

Pursuant to Article 15, paragraph (2) of the Accounting Act (Official Gazette 109/2007), Article 105, paragraph (2) and Article 53, paragraph (2) of the Banking Act (Official Gazette 84/2002 and 141/2006) and Articles 25 and 39, paragraph (2), item (i) of the Act on the Croatian National Bank (Official Gazette 36/2001 and 135/2006), the Governor of the Croatian National Bank hereby issues the

## **DECISION ON THE STRUCTURE AND CONTENT OF ANNUAL FINANCIAL STATEMENTS OF BANKS**

### **Subject matter of the Decision**

#### **Article 1**

This Decision governs the structure and content of annual financial statements of banks, savings banks and branches of foreign banks in the Republic of Croatia (hereinafter: banks).

### **Types of annual financial statements**

#### **Article 2**

The annual financial statements referred to in Article 1 of this Decision shall consist of:

- the balance sheet,
- the profit and loss account,
- the cash flow statement,
- the statement of changes in equity, and
- notes to the financial statements.

### **Structure and content of annual financial statements**

#### **Article 3**

The structure and content of annual financial statements referred to in Article 2 of this Decision shall be prescribed in detail in the Instructions, which constitute an integral part of this Decision.

## **Entry into force**

### **Article 4**

This Decision shall enter into force on the eighth day after the day of its publication in the Official Gazette. The annual financial statements prepared for annual periods beginning on and after 1 January 2008 shall be prepared in accordance with the provisions of this Decision.

Decision No. 345-020/05-08/ŽR

Zagreb, 19 May 2008

Croatian National Bank

Council Chairman

Governor

Željko Rohatinski, m.p.

**INSTRUCTIONS  
ON THE IMPLEMENTATION OF THE DECISION ON THE STRUCTURE  
AND CONTENT OF ANNUAL FINANCIAL STATEMENTS OF BANKS**

The Instructions shall prescribe in detail the manner of implementing the Decision on the structure and content of annual financial statements of banks. Amounts entered in financial statements shall be in kuna and shall include comparable data for the current and the previous year.

**1 BALANCE SHEET**

1.1 A bank's balance sheet shall include the following items:

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<b>Assets</b>	
1	MONEY ASSETS AND DEPOSITS WITH THE CNB (1.1.+1.2.)
1.1	Cash
1.2	Deposits with the CNB
2	DEPOSITS WITH BANKING INSTITUTIONS
3	MoF TREASURY BILLS AND CNB BILLS
4	SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING
5	SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE
6	SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY
7	SECURITIES AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE IN PROFIT OR LOSS AND NOT TRADED
8	DERIVATIVE FINANCIAL ASSETS
9	LOANS TO FINANCIAL INSTITUTIONS
10	LOANS TO OTHER CLIENTS
11	INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
12	FORECLOSED ASSETS
13	TANGIBLE ASSETS (NET OF DEPRECIATION)
14	INTEREST, FEES AND OTHER ASSETS
<b>A</b>	<b>TOTAL ASSETS (1 + 2+3 to14)</b>

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<b>Liabilities and Capital</b>	
1	LOANS FROM FINANCIAL INSTITUTIONS (1.1+1.2)
1.1	Short-term loans
1.2	Long-term loans
2	DEPOSITS (2.1+2.2+2.3)
2.1	Giro account and current account deposits
2.2	Savings deposits
2.3	Time deposits
3	OTHER LOANS (3.1+3.2)
3.1	Short-term loans
3.2	Long-term loans
4	DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES HELD FOR TRADING
5	DEBT SECURITIES ISSUED (5.1+5.2)
5.1	Short-term debt securities issued
5.2	Long-term debt securities issued
6	SUBORDINATED INSTRUMENTS ISSUED
7	HYBRID INSTRUMENTS ISSUED
8	INTEREST, FEES AND OTHER LIABILITIES
<b>B</b>	<b>TOTAL LIABILITIES (1+2+3+4+5+6+7+8)</b>
<b>EQUITY</b>	
1	SHARE CAPITAL
2	CURRENT YEAR PROFIT (LOSS)
3	RETAINED EARNINGS (LOSS)
4	LEGAL RESERVES
5	STATUTORY RESERVES AND OTHER CAPITAL RESERVES
6	UNREALISED GAINS/LOSSES ON VALUE ADJUSTMENTS OF FINANCIAL ASSETS AVAILABLE FOR SALE
7	RESERVES ARISING FROM HEDGING TRANSACTIONS
<b>C</b>	<b>TOTAL EQUITY (1+2+3+4+5+6+7)</b>
<b>D</b>	<b>TOTAL LIABILITIES AND EQUITY (B+C)</b>

### Supplement to the balance sheet

8	TOTAL CAPITAL
9	Equity holders of the parent
10	Minority interest

1.2 A supplement to the balance sheet shall be filled in only by banks preparing consolidated annual financial statements.

