

**ANNUAL REPORT
SLATINSKA BANKA D.D. SLATINA
FOR 2014**

ANNUAL REPORT FOR 2014

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SLATINSKA BANKA

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MANAGEMENT REPORT ON THE BANK'S FINANCIAL POSITION AND BUSINESS RESULT ANALYSIS

Slatinska bank business, as with other Croatian banks, has been influenced by negative economic trends arising from a long-term recession.

Despite high challenges of today's business conditions and environment, Slatinska banka d.d realized its continuity of positive business performance. Gross profit in the amount of HRK 944,000, and balance of HRK 1,446 million have been achieved. The Bank also kept a satisfactory level of capital adequacy, 16.90%.

During 2014, business of Slatinska banka d.d., as far as liquidity is concerned, was stable; the Bank maintained the optimal liquid assets position in total assets, and on the money market, the Bank was present only as a creditor.

In Bank asset sources, total assets fell due to repayment of CBRD (Croatian Bank for Reconstruction and Development) placements and deposit payout to financial institutions. Retail deposits are still the largest deposit group. They have been constantly growing, which shows the clients' trust in safe and stable Bank business.

Through collection of primary asset sources, mainly in retail, the Bank made a base for placements in retail and company business, keeping an eye on business risks and client credit rating.

Despite the high costs of value adjustments and provisioning in the amount of HRK 12 million, the Bank still managed a positive financial result in 2014. Risk exposure, especially to credit risk, is followed continually, and the Bank will make an effort to decrease their influence on the Bank's business result in the next period.

Interest income makes up 81% of total income, and has decreased 10.32% with respect to 2013. while interest expenses, which make up 42% of total expenses, decreased by 18.06%. Decrease of interest income is the result of decreased credit/loan activities by legal and private entities, and of increased number of loans with difficulties in collection.

The Bank is still striving to offer loans at good interest rates in 2014. working with the CBRD and the Ministry of Entrepreneurship and Crafts, and significant activity has been centred around placements to central and local government, by investing in securities.

The Bank continued with business rationalization and with decreasing general expenses.

2014 also saw the continuation of development around financial centres in Osijek, Zagreb and Rijeka - important cogs in the business growth machine. These development efforts will continue in 2015. aimed at raising profitability in all our business units.

Significant investments were placed in raising internet banking security, development of loan- and card-based business, as well as continual education of Bank staff - all aimed at developing and improving banking services and client accessibility. In 2014. the Bank had to adjust to significant regulatory changes due to new EU regulations, and had to introduce the savings interest tax, in accordance with the amendments to the Income Tax Law.

The mission of the Bank business is clients' and business partners' trust in stable, safe and profitable functioning of the Bank, bearing in mind at all times its solvency, which is a good base for further growth and development in the coming period.

DEVELOPMENT OF SLATINSKA BANKA d.d. SLATINA

SLATINSKA BANKA d.d. was founded 9 October 1992 and is the only banking institution seated in the County of Virovitica and Podravina. The seat of the Bank is at Vladimira Nazora 2, Slatina.

The Bank offers its services in 3 financial centres, 13 branches and 12 branch offices in the following counties: Virovitičko – podravska, Osječko – baranjska, Požeško – slavonska, Brodsko – posavska, Bjelovarsko – bilogorska, Koprivničko – križevačka, Primorsko – goranska, Vukovarsko – srijemska and the City of Zagreb. In addition to the business network of bank offices, banking services can be enjoyed through other distribution channels such as Internet banking and the EFTPOS network of bank machines.

In 2014. the Bank expanded its banking product offer by introducing Mobile Banking – Bank At the Tip of Your Hand, enabling clients to pay their bills and other expenses without the need to come to the Bank; we supplemented this with lower Bank fees, and the possibility of paying Slatinska banka d.d., Slatina loans through this system, which is easy and safe - 24 hours a day.

We also signed the agreements for giving loans to businesses with co-financing interest for the end user, between the Bank, the Ministry of Entrepreneurship and Crafts and the County; on the implementation of the programme „Using a Loan to Succeed 2014.“, measure 1: „Being Competitive Through Loans“ as well as the agreement between the Bank and the Ministry of Entrepreneurship and Crafts on business cooperation in implementing the programme „Using a Loan to Succeed 2014.“, measure 2: „Good Business Through Loans“ . Strengthening our financial centres, especially those in Osijek, Zagreb and Rijeka, is the most important cog in planned Bank growth, along with expanding to northwest Croatia and the Adriatic.

The Bank has ATM's in Slatina, Virovitica, Našice, Požega, Daruvar, Osijek, Ilok, Koprivnica, Valpovo, Rijeka, Donji Miholjac, Đakovo, Zagreb, Orahovica, Pitomača, Slavonski Brod and Novigrad. ATMs in Našice, Požega, Osijek, Ilok, Virovitica and Slatina also contain a day-and-night vault. The service of the day-and-night vault is round the clock - 24 hours per day, seven days a week, without waiting for the next free teller, using your key or the Bank's business card.

The Bank is the sole owner of Turbina d.o.o. Share of Turbina d.o.o. in total Bank assets is 0.37%; therefore, this Bank branch has a small influence on Bank's business as a whole.

In accordance with market demands, legal entity business primarily concerns financial crediting of SME's and tradesmen/craftsmen, both from own sources and from assets put up by the Croatian Bank for Reconstruction and Development (CBRD) and through credit lines in cooperation with local governments. We also emphasize the continuation of good and active relations with the CBRD, HAMAG BICRO and the oversight Ministry, as well as local government and self-government entities with respect to credit lines for entrepreneurs. We will continue to seek out high-quality investment projects and enable clients the use of high-quality financing sources.

The following period will see a continuation of the Bank's efforts to invest into development of existing services, attempting to fulfil the needs of the ever more dynamic market and its clients with respect to traditional banking services, as well as new technologies.

The Bank's strategy is to keep the current business model based on organic growth and standard offer of banking services. The strategic plan does not foresee significant changes to the balance structure or the structure of the profit and loss account. The Bank is currently covering all limitations with respect to regulatory capital coverage.

BANK BUSINESS ANALYSIS IN 2014

BANK BUSINESS INDICATORS		(in thousands of HRK)
	2014	2013
ASSETS	1,446,339	1,514,957
GROSS PROFIT	944	738
NET PROFIT	389	398
NET INTEREST INCOME	39,033	38,740
NET INCOME FROM COMMISSIONS AND FEES	9,140	8,998
TOTAL CAPITAL	174,264	174,467
GUARANTEE CAPITAL	166,910	170,549
CAPITAL ADEQUACY	16.90%	16.95%
RETURN ON ASSETS	0.07%	0.05%
RETURN ON CAPITAL	0.22%	0.23%
EXPENSE TO INCOME RATIO	77.86%	75.80%
ASSETS/EMPLOYEES	8,265	8,657
NUMBER OF EMPLOYEES	175	175

Despite very trying business conditions in 2014, the Bank held on to its continuity of positive business results. Realized gross profit was HRK 944,000. Profit after taxes was HRK 389,000.

Interest income makes up 81% of total income, or 10.32% less than in 2013. Drop in interest income is the result of decreased credit/loan activities in both legal and private entities, which is tied to all-encompassing trying economic circumstances, as well as the increase in non-yielding loans.

Loans with difficult repayment represent a double burden on Bank profitability, because of decreased interest income and because of placement value adjustment. Risk exposure is being monitored continually; therefore, in accordance with regulations, value adjustment was performed for placements where there is risk of repayment. Value adjustment expenses and provisioning for placement losses in 2014 amounted to HRK 12 million.

Interest expenses, which make up 42% of total expenses were decreased by 18.06%, mostly through performed adjustment of interest rates on asset sources.

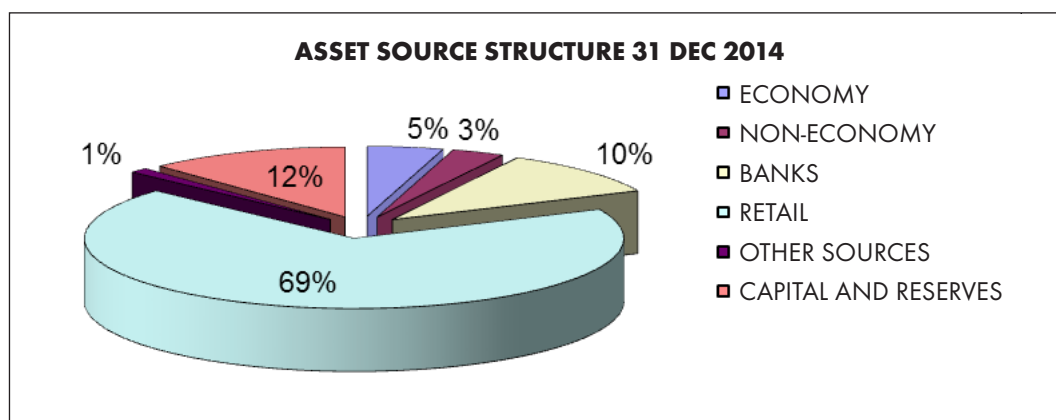
Bank assets as at 31 Dec. 2014 amounts to HRK 1,446 million, or HRK 69 million less than at the end of 2013 (due to CBRD placements repayment and payment of deposits to financial institutions). The largest portion of asset sources comes from retail (69%), nominally HRK 993 million, or HRK 15 million more than last year.

The following is the structure of asset sources and placement structure by sector.

ASSET SOURCE STRUCTURE BY SECTOR

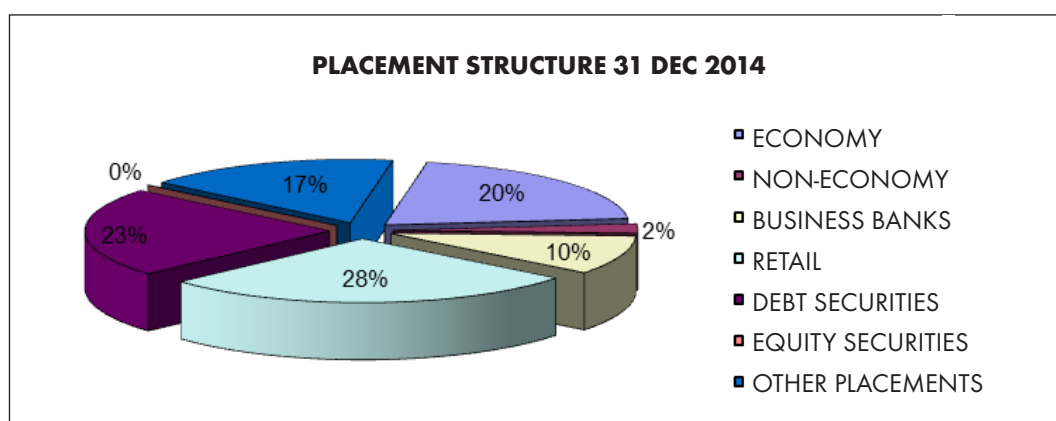
(in thousands of HRK)

	2014	%	2013	%
ECONOMY	65,836	4.55	75,468	4.98
NON-ECONOMY	45,394	3.14	54,356	3.59
BANKS	152,186	10.52	204,572	13.50
CLIENTS-INDIVIDUALS - RETAIL	992,883	68.65	977,962	64.55
OTHER SOURCES	15,777	1.09	28,132	1.86
CAPITAL AND RESERVES	174,264	12.05	174,467	11.52
TOTAL:	1,446,339	100.00	1,514,957	100.00

**PLACEMENT STRUCTURE BY SECTOR**

(in thousands of HRK)

	2014	%	2013	%
ECONOMY	297,718	20.58	352,200	23.25
NON-ECONOMY	33,650	2.33	36,735	2.42
BUSINESS BANKS	142,787	9.87	162,426	10.72
CLIENTS-INDIVIDUALS - RETAIL	400,453	27.69	402,996	26.60
DEBT SECURITIES	328,430	22.71	315,028	20.79
EQUITY (OWNER.) SECURITIES	313	0.02	431	0.03
OTHER PLACEMENTS	242,987	16.80	245,141	16.18
TOTAL:	1,446,339	100.00	1,514,957	100.00



RETAIL BANKING

Slatinska banka d.d. continues to retain its position in the retail banking segment, thanks to its continued development of business and product/service quality, coupled with continual market monitoring.

Through following market trends and increasing the number of its services and introducing new technologies, the Bank is able to offer to its clients traditional and accepted forms of savings, (primarily) non-purpose loans and various transaction services.

The confirmation of the brand and confidence in Slatinska bank services is the increase in retail sources, which make up high 68.65% of all Bank sources.

In total retail deposits, term deposits comprise 88.04%, which allows the Bank manageable liquidity.

Deposits are constantly on the rise, growing 1.5% or HRK 14,921 mil. in 2013 in relation to the previous year.

In addition to re-designing our credit lines and adjusting them in accordance with the demands of more competitive surroundings, technology of credit lines for individuals has been significantly upgraded, and our business policy has turned toward targeted groups - all aimed at increasing retail placements. In 2014, due to severe economic crisis, we registered a small drop in placements across the board, which included a nominal HRK 2,543,000 with respect to the previous year in retail banking.

Retail placements are still a major part of total Bank placements with 27.69% of total placement structure.

In addition to investing in our business network, the Bank is continually developing and improving direct distribution channels. Following market demands and new trends in technology, the Bank also incorporated new services through its branch network, such as SMS banking for users of current and company accounts, Mastercard, Internet banking, mobile banking, standing orders for payment of utility bills, loan repayment, etc., and the clients are now able to use the MBplus instalment plan.

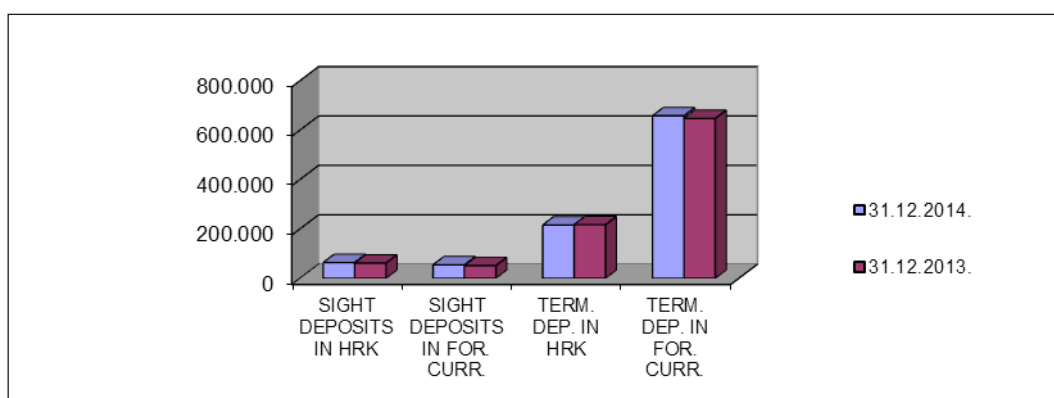
The Bank is continually adapting to the market in order to offer its clients sufficient financial backing in order to construct stable, long-term partnerships built on client trust and satisfaction.

Special care is given to training our staff in sales techniques and product & service knowledge through organising seminars, lectures and workshops.

RETAIL DEPOSITS

(in thousands of HRK)

	31 Dec 2014	%	31 Dec 2013	%
SIGHT DEPOSITS	118,712	11.96	113,195	11.57
In HRK	64,033	6.45	61,742	6.31
In foreign currency	54,679	5.51	51,453	5.26
TERM DEPOSITS	874,171	88.04	864,767	88.43
in HRK	216,110	21.77	217,352	22.22
In foreign currency	658,060	66.28	647,415	66.20
TOTAL:	992,883	100.00	977,962	100.00



LEGAL ENTITY TRANSACTIONS

In accordance with market demands, legal entity business primarily concerns financial crediting of SME's and tradesmen/craftsmen, both from own sources and from assets put up by the CBRD and through credit lines in cooperation with local governments.

We also signed cooperation agreements with the Ministry of Entrepreneurship and Crafts, the county and the city of Zagreb about the Ministry and the county ensuring interest rate subsidies.

Placements to legal entities, as credit/loan placements in 2014 amounted to approximately HRK 331 million, or 22.91% of total Bank placements.

In addition to better cooperation with the CBRD, allowing the Bank greater freedom in using CBRD credit sources, the Bank also concluded an agreement with Hamag BICRO, aimed at constructing a financial model which will in a best way offer a full, high-quality financial service suited for dynamic market conditions.

In addition to SMEs and trades, the Bank actively credits local government institutions through CBRD credit lines, solving developmental and infrastructural financial problems and laying quality foundations for further economic growth of certain areas.

The Bank allocated a significant portion of its assets to placements into debt securities through discounting bills of exchange issued by companies with good credit rating.

The Bank also offers all types of guarantees, in Kuna and foreign currencies, for offers, active and payment guarantees, letters of credit and other types of guarantee demanded by today's business climate.

Credit rating, quality development programmes and professional management are the main conditions for financial crediting of clients.

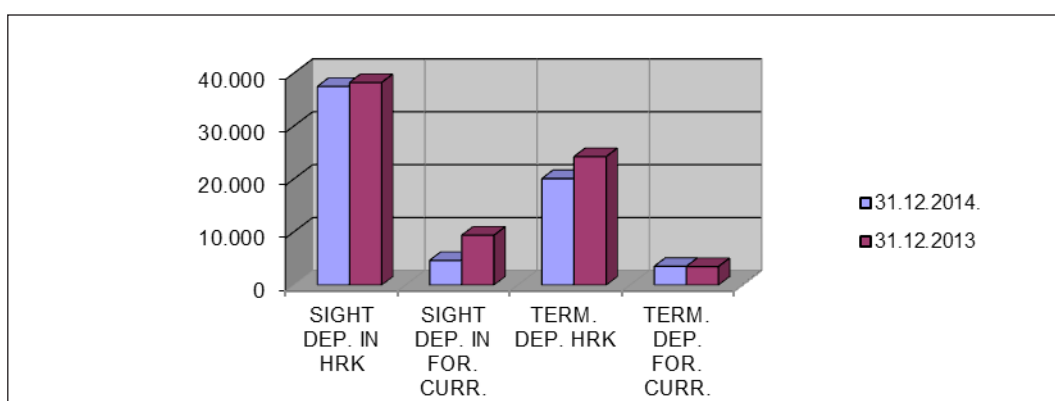
Further developing its business, we are offering other services to legal entities allowing faster, simpler and more efficient business - MBCARD/MAESTRO cards, MasterCard Business cards, SMS services, Internet banking and mobile banking.

Core Bank activities with companies will still be aimed at developing services which the Bank can offer to all legal entities, and at further development of business trust and partnership.

LEGAL ENTITY (COMPANY) DEPOSITS

(in thousands of HRK)

	31 Dec 2014	%	31 Dec 2013	%
SIGHT DEPOSITS	42,191	64.09	47,692	63.19
In HRK	37,531	57.01	38,281	50.72
In foreign currency	4,660	7.08	9,411	12.47
TERM DEPOSITS	23,644	35.91	27,776	36.81
In HRK	20,120	30.56	24,279	32.17
In foreign currency	3,525	5.35	3,497	4.63
TOTAL:	65,836	100.00	75,468	100.00



TRANSACTIONS

The Bank has through many years offered services of banking transactions to private and legal entities.

