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1 Performance indicators of credit institutions

Summary

Bank assets decreased for the fourth consecutive year in 2015 (by 0.5%), primarily due to the absence of credit growth and continued bank deleveraging, particularly vis-à-vis majority foreign owners. Such developments were under the additional influence of the increased sale of placements and regulations on the conversion of loans in Swiss francs into loans in euros. In 2015, banks recorded HRK 6.8bn worth of expenses on provisions for the loan conversion and reported negative overall operating results under the influence of these regulations. Only a small portion of loan conversions was carried until the end of the year due to regulatory time limits and the complexity of the procedure, with a partial write-off of the principal being charged to reserves made for conversion.

Repayment of funds to foreign owners continued in 2015, even more intensively than the year before under the key impact of the decrease in sources denominated in the Swiss franc. A strong fall in the sources denominated in that currency is to be associated with the regulations on the conversion of loans, which entered into force on 30 September 2015. Preparations for conversion, that is, adjustments of bank currency positions created pressure on the money and the foreign exchange market, which was alleviated by a series of CNB measures aimed at easing the pressures. The kuna liquidity coefficient, which had weakened a little, thus recovered by the end of the year and reached its usual, relatively high, level. The deposit base increased more strongly than in the year before, primarily thanks to the growth of household and corporate deposits. The growth in corporate deposits was under the predominant influence of extraordinary events in two enterprises, while household sector deposits reflected only the growth of less stable sources, such as deposits in transaction accounts.

Bank lending decreased in 2015, even if we exclude the effects of the sale of claims, the write-off of the principal of converted loans and exchange rate developments. Loans to corporates went down the most as regards almost all activities within the sector. A noticeable increase was registered only in lending to tourism and agriculture. Household loans decreased for the seventh consecutive year, and there was a noticeable currency restructuring. Kuna loans to households went up noticeably, especially general-purpose cash loans and home loans, reflecting a change in household preferences. Some of the growth in kuna home loans may also be related to the refinancing of converted loans and avoidance of currency induced credit risk. However, overall home financing decreased, as did all other significant types of household loans. The only exception, as in the year before, is general-purpose cash loans, which increased slightly.

The growth in the share of B and C category loans that started in 2008 was halted in 2015. The share of these risk categories decreased from 17.1% at the end of 2014 to 16.7% at the end of 2015. The sale of claims, especially relating to the corporate sector, had the key influence on the trend observed by loan quality indicator. The fall in the amount of B and C category loans was influenced not only by sales but also by other activities relating to the resolution of irrecoverable claims (such as bankruptcy

and pre-bankruptcy proceedings and stronger debt write-off), as well as bank estimates on the improvement of the creditworthiness of individual borrowers. The ageing of the portfolio, strengthened by the influence of regulatory rules on the gradual value adjustment increase for placements with a long history of delinquency, contributed to the noticeable growth in the coverage of B and C category loans by value adjustments (from 51.3% to 56.9%). The fall in the net book value of loans classified into risk categories B and C increased their attractiveness in the secondary market and contributed to the increase in the sale of irrecoverable claims.

In 2015, banks reported losses (before tax) of HRK 5bn under the influence of loan conversion expenses. Expenses on losses in the credit portfolio went down. However, one should remember that in 2014 the level of loan loss provisions was significantly affected by the recording of additional value adjustments, primarily based on the AQR¹ and additional assessments related to the AQR in line with the EU Council Recommendations². Operating profitability (profitability before provision expenses) remained at a very good level, although it stagnated, primarily due to the decision to fix the exchange rate of the Swiss franc for loan repayments that was adopted in January 2015. In addition, bank operating income was affected by other costs related to the conversion of loans (such as currency position adjustment costs) and other administrative measures like increased costs of deposit insurance premiums (due to the wider insurance coverage) and the first contribution to the resolution fund, as well as stricter restrictions of the level of default interest rates and thus indirectly of effective loan rates. Further savings were made on interest rates costs as a result of declining interest rates and deleveraging, which facilitated the growth of banks' net interest income. The fall in interest income from loans continued under the rising influence of low credit activity. Out of altogether 28 banks, losses were reported by 15, the assets of which account for almost two thirds of total bank assets.

The total capital ratio went down in 2015, but remained very high, at 20.9%. The decrease was a result of the implementation of regulatory provisions on the conversion of loans, on one side through the reduction of own funds due to current year losses and on the other through the increase in exposure of banks to currency risk, as a consequence of the adjustment of currency position. The fall in own funds was also under the influence of dividend payments from retained earnings. However, the largest portion of dividends was paid out from the profit realised in 2014. A total of HRK 2.5bn of dividends was paid out in 2015. Two small banks experienced difficulties in meeting the capital adequacy requirements. One has been undergoing resolution proceedings since October 2015, while bankruptcy proceedings against the other were opened at the beginning of July 2016.

The operations of housing savings banks slowed down in 2015, predominantly under the impact of changes in the system of state incentives for housing savings³. Deposits of housing savings banks savers decreased, as did the amount of home loans granted. Their quality remained very good – the share of risk category B and C loans totalled 1.6%. Profit (before tax) was noticeably lower than the

1 The AQR is the asset quality review of European banks conducted in 2014 by the European Central Bank (ECB) and the European Banking Authority (EBA) in cooperation with national supervisors. Based on an agreement with the consolidating supervisors from Italy and Austria, the CNB was involved in the AQR of domestic banks. More details are available in the CNB's Press Release of 26 October 2014, www.hnb.hr.

2 The requirements were included in the 8th Council Recommendation of 8 July 2014 on the National Reform Programme 2014 for Croatia, requiring asset quality review and stress tests additional to those conducted by the European Central Bank in 2014, as well as an additional comprehensive portfolio screening exercise, with a focus on significant portfolios of key medium-sized and small banks not covered by the exercise performed by the European Central Bank.

3 Government incentives for 2014 were repealed. They were reintroduced in 2015 and 2016 but in significantly lower amounts (4.9%, that is, a maximum of HRK 245 per saver in 2015 and 4.1%, that is, a maximum of HRK 205 per saver in 2016, as compared to the 10% or a maximum of HRK 500 per saver in 2013).

year before (17.0%), primarily due to lower profit from financial assets classified in the portfolio held for trading (exclusively T-bills and bonds of the domestic central government), while the already high total capital ratio additionally increased to 25.8%.

1.1 Introduction

There were 33 credit institutions, or 27 banks, one savings bank and five housing savings banks, operating in the country at the end of 2015. There were again no foreign bank branches, although almost a hundred EU (and EEA) credit institutions used the single passport privilege, thus paving the way for direct provision of services in the Republic of Croatia⁴.

There were no changes in the total number of credit institutions from the end of 2014. However, resolution proceedings were opened against one bank at the beginning of October 2015 due to its regional significance⁵.

1.2 Banks

1.2.1 Structural features

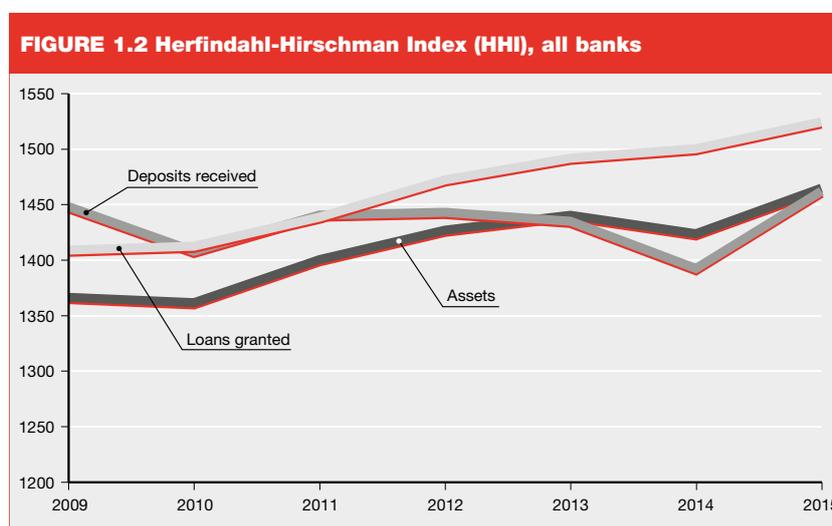
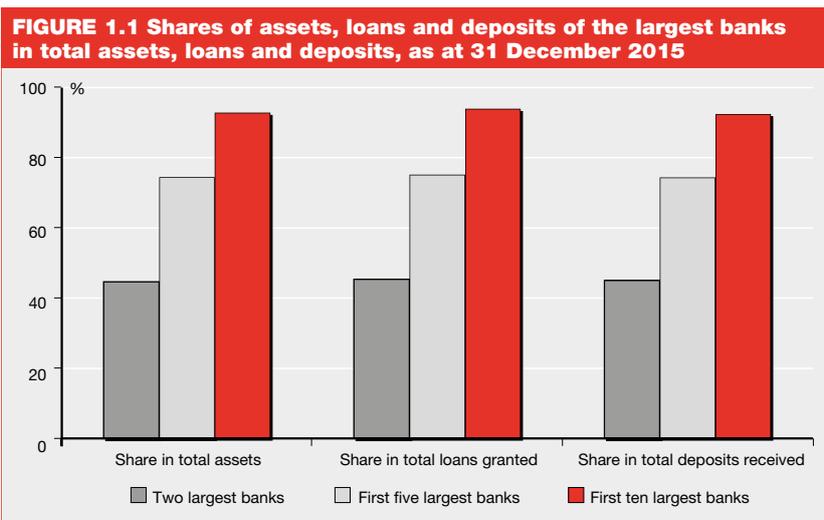
Number of banks and concentrations

The total assets of credit institutions went down in 2015 from the end of 2014 (HRK 1.8bn or 0.5%) due to the influence of the decrease in bank assets. The key influence came from the changes in several banks leading in terms of asset size. In contrast, the assets of the two largest banks increased, which led to the rise in the system concentration measured by the size of the share of two leading banks in total assets, loans granted (net) and deposits of all banks. The assets of the top two banks accounted for 44.7 % of total assets, 45.4% of total loans and 45.1% of total deposits of all banks at the end of 2015. The values of all of these shares went up from 2014, which also contributed to a rise in these shares for the group of five largest banks. The assets of the first five banks made up 74.5% of total assets of banks, while the share of assets of the first ten banks decreased slightly, amounting to 92.9% of total assets of banks (Figure 1.1).

The rise in system concentration resulting from the said growth of the two largest banks is also visible in the rise of the level of the Herfindahl-Hirschman Index (HHI). The greatest rise in the index was related to deposits, while HHI for loans granted (net) maintained the highest value (Figure 1.2). The HHI for assets totalled 1,465 at the end of 2015, its highest value registered in the last twenty years.

4 The system of a single passport enables credit and financial institutions from EU member states and signatories to the Agreement on the European Economic Area to provide mutually recognised services in other member states without being subject to additional authorisation requirements.

5 Resolution proceedings against Jadranska banka d.d. were opened on 9 October 2015.



Ownership structure

The ownership structure of banks did not change in 2015; 16 banks remained in majority foreign ownership and 12 banks in domestic ownership. Asset shares of these bank groups in total assets of banks changed very little due to there having been only small changes in their assets. The greatest change was related to the decrease in the share of domestically owned banks due to the influence of the substantial decline in assets of some privately owned banks. After the losses of the previous year, which reduced the assets of banks in majority state ownership, their assets regained strength in 2015, increasing their share in total assets of banks. The share of banks in foreign ownership grew proportionally to the decrease in share of banks in domestic ownership, which slightly increased their dominance in the system (Table 1.1).

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

	Dec. 2013		Dec. 2014		Dec. 2015	
	Number of banks	Share	Number of banks	Share	Number of banks	Share
Domestic ownership	14	10.3	12	9.9	12	9.7
Domestic private ownership	12	5.1	10	4.7	10	4.4
Domestic state ownership	2	5.3	2	5.2	2	5.3
Foreign ownership	16	89.7	16	90.1	16	90.3
Total	30	100.0	28	100.0	28	100.0

Most banks in foreign ownership, some 12 of them, were owned by shareholders from the European Union. The share of their assets in total assets of banks remained the same as in the previous year, totalling 89.5% at the end of 2015. Four banks were owned by third-country shareholders⁶, their assets accounting for 0.8% of total assets of banks.

Business network

Banks continued to cut their operating costs by decreasing the number of operating units and the number of employees, simultaneously increasing the availability of their services via the ATM network.

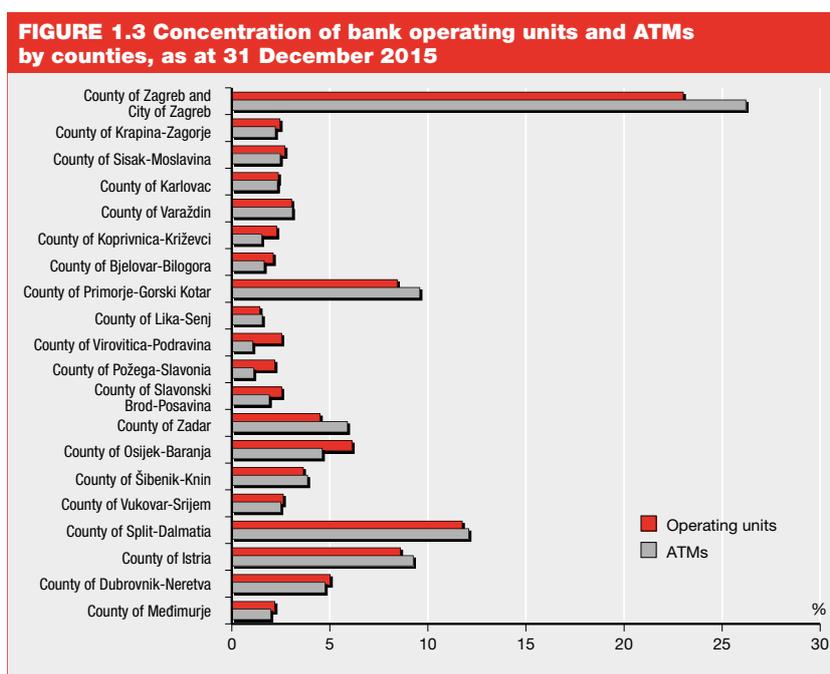
TABLE 1.2 Territorial distribution of operating units and ATMs by counties, end of period

County	Dec. 2013		Dec. 2014		Dec. 2015	
	Operating units	ATMs	Operating units	ATMs	Operating units	ATMs
County of Zagreb and City of Zagreb	282	1,163	277	1,193	270	1,183
County of Krapina-Zagorje	29	97	29	100	29	101
County of Sisak-Moslavina	38	107	33	111	32	112
County of Karlovac	30	100	28	103	28	106
County of Varaždin	38	130	39	130	36	140
County of Koprivnica-Krizevci	28	66	27	66	27	69
County of Bjelovar-Bilogora	24	70	25	72	25	75
County of Primorje-Gorski Kotar	104	378	101	399	99	433
County of Lika-Senj	19	62	17	65	17	71
County of Virovitica-Podravina	26	45	30	45	30	49
County of Požega-Slavonia	24	46	26	48	26	51
County of Slavonski Brod-Posavina	31	76	30	79	30	87
County of Zadar	55	230	51	243	53	267
County of Osijek-Baranja	74	199	71	202	72	209
County of Šibenik-Knin	40	153	42	163	43	175
County of Vukovar-Srijem	31	109	30	110	31	113
County of Split-Dalmatia	150	475	144	505	138	546
County of Istria	106	351	105	375	101	418
County of Dubrovnik-Neretva	61	180	59	198	59	215
County of Međimurje	30	86	28	89	26	90
Total	1,220	4,123	1,192	4,296	1,172	4,510

⁶ A third-country is a foreign country that is not an EU member state or a signatory to the Agreement on the European Economic Area.

The number of bank employees has been in decline ever since the end of 2011. In 2015, this decrease totalled 1.7% or 355 employees, somewhat higher than in 2014. Seventeen banks reduced the number of their employees.

The number of operating units also continued to decline in 2015. They numbered 1172 units at the end of last year, 20 units fewer than at the end of 2014. (Table 1.2). Although the decrease was slightly slower than over the previous two years (by 1.7%), the number of bank operating units has gone down by more than a hundred in the past five years (102 or 8%). As at the end of 2014, three banks operated in all counties of the Republic of Croatia, while two operated in only one county, having only one operating unit each. The average number of operating units per bank was 42.



The concentration of operating units was again the highest in the County of Zagreb and the City of Zagreb, where all banks had operating units. This county accounted for almost a quarter of the total number of operating units, that is, for 270 or 23.0% (Figure 1.3). This was the only county where all 28 banks had operating units. Next to follow, by the number of operating units were the County of Split-Dalmatia and the County of Istria with 138 and 101 units respectively (11.8% or 8.6% of the share in total number of operating units) and the County of Primorje-Gorski Kotar, which was the county where, after the County of Zagreb and the City of Zagreb, the highest number of banks (22) operated. The county with the fewest operating units was the County of Lika-Senj, with only 17 units and 6 banks.

The average number of persons served by one operating unit in the Republic of Croatia continued to increase, although at a slower pace than in 2014, totalling 3656⁷. The County of Istria maintained its leading position in terms of accessibility of banking services, boasting 2060 persons per unit,

⁷ The source of data on the population of the Republic of Croatia is the CBS.

although in it too the number of persons to one operating unit increased. Next to follow were the County of Dubrovnik-Neretva, with only a slightly worse figure of 2077 persons per unit, and the County of Šibenik-Knin with already a noticeably bigger figure of 2544 persons per unit. In three counties of the Republic of Croatia this number exceeded 5000, being the highest in the County of Vukovar-Srijem, where it totalled 5791.

On the other hand, the number of ATMs⁸ continued to increase, reaching 4510 at the end of last year. There were 214 newly-installed ATMs, which was a 5.0% rise, somewhat faster than in 2014. The most ATMs, slightly over a quarter, were installed in the County of Zagreb and the City of Zagreb (1183), although their number declined slightly, by less than 1%, from the year before. This was at the same time the only county where the number of ATMs decreased, while the fastest rise in their number was registered in the County of Istria, where there was an increase of 43 ATMs or 11.5%.

1.2.2 Balance sheet and off-balance sheet items

Assets

At the end of 2015, total bank assets amounted to HRK 393.4bn, a decrease of HRK 1.8bn or 0.5% from the end of 2014 (Table 1.3). The amount and rate of asset change was softened by the developments in the exchange rate of the kuna against the three most widely represented currencies (the euro, the Swiss franc and the US dollar). The effects of these changes excluded, the decrease in assets totalled more than HRK 4.8bn or 1.2%. The effect of the strengthening of the Swiss franc against the kuna, after the decision of the Swiss central bank of January 2015 to stop maintaining its exchange rate against the euro was particularly important. The consequence of this decision in the

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

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	51,284.0	12.9	50,252.6	12.7	-2.0	49,425.3	12.6	-1.6
Money assets	6,369.7	1.6	6,462.7	1.6	1.5	7,289.7	1.9	12.8
Deposits with the CNB	44,914.3	11.3	43,789.9	11.1	-2.5	42,135.6	10.7	-3.8
Deposits with financial institutions	21,464.2	5.4	26,369.8	6.7	22.9	27,728.2	7.0	5.2
MoF treasury bills and CNB bills	13,634.0	3.4	15,353.5	3.9	12.6	12,258.7	3.1	-20.2
Securities	30,033.7	7.5	34,236.2	8.7	14.0	37,901.3	9.6	10.7
Derivative financial assets	1,583.6	0.4	1,357.0	0.3	-14.3	2,431.1	0.6	79.2
Loans	263,822.4	66.3	253,132.3	64.0	-4.1	246,949.2	62.8	-2.4
Loans to financial institutions	8,912.2	2.2	6,355.2	1.6	-28.7	5,633.8	1.4	-11.4
Loans to other clients	254,910.2	64.1	246,777.2	62.4	-3.2	241,315.5	61.3	-2.2
Investments in subsidiaries, associates and joint ventures	3,185.7	0.8	2,722.1	0.7	-14.6	4,185.3	1.1	53.8
Foreclosed and repossessed assets	1,541.2	0.4	1,544.8	0.4	0.2	1,550.0	0.4	0.3
Tangible assets (net of depreciation)	4,253.5	1.1	4,243.0	1.1	-0.2	4,456.1	1.1	5.0
Interest, fees and other assets	7,061.5	1.8	6,026.3	1.5	-14.7	6,509.0	1.7	8.0
TOTAL ASSETS	397,863.7	100.0	395,237.7	100.0	-0.7	393,394.3	100.0	-0.5

⁸ Including ATMs provided by other companies, available for use by certain banks' clients.

domestic financial market was a substantial rise in the liabilities of debtors with loans in Swiss francs towards banks.

The fall in the balance sheet potential in 2015 was a result of continued trends that marked banking system developments in the past four years. Great caution of banks and their clients in assuming risks continued to be reflected in the absence of new lending, while banks predominantly directed funds raised in the domestic markets to deposits with foreign financial institutions. At the same time, for the purpose of the optimisation of their operations banks continued to deleverage abroad. These developments were additionally underlined by the implementation of extraordinary regulatory measures that the Government of the Republic of Croatia proposed in 2015 to alleviate the position of debtors who borrowed in the Swiss franc and which resulted in the partial write-off of the principal of converted loans. These measures hit the operating results of some banks and resulted in current year losses and a reduction in total capital.

A direct reaction of the Government to the exchange rate change in January 2015 was to propose a measure fixing the exchange rate to HRK 6.39 for one Swiss franc for instalments/annuities in that currency maturing within the period of one year. The measure was implemented by the Croatian Parliament, which adopted the Act on Amendments to the Consumer Credit Act⁹ in relation to loan contracts with natural persons and the Act on Amendments to the Credit Institutions Act¹⁰ in relation to loan contracts with natural persons who perform the activity of freelancers, craftsmen, sole traders and family farm holders.

In the second half of 2015, the Government proposed a new regulatory change with a view to make the position of debtors who borrowed in Swiss francs (or in kuna indexed to the Swiss franc) equal to the position they would have been in had they opted for a loan denominated in euros. The measures proposed were adopted by the Croatian Parliament in September 2015 in the form of the Act on Amendments to the Consumer Credit Act and the Act on Amendments to the Credit Institutions Act¹¹. The amendments to these acts laid prescribed the conversion of loans for the purpose of a change in currency, that is, a change in the currency clause, the manner of its calculation and the obligations of creditors and debtors in conversion proceedings.¹² In line with regulatory provisions, banks reported the effect of conversion of loans in Swiss francs into loans in euros and loans denominated in kuna indexed to the Swiss franc into loans denominated in kuna indexed to euros (hereinafter referred to as loan conversion) in their business books as at 30 September 2015, forming adequate provisions, that is, provision expenses in that amount in accordance with IAS 37 – *Provisions, Contingent Liabilities and Contingent Assets*. Banks assessed the conversion effect arising from these regulatory provisions at HRK 6.9bn¹³ as at 30 September 2015, as the difference between the balance of unpaid instalments/annuities in Swiss francs and the amount of unpaid annuities/instal-

9 OG 9/2015.

10 OG 19/2015.

11 OG 102/2015.

12 As part of the conversion proceedings the initially paid amount of principal is converted into euros (at the then applicable exchange of the euro) and a new repayment plan is created based on the currently applicable euro interest rate. All received payments on the basis of the loan are also converted to euros and are compared with liabilities arising from the new repayment plan. The cost of reduction of the book value of loan principal is the difference between the balance of unpaid principal in Swiss francs as at 30 September 2015 and the outstanding principal in euros determined as at the same date in accordance with new repayment plans and is borne entirely by banks. The comparison of amounts paid and of the new repayment plan provides for the amount of overpayment or underpayment (that needs to be settled). The amount of overpayment may not be used for principal write-off, rather, depending on the size, it is used to reduce future instalments/annuities or is paid out to the debtor. For banks it also represents a cost which is embedded in the expenses on provisions for conversion together with the cost of principal write-off.

13 As at the end of 2015, the cost of conversion was corrected to the amount of HRK 6.8bn.

ments in euros calculated under new repayment plans.

The decrease in net loans of HRK 6.2bn (2.4%) in 2015 was stronger than all other changes in asset items. Apart from the reduced lending activity, the growth of value adjustments also contributed to the fall in net loans, with the write-off of the principal, that is, the effect of conversion of loans to debtors whose conversion proceedings were completed by the end of 2015 as an additional factor. The decline in total net loans in the year under review was a result of the narrowing of the portfolio of loans to corporates, households and financial institutions. A small increase was registered by loans to government units, while a more substantial increase, although it had no effect on the overall change, was noticed in the non-resident sector. Despite the intensive sale of claims in 2015, their impact on developments in net loans was mild because claims sold were claims that had small net value, i.e. claims that were well covered by value adjustments.

The fall in total assets was under the additional influence of the decrease in bank deposits with the CNB, by HRK 1.7bn (3.8%). Their reduction was a consequence of the repeal of regulations and the maturing of CNB bills worth HRK 3.4bn¹⁴. Those are compulsory CNB bills that banks purchased in mid-December 2013 in the amount of the reduced reserve requirement rate and thus released funds from the kuna component of the reserve requirement that aimed to spur lending to the economy. Other deposits with the CNB, that is, the reserve requirements set aside and settlement account balances, went up at the same time, partly offsetting the overall change in deposits with the CNB.

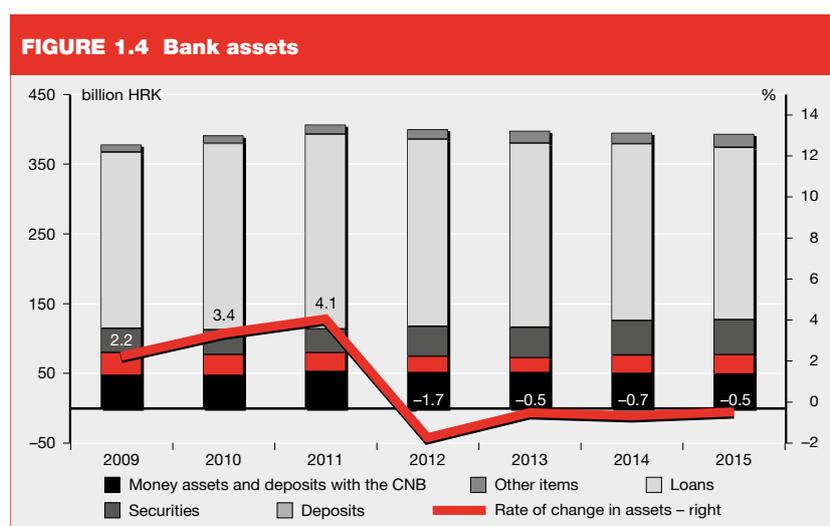
Bank deposits with financial institutions increased by HRK 1.4bn (5.2%), largely due to the growth of deposits with foreign financial institutions as well as to the rise in deposits with domestic credit institutions. Banks placed the bulk of their deposits abroad with financial institutions other than the majority foreign owners and the amount of these deposits increased by HRK 4.1bn (20.2%) within a one-year period. Deposits with financial institutions that are part of a bank group linked by ownership went down by HRK 3.2bn (61.8%), their share in the structure of deposits with financial institutions reducing substantially as a result. At the end of 2015, it totalled 7.2%, almost 13 percentage points down from the end of 2014.

Banks' investments in securities rose by HRK 570.2m (1.1%) and their share in total assets reached 12.7%. The sole cause of this growth was investments in equity securities that were twice as large, with special emphasis on securities of foreign financial institutions and corporates. Despite the high growth rate of 102.1%, equity securities continued to account for a very small portion of total investments in securities at the end of 2015, of only 2.1%. Investments in debt securities stagnated although there were some developments in their structure, mostly associated with the change in debt instruments of government units. Namely, banks' investments in MoF T-bills went down by HRK 3.1bn (20.2%), while investments in RC bonds went up (HRK 3.4bn or 23.3%), ultimately ending in the increase of total investments in securities of government units of only 1.2%. Debt securities of government units continued to account for the lion's share of the portfolio of total debt securities (62.1%), followed by securities of foreign issuers (24.2%). Banks distributed the majority of their debt securities, almost 70% as at the end of 2015, in the portfolio of instruments available for sale. The increase in the portfolio and the marking to market of these securities resulted in the unrealised profit in bank capital rising by 68.5% from the previous year.

¹⁴ Decision on repealing the Decision on the purchase of compulsory CNB bills (OG 105/2015).

The effects of these negative developments on total assets were softened by the increase in less important items in banks' asset structures. The largest among them was the increase in investments in the capital of subsidiaries (HRK 1.5bn or 53.8%), which was a consequence of the participation of banks in intra-group restructuring and was predominantly related to investments in the financial sector in the region. A noticeable increase in the fair value of derivative financial instruments in banks' balance sheets, of derivative financial assets (by 79.2% or HRK 1.1bn), as well as of derivative financial liabilities (by 98.2% or HRK 1.2bn) is, to the greatest extent, a reflection of the increase in fair value of agreements with foreign financial institutions (assets) and government units (liabilities). This is a consequence of hedging from market risks, provided to the MoF for bond issues denominated in foreign currencies on one side and on the other bank hedging from those same risks arranged with foreign parents.

The ratio of total investments in tangible assets to eligible capital rose slightly to 11.2%, which was still considerably lower than the permitted 40%.¹⁵ As well as by the increase in tangible assets of 5.0% (predominantly due to investments in real estate), the rise in this ratio was also affected by the rise in assets foreclosed or repossessed more than two years ago (24.4%). Although the slowdown in the growth of assets foreclosed or repossessed in exchange for claims continued in 2015, its rate, however, reducing to only 0.3%, the ageing of this portfolio indicates further difficulties faced by banks in the collection of their claims. The lion's share of assets foreclosed or repossessed related to buildings.



Liabilities and capital

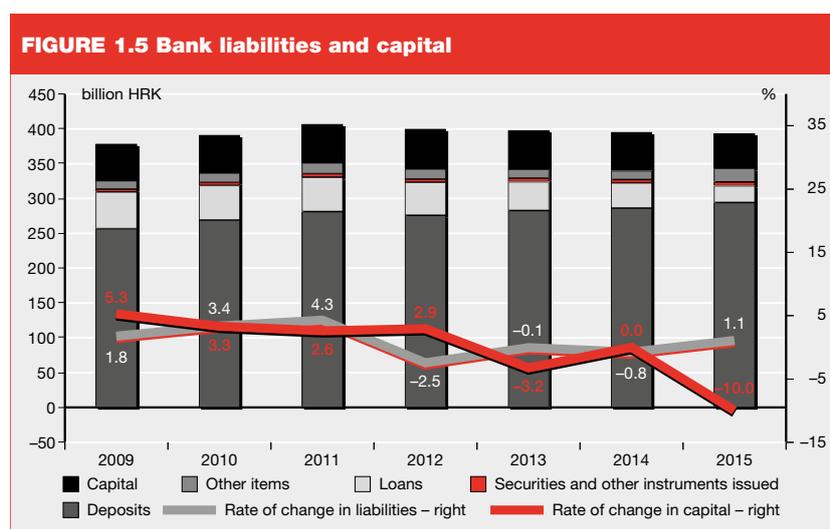
The implementation of regulatory provisions on the conversion of loans resulted in noticeable developments in the liabilities side of balance sheet of banks. A direct consequence of the implementation

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

of regulatory provisions is the increase in bank liabilities due to provisions set aside for loan conversion and the decrease in capital due to current year losses predominantly arising from conversion costs. Developments connected to other liabilities' items reflect the indirect consequences of the implication of regulatory provisions on the conversion of loans, primarily as regards the reduction of the sources of financing in Swiss francs, especially from majority foreign owners.

