



## Auditors' Report on Summarised Financial Statements

To the shareholders of  
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 2005, from which the summarised financial statements, which include the balance sheet as of 31 December 2005 and statements of income and cash flows for the year then ended, were derived, in accordance with International Standards on Auditing. In our report dated 31 July 2006 we expressed a qualified opinion on the financial statements from which the summarised financial statements were derived. The qualifications were as follows:

*As at 31 December 2005 for a specific loan of approximately MDL 17,700,000, the financial information provided by the borrower to the Bank is insufficient to be able to assess the future cash flows the Bank may receive from the borrowers and as such an assessment of the loan loss provision could not be estimated.*

*Included in loans and advances to customers is a lease receivable denominated in Moldovan Lei of approximately MDL 6,603,000 with annual payment terms extending for 31 years. The receivable has been recorded at the gross amount of the minimum lease payments discounted at 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.*

*As described in Notes 9 to the financial statements, the Bank sold and within one month re-purchased the same office building. The series of transactions resulted in a gain of approximately MDL 4,900,000 being recorded in the income statement as other non-interest income. The recording of the transactions reflected the legal form, whilst the economic reality is that the sale and subsequent re-purchase cancel one another and that no economic benefit or enhancement of the asset has occurred. Accordingly, the fixed assets should be reduced by approximately MDL 4,900,000, income tax expense and related payable should be reduced by MDL 885,000 and the income for the year and retained earnings should be reduced by MDL 4,015,000. The effect of this adjustment would decrease the total normative capital of the Bank as at 31 December 2005 to a level below the National Bank of Moldova minimum regulatory requirement of MDL 100,000,000.*



Additionally our report dated 31 July 2006 included the following emphasis of matter paragraph:

*Without further qualifying our opinion, we draw attention the following:*

- *The Bank has estimated the provision for impairment loss on loans and advances to customers based on the internal methodology developed and applied for the first time as at 31 December 2005 in accordance with IAS 39, Financial Instruments: Recognition and Measurement with certain limitations as stated in Note 3.*
- *As discussed in Note 12 to the financial statements, the Bank has a loan amounting to approximately MDL 13,856,000 with the Ministry of Finance of Republic of Moldova and IFAD. The loan agreement includes covenants some of which have not been complied with for the year ended 31 December 2005. Non-compliance constitutes an event of default that allows the lenders to declare all amounts owed payable on demand. The lender has not agreed, prior to the authorisation of these financial statements, not to demand payment as a consequence of the breach and as such the loan has been classified as current.*

In our opinion, the accompanying summarised financial statements of BC Eximbank S.A., which include the balance sheet as of 31 December 2005 and statements of income and cash flows 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, which include the balance sheet as of 31 December 2005 and statements of income and cash flows for the year then ended, 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.


Chişinău, Republic of Moldova

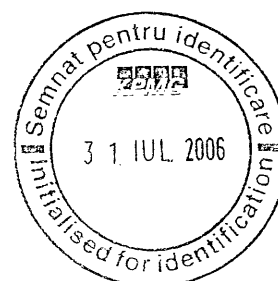
31 July 2006

## Balance Sheet as at 31 December 2005

	31 December 2005	31 December 2004
(in Moldovan Lei)		
<b>Assets</b>		
Cash in hand	68,285,540	68,464,684
Balances with the National Bank of Moldova	103,825,458	86,196,695
Financial assets held for trading	63,773	24,288,195
Placements with banks	82,626,740	56,222,167
Investment securities	25,166,010	24,600,153
Loans and advances to banks	-	11,999,885
Loans and advances to customers	538,662,241	350,040,686
Property and equipment	47,681,015	32,185,085
Intangible assets	222,370	418,173
Other assets	15,517,753	21,030,013
<b>Total assets</b>	<b>882,050,900</b>	<b>675,445,736</b>
<b>Liabilities</b>		
Financial liabilities held for trading	-	23,377,939
Deposits from banks	222,107	776,272
Deposits from customers	730,833,481	510,952,117
Loans from banks	29,274,978	39,038,555
Deferred tax liability	1,653,185	2,569,571
Other liabilities	13,784,672	10,191,847
<b>Total liabilities</b>	<b>775,768,423</b>	<b>586,906,301</b>
<b>Equity</b>		
Issued capital	65,000,000	50,660,000
Revaluation reserve	869,429	848,224
Retained earnings	40,413,048	37,031,211
<b>Total equity attributable to the equity holders of the Bank</b>	<b>106,282,477</b>	<b>88,539,435</b>
<b>Total liabilities and shareholders' equity</b>	<b>882,050,900</b>	<b>675,445,736</b>

The financial statements were approved on 31 July 2006.

