

The logo for MAIB (Moldova Agroindbank) features the letters 'MAIB' in a bold, green, sans-serif font. A stylized green leaf or swoosh element is positioned between the 'A' and 'I'.

Moldova Agroindbank

The background of the document is an aerial photograph of a rural landscape. A river flows through the scene, bordered by dense green forests on one side and open fields on the other. In the distance, rolling hills are visible under a hazy sky. A semi-transparent green rectangular box is centered over the image, containing the title text.

**BC MOLDOVA
AGROINDBANK SA
INVESTMENT
MEMORANDUM**

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,
- Decision No. 41 of the Management Board dated 21.01.2017,
- Decision No. 341 of the Management Board dated 16.08.2017,
- The Law nr.273 from 15.12.2017 on the modifications and completion of Law nr. 171/2012 concerning the Capital Market and the law nr. 202/2017 on the bank's activity
- Decision No. 45 of the Management Board dated 08.02.2018,

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 from April 17th 2018 to April 30th 2018 at the initial price of 1064,02 mdl per share and 389.760 newly-issued first-class ordinary nominative shares (37.56%) starting from April 17th 2018 to April 30th 2018 at the initial price of 1054,71 mdl per share.

Previous exposures of the stock package composed of 36,605 newly-issued first-class ordinary nominative shares (3.53%) at the initial price of 1064,02 lei per share and the stock package composed of 389.760 newly-issued first-class ordinary nominative shares (37.56%) at the initial price of 1054,71 mdl per share:

Auction period

1.	26.09.2016-26.12.2016	Decision of the Management Board nr. 470 from 15.09.2016
2.	01.02.2017-26.06.2017	Decision of the Management Board nr. 41 from 21.01.2017
3.	12.12.2017-26.12.2017	Decision of the Management Board nr. 341 from 16.08.2017
4.	17.04.2018-30.04.2018	Decision of the Management Board nr. 45 from 08.02.2018

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.

In December 2017 was approved: the Law nr. 273 from 15.12.2017 on modification and completion of Law nr. 171/2012 of Capital Market, the Law nr. 202/2017 on the Bank's activity, the Law nr. 274 from 15.12.2017 concerning the modification and completion of Law nr. 121/2007 concerning the administration and privatization of public property, the Law nr. 1134/1997 of Joint Stock Companies.

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

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.

CONTENT

01 INFORMATION SOURCES

- 1.1. Sources of financial information
- 1.2. Auditors
- 1.3. Currency and exchange rates

02 INFORMATION ON MOLDOVA AGROINDBANK SHARES

- 2.1. Characteristics of shares
- 2.2. Sale conditions

03 MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM

- 3.1. Evolution of macroeconomic indicators
- 3.2. Moldova's banking system
- 3.3. Structure and quality of assets in the banking industry
- 3.4. Evolution of indicators in the banking industry
- 3.5. MAIB within the banking system

04 ABOUT MOLDOVA AGROINDBANK (ISSUER)

- 4.1. Overview
- 4.2. MAIB history in brief
- 4.3. Licenses
- 4.4. Development indicators
- 4.5. Shareholders structure
- 4.6. Corporate governance
- 4.7. Staff
- 4.8. Organisational structure
- 4.9. Business strategy. Strategic objectives
- 4.10. Business lines
- 4.11. MAIB activity
- 4.12. Risk management
 - 4.12.1. Country and transfer risk
 - 4.12.2. Market risk
 - 4.12.3. Liquidity risk
 - 4.12.4. Credit risk
 - 4.12.5. Operational risks
- 4.13. Social responsibility

05 FINANCIAL INFORMATION

- 5.1. Consolidated statement of profit or loss
- 5.2. Consolidated statement of financial position

01. INFORMATIONS 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 31.12.2013, 31.12.2014, 31.12.2015, 31.12.2016, 31.12.2017 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 2013 - ICS PricewaterhouseCoopers Audit SRL
For 2014 - KPMG Moldova SRL
For 2015 - BDO Audit & Consulting SRL
For 2016 - BDO Audit & Consulting SRL
For 2017 - 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 2017, 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 2017 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

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
31.12.2016	19.98	20.89
31.12.2017	17.10	20.41

02. INFORMATION ON MOLDOVA AGROINDBANK SHARES

2.1. Characteristics of shares

Issuer	BC Moldova-Agroindbank S.A (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 meetings 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>Each shareholder is entitled to:</p> <ul style="list-style-type: none"> ● Participate in General Meetings of Shareholders, to elect and be elected into the Bank's steering bodies; ● Be provided by the bank with information related to all issues from the agenda of the General Meeting of shareholders, and to take note of materials for issues to be discussed at the General Meeting ; ● 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; ● Dispose of their shares, pledge or place them in custody, as provided for by the applicable legislation and the Charter of the Bank; ● Request the redemption of their shares, as provided for by the Charter of the Bank and the applicable legislation; ● Exercise other rights stipulated by the applicable legislation. <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> <ul style="list-style-type: none"> a) To put forward issues for the agenda of the ordinary annual General Meeting of Shareholders; b) To put forward candidates for positions as member of the Council of the Bank and Audit Committee; c) To request the convocation of extraordinary meetings of the Council of the Bank. <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 Meeting of Shareholders shall decide to invest the profit of the Bank into the development of the Bank.

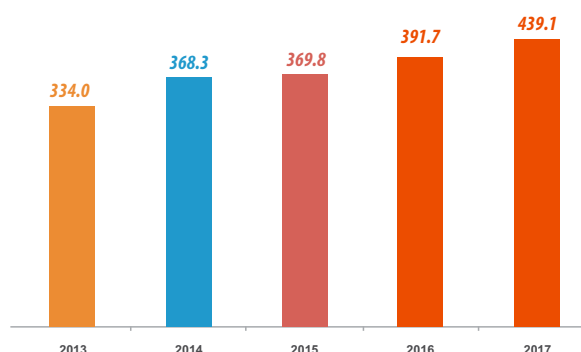
The difference between provisions for impairment of loans and off-balance sheet commitments calculated in accordance with Regulation on classification of assets and off-balance sheet commitments (Decision of the Council of Administration of the National Bank of Moldova nr.231 from 27.10.2011) and the 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)



Earnings per share (MDL per share)



02. INFORMATION ON MOLDOVA AGROINDBANK SHARES ...CONTINUED

2.2. Sale conditions

<p>Way of selling</p>	<p>Through the regulated market of Moldovan Stock Exchange Open outcry auction</p> <p>1. 36,605 newly-issued first-class ordinary nominative shares (3.53%), as a single block, with par value of MDL 200,00 per share, at the initial price of MDL 1064.02 per share. Auction period: from April 17th to April 30th 2018.</p> <p>2. 389,760 newly-issued first-class ordinary nominative shares (37.56%), as a single block, with par value of MDL 200,00 per share, at initial price of 1054,71 lei per share, from April 17th to April 30th 2018.</p> <p>Address: 73 Stefan cel Mare, office 352, Chisinau, MD2001, Republic of Moldova Tel: 277-594, Fax: 277-358, 277-356 www.moldse.md</p>
<p>Special conditions</p>	<p>Eligible investors, who obtained the prior written permission of the National Bank of Moldova</p>
<p>Registrar</p>	<p>“Registru Ind” S.A</p> <p>Address: 22/1 G.Vieru avenue, of.60 MD-2005 Chisinau municipality tel: 0 (22) 21-23-53, Fax: 0 (22) 21 23 53, registru-ind@yandex.ru</p>
<p>Taxation</p>	<p>In accordance with the provisions of the Tax Code declared dividends are subject to a 6% withholding tax</p>
<p>Litigations</p>	<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 km²

Population: 3,6 million

Political system: Parliamentary Republic

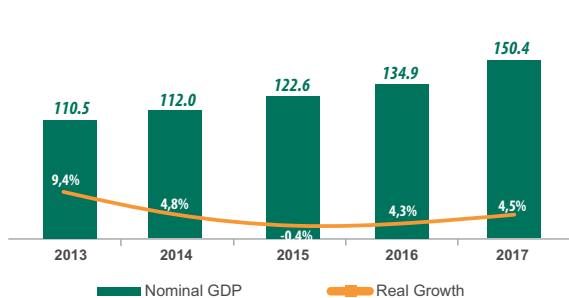
Moldova is member of United Nations, Council of Europe, WTO, OSCE, World Bank, IMF, EBRD, GUAM, the Commonwealth of Independent States (CIS), Black Sea Economic Cooperation, Stability Pact for South Eastern Europe, Associated Member of the European Union.

Banking and capital markets regulated through National Bank of Moldova and National Commission for Financial Market.



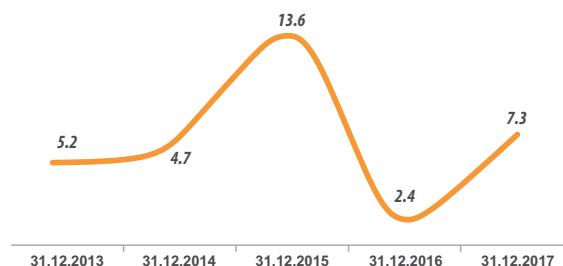
3.1. Evolution of macroeconomic indicators

Nominal GDP (mln MDL)



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

Inflation Rate – end of the period (%)



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

At 31.12.2017, the Gross Domestic Product stood at MDL 150.4 bln MDL, increasing by 4.5% (real growth) as compared to 2017.

The increase in GDP was largely determined by the gross value added in wholesale, retail trade, transport and storage by 1.3%; agriculture by 1.0 p.p; information and communications by 0.2 p.p.; utilities services, mining and processing industry by 0.4 p.p.

The World Bank anticipates a 3.8% increase in GDP in 2018 and 3.6% in 2019.

In December 2017, annual inflation rate constituted 7.3% (for last 12 months), being determined by the increase in food prices by 9.7%, non food prices by 4.1% and services by 7.9 %.

The year end inflation rate, forecasted by Ministry of Economy, is estimated at 3.5% for 2018 and 5.0% for 2019.

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

Economic growth presented signs of recovery in 2017, showing an advance of 4.5% as compared to 2016. In the Republic of Moldova was perpetuated the consumption-based economic model, private consumption being the main growth engine with improved dynamics due to revitalization of remittances, growth wages and indexation of pensions.

Transfers of money to individuals through Moldovan banks (on a net basis) increased by 11.2% in 2017 as compared to 2016 and amounted to approximately USD 1,200 million. In the structure of net transfers, the major share belong to transfers in USD - 49.9%, followed by transfers in EUR - 40.9% and in RUB - 9.2%

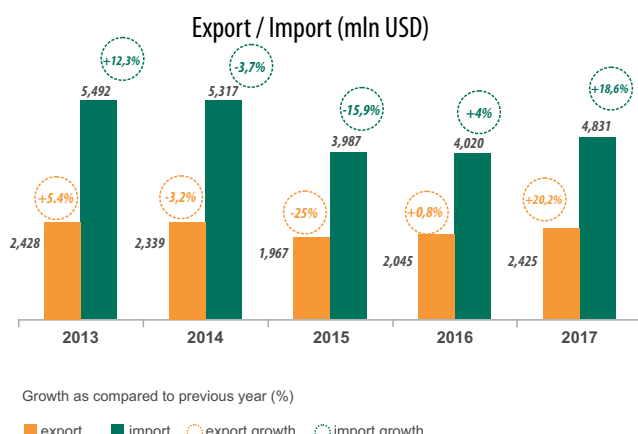
The industrial sector registered an increase of 3.4% in the volume of industrial production compared to the previous year, 2.8 p.p higher than the level registered in 2016 and the global agricultural production increased by 8.6%.

Exports increased by 18.5% in 2017 as compared with the previous year. The share of exports directed to EU constitutes 65.8% (65.1% in 2016), share of exports directed to CIS 19.1% (20.3% during 2016). Reexports accounted for 32.3% of overall exports.

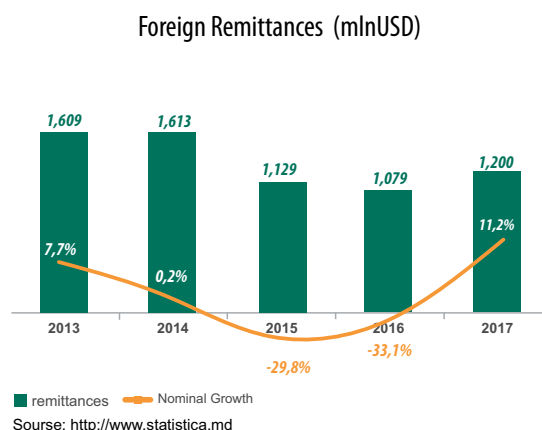
Imports increased by 20.2% compared with 2016.

