
BC ENERGBANK SA

**Financial Statements
For the Year Ended 31 December 2009**

**Prepared in Accordance with
National Accounting Standards**

BC ENERGBANK SA
FINANCIAL STATEMENTS
For the Year Ended 31 December 2009

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BC ENERGBANK SA
BALANCE SHEET
As at 31 December 2009

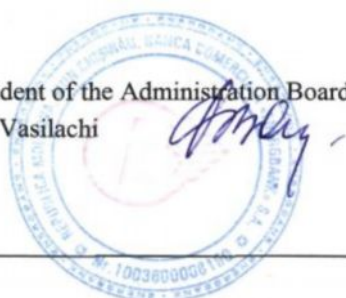
	Notes	2009 MDL'000	2008 MDL'000
ASSETS			
Cash on hand	9	147,377	112,669
Current accounts and deposits with banks	10	98,547	72,847
Balances with National Bank	11	67,865	190,869
Overnight placements	12	66,495	35,283
Investment securities	13	187,125	86,396
Loans and receivables on financial leasing	14	595,240	682,592
Property and equipment, net	15	72,040	74,049
Accrued interest receivable	16	7,267	9,469
Other assets	17	54,617	44,247
Total assets		1,296,573	1,308,421
LIABILITIES			
<i>Non-interest bearing deposits:</i>			
Banks		1,690	1,993
Individuals		8,944	4,914
Enterprises		180,631	187,462
Total non-interest bearing deposits		191,265	194,369
<i>Interest bearing deposits:</i>			
Banks		12,302	74,542
Individuals		640,878	588,072
Enterprises		89,331	139,688
Total interest bearing deposits		742,511	802,302
Total deposits	18	933,776	996,671
Other borrowings	19	102,002	53,363
Accrued interest payable	20	12,149	18,469
Other liabilities	21	14,346	10,352
Provision for losses on off-balance sheet commitments	32	2,431	1,724
Total liabilities		1,064,704	1,080,579
SHAREHOLDERS' EQUITY			
Ordinary shares	23	80,000	80,000
Reserve capital		8,058	7,155
Revaluation reserve		13,827	14,185
Retained earnings		129,984	126,502
Total shareholders' equity		231,869	227,842
Total liabilities and shareholders' equity		1,296,573	1,308,421

The accompanying notes are an integral part of these financial statements.

The financial statements were authorized for issue on 31 March 2009 by the Executives of the Bank represented

by:

President of the Administration Board of the Bank
 Iurii Vasilachi



Chief Accountant
 Serghei Slobodean

BC ENERGBANK SA
INCOME STATEMENT
For the Year Ended 31 December 2009

	Notes	2009 MDL'000	2008 MDL'000
<i>Interest income</i>			
Interest income on loans to banks		3,420	8,031
Interest income on overnights		1,057	859
Interest income on investment securities		9,251	10,184
Interest income on loans to customers		105,235	109,973
Total interest income		118,963	129,047
<i>Interest expense</i>			
Interest expense on deposits from banks		(1,788)	(6,104)
Interest expense on deposits from individuals		(84,268)	(76,406)
Interest expense on deposits from enterprises		(15,801)	(13,955)
Total interest expense on deposits		(101,857)	(96,465)
Interest expense on overnights		(910)	(458)
Interest expense on other borrowings		(4,071)	(4,582)
Total interest expense on borrowings		(4,981)	(5,040)
Total interest expense		(106,838)	(101,505)
Net interest income		12,125	27,542
Less: Impairment losses on interest bearing assets	29	(18,610)	(6,830)
Net interest income, less impairment on interest bearing assets		(6,485)	20,712
<i>Non-interest income</i>			
Non-interest income on held for trading securities		1	-
Non-interest income on investment securities		-	1,790
Income from FX transactions	25	39,919	47,330
Commission income	26	37,440	41,242
Other non-interest income		4,120	3,488
Total non-interest income		81,480	93,850

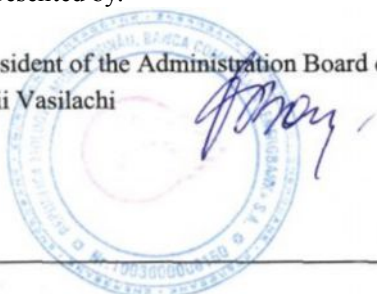
BC ENERGBANK SA
INCOME STATEMENT
For the Year Ended 31 December 2009

	Notes	2009 MDL'000	2008 MDL'000
<i>Non-interest expenses</i>			
Salaries		(25,585)	(23,491)
Bonuses		(3,667)	(8,628)
Social insurance contributions		(10,227)	(11,002)
Expenses related to fixed assets	27	(12,445)	(10,568)
Taxes and fees		(111)	(161)
Audit and consulting		(834)	(377)
Other non-interest expenses	28	(13,884)	(14,404)
Impairment losses on non-interest bearing assets	29	271	(2,412)
Impairment losses on off-balance sheet commitments	32	(707)	370
Total non-interest expenses		(67,189)	(70,673)
Profit before tax		7,806	43,889
Income tax expense	22	-	1,248
Net income before tax and extraordinary items		7,806	45,137
Extraordinary items		(3)	-
Net profit for the year		7,803	45,137

The accompanying notes are an integral part of these financial statements.

The financial statements were authorized for issue on 31 March 2009 by the Executives of the Bank represented by:

President of the Administration Board of the Bank
 Iurii Vasilachi



Chief Accountant
 Serghei Slobodean

BC ENERGBANK SA
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Year Ended 31 December 2009

	Share capital MDL'000	Reserve capital MDL'000	Revaluation reserve MDL'000	Retained earnings MDL'000	Total MDL'000
Balance as at 1 January 2008	80,000	5,360	12,236	85,372	182,968
Movements between reserves	-	1,795	-	(1,795)	-
Deferred tax on revaluation	-	-	1,949	-	1,949
Net profit for the year	-	-	-	45,137	45,137
Other adjustments	-	-	-	(2,212)	(2,212)
Balance as at 31 December 2008	80,000	7,155	14,185	126,502	227,842
Balance as at 1 January 2009	80,000	7,155	14,185	126,502	227,842
Movements between reserves	-	903	-	(903)	-
Revaluation of fixed assets	-	-	(358)	-	(358)
Net profit for the year	-	-	-	7,803	7,803
Other adjustments	-	-	-	(3,418)	(3,418)
Balance as at 31 December 2009	80,000	8,058	13,827	129,984	231,869

According to the local legislation, 5% of Bank's net income must be allocated to the reserve capital until this reserve represents 10% out of Bank's share capital. The reserve capital cannot be distributed to the shareholders. As of 31 December 2009 the reserve capital was completed in an amount exceeding 10% of Bank's share capital (2008: 8.9%).

The accompanying notes are an integral part of these financial statements.

