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Summary

The stronger spillover of the global financial crisis onto the domestic banking sector marked the first half of 2009. The unfavourable developments in the real sector impaired the collection of banks' due receivables and increased bad placements, resulting in poorer banking sector financial performance. Given these circumstances, banks showed increased reluctance to incur additional risks, while individual market segments (e.g. households) experienced a fall in demand for loans due probably to unfavourable expectations. Hence, banks largely directed their lending activities to the government in the first quarter of 2009, with their total credit activity being stagnant in the second quarter of 2009. Total sources of funds from majority foreign owners, which rose strongly after the lifting of the marginal reserve requirement in the last quarter of 2008, grew modestly in the first quarter of 2009 and accelerated in the second quarter. In contrast, these sources were stagnant in several large banks, due probably to the maintenance of the capital adequacy ratio at the parent bank level.

The strengthening of aversion to risk, apart from decelerating business activities and the growth of loans to the government as a less risky sector, is also evident from the rise in the share of short-term lending and the continuation of the fall in kuna loans and the rise in foreign currency (and indexed) loans. The credit growth was primarily supported by the changes in the regulatory regime and the asset restructuring – the decrease in the minimum required coverage between foreign currency liabilities and foreign currency claims contributed to the withdrawal of deposits held with foreign banks and strengthened bank lending to the government. In 2007 and 2008, the growth of household loans made the strongest contribution to the growth of total bank loans. The share of household loans in total bank loan portfolio fell below 50% at the end of 2008, its value trending downward in the last five quarters, due mostly to the strong rise in loans to the government. The deceleration in household loans in the first half of 2009 is chiefly attributable to the decrease in cash general purpose loans, utilised lines of credit and other loans, and car purchase loans. In contrast, loans to enterprises slightly increased.

The significant acceleration in the growth dynamics of bad loans (B and C loans) in the last several quarters resulted in the highest quarterly growth rate of bad loans reported in the past ten years. The growth in bad loans to enterprises and households contributed almost equally to the rise in bad loans – the ratio of bad to total loans grew from 4.9% at the end of 2008 to 6.0% at the end of the first half of 2009. Due but unpaid loan receivables grew strongly, especially in the sector of enterprises. With reference to this, it should be noted that the noticeable growth in due but unpaid loan receivables classified in the highest quality category (A loans) and the part of such receivables more than 90 days due points to the possibility of increased use of collateral instruments in the period to come, i.e. the possibility of the reclassification of these placements into higher risk categories. Somewhat more than one fourth of bank placements is covered by residential or commercial real estate property, meaning that banks are indirectly exposed to the risk of a change in property prices.

Problems related to the collection of receivables aggravate the liquidity position of banks, which was also unfavourably affected by the contraction in the sources of funds in the first half of 2009. Owing to a significant fall in corporate deposits, the growth of total received deposits was modest and generated above all by the increase in deposits of majority foreign owners and financial institutions. The balance of received foreign loans decreased and, in parallel with a stronger need for kuna liquidity, forced banks to increasingly turn to domestic borrowing, primarily via CNB repo auctions. Despite

an increase in interest rates on kuna sources of funds, kuna deposits fell strongly, due mostly to the decrease in giro and current account deposits and the fall in kuna corporate time deposits. Viewed by maturity, the rise was only seen in time deposits, and exclusively in their foreign currency component, due to the growth in foreign currency time deposits of households and majority foreign owners.

The pressures on the kuna exchange rate in the first quarter of 2009 strengthened the depreciation expectations of banks and their depositors. The short open foreign exchange position of banks, present throughout the entire 2008 and in the first quarter of 2009, changed into a long position in the second quarter of 2009 due to the significant growth in euro assets, notably in large banks. On the liabilities side, the growth in euro and total foreign currency liabilities was of weaker intensity because the growth in foreign currency savings was moderated by the fall in foreign borrowing. The rise in foreign currency and indexed loans in the first half of 2009 contributed to the rise in placements exposed to currency-induced credit risk (CICR); the share of placements unhedged against its effects also rose, due primarily to the growth in foreign currency loans to the government, i.e. to the sector with an unhedged foreign currency position, and due to the growth in loans to enterprises established by banks to have unhedged foreign currency positions.

The rise in expenses on loss provisions for bad loans was the main cause for reporting a profit in the reference period lower than in the first half of 2008. Banks' profits before deductions for loss provisions grew relative to the last year, due mainly to the growth in net other non-interest income, including primarily profit from derivatives trading. Since the majority of derivatives have the exchange rate as the underlying variable and are used by banks as a hedge against foreign exchange risk, the effects of trading in derivatives should be viewed in the context of exchange rate differentials, or to be precise in the context of losses on that basis. In addition to the profit from derivatives trading, a significant rise was also observed in profit from foreign exchange trading, while the loss from trading in securities decelerated. The fall in net interest income unfavourably affected the operating results. Nor did the increase in cost effectiveness managed to compensate for the negative effects of the rise in average interest expenses and the resultant narrowing of the spread or for the effects of the slowdown in lending activities, especially to the household sector, which offers by higher margins. The return on average assets (ROAA) fell to 1.5% and the return on average equity (ROAE) to 9.3% due to the fall in profit and profitability of all bank groups. The number of banks operating with losses rose from seven to ten.

The retention of the major portion of the profit from 2008 and the profit generated in the first six months of 2009, together with the recapitalisation of individual banks, additionally improved the capital position of banks and resulted in the high share of capital in bank balance sheet total. Concurrently, the slowdown of banks' business activities resulted in the decrease of capital requirements and the growth of the capital adequacy ratio of banks to 15.93%. This strengthened the guarantee function of capital, i.e. increased its availability for the coverage of potentially higher risks, which is especially important in the conditions of weakening operating results in the sector.

1 Performance Indicators of Banking Institutions

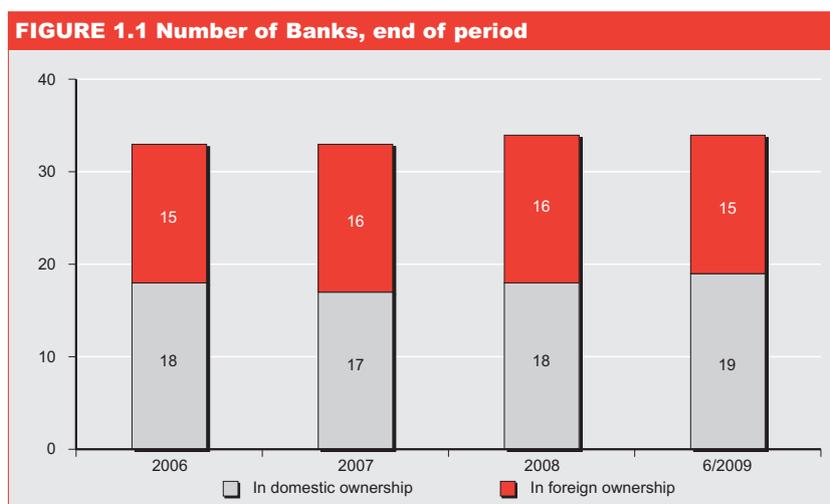
At the end of the first half of 2009, there were 32 banks, 2 savings banks and 5 housing savings banks operating in the Republic of Croatia. Relative to the end of 2008, the number of banks decreased by one due to the merger between Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb. The entry of A štedna banka malog poduzetništva d.d., Zagreb into the banking sector increased the number of savings banks to two.

The share of bank assets (including savings banks) increased minimally relative to the end of 2008, totalling 98.2%, while the share of assets of housing savings banks accounted for 1.8% of total banking sector assets.

1.1 Banks

1.1.1 Structure of Banks in the Republic of Croatia

For analysis purposes, banks (including savings banks) have been divided into three peer groups: large, medium-sized and small banks.¹ As at the end of 2008, there were 6 large banks operating in the Republic of Croatia at the end of the first half of 2009. The number of medium-sized banks fell from four at the end of 2008 to three at the end of the first half of 2009 due to the merger between Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb in the first quarter of 2009. The entry of the newly established A štedna banka malog poduzetništva d.d., Zagreb into the banking sector in April 2009 increased the number of small banks from 24 to 25.



¹ See Attachment I, List of Banking Institutions by Peer Groups, end of period.

The above-mentioned transition of a medium-sized bank into the group of large banks significantly decreased total assets of the medium-size bank group and increased the total assets of large banks. Hence, relative to the end of 2008, the share of assets of medium-sized banks in total bank assets went down by 2.8 percentage points, to 9.6%, while the share of total assets of large banks increased to 82.3%. The increase in the number of small banks notwithstanding, total assets of this peer group decreased. However, owing to the concurrent decrease in total assets of all banks, the share of assets of small banks remained the same as at the end of 2008, totalling 8.1% (Table 1.1).

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

	Dec. 2006		Dec. 2007		Dec. 2008		Jun. 2009	
	Number of banks	Share						
Large banks	6	80.2	6	79.0	6	79.4	6	82.3
Medium-sized banks	4	12.0	4	12.9	4	12.5	3	9.6
Small banks	23	7.8	23	8.1	24	8.1	25	8.1
Total	33	100.0	33	100.0	34	100.0	34	100.0

With the entry of another savings bank into the banking sector, the number of banks in domestic ownership (domestic private ownership) rose by one relative to the end of 2008. Owing to the merger of Slavenska banka d.d., Osijek and Hypo Alpe-Adria-Bank d.d., Zagreb, the number of banks in foreign ownership fell by one (Table 1.2).

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

	Dec. 2006		Dec. 2007		Dec. 2008		Jun. 2009	
	Number of banks	Share						
Domestic ownership	18	9.2	17	9.6	18	9.4	19	9.4
Domestic private ownership	16	5.0	15	4.9	16	4.9	2	4.9
Domestic state ownership	2	4.2	2	4.7	2	4.5	17	4.5
Foreign ownership	15	90.8	16	90.4	16	90.6	15	90.6
Total	33	100.0	33	100.0	34	100.0	34	100.0

The change in the number of banks did not affect the ownership structure of total bank assets. Despite the increase in the number of banks in domestic ownership and the 0.6% increase in their total assets relative to the end of 2008, the share of assets of domestic banks in total bank assets remained at 9.4%. Total assets of banks in foreign ownership decreased by 0.3% and their share in total bank assets did not change and stood at 90.6%.

The number of banking groups subject to reporting to the Croatian National Bank through their superordinate banks, pursuant to the Decision on consolidated financial reports of a banking group,² went down from nine to eight.³

2 OG 17/2003.

3 For the composition of individual banking groups, see Attachment II, Banking Groups Subject to Reporting to the CNB on a Consolidated Basis.

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

At the end of the first half of 2009, banks had 1281 operating units, an increase of 2.5% or 31. On average, each bank had 38 operating units. Total number of ATMs (including those owned by other companies) stood at 3483 at the end of the first half of 2009, up 141 or 4.2% relative to the end of 2008 (Table 1.3).

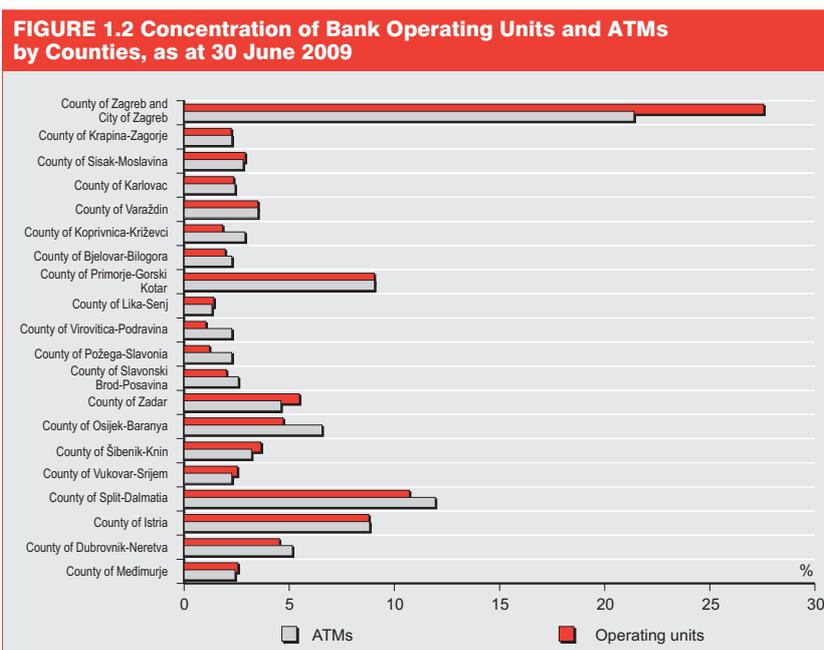
Relative to the end of 2008, the number of operating units went up the most in the County of Zagreb and the City of Zagreb, which continued to have the largest number of operating units (21.4%). By the size of its share in the total number of operating units, the next to follow was the Split-Dalmatia County where the number of operating units stood at 11.9%. This share exceeded 5% in another four counties: County of Primorje-Gorski Kotar (9.1%), County of Istria (8.8%), County of Osijek-Baranya (6.6%) and County of Dubrovnik-Neretva (5.2%). The 14 remaining counties accounted for 37.1% of total number of operating units.

More than one third of the total increase in the number of ATMs was recorded in the County of Zagreb and the City of Zagreb, which continued to have the largest number of ATMs (960 or 27.6%). The next to follow were the County of Split-Dalmatia (10.7%), County of Primorje-Gorski Kotar (9.0%) and County of Istria (8.8%).

TABLE 1.3 Territorial Distribution of Operating Units and ATMs, end of period

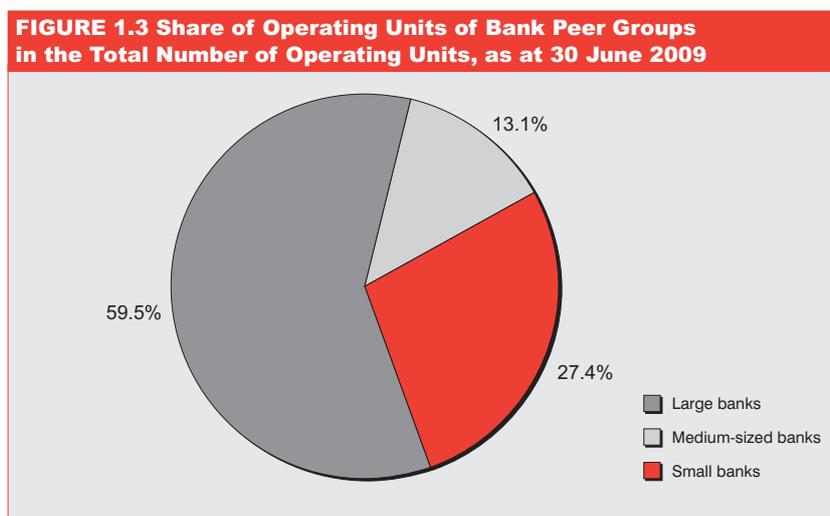
	Dec. 2006		Dec. 2007		Dec. 2008		Jun. 2009	
	Operating units	ATMs						
County of Zagreb and City of Zagreb	229	740	251	848	261	914	274	960
County of Krapina-Zagorje	28	50	30	65	30	77	29	78
County of Sisak-Moslavina	35	80	37	90	36	100	36	101
County of Karlovac	24	61	27	67	30	79	31	82
County of Varaždin	40	93	43	105	46	126	45	122
County of Koprivnica-Križevci	36	44	37	51	37	62	37	64
County of Bjelovar-Bilogora	23	52	23	58	29	62	29	68
County of Primorje-Gorski Kotar	106	260	112	283	116	307	116	315
County of Lika-Senj	15	38	17	43	17	49	17	49
County of Virovitica-Podravina	27	36	29	36	29	37	29	36
County of Požega-Slavonia	25	32	25	30	29	38	29	42
County of Slavonski Brod-Posavina	27	49	29	57	33	72	33	70
County of Zadar	46	137	53	152	56	177	59	191
County of Osijek-Baranya	68	125	71	147	75	160	84	164
County of Šibenik-Knin	40	92	38	106	39	118	41	127
County of Vukovar-Srijem	24	57	29	70	31	82	29	88
County of Split-Dalmatia	131	279	141	320	148	355	153	373
County of Istria	109	234	109	265	111	292	113	306
County of Dubrovnik-Neretva	58	110	60	125	67	152	66	158
County of Međimurje	27	72	28	77	30	83	31	89
Total	1,118	2,641	1,189	2,995	1,250	3,342	1,281	3,483

At the end of the first half of 2009, the number of inhabitants per operating unit in the Republic of Croatia totalled 3464 and the number of inhabitants per ATM 1274. The highest concentration of operating units (as per the number of inhabitants) was registered the County of Istria, where there were 1826 inhabitants per one operating unit and 674 inhabitants per ATM. The lowest concentration of operating units was registered in the County of Vukovar-Srijem, where there were 7061

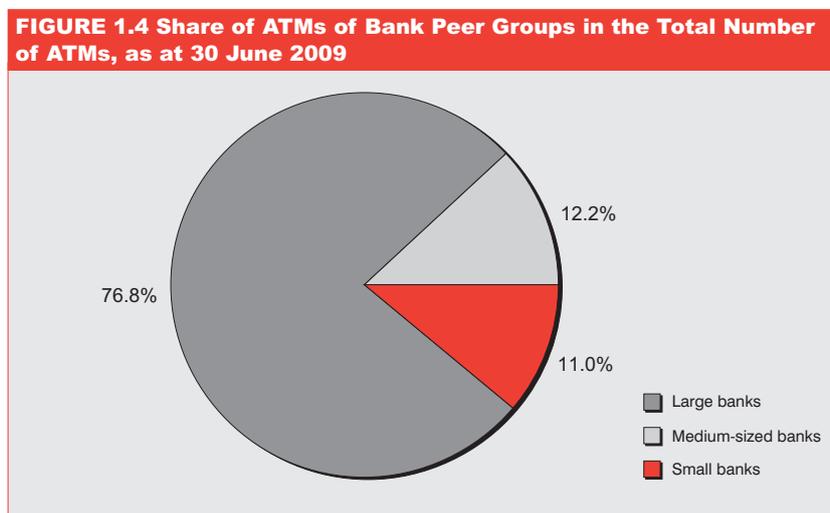


inhabitants per one operating unit and 2327 inhabitants per ATM. The largest number of inhabitants per ATM was registered in the County of Slavonki Brod-Posavina (2525).

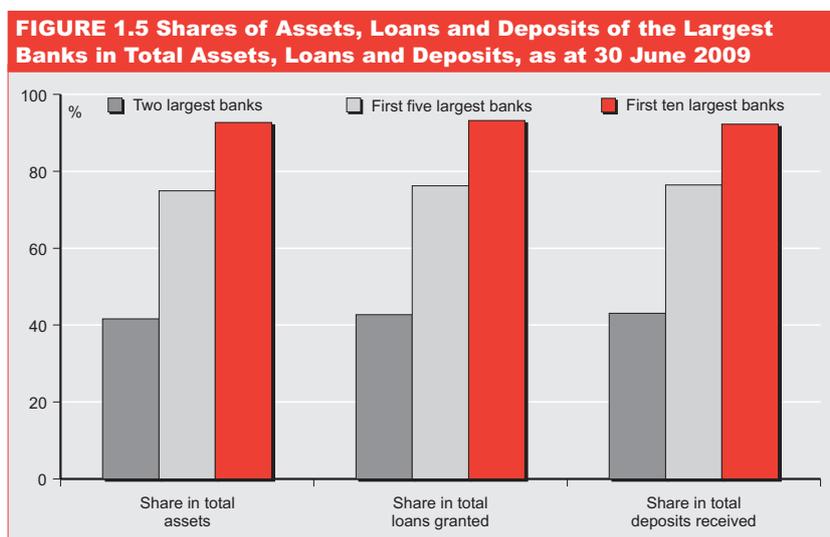
Three large banks operated in all counties in the Republic of Croatia. The largest number of banks (29) operated in the County of Zagreb and the City of Zagreb, while the lowest number of banks (7) operated in the County of Lika-Senj. Three small banks, each through a single operating unit, operated in the territory of one county only. Large banks, whose number of operating units rose by 42, to 762, accounted for 59.5% of the total number of operating units. Medium-sized banks followed with 168 operating units, accounting for 13.1% of the total. The increase in the number of operating units of large banks and the concurrent decrease in the number of operating units of medium-sized banks (by 29) was in part the result of the above-mentioned merger between one medium-sized bank and one large bank. Small banks had 351 operating units, up by 7 operating units relative to the end of 2008, and accounted for 27.4% of the total number of operating units in the Republic of Croatia (Figure 1.3).



The largest number of ATMs at the end of the first half of 2009 was registered in large banks (2677 or 76.8%), with AMTs of medium-sized and small banks accounting for 424 (12.2%) and 382 (11.0%) respectively of the total number of ATMs. At the end of the first half of 2009, six small banks still had no ATMs.



For the purpose of analysing the concentration of shares of assets, loans and deposits in the banking sector, data on the assets levels of the ten largest banks are monitored. In the concentration analysis, banks are divided into three groups. The first group consists of the two largest banks, the second of the five largest banks, while the third group consists of the ten largest banks. Concentration is defined as the share of the amounts of assets, loans and deposits of individual bank groups in the total amount of the respective balance sheet items of all banks (Figure 1.5).



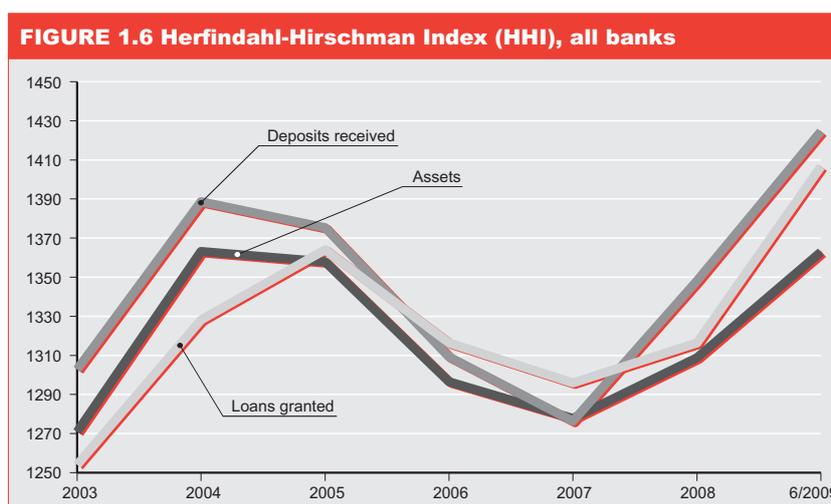
At the end of the first half of 2009, these concentrations increased relative to the end of 2008 in all bank groups, with the highest changes being observed in the group consisting of the five largest banks. This was partly due to the merger between the ninth largest bank in terms of assets at the end of 2008 (Slavonska banka d.d., Osijek) and the fifth largest bank (Hypo Alpe-Adria-Bank, d.d., Zagreb). Hence, the share of assets of the five largest banks in total bank assets rose by 2.7 percentage

points (to 74.9%), while the share of their loans in total net bank loans and the share of their deposits in total banks deposits went up by 4.0 and 5.1 percentage points (to 76.2% and 76.4%) respectively.

The two largest banks significantly increased their share in total net bank loans, by 1.1 percentage points or to 42.7%. The share of the two largest banks in total bank assets and deposits increased slightly, to 41.6% and 43.1% respectively.

The changes in the concentrations in the first ten banks stood at about 1 percentage point. The largest increase was observed in deposits, by 1.2 percentage points, to 92.2%, with the shares of assets and loans standing at 92.7% and 93.2% respectively.

Such developments in asset concentration, loans granted and received deposits of banks led to the continued growth of the Herfindahl-Hirschman index (HHI) in large banks. Its increase, relative to the end of 2008, was the highest in loans granted (90 units), while the increase in concentration of deposits and assets was smaller and stood at 76 and 54 units respectively. Due to the growth of the concentration, the HHI for loans stood at 1407 units, reaching its record high from the end of 2001. The HHI for deposits and assets totalled 1425 and 1363 units respectively.



1.1.3 Bank Balance Sheet and Off-Balance Sheet Items

Total bank assets amounted to HRK 369.4bn at the end of the second quarter of 2009, a decrease of 0.2% since the end of 2008 (Table 1.4). The decline in the assets of 3 large and 14 small banks resulted in the fall of assets in these two peer groups, while the assets of medium-sized banks rose owing to the growth in the assets of two banks from this peer group.⁴

Bank assets have been growing at slower pace since 2007, when the measure on the subscription of compulsory CNB bills was first applied to banks whose assets grew at a rate higher than permissible.⁵

⁴ Excluding the effect of the merger between Slavenska banka d.d., Osijek and Hypo-Alpe-Adria-Bank d.d., Zagreb.

⁵ Introduced in early 2007, the measure on the subscription of compulsory CNB bills is applied to banks whose placement growth in one calculation period exceeds the permissible growth rate. From 2007 on, the calculation basis and the permitted growth rate have been changed on several occasions. In line with the provisions currently in force, the permitted growth in placements and contingent liabilities is set at 18% for the period between 1 January 2008 and 30 June 2009. As none of the banks exceeded the permitted growth rate, there was no obligation to subscribe to the compulsory CNB bills in the respective calculation period. The placement growth in six small banks in the period in question exceeded 17%, whereas it amounted to 9.7% for all banks, i.e. it was two times smaller than the permitted growth.

In 2008, bank assets went up by 7.2% (as compared with 13.3% in 2007 and 17.0% in 2006) and were additionally affected by disturbances observed in October 2008 – the withdrawal of deposits from some banks. The CNB took measures aimed at preserving the liquidity and stability of the system⁶ and, in 2009, an additional amount of earlier immobilised assets was made available to banks with the primary aim of providing finance for budgetary needs, i.e. lending to the government. In the first quarter of 2009, the foreign currency liquidity measure was changed twice, i.e. the minimum required coverage between foreign currency liabilities and foreign currency claims was first decreased from 28.5% to 25% and then to 20%.⁷ As this facilitated the withdrawal of deposits held with foreign banks, total deposits with banking institutions went down by more than HRK 6bn (17.2%) relative to the end of 2008, and their share in total assets dropped to 8.0%. Owing to this change and reduced investments in held-for-trading and available-for-sale securities, the share of liquid items in the structure of bank assets decelerated, and the share of loans granted rose, mainly due to the growth in loans granted to the government. As for liquid assets items,⁸ the increase was only observed in the settlement account balance with the CNB. However, almost one half of the said increase was generated by one large bank.

Banks' investment in securities went down in the first half of 2009 (by HRK 4.2bn or 11.9%), a continuation of a persistent downward trend temporarily halted at the end of 2008 when, due to the changes in monetary regulations, investment in T-bills of the Ministry of Finance and foreign bonds trended up. The noticeable decrease in held-for-trading and available-for-sale securities in the first half of 2009, totalling HRK 3.8bn or 14.6%, was for the most part the consequence of the amendments to the accounting rules. Specifically, the amendments to the International Accounting Standards (2008) provide for the reclassification of securities held in these portfolios into the portfolio of loans and receivables. Since these instruments are carried at amortised cost and not at fair value after the reclassification, the recognition of gains or losses on these instruments in the profit and loss account (and in the capital account in case of available-for-sale portfolios) is avoided. A significant portion of securities (HRK 2.3bn) of one large bank and members of its group was reclassified into the portfolio of loans and receivables. Hence, the bonds of the Republic of Croatia and other securities that were the subject to reclassification were moved from the position of securities to the position of granted loans. This basically means that no significant fall in available-for-sale securities was observed in all banks and that the actual growth in bank loans granted in the first half of 2009 was smaller than reported. Apart from the accounting changes, the fall in securities investments should also be ascribed to unfavourable movement in market prices and to the sale of securities. The fall was observed in all securities portfolios, with reclassification effects contributing the most to the decrease in the held-for-trading portfolio (29.0%). The majority of securities were held in the available-for-sale portfolio (54.0%). The value of investments held in this portfolio is adjusted to market prices, and realised gains/losses are not directly recognised in the profit and loss account but carried as unrealised gains/losses in the account of capital. At the end of the second half of 2009, banks holding securities in this portfolio reported unrealised losses of HRK 165.5m, an increase of 46.2% relative to losses reported at the end of 2008. Shown by instruments, the structure of securities continued to be dominated by bonds (50.3%), with T-bills of the Ministry of Finance accounting for 31.1%. More

6 The marginal reserve requirement measure, originally aimed at limiting the foreign borrowing of banks, was repealed in October, and the reserve requirement rate was decreased from 17% to 14% in December 2008.

7 Decisions on amendments to the Decision on the minimum required amount of foreign currency claims (OG 17/2009 and 23/2009).

8 Money assets and deposits with the CNB, deposits with banking institutions and securities in held-for-trading and available-for-sale portfolios.

than a half of all bonds (53.0%) were accounted for by non-resident bonds, primarily by bonds of foreign countries.

Total loans granted (in net terms) were HRK 6.3bn or 2.5% higher at the end of the second quarter than at the end of 2008. The strongest growth was observed in loans granted to the government (HRK 10.5bn), with only a modest growth being observed in loans to enterprises. The share of loans in assets went up by 4.0 percentage points in 2008 and 1.8 percentage points in the first half of 2009. At the end of the second quarter of 2009, this share was relatively high (accounting for 68.4% of assets), pointing to the important role of lending activities in the domestic banking system. The structure of bank loan portfolios (in net terms) saw an increase only in the share of loans granted to government units, to 12.7% of total loans granted (14.1% in large banks). In the first half of 2009, loans to government units rose by 48.9% and thus continued the trend observed in 2008 in which loans to this sector grew by 50.1%. Owing to the low rate of growth (0.3%), the share of loans granted to enterprises fell to its lowest level so far – 37.3% of loans granted. The fall in cash general purpose loans, utilised lines of credit and other loans, and car purchase loans made the strongest contribution to the decrease in total loans granted to households (2.7%). Their share decreased by a substantial 2.5 percentage points and accounted for 47.2% of total loans. The fall in loans to households was most probably the result of weaker demand for loans caused by the rise in lending interest rates, the tightening of lending terms and uncertainties surrounding future developments. Since 2003, when the central bank measure aimed at restricting bank placement growth was first introduced,⁹ the share of loans to households has been exceeding the share of loans to enterprises, with loans to households

TABLE 1.4 Structure of Bank Assets, end of period, in million HRK and %

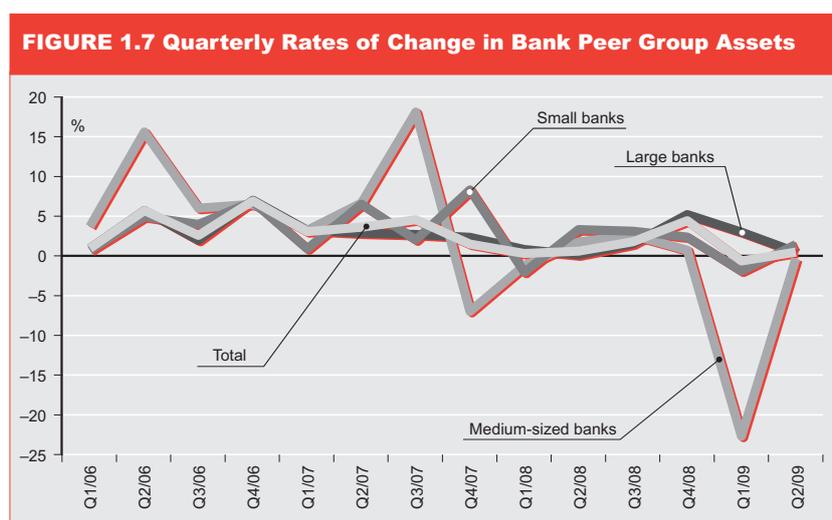
	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	49,615.2	16.3	51,415.9	14.9	3.6	42,671.2	11.5	-17.0	44,848.9	12.1	5.1
1.1. Money assets	3,931.0	1.3	4,551.7	1.3	15.8	5,394.3	1.5	18.5	5,444.7	1.5	0.9
1.2. Deposits with the CNB	45,684.2	15.0	46,864.2	13.6	2.6	37,276.9	10.1	-20.5	39,404.2	10.7	5.7
2. Deposits with banking institutions	26,005.6	8.5	35,118.0	10.2	35.0	35,592.9	9.6	1.4	29,469.7	8.0	-17.2
3. MoF treasury bills and CNB bills	8,077.2	2.7	8,748.7	2.5	8.3	10,062.5	2.7	15.0	9,530.6	2.6	-5.3
4. Securities and other financial instruments held for trading	7,730.4	2.5	8,515.5	2.5	10.2	6,840.0	1.8	-19.7	4,532.0	1.2	-33.7
5. Securities and other financial instruments available for sale	12,678.2	4.2	11,326.4	3.3	-10.7	12,480.3	3.4	10.2	11,271.8	3.1	-9.7
6. Securities and other financial instruments held to maturity	3,311.9	1.1	3,536.7	1.0	6.8	4,798.8	1.3	35.7	4,407.3	1.2	-8.2
7. Securities and other financial instruments not traded in active markets but carried at fair value	460.1	0.2	700.0	0.2	52.1	669.0	0.2	-4.4	945.2	0.3	41.3
8. Derivative financial assets	280.9	0.1	276.0	0.1	-1.8	121.9	0.0	-55.8	515.8	0.1	323.0
9. Loans to financial institutions	4,035.4	1.3	6,949.8	2.0	72.2	5,796.7	1.6	-16.6	4,686.5	1.3	-19.2
10. Loans to other clients	183,740.0	60.3	209,319.6	60.7	13.9	240,808.0	65.1	15.0	248,181.4	67.2	3.1
11. Investments in subsidiaries and associates	1,675.5	0.6	1,703.9	0.5	1.7	1,774.1	0.5	4.1	1,934.9	0.5	9.1
12. Foreclosed and repossessed assets	445.6	0.1	355.7	0.1	-20.2	391.7	0.1	10.1	493.5	0.1	26.0
13. Tangible assets (net of depreciation)	4,434.1	1.5	4,510.4	1.3	1.7	4,503.8	1.2	-0.1	4,462.4	1.2	-0.9
14. Interest, fees and other assets	4,788.2	1.6	5,471.0	1.6	14.3	6,624.6	1.8	21.1	7,206.8	2.0	8.8
15. Net of: Collectively assessed impairment provisions	2,672.6	0.9	2,866.2	0.8	7.2	3,042.4	0.8	6.1	3,052.9	0.8	0.3
TOTAL ASSETS	304,605.3	100.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2	369,434.0	100.0	-0.2

⁹ This measure limited the growth of placement and contingent liabilities in 2003 to 16%.

reaching 50% of total bank loan portfolios at the end of 2007. In 2007 and 2008, the growth of total bank loans was mostly contributed to by the growth of loans to households, while, due to the renewed introduction of the measure aimed at restricting bank placement growth, enterprises increasingly turned to direct foreign borrowing, capital markets and leasing. The share of household loans in total bank loan portfolio fell below 50% at the end of 2008, its value trending downward in the last five quarters, due mostly to the strong rise in loans to the government.

