



Auditors' Report on Summarised Financial Statements

To the shareholders
BC EXIMBANK S.A.

We have audited the financial statements of BC EXIMBANK S.A., Chisinau, Republic of Moldova, for the year ended 31 December 2003, from which the summarised financial statements, which include the balance sheet as at 31 December 2003 and the related statements of income and cash flow for the year then ended, were derived, in accordance with National Standards on Auditing. In our report dated 27 February 2004 we expressed an unqualified opinion on the financial statements from which the summarised financial statements were derived.

In our opinion, the accompanying summarised financial statements of BC EXIMBANK S.A., which include the balance sheet as at 31 December 2003 and the related statements of income and cash flow for the year then ended, are consistent, in all material respects, with the financial statements, from which they were derived.

For a better understanding of the financial position of BC EXIMBANK S.A. and the results of its operations for the period and of the scope of our audit, the summarised financial statements should be read in conjunction with the financial statements from which the summarised financial statements were derived and our Auditors' Report thereon.

KPMG Moldova S.R.L.

27 February 2004

Chisinau, Republic of Moldova



Balance sheet as at 31 December 2003

	31 December 2003	31 December 2002
(in Moldovan Lei)		
Assets		
Cash in hand	55,932,244	29,677,225
Due from banks	29,560,719	24,355,688
Balances with the National Bank of Moldova	14,587,912	20,466,173
Overnight placements	5,288,000	11,543,913
	<u>105,368,875</u>	<u>86,042,999</u>
Securities		
Investment securities	15,173,965	11,253,147
Trading securities	4,259,000	7,766,460
	<u>19,432,965</u>	<u>19,019,607</u>
Loans and financial lease receivables	205,552,976	120,586,974
Less: loan loss provision	(7,673,626)	(2,741,283)
	<u>197,879,350</u>	<u>117,845,691</u>
Fixed assets, net	32,235,526	35,177,447
Intangible fixed assets, net	561,355	1,107,796
Accrued interest receivable	8,018,903	4,564,728
Other assets	13,339,145	8,506,210
	<u>54,154,929</u>	<u>49,356,181</u>
Total assets	<u>376,836,119</u>	<u>272,264,478</u>

Financial statements were approved on 27 February 2004.



Marcel Chircă
Chairman of the Board

Balance sheet as at 31 December 2003 (continued)

	31 December 2003	31 December 2002
(in Moldovan Lei)		
Liabilities and shareholders' equity		
Non-interest bearing deposits		
Due to banks	6,427	116,453
Deposits of individuals	7,526,198	5,990,387
Deposits of enterprises	77,077,072	67,504,878
	<u>84,609,697</u>	<u>73,611,718</u>
Interest bearing deposits		
Due to banks	7,000,000	-
Deposits of individuals	151,191,708	74,264,700
Deposits of enterprises	27,048,901	20,403,196
	<u>185,240,609</u>	<u>94,667,896</u>
Total deposits	269,850,306	168,279,614
Other borrowings	21,684,295	20,174,900
Accrued interest payable	2,887,960	1,315,423
Deferred tax liability	1,344,677	2,518,764
Other liabilities	12,356,055	7,994,839
Total liabilities	<u>308,123,293</u>	<u>200,283,540</u>
Shareholders' equity		
Common stock in circulation	40,660,000	40,660,000
General reserve	1,299,872	841,876
Revaluation reserve	827,019	6,276,909
Retained earnings	25,925,935	24,202,153
	<u>68,712,826</u>	<u>71,980,938</u>
Total liabilities and shareholders' equity	<u>376,836,119</u>	<u>272,264,478</u>

Financial statements were approved on 27 February 2004.



Marcel Chircă
Chairman of the Board

Income Statement for the year ended 31 December 2003

	2003	2002
(in Moldovan Lei)		
Interest income		
Interest income on placements with banks	1,780,852	971,859
Interest income on overnight placements	59,888	59,576
Interest income or dividends on trading securities	646,685	200,842
Interest income on dividends or held-to-maturity securities	1,647,769	393,903
Interest income and commission on loans	26,410,560	20,233,220
Total interest income	30,545,754	21,859,400
Interest expenses		
Interest expense on deposits from banks	(135,493)	-
Interest expense on deposits from individuals	(11,545,348)	(4,923,321)
Interest expense on deposits form enterprises	(1,535,352)	(994,446)
Total interest expense on deposits	(13,216,193)	(5,917,767)
Interest expense on overnight borrowings	(353,794)	(24,068)
Interest expense on borrowings from other creditors	(1,905,347)	(280,729)
Total interest expense on borrowings	(2,259,141)	(304,797)
Total interest expense	(15,475,334)	(6,222,564)
Interest margin	15,070,420	15,636,836
Losses on loans and advances	(4,774,802)	2,093,646
Net interest margin after losses on loans and advances	10,295,618	17,730,482

