



## **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 2004, from which the summarised financial statements, which include the balance sheet as of 31 December 2004 and statements of income and cash flows for the year then ended, were derived, in accordance with National Standards on Auditing. In our report dated 4 March 2005 we expressed an unqualified opinion on the financial statements from which the summarised financial statements, which include the balance sheet and statements of income and cash flows, were derived.

In our opinion, the accompanying summarised financial statements of BC Eximbank S.A., which include the balance sheet as of 31 December 2004 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 and statements of income and cash flows, should be read in conjunction with the financial statements, from which the summarised financial statements were derived, and our Auditors' Report thereon.

A handwritten signature in black ink that reads 'KPMG' in a cursive, stylized font.

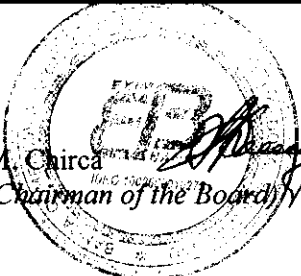
KPMG Moldova S.R.L.

Chişinău, Republic of Moldova

4 March 2005

**Balance sheet as at 31 December 2004 (in Moldovan Lei)**

	31 December 2004	31 December 2003
<b>Assets</b>		
Cash in hand	68,464,684	55,932,244
Due from banks	56,222,167	29,560,719
Balances with the National Bank of Moldova	86,196,695	14,587,912
Overnight placements	-	5,288,000
	<b>210,883,546</b>	<b>105,368,875</b>
<b>Securities</b>		
Investment securities	24,600,153	15,173,965
Trading securities	528,845	4,259,000
	<b>25,128,998</b>	<b>19,432,965</b>
<b>Loans and financial lease receivables</b>		
Loans and financial lease receivables	364,460,320	205,552,976
Less: loan loss provision	(9,539,063)	(7,673,626)
	<b>354,921,257</b>	<b>197,879,350</b>
<b>Fixed assets, net</b>		
Fixed assets, net	32,185,085	32,235,526
Intangible fixed assets, net	418,173	561,355
Accrued interest receivable	14,620,270	8,018,903
Other assets	14,265,033	13,339,145
	<b>61,488,561</b>	<b>54,154,929</b>
<b>Total assets</b>	<b>652,422,362</b>	<b>376,836,119</b>
<b>Liabilities and shareholders' equity</b>		
<b>Non-interest bearing deposits</b>		
Due to banks	776,272	6,427
Deposits of individuals	4,874,810	7,526,198
Deposits of enterprises	91,683,316	77,077,072
	<b>97,334,398</b>	<b>84,609,697</b>
<b>Interest bearing deposits</b>		
Due to banks	-	7,000,000
Deposits of individuals	314,740,905	151,191,708
Deposits of enterprises	99,653,086	27,048,901
	<b>414,393,991</b>	<b>185,240,609</b>
<b>Total deposits</b>	<b>511,728,389</b>	<b>269,850,306</b>
Repo obligations	1,956,108	-
Other borrowings	37,082,447	21,684,295
Accrued interest payable	5,304,928	2,887,960
Deferred tax liability	1,751,326	1,344,677
Other liabilities	10,532,022	12,356,055
<b>Total liabilities</b>	<b>568,355,220</b>	<b>308,123,293</b>
<b>Shareholders' equity</b>		
Common stock in circulation	50,660,000	40,660,000
General reserve	1,630,502	1,299,872
Revaluation reserve	848,224	827,019
Retained earnings	30,928,416	25,925,935
<b>Total shareholders' equity</b>	<b>84,067,142</b>	<b>68,712,826</b>
<b>Total liabilities and shareholders' equity</b>	<b>652,422,362</b>	<b>376,836,119</b>


  
 M. Chirca
   
 (Chairman of the Board)