Exports covered imports at 50.2% in 2017 against 50.9% in 2016.

The trade balance was negative, standing at USD 2406 mln, by 21.8% less than recorded in 2016.



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



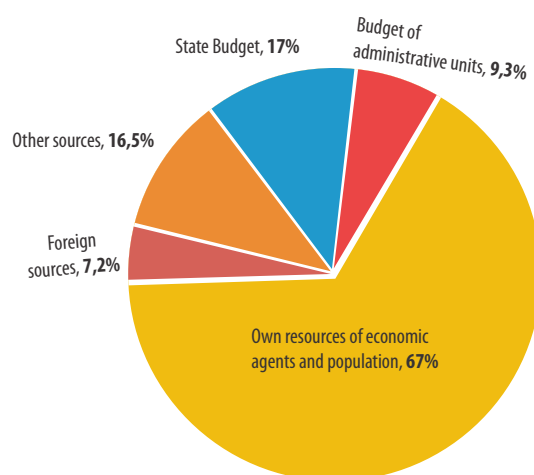
Source: <http://www.statistica.md>

To proceed with the investment process, the government used investors' means worth MDL 13678.7 mln, which constitutes 65.6% of all the means used for investments, increasing by 8.6% as compared to previous year.

In January-December 2017, to ensure investment needs at the account of budget sources, MDL 2624.4 mln was used, which constitutes 12.5% from total investments and 60.8% as compared to the previous year (in comparable prices).

Foreign investments held a share of 8% of total investments.

The structure of investments in long term assets by sources of financing



03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

3.2. Moldova's banking system

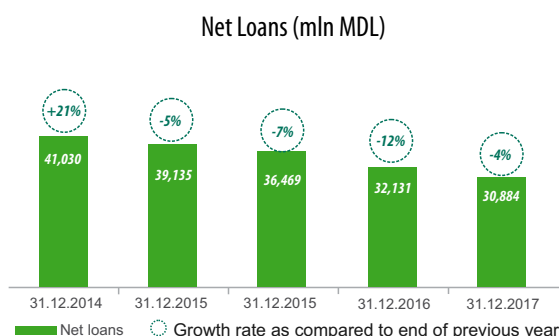
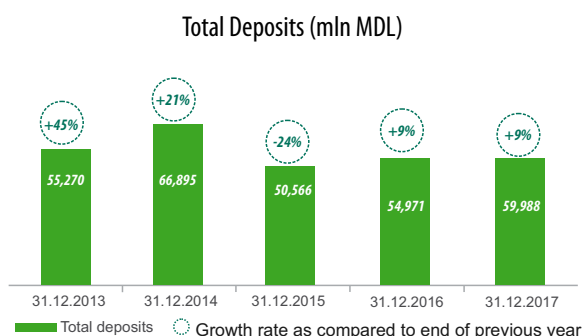
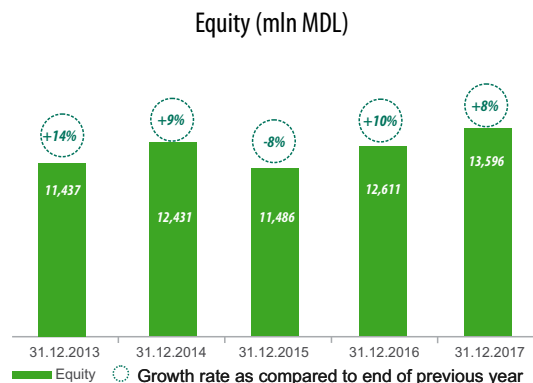
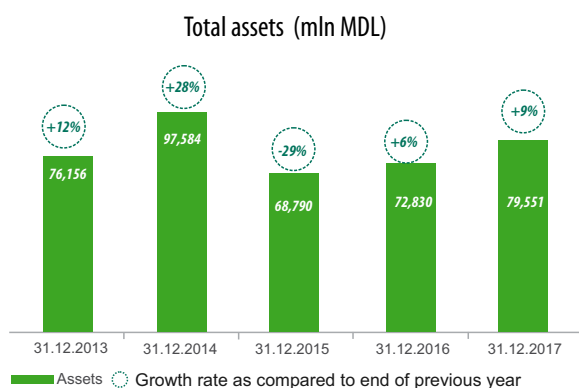
As of 31 December 2017, the structure of banking system remained unchanged, 11 banks licensed by the National Bank were operating in Moldova, including four subsidiaries of foreign banks and financial groups.

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 88% of assets, 88% of net loans, 89% of deposits and 90% of individuals deposits. The first 6 banks hold a share of about 89% of the main indicators (assets, loans, deposits, profit), whereas the share of the first 3 banks alone is about 67%. 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 banking system is well capitalized, the high level of risk-weighted capital adequacy ratio allows banks to cover potential losses in case of worsening the assets quality. The average risk-weighted capital adequacy ratio in the industry was 31.03%, increasing by 1.26 p.p as compared with the end of previous year, the indicator was respected by all banks (regulatory level $\geq 16.0\%$).

In 2017, the return on assets and return on equity of the licensed banks was 1.85% and respectively 11.07%.

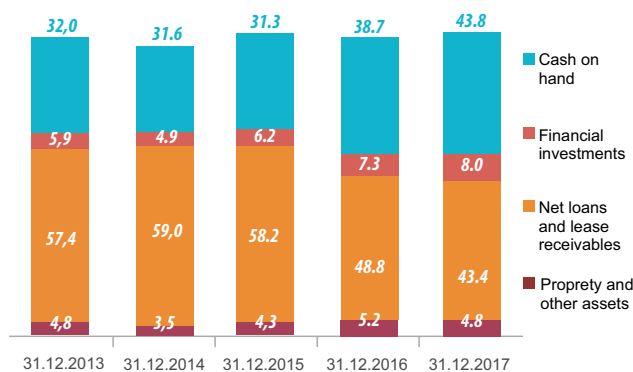
The long-term liquidity ratio in the banking sector (first principle of liquidity) was 0.61 (regulatory level ≤ 1). Current liquidity ratio (principle II of liquidity) stood at 55.48 % (regulatory level $\geq 20.0\%$).



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

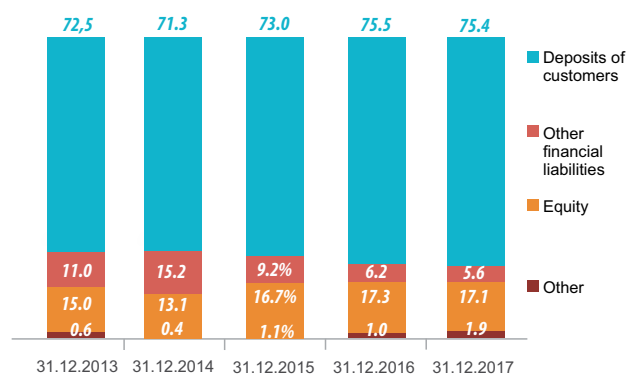
03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

Structure of Assets (%)



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

Structure of Liabilities (%)

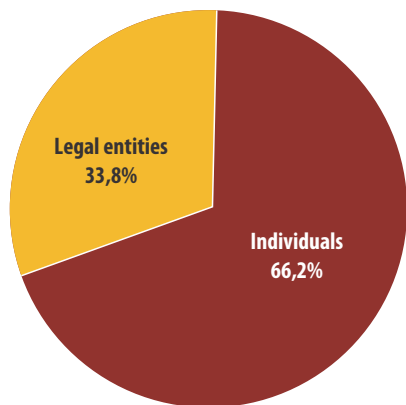


Source: <http://www.bnm.md>

Assets structure is composed of liquid assets of 51.8%, followed by loans and receivables with 43.4%. Deposits from customers account for 75.4% of the sectors' liabilities, being the main source of financing active operations of the banking system.

Structure of Deposits

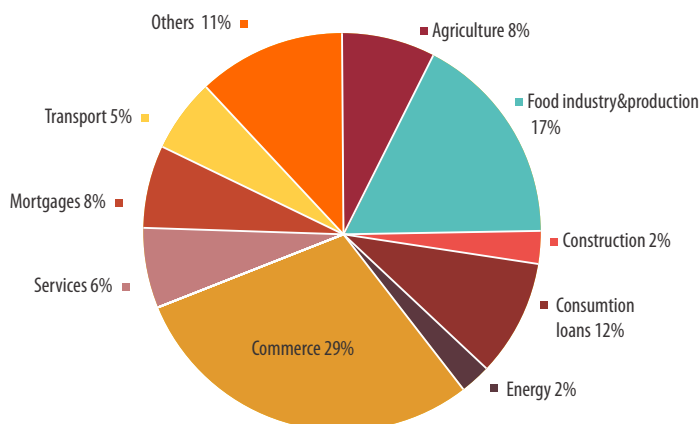
31.12.2017



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

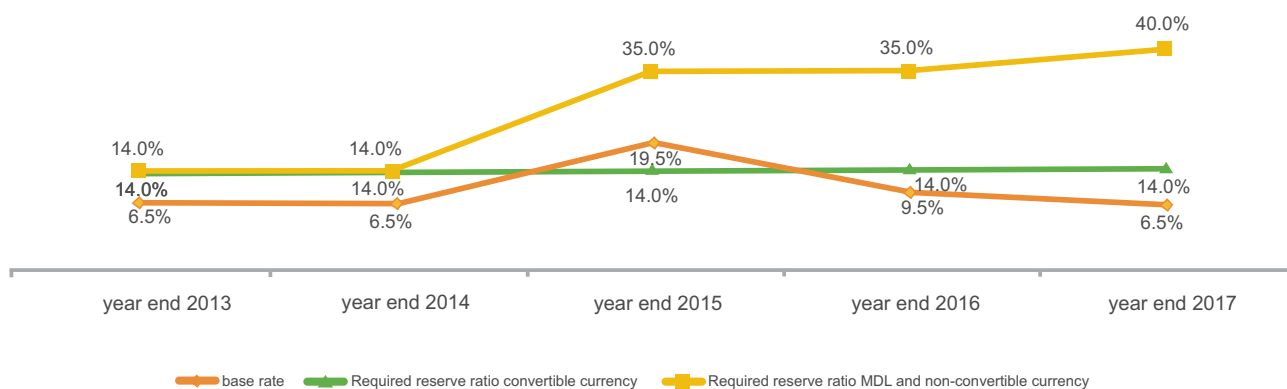
Structure of Loans

31.12.2017



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

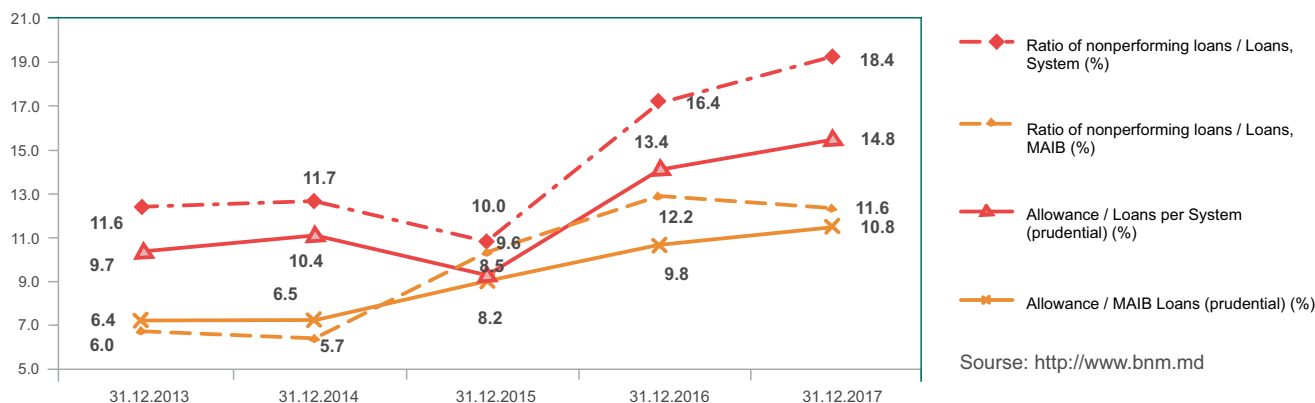
Evolution of base rate and required reserves ratio



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 10% as at 31.12.2017, up from 8.7% as at 31.12.2016.



3.4. Evolution of indicators in the banking industry

- Audited results of MAIB financial statements at 31.12.2017 show that the balance of forces among the main actors of the banking industry remained the same compared with 2016.

