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# **BANKS BULLETIN**

Zagreb, 2006



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# 1 Banking Institutions' Business Operations Indicators

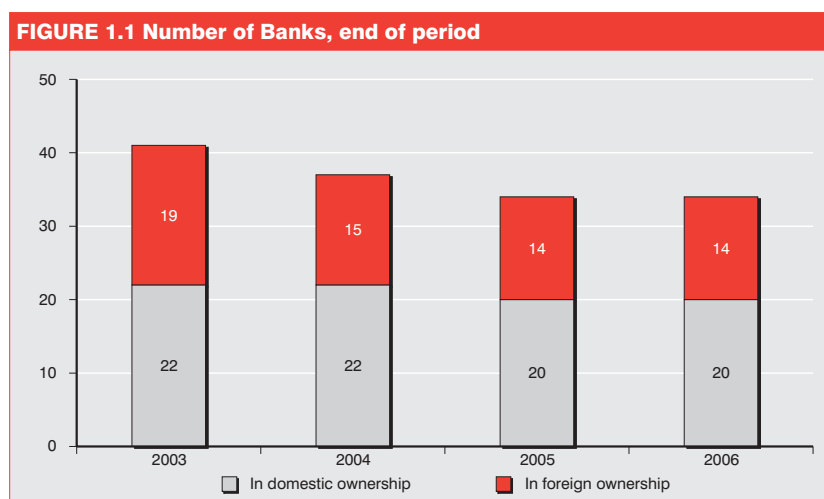
Data on the business operations of banks and housing savings banks for the first six months of 2006, shown below, are based on unconsolidated unaudited financial reports which banks and housing savings banks have submitted to the Croatian National Bank.

At the end of the first half of 2006, the banking sector of the Republic of Croatia comprised 34 banks and 5 housing savings banks. The banking sector's total assets were HRK 283.5bn. The share of banks' assets in the total assets of the banking sector was 98.0%, while housing savings banks' asset share was 2.0%.

## 1.1 Banks

### 1.1.1 Structure of Banks in the Republic of Croatia

Compared to the end of last year, the number of banks remains unchanged.<sup>1</sup> At the end of the first half of 2006, 34 banks were operating in the Republic of Croatia.



For the purpose of analysis, the previous division of banks into four peer groups based on the amount of total assets has been replaced by a division based on a newly selected criterion: the relative share of

<sup>1</sup> Požeška banka d.d. merged with Podravska banka d.d. on 1 July 2006.

the bank's assets in the total assets of all banks at the end of the reporting period. Depending on the size of their share, banks have been divided into three peer groups: large, medium-sized and small banks. Large banks are banks whose assets exceed 5% of the total assets of all banks, medium-sized banks are banks whose assets are greater than 1% and less than 5% of the total assets of all banks, and small banks are banks whose assets are less than 1% of the total assets of all banks.

At the end of the first half of 2006, 6 large, 4 medium-sized and 24 small banks were operating in Croatia. The asset share of large banks in total bank assets was 80.6% (Table 1.1). Despite the growth of large banks' assets by 5.2% compared to the end of last year, the share of their assets in total bank assets has decreased. The reason for this was a faster growth in the assets of medium-sized banks in the same period (by 19.9%). Due to a striking growth in the assets of medium-sized banks, their share in total bank assets increased to 11.7%. Small banks also achieved asset growth (5.7%), but their share in the total assets of all banks remained at the same level as at the end of last year, amounting to 7.7%.

**TABLE 1.1 Bank Peer Groups and Their Share in Total Bank Assets, end of period**

	Dec. 2003		Dec. 2004		Dec. 2005		Jun. 2006	
	Number of banks	Share	Number of banks	Share	Number of banks	Share	Number of banks	Share
Large banks	6	77.6	6	81.7	6	81.9	6	80.6
Medium-sized banks	6	12.5	4	9.9	4	10.4	4	11.7
Small banks	29	9.9	27	8.4	24	7.7	24	7.7
Total	41	100.0	37	100.0	34	100.0	34	100.0

Most banks (20 in total) remained under majority domestic ownership, and the share of their assets in total bank assets at the end of June 2006 was 9.5% (Table 1.2). Of this, 5.3% of total bank assets pertained to the assets of 18 banks under domestic private ownership, while the remaining 4.2% pertained to the assets of two banks under state ownership. After several consecutive periods of stability in the share of assets of banks under domestic ownership in total bank assets, at the end of the first half of 2006, their share increased compared to the end of the previous reporting period. This change is a consequence of the growth in the assets of banks under state ownership, which increased by 32.0% compared to the end of last year.

**TABLE 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets, end of period**

	Dec. 2003		Dec. 2004		Dec. 2005		Jun. 2006	
	Number of banks	Share	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	22	9.0	22	8.7	20	8.7	20	9.5
Domestic private ownership	20	5.6	20	5.6	18	5.3	18	5.3
Domestic state ownership	2	3.4	2	3.1	2	3.4	2	4.2
Foreign ownership	19	91.0	15	91.3	14	91.3	14	90.5
Total	41	100.0	37	100.0	34	100.0	34	100.0

All large, three medium-sized and five small banks were under the majority ownership of foreign shareholders. Unlike banks under state ownership, whose assets have significantly increased, banks under domestic private ownership and banks under foreign ownership have achieved more moderate increases in assets. The assets of banks under foreign ownership increased compared to the balance at the end of last year by 5.8%, while the assets of banks under domestic private ownership grew by 6.9%.

In addition, within the banking sector, as at the end of 2005, six banking groups, on whose business

operations the subordinate banks reported to the Croatian National Bank, operated in line with the Decision on consolidated financial reports of a banking group.<sup>2</sup>

### 1.1.2 Territorial Distribution of Banking Business Networks and Concentration in the Banking Sector

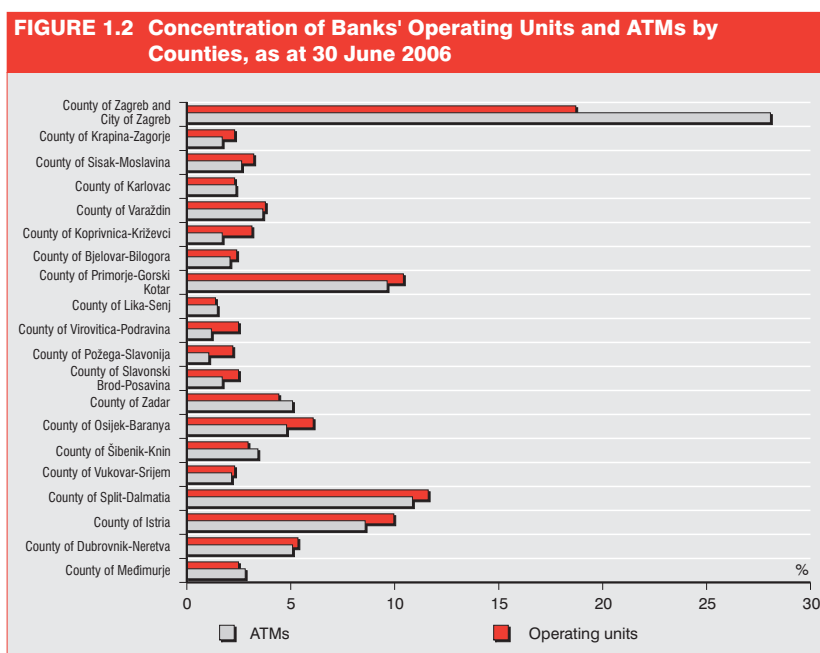
At the end of the first half of 2006, banks operated through 1 085 operating units and owned 2 461 ATMs. In the past year, the number of branches has increased by 38 and ATMs by 418.

County	Dec. 2003		Dec. 2004		Jun. 2005		Jun. 2006	
	Operating units	ATMs	Operating units	ATMs	Operating units	ATMs	Operating units	ATMs
County of Zagreb and City of Zagreb	190	464	201	552	198	578	203	691
County of Krapina-Zagorje	23	27	24	32	24	32	25	42
County of Sisak-Moslavina	29	36	29	47	29	47	35	65
County of Karlovac	24	30	27	42	26	43	25	58
County of Varaždin	33	54	38	67	40	72	41	90
County of Koprivnica-Križevci	28	31	31	35	28	38	34	42
County of Bjelovar-Bilogora	27	39	27	45	26	47	26	51
County of Primorje-Gorski Kotar	124	177	114	199	112	206	113	237
County of Lika-Senj	14	22	14	24	14	30	15	36
County of Virovitica-Podravina	23	15	26	19	26	20	27	29
County of Požega-Slavonija	23	17	24	22	26	24	24	26
County of Slavonski Brod-Posavina	21	24	23	31	26	37	27	42
County of Zadar	39	67	44	92	45	103	48	125
County of Osijek-Baranya	55	74	56	87	61	95	66	118
County of Šibenik-Knin	33	61	33	65	33	68	32	84
County of Vukovar-Srijem	18	29	22	38	21	42	25	53
County of Split-Dalmatia	124	188	121	214	126	233	126	267
County of Istria	110	141	103	170	102	179	108	211
County of Dubrovnik-Neretva	56	64	54	74	56	88	58	125
County of Međimurje	28	51	26	58	28	61	27	69
<b>Total</b>	<b>1,022</b>	<b>1,611</b>	<b>1,037</b>	<b>1,913</b>	<b>1,047</b>	<b>2,043</b>	<b>1,085</b>	<b>2,461</b>

Only in three counties did the concentration of bank operating units exceed 10%. In the County of Zagreb and the City of Zagreb, at the end of the first half of 2006, 27 banks operated through 203 operating units, which was the greatest concentration of operating units in all counties. The smallest number of operating units was in the County of Lika-Senj (15), where the fewest banks operated (4).

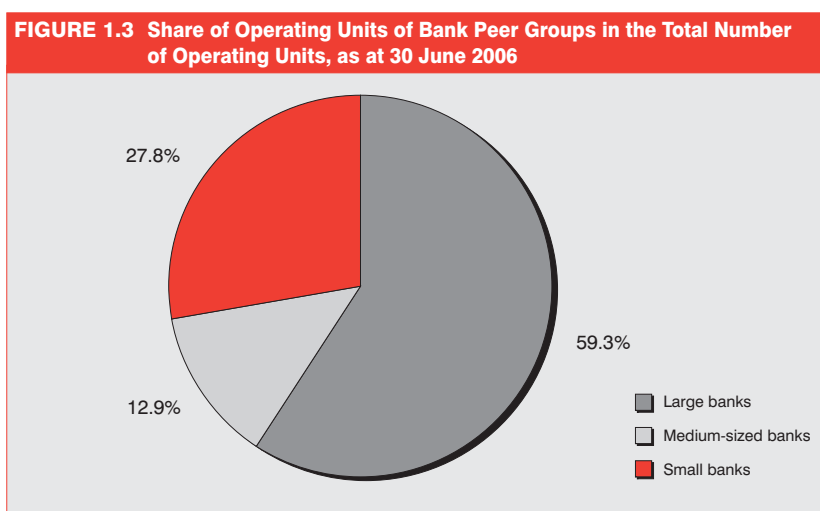
The greatest concentration of ATMs was also in the County of Zagreb and the City of Zagreb. In this area, the ATMs of 19 banks were present, which made up 28.1% of the total number of ATMs. In contrast to this, in the county of Požega-Slavonija, only 26 ATMs have been installed. Only four large banks had ATMs in all counties, while eight small banks did not have ATMs as part of their service offer.

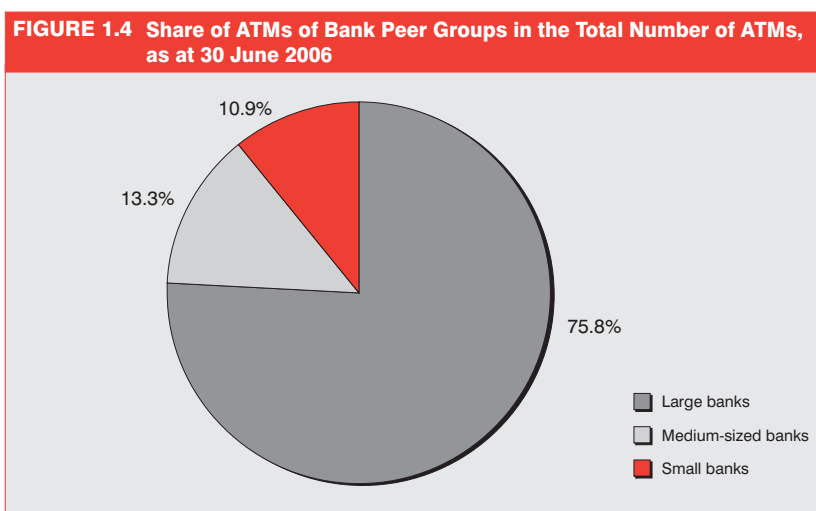
<sup>2</sup> For the composition of individual banking groups see Attachment II, banking groups, as at 30 June 2006.



Large banks had the greatest number of operating units, comprising 59.3% of the total number of operating units, as well as the greatest number of ATMs under their ownership, i.e. 75.8% of all ATMs (Figures 1.3 and 1.4).

For the purpose of analysing the concentration of shares of assets, loans and deposits in the banking sector, data on the asset levels of the ten largest banks are monitored. At the end of the first half of 2006, these belonged to the group of large and medium-sized banks. In the concentration analysis, banks are divided into three groups. The first group consists of the two largest banks, the second of the next four banks (which occupy third to sixth place by volume of assets at the end of the reporting period), while the third group consists of all ten observed banks together. Concentration is defined as the share of the amounts of assets, loans and deposits for individual bank groups in the total amount of the respective balance sheet items of all banks.

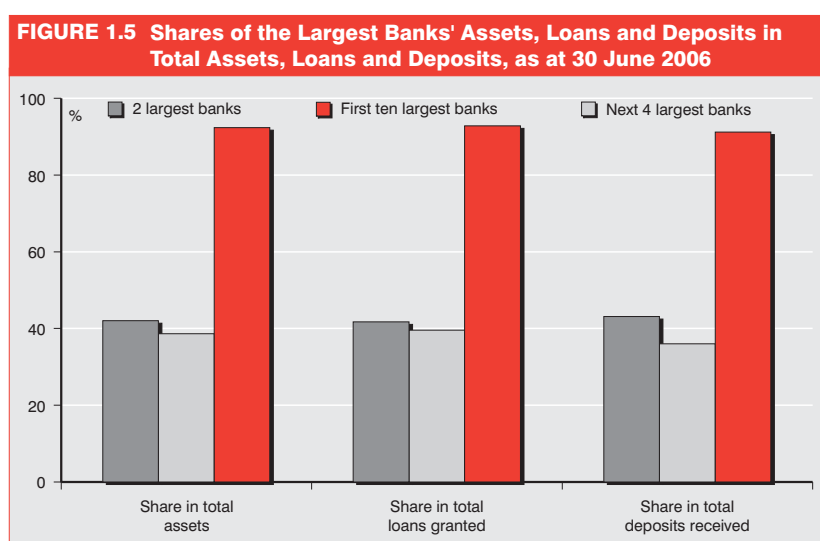




The minor decrease in the share of assets, loans and deposits for the two largest banks in the total assets, loans and deposits of all banks, as recorded at the end of 2005, continued in the first half of this year. At the end of June 2006, 42.0% of total assets, 41.7% of total net loans and 43.1% of total bank deposits belonged to the largest banks (Figure 1.5). The decrease in the share of assets of the two largest banks was the consequence of a slower growth of this item in these banks compared to the growth of the same item in other groups, as well as the average of all banks, compared to the balance at the end of 2005.

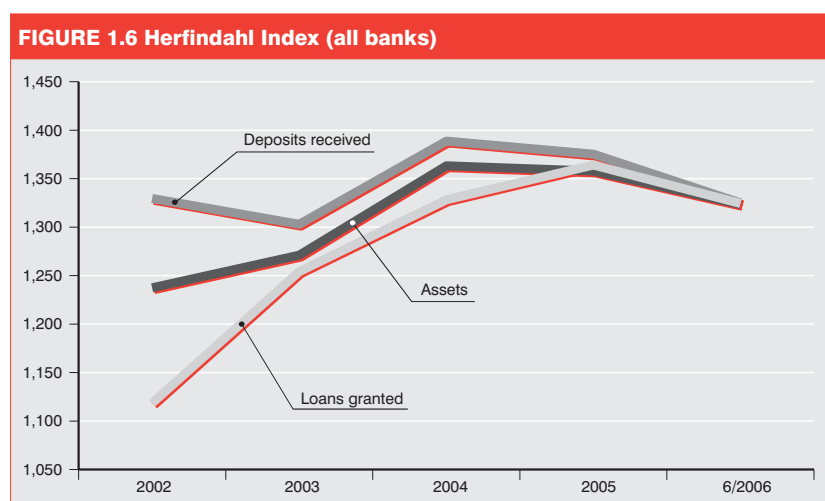
The next four largest banks in terms of asset level recorded, compared to the end of 2005, a decrease in the share of total assets (by 0.5 percentage points) and total loans (by 0.7 percentage points), though their share in total bank deposits increased (by 0.4 percentage points). After these changes, at the end of the first half of 2006, these four banks held 38.6% of total assets, 39.6% of total net loans and 36.0% of total bank deposits.

The growth rates for the assets, loans and deposits of the ten largest banks, which approximated the growth rates of the same items of all banks together, resulted in the share of the first ten largest banks



in terms of assets, loans and deposits remaining at their level from the end of last year. The ten largest banks achieved their greatest share growth at the end of the first half of 2006 in loans, the share of which was 92.8% of total bank loans. The share of these banks' assets in total bank assets was 92.3%, and the share of their deposits in total bank deposits was 91.2%.

All concentration indicators, measured by the Herfindahl index, at the end of the first half of 2006 were lower compared to the balance at the end of 2005. The decline in the concentration of assets and deposits, which started at the end of 2004, continued in the first half of the year, while the rising trend of loan concentration was reduced to its 2004 level. The above decrease in the concentration of the two largest banks in the banking sector which, due to the high level of their assets, loans and deposits, had the biggest effect on the value of the Herfindahl index, is the cause of the drop in this index. The value of the Herfindahl index for asset concentration was 1323 units, for deposit concentration 1325 units, and for loan concentration 1324 units.



### 1.1.3 Banks' Balance Sheet and Off-Balance Sheet Items

The total assets of banks, as at 30 June 2006, were HRK 277.8bn. Compared to the balance at the end of last year, total bank assets increased by 6.7%, and compared to the same period last year, increased by 17.9%.

Medium-sized banks had the greatest relative influence on the half-yearly rate of change in bank assets, with their assets increasing by 19.9%. The assets of large banks grew at a rate of 5.2%, while the assets of small banks grew at a rate of 5.7%. These rates were lower than the growth rates of the total assets of all banks. Seven small banks, which made up more than a third of the total number of banks in the respective peer group of banks, declared a decrease in assets compared to their balance at the end of 2005, while all other small banks declared a growth in assets.

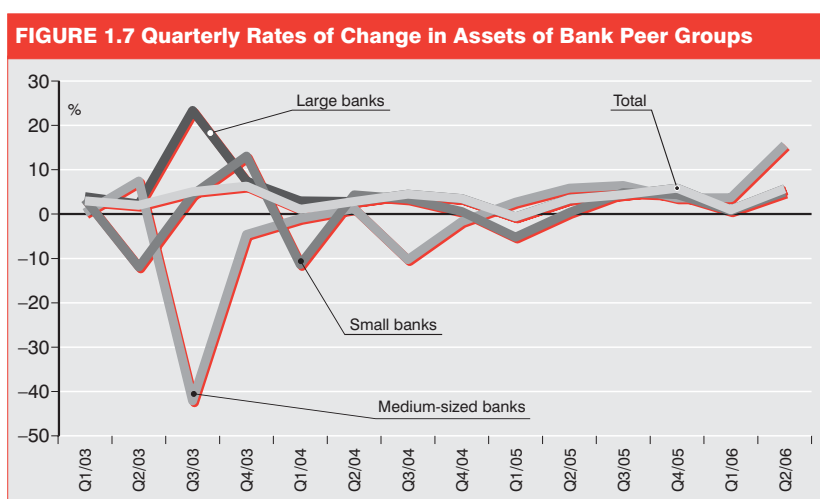
The majority of mergers in the large and medium-sized bank group was completed by the end of 2004, and therefore the rate of change in these banks' assets was influenced in this period by the change in the number of banks in this group (Figure 1.7). A striking predominance of large banks was evident in

**TABLE 1.4 Structure of Banks' Assets, end of period, in million HRK and %**

	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	28,002.6	13.7	34,891.3	15.2	24.6	42,900.8	16.5	23.0	48,670.5	17.5	13.4
1.1. Money assets	2,955.6	1.4	3,062.1	1.3	3.6	3,347.1	1.3	9.3	3,898.6	1.4	16.5
1.2. Deposits with the CNB	25,047.0	12.3	31,829.2	13.9	27.1	39,553.7	15.2	24.3	44,772.0	16.1	13.2
2. Deposits with banking institutions	31,186.6	15.3	33,351.2	14.5	6.9	23,155.9	8.9	-30.6	13,423.8	4.8	-42.0
3. MoF treasury bills and CNB bills	7,820.7	3.8	3,580.6	1.6	-54.2	7,007.2	2.7	95.7	8,080.4	2.9	15.3
4. Securities and other financial instruments held for trading	7,784.9	0.0	6,566.1	2.9	-15.7	8,285.5	3.2	26.2	6,505.9	2.3	-21.5
5. Securities and other financial instruments available for sale	0.0	0.0	9,918.6	4.3	-	11,820.8	4.5	19.2	12,064.2	4.3	2.1
6. Securities and other financial instruments held to maturity	10,773.3	0.0	6,557.3	2.9	-39.1	5,106.0	2.0	-22.1	3,754.1	1.4	-26.5
6.1. Securities and other financial instruments bought on issue directly from the issuer*	-	-	994.3	0.4	-	-	-	-	-	-	-
7. Securities and other financial instruments not traded in active markets but carried at fair value	-	-	-	-	-	1,101.4	0.4	-	1,190.5	0.4	8.1
8. Derivative financial assets	0.0	0.0	152.0	0.1	-	147.3	0.1	-3.1	188.5	0.1	28.0
9. Loans to financial institutions	3,057.0	1.5	3,289.5	1.4	7.6	3,867.3	1.5	17.6	4,526.1	1.6	17.0
10. Loans to other clients	106,730.6	52.3	121,912.6	53.2	14.2	148,092.5	56.9	21.5	170,131.7	61.3	14.9
11. Investments in subsidiaries and associates	2,456.0	1.2	1,687.5	0.7	-31.3	1,595.7	0.6	-5.4	1,637.3	0.6	2.6
12. Foreclosed and repossessed assets	355.4	0.2	358.1	0.2	0.7	356.3	0.1	-0.5	442.8	0.2	24.3
13. Tangible assets (net of depreciation)	4,094.6	2.0	3,786.9	1.7	-7.5	4,198.8	1.6	10.9	4,284.2	1.5	2.0
14. Interest, fees and other assets	3,603.6	1.8	4,255.4	1.9	18.1	4,905.3	1.9	15.3	5,350.7	1.9	9.1
15. Net of: Collectively assessed impairment provisions	1,750.2	0.9	1,996.1	0.9	14.0	2,263.1	0.9	13.4	2,484.8	0.9	9.8
<b>TOTAL ASSETS</b>	<b>204,115.0</b>	<b>100.0</b>	<b>229,305.2</b>	<b>100.0</b>	<b>12.3</b>	<b>260,277.6</b>	<b>100.0</b>	<b>13.5</b>	<b>277,765.8</b>	<b>100.0</b>	<b>6.7</b>

\* This category of financial assets is not stated in the revised IAS 39. It has been included in the above table due to its balance as at 31 December 2004.

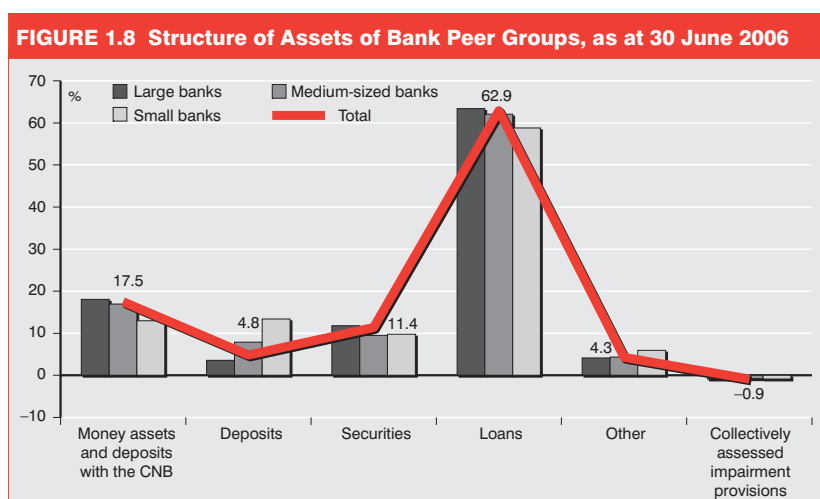
the rate of change in assets of these banks, which, after the exclusion of the above structural changes in the groups over the past two years, had stable values which were almost identical to the rate of change in the assets of banks as a whole. In the second quarter of 2006, a considerable movement in the rate of change in the assets of medium-sized banks is apparent, which thus ended the slight decreasing trend started in the second half of 2005.



The first half of this year was marked by significant loan growth, which amounted to HRK 174.7bn at the end of June 2006. A lesser part of this amount pertained to loans to the financial sector, while loans to other clients, after a half-yearly increase of 14.9%, or HRK 22.0bn, amounted to HRK 170.1bn. A

significantly greater loan growth rate compared to the growth rate of assets in general affected the change in asset structure, in which net loans consequently made up 62.9% of the total assets of banks.

Besides an increase in bank liabilities and capital, a large part of resources for increasing loans was also provided by reducing total investment in securities and deposits with banking institutions. Banks' total securities, compared to the balance at the end of 2005, were reduced by HRK 2.8bn, and their share in assets decreased by 1.6 percentage points. The rates of change in banks' given deposits, which include deposits with banking institutions and deposits with the CNB, were greatly influenced by changes in monetary policy during 2005.<sup>3</sup> Thus, compared to the balance at the end of 2005, deposits placed by banks with other banking institutions were reduced by HRK 9.7bn, or 42.0%. This was mostly due to a decrease in the percentage of the allocation of minimally required foreign currency claims from 35% to 32% and an increase in the marginal reserve requirement rate. Therefore, in comparison to the balance at the end of last year, the share of given deposits in bank assets was reduced by 4.1 percentage points. In contrast, deposits placed with the Croatian National Bank increased by 13.2%, mostly due to an increase in the amount of allocated marginal reserve requirement, which confirms that banks still readily assume the cost of new foreign borrowing in order to keep deposit growth strong.



The structure of assets of large banks was slightly different from the structure of the assets of banks as a whole, where the influence of large banks over the banking sector was pronounced again. For large banks, the share of the most significant part of assets, loans, was greater than the share of loans in the assets realised by banks as a whole, amounting to 63.4% of assets. Large banks increased their share of assets compared to the balance at the end of 2005 by 4.3 percentage points, and an even more significant change was achieved by medium-sized banks, which increased the share of loans in their assets by 7.2 percentage points, therefore amounting to 62.1%. Greater differences existed between the structure of assets of banks as a whole and small banks, although the share of loans of small banks in their assets, which amounted to 58.8%, approached the share of this item in the total assets achieved by all banks together.

3 Decision on the minimum required amount of foreign currency claims (Official Gazette 22/2005), and Decision on the marginal reserve requirement (Official Gazette 146/2005).