The share of loans in assets remained the highest in large banks (69.5%) (Figure 1.8). The indicator for medium-sized banks, whose value was until recently somewhat lower than that for large banks, fell noticeably and was lower than the indicator for small banks at the end of the first half of 2009 (63.5% compared to 63.7%). With large banks playing the key role in the lending to the government in the first quarter of 2009, loans granted grew the most in this very group of banks, while total bank loans (net) rose by 3.8%. In the second quarter of 2009, the growth of total loans granted was seen only in the group of small banks (with the majority of these loans being directed to enterprises), resulting in the fall in total bank loans granted (net) of 1.2%. Small banks were the only bank group where the share of loans to enterprises had the major share in the sector distribution of loans (54.1%). The shares of loans to enterprises were considerably lower in medium-sized and large banks, standing at 41.6% and 35.6% respectively, while their loans to households accounted for larger shares of 47.8% and 50.7% respectively.

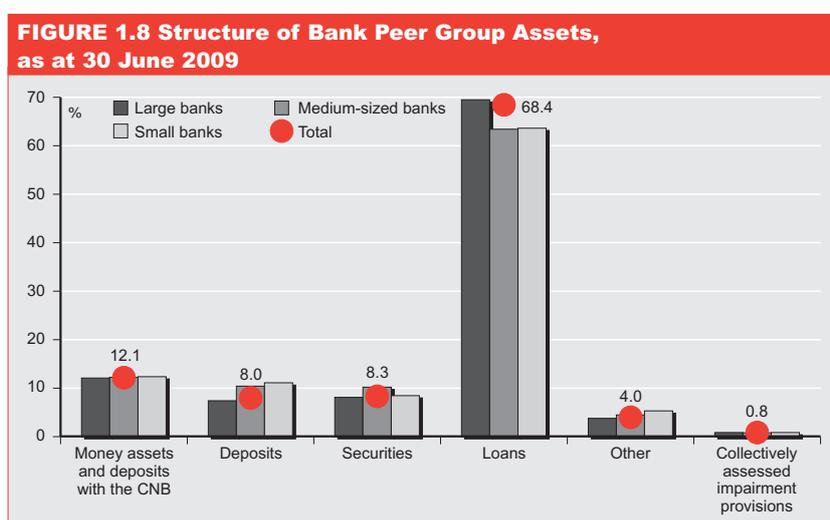
Apart from the change in the sector distribution of loans, the result of the placement of funds to less risky clients (the government) and the need to maintain business relationship with important clients (enterprises), more significant changes were observed in the maturity structure of loans granted in the first half of 2009. The share of loans with an original maturity shorter than one year rose from 20.6% to 21.3%, a significant rise in loans with the remaining maturity up to one year (10.4%) being observed in the maturity structure of loans with remaining maturity. The amount of loans with remaining maturity over one year fell by 1.5%.



Kuna loans, whose strong growth marked 2007, decelerated in 2008 and trended downward in the last quarter. Similar trends were also observed in 2009. Kuna loans fell by 9.2% in the first half of 2009, due mainly to the decrease in kuna loans to enterprises, and accounted for 30.7% of total loans. Kuna loans with a currency clause rose by 4.7%, and the growth in foreign currency loans to

the government units raised total foreign currency loans by 27.7%. The share of kuna loans with a currency clause stood at 54.8%, the remaining 14.5% being accounted for by foreign currency loans. The currency structure of total bank assets experienced changes similar to those seen in bank loans. This was not observed in foreign currency assets where the fall in foreign currency deposits with foreign banks and the CNB¹⁰ offset the strong growth in foreign currency loans. Hence, total foreign currency assets decreased, accounting for 22.8%. Together with kuna assets with a currency clause, foreign currency assets accounted for 62.3% of total bank assets, the largest share of assets being denominated in or indexed to the euro (79.0%). The balance of loans denominated in or indexed to the Swiss franc decreased by 10.3%, and the share of these loans in total foreign currency loans and kuna loans with a currency clause decreased to 20.2%.

The changes in the currency structure of assets are directly related to the changes in liabilities and capital. Since 2006, under the influence of the measure aimed at limiting foreign borrowings of banks (i.e. the marginal reserve requirement) and the broadening of the base for the calculation of the minimum required foreign currency coverage for kuna liabilities with a currency clause, capital investment of foreign owners and kuna liabilities of banks grew at a stronger rate. This trend was additionally supported by the introduction of higher risk weights in the calculation of the capital adequacy ratio for foreign currency (and indexed) claims on borrowers with unmatched foreign currency positions and by the additional increase in these weights in 2008. However, in 2008 and the first half of 2009, despite the increase in interest rates on kuna deposits, the kuna component of liabilities stagnated, due primarily to the fall in deposits in giro and current accounts. At the end of the first half of 2009, the share of the kuna component on the liabilities and capital side stood at 44.6%, while the foreign currency component and the kuna component with a currency clause accounted for 51.1% and 4.3% respectively. Considering that bank capital is entirely denominated in kuna, the kuna component in total liabilities (exclusive of capital) was lower and stood at 35.6%.



In the first half of 2009, deposits received rose by a modest 0.1% and loans received decelerated by 4.1% (Table 1.5). Corporate deposits decelerated for the third consecutive quarter. After the strong fall of 14.7% in the first quarter and the additional fall of 1.5% in the second quarter, their total fall in the first half of 2009 reached 16.0%. In addition, the fall in deposits was also seen in the government

¹⁰ The fall in foreign currency and the growth in kuna deposits with the CNB was for the most part the result of the increase in the foreign currency component of required reserves that is set aside in kuna, from 50% to 75% in the first half of 2009.

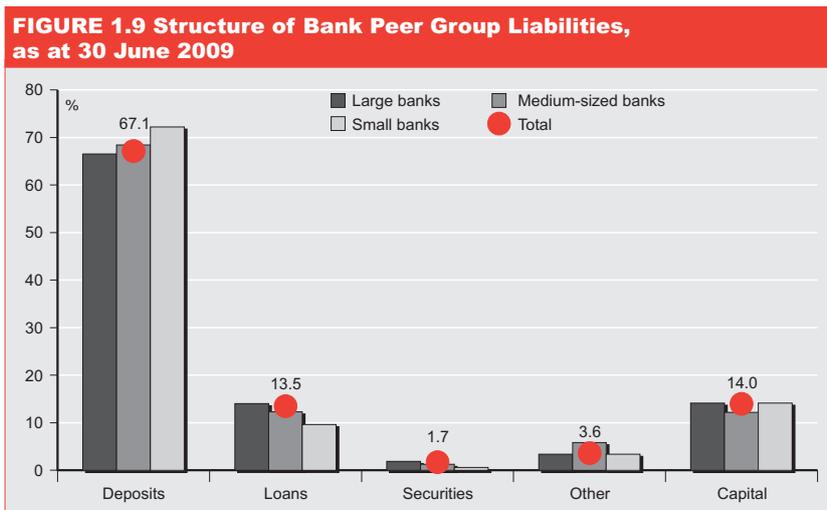
sector (7.8%). Concurrently, deposits of foreign owners and financial institutions grew at high rates of 16.8% and 18.8% respectively, being the key contributor to the reported growth of total deposits. In contrast, household deposits rose by a modest 0.4%. As they mostly included time deposits, this type of deposit was marked by a significant growth (5.1%), increasing its share in the maturity distribution of deposits (to 76.6% of all deposits). In contrast, deposits in giro and current accounts fell considerably (19.1%) and primarily due to their fall in all sectors, with their share in deposits decreasing to 13.5%. Savings deposits fell by 4.3% and made up the remaining 9.9% of deposits.

The fall in total loans received was the consequence of the decrease in loans received from foreign financial institutions (majority foreign owners excluded), caused by the repayment of the foreign loan in one large bank. In this bank, the fall in this source of funds was compensated for by the growth in loans (and deposits) received from majority foreign owners and as this item decreased in the remaining large banks, the fall in total loans received from majority foreign owners stood at 5.4%. Due to this and due to stronger needs for kuna liquidity, bank turned to domestic borrowing increasingly using repo auctions of the CNB and then the sources of the CBRD. The share of non-residents in total loans received decreased from 62.8% to 58.9%, while as regards domestic creditors increased shares were reported by the CNB and the CBRD (4.9% and 27.3% respectively of total loans received).

Due to the significant growth in deposits received from majority foreign owners, above all in three banks from the group of large banks, total sources of funds from majority foreign owners rose in the reference period by HRK 3.7bn or 7.1% and thus concurrently increased their share in total received deposits and loans to 18.7%. Of six large banks, the rise in loans and deposits received from majority foreign owners was observed in three large banks, with small banks in foreign ownership increasingly using this source of financing. Notwithstanding the increase of 31.7%, the share of funds provided by majority foreign owners remained low in small banks (1.7%) because 7 out of 25 small banks are in foreign ownership. In medium-sized and large banks this indicator stood at 8.3% and 21.6% respectively.

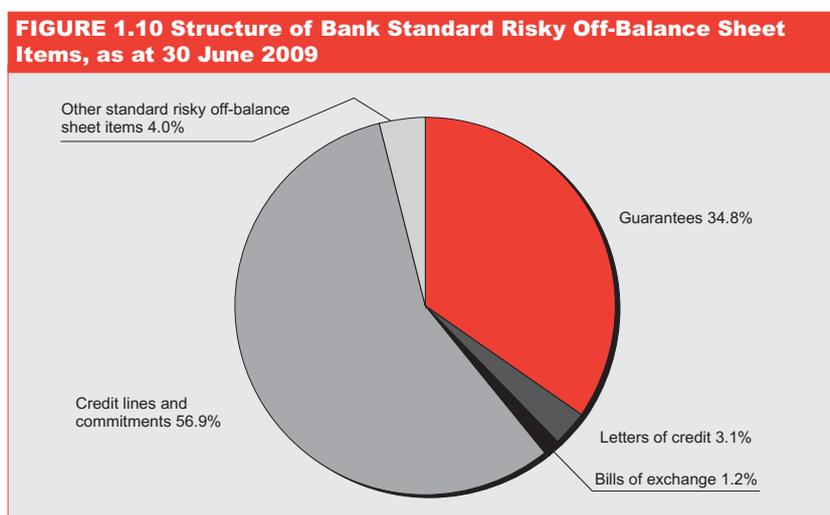
TABLE 1.5 Structure of Bank Liabilities, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	15,102.5	5.0	20,573.0	6.0	36.2	19,270.0	5.2	-6.3	20,436.8	5.5	6.1
1.1. Short-term loans	7,286.7	2.4	11,325.6	3.3	55.4	8,314.0	2.2	-26.6	9,603.0	2.6	15.5
1.2. Long-term loans	7,815.8	2.6	9,247.4	2.7	18.3	10,956.1	3.0	18.5	10,833.8	2.9	-1.1
2. Deposits	202,950.5	66.6	233,108.0	67.6	14.9	247,813.9	67.0	6.3	248,042.5	67.1	0.1
2.1. Giro account and current account deposits	37,696.5	12.4	45,284.0	13.1	20.1	41,313.1	11.2	-8.8	33,440.7	9.1	-19.1
2.2. Savings deposits	26,601.4	8.7	26,859.4	7.8	1.0	25,640.1	6.9	-4.5	24,536.6	6.6	-4.3
2.3. Time deposits	138,652.5	45.5	160,964.5	46.6	16.1	180,860.7	48.9	12.4	190,065.2	51.4	5.1
3. Other loans	39,762.9	13.1	31,738.8	9.2	-20.2	32,862.6	8.9	3.5	29,535.7	8.0	-10.1
3.1. Short-term loans	10,028.1	3.3	5,528.8	1.6	-44.9	7,955.1	2.1	43.9	6,437.1	1.7	-19.1
3.2. Long-term loans	29,734.8	9.8	26,210.1	7.6	-11.9	24,907.5	6.7	-5.0	23,098.5	6.3	-7.3
4. Derivative financial liabilities and other financial liabilities held for trading	221.6	0.1	367.5	0.1	65.9	1,578.3	0.4	329.4	329.7	0.1	-79.1
5. Debt securities issued	3,583.4	1.2	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4	3,220.3	0.9	-5.1
5.1. Short-term debt securities issued	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.2. Long-term debt securities issued	3,583.4	1.2	3,476.7	1.0	-3.0	3,392.3	0.9	-2.4	3,220.3	0.9	-5.1
6. Subordinated instruments issued	758.1	0.2	225.7	0.1	-70.2	53.3	0.0	-76.4	387.1	0.1	625.7
7. Hybrid instruments issued	552.4	0.2	636.6	0.2	15.2	2,055.7	0.6	222.9	2,790.2	0.8	35.7
8. Interest, fees and other liabilities	10,413.5	3.4	11,781.4	3.4	13.1	13,139.7	3.6	11.5	13,018.9	3.5	-0.9
TOTAL LIABILITIES	273,344.9	89.7	301,907.8	87.5	10.4	320,165.9	86.5	6.0	317,761.2	86.0	-0.8
TOTAL CAPITAL	31,260.3	10.3	43,173.6	12.5	38.1	49,927.1	13.5	15.6	51,672.7	14.0	3.5
TOTAL LIABILITIES AND CAPITAL	304,605.3	100.0	345,081.4	100.0	13.3	370,093.0	100.0	7.2	369,434.0	100.0	-0.2



The issuance of hybrid and subordinated instruments by two large banks made the key contribution to the growth of this source of funds in liabilities, which continued however to account for a small share. As only two large banks issued bonds, the share of debt securities remained low (Table 1.5).

Until the end of June 2009, banks redistributed the major portion of the profit generated in 2008 (HRK 4.6bn) – HRK 1.3bn were used for the augmentation of reserves, HRK 2.2bn were channelled into retained earnings and HRK 1.1bn were divided among shareholders. The current year profit and the recapitalisation of five banks made positive contributions to the capital. Hence, its share in assets was high and amounted to as much as 14.0%.



Due to the fall in all components (except rediscounted and backed bills of exchange), total standard risky off-balance sheet items (11.0%) went down to 16.8% of bank assets. This represents the continuation of the trend observed in 2007 and 2008, caused by banks' adjustments to the measure on restricted placement growth. The most significant fall was seen in credit lines and commitments. However, this item managed to preserve its majority share in the structure of total standard risky off-balance sheet items (56.9%) (Figure 1.10).

The notional amount of derivative financial instruments accounted for 33.8% of bank assets. In the second quarter of 2008, the notional amount of derivatives rose by 5.9%, due notably to the rise in derivatives that had the interest rate as the underlying variable. The bulk of derivative contracts were concluded with non-residents (87.7%), those concluded with foreign owners accounting for a significant share and those with the exchange rate as the underlying variable accounting for 65.6%.

1.1.4 Bank Capital

In the first half of 2009, total bank capital rose by HRK 1.8bn or 3.5%, showing a trend of deceleration relative to the growth rates observed in previous periods (Table 1.6). Specifically, the rise in capital was observed in large and small bank groups, amounting to 8.2% and 3.6% respectively, while total capital in the group of medium-sized banks fell by 28.0%, due primarily to the merger between one medium-sized bank and one large bank in the first quarter of 2009.

The distribution of the 2008 profit increased retained earnings (by HRK 2.2bn or 38.5%) and reserves stipulated by the articles of association and other capital reserves (by HRK 1.2bn). The share capital rose modestly (by HRK 0.5bn or 1.8%) and together with profit generated in the first six months of 2009 positively contributed to total capital and its share in balance sheet total (increasing it from 13.5% to 14.0%). The share capital of large and small banks rose by 0.6 percentage points in each group and accounted for almost the same shares (14.2%), while it decelerated by somewhat less than 1 percentage point in the group of medium-sized banks, remaining the lowest among all bank groups.

TABLE 1.6 Structure of Bank Total Capital, end of period, in million HRK and %

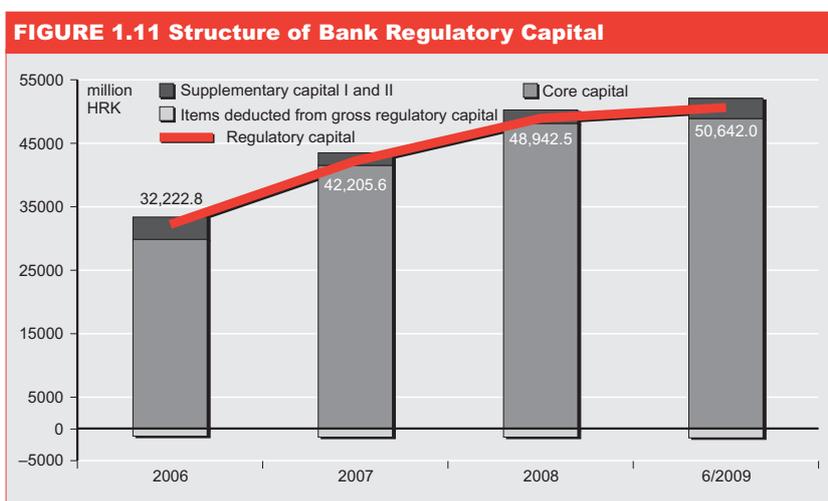
	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	16,584.2	53.1	25,179.3	58.3	51.8	28,287.6	56.7	12.3	28,785.3	55.7	1.8
2. Current year profit/loss	3,394.8	10.9	4,067.4	9.4	19.8	4,612.5	9.2	13.4	2,357.8	4.6	-48.9
3. Retained earnings/loss	3,716.8	11.9	4,212.0	9.8	13.3	5,694.1	11.4	35.2	7,883.5	15.3	38.5
4. Legal reserves	882.4	2.8	1,054.3	2.4	19.5	969.4	1.9	-8.1	1,082.4	2.1	11.7
5. Total reserves provided for by the articles of association and other capital reserves	6,676.6	21.4	8,674.1	20.1	29.9	10,398.8	20.8	19.9	11,584.6	22.4	11.4
5.1. Reserves provided for by the articles of association and other capital reserves	6,662.0	21.3	8,644.2	20.0	29.8	10,511.3	21.1	21.6	11,749.0	22.7	11.8
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	14.6	0.0	30.7	0.1	109.9	-112.5	-0.2	-	-164.5	-0.3	46.2
5.3. Reserves arising from hedging transactions	8.3	0.0	-0.8	0.0	-109.4	0.0	0.0	0.0	0.0	0.0	0.0
6. Previous year profit/loss	-2.7	0.0	-13.6	0.0	396.3	-35.3	-0.1	159.9	-20.9	0.0	-40.8
TOTAL CAPITAL	31,260.3	100.0	43,173.6	100.0	38.1	49,927.1	100.0	15.6	51,672.7	100.0	3.5

In the first half of 2009, the regulatory capital rose by the same percentage as total bank capital, i.e. 3.5%. To a small extent, this increase was the result of the rise in its key constituent, the core capital, which rose by 1.6% or HRK 0.8bn. Supplementary capital I, which went up by HRK 1.1bn or by as much as 50.9%, contributed much more to the rise of regulatory capital. None of the banks utilised supplementary capital II.

TABLE 1.7 Changes in Bank Regulatory Capital, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Large banks	25,577.9	79.4	32,612	77.3	27.5	38,047	77.7	16.7	41,971	82.9	10.3
Medium-sized banks	3,693.6	11.5	6,016	14.3	62.9	6,821	13.9	13.4	4,507	8.9	-33.9
Small banks	2,945.6	9.1	3,584	8.5	21.7	4,075	8.3	13.7	4,164	8.2	2.2
Total	32,217.1	100.0	42,211.7	100.0	31.0	48,942.5	100.0	15.9	50,642.0	100.0	3.5

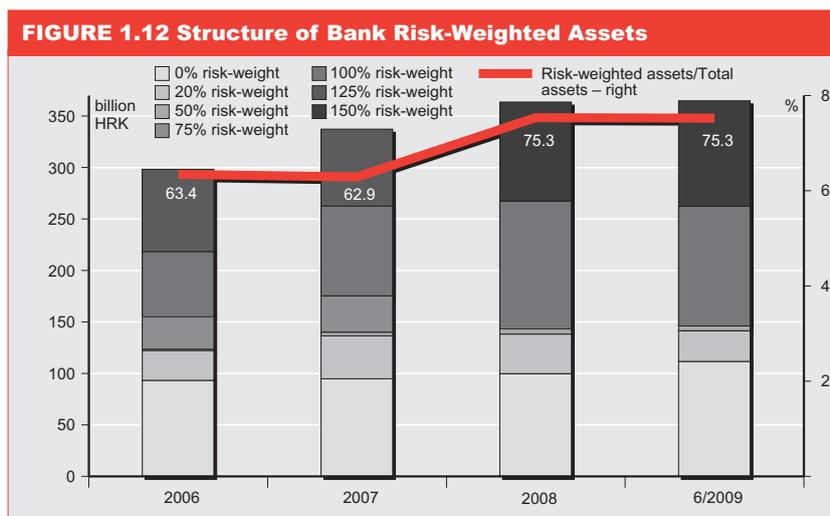
Banks from the group of large banks increased the amount of their regulatory capital. The same trend, although significantly weaker than in the group of large banks, was reported by the group of small banks (Table 1.7). Medium-sized banks reported a decrease in their regulatory capital level. The core capital, being the predominant component of regulatory capital, grew both in large and small banks (by 5.9% and 2.8% respectively), while supplementary capital I rose strongly in the group of large banks and fell in the group of small banks (by 10.1%). Both components of regulatory capital decreased in the group of medium-sized banks – the core capital went down by 28.1% and supplementary capital I by 60.7%.



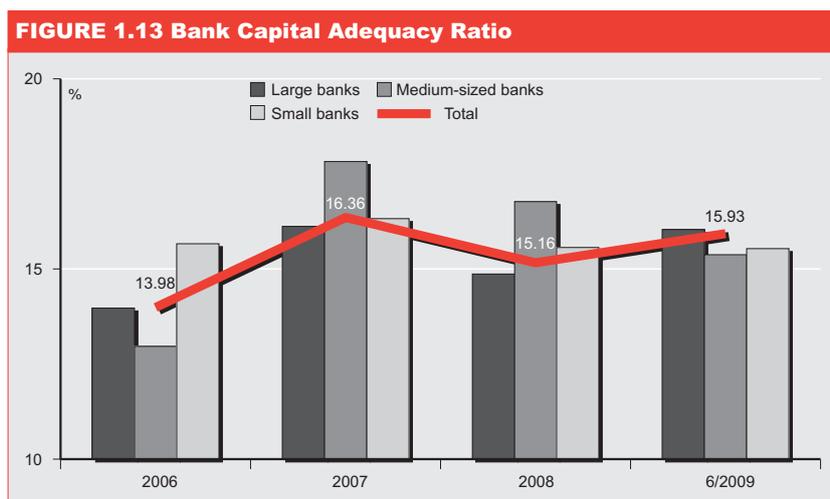
Notwithstanding a modest increase in the net value of risk-weighted assets at the end of the first half of 2009 relative to the end of 2008, the weighted amount of balance sheet assets decreased by 0.3%. Specifically, although the amount of net claims weighted by the highest risk weight of 150% – uncollateralised foreign currency (and indexed) claims on clients with unmatched foreign exchange positions – rose by 6.2% or HRK 6.0bn and thus increased the weighted amount of such claims by HRK 9.0bn, claims weighted by risk weights of 20% and 100% decreased significantly, by 22.9% and 6.4% respectively, contributing to the decrease in the weighted amount of such claims by HRK 1.8bn and HRK 7.9bn respectively.

Following modest changes in the amounts of total and risk-weighted bank assets in the first half of 2009, their ratio remained almost unchanged relative to the end of 2008 (75.3%) (Figure 1.12).

As in addition in the weighted amount of balance sheet assets a decrease was also observed in the weighted amount of standard off-balance sheet items (guarantees, commitments, etc.) and other off-balance sheet items (interest rate agreements, currency agreements, etc.), total exposure to credit risk, included in the calculation of the capital adequacy ratio, decelerated in the first half of 2009 by

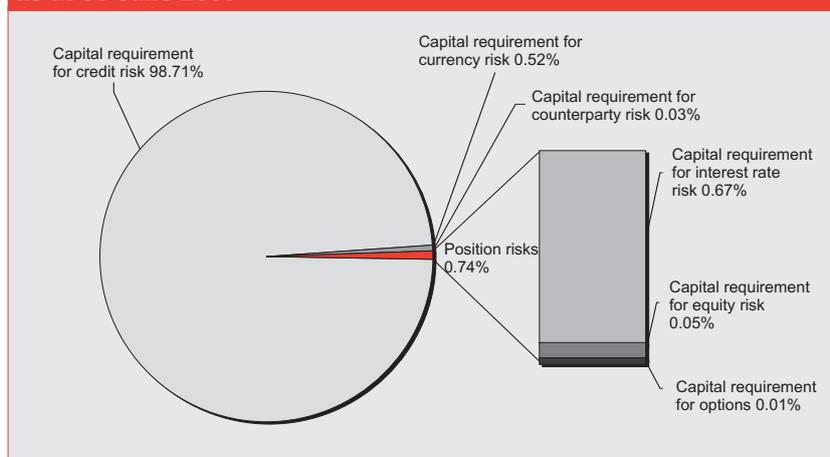


1.0%. In light of the fact that the exposure to market risks reduced by almost a third (29.3%), the total capital requirement for all risks went down by 1.5%. With the 3.5% increase in regulatory capital, the capital adequacy ratio rose from 15.16% to 15.93% (Figure 1.13).



The capital adequacy ratio rose only in the group of large banks. All banks had a capital adequacy ratio larger than 10% (which is the legally prescribed minimum), one bank reporting a capital adequacy ratio below 11%.

The already small share of the capital requirement for market risks decreased further from 1.8% at the end of 2008 to 1.3% at the end of the first half of 2009. All banks calculated the capital requirement for credit and currency risks, which went down by 1.0% and 9.6% respectively. The capital requirement for position risks was reported by eight banks (six large and two medium-sized banks) whose trading book activities exceeded the minimum stipulated volume of trading book activities. At the end of the first half of 2009, the capital requirement for position risks went down by 39.4% and the highest decrease was observed in the capital requirement for options (73.9%).

FIGURE 1.14 Structure of Bank Total Capital Requirements, as at 30 June 2009

1.1.5 Bank Income Statement

At the end of June 2009, bank pre-tax profit totalled HRK 2.9bn, a decrease of HRK 476.7m or 14.3% relative to the end of the first half of 2008.¹¹ Since bank profit before deductions for provision expenses was somewhat lower than HRK 4bn and 10.8% higher than in the same period in the previous year, weaker operating results were above all the consequence of the rise in expenses on loss provisions. The decrease in bank profit in the reference period was also the result of the decline in net interest income by 3.1% caused by a growth in interest expenses (24.9%) stronger than in interest income (11.9%).

Relative to June 2008, all bank groups reported a decrease in total profit and the profitability of their operations. However, the smallest fall in pre-tax profit was reported by large banks, by about 10.0%. Large banks thus continued to generate the bulk of total bank pre-tax profit, 93.0%. The profit of medium-sized banks went down by 58.0% and the profit of small banks by 27.1% relative to the end of the first half of 2008. These changes additionally reduced the share of profit of medium-sized and small banks in total bank profit, from 7.6% at end-June 2008 to 3.7% at end-June 2009 in medium-sized banks and from 3.8% to 3.3% in small-banks. The shares of these bank groups in total bank profit were much lower than the shares of their assets in total bank assets. The operating results of medium-sized banks in the reference period, relative to the same period last year, were partly affected by the merger between one bank from this group and one large bank and partly by the rise in general administrative expenses and depreciation and expenses on loss provisions. The rise in these expenses brought about a decrease in the profit of small banks as well (Table 1.8).

Of 34 banks, 24 banks achieved total pre-tax profit of HRK 2,937.8m, while ten banks reported losses totalling HRK 73.3m. The share of assets of banks that operated with losses made up almost 6.0% in total bank assets at the end of June 2009. Compared to the same period in the previous year, 18 banks (4 large banks, 2 medium-sized banks and 12 small banks) reported lower pre-tax profit.

¹¹ A more substantial decrease in profit was last reported at the end of 2001 when relative to the end of 2000 the pre-tax profit fell by 14.03%. The bulk of this decrease was due to the losses in Riječka banka.

TABLE 1.8 Bank Income Statement, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009
1. Net interest income	3,719.4	3,715.9	607.4	461.0	491.9	494.0	4,818.7	4,670.9
1.1. Total interest income	8,110.3	9,420.4	1,282.0	1,104.5	938.4	1,032.5	10,330.7	11,557.3
1.2. Total interest expenses	4,390.9	5,704.4	674.6	643.5	446.4	538.4	5,511.9	6,886.4
2. Net income from fees and commissions	1,149.8	1,213.6	201.9	144.5	109.1	106.6	1,460.8	1,464.7
2.1. Total income from fees and commissions	1,519.9	1,552.2	436.4	375.5	159.9	155.7	2,116.2	2,083.4
2.2. Total expenses on fees and commissions	370.1	338.6	234.6	231.0	50.8	49.1	655.4	618.6
3. Net other non-interest income	883.1	1,501.8	7.4	18.4	3.1	58.3	893.6	1,578.4
3.1. Other non-interest income	1,116.8	1,661.9	72.4	66.5	45.2	97.4	1,234.4	1,825.9
3.2. Other non-interest expenses	233.7	160.2	64.9	48.1	42.2	39.1	340.8	247.4
4. Net non-interest income	2,032.9	2,715.4	209.3	162.9	112.2	164.9	2,354.4	3,043.2
5. General administrative expenses and depreciation	2,631.9	2,799.6	507.1	429.7	455.9	519.9	3,594.9	3,749.2
6. Net operating income before loss provisions	3,120.4	3,631.8	309.6	194.1	148.3	139.1	3,578.3	3,964.9
7. Total expenses on loss provisions	161.2	967.0	55.2	87.3	20.7	46.0	237.0	1,100.4
7.1. Expenses on value adjustments and provisions for identified losses	163.7	1,016.6	58.5	93.3	18.3	48.3	240.5	1,158.2
7.2. Expenses on collectively assessed impairment provisions	-2.5	-49.6	-3.3	-5.9	2.4	-2.3	-3.5	-57.8
8. Income/loss before taxes	2,959.2	2,664.7	254.4	106.8	127.6	93.0	3,341.2	2,864.6
9. Income tax	522.2	447.3	30.0	25.8	38.1	33.6	590.3	506.7
10. Current year profit/loss	2,437.1	2,217.4	224.4	81.0	89.5	59.4	2,750.9	2,357.8

Net income of banks (the sum of net interest and net non-interest income) rose by 7.5% or HRK 541.0m relative to the end of the first half of 2008, totalling HRK 7.7bn. Above all, this was the result of the rise in other non-interest income, i.e. the rise in profit from derivatives trading and profit from foreign exchange trading. The observed growth in other non-interest income, additionally spurred by the decrease in other non-interest expenses, contributed to the change in the structure of net bank income (increasing the share of net other non-interest income from 12.5% to 20.5%). In contrast, the shares of the two major components of net bank income decreased: net interest income went down from 67.2% to 60.6% (due to the fall of 3.1%) and net income from fees and commissions went down to 19.0% (due to a fall that was somewhat higher than 1 percentage point).

The reported decrease in net interest income of banks was mostly influenced by medium-sized banks, in which this income item decelerated by 24.1% due mostly to the fall in interest income. The groups of large and small banks increased their interest expenses faster than interest income, causing the net interest income of large banks to fall by 0.1%. Small banks, however, increased their net interest income by 0.4%.

Net non-interest income of large and small banks was 33.6% and 47.0% higher at the end of the first half of 2009 relative to the end of the first half of 2008 thanks to the rise in other non-interest income by 48.8% and 115.3% respectively. Relative to the end of the first half of 2008, the net non-interest income of medium-sized banks decelerated by 22.2% owing to the 28.4% fall in net income from fees and commissions.