Bank	Assets	Net Loans	Total Deposits	Equity	Net Profit	Number of Employees
	Balance Mln MDL	Balance Mln MDL	Balance Mln MDL	Balance Mln MDL	Balance Mln MDL	People
1 BC MAIB	22,203	9,948	17,603	3,648	455.6	1,921
2 BC Moldindconbank SA	15,153	5,367	12,018	2,102	363.7	1,447
3 BC Victoriabank SA	14,491	3,555	11,560	2,466	281.9	1,255
4 BC Mobiasbanca GSG SA	10,109	5,009	7,491	1,512	270.4	949
5 BC Eximbank GVB SA	4,869	1,445	3,207	1,195	66.8	307
6 BC Procreditbank SA	3,434	1,915	1,743	516	36.9	195
7 BCR Chisinau SA	1452	605	778	460	17.5	112
8 BC Fincombank SA	2970	1,290	2,240	472	36.3	652
9 BC Energbank SA	2674	871	1,910	595	54.3	594
10 BC Comertbank SA	1424	531	988	332	17.8	148
11 BC Eurocreditbank SA	769	348	449	298	10.0	295
Total per banking sector	79,551	30,884	59,988	13,597	1,478.2	7,875

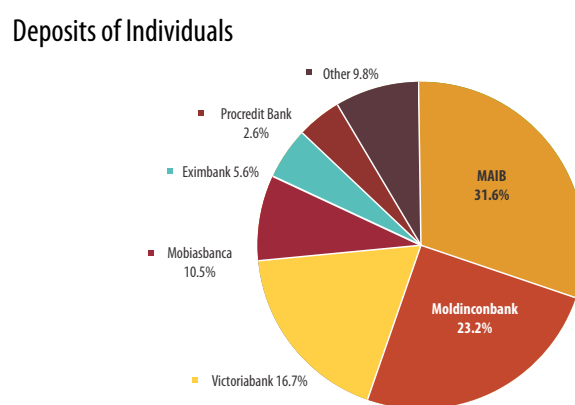
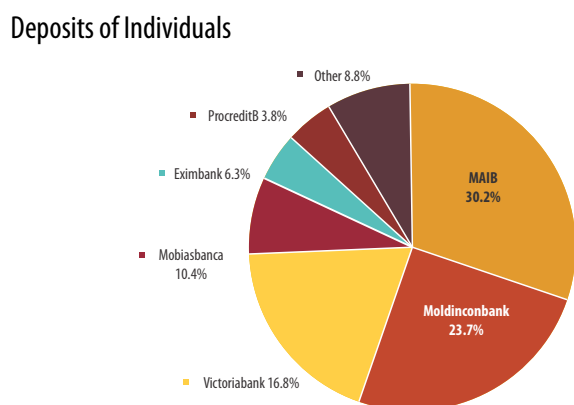
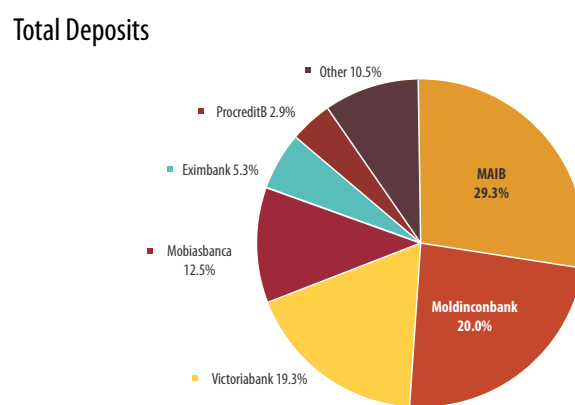
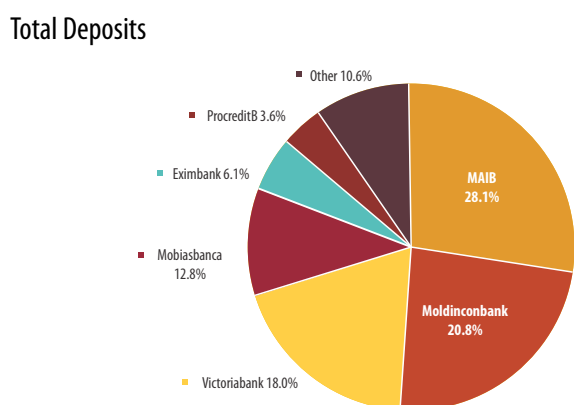
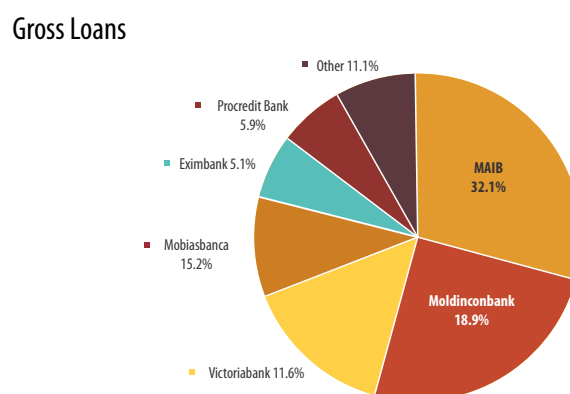
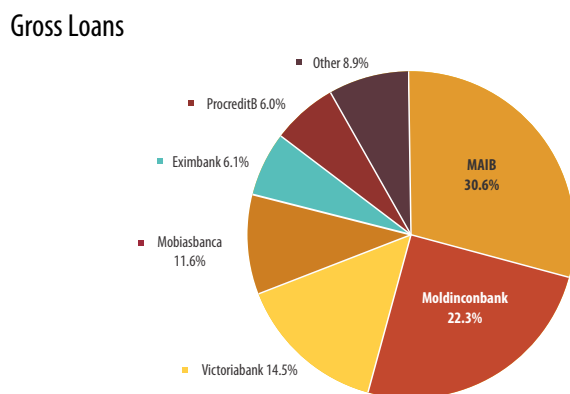
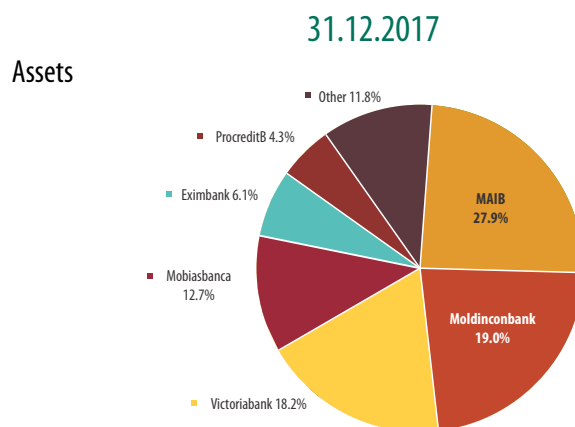
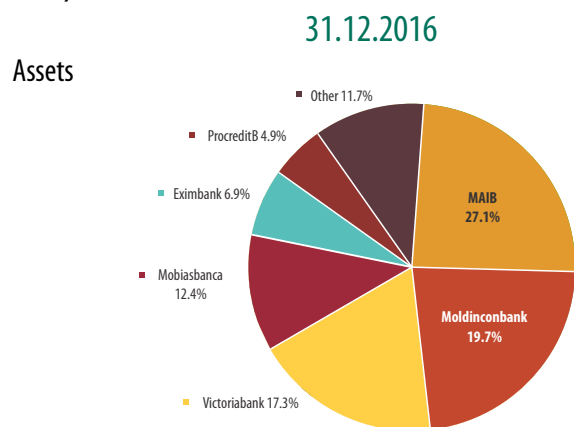
Bank	Capital Adequacy (%)		Liquidity (%)		Efficiency ratio (%)		Nonperforming loans/loans (%)		Impairment of loans/loans (IFRS)(%)	
	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	31.12.2017	31.12.2016	30.12.2017
	1 BC MAIB	26.77	28.71	44.14	49.32	139.28	140.74	12.15	11.6	8.39
2 BC Moldindconbank SA	23.2	27.68	44.77	59.24	114.28	147.50	15.97	29.4	11.12	17.3%
3 BC Victoriabank SA	22.6	34.41	54.69	68.09	129.94	149.49	33.81	33.0	9.34	10.3%
4 BC Mobiasbanca GSG SA	31.26	25.16	55.02	49.94	181.32	159.03	7.4	9.6	4.76	4.2%
5 BC Eximbank GVB SA	57.14	52.66	52.89	59.19	103.99	76.23	28.09	34.1	14.30	18.0%
6 BC Procreditbank SA	32.41	32.31	43.45	42.87	114.44	118.86	9.45	10.4	7.02	5.6%
7 BCR Chisinau SA	121.32	98.08	66.64	54.48	132.37	120.84	26.49	14.6	20.29	13.5%
8 BC Fincombank SA	27.18	24.65	48.32	47.34	132.44	117.45	4.02	6.1	2.69	1.8%
9 BC Energbank SA	43.37	43.99	56.69	60.50	148.65	136.26	18.55	19.2	3.77	5.0%
10 BC Comertbank SA	60.42	52.81	61.26	61.08	168.27	131.60	16.1	20.4	2.52	2.3%
11 BC Eurocreditbank SA	98.56	64.79	53.11	44.02	119.17	113.98	8.82	6.7	2.41	1.5%
Total per banking sector	29.77	31.03	49.30	55.48	131.85	137.43	16.41	18.4	8.7	10%

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

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

3.4. MAIB within the banking system

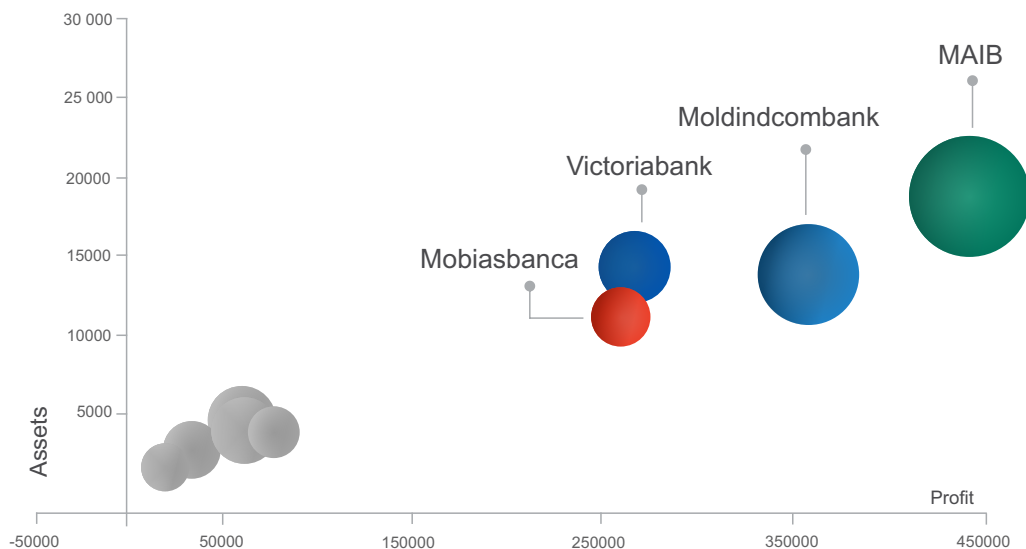
MAIB holds the leading position in the banking industry for the main market segments (**unconsolidated data**).



03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

MAIB'S POSITION on Moldova's banking market

31.12.2017



COMPETITORS

BC „Moldindconbank” S.A.

Moldindconbank is an universal bank, providing banking services to both retail and corporate customers. Its financial results for 2017 are modest as compared 2016.

As at 31.12.2017, its total assets stood at 15.2 billion lei, increasing by 5.4% as compared to 31.12.2016. The portfolio of net loans decreased by 22%. MICB ranks on the second place according to net profit (24.6%), which stood at 363.8 mln lei, 2.2 times more as compared to 2016. Concerning the balance of total deposits and individuals' deposits, the Moldindconbank ranks on the 2nd place after MAIB, holding a share of 20.0% and 23.2% respectively. As concerns legal entities' deposits, Moldindconbank ranks on the 4th place with a market share of 13.8%.

Moldindconbank provides 11 types of money transfer systems.

Moldindconbank has a network of 194 points of sales including 63 branches and 131 agencies. It ranks on the 1st place in the system according to the physical network

Competitive advantages

- 1st positions on the market according to the number of issued cards and ATM services;
- 2nd position in the banking system in terms of basic indicators;
- 2nd positions on the market according to the number of money transfers (10 types of money transfer systems)
- The widest sales network and Cash-in/out ATMs - 233.

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

BC "Victoriabank" S.A.

Victoriabank developed less actively in 2017, but kepted the 3rd position for basic indicators: with a share of 18.2% of total assets per system, 11.5% of net loans and 19.3% of total Deposits.

