



## Auditors' report on the summarised financial statements

To the shareholders of BC EXIMBANK S.A.

We have audited the financial statements of B.C. Eximbank S.A., Chişinău, Republic of Moldova, from which the summarised financial statements including the balance sheet as at 31 December 2003, and statements of income and cash flows for the year ended 31 December 2003 were derived. The audit was performed in accordance with International Standards on Auditing. In our report dated 27 February 2004 we expressed a qualified opinion on the financial statements from which the summarised financial statements were derived. The qualifications were as follows:

“Included in loans and advances to customers is a lease receivable denominated in Moldovan Lei of MDL 6,960,994 with annual payments terms extending for 33 years. The receivable has been recorded at the gross amount of the minimum lease payments discounted by an interest rate of 1%, an interest rate which is less than the usual lending rate that the Bank charges to its commercial customers. Had a higher interest rate been used, the value of the lease receivable would have declined.

In prior years, the Bank had revalued property that resulted in a revaluation reserve of MDL 7,549,259 being recorded as component of shareholders' equity. During the year ended 31 December 2003, the property was sold and the revaluation reserve was recognized as other income in the statement of income. To comply with International Financial Reporting Standards, the revaluation reserve should not have been recognised in the statement of income and should only have been recorded as a direct transfer from revaluation reserve to retained earnings.”

In our opinion, the accompanying summarised financial statements, including the balance sheet as at 31 December 2003, and statements of income and cash flows for the year ended 31 December 2003 of B.C. Eximbank S.A. are consistent, in all material respects, with the financial statements from which they were derived.

For a better understanding of the financial position and the results of operations of B.C. Eximbank S.A. for the above mentioned reporting period and of the scope of our audit, the summarised financial statements, including the balance sheet as at 31 December 2003, and statements of income and cash flows for the year ended 31 December 2003 should be read in conjunction with the financial statements from which they derived and our audit report thereon.

KPMG Moldova S.R.L.

27 February 2004

Chişinău, Republic of Moldova



## Balance Sheet as at 31 December 2003

	31 December 2003	31 December 2002
(in Moldovan Lei)		
<b>Assets</b>		
Cash in hand	55,932,244	29,677,225
Balances with the National Bank of Moldova	14,587,912	20,466,173
Financial assets held for trading	6,308,100	7,766,461
Placements with banks	34,848,719	35,899,601
Investments	15,173,965	11,253,146
Loans and advances to banks	7,899,975	-
Loans and advances to customers	189,979,375	117,845,691
Property and equipment	32,235,526	35,177,446
Intangible assets	561,355	1,107,797
Other assets	11,780,559	11,313,884
<b>Total assets</b>	<b>369,307,730</b>	<b>270,507,424</b>
<b>Liabilities</b>		
Financial liabilities held for trading	2,035,956	-
Deposits from banks	7,006,427	116,453
Deposits from customers	262,843,879	168,163,162
Loans from banks	21,684,295	20,174,900
Deferred tax liability	710,399	2,512,048
Other liabilities	8,239,838	9,277,099
<b>Total liabilities</b>	<b>302,520,794</b>	<b>200,243,662</b>
<b>Shareholders' equity</b>		
Issued capital	40,660,000	40,660,000
Revaluation reserve	827,019	6,276,909
Retained earnings	25,299,917	23,326,853
<b>Total shareholders' equity</b>	<b>66,786,936</b>	<b>70,263,762</b>
<b>Total liabilities and shareholders' equity</b>	<b>369,307,730</b>	<b>270,507,424</b>

The financial statements were approved on 27 February 2004.



M. Chircă  
Chairman of the Board

## Statement of income for the year ended 31 December 2003

	2003	2002
(in Moldovan Lei)		
Interest and similar income	29,791,964	20,632,754
Interest expense and similar charges	(15,475,334)	(6,222,564)
<b>Net interest income</b>	<b>14,316,630</b>	<b>14,410,190</b>
Fee and commission income	17,887,485	17,601,902
Fee and commission expense	(1,958,138)	(1,433,286)
<b>Net fee and commission income</b>	<b>15,929,347</b>	<b>16,168,616</b>
Net trading income	37,362	-
Foreign currency exchange operations	12,845,666	6,881,287
Other operating income	9,143,075	513,205
<b>Operating income</b>	<b>52,272,080</b>	<b>37,973,298</b>
Staff costs	(10,098,903)	(8,327,284)
General and administrative expenses	(26,361,691)	(22,127,661)
Net charge of provision for impairment losses	(5,697,922)	(719,109)
<b>Operating expenses</b>	<b>(42,158,516)</b>	<b>(31,174,054)</b>
<b>Profit before tax</b>	<b>10,113,564</b>	<b>6,799,244</b>
Income tax	(3,709,679)	(1,751,508)
<b>Profit after tax</b>	<b>6,403,885</b>	<b>5,047,736</b>

## Statement of cash flows for the year ended 31 December 2003

	2003	2002
(in Moldovan Lei)		
<b>Operating activities</b>		
Profit before tax	10,113,564	6,799,244
<b>Adjustments for non cash items:</b>		
Depreciation and amortisation	3,318,965	2,506,695
Gain on disposal of property and equipment	(8,561,922)	55,949
Loss on disposal of repossessed assets	-	143,233
Provision for impairment losses	5,697,922	884,617
	<b>10,568,529</b>	<b>10,389,738</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase)/decrease in loans and advances to banks	(11,509,932)	628,993
Increase in loans and advances to customers	(69,175,906)	(25,639,906)
Increase in other assets and accrued interest	(1,538,413)	(1,241,708)
Decrease in financial assets held for trading	1,458,361	2,628,000
Increase/(decrease) in financial liabilities held for trading	2,035,956	(2,618,180)
Increase in loans from banks	1,509,395	10,604,900
Increase in deposits from banks	6,889,974	115,374
Increase in deposits from customers	94,680,717	60,328,922
(Decrease) in other liabilities	(2,345,602)	(6,850,360)
<b>Cash generated from operations</b>	<b>32,573,079</b>	<b>48,345,773</b>
Income tax paid	(2,625,850)	(2,667,201)
<b>Cash flows from operating activities</b>	<b>29,947,229</b>	<b>45,678,572</b>
<b>Investing activities</b>		
Acquisition of investments	(3,920,819)	(7,140,675)
Proceeds from sale of property and equipment	655,713	-
Acquisition of property and equipment	(6,535,383)	(4,336,102)
Acquisition of intangible assets	-	(957,506)
<b>Cash flows from investing activities</b>	<b>(9,800,489)</b>	<b>(12,434,283)</b>
<b>Financing activities</b>		
Dividends paid	(4,430,821)	-
<b>Cash flows from financing activities</b>	<b>(4,430,821)</b>	<b>-</b>
<b>Increase in cash and cash equivalents</b>	<b>15,715,919</b>	<b>33,244,289</b>
Cash and cash equivalents at 1 January	79,887,864	46,643,575
<b>Cash and cash equivalents at 31 December</b>	<b>95,603,783</b>	<b>79,887,864</b>