

RAPORT ANUAL



Moldova Agroindbank

ANNUAL REPORT

2015

INDICATORII FINANCIARI DE BAZĂ AI BĂNCII ȘI SUBSIDIARILOR (GRUPUL)

MAIN FINANCIAL RATIOS OF THE BANK AND SUBSIDIARIES (GROUP)

(conform Standardelor Internaționale de Raportare Financiară)

(according to International Financial Reporting Standards)

Indicatori Ratios	Unitate de măsură Unit of measure	31.12.2015	31.12.2014
Total active Total assets	mii MDL MDL thousand	18,449,372	15,625,660
Total capital propriu Total shareholders'equity	mii MDL MDL thousand	2,959,279	2,568,548
Profit net al exercițiului financiar Net profit	mii MDL MDL thousand	384,759	342,113
Rentabilitatea activelor (după impozitare) ROA (after tax)	%	2.3	2.3
Rentabilitatea capitalului (după impozitare) ROE (after tax)	%	13.9	13.9
Credite acordate clienților Loan to costumers	mii MDL MDL thousand	10,329,059	10,305,988
Creanțe aferente leasing-ului Leasing-related receivables	mii MDL MDL thousand	263,934	347,072
Active financiare deținute pentru tranzacționare Financial assets held for trading	mii MDL MDL thousand	36,576	166,520
Active financiare disponibile pentru vânzare Financial assets available for sale	mii MDL MDL thousand	153,769	158,064
Active financiare păstrate pînă la scadență Financial assets held to maturity	mii MDL MDL thousand	688, 879	624,814
Datorii către clienți Liabilities to customers	mii MDL MDL thousand	14,044,541	11,501,029
inclusiv depozite persoane fizice Including individuals deposits	mii MDL MDL thousand	10,602,890	8,468,987

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MESAJUL PREȘEDINTELUI CONSILIULUI BĂNCII

MESSAGE BY THE CHAIRMAN OF THE BANK'S COUNCIL

Stimați Domni, Doamne,

Ladies and Gentlemen,

Întîi de toate, aș dori să mă adresez către echipa managementului superior și colectivul BC „Moldova Agroindbank” S.A. cu cuvinte de felicitare și recunoștință pentru faptul că, în pofida unui an extrem de dificil, au reușit să conducă banca pe aceeași cale de campion! Fiind constrînși de evenimente și situații stresante – în mediul economic, bancar, socio-politic, fiecare în parte a depus efort și a contribuit în mod conștient la păstrarea și întărirea primelor poziții pe care banca le deține de zeci de ani.

Astfel, anul 2015, cu toate riscurile și provocările sale, nu doar că nu a clintit pozițiile de top ale băncii, ci și a adus cu sine noi oportunități. Au fost atrași numeroși clienți noi și a fost extins spectrul de servicii prestate, inclusiv deservirea bancară a trezoreriilor teritoriale și organelor vamale, a continuat modernizarea rețelei și proceselor tehnologice. Evoluțiile acestea au consolidat și mai mult relațiile dintre clienții din toate segmentele și bancă, precum și au contribuit la creșterea cotelor MAIB pe piață. Totodată, aceste procese au avut impact benefic asupra economiei naționale în general, BC „Moldova Agroindbank” S.A. creînd numeroase locuri de muncă noi.

Acționarii conștientizează pe deplin importanța investițiilor în creșterea calitativă și cantitativă a băncii, și, principalul, importanța resurselor umane în acest sens. De aceea, ținînd cont de evoluțiile sociale și economice din țară, de performanțele lucrătorilor BC „Moldova Agroindbank” S.A. și a băncii în ansamblu, Consiliul Băncii a salutat și a încurajat deciziile de motivare materială și nematerială a angajaților. Aceasta va rămîne una din priorități în strategia de dezvoltare a BC „Moldova Agroindbank” SA, pentru a putea și în continuare să dezvoltăm banca și să asigurăm satisfacerea clienților, protecția intereselor tuturor celor peste 3 mii de acționari, creșterea economică a țării, dezvoltarea societății.

Victor Miculeț,
Președintele Consiliului Băncii

Victor Miculeț,
Chairman of the Bank's Council

First of all, I would like to extend my congratulations and gratitude to the top management and the whole team of CB Moldova Agroindbank for having done their best to make sure that MAIB follows its champion path, despite the extremely difficult past year! Constrained by stressful events and situations in the economic, banking, social and political sectors, each of them took sustained efforts and contributed consciously to preserving and strengthening the leading position the bank has been holding for years.

Thus, the year 2015, despite all risks and challenges, not only did it fail to alter the bank's position, but also brought about new opportunities. The bank extended the range of services, including through the distribution of social payments and the management of customs accounts, draw in a large number of new customers, and continued upgrading its network and technological processes. This evolution stepped up even more relationships between the bank and customers from all segments, as well as the market shares of MAIB.

Shareholders are fully aware of the importance of qualitative and quantitative growth of the bank, and, above all, of the highly important role human resources play in this process. Therefore, taking into account the social and economic developments in the country, performances of MAIB employees and of the bank in general, the Bank's Council welcomed and encouraged decisions aimed at motivating the employees. This will further be one of the priorities of the development strategy of Moldova Agroindbank in order to ensure the progress of the bank and enhance the degree of satisfaction of our customers, to protect the interests of all over 3,000 shareholders, to contribute to Moldova's economic growth and development of society.



MESAJUL PRESEDINTELUI COMITETULUI DE CONDUCERE AL BĂNCII

MESSAGE BY THE CHAIRMAN OF THE MANAGEMENT BOARD

Stimați Domni, Doamne,

Anul 2015 a fost marcat de o criză fără precedent pentru piața bancară din Republica Moldova, ca urmare a lichidării activității a trei bănci comerciale. Testul la care au fost supuse instituțiile financiare imediat după această schimbare a demonstrat capacitatea de adaptare, rezistența la stres a acestora, nivelul de implicare în soluționarea problemelor societății, importanța pe care o are fiecare bancă pentru întregul sistem economic al Republicii Moldova.

Pentru Moldova Agroindbank toate aceste schimbări, precum și controalele la care a fost supusă n-au fost decât o oportunitate de a dovedi că sîntem cea mai bună bancă, cea mai calitativă din punct de vedere operațional și o bancă cu adevărat sistemică, de importanță majoră pentru dezvoltarea țării.

În condițiile în care lichidarea celor trei bănci a cauzat migrarea activă și redistribuirea clienților din toate segmentele, MAIB a valorificat aceste provocări pentru amplificarea transformărilor și atingerea unui nou nivel în activitate. Fiind campionul sistemului bancar și beneficiind de un nivel înalt de încredere din partea populației și agenților economici, Moldova Agroindbank a reușit să atragă o mare parte din beneficiarii de plăți sociale și deponenții celor trei bănci lichidate, a preluat deservirea Trezoriilor Teritoriale și ale Serviciului Vamal.

Odată cu extinderea categoriilor de servicii, de clienți, creșterea rețelei, care la finele anului 2015 includea 66 filiale și 115 agenții, s-a produs extinderea numărului de angajați, care, la data de 31.12.2015, a trecut de cifra 2020. Urmare a acestor evoluții, Moldova Agroindbank și-a sporit semnificativ cotele pe piață, care către sfîrșitul anului 2015 au constituit: 26.3% la active, 28.9% la credite, 27.8% la depozite, 30.1% la depozite persoane fizice, precum și 26.2% din tot volumul de profit pe sistemul bancar din țară.

Ladies and Gentlemen,

Moldova's banking market witnessed an unprecedented crisis in 2015 as three commercial banks were closed. The test to which all financial institutions were subject immediately afterwards proved the banks' capacity to adapt and face stress, their level of involvement in solving society's problems and the importance of each bank for Moldova's economic system.

To CB Moldova Agroindbank, all these obstacles, as well as all audits it has been subject to were one more opportunity to prove that we are the best, the most qualitative and a truly systemic bank of utmost importance for the development of our country.

As the liquidation of those three banks prompted customers from all segments to migrate to other institutions, MAIB turned to account all these challenges to enhance its transformation process and reach a new quality level in its activity. In its capacity of leading bank and enjoying a high level of confidence among individuals and legal entities, Moldova Agroindbank managed to draw in a wide number of beneficiaries of social payments and depositors of the three banks, and to take over the servicing of Territorial treasuries and Custum Service.

As the number of services and customers increased, the network of the bank expanded as well to reach 66 branches and 115 agencies in late 2015. At the same time, the bank offered more jobs, with the number of its employees exceeding 2020 as of 31 December 2015. Hence, CB Moldova Agroindbank significantly extended its market shares, which at the end of 2015 stood at 26.3% in assets, 28.9% in loans, 27.8% in deposits, including 30.1% in private deposits, with the bank also holding 26.2% of the profit recorded by the entire Moldovan banking system.



Așteptările pentru anul 2016 sînt mai mari ca de obicei. Restabilirea încrederii depline a populației în sistemul bancar trebuie să fie sarcina de bază a tuturor instituțiilor bancare, MAIB revenindu-i un rol extrem de important în acest proces.

În același timp, 2016 este un an aniversar pentru Moldova Agroindbank, care va atinge vîrsta de 25 de ani, la fel ca și țara noastră Republica Moldova care marchează un sfert de secol de la obținerea independenței.

An de an, MAIB demonstrează prin rezultate concrete că a fost și este cea mai de succes bancă în istoria Republicii Moldova și cel mai responsabil partener în misiunea de dezvoltare social-economică a țării. Valorificînd acest tezaur, vom dezvolta totodată noi soluții inteligente de creștere, de pe urma cărora să se bucure clienții, echipa, acționarii, societatea.

Expectations for 2016 are higher than usual. Restoring people's full confidence in the banking system must be the main task of all banking institutions, with MAIB due to play an extremely important role in this process.

At the same time, 2016 is an anniversary year for Moldova Agroindbank, which turns 25 just like our country, the Republic of Moldova, which marks a quarter of century of independence.

Every year MAIB proves by its results that it is the most successful bank in Moldova's history and the most responsible partner in the mission of ensuring the social and economic development of the country. As we turn to account this treasury, we also develop new smart solutions for growth which benefit our customers, our team, shareholders and society.

Serghei Cebotari,
Președintele Comitetului de Conducere

Serghei Cebotari,
Chairman of the Management Board



Victor IURĂȘ
Vicepreședinte al Comitetului
de Conducere

Victor IURĂȘ
Vice-Chairman of the
Management Board

Oleg PAINGU
Vicepreședinte al Comitetului
de Conducere

Oleg PAINGU
Vice-Chairman of the
Management Board

Serghei CEBOTARI
Președinte al Comitetului
de Conducere

Serghei CEBOTARI
Chairman of the
Management Board

Leonid BEJENARI
Vicepreședinte al Comitetului
de Conducere

Leonid BEJENARI
Vice-Chairman of the
Management Board



Marcel TELEUCĂ
Vicepreședinte al Comitetului
de Conducere

Marcel TELEUCĂ
Vice-Chairman of the
Management Board

Cristina DOROȘ
Vicepreședinte al Comitetului
de Conducere

Cristina DOROȘ
Vice-Chairwoman of the
Management Board

Eugeniu JOSAN
Membru al Comitetului
de Conducere

Eugeniu JOSAN
Member of the
Management Board

Vitalie LUNGU
Director financiar al băncii

Vitalie LUNGU
Finance Director

RECUNOȘTEREA NAȚIONALĂ ȘI INTERNAȚIONALĂ NATIONAL AND INTERNATIONAL RECOGNITION

Pe parcursul anului 2015, un șir de organizații internaționale, regionale și naționale au reconfirmat poziția Moldova Agroindbank de cea mai bună bancă comercială din Republica Moldova, precum și de instituție Social Responsabilă. Distincțiile oferite de numeroase organizații prestigioase din țară și din străinătate au confirmat odată în plus statutul MAIB de bancă - lider pe piața autohtonă, succesele căreia îi consolidează, totodată, numele și reputația pe arena internațională.

- Eforturile MAIB de transformare într-o bancă europeană modernă au fost apreciate de către una din cele mai influente reviste financiare internaționale - **Global Banking & Finance Review**. Experții acesteia au acordat băncii Titlul de Cea mai bună bancă comercială din Moldova în anul 2015. Aprecierea se bazează pe cercetările experților săi, precum și pe evaluările specialiștilor independenți în domeniul financiar-bancar, dar și pe opiniile publicului cititor. De regulă, concluziile juriului se fac în baza analizei indicilor de performanță atinse de bănci, inclusiv active, credite și depozite, rețeaua de distribuție, diversitatea și accesibilitatea produselor și serviciilor.
- Moldova Agroindbank a obținut **Premiul de Aur al Asociației băncilor Europene Centrale și de Est (BACEE)** pentru prezentare excelentă, transparență și dezvăluire exhaustivă a informației în Raportul Anual. Premiul a fost înmînat delegației MAIB de către Istvan Lengyel, Secretarul General al BACEE, în cadrul celei de-a 31-a Conferințe bancare regionale a Asociației. MAIB este singura bancă din Moldova care s-a învrednicit de acest prestigios premiu internațional. „Prin acest premiu, ne-am dorit să subliniem intenția noastră de a promova transparența și deschiderea în sectorul bancar din regiune, precum și faptul că, în pofida situațiilor dificile, unele bănci din țările Europene Centrale și de Est nu doar își mențin dezvoltarea pozitivă, ci și sînt adevărați campioni, sporindu-și profiturile și alți indicatori financiari”, a declarat Istvan Lengyel.

Throughout 2015, a range of international, regional and national organizations reconfirmed the position of Moldova Agroindbank as the best commercial bank in Moldova, as well as the best socially responsible institution. The awards presented by numerous prestigious organizations from inside and outside the country came as an extra evidence of MAIB's status of leader of the national banking market, whose achievements consolidated its name and reputation on the international stage.

- One of the most influential international financial magazines – **Global Banking & Finance Review** highly appreciated MAIB efforts to turn into a modern European bank. The magazine's experts awarded the bank the title of the Best Commercial Bank in Moldova in 2015. The appreciation was based on surveys by experts, assessments by independent finance and banking specialists, as well as on opinions of the magazine's readership. As a rule, the jury draws their conclusions based on an analysis of banks' performance indicators, such as: assets, loans and deposits, distribution network, diversity and accessibility of products and services.
- CB Moldova Agroindbank was presented **the Gold Award of the Banking Association for Central and Eastern Europe (BACEE)** for excellent presentation, outstanding transparency and a wide scope of disclosure in the 2014 Annual Report. The Award was handed to the MAIB delegation by Istvan Lengyel, BACEE Secretary General, during the Association's 31st Regional Banking Conference. MAIB is the only bank in Moldova to receive this prestigious international award. "With this award, we wanted to stress our intention to promote transparency and openness in the region's banking sector, as well as the fact that, despite the difficult situation, some banks in Central and Eastern Europe not only maintain a positive development trend, but are also genuine champions, increasing their profits and other financial ratios," Istvan Lengyel said.

- Ediția anului 2015 a Clasamentului celor mai mari și performante bănci din Europa de Sud-Est a plasat Moldova Agroindbank printre liderii bancari din regiune. Clasamentul a fost realizat de către Agenția SeeNews, cu sediul la Sofia, fiind singurul ranking al celor 100 cele mai mari bănci, companii nefinanciare și de asigurări din Europa de Sud-Est. SeeNews TOP 100 cuprinde mai mult de 2,000 companii din SEE. În actuala ediție MAIB s-a situat pe locul 82 în Topul celor mai mari și performante bănci din Europa de Sud-Est.
- The 2015 issue of the top best South Eastern European banks ranked Moldova Agroindbank among the banking leaders of the region. The rating was compiled by the Sofia-based SeeNews agency, being the only ranking of the biggest 100 banks, non-financial and insurance companies in South Eastern Europe. SeeNews Top 100 comprises more than 2,000 South Eastern European companies. In 2015, MAIB ranked 82nd in the top best South Eastern European banks.
- Serghei Cebotari, Chairman of the Management Board of the bank, won the title Person of the Year, Management category. The contest Person of the Year 2015 was based on online voting conducted on the website of VIP Magazin. Within the same contest, Victor Miculet, Chairman of the Bank's Council, was awarded the title Person of the Year, Business category. Both awards confirm the contribution and merits of Serghei Cebotari and Victor Miculet in the development of Moldova Agroindbank, the leader of the local banking market, which largely contributes to the consolidation of Moldova's economic stability.
- MAIB Chairman Serghei Cebotari was presented the VIP award, Finance category, and was declared the Banker of the Year in Moldova. The VIP Awards Gala traditionally takes place at the end of the year, being at its 15th issue in 2015.
- Moldova Agroindbank received the special prize of the National Olympic and Sport Committee „For the most long-lasting and sustainable partnership”.
- MAIB received the Diploma of the Moldovan Sport Press Association „For promoting and supporting national sports and sport press”.
- Președintele BC „Moldova Agroindbank” SA, Serghei Cebotari, a obținut Premiul VIP la categoria „Finanțe”, fiind declarat Bancherul Anului 2015 în Republica Moldova. Gala Premiilor VIP se desfășoară tradițional, la sfîrșit de an, ajungînd în 2015 la cea de-a 15-a ediție.
- Moldova Agroindbank a fost distinsă cu premiul special al Comitetului Național Olimpic și Sportiv „Pentru cel mai longeviv și durabil parteneriat”.
- BC “Moldova Agroindbank” SA a obținut Diploma Asociației Presei Sportive din Republica Moldova (APSM) “Pentru promovarea și susținerea sportului național și a presei sportive”.



PREZENTAREA GENERALĂ A BĂNCII

OVERVIEW

1.1. Misiunea și Obiectivele Strategice ale Băncii

■ MISIUNEA BĂNCII

Scopul primordial al BC "Moldova Agroindbank" S.A. este oferirea fiecărui client a celor mai complexe și calitative servicii bancare prin implementarea celor mai inovative și performante soluții.

Clienții reprezintă cel mai mare tezaur și cea mai mare valoare a băncii noastre. Această atitudine constituie temelia încrederii neclintite de care se bucură banca din partea clienților. Recunoștința pentru încrederea acordată ne inspiră și ne alimentează puterea spre satisfacerea așteptărilor crescânde ale clienților, iar profesionalismul, competența și eficiența echipei sînt calea succesului în realizarea acestui obiectiv.

În acest context, se mențin cele mai înalte standarde profesionale și etice, garantînd nivelul superior de integritate și guvernare corporativă. În același timp, banca se conformează mereu schimbărilor de calitate, păstrînd și consolidînd stabilitatea și poziția de lider incontestabil. Administrarea businessului în manieră de înaltă responsabilitate va sta permanent la baza creării valorilor durabile în interesul clienților, angajaților, acționarilor și societății în ansamblu.

■ OBIECTIVELE STRATEGICE ALE ACTIVITĂȚII BĂNCII

1. Consolidarea poziției de lider și menținerea pozițiilor principale pe piața financiar-bancară a Moldovei la active 26%, credite 29%, depozite total 27% prin valorificarea avantajelor competitive ale băncii și oportunităților pieței.
2. Menținerea rentabilității capitalului (ROE) la nivel de cel puțin 12.5%, inclusiv pe contul dezvoltării afacerii băncii, optimizării cheltuielilor operaționale, ridicării eficienței filialelor băncii, dezvoltării canalelor alternative de vânzări.
3. Dezvoltarea diversificată a activității băncii prin transformarea MAIB într-o bancă modernă.

1.1. Mission and Strategic Objectives of the Bank

■ MISSION OF THE BANK

Moldova Agroindbank top goal is to provide the most complex and best quality bank services to each and every customer by implementing cutting-edge solutions.

Customers are the most valuable treasure of the bank. This belief is the milestone of the unshaken confidence the customers display towards the bank, which inspires us and gives us power to meet the increasing expectations of our customers, whereas the professionalism, competence and efficiency of the team pave the way to success for the achievement of this objective.

We commit to stick to the highest professional and ethical standards, guaranteeing a high integrity level and the observance of corporate governance. At the same time, the bank will always comply with quality changes, maintaining and strengthening its stability and stance of indisputable leader. The highly responsible management of the bank's business will always represent the foundation of sustainable values in the best interests of customers, employees, shareholders and society, as a whole.

■ STRATEGIC OBJECTIVES OF THE BANK

1. To step up the leadership position and keep the main positions on Moldova's financial and banking market: 26% for assets, 29% for loans, and 27% for total deposits, by making the most of the bank's competitive advantages and market opportunities.
2. To maintain the return on equity ratio (ROE) at 12.5% at least, including by developing the bank's business, optimizing operational costs, enhancing the efficiency of the bank's branches and developing alternative sales channels.
3. To develop and diversify the bank's business by transforming MAIB into a modern bank.

4. Gestionarea prudentțială a riscurilor și a procedurilor de control intern în scopul protejării profitabilității băncii.
5. Perfecționarea continuă a calității personalului băncii și creșterea productivității muncii.

1.2. Guvernarea Corporativă

Guvernarea corporativă a fost și continuă să reprezinte o condiție fundamentală pentru stabilitatea băncii, activitatea performantă, conștientizând gradul major de responsabilitate față de acționari și societate.

Banca, prin intermediul organelor sale de conducere, urmărește în permanență formarea și menținerea unor relații respectuoase și echitabile cu acționarii, partenerii de afaceri, clienții și salariații, formarea și menținerea încrederii ce ține de conducerea activității băncii, precum și controlul și reducerea riscurilor, menținerea creșterii constante a indicilor financiari ai băncii.

Pentru a crește transparența decizională și a diminua unele riscuri:

- a) Consiliul băncii examinează, trimestrial, informația privind expunerea băncii la riscuri și acțiunile întreprinse în vederea diminuării lor, iar Departamentul Audit Intern raportează periodic despre rezultatele controalelor de audit efectuate în subunitățile băncii, deficiențele depistate și măsurile de remediere;
- b) Consiliul băncii examinează în prealabil candidaturile persoanelor la funcția de administrator al băncii. Din toamna anului 2015 și-a reluat activitatea Comitetul pentru Compensații și Beneficii;
- c) În bancă au fost aprobate și acționează Codul de Etică, Politica de conformitate, Politica antifraudă, Regulamentul privind situațiile cu conflict de interese și Regulamentul privind persoanele afiliate ale băncii, care stabilesc nu doar cerințe comportamentale, dar și soluții pentru realizarea lor, inclusiv modul de raportare a suspiciunilor de fraudă, limitări în acceptarea de către administratorii băncii și persoanele afiliate lor a donațiilor sau serviciilor fără plată de la bancă, de la persoanele afiliate băncii, precum și de la alte persoane implicate în relațiile cu banca;

4. To prudently manage risks and in-house control procedures in order to protect the bank's profitability.
5. To continuously enhance the quality of the bank's staff and increase labor productivity.

1.2. Corporate Governance

Corporate governance was and continues to be a fundamental condition for the bank's stability, efficient activity, acknowledging the high degree of responsibility towards the shareholders and society.

The bank, through its management bodies, continuously aims at establishing and maintaining respectful and equitable relationships with shareholders, business partners, customers and employees, establishing and maintaining trust in the bank's management, as well as controlling and reducing risks, maintaining constant growth in the bank's financial indicators.

In order to increase transparency in decision-making and minimize certain risks:

- a) The Bank's Council examines on a quarterly basis reports on the bank's exposure to risks and the measures undertaken to reduce them, and the Internal Audit Department periodically reports on the results of audit controls conducted at the bank's subunits, on identified deficiencies and remediation measures;
- b) The Bank's Council examines beforehand the candidates for top management positions. As of last year's fall (2015), the Compensations and Benefits Committee resumed its activity;
- c) The bank approved the Code of Ethics, Compliance Policy, Anti-Fraud Policy, Regulation on situations of conflicts of interest and the Regulation on affiliated parties. The documents establish not only behavioral requirements, but also ways to meet these requirements, including possibilities of reporting fraud suspicions, restrictions for the bank administrators and their affiliates in accepting donations or unpaid services from the bank, from the bank's affiliates, as well as from other individuals having relationships with the bank;

- d) Banca reglementează procedura achizițiilor de bunuri, lucrări și servicii, stabilind limitări concrete pentru achizițiile care pot fi efectuate de către administratorii băncii unipersonal, în baza deciziei comune a doi administratori, a Comisiei sau, după caz, a Comitetului de Achiziții. La ședințele Comisiei/Comitetului de Achiziții participă cu drept de vot și un membru al Consiliului băncii;
- e) Sistemul de management al securității informației al băncii este certificat la standardul ISO 27001:2005, care presupune trecerea la o structură calitativ nouă de organizare a securității informației în bancă, asigurând securitatea la toate nivelele organizaționale, reducerea semnificativă a numărului breșelor de securitate și a riscurilor, care ar putea afecta continuitatea afacerii băncii în situații excepționale sau divulgarea neautorizată a informației privind clienții băncii și operațiunile acestora, determinând o creștere a eficienței băncii în domeniu și o reducere semnificativă a riscului realizării unor transferuri, operațiuni neautorizate.

În scopul asigurării organizării și activității eficiente a organelor de conducere ale băncii, în cadrul băncii sunt constituite și activează Comitetul pentru Credite, Comitetul pentru Administrarea Activelor și Pasivelor, Comisia și Comitetul de Achiziții, Comitetul pentru Compensații Beneficii, ale căror împuterniciri, ordine de constituire și de activitate sunt aprobate de Consiliul băncii.

Guvernarea corporativă va rămâne și în continuare una din prioritățile băncii, menită să asigure transparența decizională și a proceselor operaționale în bancă, inclusiv în relațiile cu acționarii, partenerii și clienții băncii.

- d) The bank regulates the acquisitions of goods, works and services, establishing concrete limitations for acquisitions which can be executed by the bank's administrators, based on a joint decision of two administrators, the Commission or the Acquisitions Committee, as appropriate. A member of the Bank's Council with voting right participates in meetings of the Commission/Committee of Acquisitions;
- e) The bank's information security management system is certified to ISO 27001:2005 Standard, which entails the transfer to a qualitatively new structure of organizing information security within the bank, ensuring security at all organizational levels, significantly reducing the number of security breaches and risks, which might affect the bank's business continuity in cases of emergency or unauthorized disclosure of data on the bank's customers and their operations, thus determining an increase in the bank's efficiency in the field and significantly curtailing the risk of unauthorized transfers and operations.

In order to ensure the organization and efficient activity of the bank's management bodies, the Credit Committee, the Asset & Liability Committee, the Commission and Committee of Acquisitions, the Compensations and Benefits Committee operate in the bank, with their powers, statute and activity being approved by the Bank's Council.

Corporate governance will remain one of the bank's priorities, aimed at ensuring transparency in the bank's decision-making and operational processes, including in relations with the bank's shareholders, partners and customers.

1.3. Responsabilitatea Social-Corporativă

Responsabilitatea Social Corporativă (RSC) este o nouă filozofie în afaceri, care pune accentul pe necesitatea companiilor de a privi dincolo de scopul lor final principal (satisfacerea clienței, în vederea maximizării profitului) și de a acorda atenție și manifesta o atitudine responsabilă față de angajați, clienți, comunitate, parteneri și față de societatea în care își dezvoltă afacerea.

În 2015 Moldova Agroindbank a continuat să respecte tradițiile sale bogate ale programelor sociale, realizarea cărora contribuie la dezvoltarea social-economică a Republicii Moldova, la creșterea nivelului de trai al populației, la păstrarea și consolidarea patrimoniului spiritual și cultural al țării.

Reieșind din bugetul planificat pentru activitatea de filantropie și sponsorizare, MAIB s-a implicat în implementarea a numeroase proiecte cu impact social, precum „Burse de Merit” și „Burse pentru Viitorul Tău!”, Festivalul Internațional „Maria Bieșu”, Concursul Muzical „Eurovision”, Comitetul Național Olimpic și Sportiv, Fundațiile „Clipa Siderală”, „Hospice Angelus Moldova”, „J. S. Bach” ș.a.

Banca a susținut instituții de învățământ, alte organizații publice, asociații de promovare a tinerilor antreprenori, cluburi de fotbal, alte organizații ale sportului de performanță și în masă etc. În semn de apreciere a contribuției sale la dezvoltarea sportului de performanță, Moldova Agroindbank a fost distinsă cu premiul special al Comitetului Național Olimpic și Sportiv Pentru cel mai longeviv și durabil parteneriat.

Banca s-a implicat și în soluționarea problemelor cu care se confruntă persoane fizice în parte, inclusiv a oferit suport financiar pentru tratament, a susținut oamenii din categorii social-vulnerabile, bătrînii, veteranii, etc. Tradițional, angajații MAIB din toate filialele au participat la colectarea fondurilor pentru bătrînii singuratici de la Azilul din or. Strășeni, acumulînd la finele anului 2015 o sumă record ce a fost alocată pentru organizarea sărbătorilor de iarnă oamenilor vîrstnici.

Principiile de Responsabilitate Social Corporativă sînt aplicate și în raport cu angajații băncii, fiind utilizate numeroase instrumente de încurajare materială și nebănească a membrilor echipei MAIB.

1.3. Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a new business philosophy, laying the emphasis on the need for companies to see beyond their main final goal (satisfying customers to maximize profit) in order to pay more attention and display a responsible attitude towards employees, customers, community, partners and society where they develop their businesses.

In 2015, Moldova Agroindbank respected its rich traditions of social programs, the implementation of which contributes to Moldova's social and economic development, to ensuring higher living standards, preserving and consolidating the spiritual and cultural legacy of the country.

Based on the budget plan for charity and sponsorship, MAIB involved in the implementation of numerous social projects, such as Merit Scholarships, Scholarships for Your Future!, International Festival „Maria Biesu”, Eurovision Song Contest, National Olympic and Sport Committee, Foundations Clipa Siderala, Hospice Angelus Moldova, J. S. Bach and others.

The bank supported education institutions and other public organizations, associations promoting young entrepreneurs, football clubs and other sport organizations. As a token of appreciation of its contribution to the development of professional sports, Moldova Agroindbank was awarded the special prize of the National Olympic and Sport Committee for the most long-lasting and sustainable partnership.

The bank involved in solving problems faced by individuals, offering financial support for treatment, backing less well-off people, aged people, veterans, etc. Traditionally, MAIB employees from the whole branch network participated in a fundraising campaign for lonely people from a home for the aged based in Strasenii town, managing to collect a record-high amount by late 2015, which was transferred to organize winter holidays for the elderly.

Corporate Social Responsibility principles are observed with respect to the bank's employees as well, who are motivated via numerous material and non-material instruments.



2.1. Mediul de Afaceri

Pe parcursul anului 2015, dezvoltarea economiei Republicii Moldova a fost influențată de un șir de factori interni și externi, cu impact negativ: condițiile climatice nefavorabile, aprofundarea crizei pe piața financiar-bancară, înăsprirea politicii comerciale a Federației Ruse, deteriorarea relațiilor comercial-economice cu Federația Rusă și Ucraina s.a.

Produsul Intern Brut (PIB) a constituit 121.9 mlrd lei, în scădere - în termeni reali – cu 0.5% față de anul 2014.

Prețurile de consum au crescut cu 13.6% în anul 2015, comparativ cu 4.7% în anul 2014. Rata inflației, pentru 2016, va depinde în mare măsură de recolta agricolă, comerțul extern și fluxul de remitențe. Prognoza Băncii Naționale a Moldovei (BNM) privind rata medie anuală a inflației pentru anul 2016 este de 10.1%.

Leul moldovenesc s-a depreciat semnificativ. Comparativ cu 31.12.2014, moneda națională a marcat o depreciere de 26%, în termeni nominali, față de dolarul SUA, și de 13% față de Euro. Principalii factori, care au determinat modificarea cursului de schimb, au fost situația geo-politică din regiune, în special criza din Ucraina și Rusia, deprecierea rublei rusești și scăderea prețului la petrol, scăderea exporturilor și a volumului remitențelor, factorul sezonier al cererii mai mari pentru resursele energetice, incertitudinea politică, instabilitatea sectorului bancar, descreșterea esențială a contribuției creditorilor externi.

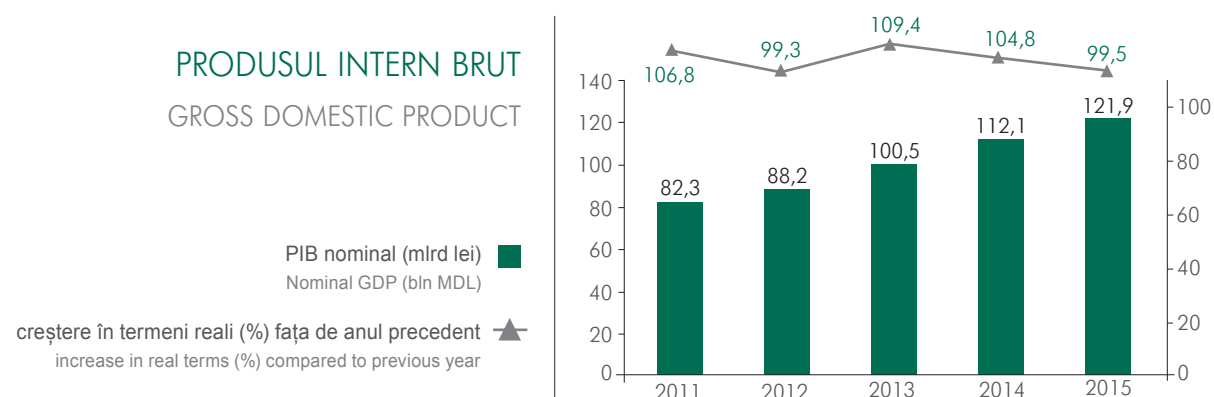
2.1. Business Environment

In 2015, the development of the Moldovan economy was influenced by a number of negative internal and external factors: unfavorable weather conditions, deepening of the crisis on the banking and financial market, toughening of Russia's commercial policy, worsening of commercial and economic relations with the Russian Federation and Ukraine, etc.

Gross Domestic Product (GDP) constituted MDL 121.9 billion, decreasing in real terms by 0.5% compared to 2014.

Consumption prices increased by 13.6% in 2015, compared to 4.7% in 2014. The inflation rate for 2016 will largely depend on agricultural production, foreign trade and remittances inflow. The National Bank of Moldova (NBM) forecast a 10.1% annual average inflation rate for 2016.

The Moldovan leu depreciated significantly. Compared to 31 December 2014, the national currency went down by 26% in nominal terms against US Dollar and 13% against Euro. The main factors that determined this trend were the geo-political situation in the region, especially the crises in Ukraine and Russia, the depreciation of the Russian ruble and the decrease in the oil price, in exports and remittances, the seasonal factor of higher demand for energy resources, political uncertainty, instability in the banking sector, the fundamental decrease in the contribution of external creditors.



Comerțul extern în anul 2015 a însumat 5,954 mil USD, fiind în scădere cu 22% comparativ cu anul precedent. Exporturile au constituit 1,967 mil USD, diminuându-se cu 15.9%, în timp ce importurile în valoare de 3,987 mil USD s-au redus cu 25% față de 2014. Cota exporturilor către UE în totalul exporturilor este în creștere (61.9% în anul 2015 față de 53.3 % în anul 2014). Reexportul a reprezentat 33.7% din totalul exporturilor. **Gradul de acoperire a importurilor cu exporturi** s-a majorat de la 44.0% în anul 2014 până la 49.3% în anul 2015.

Decalajul considerabil în evoluția exporturilor și importurilor a determinat acumularea, la 31.12.2015, a unui **deficit al balanței comerciale** în valoare de 2,020 mil USD.

În anul 2015, valoarea **remitențelor** s-a redus cu 30% comparativ cu anul 2014, constituind 1,129 milioane USD. Distribuția valutară a remitențelor, în anul 2015, este următoarea: 42.3% (dolari SUA), 32.9% (Euro), 24.8% (ruble rusești).

Masa monetară, la sfârșitul lunii decembrie 2015, a constituit circa 64 miliarde lei și s-a redus cu 3% comparativ cu sfârșitul lunii decembrie a anului 2014.

Volumul de **bani în circulație** s-a diminuat cu 11.4% față de situația de la sfârșitul lunii decembrie 2014.

Baza monetară (banii lichizi în circulație, rezervele bancilor comerciale la BNM, depozitele întreprinderilor de stat), la finele anului 2015, a constituit 29.7 miliarde lei, fiind cu 7% mai mare decât la sfârșitul anului 2014.

Foreign trade stood at USD 5,954 million in 2015, decreasing by 22% compared to the year before. Exports constituted USD 1,967 million, decreasing by 15.9%, while imports amounted to 3,987 million USD, decreasing by 25% compared to 2014. The share of exports to the EU preserved the upward trend, accounting for 61.9% in total exports compared to 53.3% in 2014. Re-exports constituted 33.7% out of total exports. **The ratio of import coverage by exports** increased from 44.0% in 2014 to 49.3% in 2015.

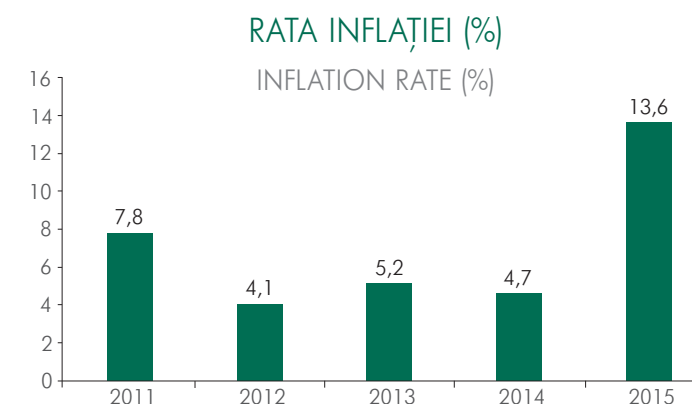
The considerable disparity in the evolution of exports and imports resulted in a **commercial trade balance deficit** of USD 2,020 million as of 31 December 2015.

In 2015, **remittances** fell by 30% compared to 2014, constituting USD 1,129 million. The distribution of remittances per currency in 2015 is as follows: 42.3% (USD), 32.9% (Euro), 24.8% (Russian ruble).

The **monetary supply** constituted MDL 64 billion at the end of December 2015 and decreased by 3% compared to the end of December 2014.

The volume of **money in circulation** decreased by 11.4% compared to the situation at the end of December 2014.

The **monetary base** (liquid money in circulation, reserves of commercial banks at the NBM, deposits of state enterprises) constituted MDL 29.7 billion at the end of 2015, increasing by 7% compared to the end of 2014.



2.2. Evoluția Sistemului Bancar

În anul 2015 sectorul bancar al Republicii Moldova a trecut printr-un proces de reconfigurare calitativă și numerică. Prin hotărârile Comitetului Executiv al Băncii Naționale a Moldovei, în octombrie 2015 au fost retrase licențele de desfășurare a activităților financiare a Băncii de Economii S.A., BC „Banca Socială” S.A. și B.C. „Unibank” S.A. și inițiate procesele de lichidare a acestora.

La 31.12.2015, sistemul bancar al țării este reprezentat de Banca Națională a Moldovei și 11 bănci comerciale. Toate băncile comerciale din Republica Moldova sunt universale și se concentrează atât pe vânzarea produselor și serviciilor persoanelor fizice, cât și persoanelor juridice.

Pe parcursul anului 2015, parametrii financiari ai sectorului bancar (cu excepția celor 3 bănci în proces de lichidare) au înregistrat următoarele tendințe:

La situația din 31.12.2015, **capitalul de gradul I** al băncilor a constituit 8,996 milioane lei, în creștere, pe parcursul anului, cu 18.2%. Indicatorul respectiv reflectă capacitatea băncilor de a acoperi pierderile în situații neprevăzute, fără prejudicierea siguranței financiare.

Cota **investițiilor străine** în capitalul băncilor, la 31.12.2015, a constituit 82.9%, practic la același nivel cu finele anului precedent.

Indicatorul suficienței capitalului ponderat la risc pe sistem, a alcătuit 26.2% la 31.12.2015 superior normativului BNM (16%), în creștere cu 4.5 p.p. față de finele anului 2014.

Coefficientul lichidității pe termen lung a constituit 0.7, fiind în diminuare cu 0.1 p.p. comparativ cu 31.12.2014.

Indicatorul lichidității curente a constituit 41.5%, în creștere cu 8.6 p.p. față de finele anului 2014.

Activele sistemului bancar au înregistrat valoarea de 69,096 milioane lei, la sfârșitul anului, fiind în creștere, față de începutul acestuia, cu 15%. Ponderea cea mai mare în totalul activelor aparține creditelor (peste 50%) și relevă activitatea de bază a băncilor.

Creditele nete ale sistemului bancar au alcătuit 38,792 mln lei la 31.12.2015, și s-au majorat cu 4.9% față de sfârșitul anului 2014.

Pe parcursul anului 2015, ponderea creditelor neperformante în totalul creditelor s-a majorat cu 1.5 puncte procentuale, constituind 9.95%, la 31.12.2015.

2.2. Banking System Development

In 2015, Moldova's banking sector went through a qualitative and quantitative reorganization process. The Executive Board of the National Bank of Moldova ruled to revoke the licenses of financial activity of Banca de Economii SA, CB Banca Sociala SA and CB Unibank SA in October 2015, with the liquidation process being launched.

As of 31 December 2015, the banking system is represented by the National Bank of Moldova and 11 commercial banks. All of the commercial banks in Moldova are universal and focus on selling products and services to both individuals and legal entities.

In 2015, the banking sector's financial parameters (except the 3 banks under liquidation) registered the following trends:

As of 31 December 2015, **Tier I Capital** of banks constituted MDL 8,996 million, increasing over the year by 18.2%. The indicator reflects the banks' capacity to cover losses in unforeseen situations, without any damages to financial security.

The share of **foreign investments** in the banks' capital constituted 82.9%, practically maintaining the same level as in 2014.

The **risk-weighted capital adequacy ratio** per system constituted 26.2% as of 31 December 2015, which is above NBM's level (16%), increasing by 4.5 p.p. compared to the end of 2014.

The long-term liquidity ratio constituted 0.7, down by 0.1 p.p. compared to 31 December 2014.

Current liquidity ration constituted 41.5%, increasing by 8.6 p.p compared to the end of 2014

Assets in the banking system amounted to MDL 69,096 million at the end of 2015, increasing by 15% compared to the beginning of 2015. Loans hold the highest share in total assets, with over 50%, being the main activity of banks.

