HBOR

Hrvatska banka za obnovu i razvitak

UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF THE CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT FOR THE PERIOD 1 JANUARY - 31 MARCH, 2012

APRIL 2012

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

NOTES ON SIGNIFICANT CHANGES IN THE FINANCIAL POSITION AND FINANCIAL PERFORMANCE FOR THE PERIOD 1 JANUARY - 31 MARCH 2012

1. Basis for the Presentation of Financial Statements throughout the Year

These Financial Statements were accepted by the Supervisory Board of HBOR on its 112nd meeting held on 05 June 2012.

The Financial Statements are prepared by applying the International Financial Reporting Standards (IFRS). These Financial Statements, to our best knowledge, give a true and fair view of the assets, liabilities, financial position and financial performance (profit and loss) for the reporting period.

The Financial Statements of HBOR and the HBOR Group are comprised of separate and consolidated Statement of Financial Position as of 31 March 2012, the Income Statement for the period 1 January – 31 March 2012, the Statement of Comprehensive Income for the period 1 January – 31 March 2012, the Statement of Cash Flows for the period 1 January – 31 March 2012, the Statement of Changes in Equity for the period 1 January – 31 March 2012, and the accompanying Notes on significant changes in the financial position and financial performance.

2. Significant Changes in Operating Activities

2.1. HBOR Group

The HBOR Group's assets on consolidated basis amount to HRK 22,525.0 million.

In the structure of assets, the major portion relates to the lending activities of the parent company, i.e. net loans account for 92% of assets.

In the liabilities of the Group, the major portion, i.e. 61% consists of borrowings and bonds payable of the parent company.

At the end of the reporting period, total equity and Guarantee fund on consolidated basis amounted to HRK 7,387.0 million and accounted for 33% of total liabilities, equity and Guarantee fund of the HBOR Group.

2.2. HBOR

Total assets as of 31 March 2012 amount to HRK 22,505.4 million, an increase of 2% compared with the beginning of the year.

2.2.1. Cash on hand and deposits with other banks

As of 31 March 2012, cash on hand and deposits with other banks amounted to HRK 384.6 million, representing 2% of total assets.

2.2.2. Loans to banks and other customers

Total net loans as of 31 March 2012 stood at HRK 20,667.9 million, representing 92% of total assets.

Total gross loans amounted to HRK 23,213.5 million, an increase of 1% compared with the beginning of the year.

2. Significant Changes in Operating Activities (continued)

2.2. HBOR (continued)

2.2.3. Assets available for sale

Assets available for sale were comprised primarily of debt instruments and, to a minor extent, of equity instruments.

This item amounted to HRK 1,325.7 million, an increase of 23% compared with the beginning of the year due to the investment of available funds in treasury bills, cash investment funds in the Republic of Croatia and bonds of the Ministry of Finance as part of liquidity reserve instruments in accordance with the Liquidity Risk Management Procedures and pursuant to the provisions contained in the contracts with the foreign creditors.

The following table contains a breakdown of investments:

		Date of issue/quotation of auction/ investment	Date of maturity	Interest rate (%)	Balance as of 31 March 2012 (HRK '000)
Debt instruments :					
Listed debt instruments:					
Bonds of the Republic of Croatia indexed to foreign currency					
	RHMF-O-125A	*23.1.2003*	*23.5.2012*	*6.875*	*45,159*
	RHMF-O142A	*10.2.2004*	*10.2.2014*	*5.5*	*76,473*
	RHMF-O-19BA	*29.11.04*	*29.11.2019*	*5.375*	*10,123*
	RHMF-O-227E	*22.7.2011*	*22.7.2022*	*6.5*	*140,038*
Bonds of the Republic of Croatia in foreign currency					
	XS0645940288	*08.7.2011*	*09.7.2018*	*5.875*	*50,897*
Bonds of the Republic of Croatia in HRK					
	RHMF-O-167A	*22.7.2011*	*22.7.2016*	*5.75*	*21,062*
Treasury bills in HRK up to 91 days				*3.8 – 4.25*	*208,150*
Treasury bills in HRK up to 182 days				*4.45 – 5.25*	*148,978*
Treasury bills in HRK up to 364 days				*2.7 – 4.5*	*356,208*
Accrued interest					*6,159*
					1,063,247
Equity instruments:					
Unlisted equity instruments:					
Investments in shares of foreign legal entities in foreign currency					*25*
Investments in financial institutions' shares					*161*
Investments in shares of foreign financial institutions in foreign currency					*12,681*
Investments in companies' shares					*30,397*
Provisions for impairment losses					*(30,397)*
					12,867
Investments in investment funds in the Republic of Croatia:					***249,539***
Total					***1,325,653***