BC ENERGBANK SA
CASH FLOW STATEMENT
For the Year Ended 31 December 2009

	Notes	2009 MDL'000	2008 MDL'000
Operating activities			
Interest and commission receipts		156,980	165,573
Interest and commission payments		(109,558)	(88,339)
Proceeds from loans previously written off		1,868	1,829
Other income		44,487	58,394
Payments to employees and social contributions		(42,242)	(44,216)
Payments to suppliers and entrepreneurs		(22,474)	(21,422)
Net cash from operating profit before changes in operating assets and liabilities		29,061	71,819
<i>Increase /(decrease) in operating assets:</i>			
Placements with banks		(562)	17,274
Placements with NBM		42,244	(35,804)
Loans to customers		75,277	(83,462)
Other assets		(4,053)	(567)
<i>Increase / (decrease) in operating liabilities:</i>			
Due to customers		(352)	219,928
Due to banks		(62,543)	(24,441)
Other liabilities		2,878	(15,272)
Net cash from operating activities before income tax		81,950	149,474
Income tax paid		-	-
Net cash from operating activities		81,950	149,474
Investing activities			
Loans to customers		(8,533)	(9,986)
Purchase of investment securities		(100,729)	(30,167)
Proceeds from disposal of property and equipment		89	117
Purchases of property and equipment		(8,182)	(10,156)
Purchases of intangible assets		(472)	(976)
Dividends received		-	94
Interest received		1,625	938
Net cash used in investing activities		(116,202)	(50,136)
Financing activities			
Proceeds from long term loans		48,639	17,272
Dividends paid		-	148
Interest paid		(3,600)	(2,973)
Net cash from financing activities		45,039	14,447
Extraordinary items		(3)	-
Unrealized foreign exchange loss		(485)	(5,659)
Net increase in cash and cash equivalents		10,299	108,126
Balance as at 1 January		331,619	223,493
Balance as at 31 December	23	341,918	331,619

The accompanying notes are an integral part of these financial statements.

1. Corporate information

BC Energbank SA (hereinafter the Bank) was established in the Republic of Moldova on 16 January 1997 as a joint stock company. The Bank acts as commercial and savings bank, offering a large spectrum of services to all categories of clients, through its central headquarter, 21 branches and 58 representative offices (2008: 21 branches and 58 representative offices).

At year-end 2009 the Bank possessed a license granted by the National Bank of Moldova, which allows the Bank to be engaged in all banking activities.

The Bank has 615 employees as at 31 December 2009 (639 as at 31 December 2008).

The registered office of the Bank is located at 78 V. Alecsandri Street, Chisinau, Republic of Moldova.

The Board of Directors formulates policies for the operation of the Bank and supervises their implementation. The Board is composed of 7 members appointed by the General Meeting of Shareholders.

As at 31 December 2009 the Board of Directors comprised the following members:

- Mr. Vladimir Tonciuc, Chairman of the Board;
- Mr. Mihail Ogorodnicov, Vice-Chairman of the Board;
- Mr. Valeriu Usatii, Energoimpex, member of the Board;
- Mrs. Silvia Radu, member of the Board;
- Mrs. Natalia Cecetova, Gamaiun SRL, member of the Board;
- Mrs. Maximenco Galina, member of the Board;
- Mr. Ivan Dihteari, Dnestrenergo C.S., member of the Board.

As the Bank's operations do not have significantly different risks and returns and considering the regulatory environment, the nature of its services, the business process, as well as the types of customers for the products and services and the methods used to provide the services are homogenous for all Bank's activities, the Bank operates as a single business segment unit.

2. Basis of presentation

The financial year starts on 1 January and ends on 31 December, and includes all operations performed by the Bank during this period.

All the effective indices related to Bank's activity, and which reflect Bank's financial and economical results of the activities performed during the financial year are included and reflected in the financial statements of the financial year.

The financial statements are presented in thousands of Moldovan lei ("MDL"), the currency of the country in which the Bank operates. Financial statements are prepared under the historic cost convention, modified as the result of the revaluation of some assets and financial liabilities.

3. Significant accounting policies

a. Basis of accounting

Individual financial statements are prepared in accordance with National Accounting Standards (NAS) approved by the Ministry of Finance of the Republic of Moldova and reporting regulations set by the National Bank of Moldova.

b. Foreign currency translation

Foreign currency transactions are recorded at the exchange rate of the date of transaction. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are reported using the closing exchange rate. The year end and average rates for the period were:

	2009		2008	
	USD	Euro	USD	Euro
Average for the period	11.1134	15.5248	10.3895	15.2916
Year end	12.3017	17.6252	10.4002	14.7408

Exchange differences arising on the settlement of the transactions at rates different from those at the date of the transaction, and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in the income statement.

c. Interest income and expenses

Interest income and expenses for all interest bearing financial instruments are recognized in the income statement using the accrual method. Interest on loans is suspended in case when the overdue is more than 60 days and are excluded from interest income until they are written off. Interest income includes interest from investment securities with fixed income and amortized discounts on state securities and NBM certificates.

d. Cash and cash equivalents

Cash and cash equivalents as referred to in the cash flow statement comprises cash on hand, unrestricted balances with National Bank of Moldova, state securities, short-term placements in other banks and receivables from international money transfer systems with an original maturity of three months or less.

e. State securities

State securities are issued by the Ministry of Finance of the Republic of Moldova and are registered at cost plus amortized discount. All interest incomes and earnings / losses realized or unrealized within state securities transactions are included in interest income.

3. Significant accounting policies (continued)

f. Held for trading securities

Held for trading securities are initially recognized at fair value. All realized or unrealized gains and losses from transactions with securities are recorded as trading income. Interest income on trading securities is included in interest income. Dividends received are included separately in dividend income.

g. Investments securities

Investment securities are securities that the management has positive intention to hold to maturity and are recorded at nominal value, adjusted with the non-amortized value of bonus or discount. Interest income on investment securities is recognized as interest income. A decrease in the market value is registered only when it is considered to be irreversible. Investment securities include state securities issued by the Ministry of Finance of the Republic of Moldova.

h. Investment in other companies

Investments are the long term shares held in other companies and are presented at cost less impairment provision.

The dividends received are included in dividend income.

i. Property and equipment

Property and equipment are stated at cost or revalued amount less accumulated depreciation.

Building and the land were revalued in December 2009 by independent valuer:

Print-Imobil SRL

131 Columna Street

Chisinau, Republic of Moldova.

Income or losses on sales/write-off of the buildings and equipment are determined by their accounting value and the expenses towards their sale or write-off.

Depreciation is computed on a straight-line basis over the estimated useful life of the asset, as stated below:

Fixed Assets	Years
Buildings	75
Equipment and furniture	2-10
Computers	7
Vehicles	7
Other	5-20

Land is not depreciated. Assets under construction are not depreciated until they are brought in use.

3. Significant accounting policies (continued)

j. Loans, loans impairments and other credit risks

Loans are presented at their nominal cost, less credit impairments.

Loan loss provision (risk fund) is estimated by the management to cover the impairment of the loans portfolio as well as for losses at compromised loans. The amount of provision is established according to the quality estimation of loans recoverability within the portfolio. When an asset cannot be recovered it is written off against the risk fund.