**TABLE 1.5 Structure of Banks' Liabilities, end of period, in million HRK and %**

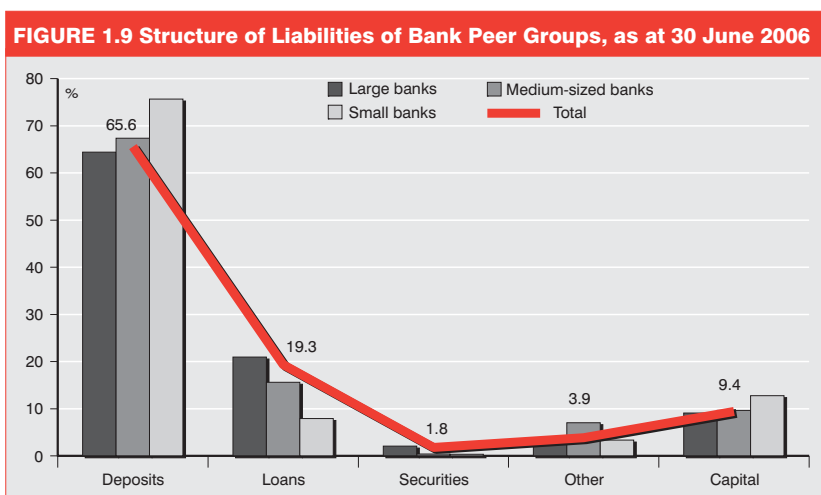
	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	7,112.9	3.5	8,462.0	3.7	19.0	13,844.2	5.3	63.6	13,299.8	4.8	-3.9
1.1. Short-term loans	3,689.1	1.8	3,592.1	1.6	-2.6	7,346.5	2.8	104.5	6,162.2	2.2	-16.1
1.2. Long-term loans	3,423.8	1.7	4,869.9	2.1	42.2	6,497.7	2.5	33.4	7,137.6	2.6	9.8
2. Deposits	143,692.8	70.4	155,277.9	67.7	8.1	171,742.0	66.0	10.6	182,188.5	65.6	6.1
2.1. Giro account and current account deposits	25,285.1	12.4	25,561.2	11.1	1.1	29,175.2	11.2	14.1	30,921.8	11.1	6.0
2.2. Savings deposits	24,770.7	12.1	25,223.3	11.0	1.8	26,124.5	10.0	3.6	25,643.6	9.2	-1.8
2.3. Time deposits	93,637.0	45.9	104,493.4	45.6	11.6	116,442.2	44.7	11.4	125,623.1	45.2	7.9
3. Other loans	25,080.3	12.3	31,368.3	13.7	25.1	36,191.2	13.9	15.4	40,425.4	14.6	11.7
3.1. Short-term loans	3,429.0	1.7	5,265.3	2.3	53.6	8,213.9	3.2	56.0	9,125.2	3.3	11.1
3.2. Long-term loans	21,651.3	10.6	26,103.0	11.4	20.6	27,977.3	10.7	7.2	31,300.2	11.3	11.9
4. Derivative financial liabilities and other financial liabilities held for trading	0.0	0.0	238.8	0.1		223.7	0.1	-6.3	218.9	0.1	-2.1
5. Debt securities issued	97.0	0.0	3,535.1	1.5	3,543.9	3,396.9	1.3	-3.9	3,630.4	1.3	6.9
5.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Long-term debt securities issued	97.0	0.0	3,535.1	1.5	3,543.9	3,396.9	1.3	-3.9	3,630.4	1.3	6.9
6. Subordinated instruments issued	813.6	0.4	818.3	0.4	0.6	770.7	0.3	-5.8	748.9	0.3	-2.8
7. Hybrid instruments issued	2,261.6	1.1	1,642.8	0.7	-27.4	886.6	0.3	-46.0	506.0	0.2	-42.9
8. Interest, fees and other liabilities	6,899.4	3.4	8,280.3	3.6	20.0	9,778.8	3.8	18.1	10,524.2	3.8	7.6
<b>TOTAL LIABILITIES</b>	<b>185,957.6</b>	<b>91.1</b>	<b>209,623.4</b>	<b>91.4</b>	<b>12.7</b>	<b>236,834.2</b>	<b>91.0</b>	<b>13.0</b>	<b>251,542.2</b>	<b>90.6</b>	<b>6.2</b>
<b>TOTAL CAPITAL</b>	<b>18,157.3</b>	<b>8.9</b>	<b>19,681.8</b>	<b>8.6</b>	<b>8.4</b>	<b>23,443.5</b>	<b>9.0</b>	<b>19.1</b>	<b>26,223.7</b>	<b>9.4</b>	<b>11.9</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>204,115.0</b>	<b>100.0</b>	<b>229,305.2</b>	<b>100.0</b>	<b>12.3</b>	<b>260,277.6</b>	<b>100.0</b>	<b>13.5</b>	<b>277,765.8</b>	<b>100.0</b>	<b>6.7</b>

In the structure of bank liabilities at the end of the first half of 2006, compared to the end of 2005, no significant changes were recorded. Deposits continued to grow, and after an increase of HRK 10.4bn at the end of June 2006, amounted to HRK 182.2bn. However, the deposit growth rate was lower than the asset growth rate, which caused a decrease in the share of deposits in total bank liabilities of 0.8 percentage points, and this share therefore amounted to 65.6%. Medium-sized banks had the highest deposit growth rate (15.8%), which accounted for almost a third of the total increase in deposits.

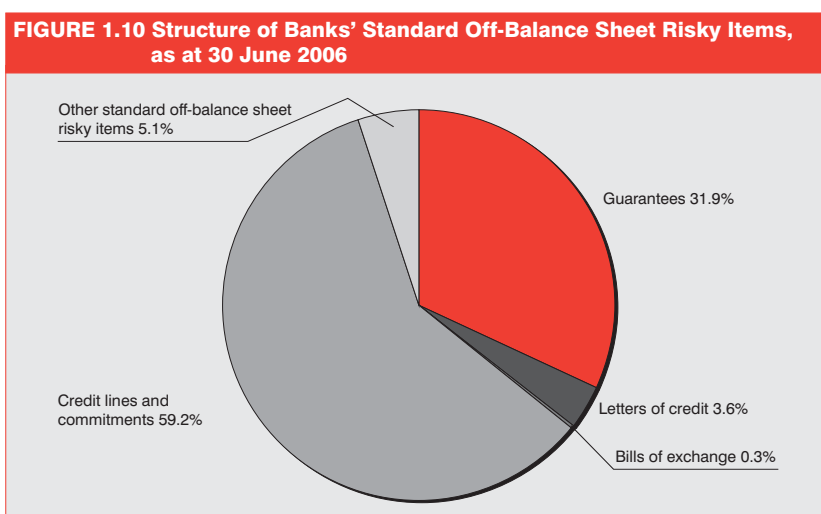
Time deposits were the largest source of increase in total deposits. During the observed period, banks collected HRK 9.2bn more in time deposits compared to the balance at the end of 2005. The largest part in the increase of total time deposits pertained to deposits of foreign financial institutions, which increased by HRK 3.9bn, or 20.2% compared to the balance at the end of 2005. The household sector contributed to the increase in total time deposits by increasing its deposits by HRK 2.0bn, or 3.0%, and enterprises by an increase of HRK 1.8bn, or 11.9%. At the end of June 2006, total household deposits exceeded HRK 100bn for the first time.

Loans received continued to grow, although compared to the balance at the end of 2005, their growth during the first half of 2006 was slower. The growth in banks' received loans was the result of borrowing from foreign financial institutions, which was HRK 4.4bn greater than at the end of 2005. At the same time, the influence of majority foreign ownership on providing sources of financing decreased, which is also evident from the fact that loans received from owners were reduced by 10.5%, and deposits by 5.8%.

While the balance of long-term debt securities issued increased compared to the balance at the end of 2005, the value of issued subordinated and hybrid instruments was reduced due to the conversion of these instruments into share capital.



The structure of liabilities of peer groups of banks indicates different sources of financing. While small banks mostly relied on deposits in financing their business operations (particularly household deposits), but also on capital, large banks used different types of sources of financing. One large bank, however, used financing mostly from sources pertaining to the household sector, which made up more than 50% of its total sources of financing. Figure 1.9 shows that, in terms of the structure of their liabilities, medium-sized banks were more similar to large than to small banks.



Banks' standard off-balance sheet risky items at the end of June 2005 amounted to HRK 50.8bn. Compared to the balance at the end of 2005, these items increased by HRK 3.8bn, i.e. by 8.2%. By an increase of HRK 5.4bn, i.e. 22.1%, the highest growth among standard off-balance sheet risky items was in credit lines and commitments. The value of issued guarantees, which grew at a rate of 5.4%, also increased and amounted to HRK 15.4bn. The total contracted value of derivatives was 27.1% greater at the end of June 2006 than at the end of 2005.

Off-balance sheet activities were mostly pursued by large banks, which accounted for 86.4% of the standard off-balance sheet items of all banks. This division is even more pronounced in the area of

derivatives, as large banks accounted for 93.4% of the total contracted value of derivative financial instruments.

### 1.1.4 Banks' Capital

Banks' total capital at the end of the first half of 2006 was HRK 26.2bn and made up 9.4% of banks' total liabilities. Banks' total capital increased compared to the balance at the end of 2005 by HRK 2.8bn, or by 11.9% (Table 1.6). The increase in balance-sheet capital is the result of an increase in the banks' share capital and profits in the current year.

Banks' share capital was HRK 1.7bn or 14.9% greater than the balance at the end of 2005. Seven banks participated in the increase in total share capital, and this increase was mainly the consequence of recapitalisation of large banks to the total amount of HRK 1.4bn. Almost the entire recapitalisation was carried out by issuing new shares, and only a smaller part of the increase of the banks' share capital was the result of converting hybrid and subordinated instruments into share capital.

Profit from the end of 2005 was partially (to the amount of HRK 1.2bn) allocated into retained earnings, and partially (to the amount of HRK 1.4bn) into legal reserves, reserves provided for by the articles of association and other capital reserves. Banks paid the remaining amount of HRK 0.6bn as dividends to shareholders.

The increase in share capital affected the change in the structure of total capital, and after last year's share decrease to 49.1%, at the end of June 2006, share capital again made up more than a half of total capital, i.e. 50.5%. Although large banks are to be credited for the largest part of recapitalisation of banks in general, in the structure of their total balance capital, share capital had a minority share and made up 43.3% of total capital. The share of share capital in medium-sized and small banks was significantly greater and amounted to 76.7% and 74.3% respectively of banks' total capital.

**TABLE 1.6 Structure of Banks' Total Capital, end of period, in million HRK and %**

	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	9,945.6	54.8	10,113.1	51.4	1.7	11,523.3	49.2	13.9	13,235.9	50.5	14.9
2. Current year profit/loss	2,351.6	13.0	3,036.8	15.4	29.1	3,247.8	13.9	6.9	1,700.2	6.5	-47.7
3. Retained earnings (loss)	1,415.0	7.8	1,899.0	9.6	34.2	2,499.9	10.7	31.6	3,666.6	14.0	46.7
4. Legal reserves	711.2	3.9	718.1	3.6	1.0	798.4	3.4	11.2	952.0	3.6	19.2
5. Total reserves provided for by the articles of association and other capital reserves	3,824.0	21.1	3,915.5	19.9	2.4	5,373.9	22.9	37.2	6,643.5	25.3	23.6
5.1. Reserves provided for by the articles of association and other capital reserves	0.0	0.0	3,918.2	19.9	-	5,350.4	22.8	36.6	6,626.6	25.3	23.9
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	0.0	0.0	-2.8	0.0	-	23.5	0.1	-955.1	16.9	0.1	-28.1
5.3. Reserves arising from hedging transactions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.6	0.1	-
6. Previous year profit/loss	-90.1	-0.5	-0.7	0.0	-99.2	0.2	0.0	-132.2	11.8	0.0	5,079.8
<b>TOTAL CAPITAL</b>	<b>18,157.3</b>	<b>100.0</b>	<b>19,681.8</b>	<b>100.0</b>	<b>8.4</b>	<b>23,443.5</b>	<b>100.0</b>	<b>19.1</b>	<b>26,223.7</b>	<b>100.0</b>	<b>11.9</b>

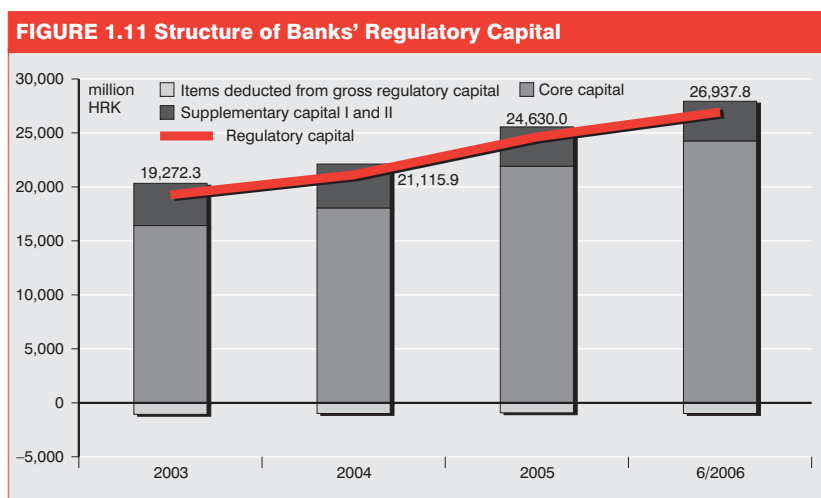
In banks' total capital, total capital of large banks had the largest share at the end of the first half of 2006, and accounted for 77.7% of total banks' capital. This was followed by medium-sized banks' total capital with 12.0% and small banks' total capital with 10.3%.

The total regulatory capital of all banks at the end of June 2006 was HRK 26.9bn and, compared to the balance on 31 December 2005, increased by 9.4% (Table 1.7). Large banks' regulatory capital increased compared to the balance at the end of 2005 by 9.6%, and amounted to HRK 21.0bn, making up 77.9% of banks' total regulatory capital. In terms of its growth rate, which was somewhat greater than the growth rate of large banks' regulatory capital, medium-sized banks' regulatory capital also increased during the observed period (by 12.2%), while small banks increased their regulatory capital by 4.9%. Thus, at the end of June 2006, medium-sized banks participated in total regulatory capital with a 12.0% share, and small banks with a 10.1% share.

<b>TABLE 1.7 Changes in Banks' Regulatory Capital, end of period, in million HRK and %</b>											
	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Large banks	13,524.1	70.2	15,870.3	75.2	17.3	19,160.5	77.8	20.7	20,990.7	77.9	9.6
Medium-sized banks	2,859.9	14.8	2,569.7	12.2	-10.1	2,888.8	11.7	12.4	3,240.9	12.0	12.2
Small banks	2,888.0	15.0	2,675.9	12.7	-7.3	2,580.7	10.5	-3.6	2,706.2	10.0	4.9
Total	19,272.0	100.0	21,115.9	100.0	9.6	24,630.0	100.0	16.6	26,937.8	100.0	9.4

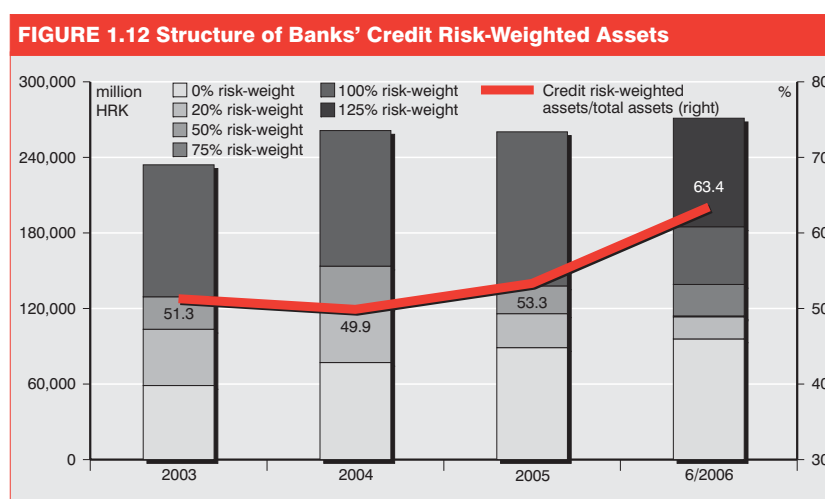
The increase in regulatory capital was caused by an increase in core capital which, after deductions, compared to the balance at the end of 2005, was HRK 2.3bn, i.e. 10.6% greater, and amounted to HRK 24.3bn. The increase in core capital in the first half of 2006 was the result of the above-mentioned recapitalisations of banks on the basis of issuing new shares and profits in the current year. After a nominal increase in the structure of gross regulatory capital, the share of core capital, reduced by deductions, continued to grow, thus increasing from 85.8% at the end of 2005 to 86.8% at the end of the first half of 2006.

The decrease of hybrid instruments by 43.4% and subordinated instruments by 3.5% and their conversion into share capital, which is the result of part of the completed recapitalisations, have not negatively affected the level of supplementary capital I, which is included in regulatory capital. The reason for this was a significant increase in banks' credit risk-weighted assets. This is the basis for the calculation of the allowed level of inclusion of collectively assessed impairment provisions in supplementary



capital I. Due to these changes, in comparison to the balance at the end of 2005, the collectively assessed impairment provisions increased by 10.4%, and supplementary capital I, which is included in regulatory capital, increased by only 1.4%. The share of supplementary capital I in gross regulatory capital slightly increased: from 13.0% at the end of 2005 to 13.2% at the end of June 2006. Supplementary capital II, which is included in regulatory capital, was reduced by 74.7% in the observed period, and therefore its already insignificant share in the structure of gross regulatory capital was additionally reduced and amounted to less than 0.01%.

The nominal value of banks' assets weighted by risk in the observed half-yearly period increased by HRK 17.0bn, while the weighted assets amount increased by HRK 38.1bn. In addition to the nominal growth in assets, changes to regulations which introduced measuring banks' exposure to currency-induced credit risk also contributed to the significant increase.<sup>4</sup> Banks submitted their first reports on the application of currency-induced credit risk to the CNB for the period concluding with the balance as at 30 June 2006.



As a result of changes in the regulations, in addition to the existing risk weightings of 0%, 20%, 50% and 100%, new risk weightings of 75% and 125% were introduced into the calculation of credit risk-weighted assets. A 75% risk weighting is assigned to foreign currency loans and loans with a currency clause which are completely insured by mortgages, specifically loans approved to debtors who do not have adjusted foreign exchange positions. A 125% risk weighting is assigned to foreign currency claims and claims with a currency clause which are not covered by the bank's deposits or mortgaged property, specifically claims from debtors who do not have adjusted foreign exchange positions.

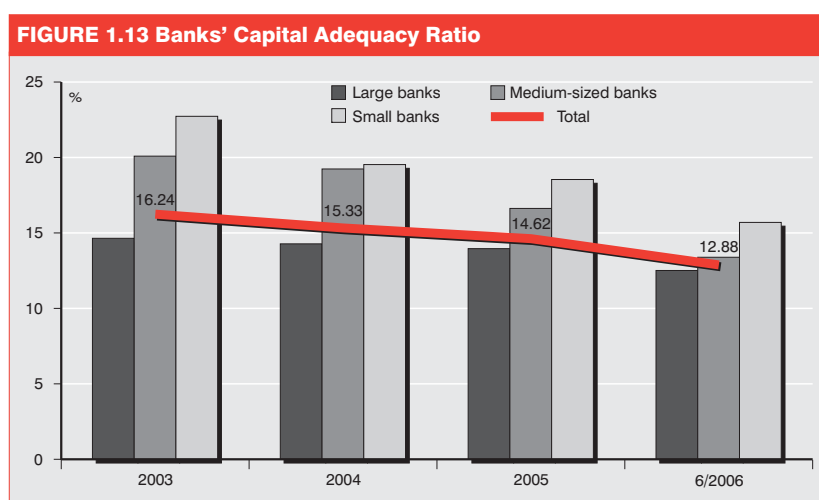
The effect of the above legislation has been most evident in the structure of weighted assets (Figure 1.12), in the segment of assets which are weighted by 50% and 75% weightings. Assets weighted with a 50% weighting decreased compared to the balance at the end of 2005 by 96.1%, or from HRK 21.9bn, as at the end of 2005, to only HRK 855.7m. The "spill-over" of this part of assets into assets weighted with a 75% risk weighting suggests that almost all currency clause loans, which are completely insured by mortgages (and which properties are or will be inhabited or leased by the borrower),

4 Decision on amendments to the instruction for the uniform implementation of the decision on the capital adequacy of banks (Official Gazette 195/2003, 39/2004 and 41/2006).

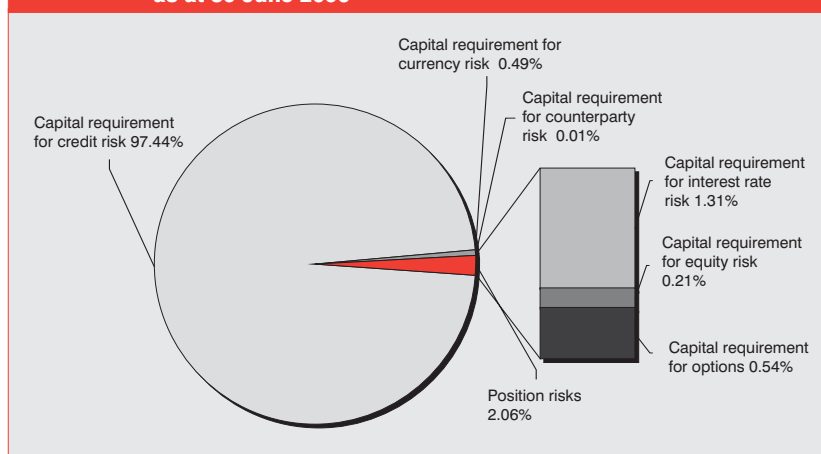
have been assessed by banks as placements to debtors with non-adjusted foreign exchange positions. A decrease in the part of assets weighted by a 100% risk weighting, which was HRK 76.2bn, or 62.5% less compared to the end of 2005, was also pronounced. Hence, the majority of other inadequately insured placements, approved in foreign currency or with a currency clause, were approved by banks to debtors with non-adjusted foreign exchange positions.

Although regulatory capital had a tendency towards nominal increase, its growth could not exceed the faster growth of weighted assets, which had a negative effect on the capital adequacy ratio. The capital adequacy ratio was significantly reduced (by 1.74 percentage points) and at the end of June 2006 it was 12.88% (Figure 1.13). The lowest capital adequacy ratio, lower than the average ratio for banks as a whole, was declared by large banks (12.52%). Medium-sized banks followed, with a capital adequacy ratio of 13.38%, as well as small banks with a ratio of 15.70%. The introduction of the obligation to evaluate banks' exposure to currency-induced credit risk partly influenced the reduction of the capital adequacy ratio (Chapter 1.1.7.1, Banks' exposure to currency-induced credit risk).

Although the capital adequacy ratio decreased in all groups of banks, it was most pronounced with medium-sized banks where, compared to the balance at the end of 2005, the capital adequacy ratio decreased by 3.24 percentage points (from 16.63%). In the observed period, the capital adequacy ratio of small banks decreased by 2.84 percentage points (from 18.54%), and the capital adequacy ratio of large banks by 1.45 percentage points (from 13.96%).



Total capital requirements at the end of the first half of 2006 amounted to HRK 20.9bn and was 24.1% greater than at the end of 2005. This was mostly due to the effect of the introduction of currency-induced credit risk. In the structure of total capital requirements (Figure 1.14), no significant changes were observed. The share of capital requirement for credit risk in total capital requirements increased and amounted to 97.4%. Position risks held second position with their share in total capital requirements (2.1%). The most significant among these was capital requirement for interest risk. Capital requirement for currency risk had a share of only 0.5%, and capital requirement for counterparty risk accounted for only 0.01% of total capital requirements. The largest part of banks' total capital requirements belonged to large banks (80.2%).

**FIGURE 1.14 Structure of Banks' Total Capital Requirements, as at 30 June 2006**

### 1.1.5 Banks' Income Statements

At the end of the first half of 2006, income before taxes was HRK 2,071.6m and was 29.7% greater than in the same period last year (Table 1.8). Thirty-two banks achieved a total income before taxes to the amount of HRK 2,074.3m. Two small banks declared a loss of HRK 2.7m in total. The share of assets of these banks in the assets of all banks on the date of the report was 0.3%.

**TABLE 1.8 Banks' Income Statement, in million HRK**

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006
1. Net interest income	2,689.4	2,859.1	412.4	475.5	344.3	408.0	3,446.0	3,742.6
1.1. Total interest income	4,962.4	5,568.0	659.6	789.6	614.5	711.5	6,236.5	7,069.1
1.2. Total interest expenses	2,273.0	2,708.8	247.2	314.2	270.2	303.5	2,790.4	3,326.5
2. Net income from fees and commissions	735.3	827.6	89.3	118.7	85.0	90.8	909.6	1,037.1
2.1. Total income from fees and commissions	1,064.2	1,164.0	372.8	390.0	137.8	144.8	1,574.8	1,698.8
2.2. Total expenses on fees and commissions	328.9	336.5	283.5	271.3	52.8	54.0	665.2	661.7
3. Net other non-interest income	157.4	271.0	16.1	18.7	52.6	49.7	226.0	339.4
3.1. Other non-interest income	349.0	531.6	33.3	68.3	91.2	90.7	473.6	690.5
3.2. Other non-interest expenses	191.7	260.6	17.2	49.6	38.7	41.0	247.5	351.1
4. Net non-interest income	892.6	1,098.6	105.4	137.4	137.6	140.5	1,135.6	1,376.5
5. General administrative expenses and depreciation	1,912.8	2,043.9	329.4	403.2	340.9	366.2	2,583.1	2,813.3
6. Net operating income before loss provisions	1,669.2	1,913.8	188.4	209.7	140.9	182.3	1,998.5	2,305.8
7. Total expenses on loss provisions	295.6	196.9	19.4	21.9	86.8	15.5	401.8	234.2
7.1. Expenses on value adjustments and provisions for identified losses	125.0	10.6	13.8	-42.0	82.5	-1.1	221.3	-32.4
7.2. Collectively assessed impairment provisions	170.6	186.2	5.6	63.9	4.3	16.5	180.4	266.7
8. Income/loss before taxes	1,373.7	1,717.0	169.0	187.8	54.1	166.8	1,596.8	2,071.6
9. Income tax	269.4	328.1	25.3	20.4	19.6	22.9	314.3	371.4
10. Current year profit/loss	1,104.2	1,388.9	143.7	167.4	34.5	143.9	1,282.4	1,700.2

In the observed period, total net interest income grew by HRK 296.6m (8.6%), in which total interest income increased by HRK 832.7m (13.4%), and total interest expenses by HRK 536.1m (19.2%). Interest income realised from regular business operations was greater than in the same period last year,

which was solely the result of the growth of interest income from loans granted, since in interest income from other categories (given deposits and debt securities) a decline was observed (17.5% and 3.5% respectively) in comparison to the same period in 2005. The interest income where the highest nominal growth was achieved was income from loans granted to enterprises, which increased by HRK 399.7m (24.0%), while second position was taken by interest income from loans granted to the household sector, which were greater by HRK 357.5m (11.8%). The greatest relative growth was achieved in interest income from loans granted to state-owned enterprises (50.1%), while only interest income from mortgages and loans for car purchase decreased in comparison to the same period last year.

The growth of interest income in the observed period was positively affected by the 100-percent growth of interest income from previous years, but also by significantly lower negative exchange rate differences.

**TABLE 1.9 Structure of Banks' Income, in %**

	Large Banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006
1. INTEREST INCOME	77.8	76.7	61.9	63.3	72.8	75.1	75.3	74.7
1.1. Interest income from loans granted	63.7	64.7	47.3	52.0	61.8	64.6	61.4	63.0
1.2. Interest income from deposits	5.8	3.9	4.6	4.4	4.3	4.2	5.5	4.0
1.3. Interest income from debt securities	8.4	7.1	9.1	6.9	6.4	6.2	8.3	7.0
1.4. Interest income from interest rate swaps	–	0.4	–	0.0	–	0.0	–	0.3
1.5. Net balances on exchange rate fluctuations related to interest income	–0.4	–0.2	–0.2	–0.1	–0.2	–0.1	–0.4	–0.2
1.6. Interest income from previous years	0.2	0.7	1.1	0.1	0.6	0.1	0.3	0.6
2. INCOME FROM FEES AND COMMISSIONS	16.7	16.0	35.0	31.3	16.3	15.3	19.0	18.0
2.1. Income from fees for payment operations services	7.8	7.3	29.2	23.6	8.4	7.7	10.6	9.5
2.2. Income from fees for other banking services	8.9	8.8	5.8	7.7	7.9	7.6	8.4	8.5
2.3. Net balances on exchange rate fluctuations related to claims based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST INCOME	5.5	7.3	3.1	5.5	10.8	9.6	5.7	7.3
TOTAL INCOME	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

An increase on the income side was observed in total income from commissions and fees (by HRK 124.0m or 7.8%), which, in addition to a simultaneous slight reduction in total expenses for commissions and fees by HRK 3.5m (or by 0.5%), resulted in a growth in total net income from commissions and fees of 14.0%. The increase in income realised from fees for other banking services contributed most to this growth, which increased by HRK 105.0m. Income from fees for payment operations services contributed to net income from commissions and fees with HRK 19.1m, and significant savings were made on expenses on commissions and fees for banking services of residents (expenses reduced by HRK 12.8m).

Other net non-interest income increased by 50.2% compared to the same period last year, which was mostly the result of the reduction of losses from calculated exchange rate differences (by HRK 308.9m). In the first six months of this year, banks realised less profit from trading activities (HRK 367m compared to HRK 615m profit at the end of June 2005).

General administrative expenses and depreciation increased compared to the same period last year by HRK 230.2m or by 8.9%, due to increases in employee expenses (10.7%) and other administrative expenses (10.2%).



**TABLE 1.10 Structure of Banks' Expenses, in %**

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006	Jan.-Jun. 2005	Jan.-Jun. 2006
1. INTEREST EXPENSES	45.4	48.8	27.6	29.6	34.2	38.9	41.7	45.0
1.1. Interest expenses on loans received	10.7	12.5	3.8	4.5	3.0	3.2	8.8	10.4
1.2. Interest expenses on deposits	30.3	31.5	21.5	23.1	29.5	33.5	29.0	30.5
1.3. Interest expenses on debt securities	2.2	1.9	0.7	0.3	0.2	0.4	1.8	1.5
1.4. Interest expenses on interest rate swaps	–	0.9	–	0.0	–	0.0	–	0.7
1.5. Savings deposits insurance premiums	2.2	1.9	1.9	1.7	1.8	2.0	2.1	1.9
1.6. Net balances on exchange rate fluctuations related to interest expenses	–0.7	–0.4	–0.3	–0.2	–0.3	–0.2	–0.6	–0.3
1.7. Interest expenses from previous years	0.1	0.4	0.0	0.3	0.1	0.1	0.1	0.3
2. EXPENSES ON FEES AND COMMISSIONS	6.6	6.1	31.6	25.6	6.7	6.9	9.9	9.0
2.1. Expenses on fees/commissions for banking services of residents	5.7	5.1	30.9	24.9	6.4	6.7	9.1	8.1
2.2. Expenses on fees/commissions for banking services of non-residents	0.9	1.0	0.7	0.6	0.2	0.2	0.8	0.9
2.3. Net balances on exchange rate fluctuations related to liabilities based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST EXPENSES	3.8	4.7	1.9	4.7	4.9	5.3	3.7	4.8
4. GENERAL ADMINISTRATIVE EXPENSES AND DEPRECIATION	38.2	36.8	36.7	38.0	43.2	46.9	38.6	38.1
5. LOSS PROVISION EXPENSES	5.9	3.5	2.2	2.1	11.0	2.0	6.0	3.2
5.1. Expenses on value adjustments and provisions for identified losses	2.5	0.2	1.5	–4.0	10.4	–0.1	3.3	–0.4
5.2. Collectively assessed impairment provisions	3.4	3.4	0.6	6.0	0.5	2.1	2.7	3.6
TOTAL EXPENSES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

At the end of the first half of 2006, banks realised HRK 2.3bn net income from business operations prior to provisions for losses, which was 15.4% more than at the end of June last year.

Loss provision expenses were 41.7% lower than at the end of June 2005, solely because of the reduction of expenses of value adjustments and provisions for identified losses. This resulted in a growth in recoverability, as confirmed by the coverage indicators given in Chapter 1.1.7 Banks' exposure to credit risk. Due to a strong growth in loans, expenses for collectively assessed impairment provisions grew somewhat faster (by 47.8%).

