

# annual report 2023





On the cover page maib logo photo taken on 8 May 2023, maib's 32nd birthday. A total of approx. 80 colleagues participated in the photo session.

# contents

<b>4</b>	<b>Maib at a glance</b>	<b>100</b>	<b>Near term outlook</b>
<b>8</b>	History of maib	<b>101</b>	Economic outlook for 2024
<b>10</b>	<b>Highlights of 2023</b>	<b>102</b>	Strategic plans
<b>11</b>	Financial highlights of 2023	<b>103</b>	<b>Governance</b>
<b>12</b>	Operating highlights of 2023	<b>104</b>	Supervisory board chairman statement
<b>13</b>	Financial performance overview	<b>105</b>	Corporate governance structure
<b>19</b>	Key performance indicators	<b>106</b>	Supervisory board
<b>22</b>	Operating milestones of 2023	<b>108</b>	Supervisory Board committees and their responsibilities
<b>26</b>	Sustainability at maib	<b>109</b>	Nomination and Remuneration Committee
<b>27</b>	Risk management summary	<b>110</b>	Audit committee
<b>30</b>	Chairman message	<b>111</b>	Risk committee
<b>32</b>	CEO message	<b>113</b>	Statement of Supervisory Board Members' Responsibilities
<b>35</b>	Country update	<b>114</b>	Supervisory Board Members Report
<b>36</b>	Economic overview	<b>116</b>	Management board
<b>39</b>	Moldova in numbers	<b>119</b>	Shareholder engagement
<b>40</b>	<b>Strategy and performance</b>	<b>120</b>	Sustainability
<b>41</b>	Strategy and business model	<b>122</b>	Corporate social responsibility, philanthropy and sponsorship
<b>45</b>	Retail business unit	<b>125</b>	Internal audit
<b>63</b>	SME business unit	<b>126</b>	Risk management
<b>76</b>	Corporate business unit	<b>131</b>	Principal risks and uncertainties
<b>83</b>	Information technology	<b>137</b>	Going concern and viability statements
<b>86</b>	People	<b>138</b>	Glossary
<b>89</b>	Agile transformation	<b>139</b>	Non-financial statement
<b>92</b>	Operations and logistics		
<b>96</b>	Investments and brokerage service		
<b>98</b>	Maib leasing		
<b>99</b>	Moldmediacard		



annual report  
2023

maib  
at a  
glance

The **maib** group consists of BC "MAIB" S.A. ("**maib**" or "the Bank") as a parent company and its subsidiary companies: OCN "MAIB-Leasing" SA (**maib** leasing) and "Moldmediacard" SRL ("Moldediacard").

In the pages of this report we refer to:

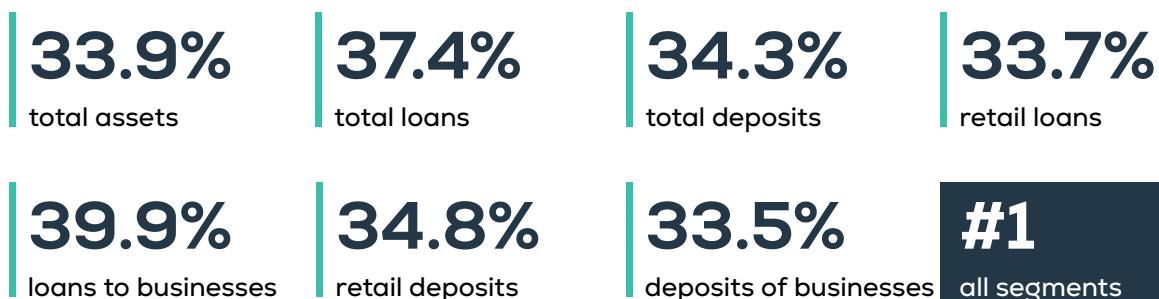
- The **maib** group, talking about the Bank and its subsidiary companies;
- **maib**, referring to the Bank.

**Maib** is the largest bank in Moldova and the leader of Moldovan banking sector. It is a commercial bank that lends to businesses and individuals, takes deposits, maintains current accounts, provides payment solutions for businesses and individuals. **Maib** invests its own funds and has a brokerage service. It has 2 subsidiaries – a leasing company and a card processing operation. Its sole geographic focus is Moldova.

## market leadership

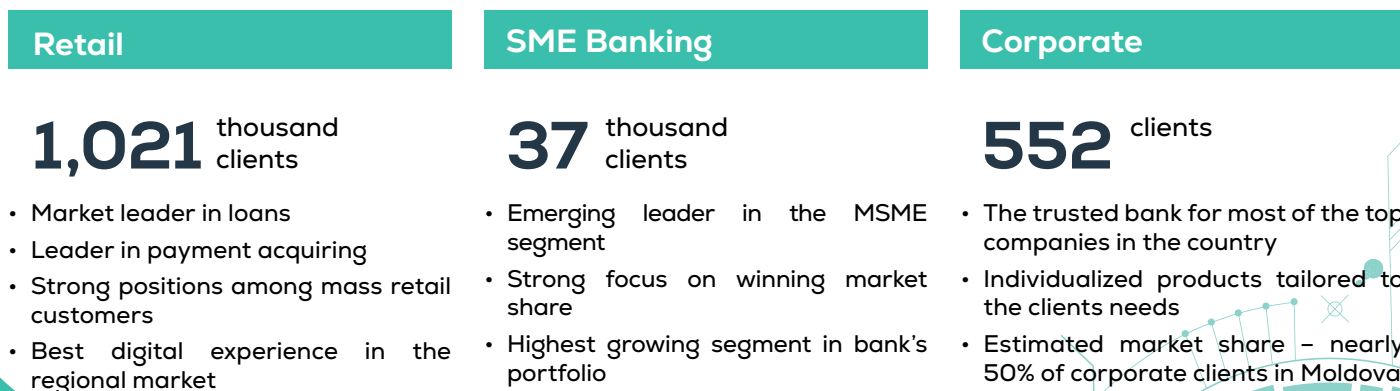
**Maib** holds clear leadership in nearly all segments of the Moldovan banking market.

Market share 2023 as 31 december 2023



## customer base

**Maib** has a wide customer base of nearly 1,058 thousand individuals, businesses and other organizations.



## Total maibank users

**591k**  
+37% y-o-y

## maibank number of operations

**13,992k**  
X4.6 y-o-y

## employees

There are 2,822 people working at maib Group, including 2,790 people in the Bank (from which 2,403 full-time employees), 17 employees at Maib Leasing and 15 employees at Moldmedia Card.



## distribution network

Maib's distribution network has both physical and digital presence.

### Extensive and modern physical network



**369 ATMs** and **396 self-service terminals**, including cash-in and a variety of payment and money transfer services



**15,566 POS terminals**, market leading network



**103 branches and agencies** providing full range of services to retail and non-retail clients



**Branch re-design and re-branding** launched in 2021 continued in 2023

### Market leading app providing a full range of services



App provides full management of customer accounts



Online application for loan products via app



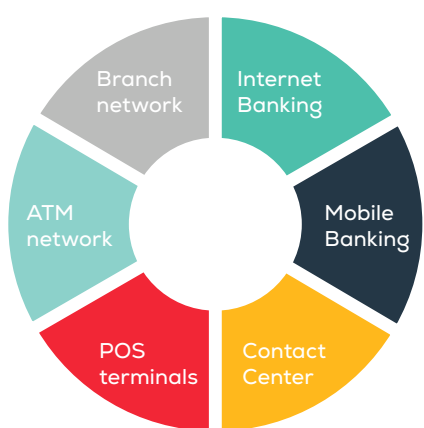
Utility payments, exchange service, balances and transactions



