

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of Delta banka A.D., Beograd

We have audited the accompanying balance sheets of Delta banka A.D., Beograd (the "Bank") as of December 31, 2004 and 2003 and the related statements of income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2004 and 2003 and the results of its operations, changes in equity and cash flows for the years then ended, in accordance with the accounting regulations of the Republic of Serbia and accounting policies disclosed in Notes 2 and 3 to the financial statements.

Without qualifying our opinion, we draw attention to the following matters disclosed in Note 25, to the financial statements:

- a) The Bank is required to maintain certain minimum or maximum ratios with respect to its activities and composition of risk assets in compliance with the Law on Banks and Other Financial Institutions, as well as with the National Bank of Serbia Regulations. As of December 31, 2004 the ratio of exposures to a single counterparty that is a related party of the Bank, exceeded the prescribed ratio of 5 percent of the Bank's core capital.
- b) Subsequent to a control performed on the Bank's creditworthiness and operations in accordance with effective legislation, the National Bank of Serbia by its Decision No. III/149-279/1 of May 19, 2004, ordered the Bank to perform a classification of its balance sheet assets and off-balance-sheet items in accordance with the National Bank of Serbia Regulations, and to recognize an adequate provision for potential losses, as well as to harmonize its operations with the prescribed ratios by March 31, 2005.

*Deloitte Revizija d.o.o.*  
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Belgrade  
March 25, 2005