Gross loans in the banking system constituted MDL 38,792 million as of 31 December 2015, up by 4.9% compared to the end of 2014.

The share of non-performing loans in total loans increased by 1.5 percentage points, accounting for 9.95% as of 31 December 2015.

Soldul depozitelor a totalizat 50,566 milioane lei la 31.12.2015, majorându-se cu 18% comparativ cu 31.12.2014. Soldul depozitelor persoanelor fizice s-a majorat cu 23%. Evoluția în cauză a fost determinată de migrarea depozitelor de la băncile lichidate.

La situația din 31.12.2015, profitul înregistrat în sistemul bancar a însumat 1,443 milioane lei în creștere cu 55% față de 31.12.2014.

Rentabilitatea activelor și cea a capitalului a constituit 2.1% și respectiv 12.8%, fiind în creștere comparativ cu 31.12.2014 cu 0.5 puncte procentuale și 3.4 puncte procentuale respectiv.

În anul 2015 distribuția cotelor de piață deținute de către băncile comerciale a fost influențată de lichidarea celor trei bănci. BC “Moldova Agroindbank” S.A. și-a menținut poziția de lider și a înregistrat următoarele cote de piață la 31.12.2015:

- **active – 26.3%;**
- **credite bruto – 28.9%;**
- **depozite total – 27.8%;**
- **depozite persoane fizice – 30.1%;**
- **profitul net – 26.2%.**

The **balance of deposits** amounted to MDL 50,566 million as of 31 December 2015, increasing by 18% against 31 December 2014. The balance of private deposits increased by 23%. The evolution was determined by the migration of deposits from the liquidated banks.

As of 31 December 2015, the profit registered in the banking system amounted to MDL 1,443 million, up by 55% against 31 December 2014.

The Return on Assets (ROA) and Return on Equity (ROE) stood at 2.1% and 12.8% respectively, increasing by 0.5 p.p. and 3.4 p.p. respectively compared to 31 December 2014.

In 2015, the distribution of the market shares held by commercial banks was influenced by the liquidation of the three banks. CB Moldova Agroindbank maintained its leader position and recorded the following market shares as of 31 December 2015:

- **assets – 26.3%;**
- **gross loans – 28.9%;**
- **total deposits – 27.8%;**
- **deposits of individuals – 30.1%;**
- **net profit – 26.2%**



ACTIVITATEA SUBDIVIZIUNILOR BĂNCII

ACTIVITY OF THE SUBDIVISIONS OF THE BANK

3.1. Corporate Banking

Anul 2015, pentru Diviziunea Activitate Corporativă, a însemnat persistență în dialogul cu clienții săi corporativi.

Scopul strategic al activității corporative, a fost fortificarea bazei de clienți, prin atragerea clienților noi și îmbunătățirea relațiilor cu clienții existenți. Parteneriatul stabil și reciproc avantajos dintre bancă și clienții corporativi a cunoscut o dezvoltare dinamică, axată pe suportul financiar al activității curente și investiționale acordat de bancă fiecărui client. În această perioadă, portofoliul de clienți corporativi s-a dezvoltat și consolidat, fiind atrași, de la alte bănci, circa 45 agenți economici din diverse ramuri ale economiei naționale, inclusiv 21 clienți neafiliați clienților corporativi.

■ REZULTATE FINANCIARE

Venitul total obținut de Diviziunea Corporativă de la produsele/serviciile prestate clienților s-a majorat cu 159.8 milioane lei (124%) față de 2014 și a atins cifra de 824 milioane MDL, ponderea principală (cca 82%) fiind obținută din activitatea de creditare.

În anul 2015, vânzările produselor bancare clienților corporativi au fost influențate de mai multe circumstanțe, cum ar fi evoluția descendentă a economiei țării, instabilitatea politică, impactul negativ al recesiunii economice regionale asupra exportului/importului, fluctuațiile valutare impredictibile, creșterea ratelor dobânzilor la credite, dar și de politica mai prudentă a băncii în raport cu expunerile mari în raport cu anumiți clienți și genuri de activitate.

Portofoliul de credite acordate clienților corporativi a constituit 7,033 milioane MDL, la 31.12.2015, având o pondere de 63% în portofoliul total de credite al băncii. Vânzările produselor de credit au înregistrat o creștere a portofoliului de 3% (+225,6 milioane lei) față de începutul anului. Creditele în valută străină dețin cca 60% din portofoliu (cu 11 p.p. mai mult față de începutul anului).

3.1. Corporate Banking

In 2015, the Corporate Division laid the emphasis on dialogue with the bank's corporate customers.

Strengthening the customer basis by attracting new customers and improving relations with the current ones was the strategic goal of the division. The stable and mutually advantageous partnership between the bank and its corporate customers saw a dynamic development as the bank provided financial support for the current and investment activity of every customer individually. Throughout the year, the portfolio of corporate customers developed and consolidated, with the bank drawing in from other banks about 45 legal entities from various branches of the national economy, including 21 non-affiliated corporate customers.

■ FINANCIAL RESULTS

Total income from services and products provided to corporate customers went up by MDL 159.8 million (124%) against 2014, amounting to MDL 824 million, with the main share of about 82% coming from lending.

In 2015, the sales of corporate banking products were affected by a range of circumstances, such as a decline in the national economy, political instability, negative impact of the regional economic downturn on exports/imports, unpredictable currency fluctuation, increase in interest rates on loans, as well as the more prudent policy of the bank towards high exposures of some customers and types of activity.

The corporate loan portfolio stood at MDL 7,033 million as of 31.12.2015, with a share of 63% in the bank's total loan portfolio. The sales of corporate loans contributed 3% to the increase in portfolio (+ MDL 225,6 million) as compared with late 2014. Foreign currency loans accounted for about 60% of the portfolio (which is 11 p.p. more against the beginning of the year).

Ponderea cea mai mare în soldul creditelor revine ramurii comerțului (cca 36%), urmată de industria nealimentară (12%) și de transport și comunicații (11%).

Calitatea portofoliului de credite s-a încadrat în parametrii acceptabili de risc, cota creditelor restante fiind de 3.7%.

Pe parcursul anului, au fost acordate garanții bancare și acreditive documentare cu valoare totală de cca 28.4 milioane USD.

Portofoliul de depozite al clienților corporativi a constituit, la sfârșit de an, 1,241 milioane MDL, în creștere cu 99.7 milioane MDL față de începutul anului, având o cotă de 39% în soldul total al depozitelor persoanelor juridice. Depozitele la vedere au constituit 864.4 milioane MDL sau circa 70% din total depozite.

Ponderea depozitelor în monedă națională în volumul total depozite a constituit - 44%, în valută străină - 56%. Comparativ cu 31.12.2014, soldul depozitelor în valută străină s-a majorat cu 56%. Acest fapt se datorează, în special, creșterii cursului EUR și USD față de moneda națională.

Veniturile din produsele necreditare au fost peste nivelul planificat (146%), și au înregistrat o creștere de 154 % față de veniturile obținute în 2014, creștere datorată, în special, tranzacțiilor valutare.

Cota tranzacțiilor electronice, efectuate de clienții corporativi prin sistemele de deservire bancară la distanță a fost în continuă creștere (107% față de 2014), constituind 91% din numărul total de operațiuni bancare efectuate.

The trade sector holds the highest share in the balance of loans with about 36%. The non-food industry comes second with 12%, being followed by transport and communications with 11%.

The quality of the loan portfolio fit into the acceptable risk parameters, as outstanding loans accounted for 3.7%.

The value of bank guarantees and letters of credit issued throughout the year stood at about USD 28.4 million.

In late 2015, the corporate deposit portfolio was MDL 1,241 million, up by MDL 99.7 million against early 2015, holding a share of 39% in the total balance of loans of legal entities. Sight deposits amounted to MDL 864.4 million, constituting about 70% of all deposits.

Deposits in Moldovan lei accounted for 44% of all deposits, whereas foreign currency deposits accounted for 56%. As compared with 31.12.2014, the balance of foreign currency deposits hiked by 56%, which was mainly due to the strengthening of EUR and USD against the Moldovan leu.

Income from non-credit products exceeded the plan (146%), going up by 154% against the income earned in 2014, with the increase being mainly due to FOREX transactions.

The share of e-transactions made by corporate customers via Internet Banking kept on being on the rise (107% against 2014), accounting for 91% of the total number of corporate banking transactions.

OBIECTIVE GENERALE

Pentru anul 2016, se prognozează o redresare economică lentă, ce va fi constrânsă de costurile ridicate la credite și de tarifele mai mari la energie, de fluxurile reduse de remiteri și consum limitat. Ca și în anii precedenți, restricțiile comerciale impuse de Federația Rusă, incertitudinile de dezvoltare a economiilor țărilor vecine vor continua să fie factori destabilizatori pentru economia națională, inclusiv pentru activitatea clienților corporativi.

În condițiile create, obiectivul strategic al băncii în domeniul clienților corporativi este menținerea cotei de piață și asigurarea profitabilității planificate, prioritățile băncii în relațiile cu clienții corporativi fiind:

- Consolidarea poziției băncii pe sectorul corporativ, prin atragerea unor clienți noi;
- Menținerea și dezvoltarea relațiilor de parteneriat eficient și de durată;
- Eficientizarea activității bancare prin dezvoltarea tehnologiilor bancare noi, inclusiv a celor de accesare la distanță a serviciilor bancare;
- Extinderea și diversificarea vânzărilor, inclusiv îmbunătățirea calității deservirii.

Pentru atingerea obiectivelor propuse, Diviziunea Activitate Corporativă va continua să ofere suport financiar, asistență și consultață, va eficientiza accesul clienților la produsele și serviciile bancare, va demonstra, prin profesionalism și calitatea serviciilor că banca este un partener de încredere în susținerea business-ului atingând astfel scopul stabilit - "MAIB-Bancă principală" pentru clienții corporativi.

GENERAL OBJECTIVES

Moldova's economy is expected to grow slowly in 2016, being constrained by high loan costs and higher energy rates, lower remittance inflows and limited consumption. As before, Russia's ban on Moldovan goods and economic problems faced by Moldova's neighbors will further have a destabilizing impact on the national economy, including on corporate customers.

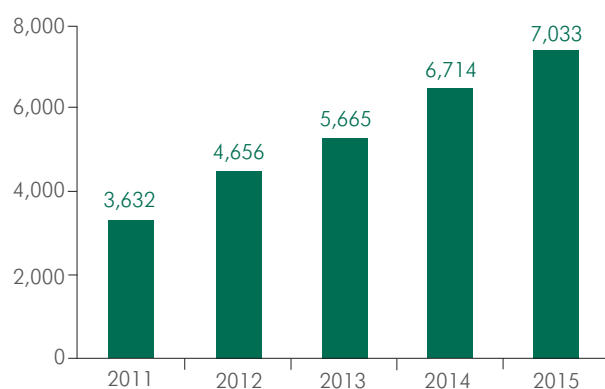
Under these circumstances, the strategic objective of the bank in corporate banking is to maintain its market share and meet the planned profit. The bank's priorities in relations with corporate customers are as follows:

- Stepping up the bank's position in the corporate segment by attracting new customers;
- Maintaining and developing efficient and long-lasting partnership relations;
- Optimizing bank operations by developing new banking technologies, including online access to banking services;
- Extending and diversifying sales and improving service quality.

To meet these objectives, the Corporate Division will further provide financial support, assistance and consultancy, will optimize customers' access to bank products and services, will prove through professionalism and high-quality services that the bank is a reliable partner to the business, thus meeting the set goal - "MAIB - the main bank" for corporate customers.

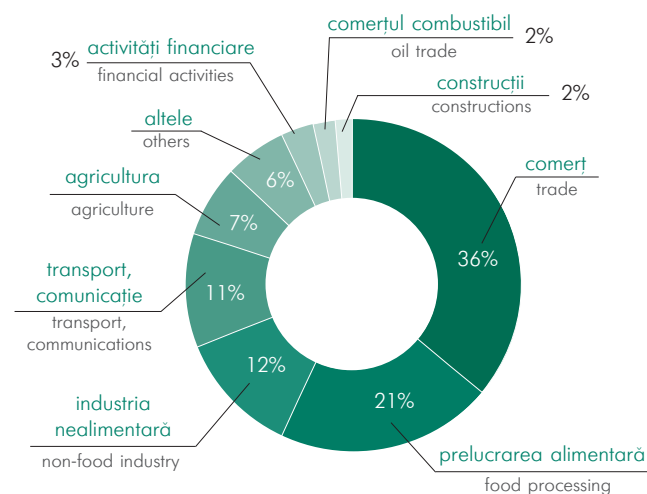
PORTOFOLIUL BRUT DE CREDITE ACORDATE CLIENȚILOR CORPORATIVI (MILIOANE MDL)

GROSS CORPORATE LOAN PORTFOLIO (MILLION MDL)



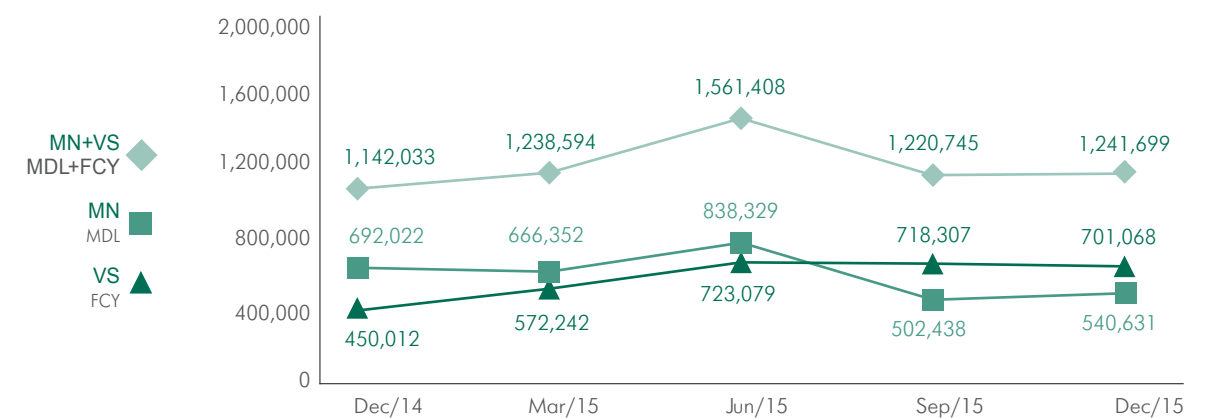
STRUCTURA PORTOFOLIULUI DE CREDITE DUPĂ RAMURI

LOAN PORTFOLIO PER INDUSTRIES



DINAMICA PORTOFOLIULUI DE DEPOZITE ÎN MONEDĂ NAȚIONALĂ ȘI VALUTĂ STRĂINĂ, MII LEI

DYNAMIC OF DEPOSITS IN NATIONAL CURRENCY AND FOREIGN CURRENCY, THOUSAND MDL



3.2. Retail Banking

Piața financiar - bancară retail a cunoscut în anul 2015 o schimbare puternică. Pentru Moldova Agroindbank, acest lucru a însemnat o oportunitate în valorificarea noilor dimensiuni oferite de către piață, printr-o creștere rapidă și în același timp profitabilă.

Diviziunea Activitate Retail a băncii are ca responsabilitate dezvoltarea unei relații solide, pe termen lung, cu clienții persoane fizice și întreprinderi mici, micro și mijlocii. Cheia succesului se bazează pe analiza detaliată a pieței, precum și cunoașterea nevoilor segmentelor de clienți persoane fizice și IMM. Obiectivul Retail este de a dezvolta produse și servicii care corespund așteptării clienților și prestarea calitativă a acestora prin intermediul unei rețele dezvoltate de vânzări, aplicând tehnologii moderne.

În anul de referință Diviziunea Activitate Retail a avut o dezvoltare dinamică, înregistrând rezultate marcante. Astfel, vom menționa creșterea esențială a rețelei de vânzări, în special fiind majorată rețeaua fizică de agenții, care a atins cifra de 115 unități înregistrate, inclusiv operante – **104 unități**: 33 în mun. Chișinău și 71 în teritoriu, în creștere comparativ cu finele anului precedent cu 63 agenții, din care 39 la posturi vamale. Extinderea rețelei în mun. Chișinău și teritoriu s-a datorat majorării numărului de clienți noi, în special a persoanelor fizice beneficiari ai plăților sociale, dar și deservirii de către bancă a clienților Serviciului Vamal nemijlocit la frontiera de stat.

Rețeaua de vânzări Moldova Agroindbank după numărul de locații ocupă locul-II pe piață, acoperind toate concentrările urbane importante. Accesibilitatea serviciilor - un avantaj competitiv important - a implicat investiții semnificative, financiare și umane, în cursul anului 2015.

3.2. Retail Banking

The retail financial and banking market underwent a significant change in 2015. For Moldova Agroindbank, this meant an opportunity of capitalizing new dimensions offered by the market, by ensuring a swift and also profitable growth.

The Retail Division is responsible for developing long-term, solid relationships with individual customers and small, micro and medium-sized enterprises. The key to success is based on detailed market analysis, as well as knowing the needs of individual customers and SMEs. The objective of the Retail Division is to develop products and services living up to customers' expectations and making sure that customers are serviced qualitatively through a developed sales network based on modern technology.

In the year under review, the Retail Division's activity witnessed dynamic development, recording important results, among which a significant expansion of the sales network, with the number of agencies reaching 115 registered units, including **104 operating units**: 33 in Chisinau Municipality and 71 in districts with 63 agencies more, against last year, of which 39 in customs bureaus. The expansion of the network in Chisinau and in districts was due to the increase in the number of new customers, especially individuals who are beneficiaries of social payments, but also to the fact that the bank started servicing clients of the Customs Service directly at state borders.

The sales network of Moldova Agroindbank ranks second on the market by the number of locations, covering all main urban areas. Accessibility of services – an important competitive advantage – involved significant financial and human investments in 2015.

Banca a depus efort privind modernizarea rețelei de vânzări și stabilirea unui standard al imaginii vizuale a filialelor și agențiilor băncii, care va continua și în anii următori, pentru a crea condiții confortabile și accesul nelimitat la produsele și serviciile bancare pentru clienții și prospecții băncii.

La finele anului 2015, baza totală de clienți retail activi a constituit **416 mii clienți**, înregistrând o creștere cu 26% (+86 mii clienți) față de începutul anului. Numărul clienților activi persoane fizice a constituit 393 mii persoane (+83 mii clienți), în creștere cu 27%. Creșterile respective au fost influențate de atragerea la deservire de către bancă, prin concurs, a Trezoreriilor Teritoriale, Casei Naționale de Asigurări Sociale (CNAS) și a Serviciului Vamal al Republicii Moldova.

Eforturile depuse de către bancă în ultimii ani privind completarea și adaptarea gamei de produse și servicii bancare, dar și în consilierea clienților, au fost apreciate de către clienți, astfel, banca a continuat și în anul de referință elaborarea și dezvoltarea lor.

Un număr semnificativ de produse și servicii noi au fost puse la dispoziția clienților, în special menite să asigure competitivitatea băncii pe piața produselor de depozit, dar și pentru implementarea cu succes a proiectelor de deservire a Trezoreriilor Teritoriale și Serviciului Vamal. Atragerea acestor parteneri la deservire a deschis pentru bancă segmente noi de clienți retail, nespecifici, pentru care au fost dezvoltate și adaptate produse speciale: recepționarea plăților pentru serviciile vamale de la persoane fizice și juridice prin sistemul MPAY, distribuirea pensiilor și indemnizațiilor sociale la cardurile bancare

The Bank took efforts to upgrade the sales network and to establish a standard for the visual image of the bank's branches and agencies, which will continue in the following years in order to create comfortable conditions and unlimited access to banking products and services for the bank's existing and potential customers.

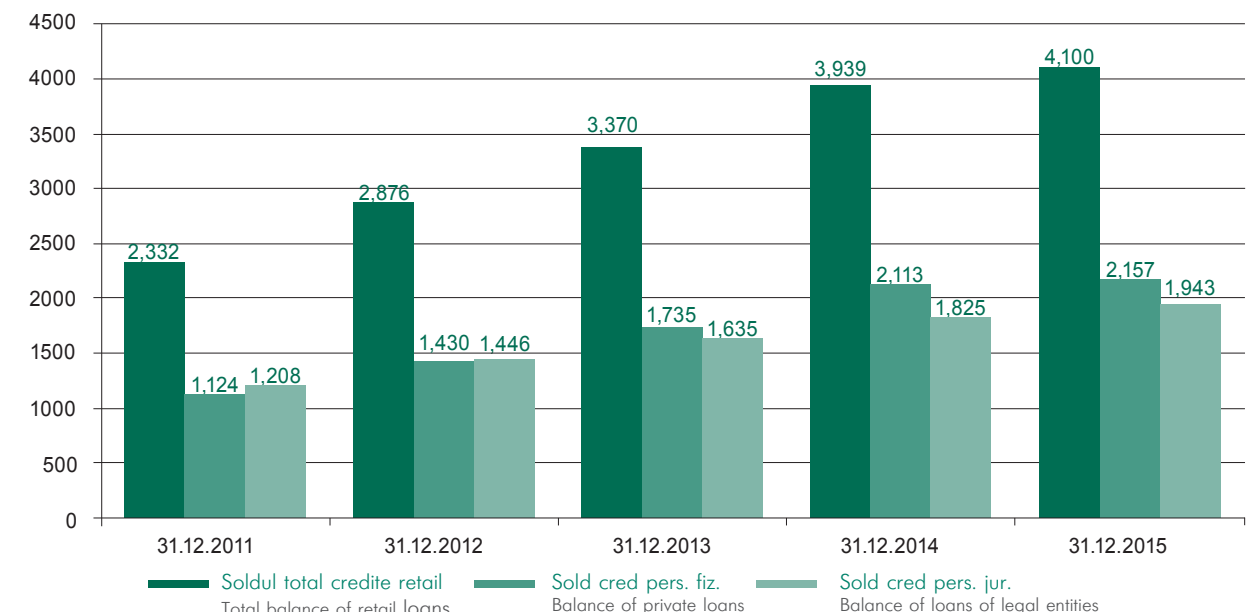
At the end of 2015, the number of active retail customers amounted to **416 thousand**, up by 26% (+ 86 thousand) compared to the previous year. The number of active individual customers constituted 393 thousand (+ 83 thousand), up by 27%. The growth was partly due to the management of accounts of the Territorial Treasuries, the National Social Insurance Office and the Customs Service of the Republic of Moldova, after the bank won tenders organized by the state.

Customers highly appreciated the efforts taken by the bank over the past years in order to supplement and adapt the range of banking products and services, as well as to counsel customers, therefore MAIB continued elaborating and developing them in the year under review.

A significant number of new products and services were made available to customers, especially aiming at ensuring the bank's competitiveness on the deposit products market, but also at successfully implementing the projects of servicing the Territorial Treasuries and Customs Service. The attraction of these partners allowed for reaching new segments of non-specific retail customers, for which special

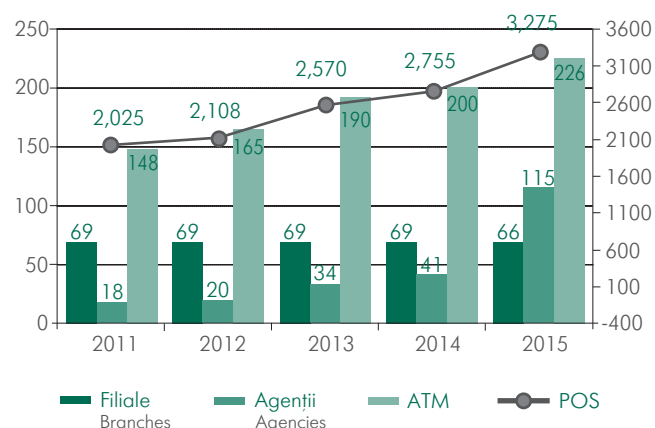
DINAMICA PORTOFOLIULUI DE CREDITE RETAIL, MLN LEI

DYNAMIC OF RETAIL LOANS PORTFOLIO, MDL MILLION



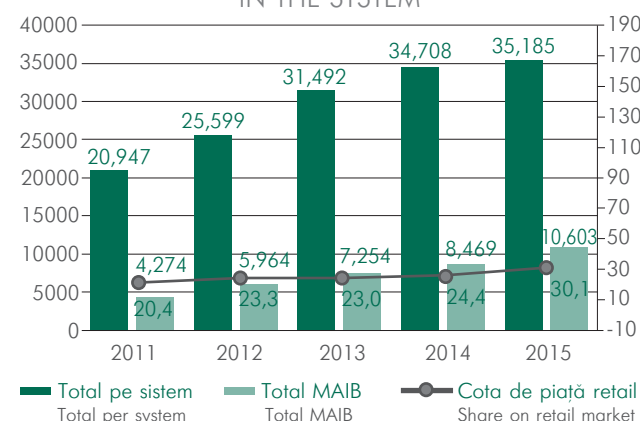
EVOLUȚIA REȚELEI DE VÂNZĂRI

SALES NETWORK EVOLUTION



SOLDUL DEPOZITELOR PERSOANE FIZICE ȘI COTA ÎN SISTEM

BALANCE OF PRIVATE DEPOSITS AND SHARE IN THE SYSTEM



În cadrul colaborării cu Comisia Națională a Asigurărilor Sociale (CNAS), deschiderea și deservirea conturilor Trezoreriilor Teritoriale, eliberarea numerarului din conturile Trezoreriilor Teritoriale, Tranzacțiile FOREX, etc. De asemenea banca a continuat să dezvolte modulele pentru prestarea serviciilor la distanță, oferind clienților săi opțiuni noi privind încasarea numerarului la terminalele Cash-in și relansarea proiectului cu partenerul Paynet Services, efectuarea plăților în valută străină prin Internet Banking, etc.

Condițiile create de bancă au contribuit la **creșteri semnificative ale portofoliului de depozite persoane fizice cu 25%** și atingerea cotei de piață a băncii la soldul depozitelor persoane fizice la nivel de 30.13%, în creștere cu cca 6 p.p. comparativ cu anul 2014 (24.4%).

Portofoliul de credite retail a crescut în total cu 4% (+161 mln lei), inclusiv portofoliul de credite - persoane fizice a crescut cu 2% (+43 mln lei), cota pe sistem a creditelor persoane fizice a avut o evoluție constantă și a atins nivelul de 35.8%.

În anul 2015 Diviziunea Retail a dezvoltat Serviciul Call Center al băncii, care oferă clienților suport informational, consultativ și tehnic pe parcursul a 24/7. Pentru o mai bună gestionare a activității Serviciului Call Center și preluarea inteligentă a apelurilor, la începutul anului 2015 a fost implementată soluția tehnică CISCO pentru Centre de Contact, care este una dintre cele mai moderne soluții de acest gen. Astfel, apelul clientului ajunge la specialistul suport clientelă a Serviciului Call Center care deține competențele necesare în a-i oferi informațiile, suportul de care are nevoie, contribuind în acest mod la rezolvarea solicitării clientului de la primul apel. Pe parcursul anului de gestiune la Serviciul Call Center au fost primite și prelucrate peste **150 mii apeluri telefonice**, acestea fiind de 4.5 ori mai multe decât în anul 2014 (33.5 mii apeluri). Serviciul Call Center, menține relația cu clienții și cu potențialii clienți, oferind informații și suport prin intermediul telefonului, mesajelor electronice și chat.

Rezultatele înregistrate de Diviziunea Activitate Retail s-au datorat imaginii pozitive a băncii pe piața bancară autohtonă, dar și profesionalismului, competenței, inteligenței cu care sunt tratați clienții băncii.

3.3. Activitatea Carduri bancare

Fiind unicul membru principal în Republica Moldova a trei sisteme internaționale de plăți: Visa, MasterCard și American Express, banca acordă atenție sporită dezvoltării business-ului cu carduri. Una din sarcinile principale ale subdiviziunii retail este menținerea cotei de piață la emiterea și acceptarea cardurilor. Ponderea numărului cardurilor Moldova Agroindbank aflate în circulație la sfârșitul anului 2015 a constituit 30.41%. La finele anului 2015 numărul cardurilor în circulație deținute de Moldova Agroindbank a constituit 392,389 carduri.

products were developed and adapted: payment for customs services through MPAY system, distribution of pensions and social allowances to banking cards as part of cooperation with the National Social Insurance Office, opening and managing Territorial Treasuries accounts, dispensing cash from the Territorial Treasuries accounts, FOREX Transactions, etc. The bank also continued developing remote banking services, by offering new options for receiving cash at Cash-in terminals and by resuming a project with Paynet Services partner, ensuring foreign currency payments via Internet Banking, etc.

The conditions created by the bank contributed to a significant **25% increase in the portfolio of private deposits**, with the market share reaching 30.13%, up by circa 6 p.p. compared to 2014 (24.4%).

The retail loan portfolio went up by 4% (+MDL 161 million), including a 2% increase in private loans portfolio (+ MDL 43 million), with the market share of the bank being constantly on the rise to reach 35.8% by year end.

In 2015, the Retail Division developed the bank's Call Center Service which provides customers with information, consultancy and technical support on a 24/7 basis. To ensure a better management of the Call Center Service and intelligent call treatment, in early 2015, the bank implemented the CISCO technical solution for Contact Centers, which is one of the most up-to-date solutions. The bank's specialists are highly qualified to provide customers with the information they need and to solve their issues from the very first call. In 2015, the Call Center Service received over **150 thousand calls**, which is 4.5 times more than in 2014 (33.5 thousand calls). The Call Center Service maintains relationships with existing and potential customers by providing information and support by telephone, electronic messages and chat.

The results achieved by the Retail Activity Division are due to the bank's positive image on the domestic banking market, but also to the professionalism, competency and intelligence with which the bank's customers are treated.

3.3. Card Operations

Being the only primary member of three international payment systems in Moldova – Visa, MasterCard and American Express, Moldova Agroindbank has been paying high attention to the development of card business. One of the main tasks of the Retail Division was to maintain the market share in card issuance and acquiring. As of 31 December 2015, the number of MAIB cards in force amounted to 392,389, with a market share of 30.41%.

În scopul oferirii serviciilor calitative și accesibile clienților săi, banca a continuat extinderea rețelei de bancomate și POS-terminale, care să asigure un număr optim de puncte de deservire pentru satisfacerea necesităților clienților retail. Numărul bancomatelor Moldova Agroindbank a atins cifra de 226 la data de 31 decembrie 2015 în comparație cu 200 de bancomate în perioada similară 2014, iar numărul de POS-terminale a crescut la 3,275 terminale (inclusiv 145 – la Poșta Moldovei, 240 POS-bancare, 2,890 terminale instalate la comercianți, dintre care 940 terminale contactless). Cota de piață la numărul de bancomate instalate constituie 23%, iar cota de piață pentru numărul de POS-terminale instalate constituie 27%.

Pe piața locală continuă tendința de creștere dinamică a plăților fără numerar, efectuate prin intermediul cardurilor bancare, deși volumul acestor operațiuni ramâne a fi mic (cca 12-13 % din total volum a operațiunilor prin carduri). Prin urmare banca întreprinde activ acțiunile necesare pentru stimularea creșterii volumului achitărilor prin carduri valorificând astfel potențialul existent al pieței.

E-commerce reprezintă o modalitate modernă, tehnologic avansată și sigură de a reduce costurile și de a atinge un nou nivel calitativ al deservirii clienților companiei. Tranzacțiile on-line pot fi efectuate instantaneu, mult mai rapid, comod și cu costuri mai reduse comparativ cu modalitățile tradiționale de achitare, permițând clienților efectuarea achizițiilor din orice zone geografice mult mai eficient. MAIB prioritizează promovarea și dezvoltarea activității în domeniul comerțului electronic (E-commerce) prin colaborarea cu companii-lideri în industriile sale (Air Moldova, Zbor.md, etc), organizații de stat (Egov), lideri ai pieței de telecomunicații (Orange SA, Moldcell SA., Moldtelecom, StarNet).

La începutul anului 2015, s-a desfășurat campania promoțională „Achită cu PayPass și primește cashback 10%!”. Promoția dată a reprezentat o premieră pe piața locală. Restituirea banilor în contul de card în valoare de 10% au motivat clienții MAIB să obțină un card Debit MasterCard Pay Pass și să-l utilizeze în achitări în regim Contactless. Achitățile fără contact cu cardul MAIB au economisit nu doar timpul, ci și banii. Cel mai important rezultat al campaniei a constituit construirea unei relații de lungă durată cu clienții, familiarizarea acestora cu noua tehnologie și sporirea satisfacției lor în urma utilizării produselor băncii.

Pe parcursul anului 2015, Moldova Agroindbank și Visa au desfășurat campania promoțională “MAIB și Visa te răsplătesc la fiecare cumpăratură”. Deținătorii de card VISA care au efectuat tranzacții pe teritoriul țării în perioada promoției au obținut cashback în valoare de 2% pentru efectuarea tranzacțiilor în rețeaua fizică și 5% pentru tranzacții efectuate în mediul internet din valoarea fiecărei cumpărături. Prin intermediul acestor campanii promoționale Moldova Agroindbank și Visa au reușit să sporească confortul clienților și să răsplătească fidelitatea acestora, stimulând astfel efectuarea achitărilor prin carduri.

In order to provide quality and affordable services to its customers, the bank further expanded its ATM and POS network to ensure an as high as possible number of service points and to meet the needs of retail customers. The number of Moldova Agroindbank ATMs increased from 200 in late 2014 to 226 in late 2015, and the number of POS terminals reached 3,275, including 145 at the state post enterprise Posta Moldovei, 240 POS bank terminals, 2,890 at merchants, of which 940 contactless. The market share in ATMs is 23% and the POS share is 27%.

Cashless payments keep on recording an upward trend on the local market, albeit the amount of such operations is still low (about 12% to 13% of all card operations). The bank has been taking actions to fuel cashless payments in order to fully use the market potential.

E-commerce services are a modern, cutting-edge and safe way to cut costs and reach a qualitatively new level of service for the bank's customers. Online transactions save customers' time, are much more comfortable and less expensive as compared with traditional payment methods, making it possible for them to make more efficient acquisitions from all over the world. Promoting and developing e-commerce is among MAIB's priorities. To meet this goal, the bank cooperates with leading companies (Air Moldova, Zbor.md, etc.), state organizations (Egov), as well as leaders of the mobile telephony market (Orange SA, Moldcell SA., Moldtelecom, StarNet).

In early 2015, MAIB conducted the campaign “Pay with PayPass and get 10% cash back!” It was a premiere for Moldova. The 10% cash back served as an incentive for MAIB customers to apply for Debit MasterCard Pay Pass cards and use them for contactless payments, thus saving not only time but also money. The most important result of the campaign resided in stronger and long-lasting relationships with the bank's customers, who got acquainted with this technology, and higher satisfaction for them due to the new product.

Throughout 2015, Moldova Agroindbank and Visa conducted the advertising campaign „MAIB and VISA reward you for every purchase”. VISA Cardholders who made card payments in Moldova during the campaign received 2% cash back for every transaction made in the physical network and 5% cash back for every online payment. The campaigns contributed to enhancing customer's comfort and reward their loyalty, thus fostering card payments.

În luna decembrie 2015 Moldova Agroindbank și MasterCard au lansat cardul bancar Master Card World Elite. Acest produs de top cumulează un set de beneficii unice care reprezintă o premieră pentru Republica Moldova, destinate să ofere experiențe de neuitat și servicii la cel mai înalt nivel celor mai exclusivi clienți ai băncii.

Lansarea parteneriatului cu American Express în vederea începerii activității de emisie și acceptare a cardurilor American Express este un avantaj strategic pentru dezvoltarea business-ului de carduri și consolidarea pozițiilor de leader incontestabil pe piața bancară.

La începutul anului 2015 a fost lansată activitatea de acceptare a cardurilor American Express în Republica Moldova, cardurile AmEx sunt acceptate la toate bancomate MAIB (226 unități) și deja la 585 de POS terminale amplasate la comercianți.

În luna noiembrie 2015 Moldova Agroindbank a lansat emiterea cardurilor de credit American Express, urmând să fie lansate și cardurile American Express debit.

Tot în luna noiembrie 2015, în premieră pe piața bancară din Republica Moldova, Moldova Agroindbank a lansat **tehnologia 3D Secure** cu parolă dinamică pentru cardurile MAIB emise sub egida celor trei sisteme de plăți cu care colaborează banca.

Serviciul 3D Secure este cel mai înalt standard de securizare al plăților în mediul Internet care presupune că, pe lângă introducerea datelor cardului (numărul cardului, perioada de valabilitate, codul CVV2/CVC2, numele deținătorului) tranzacția se confirmă de către deținătorul de card prin introducerea parolei suplimentare, unice, recepționată de deținător prin e-mail sau SMS la fiecare efectuare a plății online cu un card înrolat în serviciul 3D Secure.

La serviciu au fost abonați toți deținătorii de carduri ai băncii - în scopul prevenirii utilizării frauduloase a datelor cardului la efectuarea tranzacțiilor în mediul Internet.

Comerțul electronic securizat este implementat pe site-urile comercianților sub denumirea „MasterCard Secure Code” pentru cardurile MasterCard, „Verified by VISA” pentru cardurile VISA, „Safe Key” pentru cardurile American Express și se evidențiază pe paginile electronice prin prezența siglelor:



In December 2015, Moldova Agroindbank and MasterCard launched the Master Card World Elite card in premiere for Moldova. This top product comes with a range of unique benefits meant to offer unforgettable experiences and highest-level services to the most exclusive customers of the bank.

The partnership with American Express aimed at issuing and acquiring AmEx cards is a strategic advantage for the development of card business and consolidation of the indisputable leading position of MAIB on the banking market.

AmEx card acceptance was launched at the beginning of 2015. AmEx cards are accepted at all MAIB ATMs and at 585 POS terminals at merchants.

In November 2015, Moldova Agroindbank started issuing American Express credit cards, with AmEx debit cards due to be launched as well.

It was also in November 2015 that MAIB premiered in Moldova the **3D Secure technology** with a dynamic single-use code for MAIB cards issued under the aegis of the three payment systems the bank cooperates with.

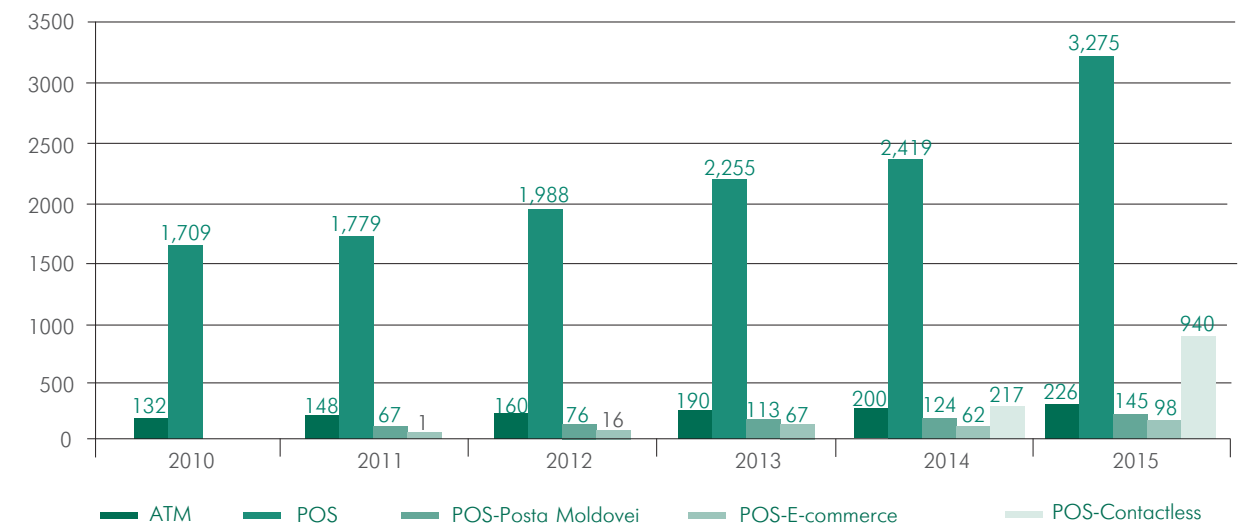
The 3D Secure service is the highest security standard for internet payments, which besides card data (number, validity, CVV2/CVC2, cardholder's name), also implies an additional single-use card-tied password to confirm the transaction, which is received by the cardholder via email or SMS every time an online transaction is made.

All MAIB cardholders were subscribed to the service in order to foil fraudulent use of card data online.

Secure e-commerce is implemented on merchants' sites under the names MasterCard Secure Code for MasterCard cards, Verified by VISA for VISA cards, Safe Key for American Express cards, being marked as:

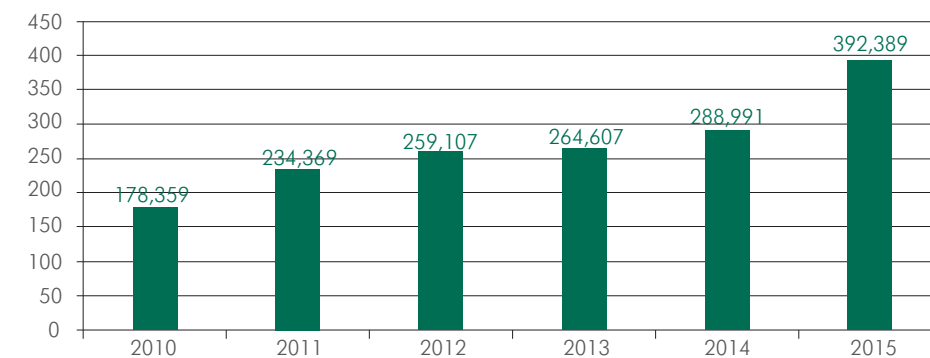
DINAMICA DEZVOLTĂRII REȚELEI DE ATM-URI ȘI POS-TERMINALE INSTALATE LA COMERCIANȚI

ATMS AND POS-TERMINALS NETWORK



DINAMICA CARDURILOR AFLATE ÎN CIRCULAȚIE

CARD IN CIRCULATION



3.4. Trezoreria

ACTIVITATEA DE TREZORERIE

Pe parcursul anului 2015 banca a continuat să promoveze servicii de trezorerie competitive după preț și calitate, asigurând o legătură esențială între piețele financiare și cerințele complexe ale clienților băncii.

