

Institutional Profile of Hrvatska banka za obnovu i razvitak (HBOR), Republic of Croatia

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1. Basic information

| | |
|--|---|
| Country: | Croatia |
| Official name or designation of the institution: | Hrvatska banka za obnovu i razvitak (HBOR), Croatian Bank for Reconstruction and Development |
| Website and mailing address of the institution: | http://www.hbor.hr Hrvatska banka za obnovu i razvitak (HBOR), Trg J.J.Strossmayera 9, 10000 Zagreb, Croatia |
| Project application documentation is available from: | http://www.hbor.hr or HBOR, Strossmayerov trg 9, Zagreb; e-mail: infrastruktura@hbor.hr ; Tel. +(385 1) 45 91 740 |
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| Publication date of this profile: | 30 June, 2008 |

This institutional profile has been prepared based on publicly available material on HBOR, including the HBOR website. However, this text has not been formally approved by HBOR. Although every care has been taken by the author to ensure the accuracy of the information presented in this profile, no warranty can be given in respect of the accuracy, reliability, up-to-datedness or completeness of this information.

2. Background and Objectives of the Institution

Hrvatska banka za obnovu i razvitak (HBOR) is the development and export bank of the Republic of Croatia with the main task of promoting the development of the Croatian economy. By extending loans, insuring export transactions against political and commercial risks, issuing guarantees and providing business advice, HBOR builds bridges between entrepreneurial ideas and their accomplishment with the objective of enhancing the competitiveness of the Croatian economy.

HBOR was established on 12th June 1992 by the Act on the Croatian Credit Bank for Reconstruction (Hrvatska kreditna banka za obnovu - HKBO) (NN - official gazette of the Republic of Croatia, No. [33/92](#), amended NN [76/93](#), [108/95](#), [08/96](#)). In December 1995, the Bank was renamed Hrvatska banka za obnovu i razvitak (Croatian Bank for Reconstruction and Development). In December 2006, the new Act on the Croatian Bank for Reconstruction and Development was passed ([NN 138/06](#) – [click here for the English translation of this Act](#)).

Within the Croatian banking system, HBOR plays the role of a development and export bank established with the objective of financing the reconstruction and development of the Croatian economy.

HBOR was founded and is entirely owned by the Republic of Croatia.

The Founder's capital was prescribed by the Law in the amount of HRK 7 billion, the payment schedule of which is determined by the Government of the Republic of Croatia.

In 2006, leading rating agencies Moody's and Standard & Poor's confirmed HBOR's investment rating: A1 (Moody's) and BBB (Standard & Poor's). The above rating agencies reported that such an investment rating was based on the government ownership, on HBOR's prudent lending and borrowing policies as well as effective risk management policy. The confirmation of the rating additionally strengthened the position of HBOR in the international capital market and made it possible for HBOR to borrow under favorable terms and conditions.

According to the 2007 Annual Report of HBOR, strategic goals of HBOR are summarized as follows: "In its operations, HBOR, within the framework of its powers and authorizations, promotes systematic, sustainable and balanced economic and social development pursuant to the general strategic goals of the Republic of Croatia. Main activities of HBOR include:

- Financing the reconstruction and development of the Croatian economy,
- Financing infrastructure,
- Promoting exports,
- Promoting SMEs,
- Environmental protection,
- Export credit insurance of Croatian goods and services against non-market risks.

3. Management and Administration

The *Supervisory Board* is the body in charge of determining the general operating policy of HBOR. The Supervisory Board determines the principles of HBOR's operating policy and strategy, supervises HBOR's business activities, adopts HBOR's lending policies, adopts the Annual Financial Statements, and considers Internal Audit reports and reports drafted by external independent auditors and by the State Audit Office. The Supervisory Board monitors and controls the legality of the business activities of the Managing Board, and appoints and dismisses the President and the members of the Managing Board. The Supervisory Board has established the Audit Committee in accordance with the Audit Act. Members of the Supervisory Board are appointed according to the Law on HBOR. Current members of the Supervisory Board include:

