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Independent Auditors' Report (free translation¹)

The Shareholders'
Banca Comercială Română S.A

- 1 We have audited the accompanying unconsolidated balance sheet of Banca Comercială Română S.A (the "Parent Bank") as of 31 December 2005 and the related unconsolidated statements of income, changes in equity and cash flows for the year then ended. We have also audited the accompanying consolidated balance sheet of Banca Comercială Română S.A. and its subsidiaries (the "Group") as of 31 December 2005 and the related consolidated statements of income, changes in equity and cash flows for the year then ended. These financial statements which have been presented together to report the financial position, results of operations, and changes in cash flows for both the Parent Bank and the consolidated Group are the responsibility of the Parent Bank's management. Our responsibility is to express an opinion on the unconsolidated financial statements of the Parent Bank and the consolidated financial statements of the Group based on our audits.
- 2 This report is made solely to the Bank's shareholders, as a body. Our audit work has been undertaken so that we might state to the Bank's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.
- 3 We conducted our audits in accordance with the 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 statement presentation. We believe that our audits provide a reasonable basis for our opinions.
- 4 The financial statements of a consolidated company, which statements reflect total assets constituting RON 70,789 thousand, total net profit constituting RON 1,868 thousand and total interest and commission income constituting RON 5,775 thousand as of and for the year ended 31 December 2005, were audited by other auditors whose report has been furnished to us. Our

¹ TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditor's report is provided as a free translation from Romanian, which is the official and binding version.

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audit report, insofar as it relates to the amounts included for this consolidated company, is based solely on the furnished report of the other auditors. The report of the other auditors was qualified for non-compliance by the consolidated company with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement" with regards to measurement of loans to customers at amortised cost and the determination of impairment losses on loans and advances to customers. The above-mentioned auditors have not provided sufficient confirmation on their independence of the company they have audited.

- 5 As presented in Note 2a to the financial statements, the Parent Bank and the Group did not apply the requirements of IAS 18 "Revenue" and IAS 39 "Financial Instruments: Recognition and Measurement" to amortise the upfront loan origination commissions and related transactions costs based on the effective yield of the loans. The calculation of loans' amortised cost is performed using the linear method.

The Parent Bank

- 6 In our opinion, based on our audits and the audit of other auditors, except for the effects of not recording the adjustments, if any, as described in paragraph 5, the accompanying unconsolidated financial statements of Banca Comercială Română S.A present fairly, in all material respects, the financial position of the Parent Bank as of 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The Group

- 7 In our opinion, based on our audits and the audit of other auditors, except for the effects of not recording the adjustments, if any, as described in paragraphs 4 and 5, the accompanying consolidated financial statements of Banca Comercială Română Group present fairly, in all material respects, the financial position of the Group as of 31 December 2005, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.
- 8 Without further qualifying our opinions, we draw attention to the following:
 - As presented in Notes 21 and 18 to the financial statements, the Parent Bank and the Group have estimated the impairment loss provision for loans and advances to customers at RON 553,500 thousand and RON 576,653 thousand, respectively, as at 31 December 2005 based on the internal methodology developed and applied as at 31 December 2005. We have reviewed the procedures used by management in arriving at its estimate of the impairment loss provision for loans and advances to customers and have inspected the underlying documentation; in the circumstances, we believe the procedures are reasonable and the documentation appropriate. However, because of the inherent limitations mentioned in Note 21 related to the historical experience in obtaining cash flow information and in methodologies applied, that estimate may differ significantly from the value that would have been obtained had information regarding original effective interest rate been available and had the Parent Bank and the Group obtained sufficient historical experience on obtaining reliable information on the timing and amounts of the expected future cash flows.



- As presented in Note 5 to the financial statements, the Parent Bank and the Group are in the process of amending the existing applications and adjusting existing internal financial reporting to support reporting of all relevant segment information within its business segments.
- As presented in Note 34 to the financial statements, the Parent Bank and the Group are currently in the process of amending the reporting applications to enable the estimation of fair value of loans and advances to customers, deposits from banks and customers and loans from banks and other financial institutions, whose fair value may be significantly different from their carrying value.

**Refer to the original
signed Romanian version**

KPMG Audit SRL
Bucharest, Romania
18 April 2006

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