



**BC MOLDOVA  
AGROINDBANK SA  
INVESTMENT  
MEMORANDUM**

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# For investors

## Pursuant to:

- ✓ art. 156 paragraph (3) of the Law on Financial Institutions No. 550-XIII dated 21.07.1995;
- ✓ Decision No. 157 of the National Bank of Moldova dated 23.12.015;
- ✓ Decision No. 43 of the National Bank of Moldova dated 02.03.2016;
- ✓ Decision No 15/2 of the National Commission for Financial Market dated 07.04.2016 on stages, terms, ways and procedures of cancelling shares and issuing new shares of BC Moldova Agroindbank SA;
- ✓ Decision No. 161 of the Management Board dated 07.04.2016;
- ✓ Decision No 19/7 of the National Commission for Financial Market dated 29.04.2016 on registration in the State Securities Registry;
- ✓ Decision No. 232 of the Management Board dated 23.05.2016;
- ✓ Decision No. 282 of the Management Board dated 15.06.2016;
- ✓ Decision No 32/1 of the National Commission for Financial Market dated 30.06.2016 on registration in the State Securities Registry;
- ✓ Decision No. 331 of the Management Board dated 04.07.2016;
- ✓ Decision No. 470 of the Management Board dated 15.09.2016,

BC Moldova Agroindbank SA has announced the decision to put up for sale, **through the Moldovan Stock Exchange**, 36,605 newly-issued first-class ordinary nominative shares (3.53%) starting 26 September 2016 and 389,760 newly-issued first-class ordinary nominative shares (37.56%) starting 28 September 2016.

In accordance with the legislation in force, the newly issued shares may be purchased, under maximum transparency conditions, only by persons having the prior written permission of the National Bank of Moldova.

This INVESTMENT MEMORANDUM is drafted for informational purposes only to provide potential investors with an overview of the current and ongoing operations of Group BC Moldova Agroindbank SA.

**Any beneficiary of this memorandum acknowledges that while deciding on the purchase of the bank's shares, they will independently assess related risks, using both the information herein and other official information they deem necessary.**

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# 01. INFORMATION SOURCES

## 1.1. Sources of financial information

Unless otherwise provided, financial data used herein have been taken over from the CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31.12.2012, 31.12.2013, 31.12.2014, 31.12.2015., prepared in accordance with the International Financial Reporting Standards. Other information have been taken over from the individual financial statements of BC Moldova Agroindbank SA (hereafter MAIB).

## 1.2. Auditors

The consolidated financial statements were audited as follows:

For 2012 - 2013 - ICS PricewaterhouseCoopers Audit SRL

For 2014 - KPMG Moldova SRL

For 2015 - BDO Audit & Consulting SRL

According to the independent audit report, the Individual Financial Statements of the Bank and the Consolidated Financial Statements for the year ended 31 December 2015, prepared in accordance with the International Financial Reporting Standards, present fairly, in all material respects, the consolidated financial position of the Bank and the Group as at 31 December 2015 and its financial performance and cash flows for the year then ended.

The full text of the audit opinion is available on the bank's website [www.maib.md](http://www.maib.md)

## 1.3. Currency and exchange rates

Financial data in this Memorandum are indicated in MDL.

Dynamic of the exchange rate:

Date	USD/MDL	EUR/MDL
31.12.2011	11.72	15.07
31.12.2012	12.06	16.00
31.12.2013	13.06	17.97
31.12.2014	15.62	19.00
31.12.2015	19.66	21.48
31.03.2016	19.64	22.24
30.06.2016	19.87	22.03

## 02. INFORMATION ON MOLDOVA AGROINDBANK SHARES

### 2.1. Characteristics of shares

Issuer	<b>BC Moldova-Agroindbank S.A</b> (hereafter referred to as “MAIB”)
Type of shares	Newly-issued first-class ordinary nominative shares, each share carrying the right to one vote at the general assembly of shareholders, the right to a pro rata share of dividends and the right to a part of the Bank’s assets in case of its liquidation
Nominal price	MDL 200
Rights of shareholders	<p>Individuals and legal entities from the Republic of Moldova, other states, as well as from international organizations can become shareholders of the Bank.</p> <p><b>Each shareholder is entitled to:</b></p> <ul style="list-style-type: none"> <li>✓ participate in General Meetings of shareholders, to elect and be elected into the Bank’s steering bodies;</li> <li>✓ be provided by the bank with information related to all issues from the agenda of the General Assembly of shareholders, and to take note of materials for issues to be discussed at the General Assembly;</li> <li>✓ receive a part of the Bank’s after-tax profit (dividends) and of the Bank’s assets (in case of liquidation) in accordance with the class of shares and commensurately with the number of their shares;</li> <li>✓ dispose of their shares, pledge or place them in custody, as provided for by the applicable legislation and the Charter of the Bank;</li> <li>✓ request the redemption of their shares, as provided for by the Charter of the Bank and the applicable legislation;</li> <li>✓ Exercise other rights stipulated by the applicable legislation.</li> </ul> <p>Holders of at least 5% of voting shares are also entitled, as provided for by the Charter of the Bank and the applicable legislation:</p> <ol style="list-style-type: none"> <li>a) To put forward issues for the agenda of the ordinary annual General Assembly of Shareholders;</li> <li>b) To put forward candidates for positions as member of the Council of the Bank and Audit Committee;</li> <li>c) To request the convocation of extraordinary meetings of the Council of the Bank.</li> </ol> <p>Any entity holding directly or indirectly a share in the share capital of the Bank must submit to the National Bank, at their request, information related to their activity, including annual financial statements, income declarations, as well as other information requested for prudential assessment, as provided for by the regulatory acts of the National Bank.</p> <p>Any entity holding directly or indirectly a share in the share capital of the Bank, must inform the National Bank of the change of the beneficial owner within 10 days after the date they found out or should have found out about such change.</p>

## 02. INFORMATION ON MOLDOVA AGROINDBANK SHARES

CONTINUED

### Dividend policy

Under the dividend policy of the Bank, dividends are paid as a constant share of the net annual income, ensuring a strategic balance among all stakeholders. The Bank shall set and approve annually the amount of dividends, which account for 30-50% of the net profit reported on the financial statements prepared in accordance with International Financial Reporting Standards, confirmed by the external audit, and based on the provisions of this Policy.

Dividends shall be paid in accordance with the permission of the National Bank, in the amount and under the terms set.

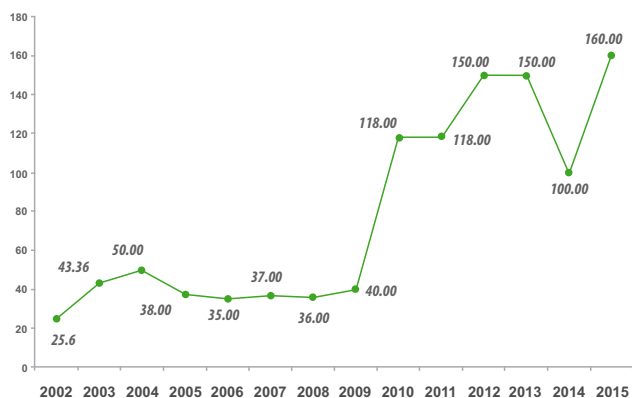
The Bank shall not pay dividends if:

- It does not have the minimum required capital, or if the distribution of capital, including the payment of dividends, shall lead to a decrease in the capital lower than the minimum capital;
- The minimum risk-weighted capital adequacy ratio or capital distribution, including the payment of dividends, shall lead to a lower ratio than the one provided for by the applicable legislation;
- As at the date of making the decision on the payment of dividends, the Bank is insolvent or the payment of dividends shall lead to its insolvency;
- Net assets value, according to the latest balance sheet of the Bank, shall be lower than the charter capital (share capital), or shall become lower after the payment of dividends;
- Payment of dividends shall be restricted according to agreements entered into with international financial organizations;
- The General Assembly of Shareholders shall decide to invest the profit of the Bank into the development of the Bank.

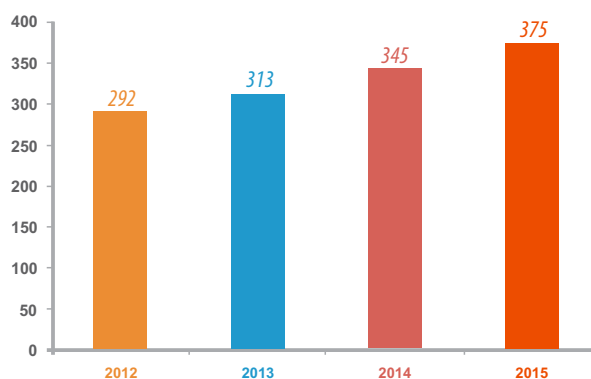
The difference between provisions for impairment of loans and off-balance sheet commitments calculated in accordance with Regulation on classification of assets and off-balance sheet commitments (Decision of the Council of Administration of the National Bank of Moldova nr.231 from 27.10.2011) and the provisions calculated according to IFRS requirements can not be distributed from the equity of the Bank.

The Bank shall protect the rights of its shareholders through the corporate governance structure of capital management and shall ensure the observance of all rights of shareholders strictly in line with the applicable legislation, shall protect the interests of all shareholders, including minor shareholders, and shall give equal treatment to all shareholders.

Dynamics of dividends paid (MDL per share)



Net profit per share (MDL per share)\*



\*Ratio calculated based on the annual average of the bank's shares

## 02. INFORMATION ON MOLDOVA AGROINDBANK SHARES / CONTINUED

### 2.2. Sale conditions

Way of selling	<p>Through the regulated market of Moldovan Stock Exchange Open outcry auction</p> <p>Address: 73 Stefan cel Mare, office 352, Chisinau, MD2001, Republic of Moldova Tel: 277-594, Fax: 277-358, 277-356 <a href="http://www.moldse.md">www.moldse.md</a></p>
Amount and initial sale price	<p>1. A single block of 36,605 (thirty six thousand six hundred and five) newly-issued first-class ordinary nominative shares, for a period of 90 days, at the initial price of MDL 1,064.02 per share. The tender period is from 26 September 2016 through 26 December 2016.</p> <p>2. A single block of 389,760 (three hundred eighty nine thousand seven hundred sixty) newly-issued first-class ordinary nominative shares, for a period of 90 days, at the initial price of MDL 1,054.71 per share. The tender period is from 28 September 2016 through 26 December 2016.</p> <p>Address: 73 Stefan cel Mare, office 352, Chisinau, MD2001, Republic of Moldova Tel: 277-594, Fax: 277-358, 277-356 <a href="http://www.moldse.md">www.moldse.md</a></p>
Special conditions	<p>Eligible investors, who obtained the prior written permission of the National Bank of Moldova</p>
Registrar	<p>Registru Corect</p> <p>Address: 129 V.Alecsandri street, of.11 MD-2012 Chisinau municipality 022925092 / 022226840 <a href="mailto:registru.corect@yahoo.com">registru.corect@yahoo.com</a></p>
Taxation	<p>In accordance with the provisions of the Tax Code declared dividends are subject to a 6% withholding tax</p>
Litigations	<p>Legislation of the Republic of Moldova</p>

# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

EUROPE

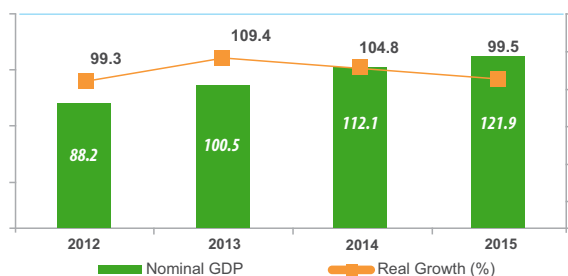


REPUBLIC of MOLDOVA

- ✓ Capital and largest city: Chişinău
- ✓ Area: 33,846 km<sup>2</sup>
- ✓ Population: 3,6 million
- ✓ Political system: Parliamentary Republic
- ✓ Moldova is member of United Nations, Council of Europe, WTO, OSCE, World Bank, IMF, EBRD, GUAM, the Commonwealth of Independent States (CIS), Black Sea Economic Cooperation, Stability Pact for South Eastern Europe, Associated Member of the European Union.
- ✓ Banking and capital markets regulated through National Bank of Moldova and National Commission for Financial Market

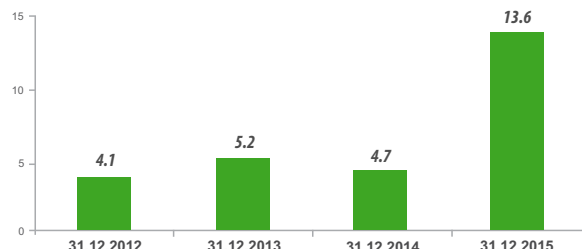
## 3.1. Evolution of macroeconomic indicators

Nominal GDP (mln MDL)



Source: <http://www.statistica.md>

Inflation Rate – end of the period (%)



Source: <http://www.statistica.md>

In 2015, the Gross Domestic Product stood at MDL 121,9 bln, down by 0.5% (in comparable prices) against the same period of 2014. The decrease in GDP was largely caused by the net value added (NVA) in agriculture – by 1%, public administration – by 0.2%, wholesale and retail trade – by 0.1%. At the same time, NVA in financial activities and the insurance industry had a positive impact on the GDP, plus 0.9%, the mining and processing industry and real estate transactions contributed 0.4% each.