At the end of 2015, total bank liabilities amounted to HRK 343.4bn, an increase of HRK 3.7bn or 1.1% from the end of 2014 (Table 1.4). This increase was to the greatest extent affected by the rise in the item *Interest, fees and other liabilities* where provisions for loan conversion in the amount of HRK 6.9bn that banks formed as at 30 September 2015 are registered. The realisation of loan conversions in the fourth quarter of 2015 diminished the initially determined amount of provisions by one fifth to HRK 5.5bn, reflecting the relatively small number of conversions completed. Given the regulatory time limits, noticeable conversion activities were initiated in the second half of December 2015 and continued in 2016.¹⁶

Total sources of financing¹⁷ decreased by HRK 3.6bn (1.1%) in the observed one-year period. The key influence came from banks continuing to deleverage vis-à-vis majority foreign owners for the fourth consecutive year. Although the rate of decrease in total sources of financing was relatively small, changes in individual instruments and their currency structures were noticeable. This had to do predominantly with the strong fall in liabilities arising from loans, which went down by HRK 12.3bn (33.6%), of which a substantial share was denominated in Swiss francs. Together with other forms of financing, total bank liabilities in Swiss francs decreased by HRK 11.5bn (74.2%), and their share in foreign liabilities of banks declined to 1.8% at the end of 2015, which was five percentage points less than at the end of the previous year. This was a consequence of the loan conversion which decreased the banks' need for additional sources of financing in Swiss francs so they were reduced down to household deposits only.



¹⁶ Banks had to supply debtors with conversion calculations paired with proposed new or amended loan agreements by 14 December 2015, while debtors, if they agreed to the conversion, had to notify the bank in return within 30 days.

¹⁷ Sources of financing are composed of received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments.

The intensity of bank deleveraging to majority foreign owners increased from 2014, so the overall decrease of these sources in 2015 totalled HRK 19.0bn (45.5%). From mid-2012, when these sources first started decreasing, until the end of 2015, total sources of funds from majority foreign owners went down by close to 70%, to HRK 22.8bn, and their share in total sources, which had at times exceeded 20%, went down to 7.0% at the end of 2015. A consequence of this, to a degree, was also a reduction in the concentration of sources in bank liabilities, that is, the share of sources received from clients whose funds account for over 2% of total bank liabilities, from 20.2% at the end of 2014 to 15.8% at the end of 2015.

In contrast to foreign sources of financing and liabilities arising from loans, total bank deposits went up by HRK 8.1bn (2.8%), thanks to the growth of deposits of domestic sectors. The bulk of the growth of domestic deposits was accounted for by corporates (HRK 9.1bn or 20.2%), while the remainder of the increase was accounted for by household deposits (HRK 4.8bn or 2.7%). The strong growth of corporate deposits is predominantly due to the extraordinary effect of two transactions realised in the second half of 2015: the inflow of funds arising from the sale of an enterprise to foreign investors and an inflow of funds arising from a securities issue by a public enterprise. Corporate time deposits went up the most (HRK 4.6bn or 29.7%), followed by transaction account deposits (HRK 3.3bn or 12.0%) and savings deposits (HRK 1.1bn or 55.9%). Total corporate deposits had thus increased to HRK 53.9bn by the end of 2015.

The rise in the transaction account deposits of HRK 5.2bn and savings deposits of HRK 1.8bn (13.7%) halted the years-long trend of a slowdown in the growth of total household deposits, which reached HRK 181.2bn. At the same time, however, the most stable deposit item, household time deposits went down for the first time on an annual level, by HRK 2.2bn or 1.6%. In the pre-crisis period they went up at two-digit annual growth rates, their growth slowing down suddenly since 2008. This reflects a gradual restructuring of household deposits, that is, the share of time deposits in total household deposits decreasing and the share of sight deposits increasing. The share of time deposits reached its all-time high of 80.2% at the end of 2012. By the end of 2015 it had decreased to 74.7%. The increase in transaction account deposits accounted for the increase in kuna deposits, an increase in foreign exchange deposits in these accounts being noticeable as well. The rise in the importance of transaction deposits may be the response of households to the taxation of savings deposits that was introduced early in 2015¹⁸. The currency structure of total deposits did not change much. In contrast to borrowing, it continues to reflect the household preference for foreign currency savings. The share of foreign currency deposits in total deposits was 75.5%, which includes 75.2% of deposits in foreign currency and 0.3% of kuna deposits with a currency clause. The currency accounting for the largest share, two thirds of total household deposits, was the euro. Kuna deposits made up 24.5% of total household deposits.

Bank deleveraging vis-à-vis majority foreign owners had a key impact on the decline in loans received for the fourth year in a row. An additional influence on the overall developments in 2015 came from loans received from domestic and foreign financial institutions. The importance of deposits received for the financing of banks thus continued to decline, while the role of deposits continued growing,

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

their dominant share in banks' balance sheets increasing additionally to 74.8%. The amount of other sources of financing went up by 11.9%, exclusively as a result of the growth in subordinated instruments.

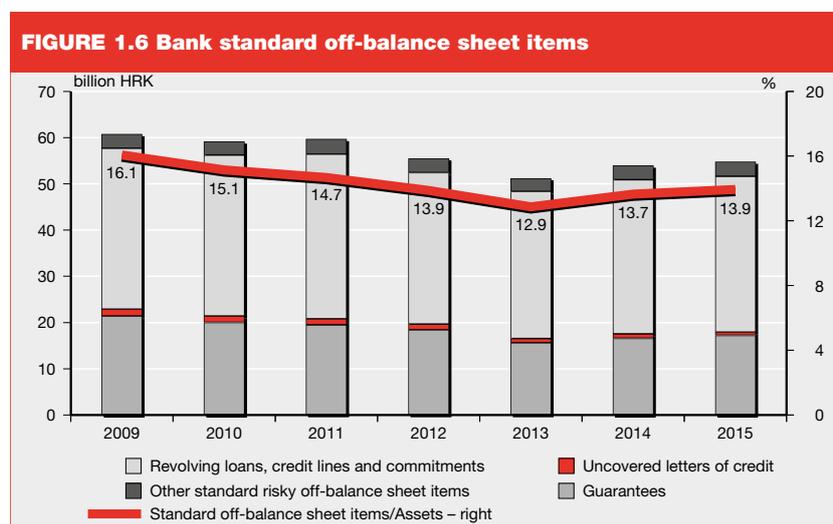
The impact of regulatory provisions on the conversion of loans was reflected in bank capital through a strong drop in its amount, totalling HRK 5.5bn or 10.0%. The share of capital in the structure of bank liabilities and capital thus fell to 12.7% at the end of 2015, close to the level from the beginning of the crisis. The decrease in capital was a consequence of the current year losses, which exceeded HRK 4.6bn, arising predominantly due to loan conversion expenses which were higher than the developments in all other capital items. A positive contribution to capital came from the increase in share capital, totalling HRK 518.2m (1.5%), arising from recapitalisations carried out during 2015 by ten banks, through payments in cash or the use of instruments with the characteristics of equity. Negative developments in total capital were also partly softened by the rise in revaluation reserves, that is, the rise in unrealised gain on value adjustments of financial assets available for sale. By retaining a portion of earnings generated in 2014, some banks strengthened their capital reserves, while others used them in 2015 for dividend payments and to cover previous years' operating losses. A result of these divergent developments was a preserved level of capital reserves and the increase of their share in the total bank capital, to more than 39.0%. Banks used more than 80.0% of earnings generated in 2014 to pay out dividends to their shareholders. Together with a portion of retained earnings, dividends paid reached slightly over HRK 2.5bn.

TABLE 1.4 Structure of bank liabilities and capital, end of period, in million HRK and %

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	15,146.0	3.8	14,617.1	3.7	-3.5	12,966.5	3.3	-11.3
Short-term loans	2,124.8	0.5	2,428.3	0.6	14.3	1,342.0	0.3	-44.7
Long-term loans	13,021.2	3.3	12,188.9	3.1	-6.4	11,624.5	3.0	-4.6
Deposits	282,805.6	71.1	286,075.4	72.4	1.2	294,214.6	74.8	2.8
Transaction account deposits	54,245.1	13.6	67,556.2	17.1	24.5	76,631.9	19.5	13.4
Savings deposits	21,785.7	5.5	18,045.1	4.6	-17.2	21,052.5	5.4	16.7
Time deposits	206,774.8	52.0	200,474.1	50.7	-3.0	196,530.2	50.0	-2.0
Other loans	26,337.2	6.6	21,944.3	5.6	-16.7	11,314.5	2.9	-48.4
Short-term loans	4,531.3	1.1	3,806.9	1.0	-16.0	1,378.7	0.4	-63.8
Long-term loans	21,805.9	5.5	18,137.4	4.6	-16.8	9,935.9	2.5	-45.2
Derivative financial liabilities and other financial liabilities held for trading	1,878.1	0.5	1,180.5	0.3	-37.1	2,339.2	0.6	98.2
Debt securities issued	299.9	0.1	299.9	0.1	0.0	300.8	0.1	0.3
Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.8	0.0	-
Long-term debt securities issued	299.9	0.1	299.9	0.1	0.0	300.0	0.1	0.0
Subordinated instruments issued	1,453.5	0.4	2,050.0	0.5	41.0	2,724.0	0.7	32.9
Hybrid instruments issued	3,005.9	0.8	2,319.4	0.6	-22.8	2,198.4	0.6	-5.2
Interest, fees and other liabilities	11,445.8	2.9	11,231.2	2.8	-1.9	17,361.6	4.4	54.6
TOTAL LIABILITIES	342,371.9	86.1	339,717.8	86.0	-0.8	343,419.6	87.3	1.1
Share capital	33,964.7	8.5	33,757.2	8.5	-0.6	34,275.4	8.7	1.5
Current year profit (loss)	477.6	0.1	1,534.6	0.4	221.3	-4,615.8	-1.2	-400.8
Retained earnings (loss)	16,315.3	4.1	15,943.0	4.0	-2.3	15,579.3	4.0	-2.3
Legal reserves	1,108.6	0.3	1,046.0	0.3	-5.7	1,035.2	0.3	-1.0
Reserves provided for by the articles of association and other capital reserves	3,035.4	0.8	2,600.4	0.7	-14.3	2,892.5	0.7	11.2
Revaluation reserves	610.4	0.2	727.9	0.2	19.2	1,115.1	0.3	53.2
Previous year profit (loss)	-20.2	0.0	-89.1	0.0	342.2	-307.0	-0.1	244.4
TOTAL CAPITAL	55,491.8	13.9	55,519.9	14.0	0.1	49,974.7	12.7	-10.0
TOTAL LIABILITIES AND CAPITAL	397,863.7	100.0	395,237.7	100.0	-0.7	393,394.3	100.0	-0.5

Standard off-balance sheet items

At the end of 2015, standard off-balance sheet items stood at HRK 54.8bn, which is an increase of HRK 0.9bn or 1.6% from the end of the previous year. The standard off-balance sheet items to assets ratio increased very little, from 13.7% to 13.9% (Figure 1.6).



A mild growth of assumed liabilities was a result of slightly stronger opposite developments related to individual instruments in their structure. The most substantial positive contribution to overall developments came from revolving loans, which increased by HRK 1.8bn or 22.6%, mostly as a result of transactions concluded with public enterprises. In terms of the level of nominal change, issued guarantees followed with an increase of HRK 0.6bn or 3.7% predominantly due to the rise in guarantees issued to corporates and financial institutions. A more noticeable decrease in 2015 was registered by credit lines and commitments, which went down by HRK 1.5bn or 5.8% due to the decrease in these liabilities to the central government and public enterprises.

These developments resulted in the decrease of the share of credit lines and commitments in total standard off-balance sheet items, to 43.3%. According to share size, guarantees came next with 31.4%, which is a slightly larger share than at the end of 2014. The share of revolving loans rose as well, to 18.2%. These three types of off-balance sheet items accounted for the majority of all standard off-balance sheet items, while the shares of remaining items were not significant.

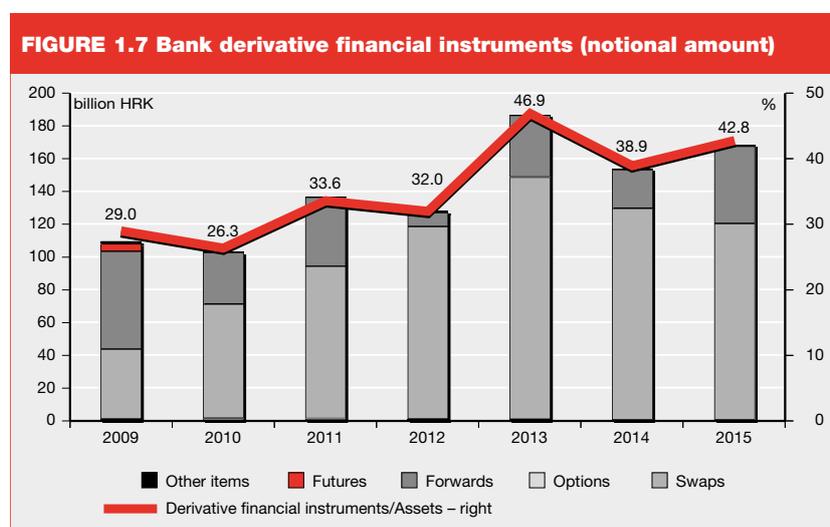
The bulk of total standard off-balance sheet items at the end of 2015 was made up by liabilities to corporates (58.3%) and households (36.2%).

Derivative financial instruments

At the end of 2015, the total notional amount of asset and liabilities items of derivative financial instruments amounted to HRK 168.3bn. The increase in the total notional amount of derivative financial instruments from the end of 2014, by HRK 14.5bn (9.4%), is to the largest extent a consequence

of the implementation of regulatory provisions on the conversion of loans. A noticeable spike in these instruments was observed at the end of the third quarter of 2015 as a result of the obligation of banks to determine the effect of conversion of the overall loan portfolio subject to the mentioned regulatory provisions at the specified date of 30 September 2015. Banks, by actively managing their foreign exchange position, hedged themselves against risks arising as a result of the obligation to implement these provisions, which arose from the increased open foreign exchange positions in Swiss francs and euros. A part of the instruments used by banks in the process was formed in the form of embedded derivatives, with a portion of them being arranged with majority foreign owners. The increase in the notional amount of instruments contracted for this purpose is of a temporary nature, and the amount started gradually decreasing in the fourth quarter of 2015 as some of the loan conversions were completed. By the end of the loan conversion process it is expected to subside completely.

The increase in the total notional amount of forwards had a key influence on the increase in the total notional amount of derivative financial instruments. Banks used them the most in the described management of their foreign exchange position which led to a strong growth in their notional amount of HRK 23.7bn or 101.0%. At the same time, the notional amount of the majority of other instruments, predominantly swaps, went down by HRK 9.1bn or 7.1%. The changes in the period under review resulted in a noticeable increase of the share of forward agreements in the structure of derivative financial instruments, to 28.0%, and a decrease in the share of swaps to 71.4%. These two instruments traditionally dominate the structure of derivative financial instruments. All other types of derivative financial instruments accounted for the remaining 0.6% and changes in their amounts in 2015 did not affect total developments.



Banks commonly arrange the largest share of the total amount of derivative financial instruments with foreign financial institutions; among them are majority foreign owners and other financial institutions from parent banking groups. At the end of 2015, this share was 47.7% of the total amount of derivative financial instruments, which was noticeably less than at the end of 2014 when it exceeded two thirds of the total amount. Not only was there a decline in the amount, but this change was also under the influence of the mentioned strong growth of embedded derivatives formed for the purpose of managing risks arising from loan conversion, which pushed up the amount of instruments arranged in the domestic financial sector, their share almost tripling, to 33.3% of the total amount

of derivative financial instruments. Instruments arranged with government units and corporates followed and accounted for 11.7% and 7.3% respectively.

The overall growth in the notional value of derivative financial instruments was related to the increase in the notional amount of instruments with the exchange rate as the underlying variable so the share of these instruments went up to 58.7% of the total. Next to follow by the size of the share (30.4%) were cross-currency interest rate swaps, while the remaining 10.9% was accounted for by instruments with interest rate as the underlying variable.

The increase in the notional amount of derivative financial instruments and the parallel decrease in bank assets was reflected in the growth of their ratio, from 38.9% in 2014 to 42.8% at the end of 2015. Only a few banks used derivative financial instruments in a volume higher than the stated system average, while the majority of banks that operate with derivative financial instruments used them in an amount equivalent to less than 10% of their assets.

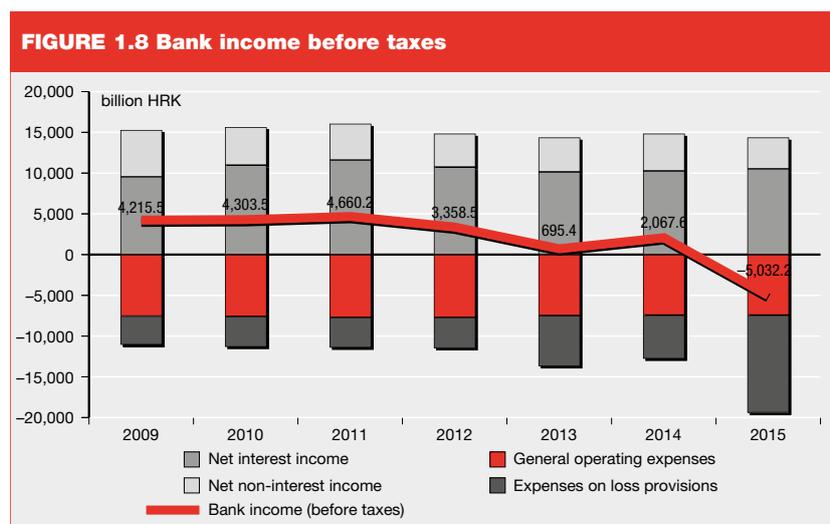
1.2.3 Earnings

Income statement

After a partial recovery of earnings in the year before, banks sustained unprecedented losses in 2015, predominantly as a consequence of extraordinary expenses arising from the implementation of regulatory changes associated with loans linked to the Swiss franc. Namely, the past year was marked by an unexpected and exceptionally intensive strengthening of the Swiss franc which later spilled over to the portfolio of loans linked to the Swiss francs in the form of currency-induced credit risk. Several regulatory provisions adopted during the year were intended to limit the negative impact of this rise and alleviate the position of debtors with loans linked to the Swiss franc, attempting to make it equal to the position they would have been in had these loans been linked to the euro. Total (direct and indirect) costs associated with these regulatory changes affected most items of the income statement, the greatest among them being the cumulative cost of conversion reported in expenses on provisions, totalling HRK 6.8bn.

Under these circumstances almost all other changes remained subdued. They were mostly the continuation of developments that marked the past few years, such as weak demand for loans, which, paired with stable and high liquidity buffers, enabled further deleveraging, especially with respect to majority foreign owners. Favourable developments as regards deposit interest rates continued, which ultimately resulted in noticeable savings on interest expenses and ensured the continuation of the rising trend in net interest income, despite a further decline in interest income from almost all items.

As a result of noticeable savings on interest expenses, banks concluded their regular operations only slightly below the last year's level, so operating income was down 0.6% from the previous year and net operating income before loss provisions 1.4%. These results were noticeably exceeded by total expenses on value adjustments and provisions, which (spurred by conversion costs) reached their all-time high of HRK 12bn. This ultimately resulted in aggregate bank losses, which, according to audited data, reached slightly over HRK 5bn at the end of the year. In comparison, profit from con-



tinuing operations, before tax, totalled HRK 2.1bn at the end of 2014 (Figure 1.8).

A great portion of the system, that is, 15 banks, accounting for 65.8% of the total assets of all banks, reported losses at the end of 2015 in the overall amount of HRK 5.6bn, while the remaining 13 banks generated only HRK 0.5bn in profits. Expenses connected with loans linked to the Swiss franc, to which 12 banks were exposed, had the key influence on the amount of losses. In only four of them did these expenses result in losses, while in contrast, despite the high amounts of these expenses, three banks reported positive financial results. As for the remaining banks, although these expenses were the key, they were not the only, reason for their negative business results. In comparison, in 2014, losses amounting to a total of HRK 1.2bn were reported by 12 banks with a share in total bank assets of 15.5%. Altogether 10, predominantly smaller, banks improved their business results in 2015, a half of them switching from generating losses to generating profit.

Expenses on value adjustments and provisions, which rose HRK 6.6bn or 122.9% (Table 1.5), had the strongest negative effect on the income statement. This exceptionally strong growth was entirely a result of the expenses on provisions for loan conversion, totalling HRK 6.8bn. Banks reported the effect of conversion for the first time as at the date of conversion (30 September 2015). It represents the difference between the book value of the outstanding principal of the loans linked to Swiss francs and the principal calculated in euros in the conversion procedure. These expenses on conversion excluded, the remaining expenses on value adjustments and provisions were 4.5% lower than at the end of 2014, due to the lower expenses on placement value adjustments and provisions for risk categories B and C placements, which were 5.6% lower. Costs arising from non-performing placements are a reflection of changes in 2014 that resulted from the intensification of the process of cleaning banks' balance sheets and later the AQR, which was subsequently, in accordance with the recommendations of the EU Council, expanded to additional portfolios and banks.¹⁹ Lower expenses on value adjustments and provisions were also under the mild influence of provisions for risk category A, under which banks reported a lower income from cancelled loss provisions due to the decrease in exposures classified into risk category A and reclassification of exposures in other risk groups.

¹⁹ See footnotes 1 and 2.

TABLE 1.5 Bank income statement, in million HRK and %

	Jan. – Dec. 2014	Jan. – Dec. 2015	Change
CONTINUING OPERATIONS			
Interest income	18,844.8	18,129.3	-3.8
Interest expenses	8,575.2	7,580.7	-11.6
Net interest income	10,269.6	10,548.6	2.7
Interest income from fees and commissions	4,378.7	4,614.3	5.4
Expenses on fees and commissions	1,283.5	1,580.3	23.1
Net income from fees and commissions	3,095.2	3,034.0	-2.0
Income from equity investments	215.6	349.1	61.9
Gains (losses)	1,262.4	862.3	-31.7
Other operating income	422.5	639.0	51.3
Other operating expenses	792.2	1,051.9	32.8
Net other non-interest income	1,108.2	798.5	-27.9
Total operating income	14,473.0	14,381.1	-0.6
General administrative expenses and depreciation	7,428.7	7,438.6	0.1
Net operating income before loss provisions	7,044.3	6,942.5	-1.4
Expenses on value adjustments and provisions	5,371.1	11,973.5	122.9
Other gains (losses)	394.5	-1.2	-100.3
Profit (loss) from continuing operations, before taxes	2,067.6	-5,032.2	-343.4
Income from continuing operations	688.9	-402.2	-158.4
Profit (loss) from continuing operations, after taxes	1,378.7	-4,630.0	-435.8
DISCONTINUED OPERATIONS			
Profit (loss) from discontinued operations, after taxes	155.9	14.2	-90.9
Current year profit (loss)	1,534.6	-4,615.8	-400.8
Note: Number of banks operating with losses, before taxes	12	15	25.0

In addition to reporting the effects of conversion, one more extraordinary regulatory measure raised bank expenses, by HRK 223.4m. It was the measure on freezing the exchange rate of the Swiss franc against the kuna at 6.39 of March 2015.²⁰ These losses, in addition to the increase in other losses from embedded derivatives by which banks adjusted their currency positions, had the strongest negative impact on the amount of net other non-interest income. In addition, the decline in net other non-interest income was also caused by the rise in other operating costs, which went up by a third, predominantly arising from premiums and contributions paid to the State Agency for Deposit Insurance and Bank Resolution. The increase in insurance premiums for savings deposits was a result of the rise in insured savings and the widening of insurance coverage²¹, as well as of contribution payments to the resolution fund²². Finally, net other non-interest income came in HRK 309.7m or 27.9% lower, which was reflected in the structure of total operating income as a further decline in its importance, to only 5.6% (Figure 1.9), its lowest share since 2004.²³

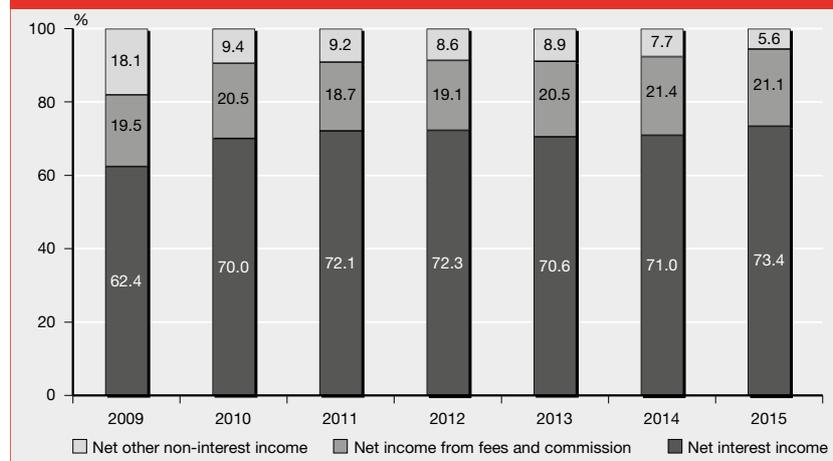
Net interest income went up from 2014, by HRK 279.0m or 2.7%, which additionally boosted its share to 73.4% of total bank operating income. This growth continued to be founded on the differ-

20 Fixing of the exchange rate was recognised as embedded derivative (derivative financial instrument connected with the principal instrument, the loan agreement) whose notional amount is the amount of annuities/instalments (principal plus interest) in regular repayment for the period of duration of the determined exchange rate of one year, calculated by applying the market/contracted exchange rate. The expense was treated as negative fair value of derivative arising from the difference between annuities/instalments calculated by applying the administratively set exchange rate and the annuities/instalments calculated by applying the market exchange rate.

21 Deposit Insurance Act (OG 82/2015).

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

23 A comparison with periods before 2004 is made difficult due to regulatory changes in the reporting of items from the income statement.

FIGURE 1.9 Structure of bank operating income

ence in developments regarding interest income and interest expenses. Thus interest expenses went down from the year before, by almost HRK 1bn (11.6%), while interest income decreased by HRK 715.5m (3.8%). Interest expenses fell at two-digit rates in relation to almost all sectors, the greatest saving, in nominal terms, being generated in relation to household deposits (HRK 613.5m or 15.3%) despite the annual rate of growth in their base of 2.7%. This was a reflection of the decline in interest rates²⁴ and changes in the structure of deposits by this sector in favour of cheaper forms of deposits (especially deposits on transaction accounts and savings deposits), while time deposits decreased. Next to follow with lower costs of loans and deposits were foreign financial institutions (HRK 242.9m or 18.1%) and domestic corporates (HRK 131.3m or 26.6%). Savings on expenses of foreign financial institutions were a result of bank deleveraging, while lower expenses for corporations were primarily a result of lower interest rates and the growth dynamics of these deposits which was realised in the second half of the year. The impact on the income statement was limited as a result.

The single largest contribution to negative developments in interest income came from interest income from loans (which decreased by HRK 776.4m or 5.0%), followed by interest income from debt securities (HRK 212,6m or 13.9%).

This was the third year in succession that a decrease in total interest income from loans was observed. In 2015, it was caused by all domestic sectors, especially corporates and households. The year was marked by problems associated with the Swiss franc loans which additionally influenced the already weak credit activity despite falling interest rates. The greatest decline in interest income from loans paired with the increase in its dynamics relative to the year before was seen by the corporate sector (HRK 405.9m or 8.6%), due to the decrease in income from public and other enterprises (by 13.8% and 7.1% respectively). Loans for working capital remained one of the main channels of reduction in interest income (6.3%). Interest income from investment loans to corporates also stood out by the size of its decrease (10.8%), followed by income from syndicated loans and factoring, which due to their low basis declined at high rates (11.8% and 55.4%).

²⁴ The weighted monthly averages of interest rates on deposits (for total and new business) of households and non-financial corporations. Source: Tables G5a to G5c and G6a to G6c, CNB Bulletin No. 221.

Interest income from household loans was lower than the year before, by HRK 307.0m or 3.7%, declining in relation to most types of loans. By the size of its share, interest income from home loans led the way, declining HRK 124.6m or 4.6%, a reflection of several factors that were transferred from previous years, such as the base decreasing, portfolio deteriorating and interest rates falling. In the last quarter of 2015, this list was widened by the process of loan conversion. In comparison, the reduction in this income in 2014 totalled a noticeable HRK 506.0m or 15.7%, primarily under the influence of restrictions on interest rates on home loans linked to the Swiss franc, which was limited to 3.23%²⁵ early in 2014. According to the size of the decrease, in 2015 the next group to stand out in the household sector was interest income from overdraft facilities (7.7%) and car loans (35.2%), under the predominant influence of the decline in the base. The only exception was interest income from other loans²⁶ which increased by 8.7%.

Despite the decrease, loans to the household sector remain the most important interest income of banks, making up 54.0% of total interest income from loans, followed by interest income from loans to corporates and government units, accounting for 29.4% and 14.2% respectively. A weaker influence on interest income in the second half of 2015 also came from amendments to the regulations on default interest rates and maximum effective interest rates on consumer loans and home loans²⁷, which in practice resulted in a fall in interest rates.

Interest income from loans to government units was HRK 56.3m or 2.6% lower, predominantly under the influence of the decline in interest rates, given that the total level of loans to this sector was kept almost the same while the loan quality improved. In contrast to the said domestic sectors, banks kept increasing their interest income from loans granted to non-residents, which went up by HRK 11.0m or 9.5% predominantly on the basis of loans to foreign financial institutions.

Net income from fees and commissions was 2% lower than the year before, under the influence of the higher costs of fees and commissions, which went up by almost a quarter. This growth in this cost was a result of the expenses of changes in the currency of funding lines from the Swiss franc into the euro associated with the loan conversion. The increase in these expenses offset the effects of the growth of income from fees and commissions, which, although modest (5.4%), was generated from almost all types of business. By size of growth, income from fees and commissions associated with credit cards led the way, with the bulk of the increase being realised in the sub-sector of foreign financial institutions, which, paired with the growth dynamics of its (strongest in the third quarter) points towards a noticeable impact of the tourist season given that the bulk of fees and provisions is realised from turnover in the operating units of domestic banks via credit cards issued by foreign banks. Banks increased their income from other services under contracted agreements, especially agreements for insurance undertakings and investment fund management companies.

General administrative expenses and depreciation remained almost unchanged from 2014. Banks

²⁵ The Act on Amendments to the Consumer Credit Act (OG 143/2013).

²⁶ The reporting system differentiates among 26 types of loans and the item other loans, where all other non-specific types of loans are reported. Banks often report restructured loans in this item, as well as loans belonging to special programmes, such as special programmes of the CBRD.

