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1 Consolidated Bank Supervision

By Vlatka Rukavina

1.1 Introduction

An efficient banking system supervision, apart from supervision of individual banks, encompasses supervision of a group of related companies taken as whole, which, in addition to banks, may include other financial institutions. Such an approach to supervision aims at qualitative and quantitative assessment of the group performance, allowing risks to which any individual bank or a group as a whole is exposed to be identified and measured.

Such an approach is especially important in the banking system for two reasons: first, as a result of their specific nature, risks faced by banks and financial institutions may cause difficulties which are often spilled over to other related members in a group, unless they are identified in a timely manner, and second, an intensive internationalisation of the banking industry over the past twenty years would lead to a reduced transparency of business activities if supervision were carried out exclusively on an individual basis.

In addition, globalisation processes, a strong development of financial markets, integration processes, introduction of contemporary technological solutions and creation of new financial products significantly influence operation, which has resulted in gigantic systems, in the conditions of a fierce competition in the financial markets, for the purpose of taking the best possible position in the market.

Abundant and complex business combinations of mergers, acquisitions or takeovers among financial and associated institutions have led to blurred distinctions and “fine lines” among financial activities, such as banking, securities trading and insurance, so that legislators and supervisors are faced with additional requirements. Accordingly, only consolidated approach allows insight into business activities in such conditions.

1.2 Regulatory Framework

In the accounting practice, consolidation, in a narrow sense, implies a general procedure resulting in a uniform presentation of a group of business entities as a single economic entity by means of financial reports. These reports ensure quantitative analysis, allowing insight into both mutual influences among individual group members and activities of a group as a whole. In the Republic of Croatia, the Accounting Act (official gazette *Narodne novine*, No. 90/1992) provides a regulatory framework, prescribing a compulsory application of the International Accounting Standards.

The Standards¹ define the basic concepts and principles: consolidation entities, parent and subsidiaries constituting a group, basic requirements for preparing the reports, as well as reporting principles: economic unity, continuity

¹ IAS 27 – Consolidated Financial Statements and Accounting for Investment in Subsidiaries, IAS 22 – Business Combinations, IAS 28 – Accounting for Investments in Associates, IAS 31 – Financial Reporting of Interest in Joint Ventures

in applying the consolidation methods, uniform consolidation date and uniform assessment in order to obtain an objective presentation of the balance of assets, liabilities and capital, expenses, income and a financial result for all participants in consolidation.

Bank for International Settlements (BIS) in Basel which is entrusted, among other things, with the task of harmonising the supervisory function in the member states, proposed as early as in 1975, through its Committee on Banking Supervision that supervisors should gain insight into bank operations on the basis of consolidated reports in the case a bank owns related companies in other countries. This was the onset of the consolidated supervision, which was at that time focused only on banks that were active in the international markets.

A few years later, the aforementioned Committee issued a new document, known as the *Concordat*, which redefined the already set principles and became the basis of supervision of banks with foreign subsidiaries. At that time, a particular emphasis was placed on determining liquidity, solvency and level of operations in the foreign exchange markets. Further activities of the Basel Committee resulted from dynamic developments in the financial markets world-wide, so that in 1996, the Committee together with the International Organisation for Securities Commissions (IOSCO) and International Association of Insurance Supervisors (IAIS), known as the Joint Forum, issued a document extending the scope of supervision to the level of a financial conglomerate, meaning that in addition to banking, the insurance and securities market segments were encompassed as well. The supervisory methodology has been established, which is still focused on identifying the risk profile, control systems and organisational and managerial structure of a financial conglomerate, and information exchange has also been introduced between supervisors of different segments of conglomerates, as well as interstate co-operation.

Other organisations, such as the International Monetary Fund and World Bank and EU institutions, also stress the importance of consolidated supervision, pointing in their activities to a need of expanding the systematic supervision of the overall financial system.

1.3 Consolidated Financial Reports of a Banking Group

Since the banks' operations, accounting for a significant part of both the financial sector and the overall economy, is regulated by a special law, in adopting the new *Banking Act* (official gazette *Narodne novine*, No. 84/2002) the provisions have been introduced defining a banking group and the scope of information to be disclosed by a superordinate bank to the Croatian National Bank, in compliance with the existing EU guidelines, which represents a step forward from individual supervision to supervision of the group of institutions controlled by a parent bank.

Chapter VI of the Banking Act defines in its provisions the basic concepts, such as the scope of a banking group, obligations of a superordinate bank in a banking group concerning the preparation of reports, risk management in a banking group, notification of the Croatian National Bank and disclosure and

submission of data, as well as obligations of individual subordinate companies towards the superordinate bank.

In determining the scope, a *banking group* is considered to exist, and is subject to consolidation, where a bank or financial holding with a head office in the Republic of Croatia is the superordinate company in relation to one or more banks or financial holdings, other financial institutions or companies for ancillary banking services. The *banking group* defined in this manner does not have legal personality, but rather represents an economic unit over which consolidated supervision is carried out on the basis of financial reports and a level of management of risks to which a group is exposed is assessed, and to which a bank is also exposed on the individual basis (liquidity, solvency, capital adequacy, operating risk). The analysis of reports and risks that are identified at the group level will be used only by supervisory institutions which will in this manner gain a better insight into operation of the whole unit.

Decision on Consolidated Financial Reports of a Banking Group (official gazette *Narodne novine*, No. 17/2003) prescribes the scope of consolidated financial reports of a banking group, procedures in preparing consolidated income statement and consolidated balance sheet of a banking group, risk management in a banking group, reporting to the Croatian National Bank, time limits for submitting *information on the banking group composition*, as well as content of financial reports of a banking group and time limits for their submission.

1.4 Reporting to the Croatian National Bank

A superordinate bank is subject to the preparation of all reports for the Croatian National Bank. Subordinate companies are obliged to submit to the superordinate bank the required data and to ensure appropriate internal control procedures for the verification of data reliability and accuracy.

Information on the banking group composition includes, apart from the information on a superordinate company preparing and submitting the respective information, information on all subordinate companies irrespective of their activities, i.e. on the group as a whole. The purpose of this broader scope is to establish to what extent a group is subject to consolidated financial reporting. This information is prepared once a year as at 31 December, and as an exception, in the event of changes.

Twice a year, a superordinate bank in a banking group submits financial reports for the banking group: as at 30 June of the current year, unaudited consolidated financial reports of a banking group and reports on risk management in a banking group, and as at 31 December, the same reports, but audited.

The prescribed reports thus provide the conditions for a quantitative supervision of a banking group, whereas the qualitative supervision will mostly be based on the examination of the established internal control systems, in order to identify, measure, control and supervise all types of risk in an efficient manner.

1.5 Conclusion

Consolidated supervision has formally started by the enactment of the new Banking Act, which implies supervision of a banking group on the basis of reports submitted to the Croatian National Bank. However, in addition to this legal solution, a need has also occurred for the enhancement of supervision, so that as early as in mid-2002, at the institutional level in the Republic of Croatia, an idea was developed on the unification of supervisory institutions. Consequently, the domestic supervisory authorities prepared a *Proposal for a Program of Financial Institutions and Financial Markets Supervision on a Consolidated Basis*, which was adopted by the Croatian Parliament. The Government of the Republic of Croatia was entrusted with a task of forming a standing Committee for Financial Services Regulation Co-ordination, whose primary objective is supervision enhancement and efficiency improvement.

It should be noted that in the future supervision could include a banking group member with a head office in another country, which would expedite the implementation of co-ordination among supervisors from different countries and interstate exchange of information and experience.

Although supervision on individual basis is still important, it can already be expected that consolidated supervision will gain more importance, which would require the adjustment of further legal solutions and institutional supervisory framework.

2 Indicators of Banking Institution Operations

By: Martina Drvar

Data on banks and savings banks operations at the end of the first half of 2003, as shown below, are based on unconsolidated unaudited financial reports submitted by banks and savings banks to the Croatian National Bank.

The beginning of 2003 saw the adoption of a Decision on the Compulsory Purchase of CNB Bills (official gazette *Narodne novine*, Nos. 10/2003 and 54/2003), which had an impact on the indicators of banking institution operations at the end of the first half of 2003. Under the said *Decision*, banks are obliged to purchase CNB bills when their placements' growth exceeds 16.0% annually, or 4.0% in the first three months, 8.0% in the first half-year term, and 12.0% in the first nine months of 2003 (compared with end-2002). Placements, as defined in the said *Decision*, comprise only a certain portion of assets and a certain portion of off-balance sheet contingent liabilities of banks, and not total placements. For example, placements to the Croatian National Bank and placements to the Republic of Croatia have been excluded from the restricted placements category. If bank placements' growth exceeds the prescribed one, the bank is obligated to subscribe CNB bills in the amount of 200% of the base, which represents the positive difference between the level of placements made and the permitted level of placements. Compulsory CNB bills carry a 0.5% annual interest. *Decision on the Compulsory Purchase of CNB Bills* does not apply to placements of housing savings banks and the Croatian Bank for Reconstruction and Development (CBRD). In the first six months of 2003, placements, as defined in the *Decision*, increased by 4.1% compared with end-2002, or increased from 133.2 billion kuna to 138.7 billion kuna, which is 5.2 billion kuna below the permitted level of growth. Three banks had to subscribe compulsory CNB bills in the total amount of 85.8 million kuna.

At the end of the first half of 2003, there were 45 banking institutions operating in the Republic of Croatia (Figure 1.) which is one banking institution less than at end-2002, due to a merger between two banks in majority foreign ownership¹. As a result, the number of such banks also declined over the observed period by one bank and now stands at 22 banks. There were 23 banks in majority domestic ownership at the end of the first half of 2003, or the same as at end-2002.

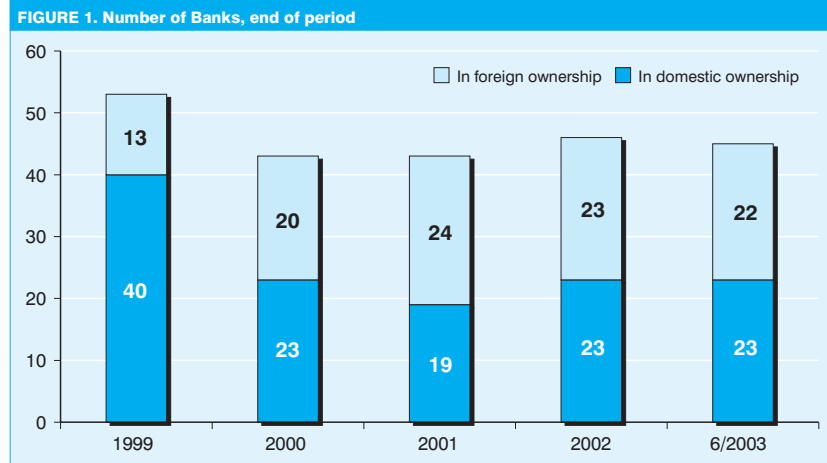
A *Decision on Consolidated Financial Reports of a Banking Group* (official gazette *Narodne novine*, No. 17/2003), adopted at the beginning of 2003, prescribes the types and frequency of financial reports that have to be drafted and submitted to the Croatian National Bank by a superordinate bank in a group. The first reports based on this *Decision* had to be submitted for balances as at 30 June 2003 by four banking groups consisting of banks, housing savings banks, other financial institutions and companies for ancillary banking services.

2.1 Banks

2.1.1 Structure of the Banking Sector in the Republic of Croatia

¹ Cassa di Risparmio di Trieste – Banca d.d., Zagreb merged in June 2003 with Zagrebačka banka d.d., Zagreb

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



The end of the first half of 2003, saw a further increase in the share of bank assets in majority foreign ownership in total assets. Compared with end-2002, this share rose from 90.2% to 90.5% of total banking system assets, indicating a steady growth trend present since 1998 (6.7% at end-1998, 39.9% at end-1999, 84.1% at end-2000, and 89.3% at end-2001).

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

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

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

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

In the first six months of 2003, the number of banks in Groups II and IV fell by one bank in each group, increased by one bank in Group III, and remained unchanged in Group I, compared with end-2002. Two banks moved from higher to lower bank groups over the observed period. These were Dresdner Bank Croatia d.d., Zagreb, which moved from Group II to Group III, and Požeška banka d.d., Požega which moved from Group III to Group IV. Only one bank, Credo Banka d.d., Split, moved from Group IV to Group III. Cassa di Risparmio di Trieste – Banca d.d., Zagreb, a former Group IV bank, exited the banking system at the end the first half of 2003².

² See footnote No. 1

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

There were 1019 branches and sub-branches operating in the country at the end of the first half of 2003, which is an increase of 63, compared with end-2002 (Table 2.). 75 new branches and sub-branches were opened, while 12 branches and sub-branches closed down during the observed period. Of the 12 closed units, 11 were branches and sub-branches of Group I banks. Over the first six months of 2003, 14 banks did not undergo any changes in number. Of the 63 new branches and sub-branches, one Group II bank accounted for 30.0%, one Group I bank for 22.2% and one Group III

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

Counties	Dec. 2000	Dec. 2001	Dec. 2002	Jun. 2003
County of Zagreb and City of Zagreb	140	162	188	200
County of Krapina-Zagorje	18	19	23	23
County of Sisak-Moslavina	24	18	25	26
County of Karlovac	18	19	23	24
County of Varaždin	23	23	29	31
County of Koprivnica-Križevci	23	25	26	27
County of Bjelovar-Bilogora	20	23	25	26
County of Primorje and Gorski Kotar	57	103	108	120
County of Lika-Senj	8	10	14	15
County of Virovitica-Podravina	14	16	16	23
County of Požega-Slavonija	16	16	20	22
County of Slavonski Brod-Posavina	13	17	20	22
County of Zadar	32	41	38	40
County of Osijek-Baranya	47	50	50	57
County of Šibenik-Knin	28	30	30	30
County of Vukovar-Srijem	15	16	15	17
County of Split-Dalmatia	100	111	123	123
County of Istria	85	99	103	109
Dubrovačko-neretvanska	49	56	56	57
County of Međimurje	26	25	24	27
Total	756	879	956	1019

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

bank for 15.9%, while the remaining 28 banks accounted for 32.9% of the total of 63 new branches and sub-branches.

At the end of June 2003, the largest concentration of operating units was in the County of Zagreb and the City of Zagreb (19.6%) (Figure 2.). The next largest concentrations were in the County of Split-Dalmatia (12.1%), the County of Primorje and Gorski Kotar (11.8%) and the County of Istria (10.7%). Taken together, these five counties accounted for 54.2% of the total number of branches and sub-branches of banks. The County of Lika-Senj and the County of Vukovar-Srijem accounted for the smallest

FIGURE 2. Geographical Concentration of Branches and Sub-Branches as at 30 June 2003 by Counties



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

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

FIGURE 3. Relative Change in the Number of Branches and Sub-Branches in the first half of 2003 by Counties

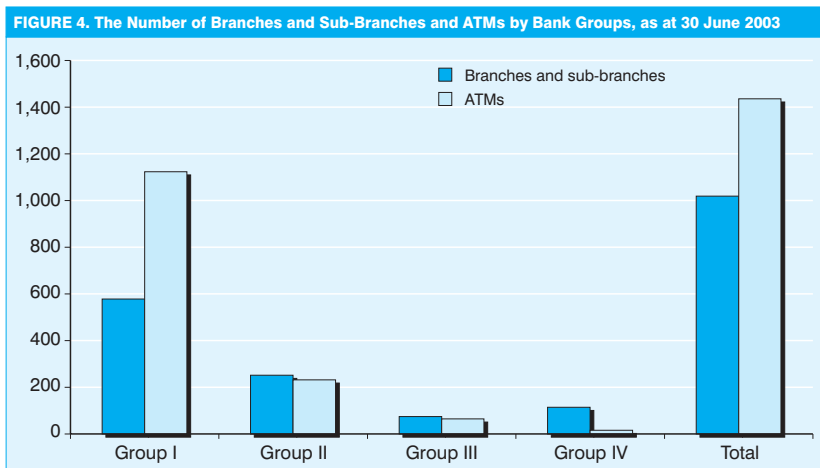


shares of the total number of branches and sub-branches of banks (1.5% and 1.7%, respectively). Compared with end-2002, the concentration of branches and sub-branches of banks at the end of the first half of 2003 declined in half of the counties, increased in seven counties and remained unchanged in three counties.

The number of branches and sub-branches at end-June 2003 remained the same as at end-2002 only in three counties (County of Krapina-Zagorje, County of Šibenik-Knin, County of Split-Dalmatia) while it rose in all other counties (Figure 3.). The largest increase in the number of branches and sub-branches in relative terms was recorded in the County of Virovitica-Podravina (43.8%), the County of Osijek-Baranya (14.0%), the County of Vukovar-Srijem (13.3%), the County of Medimurje (12.5%) and the County of Primorje and Gorski Kotar (11.1%). The largest absolute increase in the number of branches and sub-branches during the same period was recorded in the County of Zagreb and the City of Zagreb (12), the County of Primorje and Gorski Kotar (12), the County of Osijek-Baranya (7) and the County of Istria (6). These counties accounted for 58.7% of the total increase in the number of branches and sub-branches during the observed period.

At the end of the first six months of 2003, as at end-2002, each bank had on average branches and sub-branches in five counties. Seventeen banks operated in two to four counties, ten banks had branches and sub-branches in five to nine counties, eight banks in over ten counties, while ten banks operated in one county only.

Group I had the largest number of branches and sub-branches (Figure 4.) at end-June 2003 (578 operating units). Groups II and IV followed, with 252 and 114 operating units, respectively. Group III had 75, or the smallest number of operating units. The number of branches and sub-branches increased the most in Groups III and II during the observed period (25.0% and 13.0%, respectively). They were followed by Group IV (8.6%)



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

and Group I, with the smallest increase (1.8%). Group I had the largest number of ATMs (1123 units), and accounted for 78.2% of the total number of ATM's in the country at end-June 2003. Groups II, III and IV followed with 232, 65 and 16 units, respectively. The number of ATMs increased in Groups III, II and I by 32.7%, 16.0% and 5.4%, respectively, while the number of ATMs in Group IV remained unchanged.

During the first half of 2003, the number of ATMs in the banking system increased by 106 units, reaching 1436 units at end-June (Table 3.). Over that period, 120 ATMs were newly-installed while 14 were put out of use, of which 12 were ATMs of one Group I bank. At end-June 2003, there were nineteen banks that did not have any ATMs. The majority of banks with ATMs increased their number during the same period (20 banks), two banks reduced the number of their ATMs, and four banks had the same number of ATM units. Three Group I banks accounted for as much as 52.0% of the total increase in the number of ATMs.

The number of installed ATMs at end-June 2003 increased in most counties, compared with end-2002, except in the County of Varaždin where the number of ATMs declined by 14 units. In the County of Karlovac,

TABLE 3. Territorial Distribution of ATMs, end of period

Counties	Dec. 2000	Dec. 2001	Dec. 2002	Jun. 2003
County of Zagreb and City of Zagreb	237	307	394	420
County of Krapina-Zagorje	14	19	23	25
County of Sisak-Moslavina	14	20	27	29
County of Karlovac	21	21	26	26
County of Varaždin	23	31	62	48
County of Koprivnica-Križevci	14	16	21	25
County of Bjelovar-Bilogora	18	19	28	29
County of Primorje and Gorski Kotar	95	120	149	158
County of Lika-Senj	7	9	17	20
County of Virovitica-Podravina	8	11	11	13
County of Požega-Slavonija	6	8	9	14
County of Slavonski Brod-Posavina	10	14	18	19
County of Zadar	26	40	53	59
County of Osijek-Baranya	27	48	58	64
County of Šibenik-Knin	13	18	35	51
County of Vukovar-Srijem	5	11	19	24
County of Split-Dalmatia	63	108	148	156
County of Istria	84	102	129	147
County of Dubrovnik and Neretva	32	47	59	62
County of Međimurje	19	30	44	47
Total	736	999	1330	1436

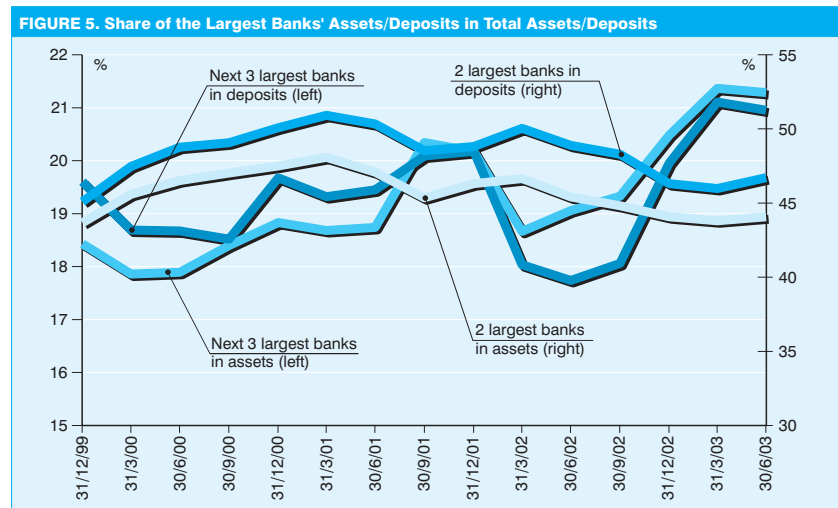
↳ The total number of installed ATMs of all banks in the Republic of Croatia is classified by counties. Data on the City of Zagreb are included in the data on the County of Zagreb. Banks are the source of data.

their number remained the same but there was a change in the structure of banks with ATMs in that area. The sharpest increase in the number of ATMs was recorded in the County of Zagreb and the City of Zagreb (26 units), the County of Istria (18 units), the County of Šibenik-Knin (16 units). Taken together, they accounted for 56.6% of the total increase. The largest relative increase in the number of ATMs took place in the County of Požega-Slavonija (55.6%), the County of Šibenik-Knin (45.7%) and the County of Vukovar-Srijem (26.3%).

The first six months of 2003 saw a mild increase in the concentration of major banks' share of assets/deposits in total assets/deposits (Figure 5.). As total banking system assets increased during the observed period by the same percentage as the assets of the first two largest banks (5.0%), their share in the total banking system assets remained unchanged (44.1%), while the share of their deposits in total banking system deposits increased by 0.4 percentage points and amounted to 46.7% at end-June 2003.

The share of assets of the largest three banks in total assets increased by 0.8% compared with end-2002, and at end-June 2003 amounted to 21.3%. At the same time, owing to their faster growth, compared with total deposits' growth (10.2% and 5.0%, respectively), the share of deposits of all three banks in total deposits increased by 1.0 percentage points, and amounted to 21.0%.

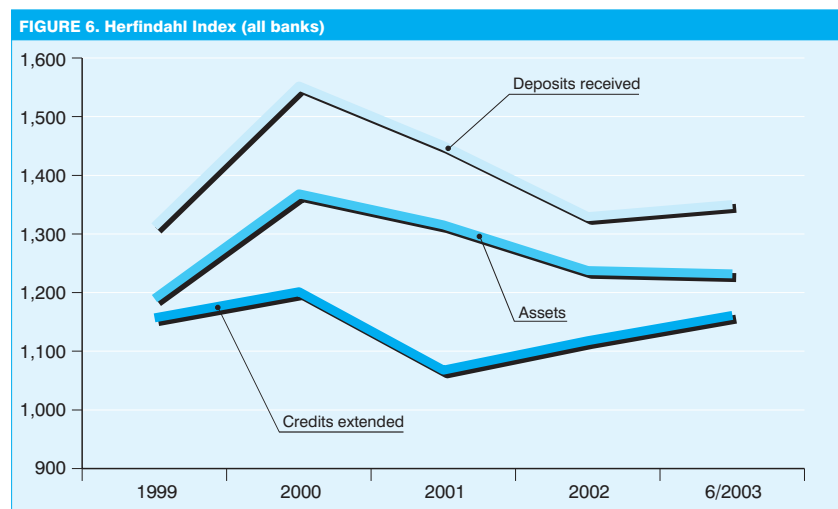
⇒ The criterion for selecting the two largest and the next three largest banks in the banking system is the size of their assets. The share of assets of the two largest banks (the next three banks) in total assets is calculated as a ratio between the sum of the assets of the two largest banks (the next three banks) and the total assets of all banks, and is stated in percent. Their share of deposits in total deposits of the banking system is calculated in the same manner. Schedule BS is the source of data on the amount of assets (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001), while Schedule BS/DEP is the source of data on total deposits (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001).



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

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

Extended credits/received deposits concentration indices are calculated by applying the same formula. Schedule BS is the source of data on the amount of assets (Bank Statistical Report – *Narodne novine*, Nos. 57/1999 and 3/2001).



The end of the first half of 2003 saw a slowdown in the fall of assets concentration and an increase in the concentration of deposits and credits (Figure 6.). The value of the Herfindahl index for the concentration of assets stood at 1232 points at end-June 2003, which is a decline of only 5 points compared with the end of 2002. Nevertheless, it still shows that the concentration of assets has been trending downwards steadily since 2000. By contrast, credits concentration has kept trending upwards, rising from 1118 points to 1161 points in the first six months of this year. At the same time, a steady fall in the concentration of deposits from end-2001 came to a halt, with deposits' concentration increasing by 21 points and amounting to 1350 points at the end of June 2003. The concentration of both credits granted and deposits received increased for the first time in the last four years, which is in contrast with developments in assets so far, indicating a possible increase in the concentration of assets in the next period.

