



**VICTORIABANK**  
PRIMA BANCĂ DIN MOLDOVA

# External Auditors' Report

2015

# Independent Auditors' Report on the Summary Financial Statements

The accompanying summary financial statements comprise the summary statement of financial position as at 31 December 2015, the summary statement of profit or loss and the summary statement of other comprehensive income, derived from the audited financial statements of B.C. "Victoriabank" S.A. ("the Bank") for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards and Note 1 "Basis of preparation of the summary financial statements for the year ended 31 December 2015" („Note 1"). We expressed a qualified audit opinion on those financial statements in our report dated 12 May 2016.

The summary financial statements do not include all the disclosures required by the International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of BC "Victoriabank" SA.

## Management's Responsibility for the Summary Financial Statements

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

## Auditors' Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810, "Engagements to Report on Summary Financial Statements", as adopted by the Order of the Ministry of Finance No. 64 from 14 June 2012.

## Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Bank for the year ended 31 December 2015 are consistent, in all material respects, with those financial statements, on the basis described in Note 1 to the summary financial statements. However, the summary financial statements are possibly misstated to the equivalent extent as the audited financial statements of the Bank for the year ended 31 December 2015. The possible misstatement of the audited financial statements is described in our qualified audit opinion in our report dated 12 May 2016.

Our qualified audit opinion is based on:

- As at 31 December 2015 the Bank had investment property in amount of MDL 215,066,258,

repossessed from Bank's debtors as a result of non-repayment of their loans, for which the Bank's management estimated allowances for impairment in amount of MDL 37,628,411. In estimating the allowances for impairment of investment property, based on Bank's internal methodology, the Bank's management used market values from valuation reports prepared by independent evaluators, which were adjusted with coefficients calculated based on previous losses incurred by the Bank for similar assets. However, we could not obtain sufficient and appropriate audit evidence concerning the value of investment property because of factors such as lack of market liquidity for similar assets, lack of recent transactions performed by the Bank with similar assets and significant period of time elapsed from the moment of taking these assets in the statement of financial position of the Bank. Consequently, we were unable to determine whether adjustments might have been necessary to the amounts shown in the financial statements for investment property, current income tax receivables, current income tax liabilities and retained earnings as at 31 December 2015 and, respectively, for impairment charge on assets, income tax (expenses)/ income and on net profit for the year ended 31 December 2015.

- - As at 31 December 2015 the Bank had other assets in amount of MDL 82,700,388, representing inventories which include collaterals repossessed as a result of non-repayment of loans, for which the Bank's management estimated adjustments to the net realizable value in amount of MDL 13,951,693. In estimating the adjustments to the net realizable value of inventories, based on Bank's internal methodology, the Bank's management used market values from valuation reports prepared by independent evaluators, which were adjusted with coefficients calculated based on previous losses incurred by the Bank for similar assets. However, we could not obtain sufficient and appropriate evidence concerning the value of inventories because of factors such as lack of market liquidity for similar assets, lack of recent transactions performed by the Bank with similar assets and significant period of time elapsed from the moment of taking these assets in the statement of financial position of the Bank. Consequently, we were unable to determine whether adjustments might have been necessary to the amounts shown in the financial statements for other assets, current income tax receivables, current income tax liabilities and retained earnings as at 31 December 2015 and, respective-

ly, for impairment charge on assets, income tax (expenses)/ income and on net profit for the year ended 31 December 2015.

- According to IAS 1 Presentation of financial statements and IAS 24 Related party disclosures, the Bank should disclose the name of the ultimate beneficiaries who have control over the Bank. Although, the Bank disclosed in the financial statements the name of the ultimate beneficiaries, based on the information and documents available to the Bank and reported to the National Bank of Moldova, according to the Regulation regarding disclosures by the Banks from Republic of Moldova of information related to their activity, the procedures performed by us, revealed that there could be other ultimate beneficiaries than those disclosed by the Bank in the financial statements, however we could not conclude over this matter. As a consequence, we were not able to determine the possible effect of this limitation over the information presented in Note 34 Related parties of the financial statements.

Our qualified audit opinion states that except for the possible effects of the described matters, those financial statements present fairly, in all material respects, the financial position of the Bank as at