As concerns individuals' loans Victoriabank has a market share of 8.8%, ranking on the 4th place in the banking sector. According to the loans related to legal entities Victoriabank has 12.5%, ranking on the 4th place in the system.

Victoriabank provides 11 money transfer systems.

Bank's network consists of 92 points of sales including 34 branches and 58 agencies, ranking 4th in the system. It also has 172 ATMs.

Competitive advantages

- 1st positions on the market according to the number of money transfers (11 types of money transfer systems)
- It works in partnership with the national postal service provider Post of Moldova paying social allowances via POS terminals.
- Well placed physical network and ATMs.

Mobiasbanca - Groupe Société Générale

At 31.12.2017 Mobiasbanca recorded an increase of most of economic and financial indicators preserving its 4th position in the banking system with a market share of 12.7% of total assets, 16.2% of net loans, 12.5% of total deposits and 18.1% of deposits of legal entities. Mobiasbanca holds a physical network of 54 points of sale including 53 branches and 1 agency. The bank has 136 ATMs.

Competitive advantages

- Dynamic development;
- Transparency of shareholders;
- Physical network made of branches at 98%, which makes it possible to provide all banking services
- Services are provided by universal specialists, there are no classical cashier desks in branches, which implies a more efficient process of servicing clients;
- The Bank launches products for specific customer segments: doctors, export / import;
- The Bank's image is promoted very actively.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER)

4.1. Overview

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

Entitites	Field of activity	Share in capital as at 31.12.16
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 2,332 employees as at 31 December 2017.

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 2017, the Bank had 2,290 employees (including employees with suspended labor contracts).

Over 26 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, managed by a professional team.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

MARKET SHARE

The bank holds the largest market share in the banking sector on the main activity indicators: **27.9%** of total assets, **32.2%** of net loans, **29.3%** of total deposits, **31.6%** of deposits of individuals, **28.2%** of cards in circulation. Net consolidated profit of 461.6 million lei for 2017 proves the high potential of the bank and its development opportunities.

NETWORK

The Bank has an extensive sales network, including 66 branches and 120 agencies, covering the entire territory of Moldova, as well as 8 self-service centers (24/24) and 65 self-service areas. The bank has 280 ATMs and 5091 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 800,000). 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

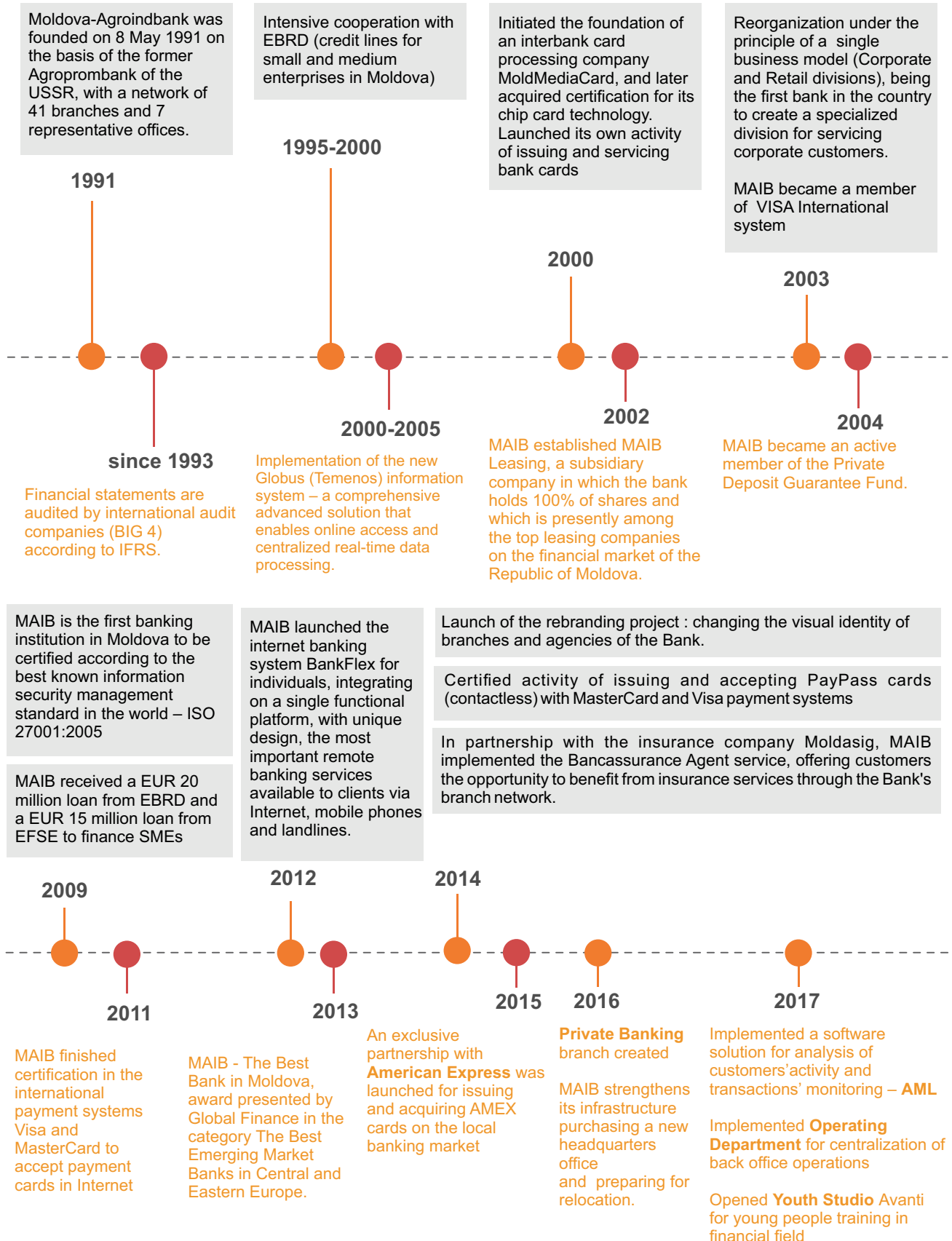
Over the years, the bank established partnerships with the EBRD, the World Bank, IFC, the European Fund for Southeast Europe, IFAD, the Black Sea Trade and Development Bank, Horizont Capital, USAID, Millennium Challenge Fund and many other international organizations. MAIB, jointly with various international 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.

4.4. Development

Despite the difficult economic environment, MAIB continued to develop dynamically. 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 31.12.2017:

- consolidated net profit amounted to MDL 461.9 million, up by 13.4% compared to 2016.
- consolidated total assets value was MDL 22.3 billion, increasing by 12.2% compared to 31.12.2016.
- loans to customers, brutto, amounted to MDL 10.9 billion and increased by 3.2% compared to the end of 2016;
- liabilities to customers exceeded MDL 17.5 billion and increased by 13.8% compared to 31.12.2016.
- equity amounted to MDL 3.7 billion lei, up by 12.7%.
- consolidated Bank's return on equity (ROE) stood at 13.3%, at the level of 2017.

The Bank focused on maintaining asset quality and prudent credit risk monitoring.

In 2017 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 8% in 2017. The physical distribution network of the Bank remained unchanged. The number of ATMs went up by 25 and the number of POS terminals by 765 POS-terminals, totaling 280 ATMs and 5,091 POS terminals.

The number of cards in circulation increased by 8% compared to 2016, totaling about 490,374 cards as at 31.12.2017. The bank maintained its market share at 28.2% (30% at 31.12.2016).

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 2016, 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 (thous.lei)	ROE	ROS	Assets Rotatio, times
July 2017	1	1,119,086	384,451	11.22%	34.35%	0.055
2016	1	2,205,131	403,534	13.18%	18.30%	0.116
2015	2	2045,186	378,547	13.98%	18.51%	0.122
2014	2	1425,059	357,568	14.75%	20.59%	0.099
2015	1	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

ROE = Net income / Average share capital *100%; ROS = Net income / Total income * 100%; Assets Rotation = Total Income / Total average assets

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

INTERNATIONALLY RECOGNIZED LOCAL BANK



04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.5. Shareholder's structure

As at 31.12.2017 and 31.12.2016, the Bank's shareholders structure was as follows:

	2017	2016
Civil society of Bank shareholders and their affiliates*	11.81%	13.62%
OOO "Evrobalt"	1.05%	1.05%
Ostryn Business Limited**	0.00%	0.58%
"Dilnoro Group" SIA**	0.00%	0.39%
CCC "Moldcoop" and other entities acting in concert	2.52%	2.52%
Individuals who hold $\geq 1\%$, directly or indirectly	16.29%	14.84%
Others***	27.24%	25.91%
Shares provisionally registered on the Bank's name ****	41.09%	41.09%
Total	100%	100%

*As at 31 December 2017 the Civil society of the Bank's shareholders and its affiliates included 14 members (2016: 16 members) of which 1 (2016: 2 members) were members of the executive management and the other 13 members were affiliated persons (2016: 14 members).

** According to the enforceable title issued by Chisinau Court (Central office) on 05.12.2016, the registration of ownership rights in the personal accounts of two shareholders, individuals, was restored by canceling the subscriptions of the shares in the accounts of the shareholders of the Bank "Ostryn Business Limited" and "Dilnoro Group" SIA

***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 3,022 (31 December 2016: 3,028 shareholders) of which 2782 shareholders are individuals and 237 are legal entities (31 December 2016: 2,782 individuals and 246 legal entities).

****The shares provisionally registered on the Bank's name refer to the following two stockholdings:

- The unique stockholding of 36,605 (thirty-six thousand six hundred five) newly issued First Class ordinary shares.
- The unique stockholding of 389,760 (three hundred and eighty-nine thousand seven hundred and sixty) newly issued First Class ordinary shares.

As at 31 December 2017 the share capital comprises 1,037,634 authorized ordinary shares, with a nominal value of MDL 200 per share

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:

- The Bank's Council examines on a quarterly basis reports on the bank's exposure to risks and the
- 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;
- 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;
- 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;
- 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
Caraș Vasile	Member of Council of the Bank
Țurcanu Anatolie	Member of Council of the Bank
Belostecinic Grigore	Member of Council of the Bank
Bostan Ion	Member of Council of the Bank

Management Board of the Bank

Cebotari Serghei	Chairman of the Management Board
Teleucă 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
Recean Stela	Vice Chairman of the Management Board
Josan Eugeniu	Member of the Management Board

Lungu Vitalie Financial Director

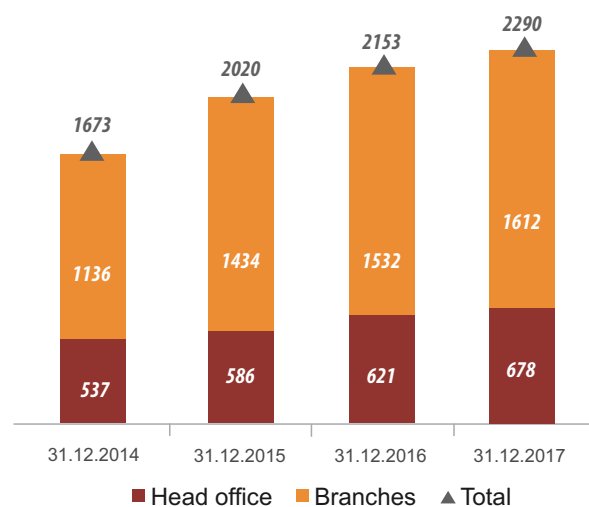
4.7. Staff

Human resources generate competitive advantage for the bank and represent one of the key factors of MAIB performance. The number of bank employees was 2,290 employees as at 31 December 2017, including 678 employees at the head office of the bank.

The number of bank' personnel increased at the end of 2016 with 233 temporary employees when the bank won the public auctions for servicing the accounts of the territorial treasuries and the Customs Service

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.