Total interest income stood at HRK 11.6bn at the end of June 2009, up HRK 1.2bn or 11.9% relative to the end of June 2008. Specifically, interest income grew half as much as interest expenses due to the fall in the volume of placements, especially loans. The decrease in the base resulted in lower

TABLE 1.9 Structure of Bank Income, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009
1. INTEREST INCOME	75.5	74.6	71.6	71.4	82.1	80.3	75.5	74.7
1.1. Interest income from loans granted	63.0	64.5	60.6	61.2	69.4	70.8	63.2	64.7
1.2. Interest income from deposits	5.7	1.9	6.3	3.1	6.9	2.5	5.9	2.1
1.3. Interest income from debt securities	6.0	6.2	4.7	7.1	5.6	6.8	5.8	6.3
1.4. Interest income from interest rate swaps	0.5	1.8	0.0	0.0	0.0	0.0	0.4	1.5
1.5. Net balances on exchange rate fluctuations related to interest income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
1.6. Interest income from previous years	0.3	0.2	0.1	0.1	0.1	0.2	0.3	0.2
2. INCOME FROM FEES AND COMMISSIONS	14.1	12.3	24.4	24.3	14.0	12.1	15.5	13.5
2.1. Income from fees for payment operations services	5.8	4.7	15.8	16.9	6.4	5.5	7.1	6.0
2.2. Income from fees for other banking services	8.4	7.5	8.6	7.4	7.6	6.6	8.3	7.4
2.3. Net balances on exchange rate fluctuations related to claims based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST INCOME	10.4	13.2	4.0	4.3	4.0	7.6	9.0	11.8
TOTAL INCOME	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

interest income from this source, with income from deposits decreasing by almost 60% relative to the end of June 2008. Banks offset this decrease by increasing all other components of interest income, especially the income from loans granted (by 15.7%) which accounted for the major item of total interest income (86.6%) (Table 1.9).

Under the circumstances of the slower growth of placements and contingent liabilities, interest income from loans granted to all sectors, except government units and financial institutions, went up at a slower rate than in the first half of 2008. The greater volume of lending to the government at the end of 2008 and in the first half of 2009 was reflected in the 64.2% increase of interest income from loans to government units, while in the sector of financial institutions the rise of interest income from loans was 74.9%. Since the growth of loans to households and enterprises slowed down in 2008 and the first half of 2009 (loans to enterprises rose by 0.7% and loans to households decreased by 2.2% in the reference period), the increase in interest income from this basis may be attributed to the higher price of loans and especially the increase in interest rates on long-term loans. Looking at the structure of interest income from loans by institutional sector, households accounted for the largest portion of income (51.4%). However, relative to the end of the first half of 2008, this share went down by 3.1 percentage points. By size of share in interest income from loans, the next to follow was income from loans to enterprises (36.2%), which decreased by 0.3 percentage points. Only income from loans granted to government units and financial institutions (up from 6.6% to 9.3% and from 1.5% to 2.3% respectively) increased its share in total income from loans.

Net income from fees and commission grew at the rate of 0.3%, which was much lower than at the end of June 2008 (13.3%). This was a consequence of the parallel fall in income from (by HRK 32.8m or 1.6%) and expenses on (by HRK 36.8m or 5.6%) fees and commission. The decrease in income from fees and commissions was entirely the result of the fall in income from fees for payment services provided to enterprises, which went down by HRK 55.1m or 9.4%. Although at slower rates than in previous reporting periods, all other components of income from fees and commissions, except for net exchange rate fluctuations (which were insignificant), continued to trend upward.

The crucial contribution to the rise in net bank income in the first six months of 2009 came from the growth in other non-interest income which, together with the decrease in other non-interest expenses, resulted in HRK 688.7m (29.3%) higher net other non-interest income. The bulk of this income was derived from the realised profit from trading activities amounting to an almost HRK 2.0bn and partly offset by the loss from exchange rate fluctuations (HRK 684.6m).¹² The decrease in other income categories resulted in other non-interest income being HRK 591.4m (47.9%) higher in the first half of 2009 than in the same period of the previous year.

Total increase in other non-interest income of banks was for the most part (92.2%) the result of their rise in large banks (by 48.8%) and partly in small banks (by 115.3%). In contrast, other non-interest income decreased by 8.1% in medium-sized banks. At end-June 2009, all bank groups reported profit from trading activities. Derivatives trading continued to predominate in the trading activities of large banks, accounting for HRK 1.4bn of their profit. The second largest was trading in kuna money assets, accounting for HRK 970m of large banks' profit. Foreign exchange trading predominated in medium-sized and small banks, making up 80.4% and 98.4% respectively of total trading profit in these banks. Profit of medium-sized and small banks from this basis was almost equal (HRK 76.5m and HRK 75.5m respectively). However, relative to end-June 2008, this caused the foreign exchange trading profit of medium-sized banks to increase by 17.0% and that of small banks to decrease by 76.5%.

Owing to aggravated financing conditions in the first half of 2009, interest expenses rose by 24.9%. Such growth dynamics, accompanied by a growth of interest income that was twice as slow (11.9%), resulted in 3.1% lower net interest income in the first half of 2009 than in the first half of 2008. The rise in interest expenses was above all the consequence of the rise in interest expenses on deposits, which made up the lion's share of interest expenses (76.5%). The rise in expenses on deposits was almost equally composed of expenses on household time deposits (the growth of HRK 537.4m or 27.6%) and expenses on deposits of foreign financial institutions (the growth of HRK 406.6m or 73.0%). Against the backdrop of reduced kuna liquidity, especially in the first two months of this year, a temporary but strong increase in interest rates marked the money market and thus contributed to the rise in interest expenses on deposits and loans received from financial institutions. Total increase in expenses in these two categories, relative to the expenses reported at the end of the first half of 2008, amounted to HRK 375.4m or 48.4%.

General administrative expenses and depreciation went up by 4.3% relative to the first half of 2008, with their largest increase being reported in small banks (14.0%). In large banks, these expenses rose by 6.4%, while in medium-sized banks they decelerated by 15.3%. However, if we exclude the impact of the merger between one medium-sized bank and one large bank, the rise in these expenses in large and medium-sized banks totalled 1.8% and 10.4% respectively.

Total expenses on loss provisions were more than three times higher in the reference period than in the same period last year, prompting banks to allocate HRK 863.3m from their net operating income. This was due to the rise in expenses on value adjustments and provisions for identified losses on an individual basis of HRK 917.7m, while expenses on collectively assessed impairment provisions fell by HRK 54.3m. The rise in expenses on value adjustments and provisions for identified losses on

¹² Banks mostly use derivatives as a hedge against currency risk (due to the complexity of the hedge accounting rules, they are reported as held-for-trading derivatives). Hence, profit from derivatives trading should be viewed in the context of exchange rate differentials.

TABLE 1.10 Structure of Bank Expenses, in %

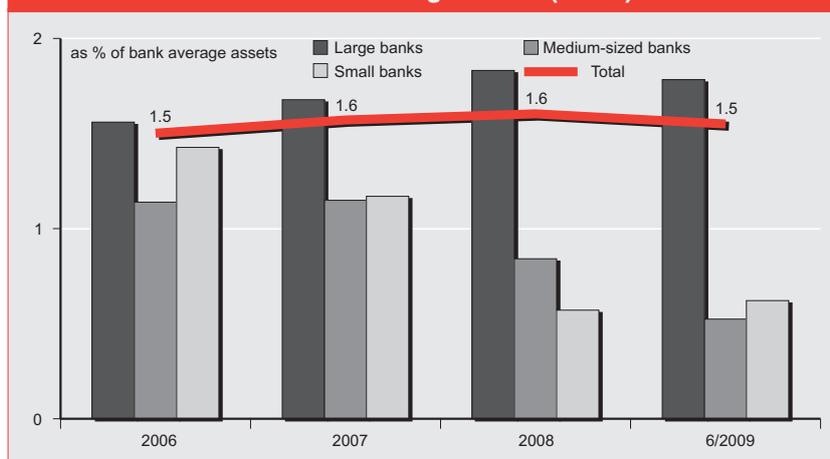
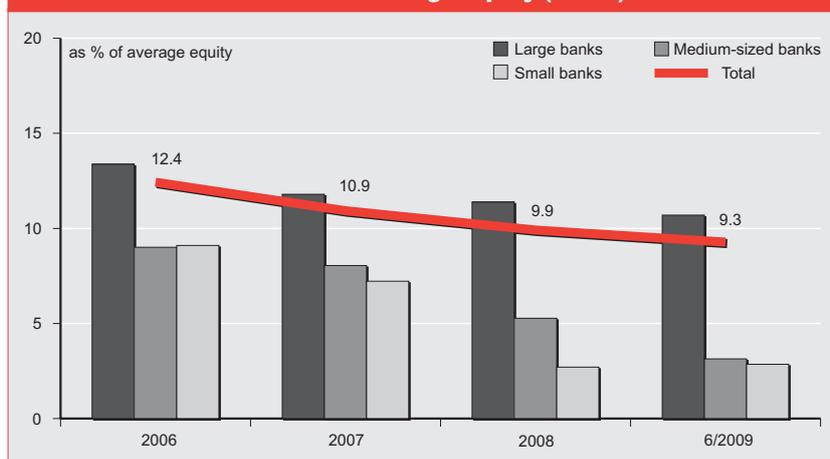
	Large banks		Medium-sized banks		Small banks		Total	
	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009	Jan.-Jun. 2008	Jan.-Jun. 2009
1. INTEREST EXPENSES	57.2	56.4	44.7	43.9	45.2	43.9	54.6	53.3
1.1. Interest expenses on loans received	10.0	12.4	7.6	4.1	4.7	4.5	9.2	10.4
1.2. Interest expenses on deposits	43.3	40.0	34.4	36.7	38.3	37.3	41.8	39.2
1.3. Interest expenses on debt securities	1.2	1.1	0.8	1.5	0.4	0.4	1.1	1.1
1.4. Interest expenses on interest rate swaps	1.1	1.5	0.0	0.0	0.0	0.0	0.9	1.1
1.5. Savings deposits insurance premiums	1.6	1.5	1.7	1.5	1.8	1.7	1.6	1.5
1.6. Net balances on exchange rate fluctuations related to interest expenses	-0.1	-0.2	0.0	-0.1	0.0	-0.1	-0.1	-0.2
1.7. Interest expenses from previous years	0.1	0.1	0.2	0.2	0.0	0.0	0.1	0.1
2. EXPENSES ON FEES AND COMMISSIONS	3.4	4.8	16.0	15.3	4.1	5.0	4.9	6.3
2.1. Expenses on fees/commissions for banking services of residents	2.5	3.7	15.3	14.5	3.9	4.7	4.1	5.4
2.2. Expenses on fees/commissions for banking services of non-residents	0.9	1.0	0.7	0.7	0.2	0.3	0.8	0.9
2.3. Net balances on exchange rate fluctuations related to liabilities based on fees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
3. OTHER NON-INTEREST EXPENSES	1.6	3.0	3.3	4.2	3.3	4.2	2.0	3.3
4. GENERAL ADMINISTRATIVE EXPENSES AND DEPRECIATION	28.1	33.8	29.8	33.0	43.6	44.9	29.8	34.8
5. LOSS PROVISION EXPENSES	9.7	2.1	6.1	3.6	3.9	2.0	8.7	2.3
5.1. Expenses on value adjustments and provisions for identified losses	10.2	2.1	6.5	3.8	4.0	1.8	9.2	2.3
5.2. Expenses on collectively assessed impairment provisions	-0.5	0.0	-0.4	-0.2	-0.2	0.2	-0.5	0.0
TOTAL EXPENSES	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

an individual basis is the result of the decline in quality of total placements and contingent liabilities, i.e. the rise in bad placements and contingent liabilities, primarily bad loans (risk categories B and C). Concurrently, the 2.1% fall in placements and contingent liabilities from category A in the first six months of 2009 (they rose by 1.4% in the same period of 2008) was the key contributor to the decrease in expenses on collectively assessed impairment provisions.

1.1.6 Indicators of Bank Returns

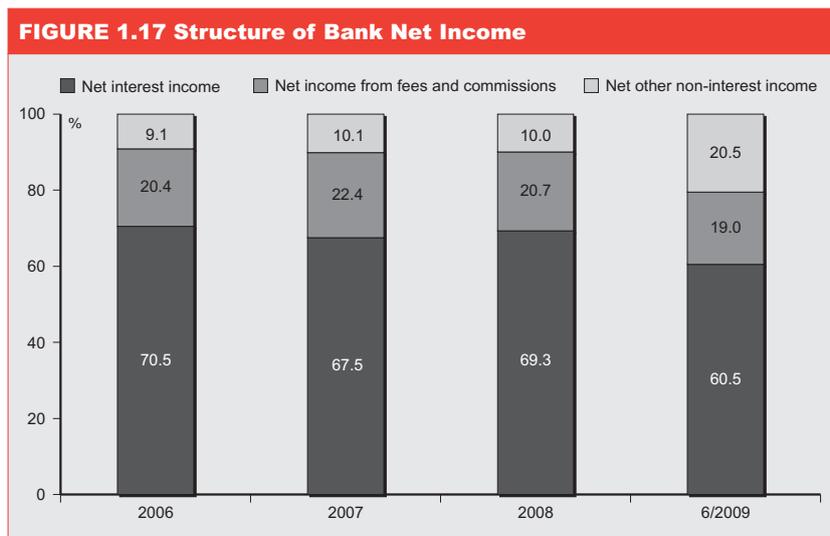
The return on average assets (ROAA) decreased by 0.4 percentage points at the end of the first half of 2009 relative to the end of the first half of 2008 due to the fall in bank profit by 14.3%. The decrease in profit was mainly caused by the rise in expenses on provisions for identified losses at the rate higher than that observed in net bank income. The ROAA was higher than one only in large banks (1.8%), while at the end of the first half of 2008 it had stood at 2.2%. The ROAA in medium-sized banks fell from 1.1% in June 2008 to 0.5% at the end of June 2009. Small banks decreased their annual ROAA by 0.3 percentage points or to 0.6% (Figure 1.15).

The years-long downward trend of the return on average equity (ROAE) continued in the reference period. At the end of the first half of 2009, the ROAE amounted to 9.3%. Relative to June 2008, this indicator fell by 2.8 percentage points due to the fall in current year profit and the rise in capital generated by the retention of major shares of profit earned in 2008 and the recapitalisations. This indicator reduced in all bank groups – in large banks from 13.5% to 10.7%, in medium-sized banks from 7.7% to 3.1% and in small banks from 4.8% to 2.9% (Figure 1.16).

FIGURE 1.15 Bank Return on Average Assets (ROAA)**FIGURE 1.16 Bank Return on Average Equity (ROAE)**

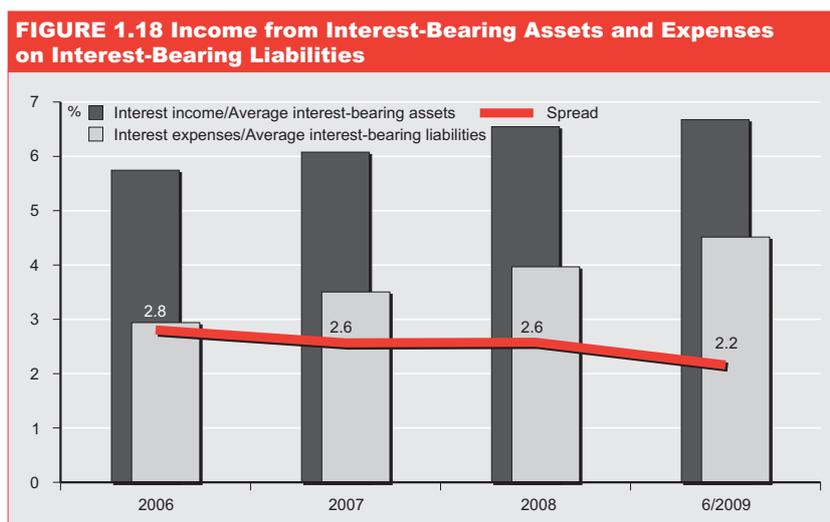
The change in the structure of net income of all bank groups was more pronounced at end-June 2009 than in previous periods. This was for the most part due to the rise in the share of net other non-interest income being higher than the rise in the share of net interest income and, in part, the rise in the share of net income from fees and commissions. Hence, relative to the end of the first half of 2008, net interest income and net income from fees and commissions decreased their shares in net income by 6.6 and 1.4 percentage points respectively. Thanks to this, the share of net other non-interest income rose from 12.5% to 20.5%. The growing reliance of banks on one-off and less stable sources of income (profit from trading activities, valuation of securities and exchange rate fluctuations), i.e. lower share of stable income (interest income), adds pressure on bank profitability.

This trend was the strongest in large banks, which continued to have the lowest share of net interest income in net income (57.8%). Medium-sized banks followed with the share of 73.9%. With their structure of net income experiencing no significant changes, the relative share of net other non-interest income remained small (2.9%) in this group of banks. Although small banks still generate two thirds of their income from the spread (75.0%), this group of banks also saw a decrease in its share of net interest income (in the first half of 2008, the share of interest income in net income of small banks stood at 81.4%) and the rise in the share of net other non-interest income (from 0.5%



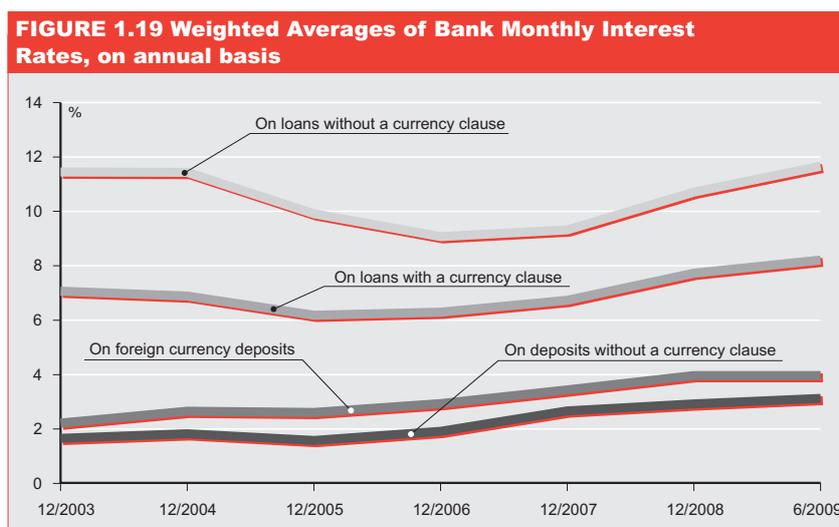
to 8.9%). The rise in net other non-interest income in small banks in the reference period relative to June 2008 was for the most part the result of the decrease in earlier losses on securities.

The increase in the average interest expenses was higher than the rise in the average interest income and thus contributed to the continuation of the persistent downward trend in the spread¹³ (Figure 1.18). The average interest income by the unit of interest-bearing assets attained its highest level (6.7%) in the last five years, indicating a level of average income by the same unit of assets today higher than in all previous periods. Specifically, the reason for the continued narrowing of the spread lies in the substantially slower growth dynamics of the average interest income by the unit of interest-bearing asset as compared with the growth dynamics of the average interest expenses by the unit of interest-bearing liabilities at the end of the first half (4.5%).

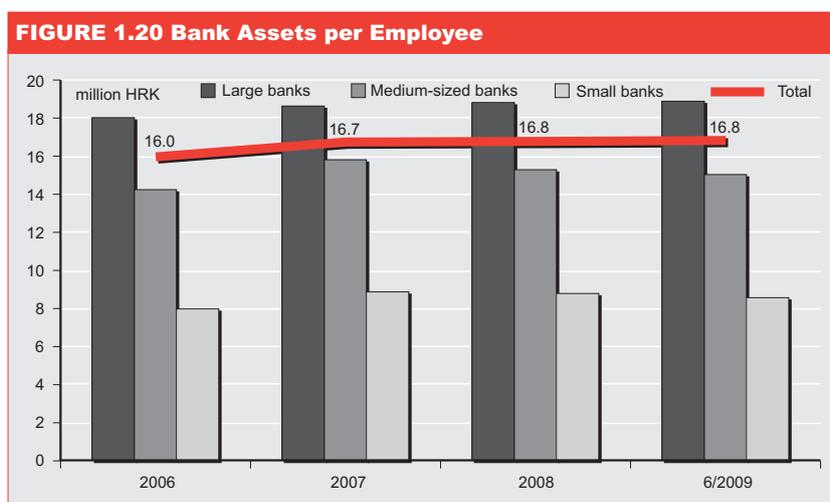


¹³ The spread was calculated as the difference between interest income earned on average interest-bearing assets and interest expense incurred on average interest-bearing liabilities.

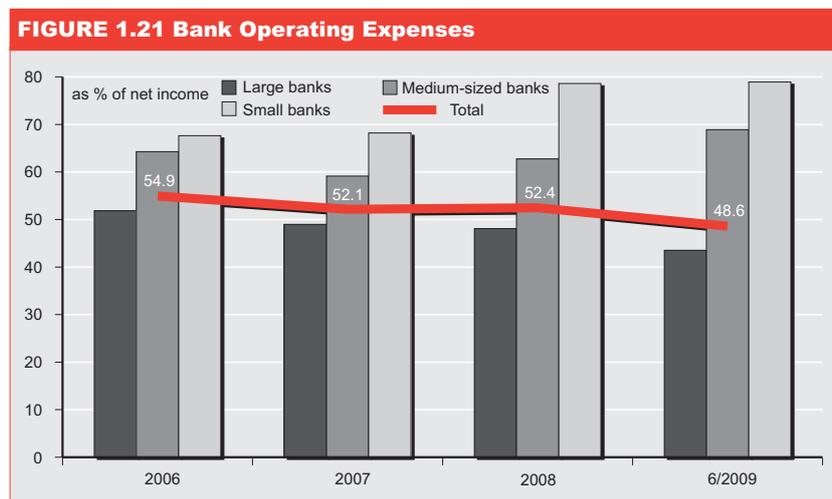
Relative to the end of the first half of 2008, all bank groups reported an almost equal decrease in their spreads which after falling by 0.5 percentage points in large and medium-sized banks and by 0.3 percentage points in small banks stood at 2.1% and 3.1% respectively. The increase in the average interest income of banks was affected by the rise in interest rates on loans and the rise in the share of interest-bearing assets in total assets in the first half of 2009. The developments of selected bank interest rates in the reference period relative to June 2008 show faster growth in interest rates on loans and deposits without a currency clause (in relative terms, they rose by about 24%) than in interest rates on loans and deposits with a currency clause (in relative terms, they rose by 7% and 15%) (Figure 1.19), suggesting the growth in country (currency) risk premiums.



Costs (including general administrative expenses and depreciation) were 4.3 higher at end-June 2009 than at end-June 2008 due primarily to the growth in other administrative expenses (9.3%) and depreciation expenses (6.0%). At the same time, employee expenses increased at a rate (0.6%) lower than the rate of the growth in the number of employees (1.8%). The largest increase in the number of employees in the one-year period (takeover effects excluded) was seen in small banks (5.5%) and the smallest in large banks (0.9%), while in medium-sized banks this increase totalled 2.8%.



Banks employed 21,960 persons at end-June 2009 (21,576 persons at end-June 2008) and there was one employee per assets of HRK 16.8m (Figure 1.20). In the first half of 2009, the number of bank employees went down (by 105), with 31 new operating units opened in the same period. Only large banks saw an increase in employee efficiency in the last one-year period and maintained the assets to employee ratio above its average value (HRK 18.8m). In medium-sized and small banks, this ratio stood at HRK 15.0m and HRK 8.6m respectively.



Net bank income halved (7.5%) in the first half of 2009 relative to previous years. As a result, banks strove to slow down the growth of their costs by the same amount, which increased their cost effectiveness and decreased their cost to income ratio from 50.1% to 48.6%. In a review of the value of this indicator in the peer group of banks it is evident that only large banks raised their cost effectiveness. The value of this indicator reduced only in this bank group, totalling 43.5%. In contrast, this indicator deteriorated in other two bank groups, remaining the largest in small banks (78.9%) and standing at 68.9% in medium-sized banks.

1.1.7 Bank Exposure to Credit Risk

Total bank placements and contingent liabilities exposed to credit risk and subject to classification into different risk categories¹⁴ totalled HRK 417.2bn at the end-June 2009, which was a decrease of 1.2% relative to the end of the previous year. This represents the continuation of the downward trend that was first observed at end-2006, i.e. at the time of application of the monetary measure providing for the limitation of bank placement growth and the subscription of compulsory CNB bills.

Total bank placements and contingent liabilities decreased relative to end-2008 on account of the fall in off-balance sheet items which exceeded the growth in balance sheet placements. Specifically, the

¹⁴ Pursuant to the Decision on the classification of placements and contingent liabilities of banks (OG 17/2003, 149/2005 and 74/2006) and in accordance with IAS 39, bank placements and contingent liabilities are classified into risk categories: A – fully recoverable placements and contingent liabilities, B – partly recoverable placements and contingent liabilities and C – irrecoverable placements and contingent liabilities.

assumed liabilities to bank clients were HRK 7.6bn (or almost 11.0%) lower at end-June 2009 than at end-2008, mostly on account of the decrease in credit lines and commitments. Concurrently, owing to stronger lending to government units, balance sheet placements rose by HRK 2.4bn or 0.7%.

The merger between Slavenska banka d.d., Osijek and Hypo Alpe-Adria bank d.d., Zagreb resulted in the rise of total placements and contingent liabilities in the group of large banks and the decrease in total placements and contingent liabilities in the group of medium-sized banks. However, if the effect of the merger is excluded, total placements and contingent liabilities were lower in all bank groups at end-June 2009: by 1.3% in large banks, 0.4% in medium-sized banks and 1.5% in small banks.

Notwithstanding the decrease or very small growth in loans granted to the majority of institutional sectors and owing to a greater volume of lending to government units, the share of loans continued growing in the distribution of placements and contingent liabilities by instrument, reaching 62.3% (up 2.5 percentage points) of total placements and contingent liabilities. Due to the fall in bank deposits held with other financial institutions (HRK 3.9bn or 5.4%), which was in part the consequence of the decrease in the prescribed minimum coverage ratio between foreign currency liabilities and foreign currency claims, the share of deposits at end-June 2009 fell to 16.4% of placements and contingent liabilities. Debt securities and other available-for-sale assets fell by HRK 1.5bn (8.1%) relative to the end of 2008, the main cause for this being the reclassification of several types of securities into the portfolio of loans and receivables in the second quarter of 2009 in one bank and members of its group. This also resulted in a negligible fall in the share of that portfolio of securities in total placements and contingent liabilities (to 4.0%).

The shares of other balance sheet items in the distribution of placements and contingent liabilities changed only slightly so that balance sheet placements accounted for 92.9% of total placements and contingent liabilities at end-June 2009. The remaining 7.1% were accounted for by contingent liabilities whose share in the distribution of total placements and contingent liabilities fell by 1.6 percentage points relative to the end of 2008. The largest concentration of placements was again observed in the household sector to which banks granted 34.9% of total placements and contingent liabilities at end-June 2009.

The lower amount of deposits, debt securities and other held-to-maturity and available-for-sale assets, and off-balance sheet contingent liabilities, i.e. placements which are usually estimated by banks as those of highest quality, contributed to the decrease in fully recoverable placements and contingent liabilities (category A placements) of HRK 8.6bn (2.1%) relative to end-2008. Concurrently, following the changes in the portfolio of loans, bad placements and contingent liabilities (partly recoverable and irrecoverable placements and contingent liabilities distributed into B and C risk categories) grew by a sizeable HRK 3.3bn or 23.5%. The bulk of the increase in bad placements and contingent liabilities, totalling HRK 2.9bn, was associated with risk category B. Hence, the share of placements and contingent liabilities distributed into that risk category trended up from 2.3% at end-2008 to 3.1% of gross placements and contingent liabilities at end-June 2009. The share of placements and contingent liabilities from risk category A decelerated from 96.7% to 95.8%, whereas, due to the increase of 10.0%, the share of placements and contingent liabilities from risk category C in gross placements and contingent liabilities went up from 1.0% to 1.1% (Table 1.11).

The share of bad placements and contingent liabilities in total placements and contingent liabilities grew at the highest rate in large banks, from 2.9% at end-2008 to 4.0% at end-June 2009, which

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

	Dec. 2006		Dec. 2007		Dec. 2008		Jun. 2009	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	338,310.4	96.8	384,204.3	96.9	408,397.9	96.7	399,841.3	95.8
2. Partly recoverable placements and contingent liabilities (category B)	7,147.3	2.0	7,946.5	2.0	9,865.7	2.3	12,754.4	3.1
3. Irrecoverable placements and contingent liabilities (category C)	4,173.1	1.2	4,270.3	1.1	4,214.6	1.0	4,634.3	1.1
Total	349,630.8	100.0	396,421.2	100.0	422,478.1	100.0	417,230.0	100.0

was a consequence of the 27.2% growth in bad placements and contingent liabilities in this group of banks. The share of bad placements and contingent liabilities in total placements and contingent liabilities stood at 4.0% in medium-sized banks, with the growth rate in bad placements and contingent liabilities in this group amounting to 20.9%. In small banks, bad placements and contingent liabilities grew by 5.4%, increasing their share in total placements and contingent liabilities from 6.3% to 6.7%.

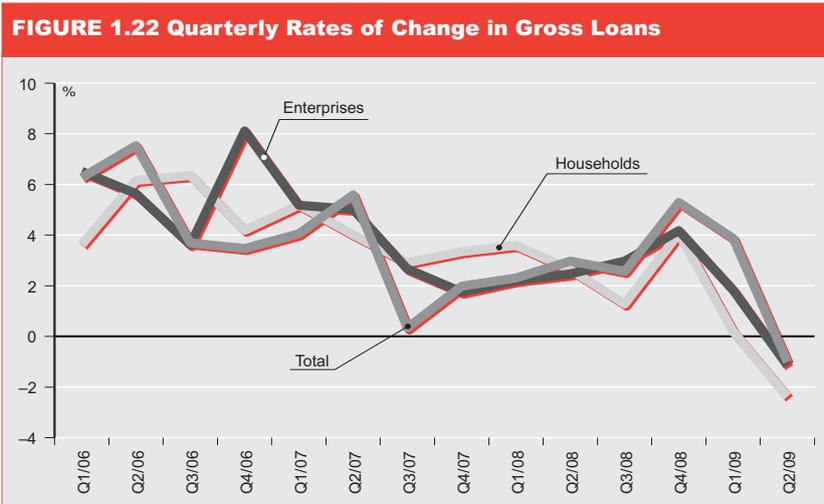
Banks classified almost one half of all bad placements and contingent liabilities into risk category B-1, expecting to recover more than 70% of contracted claims. The rise of an almost HRK 2.0bn (31.5%) in placements classified into this risk category contributed the most to total growth in bank bad placements in the reference period. Somewhat faster was the growth in placements classified into risk category B-2 (32.9% or HRK 0.9bn); it mostly includes claims for which the collection period is extended to two years and the recoverable amount estimated between 30% and 70% of the contractual amount. Placements classified into risk category B-3 fell by a negligible 0.1%.

The above-mentioned increase in partly recoverable placements is usually the result of debtor illiquidity, i.e. debtor delinquency in settling liabilities towards banks. The possible further deterioration in the recovery of claims is also indicated by the 13.3% rise in placements being overdue for more than 90 days for which banks, on the basis of other criteria, above all collateral, expect that they will be repaid in full and classified into risk category A.

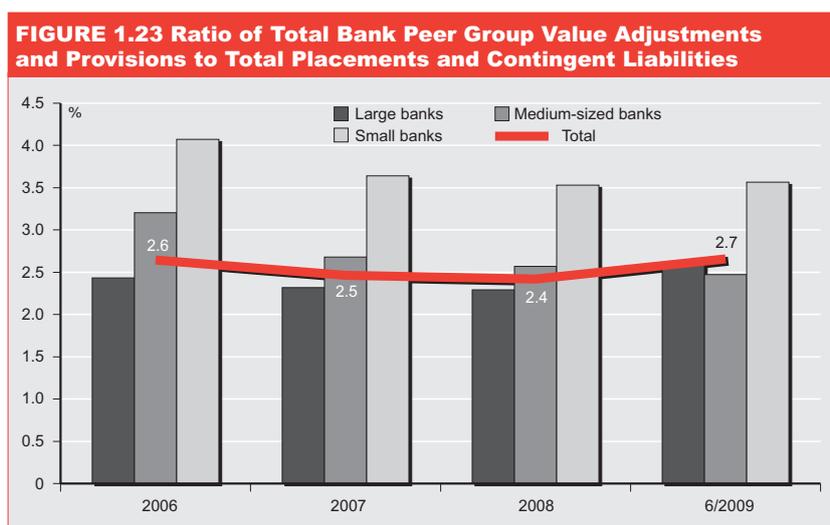
Bad placements and contingent liabilities are subject to value impairment by the amount of individually identified loss due to the impossibility of full recovery (categories B and C), while placements and contingent liabilities classified into risk category A are subject to collectively assessed impairment provisions. The total amount of such value adjustments and provisions rose by 8.5% (to HRK 11.1bn) relative to end-2008 on account of the 14.1% rise in the amount of value adjustments and provisions for bad placements. At the same time, collectively assessed impairment provisions went down by 1.6% due to the narrowing of the base, i.e. placements and contingent liabilities from risk category A. The increase in total value adjustments and provisions and the concurrent decrease in

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

	Dec. 2006	Dec. 2007	Dec. 2008	Jun. 2009
1. Total value adjustments against placements and provisions for contingent liabilities	9,252.2	9,774.6	10,230.1	11,096.3
1.1. Value adjustments against placements and provisions for contingent liabilities	6,201.3	6,290.3	6,555.2	7,479.2
1.2. Collectively assessed impairment provisions	3,050.9	3,484.3	3,674.9	3,617.1
2. Total placements and contingent liabilities	349,630.8	396,421.2	422,478.1	417,230.0
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	2.6	2.5	2.4	2.7



total placements and contingent liabilities increased their relative ratio to 2.7% (Table 1.12). This ratio grew from 2.3% to 2.6% in large banks, decelerated from 2.6% to 2.5% in medium-sized banks and remained at 3.6% in small bank, the value it also had at end-2008 (Figure 1.23).