Instant access to customer service via the app



### multichannel distribution platform



	#1	#1	#2
	ATM	POS	Branches/
	ATMs	Terminals	Agencies
<b>maib</b>	<b>369</b>	<b>15.6K</b>	<b>103</b>
Competitor 1	274	9.9K	157
Competitor 2	225	8.1K	72
Competitor 3	153	1.6K	68

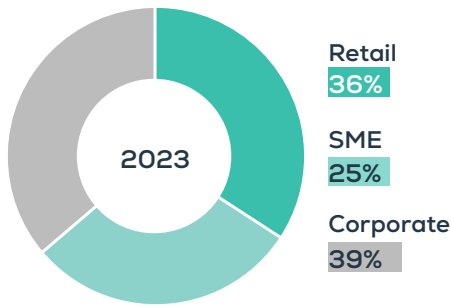
\*Data presents top network per each distribution channel

## funding model

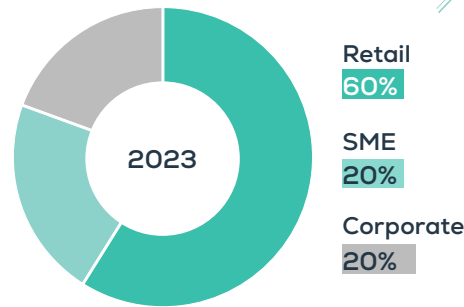
Maib's source of financing includes customers' deposits, own funds and borrowing from International Financial Institutions and other. Maib received loans from the IFC, EBRD, EFSE, GGF, including the subordinated loan, first deal of its kind in Moldovan banking. In 2024 maib also signed partnership agreement, including a loan, with EIB.

# key business segments

## Customer loan composition



## Customer deposits composition

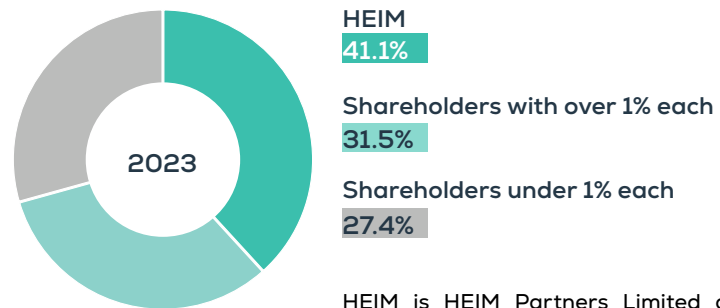


Source: financial statements

# shareholders

**Maib** has a wide shareholder base of over 3,000 shareholders, comprising professional investors, businesses and individuals. It is a dividend payer subject to permission by National Bank of Moldova (NBM).

## Shareholder structure



HEIM is HEIM Partners Limited a holding company for EBRD, Horizon Capital and Invalda INVL

Source: **maib** shareholder register

# our purpose and values

**we create** smart and **simple** financial and lifestyle solutions, **that inspire** people to be happier and businesses more successful

- experiences that make customers and employees happier
- **transparent** and **trustworthy** environment
- **team spirit** so that people enjoy working and having fun together



- taking **ownership** and delivering results
- **innovation** and creative thinking
- acting responsibly towards society and environment

- products and services
- operations and communication
- the way we work, becoming **agile**

# history of maib

## 2023

- Digital onboarding launched for customers in Moldova;
- **Maib park**, new headquarters, opens its doors;
- **Maib** corporate bond issue, first such development in over 20 years;
- IFC agrees to extend a loan to **maib**, marking a return of the organisation to banking sector in Moldova;
- **Maib** adopts the ESG strategy and set the action plan for its sustainability goals;
- More loans and deposits are distributed via maibank than via branches!
- One million maib customers!
- One million cards in active use!

## 2022

- Digital cards launched for Moldovan customers;
- CasaHUB and AgricolaHUB join the maib ecosystem family;
- Apple Pay, Google Pay and Garmin Pay become available for **maib** customers;
- Bank-wide Agile transformation launched in January;
- **Maib** cements market leadership: 37.2% of banking system total assets;
- **Maib** launches alto, the first premium banking service in Moldova.

## 2021

- New CEO with international experience joins management board - Giorgi Shagidze;
- Rebranding covering all aspects of visual identity launched with a spectacular drone show;
- DriveHub digital platform launched for car sellers and buyers;
- Moldovan Capital Markets day held on London Stock Exchange features **maib**;
- Opening of maib mortgage centre.

## 2019-2020

- **Maib** introduces short customer care number 1313;
- Launch of a raft of new products including Gama cards, LiberCard, Instant card;
- The first self-service area with POS terminals installed in supermarkets;
- Further upgrade to information security and ISO 27001:2017 certification;
- **Maibank** mobile application is launched to wider public.

## 2012-2018

- HEIM Partners acquire 41.1% stake in maib;
- Rebranding and logo change;
- Market leadership constantly growing: 26.3% of all banking system assets, 28.7% - of loans, 27.8% - of deposits;
- **Maib** - one of the largest private employers in the country with over 1500 employees.

## 2007-2011

- Maib launches VISA and Mastercard chip cards;
- First Cash-In service solution is launched;
- **Maib** launches Internet Banking service pilot service for retail customers.

## 2000-2006

- **Maib** develops electronic networks for distribution of banking products;
- Total number of customers, individuals and legal entities exceeds 200 thousand;
- First leasing company in Moldova launched;
- Launch of maib Business Center;
- **Maib** joins VISA International system;
- Moldmediacard subsidiary founded.

## 1996-1999

- First logo trademarked;
- **Maib** leads Moldovan banking sectors in most categories.

## 1991-1995

- **Maib** connects to Reuters and SWIFT;
- First agreement with EBRD signed;
- **Maib** becomes the founder of the Moldovan Stock Exchange;
- **Maib** receives banking license 1991;
- Commercial Bank "Moldova Agroindbank" S.A. founded in 1991.







 maib

annual report  
2023

highlights  
of  
2023

# financial highlights

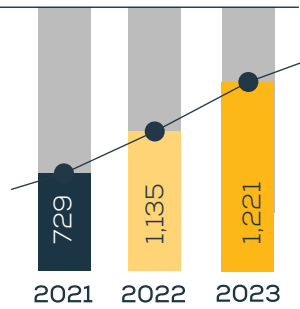
based on consolidated figures

## net profit

(million MDL)

**1,221**

+7.5% y-o-y

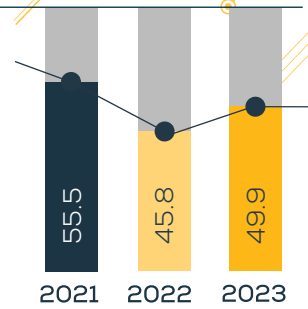


## cost to income ratio\*

(%)

**49.9%**

+4.1 p.p y-o-y

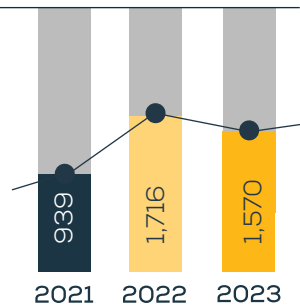


## pre-provision income

(million MDL)

**1,570**

-8.5% y-o-y

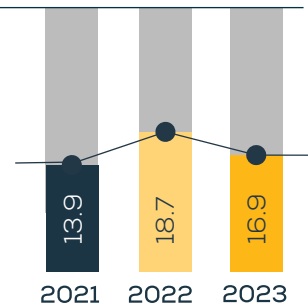


## return on equity

(%)

**16.9%**

-1.8 p.p y-o-y

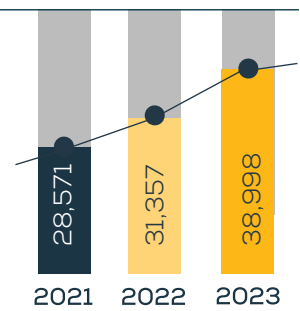


## total deposits

(million MDL)

