



Investbank AD

Financial Statements

For the year ended 31 December 2003

with independent auditor's report thereon



**REPORT
OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF INVESTBANK AD**

Sofia, 11 March 2004

We have audited the accompanying balance sheet of Investbank AD ("the Bank") as of 31 December 2003 and the related statements of income and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements give a true and fair view of the financial position of the Bank as of 31 December 2003, and of the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

(signed)
Krassimir Hadjivinev
Partner

KPMG Bulgaria OOD
37 Fridtjof Nansen Str.
1142 Sofia
Bulgaria

(signed)
Margarita Goleva
Registered auditor

(signed)
Krassimir Hadjivinev
Registered auditor



KPMG Bulgaria OOD
FOR IDENTIFICATION
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Balance sheet
as at 31 December 2003

In thousands of BGN	Note	2003	2002
ASSETS			
Cash and balances with Central Bank	10	9,015	5,969
Due from other banks	11	5,951	32,409
Trading securities	12	16,942	16,144
Loans and advances to customers	13	66,667	31,900
Investments	14	569	305
Property and equipment	15	2,075	1,891
Other assets	16	839	659
Total Assets		<u>102,058</u>	<u>89,277</u>
LIABILITIES			
Deposits from banks	17	17,192	3,143
Deposits from customers	18	64,987	36,388
Other liabilities	19	3,248	1,195
Total Liabilities		<u>85,427</u>	<u>40,726</u>
Shareholders' equity			
Issued share capital	20	16,000	47,982
Reserves	20	631	569
Total shareholders' equity		<u>16,631</u>	<u>48,551</u>
Total liabilities and shareholders' equity		<u>102,058</u>	<u>89,277</u>

The balance sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 30.

The financial statements have been approved by the Executive Directors on 11 March 2003:

Kiril Savov Grigorov
Executive Director

Dimitar Asparuhov Dimitrov
Executive Director

KPMG Bulgaria OOD
(signed)
Krassimir Hadjidinev
Partner

(signed)
Krassimir Hadjidinev
Registered auditor

(signed)
Margarita Goleva
Registered auditor



Income statement
for the year ended 31 December 2003

In thousands of BGN	Note	2003	2002
Interest and similar income		4,738	5,741
Interest expense and similar charges		<u>(2,151)</u>	<u>(1,427)</u>
Net interest income	3	2,587	4,314
Fee and commission income		1,245	1,372
Fee and commission expense		<u>(142)</u>	<u>(193)</u>
Net fee and commission income	4	1,103	1,179
Net trading income	5	1,878	913
Other operating income/(expense), net	6	247	442
Total income from banking operations		<u>5,815</u>	<u>6,848</u>
General administrative expenses	7	(6,914)	(7,654)
Impairment losses	8	1,180	1,108
Profit before taxes		<u>81</u>	<u>302</u>
Income tax expense	9	<u>(19)</u>	<u>(278)</u>
Profit after tax		<u><u>62</u></u>	<u><u>24</u></u>

The income statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 8 to 30.

Kiril Savov Grigorov
Executive Director

Dimitar Asparuhov Dimitrov
Executive Director

KPMG Bulgaria OOD
(signed)
Krassimir Hadjidinev

(signed)
Krassimir Hadjidinev

(signed)
Margarita Goleva

Partner

Registered auditor

Registered auditor

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