



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,

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

According to the decision of National Commission of Financial Markets and National bank of Moldova, was announced the decision to continue the exposure for sale of 36,605 newly-issued first-class ordinary nominative shares (3.53%) and 389,760 newly-issued first-class ordinary nominative shares (37.56%) starting 1st February 2017 to 26 June 2017.

According to a new decision of National Commission of Financial Markets and National bank of Moldova, it was decided to continue the exposure for sale of 36,605 newly-issued first-class ordinary nominative shares (3.53%) and 389,760 newly-issued first-class ordinary nominative shares (37.56%) within the auction period starting 12 December 2017 to 26 December 2017

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

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

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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, 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

According to the independent audit report, the Individual Financial Statements of the Bank and the Consolidated Financial Statements for the year ended 31 December 2016, 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 2016 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.

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

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> <ol 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.

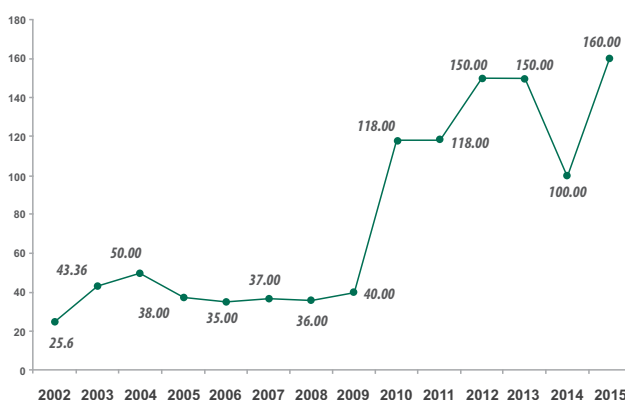
The Bank shall not pay dividends if:

- 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.

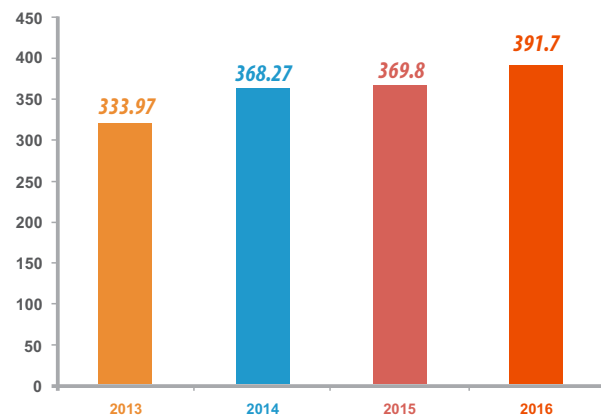
The difference between provisions for impairment of loans and off-balance sheet commitments calculated in accordance with Regulation on classification of assets and off-balance sheet commitments (Decision of the Council of Administration of the National Bank of Moldova nr.231 from 27.10.2011) and the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

Way of selling	<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 12 December 2017 to 26 December 2017.</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 12 December 2017 to 26 December 2017.</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>
Special conditions	<p>Eligible investors, who obtained the prior written permission of the National Bank of Moldova</p>
Registrar	<p>Registru Corect</p> <p>Address: 129 V.Alecsandri street, of.11 MD-2012 Chisinau municipality 022925092 / 022226840 registru.corect@yahoo.com</p>
Taxation	<p>In accordance with the provisions of the Tax Code declared dividends are subject to a 6% withholding tax</p>
Litigations	<p>Legislation of the Republic of Moldova</p>

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM



REPUBLIC OF MOLDOVA

Capital and largest city: Chişinău

Area: 33,846 km²

Population: 3,6 million

Political system: Parliamentary Republic

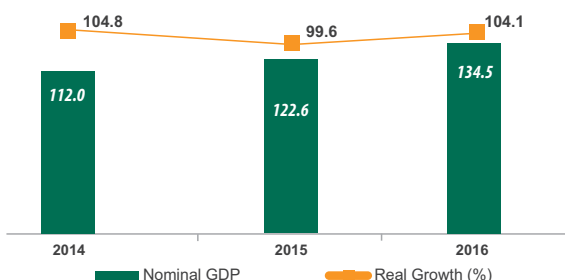
Moldova is member of United Nations, Council of Europe, WTO, OSCE, World Bank, IMF, EBRD, GUAM, the Commonwealth of Independent States (CIS), Black Sea Economic Cooperation, Stability Pact for South Eastern Europe, Associated Member of the European Union.

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



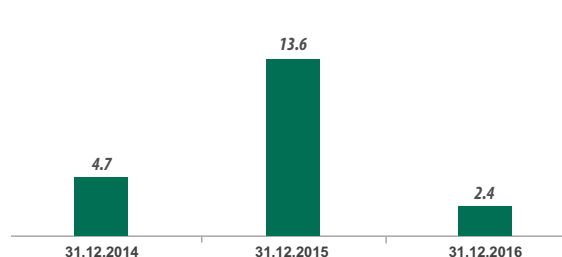
3.1. Evolution of macroeconomic indicators

Nominal GDP (mln MDL)



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

Inflation Rate – end of the period (%)



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

As at 31.12.2016, the Gross Domestic Product stood at MDL 134.5 bln, increasing by 4.1% (in comparable prices) against the same period of 2015.

The increase in GDP was largely determined by the gross value added in agriculture by 2.2p.p; wholesale and retail trade by 0.9%; transport and storage; information and communications; the mining and processing industry, professional scientific and technical activities, by 0.3p.p.

The World Bank anticipates a 3.8% increase in GDP in 2017 and 3.6% in 2018.

In December 2016, annual inflation rate constituted 2.4% (for last 12 months), being determined by the increase in food prices by 7.4%, non food prices by 6.3% and tariffs for utilities by 4.9%.

The increase in consumer prices was largely influenced by the monetary policy, exchange rate fluctuations as well as the decrease of the oil and food prices on international market.

The annual average inflation rate forecasted by the National Bank of Moldova is anticipated at 7.2% in 2017 and 3.5% in 2018.

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM *...CONTINUED*

Despite of the recovery signs presented by the economy of the Republic of Moldova, it continued to be vulnerable to a number of internal as well as external factors: mutual sanctions between Russian Federation and EU, restrictions imposed by Russian Federation on import of Moldavian agricultural products and the recession in this country, the crisis from Ukraine, problems in the banking sector, decrease in remittances from abroad etc. Consequently, the output of industrial sector stagnated and the volume of investments decreased significantly. Favorable climatic conditions lead to an increase in the output of agricultural product. Were recorded the first signs of recovery in foreign trade. The NBM' monetary policy lead to decrease of inflation rate and depreciation of national currency. Social indicators improved: the households' income recorded a small increase in real terms along with a decrease of households' expenditures, average monthly salary slowly increase, the unemployment rate decreased.

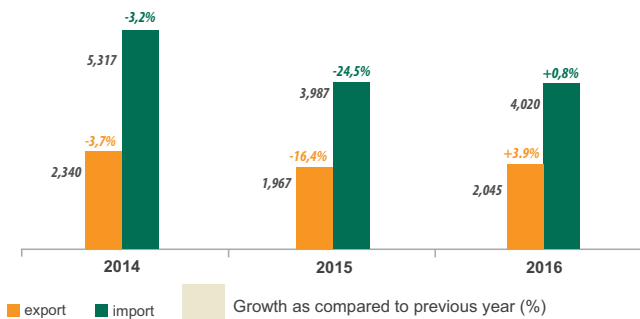
Exports increased by 3.9% in 2016 as compared with the previous year. The share of exports directed to EU constitutes 65.1% (61.9% in 2015), share of exports directed to CIS 20.3% (25% during 2015). **Reexports accounted for 34%** of overall exports.

Imports increased by 0.8% compared with 2015.

Exports covered imports at 50.9% in 2016 against 49.3% in 2015.

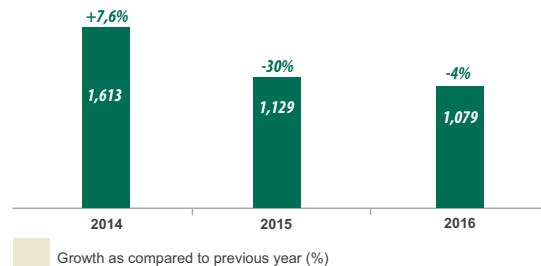
The trade balance was negative, standing at USD 1975 mil, by 2.2% less than recorded in 2015.

Export / Import (mln USD)



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

Foreign Remittances (mlnUSD)



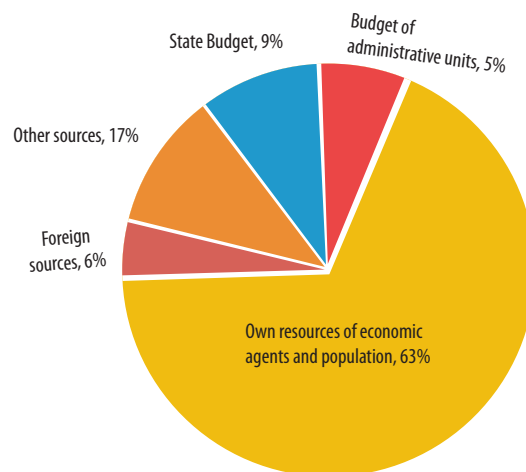
Source: <http://www.statistica.md>

To proceed with the investment process, the government used investors' means worth MDL 12594.3 mln, which constitutes 64.9% of all the means used for investments.

