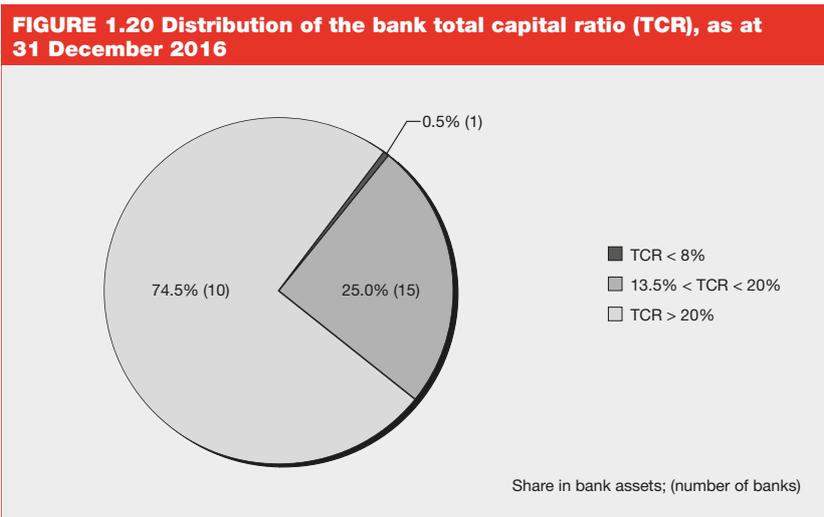
The downward trend in total bank exposure to risks continued and gained momentum in 2016. All components contributed to the decline in total risk exposure by HRK 14.6bn or 6% to HRK 229.3bn. However, the greatest contribution, in nominal terms, came from the decline in exposure to credit risk (which includes counterparty, dilution and free delivery risks), thus reflecting a reduction in lending and developments in the structure and quality of bank placements. Exposure to credit risk was thus HRK 9.5bn or 4.5% lower.

TABLE 1.8 Own funds, risk exposure and capital ratios of banks, end of period, in million HRK and %

	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
OWN FUNDS	53,780.0	100.0	50,917.1	100.0	-5.3	52,568.9	100.0	3.2
TIER 1 CAPITAL	50,931.0	94.7	46,586.3	91.5	-8.5	48,859.2	92.9	4.9
Common equity tier 1 capital	50,931.0	94.7	46,586.3	91.5	-8.5	48,859.2	92.9	4.9
Capital instruments eligible as common equity tier 1 capital	33,482.2	62.3	33,717.6	66.2	0.7	33,904.3	64.5	0.6
Retained earnings	16,707.9	31.1	11,820.6	23.2	-29.3	14,278.2	27.2	20.8
Other	740.9	1.4	1,048.1	2.1	41.5	676.6	1.3	-35.4
Additional tier 1 capital	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TIER 2 CAPITAL	2,849.0	5.3	4,330.9	8.5	52.0	3,709.7	7.1	-14.3
TOTAL RISK EXPOSURE AMOUNT	246,959.2	100.0	243,830.0	100.0	-1.3	229,271.8	100.0	-6.0
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	218,615.5	88.5	211,793.3	86.9	-3.1	202,283.2	88.2	-4.5
Standardised approach	185,416.7	75.1	182,231.5	74.7	-1.7	174,732.6	76.2	-4.1
Central governments or central banks	2,843.2	1.2	3,736.4	1.5	31.4	4,237.5	1.8	13.4
Corporates	63,408.8	25.7	62,041.5	25.4	-2.2	64,689.0	28.2	4.3
Retail	61,537.1	24.9	60,349.7	24.8	-1.9	57,137.3	24.9	-5.3
Exposures in default	26,710.5	10.8	21,427.2	8.8	-19.8	15,084.5	6.6	-29.6
Other	30,917.2	12.5	34,676.6	14.2	12.2	33,584.4	14.6	-3.1
Internal ratings based approach (IRB)	33,198.8	13.4	29,561.8	12.1	-11.0	27,550.6	12.0	-6.8
POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	4,193.0	1.7	8,550.8	3.5	103.9	4,569.6	2.0	-46.6
OPERATIONAL RISK	23,796.0	9.6	22,871.3	9.4	-3.9	22,099.5	9.6	-3.4
CREDIT VALUATION ADJUSTMENT	354.7	0.1	614.7	0.3	73.3	319.5	0.1	-48.0
OTHER	0.0	0.0	0.0	0.0	-399.0	0.0	0.0	-100.0
Common equity tier 1 capital ratio	20.6	-	19.1	-	-7.4	21.3	-	11.5
Tier 1 capital ratio	20.6	-	19.1	-	-7.4	21.3	-	11.5
Total capital ratio	21.8	-	20.9	-	-4.1	22.9	-	9.8

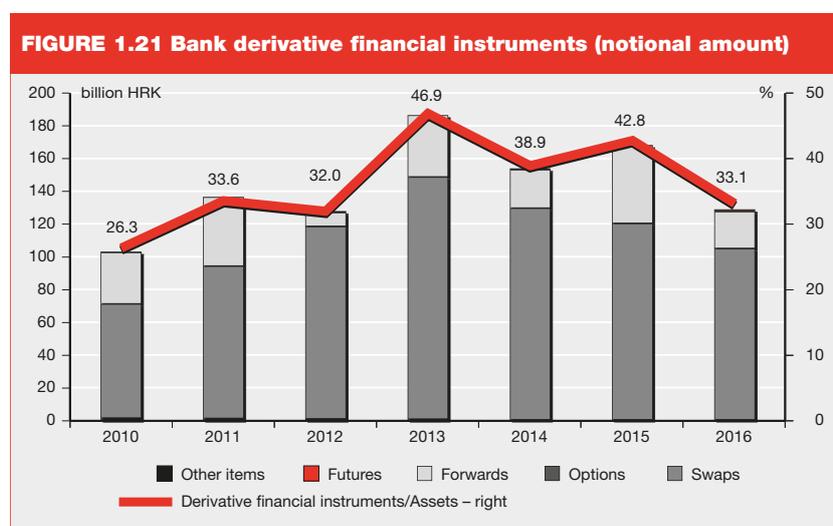
Loan conversion, sale of claims and improvement in the creditworthiness of debtors reduced exposure to credit risk. The greatest decline within the standardised approach, in absolute terms, was seen by items belonging to categories *exposures in default* (HRK 6.3bn or 29.6%) and *retail* (HRK 3.2bn or 5.3%) which in turn determined the changes in exposures that are assigned a 150%





weighting and a 75% weighting. The use of the 150% weight that is assigned to claims on debtors in default (their value adjustments do not exceed 20% of the unsecured part of total exposure) reduced by 36.6%. This can be attributed to better creditworthiness of individual clients and the effects of the sale of problem claims and loan conversion. The improvement in the creditworthiness of individual clients, that is, their getting out of default may be partially linked to the increase in exposures in the *corporates* category (HRK 2.6bn or 4.3%), which was the highest among all exposure categories. The decline in exposures to households is reflected in the decreased use of the 75% weight, by 5.6%, while at the same time the increase in the use of the 35% weight, by 4.8%, is related to the increase in exposures secured by residential real estate.

The average weight for credit risk continued the downward trend that, with the exception of 2014, has lasted since 2009. The average credit risk weight in the use of the standardised approach used to measure exposure decreased as a consequence of the decrease in the use of high risk weights, especially the mentioned risk weight of 150% and the increased use of lower risk weights. If we add the use of the average risk weight for exposures measured by the IRB approach, the result is a decrease in the overall average credit risk weight, from 52.4% at the end of 2015 to 50.8% at the end of 2016.



Bank exposure to market risks decreased sharply (46.6%). The greatest influence was the reduction in the key component, i.e. exposure to foreign exchange risk, to its usual low level of 0.7% of total risk exposure. At the end of 2015, that is, exposure to currency risk grew at an exceptionally steep rate as a direct consequence of the implementation of regulatory provisions on the conversion of loans and the increase in embedded derivatives used to balance foreign exchange positions. As conversions were implemented, the significance of these instruments declined – the ratio between the notional amount of derivatives and assets significantly decreased from the end of 2015, and totalled 33.1% (Figure 1.21). In addition, open foreign exchange positions also decreased. At the end of 2016, exposure to foreign exchange risk was HRK 3.7bn or 68.8% lower.

Exposure to operational risk decreased as well. It was 3.4% lower, predominantly due to the decrease in banks using the advanced approach. The share of operational risk in total risk exposure changes very little, oscillating at the level of some 10% of capital requirements.

Own funds not used to cover capital requirements increased substantially. To cover minimum capital requirements (from the so-called first pillar of the capital adequacy framework) banks needed HRK 18.3bn of their capital, while they needed an additional HRK 14.7bn in order to cover the remaining capital requirements and buffers. The greatest portion was that for the structural systemic risk buffer (HRK 6.2bn), followed by the capital conservation buffer (HRK 5.7bn) and for additional own funds imposed by supervisory measures (HRK 2.7bn). All capital requirements decreased from 2015, which resulted in a noticeable increase in the unused share of the capital. On average, more than one third of own funds were unused at the end of 2016, i.e. HRK 19.7bn, up HRK 3.6bn or 22.1% from the end of 2015. The bulk of the unused capital is concentrated in capital reserves of banks that lead in terms of asset size.

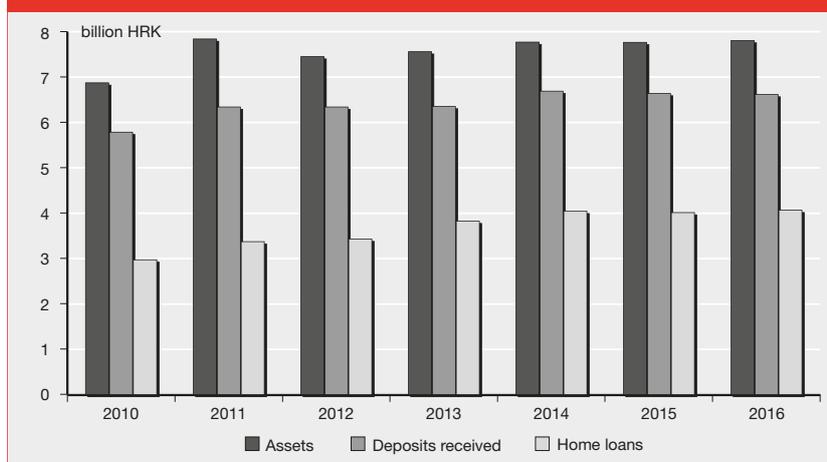
1.3 Housing savings banks

At the end of 2016, 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 remained almost unchanged, their share in total assets of credit institutions increasing only slightly and amounting to 2%.

1.3.1 Balance sheet

Assets of housing savings banks remained almost the same in 2016 as at the end of 2015, totalling HRK 7.8bn (Table 1.9). Their operations stagnated, primarily due to the decline in the primary source of financing, household time deposits, which is possibly a consequence of the decrease in state incentives to housing savings³⁸. Loans granted, making up the most important asset item, decreased

³⁸ Government incentives for 2014 were repealed. They were reintroduced in the following years. However, they have been declining uninterruptedly ever since. Thus, government incentives for 2017 totalled 3.3% or a maximum of HRK 165 kuna per saver. In 2013, they totalled 10% or a maximum of HRK 500 kuna per saver.

FIGURE 1.22 Assets, deposits and home loans of housing savings banks**TABLE 1.9 Structure of housing savings bank assets, end of period, in million HRK and %**

	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	0.0	0.0	0.0	0.0	47.8	0.0	0.0	20.0
Money assets	0.0	0.0	0.0	0.0	47.8	0.0	0.0	20.0
Deposits with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with financial institutions	434.1	5.6	563.9	7.3	29.9	518.4	6.6	-8.1
MoF treasury bills and CNB bills	350.8	4.5	162.4	2.1	-53.7	84.7	1.1	-47.8
Securities	2,481.2	31.9	2,706.7	34.8	9.1	2,876.0	36.8	6.3
Derivative financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	4,381.4	56.4	4,226.0	54.4	-3.5	4,223.1	54.1	-0.1
Loans to financial institutions	141.6	1.8	52.0	0.7	-63.3	37.2	0.5	-28.6
Loans to other clients	4,239.7	54.5	4,174.0	53.7	-1.5	4,186.0	53.6	0.3
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	0.2	0.0	1.4	0.0	782.3	1.9	0.0	39.8
Tangible assets (net of depreciation)	3.0	0.0	2.2	0.0	-28.7	1.9	0.0	-11.2
Interest, fees and other assets	124.4	1.6	109.6	1.4	-11.9	105.0	1.3	-4.2
TOTAL ASSETS	7,774.9	100.0	7,772.2	100.0	0.0	7,811.1	100.0	0.5

by 0.1% (HRK 2.9m). Loans to the general government decreased by 26.8% or HRK 40.6m and loans to financial institutions by 28.6% or HRK 14.9m, while the largest asset item, housing loans granted to households, increased by 1.3% or HRK 52.5m. Deposits with financial institutions decreased by 8.1%, while investments in securities increased by 3.2%. Investments in securities increased due to the rise in investments in bonds of the Republic of Croatia, while at the same time investments in MoF T-bills decreased.

Among the sources of finance of housing savings banks, deposits decreased the most. They were 0.3% or HRK 23.2m lower. Loans received decreased by 4.3% or HRK 6m, while total capital increased by HRK 60.6m (7.8%). Housing savings banks generated after tax profit of HRK 46.4m, down 2.3% from the profit generated in 2015.

