

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

BALANCE SHEET

AS AT

(HRK '000)

	March 31, 2006	December 31, 2005
Assets		
<i>Cash on hand and due from banks, net</i>	12,191	58,746
<i>Deposits with other banks, net</i>	279,370	418,115
<i>Loans to banks, net</i>	6,217,480	6,382,746
<i>Loans to other customers, net</i>	6,604,840	6,451,791
<i>Assets held to maturity</i>	111,726	110,602
<i>Assets available for sale</i>	229,283	235,845
<i>Investments in associates</i>	-	-
<i>Tangible and intangible assets</i>	49,339	49,775
<i>Assets for resale</i>	18,205	18,153
<i>Other assets, net</i>	4,292	5,515
TOTAL ASSETS	13,526,726	13,731,288
Liabilities		
<i>Deposits</i>	662,228	516,751
<i>Borrowings</i>	3,856,542	4,162,802
<i>Bonds payable</i>	2,943,731	3,036,474
<i>Other liabilities</i>	1,034,069	1,074,641
Total Liabilities	8,496,570	8,790,668
Capital		
<i>Founder's capital</i>	4,004,737	3,959,737
<i>Retained earnings and reserves</i>	957,295	786,621
<i>Other reserves</i>	11,632	16,212
<i>Net profit for the year</i>	49,168	170,675
TOTAL CAPITAL	5,022,832	4,933,245
<i>Guarantee fund</i>	7,324	7,375
TOTAL CAPITAL AND GUARANTEE FUND	5,030,156	4,940,620
TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND	13,526,726	13,731,288

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, 2006	March 31, 2005
<i>Interest income</i>	173,372	160,054
<i>Interest expense</i>	(72,333)	(58,211)
<i>Net interest income</i>	101,039	101,843
<i>Fee income</i>	5,529	3,641
<i>Fee expenses</i>	(87)	(264)
<i>Net fee income</i>	5,442	3,377
<i>Net gains/(losses) on financial operations</i>	5,640	(41,280)
<i>Other income</i>	670	762
	112,791	64,702
<i>Operating expenses</i>	(17,659)	(15,889)
<i>Impairment loss and provisions</i>	(45,964)	(6,749)
<i>Profit before income tax</i>	49,168	42,064
<i>Income tax</i>	-	-
<i>Profit after income tax</i>	49,168	42,064

President of the Managing Board

Anton Kovačev

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

**CASH FLOW STATEMENT
FOR THE PERIOD ENDED**

(HRK '000)

	March 31, 2006	March 31, 2005
Operating activities		
<i>Profit after income tax</i>	49,168	42,064
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	1,287	1,277
<i>Impairment loss and provisions</i>	45,964	6,749
<i>Accrued interest and deferred fees</i>	(73,277)	(98,657)
<i>Operating profit before working capital changes</i>	23,142	(48,567)
<i>Changes in operating assets and liabilities:</i>		
<i>Net decrease/(increase) in deposits with other banks, before provision for impairment</i>	140,168	(396,995)
<i>Net decrease in loans to banks, before provision for impairment</i>	155,514	153,804
<i>Net (increase)/ decrease in loans to other customers, before provision for impairment</i>	(198,415)	94,450
<i>Net decrease/(increase) in other assets, before provision for impairment</i>	1,144	(4,826)
<i>Net (increase) in assets held for resale</i>	(52)	(421)
<i>Net increase in deposits from banks and companies</i>	145,474	454,099
<i>Net (decrease)/ increase in other liabilities, before provision</i>	(16,368)	166,999
Net cash provided by operating activities	250,607	418,543
Investment activities		
<i>Net decrease/(increase) in assets available for sale</i>	1,412	(65,998)
<i>Net decrease in assets held to maturity</i>	775	4,400
<i>Net (purchases) of tangible and intangible assets</i>	(851)	(1,257)
Net cash provided by/(used in) investment activities	1,336	(62,855)
Financial activities		
<i>Net increase in founder's capital</i>	45,000	55,300
<i>Net (decrease) in borrowings</i>	(323,305)	(93,134)
<i>Net (decrease) in bonds payable</i>	(20,120)	(90,696)
<i>Net (decrease) in guarantee fund</i>	(51)	(229)
Net cash (used in) financial activities	(298,476)	(128,759)
<i>Net (decrease)/ increase in cash and cash equivalents</i>	(46,533)	226,929
Balance as of 1 January, net of provisions	58,823	36,943
<i>Net (decrease)/ increase in cash</i>	(46,533)	226,929
Balance as of 31 March, net of provisions	12,290	263,872