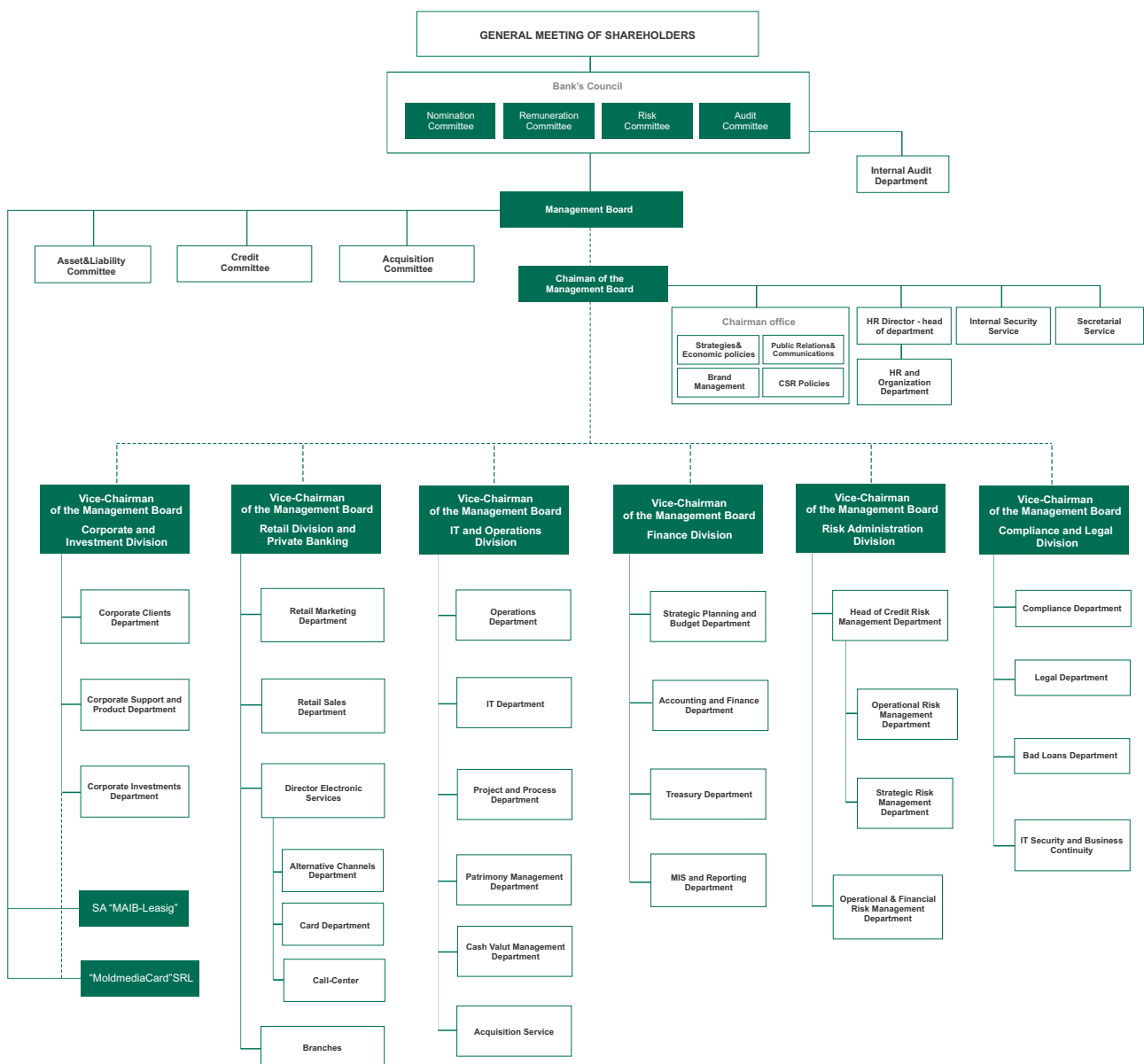
Number of employees



04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.8. Organisational structure

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



Bank's organizational structure was approved by the Bank's Council at 25.01.2018, minutes of the meeting nr.57 and will be implemented until the end of 2018.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.9. Business strategy. Strategic objectives

VISION OF THE BANK

We strive to become a regional financial group, assert ourselves as a leader on the target markets and be the first choice for our customers and partners.

MISSION OF THE BANK

Our mission is to provide the highest-quality and most accessible financial services in order to add value to our stakeholders. We inspire confidence in tomorrow's day and provide a sense of security by creating new opportunities.

VALUES

Customer-focused approach

Customers are the most important value of our bank. We build our relations in an honest and open manner and share our experience that makes the difference.

Team spirit

We are confident that we can succeed only as a team and only in an atmosphere of mutual confidence and respect. We back and trust the people we work with.

Integrity

To MAIB, integrity is a sine-qua-non value that translates into correctness, transparency, professionalism and respect for ethical principles.

Responsibility

We conduct our business in a socially responsible way in order to create sustainable value in the best interests of the community.

Excellence

We are always one step ahead on the financial market so as to provide our customers with the most innovative and efficient solutions. The leader status boosts our power and motivates us to reach new performance highs.

GENERAL BUSINESS STRATEGY OF THE BANK FOR 2017 – 2019

MAIB strategy for 2017-2019 comes as a continuation of the process of deep transformation of the bank into a modern institution and is geared towards organic business development, higher profitability and efficiency and towards ensuring status of indisputable leader of the national banking sector.

The fulfilment of the bank's mission and implementation of the transformation process imply restructuring significantly the business pattern, updating the technological basis and putting in place new management and motivational mechanisms. To meet these goals, the bank will focus on four main dimensions:

Financial performance

We will enhance the financial profitability of our business, ensuring a more efficient cost management and risk/profitability ratio. We will improve systematically and predictably productiveness and efficiency to increase the bank's return on equity.

Relations with customers

We will step up relations with customers by providing high quality services and developing new products and services, meeting and exceeding their expectations and needs. By sticking to our customer-focused approach and taking measures to enhance customers' satisfaction, we will increase the total business volume of the bank and will consolidate our positions on the main market segments.

Efficiency

We will ensure a quality growth by developing modern management systems and implementing innovative business processes. We will complete the upgrade of existing processes and will adjust the bank's business pattern to changes.

Human capital and technologies

We will improve the human capital management system so as to ensure a higher level of responsibility and corporate governance and to preserve the highest professional and ethical standards. We will assert ourselves as one of the best and most demanded local employers, providing a safe and motivating working environment. We will further develop the technological basis of the bank by implementing cutting-edge information systems and smart business solutions, thus guaranteeing a high functionality and safety level.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

Projects portfolio

- Implementing integrated customer relationship management software – CRM.
- Reorganizing the marketing function.
- Implementing a Business Intelligence unit.
- Implementing IFRS 9 and Basel III ILAAP; ICAAP.
- Implementing the electronic document management system and business processes – Directum.
- The transformation project: back-office centralization, process optimization.
- Creating a process management unit.
- Implementation of project management principles - and creation of the project management office.
- Implement a Training Center for Behavioral and Technical Skills.
- Implementing the employee performance management system / process.
- Relocation of the bank central office in a new building.
- Implementing a system for evaluating and monitoring the employee satisfaction level.
- Implementing a system for collecting and evaluating innovative ideas.
- Implementing a Data Warehouse.
- Implementing BSC Performance measurement.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.10. Business lines

Corporate Banking

In over 14 years of activity, the Corporate Division managed to amass extensive experience in the development of mutually advantageous and stable partnership relations with the bank's corporate customers. Thus, the Corporate Division reached its fundamental goals: better management of customer relations, efficient support based on customertailored approach and provision of banking products and services adjusted to their needs.

The portfolio of corporate customers includes large and highly developed companies, as well as companies with growth potential from key areas of Moldova's economic sectors. Almost 62% of corporate customers have been loyal to the bank for more than five years. The share of the corporate loans portfolio constitutes about 58% of the bank's total portfolio, whereas the share of the deposits portfolio represents about 11% of total deposits of legal entities.

The Corporate Division has set the following goals for 2017:

- Increasing non interest income by increasing sales of banking services and optimizing the share of non interest expenses;
- Increasing the number of top customers from different industries in order to fortify bank's image and reputation;
- Increasing the satisfaction of Corporate customers through best quality of service based on optimization of internal business processes;
- Developing new banking products and services to maintain the profitability of corporate clients at a high level;
- Focus on early monitoring of credit risk in order to improve the quality of financial assets;

The main objective is to consolidate the position of Moldova Agroindbank on the corporate segment and add enhanced and long-lasting value to it.

Retail Banking

Retail Division has been going through a transformation process, targeting its modernization, adjustment to market requirements and faster changes.

MAIB continued repairs to make sure that all branches and agencies have the same visual image and that customers enjoy comfortable conditions and unlimited access to our banking products and services.

The bank paid increased attention to individuals, which is the biggest customer segment. The number of active retail customers increased by 8% (36,219 more) against 2016 and reached 478,544 customers at the end of the year. This proves people's confidence in our brand.

MAIB continuously strives to upgrade digital services, promoting access to online banking services. In this context, 8 24/24 self-service centers and 65 self-service areas are opened at MAIB branches,

The Retail Division has set the following strategic goals :

- Increasing the share of Retail loans in total loans ;
- Maintaining the market share of individuals loans on the market;

- Implementing new marketing tools and practices to identify customers' needs;
- Implementing CRM software;
- Increasing productivity of Retail processes implementing automatized processes within the project of bank modernization and transformation.

MAIB is the sole 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.

The partnership with American Express is a strategic advantage for the development of card operations and for the consolidation of the indisputable leading position of MAIB on the banking market.

With products like MasterCard Gold, MasterCard Platinum, MasterCard World Elite, Visa Gold and Visa Platinum, Moldova Agroindbank owns the largest portfolio of Premium products on the banking market and is able to provide its customers with exclusive services.

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 operates 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 participates on the capital market investing in Companies' capital diversifying the bank's operations and sources of income.

As of 31.12.2017, the investment portfolio was MDL 275.5 thousand, according to the International Financial Reporting Standards, holding interests in 11 companies from different economic sectors.

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

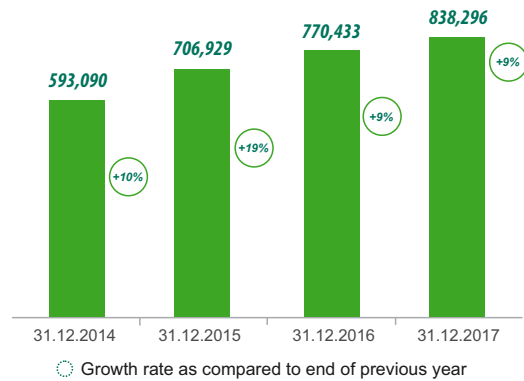
04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.11. MAIB activity

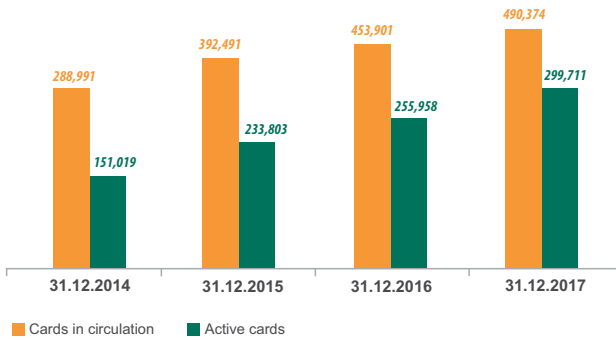
Distribution Network

	2015	2016	2017
Branches	66	66	66
Agencies	115	115	120
ATM & POS	3501	4581	5371
Employees	1730	1827	1921

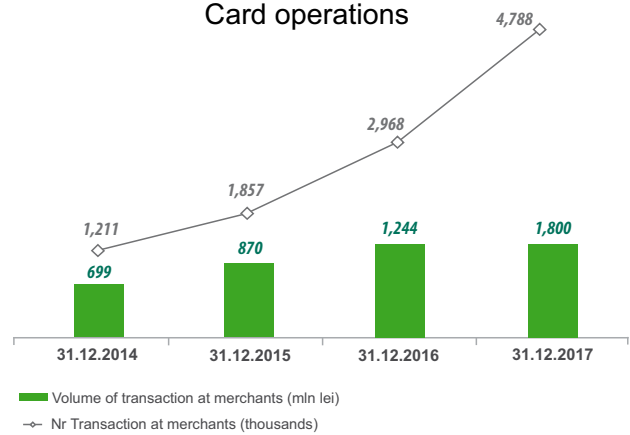
Bank customers (number)



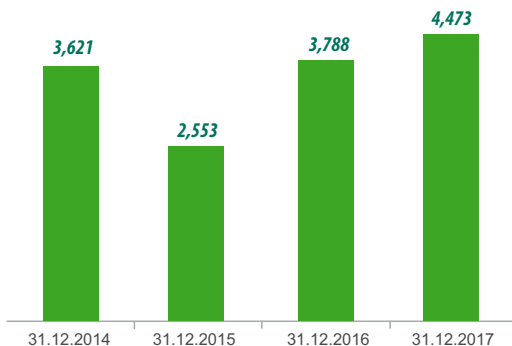
Cards in circulation (number)



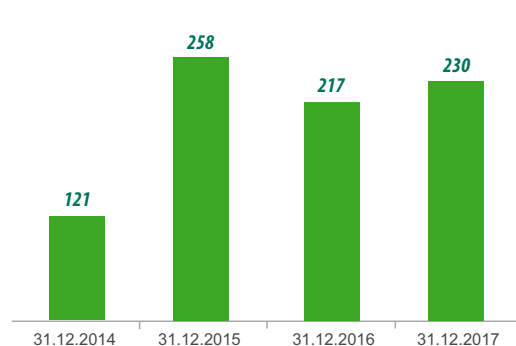
Card operations



Amount of Forex transactions (mln MDL)