Total bank assets stood at 182.9 billion kuna at end-June 2003, which is an increase of 5.0% compared with end-2002 (Table 4.).

Steadily increasing from end-2000, total credits granted stood at 101.0 billion kuna at end-2003, reaching their maximum share (55.2%) in total banking system assets in the last four years. Of all assets items, loans to other clients accounted for the largest share (54.0%) of total assets. Growing by 9.6%, this assets item increased its share in total assets by 2.3 percentage points over the observed period. The share of other assets items in total assets remained almost unchanged, compared with end-2002.

The changes in the structure of bank assets were small, but changes across individual items were significant. More specifically, the following items declined at the end of the first half of 2003, compared with the end of 2002: MoF treasury bills and CNB bills (18.8%), trading portfolio of securities (8.4%), interest, fees and other assets (8.3%), investment portfolio of securities (4.3%) and investments in subsidiaries and associates (2.7%). By contrast, assets items that increased during the observed period comprise cash (25.7%), foreclosed and repossessed assets (16.7%), deposits with banking institutions (10.6%) and other assets items.

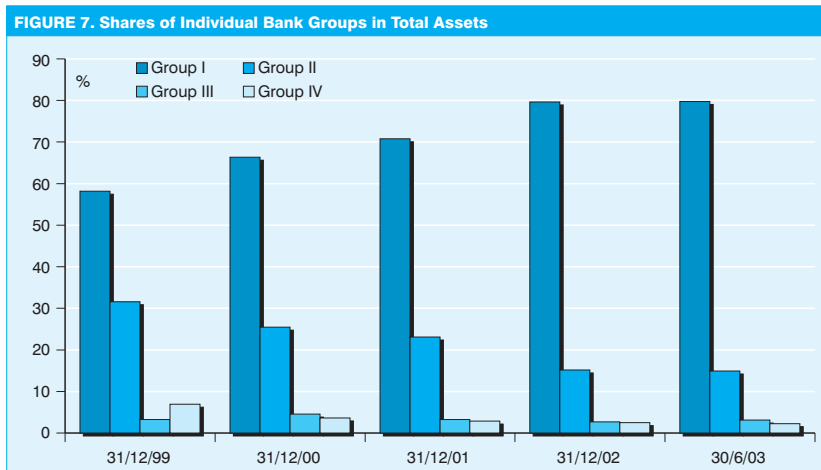
2.1.3 Banks' Balance Sheet

† The share of each balance sheet item of assets in total bank assets is calculated on the basis of data from the Bank Statistical Report (*Narodne novine*, Nos. 57/99 and 3/2001 – Schedule BS) and the derived aggregated report of the same type on the banking system at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

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

	Dec. 2000		Dec. 2001			Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	11,489.3	10.3	22,196.3	15.0	93.2	21,387.9	12.3	-3.6	22,749.8	12.4	6.4
1.1 Money assets	1,506.3	1.3	7,822.5	5.3	419.3	2,236.9	1.3	-71.4	2,812.8	1.5	25.7
1.2 Deposits	9,983.1	8.9	14,373.9	9.7	44.0	19,151.0	11.0	33.2	19,937.0	10.9	4.1
2. Deposits with banking institutions	17,695.3	15.8	23,900.1	16.1	35.1	20,146.2	11.6	-15.7	22,282.0	12.2	10.6
3. MoF treasury bills and CNB bills	6,059.0	5.4	9,687.2	6.5	59.9	10,116.7	5.8	4.4	8,215.3	4.5	-18.8
4. Trading portfolio of securities	2,462.4	2.2	4,795.6	3.2	94.8	8,408.9	4.8	75.3	7,706.0	4.2	-8.4
5. Loans to financial institutions	1,085.6	1.0	1,479.6	1.0	36.3	2,157.8	1.2	45.8	2,191.5	1.2	1.6
6. Loans to other clients	50,130.7	44.8	64,402.5	43.4	28.5	90,135.1	51.8	40.0	98,804.0	54.0	9.6
7. Investment portfolio of securities	14,167.5	12.7	12,741.3	8.6	-10.1	12,684.7	7.3	-0.4	12,135.0	6.6	-4.3
8. Investments in subsidiaries and associates	2,411.0	2.2	2,199.8	1.5	-8.8	2,448.2	1.4	11.3	2,383.3	1.3	-2.7
9. Foreclosed and repossessed assets	614.5	0.5	446.8	0.3	-27.3	375.4	0.2	-16.0	438.3	0.2	16.7
10. Tangible assets and software (net of depreciation)	3,252.5	2.9	3,501.2	2.4	7.6	3,755.4	2.2	7.3	3,858.1	2.1	2.7
11. Interest, fees and other assets	3,169.2	2.8	4,273.5	2.9	34.8	4,042.3	2.3	-5.4	3,708.7	2.0	-8.3
12. Net of: Specific reserves for unidentified losses	699.4	0.6	1,195.7	0.8	71.0	1,519.4	0.9	27.1	1,618.3	0.9	6.5
Total	111,837.7	100.0	148,428.3	100.0	32.7	174,139.2	100.0	17.3	182,853.5	100.0	5.0

⇒ The share of assets of each stated bank group in total bank assets is calculated in the following manner. First, the total assets of all the banks in the bank group are added up. Second, the sum thus calculated is divided by total bank assets. Shares are stated in percent. Schedule BS is the source of data on the amount of assets (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001).



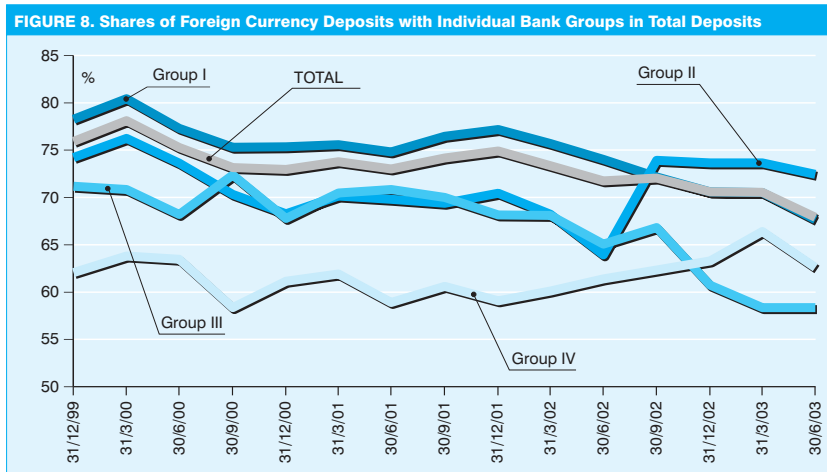
The share of assets of individual bank groups in total banking system assets at the end of the first half of 2003 remained almost unchanged, compared with end-2002 (Figure 7.). Group I accounted for 79.7%, or the largest share since end-2000, of total banking system assets, increasing by 0.1 percentage points compared with end-2002. Group III increased its share in total assets the most (0.5 percentage points), and accounted for 3.2% of total banking system assets at the end of the observed period, owing to a 24.2% increase in this group's assets. Groups II and IV reduced their share in total banking system assets by 0.3 percentage points, and at the end of the observed period these two groups accounted for 14.9% and 2.2%, respectively, of total banking system assets.

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

The share of total received deposits in total banking system liabilities at end-June 2003, was almost equal to that at end-2002 (71.4% compared with 71.5%), and at 130.6 billion kuna, received deposits continued to account for the largest share of total banking system liabilities (Table 5.). Although total received deposits in total liabilities re-

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

	Dec. 2000		Dec. 2001			Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	3,510.9	3.1	3,629.1	2.4	3.4	4,084.6	2.3	12.6	4,166.7	2.3	2.0
1.1. Short-term loans	1,130.8	1.0	595.7	0.4	-47.3	1,184.4	0.7	98.8	1,075.2	0.6	-9.2
1.2. Long-term loans	2,380.1	2.1	3,033.3	2.0	27.4	2,900.2	1.7	-4.4	3,091.6	1.7	6.6
2. Deposits	72,683.4	65.0	104,697.2	70.5	44.0	124,471.8	71.5	18.9	130,636.9	71.4	5.0
2.1. Giro account and current account deposits	12,619.0	11.3	16,548.6	11.1	31.1	23,272.3	13.4	40.6	23,902.4	13.1	2.7
2.2. Savings deposits	17,689.3	15.8	26,373.9	17.8	49.1	23,980.0	13.8	-9.1	23,963.1	13.1	-0.1
2.3. Time deposits	42,375.1	37.9	61,774.6	41.6	45.8	77,219.6	44.3	25.0	82,771.5	45.3	7.2
3. Other loans	16,329.0	14.6	15,947.7	10.7	-2.3	19,492.6	11.2	22.2	20,868.1	11.4	7.1
3.1. Short-term loans	503.3	0.4	594.0	0.4	18.0	4,451.2	2.6	649.4	3,526.3	1.9	-20.8
3.2. Long-term loans	15,825.7	14.2	15,353.7	10.3	-3.0	15,041.4	8.6	-2.0	17,341.8	9.5	15.3
4. Debt securities issued	0.0	0.0	19.4	0.0	-	24.7	0.0	27.6	168.5	0.1	581.1
4.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	-	5.2	0.0	-	0.0	0.0	-100.0
4.2. Long-term debt securities issued	0.0	0.0	19.4	0.0	-	19.6	0.0	1.0	168.5	0.1	760.5
5. Supplementary capital	520.3	0.5	2,655.8	1.8	410.4	2,910.2	1.7	9.6	2,853.4	1.6	-2.0
5.1. Subordinated instruments issued	282.9	0.3	339.4	0.2	20.0	641.3	0.4	89.0	646.0	0.4	0.7
5.2. Hybrid instruments issued	237.4	0.2	2,316.4	1.6	875.7	2,268.9	1.3	-2.1	2,207.4	1.2	-2.7
6. Interest, fees and other liabilities	5,475.5	4.9	7,783.0	5.2	42.1	6,646.4	3.8	-14.6	6,965.2	3.8	4.8
7. Profit/loss for the current year	1,123.2	1.0	570.0	0.4	-49.3	1,925.5	1.1	237.8	1,512.7	0.8	-21.4
8. Capital (excl. profit/loss for the current year)	12,195.5	10.9	13,126.3	8.8	7.6	14,583.3	8.4	11.1	15,681.9	8.6	7.5
Total	111,837.7	100.0	148,428.3	100.0	32.7	174,139.2	100.0	17.3	182,853.5	100.0	5.0



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

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

mained almost unchanged, received deposits increased by 5.0% during the observed period. Of the total increase, time deposits and giro account and current account deposits increased the most (7.2% and 2.7%, respectively), while savings deposits declined slightly (0.1%). Received loans and capital accounted for 13.7% and 8.6%, respectively, of total liabilities, while other items accounted for 6.3% of total banking system liabilities. As regards the change in the level of these items during the first six months of 2003, capital, received loans and deposits rose the most (7.5%, 6.2% and 5.0%, respectively).

The change in the level of debt securities issued (increase of 581.1%), or more precisely, long-term securities (increase of 760.5%) can be attributed to one Group I bank that issued corporate bonds in mid-2003 amounting to 150 million kuna.

Foreign currency deposits stood at 88.7 billion kuna at end-June 2003, accounting for 67.9% of total deposits, which is a decrease of 2.7 percentage points, compared with end-2002 (Figure 8.). Group II accounted for 72.4%, or the largest share of foreign exchange deposits in total deposits. Groups I and IV followed with 67.7% and 62.6%, respectively, while Group III accounted for 58.4%, or the smallest share of total deposits. During the observed period, all banks recorded a decline in the share of foreign currency deposits in total deposits.

At end-June 2003, total bank capital stood at 17.2 billion kuna, which is an increase of 4.2%, compared with end-2002 (Table 6.). Twelve banks recorded a fall while all other banks recorded an increase in their capital. The fall in the capital of said banks was largely due to their smaller income for the current year at end-June 2003, compared with end-2002. Looking at total banking system capital structure at end-June 2003, one can observe an increase in all items during the said period, except in the above-mentioned half-year income for the current year, that, although naturally lower than income for the whole 2002, declined by only 21.4% compared with the whole 2002. Share capital grew the least (0.6%), and retained income the most (43.0%). Legal reserves grew by 24.3% and reserves provided for by the articles of association and other capital reserves by 15.8%.

Although still accounting for the largest share of total capital, the share of share capital in total capital has been declining steadily

2.1.4 Bank Capital

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

	Dec. 2000		Dec. 2001			Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	8,549.9	64.2	8,966.5	65.5	4.9	9,772.1	59.2	9.0	9,826.6	57.1	0.6
2. Income/loss for the current year	1,123.2	8.4	570.0	4.2	-49.3	1,925.5	11.7	237.8	1,512.7	8.8	-21.4
3. Retained income/loss	326.2	2.4	77.8	0.6	-76.2	860.3	5.2	1,006.0	1,230.1	7.2	43.0
4. Legal reserves	2,098.8	15.8	853.3	6.2	-59.3	583.5	3.5	-31.6	725.6	4.2	24.3
5. Reserves provided for by the articles of association and other capital reserves	1,220.5	9.2	3,228.7	23.6	164.5	3,367.4	20.4	4.3	3,899.6	22.7	15.8
Total	13,318.6	100.0	13,696.2	100.0	2.8	16,508.8	100.0	20.5	17,194.6	100.0	4.2

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

since 2000, falling from 64.2% at end-2000 to 57.1% at end-June 2003. In the first six months of 2003, total share capital increased by 176.5 million kuna, of which 86.1% can be attributed to one Group I bank. Reserves provided for by the articles of association and other capital reserves accounted for 22.7% at end-June, taking a second largest share in total capital since 2001. Income for the current year, retained income, and legal reserves accounted for 8.8%, 7.2% and 4.2%, respectively.

Total regulatory capital at end-June stood at 17.9 billion kuna, which is an increase of 6.2%, compared with end-2002 (Table 7.). Group I accounted for 71.6%, or the largest share of total regulatory capital, increasing by 1.6 percentage points in the observed period. Group III also increased its share in regulatory capital by 0.5 percentage points, while the share of regulatory capital of Groups II and IV in total capital decreased by 1.0 percentage points. All bank groups increased their regulatory capital levels, except Group IV, whose regulatory capital declined by 12.1% at end-June, compared with the end of the previous year.

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

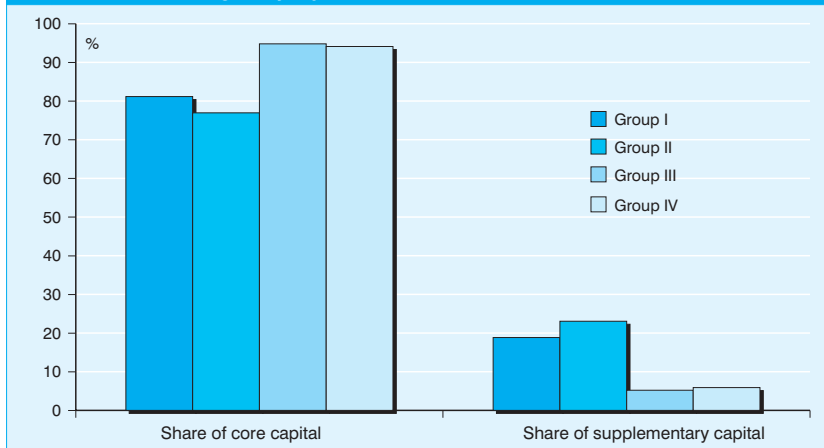
	Dec. 2000		Dec. 2001			Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Group I	7,631.2	59.1	8,116.5	58.1	6.4	11,776.2	70.0	45.1	12,790.4	71.6	8.6
Group II	3,144.6	24.4	4,046.2	28.9	28.7	3,276.0	19.5	-19.0	3,293.8	18.4	0.5
Group III	924.5	7.2	768.0	5.5	-16.9	793.2	4.7	3.3	924.7	5.2	16.6
Group IV	1,211.5	9.4	1,049.2	7.5	-13.4	965.8	5.7	-7.9	849.3	4.8	-12.1
Total	12,911.9	100.0	13,979.7	100.0	8.3	16,811.2	100.0	20.3	17,858.2	100.0	6.2

↑ The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000). Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated regulation.

In the first half of 2003, the share of core capital in gross regulatory capital continued its decline from the previous period, and at end-June 2003 it accounted for 81.7% of gross regulatory capital. At the same time, supplementary capital accounted for 18.3% of the total banking system gross regulatory capital, increasing by 0.2 percentage points over the observed period due to a faster growth in supplementary than core capital in the first half of 2003 (7.5%, compared with 5.7%, respectively). Gross regulatory capital stood at 18.9 billion kuna at end-June 2003, which is an increase of 6.0%, compared with end-2002.

During the observed period, all bank groups recorded a fall in the share of core capital and an increase in the share of supplementary capital in gross regulatory capital. At end-June 2003, Group II accounted for 23.1%, or the largest share of supplementary capital in gross regulatory capital (Figure 9.). Group I followed, accounting for 18.9% of regulatory capital, while Groups III and IV accounted for far smaller shares, 5.2% and 5.9%, respectively.

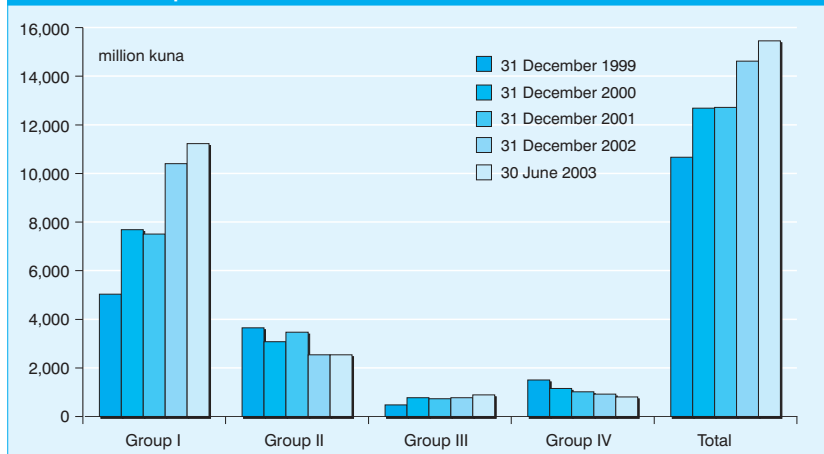
FIGURE 9. Structure of Regulatory Capital, as at 30 June 2003



⇨ The structure of regulatory capital is calculated as a ratio between the sum of the amounts of core capital of all the banks in an individual bank group and the sum of the amounts of gross regulatory capital of the same group of banks. The amount thus calculated is multiplied by 100. The share of the supplementary capital of an individual bank group in its gross regulatory capital is calculated in the same manner. Schedule CAP, i.e. CAP1 is the source of data on core, supplementary and gross regulatory capital, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000).

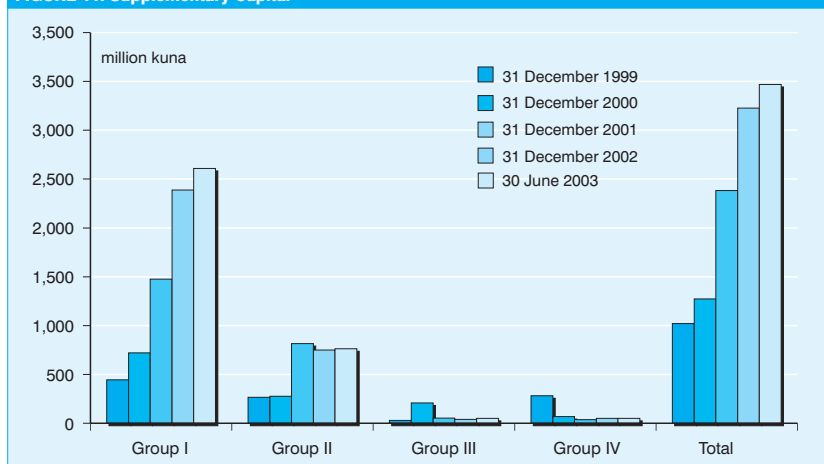
Total banking system core capital stood at 15.5 billion kuna at end-June 2003, which is an increase of 5.7% compared with end-2002 (Figure 10.). With the exception of Group IV, which recorded a 12.8% decline in its core capital, all other bank groups recorded an increase in their core capital at end-2003, compared with end-2002.

FIGURE 10. Core Capital



⇨ The calculation of core capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000). This figure shows the changes in core capital in the observed period. The core capital of an individual bank group represents the sum of the amounts of core capital of all the banks in the group. Schedule CAP, i.e. CAP1 is the source of data, and it forms an integral part of the stated regulation.

FIGURE 11. Supplementary Capital



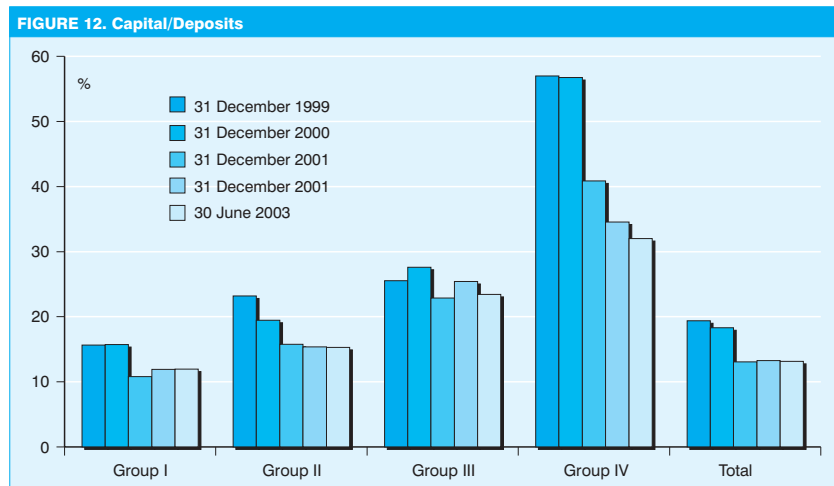
⇨ The calculation of supplementary capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000). This figure shows the changes in supplementary capital in the observed period. The supplementary capital of an individual bank group represents the sum of the amounts of supplementary capital of all the banks in the group. Schedule CAP, i.e. CAP1 is the source of data, and it forms an integral part of the stated regulation.

Total banking system supplementary capital at end-June 2003 was 3.5 billion kuna, which is an increase of 7.5%, compared with end-2002 (Figure 11.). Again, supplementary capital increased in all bank groups except Group IV, which recorded a 1.9% fall in its supplementary capital.

Capital to deposit ratio declined from 13.3% to 13.2% in the first half of 2003, as a result of slower capital growth (4.2%), compared with received deposits (5.0%) in the first half of the year (Figure 12.). The said ratio diminished in all bank groups except Group I, where, due to similar capital and deposits growth (6.0% and 5.6%, respectively), this ratio remained unchanged (11.9%) as well as the lowest, compared with other bank groups. At end-June, Group IV had the highest capital to deposit ratio (32.0%). Groups III and II followed with 23.4% and 15.3%, respectively. Similarly, looking at bank groups with respect to a decline in their capital to deposit ratio, Groups IV, III and II recorded a decline of 2.5 percentage points, 2.0 percentage points, and 0.1 percentage points, respectively.

At end-June, capital adequacy ratio was 16.9%, declining by 0.3 percentage points, compared with end-2002 (Figure 13.), and continuing its falling trend from end-2001. In the observed period, similarly as in the previous periods, capital adequacy ratio diminished because weighted assets

⇒ Each bank group ratio between capital and deposits is calculated in the following manner. First, the amounts of capital of all the banks in the bank group are added up. Second, all deposits of the banks in the group are added up. The sum of capital thus calculated is divided by the sum of deposits and multiplied by 100. Schedule BS is the source of data on the amount of capital (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001). The deposits used in this calculation are giro and current account deposits, savings deposits and time deposits. Schedule BS/DEP is the source of data (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001).



⇒ The capital adequacy ratio is calculated as a ratio between the regulatory capital and the risk-weighted assets. The line shows the capital adequacy ratio of all banks, while columns show annual percentage changes in risk-weighted assets and regulatory capital of all banks. The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the pertaining instruction for its implementation (*Narodne novine*, Nos. 36/99 and 123/2000). Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the instruction. The calculation of total risk-weighted assets is regulated by the Decision on the Methodology for Calculating Capital Adequacy and Risk-Weighted Assets of Banks (*Narodne novine*, Nos. 32/99 and 101/2000) and the pertaining instruction for its implementation (*Narodne novine*, Nos. 36/99 and 123/2000). Schedule RWA, i.e. RWA1 is the source of data on risk-weighted assets, and it forms an integral part of the instruction.