Interest on loans is accrued and is considered as income until maturity of the loan. If the loan and its interest are overdue more than 60 days, the loan is classified as supervised, interest is no longer accrued and is registered on off-balance sheet accounts.

k. Leases

The leases entered into by the Bank are primarily operating leases. The total payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

l. Income tax

Current tax assets and liabilities are measured based on the stipulations of Fiscal Code approved by the Parliament of the Republic of Moldova, dated 24 April 1997 and the Law on Budget for the reporting period.

Deferred tax is provided on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, as well as on carry forward unused tax losses.

According to the fiscal legislation, the income tax for the legal entities for the year 2009 constituted 0% (2008: 0%).

m. Advertising expenses

The advertising expenses are recognized when they were carried out.

n. Provisions

Provisions and legal claims are recognized when the Bank has a present legal or constructive obligation to transfer economic benefits as a result of past events and the amounts are reliably estimated.

o. Related parties

Parties are considered to be related, if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Transactions among related parties represent a transfer of resources or obligations among them, regardless of whether a price is charged.

4. Crediting activity

The Bank's crediting activity is performed according to the Law on financial institutions and is governed by the Regulation on bank's crediting activity, dated 25 December 1997.

The Bank elaborated its internal policy, regulations and loan procedures, that describe the process and crediting limits.

In order to insure itself against the crediting risk the Bank makes provisions for losses on assets impairment, classifying them according to NBM regulation "Provision for impairment on loans and other assets". Assets are classified as follows:

<u>Loan category</u>	<u>Rate (%)</u>
Standard	2%
Supervised	5%
Sub-standard	30%
Doubtful	60%
Compromised	100%

According to the Law on financial institutions, the Bank must observe the prudential limits for:

- transactions with related parties;
- "large" loans.

5. Capital adequacy

Capital adequacy is calculated by dividing the Bank's capital to assets, off balance liabilities and other risk weighted items in order to reflect their relative risk.

The Bank calculates the capital adequacy based on the Regulation of National Bank of Moldova on capital adequacy, dated 17 October 2001.

Assets are weighted accordingly to the notional credit risk, by applying a risk weight calculated based on the necessary amount of capital that would cover it. There are four categories (0%, 20%, 50% and 100%). For example, cash and money market instruments are weighted at zero rate, i.e. there is no need for capital to cover the risk for those assets. Unsecured loans and non-interest bearing loans, as well as property and equipment are applied with a risk weight of 100%. Other asset categories have an intermediary weight

For the liabilities categorized to the off balance credit items, forward and derivative instruments, different factor categories for risk conversion are applied, they are used to transfer these elements into balance equivalents. Credit equivalent elements are subsequently weighted at credit risk using the same coefficients as for balance assets.

Tier I capital includes ordinary shares into circulation, retained earnings and reserves, less intangible assets.

Tier II capital is nil as of 31 December 2009 (31 December 2008: nil) (Note 30).

6. Liquidity

The liquidity is the capacity of the Bank to ensure at any moment the fulfillment of its commitments and is calculated according to the two principles established by the National Bank of Moldova in the Regulation on bank's liquidity, dated 8 August 1997 (Note 31).

Principle I Long-term liquidity: the Bank's total assets with 2 years maturity and more should not exceed the sum of its corresponding financial resources.

Principle II Current liquidity: liquid assets to total assets ratio must be higher than 20%.

7. Fair value

Fair value is the amount at which a financial instrument could be exchanged in an arms-length transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price.

The value of short term client deposits, deposits from other banks and of the liabilities is close to the fair value due to short maturity terms and of the insignificant transaction costs.

Term deposits, loans and prepayments granted to clients, guarantees and letters of credit are registered at net value due to general and specific provisions. The value is considered to be close to the fair value because the respective instruments are bearing the market interest rate, except the loans granted under loan agreements with different government institutions which bear lower rates than on the market. Still, the maturity and interest rates for these loans are compensated with financing obligation. As a consequence, each alteration in the fair value of financial assets leads to interest modification and thus to commitments towards real value of financial assets for which it is applied a different interest rate.

Financial investments represent the participations in non-listed companies for which there is no market value. However, the management considers that the accounting value does not differ significantly from their fair value.

8. Risk management

a. Market risk

The economy of the Republic of Moldova continues to display characteristics of an emerging market. The characteristics include, but are not limited to, the presence of a currency which is not convertible outside country's borders, a low liquidity level for the public and individual instruments as well as of the equity market, and enhanced inflation rate.

Additionally, the financial sector in the Republic of Moldova is vulnerable towards currency fluctuations and economic conditions.

The forecasts for the Republic of Moldova depend on the efficiency of the economic measures undertaken by the Government, together with the development within the legal and regulation framework.

b. Exposure to credit risk

In its lending activity, the Bank is exposed to credit risk, i.e. the risk of non-payment of receivables. It is associated with the Bank's balance sheet accounts – loans granted, interest bearing securities and other off-balance sheet accounts. Credit risk concentration could result in significant losses for the Bank, if significant economic negative factors affect the economy of the Republic of Moldova. The relevant analysis is presented in the corresponding notes and in the table below:

	Notes	2009 MDL'000	2008 MDL'000
Current accounts and deposits with banks	10	98,547	72,847
Balances with National Bank	11	67,865	190,869
Overnight placements	12	66,495	35,283
Investment securities	13	187,125	86,396
Loans and receivables on financial leasing	14	595,240	682,592
Accrued interest receivable	16	7,267	9,469
Other financial assets	17	30,538	25,413
		1,053,077	1,102,869
Guarantees	32	70,348	55,311
Financing commitments and other	32	113,336	110,205
		183,684	165,516
Total maximum credit risk exposure		1,236,761	1,268,385

c. Interest rate risk

The tables below provide information on the extent of the Bank's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market interest rate before maturity. It is the policy of the Bank to manage its exposure to fluctuations in net interest income arising from changes in interest rates by the degree of re-pricing mismatch in the balance sheet.