In January-December 2016, to ensure investment needs at the account of budget sources, MDL 1824.2 mln was used, which constitutes 9.4% 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 by funding sources



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

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM *...CONTINUED*

3.2. Moldova's banking system

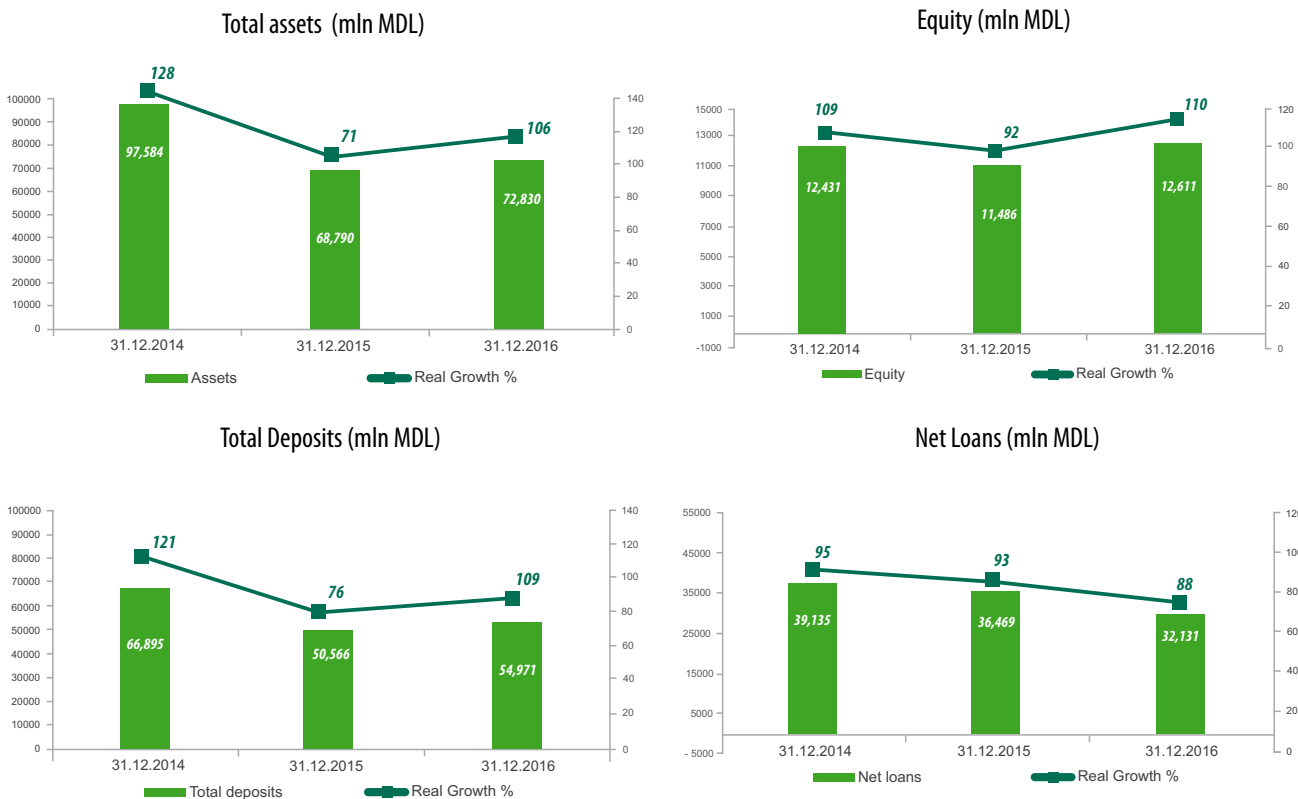
As of 31 December 2016, the structure of banking system remained unchanged, 11 banks licensed by the National Bank were operating in Moldova, including four subsidiaries of foreign banks and financial groups.

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 90% of assets, 92% of net loans, 91% of deposits and 91% of individuals deposits. The first 6 banks hold a share of about 90% of the main indicators (assets, loans, deposits, profit), whereas the share of the first 3 banks alone is about 65%. 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 26% 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 29.77%, increasing by 3.5p.p as compared with the end of previous year, the indicator was respected by all banks (regulatory level $\geq 16.0\%$).

In 2016, the return on assets and return on equity of the licensed banks was 1.83% and respectively 11.12%.

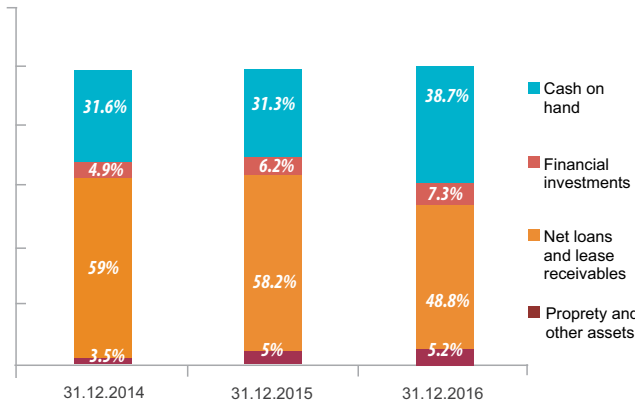
The long-term liquidity ratio in the banking sector (first principle of liquidity) was 0.64 (regulatory level ≤ 1). Current liquidity ratio (principle II of liquidity) stood at 49.3% (regulatory level $\geq 20.0\%$).



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

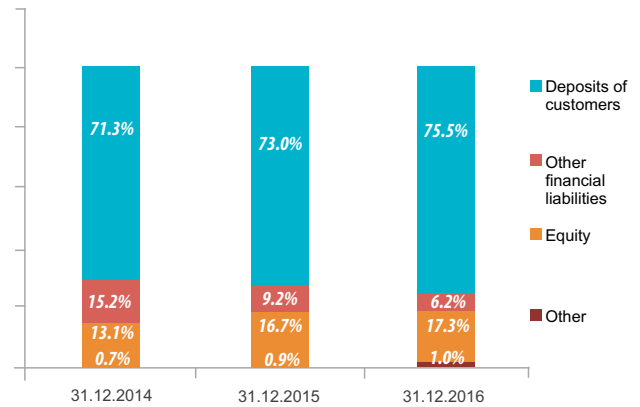
03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

Structure of Assets (%)



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

Structure of Liabilities (%)

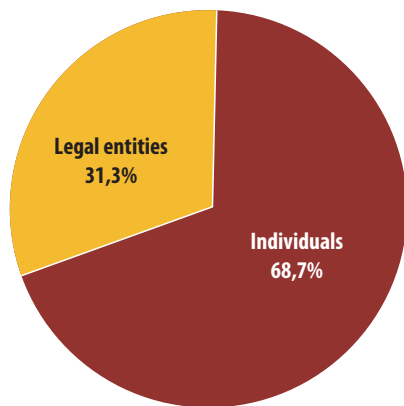


Source: <http://www.bnm.md>

Assets structure is composed of liquid assets of 46%, followed by loans and receivables with 48.8%. Deposits from customers account for 75.5% of the sectors' liabilities, being the main source of financing active operations of the banking system.

Structure of Deposits

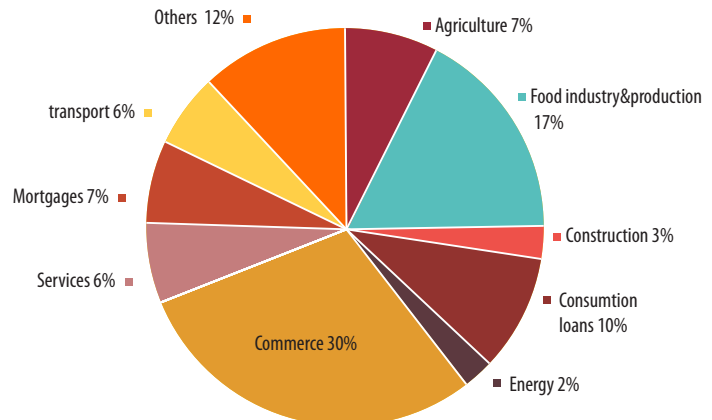
31.12.2016



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

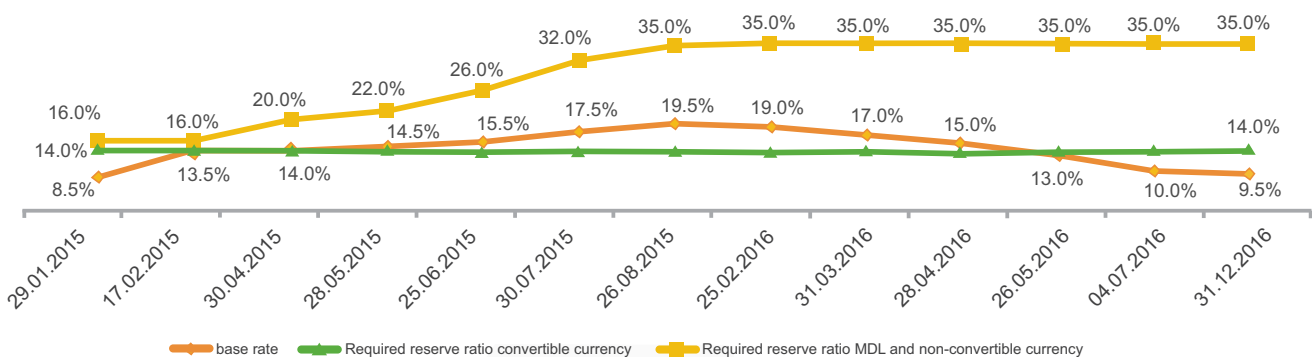
Structure of Loans

31.12.2016



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

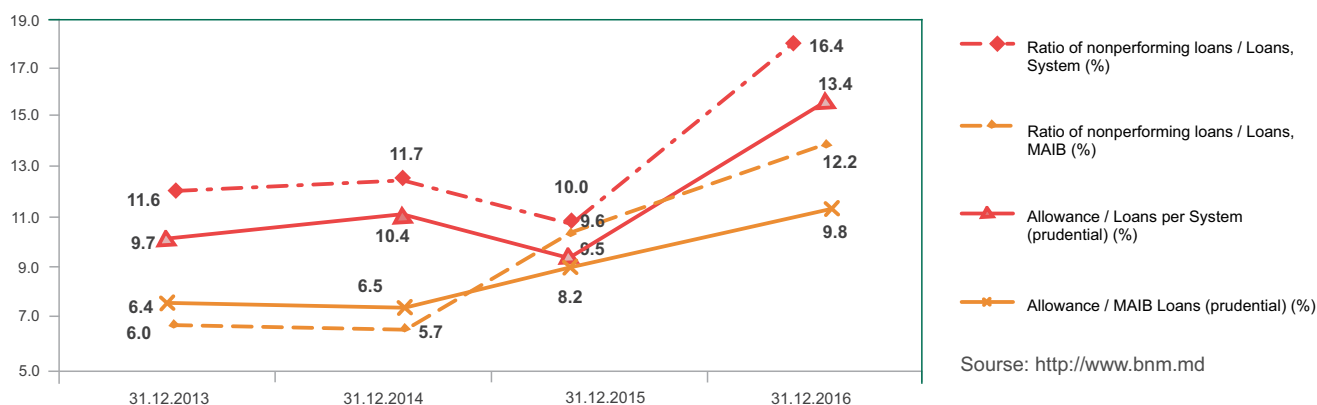
Evolution of base rate and required reserves ratio



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 8.7% as at 31.12.2016, up from 6.0% as at 31.12.2015.



3.4. Evolution of indicators in the banking industry

- Audited results of the banks' operation as at 31.12.2016 show that the balance of forces among the main actors of the banking industry remained the same compared with 2015. Audit reports on CB Moldincombank and CB Victoriabank contained qualified opinion on financial statements for the year ended 31.12.2016.

