



## STATE AGENCY FOR DEPOSIT INSURANCE AND BANK RESOLUTION - RESOLUTION AUTHORITY

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Pursuant to the Act on the Resolution of Credit Institutions and Investment Firms, the State Agency for Deposit Insurance and Bank Rehabilitation – Resolution Authority – hereby issues a

### **Public Call for Expressions of Interest for the Acquisition of 100 % of the Ordinary Shares of JADRANSKA BANKA d.d. Šibenik**

The Resolution Authority hereby invites interested investors to express their interest by submitting a **Letter of Intent for the Acquisition of the Shares of JADRANSKA BANKA d.d. Šibenik** – Bank under Resolution (<http://www.jadranska-banka.hr>).

#### Object of Sale

The object is the sale of 4,747,229 ordinary shares, which represents 100% of the share capital of the Bank under Resolution amounting to HRK 50 million (EUR 6.7 million). The shares are registered in the securities depository of SKDD d.d. – Zagreb under the ticker JDBA-R-C. The Bank is registered with the Commercial Court of Zadar – Permanent attendance in Šibenik based on the operating license provided by the competent authority. Basic information about the Bank under Resolution is available on the web pages of the Resolution Authority ([www.dab.teaser.hr](http://www.dab.teaser.hr)) as well as on the web pages of the Bank under Resolution ([www.jadranska-banka.teaser.hr](http://www.jadranska-banka.teaser.hr)).

#### Obligatory Requirements

Interested investors must comply with all the legally prescribed requirements effective in the Republic of Croatia and the European Union. Interested investors must be duly registered legal entities. The Letter of Intent is to contain basic information about the business activity of the potential investor along with the pertaining financial indicators. The Letter of Intent must be signed by an authorized person of the potential investor, i.e. a person that this right has been conferred upon based on a valid power of attorney. Interested investors must not be the persons under liquidation or involved in any other proceedings indicating insolvency or discontinuation of business activities.

#### Preferences

Preferred potential investors are strategic investors, i.e. the credit institutions registered in the Republic of Croatia or the European Economic Area of adequate rating, sufficient size and capacity for the take-over or merger of the Bank under Resolution. Potential investors are hereby invited to present their basic guidelines as regards their intentions related to the concerned take-over as well as the source and deadlines for financing the transaction.

### Deadline for Submission of Letter of Intent

The deadline for submission of the Letter of Intent for the Acquisition of the Bank under Resolution is **until (and including) 8 March 2017 at 3 p.m. (CET)** on the premises of the Resolution Authority.

### Other Information

The Letter of Intent must be submitted either in the Croatian language or in the English language. Furthermore, the Letter of Intent must contain the information about the contact person, i.e. his or her address, telephone number, fax number, email address.

The Resolution Authority shall shortlist the potential investors to be notified of the planned sales process and invite them to conduct the due diligence process and submit their binding offers. The planned date of commencement of the due diligence process is 13 March 2017.

Issuing of this call or receipt of any expression of interest shall not oblige the Resolution Authority in any way whatsoever to sell the shares of the Bank under Resolution to any of the interested parties nor shall this represent a foundation for requests or rights of such parties to demand fulfillment by the Resolution Authority on any basis whatsoever.

The Resolution Authority shall retain its right to withdraw from the sales process at any time, to terminate or modify it or to exclude any of the interested parties from the process, without any right of potential investors to request a compensation of costs or damages payment.

All received information shall be processed in a way that ensures the protection of rights and privacy of interested parties.

The Letter of Intent with the following indication:

**"LETTER OF INTENT FOR THE ACQUISITION OF THE SHARES OF  
JADRANSKA BANKA d.d. ŠIBENIK " – DO NOT OPEN**

is to be submitted at the following address:

**State Agency for Deposit Insurance and Bank Rehabilitation**  
ATTENTION: COMMISSION FOR JABA,  
**Jurišićeva1/II**  
**10 000 Zagreb**  
**Croatia.**



Jadranska banka d.d. Šibenik

# Information Summary on Jadranska banka d.d.

Šibenik, February 2017

## **Information Summary on Jadranska banka d.d. Šibenik**

Jadranska banka d.d. Šibenik (hereinafter referred to as the Bank) is a financial institution with a long tradition in the Croatian banking sector. It services 56,000 individuals and 3,600 corporate customers, craftsmen and tradesmen through a network consisting of 16 branch offices. The Bank participates on the Croatian market as a bank specialised in:

1. Individual Clients
2. Small and medium-sized enterprises business
3. Corporate business.

The Bank was founded on 17 April 1957 under the name of Komunalna banka Šibenik. During the 60 years of its operation, the Bank has been repeatedly transformed and aligned with the laws governing commercial banking, and it has been operating as Jadranska banka, joint stock company, since 1989.