BC ENERGBANK SA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2009

As at 31 December 2009	Total MDL'000	Less than 1 month MDL'000	From 1 month to 3 months MDL'000	From 3 months to 1 year MDL'000	From 1 to 5 years MDL'000	More than 5 years MDL'000	Non-interest bearing MDL'000
Assets							
Cash on hand	147,377	-	-	-	-	-	147,377
Current accounts and deposits with banks	98,547	46	12,000	-	-	-	86,501
Balances with National Bank	67,865	67,865	-	-	-	-	-
Overnight placements	66,495	66,495	-	-	-	-	-
Investment securities	187,125	131,439	20,973	31,090	-	-	3,623
Loans and receivables on financial leasing	595,240	30,044	-	526,479	-	-	38,717
Property and equipment, net	72,040	-	-	-	-	-	72,040
Accrued interest receivable	7,267	-	-	-	-	-	7,267
Other assets	54,617	-	-	-	-	-	54,617
Total assets	1,296,573	295,889	32,973	557,569	-	-	410,142
Liabilities							
Due to banks	13,992	-	12,302	-	-	-	1,690
Due to customers	919,784	77,246	179,198	459,497	13,431	46	190,366
Other borrowings	102,002	25,047	-	76,955	-	-	-
Accrued interest payable	12,149	-	-	-	-	-	12,149
Other liabilities	16,777	-	-	-	-	-	16,777
Total liabilities	1,064,704	102,293	191,500	536,452	13,431	46	220,982
Interest gap	231,869	193,596	(158,527)	21,117	(13,431)	(46)	189,160
Cumulative interest gap		193,596	35,069	56,186	42,755	42,709	231,869

BC ENERGBANK SA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2009

As at 31 December 2008	Total MDL'000	Less than 1 month MDL'000	From 1 month to 3 months MDL'000	From 3 months to 1 year MDL'000	From 1 to 5 years MDL'000	More than 5 years MDL'000	Non-interest bearing MDL'000
Assets							
Cash on hand	112,669	-	-	-	-	-	112,669
Current accounts and deposits with banks	72,847	55,303	-	14,200	-	-	3,344
Balances with National Bank	190,869	175,850	-	-	-	-	15,019
Overnight placements	35,283	35,283	-	-	-	-	-
Investment securities	86,396	28,991	10,401	41,274	2,351	-	3,379
Loans and receivables on financial leasing	682,592	43,446	84,927	305,348	232,680	3,405	12,786
Property and equipment, net	74,049	-	-	-	-	-	74,049
Accrued interest receivable	9,469	-	-	-	-	-	9,469
Other assets	44,247	-	-	-	-	-	44,247
Total assets	1,308,421	338,873	95,328	360,822	235,031	3,405	274,962
Liabilities							
Due to banks	76,535	56,772	-	17,771	-	-	1,992
Due to customers	920,136	65,633	248,915	365,375	44,638	64	195,511
Other borrowings	53,363	1,760	1,613	10,200	25,931	13,859	-
Accrued interest payable	18,469	-	-	-	-	-	18,469
Other liabilities	12,076	-	-	-	-	-	12,076
Total liabilities	1,080,579	124,165	250,528	393,346	70,569	13,923	228,048
Interest gap	227,842	214,708	(155,200)	(32,524)	164,462	(10,518)	46,914
Cumulative interest gap	227,842	214,708	59,508	26,984	191,446	180,928	227,842

BC ENERGBANK SA
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 31 December 2009

8. Risk management (continued)

d. Currency risk

The Bank complied with opened currency position to the total capital ratio as established by the National Bank of Moldova as at 31 December 2009. Established limits by the National Bank of Moldova were observed.

The Bank takes on exposure to fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The tables below summarize the Bank's exposure to foreign currency exchange rate risk as at 31 December 2009 and 31 December 2008. Included in the tables are the Bank's assets and liabilities at carrying amounts, categorized by currency.

	As at 31 December 2009				
	Total	MDL	USD	EUR	Other
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Assets					
Cash on hand	147,377	53,809	47,404	43,173	2,991
Current accounts and deposits with banks	98,547	11,288	5,960	79,125	2,174
Balances with National Bank	67,865	28,787	12,404	26,674	-
Overnight placements	66,495	55,000	11,495	-	-
Investment securities	187,125	187,125	-	-	-
Loans and receivables on financial leasing	595,240	348,305	124,388	122,238	309
Property and equipment, net	72,040	72,040	-	-	-
Accrued interest receivable	7,267	5,107	1,222	937	1
Other assets	54,617	36,522	10,253	6,290	1,552
Total assets	1,296,573	797,983	213,126	278,437	7,027
Liabilities					
Due to banks	13,992	348	12,883	761	-
Dues to customers	919,784	460,278	129,896	328,801	809
Other borrowings	102,002	85,256	14,878	1,868	-
Accrued interest payable	12,149	7,632	1,188	3,329	-
Other liabilities	16,777	6,698	5,818	4,014	247
Total liabilities	1,064,704	560,212	164,663	338,773	1,056
Gap	231,869	237,771	48,463	(60,336)	5,971

BC ENERGBANK SA
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8. Risk management (continued)

d. Currency risk (continued)

	As at 31 December 2008				
	Total MDL'000	MDL MDL'000	USD MDL'000	EUR MDL'000	Other MDL'000
Assets					
Cash on hand	112,669	37,483	20,059	48,635	6,492
Current accounts and deposits with banks	72,847	36,527	3,506	32,520	294
Balances with National Bank	190,869	109,546	28,843	52,480	-
Overnight placements	35,283	15,000	20,283	-	-
Investment securities	86,396	86,396	-	-	-
Loans and receivables on financial leasing	682,592	390,243	138,789	153,375	185
Property and equipment, net	74,049	74,049	-	-	-
Accrued interest receivable	9,469	7,137	1,198	1,131	3
Other assets	44,247	31,572	8,345	2,652	1,678
Total assets	1,308,421	787,953	221,023	290,793	8,652
Liabilities					
Due to banks	76,535	169	61,025	15,341	-
Due to customers	920,136	528,766	123,843	255,402	12,125
Other borrowings	53,363	29,228	19,004	5,131	-
Accrued interest payable	18,469	11,077	2,493	4,809	90
Other liabilities	12,076	3,873	5,103	2,390	710
Total liabilities	1,080,579	573,113	211,468	283,073	12,925
Gap	227,842	214,840	9,555	7,720	(4,273)

Other currencies include British Pound, Russian Ruble, Ukrainian Hrivna and Romanian Leu.

e. Liquidity risk

The Bank sets limits on the minimum proportion of maturing funds available to cover withdrawals at unexpected levels of demand. The table below presents Bank's exposure to liquidity risk as at 31 December 2009 and 31 December 2008:

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As at 31 December 2009	Total	Less than 1	From 1 month	From 3 months to	From 1 to 5	More than 5	Undefined
	MDL'000	month	to 3 months	1 year	years	years	maturity
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Assets							
Cash on hand	147,377	147,377	-	-	-	-	-
Current accounts and deposits with banks	98,547	86,547	12,000	-	-	-	-
Balances with National Bank	67,865	67,865	-	-	-	-	-
Overnight placements	66,495	66,495	-	-	-	-	-
Investment securities	187,125	131,420	19,154	32,808	120	-	3,623
Loans and receivables on financial leasing	595,240	19,438	54,478	254,623	220,572	7,412	38,717
Property and equipment, net	72,040	-	-	-	-	-	72,040
Accrued interest receivable	7,267	5,833	584	3	-	-	847
Other assets	54,617	18,309	15	-	1,553	-	34,740
Total assets	1,296,573	543,284	86,231	287,434	222,245	7,412	149,967
Liabilities							
Due to banks	13,992	-	12,302	-	-	-	1,690
Due to customers	919,784	45,678	179,198	459,497	13,431	46	221,934
Other borrowings	102,002	2,138	1,159	55,607	29,422	13,676	-
Accrued interest payable	12,149	673	141	228	55	-	11,052
Other liabilities	16,777	11,768	624	1,128	784	-	2,473
Total liabilities	1,064,704	60,257	193,424	516,460	43,692	13,722	237,149
Maturity gap	231,869	483,027	(107,193)	(229,026)	178,553	(6,310)	(87,182)
Cumulative maturity gap		483,027	375,834	146,808	325,361	319,051	231,869

