

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

STATEMENT OF FINANCIAL POSITION AS OF (expressed in thousands HRK)

	June 30, 2009	December 31, 2008
ASSETS		
Cash on hand and due from banks	125,972	14,020
Deposits with other banks	655,788	819,837
Loans to banks	13,031,879	11,987,708
Loans to other customers	5,480,961	5,648,101
Assets available for sale	156,352	164,913
Investments in associates	-	-
Property, plant and equipment and intangible assets	66,934	66,091
Non-current assets held for sale	42,782	41,441
Other assets	9,092	9,603
TOTAL ASSETS	19,569,760	18,751,714
LIABILITIES		
Deposits	285,790	439,017
Borrowings	5,933,420	5,020,121
Bonds payable	5,787,645	5,868,681
Other liabilities	1,109,330	1,140,055
Total liabilities	13,116,185	12,467,874
Equity		
Founder's capital	4,815,739	4,723,739
Retained earnings and reserves	1,553,432	1,378,526
Other reserves	(12,429)	(5,754)
Net profit for the year	84,465	174,906
Equity excluding guarantee fund	6,441,207	6,271,417
Guarantee fund	12,368	12,423
Total equity including guarantee fund	6,453,575	6,283,840
TOTAL LIABILITIES AND TOTAL EQUITY INCLUDING GUARANTEE FUND	19,569,760	18,751,714

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOME STATEMENT
(expressed in thousands HRK)

	2009		2008	
	<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>	234,522	467,261	215,302	447,475
<i>Interest expense</i>	(166,858)	(297,920)	(124,441)	(246,522)
<i>Net interest income</i>	67,664	169,341	90,861	200,953
<i>Fee income</i>	3,876	7,552	5,641	11,166
<i>Fee expenses</i>	(337)	(410)	(278)	(650)
<i>Net fee income</i>	3,539	7,142	5,363	10,516
<i>Net gains/(losses) on financial operations</i>	(31,997)	(9,709)	539	(7,050)
<i>Other income</i>	356	914	1,297	1,838
	39,562	167,688	98,060	206,257
<i>Operating expenses</i>	(22,113)	(41,090)	(23,948)	(44,782)
<i>Impairment loss and provisions</i>	24,251	(42,133)	(40,491)	(87,256)
<i>Profit before income tax</i>	41,700	84,465	33,621	74,219
<i>Income tax</i>	-	-	-	-
<i>Profit before income tax</i>	41,700	84,465	33,621	74,219

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD JANUARY 1 TO JUNE 30
(expressed in thousands HRK)

	2009	2008
<i>Profit after income tax</i>	84,465	74,219
<i>Other comprehensive income</i>		
<i>Net exchange in fair value of assets available for sale</i>	(6,619)	(2,427)
<i>Net foreign exchange on available for sale equity securities</i>	(56)	(133)
<i>Total</i>	(6,675)	(2,560)
<i>Total comprehensive income</i>	77,790	71,659