TABLE 1.10 Structure of housing savings bank liabilities and capital, end of period, in million HRK

	Dec. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	60.5	0.8	42.0	0.5	-30.6	37.0	0.5	-11.9
Short-term loans	60.5	0.8	42.0	0.5	-30.6	37.0	0.5	-11.9
Long-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	6,694.3	86.1	6,645.0	85.5	-0.7	6,621.9	84.8	-0.3
Transaction account deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings deposits	4.7	0.1	0.0	0.0	-99.4	0.0	0.0	-37.0
Time deposits	6,689.6	86.0	6,645.0	85.5	-0.7	6,621.8	84.8	-0.3
Other loans	95.8	1.2	95.4	1.2	-0.3	94.5	1.2	-1.0
Short-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	95.8	1.2	95.4	1.2	-0.3	94.5	1.2	-1.0
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	83.4	1.1	83.2	1.1	-0.2	82.7	1.1	-0.6
Interest, fees and other liabilities	124.9	1.6	129.7	1.7	3.9	137.6	1.8	6.1
TOTAL LIABILITIES	7,058.8	90.8	6,995.4	90.0	-0.9	6,973.7	89.3	-0.3
Share capital	487.9	6.3	487.9	6.3	0.0	487.9	6.2	0.0
Current year profit (loss)	58.9	0.8	47.5	0.6	-19.3	46.4	0.6	-2.3
Retained earnings (loss)	120.1	1.5	177.6	2.3	47.8	200.5	2.6	12.9
Legal reserves	9.0	0.1	10.5	0.1	16.3	11.6	0.1	10.1
Reserves provided for by the articles of association and other capital reserves	-8.0	-0.1	-10.7	-0.1	33.7	-17.9	-0.2	67.7
Revaluation reserves	48.1	0.6	64.0	0.8	32.9	108.9	1.4	70.2
Previous year profit (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL CAPITAL	716.1	9.2	776.8	10.0	8.5	837.4	10.7	7.8
TOTAL LIABILITIES AND CAPITAL	7,774.9	100.0	7,772.2	100.0	0.0	7,811.1	100.0	0.5

1.3.2 Earnings

The earnings of housing savings banks trended down slightly in 2016. They generated profit (from continuing operations, before tax) of HRK 56.0m, down 5.5% from the year before (Table 1.11), with all housing savings banks operating with a profit.

Net interest income, the largest share of operating income, was 9.1% lower in 2016 than the year before. This was a consequence of a decline in interest income (6.7%) more sizeable than that in interest expenses (5.0%), while the decrease in net income from fees and commissions was much milder (1.7%). In contrast to the year before, the negative amount of other net non-interest income decreased (by HRK 12.2m) under the influence of the growth in income from the sale of assets from the portfolio of assets available for sale and income from trading in debt instruments, as well as the decrease in operating expenses.

TABLE 1.11 Housing savings bank income statement, in million HRK and %

	Amount		Change
	Jan. – Dec. 2015	Jan. – Dec. 2016	
CONTINUING OPERATIONS			
Interest income	354.8	331.2	-6.7
Interest expenses	211.2	200.5	-5.0
Net interest income	143.7	130.6	-9.1
Income from fees and commissions	52.0	50.7	-2.5
Expenses on fees and commissions	6.2	5.7	-8.6
Net income from fees and commissions	45.8	45.0	-1.7
Income from equity investments	0.0	0.0	0.0
Gains (losses)	1.9	9.8	421.9
Other operating income	8.1	3.4	-58.2
Other operating expenses	31.0	22.0	-29.1
Net other non-interest income	-21.0	-8.8	-58.1
Total operating income	168.5	166.9	-1.0
General administrative expenses and depreciation	110.7	103.3	-6.7
Net operating income before loss provisions	57.8	63.6	10.0
Expenses on value adjustments and provisions	-1.5	7.6	-
Other gains (losses)	0.0	0.0	0.0
Profit (loss) from continuing operations, before taxes	59.3	56.0	-5.5
Income tax on continuing operations	11.7	9.6	-18.3
Profit (loss) from continuing operations, after taxes	47.5	46.4	-2.3
DISCONTINUED OPERATIONS			
Profit (loss) from continuing operations, after taxes	0.0	0.0	0.0
Current year profit (loss)	47.5	46.4	-2.3
Note: Number of housing savings banks operating with losses, before taxes	0	0	0.0

Return indicators deteriorated. Despite the decrease in net operating income, the cost-to-income ratio declined to 61.9% (last year it stood at 65.7%). In addition, the end result was negatively affected by the increase in the costs of value adjustments and provisions. The decline in profit contributed to a deterioration in the returns indicators of housing savings banks so ROAA decreased from 0.8% to 0.7%, while ROAE decreased even more, from 6.4% to 5.8%.

1.3.3 Credit risk

The quality of total exposure was very good because of the dominance of housing loans and their excellent quality. In 2016, total housing savings bank placements and off-balance sheet liabilities (items exposed to credit risk that are classified into risk categories) increased by a slight 0.2%, to HRK 5.6bn (Table 1.12). Risk categories B and C accounted for only 1.4% of the total placements and off-balance sheet liabilities of housing savings banks.

Assumed off-balance sheet liabilities increased strongly. At the end of the period under review, they totalled HRK 56m, up HRK 19.4m or 52.9% from 2015. Their ratio to total assets was very low, which is traditionally the case, standing at only 0.7%. They comprised only credit lines and commitments, usually involving granted, but unrealised housing loans.

TABLE 1.12 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. 2014		Dec. 2015			Dec. 2016		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
A	5,907.3	98.8	5,539.7	98.8	-6.2	5,544.2	98.7	0.1
B	67.1	1.1	58.2	1.0	-13.1	65.1	1.2	11.7
C	5.4	0.1	9.9	0.2	81.9	10.7	0.2	8.5
Total	5,979.7	100.0	5,607.8	100.0	-6.2	5,619.9	100.0	0.2

TABLE 1.13 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. 2014	Dec. 2015	Dec. 2016
Total value adjustments against placements and provisions for assumed off-balance sheet liabilities	69.1	68.3	76.0
Value adjustments and provisions	17.5	20.0	27.9
Collectively assessed value adjustments and provisions	51.5	48.4	48.1
Total placements and assumed off-balance sheet liabilities	5,979.7	5,607.8	5,619.9
Coverage	1.2	1.2	1.4

Risk categories B and C accounted for 1.8% of total housing loans. At the end of 2016, at system level, housing savings banks accounted for 7.9% of housing loans. In the distribution of loans according to sectors, loans to housing savings banks savers accounted for 96.5% of gross loans, while the remaining share was distributed between the sector of financial institutions and non-financial corporations. The dominance of housing loans to households continues to have a favourable effect on the quality of total housing savings bank loans.

1.3.4 Capital adequacy

At the end of 2016, total capital ratio of housing savings banks increased slightly to 25.9%, negligibly higher than at the end of 2015 (25.8%). The ratio grew due to the increase in own funds, of 3.0% (totalling HRK 752.9m), while the overall exposure to risk was 2.4% higher (totalling HRK 2.9bn). Own funds of housing savings banks mostly comprised items of the highest quality, which is why the remaining two capital ratios were also high. The common equity tier 1 capital ratio stood at 23.6%, as did the tier 1 capital ratio. All housing savings banks met the prescribed minimum capital ratios. The average credit risk weight was negligibly higher than the year before and totalled 32.4%.

2 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 1.1 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 was report PD32 (as at 31 December 2014) or report PD33 (as of 31 December 2015) compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.2 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.3 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 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.4 Structure of bank sources of financing

This table shows the structure of the 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 sources of financing 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.5 Banks 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 and 119/2015).

Table 1.6 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 and 119/2015).

Table 1.7 Bank loans

This table shows the loan amounts (gross), the amounts of partly recoverable and fully irrecoverable loans (gross) and value adjustments of partly recoverable and fully irrecoverable loans for selected sectors and types of household loans. 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, while Other sectors include financial corporations and rest of the world.

The source of data on bank loans and value adjustments is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). The distribution of exposure 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 and 121/2016).

Table 1.8 Own funds, risk exposure and capital ratios of banks

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

Reports C 01.00, C 02.00 and C 03.00 (Decision implementing 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, OG 84/2014, 116/2014, 16/2015, 67/2015, 119/2015, 34/2016 and 94/2016) are the source of data on own funds, risk exposure and capital ratios of banks.

Table 1.9 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 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.10 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 sources of data on the amount of liabilities and capital of housing savings banks 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Table 1.11 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 form RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Table 1.12 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 placements and assumed off-balance sheet liabilities of housing savings banks is report RS3 compiled in accordance with the in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Table 1.13 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 banks is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figures

Figure 1.1 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 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.2 Herfindahl-Hirschman Index (HHI)

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

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

Granted loans and received deposits concentration indices are calculated by applying the same formula. The Herfindahl-Hirschman index can vary from 0 (perfectly competitive industry) to 10000 (monopoly).

The source of data on the amount of bank assets, granted loans and received deposits 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.3 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 CNB, 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 recorded in the position Other assets.

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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.4 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 (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 the amount of bank liabilities and capital 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 and 121/2016) and 119/2015) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.5 Household deposits

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

The source of data on household deposits is 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.6 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 as of 31 December 2014, the source of data are 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).

Figure 1.7 Bank profit (loss) before taxes

This figure shows the amount of profit (loss) before taxes and the amount of other income statement items. As of 31 December 2012, data on the profit (loss) before taxes refers exclusively to the profit (loss) from continuing operations (before taxes).

Up to 31 December 2011, the source of data on the amount of bank profit (loss) before 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 and 119/2015).

Figure 1.8 Structure of bank operating income

The columns show the share of net interest income, net income from fees and commissions and net other non-interest income in total bank operating income.

Up to 31 December 2011, the source of data on operating income 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 and 119/2015).

Figure 1.9 Bank return on average assets (ROAA) and return on average equity (ROAE)

The return on average assets is calculated as a ratio between income before taxes (on an annual level) and 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. 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 income 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 and 119/2015).

The source of data on the amount of bank assets and capital 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.10 Spread

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

Up to 31 December 2011, the source of data on income from interest-bearing assets and expenses on interest-bearing liabilities 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 and 119/2015). The source of data on interest-bearing assets and interest-bearing liabilities is form BS3–2 from the statistical report, which is based on 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.11 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.

The source of data on the number of employees 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 and 121/2016).

Up to 31 December 2011, the source of data on general operating expenses and operating income 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 and 119/2015).

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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.12 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 placements and assumed off-balance sheet liabilities of banks is form RS3 (Decision on supervisory reports of credit institutions, OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.13 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, and household loans include loans to 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 form 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 and 119/2015). The distribution of exposure 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 and 121/2016).

Figure 1.14 Structure of bank loans to non-financial corporations by activities

This figure shows the structure of bank loans to non-financial corporations by activities at the end of the reporting period. Loans include exclusively loans distributed into portfolio of loans and receivables, presented on a gross basis, and relate to the principal (interest 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 and 121/2016).

Figure 1.15 Structure of bank partly recoverable and fully irrecoverable loans to non-financial corporations by activities

This figure shows the structure of bank partly recoverable and fully irrecoverable loans to non-financial corporations by activities at the end of the reporting period.

Loans include exclusively loans distributed into portfolio of loans and receivables, presented on a gross basis, and relate to the principal (interest 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 and 121/2016).

Figure 1.16 Share of bank partly recoverable and fully irrecoverable loans

The total partly recoverable and fully irrecoverable loans of banks 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 into portfolio of loans and receivables, presented on a gross basis, and relate to the principal (interest 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). Up 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 and 119/2015).

The distribution of exposure 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 and 121/2016).

Figure 1.17. MKL (up to one month) and LCR

Minimum liquidity coefficient (MLC) for period up to one month is calculated as the ratio between the expected inflows (readily negotiable assets included) and the expected outflows in the given period. MLC is calculated for kuna, all convertible currencies combined and for each non-convertible currency separately (where outflows in an individual non-convertible currency account for over 1% of the total assets of a credit institution). MLC has to equal or be greater than 1 on each day. By way of exception, in the period from 1 May 2012 to 30 June 2013, credit institutions had to meet the minimum liquidity coefficient on a collective basis, i.e. for both kuna and all convertible currencies combined.

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. LCR must be met at an aggregate level (for all currencies combined), while it must also be reported at individual levels for more significant currencies (accounting for more than 5% of liabilities).

Up to 31 January 2014, the source of data on MLC was form KL compiled in accordance with the Decision on liquidity risk management (OG 2/2010, 73/2011, 47/2012, 142/2012 and 60/2013), and as of 28 February 2014 the source of data is form KL compiled in accordance with the Decision on liquidity risk management (OG 20/2014 and 41A/2014 and 31/2016).

The source of data on LCR is report C 76.00 (Decision implementing 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, OG 84/2014, 116/2014, 16/2015, 67/2015, 119/2015, 34/2016 and 94/2016).

Figure 1.18 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. From 31 March 2010 to 31 December 2013, the banks had to maintain a minimum capital adequacy ratio of 12%. As of 1 January 2014, the total capital ratio is set at 8%.

Up to 31 December 2013, the source of data on the capital adequacy of banks 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), and as of 31 December 2014 reports C 01.00, C 02.00 and C 03.00 (Decision implementing 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, OG 84/2014, 116/2014, 16/2015, 67/2015, 119/2015, 34/2016 and 94/2016).

Figure 1.19 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, 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 is report C 02.00 (Decision implementing 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, OG 84/2014, 116/2014, 16/2015, 67/2015, 119/2015, 34/2016 and 94/2016).

Figure 1.20 Distribution of the bank total capital ratio (TCR)

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

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 report-

ing (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015, 119/2015, 54/2016 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

The source of data on the total capital ratio is report C 03.00 (Decision implementing 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, OG 84/2014, 116/2014, 16/2015, 67/2015, 119/2015, 34/2016 and 94/2016).