It is clear from the analysis of large banks' income statements that, at the end of the first half of 2006, realised income before taxes was 25.0% greater than at the end of the same period last year, and made up 82.9% of income before taxes for all banks (Table 1.8). This result is the consequence of growth in the following incomes: net interest income by 6.3%, net income from commissions and fees by 12.6% and other net non-interest income by 72.2%. The reduction of total expenses for loss provisions of 33.4%, compared to the balance at the end of June 2005, also contributed to the increase in income before taxes. Only general administrative expenses and depreciation, with a growth of 6.9%, reduced the growth in income before taxes.

Due to a significant assets and liabilities growth rate during the observed period in the income statement for medium-sized banks, high growth rates were achieved for certain items (Table 1.8). Net interest income was greater by 15.3%, net income from commissions and fees by 33.0%, and other net non-interest income by 15.8%. Due to a significant growth in collectively assessed impairment provisions, loss provision expenses increased by 13.3%, and general administrative expenses grew by 22.4%. The result of this was an 11.1% higher income before taxes than at the end of June 2005.

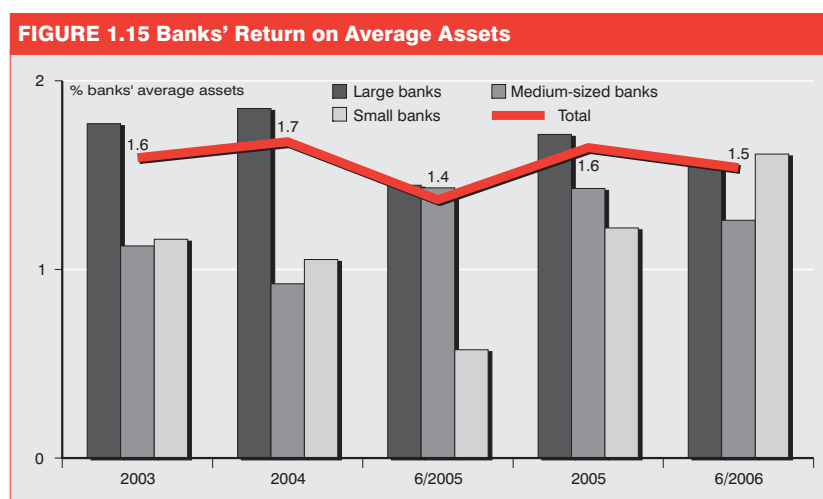
In contrast to the balance at the end of the first half of 2005, when three small banks reported a loss

before taxes to the amount of HRK 77.9m, at the end of the first half of 2006, all small banks reported an income before taxes. The result was that income before taxes for small banks was higher than in the previous reporting period by 208.2%. The earned profit was largely the result of lower value adjustments and provisions for identified losses, as well as higher net interest income (Table 1.8).

### 1.1.6 Indicators of Banks' Returns

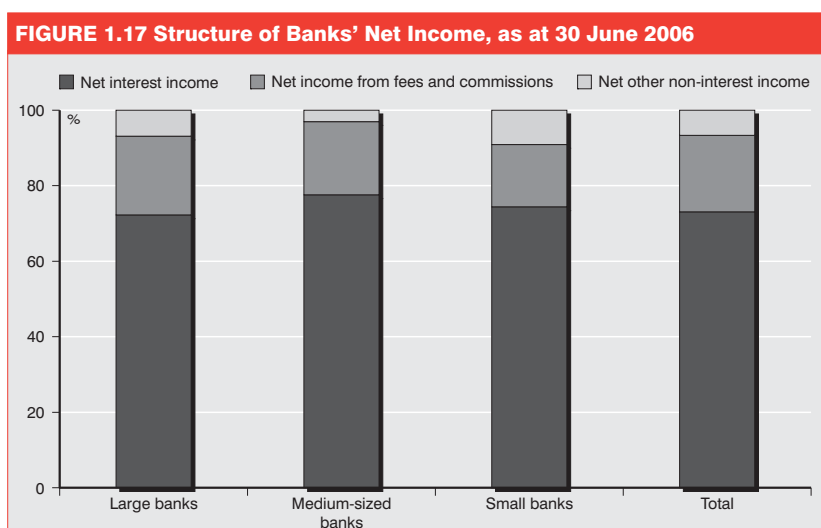
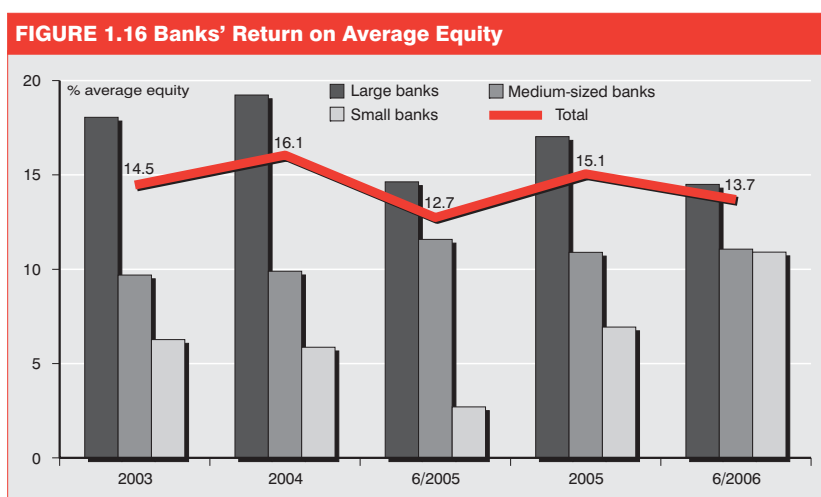
Indicators of banks' returns for the first six months of 2006 were generally better than indicators for the first half of 2005, due to a faster growth in income before taxes compared to growth in individual asset items. However, changes in individual peer groups of banks significantly diverged from the average.

The return on the average assets of all banks realised in the first six months of 2006 slightly increased compared to the return achieved in the first half of 2005 and amounted to 1.5% (Figure 1.15). Large and small banks achieved an average assets return of 1.6%, while medium-sized banks achieved 1.3%.



The rate of return for average equity was 13.7% (Figure 1.16) and, compared to the first half of 2005, was up by 1.0%. The reason for this was a profit growth at a rate twice the equity capital growth rate. Large banks had the highest rate of return (14.9%), followed by medium-sized banks with 11.1% and small banks with 10.9%.

In the last year, the structure of banks' net income did not change significantly. All banks achieved more than 70% of their net income from interest, followed by net income from commissions and fees with a 20% share, and the remainder was other net non-interest income (Figure 1.17). Although interest income remained the most significant source of bank income, increases in net income from commissions and fees (from 19.6% to 20.3%) and other net non-interest income (from 5.7 to 6.6%) in the observed period were also evident. This change was most apparent with large banks and somewhat less pronounced with medium-sized banks. An opposite net income structure, namely an increase in the share of net interest income (from 71.5% to 74.4%) in net income was observed with small banks.



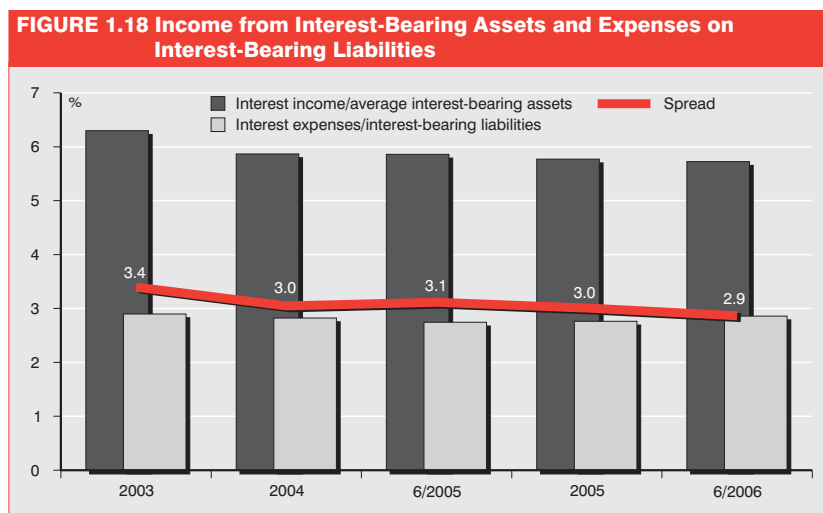
In the first half of 2006, the achieved ratio of average interest income and average interest-bearing assets of all banks together was lower by 0.1 percentage points than in the same period last year (Figure 1.18) and amounted to 5.7%. Small banks had the greatest ratio of average interest income and average interest-bearing assets (7.5%), which was 0.3 percentage points higher than in the same period last year. In contrast, medium-sized and large banks achieved slightly lower ratios in the same period (by 0.1 percentage points), amounting to 5.9% and 5.6% respectively.

The ratio of average interest expenses and average interest-bearing liabilities of all banks was slightly higher in June 2006 (by 0.1 percentage points) than in the same period last year and amounted to 2.9%. Small banks achieved a higher than average ratio (3.5%), while medium-sized and large banks achieved a lower than average ratio (2.5% and 2.8% respectively).

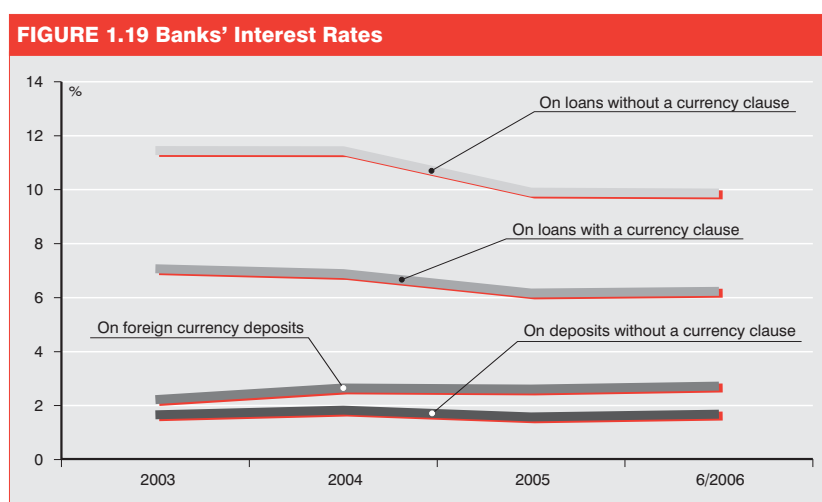
As a result of the difference between interest income and interest expenses, banks' spread<sup>5</sup> in the observed period was 2.9%, which is 0.2 percentage points less than in the same period last year. At the

5 Spread was calculated as the difference between interest income earned on average interest-bearing assets and interest expenses incurred on average interest liabilities.

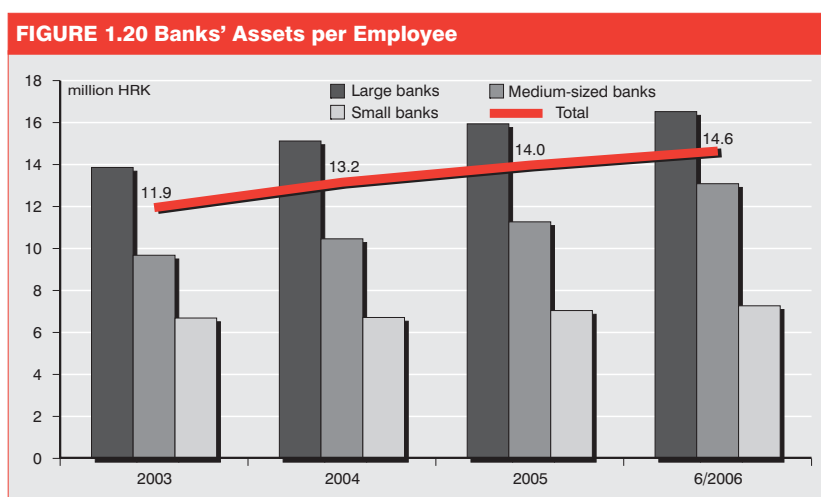
level of peer groups of banks in the past year, spread saw the greatest decline in large banks (by 0.3 percentage points) and medium-sized banks (by 0.1 percentage points), while for small banks, spread increased by 0.3 percentage points.



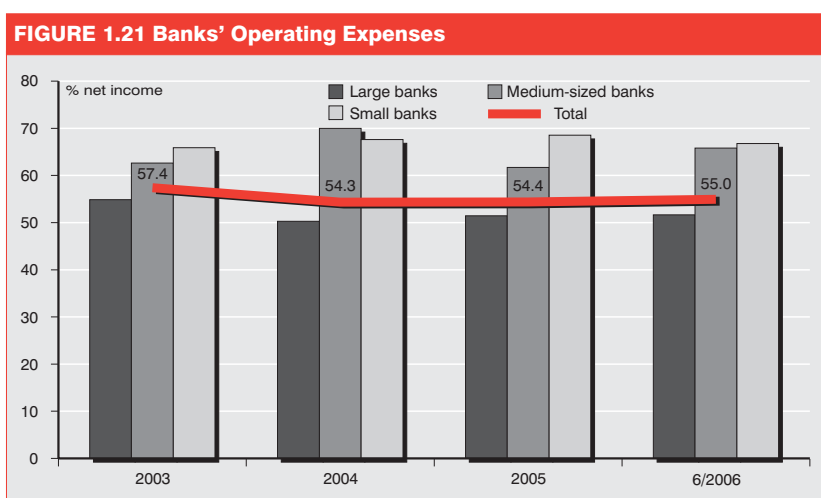
In the first six months, interest rates on foreign currency deposits and kuna deposits without a currency clause increased by 0.1 percentage points. However, if deposits on current accounts and giro accounts are excluded from kuna deposits without a currency clause, it follows that on average a 3.3% interest rate was granted on remaining kuna deposits without a currency clause. Changes in interest rates on loans with or without a currency clause were very small and evident only to the second decimal place. Thus, interest rates on loans without a currency clause fell from 9.91% to 9.88%, while interest rates on loans with a currency clause grew from 6.17% to 6.23%.



The number of employees in banks has grown continuously since 2003, and at the end of June 2006, was 1.8% greater than at the end of 2005, i.e. an increase from 18 624 to 18 965. All groups of banks have increased the number of their employees, large banks most of all (by 194 or 1.5%). Medium-sized banks have increased their number of employees by 77 or 3.2%, and small banks by 70 or 2.5%.



Observed annually, bank assets per employee have grown continuously and at the end of June 2006 amounted to HRK 14.6m, i.e. HRK 0.6m more than at the end of 2005 (Figure 1.20). The above indicator has increased for all peer groups of banks, but witnessed the most rapid growth in medium-sized banks. Small banks saw moderate and stable growth, while in large banks, the growth of this indicator gradually slowed down. Large banks retained their position as the most efficient peer group of banks with assets per employee amounting to HRK 16.5m. Medium-sized banks occupy second place with HRK 13.1m, while small banks are last with HRK 7.3m in assets per employee.



The ratio between operating expenses and net income of all banks, after a decrease in the period from 2001 to 2004 and stagnation in 2005, at the end of the first half of 2006, was greater by 0.6 percentage points than at the end of 2005 and amounted to 55.0% (Figure 1.21). The increase in this indicator, a slight deterioration in efficiency at the end of the first half of 2006, is the result of strong growth in operating expenses for medium-sized banks.

Although small banks, according to the above indicator, remained the least efficient peer group, they were the only ones that in this half-yearly period reduced the ratio between operating expenses and net income. This was by 1.8 percentage points and therefore amounted to 66.8% in the first half of 2006.

For large banks, a slight decrease in the ratio was observed, namely from 51.5% to 51.6%, while in medium-sized banks, the ratio dropped by 4.1 percentage points, i.e. from 61.7% to 65.8%, which made medium-sized banks almost equal to small banks.

### 1.1.7 Banks' Exposure to Credit Risk

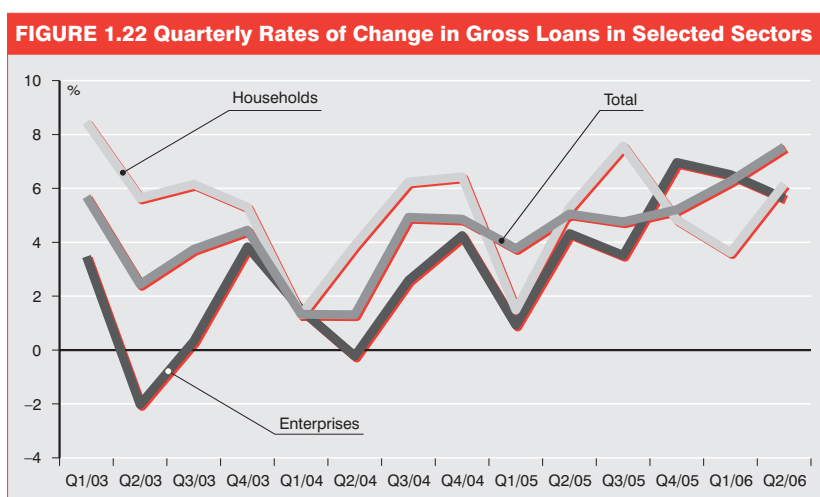
During the first half of 2006, total placements and contingent liabilities grew by HRK 34.4bn (12.3%) and reached the amount of HRK 313.3bn as at 30 June 2006 (Table 1.11). The growth in granted gross loans, which increased by HRK 22.5bn (14.3%) again had the greatest influence on the increase in total placements and contingent liabilities in the first half of 2006. With respect to the amount of change, the next item was debt securities and other financial assets available for sale, which increased by HRK 14.1bn (763.0%) compared to the end of 2005. The reason for this growth (in line with the revised IAS 39) was reallocation of debt securities available for sale into a portfolio subject to credit risk evaluation and allocation into risk groups.

The greatest decrease in the observed period was in given deposits, which decreased by HRK 4.4bn (7.1%). There were also major changes in the structure of given deposits. Total deposits with the CNB increased by HRK 5.3bn (13.5%), while deposits with foreign non-banking financial institutions decreased by HRK 10.2bn (46.9%). Debt securities and other portfolio financial assets which are held until maturity decreased by HRK 1.5bn, which is 25.7% less than at the end of last year. The largest part of this decrease (HRK 1.3bn) pertained to securities of the Republic of Croatia and central government funds.

Due to the reallocation of debt securities available for sale in the observed six-month period, there was an increase in their share from 0.7% to 5.1%, which affected the change in structure of total placements. Due to the above, the share of the most important segment in the structure of placements, gross loans, which would have otherwise increased by 12.3% compared to the balance at the end of 2005, increased by only 1 percentage point (to 57.6%). A similar situation occurred with the share of off-balance sheet (contingent) liabilities in total placements. The share of the above item in total placements decreased from 16.9% to 16.2%, despite the growth of this item by 8.2 percentage points or HRK 3.8bn. Due to a drop of 3.9 percentage points, the share of given deposits amounted to 18.5% at the end of June 2006, while other placement items accounted for the remaining 2.6%.

Gross loans grew in all sectors, though loans approved to households grew the most (by HRK 7.8bn or 10.0%). Gross loans approved to other enterprises also maintained significant growth in the first half of 2006 (by HRK 7.7bn or 12.5%). The growth of loans approved to the Republic of Croatia also rose significantly, so that these loans, compared to the end of last year, grew by a total of HRK 5.8bn or 45.5%. Viewed quarterly, the growth in approved loans again accelerated. From the end of 2002 until the end of 2005, quarterly growth in gross loans in banks stood at around 5 percentage points. From the beginning of this year, this growth became faster, and was 6.3% in the first and 7.5% in the second quarter. Viewed in terms of bank peer groups, it is evident that the greatest part of this growth was generated by medium-sized banks.

Compared to the end of last year, off-balance sheet (contingent) liabilities increased by HRK 3.8bn (8.2%) in total. This was solely due to a growth in unused credit lines of HRK 5.4bn (22.1%), while other standard off-balance sheet risky items were reduced by HRK 2.7bn (51.4%).



Given the significant growth in placements, as well as the reallocation of the new category of assets into placements distributed by risk categories, in the first half of this year, fully recoverable placements and contingent liabilities grew the most (by 12.8%). This additionally increased their share in total placements and contingent liabilities from 96.0%, as they were at the end of 2005, to 96.5% at the end of June 2006. Partly recoverable placements and contingent liabilities were 1.9% greater at the end of June 2006 than at the end of last year, though their share in total placements and contingent liabilities dropped to 2.2%. A decrease of 0.9% was realised in irrecoverable placements and contingent liabilities as well, which had an effect on the decrease in their share in total placements and contingent liabilities to 1.3% at the end of the observed period.

**TABLE 1.11 Classification of Banks' Placements and Contingent Liabilities by Risk Categories, in million HRK and %**

Placements	Dec. 2003		Dec. 2004		Dec. 2005		Jun. 2006	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements (category A)	200,166.3	94.9	231,225.3	95.4	267,835.4	96.0	302,133.2	96.4
2. Partly recoverable placements (category B)	7,475.8	3.5	6,722.6	2.8	6,801.6	2.4	6,930.5	2.2
3. Irrecoverable placements (category C)	3,371.5	1.6	4,386.2	1.8	4,238.5	1.5	4,199.3	1.3
Total	211,013.6	100.0	242,334.1	100.0	278,875.5	100.0	313,263.0	100.0

The quality of placements by bank peer groups (measured by share of placements of a classification group in total placements) increased in all bank groups in the observed period. Large banks had the largest share of fully recoverable placements (97.0%), and increased it compared to the end of 2005 (96.7%). Medium-sized banks increased their share of fully recoverable placements and contingent liabilities from 94.2 to 95.0%, while the increase of this placement group for small banks was almost 1 percentage point (from 91.6% to 92.5%).

Medium-sized banks again achieved the greatest relative growth in fully recoverable placements (the half-yearly growth rate was 26.7%), while the growth of these placements in large banks (11.6%) and small banks (8.0%) was lower than the growth of these placements for all banks together (12.8%).

Given the strong growth in fully recoverable placements, the coverage of total placements and contingent liabilities with total value adjustments for placements and provisions for contingent liabilities decreased. For the first time, at the level of all banks together, this amounted to less than 3% (2.9%). Due

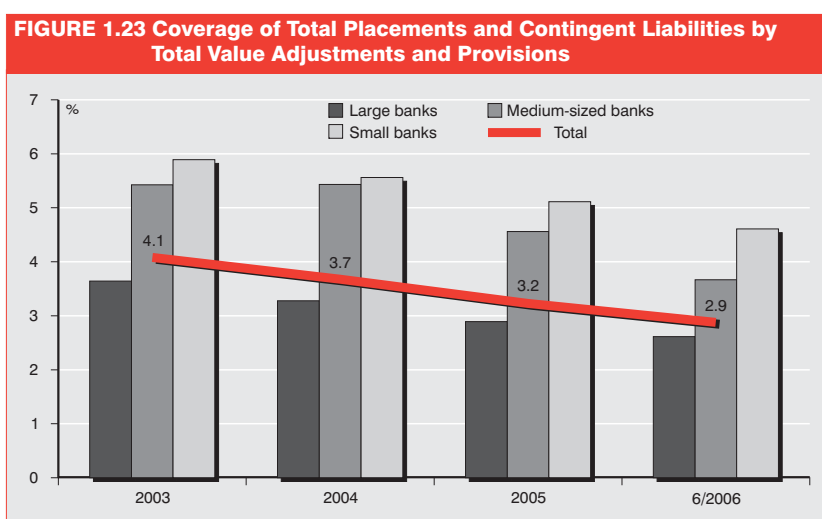
to strong growth in fully recoverable placements, as well as an increase in the base for allocation of collectively assessed impairment provisions, total value adjustments for placements and provisions for contingent liabilities increased by HRK 13.4m during the observed period (Table 1.12). Collectively assessed impairment provisions increased by a total of HRK 266.7m (10.4%), while there was a decrease in value adjustments for placements and provisions for contingent liabilities for bad placements (placements in categories B and C) of HRK 253.3m (3.9%). The above fluctuations in value adjustments for placements and provisions for contingent liabilities and collectively assessed impairment provisions were behind changes in the structure of total provisions. Thus, the share of provisions for identified losses was reduced from 71.4% to 68.5%, while the share of collectively assessed impairment provisions increased from 28.6% to 31.5%.

**TABLE 1.12 Ratio of Banks' Total Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %**

Placements	Dec. 2003	Dec. 2004	Dec. 2005	Jun. 2006
1. Total value adjustments against placements and provisions for contingent liabilities	8,611.5	8,909.9	9,002.3	9,015.7
1.1. Value adjustments against placements and provisions for contingent liabilities	6,573.8	6,672.5	6,427.8	6,174.5
1.2. Collectively assessed impairment provisions	2,037.7	2,237.3	2,574.5	2,841.1
2. Total placements and contingent liabilities	211,013.6	242,334.1	278,875.5	313,263.0
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	4.1	3.7	3.2	2.9

Changes in the coverage of total placements and contingent liabilities with total value adjustments and provisions, viewed by bank peer groups, indicate that the most significant changes occurred with medium-sized banks. These provisions had a total increase of just over 1% during the first half of 2006, while total (gross) placements and contingent liabilities increased by as much as 25.7%. Small banks occupied second place, with gross placements increasing by 6.9%, and total provisions decreasing by 3.6%. In the observed period, large banks achieved a gross placement growth of 11.2% and total provisions growth of 0.6%.

The above changes resulted in a decrease in coverage for medium-sized banks of 0.9 percentage points (to 3.7%), 0.5 percentage points (to 4.6%) for small banks and 0.3 percentage points (to 2.6%) for large banks.





In the observed six-month period, banks increased the amount of net loans approved to all sectors. However, this increase can mostly be attributed to the increase in loans approved to three sectors: households (loan growth of HRK 7.8bn), other enterprises (loan growth of HRK 7.0bn) and government units (loan growth of HRK 5.8bn). The amount of loans approved to these three sectors made up more than 90% of the increase in total net loans (Table 1.13). The individual share in the net loan sector structure for the two most important sectors decreased despite the growth in loans to households (at a rate of 10.3%) and loans to other enterprises (at a rate of 13.4%). The result of these changes was a decrease in the share of loans approved to households from 49.8% to 47.8%, and to other enterprises from 34.4% to 34.0%.

Loans to non-residents (which grew by 85.0%) had the highest growth rate in the first six months of 2006, although their share in total granted net loans was relatively small (only 0.5%). Net loans granted to government units followed, the share of which in total granted net loans, due to their growth at a 45.5% rate in the current year, increased by 2.2 percentage points (therefore amounting to 10.6%). During the first half of 2006, loans to state-owned enterprises increased by HRK 94.5m (14.7%), which slightly affected the change in share of these loans in total granted net loans (a reduction of 0.01%). A similar situation was observed with loans to financial and non-profit institutions. In the former, there was an increase in loans of HRK 658.7m (17.0%), an increase in the share of total granted net loans of just 0.05%. In the latter, there was an increase in loans of HRK 66.2m or 15.2%, which affected the change of their share in total net granted loans.

The growth in housing loans at a rate of almost 16% had the greatest effect on the growth of total approved net loans to households. Housing loan financing increased most with medium-sized (20.9%) and large (15.5%) banks, while growth in this type of loans for small banks was slower than that for all banks together (6.6%). Credit card loans increased by 8.7%. Although large banks held 96.8% of the total balance of these loans, their total growth was for the most part the result of a higher growth of loans in medium-sized banks (in the six-month period, growth in this group of banks was 96.4%), and a growth of 58.8% in small banks. Other loans to households increased by just over 8%, though medium-sized banks achieved almost doubled this rate of growth (15.6%). In large and small banks, however, the growth of these loans was slower than in all banks together and amounted to 7.0% for large and 8.1% for small banks.

**TABLE 1.13 Sectoral Structure of Banks' Net Loans, end of period, in million HRK**

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006
1. Government units	12,496.5	16,627.9	229.4	1,866.7	32.7	71.0	12,758.6	18,565.6
2. Financial institutions	3,315.4	3,839.2	141.9	393.2	410.0	293.7	3,867.3	4,526.1
3. State-owned enterprises	6,136.2	6,838.8	168.2	394.8	92.2	104.6	6,396.6	7,338.1
4. Other enterprises	40,605.0	45,019.5	6,191.8	7,905.8	5,486.5	6,379.8	52,283.2	59,305.1
5. Non-profit institutions	380.5	448.3	27.3	27.0	28.7	27.5	436.5	502.7
6. Households	62,386.9	68,298.7	8,104.4	9,546.8	5,214.4	5,627.8	75,705.8	83,473.3
7. Non-residents	500.5	919.4	4.8	26.8	6.5	0.6	511.8	946.7
Total	125,820.9	141,991.8	14,867.8	20,161.2	11,271.1	12,504.8	151,959.8	174,657.7

On the basis of amendments to the provisions of the Decision on supervisory reports of banks (Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006), banks have submitted data on quality placement insurance instruments for the first time, which show that 36.9% of net placements and 64.5% of net loans in the first six months of 2006 were covered by quality insurance instruments. The

degree of coverage (the amount insured) ranged from a lowest level of 27.2% for other government sector placements to a highest level of 99.6% for loans to financial institutions. Almost 80% of net placements in the retail sector (79.6%) were covered by some form of quality insurance instrument. Other enterprises had 81.6% of placements covered by quality insurance instruments, while government and non-residents had a somewhat lower share of placements covered by quality insurance instruments.

As far as the type of quality insurance instrument was concerned, property insurance was the most frequent (55.7%), with residential property accounting for 29.8% of net placements and business property accounting for 25.9%. The category of other quality insurance instruments accounted for 23.3% of net placements, while slightly more than 10% of placements were insured by deposits and unconditional guarantees or government or CNB securities. Guarantees or securities from OECD governments or central banks, as well as unconditional guarantees or securities from domestic banks were insufficiently present in quality insurance instrument types (less than 0.3%).