The Ministry of Economics anticipates a 2% increase in GDP in 2016 and 3% in 2017. The IMF's forecast is 0.5% and 2.5%, whereas the World Bank's forecast is 0.5% and 4% respectively.

In December 2015, inflation rate was 13.6% compared with December 2014, up by 8.9% against the inflation rate in the same period of 2014. The increase in consumer prices was largely promoted by the weakening of the national currency, which affected prices of imported goods and utility rates. The average annual consumer price ratio (CPR) was 9.7%. The National Bank of Moldova forecasts a 6.4% inflation rate for 2016.



# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

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In 2015, Moldova's economic development was negatively influenced by a range of internal and external factors: unfavorable weather conditions, tougher trade policy of the Russian Federation, worsening trade and economic relations with the Russian Federation and Ukraine in the wake of the armed conflict between the two and the economic recession they face, problems in the banking sector, decrease in remittances from abroad, drought in the summer of 2015 etc. Consequently, the output of goods and services, as well as foreign trade decreased etc. The national currency significantly depreciated, which prompted an increase in inflation rate and interest rates on loans. Income and expenses of individuals, as well as the average monthly wages fell. The number of the jobless registered with the labor force offices went up.

**Exports** decreased by 15.9% in 2015 compared with the year before, because of the economic crisis in the CIS (Russian Federation and Ukraine) and poor economic growth in the EU. **Reexports** accounted for 33.7% of overall exports, against 34.6% in 2014.

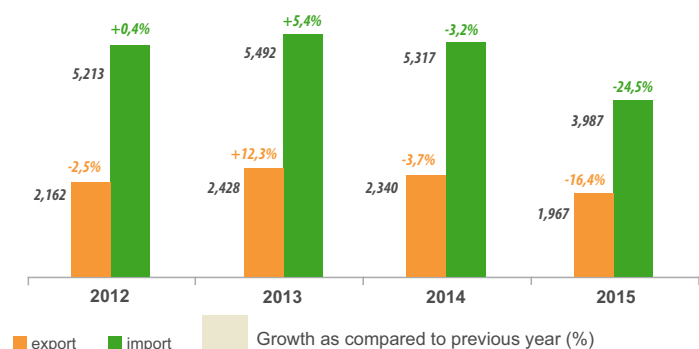
**Imports** decreased by 25% compared with 2014. The decrease in imports was caused by lower internal demand, deceleration of the national economy and strong depreciation of the national currency.

Exports covered imports at 49.3% in 2015 against 44.0% in 2014.

Foreign trade witnessed a downtrend in 2015 because of the external situation, mainly in Moldova's main trade partners.

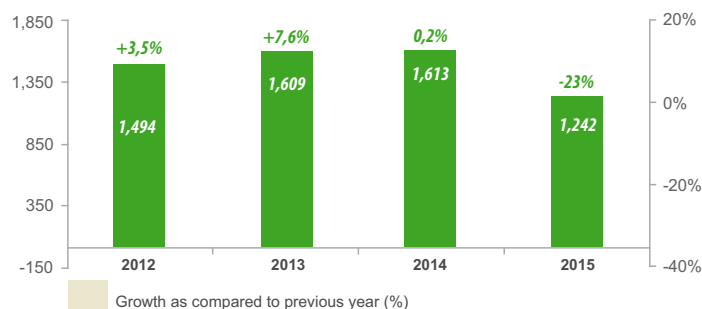
**The trade balance was negative**, standing at USD 2019.9 mil, which makes 32% less against 2014.

Export / Import (mln USD)



Source: <http://www.statistica.md>

Foreign Remittances (mlnUSD)



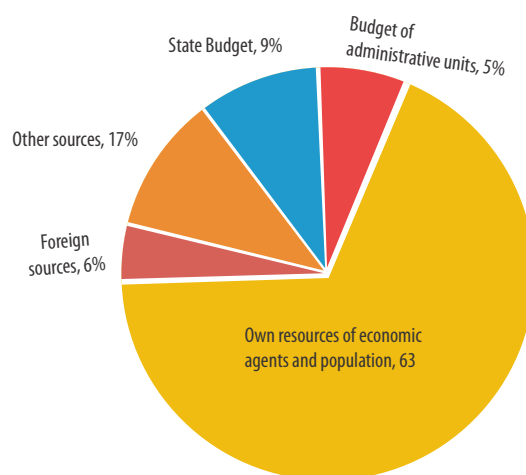
Source: <http://www.statistica.md>

To proceed with the investment process, the state used financial means of legal entities and individuals worth MDL 13071,6 mln, with the figure representing 62.8% of all the means used in the country and 100.5% against the level registered in January-December 2014.

In January-December 2015, to ensure investment needs at the account of budget sources, MDL 3000.8 mln was used, which constitutes 81.7% compared with the same period of 2014 (in comparable prices).

The share of foreign investments increased by 0.3% against January-December 2014, constituting 6.0% of the total investments made.

The structure of investments by funding sources



Source: <http://www.statistica.md>

# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

CONTINUED

## 3.2. Moldova's banking system

As of 31 December 2015, 11 banks licensed by the National Bank were operating in Moldova, including four subsidiaries of foreign banks and financial groups. Events in 2015 (licenses of financial activities of Banca de Economii SA, BC Banca Sociala SA and BC Unibank SA were revoked) triggered a reshape of the local banking system.

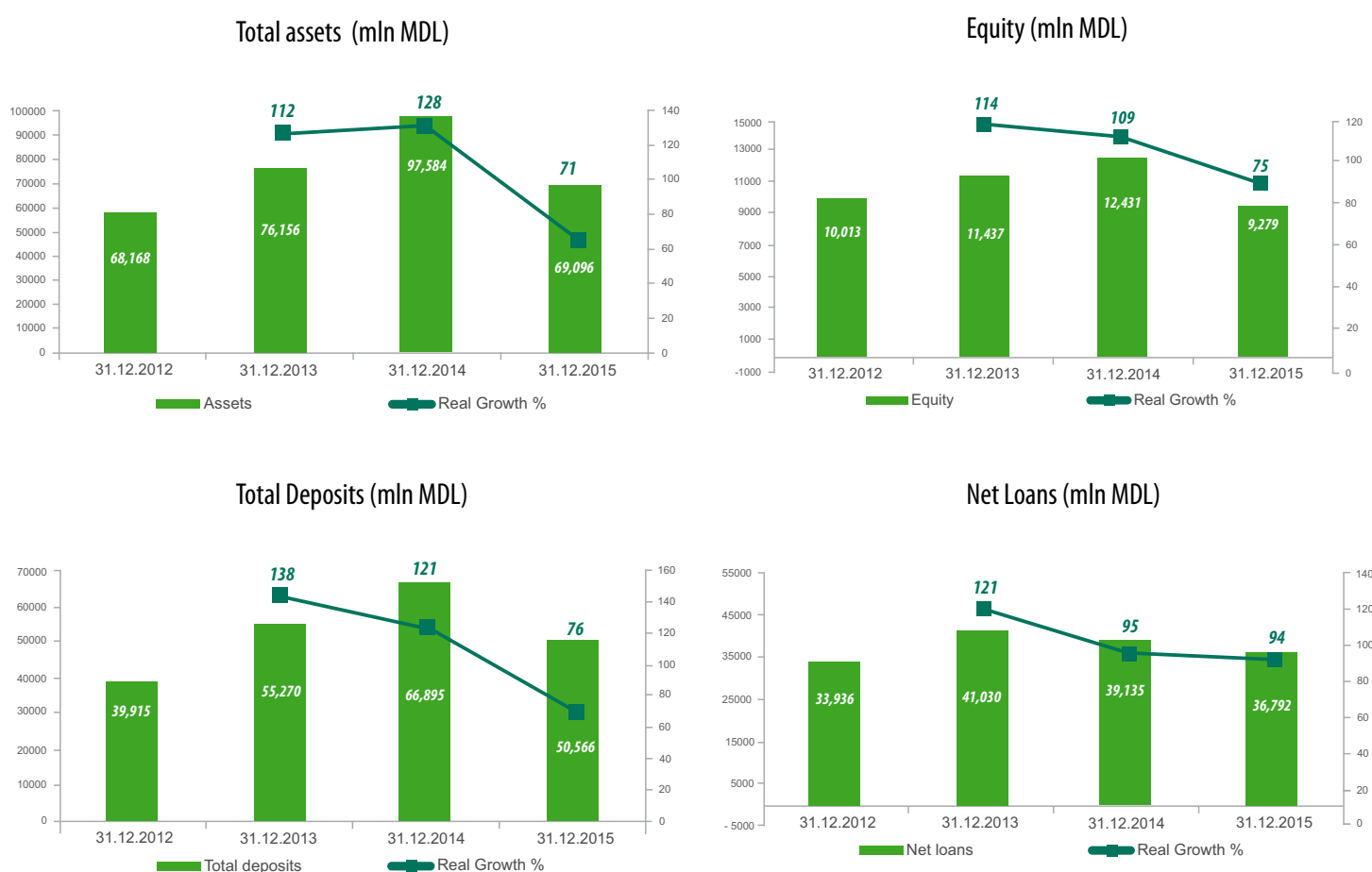
The main 6 banks are MAIB, Moldindconbank and Victoriabank, followed by the foreign banks Mobiasbanca Groupe Societe Generale, Eximbank and ProCreditBank. These jointly hold about 89% of assets, 92% of gross loans, 91% of deposits and 92% of private deposits. The first 6 banks hold a share of about 90% of the main indicators (assets, loans, deposits, profit), whereas the share of the first 3 banks alone is about 70%. Presently, there are four banks part of reputed foreign bank groups – Mobiasbanca-Groupe Société Générale, Eximbank Gruppo Veneto Banca, ProCreditBank and BCR Chisinau, which jointly hold 25% of assets in the banking industry.

The average risk-weighted capital adequacy ratio in the industry was 26.2% (with the limit for every bank being  $\geq 16.0\%$ )

In 2015, the return on assets and equity of the licensed banks was 1.66% and respectively 9.06%.

The long-term liquidity ratio in the banking sector (first principle of liquidity) was 0.7 (with the limit for every bank being  $\leq 1$ ).

Current liquidity ratio (principle II of liquidity) stood at 41.7% (with the limit for every bank being  $\geq 20.0\%$ ).

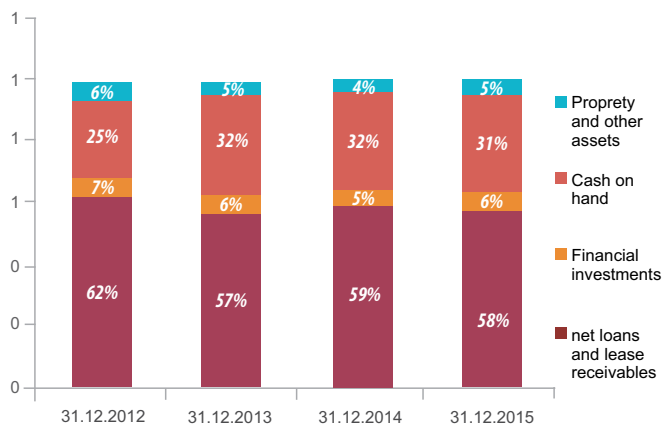


International financial reporting standards have been implemented since 2012, hence data for 2011 are not comparable.  
Source : <https://www.bnm.md>

# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

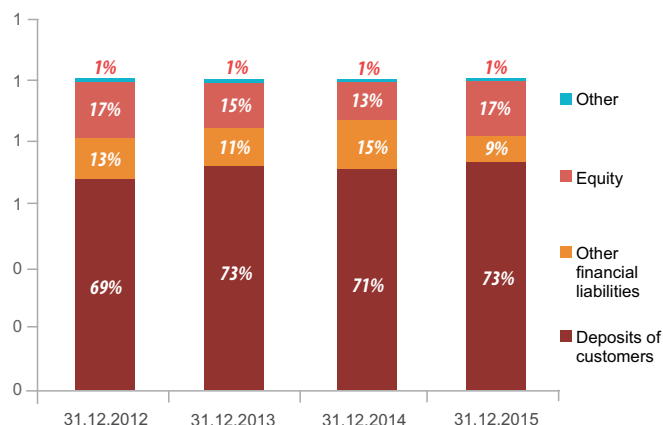
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Structure of Assets (%)



Source: <http://www.bnm.md>

Structure of Liabilities (%)

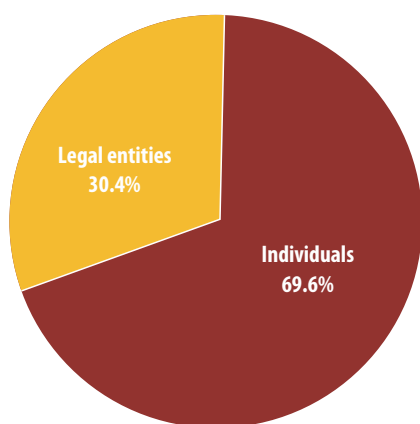


Source: <http://www.bnm.md>

Loans issued to customers hold the highest share in the structure of assets, with about 58%, followed by liquid assets with 31%. Deposits from customers account for 73% of the bank's liabilities, being the main source of financing active operations of the banking system.