Figure 1.21 Bank derivative financial instruments (notional amount)

This figure shows derivative financial instruments (notional amount), the amount of individual items and the ratio of derivative financial instruments to bank assets.

Up to 31 December 2013, the source of data on the amount of bank derivative financial instruments was report IBS 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 IBS compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Figure 1.22 Assets, deposits and loans of housing savings banks

This figure shows the amount of assets, received deposits and granted housing loans to households of housing savings banks. Loans include exclusively loans distributed into portfolio of loans and receivables, presented on a gross basis, and relate to the principal (interest 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 the amount of assets and received deposits of housing savings banks 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 and 121/2016) and compiled according to mapping rules: <http://www.hnb.hr/statistika/statisticki-podaci/kreditne-institucije/nekonsolidirana-bilanca/kreditne-institucije>.

Up to 31 December 2012, the source of data on housing loans of housing savings banks was form 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 and 119/2015). The distribution of exposure 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 and 121/2016).

3 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 2016. 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 2017.

Data on auditors relate to the audits performed in 2016.

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, Boris Šavorić

Shareholders

1. Addiko Bank AG

Audit firm for 2016:

Deloitte d.o.o., Zagreb

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

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	316,557
Financial assets held for trading	32,796
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	4,009,587
Loans and receivables (financial leasing included)	16,338,514
Deposits with the CNB	3,148,508
Deposits made (except deposits with the CNB)	412,454
Debt securities	396,673
Loans and receivables	12,380,880
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	249,672
Intangible assets	50,447
Investments in associates, subsidiaries and joint ventures	0
Tax assets	46,473
Non-current assets and disposal groups classified as held for sale	8,063
Other assets	46,991
Memorandum item: Collectively assessed impairment provisions	127,378
Total assets	21,099,101

Liabilities and equity	
Financial liabilities held for trading	1,857
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	18,046,208
Electronic money	8,820
Transaction accounts	5,128,506
Savings deposits	737,215
Time deposits	9,698,159
Other received deposits	71,925
Received loans	597,036
Debt securities issued	0
Hybrid and subordinated instruments	1,803,896
Other financial liabilities measured at amortised cost	651
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	233,185
Tax liabilities	4,124
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	224,760
Total liabilities	18,510,133
Share capital	5,036,379
Revaluation reserves	30,264
Reserves	136,714
Less: Treasury shares	0
Retained earnings (loss)	-2,673,609
Previous year profit (loss)	0
Current year profit (loss)	59,219
Total equity	2,588,968
Total liabilities and equity	21,099,101

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	534,919
Uncovered letters of credit	3,035
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	160,029
Margin credit lines	0
Other credit lines and commitments	627,621
Other standard risky off-balance sheet items	587,492
Total standard off-balance sheet items	1,913,096

Derivative financial instruments	
Options	0
Swaps	522,982
Forwards	184,507
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	707,490

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	851,881
Interest expenses	397,947
Net interest income	453,934
Income from fees and commissions	208,378
Expenses on fees and commissions	45,828
Net income from fees and commissions	162,550
Income from equity investments	22
Gains (losses)	108,507
Other operating income	34,787
Other operating expenses	72,149
Net other not-interest income	71,166
Total operating income	687,651
General administrative expenses and depreciation	456,321
Net operating income before loss provisions	231,329
Expenses on value adjustments and provisions	151,944
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	79,385
Income tax on continuing operations	20,166
Profit (loss) from continuing operations, after taxes	59,219
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	59,219

**Total capital ratio, in %
as at 31 December 2016**

29.91

BANKA KOVANICA d.d.

Petra Preradovića 29, 42000 Varaždin
www.kovanica.hr

Management board

Nicola Ceccaroli – chairperson, Pietro Giacomini

Supervisory board

Emanuele Restelli Prandoni Della Fratta – chairperson, Ivan Majdak, Mladen Vedriš, Marino Albani, Pietro Giacomini

Shareholders

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

Share in
share capital (%)
99.67

Audit firm for 2016:

PricewaterhouseCoopers d.o.o., Zagreb

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	15,977
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	78,089
Loans and receivables (financial leasing included)	1,020,922
Deposits with the CNB	208,117
Deposits made (except deposits with the CNB)	9,664
Debt securities	0
Loans and receivables	803,140
Held-to-maturity investments	23,132
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	52,778
Intangible assets	2,538
Investments in associates, subsidiaries and joint ventures	141
Tax assets	5,468
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,667
Memorandum item: Collectively assessed impairment provisions	9,736
Total assets	1,200,711

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	1,078,050
Electronic money	0
Transaction accounts	37,590
Savings deposits	128,921
Time deposits	854,847
Other received deposits	1
Received loans	16,835
Debt securities issued	0
Hybrid and subordinated instruments	39,857
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	969
Tax liabilities	123
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,991
Total liabilities	1,089,133
Share capital	104,596
Revaluation reserves	-353
Reserves	5,008
Less: Treasury shares	38
Retained earnings (loss)	1,934
Previous year profit (loss)	0
Current year profit (loss)	433
Total equity	111,578
Total liabilities and equity	1,200,711

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	75,831
Interest expenses	23,598
Net interest income	52,233
Income from fees and commissions	6,707
Expenses on fees and commissions	2,121
Net income from fees and commissions	4,586
Income from equity investments	7
Gains (losses)	-6,055
Other operating income	0
Other operating expenses	4,091
Net other not-interest income	-10,138
Total operating income	46,681
General administrative expenses and depreciation	34,441
Net operating income before loss provisions	12,240
Expenses on value adjustments and provisions	15,340
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-3,100
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-3,100
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	3,533
Current year profit (loss)	433

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	5,639
Uncovered letters of credit	11,095
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	7,647
Other standard risky off-balance sheet items	5,465
Total standard off-balance sheet items	29,845

Derivative 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, in %
as at 31 December 2016**

16.40

CROATIA BANKA d.d.

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

Management board

Mladen Duliba – chairperson, Ivan Šverko

Supervisory board

Maruška Vizek – chairperson, Josip Lozančić, Branka Grabovac, Zdenka Pogarčić, Ana Michielli

Shareholders

1. State Agency for Deposit Insurance and Bank Resolution

Share in
share capital (%)
100.00

Audit firm for 2016:

Deloitte d.o.o., Zagreb

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	20,861
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	833,773
Loans and receivables (financial leasing included)	2,130,695
Deposits with the CNB	424,566
Deposits made (except deposits with the CNB)	76,410
Debt securities	1,304
Loans and receivables	1,628,414
Held-to-maturity investments	50,647
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	70,519
Intangible assets	4,926
Investments in associates, subsidiaries and joint ventures	0
Tax assets	3,206
Non-current assets and disposal groups classified as held for sale	0
Other assets	95
Memorandum item: Collectively assessed impairment provisions	20,075
Total assets	3,114,722

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	2,900,146
Electronic money	0
Transaction accounts	437,492
Savings deposits	19,024
Time deposits	2,132,876
Other received deposits	18,434
Received loans	292,003
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	318
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	10,677
Tax liabilities	1,615
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	12,649
Total liabilities	2,925,087
Share capital	474,600
Revaluation reserves	5,571
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-292,174
Previous year profit (loss)	0
Current year profit (loss)	1,638
Total equity	189,635
Total liabilities and equity	3,114,722

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	131,319
Interest expenses	63,598
Net interest income	67,722
Income from fees and commissions	11,997
Expenses on fees and commissions	4,360
Net income from fees and commissions	7,637
Income from equity investments	0
Gains (losses)	10,621
Other operating income	6,277
Other operating expenses	6,406
Net other not-interest income	10,493
Total operating income	85,852
General administrative expenses and depreciation	61,496
Net operating income before loss provisions	24,355
Expenses on value adjustments and provisions	21,658
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	2,697
Income tax on continuing operations	1,026
Profit (loss) from continuing operations, after taxes	1,671
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-33
Current year profit (loss)	1,638

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	46,373
Uncovered letters of credit	1,143
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	30,739
Margin credit lines	0
Other credit lines and commitments	14,539
Other standard risky off-balance sheet items	60,444
Total standard off-balance sheet items	153,239

Derivative 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, in %
as at 31 December 2016**

16.81

ERSTE&STEIERMÄRKISCHE BANK d.d.

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

Management board

Christoph Schoefboeck – chairperson, Boris Centner, Sladana Jagar, Zdenko Matak, Martin Hornig

Supervisory board

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

Shareholders

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

Audit firm for 2016:

Ernst & Young d.o.o., Zagreb

Share in
share capital (%)
59.02
40.98

Balance sheet as at 31 December 2016, in thousand HRK

Assets		Liabilities and equity	
Money assets	1,100,979	Financial liabilities held for trading	76,441
Financial assets held for trading	76,054	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	48,664,215
Available for sale financial assets	7,253,765	Electronic money	0
Loans and receivables (financial leasing included)	44,233,319	Transaction accounts	12,714,005
Deposits with the CNB	5,316,677	Savings deposits	2,519,634
Deposits made (except deposits with the CNB)	622,423	Time deposits	26,782,923
Debt securities	112,282	Other received deposits	191,346
Loans and receivables	38,181,937	Received loans	4,369,998
Held-to-maturity investments	1,137,056	Debt securities issued	301,834
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	1,684,237
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	100,236
Tangible assets	1,081,326	Derivatives – hedge accounting	0
Intangible assets	110,282	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	1,010,219	Provisions	315,074
Tax assets	99,909	Tax liabilities	0
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	15,819	Other liabilities	334,442
Memorandum item: Collectively assessed impairment provisions	358,005	Total liabilities	49,390,172
Total assets	56,118,727	Share capital	3,500,361
		Revaluation reserves	281,819
		Reserves	35,068
		Less: Treasury shares	0
		Retained earnings (loss)	2,284,793
		Previous year profit (loss)	0
		Current year profit (loss)	626,514
		Total equity	6,728,556
		Total liabilities and equity	56,118,727

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	1,994,133	Options	15,414
Uncovered letters of credit	139,688	Swaps	14,306,385
Guaranteed bills of exchange	0	Forwards	7,179,098
Accepted bills of exchange	0	Futures	0
Revolving loans	1,485,087	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	2,017,029	Total notional amount of derivative financial instruments	21,500,897
Other standard risky off-balance sheet items	127,876		
Total standard off-balance sheet items	5,763,814		

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	2,349,087
Interest expenses	763,859
Net interest income	1,585,228
Income from fees and commissions	557,456
Expenses on fees and commissions	151,913
Net income from fees and commissions	405,543
Income from equity investments	30,690
Gains (losses)	93,679
Other operating income	261,922
Other operating expenses	286,658
Net other not-interest income	99,633
Total operating income	2,090,403
General administrative expenses and depreciation	870,425
Net operating income before loss provisions	1,219,978
Expenses on value adjustments and provisions	389,801
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	830,177
Income tax on continuing operations	203,663
Profit (loss) from continuing operations, after taxes	626,514
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	626,514

Total capital ratio, in % as at 31 December 2016

21.63

HRVATSKA POŠTANSKA BANKA d.d.

Jurišićeva 4, 10000 Zagreb
www.hpb.hr

Management board

Tomislav Vučić – chairperson, Mladen Mrvelj, Domagoj Karadjole

Supervisory board

Marijana Miličević – chairperson, Marijana Vuraić Kudeljan, Željko Lovrinčević

Shareholders

1. Republic of Croatia
2. Hrvatska pošta d.d.
3. State Agency for Deposit Insurance and Bank Resolution
4. Croatian Pension Insurance Administration
5. Prosperus FGS
6. PBZ Croatia osiguranje OMF
7. Erste Plavi OMF

Share in share capital (%)

42.43
11.93
8.98
8.76
4.94
4.12
3.90

Audit firm for 2016:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets		Liabilities and equity	
Money assets	421,480	Financial liabilities held for trading	3,641
Financial assets held for trading	874,450	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	17,005,109
Available for sale financial assets	2,753,937	Electronic money	7,241
Loans and receivables (financial leasing included)	14,040,030	Transaction accounts	4,966,943
Deposits with the CNB	1,841,823	Savings deposits	521,801
Deposits made (except deposits with the CNB)	774,198	Time deposits	9,091,139
Debt securities	22,205	Other received deposits	1,697,985
Loans and receivables	11,401,804	Received loans	711,884
Held-to-maturity investments	445,582	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	8,116
Tangible assets	233,300	Derivatives – hedge accounting	0
Intangible assets	107,052	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	45,490	Provisions	67,559
Tax assets	58,544	Tax liabilities	20,434
Non-current assets and disposal groups classified as held for sale	89,156	Liabilities included in disposal groups classified as held for sale	0
Other assets	288,697	Other liabilities	321,634
Memorandum item: Collectively assessed impairment provisions	110,562	Total liabilities	17,418,377
Total assets	19,357,720	Share capital	1,214,775
		Revaluation reserves	104,305
		Reserves	350,169
		Less: Treasury shares	477
		Retained earnings (loss)	82,294
		Previous year profit (loss)	0
		Current year profit (loss)	188,277
		Total equity	1,939,343
		Total liabilities and equity	19,357,720

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	720,999
Interest expenses	207,345
Net interest income	513,654
Income from fees and commissions	493,686
Expenses on fees and commissions	309,110
Net income from fees and commissions	184,576
Income from equity investments	4,327
Gains (losses)	114,197
Other operating income	4,296
Other operating expenses	39,177
Net other not-interest income	83,644
Total operating income	781,873
General administrative expenses and depreciation	399,004
Net operating income before loss provisions	382,869
Expenses on value adjustments and provisions	221,143
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	161,726
Income tax on continuing operations	-26,551
Profit (loss) from continuing operations, after taxes	188,277
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	188,277

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	710,846	Options	0
Uncovered letters of credit	17,268	Swaps	0
Guaranteed bills of exchange	0	Forwards	191,436
Accepted bills of exchange	0	Futures	0
Revolving loans	567,830	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	1,066,283	Total notional amount of derivative financial instruments	191,436
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	2,362,226		

Total capital ratio, in % as at 31 December 2016

15.66

IMEX BANKA d.d.