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	19,746	9,881	15,435	3,237	406,4	1,827
2 BC Moldincombank SA	14,370	6,899	11,427	1,930	161,5	1,465
3 BC Victoriabank SA	12,613	4,635	9,920	2,285	220,9	1,285
4 BC Mobiasbanca GSG SA	9,015	3,887	7,051	1,405	326,4	943
5 BC Eximbank GVB SA	5,014	1,827	3,361	1,265	8,9	340
6 BC Procreditbank SA	3,556	1,952	2,006	479	33,4	221
7 BCR Chisinau SA	1,395	397	806	445	32,0	100
8 BC Fincombank SA	2,665	1,122	1,980	421	56,1	621
9 BC Energbank SA	2,415	865	1,675	541	68,6	593
10 BC Comertbank SA	1,396	450	971	314	35,8	150
11 BC Eurocreditbank SA	647	226	339	288	14,1	323
Total per banking sector	72,830	32,131	54,972	12,610	1364,0	7,868

Bank	Capital Adequacy (%)		Liquidity (%)		Efficiency ratio (%)		Nonperforming loans/loans (%)		Impairment of loans/loans (IFRS)(%)	
	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015	30.12.2016
	1 BC MAIB	22.60%	25.47	38.28%	43.71	137.26%	139.28	9.62%	12.15	5.9%
2 BC Moldincombank SA	18.61%	23.2	38.05%	44.77	112.61%	114.28	9.06%	15.97	6.1%	11.12
3 BC Victoriabank SA	25.49%	22.6	43.93%	54.69	111.71%	129.94	8.88%	33.81	5.7%	9.34
4 BC Mobiasbanca GSG SA	26.77%	31.26	47.11%	55.02	152.34%	181.32	6.33%	7.4	4.2%	4.76
5 BC Eximbank GVB SA	45.42%	57.14	40.13%	52.89	121.53%	103.99	24.86%	28.09	9.7%	14.30
6 BC Procreditbank SA	23.17%	32.41	34.35%	43.45	119.60%	114.44	7.07%	9.45	6.2%	7.02
7 BCR Chisinau SA	164.41%	121.32	63.04%	66.64	129.09%	132.37	26.64%	26.49	18.4%	20.29
8 BC Fincombank SA	27.82%	27.18	47.85%	48.32	139.81%	132.44	3.56%	4.02	2.8%	2.69
9 BC Energbank SA	35.41%	43.37	52.77%	56.69	141.09%	148.65	15.95%	18.55	2.7%	3.77
10 BC Comertbank SA	58.27%	60.42	56.93%	61.26	137.49%	168.27	10.99%	16.1	2.7%	2.52
11 BC Eurocreditbank SA	119.84%	98.56	56.28%	53.11	121.50%	119.17	7.69%	8.82	2.2%	2.41
Total per banking sector	26.21%	29.77	41.72%	49.30	125.39%	131.85	9.95%	16.41	6.0%	8.7

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

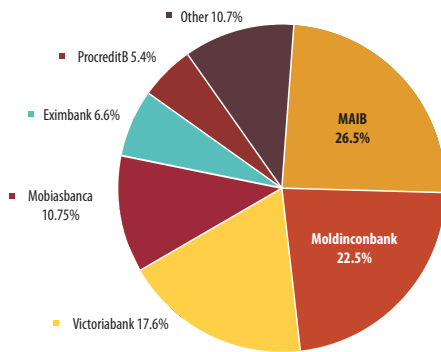
03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM *...CONTINUED*

3.4. MAIB within the banking system

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

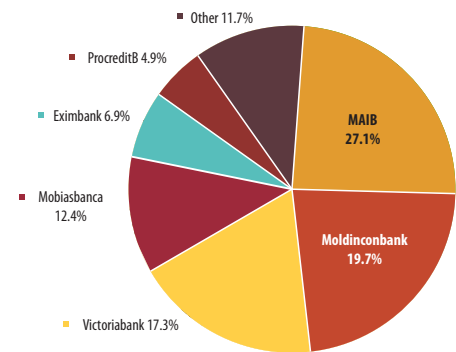
31.12.2015

Assets

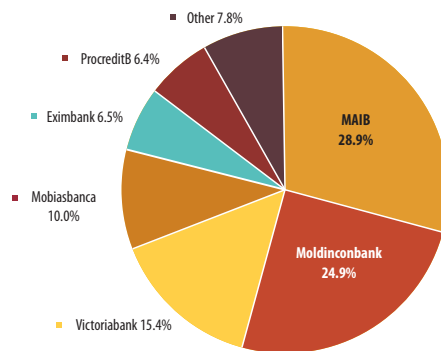


31.12.2016

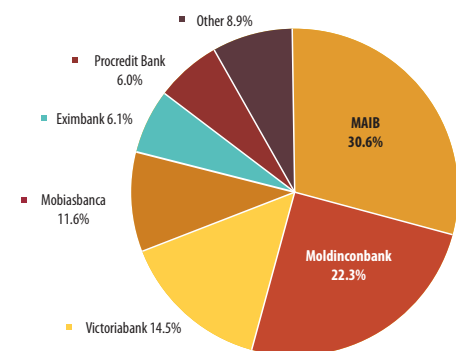
Assets



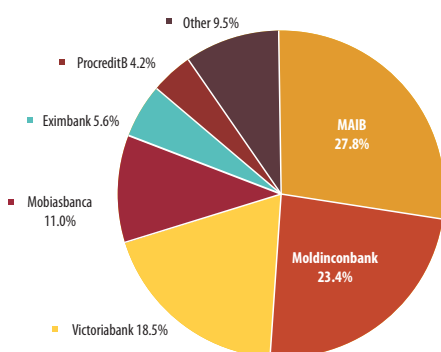
Gross Loans



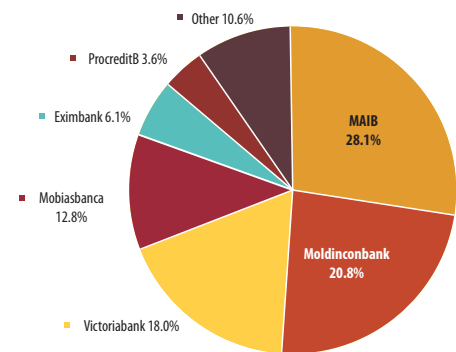
Gross Loans



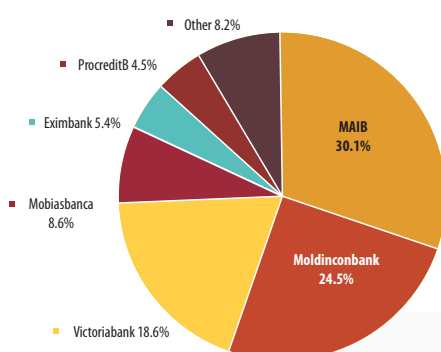
Total Deposits



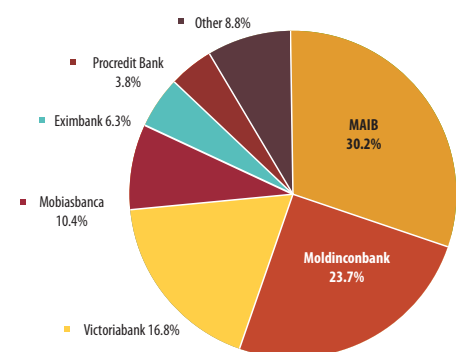
Total Deposits



Deposits of Individuals

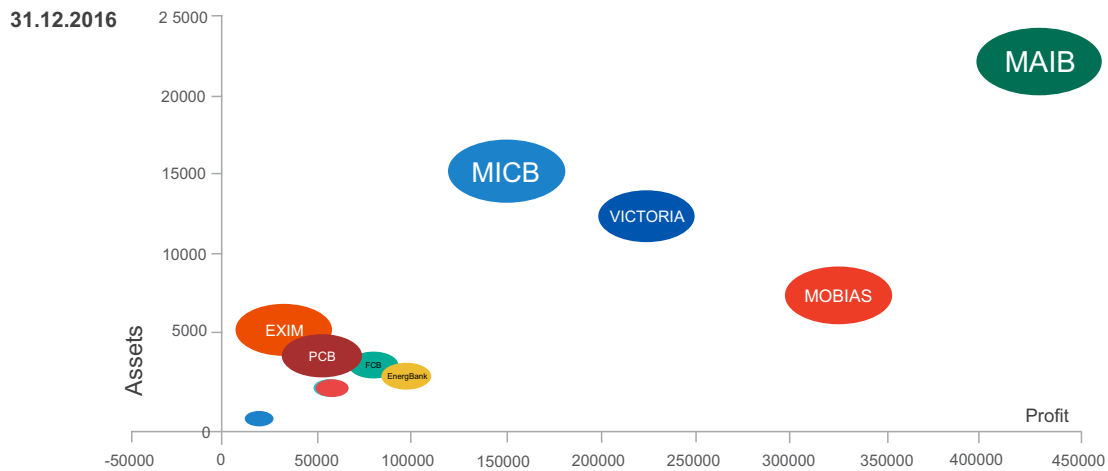


Deposits of Individuals



03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM ...CONTINUED

MAIB'S POSITION on Moldova's banking market



COMPETITORS

Mobiasbanca - Groupe Société Générale

Mobiasbanca recorded increases in most economic and financial indicators, preserving its 4th position in the banking system with a market share of 12.4% of total assets, 12.1% of net loans, 12.8% of total deposits and 18.1% of deposits of legal entities. Mobiasbanca holds a physical network of 54 points of sale - 53 branches and 1 agency. The bank also has 130 ATMs, up by 12 as compared to the same period of the previous year.

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.

03. MACROECONOMIC ENVIRONMENT AND BANKING SYSTEM *...CONTINUED*

BC „Moldindconbank” S.A.

Moldindconbank is a universal bank, providing banking services to both retail and corporate customers. Its financial results are modest as compared to the previous year.

As at 31.12.2016, its total assets stood at 14.4 billion lei, decreasing by 7% as compared to 31.12.2015. The portfolio of net loans decreased by 24%. MICB ranks third in terms of net profit (11.7%), which stood at 161.5 mil lei, up by 13% as compared to 2015. Concerning total deposits and individuals deposits, the bank ranks 2nd after MAIB, holding a share of 20.8% and 23.7% respectively. As concerns legal entities deposits, Moldindconbank fell from the 2nd position in the system to the 4th, holding a share of 14.4%.

Moldindconbank keeps the first positions in terms of money transfers on the banking market, giving customers the possibility to use 14 types of money transfer systems.