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	2009	2008
Operating activities		
<i>Profit before income tax</i>	84,465	74,219
Adjustments to reconcile to net cash from and used in operating activities:		
<i>Depreciation</i>	2,980	3,022
<i>Impairment loss and provisions</i>	42,133	87,256
<i>Accrued interest</i>	(59,884)	(48,790)
<i>Deferred fees</i>	(5,530)	6,074
<i>Operating profit before working capital changes</i>	64,164	121,781
Changes in operating assets and liabilities:		
<i>Net decrease in deposits with other banks, before provision for impairment</i>	166,051	(7,063)
<i>Net (increase) in loans to banks, before provision for impairment</i>	(1,048,836)	(1,216,782)
<i>Net (increase)/decrease in loans to other customers, before provision for impairment</i>	110,092	321,823
<i>Net decrease in other assets, before provision for impairment</i>	(172)	(3,726)
<i>Net (increase) in non-current assets held for sale</i>	(1,342)	2,473
<i>Net (decrease) in deposits from banks and companies</i>	(153,034)	57,560
<i>Net (decrease) in other liabilities, before provisions</i>	(4,392)	(32,408)
Net cash used in operating activities	(867,469)	(756,342)
Investment activities		
<i>Net (increase) in financial assets at fair value through profit or loss</i>	-	(8,197)
<i>Net (increase)/decrease in assets available for sale</i>	489	23,480
<i>Net decrease in assets held to maturity</i>	-	19,289
<i>Net (purchases) of property, plant and equipment and intangible assets</i>	(3,823)	(1,816)
Net cash provided by investment activities	(3,334)	32,756
Financing activities		
<i>Net increase in founder's capital</i>	92,000	44,002
<i>Net increase in borrowings</i>	914,299	784,991
<i>Net increase/(decrease) in bonds payable</i>	(23,236)	(61,094)
<i>Net increase/(decrease) in Guarantee fund</i>	(55)	(694)
Net cash provided by financing activities	983,008	767,205
<i>Net (decrease)/increase in cash and cash equivalents</i>	112,205	43,619
<i>Balance as of 1 January, before provisions</i>	14,062	24,835
<i>Net (decrease)/increase in cash</i>	112,205	43,619
Balance as of 30 June, before provisions	126,267	68,454

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 equity excluding guarantee fund</i>	<i>Guarantee fund</i>	<i>Total equity including guarantee fund</i>
Balance as of 1 January 2008	4,389,737	1,137,611	(1,869)	240,915	5,766,394	12,985	5,779,379
<i>Increase in fair value of assets available for sale</i>	-	-	825	-	825	-	825
<i>Decrease in fair value of assets available for sale</i>	-	-	(3,109)	-	(3,109)	-	(3,109)
<i>Foreign exchange losses on available for sale equity securities</i>	-	-	(133)	-	(133)	-	(133)
<i>Transfer of realized gain into IS</i>	-	-	(3,245)	-	(3,245)	-	(3,245)
<i>Transfer of realized loss into IS</i>	-	-	3,102	-	3,102	-	3,102
Total income and expense for the year recognised directly in equity	-	-	(2,560)	-	(2,560)	-	(2,560)
<i>Profit after income tax</i>	-	-	-	74,219	74,219	-	74,219
Total recognized income and expense for the period	-	-	(2,560)	74,219	71,659	-	71,659
<i>Payment</i>	44,000	-	-	-	44,000	-	44,000
<i>Other payment</i>	2	-	-	-	2	-	2
<i>Write-off</i>	-	-	-	-	-	(556)	(556)
<i>Net foreign exchange</i>	-	-	-	-	-	(138)	(138)
<i>Transfer of profit 2007 to retained earnings</i>	-	240,915	-	(240,915)	-	-	-
Balance as of 30 June 2008	4,433,739	1,378,526	(4,429)	74,219	5,882,055	12,291	5,894,346
Balance as of 1 January 2009	4,723,739	1,378,526	(5,754)	174,906	6,271,417	12,423	6,283,840
<i>Increase in fair value of assets available for sale</i>	-	-	8,656	-	8,656	-	8,656
<i>Decrease in fair value of assets available for sale</i>	-	-	(15,275)	-	(15,275)	-	(15,275)
<i>Foreign exchange gains on available for sale equity securities</i>	-	-	(56)	-	(56)	-	(56)
<i>Transfer of realized gain into IS</i>	-	-	-	-	-	-	-
<i>Transfer of realized loss into IS</i>	-	-	-	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	(6,675)	-	(6,675)	-	(6,675)
<i>Profit after income tax</i>	-	-	-	84,465	84,465	-	84,465
Total recognized income and expense for the period	-	-	(6,675)	84,465	77,790	-	77,790
<i>Payment</i>	92,000	-	-	-	92,000	-	92,000
<i>Write-off</i>	-	-	-	-	-	-	-
<i>Net foreign exchange</i>	-	-	-	-	-	(55)	(55)
<i>Transfer of profit 2008 to retained earnings</i>	-	174,906	-	(174,906)	-	-	-
Balance as of 30 June 2009	4,815,739	1,553,432	(12,429)	84,465	6,441,207	12,368	6,453,575