31 December 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

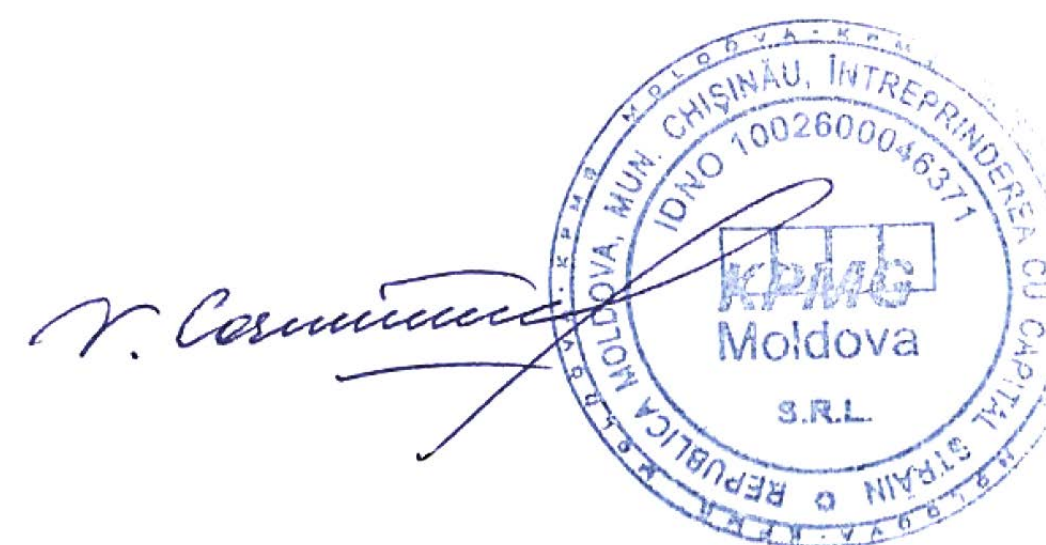
Our audit report dated 12 May 2016 included an Emphasis of matter paragraph which draws attention to the Note 2.2 Basis of preparation from the financial statements which describes the fact that, according to the decision No. 156 dated 11 June 2015 of the Council of Administration of the National Bank of Moldova and the decisions No.24 dated 11 September 2015, No. 138 dated 14 December 2015 and No. 51 dated 9 March 2016 of the Executive Committee of the National Bank of Moldova, based on the reasons invoked in those decisions, the Bank was placed under special supervision for 4 consecutive terms of 3 months. Similarly, the Emphasis of matter paragraph draws attention to the Note 1 General Information from the financial statements that describes that the Council of Administration of the Bank is not functional starting 19 September 2014 after it was suspended by a Court decision and, although, the Extraordinary General Shareholders' Meeting dated 23 October 2015 elected a new Council of Administration, it has not started exercising its attributions till the date of approval of these financial statements. These aspects may impact the going

concern of the Bank. The final result of these aspects cannot be estimated at the date of approval of these financial statements.

Our auditors' report dated 12 May 2016 included an Other Matters paragraph which mentions that our report is made solely to the Bank's shareholders, as a body, that our audit work has been undertaken so that we might state to the Bank's shareholder those matters we are required to state to them in an auditors' report and for no other purpose and that to the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's shareholders, as a body, for our audit work, for the report on the financial statements, or for the opinion we have formed.

12 May 2016

Vitalie Corniciuc



### For and on behalf of:

#### KPMG Moldova SRL

171/1 Stefan eel Mare Avenue, 8th floor,  
MD-2004, Chişinău, Moldova License Series  
A MMII, No. 046186 dated 22 November 2004

#### Certified auditor

#### Certificate of audit qualification

Series AG, No.000300

#### Certificate of audit qualification for financial institutions

Series AIF, No.0019

# Summary statement of financial position as at 31 december 2015

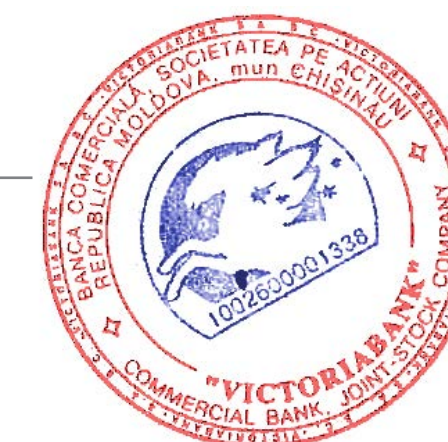
	31 december 2015	31 december 2014
	MDL'000	MDL'000
<b>ASSETS</b>		
Cash and balances with the National Bank of Moldova	3,086,458	2,343,338
Current accounts and deposits with banks	1,640,804	2,059,759
Equity securities – available-for-sale	166,078	153,687
Debt securities – held to maturity	968,247	1,362,948
Loans to customers, net	5,518,138	5,641,567
Property and equipment	153,193	151,587
Intangible assets	57,415	46,757
Investment property	235,687	183,718
Current income tax receivables	11,728	9,454
Assets held for sale	73,243	22,510
Other assets	173,765	205,033
<b>Total assets</b>	<b>12,084,756</b>	<b>12,180,358</b>
<b>LIABILITIES</b>		
Liabilities due to banks	292,588	150,229
Other borrowings	398,292	383,043
Liabilities due to customers	9,228,227	9,615,686
Current income tax liabilities	91	4,225
Deferred income tax liabilities	4,974	77,653
Other liabilities	100,410	51,225
<b>Total liabilities</b>	<b>10,024,582</b>	<b>10,282,061</b>


	31 december 2015	31 december 2014
	MDL'000	MDL'000
<b>EQUITY</b>		
Ordinary shares	250,001	250,001
Share premium	10,250	10,250
Revaluation reserve related to fair value of equity securities available for sale	152,666	103,180
Statutory reserves	25,000	25,000
Other reserves	496,695	684,548
Retained earnings	1,125,562	825,318
<b>Total equity</b>	<b>2,060,174</b>	<b>1,898,297</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>12,084,756</b>	<b>12,180,358</b>

The disclosure related to the basis of preparation of the summary financial statements is presented in the Note 1.