Moldindconbank has a network of 195 bank offices, 19 more as compared to 2015. It ranks 1st in the banking system when it comes to physical network.

Competitive advantages

- 2nd position in the banking system in terms of basic indicators;
- 1st positions on the market in terms of money transfers (15 types of money transfer systems)
- The highest number of bank issued cards and ATM services;
- The widest sales network and Cash-in/out ATMs (44 in Chişinău).

BC “Victoriabank” S.A.

Victoriabank developed less actively in 2016, but preserved the 3rd position for basic indicators: with a share of 17.3% of total assets per system, 14.4% of total net loans and 18% of total Deposits.

As concerns individuals loans and consumer loans, Victoriabank has a share of 18% and respectively 16.8%, ranking 3rd in the system. These indicators saw a decrease this year.

Just like in 2015, Victoriabank has cooperation relations with 14 money transfer systems.

The bank's network consists of 104 points of sale, ranking 3rd in the system. It also has 167 ATMs, down by 5 as compared to the same period of the previous year.

Competitive advantages

- The bank focused on international transfers, competing with MICB;
- It partners with the state-run enterprise Post of Moldova to pay social allowances via POS terminals.
- Well placed physical network and ATMs.

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 2,194 employees as at 31 December 2016.

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.

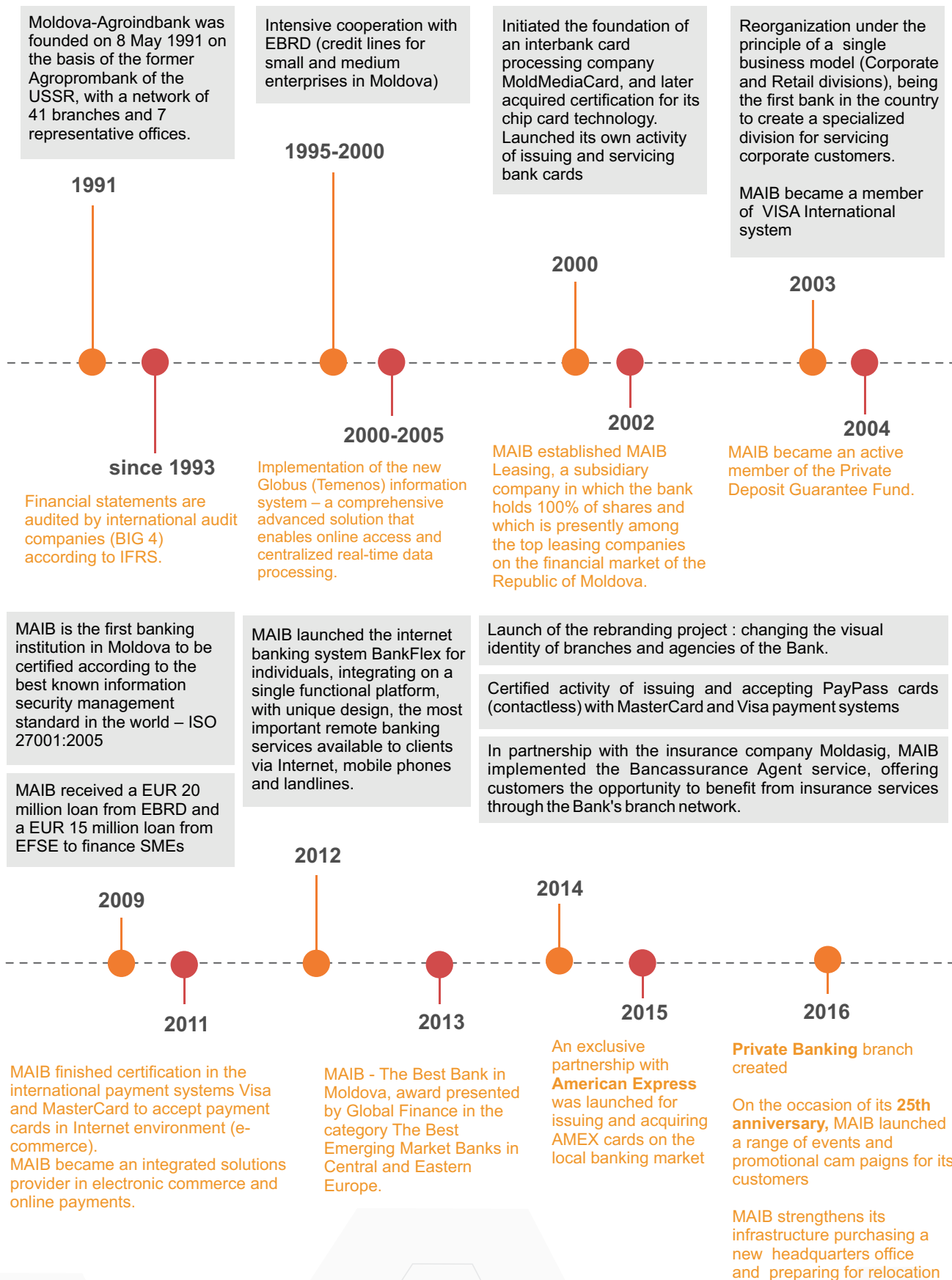
The Bank's shares are listed on the Moldovan Stock Exchange, having the symbol MD14AGIB1008.

As at 31 December 2016, the Bank had 2,153 employees (including employees with suspended labor contracts).

Throughout its 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, being led by a team of professional managers.

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

4.2. MAIB history in brief



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

MARKET SHARE

The bank holds the largest market share in the banking sector on the main activity indicators: 27.1% of total assets, 30.6% of loans, 28.1% of total deposits, 30.2% of deposits of individuals, 30% of cards in circulation (as of 31.12.2016). Net consolidated profit of 407 million lei for 2016 proves the high potential of the bank and its development opportunities.

NETWORK

The Bank has an extensive sales network, including 66 branches and 115 agencies, covering the entire territory of Moldova, as well as 7 self-service centers (24/24) and 47 self-service areas. The bank has 255 ATMs and 3899 POS-terminals installed at merchants and premises of the bank. MAIB constantly develops and improves remote service channels.

CUSTOMERS

With more than 2,000 employees, the organizational structure of MAIB is built taking into account a clear orientation towards the two main categories of customers: Corporate and Retail. MAIB provides a wide range of specialized banking services to numerous customers (over 700,000). MAIB customers come from all sectors of the national economy, most of them operating in the industrial, commercial, agricultural services.

BUSINESS PATTERN

Its unique business pattern is aimed at providing specialized and efficient services in the Corporate and Retail segments. Advanced information technologies and modern telecommunication systems, competitive, client-oriented products and services, high-skilled personnel and highly-developed distribution network have turned Moldova Agroindbank into the first option bank for local customers.

TECHNOLOGY

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

INTERNATIONAL RECOGNITION

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

INTERNATIONAL COOPERATION

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

STRENGTHS

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

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

4.3. 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.

4.4. Development

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

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

MAIB Group reported the following consolidated results (IFRS) as at 31.12.2016:

- consolidated net profit amounted to MDL 407.2 million, up by 5.8% compared to 2015.
- consolidated total assets value was MDL 19.9 billion, increasing by 7.7% compared to 31.12.2015.
- loans to customers, brutto, amounted to MDL 10.5 billion and decreased by 4% compared to the end of 2015;
- liabilities to customers exceeded MDL 15.4 billion and increased by 9.7% compared to 31.12.2015.
- equity amounted to MDL 3.3 billion lei, up by 10.2%.
- consolidated Bank's return on equity (ROE) stood at 13.1%, at the level of 2016.

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

In 2016 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 6% in 2016. The physical distribution network of the Bank remained unchanged. The number of ATMs went up by 29 and the number of POS terminals by 1009 POS-terminals, totaling 255 ATMs and 3,899 POS terminals.

The number of cards in force increased by 15.7% compared to late 2015, totaling about 454,000 cards as at 31.12.2016. The bank maintained its market share at 30% as in 2015.

BANKING EFFICIENCY RANKING (Estimator – VM)

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

Between 2011 and 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
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 31.12.2016 and 31.12.2015, the Bank's shareholders structure was as follows:

	2016	2015
Civil society of Bank shareholders and their affiliates*	13.62%	13.57%
OOO "Evrobalt"	1.05%	4.50%
Ostryn Business Limited	0.58%	0.58%
"Dilnoro Group" SIA	0.39%	0.39%
Hessond Solution Limited	0.00%	4.49%
Dresfond Invest Limited	0.00%	4.48%
Symbol Wood Limited	0.00%	4.41%
Multigold Production Limited	0.00%	4.24%
Azyol Development LTD	0.00%	4.00%
BC "Victoriabank" S.A.	0.00%	0.00%
Dunlin Invest LTD	0.00%	3.64%
CCC "Moldcoop" and other entities acting in concert	2.52%	2.52%
Individuals who hold $\geq 1\%$, directly or indirectly	14.84%	14.84%
Entities holding $\geq 1\%$, directly or indirectly**	0.00%	3.52%
Others***	25.91%	34.82%
Shares provisionally registered on the Bank's name ****	41.09%	0
Total	100%	100%

*As at 31 December 2016 the Civil society of the Bank's shareholders and its related parties comprised 16 members (2015: 16 members) of whom 2 (2015: 3 members) were members of the executive management and the other 14 members were related parties (2015: 13 members).

**As at 31 December 2015, four legal entities held indirectly an equity interest in the Bank of $\leq 1\%$. These companies are as follows: Advanced Asset Protection LTD (0.61%), Business Worldwide Alliance Financial Services LTD (0.98%), Money @ Box LTD (0.95%), Nestol Limited (0.98%). Under decision no 157 of the NBM Executive Board of 23/12/2015, the above-mentioned shareholders had acquired a qualifying holding in the share capital of the Bank in a total amount of 3.52%, without the prior written permission of the National Bank of Moldova ("NBM"). Respectively, under decision no. 157 of the EB of NBM, the rights to vote of these four companies were suspended, and these companies were obliged to dispose of the qualifying holding in the share capital of the Bank within 3 months after the effective date of the NBM decision no. 157. In May 2016, these legal entities lost their status of shareholder of BC Moldova Agroindbank SA, as a result of the cancellation of 36,605 nominative ordinary shares, with a par value of MDL 200 per share of BC Moldova Agroindbank SA, which previously belonged to the following Bank shareholders: Money@Box LTD, Nestol Limited, Business Worldwide Alliance Financial Services LTD and Advanced Asset Protection LTD, and consequently, the previous issues were restructured.