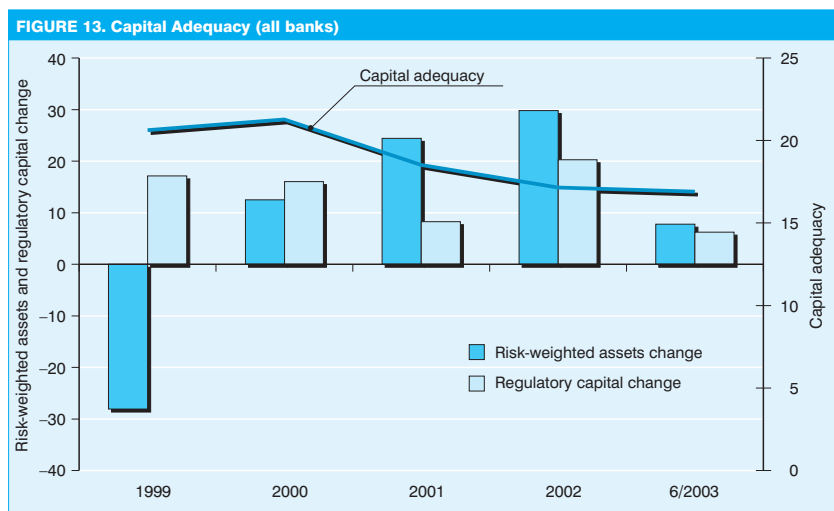
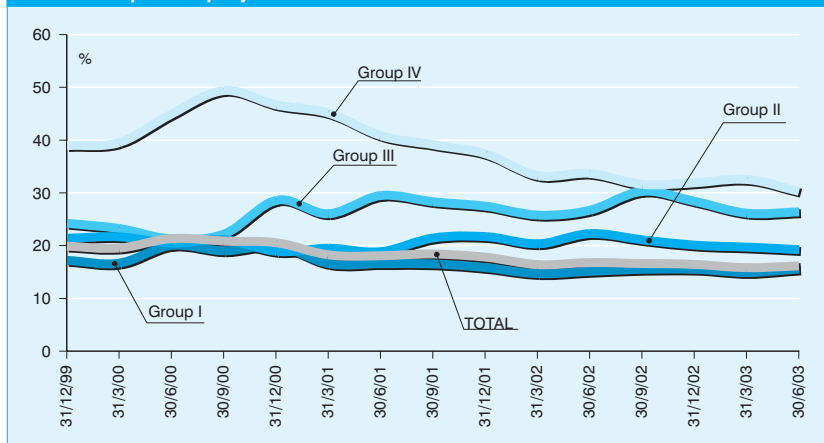


FIGURE 14. Capital Adequacy



↳ The capital adequacy ratio is calculated as a ratio between the regulatory capital and the risk-weighted assets. In this figure, the capital adequacy ratio for each bank group is calculated in the following manner. First, the amounts of regulatory capital of all the banks in the bank group are added up. Second, the amounts of total risk-weighted assets of all the banks in the group are added up. The calculated sum of regulatory capital is divided by the sum of total risk-weighted assets and multiplied by 100. The sources of data are the same as in Figure 13.

grew faster (7.8%) than regulatory capital (6.2%) in the first six months of the year.

Capital adequacy ratios of groups II, III, and IV were lower at the end of the first half of 2003, compared with end-2002, while capital adequacy ratio of Group I increased from 15.5% to 15.6% over the observed period due to faster growth in regulatory capital than weighted assets (8.6% and 8.3%, respectively) (Figure 14.). At the end of the first half of 2003, Group IV had the highest capital adequacy ratio (30.3%). Capital adequacy ratios of Groups III and II were 26.4% and 19.2%, respectively and capital adequacy ratio of Group I was 15.6%.

At end-June, pre-tax profit grew by only 3.3% or by 1.6 billion kuna, compared with the first half of 2002 (Table 8.). However, individual income statement items underwent significant changes. In particular, faster interest income growth (15.4%), compared with interest expenses (3.3%) helped net interest income to grow by 26.8%. Despite a 5.9% fall in net non-interest income and a 7.1% increase in general administrative expenses and depreciation, net operating income before provisions rose by 28.7% during the observed period. The growth in pre-tax profit for the first half of 2003 that might be expected as a result of such developments did not materialise because banks, unlike the year before, chose to report their loan loss provisions at the end of the first half of the year. Unlike mid-2002, when banks reported 16.1 million kuna in income derived from cancelled loan loss provisions, in mid-2003, banks reported 359.9 million kuna in loan loss provision expenses.

Five Group IV banks reported 8.8 million kuna in after-tax loss at the end of the first half of 2003. Four of them also reported negative net operating income before provisions. On the total banking system level, six banks reported negative net operating income before provisions. Total operating loss before provisions was 21.1 million kuna, of which one Group I bank accounted for 18.4%, one Group II bank for 39.6% and four Group IV banks for 42.0% of the total. Owing to reported income from cancelled loan loss provisions, Groups I and II banks that had recorded negative net operating income before provisions, managed to report pre-tax profit after the first six months of 2003.

As Group I assets account for 79.7% of total banking system assets, changes in

2.1.5 Income Statement

TABLE 8. Income Statement, in million kuna

	Group I		Group II		Group III		Group IV		Total	
	Jan.-Jun. 2002.	Jan.-Jun. 2003.	Jan.-Jun. 2002.	Jan.-Jun. 2003.	Jan.-Jun. 2002.	Jan.-Jun. 2003.	Jan.-Jun. 2002.	Jan.-Jun. 2003.	Jan.-Jun. 2002.	Jan.-Jun. 2003.
1. Net interest income	1,754.1	2,374.2	437.8	474.6	88.2	107.4	142.2	114.6	2,422.3	3,070.7
1.1. Interest income	3,481.1	4,199.0	831.4	838.6	152.0	196.3	239.1	192.7	4,703.7	5,426.6
1.2. Interest expenses	1,727.1	1,824.8	393.7	364.0	63.8	88.9	96.9	78.1	2,281.4	2,355.9
2. Net non-interest income	981.4	896.7	139.8	152.3	35.8	53.7	46.5	29.5	1,203.4	1,132.1
2.1. Non-interest income	1,377.9	1,771.9	397.6	262.3	56.2	86.0	82.4	51.8	1,914.1	2,172.0
2.2. Non-interest expenses	396.5	875.3	257.8	110.0	20.4	32.3	36.0	22.3	710.7	1,039.8
3. General administrative expenses and depreciation	1,524.0	1,687.3	396.7	403.8	81.2	96.9	139.4	104.4	2,141.3	2,292.4
4. Net operating income before provisions	1,211.5	1,583.5	180.9	223.0	42.8	64.2	49.2	39.7	1,484.4	1,910.4
5. Loan loss provision expenses	-23.0	263.6	7.3	53.4	1.7	8.7	-2.1	34.3	-16.1	359.9
6. Pre-tax profit/loss	1,234.5	1,320.0	173.5	169.6	41.1	55.5	51.3	5.4	1,500.5	1,550.5
7. Income tax	0.0	17.1	15.9	19.1	2.4	4.5	1.6	0.2	19.8	40.9
8. After-tax profit/loss	1,234.5	1,302.9	157.7	150.5	38.8	50.9	49.8	5.2	1,480.7	1,509.6

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

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

income statement on the banking system level, actually reflect changes in this group's income statement. The 6.9% growth in pre-tax profit of Group I, as well as of the banking system, over the observed period, can be attributed to a significant increase in net interest income (35.3%). By contrast, the increase in general administrative expenses (10.7%) and reported loan loss provision expenses (263.6 million kuna) led to a slower growth in pre-tax profit, compared with net operating income before provisions (30.7%).

Group II recorded a fall in pre-tax profit (2.2%) at the end of the first half of 2003, compared with the end of the first half of 2002. This was caused by a slow growth in net interest income (8.4%), net non-interest income (9.0%) and a sixfold increase in loan loss provision expenses (628.3%).

In the first six months of 2003, pre-tax profit of Group III increased by a high 34.9%, compared with the first half of 2002, due to rapid growth in net interest income (21.7%) and net non-interest income (50.0%), and despite in-

TABLE 9. Structure of Income, in %

	Group I		Group II		Group III		Group IV		Total	
	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003
1. Interest income	71.6	70.3	67.7	76.2	73.0	69.5	74.4	78.8	71.1	71.4
1.1. Interest income from loans	53.1	53.7	56.1	64.4	57.5	58.1	66.3	71.9	54.5	56.0
1.2. Interest income from deposits	7.1	4.7	6.0	4.9	6.0	3.8	3.1	2.6	6.7	4.6
1.3. Interest income from debt securities	10.6	9.9	4.7	6.5	9.3	7.0	3.4	4.1	9.1	9.1
1.4. Income from shares and other equity participation	0.4	1.0	0.1	0.0	0.0	0.0	0.1	0.1	0.3	0.8
1.5. Net balances on exchange rate fluctuations related to interest income	-0.1	-0.1	-0.1	0.0	-0.1	0.0	0.7	0.0	-0.1	-0.1
1.6. Interest income from previous years	0.3	0.1	0.2	0.1	0.2	0.2	0.2	0.0	0.3	0.1
1.7. Other interest income	0.3	1.0	0.7	0.3	0.0	0.5	0.7	0.1	0.4	0.9
2. Non-interest income	28.4	29.7	32.3	23.8	27.0	30.5	25.6	21.2	28.9	28.6
2.1. Non-interest income from commissions or fees	17.0	19.9	25.0	13.7	15.1	17.9	14.1	10.0	18.3	18.6
2.2. Net balances on exchange rate fluctuations related to non-interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3. Income/loss from calculated exchange rate fluctuations	-2.0	0.6	-0.7	-1.5	-1.4	0.2	1.3	2.9	-1.6	0.3
2.4. Net balances on exchange rate fluctuations related to non-interest income	7.1	3.8	5.8	6.4	9.8	9.7	7.8	5.4	7.0	4.5
2.5. Income/loss from purchase/sale of securities	3.3	1.5	0.5	1.7	0.7	1.2	0.8	0.5	2.6	1.5
2.6. Other income	2.8	3.7	1.7	2.9	2.6	1.3	1.5	2.0	2.5	3.5
2.7. Extraordinary income	0.1	0.1	0.1	0.6	0.2	0.1	0.2	0.5	0.1	0.2
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

creased general administrative expenses and depreciation (19.3%) and a four-fold increase in loan loss provision expenses (418.5%).

Almost all income statement items of Group IV declined at end-June 2003, compared with end-June 2002. A reduction in general administrative expenses and depreciation of 25.1% could not offset the impacts of net interest income and net non-interest income fall of 19.4% and 36.5%, respectively, because, in contrast with the first half of 2002, when banks reported 2.1 million kuna in income from cancelled provisions, in mid-2003, Group IV banks had to set aside significant funds for loan loss provision expenses (34.3 million kuna).

Looking at income statements by individual bank groups, one can conclude that, in view of an increase in net interest income and net operating income before provisions, the performance of banks would have been much better over the observed period, had it not been for the increased loan loss provision expenses.

The share of interest income in total income was 71.4% at end-June 2003, which is only a slight increase (0.3 percentage points), compared with end-June 2002 (Table 9.). The share of non-interest income in total income was 28.6%. On interest income side, the share of interest income from deposits in total income fell significantly (2.1 percentage points), while the share of interest income from loans rose (1.5 percentage points). On non-interest income side, the share of income/loss from purchase/sale of foreign exchange and from purchase/sale of securities in total income declined by 2.5 percentage points and 1.1 percentage points, respectively, while the share of other income in total income increased by 1.0 percentage points. It should be mentioned that, at the end of the first half of 2003, compared with the end of the first half of 2002, net balances on the exchange rate fluctuations related

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

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

TABLE 10. Structure of Expenses, in %

	Group I		Group I		Group I		Group I		Total	
	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003	Jan.-Jun. 2002	Jan.-Jun. 2003
1. Interest expenses	47.6	39.2	37.3	39.1	38.2	39.2	35.9	32.7	44.6	39.0
1.1. Interest expenses on loans	10.7	8.1	8.3	10.1	6.9	4.8	3.4	2.6	9.7	8.0
1.2. Interest expenses on deposits	32.6	26.8	24.6	24.7	29.1	32.5	29.0	27.2	30.6	26.7
1.3. Interest expenses on debt securities	1.0	1.1	1.4	1.2	0.0	0.0	0.5	0.6	1.1	1.1
1.4. Premiums for the insurance of savings deposits	3.8	2.9	2.7	2.9	2.3	1.7	1.9	1.9	3.4	2.8
1.5. Net balances on exchange rate fluctuations related to interest expenses	-0.9	-0.1	-0.1	0.0	-0.1	0.0	1.0	0.0	-0.6	-0.1
1.6. Interest expenses from previous years	0.3	0.4	0.1	0.1	0.0	0.2	0.0	0.0	0.3	0.3
1.7. Other interest expenses	0.1	0.1	0.2	0.1	0.0	0.0	0.0	0.3	0.1	0.1
2. Non-interest expenses	10.9	18.8	24.4	11.8	12.2	14.2	13.3	9.3	13.9	17.2
2.1. Non-interest expenses for commissions or fees	5.7	13.4	19.8	7.8	7.2	9.7	4.0	5.1	8.6	12.0
2.2. Net balances on exchange rate fluctuations related to non-interest expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2.3. Other expenses	5.1	5.4	4.6	4.0	5.0	4.5	9.2	3.8	5.2	5.1
2.4. Extraordinary expenses	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.5	0.1	0.0
3. General administrative expenses and depreciation	42.0	36.3	37.6	43.4	48.6	42.7	51.6	43.7	41.8	37.9
3.1. Expenses for employees	24.6	19.8	18.0	21.3	24.1	22.6	27.1	22.8	23.4	20.2
3.2. Depreciation	4.8	5.2	4.8	4.9	7.0	5.4	6.4	5.9	5.0	5.2
3.3. Other expenses	12.6	11.3	14.8	17.2	17.6	14.7	18.1	14.9	13.5	12.5
4. Loan loss provision expenses	-0.6	5.7	0.7	5.7	1.0	3.9	-0.8	14.3	-0.3	6.0
4.1. Provision expenses for identified losses	-0.5	4.5	-2.4	3.3	-0.8	2.6	-2.3	14.0	-1.0	4.6
4.2. Value adjustment of investments in subsidiaries and associates	0.1	0.0	1.2	0.7	0.5	0.3	0.0	0.5	0.3	0.2
4.3. Value adjustment of investments in shares and equity participation in investment portfolio	-3.7	0.3	0.1	0.1	0.5	-0.3	0.0	0.0	-2.6	0.3
4.4. Provision expenses for unidentified losses	3.4	0.8	1.8	1.7	0.7	1.3	1.5	-0.2	2.9	0.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

to interest income continued to have a negative sign, while income/loss from calculated exchange rate fluctuations changed their sign from negative to positive.

Groups I and III increased their shares of non-interest income in total income by 1.3 and 3.5 percentage points, respectively, largely owing to the growth in non-interest income from commissions and fees of these two groups in total income (2.9 and 2.8 percentage points, respectively). Groups II and IV, owing to an increase in interest income from loans (8.3 and 5.6 percentage points, respectively), recorded an upturn in the share of interest income in total income of 8.5 and 4.5 percentage points, respectively.

Compared with the first half of 2002, the first half of 2003 saw significant changes in the structure of bank expenses (Table 10.). The share of non-interest expenses in total expenses rose by 3.3 percentage points while the share of interest expenses and general administrative expenses and depreciation in total expenses fell by 5.6 and 3.9 percentage points, respectively. Loan loss provision expenses reported by banks at end June-2003, accounted for 6.0% of total bank expenses, while income from cancelled loan loss provisions reported at end-June 2002 amounted to 0.3% of total expenses. The shares of expenses items in total expenses at the end of the first half of 2003 were similar to those at the end of the first half of 2002: interest expenses accounted for 39.0%, general administrative expenses and depreciation accounted for 37.9%, non-interest expenses accounted for 17.2% and, finally, loan loss provision expenses accounted for 6.0% of total expenses.

As regards individual groups, similarities can be observed between Groups I and IV. Both groups' recorded a decline in the share of interest expenses and general administrative expenses and depreciation in total expenses and both groups reported loan loss provision expenses instead of income. During the same period, Groups II and III reported an increase in the share of interest expenses and loan loss provision expenses.

2.1.6 Return Indicators

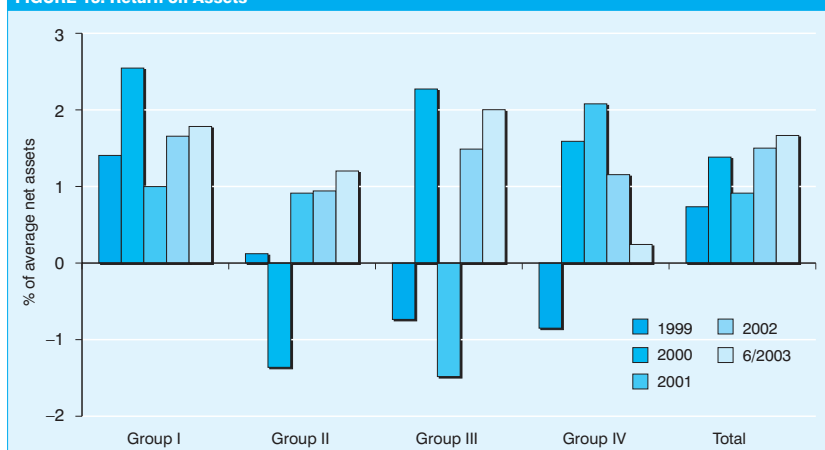
³ Income statement items as at 30 June 2003, used to calculate return indicators, have been calculated on an annual level.

Return on average gross assets at the end of the first half of 2003 was 1.7%, which is an increase of 0.2 percentage points, compared with end-2002 (Figure 15.). This is due to faster growth in pre-tax profits (21.9%)³, compared with average gross assets (9.8%), in the first six months of 2003.

Return on gross assets fell only in Group IV (0.9 percentage points), while all other groups recorded higher return on gross assets in the first half of 2003, compared with end-2002. Higher return on gross assets in the observed period enabled faster growth in pre-tax profit of these groups, relative to changes in gross average assets. Groups III and I had the highest return on assets at the end of June 2003 (2.0% and 1.8%, respectively), while Groups II and IV recorded somewhat lower returns (1.2% and 0.2%, respectively).

The rate of return on average equity at end-June 2003 was 17.9%, the indicator's highest rate in the last four years (Figure 16.). Return on average equity increased by 4.2 percentage points in the first six months of 2003, compared with end-2002, due to a faster growth in after-tax profits (45.5%), compared with the growth in average equity (11.6%).

FIGURE 15. Return on Assets



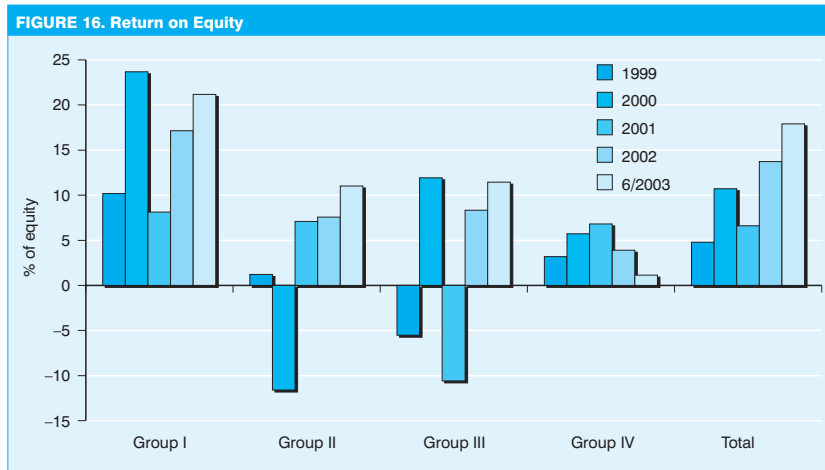
With the exception of Group IV, all Groups recorded an upturn in their return on equity. Group IV recorded a fall because of lower after-tax profit, relative to a decline in average equity, while other groups' increase in after-tax profits was larger than changes in average equity. Thus, at end-June 2003, Group I had the highest return on equity (21.2%). Groups III and II followed, with 11.4% and 11.0%, respectively, and finally, Group IV with 1.1%.

Average interest income to average net assets ratio stood at 6.1% at the end of the first half of 2003, a decline of only 0.1 percentage points, compared with end-2002, which indicates a slowdown in the ratio's falling trend from end-2002 (Figure 17.). The small decline can be attributed to almost equal growth rates of average net assets (10.7%) and interest income (9.2%).

At the end of the first half of 2003, Group IV had the largest interest income to average net assets ratio (9.1%). Groups III, II and I followed with 7.6%, 6.3%, and 5.9%, respectively. The ratio diminished by 0.3 percentage points in Groups I and IV, and rose in Groups II and III by 0.8 and 0.6 percentage points, respectively, during the observed period, compared with end-2002.

A downward trend in the average interest expense to average net assets ratio that began in 2000, continued into the first half of 2003.

FIGURE 16. Return on Equity



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

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

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

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

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

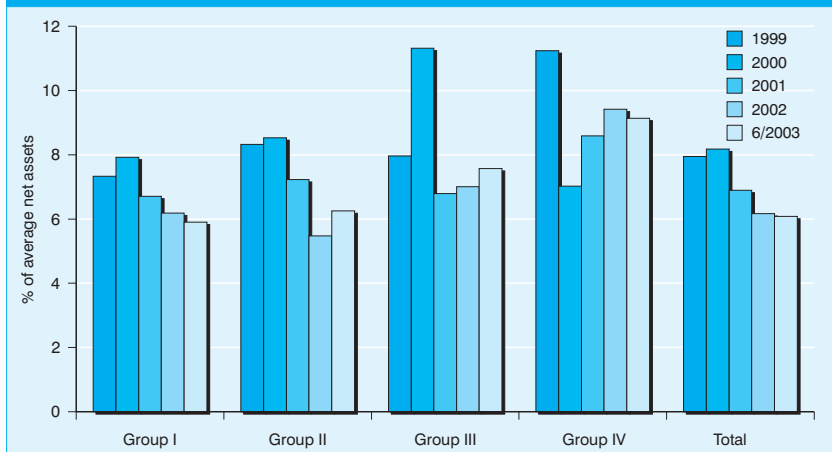
Schedule IS is the source of data on after-tax profit (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001), while Schedule BS is the source of data on equity (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001).

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

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

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

FIGURE 17. Interest Income



The ratio fell from 2.9% at end-2002, to 2.6% at end-June 2003 (Figure 18.) owing to a more rapid growth in average net assets (10.7%), compared with interest expenses (1.2%).

Group IV had the highest average interest expense to average net assets ratio at the end of the first half of 2003 (3.7%). Groups III, II and I followed with 3.4%, 2.7% and 2.6%, respectively. While Group I recorded a decline in this ratio (0.3 percentage points), Groups II and III recorded an increase (0.1 and 0.2 percentage points, respectively) and Group IV recorded no changes in the ratio.

Faster interest income growth (9.2%), compared with interest expenses (1.2%) in the first half of 2003, caused net interest spread to rise from 3.3% at end-2002 to 3.5% at end-June 2003. As regards individual banks, Groups II and III recorded an increase in their net interest spreads of 0.6 and 0.3 percentage points, respectively, while Group IV recorded a decline in its net interest spread of 0.3 percentage points. Net interest spread of Group I was the lowest, or 3.3%, during the observed period, and remained the same as at the end of the first half of 2003. At the end of the first half of 2003, Group IV had the highest spread (5.4%). The spreads of Groups III and II were 4.1% and 3.5%, respectively.