PIAȚA VALUTARĂ

Volumul operațiunilor valutare (FX) pe piața internă și internațională în anul 2015 a constituit 2,553 mln USD, în scădere cu 29.49% față de anul 2014.

3.4. Treasury

TREASURY ACTIVITY

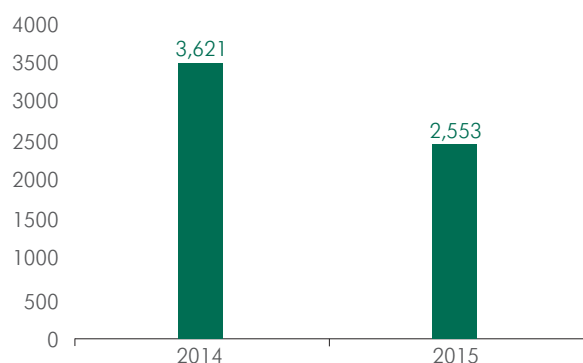
In 2015, Moldova Agroindbank continued to promote competitive treasury services in terms of price and quality, ensuring an essential link between financial markets and customers' complex requirements.

FOREIGN EXCHANGE MARKET

Foreign exchange transactions on national and international markets amounted to USD 2,553 million in 2015, down by 29.49% against 2014.

VOLUMUL OPERAȚIUNILOR FX (MLN USD)

FOREX TRANSACTIONS (USD MILLION)



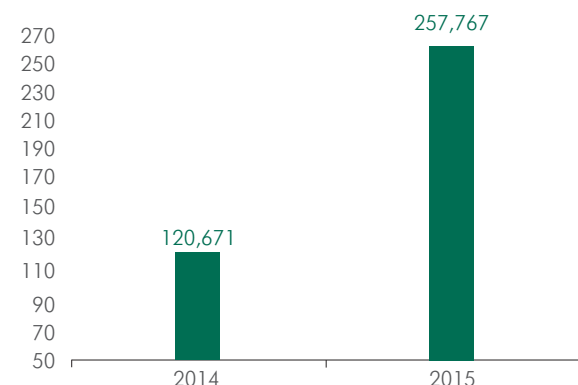
Pe parcursul perioadei gestionare banca a continuat activ efectuarea operațiunilor de cumpărare/vînzarea a bancnotelor pe piața interbancară atît interna cît și externă.

Volumul operațiunilor prin punctele de schimb valutar ale băncii în perioada gestionară a constituit echivalentul a 399 mln USD, față de echivalentul a 477 mln USD în anul 2014. Scăderea data de 16.5% a fost condiționată de diminuarea ofertei de valuta din partea persoanelor fizice pe parcursul anului 2015, și anume a fost în scădere oferta de USD și RUB.

Veniturile realizate din operațiuni de schimb valutar în anul 2015 au constituit 257,767 mln lei, în creștere cu 114% față de anul 2014. Majorarea veniturilor din operațiuni de schimb valutar în anul 2015 a fost condiționată de volatilitatea înaltă pe piață locală.

VENIT OPERAȚIUNI FOREX ('MLN MDL)

INCOME FROM FOREX OPERATIONS) (MDL MILLION)



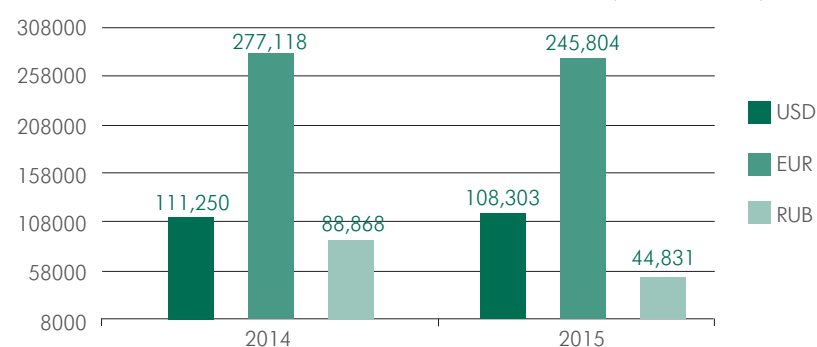
The bank continued to actively buy and sell banknotes on the internal and external interbank market.

Foreign trade transactions through the exchange offices of the bank stood at USD 399 million down from USD 477 million in 2014. The 16.5% decrease was caused by a lower currency offer from individuals, in particular the slump in the offer of USD and RUB.

Foreign exchange operations brought MDL 257,767 million in income in 2015, up by 114% against 2014. The increase in income from FOREX operations in 2015 was due to high volatility on the local market.

VOLUM FOREX PSV ECHIVALENT ÎN USD ('MLN)

TRANSACTIONS AT FOREIGN EXCHANGE OFFICES (USD MILLION)



PIAȚA MONETARĂ ȘI DE CAPITAL

În anul 2015, Moldova Agroindbank ca și în anii precedenți a fost un participant activ la efectuarea operațiunilor Money-Market.

În scopul administrării eficiente a activelor sale, menținerii corelației lichiditate-profitabilitate la un nivel adecvat, Banca a continuat investirea resurselor disponibile în active lichide generatoare de dobânzi, utilizînd următoarele instrumente: Certificatele Băncii Naționale (CBN), Valorile Mobiliare de Stat, împrumuturi/depozite pe piața interbancară.

MONEY MARKET AND CAPITAL MARKET

In 2015, just like the years before, Moldova Agroindbank was an active Money-Market participant.

In order to efficiently manage its assets and to keep the liquidity/profitability ratio at an adequate level, the bank invested available funds in interest-generating liquid assets, using the following instruments: Certificates of the National Bank of Moldova (CNB), State Securities, interbank loans/deposits.

Volumul investițiilor în Valori Mobiliare de Stat pe piața primară în 2015 din contul băncii a constituit 1,279 mln lei în creștere cu 2.15% față de 2014 care a constituit 1,252 mln lei, datorita faptului ca ratele pentru VMS față de ratele pentru CBN erau mai înalte.

Volumul investițiilor în Certificatele Băncii Naționale în 2015 a constituit 3,714 mln lei, fiind cu 7,239 mln lei mai puțin decît în 2014. Diminuarea volumului investițiilor în CBN s-a datorat majorării normei rezervelor obligatorii din mijloace atrase în MDL pînă la 35%, care la început de an constituia 14%.

Venitul total obținut în 2015 din investiții în valori mobiliare a constituit 117.52 mln lei, în creștere cu 54.88 mln lei față de 2014.

În anul 2015, plasamentele overnight la Banca Națională a Moldovei în monedă națională au înregistrat valoarea de 13.84 mlrd lei, fiind cu 8.06 mlrd mai mult decît în 2014.

Volumul tranzacțiilor de plasare a mijloacelor bănești în valută străină la băncile straine a constituit 60.77 mln EUR comparativ cu 77.8 mln EUR plasate în 2014.

ÎMPRUMUTURI DE LA INSTITUȚII FINANCIARE

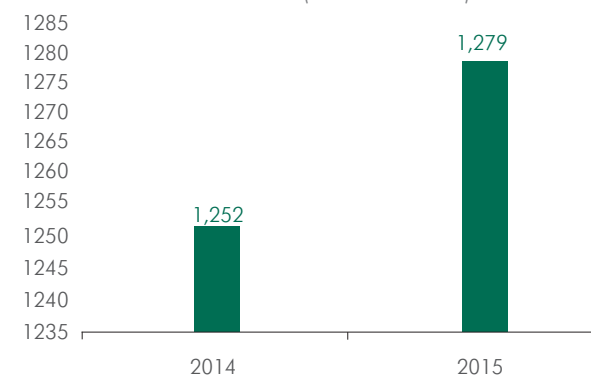
În scopul asigurării finanțării necesare pentru activitatea de creditare a băncii și menținerea nivelului optimal al lichidității băncii, pe parcursul anului 2015 s-a continuat valorificarea împrumuturilor în cadrul Acordurilor semnate în anii precedenți.

OPTIMIZAREA REȚELEI DE CONTURI CORESPONDENTE

În scopul satisfacerii maxime a cerințelor clienților și operațiunilor proprii ale băncii în domeniul decontărilor, banca a continuat optimizarea rețelei de conturi corespondente.

VOLUMUL INVESTIȚIILOR ÎN VMS (MLN MDL)

THE VOLUME OF TRANSACTIONS WITH STATE SECURITIES (MDL MILLION)



In 2015, the bank invested MDL 1,279 million in State Securities on the primary market, up by 2.15% against 2014. The increase was caused by the fact that interest rates on State Securities were higher than the rates on CNB.

Investments in CNBs stood at MDL 3,714 million, down by MDL 7,239 million as compared with 2014. The decrease was due to the increase in mandatory reserves from deposits in MDL, which went up from 14% to 35%.

Total income from investments in securities was MDL 117.52 million in 2015, or up by MDL 54.88 million against 2014.

Overnight deposits in national currency with the National Bank stood at MDL 13.84 billion, which makes 8.06 billion more than in 2014.

Moldova Agroindbank placed funds amounting EUR 60.77 million, with foreign banks, compared with EUR 77.8 million in 2014.

LOANS FROM INTERNATIONAL FINANCIAL INSTITUTIONS

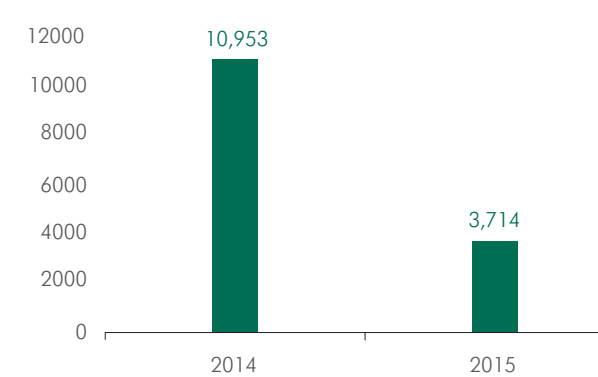
In order to ensure the funds the bank needed for lending and an optimal liquidity level, MAIB continued to garant with IFI loans secured within agreements signed in the years before.

OPTIMIZATION OF CORRESPONDENT ACCOUNTS NETWORK

In order to meet customers' requirements in the best way possible and to properly carry out the bank's settlement operations, the bank continued to optimize its correspondent accounts network.

VOLUMUL INVESTIȚIILOR ÎN CBN (MLN MDL)

THE VOLUME OF TRANSACTIONS IN NBC (MDL MILLION)



Pe parcursul anului 2015 a fost deschis un cont corespondent în EUR la KBC Bank NV, Belgia și au fost închise conturile în BCR Romania (RON, USD și EUR) și contul în USD din Raiffeisenbank Romania.

Lista conturilor corespondente active ale băncii la situația din 31.12.2015:

In 2015, MAIB opened a correspondent account in EUR with KBC Bank, Belgium, and closed the accounts with BCR Romania (RON, USD and EUR) and the USD account with Raiffeisenbank Romania.

List of active correspondent accounts of the bank as of 31.12.2015:

LISTA BĂNCILOR CORESPONDENTE / LIST OF CORRESPONDENT BANKS

Austria / Austria	*	Raiffeisen Bank International AG / Raiffeisen Bank International AG	Viena / Vienna
Belarus / Belarus	*	Priorbank JSC / Priorbank JSC	Minsk / Minsk
Belgia / Belgium	*	KBC Bank NV / KBC Bank NV	Brusels / Brussels
Germania / Germany	*	Commerzbank AG / Commerzbank AG	Frankfurt / Main / Frankfurt / Main
Italia / Italy	*	Intesa Sanpaolo SpA / Intesa Sanpaolo SpA	Torino / Torino
	*	UniCredit SpA / UniCredit SpA	Milano / Milano
România / Romania	*	Raiffeisen Bank SA / Raiffeisen Bank SA	București / Bucharest
Rusia / Russia	*	JSC VTB Bank / JSC VTB Bank	Moscova / Moscow
	*	Sberbank of Russia / Sberbank of Russia	Moscova / Moscow
SUA / USA	*	The Bank of New York Mellon / The Bank of New York Mellon	New York / New York
Ucraina / Ukraine	*	PJSC CB „Privatbank” / PJSC CB „Privatbank”	Dnipropetrovsk / Dnipropetrovsk

3.5. Investiții Corporative

REALIZĂRI

Activitatea profesionistă pe piața de capital a Moldova Agroindbank a fost asigurată de licența de Societate de Investiții de categoria „C”, acordată băncii în anul 2015 de către Comisia Națională a Pieței Financiare pe un termen nelimitat, cu dreptul de a desfășura un spectru larg de servicii și activități de investiții.

3.5. Corporate Investment

ACHIEVEMENTS

Moldova Agroindbank operated on the capital market on the basis of the class “C” license issued in 2015 by the National Securities Commission, being entitled to conduct a wide range of services and investment activities.

Activitatea operațională a băncii în decursul anului 2015 a demarat pe fundamentul Politicii Investiționale aprobate pentru această perioadă. Pentru anul curent, a fost prevăzută aplicarea unei strategii flexibile de administrare a portofoliului în dependență de conjunctura pieții. Participarea băncii la piața de capital prin efectuarea investițiilor financiare, urmează un obiectiv de diversificare a operațiunilor active ale băncii prin valorificarea surselor alternative de venituri. La finele anului de gestiune portofoliul investițional, în conformitate cu Standardele Internaționale de Raportare Financiară, a înregistrat valoarea de 222,257 mii lei, situație în care banca deține cote de participare în 12 companii din diverse sectoare de activitate ale economiei naționale.

În vederea minimizării riscului investițional, banca a aplicat în măsura oportunităților investiționale oferite de piața autohtonă de capital strategia de diversificare a portofoliului. Cea mai însemnată cotă din portofoliul băncii revine investițiilor în compania fiică „MAIB-Leasing” S.A., iar ponderi semnificative sunt deținute de valorile mobiliare ale întreprinderilor din industria prelucrătoare, în speță ale companiilor de fabricare a zahărului, produselor din sticlă, precum și în societăți a cărei activitate este clasificată drept alte intermediari financiare.

Scopul primordial al politicii investiționale l-a constituit monitorizarea activității obiectelor de investiții, prin promovarea unor metode de management al întreprinderilor, care are ca obiectiv contribuirea la influențarea dinamică și constructivă, astfel încât managementul unităților economice să se manifeste în activitatea sa prin transparență și profesionalism. Materializarea acestui deziderat conduce la sporirea eficienței activității acestor entități și, implicit, poate avea ca efect majorarea valorii de piață a cotelor de participare deținute de bancă, administrarea eficientă a obiectelor de investiții prin promovarea unor modele de management al întreprinderilor, care au ca obiectiv capitalizarea permanentă a obiectelor investiționale și obținerea veniturilor.

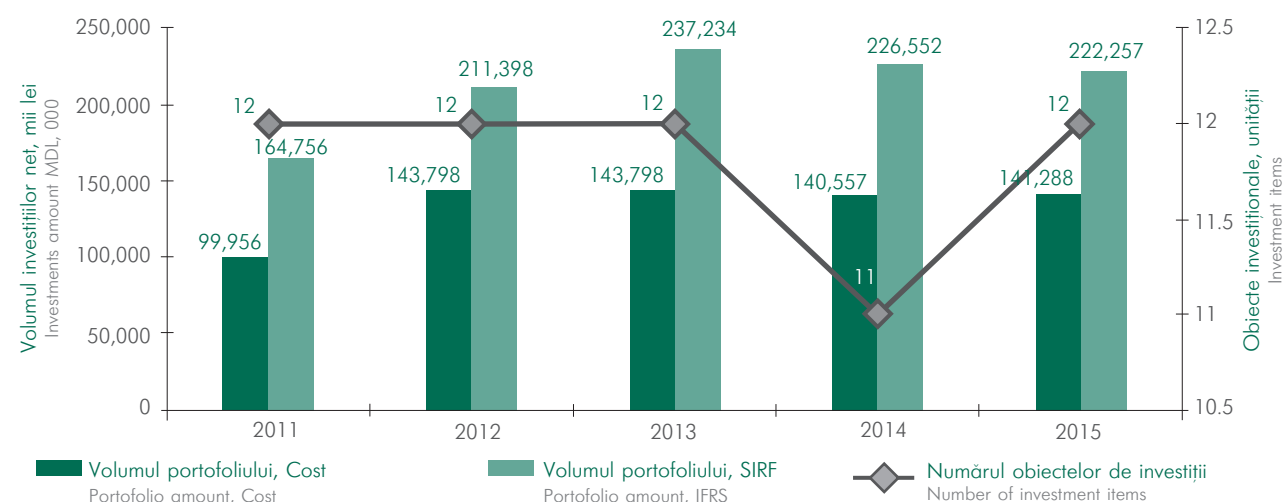
The bank’s operational activity in 2015 was based on the Investment Policy approved for this period. For 2015, the bank has in place a flexible strategy of portfolio management depending on the situation on the market. The bank’s participation on the capital market by conducting financial investments is in line with the objective of diversifying the bank’s active operations by capitalizing alternative income sources. At the end of 2015, the investment portfolio was MDL 222,257 thousand, according to the International Financial Reporting Standards, with the bank having equity interests in 12 companies from various national economic sectors.

In order to minimize investment risks, the bank applied the portfolio diversification strategy to the extent to which the local capital market offered investment opportunities. The lion’s share of the bank’s investment portfolio goes to its daughter-company MAIB-Leasing, with the bank also holding significant equity interests in enterprises operating in the processing industry, in particular sugar procession, glass production, as well as societies dealing with financial intermediation.

The main goal of the investment policy was to monitor the activity of the investment-backed companies by promoting enterprise management mechanisms in order to constructively and dynamically influence them so that their management sticks to the principles of transparency and professionalism. The fulfillment of this goal leads to a higher efficiency of these entities and hence may prompt an increase in the market value of the bank’s equity, a more efficient management of the investment-backed companies through the promotion of enterprise management mechanisms whose goal is to permanently capitalize investment-backed companies and gain income.

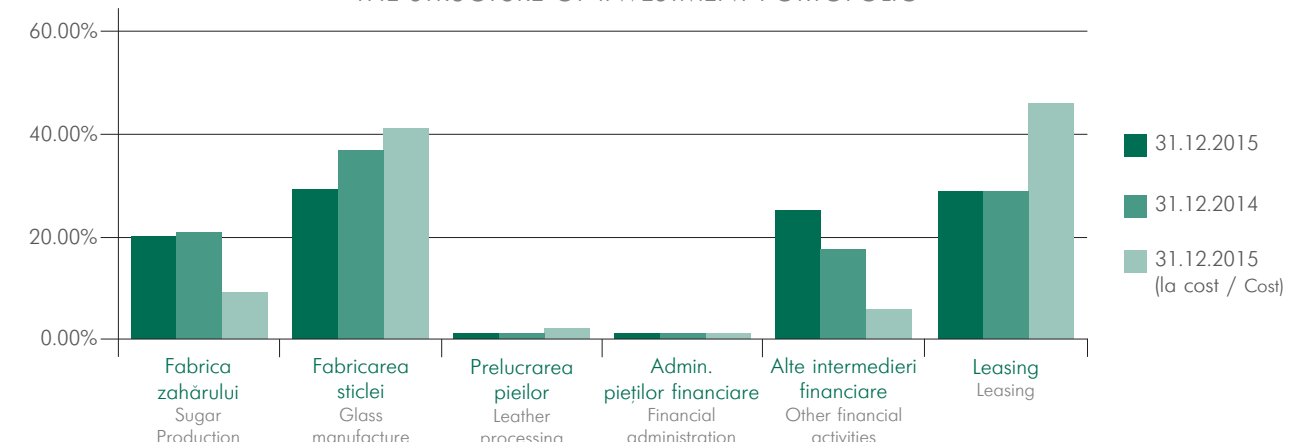
DINAMICA PORTOFOLIULUI DE INVESTIȚII

DYNAMIC OF INVESTMENTS PORTFOLIO



DINAMICA STRUCTURII PORTOFOLIULUI INVESTIȚIONAL

THE STRUCTURE OF INVESTMENT PORTFOLIO



O atenție deosebită în realizarea politicii investiționale a băncii a fost acordată prestării de servicii pe piața de capital, accentul fiind pus pe calitatea și eficiența serviciilor prestate. Astfel, în a. 2015, Departamentul Investiții Corporative (DIC) și-a desfășurat activitatea pe piața de capital în direcția prestării și promovării serviciilor de executare a ordinelor privind instrumentele financiare în numele clienților și în cont propriu.

Pe parcursul anului de gestiune, volumul total al tranzacțiilor bursiere înregistrat la Bursa de Valori a Moldovei de către Departamentul Investiții Corporative, în condițiile prestării serviciilor de investiții pe piața de capital, a însumat cca 160,739 mii lei.

În 2015, Banca a fost selectată în calitate de Societate de Investiții pentru vânzarea acțiunilor proprietate publică la Bursa de Valori a Moldovei, fiind desemnată în urma câștigării concursului anunțat de Agenția Proprietate Publică și petrecut de către comisia de selectare (de concurs).

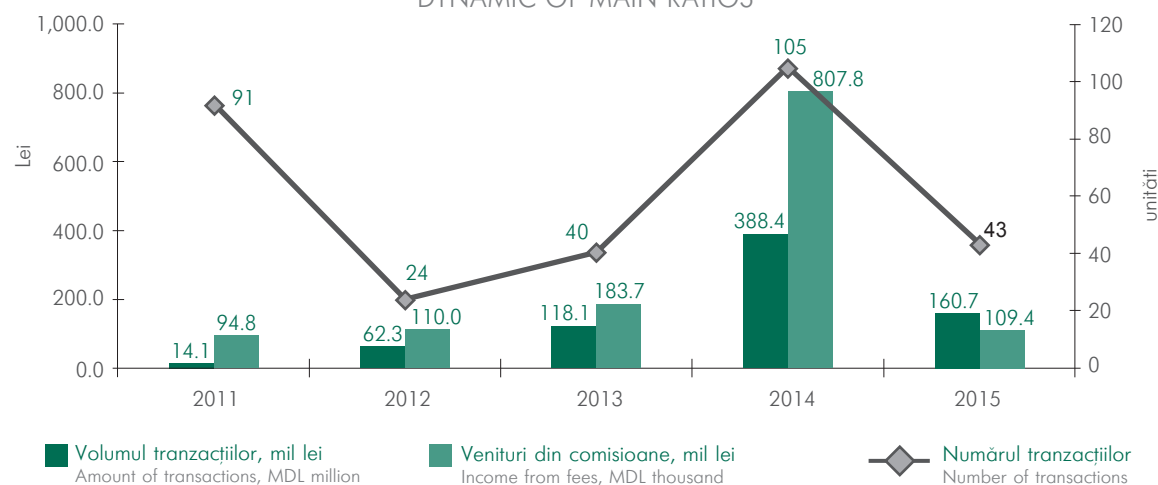
While implementing the Investment Policy, the bank paid special attention to providing services on the capital market, laying the emphasis on the quality and efficiency of services. Throughout 2015, the Corporate Investments Department conducted its activity on the capital market focusing on providing and promoting services for executing orders on financial instruments on behalf of customers and on its own account.

In 2015, the total volume of transactions registered with the Moldovan Stock Exchange by the Corporate Investments Department for investment services on the capital market amounted to circa MDL 160,739 thousand.

In 2015, the Bank was selected as Investment Society for selling public property shares at the Moldovan Stock Exchange, as it won a tender announced by the Agency for Public Property and conducted by the selection committee (of the tender).

DINAMICA INDICATORILOR DE BAZĂ

DYNAMIC OF MAIN RATIOS



OPERAȚIUNI CU ACȚIUNILE PROPRII

Departamentul Investiții Corporative a îndeplinit funcțiile de broker privind înstrăinarea a 64,267 acțiuni de tezaur a băncii procurate prin oferta de tender în anul 2007 (la un preț de 1,340 MDL pe acțiune la valoarea 86,118 mii MDL). Prețul de înstrăinare a variat între 1,341 și 1,350 MDL, valoarea totală cifrând 86,352 mii MDL. Diferența dintre prețul de vânzare și valoarea nominală a fost inclusă în capital suplimentar.

La 31 decembrie 2015 capitalul statutar cuprindea 1,037,634 acțiuni ordinare nominative, valoarea nominală pe acțiune de 200 MDL (31 decembrie 2014: 1,037,634 mii MDL, dintre care doar 973,367 erau acțiuni aflate în circulație).

OPERATIONS WITH MAIB SHARES

The Corporate Investment Department acted as a broker to estrange 64,267 treasury shares of the bank purchased under a tender bid in 2007 (at MDL 1,340 per share, worth MDL 86,118). The price varied from MDL 1,341 to 1,350, with a total value of MDL 86,352. The difference between the sales price and the nominal value was included in the additional capital.

As of 31 December 2015, the Bank had 1,037,634 nominal ordinary shares, with a nominal value of MDL 200 per share (31 December 2014: 1,037,634 shares, of which only 973,367 were in circulation).

Pe parcursul anului 2015 Banca a declarat dividende din profitul net al anului încheiat la 31 decembrie 2014, ce au fost distribuite în sumă de 103,763 mii MDL sau 100 MDL pe acțiune (2014: 146,005 mii MDL sau 150 MDL pe acțiune).

PERSPECTIVE

Oportunități sporite se asociază cu serviciile de intermediere la subscrierea/plasamentul instrumentelor financiare și de consultanță de investiții, care în condițiile atingerii unui nivel de dezvoltare a pieții de capital conferă emitenților posibilitatea atragerii mijloacelor financiare necesare pentru realizarea unor proiecte, iar investitorilor – noi instrumente financiare pentru investire.

Diversificarea și universalitatea gamei de servicii prestate va permite băncii să sporească calitatea serviciilor și satisfacerii nevoilor clienților săi, contribuind în mare măsură la menținerea poziției de lider al sistemului bancar autohton. De asemenea, activitatea investițională a băncii va fi orientată spre lărgirea infrastructurii băncii, creșterea veniturilor și realizarea unei politici adecvate în acest domeniu.

3.6. Tehnologii Informaționale

Dezvoltarea tehnologiilor informaționale în bancă în continuare a fost orientată spre asigurarea suportului tehnologic în creșterea business-ului conform strategiei de afaceri și în special a suportului operațional, în lansarea pe piață a produselor și serviciilor noi, crearea infrastructurii tehnice și software care să permită acumularea, prelucrarea și utilizarea informației în scopurile dezvoltării business-ului băncii.

Nucleul sistemului automatizat al băncii, este soluția Temenos T24 în continuă dezvoltare, care este una din cele mai complexe și performante soluții aplicate în băncile locale, cu servere centrale, acces on-line al tuturor utilizatorilor băncii și executarea tranzacțiilor în regim real de timp, acordarea serviciilor de deservire a clienților retail și corporativi în orice filială, independent de locația unde clientul are deschise conturi, asigură baza aplicării 24x24 ore a sistemului. Una din sarcinile de bază în perioada de raportare a fost realizarea Proiectului de migrare a sistemului Globus/T24 de la versiunea R08 la versiunea R14 atât în scopul utilizării facilităților versiunii noi a sistemului, dar și creării premiselor pentru implementarea modulelor noi achiziționate de bancă, inclusiv a modulului Customer Relationship Management (CRM) și Business Intelligence (TInsight).

Atenție deosebită în continuare a fost acordată dezvoltării și implementării produselor și serviciilor

Throughout 2015, the Bank paid MDL 103,763,000 in dividends (MDL 100 per share) from the net profit earned in 2014 (2014: MDL 146,005,000 or MDL 150 per share).

PROSPECTS

Higher opportunities emerge from underwriting and investment consulting, which give issuers possibilities of drawing in financial means necessary for some projects and to investors new financial investment tools, provided that the capital market reaches an appropriate development level.

The diversification and universality of the range of services will make it possible for the bank to improve the quality of servicing and meet its customers' needs, contributing to maintaining the position of leader of the national banking system. The investment activity will also be aimed at expanding the bank's infrastructure, increasing income and promoting an adequate policy in the field.

3.6. Information Technologies

MAIB further paid increased attention to advanced information technology (IT) to ensure technological support for the development of the bank's business according to its business strategy, to ensure mainly operational support while launching new products and services on the market, to build technical and software infrastructure so as to allow for collecting, processing and using information for business growth.

The nucleus of the bank's automated system is the Temenos T24 solution, in continuous development, which is one of the most complex and high performing solutions among local banks, with central servers, online access for all of the bank's users and real-time execution of transactions, providing services to retail and corporate customers in any branch, regardless of the branch where the clients opened their accounts, ensuring the basis for applying the system on a 24/7 basis. One of the main tasks in 2015 was the migration of the Globus/T24 system from the R08 to the R14 version, in order to use the facilities of the new system version, and to create pre-requisites for the implementation of new modules purchased by the bank, including the Customer Relationship Management (CRM) module and Business Intelligence (TInsight).

Special attention was paid to the development and implementation of high-technology products and

înalt tehnologizate. Astfel în 2015 au fost implementate modificări de optimizare în utilizarea soluției multicanal de acces la distanță la serviciile bancare Bank Flex MultyChannel, canalele Internet pentru clienți juridici și fizici, canalele Mobile și SMS Banking. A fost executată dezvoltarea soluției Bank Flex MultyChannel pentru asigurarea funcționalităților noi – plăților în valută străină (persoane fizice) și plăților multiple, care au fost implementate în mediul de producție. Revăzut, testat și implementat re-designul paginii de înregistrare în Internet și Mobile Banking, executate și implementate alte dezvoltări de îmbunătățire a funcționalităților soluției.

Au continuat lucrările de creare a zonelor și centrelor de autoservire. În total la data raportării sunt create și funcționează cinci Centre de autoservire 24x24 și 40 de zone de autoservire.

În scopul optimizării proceselor interne de interacțiune între angajații băncii, automatizării la maximum a utilizării documentelor electronice în bancă, a fost lansat și este în curs de realizare proiectul de implementare a sistemului de Management Documentelor Directum.

A fost inițiat și continuă procesul de implementare a telefoniei corporative interne, bazate pe tehnologia IP, fiind implementată în sediul Centralei băncii (str. Miron Costin 9 – complet și str. Constantin Tănase 9 – parțial).

Executate lucrări de elaborare, testare și implementare a componentelor soft (Globus/T24, Card Contabil, SMS Notificări, Bank Flex) în scopul implementării, utilizării, evidenței și raportărilor aferente cardurilor American Express.

În scopul extinderii colaborării cu Casa Națională de Asigurari Sociale, în legătură cu evenimentele pe piața bancară a RM și în scopul atragerii la deservire a clienților noi au fost executate lucrările de automatizare necesare, prin WEB servicii și schimb electronic de date pentru plata subvențiilor sociale.

Odată cu desemnarea băncii în calitate de câștigător de deservire a Trezoreriei Centrale și celor teritoriale au fost executate și implementate soluțiile necesare pentru procesarea tranzacțiilor trezoreriale.

În scopul realizării proiectului de deservire a Serviciului Vamal, câștigat de bancă, au fost asigurate lucrările de extindere a infrastructurii de elaborare și modernizare a mijloacelor aplicative (Globus/T24, Qsystems.Retail integrat de MPay, CSV autonomă ș.a.), executate modificări în componentele soft pentru asigurarea deservirii continue a clienților în regim 24 din 24. Asigurată deschiderea a 39 agenții vamale, crearea infrastructurii tehnologice și telecomunicative pentru funcționarea stabilă a acestora.

services. Therefore, in 2015, changes were made to optimize the use of the multi-channel solution for remote access to banking services – Bank Flex Multi Channel, the Internet channel for Customers – individuals and legal entities, Mobile and SMS Banking. The Bank Flex Multi Channel solution was developed in order to ensure new functionalities – payments in foreign currency (individuals) and multiple payments, which were implemented in the production environment. The Internet and Mobile Banking registration page was revised, tested and re-designed and other improvements in the solution's functionalities were executed and implemented.

MAIB continued works on self-service areas and centers, with their number reaching five, 24/24 self-service centers and 40 self-service areas by late 2015.

In order to optimize the internal communication process between employees, and to automatize the use of electronic documents in the bank at the highest level, MAIB launched works on the Directum Documents Management system which is being under implementation.

The process of internal corporate telephony based on IP technology was launched, being implemented at the bank's Headquarters (9 Miron Costin Str. – fully and 9 Constantin Tanase Str. - partially).

Soft components (Globus/T24, Card Contabil, SMS Notification and Bank Flex) were worked out, tested and implemented so as to implement, use, keep record and file reports related to American Express cards.

To extend cooperation with the National Office of Social Insurance, given events on the Moldovan banking market and in order to attract new customers, automation works were conducted so as to ensure WEB services and e-data exchange for payment of social subsidies.

As the bank won the bid to service the Territorial Treasuries, the bank's specialists elaborated and implemented solutions needed to process treasury transactions.

To successfully manage the accounts of the Customs Service, project won by the bank following a tender, measures were taken to extend the infrastructure of elaborating and upgrading Globus/T24, Qsystems.Retail integrated by MPay, autonomous CSV, etc.; also, soft components were modified to ensure uninterrupted services for customers. At the same time, 39 customs agencies were opened and the technologic and communication technology infrastructure was set up for their stable operation.

Au continuat lucrările de dezvoltare a canalelor de telecomunicații corporative. În perioada 2014-2015, concomitent cu etapa de modernizare a echipamentelor de telecomunicații, s-au întreprins măsuri de migrare de la linii digitale dedicate de până la 2 Mbps și linii digitale comutate ISDN de până la 128 Kbps la linii de comunicații broadband de până la 1 Gbps, cu asigurarea conectării sediilor îndepărtate la sediul Central al băncii prin doi operatori alternativi, astfel, obținându-se o capacitate totală a canalului de transport date de la filialele/agențiile băncii de cca 20 Mbps (câte 10 Mbps de la fiecare operator) și câte un canal de agregare de 1 Gbps de la fiecare operator, în fiecare sediu central al băncii (Constantin Tănase, 9 și Miron Costin, 9). De asemenea s-a realizat conectarea la serviciile Internet prin doi operatori (Orange și Moldcell) și migrarea la utilizarea unui spectru de adrese IP Internet independente de operatori, creând premise pentru eventualele migrări de la un operator la altul pentru aceste servicii, fără a afecta serviciile bancare prestate de bancă în mediul Internet. La moment, canalul de bază Internet are o capacitate de 100 Mbps, iar cel de rezervă de 20 Mbps.

Serviciul Call Centru, creat în scopul acordării serviciilor consultative și de suport, a fost dotat cu cel mai modern echipament și soft, disponibil clienților 24x24, 7/7.

3.7. Conformitate

Moldova Agroindbank este adeptă a implementării celor mai bune practici și a menținerii celor mai înalte standarde profesionale de transparență, etică și integritate pentru a asigura o guvernare corporativă sustenabilă și eficientă. Totodată o gestionare eficientă și prudentă a băncii este asigurată prin menținerea unui sistem de control intern adecvat.

O funcție independentă de conformitate este o componentă cheie a unui sistem de control intern riguros și eficient al unei bănci.

Funcția de conformitate este responsabilă de identificarea, evaluarea, gestionarea și monitorizarea riscului de conformitate, care este asociat cu neconformarea băncii la legile, actele normative, reglementările, codurile de conduită profesională aplicabile. Funcția de conformitate propune măsuri de prevenire a expunerii la riscul de sancțiuni legale și de reglementare, riscul de pierderi financiare sau de afectare a reputației ca urmare a neconformării activității băncii la prevederile cadrului legal și de reglementare și la standardele de conduită profesională bancară.

În scopul gestionării riscurilor expuse mai sus și a conformării activității băncii practicilor internaționale

The bank continued developing the corporate telecommunications channels. In 2014-2015, alongside with the upgrade of telecommunications equipment, MAIB ensured migration from digital lines for up to 2 Mbps and switched ISDN lines of up to 128 Kbps to broadband telecommunications lines of up to 1 Gbps, ensuring the connectivity of faraway branches to the bank's HQ via two alternative operators, thus, reaching a total capacity of the transportation channel of data from the bank's branches/agencies of circa 20 Mbps (10 Mbps from each operator) and an aggregation channel of 1 Gbps from each operator, in each of the bank's headquarters (9 Constantin Tanase Str. and 9 Miron Costin Str.). Additionally, connectivity to Internet services was accomplished via two operators (Orange and Moldcell) and migration to IP Internet addresses independent from operators was accomplished, creating pre-requisites for subsequent migration from one operator to another for similar services, without affecting the Internet banking services. At the time being, the main Internet channel has a capacity of 100 Mbps and the backup one – 20 Mbps.

The Call Center Service, created with the purpose of providing consultancy and support services, was equipped with the most modern software and equipment, available to customers on a 24/7 basis.

3.7. Compliance

Moldova Agroindbank is committed to the implementation of the best practices and highest professional standards of transparency, ethics and integrity to ensure sustainable and efficient corporate governance. At the same time, an adequate internal control system is put in place to ensure an efficient and prudent management of the bank.

An independent compliance function is a key component in the bank's rigorous and efficient internal control system.

The compliance function is responsible for identifying, evaluating, managing and monitoring the compliance risk associated with the bank's non-compliance with applicable laws, bylaws, regulations and professional codes of conduct. The compliance function puts forward prevention measures against the risk of exposure to legal and regulatory sanctions, the risk of financial losses or reputational damage as a result of the bank's failure to comply with the legal and regulatory provisions and professional banking conduct standards.

In order to manage the above-mentioned risks and to ensure the bank's compliance with international

și cerințelor Băncii Naționale a Moldovei, în cadrul BC Moldova Agroindbank S.A. a fost constituit și activează Departamentul Conformitate.

Departamentul Conformitate acordă asistență Comitetului de Conducere al Băncii în evaluarea nivelului conformării activității Băncii cu prevederile cadrului legal și de reglementare în vigoare și cu modificările acestora, dar și la menținerea și dezvoltarea unor relații eficiente și de colaborare cu organele de supraveghere și control a activității băncii.

Un aspect important al Conformității îl constituie elaborarea unui cadru normativ intern necesar pentru prevenirea și identificarea timpurie a fraudelor, a situațiilor cu conflict de interese sau a abuzurilor din partea salariaților băncii. Examinarea sesizărilor primite de la salariați și reclamațiilor clienților permite identificarea proceselor, segmentelor de activitate vulnerabile și expuse la risc sau neeficiente.

Elaborarea de către Departamentul Conformitate a reglementărilor interne privind etica și conduita profesională a angajaților băncii și a unor programe de instruire continuă a personalului în domeniul conformității, contribuie la sporirea nivelului culturii corporative și încurajează angajații spre o comunicare deschisă cu Conducerea băncii.

Ca acte normative interne de bază pentru funcția de Conformitate au fost elaborate Politica de conformitate, Codul de Etică, Politica privind conflictul de interese și Politica antifraudă a băncii.

Politica de Conformitate definește elementele cheie în crearea și funcționării cadrului de conformitate, și anume implicarea Consiliului băncii și Comitetului executiv, independența funcției de conformitate, responsabilitatea fiecărui angajat, și principiile de conformitate, ca respectarea și promovarea conduitei profesionale de către angajații Băncii, conformarea activității acestora cu legile, actele normative, reglementările și standardele profesionale în vigoare, evitarea conflictelor de interese, asigurarea confidențialității în decursul exercitării atribuțiilor de serviciu, protejarea activelor Băncii și ale intereselor clienților, respectarea caracterului privat a informațiilor pe care îl dețin insiderii băncii și a transparenței tranzacțiilor efectuate de către angajații băncii pe piața financiară.

Codul de Etică are drept scop promovarea unor valori în cadrul Băncii cum ar fi integritatea, confidențialitatea, transparența și diligența, în vederea îmbunătățirii calității serviciilor oferite și protejării reputației băncii. Codul definește de asemenea un set de principii și standarde etice de comportament personal și profesional al angajaților.

practices and the National Bank of Moldova requirements, CB Moldova Agroindbank SA created the Compliance Department.

The Compliance Department provides assistance to the Management Board in evaluating the bank's compliance level with the legal framework and regulatory provisions in force and their amendments, as well as in maintaining and developing efficient cooperation relations with the bodies supervising and controlling the bank's activity.

The compliance function is also responsible for developing the internal legal framework needed for early prevention and identification of frauds, conflicts of interest or abuses by the bank's employees. Examining notices from employees and customers' complaints allows identifying vulnerable or inefficient processes and activity segments that are exposed to risk.

The development by the Compliance Department of internal ethics and professional conduct regulations, as well as a number of continuous personnel training programs on compliance contributes to strengthening corporate culture and encourages employees to openly communicate with the bank management.

The Compliance Policy, Code of Ethics, Conflict of Interests Policy and the Anti-Fraud Policy have been elaborated as the main normative acts for the Compliance function.

The Compliance Policy defines the key elements in the elaboration and functioning of the compliance framework, namely involvement of the Bank's Council and the Management Board, independence of the compliance function, responsibility of each employee, as well as the compliance principles, such as the bank's employees observing and promoting professional conduct, complying with the applicable laws, rules, regulations and professional standards, avoiding conflicts of interest, ensuring confidentiality while exercising their duties, protecting the bank's assets and interests of customers, respecting the privacy of information held by the bank's insiders and the transparency of transactions the bank's employees make on the financial market.

The Code of Ethics is aimed at promoting certain values within the Bank, such as integrity, confidentiality, transparency and diligence, in view of improving the quality of services provided and protecting the Bank's reputation. The Code also defines a set of ethical standards and principles of the employees' personal and professional behavior.

Politica privind conflictul de interese definește unele principii și cerințe de bază, de care se conduce banca în procesul de identificare și soluționare a situațiilor cu conflict de interese.

Politica antifraudă stabilește un cadru intern de reglementare pentru prevenirea și gestionarea cazurilor de fraudă și ale actelor de corupție la nivelul băncii, reglementează instituirea unor canale de comunicare a suspiciunilor de fraudă de către angajații băncii cu scopul minimizării riscurilor interne și externe de fraudă și promovarea unor standarde profesionale înalte de transparență, etică și integritate.

Pe parcursul anului 2015 a fost sporită capacitatea băncii de a asigura îndeplinirea atribuțiilor sale ce țin de domeniul Prevenirii și Combaterii Spălării Banilor și Finanțării Terorismului, ca parte componentă a conformității prin revizuirea Politicii băncii în domeniul Prevenirii și Combaterii Spălării Banilor și Finanțării Terorismului și a procedurilor interne aferente.