Structure of Deposits

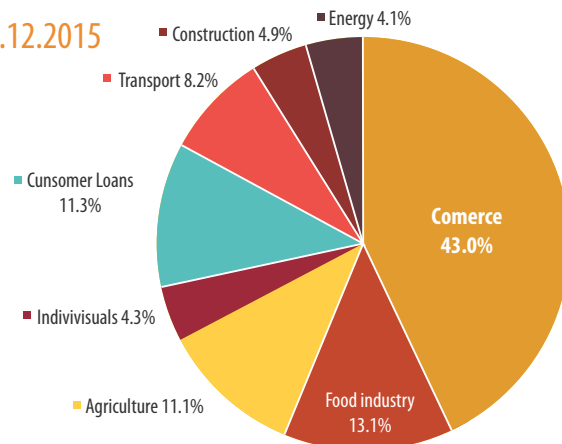
31.12.2015



Source: <http://www.bnm.md>

Structure of Loans

31.12.2015



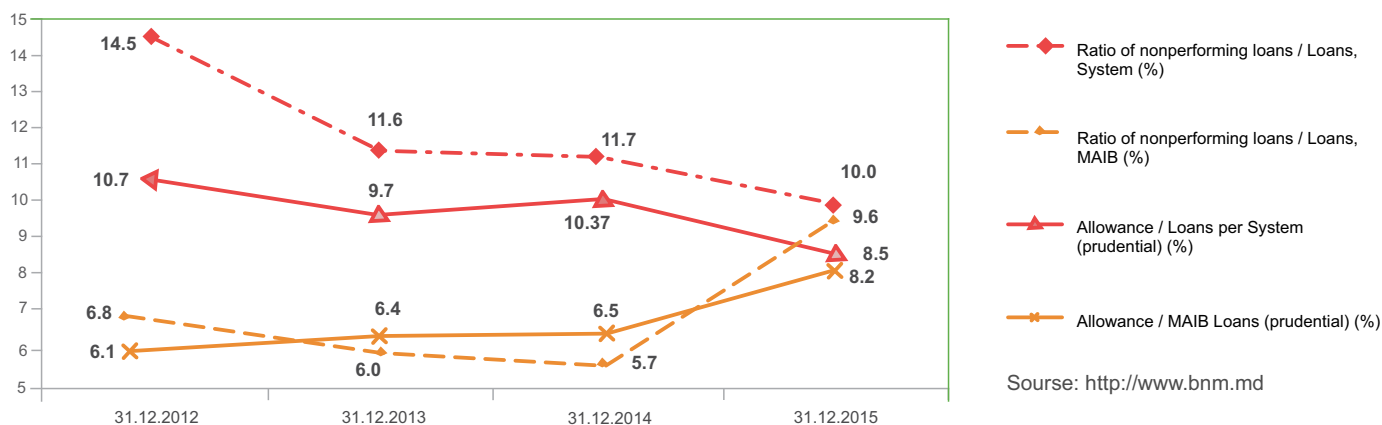
Source: <http://www.bnm.md>

# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

CONTINUED

## 3.3. Structure and quality of assets in the banking industry

The quality of assets in the banking industry points out a deteriorating trend, The share of impairment of loans in total loan portfolio in the banking system, according to IFRS, amounted to 6.0% as at 31.12.2015, up from 7.3% as at 31.12.2014.



## 3.4. Evolution of indicators in the banking industry

- ✓ Audited results of the banks' operation as at 31.12.2015 show that the balance of forces among the main actors of the banking industry remained the same compared with 2014. Audit reports on BC Moldindconbank and BC Victoriabank give financial statements for the year ended 31.12.2015 containing several qualifications.

Bank	Assets	Net Loans	Total Deposits	Equity	Net Profit	Number of Employees
	Balance MIn MDL	Balance MIn MDL	Balance MIn MDL	Balance MIn MDL	Balance MIn MDL	People
1 BC MAIB	18,231	10,461	14,055	2,933	377,0	1,730
2 BC Moldindconbank SA	15,479	8,952	11,769	1,780	143,4	1,373
3 BC Victoriabank SA	12,085	5,518	9,228	2,060	112,4	1,248
4 BC Mobiasbanca GSG SA	7,357	3,718	5,542	1,187	229,5	907
5 BC Eximbank GVB SA	4,561	2,122	2,829	1,242	51,4	364
6 BC Procreditbank SA	3,725	2,341	2,128	445	52,2	310
7 BCR Chisinau SA	1,132	380	517	410	26,4	92
8 BC Fincombank SA	2,364	999	1,667	415	58,7	575
9 BC Energbank SA	2,225	867	1,541	483	60,7	588
10 BC Comertbank SA	1,105	432	720	279	20,0	140
11 BC Eurocreditbank SA	515	187	256	251	12,1	294

Bank	Capital Adequacy (%)		Liquidity (%)		Efficiency ratio (%)		Nonperforming loans/loans (%)		Impairment of loans/loans (IFRS)(%)	
	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016	31.12.2015	30.06.2016
	1 BC MAIB	22.60%	22.79%	38.28%	40.28%	137.26%	152.66%	9.62%	12.45%	5.9%
2 BC Moldindconbank SA	18.61%	20.85%	38.05%	42.17%	112.61%	146.14%	9.06%	14.91%	6.1%	8.7%
3 BC Victoriabank SA	25.49%	19.83%	43.93%	47.11%	111.71%	131.09%	8.88%	33.13%	5.7%	7.0%
4 BC Mobiasbanca GSG SA	26.77%	29.06%	47.11%	52.55%	152.34%	165.02%	6.33%	7.66%	4.2%	5.3%
5 BC Eximbank GVB SA	45.42%	50.14%	40.13%	43.15%	121.53%	133.23%	24.86%	23.28%	9.7%	11.2%
6 BC Procreditbank SA	23.17%	27.79%	34.35%	38.70%	119.60%	129.51%	7.07%	8.60%	6.2%	5.9%
7 BCR Chisinau SA	164.41%	139.34%	63.04%	65.84%	129.09%	143.16%	26.64%	27.44%	18.4%	19.7%
8 BC Fincombank SA	27.82%	26.04%	47.85%	48.13%	139.81%	132.37%	3.56%	3.69%	2.8%	2.7%
9 BC Energbank SA	35.41%	43.13%	52.77%	54.49%	141.09%	147.19%	15.95%	14.98%	2.7%	3.5%
10 BC Comertbank SA	58.27%	68.28%	56.93%	58.83%	137.49%	199.45%	10.99%	16.03%	2.7%	2.6%
11 BC Eurocreditbank SA	119.84%	116.35%	56.28%	60.74%	121.50%	125.91%	7.69%	7.72%	2.2%	2.5%
<b>SISTEM</b>	<b>26.21%</b>	<b>27.03%</b>	<b>41.72%</b>	<b>45.02%</b>	<b>125.39%</b>	<b>145.32%</b>	<b>9.95%</b>	<b>16.11%</b>	<b>6.0%</b>	<b>7.3%</b>

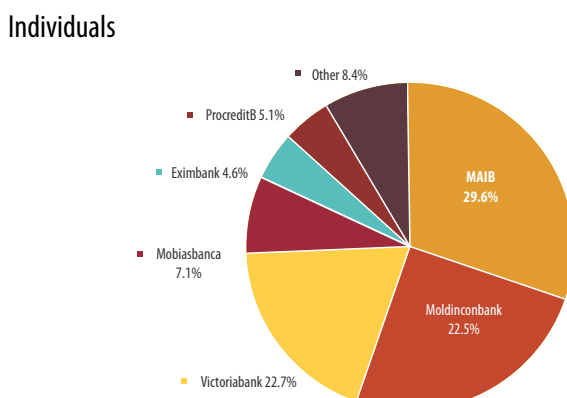
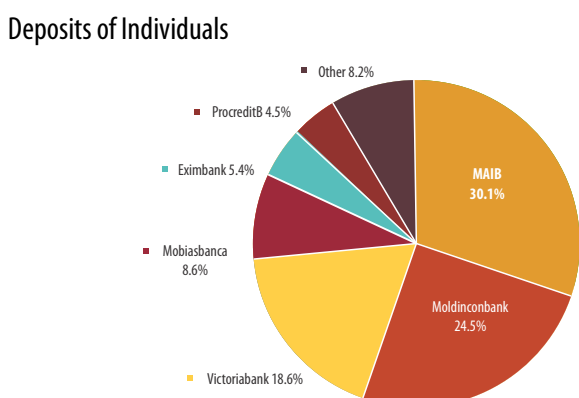
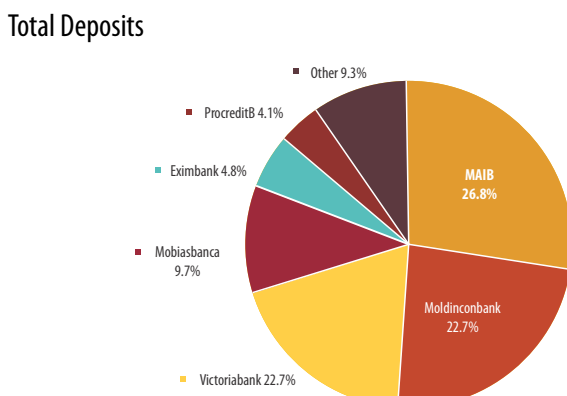
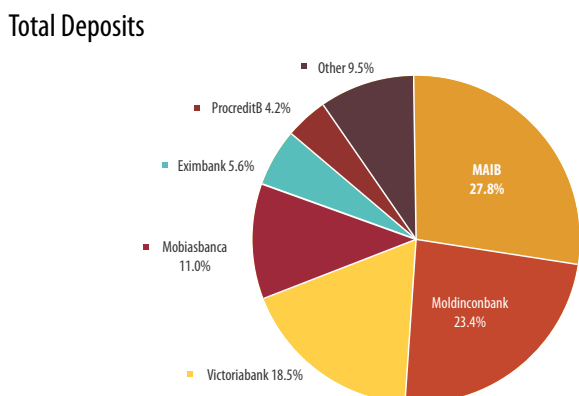
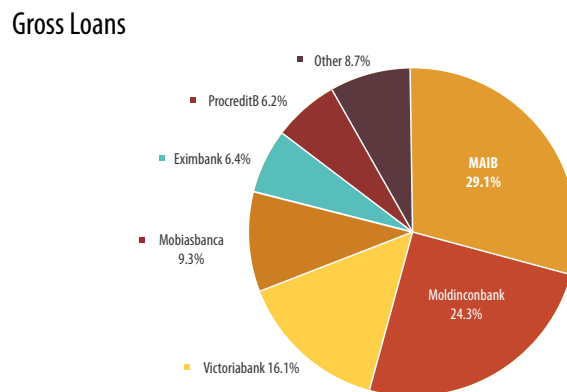
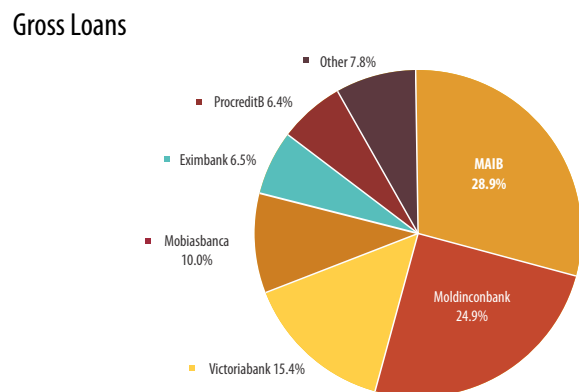
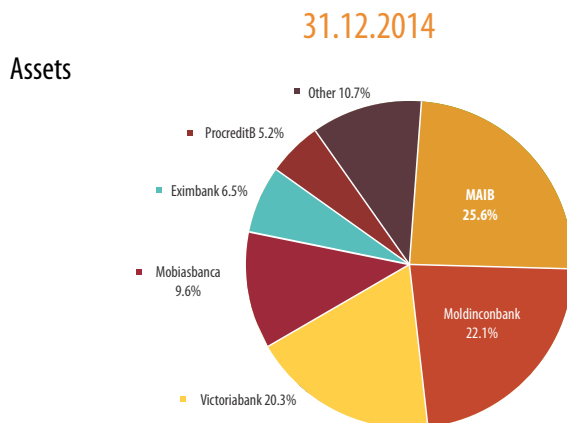
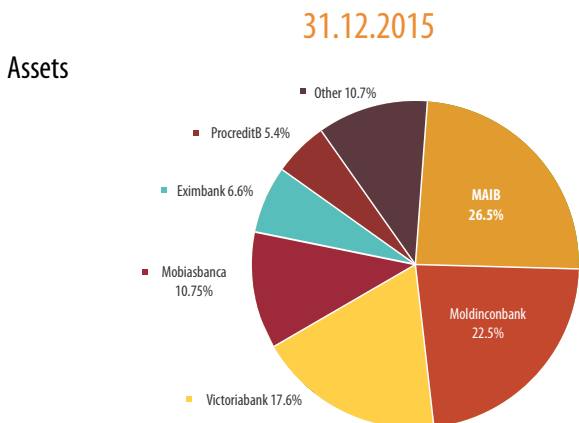
Source: <http://www.bnm.md>

# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

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## 3.4. MAIB within the banking system

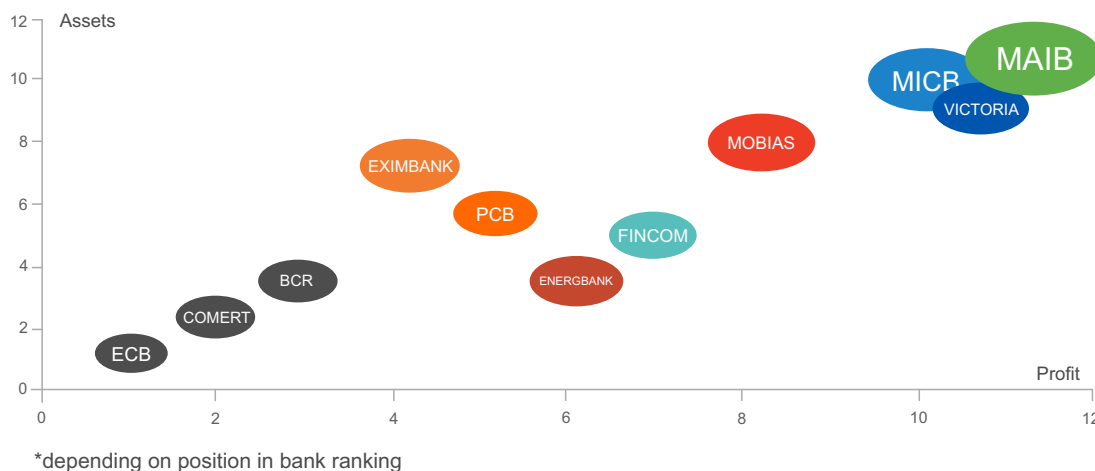
MAIB holds the leading position in the banking industry for the main market segments (unconsolidated data). Please see below an analysis of data (without the three banks whose licenses had been revoked) as of 31.12.2014:



# 03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

CONTINUED

## MAIB'S POSITION on Moldova's banking market



## COMPETITORS

### BC Moldindconbank SA

BC Moldindconbank SA is an universal financial institution, providing a wide range of bank services, for both retail and corporate customers. The year before, the bank developed aggressively on all business lines. Moldindconbank holds the second position in bank ranking in terms of total assets, gross loans and total deposits. Moldindconbank is the leader of the sector in terms of money transfers on the Moldovan market, with its customers having the possibility to benefit from services of 16 money transfer systems. Moldindconbank advances aggressively by implementing cutting-edge products and services, including by cards (Cash by Code; CASH-IN Cardless; P2P MICB; CARD2CARD).

MICB holds the first position per system in terms of number of branches and agencies – 214 in all.

### BC Victoriabank SA

BC Victoriabank SA is a universal bank, ranking third on all indicators - total assets, gross loans and total deposits. The bank's network comprises 108 branches and agencies, ranking third in the industry, and serving 460,000 customers. The bank has implemented a new information system, and makes progress in the development of e-services and cards.

The bank's client-oriented strategy targets the organization of the institution's activity from the point of view of its relationships with customers, the evolution of financial products and services and their integration into sets of products/services. The bank aims at becoming an important factor in the development of Moldova's economy through its investment-supporting policy.

The bank's objectives reside in stepping up its positions on the market, augmenting its efficiency by ensuring a high return on equity, enhancing the quality of services, diversifying products and services, renewing its technological basis and automating its systems, optimizing the organigram, expanding its network for a larger coverage, increasing the degree of staff qualification and motivation, and ensuring a prudential and reasonable approach towards risks.

### Mobiasbanca - Groupe Société Générale

BC Mobiasbanca is one of the first private-owned universal commercial banks in Moldova, servicing both legal entities and individuals. It is part of one of Europe's largest groups of financial services - Société Générale. Mobiasbanca services 118,000 active customers through its network of 56 branches and agencies. Mobiasbanca holds the fourth position in the industry, recording constant growth on the main segments - assets, loans and deposits. The bank benefits from foreign financial sources both for financing investment projects and for backing small business in Moldova.

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

### 4.1. Overview

Moldova Agroindbank Group includes the parent bank, BC Moldova Agroindbank S.A., and its subsidiaries domiciled in the Republic of Moldova. The subsidiaries comprise the following entities:

Entitites	Field of activity	Share in capital as at 31.12.15
MAIB-Leasing SA	Financial lease	100%
Moldmediacard SRL	Processing of card payments	54.24%

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

The Group had 2,061 employees as at 31 December 2015.

**BC Moldova Agroindbank SA (MAIB)** 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 and 115 representative offices located throughout the Republic of Moldova. Moldova Agroindbank is an universal bank holding the authorization of the National Bank of Moldova to perform all types of transactions in national and foreign currency on the territory of the Republic of Moldova and on international markets. The Bank offers a wide range of banking products and services, divided in corporate and retail banking services - 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.

MAIB offers Private Banking services - a unique project for elite individuals who benefit from premium quality service and dedicated banking services.

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 (including employees with suspended labor contracts).

**Throughout its 25 years of activity, MAIB has consolidated its leading position on the local market and acted as a reference bank in the Moldovan banking sector, proving to be a strong financial institution, a valuable brand, a bank of quality, oriented to achieve sustainable growth and increase profitability, led by a team of professional managers.**

# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## MARKET SHARE

The bank holds the largest market share in the banking sector on the main activity indicators: 26.5% of total assets, 28.9% of loans, 27.8% of total deposits, 30.1% of deposits of individuals, 30.4% of cards in circulation (as of 31.12.2015).

Net consolidated profit of 385 million lei for 2015 proves the high potential of the bank and its development opportunities.

## NETWORK

The Bank has an extensive sales network, including 66 branches and 115 agencies, covering the entire territory of Moldova, as well as 5 self-service centers (24/24) and 40 self-service areas.

The bank has 226 ATMs and 3275 POS-terminals installed at merchants and premises of the bank. MAIB constantly develops and improves remote service channels.

## CUSTOMERS

With more than 2,000 employees, the organizational structure of MAIB is built taking into account a clear orientation towards the two main categories of customers: Corporate and Retail. MAIB provides a wide range of specialized banking services to numerous customers (over 700,000).

MAIB customers come from all sectors of the national economy, most of them operating in the industrial, commercial, agricultural services.

## BUSINESS PATTERN

Its unique business pattern is aimed at providing specialized and efficient services in the Corporate and Retail segments.

Advanced information technologies and modern telecommunication systems, competitive, client-oriented products and services, high-skilled personnel and highly-developed distribution network have turned Moldova Agroindbank into the first option bank for local customers.

## TECHNOLOGY

The bank is massively advancing on the remote banking services market and is positioned as a high-tech institution. The electronic network of the bank comprises multi-channel access to remote banking systems through Internet Banking, Mobile Banking, SMS Banking, eStatements, SMS notifications. The bank intends to develop remote banking systems by extending the range of services provided.

## INTERNATIONAL RECOGNITION

Moldova Agroindbank is widely known not only in Moldova, but also abroad. MAIB became the first Moldovan bank to have its trademark registered in the International Register of the World Intellectual Property Organization. The results achieved by the bank were repeatedly appreciated by a number of specialized international publications (Euromoney, Global Finance, Finance Central Europe and World Finance).

## INTERNATIONAL COOPERATION

Over the years, the bank established partnerships with the EBRD, the World Bank, IFC, the European Fund for Southeast Europe, IFAD, the Black Sea Trade and Development Bank, Horizont Capital, USAID, Millennium Challenge Fund and many other international organizations. MAIB, jointly with various international financial organizations, such as EFSE, IBRD, EBRD, USAID, RISP, FIDA etc, has implemented a series of projects aimed at supporting customers from different sectors.

## STRENGTHS

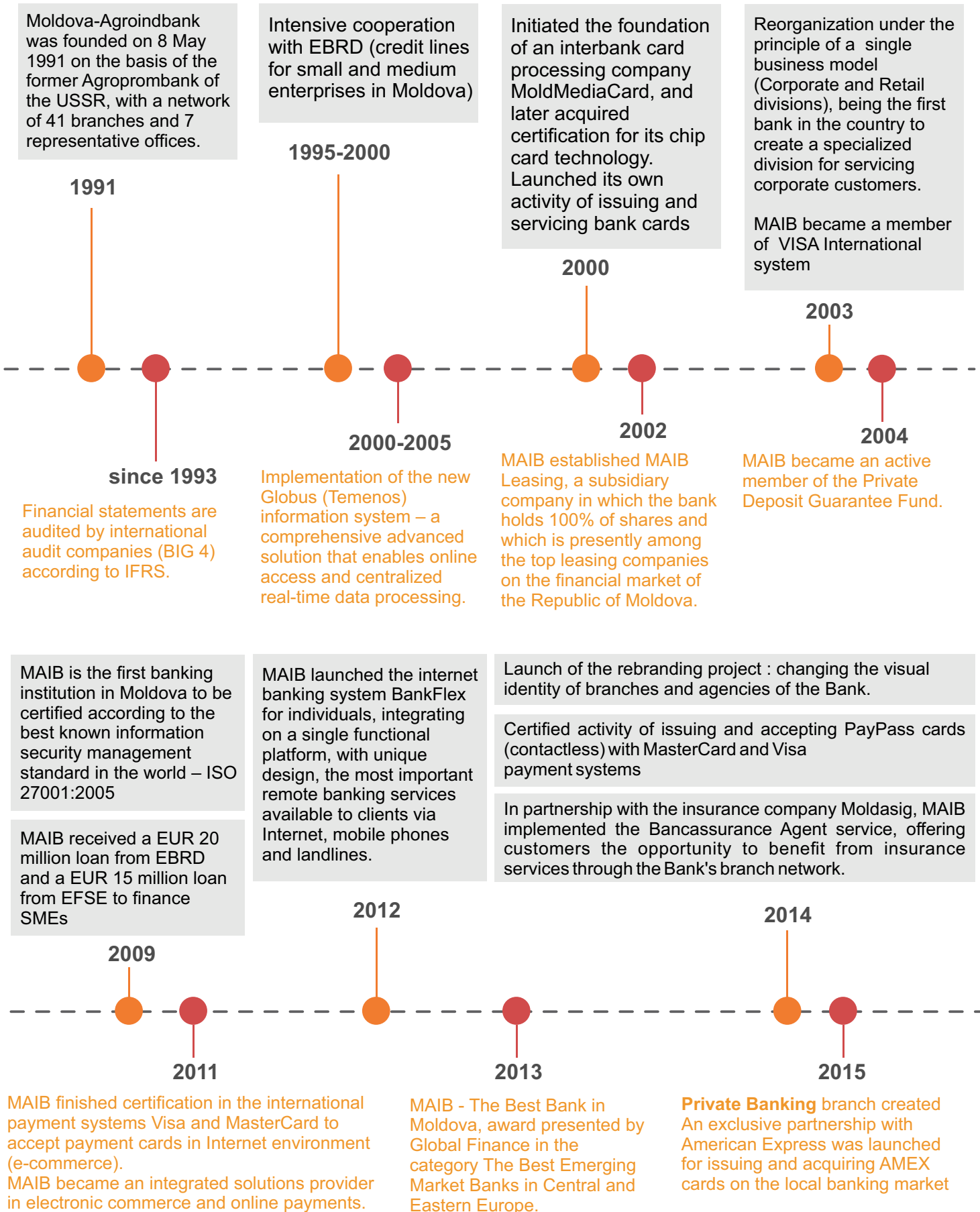
- Well-known domestic brand
- Proven record of successful organic growth
- Largest market share in the local banking system
- Large and growing customer base
- Strong profitability ratios
- Large distribution network
- Diversified range of products and services
- Modern information system, with centralized database and a high level of security
- Information Security Management System adjusted to ISO/IEC 27001:2005
- Strong risk management system.
- Stable and experienced management team



# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## 4.2. MAIB history in brief



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.3. Licenses

According to the Moldovan legislation, financial and banking institutions are required to hold a license issued by the National Bank of Moldova for the right to conduct financial activities.

MAIB holds the license AMMII nr.004496 to conduct banking activities, issued by NBM on 28 July 2016 for an unlimited period, and the class C license of investment society, issued by the National Commission for Financial Market in 2015 for an unlimited period, being entitled to conduct a wide range of services and investment activities.

Full license text is available on the bank's web page [www.maib.md](http://www.maib.md).

### 4.4. Development

Despite the difficult economic environment, 2015 was a good year for MAIB. MAIB capitalized business development opportunities in the context of banking sector reconfiguration. The Bank made logistical and marketing efforts, expanded its distribution network and strengthened its market share. Investments enabled the Bank to significantly increase its customer base and sales volumes, to consolidate its leading position in the banking sector and to register a high financial result.

MAIB Group's results (MAIB, MAIB-Leasing and MoldMediaCard) were reflected in the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and audited by the auditing company BDO Audit & Consulting SRL.