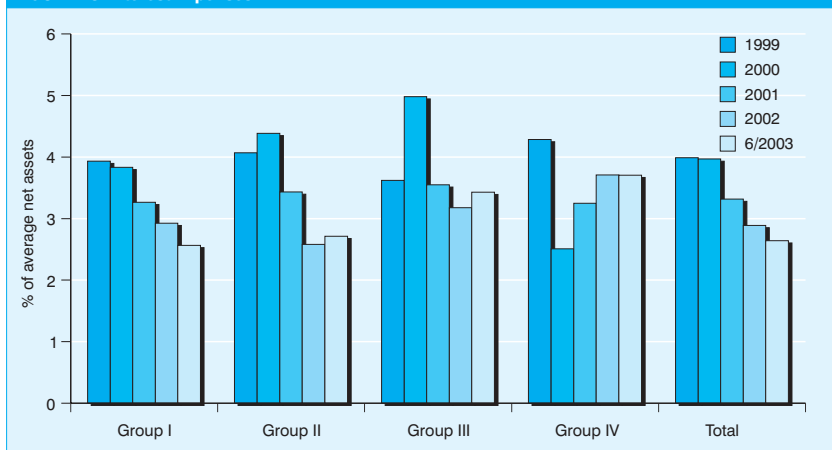
Interest rates on foreign currency deposits rose by 1.1 percentage points and interest rates on deposits without a currency clause fell

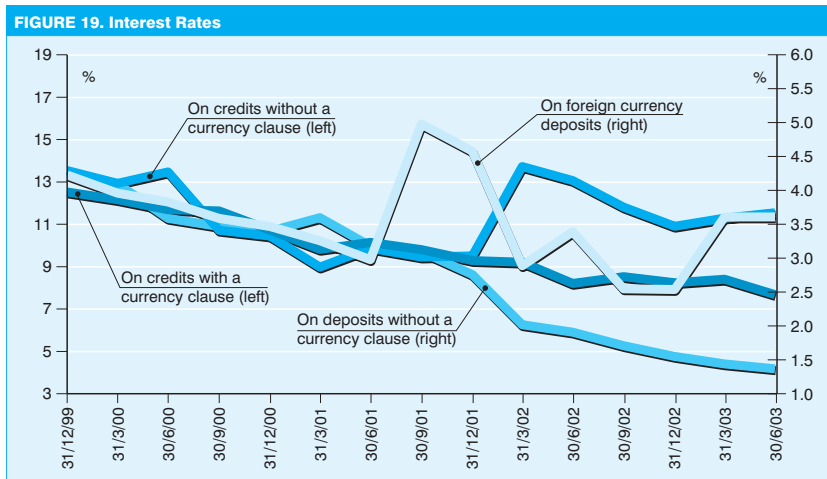
⇒ Each bank group ratio between interest expenses and average assets is calculated in the following manner. First, the interest expenses incurred in the relevant period by all the banks in the bank group are added up. Second, the amounts of average assets of each bank group are also added up. The sum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

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

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

FIGURE 18. Interest Expenses



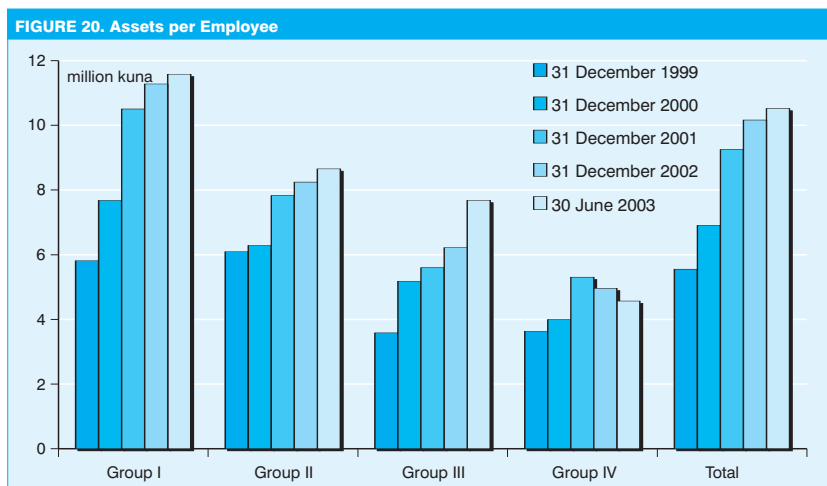


by 0.2 percentage points in the first six months of 2003 (Figure 19.). At end-June 2003, interest rates on foreign currency deposits stood at 3.6% and on foreign currency deposits without a currency clause at 1.4%. By contrast, interest rates on credits with a currency clause fell by 0.6 percentage points and stood at 7.7%, while those on credits without a currency clause increased by 0.6 percentage points and stood at 11.6%.

The number of persons employed by the banking system rose from 17,126 at end-2002 to 17,377 at end-June 2003, which is an increase of 1.5%. The number of employees rose in Groups I (by 292, or 2.4%), IV (by 12, or 1.4%) and III (by 4, or 0.5%), while it declined by 57 or 1.8% in Group II. At the end of the first half of 2003, Group I accounted for 72.5% of the total number of all persons working in the banking sector, while Groups II, III and IV accounted for 18.1%, 4.3% and 5.1%, respectively, of the total number of persons employed.

Assets per employee, an indicator of bank efficacy, have increased significantly since end-2000, and stood at 10.5 million kuna at end-2003. This is an increase of 0.3 million kuna, compared with end-2002, (Figure 20.) which can be attributed to slower employment growth (1.5%), compared with assets growth (5.0%), over the observed period.

Group I was the most efficacious group in terms of assets per employee at the end of the first half of 2003 and the Group's average as-

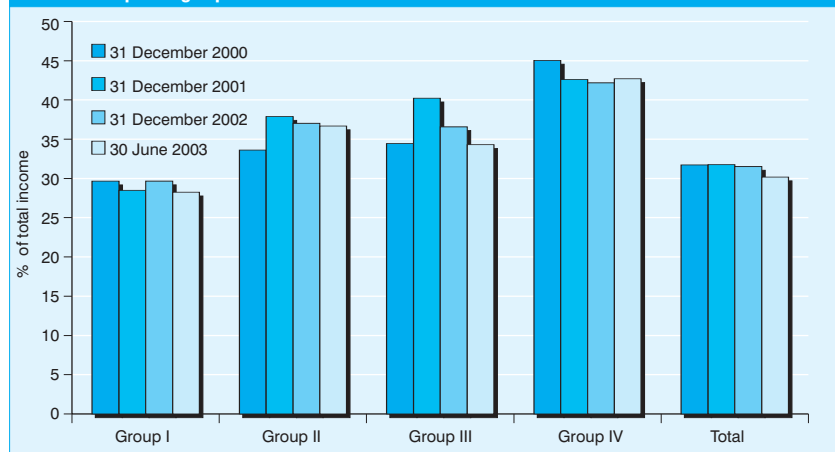


The basis for calculating the weighted averages is the amount of credits granted at a certain interest rate in the reporting month, with the exception of interest rates on overdraft facilities based on giro and current accounts. The weighted averages for such credits are calculated on the basis of their balances at the end of the reporting month. Kuna deposits without a currency clause (sight deposits, savings and time deposits) and foreign currency deposits are reported as weighted averages of monthly interest rates. The basis for calculating the weighted averages is the balance in deposits at the end of the reporting month. The exceptions are kuna savings and time deposits, whose weighted averages are calculated (since July 1995) on the basis of the amounts of deposits received in the reporting month. When the average interest rates on total kuna deposits are calculated, all components are weighted on the basis of the balance in the relevant deposits at the end of reporting period. The CNB statistics is the source of data.

The amounts of assets of all the banks in an individual bank group are added up and then expressed as the ratio between the amount thus calculated and the total number of persons employed by the banks in the group. The same procedure is applied to the calculation of this indicator for all banks. Schedule BS is the source of data on the amount of assets (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001), while banks are the source of data on the number of persons employed.

⇒ Each bank group ratio between operating expenses and total income is calculated in the following manner. First, the operating expenses incurred in the relevant period by all the banks in the bank group are added up. Second, the amounts of total income of all the banks in the bank group are added up. The sum of operating expenses thus calculated is divided by the sum of total income and multiplied by 100. The same procedure is applied to the calculation of this indicator for all banks. Schedule IS is the source of data on operating expenses (general administrative expenses and depreciation) and the source of data on total income (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001).

FIGURE 21. Operating Expenses



4 A change in credit risk analysis introduced at the end of 2001 was prompted by the application of IAS 39 (See article "IAS 39: Financial Instruments – Recognition and Measurement" in *Banks Bulletin*, No. 4). Under IAS 39 placements are classified into three groups: fully recoverable placements, partly recoverable placements, and irrecoverable placements, which replace the previous categorisation into risk categories A, B, C, D and E, i.e. the classification of placements into performing assets (A and B) and non-performing assets (C, D and E). Instead of the term "provisions for identified losses", IAS 39 introduced the term "impairment loss". In accordance with IAS 39, impairment loss on financial assets is determined as the difference between the assets carrying amount and its recoverable amount, which equals the present value of the expected future cash flows arrived at by effective interest rate discounting method. By contrast, until 2001, reserves for identified losses were calculated by applying the appropriate percentage to the principal amount, depending on the risk category of the placement. Until the adoption of a new reporting form, based on IAS 39, planned for end-2003, banks will continue to report according to A, B, C, and D risk categorisation of their placements.

sets per employee stood at 11.6 million kuna. Groups II, III and IV followed with 8.7 million kuna, 7.7 million kuna and 4.6 million kuna, respectively. Only Group IV recorded a downturn in this indicator (0.4 million kuna). All other groups recorded an increase. Group III recorded the largest increase (1.5 million kuna). Groups II, and I followed with 0.5 million kuna and 0.3 million kuna, respectively.

Operating expenses to total income ratio stood at 30.2% at the end of the first half of 2003, which is a decline of 1.3 percentage points, compared with end-2002 (Figure 21). Such developments can be attributed to more rapid growth in total income (8.2%) compared with operating expenses (3.6%) during the observed period.

In the first six months of 2003, operating expenses to total income ratio increased only in Group IV (0.5 percentage points), and fell in all other groups. Group IV also had the highest operating expenses to total income ratio (42.7%) during the observed period. Groups II, III and I followed with 36.7%, 34.3% and 29.3%, respectively.

2.1.7 Credit Activity

At end-June 2003, total placements stood at 192.2 billion kuna, which is an increase of 5.0%, compared with end-2002 (Table 11). In line with the classification of placements introduced in 2001⁴, fully recoverable placements accounted for the largest share of total placements (94.5%). Partly recoverable and irrecoverable placements accounted for 3.6% and 1.9%, respectively, of total placements.

The trend of increase in the share of fully recoverable placements from previous periods continued in the first half of 2003. The share of fully recoverable placements in total placements increased by 0.4 percentage points, while they increased by 5.5% at the end of the first half of 2003, compared with end-2002. On the other hand, despite a 6.5% increase in partly recoverable placements, their share in total placements increased by only 0.1 percentage points. Finally, the share of irrecoverable placements in total placements declined by 0.4 percentage points, following their 15.1% fall.

As at end-2002, Group III again accounted for the smallest share of fully recoverable placements in total placements at the end of the

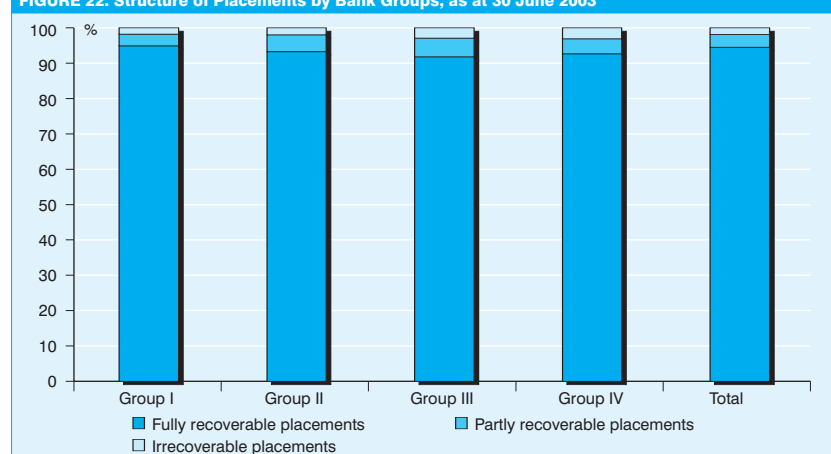
TABLE 11. Classification of Placements by Risk Categories, end of period, in million kuna and %

Placements	Dec. 2000		Dec. 2001		Dec. 2002		Jun. 2003	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	112,198.3	90.5	140,586.6	92.7	172,251.3	94.1	181,700.7	94.5
1.1. Category A	108,489.8	87.5	137,195.6	90.5	168,693.2	92.2	176,129.5	91.6
1.2. Category B	3,708.5	3.0	3,391.0	2.2	3,558.0	1.9	5,571.2	2.9
2. Partly recoverable placements	6,923.1	5.6	6,719.5	4.4	6,473.3	3.5	6,893.1	3.6
2.1. Category C	3,090.3	2.5	3,193.3	2.1	3,717.8	2.0	4,633.4	2.4
2.2. Category D	3,832.8	3.1	3,526.2	2.3	2,755.5	1.5	2,259.7	1.2
3. Irrecoverable placements	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3	3,602.3	1.9
3.1. Category E	4,803.1	3.9	4,287.3	2.8	4,245.4	2.3	3,602.3	1.9
Total	123,924.5	100.0	151,593.3	100.0	182,970.0	100.0	192,196.1	100.0

first half of 2003 (91.8%) (Figure 22.). Group III accounted for the largest share of partly recoverable placements (5.3%), while Groups II and IV accounted for 4.7% and 4.3%, respectively, of partly recoverable placements in total placements. Group IV accounted for the largest share of irrecoverable placements during the observed period (3.1%). Groups II and III accounted for 2.9% and 2.0%, respectively, of irrecoverable placements in total placements. Group I accounted for the smallest share of irrecoverable placements (1.8%) and partly recoverable placements (3.3%). This Group also accounted for the largest share of fully recoverable placements at the end of the first half of 2003 (94.9%).

Total provision to total placement ratio was 4.5% at the end of the first six months of 2003, a decline of 0.5 percentage points, compared with the end of 2002, pointing to this indicator's steady downward trend (Table 12.). Since end-2000, the said ratio diminished by a high 3.7 percentage points. A decline in total provision to total placement ratio at the end of the first half of 2003, compared with the end of 2002, is the result of opposite developments in the levels of total provisions and total placements during the observed period. More specifically, while placements increased by 5.0%, total provisions decreased by 5.5%, during the observed period, compared with end-2002.

FIGURE 22. Structure of Placements by Bank Groups, as at 30 June 2003



A downward trend characterizing total provision to total placements ratio has also characterized the share of placement value impairment in total provisions since 2001. Thus, at end-June, the share of placement value impairment in total provisions declined by 1.8 percentage points, while the share of provisions for unidentified losses rose by 1.8 per-

Table 11. shows the amounts of placements classified by risk categories, as well as their shares in total placements that are classified. Schedule C is the source of data, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (*Narodne novine*, Nos. 36/99 and 123/2000). When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (*Narodne novine*, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (*Narodne novine*, No. 107/2001).

The structure of placements by risk categories is calculated as follows. First, the amounts of placements of all the banks in an individual bank group, classified into a certain risk category, are added up. Second, total classified placements of all the banks in an individual bank group are added up. The sums thus calculated are mutually divided. The same procedure is applied to the calculation of this indicator for all banks. The sources of data are the same as in Table 11.

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

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

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

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

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

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

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

	Dec. 2000	Dec. 2001	Dec. 2002	Jun. 2003
1. Total provisions for losses	10,176.6	9,326.7	9,121.2	8,622.4
1.1. Placement value impairment (loss)	9,355.4	7,912.1	7,303.4	6,747.6
1.2. Provisions for unidentified losses	821.2	1,414.6	1,817.9	1,874.9
2. Total placements	123,924.5	151,593.3	182,970.0	192,196.1
3. Relative ratio of total provisions to total placements	8.2%	6.2%	5.0%	4.5%

centage points, compared with end-2002. Such developments can be attributed to a 7.6% fall in the level of placement value impairment, following a 2.1% decline in the level of partly recoverable and irrecoverable placements these provisions relate to. Conversely, the level of provisions for unidentified losses increased by 3.1%, as a result of growth in the level of fully recoverable placements (5.5%) these provisions relate to.

All bank groups recorded a fall in the coverage of total placements by total provisions at the end of the first half of 2003 (Figure 23.).

The coverage ratios declined the most in Groups III (2.1 percentage points) and IV (1.1 percentage point). Groups I and II both recorded a decline of 0.5 percentage points. Despite the largest fall in placement/total provision coverage, Group III had the largest coverage ratio at the end of the first half of 2003 (6.2%), similarly as at end-2002. Groups IV and II followed with 6.0% and 5.4%, respectively, while Group I had the smallest placement/total provision coverage (4.2%).

At the end of the first half of 2003, total loans stood at 101.0 billion kuna, which is an increase of 9.4%, compared with end-2002. Their share in total assets was 55.2%. Groups IV and II accounted for the largest shares of loans in total assets (62.3% and 61.0%, respectively). Loans of Groups III and I accounted for 54.3% and 54.0%, respectively, of total assets.

At 46.7% at the end of the first half of 2003, the share of household loans for the first time exceeded the share of loans to companies (42.4%) as a result of faster growth in household loans (14.7%), compared with loans to companies (3.1%) in the first six months of 2003 (Table 13.). Compared with end-2002, the share of loans to companies declined by 2.6 percentage points, while the share of household loans rose by 2.2 percentage points. The share of loans to companies declined during the observed period despite an increase in the level of loans to other enterprises (5.9%), as loans to public enterprises fell by a high 25.3%. As a result of in-

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

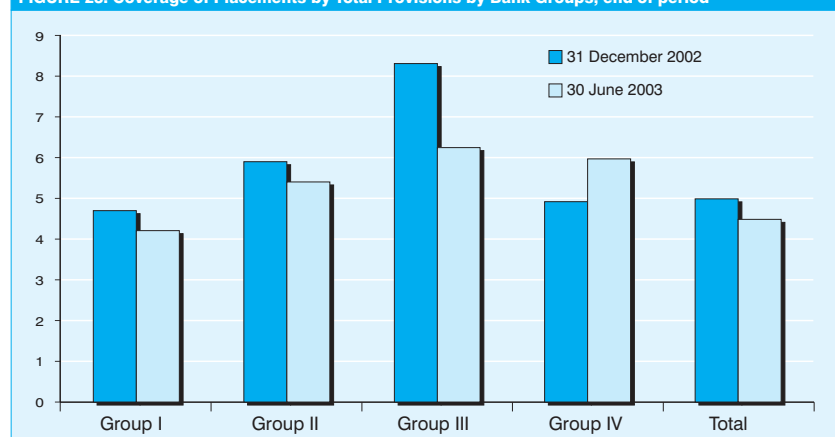


TABLE 13. Structure of Loans by Institutional Sectors, end of period, in million kuna

	Group I		Group II		Group III		Group IV		Total	
	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003	Dec. 2002	Jun. 2003
1. Government units	5,927.3	7,485.2	763.6	573.5	10.0	18.7	0.0	1.2	6,700.9	8,078.5
2. Financial institutions	1,644.5	1,531.1	461.8	475.6	38.0	97.6	13.5	87.2	2,157.8	2,191.5
3. Public enterprises	3,390.1	2,116.3	382.9	660.4	4.3	42.8	1.6	1.6	3,778.9	2,821.1
4. Other enterprises	28,291.5	30,045.2	6,714.7	6,951.6	1,480.9	1,907.3	1,299.8	1,127.3	37,786.8	40,031.4
5. Non-profit institutions	225.3	236.9	64.2	58.6	13.1	12.4	0.3	0.3	302.9	308.2
6. Households	32,179.4	37,004.8	6,632.0	7,819.3	977.7	1,009.1	1,290.9	1,301.8	41,080.0	47,135.0
7. Non-residents	314.7	298.2	149.6	81.8	16.5	30.0	4.7	19.7	485.5	429.7
Total	71,972.8	78,717.7	15,168.8	16,620.8	2,540.4	3,117.9	2,610.9	2,539.1	92,292.9	100,995.5

creased loans to government units (20.6%), instead of loans to public enterprises, the share of loans to government units in total loans stood at 8.0% at end-June 2003, which is an increase of 0.7 percentage points, compared with end-2002. Household loans, loans to companies and loans to government units accounted for 97.1% of total loans, while other loans (financial institutions, non-profit institutions, and non-residents) accounted for 2.9% of total loans.

Only Group III had a larger share of loans to companies (62.6%) than household loans (32.4%) at the end of the first half of 2003. All other bank groups had a larger share of loans to households than to companies. In contrast with these groups' increased share of household loans in total loans, Group III recorded a decline in the share of this type of loans in total loans.

Total CNB bills and central government bills subscribed stood at 8.3 billion kuna at the end of the first half of 2003, which is a decline of 24.5%, compared with end-2002 (Table 14.). Looking at the structure of total subscribed CNB and central government bills at the end of the first half of 2003, T-bills of the Ministry of Finance accounted for 48.7%, or the largest share, kuna CNB bills accounted for 31.9%, foreign currency CNB bills for 18.8% and finally, money market instruments accounted for 0.5% of the total.

As regards individual bank groups, Group I had the largest relative⁵ placement in kuna CNB bills during the observed period (35.7%), Group IV had the largest relative placement in foreign currency CNB bills (64.2%), and Group III had the largest relative placement in T-bills of the Ministry of Finance (58.4%). Only Group I reported placements in other money market instruments, amounting to 45.1 million kuna (0.7%).

TABLE 14. Purchased CNB and Central Government Bills, in million kuna and %, stock on 30 June 2003

	Group I		Group II		Group III		Group IV		Total	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. CNB bills denominated in kuna	2,403.0	35.7	173.0	19.0	21.0	4.2	65.0	33.7	2,662.0	31.9
2. CNB bills denominated in foreign currency	777.5	11.5	484.5	53.3	185.6	37.3	123.8	64.2	1,571.3	18.8
3. Ministry of Finance treasury bills	3,511.7	52.1	252.0	27.7	290.4	58.4	4.0	2.1	4,058.1	48.7
4. Other money market instruments of the central government	45.1	0.7	0.0	0.0	0.0	0.0	0.0	0.0	45.1	0.5
Total	6,737.2	100.0	909.5	100.0	497.0	100.0	192.8	100.0	8,336.5	100.0

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

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

2.1.8 Liquidity Ratios

⁵ The largest relative placement is defined here as the share of investment of an individual bank group in a certain type of security that is the largest compared with the shares of the other bank groups.

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

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

TABLE 15. CNB Loans, in million kuna, annual/semi-annual average

	Group I		Group II		Group III		Group IV		Total	
	2002	Jan.-Jun. 2003	2002	Jan.-Jun. 2003	2002	Jan.-Jun. 2003	2002	Jan.-Jun. 2003	2002	Jan.-Jun. 2003
1. Lombard loans	8.3	0.0	0.0	0.0	0.0	0.0	0.1	0.0	8.4	0.0
2. Liquidity loans	29.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.6	0.0
3. Repo CNB bills	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total	37.8	0.0	0.0	0.0	0.0	0.0	0.1	0.0	37.9	0.0

↑ The annual/semi-annual averages of used secondary liquidity sources of the CNB are reported for each bank group and for all banks. These sources include Lombard loans, liquidity loans, intervention loans and funds borrowed at CNB repo auctions.

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

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

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

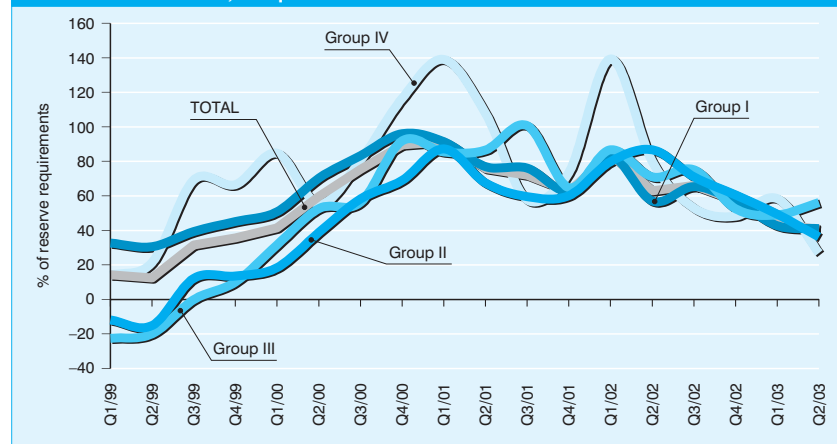
free reserves = (actual kuna reserves + actual foreign currency reserves + additional reserves) – (prescribed kuna reserves + prescribed foreign currency reserves) – borrowed reserves
 actual kuna reserves = balance in giro accounts + balance in the vault + allocated reserves
 actual foreign currency reserves = liquid foreign currency claims (including CNB bills in foreign currency) + allocated reserves
 additional reserves = CNB bills in domestic currency + treasury bills of the MoF of the Republic of Croatia + promissory notes of the MoF of the Republic of Croatia + short-term placements in the money market

borrowed reserves = Lombard loan + repurchased CNB bills + intervention loan + special loans + pre-rehabilitation loan + overnight loan + other loans with maturity up to 7 days
 The Croatian National Bank statistics is the source of data.

There were no uses of the CNB loan facilities in the first six months of 2003.

Free reserves to reserve requirements ratio stood at 40.5% at the end of the second quarter of 2003, which is a decline of 16.7 percentage points, compared with the last quarter of 2002 (Figure 24.). The said decline can be attributed to a 22.3% fall in the average free reserves during the observed period and a 9.9% increase in the level of average reserve requirements. Group III had the highest free reserves to reserve requirements ratio (56.16%) at the end of the second quarter of 2003. Groups I and II followed with 41.0% and 36.2%, respectively, while Group IV had the smallest ratio (26.9%).