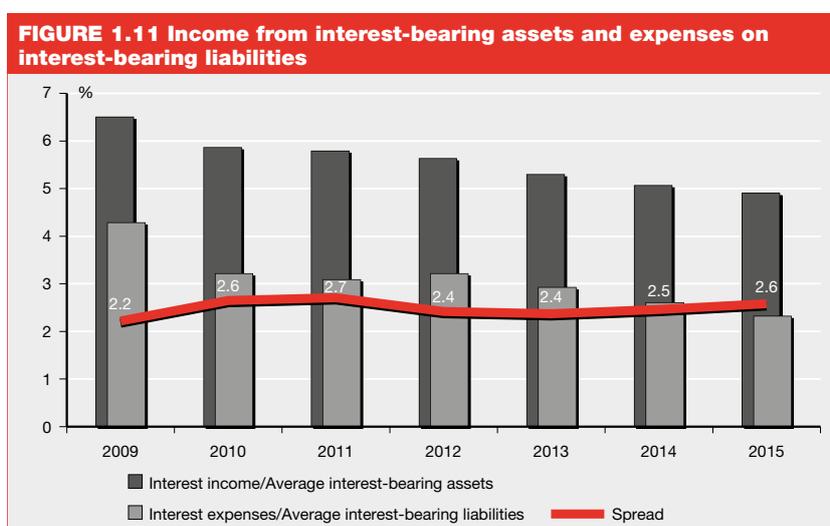
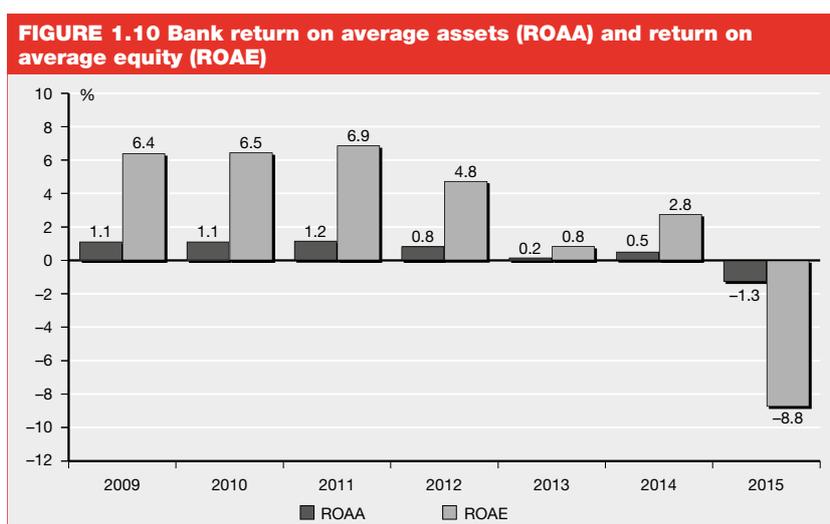
²⁷ According to the regulations on consumer credit, the maximum effective interest rate on loans is determined with reference to the statutory default interest rate. The Act on Amendments to the Civil Obligations Act (OG 78/2015) amended the way in which default interest is calculated, from 1 August 2015. From this date, much lower default interest rates and effective interest rate limits are applied, their level depending on the movement of the average interest rate on loan balances granted during a period longer than one year to non-financial corporates and is revised twice a year.

offset the increase in general administrative expenses by a decrease in employee expenses, representation, advertising and marketing expenses, and amortisation. The downward trend in the number of employees, uninterrupted since 2012, continued, with a further decrease by 355 employees or 1.7%. Accordingly, assets per employee continued rising, to HRK 19.3m (Figure 1.12).

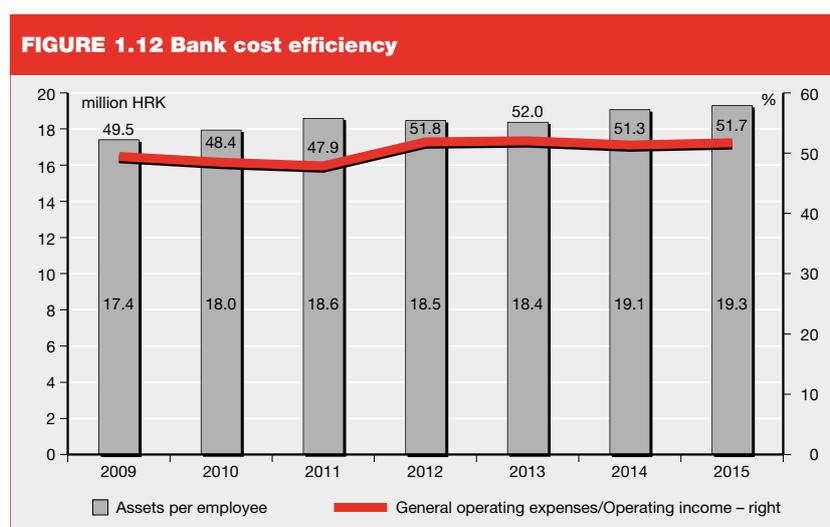
Returns indicators

As already mentioned, bank operations in 2015 were under the extraordinary influence of the implementation of several regulatory provisions associated with the position of debtors with loans linked to the Swiss franc, which was reflected particularly strongly in the rise of expenses on value adjustments and provisions, and thus ultimately negatively affected bank operating results and return indicators.

As a result, the key returns indicators became negative at the end of 2015. The Return on Average Assets (ROAA) totalled -1.3% , while the Return on Average Equity (ROAE) totalled -8.8% (Figure 1.10). The last time these indicators were negative on aggregate level was back in 1998.



At the same time, by making savings in the expenses of their regular operations banks managed to keep their operating profitability (measured by the ratio of net operating income, before loss provisions, to average assets) virtually unchanged from 2014, that is, at 1.8%. A lower value was last registered in 2001 (when it totalled 1.6% due to losses in Riječka banka). The operating profitability of banks has been lower than usual since 2012, predominantly under the influence of weak lending activity amid the conditions of decreasing interest rates and the still-present high credit risk levels. Accordingly, the average interest rate on interest-bearing assets reached its historical low of 4.9% (Figure 1.11), which prompted banks to make sizeable cost cuts to maintain the interest spread at a satisfactory 2.6% (2.5% in 2014).



The cost to income ratio deteriorated slightly, from 51.3% in 2014 to 51.7% (Figure 1.12). Some banks, especially smaller ones, continued to bear the considerable burden of their general operating expenses. At the end of the year, six were not operating profitably, that is, their operating income was insufficient to cover general operating expenses and depreciation.

1.2.4 Credit risk

Placements and assumed off-balance sheet liabilities

In 2015, after seven years of growth, the level of partly recoverable and fully irrecoverable placements and off-balance sheet liabilities went down, primarily reflecting intensified activities aimed at resolving the issue of claims with collection difficulties. However, risk aversion remained high and lending continued to decline, although at a slower pace than the year before. In addition to the considerable increase in the sale of irrecoverable placements, the year was marked by the start of the conversion of loans in Swiss francs into loans in euros and the growth in the attractiveness of kuna loans (not indexed to foreign currency).

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

Risk (sub) category	Dec. 2013			Dec. 2014			Dec. 2015		
	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage	Placements and assumed off-balance sheet liabilities	Value adjustments and provisions	Coverage
A	369,289.2	3,326.4	0.9	365,613.1	3,363.4	0.9	362,550.9	3,348.0	0.9
B-1	19,330.6	3,055.0	15.8	15,728.9	2,364.5	15.0	12,528.5	1,836.8	14.7
B-2	15,913.8	7,500.3	47.1	19,774.4	9,768.0	49.4	18,363.9	9,484.3	51.6
B-3	4,339.3	3,547.4	81.8	5,559.4	4,615.6	83.0	8,008.0	6,578.8	82.2
C	8,991.4	8,972.1	99.8	10,022.4	10,020.4	100.0	10,453.1	10,453.9	100.0
Total	417,864.4	26,401.2	6.3	416,698.2	30,131.8	7.2	411,904.4	31,701.9	7.7

In 2015, total exposure of banks to credit risk²⁸ decreased, while the quality improved. At the end of the year under review, total placements and assumed off-balance sheet liabilities were HRK 411.9bn (Table 1.6), down HRK 4.8bn or 1.2% from the end of 2014. Partly recoverable and fully irrecoverable placements and off-balance sheet liabilities, which means those classified into risk categories B and C, went down at a higher rate, by 3.4%, so their share in total exposure went down, from 12.3% at the end of 2014 to 12.0% at the end of 2015. Sales of claims made a key impact on the movement of the indicator.

The sale of claims intensified in 2015, as a result, among other things, of the ageing of the portfolio and supervisory rules on the gradual value adjustment increase for placements with a long history of delinquency²⁹. The fall in net book value of loans raised the attractiveness of irrecoverable claims in the secondary market. Claims (gross) classified into risk categories B and C, worth HRK 2.8bn, were sold in 2015 (in comparison, claims sold in 2014 totalled HRK 1.3bn), their net book value totalling HRK 396.7m. In addition, the associated HRK 931.0m of off-balance sheet claims, relating to interest rates (regular and default) and other claims, were sold as well. Almost 60% of the amount sold was accounted for by one bank. The sale of receivables from enterprises dominated the process, accounting for almost two thirds of the overall amount. The buyers were to the greatest extent firms specialised in collecting claims.

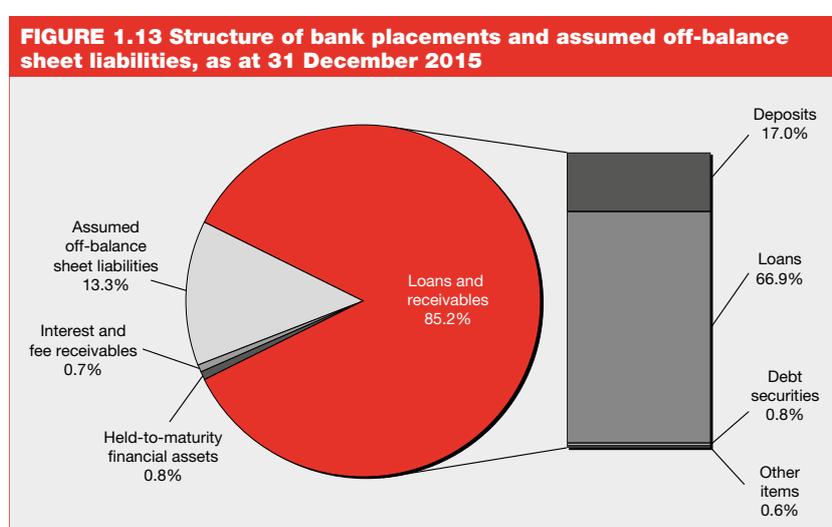
Only a small proportion of loan conversions were carried out until the end of 2015. This was a result of legal time limits and the complexity of the procedure so they had a small influence on the quality of credit exposure. Banks reported HRK 2.1bn of loans arising from conversion at the end of the year, with HRK 984.7m of loan principal being written off at the expense of provisions for conversion. Most conversions were carried out by the end of March 2016, so the amount of loans arising from

28 Total exposure to credit risk comprises placements (balance sheet items) and assumed off-balance sheet liabilities. The placements can be divided into a loan and receivables portfolio and a portfolio of held-to-maturity financial assets, with the receivables on interest and fees being covered by a separate item (receivables based on income). The portfolios of financial assets comprise various instruments such as loans, deposits, bonds and T-bills, and assumed off-balance sheet liabilities comprise guarantees, credit lines, etc. Placements and assumed off-balance sheet liabilities are classified into risk categories A (fully recoverable placements and off-balance sheet liabilities), B (partly recoverable placements and off-sheet liabilities) and C (fully irrecoverable placements and off-balance sheet liabilities). Risk category B includes the following three subcategories, depending on the amount of the established loss: B-1 – losses of up to 30% of the amount of claims, B-2 – losses of between 30% and not exceeding 70% of the amount of claims and B-3 – losses exceeding 70% and less than 100%. Exposures bearing losses equivalent to 100% of the amount of claims are classified into category C.

29 Where debtors' payment delinquency is longer than two years, the credit institution is obligated to carry out a 100% value adjustment on the basis of accrued interest income and a value adjustment of at least 30% of claims in relation to the principal, increasing it by further 5% of claims arising from the principal each 180 days.

the conversion increased to HRK 11.2bn³⁰, while the remaining balance of household loans in Swiss francs totalled HRK 3.4bn or 3.0% of total household loans.

During the year under review, all portfolios that make up the total exposure to credit risk decreased, with the exception of off-balance sheet liabilities. They increased slightly, due to the growth of guarantees issued and different financing commitments, primarily to public enterprises and other banks. As for larger changes, there is only the fall in compulsory CNB bills. The regulation on compulsory CNB bills was repealed in October 2015; the repeal was one of the measures aimed at recovering kuna liquidity, jeopardised by the regulation on the conversion of loans and thus connected adjustments of bank currency positions. Despite an array of measures directed at ensuring liquidity, the decline in lending continued, most probably also under the influence of further growth in value adjustments and provisions.



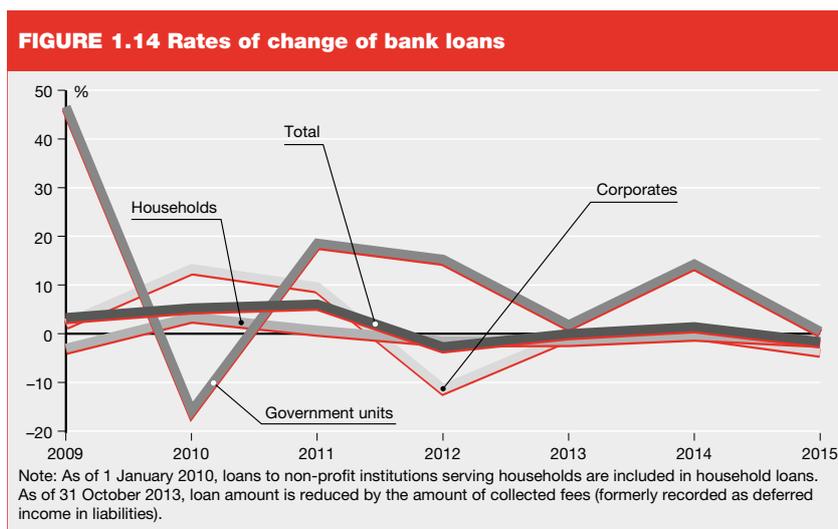
The growth of losses arising from credit risk materialisation continued in 2015. Total value adjustments and provisions for placements and off-balance sheet liabilities went up by 5.2% to HRK 31.7bn or 7.7% of total placements and off-balance sheet liabilities (Table 1.6). Value adjustments and provisions for risk category A decreased slightly, maintaining the same level of exposure coverage for this risk category (0.9%)³¹. On the other hand, the coverage of placements and off-balance sheet liabilities classified into category B and C increased, to 57.5%, thus reflecting the ageing of claims and the rules on gradual increase in value adjustments mentioned above. The decrease in placements and off-balance sheet liabilities of category B and C was exclusively a reflection of the narrowing of category B, that is, sub-categories B-1 and B-2 to be more exact, while sub-category B-3 and category C increased noticeably. This indicates a slowdown in the inflow of irrecoverable claims and a growth in losses arising from claims that were earlier recorded as problematic.

³⁰ This does not include the amount of refinanced converted loans.

³¹ The collective impairment of placements classified into risk category A is performed in the amount of latent losses established by a credit institution by applying its internal methodology, whereby the level of value adjustments and provisions may not be lower than 0.80% of the total balance of placements and off-balance sheet liabilities classified into risk category A. If a credit institution has no established methodology it is obliged to carry out value adjustments and assess provisions collectively in the amount not lower than 1% of the total balance of placements and off-balance sheet liabilities classified into risk category A.

Loans

Loans granted (classified into the loans and receivables portfolio, gross) decreased in 2015, thus continuing the trends observed in 2014. They were HRK 4.5bn or 1.6% (Figure 1.14) lower as a result of the fall in loans to all domestic sectors, excluding the slight rise observed in the sector of government units (Table 1.7). Loans to non-residents went up strongly as a result of lending to foreign parents by several banks. However, their significance remained low, without a major impact on developments in total loans.



As a result of the unexpected steps taken by the Swiss central bank and the strong appreciation of the Swiss franc early in the year, the effective rate of decrease in loans granted was noticeably higher than the nominal rate, totalling 2.4%. In addition to exchange rates, the sale of claims and the write-off of the principal of converted loans also had a strong influence on loan developments. However, both total loans and loans to the most important sectors, corporates and households, would have registered a decline if all these factors were excluded.

Loans to corporates were 3.6% lower, under the substantial influence of the sale of claims and weak new lending. Loans to almost all activities went down, any very noticeable loan growth being registered only in lending to accommodation and food service activities (HRK 508.9m or 6.9%) and agriculture (HRK 105.4m or 2.3%). Broken down by type of instrument, syndicated loans increased, followed by factoring and loans for tourism.

Loans to households went down for the seventh year in a row, the share of the kuna component gaining strength, thus reflecting the change in the preferences of this sector. In the year under review, household loans went down by 1.6%, under the noticeable, but not decisive influence of the write-off in the principal of converted loans. The decline was evident in almost all types of loans granted to this sector. The only exception, as in the year before, was general-purpose cash loans. They rose by HRK 685.4m or 1.8%. Broken down by currency, the growth of household loans was a result of the increase in kuna loans (without a currency clause) that went up by HRK 3.9bn or 11.3%. As a result of these developments their share reached almost one third of household loans at the end of 2015 (28.6% at the end of 2014). The bulk of the rise in kuna household loans was generated by general-

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

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans								
Government units	43,460.8	15.2	43,017.4	15.4	-1.0	43,227.1	15.7	0.5
Corporates	107,989.4	37.6	104,781.2	37.4	-3.0	101,022.4	36.7	-3.6
Households	123,595.3	43.1	122,346.5	43.7	-1.0	120,426.7	43.7	-1.6
Home loans	57,629.7	20.1	56,127.3	20.1	-2.6	54,998.8	20.0	-2.0
Mortgage loans	3,007.4	1.0	2,843.3	1.0	-5.5	2,599.4	0.9	-8.6
Car loans	2,162.6	0.8	1,439.3	0.5	-33.4	1,057.3	0.4	-26.5
Credit card loans	3,834.6	1.3	3,831.0	1.4	-0.1	3,716.2	1.3	-3.0
Overdraft facilities	8,353.5	2.9	8,157.5	2.9	-2.3	7,856.8	2.9	-3.7
General-purpose cash loans	37,229.0	13.0	39,123.4	14.0	5.1	39,808.8	14.5	1.8
Other household loans	11,378.5	4.0	10,824.7	3.9	-4.9	10,389.4	3.8	-4.0
Other sectors	11,822.1	4.1	9,784.8	3.5	-17.2	10,745.2	3.9	9.8
Total	286,867.6	100.0	279,929.8	100.0	-2.4	275,421.4	100.0	-1.6
Partly recoverable and fully irrecoverable loans								
Government units	47.4	0.1	47.4	0.1	0.1	14.7	0.0	-69.1
Corporates	30,542.9	67.8	32,248.3	67.5	5.6	30,417.4	66.3	-5.7
Households	13,755.2	30.5	14,718.9	30.8	7.0	14,673.8	32.0	-0.3
Home loans	4,690.6	10.4	4,934.7	10.3	5.2	5,374.5	11.7	8.9
Mortgage loans	894.1	2.0	929.1	1.9	3.9	871.6	1.9	-6.2
Car loans	121.3	0.3	92.7	0.2	-23.5	76.4	0.2	-17.6
Credit card loans	174.3	0.4	157.7	0.3	-9.5	140.1	0.3	-11.2
Overdraft facilities	1,241.9	2.8	1,052.0	2.2	-15.3	960.7	2.1	-8.7
General-purpose cash loans	3,522.3	7.8	3,807.8	8.0	8.1	3,674.7	8.0	-3.5
Other household loans	3,110.8	6.9	3,745.0	7.8	20.4	3,575.8	7.8	-4.5
Other sectors	681.9	1.5	740.4	1.6	8.6	756.7	1.6	2.2
Total	45,027.3	100.0	47,755.1	100.0	6.1	45,862.5	100.0	-4.0
Value adjustments of partly recoverable and fully irrecoverable loans								
Government units	10.1	0.0	11.7	0.0	15.4	4.2	0.0	-63.7
Corporates	12,596.9	60.6	15,714.9	64.2	24.8	16,807.5	64.4	7.0
Households	7,790.8	37.5	8,273.8	33.8	6.2	8,745.2	33.5	5.7
Home loans	1,848.7	8.9	2,161.0	8.8	16.9	2,812.8	10.8	30.2
Mortgage loans	338.8	1.6	439.1	1.8	29.6	459.7	1.8	4.7
Car loans	99.2	0.5	76.3	0.3	-23.1	60.9	0.2	-20.2
Credit card loans	161.3	0.8	147.1	0.6	-8.8	130.0	0.5	-11.6
Overdraft facilities	1,181.9	5.7	1,001.4	4.1	-15.3	915.4	3.5	-8.6
General-purpose cash loans	2,641.2	12.7	2,660.7	10.9	0.7	2,586.7	9.9	-2.8
Other household loans	1,519.7	7.3	1,788.2	7.3	17.7	1,779.7	6.8	-0.5
Other sectors	390.4	1.9	479.4	2.0	22.8	521.9	2.0	8.9
Total	20,788.2	100.0	24,479.8	100.0	17.8	26,078.8	100.0	6.5

purpose cash loans, increasing at the rate of 24.1%. Kuna home loans also went up at noticeable rate (21.7%), which may partly be associated with the refinancing of converted loans and the avoidance of currency-induced credit risk (CICR)³².

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

At the end of 2015, some 71.4% of total bank loans (net) were exposed to this risk, 87.1% of them not being hedged against the effects of CICR, that is, the loans had been made to borrowers with unmatched foreign currency positions³³. The share of loans exposed to CICR had reduced noticeably, reflecting the decline of loans in foreign currencies (including loans in kuna with a currency clause). Loans in euros decreased the most, in nominal terms, but if the effect of the exchange rate is excluded, there was a strong decline in loans in the Swiss franc (by one quarter) due to loan conversions and repayments. The share of loans in Swiss francs went down to 7.3% of total bank loans. However, the share Swiss franc loans in the household sector, especially as regards home loans, was still considerable. As at the end of 2015, home loans in Swiss francs made up 32.1% of total home loans, their share reducing to 6.3% by March 2016.

FIGURE 1.15 Structure of bank loans to corporates by activities, as at 31 December 2015

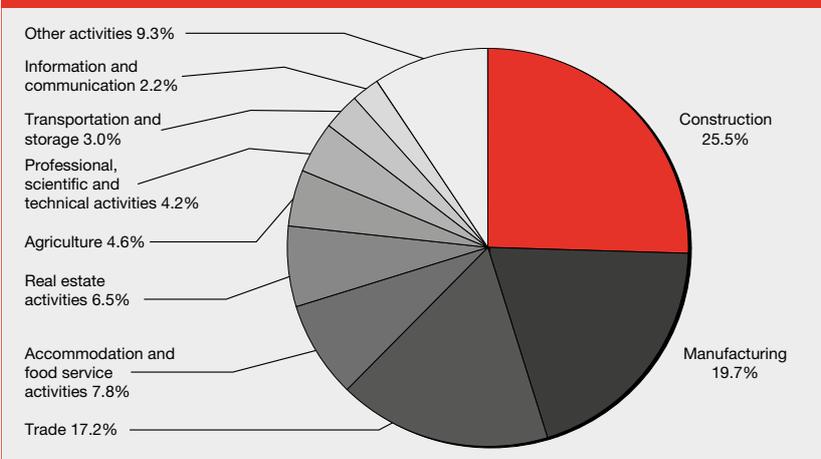
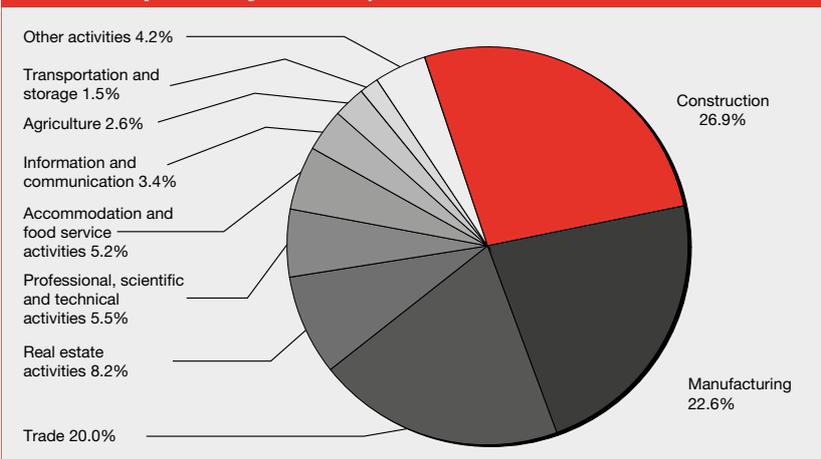


FIGURE 1.16 Structure of bank partly recoverable and fully irrecoverable loans to corporates by activities, as at 31 December 2015



³³ It is considered that the foreign exchange position of a credit institution's debtors is not matched if their expected foreign exchange inflow covers less than 80% of their foreign exchange liabilities and liabilities indexed to foreign currency, which they have towards the credit institution and other creditors.

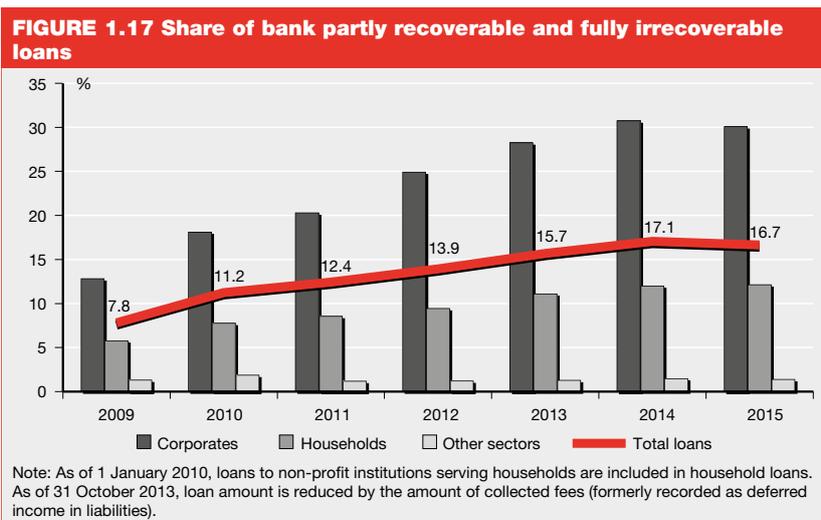
A years-long upward trend in the share of B and C category loans was halted in 2015, under the key influence of the sale of claims. The share of B and C category loans had been increasing since 2008 and the onset of the global crisis, totalling 17.1% at the end of 2014. By the end of 2015, it went down to 16.7% (Figure 1.18), as a result of the 4.0% decrease in B and C category loans primarily to the corporate sector (where the sale of loans was most intensive). After having stagnated for several months, the share of loans classified into categories B and C in total corporate loans stabilised at a very high level of 30.1%. On the other hand, in the household sector, which reacted to the crisis with a time lag, the share of B and C risk category loans is still growing. At the end of 2015, this share amounted to 12.2%.

The B and C category loans of the corporate sector went down by 5.7%, predominantly under the influence of the sale of claims. If the effects of the sale were excluded, they would be stagnating, as a result of multiple factors, such as concluded pre-bankruptcy settlements and completed bankruptcy proceedings. During these processes banks partially wrote off, that is, forgave debts³⁴ and took over real property or other client assets. In addition, debt write-off not related to pre-bankruptcy or bankruptcy proceedings and sale of claims gained strength at the end of the year. A portion of the decrease was also a result of the improvement in the creditworthiness of borrowers, as indicated by the reclassification of individual clients into a better risk category, risk category A.

B and C risk category loans decreased in relation to almost all activities within the corporate sector. The exception came in manufacturing, in particular of food products, and in the accommodation and food service activity, where B and C category loans increased by 3.5% (17.3% in the food industry) and 5.2% respectively. As a result of new lending activity, the share of B and C risk category loans in the accommodation and food service activity went down (to 19.9%), while in manufacturing, including the food industry, it went up noticeably, to 34.5% and 26.2% respectively. In the distribution of loans to corporates classified into categories B and C, manufacturing took over second place from the trade activity. The leading activity continued to be construction, boasting a 26.9%-share (Figure 1.16). Due to its marked sensitivity to the economic cycle, this activity has strongly contributed to the deterioration in the quality of the credit portfolio over the past years.

In the household sector, the share of B and C category loans rose, under the influence of the deterioration in the quality of the strongest component – home loans. B and C category loans stagnated (–0.3%), entirely due to the sale of claims. Their amount declined in relation to most types of household loans. However, in relation to the most important component, home loans, it increased, by a noticeable 8.9%. As a result, as well as due to the fall in the overall amount of home loans, the loan quality indicator deteriorated, the share of B and C category loans in home loans rising from 8.8% at the end of 2014 to 9.8% at the end of 2015. Conversions had no very significant impact on the quality of home loans due to the relatively small amount realised, at the very end of the year at that. Moreover, the portfolio deterioration continued at a slightly more intensive pace than over the previous year. The quality of home loans deteriorated, of both those in euros and Swiss francs (includes loans in kuna indexed to these two currencies), the shares of B and C category loans totalled 6.1% and 16.6% respectively, while the quality of the kuna component improved (decreasing to 9.6%), under the influence of new lending activity and the decrease in loans of those risk groups.

³⁴ According to the Civil Obligations Act (OG 35/2005, 41/2008 and 78/2015) debt forgiveness is one of the ways to terminate an obligation. An obligation is terminated when the creditor states to the debtor that its fulfilment will not be required and the debtor agrees.



The growth of value adjustments for loans classified into risk categories B and C continued, to be reflected in the noticeable increase in the coverage of these loans, despite the fact that the claims sold were well covered by value adjustments. As compared to the end of 2014, when it stood at 51.3%, coverage increased by 5.6 percentage points, reaching 56.9%. The increase in the coverage of B and C category loans by value adjustments is a consequence of portfolio ageing and the increase in losses arising in connection with these loans.

Coverage improved especially in the corporate sector, by 6.5 percentage points to 55.3%. The three most significant activities stood out: trade, manufacturing and construction, which held on to its leading role in the coverage of B and C category loans (59.3%).

The coverage of B and C category loans in the household sector was higher as usual and it grew as well (to 59.6%), primarily as regards the item of home loans. Losses arising from B and C category home loans went up as much as 30.2% so their coverage went up from 43.8% at the end of 2014 to 52.3% at the end of 2015. A similar level of coverage was registered by mortgage loans, while the coverage of less well insured loans, like non-purpose cash loans, overdraft facilities and credit card loans was noticeably higher. For example, as regards overdraft facilities it totalled 95.3%. Namely, in connection to these loans, banks as a rule, use automated systems and reclassify their claims and increase value adjustments on the basis of the number of delinquency days.