2. Significant Changes in Operating Activities (continued)

2.2. HBOR (continued)

2.2.4. Investments in subsidiaries

This item relates to HBOR's 51% share in the equity of the company Hrvatsko kreditno osiguranje d.d., Zagreb which was founded in 2010. The equity of the company amounts to HRK 37,500 thousand.

In 2010, the subsidiary company established the company Poslovni info servis d.o.o. which is 100% owned by it, with the investment in equity capital of HRK 2,000 thousand. HKO d.d. and Poslovni info servis d.o.o. constitute the Hrvatsko kreditno osiguranje Group.

HBOR and the Hrvatsko kreditno osiguranje Group constitute the HBOR Group and prepare the consolidated financial statements.

2.2.5. Investments in associates

Investments in associates either represented a constituent part of the Loan Programme for Investments in Equity – small and medium-sized companies or a separate decision on an investment was made by HBOR's bodies in charge. Investments were stated at cost in the amount of HRK 23.7 million.

The investment value was fully impaired in previous years because of its estimated uncollectibility.

2.2.6. Total liabilities

As of 31 March 2012, total liabilities amounted to HRK 15,134.7 million, which represents 67% of total liabilities, equity and Guarantee fund. The major part of total liabilities consists of HBOR foreign borrowings and bonds payable in the amount of HRK 13,772.6 million.

Liabilities under loans taken rose by 5% compared with the beginning of the year as a result of funds drawdown under loans contracted in the previous years.

On 10 February 2012, HBOR concluded the Finance Contract with the European Investment Bank for the financing of small and medium-sized companies and mid-cap companies in the Republic of Croatia in the amount of EUR 150.0 million, representing the first tranche of the Finance Contract in the total amount of EUR 250.0 million.
The second tranche of the Loan is expected to be concluded in the second half of the year, when the funds of the first tranche have been disbursed.

2.2.7. Equity

Total equity and Guarantee fund amounted to HRK 7,370.7 million, representing 33% of total liabilities, equity and Guarantee fund.

HBOR's total equity and Guarantee fund is comprised of the Founder's capital contributed from the State Budget of the Republic of Croatia, retained earnings generated from the earnings in prior years, other reserves, profits for the current year and the Guarantee fund.

The contribution set in the State Budget for 2012 amounts to HRK 600.0 million.

The total amount of capital contributed from the budget of the Republic of Croatia amounted to HRK 4,917.1 million. The remaining amount to be contributed as founder's capital prescribed pursuant to the Act on HBOR is HRK 2,082.9 million.

3. Financial performance

3.1. HBOR Group

In the period 1 January – 31 March 2012, the HBOR Group generated total income of HRK 249.1 million, expenses of HRK 217.7 million and profit in the amount of HRK 31.4 million.

In the structure of income of the HBOR Group, the largest portion, i.e. 99% relates to interest income as a result of operations of the parent company.

The major portion of total expenses, i.e. 69% relates to interest expenses arising from the operations of the parent company.

The consolidated operating expenses in the reporting period amounted to HRK 26.3 million, and consisted of general and administrative expenses and other operating expenses.

As at 31 March 2012, there were 280 employees in the Group, whereas there had been 257 employees as at 31 March 2011.

3.2. HBOR

In the period 1 January – 31 March 2012, HBOR generated total income of HRK 248.1 million, expenses of HRK 216.3 million and profit in the amount of HRK 31.8 million.

3.2.1. Net interest income

Net interest income in the reporting period amounted to HRK 96.0 million, an increase of 49% compared with the same period last year. This is a result of significant increase in interest income in relation to interest expenses.

Interest income amounted to HRK 245.3 million, an increase of 18% compared with the same period previous year. The increase is a result of increased volume of lending activity and investments into instruments of liquidity reserves.