The Bank has got a valid operating licence for a credit institution issued by the Croatian National Bank in accordance with the laws governing the operations of credit institutions. Pursuant to the obtained operating licence, the Bank is registered for performing of the following activities:

- Conducting transactions involving foreign means of payment within the country (currency exchange business)
- Monetary intermediation
- Receiving of all types of deposits
- Extending of all types of loans, opening of documentary letters of credit, issuing of warranties and banking guarantees and assuming of other financial obligations
- Conducting transactions involving bills of exchange, cheques or certificates of deposits for its own account or for the account of its clients
- Lending, sale and acquisition for its own account or for the account of its financial derivatives clients
- Conducting transactions involving securities for its own account or for the account of other parties
- Issuing and managing the means of payment (including cards, travellers cheques and banking orders)
- Conducting finance lease and factoring transactions
- Providing information on creditworthiness of clients upon their demand
- Conducting cross-border credit and payment transactions
- Conducting national payment transactions
- Providing other financial services as prescribed or defined by the Croatian National Bank

Over the many years of its operation and existence, the Bank has been considerably contributing to the economic and social development of the City of Šibenik and the entire area of Šibenik-Knin County. It has been financing almost all noteworthy investment projects in connection with the construction of tourist resorts, marinas and harbours, industrial capacities, sea and inland traffic, trade as well as various cultural, sports and other

infrastructure facilities. Based on the active role it plays in the business and social activities, the Bank is legitimately deemed as the home bank of Šibenik-Knin County.

The Bank conducts all credit and deposit transactions as well as payment transactions for individual clients, corporate customers and other legal entities with its 205 employees and over its expanded network of 16 branch offices in Šibenik and the wider area of Šibenik-Knin County, and one branch office in Zagreb and Split. Since 1991, the Bank has also been providing the cross-border payment services and expanding its credit guarantees business via established correspondent relationships with cross-border banks. The Bank has been continuously developing the network of its own ATM's currently consisting of 34 devices as well as its card, Internet and mobile banking and by doing so raising the level of the quality of services provided to its clients.

By operating in the extremely adverse economic environment additionally burdened with the recession during the last few years, as the time passed, it became increasingly complicated for the Bank to meet the regulatory requirements in terms of capital adequacy rate. In spite of its failure to meet the regulatory requirements, the Bank succeeded in maintaining a solid and stable liquidity level, which is, along with the indisputably established public interest of the Bank, the main reason for initiating the resolution proceedings upon the Bank on 9 October 2015 based on the Decision made by the Board of the State Agency for Deposit Insurance and Bank Rehabilitation. After opening of the resolution proceedings, the Bank continued its regular operations and kept providing all types of services and products to clients.

Pursuant to the Act on the Resolution of Credit Institutions and Investment Firms, at its session as of 27 December 2016 the Board of the State Agency for Deposit Insurance and Bank Rehabilitation made the Decision on Conducting the Resolution Proceedings under Application of Instruments as Provided for in the Resolution Scheme Case Number SA 46066 adopted by the European Commission on 6 October 2016.

Following the aforementioned Decision made by the Board of the State Agency for Deposit Insurance and Bank Rehabilitation, the State Agency for Deposit Insurance and Bank Rehabilitation (hereinafter referred to as the Agency), in its capacity of the Resolution Authority and by exercising the powers of the General Assembly of the Bank, held on 30 December 2016 the Extraordinary General Assembly Meeting of the Bank, at which the Decision made by the Board of the Agency was reaffirmed, and individual decisions were made with the aim to cover the losses of the Bank and provide for share capital necessary in order for the Bank to be able to continue its operations. After covering the losses, the share capital of the Bank amounts to HRK 50,000,000.00, and it is divided into 4,747,229 ordinary registered shares without nominal value under the ticker JDBA-R-C. In order to comply with regulatory requirements, especially as to initiating a new business cycle, it is necessary to increase the Bank's capital.

Also, pursuant to the Decision made by the Board of the Agency and the Resolution Scheme, the Agency established a so-called SPV (Special Purpose Vehicle), i.e. a company to manage the non-performing assets. On 31 December 2016, the concerned company assumed, i.e. purchased from the Bank, non-performing assets at the market economic value of the concerned assets as defined by the independent appraiser Deloitte d.o.o., i.e. at HRK 130,999,677.49. The transfer of non-performing assets is governed by a separate agreement concluded between the Bank and the SPV on 30 December 2016. Related transaction relieves

Bank's operations of non-performing assets and of future costs related to the management of the underlying assets.