Bank clients can make their transactions through Bank tellers, Internet banking or mobile banking, and the Bank also has an agreement with the Croatian Financial Agency FINA about clients being allowed to also make their transactions/payments through FINA tellers (using model III).

For the Bank, the main characteristics of managing transactions are quality and speed of service.

The Bank keeps a developed network of correspondent banks, which is a precondition for high-quality transaction services.

The Bank has been a member of the National Clearing System (NKS) since it was founded, and is also actively pursuing the introduction of SEPA (Single Euro Payments Area) and entry into the TARGET2 HR system.

The Bank uses its own software for payment transaction, which is the technical basis for high-quality domestic payment transaction operations.

The Bank will continue to develop its payment transaction services in order to offer current and future users of such services a cost-effective, efficient, high-quality offer of its services.

THE BANK'S INFORMATION SYSTEM AND IT

The primary function of the Bank's information system is to ensure to business users and Bank clients approach to information and services necessary for their everyday business. It ensures confidentiality, accessibility and integrity of information, as well as continual development of the Bank's business.

The technological base of the Bank IS are servers for banking and non-banking applications. The server for banking applications is IBM Power7 8202, while non-banking applications use two IBM x3650 M5 servers with installed VMware infrastructure and IBM Storwize disk system. External locations (financial centres, branches and branch offices) are connected through the virtual private network (VPN).

The Bank also has a backup system, which includes a backup location with redundant hardware, software and data to be used in case of catastrophic events or some other emergency; the entire production system can be started during the recovery time, all in accordance with legal provisions.

The project of developing our IT system was completed during 2014, and all the goals set have been fulfilled: expansion of the system with new functionalities, increased system performance, increased security through introduction of new OS versions, increased effectiveness of system maintenance, decreased risk of certain components failing, higher efficiency of the data backup system at DR location, decreased time necessary for system recovery (RTO), simple system upgrade. This project is the most significant investment in IS assets; we used it to replace the existing application server and the DR location server.

The Bank also introduced a new service: mobile banking, which allows clients to keep track of their account transactions and balances, make payment orders within Croatia (with the ability to use the "scan and pay" systems for orders using the 2D bar code), purchase or sell foreign currencies, etc.

The project SB_OLB On Line made possible credit/debit card transactions in real time, thereby decreasing the possibility of credit card fraud.

For users of foreign cards, the Bank introduced the service of dynamic currency conversion, within the project SB_DCC_ATM - dynamic currency conversion on ATMs.

In the area of regulator reports, the Bank successfully fulfilled all legal and other regulatory obligations. The support project "Savings Interest Tax" was successfully implemented, in accordance with the Income Tax Law.

During the process of introducing new products or developing present ones, the Bank Management performs the analysis of its own technical, organizational and staff readiness, as well as risk assessment for new products. These activities are being performed in accordance with Project Management Regulations.

BUSINESS RISKS

Liquidity risk

Liquidity risk is the risk of the Bank's ability to fulfil all its obligations according to their maturity on time and within arranged time frames, without causing any undue losses or jeopardising the Bank's capital. The Bank manages its liquidity by constructing preconditions for long-term maintenance of liquidity in HRK and foreign currencies which would ensure the Bank unhindered and timely fulfilment of all its obligations, thereby ensuring permanent Bank liquidity and fulfilling preconditions for safe, stable and profitable business.

In order to maintain the planned level of liquidity, the Bank must attempt to meet the following criteria: Regular maintenance of the planned level of "daily liquid assets", maintenance of time-adjusted assets and liabilities, and attaining surplus of foreign currency receivables over foreign currency liabilities, in accordance with the Decision on minimum necessary foreign currency receivables.

Ever more complex business conditions and high level of non-liquidity/insolvency both in the business sector and the retail sector are a constant challenge before the Bank, with the goal being retention of the wanted level of solvency/liquidity.

To that end, solvency/liquidity levels are being constantly monitored, and stress tests performed in order to optimise the Bank's solvency/liquidity.

Credit risk

Credit risk is the risk of an undesirable event taking place due to which the debtor cannot or does not wish to return the money placed to him or fulfil his financial obligation according to agreed upon dynamic or set conditions.

The Bank manages credit risk through regular analysis of the ability of existing and potential borrowers to pay back their obligations (equity and interest) and to change credit limits as necessary. In addition, exposure to this risk is also partially regulated through acquiring collateral and corporate/private guarantees.

The Bank ensures control over crediting procedures - approval, monitoring and collection - through performance of activities of detailed and thorough check of credit rating of clients.

The Bank monitors exposure toward individual clients based on client classification, type of exposure and provisioning of individual clients; it also controls the allocation of placements and off-balance potential items into risk groups.

Allocation of Bank placements and calculation of the amount of provisions for non/identified losses is based on the debtors' credit standing, his regularity of repayment and the quality of instruments of insurance. Value adjustment amounts for identified losses have been determined in 1-100% range, in accordance with legal provisions. Value adjustment amounts for identified losses have been determined in 0-4.20% range, in accordance with internal calculation methodology and legal provisions, and the minimum value adjustment of the total position of risk group A placements has been set at 0.80%. Detailed allocation criteria have been defined in the Placement Classification and Off-balance Liabilities Regulations, enacted in accordance with legally binding decision.

Since credit risk is the risk that can have the most serious consequences for the Bank, we are continually improving the credit/loan process and are adding new staff to the Risk Department.

Currency risk

Currency risk is the risk emerging pursuant to changes in currency relations and the change in value of the domestic currency with respect to foreign currencies in which the Bank has positions.

Currency risk stems from non-adjusted asset and liability items in the balance sheet and off-balance in currencies where more significant changes in currency rates may have an effect on the profit and loss account.

Monitoring and measuring of the currency risk is performed on a monthly and daily basis using the following methods, i.e. approaches: monitoring the currency structure of assets and liabilities and the currency structure of off-balance items, daily monitoring of Bank's exposure to currency risk according to the Decision on limiting the exposure of banks to currency risk, the credit and deposit plan, analysis of currency rate trends. Management of currency risk is performed through planning of the currency structure of the Bank's assets and liabilities and continued monitoring of the exchange rate of certain currencies and forecasting their trends and effects on the Bank's business.

In order to minimise this type of risk, the Bank's assets and liabilities are constantly optimised in order to neutralise this type of risk as much as possible.

Interest risk

Interest risk is the risk arising from changes in active and passive interest rates, influencing profitability of business and earnings, and thereby the Bank's capital. Interest risk originates from non-adjusted interest rates, as per type of interest rates and maturity of balance items sensitive to interest changes.

The Bank uses the following methods for measuring the risk of change of interest rates: analysis of interest rate trends on the market, analysis of interest margins, analysis of net interest income and the static gap model.

Price risk

Risk tied to holding and trading securities; it is a consequence of possible decrease of the value of securities in the Bank's portfolio. Management of this portfolio includes the need for constant monitoring of market prices of certain securities and maintaining the portfolio structure which supports the optimal profit to risk ratio.

Sector investing in securities is the one furnishing data for monitoring price risks.

SHARE INFORMATION

The Bank did not purchase own/treasury shares in 2014.

Purchased own shares made up 7.77% of capital stock.

The Chairwoman of the Board Angelina Horvat holds 200 shares, or a stake of 0.02% in the Bank's stock capital.

Member of the Board Marko Brnić has 1 share of Slatinska banka d.d.

BANK MANAGEMENT BOARD:

Chairwoman of the Board

Angelina Horvat



Board Member

Marko Brnić

SLATINSKA BANKA d.d.
Vladimira Nazora 2, Slatina

**ANNUAL FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR 2014**

**REPORT ON
PERFORMED AUDIT
OF FINANCIAL
STATEMENTS
FOR 2014**

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SLATINSKA BANKA

RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Management Board of the bank Slatinske banke d.d., Slatina, Vladimira Nazora 2 (hereinafter "the Bank") is responsible for ensuring that financial statements for the year 2014 are prepared in accordance with the Croatian Accounting Act (Official Gazette No 109/07, 54/13) and the International Financial Reporting Standards in effect in the European Union to give a true and fair view of the financial position, results of operations, changes in equity and cash flows of the Bank for that period.

After making enquiries, the Board has a reasonable expectation that the Bank has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board has adopted the going concern basis in preparing the financial statements of the Bank.

In preparing these financial statements, the responsibilities of the Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgments and estimates are reasonable and prudent;
- applicable financial reporting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless such assumption is not appropriate.

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position and the results of operations of the Bank and their compliance with the Accounting Act (Official Gazette No 109/07, 54/13) and the International Financial Reporting Standards. The Board is also responsible for safeguarding the assets of the Bank and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Signed on behalf of the Board:

Angelina Horvat , President of the Management Board



Marko Brnić, Member of the Management Board




Slatinska banka d.d.
Vladimira Nazora 2
33520 Slatina
Croatia

Slatina, 20 April 2015

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE BANK SLATINSKA BANKA D.D., SLATINA

1. We have audited the accompanying annual financial statements of the bank Slatinska banka d.d., Vladimira Nazora 2, Slatina (hereinafter "the Bank") for the year ended 31 December 2014, which comprise of the Balance sheet / Statement of Financial Position as at 31 December 2014, the Statement of Comprehensive Income; the Statement of Changes in Equity, the Cash Flows Statement for the year then ended, and the accompanying Notes to the Financial Statements which concisely set out the principal accounting policies and other disclosures.

Responsibility of the Bank's Management

2. The preparation and a fair presentation of the enclosed Financial Statements according to the International Financial Reporting Standards effective in the European Union and also those internal controls which are determined by the Bank's management as necessary to enable the preparation of the financial statements free of material misstatements whether due to fraud or error are the responsibility of the Bank's management.

Responsibility of Auditor

3. Our responsibility is to express an opinion on the enclosed Financial Statements based on the audit performed. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements.

An audit includes performing of procedures to obtain audit evidence supporting the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the Financial Statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal controls relevant to the bank's preparation and fair presentation of the Financial Statements in order to conduct audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Bank's management, as well as evaluating the overall presentation of the Financial Statements.

We believe that auditing proof and evidence collected by us are sufficient and suitable as the basis for expressing our opinion.

Opinion

4. In our opinion, the enclosed Financial Statements, in all material respects, truly and fairly present the financial position of the bank Slatinska banka d.d., Slatina as of 31 December 2014 and the results of operations and the cash flows of the Bank for the year 2014 in accordance with the Accounting Law and International Financial Reporting Standards effective in the European Union.

Special emphasis

5. Without reservations to our opinion, we direct your attention to Note VIII to financial statements in which potential obligations of the Bank for ongoing legal action (court proceedings) is described.
6. An audit of the financial statements of the Bank for the year 2013 was carried out by a different audit company which issued an Auditor's report dated 7 April 2014 in which it expressed a positive opinion on the financial statements of the Bank for 2013.

Opinion on compliance with other legal or regulatory requirement

7. Based on the Decision of the Croatian National Bank on the structure and content of the annual financial statements of 30 May 2008 (Official Gazette No 62/08), the Bank's management has prepared the schedules set out on pages 57 to 63 ("Forms"), which comprise an alternative presentation of the Statement of financial position as at 31 December 2014, Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for 2014, as well as reconciliation ("the Reconciliation") of the Forms with the financial statements as presented on pages 64 to 66. The Management Board is responsible for the Forms and the Reconciliation. The financial information in the Forms is derived from the financial statements set out on pages 4 to 56 on which we expressed our opinion as stated in the Opinion section above.
8. Based on the obligations arising from the Credit Institutions Act (Official Gazette No 159/13) the Bank has presented the required information on page 67 containing all the information prescribed by Article 164, paragraph 1. Presented information were derived from the financial statements presented on pages 4 to 56 on which we expressed our opinion as stated in the Opinion section above.

Opinion on compliance of Annual Report

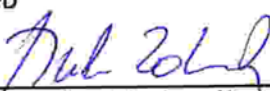
9. The Management Board is responsible for the preparation of the Annual Report of the Bank. Pursuant to the regulations of Article 17 of the Accounting Act we are obliged to express an opinion on the compliance of the Annual Report of the Bank with the financial statements of the Bank. In our opinion, based on our audit of the annual financial statements of the Bank and the comparison with the Annual Report of the Bank for the year ended 31 December 2014, the financial information set out in the Bank's Annual Report, approved for their issuance by the Board of the Bank on 20 April 2015, are in accordance with the financial information stated in the annual financial statements of the Bank set out on page 4 up to 56 on which we expressed our opinion as stated in the Opinion section above

Zagreb, 21 April 2015

BDO Croatia d.o.o.
Trg J. F. Kennedy 6b
10000 Zagreb

BDO

BDO Croatia d.o.o.,
za pružanje revizorskih, konzalting
i računovodstvenih usluga
Zagreb, J.F. Kennedy 6b


Zdenko Balen, Certified auditor, Member of the
Management Board

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

DESCRIPTION	Note	2014	2013
		HRK '000	HRK '000
Interest income	4	79,672	88,338
Interest expense	5	(40,639)	(49,598)
Net interest income		39,033	38,740
Income from fees and commissions	6	12,217	12,188
Expenses from fees and commissions	7	(3,077)	(3,190)
Net income from fees and commissions		9,140	8,998
Net income from foreign exchange gains	8	2,318	2,881
Other income from ordinary business	9	3,899	6,364
Total other income		6,217	9,245
Other expenses	10,11,12	(41,127)	(42,904)
Impairments and provisions	13	(12,319)	(13,341)
Total other expenses		(53,446)	(56,245)
Gain before tax		944	738
Corporate income tax	14	(555)	(340)
GAIN FOR THE CURRENT YEAR		389	398
Gain per share	32	HRK 0.42	HRK 0.43
Unrealized loss/profit from valuation of financial assets available for sale		(106)	200
TOTAL COMPREHENSIVE GAIN OF THE CURRENT YEAR		283	598

Supplementary notes under number I to IX form an integral part of these financial statements.

BALANCE SHEET / STATEMENT OF FINANCIAL POSITION

As of 31 December 2014

DESCRIPTION	Notes	At 31 Dec 2014	At 31 Dec 2013
		HRK '000	HRK '000
ASSETS			
Cash assets	15	223,105	202,130
Receivables from Croatian National Bank	16	101,785	109,611
Placements with banks	17	1,383	42,608
Financial assets available for sale	18	238,547	214,232
Financial assets held to maturity	19	80,059	87,556
Loans and prepayments to customers	20	737,331	797,687
Investments in subsidiaries	21	5,425	5,551
Property, plant and equipment	22	26,417	26,929
Intangible assets	23	6,040	6,502
Foreclosed assets	24	8,555	6,975
Other assets	25	17,692	15,176
TOTAL ASSETS		1,446,339	1,514,957
LIABILITIES			
Sight deposits	26	191,668	201,992
Term deposits	27	924,476	954,968
Liabilities for received loans	28	140,592	166,588
Other liabilities	29	11,361	13,103
Provisions	30	3,978	3,839
TOTAL LIABILITIES		1,272,075	1,340,490
CAPITAL			
Capital stock	31	91,897	91,897
Capital stock		(6,592)	(6,592)
Revaluation reserves		(18)	574
Capital gain		149	149
Reserves		15,182	15,182
Accumulated gain		73,257	72,859
Gain for the current year		389	398
TOTAL CAPITAL		174,264	174,467
TOTAL LIABILITIES AND CAPITAL		1,446,339	1,514,957

Supplementary notes under number I to IX form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Capital stock	Own/ treasury shares	Revaluated reserves	Capital gain	Legal reserves	Reserves for own shares	Other reserves	Retained earnings	Profit of current year	TOTAL
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Position as at 1 January 2013	91,897	(6,592)	1,799	149	4,729	6,600	3,028	68,687	4,997	175,294
Profit allocation for 2012	0	0	0	0	0	825	0	4,172	(4,997)	0
Unrealized profit	0	0	200	0	0	0	0	0	0	200
Realized profit	0	0	(1,425)	0	0	0	0	0	0	(1,425)
Profit of current period	0	0	0	0	0	0	0	0	398	398
Position as at 31 December 2013	91,897	(6,592)	574	149	4,729	7,425	3,028	72,859	398	174,467
Profit allocation for 2013	0	0	0	0	0	0	0	398	(398)	0
Unrealized profit	0	0	(106)	0	0	0	0	0	0	(106)
Realized profit	0	0	(486)	0	0	0	0	0	0	(486)
Profit of current period	0	0	0	0	0	0	0	0	389	389
Position as at 31 December 2014	91,897	(6,592)	(18)	149	4,729	7,425	3,028	73,257	389	174,264

Supplementary notes under number I to IX form an integral part of these financial statements.

STATEMENT OF CASH FLOWS – INDIRECT METHOD

For the year ended 31 December 2014

DESCRIPTION	2014	2013
	HRK '000	HRK '000
NET CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	944	738
Adjustment to net cash assets from operating activities		
Depreciation	4,230	4,178
Loan impairments	12,162	11,298
Value adjustments of other assets	(51)	1,118
Provisions for court disputes	203	225
Value adjustments of assets held to maturity	(5)	14
Other value adjustments and provisions (net)	(65)	678
Changes on assets and liabilities from operating activities		
Increase in receivables from CNB	7,827	49,892
Decrease (increase) in placements with banks	(2)	5,055
Decrease (increase) in loans and advances to customers	48,194	(37,356)
Decrease (increase) in other assets	(2,465)	(902)
Increase (decrease) in liabilities due to banks	0	(2,617)
crease (decrease) in sight deposits	(10,324)	5,510
Increase (decrease) in term deposits	(30,493)	72,885
Increase (decrease) in other liabilities	(1,741)	(514)
Income tax	(555)	(340)
Net cash flow from operating activities	27,859	109,862
CASH FLOW FROM INVESTING ACTIVITIES		
Decrease (increase) in financial assets available for sale	(4,623)	34,780
Decrease (increase) in financial assets held to maturity	39,602	4,323
Purchase of property, plant and equipment and intangible assets	(3,257)	(4,021)
Decrease (increase) in foreclosed assets	(1,581)	6,766
Net cash flow from investing activities	30,141	41,848
CASH FLOW FROM FINANCIAL ACTIVITIES		
Increase in liabilities for received loans	(25,997)	7,337
Other changes in equity (net)	(592)	(1,225)
Net cash flow from financial activities	(26,589)	6,112
Net change in cash and cash equivalents	31,411	157,822
Cash and cash equivalents at the beginning of the year	493,227	335,405
Cash and cash equivalents at the end of the year	34 524,638	493,227

Supplementary notes under number I to IX form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

I GENERAL INFORMATION ABOUT THE BANK

1.1. Legal framework and activities

SLATINSKA BANKA d.d. SLATINA ("Bank") is registered with Commercial Court in Bjelovar. The Bank's headquarters is located in Slatina, Vladimira Nazora 2.

The Bank is registered to conduct business with foreign currencies in the country, carrying out financial intermediation, all types of deposits, all types of loans, opening of letters of credit, issuance of warranties and bank guarantees, transactions with bills of exchange, checks, lending, sale and purchase of own account or on behalf of their customers, carry out transactions in securities for its own account or the account of others, the issuance and management of payment, financial leases and factoring, providing information on the creditworthiness of customers, at their request, the performance of credit transactions with foreign countries and payments transactions with foreign countries, payment transactions in the country, providing services in the sale of insurance policies and the provision of other financial services.

1.2. Management Bodies of the Bank

The management Bodies of the Bank are General Assembly, Supervisory Board and the Management Board.