Tolstojeva 6, 21000 Split
www.imexbanka.hr

Management board

Denis Čivgin – chairperson, Ružica Šarić, Hrvoje Glogolja

Supervisory board

Darko Medak – chairperson, Mihovil Andelinović, Vinko Belak

Shareholders

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

Share in share capital (%)

55.59
17.46
9.97
9.07
7.91

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	28,803
Financial assets held for trading	845
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	478,861
Loans and receivables (financial leasing included)	1,394,885
Deposits with the CNB	315,182
Deposits made (except deposits with the CNB)	26,861
Debt securities	0
Loans and receivables	1,052,842
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	43,130
Intangible assets	2,429
Investments in associates, subsidiaries and joint ventures	0
Tax assets	7,933
Non-current assets and disposal groups classified as held for sale	52,105
Other assets	2,260
Memorandum item: Collectively assessed impairment provisions	12,444
Total assets	2,011,251

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	1,858,390
Electronic money	0
Transaction accounts	115,363
Savings deposits	27,851
Time deposits	1,571,962
Other received deposits	1,789
Received loans	80,194
Debt securities issued	0
Hybrid and subordinated instruments	61,231
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	1,528
Tax liabilities	219
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	7,911
Total liabilities	1,868,048
Share capital	147,635
Revaluation reserves	-1,452
Reserves	5,463
Less: Treasury shares	0
Retained earnings (loss)	-3,081
Previous year profit (loss)	0
Current year profit (loss)	-5,362
Total equity	143,203
Total liabilities and equity	2,011,251

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	92,079
Interest expenses	40,881
Net interest income	51,199
Income from fees and commissions	6,286
Expenses on fees and commissions	2,376
Net income from fees and commissions	3,910
Income from equity investments	30
Gains (losses)	5,010
Other operating income	299
Other operating expenses	6,550
Net other not-interest income	-1,211
Total operating income	53,897
General administrative expenses and depreciation	42,831
Net operating income before loss provisions	11,066
Expenses on value adjustments and provisions	16,428
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-5,362
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-5,362
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-5,362

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	86,321
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	26,998
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	113,319

Derivative 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, in % as at 31 December 2016

16.40

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, Vlatko Reschner

Shareholders

1. Intercommerce d.o.o.
2. Serfin d.o.o.
3. Assicurazioni Generali S.p.A.
4. Marijan Kovačić
5. Terra Istriana Umag d.o.o.
6. Edo Ivančić
7. Branko Kovačić
8. Plava laguna d.d.
9. Željko Paić
10. Nerio Perich

Share in share capital (%)

- | |
|-------|
| 17.16 |
| 9.84 |
| 7.76 |
| 6.91 |
| 6.37 |
| 3.71 |
| 3.64 |
| 3.63 |
| 3.46 |
| 3.45 |

Audit firm for 2016:
Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	190,903
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	605,491
Loans and receivables (financial leasing included)	2,218,377
Deposits with the CNB	458,841
Deposits made (except deposits with the CNB)	242,046
Debt securities	0
Loans and receivables	1,517,490
Held-to-maturity investments	132,629
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	59,518
Intangible assets	2,257
Investments in associates, subsidiaries and joint ventures	20
Tax assets	1,173
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,980
Memorandum item: Collectively assessed impairment provisions	17,456
Total assets	3,212,348

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	2,916,550
Electronic money	0
Transaction accounts	796,580
Savings deposits	271,145
Time deposits	1,731,961
Other received deposits	1,305
Received loans	73,014
Debt securities issued	0
Hybrid and subordinated instruments	42,418
Other financial liabilities measured at amortised cost	128
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,417
Tax liabilities	2,036
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	11,329
Total liabilities	2,932,332
Share capital	162,800
Revaluation reserves	878
Reserves	37,954
Less: Treasury shares	91
Retained earnings (loss)	57,844
Previous year profit (loss)	0
Current year profit (loss)	20,631
Total equity	280,016
Total liabilities and equity	3,212,348

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	108,075
Interest expenses	32,258
Net interest income	75,817
Income from fees and commissions	32,152
Expenses on fees and commissions	5,123
Net income from fees and commissions	27,029
Income from equity investments	462
Gains (losses)	16,755
Other operating income	2,366
Other operating expenses	7,520
Net other not-interest income	12,063
Total operating income	114,909
General administrative expenses and depreciation	67,145
Net operating income before loss provisions	47,763
Expenses on value adjustments and provisions	21,193
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	26,570
Income tax on continuing operations	5,939
Profit (loss) from continuing operations, after taxes	20,631
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	20,631

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	86,074
Uncovered letters of credit	941
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	35,606
Margin credit lines	0
Other credit lines and commitments	53,559
Other standard risky off-balance sheet items	200
Total standard off-balance sheet items	176,380

Derivative financial instruments	
Options	1,304
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	1,304

Total capital ratio, in % as at 31 December 2016

18.44

JADRANSKA BANKA d.d.

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

Resolution Administration¹
Nensi Marin – chairperson, Vedrana Šarić

Supervisory board¹
–

Shareholders

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

**Share in
share capital (%)**
93.01
4.67

Audit firm for 2016:
HLB Revidicon d.o.o., Varaždin

Balance sheet as at 31 December 2016, in thousand HRK		Income statement for 2016, in thousand HRK	
Assets		Continuing operations	
Money assets	30,805	Interest income	80,960
Financial assets held for trading	0	Interest expenses	39,373
Financial assets designated at fair value through profit or loss	0	Net interest income	41,586
Available for sale financial assets	382,546	Income from fees and commissions	12,982
Loans and receivables (financial leasing included)	1,516,711	Expenses on fees and commissions	3,251
Deposits with the CNB	189,422	Net income from fees and commissions	9,731
Deposits made (except deposits with the CNB)	168,976	Income from equity investments	4
Debt securities	51,142	Gains (losses)	7,915
Loans and receivables	1,107,171	Other operating income	4,985
Held-to-maturity investments	0	Other operating expenses	27,977
Derivatives – hedge accounting	0	Net other not-interest income	-15,073
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Total operating income	36,244
Tangible assets	18,373	General administrative expenses and depreciation	47,714
Intangible assets	9,233	Net operating income before loss provisions	-11,470
Investments in associates, subsidiaries and joint ventures	0	Expenses on value adjustments and provisions	144,239
Tax assets	0	Other gains (losses)	0
Non-current assets and disposal groups classified as held for sale	15,733	Profit (loss) from continuing operations, before taxes	-155,709
Other assets	327	Income tax on continuing operations	0
Memorandum item: Collectively assessed impairment provisions	6,675	Profit (loss) from continuing operations, after taxes	-155,709
Total assets	1,973,729	Discontinued operations	
		Profit (loss) from discontinued operations, after taxes	156,109
		Current year profit (loss)	400
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	1,890,759		
Electronic money	0		
Transaction accounts	274,271		
Savings deposits	323,935		
Time deposits	1,136,505		
Other received deposits	2		
Received loans	156,046		
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	4,500		
Tax liabilities	2,586		
Liabilities included in disposal groups classified as held for sale	0		
Other liabilities	15,800		
Total liabilities	1,913,645		
Share capital	50,000		
Revaluation reserves	9,683		
Reserves	0		
Less: Treasury shares	0		
Retained earnings (loss)	0		
Previous year profit (loss)	0		
Current year profit (loss)	400		
Total equity	60,084		
Total liabilities and equity	1,973,729		
Off-balance sheet items as at 31 December 2016, in thousand HRK		Total capital ratio, in % as at 31 December 2016	
Standard off-balance sheet items		2.85	
Guarantees	12,123		
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	145,397		
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	157,521		
Derivative 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		

1 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

Supervisory board

Nedjeljko Strikić – chairperson, Bernarda Ivšić, Željko Tintor

Shareholders

1. Marko Vuković
2. Ivan Žabčić
3. Archdiocese of Zagreb
4. Marjan Šarić

Share in share capital (%)

37.56
37.56
7.69
4.01

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	35,431
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	351,906
Available for sale financial assets	87,218
Loans and receivables (financial leasing included)	1,499,963
Deposits with the CNB	216,307
Deposits made (except deposits with the CNB)	191,907
Debt securities	0
Loans and receivables	1,091,749
Held-to-maturity investments	36,770
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	45,043
Intangible assets	1,084
Investments in associates, subsidiaries and joint ventures	0
Tax assets	701
Non-current assets and disposal groups classified as held for sale	80,477
Other assets	837
Memorandum item: Collectively assessed impairment provisions	14,154
Total assets	2,139,429

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	1,980,710
Electronic money	0
Transaction accounts	565,350
Savings deposits	83,188
Time deposits	1,232,965
Other received deposits	1,336
Received loans	53,354
Debt securities issued	0
Hybrid and subordinated instruments	44,067
Other financial liabilities measured at amortised cost	450
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	5,248
Tax liabilities	169
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	23,591
Total liabilities	2,009,717
Share capital	176,678
Revaluation reserves	-3,374
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-37,516
Previous year profit (loss)	0
Current year profit (loss)	-6,076
Total equity	129,712
Total liabilities and equity	2,139,429

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	80,791
Interest expenses	31,117
Net interest income	49,674
Income from fees and commissions	22,398
Expenses on fees and commissions	7,422
Net income from fees and commissions	14,976
Income from equity investments	3
Gains (losses)	14,354
Other operating income	1,606
Other operating expenses	6,598
Net other not-interest income	9,365
Total operating income	74,015
General administrative expenses and depreciation	44,096
Net operating income before loss provisions	29,919
Expenses on value adjustments and provisions	35,151
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-5,232
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-5,232
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-844
Current year profit (loss)	-6,076

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	59,425
Uncovered letters of credit	1,889
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	17,082
Margin credit lines	0
Other credit lines and commitments	178,413
Other standard risky off-balance sheet items	3,002
Total standard off-balance sheet items	259,812

Derivative 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, in % as at 31 December 2016

16.19

KENTBANK d.d.

Gundulićeva 1, 10000 Zagreb
www.kentbank.hr

Management board

Ivo Bilić – chairperson, Fikret Kartal

Supervisory board

Meric Ulusahin – chairperson, Salih Hakan Özgüz, Boris Zenić

Shareholders

1. Süzer Holding A.Ş.

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

**Share in
share capital (%)**
99.46

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	35,872
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	727,549
Loans and receivables (financial leasing included)	1,174,733
Deposits with the CNB	130,857
Deposits made (except deposits with the CNB)	22,456
Debt securities	0
Loans and receivables	1,021,419
Held-to-maturity investments	137,077
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	44,519
Intangible assets	7,102
Investments in associates, subsidiaries and joint ventures	0
Tax assets	622
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,882
Memorandum item: Collectively assessed impairment provisions	13,068
Total assets	2,129,355

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	1,893,552
Electronic money	0
Transaction accounts	264,210
Savings deposits	238
Time deposits	1,476,321
Other received deposits	1,149
Received loans	140,273
Debt securities issued	0
Hybrid and subordinated instruments	11,361
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	872
Tax liabilities	490
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	14,158
Total liabilities	1,909,071
Share capital	278,012
Revaluation reserves	-1,747
Reserves	2,137
Less: Treasury shares	0
Retained earnings (loss)	-66,247
Previous year profit (loss)	0
Current year profit (loss)	8,129
Total equity	220,284
Total liabilities and equity	2,129,355

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	79,214
Interest expenses	30,149
Net interest income	49,065
Income from fees and commissions	10,679
Expenses on fees and commissions	2,835
Net income from fees and commissions	7,845
Income from equity investments	0
Gains (losses)	18,058
Other operating income	2,575
Other operating expenses	5,222
Net other not-interest income	15,411
Total operating income	72,320
General administrative expenses and depreciation	54,636
Net operating income before loss provisions	17,684
Expenses on value adjustments and provisions	9,555
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	8,129
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	8,129
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	8,129

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	17,654
Uncovered letters of credit	3,668
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	21,268
Margin credit lines	0
Other credit lines and commitments	15,988
Other standard risky off-balance sheet items	8,371
Total standard off-balance sheet items	66,949

Derivative 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, in %
as at 31 December 2016**

15.90

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

1. Agram invest d.d.
2. Jadransko osiguranje d.d.
3. Euroherc osiguranje d.d.
4. Agram life osiguranje d.d.
5. C.I.M. Banque
6. Primorska banka d.d.

Share in share capital (%)

23.31
19.98
19.97
19.86
7.48
3.72

Audit firm for 2016:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	55,530
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	12,277
Available for sale financial assets	843,450
Loans and receivables (financial leasing included)	2,394,421
Deposits with the CNB	458,222
Deposits made (except deposits with the CNB)	101,091
Debt securities	0
Loans and receivables	1,835,108
Held-to-maturity investments	122,251
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	71,277
Intangible assets	25,772
Investments in associates, subsidiaries and joint ventures	0
Tax assets	1,911
Non-current assets and disposal groups classified as held for sale	17,063
Other assets	6,640
Memorandum item: Collectively assessed impairment provisions	23,629
Total assets	3,550,592

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	3,224,556
Electronic money	0
Transaction accounts	437,555
Savings deposits	13,257
Time deposits	2,202,602
Other received deposits	2,621
Received loans	484,434
Debt securities issued	0
Hybrid and subordinated instruments	84,084
Other financial liabilities measured at amortised cost	3
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,127
Tax liabilities	3,746
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	12,266
Total liabilities	3,242,696
Share capital	243,200
Revaluation reserves	11,336
Reserves	14,887
Less: Treasury shares	0
Retained earnings (loss)	24,898
Previous year profit (loss)	0
Current year profit (loss)	13,575
Total equity	307,895
Total liabilities and equity	3,550,592

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	144,197
Interest expenses	74,908
Net interest income	69,288
Income from fees and commissions	28,716
Expenses on fees and commissions	7,894
Net income from fees and commissions	20,822
Income from equity investments	0
Gains (losses)	27,931
Other operating income	3,141
Other operating expenses	8,700
Net other not-interest income	22,371
Total operating income	112,482
General administrative expenses and depreciation	68,347
Net operating income before loss provisions	44,135
Expenses on value adjustments and provisions	26,997
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	17,138
Income tax on continuing operations	3,564
Profit (loss) from continuing operations, after taxes	13,575
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	13,575

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	100,412
Uncovered letters of credit	65
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	46,790
Margin credit lines	0
Other credit lines and commitments	8,683
Other standard risky off-balance sheet items	36,343
Total standard off-balance sheet items	192,294

Derivative financial instruments	
Options	13,151
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	13,151

Total capital ratio, in % as at 31 December 2016

17.32

OTP BANKA HRVATSKA d.d.

