

EXPORT FINANCE INTERMEDIATION LOAN PROJECT
Loan no. 8193-HR

**PROJECT FINANCIAL REPORTS
STATEMENT ON DESIGNATED ACCOUNT
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2013**

EXPORT FINANCE INTERMEDIATION LOAN PROJECT
Loan no. 8193-HR

CONTENTS

	Page
Project Financial Reports and Independent Auditors' Report:	
Independent Auditors' Report	2
Project Sources and Uses of Funds received-aggregated	4
Aggregated use of funds by loan term	5
Project Aggregated Cash Flow	6
Statement on Designated account and Independent Auditor's Report:	
Independent Auditor's Report	7
Statement of Designated account	9

INDEPENDENT AUDITOR'S REPORT

Hrvatska banka za obnovu i razvitak
Strossmayerov trg 9
10000 Zagreb

We have audited the accompanying Project Financial Reports as of December 31, 2013 comprising of Project Sources and Uses of Funds received-aggregated, Aggregated use of funds by loan term and Project Aggregated Cash Flow of the Export Finance Intermediation Loan Project (the "Project") (together: the project financial reports). The project financial reports are the responsibility of the Project's management. Our responsibility is to express an opinion thereon based on our audit.

We conducted our audit in accordance with International Standards on Auditing as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) and to relevant World Bank Guidelines. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the project financial reports are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the project financial reports. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall statement presentation. We believe our audit provides a reasonable basis for our opinion.

The Project management's policy is to prepare the accompanying project financial reports on cash receipts and payments basis in conformity with World Bank Guidelines. On this basis cash receipts are recognized when received and cash expenditures are recognized when paid rather than when incurred.

In our opinion, the project financial reports have been prepared in accordance with World Bank Guidelines (Annual Financial Reporting and Auditing for World Bank - Financed Activities, Procurement Handbook and Disbursement Handbook issued by Financial Management Sector Board on June 30, 2003), present fairly the cash receipts and payments of the project during the year ended December 31, 2013 and, in all material respects, expenditures have been applied to the purposes intended in the Loan Agreement No. 8193-HR.

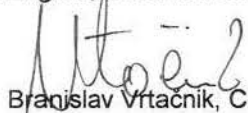
Društvo upisano u sudski registar Trgovačkog suda u Zagrebu: MBS 030022053; uplaćen temeljni kapital: 44.900,00 kuna; članovi uprave: Eric Daniel Olcott and Branislav Vrtačnik; poslovna banka: Zagrebačka banka d.d., Paromlinska 2, 10 000 Zagreb, ž. račun/bank account no. 2360000-1101896313; SWIFT Code: ZABHR2X IBAN: HR27 2360 0001 1018 9631 3; Privredna banka Zagreb d.d., Račkoga 6, 10 000 Zagreb, ž. račun/bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR38 2340 0091 1100 9829 4; Raiffeisenbank Austria d.d., Petrinjska 59, 10 000 Zagreb, ž. račun/bank account no. 2484008-1100240905; SWIFT Code: RZBHHR2X IBAN: HR10 2484 0081 1002 4090 5

Deloitte se odnosi na Deloitte Touche Tohmatsu Limited, pravnu osobu osnovanu sukladno pravu Ujedinjenog Kraljevstva Velike Britanije i Sjeverne Irske (izvorno "UK private company limited by guarantee"), i mrežu njegovih članova, od kojih je svaki zaseban i samostalan pravni subjekt. Molimo posjetite www.deloitte.com/hr/o-nama za detaljni opis pravne strukture Deloitte Touche Tohmatsu Limited i njegovih tvrtki članica.

Basis of Accounting

The Project Financial Reports are prepared in accordance with the requirements of the World Bank in order to comply with the financial reporting provisions of the contract referred to above. As a result, the Project Financial Reports may not be suitable for another purpose.

Zagreb, 31 March 2014



Branislav Vrtačnik, Certified Auditor and President of the Management Board

Deloitte d.o.o.

Društvo upisano u sudski registar Trgovačkog suda u Zagrebu: MBS 030022053; uplaćen temeljni kapital: 44.900,00 kuna; članovi uprave: Eric Daniel Olcott and Branislav Vrtačnik; poslovna banka: Zagrebačka banka d.d., Paromlinska 2, 10 000 Zagreb, ž. račun/bank account no. 2360000-1101896313; SWIFT Code: ZABHR2X IBAN: HR27 2360 0001 1018 9631 3; Privredna banka Zagreb d.d., Račkoga 6, 10 000 Zagreb, ž. račun/bank account no. 2340009-1110098294; SWIFT Code: PBZGHR2X IBAN: HR38 2340 0091 1100 9829 4; Raiffeisenbank Austria d.d., Petrinjska 59, 10 000 Zagreb, ž. račun/bank account no. 2484008-1100240905; SWIFT Code: RZBHHR2X IBAN: HR10 2484 0081 1002 4090 5

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EXPORT FINANCE INTERMEDIATION LOAN PROJECT
Loan no. 8193-HR

PROJECT SOURCES AND USES OF FUNDS RECEIVED-AGGREGATED

For the year ended December 31, 2013
(in EUR)