#### **MAIB Group reported the following consolidated results (IFRS) as at 31.12.2015:**

- ✓ consolidated net profit amounted to MDL 384.8 million, up by 12% compared to 2014.
- ✓ consolidated total assets value was MDL 18.4 billion, increasing by 18% compared to 31.12.2014.
- ✓ loans to customers, brutto, amounted to MDL 11.0 billion and increased by 4% compared to the end of 2014;
- ✓ liabilities to customers exceeded MDL 14.0 billion and increased by 22% compared to 31.12.2014.
- ✓ equity amounted to MDL 2.9 billion lei, up by 15%.
- ✓ consolidated Bank's return on equity (ROE) stood at 14%, at the level of 2014.

The Bank focused on maintaining asset quality and prudent credit risk monitoring. In 2015 MAIB complied with all prudential norms set by the National Bank of Moldova for banking institutions.

The total active customer base of the bank grew by 26% in 2015. The physical distribution network of the Bank expanded considerably as MAIB won the tender of Moldovan Customs Service for the right to provide it with banking services. Inside the customs offices, 39 new agencies were established in 2015. The electronic network was supplemented with 26 ATMs and 520 POS-terminals, amounting to a total of 226 ATMs and 3,275 POS terminals. The number of cards in circulation increased by 35% compared to late 2014, totaling 392,000 cards as at 31.12.2015. The bank's market share increased from 22% in 2014 to 30% in 2015.

### BANKING EFFICIENCY RANKING (Estimator – VM)

Moldovan banking efficiency ranking is developed by the Rating and Evaluation Agency EVM Group (Estimator-VM) based on publicly disclosed financial data of commercial banks, in accordance with law. The methodology applied in the preparation of this top is based on 5 efficiency indicators.

Between 2011 and 2015, MAIB kept a firm position on top of the leaderboard (1st or 2nd position), recording high scores on indicators such as total revenues, net income and ROE (financial profitability). MAIB's leading position is due, above all, to the high credibility of the institution, the wide range of products and services, as well as the high professionalism and efficiency of the bank staff.

Years	MAIB position in ranking	Total income (thous.lei)	Net income (thouse.lei)	ROE	ROS	Assets Rotatio, times
2015	1	2045.168	378.547	13.98%	18.51%	0.122
2014	2	1425.059	357.568	14.75%	25.09%	0.099
2013	2	1263.091	320.839	14.31%	54.40%	0.102
2012	1	1167.074	204.975	15.55%	26.13%	0.113
2011	1	1110.546	282.203	16.77%	25.41%	0.126

# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## INTERNATIONALLY RECOGNIZED LOCAL BANK



Member of European Business Association



Member of American Chamber of Commerce in Moldova



Quality Assessment Award



Excellence Award for best start in Moldova given by MoneyGram



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.5. Shareholder's structure

As at 30.06.2016, 31.12.2015 and 31.12.2014 , the Bank's shareholders structure was as follows:

	30.06.2016	2015	2014
Civil society of Bank shareholders and their affiliates*	13.62%	13.57%	13.53%
OOO Evrobalt **	4.50%	4.50%	4.50%
Hessond Solution Limited **	4.49%	4.49%	4.49%
Dresfond Invest Limited **	4.48%	4.48%	4.48%
Symbol Wood Limited **	4.41%	4.41%	4.41%
Multigold Production Limited **	4.24%	4.24%	4.24%
Azyol Development LTD **	4.00%	4.00%	4.00%
Dunlin Invest LTD **	3.64%	3.64%	3.64%
Other entities acting in concert holding <= 3%**	9.82%	0.00%	0.00%
BC "Victoriabank" S.A.	0.00%	0.00%	3.85%
UCCC "Moldcoop" and other entities acting in concert	2.52%	2.52%	1.97%
Individuals holding ≥ 1%, directly or indirectly	14.84%	14.84%	14.70%
Entities holding ≥ 1%, directly or indirectly	0.00%	3.53%	0.00%
Treasury shares	0.00%	0.00%	6.19%
Others***	25.91%	35.78%	30.00%
Newly-issued shares	3.53%	-	-
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\*As at 31.12.2015 the **Civil society of the Bank's shareholders and its affiliates** included 16 members, of which 3 were members of the executive management and the other 13 members were affiliated persons .

\*\* As at 30.06.2016, a group of entities acting in concert held a share of 39.58% in Bank's share capital, based on the decision nr. 43 of the NBM dated 02.03.2016, including: "Евробанк" OOO – 4.50%; Hessond Solution Limited – 4.49%; Dresfond Invest Limited – 4.48%; Symbol Wood Limited – 4.41%; Multigold Production Limited – 4.24%; Azyol Development LTD – 4.0%; Dunlin Invest LTD – 3.64% and others.

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

**As at 31.12. 2015 the share capital comprises 1,037,634 authorized ordinary shares, with a nominal value of MDL 200 per share.**

In December 2015 and March 2016, in order to increase the transparency of the shareholders' structure and to enforce prudent management of banks, National Bank of Moldova (NBM) blocked two groups of MAIB shareholders for reason that they acted in concert against the Bank and had previously acquired qualifying holdings in the share capital of the Bank in a total amount of 3.53% and 39.58%, without the prior written permission of the NBM.

These shareholders were obliged to dispose of the qualifying holdings in the share capital of the Bank within 3 months or to submit confirming documents. Failure to meet this requirement led to their cancellation by the National Commission for Financial Market and issue of new shares, and are due to be sold through the stock exchange.

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.6. 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
- 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)** 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.

Efficient activity requires compromise and high confidence among the shareholders and between the shareholders and bank management. Corporate Governance Code, approved by the General Assembly of Shareholders, alongside the Charter of the Bank, is the main legal document setting principles of establishing and preserving relationships between the management bodies of the bank, as well as between the bank and shareholders, employees, partners, customers, authorities, community. It provides for their main rights and obligations, ways to fulfill them, in order to ensure that the management and control of bank operations meet the interests of its shareholders.

The Corporate Governance Code is available for public on the website of the bank and the server of the bank's internal network. Its provisions are binding for all steering bodies of the bank, administrators and employees, as well as for the bank's shareholders.

Corporate governance will further be one of the bank's priorities meant to ensure transparency in the decision-making process and operational processes, including in relation with shareholders, partners and customers of the bank.

# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## MANAGEMENT OF THE BANK

### Council of the Bank

- ✓ **Miculeț Victor** Chairman of Council of the bank
- ✓ **Vrabie Natalia** Vice Chairwoman of Council of the bank
- ✓ **Valentina Badrajan** Member of Council of the bank
- ✓ **Carauș Vasile** Member of Council of the bank
- ✓ **Țurcanu Anatolie** Member of Council of the bank

### Management Board of the Bank

- ✓ **Cebotari Serghei** Chairman of the Management Board
- ✓ **Teleuca Marcel** Vice Chairman of the Management Board
- ✓ **Bejenari Leonid** Vice Chairman of the Management Board
- ✓ **Paingu Oleg** Vice Chairman of the Management Board
- ✓ **Iuraș Victor** Vice Chairman of the Management Board
- ✓ **Josan Eugeniu** Member of the Management Board

\*\*\*\*\*

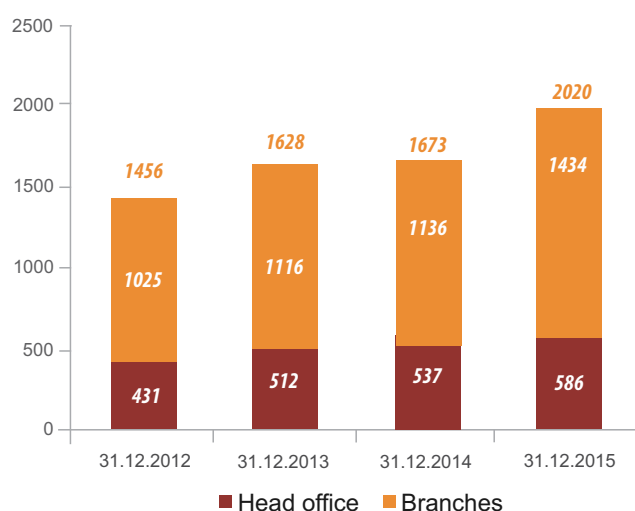
- ✓ **Lungu Vitalie** Financial Director

### Cenzors Committee

- ✓ **Pleșcan Ion** Chairman of the Cenzors Committee
- ✓ **Guțuleac Petru** Member of the Cenzors Committee
- ✓ **Munteanu Elena** Member of the Cenzors Committee

## 4.7. Staff

Number of employees



Human resources generate competitive advantage for the bank and represent one of the key factors of MAIB performance. The number of bank employees was 2,020 employees as at 31 December 2015, including 586 employees at the head office of the bank.

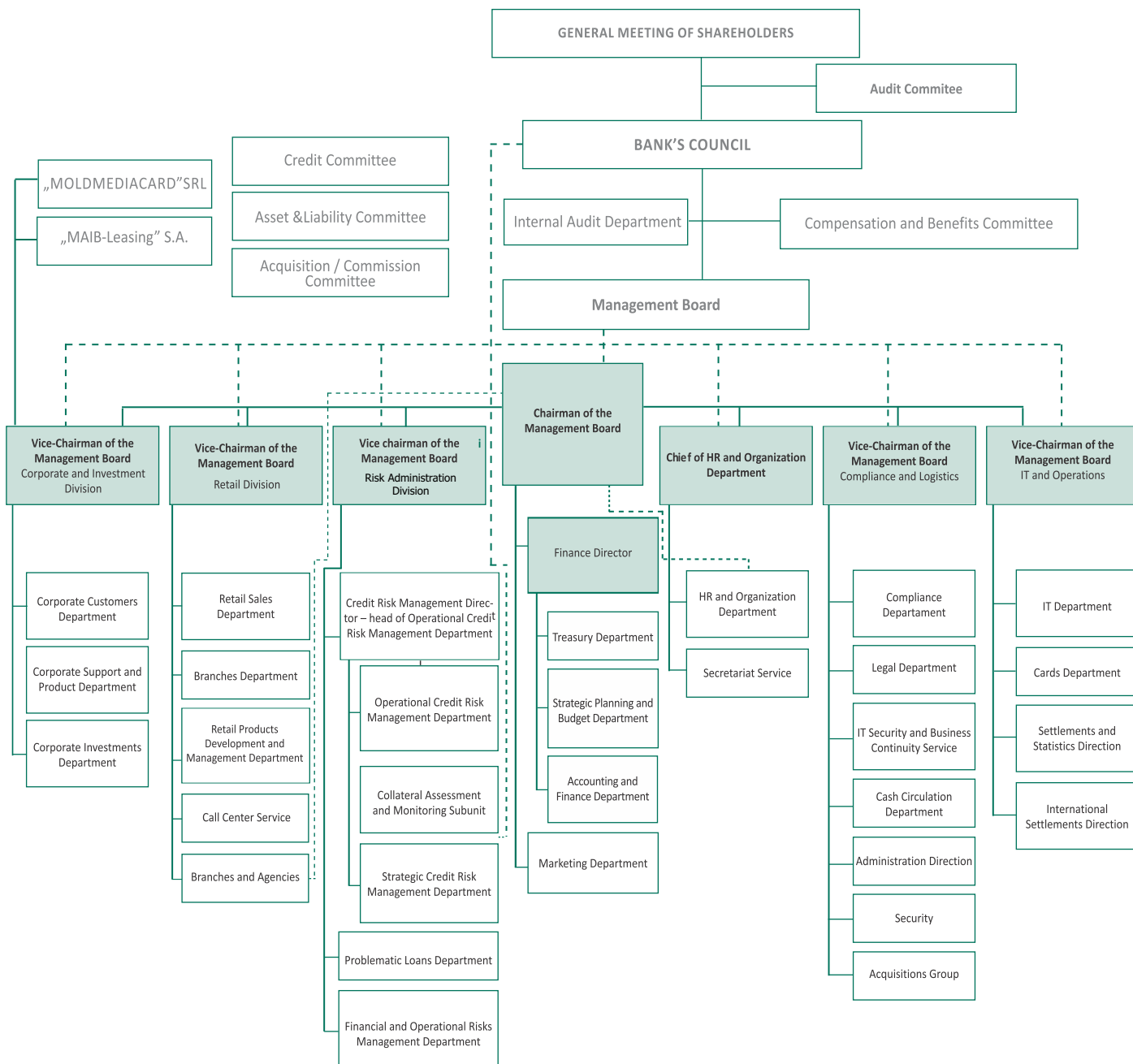
Human resources management policy of the Bank is focused on continuous improvement of the bank's staff quality, professional development of employees, improvement of remuneration system and performance evaluation system, enhancement of employees' loyalty and maintenance of valuable specialists, improvement of organizational and technological processes' efficiency.

# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## 4.8. Organisational structure

### ORGANIZATIONAL STRUCTURE OF BC" MOLDOVA-AGROINDBANK" S.A.



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.9. Business lines

#### Corporate Banking

Set up in 2002, the Corporate Division had the goal of setting and developing stable and mutually advantageous partnership relations with the bank's corporate customers.