Interest expenses amounted to HRK 149.3 million, an increase of 4% compared with the same period previous year primarily due to increased borrowings.

3.2.2. Net fee income

Net fee income amounted to HRK 2.3 million, an increase of 69% compared with the same period previous year. This is a result of increased volume of guarantee activities and increased fee income for transactions for and on behalf of the Republic of Croatia.

3.2.3. Net gains/(losses) from financial activities

Net gains/(losses) from financial activities are comprised of net foreign exchange gains/losses on the principal amount of receivables and liabilities, net revenues or expenditures arising out of loan contracts with embedded call option, gains/(losses) arising out of value adjustments of assets stated at fair value through profit and loss, and realised gains/(losses) arising out of assets available for sale.

3. Financial performance (continued)

3.2.3. Net gains/(losses) from financial activities (continued)

In the reporting period, net losses from financial activities amounted to HRK 8.5 million, whereas in the same period previous year net losses amounted to HRK 3.4 million.

As of 31 March 2012, HRK appreciated against EUR by 0.3%, and against USD by 3.4% as compared to 31 December 2011.

All assets and funds stated in foreign currency or indexed to foreign currencies are translated into HRK equivalent value by applying the exchange rate of the Croatian National Bank at the Balance Sheet date.

Foreign currency revenues and expenditures are converted in accordance with the exchange rate at the transaction date. The resulting foreign exchange gains or losses are recorded in the Income Statement in net figures.

3.2.4. Operating expenses

Operating expenses that include general and administrative expenses and other operating expenses stood at HRK 25.0 million, an increase of 17% compared with the same period last year.

As at 31 March 2012, there were 269 employees in HBOR, whereas there had been 248 employees as at 31 March 2011.

3.2.5. Impairment loss and provisions

In accordance with the regulations and general internal acts, HBOR determines the amount of losses caused by impairment and provisions, and maintains it at the level it considers adequate for the coverage of possible future risks.

In the reporting period, net impairment losses amounted to HRK 33.3 million.

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	March 31, 2012	*December 31, 2011*
ASSETS		
Cash on hand and due from banks	*182,180*	*267,723*
Deposits with other banks	*235,903*	*67,377*
Loans to banks	*14,583,243*	*14,299,705*
Loans to other customers	*6,084,666*	*6,184,717*
Financial assets at fair value through profit or loss	*352*	*519*
Assets available for sale	*1,327,755*	*1,083,467*
Assets held to maturity	*1,072*	*1,092*
Investments in associates	*-*	*-*
Property, plant and equipment and intangible assets	*69,700*	*68,401*
Non-current assets held for sale	*34,435*	*34,432*
Other assets	*5,691*	*5,430*
TOTAL ASSETS	***22,524,997***	***22,012,863***
LIABILITIES		
Deposits	*162,593*	*154,243*
Borrowings	*8,565,099*	*8,197,363*
Bonds payable	*5,207,478*	*5,144,724*
Other liabilities	*1,202,778*	*1,175,611*
Total liabilities	***15,137,948***	***14,671,941***
Equity		
Founder's capital	*5,343,739*	*5,343,739*
Retained earnings and reserves	*1,984,191*	*1,836,565*
Other reserves	*(2,080)*	*(16,813)*
Profit for the year	*31,612*	*147,626*
Total equity attributable to equity holders of the parent	***7,357,462***	***7,311,117***
Non-controlling interests	*17,295*	*17,475*
Total equity	***7,374,757***	***7,328,592***
Guarantee Fund	*12,292*	*12,330*
Total Equity and Guarantee Fund	***7,387,049***	***7,340,922***
TOTAL LIABILITIES, EQUITY AND GUARANTEE FUND	***22,524,997***	***22,012,863***

President of the Managing Board

Anton Kovačev

Accounting Division Executive Director

Irena Adžić-Jagodić

Irena Adžić-Jagodić

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD JANUARY 1 TO MARCH 31

(expressed in HRK thousands)