Domovinskog rata 3, 23000 Zadar
www.otpbanka.hr

Management board

Balázs Pál Békeffy – chairperson, Helena Banjad, Zorislav Vidović

Supervisory board

Antal László Pongrácz – chairperson, Balázs Létay, Branko Mikša, László Kecskés, Anna Florova

Shareholders

1. OTP Bank NYRT

Audit firm for 2016:

Deloitte d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	279,395
Financial assets held for trading	3,507
Financial assets designated at fair value through profit or loss	11,282
Available for sale financial assets	2,009,886
Loans and receivables (financial leasing included)	12,885,752
Deposits with the CNB	1,507,655
Deposits made (except deposits with the CNB)	969,129
Debt securities	0
Loans and receivables	10,408,968
Held-to-maturity investments	143,202
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	251,126
Intangible assets	80,435
Investments in associates, subsidiaries and joint ventures	59,842
Tax assets	38,085
Non-current assets and disposal groups classified as held for sale	17,496
Other assets	10,383
Memorandum item: Collectively assessed impairment provisions	100,035
Total assets	15,790,392

Liabilities and equity	
Financial liabilities held for trading	7,604
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	13,680,402
Electronic money	6,904
Transaction accounts	2,932,399
Savings deposits	2,379,680
Time deposits	7,270,047
Other received deposits	30,292
Received loans	1,060,532
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	547
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	141,161
Tax liabilities	14,108
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	148,256
Total liabilities	13,991,531
Share capital	989,607
Revaluation reserves	48,196
Reserves	186,468
Less: Treasury shares	0
Retained earnings (loss)	451,172
Previous year profit (loss)	0
Current year profit (loss)	123,418
Total equity	1,798,861
Total liabilities and equity	15,790,392

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	686,542
Interest expenses	140,557
Net interest income	545,986
Income from fees and commissions	163,417
Expenses on fees and commissions	42,922
Net income from fees and commissions	120,495
Income from equity investments	118
Gains (losses)	108,356
Other operating income	27,233
Other operating expenses	40,736
Net other not-interest income	94,971
Total operating income	761,451
General administrative expenses and depreciation	382,845
Net operating income before loss provisions	378,606
Expenses on value adjustments and provisions	226,322
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	152,284
Income tax on continuing operations	28,866
Profit (loss) from continuing operations, after taxes	123,418
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	123,418

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	146,696
Uncovered letters of credit	4,426
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	90,024
Margin credit lines	0
Other credit lines and commitments	976,297
Other standard risky off-balance sheet items	82,510
Total standard off-balance sheet items	1,299,952

Derivative financial instruments	
Options	4,428
Swaps	1,811,756
Forwards	257,832
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	2,074,016

Total capital ratio, in % as at 31 December 2016

16.74

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.
2. Croduxplin d.o.o.

Audit firm for 2016:

Krako-Revizija d.o.o., Zagreb

**Share in
share capital (%)**
90.01
9.99

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	23,650
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	471,571
Loans and receivables (financial leasing included)	999,791
Deposits with the CNB	112,397
Deposits made (except deposits with the CNB)	70,018
Debt securities	39,224
Loans and receivables	778,152
Held-to-maturity investments	36,629
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	38,227
Intangible assets	1,662
Investments in associates, subsidiaries and joint ventures	2,191
Tax assets	2,562
Non-current assets and disposal groups classified as held for sale	20,929
Other assets	1,240
Memorandum item: Collectively assessed impairment provisions	9,574
Total assets	1,598,452

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	1,418,333
Electronic money	0
Transaction accounts	265,460
Savings deposits	752
Time deposits	966,987
Other received deposits	2,920
Received loans	166,246
Debt securities issued	0
Hybrid and subordinated instruments	15,965
Other financial liabilities measured at amortised cost	2
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,646
Tax liabilities	21
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	7,952
Total liabilities	1,427,952
Share capital	89,100
Revaluation reserves	-2,119
Reserves	66,152
Less: Treasury shares	0
Retained earnings (loss)	8,316
Previous year profit (loss)	0
Current year profit (loss)	9,051
Total equity	170,500
Total liabilities and equity	1,598,452

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	76,857
Interest expenses	35,920
Net interest income	40,937
Income from fees and commissions	7,518
Expenses on fees and commissions	2,536
Net income from fees and commissions	4,981
Income from equity investments	192
Gains (losses)	18,724
Other operating income	5,053
Other operating expenses	6,613
Net other not-interest income	17,356
Total operating income	63,274
General administrative expenses and depreciation	38,282
Net operating income before loss provisions	24,992
Expenses on value adjustments and provisions	13,553
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	11,439
Income tax on continuing operations	2,388
Profit (loss) from continuing operations, after taxes	9,051
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	9,051

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	76,614
Uncovered letters of credit	2,856
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	20,842
Margin credit lines	0
Other credit lines and commitments	26,200
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	126,511

Derivative financial instruments	
Options	3,352
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	3,352

**Total capital ratio, in %
as at 31 December 2016**

16.62

PODRAVSKA BANKA d.d.

Opatička 3, 48300 Koprivnica
www.poba.hr

Management board

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

Supervisory board

Milijan Todorović – chairperson, Sigilfredo Montinari, Dario Montinari, Dolly Predović, Maurizio Dallochio, Filippo Disertori, Antonio Moniaci

Shareholders

1. Antonia Gorgoni
2. Lorenzo Gorgoni
3. Assicurazioni Generali S.p.A.
4. Cerere S.p.A.
5. Andrea Montinari
6. Dario Montinari
7. Mario Gorgoni

Share in share capital (%)

- 9.91
9.87
9.54
9.53
5.76
5.76
3.09

Audit firm for 2016:

Ernst & Young d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	41,616
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	1,217,414
Loans and receivables (financial leasing included)	1,946,363
Deposits with the CNB	305,798
Deposits made (except deposits with the CNB)	82,037
Debt securities	0
Loans and receivables	1,558,528
Held-to-maturity investments	85,674
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	109,236
Intangible assets	46,619
Investments in associates, subsidiaries and joint ventures	0
Tax assets	7,701
Non-current assets and disposal groups classified as held for sale	0
Other assets	2,343
Memorandum item: Collectively assessed impairment provisions	18,938
Total assets	3,456,966

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	2,965,142
Electronic money	0
Transaction accounts	553,607
Savings deposits	307,748
Time deposits	1,647,680
Other received deposits	8,360
Received loans	317,254
Debt securities issued	0
Hybrid and subordinated instruments	129,790
Other financial liabilities measured at amortised cost	702
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	5,922
Tax liabilities	10,570
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	47,733
Total liabilities	3,029,367
Share capital	270,515
Revaluation reserves	13,249
Reserves	143,765
Less: Treasury shares	11,082
Retained earnings (loss)	-14,880
Previous year profit (loss)	0
Current year profit (loss)	26,032
Total equity	427,599
Total liabilities and equity	3,456,966

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	148,789
Interest expenses	49,009
Net interest income	99,780
Income from fees and commissions	37,529
Expenses on fees and commissions	13,710
Net income from fees and commissions	23,819
Income from equity investments	794
Gains (losses)	14,250
Other operating income	4,518
Other operating expenses	10,411
Net other not-interest income	9,151
Total operating income	132,750
General administrative expenses and depreciation	83,383
Net operating income before loss provisions	49,367
Expenses on value adjustments and provisions	11,701
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	37,667
Income tax on continuing operations	10,865
Profit (loss) from continuing operations, after taxes	26,802
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-770
Current year profit (loss)	26,032

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	48,876
Uncovered letters of credit	1,847
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	12,672
Margin credit lines	170
Other credit lines and commitments	274,716
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	338,281

Derivative 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, in % as at 31 December 2016

14.71

PRIMORSKA BANKA d.d.

Scarpina 7, 51000 Rijeka
www.primorska.hr

Management board

Aleksandra Arbanas – chairperson, Anto Pekić, Goran Brajdić

Supervisory board

Jože Perić – chairperson, Franco Brunati, Giorgio Mattioli, Renata Dogan, Andrej Galogaža

Shareholders

1. C.I.M. Banque SA
2. Francesco Signorio
3. COFISI S.A.

Share in share capital (%)

69.78
13.99
8.88

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	3,626
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	65,293
Loans and receivables (financial leasing included)	509,999
Deposits with the CNB	221,828
Deposits made (except deposits with the CNB)	58,973
Debt securities	38,865
Loans and receivables	190,333
Held-to-maturity investments	59,215
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	4,500
Intangible assets	3,114
Investments in associates, subsidiaries and joint ventures	0
Tax assets	2,887
Non-current assets and disposal groups classified as held for sale	0
Other assets	321
Memorandum item: Collectively assessed impairment provisions	5,604
Total assets	648,954

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	562,662
Electronic money	0
Transaction accounts	68,756
Savings deposits	3,285
Time deposits	430,757
Other received deposits	2,680
Received loans	53,497
Debt securities issued	0
Hybrid and subordinated instruments	3,686
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	1,331
Tax liabilities	99
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	4,102
Total liabilities	568,194
Share capital	70,000
Revaluation reserves	135
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-2,071
Previous year profit (loss)	0
Current year profit (loss)	12,696
Total equity	80,760
Total liabilities and equity	648,954

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	23,551
Interest expenses	10,872
Net interest income	12,678
Income from fees and commissions	12,336
Expenses on fees and commissions	1,411
Net income from fees and commissions	10,925
Income from equity investments	5
Gains (losses)	9,615
Other operating income	219
Other operating expenses	1,397
Net other not-interest income	8,442
Total operating income	32,045
General administrative expenses and depreciation	15,832
Net operating income before loss provisions	16,213
Expenses on value adjustments and provisions	6,399
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	9,814
Income tax on continuing operations	-2,882
Profit (loss) from continuing operations, after taxes	12,696
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	12,696

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	4,148
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	3,891
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	8,039

Derivative 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, in % as at 31 December 2016

23.35

PRIVREDNA BANKA ZAGREB d.d.

Radnička cesta 50, 10000 Zagreb
www.pbz.hr

Management board

Božo Prka – chairperson, Ivan Gerovac, Gabriele Pace, Darko Drozdek, Draženko Kopljar, Dinko Lucić, Andrea Pavlović

Supervisory board

Giovanni Gill – chairperson, Draginja Đurić, Christophe Velle, Antonio Nucci, Branko Jeren, Fabrizio Centrone, Paolo Sarcinelli

Shareholders

1. Intesa Sanpaolo Holding International S.A.

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Share in
share capital (%)
97.47

Balance sheet as at 31 December 2016, in thousand HRK

Assets		Liabilities and equity	
Money assets	1,519,866	Financial liabilities held for trading	5,189
Financial assets held for trading	537,491	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	5,456,492	Financial liabilities measured at amortised cost	57,937,007
Available for sale financial assets	369,763	Electronic money	2,525
Loans and receivables (financial leasing included)	61,793,116	Transaction accounts	20,575,821
Deposits with the CNB	10,506,051	Savings deposits	5,476,344
Deposits made (except deposits with the CNB)	5,744,410	Time deposits	29,010,511
Debt securities	1,675,136	Other received deposits	122,478
Loans and receivables	43,867,519	Received loans	2,747,198
Held-to-maturity investments	683,442	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	2,130
Tangible assets	661,591	Derivatives – hedge accounting	0
Intangible assets	142,425	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	952,085	Provisions	395,496
Tax assets	289,252	Tax liabilities	376,731
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	33,201	Other liabilities	955,029
Memorandum item: Collectively assessed impairment provisions	652,981	Total liabilities	59,669,452
Total assets	72,438,725	Share capital	3,477,077
		Revaluation reserves	33,944
		Reserves	287,087
		Less: Treasury shares	76,048
		Retained earnings (loss)	7,442,025
		Previous year profit (loss)	0
		Current year profit (loss)	1,605,188
		Total equity	12,769,273
		Total liabilities and equity	72,438,725

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	2,872,821
Interest expenses	576,555
Net interest income	2,296,267
Income from fees and commissions	832,885
Expenses on fees and commissions	242,630
Net income from fees and commissions	590,255
Income from equity investments	227,494
Gains (losses)	367,053
Other operating income	90,495
Other operating expenses	292,405
Net other not-interest income	392,637
Total operating income	3,279,159
General administrative expenses and depreciation	1,300,439
Net operating income before loss provisions	1,978,720
Expenses on value adjustments and provisions	212,789
Other gains (losses)	215,815
Profit (loss) from continuing operations, before taxes	1,981,746
Income tax on continuing operations	376,557
Profit (loss) from continuing operations, after taxes	1,605,188
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	1,605,188

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	3,053,636	Options	554
Uncovered letters of credit	189,815	Swaps	3,065,684
Guaranteed bills of exchange	0	Forwards	1,457,203
Accepted bills of exchange	0	Futures	0
Revolving loans	3,588,657	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	6,505,864	Total notional amount of derivative financial instruments	4,523,441
Other standard risky off-balance sheet items	2,675		
Total standard off-balance sheet items	13,340,647		

Total capital ratio, in % as at 31 December 2016

24.81

RAIFFEISENBANK AUSTRIA d.d.

