

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

BALANCE SHEET AS OF (expressed in thousands HRK)

	September 30, 2008	December 31, 2007
ASSETS		
<i>Cash on hand and due from banks, net</i>	6,137	24,660
<i>Deposits with other banks, net</i>	962,482	584,630
<i>Loans to banks, net</i>	11,352,386	10,523,533
<i>Loans to other customers, net</i>	5,567,953	5,932,731
<i>Assets held to maturity</i>	19,661	39,161
<i>Assets available for sale</i>	163,191	191,220
<i>Investments in associates</i>	-	-
<i>Property, plant and equipment and intangible assets</i>	65,119	49,052
<i>Assets for resale</i>	46,701	50,267
<i>Other assets, net</i>	6,603	6,797
TOTAL ASSETS	18,190,233	17,402,051
LIABILITIES		
<i>Deposits</i>	602,130	558,550
<i>Borrowings</i>	4,545,652	3,795,359
<i>Bonds payable</i>	5,806,326	6,012,845
<i>Other liabilities</i>	1,194,873	1,255,918
TOTAL LIABILITIES	12,148,981	11,622,672
CAPITAL		
<i>Founder's capital</i>	4,506,739	4,389,737
<i>Retained earnings and reserves</i>	1,378,526	1,137,611
<i>Other reserves</i>	(3,272)	(1,869)
<i>Net profit for the year</i>	147,203	240,915
Total capital	6,029,196	5,766,394
<i>Guarantee fund</i>	12,056	12,985
Total capital and guarantee fund	6,041,252	5,779,379
TOTAL LIABILITIES, TOTAL CAPITAL AND GUARANTEE FUND	18,190,233	17,402,051

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOME STATEMENT
(expressed in thousands HRK)

	2008		2007	
	<i>Current period</i> <i>July 1 – September 30</i>	<i>Cumulatively</i> <i>January 1 – September 30</i>	<i>Current period</i> <i>July 1 – September 30</i>	<i>Cumulatively</i> <i>January 1 – September 30</i>
<i>Interest income</i>	229,873	677,348	222,652	629,922
<i>Interest expense</i>	(128,446)	(374,968)	(114,851)	(303,016)
<i>Net interest income</i>	101,427	302,380	107,801	326,906
<i>Fee income</i>	5,023	16,189	5,243	15,177
<i>Fee expenses</i>	(217)	(867)	(227)	(522)
<i>Net fee income</i>	4,806	15,322	5,016	14,655
<i>Net gains/(losses) on financial operations</i>	(12,672)	(19,722)	(3,311)	(2,694)
<i>Other income</i>	2,268	4,106	1,508	4,220
	95,829	302,086	111,014	343,087
<i>Operating expenses</i>	(19,377)	(64,159)	(21,396)	(66,587)
<i>Impairment loss and provisions</i>	(3,468)	(90,724)	(7,633)	(102,216)
<i>Profit before income tax</i>	72,984	147,203	81,985	174,284
<i>Income tax</i>	-	-	-	-
<i>Profit before income tax</i>	72,984	147,203	81,985	174,284

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	2008	2007
Operating activities		
<i>Profit before income tax</i>	147,203	174,284
Adjustments to reconcile to net cash from and used in operating activities:		
<i>Depreciation</i>	4,489	4,673
<i>Impairment loss and provisions</i>	90,724	102,216
<i>Accrued interest</i>	(10,366)	19,507
<i>Deferred fees</i>	10,255	7,439
Operating profit before working capital changes	242,305	308,119
Changes in operating assets and liabilities:		
<i>Net (increase) in deposits with other banks, before provision for impairment</i>	(387,530)	(137,200)
<i>Net (increase) in loans to banks, before provision for impairment</i>	(880,883)	(1,661,974)
<i>Net decrease/(increase) in loans to other customers, before provision for impairment</i>	252,153	(157,038)
<i>Net decrease/(increase) in other assets, before provision for impairment</i>	164	(1,687)
<i>Net decrease/(increase) in assets held for resale</i>	3,566	(865)
<i>Net increase in deposits from banks and companies</i>	43,513	292,621
<i>Net increase/(decrease) in other liabilities, before provision</i>	3,592	(74,710)
Net cash (used in) operating activities	(723,120)	(1,432,734)
Investment activities		
<i>Net decrease in financial assets at fair value through profit or loss</i>	25,909	25,845
<i>Net decrease in assets held to maturity</i>	19,663	18,353
<i>Net (purchases) of property, plant and equipment and intangible assets</i>	(20,556)	(2,035)
Net cash provided by investment activities	25,016	42,163
Financial activities		
<i>Net increase in founder's capital</i>	117,002	108,000
<i>Net increase/(decrease) in borrowings</i>	734,036	(509,185)
<i>Net (decrease)/increase in bonds payable</i>	(170,672)	1,777,487
<i>Net (decrease)/increase in guarantee fund</i>	(929)	2,089
Net cash provided by financial activities	679,437	1,378,391
<i>Net (decrease) in cash and cash equivalents</i>	(18,667)	(12,180)
<i>Balance as of 1 January, net of provisions</i>	24,835	19,994
<i>Net cash (decrease)</i>	(18,667)	(12,180)
Balance as of 30 September, net of provisions	6,168	7,814

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

**STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD JANUARY 1 TO SEPTEMBER 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>
Balance as of 1 January 2007	4,174,737	957,296	7,098	180,315	5,319,446
<i>Profit after income tax</i>	-	-	-	174,284	174,284
<i>Increase in fair value of assets available for sale</i>	-	-	1,035	-	1,035
<i>Decrease in fair value of assets available for sale</i>	-	-	(5,175)	-	(5,175)
<i>Foreign exchange losses on equity securities</i>	-	-	(93)	-	(93)
<i>Transfer of realized gain into IS</i>	-	-	(2,045)	-	(2,045)
<i>Transfer of realized loss into IS</i>	-	-	1,963	-	(1,963)
Total recognized income and expense for the period	-	-	(4,315)	174,284	169,969
<i>Payment from the State budget</i>	108,000	-	-	-	108,000
<i>Transfer of profit 2006 to retained earnings</i>	-	180,315	-	(180,315)	-
Balance as of 30 September 2007	4,282,737	1,137,611	2,783	174,284	5,597,415
Balance as of 1 January 2008	4,389,737	1,137,611	(1,869)	240,915	5,766,394
<i>Profit after income tax</i>	-	-	-	147,203	147,203
<i>Increase in fair value of assets available for sale</i>	-	-	2,500	-	2,500
<i>Decrease in fair value of assets available for sale</i>	-	-	(3,385)	-	(3,385)
<i>Foreign exchange losses on equity securities</i>	-	-	(375)	-	(375)
<i>Transfer of realized gain into IS</i>	-	-	(3,245)	-	(3,245)
<i>Transfer of realized loss into IS</i>	-	-	3,102	-	3,102
Total recognized income and expense for the period	-	-	(1,403)	147,203	145,800
<i>Payment from the State budget</i>	117,000	-	-	-	117,000
<i>Other payments</i>	2	-	-	-	2
<i>Transfer of profit 2007 to retained earnings</i>	-	240,915	-	(240,915)	-
Balance as of 30 September 2008	4,506,739	1,378,526	(3,272)	147,203	6,029,196