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As at 31 December 2008	Total	Less than 1	From 1 month	From 3 months to	From 1 to 5	More than 5	Undefined
	MDL'000	month	to 3 months	1 year	years	years	maturity
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Assets							
Cash on hand	112,669	112,669	-	-	-	-	-
Current accounts and deposits with banks	72,847	58,647	-	14,200	-	-	-
Balances with National Bank	190,869	190,869	-	-	-	-	-
Overnight placements	35,283	35,283	-	-	-	-	-
Investment securities	86,396	28,991	10,401	41,274	2,351	-	3,379
Loans and receivables on financial leasing	682,592	43,446	84,927	305,348	232,680	3,405	12,786
Property and equipment, net	74,049	-	-	-	-	-	74,049
Accrued interest receivable	9,469	5,726	609	9	-	-	3,125
Other assets	44,247	10,784	3,770	18	9,965	-	19,710
Total assets	1,308,421	486,415	99,707	360,849	244,996	3,405	113,049
Liabilities							
Due to banks	76,535	56,772	-	17,771	-	-	1,992
Due to customers	920,136	35,751	248,915	365,375	44,638	64	225,393
Other borrowings	53,363	1,760	1,613	10,200	25,931	13,859	-
Accrued interest payable	18,469	1,202	72	355	43	-	16,797
Other liabilities	12,076	9,641	878	910	517	-	130
Total liabilities	1,080,579	105,126	251,478	394,611	71,129	13,923	244,312
Maturity gap	227,842	381,289	(151,771)	(33,762)	173,867	(10,518)	(131,263)
Cumulative maturity gap		381,289	229,518	195,756	369,623	359,105	227,842

8. Risk management (continued)

f. Sensitivity analysis

Sensitivity to interest rate

According to the internal and external financial market evolution, the Bank forecasts the evolution of interest rates for its assets and liabilities and the impact of these possible changes on the net interest income. The Bank estimates a fluctuation of +/- 100 and +/- 50 basis points:

	Increase in basis points	Sensitivity of Net Interest Income, MDL'000	Decrease in basis points	Sensitivity of Net Interest Income, MDL'000
2009	+100	680	-100	(680)
	+50	340	-50	(340)
2008	+100	2,046	-100	(2,046)
	+50	1,023	-50	(1,023)

Sensitivity analysis to currency risk

The Bank performed a sensitivity analysis to currency risk at which it is reasonably exposed at the end of the period, showing how income statement could have been affected as a result of possible changes in currency rates.

The tables below show the currencies for which the Bank has significant exposure to currency risk as at 31 December 2009 and as at 31 December 2008, for the balance sheet items that are sensitive to currency rate changes. The analysis demonstrates the effect of reasonably possible changes in currency rates against Moldovan Leu with all other variables held constant:

As at 31 December 2009	Increase in currency rates, in %	Effect on PBT MDL'000	Decrease in currency rates, in %	Effect on PBT MDL'000
EUR	+5%	(3,017)	-5%	3,017
USD	+5%	2,423	-5%	(2,423)
As at 31 December 2008	Increase in currency rates, in %	Effect on PBT MDL'000	Decrease in currency rates, in %	Effect on PBT MDL'000
EUR	+5%	584	-5%	(584)
USD	+5%	850	-5%	(850)

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9. Cash on hand

	2009	2008
	MDL'000	MDL'000
Cash	140,395	107,731
Cash in ATMs	6,310	4,423
Other	672	515
	147,377	112,669

10. Current accounts and deposits with banks

	2009	2008
	MDL'000	MDL'000
Current accounts	87,259	6,840
Deposits	12,000	67,281
	99,259	74,121
Less: Impairment provision	(712)	(1,274)
	98,547	72,847

Movement in allowance for impairment losses on current accounts and deposits with banks for the years 2009 and 2008 are as follows:

	2009	2008
	MDL'000	MDL'000
Balance as at 1 January	1,274	474
Annual charge	(562)	800
Balance as at 31 December	712	1,274

11. Balance with National Bank of Moldova

	2009	2008
	MDL'000	MDL'000
Current account	28,787	109,546
Obligatory reserves	39,078	81,323
	67,865	190,869

11. Balance with National Bank of Moldova (continued)

Current account and mandatory reserves

The National Bank of Moldova (NBM) requires commercial banks to maintain for liquidity purposes minimum reserves calculated at a certain rate of the average funds borrowed by banks during the previous 15 days including all customer deposits. Based on the decision Nr 85 of the Administrative Council of NBM dated 15 April 2004, the method for calculation and maintaining of mandatory reserves was changed. Funds attracted in Moldovan Lei (MDL) and in non-convertible currencies are reserved in MDL. Funds attracted in freely convertible currency are reserved in US Dollars (USD) and/or EURO (EUR). As at 31 December 2009, the rate for calculation of the minimum mandatory reserves in all currencies was 8% (31 December 2008: 17.5%).

The Bank maintains its mandatory reserves in a current account opened with the NBM in amount of 8% of funds attracted in Moldovan Lei and non-convertible currencies. 8 % reserves on funds denominated in USD and EUR are held in a special mandatory reserve account with the NBM.

As at 31 December 2009 the balance of the current account held with the NBM amounted to MDL'000 28,787 (31 December 2008: MDL'000 109,546). This balance included mandatory reserves on funds attracted in Moldovan Lei and non-convertible currencies. The balance reserved on USD and EUR mandatory reserve accounts amounted to USD'000 1,008 and EUR'000 1,513 respectively (31 December 2008: USD'000 2,773 and EUR'000 3,560).

The interest paid by NBM on the mandatory reserves during 2009 varied between 0.22% - 1.04% per annum for reserves in foreign currency and 2% for reserves in MDL (for 2008: 0.43 % - 0.82% in foreign currencies and 2% in MDL).

The mandatory reserves held in the current account at NBM are available for use in the Bank's day-to-day operations.

12. Overnight placements

	2009	2008
	MDL'000	MDL'000
National Bank of Moldova	55,000	15,000
Bank of New York	11,495	20,283
	66,495	35,283

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13. Investment securities

	2009	2008
	MDL'000	MDL'000
Certificates issued by the NBM	119,814	24,876
State securities	63,687	58,140
Investments in shares	858	597
Investments in subsidiaries	77	77
Investments in associates	2,775	2,775
	<u>187,211</u>	<u>86,465</u>
Less: Impairment provision	(86)	(69)
	<u>187,125</u>	<u>86,396</u>

Investments in state securities and certificates issued by the NBM

Investments in state securities as at 31 December 2009 represent MDL treasury bills of 11 to 364 days residual maturity, issued by the Ministry of Finance of the Republic of Moldova, with an interest rate between 1.91% and 25.49% p a. (31 December 2008: 15.08% and 21.65% p a.), as well as MDL state bonds with floating interest rate issued by the Ministry of Finance of 25 to 409 days residual maturity, and with an interest between 6.96% and 18.25% p a. (31 December 2008: 18.25% and 22.20% p a.).