**Income Statement for the year ended 31 December 2004 (in Moldovan Lei)**

	2004	2003
<b>Interest income</b>		
Interest income on placements with banks	1,210,888	1,780,852
Interest income on overnight placements	123,438	59,888
Interest income or dividends on trading securities	395,973	646,685
Interest income on dividends or held-to-maturity securities	1,733,173	1,647,769
Interest income and commission on loans	42,509,638	26,410,560
<b>Total interest income</b>	<b>45,973,110</b>	<b>30,545,754</b>
<b>Interest expenses</b>		
Interest expense on deposits from banks	(400,929)	(135,493)
Interest expense on deposits from individuals	(23,421,393)	(11,545,348)
Interest expense on deposits from enterprises	(3,682,097)	(1,535,352)
<b>Total interest expense on deposits</b>	<b>(27,504,419)</b>	<b>(13,216,193)</b>
Interest expense on overnight borrowings	(389,531)	(353,794)
Interest expense on borrowings from other creditors	(3,258,361)	(1,905,347)
<b>Total interest expense on borrowings</b>	<b>(3,647,892)</b>	<b>(2,259,141)</b>
<b>Total interest expense</b>	<b>(31,152,311)</b>	<b>(15,475,334)</b>
<b>Interest margin</b>	<b>14,820,799</b>	<b>15,070,420</b>
Losses on loans and advances	(2,281,886)	(4,774,802)
<b>Net interest margin after losses on loans and advances</b>	<b>12,538,913</b>	<b>10,295,618</b>
<b>Non-interest income</b>		
Gain on trading securities	5,965	24,219
Gain on foreign currency exchange operations	19,092,235	12,381,667
Commission income	16,622,203	15,390,699
Other non-interest income	4,938,720	11,205,399
<b>Total non-interest income</b>	<b>40,659,123</b>	<b>39,001,984</b>
<b>Non-interest expenses</b>		
Wages and salaries	(7,333,272)	(6,130,265)
Bonuses	(3,040,350)	(1,606,998)
Pensions, social insurance and other benefits	(3,283,317)	(2,361,640)
Premises expenses	(9,073,281)	(6,949,734)
Taxes and fees	(122,346)	(158,163)
Consultants and audit expenses	(225,601)	(538,327)
Other non-interest expenses	(21,909,315)	(20,602,635)
<b>Total non-interest expenses</b>	<b>(44,987,482)</b>	<b>(38,347,762)</b>
<b>Net income before tax</b>	<b>8,210,554</b>	<b>10,949,840</b>
Income tax	(2,877,443)	(4,337,241)
<b>Net income</b>	<b>5,333,111</b>	<b>6,612,599</b>

**Cash flow statement for the year ended 31 December 2004 (in Moldovan Lei)**

	2004	2003
<b>Operating activities</b>		
Interest and commissions receipts	54,438,254	40,921,231
Interest and commission payments	(30,909,421)	(15,675,097)
Recoveries on loans previously written off	40,104	742,211
Other income received	21,648,367	15,266,833
Cash paid to employees	(13,670,970)	(10,080,069)
Cash paid to suppliers	(13,647,690)	(22,692,915)
<b>Receipts before changes in assets and liabilities</b>	<b>17,898,644</b>	<b>8,482,194</b>
<b>Increase in operating assets</b>		
Funds advanced (received) to/from banks	(22,469,523)	(3,609,957)
Funds advanced to customers	(150,793,014)	(76,074,014)
Cash receipts on securities	3,730,155	3,507,461
Cash receipts (payments) for other assets	391,947	(6,087,696)
	<b>(169,140,435)</b>	<b>(82,264,206)</b>
<b>Increase (decrease) in operating liabilities</b>		
Deposits from customers	253,148,332	85,300,225
Deposits and borrowings from banks	(2,946,671)	5,276,269
Cash receipts (payments) for other liabilities	(2,625,623)	4,513,809
	<b>247,576,038</b>	<b>95,090,303</b>
<b>Cash flows before income tax</b>	<b>96,334,247</b>	<b>21,308,291</b>
Income taxes paid	(4,355,426)	(2,625,850)
<b>Net cash flows from operating activities</b>	<b>91,978,821</b>	<b>18,682,411</b>
<b>Investing activities</b>		
Funds received (advanced) to customers	1,429,121	(9,476,658)
Disposal of investment securities	(9,540,835)	(3,754,432)
Purchase of property and equipment	(13,112,997)	349,211
Proceeds from sale of property and equipment	1,317,832	947,161
Purchase of intangible fixed assets	(274,829)	-
Interest received	2,004,950	1,662,481
Dividends received	104,636	111,890
<b>Net cash flows from investing activities</b>	<b>(18,072,122)</b>	<b>(10,160,347)</b>
<b>Financing activities</b>		
Issue of shares	10,000,000	-
Receipts (repayments) of long-term borrowings	(4,631,352)	12,501,405
Dividends paid	-	(4,430,821)
Interest paid	(872,260)	(408,850)
<b>Net cash flows from financing activities</b>	<b>4,496,388</b>	<b>7,661,734</b>
<b>Total net cash flows</b>	<b>78,403,087</b>	<b>16,183,828</b>
Effect of exchange rate fluctuations on cash and cash equivalents	960,117	(467,893)
<b>Net increase in cash and cash equivalents</b>	<b>79,363,204</b>	<b>15,715,935</b>
Cash and cash equivalents at the beginning of the year	95,603,783	79,887,848
<b>Cash and cash equivalents at the end of the year</b>	<b>174,966,987</b>	<b>95,603,783</b>