**38,998**

+24.4% y-o-y

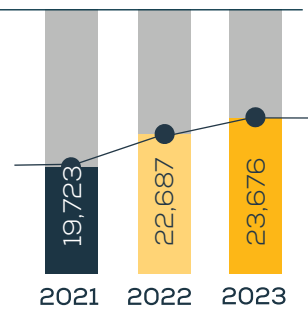


## total loans

(million MDL)

**23,676**

+4.4% y-o-y

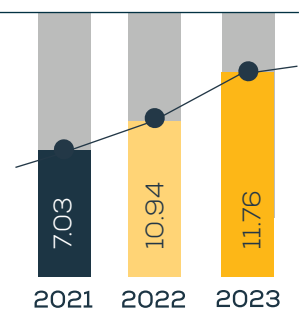


## basic earning per share

(MDL)

**11.76**

+7.5% y-o-y

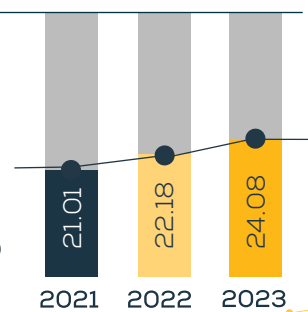


## total capital ratio\*\*

(%)

**24.08%**

+1.85 p.p y-o-y



\* CIR is calculated without impairment and provisions releases/charges

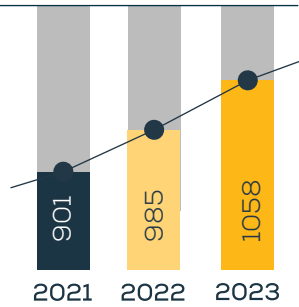
\*\* Total capital ratio is presented on the standalone basis (Bank only). The other companies within the Group (subsidiaries of Bank) are non-banks, representing approx. 1% of total equity, 2% of net operating income and 2% of total income of the Group

# operating highlights

number of clients

**1,058k**

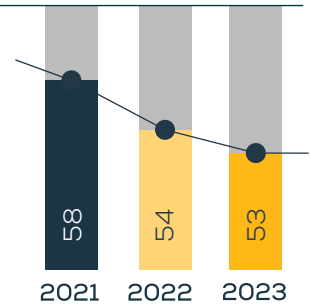
+7% y-o-y



banking branches

**53**

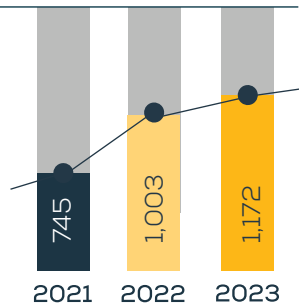
-1 y-o-y



number of cards

**1,172k**

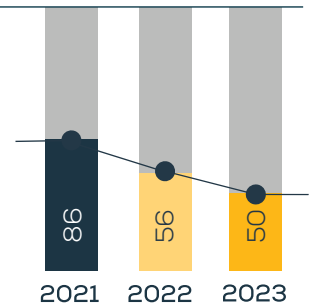
+17% y-o-y



agencies

**50**

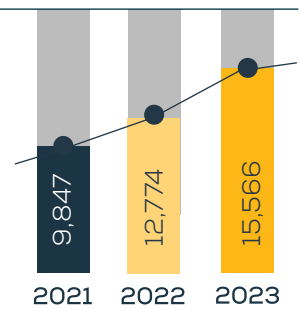
-6 y-o-y



POS terminals

**15,566**

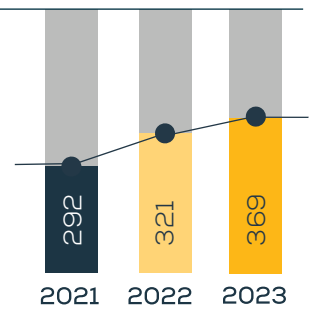
+2,792 y-o-y



ATM-s

**369**

+48 y-o-y



total maibank users

**591k**

+37% y-o-y

maibank number of operations

**13,992k**

X4.6 y-o-y

# financial performance overview

## Group's P&L Highlights for 2023

- Net Profit for 2023: MDL 1,221 million (2022: MDL 1,135 million), up by 7.5% year on year
- Return on average equity (ROE): 16.9% (2022: 18.7%)
- ROE before credit loss allowance charge (ECL): 21.7% (2022: 28.2%)
- Return on average assets (ROA): 2.6% (2022: 2.8%)
- Cost to income: 49.9% (2022: 45.8%)
- Cost of risk (at year end): 0.8% (2022: 1.6%)
- Net interest margin (NIM): 4.9% (2022: 5.8%)
- Basic quarterly earnings per share (EPS): 11.76 MDL (2022: 10.94 MDL)

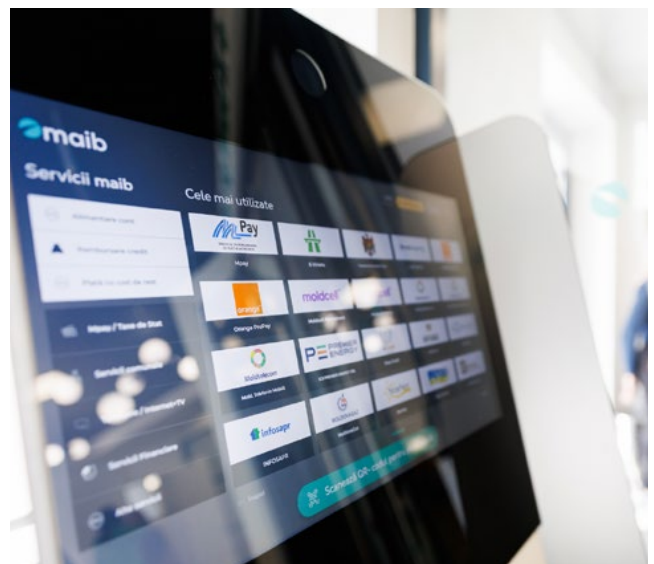


## Group's Balance Sheet Highlights as of 31 December 2023

- Total assets: MDL 52,286 million (2022: 43,168 million), up by 21.1% year on year
- Loans and advances to customers (gross): MDL 23,676 million (2022: 22,687 million), up by 4.4% year on year
- Net loans to deposits ratio: 57.8%, down from 68.3% 2022
- Non-performing loans (NPL) is 2.7%, down from 2.8% 2022
- Total customers deposits MDL 39.0 billion, up by 24.4% compared to 2022
- NPL ECL coverage and total ECL coverage ratios stood at 180.7% and 4.8%, respectively, on 31 December 2023, compared to 198.2% and 5.6% as of 31 December 2022

## Market share as of 31 December 2023:

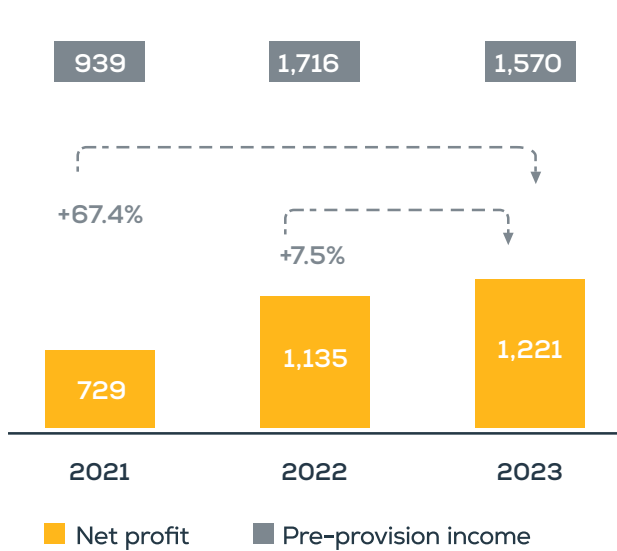
- Market share of total assets was 33.9%, up by 1.21 pp Year on year
- Market share of total loans was 37.4%, up by 0.23 pp Year on year
- Market share of total deposits reached 34.3%, up by 1.23 pp Year on year



## The Group achieves another profitable year

The Group generated a net profit of MDL 1,220.7 million in 2023, up by 7.5% year on year. This growth was driven by a strong performance across all categories, with the largest contribution to the increase coming from net interest income. As a result, the Group delivered a robust profitability, with ROE and ROA of 16.9% and 2.6% for 2023.