The portfolio of corporate customers includes small enterprises, leading companies in their industries, covering about 36 types of activity in the national economy, as well as image building customers (embassies, public authorities, implementation units of international funds, etc.).

Corporate Customers Department is in charge of managing the bank's relationships with corporate customers. The department's activity is aimed at understanding business objectives of every customer and setting long-term confidence partnerships, focusing on individual approaches and providing sustained support to customers' businesses.

Along the time, the Corporate Division continued developing qualitatively, improving its organizational structure, crediting process and risk management, techniques of promoting bank products and services.

Efficient cooperation between the bank and its corporate customers enhances their loyalty, triggers a more dynamic development of new banking technologies, the implementation of updated credit risk management instruments, and an increase in the bank's profitability. Thus, over 70% of corporate customers have been with the bank for more than five years, and a large part of them have been the bank's customers since the creation of the Corporate Division. The share of the corporate loans portfolio constitutes about 63% of the bank's total portfolio, whereas the share of the deposits portfolio represents about 10% of total deposits of legal entities.

#### Retail Banking

Retail segment is the main business line of the bank, having the highest growth potential, and holding a share of about 40% of the bank's business. MAIB promotes diversified development of the Retail business line, increasing its share in total loans portfolio.

The objective of the Retail Division is to ensure the provision of a wide range of banking services to customers: legal entities – small and medium sized enterprises – and individuals; to draw in and place interbank deposits and loans; to finance consumer and real estate loans; to provide retail investment products, debit cards, internet-banking and other services.

Over 700,000 customers, including about 670,000 individuals, are serviced through the bank's physical and electronic sales network, with agencies and branches being conveniently located all over the country and using cutting edge technologies. The Bank took sustained efforts to upgrade its sales network and set a standard for the visual image of its branches and agencies. Works in this direction will continue in the next several years to create comfortable conditions, full access to banking products and services.

MAIB opened its Private Banking branch meant for elite individuals who will enjoy premium service and tailored solutions to meet their needs of banking products and services.

The Bank had about 392,000 active cards as at 31.12.2015, up by 35% against late 2014.

In 2015, MAIB managed to preserve its leading position on the market in terms of cards issued, holding a share of 26.5% of all cards issued and 30.4% of all active cards.



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.9. Business lines

#### Treasury Operations

MAIB promotes competitive treasury services in terms of price and quality, ensuring an essential link between financial markets and complex requirements from customers.

Treasury operations include transactions on the currency market (FX Market), on the money market (Money Market), on the market of debt instruments (Capital Market), attraction of loans, and credit lines from banks and other international financial institutions.

MAIB is the main market-maker on the local financial market, targeting to preserve and strengthen this position, by ensuring a continuous and sustainable increase in the amount and number of transactions and by extending the range of instruments provided.

To efficiently manage its assets, the bank invests available resources into interest-generating liquid assets, using the following instruments: National Bank Certificates (CBN), State Securities, loans/deposits on the interbank market.

The Bank provides various treasury products to its customers, such as foreign exchange transactions, deposits, state bonds, FX spot and forward transactions, etc. Tailored treasury products are offered to customers conducting a higher amount of operations, which allow for negotiating and concluding transactions directly between customers and the bank's authorized dealers.

The Bank keeps on developing its network of correspondent banks in order to satisfy at the highest possible level customers' settlement requests. Presently, the Bank cooperates with 12 correspondent banks from the USA, the European Union and the CIS.

#### Investment activity

MAIB investment activity is as follows:

- a) Portfolio investments;
- b) Sale/purchase of financial instruments on behalf of customers;
- c) Brokering services for underwriting financial instruments and/or placing financial instruments with/without strong commitment;
- d) Investment consulting services;
- e) Payment agent services;

MAIB has operated on the capital market on the basis of the class C license issued in 2015 by the National Commission for Financial Market for an unlimited term, and is entitled to conduct a wide range of services and investment activities.

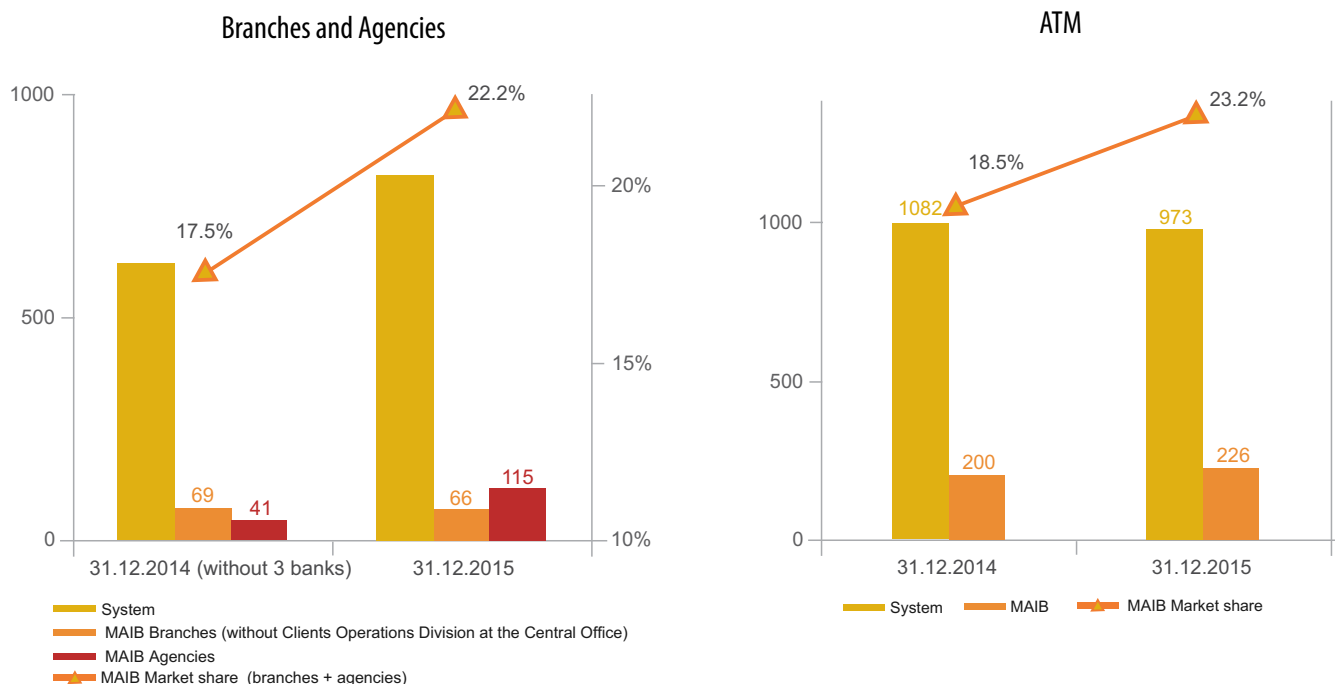
The bank's participation on the capital market by conducting financial investments is in line with the objective of diversifying the bank's active operations by capitalizing alternative income sources. As of 31.12.2015, the investment portfolio was MDL 222.2 thousand, according to the International Financial Reporting Standards, with the bank having equity interests in 12 companies from various national economic sectors.

Investments in the bank's daughter company, SA MAIB-Leasing (in which the bank holds 100% of shares), represent the highest share in MAIB investment portfolio.

# 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

## 4.10. MAIB network



### Distribution network

Moldova Agroindbank has a wide distribution network, and keeps on expanding it. It includes:

- ✓ 66 branches
- ✓ 115 agencies
- ✓ 226 ATM
- ✓ 5 centers 24/24
- ✓ 40 self-service areas

Details on the geographic coverage are available on the website of the bank [www.maib.md](http://www.maib.md).



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.11. Risk management

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 maximizing profitability, reducing the risk exposure, complying with regulations, turned the risk management process into a more complex and vital one.

The Group is exposed to 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.

#### 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.

#### 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.

#### 4.11.1. Country and transfer risk

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.

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%
<b>Total</b>	<b>2,426,919</b>	<b>100%</b>	<b>1,713,079</b>	<b>100%</b>

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.11.2. Market risk

#### 1. Currency risk

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 limit	Effectively as at 31 December	Daily average	Maximum	Minimum
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
I	1,500	468	487	1,500	30
II	1,000	941	350	1,000	20

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 31st 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)
<b>TOTAL</b>				<b>(7,809)</b>		<b>5,167</b>
As at 31st December 2014						
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)
<b>TOTAL</b>				<b>(3,185)</b>		<b>3,125</b>

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 2. Interest rate risk

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.

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
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)

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.11.3. Liquidity risk

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.

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.

	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
<b>31 December 2015</b>						
<b>Financial liabilities</b>						
Due to banks	40,318	23,093	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	0	0	0	0	96,327
<b>Total undiscounted financial liabilities</b>	<b>5,392,390</b>	<b>2,721,702</b>	<b>5,942,132</b>	<b>1,689,639</b>	<b>136,504</b>	<b>15,882,367</b>
Letters of credit	4,585	5,134	0	0	0	9,719
Financial guarantees	234,064	0	0	0	0	234,064
Financing commitments	266,309	69,319	268,947	243,696	0	848,271
<b>Total</b>	<b>5,897,348</b>	<b>2,796,155</b>	<b>6,211,079</b>	<b>1,933,335</b>	<b>136,504</b>	<b>16,974,421</b>
<b>31 December 2014</b>						
<b>Financial liabilities</b>						
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	0	0	0	0	53,024
<b>Total undiscounted financial liabilities</b>	<b>4,161,191</b>	<b>1,669,117</b>	<b>5,918,129</b>	<b>1,407,522</b>	<b>168,039</b>	<b>13,323,998</b>
Letters of credit	0	0	28,552	0	0	28,552
Financial guarantees	316,230	0	0	0	0	316,230
Financing commitments	669,897	0	0	0	0	669,897
<b>Total</b>	<b>5,147,318</b>	<b>1,669,117</b>	<b>5,946,681</b>	<b>1,407,522</b>	<b>168,039</b>	<b>14,338,677</b>

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.11.4. 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.

The Group manages credit risk through:

- analysis of each loan transaction of the Corporate 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.

### STRUCTURE OF LOANS AND ADVANCES 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

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	6,915,033
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

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### STRUCTURE OF LOANS AND ADVANCES TO CUSTOMERS (continued):

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

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

MDL'000	2015				2014			
	Corporate	Retail		Total	Corporate	Retail		Total
		entities	individuals			entities	individuals	
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	69,9538	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

MDL'000	2015			2014		
	Individual provision	Collective provision	Total	Individual provision	Collective provision	Total
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 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



## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.11.5. 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.

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.

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.13. Business strategy. Strategic objectives

#### Mission of the bank

Our 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.

MAIB lays the emphasis on differentiation from main competitors by determining the key elements ensuring a distinct position for MAIB on target segments, namely:

- ✓ transforming the bank into a modern institution according to the latest global trends;
- ✓ developing alternative distribution channels;
- ✓ implementing innovative products based on modern technologies;
- ✓ creating the best team by optimizing the bank's network, enhancing the employees' professional development and modernizing the organization;
- ✓ maintaining bank profitability while optimizing operational costs.

01

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.

02

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.

03

To develop and diversify the bank's business by transforming MAIB into a modern bank.

04

To prudently manage risks and in-house control procedures in order to protect the bank's profitability.

05

To continuously enhance the quality of the bank's staff and increase labor productivity.

## 04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

CONTINUED

### 4.12. 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 Straseni 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.

## 05. FINANCIAL INFORMATION

### 5.1. Consolidated statement of profit or loss and other comprehensive income

(OOO'MDL)	31.12.2012	31.12.2013	31.12.2014	31.12.2015
Interest income	899.252	948.911	1.084.289	1.490.295
Interest expense	(423.311)	(427.173)	(485.634)	(680.646)
<b>Net interest income</b>	<b>475.941</b>	<b>476.738</b>	<b>598.655</b>	<b>809.649</b>
Net impairment loss on loans, lease receivables and other receivables	(32.122)	(5.019)	(67.354)	(471.292)
<b>Net interest income after impairment loss on loans, lease receivables and other receivables</b>	<b>443.819</b>	<b>471.719</b>	<b>531.301</b>	<b>338.357</b>
Fee and commission income	171.995	196.277	225.996	300.354
Fee and commission expense	(33.357)	(49.139)	(49.797)	(76.738)
<b>Net fee and commission income</b>	<b>138.638</b>	<b>147.138</b>	<b>176.199</b>	<b>223.616</b>
Net foreign exchange gains	101.340	120.937	121.635	255.160
Gains on financial assets and liabilities held for trading	20.248	17.513	12.148	7.686
Other operating income	15.351	20.465	21.471	27.842
Impairment loss on available for sale financial and other assets		(436)	(19.259)	(30.734)
Personnel expenses	(187.796)	(209.360)	(234.409)	(213.951)
Other administrative and operating expenses	(144.626)	(136.421)	(167.510)	(214.564)
Depreciation and amortization	(43.772)	(43.406)	(45.806)	(58.082)
Gains from investment property revaluation				46.112
<b>Operating profit</b>	<b>343.202</b>	<b>388.149</b>	<b>395.770</b>	<b>381.442</b>
Share of profit of associates	(183)	(174)	0	
Profit before tax	343.019	387.975	395.770	381.442
Income tax expense	(43.183)	(50.191)	(53.657)	3.317
<b>Profit for the year</b>	<b>299.836</b>	<b>337.784</b>	<b>342.113</b>	<b>384.759</b>

In 2015 income and expenses of the Group recorded the following trend:

**Net impairment loss on loans, lease receivables and other receivables** – increase in both absolute value and in share in total expenses was due to worsening macroeconomic environment in 2015, a common situation for the entire banking system of the country, but also to a more prudential approach applied by NBM.