Magazinska cesta 69, 10000 Zagreb
www.rba.hr

Management board

Michael Georg Müller – chairperson, Ivan Žižić, Zoran Koščak, Vesna Ciganek Vuković, Liana Keserić, Marko Jurjević

Supervisory board

Karl Sevelda – chairperson, Peter Lennkh, Peter Jacenko, Lovorka Penavić, Markus Kirchmair, Robert Fritz, Kemal Kozarić

Shareholders

1. Raiffeisen SEE Region Holding GmbH

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	712,965
Financial assets held for trading	2,023,524
Financial assets designated at fair value through profit or loss	126,680
Available for sale financial assets	4,921,697
Loans and receivables (financial leasing included)	22,319,103
Deposits with the CNB	4,625,037
Deposits made (except deposits with the CNB)	1,151,812
Debt securities	22,553
Loans and receivables	16,519,701
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	536,386
Intangible assets	213,856
Investments in associates, subsidiaries and joint ventures	407,920
Tax assets	92,371
Non-current assets and disposal groups classified as held for sale	0
Other assets	69,227
Memorandum item: Collectively assessed impairment provisions	271,264
Total assets	31,423,727

Liabilities and equity	
Financial liabilities held for trading	89,786
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	26,395,519
Electronic money	0
Transaction accounts	9,918,450
Savings deposits	3,188,727
Time deposits	10,343,007
Other received deposits	348,560
Received loans	1,759,450
Debt securities issued	0
Hybrid and subordinated instruments	836,944
Other financial liabilities measured at amortised cost	381
Derivatives – hedge accounting	6,214
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	198,197
Tax liabilities	13,606
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	262,285
Total liabilities	26,965,608
Share capital	3,633,632
Revaluation reserves	36,878
Reserves	180,202
Less: Treasury shares	0
Retained earnings (loss)	147,191
Previous year profit (loss)	0
Current year profit (loss)	460,215
Total equity	4,458,119
Total liabilities and equity	31,423,727

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	1,145,891
Interest expenses	243,109
Net interest income	902,782
Income from fees and commissions	541,637
Expenses on fees and commissions	212,582
Net income from fees and commissions	329,055
Income from equity investments	73,497
Gains (losses)	289,938
Other operating income	33,847
Other operating expenses	96,302
Net other non-interest income	300,980
Total operating income	1,532,817
General administrative expenses and depreciation	780,296
Net operating income before loss provisions	752,522
Expenses on value adjustments and provisions	167,710
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	584,812
Income tax on continuing operations	124,617
Profit (loss) from continuing operations, after taxes	460,194
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	21
Current year profit (loss)	460,215

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	2,904,208
Uncovered letters of credit	57,434
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	843,427
Margin credit lines	0
Other credit lines and commitments	1,629,269
Other standard risky off-balance sheet items	2,647,521
Total standard off-balance sheet items	8,081,858

Derivative financial instruments	
Options	0
Swaps	17,411,758
Forwards	5,468,856
Futures	1,062,625
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	23,943,238

Total capital ratio, in % as at 31 December 2016

22.18

SAMOBORSKA BANKA d.d.

Tomislavov trg 8, 10430 Samobor
www.sabank.hr

Management board

Marijan Kantolić – chairperson, Verica Ljubičić

Supervisory board

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

Shareholders

1. Aquae Vivae d.d.
2. Samoborka d.d.
3. Tigra d.o.o.

Share in share capital (%)

83.54
5.15
3.13

Audit firm for 2016:

HLB Revidicon d.o.o., Varaždin

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	13,268
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	258
Available for sale financial assets	0
Loans and receivables (financial leasing included)	429,306
Deposits with the CNB	180,686
Deposits made (except deposits with the CNB)	87,670
Debt securities	0
Loans and receivables	160,949
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	24,421
Intangible assets	790
Investments in associates, subsidiaries and joint ventures	176
Tax assets	245
Non-current assets and disposal groups classified as held for sale	10,908
Other assets	120
Memorandum item: Collectively assessed impairment provisions	3,345
Total assets	479,492

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	410,439
Electronic money	0
Transaction accounts	124,772
Savings deposits	52,237
Time deposits	226,994
Other received deposits	5,994
Received loans	255
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	187
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	454
Tax liabilities	188
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	2,447
Total liabilities	413,528
Share capital	49,248
Revaluation reserves	0
Reserves	18,254
Less: Treasury shares	1,486
Retained earnings (loss)	9,377
Previous year profit (loss)	0
Current year profit (loss)	-9,428
Total equity	65,964
Total liabilities and equity	479,492

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	15,064
Interest expenses	4,271
Net interest income	10,793
Income from fees and commissions	4,304
Expenses on fees and commissions	1,454
Net income from fees and commissions	2,850
Income from equity investments	0
Gains (losses)	1,048
Other operating income	287
Other operating expenses	1,109
Net other not-interest income	226
Total operating income	13,868
General administrative expenses and depreciation	12,750
Net operating income before loss provisions	1,118
Expenses on value adjustments and provisions	10,546
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-9,428
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-9,428
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-9,428

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	5,207
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	16,799
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	22,005

Derivative financial instruments	
Options	11,896
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	11,896

Total capital ratio, in % as at 31 December 2016

26.06

SBERBANK d.d.

Varšavska 9, 10000 Zagreb
www.sberbank.hr

Management board

Mario Henjak – chairperson, Holger Peter Stupar, Igor Repin, Csaba Soós

Supervisory board

Alexey Bogatov – chairperson, Alexander Titov, Natalia Revina, Dragutin Bohuš, Kornél Halmos

Shareholders

1. Sberbank Europe AG

Audit firm for 2016:

Ernst & Young d.o.o., Zagreb

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

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	154,602
Financial assets held for trading	123,635
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	521,807
Loans and receivables (financial leasing included)	8,265,356
Deposits with the CNB	1,275,128
Deposits made (except deposits with the CNB)	883,540
Debt securities	325,223
Loans and receivables	5,781,465
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	66,719
Intangible assets	66,443
Investments in associates, subsidiaries and joint ventures	0
Tax assets	59,912
Non-current assets and disposal groups classified as held for sale	0
Other assets	7,776
Memorandum item: Collectively assessed impairment provisions	77,144
Total assets	9,266,250

Liabilities and equity	
Financial liabilities held for trading	2,114
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	7,823,350
Electronic money	0
Transaction accounts	1,446,092
Savings deposits	358,126
Time deposits	5,584,269
Other received deposits	43,765
Received loans	390,996
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	101
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	34,798
Tax liabilities	3,492
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	127,860
Total liabilities	7,991,614
Share capital	1,530,668
Revaluation reserves	15,552
Reserves	17,512
Less: Treasury shares	0
Retained earnings (loss)	-332,219
Previous year profit (loss)	0
Current year profit (loss)	43,123
Total equity	1,274,636
Total liabilities and equity	9,266,250

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	399,038
Interest expenses	126,783
Net interest income	272,255
Income from fees and commissions	83,938
Expenses on fees and commissions	30,684
Net income from fees and commissions	53,254
Income from equity investments	0
Gains (losses)	26,307
Other operating income	10,895
Other operating expenses	14,362
Net other not-interest income	22,840
Total operating income	348,349
General administrative expenses and depreciation	200,168
Net operating income before loss provisions	148,181
Expenses on value adjustments and provisions	78,629
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	69,552
Income tax on continuing operations	25,931
Profit (loss) from continuing operations, after taxes	43,621
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-497
Current year profit (loss)	43,123

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	478,570
Uncovered letters of credit	16,262
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	25,715
Margin credit lines	0
Other credit lines and commitments	229,371
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	749,918

Derivative financial instruments	
Options	0
Swaps	0
Forwards	2,446,434
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	2,446,434

**Total capital ratio, in %
as at 31 December 2016**

19.88

SLATINSKA BANKA d.d.

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

Management board

Krunoslav Lisjak – deputy chairperson², Marko Brnić

Supervisory board

Ružica Vadić – chairperson, Blaženka Erer Matić, Hrvoje Markovinović, Denis Smolar, Krunoslav Lisjak

Shareholders

	Share in share capital (%)
1. SZAIF d.d.	24.00
2. State Agency for Deposit Insurance and Bank Resolution	8.32
3. Dragutin Sokačić	8.03
4. Treasury shares	7.77
5. Banka splitsko-dalmatinska d.d. in bankruptcy	6.66
6. Ljubica Berišić	3.96
7. Josip Galić	3.26
8. Milivoj Mrkoci	3.26
9. Finesa Credos d.d.	3.16

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets		Liabilities and equity	
Money assets	23,939	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	1,415,083
Available for sale financial assets	463,788	Electronic money	0
Loans and receivables (financial leasing included)	998,209	Transaction accounts	204,801
Deposits with the CNB	241,122	Savings deposits	86,856
Deposits made (except deposits with the CNB)	108,753	Time deposits	1,001,793
Debt securities	0	Other received deposits	889
Loans and receivables	648,334	Received loans	120,745
Held-to-maturity investments	45,325	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	58,980	Derivatives – hedge accounting	0
Intangible assets	6,297	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	5,670	Provisions	4,916
Tax assets	4,485	Tax liabilities	12
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	756	Other liabilities	19,136
Memorandum item: Collectively assessed impairment provisions	8,569	Total liabilities	1,439,147
Total assets	1,607,449	Share capital	91,897
		Revaluation reserves	4,151
		Reserves	15,331
		Less: Treasury shares	6,592
		Retained earnings (loss)	65,020
		Previous year profit (loss)	0
		Current year profit (loss)	-1,507
		Total equity	168,301
		Total liabilities and equity	1,607,449

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	61,693
Interest expenses	28,072
Net interest income	33,621
Income from fees and commissions	12,665
Expenses on fees and commissions	3,123
Net income from fees and commissions	9,541
Income from equity investments	0
Gains (losses)	5,722
Other operating income	534
Other operating expenses	3,362
Net other not-interest income	2,895
Total operating income	46,057
General administrative expenses and depreciation	35,885
Net operating income before loss provisions	10,172
Expenses on value adjustments and provisions	11,348
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-1,176
Income tax on continuing operations	330
Profit (loss) from continuing operations, after taxes	-1,507
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-1,507

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	14,405	Options	31
Uncovered letters of credit	244	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	3,319	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	79,363	Total notional amount of derivative financial instruments	31
Other standard risky off-balance sheet items	1,270		
Total standard off-balance sheet items	98,600		

Total capital ratio, in % as at 31 December 2016

18.44

² Appointed by the decision of the Supervisory board of 20 April 2017 as deputy chairperson of the Management board for the period from 20 April 2017 to 20 July 2017.

SOCIÉTÉ GÉNÉRALE-SPLITSKA BANKA d.d.³

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

Management board

Slaven Čelić – chairperson, Balázs Balogh, Balázs Olchváry, Zvonimir Akrap

Supervisory board

Antal Pongrácz – chairperson, Balázs Békeffy, Szabolcs Annus, Branko Mikša, Balázs Letáy

Shareholders

1. Société Générale SA

Audit firm for 2016:

Deloitte d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	350,647
Financial assets held for trading	39,137
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	4,147,167
Loans and receivables (financial leasing included)	21,990,181
Deposits with the CNB	3,969,715
Deposits made (except deposits with the CNB)	1,912,161
Debt securities	356,071
Loans and receivables	15,752,233
Held-to-maturity investments	0
Derivatives – hedge accounting	10,810
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	119,824
Intangible assets	103,105
Investments in associates, subsidiaries and joint ventures	244,469
Tax assets	19,275
Non-current assets and disposal groups classified as held for sale	0
Other assets	20,070
Memorandum item: Collectively assessed impairment provisions	157,529
Total assets	27,044,685

Liabilities and equity	
Financial liabilities held for trading	6,226
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	22,646,007
Electronic money	0
Transaction accounts	8,235,761
Savings deposits	2,431,564
Time deposits	10,213,369
Other received deposits	130,433
Received loans	1,630,647
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	4,233
Derivatives – hedge accounting	3,690
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	220,775
Tax liabilities	93,128
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	327,280
Total liabilities	23,297,106
Share capital	1,409,974
Revaluation reserves	48,294
Reserves	1,789,005
Less: Treasury shares	0
Retained earnings (loss)	135,187
Previous year profit (loss)	0
Current year profit (loss)	365,119
Total equity	3,747,578
Total liabilities and equity	27,044,685

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	1,063,638
Interest expenses	280,021
Net interest income	783,617
Income from fees and commissions	295,347
Expenses on fees and commissions	58,360
Net income from fees and commissions	236,987
Income from equity investments	1,399
Gains (losses)	170,422
Other operating income	13,053
Other operating expenses	70,731
Net other not-interest income	114,142
Total operating income	1,134,746
General administrative expenses and depreciation	553,042
Net operating income before loss provisions	581,704
Expenses on value adjustments and provisions	113,762
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	467,943
Income tax on continuing operations	102,824
Profit (loss) from continuing operations, after taxes	365,119
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	365,119

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	1,555,915
Uncovered letters of credit	149,777
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	1,515,275
Margin credit lines	0
Other credit lines and commitments	2,463,568
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	5,684,536

Derivative financial instruments	
Options	0
Swaps	1,959,279
Forwards	811,634
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	2,770,913

Total capital ratio, in % as at 31 December 2016

19.91

³ On 15 May 2017, it changed its name to Splitska banka d.d., Split.

