

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

STATEMENT OF FINANCIAL POSITION AS OF

(expressed in thousands HRK)

	September 30, 2009	December 31, 2008
ASSETS		
<i>Cash on hand and due from banks</i>	4,346	14,020
<i>Deposits with other banks</i>	3,207,145	819,837
<i>Loans to banks</i>	12,840,457	11,987,708
<i>Loans to other customers</i>	5,318,086	5,648,101
<i>Assets available for sale</i>	183,525	164,913
<i>Investments in associates</i>	-	-
<i>Property, plant and equipment and intangible assets</i>	67,280	66,091
<i>Non-current assets held for sale</i>	42,800	41,441
<i>Other assets</i>	6,564	9,603
TOTAL ASSETS	21,670,203	18,751,714
LIABILITIES		
<i>Deposits</i>	256,318	439,017
<i>Borrowings</i>	6,154,101	5,020,121
<i>Bonds payable</i>	7,576,027	5,868,681
<i>Other liabilities</i>	1,186,138	1,140,055
Total liabilities	15,172,584	12,467,874
Equity		
<i>Founder's capital</i>	4,815,739	4,723,739
<i>Retained earnings and reserves</i>	1,553,432	1,378,526
<i>Other reserves</i>	(6,490)	(5,754)
<i>Net profit for the year</i>	122,576	174,906
Equity excluding Guarantee fund	6,485,257	6,271,417
<i>Guarantee fund</i>	12,362	12,423
Total equity including Guarantee fund	6,497,619	6,283,840
TOTAL LIABILITIES AND TOTAL EQUITY INCLUDING GUARANTEE FUND	21,670,203	18,751,714

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

INCOME STATEMENT
(expressed in thousands HRK)

	2009		2008	
	<i>Current period July 1 – September 30</i>	<i>Cumulatively January 1 – September 30</i>	<i>Current period July 1 – September 30</i>	<i>Cumulatively January 1 – September 30</i>
<i>Interest income</i>	231,871	699,132	229,873	677,348
<i>Interest expense</i>	(136,184)	(434,104)	(128,446)	(374,968)
<i>Net interest income</i>	95,687	265,028	101,427	302,380
<i>Fee income</i>	3,746	11,298	5,023	16,189
<i>Fee expenses</i>	(391)	(801)	(217)	(867)
<i>Net fee income</i>	3,355	10,497	4,806	15,322
<i>Net gains/(losses) on financial operations</i>	(2,900)	(12,609)	(12,672)	(19,722)
<i>Other income</i>	171	1,085	2,268	4,106
	96,313	264,001	95,829	302,086
<i>Operating expenses</i>	(20,725)	(61,815)	(19,377)	(64,159)
<i>Impairment loss and provisions</i>	(37,477)	(79,610)	(3,468)	(90,724)
<i>Profit before income tax</i>	38,111	122,576	72,984	147,203
<i>Income tax</i>	-	-	-	-
<i>Profit after income tax</i>	38,111	122,576	72,984	147,203

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	<i>2009</i>	<i>2008</i>
<i>Profit after income tax</i>	<i>122,576</i>	<i>147,203</i>
<i>Other comprehensive income</i>		
<i>Net exchange in fair value of assets available for sale</i>	<i>(673)</i>	<i>(1,028)</i>
<i>Net foreign exchange on available for sale equity securities</i>	<i>(63)</i>	<i>(375)</i>
<i>Total</i>	<i>(736)</i>	<i>(1,403)</i>
<i>Total comprehensive income</i>	<i>121,840</i>	<i>145,800</i>

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	2009	2008
Operating activities		
<i>Profit before income tax</i>	122,576	147,203
<i>Adjustments to reconcile to net cash from and used in operating activities:</i>		
<i>Depreciation</i>	4,601	4,489
<i>Impairment loss and provisions</i>	79,610	90,724
<i>Accrued interest</i>	(33,644)	(10,366)
<i>Deferred fees</i>	(4,780)	10,255
<i>Operating profit before working capital changes</i>	168,363	242,305
<i>Changes in operating assets and liabilities:</i>		
<i>Net (increase) in deposits with other banks, before provision for impairment</i>	(2,410,310)	(387,530)
<i>Net (increase) in loans to banks, before provision for impairment</i>	(766,185)	(880,883)
<i>Net decrease in loans to other customers, before provision for impairment</i>	225,917	252,153
<i>Net decrease in other assets, before provision for impairment</i>	1,759	164
<i>Net (increase)/decrease in non-current assets held for sale</i>	(1,359)	3,566
<i>Net (decrease)/increase in deposits from banks and companies</i>	(182,496)	43,513
<i>Net increase in other liabilities, before provisions</i>	16,130	3,592
<i>Net cash (used in) operating activities</i>	(2,948,181)	(723,120)
Investment activities		
<i>Net (increase)/decrease in assets available for sale</i>	(19,880)	25,909
<i>Net decrease in assets held to maturity</i>	-	19,663
<i>Net (purchases) of property, plant and equipment and intangible assets</i>	(5,791)	(20,556)
<i>Net cash (used in)/provided by investment activities</i>	(25,671)	25,016
Financing activities		
<i>Net increase in founder's capital</i>	92,000	117,002
<i>Net increase in borrowings</i>	1,135,771	734,036
<i>Net increase/(decrease) in bonds payable</i>	1,736,458	(170,672)
<i>Net (decrease) in Guarantee fund</i>	(61)	(929)
<i>Net cash provided by financing activities</i>	2,964,168	679,437
<i>Net (decrease) in cash and cash equivalents</i>	(9,684)	(18,667)
<i>Balance as of 1 January, before provisions</i>	14,062	24,835
<i>Net (decrease) in cash</i>	(9,684)	(18,667)
<i>Balance as of 30 September, before provisions</i>	4,378	6,168

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 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>	-	-	2,500	-	2,500	-	2,500
<i>Decrease in fair value of assets available for sale</i>	-	-	(3,385)	-	(3,385)	-	(3,385)
<i>Foreign exchange losses on available for sale equity securities</i>	-	-	(375)	-	(375)	-	(375)
<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	-	-	(1,403)	-	(1,403)	-	(1,403)
<i>Profit after income tax</i>	-	-	-	147,203	147,203	-	147,203
Total recognized income and expense for the period	-	-	(1,403)	147,203	145,800	-	145,800
<i>Payment</i>	117,000	-	-	-	117,000	-	117,000
<i>Other payment</i>	2	-	-	-	2	-	2
<i>Write-off</i>	-	-	-	-	-	(556)	(556)
<i>Net foreign exchange</i>	-	-	-	-	-	(373)	(373)
<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	12,056	6,041,252
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>	-	-	16,120	-	16,120	-	16,120
<i>Decrease in fair value of assets available for sale</i>	-	-	(16,793)	-	(16,793)	-	(16,793)
<i>Foreign exchange gains on available for sale equity securities</i>	-	-	(63)	-	(63)	-	(63)
<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	-	-	(736)	-	(736)	-	(736)
<i>Profit after income tax</i>	-	-	-	122,576	122,576	-	122,576
Total recognized income and expense for the period	-	-	(736)	122,576	121,840	-	121,840
<i>Payment</i>	92,000	-	-	-	92,000	-	92,000
<i>Write-off</i>	-	-	-	-	-	-	-
<i>Net foreign exchange</i>	-	-	-	-	-	(61)	(61)
<i>Transfer of profit 2008 to retained earnings</i>	-	174,906	-	(174,906)	-	-	-
Balance as of 30 September 2009	4,815,739	1,553,432	(6,490)	122,576	6,485,257	12,362	6,497,619