Management Board:

- | | |
|--------------------|-----------------------|
| 1. Angelina Horvat | Chairman of the Board |
| 2. Marko Brnić | Member of the Board |

Supervisory Board:

- | | |
|------------------------|--|
| 1. Ružica Vadić | Chairman of the Supervisory Board |
| 2. Tomislav Rosandić | vice president of the Supervisory Board till 31 December 2014 |
| 3. Hrvoje Markovinović | Member of the Supervisory Board |
| 4. Blaženka Eror Matić | Member of the Supervisory Board |
| 5. Denis Smolar | Member of the Supervisory Board, vice president of the Supervisory Board of 16 February 2015 |

II. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of adjustment and basis of presentation

Financial statements of the Bank were drafted in accordance with International Financial Reporting Standards, as determined by the European Commission and published in the official ledger of the European Union ("IFRS"), and specific legal conditions for bank accounting in the Republic of Croatia. Bank business in the Republic of Croatia is regulated by the Credit Institutions Act, pursuant to which the Croatian National Bank ("CNB") then prescribes the regulations for financial statements.

Accounting regulations of the Croatian National Bank are based on International Financial Reporting Standards. Basic differences between accounting regulations of the Croatian National Bank and requests for adopting and measuring according to the IFRS are as follows:

The CNB requests that the banks declare losses for which there is no proof based on which they could be directly tied to individual placements, but for which assertion may be made based on experience that they exist in the form of latent losses in the credit portfolio. The Bank performs value adjustment of these placements in the amount of latent losses, which it determines through its pre-prepared and tested internal methodology based on experience, where the level of adjusted value cannot be less than 0.80% of total placement value. Bank portfolio provisions amount to HRK 9,300 thousand (2013: HRK 10,549 thousand) and are declared on the balance sheet, while revenues from reversal of provisions for 2014 amount to HRK 1,251 thousand (2013: HRK 379 thousand). Although, according to IFRS, these provisions should be declared within capital and reserves, the Bank is classifying these losses as ones that are known to exist, but have not been individually identified.

2.2. The basis of presentation

Financial statements of the Bank are prepared in accordance with the International Financial Reporting Standards ("IFRS") effective in European Union and in accordance with statutory accounting requirements for banks in the Republic of Croatia. Banking operations in the Republic of Croatia are subject to the Credit institutions' Act, in accordance with, the financial reporting is regulated by the Croatian National Bank ("the CNB").

IFRS published by the Council for standards of financial reporting appointed by the Croatian Government (National gazette 136/09, 8/10, 18/10, 27/10, 65/10, 120/10, 58/11, 140/11, 15/12, 118/12, 45/13, 69/13), which were in force until the Croatian accession to the European Union, are in accordance with the IFRS established by the European Commission and published in the Official Journal of the European Union.

The financial statements are prepared based on fair value of financial assets available for sale. Other financial assets and liabilities and non-financial assets and liabilities are stated at depreciated cost or historical cost.

Throughout the preparation of financial statements, the Management gives assessments and estimates which have a bearing on the application of policies and declared asset and liability amounts, and the issue of potential liabilities and liabilities taken over on the day of the balance, as well as on the amounts of income and liabilities during the reporting period. Assessments and estimates are based on past experience and other factors and information available on the day of completion of financial statements. Actual results may differ from said estimates. Estimates and related assumptions are being frequently checked and, if needed, amended. Amendments to accounting estimates are recognized in the period of the amendment.

Key estimates used in the application of accounting policies during the drafting of financial statements pertain to the calculation of depreciation of long-term tangible and intangible assets, decreased by assets value, value correction of claims and provisions, and to issue of potential liabilities.

Financial statements are shown in the form regularly used and is internationally adopted for publishing financial statements of banks and other similar financial institutions.

2.3. Reporting currency

The financial statements of the Bank are prepared in Croatian kuna as a measuring and reporting currency of the Bank.

At 31 December 2014 the official rate of Croatian kuna was 7.661471 HRK for 1 EUR (2013: it was 7.637643 HRK) and 6.302107 HRK for 1 USD (2013: it was 5.549000 HRK).

III SUMMARY OF ACCOUNTING POLICIES

Summary of significant accounting policies adopted in the preparation of financial statements is set out below. Policies are consistently applied to all the years presented that are included in this statements, unless otherwise stated.

3.1. Changes in accounting policies

Standards, Amendments and Interpretations issued by IASB, adopted by the European Union and effective.

For the year ended 31 December 2014 the Bank has adopted revised International Financial Reporting Standards and comparative information has been disclosed as required. Adoption of revised Standards had no effect on the equity as at 1 January 2014:

- IFRS 10 „Consolidated financial reports”, issued in May 2011 and amended in 2012, replace previous version of IAS 27 (2008) „Consolidated and separate financial reports” (effective for annual periods beginning on or after 1 January 2014).
- IFRS 11 „Joint arrangements”, issued in May 2011 and amended in 2012, replace previous version of IAS 31 „Interests in joint ventures” (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 „Disclosure of interests in other entities”, issued in May 2011 and amended in 2012 (effective for annual periods beginning on or after 1 January 2014)
- IAS 27 „Unconsolidated financial reports” (amended in 2011), consolidated requests previously described in part of IAS 27 (2008) have been revised and are now part of IFRS 10 „Consolidated financial reports” (effective IAS 27 (amended in 2011) applied for annual periods beginning on or after 1 January 2014)
- IAS 28 „Investment in Associates and Joint Ventures” (amended in 2011). This version replaces IAS 28 (2003) „Investment in Associates” (effective IAS 28 (amended in 2011) applied for annual periods beginning on or after 1 January 2014.)
- IFRS 21 „Levies” – issued in May 2013, (effective for annual periods beginning on or after 1 January 2014).
- Amendments to IAS 32 – Offsetting financial assets and financial liabilities (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 – Derivative novation and continued accounting protection (effective for annual periods beginning on or after 1 January 2014)

Standards, amendments and interpretations to existing standards which are not yet effective

At the date of authorization of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective for the year ended 31 December 2014:

- IFRS 9 Financial instruments in July 2014 IASB issued final version of IFRS 9 Financial instruments which reflect all phases of financial instruments of project and replaces IFS 39 Financial instruments: recognition and measurement and all previous versions of IFRS 9. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, earlier application is allowed. Application of standard will affect the classification and measurement of financial instruments.
- IFRS 14 Regulatory deferral accounts - standard does not refer to entities which operate at regulated markets and which apply IFRS for the first time. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. The Company is preparing financial reports in accordance with IFRS and it does not apply this standard.
- Amendments to IAS 19 Defined benefit plans: Employee Contributions – IFS 19 requires from the entity to consider employee or third party contributions in accounting of defined benefit plans. This amendment is effective for annual periods beginning on or after 1 July 2014. This amendment is not expected to be relevant for the Company.

- Annual improvements 2010-2012 – these improvements are effective from 1 July 2014 and they will not have significant effect on the Company. These include:
 - IFRS 2 Share-based payment
 - IFRS 3 Business combination
 - IFRS 8 Operating segments
 - IFRS 16 Property, plant and equipment and IFRS 38 Intangible assets
 - IFRS 24 Related party disclosures
- Annual improvements 2011-2013 – these improvements are effective from 1 July 2014 and are not expected to have significant effect on the company. These include:
 - IFRS 3 Business combination
 - IFRS 13 Fair value measurement
 - IFRS 40 Investment property
- IFRS 15 Revenue from contracts with customers – IFRS 15 was issued in May 2014 and represents a new model in five steps which will relate to revenues resulting from contracts with customers.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's financial statements for the first period beginning after the effective date of the pronouncement and its application should not have a material impact on the Group's financial statements.

3.2. Interest income and expenses

Interest income and expenses are recognized in the income statement for all interest bearing instruments on an accrual basis using the effective yield method and based on real purchase price. Interest income includes coupons earned on fixed income investment and trading securities for sale and accrued discount and premium on treasury bills and other discounted instruments.

Interest on placements evaluated risky is recorded in the balance-sheet and recognized in income only after collection.

Fees and commissions directly related to the given credit in the calculation of effective interest rate and recognized as income on a time basis.

3.3. Fee and commission income and expenses

Fees and commissions income mainly comprises fees and commissions from domestic and international payment transactions, guarantees, letters of credit, cards and assets management, and are recognized in the income statement when the corresponding service is provided, except for the cases when they are included in the calculation of effective interest rates.

Fees and commissions expenses comprise fees paid to the authorized banks for foreign payment transactions and for the services of the Financial Agency ("FINA") for domestic payment transactions.

3.4. Net income and losses from financial instruments at fair value through profit and loss statement and the result from purchase and sale of currencies and currency rate differentials made through recalculation of monetary assets and liabilities

This category includes earnings from purchase and sale of currencies, realized and unrealized profit and loss from debt and equity securities kept for trading, other financial instruments valued at fair value through the PLA, and derivative financial instruments. Net profit and loss from currency rate differentials made through recalculation of monetary assets and liabilities denominated in foreign currencies are also included in this category.

3.5. Foreign currency translation

Transactions in foreign currencies are translated into HRK (Croatian kuna) at the exchange rate ruling at the date of the transaction. Croatian kuna is the official currency of the Bank and the financial statements are presented in that currency.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to HRK at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognized in the income statement.

Non-monetary items denominated in foreign currencies measured at fair value are translated to HRK using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Gains and losses arising on translation and foreign currency trading are recognized in the income statement for the year concerned.

3.6. Taxation

Profit tax expense represents the joint amount of current tax liabilities and deferred taxation.

a) Current tax

Current tax liabilities are based on taxable profit for the year. Taxable profit differs from net profit of the period declared in the PLA for amounts which are not added to the tax base, as well as amounts of tax-unrecognized expenses. The current tax liability of the Bank is calculated using valid interest rates, or those interest rates valid on the balance date.

The Management Board shall periodically assess the positions of tax claim with respect to situations in which applicable tax laws are subject to interpretation, and the Bank shall perform provisioning when possible.

b) Deferred tax

Deferred tax is calculated using the liability method and shows tax effects of all significant time differentials between the tax basis, assets and liabilities and amounts declared in financial statements

3.7. Pension plans / retirement benefits

Defined contribution plans

Contributions from the Bank's pension plans burden the PLA in the year pertaining.

Defined benefit plans

Surplus and deficits from retirement benefit (pension) plans are measured per:

- Fair value of assets available for said benefits, as at the day of reporting, less
- Current net value of benefits and
- Adjustments for non-recognized expenses of previous services

The Bank has no other retirement plans except those included within the state retirement plan in the Republic of Croatia

3.8. Financial instruments

The Bank's financial assets have been classified into portfolios depending on the purpose the bank envisioned when acquiring the financial instrument, and in accordance with the Bank's investment strategy. Financial assets and liabilities have been classified into the following categories: „Fair value in the PLA“, „Loans and receivables“, „Held to maturity“, „Available for sale“ and „Other financial liabilities“.

All financial assets and liabilities are recognized, or cease to be recognized, on the day of trade (purchase or sale) of financial asset or liability, as defined by the contractual date of delivery of financial assets within terms determined in accordance with conventional terms on the market.

At initial recognition of financial asset or liability, the Bank measures said asset/liability at purchase cost plus transaction expenses (except financial assets at fair value in the PLA) which can be directly tied to the acquisition, i.e. issuing of the financial asset/liability.

a) Financial assets/liabilities at fair value in the profit and loss account

Said category includes two sub-categories: Financial instruments held for trade (including derivatives), and those that the Bank initially placed in this category. A financial instrument shall be placed in this category if it was acquired or made for sale or repurchase within a short period of time, for the purpose of short-term profit or classification by the management into this category.

After initial recognition, financial assets at fair value in the PLA shall be calculated and recognized at fair value equal to the price quoted on official stock exchanges, or shall be determined through the application of acceptable value assessment models. The Bank is declaring non-realized profit and loss within the category net profit/loss from financial business.

b) Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or determined payment not quoted on the active market. They are made when the Bank gives cash assets to clients without any plan to trade receivables; they include loans and receivables from banks, clients, replacement bonds and obligatory reserves at the CNB.

They are initially measured at cost, and are later decreased for value correction amount due to adjustment.

The amount of the value adjustment due to decrease shall be declared if there is objective evidence that collection of entire amount receivable will not be possible by the Bank. Value correction represents the difference between the book value and the value that can be covered, representing the current value of expected cash flow, including amounts coverable through guarantees and collateral. Value adjustment/correction for losses from decrease per individual loan shall be estimated based on credit standing of the borrowing party, taking in consideration the value of instruments of insurance for loan repayment, or a third-party guarantee.

Non-collected matured loans are written-off in the amount of related value adjustment due to the decrease, while all later collected amounts are declared in the profit and loss statement, as other income.

The Bank charges penalty interest for late repayment, which is calculated based on incoming cash flow and is declared within income from interest.

c) Investments held to maturity

Investments held to maturity represent non-derivative financial assets with fixed or determinable payment amount and fixed maturity which the Bank intends and has the means to hold until maturity. This category includes certain debt securities.

All financial instruments held to maturity are declared as depreciated expense decreased by provisions for value decrease. Interest earned made based on these financial instruments is declared as income from interest.

The Bank regularly checks to see if there exists objective proof which would point to value decrease of assets held to maturity. When it has been determined that there was a value decrease of assets, the Bank shall declare appropriate provisions in the PLA. Loss from decrease shall be annulled in later periods if the increase of the coverable investment amount can be objectively tied to the event after recognition of decrease.

d) Financial assets available for sale

Financial assets available for sale are non-derivative financial assets classified in this category, or is not classified in another category. Financial assets classified as available for sale are those assets that are intended to be held for a certain period of time, but may be sold if the need for maintaining liquidity or change of interest rates, exchange rates or prices of ownership/equity instruments arises. Financial assets available for sale include debt and equity securities.

After initial recognition, financial assets available for sale are calculated again at fair value, based on quoted prices or amounts derived from the cash flow model. If the market value cannot be ascertained with certainty, the Bank shall determine fair value using estimation techniques. They include using prices from recent transactions between informed and ready parties, referring to other similar instruments, using analyses of discounted cash flows and optional price models, all the while using market-based information as much as possible.

Non-realized gains and losses arising from changes to fair value of assets classified as available for sale shall be recognized as equity/principal until the moment of sale or decrease of financial assets; after that, realized gains or losses shall be declared as net profit or loss of the period.

e) Other financial liabilities

Other financial liabilities contain all financial liabilities/expenses not held for trade or which are not classified in the fair value category in the PLA.

3.9. Investments in subsidiaries

Subsidiaries are entities in which the Company has the power to govern the financial and operating policies (over 50% stake). Investments in subsidiaries are accounted for by the cost method, with the decrease of the carrying value of this asset - investment to its recoverable amount.

The Bank also prepares consolidated financial statements of the subsidiary in which it has the entire share portion and control.

3.10. Fair value of financial instruments

Fair value of financial instruments being traded on active markets shall be determined on each reporting date, with respect to quoted market prices or distributor's quoted prices, without decrease for transaction costs.

Fair value of financial instruments not being traded on active markets shall be determined through the use of value estimate techniques. Such techniques may include the use of new, non-biased market transactions; use of current fair value of another similar instrument; analysis of discounted cash flow, or other models of value estimation.

3.11. Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and / or accumulated impairment losses, and make tangible assets if their useful life is longer than one year, and single value is greater than HRK 3,500 at the acquisition date. Cost includes purchase price, the cost of spare parts, plant and equipment, borrowing costs for long-term construction projects, and other dependent costs and estimated future costs of dismantling, if recognition conditions are met, while the liability is recorded as commission.

Land and property are recorded at cost less accumulated depreciation of property and asset impairment losses recognized after the date of revaluation, on the basis of periodic evaluation by professional appraisers.

Depreciation is calculated so to write-off the cost of the assets, except land and investments in progress, over their estimated useful lives using the straight-line method at the following rates:

DESCRIPTION	2014	2013
	%	%
Buildings	2.50	2.50
Computer equipment	25	25
Furniture	20	20
Cars	40	40
Other equipment	10 - 25	10 - 25

Depreciation is calculated separately by each item of assets till it is fully depreciated. An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

Any gains or losses from disposal of certain asset are determined as difference between sale revenue and carrying amount of that asset and are recognized as expense or income in the Income statement. The assets' residual values,

useful lives and methods of depreciation are reviewed at each financial year end, and adjusted prospectively, if appropriate.

3.12. Intangible assets

Intangible assets pertain to IT programmes and investments in someone else's assets initially calculated at purchase cost and depreciated using the straight-line method during their estimated life spans.

Individually acquired intangible assets are initially recognized at purchase value. Purchase value of intangible assets acquired through business combination represents fair value on the date of acquisition.

After initial recognition, intangible assets are entered at purchase value decreased by depreciation costs and eventual accumulated losses due to asset decrease. Intangible assets made through own production, excluding capitalized development costs, shall not be capitalized, and expenses shall be recognized in the PLA for the year in which they were made. Lifespan of intangible assets shall be estimated as limited (determined) or unlimited (undetermined).

Intangible assets with determined lifespan shall be depreciated during the estimated lifespan and shall be decreased when condition for this have been met. Depreciation period and method for intangible assets with determined lifespan shall be revised at least at the end of each fiscal year. Changes in expected lifespan or in the expected method of use future economic benefits included in these assets shall be calculated through the change in depreciation period and method, and shall be treated as changes to accounting estimates. For the purpose of preparing these financial statements, the Bank calculated depreciation of intangible assets using the depreciation rate of 20% (same as the previous year).

Expenses of depreciation of intangible assets with determined lifespan shall be declared in the PLA as expense, in tune with the role of intangible assets.

Intangible assets with determined lifespan will not be depreciated, but shall be annually value-estimated for decreases, whether individually or on the level of money generation.

3.13. Use of estimates

The preparation of the financial statements in accordance with the International Financial Reporting Standards ("IFRS") requires that the Bank's Management Board make estimates and assumptions that affect the amounts reported in financial statements and accompanying notes. The estimates have been made based on historical experience and various other factors that are believed to be realistic in the circumstances and information available at the date of preparation of financial statements, the results of which form the basis for judgments about carrying values of assets and liabilities that are not easily ascertainable from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which they are incurred if affect only that period or the period in which they are incurred and future periods if affect current and future periods.

3.14. Potential liabilities and liabilities taken over

During its business, the Bank declared potential liabilities and liabilities taken over in off-balance entries, through issuing guarantees, credit notes, approving credits/loans not entirely used, and through other potential liabilities. These financial instruments are shown in the Bank's balance if and when the Bank covers the matured liability.

Provisions for possible losses pursuant to potential liabilities and liabilities taken over shall be kept on the level for which the Bank's management feels is sufficient to absorb possible future losses. The Management shall determine sufficiency of these provisions based on the insight into individual items, current economic circumstances, various transaction risk categories, as well as other pertinent factors.

3.15. Cash flow report

For the purpose of cash flow reporting, cash and cash equivalents contain cash assets, placements to banks with remaining maturity of 90 days, treasury notes of the Croatian Ministry of Finance, and bills of exchange of companies with remaining maturity of 90 days.

3.16. Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Bank's Management Board that reaches strategic decisions.

The Bank has identified four primary segments: Corporate, Retail, Banks and Other. The primary segmental information is based on the internal reporting structure of business segments. Where it was possible the positions of the balance sheet and income statement were shown by mentioned segments.