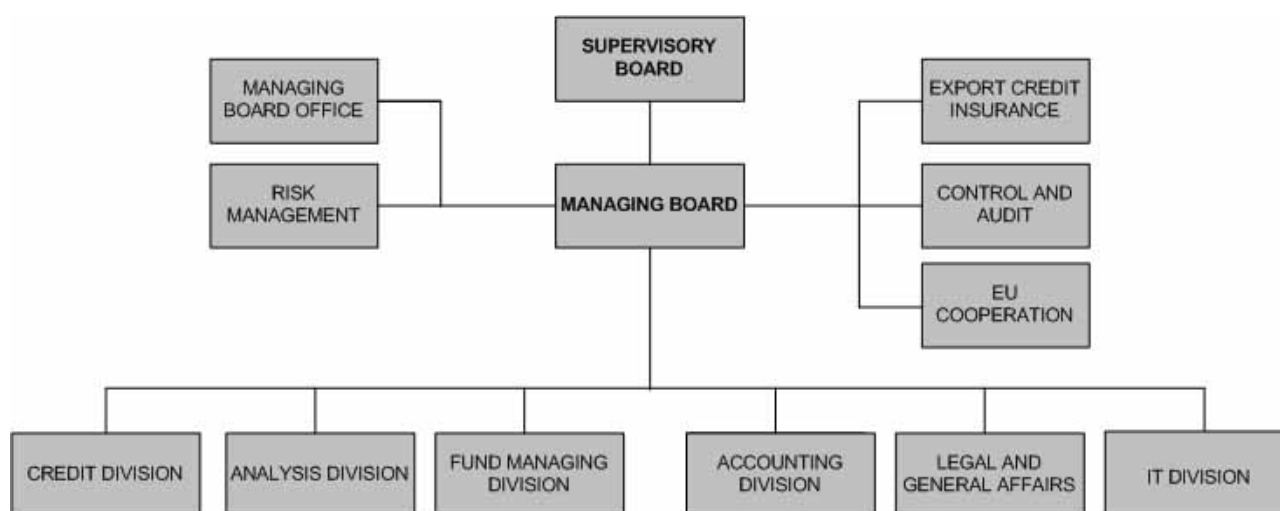
- Ivan Šuker, Minister of Finance, ex officio President of the Supervisory Board
- Damir Polančec, Minister of the Economy, Labour and Entrepreneurship, ex officio Vice-President of the Supervisory Board
- Božidar Pankretić, Minister of Agriculture, Fisheries and Rural Development, ex officio Member of the Supervisory Board
- Damir Bajš, Minister of Tourism, ex officio Member of the Supervisory Board
- Božidar Kalmeta, Minister of the Sea, Transport and Infrastructure, ex officio Member of the Supervisory Board
- Nadan Vidošević, President of the Croatian Chamber of Economy, ex officio Member of the Supervisory Board
- Goran Marić, Member of Parliament, ex officio Member of the Supervisory Board
- Dragan Kovačević, Member of Parliament, ex officio Member of the Supervisory Board
- Dragica Zgrebec, Member of Parliament, ex officio Member of the Supervisory Board

The *HBOR Managing Board* represents HBOR, conducts the Bank's business and administers its assets. It is obliged and authorized to undertake all actions and pass all resolutions it considers necessary for the legal and successful conduct of business. Powers of the Managing Board include: managing and conducting the business of HBOR; adopting normative acts that determine the manner of operations and the internal organization of HBOR; adopting loan programmes; making individual loan approval decisions and decisions on other financial transactions; making decisions on the appointment and dismissal of employees that have special powers; making decisions on the rights and obligations of employees and reporting to the Supervisory Board. For the purpose of ensuring efficient and effective risk management procedures and minimizing the risk, the following bodies have been established with the Managing Board: Asset and Liability Management Committee, Credit Committee, Credit Risk Assessment and Measurement Committee and Liquidity Commission.

The Managing Board consists of three members appointed by the Supervisory Board, one of whom is appointed as President. The President and the members of the Managing Board are appointed for a five-year term of office and may be reappointed thereafter. HBOR is represented by the Managing Board jointly by two of its members. Current members of the Managing Board include:

- Anton Kovačev, President (since 1st June 1993)
- Ružica Adamović, Member (since 14th September 2005)
- Emilija Nagj, Member (since 1st February 2008)

Figure 1 below shows the current organization of HBOR:



Apart from two locations in Zagreb (of which one is HBOR headquarters), HBOR currently maintains regional offices in:

- Regional office for Slavonia and Baranja
- Regional office for Dalmatia
- Regional office for Istria
- Regional office for Lika
- Regional office for Primorje and Gorski kotar

As of 31st December 2007, HBOR had 232 employees (244 employees as of 31 December 2006).