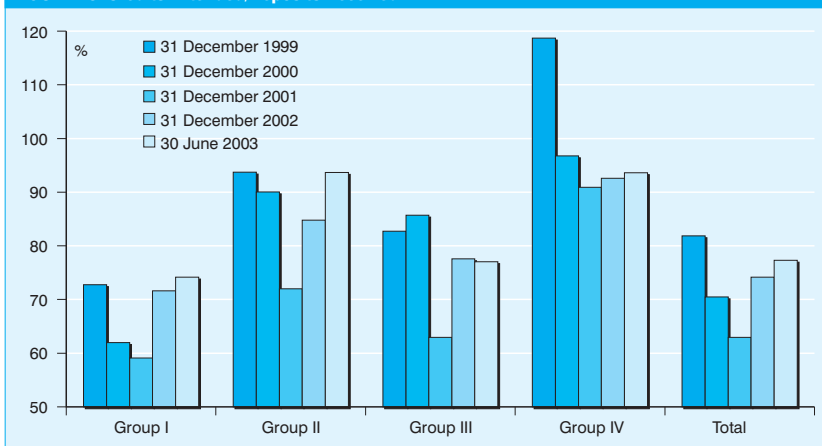
FIGURE 24. Free Reserves, end-quarter balance



Credits to deposits ratio stood at 77.3% at the end of the first six months of 2003, which is an increase of 3.2 percentage points, compared with end-2002 (Figure 25.). Credits grew faster (9.4%) than deposits (5.0%) during the observed period, causing the ratio's increase. As regards individual bank groups, only Group III recorded faster deposits' than credits' growth in the observed period that caused a decline in the said ratio of that Group. In other bank groups, the reverse was the case. Groups II and IV had the largest credits to deposits ratios (93.7% and 93.6%, respectively). Credits to deposits ratios of Groups III and I were 77.0% and 74.2%, respectively.

The ratio between short-term assets and short-term liabilities stood at 105.9% at the end of the first six months of 2003, which is a decline of 5.9 percentage points compared with end-2002 (Figure 26.). The decline is the result of slower growth in short-term assets (1.9%), compared with short-term liabilities (7.6%). Only Group III recorded an increase in this ratio, due to faster growth in short-term assets, compared with short-term liabilities. All other groups recorded a decrease in this ratio due to a slower growth in short-term assets, compared with short-term liabilities. At

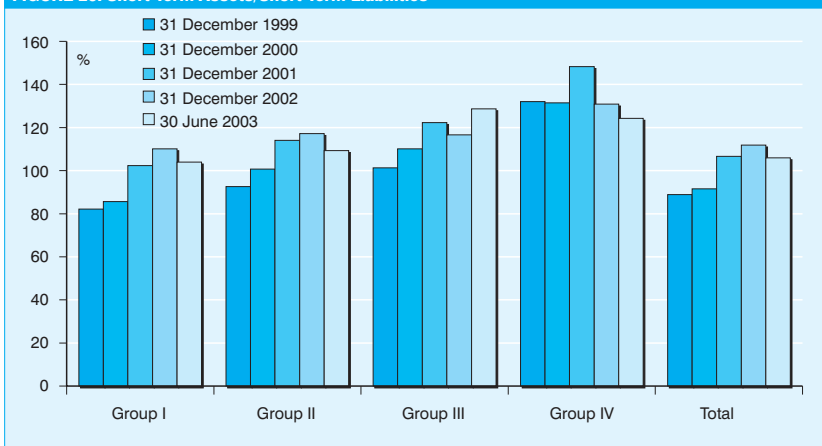
FIGURE 25. Credits Extended/Deposits Received



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

Credits include kuna and foreign currency credits in net amounts, i.e. decreased by the amount of formed specific reserves for identified losses. Deposits also include the frozen foreign currency savings deposits of individuals. Deposits received from the CNB are not included since are considered liabilities based on credits. Schedule BS/LOA is the source of data on credits (Bank Statistical Report – *Narodne novine*, Nos. 57/99 and 3/2001), while Schedule BS/DEP is the source of data on deposits (Bank Statistical Report).

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



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

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

end-June 2003, the ratio between short-term assets and short-term liabilities was above 100.0% in all banks. Groups III and IV had the largest ratios (128.7% and 124.3%, respectively) and Groups II and I followed with 109.3% and 104.0%, respectively.

A Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk (official gazette *Narodne novine*, No. 17/2003) that came into effect on 1 April 2003, introduced standardised⁶ methodology for calculating bank exposure to currency risk, expanding the scope of off-balance sheet items used in the calculation to include guarantees and options. Accordingly, the average total open positions of banks in the second quarter of 2003, also comprise guarantees and options.

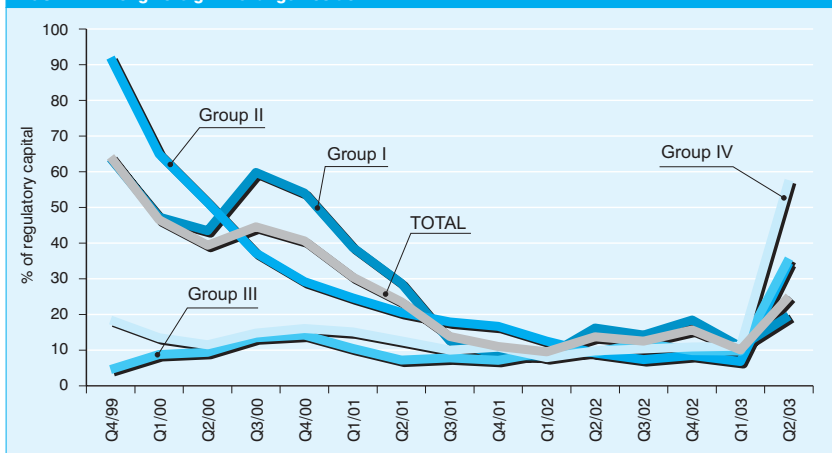
The ratio between average long foreign exchange position and total regulatory capital stood at 25.0% at the end of the second quarter of 2003, which is an increase of 9.3 percentage points, compared with the last quarter of 2002 (Figure 27.). Group IV had the largest average long foreign exchange position to regulatory capital ratio (57.6%). Groups III, II and I followed with 35.6%, 34.5% and 19.6%, respectively.

2.1.9 Currency Adjustment of Assets and Liabilities

⁶ New methodology for calculating bank exposure to currency risk has been harmonised with the Council Directive 93/6/EEC and the *Amendment to the Basle Capital Accord* (January 1996, updated to April 1998) of the Basle Committee on Banking Supervision (Bank for International Settlements).

⇒ Each bank group ratio between the long foreign exchange position (f/c claims exceeding f/c liabilities) and the regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all the banks in the bank group are added up. Second, the amounts of regulatory capital are added up in the same manner. The sums thus calculated are mutually divided and the amount thus obtained is multiplied by 100. The reports submitted by banks on the basis of the Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk (*Narodne novine*, No. 17/2003) are the source of data on long foreign exchange positions. The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000). Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated Instruction.

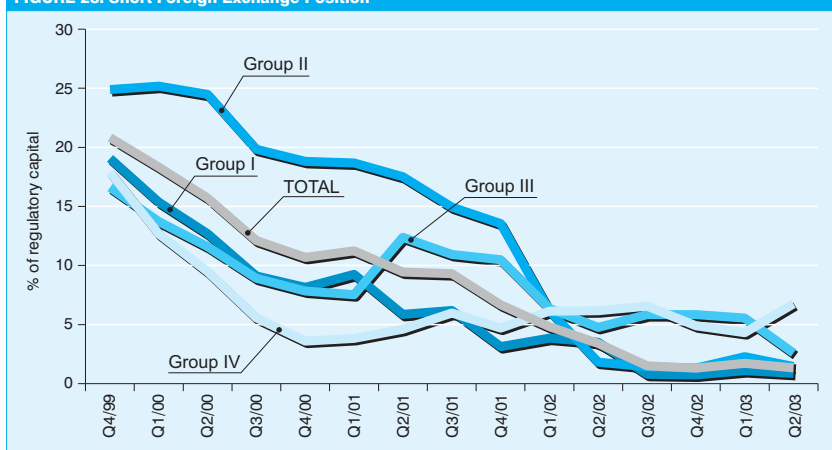
FIGURE 27. Long Foreign Exchange Position



The ratio between total average short foreign exchange position and regulatory capital stood at 1.3% at the end of the second quarter of 2003, or the same as at the end of the last quarter of 2002 (Figure 28.). Group IV had the highest total short foreign exchange position to regulatory capital ratio (6.7%). Far behind were Groups III (2.6%) and II (1.4%) and Group I, as the group with the lowest ratio (0.9%).

⇒ Each bank group ratio between the short foreign exchange position (f/c liabilities exceeding f/c claims) and the regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all the banks in the bank group are added up. Second, the amounts of regulatory capital are added up in the same manner. The sums thus calculated are mutually divided and the amount thus obtained is multiplied by 100. The reports submitted by banks on the basis of the Decision on the Limitation of Banks' Exposure to Foreign Exchange Risk (*Narodne novine*, No. 17/2003) are the source of data on short foreign exchange positions. The calculation of regulatory capital is regulated by the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 32/99 and 101/2000) and the Instruction for the Uniform Implementation of the Decision on the Methodology for Calculating Bank's Capital (*Narodne novine*, Nos. 36/99 and 123/2000). Schedule CAP, i.e. CAP1 is the source of data on regulatory capital, and it forms an integral part of the stated Instruction.

FIGURE 28. Short Foreign Exchange Position



2.2 Savings Banks

At end-June 2003, there were five savings banks operating in Croatia, or one savings bank more than at end-2002. The new member in the system is a new housing savings bank belonging to one Group I bank banking group⁷. The five savings banks comprised four housing savings banks and one savings bank⁸, at the time still undergoing adjustment with legal provisions of the superseded 1998 *Banking Act*, under which savings banks had to increase their capital and continue operating as banks or else liquidate its businesses.

7 PBZ stambena štedionica d.d., Zagreb, became operational in March 2003 as a member of Privredna banka Zagreb d.d. Group.

8 Prva stambena štedionica d.d., Raiffeisen stambena štedionica d.d., Wüstenrot stambena štedionica d.d., PBZ stambena štedionica d.d., Zagreb and Medimurska štedionica d.d.

At the end of the first half of 2003, total savings bank assets stood at 2.89 billion kuna, which is an increase of 21.83%, compared with end-2002. At end June, total housing savings bank assets accounted for 93.98% of total savings bank assets.

Housing savings bank assets increased by 24.20% in the first six months of 2003, rising from 2.19 billion kuna at end-2002 to 2.72 billion kuna at end-June. The new housing savings bank accounted for only 6.63% of total housing savings bank assets.

The trading portfolio of securities accounted for the largest share of total savings bank assets (47.80%) at the end of the first half of 2003 (Table 16.). Treasury bills of the Ministry of Finance and CNB bills accounted for 22.26% and investment portfolio of securities for 14.99% of total savings bank assets. Other assets items combined accounted for only 14.95% of total assets. Looking at assets structure and the share that each individual security has in this structure, one can see that the share of investment portfolio of securities increased significantly (3.27 percentage points) and that the share of Treasury bills of the Ministry of Finance and CNB bills as well as the trading portfolio of securities declined by 1.42 percentage points and 0.67 percentage points, respectively. Similarly, in the first half of 2003 a decline was reported in loans to financial institutions (78.17%), money assets and deposits with the CNB (47.22%), investment in subsidiaries and associates (13.28%), and tangible assets and software (0.13%). By contrast, all other savings bank assets increased during the said period.

Savings banks liabilities at end-June 2003 consisted mostly of deposits (90.90%), in particular time deposits (90.80%) (Table 17.), capital (5.68%), interest, fees and other liabilities (2.54%). All other items combined accounted for 0.88% of total savings banks liabilities. The 36-fold increase in savings banks' supplementary capital is attributable to an increase in the level of supplementary capital of one housing savings bank. Interest, fees and other liabilities, capital and total deposits increased (60.77%, 33.01% and 20.73%, respectively), while profit for the current year decreased (47.33%).

2.2.1 Balance Sheet Structure

TABLE 16. Structure of Savings Bank Assets, end of period, in million kuna and %

	Dec. 2001		Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	156.77	6.57	27.85	1.17	-82.23	14.70	0.51	-47.22
1.1. Money assets	54.73	2.29	4.60	0.19	-91.60	9.12	0.32	98.15
1.2. Deposits	102.04	4.28	23.25	0.98	-77.21	5.58	0.19	-75.98
2. Deposits with banking institutions	123.52	5.18	61.60	2.60	-50.13	85.28	2.95	38.44
3. MoF treasury bills and CNB bills	418.90	17.56	561.52	23.68	34.05	643.11	22.26	14.53
4. Trading portfolio of securities	472.61	19.81	1,149.60	48.48	143.25	1,381.13	47.80	20.14
5. Loans to financial institutions	14.44	0.61	13.72	0.58	-5.03	2.99	0.10	-78.17
6. Loans to other clients	701.20	29.40	200.15	8.44	-71.46	234.92	8.13	17.37
7. Investment portfolio of securities	337.00	14.13	277.77	11.71	-17.57	432.97	14.99	55.87
8. Investments in subsidiaries and associates	1.14	0.05	1.21	0.05	5.94	1.05	0.04	-13.28
9. Foreclosed and repossessed assets	16.39	0.69	6.04	0.25	-63.14	6.04	0.21	0.00
10. Tangible assets and software (net of depreciation)	56.24	2.36	25.86	1.09	-54.01	25.83	0.89	-0.13
11. Interest, fees and other assets	96.07	4.03	48.76	2.06	-49.25	64.57	2.23	32.43
12. Net of: Specific reserves for unidentified losses	8.99	0.38	2.64	0.11	-70.63	3.50	0.12	32.45
Total	2,385.28	100.00	2,371.45	100.00	-0.58	2,889.09	100.00	21.83

↔ The share of each balance sheet item of assets in total assets is calculated on the basis of data from the Bank Statistical Report (*Narodne novine*, Nos. 57/99 and 3/2001 – Schedule BS) and the derived aggregated report of the same type on the banking system at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

⇒ Savings banks liabilities are calculated in the same manner as savings banks assets in Table 16., i.e. the share of each balance sheet item of liabilities in total liabilities is calculated on the basis of data from the Bank Statistical Report (*Narodne novine*, Nos. 57/99 and 3/2001 – Schedule BS) and the derived aggregated report of the same type on the banking system at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Item Profit/loss for the current year is excluded from item Capital and shown separately.

	Dec. 2001		Dec. 2002			Jun. 2003		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	3.53	0.15	–	–	–100.00	0.50	0.02	
1.1. Short-term loans	2.50	0.10	–	–	–100.00	0.50	0.02	
1.2. Long-term loans	1.03	0.04	–	–	–100.00	–	–	
2. Deposits	1,964.82	82.37	2,175.33	91.73	10.71	2,626.32	90.90	20.73
2.1. Giro account and current account deposits	6.72	0.28	0.31	0.01	–95.33	1.39	0.05	342.36
2.2. Savings deposits	47.21	1.98	7.58	0.32	–83.95	1.77	0.06	–76.60
2.3. Time deposits	1,910.88	80.11	2,167.44	91.40	13.43	2,623.16	90.80	21.03
3. Other loans	2.02	0.08	–	–	–100.00	–	–	
3.1. Short-term loans	2.02	0.08	–	–	–100.00	–	–	
3.2. Long-term loans	–	–	–	–	–	–	–	
4. Debt securities issued	–	–	–	–	–	–	–	
4.1. Short-term debt securities issued	–	–	–	–	–	–	–	
4.2. Long-term debt securities issued	–	–	–	–	–	–	–	
5. Supplementary capital	28.01	1.17	0.03	0.00	–99.90	10.57	0.37	36,351.72
5.1. Subordinated instruments issued	3.83	0.16	–	–	–100.00	–	–	
5.2. Hybrid instruments issued	24.19	1.01	0.03	0.00	–99.88	10.57	0.37	36,351.72
6. Interest, fees and other liabilities	85.15	3.57	45.61	1.92	–46.43	73.33	2.54	60.77
7. Profit/loss for the current year	–29.45	–1.23	27.10	1.14	–192.01	14.27	0.49	–47.33
8. Capital (excl. profit/loss for the current year)	331.20	13.89	123.38	5.20	–62.75	164.10	5.68	33.01
Total	2,385.28	100.00	2,371.45	100.00	–0.58	2,889.09	100.00	21.83

Total savings bank capital increased by 18.54% in the first half of 2003 (Table 18.), as a result of a 358.21% increase in legal reserves, a 61.08% increase in reserves provided for by the articles of association and other capital reserves, and a 16.36% increase in share capital. Profit for the current year declined by 47.33% and retained loss by 2.27% during the observed period. Share capital accounted for 119.61%, or the largest share of total savings bank capital at the end of the first half of 2003. During the same period, retained loss accounted for 40.10%, reserves provided for by the articles of association and other capital reserves for 11.62%, profit for the current year for 8.00% and legal reserves for 0.86% of total savings bank capital.

Capital adequacy ratio of savings banks stood at 36.02% at the end of the first half of 2003, which is an increase of 1.8 percentage points compared with end-2002. Regulatory capital was 174.71 million kuna. Capital adequacy ratio of housing savings banks was 47.95% and their regulatory capital 175.66 million kuna.

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

	Dec. 2001		Dec. 2002			Jun. 2003.		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
1. Share capital	379.35	125.72	183.36	121.85	–51.67	213.36	119.61	16.36
2. Profit/loss for the current year	–29.45	–9.76	27.10	18.01	–192.01	14.27	8.00	–47.33
3. Retained income/loss	–64.72	–21.45	–73.19	–48.64	13.09	–71.52	–40.10	–2.27
4. Legal reserves	3.64	1.21	0.34	0.22	–90.79	1.54	0.86	358.21
5. Reserves provided for by the articles of association and other capital reserves	12.93	4.28	12.87	8.55	–0.45	20.73	11.62	61.08
Total	301.76	100.00	150.48	100.00	–50.13	178.38	100.00	18.54

During the first half of 2003, savings banks reported 14.27 million kuna in pre-tax profit (Table 19.), in contrast with 30,000 kuna in pre-tax losses reported by savings banks in the first half of 2002. Of the five savings banks, three savings banks ended the first half of 2003 with 2.43 million kuna in pre-tax losses, of which 62.24% can be attributed to two housing savings bank. Total profit posted by housing savings banks during the same period was 13.35 million kuna.

Interest income accounted for 62.75% or the largest share of total savings banks income. Non-interest income accounted for 37.25%, or the remaining share. Interest expenses accounted for the largest share (47.53%) of total expenses. Non-interest expenses, general administrative expenses and depreciation and loan loss provision expenses accounted for 17.66%, 33.89% and 0.92%, respectively, of total expenses.

	Jan. – Jun. 2002	Jan. – Jun. 2003
1. Net interest income	31.11	25.65
1.1. Interest income	84.15	77.78
1.2. Interest expenses	53.04	52.13
2. Net non-interest income	17.18	26.80
2.1. Non-interest income	35.37	46.17
2.2. Non-interest expenses	18.19	19.37
3. General administrative expenses and depreciation	41.06	37.17
4. Net operating income before provisions	7.23	15.29
5. Loan loss provision expenses	7.26	1.01
6. Pre-tax profit/loss	-0.03	14.27
7. Income tax	0.00	0.00
8. After-tax profit/loss	-0.03	14.27

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

Total savings bank placements stood at 1.33 billion kuna at the end of the first half of 2003, which is an increase of 24.11%, compared with end-2002 (Table 19.). Owing to their 140.85% increase, the share of partly recoverable placements in total placements increased by 1.59%, while the share of fully recoverable placements decreased by 1.53 percentage points, despite their 22.18% increase. Nevertheless, fully recoverable placements continued to account for the largest share of total placements (96.49%). Partly recoverable and irrecoverable placements accounted for 3.28% and 0.24%, respectively.

Total provision to total placement ratio stood at 2.07% at the end of the first half of 2003, which is an increase of 0.32 percentage points,

Placements	Dec. 2001		Dec. 2002		Jun. 2003	
	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements	1,653.80	93.44	1,052.30	98.02	1,285.67	96.49
1.1. Category A	1,582.85	89.43	985.91	91.83	1,227.60	92.13
1.2. Category B	70.95	4.01	66.39	6.18	58.07	4.36
2. Partly recoverable placements	79.52	4.49	18.13	1.69	43.66	3.28
2.1. Category C	59.81	3.38	14.08	1.31	38.26	2.87
2.2. Category D	19.71	1.11	4.05	0.38	5.40	0.41
3. Irrecoverable placements	36.64	2.07	3.18	0.30	3.16	0.24
3.1. Category E	36.64	2.07	3.18	0.30	3.16	0.24
Total	1,769.96	100.00	1,073.60	100.00	1,332.48	100.00

2.2.3 Credit Activity

⇨ Table 20. shows the amounts of placements classified by risk categories, as well as their shares in the total placements that are classified. Schedule C is the source of data, and it forms an integral part of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (*Narodne novine*, Nos. 36/99 and 123/2000). When compiling financial statements for 2001, banks were required not to apply the provisions of the Instruction for the Uniform Implementation of the Decision on the Classification of Placements and Risky Off-Balance Sheet Items and Assessment of Bank Exposure (*Narodne novine*, Nos. 36/99 and 123/2000) that were not in compliance with a particular International Accounting Standard and that were superseded by the Decision on the Method of Improving the Compliance of the Croatian National Bank Subordinate Legislation with the International Accounting Standards (*Narodne novine*, No. 107/2001).

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

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

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

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

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

	Dec. 2001	Dec. 2002	Jun. 2003
1. Total provisions for losses	82.46	18.76	27.59
1.1. Placement value impairment (loss)	73.45	16.08	24.02
1.2. Provisions for unidentified losses	9.01	2.68	3.57
2. Total placements	1,769.96	1,073.60	1,332.48
3. Relative ratio of total provisions to total placements	4.66	1.75	2.07

compared with end-2002 (Table 21.). The increase can be attributed to a more rapid growth in total provisions for losses (47.07%) than total placements (24.11%) during the same period.

Placement value impairment accounted for 87.06% of total provisions, which is an increase of 1.34 percentage points. Total placement value impairment increased by 49.38%, and provisions for unidentified losses by 33.22%.

3 List of Banks

Compiled by Remigije Bučić and Ana Mataga

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

Data on shareholders who hold 3% or more of share in the bank's share capital are as at 30 June 2003.

Data on auditors relate to bank auditors for 2002.

