

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

BALANCE SHEET

AS AT

- UNAUDITED -

(HRK '000)

	December 31, 2004	December 31, 2003
Assets		
<i>Cash on hand and due from banks, net</i>	36,578	101,802
<i>Deposits with other banks, net</i>	229,417	651,638
<i>Loans to banks, net</i>	4,078,285	2,385,934
<i>Loans to other customers, net</i>	6,937,893	6,811,026
<i>Assets held to maturity</i>	151,309	179,343
<i>Assets available for sale</i>	213,565	64,623
<i>Investments in associates</i>	29,761	29,761
<i>Tangible and intangible assets</i>	50,099	48,787
<i>Interest receivables, assets held for resale and other assets, net</i>	37,268	64,215
TOTAL ASSETS	11,764,175	10,337,129
Liabilities		
<i>Deposits</i>	539,990	510,508
<i>Borrowings</i>	2,684,429	3,928,931
<i>Bonds payable</i>	3,155,394	1,019,033
<i>Other liabilities</i>	806,077	771,285
Total Liabilities	7,185,890	6,229,757
Capital		
<i>Founder's capital</i>	3,327,106	2,992,106
<i>Statutory and other capital reserves</i>	1,107,165	940,388
<i>Net profit for the year</i>	136,343	166,777
TOTAL CAPITAL	4,570,614	4,099,271
<i>Guarantee fund</i>	7,671	8,101
TOTAL CAPITAL AND GUARANTEE FUND	4,578,285	4,107,372
TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND	11,764,175	10,337,129

President of the Managing Board

Anton Kovačev

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	<i>December 31, 2004</i>	<i>December 31, 2003</i>
<i>Interest income</i>	640,763	544,792
<i>Interest expense</i>	<u>(259,233)</u>	<u>(188,847)</u>
<i>Net interest income</i>	<u>381,530</u>	<u>355,945</u>
<i>Fee income</i>	20,382	26,447
<i>Fee expenses</i>	<u>(1,735)</u>	<u>(972)</u>
<i>Net fee income</i>	<u>18,647</u>	<u>25,475</u>
<i>Other non-interest income/(expenses)</i>	<u>3,340</u>	<u>109,107</u>
	<u>403,517</u>	<u>490,527</u>
<i>Operating expenses</i>	(70,197)	(64,026)
<i>Provisions</i>	<u>(196,977)</u>	<u>(259,724)</u>
<i>Profit before income tax</i>	<u>136,343</u>	<u>166,777</u>
<i>Income tax</i>	<u>-</u>	<u>-</u>
<i>Profit after income tax</i>	<u>136,343</u>	<u>166,777</u>

President of the Managing Board

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CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	<i>December 31, 2004</i>	<i>December 31, 2003</i>
Operating activities		
<i>Profit</i>	136,343	166,777
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	4,471	3,986
<i>Net provisions</i>	196,977	259,724
<i>Operating profit before working capital changes</i>	337,791	430,487
<i>Changes in operating assets and liabilities:</i>		
<i>Net decrease in deposits with other banks, before provision for possible losses</i>	426,441	257,530
<i>Net (increase) in loans, before provision for impairment</i>	(2,029,404)	(2,525,208)
<i>Net decrease/ (increase) in accrued interest receivables, assets held for resale and other assets, before provision for possible losses</i>	22,939	(14,681)
<i>Net increase in deposits from banks and companies</i>	29,482	181,365
<i>Net increase in other liabilities</i>	47,642	201,831
<i>Net cash used in operating activities</i>	<i>(1,165,109)</i>	<i>(1,468,676)</i>
Investment activities		
<i>Net (increase) in assets available for sale</i>	(148,942)	(58,000)
<i>Net decrease in assets held to maturity</i>	28,034	182,920
<i>Net (increase) of investments in associates</i>	-	(17,550)
<i>Net (purchases) of tangible and intangible assets</i>	(5,783)	(27,217)
<i>Net cash used in/provided by investment activities</i>	<i>(126,691)</i>	<i>80,153</i>
Financial activities		
<i>Net increase in founder's capital</i>	335,000	282,682
<i>Net (decrease)/increase in borrowings</i>	(1,244,502)	1,133,608
<i>Net increase/(decrease) in bonds payable</i>	2,136,361	(21,399)
<i>Net (decrease)/increase in guarantee fund</i>	(430)	6,713
<i>Net cash provided by financial activities</i>	<i>1,226,429</i>	<i>1,401,604</i>
<i>Net (decrease)/increase in cash and cash equivalents</i>	(65,371)	13,081
<i>Balance as of 1 January, before provisions</i>	<i>102,314</i>	<i>89,233</i>
<i>Net cash (decrease)/increase</i>	<i>(65,371)</i>	<i>13,081</i>
<i>Balance as at December 31, before provision</i>	<i>36,943</i>	<i>102,314</i>