

# CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

## BALANCE SHEET AS OF (expressed in thousands HRK)

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<i>Cash on hand and due from banks, net</i>	68,419	24,660
<i>Deposits with other banks, net</i>	586,004	584,630
<i>Financial assets at fair value through profit or loss</i>	8,197	-
<i>Loans to banks, net</i>	11,698,854	10,523,533
<i>Loans to other customers, net</i>	5,503,640	5,932,731
<i>Assets held to maturity</i>	19,703	39,161
<i>Assets available for sale</i>	164,987	191,220
<i>Investments in associates</i>	-	-
<i>Tangible and intangible assets</i>	47,847	49,052
<i>Assets for resale</i>	47,794	50,267
<i>Other assets, net</i>	10,455	6,797
<b>TOTAL ASSETS</b>	<b>18,155,900</b>	<b>17,402,051</b>
<b>LIABILITIES</b>		
<i>Deposits</i>	616,110	558,550
<i>Borrowings</i>	4,574,817	3,795,359
<i>Bonds payable</i>	5,897,723	6,012,845
<i>Other liabilities</i>	1,172,904	1,255,918
<b>TOTAL LIABILITIES</b>	<b>12,261,554</b>	<b>11,622,672</b>
<b>CAPITAL</b>		
<i>Founder's capital</i>	4,433,739	4,389,737
<i>Retained earnings and reserves</i>	1,378,526	1,137,611
<i>Other reserves</i>	(4,429)	(1,869)
<i>Net profit for the year</i>	74,219	240,915
<b>Total capital</b>	<b>5,882,055</b>	<b>5,766,394</b>
<i>Guarantee fund</i>	12,291	12,985
<b>Total capital and guarantee fund</b>	<b>5,894,346</b>	<b>5,779,379</b>
<b>TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>18,155,900</b>	<b>17,402,051</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**INCOME STATEMENT**  
(expressed in thousands HRK)

	2008		2007	
	<i>Current period April 1 – June 30</i>	<i>Cumulatively January 1 – June 30</i>	<i>Current period April 1 – June 30</i>	<i>Cumulatively January 1 – June 30</i>
<i>Interest income</i>	215,302	447,475	207,461	407,270
<i>Interest expense</i>	(124,441)	(246,522)	(99,128)	(188,165)
<b><i>Net interest income</i></b>	<b>90,861</b>	<b>200,953</b>	<b>108,333</b>	<b>219,105</b>
<i>Fee income</i>	5,641	11,166	5,024	9,934
<i>Fee expenses</i>	(278)	(650)	(223)	(295)
<b><i>Net fee income</i></b>	<b>5,363</b>	<b>10,516</b>	<b>4,801</b>	<b>9,639</b>
<i>Net gains/(losses) on financial operations</i>	539	(7,050)	370	617
<i>Other income</i>	1,297	1,838	894	2,712
	<b>98,060</b>	<b>206,257</b>	<b>114,398</b>	<b>232,073</b>
<i>Operating expenses</i>	(23,948)	(44,782)	(23,539)	(45,191)
<i>Impairment loss and provisions</i>	(40,491)	(87,256)	(45,899)	(94,583)
<b><i>Profit before income tax</i></b>	<b>33,621</b>	<b>74,219</b>	<b>44,960</b>	<b>92,299</b>
<i>Income tax</i>	-	-	-	-
<b><i>Profit before income tax</i></b>	<b>33,621</b>	<b>74,219</b>	<b>44,960</b>	<b>92,299</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**STATEMENT OF CASH FLOW  
FOR THE PERIOD JANUARY 1 TO JUNE 30  
(expressed in thousands HRK)**