### **1.1.7.1 Banks' Exposure to Currency-Induced Credit Risk**

The analysis of initial data from the Report on Exposure to Currency-Induced Credit Risk submitted to the CNB by banks showing their status as at 30 June 2006<sup>6</sup> shows that HRK 198bn of banks' net placements were exposed to currency-induced credit risk, which made up 64.4% of their total net placements.

Of the total amount of bank placements exposed to such a risk, banks declared HRK 40bn, or 20.3%, as hedged, while the remaining HRK 158bn, or 79.7%, was declared as unhedged against currency-induced credit risk. Viewed by peer group of banks, small banks, compared to other banks, declared placements to their clients as hedged to a greater degree and reported that 28.5% of placements susceptible to currency-induced credit risk were protected. In contrast, medium-sized banks declared only 13.6% of their placements and contingent liabilities as hedged. One of the reasons for the better hedging of small banks' placements compared to those of other banks could be their relatively greater share of placements which are not subject to evaluation as net placements, but are declared as hedged.

In addition, other hedged placements made up almost half of banks' total hedged items (46.4%), which was mainly the result of deposits given to the financial sector, which are an integral part of other placements, namely the currency position of the financial sector with which deposits were placed. Medium-sized banks had the greatest part of other hedged placements among hedged items (67.1%).

In the structure of banks' hedged items, loans participated with 28.3%. Although loans made up the largest part of banks' net placements (57.6%), their smaller share in the structure of hedged items can generally be explained by the fact that almost half of net loans were household loans, which have the least adjusted foreign exchange position. Small banks had a somewhat greater share of hedged loans (39.4%) among all banks.

<sup>6</sup> Decision on supervisory reports of banks (Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Banks placements assessed as exposed to currency-induced credit risk and approved to non-profit institutions were almost fully unhedged, i.e. 98.3%. In terms of unhedged items, household loans followed, their share of unhedged items being 96.5%. Among bank loans approved to household clients, the least hedged were housing loans (1.3%), while the most hedged were credit card loans (8.7%), followed by car purchase loans (7.4%), other loans (4.8%) and mortgages (4.1%). Bank placements to non-residents were, among other placements, the most hedged against currency-induced credit risk (74.6%), while placements to other financial institutions were somewhat less hedged (69.3%).

One of the more significant changes in the indicators of banks' business operations, indirectly caused by the introduction of currency-induced credit risk in capital requirements for credit risk, was certainly the change in the capital adequacy coefficient. The significant influence of this indicator on capital adequacy is the result of a large share of loans in the total placements and assets of the banking sector (among the highest in Europe<sup>7</sup>), and therefore also a large share of capital requirement for credit risk in total capital requirement (more than 97%).

### 1.1.8 Banks' Exposure to Liquidity Risk

Banks' sources of financing (received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments) grew by HRK 14bn (6.2%) in the first half of 2006. Viewed by source types, received deposits accounted for 75% of this growth (a growth of HRK 10.4bn or 6.1%). The remainder was growth in received loans (HRK 3.7bn or 7.4%) and growth in issued long-term securities (HRK 233.4m or 6.9%). Issued hybrid and subordinated instruments decreased by HRK 380.5m and HRK 21.8m respectively, mainly due to conversion into ordinary shares.

The amount of loans received from the Croatian National Bank in the first six month of this year was significantly greater than the amount of loans used in the first half of 2005 (HRK 2.2bn compared to HRK 428.2m) and in its entirety concerned repo operations pledged with MoF treasury bills.

**TABLE 1.14 Structure of Banks' Sources of Financing, end of period, in %**

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006	Dec. 2005	Jun. 2006
Deposits	73.5	73.6	83.3	80.8	90.3	90.1	75.7	75.7
Loans	23.9	24.0	16.1	18.7	9.3	9.4	22.1	22.3
Debt securities	1.8	1.9	0.0	0.0	0.0	0.0	1.5	1.5
Hybrid and subordinated instruments issued	0.8	0.5	0.6	0.5	0.4	0.4	0.7	0.5
Total sources of financing	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Deposits and loans of majority foreign owner	16.6	13.8	21.5	22.6	0.0	0.0	15.9	13.8

Majority foreign owner deposits and loans participated in total sources of financing with 13.8%. It should be emphasised that the first half of 2006 was marked by a decrease in financing from majority foreign owner sources by HRK 2.9bn (8.1%). The greater part of this decrease was loans (HRK 1.9bn), while the remainder (just under HRK 1.1bn) was represented by deposits. Viewed by peer group of banks, the significance of majority foreign ownership sources of financing was reduced

<sup>7</sup> Source: ECB: *EU Banking Sector Stability*, October 2005.

solely due to lesser financing from these sources in large banks, about HRK 4.2bn (13.4%). Just over half of this decrease pertained to one bank which changed owner at the end of the first half of 2006. Financing from majority foreign ownership sources in medium-sized banks grew by HRK 1.3bn (25.6%), while small banks did not even declare these positions.

Despite a decrease in financing from majority foreign ownership sources, financing from the non-resident sector increased in the first six months of this year compared to the previous reporting period. Consequently, a growth in the share of financing from this sector in total financing sources<sup>8</sup> of 1.9 percentage points (to 30.5%) was observed. The reason for this was an increase in financing from foreign financial institution sources (different from financing from majority foreign ownership sources) of HRK 11.3bn, i.e. an increase in deposits of HRK 5.0bn and loans of HRK 6.3bn. Changes to financing sources in other sectors were minor. The household sector remained the most important source of financing, as it accounted for 42.7% of the total amount with which banks were financed. Enterprises followed, with a 15.0% share, and financial institutions with a 9.5% share in total financing sources. Government units participated in banks' financing sources with less than 2%, while non-profit institutions had the smallest share (0.8%).

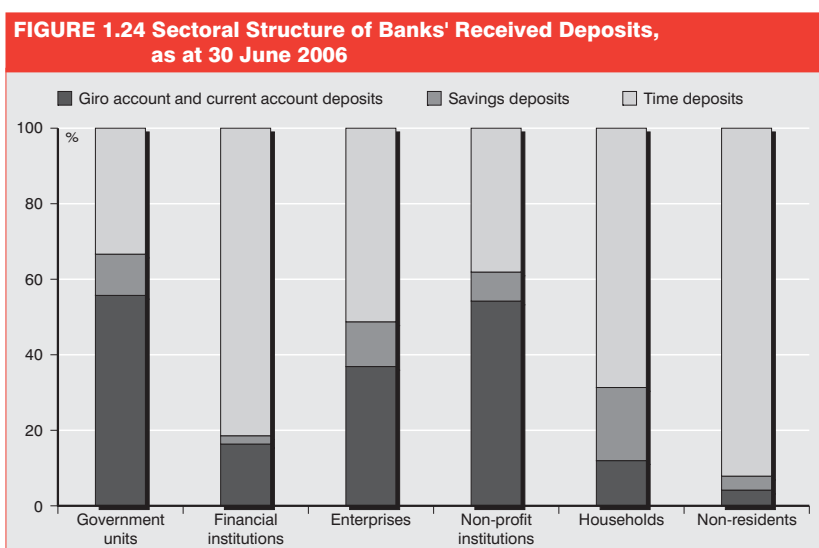
**TABLE 1.15 Sectoral Structure of Banks' Received Loans, end of period, in million HRK and %**

	Dec. 2003		Dec. 2004			Dec. 2005			Dec. 2006		
	Amount	Udio	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Loans from government units	961.6	3.0	679.2	1.7	-29.4	528.0	1.1	-22.3	386.8	0.7	-26.7
Loans from financial institutions	7,112.9	22.1	8,462.0	21.2	19.0	13,843.8	27.7	63.6	13,299.8	24.8	-3.9
Loans from enterprises	90.5	0.3	40.3	0.1	-55.5	40.8	0.1	1.2	40.9	0.1	0.3
Loans from foreign financial institutions	22,869.3	71.0	30,081.9	75.5	31.5	35,143.1	70.2	16.8	39,592.9	0.8	12.7
Loans from other non-residents	1,158.9	3.6	566.8	1.4	-51.1	479.3	1.0	-15.4	404.8	73.7	-15.5
<b>TOTAL LOANS RECEIVED</b>	<b>32,193.3</b>	<b>100.0</b>	<b>39,830.3</b>	<b>100.0</b>	<b>23.7</b>	<b>50,035.0</b>	<b>100.0</b>	<b>25.6</b>	<b>53,725.2</b>	<b>100.0</b>	<b>7.4</b>
Loans from majority foreign owner	-	-	12,131.2	30.5	-	17,705.0	35.4	45.9	15,842.1	29.5	-10.5

Financing sources by peer group of banks did not undergo significant changes compared to the end of last year. Deposits remained the most significant financing source for all groups of banks, followed by received loans. The greatest increase in financing sources was achieved by medium-sized banks, i.e. 19.4%. Small banks were almost exclusively oriented towards deposits (over 90%).

In the first half of 2006, deposits grew by 6.1%, which is significantly higher than in the same period in the previous two years. Growth in deposits in the first half of 2005 was a mere 0.43%, and 0.19% in the first half of 2004. The reason for the high deposit growth rate in the first part of this year could be the growth in household deposits at a rate of 4.1% and a growth in enterprises' deposits at a rate of 3.1%. This was more than in the same period in the previous two years, when a small deposit growth rate and a fall in the rate were observed. A relatively high rate of non-resident deposits (17.1%) and deposits from foreign financial institutions (different from majority foreign ownership) also contributed to the growth in total deposits.

<sup>8</sup> Issued debt securities (which participate in the total structure of financing sources with approximately 1.5%) were not classified by sector for analysis purposes.



The structure of deposits with respect to their maturity has not changed significantly in the past three years, although a tendency of growth in time deposits in total deposits has been noted. At the end of June 2006, the share of deposits on giro and current accounts was 17.0%, the share of savings deposits was 14.1% and the share of time deposits was 68.9%.

In comparison to the end of last year, deposits on giro and current accounts grew by 6% (HRK 1.7bn). Most of this growth pertained to the household sector, where the above deposits increased by HRK 2.5bn. This was also affected by payment of the first instalment of the debt to retired persons. In savings deposits, no significant changes were registered, and their share in total deposits was 1.8% less than at the end of last year. In time deposits, growth at a rate of 7.9% (HRK 9bn) was achieved. Viewed by sector, growth was almost equally generated by deposits in all sectors (except government units and non-profit institutions). However, growth in deposits in the non-resident sector of HRK 3.8bn and the household sector of HRK 2.0bn was somewhat greater than growth in enterprises' deposits (HRK 1.9bn) and financial institution deposits (HRK 1.0bn).

Based on the above, it can be concluded that in the first half of 2006 all sectors (except the state and non-profit institutions) contributed evenly to growth in the deposit base, with a somewhat more pronounced increase in household deposits and deposits from foreign financial institutions.

In addition, analysis of banks' aggregate reports reveal that the household sector kept more than 70% of deposits as time deposits, while this percentage exceeded 80% and 90% for financial institutions and non-residents respectively. In contrast, enterprises, government units and non-profit institutions kept a majority of funds in banks as sight deposits.

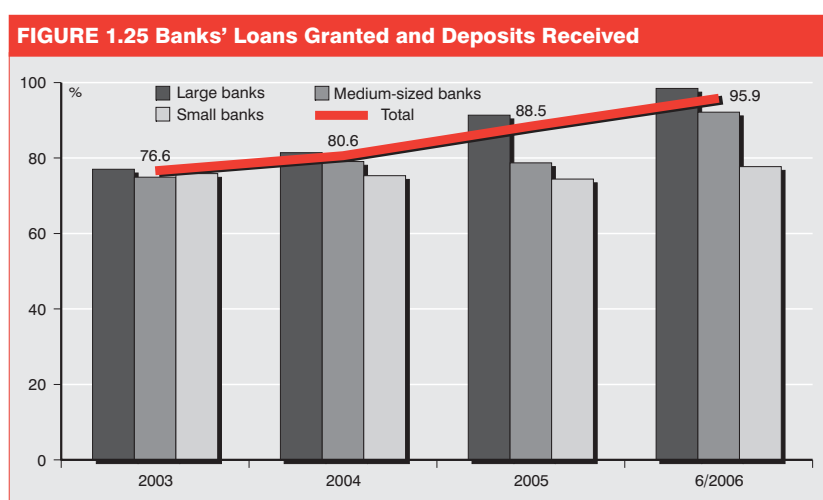
In the first quarter of 2006, the ratio between average free reserves and average reserve requirements was 21.2 percentage points less than in the first quarter of the previous year and amounted to 60.6%. In the second quarter, the ratio was even less favourable and amounted to 52.5%, which is 24.1 percentage points lower than in the same period last year.

In the first quarter of 2006 (on the basis of quarterly averages), medium-sized banks had the greatest ratio between average free reserves and average reserve requirements (97.5%), while small banks

ranked second (83.5%), and large banks last (60.6%). In the second quarter, compared to the first, the above ratio for all peer groups of banks was reduced by 26.1 percentage points for medium-sized banks, 12.6 percentage points for large banks and 6.2 percentage points for small banks.

In the first six months, the liquidity of the banking sector was good, additionally enhanced by the reduction of the reserve requirement rate from 18 to 17%,<sup>9</sup> an increased inflow of capital from abroad, CNB foreign exchange interventions, in which just over HRK 4.2bn was placed on the market, and regular reverse repo auctions. In the first half of this year, 24 reverse repo auctions were held, and at 23 of them, a total of 80.4% of received bids were accepted, which amounted to almost HRK 25bn. Due to the effect of (seven) foreign exchange interventions, the CNB rejected part of the bids at certain auctions in order to avoid creating excessive liquidity. On a regular monthly basis, three auctions for MoF treasury bills were held (except in February, when two auctions were held), and the total balance of purchased treasury bills at the end of June 2006 was, compared to the same period last year, HRK 1.2bn or 17.3% greater. In February, the central government issued a second tranche of government bonds to the amount of HRK 2.0bn, and in March banks approved a short-term syndicated loan to the amount of EUR 400m to the central government. High liquidity contributed to maintaining a low level of interest rates on the money market and the reduction of interest rates on MoF treasury bills.

Due to the faster dynamics of loan growth compared to growth in deposits, the ratio between loans granted and deposits received continued its strong growth, and at the end of June 2006 amounted to 95.9%. Compared to the balance at the end of 2005, this indicator grew by 7.4 percentage points (Figure 1.25). This was the result of the fact that growth in loans granted, which was 14.9%, was more than twice as rapid as growth in deposits received, which was 6.1%. Viewed by peer group of banks, the ratio between loans granted and deposits received increased in all groups of banks, and most of all in medium-sized banks (by 13.5 percentage points), thus amounting to 92.2%. Large banks achieved a growth of 7.1 percentage points (to 98.5%), while small banks had a growth of 3.3 percentage points (to 77.7%).

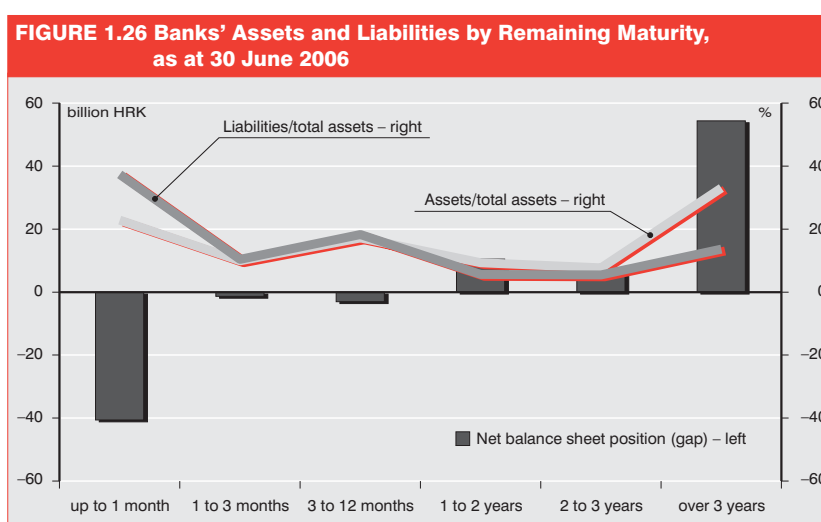


9 Decision on reserve requirements (Official Gazette 203/2003, 145/2004, 34/2005, 64/2005, 136/2005 and 146/2005).

The ratio between short-term assets and short-term liabilities, calculated on the basis of data on remaining maturity, was 75.7% in June 2006, which was somewhat lower than at the end of 2005, when this ratio for banks was 86.8%. The reason for this was a faster increase in liabilities with less than a year until maturity (4.2%), while at the level of all banks, short-term assets increased by only 0.6%.

Viewed by peer group of banks, large banks had the greatest indicator fall (from 75.9% to 72.6%) due to a simultaneous decrease in short-term assets by 2.7% compared to the balance at the end of last year and an increase in short-term liabilities by 1.6%. Medium-sized banks, whose liabilities grew faster than assets, followed with a 2.6 percentage point decrease (to 85.9%). Small banks had almost identical rates of change for short-term assets and short-term liabilities, which slightly affected the change in the ratio (from 91.2% to 90.7%) in the observed period.

The balance sheet structure of banks' assets and liabilities by remaining maturity did not change significantly compared to the balance at the end of 2005 (Figure 1.26). A pronounced deficiency of assets over liabilities (negative gap) of HRK 40.6bn with the shortest remaining maturity, and a significant surplus of assets over liabilities (positive gap) to the amount of HRK 54.4bn with the longest remaining maturity, remained the main feature of banks' balance sheets. From the consolidated point of view, banks only compensate for a deficiency of assets over liabilities (negative gap) after maturity which exceeds three years.

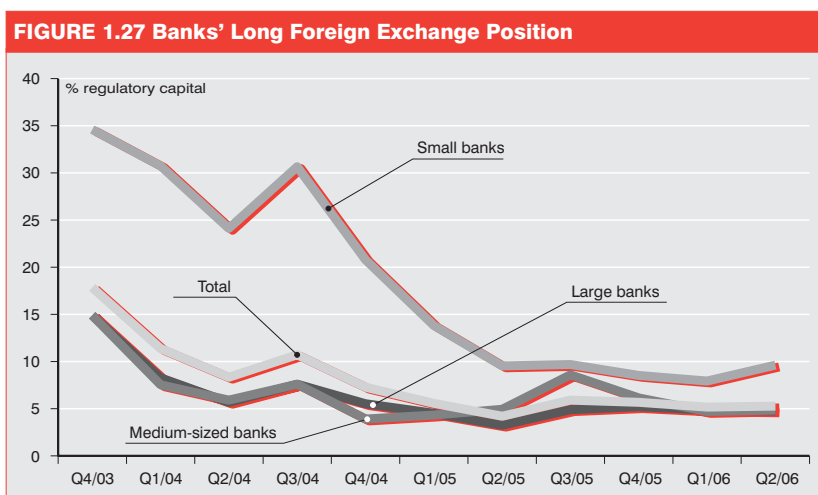


### 1.1.9 Currency Adjustment of Banks' Assets and Liabilities

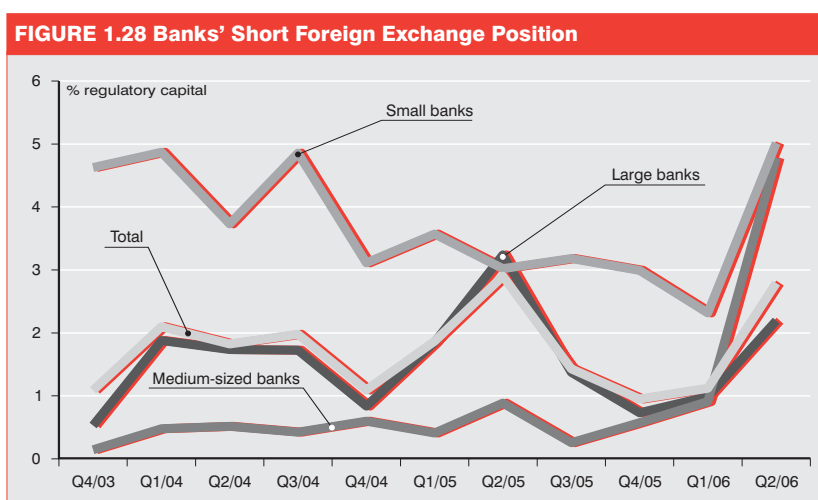
The ratio between the average long foreign exchange position and regulatory capital of all banks was 5.3% in the second quarter of 2006, which was slightly less than at the end of 2005, when it amounted to 5.7% (Figure 1.27). Small banks had the highest average quarterly long foreign exchange position expressed as a percentage of regulatory capital at the end of June 2006 (9.6%), medium-sized banks were second (4.9%), while large banks were ranked last (4.8%).

Although the ratio between the average short foreign exchange position and regulatory capital of all banks (2.8%) remained lower than the ratio of the average long foreign exchange position and





regulatory capital of all banks, a growth in this ratio for all groups of banks was nevertheless evident in comparison to the balance at the end of 2005 (Figure 1.28). This was most pronounced with medium-sized banks, where the ratio between the average short foreign exchange position and regulatory capital of all banks increased from 0.6% to 4.8% in the observed period. In large banks, a growth in the said ratio from 0.7% to 2.2% was registered in the observed period, while small banks had a growth from 3.0% to 5.0%.



## 1.2 Housing Savings Banks

After HPB stambena štedionica d.d. Zagreb entered the banking sector in April this year, five housing savings banks operated on the territory of the Republic of Croatia. Despite an increase in their number (by one), total housing savings banks' assets were 6.2% lower at the end of the first half of 2006 than at the end of 2005, amounting to just over HRK 5.7bn. This decrease affected the reduction in the share of housing savings banks' assets in total banking sector assets from 2.3% at the end of 2005 to approximately 2.0% at the end of June 2006.

Four housing savings banks were under majority foreign shareholder ownership, either directly or



indirectly, while the last, recently established housing savings banks was under majority domestic (state) ownership.

### 1.2.1 Housing Savings Banks' Balance Sheet

In the first six months of this year, housing savings banks' assets were reduced by 6.2% in total. A reduction in total assets was registered in three housing savings banks, ranging from 4.8% to 9.6%.

The main reasons for the reduction in housing savings banks' assets in the observed period were the reduction of household time deposits, significant losses from assets not traded in active markets but carried at fair value, and changes to the manner of declaring unrealised losses on the basis of value adjustments of financial assets available for sale. In housing savings banks' liabilities, this was manifested as a reduction of liabilities by HRK 284.5m (4.8%) and capital by HRK 95.3m (43.3%), and in assets as a reduction of placements to financial institutions.

According to data as at 30 June 2006, housing savings banks placed more than two thirds of their assets (77.0%) into securities and other financial instruments, and this share additionally increased compared to the balance at the end of last year (in 2005, it was 67.3%). The reason for this is a growth in the portfolio of securities and other financial instruments available for sale by 66.6%, as well as the portfolio held to maturity by 20.3%.

The increase in the portfolio of securities and other financial instruments available for sale occurred due to the introduction of factoring and forfaiting operations with central government funds (HRK 306.8m), while the remaining part of the increase, as well as the increase in the portfolio held to maturity, are the result of a simultaneous reduction of investment into MoF treasury bills (by HRK 170.8m) and an increase in investment in the bonds of the Republic of Croatia (by HRK 178.3m).

Due to changes in the accounting statement of losses, the portfolio of securities and other financial instruments which are not traded on active markets but carried at fair value, were reduced by HRK 102.2m (7.4%). Again, the portfolio of securities and other financial instruments held for trading had the least share (a 5.6% share in total assets). This value dropped by HRK 70.9m or 18.1% compared to the balance at the end of last year.

The structure of all purchased securities shows that housing savings banks mostly directed any excess of liquid funds into the purchase of long-term government securities, which made up about 80% (79.3%) of their total securities. The share of MoF treasury bills in total securities was reduced from 18.9% to 13.8%, while the purchase of receivables from central government funds accounted for the remaining 6.9%.

Although the amount of housing savings banks loans dropped by 2.4% compared to the balance at the end of 2005, their share in total assets increased from 16.2% to 16.8%, due to a simultaneous decrease in other asset items. Loans approved to financial institutions were reduced by HRK 219.9m or 83.4%, while loans approved to other clients increased by HRK 196.0m or 26.9%.

The virtually no-risk structure of housing savings banks assets shows that housing savings banks still

do not pursue their basic line of work, and one of the negative consequences of this is a low rate of return, as well as extremely high sensitivity to price fluctuations on the securities market, which is most evident in business results, i.e. in the financial losses in the first half of this year.

	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	0.01	0.00	0.01	0.00	100.00	0.02	0.00	42.86	0.02	0.00	-10.00
1.1. Money assets	0.01	0.00	0.01	0.00	100.00	0.02	0.00	42.86	0.02	0.00	-10.00
1.2. Deposits with the CNB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deposits with banking institutions	25.86	0.73	332.36	6.21	1,185.48	720.52	11.74	116.79	86.62	1.50	-87.98
3. MoF treasury bills and CNB bills	748.89	21.27	780.79	14.59	4.26	781.98	12.74	0.15	611.30	10.62	-21.83
4. Securities and other financial instruments held for trading	766.81	21.78	250.18	4.68	-	390.64	6.36	56.14	319.80	5.55	-18.14
5. Securities and other financial instruments available for sale	-	-	2,147.96	40.14	-	706.82	11.51	-67.09	1,177.87	20.45	66.64
6. Securities and other financial instruments held to maturity	1,527.89	43.40	548.19	10.24	-	869.63	14.17	58.64	1,046.44	18.17	20.33
6.1. Securities and other financial instruments bought on issue directly from the issuer	-	-	74.96	1.40	-	-	-	-	-	-	-
7. Securities and other financial instruments not traded in active markets but carried at fair value	-	-	-	-	-	1,382.46	22.52	-	1,280.26	22.23	-7.39
8. Derivative financial assets	-	-	0.00	0.00	-	0.00	0.00	0.00	4.75	0.08	0.00
9. Loans to financial institutions	211.39	6.00	468.95	8.76	121.85	263.70	4.30	-43.77	43.79	0.76	-83.39
10. Loans to other clients	187.78	5.33	372.94	6.97	98.61	727.58	11.85	95.09	923.54	16.04	26.93
11. Investments in subsidiaries and associates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Foreclosed and repossessed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Tangible assets (net of depreciation)	18.98	0.54	8.72	0.16	-54.04	8.17	0.13	-6.35	7.65	0.13	-6.39
14. Interest, fees and other assets	39.10	1.11	389.35	7.28	895.68	323.77	5.27	-16.84	297.22	5.16	-8.20
15. Net of: Collectively assessed impairment provisions	6.27	0.18	23.13	0.43	269.10	36.93	0.60	59.69	40.72	0.71	10.24
<b>TOTAL ASSETS</b>	<b>3,520.43</b>	<b>100.00</b>	<b>5,351.29</b>	<b>100.00</b>	<b>52.01</b>	<b>6,138.35</b>	<b>100.00</b>	<b>14.71</b>	<b>5,758.53</b>	<b>100.00</b>	<b>-6.19</b>

Despite nominally significant changes in the observed period, the structure of financing sources for housing savings banks did not undergo major changes. Time deposits still made up the bulk of sources, the share of which in total housing savings banks' liabilities, together with interest, fees and other liabilities, was 97.8% (Table 1.17).

	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Udio	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	0.39	0.01	0.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00
1.1. Short-term loans	0.39	0.01	0.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00
1.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deposits	3,265.14	92.75	4,728.25	88.36	44.81	5,514.72	89.84	16.63	5,239.45	90.99	-4.99
2.1. Giro account and current account deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2. Savings deposits	0.13	0.00	0.09	0.00	-32.82	0.03	0.00	-71.59	0.01	0.00	-72.00
2.3. Time deposits	3,265.01	92.74	4,728.16	88.36	44.81	5,514.69	89.84	16.64	5,239.45	90.99	-4.99
3. Other loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Derivative financial liabilities and other financial liabilities held for trading	-	-	4.87	0.09	-	4.13	0.07	-15.17	0.00	0.00	-100.00
5. Debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1. Short-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2. Long-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Subordinated instruments issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Hybrid instruments issued	10.71	0.30	10.74	0.20	0.32	10.33	0.17	-3.85	60.91	1.06	489.85
8. Interest, fees and other liabilities	89.39	2.54	452.63	8.46	406.34	388.97	6.34	-14.06	333.30	5.79	-14.31
<b>TOTAL LIABILITIES</b>	<b>3,365.63</b>	<b>95.60</b>	<b>5,196.48</b>	<b>97.11</b>	<b>54.40</b>	<b>5,918.14</b>	<b>96.41</b>	<b>13.89</b>	<b>5,633.66</b>	<b>97.83</b>	<b>-4.81</b>
<b>TOTAL CAPITAL</b>	<b>154.81</b>	<b>4.40</b>	<b>154.81</b>	<b>2.89</b>	<b>0.00</b>	<b>220.21</b>	<b>3.59</b>	<b>42.25</b>	<b>124.87</b>	<b>2.17</b>	<b>-43.30</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>3,520.43</b>	<b>100.00</b>	<b>5,351.29</b>	<b>100.00</b>	<b>52.01</b>	<b>6,138.35</b>	<b>100.00</b>	<b>14.71</b>	<b>5,758.53</b>	<b>100.00</b>	<b>-6.19</b>

At the end of the first half of 2006, housing savings banks' total capital was HRK 124.8m, i.e. 43.3%. Several factors caused this reduction in total capital: negative half-yearly financial results (HRK 72.9m) was the main reason for the reduction, but other factors were a large retained loss from previous years (HRK 24.2m) and losses on the basis of value adjustments of financial assets available for sale (HRK 21.5m).