3.17. Regulatory requirements

Events after the date of the financial position report are those events which have positive or negative effects and which emerged between the financial position report date and the date of approving the issue of the financial statements. The Bank shall coordinate the amounts which it recognized in its financial statements for events after the date of the financial position report which need adjusting.

3.18. Events after the report date

Events after the date of the financial position report are those events which have positive or negative effects and which emerged between the financial position report date and the date of approving the issue of the financial statements. The Bank shall coordinate the amounts which it recognized in its financial statements for events after the date of the financial position report which need adjusting.

3.19. Side-by-side data

Where necessary, side-by-side information has been reclassified to achieve consistency in disclosure with current financial year and other data.

IV. NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

4. INTEREST INCOME

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Corporate	32,052	39,204
Individuals and unincorporated businesses	40,163	41,513
Banks	116	115
Other	7,341	7,506
Total	79,672	88,338

5. INTEREST EXPENSES

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Corporate	927	1,535
Individuals and unincorporated businesses	29,596	36,001
Banks	4,117	4,719
Other	5,999	7,343
Total	40,639	49,598

6. FEE AND COMMISSION INCOME

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Corporate	3,494	3,423
Individuals	7,327	7,619
Other	1,396	1,146
Total	12,217	12,188

7. FEE AND COMMISSION EXPENSES

DESCRIPTION	2014	2013
	HRK '000	HRK '000
The fee for services of FINA	1,827	2,234
Foreign banks	229	218
Domestic customers	1,021	738
Total	3,077	3,190

8. NET INCOME FROM EXCHANGE GAINS

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Net foreign exchange losses due to the revaluation of foreign currency assets and liabilities at the exchange rate	(1,693)	(6,938)
Net foreign exchange losses due to revaluation of positions to foreign currency clause at an agreed exchange rate	1,282	6,949
Net foreign exchange losses on foreign currency trading	2,729	2,870
Total	2,318	2,881

9. OTHER OPERATING INCOME

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Income from financial assets available for sale	2,641	2,165
Written off liabilities for which the statutory time limits occurred	0	2,603
Collected court and similar costs per covered lawsuit	365	456
Income from the sale of foreclosed assets	426	406
Other	467	734
Total	3,899	6,364

10. OTHER EXPENSES

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Staff expenses (note 11)	20,722	22,112
Depreciation (notes 22 i 23)	4,230	4,178
Other business expenses (note 12)	16,175	16,614
Total	41,127	42,904

11. STAFF EXPENSES

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Net salaries	11,597	12,204
Contributions from and on salaries	6,078	6,300
Taxes and surtaxes from salaries	2,021	2,570
Other staff expenses	1,026	1,038
Total	20,722	22,112

12. OTHER BUSINESS EXPENSES

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Material and similar expenses	2,124	2,318
Service expenses	11,142	11,634
Advertising, marketing and representation costs	799	938
Supervisory Board member fees	513	562
Other	1,597	1,162
Total	16,175	16,614

13. EXPENSES OF VALUE ADJUSTMENTS AND PROVISIONS

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Value adjustment of placements on individual basis		
- Financial assets held until maturity (Note 19)	(5)	14
- Loans and advances to clients (Note 20)	13,353	12,395
- Other assets (Note 25)	(51)	1,118
Value adjustment of placements, grouped (Notes 17, 19, 20, 21, 25)	(1,191)	(1,097)
Collected previous written off receivables	(52)	(120)
Value adjustment of investments in subsidiaries (Note 21)	126	128
Provisions for litigation costs (Note 30)	204	225
Provisions for potential liabilities (Note 30)	(65)	678
Total	12,319	13,341

14. PROFIT TAX

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Accounting profit	944	738
Items increasing the tax basis	2,279	2,243
Items decreasing the tax basis	(227)	(250)
Tax basis	2,996	2,731
Tax rate	20%	20%
Tax obligations	599	546
EXPENSE/(INCOME) OF DEFERRED TAXATION	(44)	(206)
TAX EXPENSE	555	340

V. NOTES TO THE BALANCE SHEET / STATEMENT OF FINANCIAL POSITION

15. CASH

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Giro account	58,705	62,439
Cash in hand:		
- HRK	18,737	16,156
- foreign currency	9,695	9,348
Cash at foreign current accounts with foreign banks	94,657	82,511
Cash at foreign current accounts with domestic banks	41,256	31,595
Other cash assets	55	81
Total	223,105	202,130

16. RECEIVABLES FROM THE CROATIAN NATIONAL BANK

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Obligatory reserve		
- HRK	78,807	81,575
- foreign currency	12,841	13,457
Obligatory treasury notes	10,137	14,579
Total	101,785	109,611

Obligatory reserves are calculated using the 12% (12.0% in 2013) on HRK and foreign currency deposits, and foreign currency credits/loans. The Bank holds 70% of the HRK part and 60% of the foreign currency part of obligatory reserves with the CNB.

Obligatory treasury notes of the CNB are in HRK, and mature 12 December 2016. The CNB does not charge interest on entered obligatory reserves.

17. PLACEMENTS WITH BANKS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Short-term credits/loans to domestic banks	0	5,000
Short-term deposits to foreign banks	0	31,409
Short-term deposits to Croatian banks	1,383	6,199
Total	1,383	42,608

Changes in value adjustment are as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Position as at 1 January	0	(361)
Net value adjustment/correction (Note 13)	0	361
Position as at 31 December	0	0

18. FINANCIAL ASSETS AVAILABLE FOR SALE

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Investments in equity securities	313	431
Investments in investment funds	25,565	13,286
Investments in debt securities		
- State institutions bonds in HRK	18,576	0
- Company bonds in HRK	10,616	11,163
- Company bonds with foreign currency clause	3,877	3,865
- Treasury notes of the Ministry of Finance of the Republic of Croatia - in HRK	103,561	104,087
- Treasury notes of the Ministry of Finance of the Republic of Croatia - with foreign currency clause	76,039	81,400
Total	238,547	214,232

19. FINANCIAL ASSETS HELD TO MATURITY

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Company bills of exchange	52,019	59,483
State institution bills of exchange	630	1,569
Trade bonds	0	210
Treasury notes of the Croatian Ministry of Finance	29,184	28,161
Value adjustment	(1,774)	(1,867)
Total	80,059	87,556

Changes in value adjustment are as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Position as at 1 January	(1,867)	(2,055)
Net value adjustment/correction (Note 13)	93	188
Position as at 31 December	(1,774)	(1,867)

20. LOANS AND PREPAYMENTS TO CUSTOMERS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Companies	338,709	382,584
Individuals and tradesmen	432,849	434,860
Other	39,372	42,637
Value adjustment of loans	(73,599)	(62,394)
Total	737,331	797,687

Risk concentration by sector of industry in client loan portfolio is as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Production/Manufacture	78,582	107,313
Trade	95,634	103,066
Tourism	12,050	10,398
Agriculture	69,854	79,256
Civil Engineering/Construction	14,571	19,680
Services	16,247	15,999
Private entities/individuals	431,599	434,855
Others	92,393	89,514
Total	810,930	860,081
Value adjustments and provisions for loan-based losses	(73,599)	(62,394)
Grand Total	737,331	797,687

Value adjustment changes, i.e. provision for possible losses on loans:

DESCRIPTION	2014			2013		
	Value adjustment	Special reserves for identified joint losses	Total	Value adjustment	Special reserves for identified joint losses	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Position as at 1 January	53,795	8,599	62,394	41,377	6,737	48,114
Net value adjustment (Note 13)	13,353	(1,089)	12,264	12,395	1,862	14,257
Currency rate differentials	21	0	21	37	0	37
Write-off and other	(1,080)	0	(1,080)	(14)	0	(14)
Position as at 31 December	66,089	7,510	73,599	53,795	8,599	62,394

In accordance with Bank policies, which are attuned to current law, the Bank must secure provisions for joint losses or decreased value for placements classified as risk level A. The Bank shall perform value adjustment (decrease) of such placements in the amount of latent losses, which it shall determine using its pre-prepared and tested internal methodologies based on experience, where the level of value adjustment must not be less than 0.80% of total position of these placements. The Bank shall keep so determined provisions between 0.00% to 4.20% non-risk assets and non-risk off-balance potential liabilities as at 31 December 2014 (0.85% to 1.00% non-risk assets and non-risk off-balance potential liabilities as at 31 December 2013).

21. INVESTMENT IN SUBSIDIARY

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Turbina d.o.o., Slatina	9,500	9,500
Value adjustment	(4,075)	(3,949)
Position as at 31 December	5,425	5,551

The Bank has a 100% shares in the mentioned company. Investment in subsidiary is stated at cost, decreased by carrying value of this asset - investment to its recoverable amount.

Changes in value adjustments are shown as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Position as at 1 January	(3,949)	(3,821)
Net value adjustment/correction (Note 13)	(126)	(128)
Position as at 31 December	(4,075)	(3,949)

22. PROPERTY, PLANT AND EQUIPMENT

DESCRIPTION	Land	Structures/ buildings	Equipment	Furniture and means of transport	Assets in preparation	Total real property, plants and equipment
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Purchase value						
Balance at 1 January 2013	1,256	33,903	17,982	8,089	559	61,789
Additions	0	566	900	121	597	2,184
Transfer from assets in preparation	0	0	370	0	(370)	0
Disposals and write-offs	0	0	(419)	(13)	0	(432)
Balance at 31 December 2013	1,256	34,469	18,833	8,197	786	63,541
Additions	0	0	0	0	2,026	2,026
Transfer from assets in preparation	10	1,161	995	110	(2,276)	0
Disposals and write-offs	0		(388)	(34)	0	(422)
Balance at 31 December 2014	1,266	35,630	19,440	8,273	536	65,145

Impairment

Balance at 1 January 2013	0	12,164	15,060	7,250	0	34,474
Depreciation for 2013	0	858	1,294	418	0	2,570
Disposals and write-offs	0	0	(419)	(13)	0	(432)
Balance at 31 December 2013	0	13,022	15,935	7,655	0	36,612
Depreciation for 2014	0	868	1,348	322	0	2,538
Disposals and write-offs	0	0	(388)	(34)	0	(422)
Balance at 31 December 2014	0	13,890	16,895	7,943	0	38,728

Net carrying value

As at 1 January 2013	1,256	21,739	2,922	839	559	27,315
As at 31 December 2013	1,256	21,447	2,898	542	786	26,929
As at 31 December 2014	1,266	21,740	2,545	330	536	26,417

Right to lien (i.e. mortgage) was entered on one part of the Bank's real property, for the benefit of Zveza Bank, Bank und Revisionsverband registrierte Genossenschaft mit beschränkter Haftung, Klagenfurt, Republic of Austria, for the purpose of insuring cash claims (ref. Note 28). Book value of mortgaged property - business building of the Bank in Slatina as at 31 December 2014 was HRK 5,610 thousand (HRK 5,895 thousand as at 31 Dec. 2013).

23. INTANGIBLE ASSETS

DESCRIPTION	Software	Investments in property of third parties	Intangible assets under construction	Total intangible assets
	HRK '000	HRK '000	HRK '000	HRK '000
Purchase value				
Balance at 1 January 2013	11,234	1,901	1,065	14,200
Additions	342	190	1,305	1,837
Transfer from assets in preparation	1,065	0	(1,065)	0
Balance at 31 December 2013	12,641	2,091	1,305	16,037
Additions	0	0	1,230	1,230
Transfer from assets in preparation	1,072	0	(1,072)	0
Balance at 31 December 2014	13,713	2,091	1,463	17,267

Impairment

Balance at 1 January 2013	6,202	1,725	0	7,927
Depreciation for 2013	1,554	54	0	1,608
Balance at 31 December 2013	7,756	1,779	0	9,535
Depreciation for 2014	1,660	32	0	1,692
Balance at 31 December 2014	9,416	1,811	0	11,227

Net carrying value

As at 1 January 2013	5,032	176	1,065	6,273
As at 31 December 2013	4,885	312	1,305	6,502
As at 31 December 2014	4,297	280	1,463	6,040

24. ASSETS TAKEN OVER

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Land - taken over for over 2 years	2,116	2,164
Structures/buildings - taken over for over 2 years	4,153	4,562
Other assets - taken over for over 2 years	3	113
Land - taken over for less than 2 years	374	62
Structures/buildings - taken over for less than 2 years	1,909	74
Total	8,555	6,975

Assets taken over declared in the balance sheet of the Bank as at 31 December 2014 in the amount of HRK 8,555 (HRK 6,975 as at 31 December 2013) pertains to assets that the bank took over as coverage for non-collected receivables from credits/loans and placements. It is the estimation of the Bank that the value of assets taken over is close to its actual market value.

Changes in assets taken over are shown as follows:

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Position as at 1 January	6,975	13,741
Increase		
- real property tax and other	0	35
- newly acquired assets	2,283	0
Decrease		
- sales	(703)	(6,801)
Position as at 31 December	8,555	6,975

25. OTHER ASSETS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Calculated assets	8,429	8,261
Fee and commission receivables	3,889	3,497
Receivables for cash sent to collection centre	3,929	2,301
Deferred tax assets	2,082	2,038
Accounts receivable	1,406	1,406
Card-based receivables	1,037	939
Receivables for advance payments of profit/company tax	560	789
Receivables from customers based on paid court expenses	533	0
Paid expenses of future period	481	219
Advance payments	19	27
Other	533	587
Value adjustment	(5,206)	(4,888)
Total	17,692	15,176

Changes in value adjustment are as follows:

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Position as at 1 January	(4,888)	(3,848)
Net value adjustment/correction (Note 13)	65	(1,035)
Currency rate differentials	0	(5)
Write-off and other	(383)	-
Position as at 31 December	(5,206)	(4,888)

26. SIGHT DEPOSITS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Sight deposits - individuals		
- HRK	63,997	61,742
- Foreign currency	54,215	51,453
Total individuals	118,212	113,195
Sight deposits - companies		
- HRK	37,531	38,281
- Foreign currency	4,660	9,411
Total companies	42,191	47,692
Sight deposits - financial institutions		
- HRK	90	107
Total financial institutions	90	107
Sight deposits - state and other institutions		
- HRK	30,189	39,574
- Foreign currency	45	62
Total state and other institutions	30,234	39,636
Limited deposits		
- HRK	424	471
- Foreign currency	17	0
Total limited deposits	441	471
Sight deposits - foreign banks		
- HRK	35	45
- Foreign currency	465	846
Total foreign deposits	500	891
Grand total	191,668	201,992

27. TERM DEPOSITS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Individual deposits		
- HRK	216,110	217,352
- Foreign currency	645,607	647,415
Total individuals	861,717	864,767
Company deposits		
- HRK	20,120	24,279
- Foreign currency	3,525	3,497
Total companies	23,645	27,776
Financial institutions deposits		
- HRK	10,646	24,229
- Foreign currency	855	13,643
Total financial institutions	11,501	37,872
State and other institutions deposits		
- HRK	15,081	14,484
- Foreign currency	78	236
Total state and other institutions	15,159	14,720
Foreign entity deposits		
- Foreign currency	12,454	9,833
Total foreign entities	12,454	9,833
GRAND TOTAL	924,476	954,968

28. LIABILITIES FOR RECEIVED CREDITS/LOANS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Croatian banks (Croatian Bank for Reconstruction and Development)	105,488	132,262
Croatian non-banking financial institutions	23,995	23,251
Foreign banks	11,109	11,075
Total	140,592	166,588

Liabilities toward the CBRD as at 31 December 2014 amounted to HRK 105,488 thousand (HRK 132,262 thousand as at 31 Dec. 2013). These sources are meant for approving credits/loans to legal and private entities, in accordance with CBRD programmes, depending on the purpose of the credit/loan, interest rates were 0%-5% (0%-5% also in 2013).

Liabilities toward Croatian non-banking financial institutions as at 31 December 2014 were HRK 23,995 thousand (HRK 23,251 thousand as at 31 December 2013) and pertain to REPO transactions concluded with AUCTION INVEST d.o.o. REPO rate is fixed for each contract, from 3.0% to 4.5%.

Liabilities toward foreign banks as at 31 December 2014 pertaining to liabilities toward Zveza Bank, Klagenfurt, Republic of Austria, amounted to HRK 11,109 thousand (HRK 11,075 thousand as at 31 December 2013). The loan was approved for the amount of HRK 1,450 thousand with maturity being 30 June 2017, as single payment. Interest rate is 4.75% fixed, and is calculated quarterly, Insurance for the loan is mortgaged real property of the Bank in Slatina (Note 22).

29. OTHER LIABILITIES

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Credit overpayment liabilities	4,138	4,705
Accounts payable	1,649	1,897
Liabilities toward employees	1,590	1,576
Supervisory Board member fees	39	47
Deferred interest income	1,271	736
Dividend liabilities	122	122
Income taxes and contributions	7	11
VAT liabilities	8	21
Other liabilities	2,537	3,988
Total	11,361	13,103

30. PROVISIONS

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Provisions for court cases (litigation costs)	2,721	2,517
Provisions for losses as per off-balance potential liabilities	1,257	1,322
Total	3,978	3,839

Changes in provisions are as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Position as at 1 January	3,839	2,936
Changes on provisions for litigation costs (Note 13)	204	225
Changes in provisions for potential liabilities (Note 13)	(65)	678
Position as at 31 December	3,978	3,839

31. CAPITAL

Capital stock as at 31 December 2014 amounted to HRK 91,897 thousand divided into 918,972 shares of HRK 100 per share nominal value.

Pursuant to the decision of the General Assembly as of 29 June 2006 on elimination of preferred shares it was ascertained that capital stock of the Bank of HRK 91,897,000 divided into 172,412 immaterial (intangible) name shares of which 114,662 such common shares of series "A" carries a nominal value of HRK 600 each and 57,750 preferred immaterial shares of series "B" carry a nominal value of HRK 400 each, and that by this decision all preference is eliminated in full, so that said shares thereby become immaterial name shares of HRK 400 nominal value each. Pursuant to the decision of the General Assembly as of 29 June 2006 on division of shares, one common name share of the Bank carries a nominal value of HRK 600 and is divided into 6 common name shares of the Bank at HRK 100 nominal per-share value, and one share that was until this time a preferred share at HRK 400 nominal value shall be divided into 4 common name shares of the Bank at HRK 100 nominal value.

