

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**BALANCE SHEET  
AS AT 31 DECEMBER  
- UNAUDITED -  
(expressed in thousands HRK)**

	2008	2007
<b>ASSETS</b>		
<i>Cash on hand and due from banks, net</i>	14,020	24,660
<i>Deposits with other banks, net</i>	819,837	584,630
<i>Loans to banks, net</i>	11,987,708	10,523,533
<i>Loans to other customers, net</i>	5,648,101	5,932,731
<i>Assets held to maturity</i>	-	39,161
<i>Assets available for sale</i>	164,913	191,220
<i>Investments in associates</i>	-	-
<i>Property, plant and equipment and intangible assets</i>	66,091	49,052
<i>Assets for resale</i>	41,441	50,267
<i>Other assets, net</i>	9,603	6,797
<b>TOTAL ASSETS</b>	<b>18,751,714</b>	<b>17,402,051</b>
<b>LIABILITIES</b>		
<i>Deposits</i>	439,017	558,550
<i>Borrowings</i>	5,020,121	3,795,359
<i>Bonds payable</i>	5,868,681	6,012,845
<i>Other liabilities</i>	1,140,055	1,255,918
<b>TOTAL LIABILITIES</b>	<b>12,467,874</b>	<b>11,622,672</b>
<b>EQUITY</b>		
<i>Founder's capital</i>	4,723,739	4,389,737
<i>Retained earnings and reserves</i>	1,378,526	1,137,611
<i>Other reserves</i>	(5,754)	(1,869)
<i>Net profit for the year</i>	174,906	240,915
<b>Equity excluding guarantee fund</b>	<b>6,271,417</b>	<b>5,766,394</b>
<i>Guarantee fund</i>	12,423	12,985
<b>Total equity including guarantee fund</b>	<b>6,283,840</b>	<b>5,779,379</b>
<b>TOTAL LIABILITIES, TOTAL EQUITY INCLUDING GUARANTEE FUND</b>	<b>18,751,714</b>	<b>17,402,051</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**INCOME STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER  
- UNAUDITED -  
(expressed in thousands HRK)**

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	<b>2008</b>	<b>2007</b>
<i>Interest income</i>	920,219	868,590
<i>Interest expense</i>	(514,549)	(423,228)
<b><i>Net interest income</i></b>	<b>405,670</b>	<b>445,362</b>
<i>Fee income</i>	21,904	20,887
<i>Fee expenses</i>	(1,249)	(797)
<b><i>Net fee income</i></b>	<b>20,655</b>	<b>20,090</b>
<i>Net gains/(losses) on financial operations</i>	17,278	(2,299)
<i>Other income</i>	5,339	5,076
	<b>448,942</b>	<b>468,229</b>
<i>Operating expenses</i>	(87,204)	(92,236)
<i>Impairment loss and provisions</i>	(186,832)	(135,078)
<b><i>Profit before income tax</i></b>	<b>174,906</b>	<b>240,915</b>
<i>Income tax</i>	-	-
<b><i>Profit before income tax</i></b>	<b>174,906</b>	<b>240,915</b>

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# CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

## STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 DECEMBER

- UNAUDITED -

(expressed in thousands HRK)

	2008	2007
<b>Operating activities</b>		
Profit before income tax	174,906	240,915
Adjustments to reconcile to net cash from and used in operating activities:		
Depreciation	5,922	6,181
Impairment loss and provisions	186,832	135,078
Accrued interest	24,605	44,665
Deferred fees	8,406	13,582
Operating profit before working capital changes	400,671	440,421
Changes in operating assets and liabilities:		
Net (increase) in deposits with other banks, before provision for impairment	(237,685)	(181,363)
Net (increase) in loans to banks, before provision for impairment	(1,586,717)	(2,655,227)
Net decrease in loans to other customers, before provision for impairment	109,053	168,253
Net (increase) in other assets, before provision for impairment	(2,852)	(1,849)
Net decrease/(increase) in non-current assets held for sale	8,826	(14,836)
Net (decrease)/increase in deposits from banks and companies	(119,736)	40,212
Net (decrease)/ increase in other liabilities, before provision	(35,128)	56,859
<b>Net cash used in operating activities</b>	<b>(1,463,568)</b>	<b>(2,147,530)</b>
<b>Investment activities</b>		
Net decrease in assets available for sale	22,268	24,963
Net decrease in assets held to maturity	38,821	36,445
Sale of investments in associates	-	2,100
Net (purchases) of property, plant and equipment and intangible assets	(22,961)	(3,124)
<b>Net cash provided by investment activities</b>	<b>38,128</b>	<b>60,384</b>
<b>Financial activities</b>		
Net increase in founder's capital	334,002	215,000
Increase in borrowings – withdrawn funds	3,569,236	924,993
(Decrease) in borrowings – repayments of principal	(2,363,936)	(823,593)
Increase in bonds payable – new issues	-	1,832,538
(Decrease) in bonds payable – repayment of amortizing note	(142,406)	-
Net (decrease)/increase in guarantee fund	(562)	1,967
<b>Net cash provided by financial activities</b>	<b>1,396,334</b>	<b>2,150,905</b>
<b>Effect of foreign currency to cash and cash equivalents</b>		
Foreign exchange gains/(losses)	14,706	(51,699)
Decrease/(increase) in bonds payable discount	3,627	(7,219)
<b>Net effect</b>	<b>18,333</b>	<b>(58,918)</b>
Net (decrease)/increase in cash and cash equivalents	(10,773)	4,841
Balance as of 1 January, net of provisions	24,835	19,994
Net cash (decrease)/increase	(10,773)	4,841
<b>Balance as of 31 December, before provisions</b>	<b>14,062</b>	<b>24,835</b>

**CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER**

**- UNAUDITED -**

*(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>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>	-	-	-	240,915	240,915
<i>Increase in fair value of assets available for sale</i>	-	-	1,238	-	1,238
<i>Decrease in fair value of assets available for sale</i>	-	-	(10,103)	-	(10,103)
<i>Foreign exchange losses on available for sale equity securities</i>	-	-	(20)	-	(20)
<i>Transfer of realized gain into IS</i>	-	-	(2,045)	-	(2,045)
<i>Transfer of realized loss into IS</i>	-	-	1,963	-	1,963
<b>Total recognized income and expense for the period</b>	-	-	<b>(8,967)</b>	<b>240,915</b>	<b>231,948</b>
<i>Payment from the State budget</i>	215,000	-	-	-	215,000
<i>Transfer of profit 2006 to retained earnings</i>	-	180,315	-	(180,315)	-
<b>Balance as of 31 December 2007</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>	-	-	-	174,906	174,906
<i>Increase in fair value of assets available for sale</i>	-	-	8,250	-	8,250
<i>Decrease in fair value of assets available for sale</i>	-	-	(11,994)	-	(11,994)
<i>Foreign exchange gains on available for sale equity securities</i>	-	-	3	-	3
<i>Transfer of realized gain into IS</i>	-	-	(3,245)	-	(3,245)
<i>Transfer of realized loss into IS</i>	-	-	3,101	-	3,101
<b>Total recognized income and expense for the period</b>	-	-	<b>(3,885)</b>	<b>174,906</b>	<b>171,021</b>
<i>Payment from the State budget</i>	334,000	-	-	-	334,000
<i>Other payments</i>	2	-	-	-	2
<i>Transfer of profit 2007 to retained earnings</i>	-	240,915	-	(240,915)	-
<b>Balance as of 31 December 2008</b>	<b>4,723,739</b>	<b>1,378,526</b>	<b>(5,754)</b>	<b>174,906</b>	<b>6,271,417</b>