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 3,028 (31 December 2015: 3,058 shareholders) of which 2,782 shareholders are individuals and 246 are legal entities (31 December 2015: 2,795 individuals and 263 legal entities).

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

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

As at 31 December 2016 the share capital comprised 1,037,634 authorized ordinary shares, with a par 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
Carauș 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

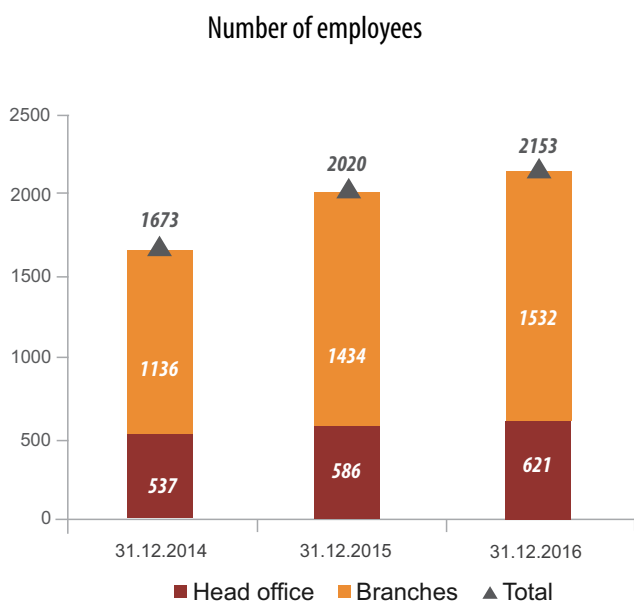
Cebotari Serghei	Chairman of the Management Board
Teleucă Marcel	Vice Chairman of the Management Board
Bejenari Leonid	Vice Chairman of the Management Board
Paingu Oleg	Vice Chairman of the Management Board
Iuraș Victor	Vice Chairman of the Management Board
Josan Eugeniu	Member of the Management Board

Lungu Vitalie	Financial Director
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Cenzors Committee

Pleşcan Ion	Chairman of the Cenzors Committee
Guțuleac Petru	Member of the Cenzors Committee
Munteanu Elena	Member of the Cenzors Committee

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 2,153 employees as at 31 December 2016, including 621 employees at the head office of the bank.

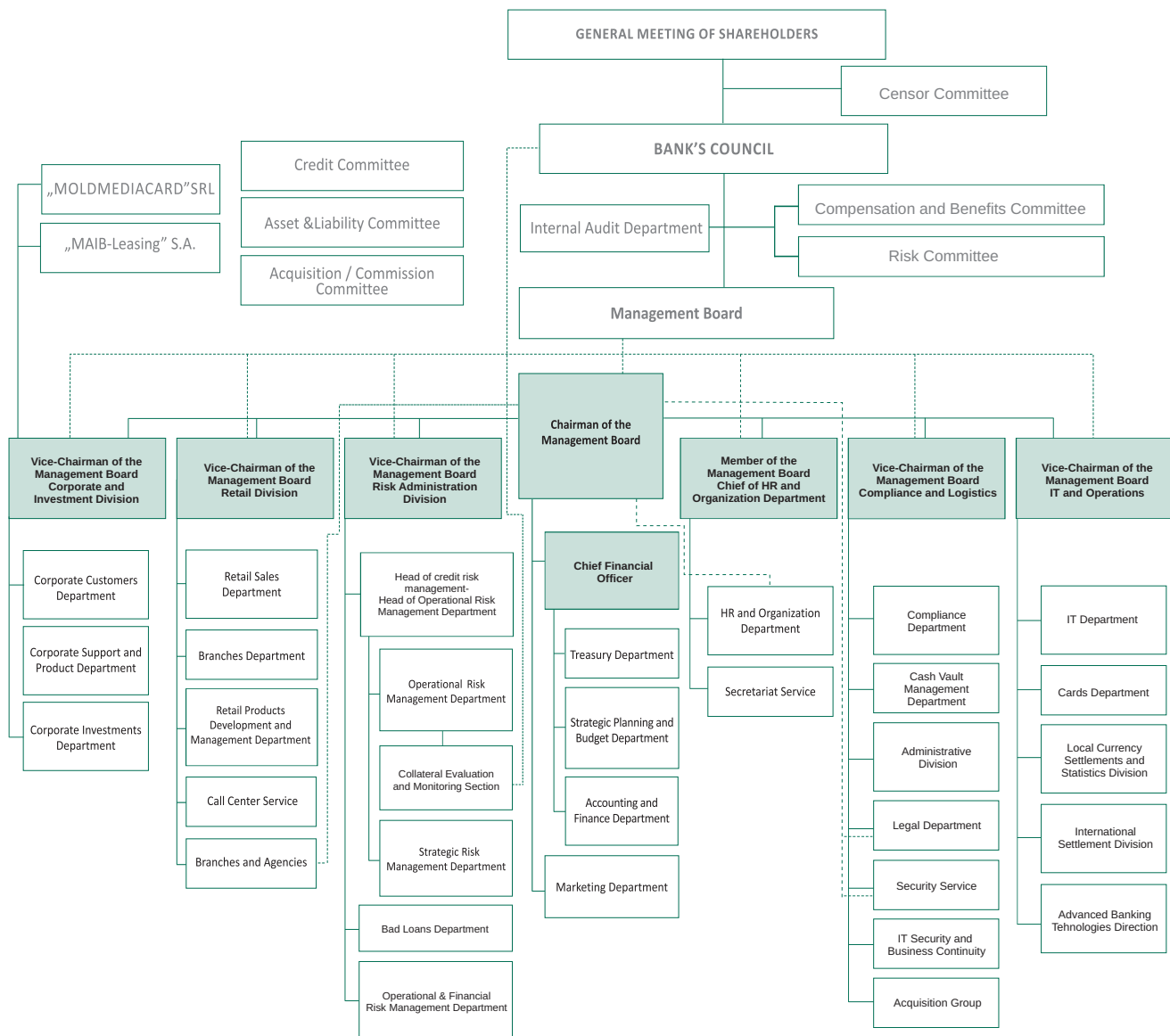
The number of bank' personnel increased at the end of 2015 with 233 temporary employees when the bank won the public auctions for servicing the accounts of the territorial treasuries and the Customs Service

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.

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

4.8. Organisational structure

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



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

4.9. Business lines

Corporate Banking

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 62% of the bank's total portfolio, whereas the share of the deposits portfolio represents about 20% of total deposits of legal entities.

The Corporate Division has set the following goals for 2017:

- Turn market opportunities to good account and attract new corporate customers, able to provide a steady and profitable activity, along with viable financing needs;
- Ensure a continuous increase in sales volume and adjust banking product and service requirements to client needs;
- Improve the quality of the credit portfolio.

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 6.2% (26,000 more) against 2015 and reached 442,000 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, two 24/24 self-service centers and seven self-service areas were opened at MAIB branches, with their total number amounting to seven self-service centers and 47 self-service areas.

In 2016, MAIB opened its Private Banking branch meant for elite and affluent individuals who will enjoy premium service and tailored solutions to meet their needs of banking products and services.

Being the only primary member of three international payment systems in Moldova – Visa, MasterCard and American Express, Moldova Agroindbank has been paying high attention to the development of card business.

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.

Premium Visa Gold and Visa Platinum cards were launched by MAIB in November 2016. These products consolidate the bank's portfolio and are designed for customers with high banking requirements, top managers, businessmen and affluent customers. 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;

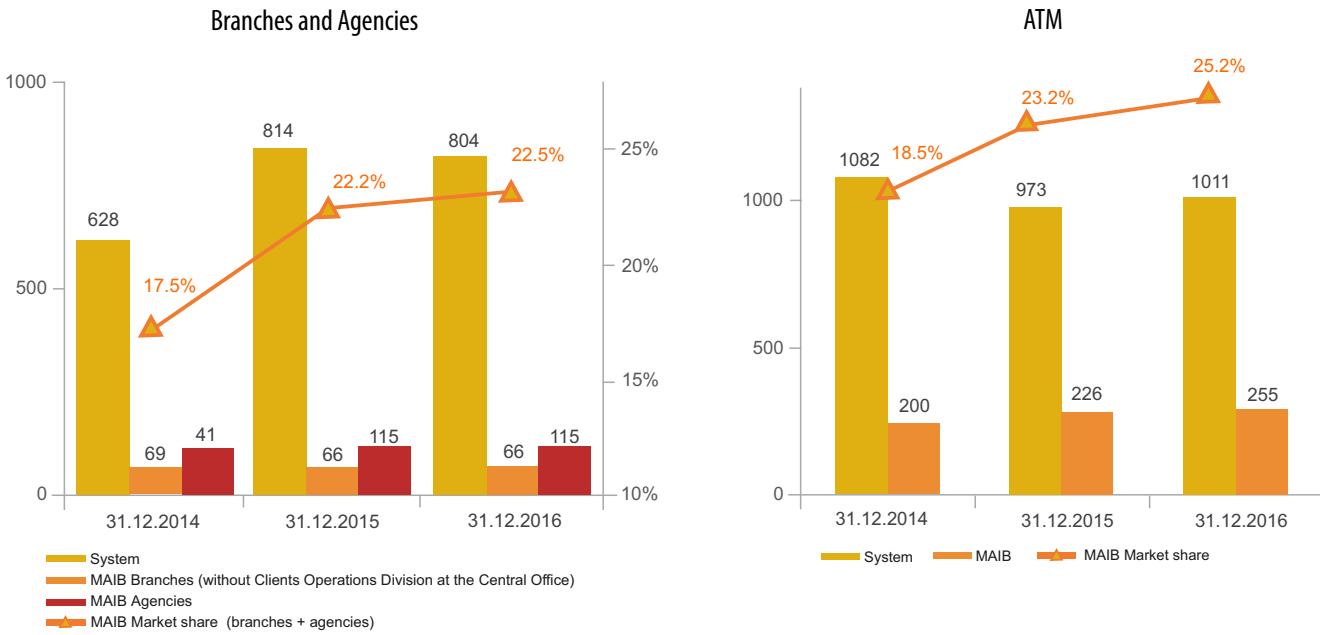
MAIB has operated on the capital market on the basis of the class C license issued in 2015 by the National Commission for Financial Market for an unlimited term, and is entitled to conduct a wide range of services and investment activities.

The bank's participation on the capital market by conducting financial investments is in line with the objective of diversifying the bank's active operations by capitalizing alternative income sources. As of 31.12.2016, the investment portfolio was MDL 230.4 thousand, according to the International Financial Reporting Standards, with the bank having equity interests in 12 companies from various national economic sectors.