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Management Board

Zdenko Vidaković – chairman, Mičo Tomičić

Supervisory Board

Damir Kreso – chairman, Mara Tomičić, Maja Vidaković

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

		Share in share capital (%)
1. Bank account number	1. ŠKZ Brod na Savi	7.22
	2. Ante Zdilar	7.03
	3. Neđo Jelčić	7.03
	4. Slobodanka Kreso	6.66
	5. Maja Vidaković	6.66
	6. Mara Tomičić	6.66
	7. Razija Kreso	6.66
	8. Mičo Tomičić	6.66
	9. Mirko Vidaković	6.66
	10. Zdenko Vidaković	6.66
	11. Karlo Tomičić	6.66
	12. Damir Kreso	6.66
	13. Višnja Rački	3.37
	14. Željko Rački	3.37

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	4,695
1.1. Income interest	6,624
1.2. Interest expenses	1,929
2. Net non-interest income	426
2.1. Non-interest income	2,188
2.2. Non-interest expenses	1,762
3. General administrative expenses and depreciation	2,500
4. Net operating income before provisions	2,621
5. Loan loss provision expenses	943
6. Pre-tax profit/loss	1,678
7. Income tax	0
8. After-tax profit/loss	1,678

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	23,336
1.1. Money assets	6,616
1.2. Deposits	16,720
2. Deposits with banking institutions	10,901
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	40
5. Loans to financial institutions	0
6. Loans to other clients	54,564
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	1,135
11. Interest, fees and other assets	1,794
12. Net of: Specific reserves for unidentified losses	818
TOTAL	90,952

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	55,808
2.1. Giro account and current account deposits	695
2.2. Savings deposits	1,270
2.3. Time deposits	53,843
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	2,819
7. Profit/loss for the current year	1,678
8. Capital (excl. profit/loss for the current year)	30,647
TOTAL	90,952

Management Board

Lidija Hoćurščak – chairwoman, Ratko Špirlija

Supervisory Board

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

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

1. Josip Samaržija	47.98
2. Veljko Bukarica	8.79
3. Branko Turić	8.79
4. Božica Samaržija	7.35
5. Gaj grupa d.o.o.	6.73
6. Posmrtna pripomoć d.o.o.	3.74
7. Mirjana Brlečić	3.50

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	12,585
1.1. Income interest	24,212
1.2. Interest expenses	11,627
2. Net non-interest income	2,467
2.1. Non-interest income	3,249
2.2. Non-interest expenses	782
3. General administrative expenses and depreciation	10,031
4. Net operating income before provisions	5,021
5. Loan loss provision expenses	3,590
6. Pre-tax profit/loss	1,431
7. Income tax	0
8. After-tax profit/loss	1,431

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	44,235
1.1. Money assets	20,191
1.2. Deposits	24,044
2. Deposits with banking institutions	19,960
3. MoF treasury bills and CNB bills	8,753
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	228,004
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	2,207
10. Tangible assets and software (net of depreciation)	11,043
11. Interest, fees and other assets	22,446
12. Net of: Specific reserves for unidentified losses	3,430
TOTAL	333,237

Structure of Bank Liabilities	
1. Loans from financial institutions	912
1.1. Short-term loans	0
1.2. Long-term loans	912
2. Deposits	270,350
2.1. Giro account and current account deposits	3,144
2.2. Savings deposits	2,023
2.3. Time deposits	265,183
3. Other loans	800
3.1. Short-term loans	800
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	14,929
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	14,929
6. Interest, fees and other liabilities	10,878
7. Profit/loss for the current year	1,431
8. Capital (excl. profit/loss for the current year)	33,939
TOTAL	333,237

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Management Board

Anka Tomas – chairwoman, Vlasta Zaninović

Supervisory Board

Branko Ostović – chairman, Tatjana Ostović, Robert Solomun

Shareholders

1. Branko Ostović	38.63
2. Ljiljana Ostović	5.20
3. Tatjana Ostović	5.18
4. Milivoj Mrkoci	4.99
5. Mirjana Ostović	4.72
6. Krešimir Štimac	4.20

Share in share capital (%)

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	14,361
1.1. Income interest	27,004
1.2. Interest expenses	12,643
2. Net non-interest income	2,221
2.1. Non-interest income	3,492
2.2. Non-interest expenses	1,271
3. General administrative expenses and depreciation	13,747
4. Net operating income before provisions	2,835
5. Loan loss provision expenses	133
6. Pre-tax profit/loss	2,702
7. Income tax	0
8. After-tax profit/loss	2,702

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	42,538
1.1. Money assets	14,876
1.2. Deposits	27,662
2. Deposits with banking institutions	25,940
3. MoF treasury bills and CNB bills	15,246
4. Trading portfolio of securities	0
5. Loans to financial institutions	180
6. Loans to other clients	318,995
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	12,258
11. Interest, fees and other assets	4,011
12. Net of: Specific reserves for unidentified losses	3,970
TOTAL	415,198

Structure of Bank Liabilities	
1. Loans from financial institutions	6,083
1.1. Short-term loans	6,000
1.2. Long-term loans	83
2. Deposits	330,404
2.1. Giro account and current account deposits	5,742
2.2. Savings deposits	14,809
2.3. Time deposits	309,853
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	767
5.1. Subordinated instruments issued	546
5.2. Hybrid instruments issued	221
6. Interest, fees and other liabilities	24,979
7. Profit/loss for the current year	2,702
8. Capital (excl. profit/loss for the current year)	50,263
TOTAL	415,198

Management Board

Gabrijel Sentić – chairman, Anka Olić, Marica Orlović

Supervisory Board

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

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

1. Slavonska štedionica d.d. in bankruptcy proceedings	11.90
2. Brodsko-posavska banka d.d.	10.95
3. Đuro Đaković – Poljoprivredni strojevi i uređaji d.d.	10.12
4. Kaptol banka d.d. in bankruptcy proceedings	7.64
5. Telecomp d.o.o.	6.38
6. Šošarić d.o.o.	6.10
7. Đuro Đaković holding d.d.	5.52
8. Croatia osiguranje d.d.	4.60
9. Đuro Đaković – Montaža d.d.	4.60
10. Đuro Đaković – Specijalna vozila d.d.	4.60
11. Đuro Đaković – Termoelektrična postrojenja d.d.	4.60
12. Klas d.d.	4.05

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	-328
1.1. Income interest	2,136
1.2. Interest expenses	2,464
2. Net non-interest income	725
2.1. Non-interest income	1,395
2.2. Non-interest expenses	670
3. General administrative expenses and depreciation	4,744
4. Net operating income before provisions	-4,347
5. Loan loss provision expenses	63
6. Pre-tax profit/loss	-4,410
7. Income tax	0
8. After-tax profit/loss	-4,410

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	18,572
1.1. Money assets	2,484
1.2. Deposits	16,088
2. Deposits with banking institutions	15,305
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	66,796
7. Investments portfolio of securities	180
8. Investments in subsidiaries and associates	37,088
9. Foreclosed and repossessed assets	899
10. Tangible assets and software (net of depreciation)	10,320
11. Interest, fees and other assets	4,179
12. Net of: Specific reserves for unidentified losses	495
TOTAL	152,844

Structure of Bank Liabilities	
1. Loans from financial institutions	15,519
1.1. Short-term loans	15,500
1.2. Long-term loans	19
2. Deposits	101,032
2.1. Giro account and current account deposits	7,976
2.2. Savings deposits	9,845
2.3. Time deposits	83,211
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	3,555
7. Profit/loss for the current year	-4,410
8. Capital (excl. profit/loss for the current year)	37,148
TOTAL	152,844

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Management Board

Gordana Zrinščak – chairwoman, Ljiljana Podhraški, Ružica Vadić

Supervisory Board

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

Shareholders

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

Audit firm for 2002: MZ Auditors d.o.o., Zagreb

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	11,494
1.1. Income interest	18,277
1.2. Interest expenses	6,783
2. Net non-interest income	5,401
2.1. Non-interest income	7,860
2.2. Non-interest expenses	2,459
3. General administrative expenses and depreciation	12,055
4. Net operating income before provisions	4,840
5. Loan loss provision expenses	2,092
6. Pre-tax profit/loss	2,748
7. Income tax	0
8. After-tax profit/loss	2,748

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	44,671
1.1. Money assets	7,726
1.2. Deposits	36,945
2. Deposits with banking institutions	24,962
3. MoF treasury bills and CNB bills	14,043
4. Trading portfolio of securities	23,838
5. Loans to financial institutions	3,065
6. Loans to other clients	312,215
7. Investments portfolio of securities	6,879
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	8,164
10. Tangible assets and software (net of depreciation)	12,384
11. Interest, fees and other assets	5,947
12. Net of: Specific reserves for unidentified losses	10,372
TOTAL	445,817

Structure of Bank Liabilities	
1. Loans from financial institutions	71,736
1.1. Short-term loans	6,107
1.2. Long-term loans	65,629
2. Deposits	236,800
2.1. Giro account and current account deposits	64,709
2.2. Savings deposits	21,196
2.3. Time deposits	150,895
3. Other loans	20,639
3.1. Short-term loans	20,639
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	11,890
7. Profit/loss for the current year	2,748
8. Capital (excl. profit/loss for the current year)	102,005
TOTAL	445,817

Management Board

Ivan Maljevac – chairman

Supervisory Board

Janos Müller – chairman, Imre Balogh, Ferenc Müller

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BAN 2496001

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

1. Magyar Külkereskedelmi Bank R. t.	100.00
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Audit firm for 2002: KPMG Croatia d.o.o., Zagreb

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	147
1.1. Income interest	167
1.2. Interest expenses	20
2. Net non-interest income	-700
2.1. Non-interest income	763
2.2. Non-interest expenses	1,463
3. General administrative expenses and depreciation	2,455
4. Net operating income before provisions	-3,008
5. Loan loss provision expenses	-45
6. Pre-tax profit/loss	-2,964
7. Income tax	0
8. After-tax profit/loss	-2,964

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	2,659
1.1. Money assets	215
1.2. Deposits	2,444
2. Deposits with banking institutions	8,355
3. MoF treasury bills and CNB bills	42,902
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	20
7. Investments portfolio of securities	12
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	608
11. Interest, fees and other assets	133
12. Net of: Specific reserves for unidentified losses	85
TOTAL	54,604

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,334
2.1. Giro account and current account deposits	1,058
2.2. Savings deposits	1
2.3. Time deposits	275
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	59
7. Profit/loss for the current year	-2,964
8. Capital (excl. profit/loss for the current year)	56,175
TOTAL	54,604

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Management Board

Šime Luketin – chairman, Mato Mišić

Supervisory Board

Mirko Vuković – chairman, Boris Barać, Dražen Bilić

Shareholders

1. Boris Barać	24.97
2. Darko Gaurina	9.98
3. Bedem d.o.o.	9.50
4. Simag d.o.o.	8.96
5. Alkom Invest d.o.o.	8.01
6. Arca Merkatus d.o.o.	4.98
7. Plastal d.o.o.	3.52

Share in share capital (%)

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	9,901
1.1. Income interest	20,953
1.2. Interest expenses	11,052
2. Net non-interest income	3,330
2.1. Non-interest income	6,410
2.2. Non-interest expenses	3,080
3. General administrative expenses and depreciation	11,459
4. Net operating income before provisions	1,772
5. Loan loss provision expenses	140
6. Pre-tax profit/loss	1,632
7. Income tax	0
8. After-tax profit/loss	1,632

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	73,381
1.1. Money assets	10,682
1.2. Deposits	62,699
2. Deposits with banking institutions	37,215
3. MoF treasury bills and CNB bills	3,754
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	393,178
7. Investments portfolio of securities	10,768
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	18,285
10. Tangible assets and software (net of depreciation)	17,170
11. Interest, fees and other assets	10,713
12. Net of: Specific reserves for unidentified losses	6,102
TOTAL	558,362

Structure of Bank Liabilities	
1. Loans from financial institutions	53,777
1.1. Short-term loans	510
1.2. Long-term loans	53,267
2. Deposits	410,734
2.1. Giro account and current account deposits	76,635
2.2. Savings deposits	20,887
2.3. Time deposits	313,212
3. Other loans	20,181
3.1. Short-term loans	0
3.2. Long-term loans	20,181
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	8,303
7. Profit/loss for the current year	1,632
8. Capital (excl. profit/loss for the current year)	63,735
TOTAL	558,362

Management Board

Vedran Kuiš – chairman, Nataša Marendić

Supervisory Board

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

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BAN 2485003

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	18,474
1.1. Income interest	45,112
1.2. Interest expenses	26,638
2. Net non-interest income	9,801
2.1. Non-interest income	17,586
2.2. Non-interest expenses	7,785
3. General administrative expenses and depreciation	36,620
4. Net operating income before provisions	-8,345
5. Loan loss provision expenses	-9,399
6. Pre-tax profit/loss	1,054
7. Income tax	0
8. After-tax profit/loss	1,054

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	197,075
1.1. Money assets	36,625
1.2. Deposits	160,450
2. Deposits with banking institutions	181,199
3. MoF treasury bills and CNB bills	46,566
4. Trading portfolio of securities	79,711
5. Loans to financial institutions	797
6. Loans to other clients	804,432
7. Investments portfolio of securities	47,827
8. Investments in subsidiaries and associates	509
9. Foreclosed and repossessed assets	45,590
10. Tangible assets and software (net of depreciation)	62,112
11. Interest, fees and other assets	38,188
12. Net of: Specific reserves for unidentified losses	9,374
TOTAL	1,494,631

Structure of Bank Liabilities	
1. Loans from financial institutions	189,517
1.1. Short-term loans	25,000
1.2. Long-term loans	164,517
2. Deposits	1,028,106
2.1. Giro account and current account deposits	130,613
2.2. Savings deposits	122,146
2.3. Time deposits	775,347
3. Other loans	66,077
3.1. Short-term loans	3,754
3.2. Long-term loans	62,323
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	79,084
7. Profit/loss for the current year	1,054
8. Capital (excl. profit/loss for the current year)	130,792
TOTAL	1,494,631

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Management Board

Hans-Joachim Gersmann – chairman, Mato Karačić

Supervisory Board

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

Shareholders

1. Dresdner Bank AG

Share in share capital (%)

100.00

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	8,315
1.1. Income interest	21,631
1.2. Interest expenses	13,316
2. Net non-interest income	6,915
2.1. Non-interest income	7,914
2.2. Non-interest expenses	999
3. General administrative expenses and depreciation	8,897
4. Net operating income before provisions	6,333
5. Loan loss provision expenses	-356
6. Pre-tax profit/loss	6,689
7. Income tax	0
8. After-tax profit/loss	6,689

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	69,366
1.1. Money assets	1,260
1.2. Deposits	68,106
2. Deposits with banking institutions	119,997
3. MoF treasury bills and CNB bills	281,113
4. Trading portfolio of securities	0
5. Loans to financial institutions	10,749
6. Loans to other clients	367,294
7. Investments portfolio of securities	11,584
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	5,592
11. Interest, fees and other assets	9,758
12. Net of: Specific reserves for unidentified losses	5,165
TOTAL	870,288

Structure of Bank Liabilities	
1. Loans from financial institutions	73,668
1.1. Short-term loans	73,668
1.2. Long-term loans	0
2. Deposits	636,642
2.1. Giro account and current account deposits	46,864
2.2. Savings deposits	72,804
2.3. Time deposits	516,974
3. Other loans	13,477
3.1. Short-term loans	13,148
3.2. Long-term loans	329
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	15,043
7. Profit/loss for the current year	6,689
8. Capital (excl. profit/loss for the current year)	124,769
TOTAL	870,288

Management Board

Vlaho Sutić – chairman, Dražen Božić, Krešimir Krile

Supervisory Board

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	48,291
1.1. Income interest	96,777
1.2. Interest expenses	48,486
2. Net non-interest income	20,217
2.1. Non-interest income	29,342
2.2. Non-interest expenses	9,125
3. General administrative expenses and depreciation	41,084
4. Net operating income before provisions	27,424
5. Loan loss provision expenses	5,306
6. Pre-tax profit/loss	22,118
7. Income tax	0
8. After-tax profit/loss	22,118

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	476,448
1.1. Money assets	43,646
1.2. Deposits	432,802
2. Deposits with banking institutions	559,207
3. MoF treasury bills and CNB bills	9,977
4. Trading portfolio of securities	0
5. Loans to financial institutions	17,500
6. Loans to other clients	1,440,044
7. Investments portfolio of securities	705,453
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	49,726
11. Interest, fees and other assets	45,282
12. Net of: Specific reserves for unidentified losses	17,661
TOTAL	3,285,975

Structure of Bank Liabilities	
1. Loans from financial institutions	71,182
1.1. Short-term loans	0
1.2. Long-term loans	71,182
2. Deposits	2,810,440
2.1. Giro account and current account deposits	231,080
2.2. Savings deposits	528,258
2.3. Time deposits	2,051,102
3. Other loans	88,559
3.1. Short-term loans	0
3.2. Long-term loans	88,559
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	114,084
7. Profit/loss for the current year	22,118
8. Capital (excl. profit/loss for the current year)	179,592
TOTAL	3,285,975

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

Management Board

Tomislav Vuić – chairman, Dragutin Bohuš, Borislav Centner

Supervisory Board

Reinhard Ortner – chairman, Dragutin Bohuš², August Jost, Vladimir Jurašić, Josef Kassler, Ivan Ljubanović, Franz Mally, Herbert Martinetz, Reinhold Schuster, Kristijan Schellander, Karin Svoboda

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	154,324
1.1. Income interest	266,943
1.2. Interest expenses	112,619
2. Net non-interest income	50,685
2.1. Non-interest income	90,857
2.2. Non-interest expenses	40,172
3. General administrative expenses and depreciation	95,564
4. Net operating income before provisions	109,445
5. Loan loss provision expenses	26,359
6. Pre-tax profit/loss	83,087
7. Income tax	0
8. After-tax profit/loss	83,087

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,017,348
1.1. Money assets	80,521
1.2. Deposits	936,827
2. Deposits with banking institutions	508,955
3. MoF treasury bills and CNB bills	82,124
4. Trading portfolio of securities	562,283
5. Loans to financial institutions	26,504
6. Loans to other clients	4,588,074
7. Investments portfolio of securities	333,329
8. Investments in subsidiaries and associates	141
9. Foreclosed and repossessed assets	21,445
10. Tangible assets and software (net of depreciation)	182,775
11. Interest, fees and other assets	103,275
12. Net of: Specific reserves for unidentified losses	59,850
TOTAL	7,366,403

Structure of Bank Liabilities	
1. Loans from financial institutions	134,067
1.1. Short-term loans	59,000
1.2. Long-term loans	75,067
2. Deposits	4,188,858
2.1. Giro account and current account deposits	795,295
2.2. Savings deposits	596,549
2.3. Time deposits	2,797,014
3. Other loans	2,076,595
3.1. Short-term loans	141
3.2. Long-term loans	2,076,454
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	160,310
5.1. Subordinated instruments issued	160,310
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	238,016
7. Profit/loss for the current year	83,087
8. Capital (excl. profit/loss for the current year)	485,470
TOTAL	7,366,403

Management Board

Izidor Sučić – chairman, Branka Andrassy, Suzana Sučić

Supervisory Board

Branko Josipović – chairman, Lovre Božina, Zdenko Prohaska

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

1. Ivan Sučić	8.56
2. Kata Šparica	8.20
3. Željko Krznarić	7.44
4. Josip Bašić	7.43
5. Krešimir Jerin	7.40
6. Kristina Sučić	7.37
7. Darko Gojčić	7.33
8. Faktor banka d.d.	7.28
9. Vesna Mijović	6.75
10. Cobalt Investments International	6.23
11. Gospodarsko kreditna banka d.d.	5.50
12. Branko Josipović	3.67

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	14,381
1.1. Income interest	19,927
1.2. Interest expenses	5,546
2. Net non-interest income	5,818
2.1. Non-interest income	6,912
2.2. Non-interest expenses	1,094
3. General administrative expenses and depreciation	11,145
4. Net operating income before provisions	9,054
5. Loan loss provision expenses	446
6. Pre-tax profit/loss	8,608
7. Income tax	0
8. After-tax profit/loss	8,608

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	44,909
1.1. Money assets	28,657
1.2. Deposits	16,252
2. Deposits with banking institutions	21,407
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	173,548
7. Investments portfolio of securities	18,003
8. Investments in subsidiaries and associates	30
9. Foreclosed and repossessed assets	2,115
10. Tangible assets and software (net of depreciation)	15,219
11. Interest, fees and other assets	8,962
12. Net of: Specific reserves for unidentified losses	3,268
TOTAL	280,925

Structure of Bank Liabilities	
1. Loans from financial institutions	52,083
1.1. Short-term loans	9,000
1.2. Long-term loans	43,083
2. Deposits	100,145
2.1. Giro account and current account deposits	17,912
2.2. Savings deposits	13,424
2.3. Time deposits	68,809
3. Other loans	15,644
3.1. Short-term loans	13,391
3.2. Long-term loans	2,253
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	8,872
7. Profit/loss for the current year	8,608
8. Capital (excl. profit/loss for the current year)	95,574
TOTAL	280,925

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Management Board

Josip Slade – chairman, Slavko Durmiš, Anđelka Čavlek

Supervisory Board

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

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	79,572
1.1. Income interest	118,353
1.2. Interest expenses	38,781
2. Net non-interest income	32,739
2.1. Non-interest income	319,314
2.2. Non-interest expenses	286,575
3. General administrative expenses and depreciation	59,865
4. Net operating income before provisions	52,446
5. Loan loss provision expenses	11,227
6. Pre-tax profit/loss	41,218
7. Income tax	0
8. After-tax profit/loss	41,218

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	758,630
1.1. Money assets	250,560
1.2. Deposits	508,070
2. Deposits with banking institutions	394,902
3. MoF treasury bills and CNB bills	1,177,109
4. Trading portfolio of securities	7,530
5. Loans to financial institutions	107,025
6. Loans to other clients	2,312,122
7. Investments portfolio of securities	402,248
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,376
10. Tangible assets and software (net of depreciation)	125,348
11. Interest, fees and other assets	113,642
12. Net of: Specific reserves for unidentified losses	25,691
TOTAL	5,374,238

Structure of Bank Liabilities	
1. Loans from financial institutions	196,993
1.1. Short-term loans	0
1.2. Long-term loans	196,993
2. Deposits	3,661,162
2.1. Giro account and current account deposits	1,806,050
2.2. Savings deposits	964,934
2.3. Time deposits	890,178
3. Other loans	1,027
3.1. Short-term loans	0
3.2. Long-term loans	1,027
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	968,029
7. Profit/loss for the current year	41,218
8. Capital (excl. profit/loss for the current year)	505,809
TOTAL	5,374,238

Management Board

Goran Gazivoda – chairman, Ivo Bilić, Christoph Schöföböck

Supervisory Board

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

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www.hvb.hr**Shareholders****Share in share capital (%)**

1. Bank Austria Creditanstalt International AG	100.00
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Audit firm for 2002: Deloitte & Touche d.o.o., Zagreb

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	67,153
1.1. Income interest	119,430
1.2. Interest expenses	52,277
2. Net non-interest income	17,290
2.1. Non-interest income	30,986
2.2. Non-interest expenses	13,696
3. General administrative expenses and depreciation	56,260
4. Net operating income before provisions	28,183
5. Loan loss provision expenses	8,302
6. Pre-tax profit/loss	19,881
7. Income tax	0
8. After-tax profit/loss	19,881

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	588,968
1.1. Money assets	7,451
1.2. Deposits	581,517
2. Deposits with banking institutions	255,193
3. MoF treasury bills and CNB bills	118,534
4. Trading portfolio of securities	14,761
5. Loans to financial institutions	405,307
6. Loans to other clients	3,233,786
7. Investments portfolio of securities	57,083
8. Investments in subsidiaries and associates	166
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	55,236
11. Interest, fees and other assets	82,602
12. Net of: Specific reserves for unidentified losses	37,493
TOTAL	4,774,143

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,514,908
2.1. Giro account and current account deposits	388,569
2.2. Savings deposits	351,723
2.3. Time deposits	774,616
3. Other loans	2,753,256
3.1. Short-term loans	341,822
3.2. Long-term loans	2,411,434
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	136,664
7. Profit/loss for the current year	19,881
8. Capital (excl. profit/loss for the current year)	349,434
TOTAL	4,774,143

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Management Board

Heinz Truskaller – chairman, Igor Kodžoman, Zoran Sikirica

Supervisory Board

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

Shareholders

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

Share in share capital (%)

95.91
4.09

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	197,264
1.1. Income interest	385,829
1.2. Interest expenses	188,565
2. Net non-interest income	22,963
2.1. Non-interest income	66,304
2.2. Non-interest expenses	43,341
3. General administrative expenses and depreciation	82,919
4. Net operating income before provisions	137,308
5. Loan loss provision expenses	55,664
6. Pre-tax profit/loss	81,644
7. Income tax	0
8. After-tax profit/loss	81,644

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,459,278
1.1. Money assets	91,598
1.2. Deposits	1,367,680
2. Deposits with banking institutions	1,887,808
3. MoF treasury bills and CNB bills	187,445
4. Trading portfolio of securities	153,311
5. Loans to financial institutions	94,268
6. Loans to other clients	8,017,090
7. Investments portfolio of securities	249,501
8. Investments in subsidiaries and associates	28,885
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	59,656
11. Interest, fees and other assets	216,739
12. Net of: Specific reserves for unidentified losses	102,960
TOTAL	12,251,021

Structure of Bank Liabilities	
1. Loans from financial institutions	55,134
1.1. Short-term loans	19,000
1.2. Long-term loans	36,134
2. Deposits	9,367,347
2.1. Giro account and current account deposits	841,046
2.2. Savings deposits	829,770
2.3. Time deposits	7,696,531
3. Other loans	230,914
3.1. Short-term loans	0
3.2. Long-term loans	230,914
4. Debt securities issued	148,770
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	148,770
5. Supplementary capital	1,403,097
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	1,403,097
6. Interest, fees and other liabilities	268,235
7. Profit/loss for the current year	81,644
8. Capital (excl. profit/loss for the current year)	695,881
TOTAL	12,251,021

Management Board

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

Supervisory Board

Ivan Buljan – chairman, Ante Čulić, Branka Žaja

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BAN 2492008

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

1. Imex trgovina d.o.o.	49.76
2. Trajektna luka d.d.	31.16
3. Branko Buljan	10.21
4. Imex banka d.d.	4.99
5. Ivka Mijić	3.88

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	8,611
1.1. Income interest	13,751
1.2. Interest expenses	5,140
2. Net non-interest income	2,263
2.1. Non-interest income	3,668
2.2. Non-interest expenses	1,405
3. General administrative expenses and depreciation	4,736
4. Net operating income before provisions	6,138
5. Loan loss provision expenses	-3,700
6. Pre-tax profit/loss	9,838
7. Income tax	0
8. After-tax profit/loss	9,838

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	49,233
1.1. Money assets	14,199
1.2. Deposits	35,034
2. Deposits with banking institutions	3,166
3. MoF treasury bills and CNB bills	35,857
4. Trading portfolio of securities	966
5. Loans to financial institutions	2,721
6. Loans to other clients	194,009
7. Investments portfolio of securities	31,125
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	13,116
11. Interest, fees and other assets	4,602
12. Net of: Specific reserves for unidentified losses	3,836
TOTAL	330,959

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	244,610
2.1. Giro account and current account deposits	42,938
2.2. Savings deposits	12,479
2.3. Time deposits	189,193
3. Other loans	751
3.1. Short-term loans	0
3.2. Long-term loans	751
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	13,050
7. Profit/loss for the current year	9,838
8. Capital (excl. profit/loss for the current year)	62,710
TOTAL	330,959

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Management Board

Miro Dodić – chairman, Anton Belušić

Supervisory Board

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

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

1. Intercommerce d.o.o.	16.86
2. Tvornica cementa d.d.	15.04
3. Hempel d.d.	15.00
4. Montpellier finance S.A.	10.00
5. KB 1909 S.p.A.	7.63
6. Plava laguna d.d.	3.57

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	20,128
1.1. Income interest	35,527
1.2. Interest expenses	15,399
2. Net non-interest income	11,602
2.1. Non-interest income	16,132
2.2. Non-interest expenses	4,530
3. General administrative expenses and depreciation	20,498
4. Net operating income before provisions	11,232
5. Loan loss provision expenses	51
6. Pre-tax profit/loss	11,181
7. Income tax	0
8. After-tax profit/loss	11,181