Bank loans granted (gross) went up by HRK 7.1bn in the first half of 2009, totalling HRK 259.8bn and growing at the rate of 2.8%. Analysis of the movements observed in the first two quarters of 2009 shows that the growth rate in loans in the first quarter (3.9%) was largely in line with the previous year's dynamics. The slowdown in loan growth in the reference period relative to previous years is attributed to the decline in loans of 1.0% in the second quarter of 2009, a trend observed for the first time in the past ten years (Figure 1.22).

Bank lending activities in the first half of 2009 were mainly directed to the financing of government needs. Hence, relative to end-2008, the growth in loans was almost entirely accounted for by the rise in loans to government units (HRK 10.5bn or 48.9%). Loans to enterprises (HRK 0.6bn or 0.7%) and non-profit institutions (HRK 10.6m or 1.8%) grew at a much lower rate, while the volume of lending to other sectors decreased. Loans to households were almost HRK 2.8bn (2.2%) lower, while loans to financial institutions and non-residents decreased by HRK 1.1bn (19.2%) and HRK 174.7m (8.7%) respectively.

Hence, the slowdown in loans granted coincided with the deterioration in the quality of the loan portfolio generated by the jump in bad loans. Relative to end-2008, banks estimated HRK 3.1bn or 24.9% more of loans as partly recoverable or irrecoverable, with bad loans totalling HRK 15.6bn at end-June and accounting for 6.0% of gross bank loans. The largest increase in bad loans was reported in the second quarter of 2009, and their quarterly growth rate of 15.4% was the highest in the past ten years. As a result, the share of bad loans in total loans grew from 4.9% at end-2008 to 5.1% at the end of the first quarter and then to the above-mentioned 6.0% at end-June 2009.

The bulk of the increase in bad loans included loans classified into risk categories B-1 (HRK 1.8bn or 35.7%) and B-2 (HRK 0.9bn or 33.5%), which is an indication of the significant deterioration in a debtor's timeliness and delinquency in settling liabilities towards banks. The possible further deterioration in the quality of loans is also suggested by the rise in loans (HRK 0.6bn or 13.3%) that, the delinquency in principal payment longer than 90 days notwithstanding, banks have estimated as fully recoverable and classified into risk category A due to the quality collateral.

The key contributors to the change in the quality of bank loans were the developments in the portfolio of loans granted to households and enterprises, accounting for a total of 84.4% of gross bank loans. Relative to the end of 2008, bad loans in these two sectors grew at strong rates: 25.5% (HRK 1.8bn) in enterprises and 25.3% (HRK 1.3bn) in households, and considerably accelerated in the second quarter of 2009. The share of bad loans in total loans to the enterprises sector rose by 1.8 percentage points, to 9.3%, in the reference period. In the household sector, this share rose by 1.1 percentage points, totalling 5.1%.

Total household loans estimated fully recoverable by banks and classified into risk category A were HRK 4.0bn (3.3%) lower at end-June 2009 than at end-2008. In addition to regular repayments, the decline in these loans was also affected by the deterioration in the quality of loans granted to households, i.e. banks' estimates that a portion of loans granted to households no longer meets the conditions for the classification into risk category A. Among household loans, the highest value of the share of partly recoverable and irrecoverable loans was in mortgage loans (11.8%) and cash loans, credit lines and other loans (7.7%), and the smallest in home loans (2.5%).

Total due but unpaid loan receivables¹⁵ rose by HRK 3.3bn (35.3%), reaching HRK 12.7bn or 4.9% of gross loans. Of the total amount of due but unpaid loan receivables, HRK 7.6bn were accounted by B and C loans, and the remaining HRK 5.1bn by A loans. The rise in total but unpaid loan receivables was mostly brought about by the growth in receivables due from enterprises, which, after the increase of 43.7%, accounted for 8.8% of loans granted to enterprises. Due but unpaid household loan receivables rose by 19.6%, the majority of this increase being accounted for by due but unpaid receivables from cash loans, credit lines and other loans (up 21.7%), while the largest increase in relative terms was observed in credit card loans (37.7%). After a modest increase, the share of due but unpaid household loans stood at 3.1%, and the highest value of the share was seen in cash loans, credit lines and other loans (5.5%).

At end-June 2009, banks set aside HRK 6.9bn for the value adjustment of loans, an increase of HRK 0.8bn (13.9%) relative to end-2008. The growth in value adjustments was lower than the growth in bad loans, with the coverage ratio between bad loans and value adjustments decreasing from 48.7%

¹⁵ For loans that did not fall due in their entire amount, only the portion that fell due was included.

at end-2008 to 44.4% at end-June 2009. This contributed to the continuation of its year-long downward trend. The coverage ratio between bad loans and value adjustments decreased the most for loans to enterprises (from 38.1% to 33.7%) and loans to households (from 63.8% to 59.5%). As for household loans, the best coverage ratio between bad loans and value adjustments was seen in loans that are usually not covered by quality insurance instruments: credit card loans (80.0%) and cash loans, credit lines and other loans (68.2%).

TABLE 1.13 Sectoral Structure of Net Bank Loans, end of period, in million HRK

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009
1. Government units	20,073.8	30,611.0	1,227.6	1,037.6	193.8	367.7	21,495.2	32,016.3
2. Financial institutions	4,070.7	3,113.2	473.4	698.5	1,252.6	874.8	5,796.7	4,686.5
3. State-owned enterprises	7,750.2	6,500.5	729.9	755.2	62.5	107.4	8,542.7	7,363.1
4. Other enterprises	63,827.6	68,249.8	11,950.2	8,613.8	9,748.3	10,169.3	85,526.0	87,032.9
5. Non-profit institutions	489.3	520.0	40.4	24.7	61.5	55.1	591.1	599.8
6. Households	99,157.2	100,687.5	15,984.6	11,391.9	7,592.0	7,349.3	122,733.8	119,428.8
7. Non-residents	1,820.1	1,665.8	47.7	3.9	51.4	70.8	1,919.1	1,740.5
Total	197,188.8	211,347.9	30,453.9	22,525.6	18,962.1	18,994.4	246,604.8	252,867.9

Of the total amount of bank placements (excluding contingent liabilities), 46.0% were covered by quality insurance instruments, which was an insignificant increase relative to the end of 2008.

The most important instrument of collateral¹⁶ for bank placements was residential real estate – the share of placements collateralised by residential real estate property in total collateralised placements stood at 37.0%. Then came other instruments (as laid down by the internal bylaws of banks) with a share of 23.3% of net placements, followed by commercial real estate (21.4%), guarantees or securities of domestic government units and the CNB (12.1%) and deposits (6.2%). The value of collateral covered 88.5% of the value of collateralised placements, a modest decrease relative to the end of 2008.

Large banks had the best collateralised to total placements ratio of 48.7%, followed by small banks (39.2%) and medium-sized banks (28.2%). In large banks, residential real estate was the predominant instrument of collateral, while in other bank groups this role was taken by commercial real estate.

Total placements and contingent liabilities exposed to currency-induced credit risk (CICR),¹⁷ i.e. all placements and contingent liabilities in foreign currency and indexed to foreign currency, amounted to HRK 241.6bn¹⁸ or 59.0% of total net placements and contingent liabilities at end-June 2009. Relative to end-2008, placements and contingent liabilities exposed to CICR went up by HRK 3.4bn or 1.4%, pushing up their share in total net placements and contingent liabilities by 1.7 percentage points. The growth in foreign currency and indexed loans to government units and enterprises caused a rise in those placements and contingent liabilities not hedged against the effects of the CICR of almost HRK 9.5bn or 5.1% relative to the balance at end-2008. Concurrently, owing to the decrease

16 Pursuant to the Decision on supervisory reports of banks (OG 115/2003, 29/2006, 46/2006 and 74/2006) quality instruments of collateral are residential and commercial real estate property, deposits, guarantees or securities of domestic government units and the CNB, government units and central banks of OECD member states, domestic banks and banks of OECD member states but also all other instruments specified as quality collateral instruments in internal bank bylaws.

17 The risk that, in case of the weakening of domestic currency, clients that do not have stable foreign currency income will not be able to repay their foreign currency or foreign currency indexed liabilities.

18 Net book value, i.e. the amount reduced by value adjustments.

in loans to other sectors (except for financial institutions) and contingent liabilities and other types of placements, the hedged amount of total net placements and contingent liabilities fell by HRK 6.1bn or 3.3%. As a result, the share of net placements and contingent liabilities unhedged against CICR rose from 78.9% at end-2008 to 81.7% at end-June, i.e. the share of net placements and contingent liabilities hedged against CICR decreased from 21.1% to 18.3%. The analysis of individual types of placements shows that contingent liabilities were for the most part unhedged against the effects of CICR (94.7%) and they were followed by loans whose unhedged share stood at 92.8%. Of total net placements and contingent liabilities to households, the largest sector, 95.6% was not hedged against the effects of CICR.

At end-June 2009, 61.3% of net placements and contingent liabilities of large banks was exposed to CICR – 82.4% of them were unhedged, i.e. granted to debtors with unmatched foreign currency positions. In contrast, medium-sized and small banks had a smaller share of net placements and contingent liabilities exposed to CICR, 46.2% and 48.1% respectively. There was no hedging in the 78.6% of net placements and contingent liabilities of medium-sized banks exposed to the effects of CICR, whereas in small banks this share stood at 75.4%.

1.1.8 Bank Exposure to Liquidity Risk

At end-June 2009, banks' total sources of financing¹⁹ were 0.3% lower than at the end of 2008, totalling HRK 304.4bn. This trend is attributed to the slowdown in the growth of deposits and to the decrease in the balance of received loans. Eighteen banks, or one half of all banks, reported a decrease in the sources of financing; in small banks, this decrease was the largest and stood at 2.0%, while in large banks it totalled 0.3%. In contrast, medium-sized banks²⁰ increased their sources of financing by 0.6%. Total received deposits rose modestly in the first six months of 2009 (by 0.1%) and their share in the structure of total sources of financing rose by 0.4 percentage points due to the decrease in received loans (the second largest source of financing). The share of received loans decelerated from 17.1% to 16.4% due to their fall of HRK 2.2bn (4.1%). Although issued debt securities fell by 5.1%, their share in the structure of total sources of financing did not change in the reference period. In contrast, the share of subordinated and hybrid instruments went up by 0.3 percentage points due to the 50.7% rise in these instruments (Table 1.14).

TABLE 1.14 Structure of Bank Sources of Financing, end of period, in %

	Large banks		Medium-sized banks		Small banks		Total	
	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009	Dec. 2008	Jun. 2009
Deposits	79.7	80.7	85.3	83.4	88.5	87.6	81.1	81.5
Loans	18.6	17.0	11.6	15.0	10.7	11.7	17.1	16.4
Debt securities issued	1.4	1.3	0.0	0.0	0.0	0.0	1.1	1.1
Hybrid and subordinated instruments issued	0.3	1.0	3.1	1.6	0.9	0.8	0.7	1.0
TOTAL SOURCES OF FINANCING	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Deposits and loans of majority foreign owner	19.0	21.1	14.8	8.1	1.2	1.7	17.0	18.3

¹⁹ The sources of financing include received deposits, received loans, issued debt securities and issued subordinated and hybrid instruments.

²⁰ Excluding the effect of the merger between one medium-sized bank and one large bank.

Deposits continued to be the dominant source of financing in all bank groups and to the largest extent in small banks, where their share was 87.6%. Large banks accounted for the largest share of received loans in total sources of financing (17.0%), while issued debt securities were a source of funds only in large banks. Subordinated and hybrid instruments issued rose the most in large banks (by 74.1%), which is almost entirely attributed to their rise in two banks from this group.

The developments in large banks set the intensity and the direction of changes in all components of sources of financing in all banks. Specifically, they had the largest impact on received deposits and loans, which make up the lion's share (97.9%) of total sources of financing. Hence, owing to the growth in large banks²¹ (by 0.6%), received deposits rose by a total of HRK 228.6m at end-June 2009, totalling HRK 248.0bn, whereas they went down by 3.0% and 1.4% in small and medium-sized banks. In contrast to deposits, the decrease in loans received in large banks (by 6.2%) caused these loans to decrease by a total of HRK 2.2bn or to HRK 50.0bn. Medium-sized and small banks increased the debt from this source by 12.0% and 7.1% respectively in the first six months of 2009.

The majority foreign owners²² did not decrease the volume of financing to their branches in the first half of 2009, increasing it by an additional HRK 3.7bn (7.1%). The financing of branches continued thanks to the rise in deposits received from majority foreign owners (16.8%), while loans received went down by 5.4%, increasing the share of sources of financing of majority foreign owners in total loans and deposits from 17.3% to 18.7%. Although the bulk of the increase in the sources of financing of majority foreign owners (96.4%) was accounted for by large banks, the largest relative change was reported in small banks in which the growth stood at 31.7%. The rise in these sources stood at 7.2% in large banks,²³ with medium-sized banks increasing their debt from this source by 1.5%. As a result, all bank groups saw a slight increase in the share of sources of financing received from majority foreign owners in total deposits and loans: 21.6% in large banks, 8.3% in medium-sized and 1.7% in small banks. The majority foreign owners thus participated in total bank deposits and loans with the shares ranging from 3.1% in one small bank to as much as 38.7% in one large bank.

The largest share in received loans and deposits in the first half of 2009 was again accounted for by the household sector, up from 45.3% at end-2008 to 45.8% at end-June. The non-resident sector followed in terms of size of its share (24.2%), which also increased by 0.8 percentage points. A growth in the share of 1.5 percentage points or to 13.2% was also seen in the sector of domestic financial institutions. In contrast, the shares of enterprises and government units decelerated from 16.5% and 2.1% to 13.9% and 1.9% respectively.

The household sector remained the largest source of financing in all groups of banks. To the largest extent, this was the case in small banks in which the household sector accounted for 59.4% of total loans and deposits (58.2% at end-2008). This share was lower in the other two groups of banks (43.9% in large and 50.7% in medium-sized banks). The share of the household sector went up in medium-sized and small banks, while it decelerated by 1.0 percentage point in large banks. The non-resident sector accounted for the second largest share in deposits and loans of large banks, accounting for almost one third of total sources of financing (27.6%). Moreover, at end-June 2009,

²¹ See footnote 20.

²² The further analysis of the sources of liquidity financing is limited to received deposits and loans because the current CNB reports do not provide for the distribution of issued debt securities and subordinated and hybrid instruments by sectors.

²³ See footnote 20.

the non-resident sector was a larger source of financing than the household sector in two large banks. Domestic financial institutions held the second largest share in received deposits and loans in medium-sized and small banks (21.6% and 18.4%).

Domestic and foreign financial institutions are two major sources of lending to banks. In the first half of 2009, received bank loans went down by HRK 2.2bn (4.1%) owing to an almost 10% decrease in loans from foreign financial institutions (HRK 3.2bn). The major portion of this decrease (HRK 2.0bn) included the repayment of loans to other foreign financial institutions, i.e. those not owned by majority foreign owners, while loans from majority foreign owners, after an increase in hybrid and subordinated instruments by HRK 1.1bn, decelerated by a total of HRK 1.2bn (5.4%). Banks generated some of the needed funds by increasing their borrowings in the domestic financial market (CNB repo loans and CBRD loans), thus increasing their liabilities to domestic financial institutions by HRK 1.2bn or 6.1%, which contributed to the rise in the share of domestic financial institutions (Table 1.15).

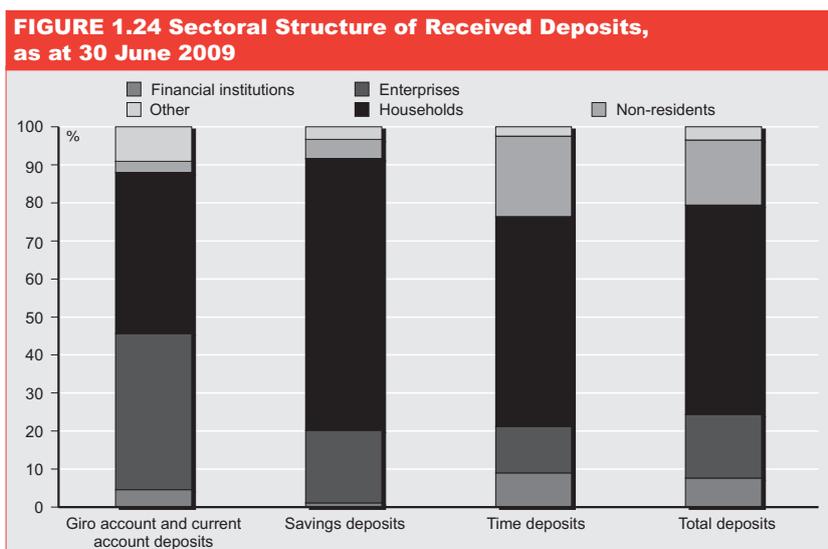
TABLE 1.15 Sectoral Structure of Received Loans, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
Loans from government units	272.9	0.5	183.3	0.4	-32.8	125.7	0.2	-31.4	95.3	0.2	-24.3
Loans from financial institutions	15,102.5	27.5	20,573.0	39.3	36.2	19,270.0	37.0	-6.3	20,436.8	40.9	6.1
Loans from enterprises	0.0	0.0	189.4	0.4	0.0	3.5	0.0	-98.1	4.1	0.0	15.4
Loans from foreign financial institutions	39,129.4	71.3	31,117.8	59.5	-20.5	32,603.9	62.5	4.8	29,364.3	58.8	-9.9
Loans from other non-residents	360.5	0.7	248.3	0.5	-31.1	129.3	0.2	-47.9	72.0	0.1	-44.3
TOTAL LOANS RECEIVED	54,865.4	100.0	52,311.8	100.0	-4.7	52,132.6	100.0	-0.3	49,972.4	100.0	-4.1
Loans from majority foreign owner	22,925.5	41.8	17,600.8	33.6	-23.2	22,735.6	43.6	29.2	21,503.9	43.0	-5.4

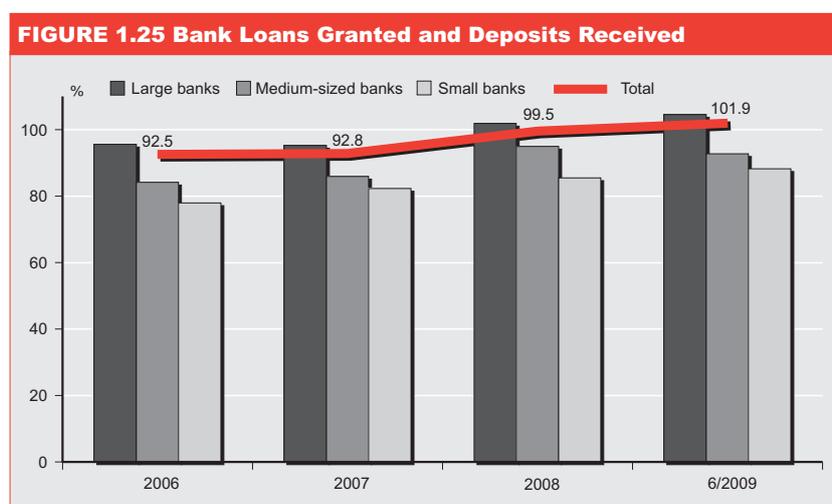
Although total received deposits rose by a modest 0.1% at end-June 2009 relative to end-2008, the significant changes were observed in the sectoral, maturity and currency structures of deposits. Following the absence in the growth of household deposits (the increase was lower than HRK 0.5bn or 0.4%), banks used the increase in deposits of domestic and foreign financial institutions (by a total of HRK 8.3bn) to offset the fall in deposits of enterprises (by HRK 7.9bn or 16.0%), which contributed to a further fall in the share of deposits of enterprises in total deposits from 19.9% to 16.7% and to the increase in the share of non-resident deposits by another 2.1 percentage points or to 17.2%. Deposits of government units and non-profit institutions also decelerated, by 7.8% and 3.7% respectively, which made no significant impact on the amount of their shares.

The observed increase in deposits in the first six months of 2009 was exclusively the consequence of the rise in time deposits (by HRK 9.2bn or 5.1%), with the decrease being observed in giro and current account deposits (by HRK 7.9bn or 19.1%) and savings deposits (by HRK 1.1bn or 4.3%). Relative to end-2008, none of the sectors saw an increase in the balance of their sight deposits, i.e. all sectors reported smaller or larger decreases in giro and current account balances and savings account balances. The decrease in sight deposits was offset by the increase in time deposits in all sectors, except in the sector of enterprises. Hence, the first half of 2009 saw the continuation of the upward trend in the share of time deposits in total deposits, by 3.6 percentage points or to 76.6%, while the share of giro and current account deposits decreased from 16.7% to 13.5% and the share of savings deposits fell from 10.4% to 9.9%.

Relative to the first half of 2008, the share of giro and current account deposits went down by 4.1



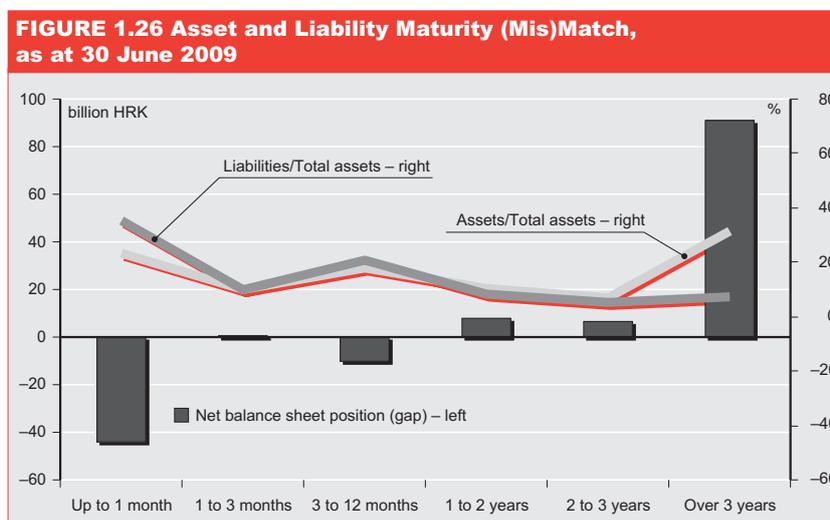
percentage points and the share of savings deposits by 1.6 percentage points. This was offset by the rise in the share of time deposits by 5.7 percentage points. The rise in time deposits to the detriment of sight deposits largely contributes to the stability of sources of financing. However, it should be noted that the decrease in sight deposits was part of an overall decrease in deposits in all sectors (except for the government sector), and especially in the sector of enterprises, which saw a decrease in all types of deposits.



The change in the currency structure of deposits in the first half of 2009 manifested itself in the continuation of the restructuring process, which favoured the increase in foreign currency deposits, by HRK 11.9bn or 8.4%. As a result, their share in total deposits rose by another 4.7 percentage points or to 61.6%. In contrast, kuna deposits and deposits in kuna tied to the currency clause fell (by HRK 10.4bn and HRK 1.2bn) in the first half of 2009, causing their shares to shrink. The share of kuna deposits decreased from 40.3% to 36.1%, and the share of deposits in kuna tied to the currency clause fell by 0.5 percentage points, accounting for 2.3% of all deposits. The major portion of the increase in foreign currency deposits or deposits indexed to foreign currency was accounted for by deposits in euros (HRK 10.7bn), which, after the said increase, accounted for about 55.9% of all deposits.

At end-June 2009, the ratio of loans granted to deposits received exceeded 100% for the first time in the past ten years (Figure 1.25). The key contributors to this were large banks in which this ratio remained the largest, totalling 104.5%. Medium-sized and small banks followed with the shares of 92.7% and 88.2%.

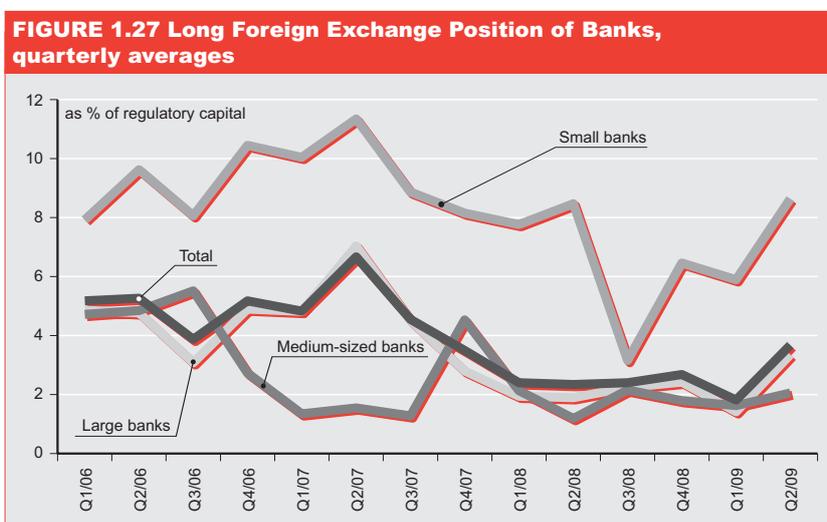
At end-June 2009, the maturity structure mismatch or the negative cumulative gap²⁴ in the short-term maturity (up to one year) continued to mark banks' balance sheets. However, relative to end-2008, the mismatch narrowed in two categories of the remaining short-term maturity, while the maturity category of one to three months showed a positive gap. The negative short-term cumulative gap decreased by a total of HRK 11.4bn (17.5%), or to HRK 53.7bn, which was above all the result of the decrease in short-term liabilities by HRK 9.1bn or 3.6% and the rise in short-term assets by HRK 2.3bn or 1.2%. The decrease in short-term liabilities is attributed to the above-mentioned decrease in sight deposits and time deposits with the shortest maturity (up to one month) and received loans and issued debt securities with the remaining maturity of three months to up to one year. The increase in short-term assets was mainly the consequence of the rise in short-term loans which managed to offset the decrease in the shortest maturity deposits with banking institutions and the decrease in the portfolio of securities. Owing to these changes, the share of short-term assets in total bank assets increased by a modest 0.7 percentage points, or from 50.5% to 51.2%, while the share of short-term liabilities in total assets went down from 68.3% to 66.0%. The mismatch was the largest and decreased by HRK 7.9bn for the shortest maturity (up to one month), and by HRK 2.1bn for maturities between three months and up to one year. However, the mismatch for maturities between one and three months went from red to black, changing from minus HRK 918.1m to plus HRK 524.5m (Figure 1.26).



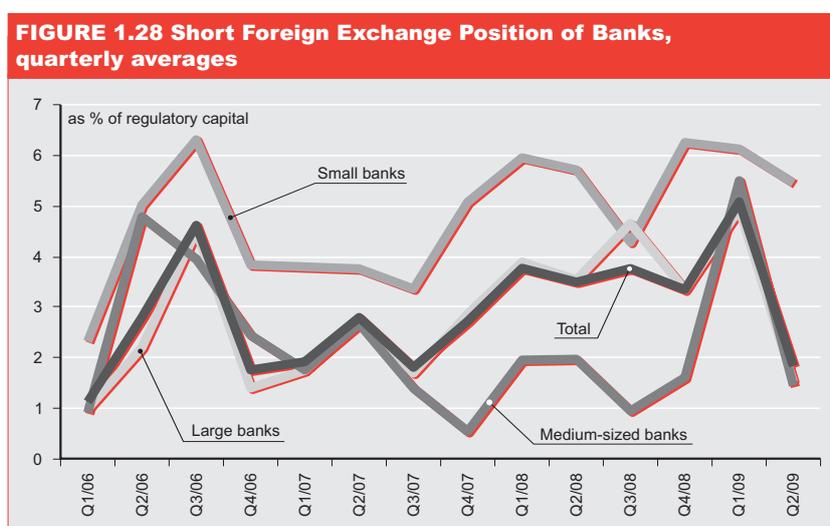
24 This represents the difference between net assets and liabilities (not including capital) with the same period until maturity.

1.1.9 Currency Adjustment of Bank Assets and Liabilities

The open foreign exchange position remained short throughout the entire 2008 (i.e. the amount of foreign currency and foreign currency indexed liabilities exceeded the amount of foreign currency and foreign currency indexed claims that are included in the calculation of the open foreign exchange position), ranging between 3.3% and 3.8% of regulatory capital. At the end of the first quarter, the short open foreign exchange position rose to 5.1% of regulatory capital 2009 (Figures 1.27 and 1.28). The main cause for this was a more pronounced decrease in foreign currency and (indexed) assets than in the respective liabilities (2.0% relative to 0.8%) in the first three months of 2009. However, the second quarter of 2009 saw a much higher growth in euro assets (5.6%) than in euro liabilities (0.6%) as a result of which in the middle of 2009 the long open foreign exchange position of banks exceeded the short position for the first time since end-2007, accounting for 3.7% of regulatory capital.



These developments were for the most part the result of the change in the open foreign exchange position of large banks in which the short foreign exchange position at the end of 2008, accounting for 2.4% of regulatory capital, changed into a long position (3.4%). The other two bank groups



increased their already long positions observed at the end of 2008 (medium-sized banks from 1.8% to 2.1% and small banks from 6.5% to 8.6% of regulatory capital).

The kuna weakened against the euro in the first quarter of 2009 and strengthened in the second quarter. Specifically, at end-June relative to end-2008, the kuna/euro exchange rate rose by 0.4%, from HRK 7.32/EUR to HRK 7.29/EUR. The exchange rate of the kuna against the Swiss franc moved in a similar direction, strengthening by 2.8% in the reference period, while it slightly weakened against the US dollar (1.0%).

1.2 Housing Savings Banks

As at end-2008, there were five housing savings banks operating in the Republic of Croatia at end-June 2009. Their total assets decreased, the trend also observed in bank assets, but at much higher rate of 5.3% (Table 1.16). As a result, the share of assets of housing savings banks in total banking sector assets, on the downward trend since the end of 2005, decreased from 1.9% to 1.8%.

Four housing savings banks, whose assets accounted for 98.0% of total housing savings bank assets, remained in majority, direct or indirect, ownership of foreign shareholders. The only housing savings bank in majority domestic state ownership increased its share in total housing savings bank assets from 1.6% to 2.0% owing to the 17.2% rise in its assets in the first six months of 2009.

The number of employees in housing savings banks decreased negligibly, from 416 to 408. Hence, their share in total number of employees in the banking sector went down from 1.9% to 1.8% (the same as the share in assets).

1.2.1 Housing Savings Bank Balance Sheet

The amount of assets decreased in three housing savings banks, and, in addition to the growth of 17.2% observed in the smallest and the youngest housing savings bank, a modest increase in assets (of only 0.1%) was reported by one housing savings bank.

Owing to the strong growth of 22.9% (HRK 0.9bn), the share of loans in total assets of housing savings banks rose from 58.2% to 75.5%. On the other hand, investments in securities dropped by HRK 1.2bn or 48.6%. The reported decrease in securities and the concurrent rise in loans granted were above all the result of the changes in the accounting rules, or, to be precise, the amendments to the International Accounting Standards (2008) which, pending certain conditions having been met, provide for the reclassification of investments held in the portfolio of securities into the portfolio of loans and receivables. In the second quarter of 2009, one large bank and members of its group, inclusive of one housing savings bank, reclassified a significant amount of securities (in case of the mentioned housing savings bank they exclusively included the bonds of the Republic of Croatia) into the portfolio of loans and receivables.

The share of investments in securities in total assets continued to trend downward and, after accounting for more than two thirds of total assets at end-2006 (66.8%, with loans granted by housing savings banks accounting for somewhat more than one fourth of assets or 28.0%), stood at 19.2% at end-June 2009. In one housing savings bank only, securities accounted for more than a half in total assets.

Following the above-stated increase, net loans of housing savings banks stood at HRK 5.0bn at end-June 2009. With reference to this, it should be noted that the rise in loans granted to household (home loans) stood at only 2.8%, and that the growth in loans granted to government units doubled in the reference period – they grew by as much as 104.5% thanks to the reclassification. Before the reclassification, securities were held in the available-for-sale portfolio, meaning that after a substantial decrease in this portfolio the majority of securities of housing savings banks were classified into the portfolio of securities held until maturity (72.9%).

TABLE 1.16 Structure of Housing Savings Bank Assets, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Money assets and deposits with the CNB	0.01	0.00	0.02	0.00	200.00	0.02	0.00	13.33	0.03	0.00	58.82
1.1. Money assets	0.01	0.00	0.02	0.00	200.00	0.02	0.00	13.33	0.03	0.00	58.82
1.2. Deposits with the CNB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. Deposits with banking institutions	111.51	1.75	47.08	0.72	-57.78	259.74	3.73	451.66	112.34	1.70	-56.75
3. MoF treasury bills and CNB bills	347.66	5.46	255.54	3.90	-26.50	327.72	4.70	28.25	274.57	4.16	-16.22
4. Securities and other financial instruments held for trading	284.39	4.46	156.80	2.40	-44.87	76.52	1.10	-51.20	1.86	0.03	-97.57
5. Securities and other financial instruments available for sale	1,058.33	16.61	1,246.37	19.04	17.77	1,121.08	16.09	-10.05	59.15	0.90	-94.72
6. Securities and other financial instruments held to maturity	1,303.26	20.45	871.21	13.31	-33.15	692.70	9.94	-20.49	795.05	12.05	14.78
7. Securities and other financial instruments not traded in active markets but carried at fair value	1,260.63	19.79	528.44	8.07	-58.08	241.45	3.47	-54.31	134.25	2.03	-44.40
8. Derivative financial assets	5.40	0.08	6.66	0.10	23.30	0.00	0.00	-100.00	0.00	0.00	0.00
9. Loans to financial institutions	69.87	1.10	106.52	1.63	52.45	273.94	3.93	157.17	145.30	2.20	-46.96
10. Loans to other clients	1,713.04	26.89	3,172.30	48.47	85.19	3,780.69	54.28	19.18	4,837.03	73.29	27.94
11. Investments in subsidiaries and associates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12. Foreclosed and repossessed assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
13. Tangible assets (net of depreciation)	7.00	0.11	8.05	0.12	15.08	8.75	0.13	8.67	8.53	0.13	-2.50
14. Interest, fees and other assets	250.78	3.94	195.96	2.99	-21.86	240.86	3.46	22.92	287.55	4.36	19.38
15. Net of: Collectively assessed impairment provisions	40.45	0.63	50.13	0.77	23.92	58.00	0.83	15.71	55.87	0.85	-3.67
TOTAL ASSETS	6,371.41	100.00	6,544.81	100.00	2.72	6,965.47	100.00	6.43	6,599.77	100.00	-5.25

In the first six months of 2009, there was a noticeable fall in received deposits of housing savings banks. Deposits decreased by more than half a billion kuna or 9.0%, totalling HRK 5.7bn (Table 1.17), a fall being observed in four housing savings banks. As a result, and in addition to the mentioned rise in loans granted, there was a high increase in the ratio of granted loans to deposits, from 64.4% at end-2008 to 86.9% at end-June 2009.