Politica în domeniul Prevenirii și Combaterii Spălării Banilor și Finanțării Terorismului asigură aplicarea măsurilor de identificare și prevenire a tentativelor de spălare a banilor, finanțare a terorismului, implicarea în infracțiuni financiare, acte de corupție și a altor tranzacții care contravin normelor și principiilor acceptabile în activitatea bancară. Politica stipulează că Banca se angajează să inițieze și să mențină relații de afaceri cu clienții și partenerii săi în concordanță cu legislația aplicabilă și cu standardele din domeniu precum sunt Recomandările 40 ale Grupului de Acțiune Financiară Internațională (FATF-GAFI) și documentele Grupului Wolfsberg aferente monitorizării tranzacțiilor, relațiilor de corespondență bancară și abordării bazate pe risc în gestionarea riscurilor de spălare a banilor.

Ca suport în implementarea cu succes a politicilor și a altor reglementări interne în domeniul conformității, pe parcursul anului 2015 au fost intensificate programele de instruire pentru angajații băncii, în mod special pentru noii angajații. Aceste programe includ în mod particular instruire în domeniul antifraudă, respectării Codului de Etică și în domeniul Prevenirii și Combaterii Spălării Banilor și Finanțării Terorismului.

The Conflict of Interests Policy defines the main principles and requirements which the Bank follows while identifying and resolving situations of conflict of interests.

The Anti-Fraud Policy establishes an internal regulatory framework to prevent and manage cases of fraud and acts of corruption in the bank, regulates the establishment of channels for the bank employees to communicate fraud suspicions, with the purpose of minimizing internal and external fraud risks and promoting high professional standards of transparency, ethics and integrity.

Throughout 2015, efforts were taken to build the bank's capacity to ensure the fulfillment of its duties in the field of Preventing and Fighting Money Laundering and Terrorism Financing, as a component part of compliance, by reviewing the Bank's policy in Preventing and Fighting Money Laundering and Terrorism Financing and the related internal procedures.

The Policy on Preventing and Fighting Money Laundering and Terrorism Financing ensures the implementation of measures to identify and prevent attempts to launder money, finance terrorism, involvement in financial crimes, acts of corruption and other transactions breaching the accepted banking norms and principles. The policy stipulates that the bank commits to initiate and maintain business relations with its customers and partners, in accordance with the applicable legislation and standards in the field, such as the 40 Recommendations of the Financial Action Task Force (FATF-GAFI) and the Wolfsberg Group documents on monitoring transactions, banking correspondence relations and risk-based approach in managing money laundering risks.

To support the successful implementation of policies and other bylaws regarding compliance, training programs for the bank's employees, especially for new employees, were enhanced in 2015. These programs particularly include training in the field of anti-fraud, Code of Ethics and in the field of Preventing and Fighting Money Laundering and Terrorism Financing.



4.1. Managementul Riscurilor

Gestionarea riscurilor este parte integrantă a tuturor proceselor decizionale și de afaceri din cadrul băncii și are drept scop protejarea dezvoltării durabile a băncii. Banca aplică o politică prudentă, riguroasă de evaluare, tratare și gestionare a riscurilor în procesul plasării eficiente a resurselor creditare, dezvoltând în permanență procedurile, mecanismele și instrumentele utilizate, adecvate condițiilor pieții.

În bancă funcționează un sistem de administrare a riscurilor, bazat pe cerințele BNM, recomandările Comitetului Basel pentru Supraveghere Bancară, recomandările companiei de audit, consultanța primită de la experții externi, precum și pe experiența proprie, acumulată de bancă.

Funcția de administrare a riscurilor este exercitată de către Diviziunea Administrare Riscuri. Rolul acestei Diviziuni constă în întreprinderea tuturor măsurilor necesare pentru conformarea permanentă cu toate criteriile calitative, sporirea gradului de conștientizare a riscului la nivel de Conducere a băncii, promovarea unui raport optimal între risc și rentabilitate, măsurarea capitalului economic al băncii și aprobarea tuturor modelelor de risc.

Sistemul de gestionare a riscurilor în cadrul Moldova Agroindbank include următoarele etape:

- a.** identificarea riscurilor - Banca ia în considerare toate riscurile, care pot avea un impact semnificativ asupra afacerii;
- b.** măsurarea riscurilor - evaluarea cantitativă a riscului constituie baza pentru determinarea toleranței la risc a Băncii, determinarea profitabilității operațiunilor bancare bazate pe risc;
- c.** gestionarea riscului - procesul de păstrare a riscurilor asumate de Bancă, în limitele, ce nu amenință stabilitatea ei financiară;
- d.** monitorizarea și raportarea.

4.1. Risk Management

Managing risks is an integral part of all decision-making and business processes within the bank and has the purpose of protecting the bank's sustainable development. The bank applies a prudent and rigorous policy of evaluating, treating and managing risks to ensure an efficient lending process, continuously developing procedures, mechanisms and instruments so that they meet market conditions.

A risk management system is in place within the bank, based on the requirements of the National Bank of Moldova, recommendations of the Basel Committee on Banking Supervision and of the audit company, on consultancy provided by external experts, as well as on the bank's own experience.

The risk management function is performed by the Risk Management Division. The division's task is to take all measures needed to ensure permanent compliance with all the quality criteria, increase the degree of risk awareness at the bank management level, promote an optimal ratio between risk and profitability, measure the bank's economic capital and approve all risk models.

The risk management system of Moldova Agroindbank includes the following stages:

- a.** Risk identification - the bank takes into consideration all risks which could significantly impact its business;
- b.** Risk measurement - quantitative risk assessment serves as basis for determining the bank's risk tolerance, as well as the profitability of risk-based banking operations;
- c.** Risk management - the process of maintaining the risks taken by the bank within the limits that do not threaten its financial stability;
- d.** Monitoring and reporting.

4.2. Administrarea Riscurilor principale

1. Riscul de credit,
2. Riscul de piață, care include:
 - riscul de rată a dobânzii;
 - riscul valutar;
3. Riscul de lichiditate;
4. Riscul de țară și de contraparte;
5. Riscul operațional.

Riscul de credit este definit ca riscul actual sau viitor de afectare negativă a profiturilor și capitalului ca urmare a neîndeplinirii de către debitor a obligațiilor contractuale sau a deteriorării situației sale, și este administrat de bancă prin:

- a. dezvoltarea scopurilor și obiectivelor stabilite de politica de credite a Băncii;
- b. realizarea unei abordări complexe și de sistem privind evaluarea și dirijarea riscurilor;
- c. crearea structurii de gestionare a riscului de credit și sistemului de luare a deciziilor;
- d. stabilirea nivelurilor de împuterniciri la aprobarea tranzacțiilor reieșind din mărimea riscului de credit;
- e. diversificarea portofoliului de credite;
- f. respectarea normativelor stabilite de Banca Națională a Moldovei și instituțiile financiare – creditori ai băncii.

■ RISCURILE DE PIAȚĂ (RISC VALUTAR ȘI RATA DOBÂNZII)

Managementul riscului de piață se realizează prin intermediul unui sistem intern de evaluare, limitare, monitorizare și control al riscurilor de piață. Administrarea riscului de piață în cadrul activității Moldova Agroindbank are în vedere monitorizarea riscului valutar și cel de rată a dobânzii.

Banca abordează în mod circumspect, chestiunea gestionării riscurilor de piață, în condițiile actuale de incertitudine sporită, asociată crizei economice atât în termeni de timp, cât și magnitudine, care condiționează evoluția nefavorabilă a factorilor macroeconomici, fapt ce implică volatilitatea înaltă a ratelor de dobânzi și a cursului de schimb valutar în piață. Gestionarea riscului de piață are ca obiectiv monitorizarea și menținerea în parametri asumați a expunerilor pe instrumentele financiare din portofoliu concomitent cu optimizarea randamentului respectivelor investiții.

4.2. Main Risks Management

1. Credit risk,
2. Market risk, which includes:
 - Interest rate risk;
 - Currency risk;
3. Liquidity risk;
4. Country and counterparty risk;
5. Operational risk.

Credit risk is defined as the current or future risk of profit and capital being negatively affected by the debtor's failure to meet contractual obligations or the deterioration of his situation, which the bank manages by:

- a. Developing the purposes and objectives established by the bank's lending policy;
- b. Achieving a complex and systematic approach to risk assessment and management;
- c. Developing the credit risk management structure and the decision-making system;
- d. Establishing the level of proxies upon approving the transactions resulting from the magnitude of the credit risk;
- e. Diversifying credit portfolio;
- f. Complying with the rules set by the National Bank of Moldova and the financial institutions acting as the bank's creditors.

■ MARKET RISKS (CURRENCY RISK AND INTEREST RATE RISK)

The market risk is managed through an internal system that assesses, limits, monitors and controls the market risks. To Moldova Agroindbank, market risk management resides in monitoring the currency and interest rate risks.

The bank prudently approaches market risk management, given the current conditions of increased uncertainty, associated with the economic crisis, both in terms of duration as well as magnitude, which conditions the unfavorable evolution of macroeconomic factors, which implies high volatility of interest rates and exchange rates. Market risk management aims at monitoring and maintaining the undertaken parameters of exposure to financial instruments in the portfolio, as well as optimizing the yield of these investments.

■ RISCUL DE LICHIDITATE

Sistemul de gestionare a riscului de lichiditate prevede:

- a. controlul respectării tuturor normativelor impuse de BNM (inclusiv menținerea rezervelor obligatorii în moneda națională și valuta străină) și a limitelor și parametrilor privind riscul de lichiditate intern și cel stabilit de către creditorii externi ai băncii;
- b. diversificarea resurselor financiare atrase și aprecierea periodică a surselor potențiale de recuperare a lichidităților și accesul pe piața resurselor;
- c. asigurarea unui echilibru al fluxurilor activelor și pasivelor băncii după termeni de maturitate;
- d. monitorizarea sistematică și analiza factorilor de risc cu privire la lichiditatea curentă și pe termen lung al băncii, modelarea scenariilor cu privire la nivelul de lichiditate curentă și pe termen lung a băncii în perspectivă în cadrul pronosticării fluxurilor bănești și elaborarea testelor de stres, în vederea preîntâmpinării eventualelor cazuri de criză de lichidități;
- e. evaluarea și monitorizarea evoluției indicatorilor cheie de risc;
- f. asigurarea transparenței informației privind solvabilitatea băncii pentru acționari, clienți, parteneri de afaceri și alte părți interesate;
- g. elaborarea planului de menținere a lichidității în situații de criză, etc.

Banca menține o politică prudențială și consecventă privind expunerea riscului de lichiditate, sistemul de gestionare a riscului de lichiditate fiind perfecționat continuu, prin implementarea tehnicilor și instrumentelor noi de estimare și control al riscului, pentru a reflecta schimbările și condițiile pieței.

■ RISCUL DE ȚARĂ

Sistemul de gestionare a riscului de țară în bancă prevede aplicarea și perfecționarea unui mecanism de apreciere și revizuire a categoriei de risc stabilită pentru țara respectivă, în baza analizei unui complex de factori, prevăzuți în cadrul actelor normative interne, de limitare a expunerii băncii față de fiecare țară, inclusiv revizuirea periodică și ajustarea limitelor stabilite.

Banca evaluează periodic calitatea creditară a expunerii sale față de riscul de țară și transfer și perfecționează teste de stres în funcție de gradul de severitate a circumstanțelor presupuse, estimând mărimea pierderilor potențiale și a impactului asupra capitalului băncii în cazul realizării acestora.

■ LIQUIDITY RISK

The liquidity risk management system provides for:

- a. Controlling the observance of all regulations of the National Bank of Moldova (including maintaining the required reserves in national and foreign currency) and the internal limits and parameters established by the bank's external creditors;
- b. Diversifying the attracted financial resources and assessing periodically potential sources of recouping liquidity and access to the resource market;
- c. Offsetting the bank's flows of assets and liabilities according to maturity terms;
- d. Systematically monitoring and evaluating risk factors related to the bank's current and long-term liquidity, developing scenarios concerning the bank's current and long-term liquidity within cash flow forecasts and elaborating stress-tests, in order to prevent potential liquidity crisis situations;
- e. Assessing and monitoring the evolution of Key Risk Indicators;
- f. Ensuring the transparency of information concerning the bank's solvency provided to shareholders, business partners and other interested parties;
- g. Elaborating a plan to maintain liquidity and financial stability in crisis situations, etc.

The bank promotes a prudential and consistent policy on liquidity risk exposure, with the liquidity risk management system being continuously improved by implementing new techniques and instruments to diagnose and control risk, to point out market changes and conditions.

■ COUNTRY RISK

The country risk management system provides for applying and improving the mechanism of assessing and reviewing the risk category established for the respective country, based on analysis of a pool of factors, stipulated by the bank's bylaws, for limiting the bank's exposure to each country, including their periodic review and adjustment of the established limits.

The bank systematically assesses the lending quality of its exposure to country risk and transfer risk and develops stress-tests depending on the degree of severity of presumed circumstances, estimating the size of potential losses and the impact on the bank's capital in case they come to fruition.

Respectarea limitelor de țară se monitorizează continuu, informația cu privire la nivelul de expunere a băncii riscului de țară, gradul de utilizare a limitelor, estimărilor efectuate de agențiile internaționale de rating și modificările rating-urilor atribuite țărilor, rezultatele testelor de stres, și alte aspecte importante ce țin de gestionarea riscului de țară sunt aduse la cunoștință Comitetului de Conducere al băncii și Consiliului băncii.

■ RISCUL OPERAȚIONAL

Obiectivul băncii aferent gestionării riscurilor operaționale reprezintă sporirea calității proceselor de afaceri ale băncii, eficienței de elaborare și implementare a produselor și serviciilor bancare, deservirea calitativă a clienților băncii.

În vederea atingerii obiectivelor aferente gestionării riscurilor operaționale, banca implementează consecvent și menține mecanisme de control al riscurilor în cadrul proceselor de afaceri, întreprinde măsuri de identificare a amenințărilor, reducere a posibilității realizării acestora, corectare și înlăturare oportună a deficiențelor și frecvenței pierderilor, concomitent cu perfecționarea continuă a cadrului de gestionare și culturii de risc operațional.

Pentru îmbunătățirea sistemului de management al riscurilor banca are planificat pentru anii 2016-2018 executarea următoarelor proiecte:

- a. Dezvoltarea modelelor interne de măsurare a riscului de credit, bazate pe calculul parametrilor de risc, că: probabilitatea de nerambursare (PD), pierderile datorate nerambursării (LDG), expunerea la riscul nerambursării (EAD), pierderile așteptate (EL) și pierderile neașteptate (UL);
- b. Implementarea modelelor expert și statistice de evaluare a riscului de credit, care să estimeze probabilitatea de nerambursare și ulterior să atribuie un rating debitorilor în ratingul general la nivel de bancă (Masterscale);
- c. Dezvoltarea funcției de control-credit în bancă prin implementarea unui flux electronic de examinare a cererilor de credit pentru persoanele juridice, care ar oferi inclusiv posibilitatea centralizării controlului disburseării creditelor filialelor băncii;
- d. Crearea unui depozit de date (datawarehouse) aferent creditării care ar trebui să păstreze:
 - toată informația aferentă activității de creditare relevantă raportărilor;
 - toată informația care ar permite băncii elaborarea modelelor statistice în viitor;

Compliance with the country limits is under continuous monitoring, regarding the bank's level of exposure to country risk, the degree of using the limits, estimations by international rating agencies and changes in country ratings, stress tests results and other important related aspects related to country risk management, brought to the attention of the Management Board of the Bank and the Bank's Council.

■ OPERATIONAL RISK

The bank's goal in managing operational risks is enhancing the quality of the bank's business processes, efficiency in developing and implementing banking products and services and quality service for the bank's customers.

To achieve the goals of operational risk management, the Bank consistently implements and maintains risk control mechanisms in the business processes, undertakes measures to identify threats, minimize possibilities for their coming to fruition, corrects and removes deficiencies and frequency of losses and, concurrently, continues to improve the operational risk management framework and culture.

To improve the risk management system, the bank has planned the following projects for 2016-2018:

- a. Developing internal credit risk measurement models, based on calculations of the risk parameters, such as: probability of default (PD), loss given default (LGD), exposure at default (EAD), expected loss (EL) and unexpected loss (UL);
- b. Implementing expert and statistical credit risk assessment models, which would estimate the probability of default and, subsequently, attribute a rating to debtors in the bank's general rating (Masterscale);
- c. Developing the credit control function in the bank by implementing an electronic flow of examining credit requests for legal entities, which would provide for the possibility of a centralized control of credit disbursement of the bank's branches;
- d. Developing a data warehouse related to lending, which would keep:
 - all information related to lending that is relevant to reporting;
 - all information which would allow elaborating future statistic models;

- e. Dezvoltarea și implementarea metodologiei de evaluare a riscurilor financiare și operaționale;
- f. Tranziția la un management modern și complex al riscurilor, bazat pe conceptul capitalului economic și rentabilității capitalului ajustat la risc (RARORAC), ce ar influența stabilirea prețurilor, managementul portofoliului, raportarea pe segmente, planificarea strategică și financiară, elaborarea noilor produse, determinarea apetitului de risc al băncii.

4.3. Sistemul de Control Intern

Moldova Agroindbank exercită funcțiile de control intern conform propriului sistem, organizat ținând cont de practica general acceptată în acest domeniu și care este aplicat în orice subunitate sau business-proces organizat în bancă.

În bancă se monitorizează permanent sistemele de control intern prin evaluarea corespunderii și respectării politicilor și procedurilor stabilite de Banca Națională a Moldovei și celor proprii, astfel încât acestea să fie suficiente și adecvate activității desfășurate.

Direcțiile principale de aplicare a sistemului controlului intern sunt minimizarea riscurilor aferente activităților financiare, exercitarea controlului asupra respectării legislației în vigoare, asigurarea securității informației, transparența structurii de proprietate și de control asupra băncii, soluționării conflictelor de interese, asigurarea unui nivel necesar de securitate care ar corespunde naturii, caracterului și volumului tranzacțiilor efectuate.

Pentru anul de raportare vom menționa unele domenii de aplicare a sistemelor de control intern în bancă, care sau evidențiat prin acțiuni distinse.

a) Sistemul de management al securității informației

În scopul asigurării securității informației în bancă este stabilit și implementat propriul Sistem de Management al Securității Informației (SMSI) în conformitate cu prevederile secțiunii 3 din Regulamentul BNM cu privire la sistemele de control intern în bănci. În trim. IV, 2015 SMSI a fost auditat de către organismul internațional de certificare a sistemelor de management „SRAC”. Ca rezultat, MAIB a obținut un certificat de corespundere la cerințele standardului internațional de securitate ISO/CEI 27001:2013. Unul din obiectivele principale ale SMS-lui constă în măsurarea eficienței măsurilor preventive și corective pentru înlăturarea vulnerabilităților și prevenirea recidivei incidentelor de securitate informațională care au avut loc.

- e. Developing and implementing financial and operational risks assessment methodology;
- f. Transitioning to a modern and complex risk management, based on the concept of economic capital and risk-adjusted return on capital (RAROC)/ risk-adjusted return on risk-adjusted capital (RARORAC), which might influence pricing, portfolio management, segment reporting, strategic and financial planning, development of new products and determining the bank's risk appetite.

4.3. Internal Control System

Moldova Agroindbank exercises the internal control function according to its own system, organized in line with the generally accepted practice in this field and put in place in every subunit or business process underway in the bank.

Within the bank, the internal control systems are permanently monitored by evaluating the level of compliance and observance of policies and procedures established by the National Bank of Moldova and the bank's own policies and procedures, so that the systems are sufficient and adequate for the bank's activity.

The internal control system focuses on minimizing risks related to financial activities, checking the observance of the legislation in force, ensuring information security, transparency of property structures and control over the bank, resolving conflicts of interest, ensuring a necessary security level which would correspond to the nature, character and volume of the made transactions.

For the year under review we shall mention several important areas of application of internal control systems in the bank.

a) Information security management system

In order to ensure information security, the bank developed and implemented its own Information Security Management System (ISMS), in accordance with the provisions of section 3 of the regulation on internal control systems in banks issued by the National Bank of Moldova. In the fourth quarter, the ISMS was audited by the international body for management systems certification “SRAC”. As a result, MAIB received a certificate of compliance with the requirements of the international security standard ISO/CEI 27001:2013. One of the main objectives of the security management systems is to measure the efficiency of preventive and corrective measures for removing vulnerabilities and preventing the reoccurrence of information security incidents.

b) Securitatea fizică

Securitate fizica a băncii a fost asigurată prin: dotarea subdiviziunilor băncii cu sisteme de securitate (video-control, acces, semnalizare pază/incediu, sisteme de stingere automată a incendiilor în încăperile serverelor), dotarea cu sisteme de paza tehnică a ATM-urilor, dotarea cu sisteme anti-incendiu a 4 centre de auto-deservire 24/24, verificarea sistemului de securitate și pază a obiectivelor băncii, acumularea și analiza informațiilor necesare pentru evitarea riscurilor externe pentru bancă, activități aferente instruirii personalului băncii, investigații pe cazurile de fraudă internă.

b) Physical security

The bank's physical security was ensured by providing the bank's subunits with security systems (video-control, access, security/fire warning, automated fire extinguishing systems in the servers rooms), equipping the ATMs with technical security systems, equipping 4 24/7 self-service centers with fire protection systems, verifying the bank's security system in the bank's office premises, accumulating and analyzing the information necessary to avoid external risks, activities related to the training of the bank's personnel, investigating internal fraud cases.



5.1. Cadru General

Politica în domeniul managementului resurselor umane are ca scop promovarea dimensiunii strategice a funcțiunii de resurse umane și este orientată spre formarea și menținerea unui personal fidel, de o înaltă calificare, motivat, bine instruit și organizat, capabil să răspundă prompt schimbărilor în piață și cerințelor generate de atingerea obiectivelor băncii și de așteptările clienților, apt să mențină poziția de lider a băncii în piața financiar-bancară a țării.

Situația social-economică și politică din țară și schimbările majore în piața bancară care au intervenit în anul 2015 - inițierea procesului de lichidare silită a 3 bănci (Banca de Economii, Banca Socială, Unibank), a condiționat revizuirea de către bancă a politicilor sale, inclusiv în domeniul resurselor umane.

Migrarea clienților de la băncile supuse procesului de lichidare silită, câștigarea licitațiilor publice de deservire a trezoreriilor teritoriale și a Serviciului Valam a condiționat necesitatea extinderii rețelei fizice a băncii și corespunzător a numărului de personal.

Astfel, la 31.12.2015 numărul total al salariaților băncii a constituit 2,020 față de 1,673 la 31.12.2014.

Rata de fluctuație a personalului băncii în 2015 a constituit 11.3% față de 8.9% în anul 2014. Vârsta medie a angajaților băncii la 31.12.2015 este de 37.12 ani (la 31.12.2014 - 37.25 ani).

Banca a continuat politica de investiții în capitalul uman prin organizarea a 564 seminare, la care au participat 4,052 persoane.

Pentru îmbunătățirea competențelor au fost organizate seminare cu diverse tematici, orientate spre abilități tehnice, soft-skills și manageriale, iar unor specialiști ai băncii le-a fost acordată posibilitatea de acumulare a experienței prin participarea la evenimente internaționale (seminare, conferințe, vizite de studiu etc.) organizate în Rusia, Ucraina, Azerbaidjan, România, Cehia, Italia, Germania, Luxembourg etc. În anul 2015 a fost investită în instruire suma de 1,438 mii lei.

Acțiunile de fidelizare, motivare, dezvoltare și eficientizare a personalului băncii vor reprezenta prioritățile anului 2016, iar acțiunile întreprinse vor fi în corelație cu evoluția evenimentelor și mediul concurențial, precum și implementarea Proiectului de transformare a băncii. Vom lucra și în continuare în vederea îmbunătățirii sistemului de remunerare și motivare a muncii salariaților băncii, evaluării performanțelor.

5.1. General Framework

The HR Management Policy aims at promoting the strategic dimension of the HR function and is focused on developing and maintaining a highly qualified, motivated, trained, organized and loyal staff, able to promptly react to market changes and the requirements stemming from the need to meet the bank's objectives and customers' expectations, able to maintain the bank's leadership position on Moldova's banking and financial market.

The economic, social and political situation in the country and the major changes on the banking market which took place in 2015 –liquidation of 3 banks (Banca de Economii, Banca Sociala, Unibank) - prompted the bank to review its policies, including in the field of human resources.

Migration of customers from the liquidated banks, the winning of public tenders to manage the accounts of district treasuries and Customs Service called for the need to extend the bank's physical network and increase personnel.

As of 31.12.2015, the total number of bank employees was 2,020 compared to 1,673 as of 31.12.2014.

Staff fluctuation ratio was 11.3% in 2015 compared to 8.9% in 2014. As of 31.12.2015, the average age of the bank employees was 37.12 years old (compared to 37.25 as of 31.12.2014).

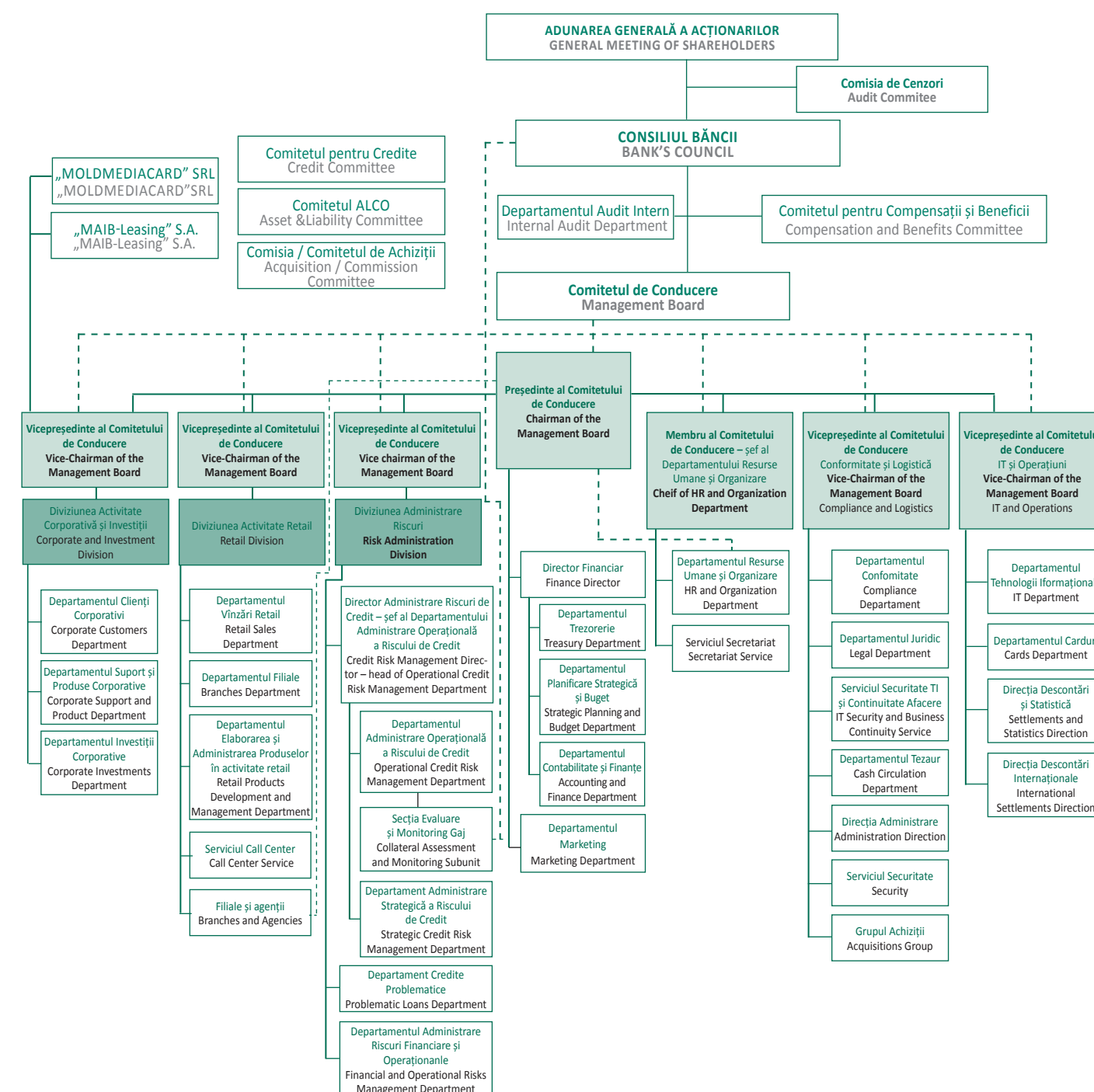
The Bank continued its policy of investing in human capital by organizing 564 training courses, which were attended by 4,052 people.

In order to build capacities, trainings with various topics were organized, aimed at technical abilities, soft and managerial skills, and some of the bank's specialists had the opportunity to gain experience by attending international events (training, conferences, study visits, etc.) organized in Russia, Ukraine, Azerbaijan, Romania, Czech Republic, Italy, Germany, Luxembourg, etc. MDL 1,438 thousand were invested in training in 2015.

Measures to strengthen loyalty, motivate, develop and increase the efficiency of the bank's staff will remain priorities for 2016, and actions taken will be in correlation with the evolution of events and the competition environment, as well as with the bank's transformation project. We will continue working on improving the compensation and motivation program and performance evaluation of the bank's employees.

Structura organizatorică a BC „Moldova Agroindbank” S.A. Organigram of CB Moldova Agroindbank SA

aprobată prin decizia Consiliului băncii din 14.03.2014
Approved by the decision
of the Council of the Bank dated 14.03.2014



6.1. „MAIB-Leasing” S.A.

„MAIB-Leasing” S.A. a fost fondată în septembrie 2002 de Moldova Agroindbank fiind una dintre primele companii de leasing din Republica Moldova. Sesizând importanța implementării unor noi mecanisme financiare, compania și-a asumat misiunea promovării acestui serviciu practic inutilizabil în acea perioadă, prin oferirea soluțiilor de finanțare corespunzătoare necesităților și exigențelor fiecărui client, contribuind la dezvoltarea acestui segment al pieței financiare locale. Din start, având o viziune clară asupra misiunii sale, managementul companiei a impus o strategie ce are ca scop obținerea și menținerea statutului de lider pe piața autohtonă a serviciilor de leasing.

La data de 31.12.2015 valoare totală a portofoliului net de 271.2 mil. lei (în anul 2014 356.7 mil. lei). Pe parcursul anului 2015 au fost încheiate 154 contracte în sumă de 125.2 mil. lei (în anul 2014 au fost încheiate 246 contracte în suma de 200.5 mil. lei).

Ponderea dominantă în structura portofoliului de leasing continuă să fie deținută de autoturisme, urmată de contractele ale căror obiect îl constituie imobilul. Astfel, putem concludiona că activitatea principală a companiei o constituie finanțarea în sistem leasing cu prioritate a autoturismelor, imobilului și a utilajelor, ca răspuns la cerințele pieții. Pentru finanțarea necesităților clienților actuali și potențiali, MAIB-Leasing își extinde continuu gama de instrumente financiare, care reprezintă un obiectiv major în dezvoltarea pe viitor.

6.1. MAIB Leasing SA

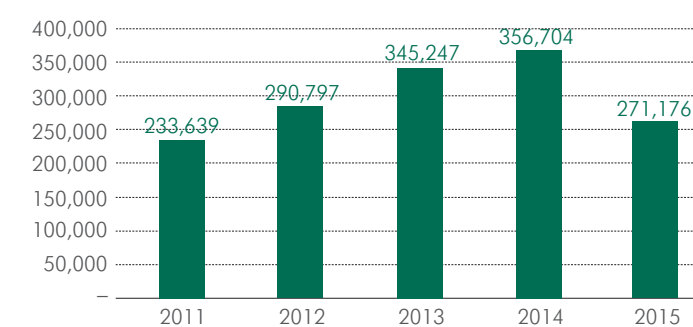
Founded in September 2002, the joint stock company MAIB-Leasing is one of the first leasing companies in Moldova. Aware of the importance of implementing new financial mechanisms, the company took the mission of promoting this service, which back then did not exist on the market, by offering financing solutions meeting the needs and expectations of every client, and thus contributing to the development of this segment on the local financial market. Having clearly defined its mission, the company's management promoted from the very beginning a strategy aimed at securing and maintaining its dominant position on the local market of leasing services.

As of 31 December 2015, the company's total net portfolio was 271.2 MDL million (compared to MDL 356.7 million in 2014). In 2015, MAIB-Leasing concluded 154 contracts worth MDL 125.2 million (compared with 246 contracts concluded in 2014 worth MDL 200.5 million).

Vehicles continue to hold the largest share in the structure of the leasing portfolio, followed by real estate, which means that the company's main activity is finance lease for vehicles, real estate and equipment as a response to the market needs. In order to finance the needs of current and potential customers, MAIB-Leasing continuously expands its range of financial instruments, which is a major future development goal.

DINAMICA PORTOFOLIULUI DE FINANȚĂRI, MII LEI

DYNAMICS OF FINANCING PORTFOLIO, THOUSAND LEI



MAIB-Leasing și-a demonstrat capacitatea de a opera cu succes într-un cadru economic și financiar dificil, influențat de efectele crizei economice globale. Aplicând condiții prudențiale în cadrul procesului de acordare a leasingului societatea și-a asigurat o poziție de lider stabilă în sectorul serviciilor de leasing, unde concurența este în continuă creștere.

Din perspectiva desfășurării activităților în interiorul societății, compania își propune să valorifice efectele strategiei manageriale. Un alt element important al strategiei companiei vizează asigurarea unei baze de finanțare care să asigure corespondența dintre sursele de finanțare și expuneri.

MAIB-Leasing este o companie lider pe piața leasingului din Moldova, având stabilite relații de colaborare cu reprezentanți ai business-ului mic și mijlociu și cu persoane fizice. Asigurarea serviciilor complete, în concordanță cu cerințele și așteptările clienților, este și va fi pe termen lung prioritatea Companiei.

În calitate de Președinte al Comitetului de Conducere al MAIB - Leasing a fost numit de către Adunarea generală a acționarilor S.A. „MAIB – Leasing” dl Petru Antonov pe un termen de 4 ani, cu exercitarea funcției din 01 decembrie 2015.

MAIB-Leasing has proved that it can operate successfully in a challenging economic and financial environment influenced by consequences of the global economic downturn. Applying prudential requirements, the company gained a stable leadership position in the leasing services sector, where the competition is stiff and constantly on the rise.

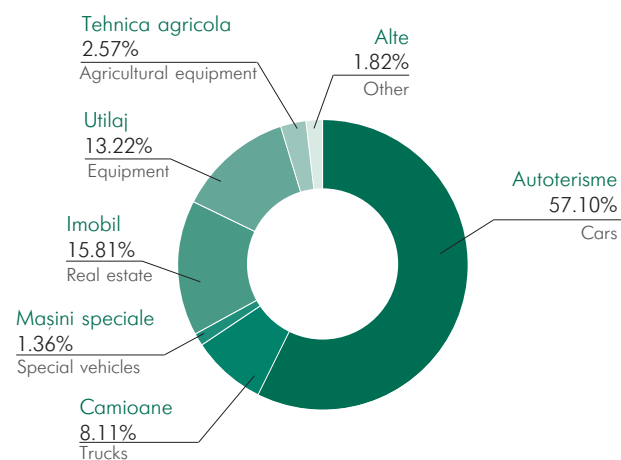
As regards its internal activity, the company intends to capitalize the effects of its management strategy. MAIB-Leasing will also focus on its strategy to secure a financing basis ensuring the correlation between exposure and financing sources.

Being among the leaders of Moldova’s leasing market, MAIB-Leasing has developed cooperation relations with small and medium-sized enterprises and individuals. Providing complete services, in correspondence with the needs and expectations of customers, will further be one of the company’s main long-term priorities.

The General Assembly of Shareholders of MAIB-Leasing S.A. on 1 December 2015 appointed Mr. Petru Antonov to serve as Chairman of the Management Board of the company for a 4-year mandate.

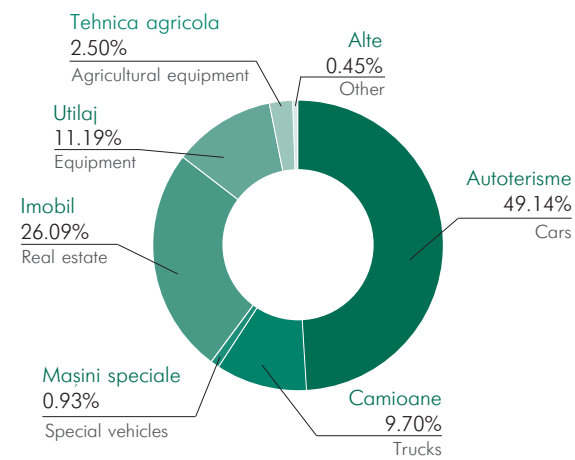
STRUCTURA PORTOFOLIULUI LA 31.12.2015 (DUPĂ VALOAREA CONTACTELOR)

THE STRUCTURE OF PORTOFOLIO
AS OF 31.12.2015



STRUCTURA PORTOFOLIULUI LA 31.12.2014 (DUPĂ VALOAREA CONTACTELOR)

THE STRUCTURE OF PORTOFOLIO
AS OF 31.12.2014



6.2. „Moldmediacard” S.R.L.

Compania de procesare a plăților cu carduri „Moldmediacard” S.R.L. a fost constituită și și-a lansat activitatea la 20.03.2000, avînd ca scop selectarea, implementarea, susținerea și exploatarea Sistemului de procesare a plăților cu utilizarea cardurilor și integrării lui în sistemele internaționale de plăți cu carduri. În scopul realizării obiectivelor sale, societatea practică următoarele genuri de activitate: dezvoltarea, elaborarea, emiterea, comercializarea cardurilor și operarea strategiilor, sistemelor, standardelor, metodologiilor, reglementărilor și studiilor în domeniul serviciilor financiar-bancare legate de tranzacțiile cu carduri, asigurarea compatibilității cardurilor și echipamentului aferent standardelor internaționale, etc.

„Moldmediacard” S.R.L. este unul dintre primii operatori, din Republica Moldova, care au implementat sistemul informatic necesar pentru procesarea tranzacțiilor cu carduri bancare de plată. Compania poate presta servicii de procesare pentru membrii sistemelor internaționale de plăți cu carduri Visa, MasterCard și American Express.

Spectrul serviciilor de procesare a tranzacțiilor prestat de către „Moldmediacard” S.R.L. acoperă toată gama funcționalităților disponibile la moment în piață: procesare tranzacții cu carduri cu bandă magnetică, cu carduri cu cip, acceptarea tranzacțiilor securizate din domeniul comerțului electronic în baza standardelor 3D Secure.

Aceste rezultate sunt susținute și de proiectele care au fost și care se implementează de către societate. Astfel, împreună cu specialiștii băncii s-a implementat o soluție ce ține de procesarea cardurilor cu microprocesor. Banca a implementat proiectul de acceptare a tranzacțiilor e-commerce cu carduri bancare Visa și Mastercard în specificații 3D-Secure, proiectul de achitări periodice cu carduri bancare (recurring payments), implementarea acceptării și emiterii cardurilor cu microprocesor fără contact, precum și implimentarea echipamentelor de acceptare carduri bancare înzestrate cu funcția de cash - in.

6.2. Moldmediacard SRL

The limited liability card payments processing company Moldmediacard SRL started its activity on 20 March 2000, having the purpose of selecting, implementing, supporting and operating the card payments processing system, and integrating it into the international card payment systems. In order to achieve its goals, the company conducts the following types of activity: developing, elaborating, issuing, selling cards and operating banking and financial strategies, systems, standards, methodologies, regulations and researches related to card transactions; it also ensures that cards and related equipment be in accordance with international standards, etc.

Moldmediacard SRL is one of the first operators in Moldova to implement an information system to process card transactions. The company can provide processing services to members of such international payment systems as Visa, MasterCard and American Express.

The range of transaction processing services provided by Moldmediacard SRL covers all operations currently available on the market: processing transactions with magnetic strip cards, chip cards, accepting secured transactions in e-commerce based on 3D Secure standards.

These results are also supported by the company’s past and ongoing projects. Thus, with support from the bank’s specialists, the company put in place a solution for processing microprocessor cards. The bank also implemented the project of accepting e-commerce transactions with MasterCard and Visa cards in 3D Secure, the project for recurring card payments, acquiring and issuance of contactless microprocessor cards, as well as the project of installing cash-in terminals.

În prezent “Moldmediacard” SRL este într-un proces de modernizare a infrastructurii sistemului informatic. O atenție deosebită în continuare se acordă subiectului privind fortificarea securității informaționale. În acest sens în “Moldmediacard” SRL sunt implementate cele mai recente și avansate scheme topologice, dedicate protecției datelor și resurselor sistemului informatic. De asemenea, urmează să fie finalizate proiecte în continuare, de exemplu cel de încasare bancnotelor străine în echipamentele cu funcții de cash – în și implimentarea unui șir de proiecte de către celelalte bănci – clienți.

Activitatea companiei este într-o continuă creștere, fapt demonstrat atât de creșterea numărului cererilor de autorizare prelucrate și a numărului tranzacțiilor de clearing, cât și sporirea constantă a cifrei de afaceri. În calitate de clienți ai societății sunt asociații-băncile comerciale autohtone. Sistemul informatic utilizat în Companie, în 2015, a procesat mai mult de 34% din valoarea totală a operațiunilor cu carduri emise în Republica Moldova înregistrate în piață (achitări bunuri, servicii – peste 55%) și a participat în 2015 la emiterea a unui volum de 29.2% din numărul total de carduri emise în Republica Moldova. Ponderea echipamentelor de acceptare a cardurilor conectate la Moldmediacard este de 26.1% bancomate și 48.2% POS terminale.

Presently, the company’s technological infrastructure is being upgraded, special emphasis being laid on the consolidation of information security. In this respect, the most up-to-date and advanced topological applications are implemented at Moldmediacard SRL to protect data and information system resources. Moreover, several other projects are about to be completed, such as installing equipment to cash in foreign banknotes, as well as other projects implemented by other customer banks.