	2012	2011
Interest income	245,765	208,607
Interest expense	(149,370)	(143,808)
Net interest income	**96,395**	**64,799**
Fee income	2,807	1,774
Fee expense	(184)	(193)
Net fee income	**2,623**	**1,581**
Net gains/(losses) on financial operations	(8,540)	(3,445)
Other income	576	560
	91,054	**63,495**
Operating expenses	(26,277)	(22,854)
Impairment loss and provisions	(33,359)	(8,382)
Profit before income tax	**31,418**	**32,259**
Income tax	-	-
Profit for the year	**31,418**	**32,259**
Attributable to:		
Equity holders of the parent	31,612	32,533
Non-controlling interests	(194)	(274)
	31,418	**32,259**

President of the Managing Board

Anton Kovačev

Accounting Division Executive Director

Irena Adžić-Jagodić

Irena Adžić-Jagodić

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31

(expressed in HRK thousands)

	2012	2011
Profit for the year	***31,418***	***32,259***
Other comprehensive income		
Increase in fair value of assets available for sale	*16,002*	*2,361*
Decrease in fair value of assets available for sale	*(1,210)*	*(420)*
Net foreign exchange on available for sale equity instruments	*(40)*	*(4)*
Deferred tax – other comprehensive income	*(5)*	*-*
Other comprehensive income	***14,747***	***1,937***
Total comprehensive income after income tax	***46,165***	***34,196***
Attributable to:		
Equity holders of the parent	*46,345*	*34,467*
Non-controlling interests	*(180)*	*(271)*
	46,165	***34,196***

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1 TO MARCH 31

(expressed in HRK thousands)

	2012	*2011*
Operating activities		
Profit before taxation	*31,418*	*32,259*
Adjustments to reconcile to net cash from and used in operating activities:		
Depreciation	*1,857*	*1,607*
Income tax	*5*	-
Impairment loss and provisions	*33,359*	*8,382*
Accrued interest	*72,243*	*(30,841)*
Deferred fees	*(1,390)*	*(819)*
Operating profit before working capital changes	137,492	10,588
Changes in operating assets and liabilities:		
Net (increase) in deposits with other banks, before provision for impairment	*(170,033)*	*(14,795)*
Net (increase)/ decrease in loans to banks, before provision for impairment	*(320,173)*	*1,928,824*
Net decrease in loans to other customers, before provision for impairment	*112,879*	*11,679*
Net gains/(losses) on o financial assets at fair value through profit or loss	*(4)*	*(3)*
(Increase)/decrease of discount in assets available for sale and bonds payable	*(699)*	*5,430*
Net decrease/(increase) in other assets, before provision for impairment	*240*	*(225)*
Net increase/(decrease) in deposits from banks and companies	*8,350*	*(15,628)*
Net increase/(decrease) in other liabilities, before provisions	*23,268*	*(54,922)*
Net cash used in operating activities	***(208,680)***	***1,870,948***
Investment activities		
Sale of financial assets at fair value through profit or loss	*170*	*140*
Net (purchase) of assets available for sale	*(455,749)*	*(251,180)*
Sale of assets available for sale	*230,000*	*40,000*
Decrease in assets held to maturity	-	*12*
Net (purchase) of property, plant and equipment and intangible assets	*(3,156)*	*(2,834)*
Net cash provided by/(used in) investment activities	***(228,735)***	***(213,862)***
Financial activities		
Increase in Founder's capital	-	*24,000*
Increase in borrowings – withdrawn funds	*491,993*	*437,197*
(Decrease) in borrowings – repayments of principal	*(104,841)*	*(50,096)*
(Decrease) in bonds payable – repayment of amortising note	-	*(2,223,853)*
Net cash provided by financial activities	***387,152***	***(1,812,752)***
Effects of changes in exchange rates on cash and cash equivalents		
Net foreign change gains/losses	*(36,145)*	*3,596*
Net effect	***(36,145)***	***3,596***
Net (decrease)/increase in cash and cash equivalents	*(86,408)*	*(152,070)*
Balance as of January 1, before provisions	*270,421*	*1,270,526*
Net (decrease)/increase in cash	*(86,408)*	*(152,070)*
Balance as of March 31, before provisions	***184,013***	***1,118,456***
Additional note – operating activities		
Interest paid	*67,956*	*161,884*
Interest received	*176,671*	*145,667*

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

(expressed in HRK thousands)