As of 31 December 2009 the Bank held state investment bonds as mortgage for loan from the NBM in amount of MDL'000 10,541 (Note 19).

Investments in shares, subsidiaries and associates

As of 31 December 2009 and 2008, the Bank held shares and participation quotes in following commercial entities:

	Activity	Ownership	Ownership	2009	2008
		2009, %	2009, %	MDL'000	MDL'000
<i>Investments in shares</i>					
„Garant-Invest” SRL	Guarantying of deposits	9.92	9.92	440	440
„Donaris Group” SA	Insurance	0.74	0.59	102	40
„Birou de credit” SRL	Crediting services	3.01	9.51	300	100
Others				16	17
				<u>858</u>	<u>597</u>
<i>Investments in subsidiaries</i>					
„Oldex” SA	Brokerage	51.00	51.00	77	77
<i>Investments in associates</i>					
„Electrosistem” SA	Leasing	30.15	30.15	2,775	2,775
				<u>3,710</u>	<u>3,449</u>

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13. Investment securities (continued)

Movement in allowance for impairment losses on securities for 2009 and 2008 are presented below:

	2009	2008
	MDL'000	MDL'000
Balance as at 1 January	69	44
Annual charge	17	25
Balance as at 31 December	86	69

14. Loans and receivables on financial leasing

	2009	2008
	MDL'000	MDL'000
Loans	647,071	717,433
Less: Impairment provision	(51,831)	(34,841)
	595,240	682,592

As of 31 December 2009 the gross portfolio of the loans includes overdue amounts of MDL'000 77,703 (2008: MDL'000 33,682).

	2009	2008
	MDL'000	MDL'000
Up to one year	36,037	28,174
Between one and five years	20,221	4,335
Over five years	21,445	1,173
	77,703	33,682

As at 31 December 2009 the gross book value of loans on which nominal interest rate is not being accrued, or is suspended, amounted to MDL'000 68,521 (2008: MDL'000 29,251).

Analysis of loan portfolio by industries is presented below:

	2009	2008
	MDL'000	MDL'000
Commerce and industry	394,910	443,861
Agriculture and food industry	195,394	173,117
Individuals	24,251	58,571
Real estate	14,524	14,848
Others	17,992	27,036
	647,071	717,433

14. Loans and receivables on financial leasing (continued)

The average interest rate during the year for loans granted in MDL is 17.82% (2008: 19.88%), in foreign currency 12.89% (2008: 11.21%).

Movement in allowance for impairment losses on loans for the years 2009 and 2008 are as follows:

	2009	2008
	MDL'000	MDL'000
Balance as at 1 January	34,841	30,013
Write-offs	(2,769)	(2,472)
Recoveries	1,017	643
Provision charge	18,742	6,657
Balance as at 31 December	51,831	34,841

Large loans

	2009	2008
	MDL'000	MDL'000
Top 10 loans granted, net	256,498	258,051
Top 10 loans to Bank's loan portfolio (%)	43.1	37.8

The maximum limit for the top 10 loans to the total Bank's loan portfolio established in the Regulation on "large" loans was 50% until 25.09.2009. Since 25.09.2009 – 30% (modification and completion to the Regulation nr.3/09 on "big" exposures through the Decision on modification and completion of certain normative acts of the NBM nr.201 of 13.08.2009. Non-compliance with maximum limits before 31 December 2010 does not represent a breach if this non-compliance occurred because of the exposures assumed by the Bank before the date of the Regulation's amendment), (2008: 50%)

Single client or a group of persons in interconnection exposure ratio must not exceed 25% (until 25.09.2009) and 15% after 25.09.2009 (2008: 25%) of the Bank's total normative capital.

14. Loans and receivables on financial leasing (continued)

Exposure to related parties

	2009	2008
	MDL'000	MDL'000
Total exposure to related parties	120,157	130,149
Interest rate (min/max)	4.75% - 25.0%	7.1% - 25.0%
Total exposure to related parties to total normative capital	55.6	61.6

Single related party exposure ratio and/or of group of persons acting together with the related party must not exceed 20% (2008: 20%) of the Bank's total capital.

Aggregated related parties exposure ratio and/or of group of persons acting together with the related parties must not exceed the Bank's tier I capital.

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15. Property and equipment, net

	Land	Buildings	Furniture and equipment	Motor vehicles	Assets under construction	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Cost						
Balance as at 1 January 2009	1,546	54,583	27,602	3,509	3,743	90,983
Additions	-	49	842	6	1,594	2,491
Revaluation	-	(1,878)	-	-	-	(1,878)
Disposals	-	-	(111)	(367)	-	(478)
Balance as at 31 December 2009	1,546	52,754	28,333	3,148	5,337	91,118
Accumulated depreciation						
Balance as at 1 January 2009	-	701	14,523	1,710	-	16,934
Charge for the year	-	820	2,792	344	-	3,956
Disposals	-	-	(82)	(210)	-	(292)
Revaluation	-	(1,520)	-	-	-	(1,520)
Balance as at 31 December 2009	-	1	17,233	1,844	-	19,078
Net book value						
At 31 December 2009	1,546	52,753	11,100	1,304	5,337	72,040
At 31 December 2008	1,546	53,882	13,079	1,799	3,743	74,049

As at 31 December 2009 the cost of fully depreciated property and equipment amounted to MDL'000 6,075 (as at 31 December 2008: MDL'000 2,748).

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16. Accrued interest receivable

	2009	2008
	MDL'000	MDL'000
Loans and advances to customers	6,196	8,643
Current accounts and deposits in banks	353	32
Investment state securities	97	235
Other	621	559
	7,267	9,469

17. Other assets

	2009	2008
	MDL'000	MDL'000
Receivables from international money transfer systems	18,124	10,566
Debtors on capital investments	21,182	14,998
Intangible assets	2,106	2,478
Stock of goods and materials	890	1,051
Prepaid expenses	543	571
Settlements with individuals and enterprises	12,865	15,873
Other	848	624
	56,558	46,161
Less: Impairment provision	(1,941)	(1,914)
	54,617	44,247

Movement in allowance for impairment losses on other assets for 2009 and 2008 is presented below:

	2009	2008
	MDL'000	MDL'000
Balance as at 1 January	1,914	154
Write-offs	(115)	-
Annual charge	142	1,760
Balance as at 31 December	1,941	1,914

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17. Other assets (continued)

Intangible assets

Movement in intangible assets during the year ended 31 December 2009 and 2008 is presented in the table below:

	Software MDL'000	Other intangible assets MDL'000	Total MDL'000
Cost			
Balance as at 1 January 2009	3,761	2,050	5,811
Additions	152	320	472
Disposals	(610)	-	(610)
Balance as at 31 December 2009	3,303	2,370	5,673
Accumulated amortization			
Balance as at 1 January 2009	2,181	1,152	3,333
Charge for the year	369	475	844
Disposals	(610)	-	(610)
Balance as at 31 December 2009	1,940	1,627	3,567
Net book value			
At 31 December 2009	1,363	743	2,106
At 31 December 2008	1,580	898	2,478

As at 31 December 2009 the cost of fully amortized intangible assets amounted to MDL'000 946 (as of 31 December 2008: MDL'000 406).