### profit (net and pre-provision) (mln MDL)

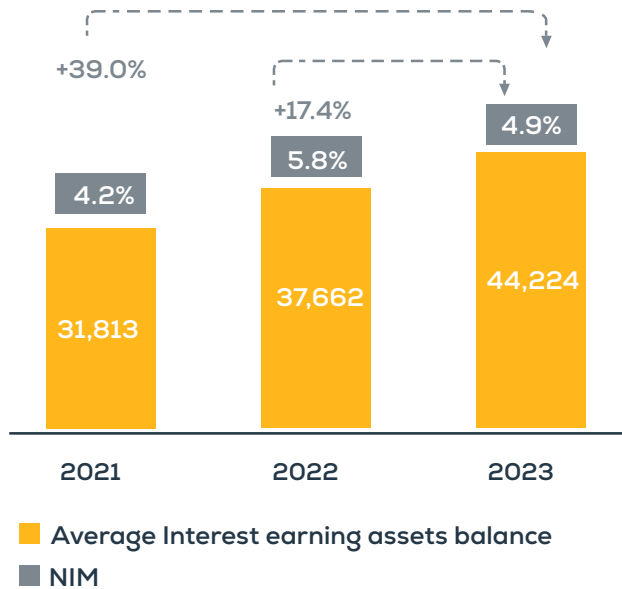


Source: financial statements

## Monetary policy easing impacting net interest margin

During the year 2023 NBM decreased the base rate from 20.0% to 4.75% in December 2023, which led to the reduction in asset yields and has played a key role in the contraction of NIM, resulting in a successive impact on net interest margin, which decreased by 0.9 pp year on year.

### NIM and Interest earning assets balance (mln MDL)

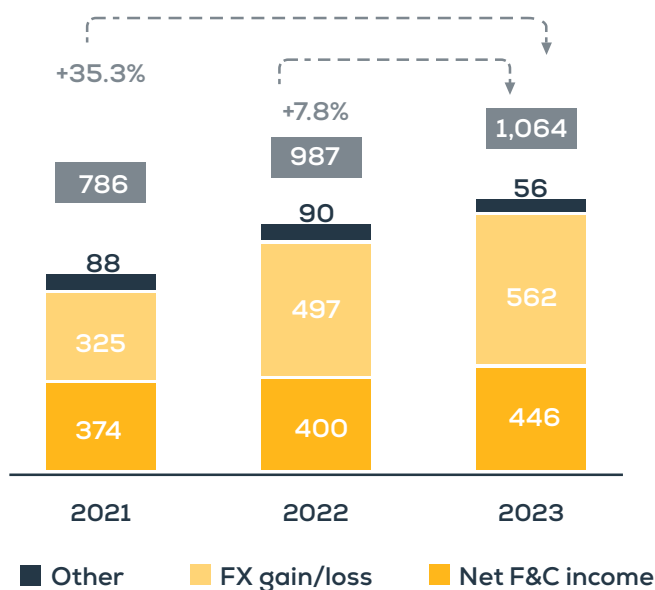


Source: financial statements

## Strong rise in FX gains contributed to net profit growth

Non-interest income stands as a substantial component, constituting about one third of total operating income (33%). In 2023, non-interest income reached MDL 1,064 million, demonstrating a 7.8% increase. The YoY growth was primarily driven by net foreign exchange gains from increased margins despite decrease in volumes of the forex exchange transactions performed by legal entities and individuals during the year.

### Non-interest income (mln MDL)



Source: financial statements



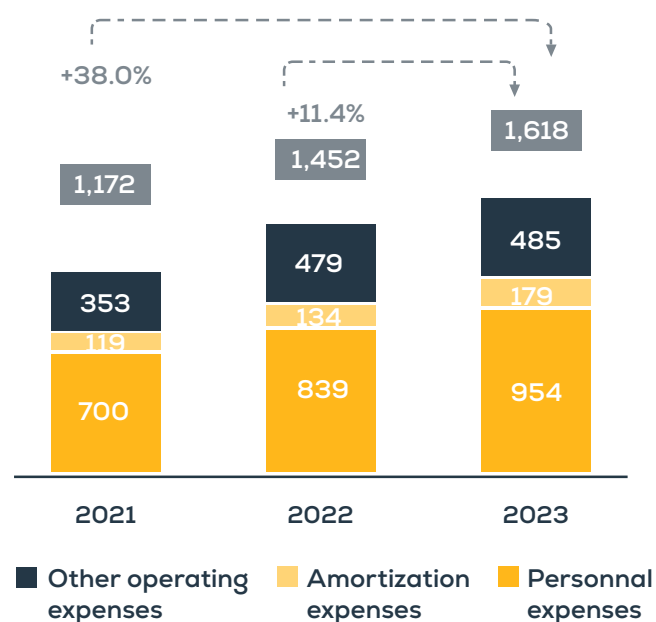
## Maintaining operational efficiency continued to be the key priority for the Group

The Group's operating expenses increased by 11.4% on an annual basis. The year on year increase was driven firstly by rise in depreciation cost by 33.4% due to both fixed assets (effect of rebranding, Maib Park) and intangibles (effect of amortization of programs), and secondly by growth in staff costs by 13.7% due to restructuring of head office and salary adjustment during 2023.

The decline in inflationary pressures allowed for only a small increase in other operating expenses (+1.3%).

Growth in depreciation and amortization expense of assets together with staff costs increased the Cost to income ratio from 45.8% in 2022 to 49.9% in 2023. Cost to income ratio remains the key performance indicator closely monitored by the Bank, particularly in the context of business expansion, decreasing assets yield, and the ongoing development of strategic initiatives.

## operating expenses (mln MDL)



Source: financial statements

## Proactive credit risk management

Group's cost of risk decreased to 0.8% in 2023 from 1.6% in 2022 due to positive dynamic of the macroeconomic evolution and overall improvement of the loan portfolio quality. While Retail loan portfolio quality improved significantly in 2023, there still are high amount of defaulted loans in Business Banking, which, as well as the increased portfolio of restructured agricultural loans lead to an increase of the cost of risk for this business segment. For higher risk portfolios, like restructured loans and loans related or dependent on agricultural sector, the Bank adopts a prudent approach in estimating their recoverability and future developments.

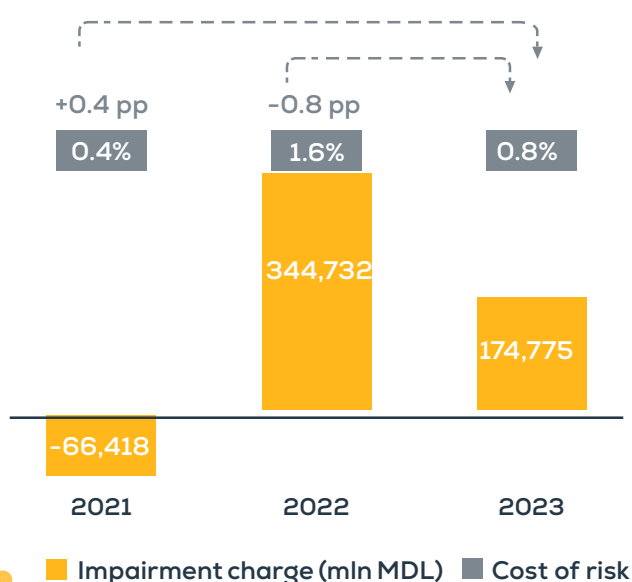
The expected credit loss reserve as at 31 December 2023 is based on both portfolio evolution assessment and influence of macroeconomic forecasts.