	Founder's capital	*Retained earnings and reserves*	*Other reserves*	*Net profit for the year*	*Non-controlling interests*	*Total equity*
Balance as of January 1, 2011	***5,163,739***	***1,718,962***	***(2,978)***	***117,603***	***18,014***	***7,015,340***
Profit for the year	-	-	-	*32,533*	*(274)*	***32,259***
Other comprehensive income	-	-	*1,934*	-	*3*	***1,937***
Total comprehensive income	-	-	*1,934*	*32,533*	*(271)*	***34,196***
Capital paid-in from the State Budget	*24,000*	-	-	-	-	***24,000***
Transfer of profit 2010 to retained earnings	-	*117,603*		*(117,603)*	-	-
Balance as of March 31, 2011	***5,187,739***	***1,836,565***	***(1,044)***	***32,533***	***17,743***	***7,073,536***
Balance as of January 1, 2012	***5,343,739***	***1,836,565***	***(16,813)***	***147,626***	***17,475***	***7,328,592***
Profit for the year	-	-	-	*31,612*	*(194)*	***31,418***
Other comprehensive income	-	-	*14,733*	-	*14*	***14,747***
Total comprehensive income	-	-	*14,733*	*31,612*	*(180)*	***46,165***
Capital paid-in from the State Budget	-	-	-	-	-	-
Transfer of profit 2011 to retained earnings	-	*147,626*	-	*(147,626)*	-	-
Balance as of March 31, 2012	***5,343,739***	***1,984,191***	***(2,080)***	***31,612***	***17,295***	***7,374,757***

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	March 31, 2012	*December 31, 2011*
ASSETS		
Cash on hand and due from banks	*181,646*	*267,219*
Deposits with other banks	*202,922*	*34,811*
Loans to banks	*14,583,243*	*14,299,705*
Loans to other customers	*6,084,666*	*6,184,717*
Assets available for sale	*1,325,653*	*1,081,385*
Investments in subsidiaries	*19,125*	*19,125*
Investments in associates	-	-
Property, plant and equipment and intangible assets	*69,417*	*68,106*
Non-current assets held for sale	*34,435*	*34,432*
Other assets	*4,307*	*3,424*
TOTAL ASSETS	***22,505,414***	***21,992,924***
LIABILITIES		
Deposits	*162,593*	*154,243*
Borrowings	*8,565,099*	*8,197,363*
Bonds payable	*5,207,478*	*5,144,724*
Other liabilities	*1,199,508*	*1,172,353*
Total liabilities	***15,134,678***	***14,668,683***
Equity		
Founder's capital	*5,343,739*	*5,343,739*
Retained earnings and reserves	*1,984,984*	*1,836,924*
Other reserves	*(2,092)*	*(16,812)*
Profit for the year	*31,813*	*148,060*
Total equity	***7,358,444***	***7,311,911***
Guarantee Fund	*12,292*	*12,330*
Total Equity and Guarantee Fund	***7,370,736***	***7,324,241***
TOTAL LIABILITIES, EQUITY AND GUARANTEE FUND	***22,505,414***	***21,992,924***

President of the Managing Board

Anton Kovačev

Accounting Division Executive Director

Irena Adžić-Jagodić

Irena Adžić-Jagodić

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

	2012	2011
Interest income	245,324	208,289
Interest expense	(149,370)	(143,808)
Net interest income	**95,954**	**64,481**
Fee income	2,535	1,582
Fee expense	(184)	(193)
Net fee income	**2,351**	**1,389**
Net gains/(losses)on financial operations	(8,536)	(3,448)
Other income	290	96
	90,059	**62,518**
Operating expenses	(24,957)	(21,317)
Impairment loss and provisions	(33,289)	(8,383)
Profit before income tax	**31,813**	**32,818**
Income tax	-	-
Profit for the year	**31,813**	**32,818**
Attributable to:		
Equity holders of the parent	**31,813**	**32,818**

President of the Managing Board

Anton Kovačev

Accounting Division Executive Director

Irena Adžić-Jagodić

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO MARCH 31

(expressed in HRK thousands)

	2012	*2011*
Profit for the year	***31,813***	***32,818***
Other comprehensive income		
Increase in fair value of assets available for sale	*15,968*	*2,355*
Decrease in fair value of assets available for sale	*(1,208)*	*(420)*
Net foreign exchange on available for sale equity instruments	*(40)*	*(4)*
Other comprehensive income	***14,720***	***1,931***
Total comprehensive income after income tax	***46,533***	***34,749***
Attributable to:		
Equity holders of the parent	***46,533***	***34,749***