**TABLE 1.18 Structure of Housing Savings Banks' Total Capital, end of period, in million HRK and %**

	Dec. 2003		Dec. 2004			Dec. 2005			Jun. 2006		
	Amount	Udio	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	193.36	124.91	203.36	131.36	5.17	203.36	92.35	0.00	233.36	186.88	14.75
2. Current year profit/loss	-9.33	-6.03	11.40	7.37	-222.22	52.28	23.74	358.47	-72.89	-58.37	-239.41
3. Retained earnings (loss)	-51.46	-33.24	-63.44	-40.98	23.28	-53.64	-24.36	-15.44	-24.24	-19.41	54.81
4. Legal reserves	1.50	0.97	3.48	2.25	132.07	1.94	0.88	-44.21	2.32	1.86	19.62
5. Total reserves provided for by the articles of association and other capital reserves	20.73	13.39	0.00	0.00	-100.00	29.88	13.57	-	-22.57	-18.08	-175.54
5.1. Reserves provided for by the articles of association and other capital reserves	-	-	0.00	0.00	-	0.00	0.00	-	-1.11	-0.88	-
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	-	-	0.00	0.00	-	29.88	13.57	-	-21.47	-17.19	-171.84
5.3. Reserves arising from hedging transactions	-	-	0.00	0.00	-	0.00	0.00	-	0.00	0.00	-
6. Previous year profit/loss	0.00	0.00	0.00	0.00	0.00	-13.61	-6.18	-	8.89	7.12	-
<b>TOTAL CAPITAL</b>	<b>154.81</b>	<b>100.00</b>	<b>154.81</b>	<b>100.00</b>	<b>0.00</b>	<b>220.21</b>	<b>100.00</b>	<b>42.25</b>	<b>124.87</b>	<b>100.00</b>	<b>-43.30</b>

Due to all negative changes pertaining to capital, housing savings banks' regulatory capital amounted to HRK 145m as at 30 June 2006, which is HRK 50.2m or 25.7% less than at the end of 2005. If we exclude the newly established housing savings banks from the calculation, the total reduction of regulatory capital in the first six months of this year was HRK 79.3m or 40.6%.

The capital adequacy ratio was reduced from 23.78% to 13.73%. The introduction of obligatory evaluation of currency-induced credit risk, in addition to the loss which reduced regulatory capital, also had a negative effect on the capital adequacy ratio. Due to the sectoral structure of housing savings banks' placements, which was dominated by household and government sectors with over 90%, 94.8% of net placements were considered as exposed to currency-induced credit risk.

## 1.2.2 Housing Savings Banks' Income Statement

In the first six months of 2006, housing savings banks had a loss before taxes to the amount of HRK 72.8m (Table 1.19), while in the same period last year, they reported an income before taxes to the amount of HRK 33.6m. Only one housing savings bank made an income before taxes at the end of June 2006.

The greatest sources of loss from business operations were losses from assets not traded in active markets but carried at fair value, (HRK 59.1m) and losses from trading in securities (HRK 25.9m). Income from all other activities could not compensate for this high level of loss.

At the end of June 2006, housing savings banks' net interest income, compared to the balance at the end of the same period last year, was reduced by 3.5%, due to a faster growth in interest expenses (15.4%) than growth in interest income (9.5%). Housing savings banks again generated the greatest

**TABLE 1.19 Housing Savings Banks' Income Statement, in million HRK**

	Jan.–Jun. 2005	Jan.–Jun. 2006
1. Net interest income	35.58	34.33
1.1. Total interest income	114.79	125.74
1.2. Total interest expenses	79.21	91.41
2. Net income from fees and commissions	32.16	29.55
2.1. Total income from fees and commissions	35.69	33.94
2.2. Total expenses on fees and commissions	3.53	4.39
3. Net other non-interest income	21.13	-77.89
3.1. Other non-interest income	30.25	-64.65
3.2. Other non-interest expenses	9.11	13.25
4. Net non-interest income	53.30	-48.34
5. General administrative expenses and depreciation	55.02	53.76
6. Net operating income before loss provisions	33.85	-67.77
7. Total expenses on loss provisions	0.21	5.06
7.1. Expenses on value adjustments and provisions for identified losses	0.34	0.86
7.2. Collectively assessed impairment provision	-0.13	4.20
8. Income/loss before taxes	33.64	-72.83
9. Income tax	0.24	0.05
10. Current year profit/loss	33.40	-72.89

part of interest income from debt securities of the Republic of Croatia (74.0%), which had lower average interest returns than loans approved on the basis of housing savings. Therefore, although it grew at high rates (compared to the same period last year, growth in interest income from loans approved to household clients was 69.5%), interest income from loans approved to the household sector was not sufficient to cover the high interest expenses from housing savings.

A lower net income in the observed period (2.6%) was also realised from commissions and fees, due to almost 5% lower income from other banking services, and 24.3% higher expenses for commissions and fees for resident banking services, compared to the balance in the same period last year. In other categories in the income statement, in comparison to the first half of 2005, poorer business results were also recorded.

### 1.2.3 Housing Savings Banks' Exposure to Credit Risk

At the end of the first half of 2006, housing savings banks' total gross placements and contingent liabilities were 13.8% greater. In the same period, there was a significant change in the structure of placements allocated into risk categories. The most significant of these is certainly the increase in the item referring to debt securities and other financial assets available for sale from HRK 94.5m to HRK 1.2bn, and the decrease in deposits given to banks from HRK 720.5 to just HRK 86.6m. The former was a case of reallocation of debt securities available for sale into a portfolio subject to credit risk evaluation and allocation into risk categories, while the latter was mostly a case of withdrawal of short-term deposits with the parent bank and the purchasing of bonds of the Republic of Croatia by one housing savings banks. As a result of these changes, in the total structure of placements and contingent liabilities, the share of other financial assets available for sale increased from 2.7% to 31.0%, and the share of given deposits was reduced from 20.6% to 2.2%.

Significant changes occurred with other total placement items, as well. Off-balance contingent liabilities increased by 70.7% or HRK 37.5m, while receivables on the basis of income increased by 19.4%

or HRK 11m. Besides given deposits, a nominal and relative decrease was also recorded for loans (by 2.3% or HRK 23.1m), other claims (by 96.3% or HRK 36.0m) and debt securities and other financial assets held to maturity (by 0.7% or HRK 11.7m).

The above changes in the structure of placements by type had no negative effect on the quality of placements, as quantitative replacement occurred at the same qualitative level, i.e. housing savings banks replaced one group of fully recoverable placements with another group of equivalent ones (deposits to banks with government securities). Therefore, at the end of the reporting period, total placements and contingent liabilities almost completely consisted of placements from risk category A, i.e. fully recoverable placements, whose share was just under 99.9%. Partly recoverable and irrecoverable placements made up only a minor part of placements and contingent liabilities (to the total amount of HRK 4.7m and with a share in total placements and contingent liabilities of 0.1%).

**TABLE 1.20 Classification of Housing Savings Banks' Placements and Contingent Liabilities by Risk Categories, end of period, in million HRK and %**

Placements	Dec. 2003		Dec. 2004		Dec. 2005		Jun. 2006	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements (category A)	2,717.31	99.99	2,648.84	99.97	3,493.99	99.93	3,974.57	99.88
2. Partly recoverable placements (category B)	0.24	0.01	0.68	0.03	2.11	0.06	3.97	0.10
3. Irrecoverable placements (category C)	0.00	0.00	0.05	0.00	0.36	0.01	0.78	0.02
Total	2,717.54	100.00	2,649.57	100.00	3,496.46	100.00	3,979.32	100.00

Although the balance of total value adjustments of placements and provisions for contingent liabilities almost doubled compared to the end of last year (from HRK 0.9m to HRK 1.7m), their relative ratio to housing savings banks' total placements and contingent liabilities remained at the same level as in the previous two years, when it amounted to 0.01% (Table 1.21). Total value adjustments of placements and provisions for contingent liabilities were HRK 43.4m. Due to the small share of bad placements in total placements and contingent liabilities, almost the entire amount of total value adjustments and provisions for contingent liabilities pertained to collectively assessed impairment provisions.

**TABLE 1.21 Ratio of Housing Savings Banks' Total Value Adjustments and Provisions to Total Placements and Contingent Liabilities, end of period, in million HRK and %**

	Dec. 2003	Dec. 2004	Dec. 2005	Jun. 2006
1. Total value adjustments against placements and provisions for contingent liabilities	6.50	23.48	38.36	43.42
1.1. Value adjustments against placements and provisions for contingent liabilities	0.13	0.22	0.89	1.74
1.2. Collectively assessed impairment provisions	6.37	23.26	37.47	41.67
2. Total placements and contingent liabilities	2,717.54	2,649.57	3,496.46	3,979.32
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	0.00	0.01	0.01	0.01



## 2 Notes on Methodology

### Figure 1.1 Number of Banks

With respect to ownership structure, the banks in the Republic of Croatia are divided into domestic and foreign-owned banks. A bank is classified as a domestic bank if it is in majority ownership of domestic natural and legal persons or as a foreign-owned bank if it is in majority ownership of foreign natural and legal persons. The total number of banks is the sum of the banks in domestic and foreign ownership. The CNB statistics is the source of data on the number of banks.

### Table 1.1 Bank Peer Groups and Their Share in Total Bank Assets

In accordance with the selected criterion – the relative share of assets of an individual bank in total bank assets – Table 2.1 shows the peer groups of banks.

Schedule BS1-2 is the source of data on the size (amount) of assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.2 Ownership Structure of Banks and Their Share in Total Bank Assets

With respect to ownership structure, the banks in the Republic of Croatia are divided into domestic and foreign-owned banks. Banks in domestic ownership are divided into banks in domestic private ownership and banks in domestic state ownership. A bank is classified as a bank in domestic private ownership if it is in majority ownership of domestic natural and legal persons or as a bank in domestic state ownership if it is in majority ownership of government units. A bank is classified as a foreign-owned bank if it is in majority ownership of foreign natural and legal persons. The share of each bank's assets in total bank assets is calculated and shown by the type of ownership. The total number of banks is the sum of the banks in domestic ownership (i.e. domestic private and state ownership) and the banks in foreign ownership.

The CNB statistics and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the number of banks.

### Table 1.3 Territorial Distribution of Operating Units and ATMs

The total number of operating units and the total number of installed ATMs of all banks in the Republic of Croatia are classified by counties. The County of Zagreb includes the data on the City of Zagreb. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

### Figure 1.2 Concentration of Banks' Operating Units and ATMs by Counties

The bars in Figure 1.2 show the relative share of the number of operating units and ATMs by counties at the end of period.

The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

### Figure 1.3 Share of Operating Units of Bank Peer Groups in the Total Number of Operating Units

The number of operating units of an individual bank peer group is the sum of operating units of all banks classified into the respective peer group. The relative share of operating units in the total number of operating units is shown for each bank peer group.

The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

### Figure 1.4 Share of ATMs of Bank Peer Groups in the Total Number of ATMs

The number of ATMs of an individual bank peer group is the sum of ATMs of all banks classified into the respective peer group. The relative share of ATMs in the total number of ATMs is shown for each bank peer group.

The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

### Figure 1.5 Shares of the Largest Banks' Assets, Loans and Deposits in Total Assets, Loans and Deposits

The criterion for selecting the two largest banks, the next four largest banks and the first ten largest banks in the banking sector is the size of their assets. The share of assets of the selected bank groups in total assets is calculated as a ratio between the sum of assets of the selected bank groups and total assets of all banks, and is stated in percent. The share of deposits and the share of loans in total deposits and total loans of all banks is calculated in the same manner.

Schedule BS1-2 is the source of data on the size (amount) of assets, deposits and loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.6 Herfindahl Index (all banks)

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

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

The Herfindahl index can vary from 0 (perfectly competitive industry) to 10 000 (monopoly).

Granted loans/received deposits concentration indices are calculated by applying the same formula. Schedule BS1-2 is the source of data on the size (amount) of assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.4 Structure of Banks' Assets

The share of each balance sheet item of assets in total assets of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks 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.

Schedule BS1-2 is the source of data on the structure of banks' assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).



### Figure 1.7 Quarterly Rates of Change in Assets of Bank Peer Groups

The rate of change in assets of bank peer groups is calculated as a ratio between assets of an individual bank peer group, i.e. total assets of all banks at the end of the reporting period and assets of an individual bank peer group, i.e. total assets of all banks at the end of the previous reporting period. Schedule BS1-2 is the source of data on the quarterly rates of change in assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.8 Structure of Assets of Bank Peer Groups

The share of individual asset items in total assets is calculated as a ratio between individual asset items and total assets of bank peer groups, i.e. total assets of all banks at the end of the reporting period. Individual asset items comprise currency and deposits with the CNB, deposits (with banking institutions), securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries, associates and joint ventures, foreclosed and repossessed assets, tangible assets net of depreciation, and interest, fees and other assets) and collectively assessed impairment provisions.

Schedule BS1-2 is the source of data on the structure of assets of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.5 Structure of Banks' Liabilities

Banks' liabilities are calculated in the same manner as banks' assets in Table 1.4, i.e. the share of each balance sheet item of liabilities in total liabilities of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks 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.

Schedule BS1-2 is the source of data on the structure of banks' liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.9 Structure of Liabilities of Bank Peer Groups

The share of individual liability items in total liabilities is calculated as a ratio between individual liability items and total liabilities of bank peer groups, i.e. total liabilities of all banks at the end of the reporting period. Individual liability items comprise deposits (giro account and current account deposits, savings deposits and time deposits), loans (loans from financial institutions and other loans), securities (issued debt securities, issued subordinated instruments and issued hybrid instruments), other liabilities (derivative financial liabilities and other financial liabilities held for trading, and interest, fees and other liabilities) and capital.

Schedule BS1-2 is the source of data on the structure of liabilities of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.10 Structure of Banks' Standard Off-Balance Sheet Risky Items

The share of an individual standard off-balance sheet risky item in total standard off-balance sheet risky items is calculated as a ratio between an individual standard off-balance sheet risky item and total standard off-balance sheet risky items.

Schedule BS/IBS1-3 is the source of data on the structure of banks' standard off-balance sheet risky items (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.6 Structure of Banks' Total Capital

Banks' capital, as one of the liability items shown in Table 1.5, is presented in detail in Table 1.6 and the share of each stated capital item in total capital of all banks is calculated as a ratio between each capital item and total capital of all banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

Schedule BS1-2 is the source of data on the structure of banks' total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.7 Changes in Banks' Regulatory Capital

The regulatory capital is calculated in accordance with the Decision on the capital adequacy of banks (Official Gazette 17/2003, 120/2003, 149/2005 and 130/2006) and the Instruction for the uniform implementation of the decision on the capital adequacy of banks (Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006).

Schedule JK2 is the source of data on the changes in banks' regulatory capital (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006).

### Figure 1.11 Structure of Banks' Regulatory Capital

The columns in Figure 1.11 show the regulatory capital components at the end of the reporting period. The core capital is the amount of core capital decreased by the amount of deduction items, while supplementary capital I and II represent those amounts of supplementary capital I and II that are included in the regulatory capital. Items deducted from gross regulatory capital are the amount of total items deducted from gross regulatory capital.

Schedule JK2 is the source of data on the structure of banks' regulatory capital (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006).

### Figure 1.12 Structure of Banks' Credit Risk-Weighted Assets

The columns in Figure 1.12 show the net value of assets weighted by risk at the end of the reporting period. Ratio is used to determine the proportion of total credit risk-weighted assets to total assets at the end of the reporting period.

Schedule PBA1 (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006) and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the structure of banks' credit risk-weighted assets.

### Figure 1.13 Banks' Capital Adequacy Ratio

The capital adequacy ratio is calculated as a ratio between regulatory capital and credit risk-weighted assets increased by total foreign exchange position exposure to currency risk, capital requirement for position risks (multiplied by 10), capital requirement for settlement risk and capital requirement for counterparty risk (multiplied by 10) and capital requirement for exceeding the permissible exposure limits (multiplied by 10). The capital adequacy ratio is calculated for individual bank peer groups and for all banks together.

Schedule SAK is the source of data on the banks' capital adequacy ratio (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006).

### Figure 1.14 Structure of Banks' Total Capital Requirements

The total capital requirements are the sum of capital requirement for credit risk, capital requirement for currency risk, capital requirement for interest rate risk, capital requirement for equity risk, capital requirement for commodity risk, capital requirement for options, capital requirement for settlement risk, capital requirement for counterparty risk and capital requirement for exceeding the permissible exposure limits. Position risks based on interest rate risk and equity risk are divided into specific and general risk.

Schedule PKZ is the source of data on the structure of banks' total capital requirements (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006).

### Table 1.8 Banks' Income Statement

Each income statement item is shown cumulatively for all banks and individual bank peer groups on the basis of data from the income statements of banks in the observed periods. Total amount of each income statement item represents the sum of the same income statement items stated in the income statements of banks. Total amounts are calculated for all banks and for individual bank peer groups. Schedule RDG1-1 is the source of data on the banks' income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.9 Structure of Banks' Income

The share of each income item in total income of an individual bank peer group is calculated as a ratio between the sum of the same income items from the income statement of an individual bank peer group and total income earned by the respective peer group. The share of each income item in total income of all banks is calculated in the same manner.

Schedule RDG1-1 is the source of data on the structure of banks' income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.10 Structure of Banks' Expenses

The structure of expenses is calculated in the same manner as the structure of income in Table 1.9, i.e. the share of each expense item in total expenses of an individual bank peer group is calculated as a ratio between the sum of the same expense items from the income statement of an individual bank peer group and total expenses incurred by the respective peer group. The share of each expense item in total expenses of all banks is calculated in the same manner.

Schedule RDG1-1 is the source of data on the structure of banks' expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.15 Banks' Return on Average Assets

The return on average assets of bank peer groups is calculated as a ratio between income before taxes and average assets. The average assets of bank peer groups are calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year.

Schedule BS1-2 and Schedule RDG1-1 are the source of data on the banks' return on average assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.16 Banks' Return on Average Equity

The return on average equity of bank peer groups is calculated as a ratio between income after taxes

and average equity. The average equity of bank peer groups is calculated as the arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year.

Schedule BS1-2 and Schedule RDG1-1 are the source of data on the banks' return on average equity (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.17 Structure of Banks' Net Income

The columns in Figure 1.17 show the share of net interest income, net income from fees and commissions and net other non-interest income in total net income of individual bank peer groups and all banks together at the end of the reporting period.

Schedule RDG1-1 is the source of data on the structure of banks' net income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.18 Income from Interest-Bearing Assets and Expenses on Interest-Bearing Liabilities

Income from interest-bearing assets is the ratio between total interest income and average interest-bearing assets. Expenses on interest-bearing liabilities are the ratio between total interest expenses and average interest-bearing liabilities. The spread is the difference between the share of interest income in the average interest-bearing assets and the share of interest expenses in the average interest-bearing liabilities. Interest-bearing assets comprise deposits with the CNB (excl. other deposits with the CNB in foreign currency), deposits with banking institutions, debt securities (excl. debt securities held for trading), loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year.

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

Schedule BS1-2 and Schedule RDG1-1 are the source of data on the income from interest-bearing assets and the expenses on interest-bearing liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.19 Banks' Interest Rates

The basis for calculating the weighted averages is the amount of loans 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 overdraft facilities 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 the weighted averages of the 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 deposits and time deposits, whose weighted averages are calculated (since July 1995) on the basis 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.

### Figure 1.20 Banks' Assets per Employee

The amounts of assets of all banks in an individual bank peer group are added up and then divided by

the total number of persons employed by the banks in the peer group. The same procedure is applied to the calculation of this indicator for all banks.

Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) and Schedule PD3 (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006) are the source of data on the banks' assets per employee.

### Figure 1.21 Banks' Operating Expenses

Operating expenses of bank peer groups and all banks together are shown as a ratio between general and administrative expenses to net interest income and net non-interest income at the end of the reporting period.

Schedule RDG1-1 is the source of data on the banks' operating expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.22 Quarterly Rates of Change in Gross Loans in Selected Sectors

The rates of change in gross loans in selected sectors (enterprises and households) are calculated as a ratio between the amount of gross loans to selected sectors at the end of the reporting period and the amount of gross loans to selected sectors at the end of the previous quarter.

Schedule RS1 is the source of data on the quarterly rates of change in gross loans (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

### Table 1.11 Classification of Banks' Placements and Contingent Liabilities by Risk Categories

The amounts of placements and contingent liabilities are classified by risk categories. The share of placements and contingent liabilities in total placements and contingent liabilities that are classified into risk categories is calculated for each risk category.

Schedule RS1 is the source of data on the classification of banks' placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

### Table 1.12 Ratio of Banks' Total Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities.

Schedule PIV1 and Schedule RS1 are the source of data on these ratio indicators (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

### Figure 1.23 Coverage of Total Placements and Contingent Liabilities by Total Value Adjustments and Provisions

The ratio between total value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The value adjustments and provisions for contingent liabilities of all banks in an individual bank peer group are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities of the banks in the respective peer group.

Schedule RS1 is the source of data on these coverage indicators (Decision on supervisory reports of

banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

### Table 1.13 Sectoral Structure of Banks' Net Loans

The net credit exposure by an individual institutional sector is reported for each bank peer group, as well as for all banks together.

Schedule BS/KRED1-7 is the source of data on the sectoral structure of banks' net loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.14 Structure of Banks' Sources of Financing

The structure of sources of financing is shown for all bank peer groups and for all banks together. The share of individual sources of financing in total sources of financing is calculated as a ratio between individual sources of financing and total sources of financing. The share of deposits and loans of majority foreign owner is shown under separate line item and calculated in the same manner as above.

Schedule BS1-2, Schedule BS/DEP1-8 and Schedule BS/OK1-9 are the source of data on the structure of banks' sources of financing (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.15 Sectoral Structure of Banks' Received Loans

The amount of loans received from institutional sectors and their shares in total received loans are shown for all banks. The share of loans received from an individual institutional sector in total received loans is calculated as a ratio between the amount of loans received from an individual institutional sector and total received loans. The amount and the share of loans from majority foreign owner in total received loans are shown under separate line item.

Schedule BS/OK1-9 is the source of data on the sectoral structure of banks' received loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.24 Sectoral Structure of Banks' Received Deposits

Total deposits of an individual institutional sector include giro account and current account deposits, savings deposits and time deposits. The share of deposits of an individual institutional sector in total deposits of the respective institutional sector at the end of the reporting period is calculated for each deposit type.

Schedule BS/DEP1-8 is the source of data on the sectoral structure of banks' received deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.25 Banks' Loans Granted and Deposits Received

Total net loans granted by individual bank peer groups and all banks together are calculated as a ratio between total net granted loans and total received deposits at the end of the reporting period.

Schedule BS1-2 is the source of data on the banks' granted loans and received deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.26 Banks' Assets and Liabilities by Remaining Maturity

The adjustment between the structure of assets and the structure of liabilities is shown by the remaining maturity and on a net basis. The structure of assets by the remaining maturity is calculated as a ratio between assets classified by an individual maturity term and total assets at the end of the reporting period. The ratio between liabilities classified by an individual maturity term and total assets is calculated in the same manner. The net balance sheet position (gap) shows the mismatch between the maturity



structures of assets and liabilities and represents the difference between assets and liabilities classified by individual maturity terms.

Schedule BS/ROC1-14 is the source of data on the assets and liabilities classified by the remaining maturity terms (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Figure 1.27 Banks' Long Foreign Exchange Position

Each bank peer group ratio between its long foreign exchange position (f/c claims exceeding f/c liabilities) and its regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all banks in an individual bank peer group are added up. Second, regulatory capitals of all banks in the group are added up. The sums thus calculated are mutually divided.

Schedule JK2 (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006) and Schedule VR-2 (Decision on the limitation of banks' exposure to foreign exchange risk – Official Gazette 17/2003 and 39/2006) are the source of data on the banks' long foreign exchange position.

### Figure 1.28 Banks' Short Foreign Exchange Position

Each bank peer group ratio between its short foreign exchange position (f/c liabilities exceeding f/c claims) and its regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all banks in an individual bank group are added up. Second, regulatory capitals of all banks in the group are added up. The sums thus calculated are mutually divided.

Schedule JK2 (Instruction for the uniform implementation of the decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006 and 130/2006) and Schedule VR-2 (Decision on the limitation of banks' exposure to foreign exchange risk – Official Gazette 17/2003 and 39/2006) are the source of data on the banks' short foreign exchange position.

### Table 1.16 Structure of Housing Savings Banks' Assets

The share of each balance sheet item of assets in total assets of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks 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.

Schedule BS1-2 is the source of data on the structure of housing savings banks' assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.17 Structure of Housing Savings Banks' Liabilities

Housing savings banks' liabilities are calculated in the same manner as housing savings banks' assets in Table 1.4, i.e. the share of each balance sheet item of liabilities in total liabilities of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks 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.

Schedule BS1-2 is the source of data on the structure of housing savings banks' liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.18 Structure of Housing Savings Banks' Total Capital

Housing savings banks' capital, as one of the liability items shown in Table 1.17, is presented in detail

in Table 1.18 and the share of each stated capital item in total capital of all housing savings banks is calculated as a ratio between each capital item and total capital of all housing savings banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period.

Schedule BS1-2 is the source of data on the structure of housing savings banks' total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.19 Housing Savings Banks' Income Statement

Each income statement item is shown cumulatively for all housing savings banks on the basis of data from the income statements of housing savings banks in the observed periods.

Schedule RDG1-1 is the source of data on the housing savings banks' income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

### Table 1.20 Classification of Housing Savings Banks' Placements and Contingent Liabilities by Risk Categories

The amounts of placements and contingent liabilities are classified by risk categories. The share of placements and contingent liabilities in total placements and contingent liabilities that are classified into risk categories is calculated for each risk category.

Schedule RS1 is the source of data on the classification of housing savings banks' placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

### Table 1.21 Ratio of Housing Savings Banks' Total Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities of housing savings banks.

Schedule PIV1 and Schedule RS1 are the source of data on these ratio indicators (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).



## 3 List of Banks and Housing Savings Banks

Data on individual banks' and housing savings banks' addresses, telephone numbers, fax numbers, members of management and supervisory boards, and on bank/housing savings bank auditors are shown in the list of banks and housing savings banks.

Data on members of management and supervisory boards, and on shareholders who hold 3% or more of share in the share capital of a bank or housing savings bank are as at 30 June 2006.

Data on auditors relate to bank/housing savings bank auditors for 2005.