Largest shareholders of the Bank as at 31 December 2014 are shown as follows:

Shareholder	31 December 2014	Percentage of share in capital stock
	Number of shares	%
HYPO ALPE-ADRIA-BANK D.D./ SZIF D.D. (1/1)	152,502	16.59
DRŽAVNA AGENCIJA ZA OSIG. ŠTEDNIH ULOGA I SANACIJU (1/1)	76,494	8.32
SOKAČIĆ DRAGUTIN (1/1)	72,510	7.89
SB-S D.D. (1/1)	71,374	7.77
ZAGREBAČKA BANKA D.D./ SAVA - RE D.D. (1/1)	50,271	5.47
RAIFFEISENBANK AUSTRIA D.D./ ADRIS GRUPA D.D. (1/1)	40,258	4.38
BERIŠIĆ ROBERT (1/1)	35,519	3.87
GALIĆ JOSIP (1/1)	29,962	3.26
MRKOCI MILIVOJ (1/1)	29,960	3.26
FINESA CREDOS D.D., FINANCIJSKA KOMPANIJA (1/1)	29,073	3.16
CROATIA LLOYD D.D. (1/1)	27,792	3.02
MIKULIĆ EMIL (1/1)	26,554	2.89
VELEBIT ŽIVOTNO OSIGURANJE D.D. (1/1)	11,000	1.20
AUCTOR INVEST D.O.O./ BORAS ARIJANA (1/1)	10,063	1.10
HITA-VRIJEDNOSNICE D.D./ MIKULIĆ EMIL (1/1)	10,000	1.09
Other	245,640	26.73
TOTAL 1,212 SHAREHOLDERS	918,972	100.00

32. EARNINGS PER SHARE

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Profit of current year (in thousands of HRK)	389	398
Number of shares (in thousands of shares)	918,972	918,972
Earnings per share	HRK 0.42	HRK 0.43

33. POTENTIAL LIABILITIES

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Performance guarantees		
- HRK	2,649	5,352
- Foreign currency	123	157
Payment guarantees		
- HRK	3,622	6,640
- Foreign currency	550	518
Letters of credit		
- Foreign currency	213	198
Approved unrealised credit line	34,480	40,720
Other potential liabilities	12,594	12,199
Total	54,231	65,784
Provisions for potential liabilities	(1,257)	(1,322)
Grand total	52,974	64,462

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash placements to banks, treasury notes and bills of exchange with up to 90 days maturity:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Cash assets	223,105	202,130
Placements to banks with remaining maturity up to 3 months	695	41,922
Treasury notes and bills of exch, with rem, maturity up to 3 months		
- Portfolio available for sale	233,798	214,232
- Portfolio to maturity	67,040	34,943
Total cash and cash equivalents	524,638	493,227

35. ASSETS FOR AND ON BEHALF

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Total sources	12,085	12,200
Less: assets	(11,707)	(11,887)
Assets not spent	378	313

The Bank manages assets for and on behalf of third parties, mainly placed as credits/loans. These assets are kept on books separate from Bank assets, Income and expenses based on these assets are entered in books for the benefit or burdening appropriate sources, while the Bank did not take over any appertaining risk. The Bank charged fees for its part, which was collected through burdening these assets.

36. RELATED PARTY TRANSACTIONS

Related parties are those in which one party manages the other or has a significant influence on financial and business decisions of the other. Regular business includes banking transactions with related parties, which include allocation of credits/loans and receiving deposits. The above transactions are performed under commercial conditions and using market rates and prices. Total amount of transactions with related parties, items remaining open at the end of the year and related income and expenses for the year are as follows:

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Loans and advance payments to clients		
Shareholders having 5 or more percent of voting shares	14,515	7,733
Others (employees and associated parties)	3,368	3,708
Total loans and advance payments to clients	17,883	11,441

Potential liabilities

Shareholders having 5 or more percent of voting shares	1,515	0
Others (employees and associated parties)	400	771
Total potential liabilities	1,915	771

Sight deposits

Shareholders having 5 or more percent of voting shares	15	15
Others (employees and associated parties)	82	908
Turbina d.o.o., Slatina	304	328
Total sight deposits	401	1,251

DESCRIPTION	At 31 Dec 2014	At 31 Dec 2013
	HRK '000	HRK '000
Term deposits		
Shareholders having 5 or more percent of voting shares	4,634	4,172
Others (employees and associated parties)	1,222	2,393
Turbina d.o.o., Slatina	3,507	3,388
Total term deposits	9,363	9,953
Other assets		
Shareholders having 5 or more percent of voting shares	11,295	11,291
Turbina d.o.o., Slatina	5,425	5,552
Total other assets	16,270	16,843
Other liabilities		
Shareholders having 5 or more percent of voting shares	23,995	23,093
Turbina d.o.o., Slatina	10	3
Total other liabilities	24,005	23,096
Income		
Shareholders having 5 or more percent of voting shares	1,228	669
Members of the Supervisory Board and associated parties	0	18
Others (employees and associated parties)	293	317
Turbina d.o.o., Slatina	8	8
Total income	1,529	1,012
Expenses		
Shareholders having 5 or more percent of voting shares	914	1,374
Others (employees and associated parties)	26	209
Turbina d.o.o., Slatina	286	183
Total expenses	1,226	1,766

Management Board salaries are shown as follows:

DESCRIPTION	2014	2013
	HRK '000	HRK '000
Net salaries	862	1,614
Taxes and contributions	849	1,691
Total	1,711	3,305

VI. MANAGING FINANCIAL RISKS

This Note shows details of Bank's exposure to risks which arise from unpredictability of the financial market as well as briefly described methods which the Management uses for identification, measuring and management of risks. The Bank makes an effort to control the same risks, i.e. to reduce them to lowest possible level. The most significant types of financial risks to which the Bank is exposed are credit risk, liquidity risk and market risk. Market risk includes the risk of interest rate changes, exchange rate changes and price risk (price changes of owner and debt securities)

The risk management system is continually being upgraded at the level of the Bank by introducing new policies and procedures for assessment, measurement, control and management of risks and by determining the limits of risk exposure adjusted to the legal provisions and the Bank's risk profile.

The Bank's Management Board shall be accountable for recognition and control of risk. There are separate bodies and org. parts within the Bank's organisational structure responsible for individual risk management and control.

37. CREDIT RISK

The Bank is exposed to credit risk, which represents the risk of inability of the other side to cover their liabilities in full as they mature. The Bank classifies credit risk by determining limits for the amount of risk taken on which it expects shall emerge with respect to each borrower or a group of borrowers, and divided by industry. The Bank regularly monitors above risks and reassesses them once per year or more often.

The Bank manages credit risk through regular analysis of the ability of existing and potential borrowers to pay back their obligations (equity and interest) and to change credit limits as necessary. In addition, exposure to this risk is also partially regulated through acquiring collateral and corporate/private guarantees.

The purpose of credit liabilities taken over is to ensure availability of assets in accordance with client needs. Guarantees represent non-retractable Bank's obligation of realizing payments to third parties in case the client cannot settle/cover the same; they carry the same credit risk as credits/loans.

Credit liabilities taken over represent unused approved amounts in the form of credits/loans or guarantees. In connection with credit risk tied to credit liabilities taken over, the Bank is potentially exposed to losses in the amount equal to total unused liabilities taken over. However, the probable amount of losses is lower than the total amount of unused liabilities taken over because most of credit liabilities taken over are tied to maintaining specific credit-based standards by the client. The Bank monitors the period to maturity of credit liabilities taken over, since these long-term liabilities generally represent a greater credit risk than short-term ones.

Maximum credit risk exposure before lien/mortgage or other insurance instruments at 31 December 2014 is shown as follows:

DESCRIPTION	Gross placements HRK '000	Individual reserves HRK '000	Joint reserves HRK '000	Net placements HRK '000
Exposure to credit risk relating to balance assets is as follows:				
Cash assets	194,673	0	0	194,673
Receivables from the Croatian National Bank	101,785	0	0	101,785
Placements to banks	1,383	0	0	1,383
Financial assets available for sale	238,548	0	0	238,548
Financial assets held to maturity	81,834	(1,270)	(505)	80,059
Loans and advance payments to clients				
- Companies	338,709	(38,759)	(2,218)	297,732
- Individuals	432,849	(27,330)	(5,062)	400,457
- Other entities	39,372	0	(229)	39,143
Other assets	19,631	(5,177)	(28)	14,426
Total balance exposure	1,448,783	(72,536)	(8,042)	1,368,205

Exposure to credit risk relating to off-balance assets is as follows:

Guarantees	7,974	0	(80)	7,894
Letters of credit	213	0	(2)	211
Credit and other liabilities taken over	46,044	(1)	(1,174)	44,869
Total off-balance exposure:	54,231	(1)	(1,256)	52,974
Total as at 31 December	1,503,014	(72,537)	(9,298)	1,421,179

Maximum credit risk exposure before lien/mortgage or other insurance instruments at 31 December 2013 is shown as follows:

DESCRIPTION	Gross placements	Individual reserves	Joint reserves	Net placements
	HRK '000	HRK '000	HRK '000	HRK '000
Exposure to credit risk relating to balance assets is as follows:				
Cash assets	202,130	0	0	202,130
Receivables from the Croatian National Bank	109,611	0	0	109,611
Placements to banks	42,608	0	0	42,608
Financial assets available for sale	214,232	0	0	214,232
Financial assets held to maturity	89,423	(1,275)	(592)	87,556
Loans and advance payments to clients				
- Companies	382,584	(27,423)	(2,904)	352,257
- Individuals	434,860	(26,372)	(5,450)	403,038
- Other entities	42,637	0	(245)	42,392
Other assets	20,064	(4,845)	(43)	15,176
Total balance exposure	1,538,149	(59,915)	(9,234)	1,469,000

Exposure to credit risk relating to off-balance assets is as follows:

Guarantees	12,667	0	(142)	12,525
Letters of credit	198	0	(2)	196
Credit and other liabilities taken over	52,919	(7)	(1,171)	51,741
Total off-balance exposure:	65,784	(7)	(1,315)	64,462
Total as at 31 December	1,603,933	(59,922)	(10,549)	1,533,462

Overview of unpaid matured receivables as at 31 December 2014 is shown as follows

DESCRIPTION	Maturity							TOTAL
	Matured up to 30 days	Matured 31-90 days	Matured 91-180 days	Matured 181-365 days	Matured 1-2 years	Matured 2-3 years	Matured over 3 years	
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	
Placements to banks	0	0	0	0	0	0	0	0
Loans and advance payments to clients								
- Companies	5,960	9,442	3,800	20,129	14,788	28,697	31,394	114,210
- Individuals	3,541	4,010	2,994	8,853	3,081	3,272	22,466	48,217
- Other entities	677	75	0	0	0	0	86	838
Financial assets held to maturity	1	0	0	0	0	1,525	0	1,526
Other matured receivables	0	2	20	42	55	79	273	471
Total unpaid matured receivables	10,179	13,529	6,814	29,024	17,924	33,573	54,219	165,262
Off-balance interest (matured)	186	139	465	1,860	2,812	10,054	41,652	57,168

Overview of unpaid matured receivables as at 31 December 2013 is shown as follows:

DESCRIPTION	Maturity							TOTAL
	Matured up to 30 days	Matured 31-90 days	Matured 91-180 days	Matured 181-365 days	Matured 1-2 years	Matured 2-3 years	Matured over 3 years	
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	
Placements to banks	0	0	0	0	0	0	0	0
Loans and advance payments to clients								
- Companies	5,749	4,649	7,998	18,821	28,697	5,603	28,614	100,131
- Individuals	2,603	3,151	2,066	3,165	3,843	6,281	18,218	39,327
- Other entities	481	4	0	0	0	0	0	485
Financial assets held to maturity	4	1	0	1	1,667	0	0	1,673
Other matured receivables	261	136	19	19	62	72	189	758
Total unpaid matured receivables	9,098	7,941	10,083	22,006	34,269	11,956	47,021	142,374
Off-balance interest (matured)	7	10	277	1,480	5,453	3,504	33,428	44,159

Placements to banks, loans and advance payments to clients

Summary of credit exposure with respect to the level of possibility of coverage as at 31 December 2014 is shown as follows:

DESCRIPTION	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Not matured and value not decreased	1,383	202,464	372,179	38,534	614,560
Matured and value not decreased	0	19,619	11,651	752	32,022
Individual value decreased	0	116,626	49,019	86	165,731
Gross	1,383	338,709	432,849	39,372	812,313
Decreased for provisioning	0	(40,977)	(32,392)	(229)	(73,598)
Net	1,383	297,732	400,457	39,143	738,715

Summary of credit exposure with respect to the level of possibility of coverage as at 31 December 2013 is shown as follows:

DESCRIPTION	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Not matured and value not decreased	42,608	274,078	381,974	42,152	740,812
Matured and value not decreased	0	16,665	6,053	485	23,203
Individual value decreased	0	91,841	46,833	0	138,674
Gross	42,608	382,584	434,860	42,637	902,689
Decreased for provisioning	0	(30,327)	(31,822)	(245)	(62,394)
Net	42,608	352,257	403,038	42,392	840,295

Placements to banks and loans and advance payments to clients whose value has not been decreased

Credit quality of placements to banks portfolio, and loans and advance payments to clients that have not matured nor has their value decreased, may be estimated based on the Bank-adopted internal system of estimation and placement allocation.

It shall be considered that the value of placements to banks and loans and advances matured, with maturation of up to 90 days, has not decreased unless other information pointing to otherwise is available.

Gross amount of placements to banks and loans and advances to clients which have matured, but whose value has not decreased as at 31 December 2014 is shown as follows:

DESCRIPTION	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Not matured and value not decreased	1,383	202,464	372,179	38,534	614,560
TOTAL	1,383	202,464	372,179	38,534	614,560
Matured and value not decreased					
Maturity up to 30 days	0	5,955	3,528	678	10,161
Maturity 31-90 days	0	9,015	3,910	74	12,999
Maturity over 90 days	0	4,649	4,213	0	8,862
TOTAL	0	19,619	11,651	752	32,022
GRAND TOTAL	1,383	222,083	383,830	39,286	646,582
Fair value of lien/mortgage	0	163,742	108,686	3,263	275,691
Receivables (claims) insured with an insurance company	0	0	185,618	0	185,618

Gross amount of placements to banks and loans and advances to clients which have matured, but whose value has not decreased as at 31 December 2013 is shown as follows:

DESCRIPTION	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Not matured and value not decreased	42,608	274,078	381,974	42,152	740,812
TOTAL	42,608	274,078	381,974	42,152	740,812
Matured and value not decreased					
Maturity up to 30 days	0	5,742	2,600	481	8,823
Maturity 31-90 days	0	2,645	3,145	4	5,794
Maturity over 90 days	0	8,278	308	0	8,586
TOTAL	0	16,665	6,053	485	23,203
GRAND TOTAL	42,608	290,743	388,027	42,637	764,015
Fair value of lien/mortgage	0	227,833	47,838	0	275,671
Receivables (claims) insured with an insurance company	0	0	172,601	0	172,601

Placements to banks and loans and advance payments to clients whose value has individually decreased - as at 31 December 2014

DEBT AGE	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Maturity up to 30 days	0	5	13	0	18
Maturity 31-90 days	0	427	100	0	527
Maturity 91-180 days	0	3,800	2,950	0	6,750
Maturity 181-365 days	0	16,068	4,685	0	20,753
Maturity 1-2 years	0	14,788	3,081	0	17,869
Maturity 2-3 years	0	28,697	3,272	0	31,969
Maturity over 3 years	0	30,806	22,466	86	53,358
TOTAL MATURED	0	94,591	36,567	86	131,244
Pertinent non-matured debt	0	22,035	12,452	0	34,487
TOTAL	0	116,626	49,019	86	165,731
Decreased for provisioning	0	(38,759)	(27,330)	0	(66,089)
Net	0	77,867	21,689	86	99,642
Fair value of lien/mortgage	0	99,457	14,153	81	113,691
Receivables (claims) insured with an insurance company	0	0	9,477	0	9,477

- as at 31 December 2013

DEBT AGE	Placements to banks	Loans and advance payments to companies	Loans and advance payments to individuals	Loans and advance payments to other entities	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
Maturity up to 30 days	0	6	2	0	8
Maturity 31-90 days	0	2,005	6	0	2,011
Maturity 91-180 days	0	6,994	1,891	0	8,885
Maturity 181-365 days	0	11,547	3,033	0	14,580
Maturity 1-2 years	0	28,697	3,843	0	32,540
Maturity 2-3 years	0	5,603	6,281	0	11,884
Maturity over 3 years	0	28,614	18,218	0	46,832
TOTAL MATURED	0	83,466	33,274	0	116,740
Pertinent non-matured debt	0	8,375	13,559	0	21,934
TOTAL	0	91,841	46,833	0	138,674
Decreased for provisioning	0	(30,327)	(31,822)	(245)	(62,394)
Net	0	61,514	15,011	(245)	76,280
Fair value of lien/mortgage	0	76,507	10,938	0	87,445
Receivables (claims) insured with an insurance company	0	0	1,823	0	1,823

38. INTEREST RISK

The following table shows assets and liabilities of the Bank as per book value, categorised at contractually changed price or maturity, depending on which term is earlier, as at 31 December 2014

2014	Not sensitive to interest rate changes	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	TOTAL
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS							
Cash assets	28,487	194,618	0	0	0	0	223,105
Receivables from the Croatian National Bank	101,785	0	0	0	0	0	101,785
Placements to banks	1	541	153	688	0	0	1,383
Financial assets available for sale	5,473	25,795	29,500	155,053	5,226	17,500	238,547
Financial assets held to maturity	0	1,113	65,553	13,393	0	0	80,059
Loans and advance payments to clients	16,307	50,827	57,281	127,301	282,456	203,159	737,331
Investments in related company	5,425	0	0	0	0	0	5,425
Real property, plants and equipment	26,417	0	0	0	0	0	26,417
Intangible assets	6,040	0	0	0	0	0	6,040
Assets taken over	8,555	0	0	0	0	0	8,555
Other assets	17,692	0	0	0	0	0	17,692
Total assets	216,182	272,894	152,487	296,435	287,682	220,659	1,446,339
LIABILITIES							
Sight deposits	441	36	0	191,191	0	0	191,668
Term deposits	38,760	171,778	175,951	434,515	93,658	9,814	924,476
Credit liabilities	190	36,785	13,346	12,169	41,768	36,334	140,592
Other liabilities	11,361	0	0	0	0	0	11,361
Provisions	3,978	0	0	0	0	0	3,978
Total liabilities	54,730	208,599	189,297	637,875	135,426	46,148	1,272,075
CAPITAL							
Capital stock	91,897	0	0	0	0	0	91,897
Own/treasury shares	(6,592)	0	0	0	0	0	(6,592)
Revaluation reserves	(18)	0	0	0	0	0	(18)
Capital gain	149	0	0	0	0	0	149
Reserves	15,182	0	0	0	0	0	15,182
Retained earnings	73,257	0	0	0	0	0	73,257
Profit of current year	389	0	0	0	0	0	389
Total capital	174,264	0	0	0	0	0	174,264
Total liabilities and capital	228,994	208,599	189,297	637,875	135,426	46,148	1,446,339
NET ASSETS/LIABILITIES AND CAPITAL	(12,812)	64,295	(36,810)	(341,440)	152,256	174,511	0

The following table shows assets and liabilities of the Bank as per book value, categorised at contractually changed price or maturity, depending on which term is earlier, as at 31 December 2013.