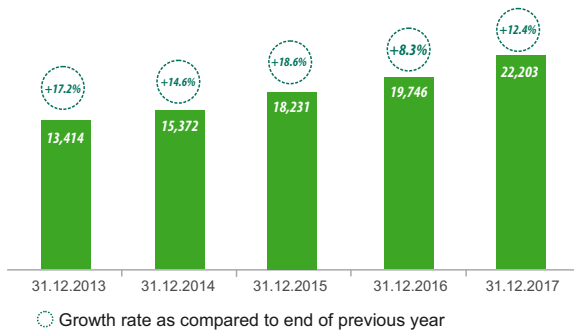
Income from Forex operations (mln MDL)



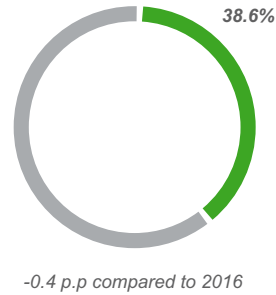
04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.11. MAIB activity

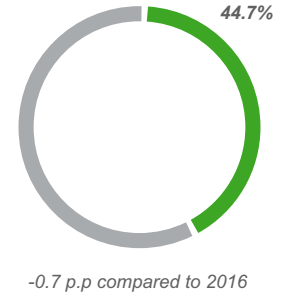
Total Assets (mln MDL)



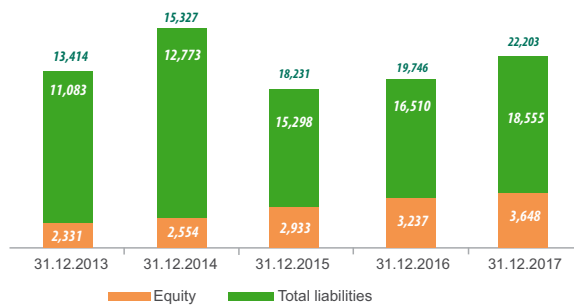
SHARE OF FOREIGN CURRENCY ASSETS



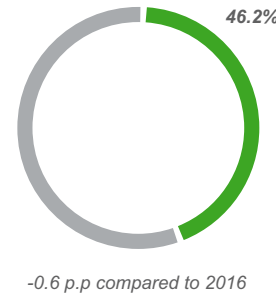
SHARE OF FOREIGN CURRENCY LOANS



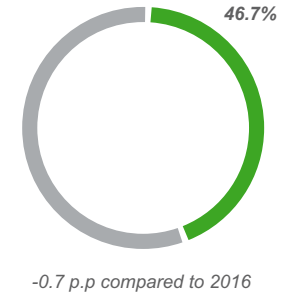
Total Liabilities and Equity (mln MDL)



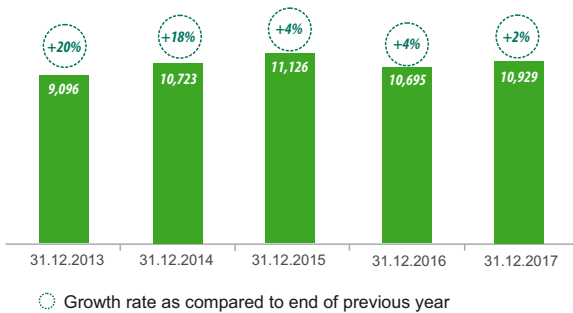
SHARE OF FOREIGN CURRENCY LIABILITIES



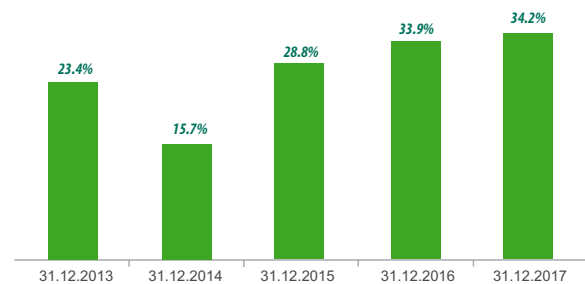
SHARE OF FOREIGN CURRENCY DEPOSITS



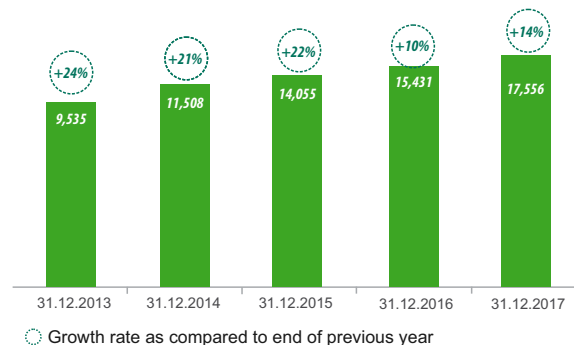
Total Loans- gross balances (mln MDL)



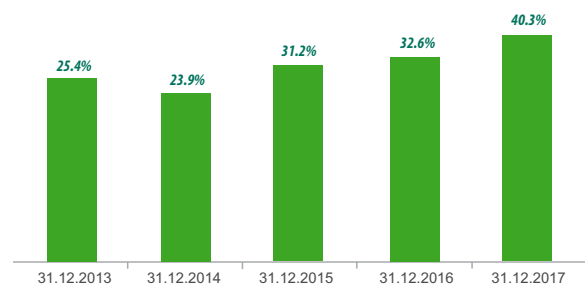
MAIB share in total new granted loans per banking system



Total Deposits (mln MDL)



MAIB share in total new received deposits per banking system



04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12. 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.

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.

Risk management is performed by a structured applying of management culture, policies, procedures and practices to identify, assess, monitor and mitigate the risk.

Basic principles of risk management

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.

4.12.1. 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.

Country risk category	2017		2016	
	MDL'000	%	MDL'000	%
I	2,841,663	92.04%	2,122,270	92.43%
II	164,999	5.46%	153,286	6.68%
III	14,579	0.48%	17,938	6.68%
IV	464	0.02%	2,139	0.09%
Total	3,021,675	100%	2,295,633	100%

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12.2. 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
2017	2,600	655	372	1,061	17
2016	2,200	334	533	1,912	48

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 2017						
EUR	14,795	20.4099	15.00	2,219	-10.00%	(1,480)
USD	43,894	17.1002	15.00	6,584	-15.00%	(6,584)
TOTAL				8,803		(8,064)

	MDL'000		%	MDL'000	%	MDL'000
As at 31st December 2016						
EUR	(97,591)	20.8895	15.00	(14,639)	(10.00)	9,759
USD	31,506	19.9814	15.00	4,726	(15.00)	(4,726)
TOTAL				(9,913)		5,033

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

2. Interest rate risk

The Group's net interest income represents a significant portion of revenue, thus contributing to the Group's capital increase and, respectively, ensuring the success of the Group's business model. In this context, the Group attaches importance to the process of managing interest rate risk.

For the purpose of estimating the level of interest rate risk, the Group takes into account the projections of standard and / or non-standard developments of risk factors by modeling their deviation scenarios that are applied to the sum of the asset and interest rate gap, indicates the sensitivity and potential impact on of net interest income.

The table below illustrates the sensitivity of net interest income to a possible proportional change in interest rates within each maturity band according to the revaluation range. The model does not measure non-interest-bearing items.

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2017	+100	1,597	1,110	8,428	4,060	(15)	15,180
	+50	799	555	4,214	2,030	(8)	7,590
2016	+100	17,818	(2,351)	969	(179)	(20)	16,237
	+50	8,909	(1,175)	484	(90)	(10)	8,118
Increase in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2017	-100	(1,597)	(1,110)	(8,428)	(4,060)	15	(15,180)
	-50	(799)	(555)	(4,214)	(2,030)	8	(7,590)
2016	-100	(17,818)	2,351	(969)	179	20	(16,237)
	-50	(8,909)	1,175	(484)	90	10	(8,118)

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12.3. Liquidity risk

The liquidity risk management process is complex and involves the development of policies and processes for the identification, measurement, monitoring and control of liquidity risk and their effective implementation.

An integral part of the liquidity risk management process is the elaboration of unfavorable scenarios of risk factors and the performance of stress tests based on them, designed to support the cash flow forecasting process and to provide the assessment of the liquidity situation of the Group.

The Group maintains and updates the Crisis Recovery Plan, which presents a risk management tool aimed for determining the procedures for early identification of vulnerabilities and measures to mitigate the negative impact of a possible crisis situation.

	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
31 December 2017						
Financial liabilities						
Due to banks	51,115	7,126	31,867	27,464	0	117,572
Borrowings	53,017	12,170	157,247	486,316	23,228	731,978
Due to customers	7,307,780	1,950,894	7,011,053	1,587,313	10,205	17,867,245
Other financial liabilities	260,662	0	0	0	0	260,662
Total undiscounted financial liabilities	7,672,574	1,970,190	7,200,167	2,101,093	33,433	18,977,457
Letters of credit	7,662	7,682	0	0	0	15,344
Financial guarantees	233,853	20,471	31,444	25,021	0	310,789
Financing commitments	4,948	66,443	446,907	392,182	0	910,480
Total	7,919,037	2,064,786	7,678,518	2,518,296	33,433	20,214,070

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12.4. 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:

- Set the level of empowerment for the transaction approval based on the credit risk size;
- Diversification of the loan portfolio;
- Setting general limits on risk concentration for segments of clients, currencies, types of activities, maturity dates, products and their permanent management;
- 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
- Creation of the credit risk management structure and decision-making system, detailed analysis of each credit transaction by the Corporate Clients Department or the Bank's branch/DOCCB;
- Developing a complex and systemic approach for risks assessment and management;
- 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".
- Continuous monitoring of client's business progress, it's solvency, compliance with the terms of agreements, throughout the entire lending period;
- 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;
- Developing of stress test practice in order to assess the Bank's ability to resist exogenous shocks and development of plan for Bank's recovery in such situations;
- Continuous monitoring of clients position for the purpose of determining the clients' possibility and ability to continue to honour their credit commitments, early detection of signs of alert, which may negatively impact the clients' ability to honour appropriately commitments assumed by them and take appropriate actions in order to protect the Bank from probable losses;

STRUCTURE OF LOANS AND ADVANCES CUSTOMERS

	31.12.2017	31.12.2016
	MDL'000	MDL'000
Corporate customers	6,391,736	6,481,510
Retail entities	1,889,682	1,891,218
Individuals	2,610,426	2,176,648
Total loans, gross	10,891,844	10,549,376
Less: allowance for impairment losses	(1,048,917)	(896,960)
Total loans, net	9,842,927	9,652,416

The credit quality analysis of loans outstanding as at 31 December 2017 and 31 December 2016 is as follows:

31 December 2017	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	4,180,807	14,438	2,196,491	6,391,736
Retail entities	1,656,591	102,284	130,807	1,889,682
Individuals	2,384,399	226,027	0	2,610,426
Total loans, gross	8,221,797	342,749	2,327,298	10,891,844

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

STRUCTURE OF LOANS AND ADVANCES TO CUSTOMERS (continued):

31 December 2016	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	3,880,751	209,324	2,391,435	6,481,510
Retail entities	1,607,386	94,094	189,738	1,891,218
Individuals	1,962,736	213,826	86	2,176,648
Total loans, gross	7,450,873	517,244	2,581,259	10,549,376

The movement in the impairment allowance during the years 2017 and 2016 is presented below

MDL'000	2017				2016			
	Corporate	Retail		Total	Corporate	Retail		Total
		entities	individuals			entities	individuals	
Balance as at 1 January	767,024	104,403	25,533	896,960	534,292	101,797	21,867	657,956
Impairment charge	208,636	20,704	9,392	238,732	244,590	30,977	9,984	285,551
Amounts written off as uncollectible	(68,179)	(11,435)	(7,161)	(86,775)	(11,858)	(28,371)	(6,318)	(46,547)
Balance as at 31 December	907,481	113,672	27,764	1,048,917	767,024	104,403	25,533	896,960

MDL'000	2017			2016		
	Individual provision	Collective provision	Total	Individual provision	Collective provision	Total
Balance as at 1 January	845,451	51,509	896,960	610,011	47,945	657,956
Impairment charge	162,617	76,115	238,732	274,933	10,618	285,551
Amounts written off as uncollectible	(74,033)	(12,742)	(86,775)	(39,493)	(7,054)	(46,547)
Balance as at 31 December	934,035	114,882	1,048,917	845,451	51,509	896,960

	31.12.2017	31.12.2016
	%	%
Total impairment coverage ratio (to total loan portfolio)	9.63	8.5
Individual impairment ratio	40.08	30.64
Collective impairment ratio	1.34	0.66

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12.5. Operational risk

Operational risk is the current or future risk that affects profits and capital resulting from inadequate or failed internal processes or systems and / or from the action of some persons (employees) or external events. Operational risks arise from all Group activities and are related to all business units.