The non-performing loans (NPL) ratio was reduced by 0.1 pp (from 2.8% in 2022 to 2.7% in 2023) both due to write-offs of retail loans and repayments of newly defaulted corporate clients.

The Group continues to apply prudent approach to under risk loan portfolios mainly represented by restructured portfolio, as result kept increased ECL coverage for those loans.

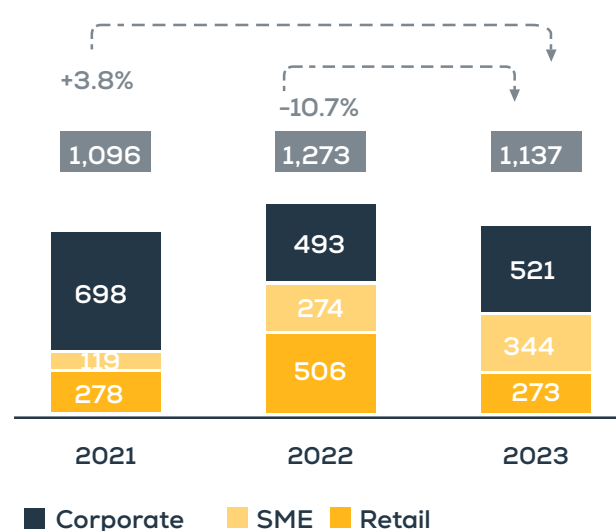
The Group is consciously challenging its current forward-looking assumptions used in ECL models and their potential impact on the portfolio quality, liquidity and capital adequacy. The stress tests performed so far did not reveal any severe impact on the Bank's profitability, liquidity, and capital adequacy levels.

## cost of risk (mln MDL)



Source: financial statements

## ECL reserve (mln MDL)

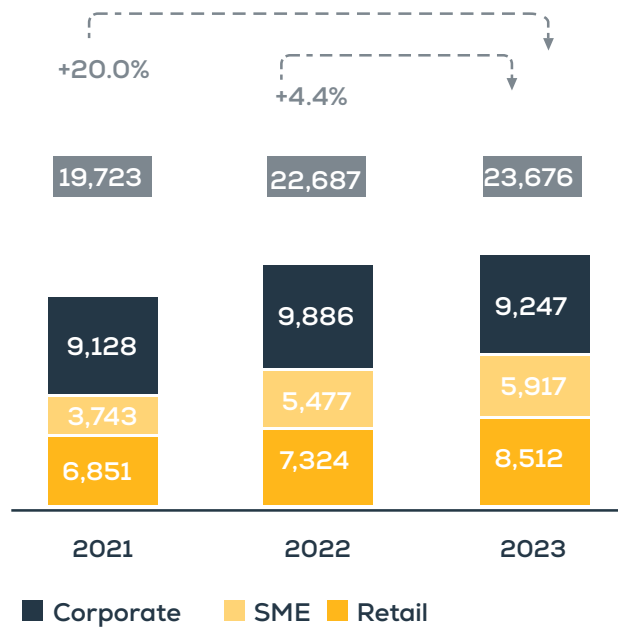


Source: financial statements

## Maib maintained market leadership in lending

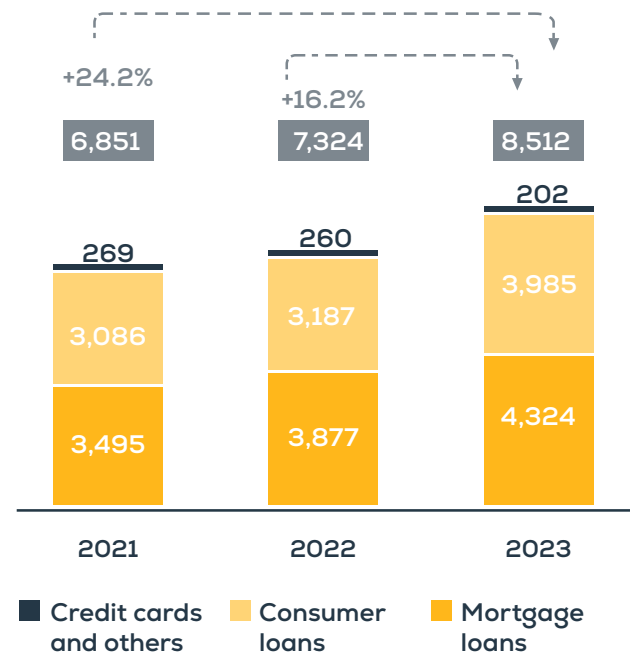
Maib cemented its leading position on the lending market up to 37.4% in 2023, from 37.2 % in 2022 with market share gains across all segments. As of 31 December 2023, the Group reached a gross loan portfolio of MDL 23.7 billion, up by 4.4% on a year-on-year basis. Retail growth was positively impacted by inflation reduction, lower interest rates and decline in energy prices which encouraged households spending, maib expanded its market share in both consumer and mortgage loans. In consumer lending, maib has recorded a 3.0 pp growth market share during the year and mortgage lending by 2.0 pp growth.