HBOR has established and maintains relations with numerous international financial institutions, development banks, export credit agencies and commercial banks. HBOR maintains a wide network of correspondent and current account relations and offers customary instruments of foreign exchange transactions to its clients. With the objective of environmental protection, natural resources protection and sustainable development, HBOR also participates in the implementation of the United Nations Development Programme (UNDP). HBOR also co-operates actively with the Croatian Chamber of Economy and ministries in charge of bilateral and multilateral economic co-operation of the Republic of Croatia. A list of foreign partners and institutions with which HBOR has signed cooperation agreements is available on HBOR's [dedicated webpage](#).

HBOR harmonized its operation with *acquis communautaire* of the EU, which means that HBOR complies with the rules valid for state development banks and agencies of the EU member countries when implementing its loan programmes and business activities. Within the framework of its business activities, HBOR provides support to entrepreneurs by implementing financing programmes of the EU specialized financial institutions and the activities relating to previous financing and co-financing of entrepreneurs that apply for the EU pre-accession funds. By acquiring the status of a candidate country on 18th June 2004 and by proclaiming the Pre-accession strategy, three pre-accession programmes were made available to the Republic of Croatia: Phare, ISPA and SAPARD, totaling EUR 252 million for the period 2005-2006, as well as IPA (Instrument for Pre-Accession Assistance) available for utilization since 2007.

Key data on 2007 HBOR financial operations are provided below (source: HBOR Annual Report 2007):

- The balance sheet total as of 31 December 2007 amounted to HRK 17.4 billion (+17% compared to 01/01/2007).
- Cash on hand and due from banks as of 31/12/2007 was HRK 609.3 million (3% of total assets).
- Total net loans to banks and other customers as of 31 December 2007 stood at HRK 16.5 billion (95% of total assets), an increase of 17% against the previous year.
- Total gross loans amounted to HRK 18.3 billion, increasing 16% against the beginning of the year.
- Total liabilities as of 31 December 2007 amounted to HRK 11.6 billion, which represents 67% of total liabilities, capital and guarantee fund. Total liabilities rose by 21% compared to the beginning of the year as a result of new HBOR borrowings abroad (Eurobond issue for EUR 250.0 million and loan taken out in the amount of EUR 110.0 million).
- Capital and supplemental capital amounted to HRK 5.8 billion, representing 33% of total liabilities, capital and guarantee fund. HBOR's total capital is comprised of the Founder's capital contributed from the budget of the Republic of Croatia and retained profits formed from the profits generated in the previous years other reserves, profits for the current period and supplemental capital.
- In 2007, contributions from the budget into the Founder's capital amounted to HRK 215.0 million. The total amount of capital contributed from the budget of the Republic of Croatia amounted to HRK 4.0 billion, revaluation reserves to HRK 426.6 million, retained profits and reserves to HRK 1.1 billion, supplemental capital to HRK 13.0 million and profits for 2007 to HRK 240.9 million.
- In 2007, HBOR generated a total income of HRK 894.6 million and expenses of HRK 653.7 million (interest income amounted to HRK 868.6 million).

4. Revenues

Pursuant to Article 7 of the Act on HBOR, HBOR raises funds by issuing debt securities and taking out loans in the Republic of Croatia and abroad.

Pursuant to Article 8 of the Act on HBOR, the Republic of Croatia guarantees for the obligations of Croatian Bank for Reconstruction and Development unconditionally, irrevocably and at first demand, without issuing a separate guarantee instrument.

HBOR's assets amounted to HRK 335 million in 1992 and HRK 17.4 billion at the end of 2007.