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD JANUARY 1 TO MARCH 31

(expressed in HRK thousands)

	2012	2011
Operating activities		
Profit before taxation	*31,813*	*32,818*
Adjustments to reconcile to net cash from and used in operating activities:		
Depreciation	*1,816*	*1,568*
Impairment loss and provisions	*33,289*	*8,383*
Accrued interest	*72,633*	*(30,610)*
Deferred fees	*(1,390)*	*(819)*
Operating profit before working capital changes	138,161	11,340
Changes in operating assets and liabilities:		
Net (increase)/decrease in deposits with other banks, before provision for impairment	*(170,034)*	*(16,029)*
Net (increase)/decrease in loans to banks, before provision for impairment	*(320,173)*	*1,928,824*
Net decrease in loans to other customers, before provision for impairment	*112,879*	*11,679*
(Increase)/decrease of discount in assets available for sale and bonds payable	*(699)*	*5,430*
Net (increase)/decrease in other assets, before provision for impairment	*(316)*	*(126)*
Net increase/(decrease) in deposits from banks and companies	*8,350*	*(15,628)*
Net increase/(decrease) in other liabilities, before provision	*23,254*	*(55,306)*
Net cash used in operating activities	***(208,578)***	***1,870,184***
Investment activities		
Net (purchase) of assets available for sale	*(455,751)*	*(250,177)*
Sale of assets available for sale	*230,000*	*40,000*
Net (purchase) of property, plant and equipment and intangible assets	*(3,127)*	*(2,819)*
Net cash provided by/ (used in) investment activities	***(228,878)***	***(212,996)***
Financial activities		
Increase in Founder's capital	*-*	*24,000*
Increase in borrowings – withdrawn funds	*491,993*	*437,197*
(Decrease) in borrowings – repayment of principal	*(104,841)*	*(50,096)*
(Decrease) in bonds payable – repayment of amortising note	*-*	*(2,223,853)*
Net cash provided by financial activities	***387,152***	***(1,812,752)***
Effects of changes in exchange rates on cash and cash equivalents		
Net foreign exchange gains/losses	*(36,133)*	*3,593*
Net effect	***(36,133)***	***3,593***
Net (decrease)/increase in cash and cash equivalents	*(86,437)*	*(151,971)*
Balance as of January 1, before provisions	*269,917*	*1,269,809*
Net (decrease)/increase in cash	*(86,437)*	*(151,971)*
Balance as of March 31, before provisions	***183,480***	***1,117,838***
Additional note – operating activities		
Interest paid	*67,956*	*161,884*
Interest received	*176,620*	*145,571*

CROATIAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

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

(expressed in HRK thousands)

	Founder's capital	*Retained earnings and reserves*	*Other reserves*	*Profit for the year*	*Total*
Balance as of January 1, 2011	***5,163,739***	***1,718,962***	***(2,979)***	***117,962***	***6,997,684***
Profit for the year	-	-	-	*32,818*	*32,818*
Other comprehensive income	-	-	*1,931*	-	*1,931*
Total comprehensive income	-	-	*1,931*	*32,818*	***34,749***
Capital paid-in from the State Budget	*24,000*	-	-	-	***24,000***
Transfer of profit 2010 to retained earnings	-	*117,962*	-	*(117,962)*	-
Balance as of March 31, 2011	***5,187,739***	***1,836,924***	***(1,048)***	***32,818***	***7,056,433***
Balance as of January 1, 2012	***5,343,739***	***1,836,924***	***(16,812)***	***148,060***	***7,311,911***
Profit for the year	-	-	-	*31,813*	*31,813*
Other comprehensive income	-	-	*14,720*	-	*14,720*
Total comprehensive income	-	-	*14,720*	*31,813*	***46,533***
Capital paid-in from the State Budget	-	-	-	-	-
Transfer of profit 2011 to retained earnings	-	*148,060*	-	*(148,060)*	-
Balance as of March 31, 2012	***5,343,739***	***1,984,984***	***(2,092)***	***31,813***	***7,358,444***