	Year ended December 31, 2013 (1)	Cumulative (2)	Budgeted (3)	Variance (3)-(2)
Opening Cash Balance				
Designated Account	-	-	-	-
Add:				
Sources of Funds				
Designated Account Replenishments	10,000,000.00	10,000,000.00	-	-
Direct payments	-	-	-	-
	<u>10,000,000.00</u>	<u>10,000,000.00</u>	<u>-</u>	<u>-</u>
Less:				
Uses of funds	<u>5,231,082.13</u>	<u>5,231,082.13</u>	<u>-</u>	<u>-</u>
Unexplained difference	-	-	-	-
Closing Cash Balance	<u>4,768,917.87</u>	<u>4,768,917.87</u>	<u>-</u>	<u>-</u>
Designated Account	<u>4,768,917.87</u>	<u>4,768,917.87</u>	<u>-</u>	<u>-</u>

EXPORT FINANCE INTERMEDIATION LOAN PROJECT
Loan no. 8193-HR

AGGREGATED USE OF FUNDS BY THE LOAN TERM

For the year ended December 31, 2013
(in EUR)

Project Activities	Year ended December 31, 2013 (1)	Cumulative (2)	Budgeted (3)	Variance (3)-(2)
SUB-LOANS EXTENDED				
Short term Loans*	-	-	-	-
Medium/ Long Term Loans**	5,231,082.13	5,231,082.13	-	-
Customer Loans Repaid	-	-	-	-
	<u>5,231,082.13</u>	<u>5,231,082.13</u>	<u>-</u>	<u>-</u>

* Loans with a maturity up to 18 months

** Loans with a maturity above 18 months

EXPORT FINANCE INTERMEDIATION LOAN PROJECT
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PROJECT AGGREGATED CASH FLOW

For the year ended December 31, 2013
(in EUR)

Operating Activities (use of funds)

Designated Account		10,000,000.00
Total Extended To PFIs		(5,231,082.13)
Up-front fee		20,924.33
HBOR funds sourced by EFIL		
Amount due to World Bank		
	Credit Line	10,000,000.00
	Up-front fee	-
Operational cash flows from interest		
	Interest received from PFIs	6,093.33
	Commitment fee received from PFIs	1,551.61
	Interest Paid to World Bank	(29,866.67)
	Commitment fee paid to World Bank	-
Difference		(4,767,620.47)

INDEPENDENT AUDITOR'S REPORT

Hrvatska banka za obnovu i razvitak
Strossmayerov trg 9
10000 Zagreb

We have audited the accompanying Designated Account Statement of the Export Finance Intermediation Loan Project (the "Project") for the year ended December 31, 2013. The Designated Account Statement is the responsibility of the Project's management. Our responsibility is to express an opinion on the Designated Account Statement based on our audit.

We conducted our audit in accordance with International Standards on Auditing as published by the International Auditing and Assurance Standards Board of the International Federation of Accountants with special reference to ISA 800 (Auditor's Report on Special Purpose Audit Engagements) and to relevant World Bank Guidelines. Those Standards and World Bank Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the Designated Account Statement is free of material misstatements. An audit also includes assessing the accounting principles used and significant estimates, as well as evaluating the overall Designated Account Statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying Designated Account Statement give a true and fair view, in all material respects, of the movements in the Designated Account Items for the year ended December 31, 2013, in accordance with World Bank Guidelines (Annual Financial Reporting and Auditing for World Bank -Financed Activities, Procurement Handbook and Disbursement Handbook issued by Financial Management Sector Board on June 30, 2003).

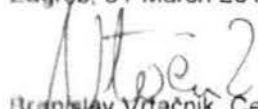
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Basis of Accounting

The Designated Account Statement is prepared in accordance with the requirements of the World Bank to comply with the financial reporting provisions of the contract referred to above. As a result, the Designated Account Statement may not be suitable for another purpose.

Zagreb, 31 March 2014



Branislav Vrtačnik, Certified Auditor and President of the Management Board

Deloitte d.o.o.

Stvo opisano u sudski registar Trgovačkog suda u Zagrebu: MBS 030022053; uplaćen temeljni kapital: 44.900,00 kuna; članovi uprave: Eric Daniel Olcott (Branislav Vrtačnik); poslovna banka: Zagrebačka banka d.d., Paromlinska 2, 10 000 Zagreb, ž. račun/bank account no. 2360000-1101896313; SWIFT Code: ZABAH2X; IBAN: HR27 2360 0001 1018 9631 3; Privredna banka Zagreb d.d., Račkoga 6, 10 000 Zagreb, ž. račun/bank account no. 2340009-00000294; SWIFT Code: PBZGHR2X; IBAN: HR38 2340 0091 1100 9829 4; Raiffeisenbank Austria d.d., Petrinjska 59, 10 000 Zagreb, ž. račun/bank account no. 2484008-1100240905; SWIFT Code: RZBHHR2X; IBAN: HR10 2484 0081 1002 4090 5.

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EXPORT FINANCE INTERMEDIATION LOAN PROJECT
Loan no. 8193-HR

STATEMENT OF DESIGNATED ACCOUNT
For the year ended December 31, 2013
(in EUR)

Opening balance as of 1 January, 2013	-
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Plus:	
IBRD advanced during the year	10,000,000.00
Less:	
Refund to IBRD from DA during the year	-
Loans advanced/expenses paid in period	5,231,082.13
Opening balance as at (beginning of next year)	4,768,917.87
Unexplained difference	-
<hr/>	
Balance per DA Statement	4,768,917.87