Specific fund raising activities of HBOR in 2007 are summarized as follows:

- In 2007, HBOR raised a total of EUR 434.5 million in the financial markets. In June 2007, the Bank issued Eurobonds in the amount of EUR 250 million with a 10-year term. The issue was arranged by Deutsche Bank and UBS. The funds raised were used for the financing of HBOR's loan programmes.
- In October 2007, a EUR 40 million Global Loan II was signed with the EIB for the financing of small and medium-sized enterprises and projects in environmental protection, energy saving and infrastructure. The co-operation with special financial institutions was continued, and a EUR 19.5 million agreement was signed with KfW in November 2007 for the financing of energy efficiency and renewable energy resource projects.
- In the same month, HBOR and a consortium of banks consisting of Bank Austria Creditanstalt AG, Commerzbank AG, Dresdner Kleinwort - the investment banking division of Dresdner Bank AG, DZ Bank AG, Erste Bank der Österreichischen Sparkassen AG and Raiffeisen Zentralbank Österreich AG signed a Loan Agreement in the amount of EUR 110 million. The term of the loan is five years. The loan funds were also used for the financing of HBOR's loan programmes.
- In December 2007, HBOR concluded another agreement with KfW in an amount of EUR 15 million for the purpose of promoting the financing of projects implemented by micro, small and medium-sized enterprises.

Having in mind the significance of co-operation with special financial institutions, HBOR will further enhance its relations with CEB, EIB, KfW and other similar financial institutions in the coming period. Currently, several new loan agreements are being prepared, the focus of which is on the promotion of small and medium-sized enterprises and infrastructure in the Republic of Croatia.

5. Spending Strategies

HBOR's lending activities are implemented primarily through long-term financing of development and export projects of business entities for the purpose of providing efficient financial support to the overall and sustainable development of the Croatian economy. Loan programmes are implemented either directly or through commercial banks co-operating with HBOR on the basis of the concluded co-operation agreements. Details on HBOR's General Terms and Conditions of Lending Activities are available at the [dedicated webpage](#).

As regards investment areas covered by www.eco-finance.org, the following two HBOR loan programmes shall be further highlighted below:

- Infrastructure
- Environmental protection

HBOR's infrastructure loan programme

Details on HBOR's infrastructure loan programme are provided in the text boxes below.

Loan Programme for Development of Communal Infrastructure

Final Borrowers

- units of local and regional self-government
- utility companies
- companies and other legal entities

Purpose of Loans

Fixed assets:

- initial funding
- land plots
- buildings
- equipment and devices

Manner of Implementation

- financing borrowers via commercial banks
- direct lending

Loan Amount, Disbursement Period and Repayment

- The loan amount is not limited (depends on HBOR's financing capabilities, the investment project, the creditworthiness of the borrower and quality of security offered)
- HBOR finances up to 75% of the estimated investment value.
- Disbursement period: up to 12 months
- Grace period: up to 5 years
- Repayment period: up to 15 years, including grace period

Interest

- 4% p.a., in case of borrowers investing in a region of special state concern or a hill or mountain area or the islands, or, in case of borrowers that are small and medium entrepreneurs
- 6% p.a. or three-month EURIBOR + 2% b.p. annually, in case of all other borrowers

Loan Application Fee

- 0.8% one-off, charged on the committed loan amount

Commitment Fee

- 0.25% p.a., charged on the committed undisbursed loan amount, starting 30 days after the loan contract date

Security

For securing due fulfillment of loan obligations, HBOR shall accept:

- bills of exchange and debentures
- pledge of property
- bank guarantees
- guarantees issued by the Croatian Agency for Small Businesses (HAMAG), or issued by the Republic of Croatia,
- other customary security in the banking operations

List of Commercial Banks Co-operating with HBOR on the Loan Programme:

- Banco Popolare Croatia d.d., Zagreb / Credo banka d.d., Split / Croatia banka d.d., Zagreb / Erste & Steiermärkische bank d.d., Rijeka / Hrvatska poštanska banka d.d., Zagreb / Hypo-Alpe-Adria bank d.d., Zagreb / Istarska Kreditna banka Umag d.d., Umag / Karlovačka banka d.d., Karlovac / Međimurska banka d.d., Čakovec / OTP banka Hrvatska d.d., Zadar / Podravska banka d.d., Koprivnica / Privredna banka Zagreb d.d., Zagreb / Raiffeisenbank Austria d.d., Zagreb / Slatinska banka d.d., Slatina / Slavonska banka d.d., Osijek / Société Générale-Splitska banka d.d., Split / Volksbank d.d., Zagreb / Zagrebačka banka d.d., Zagreb

HBOR's Environmental protection loan programme

Throughout the development of the Republic of Croatia, investments strengthening the competitiveness through energy savings and investments into ecologically sustainable market of renewable energy resources have become increasingly important. These investments have multiple effects, e.g. the share of imported energy is reduced, independence on the energy market is strengthened and environmental protection enhanced. Further details on HBOR's environmental programmes are provided in the text boxes below.