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

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

4.10. MAIB network



Moldova Agroindbank has a wide distribution network, and keeps on expanding it. At 31.12.2016 it includes:

- 66 branches
- 115 agencies
- 255 ATM
- 7 centers 24/24
- 47 self-service areas

Details on the geographic coverage are available on the website of the bank www.maib.md.

Distribution network



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

4.11. 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.

4.11.1. 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	2016		2015	
	MDL'000	%	MDL'000	%
I	2,122,270	92.43%	2,262,419	93.22%
II	153,286	6.68%	25	0.00%
III	17,938	6.68%	164,208	6.77%
IV	2,139	0.09%	267	0.01%
Total	2,295,633	100%	2,426,919	100%

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

4.11.2. Market risk

1. Currency risk

The Group manages the exchange rate risk through its prudent management of the open currency positions, the management and monitoring process being based on VAR methodology, the internal system of indicators and limits applied, maintenance of a balanced structure of assets and liabilities in foreign currency, applying stress scenarios to exchange rate developments and analysis of the impact on earnings and capital.

In order to estimate the market risk derived from changes in exchange rates of foreign exchange to the Moldovan Leu, the Bank uses the VAR method with a confidence interval of 95%, calculated on the basis of information on daily fluctuations of exchange rates, recorded during a two year period of observation.

	VAR limit	Effectively as at 31 December	Daily average	Maximum	Minimum
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
2016	2,200	334	533	1,912	48
2015	1,500	468	487	1,500	30

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 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)
RUB	(5,920)	0.3315	25.00	(1,480)	(25.00)	1,480
TOTAL				(11,393)		6,513

	MDL'000		%	MDL'000	%	MDL'000
As at 31st December 2015						
EUR	(59,274)	21.4779	+10.00	(5,927)	(8.00)	4,742
USD	(31,289)	19.6585	+10.00	(3,129)	(8.00)	2,503
RUB	8,313	0.2692	+15.00	1,247	(25.00)	(2,078)
TOTAL				(7,809)		5,167

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

2. Interest rate risk

In order to estimate the level of interest rate risk, the Group takes into account the prognosis for standard developments and/or non-standard risk factors estimates by modelling scenarios of deviation of their level, which being applied to the amount of assets and liabilities interest rate gap indicates their sensitivity and the potential impact on net interest income.

The table below sets out the net interest income sensitivity to a potential modification of the interest rate for individual intervals.

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2016	-100	(17,818)	2,351	(969)	179	20	(16,237)
	-50	(8,909)	1,175	(484)	90	10	(8,118)
2015	-100	(27,737)	7,346	4,068	(25)	(360)	(16,708)
	-50	(13,868)	3,673	2,034	(13)	(180)	(8,354)

Increase in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2016	+100	17,818	(2,351)	969	(179)	(20)	16,237
	+50	8,909	(1,175)	484	(90)	(10)	8,118
2015	+100	27,737	(7,346)	(4,068)	25	360	16,708
	+50	13,868	(3,673)	(2,034)	13	180	8,354

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

4.11.3. Liquidity risk

The Group's liquidity risk management system provides for managing liquidity in accordance with regulatory requirements, systematic monitoring and analysis of risk factors related to current and long-term liquidity, regular reporting on the level of exposure of the Group's liquidity risk, submission of recommendations and proposals, conducting stress tests to back up the projection of cash flows, and provides an assessment of the Group's liquidity situation.

Additionally to the requirements of the National Bank of Moldova related to liquidity risk, the Group established internal limits for minimum current and long-term liquidity ratio in order to efficiently manage and prevent liquidity deficit. The Group developed a range of indicators that allow analysing the dynamics of liquidity position. To ensure financial equilibrium in terms of maturities, the Group aims to maintain congruence between continuity and flexibility of attracting funds, by contracting liabilities with different maturity.

	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 2016						
Financial liabilities						
Due to banks	9,886	9,617	35,590	43,113	0	98,206
Borrowings	71,326	12,110	214,782	561,622	64,134	923,974
Due to customers	6,052,895	2,352,712	6,663,831	769,649	11,023	15,850,110
Other financial liabilities	226,459	0	0	0	0	226,459
Total undiscounted financial liabilities	6,360,566	2,374,439	6,914,203	1,374,384	75,157	17,098,749
Letters of credit	624	5,664	0	0	0	6,288
Financial guarantees	171,486	8,787	33,477	31,837	0	245,587
Financing commitments	15,348	156,692	296,092	416,784	14	884,930
Total	6,548,024	2,545,582	7,243,772	1,823,005	75,171	18,235,554

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

4.11.4. Credit risk

The credit risk is the current or future risk of a negative impact on the profits and capital as a result of a client's failure to meet its contractual obligations or of the deterioration of its financial performance and results.

The Group manages credit risk through:

- 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

	31.12.2016	31.12.2015
	MDL'000	MDL'000
Corporate customers	6,481,510	6,915,003
Retail entities	1,891,218	1,933,987
Individuals	2,176,648	2,138,025
Total loans, gross	10,549,376	10,987,015
Less: allowance for impairment losses	(896,960)	(657,956)
Total loans, net	9,652,416	10,329,059

The credit quality analysis of loans outstanding as at 31 December 2016 and 31 December 2015 is as follows:

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

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

STRUCTURE OF LOANS AND ADVANCES TO CUSTOMERS (continued):

31 December 2015	Neither past due nor impaired	Past due but not impaired	Individually assessed, with impairment triggers	Total
	MDL'000	MDL'000	MDL'000	MDL'000
Corporate customers	4,131,033	39,241	2,744,729	6,915,003
Retail entities	1,592,087	87,653	254,247	1,933,987
Individuals	1,961,062	176,963	0	2,138,025
Total loans, gross	7,684,182	303,857	2,998,976	10,987,015

The movement in the impairment allowance during the years 2016 and 2015 is presented below

MDL'000	2016				2015			
	Corporate	Retail		Total	Corporate	Retail		Total
		entities	individuals			entities	individuals	
Balance as at 1 January	534,292	101,797	21,867	657,956	234,793	60,866	13,344	309,003
Impairment charge	244,590	30,977	9,984	285,551	359,196	47,390	18,891	425,477
Amounts written off as uncollectible	(11,858)	(28,371)	(6,318)	(46,547)	(59,697)	(6,459)	(10,368)	(76,524)
Balance as at 31 December	767,024	104,403	25,533	896,960	534,292	101,797	21,867	657,956

MDL'000	2016			2015		
	Individual provision	Collective provision	Total	Individual provision	Collective provision	Total
Balance as at 1 January	610,011	47,945	657,956	292,801	16,202	309,003
Impairment charge	274,933	10,618	285,551	380,141	45,336	425,477
Amounts written off as uncollectible	(39,493)	(7,054)	(46,547)	(62,931)	(13,593)	(76,524)
Balance as at 31 December	845,451	51,509	896,960	610,011	47,945	657,956

	31.12.2016	31.12.2015
	%	%
Total impairment coverage ratio (to total loan portfolio)	8.50	5.99
Individual impairment ratio	30.64	19.59
Collective impairment ratio	0.66	0.61

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

4.11.5. Operational risk

Operational risk is the risk of direct or indirect loss from a diverse range of causes associated with the process, staff, technologies and infrastructure of the Group, and external factors other than credit risk, market or liquidity risk, such as legislative or regulatory requirements and the accepted standards for corporate governance. Operational risks arise from all activities of the Group and are related to all business units.

The objective of the Group is to ensure operational risk management and to avoid financial losses that could damage the reputation of the Group, in accordance with cost-efficiency principles and procedure avoidance discouraging the initiative and creativity.

The primary responsibility for developing and implementing controls to reduce the operational risks are assigned to the executive management of each business unit. This responsibility is based on the development of general standards of the Group aimed in operational risk in the following areas:

- Appropriate requirements for segregation of responsibilities, including independent authorization of transactions;
- Requirements for reconciliation and monitoring of transactions;
- Compliance with laws and regulations;
- Documentation of controls and procedures;
- Requirements for periodic re-evaluation of operational risks, and the adequacy of controls and procedures for addressing the identified risks;
- Reporting requirements of operational losses and proposed remedial actions;
- Development of contingent plans;
- Professional development of staff;
- Ethical and business standards;
- Risk reduction, including through insurance, when it is efficient.

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

4.12. 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 2016, Moldova Agroindbank actively involved in a number of social responsibility projects, helping improve living standards in Moldova. Proceeding from its budget plan for charity and sponsorship, MAIB decided to sponsor two more social programs – National Contest “Letter to My Mother” and the Petrocub sports club from Hancesti district. Moldova Agroindbank is well known for backing some of the most long-lasting and sustainable partnership projects, such as “Maria Biesu” International Festival, “Merit Scholarships” projects and “Santa’s Mail”. The bank granted support to Hospice Angelus Foundation, Clipa Siderala Foundation and also to the National Olympic and Sport Committee to back professional sports.

As education of children and youth is essential to Moldova’s economic progress, the bank and its employees have been taking team efforts to accomplish an important social mission and bring a positive change to the Moldovan society, by inspiring young people to reach their true potential and create a better community. In this context, Moldova Agroindbank provided financial support in the organization of the National Contest of Business Plans, in partnership with the National Association of Young Managers, and provided consultancy support to its participants.

The bank also awarded Merit Scholarships to 50 of the best students from 10 Moldovan higher education institutions, while 30 students from socially-vulnerable families entered the Scholarships for Your Future program.

MAIB is also successful in building mechanisms to keep its employees motivated and actively involved in social solidarity actions.

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

4.13. Business strategy. Strategic objectives

VISION OF THE BANK

We aim to become an international financial group, with a leading position on target markets and always be the first choice for our stakeholders.

MISSION OF THE BANK

We believe that our top goal is to provide the most complex and best quality bank services to each and every customer by implementing cutting-edge solutions.

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

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

GENERAL BUSINESS STRATEGY OF THE BANK FOR 2017 – 2019

The strategy for 2017 – 2019 targets the organic growth of BC Moldova Agroindbank, consolidation of its indisputable leading position on the local market and increase in its financial profitability, by strengthening its customer relations, reorganizing its business model and ensuring a deep transformation of business processes, along with the implementation of modern information technologies and innovation solutions by a team of best experts.

To accomplish its strategic objectives, MAIB will make efficient use of available human, material and financial resources. It will also diminish risk exposure, turn to good account its competitive advantages and differences against its competitors.

The concept of the bank's strategy will focus on four strategic prospects – Finance, Customers, Processes, Knowledge and Development.