## 2 PROFIT AND LOSS ACCOUNT

2.1 Profit and loss account shall include the following items:

- 1 Interest income
- 2 (Interest expenses)
- 3 Net interest income (1-2)**
- 4 Income from fees and commissions
- 5 (Expenses on fees and commissions)
- 6 Net income from fees and commissions (4-5)**
- 7 Gains (losses) from investments in subsidiaries, associates and joint ventures
- 8 Gains (losses) from trading activities
- 9 Gains (losses) from embedded derivatives
- 10 Gains (losses) from financial assets at fair value through profit or loss and not traded
- 11 Gains (losses) from activities related to assets available for sale
- 12 Gains (losses) from activities related to assets held to maturity
- 13 Gains(losses) from hedging transactions
- 14 Income from equity investments in subsidiaries, associates and joint ventures
- 15 Income from other equity investments
- 16 Gains (losses) from exchange differences
- 17 Other income
- 18 Other expenses
- 19 General administrative expenses and depreciation
- 20 Net operating income before value adjustments and loss provisions  
(3+6+7+8+9+10+11+12+13+14+15+16+17-18-19)**
- 21 Impairment expenses
- 22 INCOME (LOSS) BEFORE TAXES (20-21)**
- 23 INCOME TAX
- 24 CURRENT YEAR PROFIT (LOSS) (22-23)**
- 25 Earnings per share

### Supplement to the profit and loss account

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<b>26</b>	Current year profit/loss
<b>27</b>	Equity holders of the parent
<b>28</b>	Minority interest

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2.2 A supplement to the profit and loss account shall be filled in only by banks preparing consolidated annual financial statements.

## 3 CASH FLOW STATEMENT

3.1 Banks may prepare cash flow statements using either the direct method or the indirect method.

3.2 A cash flow statement prepared by using the direct method shall include the following items:

	<b>Operating activities</b>
1.1	Interest received and similar receipts
1.2	Fees and commissions received
1.3	(Interest paid and similar expenses)
1.4	(Fees and commissions paid)
1.5	(Operating expenses paid)
1.6	Net gains(losses) from financial instruments at fair value through profit or loss
1.7	Other receipts
1.8	(Other expenses)
1	<b>Net cash flow from operating activities (1.1 to 1.8)</b>
	(Increase)decrease in operating assets
2.1	Deposits with the CNB
2.2	MoF treasury bills and CNB bills
2.3	Deposits with banking institutions and loans to financial institutions
2.4	Loans to other clients
2.5	Securities and other financial instruments held for trading
2.6	Securities and other financial instruments available for sale
2.7	Securities and other financial instruments at fair value in profit or loss and not traded
2.8	Other assets
2	<b>Net (increase)decrease in operating assets (2.1 do 2.8)</b>
	Increase (decrease) in operating liabilities
3.1	Demand deposits
3.2	Savings and time deposits
3.3	Derivative financial liabilities and other liabilities held for trading
3.4	Other liabilities
3	<b>Net increase (decrease) in operating liabilities (3.1 to 3.4)</b>
4	<b>Net cash flow from operating activities before income tax (1+2+3)</b>
5	(Income tax paid)
6	<b>Net cash flow from operating activities (4-5)</b>
	<b>Investing activities</b>
7.1	Cash receipts from (payments to acquire) tangible and intangible assets
7.2	Cash receipts from the disposal of (payments for investments in) subsidiaries, associates and joint ventures
7.3	Cash receipts from sales(cash payments to acquire) securities and other financial instruments held until maturity
7.4	Dividend received
7.5	Other receipts from(payments for) investments
7	<b>Net cash flow from investing activities (7.1 to 7.5)</b>
	<b>Financing activities</b>
8.1	Net increase (decrease) in received loans
8.2	Net increase (decrease) in issued debt securities
8.3	Net increase (decrease) in subordinated and hybrid instruments
8.4	Proceeds from issue of share capital
8.5	(Dividends paid)
8.6	Other proceeds (payments) from financing activities
8	<b>Net cash flow from financing activities (8.1 to 8.6)</b>
9	<b>Net cash flow (6+7+8)</b>
10	Effect of exchange differences on cash and cash equivalents
11	<b>Net increase (decrease) in cash and cash equivalents (9+10)</b>
12	<b>Cash and cash equivalents at beginning of the year</b>
13	<b>Cash and cash equivalents at end of the year</b>