Loan Programme for the Financing of Projects of Environmental Protection, Energy Efficiency and Renewable Energy Resources

Final Borrowers:

- units of local and regional self-government;
- utility companies;
- companies, craftsmen, other legal entities and natural persons

Purpose of Loans:

- I. Fixed assets: initial funding, land plots, buildings, equipment and devices
- II. Permanent current assets (up to 30% of the total loan amount)

Manner of Implementation:

- financing borrowers via commercial banks
- direct lending

Loan Amount, Disbursement Period and Repayment:

- The loan amount is not limited (depends on HBOR's financing capabilities, the investment project, the creditworthiness of the borrower and quality of security offered; generally, loan applications lower than HRK 100,000.00 shall not be considered)
- HBOR finances up to 75% of the estimated investment value, VAT not included.
- Disbursement period: up to 12 months
- Grace period: up to 2 years
- Repayment period: up to 12 years, including grace period

Interest

- 4% p.a. in case of: 1) borrowers investing in a region of special state concern or a hill or mountain area or the islands, or, 2) borrowers having proven their competitiveness by successful sales figures in domestic and/or foreign markets
- 6% p.a. or three-month EURIBOR + 2% b.p. annually, for all other borrowers

Remark: Should the Environmental Protection and Energy Efficiency Fund approve the interest subsidy, the above interest rate shall be reduced by 2% or by the amount of the approved subsidy.

Loan Application Fee

- one-off, charged on the committed loan amount

Commitment Fee

- charged on the committed undisbursed loan amount, starting 30 days after the loan contract date

Security

For securing due fulfillment of loan obligations, HBOR shall accept:

- bills of exchange and debentures
- pledge of property
- bank guarantees
- guarantees issued by the Croatian Agency for Small Businesses (HAMAG) or issued by the Republic of Croatia,
- other customary security in the banking operations

List of Commercial Banks Co-operating with HBOR on the Loan Programme:

- Banka Kovanica d.d., Varaždin / Banka Sonic d.d., Zagreb / Credo banka d.d., Split / Erste & Steiermärkische bank d.d., Rijeka / Hrvatska poštanska banka d.d., Zagreb / Hypo-Alpe-Adria Bank d.d., Zagreb / Istarska Kreditna banka Umag d.d., Umag / Karlovačka banka d.d., Karlovac / OTP banka Hrvatska d.d., Zadar / Partner banka d.d., Zagreb / Privredna banka Zagreb d.d., Zagreb / Raiffeisenbank Austria d.d., Zagreb / Slatinska banka d.d., Slatina / Slavonska banka d.d., Osijek / Société Générale-Splitska banka d.d., Split / Zagrebačka banka d.d., Zagreb.

Loan Programme for the Preparation of Renewable Energy Resources Projects

Final Borrowers

- Units of local and regional government
- Utility companies
- Companies, craftsmen and other legal entities

Purpose of Loans

Loans are intended for the financing of design documents within the framework of renewable energy resources utilization. Loan funds can be utilized for the financing of:

- Researches on-site
- Environmental impact studies
- Documentation for obtaining a location permit
- Main design
- Investment study
- Documentation for obtaining a building permit
- Other permissions, decisions, consents and documentation in compliance with the provisions regulating the energy sector

Manner of Implementation

- Direct financing
- In co-operation with the Environmental Protection and Energy Efficiency Fund

Loan Amount, Disbursement Period and Repayment

- *Loan amount*: Up to 50% of total eligible costs of design documents may be financed, in principle up to USD 150'000. Loan funds cannot be used for the payment of VAT.
- *Disbursement period*: Up to 2 years
- *Grace period*: Up to 12 months
- *Repayment period*: Bullet repayment falling due 12 months after the expiry of the disbursement period or upon the financial completion of the project

Interest

- 4% p.a.
- Interest shall be calculated on the loan amount expressed in USD and paid semi-annually in HRK equivalent amount, calculated at the selling rate of the Croatian National Bank on the date of payment.
- Interest during the disbursement period, up to the beginning of the repayment period, is calculated on the disbursed loan amount on the basis of the regular interest rate, and charged quarterly.
- Interest is calculated on the basis of the proportional method.