2013	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Without interest	TOTAL
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS							
Cash assets	176,545	0	0	0	0	25,585	202,130
Receivables from the Croatian National Bank	0	0	0	0	0	109,611	109,611
Placements to banks	41,920	0	685	0	0	3	42,608
Financial assets available for sale	25,659	30,494	141,545	10,554	3,819	2,161	214,232
Financial assets held to maturity	1,681	33,683	25,544	26,648	0	0	87,556
Loans and advance payments to clients	54,659	67,040	158,808	277,251	239,046	883	797,687
Investments in related company	0	0	0	0	0	5,551	5,551
Real property, plants and equipment	0	0	0	0	0	26,929	26,929
Intangible assets	0	0	0	0	0	6,502	6,502
Assets taken over	0	0	0	0	0	6,975	6,975
Other assets	0	0	0	0	0	15,176	15,176
Total assets	300,464	131,217	326,582	314,453	242,865	199,376	1,514,957
LIABILITIES							
Liabilities toward banks	0	0	0	0	0	0	0
Sight deposits	36	0	201,479	0	0	477	201,992
Term deposits	211,213	200,734	427,011	71,363	9,100	35,547	954,968
Credit liabilities	32,515	8,404	39,646	34,640	51,252	131	166,588
Other liabilities	0	0	0	0	0	13,103	13,103
Provisions	0	0	0	0	0	3,839	3,839
Total liabilities	243,764	209,138	668,136	106,003	60,352	53,097	1,340,490
CAPITAL							
Capital stock	0	0	0	0	0	91,897	91,897
Own/treasury shares	0	0	0	0	0	(6,592)	(6,592)
Revaluation reserves	0	0	0	0	0	149	149
Capital gain	0	0	0	0	0	574	574
Reserves	0	0	0	0	0	15,182	15,182
Retained earnings	0	0	0	0	0	72,859	72,859
Profit of current year	0	0	0	0	0	398	398
Total capital	0	0	0	0	0	174,467	174,467
Total liabilities and capital	243,764	209,138	668,136	106,003	60,352	227,564	1,514,957
NET ASSETS/LIABILITIES AND CAPITAL	56,700	(77,921)	(341,554)	208,450	182,513	(28,188)	0

The table below shows valid interest rates for interest-yielding assets and liabilities:

DESCRIPTION	2014	2013
	%	%
Assets		
Receivables from the Croatian National Bank	0	0
Placements to banks	0.01 - 0.95	0.01 - 1.00
Financial assets held to maturity	1.90 - 9.00	1.90 - 10.00
Loans and advance payments to clients	1.00 - 15.00	1.00 - 15.00
Liabilities		
Liabilities toward banks	0	0
Sight deposits	0.05 - 1.00	0.05 - 2.50
Term deposits	0.30 - 5.20	0.50 - 6.10
Liabilities by credit	0.00 - 5.00	0.00 - 5.00

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value represents the amount which some assets may be traded for or a liability covered, in the best interest of both sides. Since market prices are not accessible (possible) for a greater part of financial assets and liabilities of the Bank, fair value of such assets and liabilities shall be based on estimates of the management, as per type of asset/liability. According to Management estimate, market values do not differ significantly from their book value in all categories of assets and liabilities.

40. CONCENTRATION OF ASSETS, LIABILITIES AND OFF-BALANCE ENTRIES

DESCRIPTION	31 December 2014			31 December 2013		
	Assets	Liabilities and capital	Off-balance entries	Assets	Liabilities and capital	Off-balance entries
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000

Geographical region

Republic of Croatia	1,351,627	1,248,400	54,231	1,401,037	1,493,479	65,784
Europe	94,712	23,675	0	113,920	21,478	0
Other	0	174,264	0	0	0	0
Total geographical region	1,446,339	1,446,339	54,231	1,514,957	1,514,957	65,784

Sector

Republic of Croatia	71,373	33,822	230	75,652	44,404	1,327
CNB	178,840	0	0	172,064	0	0
Trade	150,574	13,424	3,419	174,336	13,531	7,441
Finances	219,218	141,063	5,130	58,315	193,503	7,320
Tourism	15,653	1,662	547	16,831	972	579
Agriculture, fishing	93,425	4,853	3,982	100,938	4,445	1,374
Industry	88,312	7,304	2,909	153,456	14,802	10,164
Individuals (including tradesmen and other independent enterprises)	389,049	979,929	28,030	415,201	958,981	25,555
Non-residents	94,712	23,675	0	113,920	21,478	0
Other	145,183	240,607	9,984	234,244	262,841	12,024
Total sector analysis	1,446,339	1,446,339	54,231	1,514,957	1,514,957	65,784

41. CURRENCY RISK

Foreign currency assets and liabilities of the Bank as at 31 December 2014 are shown as follows:

2014					HRK with currency clause		Total for, cur, equivalents		HRK		Total	
	EUR	USD	Other currencies									
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS												
Cash assets	126,746	7,328	11,588	0	145,662	77,443	223,105					
Receivables from the Croatian National Bank	12,841	0	0	0	12,841	88,944	101,785					
Placements to banks	841	0	542	0	1,383	0	1,383					
Financial assets available for sale	0	0	0	90,041	90,041	148,506	238,547					
Financial assets held to maturity	29,184	0	0	0	29,184	50,875	80,059					
Loans and advance payments to clients	104	0	0	504,178	504,282	233,049	737,331					
Investments in related company	0	0	0	0	0	5,425	5,425					
Real property, plants and equipment	0	0	0	0	0	26,417	26,417					
Intangible assets	0	0	0	0	0	6,040	6,040					
Assets taken over	0	0	0	0	0	8,555	8,555					
Other assets	0	0	0	0	0	17,692	17,692					
Total assets	169,716	7,328	12,130	594,219	783,393	662,946	1,446,339					
LIABILITIES												
Liabilities toward banks	0	0	0	0	0	0	0					
Sight deposits	54,353	1,318	3,730	0	59,401	132,267	191,668					
Term deposits	649,136	6,050	7,333	27,259	689,778	234,698	924,476					
Credit liabilities	0	0	0	47,853	47,853	92,739	140,592					
Other liabilities	0	0	0	0	0	11,361	11,361					
Provisions	0	0	0	0	0	3,978	3,978					
Total liabilities	703,489	7,368	11,063	75,112	797,032	475,043	1,272,075					
CAPITAL												
Capital stock	0	0	0	0	0	91,897	91,897					
Own/treasury shares	0	0	0	0	0	(6,592)	(6,592)					
Revaluation reserves	0	0	0	0	0	(18)	(18)					
Capital gain	0	0	0	0	0	149	149					
Reserves	0	0	0	0	0	15,182	15,182					
Retained earnings	0	0	0	0	0	73,257	73,257					
Profit of current year	0	0	0	0	0	389	389					
Total capital	0	0	0	0	0	174,264	174,264					
Total liabilities and capital	703,489	7,368	11,063	75,112	797,032	649,307	1,446,339					
NET ASSETS/LIABILITIES AND CAPITAL	(533,773)	(40)	1,067	519,107	(13,639)	13,639	0					

Foreign currency assets and liabilities of the Bank as at 31 December 2013 are shown as follows:

2013	EUR	USD	Other currencies	HRK with currency clause	Total for, cur, equivalents	HRK	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS							
Cash assets	111,280	1,559	10,693	0	123,532	78,598	202,130
Receivables from the Croatian National Bank	13,457	0	0	0	13,457	96,154	109,611
Placements to banks	31,238	4,994	1,376	0	37,608	5,000	42,608
Financial assets available for sale	0	0	0	85,219	85,219	129,013	214,232
Financial assets held to maturity	28,160	0	0	0	28,160	59,396	87,556
Loans and advance payments to clients	0	0	0	517,875	517,875	279,812	797,687
Investments in related company	0	0	0	0	0	5,551	5,551
Real property, plants and equipment	0	0	0	0	0	26,929	26,929
Intangible assets	0	0	0	0	0	6,502	6,502
Assets taken over	0	0	0	0	0	6,975	6,975
Other assets	0	0	0	0	0	15,176	15,176
Total assets	184,135	6,553	12,069	603,094	805,851	709,106	1,514,957
LIABILITIES							
Liabilities toward banks	0	0	0	0	0	0	0
Sight deposits	57,272	828	3,672	0	61,772	140,220	201,992
Term deposits	661,321	6,140	7,164	25,968	700,593	254,375	954,968
Credit liabilities	11,075	0	0	54,283	65,358	101,230	166,588
Other liabilities	0	0	0	0	0	13,103	13,103
Provisions	0	0	0	0	0	3,839	3,839
Total liabilities	729,668	6,968	10,836	80,251	827,723	512,767	1,340,490
CAPITAL							
Capital stock	0	0	0	0	0	91,897	91,897
Own/treasury shares	0	0	0	0	0	(6,592)	(6,592)
Revaluation reserves	0	0	0	0	0	574	574
Capital gain	0	0	0	0	0	149	149
Reserves	0	0	0	0	0	15,182	15,182
Retained earnings	0	0	0	0	0	72,859	72,859
Profit of current year	0	0	0	0	0	398	398
Total capital	0	0	0	0	0	174,467	174,467
Total liabilities and capital	729,668	6,968	10,836	80,251	827,723	687,234	1,514,957
NET ASSETS/LIABILITIES AND CAPITAL	(545,533)	(415)	1,233	522,843	(21,872)	21,872	0

42. LIQUIDITY RISK

Remaining maturity of assets and liabilities of the Bank as at 31 December 2014 is shown as follows:

2014	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS						
Cash assets	223,105	0	0	0	0	223,105
Receivables from the Croatian National Bank	0	38,126	37,917	23,874	1,868	101,785
Placements to banks	542	153	688	0	0	1,383
Financial assets available for sale	233,798	0	0	0	4,749	238,547
Financial assets held to maturity	1,503	65,538	12,583	0	435	80,059
Loans and advance payments to clients	141,497	50,414	117,382	211,061	216,977	737,331
Investments in related company	0	0	0	0	5,425	5,425
Real property, plants and equipment	0	0	0	0	26,417	26,417
Intangible assets	0	0	0	0	6,040	6,040
Assets taken over	0	0	0	0	8,555	8,555
Other assets	16,130	140	453	551	418	17,692
Total assets	616,575	154,371	169,023	235,486	270,884	1,446,339
LIABILITIES						
Liabilities toward banks	0	0	0	0	0	0
Sight deposits	191,668	0	0	0	0	191,668
Term deposits	180,664	180,239	421,894	122,735	18,944	924,476
Credit liabilities	25,330	3,997	13,766	56,787	40,712	140,592
Other liabilities	11,361	0	0	0	0	11,361
Provisions	1,175	13	41	2,745	4	3,978
Total liabilities	410,198	184,249	435,701	182,267	59,660	1,272,075
CAPITAL						
Capital stock	0	0	0	0	91,897	91,897
Own/treasury shares	0	0	0	0	(6,592)	(6,592)
Revaluation reserves	0	0	0	0	(18)	(18)
Capital gain	0	0	0	0	149	149
Reserves	0	0	0	0	15,182	15,182
Retained earnings	0	0	0	0	73,257	73,257
Profit of current year	0	0	0	0	389	389
Total capital	0	0	0	0	174,264	174,264
Total liabilities and capital	410,198	184,249	435,701	182,267	233,924	1,446,339
NET ASSETS/LIABILITIES AND CAPITAL	206,377	(29,878)	(266,678)	53,219	36,960	0

Remaining maturity of assets and liabilities of the Bank as at 31 December 2014 is shown as follows:

2013	Up to 1 month	1 to 3 months	3 to 12 months	1 to 3 years	Over 3 years	Total
	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000	HRK '000
ASSETS						
Cash assets	202,130	0	0	0	0	202,130
Receivables from the Croatian National Bank	0	42,792	38,563	25,907	2,349	109,611
Placements to banks	41,922	0	686	0	0	42,608
Financial assets available for sale	200,515	0	0	0	13,717	214,232
Financial assets held to maturity	2,117	32,820	24,458	28,161	0	87,556
Loans and advance payments to clients	149,532	53,007	145,424	205,300	244,424	797,687
Investments in related company	0	0	0	0	5,551	5,551
Real property, plants and equipment	0	0	0	0	26,929	26,929
Intangible assets	0	0	0	0	6,502	6,502
Assets taken over	0	0	0	0	6,975	6,975
Other assets	12,670	154	85	0	2,267	15,176
Total assets	608,886	128,773	209,216	259,368	308,714	1,514,957
LIABILITIES						
Liabilities toward banks	0	0	0	0	0	0
Sight deposits	201,992	0	0	0	0	201,992
Term deposits	217,441	205,714	404,314	113,722	13,777	954,968
Credit liabilities	21,537	8,492	39,764	34,557	62,238	166,588
Other liabilities	13,103	0	0	0	0	13,103
Provisions	0	0	0	3,839	0	3,839
Total liabilities	454,073	214,206	444,078	152,118	76,015	1,340,490
CAPITAL						
Capital stock	0	0	0	0	91,897	91,897
Own/treasury shares	0	0	0	0	(6,592)	(6,592)
Revaluation reserves	0	0	0	0	574	574
Capital gain	0	0	0	0	149	149
Reserves	0	0	0	0	15,182	15,182
Retained earnings	0	0	0	0	72,859	72,859
Profit of current year	0	0	0	0	398	398
Total capital	0	0	0	0	174,467	174,467
Total liabilities and capital	454,073	214,206	444,078	152,118	250,482	1,514,957
NET ASSETS/LIABILITIES AND CAPITAL	154,813	(85,433)	(234,862)	107,250	58,232	0

43. CAPITAL MANAGEMENT

Managing capital

Credit institutions in the Republic of Croatia are from 1 January 2014 required to calculate and report the prudential requirements in accordance with Regulation (EU) No. 575/2013, Directive 2013/36 / EU, Implementing technical standards and other relevant regulations of the European supervisory authorities for banking ("EBA") and also, the local regulator, the CNB.

The regulatory capital of the Bank is entirely comprised of share capital, which includes equity created by issuing common stock, capital gains, retained earnings, reserves impaired for acquired own shares, intangible assets, unrealized losses on changes in fair value of financial assets available for sale and the approved amount of loans granted for the purchase of own shares.

The prescribed minimum capital ratios in accordance with Art. 92. Regulation (EU) No. 575/2013 are the following:

- The rate of regular share capital 4.5% of total risk exposure
- The rate of core capital 6% of the total risk exposure
- The rate of the total capital of 8% of the total risk exposure

In addition to the set of minimum regulatory capital adequacy and according to Art. 117 and 130 of the Credit Institutions Act and Articles. 129 and 133 of Directive 2013/36 / EU, the Bank is also obliged to provide the following protective layers of capital:

- Cover for the preservation of capital of 2.5% of the total risk exposure
- Cover for structural system risk of 1.5% of the total risk exposure

Supervisory assessment of the required rate of the total capital amounted to 15.65% (12% + 3.65% Regulatory cover for 2014).

In the comparative year, on 31 December 2013, the Bank is obliged to maintain a minimum capital adequacy ratio of 12% of the total risk exposure.

DESCRIPTION	Basel III 31 December 2014	Basel II 31 December 2013
	HRK '000	HRK '000
Ordinary shares paid-in	91,897	91,897
Own/treasury shares	(6,592)	(6,592)
Regular and non-cumulative preferred shares	85,305	85,305
Reserves	15,182	15,182
Capital profit from purchase and sale of own shares	149	149
Retained earning	73,257	72,859
Reserves and retained earnings	88,588	88,190
Intangible assets	(6,039)	(312)
Unreturned amount of credits/loans approved for purchase of credit institution shares	(46)	(90)
Unrealised loss based on value adjustment of financial assets available for sale	(898)	(506)
Other	0	(2,038)
SUPPLEMENTARY CAPITAL I	166,910	170,549
SUPPLEMENTARY CAPITAL II	0	0
GUARANTEE CAPITAL	166,910	170,549
RATE OF ADEQUACY OF GUARANTEE CAPITAL	16.90%	16.95%

VII. EVENTS AFTER THE REPORT DATE

Bank has on 13 February 2015 received the verdict of Supreme Court of Croatia in the case of prosecutor Jugobanka a.d. in bankruptcy Belgrade (litigation described in Note VIII) by which was the audit of the Bank against the judgment of the High Commercial Court of the Republic of Croatia of 30 October 2012 accepted.

After the balance sheet date there were no events that could significantly affect the annual financial statements for 2014, that, consequently, should be published.

VIII. COURT CASES (CLAIMS) AND POTENTIAL LIABILITIES

As at 31 December 2013, ten court claims are currently being held against the Bank; they are all of lesser value except the claim initiated by Jugobanka d.d. in bankruptcy, Belgrade. The Commercial court in Bjelovar rendered its verdict on 19 June 2008 (decision VP-167/08-27), whereby the claim of the plaintiff was dismissed as baseless. Appeal was lodged against this Decision.

At the same time, the plaintiff brought forward a claim for temporary court injunction, to which claim the High Commercial Court of the Republic of Croatia rendered its verdict on 3 June 2008, Decision Pž-3109/08-4, whereby the claim of the plaintiff was dismissed as baseless, and the Decision of the Commercial court in Bjelovar was held up. The High Commercial Court also rendered its verdict on the claim of the plaintiff, as well as the Decision 53 Pž-6092/08-3 as of 30 October 2012, amending a part of the judgment of the Commercial Court in Bjelovar with respect to the question of annulment of the Contract dated 26 October 1992 and decided the Contract is null and void. At the same time, the High Commercial Court dismissed the remainder of the first-instance judgment pertaining to damage claims through a separate decision, feeling that these issues have not been sufficiently argued on, and the case in that part was returned to the Commercial Court in Bjelovar for re-trial, noting that it should be ascertained whether there are any basis for damage compensation, especially due to and with respect to objection to expiration of statute of limitations. The Bank lodged a request for revision against this Decision, due to erroneous use of material law and significant breaches of civil case provisions. In the re-trial, the Commercial Court in Bjelovar rendered its verdict Reg. No. 5 P-9/2013-33 dated 1 August 2013, whereby the plaintiff's claims were dismissed in full as baseless. The plaintiff lodged an appeal against the above ruling. The procedure of the second instance before the High Commercial Court of the Republic of Croatia is on-going.

Croatian Supreme Court, by judgment of 7 May 2014. No Revt 156 / 13-2, reversed the judgment of the High Commercial Court of the Republic of Croatia number: 52.Pž-6092 / 08-3 of 30 October 2012 in the way that the part of the judgment of the Commercial Court in Bjelovar the number P-167 / 08-27 of 19 June 2008, which denied request to establish the nullity of the Assumption Agreement the rights and obligations of 26 October 1992 had dismissed the appeal of the plaintiff as unfounded and in that part confirmed the first-instance judgment. This made the decision of the Commercial Court in Bjelovar on 19 June 2008 in respect of the rejection of the claim Jugobanka a.d. in bankruptcy, Belgrade, for the nullity of the Treaty established in 1992 legal and final.

The Bank reserved assets for said case in accordance with Article 8 Decision on obligatory provisions of assets for court claims against credit institutions (O.G. 1/09, 75/09 and 2/10). Until the Bank in relation to the claim for damages is not had a final judgment in its favor, or judgment, by which would legally reject plaintiff's claim in its entirety as unfounded.

IX. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were signed and authorised for issuing by the Management Board on 20 April 2015:

Signed on behalf of the Board:

Angelina Horvat, President of the Management Board

Marko Brnić, Member of the Management Board

Slatinska banka d.d.
Vladimira Nazora 2
33520 Slatina

Croatia

The block contains two handwritten signatures in blue ink. The first signature is above a horizontal line and the second is below it. To the right of the second signature is a circular blue stamp. The stamp contains the text 'SLATINSKA BANKA D.D.' around the top edge and 'Slatina' around the bottom edge. In the center of the stamp is a stylized logo and the number '3'.