3.3 A cash flow statement prepared by using the indirect method shall include the following items:

	<b>Operating activities</b>
1.1	Gains(losses) before tax
1.2	Impairment
1.3	Depreciation
1.4	(Taxes paid)
1.5	(Gains) losses from sale of tangible assets
1.6	Other (gains) losses
1	Cash flow from operating activities before changes in operating assets (1.1 to 1.6)
	(Increase) decrease in operating assets
2.1	Deposits with the CNB
2.2	MoF treasury bills and CNB bills
2.3	Deposits with banking institutions and loans to financial institutions
2.4	Loans to other clients
2.5	Securities and other financial instruments held for trading
2.6	Securities and other financial instruments available for sale
2.7	Securities and other financial instruments at fair value in profit or loss and not traded
2.8	Other operating assets
2	Net (increase)/decrease in operating assets (2.1 to 2.8)
	Increase (decrease) in operating liabilities
3.1	Demand deposits
3.2	Savings and time deposits
3.3	Derivative financial liabilities and other liabilities held for trading
3.4	Other liabilities
3	Net increase (decrease) in operating liabilities (3.1 to 3.4)
4	<b>Net cash flow from operating activities (1+2+3)</b>
5	<b>(Profit tax paid)</b>
6	<b>Net inflow (outflow) of cash from operating activities (4-5)</b>
	<b>Investing activities</b>
7.1	Cash receipts from (payments to acquire) tangible and intangible assets
7.2	Cash receipts from the disposal of (payments for the investment in) subsidiaries, associates and joint ventures
7.3	Cash receipts from sales of (cash payments to acquire) securities and other financial instruments held until maturity
7.4	Dividend received
7.5	Other receipts from (payments for) investments
8	<b>Net cash flow from investing activities (5.1 to 5.5)</b>
	<b>Financing activities</b>
8.1	Net increase(decrease) in received loans
8.2	Net increase(decrease) in issued debt securities
8.3	Net increase(decrease) in subordinated and hybrid instruments
8.4	Proceeds from issue of share capital
8.5	(Dividends paid)
8.6	Other proceeds (payments) from financing activities
6	<b>Net cash flow from financing activities (6.1 to 6.6)</b>
7	<b>Net increase (decrease) in cash and cash equivalents (4+5+6)</b>
8	Effect of exchange differences on cash and cash equivalents
9	<b>Net increase(decrease) in cash and cash equivalents (7+8)</b>
10	<b>Cash and cash equivalents at beginning of the year</b>
11	<b>Cash and cash equivalents at end of the year</b>

## 4 STATEMENT OF CHANGES IN EQUITY

4.1 A statement of changes in equity shall include the following items:

No.	Type of change	Attributable to equity holders of the parent					Unrealised gains/losses on value adjustments of financial assets available for sale	Minority interest	Total equity and reserves
		Share capital	Treasury shares	Legal, statutory and other reserves	Retained earnings/(loss)	Current year profit/loss			
1	<b>Balance as at 1 January of the current year</b>								
2	Changes in accounting policies and corrections of errors								
3	<b>Closing balance as at 1 January of the current year (1+2)</b>								
4	Sale of available-for-sale financial assets								
5	Changes in fair value of the portfolio of available-for-sale financial assets								
6	Tax on items recognised directly or transferred from equity and reserves								
7	Other gains and losses recognised directly in equity and reserves								
8	<b>Net gains(losses) recognised directly in equity and reserves (4+5+6+7)</b>								
9	Current year profit/loss								
10	<b>Total current year income and expenses (8+9)</b>								
11	Increase/decrease in share capital								
12	Purchase/sale of treasury shares								
13	Other changes								
14	Transfer to reserves								
15	Dividend payments								
16	<b>Profit distribution (14 +15)</b>								
17	<b>Closing balance as at 31 December of the current year (3+10+11+12+13+16)</b>								

4.2 Banks which prepare consolidated annual financial statements shall separately present changes in minority interest by appropriate equity items.

## 5 NOTES TO THE FINANCIAL STATEMENTS

5.1 Notes to the financial statements shall be prepared in accordance with the provisions of International Financial Reporting Standards, so as to:

- (a) present information about the basis of preparation of the financial statements and the specific accounting policies used in accordance with paragraphs 108 to 115 of the International Accounting Standard 1;
- (b) disclose information required by the International Financial Reporting Standards that is not presented on the face of the balance sheet, profit and loss account, statement of changes in equity or cash flow statement; and
- (c) provide additional information that is not presented on the face of the balance sheet, profit and loss account, statement of changes in equity or cash flow statement, but is relevant to an understanding of any of them.

5.2 In the notes to the financial statements banks shall also present the following off-balance sheet items:

1	Guarantees
2	Letters of credit
3	Bills of exchange
4	Credit lines and commitments
5	Other standard off-balance sheet risky items
6	Futures
7	Options
8	Swaps
9	Forwards
10	Other derivatives

5.3 In the notes to the financial statements branches of foreign banks shall also present the following items:

1	Own funds
2	Capital adequacy ratio
3	Average number of employees