

# CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	March 31, 2008	December 31, 2007
<b>ASSETS</b>		
<i>Cash on hand and due from banks, net</i>	82,786	24,660
<i>Deposits with other banks, net</i>	531,170	584,630
<i>Financial assets at fair value through profit or loss</i>	8,103	-
<i>Loans to banks, net</i>	10,865,146	10,523,533
<i>Loans to other customers, net</i>	5,673,482	5,932,731
<i>Assets held to maturity</i>	39,468	39,161
<i>Assets available for sale</i>	188,551	191,220
<i>Investments in associates</i>	-	-
<i>Tangible and intangible assets</i>	48,505	49,052
<i>Assets for resale</i>	50,267	50,267
<i>Other assets, net</i>	6,721	6,797
<b>TOTAL ASSETS</b>	<b>17,494,199</b>	<b>17,402,051</b>
<b>LIABILITIES</b>		
<i>Deposits</i>	488,834	558,550
<i>Borrowings</i>	4,055,088	3,795,359
<i>Bonds payable</i>	5,923,418	6,012,845
<i>Other liabilities</i>	1,208,118	1,255,918
<b>TOTAL LIABILITIES</b>	<b>11,675,458</b>	<b>11,622,672</b>
<b>CAPITAL</b>		
<i>Founder's capital</i>	4,389,739	4,389,737
<i>Retained earnings and reserves</i>	1,378,526	1,137,611
<i>Other reserves</i>	(2,985)	(1,869)
<i>Net profit for the year</i>	40,598	240,915
<b>Total capital</b>	<b>5,805,878</b>	<b>5,766,394</b>
<i>Guarantee fund</i>	12,863	12,985
<b>Total capital and guarantee fund</b>	<b>5,818,741</b>	<b>5,779,379</b>
<b>TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND</b>	<b>17,494,199</b>	<b>17,402,051</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**INCOME STATEMENT**  
**FOR THE PERIOD JANUARY 1 TO MARCH 31**  
*(expressed in thousands HRK)*

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	<b>2008</b>	<b>2007</b>
<i>Interest income</i>	232,173	199,809
<i>Interest expense</i>	<u>(122,081)</u>	<u>(89,037)</u>
<b><i>Net interest income</i></b>	<b><u>110,092</u></b>	<b><u>110,772</u></b>
<i>Fee income</i>	5,525	4,910
<i>Fee expenses</i>	<u>(372)</u>	<u>(72)</u>
<b><i>Net fee income</i></b>	<b><u>5,153</u></b>	<b><u>4,838</u></b>
<i>Net gains/(losses) on financial operations</i>	(7,589)	247
<i>Other income</i>	<u>541</u>	<u>1,818</u>
	<b><u>108,197</u></b>	<b><u>117,675</u></b>
<i>Operating expenses</i>	(20,834)	(21,652)
<i>Impairment loss and provisions</i>	<u>(46,765)</u>	<u>(48,684)</u>
<b><i>Profit before income tax</i></b>	<b><u>40,598</u></b>	<b><u>47,339</u></b>
<i>Income tax</i>	<u>-</u>	<u>-</u>
<b><i>Profit before income tax</i></b>	<b><u>40,598</u></b>	<b><u>47,339</u></b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**STATEMENT OF CASH FLOW**  
**FOR THE PERIOD JANUARY 1 TO MARCH 31**  
*(expressed in thousands HRK)*