Total capital of housing savings banks rose in the first half of 2009 by 21.4% (HRK 66.9m). Hence, its share in assets grew from 4.5% to 5.7%. The majority of this increase was accounted for by the rise in share capital of 8.2% (by HRK 370m), with the positive impact on the capital position being produced by improved financial operating results (Table 1.18).

TABLE 1.17 Structure of Housing Savings Bank Liabilities, end of period, in million HRK and %

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Loans from financial institutions	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23	60.35	0.91	40,679.72
1.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60.22	0.91	-
1.2. Long-term loans	0.00	0.00	0.18	0.00	0.00	0.15	0.00	-18.23	0.13	0.00	-12.16
2. Deposits	5,803.62	91.09	6,038.37	92.26	4.04	6,298.11	90.42	4.30	5,733.47	86.87	-8.97
2.1. Giro account and current account deposits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.2. Savings deposits	0.03	0.00	0.04	0.00	18.18	0.04	0.00	2.56	0.01	0.00	-67.50
2.3. Time deposits	5,803.59	91.09	6,038.33	92.26	4.04	6,298.07	90.42	4.30	5,733.46	86.87	-8.96
3. Other loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.1. Short-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3.2. Long-term loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4. Derivative financial liabilities and other financial liabilities held for trading	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.1. Short-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.2. Long-term debt securities issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Subordinated instruments issued	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7. Hybrid instruments issued	61.70	0.97	39.93	0.61	-35.28	91.31	1.31	128.65	96.03	1.46	5.17
8. Interest, fees and other liabilities	312.51	4.90	223.86	3.42	-28.37	263.36	3.78	17.64	330.48	5.01	25.49
TOTAL LIABILITIES	6,177.83	96.96	6,302.34	96.30	2.02	6,652.92	95.51	5.56	6,220.33	94.25	-6.50
TOTAL CAPITAL	193.58	3.04	242.47	3.70	25.25	312.55	4.49	28.90	379.44	5.75	21.40
TOTAL LIABILITIES AND CAPITAL	6,371.41	100.00	6,544.81	100.00	2.72	6,965.47	100.00	6.43	6,599.77	100.00	-5.25

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

	Dec. 2006		Dec. 2007			Dec. 2008			Jun. 2009		
	Amount	Share	Amount	Share	Change	Amount	Share	Change	Amount	Share	Change
1. Share capital	287.48	148.51	357.09	147.27	24.21	450.89	144.26	26.27	487.89	128.58	8.21
2. Current year profit/loss	-54.50	-28.15	-44.72	-18.44	-17.95	12.91	4.13	-128.87	21.56	5.68	66.97
3. Retained earnings/loss	-37.12	-19.18	-15.93	-6.57	-57.09	-61.58	-19.70	286.53	-50.03	-13.19	-18.76
4. Legal reserves	2.32	1.20	2.51	1.04	8.09	3.44	1.10	37.00	4.80	1.27	39.62
5. Total reserves provided for by the articles of association and other capital reserves	-13.12	-6.78	-56.49	-23.30	330.55	-93.12	-29.79	64.85	-84.79	-22.35	-8.95
5.1. Reserves provided for by the articles of association and other capital reserves	0.00	0.00	0.00	0.00	0.00	0.62	0.20	-	1.05	0.28	69.26
5.2. Unrealised gains/losses on value adjustments of financial assets available for sale	-13.12	-6.78	-56.49	-23.30	330.55	-93.74	-29.99	65.94	-85.83	-22.62	-8.43
5.3. Reserves arising from hedging transactions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6. Previous year profit/loss	8.52	4.40	0.00	0.00	-100.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL CAPITAL	193.58	100.00	242.47	100.00	25.25	312.55	100.00	28.90	379.44	100.00	21.40

The regulatory capital of housing savings banks grew at lower rate than total capital, by 14.7% or HRK 58.2m. This increase was almost entirely accounted for by the rise in core capital of HRK 54.4m (brought about by a significant increase in core capital of two housing savings banks of 54.2% and 48.9% respectively), while, at the same time, supplementary capital I went up by HRK 4.7m (owing to the increase of 15.8% in one housing savings bank). None of the housing savings banks used supplementary capital II in the calculation of total regulatory capital.

The rise in regulatory capital exceeded a modest increase in total risk-weighted assets (0.6%), pushing up the capital adequacy ratio of housing savings banks by almost two percentage points. This ratio stood at 15.00% at end-June 2009 and 13.15% at end-2008.

The capital requirement for credit risk increased by a modest 0.7% and the capital requirement for market risks went down by 4.7% thanks to the substantial decrease in the capital requirement for position risks (97.6%). This notwithstanding, their shares in the structure of total capital requirement experienced no significant changes, amounting to 98.5% and 1.5% respectively or the same as at end-2008.

1.2.2 Housing Savings Bank Income Statement

In contrast to the minimum profit in the first half of 2008 (HRK 0.03m), in the same period this year housing savings banks reported an after-tax profit of HRK 21.6m. All housing savings banks reported better financial results, with one housing savings bank continuing to operate at a loss (which was several times lower than the loss observed in the same period last year). The operating results improved mostly on the account of the lower loss reported under item net other non-interest income, the increase in net interest income and the income generated after the cancellation of loss provisions. The decrease in net other non-interest income is chiefly attributed to the fall in losses on assets not traded in active markets and carried at fair value through profit and loss.

The rise in net interest income is attributed to the increase in interest income by 5.2% (which was the expected consequence of the increase in loans granted) and the concurrent fall in interest expenses, by 0.8%.

Considering a modest increase (2.0%) in general administrative expenses and depreciation (HRK 62.1m), net operating income before loss provisions was almost four times higher compared with the end of the second quarter in 2008 and stood at HRK 24.9m. Owing to the decrease in expenses on loss provisions, the pre-tax profit reached HRK 27.3m and the after-tax profit HRK 21.6m.

	Jan.-Jun. 2008	Jan.-Jun. 2009
1. Net interest income	63.94	73.37
1.1. Total interest income	165.58	174.20
1.2. Total interest expenses	101.65	100.83
2. Net income from fees and commissions	29.72	30.12
2.1. Total income from fees and commissions	33.91	34.47
2.2. Total expenses on fees and commissions	4.19	4.35
3. Net other non-interest income	-26.52	-16.56
3.1. Other non-interest income	-13.57	-5.40
3.2. Other non-interest expenses	12.95	11.16
4. Net non-interest income	3.20	13.56
5. General administrative expenses and depreciation	60.87	62.08
6. Net operating income before loss provisions	6.26	24.85
7. Total expenses on loss provisions	6.14	-2.48
7.1. Expenses on value adjustments and provisions for identified losses	4.13	0.10
7.2. Expenses on collectively assessed impairment provisions	2.01	-2.57
8. Income/loss before taxes	0.12	27.33
9. Income tax	0.10	5.77
10. Current year profit/loss	0.03	21.56

Interest income was 5.2% or HRK 8.6m higher compared with the same period in 2008 and mostly comprised income from loans granted (61.8%) which grew by 14.8%. With income from debt securities decreasing by 11.7%, their share in total interest income decelerated by something more than one third (35.7%). Three fourths of interest income from loans granted (74.3%) were accounted for by income from home loans granted to households which grew by 25.1%. Concurrently, income from loans granted to government units decreased from almost one third (30.1%) to one fifth (20.3%) of income from loans granted.

Despite the growth in expenses on time deposits received from households (by 0.6%) and the twofold increase in interest expenses on debt securities (hybrid instruments), interest expenses were lower owing to the 19.6% fall in insurance premiums for savings deposits.

1.2.3 Housing Savings Bank Exposure to Credit Risk

Total placements and contingent liabilities of housing savings banks fell in the first six months of 2009 by 4.2%, totalling HRK 6.4bn (Table 1.20). Fully recoverable placements (A placements) decelerated by the same amount as total placements, while partly recoverable placements (B placements) fell by a smaller amount of 3.7%. In contrast, irrecoverable placements (C placements) grew by a significant 26.4%, causing total bad placements (B and C placements) to rise by 2.6%. However, the share of bad placements in total placements and contingent liabilities of housing savings banks remained low (0.5%), and bad placements were reported by three housing savings banks, the same as at the end of 2008.

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

	Dec. 2006		Dec. 2007		Dec. 2008		Jun. 2009	
	Amount	Share	Amount	Share	Amount	Share	Amount	Share
1. Fully recoverable placements and contingent liabilities (category A)	4,540.66	99.84	5,670.27	99.69	6,598.48	99.53	6,598.48	99.53
2. Partly recoverable placements and contingent liabilities (category B)	5.67	0.12	14.93	0.26	24.57	0.37	24.57	0.37
3. Irrecoverable placements and contingent liabilities (category C)	1.44	0.03	2.87	0.05	6.47	0.10	6.47	0.10
Total	4,547.77	100.00	5,688.07	100.00	6,629.52	100.00	6,629.52	100.00

Although total placement value adjustments and provisions for contingent liabilities decreased more than total placement and contingent liabilities, i.e. by 4.5% (value adjustments went down by 5.2% and collectively assessed impairment provisions by 4.4%), the observed changes were insufficient to contribute to a more significant change in the ratio of value adjustments and provisions to total placements and contingent liabilities (Table 1.21).

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

	Dec. 2006	Dec. 2007	Dec. 2008	Jun. 2009
1. Total value adjustments against placements and provisions for contingent liabilities	44.79	57.56	69.77	66.6
1.1. Value adjustments against placements and provisions for contingent liabilities	3.56	6.36	10.75	10.2
1.2. Collectively assessed impairment provisions	41.23	51.21	59.02	56.4
2. Total placements and contingent liabilities	4,547.77	5,688.07	6,629.52	6,353.2
3. Relative ratio: total value adjustments and provisions/total placements and contingent liabilities	0.98	1.01	1.05	1.0

Housing savings banks' placements exposed to CICR accounted for 88.1% of total net placements of housing savings banks at the end of the second quarter of 2009, which is a decrease from the 90.0% at the end of 2008. The share of unhedged placements rose from 90.0% to 92.1%, which is attributed to placements granted by housing savings banks to the household and government sectors that do not have a matched foreign currency position.

2 Notes on Methodology

Data on the business operations of banks, savings banks and housing savings banks as at year-end are based on unconsolidated audited financial reports, while data for the first half of the year are based on unconsolidated preliminary financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Figure 1.1 Number of Banks

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

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

In accordance with the selected criterion – the relative share of assets of an individual bank in total bank assets – Table 1.1 shows the bank peer groups. Depending on the size of the relative share of a bank's assets in the total assets of all banks at the end of the reporting period, banks (including savings banks) have been divided into three peer groups: large, medium-sized and small banks. Large banks are banks whose assets exceed 5% of the total assets of all banks, medium-sized banks are banks whose assets are greater than 1% and less than 5% of the total assets of all banks, and small banks are banks whose assets are less than 1% of the total assets of all banks (see Attachment I, List of Banking Institutions by Peer Groups, end of period). Schedule BS1-2 is the source of data on the size (amount) of assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

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

With respect to ownership structure, banks in the Republic of Croatia are divided into domestic and foreign-owned banks. 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 under the majority ownership of domestic natural and legal persons, or as a state-owned domestic bank if it is under the majority ownership of governmental units. A bank is classified as a foreign-owned bank if it is under the majority ownership of foreign natural and legal persons. The share of each bank's assets in total bank assets is calculated and shown by the type of ownership. The total number of banks is the sum of the banks under domestic (i.e. domestic private and state ownership) and foreign ownership. CNB statistics and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the number of banks.

Table 1.3 Territorial Distribution of Operating Units and ATMs

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

Figure 1.2 Concentration of Bank Operating Units and ATMs by Counties

The bars in Figure 1.2 show the relative share of the number of operating units and ATMs by counties at the end of the period. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

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

The number of operating units of an individual bank peer group is the sum of operating units of all banks classified in the respective peer group. The relative share of operating units in the total number of operating units is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

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

The number of ATMs of an individual bank peer group is the sum of ATMs of all banks classified into the respective peer group. The relative share of ATMs in the total number of ATMs is shown for each bank peer group. The reports set forth in the Decision on the obligation to submit the report on payment operations data (Official Gazette 189/2004) are the source of data.

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

The criterion for selecting the two largest banks, the first five largest banks and the first ten largest banks in the banking sector is the size of their assets. The share of assets of the selected bank groups in total assets is calculated as a ratio between the sum of assets of the selected bank groups and total assets of all banks, and is stated in percentages. The share of deposits and the share of loans in total deposits and total loans of all banks is calculated in the same manner. Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.6 Herfindahl-Hirschman Index (HHI)

The Herfindahl-Hirschman index, 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/received deposits concentration indices are calculated by applying the same formula. The Herfindahl-Hirschman index can vary from 0 (perfectly competitive industry) to 10 000 (monopoly). Schedule BS1-2 is the source of data on the size (amount) of assets, loans and deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.4 Structure of Bank Assets

The share of each balance sheet item of assets in total assets of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure of bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.7 Quarterly Rates of Change in Bank Peer Group Assets

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

Figure 1.8 Structure of Bank Peer Group Assets

The share of individual asset items in total assets is calculated as a ratio between individual asset items and total assets of bank peer groups, i.e. total assets of all banks at the end of the reporting period. Individual asset items comprise money assets and deposits with the CNB, deposits (with banking institutions), securities (including T-bills), loans (loans to financial institutions and other clients), other assets (derivative financial assets, investments in subsidiaries, associates and joint ventures, foreclosed and repossessed assets, tangible assets net of depreciation, and interest, fees and other assets) and collectively assessed impairment provisions. Schedule BS1-2 is the source of data on the structure of assets of bank peer groups (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.5 Structure of Bank Liabilities

Bank liabilities are calculated in the same manner as bank assets in Table 1.4, i.e. the share of each balance sheet item of liabilities in total liabilities of all banks is calculated on the basis of data from the balance sheets of banks and the aggregate balance sheet of all banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.9 Structure of Bank Peer Group Liabilities

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

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

Figure 1.10 Structure of Bank Standard Risky Off-Balance Sheet Items

The share of an individual standard risky off-balance sheet item in total standard risky off-balance sheet items is calculated as a ratio between an individual standard risky off-balance sheet item and total standard risky off-balance sheet items at the end of the reporting period. Schedule BS/IBS1-3 is the source of data on the structure of bank standard risky off-balance sheet items (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.6 Structure of Bank Total Capital

Bank capital, as one of the liability items shown in Table 1.5, is presented in detail in Table 1.6 and

the share of each stated capital item in the total capital of all banks is calculated as a ratio between each capital item and total capital of all banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.7 Changes in Bank Regulatory Capital

The regulatory capital is calculated in accordance with the Decision on the capital adequacy of banks (Official Gazette 17/2003, 120/2003, 149/2005, 130/2006, 130/2007 and 31/2008) and the Instruction for the uniform implementation of the Decision on the capital adequacy of banks (Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009). Schedule JK2 is the source of data on the changes in bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.11 Structure of Bank Regulatory Capital

The columns in Figure 1.11 show the regulatory capital components at the end of the reporting period. The core capital is the amount of core capital decreased by the amount of deduction items, while supplementary capital I and II represent those amounts of supplementary capital I and II that are included in the regulatory capital. Items deducted from gross regulatory capital are the amount of total items deducted from gross regulatory capital. Schedule JK2 is the source of data on the structure of bank regulatory capital (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.12 Structure of Bank Risk-Weighted Assets

The columns in Figure 1.12 show the net value of assets weighted by risk at the end of the reporting period. The ratio is used to determine the proportion of total risk-weighted assets to total assets at the end of the reporting period. Schedule PBA1 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) are the source of data on the structure of bank risk-weighted assets.

Figure 1.13 Bank Capital Adequacy Ratio

The capital adequacy ratio is calculated as a ratio between total regulatory capital of individual bank peer groups, i.e. total regulatory capital of all banks and total risk exposure of individual bank peer groups, i.e. total risk exposure of all banks. Total risk exposure is the sum of credit risk-weighted assets (including risky and derivative off-balance sheet items weighted by credit risk), increased by total foreign exchange position exposure to currency risk, capital requirement for position risks (multiplied by 10), capital requirement for settlement risk and capital requirement for counterparty risk (multiplied by 10), and capital requirement for exceeding the permissible exposure limits (multiplied by 10). Schedule SAK is the source of data on bank capital adequacy ratios (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Figure 1.14 Structure of Bank Total Capital Requirements

The total capital requirements are the sum of capital requirements for credit risk, capital requirements for currency risk, capital requirements for interest rate risk, capital requirements for equity risk, capital

requirements for commodity risk, capital requirements for options, capital requirements for settlement risk, capital requirements for counterparty risk and capital requirements for exceeding the permissible exposure limits. Position risks based on interest rate risk and equity risk are divided into specific and general risk. Schedule PKZ is the source of data on the structure of total bank capital requirements (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009).

Table 1.8 Bank Income Statement

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

Table 1.9 Structure of Bank Income

The share of each income item in total income of an individual bank peer group is calculated as a ratio between the sum of the same income items from the income statements of an individual bank peer group and total income earned by the respective peer group. The share of each income item in total income of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank income (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.10 Structure of Bank Expenses

The structure of expenses is calculated in the same manner as the structure of income in Table 1.9, i.e. the share of each expense item in total expenses of an individual bank peer group is calculated as a ratio between the sum of the same expense items from the income statements of an individual bank peer group and total expenses incurred by the respective peer group. The share of each expense item in total expenses of all banks is calculated in the same manner. Schedule RDG1-1 is the source of data on the structure of bank expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.15 Bank Return on Average Assets (ROAA)

The return on average assets of bank peer groups and all banks is calculated as a ratio between income before taxes and average assets. The average assets of bank peer groups and all banks are calculated as the arithmetic mean of the balance in assets at the end of the reporting period and the balance in assets at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.16 Bank Return on Average Equity (ROAE)

The return on average equity of bank peer groups and all banks is calculated as a ratio between income after taxes and average equity. The average equity of bank peer groups and all banks is calculated as the arithmetic mean of the balance in equity at the end of the reporting period and the balance in equity at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the bank return on average equity (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.17 Structure of Bank Net Income

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

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

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

Income from interest-bearing assets is the ratio between total interest income and average interest-bearing assets. Expenses on interest-bearing liabilities are the ratio between total interest expenses and average interest-bearing liabilities. The spread is the difference between the share of interest income in the average interest-bearing assets and the share of interest expenses in the average interest-bearing liabilities. Interest-bearing assets comprise deposits with the CNB (excluding other deposits with the CNB in foreign currency), deposits with banking institutions, debt securities (excluding debt securities held for trading), loans to financial institutions and loans to other clients. The average interest-bearing assets are calculated as the arithmetic mean of the balance in interest-bearing assets at the end of the reporting period and the balance in interest-bearing assets at the end of the previous year. Interest-bearing liabilities comprise received loans, received deposits, issued debt securities, issued subordinated instruments and issued hybrid instruments. The average interest-bearing liabilities are calculated as the arithmetic mean of the balance in interest-bearing liabilities at the end of the reporting period and the balance in interest-bearing liabilities at the end of the previous year. Schedule BS1-2 and Schedule RDG1-1 are the source of data on the income from interest-bearing assets and the expenses on interest-bearing liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.19 Weighted Averages of Bank Monthly Interest Rates

The base for the calculation of the weighted averages of bank monthly interest rates on kuna and foreign currency loans are the amounts of loans bearing corresponding interest rates, which were disbursed during the reporting month, with the exception of interest rates on giro and current account overdrafts, for which the weighted averages were calculated based on the balance of these loans at the end of the reporting month. Interest rates on kuna deposits not tied to the currency clause comprise giro account and current account deposits, savings deposits and time deposits. The averages of interest rates on total kuna deposits not tied to the currency clause and total foreign currency deposits are weighted by the end-of-month balances of all categories included in the calculation. The exceptions are kuna and foreign currency time deposits, whose weighted averages are calculated (since July 1995) on the basis of deposits received in the reporting month. CNB statistics are the source of data.

Figure 1.20 Bank Assets per Employee

The assets of all banks in an individual bank peer group are added up and then divided by the total number of persons employed by the banks in the peer group. The same procedure is applied to the calculation of this indicator for all banks. Schedule BS1-2 (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006) and Schedule PD3 (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006) are the source of data on bank assets per employee.

Figure 1.21 Bank Operating Expenses

Operating expenses of bank peer groups and all banks together are shown as the ratio between

general administrative expenses and depreciation and the sum of net interest income and net non-interest income at the end of the reporting period. Schedule RDG1-1 is the source of data on the bank operating expenses (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.22 Quarterly Rates of Change in Gross Loans

The rates of change in gross loans in selected sectors (corporate and retail) are calculated as the ratio between the amount of gross loans to selected sectors at the end of the reporting period and the amount of gross loans to selected sectors at the end of the previous quarter. The rates of change in total gross loans are calculated in the same manner. Schedule RS1 is the source of data on the quarterly rates of change in gross loans (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.11 Classification of Bank Placements and Contingent Liabilities by Risk Categories

Table 1.11 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.12 Ratio of Total Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Figure 1.23 Ratio of Total Bank Peer Group Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total bank peer group value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. The placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions of all banks in an individual bank peer group are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities of the respective peer group. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.13 Sectoral Structure of Net Bank Loans

The net loan exposure to an individual institutional sector is reported for each bank peer group as well as for all banks together. Schedule BS/KRED1-7 is the source of data on the sectoral structure of net bank loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.14 Structure of Bank Sources of Financing

The structure of sources of financing is shown for all bank peer groups and for all banks together. The share of individual sources of financing in total sources of financing is calculated as a ratio between individual sources of financing and total sources of financing. The share of deposits and loans of majority foreign owners is shown under separate line item and calculated in the same manner as above. Schedule BS1-2, Schedule BS/DEP1-8 and Schedule BS/OK1-9 are the source of data on the structure of bank sources of financing (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.15 Sectoral Structure of Received Loans

The amount of loans received from institutional sectors and their shares in total received loans are shown for all banks. The share of loans received from an individual institutional sector in total received loans is calculated as a ratio between the amount of loans received from an individual institutional sector and the amount of total received loans. The amount and the share of loans from majority foreign owners in total received loans are shown under separate line item. Schedule BS/OK1-9 is the source of data on the sectoral structure of received loans (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.24 Sectoral Structure of Received Deposits

Figure 1.24 shows the share of an individual institutional sector in giro account and current account deposits, savings deposits, time deposits and total deposits. The shares of individual institutional sectors are calculated as a ratio between giro account and current account deposits, savings deposits, time deposits and total deposits of an individual institutional sector and total giro account and current account deposits, savings deposits, time deposits and total deposits of all institutional sectors. Schedule BS/DEP1-8 is the source of data on the sectoral structure of received deposits (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.25 Bank Loans Granted and Deposits Received

Figure 1.25 shows the ratio between total net loans granted by individual bank peer groups and all banks and total deposits received by individual bank peer groups and all banks at the end of the reporting period. Schedule BS1-2 is the source of data on the bank loans granted and deposits received (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Figure 1.26 Asset and Liability Maturity (Mis)Match

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

Figure 1.27 Long Foreign Exchange Position of Banks

Each bank peer group ratio between its long foreign exchange position (f/c claims exceeding f/c

liabilities) and its regulatory capital is calculated in the following manner. First, the average long foreign exchange positions reported in a certain quarter by all banks in an individual bank peer group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the long foreign exchange position of banks.

Figure 1.28 Short Foreign Exchange Position of Banks

Each bank peer group ratio between its short foreign exchange position (f/c liabilities exceeding f/c claims) and its regulatory capital is calculated in the following manner. First, the average short foreign exchange positions reported in a certain quarter by all banks in an individual bank group are added up. Second, the regulatory capital of all banks in the respective peer group is added up. The sums thus calculated are mutually divided. Schedule JK2 (Instruction for the uniform implementation of the Decision on the capital adequacy of banks – Official Gazette 195/2003, 39/2004, 41/2006, 130/2006, 14/2008, 33/2008 and 18/2009) and Schedule VR-2 (Decision on the limitation of bank exposure to foreign exchange risk – Official Gazette 17/2003, 39/2006, 130/2006 and 25/2009) are the source of data on the short foreign exchange position of banks.

Table 1.16 Structure of Housing Savings Bank Assets

The share of each balance sheet item of assets in total assets of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the preceding period. Schedule BS1-2 is the source of data on the structure of housing savings bank assets (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.17 Structure of Housing Savings Bank Liabilities

Housing savings bank liabilities are calculated in the same manner as housing savings bank assets in Table 1.16, i.e. the share of each balance sheet item of liabilities in total liabilities of all housing savings banks is calculated on the basis of data from the balance sheets of housing savings banks and the aggregate balance sheet of all housing savings banks at the end of the observed period. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank liabilities (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.18 Structure of Housing Savings Bank Total Capital

Housing savings bank capital, as one of the liability items shown in Table 1.17, is presented in detail in Table 1.18 and the share of each stated capital item in the total capital of all housing savings banks is calculated as the ratio between each capital item and total capital of all housing savings banks. The change in the balance is the percentage change in comparison with the balance recorded at the end of the previous period. Schedule BS1-2 is the source of data on the structure of housing savings bank total capital (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.19 Housing Savings Bank Income Statement

Each income statement item is shown cumulatively for all housing savings banks on the basis of data from the income statements of housing savings banks in the observed periods. Schedule RDG1-1 is the source of data on housing savings bank income statement (Decision relating to the bank statistical report – Official Gazette 166/2003, 53/2004, 129/2004 and 60/2006).

Table 1.20 Classification of Housing Savings Bank Placements and Contingent Liabilities by Risk Categories

Table 1.20 shows placements and contingent liabilities classified into risk categories and the shares of individual risk categories in total placements and contingent liabilities that are classified according to a degree of risk. Schedule RS1 is the source of data on the classification of housing savings bank placements and contingent liabilities by risk categories (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

Table 1.21 Ratio of Total Housing Savings Bank Value Adjustments and Provisions to Total Placements and Contingent Liabilities

The ratio between total housing savings bank value adjustments and provisions and total placements and contingent liabilities that are classified into risk categories is calculated in the following manner. Placement value adjustments, provisions for contingent liabilities and collectively assessed impairment provisions are added up and the sum thus calculated is divided by the amount of total placements and contingent liabilities. Schedule PIV1 and Schedule RS1 are the source of data for these ratios (Decision on supervisory reports of banks – Official Gazette 115/2003, 29/2006, 46/2006 and 74/2006).

3 List of Banks, Savings Banks and Housing Savings Banks

The list of banks, savings banks and housing savings banks contains data on addresses, telephone numbers, fax numbers, members of management and supervisory boards, shareholders and auditors of these institutions. The key financial data and capital adequacy ratios are also enclosed.

Data on shareholders who hold 3% or more of share in the share capital of an institution, and financial and capital adequacy data are as at 30 June 2009. They are based on unconsolidated preliminary financial reports submitted to the Croatian National Bank by banks, savings banks and housing savings banks.

Data on members of management and supervisory boards are as at 9 September 2009.

Data on auditors relate to audits performed in 2008.

A ŠTEDNA BANKA MALOG PODUZETNIŠTVA d.d.

Miramarska 24, 10000 Zagreb
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<http://www.abanka.com.hr>

Management Board

Dubravka Filipčić – chairperson, Andreja Bučanac

Supervisory Board

Goran Crnčević – chairperson, Zoran Vrcan,
Tonči Peović

Shareholders

1. Alen Bokšić	9.90
2. Srđan Barović	9.50
3. Matija Crevar	3.20
4. Krešimir Boranić	4.40
5. Jurica Prižmić	6.00
6. Dina Spahija	9.00
7. Guliver	9.50
8. Iris	9.60
9. Spectator Solis	9.90
10. Adriatic jahte	5.00
11. Auto centar Đačić	9.00
12. Profectus	9.00
13. Megakop	6.00

Share in share capital (%)

Audit firm for 2008:

A štedna banka malog poduzetništva d.d. began operating in April 2009.

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	150
1.1. Money assets	5
1.2. Deposits with the CNB	145
2. Deposits with banking institutions	25
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	18,200
10. Loans to other clients	1,000
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	33
14. Interest, fees and other assets	236
15. Net of: Collectively assessed impairment provisions	169
TOTAL ASSETS	19,475

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	5,001
2.1. Giro account and current account deposits	1
2.2. Savings deposits	0
2.3. Time deposits	5,000
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	566
TOTAL LIABILITIES	5,567
9. Capital	13,908
TOTAL LIABILITIES AND CAPITAL	19,475

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	228
1.1. Total interest income	307
1.2. Total interest expenses	79
2. Net income from fees and commissions	0
2.1. Total income from fees and commissions	0
2.2. Total expenses on fees and commissions	1
3. Net other non-interest income	671
3.1. Other non-interest income	677
3.2. Other non-interest expenses	6
4. Net non-interest income	670
5. General administrative expenses and depreciation	1,821
6. Net operating income before loss provisions	-923
7. Total expenses on loss provisions	169
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	169
8. Income (loss) before taxes	-1,092
9. Income tax	0
10. Current year profit (loss)	-1,092

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	0
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	0

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

285.79

¹ Bank account number.

BANCO POPOLARE CROATIA d.d.

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 http://www.bpc.hr

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

1. Banco Popolare Società Cooperativa 98.86

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

Goran Gazivoda – chairperson, Ivan Dujmović

Supervisory Board

Giuseppe Malerbi – chairperson, Lorenzo Chiappini,
 Samuele Fraizzoli, Paolo Taverna, Željko Perić

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	203,183
1.1. Money assets	24,275
1.2. Deposits with the CNB	178,909
2. Deposits with banking institutions	226,386
3. MoF treasury bills and CNB bills	106,566
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	793
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,385,565
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	754
13. Tangible assets (net of depreciation)	61,325
14. Interest, fees and other assets	33,299
15. Net of: Collectively assessed impairment provisions	16,471
TOTAL ASSETS	2,001,400

Liabilities and capital	
1. Loans from financial institutions	307,513
1.1. Short-term loans	70,200
1.2. Long-term loans	237,313
2. Deposits	1,337,389
2.1. Giro account and current account deposits	58,229
2.2. Savings deposits	33,518
2.3. Time deposits	1,245,641
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	120
8. Interest, fees and other liabilities	83,050
TOTAL LIABILITIES	1,728,071
9. Capital	273,329
TOTAL LIABILITIES AND CAPITAL	2,001,400

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	33,229
1.1. Total interest income	77,422
1.2. Total interest expenses	44,193
2. Net income from fees and commissions	6,252
2.1. Total income from fees and commissions	7,799
2.2. Total expenses on fees and commissions	1,548
3. Net other non-interest income	-7,856
3.1. Other non-interest income	-5,676
3.2. Other non-interest expenses	2,179
4. Net non-interest income	-1,604
5. General administrative expenses and depreciation	47,204
6. Net operating income before loss provisions	-15,579
7. Total expenses on loss provisions	8,028
7.1. Expenses on value adjustments and provisions for identified losses	7,648
7.2. Expenses on collectively assessed impairment provisions	380
8. Income (loss) before taxes	-23,607
9. Income tax	0
10. Current year profit (loss)	-23,607

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	6,114
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	15,770
5. Other standard risky off-balance sheet items	1,682
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	23,567

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

14.97

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Management Board

Zdenko Vidaković – chairperson, Mićo Tomičić

Supervisory Board

Damir Kreso – chairperson, Pero Ćosić, Damir Tus

Shareholders

	Share in share capital (%)
1. Neđo Jelčić	5.33
2. Mićo Tomičić	9.94
3. Damir Kreso	9.84
4. Slobodanka Kreso	9.51
5. Mara Tomičić	9.65
6. Maja Vidaković	9.65
7. Zdenko Vidaković	9.66
8. Razija Kreso	8.11
9. Karlo Tomičić	8.11
10. Mirko Vidaković	8.11
11. Željko Rački	4.46
12. Višnja Rački	4.43

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	92,047
1.1. Money assets	20,845
1.2. Deposits with the CNB	71,202
2. Deposits with banking institutions	93,370
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	28,572
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	219,217
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	4,660
14. Interest, fees and other assets	5,381
15. Net of: Collectively assessed impairment provisions	3,911
TOTAL ASSETS	439,336

Liabilities and capital	
1. Loans from financial institutions	3,285
1.1. Short-term loans	0
1.2. Long-term loans	3,285
2. Deposits	360,664
2.1. Giro account and current account deposits	21,860
2.2. Savings deposits	3,456
2.3. Time deposits	335,348
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	18,182
TOTAL LIABILITIES	382,131
9. Capital	57,205
TOTAL LIABILITIES AND CAPITAL	439,336

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	10,846
1.1. Total interest income	21,714
1.2. Total interest expenses	10,867
2. Net income from fees and commissions	1,051
2.1. Total income from fees and commissions	1,842
2.2. Total expenses on fees and commissions	791
3. Net other non-interest income	1,402
3.1. Other non-interest income	2,445
3.2. Other non-interest expenses	1,043
4. Net non-interest income	2,453
5. General administrative expenses and depreciation	7,664
6. Net operating income before loss provisions	5,636
7. Total expenses on loss provisions	2,258
7.1. Expenses on value adjustments and provisions for identified losses	1,847
7.2. Expenses on collectively assessed impairment provisions	411
8. Income (loss) before taxes	3,378
9. Income tax	676
10. Current year profit (loss)	2,702

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	6,346
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	194
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	6,539

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

15.06

BANKA KOVANICA d.d.