  
 M. Chircă  
 Chairman of the Board



## Statement of income for the year ended 31 December 2005

	2005	2004
(in Moldovan Lei)		
Interest and similar income	67,488,643	42,752,912
Interest expense and similar charges	(55,889,540)	(31,152,311)
<b>Net interest income</b>	<b>11,599,103</b>	<b>11,600,601</b>
Fee and commission income	29,333,826	22,250,775
Fee and commission expense	(1,534,354)	(2,719,099)
<b>Net fee and commission income</b>	<b>27,799,472</b>	<b>19,531,676</b>
Net trading income	(381,226)	74,032
Foreign currency exchange operations	15,664,050	19,092,234
Other operating income	7,394,422	2,530,345
<b>Operating income</b>	<b>62,075,821</b>	<b>52,828,888</b>
Staff costs	(19,167,187)	(13,656,939)
General and administrative expenses	(35,714,341)	(27,796,036)
Net (charge)/release of provision for impairment losses	(2,618,122)	4,685,347
<b>Operating expenses</b>	<b>(57,499,650)</b>	<b>(36,767,628)</b>
<b>Profit before tax</b>	<b>4,576,171</b>	<b>16,061,260</b>
Income tax	(1,194,334)	(4,329,966)
<b>Profit after tax</b>	<b>3,381,837</b>	<b>11,731,294</b>

## Statement of cash flows for the year ended 31 December 2005

	2005	2004
(in Moldovan Lei)		
<b>Operating activities</b>		
Profit before tax	4,576,171	16,061,260
<i>Adjustments for non cash items:</i>		
Depreciation and amortisation	6,561,607	4,339,064
Gain on disposal of property and equipment	(4,547,766)	(1,169,382)
Net provision (release) for impairment losses	2,618,122	(5,253,878)
	<b>9,208,134</b>	<b>13,977,064</b>
<i>Changes in operating assets and liabilities:</i>		
Increase in loans and advances to banks	(20,112,753)	(35,505,254)
Increase in loans and advances to customers	(191,239,677)	(140,459,620)
Decrease/(increase) in other assets and accrued interest	5,599,625	(9,249,454)
Decrease/(increase) in financial assets held for trading	24,224,422	(17,980,095)
(Decrease)/increase in financial liabilities held for trading	(23,377,939)	21,341,983
(Decrease)/increase in loans from banks	(9,763,577)	17,354,260
Decrease in deposits from banks	(554,165)	(6,230,155)
Increase in deposits from customers	219,881,364	248,128,147
Increase in other liabilities	3,038,668	3,837,936
<b>Cash generated from the operations</b>	<b>16,904,102</b>	<b>95,214,812</b>
Income tax paid	(1,535,360)	(4,355,426)
<b>Net cash from operating activities</b>	<b>15,368,742</b>	<b>90,859,386</b>
<b>Cash flow from investing activities</b>		
Acquisition of investment securities	(565,855)	(9,426,188)
Proceeds from sale of property and equipment	17,372,200	1,317,832
Acquisition of property and equipment	(34,711,245)	(13,112,997)
Acquisition of intangible assets	(62,288)	(274,829)
<b>Net cash from investing activities</b>	<b>(17,967,188)</b>	<b>(21,496,182)</b>
<b>Cash flow from financing activities</b>		
Issue of shares	14,340,000	10,000,000
<b>Net cash from financing activities</b>	<b>14,340,000</b>	<b>10,000,000</b>
<b>Increase in cash and cash equivalents</b>	<b>11,741,554</b>	<b>79,363,204</b>
Cash and cash equivalents at 1 January	174,966,987	95,603,783
<b>Cash and cash equivalents at 31 December</b>	<b>186,708,541</b>	<b>174,966,987</b>