01

PROSPECT
"FINANCE"

We will strive to remain profitable and stable and continue to generate added value for our shareholders. We will ensure the financial profitability of the bank's business, in optimal conditions of risk and efficiency. We will maintain an adequate level of the risk – profitability ratio, applying a rigorous cost management and a strict financial discipline.

We aim to maintain the return on equity (ROE) indicator at a level of at least 12%, by means of income source diversification, continuous optimization of non-interest expenses and improvements in the quality of the bank's assets, maintaining indicator (CIR) to level of 52%. Bank profit for 2019 is planned to get to 500 mln. lei

02

PROSPECT
"CUSTOMERS"

Customers are a key-element in the business of the bank, being MAIB's number one priority. The bank will consolidate its relationship with existing customers and will attract new ones, providing them with services and products that meet their needs and expectations.

We will strive to ensure high service quality and enhance customers' satisfaction, enlarge our active customer base and become a first option bank for them. We put customers at the center of our business, as they are our main performance measurement unit and the barometer of Moldova-Agroindbank's success. Our customer oriented strategy and a higher satisfaction level of customers will have a positive impact on the bank's turnover and market share.

MAIB will continue to maintain its position of a systemically important bank on the main market segments, assets and deposits - $\geq 25\%$, loans - $\geq 30\%$. We will turn to good account the competitive advantage of the bank's name (brand) and notoriety, as well as the potential of the Retail segment, focusing on the sub-segment of individuals and microenterprises.

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

03

PROSPECT
"PROCESSES"

We will continue the organic growth of MAIB, by turning it into a modern bank, aimed at reengineering, optimizing and centralizing business processes, enhancing the efficiency and quality of its processes and also improving its business model. To ensure the continuous development of the business process management system, we will formalize and automate them to their fullest extent.

The implementation of strategic management principles at all management levels within the bank is also one of our goals. As a result, we will achieve a unitary and coherent vision on the contribution of each sub-unit to the enforcement of the bank's strategy.

We will further develop the marketing system, enhance business process modeling and implement innovative products and services.

04

PROSPECT
"KNOWLEDGE AND
DEVELOPMENT"

Our goal is to build the best team and assert ourselves as the most high-tech and innovative bank on the local market. We aim to implement modern IT systems and innovative business solutions, to further improve the bank's technological infrastructure. We will also upgrade the human resources management system, guaranteeing a superior level of corporate responsibility and governance, along with the highest professional and ethical standards. We are determined to become one of the best employers on the local market, ensuring a safe and motivating working environment.

4.14. Projects portfolio

The bank will undertake a string of initiatives and will implement a series of complex projects to back the successful achievement of strategic objectives, which aim to:

- Continue the implementation of the Bank's Transformation Project, reorganization of the business model by training staff in branches and agencies to focus on the quality and speed of customer service, proactive sales and centralization of operational activities within a modern Back Office, at the headquarters of the bank;
- Enhance the quality and efficiency of the bank's business processes and automate them to the fullest;
- Implement modern information technologies and innovative business solutions (contemporary Enterprise Resource Planning systems, including Human Resources modules, Fixed Asset Management software, Planning and budgeting, etc.);
- Develop modern Customer Relationship Management (CRM) systems.
- Continue the implementation of the rebranding project, in order to change the visual identity of the bank, along with the inside and outside aspect of its branches and agencies;
- Relocate the headquarters of the bank in a new building, in order to streamline and improve process logistics and create a safe and motivating working environment for all bank employees;
- Set-up a Training Centre;
- Improve the employee evaluation and motivation system in line with the best practices;

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

FINANCIAL INDICATORS (bank)

Indicators	31.12.2013	31.12.2014	31.12.2015	31.12.2016
1. Indicators of profitability				
a) Return on assets (ROA; %)	2.58	2.47	2.08	2.3
b) Return on equity (ROE; %)	14.56	14.7	13.49	13.13
c) Spread (% anual)	3.6	4.0	4.0	3.9
d) Net interest margini (% annual)	4.13	4.6	4.93	4.77
e) Profit net (mil lei)	376.4	358.5	377.0	406.4
f) Efficiency ratio (%) *	167.1	159.7	137.3	139.3
g) Operating expense/Total income (%) *	38.4	42.1	49.3	46.9
2. Personal productivity				
a) Profit net per employe (mii lei)	231.2	250.7	217.9	222.5
b) Profit net /salaries, wages and bonuses	1.85	1.6	1.8	1.4
c) Assets per employe (mil lei)	8.2	10.7	10.5	10.8
3. Liquidity				
a) Loans brut /Deposits from customers total	95.4	93.2	79.2	69.3
4. Indicators of capital				
a) Interest-bearing assets/ total assets	90.2	89.2	89.3	86.3
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
Provision for bad and doubtful loans/total loans brut (%)	2.9	2.9	6	8.5
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

* Calculated according to the methodology of National Bank of Moldova

REGULATORY REQUIREMENTS

Indices	Norm	31.12.2013	31.12.2014	31.12.2015	31.12.2016
EQUITY					
Total regulatory capital	≥ 200 mln. lei	1682.4	1806.9	2362.4	2656.4
Capital adequacy ratio	≥ 16%	21.99	16.82	22.60	25.47
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
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
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
Ratio of Ten Largest net loans to total loan portfolio	≤ 30%	23.68	19.44	18.99	19.56
The sum of all large loans to total regulatory capital	≤ 5 times	1.31	1.18	0.21	0
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
Ratio of total exposure to employees of the bank to total regulatory capital	≤ 10%	2.41	2.61	2.53	2.69
LIQUIDITY					
Liquidity Principle I (long term liquidity)	<1	0.83	0.81	0.68	0.72
Liquidity Principle II (current liquidity)	≥ 20%	28.54	27.3	38.28	43.71
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%
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%
Ratio of total investments in long term tangible assets to total regulatory capital	≤ 50% of TRC	21.2%	15.2	17.7%	32.2%
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%

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

(000'MDL)	31.12.2013	31.12.2014	31.12.2015	31.12.2016
Interest income	948,911	1,084,289	1,490,295	1,612,077
Interest expense	(472,173)	(485,634)	(680,646)	775,298
Net interest income	476,738	598,655	809,649	836,779
Net impairment loss on loans, lease receivables and other receivables	(5,019)	(67,354)	(471,292)	310,092
Net interest income after impairment loss on loans, lease receivables and other receivables	471,719	531,301	338,357	526,687
Fee and commission income	196,277	225,996	300,354	364,508
Fee and commission expense	(49,139)	(49,797)	(76,738)	109,576
Net fee and commission income	147,138	176,199	223,616	254,932
Net foreign exchange gains	120,937	121,635	255,160	216,062
Gains on financial assets and liabilities held for trading	17,513	12,148	7,686	2,825
Other operating income	20,465	21,471	27,842	33,193
Impairment loss on available for sale financial and other assets	(436)	(19,259)	(30,734)	5,229
Personnel expenses	(209,360)	(234,409)	(213,951)	(295,480)
Other administrative and operating expenses	(136,421)	(167,510)	(214,564)	(235,471)
Depreciation and amortization	(43,406)	(45,806)	(58,082)	(68,686)
Gains from investment property revaluation			46,112	3,170
Operating profit	388,149	395,770	381,442	439,636
Share of profit of associates	(174)	0		
Profit before tax	387,975	395,770	381,442	439,636
Income tax expense	(50,191)	(53,657)	3,317	32,398
Profit for the year	337,784	342,113	384,759	407,238

05. FINANCIAL INFORMATION

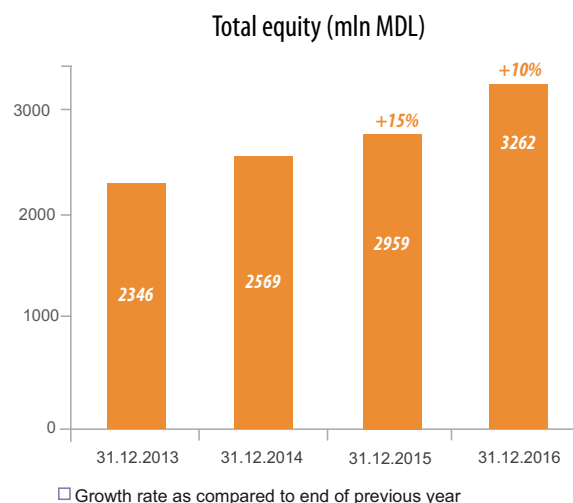
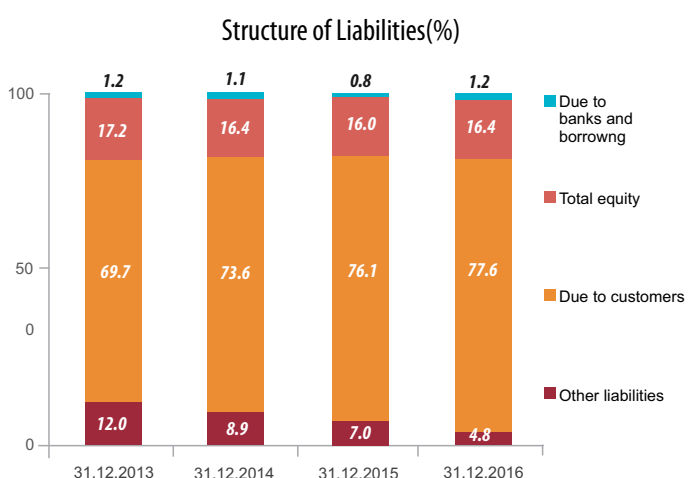
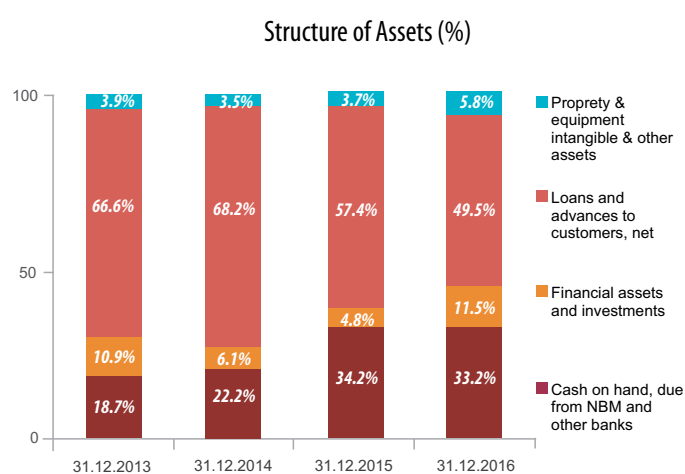
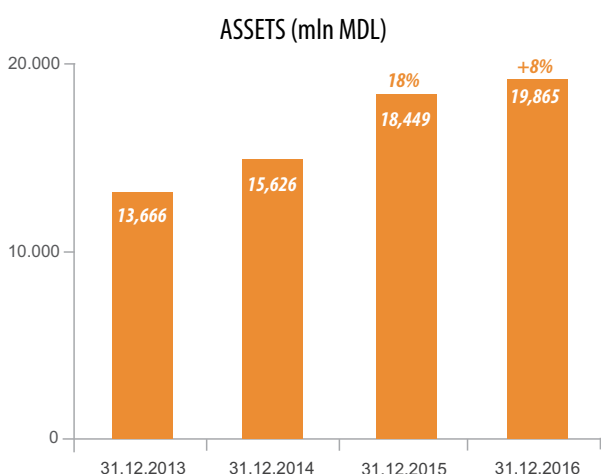
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5.2. Consolidated statement of financial position