### gross loan portfolio (mln MDL)



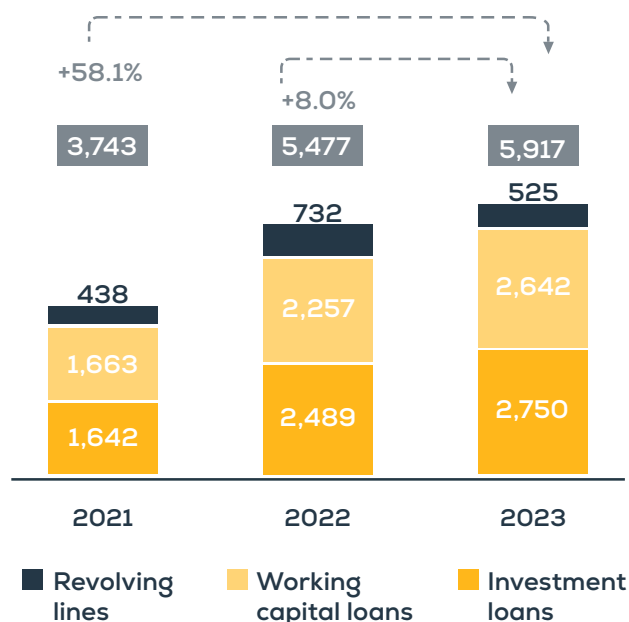
Source: financial statements

### retail gross loan portfolio by products (mln MDL)



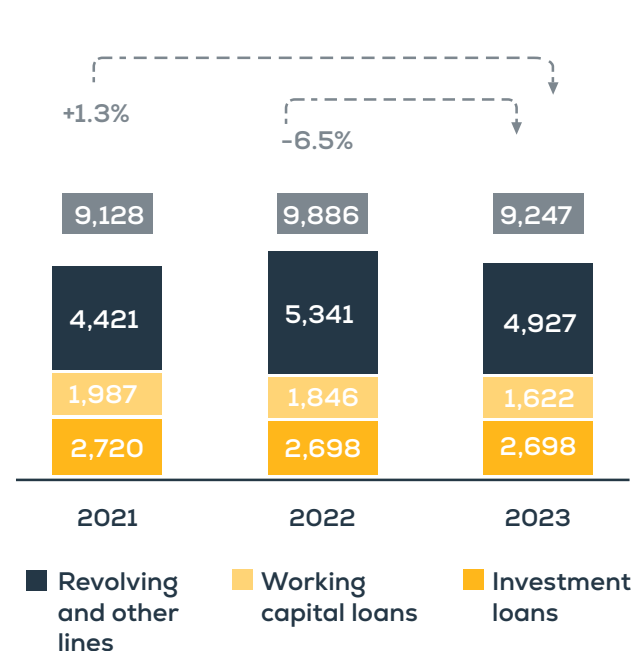
Source: financial statements

### SME Loan gross portfolio by types (mln MDL)



Source: financial statements

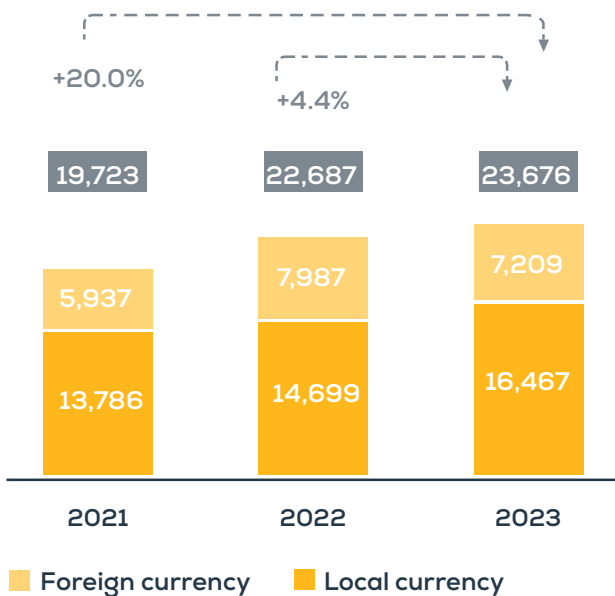
### corporate gross loan portfolio by destination (mln MDL)



Source: financial statements

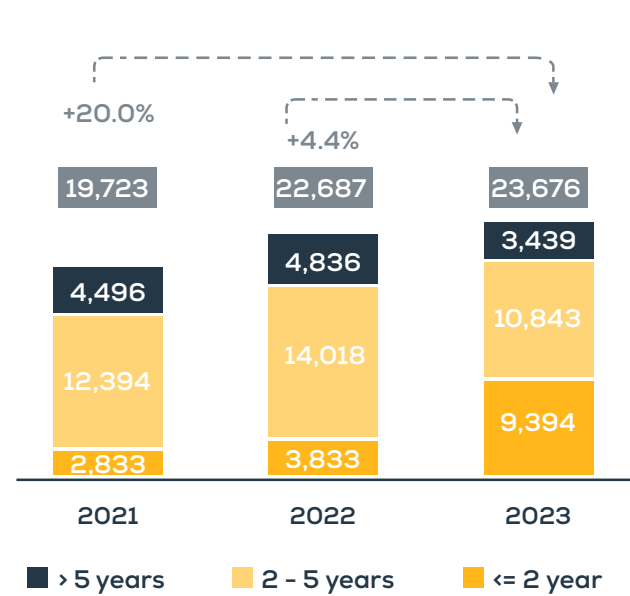


### loan portfolio by currency (mln MDL)



Source: maib management reports

### loan portfolio by residual maturity (mln MDL)



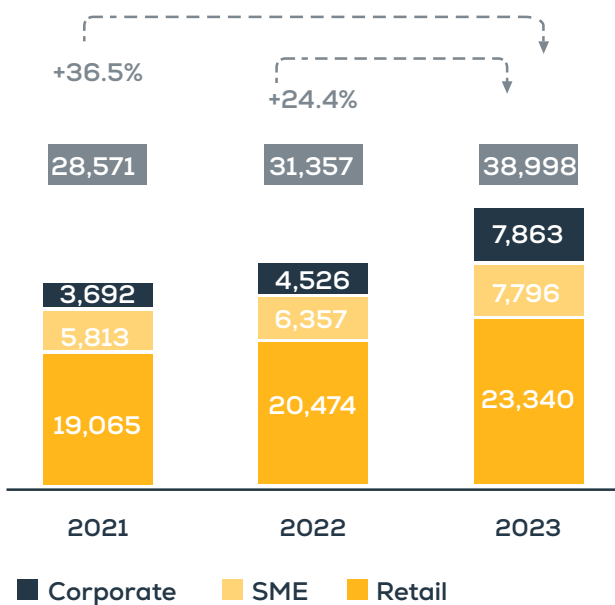
Source: maib management reports

### Strong deposit portfolio growth comes from the Corporate Division

Customers' deposits portfolio reached MDL 39.0 billion at the year-end, marking a notable 24.4% YoY increase. The Bank's market share in deposits has significantly increased to 34.3% (+1.2 pp), this being attributed to growth of legal entities accounts (+43.9%).

**Maib** sustained robust liquidity levels, as indicated by the Liquidity Coverage Ratio (LCR) of 326.6% as of 31 December 2023 – significantly improved versus regulatory minimum of 100%. The sequential increase in LCR is predominantly driven by the increase of liquid asset balances, particularly thought increased investments in certificates issued by the National Bank of Moldova, this being due to more allocation of resourced to sovereign instruments in the light of a moderate lending appetite.

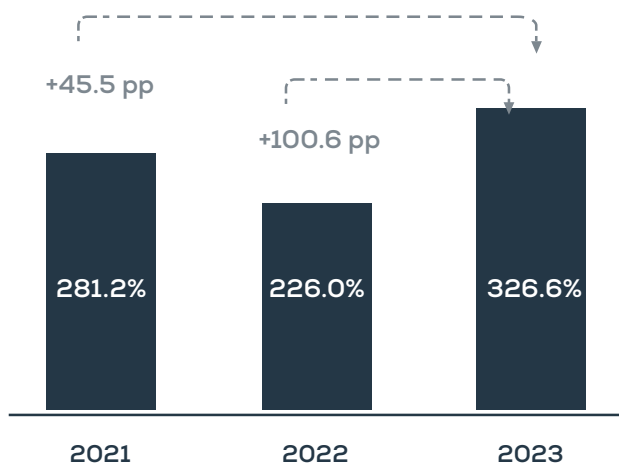
### deposit portfolio (mln MDL)



Source: financial statements



### liquidity coverage ratio\*



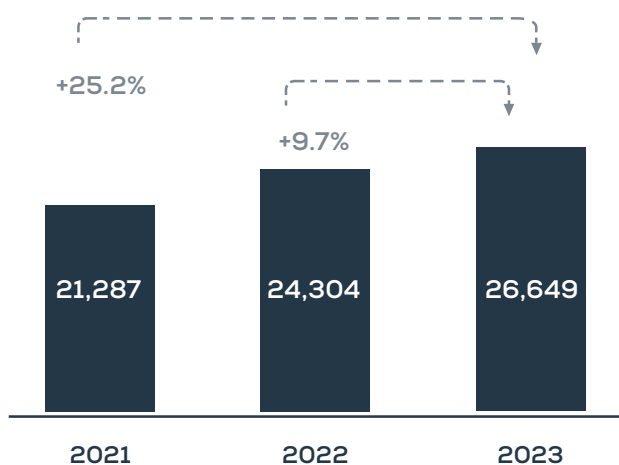
Source: maib management reports



### Maib continues to strengthen its capital position

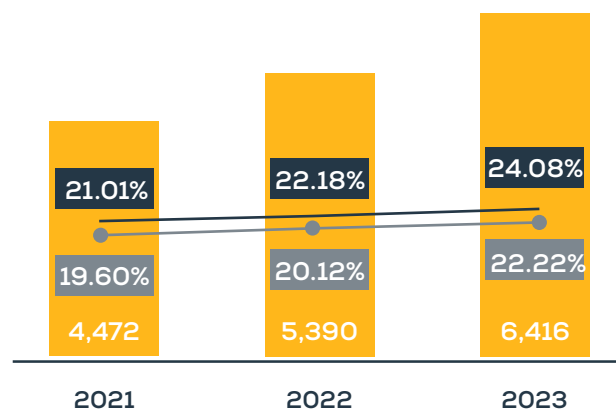
During the 2023 the Bank maintains resilient capitalization, with a Total Capital Adequacy Ratio (CAR) and Tier 1 at 24.08% and 22.22%, respectively, all comfortably above the minimum requirement of 16.51% and 13.6%. The Year on year growth (+1.9 pp) in CAR was driven by profits capitalization for 2023. At the same time, the Bank's risk weighted assets reached MDL 26,6 billion, up by 9.7% year on year.