18. Deposits

	2009 MDL'000	2008 MDL'000
Due to banks		
Bank's Loro accounts	1,690	1,993
Short-term placements	12,302	74,542
	13,992	76,535
Due to individuals		
Current accounts	29,603	22,068
Term deposits	620,219	570,918
	649,822	592,986
Due to enterprises		
Current accounts	191,540	200,189
Term deposits	78,422	126,961
	269,962	327,150
	933,776	996,671

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18. Deposits (continued)

Due to banks include term deposits of local banks with a maturity up to three months with an annual interest rate of 4.5%.

Annual interest rates granted by the Bank for deposits in MDL and foreign currency for individuals and enterprises varied as follows:

	2009				2008							
	MDL		FCY		MDL		FCY					
	%	%	%	%	%	%	%	%				
Enterprises												
Demand deposits	-	-	-	-	-	-	-	-	-			
Term deposits up to 3 months	5.0	-	20.7	1.3	-	10.0	5.0	-	18.0	7.75	-	12.0
Term deposits >3 months< 1 year	5.0	-	22.0	0.1	-	14.0	13.0	-	22.5	7.0	-	15.0
Term deposits over 1 year	14.0	-	14.0	7.5	-	7.5	13.0	-	16.5	-	-	-
Individuals												
Demand deposits	0.0	-	0.0	0.0	-	3.0	0.0	-	5.0	0.0	-	3.0
Term deposits up to 3 months	2.0	-	13.0	1.0	-	7.0	8.0	-	13.0	3.0	-	7.0
Term deposits >3 months< 1 year	0.1	-	24.0	0.1	-	15.5	0.5	-	24.0	0.3	-	15.5
Term deposits over 1 year	14.7	-	18.0	6.4	-	13.5	15.0	-	18.0	7.0	-	10.5

19. Other borrowings

	2009	2008
	MDL'000	MDL'000
Borrowings from:		
National Bank of Moldova	50,000	-
DLC	31,279	37,735
ICIP-IFAD	20,723	15,628
	102,002	53,363

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19. Other borrowings (continued)

The table below presents the borrowings, warranties and interest rates:

Creditor	Final maturity	Original currency	Amount in the original currency ('000)	Collateral	Interest rate, %	Amount (MDL'000)
DLC:						
IFAD1 recr	15.11.2016	MDL	3,159	-	5.10	3,159
IFAD1 recr	15.11.2013	USD	62	-	3.40	764
IFAD2 recr	15.07.2011	MDL	987	-	6.45	987
IFAD3 recr	15.07.2016	MDL	1,945	-	7.54	1,945
IFAD3 recr	15.01.2014	USD	113	-	2.37	1,393
PDSP recr	30.11.2010	USD	254	-	2.53	3,128
PDSP recr	30.10.2010	EUR	106	-	2.78	1,869
RISP1 recr	01.10.2023	MDL	15,434	-	5.96	15,434
RISP2 recr	01.10.2012	USD	30	-	2.37	370
Tineret recr	15.11.2014	MDL	2,230	-	6.54	2,230
						31,279
UCIP-IFAD:						
IFAD2 dir	15.01.2016	MDL	5,403	-	6.14	5,403
IFAD2 dir	15.07.2014	USD	196	-	0.97	2,410
IFAD3 dir	15.01.2015	MDL	4,907	-	6.14	4,907
IFAD3 dir	15.01.2017	USD	469	-	0.97	5,767
IFAD4 dir	15.01.2017	MDL	1,190	-	6.14	1,190
IFAD4 dir	15.01.2015	USD	85	-	0.97	1,046
						20,723
Total						52,002

20. Accrued interest payable

	2009	2008
	MDL'000	MDL'000
Interest bearing deposits from clients	11,106	16,840
Interest bearing deposits from banks	354	72
Other borrowings	689	1,557
	12,149	18,469

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21. Other liabilities

	2009	2008
	MDL'000	MDL'000
Unclarified amounts	10,108	8,217
Settlements with employees	1,064	758
Current income tax liability	9	71
Amounts in transit	93	201
Other payables	2,650	770
Other	422	335
	14,346	10,352

22. Taxation

	2009	2008
	MDL'000	MDL'000
<i>Current income tax</i>		
Current income tax	-	-
	-	-
<i>Deferred income tax</i>		
Relating to origination and reversal of temporary differences	-	(1,248)
	-	(1,248)
Income tax expense for the year	-	(1,248)

Starting with January 1, 2008 the standard income tax rate is 0%.

The reconciliation between income tax expense reflected in the financial statements and the amounts calculated at the standard tax rate of 0% (2008: 0%) is as follows:

	2009	2008
	MDL'000	MDL'000
Accounting profit before tax	7,803	43,889
At Moldovan statutory income tax rate of 0% (2008:0%)	-	-
Fiscal effect of permanent differences	-	-
Fiscal effect of temporary differences	-	(1,248)
At effective income tax rate of 0% (2008: -2.8%)	-	(1,248)

22. Taxation (continued)

The deferred income tax was calculated applying the 2009 standard tax rate of 0% (2008: 0%).

	2009	2008
	MDL'000	MDL'000
<i>Deferred tax asset</i>		
Balance as at 1 January	-	615
Revaluation reserves in equity	-	(615)
Income statement credit (charge)	-	-
Balance as at 31 December	-	-
<i>Deferred tax liability</i>		
Balance as at 1 January	-	(3,905)
Revaluation reserves in equity	-	2,657
Income statement credit (charge)	-	1,248
Balance as at 31 December	-	-

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23. Share capital

Share capital as at 31 December 2009 and 2008 represents 1,600,000 ordinary shares authorized and issued with the nominal value of MDL 50 per share.

