

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

BALANCE SHEET

AS AT
(HRK '000)

| | March 31, 2004 | December 31, 2003 |
|---|---------------------------|------------------------------|
| Assets | | |
| <i>Cash on hand and due from banks, net</i> | 87,411 | 101,802 |
| <i>Deposits with other banks, net</i> | 1,222,154 | 651,638 |
| <i>Loans to banks, net</i> | 2,504,775 | 2,385,934 |
| <i>Loans to other customers, net</i> | 7,721,914 | 6,811,026 |
| <i>Assets held to maturity</i> | 171,586 | 179,343 |
| <i>Assets available for sale</i> | 100,060 | 64,623 |
| <i>Investments in subsidiaries and associates</i> | 29,761 | 29,761 |
| <i>Tangible and intangible assets</i> | 49,588 | 48,787 |
| <i>Interest receivables, assets held for resale and other assets, net</i> | 132,208 | 64,215 |
| TOTAL ASSETS | 12,019,457 | 10,337,129 |
| Liabilities | | |
| <i>Deposits from banks and companies</i> | 514,747 | 510,508 |
| <i>Borrowings</i> | 3,449,890 | 3,928,931 |
| <i>Bonds payable</i> | 2,939,731 | 1,019,033 |
| <i>Accrued interest payable and other liabilities</i> | 942,505 | 771,285 |
| Total Liabilities | 7,846,873 | 6,229,757 |
| Capital | | |
| <i>Founder's capital</i> | 3,025,606 | 2,992,106 |
| <i>Statutory and other capital reserves</i> | 1,107,165 | 940,388 |
| <i>Net profit for the year</i> | 32,418 | 166,777 |
| TOTAL CAPITAL | 4,165,189 | 4,099,271 |
| Guarantee fund | 7,395 | 8,101 |
| TOTAL CAPITAL AND GUARANTEE FUND | 4,172,584 | 4,107,372 |
| TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND | 12,019,457 | 10,337,129 |

President of the Managing Board

Anton Kovačev

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

| | March 31, 2004 | March 31, 2003 |
|--|---------------------------|---------------------------|
| <i>Interest income</i> | 155,143 | 135,992 |
| <i>Interest expense</i> | <u>(58,581)</u> | <u>(47,575)</u> |
| <i>Net interest income</i> | 96,562 | 88,417 |
| <i>Fee income</i> | 4,309 | 5,604 |
| <i>Fee expenses</i> | <u>(254)</u> | <u>(79)</u> |
| <i>Net fee income</i> | 4,055 | 5,525 |
| <i>Other non-interest income /(expenses)</i> | <u>(51,983)</u> | <u>60,979</u> |
| | <u>48,634</u> | <u>154,921</u> |
| <i>Operating expenses</i> | (16,428) | (14,067) |
| <i>Provisions</i> | <u>212</u> | <u>(119,109)</u> |
| <i>Profit before income tax</i> | <u>32,418</u> | <u>21,745</u> |
| <i>Income tax</i> | <u>-</u> | <u>-</u> |
| <i>Profit after income tax</i> | <u>32,418</u> | <u>21,745</u> |

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CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED**

(HRK '000)

| | March 31, 2004 | March 31, 2003 |
|--|---------------------------|---------------------------|
| Operating activities | | |
| <i>Profit</i> | 32,418 | 21,745 |
| <i>Adjustments to reconcile to net cash from and used in operating activities:</i> | | |
| <i>Depreciation</i> | 1,029 | 936 |
| <i>Net provisions</i> | (212) | 119,109 |
| <i>Operating profit before working capital changes</i> | 33,235 | 141,790 |
| <i>Changes in operating assets and liabilities:</i> | | |
| <i>Net (increase)/decrease in deposits with other banks, before provision for possible losses</i> | (570,516) | 471,723 |
| <i>Net (increase) in loans, before provision for possible losses</i> | (1,029,606) | (694,375) |
| <i>Net (increase) in accrued interest receivables, assets held for resale and other assets, before provision for possible losses</i> | (68,012) | (38,927) |
| <i>Net increase/(decrease) in deposits from banks and companies</i> | 4,239 | (14,114) |
| <i>Net increase in interest payables and other liabilities</i> | 171,328 | 35,592 |
| <i>Net cash used in operating activities</i> | (1,459,332) | (98,311) |
| Investment activities | | |
| <i>Net (increase) in assets available for sale</i> | (35,437) | - |
| <i>Net decrease/(increase) in assets held to maturity</i> | 7,757 | (12,042) |
| <i>Net (increase) of investments in subsidiaries and associate</i> | - | (5,550) |
| <i>Net (purchases) of tangible and intangible assets</i> | (1,830) | (22,495) |
| <i>Net cash used in/provided by investment activities</i> | (29,510) | (40,087) |
| Financial activities | | |
| <i>Net increase in founder's capital</i> | 33,500 | 70,977 |
| <i>Net (increase) in borrowings</i> | (479,041) | (9,795) |
| <i>Net increase in bonds payable</i> | 1,920,698 | 25,743 |
| <i>Net (decrease)/increase in guarantee fund</i> | (706) | 6,733 |
| <i>Net cash provided by financial activities</i> | 1,474,451 | 93,658 |
| <i>Net (decrease) in cash and cash equivalents</i> | (14,391) | (44,740) |
| <i>Balance as of 1 January, before provisions</i> | 102,314 | 89,233 |
| <i>Net cash (decrease)</i> | (14,391) | (44,740) |
| <i>Balance as at March 31, before provision</i> | 87,923 | 44,493 |