### Bank in numbers as at 31 December 2016

Balance sheet total	HRK 1,913,645,000.00
Current year profit	HRK 400,479.31
Loans and receivables	HRK 1,107,170,871.67
Share capital	HRK 50,000,000.00
Number of employees	205
Share of corporate loans in loan portfolio	61.38%
Share of retail loans in loan portfolio	38.62%
Retail savings deposits	HRK 1,614,169,858
Retail term deposits	HRK 1,123,085,178
Number of branch offices	16
Number of ATM's	34
Number of retail current accounts	28,503
Number of retail giro accounts	22,060
Number of Maestro Cirrus cards	19,922
Number of cards for purchase in instalments	2,120
Number of Internet banking users - retail	1,289
Number of mobile banking users - retail	458
Number of corporate transaction accounts	3,496
Corporate term deposits	HRK 10,899,817.61
Number of Internet banking users – corporate	704
Number of mobile banking users – corporate	176

After the resolution instruments applied so far, as at 31 December 2016 the Bank stated the following values in its unaudited Balance Sheet:

Unaudited Balance sheet on 31 December 2016 – in HRK

BALANCE SHEET	
<b>ASSETS</b>	
Cash	30.805.214,00
Financial assets held for trading	0,00
Financial assets at fair value through profit and loss	0,00
<b>Financial assets available for sale</b>	<b>382.546.173,90</b>
Equity instruments	1.205.657,56
Debt instruments	381.340.516,34
Loans and receivables	0,00
<b>Loans and receivables (including finance lease)</b>	<b>1.516.711.005,82</b>
Deposits with the Croatian National Bank	189.422.394,18
Given deposits (except deposits with the Croatian National Bank)	168.975.623,81
Debt instruments	51.142.116,16
Loans and receivables	1.107.170.871,67
<b>Investments held to maturity</b>	<b>0,00</b>
<b>Derivatives used as hedging instruments</b>	<b>0,00</b>
<b>Fair value changes of hedged items in portfolio hedge of interest rate risk</b>	<b>0,00</b>
<b>Tangible assets</b>	<b>18.373.166,72</b>
Property, plant and equipment	18.373.166,72
Investment in property	0,00
<b>Intangible assets</b>	<b>9.232.778,13</b>
Goodwill (only if consolidated)	0,00
Other intangible assets	9.232.778,13
<b>Investments in subsidiaries, associates and joint ventures</b>	<b>0,00</b>
<b>Tax assets*</b>	<b>0,00</b>
<b>Long-term assets and disposal groups classified as held for sale</b>	<b>15.733.409,06</b>
<b>Other assets</b>	<b>327.141,15</b>
<b>Less: Value adjustments for losses on collective basis</b>	<b>6.674.978,36</b>
<b>TOTAL ASSETS</b>	<b>1.973.728.888,78</b>

\*Bank has generated tax loss in amount of 598 million HRK

<b>LIABILITIES</b>		
<b>Financial liabilities held for trading</b>		<b>0,00</b>
<b>Financial liabilities at fair value through profit and loss</b>		<b>0,00</b>
<b>Financial liabilities measured at amortised cost</b>		<b>1.890.758.848,09</b>
	Electronic money	0,00
	Transaction accounts	274.271.399,02
	Savings deposits	323.935.244,38
	Term deposits	1.136.504.777,14
	Other received deposits	1.844,22
	Received loans	156.045.583,33
	Issued debt securities	0,00
	Hybrid and subordinated instruments	0,00
	Other financial liabilities measured at amortised cost	0,00
<b>Derivatives used as hedging instruments</b>		<b>0,00</b>
<b>Fair value changes of hedged items in portfolio hedge of interest rate risk</b>		<b>0,00</b>
<b>Provisions</b>		<b>4.500.447,99</b>
	Provisions for restructuring costs	0,00
	Provisions for litigation costs	507.028,83
	Provisions for liabilities towards employees	0,00
	Provisions for pensions and other post-employment benefits	0,00
	Provisions for losses arising from assumed off-balance liabilities	1.989.119,58
	Provisions for onerous contracts	0,00
	Other provisions	2.004.299,58
<b>Tax liabilities</b>		<b>2.586.127,71</b>
<b>Liabilities included in disposal groups classified as held for sale</b>		<b>0,00</b>
<b>Other liabilities</b>		<b>15.799.674,69</b>
<b>TOTAL LIABILITIES</b>		<b>1.913.645.098,48</b>
<b>CAPITAL</b>		
<b>Share capital</b>		<b>50.000.000,00</b>
	Issued capital	50.000.000,00
	Capital gain from issuing of shares (capital reserves)	0,00
	Equity part of complex financial instruments	0,00
<b>Revaluation reserves</b>		<b>9.683.310,99</b>
	Unrealised gain (loss) arising from value adjustments to financial assets available for sale	9.683.310,99
<b>Reserves</b>		<b>0,00</b>
	Legal reserves	0,00
	Statutory and other capital reserves	0,00
	Capital gain (loss) from purchase and sale of own shares	0,00
<b>Less: Own shares</b>		<b>0,00</b>
<b>Retained earnings (loss)</b>		<b>0,00</b>
<b>Earnings / loss of previous year</b>		<b>0,00</b>
<b>Earnings / loss of current year</b>		<b>400.479,31</b>
<b>Capital belonging to majority owners (only if consolidated)</b>		<b>60.083.790,30</b>
<b>Capital belonging to minority owners (only if consolidated)</b>		<b>0,00</b>
<b>TOTAL CAPITAL</b>		<b>60.083.790,30</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>1.973.728.888,78</b>