Loan Application Fee

- 0,8% one-off, charged on the committed loan amount, at least HRK 500 (five hundred)
- payable on or before the first loan disbursement

Security

As security for due fulfillment of loan obligations, HBOR accepts:

- blank bills of exchange of the borrower with „no protest“ clause and the authority to fill in
- debenture of the borrower in the full loan amount

If necessary, HBOR may also request bills of exchange and debentures from acceptable legal and natural persons, and other collateral pursuant to the General Terms and Conditions of Insurance of HBOR's Placements.

Disbursement of Loans

HBOR approves loans in co-operation with the Environmental Protection and Energy Efficiency Fund (FZOEU). The Loan Agreement will be concluded between HBOR, FZOEU and the Borrower. Loan funds will be disbursed directly to the accounts of contractors and suppliers of services, with whom the borrower will conclude agreements.

Programme of issuing bank guarantees for energy efficiency projects

Final Borrowers

- Units of local and regional government
- Utility companies
- Companies, craftsmen and other legal entities and physical persons.

Eligible Investments

- The project should represent a new investment aimed to improve the efficiency of energy use in buildings, i.e. in thermal sources, local heating systems and thermal networks where at least 50% of energy is used for maintenance of ambient temperature and water heating in buildings for household requirements.
- Greenfield projects, particularly the ones featuring integrated design and low energy building concepts, using high efficiency technologies/systems provided an appropriate baseline for energy savings can be established.
- The Energy Efficiency Project must have an estimated Simple Payback Period of less than or equal to 10 years.

General Conditions of the Bank Guarantee

- Bank guarantees are issued for the coverage of up to 50% of documented matured and uncollected loan principal receivables but not exceeding USD 300'000 calculated in accordance with the middle exchange rate of the Hrvatska narodna banka for USD valid at the bank guarantee issue date.
- Validity term – 10 years and 60 days from the date of issue.

Fees

Guarantee Application Fee

- one-off, charged on the committed guarantee amount, at least HRK 500
- payable before the guarantee is issued

Guarantee fee

- on the balance of the guarantee liability, at least HRK 500
- payable quarterly in advance.

Commercial banks included in the Programme

- Raiffeisenbank Austria d.d., Zagreb,
- OTP banka Hrvatska d.d., Zadar.

6. Expenditures

In table 1, an overview of HBOR's overall lending operations in 2007 is provided.

| | Committed lending | |
|------------------------------------|-------------------|---------|
| | mIn EUR | mIn HRK |
| Industry | 249 | 1'826 |
| Export | 469 | 3'435 |
| Infrastructure | 66 | 487 |
| Small and medium sized enterprises | 104 | 760 |
| Total lending operations | 888 | 6'508 |

HBOR's activities in the areas environment and infrastructure can be described in more detail as follows.

Within the scope of its operation, HBOR strives to support sustainable development of the Republic of Croatia, which implies responsible behavior towards the enhancement and preservation of the quality of the

environment, promoting the introduction of renewable energy resources and achieving energy efficiency in compliance with the EU standards.

In 2007, HBOR continued intensive activities on the promotion of investments in infrastructure projects, environmental protection, energy efficiency and renewable energy resources projects, for which loans in the amount of HRK 487 million were approved.

At the end of 2007, HBOR and the German development bank KfW signed a Loan Agreement in the amount of EUR 19.5 million for financing the *Energy Efficiency and Renewable Energy Resources Project*. The main objective of the Programme is to improve the energy efficiency and utilization of renewable energy resources in order to support climate protection and increase the safety of the energy supply. The Programme is intended for financing investments in renewable energy resources and energy efficiency through providing loans either directly via HBOR or through on-lending banks. In July 2007, new secondary legislation came into force for renewable energy resources, which is a key factor for the continuation of HBOR's activities on the Renewable Energy Resources Project. Besides providing support to significant institutions for the development of renewable energy resources the Programme for the Preparation of Renewable Energy Resources Project enables the extending of loans to both the private and public sectors. HBOR's role is also very important in the Bank Guarantees Issuance Programme within the Energy Efficiency Programme.