**BANKA BROD d.d.**

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 www.banka-brod.hr

**Management Board**

Zdenko Vidaković – chairperson, Mićo Tomičić

**Supervisory Board**

Damir Kreso – chairperson, Mara Tomičić,  
 Maja Vidaković

**Shareholders**

	Share in share capital (%)
1. Damir Kreso	6.79
2. Slobodanka Kreso	6.79
3. Mara Tomičić	6.79
4. Mićo Tomičić	6.79
5. Maja Vidaković	6.79
6. Zdenko Vidaković	6.79
7. Neđo Jelčić	6.30
8. Razija Kreso	5.96
9. Karlo Tomičić	5.96
10. Mirko Vidaković	5.96
11. Ante Zdilar	5.90
12. Željko Rački	3.29
14. Višnja Rački	3.26

Audit firm for 2005:  
 Alfa Revizija d.o.o., Slavonski Brod

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	7,144
1.1. Total interest income	11,928
1.2. Total interest expenses	4,784
2. Net income from fees and commissions	360
2.1. Total income from fees and commissions	911
2.2. Total expenses on fees and commissions	552
3. Net other non-interest income	766
3.1. Other non-interest income	1,016
3.2. Other non-interest expenses	251
4. Net non-interest income	1,126
5. General administrative expenses and depreciation	4,269
6. Net operating income before loss provisions	4,001
7. Total expenses on loss provisions	839
7.1. Expenses on value adjustments and provisions for identified losses	507
7.2. Expenses on provisions for unidentified losses	332
8. Income/loss before taxes	3,161
9. Income tax	631
10. Current year profit/loss	2,530

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	35,872
1.1. Money assets	13,022
1.2. Deposits with the CNB	22,850
2. Deposits with banking institutions	23,919
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	8,403
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	8,257
10. Loans to other clients	140,347
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	3,478
14. Interest, fees and other assets	4,083
15. Net of: Specific reserves for unidentified losses	1,798
<b>TOTAL ASSETS</b>	<b>222,560</b>

Structure of Liabilities	
1. Loans from financial institutions	7,310
1.1. Short-term loans	0
1.2. Long-term loans	7,310
2. Deposits	162,252
2.1. Giro account and current account deposits	9,092
2.2. Savings deposits	3,815
2.3. Time deposits	149,346
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	8,020
<b>CAPITAL</b>	<b>44,978</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>222,560</b>

1 Bank account number.

**BANKA KOVANICA d.d.**

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 Phone: +385 42/403-403  
 Fax: +385 42/212-148  
 BAN 4133006  
 www.kovanica.hr

**Management Board**

Lidija Hočurščak – chairperson, Ratko Špirelja

**Supervisory Board**

Josip Samaržija – chairperson, Darko Horvatin,  
 Ivan Majdak, Božica Samaržija, Milan Štimac

**Shareholders**

1. Josip Samaržija	72.41
2. Euroherc osiguranje d.d.	9.51
3. Miroslav Fuzul	4.87
4. Kristijan Floričić	3.28

**Share in share capital (%)**

Audit firm for 2005:  
 Revidicon d.o.o., Varaždin

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	20,674
1.1. Total interest income	42,480
1.2. Total interest expenses	21,806
2. Net income from fees and commissions	782
2.1. Total income from fees and commissions	1,240
2.2. Total expenses on fees and commissions	458
3. Net other non-interest income	2,261
3.1. Other non-interest income	4,581
3.2. Other non-interest expenses	2,320
4. Net non-interest income	3,043
5. General administrative expenses and depreciation	14,613
6. Net operating income before loss provisions	9,104
7. Total expenses on loss provisions	8,162
7.1. Expenses on value adjustments and provisions for identified losses	7,517
7.2. Expenses on provisions for unidentified losses	644
8. Income/loss before taxes	942
9. Income tax	339
10. Current year profit/loss	602

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	114,439
1.1. Money assets	25,990
1.2. Deposits with the CNB	88,449
2. Deposits with banking institutions	30,947
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	8,481
6. Securities and other financial instruments held to maturity	28,884
7. Securities and other financial instruments not traded in active markets but carried at fair value	4,553
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	570,864
11. Investments in subsidiaries and associates	75
12. Foreclosed and repossessed assets	1,343
13. Tangible assets (net of depreciation)	22,399
14. Interest, fees and other assets	13,924
15. Net of: Specific reserves for unidentified losses	6,990
<b>TOTAL ASSETS</b>	<b>788,919</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	18,132
1.1. Short-term loans	17,500
1.2. Long-term loans	632
2. Deposits	664,365
2.1. Giro account and current account deposits	10,626
2.2. Savings deposits	17,394
2.3. Time deposits	636,346
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	25,083
8. Interest, fees and other liabilities	28,702
<b>CAPITAL</b>	<b>52,637</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>788,919</b>

**BANKA SONIC d.d.**

Savska cesta 131, 10000 Zagreb  
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**Management Board**

Anka Tomas – chairperson, Goran Matanović

**Supervisory Board**

Branko Ostović – chairperson, Tatjana Ostović,  
 Karlo Kosina

**Shareholders**

1. Raiffeisenbank Austria d.d. (omnibus custody account)	65.32
2. Raiffeisenbank Austria d.d., EQI	5.53

**Share in share capital (%)**

Audit firm for 2005:

Revidicon d.o.o., Varaždin

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	27,212
1.1. Total interest income	46,269
1.2. Total interest expenses	19,057
2. Net income from fees and commissions	5,312
2.1. Total income from fees and commissions	6,298
2.2. Total expenses on fees and commissions	986
3. Net other non-interest income	-1,563
3.1. Other non-interest income	1,984
3.2. Other non-interest expenses	3,547
4. Net non-interest income	3,749
5. General administrative expenses and depreciation	20,477
6. Net operating income before loss provisions	10,483
7. Total expenses on loss provisions	2,674
7.1. Expenses on value adjustments and provisions for identified losses	305
7.2. Expenses on provisions for unidentified losses	2,369
8. Income/loss before taxes	7,809
9. Income tax	1,610
10. Current year profit/loss	6,199

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	96,734
1.1. Money assets	17,208
1.2. Deposits with the CNB	79,525
2. Deposits with banking institutions	323,127
3. MoF treasury bills and CNB bills	5,439
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	255
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	5,000
10. Loans to other clients	595,633
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	875
13. Tangible assets (net of depreciation)	21,020
14. Interest, fees and other assets	15,050
15. Net of: Specific reserves for unidentified losses	9,014
<b>TOTAL ASSETS</b>	<b>1,054,117</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	1,193
1.1. Short-term loans	0
1.2. Long-term loans	1,193
2. Deposits	926,352
2.1. Giro account and current account deposits	194,690
2.2. Savings deposits	27,251
2.3. Time deposits	704,410
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	8
7. Hybrid instruments issued	275
8. Interest, fees and other liabilities	38,927
<b>CAPITAL</b>	<b>87,362</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,054,117</b>

**BANKA SPLITSKO-DALMATINSKA d.d.**

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**Management Board**

Ivan Filipović – chairperson, Ivo Krolo

**Supervisory Board**

Juroslav Buljubašić – chairperson, Mirko Vukušić,  
 Nataša Vuković

**Shareholders**

1. Juroslav Buljubašić	36.96
2. Blue Line	9.49
3. Hypo Alpe-Adria-Bank d.d.	9.43
4. Mirko Vukušić	7.35
5. Jozo Vukušić	4.32
6. Jakiša Medić	3.31

**Share in share capital (%)**

Audit firm for 2005:  
 Veritas d.o.o., Split

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	6,023
1.1. Total interest income	8,713
1.2. Total interest expenses	2,690
2. Net income from fees and commissions	110
2.1. Total income from fees and commissions	336
2.2. Total expenses on fees and commissions	226
3. Net other non-interest income	-275
3.1. Other non-interest income	200
3.2. Other non-interest expenses	476
4. Net non-interest income	-165
5. General administrative expenses and depreciation	3,665
6. Net operating income before loss provisions	2,193
7. Total expenses on loss provisions	867
7.1. Expenses on value adjustments and provisions for identified losses	708
7.2. Expenses on provisions for unidentified losses	159
8. Income/loss before taxes	1,326
9. Income tax	286
10. Current year profit/loss	1,040

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	19,909
1.1. Money assets	4,766
1.2. Deposits with the CNB	15,143
2. Deposits with banking institutions	14,187
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	783
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	110,464
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	230
13. Tangible assets (net of depreciation)	10,081
14. Interest, fees and other assets	1,709
15. Net of: Specific reserves for unidentified losses	1,396
<b>TOTAL ASSETS</b>	<b>155,967</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	264
1.1. Short-term loans	0
1.2. Long-term loans	264
2. Deposits	106,632
2.1. Giro account and current account deposits	593
2.2. Savings deposits	2,797
2.3. Time deposits	103,242
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	4,830
<b>CAPITAL</b>	<b>44,240</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>155,967</b>

**CENTAR BANKA d.d.**

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**Management Board**

Gordana Zrinščak – chairperson, Ljiljana  
 Podhraški, Ružica Vadić, Darko Kosovec

**Supervisory Board**

Dragutin Biondić – chairperson, Igor  
 Knežević, Irena Kovačević, Žarko Kraljević,  
 Franjo Tomić

**Shareholders**

1. Heruc d.d.
2. PBZ d.d. (omnibus custody account)
3. Heruc Euroholding

**Share in share capital (%)**

- 41.23  
 8.57  
 3.84

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	17,140
1.1. Total interest income	29,996
1.2. Total interest expenses	12,855
2. Net income from fees and commissions	5,126
2.1. Total income from fees and commissions	8,704
2.2. Total expenses on fees and commissions	3,578
3. Net other non-interest income	2,582
3.1. Other non-interest income	3,255
3.2. Other non-interest expenses	673
4. Net non-interest income	7,708
5. General administrative expenses and depreciation	16,793
6. Net operating income before loss provisions	8,055
7. Total expenses on loss provisions	3,528
7.1. Expenses on value adjustments and provisions for identified losses	2,437
7.2. Expenses on provisions for unidentified losses	1,091
8. Income/loss before taxes	4,528
9. Income tax	1,238
10. Current year profit/loss	3,290

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	94,221
1.1. Money assets	8,425
1.2. Deposits with the CNB	85,795
2. Deposits with banking institutions	87,976
3. MoF treasury bills and CNB bills	39,725
4. Securities and other financial instruments held for trading	4,581
5. Securities and other financial instruments available for sale	990
6. Securities and other financial instruments held to maturity	73,877
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	572,159
11. Investments in subsidiaries and associates	1,520
12. Foreclosed and repossessed assets	6,164
13. Tangible assets (net of depreciation)	6,530
14. Interest, fees and other assets	14,185
15. Net of: Specific reserves for unidentified losses	8,660
<b>TOTAL ASSETS</b>	<b>893,268</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	158,640
1.1. Short-term loans	44,229
1.2. Long-term loans	114,412
2. Deposits	528,010
2.1. Giro account and current account deposits	93,634
2.2. Savings deposits	17,634
2.3. Time deposits	416,743
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	42
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	9,395
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	27,155
<b>CAPITAL</b>	<b>170,026</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>893,268</b>

**CREDO BANKA d.d.**

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 BAN 2491005  
 www.credobanka.com

**Management Board**

Šime Luketin – chairperson, Mato Mišić

**Supervisory Board**

Boris Barać – chairperson, Mirko Vuković, Dražen Bilić

**Shareholders**

1. Boris Barać	24.97
2. Mirko Vuković	9.98
3. Bedem d.o.o.	9.50
4. Simag d.o.o.	9.31
5. Alkom d.o.o. za graditeljstvo	8.36
6. Arca Mercatus d.o.o.	4.98
7. Plastal d.o.o.	3.52

**Share in share capital (%)**

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	18,826
1.1. Total interest income	35,990
1.2. Total interest expenses	17,164
2. Net income from fees and commissions	4,840
2.1. Total income from fees and commissions	6,341
2.2. Total expenses on fees and commissions	1,502
3. Net other non-interest income	1,136
3.1. Other non-interest income	2,704
3.2. Other non-interest expenses	1,568
4. Net non-interest income	5,976
5. General administrative expenses and depreciation	17,544
6. Net operating income before loss provisions	7,258
7. Total expenses on loss provisions	5,499
7.1. Expenses on value adjustments and provisions for identified losses	4,967
7.2. Expenses on provisions for unidentified losses	532
8. Income/loss before taxes	1,759
9. Income tax	1,158
10. Current year profit/loss	601

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	133,306
1.1. Money assets	13,394
1.2. Deposits with the CNB	119,912
2. Deposits with banking institutions	54,071
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	2,500
6. Securities and other financial instruments held to maturity	30,719
7. Securities and other financial instruments not traded in active markets but carried at fair value	51
8. Derivative financial assets	5
9. Loans to financial institutions	0
10. Loans to other clients	758,998
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	15,144
13. Tangible assets (net of depreciation)	16,237
14. Interest, fees and other assets	25,277
15. Net of: Specific reserves for unidentified losses	9,139
<b>TOTAL ASSETS</b>	<b>1,027,169</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	165,278
1.1. Short-term loans	19,907
1.2. Long-term loans	145,371
2. Deposits	702,782
2.1. Giro account and current account deposits	113,518
2.2. Savings deposits	48,022
2.3. Time deposits	541,242
3. Other loans	9,862
3.1. Short-term loans	0
3.2. Long-term loans	9,862
4. Derivative financial liabilities and other financial liabilities held for trading	141
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	12,815
8. Interest, fees and other liabilities	55,391
<b>CAPITAL</b>	<b>80,900</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,027,169</b>

**CROATIA BANKA d.d.**

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 www.croatiabanka.hr

**Management Board**

Krunoslav Brkljačić – chairperson, Željka Prga,  
 Dalibor Jandl

**Supervisory Board**

Ivan Pažin – chairperson, Jure Šimović, Ivan  
 Tomljenović, Branka Grabovac, Ivan Bukarica

**Shareholders**

1. State Agency for Bank Rehabilitation and Deposit Insurance

**Share in share capital (%)**

100.00

Audit firm for 2005:

Revizija Zagreb d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	23,336
1.1. Total interest income	43,010
1.2. Total interest expenses	19,673
2. Net income from fees and commissions	2,075
2.1. Total income from fees and commissions	6,042
2.2. Total expenses on fees and commissions	3,967
3. Net other non-interest income	330
3.1. Other non-interest income	4,742
3.2. Other non-interest expenses	4,412
4. Net non-interest income	2,405
5. General administrative expenses and depreciation	31,402
6. Net operating income before loss provisions	-5,660
7. Total expenses on loss provisions	-6,245
7.1. Expenses on value adjustments and provisions for identified losses	-7,631
7.2. Expenses on provisions for unidentified losses	1,386
8. Income/loss before taxes	584
9. Income tax	0
10. Current year profit/loss	584

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	184,507
1.1. Money assets	24,497
1.2. Deposits with the CNB	160,010
2. Deposits with banking institutions	183,252
3. MoF treasury bills and CNB bills	36,722
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	99,813
6. Securities and other financial instruments held to maturity	10,868
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	139
9. Loans to financial institutions	14,198
10. Loans to other clients	795,122
11. Investments in subsidiaries and associates	440
12. Foreclosed and repossessed assets	47,321
13. Tangible assets (net of depreciation)	39,456
14. Interest, fees and other assets	40,315
15. Net of: Specific reserves for unidentified losses	11,647
<b>TOTAL ASSETS</b>	<b>1,440,506</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	183,689
1.1. Short-term loans	24,720
1.2. Long-term loans	158,969
2. Deposits	1,046,590
2.1. Giro account and current account deposits	181,344
2.2. Savings deposits	130,677
2.3. Time deposits	734,568
3. Other loans	9,908
3.1. Short-term loans	3,628
3.2. Long-term loans	6,280
4. Derivative financial liabilities and other financial liabilities held for trading	184
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	51,727
<b>CAPITAL</b>	<b>148,409</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,440,506</b>



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**Management Board**

Petar Radaković – chairperson, Tomislav Vuić,  
 Boris Centner, Sava Dalbokov, Slađana Jagar

**Supervisory Board**

Reinhard Ortner – chairperson, Franz Kerber, Claudia  
 Hoeller, Kristijan Schellander, Gerhard Maier, Helmut  
 Payer, Peter Nemschak, Herbert Juranek, Andreas  
 Kligen

**Shareholders**

	Share in share capital (%)
1. Erste Bank der Österreichischen Sparkassen AG	51.43
2. Die Steiermärkische Bank und Sparkassen AG	43.98

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	425,723
1.1. Total interest income	848,682
1.2. Total interest expenses	422,959
2. Net income from fees and commissions	91,388
2.1. Total income from fees and commissions	149,662
2.2. Total expenses on fees and commissions	58,274
3. Net other non-interest income	28,048
3.1. Other non-interest income	40,140
3.2. Other non-interest expenses	12,091
4. Net non-interest income	119,436
5. General administrative expenses and depreciation	290,717
6. Net operating income before loss provisions	254,442
7. Total expenses on loss provisions	47,188
7.1. Expenses on value adjustments and provisions for identified losses	14,531
7.2. Expenses on provisions for unidentified losses	32,658
8. Income/loss before taxes	207,253
9. Income tax	40,923
10. Current year profit/loss	166,330

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	7,050,783
1.1. Money assets	312,697
1.2. Deposits with the CNB	6,738,087
2. Deposits with banking institutions	951,248
3. MoF treasury bills and CNB bills	773,961
4. Securities and other financial instruments held for trading	488,464
5. Securities and other financial instruments available for sale	795,637
6. Securities and other financial instruments held to maturity	602,282
7. Securities and other financial instruments not traded in active markets but carried at fair value	3,150
8. Derivative financial assets	20,662
9. Loans to financial institutions	669,890
10. Loans to other clients	20,688,001
11. Investments in subsidiaries and associates	64,520
12. Foreclosed and repossessed assets	14,527
13. Tangible assets (net of depreciation)	540,510
14. Interest, fees and other assets	374,679
15. Net of: Specific reserves for unidentified losses	273,962
<b>TOTAL ASSETS</b>	<b>32,764,352</b>

Structure of Liabilities	
1. Loans from financial institutions	1,104,390
1.1. Short-term loans	118,004
1.2. Long-term loans	986,386
2. Deposits	20,302,441
2.1. Giro account and current account deposits	2,661,954
2.2. Savings deposits	2,678,690
2.3. Time deposits	14,961,797
3. Other loans	7,714,881
3.1. Short-term loans	4,550
3.2. Long-term loans	7,710,331
4. Derivative financial liabilities and other financial liabilities held for trading	14,555
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	689,413
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,118,006
<b>CAPITAL</b>	<b>1,820,668</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>32,764,352</b>

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**Management Board**

Suzana Sučić – chairperson, Krešimir Jerin

**Supervisory Board**

Izidor Sučić – chairperson, Branko Josipović,  
 Željko Krznarić

**Shareholders**

	Share in share capital (%)
1. Izidor Sučić	8.70
2. Branko Mijović	8.68
3. Josip Bašić	8.66
4. Suzana Sučić	8.61
5. Ivan Sučić	8.56
6. Kristina Sučić	8.55
7. Vesna Mijović	8.52
8. Branko Josipović	8.35
9. Željko Krznarić	7.40
10. Faktor banka d.d.	7.28

Audit firm for 2005:  
 Repos d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	14,152
1.1. Total interest income	17,999
1.2. Total interest expenses	3,847
2. Net income from fees and commissions	3,521
2.1. Total income from fees and commissions	4,091
2.2. Total expenses on fees and commissions	571
3. Net other non-interest income	3,047
3.1. Other non-interest income	6,563
3.2. Other non-interest expenses	3,516
4. Net non-interest income	6,568
5. General administrative expenses and depreciation	11,180
6. Net operating income before loss provisions	9,539
7. Total expenses on loss provisions	677
7.1. Expenses on value adjustments and provisions for identified losses	677
7.2. Expenses on provisions for unidentified losses	0
8. Income/loss before taxes	8,863
9. Income tax	1,283
10. Current year profit/loss	7,580

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	46,620
1.1. Money assets	26,902
1.2. Deposits with the CNB	19,717
2. Deposits with banking institutions	66,947
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	526
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	20,082
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	168,159
11. Investments in subsidiaries and associates	9,090
12. Foreclosed and repossessed assets	8,630
13. Tangible assets (net of depreciation)	20,806
14. Interest, fees and other assets	6,427
15. Net of: Specific reserves for unidentified losses	2,709
<b>TOTAL ASSETS</b>	<b>344,577</b>

Structure of Liabilities	
1. Loans from financial institutions	48,251
1.1. Short-term loans	8,000
1.2. Long-term loans	40,251
2. Deposits	134,943
2.1. Giro account and current account deposits	19,568
2.2. Savings deposits	39,767
2.3. Time deposits	75,608
3. Other loans	42,937
3.1. Short-term loans	20,259
3.2. Long-term loans	22,678
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	11,261
<b>CAPITAL</b>	<b>107,186</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>344,577</b>

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**Shareholders**

- Hrvatska poštanska banka d.d.

**Share in share capital (%)**

100.00

**Management Board**

Dunja Vidošević – chairperson, Jasminka Makarun

**Supervisory Board**

Josip Protega – chairperson, Marijo Kirinić, Boris Cota

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	197
1.1. Total interest income	197
1.2. Total interest expenses	0
2. Net income from fees and commissions	0
2.1. Total income from fees and commissions	1
2.2. Total expenses on fees and commissions	1
3. Net other non-interest income	0
3.1. Other non-interest income	0
3.2. Other non-interest expenses	0
4. Net non-interest income	0
5. General administrative expenses and depreciation	388
6. Net operating income before loss provisions	-191
7. Total expenses on loss provisions	254
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on provisions for unidentified losses	254
8. Income/loss before taxes	-445
9. Income tax	0
10. Current year profit/loss	-445

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	1,189
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	28,428
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	0
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	0
14. Interest, fees and other assets	238
15. Net of: Specific reserves for unidentified losses	254
<b>TOTAL ASSETS</b>	<b>29,601</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	214
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	214
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	271
<b>CAPITAL</b>	<b>29,115</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>29,601</b>

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**Management Board**

Josip Protega – chairperson, Ivan Sladonja

**Supervisory Board**

Ante Žigman – chairperson, Zoran Bubaš,  
 Dragan Kovačević, Drago Jakovčević, Vera Babić,  
 Grga Ivezić, Jadranko Mijalić

**Shareholders**

1. Croatian Privatisation Fund	37.00
2. Hrvatska pošta d.d.	33.56
3. Croatian Pension Insurance Administration	28.01

**Share in share capital (%)**

Audit firm for 2005:  
 KPMG Croatia d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	145,558
1.1. Total interest income	213,278
1.2. Total interest expenses	67,720
2. Net income from fees and commissions	37,643
2.1. Total income from fees and commissions	277,356
2.2. Total expenses on fees and commissions	239,714
3. Net other non-interest income	-25
3.1. Other non-interest income	28,337
3.2. Other non-interest expenses	28,361
4. Net non-interest income	37,618
5. General administrative expenses and depreciation	127,705
6. Net operating income before loss provisions	55,472
7. Total expenses on loss provisions	-11,986
7.1. Expenses on value adjustments and provisions for identified losses	-47,943
7.2. Expenses on provisions for unidentified losses	35,957
8. Income/loss before taxes	67,458
9. Income tax	13,279
10. Current year profit/loss	54,178

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	1,471,980
1.1. Money assets	545,450
1.2. Deposits with the CNB	926,530
2. Deposits with banking institutions	764,012
3. MoF treasury bills and CNB bills	1,181,344
4. Securities and other financial instruments held for trading	289,103
5. Securities and other financial instruments available for sale	284,885
6. Securities and other financial instruments held to maturity	29
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	4,291
9. Loans to financial institutions	110,130
10. Loans to other clients	5,704,171
11. Investments in subsidiaries and associates	35,050
12. Foreclosed and repossessed assets	45,401
13. Tangible assets (net of depreciation)	161,471
14. Interest, fees and other assets	161,515
15. Net of: Specific reserves for unidentified losses	82,801
<b>TOTAL ASSETS</b>	<b>10,130,582</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	1,820,202
1.1. Short-term loans	1,103,065
1.2. Long-term loans	717,137
2. Deposits	6,118,219
2.1. Giro account and current account deposits	1,781,724
2.2. Savings deposits	1,533,524
2.3. Time deposits	2,802,971
3. Other loans	29,102
3.1. Short-term loans	0
3.2. Long-term loans	29,102
4. Derivative financial liabilities and other financial liabilities held for trading	531
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,372,701
<b>CAPITAL</b>	<b>789,826</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>10,130,582</b>

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 www.splitskabanka.hr

**Management Board**

Wolfgang Peter – chairperson, Goran Gazivoda,  
 Ivo Bilić, Christoph Schöfböck, Vedrana Carević

**Supervisory Board**

Regina Prehofer – chairperson, Helmut Bernkopf,  
 Wolfgang Edelmüller, Wolfgang Helpa, Heinz  
 Meidlinger, Robert Zadrazil, Josef Duregger

**Shareholders**

1. Bank Austria Creditanstalt AG

**Share in share capital (%)**

99.75

Audit firm for 2005:  
 KPMG Croatia d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	317,920
1.1. Total interest income	624,541
1.2. Total interest expenses	306,621
2. Net income from fees and commissions	87,693
2.1. Total income from fees and commissions	110,882
2.2. Total expenses on fees and commissions	23,189
3. Net other non-interest income	4,110
3.1. Other non-interest income	42,342
3.2. Other non-interest expenses	38,231
4. Net non-interest income	91,803
5. General administrative expenses and depreciation	246,710
6. Net operating income before loss provisions	163,014
7. Total expenses on loss provisions	9,328
7.1. Expenses on value adjustments and provisions for identified losses	-34,302
7.2. Expenses on provisions for unidentified losses	43,630
8. Income/loss before taxes	153,686
9. Income tax	40,557
10. Current year profit/loss	113,129

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	5,220,815
1.1. Money assets	188,775
1.2. Deposits with the CNB	5,032,040
2. Deposits with banking institutions	639,258
3. MoF treasury bills and CNB bills	286,466
4. Securities and other financial instruments held for trading	49,306
5. Securities and other financial instruments available for sale	2,267,140
6. Securities and other financial instruments held to maturity	492,070
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	2,696
9. Loans to financial institutions	340,518
10. Loans to other clients	14,613,049
11. Investments in subsidiaries and associates	531
12. Foreclosed and repossessed assets	158
13. Tangible assets (net of depreciation)	198,672
14. Interest, fees and other assets	498,147
15. Net of: Specific reserves for unidentified losses	202,395
<b>TOTAL ASSETS</b>	<b>24,406,431</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	1,272,031
1.1. Short-term loans	0
1.2. Long-term loans	1,272,031
2. Deposits	13,661,378
2.1. Giro account and current account deposits	2,335,182
2.2. Savings deposits	1,824,747
2.3. Time deposits	9,501,449
3. Other loans	6,813,454
3.1. Short-term loans	2,893,140
3.2. Long-term loans	3,920,314
4. Derivative financial liabilities and other financial liabilities held for trading	2,647
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	848,533
<b>CAPITAL</b>	<b>1,808,388</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>24,406,431</b>

\* HVB Splitska banka d.d., Split changed its name into Société Générale-Splitska banka on 10 July 2006.

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**Management Board**

Heinz Truskaller – chairperson, Igor Kodžoman,  
 Zoran Sikirica, Radojka Olić, Krešimir Starčević

**Supervisory Board**

Günter Striedinger – chairperson, Othmar Ederer,  
 Wolfgang Kulterer, Gerd Penkner,  
 Thomas Morgl

**Shareholders**

- Hypo Alpe-Adria-Bank AG

**Share in share capital (%)**

100.00

Audit firm for 2005:

Confida revizija d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	250,599
1.1. Total interest income	507,501
1.2. Total interest expenses	256,901
2. Net income from fees and commissions	97,563
2.1. Total income from fees and commissions	117,199
2.2. Total expenses on fees and commissions	19,636
3. Net other non-interest income	15,499
3.1. Other non-interest income	40,040
3.2. Other non-interest expenses	24,541
4. Net non-interest income	113,062
5. General administrative expenses and depreciation	166,650
6. Net operating income before loss provisions	197,011
7. Total expenses on loss provisions	79,213
7.1. Expenses on value adjustments and provisions for identified losses	47,659
7.2. Expenses on provisions for unidentified losses	31,554
8. Income/loss before taxes	117,798
9. Income tax	29,301
10. Current year profit/loss	88,497

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	2,792,298
1.1. Money assets	106,255
1.2. Deposits with the CNB	2,686,043
2. Deposits with banking institutions	306,751
3. MoF treasury bills and CNB bills	622,364
4. Securities and other financial instruments held for trading	151,366
5. Securities and other financial instruments available for sale	1,553,035
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	20,519
9. Loans to financial institutions	826,695
10. Loans to other clients	13,677,654
11. Investments in subsidiaries and associates	8,659
12. Foreclosed and repossessed assets	1,053
13. Tangible assets (net of depreciation)	131,480
14. Interest, fees and other assets	385,892
15. Net of: Specific reserves for unidentified losses	170,094
<b>TOTAL ASSETS</b>	<b>20,307,673</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	852,775
1.1. Short-term loans	119,645
1.2. Long-term loans	733,130
2. Deposits	14,810,484
2.1. Giro account and current account deposits	1,386,812
2.2. Savings deposits	1,451,533
2.3. Time deposits	11,972,139
3. Other loans	1,331,638
3.1. Short-term loans	1,309,121
3.2. Long-term loans	22,517
4. Derivative financial liabilities and other financial liabilities held for trading	1,844
5. Debt securities issued	30,431
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	30,431
6. Subordinated instruments issued	0
7. Hybrid instruments issued	357,886
8. Interest, fees and other liabilities	651,159
<b>CAPITAL</b>	<b>2,271,456</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>20,307,673</b>

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**Shareholders**

1. Imex trgovina d.o.o.	49.99
2. Trajektna luka Split d.d.	41.14
3. Ivka Mijić	3.88

**Share in share capital (%)****Management Board**

Branko Buljan – chairperson, Ružica Šarić

Audit firm for 2005:  
 Maran d.o.o., Split

**Supervisory Board**

Andelko Matić – chairperson, Branka Žaja, Marica Javorović

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	14,538
1.1. Total interest income	25,219
1.2. Total interest expenses	10,681
2. Net income from fees and commissions	1,057
2.1. Total income from fees and commissions	1,384
2.2. Total expenses on fees and commissions	327
3. Net other non-interest income	-796
3.1. Other non-interest income	1,331
3.2. Other non-interest expenses	2,127
4. Net non-interest income	261
5. General administrative expenses and depreciation	7,940
6. Net operating income before loss provisions	6,859
7. Total expenses on loss provisions	2,407
7.1. Expenses on value adjustments and provisions for identified losses	1,880
7.2. Expenses on provisions for unidentified losses	526
8. Income/loss before taxes	4,452
9. Income tax	1,223
10. Current year profit/loss	3,229

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	92,178
1.1. Money assets	7,026
1.2. Deposits with the CNB	85,153
2. Deposits with banking institutions	73,588
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	19,231
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	429,168
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	14,496
14. Interest, fees and other assets	8,991
15. Net of: Specific reserves for unidentified losses	5,970
<b>TOTAL ASSETS</b>	<b>631,682</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	34,910
1.1. Short-term loans	31,257
1.2. Long-term loans	3,653
2. Deposits	511,063
2.1. Giro account and current account deposits	87,131
2.2. Savings deposits	33,924
2.3. Time deposits	390,008
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	12,656
<b>CAPITAL</b>	<b>73,053</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>631,682</b>

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**Management Board**

Miro Dodić – chairperson, Marina Vidič

**Supervisory Board**

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

**Shareholders**

1. Intercommerce d.o.o.	16.86
2. Tvornica cementa Umag d.o.o.	15.04
3. Hempel d.o.o.	15.00
4. Serfin d.o.o.	9.66
5. Miroslav Blažev	5.08
6. Plava laguna d.d.	3.57

**Share in share capital (%)**

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	26,291
1.1. Total interest income	44,867
1.2. Total interest expenses	18,576
2. Net income from fees and commissions	6,156
2.1. Total income from fees and commissions	9,892
2.2. Total expenses on fees and commissions	3,736
3. Net other non-interest income	2,458
3.1. Other non-interest income	3,455
3.2. Other non-interest expenses	998
4. Net non-interest income	8,614
5. General administrative expenses and depreciation	23,927
6. Net operating income before loss provisions	10,978
7. Total expenses on loss provisions	-925
7.1. Expenses on value adjustments and provisions for identified losses	-966
7.2. Expenses on provisions for unidentified losses	41
8. Income/loss before taxes	11,902
9. Income tax	2,380
10. Current year profit/loss	9,522

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	271,869
1.1. Money assets	37,947
1.2. Deposits with the CNB	233,922
2. Deposits with banking institutions	371,458
3. MoF treasury bills and CNB bills	29,707
4. Securities and other financial instruments held for trading	1,050
5. Securities and other financial instruments available for sale	2,656
6. Securities and other financial instruments held to maturity	31,456
7. Securities and other financial instruments not traded in active markets but carried at fair value	125,368
8. Derivative financial assets	0
9. Loans to financial institutions	35,000
10. Loans to other clients	820,605
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	14,784
13. Tangible assets (net of depreciation)	29,187
14. Interest, fees and other assets	21,147
15. Net of: Specific reserves for unidentified losses	13,182
<b>TOTAL ASSETS</b>	<b>1,741,124</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	19,081
1.1. Short-term loans	1,900
1.2. Long-term loans	17,181
2. Deposits	1,542,784
2.1. Giro account and current account deposits	250,792
2.2. Savings deposits	328,136
2.3. Time deposits	963,856
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	32,586
<b>CAPITAL</b>	<b>146,672</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,741,124</b>



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**Management Board**

Ivo Šinko – chairperson, Mate Šarić,  
 Marija Trlaja

**Supervisory Board**

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

**Shareholders**

	Share in share capital (%)
1. Croatia osiguranje d.d.	9.75
2. Alfa d.d.	7.89
3. PBZ d.d. (custody account)	5.63
4. Ugo oprema i građenje, d.o.o.	4.92
5. Vinoplod-Vinarija d.d.	4.92
6. Importanne d.o.o.	4.81
7. Tiskara Kačić d.o.o.	4.23
8. Vodovod i odvodnja d.o.o.	4.20
9. Kapitalni fond d.d.	4.04
10. HVB Splitska banka d.d. (custody account)	3.67