ŠTEDBANKA d.d.

Slavonska avenija 3, 10000 Zagreb
www.stedbanka.hr

Management board

Constantin Cesnovar – chairperson, Marko Udovičić, Ante Babić

Supervisory board

Ivo Andrijić – chairperson, Đuro Benček, Petar Čurković, Željko Udovičić, Frano Pavić

Shareholders

1. Šted-Nova d.o.o.
2. Željko Udovičić
3. Šted-invest d.o.o.
4. Lučko nekretnine d.o.o.

Share in share capital (%)

80.74
9.87
6.35
3.04

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	3,539
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	151,476
Loans and receivables (financial leasing included)	686,520
Deposits with the CNB	83,063
Deposits made (except deposits with the CNB)	29,264
Debt securities	179,650
Loans and receivables	394,543
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	33,196
Intangible assets	630
Investments in associates, subsidiaries and joint ventures	0
Tax assets	13
Non-current assets and disposal groups classified as held for sale	14,681
Other assets	1,044
Memorandum item: Collectively assessed impairment provisions	5,655
Total assets	891,098

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	535,900
Electronic money	0
Transaction accounts	59,014
Savings deposits	30,892
Time deposits	277,860
Other received deposits	22,230
Received loans	69,703
Debt securities issued	0
Hybrid and subordinated instruments	76,197
Other financial liabilities measured at amortised cost	5
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,843
Tax liabilities	330
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	4,179
Total liabilities	542,252
Share capital	250,000
Revaluation reserves	2,471
Reserves	12,512
Less: Treasury shares	0
Retained earnings (loss)	76,142
Previous year profit (loss)	0
Current year profit (loss)	7,721
Total equity	348,846
Total liabilities and equity	891,098

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	53,115
Interest expenses	16,413
Net interest income	36,702
Income from fees and commissions	4,958
Expenses on fees and commissions	1,243
Net income from fees and commissions	3,715
Income from equity investments	0
Gains (losses)	4,937
Other operating income	497
Other operating expenses	391
Net other not-interest income	5,043
Total operating income	45,460
General administrative expenses and depreciation	14,952
Net operating income before loss provisions	30,508
Expenses on value adjustments and provisions	20,360
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	10,148
Income tax on continuing operations	2,120
Profit (loss) from continuing operations, after taxes	8,027
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-306
Current year profit (loss)	7,721

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	63,794
Uncovered letters of credit	4,023
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	7,722
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	75,538

Derivative financial instruments	
Options	137,372
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	41
Total notional amount of derivative financial instruments	137,412

Total capital ratio, in % as at 31 December 2016

46.56

TESLA ŠTEDNA BANKA d.d.

Trg J. F. Kennedyja 6b, 10000 Zagreb
www.tesla-banka.hr

Management board

–

Supervisory board

Hristijan Delev

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. Zvijezda 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.d.	4.90

Audit firm for 2016:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets		Liabilities and equity	
Money assets	81	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	3,984
Available for sale financial assets	0	Electronic money	0
Loans and receivables (financial leasing included)	3,160	Transaction accounts	34
Deposits with the CNB	710	Savings deposits	0
Deposits made (except deposits with the CNB)	1,498	Time deposits	0
Debt securities	0	Other received deposits	0
Loans and receivables	951	Received loans	0
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	3,779
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	171
Tangible assets	398	Derivatives – hedge accounting	0
Intangible assets	0	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	75
Tax assets	0	Tax liabilities	24
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	5	Other liabilities	366
Memorandum item: Collectively assessed impairment provisions	16	Total liabilities	4,448
Total assets	3,643	Share capital	10,575
		Revaluation reserves	0
		Reserves	2
		Less: Treasury shares	0
		Retained earnings (loss)	0
		Previous year profit (loss)	-5,937
		Current year profit (loss)	-5,444
		Total equity	-805
		Total liabilities and equity	3,643

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	106
Interest expenses	113
Net interest income	-7
Income from fees and commissions	33
Expenses on fees and commissions	69
Net income from fees and commissions	-36
Income from equity investments	0
Gains (losses)	-13
Other operating income	3
Other operating expenses	114
Net other not-interest income	-124
Total operating income	-166
General administrative expenses and depreciation	4,629
Net operating income before loss provisions	-4,795
Expenses on value adjustments and provisions	650
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-5,444
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-5,444
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-5,444

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items		Derivative 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	0	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	0		

Total capital ratio, in % as at 31 December 2016

43.61

VABA d.d. banka Varaždin⁴

Aleja kralja Zvonimira 1, 42000 Varaždin
www.vababanka.hr⁵

Management board

Ivica Božan – chairperson, Petar Rajković

Supervisory board

Igor Kovač – chairperson, Željko Filipović, Július Strapek, Patrik Tkač, Juraj Lalik

Shareholders

- J&T BANKA a.s.
- Alternative upravljanje d.o.o.

Share in
share capital (%)
82.55
11.63

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	16,638
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	252,558
Loans and receivables (financial leasing included)	1,184,721
Deposits with the CNB	214,207
Deposits made (except deposits with the CNB)	126,462
Debt securities	24,703
Loans and receivables	819,349
Held-to-maturity investments	15,191
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	18,565
Intangible assets	14,756
Investments in associates, subsidiaries and joint ventures	0
Tax assets	283
Non-current assets and disposal groups classified as held for sale	28,501
Other assets	3,090
Memorandum item: Collectively assessed impairment provisions	9,938
Total assets	1,534,304

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	1,349,257
Electronic money	0
Transaction accounts	93,113
Savings deposits	30,995
Time deposits	1,115,703
Other received deposits	360
Received loans	61,952
Debt securities issued	0
Hybrid and subordinated instruments	47,133
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	1,601
Tax liabilities	725
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	16,860
Total liabilities	1,368,443
Share capital	307,085
Revaluation reserves	23,145
Reserves	3,793
Less: Treasury shares	0
Retained earnings (loss)	-81,594
Previous year profit (loss)	0
Current year profit (loss)	-86,568
Total equity	165,861
Total liabilities and equity	1,534,304

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	70,586
Interest expenses	39,295
Net interest income	31,291
Income from fees and commissions	7,161
Expenses on fees and commissions	3,267
Net income from fees and commissions	3,894
Income from equity investments	0
Gains (losses)	7,699
Other operating income	3,409
Other operating expenses	5,544
Net other not-interest income	5,565
Total operating income	40,749
General administrative expenses and depreciation	43,775
Net operating income before loss provisions	-3,026
Expenses on value adjustments and provisions	83,542
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-86,568
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-86,568
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-86,568

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	14,962
Uncovered letters of credit	6,361
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	16,213
Margin credit lines	0
Other credit lines and commitments	29,644
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	67,180

Derivative 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, in % as at 31 December 2016

19.76

⁴ On 2 January 2017, it changed its name to J&T banka d.d., Varaždin.

⁵ As of 2 January 2017: www.jtbanka.hr.

VENETO BANKA d.d.

Draškovićeva 58, 10000 Zagreb
www.venetobanka.hr

Management board

Fernando Zavatarelli – chairperson, Boris Kalajdžić

Supervisory board

Bettina Campedelli – chairperson, Massimo Lanza, Dario Accetta, Marcellino Bortolomiol, Francesco Giovannucci

Shareholders

1. Veneto Banca S.p.A.

Share in
share capital (%)
100.00

Audit firm for 2016:

PricewaterhouseCoopers d.o.o., Zagreb

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	19,496
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	182,157
Loans and receivables (financial leasing included)	1,235,340
Deposits with the CNB	400,734
Deposits made (except deposits with the CNB)	29,038
Debt securities	0
Loans and receivables	805,568
Held-to-maturity investments	24,692
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	27,576
Intangible assets	6,297
Investments in associates, subsidiaries and joint ventures	0
Tax assets	20
Non-current assets and disposal groups classified as held for sale	2,066
Other assets	1,114
Memorandum item: Collectively assessed impairment provisions	10,948
Total assets	1,498,757

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	1,279,536
Electronic money	0
Transaction accounts	171,151
Savings deposits	679
Time deposits	1,025,944
Other received deposits	34,444
Received loans	47,317
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	11,835
Tax liabilities	367
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	13,617
Total liabilities	1,305,355
Share capital	611,366
Revaluation reserves	1,257
Reserves	76
Less: Treasury shares	0
Retained earnings (loss)	-284,307
Previous year profit (loss)	0
Current year profit (loss)	-134,989
Total equity	193,403
Total liabilities and equity	1,498,757

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	48,375
Interest expenses	26,712
Net interest income	21,662
Income from fees and commissions	7,656
Expenses on fees and commissions	1,952
Net income from fees and commissions	5,704
Income from equity investments	0
Gains (losses)	1,274
Other operating income	1,867
Other operating expenses	6,088
Net other not-interest income	-2,947
Total operating income	24,419
General administrative expenses and depreciation	48,791
Net operating income before loss provisions	-24,372
Expenses on value adjustments and provisions	110,617
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-134,989
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-134,989
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-134,989

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	47,945
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	47,761
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	95,706

Derivative financial instruments	
Options	13,210
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	13,210

**Total capital ratio, in %
as at 31 December 2016**

22.83

ZAGREBAČKA BANKA d.d.

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

Management board

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

Supervisory board

Erich Hampel – chairperson, Jakša Barbić, Franco Andreetta, Romeo Collina, Fabrizio Onida, Emilio Terpin, Christoph Metzke, Savoula Demetriou, Aurelio Maccario

Shareholders

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

Audit firm for 2016:

Deloitte d.o.o., Zagreb

Share in
share capital (%)
84.47
11.72

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	2,290,413
Financial assets held for trading	2,441,668
Financial assets designated at fair value through profit or loss	104,048
Available for sale financial assets	6,924,444
Loans and receivables (financial leasing included)	89,683,138
Deposits with the CNB	12,295,595
Deposits made (except deposits with the CNB)	7,262,443
Debt securities	2,247,395
Loans and receivables	67,877,705
Held-to-maturity investments	105
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	1,310,604
Intangible assets	201,895
Investments in associates, subsidiaries and joint ventures	1,637,475
Tax assets	423,829
Non-current assets and disposal groups classified as held for sale	56,366
Other assets	57,358
Memorandum item: Collectively assessed impairment provisions	691,889
Total assets	105,131,343

Liabilities and equity	
Financial liabilities held for trading	2,068,333
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	84,946,598
Electronic money	0
Transaction accounts	30,993,619
Savings deposits	972,929
Time deposits	46,570,151
Other received deposits	2,616,265
Received loans	3,734,069
Debt securities issued	53,654
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	5,912
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	578,856
Tax liabilities	177,887
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	876,013
Total liabilities	88,647,686
Share capital	9,774,844
Revaluation reserves	201,668
Reserves	568,225
Less: Treasury shares	0
Retained earnings (loss)	4,229,589
Previous year profit (loss)	0
Current year profit (loss)	1,709,330
Total equity	16,483,656
Total liabilities and equity	105,131,343

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	5,644,588
Uncovered letters of credit	162,190
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	2,325,970
Margin credit lines	0
Other credit lines and commitments	11,513,555
Other standard risky off-balance sheet items	43,558
Total standard off-balance sheet items	19,689,861

Derivative financial instruments	
Options	0
Swaps	65,693,000
Forwards	4,666,071
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	70,359,071

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	5,144,096
Interest expenses	2,416,485
Net interest income	2,727,611
Income from fees and commissions	1,118,082
Expenses on fees and commissions	145,581
Net income from fees and commissions	972,501
Income from equity investments	434,748
Gains (losses)	429,212
Other operating income	64,845
Other operating expenses	220,646
Net other not-interest income	708,158
Total operating income	4,408,270
General administrative expenses and depreciation	1,548,060
Net operating income before loss provisions	2,860,210
Expenses on value adjustments and provisions	733,478
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	2,126,732
Income tax on continuing operations	417,402
Profit (loss) from continuing operations, after taxes	1,709,330
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	1,709,330

Total capital ratio, in % as at 31 December 2016

26.18

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, Miro Marić

Shareholders

1. Hrvatska poštanska banka d.d.

Audit firm for 2016:

Deloitte d.o.o., Zagreb

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

**Balance sheet
as at 31 December 2016, in thousand HRK**

Assets	
Money assets	0
Financial assets held for trading	143,731
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	0
Loans and receivables (financial leasing included)	187,247
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	21,151
Debt securities	0
Loans and receivables	166,097
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	55
Intangible assets	0
Investments in associates, subsidiaries and joint ventures	0
Tax assets	553
Non-current assets and disposal groups classified as held for sale	0
Other assets	435
Memorandum item: Collectively assessed impairment provisions	1,499
Total assets	332,021

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	280,429
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	280,429
Other received deposits	0
Received loans	0
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	960
Tax liabilities	1,017
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	6,938
Total liabilities	289,344
Share capital	40,000
Revaluation reserves	0
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-583
Previous year profit (loss)	0
Current year profit (loss)	3,261
Total equity	42,677
Total liabilities and equity	332,021

**Income statement
for 2016, in thousand HRK**

Continuing operations	
Interest income	13,595
Interest expenses	8,194
Net interest income	5,402
Income from fees and commissions	4,211
Expenses on fees and commissions	381
Net income from fees and commissions	3,830
Income from equity investments	0
Gains (losses)	2,906
Other operating income	6
Other operating expenses	894
Net other not-interest income	2,019
Total operating income	11,250
General administrative expenses and depreciation	6,839
Net operating income before loss provisions	4,411
Expenses on value adjustments and provisions	845
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	3,566
Income tax on continuing operations	306
Profit (loss) from continuing operations, after taxes	3,261
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	3,261

**Off-balance sheet items
as at 31 December 2016, in thousand HRK**

Standard off-balance sheet items	
Guarantees	0
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	3,575
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	3,575

Derivative 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, in %
as at 31 December 2016**

21.29

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.