The company’s activity continuously expands, which can be seen both in the increase in the number of authorization requests and in the number of clearing transactions, as well as in the constant increase in turnover. Domestic commercial banks are the company’s customers. In 2015, Moldmediacard processed 34% of the total issued cards in Republic of Moldova (payments for goods and services – 55%) and participated in issuing of 29.2% of total number of cards. The market share of ATMs connected to Moldmediacard is 26.1% and the share of POS terminals is 48.2%.

SITUAȚIILE FINANCIARE CONSOLIDATE SIMPLIFICATE ÎNTOCMITE
ÎN BAZA SITUAȚIILOR FINANCIARE CONSOLIDATE AUDITATE
PENTRU EXERCITIUL FINANCIAR ÎNCHEIAT
LA 31 DECEMBRIE 2015



SUMMARY CONSOLIDATED FINANCIAL STATEMENTS PREPARED BASED
ON THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

SITUAȚIA CONSOLIDATĂ SIMPLIFICATĂ DE PROFIT SAU PIERDERE ȘI ALTE ELEMENTE ALE REZULTATULUI GLOBAL ÎNTOCMITĂ ÎN BAZA SITUAȚIILOR FINANCIARE CONSOLIDATE AUDITATE PENTRU EXERCIȚIUL FINANCIAR ÎNCHEIAT LA 31 DECEMBRIE 2015

(Toate sumele sunt indicate în mii MDL, dacă nu este menționat altfel)

	2015	2014
	MDL'000	MDL'000
Venituri din dobânzi	1,490,295	1,084,289
Cheltuieli privind dobânzile	(680,646)	(485,634)
Venituri din dobânzi, net	809,649	598,655
Pierderi nete din deprecierea creditelor, creanțelor aferente leasingului și altor creanțe	(471,292)	(67,354)
Venituri nete din dobânzi diminuate cu pierderi din deprecierea creditelor, creanțelor aferente leasingului și altor creanțe	338,357	531,301
Venituri din taxe și comisioane	300,354	225,996
Cheltuieli privind taxe și comisioane	(76,738)	(49,797)
Venituri din taxe și comisioane, net	223,616	176,199
Venituri din operațiuni cu valută străină, net	255,160	121,635
Venituri din activele și datoriile financiare deținute pentru tranzacționare	7,686	12,148
Alte venituri operaționale	27,842	21,471
Deprecierea activelor financiare disponibile pentru vânzare	(14,924)	(14,769)
Deprecierea valorii altor active	(15,810)	(4,490)
Ciștiguri din reevaluarea investițiilor imobiliare	46,112	-
Cheltuieli privind retribuirea muncii	(213,951)	(234,409)
Alte cheltuieli administrative și operaționale	(214,564)	(167,510)
Cheltuieli cu amortizarea	(58,082)	(45,806)
Profit din activitatea operațională pînă la impozitare	381,442	395,770
Cheltuieli privind impozitul pe venit	3,317	(53,657)
Profitul net al exercițiului financiar	384,759	342,113
Profitul atribuibil:		
A acționarilor Băncii	382,466	341,639
Profit alocat intereselor fără control	2,293	474
Profitul net al exercițiului financiar	384,759	342,113
Alte elemente ale rezultatului global		
Articole care pot fi ulterior reclasificate în profit sau pierdere:		
Ciștigul/pierdere netă din reevaluarea activelor financiare disponibile pentru vânzare	9,896	7,327
Impozit pe venit amînat aferent reevaluării activelor financiare disponibile pentru vânzare	(594)	1,715
Articole care nu pot fi ulterior reclasificate în profit sau pierdere:		
Reevaluarea terenurilor și clădirilor	13,384	-
Impozit pe venit amînat aferent reevaluării terenurilor și clădirilor	695	(3,191)
Alte venituri globale ale exercițiului financiar	23,381	5,851
Situația rezultatului global al exercițiului financiar	408,140	347,964
Situația rezultatului global aferent:		
A acționarilor Băncii	405,847	347,490
Intereselor fără control	2,293	474
Situația rezultatului global al exercițiului financiar	408,140	347,964
Ciștiguri pe acțiune (prezentat în MDL pe acțiune)	375.15	350.99

Dezvăluirea bazelor de întocmire a situațiilor financiare consolidate simplificate este prezentată în Nota 1. Situațiile financiare consolidate simplificate au fost autorizate pentru emitere la 7 aprilie 2016 de către Executivul Băncii reprezentat de:

Președintele Comitetului de Conducere

DI Serghei Cebotari



Contabilul-șef

Dna Carolina Semeniuc

NOTA 1: BAZELE DE ÎNTOCMIRE A SITUAȚIILOR FINANCIARE CONSOLIDATE SIMPLIFICATE. Aceste situații financiare consolidate simplificate care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2015 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global aferent exercițiului financiar încheiat la această dată au fost extrase integral din informația relevantă inclusă în situațiile financiare consolidate ale BC Moldova Agroindbank SA („Banca”) pentru exercițiul financiar încheiat la 31 decembrie 2015 care au fost întocmite în conformitate cu Standardele Internaționale de Raportare Financiară și autorizate pentru emitere la 7 aprilie 2016. Respectiv, aceste situații financiare consolidate simplificate sunt consecvențe cu acele situații financiare consolidate. Conducerea a întocmit aceste situații financiare consolidate simplificate pentru publicarea acestora în presă. Din cauza naturii lor rezumate, aceste situații financiare consolidate simplificate nu pot oferi o înțelegere completă a performanței financiare și a poziției financiare ale Băncii. Această înțelegere poate fi obținută numai din setul complet de situații financiare consolidate ale Băncii. Setul complet de situații financiare consolidate ale Băncii din care au fost extrase situațiile financiare consolidate simplificate, sunt disponibile pe pagina web a BC Moldova Agroindbank SA (www.maib.md) și la cerere la adresa str. Constantin Tănase 9, Chișinău, Republica Moldova.

SITUAȚIA INDIVIDUALĂ A POZIȚIEI FINANCIARE LA 31 DECEMBRIE 2015

(Toate sumele sunt indicate în mii MDL, dacă nu este menționat altfel)

	31.12.2015	31.12.2014
	MDL'000	MDL'000
ACTIVE		
Mijloace bănești în numerar	515,578	414,985
Conturi la Banca Națională a Moldovei	3,525,126	1,510,439
Conturi curente și depozite la bănci	2,261,334	1,546,429
Active financiare deținute pentru tranzacționare	36,576	166,520
Credite acordate clienților	10,329,059	10,305,988
Creanțe aferente leasingului	263,934	347,072
Active financiare disponibile pentru vânzare	153,769	158,064
Active financiare păstrate pînă la scadență	688,879	624,814
Active luate în posesie	24,093	17,437
Imobilizări corporale	411,458	376,286
Investiții imobiliare	75,149	16,816
Imobilizări necorporale	62,708	52,118
Alte active	101,709	88,692
Total active	18,449,372	15,625,660
OBLIGAȚIUNI		
Datorii către bănci	183,931	296,421
Împrumuturi	1,114,606	1,094,419
Datorii către clienți	14,044,541	11,501,029
Datorii privind impozitul amînat	24,926	76,525
Datorii privind impozitul curent	8,535	8,438
Alte obligațiuni	113,554	80,280
Total obligațiuni	15,490,093	13,057,112
CAPITALUL PROPRIU		
Acțiuni ordinare	207,527	207,527
Acțiuni de tezaur	-	(12,854)
Capital suplimentar	104,537	31,037
Rezerva din reevaluarea imobilizărilor corporale	149,548	160,319
Rezerva din reevaluarea activelor financiare disponibile pentru vânzare	72,203	62,901
Profit nerepartizat	2,418,489	2,114,936
Capitaluri proprii atribuibile acționarilor Băncii	2,952,304	2,563,866
Interese fără control	6,975	4,682
Total capitalul propriu	2,959,279	2,568,548
Total obligațiuni și capital propriu	18,449,372	15,625,660

Dezvăluirea bazelor de întocmire a situațiilor financiare consolidate simplificate este prezentată în Nota 1. Situațiile financiare consolidate simplificate au fost autorizate pentru emitere la 7 aprilie 2016 de către Executivul Băncii reprezentat de:

Președintele Comitetului de Conducere

DI Serghei Cebotari



Contabilul-șef

Dna Carolina Semeniuc

NOTA 1: BAZELE DE ÎNTOCMIRE A SITUAȚIILOR FINANCIARE CONSOLIDATE SIMPLIFICATE. Aceste situații financiare consolidate simplificate care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2015 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global aferent exercițiului financiar încheiat la această dată au fost extrase integral din informația relevantă inclusă în situațiile financiare consolidate ale BC Moldova Agroindbank SA („Banca”) pentru exercițiul financiar încheiat la 31 decembrie 2015 care au fost întocmite în conformitate cu Standardele Internaționale de Raportare Financiară și autorizate pentru emitere la 7 aprilie 2016. Respectiv, aceste situații financiare consolidate simplificate sunt consecvențe cu acele situații financiare consolidate. Conducerea a întocmit aceste situații financiare consolidate simplificate pentru publicarea acestora în presă. Din cauza naturii lor rezumate, aceste situații financiare consolidate simplificate nu pot oferi o înțelegere completă a performanței financiare și a poziției financiare ale Băncii. Această înțelegere poate fi obținută numai din setul complet de situații financiare consolidate ale Băncii. Setul complet de situații financiare consolidate ale Băncii din care au fost extrase situațiile financiare consolidate simplificate, sunt disponibile pe pagina web a BC Moldova Agroindbank SA (www.maib.md) și la cerere la adresa str. Constantin Tănase 9, Chișinău, Republica Moldova.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(All amounts in MDL thousand unless otherwise stated)

	2015	2014
	MDL'000	MDL'000
Interest income	1,490,295	1,084,289
Interest expense	(680,646)	(485,634)
Net interest income	809,649	598,655
Net impairment loss on loans, lease receivables and other receivables	(471,292)	(67,354)
Net interest income after impairment of loans, lease receivables and other receivables	338,357	531,301
Fee and commission income	300,354	225,996
Fee and commission expense	(76,738)	(49,797)
Net fee and commission income	223,616	176,199
Foreign exchange gains, net	255,160	121,635
Gains from financial assets and liabilities held for trading	7,686	12,148
Other operating income	27,842	21,471
Impairment loss on available for sale financial assets	(14,924)	(14,769)
Impairment loss on other assets	(15,810)	(4,490)
Gains from revaluation of investment property	46,112	-
Personnel expenses	(213,951)	(234,409)
Other administrative and operating expenses	(214,564)	(167,510)
Amortization expenses	(58,082)	(45,806)
Operating profit before tax	381,442	395,770
Income tax expense	3,317	(53,657)
Net profit for the year	384,759	342,113
Profit attributable to:		
Bank's Shareholders	382,466	341,639
Non-controlling interests	2,293	474
Net profit for the year	384,759	342,113
Other comprehensive income		
Items that are or may be reclassified to profit or loss:		
Change in fair value of financial assets available for sale	9,896	7,327
Deferred tax related to the changes in fair value of financial assets available for sale	(594)	1,715
Items that will never be reclassified to profit or loss:		
Revaluation of land and buildings	13,384	-
Deferred tax related to the revaluation of land and buildings	695	(3,191)
Other comprehensive income for the year	23,381	5,851
Total comprehensive income for the year	408,140	347,964
Total comprehensive income attributable to:		
Bank's Shareholders	405,847	347,490
Non-controlling interests	2,293	474
Total comprehensive income for the year	408,140	347,964
Earnings per share (expressed in MDL per share)	375.15	350.99

Basis of preparation of the summary consolidated financial statements is disclosed in Note 1. The summary consolidated financial statements were authorized for issue on 7 April 2016 by the executives of the Group represented by:

Chairman of the Management Board

Mr. Serghei Cebotari



Chief Accountant

Mrs. Carolina Semeniuc

NOTE: BASIS OF PREPARATION OF THE SUMMARY CONSOLIDATED FINANCIAL. These summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income for the year then ended have been extracted entirely from the relevant information included in the consolidated financial statements of BC Moldova Agroindbank SA ("the Bank") for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards and authorized for issue on 7 April 2016. Consequently, these summary consolidated financial statements are consistent with those consolidated financial statements. Management has prepared these summary consolidated financial statements for their publication in the press. Because of their aggregated and summarised nature, these summary consolidated financial statements cannot provide a full understanding of the financial performance and financial position of the Bank. This understanding can only be obtained from the full set of consolidated financial statements of the Bank. A full set of the consolidated financial statements of the Bank, from which the summary consolidated financial statements have been derived, are available on BC Moldova Agroindbank SA website (www.maib.md) and, upon request, at 9 Constantin Tanase street, Chisinau, Republic of Moldova.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

(All amounts in MDL thousand unless otherwise stated)

	31.12.2015	31.12.2014
	MDL'000	MDL'000
ASSETS		
Cash on hand	515,578	414,985
Balances with National Bank of Moldova	3,525,126	1,510,439
Due from banks	2,261,334	1,546,429
Financial assets held for trading	36,576	166,520
Loans and advances to customers	10,329,059	10,305,988
Lease receivables	263,934	347,072
Financial assets available for sale	153,769	158,064
Financial assets held to maturity	688,879	624,814
Foreclosed collateral	24,093	17,437
Property and equipment	411,458	376,286
Investment property	75,149	16,816
Intangible assets	62,708	52,118
Other assets	101,709	88,692
Total assets	18,449,372	15,625,660
LIABILITIES		
Due to banks	183,931	296,421
Borrowings	1,114,606	1,094,419
Due to customers	14,044,541	11,501,029
Deferred tax liabilities	24,926	76,525
Current tax liabilities	8,535	8,438
Other liabilities	113,554	80,280
Total liabilities	15,490,093	13,057,112
EQUITY		
Ordinary shares	207,527	207,527
Treasury shares	-	(12,854)
Share premium	104,537	31,037
Property and equipment revaluation reserve	149,548	160,319
Available for sale financial assets revaluation reserve	72,203	62,901
Retained earnings	2,418,489	2,114,936
Total equity attributable to shareholders of the Bank	2,952,304	2,563,866
Non-controlling interests	6,975	4,682
Total equity	2,959,279	2,568,548
Total equity and liabilities	18,449,372	15,625,660

Basis of preparation of the summary consolidated financial statements is disclosed in Note 1. The summary consolidated financial statements were authorized for issue on 7 April 2016 by the executives of the Group represented by:

Chairman of the Management Board

Mr. Serghei Cebotari



Chief Accountant

Mrs. Carolina Semeniuc

NOTE: BASIS OF PREPARATION OF THE SUMMARY CONSOLIDATED FINANCIAL. These summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income for the year then ended have been extracted entirely from the relevant information included in the consolidated financial statements of BC Moldova Agroindbank SA ("the Bank") for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards and authorized for issue on 7 April 2016. Consequently, these summary consolidated financial statements are consistent with those consolidated financial statements. Management has prepared these summary consolidated financial statements for their publication in the press. Because of their aggregated and summarised nature, these summary consolidated financial statements cannot provide a full understanding of the financial performance and financial position of the Bank. This understanding can only be obtained from the full set of consolidated financial statements of the Bank. A full set of the consolidated financial statements of the Bank, from which the summary consolidated financial statements have been derived, are available on BC Moldova Agroindbank SA website (www.maib.md) and, upon request, at 9 Constantin Tanase street, Chisinau, Republic of Moldova.



RAPORTUL AUDITORULUI INDEPENDENT CU PRIVIRE
LA SITUAȚIILE FINANCIARE CONSOLIDATE
SIMPLIFICATE CĂTRE ACȚIONARII
BC MOLDOVA AGROINDBANK S.A.

MAIB
Moldova Agroindbank

REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY
CONSOLIDATED FINANCIAL STATEMENTS
TO THE SHAREHOLDERS OF CB MOLDOVA AGROINDBANK SA

Situațiile financiare consolidate simplificate anexate, care cuprind situația consolidată a poziției financiare la data de 31 decembrie 2015 și situația consolidată de profit sau pierdere și alte elemente ale rezultatului global pentru anul încheiat la această dată sunt derivate din situațiile financiare consolidate ale BC Moldova Agroindbank S.A. (“Banca”) și a companiilor sale fiice (împreună “Grupul”) pentru anul încheiat la 31 decembrie 2015. Am exprimat o opinie de audit fără rezerve cu privire la acele situații financiare consolidate în raportul nostru din data de 7 aprilie 2016.

Situațiile financiare consolidate simplificate nu conțin toate prezentările cerute de Standardele Internaționale de Raportare Financiară. Astfel, citirea situațiilor financiare consolidate simplificate nu reprezintă un substitut pentru citirea situațiilor financiare consolidate auditate ale Băncii.

Responsabilitatea conducerii pentru situațiile financiare simplificate

Conducerea este responsabilă pentru pregătirea situațiilor financiare consolidate simplificate în conformitate cu baza descrisă în Nota 1.

Responsabilitatea auditorului

Responsabilitatea noastră este de a exprima o opinie cu privire la situațiile financiare consolidate simplificate în baza procedurilor noastre, care au fost efectuate în conformitate cu Standardul internațional de audit (ISA) 810, “Misiuni de raportare cu privire la situații financiare simplificate”.

Opinia

În opinia noastră, situațiile financiare consolidate simplificate derivate din situațiile financiare consolidate auditate ale Grupului pentru anul încheiat la 31 decembrie 2015 sunt consecvente, sub toate aspectele semnificative, cu acele situații financiare consolidate, în conformitate cu baza descrisă în Nota 1.

Evidențierea unor aspecte

Raportul nostru de audit din data de 7 aprilie 2016 a inclus un paragraf de “Evidențierea unor aspecte” în care noi atragem atenția asupra faptului că, în conformitate cu Hotărârile nr. 158 din 11 iunie 2015, nr. 25 din 11 septembrie 2015, 138 din 14 decembrie 2015 și 52 din 9 martie 2016 ale Comitetul Executiv al Băncii Naționale a Moldovei (“BNM”), în baza motivelor invocate în hotărârile menționate, a fost instituită supravegherea specială asupra Băncii pentru patru termene consecutive a câte trei luni.

De asemenea, în paragraful “Evidențierea unor aspecte” am atras atenția asupra notelor 1 și 43 la situațiile financiare consolidate care descriu faptul că BNM a blocat două grupuri de acționari ai Băncii, care activează concertat în raport cu Banca și au achiziționat cote substanțiale în capitalul social al Băncii, fără a dispune de permisiunea prealabilă scrisă a BNM. BNM a solicitat acționarilor nominalizați de a se conforma prevederilor Legii instituțiilor financiare, care stipulează obligativitatea acționarilor de a înstrăina, în termen de trei luni de la data deciziilor BNM, acțiunile ce le dețin în capitalul Băncii.

În urma stabilirii acțiunilor concertate ale acționarilor Băncii, la data de 16 martie 2016, BNM a retras confirmările a trei membri ai Consiliului Băncii, ca urmare a necorespunderii acestora cerințelor obligatorii față de administratori, stipulate prin lege.

Aspectele descrise în paragraful “Evidențierea unor aspecte” indică existența unor incertitudini ce ar putea avea impact asupra activității Băncii în caz că acționarii noi și membrii Consiliului Băncii înaintați de acești acționari nu vor continua politicile financiare și operaționale existente ale Băncii. Impactul aspectelor menționate nu a putut fi estimat la data aprobării situațiilor financiare consolidate și nu a fost reflectat sau prezentat în situațiile financiare consolidate. Raportul nostru de audit din data de 7 aprilie 2016 nu conține rezerve în legătură cu acestea aspecte.

7 aprilie 2016


BDO Audit & Consulting S.R.L.
str. A. Pușkin 45B, et. 5
MD-2005, Chișinău, Republica Moldova
Licența A MMII nr. 050535


Eugeniu Raietchi
Auditor Licențiat
Licența AIF 0015

The accompanying summary consolidated financial statements, which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income for the year then ended, are derived from the audited consolidated financial statements of BC Moldova Agroindbank S.A. (“the Bank”) and its subsidiaries (together “the Group”) for the year ended 31 December 2015. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated 7 April 2016.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the summary consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of the Group.

Management’s responsibility for the summary financial statements

Management is responsible for the preparation of a summary of the audited consolidated financial statements on the basis described in Note 1.

Auditor’s responsibility

Our responsibility is to express an opinion on the summary consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 „Engagements to Report on Summary Financial Statements”.

Opinion

In our opinion, the summary consolidated financial statements derived from the audited consolidated financial statements of the Group for the year ended 31 December 2015 are consistent, in all material respects, with those consolidated financial statements, on the basis described in Note 1

Emphasis of Matter

Our audit report dated 7 April 2016 included an „Emphasis of Matter” paragraph in which we draw attention to the fact that special supervision over the Bank for four consecutive terms of three months each was established, based on reasons invoked in the decisions no. 158 dated 11 June 2015, no. 25 dated 11 September 2015, no. 138 dated 14 December 2015 and no. 52 dated 9 March 2016 of the Executive Committee of the National Bank of Moldova („the NBM”).


In the „Emphasis of Matter” paragraph we also draw attention to Notes 1 and 43 to the consolidated financial statements which describe the fact that the NBM has blocked two groups of shareholders of the Bank, acting in concert in relation to the Bank and purchased a qualifying holding in the share capital of the Bank, without having a prior written permission of the NBM. The NBM has asked nominated shareholders to comply with the provisions of the Law on Financial Institutions, which stipulates the obligation of shareholders to sell within three months from the NBM decisions date the qualifying holding in the share capital of the Bank.

Following the establishment of concerted actions of the shareholders of the Bank, on 16 March 2016 the NBM withdrew confirmation of three members of the Board of the Bank as they do not meet any longer the mandatory legal requirements for administrators.

Matters described in the „Emphasis of Matter” paragraph indicates the existence of uncertainties that may impact the activity of the Bank in the event that new shareholders and new members of the Board of the Bank nominated by those shareholders will not continue the existing financial and operating policies of the Bank. The impact of these matters could not be estimated at the date of approval of the consolidated financial statements and has not been reflected or presented in the consolidated financial statements. Our audit report dated 7 April 2016 is not qualified in respect of these matters.

7 April 2016


BDO Audit & Consulting S.R.L.
45B A. Puskin str., 5th floor
MD-2005, Chisinau, Republic of Moldova
License A MMII nr. 050535


Eugeniu Raietchi
Licensed Auditor
License AIF 0015



**CONSOLIDATED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31 DECEMBER 2015**

**PREPARED IN ACCORDANCE WITH INTERNATIONAL
FINANCIAL REPORTING STANDARDS**

(FREE TRANSLATION*)

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* Translator's explanatory note: The translation of this document is provided as a free translation from Romanian which is the official and binding version.

INDEPENDENT AUDITOR'S REPORT**to the shareholders of BC Moldova Agroindbank S.A.**

We have audited the accompanying consolidated financial statements of BC Moldova Agroindbank S.A. ("the Bank") and its subsidiaries (together „the Group”), which comprise the consolidated statement of financial position as at 31 December 2015 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to the fact that special supervision over the Bank for four consecutive terms of three months each was established, based on reasons invoked in the decisions no. 158 dated 11 June 2015, no. 25 dated 11 September 2015, no. 138 dated 14 December 2015 and no. 52 dated 9 March 2016 of the Executive Committee of the National Bank of Moldova („the NBM”).

We also draw attention to Notes 1 and 43 to the consolidated financial statements which describe the fact that the NBM has blocked two groups of shareholders of the Bank, acting in concert in relation to the Bank and purchased a qualifying holding in the share capital of the Bank, without having a prior written permission of the NBM. The NBM has asked nominated shareholders to comply with the provisions of the Law on Financial Institutions, which stipulates the obligation of shareholders to sell within three months from the NBM decisions date the qualifying holding in the share capital of the Bank.

Following the establishment of concerted actions of the shareholders of the Bank, on 16 March 2016 the NBM withdrew confirmation of three members of the Board of the Bank as they do not meet any longer the mandatory legal requirements for administrators.

These matters indicate the existence of uncertainties that may impact the activity of the Bank in the event that new shareholders and new members of the Board of the Bank nominated by those shareholders will not continue the existing financial and operating policies of the Bank. The impact of these matters could not be estimated at the date of approval of the consolidated financial statements and has not been reflected or presented in these consolidated financial statements. Our opinion is not qualified in respect of these matters.

Other Matters

The consolidated financial statements of the Group for the year ended 31 December 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 10 April 2015.

This report is made solely to the Group's shareholders. Our audit work has been undertaken so that we might state to the Group'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 Group and the Group's shareholder, for our audit work, for this report, or for the opinion we have formed.

7 April 2016

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License A MMII nr. 050535


Eugeniu Raietchi
Licensed Auditor
License AIF 0015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Notes	2015 MDL'000	2014 MDL'000
Interest income	24	1,490,295	1,084,289
Interest expense	24	(680,646)	(485,634)
Net interest income		809,649	598,655
Net impairment loss on loans, lease receivables and other receivables	30	(471,292)	(67,354)
Net interest income after impairment loss on loans, lease receivables and other receivables		338,357	531,301
Fee and commission income	25	300,354	225,996
Fee and commission expense	25	(76,738)	(49,797)
Net fee and commission income		223,616	176,199
Net foreign exchange gains	26	255,160	121,635
Gains on financial assets and liabilities held for trading		7,686	12,148
Other operating income	27	27,842	21,471
Impairment loss on available for sale financial assets	10	(14,924)	(14,769)
Impairment loss on other assets		(15,810)	(4,490)
Gains from investment property revaluation		46,112	-
Personnel expenses	28	(213,951)	(234,409)
Other administrative and operating expenses	29	(214,564)	(167,510)
Depreciation and amortization		(58,082)	(45,806)
Profit before tax		381,442	395,770
Income tax expense	19	3,317	(53,657)
Profit for the year		384,759	342,113
Profit attributable to:			
Equity holders of the Bank		382,466	341,639
Non-controlling interests		2,293	474
Net profit for the year		384,759	342,113

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Notes	2015 MDL'000	2014 MDL'000
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Changes in fair value of available for sale financial assets	10	9,896	7,327
Deferred tax related to the changes in fair value of available for sale financial assets	19	(594)	1,715
<i>Items that will not be reclassified to profit or loss:</i>			
Revaluation of land and buildings		13,384	-
Deferred tax related to the revaluation of land and buildings	19	695	(3,191)
Other comprehensive income for the year		23,381	5,851
Total comprehensive income for the year		408,140	347,964
Total comprehensive income attributable to:			
Equity holders of the Bank		405,847	347,490
Non-controlling interests		2,293	474
Total comprehensive income for the year		408,140	347,964
Earnings per share (expressed in MDL per share)	33	375.15	350.99

The consolidated financial statements were authorized for issue on 7 April 2016 by the Executives of the Group represented by:

President of the Management Board

Mr. Serghei Cebotari



Chief Accountant

Mrs. Carolina Semeniuc

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DATED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Notes	31.12.2015	31.12.2014*
		MDL'000	MDL'000
ASSETS			
Cash on hand	4	515,578	414,985
Balances with National Bank of Moldova	5	3,525,126	1,510,439
Due from banks	6	2,261,334	1,546,429
Financial assets held for trading	7	36,576	166,520
Loans and advances to customers	8	10,329,059	10,305,988
Lease receivables	9	263,934	347,072
Financial assets available for sale	10	153,769	158,064
Financial assets held to maturity	10	688,879	624,814
Foreclosed collateral	11	24,093	17,437
Property and equipment	12	411,458	376,286
Investment property	13	75,149	16,816
Intangible assets	14	62,708	52,118
Other assets	15	101,709	88,692
Total assets		18,449,372	15,625,660
LIABILITIES			
Due to banks	16	183,931	296,421
Borrowings	17	1,114,606	1,094,419
Due to customers	18	14,044,541	11,501,029
Deferred tax liabilities	19	24,926	76,525
Current tax liability		8,535	8,438
Other liabilities	20	113,554	80,280
Total liabilities		15,490,093	13,057,112
EQUITY			
Ordinary shares		207,527	207,527
Treasury shares		-	(12,854)
Share premium		104,537	31,037
Property and equipment revaluation reserve		149,548	160,319
Available for sale financial assets revaluation reserve		72,203	62,901
Retained earnings		2,418,489	2,114,936
Total equity attributable to equity holders of the Bank		2,952,304	2,563,866
Non-controlling interests		6,975	4,682
Total equity		2,959,279	2,568,548
Total equity and liabilities		18,449,372	15,625,660

*See Note 2.28

The consolidated financial statements were authorized for issue on 7 April 2016 by the Executives of the Group represented by:

President of the Management Board

Mr. Serghei Cebotari



Chief Accountant

Mrs. Carolina Semeniuc

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Attributable to equity holders of the Group								
	Ordinary shares	Treasury shares	Share premium	Available for sale financial assets revaluation reserve	Property and equipment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balance as at 1 January 2015	207,527	(12,854)	31,037	62,901	160,319	2,114,936	2,563,866	4,682	2,568,548
Total comprehensive income									
Net profit for the year	-	-	-	-	-	382,466	382,466	2,293	384,759
Other comprehensive income	-	-	-	9,302	14,079	-	23,381	-	23,381
Total comprehensive income for the year	-	-	-	9,302	14,079	382,466	405,847	2,293	408,140
Transaction with shareholders									
Dividends paid (Note 21)	-	-	-	-	-	(103,763)	(103,763)	-	(103,763)
Sale of treasury shares	-	12,854	73,500	-	-	-	86,354	-	86,354
Other transactions									
Transfer of revaluation surplus at the disposal of property and equipment	-	-	-	-	(24,850)	24,850	-	-	-
Balance as at 31 December 2015	207,527	-	104,537	72,203	149,548	2,418,489	2,952,304	6,975	2,959,279

As at 31 December 2015 the non-distributable legal reserves of the Group amounted to MDL'000 392,626 (2014: MDL'000 400,696). Starting from 2012, according to the National Bank of Moldova requirements, an additional reserve was created by the Group. This reserve is determined as the difference between the allowances for impairment of loans and conditional commitments in accordance with IFRS and the value computed, but not accounted for of allowances for impairment of loans and conditional commitments in accordance with prudential regulations of the National Bank of Moldova (2015: MDL'000 317,773 and 2014: MDL'000 456,745). Both reserves are included in the retained earnings column and are non-distributable.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Attributable to equity holders of the Group								
	Ordinary shares	Treasury shares	Share premium	Available for sale financial assets revaluation reserve	Property and equipment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balance as at 1 January 2014, as initially reported	207,527	(12,854)	31,037	33,227	167,493	1,915,319	2,341,749	4,208	2,345,957
Deferred tax as effect of corrections of prior years' errors (See Note 2.28)	-	-	-	(1,317)	-	-	(1,317)	-	(1,317)
Correction of investment revaluation reserve (See Note 2.28)	-	-	-	21,949	-	-	21,949	-	21,949
Restated balance as at 1 January 2014*	207,527	(12,854)	31,037	53,859	167,493	1,915,319	2,362,381	4,208	2,366,589
Total comprehensive income									
Net profit for the year	-	-	-	-	-	341,639	341,639	474	342,113
Other comprehensive income	-	-	-	9,042	(3,191)	-	(2,571)	-	(2,571)
Total comprehensive income for the year	-	-	-	9,042	(3,191)	341,639	347,490	474	347,964
Transactions with shareholders									
Dividends paid (Note 21)	-	-	-	-	-	(146,005)	(146,005)	-	(146,005)
Other transactions									
Transfer of revaluation surplus at the disposal of property and equipment	-	-	-	-	(3,983)	3,983	-	-	-
Balance as at 31 December 2014	207,527	(12,854)	31,037	62,901	160,319	2,114,936	2,563,866	4,682	2,568,548

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Notes	2015	2014
		MDL'000	MDL'000
Cash flows from operating activities			
Interest received		1,473,684	1,085,348
Interest paid		(660,833)	(483,362)
Commission received		292,236	220,827
Commission paid		(70,170)	(53,411)
Income received from trading in foreign currencies	26	294,323	135,118
Recoveries of loans previously written-off	8	16,624	14,837
Other operating income received		22,917	23,904
General and administrative expenses paid		(208,412)	(161,461)
Personnel expenses paid		(216,734)	(239,062)
Cash flows from operating activities before changes in operating assets and liabilities:			
		943,635	542,738
<i>Net (increase) / decrease in operating assets:</i>			
Due from banks		(187,880)	(136,032)
Financial assets held for trading		141,518	60,207
Financial assets held to maturity		(63,659)	(104,612)
Loans and advances to customers		197,820	(1,327,047)
Lease receivables		57,014	14,526
Other assets		(6,803)	12,885
<i>Net increase / (decrease) in operating liabilities:</i>			
Due to banks		13,581	(1,200)
Due to customers		1,496,629	1,592,118
Other liabilities		8,212	(9,599)
Net cash from operating activities before tax		2,600,067	643,984
Income tax paid			
		(41,645)	(32,679)
Net cash from operating activities		2,558,422	611,305

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

	Notes	2015 MDL'000	2014 MDL'000
Cash flows from investing activities			
Purchase of property and equipment and intangible assets		(104,623)	(75,589)
Available for sale financial assets		(1,768)	385
Proceeds from sale of investments in associates		-	2,900
Net cash used in investing activities		(106,391)	(72,304)
Cash flows from financing activities			
Repayment of loans and borrowings		(616,824)	(682,016)
Proceeds from loans and borrowings		326,260	324,068
Proceeds from redemption of treasury shares		86,354	-
Dividends paid		(100,909)	(145,617)
Net cash used in financing activities		(305,119)	(503,565)
Effect of exchange rate fluctuation		352,315	87,455
Net increase in cash and cash equivalents	23	2,499,227	122,891
Cash and cash equivalents as at 1 January		2,701,740	2,578,849
Cash and cash equivalents as at 31 December	23	5,200,967	2,701,740

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

1. GENERAL INFORMATION ABOUT THE GROUP

Reporting entity

Moldova Agroindbank Group (the "Group") includes the parent bank, BC Moldova Agroindbank S.A. (the "Bank") and its subsidiaries domiciled in the Republic of Moldova. The consolidated financial statements of the Group for the year ended on 31 December 2015 include the financial statements of BC Moldova Agroindbank SA and its subsidiaries (together referred to as the "Group"), which form the Group. The subsidiaries comprise the following entities:

Entities	Field of activity	31.12.15	31.12.14
MAIB- Leasing SA	Financial lease	100%	100%
Moldmediacard SRL	Processing of card payments	54.24%	54.24%

The Group has the following business lines: banking, which is performed by BC Moldova Agroindbank SA (the "Bank"), leasing and financing, performed by MAIB-Leasing SA, and processing of card transactions, performed by Moldmediacard SRL.

The Group has 2,061 employees as at 31 December 2015 (1,711 employees as at 31 December 2014).

BC Moldova Agroindbank SA

BC Moldova Agroindbank SA was incorporated in 1991 as a joint stock commercial bank. The Bank operates through its head office located in Chisinau, through the Clients Operations Division at the Central Office, 66 branches (2014: 69 branches) and 115 representative offices (2014: 41 offices) located throughout the Republic of Moldova.

The Bank's services are divided in corporate and retail banking operations - individuals and small, micro and medium sized enterprises.

The Bank's corporate banking activities imply attracting deposits, cash handling services, lending and financing of foreign trade. The Bank offers traditional banking services and products, as well as products associated with foreign trade operations, including payment orders, documentary transactions and issuance of letters of credit and guarantees.

The Bank, also, offers a comprehensive range of retail banking services for individuals: savings accounts, demand and term deposits, loans, foreign currency exchange operations and domestic and international funds transfers.

The Bank's shares are listed on the Moldovan Stock Exchange, having the symbol MD14AGIB1008.

As at 31 December 2015, the Bank had 2,020 employees (31 December 2014: 1,673 employees).

The registered office of the Bank is located at 9 Constantin Tanase Street, Chisinau, Republic of Moldova.

As at 31 December 2015 and 31 December 2014, the Bank's shareholders structure was as follows:

	2015	2014
Civil society of Bank shareholders and their affiliates*	13.57%	13.53%
OOO Evrobalt	4.50%	4.50%
Hessond Solution Limited	4.49%	4.49%
Dresfond Invest Limited	4.48%	4.48%
Symbol Wood Limited	4.41%	4.41%
Multigold Production Limited	4.24%	4.24%
Azyol Development LTD	4.00%	4.00%
BC Victoriabank S A	0.00%	3.85%
Dunlin Invest LTD	3.64%	3.64%
UCCC Moldcoop and other entities acting in concert	2.52%	1.97%
Individuals holding $\geq 1\%$, directly or indirectly	14.84%	14.70%
Entities holding $\geq 1\%$, directly or indirectly**	3.52%	-
Treasury shares	0.00%	6.19%
Others***	35.79%	30.00%
Total	100%	100%

*As at 31 December 2015 the Civil society of the Bank's shareholders and its affiliates included 16 members (2014: 15 members), of which 3 (2014: 7 members) were members of the executive management and the other 13 members were affiliated persons (2014: 8 members).

**As at 31 December 2015, four legal entities held indirectly an equity interest in the Bank of $\leq 1\%$. These companies are as follows: Advanced Asset Protection LTD (0.61%), Business Worldwide Alliance Financial Services LTD (0.98%), Money @ Box LTD (0.95%), Nestol Limited (0.98%). The decision of the NBM Executive Board, no. 157 dated 23/12/2015, ascertained that the above-mentioned shareholders had acquired a qualifying holding in the share capital of the Bank in a total amount of 3.52%, without the prior written permission of the National Bank of Moldova ("NBM"). Respectively, under the decision no. 157 of the EB of NBM, the rights of these four companies to exercise the right to vote were suspended, and these companies were obliged to dispose the qualifying holding in the share capital of the Bank within 3 months after the effective date of the NBM decision no. 157.

None of the shareholders included in the "Others" category owns a share equal to or greater than 1% in the Bank's shareholder capital.

Other Bank's shareholders comprise 3,058 (31 December 2014: 3,084 shareholders) of which 2,795 shareholders are individuals and 263 are legal entities (31 December 2014: 2,798 individuals and 286 legal entities).

MAIB-Leasing SA

MAIB-Leasing SA is a private equity entity founded by B.C. Moldova Agroindbank SA. ("MAIB") in September 2002 as a joint-stock company. The main activities performed by the Company are the finance lease of vehicles, commercial, industrial, agricultural and office equipment leasing, as well as the finance lease of real estate property. The Company, also grants financing to car dealers and loans to individuals and legal entities.

The Company operates in the Republic of Moldova and as at 31 December 2015 has 24 employees (23 employees as at 31 December 2014). The registered office of the Company is 49 Tighina Street, Chisinau, Republic of Moldova.

Moldmediacard SRL

Moldmediacard SRL is a private equity entity founded in March 2000. The business line of the Company is the selection, implementation, development and exploitation of systems implying the processing of card transactions and incorporation in the international card transaction system.

The Company operates in the Republic of Moldova and as at 31 December 2015 has 17 employees (15 employees as at 31 December 2014). The registered office of the Company is 9 Miron Costin Street, Chisinau, Republic of Moldova.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation

These consolidated financial statements of the Group are prepared in accordance with the International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The consolidated financial statements (hereinafter referred to as "Financial statements") are prepared considering the going concern assumption and are measured using the currency of the primary economic environment the Group operates in (functional currency). The financial statements are presented in Moldovan lei ("MDL"), rounded to the nearest value expressed in thousand Moldovan lei, which is the Group's functional and presentation currency.

These consolidated financial statements are prepared based on historical cost and/or amortized cost, except for the financial assets held for trading, financial assets available for sale, investment property, which are measured at fair value, and buildings and land which are measured at the revalued amount.

Significant accounting judgments and estimates

The preparation of financial statements in accordance with IFRS implies the use of certain critical accounting estimates. It also requires management to use its judgment in the process of applying the Group's accounting policies, in terms of reported values for assets, liabilities, income and expenses. The estimates and associated judgments are based on past experience and other factors deemed to be relevant under the given circumstances, the result of which forms the basis of judgments used in assessing the carrying value of assets and liabilities for which no other measurement sources are available. Actual results may differ from these estimated values.

The estimates and underlying assumptions are reviewed continuously. Revisions of accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period when the estimate is reviewed and future periods, if such revision affects the current and future periods.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are presented in Note 3.

(a) Standards effective for annual periods beginning on or after 1 January 2015

The following standards and new interpretations became effective for the Group from 1 January 2015:

IFRS 3 Business Combinations: This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself. This amendment had no material impact on the financial statements of the Group.

IFRS 13 Fair Value Measurement: This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation. This amendment had no material impact on the financial statements of the Group.

IAS 40 Investment property: This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and

investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other. This amendment had no material impact on the financial statements of the Group.

(b) *Standards issued but not yet effective*

IFRS 9 Financial Instruments: Classification and Measurement. The standard is effective for annual periods beginning on or after 1 January 2018, with early application permitted. The final version of IFRS 9 Financial Instruments reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The Group intends to initially apply the IFRS 9 Standard when it becomes effective.

IFRS 15 Revenue from Contracts with Customers. The standard is effective for annual periods beginning on or after 1 January 2018. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgments and estimates. The Group does not expect that this standard will have a significant impact on the financial statements as most contracts with customers are in scope of other standards.

IAS 16 Property, Plant & Equipment and IAS 38 Intangible assets (amendment): Clarification of Acceptable Methods of Depreciation and Amortization. The amendment is effective for annual periods beginning on or after 1 January 2016. The amendment provides additional guidance on how the depreciation or amortization of property, plant and equipment and intangible assets should be calculated. This amendment clarifies the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.

The Group considers that these amendments will not have a significant impact on the financial statements as the Group does not apply revenue-based methods of amortisation/ depreciation.

IAS 19 Defined Benefit Plans (amended): Employee Contributions. The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Group estimates that this amendment will not have a significant impact on the financial statements.

IFRS 11 Joint arrangements (amendment): Accounting for Acquisitions of Interests in Joint Operations. The amendment is effective for annual periods beginning on or after 1 January 2016. IFRS 11 addresses the accounting for interests in joint ventures and joint operations. The amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS and specifies the appropriate accounting treatment for such acquisitions. The Group estimates that this amendment will not have a significant impact on the financial statements.

IAS 27 Separate Financial Statements (amended). The amendment is effective for annual periods beginning on or after 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

The Group expects that, when applied for the first time, the amendments will have no significant impact on the individual financial statements of the Group.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture. The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Group believes that these amendments will not have a significant impact on the financial statements.

IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (amendments). The amendments address three issues arising in practice in the application of the investment entities consolidation exception. The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. Finally, the amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The Group believes that these amendments will not have a significant impact on the financial statements.

IAS 1: Disclosure Initiative (amendment). The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2016. The narrow-focus amendments to IAS clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments.

The Group believes that these amendments will not have a significant impact on the financial statements.

The IASB has issued the Annual Improvements to IFRSs 2010 – 2012 and 2012 – 2014 Cycles, which is a collection of 12 amendments to IFRSs. Most of the amendments are effective for annual periods beginning on or after 1 February 2015. Other 4 amendments to 4 standards are effective for annual periods beginning on or after 1 January 2016, with the possibility of early application. Many of the proposed changes will not have a significant impact on the financial statements of the Group, thus were listed only those amendments for which the Group estimates a medium – significantly impact on the financial statements:

IFRS 8 Operating Segments: This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly. As a result of amendments introduced, the Group will provide additional disclosures related to segment reporting required by these amendments. The impact is estimated as insignificant.

IFRS 13 Fair Value Measurement: This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. Estimated impact is insignificant.

IAS 16 Property Plant & Equipment and IAS 38 Intangible Assets: The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. The Group does not expect the effect of the change to be significant.

IAS 24 Related Party Disclosures: The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. The estimated impact is insignificant for the Group's financial statements.

IFRS 7 Financial Instruments: Disclosures: The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Also, the amendment clarifies that the IFRS 7 disclosures relating to the offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. The estimated impact is insignificant for the Group's financial statements.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations: The amendment clarifies that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in IFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. The estimated impact is insignificant for the Group's financial statements.

IAS 34 Interim Financial Reporting: The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The Board specified that the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

IFRS 16 Leases: The standard is effective for annual periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees will have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged.

Except as described above, it is estimated that the new standards and interpretations will not significantly affect the Group's financial statements.

1.2. Basis of consolidation

The consolidated financial statements comprise the financial statements of BC Moldova Agroindbank SA and its subsidiaries: MAIB Leasing SA and Moldmediacard SRL - as at 31 December of each year.

Subsidiaries

Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees in order to affect the amount of shareholders' returns.

The subsidiaries are consolidated from the date on which the control is transferred to the Group and cease to be consolidated on the date on which the Group transfers the control to a third party.

The financial statements of the subsidiaries are prepared for the same reporting year as for the parent Group, using consistent accounting policies. The list of the Group's subsidiaries is presented in Note 1.

Transactions eliminated on consolidation

Intra-Group balances and transactions, as well as unrealized income and expenses arising from intra-Group transactions, are fully eliminated in the consolidated financial statements.

Unrealized losses are eliminated similarly as unrealized profits, but only to the extent that there is no evidence of impairment.]

Non-controlling interests

Non-controlling interest is that part of the net assets and of a subsidiary attributable to interests that are not owned, directly or indirectly, by the Bank. Non-controlling interest forms a separate component of the Group's equity.

The Group measures non-controlling interest that represents present ownership interest and entitles the Group to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis at the non-controlling interest's proportionate share of net assets of the acquire.

2.3. Foreign currency translation

Foreign currency transactions are translated into the functional currency at the exchange rate on the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the closing exchange rate.

The year-end and average exchange rates for 2015 and 2014 were:

	2015		2014	
	USD	Euro	USD	Euro
Average for the period	18.8161	20.898	14.0388	18.6321
Year end	19.6585	21.4779	15.6152	18.9966

Exchange differences arising on the settlement of transactions at exchange rates different from those at the date of the original transaction and unrealised foreign exchange differences arising on translation of unsettled foreign currency denominated monetary assets and liabilities are recognised in the "Foreign exchange gains, net" line of the statement of profit or loss. Items included in financial statements of the Group are measured using the currency of the primary economic environment in which Group operates ("the functional currency") – Moldovan lei ("MDL").

2.4. Financial instruments

Recognition of financial instruments

The Group recognises a financial asset or a financial liability on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the respective instrument. All regular purchases and sales of financial assets are recognised on the settlement date, i.e. the date that an asset is delivered to or by the Group. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulations or conventions in the market place.

Classification of financial instruments

The Group classifies the financial instruments in the following categories:

Financial assets at fair value through profit or loss

Assets classified as held for trading are included in the category "Financial assets at fair value through profit and loss". Held for trading investments are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Investments held for trading are initially recorded at fair value. After initial recognition, trading investments are re-measured at fair value based on quoted prices on an active market.

All related realised and unrealised gains or losses are recognised in "Gains on financial assets held for trading" in the statement of profit or loss and other comprehensive income. Interest income on trading investments is included in "Interest income" in the statement of profit or loss and other comprehensive income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention are recognised at the settlement date.

The Group classified in this category investments in securities issued by the Government that were purchased for trading purposes.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides funds directly to a debtor, with no intention of trading the receivable. These are initially recognized at fair value less the transactions costs, and are subsequently measured at amortized cost using the effective interest method. The Group discloses the information regarding the loan portfolio and the allowance for its impairment based on the following segmentation of clients: corporate, retail entities and retail individuals.

The Group classifies in this category current accounts and placements with other banks, loans and other receivables, finance lease receivables, financing contracts and other receivables.

Financial assets held to maturity

Held-to-maturity assets are non-derivative assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity. After the initial recognition at fair value plus transaction costs, held to maturity financial assets are subsequently measured at amortised cost.

The amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in interest income. The losses arising from impairment of such assets are recognised as impairment losses in the statement of profit or loss.

A sale or reclassification of a more than insignificant amount of held-to-maturity investments would result in the reclassification of all held-to-maturity investments as available-for-sale, and would prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

The Group classified in this category the investments in treasury bills and bonds issued by the Government of Moldova and certificates issued by the National Bank of Moldova that are held to maturity.

Available for sale financial assets

All assets which are not classified as held for trading or held to maturity or loans and advances are included in available for sale category. All purchases and sales of available for sale assets that require delivery within the time frame established by regulation or market convention are recognised at settlement date.

Available for sale assets are recognised initially at fair value plus transaction costs. Subsequent to the initial recognition, they are re-measured at fair value unless fair value cannot be reliably determined and are measured at cost less any impairment allowance.

Fair values are based on quoted bid prices or amounts derived from cash flow models and ratios which reflect the specific circumstances of the issuer. The changes in fair value for available for sale financial instruments are recognised in other components of comprehensive.

Impairment losses are recognized in the statement of profit or loss and other comprehensive income in the period that occurred as a result of one or more events („loss events”) that occurred after the initial evaluation of financial assets available for sale. The significant or continuing decrease of fair value of the investment under its cost is an evidence of investment’s impairment. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to profit or loss for the year.

The Group classified in this category the equity instruments in enterprises.

Financial liabilities

The Group has classified the financial liabilities as *other financial liabilities measured at amortized cost*.

Depending on their classification the financial instruments are carried at fair value or amortised cost as described below.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date.

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs).

Measurement at amortized cost

The amortized cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, less the principal repayments, plus the interest calculated, and for financial assets less any impairment allowance. Accrued interest includes amortization of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and interest expense, including both accrued coupon and amortized discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest re-pricing date except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Derecognition of financial instruments

A financial asset is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full, without material delay, to a third party under a “pass-through” arrangement; or
- The Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the related asset, but has transferred control of the asset.

When the Group has neither transferred nor retained substantially all the risks and rewards related to the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred assets and is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

Identification and measurement of impairment of financial assets

Impairment losses are recognized in profit or loss for the year when incurred as a result of one or more loss events that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and reliability of related collateral, if any.

The other main criteria also used in determining whether there is objective evidence that an impairment loss has occurred are as follows:

- a. the unfavourable financial situation of the client, classified in categories D or E according to the Group's internal ratings;
- b. breach of contractual obligations;
- c. restructuring / debt prolongation;
- d. the initiation of insolvency;
- e. the unfavourable situation in the client's industry/sector;
- f. indicators of reduction in cash flows in future periods;
- g. negative information obtained from the credit bureau and/or other sources;
- h. other (at the discretion of Group's specialists).

Individual (specific) assessment of the loans and receivables portfolio

According to the Group policy, individually assessed loans and receivables are those loans which meet at least one of the following criteria:

- Loans are in the corporate segment;
- Loans exposure exceeds the significance level for an individual loan (based on the exposure of an individual loan - automatic selection);
- Loans exposures with total outstanding balance, i.e. the sum of outstanding balances of all loans granted to the client, exceeding the level of significance for individual clients (based on the overall exposure toward a client - automatic selection);
- Individually significant loans with indicators of impairment as disclosed in points a) - h) above;
- The Group has recognised the loan as individually significant based on internal information (the manual selection).

This means that performing loans are individually assessed if:

- a) The loan is in the corporate segment (no significance level applied).
- b) Loan exposure and / or a client exposures are of the following size:
 - retail segment – corporate (SME, Micro) exposures exceeding MDL 3,000,000;
 - retail segment – for individuals exposures exceeding MDL 1,000,000.

Impairment losses are always recognized through an allowance account to write down the asset's carrying amount to the present value of expected future cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralized financial asset reflects the cash flows that may result from foreclosure minus costs for obtaining and selling the collateral, whether or not foreclosure is probable.

Collective assessment of loans and receivables portfolio

For the purposes of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics (customer type, credit product, loan-to-value, overdue days status etc.). Those characteristics are relevant to the estimation of future cash flows for groups of such assets by being indicative of the debtors' ability to pay all amounts due according to the contractual terms of the assets being evaluated.

Future cash flows in a group of financial assets that are collectively assessed for impairment are estimated on the basis of the contractual cash flows of the assets and the experience of the management in respect of the extent to which amounts will become overdue as a result of past loss events and the success of recovery of overdue amounts. Past experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect past periods and to remove the effects of past conditions that do not currently exist.

The recovery rate on non-performing loans (loss given default, LGD) is calculated for secured and unsecured loans exposures. The Group uses the three-month time horizon in estimating the collective impairment provision.

Impairment losses are always recognised through an allowance account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through the profit or loss for the year.

Impairment of financial assets available for sale

The Group assesses at each reporting date whether there is evidence of impairment of the financial asset or group of financial assets. In the case of equity instruments classified as available for sale, a significant or prolonged decline in the fair value of investments under their cost is considered to determine whether the assets are impaired.

If there is such evidence on financial assets available for sale, the accumulate losses – calculated as the difference between the acquisition cost and its current fair value, less any other impairment losses previously recognised in profit or loss, are reclassified from the fair value reserves in other comprehensive income to profit or loss. Impairment losses recognized in profit or loss and other comprehensive income related to interests in entities are not reversed through profit or loss and other comprehensive income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss and other comprehensive income statement.

If there is objective evidence for an impairment loss on an unquoted equity instruments which is not measured at fair value as it cannot be reliably measured, the impairment loss is estimated as the difference between the carrying amount of the financial asset and the discounted future cash flows using the current market rate of return for a similar financial asset. Such impairment losses are not reversed through profit or loss.

Write-off of financial assets

Uncollectible assets are written off against the related impairment loss allowance after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to impairment losses in profit or loss.

Loans and finance lease agreements with renegotiated terms

Where possible, the Group seeks to restructure loans and finance lease agreements rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan and lease conditions. Management continuously reviews renegotiated loans and finance lease receivables to ensure that all relevant agreed lending and leasing conditions are met and that future payments are likely to occur. The loans and the finance leasing receivables continue to be subject to an individual or collective impairment assessment, as described above.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle or realise on a net basis or realise the asset and settle the liability simultaneously.

2.5. Investments in associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. In the consolidated financial statements, investments in associates are measured using the equity method of accounting.

2.6. Leasing

Finance leases (the Group as a Lessor)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease agreement is recognised at the commencement date of the lease period. The commencement of the lease period is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of assets, liabilities, income and expenses resulting from the lease agreement, as appropriate).

The Group presents the assets held under a finance lease in the statement of financial statement as a receivable at an amount equal to the net investment in the lease. Net investment in the lease is the gross investment in lease discounted at the interest rate implicit in the lease agreement.

For finance leases, the gross investment is the aggregate amount of minimum lease payments plus the unguaranteed residual value. The difference between the gross investment in the lease and the net cost of acquisition of the leased object (the financed amount less commissions, costs, advances and granting fees) is recognized as unearned finance income. The finance lease income is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the receivable. The unearned income is presented as a reduction of gross investment in lease. The initial direct costs related to lease agreements are included in the initial value of the finance lease receivable and these reduce the amount of income recognized over the lease term. The lease receivables are subsequently measured at amortized cost using the effective interest method.

Operating leases (the Group as a Lessee)

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss and other comprehensive income statement on a straight-line basis over the lease term. The assets that are received in operational lease are not recognised in the statement of financial position of the Group.

In certain circumstances, leased objects and collateral are repossessed from lessees and borrowers following the foreclosure of lease and loan agreements due to the impossibility of collection of doubtful loans, financing and lease receivables. On initial recognition at the repossession date the assets are measured at the lower of the carrying value of the exposure and the fair value of the lease object at the date of the transaction. The repossessed assets are measured subsequently at the lower of their carrying amount and fair value less costs to sell.

2.8. Property and equipment

All items of property and equipment are initially recognized at cost. The cost includes expenses directly attributable to the acquisition of the asset. When certain components of property and equipment have different useful lives, they are accounted as distinct elements (major components) of property and equipment.

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for the categories "Buildings" and "Land" – which are stated at revalued amount.

Land and buildings are subject to revaluation with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When buildings and land are revalued, any accumulated depreciation at the revaluation date is proportionately restated with the modification of the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation, would be equal to its revalued amount. The revaluation surplus included in other comprehensive income in respect of revalued assets is transferred to retained earnings when the asset is derecognized.

Repairs and maintenance are expensed and reported to operating expenses as incurred. Subsequent expenditure on property and equipment is only capitalised when the expenditure improves the condition of the asset beyond the originally assessed standard of performance.

Where the carrying amount of an asset is greater than the estimated recoverable amount, it is written down to its recoverable amount. Gains and losses on disposals of property and equipment are determined by reference to their carrying amount and are presented in other operating income.

The depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as stated in the table below. Land and assets under construction are not depreciated.

Property and equipment	Years
Buildings	33-50
Improvements of lease-hold assets	4-15
ATMs	4
Furniture and equipment	4-8
Computers	4
Vehicles	5-7

2.9. Intangible assets

Intangible assets represent costs incurred for acquisition of computer software, licenses and other intangible assets and are amortized using the straight-line method over the best estimate of their useful lives, that is up to 20 years. The amortisation expense on intangible assets is recognised in the statement of profit or loss. Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs, beyond one year, are recognized as intangible assets. Direct costs include the costs related to the services provided by the software developer and provider.

2.10. Investment property

Investment property are buildings owned by the Group, either held by the Group under a financial lease agreement, or available buildings of the Group held for lease on the basis of one or more operating lease agreements, as well as land held for capital appreciation rather than for sale, including agricultural land, as well as land held for undetermined future use. Investment properties are considered as long-term investments and are initially recognized at cost, including trading cost at initial value, and are subsequently measured at fair value. Thus, gain or loss caused by a change in fair value of the investment property is recognized in profit or loss as incurred.

2.11. Due to banks

Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at amortized cost.

2.12. Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Subsequently borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss over the period to maturity using the effective interest method.

2.13. Due to customers

Due to customers are non-derivative liabilities to individuals, state or legal entities and are carried at amortized cost. Due to state customers are due to public authorities, which are current accounts of the Moldovan Ministry of Finance and deposit accounts of the Social Insurance Fund. These are stated at amortized cost, using the effective interest rate method.

2.14 .Cash and cash equivalents

For the statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts and short-term placements at other banks, treasury bills and other short-term highly liquid investments, with original maturity of less than 90 days. Cash on hand, current accounts and short-term placements are measured at amortized cost. Treasury bills and other highly liquid investments are measured at amortized cost.

2.15. Ordinary shares and share premium

Ordinary shares represent consideration from shareholders equal to nominal value of issued shares. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the nominal value of shares issued is recorded as share premium in equity.

2.16. Treasury shares

Own equity instruments of the Group which are acquired by it (treasury shares) are deducted from equity and accounted for at weighted average cost. Consideration paid or received on the purchase, sale, issue or cancelation of the Group's own equity instruments is recognized directly in equity. No gain or loss is recognized in statement of profit or loss on the purchase, sale, issue or cancelation of own equity instruments.

2.17. Impairment of non-financial assets

The Group assesses at each reporting date whether there are indications of assets impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value minus costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2.18. Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

In the ordinary course of business, the Group issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within "other liabilities") at fair value, being the premium received.

Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amount initially recognized, less, when appropriate, cumulative amortization recognized in the statement of profit or loss, and the best estimate of expenses required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit or loss as "Impairment losses on loans and receivables". The premium received is recognized in the statement of profit or loss as "Commission income" on a straight line basis over the life of the guarantee.

2.19. Contingencies

Contingent liabilities are not recognised in the financial statements but they are disclosed in notes, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

2.20. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation to transfer economic benefits as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenses expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Future operating losses are not provided for.

2.21. Interest income and expenses

Interest income and expense for all interest-bearing financial instruments, except for those classified as held for trading or designated at fair value through profit or loss are recognized in the statement of profit or loss and other comprehensive income for all instruments measured at amortized cost using the effective interest method. Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss applied at the net carrying value of the asset.

Fees for loan and leasing commitments that are likely to be granted are deferred (together with direct costs) and are recognized as an adjustment to the effective interest rate on loans and leasing agreements.

2.22. Commission income and expense

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Commission and fees arising from negotiating, or participating in the negotiation of, a transaction for a third

party - such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses - are recognized on completion of the underlying transaction. Other fee and commission income arising from the financial services provided by the Bank including investment management services, brokerage services, and account service fees are recognized as the related service is provided in the income statement. Other fee and commission expenses relate mainly to transaction and service fees, which are registered as expenses as the services are received.

2.23. Pension costs and employees' benefits

The Group makes contributions to the Republic of Moldova state funds for social insurance, medical insurance and unemployment benefits, which are calculated on the basis of salaries of all employees of the Group. The Group does not operate any other retirement plan and has no other obligation to provide further benefits to current or former employees.

2.24. Gains from foreign exchange operations

Gains from foreign exchange operations include net realized gains from trading assets and liabilities in foreign currencies and the foreign currency translation differences.

2.25. Related parties

A *related party* is a person or entity that is related to the entity that is preparing its financial statements.

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
- has control or joint control over the reporting entity;
 - has significant influence over the reporting entity; or
 - is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- The entity and the reporting entity are members of the same group (meaning that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - The entity is controlled or jointly controlled by a person identified in letter (a).
 - A person referred to in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A *related party transaction* represents a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

2.26. Taxation

Income tax expense for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of reporting period, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation

purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period.

The deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The tax rate used to calculate the current and deferred tax position at 31 December 2015 is 12% (2014: 12%).

The deferred tax assets and liabilities are offset at the Group level.

2.27. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decisions maker. Segments whose revenue, result or assets are 10% or more of all segments are reported separately. The information on segments is presented in Note 37.

2.28. Correction of prior period errors

On 28 January 2015, Board of Directors of Visa Inc. declared a four-for-one split of its class A common stock. The conversion rate for class C common stock has increased to 4.0 shares of class A common stock per share of class C common stock. As a result of this capital restructuring the Group received supporting documents confirming the holding by the Group of 7,549 class C common stock. Having this information, the Group was able to determine the fair value of this investment as at 31 December 2015, 31 December 2014 and 31 December 2013. Due to the significance of this investment the Group performed retrospective restatement of the comparative amounts for the prior periods. Visa Inc. stock was classified as available-for-sale investment.

As a result, the following elements of the Group's financial position were restated:

	As at 31 December 2013			As at 31 December 2014		
	Initially reported	Adj.	Restated	Initially reported	Adj.	Restated
Financial assets available for sale	144,397	21,949	166,346	127,156	30,908	158,064
Deferred tax liabilities	61,426	1,317	62,743	74,671	1,854	76,525
Available for sale assets reserves	33,227	20,632	53,859	33,847	29,054	62,901

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements in accordance with the International Financial Reporting Standards requires management to make estimates and assumptions in determining the amounts and balances reported in the financial statements and notes to the financial statements. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on the management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment losses on loans and advances, lease receivables and other receivables

The Group regularly reviews its loan portfolios to assess impairment. In determining whether an impairment loss should be recorded in profit or loss for the year, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified at the level of an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of the Group's customers, or national or local economic conditions that correlate with defaults on Group's assets.

Management uses estimates based on historical loss experience for assets with the same credit risk characteristics and objective evidence of impairment similar to those in its portfolio when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Management has estimated the impact over the impairment losses on loans assessed collectively using the stress scenario of increase/decrease of the recovery ratio (Loss Given Default) by 10% and probability of default (Probability of Default) by 10% used in estimating the collective impairment losses. Increase of the LGD by 10% and PD's by 10% may generate the increase of impairment losses for loans assessed collectively by MDL'000 5,311 (in 2014: MDL'000 7,753) while the decrease of these indicators by 10% could generate a decrease of impairment losses by MDL'000 12,550 (in 2014:MDL'000 2,268).

Impairment losses for individually significant loans are based on estimates of discounted future cash flows of the individual loans, taking into account repayments and realization of any assets held as collateral against the loans or contractual cash flows for those exposures that were analyzed for impairment on the basis of contractual cash flows. A **10%** increase or decrease of the estimated future discounted cash flows from individually assessed for impairment loans, which could arise from differences in amounts and timing of the cash flows, would result in an increase in loan impairment losses of MDL'000 263,505 (in 2014: MDL'000 126,469) or decrease in loan impairment losses of MDL'000 204,374 (in 2014: MDL'000 62,971).

Impairment losses on loans, lease receivables and other receivables (continued)

Management has estimated the sensitivity of the collective impairment allowance for finance lease receivables using stress scenarios of increase / decrease of the recovery coefficient (Loss Given Default) by 10% and the probability of non-recovery (Probability of Default) by 10%, used to measure the impairment assessed collectively. The increase of LGD by 10% and of probabilities of default by 10% may cause an increase in the collective impairment with MDL'000 491, whereas 10% reduction of these ratios may cause a decrease in the allowance with MDL'000 653.

Impairment allowance related to lease receivables assessed for impairment at specific asset level is measured based on estimates of discounted future cash flows related to the lease receivables analyzed individually, taking into account the recovery and foreclosure of lease objects, collateral or collection of contractual cash flows for those exposures analyzed for impairment at specific level. An 10% increase or decrease in the estimated future cash flows of lease receivables analyzed individually for impairment, which may arise from amount or timing differences, would result in an increase in impairment allowance by MDL'000 3,230 or in a decrease in impairment allowance by MDL'000 340.

Impairment of financial assets available for sale

The Group determines that available for sale financial assets are impaired when there has been a significant or prolonged decline in the fair value below their cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Group evaluates, among other factors, the volatility in share price. In addition, an impairment allowance may be appropriate when there is evidence of changes in technology or deterioration in the financial position of the investee, industry and sector performance, or operational or financing cash flows.

Fair value of financial assets available for sale

Where the fair value of financial assets cannot be derived from market information, they are determined using valuation techniques including the discounted cash flows model. The data about these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required to determine fair values.

The estimates include considerations of such inputs as liquidity risk, credit risk and volatility. Changes in judgments about these factors could affect the reported fair value of financial assets. If the fair value cannot be reliably determined the available for sale equity investments are held at cost.

Taking into account that there is no active market for unquoted equity investments and data provided by the market cannot be used in forecasting and estimating of future cash flows, the fair value cannot be measured reliably, thus the impairment is determined with reference to the Group's share in net assets of investees determined based on audited financial statements and the carrying amount of those investments.

Financial investments held to maturity

Management applies judgement in assessing whether financial assets can be categorized as held-to-maturity, in particular (a) its intention and ability to hold the assets to maturity and (b) whether the assets are quoted in an active market. In making this judgment, the Group evaluates its intention and ability to hold such investments to maturity.

If the Group fails to keep these investments to maturity other than for the specific circumstances - for example, selling an insignificant amount close to maturity - it will be required to reclassify the entire class as available for sale.

Fair value of financial instruments

The Group measures the fair value of financial instruments using one of these methods of hierarchy:

Level 1: Quotations in an active market for identical or similar instruments.

Level 2: Valuation techniques based on observable market data. This category includes instruments valued using: quotations in active markets for similar instruments; market quotes for similar instruments in markets that are considered less active; or other valuation techniques where all significant data are directly or indirectly observable in the market data.

Level 3: Valuation techniques based on the data which cannot be observed on the market. This category includes all instruments whose valuation method does not include observable and unobservable data and has a significant influence on the assessment instrument. This category includes instruments that are valued based on market quotes for similar instruments where unobservable adjustments or assumptions are required to reflect difference between the instruments.

The objective of valuation techniques is determining fair value, which reflects the price that would be obtained in a transaction in normal market conditions, for the financial instrument at the date of the consolidated financial statements.

Valuation models that use a significant number of unobservable data require a higher proportion of estimates and judgments by management in determining fair value. Estimates and judgments by management is usually required to select the most appropriate valuation model, determining future cash flows of the instrument under valuation, determining the probability of default of the counterparty, and selecting prepayments and discount rates. The portion of this kind of instruments in the Group's portfolio is insignificant.

Please see Note 34 for presentation of fair value of financial instruments and the sensitivity of these at the entries used.

4. CASH ON HAND

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Cash	515,487	414,866
Other	91	119
	515,578	414,985

5. BALANCES WITH NATIONAL BANK OF MOLDOVA

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Current account	2,116,621	819,995
Overnight placement	400,181	-
Mandatory reserves	1,008,324	690,444
	3,525,126	1,510,439

Current account and mandatory reserves

The Group holds the mandatory reserves in accordance with the calculus base and the required reserve ratio established by the Council of Administration of NBM. For means attracted in MDL and in nonconvertible currencies the reserves are held in MDL; for means attracted in USD the reserves are held in USD; for funds attracted in EUR and other convertible currencies the reserves are held in EUR.

The balance reserved in USD and EUR on mandatory reserve accounts amounted to USD'000 16,673 and EUR'000 31,686 respectively (2014: USD'000 12,253 and EUR'000 26,274). For the means attracted with a maturity of less than 2 years the required reserve rate is 35% (2014: 14%), while for those with a maturity of over 2 years it is nil (2014: 0%).

The interest paid by NBM on the mandatory reserves during 2015 varied between 0.17% and 0.22% per annum (2014: 0.13%-0.42% per annum) for reserves in foreign currency and 1.82% - 14.55% per annum (2014: 0.13%-0.74% per annum) for reserves in MDL.

The required reserves have to be kept at an average limit at the 7th of each month. The limit should be established at the average level throughout the period of 30/31 days. During the reporting dates to NBM (7 of each month) these can be used in any volumes needed by the Group.

6. DUE FROM BANKS

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Current accounts	2,021,127	1,466,760
Placements	240,207	79,669
	2,261,334	1,546,429

All current accounts and deposit balances are in foreign currencies with foreign banks such as KBC (Belgium) Raiffeisen Bank International AG (Austria), Bank of New York (USA), Commerzbank (Germany), Sberbank (Russia), etc. (2014: Commerzbank (Germany), Bank of New York (USA), Sberbank (Russia),

Raiffeisen Bank International AG (Austria) etc.), and in other local banks such as Banca de Finante si Comert, Victoriabank, Moldindconbank, Energbank, Banca Comerciala Romana, Eurocreditbank and Banca Sociala (subsidiaries' accounts).

As the National Bank of Moldova withdrew the license of Banca Sociala on 16.10.2015, the amount of MDL'000 1,026 deposited in the Group's accounts (subsidiary company) at Banca Sociala was sequestered.

The Group's placements include deposit at RZB, Vienna of MDL'000 147,459 and restricted deposits as at 31 December 2015 of MDL'000 92,748 (31 December 2014 – MDL'000 79,669).

Restricted deposits mainly represent placements for clients and under membership agreements signed with Visa, MasterCard, American Express, Commertzbank of USD'000 2,514 (MDL'000 49,421) and EUR'000 2,015 (MDL'000 43,276) (31 December 2014: USD'000 1,742 or MDL'000 27,197 and EUR'000 2,760 (MDL'000 52,427)). These deposits are held in Commertzbank, HSBC, Standard Chartered and Barclays Bank.

The credit quality analysis of amounts due from banks is presented below:

Rating	Rating Agency	31.12.2015	31.12.2014
		MDL'000	MDL'000
AA-	Fitch, S&P	276,545	341,978
A+	Standard&Poor's	2,752	-
A	Fitch	-	7,661
A-	Fitch, S&P	1,718,603	-
Baa1	Moody's	-	1,190,748
BBB	Fitch	255,938	-
BBB-	S&P	25	8
Rating Ba1 and Lower	Moody's	7,321	4,797
Without rating	-	150	1,237
		2,261,334	1,546,429

7. FINANCIAL ASSETS HELD FOR TRADING

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Treasury bills	36,576	166,520
	36,576	166,520

As at 31 December 2015, held for trading assets represent State treasury bills issued by the Ministry of Finance of the Republic of Moldova with a maturity of up to 364 days and an interest rate varying between 17.81% and 23.61% per annum (2014: between 5.04% and 10.00% per annum). According to Moody's rating agency, the Republic of Moldova is rated B3.

As at 31 December 2015 and 31 December 2014 there were no treasury bills pledged as collateral. In 2015 fair value gains from assets held for trading amounted to MDL'000 10,290 (2014: MDL'000 11,907), gains from the sale of the financial assets held for trading amounted to MDL'000 1,283 (2013: MDL'000 241).

8. LOANS AND ADVANCES TO CUSTOMERS

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Corporate customers	6,915,003	6,714,299
Retail entities	1,933,987	1,808,778
Individuals	2,138,025	2,091,914
Total loans, gross	10,987,015	10,614,991
Less: allowance for impairment losses	(657,956)	(309,003)
Total loans, net	10,329,059	10,305,988

As at 31 December 2015, the gross loan portfolio included overdue payments in the amount of MDL'000 431,041 (2014: MDL'000 352,613). During 2015 loans amounting to MDL'000 76,524 have been written off based on the assessment performed by the management on the recoverability of those loans (2014: MDL'000 12,633).

The concentration of risk in economic sectors for customers' loan portfolio to:

	31.12.2015	%	31.12.2014	%
	MDL'000		MDL'000	
Agriculture/ Food industry	2,636,437	24%	2,471,913	23%
<i>including:</i>				
<i>agriculture</i>	1,075,634	10%	1,102,755	10%
<i>food industry</i>	1,560,803	14%	1,369,158	13%
<i>including wine production</i>	827,762	7%	700,609	7%
Non-food industry	967,646	9%	774,549	7%
Loans to individuals	2,138,025	20%	2,091,914	20%
Trade	3,643,508	33%	3,522,053	33%
Transport	560,114	5%	749,481	7%
Telecommunications	254,204	2%	297,697	3%
Construction and real estate	381,926	4%	289,908	3%
Energy sector	156,200	1%	172,823	2%
Financial institutions and organizations	109,926	1%	129,518	1%
Other	139,029	1%	115,135	1%
Total loans, gross	10,987,015	100%	10,614,991	100%

The credit quality analysis of loans outstanding as at 31 December 2015 and 31 December 2014 is as follows:

31 December 2015	Neither past due nor impaired	Past due but not impaired	Individually assessed, with impairment triggers	Total
	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	4,131,033	39,241	2,744,729	6,915,003
Retail entities	1,592,087	87,653	254,247	1,933,987
Individuals	1,961,062	176,963	-	2,138,025
Total loans, gross	7,684,182	303,857	2,998,976	10,987,015
31 December 2014	Neither past due nor impaired	Past due but not impaired	Individually assessed, with impairment triggers	Total
	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	5,383,399	83,819	1,247,081	6,714,299
Retail entities	1,597,980	58,570	152,229	1,808,778
Individuals	1,917,559	154,455	19,900	2,091,914
Total loans, gross	8,898,938	296,844	1,419,209	10,614,991

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Loans neither past due nor impaired comprise current loans that comply with the contractual repayment schedules of principal and interest and other credit contractual conditions and which have no evidence of impairment. The impairment for these loans is assessed collectively.

The analysis of neither past due nor impaired loans is presented below:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Corporate, including classified as:		
Standard	3,227,575	4,137,694
Supervised	891,010	1,245,705
Non-performing	12,448	-
	4,131,033	5,383,399
Retail entities, including classified as:		
Standard	1,468,192	1,507,425
Supervised	106,026	83,455
Non-performing	17,869	7,100
	1,592,087	1,597,980
Individuals, including classified as:		
Standard	1,921,557	1,884,192
Supervised	20,692	14,502
Non-performing	18,813	18,865
	1,961,062	1,917,559
Total	7,684,182	8,898,938

Ageing analysis of past due but not impaired loans by days in arrears is presented below:

31 December 2015	1-30 days	31-60 days	61-90 days	More than 90 days	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	39,241	-	-	-	39,241
Retail entities	46,762	10,829	4,115	25,947	87,653
Individuals	92,951	28,458	19,368	36,186	176,963
Total	178,954	39,287	23,483	62,133	303,857

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31 December 2014	1-30 days	31-60 days	61-90 days	More than 90 days	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	83,819	-	-	-	83,819
Retail entities	40,415	7,308	2,644	8,203	58,570
Individuals	91,086	30,903	14,486	17,980	154,455
Total	215,320	38,211	17,130	26,183	296,844

Past due, but not impaired loans primarily include the collateralized loans where the fair value of collateral covers the overdue principal and interest payments.

Ageing analysis of loans individually assessed with impairment triggers is presented below:

31 December 2015	Past due loans					Total
	Current loans	1-30 days	31-60 days	61-90 days	More than 90 days	
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	2,108,336	271,414	36,292	41,231	287,456	2,744,729
Retail entities	62,465	74,768	38,885	5,380	72,749	254,247
Individuals	-	-	-	-	-	-
Total	2,170,801	346,182	75,177	46,611	360,205	2,998,976

31 December 2014	Past due loans					Total
	Current loans	1-30 days	31-60 days	61-90 days	More than 90 days	
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	898,845	87,246	70,609	-	190,381	1,247,081
Retail entities	9,501	31,351	16,244	9,319	85,813	152,228
Individuals	-	1,305	2,438	212	15,945	19,900
Total	908,346	119,902	89,291	9,531	292,139	1,419,209

(All amounts are expressed in thousand MDL, if not stated otherwise)

The movement in the impairment allowance during the years 2014 and 2015 is presented below:

	2015				2014			
	Corporate	Retail entities	Individuals	Total	Corporate	Retail entities	Individuals	Total
	MDL'000				MDL'000			
Balance as at 1 January	234,793	60,866	13,344	309,003	165,255	65,991	13,992	245,238
Impairment charge	359,196	47,390	18,891	425,477	69,538	4,976	1,884	76,398
Amounts written off as uncollectible	(59,697)	(6,459)	(10,368)	(76,524)	-	(10,101)	(2,532)	(12,633)
Balance as at 31 December	534,292	101,797	21,867	657,956	234,793	60,866	13,344	309,003

The movement in individual and collective provision for impairment during the years 2015 and 2014 is as follows:

	2015			2014		
	Individual provision	Collective provision	Total	Individual provision	Collective provision	Total
	MDL'000			MDL'000		
Balance as at 1 January	292,801	16,202	309,003	228,287	16,951	245,238
Impairment charge	380,141	45,336	425,477	72,272	4,126	76,398
Amounts written off as uncollectible	(62,931)	(13,593)	(76,524)	(7,758)	(4,875)	(12,633)
Balance as at 31 December	610,011	47,945	657,956	292,801	16,202	309,003

The impairment charge for the period is different from the figure disclosed in the statement of profit or loss for the years 2015 and 2014, due to the recoveries of loans previously written off as uncollectible amounting to MDL'000 16,624 (2014: MDL'000 14,837) and due to the difference in exchange rate for 2015 amounting to MDL'000 6,726 – see Note 30. The amount of the recoveries was credited directly to the release of the impairment charge in the statement of profit or loss for the year.

The impairment coverage ratio for the Groups' loan portfolio is as follows:

	31.12.2015	31.12.2014
	%	%
Total impairment coverage ratio (to total loan portfolio)	5.99	2.9
Individual impairment ratio	19.59	18.8
Collective impairment ratio	0.61	0.2

(All amounts are expressed in thousand MDL, if not stated otherwise)

The table below shows the carrying amount of the renegotiated loans of the Group:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Corporate customers	586,684	495,868
Retail entities	98,094	56,635
Individuals	383	-
	685,161	552,503

9. LEASE RECEIVABLES

The Group is the lessor in finance lease agreements in EUR, USD and MDL, having as lease objects vehicles, commercial, industrial, agricultural and office equipment, as well as industrial, commercial and residential buildings.

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Gross investment in finance leases receivable		
Less than one year	192,362	200,174
Between one and five years	143,501	211,882
More than five years	1,106	16,848
	336,969	428,904
Unearned finance income on finance leases	(39,768)	(60,545)
Allowances for impairment losses on finance lease receivables	(33,267)	(21,287)
Net investment in finance leases	263,934	347,072

The Group's net investment in finance leases is as follows:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Less than one year	171,574	171,703
Between one and five years	124,542	180,491
More than five years	1,085	16,165
	297,201	368,359
Allowances for impairment losses on finance lease receivables	(33,267)	(21,287)
Net investment in finance leases	263,934	347,072

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In accordance with the tax legislation of the Republic of Moldova, the amount of lease receivables for VAT taxable items included the amount of VAT related to the principal to be invoiced in the future based on leasing rates. As at 31 December 2015, the VAT incorporated in the net investment in finance lease amounted to MDL'000 10,617 (31 December 2014: MDL'000 15,510).

Net investment in finance leases, net of VAT to be collected was MDL'000 253,317 as at 31 December 2015 and MDL'000 331,561 MDL as at 31 December 2014.

Movements in allowance for impairment losses on finance lease receivables are presented below:

	Notes	2015 MDL'000	2014 MDL'000
Balance as at 1 January		21,287	18,500
Net impairment charge	30	11,980	2,787
Balance as at 31 December		33,267	21,287

As at 31 December 2015, investment in lease incorporated past due rates of MDL'000 61,022 (31 December 2014: MDL'000 61,947), including 72 customers with past due rates of MDL'000 54,908 analyzed individually for impairment (31 December 2015: 50 customers, MDL'000 49,049).

As at 31 December 2015 the Group pledged the right to collect finance lease receivables in full value (the contractual amount of the collateral is MDL'000 531,416 (31 December 2014: MDL'000 577,231)).

10. FINANCIAL INVESTMENTS

	31.12.2015 MDL'000	31.12.2014* MDL'000
Financial assets held to maturity	688,879	624,814
Financial assets available for sale	153,769	158,064
	842,648	782,878

*See Note 2.28

Held to maturity financial assets

	31.12.2015 MDL'000	31.12.2014 MDL'000
State securities	665,571	595,871
Government bonds	23,308	28,943
	688,879	624,814

As at 31 December 2015 the state securities issued by the Ministry of Finance of the Republic of Moldova had a maturity of 91 to 365 days, with an annual interest rate ranging between 13.20% and 26.51% (2014: 4.05% and 11.25% per annum).

As at 31 December 2015 Government bonds issued by the Ministry of Finance of the Republic of Moldova had a maturity of 730 to 1096 days, with an annual interest rate ranging between 8.00% and 24.96% (2014: 6.00% and 9.71% per annum).

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As at 31 December 2015 and 31 December 2014 the Group had no Certificates issued by the National Bank of Moldova.

As at 31 December 2015 and 31 December 2014 the Group had no state securities or Certificates issued by the National Bank of Moldova held to maturity and pledged as collateral.

Available for sale investments

	Field of activity	Ownership %		31.12.2015	31.12.2014*
		2015	2014	MDL'000	MDL'000
IM Glass Container Company SA	Glass manufacturing	17.43%	17.43%	37,516	29,485
IM Suedzucker Moldova SA	Sugar processing	12.37%	12.37%	42,608	44,647
IM Glass Container Prim SA	Glass manufacturing	16.89%	16.89%	25,249	51,470
IM Piele SA	Leather manufacturing	12.80%	12.80%	-	-
Visa Inc.	Transaction processing	0.001%	0.001%	46,034	30,908
IM Biroul de Credit SRL	Bureau of credit histories	6.70%	6.70%	1,019	1,019
Garant Invest SRL	Financial intermediaries	9.92%	9.92%	440	440
Depozitarul Național de Valori Mobiliare al Moldovei SA	Depository services, clearing	5.30%	4.63%	131	31
Bursa de Valori din Moldova SA	Auctions and brokerage	2.56%	2.56%	7	7
S.W.I.F.T. SCRL	Transaction processing	0.01%	-	708	-
SA Astraea	Bookstore	4.26%	4.26%	57	57
				153,769	158,064

*See Note 2.28

Available for sale investments such as I.M. Suedzucker Moldova S.A., I.M. Glass Container Company S.A. and I.M. Glass Container Prim S.A., Visa Inc. and S.W.I.F.T. SCRL were recognized at fair value as at 31 December 2015, and other available for sale investments are stated at the historical cost because its fair value cannot be reliably determined. It is impossible to determine the fair value of the Group's investment in the equity of I.M. Piele S.A. based on cash flow or other financial data since this company ceased its activity. The Group's management decided to maintain the amount of the impairment allowance at full cost of the investment, as accounted for as at 31 December 2012.

The fair value of investments in the equity of I.M Glass Container Company S.A, I.M. Glass Container Prim S.A. and I.M Suedzucker Moldova S.A., was determined based on the valuation performed by an external valuer.

The fair value of the Group's investment in IM Glass Container Company SA and IM Glass Container Prim SA was estimated using the discounted cash flows method. The estimates were made based on the companies' forecasted financial ratios for the following 4 years (2016-2019), an annual long-term growth rate of 10% based on the inflation rate forecasted by the National Bank of Moldova for the following periods and projected growth in cash flows based on the assumption that inflation will be the main factor that will lead to price changes and as a result increase in generated revenues; and a discount rate for the net cash flows determined by applying the weighted average cost of capital method (WACC). The Group's investment in the equity of IM Glass Container Prim SA and IM Glass Container Company SA decreased and the Group recorded impairment charge of MDL'000 10,688 and MDL'000 4,236, respectively.