Income statement for the year ended 31 December 2003 (continued)

	2003	2002
(in Moldovan Lei)		
Non-interest income		
Gain on trading securities	24,219	-
Gain on held-to-maturity securities	-	25,546
Gain on foreign currency exchange operations	12,381,667	5,408,727
Commission income	15,390,699	17,291,034
Other non-interest income	11,205,399	2,029,395
Total non-interest income	39,001,984	24,754,702
Non-interest expenses		
Wages and salaries	(6,130,265)	(5,495,090)
Bonuses	(1,606,998)	(883,730)
Pensions, social insurance and other benefits	(2,361,640)	(1,948,463)
Premises expenses	(6,949,734)	(5,641,787)
Taxes and fees	(158,163)	(165,580)
Consultants and audit expenses	(538,327)	(289,514)
Other non-interest expenses	(20,602,635)	(16,555,214)
Total non-interest expenses	(38,347,762)	(30,979,378)
Net income before tax	10,949,840	11,505,806
Income tax	(4,337,241)	(2,345,883)
Net income	6,612,599	9,159,923

Cash Flow Statement for the year ended 31 December 2003

	2003	2002
(in Moldovan Lei)		
Operating activities		
Interest and commissions receipts	40,921,231	35,959,650
Interest and commission payments	(15,675,097)	(7,294,920)
Recoveries on loans previously written off	742,211	-
Other income received	15,266,833	7,645,767
Cash paid to employees	(10,080,069)	(8,342,174)
Cash paid to suppliers	(22,692,915)	(17,527,968)
Receipts before changes in assets and liabilities	<u>8,482,194</u>	<u>10,440,355</u>
<i>Increase in operating assets</i>		
Funds advanced (received) to/from banks	(3,609,957)	628,978
Funds advanced to customers	(76,074,014)	(24,791,713)
Cash receipts on securities	3,507,461	(7,765,362)
Cash receipts (payments) for other assets	(6,087,696)	(2,160,307)
	<u>(82,264,206)</u>	<u>(34,088,404)</u>
<i>Increase (decrease) in operating liabilities</i>		
Deposits from customers	85,300,225	60,330,032
Deposits and borrowings from banks	5,276,269	10,201,353
Cash receipts (payments) for other liabilities	4,513,809	(7,741,508)
	<u>95,090,303</u>	<u>62,789,877</u>
Cash flows before income tax	21,308,291	39,141,828
Income taxes paid	(2,625,850)	(2,345,883)
Net cash flows from operating activities	<u>18,682,411</u>	<u>36,795,945</u>
Investing activities		
Funds advanced to customers	(9,476,658)	(520,000)
Purchase (disposal) of investment securities	(3,754,432)	580,150
Purchase of property and equipment	349,211	(3,157,645)
Proceeds from sale of property and equipment	947,161	-
Purchase of intangible fixed assets	-	(1,279,461)
Interest received	1,662,481	506,504
Dividends received	111,890	-
Net cash flows from investing activities	<u>(10,160,347)</u>	<u>(3,870,452)</u>

Cash Flow Statement for the year ended 31 December 2003 (continued)

	2003	2002
(in Moldovan Lei)		
Financing activities		
Receipts (repayments) of long-term borrowings	12,501,405	520,000
Dividends paid	(4,430,821)	-
Interest paid	(408,850)	(24,069)
Net cash flows from financing activities	7,661,734	495,931
Total net cash flows	16,183,828	33,421,424
Effect of exchange rate fluctuations on cash and cash equivalents	(467,893)	(177,151)
Net increase in cash and cash equivalents	15,715,935	33,244,273
Cash and cash equivalents at the beginning of the year	79,887,848	46,643,575
Cash and cash equivalents at the end of the year	95,603,783	79,887,848