

# HRVATSKA BANKA ZA OBNOVU I RAZVITAK

## Balance Sheet As at December 31 - UNAUDITED -

(Expressed in thousands HRK)

	2006	2005
<b>Assets</b>		
Cash on hand and due from banks, net	19,862	58,746
Deposits with other banks, net	405,118	418,115
Loans to banks, net	7,898,957	6,382,746
Loans to other customers, net	6,209,913	6,451,791
Assets held to maturity	75,925	110,602
Assets available for sale	225,847	235,845
Investments in associates	-	-
Tangible and intangible assets	52,109	49,775
Assets for resale	35,431	18,153
Other assets, net	4,430	5,515
<b>TOTAL ASSETS</b>	<b>14,927,592</b>	<b>13,731,288</b>
<b>Liabilities</b>		
Deposits	518,338	516,751
Borrowings	3,738,098	4,162,802
Bonds payable	4,150,427	3,036,474
Other liabilities	1,190,265	1,074,641
<b>TOTAL LIABILITIES</b>	<b>9,597,128</b>	<b>8,790,668</b>
<b>Capital</b>		
Founder's capital	4,174,737	3,959,737
Retained earnings and reserves	957,296	786,621
Other reserves	7,098	16,212
Net profit for the year	180,315	170,675
<b>TOTAL CAPITAL</b>	<b>5,319,446</b>	<b>4,933,245</b>
Guarantee fund	11,018	7,375
<b>TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>5,330,464</b>	<b>4,940,620</b>
<b>TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>14,927,592</b>	<b>13,731,288</b>

President of the Managing Board

Anton Kovačev

# HRVATSKA BANKA ZA OBNOVU I RAZVITAK

*Profit and Loss Account  
For the period ended  
- UNAUDITED -  
(Expressed in thousands HRK)*

	2006	2005
<i>Interest income</i>	768,167	671,522
<i>Interest expense</i>	<u>(323,525)</u>	<u>(274,409)</u>
<b>NET INTEREST INCOME</b>	<b><u>444,642</u></b>	<b><u>397,113</u></b>
<i>Fee income</i>	23,168	18,849
<i>Fee expenses</i>	<u>(842)</u>	<u>(1,112)</u>
<b>NET FEE INCOME</b>	<b><u>22,326</u></b>	<b><u>17,737</u></b>
<i>Net gains/(losses) on financial operations</i>	8,213	(72,927)
<i>Other income</i>	<u>3,697</u>	<u>4,274</u>
	<b><u>478,878</u></b>	<b><u>346,197</u></b>
<i>Operating expenses</i>	(81,409)	(76,604)
<i>Impairment loss and provisions</i>	<u>(217,154)</u>	<u>(98,918)</u>
<b>PROFIT BEFORE INCOME TAX</b>	<b><u>180,315</u></b>	<b><u>170,675</u></b>
<i>Income tax</i>	<u>-</u>	<u>-</u>
<b>PROFIT AFTER INCOME TAX</b>	<b><u>180,315</u></b>	<b><u>170,675</u></b>

*President of the Managing Board*

*Anton Kovačev*

# HRVATSKA BANKA ZA OBNOVU I RAZVITAK

## Cash Flow Statement

For the period ended

- UNAUDITED -

(Expressed in thousands HRK)

	2006	2005
<b>Operating activities</b>		
<i>Profit after income tax</i>	180,315	170,675
Adjustments to reconcile to net cash from and used in operating activities:		
<i>Depreciation</i>	5,256	5,016
<i>Provisions</i>	217,154	98,918
<i>Interest accrual</i>	20,652	(6,258)
<i>Operating profit before working capital changes</i>	423,377	268,351
Changes in operating assets and liabilities:		
<i>Net decrease/(increase) in deposits with other banks, before provision for</i>	13,239	(190,752)
<i>Net (increase) in loans to banks, before provision for impairment</i>	(1,512,535)	(2,145,294)
<i>Net decrease in loans to other customers, before provision for impairment</i>	11,919	357,436
<i>Net decrease/(increase) in other assets, before provision for impairment</i>	469	(2,848)
<i>Net (increase) in assets held for resale</i>	(17,278)	(6,614)
<i>Net increase/(decrease) in deposits from banks and companies</i>	1,587	(9,103)
<i>Net increase in other liabilities, before provision</i>	123,140	154,946
<b>Net cash used in operating activities</b>	<b>(956,082)</b>	<b>(1,573,878)</b>
<b>Investment activities</b>		
<i>Net decrease/(increase) in assets available for sale</i>	873	(8,805)
<i>Net decrease in assets held to maturity</i>	34,377	37,467
<i>Proceeds from disposal of investment in associates</i>	4,328	5,550
<i>Net (purchases) of tangible and intangible assets</i>	(7,590)	(4,692)
<b>Net cash provided by investment activities</b>	<b>31,988</b>	<b>29,520</b>
<b>Financial activities</b>	215,000	206,000
<i>Net increase in founder's capital</i>	(424,018)	1,475,667
<i>Net (decrease)/increase in borrowings</i>	1,090,640	(115,133)
<i>Net increase/(decrease) in bonds payable</i>	3,643	(296)
<i>Net increase/(decrease) in guarantee fund</i>	<b>885,265</b>	<b>1,566,238</b>
<b>Net cash provided by financial activities</b>	(38,829)	21,880
<i>Net (decrease)/increase in cash and cash equivalents</i>		
<b>Balance as of 1 January, net of provisions</b>	<b>58,823</b>	<b>36,943</b>
<i>Net cash (decrease)/increase</i>	(38,829)	21,880
<b>Balance as of 31 December, net of provisions</b>	<b>19,994</b>	<b>58,823</b>