### risk-weighted assets (mln MDL)\*



Source: financial statements

### regulatory capital (mln MDL)\*



■ Own funds — Capital adequacy —● Tier 1 ratio

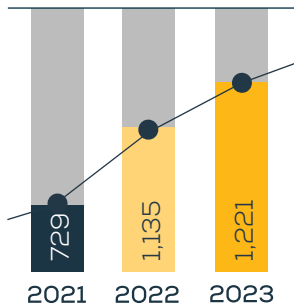
Source: financial statements / maib management reports

\*The numbers are presented on the standalone basis (Bank only). There is no requirement to calculate and submit these regulatory indicators on a consolidated basis. The other companies within the Group (subsidiaries of Bank) are non-banks.

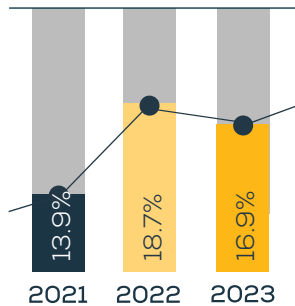
# key performance indicators

## Profitability

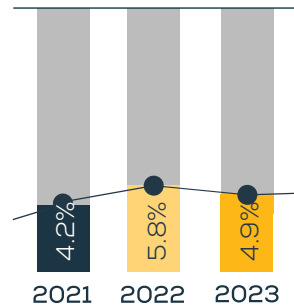
net profit (mln MDL)



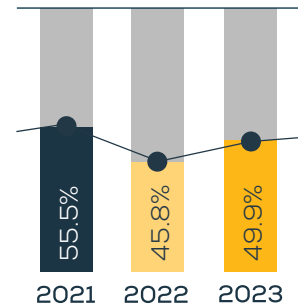
ROE



net interest margin

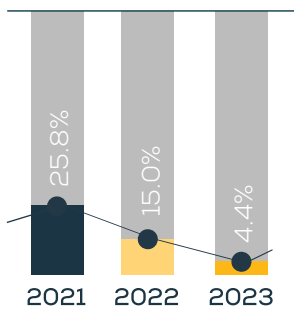


cost to income

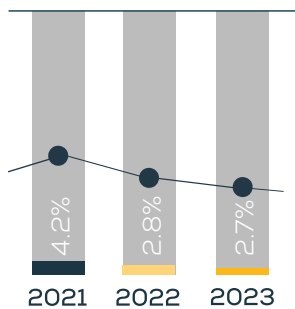


## Assets and liabilities

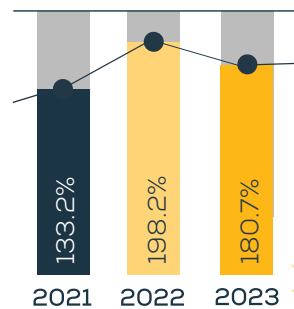
loan book growth\*



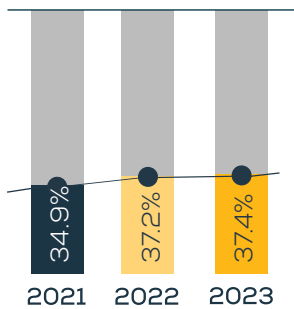
NPL



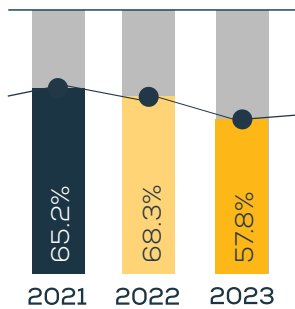
NPL coverage



loans market share

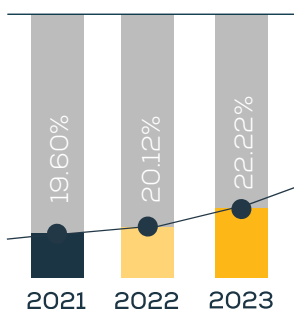


loans to deposits ratio

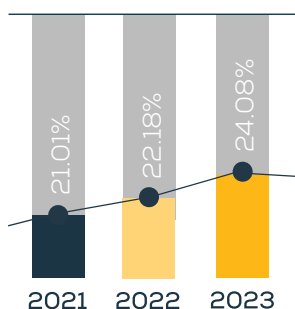


## capital and liquidity\*\*

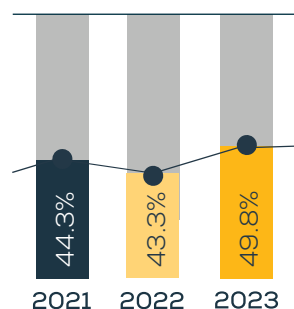
tier 1



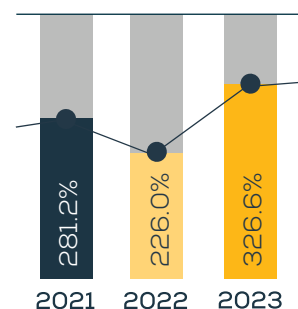
capital adequacy ratio (CAR)



current liquidity



liquidity coverage ratio (LCR)

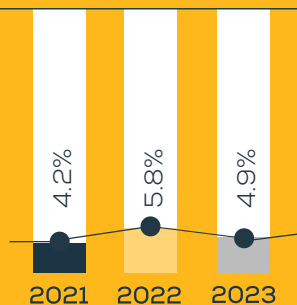


\*gross loan portfolio growth

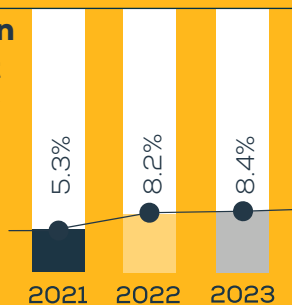
\*\*The numbers are presented on the standalone basis (Bank only). There is no requirement to calculate and submit these regulatory indicators on a consolidated basis. The other companies within the Group (subsidiaries of Bank) are non-banks.