(All amounts are expressed in thousand MDL, if not stated otherwise)

The fair value of the Group's equity investment in IM Suedzucker Moldova SA was estimated using the discounted cash flows method. The estimates were made based on the Company's forecasted financial ratios for the following 4 years (2016-2019), an annual long-term growth rate of 9% based on the forecasted inflation rate for the preceding years and a discount rate for the net cash flows determined by applying the WACC method. Following the automatic redistribution of shares of S.W.I.F.T. SCRL based on the consideration of a member who was not a shareholder, the Group became owner of 9 shares issued by the Company, which accounts for 0.01% of the charter capital. The carrying value is the value confirmed by the General Meeting of Shareholders of S.W.I.F.T. SCRL based on the financial statement of the Company.

As at 31 December 2015 and 31 December 2014 the fair value of equity investment in Visa Inc. was determined based on the price quoted on the NYSE stock exchange, this technique being the 1st level in the hierarchy.

Other Group's investments, such as equity investments in IM Biroul de Credit SRL, Depozitarul National de Valori Mobiliare al Moldovei, SA Garant Invest SRL and Bursa de Valori a Moldovei SA were acquired by the Group in order to ensure its participation on the local market, according to the regulatory requirements for stock exchange market and constitutes a lever for promoting and diversifying the Group's products/services.

Refer to Note 34 for the fair value measurement disclosures.

The movement in the Group's equity investment portfolio is presented below:

	2015	2014
	MDL'000	MDL'000
Balance as at 1 January	158,064	166,346
Disposals	-	(840)
Additions	733	-
Increase/(decrease) of the fair value	9,896	(7,857)
(Increase)/decrease of impairment	(14,924)	415
Balance as at 31 December	153,769	158,064

11. FORECLOSED COLLATERAL

As at 31 December 2015 the repossessed assets amounting to MDL'000 24,093 (2014: MDL'000 17,437) include residential and commercial estate, vehicles and equipment repossessed by MAIB - Leasing as a result of the early termination of the finance lease agreement due to non- payment by lessees.

Type	31.12.2015	31.12.2014
	MDL	MDL
Real estate	17,742	14,111
Vehicles	5,755	3,840
Trucks	1,052	-
Equipment	282	282
Total foreclosed collaterals	24,831	18,233
Allowance for impairment of foreclosed collateral	(738)	(796)
Net foreclosed collaterals	24,093	17,437

The foreclosed collaterals are pledged for contracted borrowings.

(All amounts are expressed in thousand MDL, if not stated otherwise)

12. PROPERTY AND EQUIPMENT

	Revalued	Cost				Total
	Land and buildings	Furniture and equipment	Vehicles	Leasehold improvements	Assets under construction	
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	

As at 1 January 2015

Cost/revalued amount	392,692	326,284	28,767	18,706	21,298	787,747
Accumulated depreciation	(125,885)	(255,092)	(14,687)	(15,797)	-	(411,461)
Net book value	266,807	71,192	14,080	2,909	21,298	376,286

Year ended 31 December 2015

Net value as at 1 January	266,807	71,192	14,080	2,909	21,298	376,286
Additions	-	577	-	-	90,513	91,090
Revaluations	111	-	-	-	-	111
Transfers	8,872	61,464	206	593	(71,135)	-
Disposals, net	11,718	150	54	495	-	12,417
Depreciation charge	(10,190)	(29,407)	(3,119)	(895)	-	(43,611)
Net book value	253,882	103,675	11,114	2,112	40,675	411,458

As at 31 December 2015

Cost/revalued amount	389,957	382,931	28,185	18,499	40,675	860,247
Accumulated depreciation	(136,075)	(279,256)	(17,071)	(16,387)	-	(448,789)

Net book value	253,882	103,675	11,114	2,112	40,675	411,458
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As at 31 December 2015, the cost of the Group's fully depreciated but still used property and equipment amounted to MDL'000 223,847 (as at 31 December 2014: MDL'000 209,749).

The property and equipment are measured at cost less depreciation and impairment losses. Land and buildings are stated at fair value and are revaluated on a regular basis. The last revaluation of property and equipment from the category "land and buildings" was performed in 2013 by an independent valuer.

As at 31 December 2015, the carrying value of land and buildings would have been MDL'000 80,865 (31 December 2014: MDL'000 71,341) had the assets been carried at cost less depreciation.

During 2015, the Group sold the land at 9 Miron Costin str., Chisinau. The carrying value of land disposed was MDL'000 11,717, and the revaluation reserve related to this land was MDL'000 13,273.

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	Revalued	Cost				Total
	Land and buildings	Furniture and equipment	Vehicles	Leasehold improvements	Assets under construction	
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	
As at 1 January 2014						
Cost/ revalued amount	385,902	307,741	24,678	18,507	29,366	766,194
Accumulated depreciation	(122,334)	(252,435)	(12,340)	(14,751)	-	(401,860)
Net book value	263,568	55,306	12,338	3,756	29,366	364,334
Year ended as at 31 December 2014						
Net value as at 1 January	263,568	55,306	12,338	3,756	29,366	364,334
Additions	-	33	367	-	52,004	52,404
Transfers	15,348	38,600	4,185	199	(58,332)	-
Disposals, net	(3,578)	(31)	(6)	-	(1,740)	(5,355)
Depreciation	(8,531)	(22,716)	(2,804)	(1,046)	-	(35,097)
Net book value	266,807	71,192	14,080	2,909	21,298	376,286
As at 31 December 2014						
Cost/ revalued amount	392,692	326,284	28,767	18,706	21,298	787,747
Accumulated depreciation	(125,885)	(255,092)	(14,687)	(15,797)	-	(411,461)
Net book value	266,807	71,192	14,080	2,909	21,298	376,286

13. INVESTMENT PROPERTY

	2015	2014
	MDL'000	MDL'000
As at 1 January	16,816	-
Additions	12,221	16,816
Revaluation	46,112	-
As at 31 December	75,149	16,816

Investment property represents agricultural land repossessed, for which the Group has not decided whether to keep for capital appreciation or to sell in the near future. The investment property was initially recognised at fair value measured by an independent valuer based on the comparative market prices relating to similar real estate transactions. The level of fair value hierarchy - Level 2 - prices quoted on the real estate market, adjusted for specific characteristics of the valued objects (exact location, offer price versus demand, area of the valued objects etc.).

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These land plots are pledged to secure the contracted borrowings.

14. INTANGIBLE ASSETS

	2015	2014
	MDL'000	MDL'000
Balance as at 1 January		
Cost	124,352	100,131
Accumulated amortization	(72,234)	(61,525)
Net book value	52,118	38,606
Year ended 31 December		
Net value as at 1 January	52,118	38,606
Additions	25,328	24,221
Disposals	(267)	-
Amortisation charge	(14,471)	(10,709)
Net book value	62,708	52,118
As at 31 December		
Cost	149,413	124,352
Accumulated amortization	(86,705)	(72,234)
Net book value	62,708	52,118

Intangible assets are initially recognized at cost and subsequently are measured at cost less accumulated depreciation and impairment losses, if any. Intangible assets are depreciated on a straight-line basis throughout their useful lives.

As at 31 December 2015 the cost of fully amortized intangible assets comprising in total 62 units (2014: 59 units) amounted to MDL'000 13,984 (2014: MDL'000 11,871).

Intangible assets comprise the automatic banking system "Globus/T24" with a carrying value of MDL'000 28,328 as at 31 December 2015, which, according to contractual provisions, will be used by the Group till 30 September 2030.

In 2015 the Group launched the project of acceptance and issuance of American Express Cards. As at 31 December 2015 the carrying value of the license was MDL'000 12,652.

15. OTHER ASSETS

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Other non-financial assets		
Prepayments	40,561	24,578
Low-value items and materials in stock	7,650	6,655
Receivables due from budget	55	1,327
Other cancelled fees	439	54
	48,705	32,614
Other financial assets		
Receivables related to cancelled finance lease agreements	80,577	43,654
Receivables from other financial institutions	37,999	31,166
Financing contracts	9,004	9,775
Receivables from insurance companies	1,247	1,104
Other assets	23,540	10,797
	152,367	96,496
Less impairment losses for non-financial assets	(22,389)	(6,174)
Less impairment losses for financial assets	(76,974)	(34,244)
	101,709	88,692

Receivables from other financial institutions represent receivables arising from clearing operations related to Visa and MasterCard systems in amount of MDL'000 30,716 (2014: MDL'000 19,871), receivables due to international money transfer systems in amount of MDL'000 6,501 (2014: MDL'000 8,007) and receivables due to documentation settlements in amount of MDL'000 781 (2014: MDL'000 3,288). According to Moody's rating agency Visa International system has the "A 1" and "P-1" ratings, while MasterCard Incorporated: "A 3" and "P-2" ratings.

Receivables related to cancelled finance lease agreements represent early terminated finance lease contracts due to the lessees' breaches of the contractual clauses. The Group has recognized the difference between the fair value of the repossessed lease objects and the carrying amount of the finance lease receivables as assets, as the Group can claim these amounts from lessees in accordance with the provisions of the finance lease contracts. For certain agreements in 2014 the Group is in process of taking into possession the lease objects or the available collateral, while for others it had already foreclosed all lease objects, but it sues for the recovery of those amounts which were not covered by the value of the repossessed lease objects.

Financing contracts represent loans granted to car dealers, legal entities for investment and real estate projects, working capital needs and other purposes, and also to individuals - mortgages and consumer. The financing contracts are secured by movable items (as vehicles for car dealers) and mortgage (for other debtors).

Receivables related to cancelled leasing agreements, financing, credit sales

The Group uses the following credit quality categories to manage the credit risk of financing, cancelled lease agreements, credit sale and other receivables:

- Neither past due nor impaired - if payments are made regularly and in accordance with contract terms;
- Past due, but not impaired:
 - Past due 30 days - if payments are overdue up to 30 days;
 - Past due 31-90 days - if payments are overdue from 31 to 90 days;
- Impaired- if payments are overdue more than 90 days.

Movement in impairment allowance for receivables from sales on credit during 2015 and 2014 was as follows:

	2015	2014
	MDL'000	MDL'000
Balance as at 1 January	6,174	1,873
Impairment charge	15,810	4,490
Write-off and other reclassifications	405	(189)
Balance as at 31 December	22,389	6,174

Movement in impairment allowance for receivables related to cancelled finance lease agreements during 2015 and 2014 was as follows:

	Notes	2015	2014
		MDL'000	MDL'000
Balance as at 1 January		34,244	41,849
Impairment charge	30	44,495	3,333
Write-off and other reclassifications		(1,765)	(10,938)
Balance as at 31 December		76,974	34,244

The value of net impairment losses of financial assets in 2015 and 2014 differs from the value presented in the consolidated statement of profit and loss and other comprehensive income in 2015 and 2014, as the result of the recovery of amounts written-off previously as non-recoverable in amount of MDL'000 762 (2014: MDL'000 327). The amount of the recovery has been credited directly to the "Net impairment loss on loans, lease receivables and other receivables" line in the statement of profit or loss and other comprehensive income for the year.

16. DUE TO BANKS

	Currency	Maturity	31.12.2015	31.12.2014
			MDL'000	MDL'000
Borrowings from and current accounts of other banks				
Borrowings from EBRD	EURO	12 August 2015	-	99,415
Current accounts of other banks	USD	Non - applicable	8,803	6,212
			8,803	105,627
Loans and borrowings for financing the lease activity				
Energbank	EUR	November 2016	7,683	13,946
Victoriabank	EUR	November 2017	30,937	52,569
FinComBank SA	MDL/EUR	May 2017	14,107	18,812
Comertbank	EUR	July 2017	1,913	2,732
Moldindconbank	EUR/MDL	September 2016	80,807	51,598
Banca Comerciala Romana	EUR	March 2021	17,326	17,309
Black Sea Trade and Development Bank (BSTDB)	EUR	May 2017	19,148	33,828
EuroCreditBank	EUR	April 2018	3,207	-
			175,128	190,794
			183,931	296,421

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Loans and borrowings to finance the lease activity

As at 31 December 2015 and 31 December 2014 the Group pledged the right to collect receivables under finance lease agreements and financing contracts and repossessed assets to secure the contracted loans and borrowings as follows:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Victoriabank	49,903	82,262
BSTDB	31,438	42,040
FinComBank	32,204	22,065
Banca Comerciala Romana	40,181	39,495
Comertbank	2,625	2,625
Energbank	13,943	22,430
Moldindconbank	76,721	55,144
EuroCreditBank	5,401	-
	252,416	266,061

17. BORROWINGS

	Currency	Maturity	2015	2014
			MDL'000	MDL'000
Borrowings from International Financial Institutions:				
European Fund for South Eastern Europe (EFSE)	USD	24.07.2015	-	47,110
International Financial Corporation (IFC)	USD	15.06.2015	-	33,480
Rural Investment and Services Project (RISP)	MDL/USD/EUR	01.04.2027	192,795	194,140
International Fund for Agricultural Development (IFAD)	MDL/USD/EUR	18.07.2022	450,589	390,535
Project for Competitiveness Improvement (PCI)	MDL/USD/EUR	01.10.2019	152,318	129,036
Kreditanstalt fur Wiederaufbau (Germany) (KfW)	MDL/USD/EUR	15.07.2022	57,930	46,121
Millennium Challenge	MDL/USD/EUR	25.03.2022	44,481	24,871
Fillere du Vin	EUR	18.12.2023	210,944	192,959
			1,109,057	1,058,252
Borrowings from other organizations to finance the leasing activity:				
Free International University of Moldova ("ULIM")			-	30,474
Autospace SRL			5,549	5,693
			5,549	36,167
			1,114,606	1,094,419

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(All amounts are expressed in thousand MDL, if not stated otherwise)

During 2015 loans from the International Financial Corporation and the European Fund for South East Europe have been fully repaid on maturity.

For loans contracted under agreements between the Government of the Republic of Moldova and International Financial Institutions, repayment schedules are set for each individual project. The agreements have no financial covenants which require regular calculation and reporting.

As at 31 December 2015, the Group had no pledged right to claim receivables under finance leases agreements. As at 31 December 2014 the Group has pledged the right to claim receivables under finance leases and financing agreements, foreclosed collateral to secure loans and borrowings related to borrowings from ULIM in the amount of MDL'000 21,188.

18. DUE TO CUSTOMERS

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Legal entities		
Current accounts, including:		
Corporate customers	863,794	751,461
Retail customers	1,576,326	1,315,535
	2,440,120	2,066,996
Term deposits, including:		
Corporate customers	377,307	387,592
Retail customers	624,224	577,454
	1,001,531	965,046
	3,441,651	3,032,042
Individuals		
Current accounts	1,358,371	1,011,466
Term deposits	9,244,519	7,457,521
	10,602,890	8,468,987
	14,044,541	11,501,029

As at 31 December 2015, current accounts of legal entities and individuals include restricted deposits under guarantee agreements in the amount of MDL'000 94,266 (31 December 2014: MDL'000 85,198).

The Group's term deposit portfolio includes certain deposits with no rights to withdraw deposits prior to maturity. Should such deposits be withdrawn prior to maturity, the interest rate is decreased to the rate applied for demand deposits and is recalculated for the whole term of the deposit.

(All amounts are expressed in thousand MDL, if not stated otherwise)

19. TAXATION

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Current income tax expenses	48,181	41,351
Deferred income tax expense	(51,498)	12,306
Income tax expenses for the year	(3,317)	53,657

Current income tax is calculated on the taxable income for the statutory financial statements. For tax purposes, the deductibility of certain expenses, for example entertainment costs, is limited to a percentage of profit specified in the tax law. The standard income tax rate in 2015 is **12%** (2014: 12%).

The reconciliation of the income tax expense is presented in the table below:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Profit before tax	381,443	395,770
Tax calculated at applicable rate of 12% (2014:12%)	45,773	47,492
Adjustment of income tax expenses *	(55,008)	-
Tax effect of:		
Non-taxable income	(13,454)	(5,496)
Non-deductible expenses	26,838	11,684
Philanthropic, sponsorship and other expenses	(832)	(23)
Income tax expense for the year	(3,317)	53,657

* In accordance with amendments made for 2015 in Article 31 paragraph (3) of the Tax Code, stipulating that financial institutions are allowed to deduct the allowance for impairment of assets and conditional liabilities measured under IFRS, deferred income tax liability calculated in prior periods in accordance with the previous version of the Tax Code, was recognized in statement of profit or loss and other comprehensive income as "Income tax expenses", in accordance with the recommendations of the Ministry of Finance of the Republic of Moldova.

(All amounts are expressed in thousand MDL, if not stated otherwise)

2015	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Current accounts and deposits with banks	(2,718)	2,841	-	-	123	123
Loans to customers	(48,487)	49,206	-	719	-	719
Lease receivables	460	33	-	493	-	493
Available for sale financial assets	(6,028)	1,025	(594)	-	(5,597)	(5,597)
Foreclosed collateral	(60)	35	-	-	(25)	(25)
Property and equipment	(19,795)	(133)	695	-	(19,233)	(19,233)
Investment property	153	(2,625)	-	-	(2,472)	(2,472)
Intangible assets	-	32	-	-	32	32
Other assets	(178)	209	-	31	-	31
Borrowings	77	14	-	91	-	91
Tax losses	-	646	-	646	-	646
Other liabilities	51	215	-	266	-	266
Total deferred tax assets (liabilities)	(76,525)	51,498	101	2,246	(27,172)	(24,926)

2014	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Current accounts and deposits with banks	(126)	(2,592)	-	-	(2,718)	(2,718)
Loans to customers	(39,971)	(8,516)	-	1,249	(49,736)	(48,487)
Lease receivables	433	27	-	460	-	460
Available for sale financial assets	(6,542)	(1,201)	1,715	-	(6,028)	(6,028)
Foreclosed collateral	-	(60)	-	-	(60)	(60)
Property and equipment	(16,671)	67	(3,191)	-	(19,795)	(19,795)
Investment property	(33)	186	-	-	153	153
Intangible assets	-	-	-	-	0	0
Other assets	263	(442)	-	(178)	-	(178)
Borrowings	(152)	229	-	77	-	77
Tax losses	-	-	-	-	-	-
Other liabilities	55	(4)	-	51	-	51
Total deferred tax assets (liabilities)	(62,744)	(12,306)	(1,476)	1,659	(78,184)	(76,525)

20. OTHER LIABILITIES

	2015	2014
	MDL'000	MDL'000
Other non-financial liabilities		
Other taxes payable	17,227	25,566
Special tax	-	1,690
Other financial liabilities		
Dividends payable	16,146	15,876
Trade payables	2,216	5,171
Due to insurance companies (subsidiary)	752	624
Settlements with other financial institutions	35,303	21,831
Advances from customers on future lease agreements	2,015	1,426
Payables to employees	1,219	833
Other liabilities	38,676	7,263
	113,554	80,280

In accordance with the Law on additional measures of financial stability no. 190 dated 30 September 2011, the Ministry of Finance of the Republic of Moldova has calculated the size of the final instalment of the special tax and submitted to the Group the calculation for payment.

21. SHARE CAPITAL

As at 31 December 2015 the share capital comprises 1,037,634 authorized ordinary shares, with a nominal value of MDL 200 per share (31 December 2014: 1,037,634, of which only 973,367 were shares in circulation).

During 2015 the Group disposed of 64,267 treasury shares, purchased at a tender in 2007 (at a price of MDL 1,340 per share in the total value of MDL'000 86,118). The sale price ranged between MDL 1,341 and 1,350, the total value being MDL'000 86,352.

The difference between the sale price and the nominal value was included in additional capital.

During 2015 the Group declared and distributed dividends from the net profit of the year ended 31 December 2014, in the amount of MDL'000 103,763 or MDL 100 per share (2014: MDL'000 146,005 or MDL 150 per share).

22. CAPITAL ADEQUACY

	Carrying value		Risk-weighted value	
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	MDL'000	MDL'000	MDL'000	MDL'000
Balance sheet items (net of reserves)				
Cash on hand	515,578	414,985	-	-
Balances with NBM denominated in MDL	2,516,802	819,995	-	-
Balances with NBM denominated in foreign currency	1,008,324	690,444	201,665	138,089
Due from banks	2,261,334	1,546,429	452,267	309,286
Financial assets held for trading	36,576	166,520	-	-
Loans to customers (excluding mortgage)	9,157,908	9,072,427	9,157,908	9,072,427
Loans to customers (mortgage)	1,171,151	1,233,561	585,575	616,781
Lease receivables	263,934	347,072	263,934	347,072
Financial assets available for sale	153,769	158,064	153,769	158,064
Financial assets held to maturity	688,879	624,814	-	-
Foreclosed collateral	24,093	17,437	24,093	17,437
Property and equipment	411,458	376,286	411,458	376,286
Investment property	75,149	16,816	75,149	16,816
Intangible assets	62,708	52,118	62,708	52,118
Other assets	101,709	88,692	101,709	88,692
Total statement of financial position	18,449,372	15,625,660	11,490,236	11,193,068
Off-balance sheet items				
Guarantees issued	234,064	316,230	234,064	316,230
Letters of credit	9,719	28,552	9,719	28,552
Commitments to extend loans	848,271	669,897	424,136	334,949
Total off-balance sheet items	1,092,054	1,014,679	667,919	679,731
Total	19,541,426	16,640,339	12,158,155	11,872,799

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	31.12.2015	31.12.2014
	MDL'000	MDL'000
Tier 1 capital		
Share capital, nominal	207,527	194,673
Share premium	104,537	31,037
Retained earnings	2,418,489	2,114,936
Total tier 1 capital	2,730,553	2,340,646
Tier 2 capital		
Property and equipment revaluation reserve	149,548	160,319
Available for sale financial assets reserve	72,203	62,901
Total tier 2 capital	221,751	223,220
Total capital	2,952,304	2,563,866
Tier 1 ratio, IFRS figures	22.46%	19.71%
Tier 1 and 2 ratio, IFRS figures	24.28%	21.59%

The tier I capital ratio is calculated as the percentage ratio between total tier I capital and risk-weighted balance sheet and off-balance sheet assets.

Tier I and II capital ratio measure the risk-weighted capital adequacy, being calculated as the percentage ratio between the total capital (tier I and II) and risk-weighted balance sheet and off-balance sheet assets.

The retained earnings contain also the non-distributable legal reserves formed according to the regulations of the National Bank of Moldova and the Law on Joint-stock companies.

During the years 2015 and 2014 the Group complied with NBM prudential regulation of minimum 16% capital adequacy requirements 31 December 2015: 22.20%, 2014: 16.77%.

The Group conducts its activity in accordance with Capital Management Policy of BC "Moldova Agroindbank" S.A. and applies the following tools for the management of Bank's capital: (i) capital planning and (ii) monitoring, compliance and maintenance of capital requirements.

The Group maintains a system of monitoring and reporting related to the Group's capital in order to ensure the compliance with capital requirements stipulated in the legislation.

23. CASH AND CASH EQUIVALENTS

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

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Cash on hand	515,578	414,985
Balances with National Bank of Moldova	2,516,802	819,995
Current accounts and overnight deposits with banks	2,168,587	1,466,760
	5,200,967	2,701,740

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24. NET INTEREST INCOME

	2015	2014
	MDL'000	MDL'000
Interest income		
Loans and advances to banks	169,339	7,114
Loans and advances to customers	1,177,637	989,034
Finance lease and financing agreements	37,375	37,646
Financial assets held to maturity	105,944	50,495
	1,490,295	1,084,289
Interest expense		
Due to customers (individuals)	542,583	381,036
Due to customers (companies)	66,402	42,720
Due to banks and other organizations	71,661	61,878
	680,646	485,634
Net interest income	809,649	598,655

Interest income on impaired financial assets is MDL'000 265,592 (2014: MDL'000 103,523).

25. NET FEE AND COMMISSION INCOME

	2015	2014
	MDL'000	MDL'000
Fee and commission income		
Cash transactions	70,926	59,992
Processing of clients' payments	48,618	46,975
Transactions with debit cards	55,007	29,953
Commissions on salary transferred to debit cards	8,658	7,925
Money transfer services	14,490	11,822
Cash delivery service	5,177	3,500
Commission from direct debit transactions	3,775	2,925
Commissions on guarantees and letters of credit	9,945	7,996
Service fees on client accounts	28,304	23,973
Commissions from other services to clients	55,454	30,935
	300,354	225,996
Fee and commission expense		
Transactions with debit cards	21,296	10,907
Processing centres services	35,027	20,665
Commissions charged by correspondent banks	1,985	2,068
Commissions for cash transactions	6,336	4,953
Cash withdrawal related to debit cards	2,528	2,391
Contributions to the Deposit Guarantee Fund	6,892	5,985
Others	2,674	2,828
	76,738	49,797
Net fee and commission income	223,616	176,199

26. NET FOREIGN EXCHANGE GAINS

	2015	2014
	MDL'000	MDL'000
Gains from trading in foreign currencies	294,323	135,118
Foreign exchange translation losses	(39,163)	(13,483)
Net result	255,160	121,635

27. OTHER OPERATING INCOME

	2015	2014
	MDL'000	MDL'000
Penalties received	18,165	11,491
Income from unpaid and expired dividend liabilities	2,584	1,929
Gains from disposal of other assets	1,100	1,209
Income from rent	1,588	1,051
Gain on disposal of property and equipment	-	321
Gains from disposal of investments	335	104
Other income	4,070	5,366
	27,842	21,471

28. PERSONNEL EXPENSES

	2015	2014
	MDL'000	MDL'000
Salaries and bonuses	165,325	171,637
Social insurance and contributions	38,319	41,244
Medical insurance contributions	7,201	6,869
Other personnel expenses	3,106	14,659
	213,951	234,409

The Group makes contributions to the State social insurance fund of the Republic of Moldova, calculated as a percentage of the gross salary and other compensations. These contributions are charged to the consolidated statement of profit or loss in the period in which the related salary is earned by the employee.

29. OTHER OPERATIONAL AND ADMINISTRATIVE EXPENSES

	2015	2014
	MDL'000	MDL'000
Rent	33,121	30,177
Advertising and charity	47,070	19,457
Repairs and maintenance	25,528	22,821
Maintenance of intangible assets	13,202	12,091
Utilities	10,468	9,881
Safeguarding of assets and security	7,226	6,743
Postage and telecommunication	7,371	6,444
Transportation	5,920	5,761
Stationery and supplies	9,071	5,999
Business promotion	3,318	4,735
Professional services	6,889	7,564
Remuneration of Group Council	9,565	5,121
Dealing and informational services	5,081	5,042
Inventory	4,369	3,571
Travel	2,354	1,830
Insurance	2,641	2,428
Training	1,477	1,489
Other fees and commissions	2,167	691
Expenses for debt collection services	1,215	1,299
Write down of assets	990	1,086
Other expenses	15,521	13,280
	214,564	167,510

Other expenses include property tax, penalties paid, amounts relating to cash transactions and certain marketing expenses.

30. IMPAIRMENT OF LOANS, LEASE RECEIVABLES AND OTHER RECEIVABLES

Impairment of interest bearing assets includes impairment of:

	Notes	2015	2014
		MDL'000	MDL'000
Loans and advances	8	415,579	61,561
Finance lease receivables	9	11,980	2,787
Other assets	15	43,733	3,006
		471,292	67,354

31. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The aggregate amount of guarantees, commitments and other off-balance sheet items existing as at 31 December 2015 and 31 December 2014 is:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Letters of credit	9,719	28,552
Guarantees	234,064	316,230
Financing commitments and other	848,271	669,897
Total	1,092,054	1,014,679

In the normal course of business, the Group issues guarantees and letters of credit on behalf of its customers. The credit risk on guarantees is similar to that arising from granting of loans. In the event of a claim on the Group as a result of a customer's default on a guarantee, these instruments also present a degree of credit risk to the Group. No provision was required as at 31 December 2015 and 31 December 2014.

Financing commitments do not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being disbursed.

The table below shows the expected maturity of the Group's guarantees and other financial commitments as at 31 December 2015 and 31 December 2014:

2015	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Letters of credit	4,585	5,134	-	-	-	9,719
Guarantees	234,064	-	-	-	-	234,064
Financing commitments	266,309	69,319	268,947	243,696	-	848,271
Total	504,958	74,453	268,947	243,696	-	1,092,054

2014	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Letters of credit	-	-	28,552	-	-	28,552
Guarantees	316,230	-	-	-	-	316,230
Financing commitments	669,897	-	-	-	-	669,897
Total	986,127	-	28,552	-	-	1,014,679

32. CAPITAL COMMITMENTS

As at 31 December 2014 the Group had commitments amounting to MDL'000 8,120 (USD'000 520) for American Express License, which was paid in 2015.

33. EARNINGS PER SHARE

	Ordinary shares outstanding	Profit for the year	Basic earnings per share
		MDL'000	MDL
As at 31 December 2014	973,367	341,639	350.99
As at 31 December 2015	1,019,515	382,467	375.15

34. FAIR VALUE OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

Fair value measurements are analysed by the fair value level in the fair value hierarchy as described in Note 3. Management makes judgments in categorizing the financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against their impact on fair value of the valued instruments.

Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The level in the fair value hierarchy into which the recurring fair value measurements are categorized as follows:

	2015				2014*			
	Fair value				Fair value			
	MDL'000				MDL'000			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Financial assets held for trading	-	36,576	-	36,576	-	166,520	-	166,520
Financial assets available for sale	46,034	-	107,735	153,769	30,908	-	127,156	158,064
Non-financial assets								
Land and buildings	-	-	253,883	253,883	-	-	266,807	266,807
Investment property	-	75,149	-	75,149	-	16,816	-	16,816
Total assets recurring fair value measurements	46,034	111,725	361,618	519,377	30,908	183,336	393,963	608,207

*See Note 2.28

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The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows as at 31 December 2015 and 31 December 2014:

	Fair value	Valuation technique	Inputs used	Range of inputs (weighted average)	Reasonable change	Sensitivity of fair value
31 December 2015						
Financial assets available for sale	107,735	Discounted cash flows	Weighted average cost of capital	13.29%-18.16% (16.11%)	+10%	(54,341)
	46,034	Market value	Market price for the financial asset		-10%	40,143
Land and buildings	253,883	Market value	Market prices for comparable properties (MDL/sq.m.)	Lands – 29-4,137 (2,319) Buildings – 98-36,935 (14,186)	±10%	±25,388
31 December 2014						
Financial assets available for sale	127,156	Discounted cash flows	Weighted average cost of capital	12.12% - 26.58% (15.78%)	+10%	(30,000)
	30,908	Market value	Market price for the financial asset		-10%	40,756
Land and buildings	266,807	Market value	Market prices for comparable properties (MDL/sq.m.)	Lands – 29-4,137 (2,319) Buildings – 98-36,935 (14,186)	±10%	±26,681

The above tables discloses sensitivity to valuation inputs for financial assets, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognized in other comprehensive income, total equity.

There were no changes in valuation technique for level 3 recurring fair value measurements during the year ended 31 December 2015 (31 December 2014: none).

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result. For investments available for sale, increases in the WACC multiple would lead to a decrease in estimated value.

Level 3 valuations are reviewed on an annual basis by Corporate Investments Department which report to the Management Board. The Group involves an external valuer who hold a recognized and relevant professional qualification and who have recent experience in the valuation of assets in a similar category. The Corporate Investments Department considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the financial services industry.

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	2015					2014				
	Carrying value	Fair value				Carrying value	Fair value			
	MDL'000	MDL'000				MDL'000	MDL'000			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Financial assets										
Accounts with NBM	3,525,126	-	3,525,126	-	3,525,126	1,510,439	-	1,510,439	-	1,510,439
Due from banks	2,261,334	-	2,261,334	-	2,261,334	1,546,429	-	1,546,429	-	1,546,429
Loans to customers:	10,329,059	-	-	10,169,170	10,169,170	10,305,988	-	-	10,139,369	10,139,369
Corporate customers	6,380,711	-	-	6,419,677	6,419,677	6,479,506	-	-	6,500,263	6,500,263
Retail entities	1,832,190	-	-	1,871,875	1,871,875	1,747,912	-	-	1,711,876	1,711,876
Individuals	2,116,158	-	-	1,877,618	1,877,618	2,078,570	-	-	1,927,230	1,927,230
Lease receivables	263,934	-	-	270,110	270,110	347,072	-	-	345,295	345,295
Financial assets held to maturity	688,879	-	669,336	-	669,336	624,814	-	615,211	-	615,211
Other financial assets	75,393	-	-	75,393	75,393	62,252	-	-	62,252	62,252
Total	17,143,725	-	6,455,796	10,514,673	16,970,469	14,396,994	-	3,672,079	10,546,916	14,218,995

(All amounts are expressed in thousand MDL, if not stated otherwise)

	2015					2014				
	Carrying value	Fair value				Carrying value	Fair value			
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
	Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total	
Financial liabilities										
Due to banks	183,931	-	-	183,931	183,931	296,421	-	-	296,421	296,421
Borrowings	1,114,606	-	-	1,114,606	1,114,606	1,094,419	-	-	1,112,953	1,112,953
Due to customers	14,044,541	-	-	14,044,541	14,044,541	11,501,029	-	-	11,465,664	11,465,664
Legal entities, including:	3,441,651	-	-	3,441,651	3,441,651	3,032,042	-	-	3,044,837	3,044,837
Current accounts	2,440,120	-	-	2,440,120	2,440,120	2,066,996	-	-	2,066,996	2,066,996
Term deposits	1,001,531	-	-	1,001,531	1,001,531	965,046	-	-	977,841	977,841
Individuals, including:	10,602,890	-	-	10,602,890	10,602,890	8,468,987	-	-	8,420,827	8,420,827
Current accounts	1,358,371	-	-	1,358,371	1,358,371	1,011,466	-	-	1,011,466	1,011,466
Term deposits	9,244,519	-	-	9,244,519	9,244,519	7,457,521	-	-	7,409,361	7,409,361
Other financial liabilities	96,327	-	-	96,327	96,327	53,024	-	-	53,024	53,024
Total	15,439,405	-	-	15,439,405	15,439,405	12,944,893	-	-	12,928,062	12,928,062

Cash and cash equivalents

The fair value of cash and cash equivalents equals to their carrying amount.

Net loans and lease receivables

Loans and lease receivables are reduced by the impairment allowance on loans and lease receivables. The estimated fair value of loans and lease receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Financial investments held to maturity

Financial assets held to maturity include only interest-bearing assets held to maturity. Fair value for held-to-maturity assets is based on market prices or broker/dealer price quotations.

Borrowings, due to banks, due to customers

The fair value of floating rate borrowings approximates their carrying amount. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(All amounts are expressed in thousand MDL, if not stated otherwise)

35. CLASSIFICATION OF FINANCIAL INSTRUMENTS BY MEASUREMENT CATEGORY

For the purposes of measurement, IAS 39, *Financial Instruments: Recognition and Measurement*, the Group classifies financial assets into the following categories: (a) loans and receivables; (b) available for sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL").

Financial assets at fair value through profit or loss have two subcategories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2015 and 31 December 2014.

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2015:

31 December 2015	Loans and receivables, including leasing	Available for sale assets	Assets held for trading	Held to maturity assets	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Assets					
Cash on hand and balances with National Bank	4,040,704	-	-	-	4,040,704
Due from banks	2,261,334	-	-	-	2,261,334
Financial assets held for trading	-	-	36,576	-	36,576
Loans and advances to customers:					
Corporate customers	6,380,711	-	-	-	6,380,711
Retail customers legal entities	1,832,190	-	-	-	1,832,190
Individuals	2,116,158	-	-	-	2,116,158
Lease receivables:					
Corporate customers	153,510	-	-	-	153,510
Individuals	116,600	-	-	-	116,600
Financial assets available for sale	-	153,769	-	-	153,769
Financial assets held to maturity	-	-	-	688,879	688,879
Other financial assets:					
Receivables related to cancelled lease agreements (leasing)	21,725	-	-	-	21,725
Receivables from other financial institutions	18,112	-	-	-	18,112
Due from providers (leasing)	7,243	-	-	-	7,243
Due from insurance companies (leasing)	1,247	-	-	-	1,247
Other	27,067	-	-	-	27,067
Total financial assets	16,976,601	153,769	36,576	688,879	17,855,825

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2015:

31 December 2014	Loans and receivables, including leasing	Available for sale assets	Assets held for trading	Held to maturity assets	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Assets					
Cash on hand and balances with National Bank	1,925,424	-	-	-	1,925,424
Due from banks	1,546,429	-	-	-	1,546,429
Financial assets held for trading	-	-	166,520	-	166,520
Loans to customers:					
Corporate customers	6,479,506	-	-	-	6,479,506
Retail customers legal entities	1,747,912	-	-	-	1,747,912
Individuals	2,078,570	-	-	-	2,078,570
Lease receivables:					
Corporate customers	209,774	-	-	-	209,774
Individuals	135,521	-	-	-	135,521
Financial assets available for sale	-	158,064	-	-	158,064
Financial assets held to maturity	-	-	-	624,814	624,814
Other financial assets:					
Receivables related to cancelled lease agreements (leasing)	14,410	-	-	-	14,410
Receivables from other financial institutions	26,160	-	-	-	26,160
Due from providers (leasing)	9,632	-	-	-	9,632
Due from insurance companies (leasing)	1,104	-	-	-	1,104
Other	10,946	-	-	-	10,946
Total financial assets	14,185,388	158,064	166,520	624,814	15,134,786

As at 31 December 2015 and 31 December 2014 all financial liabilities of the Group were carried at amortized cost.

36. 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 extending of loans, accepting deposits, finance trade, payment settlement, foreign currency transactions and acquisition of services and goods from related parties.

The transactions and balances mentioned above arose in the ordinary course of the Group's business and are performed at market rates.

In the table below are disclosed the balances and the transactions with the related parties during the year.

In the table below are disclosed the balances as at year ended 31 December:

Related parties		Loans granted ¹⁾	Impairment loss on loans	Lease receivables ²⁾	Loans received ³⁾	Deposits ⁴⁾	Guarantees issued by the Group	Commitments to grant loans
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Civil society of Group shareholders and their affiliates	Shareholders	2015	341	-	-	-	37,462	-
		2014	720	-	-	-	106,519	7,599
Other directors (executive/ non-executive) and their affiliates	Management	2015	107,859	71	233	5,549	193,143	14,499
		2014	64,658	-	659	5,693	56,650	16,126
Ecoplantera SRL	Associate	2015	-	-	-	-	-	-
		2014	-	-	-	-	-	-
Total		2015	108,200	71	233	5,549	230,605	14,499
		2014	65,378	-	659	5,693	163,169	23,725

¹⁾ The contractual interest rate 0%-18%

²⁾ The contractual interest rate 14%

³⁾ The contractual interest rate 6%

⁴⁾ The contractual interest rate 0%-17.5%

In the table below are disclosed the transactions for the year ended 31 December:

Related parties			Interest and commission income	Interest and commission expenses	Non-interest income	Non-interest expenses	Procurement of vehicles	Dividends received
			MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Civil society of Group shareholders and their affiliates	Shareholders	2015	65	2,535	1,127	13,491	-	14,180
		2014	93	4,228	945	15,747	15,355	32,573
Other directors (executive/ non-executive) and their affiliates	Management	2015	9,589	3,927	4,539	30,841	12,527	10,594
		2014	6,471	1,744	1,548	23,282	-	15,616
Ecoplantera SRL	Associate	2015	-	-	-	-	-	-
		2014	29	-	23	-	-	-
Total		2015	9,654	6,462	5,666	44,332	12,527	24,874
		2014	6,593	5,972	2,516	39,029	15,355	48,189

Key management remuneration

The executive management and non-executive members of Group Board of Directors received remuneration during the years 2015 and 2014, as follows:

	2015	2014
	MDL'000	MDL'000
Executive management remuneration	23,072	19,670
Medical insurance contributions	940	749
Social fund	5,284	4,507
Total executive management	29,296	24,926
Board remuneration	7,092	2,872
Medical insurance contributions	286	115
Social fund	1,482	660
Total Board	8,860	3,647

37. SEGMENT REPORTING

Operating segments are structural units of the Group carrying out business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the members of the Management Board of the Group and by the heads of departments responsible for making operational decisions based on the reports prepared in the prescribed manner.

a) Description of products and services from which each reportable segment derives its revenue

The Group is organised on the basis of the following main business segments:

- *Retail Banking* – representing banking services to entities of small and medium-sized businesses and to individuals for private customer current accounts; financing of consumer loans and mortgages, pawn services, deposits, investment savings products, custody, credit and debit cards, electronic products, other services.
- *Corporate Banking* – this segment includes various types of financing current and investment activities of companies (loans, credit lines, guarantees, letters of credit etc.), maintenance of current accounts of companies, deposits placements, payroll, foreign currency transactions and financial instruments, provision of investment services.
- *Treasury* – this segment includes interbank transactions (FOREX operations, attracting and placing deposits and interbank loans, transactions with treasury bills, transactions with certificates issued by the NBM) on internal and external financial markets within established limits, as well as attracting loans and credit lines from banks and other international financial organisation.
- Other – include the segments of Capital investment, Leasing and others.

b) Factors used by the Management to identify the reportable segments

The Group's segments are strategic business units, focused on different categories of clients. Taking into account the particularity of clients segmentation and the bank services provided, business units are managed separately.

c) Measurement of operating segment profit or loss

The consolidated financial statements provided by the Group in accordance with International Financial Reporting Standards differ in certain aspects from the information prepared for the Management and namely:

- Allocation of resources among subunits – the purchase/sale of funds for each category of resources is based on transfer pricing, resulted from interest rate applied on resources attraction/placements for each category and the margin on purchase/sale of funds.
- Transfer pricing for the purchase/sale of special-purpose resources in national currency and foreign currency attracted from the NBM, national and international financial institutions is equal to the cost of these resources formed under the conditions of respective loan agreements and contracts. Transfer prices are examined at ALCO and approved by the Management Board.
- Income taxes are allocated to segments in accordance with approved Group keys;
- Service centers expenses are reallocated to all units in accordance with approved keys.

d) Geographical information

The Group has no significant income from foreign customers.

The Group has no long-term assets (more than one year) located in countries other than the Republic of Moldova.

e) Major customers

The Group has no external customers with revenues exceeding 10 % of Group's total revenue.