1.2.5 Liquidity risk

Sources of financing

Total sources of bank financing stood at HRK 323.7bn at the end of 2015, down by 1.1% from the end of 2014 (Table 1.8). The decline in the sources of financing is a continuation of the years-long trend of banks deleveraging with respect to their majority foreign owners, which gained momentum in 2015. As a consequence, foreign sources of financing declined by HRK 15.7bn or 25.4%. A por-

TABLE 1.8 Structure of bank sources of financing, end of period, in million HRK and %

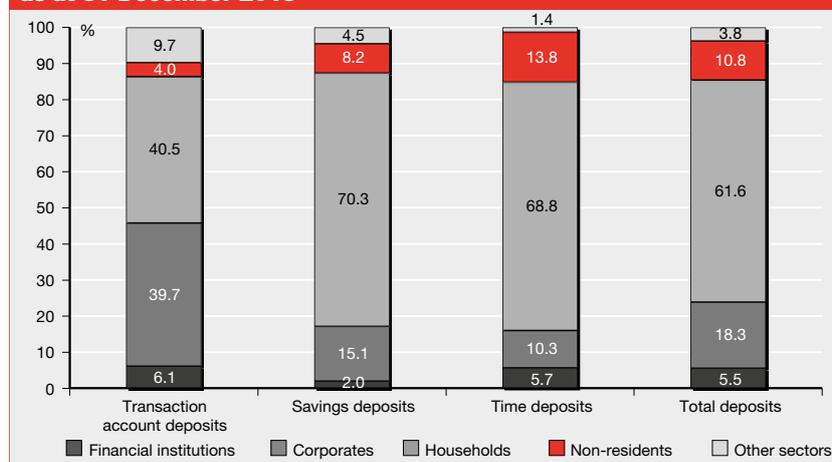
	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Deposits	282,805.6	85.9	286,075.4	87.4	1.2	294,214.6	90.9	2.8
Loans	41,483.1	12.6	36,561.4	11.2	-11.9	24,281.1	7.5	-33.6
Debt securities issued	299.9	0.1	299.9	0.1	0.0	300.8	0.1	0.3
Hybrid and subordinated instruments issued	4,459.3	1.4	4,369.4	1.3	-2.0	4,922.4	1.5	12.7
TOTAL SOURCES OF FINANCING	329,048.0	100.0	327,306.2	100.0	-0.5	323,718.8	100.0	-1.1
Total sources of financing from majority foreign owner	51,514.6	15.7	41,849.3	12.8	-18.8	22,819.6	7.0	-45.5

TABLE 1.9 Sectoral structure of received loans, end of period, in million HRK and %

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from government units	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans from financial institutions	15,146.0	36.5	14,617.1	40.0	-3.5	12,966.5	53.4	-11.3
Loans from corporates	317.0	0.8	723.1	2.0	128.1	896.9	3.7	24.0
Loans from foreign financial institutions	25,714.6	62.0	21,029.7	57.5	-18.2	10,245.0	42.2	-51.3
Loans from other non-residents	305.5	0.7	191.6	0.5	-37.3	172.6	0.7	-9.9
TOTAL LOANS RECEIVED	41,483.1	100.0	36,561.4	100.0	-11.9	24,281.1	100.0	-33.6
Loans from majority foreign owner	20,113.3	48.5	14,087.0	38.5	-30.0	4,453.5	18.3	-68.4

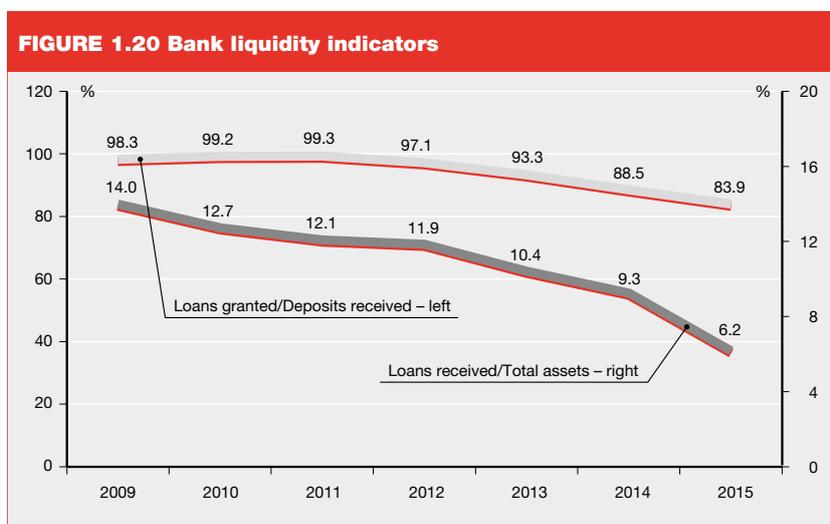
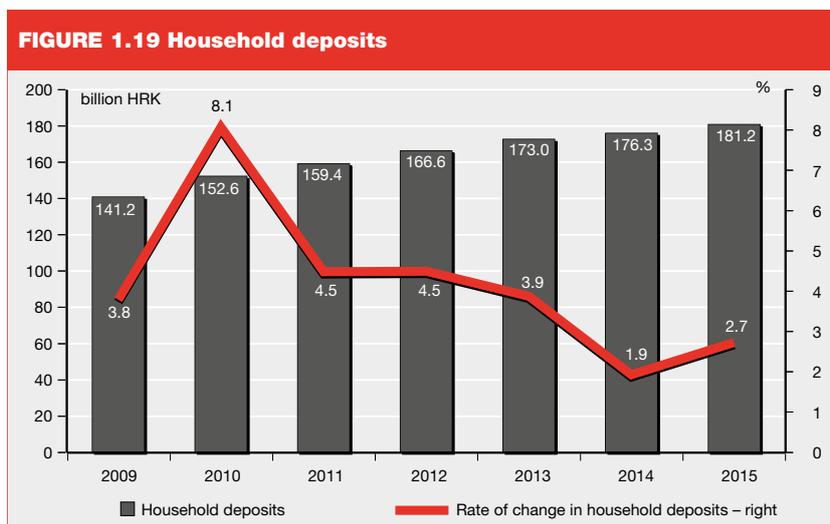
tion of this decrease was offset by higher sources of financing from domestic sources, which went up by HRK 12.1bn (4.6%) within a one year period and reached HRK 277.6bn or 85.7% of total sources of financing. The increase of their share reflected the growth of these sources as well as the further weakening of foreign sources, especially funds received from majority foreign owners.

In the structure of financing sources broken down by type of liability, the greatest relative change was the strong decrease in loans received (Table 1.9). The deleveraging connected with loans was aided by the decline in liabilities to almost all institutional sectors, while the single most important influence came from their decrease vis-à-vis majority foreign owners (HRK 9.6bn or 68.4%). As a result, the

FIGURE 1.18 Sectoral structure of received deposits, as at 31 December 2015

share of loans received in total sources of financing declined from 11.2% at the end of 2014 to 7.5% at the end of 2015, while the share of loans received in assets, which had been on the downward trend since 2006, fell to 6.2% at the end of 2015 (Figure 1.20).

The growth of total deposits in 2015 received a boost from almost all domestic sectors, especially from the already mentioned corporates and households. The deposit growth rate accelerated from the year before and due to the high share of deposits in foreign currencies and of those indexed to foreign currencies in total deposits, the kuna exchange rate developments increased the dynamics of their change. If the effect of the exchange rate change were excluded, the deposit growth rate would have been lower, totalling some 2.2%. The share of deposits in total sources of financing increased to 90.9%, the deposits of domestic sectors accounting for the bulk of the overall amount (89.2%). The remaining 10.8% of total deposits consisted of deposits by non-residents, in which the share of deposits of other non-residents (other than majority foreign owners) increased. Despite the increase in total deposits, the use of deposits to finance lending continued decreasing, as reflected in the further decline in the ratio of net loans and deposits, which totalled 83.9% at the end of 2015 (Figure 1.20).



Debt instruments with the characteristics of equity accounted for only a small share in the total sources of financing of 1.5%. They stood at HRK 4.9bn at the end of 2015, up HRK 553.0m (12.7%) from the end of 2014. The increase in their amount was exclusively a result of the growth in several banks, predominantly thanks to the funds of majority foreign owners. Debt instruments issued (without the characteristics of equity) remained unchanged, maintaining their small share (0.1%) in total sources of financing. This still refers to a bond issued in 2012.

Households remained the major source of bank financing, their share accounting for 56.2% of total sources of financing, which was a rise of one percentage point within a one-year period. Deposits made up the bulk of these sources, while subscribed debt instruments with the characteristics of equity and bank debt securities made up only a small share. Household deposits went up within a one-year period (2.7%) partly due to the influence of the tourist season which was evident in the substantial rise of deposits from clients from the coastal region of Croatia. Despite the overall increase, the importance of time deposits continued to decline, as reflected in the further decrease of the share of these funds in total household deposits. After having decreased by more than three percentage points, this share totalled 74.7% at the end of 2015. The share of transaction account deposits climbed to 17.1%, while the share of savings deposits rose to 8.2% of total household deposits, indicating a noticeable maturity restructuring of household savings in favour of sight deposits.

The second most important sector in the structure of bank financing is corporates, thanks to the increase in all types of deposits and to a smaller extent to loans received from this sector. The share of funds from corporates thus increased by three percentage points, to 17.0%. Despite the relatively high rate of growth in loans from corporates (24.0%), deposits remained the key form of bank financing obtained from the sector.

The increase in the role of households and corporates in bank financing over the past few years, apart from the growth of their sources, is aided by the process of bank deleveraging with respect to majority foreign owners. As a result, the share of financing from non-residents went down by almost five percentage points, to 14.3%, at the end of 2015. This development partly softened the increase in liabilities towards other non-residents, which totalled HRK 3.3bn or 16.7%. Deposits from foreign financial institutions other than majority foreign owners increased the most, while banks that provide a deposit-taking service within the territory of another EU member state also observed an increase in deposits from foreign households.

Developments in the currency structure of total sources were more noticeable than the overall change. Foreign sources of financing decreased by 2.8% and kuna sources of financing increased by 2.5% in 2015, so the overall share of kuna sources in total sources rose from 31.7% to 32.9%, while the share of foreign sources narrowed from 68.3% to 67.1%. This rise in kuna sources of financing is predominantly a result of the growth in deposits from domestic sectors, while the mentioned bank deleveraging with regard to majority foreign owners and the fall in liabilities in Swiss francs had the key influence on the decrease in foreign sources.

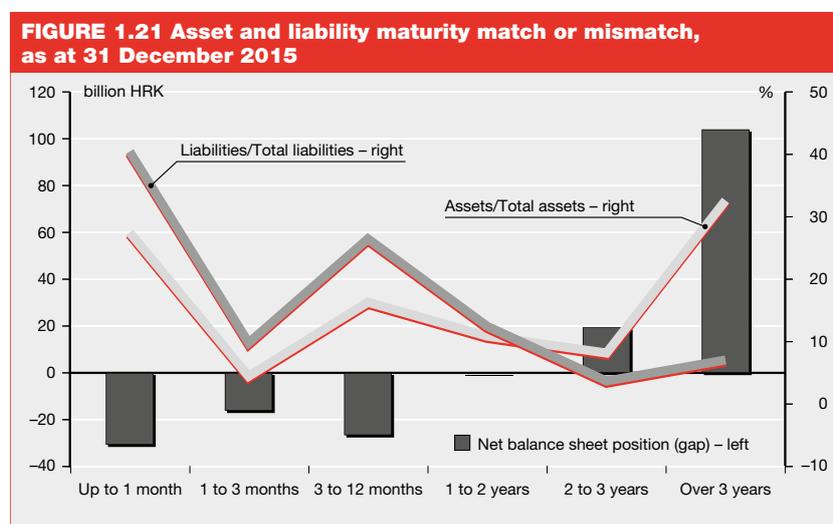
Maturity adjustment of bank assets and liabilities

Following a noticeable decrease in 2014, the mismatch between short-term assets and short-term li-

abilities of banks increased again. The short-term cumulative gap³⁵, which is usually negative, meaning that the amount of liabilities exceeds the amount of assets expected by banks in the respective maturity period, widened from HRK –68.9bn at the end of 2014 to HRK –73.5bn at the end of 2015 (Figure 1.21). Items in the shortest maturity band of *up to 15 days*, the gap of which increased the most, had the greatest influence on the developments in the short-term cumulative gap. The increase of mismatches in that maturity band, from HRK 20.6bn to HRK 37.3bn, is almost exclusively a reflection of the increase in liabilities of the same maturity, by HRK 17.1bn (15.8%). These liabilities increased as a result of the increase in sight deposits with transaction and savings accounts and provisions created for the purpose of loan conversion. At the same time, assets of the same maturity went up a little (0.4%), regardless of noticeable changes in some items that had the opposite sign, such as for instance the decline in net loans and an increase in deposits.

Almost all short-term maturity bands usually have a negative gap, the mentioned maturity band of *up to 15 days* exhibiting the greatest negative gap. The greatest narrowing of the gap was registered in connection with the maturity band of *over 6 to 12 months*, totalling HRK 13.6bn or 45.8%, due to the influence of the rise in assets of the same maturity, predominantly arising from investments in securities. At the same time liabilities of the same maturity decreased, primarily time deposits. As regards all maturity bands longer than 18 months, banks continue to generate surplus assets over liabilities. The greatest rise in the positive gap was observed in the maturity band of *over 24 to 36 months*, as a result of the strong decline in bank liabilities arising from loans and deposits with the same maturity.

The increase in the maturity mismatch between assets and liabilities in the shortest maturity band affected the short-term liquidity coefficient³⁶, which went down slightly, to 0.8.



35 The maturity match or mismatch between assets and liabilities is shown by remaining maturity, i.e. by maturity bands and on a net basis, adjusted for the estimated capacity of each debtor or an entity subject to payment to actually execute the payment in the agreed amount and within the agreed time limit. There are a total of 13 maturity bands, starting from up to 15 days and ending with over 240 months. The gap is net cash flow excess or shortfall in each maturity band. The short-term cumulative gap is the sum of net cash flow excesses or shortfalls in all maturity bands of up to 12 months.

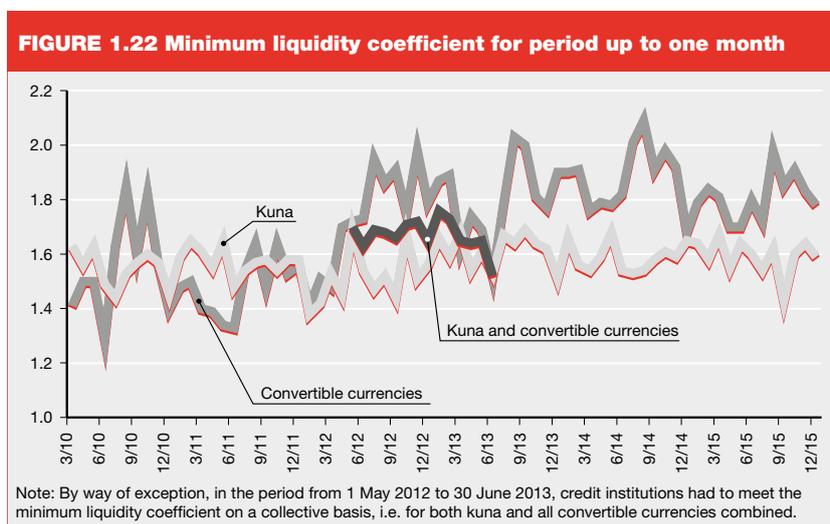
36 This is the ratio of total assets with maturity up to one month to total liabilities with the same maturity.

Minimum liquidity coefficient³⁷

Observed on the aggregate level, banks maintained rather high values of minimum liquidity coefficients (MLC) in kuna and convertible currencies throughout 2015 in both given periods. At the end of the year, MLC in kuna stood at 2.2 for the period of up to one week and at 1.6 for the period of up to one month, while MLC in convertible currencies stood at 2.6 and 1.8 (Figure 1.22). All MLC values are almost unchanged from the values observed at the end of 2014. Under the influence of conversion preparations the kuna coefficient lost some weight in September. It had recovered by the end of the year, aided by a series of CNB measures aimed at mitigating the pressures in the money and the foreign exchange markets.

Readily marketable assets (RMA), i.e. the liquid assets available to banks that may be turned into cash within four working days and with no significant losses, totalled HRK 77.6bn at the end of 2015, which is a rise of HRK 8.8bn or 12.9% from the end of 2014. As a result of banks turning towards investments in highly liquid assets and the simultaneous decline in long-term and total assets, the share of RMA in total bank assets continued growing, rising by two percentage points within a one-year period to 19.7%. Among individual RMA items, deposits led the way by size of growth, increasing by HRK 4.6bn (27.4%), followed by securities available for sale, which increased by HRK 3.9bn (29.6%), and securities held for trading, which increased by HRK 1.0bn (90.0%).

At the end of 2015, banks held the greatest portion of RMA in securities (43.8%), predominantly in securities available for sale and investments in MoF T-bills. The bulk of remaining RMA was held in deposits/loans with credit institutions (27.4%) and deposits with the CNB (20.6%), while cash accounted for 8.0% of the total RMA.



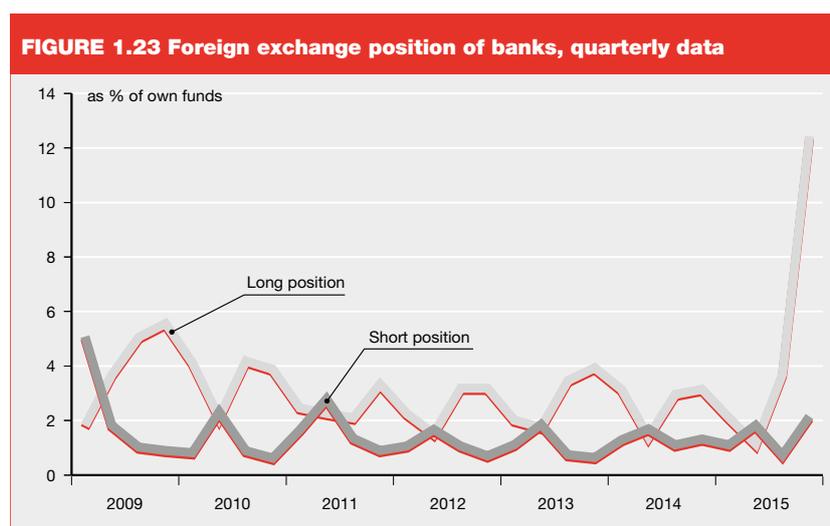
³⁷ The obligation to calculate the minimum liquidity coefficient (MLC) was introduced in 2010. The MLC is calculated as the ratio of expected inflows (currently negotiable assets included) and the expected outflows in stressed conditions in the two given periods (up to one week and up to one month). The MLC is calculated for kuna, all convertible currencies combined and for each non-convertible currency separately (if it is significant). For the purposes of calculating the minimum liquidity coefficient, inflows and outflows are reported according to an acute short-term stress scenario specified by the CNB that is much more stringent than actual cash flows because of various requirements and haircuts. The purpose of the stress scenario is to determine whether a credit institution has sufficient liquid assets to meet its liquidity needs in stressed conditions within a given period.

The increase in RMA in 2015 was accounted for by the increase in items in convertible currencies (by HRK 10.2n or 33.5%). In contrast, items in kuna³⁸ went down (by HRK 1.3bn or 3.5%). The increase in the readily marketable assets in convertible currencies was generated by the rise in almost all items, predominantly deposits/loans with credit institutions and securities available for sale. The share of assets in convertible currencies grew from 44.2% to 52.3% in the currency structure of RMA, while the share of items in kuna in RMA decreased proportionally, to 47.7%. More than a half of readily marketable assets in convertible currencies were deposits/loans with credit institutions (50.8%), while the remaining share was made up of securities mostly held in the available-for-sale portfolio and MoF T-bills. The bulk of the kuna RMA again related to deposits with the CNB (43.1%) and the MoF T-bills (20.9%).

1.2.6 Currency adjustment of bank assets and liabilities

The rise of kuna components of bank assets and liabilities continued in 2015. Foreign currency assets accounted for 60.6% of total assets, while foreign currency liabilities made up 64.8% of total bank liabilities. The bulk of foreign assets and liabilities were in euros (84.9% and almost 90% of liabilities). As for other currencies, only the shares of Swiss franc and the US dollar exceeded 1% of total assets or liabilities.

Total bank assets were 0.5% lower last year. However, given the kuna exchange rate developments, the effective decrease was stronger (1.2%). That is, in 2015 the kuna strengthened marginally against the euro, while losing value against the Swiss franc and the US dollar, by 10.9% each. At the same time, the nominal increase in total bank liabilities, worth 1.1%, adjusted for exchange rate movements, totalled only 0.3% effectively.



38 For the purposes of calculating the minimum liquidity coefficient, exposures in kuna with a currency clause are considered exposures in kuna.

Banks' foreign currency assets (including assets in foreign currencies as well as items in kuna indexed to a foreign currency) decreased, in nominal terms, in the period under review by 2.5% nominally and 3.7% effectively, totalling HRK 238.5bn. Although assets in foreign currencies went up by 7.0%, the greatest significance lay in the movement of kuna asset items indexed to foreign currencies, which decreased by 9.2%. As a result, the share of foreign currency assets decreased, to the above mentioned 60.6% of total assets. Due to the parallel growth of 2.8%, the share of kuna assets increased to 39.4%.

The developments relating to assets were primarily marked by the change in loans granted. Their decrease of 9.2% affected kuna assets indexed to foreign currency the most, while the increase of 4.5% (with a help of a 16.0% rise in securities) affected assets in foreign currency the most. Kuna loans, which increased 6.6%, almost fully accounted for the rise in kuna assets. As expected, foreign currency asset items in Swiss francs went down the most, by 14.5%, as a consequence of the decline in loans to households arising from the conversion of home loans, while assets in euros went down by 2.4%.

The decrease in bank foreign currency liabilities (totalling HRK 222.5bn at the end of the period under review) was more prominent, totalling 2.6% (3.8% effectively). Their share in total liabilities fell by some 2.5 percentage points to 64.8%. This fall was caused by the parallel decline in foreign currency liabilities, totalling 2.6%, and kuna liabilities indexed to foreign currency, falling at a higher rate of 4.0%. In both cases, loans received made the greatest contribution, falling by 6% in the case of loans indexed to foreign currency and by as much as 51.7% in the case of loans in foreign currencies. At the same time, kuna liabilities, which rose by 8.7%, reached 35.2%. Liabilities in Swiss francs went down the most, by a high 74.2%, caused also by the implementation of the conversion of home loans and by credit institutions no longer needing sources of funds in the Swiss franc.

The average quarterly open foreign exchange position of banks in the last quarter of 2015 was long, totalling 12.4% of average own funds (Figure 1.23). The increase in this indicator was caused by the prolongation of the position due to preparations for loan conversion and a new calculation of own funds, including the effects of losses arising from conversion. As the conversion went on, the position noticeably reduced, totalling 5.9% of own funds in the first quarter 2016.

1.2.7 Interest rate risk in the non-trading book

Banks' exposure to interest risk in the non-trading book remained very low at the end of 2015 too (this has regularly occurred in the years since the rules on the management of interest rate risk began to be applied, that is, since 2010). It totalled only 1.2% of own funds, more than two percentage points lower than at the end of 2014 (Table 1.10). The cause for this was a substantial decrease in the change in the economic value of the non-trading book, by 65.1%, to HRK 609.6m. A more pronounced decrease in exposure of the banks to interest rate risk was partially softened by the parallel decrease in their own funds, which were 5.3% lower.

This decrease was under the impact of the implementation of regulatory provisions on the conversion of loans in Swiss francs into loans in euros which led to the decrease in interest-bearing assets

TABLE 1.10 Interest rate risk in the non-trading book, end of period, in million HRK and %

Currency	Interest rate type	Dec. 2013	Dec. 2014		Dec. 2015	
		Net weighted position	Net weighted position	Change	Net weighted position	Change
HRK	Administered interest rate	-660.3	-672.3	1.8	-821.5	22.2
	Variable interest rate	462.0	432.7	-6.3	431.3	-0.3
	Fixed interest rate	508.6	469.1	-7.8	579.3	23.5
EUR	Administered interest rate	-184.2	-285.4	54.9	-377.8	32.4
	Variable interest rate	435.8	388.6	-10.8	319.7	-17.7
	Fixed interest rate	-479.2	-630.6	31.6	-657.3	4.2
CHF	Administered interest rate	63.8	-12.3	-119.3	-18.5	50.1
	Variable interest rate	67.5	-26.8	-139.8	3.3	-112.3
	Fixed interest rate	-177.3	1,864.9	-1,152.1	1,211.1	-35.1
USD	Administered interest rate	-24.7	-34.6	40.3	-57.3	65.5
	Variable interest rate	1.0	2.4	136.0	2.6	10.3
	Fixed interest rate	-20.1	-2.3	-88.7	-17.4	662.3
Other	Administered interest rate	-59.7	-37.8	-36.7	-52.1	37.9
	Variable interest rate	0.1	-7.6	-6,035.2	-3.6	-53.2
	Fixed interest rate	-10.4	300.9	-3,006.1	67.8	-77.5
Change in the economic value of the non-trading book		77.1	1,748.8	2,167.6	609.6	-65.1
Own funds		53,388.1	53,780.0	0.7	50,917.1	-5.3
Ratio between the change in the economic value of the non-trading book and own funds		0.1	3.3	2,221.4	1.2	-63.1

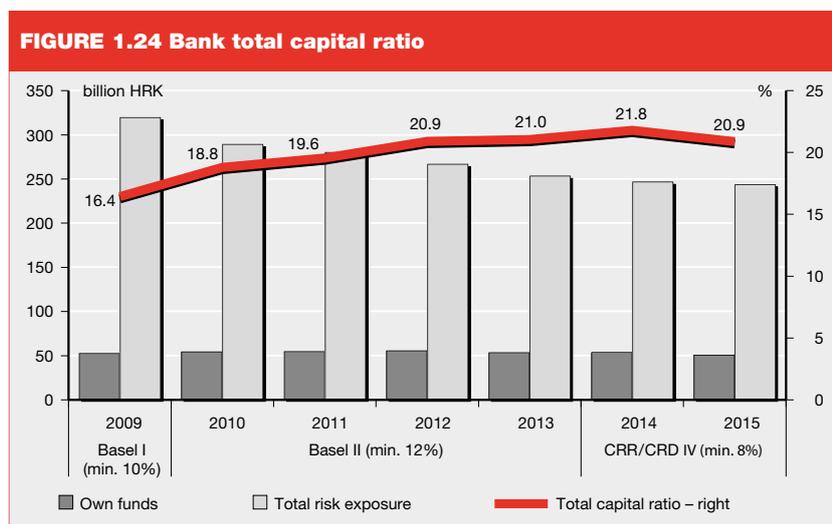
in Swiss francs and, to a lesser degree, an increase in euro assets. When setting the amount of the weighted net position, that is, of the change in the economic value, the most important were changes in time bands that include longer and the longest maturities (up to 1-2 years and longer) which are weighted with higher weights. Interest-bearing assets within these time bands decreased under the influence of the implementation of loan conversion, which were, for reporting purposes, registered as loans with a fixed interest rate within bands by remaining maturity. Concurrently with the conversion process, assets with a variable interest rate and with shorter maturities increased, with a reduced influence on the weighted value, that is, on the change in economic value.

This decrease (of almost 2%) reduced the share of interest rate-sensitive assets with fixed interest rate in total assets by close to half a percentage point. Their share accounted for one third (33.3%) at the end of the period under review. The share of assets granted at an administered interest rate also narrowed, by approximately one percentage point, accounting for only 6.5%. The decisive element for developments as regards assets with fixed interest rate was the decline in household loans (12.3%) which could not be offset by a rise in other types of loans, while in the case of assets with an administered interest rate a reduction was registered in connection with all granted loans (6.5%). The share of the greatest component, interest-bearing assets with a variable interest rate also went up, by some 1.5 percentage points, to 60.2%. The rise was 1.0%, generated predominantly by the increase in loans to households of 3.4%.

Items with a fixed interest rate, which make up the largest share of interest sensitive bank liabilities (59.8%), upped their share in total liabilities last year, by almost a whole percentage point. Liability items with an administered interest rate, grew by 2.3%, as a result of deposits growing by 3.9%, while the share of items with a variable interest rate fell by 3.2 percentage points, due to the decrease in received loans and deposits.

1.2.8 Capital adequacy³⁹

The total capital (own funds) ratio stood at 20.9%, down 0.9 percentage points over 2014 (Figure 1.24). The common equity tier 1 capital ratio of banks was 19.1%. As banks still do not use the additional tier 1 capital, this was at the same time the tier 1 capital ratio.



The decline in the total capital ratio from the previous year interrupted the years-long trend and was caused by the strong drop in own funds (5.3%) realised under the influence of regulatory provisions regarding the conversion of loans linked to the Swiss franc and thus connected current year losses. The decline in this ratio was softened by the decrease in the second component in the calculation of this ratio, the total risk exposure (1.3%). These developments were influenced by lower exposure to credit risk, i.e. the fall in lending activity, resulting also from the sale of claims and partial write-offs of the principals of converted loans, as well as the decline in the average credit risk weight. On the other hand, bank exposure to market risk increased strongly, as a consequence of banks adjusting their foreign currency positions, which substantially counteracted the decline in banks' total risk exposure.

Own funds of banks totalled HRK 50.9bn at the end of 2015, down HRK 2.9bn from the previous year (Table 1.11). This, the greatest fall in own funds on an annual level in the last 15 years, was almost exclusively a consequence of the recognised current year losses⁴⁰, which totalled HRK 5.0bn. Dividend payments from retained profit continued to have a mild negative influence on the amount of own funds. In 2015, this was related to the HRK 0.3bn paid out by one bank, in contrast to a year

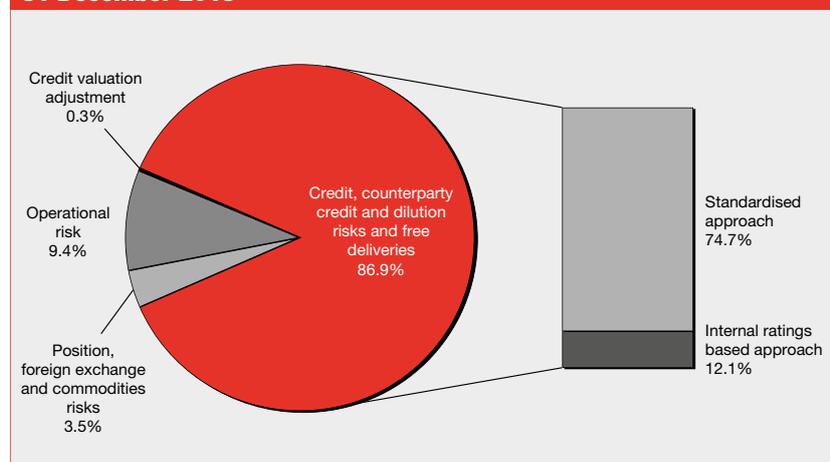
39 Since 1 January 2014, the framework for determining the capital and capital ratios of credit institutions has been governed by the Regulation (EU) No 575/2013 and Directive 2013/36/EU, which was transposed into the Croatian legislation via the Credit Institutions Act. The new rules brought new, stricter definitions of capital and broader scope of risk coverage, as well as a different regulation of capital ratios. The minimum total capital ratio, amounted to 8%, while common equity tier 1 capital ratio was 4.5% and tier 1 capital ratio 6%. In addition, also since 1 January 2014, credit institutions have been obligated to maintain a capital conservation buffer of 2.5% of total exposure, while in 19 May 2014 the requirement for systemic risk was set at 1.5% of the total risk exposure for all credit institutions and an additional 1.5% for institutions of relatively larger scope and complexity of operations.

40 Own funds include the overall amount of current year losses, while current year profits may be included only pursuant to decision of the general meeting or confirmation by an independent auditor with an approval of the CNB, and this goes for the share that is not envisaged for dividend payment.