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 BAN 4133006
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Shareholders**Share in share capital (%)**

- | | |
|---|-------|
| 1. Cassa di Risparmio della Repubblica di San Marino S.p.A. | 93.06 |
| 2. Josip Samaržija | 5.96 |

Management Board

Radojka Olić – chairperson, Darko Kosovec,
 Gian Luigi Bonfe

Audit firm for 2008:

PriceWaterhouseCoopers d.o.o., Zagreb

Supervisory Board

Gilberto Ghiotti – chairperson, Ivan Majdak, Luca Simoni, Vladimiro Renzi, Andrea Albertini, Čedomil Cesarec, Davor Štern, Pier Luigi Martelli, Aldo Busignani

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	124,204
1.1. Money assets	13,347
1.2. Deposits with the CNB	110,857
2. Deposits with banking institutions	120,905
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	29,251
6. Securities and other financial instruments held to maturity	48,686
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	37,000
10. Loans to other clients	660,407
11. Investments in subsidiaries and associates	141
12. Foreclosed and repossessed assets	1,281
13. Tangible assets (net of depreciation)	32,844
14. Interest, fees and other assets	20,967
15. Net of: Collectively assessed impairment provisions	9,685
TOTAL ASSETS	1,066,003

Liabilities and capital	
1. Loans from financial institutions	20,789
1.1. Short-term loans	20,455
1.2. Long-term loans	334
2. Deposits	861,283
2.1. Giro account and current account deposits	20,373
2.2. Savings deposits	31,208
2.3. Time deposits	809,701
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	31,883
8. Interest, fees and other liabilities	44,218
TOTAL LIABILITIES	958,174
9. Capital	107,829
TOTAL LIABILITIES AND CAPITAL	1,066,003

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	13,678
1.1. Total interest income	36,925
1.2. Total interest expenses	23,248
2. Net income from fees and commissions	1,619
2.1. Total income from fees and commissions	2,076
2.2. Total expenses on fees and commissions	457
3. Net other non-interest income	3,853
3.1. Other non-interest income	4,887
3.2. Other non-interest expenses	1,034
4. Net non-interest income	5,472
5. General administrative expenses and depreciation	23,494
6. Net operating income before loss provisions	-4,345
7. Total expenses on loss provisions	8,892
7.1. Expenses on value adjustments and provisions for identified losses	8,223
7.2. Expenses on collectively assessed impairment provisions	669
8. Income (loss) before taxes	-13,237
9. Income tax	0
10. Current year profit (loss)	-13,237

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	10,022
2. Letters of credit	74
3. Bills of exchange	0
4. Credit lines and commitments	24,700
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	34,796

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	679
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	679

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

13.56

BANKA SPLITSKO-DALMATINSKA d.d.

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Management Board

Ante Blažević – chairperson, Ivo Krolo

Supervisory Board

Irena Kalebić Bašić – chairperson, Nediljko Ivančević,
Ivan Filipović

Shareholders

	Share in share capital (%)
1. Juroslav Buljubašić	31.49
2. Hypo Alpe-Adria-Bank d.d. (custody account)	10.14
3. Blue Line	9.83
4. Mirko Vukušić	9.13
5. Joško Dvornik	5.75
6. Nataša Vuković	3.90
7. HPB d.d. (custody account)	3.11
8. Jakiša Medić	3.02

Audit firm for 2008:
SD Nika d.o.o., Split

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	21,233
1.1. Money assets	4,480
1.2. Deposits with the CNB	16,754
2. Deposits with banking institutions	32,064
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	494
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	130,562
11. Investments in subsidiaries and associates	452
12. Foreclosed and repossessed assets	230
13. Tangible assets (net of depreciation)	14,758
14. Interest, fees and other assets	4,121
15. Net of: Collectively assessed impairment provisions	1,677
TOTAL ASSETS	202,237

Liabilities and capital	
1. Loans from financial institutions	138
1.1. Short-term loans	0
1.2. Long-term loans	138
2. Deposits	135,392
2.1. Giro account and current account deposits	1,483
2.2. Savings deposits	3,520
2.3. Time deposits	130,389
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	13,694
TOTAL LIABILITIES	149,224
9. Capital	53,013
TOTAL LIABILITIES AND CAPITAL	202,237

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	6,483
1.1. Total interest income	10,131
1.2. Total interest expenses	3,648
2. Net income from fees and commissions	270
2.1. Total income from fees and commissions	467
2.2. Total expenses on fees and commissions	197
3. Net other non-interest income	-242
3.1. Other non-interest income	451
3.2. Other non-interest expenses	692
4. Net non-interest income	28
5. General administrative expenses and depreciation	5,985
6. Net operating income before loss provisions	526
7. Total expenses on loss provisions	78
7.1. Expenses on value adjustments and provisions for identified losses	123
7.2. Expenses on collectively assessed impairment provisions	-46
8. Income (loss) before taxes	448
9. Income tax	275
10. Current year profit (loss)	173

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	919
5. Other standard risky off-balance sheet items	1
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	920

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

27.78

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 Fax: +385 51/353-566
 BAN 2488001
<http://www.bks.hr>

Shareholders

1. BKS Bank AG

**Share in share
 capital (%)**
 99.79

Audit firm for 2008:
 KPMG Croatia d.o.o., Zagreb

Management Board

Goran Rameša – chairperson, Christian Peter
 Pettinger

Supervisory Board

Herta Stockbauer – chairperson, Heimo Penker,
 Marijan Ključariček, Josef Morak, Dubravko Orlovac

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	55,881
1.1. Money assets	2,869
1.2. Deposits with the CNB	53,012
2. Deposits with banking institutions	70,524
3. MoF treasury bills and CNB bills	95,585
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,376
6. Securities and other financial instruments held to maturity	24,146
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	14,500
10. Loans to other clients	270,289
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	383
13. Tangible assets (net of depreciation)	25,516
14. Interest, fees and other assets	14,305
15. Net of: Collectively assessed impairment provisions	5,136
TOTAL ASSETS	567,368

Liabilities and capital	
1. Loans from financial institutions	56,747
1.1. Short-term loans	11,921
1.2. Long-term loans	44,826
2. Deposits	374,349
2.1. Giro account and current account deposits	103,716
2.2. Savings deposits	19,761
2.3. Time deposits	250,872
3. Other loans	43,752
3.1. Short-term loans	29,168
3.2. Long-term loans	14,584
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	19,885
TOTAL LIABILITIES	494,733
9. Capital	72,635
TOTAL LIABILITIES AND CAPITAL	567,368

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	7,402
1.1. Total interest income	13,679
1.2. Total interest expenses	6,278
2. Net income from fees and commissions	2,556
2.1. Total income from fees and commissions	3,943
2.2. Total expenses on fees and commissions	1,387
3. Net other non-interest income	1,555
3.1. Other non-interest income	1,880
3.2. Other non-interest expenses	324
4. Net non-interest income	4,111
5. General administrative expenses and depreciation	11,457
6. Net operating income before loss provisions	56
7. Total expenses on loss provisions	914
7.1. Expenses on value adjustments and provisions for identified losses	-48
7.2. Expenses on collectively assessed impairment provisions	962
8. Income (loss) before taxes	-857
9. Income tax	0
10. Current year profit (loss)	-857

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	48,238
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	28,659
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	76,897

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

15.21

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BAN 2382001
<http://www.centarbanka.hr>

Shareholders

	Share in share capital (%)
1. Heruc d.d.	50.29
2. PBZ d.d. (custody account)	7.39
3. Heruc Euroholding LTD	4.69
4. Heruc Zug AG	3.29

Management Board

Fran Renko – chairperson, Gordana Amančić

Audit firm for 2008:

Nexia revizija d.o.o., Zagreb

Supervisory Board

Dragutin Biondić – chairperson, Igor Knežević, Zlatko Mateša, Dragutin Kalogjera, Milenko Umičević

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	113,861
1.1. Money assets	7,024
1.2. Deposits with the CNB	106,837
2. Deposits with banking institutions	61,016
3. MoF treasury bills and CNB bills	66,996
4. Securities and other financial instruments held for trading	3,460
5. Securities and other financial instruments available for sale	9,778
6. Securities and other financial instruments held to maturity	79,654
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	965,025
11. Investments in subsidiaries and associates	4,000
12. Foreclosed and repossessed assets	2,340
13. Tangible assets (net of depreciation)	8,810
14. Interest, fees and other assets	33,899
15. Net of: Collectively assessed impairment provisions	12,700
TOTAL ASSETS	1,336,140

Liabilities and capital	
1. Loans from financial institutions	352,386
1.1. Short-term loans	130,852
1.2. Long-term loans	221,534
2. Deposits	734,098
2.1. Giro account and current account deposits	124,171
2.2. Savings deposits	17,736
2.3. Time deposits	592,191
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	1
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	56,888
TOTAL LIABILITIES	1,143,373
9. Capital	192,767
TOTAL LIABILITIES AND CAPITAL	1,336,140

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	25,025
1.1. Total interest income	52,807
1.2. Total interest expenses	27,782
2. Net income from fees and commissions	9,037
2.1. Total income from fees and commissions	11,739
2.2. Total expenses on fees and commissions	2,703
3. Net other non-interest income	1,539
3.1. Other non-interest income	3,193
3.2. Other non-interest expenses	1,654
4. Net non-interest income	10,576
5. General administrative expenses and depreciation	25,182
6. Net operating income before loss provisions	10,419
7. Total expenses on loss provisions	2,514
7.1. Expenses on value adjustments and provisions for identified losses	2,173
7.2. Expenses on collectively assessed impairment provisions	341
8. Income (loss) before taxes	7,905
9. Income tax	1,831
10. Current year profit (loss)	6,074

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	199,614
2. Letters of credit	14,713
3. Bills of exchange	0
4. Credit lines and commitments	72,866
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	287,193

Derivative financial instruments	
1. Futures	0
2. Options	14,670
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	14,670

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

12.29

CREDO BANKA d.d.

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 Fax: +385 21/380-683
 BAN 2491005
<http://www.credobanka.hr>

Management Board

Šime Luketin – chairperson, Mato Mišić

Supervisory Board

Boris Barač – chairperson, Mirko Vuković, Dražen Bilić

Shareholders

	Share in share capital (%)
1. Mirko Vuković	31.93
2. Boris Barač	24.17
3. Kvarner Vienna Insurance Group d.d.	6.66
4. Kapitalni fond d.d.	4.83
5. Simag d.o.o.	4.66
6. Marko Vuković	4.49
7. Alkom d.o.o.	4.18

Audit firm for 2008:

Kalibović i Partneri d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	146,451
1.1. Money assets	15,031
1.2. Deposits with the CNB	131,420
2. Deposits with banking institutions	95,115
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	5,993
6. Securities and other financial instruments held to maturity	39,191
7. Securities and other financial instruments not traded in active markets but carried at fair value	5
8. Derivative financial assets	0
9. Loans to financial institutions	5,409
10. Loans to other clients	993,378
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	8,728
13. Tangible assets (net of depreciation)	20,595
14. Interest, fees and other assets	33,991
15. Net of: Collectively assessed impairment provisions	12,201
TOTAL ASSETS	1,336,654

Liabilities and capital	
1. Loans from financial institutions	174,226
1.1. Short-term loans	35,404
1.2. Long-term loans	138,822
2. Deposits	935,618
2.1. Giro account and current account deposits	85,037
2.2. Savings deposits	81,682
2.3. Time deposits	768,899
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	22,882
8. Interest, fees and other liabilities	67,393
TOTAL LIABILITIES	1,200,119
9. Capital	136,536
TOTAL LIABILITIES AND CAPITAL	1,336,654

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	20,938
1.1. Total interest income	48,274
1.2. Total interest expenses	27,336
2. Net income from fees and commissions	6,008
2.1. Total income from fees and commissions	7,207
2.2. Total expenses on fees and commissions	1,198
3. Net other non-interest income	2,150
3.1. Other non-interest income	4,458
3.2. Other non-interest expenses	2,308
4. Net non-interest income	8,158
5. General administrative expenses and depreciation	20,601
6. Net operating income before loss provisions	8,495
7. Total expenses on loss provisions	1,443
7.1. Expenses on value adjustments and provisions for identified losses	1,610
7.2. Expenses on collectively assessed impairment provisions	-167
8. Income (loss) before taxes	7,052
9. Income tax	897
10. Current year profit (loss)	6,155

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	151,346
2. Letters of credit	11,760
3. Bills of exchange	1,855
4. Credit lines and commitments	18,638
5. Other standard risky off-balance sheet items	183
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	183,781

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

11.09

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<http://www.croatiabanka.hr>

Management Board

Ivan Purgar – chairperson, Marko Gabela

Supervisory Board

Goran Marić – chairperson, Kamilo Vrana, Ivan Tomljenović, Branka Grabovac, Ivan Pažin

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	100.00

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	198,011
1.1. Money assets	27,962
1.2. Deposits with the CNB	170,049
2. Deposits with banking institutions	193,209
3. MoF treasury bills and CNB bills	88,932
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	34,760
6. Securities and other financial instruments held to maturity	16,322
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	6
9. Loans to financial institutions	13,000
10. Loans to other clients	1,095,580
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	43,141
13. Tangible assets (net of depreciation)	26,807
14. Interest, fees and other assets	51,020
15. Net of: Collectively assessed impairment provisions	13,645
TOTAL ASSETS	1,747,143

Liabilities and capital	
1. Loans from financial institutions	275,288
1.1. Short-term loans	67,160
1.2. Long-term loans	208,128
2. Deposits	1,153,600
2.1. Giro account and current account deposits	154,285
2.2. Savings deposits	91,550
2.3. Time deposits	907,766
3. Other loans	18,372
3.1. Short-term loans	18,230
3.2. Long-term loans	142
4. Derivative financial liabilities and other financial liabilities held for trading	18
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	70,000
8. Interest, fees and other liabilities	93,203
TOTAL LIABILITIES	1,610,481
9. Capital	136,663
TOTAL LIABILITIES AND CAPITAL	1,747,143

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	24,807
1.1. Total interest income	54,271
1.2. Total interest expenses	29,464
2. Net income from fees and commissions	2,879
2.1. Total income from fees and commissions	6,056
2.2. Total expenses on fees and commissions	3,176
3. Net other non-interest income	5,438
3.1. Other non-interest income	7,777
3.2. Other non-interest expenses	2,339
4. Net non-interest income	8,318
5. General administrative expenses and depreciation	35,220
6. Net operating income before loss provisions	-2,095
7. Total expenses on loss provisions	9,580
7.1. Expenses on value adjustments and provisions for identified losses	11,424
7.2. Expenses on collectively assessed impairment provisions	-1,844
8. Income (loss) before taxes	-11,675
9. Income tax	0
10. Current year profit (loss)	-11,675

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	64,525
2. Letters of credit	2,779
3. Bills of exchange	0
4. Credit lines and commitments	42,369
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	109,674

Derivative financial instruments	
1. Futures	0
2. Options	72,084
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	72,084

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

13.28

ERSTE & STEIERMÄRKISCHE BANK d.d.

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 Fax: +385 62/376-000
 BAN 2402006
<http://www.erstebank.hr>

Shareholders

1. ESB Holding GMBH

**Share in share
 capital (%)**
 96.09

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

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

Supervisory Board

Herbert Juranek – chairperson, Franz Kerber, Kristijan Schellander, Gerhard Maier, Peter Nemschak, Reinhard Ortner, Ernst Gideon Loudon

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	5,699,654
1.1. Money assets	617,749
1.2. Deposits with the CNB	5,081,905
2. Deposits with banking institutions	6,924,649
3. MoF treasury bills and CNB bills	1,444,970
4. Securities and other financial instruments held for trading	29
5. Securities and other financial instruments available for sale	594,065
6. Securities and other financial instruments held to maturity	347,122
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	194,195
9. Loans to financial institutions	187,389
10. Loans to other clients	31,447,504
11. Investments in subsidiaries and associates	167,269
12. Foreclosed and repossessed assets	30,998
13. Tangible assets (net of depreciation)	406,585
14. Interest, fees and other assets	696,567
15. Net of: Collectively assessed impairment provisions	435,028
TOTAL ASSETS	47,705,969

Liabilities and capital	
1. Loans from financial institutions	1,743,291
1.1. Short-term loans	507,618
1.2. Long-term loans	1,235,673
2. Deposits	35,724,136
2.1. Giro account and current account deposits	3,331,914
2.2. Savings deposits	2,814,811
2.3. Time deposits	29,577,411
3. Other loans	2,888,422
3.1. Short-term loans	4,118
3.2. Long-term loans	2,884,304
4. Derivative financial liabilities and other financial liabilities held for trading	30,669
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,089,094
TOTAL LIABILITIES	42,475,613
9. Capital	5,230,356
TOTAL LIABILITIES AND CAPITAL	47,705,969

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	265,731
1.1. Total interest income	1,376,518
1.2. Total interest expenses	1,110,787
2. Net income from fees and commissions	155,730
2.1. Total income from fees and commissions	214,861
2.2. Total expenses on fees and commissions	59,131
3. Net other non-interest income	489,240
3.1. Other non-interest income	490,735
3.2. Other non-interest expenses	1,495
4. Net non-interest income	644,970
5. General administrative expenses and depreciation	399,798
6. Net operating income before loss provisions	510,902
7. Total expenses on loss provisions	115,759
7.1. Expenses on value adjustments and provisions for identified losses	103,808
7.2. Expenses on collectively assessed impairment provisions	11,951
8. Income (loss) before taxes	395,143
9. Income tax	79,803
10. Current year profit (loss)	315,340

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,399,599
2. Letters of credit	144,412
3. Bills of exchange	579,984
4. Credit lines and commitments	1,807,694
5. Other standard risky off-balance sheet items	33,887
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	3,965,576

Derivative financial instruments	
1. Futures	0
2. Options	111,571
3. Swaps	4,112,845
4. Forwards	18,597,212
5. Other	275,092
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	23,096,719

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

12.24

HRVATSKA POŠTANSKA BANKA d.d.

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 BAN 2390001
 http://www.hpbb.hr

Shareholders

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

Share in share capital (%)

33.07
 40.62
 25.04

Management Board

Čedo Maletić – chairperson, Dubravka Kolarić

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Supervisory Board

Zdravko Marić – chairperson, Drago Jakovčević,
 Robert Jukić, Marijo Dragun, Grga Ivezić, Maja Vrtarić,
 Vedran Duvnjak

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	2,034,513
1.1. Money assets	376,646
1.2. Deposits with the CNB	1,657,867
2. Deposits with banking institutions	1,371,906
3. MoF treasury bills and CNB bills	1,388,909
4. Securities and other financial instruments held for trading	335,648
5. Securities and other financial instruments available for sale	351,842
6. Securities and other financial instruments held to maturity	569,465
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	944
9. Loans to financial institutions	166,942
10. Loans to other clients	8,096,908
11. Investments in subsidiaries and associates	80,383
12. Foreclosed and repossessed assets	115,789
13. Tangible assets (net of depreciation)	178,114
14. Interest, fees and other assets	502,728
15. Net of: Collectively assessed impairment provisions	114,652
TOTAL ASSETS	15,079,440

Liabilities and capital	
1. Loans from financial institutions	2,234,166
1.1. Short-term loans	863,586
1.2. Long-term loans	1,370,580
2. Deposits	9,905,994
2.1. Giro account and current account deposits	1,994,131
2.2. Savings deposits	1,332,639
2.3. Time deposits	6,579,224
3. Other loans	46,791
3.1. Short-term loans	0
3.2. Long-term loans	46,791
4. Derivative financial liabilities and other financial liabilities held for trading	1,952
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	350,573
8. Interest, fees and other liabilities	1,556,862
TOTAL LIABILITIES	14,096,337
9. Capital	983,103
TOTAL LIABILITIES AND CAPITAL	15,079,440

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	164,817
1.1. Total interest income	486,787
1.2. Total interest expenses	321,970
2. Net income from fees and commissions	81,581
2.1. Total income from fees and commissions	292,505
2.2. Total expenses on fees and commissions	210,924
3. Net other non-interest income	-34,515
3.1. Other non-interest income	19,669
3.2. Other non-interest expenses	54,184
4. Net non-interest income	47,066
5. General administrative expenses and depreciation	203,882
6. Net operating income before loss provisions	8,002
7. Total expenses on loss provisions	94,600
7.1. Expenses on value adjustments and provisions for identified losses	97,642
7.2. Expenses on collectively assessed impairment provisions	-3,043
8. Income (loss) before taxes	-86,598
9. Income tax	-1,129
10. Current year profit (loss)	-85,469

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	496,045
2. Letters of credit	70,682
3. Bills of exchange	135,300
4. Credit lines and commitments	1,391,412
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,093,438

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	177,687
4. Forwards	202,483
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	380,171

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

11.71

HYPO ALPE-ADRIA-BANK d.d.

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<http://www.hypo-alpe-adria.hr>

Management Board

Markus Ferstl – chairperson, Krešimir Starčević,
 Ivan Mihaljević, Tadija Vrdoljak

Supervisory Board

Tilo Berlin – chairperson, Božidar Špan, Othmar
 Ederer, Anton Knett, Goran Radman

Shareholders

1. Hypo Alpe-Adria-Bank
 International AG

**Share in share
 capital (%)**

100.00

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	4,162,796
1.1. Money assets	244,190
1.2. Deposits with the CNB	3,918,606
2. Deposits with banking institutions	1,148,060
3. MoF treasury bills and CNB bills	902,643
4. Securities and other financial instruments held for trading	145,864
5. Securities and other financial instruments available for sale	2,759,854
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	29,183
9. Loans to financial institutions	433,012
10. Loans to other clients	26,873,267
11. Investments in subsidiaries and associates	37,859
12. Foreclosed and repossessed assets	99,605
13. Tangible assets (net of depreciation)	291,735
14. Interest, fees and other assets	610,837
15. Net of: Collectively assessed impairment provisions	300,759
TOTAL ASSETS	37,193,956

Liabilities and capital	
1. Loans from financial institutions	1,818,645
1.1. Short-term loans	336,500
1.2. Long-term loans	1,482,145
2. Deposits	23,763,680
2.1. Giro account and current account deposits	2,183,565
2.2. Savings deposits	1,369,271
2.3. Time deposits	20,210,844
3. Other loans	1,982,748
3.1. Short-term loans	1,956,058
3.2. Long-term loans	26,690
4. Derivative financial liabilities and other financial liabilities held for trading	47,190
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	2,195,025
8. Interest, fees and other liabilities	943,406
TOTAL LIABILITIES	30,750,694
9. Capital	6,443,262
TOTAL LIABILITIES AND CAPITAL	37,193,956

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	530,132
1.1. Total interest income	1,222,033
1.2. Total interest expenses	691,900
2. Net income from fees and commissions	163,601
2.1. Total income from fees and commissions	193,977
2.2. Total expenses on fees and commissions	30,376
3. Net other non-interest income	93,300
3.1. Other non-interest income	111,423
3.2. Other non-interest expenses	18,124
4. Net non-interest income	256,900
5. General administrative expenses and depreciation	341,982
6. Net operating income before loss provisions	445,051
7. Total expenses on loss provisions	112,492
7.1. Expenses on value adjustments and provisions for identified losses	130,903
7.2. Expenses on collectively assessed impairment provisions	-18,412
8. Income (loss) before taxes	332,559
9. Income tax	68,057
10. Current year profit (loss)	264,502

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	4,367,426
2. Letters of credit	85,972
3. Bills of exchange	0
4. Credit lines and commitments	1,656,087
5. Other standard risky off-balance sheet items	801,150
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	6,910,635

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	6,455,259
4. Forwards	5,920,536
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	12,375,794

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

21.02

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 Fax: +385 21/345-588
 BAN 2492008
<http://www.imexbanka.hr>

Shareholders

1. Branko Buljan
2. Ivka Mijić

Share in share capital (%)

77.98
 22.02

Management Board

Branko Buljan – chairperson, Ružica Šarić

Audit firm for 2008:
 Maran d.o.o., Split

Supervisory Board

Darko Medak – chairperson, Lucija Mijić, Marija Buljan

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	161,666
1.1. Money assets	20,207
1.2. Deposits with the CNB	141,459
2. Deposits with banking institutions	142,268
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	1,498
5. Securities and other financial instruments available for sale	37,097
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	30,000
10. Loans to other clients	797,278
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	45,316
14. Interest, fees and other assets	26,876
15. Net of: Collectively assessed impairment provisions	9,856
TOTAL ASSETS	1,232,143

Liabilities and capital	
1. Loans from financial institutions	84,123
1.1. Short-term loans	38,000
1.2. Long-term loans	46,123
2. Deposits	980,576
2.1. Giro account and current account deposits	96,778
2.2. Savings deposits	16,832
2.3. Time deposits	866,967
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	33,000
8. Interest, fees and other liabilities	29,439
TOTAL LIABILITIES	1,127,138
9. Capital	105,005
TOTAL LIABILITIES AND CAPITAL	1,232,143

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	20,651
1.1. Total interest income	46,834
1.2. Total interest expenses	26,182
2. Net income from fees and commissions	2,484
2.1. Total income from fees and commissions	3,799
2.2. Total expenses on fees and commissions	1,314
3. Net other non-interest income	-1,611
3.1. Other non-interest income	415
3.2. Other non-interest expenses	2,026
4. Net non-interest income	873
5. General administrative expenses and depreciation	16,442
6. Net operating income before loss provisions	5,082
7. Total expenses on loss provisions	1,947
7.1. Expenses on value adjustments and provisions for identified losses	852
7.2. Expenses on collectively assessed impairment provisions	1,095
8. Income (loss) before taxes	3,135
9. Income tax	627
10. Current year profit (loss)	2,508

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	84,777
2. Letters of credit	2,100
3. Bills of exchange	0
4. Credit lines and commitments	11,125
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	98,003

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

10.54

ISTARSKA KREDITNA BANKA UMAG d.d.

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<http://www.ikb.hr>

Management Board

Miro Dodić – chairperson, Marina Vidić, Klaudija Paljuh

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Intercommerce d.o.o.	17.16
2. Tvornica cementa Umag d.o.o.	15.31
3. Serfin d.o.o.	9.84
4. Assicurazioni Generali S.p.A.	7.76
5. Marijan Kovačić	6.90
6. Branko Kovačić	3.64
7. Plava laguna d.d.	3.63
8. Nerio Perich	3.45
9. Milenko Opačić	3.40

Audit firm for 2008:
PricewaterhouseCoopers d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	321,315
1.1. Money assets	54,298
1.2. Deposits with the CNB	267,017
2. Deposits with banking institutions	326,848
3. MoF treasury bills and CNB bills	66,277
4. Securities and other financial instruments held for trading	367
5. Securities and other financial instruments available for sale	2,805
6. Securities and other financial instruments held to maturity	47,734
7. Securities and other financial instruments not traded in active markets but carried at fair value	92
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,367,601
11. Investments in subsidiaries and associates	20
12. Foreclosed and repossessed assets	4,269
13. Tangible assets (net of depreciation)	43,988
14. Interest, fees and other assets	23,452
15. Net of: Collectively assessed impairment provisions	17,432
TOTAL ASSETS	2,187,335

Liabilities and capital	
1. Loans from financial institutions	22,776
1.1. Short-term loans	0
1.2. Long-term loans	22,776
2. Deposits	1,874,257
2.1. Giro account and current account deposits	245,838
2.2. Savings deposits	312,947
2.3. Time deposits	1,315,473
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	8,711
8. Interest, fees and other liabilities	56,740
TOTAL LIABILITIES	1,962,485
9. Capital	224,850
TOTAL LIABILITIES AND CAPITAL	2,187,335

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	34,779
1.1. Total interest income	64,231
1.2. Total interest expenses	29,451
2. Net income from fees and commissions	8,703
2.1. Total income from fees and commissions	10,653
2.2. Total expenses on fees and commissions	1,949
3. Net other non-interest income	7,468
3.1. Other non-interest income	8,668
3.2. Other non-interest expenses	1,200
4. Net non-interest income	16,171
5. General administrative expenses and depreciation	29,282
6. Net operating income before loss provisions	21,668
7. Total expenses on loss provisions	5,188
7.1. Expenses on value adjustments and provisions for identified losses	5,885
7.2. Expenses on collectively assessed impairment provisions	-698
8. Income (loss) before taxes	16,480
9. Income tax	3,227
10. Current year profit (loss)	13,254

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	35,208
2. Letters of credit	7,022
3. Bills of exchange	0
4. Credit lines and commitments	100,328
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	142,558

Derivative financial instruments	
1. Futures	0
2. Options	10,839
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	10,839

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

12.64

JADRANSKA BANKA d.d.

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<http://www.jadranska-banka.hr>

Management Board

Ivo Šinko – chairperson, Marija Trlaja, Mirko Goreta

Supervisory Board

Miro Petric – chairperson, Duje Stančić, Stipe Kuvač,
 Mile Paić

Shareholders

	Share in share capital (%)
1. Croatia osiguranje d.d.	6.48
2. Alfa d.d.	6.26
3. Ugo oprema i građenje d.o.o.	4.58
4. Jolly JBS d.o.o.	4.43
5. Tiskara Malenica d.o.o.	4.24
6. NCP Remontno brodogradilište Šibenik d.o.o.	4.18
7. Importanne d.o.o.	3.76
8. Vodovod i odvodnja d.o.o.	3.39
9. Rivijera d.d.	3.17

Audit firm for 2008:

Šibenski Revicon d.o.o., Šibenik

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	335,321
1.1. Money assets	54,634
1.2. Deposits with the CNB	280,688
2. Deposits with banking institutions	290,843
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	11,610
6. Securities and other financial instruments held to maturity	445,376
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,050,012
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	61,364
13. Tangible assets (net of depreciation)	25,745
14. Interest, fees and other assets	61,152
15. Net of: Collectively assessed impairment provisions	17,318
TOTAL ASSETS	2,264,103

Liabilities and capital	
1. Loans from financial institutions	138,640
1.1. Short-term loans	81,447
1.2. Long-term loans	57,193
2. Deposits	1,649,940
2.1. Giro account and current account deposits	186,358
2.2. Savings deposits	346,556
2.3. Time deposits	1,117,026
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	2
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	15,571
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	51,786
TOTAL LIABILITIES	1,855,939
9. Capital	408,164
TOTAL LIABILITIES AND CAPITAL	2,264,103

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	34,537
1.1. Total interest income	68,653
1.2. Total interest expenses	34,116
2. Net income from fees and commissions	6,903
2.1. Total income from fees and commissions	9,163
2.2. Total expenses on fees and commissions	2,260
3. Net other non-interest income	3,886
3.1. Other non-interest income	7,403
3.2. Other non-interest expenses	3,517
4. Net non-interest income	10,789
5. General administrative expenses and depreciation	28,236
6. Net operating income before loss provisions	17,090
7. Total expenses on loss provisions	-1,542
7.1. Expenses on value adjustments and provisions for identified losses	-866
7.2. Expenses on collectively assessed impairment provisions	-675
8. Income (loss) before taxes	18,631
9. Income tax	3,722
10. Current year profit (loss)	14,909

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	34,828
2. Letters of credit	8,368
3. Bills of exchange	0
4. Credit lines and commitments	165,953
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	209,149

Derivative financial instruments	
1. Futures	0
2. Options	25,330
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	25,330

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

17.78

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 http://www.kaba.hr

Management Board

Sandi Šola – chairperson, Siniša Žanetić, Marijana Trpčić-Reškovac

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Sandi Šola	19.54
2. Mate Šarić	9.63
3. Batheja Pramod	5.47
4. Marijan Šarić	4.94
5. PBZ Invest d.o.o.	4.05
6. Croatian Privatisation Fund	3.96
7. Dario Šimić	3.95
8. Goran Ivanišević	3.39
9. Ivan Jaime Guerrero Devlahovic	3.01

Audit firm for 2008:
 HLB Revidicon d.o.o., Varaždin

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	203,954
1.1. Money assets	24,908
1.2. Deposits with the CNB	179,045
2. Deposits with banking institutions	244,802
3. MoF treasury bills and CNB bills	71,325
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	8,724
6. Securities and other financial instruments held to maturity	157,534
7. Securities and other financial instruments not traded in active markets but carried at fair value	250
8. Derivative financial assets	0
9. Loans to financial institutions	11,103
10. Loans to other clients	1,328,003
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	16,039
13. Tangible assets (net of depreciation)	73,695
14. Interest, fees and other assets	69,662
15. Net of: Collectively assessed impairment provisions	17,705
TOTAL ASSETS	2,167,385

Liabilities and capital	
1. Loans from financial institutions	253,171
1.1. Short-term loans	131,440
1.2. Long-term loans	121,731
2. Deposits	1,640,569
2.1. Giro account and current account deposits	338,859
2.2. Savings deposits	243,030
2.3. Time deposits	1,058,680
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	3
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	55,972
TOTAL LIABILITIES	1,949,714
9. Capital	217,671
TOTAL LIABILITIES AND CAPITAL	2,167,385

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	30,998
1.1. Total interest income	67,804
1.2. Total interest expenses	36,806
2. Net income from fees and commissions	6,726
2.1. Total income from fees and commissions	13,438
2.2. Total expenses on fees and commissions	6,712
3. Net other non-interest income	6,092
3.1. Other non-interest income	11,486
3.2. Other non-interest expenses	5,394
4. Net non-interest income	12,818
5. General administrative expenses and depreciation	38,355
6. Net operating income before loss provisions	5,461
7. Total expenses on loss provisions	-934
7.1. Expenses on value adjustments and provisions for identified losses	-2,843
7.2. Expenses on collectively assessed impairment provisions	1,908
8. Income (loss) before taxes	6,396
9. Income tax	1,803
10. Current year profit (loss)	4,593

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	197,677
2. Letters of credit	9,334
3. Bills of exchange	0
4. Credit lines and commitments	260,924
5. Other standard risky off-balance sheet items	2,830
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	470,764

Derivative financial instruments	
1. Futures	0
2. Options	13,311
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	13,311

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

11.21

KREDITNA BANKA ZAGREB d.d.