Structure of Bank's shareholders

Name of shareholder	As at 31-Dec-2009		As at 31-Dec-2008	
	Participation quota MDL'000	Participation quota %	Participation quota MDL'000	Participation quota %
Shareholders (enterprises), which quote exceeds 1%				
ICS RED UNION FENOSA SA	7,981	9.98	7,981	9.98
Hostex Establishment	7,695	9.62	7,695	9.62
Esperan Property Cosultans Limited	7,683	9.60	7,683	9.60
Eurotrade Marketing Corporation	7,594	9.49	7,594	9.49
IM Compania Dima-Holding SRL	6,898	8.62	6,898	8.62
Sfinx-Impex SA	6,886	8.61	6,886	8.61
Enteh SA	6,475	8.10	6,475	8.10
Balcolcom SA	6,070	7.59	6,070	7.59
Evident-Electro SA	5,861	7.33	5,861	7.33
IM Moldo-Bulgara Dunav SA	4,859	6.07	4,859	6.07
Panfermag Energy SA	3,800	4.75	3,800	4.75
WGD INT S.R.O	3,075	3.84	3,075	3.84
PCF Sarm SRL	2,283	2.85	2,283	2.85
	77,160	96.45	77,160	96.45
Shareholders which quote does not exceed 1%				
Individuals (total 27 persons)	2,813	3.52	2,830	3.54
Legal entity (total 2 person)	27	0.03	10	0.01
	2,840	3.55	2,840	3.55
Total	80,000	100.00	80,000	100.00

24. Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with less than 90 days maturity:

	2009 MDL'000	2008 MDL'000
Cash on hand	147,377	112,669
Current accounts and deposits with banks	99,259	74,121
Balances with National Bank	28,787	109,546
Overnight placements	66,495	35,283
	341,918	331,619

25. Income (loss) from foreign currency operations, net

	2009	2008
	MDL'000	MDL'000
Transactions with with foreign currency	40,404	52,989
Net foreign currency translation loss	(485)	(5,659)
	39,919	47,330

26. Commission income

	2009	2008
	MDL'000	MDL'000
Commission on client accounts	33,778	38,080
Commissions on issued guarantees	1,418	1,094
Commission on operations with cards	696	591
Other	1,548	1,477
	37,440	41,242

27. Expenses related to fixed assets

	2009	2008
	MDL'000	MDL'000
Depreciation	3,956	3,764
Utilities and rent	4,583	4,083
Safeguarding of assets and insurance costs	2,407	1,973
Repairs and maintenance	1,366	672
Other	133	76
	12,445	10,568

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28. Other non-interest expenses

	2009	2008
	MDL'000	MDL'000
Commissions and taxes paid	3,342	3,123
Postage and telecommunication	2,461	2,422
Amortization and depreciation of other assets	966	1,318
Advertising expenses	1,160	1,677
Office supplies	722	833
Maintenance of intangible assets	378	380
Contributions to Deposit Guarantee Fund	605	556
Charity expenses	67	170
Staff expenses	96	254
Protocol expenses	78	99
Other expenses	4,009	3,572
	13,884	14,404

29. Impairment losses

	Notes	2009	2008
		MDL'000	MDL'000
Impairment losses on interest bearing assets		18,610	6,830
Impairment losses on non-interest bearing assets		(271)	2,412
		18,339	9,242
Current accounts and deposits with banks	10	(562)	800
Investment securities	13	17	25
Loans and receivables on financial leasing	14	18,742	6,657
Other assets	17	142	1,760
		18,339	9,242

30. Capital adequacy

	2009	2008
	MDL'000	MDL'000
Tier 1 capital	215,936	211,179
Tier 2 capital	-	-
Total capital	215,936	211,179
Total risk weighted assets	514,882	574,948
Capital adequacy	41.94%	36.73%

According to the NBM Regulation on the capital adequacy, banks must hold and maintain a capital adequacy ratio at minimum 12%. In order to hold a banking license the lower limit of normative capital as at 31 December 2009 was MDL'000 100,000 (2008: MDL'000 100,000).

31. Liquidity of the Bank

	2009	2008
	MDL'000	MDL'000
Principle I		
1 Assets with the maturity of 2 years and more	211,265	255,779
2 Financial liabilities with maturity of 2 years and more	291,880	320,407
Ratio ½	0.72	0.80
Principle II		
Cash and precious metals	147,377	112,669
Due from NBM	122,865	205,869
Liquid Government Bonds	174,776	87,965
Add/less net inter-banking loans (with maturity less than 1 month)	97,064	21,441
Total liquid assets	542,082	427,944
Total assets	1,296,573	1,308,421
Liquid assets ÷ total assets x 100%	41.81%	32.71%
Minimal liquidity ratio	20%	20%

32. Contingencies and other financial commitments

Legal cases

As at 31 December 2009, the Bank is a defendant in a number of lawsuits arising out of normal corporate activities. In the opinion of Management, the probability of loss is remote.

Capital commitments

As at 31 December 2009 the Bank had capital commitments to invest in a building according to investment contract nr. 417/1 dated 16 October 2006, additional agreement nr. 1 dated 5 June 2007 and additional agreement nr. 2 dated 17 November 2008. Contract amount is MDL 60.9 million (as at 31 December 2009 the amount effectively transferred is MDL 20.3 million, leaving a remaining commitment amounting to MDL 40.6 million).

Financial commitments

The aggregate amounts of outstanding guarantees, commitments, and other off balance sheet items as of 31 December 2009 and 2008 are:

	2008	2007
	MDL'000	MDL'000
Guarantees	71,139	55,908
Financing commitments and other	114,976	111,332
Forward agreements	105,848	-
	<u>291,963</u>	<u>167,240</u>
Less: Impairment provision	(2,431)	(1,724)
	<u>289,532</u>	<u>165,516</u>

Movement in allowance for impairment losses on financial commitments for 2009 and 2008 is presented below:

	2009	2008
	MDL'000	MDL'000
Balance as at 1 January	1,724	2,094
Annual charge	707	(370)
	<u>2,431</u>	<u>1,724</u>
Balance as at 31 December	<u>2,431</u>	<u>1,724</u>

Based on historic experience many financing engagements do not result in a cash outflow considering the fact that many of these engagements will expire without being financed.

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33. Earnings per share

	Ordinary issued shares	Profit for the year MDL'000	EPS MDL
As at 31 December 2009	1,600,000	7,803	4.88
As at 30 December 2008	1,600,000	45,137	28.21

34. Related parties

During the year a number of banking and non-banking transactions were entered into with related parties in the normal course of business. These include loans granting, deposit taking and foreign currency transactions. The nature of the related party relationships for those related parties with whom the Bank entered into significant transactions or had significant balances outstanding at year end are detailed below. As at 31 December 2009 and 2008 the Bank had operations with the following related entities:

- Enteh SA – shareholder of the Bank;
- Dima-Holding SRL – shareholder of the Bank;
- Produce Cerealiere SA – related party to Enteh SA and accordingly of the Bank;
- Moldelectromontaj SA – related party of the Bank;
- Sangridiv SRL - related party of the Bank;
- Nord Energo SRL - related party of the Bank.

In the table below are presented transactions and balances with related parties as at 31 December 2009 and 2008:

	Directors and Executive Management		Related entities	
	2009 MDL'000	2008 MDL'000	2009 MDL'000	2008 MDL'000
Assets				
Loans and advances to customers	7,539	6,286	91,793	93,799
Liabilities				
Deposits from customers	2,819	8,531	26,375	46,146
Income statement				
Interest income	972	564	14,911	12,661
Interest expenses	1,716	1,113	4,814	4,245
Off-balance sheet accounts				
Financing commitments	-	-	7,287	16,725
Guarantees	-	-	10,387	10,387

The key executive management received remuneration totalling MDL'000 1,946 (2008: MDL'000 1,663).