	<b>2008</b>	<b>2007</b>
<b>Operating activities</b>		
<i>Profit before income tax</i>	40,598	47,339
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	1,514	1,650
<i>Impairment loss and provisions</i>	46,765	48,684
<i>Accrued interest</i>	13,913	(49,072)
<i>Deferred fees</i>	1,781	(641)
<i>Operating profit before working capital changes</i>	104,571	47,960
<i>Changes in operating assets and liabilities:</i>		
<i>Net decrease in deposits with other banks, before provision for impairment</i>	53,808	259,962
<i>Net (increase) in loans to banks, before provision for impairment</i>	(360,068)	(176,091)
<i>Net decrease/(increase) in loans to other customers, before provision for impairment</i>	221,411	(55,322)
<i>Net decrease in other assets, before provision for impairment</i>	76	249
<i>Net decrease in assets held for resale</i>	-	958
<i>Net (decrease)/increase in deposits from banks and companies</i>	(69,716)	106,135
<i>Net (decrease) in other liabilities, before provision</i>	(50,581)	(80,898)
<b><i>Net cash (used in)/provided by operating activities</i></b>	<b>(100,499)</b>	<b>102,953</b>
<b>Investment activities</b>		
<i>Net (increase) in financial assets at fair value through profit or loss</i>	(8,103)	(63,886)
<i>Net decrease/(increase) in assets available for sale</i>	1,355	(8,134)
<i>Net decrease/(increase) in assets held to maturity</i>	363	(383)
<i>Net (purchases) of property, plant and equipment and intangible assets</i>	(968)	(881)
<b><i>Net cash (used in) investment activities</i></b>	<b>(7,353)</b>	<b>(73,284)</b>
<b>Financial activities</b>		
<i>Net increase in founder's capital</i>	2	45,000
<i>Net increase/(decrease) in borrowings</i>	220,084	(104,041)
<i>Net (decrease)/increase in bonds payable</i>	(53,694)	21,192
<i>Net (decrease)/increase in guarantee fund</i>	(122)	55
<b><i>Net cash provided by/(used in) financial activities</i></b>	<b>166,270</b>	<b>(37,794)</b>
<i>Net increase/(decrease) in cash and cash equivalents</i>	58,418	(8,125)
<i>Balance as of 1 January, net of provisions</i>	24,835	19,994
<i>Net cash increase/(decrease)</i>	58,418	(8,125)
<b><i>Balance as of 31 March, net of provisions</i></b>	<b>83,253</b>	<b>11,869</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD JANUARY 1 TO MARCH 31**

*(expressed in thousands HRK)*

	<i>Funder's capital</i>	<i>Retained earnings and reserves</i>	<i>Other reserves</i>	<i>Net profit for the year</i>	<i>Total</i>
	<i>HRK '000</i>	<i>HRK '000</i>	<i>HRK '000</i>	<i>HRK '000</i>	<i>HRK '000</i>
<b>Balance as of 1 January 2007</b>	<b>4,174,737</b>	<b>957,296</b>	<b>7,098</b>	<b>180,315</b>	<b>5,319,446</b>
<i>Profit after income tax</i>	-	-	-	47,339	47,339
<i>Increase in fair value of assets available for sale</i>	-	-	264	-	264
<i>Decrease in fair value of assets available for sale</i>	-	-	(2,309)	-	(2,309)
<i>Foreign exchange gains on owners' securities</i>	-	-	22	-	22
<b>Total recognized income and expense for the period</b>	-	-	<b>(2,023)</b>	<b>47,339</b>	<b>45,316</b>
<i>Payment from the State budget</i>	45,000	-	-	-	45,000
<i>Transfer of profit 2006 to retained earnings</i>	-	180,315	-	(180,315)	-
<b>Balance as of 31 March 2007</b>	<b>4,219,737</b>	<b>1,137,611</b>	<b>5,075</b>	<b>47,339</b>	<b>5,409,762</b>
<b>Balance as of 1 January 2008</b>	<b>4,389,737</b>	<b>1,137,611</b>	<b>(1,869)</b>	<b>240,915</b>	<b>5,766,394</b>
<i>Profit after income tax</i>	-	-	-	40,598	40,598
<i>Increase in fair value of assets available for sale</i>	-	-	20	-	20
<i>Decrease in fair value of assets available for sale</i>	-	-	(1,021)	-	(1,021)
<i>Foreign exchange losses on owners' securities</i>	-	-	(115)	-	(115)
<b>Total recognized income and expense for the period</b>	-	-	<b>(1,116)</b>	<b>40,598</b>	<b>39,482</b>
<i>Payment from the State budget</i>	-	-	-	-	-
<i>Other payments</i>	2	-	-	-	2
<i>Transfer of profit 2007 to retained earnings</i>	-	240,915	-	(240,915)	-
<b>Balance as of 31 March 2008</b>	<b>4,389,739</b>	<b>1,378,526</b>	<b>(2,985)</b>	<b>40,598</b>	<b>5,805,878</b>