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The segment information for the reportable segments for the year ended at 31 December 2015 and 31 December 2014 is set below:

31 December 2015	Corporate banking	Retail banking	Treasury	Other	Total	Adjustments	Total per profit or loss statement
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Interest income	668,892	519,747	275,260	26,396	1,490,295	-	1,490,295
Interest income from inter segment sales	47,433	744,369	11,579	-	803,381	(803,381)	-
Total interest income	716,325	1,264,116	286,839	26,396	2,293,676	(803,381)	1,490,295
Interest expense on customer deposits and other borrowings	38,557	611,866	11,416	18,807	680,646	-	680,646
Interest expenses for inter segment sales	392,714	303,619	99,834	7,145	803,312	(803,312)	-
Total interest expenses	431,271	915,485	111,250	25,952	1,483,958	(803,812)	680,646
Net interest income	285,054	348,631	175,589	444	809,718	(69)	809,649
Less impairment losses on interest bearing assets	372,420	64,950	-	33,922	471,292	-	471,292
Net income after impairment losses	(87,366)	283,681	175,589	(33,478)	338,426	(69)	338,357
Less the impairment on available for sale financial assets	-	-	-	14,924	14,924	-	14,924
Total non-interest income	57,121	240,272	16,410	52,381	366,184	-	366,184
Total income	(30,245)	523,953	191,999	3,979	689,686	(69)	689,617
Net foreign exchange gains	94,009	200,315	(36,566)	(2,598)	255,160	-	255,160
Direct expenses of the cost centre	35,148	302,948	13,881	153,276	505,253	-	505,253
Depreciation and amortization	2,127	22,736	864	32,355	58,082	-	58,082
Indirect income (redistributed between segments)	(72,822)	54,626	18,196	-	-	-	-
Indirect expenses (of the administrative and support centre)	16,058	157,448	1,367	(174,873)	-	-	-
Profit before tax	(62,391)	295,762	157,517	(9,377)	381,511	(69)	381,442
Income tax	(255)	(3,836)	(1,354)	2,128	(3,317)	-	(3,317)
Net profit after tax	(62,136)	299,598	158,871	(11,505)	384,828	(69)	384,759
Net profit							384,759

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31 December 2014	Corporate banking	Retail banking	Treasury	Other	Total	Adjustments	Total per profit or loss statement
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Interest income	562,854	437,251	57,608	26,576	1,084,289	-	1,084,289
Interest income from inter segments sales	29,136	521,430	1,226	-	551,792	(551,792)	-
Total interest income	591,990	958,681	58,834	26,576	1,636,081	(551,792)	1,084,289
Interest expenses on customer deposits and other borrowings	34,089	432,027	368	19,150	485,634	-	485,634
Interest expenses for inter segment sales	306,730	193,586	46,304	5,253	551,873	(551,873)	-
Total interest expenses	340,819	625,613	46,672	24,403	1,037,507	(551,873)	485,634
Net interest income	251,171	333,068	12,162	2,173	598,574	81	598,655
Less impairment losses on interest bearing assets	69,397	2,748	-	(4,791)	67,354	-	67,354
Net income after impairment losses	181,774	330,320	12,162	6,964	531,220	81	531,301
Less the impairment on available for sale financial assets				14,769	14,769		14,769
Total non-interest income	51,669	174,375	14,207	14,874	255,125	-	255,125
Total income	233,443	504,695	26,369	7,069	771,576	81	771,657
Net foreign exchange gains	49,589	85,529	(14,342)	859	121,635	-	121,635
Direct expenses of the cost centre	26,451	266,692	13,284	145,289	451,716	-	451,716
Depreciation and amortization	2,047	18,121	819	24,819	45,806	-	45,806
Indirect income (redistributed between segments)	(55,723)	47,040	8,683	-	-	-	-
Indirect expenses (of the administrative and support centre)	13,405	142,638	1,670	(157,713)	-	-	-
Profit before tax	185,406	209,813	4,937	(4,467)	395,689	81	395,770
Income tax	23,457	28,040	-	2,160	53,657	-	53,657
Profit after tax	161,949	181,773	4,937	(6,627)	342,032	81	342,113
Net profit							342,113

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

The total segments revenue and net profit differs from the profit and revenue, disclosed in the statement of comprehensive income due to intersegment revenue / expenses which are not significant enough to be disclosed.

31 December 2015	Corporate banking	Retail banking	Treasury	Other	Total per statement of financial position
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS					
Cash on hand	-	-	-	515,578	515,578
Balances with National Bank of Moldova	-	-	3,525,126	-	3,525,126
Due from banks	-	-	2,261,334	-	2,261,334
Financial assets held for trading	-	-	36,576	-	36,576
Loans and advances to customers	6,380,711	3,948,348	-	-	10,329,059
Lease receivables	-	-	-	263,934	263,934
Financial assets available for sale	-	-	-	153,769	153,769
Financial assets held to maturity	-	-	688,879	-	688,879
Foreclosed collateral	-	-	-	24,093	24,093
Property and equipment	-	-	-	411,458	411,458
Investment property	-	-	-	75,149	75,149
Intangible assets	-	-	-	62,708	62,708
Other assets	-	11,082	428	90,199	101,709
Total assets	6,380,711	3,959,430	6,512,343	1,596,888	18,449,372
LIABILITIES					
Due to banks	-	-	8,803	175,128	183,931
Borrowings	-	-	1,109,057	5,549	1,114,606
Due to customers	1,241,101	12,803,440	-	-	14,044,541
Deferred tax liability	(4,030)	19,431	10,304	(779)	24,926
Other liabilities	13	60,886	-	61,190	122,089
Total liabilities	1,237,084	12,883,757	1,128,164	241,088	15,490,093

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

(All amounts are expressed in thousand MDL, if not stated otherwise)

31 December 2014	Corporate banking	Retail banking	Treasury	Other	Total per statement of financial position
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS					
Cash on hand	-	-	-	414,985	414,985
Balances with National Bank of Moldova	-	-	1,510,439	-	1,510,439
Due from banks	-	-	1,546,429	-	1,546,429
Financial assets held for trading	-	-	166,520	-	166,520
Loans and advances to customers	6,479,506	3,826,482	-	-	10,305,988
Lease receivables	-	-	-	347,072	347,072
Financial assets available for sale	-	-	-	158,064	158,064
Financial assets held to maturity	-	-	624,814	-	624,814
Foreclosed collateral	-	-	-	17,437	17,437
Property and equipment	-	-	-	376,286	376,286
Investment property	-	-	-	16,816	16,816
Intangible assets	-	-	-	52,118	52,118
Other assets	-	2,750	-	85,942	88,692
Total assets	6,479,506	3,829,232	3,848,202	1,468,720	15,625,660
LIABILITIES					
Due to banks	-	-	105,627	190,794	296,421
Borrowings	-	-	1,058,252	36,167	1,094,419
Due to customers	1,139,053	10,361,976	-	-	11,501,029
Deferred tax liability	34,581	38,814	1,0584	2,076	76,525
Other liabilities	55	23,729	-	64,934	88,718
Total liabilities	1,173,689	10,424,519	1,164,933	293,971	13,057,112

38. RISK MANAGEMENT

The risks are part of the Group's activities. Effective risk management is a key condition for success, especially during current economic conditions. The key objectives such as the maximization of the profitability, reduction of the risk exposure, compliance with regulations determined that the risk management process becomes more complex and vital.

The Group is exposed to the credit risk, including the risk related to counterparties, liquidity risk, market risk that includes interest rate risk and currency risk, operational risk, country and transfer risk.

38.1. Risk management structure

Risk management structure is based on actual requirements regarding the internal control system, general accepted practice, including recommendations of the Basel Committee for Banking Supervision.

38.2. Basic principles of risk management

Risk management is carried out by applying structured management culture, policies, procedures and practices in order to identify, assess, monitor and reduce risk.

Monitoring and controlling risks is conducted primarily by using the system of limits imposed by the Group for each significant risk. Limits are monitored daily, ensuring communication to members of the Management Board. Given the environmental change, market trends and/or increase of some risk indicators, the Group intervenes and imposes limits or other control measures. Risk limits reflect in the first place the tolerance and risk appetite of the Group.

In order to ensure effective risk management and obtain objective information on the condition and size of the risks, the Group's risk exposure is monitored continuously, information being presented and analyzed daily, so that the risks are identified and kept at the Group's acceptable and justifiable level.

38.3. Country and transfer risk

Country risk is the risk determined by the eventual negative impact of economic, social and political conditions and events in a foreign country on the Group's activity.

Transfer risk is the risk that it will be impossible for a foreign entity to convert certain financial liabilities in the necessary currency to settle the payment due to the deficiency of the respective currency as a result of restrictions imposed in that country.

The country risk management system within the Group provides for the application and improvement of the internal model for evaluation and assessing of the risk category established for the country, on the basis of the analysis of complex factors, including the international rating assigned by the international rating agencies stipulated in the internal normative acts. Based on them the risk categories and the exposure limits of the bank toward each country are established. The review and adjustment of the approved limits is done periodically, but not less than once a year.

The compliance with country limits is monitored continuously, being prepared conclusive reports concerning the level of risk exposure of the Group to the country and transfer risk.

Group's country exposure as at 31 December:

Country risk category	2015		2014	
	MDL'000	%	MDL'000	%
I	2,262,419	93.22	1,574,447	91.91
II	25	0.00	8	0.00
III	164,208	6.77	138,571	8.09
IV	267	0.01	53	0.00
Total	2,426,919	100	1,713,079	100

Category I includes countries with international rating AAA-AA, category II: A-BBB, category III: BB-B, category IV: less than B.

The year 2015 was marked by a highly volatile political, economic and security environment in the region, in particular conditioned by the lack of progress in the settlement of the geopolitical conflict between Russia and Ukraine. However, the Group considers an acceptable level of risk, in the context in which the majority of financial resources exposed to the country risk rests for the states with a high solvency, namely category I of risk.

The Group periodically assesses the credit quality of its exposure to country risk and performs various stress scenarios based on the severity of the assumed circumstances, estimating the size of potential losses if the conditions will occur and the impact on the Group's capital. Developments in the global and regional economy and trends and their forecasts are continuously analysed, in order to react promptly and effectively to minimize risks.

38.4. Market risk

Market risk represents the risk of registering financial losses and /or the worsening of the financial position of the Group, as a result of the unfavourable fluctuations in the price of the Group's portfolio, determined by the changes in the risk factors such as: interest, exchange rates, volatility, etc.

The Group identifies itself as being exposed to the linear market risk, respectively to the risks that arise in the case of open positions, which changes linearly or with a linear admissible approximation to the change in the risk factors.

The most important market risks that the Group is exposed to are interest rate and currency risks.

Market risk management is aimed at monitoring and maintaining the exposure of the financial instruments in the portfolio within the set parameters while optimizing the return on those investments.

38.4.1. Currency risk

Currency risk is the risk of potential losses due to exchange rate changes (price) of the respective currency on exchange market.

The Group manages the exchange rate risk through its prudent management of the open currency positions, the management and monitoring process being based on VAR methodology, the internal system of indicators and limits applied, maintenance of a balanced structure of assets and liabilities in foreign currency, applying stress scenarios to exchange rate developments and analysis of the impact on earnings and capital.

In order to estimate the market risk derived from changes in exchange rates of foreign exchange to the Moldovan Leu, the Bank uses the VAR method with a confidence interval of 95%, calculated on the basis of information on daily fluctuations of exchange rates, recorded during a two year period of observation.

VAR index (MDL'000)

	VAR limit	Effectively as at 31 December	Daily average	Maximum	Minimum
2015	1500	468	487	1500	30
2014	1000	941	350	1000	20

To ensure effective monitoring of the currency risk and increase the Group's protection against possible adverse developments in the risk factors, the Group analyses the sensitivity of its opened currency positions to the volatility of the exchange rates.

The table below reflects the potential effect (on account of profit/loss) from daily change of foreign exchange rates that Group mainly operates with and therewith significant exposure (given the size of balance sheet assets and foreign exchange liabilities): EUR, USD and RUB in relation to MDL.

The stress analysis is applied to open currency positions for each of the three currencies listed at 31 December 2015, given reasonable daily deviation increase/decrease in exchange rates of foreign currencies against the national currency.

The amount of open currency positions includes the balances of balance sheet and off-balance sheet assets and liabilities in foreign currency. Negative amount, possibly obtained under scenario reflects a potential net reduction in foreign currency differences gains, net, while a positive amount reflects a possible increase in the foreign currency differences gains, net:

Open currency position	Nominal value	FX rate	Possible daily rate increase	Income/(loss) effect	Possible daily rate decrease	Income/(loss) effect
	MDL'000		%	MDL'000	%	MDL'000
As at 31 December 2015						
EUR	(59,274)	21.4779	+10.00	(5,927)	(8.00)	4,742
USD	(31,289)	19.6585	+10.00	(3,129)	(8.00)	2,503
RUB	8,313	0.2692	+15.00	1,247	(25.00)	(2,078)
Total				(7,809)		5,167

Open currency position	Nominal value	FX rate	Possible daily rate increase	Income/(loss) effect	Possible daily rate decrease	Income/(loss) effect
	MDL'000		%	MDL'000	%	MDL'000
As at 31 December 2015						
EUR	(11,348)	18.9966	+5.00	(567)	(5.00)	567
USD	(54,927)	15.6152	+5.00	(2,746)	(5.00)	2,746
RUB	888	0.2763	+14.43	128	(21.18)	(188)
Total				(3,185)		3,125

The nominal value of open foreign exchange position is calculated according to the provisions of the NBM and includes the assets and financial liabilities and the conditional commitments as at 31 December 2015 and 31 December 2014.

See Note 39 for the structure of Group's assets and liabilities per currencies.

38.4.2 Interest rate risk

Interest rate risk is the risk of loss resulting from changes in interest rates, which can influence the future cash flows or market value of financial instruments.

The Group's net interest income represents a significant part of the Group's income, thereby increasing its capital and ensuring that the Group's business model succeeds. In this context, the Group pays the corresponding importance to the management of the interest rate risk.

The Group applies the GAP analysis method to assess the impact of the market fluctuation of interest rate on the net interest margin, and hence on the net interest income. The Group's interest rate position is assessed by establishing the gap related to assets and liabilities through the GAP method.

The Group registers a positive GAP value between assets and liabilities sensible to interest rate, which indicates a greater sensitivity of assets to the interest rate fluctuations and that in the event of interest rates increase, i.e. a decrease in net margin when interest rates fall.

In order to estimate the level of interest rate risk, the Group takes into account the prognosis for standard developments and/or non-standard risk factors estimates by modelling scenarios of deviation of their level, which being applied to the amount of assets and liabilities interest rate gap indicates their sensitivity and the potential impact on net interest income.

The table below sets out the net interest income sensitivity to a potential modification of the interest rate for individual intervals.

Sensitivity of net interest income, MDL'000

	Increase in basis points	1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2015	+100	27,737	(7,346)	(4,068)	25	360	16,708
	+50	13,868	(3,673)	(2,034)	13	180	8,354
2014	+100	19,200	(4,684)	775	193	(97)	15,386
	+50	9,600	(2,342)	387	96	(49)	7,693

Sensitivity of net interest income MDL'000

	Decrease in basis points	1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2015	-100	(27,737)	7,346	4,068	(25)	(360)	(16,708)
	-50	(13,868)	3,673	2,034	(13)	(180)	(8,354)
2014	-100	(19,200)	4,684	(775)	(193)	97	(15,386)
	-50	(9,600)	2,342	(387)	(96)	49	(7,693)

In 2015 the Group recorded an increase of interest bearing assets over the interest bearing liabilities as such ensuring the maximum net interest income in the local banking system. In annual terms, the interest rates increased both for the loans and deposits portfolio as result of pro-inflationary trends noticed on the market.

38.5. Liquidity risk

Liquidity risk represents the incapacity of the Group to ensure at any moment in time and at a reasonable price the necessary monetary funds in order to meet its obligations resulting from the outflow of deposits and other obligations or from an increase in the amount of the non-liquid assets (loans).

The Group's liquidity risk management system provides for managing liquidity in accordance with regulatory requirements, systematic monitoring and analysis of risk factors related to current and long-term liquidity, regular reporting on the level of exposure of the Group's liquidity risk, submission of recommendations and proposals, conducting stress tests to back up the projection of cash flows, and provides an assessment of the Group's liquidity situation.

Additionally to the requirements of the National Bank of Moldova related to liquidity risk, the Group established internal limits for minimum current and long-term liquidity ratio in order to efficiently manage and prevent liquidity deficit. The Group developed a range of indicators that allow analysing the dynamics of liquidity position. To ensure financial equilibrium in terms of maturities, the Group aims to maintain congruence between continuity and flexibility of attracting funds, by contracting liabilities with different maturity.

Given that liquidity risk involves not only deficit of the needed funds, but also the cost of obtaining them, the Group aims to ensure a diversified portfolio and a high quality of the assets, thus securing a sustainable and successful activity.

The table below sets out the remaining contractual cash flows until the maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2015:

31 December 2015	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Financial liabilities						
Due to banks	40,318	23,039	88,242	48,404	1,102	201,105
Borrowings	69,743	6,782	228,036	782,049	124,085	1,210,695
Due to customers	5,186,002	2,691,881	5,625,854	859,186	11,317	14,374,240
Other financial liabilities	96,327	-	-	-	-	96,327
Total undiscounted financial liabilities	5,392,390	2,721,702	5,942,132	1,689,639	136,504	15,882,367
Letters of credit	4,585	5,134	-	-	-	9,719
Financial guarantees	234,064	-	-	-	-	234,064
Financing commitments	266,309	69,319	268,947	243,696	-	848,271
Total	5,897,348	2,796,155	6,211,079	1,933,335	136,504	16,974,421

The table below sets out the remaining contractual cash flows until the maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2014:

31 December 2014	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Financial liabilities						
Due to banks	50,860	70,284	142,142	50,395	4,792	318,473
Borrowings	55,190	1,726	328,897	644,513	149,708	1,180,034
Due to customers	4,002,117	1,597,107	5,447,090	712,614	13,539	11,772,467
Other financial liabilities	53,024	-	-	-	-	53,024
Total undiscounted financial liabilities	4,161,191	1,669,117	5,918,129	1,407,522	168,039	13,323,998
Letters of credit	-	-	28,552	-	-	28,552
Financial guarantees	316,230	-	-	-	-	316,230
Financing commitments	669,897	-	-	-	-	669,897
Total	5,147,318	1,669,117	5,946,681	1,407,522	168,039	14,338,677

38.6. Counterparty risk

The counterparty risk (partner banks) is the risk that certain financial assets and liabilities arising from transactions concluded on financial markets (currency, monetary and stock exchange) or during clearing and settlement operations are not met, which may cause losses for the Group.

The Group follows a prudent policy regarding the partnership with local and foreign banks. Largest share of completed operations, and means held in correspondent accounts is performed with strategic partners with long experience of working together.

The management system of counterparty risk in the Group provides a mechanism for implementation and improvement of assessment and review of the solvency of partner banks based on an internal evaluation model that involves the qualitative and quantitative analysis of the banks to establish certain exposure limits, with further structuring based on the type and term of the operations. The limits are revised and adjusted periodically.

To assess the solvency of partner banks, besides the internal qualitative and quantitative parameters, the Group takes into account the international lowest rating of partner bank assigned by the rating agencies: Standard & Poor's, Moody's and Fitch Ratings.

During the control of the counterparty risk management (partner banks), the Group provides clear procedures for current monitoring and post-factum control of compliance with the limits, the level Group's exposure to a particular partner bank or cumulatively per all banks, and the effectiveness of the monitoring and control system. The Group monthly evaluates the credit quality of its exposure to the partner banks and depending on the degree of severity of the circumstances alleged, estimates the size of potential losses if implemented and the impact of Group's income.

38.7. Credit risk

The credit risk is the current or future risk of a negative impact on the profits and capital as a result of a client's failure to meet its contractual obligations or of the deterioration of its financial performance and results.

(All amounts are expressed in thousand MDL, if not stated otherwise)

The Group manages credit risk through:

- Analysis of each loan transaction of the Corporative Clients Department or the Bank's branches;
- Set the level of empowerment for the transaction approval based on the credit risk size;
- Diversification of the loan portfolio;
- Compliance with the limits established by the National Bank of Moldova and by other international financial institutions — Group creditors, compliance with the internal indicators established by the Group, set up and monitoring of annual limits for the credit risk exposure on loans granted to corporate clients;
- Monthly analysis of loan portfolio quality, quarterly classification of credits in accordance with the Regulation of the National Bank of Moldova "On the classification of assets and contingent liabilities, setting up allowances for loan losses and provisions for contingent liabilities" and set up allowance for possible assets losses and provisions for losses on contingent liabilities for prudential purposes;
- Assessment of the loan portfolio impairment (specific and collective) and of other assets that are not loans and recognition of impairment losses whether objective impairment evidence is obtained.

The table below shows the maximum exposure to credit risk of the Group's elements from the financial position and off-balance sheet items. The table also discloses the financial effect of the fair value of total collateral held per types.

Exposures not covered by collateral include National Bank of Moldova accounts, foreign bank accounts rated between BBB and A according to international rating agencies, certificates issued by the National Bank of Moldova, state securities issued by the Ministry of Finance of the Republic of Moldova, as well as lending products for individuals and enterprises within the Program for Products without Collateral.

31 December 2015	Fair value of the collateral						
	Maximum exposure to credit risk	Immovable assets	Movable assets	Securities	Bank guarantees	Cash in deposit accounts	Total value of collateral
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balances with National Bank	3,525,126	-	-	-	-	-	-
Due from banks	2,261,334	-	-	-	-	-	-
Financial assets held for trading	36,576	-	-	-	-	-	-
Loans and receivables							
Corporate	6,380,711	4,655,489	5,413,454	137,756	-	28,947	10,235,646
Retail, legal entities	1,832,190	2,121,564	1,515,423	-	31,308	32,335	3,700,630
Retail, individuals	2,116,158	2,553,574	12,019	-	-	6,062	2,571,655
Total loans	10,329,059	9,330,627	6,940,896	137,756	31,308	67,344	16,507,931
Lease receivables	263,934	49,718	327,293	-	-	-	377,011
Financial assets held to maturity	688,879	-	-	-	-	-	-
Other financial assets	75,393	-	-	-	-	-	-
Commitments							
Letters of credit	9,719	-	-	-	-	-	-
Guarantees	234,064	145,222	147,547	-	2,000	10,077	304,846
Financing commitments	848,271	316,495	912,841	14,085	282	32,537	1,276,240
	1,092,054	461,717	1,060,388	14,085	2,282	42,614	1,581,086
Total	18,272,355	9,842,062	8,328,577	151,841	33,590	109,958	18,466,028

(All amounts are expressed in thousand MDL, if not stated otherwise)

31 December 2014	Fair value of the collateral						
	Maximum exposure to credit risk	Immovable assets	Movable assets	Securities	Bank guarantees	Cash in deposit accounts	Total value of collateral
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balances with National Bank	1,510,439	-	-	-	-	-	-
Due from banks	1,546,429	-	-	-	-	-	-
Financial assets held for trading	166,520	-	-	-	-	-	-
Loans and receivables							
Corporate	6,479,507	4,660,337	5,441,470	164,919	37,993	11,622	10,316,341
Retail, legal entities	1,747,912	2,174,844	1,510,231	373	34,659	14,843	3,734,950
Retail, individuals	2,078,570	2,528,978	17,011	350	-	10,316	2,556,655
Total loans	10,305,989	9,364,159	6,968,712	165,642	72,652	36,781	16,607,946
Lease receivables	347,072	19,187	261,210	-	-	-	280,397
Financial assets held to maturity	624,814	-	-	-	-	-	-
Other financial assets	62,252	-	-	-	-	-	-
Commitments							
Letters of credit	28,552	-	-	-	-	-	-
Guarantees	316,230	115,031	195,224	-	-	53,350	363,605
Financing commitments	669,897	274,815	950,523	21,579	7,093	6,158	1,260,168
	1,014,679	389,846	1,145,747	21,579	7,093	59,508	1,623,773
Total	15,578,194	9,773,192	8,375,669	187,221	79,745	96,289	18,512,116

The financial effect of collateral

The financial effect of the collateral is presented as its disclosure of the value, separately for (i) the assets for which the collateral is equal or greater than the carrying of the asset (over-collateralised) and (ii) the assets for which the collateral is less than the carrying value of the asset (under-collateralised). "Over-collateralised assets" do not include the assets secured only by surety, third party collateral and cash flows, including cash claims and receivables.

The carrying value of the under-collateralized assets, granted to corporate customers secured only by cash receivables constitutes MDL'000 233,530 (31 December 2014: MDL'000 236,709)

Therefore, the share of loans granted without collateral in accordance with original contractual conditions and those stipulated in loan products represents 77.33% of all under-collateralized assets.

The financial effect of the collateral at 31 December 2015 and 31 December 2014 is presented below:

31 December 2015	Over-collateralized assets		Under-collateralized assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Corporate customers	5,938,727	10,103,111	441,984	132,534
Retail, legal entities	1,609,495	3,586,194	222,695	114,436
Individuals	1,216,962	2,565,227	899,196	6,429
Total	8,765,184	16,254,532	1,563,875	253,399

31 December 2014	Over-collateralized assets		Under-collateralized assets	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Corporate customers	6,022,737	10,166,840	456,770	149,501
Retail, legal entities	1,594,739	3,676,817	153,172	58,133
Individuals	1,267,755	2,545,907	810,816	9,748
Total	8,885,231	16,390,564	1,420,758	217,382

The financial effect of collateral for finance lease receivables is presented by disclosing leased objects values separately for (i) those assets where leased objects and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where leased objects and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The financial effect of the collateral at 31 December 2015 for lease receivables:

31 December 2015	Over-collateralized asset		Under-collateralized asset	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables from individuals	108,555	168,667	5,378	4,885
Lease receivables from legal entities	121,820	208,345	27,757	22,637
Total	230,375	377,012	33,135	27,522

31 December 2014	Over-collateralized asset		Under-collateralized asset	
	Carrying value of assets	Fair value of collateral	Carrying value of assets	Fair value of collateral
Lease receivables from individuals	116,105	163,103	16,673	14,657
Lease receivables from legal entities	130,644	194,563	83,650	69,220
Total	246,749	357,666	100,323	83,877

As at 31 December 2015 loans granted to 20 major customers (groups of clients) of the Group amounted to MDL'000 3,361,069 representing 30.59 % of the total Group's gross loan portfolio (2014: MDL'000 3,446,625 or 32.47%). These customers are analysed by industry as follows:

	31.12.2015	31.12.2014
	MDL'000	MDL'000
Winery	506,738	456,802
Non-food industry	573,995	381,911
Sunflower oil production	204,298	207,770
Trade	635,350	994,567
Food processing	261,679	157,319
Car dealers	161,695	144,073
Agriculture	295,970	404,297
Consumer loans	3,211	2,245
Transport	192,444	233,172
Postal services/telecommunications	253,538	206,030
Utilities (electricity, electrical and thermal storage, gas, water)	146,937	143,554
Others	125,214	114,885
	3,361,069	3,446,625

For significant credit risk concentration at the industry level please refer to Note 8.

38.8. Taxation risk

The Group is committed to ensure a sustainable management of taxation risk by building and maintaining a transparent, effective and efficient tax function within the Group. The Group strictly respects and applies the tax legislation in force for all fees and taxes.

The implementation of IFRS, in effect from 1 January 2012, was considered when revising tax laws by introducing specific rules for the treatment of adjustments resulted from the implementation and their subsequent effect.

In this context, a careful analysis to identify differences in accounting treatments, having a fiscal impact, both on the current and deferred taxes was performed. It is expected that in the future the tax framework will be subject to frequent amendments. Taking into account the previous experience, these aspects could be applied retrospectively. Tax liabilities of the Group are open to tax inspection for a period of six years.

38.9. Operational risk

Operational risk is the risk of direct or indirect loss from a diverse range of causes associated with the process, staff, technologies and infrastructure of the Group, and external factors other than credit risk, market or liquidity risk, such as legislative or regulatory requirements and the accepted standards for corporate governance. Operational risks arise from all activities of the Group and are related to all business units.

The objective of the Group is to ensure operational risk management and to avoid financial losses that could damage the reputation of the Group, in accordance with cost-efficiency principles and procedure avoidance discouraging the initiative and creativity.

(All amounts are expressed in thousand MDL, if not stated otherwise)

The primary responsibility for developing and implementing controls to reduce the operational risks are assigned to the executive management of each business unit. This responsibility is based on the development of general standards of the Group aimed in operational risk in the following areas:

- appropriate requirements for segregation of responsibilities, including independent authorization of transactions;
- requirements for reconciliation and monitoring of transactions;
- compliance with laws and regulations;
- documentation of controls and procedures;
- requirements for periodic re-evaluation of operational risks, and the adequacy of controls and procedures for addressing the identified risks;
- reporting requirements of operational losses and proposed remedial actions;
- development of contingent plans;
- professional development of staff;
- ethical and business standards;
- risk reduction, including through insurance, when it is efficient.

39. STATEMENT OF FINANCIAL POSITION STRUCTURE BY CURRENCY

	31 December 2015				
	Total	MDL	USD	EUR	Other
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS					
Cash on hand	515,578	276,857	39,261	161,422	38,038
Balances with NBM	3,525,126	2,516,802	327,773	680,551	-
Due from banks	2,261,334	147	448,836	1,800,265	12,086
Financial assets held for trading	36,576	36,576	-	-	-
Loans and advances to customers	10,329,059	6,037,969	1,751,443	2,539,647	-
Lease receivables	263,934	42,236	-	221,698	-
Financial assets available for sale	153,769	153,769	-	-	-
Financial assets held to maturity	688,879	688,879	-	-	-
Foreclosed collateral	24,093	24,093	-	-	-
Property and equipment	411,458	411,458	-	-	-
Investment property	75,149	75,149	-	-	-
Intangible assets	62,708	62,708	-	-	-
Other assets	101,709	42,990	24,924	32,348	1,447
Total assets	18,449,372	10,369,633	2,592,237	5,435,931	51,571
LIABILITIES					
Due to banks	183,931	1,499	8,803	173,629	-
Borrowings	1,114,606	627,672	119,202	367,732	-
Due to customers	14,044,541	6,569,869	2,490,171	4,953,778	30,723
Deferred tax liabilities	24,926	24,926	-	-	-
Current tax liability	8,535	8,535	-	-	-
Other liabilities	113,554	60,238	25,484	26,931	901
Total liabilities	15,490,093	7,292,739	2,643,660	5,522,070	31,624
GAP	2,959,279	3,076,894	(51,423)	(86,139)	19,947

(All amounts are expressed in thousand MDL, if not stated otherwise)

	31 December 2014				
	Total	MDL	USD	EUR	Other
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS					
Cash on hand	414,985	191,778	56,743	149,093	17,371
Balances with NBM	1,510,439	819,995	191,337	499,107	-
Due from banks	1,546,429	970	349,652	1,190,167	5,640
Financial assets held for trading	166,520	166,520	-	-	-
Loans and advances to customers	10,305,988	6,879,900	1,004,645	2,421,443	-
Lease receivables	347,072	83,266	1,587	262,219	-
Financial assets available for sale	158,064	158,064	-	-	-
Financial assets held to maturity	624,814	624,814	-	-	-
Foreclosed collateral	17,437	17,437	-	-	-
Property and equipment	376,286	376,286	-	-	-
Investment property	16,816	16,816	-	-	-
Intangible assets	52,118	52,118	-	-	-
Other assets	88,692	40,521	17,679	28,684	1,808
Total assets	15,625,660	9,428,485	1,621,643	4,550,713	24,819
LIABILITIES					
Due to banks	296,421	8,803	66,894	220,724	-
Borrowings	1,094,419	474,664	243,369	376,386	-
Due to customers	11,501,029	6,021,354	1,414,134	4,052,607	15,934
Deferred tax liabilities	76,525	76,525	-	-	-
Current tax liability	8,438	8,438	-	-	-
Other liabilities	80,280	51,000	9,728	19,468	174
Total liabilities	13,057,112	6,640,694	1,731,125	4,669,185	16,108
GAP	2,568,548	2,787,791	(109,482)	(118,472)	8,711

(All amounts are expressed in thousand MDL, if not stated otherwise)

40. MATURITY STRUCTURE

31 December 2015	Total	Less than 1 year	More than 1 year
	MDL'000	MDL'000	MDL'000
ASSETS			
Cash on hand	515,578	515,578	-
Balances with National Bank of Moldova	3,525,126	3,525,126	-
Due from banks	2,261,334	2,261,334	-
Financial assets held for trading	36,576	36,576	-
Loans and advances to customers	10,329,059	4,786,670	5,542,389
Lease receivables	263,934	123,944	139,990
Financial assets available for sale	153,769	-	153,769
Financial assets held to maturity	688,879	678,191	10,688
Foreclosed collateral	24,093	-	24,093
Property and equipment	411,458	-	411,458
Investment property	75,149	-	75,149
Intangible assets	62,708	-	62,708
Other assets	101,709	101,709	-
Total assets	18,449,372	12,029,128	6,420,244
LIABILITIES			
Due to banks	183,931	36,929	147,002
Borrowings	1,114,606	298,065	816,541
Due to customers	14,044,541	13,256,350	788,191
Deferred tax liabilities	24,926	-	24,926
Current tax liability	8,535	8,535	-
Other liabilities	113,554	113,554	-
Total liabilities	15,490,093	13,713,433	1,776,660
Maturity gaps	2,959,279	(1,684,305)	4,643,584

(All amounts are expressed in thousand MDL, if not stated otherwise)

31 December 2014	Total	Less than 1 year	More than 1 year
	MDL'000	MDL'000	MDL'000
ASSETS			
Cash on hand	414,985	414,985	-
Balances with National Bank of Moldova	1,510,439	1,510,439	-
Due from banks	1,546,429	1,546,429	-
Financial assets held for trading	166,520	166,520	-
Loans and advances to customers	10,305,988	4,543,753	5,762,235
Lease receivables	347,072	150,539	196,533
Financial assets available for sale	624,814	605,205	19,609
Financial assets held to maturity	158,064	-	158,064
Foreclosed collateral	17,437	-	17,437
Property and equipment	376,286	-	376,286
Investment property	16,816	-	16,816
Intangible assets	52,118	-	52,118
Other assets	88,692	85,128	3,564
Total assets	15,625,660	9,022,998	6,602,662
LIABILITIES			
Due to banks	296,421	243,407	53,014
Borrowings	1,094,419	389,671	704,748
Due to customers	11,501,029	10,871,562	629,467
Deferred tax liabilities	76,525	-	76,525
Current tax liability	8,438	8,438	-
Other liabilities	80,280	70,426	9,854
Total liabilities	13,057,112	11,583,504	1,473,608
Maturity gaps	2,568,548	(2,560,506)	5,129,054

(All amounts are expressed in thousand MDL, if not stated otherwise)

41. INTEREST RATE RISK EXPOSURE

The table below set out the Group's exposure to interest rate risk based on the earlier of contractual maturity of its financial instruments or the next interest rate repricing date, if the instruments are subject to variable interest rates. Group's policy on interest rate risk management is to minimize exposure and continuously to adapt interest repricing dates and maturities for assets and liabilities.

31 December 2015	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Non-interest bearing items
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS							
Cash on hand	515,578	-	-	-	-	-	515,578
Balances with National Bank of Moldova	3,525,126	3,525,126	-	-	-	-	-
Due from banks	2,261,334	2,261,334	-	-	-	-	-
Financial assets held for trading	36,576	5,083	6,713	24,780	-	-	-
Loans and advances to customers (floating rate)	10,235,958	10,059,476	-	-	-	-	176,482
Loans and advances to customers (fixed rate)	93,101	1,025	1,013	4,596	46,193	40,274	-
Lease receivables	263,934	40,983	15,564	67,397	124,395	1,083	14,512
Financial assets available for sale	153,769	-	-	-	-	-	153,769
Financial assets held to maturity	688,879	62,695	270,344	355,840	-	-	-
Foreclosed collateral	24,093	-	-	-	-	-	24,093
Property and equipment	411,458	-	-	-	-	-	411,458
Investment property	75,149	-	-	-	-	-	75,149
Intangible assets	62,708	-	-	-	-	-	62,708
Other assets	101,709	-	-	-	-	-	101,709
Total assets	18,449,372	15,955,722	293,634	452,613	170,588	41,357	1,535,458
LIABILITIES							
Due to bank	183,931	8,803	-	28,126	147,002	-	-
Borrowings	1,114,606	322,006	244,616	487,512	-	-	60,472
Due to customers (fixed rate)	1,748,723	594,899	783,613	343,820	21,022	5,369	-
Due to customers (floating rate)	12,295,818	12,256,302	-	-	-	-	39,516
Deferred tax liabilities	24,926	-	-	-	-	-	24,926
Current tax liability	8,535	-	-	-	-	-	8,535
Other liabilities	113,554	-	-	-	-	-	113,554
Total liabilities	15,490,093	13,182,010	1,028,229	859,458	168,024	5,369	247,003
Interest gap	2,959,279	2,773,712	(734,595)	(406,845)	2,564	35,988	1,288,455
Cumulative interest gap		2,773,712	2,039,117	1,632,272	1,634,836	1,670,824	2,959,279

(All amounts are expressed in thousand MDL, if not stated otherwise)

31 December 2014	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Non-interest bearing items
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
ASSETS							
Cash on hand	414,985	-	-	-	-	-	414,985
Balances with National Bank of Moldova	1,510,439	1,510,439	-	-	-	-	-
Due from banks	1,546,429	1,546,429	-	-	-	-	-
Financial assets held for trading	166,520	19,993	22,369	124,158	-	-	-
Loans and advances to customers (floating rate)	10,270,742	9,996,592	-	88,604	-	-	185,546
Loans and advances to customers (fixed rate)	35,246	4,226	8,452	22,568	-	-	-
Lease receivables	347,072	46,854	16,285	70,588	180,378	16,155	16,812
Financial assets available for sale	158,064	-	-	-	-	-	158,064
Financial assets held to maturity	624,814	86,573	175,990	342,642	19,609	-	-
Foreclosed collateral	17,437	-	-	-	-	-	17,437
Property and equipment	376,286	-	-	-	-	-	376,286
Investment property	16,816	-	-	-	-	-	16,816
Intangible assets	52,118	-	-	-	-	-	52,118
Other assets	88,692	-	-	-	-	-	88,692
Total assets	15,625,660	13,211,106	223,096	648,560	199,987	16,155	1,326,756
LIABILITIES							
Due to bank	296,421	40,040	256,381	-	-	-	-
Borrowings	1,094,419	271,445	414,635	332,198	-	-	76,141
Due to customers (fixed rate)	391,335	208,789	4,189	168,296	336	9,725	-
Due to customers (floating rate)	11,109,694	11,071,080	-	-	-	-	38,614
Deferred tax liabilities	76,525	-	-	-	-	-	76,525
Current tax liability	8,438	-	-	-	-	-	8,438
Other liabilities	80,820	-	-	-	-	-	80,820
Total liabilities	13,057,112	11,591,354	675,205	500,494	336	9,725	279,998
Interest gap	2,568,548	1,619,752	(452,109)	148,066	199,651	6,430	1,046,758
Cumulative interest gap		1,619,752	1,167,643	1,315,709	1,515,360	1,521,790	2,568,548

The Group extends loans and accepts deposits bearing fixed rates as well as variable rates. Floating rate loans to customers and deposits from customers represent instruments in respect of which the Group has the right to change unilaterally the interest rate in line with the rates on the market. The Group has to give 15 day notice prior to the date when the change takes place. For interest gap disclosure purposes, loans and deposits bearing floating rates were considered to have a 15-day notice re-pricing period and were classified into the category "less than 1 month".

42. CONTINGENT LIABILITIES

As at 31 December 2015 the Group was not involved in any lawsuits and, respectively, did not acknowledge any liabilities.

43. EVENTS AFTER THE REPORTING DATE

At a meeting dated 2 March 2016, the Executive Board of the National Bank of Moldova established that a group of shareholders of Moldova Agroindbank SA were acting in concert in relation to the Bank and had previously purchased a qualifying holding in the share capital of the Bank in the total amount of 39.58%, without the prior written permission of the National Bank. These shareholders are: Setora Limited, Salvia Enterprise LTD, BC Moldinconbank S.A. OOO ЕВРОБАЛТ, Azyol Development LTD, Moldasig SA, Dunlin Invest LTD, Î. C. S. GserGrup SRL, Ostryn Business Limited, Multigold Production Limited, Hessond Solution Limited, Tush Enterprises LTD, Mattiola Business LTD, OOO Композит, CA Alliance Insurance Grup, SIA Dilnoro Group, Symbol Wood Limited, Dresfond Invest Limited, Provix Group SRL, Prodromos Limited.

Taking into account the need to closely monitor the Bank's financial activity, including the shareholders structure, and to subsequently elect a new composition of the Bank's Board, the Executive Board of the National Bank of Moldova, on 9 March 2016, decided to put Moldova Agroindbank SA under special supervision for a 3 months period.

The above-mentioned shareholders were informed by the National Bank on the application of the provisions of Art. 15 paragraph (2) of the Law on Financial Institutions, relating to the suspension of the voting rights, the right of convening and holding the general meeting of shareholders, the right to bring issues to the agenda, the right to propose candidates for the Board of the Bank, the executive body and the audit committee of the Bank and the right to receive dividends.

The aforementioned shareholders shall comply with the provisions of the Law on financial institutions and to sell within 3 months from 2 March 2016 the qualifying holding in the share capital of Moldova Agroindbank SA acquired without the prior written permission of National Bank.

Following the establishment of concerted actions of the Bank's shareholders, on 16 March 2016, the National Bank revoked confirmations of three members of the Bank's Board as they do not meet any longer the mandatory legal requirements to administrators. The decision came to supplement previous decisions by the Executive Board of the National Bank, backing the authorities' efforts to ensure shareholding transparency and prudent management of commercial banks.

To comply with the legal requirements in force and to further ensure a sustainable and efficient corporate governance, the Bank convened an extraordinary General Meeting of Shareholders on 1 April 2016, in order to elect a new composition of the Board of Moldova Agroindbank SA.

The meeting was invalidated for lack of quorum. Under a decision of the Management Board of the Bank dated 4 April 2016, an extraordinary General Meeting of Shareholders was convened for 22 April 2016, having the same agenda: "On the election of a new composition of the Bank's Board".