**Net foreign exchange gains** – a significant increase in net foreign exchange gains is mainly due to increased volatility of foreign exchange rates that resulted in higher margins being applied to pairs of currencies traded by the bank.

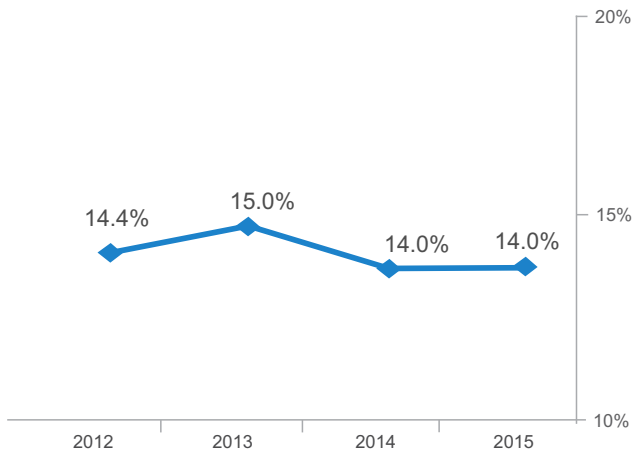
**Gains from investment property revaluation** - represent repossesses farmlands of the subsidiary, recognized at fair value, estimated by an independent assessor based on comparative market prices for similar real estate related transactions.

**Income tax expense** – 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”, therefore the economy recorded about 3.3 million.

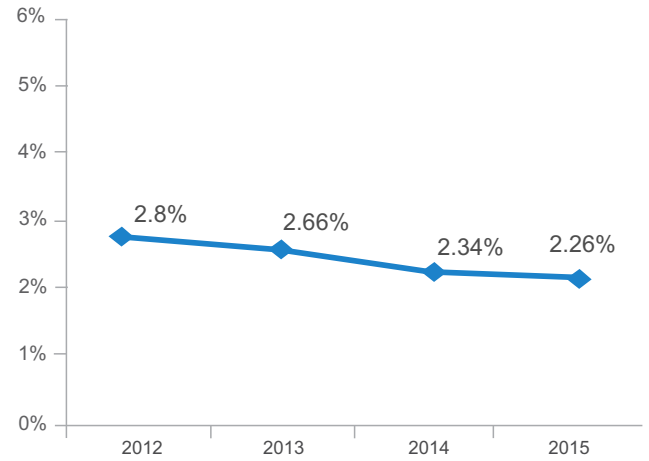
# 05. FINANCIAL INFORMATION

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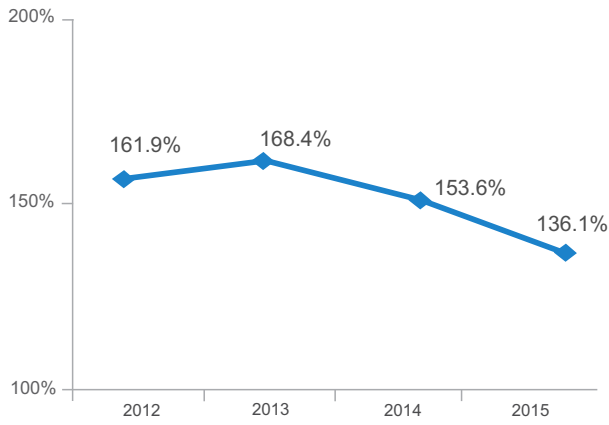
ROE\*



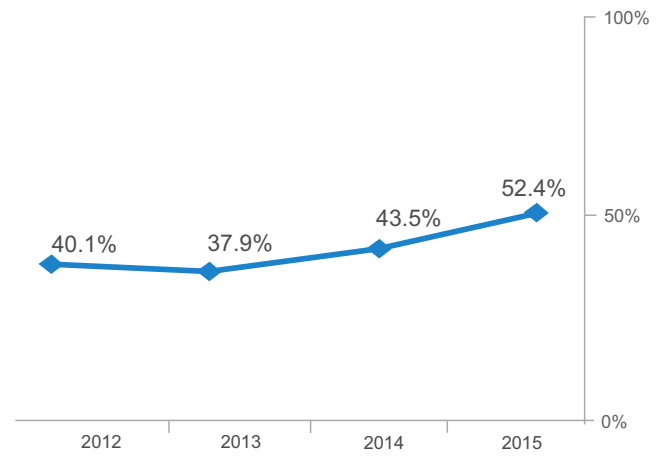
ROA\*



Efficiency ratio (%) \*



Operating expense / Total income (%) \*



\* Calculated according to National Bank of Moldova methodology

# 05. FINANCIAL INFORMATION

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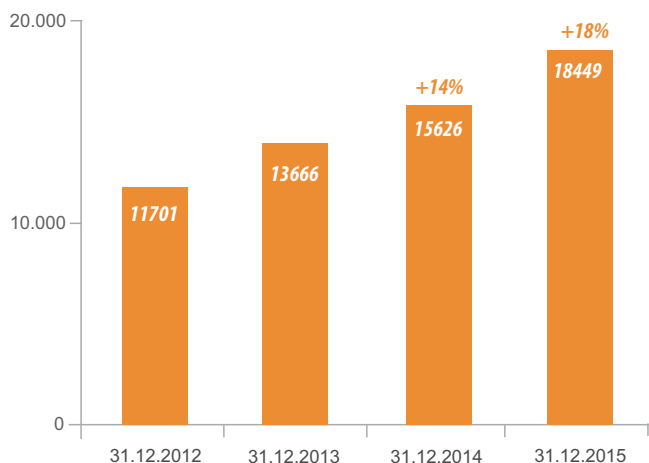
## 5.2. Consolidated statement of financial position

(000*MDL)	31.12.2012	31.12.2013	31.12.2014	31.12.2015
<b>ASSETS</b>				
Cash on hand and balances with National Bank of Moldova	1.448.967	1.746.619	1.925.424	4.040.704
Due from banks	616.738	805.193	1.546.429	2.261.334
Financial assets held for trading	226.224	214.820	166.520	36.576
Loans and advances to customers, bruto	7.511.433	9.002.307	10.614.991	10.987.015
Less: allowance for impairment losses	200.333	245.238	309.003	657.956
Loans and advances to customers, net	7.311.100	8.757.069	10.305.988	10.329.059
Lease receivables	293.444	335.296	347.072	263.934
Financial assets available for sale	141.006	144.397	158.064	153.769
Investments in associates	2.971	2.797	-	-
Financial assets held to maturity	1.101.377	1.124.375	624.814	688.879
Foreclosed collateral	22.555	14.288	17.437	24.093
Property and equipment	382.980	364.334	393.102	486.607
Intangible assets	24.212	38.606	52.118	62.708
Other assets	129.055	118.685	88.692	101.709
<b>Total assets</b>	<b>11.700.629</b>	<b>13.666.479</b>	<b>15.625.660</b>	<b>18.449.372</b>
<b>LIABILITIES</b>				
Due to banks	548.432	413.613	296.421	183.931
Borrowings	1.166.085	1.220.500	1.094.419	1.114.606
Due to customers	7.674.574	9.529.155	11.501.029	14.044.541
Other liabilities	129.402	157.254	165.243	147.015
<b>Total liabilities</b>	<b>9.518.493</b>	<b>11.320.522</b>	<b>13.057.112</b>	<b>15.490.093</b>
<b>EQUITY</b>				
Shares	194.673	194.673	194.673	207.527
Share premium	31.037	31.037	31.037	104.537
Property and equipment revaluation reserve	182.220	167.493	160.319	149.548
Available for sale financial assets revaluation reserve	27.577	33.227	62.901	72.203
Retained earnings	1.742.877	1.915.319	2.114.936	2.418.489
Non-controlling interests	3.752	4.208	4.682	6.975
<b>Total equity</b>	<b>2.182.136</b>	<b>2.345.957</b>	<b>2.568.548</b>	<b>2.959.279</b>
<b>Total equity and liabilities</b>	<b>11.700.629</b>	<b>13.666.479</b>	<b>15.625.660</b>	<b>18.449.372</b>

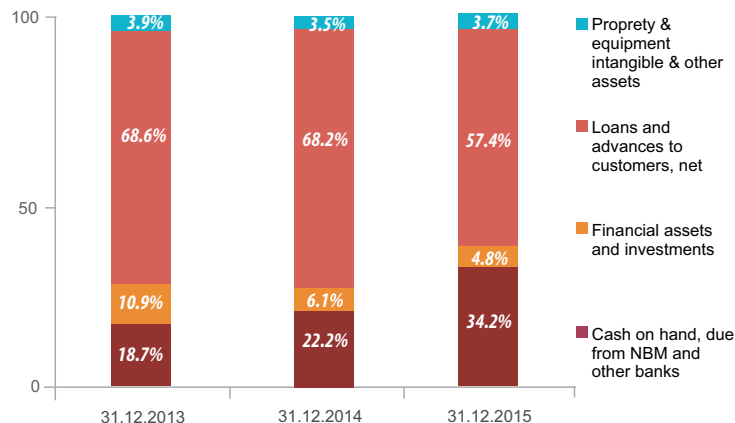
# 05. FINANCIAL INFORMATION

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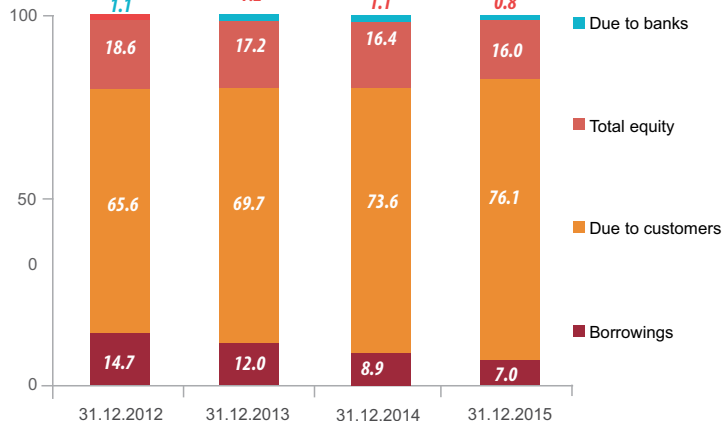
ASSETS (mln MDL)



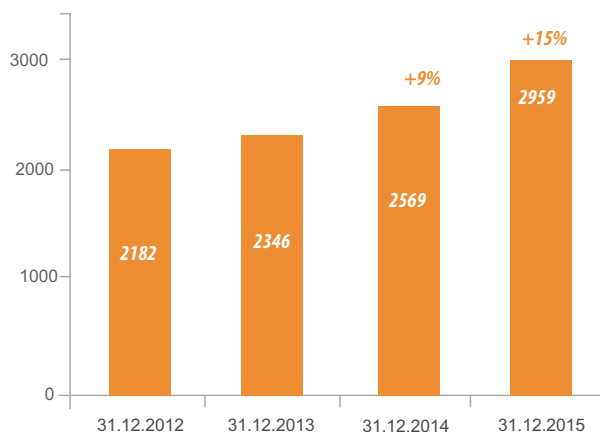
Structure of Assets (%)



Structure of Liabilities (%)



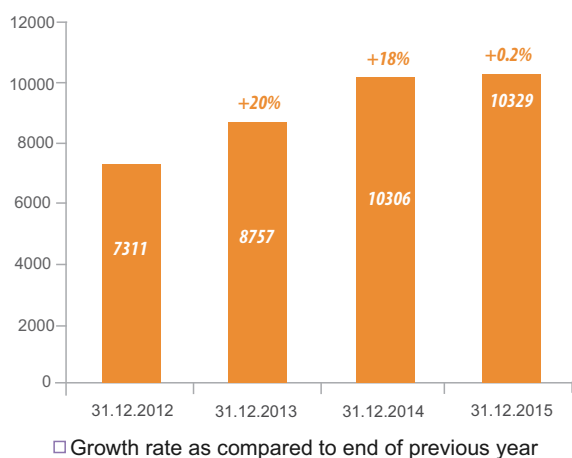
Total equity (mln MDL)



□ Growth rate as compared to end of previous year

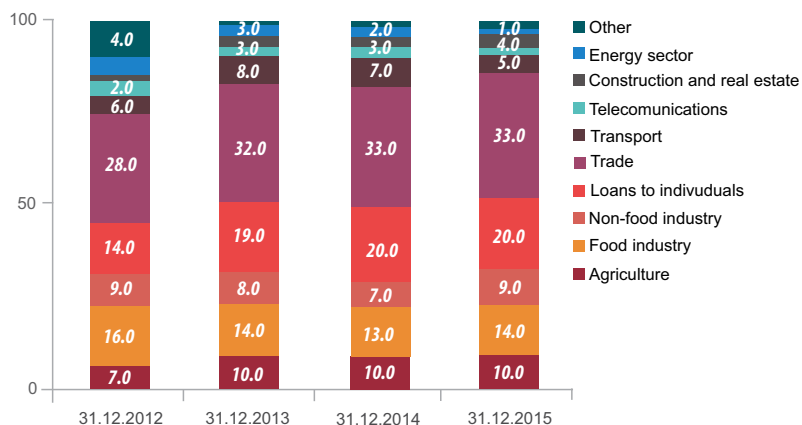
Assets of the Group recorded a positive dynamics during all the years of activity. Loans and advances to customers hold the largest share in assets' structure, due to customers hold the biggest share in liabilities' structure. Total equity increased on account of retained earnings.