These summary financial statements were authorized to be issued on 12 May 2016 by the Bank's management represented by:

  
**President**  
 Natalia Politov-Cangaș



  
**Chief Accountant**  
 Maria Iovu

# The summary statement of profit or loss account and the summary statement of other comprehensive income for the year ended 31 december 2015

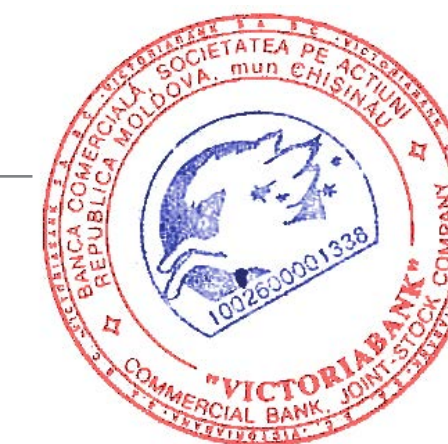
	Year ended 31 December 2015	Year ended 31 December 2014
	MDL'000	MDL'000
<i>Interest income</i>	876,749	712,062
<i>Interest expenses</i>	(382,059)	(403,061)
<b>Net interest income</b>	<b>494,690</b>	<b>309,001</b>
<i>Fee and commission income</i>	253,885	228,589
<i>Fee and commission expenses</i>	(81,283)	(67,393)
<b>Net fee and commission income</b>	<b>172,602</b>	<b>161,196</b>
<i>Financial income, net</i>	238,922	122,382
<i>Other operational income</i>	5,957	8,952
<b>Total operational income</b>	<b>912,171</b>	<b>601,531</b>
<i>Impairment charge on assets</i>	(537,168)	(73,660)
<b>Net operational income</b>	<b>375,003</b>	<b>527,870</b>
<i>Personnel expenses</i>	(168,079)	(146,556)
<i>General and administrative expenses</i>	(135,193)	(132,480)
<i>Amortization</i>	(35,159)	(28,578)
<b>Total operational expenses</b>	<b>(338,431)</b>	<b>(307,614)</b>


	Year ended 31 December 2015	Year ended 31 December 2014
	MDL'000	MDL'000
<b>Profit before tax</b>	<b>36,572</b>	<b>220,255</b>
<i>Income tax (expenses)/ income</i>	75,819	(21,700)
<b>Net profit for the year</b>	<b>112,391</b>	<b>198,555</b>
<b>Other comprehensive income</b>		
<i>Other comprehensive income Items that are or may be reclassified to profit or loss</i>		
<i>Reserve related to the fair value (available for sale financial instruments), Net change in fair value</i>	49,486	33,952
<b>Other comprehensive income for the year</b>	<b>49,486</b>	<b>33,952</b>
<b>Statement of comprehensive income for the year</b>	<b>161,877</b>	<b>232,507</b>

The disclosure related to the basis of preparation of the summary financial statements is presented in the Note 1.

These summary financial statements were authorized to be issued on 12 May 2016 by the Bank's management represented by:

  
**President**  
 Natalia Politov-Cangaș



  
**Chief Accountant**  
 Maria Iovu

# Note 1: Basis of preparation of summary financial statements for the year ended 31 december 2015

For the purpose of applying the Regulation on disclosure of information on the activity of the licensed banks from the Republic of Moldova, as approved by the Decision of the Council of Administration of the National Bank of Moldova No.52 dated 20 March 2014, the management of BC "Victoriabank" SA ("the Bank") proceeded to the extraction of the information from the financial statements of BC "Victoriabank" SA for the year ended 31 December 2015, prepared in accordance with International Financial Reporting Standards.

These summary financial statements, which comprise the summary statement of financial position as at 31 December 2015 and the summary statement of profit or loss account and the summary statement of other comprehensive income for the year then ended have been extracted in their entirety from the relevant information included in the financial statements of BC "Victoriabank" SA for the year ended 31 December 2015 prepared in accordance with International Financial Reporting Standards. These summary financial statements are consistent with those financial statements.


These summary financial statements include also an explanatory note that has not been derived from those financial statements.

These summary financial statements do not include all the disclosures required by the International Financial Reporting Standards. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of BC "Victoriabank" SA.

Management has prepared these summary financial statements for their publication in the press and the Bank's annual report. The complete set of financial statements of BC "Victoriabank" SA, from which the summary financial statements have been derived, are available on BC "Victoriabank" SA's website [www.victoriabank.md](http://www.victoriabank.md) and, upon request, at 141, 31 August 1989 street, Chisinau, Republic of Moldova.

  
**Chairman**  
Natalia Politov-Cangaș



  
**Chief Accountant**  
Maria Iovu