TABLE 1.11 Own funds, risk exposure and capital ratios of banks, as at 31 December 2015, in million HRK and %

	Dec. 2014		Dec. 2015		Change
	Amount	Share	Amount	Share	
OWN FUNDS	53,780.0	100.0	50,917.1	100.0	-5.3
TIER 1 CAPITAL	50,931.0	94.7	46,586.3	91.5	-8.5
Common equity tier 1 capital	50,931.0	94.7	46,586.3	91.5	-8.5
Capital instruments eligible as common equity tier 1 capital	33,482.2	62.3	33,717.6	66.2	0.7
Retained earnings	16,707.9	31.1	11,820.6	23.2	-29.3
Other	740.9	1.4	1,048.1	2.1	41.5
Additional tier 1 capital	0.0	0.0	0.0	0.0	0.0
TIER 2 CAPITAL	2,849.0	5.3	4,330.9	8.5	52.0
TOTAL RISK EXPOSURE AMOUNT	246,959.2	100.0	243,830.0	100.0	-1.3
RISK WEIGHTED EXPOSURE AMOUNTS FOR CREDIT, COUNTERPARTY CREDIT AND DILUTION RISKS AND FREE DELIVERIES	218,615.5	88.5	211,793.3	86.9	-3.1
Standardised approach	185,416.7	75.1	182,231.5	74.7	-1.7
Central governments or central banks	2,843.2	1.2	3,736.4	1.5	31.4
Corporates	63,408.8	25.7	62,041.5	25.4	-2.2
Retail	61,537.1	24.9	60,349.7	24.8	-1.9
Exposures in default	26,710.5	10.8	21,427.2	8.8	-19.8
Other	30,917.2	12.5	34,676.6	14.2	12.2
Internal ratings based approach (IRB)	33,198.8	13.4	29,561.8	12.1	-11.0
POSITION, FOREIGN EXCHANGE AND COMMODITIES RISKS	4,193.0	1.7	8,550.8	3.5	103.9
OPERATIONAL RISK	23,796.0	9.6	22,871.3	9.4	-3.9
CREDIT VALUATION ADJUSTMENT	354.7	0.1	614.7	0.3	73.3
OTHER	0.0	0.0	0.0	0.0	0.0
Common equity tier 1 capital ratio	20.6	-	19.1	-	-7.4
Tier 1 capital ratio	20.6	-	19.1	-	-7.4
Total capital ratio	21.8	-	20.9	-	-4.1

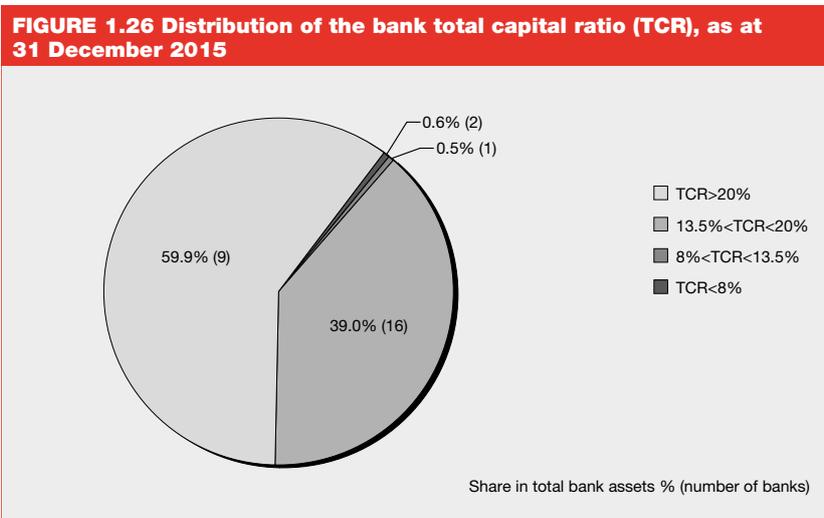
earlier most payments were made from retained profit and capital reserves. Despite this, banks continued to hold a substantial amount of retained profit, totalling HRK 11.8bn. Tier 1 capital was HRK 4.3bn or 8.5% lower than in 2014, predominantly under the influence of the mentioned current year losses. The positive influence of recapitalisation was weakened by prior simplified reductions in share

FIGURE 1.25 Structure of bank total risk exposure, as at 31 December 2015

capital (aiming to cover losses from previous years) to mere HRK 235.4m or 0.7%. The described negative impact on own funds was partially mitigated by the increase in tier 2 capital, which went up by HRK 1.5bn or 52.0%, as a result of the extension of the time to maturity or increase in capital instruments recognised as tier 2.

To cover capital requirements from the first pillar of the capital adequacy framework, banks needed HRK 19.5bn, while coverage of other capital requirements and capital buffers necessitated HRK 15.5bn more. Taking into account the amount of own funds, on average slightly less than one third of own funds (HRK 15.9bn) remained unutilised. This was HRK 1.2bn or 7.1% less unutilised own funds than at the end of the previous year. Most banks had unutilised capital, particularly banks that led in terms of asset size. Thus, 16 banks, accounting for 39% of assets, had total capital ratios ranging from 13.5% to 20% (Figure 1.26), while in 9 banks, whose assets account for 60% of the system, these rates were above 20%. Several banks experienced difficulties in maintaining the total capital ratio in 2015. However, the situation improved during the year, so at the end of the year only two banks (accounting for 0.6% of assets in the system) registered a below 8% rate. Due to losses above the amount of capital one of these banks reported a negative total capital ratio and entered resolution proceedings in October, while the other became the subject of bankruptcy proceedings at the beginning of July 2016.

The downward trend in total bank exposure continued again in 2015, when it fell by HRK 3.1bn or 1.3%. However, the trend continued slowing down as well. In the year under review, this was aided by the opposite movement of individual components, primarily spurred by loan conversion and then the decline in total bank activity. The exposure to credit risk (which includes counterparty, dilution and free delivery risks) was thus HRK 6.8bn or 3.1% lower, the exposure to operating risk was HRK 924.1m or 3.9% lower, while the exposure to currency risk shot up strongly, by HRK 3.9bn or 258.5%. Loan conversion indirectly affected the amount of exposure to operating risk through the decline in the value of the relevant indicator caused by the noticeably poorer business results, while the strong growth in exposure to currency risk was a direct consequence of the implementation of regulatory provisions and the rise in embedded derivatives arranged as at the day of the conversion (30 September 2015) until the implementation of the conversion. Given that only a small proportion of the conversions were realised by the end of the year, the open foreign exchange positions remained increased. Banks increased their exposure to other market risks as well, arising from debt and equity



instruments in the trading book (by 15.0% and 36.0%), and then to the risk of credit valuation adjustment⁴¹ (73.3%). This was a result of the increase in exposure arising from securities financing. Nevertheless, the share of this risk in the structure of total exposure remained small (Table 1.11).

These developments affected the distribution of total risk exposure, so the share of market risk exposure reached 3.5% (its highest level since 2014), predominantly at the expense of the share of credit risk exposure, which despite the decrease remained dominant, 86.9% (Figure 1.25), while the share of exposure to operating risk, 9.4%, was at its lowest level in the past four years. There are still no changes in the method of calculation of credit risk exposure from the previous year; the prevailing share is calculated by applying the standardised approach, while the internal ratings based approach (IRB Approach) continued to be applied by only one bank. Exposures calculated via the IRB Approach went down at a noticeable rate (11.0%), predominantly under the influence of the change in approach of assessing the exposure to the central bank. This softened the decline in exposures calculated using the standardised approach to 1.7% and to some degree determined the change in the distribution of exposures by categories and weights.

Exposures to central governments and central banks thus accounted for the greatest change in the distribution of exposures weighted by credit risk weights under the standardised approach, raising the amount of exposure weighted by 0% (by HRK 7.0bn or 6.0%). This additionally increased the share of 0% risk weight in the structure of total exposure weighted by risk weights, from 34.3% to 35.8%. Exposures from the category of exposures to institutions stood out by their growth on an annual level (HRK 3.1bn or 12.4%), primarily those that are weighted by a 50% weight, as well as exposures in the category of equity investments (HRK 2.3bn or 160.5%). The latter reflect the increase in investments of two banks, each of which had within the framework of their intra-group regional restructuring taken over one credit institution from Bosnia and Herzegovina. The exposures in question were exposures arising from equity investments in financial sector entities (up to 10% of the institution's common equity tier 1 capital that does not exceed the established threshold) that are weighted by a high 250%.

In contrast, the strongest decline was registered by the category of exposures in default⁴² (by HRK 3.8bn or 17.2%) which then determined the changes in exposures that are weighted by 150% and 100%. The decline of exposures in this category was predominantly a result of the decrease in the base, as was additionally underlined in the second half of the year. The decrease was also caused by the sale of claims, as well as loan reprogramming, which are usually stronger in the last month of a quarter and at the end of the year, while a small contribution (in connection with the 100% weight) also came from completed loan conversions. The next category to follow by size of decrease was the category of exposures secured by real property (HRK 1.7bn or 9.2%), which went down primarily as a reflection of the decline in lending to households and of a shift to higher risk weights. This reduced the use of the preferential weight for exposures secured by residential real estate (35%) to only 4.3% of the overall exposure weighted under the standardised approach.

41 Counterparty credit risk for over-the-counter (OTC) derivative financial instruments and securities financing transactions. Over-the-counter derivative financial instruments are traded directly among counterparties (and not on regulated markets).

42 This includes all exposures to clients who have at least one due but unpaid receivable that has been overdue for over 90 days or who are considered unlikely to settle their obligations in full (excluding the option of collection from collateral). Exposures are assigned a 100% risk weight, except where specific value adjustments for credit risk do not exceed 20% of the unsecured part of total exposure, when a risk weight of 150% is assigned.

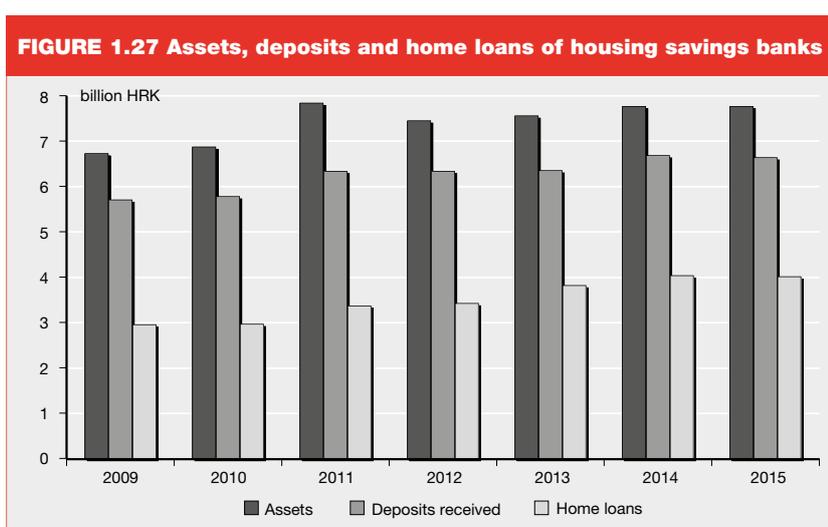
Accordingly, the increase in exposures was realised in the less risky segments (risk weights 0%, 20% and 50%). This was paired with the most prominent decrease in bank exposures being observed in the category of exposures in default that are weighted with 100% and 150%. The increase of investments in the capital of foreign financial institutions raised the amount of exposure that is assigned a high risk weight. However, the share of this category and thus its impact on overall exposure remained low. As a result, the average credit risk weight continued the downward trend (except in 2014) that started in 2009, decreasing from 53.7% to 52.5%.

1.3 Housing savings banks

At the end of 2015, there were five housing savings banks operating in the Republic of Croatia. Four housing savings banks were directly or indirectly owned by foreign shareholders and one was in domestic ownership. Their assets remained almost unchanged with a share in total assets of credit institutions totalling 1.9%.

1.3.1 Balance sheet and off-balance sheet items

Housing savings banks' assets were almost the same in 2015 as they were at the end of 2014, totalling HRK 7.8bn. However, their operations stagnated, primarily due to the narrowing of their main source of financing, namely, household time deposits, possibly as consequence of the repeal of the state incentive to housing savings in 2014 and its reintroduction in 2015 but in a noticeably smaller amount⁴³. Loans granted, which represent the most important asset item, went down by 3.5% or 155.3m. The greatest decline was observed in loans to financial institutions, which went down by 63.3% or HRK



43 See footnote 3.

TABLE 1.12 Structure of housing savings bank assets, end of period, in million HRK and %

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Money assets and deposits with the CNB	0.0	0.0	0.0	0.0	-48.1	0.0	0.0	42.9
Money assets	0.0	0.0	0.0	0.0	-48.1	0.0	0.0	42.9
Deposits with the CNB	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits with financial institutions	522.8	6.9	434.1	5.6	-17.0	563.9	7.3	29.9
MoF treasury bills and CNB bills	435.9	5.8	350.8	4.5	-19.5	162.4	2.1	-53.7
Securities	2,256.5	29.8	2,481.2	31.9	10.0	2,706.7	34.8	9.1
Derivative financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Loans	4,034.6	53.3	4,381.4	56.4	8.6	4,226.0	54.4	-3.5
Loans to financial institutions	20.8	0.3	141.6	1.8	580.6	52.0	0.7	-63.3
Loans to other clients	4,013.8	53.1	4,239.7	54.5	5.6	4,174.0	53.7	-1.5
Investments in subsidiaries, associates and joint ventures	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Foreclosed and repossessed assets	0.2	0.0	0.2	0.0	0.0	1.4	0.0	783.8
Tangible assets (net of depreciation)	3.9	0.1	3.0	0.0	-22.1	2.2	0.0	-28.7
Interest, fees and other assets	310.8	4.1	124.4	1.6	-60.0	109.6	1.4	-11.9
TOTAL ASSETS	7,456.1	100.0	7,564.7	100.0	1.5	7,774.9	100.0	2.8

TABLE 1.13 Structure of housing savings bank liabilities and capital, end of period, in million HRK

	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
Loans from financial institutions	139.6	1.8	60.5	0.8	-56.7	42.0	0.5	-30.6
Short-term loans	139.6	1.8	60.5	0.8	-56.7	42.0	0.5	-30.6
Long-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deposits	6,359.0	84.1	6,694.3	86.1	5.3	6,645.0	85.5	-0.7
Transaction account deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Savings deposits	223.8	3.0	4.7	0.1	-97.9	0.0	0.0	-99.4
Time deposits	6,135.2	81.1	6,689.6	86.0	9.0	6,645.0	85.5	-0.7
Other loans	95.5	1.3	95.8	1.2	0.3	95.4	1.2	-0.3
Short-term loans	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term loans	95.5	1.3	95.8	1.2	0.3	95.4	1.2	-0.3
Derivative financial liabilities and other financial liabilities held for trading	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Subordinated instruments issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hybrid instruments issued	88.4	1.2	83.4	1.1	-5.7	83.2	1.1	-0.2
Interest, fees and other liabilities	278.9	3.7	124.9	1.6	-55.2	129.7	1.7	3.9
TOTAL LIABILITIES	6,961.4	92.0	7,058.8	90.8	1.4	6,995.4	90.0	-0.9
Share capital	487.9	6.4	487.9	6.3	0.0	487.9	6.3	0.0
Current year profit (loss)	29.9	0.4	58.9	0.8	97.3	47.5	0.6	-19.3
Retained earnings (loss)	91.1	1.2	120.1	1.5	31.9	177.6	2.3	47.8
Legal reserves	8.2	0.1	9.0	0.1	10.0	10.5	0.1	16.3
Reserves provided for by the articles of association and other capital reserves	3.5	0.0	-8.0	-0.1	-326.7	-10.7	-0.1	33.7
Revaluation reserves	-17.2	-0.2	48.1	0.6	-380.0	64.0	0.8	32.9
Previous year profit (loss)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL CAPITAL	603.4	8.0	716.1	9.2	18.7	776.8	10.0	8.5
TOTAL LIABILITIES AND CAPITAL	7,564.7	100.0	7,774.9	100.0	2.8	7,772.2	100.0	0.0

89.6m, followed by loans granted to non-financial corporations, which went down by 20.7% (39.5m), and the most important asset item or home loans, which were 0.6% of HRK 25.8m lower.

Deposits with domestic credit institutions and investments in securities grew by 29.9% and 1.3% respectively. Investments in securities went up amid the increase in investments in RC bonds, while at the same time investments in MoF T-bills significantly decreased.

As for sources of finance of housing savings banks, deposits went down by 0.7% or HRK 49.2m. Loans received went down by 12.1% or HRK 18.9m, while total capital rose by HRK 60.7m (8.5%). Despite the slowdown in their operations, housing savings banks generated profit after tax, totalling HRK 47.5m, down 19.3% on the profit generated in 2014.

Total foreign currency items and items in kuna accounted for 83.8% and 16.2% respectively in the currency structure of total assets at the end of 2015. Specifically, items in kuna with a currency clause constituted almost the entire amount of foreign currency assets. Foreign currency items decreased by HRK 174.0m or 2.6%, while kuna items rose by HRK 171.2m or 15.7%. Moreover, total foreign currency items accounted for as much as 92.8% of total liabilities, mostly including items in kuna with a currency clause. Liabilities in kuna accounted for 7.2% of total liabilities.

Housing savings banks' standard off-balance sheet items amounted to HRK 36.3m at the end of the observed period, rising by HRK 4.3m or 13.3% from the year before. As is traditionally the case, their ratio to total assets was very low, standing at only 0.5%, and they comprised only credit lines and commitments, usually involving granted, but unrealised home loans.

1.3.2 Income statement

In 2015, housing savings banks generated profit (from continuing operations, before taxes) of HRK 59.3m which was a significant 17.0% less than the year before (Table 1.14). It is noteworthy that all housing savings banks operated with profit.

Net interest income, which is at the same time the most significant component of operating income, was 2.8% lower than the year before. This was a consequence of a more significant growth in interest expenses (2.5%) than in interest income, which stagnated due to the decline in the lending activity of housing savings banks. The decrease in net income from fees and commissions was slightly slower (2.5%), while the decrease in total operating income (and ultimately the decrease in profit) was under the greatest influence of the increase in the net amount of other non-interest income (by HRK 18.4m) due to the fall in the profit from assets held by housing savings banks for trading (93.8%), primarily debt securities (RC bonds and MoF T-bills).

The decrease in net operating income led to a deterioration in the share of general operating expenses in the operating income, to 65.7% (last year they totalled 60.5%). The final result was positively affected by the income generated from the cancelling of the expenses on value adjustments and provisions, realised as a result of the income from the cancelled expenses on value adjustments and provisions for exposures classified into risk category A (due to decreases of the amount of exposures

TABLE 1.14 Housing savings bank income statement, in million HRK and %

	Amount		Change
	Jan. – Dec. 2014	Jan. – Dec. 2015	
CONTINUING OPERATIONS			
Interest income	353.8	354.8	0.3
Interest expenses	205.9	211.2	2.5
Net interest income	147.9	143.7	-2.8
Income from fees and commissions	55.8	52.0	-6.8
Expenses on fees and commissions	8.8	6.2	-29.3
Net income from fees and commissions	47.0	45.8	-2.5
Income from equity investments	0.0	0.0	0.0
Gains (losses)	20.0	1.9	-90.6
Other operating income	2.7	8.1	198.6
Other operating expenses	25.3	31.0	22.3
Net other non-interest income	-2.6	-21.0	709.6
Total operating income	192.3	168.5	-12.4
General administrative expenses and depreciation	116.3	110.7	-4.8
Net operating income before loss provisions	76.0	57.8	-24.0
Expenses on value adjustments and provisions	4.6	-1.5	-131.4
Other gains (losses)	0.0	0.0	0.0
Profit (loss) from continuing operations, before taxes	71.4	59.3	-17.0
Income tax on continuing operations	12.4	11.7	-5.9
Profit (loss) from continuing operations, after taxes	58.9	47.5	-19.3
DISCONTINUED OPERATIONS			
Profit (loss) from continuing operations, after taxes	0.0	0.0	0.0
Current year profit (loss)	58.9	47.5	-19.3
Note: Number of housing savings banks operating with losses, before taxes	0	0	0.0

classified into this category), as well as by the income from cancelled expenses for provisions for compensation to employees. The significant fall in profit contributed to the deterioration in the profitability indicator of housing savings banks, so ROAA decreased from 0.9% to 0.8%, while the ROAE decreased even more, from 8.9% to 6.4%.

1.3.3 Credit risk

In 2015, total housing savings bank placements and off-balance sheet liabilities (items exposed to credit risk that are classified into risk categories) decreased by 6.2%, to HRK 5.6bn (Table 1.15). This was a consequence of the fall in their lending activity. The quality of total exposure was also very good because of the dominance of home loans and their excellent quality. Risk categories B and C accounted for only 1.2% of the total placements and off-balance sheet liabilities of housing savings banks.

At the end of 2015, housing savings banks accounted for 6.9% of home loans at system level. In the distribution of loans according to sectors, loans to housing savings banks' savers accounted for 95.2% of gross loans, while the remaining share was distributed between the sector of financial institutions and the corporate sector. The dominance of household home loans, granted at fixed interest

TABLE 1.15 Classification of housing savings bank placements and assumed off-balance sheet liabilities by risk categories, end of period, in million HRK and %

Risk category	Dec. 2013		Dec. 2014			Dec. 2015		
	Amount	Share	Amount	Share	Change	Amount	Share	Change
A	6,234.4	99.2	5,907.3	98.8	-5.2	5,539.7	98.8	-6.2
B	48.3	0.8	67.1	1.1	38.9	58.2	1.0	-13.1
C	3.8	0.1	5.4	0.1	41.1	9.9	0.2	81.9
Total	6,286.5	100.0	5,979.7	100.0	-4.9	5,607.8	100.0	-6.2

TABLE 1.16 Coverage of housing savings bank total placements and assumed off-balance sheet liabilities by total value adjustments and provisions, end of period, in million HRK and %

	Dec. 2013	Dec. 2014	Dec. 2015
Total value adjustments against placements and provisions for assumed off-balance sheet liabilities	66.7	69.1	68.3
Value adjustments and provisions	12.1	17.5	20.0
Collectively assessed value adjustments and provisions	54.6	51.5	48.4
Total placements and assumed off-balance sheet liabilities	6,286.5	5,979.7	5,607.8
Coverage	1.1	1.2	1.2

rates, mainly in kuna indexed to the euro, continued to contribute positively to the high quality of total loans granted by housing savings banks. B and C category loans comprised home loans only, with a share of 1.6% in total home loans. The average coverage of B and C category home loans by value adjustments increased slightly and stood at 28.5%.

1.3.4 Capital adequacy

At the end of 2015, the total capital ratio of housing savings banks continued growing, to 25.8%, having increased noticeably from the end of 2014, when it stood at 23.5%. The ratio increased under the influence of the 3.8% growth in own funds (totalling HRK 736.1m), as well as the decrease in exposure to risks that were 5.2% lower (totalling HRK 2.9bn), exclusively due to the decrease in exposure to credit risk.

Own funds of housing savings banks mostly comprised items of the highest quality, which is why the remaining two capital ratios were also high. The common equity tier 1 capital ratio stood at 23.3%, as did the tier 1 capital ratio. All housing savings banks met the prescribed minimum capital ratios. In order to meet capital buffer requirements, housing savings banks had to allocate HRK 114.2m of common equity tier 1 capital at the end of 2015, of which HRK 71.4m served as the capital conservation buffer and HRK 42.8m as the structural systemic risk buffer.

The average credit risk weight was slightly lower than the year before, totalling 32.0%. This was to the largest extent a consequence of the use of the 35% weight, that is, the adjustment of records and the criteria for assignment into this weight category, given that home loans, as well as total loans granted by housing savings banks stagnated.

2 Notes on methodology

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

Tables

Table 1.1 Ownership structure of banks and their share in total bank assets

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

As at 31 December 2013, the source of data was report PD32 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). In periods thereafter the source of data are reports PD32 (as at 31 December 2014) and PD33 (as at 31 December 2015) compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014 and 67/2015). The source of data on the amount of bank assets is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

<http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

Table 1.2 Territorial distribution of operating units and ATMs by counties

The total number of operating units and the total number of ATMs of all banks in the Republic of Croatia are classified by counties. Data for the City of Zagreb are included in the data for Zagreb County. As at 31 December 2013, the source of data on the number of operating units and ATMs of banks were bank reports prescribed by the Decision on the obligation to submit the report on payment operations data (OG 189/2004 and 127/2009), and as of 31 December 2014, data are submitted in accordance with the Decision on the obligation to submit payment operations and electronic money data (OG 147/2013).

Table 1.3 Structure of bank assets

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

The source of data on the amount of bank assets is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Table 1.4 Structure of bank liabilities and capital

This table shows bank liabilities and capital items, the share of each item in total liabilities and capital of all banks and the change in the balance relative to the balance at the end of the previous period. The source of data on the amount of bank liabilities and capital is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Table 1.5 Banks income statement

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

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

Table 1.6 Classification of bank placements and assumed off-balance sheet liabilities by risk categories

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

As at 31 December 2013, the source of data on the classification of placements and assumed off-balance sheet liabilities were reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data are reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Table 1.7 Bank loans

This table shows the loan amounts (gross), the amounts of partly recoverable and fully irrecoverable loans (gross) and value adjustments of partly recoverable and fully irrecoverable loans for selected sectors and types of household loans. Loans include exclusively loans distributed in the loans and receivables category, and household loans include loans to non-profit institutions serving households.

As at 31 December 2013, the source of data on bank loans and value adjustments was report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). The distribution of exposure by institutional sectors is conducted by the CNB in accordance with the European System of Accounts 1995 (ESA 95), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015).

Table 1.8 Structure of bank sources of financing

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

The source of data on the sources of financing are forms BS2-2, BS/DEP2-8 and BS/OK2-9 from

the statistical report, which are based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:
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Table 1.9 Sectoral structure of received loans

The amount of loans received from institutional sectors and their shares in total received loans are shown for all banks. The amount and the share of loans of the majority foreign owner are shown separately.

The source of data on the amount of loans received is form BS/OK2-9 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Table 1.10 Interest rate risk in the non-trading book

This table shows the change in the economic value of the non-trading book (by currency and interest rate type), own funds, the ratio between the change in the economic value of the non-trading book and own funds and the rates of change relative to the same period of the previous year.

Interest rate risk in the non-trading book is measured by a change in its economic value in the conditions of a standard interest rate shock. A standard interest rate shock is a parallel shift in interest rates of 200 basis points. A change in the economic value of the non-trading book is calculated as a sum total of net weighted positions across all time zones, for each major currency individually (a currency that constitutes over 5% of the total balance sheet assets) and for other currencies on an aggregate basis. The ratio between the change in the economic value and bank own funds must not exceed 20%.

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

Table 1.11 Own funds, risk exposure and capital ratios of banks

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

Reports C 01.00, C 02.00 and C 03.00 (Decision implementing Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013, OG 84/2014, 116/2014, 16/2015, 67/2015 and 119/2015) are the source of data on own funds, risk exposure and capital ratios of banks.

Table 1.12 Structure of housing savings bank assets

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

The source of data on the amount of assets of housing savings banks is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

<http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

Table 1.13 Structure of housing savings bank liabilities and capital

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

The sources of data on the amount of liabilities and capital of housing savings banks is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Table 1.14 Housing savings banks income statement

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

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

Table 1.15 Classification of housing savings bank placements and assumed off-balance sheet liabilities by risk categories

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

As at 31 December 2013, the source of data on the classification of placements and assumed off-balance sheet liabilities of housing savings banks were reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data are reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Table 1.16 Coverage of housing savings bank total placements and assumed off-balance sheet liabilities by total value adjustments and provisions

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

As at 31 December 2013, the source of data on the coverage of placements and assumed off-balance sheet liabilities of housing savings banks were reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data are reports RS3 and PIV3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figures

Figure 1.1 Shares of assets, loans and deposits of the largest banks in total assets, loans and deposits

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

The source of data on the amount of bank assets, loans and deposits is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.2 Herfindahl-Hirschman Index (HHI)

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

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

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

Up to 31 December 2010, the source of data on the amount of bank assets, granted loans and received deposits was form BS1-2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules: <http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

Figure 1.3 Concentration of bank operating units and ATMs by counties

This figure shows in horizontal lines the relative share of the number of operating units and ATMs of banks by counties at the end of the reporting period. Data for the City of Zagreb are included in the data for Zagreb County.

Data submitted in accordance with the Decision on the obligation to submit payment operations and electronic money data (OG 147/2013) are the source of data on the number of operating units and ATMs of banks.

Figure 1.4 Bank assets

This figure shows the bank assets, the amount of individual items and the rates of change in assets. Bank asset items consist of five positions: money assets and deposits with the CNB, deposits (with financial institutions), securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries, associates and joint ventures, foreclosed and repossessed assets, tangible assets (net of depreciation), and interest, fees and other assets).

As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as

deferred income in liabilities) and the amounts of financial instruments are reduced by the amount of the corresponding collectively assessed impairment provisions (for category A).

Up to 31 December 2010, the source of data on the amount of bank assets was form BS1–2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2–2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.5 Bank liabilities and capital

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

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

Up to 31 December 2010, the source of data on the amount of bank liabilities and capital was form BS1–2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2–2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.6 Bank standard off-balance sheet items

This figure shows the bank standard off-balance sheet items, the amount of individual items and the rates of change in standard off-balance sheet items.

As at 31 December 2009, the source of data on the amount of bank standard off-balance sheet items was form BS/IBS1-3 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report IBS compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report IBS compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.7 Bank derivative financial instruments (notional amount)

This figure shows derivative financial instruments (notional amount), the amount of individual items and the rates of change in derivative financial instruments.

As at 31 December 2009, the source of data on the amount of bank derivative financial instruments was form BS/IBS1-3 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report IBS compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report IBS compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.8 Bank income before taxes

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

Up to 31 December 2011, the source of data on the amount of bank profit (loss) before taxes was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.9 Structure of bank operating income

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

Up to 31 December 2011, the source of data on operating income was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.10 Bank return on average assets (ROAA) and return on average equity (ROAE)

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

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

Up to 31 December 2011, the source of data on the amount of bank profit (loss) before taxes and the amount of bank profit (loss) after taxes was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). As of 31 December 2012, data on the profit (loss) before taxes refers exclusively to the profit (loss) from continuing operations (before taxes).

Up to 31 December 2010, the source of data on the amount of bank assets and liabilities was form BS1–2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2–2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.11 Income from interest-bearing assets and expenses on interest-bearing liabilities

Income from interest-bearing assets is the ratio between total interest income (on an annual level) and average interest-bearing assets. Expenses on interest-bearing liabilities are the ratio between total interest expenses (on an annual level) 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, deposits with financial institutions, debt securities, loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year.

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

Up to 31 December 2011, the source of data on income from interest-bearing assets and expenses on interest-bearing liabilities was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). As of 31 December 2012, data on the profit (loss) before taxes refers exclusively to the profit (loss) from continuing operations (before taxes).

Up to 31 December 2010, the source of data on interest-bearing assets and interest-bearing liabilities was report BS1-2 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report BS1-2 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

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Figure 1.12 Bank cost efficiency

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

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

Up to 31 December 2011, the source of data on general operating expenses and operating income was form RDG1–1 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013). From 31 December 2012 to 31 December 2013, the source of data was report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013), and as of 31 December 2014, the source of data is report RN compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015).

Up to 31 December 2010, the source of data on the amount of bank assets was form BS1–2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2–2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.13 Structure of bank placements and assumed off-balance sheet liabilities

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

Report RS3 (Decision on supervisory reports of credit institutions, OG 41A/2014, 127/2014, 67/2015 and 119/2015) is the source of data on the structure of placements and assumed off-balance sheet liabilities of banks.

Figure 1.14 Rates of change of bank loans

As regards loans to selected sectors and total loans (gross), the figure shows the rates of change relative to the balance at the end of the previous period. As of 31 March 2010, loans include exclusively loans distributed in the loans and receivables category, and household loans include loans to non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

As at 31 December 2009, the source of data on bank loans was form RS1 (Decision on supervisory reports of banks, OG 115/2003, 29/2006, 46/2006 and 74/2006). From 31 December 2010 to 31 December 2012, the source of data was report RS2, and as at 31 December 2013, the source of data was report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). As of 31 December 2014, the source of data is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). As of 31 December 2010, the distribution of exposure by institutional sectors is conducted by the CNB in accordance with the European System of Accounts 1995 (ESA 95), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.15 Structure of bank loans to corporates by activities

This figure shows the structure of bank loans to corporates (gross) by activities at the end of the reporting period. The distribution of exposure by activities and institutional sectors is conducted by the CNB in accordance with the National Classification of Economic Activities 2007, and the European System of Accounts 1995 (ESA 95), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.16 Structure of bank partly recoverable and fully irrecoverable loans to corporates by activities

This figure shows the structure of bank partly recoverable and fully irrecoverable loans to corporates (gross) by activities at the end of the reporting period. The distribution of exposure by activities and institutional sectors is conducted by the CNB in accordance with the National Classification of Economic Activities 2007, and the European System of Accounts 1995 (ESA 95), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.17 Share of bank partly recoverable and fully irrecoverable loans

The total partly recoverable and fully irrecoverable loans (gross) of banks are expressed as a share

of total bank loans (gross). Shown are the selected sectors at the end of the reporting period. As of 31 December 2010, loans include exclusively loans distributed in the loans and receivables category, and household loans include loans to non-profit institutions serving households. As of 31 October 2013, loan amount is reduced by the amount of collected fees (formerly recorded as deferred income in liabilities).