The Group is aware of the importance of managing the operational risk arising from its business activities as well as of the need to hold an adequate level of capital to absorb the potential losses associated with this type of risk.

Operational risk management is conducted in accordance with the policies and procedures developed and implemented, as well as in accordance with national and international regulatory requirements.

In this context, in order to reduce inherent risk in operational activities and to achieve effective operational risk management,

the Group has adopted and implemented a general operational risk management framework that contributes to effective operational risk management and increasing the profitability of the group. Operational risk management includes the following:

- Collecting and managing operational risk events.
- Identifying and evaluating operational risk through the risk self-assessment exercise and associated controls (RCSA).
- Defining and monitoring key risk indicators.
- Reporting operational risk and related losses.
- Measures to minimize operational risk, including the implementation of action plans to improve the internal control system.
- Keeping and updating the business continuity plan
- Calculation of the capital requirement.

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

4.12. Social responsibility

BC Moldova Agroindbank conducts its business in line with corporate responsibility principles, making sure its impact on the community is managed with high responsibility.

To MAIB, corporate social responsibility is a new business approach we use to build relations with stakeholders. We adjust our activity so that everyone can meet their goals:

- Access to high quality banking services for our customers to enforce their plans and improve living standards;
- Career development opportunities for our personnel;
- A sustainable and profitable business for long-term investments for our shareholders;
- Development opportunities and higher living standards at the country level.

In 2017, MAIB continued to support such prestigious events as the International Festival "Maria Bieșu", Olympic Fest, International Marathon in Chisinau, Moldova Business Week, International Festival "Cucuteni International Art Camp 2017", Santa Klaus Mail, etc. Significant funds were allocated to provide material aid to veterans and elderly, to children without parental care and to orphans.

At the same time, in partnership with the Educational Advising Center, two projects are unrolled for several years aimed at helping young people: Merit Scholarships and Scholarships for Your Future.

Under the first project, in 2017, the best Moldovan students and Master's degree students benefited from 50 scholarships worth MDL 12,000 each.

Under the Scholarships for Your Future Project intended for young people coming from socially-vulnerable families, 30 scholarships worth MDL 6,000 each were allocated.

Moldova Agroindbank is an active proponent of social responsibility initiatives, being one of the most involved banks in this area, using modern technologies and mobilizing its employees and partners in the planned actions.

Hence, having understood that both the economic and social development of the country rely on the level of financial literacy of the population as a whole, the Youth Center "MAIB Studio Avanti" was inaugurated in mid-November 2017. The center goal is to get involved in the education of young people, to get them acquainted with the basic terms of the modern financial world, banking services and products, using the cutting edge information technologies. The training room is fitted with the newest video and audio devices, laptops, tablets, Wi-Fi and with other best performing equipment intended for training sessions. The center schedule comprises presentations and open dialogue with field-related experts and professionals. MAIB Studio Avanti is not part of the education system, but it actively collaborates with government and private organizations so that its work is beneficial for those who step in. Hence, since its launch and by the end of 2017, the center was visited by about 130 young people (secondary students, students, young entrepreneurs).

04. ABOUT MOLDOVA AGROINDBANK (ISSUER) ...CONTINUED

FINANCIAL INDICATORS (bank)

Indicators	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
1. Indicators of profitability					
a) Return on assets (ROA; %)	2.58	2.47	2.08	2.03	2.2
b) Return on equity (ROE; %)	14.56	14.7	13.49	13.13	13.2
c) Spread (% anual)	3.6	4.0	4.0	3.9	3.5
d) Net interest margin (% annual)	4.13	4.6	4.93	4.6	4.4
e) Profit net (mln. MDL)	376.4	358.5	377.0	406.4	455.7
f) Cost to income ratio (CIR; %)	43.9	47.9	36.2	44.4	46.3
2. Personal productivity					
a) Profit net per employe (th. MDL)	231.2	250.7	217.9	222.5	237.2
b) Profit net /salaries, wages and bonuses	1.85	1.6	1.8	1.4	1.3
c) Assets per employe (mln. MDL)	8.2	10.7	10.5	10.8	11.6
3. Liquidity					
a) Loans brut /Deposits from customers total (%)	95.4	93.2	79.2	69.3	62.3
4. Indicators of capital					
a) Leverage (tier 1 capital/total assets) (%)	15.6	15.0	14.8	14.9	15.0
b) Retained earnings and reserves / Equity (%)	90.3	91.2	89.4	90.4	91.4
5. Asset quality					
Balance of non-performing credits debt (principal amount)/Balance of credit debt (principal amount) (%)	5.97	5.7	9.62	12.2	11.6
Provision for bad and doubtful loans/total loans brut (%)	2.9	2.9	6	8.5	9.6
Calculated amount of the allowance for balance of credit debt (principal amount) / Balance of credit debt (principal amount) (%)	2.7	6.5	8.2	9.8	10.8

Indices	Norm	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
EQUITY						
Total regulatory capital	≥ 200 mln. lei	1682.4	1806.9	2362.4	2656.4	2946.2
Capital adequacy ratio	≥ 16%	21.99	16.82	22.60	25.47	25.79
AFFILIATES						
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%	9.73	9.73	8.63	8.27	6.84
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%	12.90	19.37	15.76	9.98	8.98
LOANS						
Ratio of net loan exposure granted to one or a group of related parties to total regulatory Capital.	≤ 15%	13.65	12.87	10.37	9.93	13.95
Ratio of Ten Largest net loans to total loan portfolio	≤ 30%	23.68	19.44	18.99	19.56	19.96
The sum of all large loans to total regulatory capital	≤ 5 times	1.31	1.18	0.21	0	0.26
Report of the Bank's net exposure to individuals, attached to foreign currency, to total regulatory capital	≤ 30%	2.91	1.41	0.46	0.09	0.003
Ratio of total exposure to employees of the bank to total regulatory capital	≤ 10%	2.41	2.61	2.53	2.69	3.09
LIQUIDITY						
Liquidity Principle I (long term liquidity)	<1	0.83	0.81	0.68	0.72	0.73
Liquidity Principle II (current liquidity)	≥ 20%	28.54	27.3	38.28	43.71	48.65
INVESTMENTS						
Ratio of purchase value of equity investments in economic entities to total regulatory capital of the bank	≤ 5% of TRC	3.8	3.5	2.5	2.1	4.35
Ratio of total value of equity investments in economic entities to total regulatory capital	≤ 50% of TRC	8.6	7.8	8.70	8.36	9.35
Ratio of total investments in long term tangible assets to total regulatory capital	≤ 50% of TRC	21.2	15.2	17.7	32.2	30.23
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	29.7	22.9	27.1	39.6	39.58

MAIB has complied with all prudential norms set by the National Bank of Moldova for banking institutions.

05. FINANCIAL INFORMATION

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

(OOO'MDL)	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
Interest income	948,911	1,084,289	1,490,295	1,612,077	1,346,215
Interest expense	(472,173)	(485,634)	(680,646)	(775,298)	(481,744)
Net interest income	476,738	598,655	809,649	836,779	864,471
Net impairment loss on loans, lease receivables and other receivables	(5,019)	(67,354)	(471,292)	(310,092)	(263,802)
Net interest income after impairment loss on loans, lease receivables and other receivables	471,719	531,301	338,357	526,687	600,669
Fee and commission income	196,277	225,996	300,354	364,508	432,037
Fee and commission expense	(49,139)	(49,797)	(76,738)	(109,576)	(134,115)
Net fee and commission income	147,138	176,199	223,616	254,932	297,922
Net foreign exchange gains	120,937	121,635	255,160	216,062	230,590
Gains from financial assets held for trading and available for sale	17,513	12,148	7,686	2,825	36,442
Dividend income	4,054	0	0	247	471
Other operating income	16,411	21,471	27,842	30,121	26,397
Impairment loss on available for sale financial assets	500	(14,769)	(14,924)	5,778	10,324
Impairment loss on other assets	(936)	(4,490)	(15,810)	(549)	1,233
Gains from revaluation of investment property	0	0	46,112	3,170	1,118
Personnel expenses	(209,360)	(234,409)	(213,951)	(295,480)	(350,457)
Other administrative and operating expenses	(136,421)	(167,510)	(214,564)	(235,471)	(250,686)
Amortization expenses	(43,406)	(45,806)	(58,082)	(68,686)	(84,334)
Share of profit of associates	(174)	0	0	0	0
Profit before tax	387,975	395,770	381,442	439,636	519,689
Income tax expense	(50,191)	(53,657)	3,317	(32,398)	(58,050)
Net profit for the year	337,784	342,113	384,759	407,238	461,639
Profit attributable to:					
Equity holders of the Bnak	337,328	341,639	382,466	403,817	459,534
Non-controlling interests	456	474	2,293	3,421	2,105
Net profit for the year	337,784	342,113	384,759	407,238	461,639

05. FINANCIAL INFORMATION

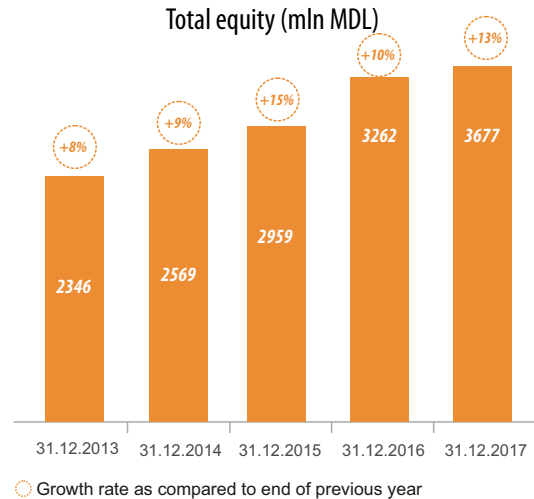
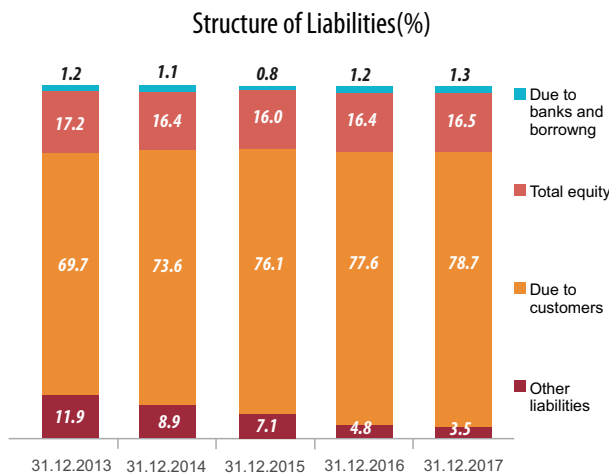
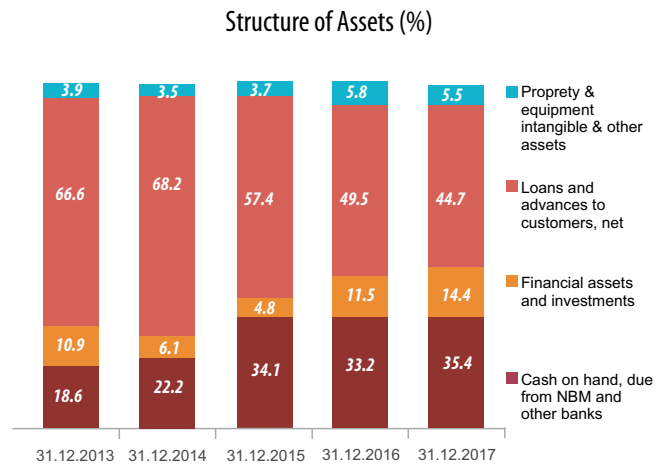
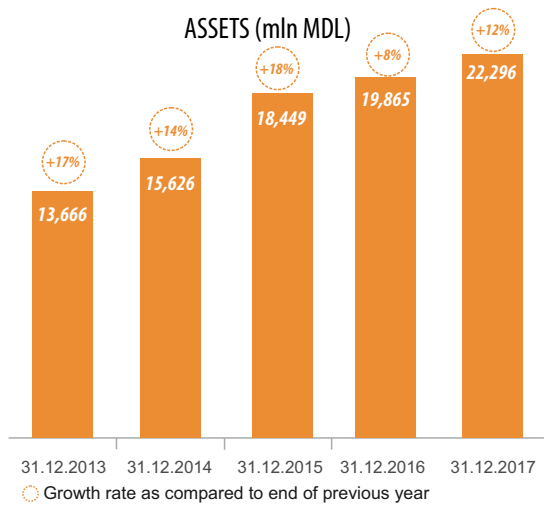
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5.2. Consolidated statement of financial position