APPENDIX – OTHER LEGAL AND REGULATORY REQUIREMENTS

ADDITIONAL REPORTS FOR THE CROATIAN NATIONAL BANK

In addition are shown annual financial statements of the Bank (the Income Statement for 2014, Balance sheet at 31 December 2014, the Cash Flows Statement for 2014 and the Statement of Changes in Equity for 2014) prescribed by the Decision of the Croatian National Bank regarding structure and content of annual financial reports of banks, prescribed by Croatian National Bank (hereinafter: Decision).

in HRK

INCOME STATEMENT
for the period 1 January 2014 to 31 December 2014

Position	ADS sign	Previous year	Current year
1	2	3	4
1. Interest income	048	88,317,766	79,670,364
2. Interest expenses	049	49,781,738	40,690,141
3. Net interest income (048-049)	050	38,536,028	38,980,223
4. Income from fees and commissions	051	12,187,806	12,217,409
5. Expenses from fees and provisions	052	3,190,231	3,076,927
6. Net income from fees and provisions (051-052)	053	8,997,575	9,140,482
7. Profit / loss from investments in affiliates, associated companies, joint ventures	054	-127,615	-126,240
8. Profit / loss from trading activities	055	2,872,157	2,729,015
9. Profit / loss from derivatives built into	056	-2,337	-215
10. Profit / loss from property which is not traded actively, but is valued at fair value through P & L account	057		
11. Profit / loss from activities in category of property available for sale	058	2,164,590	2,641,341
12. Profit / loss from activities in category which is held to maturity	059		
13. Profit / loss from protection transactions (hedge)	060		
14. Income from investments in affiliates, associated companies and joint ventures	061		
15. Income from other equity investments	062		
16. Profit / loss from accounted foreign exchange differences	063	256,974	-337,089
17. Other income	064	4,199,685	1,257,474
18. Other expense	065	1,440,999	1,316,777
19. General administrative costs and depreciation	066	41,688,178	40,014,509
20. Net income from operations before value adjustment and provisions (050+053 to 064-065-066)	067	13,767,880	12,953,705
21. Cost of value adjustments and provisions for losses	068	13,030,337	12,010,021
22. PROFIT / LOSS BEFORE TAXATION (067-068)	069	737,543	943,684
23. INCOME TAX	070	339,326	554,808
24. PROFIT / LOSS FOR THE CURRENT YEAR (069-070)	071	398,217	388,876
25. Earnings per share	072	0	0

in HRK

BALANCE SHEET
Balance at 31 December 2014

Position	ADS sign	Previous year	Current year
1	2	3	4

ASSETS

1. CASH AND DEPOSITS WITH CNB (002+003)	001	183,056,700	178,839,854
1.1. Cash	002	25,584,924	28,486,403
1.2. Deposits with CNB	003	157,471,776	150,353,451
2. DEPOSITS WITH BANKING INSTITUTIONS	004	151,711,231	137,295,557
3. TREASURY NOTES OF THE MINISTRY OF FINANCE AND TREASURY BILLS OF CNB	005	200,066,130	189,736,703
4. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD FOR TRADING	006	0	0
5. SECURITIES AND OTHER FINANCIAL INSTRUMENTS AVAILABLE FOR SALE	007	28,628,431	58,835,821
6. SECURITIES AND OTHER FINANCIAL INSTRUMENTS HELD TO MATURITY	008	87,509,714	79,622,494
7. SECURITIES AND OTHER FINANCIAL INSTRUMENTS WHICH ARE NOT TRADED ACTIVELY, BUT IS VALUED AT FAIR VALUE THROUGH P & L ACCOUNT	009	0	0
8. DERIVATIVE FINANCIAL ASSETS	010	180	0
9. LOANS TO THE FINANCIAL INSTITUTIONS	011	10,641,418	5,492,134
10. LOANS TO OTHER CUSTOMERS	012	787,442,700	728,358,573
11. INVESTING IN AFFILIATES, ASSOCIATED COMPANIES AND JOINT VENTURES	013	5,551,424	5,425,184
12. FORECLOSED ASSETS	014	6,974,698	8,555,257
13. TANGIBLE ASSETS (LESS DEPRECIATION)	015	27,165,889	26,624,785
14. INTEREST, FEES AND OTHER ASSETS	016	26,208,681	27,552,141
A) TOTAL ASSETS (001+004 to 016)	017	1,514,957,196	1,446,338,503

in HRK

BALANCE SHEET

Balance at 31 December 2014

Position	ADS sign	Previous year	Current year
1	2	3	4
LIABILITIES			
1. LOANS FROM FINANCIAL INSTITUTIONS (019+020)	018	155,159,653	129,023,036
1.1. Short term loans	019	23,093,372	23,631,788
1.2. Long term loans	020	132,066,281	105,391,248
2. DEPOSITS (AOP 022 to 024)	021	1,137,073,296	1,098,472,324
2.1. Deposits on gyro accounts and current accounts	022	122,839,651	115,282,314
2.2. Saving deposits	023	78,681,317	75,945,172
2.3. Term deposits	024	935,552,328	907,244,838
3. OTHER LOANS (026+027)	025	11,074,582	11,109,133
3.1. Short term loans	026	0	0
3.2. Long term loans	027	11,074,582	11,109,133
4. DERIVATIVE FINANCIAL LIABILITIES AND OTHER FINANCIAL LIABILITIES WHICH ARE NOT TRADED	028	3,962	3,169
5. ISSUED EQUITY INSTRUMENTS (030+031)	029	0	0
5.1. Issued short term security equity investments	030	0	0
5.2. Issued long term security equity instruments	031	0	0
6. ISSUED SUBORDINATE INSTRUMENTS	032	0	0
7. ISSUED HYBRID INSTRUMENTS	033	0	0
8. INTEREST, FEES AND OTHER LIABILITIES	034	37,178,865	33,467,051
B) TOTAL LIABILITIES (018+021+025+028+029+032+033+034)	035	1,340,490,358	1,272,074,713
CAPITAL			
1. SHARE CAPITAL	036	85,304,852	85,304,852
2. PROFIT (LOSS) OF THE CURRENT YEAR	037	398,217	388,876
3. RETAINED EARNINGS (LOSS)	038	72,858,689	73,256,906
4. LEGAL RESERVES	039	4,729,423	4,729,423
5. STATUTORY AND OTHER CAPITAL RESERVES	040	10,602,000	10,602,000
6. UNREALIZED PROFIT (LOSS) ON THE BASIS OF VALUE ADJUSTMENT OF FINANCIAL PROPERTY AVAILABLE FOR SALE	041	573,657	-18,267
7. RESERVES ARISEN FROM PROTECTION TRANSACTIONS (HEDGE)	042	0	0
C) TOTAL CAPITAL (036 do 042)	043	174,466,838	174,263,790
D) TOTAL LIABILITIES AND CAPITAL (035+043)	044	1,514,957,196	1,446,338,503

in HRK

**CASH FLOWS STATEMENT - Indirect method
in the period 1 January 2014 to 31 December 2014**

Form
BAN-NTI

company: 42252496579; SLATINSKA BANKA DD

Position	ADS sign		Previous year	Current year
1	2	3	4	5
BUSINESS ACTIVITIES				
1. Cash flow from operating activities before changes in business property (002 to 007)	001		17,946,236	17,184,084
1.1. Profit / loss before tax	002		737,543	943,684
1.2. Impairment and loss provisions	003		13,030,337	12,010,021
1.3. Depreciation	004		4,178,356	4,230,379
1.4. Net unrealized (profit)/loss from financial assets and liabilities at fair value through profit and loss account	005		0	0
1.5. Profit/loss from sale of tangible assets	006		0	0
1.6. Other income / losses	007		0	0
2. Net increase / decrease in business property (009 do 016)	008		-100,386,230	52,536,146
2.1. Deposits with CNB	009		27,558,838	7,118,325
2.2. Treasury notes of Ministry of Finance and treasury bills of CNB	010		-60,183,744	10,329,427
2.3. Deposits at banking institutions and loans to financial institutions	011		-34,888,514	19,564,958
2.4. Loans to other customers	012		-38,161,033	47,074,106
2.5. Securities and other financial instruments held for trading	013		0	0
2.6. Securities and other financial instruments available for sale	014		5,911,926	-30,207,390
2.7. Securities and other financial instruments non actively traded, at fair value through profit and loss account	015		0	0
2.8. Other operating assets	016		-623,703	-1,343,280
3. Net increase / decrease in operating liabilities (018 do 021)	017		78,456,986	-42,313,579
3.1. Demand deposits	018		8,351,504	-7,557,337
3.2. Saving and term deposits	019		72,938,892	-31,043,635
3.3. Derivative financial liabilities and other liabilities which are traded	020		-1,497	-793
3.4. Other liabilities	021		-2,831,913	-3,711,814
4. Net cash flow from business activities before net income tax payment (001+008+017)	022		-3,983,008	27,406,651
5. Paid income tax	023		-339,326	-554,808
6. Net inflow /(outflow) of cash from operating activities (022+023)	024		-4,322,334	26,851,843

in HRK

**CASH FLOWS STATEMENT - Indirect method
in the period 1 January 2014 to 31 December 2014**

Form
BAN-NTI

company: 42252496579; SLATINSKA BANKA DD

Position	ADS sign		Previous year	Current year
1	2	3	4	5

INVESTMENT ACTIVITIES

7. Net cash flow from investment activities (026 to 030)	025		-1,327,041	2,743,626
7.1. Receivables from sale / payments for purchase of tangible and intangible assets	026		2,956,663	-5,269,834
7.2. Receivables from sale / payments for purchase of investments into subsidiaries, related companies and joint ventures	027		127,615	126,240
7.3. Receivables from collection / payments for purchase of securities and other financial instruments held to maturity	028		-4,411,319	7,887,220
7.4. Received dividends	029		0	0
7.5. Other receivables / payments from investment activities	030		0	0

FINANCING ACTIVITIES

8. Net cash flow from financing activities (032 to 037)	031		3,822,479	-26,693,990
8.1. Net increase / decrease/ of received loans	032		5,048,216	-26,102,066
8.2. Net increase / decrease/ from the issue of equity and debt financial instruments	033		0	0
8.3. Net increase / decrease/ in subordinated and hybrid instruments	034		0	0
8.4. Receipts from emission of share capital	035		0	0
8.5. Paid off dividends	036		0	0
8.6. Other receipts / payments from financing activities	037		-1,225,737	-591,924
9. Net increase /decrease of cash and cash equivalents (024+025+031)	038		-1,826,896	2,901,479
10. Effects of changes in foreign currencies on cash and cash equivalents	039		0	0
11. Net increase/(decrease) in cash and cash equivalents (038+039)	040		-1,826,896	2,901,479
12. Cash and cash equivalents at the beginning of the year	041		27,411,820	25,584,924
13. Cash and cash equivalents at the end of the year (040+041)	042		25,584,924	28,486,403

in HRK

STATEMENT OF CHANGES IN EQUITY from 1 January 2014 to 31 December 2014

company: 42252496579; SLATINSKA BANKA DD

Form BAN-PK

Position	ADS sign	Serial No.	Available to the shareholders of parent company					Profit / loss of the current year	Retained earnings / loss	Legal, statutory and other reserves	Treasury shares	Share capital	Unrealized profit/loss on the basis of value adjustment of financial assets available for sale	Minority interest	Total capital i reserves
			2	3	4	5	6	7	8	9	10	11			
1															
Balance at 1 January current year	001				91,897,200	-6,592,347	15,331,423	72,858,688	398,217	573,657				0	174,466,838
Changes in accounting policies and correction of errors	002														
Corrected balance at 1 January current year (001+002)	003				91,897,200	-6,592,347	15,331,423	72,858,688	398,217	573,657				0	174,466,838
Sale of financial assets available for sale	004														
Change in fair value of financial assets available for sale	005												-591,924		-591,924
Tax to items directly recognized or transferred from capital and reserves	006														
Other gains/losses directly recognized in capital and reserves	007														
Net gains/losses directly recognized in capital and reserves (004+005+006+007)	008				0	0	0	0	0	-591,924				0	-591,924
Profit/(loss) for the current year	009								388,876						388,876
Total recognized income and expenses for the current year (008+009)	010				0	0	0	0	388,876	-591,924				0	-203,048
Increase/decrease in share capital	011														
Purchase/sale of treasury shares	012														
Other changes	013														
Transfer to reserves	014							398,217	-398,217						0
Pay off of dividends	015														
Allocation of profit (014+015)	016				0	0	0	398,217	-398,217	0				0	0
Balance at 31 December (003+010+011+012+013+016)	017				91,897,200	-6,592,347	15,331,423	73,256,905	388,876	-18,267				0	174,263,790

The following is adjustment of annual financial statements prepared in accordance with the reporting and annual financial statements framework prescribed by the Decision of the CNB on the structure and the contents of annual financial statements:

Auditors report	Amount	Reports as per the Decision of the CNB	Amount	Difference	Explanation
	HRK '000		HRK '000	HRK '000	HRK '000
Interest income	79,672	Interest income	79,670	2	Net currency rate differentials based on interest income
Interest expenses	40,639	Interest expenses	40,690	51	Net currency rate differentials based on interest expenses
Income from commissions and fees	12,217	Income from commissions and fees	12,217	0	
Fee and commission expenses	3,077	Fee and commission expenses	3,077	0	
Net income from currency rate differentials	2,318	Profit/loss from trading	2,729	(2)	Net currency rate differentials based on interest income
		Profit/loss from built-in derivatives	0	(51)	Net currency rate differentials based on interest expenses
		Profit/loss from calculated currency rate differentials	(337)	(74)	(21)
Other income from regular business transactions		Profit / loss from activities in category of assets available for sale	2,641		
	3,898	Other income	1,257	0	
Other business expenses		Other income	1,317		
	41,128	General administrative expenses and depreciation	40,015	204	Provisions for court cases (litigation costs)
Expenses of value adjustments and provisions		Profit (loss) from investing into subsidiaries, related companies and joint ventures	(126)	(204)	Provisions for court cases (litigation costs)
	12,317	Expenses of value adjustments and provisions for losses	12,008	(183)	21
Profit before taxes	944	Profit before taxation a	944	0	0
Profit/company tax	555	Profit/company tax	555	0	
Profit after taxation	389	Profit after taxation	389		

Auditors report	Amount		Reports as per the Decision of the CNB		Amount		Difference		Explanation	
	HRK '000	Assets	HRK '000	Assets	HRK '000	Assets	HRK '000	Assets	HRK '000	Assets
Cash assets	223,105	Cash			28,486		194,619		58,705	Giro account (coverage account) at the CNB)
Receivables from the Croatian National Bank	101,785	Deposits with the CNB			150,353		(48,568)		94,657	Sight deposits with foreign banks
Placements to banks	1,383	Deposits with banking institutions							41,256	Sight deposits with Croatian banks
Financial assets held to maturity	80,059	Securities and other financial instruments held to maturity			79,623		436		(58,705)	Giro account (coverage account) at the CNB
Financial assets available for sale	238,547	Monetary Fund treasury notes and CNB financial papers			189,737		(10,026)		10,137	Obligatory CNB financial papers
Loans and advance payments to clients	737,331	Securities and other financial instruments available for sale			58,836				(94,657)	Sight deposits with foreign banks
Investments in subsidiaries	5,425	Credits/loans to financial institutions			137,296		(141,405)		(5,492)	Credits/loans to non-banking financial institutions
Assets taken over	8,555	Securities and other financial instruments available for sale			5,492				(41,256)	Sight deposits with Croatian banks
Real property, plants and equipment	26,417	Securities and other financial instruments available for sale			728,359		8,972		436	Interest
Intangible assets	6,040	Credits/loans to other clients							(10,137)	Obligatory CNB financial papers
Other assets	17,692	Investments in branches			5,425		0		112	Interest
Total assets	1,446,339	Assets taken over			8,555		0		5,492	Credits/loans to non-banking financial institutions
		Material assets (less depreciation)			26,625		(208)		3,480	Interest
		Interest, fees and other assets			27,552		(3,820)			
		Derivative financial liabilities			0				(4,028)	Interest
		Total assets			1,446,339		0		208	Other tangible assets (small inventory)
									0	Other tangible assets (small inventory)

Auditors report	Amount		Reports as per the Decision of the CNB		Amount		Difference		Explanation
Liabilities	HRK '000		Liabilities		HRK '000		HRK '000		HRK '000
Sight deposits		191,668		Deposits on giro accounts and current accounts Savings deposits		115,282 75,945		441	441 Limited deposits
Term deposits		924,476		Term deposits		907,245		17,231	17,231 Interest
Credit liabilities		140,592		Credits/loans from financial institutions Other credits/loans		129,023 11,109		460	460 Interest
Other liabilities		11,361		Interest, fees and other assets		33,468		(18,132)	(441) Limited deposits
Provisions		3,978		Derivative financial liabilities		3			(17,691) Interest
Total liabilities		1,272,075		Total liabilities		1,272,075		0	0
Capital				Capital					
Capital stock		91,897		Shareholder capital		85,305		0	0
Own/treasury shares		(6,592)							
Profit of current year		389		Profit (loss) of current year		389		0	0
Retained earnings		73,257		Shareholder capital		73,257		0	0
Reserves		15,182		Legal reserves		4,729			0
Capital gain		149		Statutory and other capital reserves		10,602			0
Revaluation reserves		(18)		Unrealised profit (loss) based on value adjustment of financial assets available for sale		(18)		0	0
Total capital		174,264		Total capital		174,264		0	0
TOTAL LIABILITIES AND CAPITAL		1,446,339		TOTAL LIABILITIES AND CAPITAL		1,446,339			

ADJUSTMENT OF CASH FLOW REPORT

Deviations of positions in the Cash Flow Report published in the annual financial statements from those defined through prescribed structure and content of the report as per CNB Decision arise from:

- Difference in declaring certain positions in the balance sheet, as is explained in the overview of differences of in the financial position report in significant financial statements with respect to the standard prescribed in the CNB Decision.
- In the annual financial statements, cash and cash equivalents at the beginning and the end of the year show positions of cash and cash equivalents maturing in up to 90 days, while the report, as per the CNB Decision, contains only cash positions.

ADJUSTMENT OF REPORT ON CHANGES IN CAPITAL

The differences in the report on changes in capital, as published in the annual financial statements from those in the report on changes in capital as defined by prescribed structure and content of the report, as per the CNB Decision, pertain only to the grouping of certain capital entries.

In the annual financial statements, the entries of capital gain, legal reserves, reserves for own/treasury shares and other reserves are declared separately, while in the report as per the CNB Decision they are jointly declared under Legal, statutory and other reserves.

Pursuant to Article 164 of the Law on Credit Institutions the Bank announces the following information:

The Bank is registered for and is providing following activities:

- receiving of deposits or other returnable assets
- grants loans and borrowings, including consumable loans as also mortgage loans and borrowings if it is permitted by special law and financing commercial activities, including export financing on the basis of purchase with discount and without recourse of long term undue receivables assured by financial instruments (forfeiting),
- purchase of receivables with recourse or without (factoring),
- financial lease (leasing),
- issuing of guarantees or other warranties
- trading for own account or for the account of client in instruments on money market, transferable securities, foreign means of payment, including exchange business, financial terms and options, currency and interest instruments
- payment traffic services in accordance with special regulations
- services related to financing business as e.g. gathering of data, performing of analyses and giving information in respect of solvency of legal persons and individuals which independently perform activities
- issuing of other instruments of payment and managing with them if rendering of this services is not deemed rendering of payment traffic services in accordance with special law
- mediation when concluding contracts on financial market
- performing of business related to sale of insurance policies in accordance with regulations which regulate insurance activities

The Bank operates through headquarters in Slatina and 3 financial centers (Osijek, Rijeka, Zagreb), 13 offices (D. Miholjac, Daruvar, Đakovo, Ilok, Koprivnica, Našice, Orahovica, Pitomača, Požega, Slavonski Brod, Slatina, Valpovo, Virovitica) i 12 substations (Bribir, Čačinci, Čađavica, Kaptol, Kutjevo, Mikleuš, Molve, Nova Bukovica, Nova Kapela, Pleternica, Suhopolje, Viškovo) on Croatian territory.