As at 31 December 2009, the source of data on bank loans was form RS1 (Decision on supervisory reports of banks, OG 115/2003, 29/2006, 46/2006 and 74/2006). From 31 December 2010 to 31 December 2012, the source of data was report RS2, and as at 31 December 2013, the source of data was report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 35/2010, 81/2010, 146/2010, 68/2011, 147/2011, 37/2012, 67/2013, 121/2013 and 157/2013). As of 31 December 2014, the source of data is report RS3 compiled in accordance with the Decision on supervisory reports of credit institutions (OG 41A/2014, 127/2014, 67/2015 and 119/2015). As of 31 December 2010, the distribution of exposure by institutional sectors is conducted by the CNB in accordance with the European System of Accounts 1995 (ESA 95), based on reports submitted by banks in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015).

Figure 1.18 Sectoral structure of received deposits

This figure shows the share of an individual institutional sector in transaction account deposits, savings deposits, time deposits and total deposits. The source of data on the amount of deposits is form BS/DEP2-8 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules: <http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

Figure 1.19 Household deposits

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

Up to 31 December 2010, the source of data on the amount of household deposits was form BS/DEP1-8 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS/DEP2-8 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules: <http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

Figure 1.20 Bank liquidity indicators

Total bank loans granted (net amount) are expressed as a share of total deposits received at the end of the reporting period. Total bank loans received are as expressed as a share of total bank assets at the end of reporting period.

Up to 31 December 2010, the source of data on the amount of loans granted and assets and received loans and deposits of banks was form BS1-2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

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Figure 1.21 Asset and liability maturity match or mismatch

The maturity match or mismatch between assets and liabilities is shown by remaining maturity and on a net basis. The structure of assets by remaining maturity is calculated as a ratio between assets classified by remaining maturity terms and total assets at the end of the reporting period. The liabilities by remaining maturity are calculated as a ratio between liabilities classified by remaining maturity terms and total liabilities at the end of the reporting period. 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 remaining maturity terms.

Report ROC1 (Decision on supervisory reports of credit institutions, OG 41A/2014, 127/2014, 67/2015 and 119/2015) is the source of data on the assets and liabilities classified by remaining maturity terms.

Figure 1.22 Minimum liquidity coefficient for period up to one month

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

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

Figure 1.23 Foreign exchange position of banks

The ratio of bank long foreign exchange position (f/c claims exceeding f/c liabilities) to own funds and the ratio of bank short foreign exchange position (f/c liabilities exceeding f/c claims) to own funds is calculated by dividing the sum of the quarterly average long foreign exchange positions of banks and the sum of the quarterly average short foreign exchange positions of banks by own funds of banks.

Up to 29 June 2011, the source of data on the long and short foreign exchange position was form VR-2 (Decision on the limitation of bank exposure to foreign exchange risk, OG 17/2003, 39/2006, 130/2006 and 25/2009 and Decision on foreign exchange risk exposure limits of credit institutions, OG 38/2010). From 30 June 2011 to 29 June 2014, the source of data on the long and short foreign exchange position was form VR compiled in accordance with the Decision on foreign exchange risk exposure limits of credit institutions (OG 38/2010, 62/2011 and 128/2013), and as of 30 June 2014, the source of data is form VR compiled in accordance with the Decision on reporting on foreign-exchange risk exposure of credit institutions (OG 66/2014). Up to 31 December 2009, the source of data on own funds was form JK2 (Instructions for the uniform implementation of the Decision on the capital adequacy of banks, OG 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009), and from 31 March 2010 to 31 December 2013, the source of data was form JKAP (Decision on reports on own funds and capital requirements of credit institutions, OG 1/2009, 41/2009, 75/2009, 2/2010 and 37/2012). As of 31 March 2014, the source of data on own funds is report C 01.00 (Decision implementing Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 (OG 84/2014, 116/2014, 16/2015, 67/2015 and 119/2015).

Figure 1.24 Bank total capital ratio

The total capital ratio (up to 31 December 2013, the capital adequacy ratio) is calculated as a ratio between total bank own funds and total risk exposure. From 31 March 2010 to 31 December 2013, the banks had to maintain a minimum capital adequacy ratio of 12% (previously 10%). As of 1 Janu-

ary 2014, the total capital ratio is set at 8%.

As at 31 December 2009, the source of data on the capital adequacy of banks were forms JK2 and SAK (Instructions for the uniform implementation of the Decision on the capital adequacy of banks, OG 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and from 31 December 2010 to 31 December 2013 the source of data were forms JKAP and SAJK (Decision on reports on own funds and capital requirements of credit institutions, OG 1/2009, 41/2009, 75/2009, 2/2010 and 37/2012). As of 31 December 2014, reports C 01.00, C 02.00 and C 03.00 (Decision implementing Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013, OG 84/2014, 116/2014, 16/2015, 67/2015 and 119/2015) are the source of data on own funds, total risk exposure and capital ratios.

Figure 1.25 Structure of bank total risk exposure

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

The source of data on the total risk exposure is report C 02.00 (Decision implementing Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013, OG 84/2014, 116/2014, 16/2015, 67/2015 and 119/2015).

Figure 1.26 Distribution of the bank total capital ratio (TCR)

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

The source of data on the amount of bank assets is form BS2-2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules:

<http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

The source of data on the total capital ratio is report C 03.00 (Decision implementing Commission Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013, OG 84/2014, 116/2014, 16/2015, 67/2015 and 119/2015).

Figure 1.27 Assets, deposits and loans of housing savings banks

This figure shows the amount of assets, received deposits and granted home loans (gross) of housing savings banks.

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

Up to 31 December 2010, the source of data on the amount of assets and received deposits of housing savings banks was form BS1-2 (Decision relating to the bank statistical report, OG 166/2003, 53/2004, 129/2004, 60/2006 and 40/2013), and as of 31 December 2011, the source of data is form

BS2–2 from the statistical report, which is based on the data submitted in accordance with the Decision on statistical and prudential reporting (OG 35/2010, 95/2010, 146/2010, 68/2011, 37/2012, 121/2013, 41A/2014, 127/2014, 67/2015 and 119/2015) and compiled according to mapping rules: <http://www.hnb.hr/documents/20182/614459/h-pravila-mapiranja-mjesecnog-asi.xls/49e68862-bce2-42c6-83f5-1a8278fa1762>

3 List of credit institutions

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

Data on shareholders who hold 3% or more of share in the share capital of an institution (with a maximum of top ten shareholders), and financial and total capital ratio data are as at 31 December 2015. They are based on unconsolidated audited reports submitted to the Croatian National Bank by credit institutions.

Data on members of management and supervisory boards are as at 1 June 2016.

Data on auditors relate to the audits performed in 2015.

BANKA KOVANICA d.d.

Preradovićeva 29, 42000 Varaždin
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Management board

Nicola Ceccaroli – chairperson, Pietro Giacomini

Supervisory board

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

Shareholders

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

Share in share capital (%)
99.67

Audit firm for 2015:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	16,295
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	65,220
Loans and receivables (financial leasing included)	1,043,752
Deposits with the CNB	147,183
Deposits made (except deposits with the CNB)	131,188
Debt securities	0
Loans and receivables	765,382
Held-to-maturity investments	1,164
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	53,123
Intangible assets	2,479
Investments in associates, subsidiaries and joint ventures	141
Tax assets	5,526
Non-current assets and disposal groups classified as held for sale	0
Other assets	187
Memorandum item: Collectively assessed impairment provisions	9,664
Total assets	1,187,887

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,057,978
Electronic money	0
Transaction accounts	24,850
Savings deposits	95,398
Time deposits	881,516
Other received deposits	0
Received loans	21,620
Debt securities issued	0
Hybrid and subordinated instruments	34,594
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	3
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,345
Tax liabilities	53
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	16,566
Total liabilities	1,076,945
Share capital	409,516
Revaluation reserves	-570
Reserves	2,261
Less: Treasury shares	38
Retained earnings (loss)	-310,975
Previous year profit (loss)	0
Current year profit (loss)	10,747
Total equity	110,941
Total liabilities and equity	1,187,887

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	81,654
Interest expenses	29,475
Net interest income	52,179
Income from fees and commissions	6,601
Expenses on fees and commissions	1,465
Net income from fees and commissions	5,136
Income from equity investments	12
Gains (losses)	1,168
Other operating income	0
Other operating expenses	3,474
Net other not-interest income	-2,294
Total operating income	55,020
General administrative expenses and depreciation	38,063
Net operating income before loss provisions	16,956
Expenses on value adjustments and provisions	7,451
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	9,505
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	9,505
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1,242
Current year profit (loss)	10,747

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	8,277
Uncovered letters of credit	6,686
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	16,354
Other standard risky off-balance sheet items	5,420
Total standard off-balance sheet items	36,736

Derivative financial instruments	
Options	0
Swaps	0
Forwards	62
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	62

Total capital ratio, in % as at 31 December 2015

15.09

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Special administration¹

Ivana Hećimović Polimanac – chairperson, Danijela Šimović

Supervisory board¹**Shareholders**

1. Juroslav Buljubašić
2. Irena Kalebić Bašić
3. Venči Čulić Meić
4. Anita Juretić
5. Dragutin Sokačić
6. Joško Dvornik
7. Jakiša Meić

Share in share capital (%)

46.29
9.58
9.33
9.09
6.11
5.74
3.02

Audit firm for 2015:

Revizija Zubin d.o.o., Split

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	13,180
Financial assets held for trading	97
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	14,950
Loans and receivables (financial leasing included)	384,488
Deposits with the CNB	42,693
Deposits made (except deposits with the CNB)	32,573
Debt securities	0
Loans and receivables	309,222
Held-to-maturity investments	21,795
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	13,928
Intangible assets	1,705
Investments in associates, subsidiaries and joint ventures	4,209
Tax assets	503
Non-current assets and disposal groups classified as held for sale	0
Other assets	180
Memorandum item: Collectively assessed impairment provisions	3,442
Total assets	455,035

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	432,064
Electronic money	0
Transaction accounts	30,271
Savings deposits	17,638
Time deposits	379,367
Other received deposits	590
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	4,198
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	588
Tax liabilities	62
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	2,680
Total liabilities	435,394
Share capital	51,726
Revaluation reserves	-1,983
Reserves	5,602
Less: Treasury shares	202
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	-35,503
Total equity	19,640
Total liabilities and equity	455,035

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	29,494
Interest expenses	11,379
Net interest income	18,115
Income from fees and commissions	4,704
Expenses on fees and commissions	1,170
Net income from fees and commissions	3,533
Income from equity investments	202
Gains (losses)	1,008
Other operating income	177
Other operating expenses	1,432
Net other not-interest income	-45
Total operating income	21,604
General administrative expenses and depreciation	20,519
Net operating income before loss provisions	1,084
Expenses on value adjustments and provisions	36,588
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-35,504
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-35,504
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	1
Current year profit (loss)	-35,503

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	7,540
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	3,541
Margin credit lines	0
Other credit lines and commitments	0
Other standard risky off-balance sheet items	205
Total standard off-balance sheet items	11,286

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

Total capital ratio, in % as at 31 December 2015

4.81

¹ On 24 May 2016, the Council of the Croatian National Bank proposed that bankruptcy proceedings be opened against the bank and the Governor of the Croatian National Bank adopted a decision on special administration. Special administration took over the powers of the supervisory and the management boards of the bank until the court decision on the initiation of bankruptcy proceedings is adopted. Bankruptcy proceedings were opened on 1 July 2016.

BKS BANK d.d.

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www.bks.hr

Management board

Goran Rameša – chairperson, Christian Peter Pettinger

Supervisory board

Herta Stockbauer – chairperson, Dieter Vinzenz Krassnitzer, Ludwig-Hubert Ankele, Josef Morak, Harald Richard Brunner

Shareholders

1. BKS Bank AG

Share in share
capital (%)
100.00

Audit firm for 2015:

Ernst & Young d.o.o., Zagreb

**Balance sheet
as at 31 December 2015, in thousand HRK**

Assets	
Money assets	5,269
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	42,775
Available for sale financial assets	12
Loans and receivables (financial leasing included)	1,317,437
Deposits with the CNB	215,382
Deposits made (except deposits with the CNB)	104,138
Debt securities	0
Loans and receivables	997,917
Held-to-maturity investments	152,871
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	21,732
Intangible assets	4,245
Investments in associates, subsidiaries and joint ventures	0
Tax assets	1,695
Non-current assets and disposal groups classified as held for sale	0
Other assets	236
Memorandum item: Collectively assessed impairment provisions	14,566
Total assets	1,546,273

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,326,080
Electronic money	0
Transaction accounts	244,598
Savings deposits	2,346
Time deposits	587,172
Other received deposits	2,450
Received loans	489,430
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	84
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	6,515
Tax liabilities	978
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	3,295
Total liabilities	1,336,868
Share capital	200,000
Revaluation reserves	1
Reserves	1,727
Less: Treasury shares	0
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	7,677
Total equity	209,405
Total liabilities and equity	1,546,273

**Income statement
for 2015, in thousand HRK**

Continuing operations	
Interest income	59,549
Interest expenses	18,149
Net interest income	41,400
Income from fees and commissions	5,975
Expenses on fees and commissions	1,190
Net income from fees and commissions	4,785
Income from equity investments	0
Gains (losses)	1,569
Other operating income	1,299
Other operating expenses	4,402
Net other not-interest income	-1,534
Total operating income	44,651
General administrative expenses and depreciation	29,171
Net operating income before loss provisions	15,480
Expenses on value adjustments and provisions	7,504
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	7,976
Income tax on continuing operations	299
Profit (loss) from continuing operations, after taxes	7,677
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	7,677

**Off-balance sheet items
as at 31 December 2015, in thousand HRK**

Standard off-balance sheet items	
Guarantees	46,086
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	20,405
Margin credit lines	0
Other credit lines and commitments	60,851
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	127,342

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

**Total capital ratio, in %
as at 31 December 2015**

16.85

CROATIA BANKA d.d.

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Management board

Mladen Duliba – chairperson, Ivan Šverko

Supervisory board

Maruška Vizek, Josip Lozančić, Branka Grabovac

Shareholders

1. State Agency for Deposit Insurance and Bank Resolution

Share in share
capital (%)
100.00

Audit firm for 2015:

Deloitte d.o.o., Zagreb

**Balance sheet
as at 31 December 2015, in thousand HRK**

Assets	
Money assets	27,497
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	677,731
Loans and receivables (financial leasing included)	2,273,747
Deposits with the CNB	247,958
Deposits made (except deposits with the CNB)	102,261
Debt securities	5,259
Loans and receivables	1,918,268
Held-to-maturity investments	48,580
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	75,830
Intangible assets	4,287
Investments in associates, subsidiaries and joint ventures	0
Tax assets	4,346
Non-current assets and disposal groups classified as held for sale	0
Other assets	255
Memorandum item: Collectively assessed impairment provisions	21,415
Total assets	3,112,273

Liabilities and equity	
Financial liabilities held for trading	3
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	2,907,743
Electronic money	0
Transaction accounts	469,921
Savings deposits	22,513
Time deposits	2,103,606
Other received deposits	18,689
Received loans	292,726
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	288
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	8,186
Tax liabilities	496
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	13,814
Total liabilities	2,930,242
Share capital	474,600
Revaluation reserves	-395
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-277,040
Previous year profit (loss)	0
Current year profit (loss)	-15,134
Total equity	182,031
Total liabilities and equity	3,112,273

**Income statement
for 2015, in thousand HRK**

Continuing operations	
Interest income	149,426
Interest expenses	77,469
Net interest income	71,957
Income from fees and commissions	13,203
Expenses on fees and commissions	4,894
Net income from fees and commissions	8,309
Income from equity investments	0
Gains (losses)	7,792
Other operating income	5,706
Other operating expenses	5,854
Net other not-interest income	7,645
Total operating income	87,911
General administrative expenses and depreciation	67,567
Net operating income before loss provisions	20,345
Expenses on value adjustments and provisions	18,062
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	2,283
Income tax on continuing operations	17,397
Profit (loss) from continuing operations, after taxes	-15,114
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-19
Current year profit (loss)	-15,134

**Off-balance sheet items
as at 31 December 2015, in thousand HRK**

Standard off-balance sheet items	
Guarantees	74,797
Uncovered letters of credit	2,356
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	19,747
Margin credit lines	0
Other credit lines and commitments	15,756
Other standard risky off-balance sheet items	50,861
Total standard off-balance sheet items	163,516

Derivative financial instruments	
Options	4,115
Swaps	0
Forwards	27
Futures	0
Warrants	0
Other derivative financial instruments	27
Total notional amount of derivative financial instruments	4,170

**Total capital ratio, in %
as at 31 December 2015**

15.91

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Management board

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

Supervisory board

Andreas Gottschling – chairperson, Sava Ivanov Dalbokov, Franz Kerber, Hannes Frotzbacher, Reinhard Ortner, Judit Agnes Havasi, Renate Veronika Ferlitz

Shareholders

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

Share in share capital (%)

59.02
40.98

Audit firm for 2015:

Ernst & Young d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets		Liabilities and equity	
Money assets	1,093,173	Financial liabilities held for trading	103,441
Financial assets held for trading	232,056	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	51,219,637
Available for sale financial assets	6,445,365	Electronic money	0
Loans and receivables (financial leasing included)	47,805,171	Transaction accounts	10,495,228
Deposits with the CNB	6,993,335	Savings deposits	1,675,188
Deposits made (except deposits with the CNB)	1,288,252	Time deposits	31,556,219
Debt securities	133,844	Other received deposits	744,827
Loans and receivables	39,389,740	Received loans	4,690,915
Held-to-maturity investments	889,376	Debt securities issued	301,806
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	1,701,465
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	53,988
Tangible assets	1,094,837	Derivatives – hedge accounting	0
Intangible assets	72,218	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	1,023,447	Provisions	1,182,159
Tax assets	324,537	Tax liabilities	0
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	15,020	Other liabilities	354,231
Memorandum item: Collectively assessed impairment provisions	365,501	Total liabilities	52,859,468
Total assets	58,995,200	Share capital	3,500,361
		Revaluation reserves	332,055
		Reserves	18,523
		Less: Treasury shares	0
		Retained earnings (loss)	3,289,310
		Previous year profit (loss)	7,939
		Current year profit (loss)	-1,012,455
		Total equity	6,135,732
		Total liabilities and equity	58,995,200

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	2,562,903
Interest expenses	990,840
Net interest income	1,572,063
Income from fees and commissions	560,953
Expenses on fees and commissions	151,449
Net income from fees and commissions	409,504
Income from equity investments	54,675
Gains (losses)	106,609
Other operating income	206,122
Other operating expenses	226,972
Net other not-interest income	140,435
Total operating income	2,122,002
General administrative expenses and depreciation	828,029
Net operating income before loss provisions	1,293,973
Expenses on value adjustments and provisions	2,535,365
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-1,241,392
Income tax on continuing operations	-228,936
Profit (loss) from continuing operations, after taxes	-1,012,455
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-1,012,455

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	1,939,968	Options	34,288
Uncovered letters of credit	122,364	Swaps	24,102,420
Guaranteed bills of exchange	0	Forwards	11,844,579
Accepted bills of exchange	0	Futures	0
Revolving loans	1,135,450	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	1,589,073	Total notional amount of derivative financial instruments	35,981,287
Other standard risky off-balance sheet items	132,163		
Total standard off-balance sheet items	4,919,019		

Total capital ratio, in % as at 31 December 2015

19.75

HRVATSKA POŠTANSKA BANKA d.d.

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Management board

Tomislav Vuić – chairperson, Mladen Mrvelj, Domagoj Karadjole

Supervisory board

Dražen Kobas – chairperson, Nada Karaman Aksentijević, Niko Raič, Marin Palada

Shareholders

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

Share in share capital (%)

- 42.43
11.93
8.98
8.76
4.94
4.12
3.90

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	412,197
Financial assets held for trading	900,944
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	2,221,309
Loans and receivables (financial leasing included)	12,970,385
Deposits with the CNB	1,767,613
Deposits made (except deposits with the CNB)	932,267
Debt securities	35,287
Loans and receivables	10,235,218
Held-to-maturity investments	572,558
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	250,244
Intangible assets	116,850
Investments in associates, subsidiaries and joint ventures	45,490
Tax assets	31,786
Non-current assets and disposal groups classified as held for sale	7,930
Other assets	183,473
Memorandum item: Collectively assessed impairment provisions	99,652
Total assets	17,713,166

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	15,646,427
Electronic money	4,727
Transaction accounts	3,417,171
Savings deposits	593,015
Time deposits	8,450,402
Other received deposits	2,167,065
Received loans	1,005,383
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	8,664
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	41,556
Tax liabilities	21,823
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	224,096
Total liabilities	15,933,902
Share capital	1,214,775
Revaluation reserves	103,708
Reserves	338,041
Less: Treasury shares	477
Retained earnings (loss)	0
Previous year profit (loss)	0
Current year profit (loss)	123,217
Total equity	1,779,264
Total liabilities and equity	17,713,166

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	782,089
Interest expenses	271,556
Net interest income	510,533
Income from fees and commissions	480,232
Expenses on fees and commissions	301,289
Net income from fees and commissions	178,944
Income from equity investments	1,073
Gains (losses)	55,654
Other operating income	31,100
Other operating expenses	43,107
Net other not-interest income	44,720
Total operating income	734,196
General administrative expenses and depreciation	428,517
Net operating income before loss provisions	305,679
Expenses on value adjustments and provisions	179,094
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	126,586
Income tax on continuing operations	3,369
Profit (loss) from continuing operations, after taxes	123,217
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	123,217

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	522,627
Uncovered letters of credit	39,553
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	309,860
Margin credit lines	0
Other credit lines and commitments	1,022,375
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	1,894,415

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

Total capital ratio, in % as at 31 December 2015

15.85

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Management board

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

Supervisory board

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

Shareholders

1. Hypo Group Alpe Adria AG

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Share in share
capital (%)
100.00

Balance sheet as at 31 December 2015, in thousand HRK

Assets		Liabilities and equity	
Money assets	366,712	Financial liabilities held for trading	123,424
Financial assets held for trading	42,349	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	20,969,231
Available for sale financial assets	2,824,335	Electronic money	8,989
Loans and receivables (financial leasing included)	21,651,525	Transaction accounts	3,818,395
Deposits with the CNB	2,220,464	Savings deposits	617,359
Deposits made (except deposits with the CNB)	1,953,069	Time deposits	13,550,100
Debt securities	368,706	Other received deposits	77,212
Loans and receivables	17,109,287	Received loans	1,075,111
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	1,822,062
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	3
Tangible assets	540,990	Derivatives – hedge accounting	0
Intangible assets	47,646	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	4,659	Provisions	1,694,267
Tax assets	60,589	Tax liabilities	4,952
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	18,466	Other liabilities	197,377
Memorandum item: Collectively assessed impairment provisions	164,904	Total liabilities	22,989,251
Total assets	25,557,270	Share capital	5,036,379
		Revaluation reserves	79,341
		Reserves	126,294
		Less: Treasury shares	0
		Retained earnings (loss)	-134,814
		Previous year profit (loss)	0
		Current year profit (loss)	-2,539,181
		Total equity	2,568,019
		Total liabilities and equity	25,557,270

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	611,259	Options	0
Uncovered letters of credit	5,498	Swaps	4,373,339
Guaranteed bills of exchange	0	Forwards	8,884,588
Accepted bills of exchange	0	Futures	0
Revolving loans	174,915	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	607,121	Total notional amount of derivative financial instruments	13,257,927
Other standard risky off-balance sheet items	528,285		
Total standard off-balance sheet items	1,927,079		

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	982,967
Interest expenses	556,172
Net interest income	426,794
Income from fees and commissions	227,660
Expenses on fees and commissions	211,391
Net income from fees and commissions	16,269
Income from equity investments	0
Gains (losses)	-93,895
Other operating income	29,144
Other operating expenses	55,868
Net other not-interest income	-120,619
Total operating income	322,444
General administrative expenses and depreciation	544,065
Net operating income before loss provisions	-221,621
Expenses on value adjustments and provisions	2,234,390
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-2,456,011
Income tax on continuing operations	83,171
Profit (loss) from continuing operations, after taxes	-2,539,181
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-2,539,181

Total capital ratio, in % as at 31 December 2015

22.70

IMEX BANKA d.d.

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Management board

Denis Civgin – chairperson, Ružica Šarić

Supervisory board

Darko Medak – chairperson, Mihovil Andelinović, Vinko Belak

Shareholders

1. Branko Buljan
2. Ivka Mijić
3. Agrokor d.d.
4. Trajektna luka Split d.d.
5. Ivana Matić

Share in share capital (%)

51.96
18.36
9.07
9.07
3.63

Audit firm for 2015:

BDO Croatia d.o.o., Zagreb

**Balance sheet
as at 31 December 2015, in thousand HRK**

Assets	
Money assets	22,833
Financial assets held for trading	15,991
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	220,934
Loans and receivables (financial leasing included)	1,721,978
Deposits with the CNB	305,886
Deposits made (except deposits with the CNB)	255,502
Debt securities	16,473
Loans and receivables	1,144,117
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	29,920
Intangible assets	2,836
Investments in associates, subsidiaries and joint ventures	0
Tax assets	3,446
Non-current assets and disposal groups classified as held for sale	15,678
Other assets	564
Memorandum item: Collectively assessed impairment provisions	14,667
Total assets	2,034,181

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,871,427
Electronic money	0
Transaction accounts	113,165
Savings deposits	20,478
Time deposits	1,592,481
Other received deposits	4,447
Received loans	79,077
Debt securities issued	0
Hybrid and subordinated instruments	61,778
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,245
Tax liabilities	185
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	11,565
Total liabilities	1,884,422
Share capital	147,635
Revaluation reserves	-258
Reserves	5,463
Less: Treasury shares	0
Retained earnings (loss)	42,899
Previous year profit (loss)	0
Current year profit (loss)	-45,980
Total equity	149,758
Total liabilities and equity	2,034,181

**Income statement
for 2015, in thousand HRK**

Continuing operations	
Interest income	97,577
Interest expenses	59,748
Net interest income	37,828
Income from fees and commissions	9,958
Expenses on fees and commissions	1,845
Net income from fees and commissions	8,112
Income from equity investments	35
Gains (losses)	11,987
Other operating income	184
Other operating expenses	5,319
Net other not-interest income	6,887
Total operating income	52,828
General administrative expenses and depreciation	41,108
Net operating income before loss provisions	11,720
Expenses on value adjustments and provisions	70,299
Other gains (losses)	-1,160
Profit (loss) from continuing operations, before taxes	-59,739
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-59,739
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	13,759
Current year profit (loss)	-45,980

**Off-balance sheet items
as at 31 December 2015, in thousand HRK**

Standard off-balance sheet items	
Guarantees	83,501
Uncovered letters of credit	81
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	10,554
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	94,136

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

**Total capital ratio, in %
as at 31 December 2015**

13.50

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Management board

Miro Dodić – chairperson, Klaudija Paljuh, Emanuela Vukadinović

Supervisory board

Milan Travan – chairperson, Edo Ivančić, Marijan Kovačić, Anton Belušić, Vlatko Reschner

Shareholders

1. Intercommerce d.o.o.	17.16
2. Serfin d.o.o.	9.84
3. Assicurazioni Generali S.p.A.	7.76
4. Marijan Kovačić	6.91
5. Terra Istriana Umag d.o.o.	6.37
6. Edo Ivančić	3.71
7. Branko Kovačić	3.64
8. Plava laguna d.d.	3.63
9. Željko Paić	3.46
10. Nerio Perich	3.45

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	152,904
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	60,187
Available for sale financial assets	483,812
Loans and receivables (financial leasing included)	2,211,674
Deposits with the CNB	485,239
Deposits made (except deposits with the CNB)	188,954
Debt securities	0
Loans and receivables	1,537,481
Held-to-maturity investments	116,692
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	58,831
Intangible assets	2,952
Investments in associates, subsidiaries and joint ventures	20
Tax assets	2,312
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,816
Memorandum item: Collectively assessed impairment provisions	16,860
Total assets	3,091,200

Liabilities and equity

Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	2,815,567
Electronic money	0
Transaction accounts	640,582
Savings deposits	241,795
Time deposits	1,776,112
Other received deposits	14,592
Received loans	99,688
Debt securities issued	0
Hybrid and subordinated instruments	42,663
Other financial liabilities measured at amortised cost	136
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,679
Tax liabilities	1,082
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,411
Total liabilities	2,828,739
Share capital	162,800
Revaluation reserves	632
Reserves	37,954
Less: Treasury shares	91
Retained earnings (loss)	48,723
Previous year profit (loss)	0
Current year profit (loss)	12,444
Total equity	262,461
Total liabilities and equity	3,091,200

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	126,406
Interest expenses	42,051
Net interest income	84,355
Income from fees and commissions	31,486
Expenses on fees and commissions	5,295
Net income from fees and commissions	26,191
Income from equity investments	0
Gains (losses)	14,997
Other operating income	39,476
Other operating expenses	7,802
Net other not-interest income	46,671
Total operating income	157,217
General administrative expenses and depreciation	67,575
Net operating income before loss provisions	89,641
Expenses on value adjustments and provisions	74,135
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	15,507
Income tax on continuing operations	3,063
Profit (loss) from continuing operations, after taxes	12,444
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	12,444

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	151,539
Uncovered letters of credit	1,005
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	35,612
Margin credit lines	0
Other credit lines and commitments	36,522
Other standard risky off-balance sheet items	200
Total standard off-balance sheet items	224,878

Derivative financial instruments

Options	1,853
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	1,853

Total capital ratio, in % as at 31 December 2015

17.73

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Resolution administration²

Ivan Tomljenović – chairperson, Ksenija Šrajer

Supervisory board²

–

Shareholders

1. Importanne resort d.d.	9.81
2. Bank Alpinum AG	9.41
3. Importanne d.o.o.	7.17
4. Croatia osiguranje d.d.	6.39
5. Alfa d.d.	5.73
6. Jolly auto line d.o.o.	5.67
7. Vodovod i odvodnja d.o.o.	4.99
8. AG, družba za investicije d.d.	4.31
9. Marko Saraden	3.47
10. Ugo grupa d.o.o.	3.40

Share in share capital (%)

Audit firm for 2015:
HLB Revidicon d.o.o., Varaždin

Balance sheet as at 31 December 2015, in thousand HRK		Income statement for 2015, in thousand HRK	
Assets		Continuing operations	
Money assets	34,626	Interest income	88,742
Financial assets held for trading	0	Interest expenses	57,292
Financial assets designated at fair value through profit or loss	0	Net interest income	31,450
Available for sale financial assets	142,193	Income from fees and commissions	14,454
Loans and receivables (financial leasing included)	1,543,031	Expenses on fees and commissions	3,166
Deposits with the CNB	219,013	Net income from fees and commissions	11,287
Deposits made (except deposits with the CNB)	254,102	Income from equity investments	9
Debt securities	72,769	Gains (losses)	5,347
Loans and receivables	997,147	Other operating income	1,688
Held-to-maturity investments	0	Other operating expenses	17,702
Derivatives – hedge accounting	0	Net other not-interest income	-10,658
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Total operating income	32,079
Tangible assets	21,850	General administrative expenses and depreciation	58,700
Intangible assets	11,669	Net operating income before loss provisions	-26,621
Investments in associates, subsidiaries and joint ventures	0	Expenses on value adjustments and provisions	245,368
Tax assets	0	Other gains (losses)	0
Non-current assets and disposal groups classified as held for sale	64,409	Profit (loss) from continuing operations, before taxes	-271,989
Other assets	398	Income tax on continuing operations	0
Memorandum item: Collectively assessed impairment provisions	8,418	Profit (loss) from continuing operations, after taxes	-271,989
Total assets	1,818,176	Discontinued operations	
		Profit (loss) from discontinued operations, after taxes	0
		Current year profit (loss)	-271,989
Liabilities and equity			
Financial liabilities held for trading	0		
Financial liabilities designated at fair value through profit or loss	0		
Financial liabilities measured at amortised cost	2,087,752		
Electronic money	0		
Transaction accounts	270,826		
Savings deposits	309,978		
Time deposits	1,382,397		
Other received deposits	1,121		
Received loans	111,679		
Debt securities issued	0		
Hybrid and subordinated instruments	11,752		
Other financial liabilities measured at amortised cost	0		
Derivatives – hedge accounting	0		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0		
Provisions	6,599		
Tax liabilities	2,227		
Liabilities included in disposal groups classified as held for sale	0		
Other liabilities	16,276		
Total liabilities	2,112,854		
Share capital	183,399		
Revaluation reserves	-2,408		
Reserves	122,742		
Less: Treasury shares	12,162		
Retained earnings (loss)	0		
Previous year profit (loss)	-314,261		
Current year profit (loss)	-271,989		
Total equity	-294,678		
Total liabilities and equity	1,818,176		
		Total capital ratio, in % as at 31 December 2015	
			-20.27
Off-balance sheet items as at 31 December 2015, in thousand HRK			
Standard off-balance sheet items		Derivative financial instruments	
Guarantees	23,011	Options	142
Uncovered letters of credit	571	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	130,380	Total notional amount of derivative financial instruments	142
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	153,962		