The Republic of Croatia was approved a Grant for the development of the Energy Efficiency Project in the total amount of USD 11.4 million by the Global Environmental Facility via the International Bank for Reconstruction and Development and the United Nations Development Programme. The goal of the Project is to eliminate obstacles in applying cost-effective technologies and procedures for the enhancement of energy efficiency and the development of the market for goods and services relating to energy efficiency. Within the framework of the project implementation, HBOR was entrusted the role of the Implementing Agency for the Bank Guarantee Issuance Programme and disposes of funds of the Grant in the total amount of USD 2.6 million. The aim of the Programme is to provide support to local commercial banks for financing investments in projects aimed at energy saving, strengthening the economic power and competitiveness of Croatian companies, and developing the energy market of the Republic of Croatia.

In 2007, HBOR joined two groups within the UNEP Finance initiative: the "Climate Change" and the "Central and Eastern Europe" working groups. These groups were established with the objective of determining the role of the financial sector in mitigating climate changes and adjusting to new requirements in preventing the emission of greenhouse gasses. The importance of joining these groups is in informing the financial and industrial sector, decision makers and the wider public on the global and regional challenges of climate changes, as well as supporting and expanding the practice of sustainable finance in Central and Eastern Europe. This is achieved through raising the level of consciousness about the interconnectivity between environmental protection and the financing of investments.

In June 2008, a new Global Loan Finance Contract from the European Investment Bank (EIB) in the amount of EUR 60 million was signed by HBOR and EIB. The loan funds are intended for financing small and medium enterprises, as well as projects in the field of environmental protection, energy efficiency and infrastructure. The co-operation between HBOR and EIB started in 2001, when the first Global Loan Contract in the amount of EUR 10 million was signed. The last contract with EIB in the amount of EUR 40 million signed in October 2007 has been completely utilized.

7. Evaluation, Reporting and Public Information

According to article 22 of the [2006 Law on HBOR](#), HBOR's Supervisory Board is responsible for preparing HBOR's annual financial statements and for submitting them for confirmation to the Parliament of the Republic of Croatia. Annual financial statements shall be deemed accepted when adopted by the Parliament of the Republic of Croatia. Financial statements of HBOR shall be audited by a certified auditors company. The decision on the selection of a firm of auditors for each particular business year shall be made by the

Supervisory Board on the Managing Board's proposal. The State Audit Office shall be in charge of auditing the operations and financial statements of HBOR.

Reporting on HBOR's activities is done primarily through [HBOR's website](#), [HBOR Annual Reports](#) as well as specific printed material and specific reports.

Annex 1: Exchange rates

| Table 2: End-year exchange rates HRK/USD and HRK/EUR | | | | | |
|---|------|------|------|------|------|
| | 2003 | 2004 | 2005 | 2006 | 2007 |
| HRK / USD | 6.36 | 5.84 | 6.21 | 5.57 | 4.99 |
| HRK / EUR | 7.99 | 7.97 | 7.36 | 7.36 | 7.35 |

Sources: www.oanda.com

Annex 2: Abbreviations used in this profile

| | |
|--------|--|
| CEB | Council of Europe Development Bank |
| EC | European Commission |
| EIB | European Investment Bank |
| EU | European Union |
| EUR | Euro (currency) |
| FZOEU | Environmental Protection and Energy Efficiency Fund |
| HBOR | Hrvatska banka za obnovu i razvitak |
| HRK | Croatian Kuna (currency) |
| IPA | Instrument for Pre-Accession Assistance (EC) |
| ISPA | Instrument for Structural Policies for Pre-Accession (EC) |
| KfW | Kreditanstalt für Wiederaufbau (Germany) |
| SAPARD | Special accession programme for agriculture and rural development (EC) |
| SME | small and medium sized enterprise |
| UBS | United Bank of Switzerland |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environment Programme |
| USD | United States Dollar (currency) |
| VAT | value added tax |