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	0
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	34,930
Available for sale financial assets	691,213
Loans and receivables (financial leasing included)	1,019,596
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	379,618
Debt securities	58,538
Loans and receivables	581,440
Held-to-maturity investments	16,634
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	99
Intangible assets	18
Investments in associates, subsidiaries and joint ventures	0
Tax assets	3,425
Non-current assets and disposal groups classified as held for sale	0
Other assets	123
Memorandum item: Collectively assessed impairment provisions	8,405
Total assets	1,766,039

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	1,484,217
Electronic money	0
Transaction accounts	0
Savings deposits	17
Time deposits	1,447,194
Other received deposits	0
Received loans	37,006
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	152
Tax liabilities	7,769
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	8,509
Total liabilities	1,500,647
Share capital	115,000
Revaluation reserves	43,162
Reserves	-2,092
Less: Treasury shares	0
Retained earnings (loss)	106,141
Previous year profit (loss)	0
Current year profit (loss)	3,181
Total equity	265,392
Total liabilities and equity	1,766,039

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	54,945
Interest expenses	40,204
Net interest income	14,741
Income from fees and commissions	7,039
Expenses on fees and commissions	1,149
Net income from fees and commissions	5,890
Income from equity investments	0
Gains (losses)	-41
Other operating income	495
Other operating expenses	4,434
Net other not-interest income	-3,980
Total operating income	16,651
General administrative expenses and depreciation	11,019
Net operating income before loss provisions	5,631
Expenses on value adjustments and provisions	1,563
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	4,068
Income tax on continuing operations	887
Profit (loss) from continuing operations, after taxes	3,181
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	3,181

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
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	12,464
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	12,464

Derivative 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, in % as at 31 December 2016

50.79

PRVA STAMBENA ŠTEDIONICA d.d.

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

Management board

Antonija Matošin – chairperson, Darija Hejni

Supervisory board

Dijana Hrastović – chairperson, Jasna Mandac, Danimir Gulin

Shareholders

1. Zagrebačka banka d.d.

Audit firm for 2016:

Deloitte d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	0
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	1,053,796
Loans and receivables (financial leasing included)	1,480,124
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	23,434
Debt securities	0
Loans and receivables	1,456,690
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	196
Intangible assets	425
Investments in associates, subsidiaries and joint ventures	0
Tax assets	0
Non-current assets and disposal groups classified as held for sale	0
Other assets	24,445
Memorandum item: Collectively assessed impairment provisions	13,257
Total assets	2,558,986

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	2,182,775
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	2,182,600
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	176
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,416
Tax liabilities	9,125
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	44,061
Total liabilities	2,237,378
Share capital	80,000
Revaluation reserves	55,380
Reserves	-5,968
Less: Treasury shares	0
Retained earnings (loss)	167,447
Previous year profit (loss)	0
Current year profit (loss)	24,750
Total equity	321,608
Total liabilities and equity	2,558,986

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	111,570
Interest expenses	66,985
Net interest income	44,585
Income from fees and commissions	11,796
Expenses on fees and commissions	1,607
Net income from fees and commissions	10,189
Income from equity investments	0
Gains (losses)	300
Other operating income	2
Other operating expenses	6,558
Net other not-interest income	-6,257
Total operating income	48,518
General administrative expenses and depreciation	12,527
Net operating income before loss provisions	35,991
Expenses on value adjustments and provisions	4,709
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	31,282
Income tax on continuing operations	6,532
Profit (loss) from continuing operations, after taxes	24,750
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	24,750

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
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	17,472
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	17,472

Derivative 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, in % as at 31 December 2016

26.44

RAIFFEISEN STAMBENA ŠTEDIONICA d.d.

Ulica grada Vukovara 37b, 10000 Zagreb
www.2.raiffeisenstambena.hr

Management board

Vlasta Žubrinić-Pick – chairperson, Tomislav Matić, Sonja Skobe

Supervisory board

Ivan Žižić – chairperson, Neven Vranković, Liana Keserić

Shareholders

1. Raiffeisenbank Austria d.d.

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	1
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	180,296
Loans and receivables (financial leasing included)	850,949
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	77,990
Debt securities	0
Loans and receivables	772,959
Held-to-maturity investments	196,499
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	235
Intangible assets	4,194
Investments in associates, subsidiaries and joint ventures	0
Tax assets	8
Non-current assets and disposal groups classified as held for sale	0
Other assets	6,158
Memorandum item: Collectively assessed impairment provisions	10,477
Total assets	1,238,340

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	1,110,081
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	1,058,681
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	51,393
Other financial liabilities measured at amortised cost	7
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,698
Tax liabilities	5,705
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	22,273
Total liabilities	1,139,757
Share capital	180,000
Revaluation reserves	9,460
Reserves	261
Less: Treasury shares	0
Retained earnings (loss)	-103,694
Previous year profit (loss)	0
Current year profit (loss)	12,555
Total equity	98,583
Total liabilities and equity	1,238,340

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	58,852
Interest expenses	33,798
Net interest income	25,054
Income from fees and commissions	5,073
Expenses on fees and commissions	1,929
Net income from fees and commissions	3,143
Income from equity investments	0
Gains (losses)	4,902
Other operating income	533
Other operating expenses	3,675
Net other not-interest income	1,760
Total operating income	29,957
General administrative expenses and depreciation	18,338
Net operating income before loss provisions	11,619
Expenses on value adjustments and provisions	-936
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	12,555
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	12,555
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	12,555

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
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	10,046
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	10,046

Derivative 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, in % as at 31 December 2016

20.28

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

HeinzeloVA 33A, 10000 Zagreb
www.wuestenrot.hr

Management board

Zdravko Anđel – chairperson, Ivan Ostojić

Supervisory board

Susanne Riess – chairperson, Emanuel Kovačić, Andreas Grünbichler

Shareholders

1. Bausparkasse Wüstenrot AG

Audit firm for 2016:

KPMG Croatia d.o.o., Zagreb

Share in
share capital (%)
100.00

Balance sheet as at 31 December 2016, in thousand HRK

Assets	
Money assets	23
Financial assets held for trading	127,151
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	40,347
Loans and receivables (financial leasing included)	1,277,451
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	16,721
Debt securities	0
Loans and receivables	1,260,731
Held-to-maturity investments	454,236
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	1,339
Intangible assets	3,404
Investments in associates, subsidiaries and joint ventures	0
Tax assets	9,795
Non-current assets and disposal groups classified as held for sale	1,902
Other assets	44
Memorandum item: Collectively assessed impairment provisions	13,981
Total assets	1,915,693

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	1,785,630
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	1,658,933
Other received deposits	0
Received loans	94,472
Debt securities issued	0
Hybrid and subordinated instruments	31,365
Other financial liabilities measured at amortised cost	860
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,174
Tax liabilities	6,275
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	13,468
Total liabilities	1,806,547
Share capital	72,894
Revaluation reserves	885
Reserves	1,483
Less: Treasury shares	0
Retained earnings (loss)	31,199
Previous year profit (loss)	0
Current year profit (loss)	2,686
Total equity	109,146
Total liabilities and equity	1,915,693

Income statement for 2016, in thousand HRK

Continuing operations	
Interest income	92,206
Interest expenses	51,355
Net interest income	40,852
Income from fees and commissions	22,618
Expenses on fees and commissions	633
Net income from fees and commissions	21,985
Income from equity investments	0
Gains (losses)	1,719
Other operating income	2,358
Other operating expenses	6,399
Net other not-interest income	-2,321
Total operating income	60,516
General administrative expenses and depreciation	54,599
Net operating income before loss provisions	5,916
Expenses on value adjustments and provisions	1,377
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	4,540
Income tax on continuing operations	1,851
Profit (loss) from continuing operations, after taxes	2,689
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-3
Current year profit (loss)	2,686

Off-balance sheet items as at 31 December 2016, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
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	12,436
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	12,436

Derivative 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, in % as at 31 December 2016

16.65

Attachment I

List of credit institutions, end of period

Ordinal no. as at 31 December 2016	Name of credit institution and its head office	Identifier						
		Dec. 2010	Dec. 2011	Dec. 2012	Dec. 2013	Dec. 2014	Dec. 2015	Dec. 2016
1.	Addiko Bank d.d., Zagreb ¹⁾	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
	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
4.	Erste&Steiermärkische Bank d.d., Rijeka	B	B	B	B	B	B	B
5.	Hrvatska poštanska banka d.d., Zagreb	B	B	B	B	B	B	B
6.	Imex banka d.d., Split	B	B	B	B	B	B	B
7.	Istarska kreditna banka Umag d.d., Umag	B	B	B	B	B	B	B
8.	Jadranska banka d.d., Šibenik ⁷⁾	B	B	B	B	B	B	B
9.	Karlovačka banka d.d., Karlovac	B	B	B	B	B	B	B
10.	KentBank d.d., Zagreb ⁸⁾	B	B	B	B	B	B	B
11.	Kreditna banka Zagreb d.d., Zagreb	B	B	B	B	B	B	B
	Međimurska banka d.d., Čakovec ⁹⁾	B	B	–	–	–	–	–
	Nava banka d.d., Zagreb ¹⁰⁾	B	B	B	B	–	–	–
12.	OTP banka Hrvatska d.d., Zadar	B	B	B	B	B	B	B
13.	Partner banka d.d., Zagreb	B	B	B	B	B	B	B
14.	Podravska banka d.d., Koprivnica	B	B	B	B	B	B	B
15.	Primorska banka d.d., Rijeka	B	B	B	B	B	B	B
16.	Privredna banka Zagreb d.d., Zagreb	B	B	B	B	B	B	B
17.	Raiffeisenbank Austria d.d., Zagreb	B	B	B	B	B	B	B
18.	Samoborska banka d.d., Samobor	B	B	B	B	B	B	B
19.	Sberbank d.d., Zagreb ¹¹⁾	B	B	B	B	B	B	B
20.	Slatinska banka d.d., Slatina	B	B	B	B	B	B	B
21.	Société Générale-Splitska banka d.d., Split ¹²⁾	B	B	B	B	B	B	B
22.	Štedbanka d.d., Zagreb	B	B	B	B	B	B	B
23.	Tesla štedna banka d.d., Zagreb ¹³⁾	SB						
24.	Vaba d.d. banka Varaždin, Varaždin ¹⁴⁾	B	B	B	B	B	B	B
25.	Veneto banka d.d., Zagreb	B	B	B	B	B	B	B
26.	Zagrebačka banka d.d., Zagreb	B	B	B	B	B	B	B
1.	HPB-Stambena štedionica d.d., Zagreb	HSB						
2.	PBZ stambena štedionica d.d., Zagreb	HSB						
3.	Prva stambena štedionica d.d., Zagreb	HSB						
4.	Raiffeisen stambena štedionica d.d., Zagreb	HSB						
5.	Wüstenrot stambena štedionica d.d., Zagreb	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⁾ Resolution proceedings were instituted against Jadranska banka d.d., Šibenik, on 9 October 2015. ⁸⁾ Banka Brod d.d., Slavonski Brod, changed its name to KentBank d.d., Zagreb on 6 July 2012. ⁹⁾ Međimurska banka d.d., Čakovec, merged with Privredna banka Zagreb d.d., Zagreb, on 1 December 2012. ¹⁰⁾ Bankruptcy proceedings were instituted against Nava banka d.d., Zagreb on 1 December 2014. ¹¹⁾ Volksbank d.d., Zagreb, changed its name to Sberbank d.d., Zagreb, on 18 January 2013. ¹²⁾ Société Générale-Splitska banka d.d., Split, changed its name to Splitska banka d.d., Split on 15 May 2017. ¹³⁾ A štedna banka malog poduzetništva d.d., Zagreb, changed its name to Tesla štedna banka d.d., Zagreb, on 23 May 2011. ¹⁴⁾ Vaba d.d., banka Varaždin, Varaždin, changed its name to J&T banka d.d., Varaždin, on 2 January 2017.

Note:
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 2016

Credit institution group	Superordinate credit institution	Group members
1. ADDIKO BANK	Addiko Bank d.d., Zagreb	Addiko Invest 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
3. HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB-Stambena štedionica d.d., Zagreb
4. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ CARD d.o.o., Zagreb 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
5. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen Leasing d.o.o., Zagreb Raiffeisen Bonus d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d., Zagreb Raiffeisen mirovinsko osiguravajuće društvo d.d., Zagreb
6. SOCIÉTÉ GÉNÉRALE-SPLITSKA BANKA	Société Générale-Splitska banka d.d., Split	SG Leasing d.o.o., Zagreb SB Nekretnine d.o.o., Split Société Générale Osiguranje d.d., Zagreb
7. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	Prva stambena štedionica d.d., Zagreb UniCredit Bank d.d., Mostar ZB Invest d.o.o., Zagreb UniCredit Leasing Croatia d.o.o., Zagreb UniCredit Leasing d.o.o., Sarajevo

Abbreviations

BAN	– bank account number
BIS	– Bank for International Settlements
bn	– billion
CBRD	– Croatian Bank for Reconstruction and Development
CBS	– Croatian Bureau of Statistics
CICR	– currency-induced credit risk
CNB	– Croatian National Bank
EBA	– European Banking Authority
ECB	– European Central Bank
EU	– European Union
HHI	– Herfindahl-Hirschman index
HRK	– kuna
LCR	– liquidity coverage ratio
m	– million
MLC	– minimum liquidity coefficient
MoF	– Ministry of Finance
OG	– Official Gazette
RC	– Republic of Croatia
ROAA	– return on average assets
ROAE	– return on average equity
TCR	– total capital ratio

Symbols

–	– no entry
....	– data not available