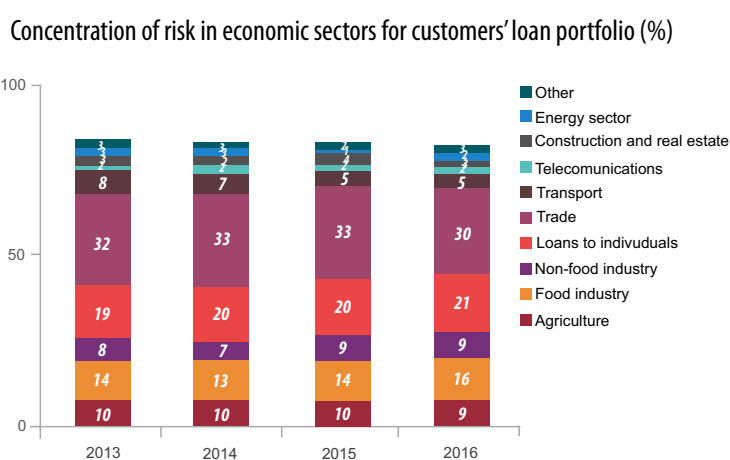
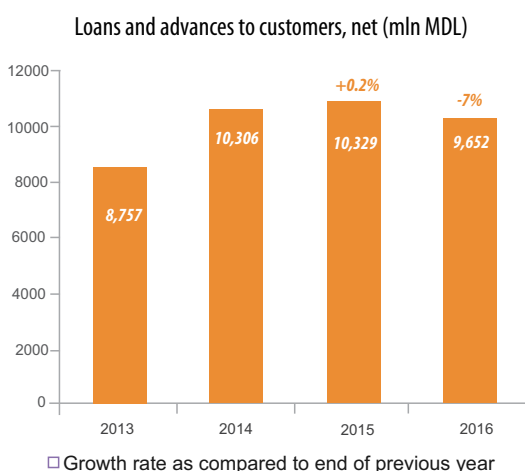
(000'MDL)	31.12.2013	31.12.2014	31.12.2015	31.12.2016
ASSETS				
Cash on hand and balances with National Bank of Moldova	1,746,619	1,925,424	4,040,704	4,476,186
Due from banks	805,193	1,546,429	2,261,334	2,125,086
Financial assets held for trading	214,820	166,520	36,576	-
Loans and advances to customers, bruto	9,002,307	10,614,991	10,987,015	10,549,376
Less: allowance for impairment losses	245,238	309,003	657,956	896,960
Loans and advances to customers, net	8,757,069	10,305,988	10,329,059	9,652,416
Lease receivables	335,296	347,072	263,934	172,518
Financial assets available for sale	144,397	158,064	153,769	174,095
Investments in associates	2,797	-	-	-
Financial assets held to maturity	1,124,375	624,814	688,879	2,104,017
Foreclosed collateral	14,288	17,437	24,093	24,005
Property and equipment	364,334	393,102	486,607	904,785
Intangible assets	38,606	52,118	62,708	68,510
Other assets	118,685	88,692	101,709	163,458
Total assets	13,666,479	15,625,660	18,449,372	19,865,076
LIABILITIES				
Due to banks	413,613	296,421	183,931	95,658
Borrowings	1,220,500	1,094,419	1,114,606	848,088
Due to customers	9,529,155	11,501,029	14,044,541	15,412,375
Other liabilities	157,254	165,243	147,015	246,615
Total liabilities	11,320,522	13,057,112	15,490,093	16,602,736
EQUITY				
Shares	194,673	194,673	207,527	207,527
Share premium	31,037	31,037	104,537	104,537
Property and equipment revaluation reserve	167,493	160,319	149,548	208,511
Available for sale financial assets revaluation reserve	33,227	62,901	72,203	74,510
Retained earnings	1,915,319	2,114,936	2,418,489	2,656,859
Non-controlling interests	4,208	4,682	6,975	10,396
Total equity	2,345,957	2,568,548	2,959,279	3,262,340
Total equity and liabilities	13,666,479	15,625,660	18,449,372	19,865,076

05. FINANCIAL INFORMATION (consolidated)

...CONTINUED



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.



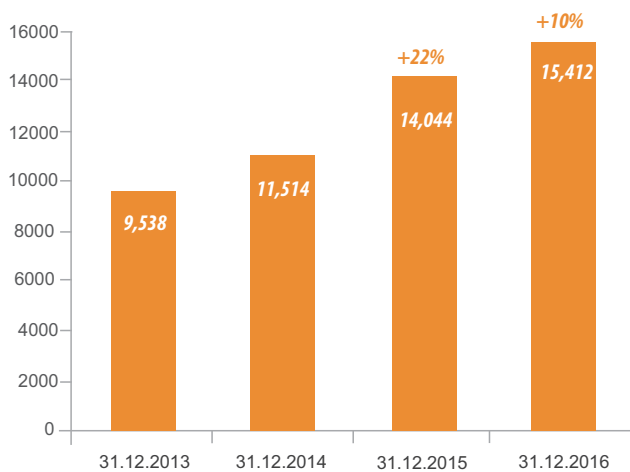
Group's loan portfolio grew dynamically, 61% of total portfolio are Corporate loans, 39% are Retail loans. Loan portfolio has a diversified sector structure, similar to national economy structure. The largest share in total portfolio is held by trade, followed by food industry, agriculture and loans to individuals.

05. FINANCIAL INFORMATION (consolidated)

...CONTINUED

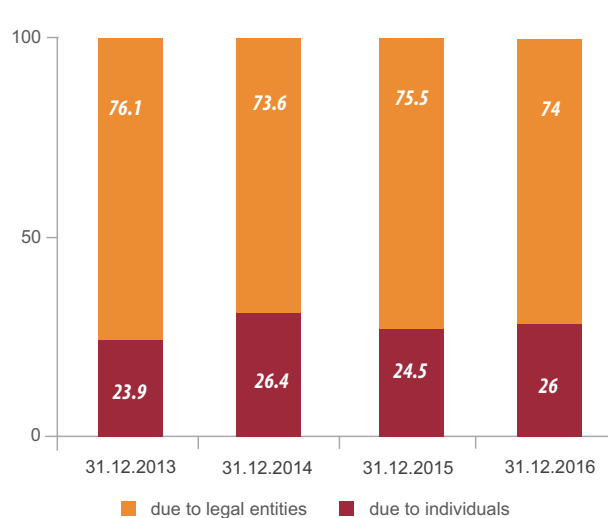
In the structure of due to customers of the Group, deposits of individuals hold the largest share of about 74%. About 73% of total due to customers (including individuals and legal entities) are term deposits.

Due to customers (mln MDL)



□ Growth rate as compared to end of previous year

Structure of due to customers (%)



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 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 (Note 21)	-	-	-	-	(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

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

05. FINANCIAL INFORMATION (consolidated)

...CONTINUED

	31.12.2013	31.12.2014	31.12.2015	31.12.2016
	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
Interest paid	(476,754)	(483,362)	(660,833)	(792,536)
Commission received	196,277	220,827	292,236	356,582
Commission paid	(39,797)	(53,411)	(70,170)	(102,562)
Income received from trading in foreign currencies	128,405	135,118	294,323	231,263
Recoveries of loans previously written-off	41,039	14,837	16,624	16,624
Other operating income received	18,325	23,904	22,917	19,182
General and administrative expenses paid	(224,052)	(161,461)	(208,412)	(243,265)
Personnel expenses paid	(147,686)	(239,062)	(216,734)	(299,766)
Cash flows from operating activities before changes in operating assets and liabilities:	443,657	542,738	943,635	775,017
Net (increase) / decrease in operating assets :				
Due from banks	(121,366)	(136,032)	(187,880)	24,186
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
Financial assets available for sale	-	-	-	-
Loans and advances to customers	(1,500,605)	(1,327,047)	197,820	314,349
Lease receivables	5,598	14,526	57,014	85,171
Other assets	5,485	12,885	(6,803)	(1,223)
Net increase / (decrease) in operating liabilities :				
Due to banks	(105,516)	(1,200)	13,581	(7,602)
Due to customers	1,812,545	1,592,118	1,496,629	1,474,519
Other liabilities	27,678	(9,599)	8,212	146,120
Net cash from operating activities before tax	218,324	643,984	2,600,067	2,871,701
Income tax paid	(41,466)	(32,679)	(41,645)	(39,154)
Net cash from operating activities	176,858	611,305	2,558,422	2,832,547
Cash flows from investing activities				
Purchase of property and equipment and intangible assets	(53,673)	(75,589)	(104,623)	(483,656)
Dividends received	4,054	-	-	-
Available for sale financial assets	-	385	(1,768)	(10,327)
Proceeds from sale of investments in associates	-	2,900	-	-
Net cash used in investing activities	(49,619)	(72,304)	(106,391)	(493,983)
Cash flows from financing activities				
Repayment of loans and borrowings	(518,357)	(682,016)	(616,824)	(461,305)
Proceeds from loans and borrowings	497,285	324,068	326,260	133,673
Proceeds from redemption of treasury shares	-	-	86,354	-
Dividends paid	(146,005)	(145,617)	(100,909)	(222,635)
Net cash used in financing activities	(167,077)	(503,565)	(305,119)	(550,267)
Effect of exchange rate fluctuation	49,705	87,455	352,315	17,315
Net increase in cash and cash equivalents	9,867	122,891	2,499,227	1,805,612
Cash and cash equivalents as at 1 January	2,568,982	2,578,849	2,701,740	5,200,967
Cash and cash equivalents as at 31 December	2,578,849	2,701,740	5,200,967	7,006,579



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