



## 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 International Standards on Auditing. In our report dated 4 March 2005 we expressed a qualified 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. The qualification was as follows:

“Included in loans and advances to customers is a lease receivable denominated in Moldovan Lei of MDL 6,808,237 with annual payments terms extending for 32 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 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.

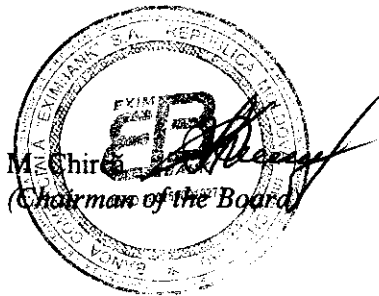
KPMG Moldova S.R.L.

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
Balances with the National Bank of Moldova	86,196,695	14,587,912
Financial assets held for trading	24,288,195	6,308,100
Placements with banks	56,222,167	34,848,719
Investments	24,600,153	15,173,965
Loans and advances to banks	11,999,885	7,899,975
Loans and advances to customers	350,040,686	189,979,375
Property and equipment	32,185,085	32,235,526
Intangible assets	418,173	561,355
Other assets	21,030,013	11,780,559
<b>Total assets</b>	<b>675,445,736</b>	<b>369,307,730</b>
<b>Liabilities</b>		
Financial liabilities held for trading	23,377,939	2,035,956
Deposits from banks	776,272	7,006,427
Deposits from customers	510,952,117	262,843,879
Loans from banks	39,038,555	21,684,295
Deferred tax liability	2,569,571	710,399
Other liabilities	10,191,847	8,239,838
<b>Total liabilities</b>	<b>586,906,301</b>	<b>302,520,794</b>
<b>Shareholders' equity</b>		
Issued capital	50,660,000	40,660,000
Revaluation reserve	848,224	827,019
Retained earnings	37,031,211	25,299,917
<b>Total shareholders' equity</b>	<b>88,539,435</b>	<b>66,786,936</b>
<b>Total liabilities and shareholders' equity</b>	<b>675,445,736</b>	<b>369,307,730</b>



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

	<b>2004</b>	<b>2003</b>
Interest and similar income	42,752,912	29,791,964
Interest expense and similar charges	(31,152,311)	(15,475,334)
<b>Net interest income</b>	<b>11,600,601</b>	<b>14,316,630</b>
Fee and commission income	22,250,775	17,887,485
Fee and commission expense	(2,719,099)	(1,958,138)
<b>Net fee and commission income</b>	<b>19,531,676</b>	<b>15,929,347</b>
Net trading income	74,032	37,362
Foreign currency exchange operations	19,092,234	12,845,666
Other operating income	2,530,345	9,143,075
<b>Operating income</b>	<b>52,828,888</b>	<b>52,272,080</b>
Staff costs	(13,656,939)	(10,098,903)
General and administrative expenses	(27,796,036)	(26,,361,691)
Net charge of provision for impairment losses	4,685,347	(5,697,922)
<b>Operating expenses</b>	<b>(36,767,628)</b>	<b>(42,158,516)</b>
<b>Profit before tax</b>	<b>16,061,260</b>	<b>10,113,564</b>
Income tax	(4,329,966)	(3,709,679)
<b>Profit after tax</b>	<b>11,731,294</b>	<b>6,403,885</b>

## Statement of cash flows for the year ended 31 December 2004 (in Moldovan Lei)

	2004	2003
<b>Operating activities</b>		
Profit before tax	16,061,260	10,113,564
<i>Adjustment for non cash items:</i>		
Depreciation and amortization	4,339,064	3,318,965
Gain on disposal of property and equipment	(1,169,382)	(8,561,922)
Net provision for impairment losses	(5,253,878)	5,697,922
	<b>13,977,064</b>	<b>10,568,529</b>
 <i>Changes in operating assets and liabilities:</i>		
(Increase) in loans and advances to banks	(35,505,254)	(11,509,932)
Increase in loans and advances to customers	(140,459,620)	(69,175,906)
Increase in other assets and accrued interest	(9,249,454)	(1,538,413)
(Increase)/decrease in financial assets held for trading	(17,980,095)	1,458,361
Increase in financial liabilities held for trading	21,341,983	2,035,956
Increase in loans from banks	17,354,260	1,509,395
(Decrease)/increase in deposits from banks	(6,230,155)	6,889,974
Increase in deposits from customers	248,128,147	94,680,717
Increase/(decrease) in other liabilities	3,837,936	(2,345,602)
<b>Cash generated from operations</b>	<b>95,214,812</b>	<b>32,573,079</b>
 Income tax paid	(4,355,426)	(2,625,850)
<b>Cash flows from operating activities</b>	<b>90,859,386</b>	<b>29,947,229</b>
 <b>Investing activities</b>		
Acquisition of investments	(9,426,188)	(3,920,819)
Proceeds from sale of property and equipment	1,317,832	655,713
Acquisition of property and equipment	(13,112,997)	(6,535,383)
Acquisition of intangible assets	(274,829)	-
<b>Cash flows from investing activities</b>	<b>(21,496,182)</b>	<b>(9,800,489)</b>
 <b>Financing activities</b>		
Dividends paid	-	(4,430,821)
Issue of shares	10,000,000	-
<b>Cash flows from financing activities</b>	<b>10,000,000</b>	<b>(4,430,821)</b>
 <b>Increase in cash and cash equivalents</b>	<b>79,363,204</b>	<b>15,715,919</b>
Cash and cash equivalents at 1 January	95,603,783	79,887,864
 <b>Cash and cash equivalents at 31 December</b>	<b>174,966,987</b>	<b>95,603,783</b>