

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

BALANCE SHEET

AS AT

(HRK '000)

	June 30, 2004	December 31, 2003
Assets		
<i>Cash on hand and due from banks, net</i>	53,900	101,802
<i>Deposits with other banks, net</i>	1,677,470	651,638
<i>Loans to banks, net</i>	2,809,513	2,385,934
<i>Loans to other customers, net</i>	6,930,904	6,811,026
<i>Assets held to maturity</i>	156,331	179,343
<i>Assets available for sale</i>	113,796	64,623
<i>Investments in associates</i>	29,761	29,761
<i>Tangible and intangible assets</i>	49,263	48,787
<i>Interest receivables, assets held for resale and other assets, net</i>	109,710	64,215
TOTAL ASSETS	11,930,648	10,337,129
Liabilities		
<i>Deposits from banks and companies</i>	444,563	510,508
<i>Borrowings</i>	3,292,724	3,928,931
<i>Bonds payable</i>	2,928,479	1,019,033
<i>Accrued interest payable and other liabilities</i>	966,390	771,285
Total Liabilities	7,632,156	6,229,757
Capital		
<i>Founder's capital</i>	3,126,106	2,992,106
<i>Statutory and other capital reserves</i>	1,107,165	940,388
<i>Net profit for the year</i>	57,855	166,777
TOTAL CAPITAL	4,291,126	4,099,271
<i>Guarantee fund</i>	7,366	8,101
TOTAL CAPITAL AND GUARANTEE FUND	4,298,492	4,107,372
TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND	11,930,648	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)**

	June 30, 2004	June 30, 2003
<i>Interest income</i>	313,444	274,970
<i>Interest expense</i>	<u>(123,391)</u>	<u>(93,804)</u>
<i>Net interest income</i>	190,053	181,166
<i>Fee income</i>	9,929	10,328
<i>Fee expenses</i>	<u>(517)</u>	<u>(336)</u>
<i>Net fee income</i>	9,412	9,992
<i>Other non-interest income/(expenses)</i>	<u>(29,129)</u>	<u>11,331</u>
	170,336	202,489
<i>Operating expenses</i>	(33,812)	(29,114)
<i>Provisions</i>	<u>(78,669)</u>	<u>(129,827)</u>
<i>Profit before income tax</i>	57,855	43,548
<i>Income tax</i>	<u>-</u>	<u>-</u>
<i>Profit after income tax</i>	57,855	43,548

President of the Managing Board

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CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	June 30, 2004	June 30, 2003
Operating activities		
<i>Profit</i>	57,855	43,548
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	2,169	1,926
<i>Net provisions</i>	78,669	129,827
<i>Operating profit before working capital changes</i>	138,693	175,301
<i>Changes in operating assets and liabilities:</i>		
<i>Net (increase)/decrease in deposits with other banks, before provision for possible losses</i>	(1,047,797)	374,898
<i>Net (increase) in loans, before provision for possible losses</i>	(616,013)	(892,224)
<i>Net (increase) in accrued interest receivables, assets held for resale and other assets, before provision for possible losses</i>	(46,317)	(21,789)
<i>Net (decrease)/increase in deposits from banks and companies</i>	(65,945)	56,197
<i>Net increase in interest payables and other liabilities</i>	211,808	192,579
<i>Net cash used in operating activities</i>	(1,564,264)	(290,339)
Investment activities		
<i>Net (increase) in assets available for sale</i>	(49,173)	(59,010)
<i>Net decrease in assets held to maturity</i>	23,012	106,898
<i>Net (increase) of investments in associates</i>	-	(17,550)
<i>Net (purchases) of tangible and intangible assets</i>	(2,645)	(23,903)
<i>Net cash used in/provided by investment activities</i>	(28,806)	6,435
Financial activities		
<i>Net increase in founder's capital</i>	134,000	141,550
<i>Net (decrease) in borrowings</i>	(636,207)	(81,068)
<i>Net increase/(decrease) in bonds payable</i>	1,909,446	(15,356)
<i>Net (decrease)/increase in guarantee fund</i>	(735)	6,751
<i>Net cash provided by financial activities</i>	1,406,504	51,877
<i>Net (decrease) in cash and cash equivalents</i>	(47,873)	(56,726)
<i>Balance as of 1 January, before provisions</i>	102,314	89,233
<i>Net cash (decrease)</i>	(47,872)	(56,726)
<i>Balance as at June 30, before provision</i>	54,441	32,507