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

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Management board

Željka Surač – chairperson, Marino Rade

Supervisory board

Nedjeljko Strikić – chairperson, Bernarda Ivšić, Željko Tintor

Shareholders

1. Marko Vuković
2. Ivan Žabčić
3. Zagrebačka nadbiskupija
4. Marijan Šarić

Share in share capital (%)

35.98
35.98
8.67
4.52

Audit firm for 2015:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	29,172
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	212,820
Available for sale financial assets	130,849
Loans and receivables (financial leasing included)	1,488,255
Deposits with the CNB	261,392
Deposits made (except deposits with the CNB)	175,452
Debt securities	0
Loans and receivables	1,051,411
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	45,308
Intangible assets	1,678
Investments in associates, subsidiaries and joint ventures	0
Tax assets	953
Non-current assets and disposal groups classified as held for sale	107,717
Other assets	839
Memorandum item: Collectively assessed impairment provisions	11,738
Total assets	2,017,591

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,872,391
Electronic money	0
Transaction accounts	518,738
Savings deposits	80,445
Time deposits	1,178,971
Other received deposits	2,061
Received loans	47,490
Debt securities issued	0
Hybrid and subordinated instruments	44,251
Other financial liabilities measured at amortised cost	436
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	5,015
Tax liabilities	218
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	23,364
Total liabilities	1,900,988
Share capital	156,678
Revaluation reserves	-3,950
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-21,596
Previous year profit (loss)	0
Current year profit (loss)	-14,529
Total equity	116,603
Total liabilities and equity	2,017,591

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	76,685
Interest expenses	35,466
Net interest income	41,220
Income from fees and commissions	22,611
Expenses on fees and commissions	7,053
Net income from fees and commissions	15,559
Income from equity investments	0
Gains (losses)	5,763
Other operating income	727
Other operating expenses	6,203
Net other not-interest income	286
Total operating income	57,065
General administrative expenses and depreciation	47,077
Net operating income before loss provisions	9,988
Expenses on value adjustments and provisions	19,202
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-9,214
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-9,214
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-5,316
Current year profit (loss)	-14,529

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	48,914
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	13,333
Margin credit lines	0
Other credit lines and commitments	178,213
Other standard risky off-balance sheet items	2,450
Total standard off-balance sheet items	242,910

Derivative financial instruments	
Options	141
Swaps	0
Forwards	1
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	142

Total capital ratio, in % as at 31 December 2015

15.35

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Management board

Ivo Bilčić – chairperson, Emir Deldađ

Supervisory board

Mehmet Koçak – chairperson, Salih Hakan Özgüz, Boris Zenić

Shareholders

1. Süzer Holding A.Ş.

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

**Share in share
capital (%)**
99.37

**Balance sheet
as at 31 December 2015, in thousand HRK**

Assets	
Money assets	27,636
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	258,128
Loans and receivables (financial leasing included)	946,888
Deposits with the CNB	102,191
Deposits made (except deposits with the CNB)	94,548
Debt securities	0
Loans and receivables	750,149
Held-to-maturity investments	68,042
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	45,065
Intangible assets	7,544
Investments in associates, subsidiaries and joint ventures	0
Tax assets	330
Non-current assets and disposal groups classified as held for sale	0
Other assets	1,192
Memorandum item: Collectively assessed impairment provisions	9,977
Total assets	1,354,826

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,131,585
Electronic money	0
Transaction accounts	110,847
Savings deposits	256
Time deposits	1,011,661
Other received deposits	1,107
Received loans	7,714
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	8
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	735
Tax liabilities	486
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	11,523
Total liabilities	1,144,337
Share capital	278,012
Revaluation reserves	-2,105
Reserves	2,137
Less: Treasury shares	0
Retained earnings (loss)	-71,474
Previous year profit (loss)	0
Current year profit (loss)	3,918
Total equity	210,488
Total liabilities and equity	1,354,826

**Income statement
for 2015, in thousand HRK**

Continuing operations	
Interest income	67,689
Interest expenses	27,550
Net interest income	40,139
Income from fees and commissions	7,564
Expenses on fees and commissions	2,142
Net income from fees and commissions	5,422
Income from equity investments	0
Gains (losses)	14,097
Other operating income	1,539
Other operating expenses	4,720
Net other not-interest income	10,916
Total operating income	56,476
General administrative expenses and depreciation	46,963
Net operating income before loss provisions	9,513
Expenses on value adjustments and provisions	5,595
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	3,918
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	3,918
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	3,918

**Off-balance sheet items
as at 31 December 2015, in thousand HRK**

Standard off-balance sheet items	
Guarantees	6,738
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	14,556
Margin credit lines	0
Other credit lines and commitments	6,783
Other standard risky off-balance sheet items	8,333
Total standard off-balance sheet items	36,410

Derivative financial instruments	
Options	0
Swaps	0
Forwards	163
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	163

**Total capital ratio, in %
as at 31 December 2015**

21.46

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Management board

Boris Zadro – chairperson, Nataša Jakić Felić, Pero Bolotin

Supervisory board

Nadira Eror – chairperson, Anka Čeko, Ivan Penić, Silvijs Orsag

Shareholders

1. Jadransko osiguranje d.d.
2. Euroherc osiguranje d.d.
3. Agram life osiguranje d.d.
4. Agram invest d.d.
5. Euroleasing d.o.o.
6. Vaba d.d., banka Varaždin
7. Štedbanka d.d.
8. Sunce osiguranje d.d.
9. Euroagram Tis d.o.o.

Share in share capital (%)

- 19.98
19.97
15.64
9.84
7.42
5.16
4.64
4.22
3.56

Audit firm for 2015:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	47,192
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	12,156
Available for sale financial assets	791,481
Loans and receivables (financial leasing included)	2,420,353
Deposits with the CNB	516,977
Deposits made (except deposits with the CNB)	210,710
Debt securities	367
Loans and receivables	1,692,299
Held-to-maturity investments	68,889
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	71,453
Intangible assets	26,789
Investments in associates, subsidiaries and joint ventures	0
Tax assets	2,663
Non-current assets and disposal groups classified as held for sale	21,020
Other assets	7,681
Memorandum item: Collectively assessed impairment provisions	23,573
Total assets	3,469,679

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	3,177,199
Electronic money	0
Transaction accounts	241,318
Savings deposits	113,347
Time deposits	2,605,050
Other received deposits	6,805
Received loans	126,621
Debt securities issued	0
Hybrid and subordinated instruments	84,056
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,299
Tax liabilities	259
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,087
Total liabilities	3,188,844
Share capital	243,200
Revaluation reserves	-7,150
Reserves	14,470
Less: Treasury shares	0
Retained earnings (loss)	21,966
Previous year profit (loss)	0
Current year profit (loss)	8,349
Total equity	280,835
Total liabilities and equity	3,469,679

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	168,586
Interest expenses	103,242
Net interest income	65,345
Income from fees and commissions	27,300
Expenses on fees and commissions	8,615
Net income from fees and commissions	18,685
Income from equity investments	0
Gains (losses)	11,815
Other operating income	1,859
Other operating expenses	9,888
Net other not-interest income	3,786
Total operating income	87,815
General administrative expenses and depreciation	68,035
Net operating income before loss provisions	19,781
Expenses on value adjustments and provisions	11,255
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	8,525
Income tax on continuing operations	176
Profit (loss) from continuing operations, after taxes	8,349
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	8,349

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	98,627
Uncovered letters of credit	2,760
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	32,976
Margin credit lines	0
Other credit lines and commitments	7,709
Other standard risky off-balance sheet items	69,580
Total standard off-balance sheet items	211,653

Derivative financial instruments	
Options	13,281
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	13,281

Total capital ratio, in % as at 31 December 2015

16.66

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Management board

Balázs Pál Békeffy – chairperson, Helena Banjad, Slaven Čelić, Zorislav Vidović

Supervisory board

Antal László Pongrácz – chairperson, Szabolcs Annus, Branko Mikša, László Kecskés, Attila Koszík

Shareholders

1. OTP Bank NYRT

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Share in share
capital (%)
100.00

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	294,162
Financial assets held for trading	3,647
Financial assets designated at fair value through profit or loss	32,210
Available for sale financial assets	1,884,868
Loans and receivables (financial leasing included)	13,044,497
Deposits with the CNB	1,570,255
Deposits made (except deposits with the CNB)	502,090
Debt securities	373
Loans and receivables	10,971,780
Held-to-maturity investments	142,388
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	246,577
Intangible assets	75,168
Investments in associates, subsidiaries and joint ventures	59,842
Tax assets	73,175
Non-current assets and disposal groups classified as held for sale	14,634
Other assets	11,354
Memorandum item: Collectively assessed impairment provisions	97,997
Total assets	15,882,523

Liabilities and equity	
Financial liabilities held for trading	4,157
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	13,725,928
Electronic money	5,907
Transaction accounts	2,436,245
Savings deposits	1,894,363
Time deposits	8,177,830
Other received deposits	33,908
Received loans	1,177,279
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	396
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	297,050
Tax liabilities	21,601
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	136,045
Total liabilities	14,184,782
Share capital	989,607
Revaluation reserves	77,272
Reserves	179,690
Less: Treasury shares	0
Retained earnings (loss)	530,762
Previous year profit (loss)	0
Current year profit (loss)	-79,589
Total equity	1,697,741
Total liabilities and equity	15,882,523

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	723,579
Interest expenses	226,869
Net interest income	496,710
Income from fees and commissions	161,328
Expenses on fees and commissions	40,489
Net income from fees and commissions	120,839
Income from equity investments	70
Gains (losses)	58,052
Other operating income	8,946
Other operating expenses	40,763
Net other not-interest income	26,305
Total operating income	643,854
General administrative expenses and depreciation	382,526
Net operating income before loss provisions	261,328
Expenses on value adjustments and provisions	415,926
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-154,598
Income tax on continuing operations	-69,427
Profit (loss) from continuing operations, after taxes	-85,171
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	5,582
Current year profit (loss)	-79,589

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	137,665
Uncovered letters of credit	4,677
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	86,504
Margin credit lines	0
Other credit lines and commitments	802,820
Other standard risky off-balance sheet items	2,372
Total standard off-balance sheet items	1,034,038

Derivative financial instruments	
Options	11,608
Swaps	2,480,936
Forwards	1,023,515
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	3,516,058

Total capital ratio, in % as at 31 December 2015

15.56

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Management board

Petar Repušić – chairperson, Marina Puljiz, Luka Čulo

Supervisory board

Božo Čulo – chairperson, Ivan Miloloža, Ivan Ćurković

Shareholders

1. Metroholding d.d.
2. Croduxplin d.o.o.

Share in share capital (%)

90.01
9.99

Audit firm for 2015:

Krako-Revizija d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	21,514
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	318,645
Loans and receivables (financial leasing included)	1,078,750
Deposits with the CNB	107,497
Deposits made (except deposits with the CNB)	44,606
Debt securities	136,163
Loans and receivables	790,484
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	38,354
Intangible assets	1,765
Investments in associates, subsidiaries and joint ventures	2,191
Tax assets	4,957
Non-current assets and disposal groups classified as held for sale	21,189
Other assets	1,130
Memorandum item: Collectively assessed impairment provisions	9,684
Total assets	1,488,496

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,320,272
Electronic money	0
Transaction accounts	202,145
Savings deposits	2,125
Time deposits	849,908
Other received deposits	1,961
Received loans	248,125
Debt securities issued	0
Hybrid and subordinated instruments	16,007
Other financial liabilities measured at amortised cost	1
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,632
Tax liabilities	4
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	5,321
Total liabilities	1,327,229
Share capital	89,100
Revaluation reserves	-2,806
Reserves	66,657
Less: Treasury shares	0
Retained earnings (loss)	6,909
Previous year profit (loss)	0
Current year profit (loss)	1,407
Total equity	161,267
Total liabilities and equity	1,488,496

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	75,929
Interest expenses	36,165
Net interest income	39,764
Income from fees and commissions	8,255
Expenses on fees and commissions	2,416
Net income from fees and commissions	5,839
Income from equity investments	211
Gains (losses)	10,989
Other operating income	1,916
Other operating expenses	2,884
Net other not-interest income	10,233
Total operating income	55,835
General administrative expenses and depreciation	37,401
Net operating income before loss provisions	18,434
Expenses on value adjustments and provisions	16,655
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	1,778
Income tax on continuing operations	371
Profit (loss) from continuing operations, after taxes	1,407
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	1,407

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	89,125
Uncovered letters of credit	1,371
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	22,458
Margin credit lines	0
Other credit lines and commitments	11,485
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	124,439

Derivative financial instruments	
Options	3,702
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	3,702

Total capital ratio, in % as at 31 December 2015

16.14

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Management board

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

Supervisory board

Miljan Todorović – chairperson, Sigilfredo Montinari, Dario Montinari, Dolly Predović, Maurizio Dallochio, Filippo Disertori

Shareholders

1. Antonia Gorgoni
2. Lorenzo Gorgoni
3. Assicurazioni Generali S.p.A.
4. Cerere Societa per Azioni
5. Miljan Todorović
6. Andrea Montinari
7. Dario Montinari
8. Piero Montinari
9. Sigilfredo Montinari
10. Giovanni Semeraro

Share in share capital (%)

- | |
|------|
| 9.91 |
| 9.87 |
| 9.54 |
| 9.53 |
| 8.33 |
| 5.76 |
| 5.76 |
| 5.76 |
| 5.76 |
| 5.76 |
| 4.11 |

Audit firm for 2015:

Ernst & Young d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK		Income statement for 2015, in thousand HRK	
Assets		Continuing operations	
Money assets	35,063	Interest income	146,317
Financial assets held for trading	0	Interest expenses	59,243
Financial assets designated at fair value through profit or loss	0	Net interest income	87,073
Available for sale financial assets	628,106	Income from fees and commissions	37,937
Loans and receivables (financial leasing included)	2,214,975	Expenses on fees and commissions	14,253
Deposits with the CNB	361,178	Net income from fees and commissions	23,684
Deposits made (except deposits with the CNB)	177,774	Income from equity investments	990
Debt securities	0	Gains (losses)	14,177
Loans and receivables	1,676,023	Other operating income	5,743
Held-to-maturity investments	118,474	Other operating expenses	11,742
Derivatives – hedge accounting	0	Net other not-interest income	9,168
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Total operating income	119,926
Tangible assets	123,203	General administrative expenses and depreciation	92,093
Intangible assets	48,543	Net operating income before loss provisions	27,833
Investments in associates, subsidiaries and joint ventures	0	Expenses on value adjustments and provisions	23,815
Tax assets	10,224	Other gains (losses)	0
Non-current assets and disposal groups classified as held for sale	0	Profit (loss) from continuing operations, before taxes	4,018
Other assets	2,961	Income tax on continuing operations	295
Memorandum item: Collectively assessed impairment provisions	21,520	Profit (loss) from continuing operations, after taxes	3,722
Total assets	3,181,549	Discontinued operations	
		Profit (loss) from discontinued operations, after taxes	-421
		Current year profit (loss)	3,301
Liabilities and equity			
Financial liabilities held for trading	0		
Financial liabilities designated at fair value through profit or loss	0		
Financial liabilities measured at amortised cost	2,750,515		
Electronic money	0		
Transaction accounts	454,871		
Savings deposits	224,923		
Time deposits	1,754,004		
Other received deposits	6,352		
Received loans	177,626		
Debt securities issued	800		
Hybrid and subordinated instruments	131,117		
Other financial liabilities measured at amortised cost	824		
Derivatives – hedge accounting	0		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0		
Provisions	4,488		
Tax liabilities	709		
Liabilities included in disposal groups classified as held for sale	0		
Other liabilities	31,748		
Total liabilities	2,787,461		
Share capital	270,515		
Revaluation reserves	4,217		
Reserves	145,318		
Less: Treasury shares	11,082		
Retained earnings (loss)	-18,181		
Previous year profit (loss)	0		
Current year profit (loss)	3,301		
Total equity	394,088		
Total liabilities and equity	3,181,549		
		Total capital ratio, in % as at 31 December 2015	
			16.06
Off-balance sheet items as at 31 December 2015, in thousand HRK			
Standard off-balance sheet items		Derivative financial instruments	
Guarantees	59,011	Options	0
Uncovered letters of credit	9,354	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	12,145	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	295,579	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	376,089		

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Management board

Aleksandra Arbanas – chairperson, Anto Pekić

Supervisory board

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

Shareholders

1. C.I.M. Banque SA
2. Francesco Signorio
3. Domenico Petrella

Share in share capital (%)

71.33
16.08
3.50

Audit firm for 2015:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	4,039
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	69,119
Loans and receivables (financial leasing included)	352,878
Deposits with the CNB	39,023
Deposits made (except deposits with the CNB)	99,510
Debt securities	28,994
Loans and receivables	185,351
Held-to-maturity investments	9,832
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	4,062
Intangible assets	2,835
Investments in associates, subsidiaries and joint ventures	0
Tax assets	8
Non-current assets and disposal groups classified as held for sale	0
Other assets	147
Memorandum item: Collectively assessed impairment provisions	3,524
Total assets	442,920

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	393,338
Electronic money	0
Transaction accounts	62,836
Savings deposits	9,229
Time deposits	303,005
Other received deposits	2,200
Received loans	555
Debt securities issued	0
Hybrid and subordinated instruments	15,510
Other financial liabilities measured at amortised cost	3
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	374
Tax liabilities	93
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	2,338
Total liabilities	396,143
Share capital	63,089
Revaluation reserves	-1,624
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-15,023
Previous year profit (loss)	0
Current year profit (loss)	334
Total equity	46,777
Total liabilities and equity	442,920

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	19,509
Interest expenses	10,105
Net interest income	9,404
Income from fees and commissions	5,743
Expenses on fees and commissions	1,460
Net income from fees and commissions	4,282
Income from equity investments	37
Gains (losses)	1,787
Other operating income	48
Other operating expenses	1,060
Net other not-interest income	812
Total operating income	14,498
General administrative expenses and depreciation	12,904
Net operating income before loss provisions	1,595
Expenses on value adjustments and provisions	1,260
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	334
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	334
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	334

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	4,449
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	6,411
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	10,861

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

Total capital ratio, in % as at 31 December 2015

21.87

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Management board

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

Supervisory board

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

Shareholders

1. Intesa San Paolo Holding International S.A.

Share in share
capital (%)
97.47

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	1,430,297
Financial assets held for trading	78,682
Financial assets designated at fair value through profit or loss	5,742,920
Available for sale financial assets	293,395
Loans and receivables (financial leasing included)	59,413,888
Deposits with the CNB	7,962,303
Deposits made (except deposits with the CNB)	7,038,794
Debt securities	1,070,360
Loans and receivables	43,342,431
Held-to-maturity investments	698,786
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	703,545
Intangible assets	127,018
Investments in associates, subsidiaries and joint ventures	962,374
Tax assets	254,533
Non-current assets and disposal groups classified as held for sale	0
Other assets	27,571
Memorandum item: Collectively assessed impairment provisions	628,721
Total assets	69,733,010

Liabilities and equity	
Financial liabilities held for trading	14,806
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	56,899,899
Electronic money	1,050
Transaction accounts	13,054,007
Savings deposits	9,451,435
Time deposits	31,410,674
Other received deposits	145,026
Received loans	2,837,575
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	132
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	669,312
Tax liabilities	38,997
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	685,245
Total liabilities	58,308,258
Share capital	3,477,077
Revaluation reserves	118,127
Reserves	270,428
Less: Treasury shares	76,048
Retained earnings (loss)	7,442,000
Previous year profit (loss)	0
Current year profit (loss)	193,167
Total equity	11,424,751
Total liabilities and equity	69,733,010

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	2,995,514
Interest expenses	816,743
Net interest income	2,178,771
Income from fees and commissions	890,898
Expenses on fees and commissions	324,631
Net income from fees and commissions	566,267
Income from equity investments	170,490
Gains (losses)	124,761
Other operating income	120,883
Other operating expenses	191,866
Net other not-interest income	224,268
Total operating income	2,969,305
General administrative expenses and depreciation	1,323,344
Net operating income before loss provisions	1,645,961
Expenses on value adjustments and provisions	1,438,001
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	207,959
Income tax on continuing operations	14,787
Profit (loss) from continuing operations, after taxes	193,172
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-5
Current year profit (loss)	193,167

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	2,759,331
Uncovered letters of credit	154,577
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	3,086,205
Margin credit lines	0
Other credit lines and commitments	6,017,798
Other standard risky off-balance sheet items	5,243
Total standard off-balance sheet items	12,023,154

Derivative financial instruments	
Options	1,263
Swaps	4,640,477
Forwards	1,154,111
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	5,795,851

Total capital ratio, in % as at 31 December 2015

22.20

RAIFFEISENBANK AUSTRIA d.d.

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Management board

Michael Georg Müller – chairperson, Ivan Žižić, Zoran Koščak, Vesna Ciganeč Vuković, Liana Keserčić, Marko Jurjević

Supervisory board

Karl Sevelda – chairperson, Peter Lennkh, Peter Jacenko, Lovorka Penavić, Ferenc Berszan

Shareholders

1. Raiffeisen SEE Region Holding GmbH

Share in share
capital (%)
100.00

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	762,749
Financial assets held for trading	1,806,337
Financial assets designated at fair value through profit or loss	146,287
Available for sale financial assets	4,744,028
Loans and receivables (financial leasing included)	22,285,921
Deposits with the CNB	3,699,692
Deposits made (except deposits with the CNB)	943,665
Debt securities	0
Loans and receivables	17,642,564
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	544,376
Intangible assets	199,228
Investments in associates, subsidiaries and joint ventures	366,354
Tax assets	224,955
Non-current assets and disposal groups classified as held for sale	0
Other assets	117,598
Memorandum item: Collectively assessed impairment provisions	284,704
Total assets	31,197,833

Liabilities and equity	
Financial liabilities held for trading	104,037
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	25,939,899
Electronic money	0
Transaction accounts	8,800,535
Savings deposits	2,642,259
Time deposits	11,678,422
Other received deposits	168,383
Received loans	1,802,734
Debt securities issued	0
Hybrid and subordinated instruments	845,550
Other financial liabilities measured at amortised cost	2,017
Derivatives – hedge accounting	5,572
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	828,162
Tax liabilities	20,778
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	268,234
Total liabilities	27,166,682
Share capital	3,633,632
Revaluation reserves	61,011
Reserves	189,317
Less: Treasury shares	0
Retained earnings (loss)	387,337
Previous year profit (loss)	0
Current year profit (loss)	-240,146
Total equity	4,031,151
Total liabilities and equity	31,197,833

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	1,262,698
Interest expenses	342,413
Net interest income	920,285
Income from fees and commissions	553,068
Expenses on fees and commissions	206,768
Net income from fees and commissions	346,300
Income from equity investments	54,814
Gains (losses)	169,113
Other operating income	20,682
Other operating expenses	83,259
Net other not-interest income	161,349
Total operating income	1,427,934
General administrative expenses and depreciation	769,813
Net operating income before loss provisions	658,122
Expenses on value adjustments and provisions	968,832
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-310,710
Income tax on continuing operations	-70,486
Profit (loss) from continuing operations, after taxes	-240,224
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	78
Current year profit (loss)	-240,146

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	3,110,314
Uncovered letters of credit	105,731
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	795,359
Margin credit lines	0
Other credit lines and commitments	1,263,712
Other standard risky off-balance sheet items	2,274,323
Total standard off-balance sheet items	7,549,439

Derivative financial instruments	
Options	0
Swaps	14,579,155
Forwards	7,190,012
Futures	676,465
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	22,445,632

Total capital ratio, in % as at 31 December 2015

21.13

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Management board

Marijan Kantolić – chairperson, Verica Ljubičić

Supervisory board

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

Shareholders

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

Share in share capital (%)

83.54
5.15
3.13

Audit firm for 2015:

HLB Revidicon d.o.o., Varaždin

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	14,748
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	258
Available for sale financial assets	0
Loans and receivables (financial leasing included)	428,925
Deposits with the CNB	120,354
Deposits made (except deposits with the CNB)	125,788
Debt securities	0
Loans and receivables	182,783
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	25,279
Intangible assets	797
Investments in associates, subsidiaries and joint ventures	180
Tax assets	173
Non-current assets and disposal groups classified as held for sale	6,913
Other assets	134
Memorandum item: Collectively assessed impairment provisions	3,401
Total assets	477,405

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	399,562
Electronic money	0
Transaction accounts	110,537
Savings deposits	48,584
Time deposits	239,771
Other received deposits	218
Received loans	286
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	167
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	421
Tax liabilities	72
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	1,959
Total liabilities	402,013
Share capital	49,248
Revaluation reserves	0
Reserves	18,254
Less: Treasury shares	1,486
Retained earnings (loss)	17,145
Previous year profit (loss)	0
Current year profit (loss)	-7,768
Total equity	75,393
Total liabilities and equity	477,405

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	15,008
Interest expenses	5,704
Net interest income	9,305
Income from fees and commissions	4,381
Expenses on fees and commissions	1,559
Net income from fees and commissions	2,823
Income from equity investments	0
Gains (losses)	948
Other operating income	392
Other operating expenses	1,125
Net other not-interest income	216
Total operating income	12,343
General administrative expenses and depreciation	12,708
Net operating income before loss provisions	-365
Expenses on value adjustments and provisions	7,472
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-7,836
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-7,836
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	68
Current year profit (loss)	-7,768

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	7,245
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	11,109
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	18,355

Derivative financial instruments	
Options	10,459
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	10,459

Total capital ratio, in % as at 31 December 2015

26.99

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Management board

Andrea Kovacs-Wöhry – chairperson, Igor Repin, Dubravka Lukić, Mario Henjak

Supervisory board

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

Shareholders

1. Sberbank Europe AG

Share in share
capital (%)
100.00

Audit firm for 2015:

Ernst & Young d.o.o., Zagreb

**Balance sheet
as at 31 December 2015, in thousand HRK**

Assets	
Money assets	117,030
Financial assets held for trading	174,414
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	513,128
Loans and receivables (financial leasing included)	8,693,927
Deposits with the CNB	872,093
Deposits made (except deposits with the CNB)	895,313
Debt securities	338,324
Loans and receivables	6,588,197
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	83,445
Intangible assets	62,034
Investments in associates, subsidiaries and joint ventures	0
Tax assets	85,468
Non-current assets and disposal groups classified as held for sale	0
Other assets	7,010
Memorandum item: Collectively assessed impairment provisions	79,648
Total assets	9,736,456

Liabilities and equity	
Financial liabilities held for trading	18,549
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	8,141,225
Electronic money	0
Transaction accounts	946,809
Savings deposits	444,636
Time deposits	6,177,535
Other received deposits	45,823
Received loans	526,326
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	96
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	243,400
Tax liabilities	3,431
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	103,910
Total liabilities	8,510,516
Share capital	1,530,668
Revaluation reserves	8,976
Reserves	18,516
Less: Treasury shares	0
Retained earnings (loss)	-134,062
Previous year profit (loss)	0
Current year profit (loss)	-198,158
Total equity	1,225,940
Total liabilities and equity	9,736,456

**Income statement
for 2015, in thousand HRK**

Continuing operations	
Interest income	440,969
Interest expenses	184,763
Net interest income	256,206
Income from fees and commissions	78,702
Expenses on fees and commissions	32,391
Net income from fees and commissions	46,311
Income from equity investments	0
Gains (losses)	11,037
Other operating income	7,386
Other operating expenses	23,601
Net other not-interest income	-5,178
Total operating income	297,340
General administrative expenses and depreciation	210,465
Net operating income before loss provisions	86,874
Expenses on value adjustments and provisions	331,953
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-245,078
Income tax on continuing operations	-47,708
Profit (loss) from continuing operations, after taxes	-197,370
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	-788
Current year profit (loss)	-198,158

**Off-balance sheet items
as at 31 December 2015, in thousand HRK**

Standard off-balance sheet items	
Guarantees	532,893
Uncovered letters of credit	31,507
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	19,831
Margin credit lines	0
Other credit lines and commitments	270,291
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	854,522

Derivative financial instruments	
Options	155
Swaps	0
Forwards	4,219,166
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	4,219,321

**Total capital ratio, in %
as at 31 December 2015**

17.30

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Management board

Angelina Horvat – chairperson, Marko Brnić

Supervisory board

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

Shareholders

	Share in share capital (%)
1. SZAIF d.d.	24.00
2. State Agency for Deposit Insurance and Bank Rehabilitation	8.32
3. Dragutin Sokačić	8.03
4. Treasury shares	7.77
5. Banka splitsko-dalmatinska d.d.	6.66
6. Emil Mikulić	3.98
7. Ljubica Berišić	3.96
8. Josip Galić	3.26
9. Milivoj Mrkoci	3.26
10. Finesa Credos d.d.	3.16

Audit firm for 2015:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK		Income statement for 2015, in thousand HRK	
Assets		Continuing operations	
Money assets	27,669	Interest income	68,858
Financial assets held for trading	0	Interest expenses	34,213
Financial assets designated at fair value through profit or loss	0	Net interest income	34,646
Available for sale financial assets	371,512	Income from fees and commissions	11,465
Loans and receivables (financial leasing included)	1,021,344	Expenses on fees and commissions	2,967
Deposits with the CNB	188,035	Net income from fees and commissions	8,498
Deposits made (except deposits with the CNB)	169,172	Income from equity investments	0
Debt securities	0	Gains (losses)	3,506
Loans and receivables	664,137	Other operating income	1,080
Held-to-maturity investments	47,201	Other operating expenses	3,234
Derivatives – hedge accounting	0	Net other not-interest income	1,351
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Total operating income	44,495
Tangible assets	41,067	General administrative expenses and depreciation	35,952
Intangible assets	6,395	Net operating income before loss provisions	8,543
Investments in associates, subsidiaries and joint ventures	5,558	Expenses on value adjustments and provisions	19,135
Tax assets	4,616	Other gains (losses)	0
Non-current assets and disposal groups classified as held for sale	0	Profit (loss) from continuing operations, before taxes	-10,592
Other assets	772	Income tax on continuing operations	-1,966
Memorandum item: Collectively assessed impairment provisions	7,723	Profit (loss) from continuing operations, after taxes	-8,625
Total assets	1,526,135	Discontinued operations	
		Profit (loss) from discontinued operations, after taxes	0
		Current year profit (loss)	-8,625
Liabilities and equity			
Financial liabilities held for trading	0		
Financial liabilities designated at fair value through profit or loss	0		
Financial liabilities measured at amortised cost	1,342,855		
Electronic money	0		
Transaction accounts	149,375		
Savings deposits	75,270		
Time deposits	976,403		
Other received deposits	895		
Received loans	140,912		
Debt securities issued	0		
Hybrid and subordinated instruments	0		
Other financial liabilities measured at amortised cost	0		
Derivatives – hedge accounting	0		
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0		
Provisions	4,298		
Tax liabilities	15		
Liabilities included in disposal groups classified as held for sale	0		
Other liabilities	12,953		
Total liabilities	1,360,120		
Share capital	91,897		
Revaluation reserves	358		
Reserves	15,331		
Less: Treasury shares	6,592		
Retained earnings (loss)	73,646		
Previous year profit (loss)	0		
Current year profit (loss)	-8,625		
Total equity	166,015		
Total liabilities and equity	1,526,135		
		Total capital ratio, in % as at 31 December 2015	
			17.50
Off-balance sheet items as at 31 December 2015, in thousand HRK			
Standard off-balance sheet items		Derivative financial instruments	
Guarantees	7,323	Options	52
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	2,665	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	51,266	Total notional amount of derivative financial instruments	52
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	61,254		