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	224,619
1.1. Money assets	50,542
1.2. Deposits	174,077
2. Deposits with banking institutions	347,021
3. MoF treasury bills and CNB bills	70,946
4. Trading portfolio of securities	7,509
5. Loans to financial institutions	11,000
6. Loans to other clients	516,580
7. Investments portfolio of securities	99,934
8. Investments in subsidiaries and associates	20
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	30,109
11. Interest, fees and other assets	13,001
12. Net of: Specific reserves for unidentified losses	10,770
TOTAL	1,309,969

Structure of Bank Liabilities	
1. Loans from financial institutions	8,831
1.1. Short-term loans	0
1.2. Long-term loans	8,831
2. Deposits	1,150,482
2.1. Giro account and current account deposits	179,830
2.2. Savings deposits	285,496
2.3. Time deposits	685,156
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	25,110
7. Profit/loss for the current year	11,181
8. Capital (excl. profit/loss for the current year)	114,360
TOTAL	1,309,969

Management Board

Ivo Šinko – chairman, Anka Bandalović, Željko Kardum

Supervisory Board

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

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BAN 241 006

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	10,148
1.1. Income interest	34,960
1.2. Interest expenses	24,812
2. Net non-interest income	12,488
2.1. Non-interest income	17,460
2.2. Non-interest expenses	4,972
3. General administrative expenses and depreciation	18,849
4. Net operating income before provisions	3,787
5. Loan loss provision expenses	3,304
6. Pre-tax profit/loss	483
7. Income tax	0
8. After-tax profit/loss	483

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	217,626
1.1. Money assets	35,430
1.2. Deposits	182,196
2. Deposits with banking institutions	166,762
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	5,000
6. Loans to other clients	845,603
7. Investments portfolio of securities	54,116
8. Investments in subsidiaries and associates	91,728
9. Foreclosed and repossessed assets	55,970
10. Tangible assets and software (net of depreciation)	27,103
11. Interest, fees and other assets	46,671
12. Net of: Specific reserves for unidentified losses	13,428
TOTAL	1,497,151

Structure of Bank Liabilities	
1. Loans from financial institutions	208,860
1.1. Short-term loans	0
1.2. Long-term loans	208,860
2. Deposits	1,082,153
2.1. Giro account and current account deposits	129,267
2.2. Savings deposits	294,601
2.3. Time deposits	658,285
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	10,380
5.1. Subordinated instruments issued	10,380
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	19,521
7. Profit/loss for the current year	483
8. Capital (excl. profit/loss for the current year)	175,754
TOTAL	1,497,151

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Management Board

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

Supervisory Board

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

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

1. Croatian Privatization Fund	9.54
2. Lanzville Investments	5.37
3. Karlovačka pivovara d.d.	4.47
4. PIF Pleter d.d.	3.96
5. Ante Županović	3.56
6. Zavod za istraživanje i razvoj sigurnosti d.d.	3.09

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	18,725
1.1. Income interest	30,446
1.2. Interest expenses	11,722
2. Net non-interest income	4,790
2.1. Non-interest income	12,003
2.2. Non-interest expenses	7,213
3. General administrative expenses and depreciation	17,998
4. Net operating income before provisions	5,517
5. Loan loss provision expenses	-1,497
6. Pre-tax profit/loss	7,014
7. Income tax	0
8. After-tax profit/loss	7,014

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	109,784
1.1. Money assets	23,551
1.2. Deposits	86,233
2. Deposits with banking institutions	77,086
3. MoF treasury bills and CNB bills	115,443
4. Trading portfolio of securities	1,476
5. Loans to financial institutions	23,889
6. Loans to other clients	419,970
7. Investments portfolio of securities	150,928
8. Investments in subsidiaries and associates	15,979
9. Foreclosed and repossessed assets	3,919
10. Tangible assets and software (net of depreciation)	32,171
11. Interest, fees and other assets	14,151
12. Net of: Specific reserves for unidentified losses	5,945
TOTAL	958,850

Structure of Bank Liabilities	
1. Loans from financial institutions	87,455
1.1. Short-term loans	134
1.2. Long-term loans	87,321
2. Deposits	775,347
2.1. Giro account and current account deposits	169,428
2.2. Savings deposits	254,604
2.3. Time deposits	351,315
3. Other loans	11
3.1. Short-term loans	0
3.2. Long-term loans	11
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	27,142
7. Profit/loss for the current year	7,014
8. Capital (excl. profit/loss for the current year)	61,881
TOTAL	958,850

Management Board

Ivan Purgar – chairman, Željko Jakuš

Supervisory Board

Rudo Mikulić – chairman, Tomislav Lučić, Ivica Sertić

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

1. Agrokor d.d.	18.83
2. Crodel d.o.o.	11.38
3. Investco vrijednosnice d.o.o.	8.55
4. Ledo d.d.	8.54
5. Jamnica d.d.	8.44
6. Konzum d.d.	7.09
7. Litograf d.o.o.	5.85
8. Zvijezda d.d.	5.66
9. Ivalim	5.61
10. Solana Pag d.d.	5.61

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	11,134
1.1. Income interest	25,400
1.2. Interest expenses	14,265
2. Net non-interest income	14,137
2.1. Non-interest income	20,520
2.2. Non-interest expenses	6,383
3. General administrative expenses and depreciation	14,847
4. Net operating income before provisions	10,425
5. Loan loss provision expenses	6,103
6. Pre-tax profit/loss	4,322
7. Income tax	0
8. After-tax profit/loss	4,322

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	106,067
1.1. Money assets	31,816
1.2. Deposits	74,251
2. Deposits with banking institutions	90,232
3. MoF treasury bills and CNB bills	7,503
4. Trading portfolio of securities	11,400
5. Loans to financial institutions	19,007
6. Loans to other clients	409,691
7. Investments portfolio of securities	556
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	636
10. Tangible assets and software (net of depreciation)	78,481
11. Interest, fees and other assets	15,739
12. Net of: Specific reserves for unidentified losses	4,878
TOTAL	734,435

Structure of Bank Liabilities	
1. Loans from financial institutions	54,853
1.1. Short-term loans	0
1.2. Long-term loans	54,853
2. Deposits	529,798
2.1. Giro account and current account deposits	98,812
2.2. Savings deposits	18,804
2.3. Time deposits	412,182
3. Other loans	10,927
3.1. Short-term loans	6,452
3.2. Long-term loans	4,475
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	22,564
7. Profit/loss for the current year	4,322
8. Capital (excl. profit/loss for the current year)	111,971
TOTAL	734,435

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Management Board

Ivan Šaško – chairman, Časlav Stošić

Supervisory Board

Dubravka Horvat – chairwoman, Željko Gagro, Marija Keleković

Shareholders

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

Share in share capital (%)

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	8,598
1.1. Income interest	12,302
1.2. Interest expenses	3,704
2. Net non-interest income	871
2.1. Non-interest income	1,382
2.2. Non-interest expenses	511
3. General administrative expenses and depreciation	4,928
4. Net operating income before provisions	4,541
5. Loan loss provision expenses	1,384
6. Pre-tax profit/loss	3,157
7. Income tax	0
8. After-tax profit/loss	3,157

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	18,602
1.1. Money assets	7,956
1.2. Deposits	10,646
2. Deposits with banking institutions	8,819
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	1,000
6. Loans to other clients	82,078
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	6,333
11. Interest, fees and other assets	2,323
12. Net of: Specific reserves for unidentified losses	1,014
TOTAL	118,141

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	91,230
2.1. Giro account and current account deposits	0
2.2. Savings deposits	1,170
2.3. Time deposits	90,060
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	2,594
7. Profit/loss for the current year	3,157
8. Capital (excl. profit/loss for the current year)	21,160
TOTAL	118,141

Management Board

Goran Rameša – chairman, Milivoj Debelić

Supervisory Board

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

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BAN 2488001

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	5,496
1.1. Income interest	6,809
1.2. Interest expenses	1,313
2. Net non-interest income	2,387
2.1. Non-interest income	4,628
2.2. Non-interest expenses	2,241
3. General administrative expenses and depreciation	5,091
4. Net operating income before provisions	2,792
5. Loan loss provision expenses	231
6. Pre-tax profit/loss	2,561
7. Income tax	0
8. After-tax profit/loss	2,561

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	27,258
1.1. Money assets	3,092
1.2. Deposits	24,166
2. Deposits with banking institutions	24,656
3. MoF treasury bills and CNB bills	18,923
4. Trading portfolio of securities	0
5. Loans to financial institutions	11,000
6. Loans to other clients	120,237
7. Investments portfolio of securities	12,363
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	19,202
11. Interest, fees and other assets	1,795
12. Net of: Specific reserves for unidentified losses	4,401
TOTAL	231,033

Structure of Bank Liabilities	
1. Loans from financial institutions	2,343
1.1. Short-term loans	0
1.2. Long-term loans	2,343
2. Deposits	154,201
2.1. Giro account and current account deposits	72,090
2.2. Savings deposits	18,852
2.3. Time deposits	63,259
3. Other loans	1,200
3.1. Short-term loans	1,200
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	7,252
7. Profit/loss for the current year	2,561
8. Capital (excl. profit/loss for the current year)	63,476
TOTAL	231,033

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Management Board

Nenad Jeđud – chairman, Siniša Radiković

Supervisory Board

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

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

96.39

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	34,279
1.1. Income interest	60,392
1.2. Interest expenses	26,113
2. Net non-interest income	10,693
2.1. Non-interest income	17,610
2.2. Non-interest expenses	6,917
3. General administrative expenses and depreciation	24,923
4. Net operating income before provisions	20,049
5. Loan loss provision expenses	5,526
6. Pre-tax profit/loss	14,523
7. Income tax	3,292
8. After-tax profit/loss	11,231

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	229,398
1.1. Money assets	36,048
1.2. Deposits	193,350
2. Deposits with banking institutions	134,223
3. MoF treasury bills and CNB bills	216,796
4. Trading portfolio of securities	82,836
5. Loans to financial institutions	33
6. Loans to other clients	943,794
7. Investments portfolio of securities	42,071
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	522
10. Tangible assets and software (net of depreciation)	35,465
11. Interest, fees and other assets	21,324
12. Net of: Specific reserves for unidentified losses	13,298
TOTAL	1,693,164

Structure of Bank Liabilities	
1. Loans from financial institutions	96,095
1.1. Short-term loans	10,000
1.2. Long-term loans	86,095
2. Deposits	1,364,879
2.1. Giro account and current account deposits	222,535
2.2. Savings deposits	343,776
2.3. Time deposits	798,568
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	62,012
7. Profit/loss for the current year	11,231
8. Capital (excl. profit/loss for the current year)	158,947
TOTAL	1,693,164

Management Board

Stipan Pamuković – chairman, Ante Samodol, Željko Škalec

Supervisory Board

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

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BAN 2495009

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	4,914
1.1. Income interest	11,145
1.2. Interest expenses	6,231
2. Net non-interest income	2,040
2.1. Non-interest income	3,358
2.2. Non-interest expenses	1,318
3. General administrative expenses and depreciation	3,691
4. Net operating income before provisions	3,263
5. Loan loss provision expenses	902
6. Pre-tax profit/loss	2,361
7. Income tax	160
8. After-tax profit/loss	2,201

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	32,161
1.1. Money assets	3,902
1.2. Deposits	28,259
2. Deposits with banking institutions	14,624
3. MoF treasury bills and CNB bills	8,807
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	197,756
7. Investments portfolio of securities	29,914
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	7,130
11. Interest, fees and other assets	5,035
12. Net of: Specific reserves for unidentified losses	2,263
TOTAL	293,164

Structure of Bank Liabilities	
1. Loans from financial institutions	11,000
1.1. Short-term loans	11,000
1.2. Long-term loans	0
2. Deposits	224,892
2.1. Giro account and current account deposits	31,020
2.2. Savings deposits	5,769
2.3. Time deposits	188,103
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	7,207
7. Profit/loss for the current year	2,201
8. Capital (excl. profit/loss for the current year)	47,864
TOTAL	293,164

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Management Board

Davorka Jakir – chairwoman, Helena Banjad, Zorislav Vidović

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Reginter d.o.o.	66.75
2. Seef holding Ltd.	23.18
3. SWR Investment Ltd.	4.84

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	80,416
1.1. Income interest	141,063
1.2. Interest expenses	60,647
2. Net non-interest income	24,250
2.1. Non-interest income	47,274
2.2. Non-interest expenses	23,024
3. General administrative expenses and depreciation	108,541
4. Net operating income before provisions	-3,875
5. Loan loss provision expenses	-15,541
6. Pre-tax profit/loss	11,666
7. Income tax	0
8. After-tax profit/loss	11,666

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	688,085
1.1. Money assets	116,487
1.2. Deposits	571,598
2. Deposits with banking institutions	714,946
3. MoF treasury bills and CNB bills	276,025
4. Trading portfolio of securities	118,516
5. Loans to financial institutions	236
6. Loans to other clients	2,122,664
7. Investments portfolio of securities	695,276
8. Investments in subsidiaries and associates	227,163
9. Foreclosed and repossessed assets	38,535
10. Tangible assets and software (net of depreciation)	154,141
11. Interest, fees and other assets	137,659
12. Net of: Specific reserves for unidentified losses	29,103
TOTAL	5,144,143

Structure of Bank Liabilities	
1. Loans from financial institutions	260,230
1.1. Short-term loans	66,002
1.2. Long-term loans	194,228
2. Deposits	4,134,990
2.1. Giro account and current account deposits	698,331
2.2. Savings deposits	1,182,061
2.3. Time deposits	2,254,598
3. Other loans	112,059
3.1. Short-term loans	1,675
3.2. Long-term loans	110,384
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	38,392
5.1. Subordinated instruments issued	38,392
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	99,750
7. Profit/loss for the current year	11,666
8. Capital (excl. profit/loss for the current year)	487,056
TOTAL	5,144,143

Management Board

Marija Šola – chairwoman, Branka Oštrić

Supervisory Board

Borislav Škegro – chairman, Ivan Lovrinović, Igor Oppenheim

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	17,294
1.1. Income interest	23,964
1.2. Interest expenses	6,670
2. Net non-interest income	11,008
2.1. Non-interest income	15,898
2.2. Non-interest expenses	4,890
3. General administrative expenses and depreciation	15,071
4. Net operating income before provisions	13,230
5. Loan loss provision expenses	4,230
6. Pre-tax profit/loss	9,000
7. Income tax	763
8. After-tax profit/loss	8,237

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	91,760
1.1. Money assets	12,522
1.2. Deposits	79,238
2. Deposits with banking institutions	72,356
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	207
5. Loans to financial institutions	42,000
6. Loans to other clients	291,396
7. Investments portfolio of securities	7,106
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	4,254
10. Tangible assets and software (net of depreciation)	26,081
11. Interest, fees and other assets	13,880
12. Net of: Specific reserves for unidentified losses	4,784
TOTAL	544,257

Structure of Bank Liabilities	
1. Loans from financial institutions	48,366
1.1. Short-term loans	0
1.2. Long-term loans	48,366
2. Deposits	314,817
2.1. Giro account and current account deposits	105,055
2.2. Savings deposits	41,379
2.3. Time deposits	168,383
3. Other loans	20,124
3.1. Short-term loans	0
3.2. Long-term loans	20,124
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	45,904
7. Profit/loss for the current year	9,000
8. Capital (excl. profit/loss for the current year)	106,045
TOTAL	544,257

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Management Board

Julio Kuruc – chairman, Marijan Marušić

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Cerere S.R.L.	9.35
2. Antonia Gorgoni	9.35
3. Lorenzo Gorgoni	9.34
4. Jurica (Đuro) Predović	8.74
5. Miljan Todorović	7.96
6. Dario Montinari	4.80
7. Sigilfredo Montinari	4.80
8. Andrea Montinari	4.79
9. Piero Montinari	4.79
10. Giovanni Semeraro	4.11

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	25,767
1.1. Income interest	45,533
1.2. Interest expenses	19,766
2. Net non-interest income	13,776
2.1. Non-interest income	22,155
2.2. Non-interest expenses	8,379
3. General administrative expenses and depreciation	28,980
4. Net operating income before provisions	10,563
5. Loan loss provision expenses	1,728
6. Pre-tax profit/loss	8,835
7. Income tax	0
8. After-tax profit/loss	8,835

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	170,274
1.1. Money assets	32,456
1.2. Deposits	137,818
2. Deposits with banking institutions	97,207
3. MoF treasury bills and CNB bills	6,999
4. Trading portfolio of securities	122,038
5. Loans to financial institutions	4,041
6. Loans to other clients	725,912
7. Investments portfolio of securities	23,350
8. Investments in subsidiaries and associates	4,040
9. Foreclosed and repossessed assets	2,317
10. Tangible assets and software (net of depreciation)	40,441
11. Interest, fees and other assets	25,774
12. Net of: Specific reserves for unidentified losses	9,103
TOTAL	1,213,290

Structure of Bank Liabilities	
1. Loans from financial institutions	61,536
1.1. Short-term loans	38,410
1.2. Long-term loans	23,126
2. Deposits	910,273
2.1. Giro account and current account deposits	162,689
2.2. Savings deposits	132,556
2.3. Time deposits	615,028
3. Other loans	69,248
3.1. Short-term loans	0
3.2. Long-term loans	69,248
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	31,009
7. Profit/loss for the current year	8,835
8. Capital (excl. profit/loss for the current year)	132,389
TOTAL	1,213,290

Management Board

Krešo Toromanović – chairman, Đurđa Babić

Supervisory BoardVlado Zec – chairman, Đurđa Babić³, Luka Balenović, Željko Glavić, Vlado Krauthaker**POŽEŠKA BANKA d.d.**

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

1. JP Hrvatske šume p.o.	6.79
2. Zvonko Potnik	4.66
3. Kutjevo d.d.	4.57
4. Plamen International d.o.o.	4.06
5. Croatia osiguranje d.d.	3.94
6. Kamen-Inggrad d.d.	3.91
7. Zvečevo PI d.d.	3.53

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	9,845
1.1. Income interest	18,507
1.2. Interest expenses	8,662
2. Net non-interest income	2,227
2.1. Non-interest income	4,130
2.2. Non-interest expenses	1,903
3. General administrative expenses and depreciation	8,413
4. Net operating income before provisions	3,659
5. Loan loss provision expenses	855
6. Pre-tax profit/loss	2,804
7. Income tax	0
8. After-tax profit/loss	2,804

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	43,024
1.1. Money assets	7,277
1.2. Deposits	35,747
2. Deposits with banking institutions	20,828
3. MoF treasury bills and CNB bills	19,116
4. Trading portfolio of securities	0
5. Loans to financial institutions	2,745
6. Loans to other clients	318,031
7. Investments portfolio of securities	42,455
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	8,200
10. Tangible assets and software (net of depreciation)	8,884
11. Interest, fees and other assets	12,099
12. Net of: Specific reserves for unidentified losses	5,436
TOTAL	469,946

Structure of Bank Liabilities	
1. Loans from financial institutions	33,800
1.1. Short-term loans	5,001
1.2. Long-term loans	28,799
2. Deposits	333,080
2.1. Giro account and current account deposits	47,416
2.2. Savings deposits	14,263
2.3. Time deposits	271,401
3. Other loans	1,459
3.1. Short-term loans	1,459
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	9,487
7. Profit/loss for the current year	2,804
8. Capital (excl. profit/loss for the current year)	89,316
TOTAL	469,946

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Management Board

Ante Županić – chairman, Duško Miculinić

Supervisory Board

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

Shareholders

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

Share in share capital (%)

- | | |
|----|-------|
| 1. | 36.79 |
| 2. | 10.85 |
| 3. | 7.63 |
| 4. | 7.51 |
| 5. | 7.39 |
| 6. | 5.02 |
| 7. | 4.47 |
| 8. | 4.30 |
| 9. | 4.21 |

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	2,480
1.1. Income interest	3,313
1.2. Interest expenses	833
2. Net non-interest income	721
2.1. Non-interest income	1,105
2.2. Non-interest expenses	384
3. General administrative expenses and depreciation	3,879
4. Net operating income before provisions	-678
5. Loan loss provision expenses	-124
6. Pre-tax profit/loss	-554
7. Income tax	0
8. After-tax profit/loss	-554

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	10,512
1.1. Money assets	1,952
1.2. Deposits	8,560
2. Deposits with banking institutions	10,286
3. MoF treasury bills and CNB bills	4,457
4. Trading portfolio of securities	2,109
5. Loans to financial institutions	0
6. Loans to other clients	50,205
7. Investments portfolio of securities	966
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,694
10. Tangible assets and software (net of depreciation)	1,470
11. Interest, fees and other assets	3,725
12. Net of: Specific reserves for unidentified losses	625
TOTAL	84,799

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	41,792
2.1. Giro account and current account deposits	3,295
2.2. Savings deposits	5,632
2.3. Time deposits	32,865
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,356
7. Profit/loss for the current year	-554
8. Capital (excl. profit/loss for the current year)	42,205
TOTAL	84,799

Management Board

Zdenka Batinić – chairwoman, Doroteja Juras

Supervisory Board

Siegfried Rudolf Einhellig – chairman, Zoran Parać, Vlado Ravlić

Shareholders

1. Siegfried Rudolf Einhellig

Share in share capital (%)

99.99

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

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**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	9,449
1.1. Income interest	15,123
1.2. Interest expenses	5,674
2. Net non-interest income	-505
2.1. Non-interest income	1,934
2.2. Non-interest expenses	2,439
3. General administrative expenses and depreciation	7,537
4. Net operating income before provisions	1,407
5. Loan loss provision expenses	26,383
6. Pre-tax profit/loss	-24,977
7. Income tax	0
8. After-tax profit/loss	-24,977

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	15,504
1.1. Money assets	7,818
1.2. Deposits	7,686
2. Deposits with banking institutions	23,033
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	2,589
5. Loans to financial institutions	0
6. Loans to other clients	183,008
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	14,614
11. Interest, fees and other assets	31,840
12. Net of: Specific reserves for unidentified losses	2,095
TOTAL	268,493

Structure of Bank Liabilities	
1. Loans from financial institutions	17,697
1.1. Short-term loans	11,000
1.2. Long-term loans	6,697
2. Deposits	219,414
2.1. Giro account and current account deposits	6,247
2.2. Savings deposits	12,906
2.3. Time deposits	200,261
3. Other loans	460
3.1. Short-term loans	460
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	2,088
5.1. Subordinated instruments issued	382
5.2. Hybrid instruments issued	1,706
6. Interest, fees and other liabilities	8,693
7. Profit/loss for the current year	-24,977
8. Capital (excl. profit/loss for the current year)	45,118
TOTAL	268,493

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Management Board

Zdravka Cukon – chairwoman, Roberto Drandić

Supervisory Board

Tomislav Lazarić – chairman, Ljiljana Horvat, Draženko Pavlinić

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

100.00

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	9,204
1.1. Income interest	17,747
1.2. Interest expenses	8,543
2. Net non-interest income	7,772
2.1. Non-interest income	10,854
2.2. Non-interest expenses	3,082
3. General administrative expenses and depreciation	9,346
4. Net operating income before provisions	7,630
5. Loan loss provision expenses	787
6. Pre-tax profit/loss	6,843
7. Income tax	1,355
8. After-tax profit/loss	5,488

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	83,401
1.1. Money assets	47,744
1.2. Deposits	35,657
2. Deposits with banking institutions	32,194
3. MoF treasury bills and CNB bills	135,011
4. Trading portfolio of securities	70,333
5. Loans to financial institutions	0
6. Loans to other clients	309,312
7. Investments portfolio of securities	7,990
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	4,777
10. Tangible assets and software (net of depreciation)	23,520
11. Interest, fees and other assets	10,428
12. Net of: Specific reserves for unidentified losses	4,158
TOTAL	672,808

Structure of Bank Liabilities	
1. Loans from financial institutions	100,212
1.1. Short-term loans	0
1.2. Long-term loans	100,212
2. Deposits	474,608
2.1. Giro account and current account deposits	59,434
2.2. Savings deposits	85,238
2.3. Time deposits	329,936
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	14,508
7. Profit/loss for the current year	5,488
8. Capital (excl. profit/loss for the current year)	77,992
TOTAL	672,808

Management Board

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

Supervisory Board

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

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	572,733
1.1. Income interest	993,793
1.2. Interest expenses	421,060
2. Net non-interest income	119,578
2.1. Non-interest income	375,259
2.2. Non-interest expenses	255,680
3. General administrative expenses and depreciation	360,153
4. Net operating income before provisions	332,158
5. Loan loss provision expenses	25,631
6. Pre-tax profit/loss	306,527
7. Income tax	0
8. After-tax profit/loss	306,527