The Bank publishes, as follows, the other requirements in accordance with Article 164 of the Law on Credit Institutions:

Description	2014
	HRK '000
Total revenue	98,516
Loss before tax	944
Income tax	555
Number of employees on 31 December 2014	175
The number of workers on the basis of equivalent full working time in 2014	140

During 2014 Slatinska banka d.d. did not received public subsidies.

CORPORATE MANAGEMENT CODEX

ANNUAL QUESTIONNAIRE

GENERAL COMPANY INFORMATION:

Slatinska banka d.d. Slatina

CONTACT PERSON AND TELEPHONE NUMBER:

Tihomir Grđan
tel. 033/840-480

DATE OF FINNING IN THE QUESTIONNAIRE:

19 March 2015

All questions in this questionnaire pertain to the period of one fiscal year to which the annual financial statements also pertain.

Please use explanations in your responses only when the questions asks for them explicitly.

Answers found in the questionnaire are valued at certain percentages, shown at the beginning of each chapter.

DEDICATION TO PRINCIPLES OF CREATIVE MANAGEMENT AND SOCIAL RESPONSIBILITY

Answers to this set of questions carry 20% of the entire indicator with respect to the harmonization of the company with the corporate management codex.

Question No.	Question	Answer YES / NO	Explanation
1	Has the company accepted the change of the corporate management codex, or adopted its own corporate management policy?	YES	
2	Are there adopted corporate management codex principles within internal company policies?	YES	
3	Does the company, within its annual financial statements, publish its conformance with the principles of corporate management, in accordance with the principle of "use or explain"?	YES	
4	At decision-making, does the company take into consideration interests of all shareholders, in accordance with the corporate management codex principles?	YES	

SHAREHOLDERS AND GENERAL ASSEMBLY

Answers to this set of questions carry 30% of the entire indicator with respect to the harmonization of the company with the corporate management codex.

Question No.	Question	Answer YES / NO	Explanation
5	Is the Company a part of joint shareholding with another company or companies? (If yes, explain)	NO	
6	Does each Company share give the right to one vote? (if not, explain)	YES	
7	Does the company have the same approach toward, and offer the same conditions, to all shareholders? (If not, explain)	YES	
8	Is the issuing of authorisation (proxy) for voting at the General Assembly fully simplified and void of strict formalistic conditions? (If not, explain)	YES	
9	Did the Company ensure (free of charge) proxies for shareholders who could not, for any reason, vote at the General Assembly, to vote in accordance with their instructions? (If not, explain)	NO	The Company provided proxy forms for taking part in the General Assembly. The forms can be found on the Company web pages.
10	Has the Company, or the Management Board, when convening the General Assembly, set a date for according to which it will check the position in the share register - which will be competent for realising the right to vote in the General Assembly, in a way that this date is before the General Assembly, but no more than six days before it? (If not, explain)	YES	
11	Were the minutes of the General Assembly, as well as all relevant information and documents with explanations pertaining to the minutes published on the web pages of the Company and accessible in the Company facilities to the shareholders from the first public issue of the minutes? (If not, explain)	YES	
12	Does the decision on the dividend payout or prepayment of the dividend contain the date on which a person who is a shareholder of the Company realizes his or her right to the dividend payout, as well as the date and the period for said payout? (If not, explain)	NO	The Company did not pay out dividends
13	Does the date of payout of dividend or prepayment of dividend fall at most 30 days after the decision? (If not, explain)	NO	The Company did not pay out dividends
14	Were any shareholders favoured during the payout/ prepayment of dividend? (If yes, explain)	NO	The Company did not pay out dividends

15	Have you facilitated to shareholders their participation and voting at the General Assembly using modern communication technology means? (If not, explain)	NO	Participation and voting by the shareholders at the General Assembly of the Company is prescribed by the Company Articles of Association
16	Were there any conditions set with respect to taking part in the General Assembly or the use of the right to vote (regardless of the law or the articles of association), such as announcing participation beforehand, notarising authorisations/proxies, etc.? (If yes, explain)	YES	The obligation of announcing participation beforehand is set by the Articles of Association
17	Has the management published publically the decisions of the General Assembly?	YES	
18	Has the management of the Company publicly issued/ published information on possible claims challenging said decisions? (If not, explain)	NO	There were none

MANAGEMENT AND SUPERVISORY BODIES

NAME MEMBERS OF THE MANAGEMENT BOARD AND THEIR FUNCTIONS:

Angelina Horvat (Chairwoman),
Marko Brnić (Member)

NAME MEMBERS OF THE SUPERVISORY BOARD AND THEIR FUNCTIONS:

Ružica Vadić (Chairwoman),
Tomislav Rosandić (Vice-chairman) -
until irrevocable resignation official as
at 31 Dec. 2014,
Hrvoje Markovinić, Denis Smolar
and Blaženka Eror Matić (Members)

Answers to this set of questions carry 20 % of the entire indicator with respect to the harmonization of the company with the corporate management codex

Question No.	Question	Answer YES / NO	Explanation
19	Has the Supervisory Board, or the Management Board, reached the decision on its operational framework, including the list of regular meetings and information which regularly and timely needs to be placed at the disposal to the members of the supervisory board? (If not, explain)	NO	The Supervisory Board convenes at least once a month and enacts decisions in its purview, in accordance with the Articles of Association and the Rules of Conduct of the Supervisory Board
20	Did the Supervisory Board, or the Management Board, enact internal Rules of Conduct? (If not, explain)	YES	

21	Is the Supervisory Board, or the non-executive directors in the Management Board, mostly comprised of independent members? (If not, explain)	NO	
22	Does the Bank have a long-term succession plan? (If not, explain)	NO	Members of the Management Board are named by the Supervisory Board, and approved by the CNB
23	Is the compensation/bonus received by the members of the SB and the MB completely or partly determined according to the contribution to the success of the Company? (If not, explain)	NO	The compensation/bonus is determined by the General Assembly
24	Are supervisory or management board member compensations/bonuses determined by the decision of the General Assembly or by company by-laws? (If not, explain)	YES	
25	Is detailed information on all compensations and other income by the Company or persons connected to the Company for each member of the SB or the MB, including the structure of such compensation, published/issued publicly? (If not, explain)	NO	Expenses are published jointly
26	Does every member of the SB or the MB inform the Company of all changes in connection with their acquisition, waiver or the possibility of fulfilment of their voting rights over the Company shares, by five days after such a change at the latest? (If not, explain)	YES	
27	Were all transactions in which the members of the SB or MB, or associated persons and the Company and associated persons/entities participated, clearly noted in the Company reports: (If not, explain)	YES	
28	Are there contracts or agreements between any member of the SB or MB and the Company?	NO	
29	Have they been first approved by the SB or the MB? (If not, explain)		
30	Are important elements of such contracts or agreements contained in the annual report? (If not, explain)		
31	Has the SB or MB instituted a Naming Commission?	NO	Naming Commission tasks are performed by the Supervis. Board
32	Has the SB or MB instituted an Awards Commission?	NO	Naming Commission tasks are performed by the Supervis. Board

33	Has the SB or MB instituted an Audit Commission?	YES	
34	Are most Commission members independent members of the SB? (If not, explain)	YES	
35	Has the Commission followed the integrity of financial information of the Company, and especially the correctness and consistency of accounting methods used by the Company and the Group the Company belongs to, including the criteria for consolidating financial statements of companies belonging to the Group? (If not, explain)	YES	
36	Has the Commission assessed the quality of the internal controls system and the risk management system, with the goal being proper identification of main risks the Company is exposed to (including risks tied to adherence to regulations), i.e. their proper identification, exposure, and management? (If not, explain)	YES	
37	Did the Commission work on ensuring the efficiency of the internal audit system, especially through drafting recommendations during phases of choosing, naming, repeat naming and dismissal of internal audit managers and with respect to assets available to them, as well as the assessment of actions undertaken by managers in view of findings and recommendations of the internal audit? (If not, explain)	YES	
38	If the function of internal audit does not exist within the Company, has the Commission made an assessment of the need to introduce it? (If not, explain)	YES	The Bank organised the function of internal audit.
39	Did the Commission monitor the independence and objectivity of the external auditor, especially with respect to the rotation of authorised auditors within the auditors' company and the compensation the Company is paying for their services? (If not, explain)	YES	
40	Has the Commission followed the nature and the quantity of services not constituting an audit, but still being received by the Company from the auditors' or associated entities? (If not, explain)	NO	No such services
41	Has the Commission drafted such regulations on which services the auditors' and their associates may not render to the Company, which services they may render only with previous approval by the Commission, and which services they may perform without previous approval? (If not, explain)	NO	This is regulated through legal provisions. External auditor performs auditing services only.
42	Has the Commission deliberated on the efficiency of external audit and the actions of the senior management staff with respect to the recommendations made by the external auditor? (If not, explain)	YES	

43	Has the Audit Commission ensured submission of high-quality information by dependant and associated companies and third parties (such as expert advisors)? (If not, explain)	YES	
44	Was the documentation relevant for the operation of the SB or MB submitted on time to all members? (If not, explain)	YES	
45	Were all decisions and voting results noted in the SB/MB meeting minutes? (If not, explain)	YES	
46	Has the SB/MB drafted the evaluation of its performance in the previous period, including assessment of contribution and competence of each individual member, as well as the joint performance of the Commission, assessment of performances of SB-established commissions, and the assessment of goals met with respect to those set by the Company?	NO	
47	Has the Company published the statement on the policy of management and SB, MB and Management awards as a part of the annual report? (If not, explain)	NO	
48	Is the Statement on the SB/MB/Management awarding policy constantly present on the web pages of the Company? (If not, explain)	NO	Awarding is defined through employment contracts
49	Is detailed information on all salaries and compensations for each member of the Management or executive directors publicly declared in the annual report? (If not, explain)	NO	Expenses are published jointly
50	Are all forms of awards to the members of the management or the SB, including options and other benefits publicly declared (in detail by entry and person) in the annual report? (If not, explain)	NO	Expenses are published jointly
51	Were all transactions in which the members of the SB or MB, or associated persons and the Company or associated persons/entities participated, clearly noted in the Company reports: (If not, explain)	YES	
52	Does the report which the Supervisory Board or the Management Board submits to the General Assembly contain (along with the legally prescribed report), the assessment of total business success of the Company (read: the Bank), activities of the Company management, and special cooperation of the Board with the management? (If not, explain)	YES	

AUDIT AND INTERNAL CONTROL MECHANISMS

Answers to this set of questions carry 10% of the entire indicator with respect to the harmonization of the company with the corporate management codex.

	Question No.	Question	Answer YES / NO	Explanation
	53	Does the Company have its external auditing company?	YES	
	54	Is the external auditor connected to the Company in ownership or interest?	NO	
	55	Does the external auditor offer other services to the Company, whether by itself or through associated entities?	NO	
	56	Has the company publicly declared the amounts of compensation paid out to external auditors for services of audit and other services rendered? (If not, explain)	NO	The external auditor provided only the services of audit, in accordance with the conditions of their business.
	57	Does the Company have internal auditors and an integrated system of internal control? (If not, explain)	YES	

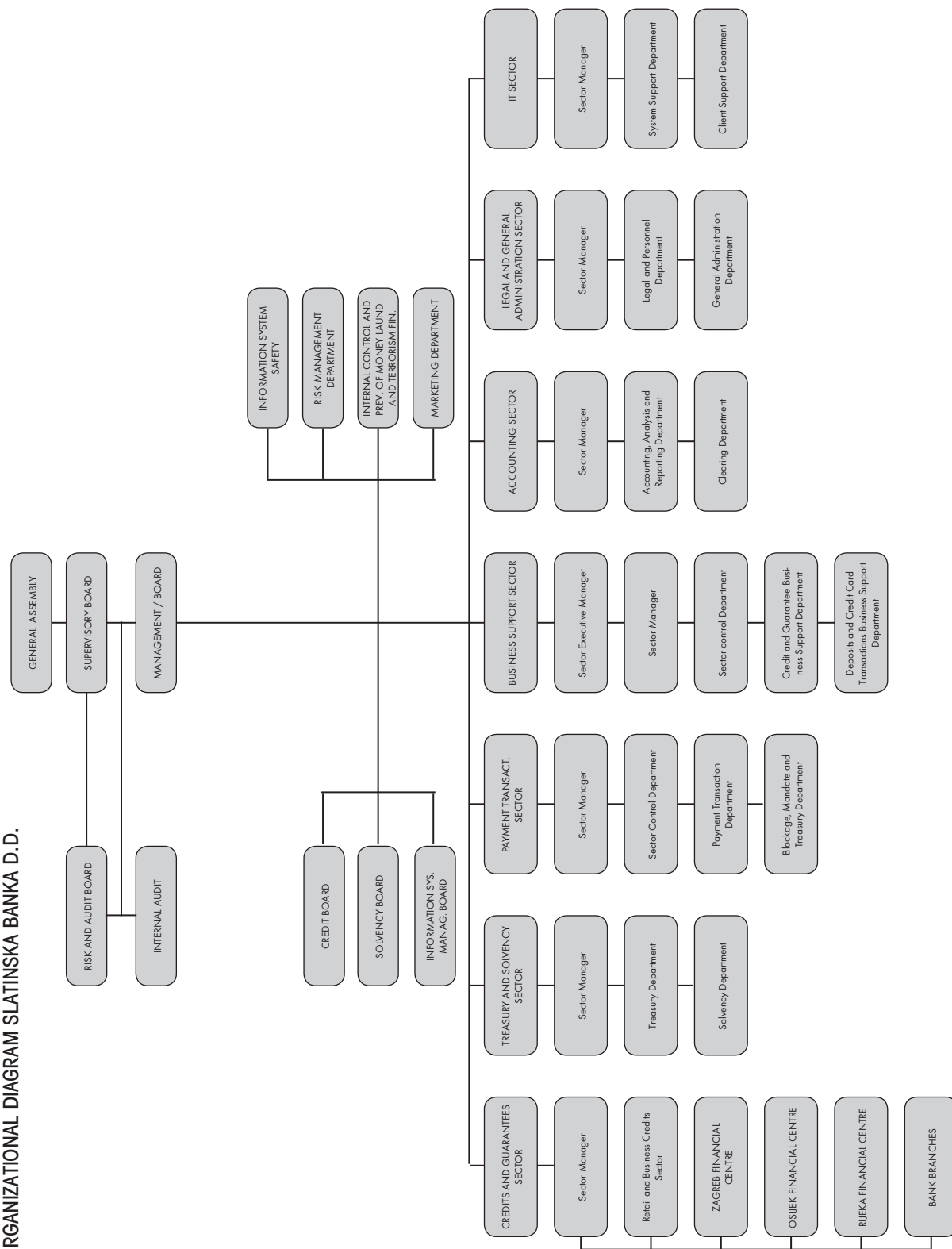
BUSINESS TRANSPARENCY AND PUBLIC APPEARANCE

Answers to this set of questions carry 20% of the entire indicator with respect to the harmonization of the company with the corporate management codex

	Question No.	Question	Answer YES / NO	Explanation
	58	Are semi-annual, annual and quarterly reports available to shareholders?	YES	
	59	Has the Company drafted a calendar of important events?	NO	
	60	Has the Company introduced mechanism whereby persons who handle or come into contact with eyes-only (privileged) information have the nature and significance of that information explained to them, including limitations?	YES	
	61	Has the Company introduced mechanisms ensuring oversight over the flow of privileged information and possible misuse of the same?	YES	
	62	Did anyone suffer negative consequences because he/she pointed out to the competent bodies within the Company or outside the Company any insufficiencies in the application of regulations or ethical norms within the Company? (If yes, explain)	NO	
	63	Did the Company have any meetings during the previous year with interested investors?	NO	
	64	Are all members of the Management, the SB and the MB in agreement that the answers to the questions in this questionnaire, to their best knowledge, completely true?	YES	



ORGANIZATIONAL DIAGRAM SLATINSKA BANKA D.D.



CONTACTS

SUPERVISORY BOARD

Mrs. Ružica Vadić, Chairwoman

Mrs. Blaženka Eror Matić - Member

Mr. Hrvoje Markovinović - Member

Mr. Denis Smolar - Member

Mr. Tomislav Rosandić - Member until 31 Dec. 2014

CHAIRWOMAN OF THE MANAGEMENT BOARD

Angelina Horvat, M.Sc.Econ.

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MEMBER OF THE MANAGEMENT BOARD

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BUSINESS SUPPORT SECTOR EXECUTIVE MANAGER

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LEGAL AND GENERAL ADMINISTRATION SECTOR MANAGER

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Tel: 033/840-470

Fax: 033/551-566

E-mail: dbrkljac@slatinska-banka.hr

FINANCIAL CENTRES

FINANCIAL CENTRES

OSIJEK FINANCIAL CENTRE

Županijska 13, 31000 Osijek

Manager: Marina Penavin, tel: 031/200-797

ZAGREB FINANCIAL CENTRE

Tomašićeva 2, 10000 Zagreb

Manager: Tomislav Dolinac, tel: 01/46-14-706

RIJEKA FINANCIAL CENTRE

Jelačićev trg 1, 51000 Rijeka, tel: 051/332-183



BRANCHES:

SLATINA BRANCH – MAIN OFFICE

V.Nazora 2, 33520 Slatina

Manager: Marina Koleno, tel: 033/840-411

DONJI MIHOLJAC BRANCH

Vukovarska 4, 31540 D.Miholjac

Manager: temp. man. Juraj Nerovčić, tel: 031/632-220

DARUVAR BRANCH

Kralja Tomislava 22, 43500 Daruvar

Manager: Jasminka Ajdić, tel: 043/331-469

NAŠICE BRANCH

Trg Izidora Kršnjavog 3, 31500 Našice

Manager: Sanja Kapraljević, tel: 031/615-506

ĐAKOVO BRANCH

Stjepana Radića 9, 31400 Đakovo

Manager: Ivan Pološki, tel: 031/811-977

ORAHOVICA BRANCH

Kralja Zvonimira 14, 33515 Oraštica

Manager: Juraj Nerovčić, tel: 033/674-002

POŽEGA BRANCH

Kamenita vrata 4, 34000 Požega

Manager: Boris Belunjak, tel: 034/271-279

VALPOVO BRANCH

Trg kralja Tomislava 6, 31550 Valpovo

Manager: Dalibor Berečić, tel: 031/650-550

VIROVITICA BRANCH

Trg kralja Tomislava 6, 33000 Virovitica

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Manager: Filip Tolić, tel: 035/400-007

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Temp. man. Marina Penavin, tel: 032/590-249

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CORRESPONDENTS

COUNTRY	CORRESPONDENT
AUSTRIA	<p>UNICREDIT BANK AUSTRIA AG, VIENNA</p> <p>ZVEZA BANK RZZOJ, KLAGENFURT</p>
USA	<p>DEUTCHE BANK TRUST COMPANY AMERICAS NEW YORK</p>
GERMANY	<p>DEUTSCHE BANK AG FRANKFURT AM MAIN</p> <p>BAYERISCHE LANDESBANK, MÜNCHEN</p>
ITALY	<p>INTESA SANPAOLO SPA, MILAN</p> <p>BANCA MONTE DEI PASCHI DI SIENNA, PADOVA</p>
SWEDEN	<p>SVENSKA HANDELSBANKEN AB(PUBL), STOCKHOLM</p>
BELGIUM	<p>KBC BANK NV BRUSSELS</p>