(OOO'MDL)	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
ASSETS					
Cash on hand	371,530	414,985	515,778	465,420	613,201
Balances with National Bank of Moldova	1,375,089	1,510,439	3,525,126	4,010,766	4,454,566
Due from banks	805,193	1,546,429	2,261,334	2,125,086	2,811,178
Financial assets held for trading	214,820	166,520	36,576	-	-
Loans and advances to customers, gross	9,002,307	10,614,991	10,987,015	10,549,376	10,891,844
Less: allowance for impairment losses	245,238	309,003	657,956	896,960	1,048,917
Loans and advances to customers, net	8,757,069	10,305,988	10,329,059	9,652,416	9,842,927
Lease receivables	335,296	347,072	263,934	172,518	132,031
Financial assets available for sale	144,397	158,064	153,769	174,095	1,420,720
Investments in associates	2,797	-	-	-	-
Financial assets held to maturity	1,124,375	624,814	688,879	2,104,017	1,793,908
Non-current assets held for sale	14,288	17,437	24,093	24,005	15,263
Property and equipment	364,334	376,286	411,458	825,754	864,015
Investment property	-	16,816	75,149	78,991	72,356
Intangible assets	38,606	52,118	62,708	68,510	63,815
Other assets	118,685	88,692	101,709	163,458	211,709
Total assets	13,666,479	15,625,660	18,449,572	19,865,076	22,295,689
LIABILITIES					
Due to banks	413,613	296,421	183,931	95,658	117,975
Borrowings	1,220,500	1,094,419	1,114,606	848,088	683,079
Due to customers	9,529,155	11,501,029	14,044,541	15,412,375	17,535,629
Other liabilities	157,254	165,243	147,015	246,615	281,863
Total liabilities	11,320,522	13,057,112	15,490,093	16,602,736	18,618,546
EQUITY					
Ordinary shares	207,527	207,527	207,527	207,527	207,527
Treasure shares	(12,854)	(12,854)	-	-	-
Share premium	31,037	31,037	104,537	104,537	104,537
Property and equipment revaluation reserve	167,493	160,319	149,548	208,511	208,736
Available for sale financial assets revaluation reserve	33,227	62,901	72,203	74,510	78,796
Retained earnings	1,915,319	2,114,936	2,418,489	2,656,859	3,065,046
Total equity attributable to equity holders of the Bank	2,341,749	2,563,866	2,952,304	3,251,944	3,664,642
Non-controlling interests	4,208	4,682	6,975	10,396	12,501
Total equity	2,345,957	2,568,548	2,959,279	3,262,340	3,677,143
Total equity and liabilities	13,666,479	15,625,660	18,449,372	19,865,076	22,295,689

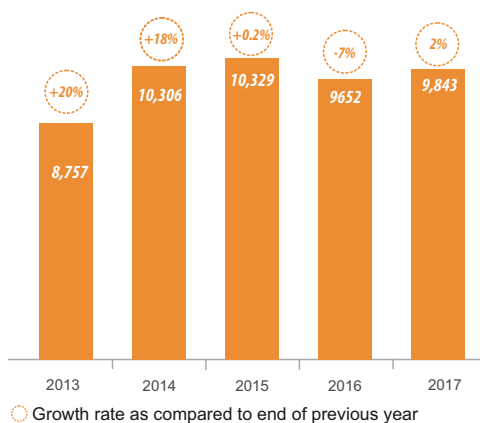
05. FINANCIAL INFORMATION (consolidated)

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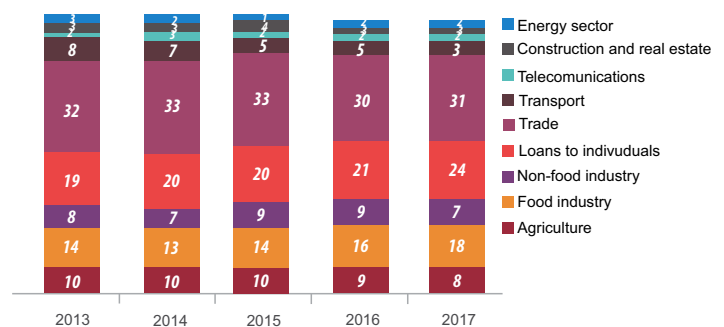


Assets of the Group recorded a positive dynamics during all the years of activity. Loans and advances to customers hold the largest share in assets' structure, due to customers hold the biggest share in liabilities' structure. Total equity increased on account of retained earnings.

Loans and advances to customers, net (mln MDL)



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

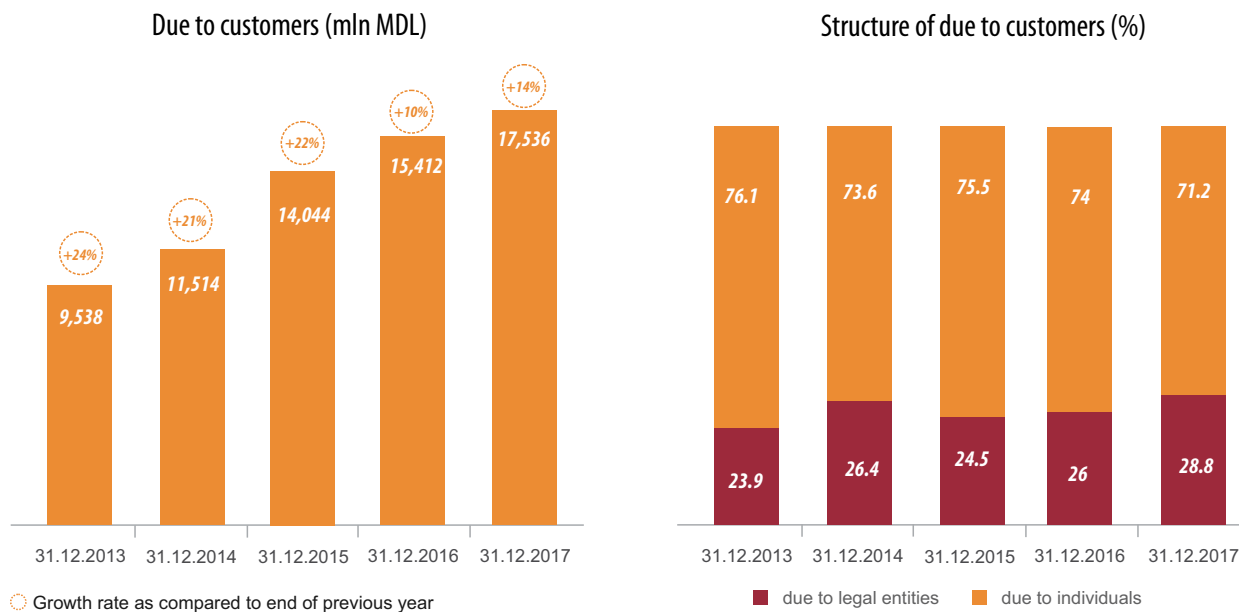


Group's loan portfolio grew dynamically, 58% of total portfolio are Corporate loans, 42% are Retail loans. Loan portfolio has a diversified sector structure, similar to national economy structure. The largest share in total portfolio is held by trade, followed by food industry, agriculture and loans to individuals.

05. FINANCIAL INFORMATION (consolidated)

...CONTINUED

In the structure of due to customers of the Group, deposits of individuals hold the largest share of about 71%. About 65% of total due to customers (including individuals and legal entities) are term deposits.



05. FINANCIAL INFORMATION (consolidated)

...CONTINUED

Attributable to equity holders of the Group

MDL'000	Ordinary shares	Share premium	Available for sale financial assets revaluation reserve	Property and equipment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2017	207,527	104,537	74,510	208,511	2,656,859	3,251,944	10,396	3,262,340
Total comprehensive income								
Net profit for the year	-	-	-	-	459,534	459,534	2,105	461,639
Other comprehensive income	-	-	4,286	225	-	4,511	-	4,511
Total comprehensive income for the year	-	-	4,286	225	459,534	464,045	2,105	466,150
Transactions with shareholders								
Dividends paid	-	-	-	-	(51,347)	(51,347)	-	(51,347)
Balance as at 31 December 2017	207,527	104,537	78,796	208,736	3,065,046	3,664,642	12,501	3,677,143

MDL'000	Ordinary shares	Share premium	Available for sale financial assets revaluation reserve	Property and equipment revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance as at 1 January 2016	207,527	104,537	72,203	149,548	2,418,489	2,952,304	6,975	2,959,279
Total comprehensive income								
Net profit for the year	-	-	-	-	403,817	403,817	3,421	407,238
Other comprehensive income	-	-	2,307	59,537	-	61,844	-	61,844
Total comprehensive income for the year	-	-	2,307	59,537	403,817	465,661	3,421	469,082
Transactions with shareholders								
Dividends paid	-	-	-	-	(166,021)	(166,021)	-	(166,021)
Other transactions								
Transfer of revaluation surplus at the disposal of property and equipment	-	-	-	(574)	574	-	-	-
Balance as at 31 December 2016	207,527	104,537	74,510	208,511	2,656,859	3,251,944	10,396	3,262,340

05. FINANCIAL INFORMATION (consolidated)

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	31.12.2013	31.12.2014	31.12.2015	31.12.2016	31.12.2017
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Cash flows from operating activities					
Interest received	947,900	1,085,348	1,473,684	1,589,495	1,285,702
Interest paid	(476,754)	(483,362)	(660,833)	(792,536)	(491,975)
Commission received	196,277	220,827	292,236	356,582	420,054
Commission paid	(39,797)	(53,411)	(70,170)	(102,562)	(126,148)
Income received from trading in foreign currencies	128,405	135,118	294,323	231,263	242,540
Recoveries of loans previously written-off	18,325	14,837	16,624	16,624	14,698
Other operating income received	41,039	23,904	22,917	19,182	28,187
General and administrative expenses paid	(224,052)	(161,461)	(208,412)	(243,265)	(249,569)
Personnel expenses paid	(147,686)	(239,062)	(216,734)	(299,766)	(354,224)
Cash flows from operating activities before changes in operating assets and liabilities:	443,657	542,738	943,635	775,017	769,265
Net (increase) / decrease in operating assets :					
Due from banks	(121,366)	(136,032)	(187,880)	24,186	(366,170)
Financial assets held for trading	28,802	60,207	141,518	40,014	-
Financial assets held to maturity	(377,954)	(104,612)	(63,659)	21,150	378,457
Loans and advances to customers	(1,500,605)	(1,327,047)	197,820	314,349	(642,827)
Lease receivables	5,598	14,526	57,014	85,171	30,908
Other assets	5,485	12,885	(6,803)	(1,223)	(47,600)
Net increase / (decrease) in operating liabilities :					
Due to banks	(105,516)	(1,200)	13,581	(7,602)	40,706
Due to customers	1,812,545	1,592,118	1,496,629	1,474,519	2,646,398
Other liabilities	27,678	(9,599)	8,212	146,120	63,859
Net cash from operating activities before tax	218,324	643,984	2,600,067	2,871,701	2,872,996
Income tax paid	(41,466)	(32,679)	(41,645)	(39,154)	(56,407)
Net cash from operating activities	176,858	611,305	2,558,422	2,832,547	2,816,589
Cash flows from investing activities					
Net cash used in investing activities	(49,619)	(72,304)	(106,391)	(493,983)	(1,341,457)
Cash flows from financing activities					
Repayment of loans and borrowings	(518,357)	(682,016)	(616,824)	(461,305)	(290,098)
Proceeds from loans and borrowings	497,285	324,068	326,260	133,673	122,785
Proceeds from redemption of treasury shares	-	-	86,354		
Dividends paid	(146,005)	(145,617)	(100,909)	(222,635)	(51,710)
Net cash used in financing activities	(167,077)	(503,565)	(305,119)	(550,267)	(219,023)
Effect of exchange rate fluctuation	49,705	87,455	352,315	17,315	(28,503)
Net increase in cash and cash equivalents	9,867	122,891	2,499,227	1,805,612	1,227,606
Cash and cash equivalents as at 1 January	2,568,982	2,578,849	2,701,740	5,200,967	7,006,579
Cash and cash equivalents as at 31 December	2,578,849	2,701,740	5,200,967	7,006,579	8,234,185



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