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	3,826,933
1.1. Money assets	531,944
1.2. Deposits	3,294,989
2. Deposits with banking institutions	4,108,920
3. MoF treasury bills and CNB bills	1,309,633
4. Trading portfolio of securities	1,668,164
5. Loans to financial institutions	729,382
6. Loans to other clients	18,576,004
7. Investments portfolio of securities	2,247,526
8. Investments in subsidiaries and associates	395,701
9. Foreclosed and repossessed assets	64,760
10. Tangible assets and software (net of depreciation)	652,651
11. Interest, fees and other assets	578,622
12. Net of: Specific reserves for unidentified losses	324,598
TOTAL	33,833,697

Structure of Bank Liabilities	
1. Loans from financial institutions	961,482
1.1. Short-term loans	322,774
1.2. Long-term loans	638,708
2. Deposits	24,552,453
2.1. Giro account and current account deposits	4,050,889
2.2. Savings deposits	4,277,118
2.3. Time deposits	16,224,446
3. Other loans	3,663,168
3.1. Short-term loans	38,590
3.2. Long-term loans	3,624,578
4. Debt securities issued	19,760
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	19,760
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,521,979
7. Profit/loss for the current year	306,527
8. Capital (excl. profit/loss for the current year)	2,808,328
TOTAL	33,833,697

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Management Board

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

Supervisory Board

Herbert Stepic – chairman, Heinz Hoedl, Franz Rogi

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	227,478
1.1. Income interest	452,415
1.2. Interest expenses	224,937
2. Net non-interest income	90,036
2.1. Non-interest income	126,000
2.2. Non-interest expenses	35,964
3. General administrative expenses and depreciation	174,703
4. Net operating income before provisions	142,811
5. Loan loss provision expenses	4,307
6. Pre-tax profit/loss	138,504
7. Income tax	17,095
8. After-tax profit/loss	121,409

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	2,281,660
1.1. Money assets	71,619
1.2. Deposits	2,210,041
2. Deposits with banking institutions	2,880,106
3. MoF treasury bills and CNB bills	753,124
4. Trading portfolio of securities	603,122
5. Loans to financial institutions	184,177
6. Loans to other clients	8,502,892
7. Investments portfolio of securities	179
8. Investments in subsidiaries and associates	181,955
9. Foreclosed and repossessed assets	3,369
10. Tangible assets and software (net of depreciation)	315,584
11. Interest, fees and other assets	186,806
12. Net of: Specific reserves for unidentified losses	105,087
TOTAL	15,787,887

Structure of Bank Liabilities	
1. Loans from financial institutions	66,455
1.1. Short-term loans	51,300
1.2. Long-term loans	15,155
2. Deposits	10,206,730
2.1. Giro account and current account deposits	1,813,931
2.2. Savings deposits	1,447,280
2.3. Time deposits	6,945,519
3. Other loans	3,677,322
3.1. Short-term loans	0
3.2. Long-term loans	3,677,322
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	499,097
5.1. Subordinated instruments issued	285,846
5.2. Hybrid instruments issued	213,251
6. Interest, fees and other liabilities	371,113
7. Profit/loss for the current year	121,409
8. Capital (excl. profit/loss for the current year)	845,761
TOTAL	15,787,887

Management Board

Vesna Badurina – chairwoman, Margareta Šćulac

Supervisory Board

Dajana Kobeščak – chairwoman, Marinko Dumanić, Snježana Kaponja, Hrvoje Matezović, Ljiljana Miletić

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	32,145
1.1. Income interest	57,727
1.2. Interest expenses	25,582
2. Net non-interest income	21,970
2.1. Non-interest income	35,124
2.2. Non-interest expenses	13,154
3. General administrative expenses and depreciation	23,156
4. Net operating income before provisions	30,959
5. Loan loss provision expenses	10,349
6. Pre-tax profit/loss	20,610
7. Income tax	0
8. After-tax profit/loss	20,610

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	336,354
1.1. Money assets	54,842
1.2. Deposits	281,512
2. Deposits with banking institutions	241,797
3. MoF treasury bills and CNB bills	117,948
4. Trading portfolio of securities	25,822
5. Loans to financial institutions	0
6. Loans to other clients	1,031,373
7. Investments portfolio of securities	71,088
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	63,576
11. Interest, fees and other assets	34,802
12. Net of: Specific reserves for unidentified losses	23,914
TOTAL	1,898,846

Structure of Bank Liabilities	
1. Loans from financial institutions	20,642
1.1. Short-term loans	19,920
1.2. Long-term loans	722
2. Deposits	1,539,058
2.1. Giro account and current account deposits	265,668
2.2. Savings deposits	445,421
2.3. Time deposits	827,969
3. Other loans	12,747
3.1. Short-term loans	0
3.2. Long-term loans	12,747
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	29,829
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	29,829
6. Interest, fees and other liabilities	67,166
7. Profit/loss for the current year	20,610
8. Capital (excl. profit/loss for the current year)	208,793
TOTAL	1,898,846

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Management Board

Petar Radaković – chairman, Sava Dalbokov, Slađana Jagar

Supervisory Board

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

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

- | | |
|--|-------|
| 1. Erste Bank der Österreichischen Sparkassen AG | 98.01 |
|--|-------|

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	126,199
1.1. Income interest	230,490
1.2. Interest expenses	104,291
2. Net non-interest income	53,027
2.1. Non-interest income	76,829
2.2. Non-interest expenses	23,802
3. General administrative expenses and depreciation	109,645
4. Net operating income before provisions	69,581
5. Loan loss provision expenses	13,141
6. Pre-tax profit/loss	56,440
7. Income tax	0
8. After-tax profit/loss	56,440

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,100,443
1.1. Money assets	237,713
1.2. Deposits	862,730
2. Deposits with banking institutions	1,185,088
3. MoF treasury bills and CNB bills	442,775
4. Trading portfolio of securities	196,577
5. Loans to financial institutions	0
6. Loans to other clients	4,445,871
7. Investments portfolio of securities	683,334
8. Investments in subsidiaries and associates	25,152
9. Foreclosed and repossessed assets	130
10. Tangible assets and software (net of depreciation)	238,384
11. Interest, fees and other assets	131,963
12. Net of: Specific reserves for unidentified losses	54,149
TOTAL	8,395,568

Structure of Bank Liabilities	
1. Loans from financial institutions	179.861
1.1. Short-term loans	0
1.2. Long-term loans	179.861
2. Deposits	5,742.198
2.1. Giro account and current account deposits	990.400
2.2. Savings deposits	1,834.205
2.3. Time deposits	2,917.593
3. Other loans	1,149.441
3.1. Short-term loans	30.103
3.2. Long-term loans	1,119.338
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	150.177
5.1. Subordinated instruments issued	150.177
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	227.943
7. Profit/loss for the current year	56.441
8. Capital (excl. profit/loss for the current year)	889.507
TOTAL	8,395.568

Management Board

Marijan Trusk – chairman, Višnja Jednačak, Verica Lindić

Supervisory Board

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

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

1. Strahinjčica d.d.	9.99
2. Samoborka d.d.	9.35
3. JP Hrvatske šume p.o.	6.86
4. V.H. Trade d.o.o.	5.84
5. Tigra d.o.o.	4.96
6. Chromos d.d.	4.92
7. Vajda elvit d.o.o.	4.34
8. Branko Varjačić	4.05
9. Končar d.d.	3.46
10. Martin Jazbec	3.10

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	2,221
1.1. Income interest	5,522
1.2. Interest expenses	3,301
2. Net non-interest income	2,386
2.1. Non-interest income	4,213
2.2. Non-interest expenses	1,827
3. General administrative expenses and depreciation	5,440
4. Net operating income before provisions	-834
5. Loan loss provision expenses	22
6. Pre-tax profit/loss	-855
7. Income tax	0
8. After-tax profit/loss	-855

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	82,160
1.1. Money assets	11,177
1.2. Deposits	70,983
2. Deposits with banking institutions	118,378
3. MoF treasury bills and CNB bills	24,216
4. Trading portfolio of securities	0
5. Loans to financial institutions	66,500
6. Loans to other clients	55,455
7. Investments portfolio of securities	8,135
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,134
10. Tangible assets and software (net of depreciation)	5,794
11. Interest, fees and other assets	3,999
12. Net of: Specific reserves for unidentified losses	1,856
TOTAL	363,915

Structure of Bank Liabilities	
1. Loans from financial institutions	2,941
1.1. Short-term loans	0
1.2. Long-term loans	2,941
2. Deposits	225,620
2.1. Giro account and current account deposits	54,705
2.2. Savings deposits	70,141
2.3. Time deposits	100,774
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	104,079
7. Profit/loss for the current year	-855
8. Capital (excl. profit/loss for the current year)	32,130
TOTAL	363,915

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Management Board

Angelina Horvat – chairwoman, Elvis Mališ

Supervisory Board

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

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

1. Lustrin d.o.o.	24.33
2. Ante Šimara	14.92
3. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
4. Nova banka d.d.	3.26

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	15,714
1.1. Income interest	26,218
1.2. Interest expenses	10,504
2. Net non-interest income	725
2.1. Non-interest income	5,785
2.2. Non-interest expenses	5,060
3. General administrative expenses and depreciation	13,407
4. Net operating income before provisions	3,032
5. Loan loss provision expenses	-1,801
6. Pre-tax profit/loss	4,833
7. Income tax	0
8. After-tax profit/loss	4,833

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	67,140
1.1. Money assets	14,439
1.2. Deposits	52,701
2. Deposits with banking institutions	78,611
3. MoF treasury bills and CNB bills	24,710
4. Trading portfolio of securities	0
5. Loans to financial institutions	2,000
6. Loans to other clients	381,163
7. Investments portfolio of securities	35,761
8. Investments in subsidiaries and associates	8,490
9. Foreclosed and repossessed assets	9,630
10. Tangible assets and software (net of depreciation)	34,350
11. Interest, fees and other assets	10,530
12. Net of: Specific reserves for unidentified losses	4,982
TOTAL	647,403

Structure of Bank Liabilities	
1. Loans from financial institutions	41,133
1.1. Short-term loans	0
1.2. Long-term loans	41,133
2. Deposits	441,848
2.1. Giro account and current account deposits	53,051
2.2. Savings deposits	66,564
2.3. Time deposits	322,233
3. Other loans	16,233
3.1. Short-term loans	0
3.2. Long-term loans	16,233
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	152
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	152
6. Interest, fees and other liabilities	24,181
7. Profit/loss for the current year	4,833
8. Capital (excl. profit/loss for the current year)	119,023
TOTAL	647,403

Management Board

Ivan Mihaljević – chairman, Tadija Vrdoljak

Supervisory Board

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

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	86,597
1.1. Income interest	137,014
1.2. Interest expenses	50,417
2. Net non-interest income	11,787
2.1. Non-interest income	32,739
2.2. Non-interest expenses	20,952
3. General administrative expenses and depreciation	54,672
4. Net operating income before provisions	43,712
5. Loan loss provision expenses	25,377
6. Pre-tax profit/loss	18,335
7. Income tax	6,509
8. After-tax profit/loss	11,826

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	446,917
1.1. Money assets	54,918
1.2. Deposits	391,999
2. Deposits with banking institutions	426,026
3. MoF treasury bills and CNB bills	22,525
4. Trading portfolio of securities	885
5. Loans to financial institutions	13,691
6. Loans to other clients	2,862,986
7. Investments portfolio of securities	130,327
8. Investments in subsidiaries and associates	6,113
9. Foreclosed and repossessed assets	71,589
10. Tangible assets and software (net of depreciation)	77,149
11. Interest, fees and other assets	172,883
12. Net of: Specific reserves for unidentified losses	96,557
TOTAL	4,134,534

Structure of Bank Liabilities	
1. Loans from financial institutions	221,943
1.1. Short-term loans	54,000
1.2. Long-term loans	167,943
2. Deposits	2,743,716
2.1. Giro account and current account deposits	478,677
2.2. Savings deposits	416,261
2.3. Time deposits	1,848,778
3. Other loans	136,967
3.1. Short-term loans	0
3.2. Long-term loans	136,967
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	472,222
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	472,222
6. Interest, fees and other liabilities	95,112
7. Profit/loss for the current year	11,828
8. Capital (excl. profit/loss for the current year)	452,747
TOTAL	4,134,534

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Management Board

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

Supervisory Board

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

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

1. Bank Austria Creditanstalt International AG	71.91
2. Splitska banka d.d.	7.67

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	197,574
1.1. Income interest	341,238
1.2. Interest expenses	143,664
2. Net non-interest income	75,625
2.1. Non-interest income	124,189
2.2. Non-interest expenses	48,564
3. General administrative expenses and depreciation	123,873
4. Net operating income before provisions	149,326
5. Loan loss provision expenses	23,223
6. Pre-tax profit/loss	126,103
7. Income tax	0
8. After-tax profit/loss	126,103

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	1,187,867
1.1. Money assets	156,382
1.2. Deposits	1,031,485
2. Deposits with banking institutions	574,684
3. MoF treasury bills and CNB bills	279,652
4. Trading portfolio of securities	645,385
5. Loans to financial institutions	42,202
6. Loans to other clients	5,490,806
7. Investments portfolio of securities	2,222,953
8. Investments in subsidiaries and associates	7,688
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	191,921
11. Interest, fees and other assets	327,914
12. Net of: Specific reserves for unidentified losses	85,789
TOTAL	10,885,283

Structure of Bank Liabilities	
1. Loans from financial institutions	303,271
1.1. Short-term loans	4,055
1.2. Long-term loans	299,216
2. Deposits	7,798,725
2.1. Giro account and current account deposits	939,392
2.2. Savings deposits	1,813,275
2.3. Time deposits	5,046,058
3. Other loans	1,489,213
3.1. Short-term loans	21,890
3.2. Long-term loans	1,467,323
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	416,960
7. Profit/loss for the current year	126,103
8. Capital (excl. profit/loss for the current year)	751,012
TOTAL	10,885,283

Management Board

Ivan Malada – chairman, Joško Vukušić

Supervisory Board

Juroslav Buljubašić – chairman, Mirko Vukušić, Nataša Vuković

**SPLITSKO-DALMATINSKA
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BAN 4109006

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

1. Juroslav Buljubašić	59.90
2. Mirko Vukušić	8.47
3. Jožo Vukušić	6.78
4. Joško Dvornik	5.57
5. Toma Buljubašić	3.33
6. Nataša Vuković	3.27

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	4,240
1.1. Income interest	6,412
1.2. Interest expenses	2,172
2. Net non-interest income	628
2.1. Non-interest income	1,052
2.2. Non-interest expenses	424
3. General administrative expenses and depreciation	2,819
4. Net operating income before provisions	2,049
5. Loan loss provision expenses	1,089
6. Pre-tax profit/loss	960
7. Income tax	0
8. After-tax profit/loss	960

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	9,202
1.1. Money assets	2,315
1.2. Deposits	6,887
2. Deposits with banking institutions	9,568
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	122
5. Loans to financial institutions	0
6. Loans to other clients	73,577
7. Investments portfolio of securities	152
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	1,643
10. Tangible assets and software (net of depreciation)	5,280
11. Interest, fees and other assets	3,294
12. Net of: Specific reserves for unidentified losses	887
TOTAL	101,951

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	73,931
2.1. Giro account and current account deposits	270
2.2. Savings deposits	1,653
2.3. Time deposits	72,008
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	384
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	384
6. Interest, fees and other liabilities	1,394
7. Profit/loss for the current year	960
8. Capital (excl. profit/loss for the current year)	25,282
TOTAL	101,951

ŠTEDBANKA d.d.

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Management Board

Željko Udovičić – chairman, Ante Babić, Josip Ševerdija

Supervisory Board

Ivo Andrijanić – chairman, Đuro Benček, Franjo Škoda

Shareholders

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

Share in share capital (%)

89.71
5.50

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	17,087
1.1. Income interest	29,918
1.2. Interest expenses	12,831
2. Net non-interest income	5,034
2.1. Non-interest income	6,593
2.2. Non-interest expenses	1,559
3. General administrative expenses and depreciation	5,848
4. Net operating income before provisions	16,273
5. Loan loss provision expenses	1,125
6. Pre-tax profit/loss	15,148
7. Income tax	2,415
8. After-tax profit/loss	12,733

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	66,633
1.1. Money assets	5,075
1.2. Deposits	61,558
2. Deposits with banking institutions	113,573
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	448,263
7. Investments portfolio of securities	69,249
8. Investments in subsidiaries and associates	400
9. Foreclosed and repossessed assets	6,609
10. Tangible assets and software (net of depreciation)	51,681
11. Interest, fees and other assets	26,257
12. Net of: Specific reserves for unidentified losses	23,533
TOTAL	759,132

Structure of Bank Liabilities	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	463,193
2.1. Giro account and current account deposits	58,370
2.2. Savings deposits	29,438
2.3. Time deposits	375,385
3. Other loans	4,130
3.1. Short-term loans	0
3.2. Long-term loans	4,130
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	48,041
7. Profit/loss for the current year	15,148
8. Capital (excl. profit/loss for the current year)	228,620
TOTAL	759,132

Management Board

Mato Lukinić – chairman, Pavao Parat, Borna Zane

Supervisory Board

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

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

1. Zagrebačka banka d.d.	93.80
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Audit firm for 2002: PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	79,976
1.1. Income interest	127,683
1.2. Interest expenses	47,707
2. Net non-interest income	22,448
2.1. Non-interest income	36,526
2.2. Non-interest expenses	14,079
3. General administrative expenses and depreciation	49,946
4. Net operating income before provisions	52,477
5. Loan loss provision expenses	6,344
6. Pre-tax profit/loss	46,134
7. Income tax	9,347
8. After-tax profit/loss	36,787

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	412,461
1.1. Money assets	54,677
1.2. Deposits	357,784
2. Deposits with banking institutions	430,837
3. MoF treasury bills and CNB bills	220,572
4. Trading portfolio of securities	44
5. Loans to financial institutions	15,931
6. Loans to other clients	2,377,950
7. Investments portfolio of securities	191,844
8. Investments in subsidiaries and associates	7,561
9. Foreclosed and repossessed assets	3,408
10. Tangible assets and software (net of depreciation)	207,561
11. Interest, fees and other assets	50,423
12. Net of: Specific reserves for unidentified losses	44,333
TOTAL	3,874,259

Structure of Bank Liabilities	
1. Loans from financial institutions	318,023
1.1. Short-term loans	219,292
1.2. Long-term loans	98,731
2. Deposits	2,600,016
2.1. Giro account and current account deposits	450,907
2.2. Savings deposits	646,160
2.3. Time deposits	1,502,949
3. Other loans	279,986
3.1. Short-term loans	0
3.2. Long-term loans	279,986
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	84,326
7. Profit/loss for the current year	36,787
8. Capital (excl. profit/loss for the current year)	555,122
TOTAL	3,874,259

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Management Board

Tomasz Jerzy Taraba – chairman, Andrea Kovacs

Supervisory Board

Klaus Thalhammer – chairman, Herbert Hartl, Hans Janeschitz, Christian-Georg Kaltenbrunner, Denis Le Moullac, Fausto Maritan, Gerhard Wöber

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

1. VBB International holding AG	72.50
2. Banque Federale des Banques Populaires	10.00
3. GZ-Bank AG	6.66
4. WGZ-Bank AG	3.33

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	51,599
1.1. Income interest	78,431
1.2. Interest expenses	26,832
2. Net non-interest income	197
2.1. Non-interest income	6,602
2.2. Non-interest expenses	6,404
3. General administrative expenses and depreciation	48,828
4. Net operating income before provisions	2,969
5. Loan loss provision expenses	-3,514
6. Pre-tax profit/loss	6,483
7. Income tax	0
8. After-tax profit/loss	6,483

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	273,017
1.1. Money assets	23,208
1.2. Deposits	249,809
2. Deposits with banking institutions	122,893
3. MoF treasury bills and CNB bills	238,608
4. Trading portfolio of securities	41,370
5. Loans to financial institutions	2,278
6. Loans to other clients	1,362,750
7. Investments portfolio of securities	12,713
8. Investments in subsidiaries and associates	0
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	10,217
11. Interest, fees and other assets	24,156
12. Net of: Specific reserves for unidentified losses	28,169
TOTAL	2,059,834

Structure of Bank Liabilities	
1. Loans from financial institutions	10,137
1.1. Short-term loans	7,000
1.2. Long-term loans	3,137
2. Deposits	1,003,099
2.1. Giro account and current account deposits	168,307
2.2. Savings deposits	153,536
2.3. Time deposits	681,256
3. Other loans	820,345
3.1. Short-term loans	0
3.2. Long-term loans	820,345
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	71,596
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	71,596
6. Interest, fees and other liabilities	45,592
7. Profit/loss for the current year	6,483
8. Capital (excl. profit/loss for the current year)	102,581
TOTAL	2,059,834

Management Board

Marijan Kantolić – chairman, Robert Posavec

Supervisory Board

Branko Varjačić – chairman, Martin Jazbec, Branko Kunštek

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

1. Strahinjčica d.d.	94.43
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Audit firm for 2002: Rudan d.o.o., Zagreb

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	1,422
1.1. Income interest	1,515
1.2. Interest expenses	92
2. Net non-interest income	102
2.1. Non-interest income	472
2.2. Non-interest expenses	370
3. General administrative expenses and depreciation	1,204
4. Net operating income before provisions	321
5. Loan loss provision expenses	19
6. Pre-tax profit/loss	302
7. Income tax	0
8. After-tax profit/loss	302

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	4,369
1.1. Money assets	1,653
1.2. Deposits	2,716
2. Deposits with banking institutions	66
3. MoF treasury bills and CNB bills	0
4. Trading portfolio of securities	0
5. Loans to financial institutions	0
6. Loans to other clients	23,373
7. Investments portfolio of securities	0
8. Investments in subsidiaries and associates	18
9. Foreclosed and repossessed assets	0
10. Tangible assets and software (net of depreciation)	6,638
11. Interest, fees and other assets	2,937
12. Net of: Specific reserves for unidentified losses	241
TOTAL	37,160

Structure of Bank Liabilities	
1. Loans from financial institutions	1,500
1.1. Short-term loans	1,500
1.2. Long-term loans	0
2. Deposits	7,248
2.1. Giro account and current account deposits	1,235
2.2. Savings deposits	0
2.3. Time deposits	6,013
3. Other loans	46
3.1. Short-term loans	46
3.2. Long-term loans	0
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	237
7. Profit/loss for the current year	302
8. Capital (excl. profit/loss for the current year)	27,827
TOTAL	37,160

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Management Board

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

Supervisory Board

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

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

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

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

**Income Statement,
as at 30 June 2003, in thousand kuna**

1. Net interest income	738,590
1.1. Income interest	1,268,860
1.2. Interest expenses	530,270
2. Net non-interest income	427,788
2.1. Non-interest income	545,917
2.2. Non-interest expenses	118,129
3. General administrative expenses and depreciation	572,036
4. Net operating income before provisions	594,342
5. Loan loss provision expenses	119,540
6. Pre-tax profit/loss	474,802
7. Income tax	0
8. After-tax profit/loss	474,802

**Balance Sheet,
as at 30 June 2003, in thousand kuna**

Structure of Bank Assets	
1. Money assets and deposits with the CNB	5,675,916
1.1. Money assets	556,899
1.2. Deposits	5,119,017
2. Deposits with banking institutions	6,082,706
3. MoF treasury bills and CNB bills	1,878,071
4. Trading portfolio of securities	3,263,038
5. Loans to financial institutions	347,277
6. Loans to other clients	23,131,100
7. Investments portfolio of securities	3,420,692
8. Investments in subsidiaries and associates	1,344,420
9. Foreclosed and repossessed assets	55,075
10. Tangible assets and software (net of depreciation)	858,430
11. Interest, fees and other assets	1,126,427
12. Net of: Specific reserves for unidentified losses	422,324
TOTAL	46,760,829

Structure of Bank Liabilities	
1. Loans from financial institutions	127,411
1.1. Short-term loans	40,000
1.2. Long-term loans	87,411
2. Deposits	36,478,454
2.1. Giro account and current account deposits	8,130,780
2.2. Savings deposits	6,502,788
2.3. Time deposits	21,844,886
3. Other loans	4,115,072
3.1. Short-term loans	3,030,683
3.2. Long-term loans	1,084,389
4. Debt securities issued	0
4.1. Short-term debt securities issued	0
4.2. Long-term debt securities issued	0
5. Supplementary capital	0
5.1. Subordinated instruments issued	0
5.2. Hybrid instruments issued	0
6. Interest, fees and other liabilities	1,669,450
7. Profit/loss for the current year	474,802
8. Capital (excl. profit/loss for the current year)	3,895,639
TOTAL	46,760,829

Attachment

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

¹ Bayerische Hypo- und Vereinsbank AG, Glavna podružnica Zagreb transferred its operations to HVB Bank Croatia d.d., Zagreb. ² Cassa di Risparmio di Trieste – Banca d.d., Zagreb transferred its operations to Zagrebačka banka d.d., Zagreb. ³ Istarska banka d.d., Pula and Sisačka banka d.d., Sisak merged with Dalmatinska banka d.d., Zadar, that has since operated under a new name of Nova banka d.d., Zagreb. ⁴ Its operating license was revoked on 7 March 2001. ⁵ Prva obrtnička banka d.d., Zagreb merged with Hypobanka d.d., Zagreb in July 2002, and are now operating as Primus banka d.d., Zagreb.