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www.splitskabanka.hr

Management board

Andre Marc Prudent-Toccanier – chairperson, Nelsi Rončević, Zvonimir Akrap,
Yvon Puyou

Supervisory board

Jean-Luc Parer – chairperson, Patrick Pierre Gelin, Giovanni Luca Soma

Shareholders

1. Société Générale

Audit firm for 2015:
Deloitte d.o.o., Zagreb

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

Balance sheet as at 31 December 2015, in thousand HRK

Assets		Liabilities and equity	
Money assets	395,601	Financial liabilities held for trading	5,855
Financial assets held for trading	25,220	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	22,624,667
Available for sale financial assets	3,371,643	Electronic money	0
Loans and receivables (financial leasing included)	22,944,624	Transaction accounts	6,395,789
Deposits with the CNB	2,943,330	Savings deposits	1,455,138
Deposits made (except deposits with the CNB)	2,830,498	Time deposits	12,109,526
Debt securities	405,014	Other received deposits	107,366
Loans and receivables	16,765,782	Received loans	2,551,749
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	22,225	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	5,099
Tangible assets	105,895	Derivatives – hedge accounting	5,266
Intangible assets	102,019	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	36,349	Provisions	536,015
Tax assets	40,903	Tax liabilities	24,762
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	22,557	Other liabilities	335,896
Memorandum item: Collectively assessed impairment provisions	152,335	Total liabilities	23,532,460
Total assets	27,067,035	Share capital	1,409,974
		Revaluation reserves	88,772
		Reserves	1,779,929
		Less: Treasury shares	0
		Retained earnings (loss)	135,187
		Previous year profit (loss)	0
		Current year profit (loss)	120,712
		Total equity	3,534,574
		Total liabilities and equity	27,067,035

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	1,700,365	Options	14
Uncovered letters of credit	38,193	Swaps	4,247,915
Guaranteed bills of exchange	0	Forwards	1,743,380
Accepted bills of exchange	0	Futures	0
Revolving loans	1,483,518	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	2,243,549	Total notional amount of derivative financial instruments	5,991,308
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	5,465,625		

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	1,218,881
Interest expenses	411,836
Net interest income	807,045
Income from fees and commissions	308,763
Expenses on fees and commissions	64,533
Net income from fees and commissions	244,230
Income from equity investments	2,740
Gains (losses)	140,945
Other operating income	45,264
Other operating expenses	77,045
Net other not-interest income	111,904
Total operating income	1,163,179
General administrative expenses and depreciation	558,185
Net operating income before loss provisions	604,993
Expenses on value adjustments and provisions	449,739
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	155,255
Income tax on continuing operations	34,543
Profit (loss) from continuing operations, after taxes	120,712
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	120,712

Total capital ratio, in % as at 31 December 2015

18.70

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Management board

Constantin Cesnovar – chairperson, Marko Udovičić

Supervisory board

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

Shareholders

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

Share in share capital (%)

80.74
9.87
6.35
3.04

Audit firm for 2015:

BDO Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	3,617
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	276,619
Loans and receivables (financial leasing included)	706,770
Deposits with the CNB	94,877
Deposits made (except deposits with the CNB)	86,261
Debt securities	0
Loans and receivables	525,632
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	34,516
Intangible assets	609
Investments in associates, subsidiaries and joint ventures	0
Tax assets	459
Non-current assets and disposal groups classified as held for sale	16,059
Other assets	145
Memorandum item: Collectively assessed impairment provisions	5,594
Total assets	1,038,794

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	694,360
Electronic money	0
Transaction accounts	63,726
Savings deposits	51,194
Time deposits	413,043
Other received deposits	1,023
Received loans	88,384
Debt securities issued	0
Hybrid and subordinated instruments	76,978
Other financial liabilities measured at amortised cost	13
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	2,533
Tax liabilities	87
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	3,192
Total liabilities	700,173
Share capital	250,000
Revaluation reserves	-32
Reserves	12,512
Less: Treasury shares	0
Retained earnings (loss)	68,481
Previous year profit (loss)	0
Current year profit (loss)	7,661
Total equity	338,622
Total liabilities and equity	1,038,794

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	55,604
Interest expenses	22,128
Net interest income	33,476
Income from fees and commissions	5,081
Expenses on fees and commissions	1,192
Net income from fees and commissions	3,889
Income from equity investments	0
Gains (losses)	6,438
Other operating income	657
Other operating expenses	404
Net other not-interest income	6,690
Total operating income	44,055
General administrative expenses and depreciation	14,806
Net operating income before loss provisions	29,250
Expenses on value adjustments and provisions	19,589
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	9,661
Income tax on continuing operations	2,009
Profit (loss) from continuing operations, after taxes	7,652
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	9
Current year profit (loss)	7,661

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	59,088
Uncovered letters of credit	6,051
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	12,636
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	77,775

Derivative financial instruments	
Options	170,172
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	41
Total notional amount of derivative financial instruments	170,212

Total capital ratio, in % as at 31 December 2015

38.81

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Management board

Zvonko Agičić – chairperson, Dubravka Filipčić

Supervisory board

Snežana Repac, Nada Kojović

Shareholders

	Share in share capital (%)
1. Government of the Autonomous Province of Vojvodina	26.50
2. Development Fund of the Republic of Serbia	23.63
3. Zvijezda d.d.	9.81
4. SIA Principal Projects	9.00
5. Končar-elektroindustrija d.d.	8.58
6. Đuro Đaković Holding d.d.	4.96
7. Sladorana d.d.	4.90

Audit firm for 2015:

HLB Revidicon d.o.o., Varaždin

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	174
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	0
Loans and receivables (financial leasing included)	8,870
Deposits with the CNB	1,842
Deposits made (except deposits with the CNB)	4,274
Debt securities	0
Loans and receivables	2,754
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	24
Intangible assets	3
Investments in associates, subsidiaries and joint ventures	0
Tax assets	0
Non-current assets and disposal groups classified as held for sale	0
Other assets	49
Memorandum item: Collectively assessed impairment provisions	50
Total assets	9,119

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	3,955
Electronic money	0
Transaction accounts	79
Savings deposits	0
Time deposits	0
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	3,818
Other financial liabilities measured at amortised cost	58
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	76
Tax liabilities	31
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	418
Total liabilities	4,480
Share capital	10,575
Revaluation reserves	0
Reserves	2
Less: Treasury shares	0
Retained earnings (loss)	0
Previous year profit (loss)	-670
Current year profit (loss)	-5,267
Total equity	4,640
Total liabilities and equity	9,119

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	266
Interest expenses	59
Net interest income	208
Income from fees and commissions	33
Expenses on fees and commissions	92
Net income from fees and commissions	-59
Income from equity investments	0
Gains (losses)	161
Other operating income	452
Other operating expenses	29
Net other not-interest income	583
Total operating income	732
General administrative expenses and depreciation	5,284
Net operating income before loss provisions	-4,551
Expenses on value adjustments and provisions	716
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-5,267
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-5,267
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-5,267

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	0
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	0

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

Total capital ratio, in % as at 31 December 2015

112.31

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Management board

Ivica Božan – chairperson, Monika Céreová

Supervisory board

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

Shareholders

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

Share in share capital (%)

76.81
15.46

Audit firm for 2015:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	23,841
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	130,430
Loans and receivables (financial leasing included)	1,286,118
Deposits with the CNB	172,495
Deposits made (except deposits with the CNB)	237,763
Debt securities	21,396
Loans and receivables	854,464
Held-to-maturity investments	120,381
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	71,005
Intangible assets	16,664
Investments in associates, subsidiaries and joint ventures	0
Tax assets	287
Non-current assets and disposal groups classified as held for sale	0
Other assets	809
Memorandum item: Collectively assessed impairment provisions	12,822
Total assets	1,649,535

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,463,007
Electronic money	0
Transaction accounts	78,293
Savings deposits	31,889
Time deposits	1,274,526
Other received deposits	476
Received loans	54,919
Debt securities issued	0
Hybrid and subordinated instruments	22,905
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,281
Tax liabilities	0
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	8,499
Total liabilities	1,472,788
Share capital	231,085
Revaluation reserves	23,467
Reserves	3,788
Less: Treasury shares	0
Retained earnings (loss)	-31,117
Previous year profit (loss)	0
Current year profit (loss)	-50,476
Total equity	176,746
Total liabilities and equity	1,649,535

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	69,353
Interest expenses	41,067
Net interest income	28,286
Income from fees and commissions	6,629
Expenses on fees and commissions	2,013
Net income from fees and commissions	4,617
Income from equity investments	0
Gains (losses)	5,309
Other operating income	4,711
Other operating expenses	6,021
Net other not-interest income	3,999
Total operating income	36,902
General administrative expenses and depreciation	45,396
Net operating income before loss provisions	-8,494
Expenses on value adjustments and provisions	41,983
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-50,476
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-50,476
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-50,476

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	16,099
Uncovered letters of credit	3,708
Guaranteed bills of exchange	16
Accepted bills of exchange	0
Revolving loans	8,574
Margin credit lines	0
Other credit lines and commitments	85,797
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	114,194

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

Total capital ratio, in % as at 31 December 2015

16.06

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Management board

Fernando Zavatarelli – chairperson, Boris Kalajdžić

Supervisory board

Gian-Quinto Perissinotto – chairperson, Diego Carraro, Antonio Paruzzolo, Enrico Baretta, Paolo Mariani

Shareholders

1. Veneto Banca S.C.P.A.

Share in share
capital (%)
100.00

Audit firm for 2015:

PricewaterhouseCoopers d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	19,176
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	192,601
Loans and receivables (financial leasing included)	1,335,657
Deposits with the CNB	227,285
Deposits made (except deposits with the CNB)	80,388
Debt securities	0
Loans and receivables	1,027,984
Held-to-maturity investments	25,165
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	29,731
Intangible assets	6,616
Investments in associates, subsidiaries and joint ventures	0
Tax assets	3
Non-current assets and disposal groups classified as held for sale	3,080
Other assets	1,818
Memorandum item: Collectively assessed impairment provisions	9,914
Total assets	1,613,848

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,423,693
Electronic money	0
Transaction accounts	157,797
Savings deposits	309
Time deposits	925,535
Other received deposits	32,773
Received loans	268,343
Debt securities issued	0
Hybrid and subordinated instruments	38,935
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	10,121
Tax liabilities	443
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	9,446
Total liabilities	1,443,703
Share capital	453,184
Revaluation reserves	1,192
Reserves	76
Less: Treasury shares	0
Retained earnings (loss)	-219,529
Previous year profit (loss)	0
Current year profit (loss)	-64,778
Total equity	170,145
Total liabilities and equity	1,613,848

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	58,801
Interest expenses	26,757
Net interest income	32,044
Income from fees and commissions	14,299
Expenses on fees and commissions	2,315
Net income from fees and commissions	11,984
Income from equity investments	0
Gains (losses)	9,230
Other operating income	442
Other operating expenses	4,372
Net other not-interest income	5,300
Total operating income	49,328
General administrative expenses and depreciation	50,172
Net operating income before loss provisions	-844
Expenses on value adjustments and provisions	63,935
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-64,778
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	-64,778
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-64,778

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	51,315
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	65,820
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	117,135

Derivative financial instruments	
Options	13,406
Swaps	0
Forwards	0
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	13,406

Total capital ratio, in % as at 31 December 2015

17.60

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Management board

Miljenko Živaljić – chairperson, Lorenzo Ramajola, Dijana Hrastović, Marko Remenar, Nikolaus Maximilian Linarić

Supervisory board

Erich Hampel – chairperson, Jakša Barbić, Franco Andreetta, Robert Zadrazil, Fabrizio Onida, Emilio Terpin, Jürgen Kullnigg, Christoph Metzke, Savoula Demetriou, Aurelio Maccario, Mirko Davide Georg Bianchi

Shareholders

1. UniCredit Bank Austria AG
2. Allianz SE

Share in share capital (%)

84.47
11.72

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	1,891,375
Financial assets held for trading	2,222,356
Financial assets designated at fair value through profit or loss	97,569
Available for sale financial assets	7,700,258
Loans and receivables (financial leasing included)	90,321,452
Deposits with the CNB	10,250,002
Deposits made (except deposits with the CNB)	8,773,464
Debt securities	2,319,741
Loans and receivables	68,978,244
Held-to-maturity investments	1,770
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	1,361,206
Intangible assets	153,844
Investments in associates, subsidiaries and joint ventures	1,674,481
Tax assets	529,627
Non-current assets and disposal groups classified as held for sale	0
Other assets	42,919
Memorandum item: Collectively assessed impairment provisions	681,396
Total assets	105,996,857

Liabilities and equity	
Financial liabilities held for trading	1,956,292
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	86,599,468
Electronic money	0
Transaction accounts	23,328,761
Savings deposits	945,050
Time deposits	55,532,770
Other received deposits	367,119
Received loans	6,419,747
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	6,022
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,813,419
Tax liabilities	3,685
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	827,652
Total liabilities	91,200,515
Share capital	9,774,844
Revaluation reserves	239,238
Reserves	552,671
Less: Treasury shares	0
Retained earnings (loss)	4,748,724
Previous year profit (loss)	0
Current year profit (loss)	-519,135
Total equity	14,796,342
Total liabilities and equity	105,996,857

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	5,704,256
Interest expenses	3,082,242
Net interest income	2,622,014
Income from fees and commissions	1,115,002
Expenses on fees and commissions	182,275
Net income from fees and commissions	932,726
Income from equity investments	63,780
Gains (losses)	161,913
Other operating income	101,392
Other operating expenses	211,770
Net other not-interest income	115,315
Total operating income	3,670,055
General administrative expenses and depreciation	1,602,202
Net operating income before loss provisions	2,067,854
Expenses on value adjustments and provisions	2,730,165
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	-662,311
Income tax on continuing operations	-143,176
Profit (loss) from continuing operations, after taxes	-519,135
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	-519,135

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	5,070,740
Uncovered letters of credit	184,605
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	2,675,044
Margin credit lines	0
Other credit lines and commitments	8,918,728
Other standard risky off-balance sheet items	109,437
Total standard off-balance sheet items	16,958,553

Derivative financial instruments	
Options	0
Swaps	65,770,148
Forwards	11,079,991
Futures	0
Warrants	0
Other derivative financial instruments	0
Total notional amount of derivative financial instruments	76,850,139

Total capital ratio, in % as at 31 December 2015

24.66

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Management board

Damir Šprem – chairperson, Slavica Matic

Supervisory board

Tomislav Vučić – chairperson, Mato Filipović, Alen Stojanović

Shareholders

1. Hrvatska poštanska banka d.d.

Share in share
capital (%)
100.00

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	0
Financial assets held for trading	117,505
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	0
Loans and receivables (financial leasing included)	173,096
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	26,802
Debt securities	0
Loans and receivables	146,294
Held-to-maturity investments	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	29
Intangible assets	10
Investments in associates, subsidiaries and joint ventures	0
Tax assets	874
Non-current assets and disposal groups classified as held for sale	0
Other assets	750
Memorandum item: Collectively assessed impairment provisions	1,388
Total assets	292,264

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	242,797
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	242,797
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	0
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	619
Tax liabilities	907
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	8,524
Total liabilities	252,848
Share capital	40,000
Revaluation reserves	0
Reserves	0
Less: Treasury shares	0
Retained earnings (loss)	-989
Previous year profit (loss)	0
Current year profit (loss)	405
Total equity	39,417
Total liabilities and equity	292,264

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	11,472
Interest expenses	6,930
Net interest income	4,541
Income from fees and commissions	4,645
Expenses on fees and commissions	500
Net income from fees and commissions	4,145
Income from equity investments	0
Gains (losses)	-577
Other operating income	50
Other operating expenses	777
Net other not-interest income	-1,304
Total operating income	7,382
General administrative expenses and depreciation	7,647
Net operating income before loss provisions	-265
Expenses on value adjustments and provisions	-907
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	642
Income tax on continuing operations	237
Profit (loss) from continuing operations, after taxes	405
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	405

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	2,086
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	2,086

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

Total capital ratio, in % as at 31 December 2015

24.75

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Management board

Branimir Čosić – chairperson, Dražen Klarić

Supervisory board

Dinko Lucić – chairperson, Damir Novotny, Davor Vodanović

Shareholders

1. Privredna banka Zagreb d.d.

Share in share
capital (%)
100.00

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	0
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	59,630
Available for sale financial assets	662,999
Loans and receivables (financial leasing included)	860,374
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	400,727
Debt securities	57,812
Loans and receivables	401,836
Held-to-maturity investments	16,992
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	122
Intangible assets	28
Investments in associates, subsidiaries and joint ventures	0
Tax assets	561
Non-current assets and disposal groups classified as held for sale	0
Other assets	158
Memorandum item: Collectively assessed impairment provisions	7,097
Total assets	1,600,864

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,340,753
Electronic money	0
Transaction accounts	0
Savings deposits	27
Time deposits	1,340,577
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	0
Other financial liabilities measured at amortised cost	149
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	92
Tax liabilities	5,250
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	8,126
Total liabilities	1,354,220
Share capital	115,000
Revaluation reserves	24,783
Reserves	-68
Less: Treasury shares	0
Retained earnings (loss)	91,161
Previous year profit (loss)	0
Current year profit (loss)	15,769
Total equity	246,645
Total liabilities and equity	1,600,864

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	72,314
Interest expenses	42,300
Net interest income	30,014
Income from fees and commissions	6,449
Expenses on fees and commissions	1,092
Net income from fees and commissions	5,357
Income from equity investments	0
Gains (losses)	-689
Other operating income	56
Other operating expenses	5,542
Net other not-interest income	-6,174
Total operating income	29,196
General administrative expenses and depreciation	11,477
Net operating income before loss provisions	17,719
Expenses on value adjustments and provisions	-2,008
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	19,727
Income tax on continuing operations	3,958
Profit (loss) from continuing operations, after taxes	15,769
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	15,769

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	3,786
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	3,786

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

Total capital ratio, in % as at 31 December 2015

62.28

PRVA STAMBENA ŠTEDIONICA d.d.

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Management board

Antonija Matošin – chairperson, Darija Hejni

Supervisory board

Dijana Hrastović – chairperson, Danimir Gulin

Shareholders

1. Zagrebačka banka d.d.

Share in share
capital (%)
100.00

Audit firm for 2015:

Deloitte d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets		Liabilities and equity	
Money assets	0	Financial liabilities held for trading	0
Financial assets held for trading	0	Financial liabilities designated at fair value through profit or loss	0
Financial assets designated at fair value through profit or loss	0	Financial liabilities measured at amortised cost	2,257,672
Available for sale financial assets	983,003	Electronic money	0
Loans and receivables (financial leasing included)	1,595,802	Transaction accounts	0
Deposits with the CNB	0	Savings deposits	0
Deposits made (except deposits with the CNB)	4,439	Time deposits	2,215,191
Debt securities	0	Other received deposits	0
Loans and receivables	1,591,363	Received loans	42,001
Held-to-maturity investments	0	Debt securities issued	0
Derivatives – hedge accounting	0	Hybrid and subordinated instruments	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0	Other financial liabilities measured at amortised cost	480
Tangible assets	317	Derivatives – hedge accounting	0
Intangible assets	322	Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Investments in associates, subsidiaries and joint ventures	0	Provisions	1,417
Tax assets	0	Tax liabilities	3,892
Non-current assets and disposal groups classified as held for sale	0	Liabilities included in disposal groups classified as held for sale	0
Other assets	27,975	Other liabilities	47,193
Memorandum item: Collectively assessed impairment provisions	14,340	Total liabilities	2,310,174
Total assets	2,607,420	Share capital	80,000
		Revaluation reserves	27,820
		Reserves	-1,564
		Less: Treasury shares	0
		Retained earnings (loss)	167,447
		Previous year profit (loss)	0
		Current year profit (loss)	23,543
		Total equity	297,246
		Total liabilities and equity	2,607,420

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	110,251
Interest expenses	70,332
Net interest income	39,919
Income from fees and commissions	13,219
Expenses on fees and commissions	1,727
Net income from fees and commissions	11,493
Income from equity investments	0
Gains (losses)	599
Other operating income	13
Other operating expenses	7,042
Net other not-interest income	-6,430
Total operating income	44,982
General administrative expenses and depreciation	13,918
Net operating income before loss provisions	31,064
Expenses on value adjustments and provisions	1,622
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	29,442
Income tax on continuing operations	5,899
Profit (loss) from continuing operations, after taxes	23,543
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	23,543

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items		Derivative financial instruments	
Guarantees	0	Options	0
Uncovered letters of credit	0	Swaps	0
Guaranteed bills of exchange	0	Forwards	0
Accepted bills of exchange	0	Futures	0
Revolving loans	0	Warrants	0
Margin credit lines	0	Other derivative financial instruments	0
Other credit lines and commitments	12,003	Total notional amount of derivative financial instruments	0
Other standard risky off-balance sheet items	0		
Total standard off-balance sheet items	12,003		

Total capital ratio, in % as at 31 December 2015

25.55

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Management board

Vlasta Žubrinčić-Pick – chairperson, Franjo Franjić

Supervisory board

Ivan Žižić – chairperson, Neven Vranković, Liana Keserčić

Shareholders

1. Raiffeisenbank Austria d.d.

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Share in share
capital (%)
100.00

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	2
Financial assets held for trading	0
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	170,331
Loans and receivables (financial leasing included)	940,504
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	114,225
Debt securities	0
Loans and receivables	826,280
Held-to-maturity investments	198,726
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	291
Intangible assets	3,821
Investments in associates, subsidiaries and joint ventures	0
Tax assets	8
Non-current assets and disposal groups classified as held for sale	0
Other assets	8,887
Memorandum item: Collectively assessed impairment provisions	11,403
Total assets	1,322,570

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,206,702
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	1,155,067
Other received deposits	0
Received loans	0
Debt securities issued	0
Hybrid and subordinated instruments	51,547
Other financial liabilities measured at amortised cost	88
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,909
Tax liabilities	6,790
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	19,994
Total liabilities	1,235,395
Share capital	180,000
Revaluation reserves	10,607
Reserves	261
Less: Treasury shares	0
Retained earnings (loss)	-106,083
Previous year profit (loss)	0
Current year profit (loss)	2,390
Total equity	87,175
Total liabilities and equity	1,322,570

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	66,988
Interest expenses	39,215
Net interest income	27,773
Income from fees and commissions	6,028
Expenses on fees and commissions	2,294
Net income from fees and commissions	3,733
Income from equity investments	0
Gains (losses)	-300
Other operating income	5,905
Other operating expenses	11,563
Net other not-interest income	-5,959
Total operating income	25,548
General administrative expenses and depreciation	23,562
Net operating income before loss provisions	1,985
Expenses on value adjustments and provisions	-404
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	2,390
Income tax on continuing operations	0
Profit (loss) from continuing operations, after taxes	2,390
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	2,390

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	7,316
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	7,316

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

Total capital ratio, in % as at 31 December 2015

19.36

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

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Management board

Zdravko Anđel – chairperson, Ivan Ostojić

Supervisory board

Susanne Riess – chairperson, Emanuel Kovačić, Andreas Grünbichler

Shareholders

1. Bausparkasse Wüstenrot AG

Share in share
capital (%)
100.00

Audit firm for 2015:

KPMG Croatia d.o.o., Zagreb

Balance sheet as at 31 December 2015, in thousand HRK

Assets	
Money assets	18
Financial assets held for trading	176,392
Financial assets designated at fair value through profit or loss	0
Available for sale financial assets	40,812
Loans and receivables (financial leasing included)	1,294,337
Deposits with the CNB	0
Deposits made (except deposits with the CNB)	18,305
Debt securities	0
Loans and receivables	1,276,032
Held-to-maturity investments	419,956
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Tangible assets	1,407
Intangible assets	3,816
Investments in associates, subsidiaries and joint ventures	0
Tax assets	10,980
Non-current assets and disposal groups classified as held for sale	1,361
Other assets	10
Memorandum item: Collectively assessed impairment provisions	13,829
Total assets	1,949,088

Liabilities and equity	
Financial liabilities held for trading	0
Financial liabilities designated at fair value through profit or loss	0
Financial liabilities measured at amortised cost	1,823,508
Electronic money	0
Transaction accounts	0
Savings deposits	0
Time deposits	1,695,322
Other received deposits	0
Received loans	95,438
Debt securities issued	0
Hybrid and subordinated instruments	31,685
Other financial liabilities measured at amortised cost	1,062
Derivatives – hedge accounting	0
Fair value changes of the hedged items in portfolio hedge of interest rate risk	0
Provisions	1,153
Tax liabilities	7,290
Liabilities included in disposal groups classified as held for sale	0
Other liabilities	10,801
Total liabilities	1,842,752
Share capital	72,894
Revaluation reserves	752
Reserves	1,220
Less: Treasury shares	0
Retained earnings (loss)	26,033
Previous year profit (loss)	0
Current year profit (loss)	5,437
Total equity	106,336
Total liabilities and equity	1,949,088

Income statement for 2015, in thousand HRK

Continuing operations	
Interest income	93,824
Interest expenses	52,387
Net interest income	41,437
Income from fees and commissions	21,708
Expenses on fees and commissions	623
Net income from fees and commissions	21,085
Income from equity investments	0
Gains (losses)	2,842
Other operating income	2,096
Other operating expenses	6,047
Net other not-interest income	-1,109
Total operating income	61,412
General administrative expenses and depreciation	54,116
Net operating income before loss provisions	7,297
Expenses on value adjustments and provisions	239
Other gains (losses)	0
Profit (loss) from continuing operations, before taxes	7,058
Income tax on continuing operations	1,621
Profit (loss) from continuing operations, after taxes	5,437
Discontinued operations	
Profit (loss) from discontinued operations, after taxes	0
Current year profit (loss)	5,437

Off-balance sheet items as at 31 December 2015, in thousand HRK

Standard off-balance sheet items	
Guarantees	0
Uncovered letters of credit	0
Guaranteed bills of exchange	0
Accepted bills of exchange	0
Revolving loans	0
Margin credit lines	0
Other credit lines and commitments	11,439
Other standard risky off-balance sheet items	0
Total standard off-balance sheet items	11,439

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

Total capital ratio, in % as at 31 December 2015

16.11

Attachment I

List of credit institutions, end of period				
Ordinal no. as at 31 December 2015	Name of credit institution and its head office	Identifier		
		Dec. 2013	Dec. 2014	Dec. 2015
	Banco Popolare Croatia d.d., Zagreb ¹⁾	B	–	–
1.	Banka Kovanica d.d., Varaždin	B	B	B
2.	Banka splitsko-dalmatinska d.d., Split	B	B	B
3.	BKS Bank d.d., Rijeka	B	B	B
4.	Croatia banka d.d., Zagreb	B	B	B
5.	Erste&Steiermärkische Bank d.d., Rijeka	B	B	B
6.	Hrvatska poštanska banka d.d., Zagreb	B	B	B
7.	Hypo Alpe-Adria-Bank d.d., Zagreb	B	B	B
8.	Imex banka d.d., Split	B	B	B
9.	Istarska kreditna banka Umag d.d., Umag	B	B	B
10.	Jadranska banka d.d., Šibenik ²⁾	B	B	B
11.	Karlovačka banka d.d., Karlovac	B	B	B
12.	KentBank d.d., Zagreb	B	B	B
13.	Kreditna banka Zagreb d.d., Zagreb	B	B	B
	Nava banka d.d., Zagreb ³⁾	B	–	–
14.	OTP banka Hrvatska d.d., Zadar	B	B	B
15.	Partner banka d.d., Zagreb	B	B	B
16.	Podravska banka d.d., Koprivnica	B	B	B
17.	Primorska banka d.d., Rijeka	B	B	B
18.	Privredna banka Zagreb d.d., Zagreb	B	B	B
19.	Raiffeisenbank Austria d.d., Zagreb	B	B	B
20.	Samoborska banka d.d., Samobor	B	B	B
21.	Sberbank d.d., Zagreb	B	B	B
22.	Slatinska banka d.d., Slatina	B	B	B
23.	Société Générale-Splitska banka d.d., Split	B	B	B
24.	Štedbanka d.d., Zagreb	B	B	B
25.	Tesla štedna banka d.d., Zagreb	SB	SB	SB
26.	Vaba d.d. banka Varaždin, Varaždin	B	B	B
27.	Veneto banka d.d., Zagreb	B	B	B
28.	Zagrebačka banka d.d., Zagreb	B	B	B
1.	HPB-Stambena štedionica d.d., Zagreb	HSB	HSB	HSB
2.	PBZ stambena štedionica d.d., Zagreb	HSB	HSB	HSB
3.	Prva stambena štedionica d.d., Zagreb	HSB	HSB	HSB
4.	Raiffeisen stambena štedionica d.d., Zagreb	HSB	HSB	HSB
5.	Wüstenrot stambena štedionica d.d., Zagreb	HSB	HSB	HSB

¹⁾ Banco Popolare Croatia d.d., Zagreb merged with OTP banka Hrvatska d.d., Zadar on 1 December 2014. ²⁾ Resolution proceedings were instituted against Jadranska banka d.d., Šibenik on 9 October 2015. ³⁾ Bankruptcy proceedings were instituted against Nava banka d.d., Zagreb on 1 December 2014.

Note:

B – bank

SB – savings bank

HSB – housing savings bank

Attachment II

Credit institution groups subject to reporting to the CNB on a consolidated basis, as at 31 December 2015

Credit institution group	Superordinate credit institution	Group members
1. ERSTE&STEIERMÄRKISCHE BANK	Erste&Steiermärkische Bank d.d., Rijeka	Erste Bank AD, Podgorica Erste Card Club d.d., Zagreb Erste factoring d.o.o., Zagreb Erste&Steiermärkische S-Leasing d.o.o., Zagreb Erste Card d.o.o., Ljubljana
2. HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB-Stambena štedionica d.d., Zagreb
3. HYPO ALPE-ADRIA-BANK	Hypo Alpe-Adria-Bank d.d., Zagreb	Hypo Alpe-Adria-Invest d.d., Zagreb Hypo Alpe-Adria-Leasing d.o.o., Zagreb
4. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ CARD d.o.o., Zagreb Intesa Sanpaolo Banka d.d. Bosna i Hercegovina, Sarajevo PBZ Croatia osiguranje d.d. za upravljanje obveznim mirovinskim fondom, Zagreb PBZ Leasing d.o.o., Zagreb PBZ stambena štedionica d.d., Zagreb PBZ-NEKRETNINE d.o.o., Zagreb
5. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen Leasing d.o.o., Zagreb Raiffeisen Bonus d.o.o., Zagreb Raiffeisen stambena štedionica d.d., Zagreb Raiffeisen društvo za upravljanje obveznim i dobrovoljnim mirovinskim fondovima d.d., Zagreb Raiffeisen mirovinsko osiguravajuće društvo d.d., Zagreb
6. SOCIÉTÉ GÉNÉRALE-SPLITSKA BANKA	Société Générale-Splitska banka d.d., Split	SG Leasing d.o.o., Zagreb SB Nekretnine d.o.o., Split Société Générale Osiguranje d.d., Zagreb
7. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	Prva stambena štedionica d.d., Zagreb UniCredit Bank d.d., Mostar ZB Invest d.o.o., Zagreb UniCredit Leasing Croatia d.o.o., Zagreb UniCredit Leasing d.o.o., Sarajevo

Abbreviations

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

Symbols

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