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<http://www.kbz.hr>

Management Board

Nelsi Rončević – chairperson, Ivan Dropulić

Supervisory Board

Mirjana Krile – chairperson, Ankica Čeko,
 Gordana Letica, Irena Severin, Nadira Eror

Shareholders

	Share in share capital (%)
1. Euroherc osiguranje d.d.	19.19
2. Jadransko osiguranje d.d.	17.33
3. Agram životno osiguranje d.d.	16.67
4. Euroleasing d.o.o.	11.79
5. Euro daus d.d.	9.18
6. Euroduhan d.d.	4.32
7. Euroagram nekretnine d.o.o.	4.13
8. Eurodom d.o.o.	3.09

Audit firm for 2008:
 Nexia revizija d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	172,371
1.1. Money assets	25,886
1.2. Deposits with the CNB	146,485
2. Deposits with banking institutions	153,406
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	43,500
6. Securities and other financial instruments held to maturity	2,151
7. Securities and other financial instruments not traded in active markets but carried at fair value	15,681
8. Derivative financial assets	72
9. Loans to financial institutions	58,000
10. Loans to other clients	914,882
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	11,603
13. Tangible assets (net of depreciation)	34,216
14. Interest, fees and other assets	48,424
15. Net of: Collectively assessed impairment provisions	11,553
TOTAL ASSETS	1,442,751

Liabilities and capital	
1. Loans from financial institutions	145,009
1.1. Short-term loans	130,300
1.2. Long-term loans	14,709
2. Deposits	948,292
2.1. Giro account and current account deposits	185,296
2.2. Savings deposits	42,263
2.3. Time deposits	720,733
3. Other loans	36,460
3.1. Short-term loans	36,460
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	4
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	37,355
TOTAL LIABILITIES	1,167,120
9. Capital	275,632
TOTAL LIABILITIES AND CAPITAL	1,442,751

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	23,421
1.1. Total interest income	53,684
1.2. Total interest expenses	30,263
2. Net income from fees and commissions	5,984
2.1. Total income from fees and commissions	12,581
2.2. Total expenses on fees and commissions	6,596
3. Net other non-interest income	7,734
3.1. Other non-interest income	8,653
3.2. Other non-interest expenses	920
4. Net non-interest income	13,718
5. General administrative expenses and depreciation	29,035
6. Net operating income before loss provisions	8,104
7. Total expenses on loss provisions	84
7.1. Expenses on value adjustments and provisions for identified losses	440
7.2. Expenses on collectively assessed impairment provisions	-356
8. Income (loss) before taxes	8,020
9. Income tax	1,604
10. Current year profit (loss)	6,416

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	73,482
2. Letters of credit	17,837
3. Bills of exchange	0
4. Credit lines and commitments	88,708
5. Other standard risky off-balance sheet items	5,514
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	185,541

Derivative financial instruments	
1. Futures	0
2. Options	23,503
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	23,503

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

18.59

MEĐIMURSKA BANKA d.d.

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 BAN 2392007
<http://www.mb.hr>

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

96.39

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Management Board

Nenad Jeđud – chairperson, Ljiljana Horvat

Supervisory Board

Ivan Krolo – chairperson, Siniša Špoljarec, Ivanka Petrović, Ljiljana Nakić, Dajana Kobeščak

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	389,808
1.1. Money assets	79,208
1.2. Deposits with the CNB	310,600
2. Deposits with banking institutions	355,441
3. MoF treasury bills and CNB bills	194,383
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	9,409
6. Securities and other financial instruments held to maturity	32,273
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	119,368
10. Loans to other clients	1,671,695
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	4,859
13. Tangible assets (net of depreciation)	37,065
14. Interest, fees and other assets	27,119
15. Net of: Collectively assessed impairment provisions	31,388
TOTAL ASSETS	2,810,033

Liabilities and capital

1. Loans from financial institutions	96,897
1.1. Short-term loans	34,100
1.2. Long-term loans	62,797
2. Deposits	2,120,050
2.1. Giro account and current account deposits	367,605
2.2. Savings deposits	381,119
2.3. Time deposits	1,371,326
3. Other loans	153,133
3.1. Short-term loans	0
3.2. Long-term loans	153,133
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	88,585
TOTAL LIABILITIES	2,458,665
9. Capital	351,367
TOTAL LIABILITIES AND CAPITAL	2,810,033

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	49,769
1.1. Total interest income	91,209
1.2. Total interest expenses	41,439
2. Net income from fees and commissions	14,981
2.1. Total income from fees and commissions	17,881
2.2. Total expenses on fees and commissions	2,900
3. Net other non-interest income	361
3.1. Other non-interest income	4,687
3.2. Other non-interest expenses	4,325
4. Net non-interest income	15,342
5. General administrative expenses and depreciation	31,557
6. Net operating income before loss provisions	33,554
7. Total expenses on loss provisions	-5,360
7.1. Expenses on value adjustments and provisions for identified losses	-3,874
7.2. Expenses on collectively assessed impairment provisions	-1,486
8. Income (loss) before taxes	38,914
9. Income tax	7,793
10. Current year profit (loss)	31,121

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	59,465
2. Letters of credit	2,417
3. Bills of exchange	0
4. Credit lines and commitments	217,722
5. Other standard risky off-balance sheet items	412
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	280,016

Derivative financial instruments

1. Futures	0
2. Options	10,689
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	10,689

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

14.91

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 http://www.navabanka.hr

Shareholders

1. GIP Pionir d.d.	29.35
2. Paron d.o.o.	12.51
3. Munis d.o.o.	9.07
4. Kemika d.d.	15.46

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

Stipan Pamuković – chairperson, Željko Škalec

Audit firm for 2008:
 Revizija Spajić d.o.o.

Supervisory Board

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

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	43,476
1.1. Money assets	3,609
1.2. Deposits with the CNB	39,867
2. Deposits with banking institutions	28,227
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	39,546
6. Securities and other financial instruments held to maturity	3,928
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	250
10. Loans to other clients	204,797
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	2,507
13. Tangible assets (net of depreciation)	6,279
14. Interest, fees and other assets	7,004
15. Net of: Collectively assessed impairment provisions	2,528
TOTAL ASSETS	333,486

Liabilities and capital

1. Loans from financial institutions	24,423
1.1. Short-term loans	22,850
1.2. Long-term loans	1,573
2. Deposits	252,158
2.1. Giro account and current account deposits	34,210
2.2. Savings deposits	5,321
2.3. Time deposits	212,628
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	9,826
TOTAL LIABILITIES	286,407
9. Capital	47,079
TOTAL LIABILITIES AND CAPITAL	333,486

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	1,206
1.1. Total interest income	10,171
1.2. Total interest expenses	8,965
2. Net income from fees and commissions	493
2.1. Total income from fees and commissions	1,092
2.2. Total expenses on fees and commissions	599
3. Net other non-interest income	412
3.1. Other non-interest income	797
3.2. Other non-interest expenses	385
4. Net non-interest income	905
5. General administrative expenses and depreciation	4,570
6. Net operating income before loss provisions	-2,459
7. Total expenses on loss provisions	-961
7.1. Expenses on value adjustments and provisions for identified losses	-621
7.2. Expenses on collectively assessed impairment provisions	-340
8. Income (loss) before taxes	-1,498
9. Income tax	0
10. Current year profit (loss)	-1,498

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	47,496
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	0
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	47,496

Derivative financial instruments

1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	4,098
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,098

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

12.97

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 BAN 6716000
 http://oba.hr

Shareholders

1. several shareholders

Share in share capital (%)
 none of the shares is higher than 3%

Management Board

Suzana Barada – chairperson, Davorin Rimac

Audit firm for 2008:

BDO Revizija Zagreb d.o.o., Zagreb

Supervisory Board

Zlatko Cahun – chairperson, Krešimir Rastija, Alen Stojanović

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	17,086
1.1. Money assets	1,332
1.2. Deposits with the CNB	15,755
2. Deposits with banking institutions	4,393
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	4,000
10. Loans to other clients	97,084
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	3,111
14. Interest, fees and other assets	6,061
15. Net of: Collectively assessed impairment provisions	1,100
TOTAL ASSETS	130,635

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	113,378
2.1. Giro account and current account deposits	8,148
2.2. Savings deposits	17,504
2.3. Time deposits	87,727
3. Other loans	2,618
3.1. Short-term loans	0
3.2. Long-term loans	2,618
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	977
TOTAL LIABILITIES	116,974
9. Capital	13,661
TOTAL LIABILITIES AND CAPITAL	130,635

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	3,337
1.1. Total interest income	4,806
1.2. Total interest expenses	1,469
2. Net income from fees and commissions	911
2.1. Total income from fees and commissions	1,072
2.2. Total expenses on fees and commissions	161
3. Net other non-interest income	242
3.1. Other non-interest income	345
3.2. Other non-interest expenses	103
4. Net non-interest income	1,152
5. General administrative expenses and depreciation	4,905
6. Net operating income before loss provisions	-416
7. Total expenses on loss provisions	-100
7.1. Expenses on value adjustments and provisions for identified losses	-60
7.2. Expenses on collectively assessed impairment provisions	-40
8. Income (loss) before taxes	-316
9. Income tax	0
10. Current year profit (loss)	-316

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	280
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,364
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,644

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

17.52

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<http://www.otpbanka.hr>

Shareholders

1. OTP Bank RT

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

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Management Board

Damir Odak – chairperson, Zorislav Vidović,
 Balazs Pal Bekeffy

Supervisory Board

Antal Gyorgy Kovacs – chairperson, Gabor Czikora,
 Laszlo Kecskés, Gabor Kovacz, Csaba Farago

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	1,439,951
1.1. Money assets	166,010
1.2. Deposits with the CNB	1,273,940
2. Deposits with banking institutions	1,219,321
3. MoF treasury bills and CNB bills	230,725
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	501,907
6. Securities and other financial instruments held to maturity	38,374
7. Securities and other financial instruments not traded in active markets but carried at fair value	27,700
8. Derivative financial assets	34
9. Loans to financial institutions	958
10. Loans to other clients	8,609,011
11. Investments in subsidiaries and associates	80,703
12. Foreclosed and repossessed assets	178
13. Tangible assets (net of depreciation)	203,449
14. Interest, fees and other assets	243,741
15. Net of: Collectively assessed impairment provisions	100,889
TOTAL ASSETS	12,495,163

Liabilities and capital	
1. Loans from financial institutions	972,099
1.1. Short-term loans	269,441
1.2. Long-term loans	702,658
2. Deposits	8,815,117
2.1. Giro account and current account deposits	1,312,198
2.2. Savings deposits	1,049,723
2.3. Time deposits	6,453,196
3. Other loans	809,793
3.1. Short-term loans	0
3.2. Long-term loans	809,793
4. Derivative financial liabilities and other financial liabilities held for trading	84
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	37,284
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	308,469
TOTAL LIABILITIES	10,942,846
9. Capital	1,552,317
TOTAL LIABILITIES AND CAPITAL	12,495,163

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	174,743
1.1. Total interest income	373,113
1.2. Total interest expenses	198,369
2. Net income from fees and commissions	46,400
2.1. Total income from fees and commissions	63,579
2.2. Total expenses on fees and commissions	17,179
3. Net other non-interest income	7,756
3.1. Other non-interest income	26,482
3.2. Other non-interest expenses	18,726
4. Net non-interest income	54,156
5. General administrative expenses and depreciation	144,464
6. Net operating income before loss provisions	84,435
7. Total expenses on loss provisions	20,644
7.1. Expenses on value adjustments and provisions for identified losses	25,723
7.2. Expenses on collectively assessed impairment provisions	-5,079
8. Income (loss) before taxes	63,790
9. Income tax	12,736
10. Current year profit (loss)	51,054

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	206,775
2. Letters of credit	13,372
3. Bills of exchange	0
4. Credit lines and commitments	879,180
5. Other standard risky off-balance sheet items	220
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,099,546

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	168,097
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	168,097

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

12.68

PARTNER BANKA d.d.

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 Fax: +385 1/4602-289
 BAN 2408002
<http://www.partner-banka.hr>

Shareholders

1. Metroholding d.d.

**Share in share
 capital (%)**
 99.99

Audit firm for 2008:
 Nexia revizija d.o.o. Zagreb

Management Board

Martina Dalić – chairperson, Ante Žigman

Supervisory Board

Borislav Škegro – chairperson, Ivan Ćurković,
 Božo Čulo

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	108,961
1.1. Money assets	10,628
1.2. Deposits with the CNB	98,332
2. Deposits with banking institutions	63,261
3. MoF treasury bills and CNB bills	36,410
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	54,920
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	3
9. Loans to financial institutions	30,202
10. Loans to other clients	830,255
11. Investments in subsidiaries and associates	147
12. Foreclosed and repossessed assets	6,445
13. Tangible assets (net of depreciation)	32,917
14. Interest, fees and other assets	24,674
15. Net of: Collectively assessed impairment provisions	9,877
TOTAL ASSETS	1,178,320

Liabilities and capital	
1. Loans from financial institutions	248,201
1.1. Short-term loans	79,921
1.2. Long-term loans	168,280
2. Deposits	727,572
2.1. Giro account and current account deposits	107,732
2.2. Savings deposits	36,496
2.3. Time deposits	583,344
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	1
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	32,573
TOTAL LIABILITIES	1,008,347
9. Capital	169,972
TOTAL LIABILITIES AND CAPITAL	1,178,320

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	25,277
1.1. Total interest income	48,998
1.2. Total interest expenses	23,721
2. Net income from fees and commissions	3,699
2.1. Total income from fees and commissions	6,140
2.2. Total expenses on fees and commissions	2,441
3. Net other non-interest income	1,843
3.1. Other non-interest income	4,691
3.2. Other non-interest expenses	2,848
4. Net non-interest income	5,542
5. General administrative expenses and depreciation	25,180
6. Net operating income before loss provisions	5,638
7. Total expenses on loss provisions	-650
7.1. Expenses on value adjustments and provisions for identified losses	713
7.2. Expenses on collectively assessed impairment provisions	-1,363
8. Income (loss) before taxes	6,288
9. Income tax	892
10. Current year profit (loss)	5,396

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	82,872
2. Letters of credit	33,852
3. Bills of exchange	0
4. Credit lines and commitments	30,309
5. Other standard risky off-balance sheet items	250
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	147,283

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	29,261
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	29,261

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

13.98

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Management Board

Julio Kuruc – chairperson, Davorka Jakir,
 Marijan Marušić

Supervisory Board

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

Shareholders

	Share in share capital (%)
1. Lorenzo Gorgoni	9.87
2. Assicurazioni Generali S.p.A.	9.54
3. Cerere S.R.L.	9.53
4. Antonia Gorgoni	9.77
5. Miljan Todorovic	8.33
6. Andrea Montinari	5.76
7. Dario Montinari	5.76
8. Piero Montinari	5.76
9. Sigilfredo Montinari	5.76
10. Luigi Liaci	3.94
11. Giovanni Semeraro	4.11

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	314,589
1.1. Money assets	38,880
1.2. Deposits with the CNB	275,709
2. Deposits with banking institutions	303,408
3. MoF treasury bills and CNB bills	37,185
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	69,996
6. Securities and other financial instruments held to maturity	61,301
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	397,000
10. Loans to other clients	1,317,344
11. Investments in subsidiaries and associates	1,530
12. Foreclosed and repossessed assets	7,252
13. Tangible assets (net of depreciation)	69,469
14. Interest, fees and other assets	60,230
15. Net of: Collectively assessed impairment provisions	22,150
TOTAL ASSETS	2,617,156

Liabilities and capital	
1. Loans from financial institutions	168,006
1.1. Short-term loans	107,500
1.2. Long-term loans	60,506
2. Deposits	1,999,515
2.1. Giro account and current account deposits	307,094
2.2. Savings deposits	276,131
2.3. Time deposits	1,416,290
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	85,556
TOTAL LIABILITIES	2,253,077
9. Capital	364,079
TOTAL LIABILITIES AND CAPITAL	2,617,156

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	50,023
1.1. Total interest income	93,956
1.2. Total interest expenses	43,932
2. Net income from fees and commissions	13,416
2.1. Total income from fees and commissions	20,339
2.2. Total expenses on fees and commissions	6,923
3. Net other non-interest income	7,070
3.1. Other non-interest income	9,818
3.2. Other non-interest expenses	2,748
4. Net non-interest income	20,486
5. General administrative expenses and depreciation	50,331
6. Net operating income before loss provisions	20,178
7. Total expenses on loss provisions	3,694
7.1. Expenses on value adjustments and provisions for identified losses	3,694
7.2. Expenses on collectively assessed impairment provisions	0
8. Income (loss) before taxes	16,484
9. Income tax	3,297
10. Current year profit (loss)	13,187

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	40,690
2. Letters of credit	24,710
3. Bills of exchange	0
4. Credit lines and commitments	146,300
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	211,700

Derivative financial instruments	
1. Futures	0
2. Options	489
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	489

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

15.68

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Management Board

Duško Miculinić – chairperson, Željka Pavić, Anto Pekić

Supervisory Board

Jože Perić – chairperson, Gordana Pavletić, Franco Brunati

Shareholders

	Share in share capital (%)
1. Francesco Signorio	49.96
2. Svetlana Signorio	8.92
3. Confisi S.A.	5.71
4. J.L.L. Marc Jourdan	4.91
5. Carlo Di Dato	7.14
6. Domenico Petrella	6.31
7. IBS S.R.L.	5.72

Audit firm for 2008:
 Revidicon d.o.o., Varaždin

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	14,731
1.1. Money assets	3,365
1.2. Deposits with the CNB	11,366
2. Deposits with banking institutions	31,116
3. MoF treasury bills and CNB bills	1,952
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	4,573
6. Securities and other financial instruments held to maturity	286
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	84,320
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	887
14. Interest, fees and other assets	4,158
15. Net of: Collectively assessed impairment provisions	1,169
TOTAL ASSETS	140,853

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	91,076
2.1. Giro account and current account deposits	4,738
2.2. Savings deposits	10,554
2.3. Time deposits	75,783
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	8,500
8. Interest, fees and other liabilities	3,940
TOTAL LIABILITIES	103,515
9. Capital	37,338
TOTAL LIABILITIES AND CAPITAL	140,853

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	2,454
1.1. Total interest income	4,591
1.2. Total interest expenses	2,136
2. Net income from fees and commissions	123
2.1. Total income from fees and commissions	511
2.2. Total expenses on fees and commissions	388
3. Net other non-interest income	318
3.1. Other non-interest income	484
3.2. Other non-interest expenses	166
4. Net non-interest income	441
5. General administrative expenses and depreciation	4,870
6. Net operating income before loss provisions	-1,975
7. Total expenses on loss provisions	47
7.1. Expenses on value adjustments and provisions for identified losses	-9
7.2. Expenses on collectively assessed impairment provisions	56
8. Income (loss) before taxes	-2,021
9. Income tax	0
10. Current year profit (loss)	-2,021

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	997
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,509
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	2,505

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

41.58

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Shareholders

	Share in share capital (%)
1. Intesa Bci Holding International S.A.	76.59
2. European Bank for Reconstruction and Development (EBRD)	20.88

Management Board

Božo Prka – chairperson, Jonathan Charles Locke, Ivan Gerovac, Gabriele Pace, Mario Henjak, Draženko Kopljar, Dinko Lucić

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Supervisory Board

György Surányi – chairperson, Paolo Grandi, Anne Fossemale, Massimo Pierdicchi, Massimo Malagoli, Rosario Strano, Beata Kisné Földi

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	8,005,806
1.1. Money assets	1,150,940
1.2. Deposits with the CNB	6,854,867
2. Deposits with banking institutions	5,452,882
3. MoF treasury bills and CNB bills	1,360,527
4. Securities and other financial instruments held for trading	30,528
5. Securities and other financial instruments available for sale	421,360
6. Securities and other financial instruments held to maturity	969,652
7. Securities and other financial instruments not traded in active markets but carried at fair value	462,693
8. Derivative financial assets	33,228
9. Loans to financial institutions	576,862
10. Loans to other clients	43,347,003
11. Investments in subsidiaries and associates	372,829
12. Foreclosed and repossessed assets	20,279
13. Tangible assets (net of depreciation)	839,427
14. Interest, fees and other assets	855,899
15. Net of: Collectively assessed impairment provisions	528,865
TOTAL ASSETS	62,220,109

Liabilities and capital	
1. Loans from financial institutions	3,744,574
1.1. Short-term loans	2,087,085
1.2. Long-term loans	1,657,488
2. Deposits	41,528,796
2.1. Giro account and current account deposits	6,137,290
2.2. Savings deposits	5,656,379
2.3. Time deposits	29,735,126
3. Other loans	5,493,241
3.1. Short-term loans	0
3.2. Long-term loans	5,493,241
4. Derivative financial liabilities and other financial liabilities held for trading	12,027
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,059,768
TOTAL LIABILITIES	52,838,406
9. Capital	9,381,703
TOTAL LIABILITIES AND CAPITAL	62,220,109

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	859,031
1.1. Total interest income	1,936,265
1.2. Total interest expenses	1,077,234
2. Net income from fees and commissions	202,782
2.1. Total income from fees and commissions	302,269
2.2. Total expenses on fees and commissions	99,487
3. Net other non-interest income	304,212
3.1. Other non-interest income	356,071
3.2. Other non-interest expenses	51,859
4. Net non-interest income	506,994
5. General administrative expenses and depreciation	582,355
6. Net operating income before loss provisions	783,670
7. Total expenses on loss provisions	166,769
7.1. Expenses on value adjustments and provisions for identified losses	194,269
7.2. Expenses on collectively assessed impairment provisions	-27,500
8. Income (loss) before taxes	616,902
9. Income tax	95,298
10. Current year profit (loss)	521,603

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	2,757,840
2. Letters of credit	475,204
3. Bills of exchange	0
4. Credit lines and commitments	9,101,200
5. Other standard risky off-balance sheet items	24,001
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	12,358,246

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	11,615,358
4. Forwards	1,172,782
5. Other	377,981
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	13,166,120

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

16.49

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Management Board

Zdenko Adrović – chairperson, Vlasta Žubrinić-Pick,
 Jasna Širola, Zoran Koščak, Vesna Ciganek Vuković,
 Mario Žižek

Supervisory Board

Herbert Stepic – chairperson, Heinz Hoedl, Franz
 Rogi, Peter Lennkh, Martin Gruell

Shareholders

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

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	4,573,643
1.1. Money assets	391,778
1.2. Deposits with the CNB	4,181,865
2. Deposits with banking institutions	651,065
3. MoF treasury bills and CNB bills	988,141
4. Securities and other financial instruments held for trading	3,773,154
5. Securities and other financial instruments available for sale	10,183
6. Securities and other financial instruments held to maturity	789,020
7. Securities and other financial instruments not traded in active markets but carried at fair value	373,600
8. Derivative financial assets	87,503
9. Loans to financial institutions	588,590
10. Loans to other clients	25,086,605
11. Investments in subsidiaries and associates	210,745
12. Foreclosed and repossessed assets	283
13. Tangible assets (net of depreciation)	402,880
14. Interest, fees and other assets	926,764
15. Net of: Collectively assessed impairment provisions	284,361
TOTAL ASSETS	38,177,818

Liabilities and capital	
1. Loans from financial institutions	2,490,773
1.1. Short-term loans	1,615,666
1.2. Long-term loans	875,107
2. Deposits	23,130,141
2.1. Giro account and current account deposits	3,406,113
2.2. Savings deposits	2,542,267
2.3. Time deposits	17,181,761
3. Other loans	5,819,022
3.1. Short-term loans	1,089,045
3.2. Long-term loans	4,729,977
4. Derivative financial liabilities and other financial liabilities held for trading	155,427
5. Debt securities issued	92,283
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	92,283
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,058,014
TOTAL LIABILITIES	32,745,660
9. Capital	5,432,158
TOTAL LIABILITIES AND CAPITAL	38,177,818

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	557,716
1.1. Total interest income	1,320,178
1.2. Total interest expenses	762,462
2. Net income from fees and commissions	164,433
2.1. Total income from fees and commissions	211,328
2.2. Total expenses on fees and commissions	46,894
3. Net other non-interest income	215,543
3.1. Other non-interest income	261,383
3.2. Other non-interest expenses	45,840
4. Net non-interest income	379,976
5. General administrative expenses and depreciation	416,177
6. Net operating income before loss provisions	521,515
7. Total expenses on loss provisions	269,347
7.1. Expenses on value adjustments and provisions for identified losses	269,852
7.2. Expenses on collectively assessed impairment provisions	-504
8. Income (loss) before taxes	252,167
9. Income tax	1,686
10. Current year profit (loss)	250,481

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	3,861,849
2. Letters of credit	100,253
3. Bills of exchange	101
4. Credit lines and commitments	2,478,867
5. Other standard risky off-balance sheet items	1,618,525
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	8,059,594

Derivative financial instruments	
1. Futures	7,125,713
2. Options	0
3. Swaps	10,707,584
4. Forwards	25,257,141
5. Other	58,272
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	43,148,710

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

13.75

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Shareholders

1. Aquae Vivae d.d.	79.34
2. Samoborka d.d.	5.15
3. Samoborska banka d.d.	3.51

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

Marijan Kantolić – chairperson, Verica Ljubičić

Audit firm for 2008:

Revizija servis d.o.o., Zabok

Supervisory Board

Dragutin Plahutar – chairperson, Želimir Kodrić,
Milan Penava, Nevenka Plahutar, Martin Jazbec

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	45,064
1.1. Money assets	9,388
1.2. Deposits with the CNB	35,676
2. Deposits with banking institutions	133,115
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	258
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	180
9. Loans to financial institutions	10,000
10. Loans to other clients	161,361
11. Investments in subsidiaries and associates	54
12. Foreclosed and repossessed assets	2,177
13. Tangible assets (net of depreciation)	30,049
14. Interest, fees and other assets	4,487
15. Net of: Collectively assessed impairment provisions	2,962
TOTAL ASSETS	383,783

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	283,252
2.1. Giro account and current account deposits	67,210
2.2. Savings deposits	60,782
2.3. Time deposits	155,260
3. Other loans	41
3.1. Short-term loans	41
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	18,877
TOTAL LIABILITIES	302,170
9. Capital	81,613
TOTAL LIABILITIES AND CAPITAL	383,783

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	5,474
1.1. Total interest income	9,680
1.2. Total interest expenses	4,207
2. Net income from fees and commissions	541
2.1. Total income from fees and commissions	1,710
2.2. Total expenses on fees and commissions	1,170
3. Net other non-interest income	1,017
3.1. Other non-interest income	1,383
3.2. Other non-interest expenses	366
4. Net non-interest income	1,558
5. General administrative expenses and depreciation	5,982
6. Net operating income before loss provisions	1,050
7. Total expenses on loss provisions	142
7.1. Expenses on value adjustments and provisions for identified losses	-499
7.2. Expenses on collectively assessed impairment provisions	641
8. Income (loss) before taxes	907
9. Income tax	181
10. Current year profit (loss)	726

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	11,132
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	39,224
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	50,356

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	33,708
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	33,708

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

31.23

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Management Board

Angelina Horvat – chairperson, Elvis Mališ

Supervisory Board

Mirko Lukač – chairperson, Blaženka Eror Matić,
 Vinko Radić, Denis Smolar

Shareholders

	Share in share capital (%)
1. State Agency for Bank Rehabilitation and Deposit Insurance	8.32
2. Dragutin Sokačić	7.89
3. PBZ d.d. (custody account)	4.87
2. Velebit osiguranje d.d.	4.75
5. Vaba d.d. banka Varaždin	4.68
6. Adris grupa d.d.	4.38
7. Ingra d.d.	4.08
8. HPB d.d. (custody account)	3.78
9. Hypo Alpe-Adria-Bank d.d. (custody account)	3.31
10. Croatia Lloyd d.d.	3.02

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	125,022
1.1. Money assets	19,270
1.2. Deposits with the CNB	105,752
2. Deposits with banking institutions	140,844
3. MoF treasury bills and CNB bills	53,584
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,111
6. Securities and other financial instruments held to maturity	65,018
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	61,492
10. Loans to other clients	582,839
11. Investments in subsidiaries and associates	6,006
12. Foreclosed and repossessed assets	4,310
13. Tangible assets (net of depreciation)	27,534
14. Interest, fees and other assets	9,089
15. Net of: Collectively assessed impairment provisions	8,628
TOTAL ASSETS	1,068,222

Liabilities and capital

1. Loans from financial institutions	41,785
1.1. Short-term loans	10,000
1.2. Long-term loans	31,785
2. Deposits	806,541
2.1. Giro account and current account deposits	88,715
2.2. Savings deposits	77,408
2.3. Time deposits	640,418
3. Other loans	16,585
3.1. Short-term loans	0
3.2. Long-term loans	16,585
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	41,394
TOTAL LIABILITIES	906,304
9. Capital	161,918
TOTAL LIABILITIES AND CAPITAL	1,068,222

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	19,232
1.1. Total interest income	38,754
1.2. Total interest expenses	19,522
2. Net income from fees and commissions	3,402
2.1. Total income from fees and commissions	4,867
2.2. Total expenses on fees and commissions	1,464
3. Net other non-interest income	817
3.1. Other non-interest income	1,451
3.2. Other non-interest expenses	634
4. Net non-interest income	4,219
5. General administrative expenses and depreciation	16,938
6. Net operating income before loss provisions	6,513
7. Total expenses on loss provisions	1,561
7.1. Expenses on value adjustments and provisions for identified losses	1,792
7.2. Expenses on collectively assessed impairment provisions	-231
8. Income (loss) before taxes	4,952
9. Income tax	1,543
10. Current year profit (loss)	3,408

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	7,675
2. Letters of credit	547
3. Bills of exchange	0
4. Credit lines and commitments	23,080
5. Other standard risky off-balance sheet items	515
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	31,817

Derivative financial instruments

1. Futures	0
2. Options	10,834
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	10,834

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

17.02

SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA d.d.

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<http://www.splitskabanka.hr>

Shareholders

1. Soci t  G n rale

**Share in share
 capital (%)**
 99.76

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

Pierre Boursot – chairperson, Philippe Marcotte de
 Quivi res, Henri Bellenger, Ivo Bili , Frederique Guin

Supervisory Board

Jean-Didier Reigner – chairperson, Darko Marinac,
 Alexis Juan

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	3,524,392
1.1. Money assets	320,181
1.2. Deposits with the CNB	3,204,211
2. Deposits with banking institutions	1,209,509
3. MoF treasury bills and CNB bills	861,318
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	2,425,462
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	8,440
9. Loans to financial institutions	669,839
10. Loans to other clients	17,991,990
11. Investments in subsidiaries and associates	52,873
12. Foreclosed and repossessed assets	1,620
13. Tangible assets (net of depreciation)	247,787
14. Interest, fees and other assets	558,601
15. Net of: Collectively assessed impairment provisions	226,236
TOTAL ASSETS	27,325,594

Liabilities and capital	
1. Loans from financial institutions	1,512,233
1.1. Short-term loans	433,482
1.2. Long-term loans	1,078,751
2. Deposits	12,752,315
2.1. Giro account and current account deposits	2,379,699
2.2. Savings deposits	1,663,654
2.3. Time deposits	8,708,962
3. Other loans	8,632,726
3.1. Short-term loans	2,764,233
3.2. Long-term loans	5,868,493
4. Derivative financial liabilities and other financial liabilities held for trading	2,221
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	334,212
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	1,074,451
TOTAL LIABILITIES	24,308,159
9. Capital	3,017,435
TOTAL LIABILITIES AND CAPITAL	27,325,594

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	377,733
1.1. Total interest income	768,397
1.2. Total interest expenses	390,664
2. Net income from fees and commissions	101,513
2.1. Total income from fees and commissions	127,235
2.2. Total expenses on fees and commissions	25,722
3. Net other non-interest income	115,297
3.1. Other non-interest income	114,736
3.2. Other non-interest expenses	-561
4. Net non-interest income	216,810
5. General administrative expenses and depreciation	309,096
6. Net operating income before loss provisions	285,447
7. Total expenses on loss provisions	59,563
7.1. Expenses on value adjustments and provisions for identified losses	74,713
7.2. Expenses on collectively assessed impairment provisions	-15,150
8. Income (loss) before taxes	225,884
9. Income tax	44,800
10. Current year profit (loss)	181,084

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	1,785,301
2. Letters of credit	71,496
3. Bills of exchange	0
4. Credit lines and commitments	3,534,600
5. Other standard risky off-balance sheet items	373
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	5,391,770

Derivative financial instruments	
1. Futures	0
2. Options	66,666
3. Swaps	2,199,977
4. Forwards	285,087
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	2,551,730

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

12.25

ŠTEDBANKA d.d.