Audit firm for 2005:  
 Revicon Zagreb d.o.o., Zagreb and Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	18,559
1.1. Total interest income	42,398
1.2. Total interest expenses	23,839
2. Net income from fees and commissions	5,284
2.1. Total income from fees and commissions	8,578
2.2. Total expenses on fees and commissions	3,294
3. Net other non-interest income	4,190
3.1. Other non-interest income	8,285
3.2. Other non-interest expenses	4,095
4. Net non-interest income	9,474
5. General administrative expenses and depreciation	20,031
6. Net operating income before loss provisions	8,002
7. Total expenses on loss provisions	-2,044
7.1. Expenses on value adjustments and provisions for identified losses	-2,744
7.2. Expenses on provisions for unidentified losses	700
8. Income/loss before taxes	10,046
9. Income tax	0
10. Current year profit/loss	10,046

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	223,699
1.1. Money assets	46,166
1.2. Deposits with the CNB	177,534
2. Deposits with banking institutions	267,054
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	41,380
6. Securities and other financial instruments held to maturity	298,149
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	13
9. Loans to financial institutions	0
10. Loans to other clients	675,053
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	121,582
13. Tangible assets (net of depreciation)	31,439
14. Interest, fees and other assets	32,980
15. Net of: Specific reserves for unidentified losses	15,708
<b>TOTAL ASSETS</b>	<b>1,675,642</b>

Structure of Liabilities	
1. Loans from financial institutions	145,208
1.1. Short-term loans	56,830
1.2. Long-term loans	88,378
2. Deposits	1,302,433
2.1. Giro account and current account deposits	144,456
2.2. Savings deposits	323,051
2.3. Time deposits	834,927
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	1
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	11,426
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	25,507
<b>CAPITAL</b>	<b>191,068</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,675,642</b>

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**Management Board**

Sandi Šola – chairperson, Sanda Cvitešić, Stjepan Poljak, Marijana Trpčić-Reškovic

**Supervisory Board**

Danijel Žamboki – chairperson, Boris Vidić, Darrell Peter Saric, Ivan Podvorac, Goran Vukšić

**Shareholders**

	Share in share capital (%)
1. Croatian Privatisation Fund	7.37
2. Novopromet d.o.o.	7.33
3. Cityexpress d.o.o.	5.74
4. Ivan Jaime Guerrero Devlahovic	5.60
5. Lanzville Investments	5.05
6. Antun Farkaš	4.24
7. Karlovačka pivovara d.d.	4.20
8. Munja d.d.	4.03
9. PBZ Invest d.o.o.	3.72
10. Žabac, trgovačko-pekarSKI obrt i ugostiteljstvo	3.49
11. Aks d.o.o.	3.06

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
 as at 30 June 2006, in thousand HRK**

1. Net interest income	25,511
1.1. Total interest income	39,319
1.2. Total interest expenses	13,808
2. Net income from fees and commissions	5,034
2.1. Total income from fees and commissions	11,238
2.2. Total expenses on fees and commissions	6,203
3. Net other non-interest income	-1,022
3.1. Other non-interest income	1,015
3.2. Other non-interest expenses	2,037
4. Net non-interest income	4,012
5. General administrative expenses and depreciation	24,625
6. Net operating income before loss provisions	4,898
7. Total expenses on loss provisions	-207
7.1. Expenses on value adjustments and provisions for identified losses	-1,585
7.2. Expenses on provisions for unidentified losses	1,378
8. Income/loss before taxes	5,106
9. Income tax	786
10. Current year profit/loss	4,320

**Balance Sheet  
 as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	158,166
1.1. Money assets	20,540
1.2. Deposits with the CNB	137,626
2. Deposits with banking institutions	132,749
3. MoF treasury bills and CNB bills	4,951
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,889
6. Securities and other financial instruments held to maturity	151,787
7. Securities and other financial instruments not traded in active markets but carried at fair value	39,580
8. Derivative financial assets	20
9. Loans to financial institutions	5,449
10. Loans to other clients	674,654
11. Investments in subsidiaries and associates	17,358
12. Foreclosed and repossessed assets	1,175
13. Tangible assets (net of depreciation)	37,090
14. Interest, fees and other assets	12,399
15. Net of: Specific reserves for unidentified losses	9,924
<b>TOTAL ASSETS</b>	<b>1,227,342</b>

Structure of Liabilities	
1. Loans from financial institutions	80,293
1.1. Short-term loans	4,962
1.2. Long-term loans	75,331
2. Deposits	1,013,045
2.1. Giro account and current account deposits	212,300
2.2. Savings deposits	252,409
2.3. Time deposits	548,337
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	20
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	1,524
7. Hybrid instruments issued	13,353
8. Interest, fees and other liabilities	37,413
<b>CAPITAL</b>	<b>81,693</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,227,342</b>

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**Management Board**

Ivan Purgar – chairperson, Željko Jakuš

**Supervisory Board**

Rudo Mikulić – chairperson, Tomislav Lučić,  
 Ivica Sertić

**Shareholders**

1. Euroherc osiguranje d.d.	28.00
2. Jadransko osiguranje d.d.	20.00
3. Agram životno osiguranje d.d.	12.24
4. Euro daus d.d.	10.51
5. Euroleasing d.o.o.	9.99
6. Sunce osiguranje d.d.	9.99

**Share in share capital (%)**

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	15,069
1.1. Total interest income	28,391
1.2. Total interest expenses	13,323
2. Net income from fees and commissions	4,858
2.1. Total income from fees and commissions	14,060
2.2. Total expenses on fees and commissions	9,203
3. Net other non-interest income	7,333
3.1. Other non-interest income	7,663
3.2. Other non-interest expenses	330
4. Net non-interest income	12,190
5. General administrative expenses and depreciation	15,719
6. Net operating income before loss provisions	11,540
7. Total expenses on loss provisions	-192
7.1. Expenses on value adjustments and provisions for identified losses	-828
7.2. Expenses on provisions for unidentified losses	636
8. Income/loss before taxes	11,731
9. Income tax	0
10. Current year profit/loss	11,731

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	126,033
1.1. Money assets	34,759
1.2. Deposits with the CNB	91,274
2. Deposits with banking institutions	118,128
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	411
6. Securities and other financial instruments held to maturity	4,239
7. Securities and other financial instruments not traded in active markets but carried at fair value	16,991
8. Derivative financial assets	249
9. Loans to financial institutions	5,000
10. Loans to other clients	580,629
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	34,922
14. Interest, fees and other assets	14,616
15. Net of: Specific reserves for unidentified losses	7,025
<b>TOTAL ASSETS</b>	<b>894,194</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	26,482
1.1. Short-term loans	0
1.2. Long-term loans	26,482
2. Deposits	676,887
2.1. Giro account and current account deposits	126,370
2.2. Savings deposits	41,420
2.3. Time deposits	509,098
3. Other loans	5,079
3.1. Short-term loans	5,079
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	25
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	30,356
<b>CAPITAL</b>	<b>155,365</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>894,194</b>

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**Management Board**

Goran Rameša – chairperson, Milivoj Debelić

**Supervisory Board**

Marijan Ključariček – chairperson, Vito Svetina, Mirjana Petković, Dušan Todorović, Giuseppe Tomsich

**Shareholders**

1. Adria Consulting S.R.L.	50.00
2. Erste & Steiermärkische bank d.d.	31.85
3. Transadria d.d.	14.77

**Share in share capital (%)**

Audit firm for 2005:  
 PricewaterhouseCoopers d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	6,719
1.1. Total interest income	10,379
1.2. Total interest expenses	3,660
2. Net income from fees and commissions	1,791
2.1. Total income from fees and commissions	3,213
2.2. Total expenses on fees and commissions	1,422
3. Net other non-interest income	1,646
3.1. Other non-interest income	2,124
3.2. Other non-interest expenses	478
4. Net non-interest income	3,437
5. General administrative expenses and depreciation	6,957
6. Net operating income before loss provisions	3,200
7. Total expenses on loss provisions	-325
7.1. Expenses on value adjustments and provisions for identified losses	-765
7.2. Expenses on provisions for unidentified losses	440
8. Income/loss before taxes	3,525
9. Income tax	705
10. Current year profit/loss	2,820

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	56,050
1.1. Money assets	2,300
1.2. Deposits with the CNB	53,750
2. Deposits with banking institutions	23,729
3. MoF treasury bills and CNB bills	14,562
4. Securities and other financial instruments held for trading	2,584
5. Securities and other financial instruments available for sale	33,781
6. Securities and other financial instruments held to maturity	17,409
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	28,000
10. Loans to other clients	193,869
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	614
13. Tangible assets (net of depreciation)	25,358
14. Interest, fees and other assets	4,483
15. Net of: Specific reserves for unidentified losses	3,805
<b>TOTAL ASSETS</b>	<b>396,634</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	40,038
1.1. Short-term loans	500
1.2. Long-term loans	39,538
2. Deposits	272,137
2.1. Giro account and current account deposits	99,582
2.2. Savings deposits	20,179
2.3. Time deposits	152,376
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	12,193
<b>CAPITAL</b>	<b>72,266</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>396,634</b>

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**Shareholders**

1. Privredna banka Zagreb d.d.

**Share in share capital (%)**

96.39

Audit firm for 2005:

Ernst & Young Croatia d.o.o., Zagreb

**Management Board**

Nenad Jeđud – chairperson, Ljiljana Horvat

**Supervisory Board**

Ivan Krolo –chairperson, Zoran Kureljušić, Gordan Miler, Ivanka Petrović, Nenad Štimac

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	44,469
1.1. Total interest income	72,701
1.2. Total interest expenses	28,232
2. Net income from fees and commissions	13,515
2.1. Total income from fees and commissions	15,403
2.2. Total expenses on fees and commissions	1,888
3. Net other non-interest income	-5,044
3.1. Other non-interest income	-1,846
3.2. Other non-interest expenses	3,198
4. Net non-interest income	8,471
5. General administrative expenses and depreciation	26,623
6. Net operating income before loss provisions	26,316
7. Total expenses on loss provisions	3,404
7.1. Expenses on value adjustments and provisions for identified losses	-1,625
7.2. Expenses on provisions for unidentified losses	5,029
8. Income/loss before taxes	22,912
9. Income tax	4,592
10. Current year profit/loss	18,319

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	296,412
1.1. Money assets	44,455
1.2. Deposits with the CNB	251,957
2. Deposits with banking institutions	329,419
3. MoF treasury bills and CNB bills	211,201
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	3,557
6. Securities and other financial instruments held to maturity	2,654
7. Securities and other financial instruments not traded in active markets but carried at fair value	149,595
8. Derivative financial assets	26
9. Loans to financial institutions	26,972
10. Loans to other clients	1,238,529
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	4,759
13. Tangible assets (net of depreciation)	33,618
14. Interest, fees and other assets	24,813
15. Net of: Specific reserves for unidentified losses	23,675
<b>TOTAL ASSETS</b>	<b>2,297,879</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	170,208
1.1. Short-term loans	0
1.2. Long-term loans	170,208
2. Deposits	1,794,908
2.1. Giro account and current account deposits	309,728
2.2. Savings deposits	363,960
2.3. Time deposits	1,121,220
3. Other loans	18,142
3.1. Short-term loans	0
3.2. Long-term loans	18,142
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	85,591
<b>CAPITAL</b>	<b>229,031</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>2,297,879</b>

**NAVA BANKA d.d.**

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**Management Board**

Stipan Pamuković – chairperson, Željko Škalec

**Supervisory Board**

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

**Shareholders**

	Share in share capital (%)
1. Kemika d.d.	14.51
2. Agram životno osiguranje d.d.	8.24
3. Euroherc osiguranje d.d.	8.24
4. Jadransko osiguranje d.d.	8.24
5. Sunce osiguranje d.d.	8.24
6. GIP Pionir d.d.	5.94
7. Dragica Predović	4.56
8. Stipan Pamuković	3.92
9. Željko Škalec	3.92
10. Aling J.T.D.	3.30

Audit firm for 2005:  
 Revizija Zagreb d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	6,007
1.1. Total interest income	13,487
1.2. Total interest expenses	7,479
2. Net income from fees and commissions	1,355
2.1. Total income from fees and commissions	1,999
2.2. Total expenses on fees and commissions	643
3. Net other non-interest income	1,061
3.1. Other non-interest income	1,549
3.2. Other non-interest expenses	488
4. Net non-interest income	2,416
5. General administrative expenses and depreciation	4,668
6. Net operating income before loss provisions	3,756
7. Total expenses on loss provisions	1,957
7.1. Expenses on value adjustments and provisions for identified losses	1,188
7.2. Expenses on provisions for unidentified losses	770
8. Income/loss before taxes	1,799
9. Income tax	351
10. Current year profit/loss	1,448

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	51,639
1.1. Money assets	5,693
1.2. Deposits with the CNB	45,946
2. Deposits with banking institutions	25,225
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	24,894
6. Securities and other financial instruments held to maturity	17,491
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	1
9. Loans to financial institutions	5,000
10. Loans to other clients	290,375
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	5,487
14. Interest, fees and other assets	4,337
15. Net of: Specific reserves for unidentified losses	3,304
<b>TOTAL ASSETS</b>	<b>421,144</b>

Structure of Liabilities	
1. Loans from financial institutions	17,619
1.1. Short-term loans	5,500
1.2. Long-term loans	12,119
2. Deposits	305,695
2.1. Giro account and current account deposits	43,299
2.2. Savings deposits	11,983
2.3. Time deposits	250,413
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	9
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	9,907
<b>CAPITAL</b>	<b>87,914</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>421,144</b>

**OTP BANKA HRVATSKA d.d.**

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**Shareholders**

1. OTP Bank RT

**Share in share capital (%)**

100.00

Audit firm for 2005:

Deloitte & Touche d.o.o., Zagreb

**Management Board**

Damir Odak – chairperson, Zorislav Vidović

**Supervisory Board**

Laszlo Wolf – chairperson, Antal Gyorgy Kovacs, Pal Kovacs, Akos Takats, Andras Michnai

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	143,973
1.1. Total interest income	243,689
1.2. Total interest expenses	99,715
2. Net income from fees and commissions	33,895
2.1. Total income from fees and commissions	53,319
2.2. Total expenses on fees and commissions	19,424
3. Net other non-interest income	17,414
3.1. Other non-interest income	23,402
3.2. Other non-interest expenses	5,988
4. Net non-interest income	51,309
5. General administrative expenses and depreciation	123,504
6. Net operating income before loss provisions	71,779
7. Total expenses on loss provisions	6,789
7.1. Expenses on value adjustments and provisions for identified losses	-1,695
7.2. Expenses on provisions for unidentified losses	8,484
8. Income/loss before taxes	64,990
9. Income tax	0
10. Current year profit/loss	64,990

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	1,411,213
1.1. Money assets	120,687
1.2. Deposits with the CNB	1,290,526
2. Deposits with banking institutions	1,111,313
3. MoF treasury bills and CNB bills	152,383
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	858,318
6. Securities and other financial instruments held to maturity	55,903
7. Securities and other financial instruments not traded in active markets but carried at fair value	7,607
8. Derivative financial assets	120
9. Loans to financial institutions	138,104
10. Loans to other clients	5,150,585
11. Investments in subsidiaries and associates	77,663
12. Foreclosed and repossessed assets	19,075
13. Tangible assets (net of depreciation)	154,553
14. Interest, fees and other assets	196,556
15. Net of: Specific reserves for unidentified losses	74,612
<b>TOTAL ASSETS</b>	<b>9,258,780</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	382,438
1.1. Short-term loans	18,500
1.2. Long-term loans	363,938
2. Deposits	7,196,887
2.1. Giro account and current account deposits	1,237,376
2.2. Savings deposits	1,265,219
2.3. Time deposits	4,694,292
3. Other loans	587,337
3.1. Short-term loans	153
3.2. Long-term loans	587,185
4. Derivative financial liabilities and other financial liabilities held for trading	280
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	37,104
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	242,776
<b>CAPITAL</b>	<b>811,958</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>9,258,780</b>

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**Shareholders**

1. Metroholding d.d.
2. INGRA d.d.
3. Marija Šola

**Share in share capital (%)**

86.64  
 8.83  
 4.07

**Management Board**

Marija Šola – chairperson, Branka Oštrić

Audit firm for 2005:

Deloitte & Touche d.o.o., Zagreb

**Supervisory Board**

Borislav Škegro – chairperson, Igor Oppenheim,  
 Ivan Čurković

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	24,251
1.1. Total interest income	36,924
1.2. Total interest expenses	12,674
2. Net income from fees and commissions	5,178
2.1. Total income from fees and commissions	8,442
2.2. Total expenses on fees and commissions	3,265
3. Net other non-interest income	2,021
3.1. Other non-interest income	3,220
3.2. Other non-interest expenses	1,199
4. Net non-interest income	7,199
5. General administrative expenses and depreciation	22,488
6. Net operating income before loss provisions	8,961
7. Total expenses on loss provisions	-5,568
7.1. Expenses on value adjustments and provisions for identified losses	-1,482
7.2. Expenses on provisions for unidentified losses	-4,086
8. Income/loss before taxes	14,529
9. Income tax	2,555
10. Current year profit/loss	11,974

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	96,489
1.1. Money assets	9,346
1.2. Deposits with the CNB	87,144
2. Deposits with banking institutions	79,598
3. MoF treasury bills and CNB bills	9,867
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	40,117
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	16
9. Loans to financial institutions	7,000
10. Loans to other clients	661,068
11. Investments in subsidiaries and associates	1,960
12. Foreclosed and repossessed assets	2,437
13. Tangible assets (net of depreciation)	37,484
14. Interest, fees and other assets	21,001
15. Net of: Specific reserves for unidentified losses	8,330
<b>TOTAL ASSETS</b>	<b>948,706</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	142,460
1.1. Short-term loans	0
1.2. Long-term loans	142,460
2. Deposits	610,296
2.1. Giro account and current account deposits	151,497
2.2. Savings deposits	33,154
2.3. Time deposits	425,645
3. Other loans	19,015
3.1. Short-term loans	0
3.2. Long-term loans	19,015
4. Derivative financial liabilities and other financial liabilities held for trading	16
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	25,034
<b>CAPITAL</b>	<b>151,885</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>948,706</b>



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**Shareholders**

1. Privredna banka Zagreb d.d.

**Share in share capital (%)**

100.00

**Management Board**

Mirko Brozović – chairperson, Dražen Klarić

Audit firm for 2005:

Ernst & Young Croatia d.o.o., Zagreb

**Supervisory Board**

Tomislav Lazarić – chairperson, Dinko Lucić, Dražen Kovačić, Ivan Ivičić, Andrea Pavlović

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	2,158
1.1. Total interest income	14,743
1.2. Total interest expenses	12,585
2. Net income from fees and commissions	4,631
2.1. Total income from fees and commissions	4,950
2.2. Total expenses on fees and commissions	319
3. Net other non-interest income	-432
3.1. Other non-interest income	131
3.2. Other non-interest expenses	563
4. Net non-interest income	4,198
5. General administrative expenses and depreciation	5,869
6. Net operating income before loss provisions	487
7. Total expenses on loss provisions	741
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on provisions for unidentified losses	741
8. Income/loss before taxes	-253
9. Income tax	0
10. Current year profit/loss	-253

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	31,662
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	513,422
6. Securities and other financial instruments held to maturity	193,599
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	8,708
10. Loans to other clients	2,694
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	566
14. Interest, fees and other assets	13,771
15. Net of: Specific reserves for unidentified losses	6,488
<b>TOTAL ASSETS</b>	<b>757,935</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	729,019
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	729,019
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	14,856
<b>CAPITAL</b>	<b>14,060</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>757,935</b>

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**Management Board**

Julio Kuruc – chairperson, Marijan Marušić

**Supervisory Board**

Miljan Todorović – chairperson, Sigilfredo Montinari,  
 Dario Montinari, Jurica (Đuro) Predović, Dolly  
 Predović, Maurizio Dalocchio, Filippo Disertori

**Shareholders**

	Share in share capital (%)
1. Assicurazioni Generali-Societa S.p.A.	9.36
2. Lorenzo Gorgoni	9.68
3. Cerere S.R.L.	9.35
4. Antonia Gorgoni	8.62
5. Miljan Todorović	8.18
6. Sigilfredo Montinari	5.65
7. Dario Montinari	5.65
8. Andrea Montinari	5.65
9. Piero Montinari	5.65
10. Podravska banka (custody account)	4.81
11. Giovanni Semeraro	4.11

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement**  
 as at 30 June 2006, in thousand HRK

1. Net interest income	30,535
1.1. Total interest income	58,009
1.2. Total interest expenses	27,473
2. Net income from fees and commissions	13,733
2.1. Total income from fees and commissions	19,485
2.2. Total expenses on fees and commissions	5,752
3. Net other non-interest income	3,958
3.1. Other non-interest income	8,511
3.2. Other non-interest expenses	4,553
4. Net non-interest income	17,692
5. General administrative expenses and depreciation	38,411
6. Net operating income before loss provisions	9,816
7. Total expenses on loss provisions	3,127
7.1. Expenses on value adjustments and provisions for identified losses	1,227
7.2. Expenses on provisions for unidentified losses	1,900
8. Income/loss before taxes	6,689
9. Income tax	0
10. Current year profit/loss	6,689

**Balance Sheet**  
 as at 30 June 2006, in thousand HRK

Structure of Assets	
1. Money assets and deposits with the CNB	297,229
1.1. Money assets	45,845
1.2. Deposits with the CNB	251,384
2. Deposits with banking institutions	178,889
3. MoF treasury bills and CNB bills	29,930
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	71,499
6. Securities and other financial instruments held to maturity	40,598
7. Securities and other financial instruments not traded in active markets but carried at fair value	9,387
8. Derivative financial assets	0
9. Loans to financial institutions	114,000
10. Loans to other clients	1,034,383
11. Investments in subsidiaries and associates	46,289
12. Foreclosed and repossessed assets	151
13. Tangible assets (net of depreciation)	30,940
14. Interest, fees and other assets	37,775
15. Net of: Specific reserves for unidentified losses	15,250
<b>TOTAL ASSETS</b>	<b>1,875,821</b>

Structure of Liabilities	
1. Loans from financial institutions	135,958
1.1. Short-term loans	93,257
1.2. Long-term loans	42,701
2. Deposits	1,479,539
2.1. Giro account and current account deposits	227,184
2.2. Savings deposits	185,735
2.3. Time deposits	1,066,620
3. Other loans	22,174
3.1. Short-term loans	0
3.2. Long-term loans	22,174
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	61,754
<b>CAPITAL</b>	<b>176,396</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>1,875,821</b>

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 www.pozeska-banka.hr

**Management Board**

Davorka Jakir – chairperson, Andrea Zemljić-Modronja

**Supervisory Board**

Krunoslav Grašić – chairperson, Božana Kovačević,  
 Vesna Laloš, Josip Medunić, Marina Jakovljević

**Shareholders**

1. Podravska banka d.d.

**Share in share capital (%)**

85.24

Audit firm for 2005:

Revicon Zagreb d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	4,991
1.1. Total interest income	10,091
1.2. Total interest expenses	5,100
2. Net income from fees and commissions	2,568
2.1. Total income from fees and commissions	4,037
2.2. Total expenses on fees and commissions	1,468
3. Net other non-interest income	-650
3.1. Other non-interest income	-93
3.2. Other non-interest expenses	557
4. Net non-interest income	1,918
5. General administrative expenses and depreciation	8,517
6. Net operating income before loss provisions	-1,607
7. Total expenses on loss provisions	-357
7.1. Expenses on value adjustments and provisions for identified losses	-149
7.2. Expenses on provisions for unidentified losses	-208
8. Income/loss before taxes	-1,251
9. Income tax	0
10. Current year profit/loss	-1,251

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	35,825
1.1. Money assets	3,939
1.2. Deposits with the CNB	31,885
2. Deposits with banking institutions	77,936
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	12,615
6. Securities and other financial instruments held to maturity	25,612
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	19
9. Loans to financial institutions	0
10. Loans to other clients	180,075
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	3,950
13. Tangible assets (net of depreciation)	10,960
14. Interest, fees and other assets	12,541
15. Net of: Specific reserves for unidentified losses	2,650
<b>TOTAL ASSETS</b>	<b>356,883</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	63,876
1.1. Short-term loans	49,000
1.2. Long-term loans	14,876
2. Deposits	270,787
2.1. Giro account and current account deposits	43,690
2.2. Savings deposits	21,725
2.3. Time deposits	205,372
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	11
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	10,247
<b>CAPITAL</b>	<b>11,961</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>356,883</b>

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**Management Board**

Duško Miculinić – chairperson, Željka Pavić, Anto Pekić

**Supervisory Board**

Francesco Signorio – chairperson, Carlo Cattaneo, Gordana Pavletić, Domenico Petrella, Franco Brunati

**Shareholders**

1. Francesco Signorio	49.89
2. Carlo Di Dato	9.45
3. Svitlana Signorio	9.34
4. Domenico Petrella	6.43
5. Cofisi S.A.	5.82
6. J.L.L. Marc Jourdan	5.01
7. IBS S.R.L.	4.88
8. Cofisi S.A.	5.00

**Share in share capital (%)**

Audit firm for 2005:  
 Concordia Audit d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	2,945
1.1. Total interest income	4,092
1.2. Total interest expenses	1,147
2. Net income from fees and commissions	150
2.1. Total income from fees and commissions	438
2.2. Total expenses on fees and commissions	288
3. Net other non-interest income	1,545
3.1. Other non-interest income	1,714
3.2. Other non-interest expenses	169
4. Net non-interest income	1,694
5. General administrative expenses and depreciation	3,699
6. Net operating income before loss provisions	940
7. Total expenses on loss provisions	513
7.1. Expenses on value adjustments and provisions for identified losses	414
7.2. Expenses on provisions for unidentified losses	99
8. Income/loss before taxes	427
9. Income tax	0
10. Current year profit/loss	427

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	12,210
1.1. Money assets	2,034
1.2. Deposits with the CNB	10,176
2. Deposits with banking institutions	12,017
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	4,707
6. Securities and other financial instruments held to maturity	496
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	77,680
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	57
13. Tangible assets (net of depreciation)	468
14. Interest, fees and other assets	4,510
15. Net of: Specific reserves for unidentified losses	929
<b>TOTAL ASSETS</b>	<b>111,216</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	2,000
1.1. Short-term loans	2,000
1.2. Long-term loans	0
2. Deposits	63,703
2.1. Giro account and current account deposits	6,027
2.2. Savings deposits	7,168
2.3. Time deposits	50,508
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	5,587
<b>CAPITAL</b>	<b>39,925</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>111,216</b>

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**Management Board**

Božo Prka – chairperson, Ivan Gerovac, Tomislav Lazarić, Giancarlo Miranda, Gabriela Pace, Mario Henjak, Draženko Kopljar

**Supervisory Board**

György Surányi – chairperson, Adriano Arietti, Luigi de Puppi de Puppi, Claudio Viezzoli, Giovanni Boccolini, Massimo Pierdicchi, Massimo Malagoli

**Shareholders**

	Share in share capital (%)
1. Intesa Bci Holding International S.A.	76.30
2. European Bank for Reconstruction and Development (EBRD)	20.80

Audit firm for 2005:  
 Ernst & Young Croatia d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	698,501
1.1. Total interest income	1,273,751
1.2. Total interest expenses	575,250
2. Net income from fees and commissions	141,439
2.1. Total income from fees and commissions	237,632
2.2. Total expenses on fees and commissions	96,193
3. Net other non-interest income	88,013
3.1. Other non-interest income	226,306
3.2. Other non-interest expenses	138,294
4. Net non-interest income	229,451
5. General administrative expenses and depreciation	451,070
6. Net operating income before loss provisions	476,883
7. Total expenses on loss provisions	-42,674
7.1. Expenses on value adjustments and provisions for identified losses	-67,674
7.2. Expenses on provisions for unidentified losses	25,000
8. Income/loss before taxes	519,557
9. Income tax	102,446
10. Current year profit/loss	417,111

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	8,725,525
1.1. Money assets	916,404
1.2. Deposits with the CNB	7,809,121
2. Deposits with banking institutions	3,137,856
3. MoF treasury bills and CNB bills	1,511,210
4. Securities and other financial instruments held for trading	2,259,869
5. Securities and other financial instruments available for sale	130,178
6. Securities and other financial instruments held to maturity	1,416,003
7. Securities and other financial instruments not traded in active markets but carried at fair value	93,953
8. Derivative financial assets	40,726
9. Loans to financial institutions	769,332
10. Loans to other clients	30,858,492
11. Investments in subsidiaries and associates	283,736
12. Foreclosed and repossessed assets	36,328
13. Tangible assets (net of depreciation)	968,038
14. Interest, fees and other assets	829,229
15. Net of: Specific reserves for unidentified losses	525,803
<b>TOTAL ASSETS</b>	<b>50,534,671</b>

Structure of Liabilities	
1. Loans from financial institutions	2,641,786
1.1. Short-term loans	1,676,166
1.2. Long-term loans	965,620
2. Deposits	34,175,451
2.1. Giro account and current account deposits	5,652,897
2.2. Savings deposits	5,426,538
2.3. Time deposits	23,096,016
3. Other loans	6,746,224
3.1. Short-term loans	40,812
3.2. Long-term loans	6,705,413
4. Derivative financial liabilities and other financial liabilities held for trading	53,740
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,054,371
<b>CAPITAL</b>	<b>4,863,098</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>50,534,671</b>

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**Management Board**

Snježana Herceg – chairperson, Srećko Maceković

**Supervisory Board**

Tomica Pustišek – chairperson, Zvonimir Jurjević,  
 Davor Pavlić

**Shareholders**

1. Zagrebačka banka d.d.

**Share in share capital (%)**

100.00

Audit firm for 2005:

KPMG Croatia d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	4,211
1.1. Total interest income	38,040
1.2. Total interest expenses	33,830
2. Net income from fees and commissions	7,693
2.1. Total income from fees and commissions	10,114
2.2. Total expenses on fees and commissions	2,422
3. Net other non-interest income	3,698
3.1. Other non-interest income	9,006
3.2. Other non-interest expenses	5,308
4. Net non-interest income	11,390
5. General administrative expenses and depreciation	8,044
6. Net operating income before loss provisions	7,557
7. Total expenses on loss provisions	729
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on provisions for unidentified losses	729
8. Income/loss before taxes	6,828
9. Income tax	54
10. Current year profit/loss	6,774

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	2,567
3. MoF treasury bills and CNB bills	588,467
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	185,706
6. Securities and other financial instruments held to maturity	782,009
7. Securities and other financial instruments not traded in active markets but carried at fair value	180,883
8. Derivative financial assets	0
9. Loans to financial institutions	10,000
10. Loans to other clients	224,956
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	1,471
14. Interest, fees and other assets	167,336
15. Net of: Specific reserves for unidentified losses	21,048
<b>TOTAL ASSETS</b>	<b>2,122,347</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,905,635
2.1. Giro account and current account deposits	0
2.2. Savings deposits	7
2.3. Time deposits	1,905,627
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	169,340
<b>CAPITAL</b>	<b>47,372</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>2,122,347</b>

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**Management Board**

Zdenko Adrović – chairperson, Lovorka Penavić,  
 Vlasta Žubrinić-Pick, Jasna Širola, Zoran Koščak

**Supervisory Board**

Herbert Stepic – chairperson, Heinz Hoedl, Franz  
 Rogi, Angelika Johanna Weiss, Peter Lennkh

**Shareholders**

	Share in share capital (%)
1. Raiffeisen International Beteiligungs AG	75.00
2. Raiffeisenbank-Zagreb Beteiligungsgesellschaft GmbH	25.00

Audit firm for 2005:  
 KPMG Croatia d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	370,961
1.1. Total interest income	760,636
1.2. Total interest expenses	389,675
2. Net income from fees and commissions	124,629
2.1. Total income from fees and commissions	180,328
2.2. Total expenses on fees and commissions	55,698
3. Net other non-interest income	93,419
3.1. Other non-interest income	103,901
3.2. Other non-interest expenses	10,483
4. Net non-interest income	218,048
5. General administrative expenses and depreciation	271,657
6. Net operating income before loss provisions	317,352
7. Total expenses on loss provisions	66,097
7.1. Expenses on value adjustments and provisions for identified losses	42,151
7.2. Expenses on provisions for unidentified losses	23,945
8. Income/loss before taxes	251,256
9. Income tax	28,648
10. Current year profit/loss	222,608

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	5,535,553
1.1. Money assets	258,738
1.2. Deposits with the CNB	5,276,815
2. Deposits with banking institutions	861,274
3. MoF treasury bills and CNB bills	1,031,672
4. Securities and other financial instruments held for trading	2,305,500
5. Securities and other financial instruments available for sale	1,132
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	678,885
8. Derivative financial assets	43,640
9. Loans to financial institutions	869,191
10. Loans to other clients	17,470,823
11. Investments in subsidiaries and associates	216,304
12. Foreclosed and repossessed assets	283
13. Tangible assets (net of depreciation)	388,260
14. Interest, fees and other assets	644,316
15. Net of: Specific reserves for unidentified losses	222,171
<b>TOTAL ASSETS</b>	<b>29,824,663</b>

Structure of Liabilities	
1. Loans from financial institutions	1,105,019
1.1. Short-term loans	717,745
1.2. Long-term loans	387,274
2. Deposits	16,884,213
2.1. Giro account and current account deposits	3,175,163
2.2. Savings deposits	2,346,766
2.3. Time deposits	11,362,284
3. Other loans	7,396,564
3.1. Short-term loans	682,223
3.2. Long-term loans	6,714,341
4. Derivative financial liabilities and other financial liabilities held for trading	21,110
5. Debt securities issued	348,322
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	348,322
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	898,903
<b>CAPITAL</b>	<b>3,170,532</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>29,824,663</b>

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**Shareholders**

1. Raiffeisen Bausparkasse GmbH	74.00
2. Raiffeisenbank Austria d.d.	26.00

**Share in share capital (%)****Management Board**

Hans Christian Vallant – chairperson, Franjo Franjić

Audit firm for 2005:

KPMG Croatia d.o.o., Zagreb

**Supervisory Board**

Johann Ertl – chairperson, Zdenko Adrović, Martina Sardelić

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	17,171
1.1. Total interest income	52,192
1.2. Total interest expenses	35,021
2. Net income from fees and commissions	10,631
2.1. Total income from fees and commissions	12,084
2.2. Total expenses on fees and commissions	1,454
3. Net other non-interest income	-49,281
3.1. Other non-interest income	-46,594
3.2. Other non-interest expenses	2,687
4. Net non-interest income	-38,650
5. General administrative expenses and depreciation	23,253
6. Net operating income before loss provisions	-44,732
7. Total expenses on loss provisions	1,635
7.1. Expenses on value adjustments and provisions for identified losses	864
7.2. Expenses on provisions for unidentified losses	770
8. Income/loss before taxes	-46,367
9. Income tax	0
10. Current year profit/loss	-46,367

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	2
1.1. Money assets	2
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	40,410
3. MoF treasury bills and CNB bills	14,845
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	306,814
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,072,222
8. Derivative financial assets	4,748
9. Loans to financial institutions	23,585
10. Loans to other clients	481,839
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	3,382
14. Interest, fees and other assets	102,776
15. Net of: Specific reserves for unidentified losses	9,045
<b>TOTAL ASSETS</b>	<b>2,041,579</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,826,657
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,826,657
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	50,748
8. Interest, fees and other liabilities	135,316
<b>CAPITAL</b>	<b>28,858</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>2,041,579</b>



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**Shareholders**

1. Aquae vivae d.d.
2. Samoborka d.d.
3. JP Hrvatske šume p.o.

**Share in share capital (%)**

79.34  
 5.15  
 3.78

**Management Board**

Marijan Kantolić – chairperson, Dragutin Plahutar

Audit firm for 2005:

Revidicon d.o.o., Varaždin

**Supervisory Board**

Milan Penava – chairperson, Želimir Kodrić, Branko Varjačić, Martin Jazbec

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	4,703
1.1. Total interest income	7,397
1.2. Total interest expenses	2,694
2. Net income from fees and commissions	605
2.1. Total income from fees and commissions	1,790
2.2. Total expenses on fees and commissions	1,186
3. Net other non-interest income	753
3.1. Other non-interest income	1,091
3.2. Other non-interest expenses	337
4. Net non-interest income	1,358
5. General administrative expenses and depreciation	4,603
6. Net operating income before loss provisions	1,458
7. Total expenses on loss provisions	-350
7.1. Expenses on value adjustments and provisions for identified losses	-415
7.2. Expenses on provisions for unidentified losses	65
8. Income/loss before taxes	1,808
9. Income tax	0
10. Current year profit/loss	1,808

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	61,637
1.1. Money assets	11,735
1.2. Deposits with the CNB	49,902
2. Deposits with banking institutions	103,407
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	12,039
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	10
9. Loans to financial institutions	0
10. Loans to other clients	121,552
11. Investments in subsidiaries and associates	52
12. Foreclosed and repossessed assets	2,139
13. Tangible assets (net of depreciation)	24,850
14. Interest, fees and other assets	2,259
15. Net of: Specific reserves for unidentified losses	2,479
<b>TOTAL ASSETS</b>	<b>325,466</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	250
1.1. Short-term loans	0
1.2. Long-term loans	250
2. Deposits	230,457
2.1. Giro account and current account deposits	50,341
2.2. Savings deposits	64,660
2.3. Time deposits	115,456
3. Other loans	44
3.1. Short-term loans	44
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	27,440
<b>CAPITAL</b>	<b>67,275</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>325,466</b>

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**Management Board**

Angelina Horvat – chairperson, Elvis Mališ

**Supervisory Board**

Alma Curl – chairperson, Oleg Uskoković, Krunoslav Lisjak, Blaženka Eror Matić, Mirko Lukač

**Shareholders**

	Share in share capital (%)
1. HVB Splitska banka d.d. (omnibus custody account)	11.04
2. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
3. Ingra d.d.	4.38
4. Raiffeisenbank Austria d.d., EQI	3.58
5. PBZ d.d./Kapitalni fond d.d.	3.51

Audit firm for 2005:  
 Revidicon d.o.o., Varaždin

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	18,808
1.1. Total interest income	32,735
1.2. Total interest expenses	13,927
2. Net income from fees and commissions	3,952
2.1. Total income from fees and commissions	5,573
2.2. Total expenses on fees and commissions	1,621
3. Net other non-interest income	-430
3.1. Other non-interest income	1,162
3.2. Other non-interest expenses	1,592
4. Net non-interest income	3,522
5. General administrative expenses and depreciation	15,428
6. Net operating income before loss provisions	6,902
7. Total expenses on loss provisions	-17
7.1. Expenses on value adjustments and provisions for identified losses	-476
7.2. Expenses on provisions for unidentified losses	459
8. Income/loss before taxes	6,919
9. Income tax	1,127
10. Current year profit/loss	5,792

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

Structure of Assets	
1. Money assets and deposits with the CNB	115,136
1.1. Money assets	16,118
1.2. Deposits with the CNB	99,018
2. Deposits with banking institutions	112,264
3. MoF treasury bills and CNB bills	22,889
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	72,748
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	5,800
10. Loans to other clients	512,521
11. Investments in subsidiaries and associates	6,389
12. Foreclosed and repossessed assets	2,552
13. Tangible assets (net of depreciation)	31,048
14. Interest, fees and other assets	7,137
15. Net of: Specific reserves for unidentified losses	7,103
<b>TOTAL ASSETS</b>	<b>881,381</b>

Structure of Liabilities	
1. Loans from financial institutions	41,864
1.1. Short-term loans	0
1.2. Long-term loans	41,864
2. Deposits	653,153
2.1. Giro account and current account deposits	78,803
2.2. Savings deposits	90,665
2.3. Time deposits	483,685
3. Other loans	16,458
3.1. Short-term loans	0
3.2. Long-term loans	16,458
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	80
8. Interest, fees and other liabilities	31,570
<b>CAPITAL</b>	<b>138,255</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>881,381</b>

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**Management Board**

Ivan Mihaljević – chairperson, Tadija Vrdoljak, Branka Štinc

**Supervisory Board**

Zlata Vrdoljak – chairperson, Gerhard Suess,  
 Josef Kircher

**Shareholders**

- Hypo Alpe-Adria-Bank International AG

**Share in share capital (%)**

97.20

Audit firm for 2005:  
 Confida revizija d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	127,612
1.1. Total interest income	219,074
1.2. Total interest expenses	91,462
2. Net income from fees and commissions	31,806
2.1. Total income from fees and commissions	41,505
2.2. Total expenses on fees and commissions	9,699
3. Net other non-interest income	-6,572
3.1. Other non-interest income	3,762
3.2. Other non-interest expenses	10,334
4. Net non-interest income	25,233
5. General administrative expenses and depreciation	90,474
6. Net operating income before loss provisions	62,371
7. Total expenses on loss provisions	21,835
7.1. Expenses on value adjustments and provisions for identified losses	6,835
7.2. Expenses on provisions for unidentified losses	15,000
8. Income/loss before taxes	40,536
9. Income tax	4,761
10. Current year profit/loss	35,775

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	1,614,079
1.1. Money assets	61,651
1.2. Deposits with the CNB	1,552,428
2. Deposits with banking institutions	492,014
3. MoF treasury bills and CNB bills	14,951
4. Securities and other financial instruments held for trading	415
5. Securities and other financial instruments available for sale	83,103
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	5,865,521
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	70,360
13. Tangible assets (net of depreciation)	49,405
14. Interest, fees and other assets	98,781
15. Net of: Specific reserves for unidentified losses	70,762
<b>TOTAL ASSETS</b>	<b>8,217,867</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	278,432
1.1. Short-term loans	68,200
1.2. Long-term loans	210,232
2. Deposits	6,568,062
2.1. Giro account and current account deposits	729,981
2.2. Savings deposits	424,360
2.3. Time deposits	5,413,720
3. Other loans	50,147
3.1. Short-term loans	0
3.2. Long-term loans	50,147
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	27,357
8. Interest, fees and other liabilities	218,051
<b>CAPITAL</b>	<b>1,075,817</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>8,217,867</b>

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**Management Board**

Ante Babić – chairperson, Zdravko Zrинуšić, Christian Panjol-Tuflija

**Supervisory Board**

Ivo Andrijanić – chairperson, Đuro Benček, Petar Ćurković

**Shareholders**

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

**Share in share capital (%)**

89.71  
 5.50

Audit firm for 2005:  
 Revizija Spajić d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	26,776
1.1. Total interest income	40,062
1.2. Total interest expenses	13,286
2. Net income from fees and commissions	3,357
2.1. Total income from fees and commissions	4,479
2.2. Total expenses on fees and commissions	1,122
3. Net other non-interest income	8,375
3.1. Other non-interest income	8,890
3.2. Other non-interest expenses	514
4. Net non-interest income	11,733
5. General administrative expenses and depreciation	9,037
6. Net operating income before loss provisions	29,471
7. Total expenses on loss provisions	-2,902
7.1. Expenses on value adjustments and provisions for identified losses	-2,305
7.2. Expenses on provisions for unidentified losses	-597
8. Income/loss before taxes	32,374
9. Income tax	2,606
10. Current year profit/loss	29,767

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	68,599
1.1. Money assets	3,381
1.2. Deposits with the CNB	65,217
2. Deposits with banking institutions	97,569
3. MoF treasury bills and CNB bills	9,503
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	22,004
6. Securities and other financial instruments held to maturity	41,045
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	275
9. Loans to financial institutions	13,000
10. Loans to other clients	613,311
11. Investments in subsidiaries and associates	462
12. Foreclosed and repossessed assets	1,126
13. Tangible assets (net of depreciation)	59,654
14. Interest, fees and other assets	21,627
15. Net of: Specific reserves for unidentified losses	7,255
<b>TOTAL ASSETS</b>	<b>940,919</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	39,875
1.1. Short-term loans	35,100
1.2. Long-term loans	4,775
2. Deposits	551,790
2.1. Giro account and current account deposits	62,110
2.2. Savings deposits	30,907
2.3. Time deposits	458,774
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	7
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	61,565
<b>CAPITAL</b>	<b>287,682</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>940,919</b>

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**Shareholders**

1. Validus d.d.
2. Fima grupa d.d.
3. Retis d.o.o.

**Share in share capital (%)**

72.60  
 11.02  
 5.94

**Management Board**

Josip Šeremet – chairperson, Marinko BeniĆ, Manda CipiĆ

Audit firm for 2005:  
 DTTC d.o.o., Varaždin

**Supervisory Board**

Milan Horvat – chairperson, Mika Mimica, Stjepan BuniĆ, Vladimir Košćec, Źeljko FilipoviĆ, Artur Gedike, Ljiljana Weissbarth

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	3,771
1.1. Total interest income	9,496
1.2. Total interest expenses	5,725
2. Net income from fees and commissions	62
2.1. Total income from fees and commissions	813
2.2. Total expenses on fees and commissions	751
3. Net other non-interest income	17,510
3.1. Other non-interest income	19,047
3.2. Other non-interest expenses	1,537
4. Net non-interest income	17,572
5. General administrative expenses and depreciation	13,630
6. Net operating income before loss provisions	7,713
7. Total expenses on loss provisions	942
7.1. Expenses on value adjustments and provisions for identified losses	-1,908
7.2. Expenses on provisions for unidentified losses	2,850
8. Income/loss before taxes	6,771
9. Income tax	0
10. Current year profit/loss	6,771

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	64,315
1.1. Money assets	9,521
1.2. Deposits with the CNB	54,795
2. Deposits with banking institutions	55,536
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	24,898
6. Securities and other financial instruments held to maturity	7,711
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	18
9. Loans to financial institutions	21,000
10. Loans to other clients	395,918
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	8,079
13. Tangible assets (net of depreciation)	19,069
14. Interest, fees and other assets	25,209
15. Net of: Specific reserves for unidentified losses	4,694
<b>TOTAL ASSETS</b>	<b>617,060</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	538,126
2.1. Giro account and current account deposits	26,954
2.2. Savings deposits	12,041
2.3. Time deposits	499,131
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	19,300
<b>CAPITAL</b>	<b>59,634</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>617,060</b>

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 www.volksbank.hr

**Shareholders**

1. VB International AG

**Share in share capital (%)**

97.99

Audit firm for 2005:

PricewaterhouseCoopers d.o.o., Zagreb

**Management Board**

Tomasz Jerzy Taraba – chairperson, Andrea Kovacs,  
 Dieter Hornbacher

**Supervisory Board**

Denis Le Moullac – chairperson, Gerhard Woeber,  
 Hans Janeschitz, Fausto Maritan, Manfred Wiebogen,  
 Joerg Poglitis

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	58,314
1.1. Total interest income	113,605
1.2. Total interest expenses	55,292
2. Net income from fees and commissions	15,393
2.1. Total income from fees and commissions	17,806
2.2. Total expenses on fees and commissions	2,413
3. Net other non-interest income	7,857
3.1. Other non-interest income	12,766
3.2. Other non-interest expenses	4,909
4. Net non-interest income	23,250
5. General administrative expenses and depreciation	61,499
6. Net operating income before loss provisions	20,064
7. Total expenses on loss provisions	5,267
7.1. Expenses on value adjustments and provisions for identified losses	810
7.2. Expenses on provisions for unidentified losses	4,457
8. Income/loss before taxes	14,797
9. Income tax	2,353
10. Current year profit/loss	12,444

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	1,016,980
1.1. Money assets	39,227
1.2. Deposits with the CNB	977,753
2. Deposits with banking institutions	207,216
3. MoF treasury bills and CNB bills	19,783
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	126,393
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	3,561
9. Loans to financial institutions	145,000
10. Loans to other clients	3,047,649
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	11,981
14. Interest, fees and other assets	331,982
15. Net of: Specific reserves for unidentified losses	38,248
<b>TOTAL ASSETS</b>	<b>4,872,298</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	36,165
1.1. Short-term loans	15,000
1.2. Long-term loans	21,165
2. Deposits	1,989,719
2.1. Giro account and current account deposits	261,794
2.2. Savings deposits	270,481
2.3. Time deposits	1,457,444
3. Other loans	1,876,604
3.1. Short-term loans	0
3.2. Long-term loans	1,876,604
4. Derivative financial liabilities and other financial liabilities held for trading	2,870
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	69,195
8. Interest, fees and other liabilities	437,555
<b>CAPITAL</b>	<b>460,190</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>4,872,298</b>

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**Management Board**

Zdravko Anđel – chairperson, Herbert Weinzettl

**Supervisory Board**

Wolfgang Radlegger – chairperson, Annerose Bidermann, Werner Wabscheg, Georg Neumann, Klaus Wöhry

**Shareholders**

1. Bausparkasse Wüstenrot AG	37.50
2. Wüstenrot Bank AG	37.50
3. Bank Austria AG	25.00

**Share in share capital (%)**

Audit firm for 2005:  
 Deloitte & Touche d.o.o., Zagreb

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	10,598
1.1. Total interest income	20,572
1.2. Total interest expenses	9,974
2. Net income from fees and commissions	6,598
2.1. Total income from fees and commissions	6,790
2.2. Total expenses on fees and commissions	193
3. Net other non-interest income	-31,876
3.1. Other non-interest income	-27,188
3.2. Other non-interest expenses	4,688
4. Net non-interest income	-25,278
5. General administrative expenses and depreciation	16,210
6. Net operating income before loss provisions	-30,890
7. Total expenses on loss provisions	1,705
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on provisions for unidentified losses	1,705
8. Income/loss before taxes	-32,596
9. Income tax	0
10. Current year profit/loss	-32,596

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	16
1.1. Money assets	16
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	10,791
3. MoF treasury bills and CNB bills	7,983
4. Securities and other financial instruments held for trading	319,795
5. Securities and other financial instruments available for sale	143,495
6. Securities and other financial instruments held to maturity	70,834
7. Securities and other financial instruments not traded in active markets but carried at fair value	27,156
8. Derivative financial assets	0
9. Loans to financial institutions	1,500
10. Loans to other clients	214,048
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,229
14. Interest, fees and other assets	13,099
15. Net of: Specific reserves for unidentified losses	3,882
<b>TOTAL ASSETS</b>	<b>807,065</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	777,929
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	777,929
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	10,160
8. Interest, fees and other liabilities	13,513
<b>CAPITAL</b>	<b>5,464</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>807,065</b>

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 www.zaba.hr

**Shareholders**

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

**Share in share capital (%)**

81.91  
 13.67

**Management Board**

Franjo Luković – chairperson, Milivoj Goldštajn,  
 Zvonimir Jurjević, Tomica Pustišek, Sanja Rendulić,  
 Tea Martinčić

Audit firm for 2005:

KPMG Croatia d.o.o., Zagreb

**Supervisory Board**

Andrea Moneta – chairperson, Paolo Fiorentino,  
 Klaus Junker, Torsten Leue, Giuseppe Vovk, Jakša  
 Barbić, Mato Lukinić, Stefano Lo Faso, Carmine  
 Ferrara

**Income Statement  
as at 30 June 2006, in thousand HRK**

1. Net interest income	795,422
1.1. Total interest income	1,552,864
1.2. Total interest expenses	757,442
2. Net income from fees and commissions	284,852
2.1. Total income from fees and commissions	368,344
2.2. Total expenses on fees and commissions	83,492
3. Net other non-interest income	41,942
3.1. Other non-interest income	78,858
3.2. Other non-interest expenses	36,916
4. Net non-interest income	326,794
5. General administrative expenses and depreciation	617,068
6. Net operating income before loss provisions	505,148
7. Total expenses on loss provisions	37,704
7.1. Expenses on value adjustments and provisions for identified losses	8,245
7.2. Expenses on provisions for unidentified losses	29,459
8. Income/loss before taxes	467,444
9. Income tax	86,213
10. Current year profit/loss	381,230

**Balance Sheet  
as at 30 June 2006, in thousand HRK**

<b>Structure of Assets</b>	
1. Money assets and deposits with the CNB	11,078,203
1.1. Money assets	913,671
1.2. Deposits with the CNB	10,164,532
2. Deposits with banking institutions	2,109,891
3. MoF treasury bills and CNB bills	2,071,777
4. Securities and other financial instruments held for trading	953,177
5. Securities and other financial instruments available for sale	5,556,188
6. Securities and other financial instruments held to maturity	283,330
7. Securities and other financial instruments not traded in active markets but carried at fair value	61,339
8. Derivative financial assets	51,498
9. Loans to financial institutions	363,535
10. Loans to other clients	40,844,581
11. Investments in subsidiaries and associates	867,161
12. Foreclosed and repossessed assets	12,481
13. Tangible assets (net of depreciation)	1,113,725
14. Interest, fees and other assets	1,452,767
15. Net of: Specific reserves for unidentified losses	641,336
<b>TOTAL ASSETS</b>	<b>66,178,318</b>

<b>Structure of Liabilities</b>	
1. Loans from financial institutions	2,263,635
1.1. Short-term loans	1,931,187
1.2. Long-term loans	332,448
2. Deposits	44,392,962
2.1. Giro account and current account deposits	9,155,628
2.2. Savings deposits	6,313,298
2.3. Time deposits	28,924,037
3. Other loans	7,735,853
3.1. Short-term loans	4,166,184
3.2. Long-term loans	3,569,669
4. Derivative financial liabilities and other financial liabilities held for trading	120,911
5. Debt securities issued	3,251,647
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	3,251,647
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,968,713
<b>CAPITAL</b>	<b>6,444,596</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>66,178,318</b>



# Attachment I

Name of banking institution and its registered office		Peer group identifier			
		Dec. 2003	Dec. 2004	Dec. 2005	Jun. 2006
1.	Banka Brod d.d., Slavonski Brod	S	S	S	S
2.	Banka Kovanica d.d., Varaždin	S	S	S	S
3.	Banka Sonic d.d., Zagreb	S	S	S	S
4.	Banka splitsko-dalmatinska d.d., Split	S	S	S	S
5.	Centar banka d.d., Zagreb	S	S	S	S
6.	Credo banka d.d., Split	S	S	S	S
7.	Croatia banka d.d., Zagreb	S	S	S	S
	Dresdner Bank Croatia d.d., Zagreb <sup>1</sup>	S	S	–	–
	Dubrovačka banka d.d., Dubrovnik <sup>2</sup>	MS	–	–	–
8.	Erste & Steiermärkische Bank d.d., Rijeka	L	L	L	L
9.	Gospodarsko-kreditna banka d.d., Zagreb	S	S	S	S
10.	HPB stambena štedionica d.d., Zagreb	–	–	–	HSB
11.	Hrvatska poštanska banka d.d., Zagreb	MS	MS	MS	MS
12.	HVB Splitska banka d.d., Split <sup>8</sup>	L	L	L	L
13.	Hypo Alpe-Adria-Bank d.d., Zagreb	L	L	L	L
14.	Imex banka d.d., Split	S	S	S	S
15.	Istarska kreditna banka Umag d.d., Umag	S	S	S	S
16.	Jadranska banka d.d., Šibenik	S	S	S	S
17.	Karovačka banka d.d., Karlovac	S	S	S	S
18.	Kreditna banka Zagreb d.d., Zagreb	S	S	S	S
	Križevačka banka d.d., Križevci <sup>3</sup>	S	S	–	–
19.	Kvarner banka d.d., Rijeka	S	S	S	S
20.	Međimurska banka d.d., Čakovec	S	S	S	S
21.	Nava banka d.d., Zagreb	S	S	S	S
22.	OTP banka Hrvatska d.d., Zagreb	MS	MS	MS	MS
23.	Partner banka d.d., Zagreb	S	S	S	S
24.	PBZ stambena štedionica d.d., Zagreb	–	–	–	HSB
25.	Podravska banka d.d., Koprivnica	S	S	S	S
26.	Požeška banka d.d., Požega	S	S	S	S
27.	Primorska banka d.d., Rijeka	S	S	S	S
	Primus banka d.d., Zagreb <sup>4</sup>	S	–	–	–
	Privredna banka – Laguna banka d.d., Poreč <sup>5</sup>	S	S	–	–
28.	Privredna banka Zagreb d.d., Zagreb	L	L	L	L
29.	Prva stambena štedionica d.d., Zagreb	–	–	–	HSB
30.	Raiffeisenbank Austria d.d., Zagreb	L	L	L	L
31.	Raiffeisen stambena štedionica d.d., Zagreb	–	–	–	HSB
	Riadria banka d.d., Rijeka <sup>6</sup>	S	–	–	–
32.	Samoborska banka d.d., Samobor	S	S	S	S
33.	Slatinska banka d.d., Slatina	S	S	S	S
34.	Slavonska banka d.d., Osijek	MS	MS	MS	MS
35.	Štedbanka d.d., Zagreb	S	S	S	S
36.	Vaba d.d. banka Varaždin, Varaždin	S	S	S	S
	Varaždinska banka d.d., Varaždin <sup>7</sup>	MS	–	–	–
37.	Volksbank d.d., Zagreb	MS	MS	MS	MS
38.	Wüstenrot stambena štedionica d.d., Zagreb	–	–	–	HSB
39.	Zagrebačka banka d.d., Zagreb	L	L	L	L

<sup>1</sup> Dresdner Bank Croatia d.d., Zagreb merged with Zagrebačka banka d.d., Zagreb. <sup>2</sup> Dubrovačka banka d.d., Dubrovnik merged with OTP banka (Nova banka) d.d. Zadar. <sup>3</sup> Križevačka banka d.d., Križevci initiated winding-up proceedings. <sup>4</sup> Its operating license was revoked on 22 December 2004. <sup>5</sup> Privredna banka – Laguna banka d.d., Poreč merged with Privredna banka Zagreb d.d., Zagreb. <sup>6</sup> Riadria banka d.d., Rijeka merged with Privredna banka Zagreb d.d., Zagreb. <sup>7</sup> Varaždinska banka d.d., Varaždin merged with Zagrebačka banka d.d., Zagreb. <sup>8</sup> HVB Splitska banka d.d., Split changed its name into Société Générale-Splitska banka on 10 July 2006.

Note: L – large bank; MS – medium-sized bank; S – small bank; HSB – housing savings bank

## Attachment II

Banking Groups, as at 30 June 2006		
Banking group	Superordinate institution	Banking group members
1. CENTAR BANKA	Centar banka d.d., Zagreb	Centar leasing d.o.o., Zagreb Ceba Invest d.o.o. za upravljanje investicijskim fondovima
2. HYPO ALPE-ADRIA-BANK	Hypo Alpe-Adria-Bank d.d., Zagreb	Hypo Alpe-Adria-Invest d.d., Zagreb Hypo Alpe-Adria-Vrijednosnice d.o.o., Zagreb Hypo Alpe-Adria-Nekretnine d.o.o., Zagreb Alpe Adria Centar d.o.o., Zagreb Magus d.o.o., Zagreb Projekt nekretnine d.o.o., Zagreb
3. PODRAVSKA BANKA	Podravska banka d.d., Koprivnica	Požeška banka d.d., Požega
4. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ Card d.o.o., Zagreb Medimurska banka d.d., Čakovec PBZ Leasing d.o.o., Zagreb PBZ Invest d.o.o., Zagreb PBZ Croatia osiguranje d.d., Zagreb Invest Holding Karlovac d.o.o., Karlovac PBZ Nekretnine d.o.o., Zagreb PBZ Kapital d.o.o., Zagreb PBZ Stambena štedionica d.d., Zagreb PBZ American Express d.o.o., Skoplje Centurion d.o.o., Sarajevo
5. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen leasing d.o.o., Zagreb, Raiffeisen mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb Raiffeisen poslovni prostori d.o.o., Zagreb Raiffeisen upravljanje nekretninama d.o.o., Zagreb Raiffeisen consulting d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb
6. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	UniCredit Zagrebačka banka d.d., Mostar Prva stambena štedionica d.d., Zagreb ZB Invest d.o.o., Zagreb Pominvest d.d., Split Zagreb nekretnine d.o.o., Zagreb Allianz ZB društvo za upravljanje dobrovoljnim mirovinskim fondovima d.o.o., Zagreb Allianz ZB mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb ZANE BiH, Sarajevo