	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
<i>Profit before income tax</i>	74,219	92,299
Adjustments to reconcile to net cash from and used in operating activities:		
<i>Depreciation</i>	3,022	3,178
<i>Impairment loss and provisions</i>	87,256	94,583
<i>Accrued interest</i>	(48,790)	(16,462)
<i>Deferred fees</i>	6,074	1,957
Operating profit before working capital changes	121,781	175,555
Changes in operating assets and liabilities:		
<i>Net (increase) in deposits with other banks, before provision for impairment</i>	(7,063)	(308,112)
<i>Net (increase) in loans to banks, before provision for impairment</i>	(1,216,782)	(1,475,876)
<i>Net decrease in loans to other customers, before provision for impairment</i>	321,823	151,529
<i>Net (increase) in other assets, before provision for impairment</i>	(3,726)	(145)
<i>Net decrease/(increase) in assets held for resale</i>	2,473	(579)
<i>Net increase in deposits from banks and companies</i>	57,560	161,178
<i>Net (decrease) in other liabilities, before provision</i>	(32,408)	(128,364)
<b>Net cash (used in) operating activities</b>	<b>(756,342)</b>	<b>(1,424,814)</b>
<b>Investment activities</b>		
<i>Net (increase) in financial assets at fair value through profit or loss</i>	(8,197)	-
<i>Net decrease/(increase) in assets available for sale</i>	23,480	(6,115)
<i>Net decrease in assets held to maturity</i>	19,289	18,184
<i>Net (purchases) of property, plant and equipment and intangible assets</i>	(1,816)	(1,646)
<b>Net cash provided by investment activities</b>	<b>32,756</b>	<b>10,423</b>
<b>Financial activities</b>		
<i>Net increase in founder's capital</i>	44,002	99,000
<i>Net increase/(decrease) in borrowings</i>	784,991	(433,520)
<i>Net (decrease)/increase in bonds payable</i>	(61,094)	1,793,759
<i>Net (decrease) in guarantee fund</i>	(694)	(63)
<b>Net cash provided by financial activities</b>	<b>767,205</b>	<b>1,459,176</b>
<i>Net increase in cash and cash equivalents</i>	43,619	44,785
<i>Balance as of 1 January, net of provisions</i>	24,835	19,994
<i>Net cash increase</i>	43,619	44,785
<b>Balance as of 30 June, net of provisions</b>	<b>68,454</b>	<b>64,779</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD JANUARY 1 TO JUNE 30  
(expressed in thousands HRK)**

	<i>Founder`s capital</i>	<i>Retained earnings and reserves</i>	<i>Other reserves</i>	<i>Net profit for the year</i>	<i>Total</i>
<b><i>Balance as of 1 January 2007</i></b>	<b><u>4,174,737</u></b>	<b><u>957,296</u></b>	<b><u>7,098</u></b>	<b><u>180,315</u></b>	<b><u>5,319,446</u></b>
<i>Profit after income tax</i>	-	-	-	92,299	92,299
<i>Increase in fair value of assets available for sale</i>	-	-	816	-	816
<i>Decrease in fair value of assets available for sale</i>	-	-	(3,804)	-	(3,804)
<i>Foreign exchange losses on owners` securities</i>	-	-	(57)	-	(57)
<b><i>Total recognized income and expense for the period</i></b>	-	-	<b>(3,045)</b>	<b>92,299</b>	<b>89,254</b>
<i>Payment from the State budget</i>	99,000	-	-	-	99,000
<i>Transfer of profit 2006 to retained earnings</i>	-	180,315	-	(180,315)	-
<b><i>Balance as of 30 June 2007</i></b>	<b><u>4,273,737</u></b>	<b><u>1,137,611</u></b>	<b><u>4,053</u></b>	<b><u>92,299</u></b>	<b><u>5,507,700</u></b>
<b><i>Balance as of 1 January 2008</i></b>	<b><u>4,389,737</u></b>	<b><u>1,137,611</u></b>	<b><u>(1,869)</u></b>	<b><u>240,915</u></b>	<b><u>5,766,394</u></b>
<i>Profit after income tax</i>	-	-	-	74,219	74,219
<i>Increase in fair value of assets available for sale</i>	-	-	825	-	825
<i>Decrease in fair value of assets available for sale</i>	-	-	(3,109)	-	(3,109)
<i>Foreign exchange losses on owners` securities</i>	-	-	(133)	-	(133)
<i>Transfer of realized gain into IS</i>	-	-	(3,245)	-	(3,245)
<i>Transfer of realized loss into IS</i>	-	-	3,102	-	3,102
<b><i>Total recognized income and expense for the period</i></b>	-	-	<b>(2,560)</b>	<b>74,219</b>	<b>71,659</b>
<i>Payment from the State budget</i>	44,000	-	-	-	44,000
<i>Other payments</i>	2	-	-	-	2
<i>Transfer of profit 2007 to retained earnings</i>	-	240,915	-	(240,915)	-
<b><i>Balance as of 30 June 2008</i></b>	<b><u>4,433,739</u></b>	<b><u>1,378,526</u></b>	<b><u>(4,429)</u></b>	<b><u>74,219</u></b>	<b><u>5,882,055</u></b>