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 http://www.stedbanka.hr

Management Board

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

Supervisory Board

Ivo Andrijačić – chairperson, Đuro Benček,
 Petar Ćurković

Shareholders

	Share in share capital (%)
1. Šted-Nova d.d.	80.74
2. Željko Udovičić	9.87
3. Paveko 2000 d.o.o.	6.35
4. Redip d.o.o.	3.04

Audit firm for 2008:
 BDO Revizija Zagreb d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	77,195
1.1. Money assets	2,254
1.2. Deposits with the CNB	74,941
2. Deposits with banking institutions	102,390
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	56,124
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	984
9. Loans to financial institutions	65,320
10. Loans to other clients	726,302
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	16,171
13. Tangible assets (net of depreciation)	22,205
14. Interest, fees and other assets	13,888
15. Net of: Collectively assessed impairment provisions	8,740
TOTAL ASSETS	1,071,839

Liabilities and capital	
1. Loans from financial institutions	11,142
1.1. Short-term loans	0
1.2. Long-term loans	11,142
2. Deposits	706,266
2.1. Giro account and current account deposits	48,956
2.2. Savings deposits	56,429
2.3. Time deposits	600,882
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	42,477
TOTAL LIABILITIES	759,884
9. Capital	311,954
TOTAL LIABILITIES AND CAPITAL	1,071,839

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	21,405
1.1. Total interest income	39,350
1.2. Total interest expenses	17,945
2. Net income from fees and commissions	4,106
2.1. Total income from fees and commissions	5,092
2.2. Total expenses on fees and commissions	986
3. Net other non-interest income	7,743
3.1. Other non-interest income	8,263
3.2. Other non-interest expenses	520
4. Net non-interest income	11,849
5. General administrative expenses and depreciation	9,190
6. Net operating income before loss provisions	24,065
7. Total expenses on loss provisions	-389
7.1. Expenses on value adjustments and provisions for identified losses	-483
7.2. Expenses on collectively assessed impairment provisions	94
8. Income (loss) before taxes	24,454
9. Income tax	5,271
10. Current year profit (loss)	19,183

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	136,547
2. Letters of credit	19,487
3. Bills of exchange	0
4. Credit lines and commitments	20,771
5. Other standard risky off-balance sheet items	700
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	177,506

Derivative financial instruments	
1. Futures	0
2. Options	261,822
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	261,822

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

23.33

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 BAN 2489004
 http://www.vaba.hr

Management Board

Igor Čičak – chairperson, Denis Čivgin

Supervisory Board

Oleg Uskoković – chairperson, Vladimir Koščec,
 Marina Bača, Balz Thomas Merkli, Stjepan Bunić,
 Anisur Rehman Khan, Ljiljana Weissbarth

Shareholders

	Share in share capital (%)
1. Fima Validus d.d.	25.59
2. Balkan Financial Sector	16.54
3. Fima grupa d.d.	11.45
4. Gara Secundus d.o.o.	4.31
5. Inter Finance d.o.o.	3.53
6. Josip Samaržija	3.53
7. Jozo Kalem	3.53

Audit firm for 2008:
 Deloitte d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	169,138
1.1. Money assets	11,935
1.2. Deposits with the CNB	157,203
2. Deposits with banking institutions	17,362
3. MoF treasury bills and CNB bills	57,429
4. Securities and other financial instruments held for trading	920
5. Securities and other financial instruments available for sale	97,570
6. Securities and other financial instruments held to maturity	8,583
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	10
9. Loans to financial institutions	2
10. Loans to other clients	820,773
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	2,441
13. Tangible assets (net of depreciation)	29,528
14. Interest, fees and other assets	36,923
15. Net of: Collectively assessed impairment provisions	10,007
TOTAL ASSETS	1,230,670

Liabilities and capital	
1. Loans from financial institutions	100,494
1.1. Short-term loans	95,311
1.2. Long-term loans	5,184
2. Deposits	944,034
2.1. Giro account and current account deposits	80,621
2.2. Savings deposits	19,459
2.3. Time deposits	843,954
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	33,324
TOTAL LIABILITIES	1,077,852
9. Capital	152,818
TOTAL LIABILITIES AND CAPITAL	1,230,670

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	19,935
1.1. Total interest income	51,457
1.2. Total interest expenses	31,522
2. Net income from fees and commissions	2,031
2.1. Total income from fees and commissions	3,214
2.2. Total expenses on fees and commissions	1,183
3. Net other non-interest income	4,320
3.1. Other non-interest income	5,827
3.2. Other non-interest expenses	1,507
4. Net non-interest income	6,351
5. General administrative expenses and depreciation	23,431
6. Net operating income before loss provisions	2,855
7. Total expenses on loss provisions	477
7.1. Expenses on value adjustments and provisions for identified losses	2,057
7.2. Expenses on collectively assessed impairment provisions	-1,580
8. Income (loss) before taxes	2,378
9. Income tax	0
10. Current year profit (loss)	2,378

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	25,919
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	50,891
5. Other standard risky off-balance sheet items	703
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	77,513

Derivative financial instruments	
1. Futures	0
2. Options	4,519
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,519

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

12.41

VENETO BANKA d.d.

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 BAN 2381009
<http://www.venetobanka.hr>

Shareholders

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

Share in share capital (%)

100.00

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Jasna Mamić – chairperson, Fernando Zavatarelli

Supervisory Board

Gian-Quinto Perissinotto – chairperson,
 Pierluigi Ronzani, Innocente Nardi, Gaetano
 Caberlotto, Atos Varusio

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	226,373
1.1. Money assets	30,958
1.2. Deposits with the CNB	195,416
2. Deposits with banking institutions	91,628
3. MoF treasury bills and CNB bills	28,330
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	1,306
6. Securities and other financial instruments held to maturity	3,973
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	443,973
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	1,740
13. Tangible assets (net of depreciation)	38,522
14. Interest, fees and other assets	28,965
15. Net of: Collectively assessed impairment provisions	7,380
TOTAL ASSETS	857,430

Liabilities and capital	
1. Loans from financial institutions	71,784
1.1. Short-term loans	39,920
1.2. Long-term loans	31,864
2. Deposits	502,940
2.1. Giro account and current account deposits	35,727
2.2. Savings deposits	15,067
2.3. Time deposits	452,147
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	158
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	21,517
TOTAL LIABILITIES	596,399
9. Capital	261,032
TOTAL LIABILITIES AND CAPITAL	857,430

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	8,893
1.1. Total interest income	22,746
1.2. Total interest expenses	13,853
2. Net income from fees and commissions	2,443
2.1. Total income from fees and commissions	2,997
2.2. Total expenses on fees and commissions	554
3. Net other non-interest income	2,071
3.1. Other non-interest income	2,963
3.2. Other non-interest expenses	892
4. Net non-interest income	4,514
5. General administrative expenses and depreciation	22,951
6. Net operating income before loss provisions	-9,543
7. Total expenses on loss provisions	8,939
7.1. Expenses on value adjustments and provisions for identified losses	9,092
7.2. Expenses on collectively assessed impairment provisions	-154
8. Income (loss) before taxes	-18,482
9. Income tax	0
10. Current year profit (loss)	-18,482

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	85,231
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	23,416
5. Other standard risky off-balance sheet items	251
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	108,898

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	36,725
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	36,725

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

36.46

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<http://www.volksbank.hr>

Shareholders

1. VB International AG

**Share in share
 capital (%)**
 99.18

Audit firm for 2008:
 Ernst & Young d.o.o., Zagreb

Management Board

Tomasz Jerzy Taraba – chairperson, Andrea Kovacs,
 Dieter Hornbacher, Dubravka Lukić

Supervisory Board

Michael Ivanovsky – chairperson, Gerhard Woeber,
 Joerg Poglits, Fausto Maritan, David Krepelka, Petar
 Szenkurok, Dragutin Bohuš

**Balance Sheet
 as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	876,098
1.1. Money assets	59,243
1.2. Deposits with the CNB	816,855
2. Deposits with banking institutions	1,108,087
3. MoF treasury bills and CNB bills	78,352
4. Securities and other financial instruments held for trading	2,191
5. Securities and other financial instruments available for sale	91,901
6. Securities and other financial instruments held to maturity	0
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	9,189
9. Loans to financial institutions	530,605
10. Loans to other clients	5,071,900
11. Investments in subsidiaries and associates	1,950
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	13,592
14. Interest, fees and other assets	153,579
15. Net of: Collectively assessed impairment provisions	64,695
TOTAL ASSETS	7,872,750

Liabilities and capital	
1. Loans from financial institutions	233,346
1.1. Short-term loans	184,240
1.2. Long-term loans	49,106
2. Deposits	5,563,946
2.1. Giro account and current account deposits	333,036
2.2. Savings deposits	249,653
2.3. Time deposits	4,981,256
3. Other loans	65,315
3.1. Short-term loans	0
3.2. Long-term loans	65,315
4. Derivative financial liabilities and other financial liabilities held for trading	2,669
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	69,529
8. Interest, fees and other liabilities	203,396
TOTAL LIABILITIES	6,138,201
9. Capital	1,734,549
TOTAL LIABILITIES AND CAPITAL	7,872,750

**Income Statement
 as at 30 June 2009, in thousand HRK**

1. Net interest income	121,409
1.1. Total interest income	244,615
1.2. Total interest expenses	123,206
2. Net income from fees and commissions	16,498
2.1. Total income from fees and commissions	19,403
2.2. Total expenses on fees and commissions	2,905
3. Net other non-interest income	13,975
3.1. Other non-interest income	20,369
3.2. Other non-interest expenses	6,394
4. Net non-interest income	30,473
5. General administrative expenses and depreciation	81,373
6. Net operating income before loss provisions	70,509
7. Total expenses on loss provisions	27,029
7.1. Expenses on value adjustments and provisions for identified losses	26,866
7.2. Expenses on collectively assessed impairment provisions	163
8. Income (loss) before taxes	43,480
9. Income tax	14,173
10. Current year profit (loss)	29,307

**Off-Balance Sheet Items
 as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	102,352
2. Letters of credit	4,935
3. Bills of exchange	0
4. Credit lines and commitments	266,282
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	373,570

Derivative financial instruments	
1. Futures	0
2. Options	118,903
3. Swaps	3,572,266
4. Forwards	469,147
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	4,160,316

**CAPITAL ADEQUACY RATIO, in %
 as at 30 June 2009**

24.42

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Paromlinska 2, 10000 Zagreb
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 BAN 2360000
 http://www.zaba.hr

Shareholders

1. Bank Austria Creditanstalt AG
2. Allianz AG

Share in share capital (%)

84.21
 11.72

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Franjo Luković – chairperson, Milivoj Goldštajn,
 Sanja Rendulić, Miljenko Živaljić, Marko Remenar,
 Daniela Roguljić Novak, Mario Agostini

Supervisory Board

Erich Hampel – chairperson, Jakša Barbić,
 Franco Andreetta, Robert Zadrazil, Carlo Marini,
 Carlo Vivaldi, Stephan Winkeimeier, Fabrizio Onida,
 Klaus Junker, Torsten Leue, Graziano Cameli

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	10,850,988
1.1. Money assets	1,611,388
1.2. Deposits with the CNB	9,239,600
2. Deposits with banking institutions	7,062,229
3. MoF treasury bills and CNB bills	1,370,094
4. Securities and other financial instruments held for trading	238,368
5. Securities and other financial instruments available for sale	3,594,696
6. Securities and other financial instruments held to maturity	628,469
7. Securities and other financial instruments not traded in active markets but carried at fair value	65,154
8. Derivative financial assets	151,809
9. Loans to financial institutions	657,499
10. Loans to other clients	63,488,370
11. Investments in subsidiaries and associates	917,890
12. Foreclosed and repossessed assets	26,710
13. Tangible assets (net of depreciation)	1,162,999
14. Interest, fees and other assets	2,001,008
15. Net of: Collectively assessed impairment provisions	739,972
TOTAL ASSETS	91,476,312

Liabilities and capital	
1. Loans from financial institutions	3,090,805
1.1. Short-term loans	2,198,550
1.2. Long-term loans	892,255
2. Deposits	65,320,589
2.1. Giro account and current account deposits	9,589,735
2.2. Savings deposits	5,657,879
2.3. Time deposits	50,072,975
3. Other loans	3,526,644
3.1. Short-term loans	539,778
3.2. Long-term loans	2,986,866
4. Derivative financial liabilities and other financial liabilities held for trading	77,320
5. Debt securities issued	3,128,038
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	3,128,038
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	2,724,369
TOTAL LIABILITIES	77,867,765
9. Capital	13,608,546
TOTAL LIABILITIES AND CAPITAL	91,476,312

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	1,125,603
1.1. Total interest income	2,796,980
1.2. Total interest expenses	1,671,377
2. Net income from fees and commissions	425,567
2.1. Total income from fees and commissions	502,523
2.2. Total expenses on fees and commissions	76,956
3. Net other non-interest income	284,169
3.1. Other non-interest income	327,569
3.2. Other non-interest expenses	43,401
4. Net non-interest income	709,736
5. General administrative expenses and depreciation	750,169
6. Net operating income before loss provisions	1,085,170
7. Total expenses on loss provisions	243,098
7.1. Expenses on value adjustments and provisions for identified losses	243,068
7.2. Expenses on collectively assessed impairment provisions	30
8. Income (loss) before taxes	842,071
9. Income tax	157,684
10. Current year profit (loss)	684,388

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	5,221,771
2. Letters of credit	776,975
3. Bills of exchange	0
4. Credit lines and commitments	12,822,735
5. Other standard risky off-balance sheet items	899
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	18,822,379

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	9,938,098
4. Forwards	14,157,610
5. Other	974,614
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	25,070,321

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

17.54

HPB STAMBENA ŠTEDIONICA d.d.

Praška 5, 10000 Zagreb
 Phone: +385 1/4805-048
 Fax: +385 1/4888-164
 http://www.hpb.hr

Shareholders

1. Hrvatska poštanska banka d.d.

Share in share capital (%)

100.00

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Management Board

Dunja Vidošević – chairperson, Jasminka Makarun

Supervisory Board

Marijo Kirinić – chairperson, Vinko Hrkać, Josip Ivančić

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	4,462
3. MoF treasury bills and CNB bills	12,799
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	15,382
6. Securities and other financial instruments held to maturity	44,128
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	45,453
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	25
14. Interest, fees and other assets	11,797
15. Net of: Collectively assessed impairment provisions	1,114
TOTAL ASSETS	132,931

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	95,026
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	95,026
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	13,599
TOTAL LIABILITIES	108,625
9. Capital	24,306
TOTAL LIABILITIES AND CAPITAL	132,931

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	2,240
1.1. Total interest income	3,554
1.2. Total interest expenses	1,314
2. Net income from fees and commissions	1,226
2.1. Total income from fees and commissions	1,434
2.2. Total expenses on fees and commissions	208
3. Net other non-interest income	-264
3.1. Other non-interest income	17
3.2. Other non-interest expenses	282
4. Net non-interest income	961
5. General administrative expenses and depreciation	2,926
6. Net operating income before loss provisions	275
7. Total expenses on loss provisions	167
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	167
8. Income (loss) before taxes	109
9. Income tax	0
10. Current year profit (loss)	109

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	1,573
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	1,573

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

48.05

PBZ STAMBENA ŠTEDIONICA d.d.

Radnička cesta 44, 10000 Zagreb
 Phone: +385 1/6363-730
 Fax: +385 1/6363-731
 http://stambena.pbz.hr

Management Board

Mirko Brozović – chairperson, Branimir Čosić

Supervisory Board

Dinko Lucić – chairperson, Zoran Kureljušić, Dražen Kovačić, Nenad Štimac, Andrea Pavlović

Shareholders

1. Privredna banka Zagreb d.d.

Share in share capital (%)

100.00

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	26,474
3. MoF treasury bills and CNB bills	77,419
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	259,389
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	0
10. Loans to other clients	1,037,711
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	135
14. Interest, fees and other assets	21,922
15. Net of Collectively assessed impairment provisions	12,092
TOTAL ASSETS	1,410,957

Liabilities and capital	
1. Loans from financial institutions	44,117
1.1. Short-term loans	44,117
1.2. Long-term loans	0
2. Deposits	1,275,498
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,275,498
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	10,000
8. Interest, fees and other liabilities	31,701
TOTAL LIABILITIES	1,361,316
9. Capital	49,641
TOTAL LIABILITIES AND CAPITAL	1,410,957

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	10,910
1.1. Total interest income	35,359
1.2. Total interest expenses	24,449
2. Net income from fees and commissions	3,362
2.1. Total income from fees and commissions	4,108
2.2. Total expenses on fees and commissions	745
3. Net other non-interest income	-2,706
3.1. Other non-interest income	-1,705
3.2. Other non-interest expenses	1,002
4. Net non-interest income	656
5. General administrative expenses and depreciation	6,264
6. Net operating income before loss provisions	5,302
7. Total expenses on loss provisions	-1,151
7.1. Expenses on value adjustments and provisions for identified losses	0
7.2. Expenses on collectively assessed impairment provisions	-1,151
8. Income (loss) before taxes	6,453
9. Income tax	1,073
10. Current year profit (loss)	5,379

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	775
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	775

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

193.21

PRVA STAMBENA ŠTEDIONICA d.d.

Savska 60-62, 10000 Zagreb
 Phone: +385 1/6065-127
 Fax: +385 1/6065-120
<http://www.prva-stambena.hr>

Shareholders

1. Zagrebačka banka d.d.

Share in share capital (%)

100.00

Audit firm for 2008:

PricewaterhouseCoopers d.o.o., Zagreb

Management Board

Snježana Herceg – chairperson, Srećko Maceković

Supervisory Board

Tomica Pustišek – chairperson, Davor Pavlič,
 Nataša Svilar

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	0
1.1. Money assets	0
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	3,097
3. MoF treasury bills and CNB bills	138,582
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	35,628
6. Securities and other financial instruments held to maturity	195,184
7. Securities and other financial instruments not traded in active markets but carried at fair value	0
8. Derivative financial assets	0
9. Loans to financial institutions	32,000
10. Loans to other clients	1,445,802
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	1,567
14. Interest, fees and other assets	126,883
15. Net of: Collectively assessed impairment provisions	17,639
TOTAL ASSETS	1,961,104

Liabilities and capital	
1. Loans from financial institutions	16,237
1.1. Short-term loans	16,107
1.2. Long-term loans	130
2. Deposits	1,653,382
2.1. Giro account and current account deposits	0
2.2. Savings deposits	13
2.3. Time deposits	1,653,369
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	0
8. Interest, fees and other liabilities	153,033
TOTAL LIABILITIES	1,822,652
9. Capital	138,452
TOTAL LIABILITIES AND CAPITAL	1,961,104

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	17,555
1.1. Total interest income	47,129
1.2. Total interest expenses	29,574
2. Net income from fees and commissions	9,245
2.1. Total income from fees and commissions	10,559
2.2. Total expenses on fees and commissions	1,314
3. Net other non-interest income	-3,241
3.1. Other non-interest income	1,549
3.2. Other non-interest expenses	4,790
4. Net non-interest income	6,004
5. General administrative expenses and depreciation	6,874
6. Net operating income before loss provisions	16,686
7. Total expenses on loss provisions	-1,882
7.1. Expenses on value adjustments and provisions for identified losses	78
7.2. Expenses on collectively assessed impairment provisions	-1,960
8. Income (loss) before taxes	18,568
9. Income tax	4,695
10. Current year profit (loss)	13,873

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	17,540
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	17,540

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

11.52

RAIFFEISEN STAMBENA ŠTEDIONICA d.d.

Radnička cesta 47, 10000 Zagreb
 Phone: +385 1/6006-100
 Fax: +385 1/6006-199
<http://www2.raiffeisenstambena.hr>

Shareholders

1. Raiffeisen Bausparkasse GmbH

Share in share capital (%)

100.00

Audit firm for 2008:

KPMG Croatia d.o.o., Zagreb

Management Board

Hans Christian Vallant – chairperson, Franjo Franjić

Supervisory Board

Johann Ertl – chairperson, Zdenko Adrović,
 Christian Ratz

**Balance Sheet
as at 30 June 2009, in thousand HRK**

Assets	
1. Money assets and deposits with the CNB	2
1.1. Money assets	2
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	63,545
3. MoF treasury bills and CNB bills	0
4. Securities and other financial instruments held for trading	0
5. Securities and other financial instruments available for sale	0
6. Securities and other financial instruments held to maturity	227,530
7. Securities and other financial instruments not traded in active markets but carried at fair value	126,617
8. Derivative financial assets	0
9. Loans to financial institutions	35,000
10. Loans to other clients	1,302,211
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	3,808
14. Interest, fees and other assets	117,672
15. Net of: Collectively assessed impairment provisions	14,600
TOTAL ASSETS	1,861,785

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,594,227
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,594,227
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	50,846
8. Interest, fees and other liabilities	105,680
TOTAL LIABILITIES	1,750,753
9. Capital	111,032
TOTAL LIABILITIES AND CAPITAL	1,861,785

**Income Statement
as at 30 June 2009, in thousand HRK**

1. Net interest income	22,857
1.1. Total interest income	53,500
1.2. Total interest expenses	30,643
2. Net income from fees and commissions	7,926
2.1. Total income from fees and commissions	9,882
2.2. Total expenses on fees and commissions	1,956
3. Net other non-interest income	-6,912
3.1. Other non-interest income	-3,799
3.2. Other non-interest expenses	3,112
4. Net non-interest income	1,015
5. General administrative expenses and depreciation	24,757
6. Net operating income before loss provisions	-885
7. Total expenses on loss provisions	-345
7.1. Expenses on value adjustments and provisions for identified losses	-43
7.2. Expenses on collectively assessed impairment provisions	-303
8. Income (loss) before taxes	-540
9. Income tax	0
10. Current year profit (loss)	-540

**Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK**

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	15,819
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	15,819

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

**CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009**

14.98

WÜSTENROT STAMBENA ŠTEDIONICA d.d.

Heinzelova 33A, 10000 Zagreb
 Phone: +385 1/4803-777
 Fax: +385 1/4803-798
 http://www.wuestenrot.hr

Shareholders

1. Bausparkasse Wüstenrot AG	68.58
2. Wüstenrot Bank AG	25.63
3. Wüstenrot Versicherungs AG	5.79

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

Zdravko Anđel – chairperson, Ivan Ostojić

Audit firm for 2008:

Ernst & Young d.o.o., Zagreb

Supervisory Board

Franz Meingast – chairperson, Marlies Wiest-Jetter,
 Werner Wabscheg, Sigmund Raugust, Rainer Hager

Balance Sheet
as at 30 June 2009, in thousand HRK

Assets	
1. Money assets and deposits with the CNB	25
1.1. Money assets	25
1.2. Deposits with the CNB	0
2. Deposits with banking institutions	14,758
3. MoF treasury bills and CNB bills	45,768
4. Securities and other financial instruments held for trading	1,862
5. Securities and other financial instruments available for sale	8,135
6. Securities and other financial instruments held to maturity	68,818
7. Securities and other financial instruments not traded in active markets but carried at fair value	7,632
8. Derivative financial assets	0
9. Loans to financial institutions	78,300
10. Loans to other clients	1,005,848
11. Investments in subsidiaries and associates	0
12. Foreclosed and repossessed assets	0
13. Tangible assets (net of depreciation)	2,996
14. Interest, fees and other assets	9,278
15. Net of: Collectively assessed impairment provisions	10,427
TOTAL ASSETS	1,232,994

Liabilities and capital	
1. Loans from financial institutions	0
1.1. Short-term loans	0
1.2. Long-term loans	0
2. Deposits	1,115,339
2.1. Giro account and current account deposits	0
2.2. Savings deposits	0
2.3. Time deposits	1,115,339
3. Other loans	0
3.1. Short-term loans	0
3.2. Long-term loans	0
4. Derivative financial liabilities and other financial liabilities held for trading	0
5. Debt securities issued	0
5.1. Short-term debt securities issued	0
5.2. Long-term debt securities issued	0
6. Subordinated instruments issued	0
7. Hybrid instruments issued	35,184
8. Interest, fees and other liabilities	26,464
TOTAL LIABILITIES	1,176,988
9. Capital	56,006
TOTAL LIABILITIES AND CAPITAL	1,232,994

Income Statement
as at 30 June 2009, in thousand HRK

1. Net interest income	19,810
1.1. Total interest income	34,656
1.2. Total interest expenses	14,846
2. Net income from fees and commissions	8,360
2.1. Total income from fees and commissions	8,485
2.2. Total expenses on fees and commissions	125
3. Net other non-interest income	-3,436
3.1. Other non-interest income	-1,459
3.2. Other non-interest expenses	1,977
4. Net non-interest income	4,923
5. General administrative expenses and depreciation	21,260
6. Net operating income before loss provisions	3,473
7. Total expenses on loss provisions	737
7.1. Expenses on value adjustments and provisions for identified losses	62
7.2. Expenses on collectively assessed impairment provisions	675
8. Income (loss) before taxes	2,736
9. Income tax	0
10. Current year profit (loss)	2,736

Off-Balance Sheet Items
as at 30 June 2009, in thousand HRK

Standard off-balance sheet items	
1. Guarantees	0
2. Letters of credit	0
3. Bills of exchange	0
4. Credit lines and commitments	29,752
5. Other standard risky off-balance sheet items	0
TOTAL STANDARD OFF-BALANCE SHEET ITEMS	29,752

Derivative financial instruments	
1. Futures	0
2. Options	0
3. Swaps	0
4. Forwards	0
5. Other	0
TOTAL NOTIONAL AMOUNT OF DERIVATIVE FINANCIAL INSTRUMENTS	0

CAPITAL ADEQUACY RATIO, in %
as at 30 June 2009

11.38

Attachment I

List of Banking Institutions by Peer Groups, end of period						
Ordinal no. as at 30 June 2009	Name of banking institution and its registered office	Peer group identifier				
		Dec. 2005	Dec. 2006	Dec. 2007	Dec. 2008	Jun. 2009
1.	A štedna banka malog poduzetništva d.d., Zagreb ¹⁾	–	–	–	–	S
2.	Banco Popolare Croatia d.d., Zagreb ²⁾	S	S	S	S	S
3.	Banka Brod d.d., Slavonski Brod	S	S	S	S	S
4.	Banka Kovanica d.d., Varaždin	S	S	S	S	S
5.	Banka Splitsko-dalmatinska d.d., Split	S	S	S	S	S
6.	BKS Bank d.d., Rijeka ³⁾	S	S	S	S	S
7.	Centar banka d.d., Zagreb	S	S	S	S	S
8.	Credo banka d.d., Split	S	S	S	S	S
9.	Croatia banka d.d., Zagreb	S	S	S	S	S
10.	Erste & Steiermärkische Bank d.d., Rijeka	L	L	L	L	L
11.	Hrvatska poštanska banka d.d., Zagreb	MS	MS	MS	MS	MS
12.	Hypo Alpe-Adria-Bank d.d., Zagreb	L	L	L	L	L
13.	Imex banka d.d., Split	S	S	S	S	S
14.	Istarska kreditna banka Umag d.d., Umag	S	S	S	S	S
15.	Jadranska banka d.d., Šibenik	S	S	S	S	S
16.	Karlovačka banka d.d., Karlovac	S	S	S	S	S
17.	Kreditna banka Zagreb d.d., Zagreb	S	S	S	S	S
18.	Međimurska banka d.d., Čakovec	S	S	S	S	S
19.	Nava banka d.d., Zagreb	S	S	S	S	S
20.	Obrtnička štedna banka d.d., Zagreb ⁴⁾	–	–	–	S	S
21.	OTP banka Hrvatska d.d., Zadar ⁵⁾	MS	MS	MS	MS	MS
22.	Partner banka d.d., Zagreb	S	S	S	S	S
23.	Podravska banka d.d., Koprivnica	S	S	S	S	S
	Požeška banka d.d., Požega ⁶⁾	S	–	–	–	–
24.	Primorska banka d.d., Rijeka	S	S	S	S	S
25.	Privredna banka Zagreb d.d., Zagreb	L	L	L	L	L
26.	Raiffeisenbank Austria d.d., Zagreb	L	L	L	L	L
27.	Samoborska banka d.d., Samobor	S	S	S	S	S
28.	Slatinska banka d.d., Slatina	S	S	S	S	S
	Slavonska banka d.d., Osijek ⁷⁾	MS	MS	MS	MS	–
29.	Société Générale – Splitska banka d.d., Split ⁸⁾	L	L	L	L	L
30.	Štedbanka d.d., Zagreb	S	S	S	S	S
31.	Vaba d.d. banka Varaždin, Varaždin	S	S	S	S	S
32.	Veneto banka d.d., Zagreb ⁹⁾	S	S	S	S	S
33.	Volksbank d.d., Zagreb	MS	MS	MS	MS	MS
34.	Zagrebačka banka d.d., Zagreb	L	L	L	L	L
1.	HPB stambena štedionica d.d., Zagreb	–	HSB	HSB	HSB	HSB
2.	PBZ stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
3.	Prva stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
4.	Raiffeisen stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB
5.	Wüstenrot stambena štedionica d.d., Zagreb	HSB	HSB	HSB	HSB	HSB

¹⁾ A štedna banka malog poduzetništva d.d. began operating on 1 April 2009. ²⁾ Banka Sonic d.d., Zagreb changed its name into Banco Popolare Croatia d.d., Zagreb on 23 April 2007. ³⁾ Kvarner banka d.d., Rijeka changed its name into BKS Bank d.d., Rijeka on 22 August 2008. ⁴⁾ Obrtnička štedna banka d.d., Zagreb began operating on 17 July 2008. ⁵⁾ Nova banka d.d., Zadar changed its name into OTP banka Hrvatska d.d., Zadar on 1 September 2005. ⁶⁾ Požeška banka d.d., Požega merged with Podravska banka d.d., Koprivnica. ⁷⁾ Slavonska banka d.d., Osijek merged with Hypo Alpe-Adria-Bank d.d., Zagreb. ⁸⁾ HVB Splitska banka d.d., Split changed its name into Société Générale – Splitska banka d.d., Split on 10 July 2006. ⁹⁾ Gospodarsko-kreditna banka d.d., Zagreb changed its name into Veneto banka d.d., Zagreb on 6 April 2007.

Note:

L – large bank (share in total bank assets above 5%)

MS – medium-sized bank (share in total bank assets between 1% and 5%)

S – small bank (share in total bank assets below 1%)

HSB – housing savings bank

Attachment II

Banking Groups Subject to Reporting to the CNB on a Consolidated Basis, as at 30 June 2009		
Banking group	Superordinate institution	Banking group members
1. ERSTE & STEIERMÄRKISCHE BANK	Erste & Steiermärkische Bank d.d., Rijeka	MBU d.o.o., Zagreb Erste nekretnine d.o.o., Zagreb Erste DMD d.o.o. za upravljanje dobrovoljnim mirovinskim fondom, Zagreb Erste d.o.o. za upravljanje obveznim mirovinskim fondom, Zagreb S Immorent leasing Zeta d.o.o. za poslovanje nekretninama, Zagreb Erste factoring d.o.o., Zagreb IT Solutions d.o.o., Bjelovar Erste vrijednosni papiri Zagreb d.o.o., Zagreb
2. HRVATSKA POŠTANSKA BANKA	Hrvatska poštanska banka d.d., Zagreb	HPB-Stambena štedionica d.d., Zagreb HPB-Invest d.o.o., Zagreb HPB-nekretnine d.o.o., Zagreb
3. HYPO ALPE-ADRIA-BANK	Hypo Alpe-Adria-Bank d.d., Zagreb	Hypo Alpe-Adria-Invest d.d., Zagreb Hypo Alpe-Adria-Ulaganje d.o.o., Zagreb Hypo Alpe-Adria-Nekretnine d.o.o., Zagreb Alpe Adria Centar d.o.o., Zagreb Magus d.o.o., Zagreb Projekt nekretnine d.o.o., Zagreb
4. PRIVREDNA BANKA ZAGREB	Privredna banka Zagreb d.d., Zagreb	PBZ CARD d.o.o., Zagreb Međimurska banka d.d., Čakovec PBZ Leasing d.o.o., Zagreb PBZ Invest d.o.o., Zagreb Invest Holding Karlovac d.o.o., Karlovac PBZ-NEKRETNINE d.o.o., Zagreb PBZ stambena štedionica d.d., Zagreb Centurion financijske usluge d.o.o., Sarajevo Intesa Sanpaolo Cards d.d., Zagreb
5. RAIFFEISENBANK AUSTRIA	Raiffeisenbank Austria d.d., Zagreb	Raiffeisen Leasing d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb Raiffeisen mirovinsko društvo za upravljanje dobrovoljnim mirovinskim fondom d.o.o., Zagreb Raiffeisen upravljanje nekretninama d.o.o., Zagreb Raiffeisen Consulting d.o.o., Zagreb Raiffeisen Invest d.o.o., Zagreb Raiffeisen Factoring d.o.o., Zagreb Raiffeisen mirovinsko osiguravajuće društvo d.o.o., Zagreb
6. SLATINSKA BANKA	Slatinska banka d.d., Slatina	Turbina d.o.o., Slatina
7. SOCIÉTÉ GÉNÉRALE – SPLITSKA BANKA	Société Générale – Splitska banka d.d., Split	SG Consumer Finance d.o.o., Zagreb SG Leasing d.o.o., Zagreb
8. ZAGREBAČKA BANKA	Zagrebačka banka d.d., Zagreb	UniCredit Bank d.d., Mostar Prva stambena štedionica d.d., Zagreb ZB Invest d.o.o., Zagreb ZABA ulaganja d.d., Zagreb Pominvest d.d., Split Zagreb nekretnine d.o.o., Zagreb Zane BH d.o.o., Sarajevo Allianz ZB društvo za upravljanje dobrovoljnim mirovinskim fondovima d.o.o., Zagreb Allianz ZB mirovinsko društvo za upravljanje obveznim mirovinskim fondom d.o.o., Zagreb

Abbreviations

bn	– billion
CBRD	– Croatian Bank for Reconstruction and Development
CNB	– Croatian National Bank
IAS	– International Accounting Standards
m	– million
MoF	– Ministry of Finance
ROAA	– return on average assets
ROAE	– return on average equity
CICR	– currency-induced credit risk