Loans and advances to customers, net (mln MDL)



□ Growth rate as compared to end of previous year

Concentration of risk in economic sectors for customers' loan portfolio (%)



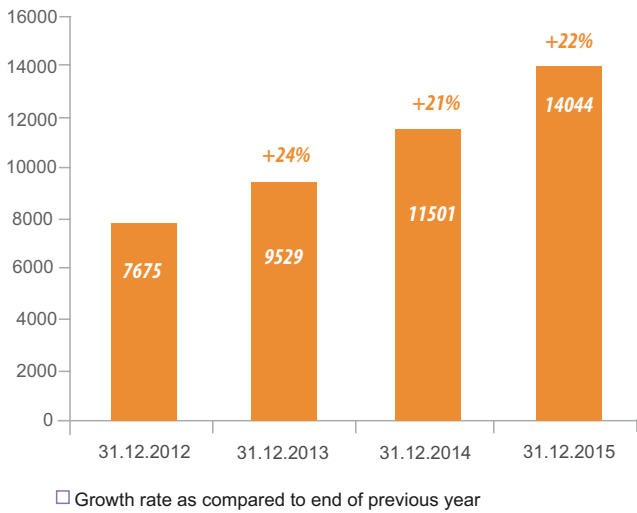
Group's loan portfolio grew dynamically, 63% of total portfolio are Corporate loans, 37% are Retail loans. Loan portfolio has a diversified sector structure, similar to national economy structure. The largest share in total portfolio is held by trade, followed by food industry, agriculture and loans to individuals.

# 05. FINANCIAL INFORMATION

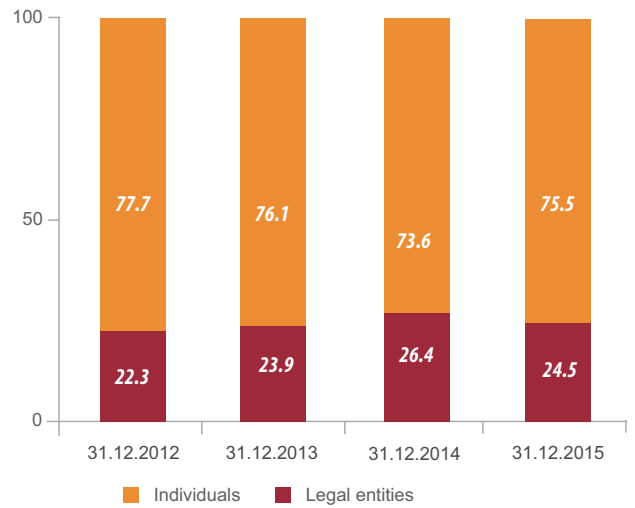
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In the structure of due to customers of the Group, deposits of individuals hold the largest share of about 76%. About 73% of total due to customers (including individuals and legal entities) are term deposits.

Due to customers (mln MDL)



Structure of due to customers (%)





# 05. FINANCIAL INFORMATION

CONTINUED

## Attributable to equity holders of the Group

MDL'000	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
<b>Balance as at 1 January 2015</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>62.901</b>	<b>160.319</b>	<b>2.114.936</b>	<b>2.563.866</b>	<b>4.682</b>	<b>2.568.548</b>
Net profit for the year						382.466	382.466	2.293	384.759
Other comprehensive income				9.302	14.079		23.381		23.381
Dividends paid						(103.763)	(103.763)		(103.763)
Sale of treasury shares		12.854	73.500				86.354		86.354
Transfer of revaluation surplus at the disposal of property and equipment					(24.850)	24.850	0		0
<b>Balance as at 31 December 2015</b>	<b>207.527</b>	<b>0</b>	<b>104.537</b>	<b>72.203</b>	<b>149.548</b>	<b>2.418.789</b>	<b>2.952.304</b>	<b>6.975</b>	<b>2.959.279</b>
<b>Balance as at 1 January 2014</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>33.227</b>	<b>167.493</b>	<b>1.915.319</b>	<b>2.341.749</b>	<b>4.208</b>	<b>2.345.957</b>
Deferred tax as effect of corrections of prior years' errors				(1.317)			(1.317)		(1.317)
Correction of investment revaluation reserve				21.949			21.949		21.949
<b>Restated balance as at 1 January 2014</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>53.859</b>	<b>167.493</b>	<b>1.915.319</b>	<b>2.362.381</b>	<b>4.208</b>	<b>2.366.589</b>
Net profit for the year						341.639	341.639	474	342.113
Other comprehensive income				9.042	(3.191)		5.851		5.851
Dividends paid						(146.005)	(146.005)		(146.005)
Transfer of revaluation surplus at the disposal of property and equipment					(3.983)	3.983	0		0
<b>Balance as at 31 December 2014</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>62.901</b>	<b>160.319</b>	<b>2.114.936</b>	<b>2.563.866</b>	<b>4.682</b>	<b>2.568.548</b>
<b>Balance as at 1 January 2013</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>27.577</b>	<b>182.220</b>	<b>1.742.877</b>	<b>2.178.384</b>	<b>3.752</b>	<b>2.182.136</b>
Effect of corrections of prior years' errors						(17.858)	(17.858)		(17.858)
Transfers between reserves				2.965		(2.965)	0		0
<b>Restated balance as at 1 January 2013</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>30.542</b>	<b>182.220</b>	<b>1.722.054</b>	<b>2.160.526</b>	<b>3.752</b>	<b>2.164.278</b>
Net profit for the year						337.328	337.328	456	337.784
Other comprehensive income				2.685	(12.785)		(10.100)		(10.100)
Dividends paid						(146.005)	(146.005)		(146.005)
Transfer of revaluation surplus at the disposal of property and equipment					(1.942)	1.942	0		0
<b>Balance as at 31 December 2013</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>33.227</b>	<b>167.493</b>	<b>1.915.319</b>	<b>2.341.749</b>	<b>4.208</b>	<b>2.345.957</b>
<b>Balance as at 1 January 2012</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>23.742</b>	<b>182.394</b>	<b>1.557.995</b>	<b>1.989.841</b>	<b>3.468</b>	<b>1.993.309</b>
Net profit for the year						299.552	299.552	284	299.836
Other comprehensive income				3.835	13		3.848		3.848
Dividends paid						(114.857)	(114.857)		(114.857)
Transfer of revaluation surplus at the disposal of property and equipment					(187)	187	0		0
<b>Balance as at 31 December 2012</b>	<b>207.527</b>	<b>(12.854)</b>	<b>31.037</b>	<b>27.577</b>	<b>182.220</b>	<b>1.742.877</b>	<b>2.178.384</b>	<b>3.752</b>	<b>2.182.136</b>

# 05. FINANCIAL INFORMATION

CONTINUED

	31.12.2012	31.12.2013	31.12.2014	31.12.2015
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Cash flows from operating activities</b>				
Interest received	902.114	947.900	1.085.348	1.473.684
Interest paid	(420.219)	(476.754)	(483.362)	(660.833)
Commission received	171.995	196.277	220.827	292.236
Commission paid	(33.339)	(39.797)	(53.411)	(70.170)
Income received from trading in foreign currencies	107.853	128.405	135.118	294.323
Recoveries of loans previously written-off	59.376	41.039	14.837	16.624
Other operating income received	7.680	18.325	23.904	22.917
General and administrative expenses paid	(166.539)	(224.052)	(161.461)	(208.412)
Personnel expenses paid	(151.331)	(147.686)	(239.062)	(216.734)
<b>Cash flows from operating activities before changes in operating assets and liabilities:</b>	<b>477.590</b>	<b>443.657</b>	<b>542.738</b>	<b>943.635</b>
Net (increase) / decrease in operating assets :				
Due from banks	(57.653)	(121.366)	(136.032)	(187.880)
Financial assets held for trading	9.983	28.802	60.207	141.518
Financial assets held to maturity	101.815	(377.954)	(104.612)	(63.659)
Financial assets available for sale	(43.841)	-	-	-
Loans and advances to customers	(1.264.810)	(1.500.605)	(1.327.047)	197.820
Lease receivables	(50.149)	5.598	14.526	57.014
Other assets	17.829	5.485	12.885	(6.803)
Other Net increase / (decrease) in operating liabilities :				
Due to banks	70.803	(105.516)	(1.200)	13.581
Due to customers	1.797.365	1.812.545	1.592.118	1.496.629
Other liabilities	5.789	27.678	(9.599)	8.212
<b>Net cash from operating activities before tax</b>	<b>1.064.721</b>	<b>218.324</b>	<b>643.984</b>	<b>2.600.067</b>
Income tax paid	(35.309)	(41.466)	(32.679)	(41.645)
<b>Net cash from operating activities</b>	<b>1.029.412</b>	<b>176.858</b>	<b>611.305</b>	<b>2.558.422</b>
<b>Cash flows from investing activities</b>				
Purchase of property and equipment and intangible assets	(54.978)	(53.673)	(75.589)	(104.623)
Dividends received	3.444	4.054	-	-
Available for sale financial assets	-	-	385	(1.768)
Proceeds from sale of investments in associates	-	-	2.900	-
<b>Net cash used in investing activities</b>	<b>(51.534)</b>	<b>(49.619)</b>	<b>(72.304)</b>	<b>(106.391)</b>
<b>Cash flows from financing activities</b>				
Repayment of loans and borrowings	(529.312)	(518.357)	(682.016)	(616.824)
Proceeds from loans and borrowings	505.612	497.285	324.068	326.260
Proceeds from redemption of treasury shares	-	-	-	86.354
Dividends paid	(114.857)	(146.005)	(145.617)	(100.909)
Net cash used in financing activities	(138.557)	(167.077)	(503.565)	(303.119)
Effect of exchange rate fluctuation	23.043	49.705	87.455	352.315
<b>Net increase in cash and cash equivalents</b>	<b>862.364</b>	<b>9.867</b>	<b>122.891</b>	<b>2.499.227</b>
<b>Cash and cash equivalents as at 1 January</b>	<b>1.706.618</b>	<b>2.568.982</b>	<b>2.578.849</b>	<b>2.701.740</b>
<b>Cash and cash equivalents as at 31 December</b>	<b>2.568.982</b>	<b>2.578.849</b>	<b>2.701.740</b>	<b>5.200.967</b>

# 05. FINANCIAL INFORMATION

CONTINUED

## 5.3. Regulatory requirements

INDICES	Norm	31.12.2012	31.12.2013	31.12.2014	31.12.2015
<b>EQUITY</b>					
Total regulatory capital	>=200 mln. lei	1601.4	1682.4	1806.9	2362.4
Capital adequacy ratio	>=16%	24.55	21.99	16.82	22.60
<b>AFFILIATES</b>					
Ratio of total bank's exposure to one affiliated person and / or a group of persons acting in concert with the affiliated person to total Regulatory Capital	<=10%	9.19	9.73	9.73	8.63
Ratio of the aggregate amount of the bank's total exposure to affiliated persons and / or groups of persons acting in concert with affiliated persons to total regulatory Capital	<=20%	15.63	12.90	19.37	15.76
<b>LOANS</b>					
Ratio of net loan exposure granted to one or a group of related parties to total regulatory Capital.	<=15%	13.41	13.65	12.87	10.37
Ratio of Ten Largest net loans to total loan portfolio	<=30%	21.24	23.68	19.44	18.99
The sum of all large loans to total regulatory capital	<=5 times	0.62	1.31	1.18	0.21
Report of the Bank's net exposure to individuals, attached to foreign currency, to total regulatory capital	<=30%	4.67	2.91	1.41	0.46
Ratio of total exposure to employees of the bank to total regulatory capital	<=10%	2.13	2.41	2.61	2.53
<b>LIQUIDITY</b>					
Liquidity Principle I (long term liquidity)	<1	0.74	0.83	0.81	0.68
Liquidity Principle II (current liquidity)	>=20%	29.45	28.54	27.3	38.28
<b>INVESTMENTS</b>					
Ratio of purchase value of equity investments in economic entities to total regulatory capital of the bank	<=5% of TRC	4.0	3.8	3.5	2.5
Ratio of total value of equity investments in economic entities to total regulatory capital	<=50% of TRC	9.0	8.6	7.8	8.70
Ratio of total investments in long term tangible assets to total regulatory capital	<=50% of TRC	23.2	21.2	15.2	17.7
Ratio of total value of investments in long term tangible assets and equity share in economic units capital to total regulatory capital	<=100% of TRC	32.2	29.7	22.9	27.1



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