

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**BALANCE SHEET**

**AS AT**  
**(HRK '000)**

	<b>September 30, 2004</b>	<b>December 31, 2003</b>
<b>Assets</b>		
<i>Cash on hand and due from banks, net</i>	63,555	101,802
<i>Deposits with other banks, net</i>	1,126,260	651,638
<i>Loans to banks, net</i>	3,550,421	2,385,934
<i>Loans to other customers, net</i>	7,038,290	6,811,026
<i>Assets held to maturity</i>	160,194	179,343
<i>Assets available for sale</i>	198,553	64,623
<i>Investments in associates</i>	29,761	29,761
<i>Tangible and intangible assets</i>	49,534	48,787
<i>Interest receivables, assets held for resale and other assets, net</i>	127,994	64,215
<b>TOTAL ASSETS</b>	<b>12,344,562</b>	<b>10,337,129</b>
<b>Liabilities</b>		
<i>Deposits from banks and companies</i>	606,965	510,508
<i>Borrowings</i>	3,230,534	3,928,931
<i>Bonds payable</i>	3,001,378	1,019,033
<i>Accrued interest payable and other liabilities</i>	1,054,018	771,285
<b>Total Liabilities</b>	<b>7,892,895</b>	<b>6,229,757</b>
<b>Capital</b>		
<i>Founder's capital</i>	3,226,606	2,992,106
<i>Statutory and other capital reserves</i>	1,107,165	940,388
<i>Net profit for the year</i>	110,348	166,777
<b>TOTAL CAPITAL</b>	<b>4,444,119</b>	<b>4,099,271</b>
<i>Guarantee fund</i>	7,548	8,101
<b>TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>4,451,667</b>	<b>4,107,372</b>
<b>TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>12,344,562</b>	<b>10,337,129</b>

*President of the Managing Board*

*Anton Kovačev*

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED  
(HRK '000)**

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	<i>September 30, 2004</i>	<i>September 30, 2003</i>
<i>Interest income</i>	491,270	396,404
<i>Interest expense</i>	<u>(192,978)</u>	<u>(135,559)</u>
<b><i>Net interest income</i></b>	<b>298,292</b>	<b>260,845</b>
<i>Fee income</i>	15,526	16,361
<i>Fee expenses</i>	<u>(752)</u>	<u>(711)</u>
<b><i>Net fee income</i></b>	<b>14,774</b>	<b>15,650</b>
<i>Other non-interest income/(expenses)</i>	<u>(16,136)</u>	<u>40,719</u>
	<b>296,930</b>	<b>317,214</b>
<i>Operating expenses</i>	(50,028)	(43,801)
<i>Provisions</i>	<u>(136,554)</u>	<u>(203,797)</u>
<b><i>Profit before income tax</i></b>	<b>110,348</b>	<b>69,616</b>
<i>Income tax</i>	<u>-</u>	<u>-</u>
<b><i>Profit after income tax</i></b>	<b>110,348</b>	<b>69,616</b>

*President of the Managing Board*

*Anton Kovačev*

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**CASH FLOW STATEMENT  
FOR THE PERIOD ENDED  
(HRK '000)**

	<b>September 30, 2004</b>	<b>September 30, 2003</b>
<b>Operating activities</b>		
<i>Profit</i>	110,348	69,616
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	3,310	2,970
<i>Net provisions</i>	136,554	203,797
<i>Operating profit before working capital changes</i>	250,212	276,383
<i>Changes in operating assets and liabilities:</i>		
<i>Net (increase)/decrease in deposits with other banks, before provision for possible losses</i>	(491,016)	652,170
<i>Net (increase) in loans, before provision for possible losses</i>	(1,479,496)	2,058,255
<i>Net (increase) in accrued interest receivables, assets held for resale and other assets, before provision for possible losses</i>	(66,835)	(31,970)
<i>Net increase in deposits from banks and companies</i>	96,457	715,813
<i>Net increase in interest payables and other liabilities</i>	253,510	209,654
<b><i>Net cash used in operating activities</i></b>	<b>(1,687,380)</b>	<b>(512,588)</b>
<b>Investment activities</b>		
<i>Net (increase) in assets available for sale</i>	(133,930)	(58,206)
<i>Net decrease in assets held to maturity</i>	19,149	170,179
<i>Net (increase) of investments in associates</i>	-	(17,550)
<i>Net (purchases) of tangible and intangible assets</i>	(4,057)	(26,180)
<b><i>Net cash used in/provided by investment activities</i></b>	<b>(118,838)</b>	<b>68,243</b>
<b>Financial activities</b>		
<i>Net increase in founder's capital</i>	234,500	212,117
<i>Net (decrease) in borrowings</i>	(698,397)	(70,503)
<i>Net increase/(decrease) in bonds payable</i>	1,982,345	(6,929)
<i>Net (decrease)/increase in guarantee fund</i>	(553)	6,472
<b><i>Net cash provided by financial activities</i></b>	<b>1,517,895</b>	<b>141,157</b>
<i>Net (decrease) in cash and cash equivalents</i>	(38,111)	(26,805)
<b><i>Balance as of 1 January, before provisions</i></b>	<b>102,314</b>	<b>89,233</b>
<i>Net cash (decrease)</i>	(38,111)	(26,805)
<b><i>Balance as at September 30, before provision</i></b>	<b>64,203</b>	<b>62,428</b>