## other financial performance indicators

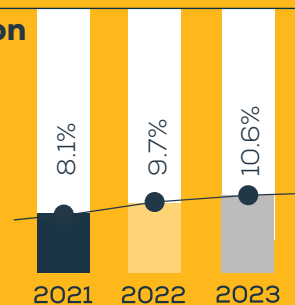
### NIM



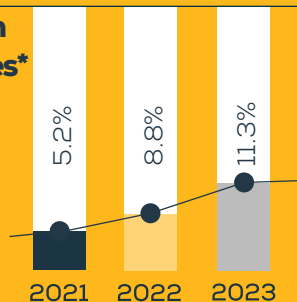
### yields on interest earning assets



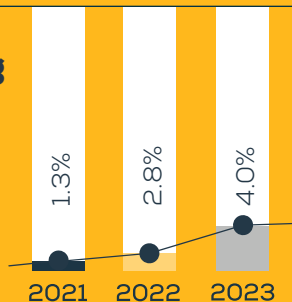
### yields on loans\*



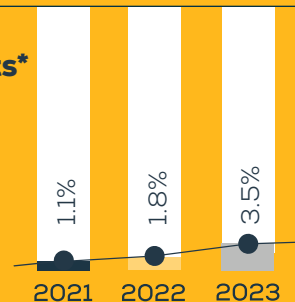
### yields on securities\*



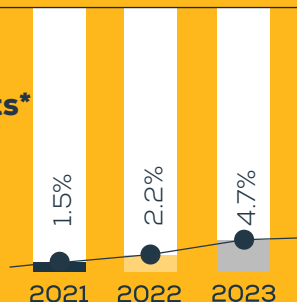
### cost of funding



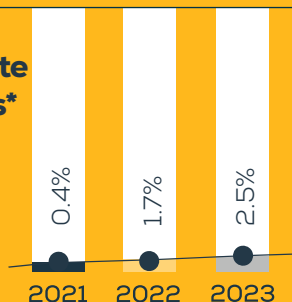
### cost of deposits\*



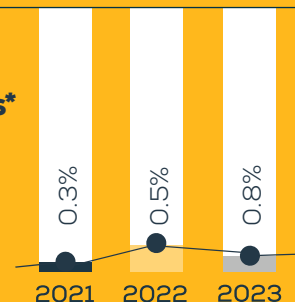
### cost of retail deposits\*



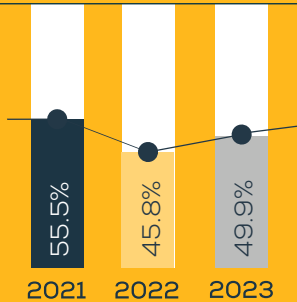
### cost of corporate deposits\*



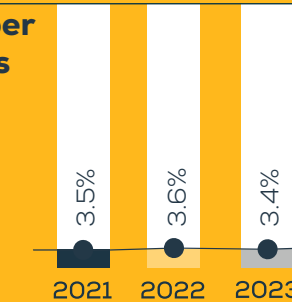
### cost of SME deposits\*



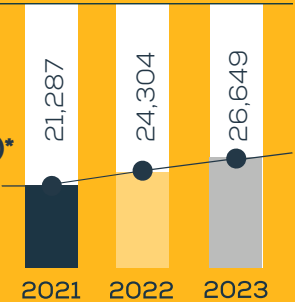
### cost income ratio



### cost per assets

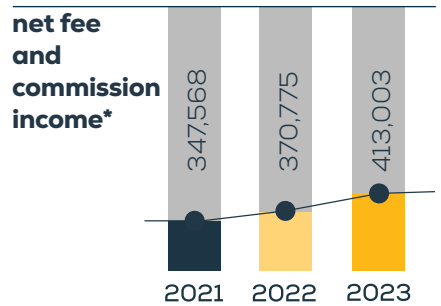
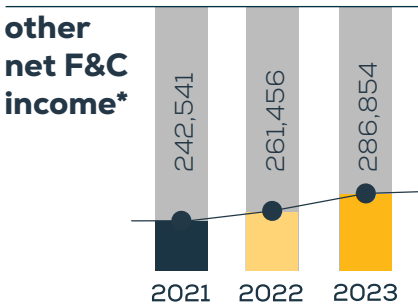
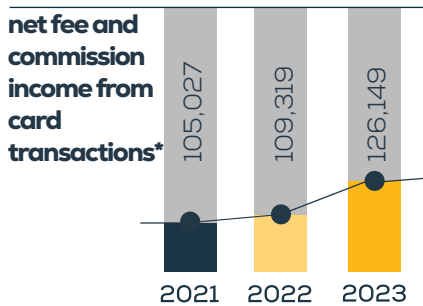
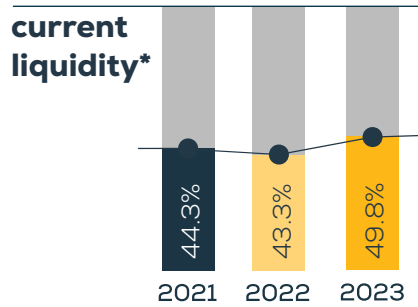
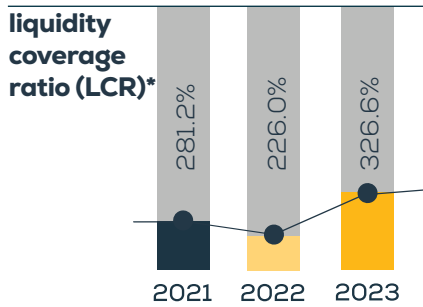
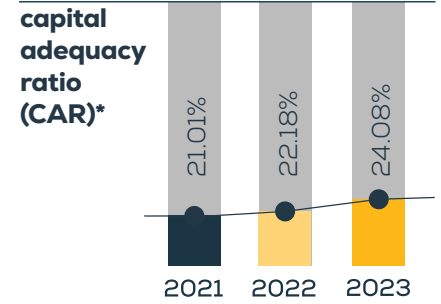
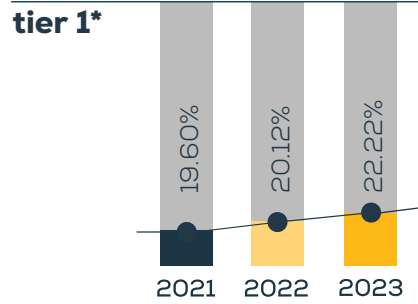
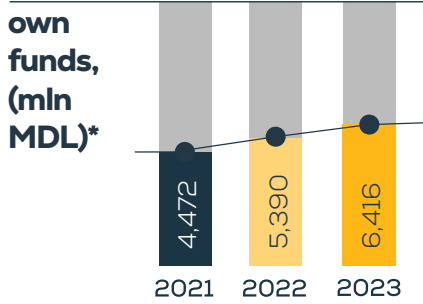


### risk weighted assets (RWA), (mln MDL)\*

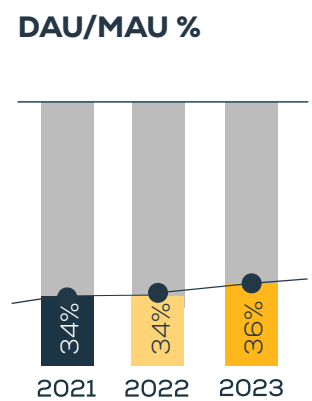
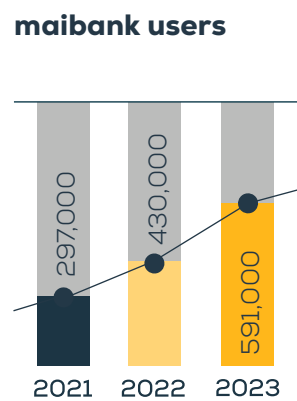
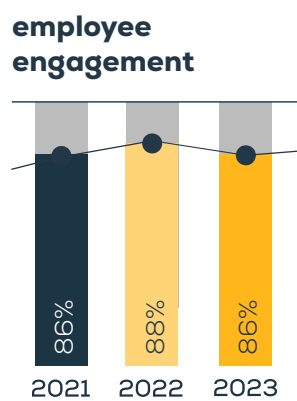
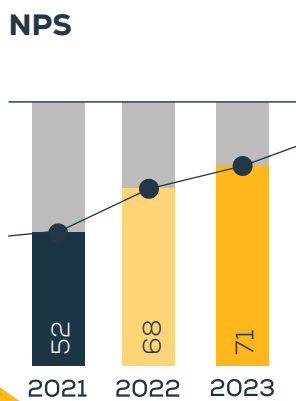


\*The numbers are presented on the standalone basis (Bank only). There is no requirement to calculate and submit these regulatory indicators on a consolidated basis. The other companies within the Group (subsidiaries of Bank) are non-banks.

## other financial performance indicators (continued)



## non-financial



\*The numbers are presented on the standalone basis (Bank only). There is no requirement to calculate and submit these regulatory indicators on a consolidated basis. The other companies within the Group (subsidiaries of Bank) are non-banks.

# Operating milestones of 2023

## Sustainability at maib

During 2023 maib started a full-scale sustainability (ESG) programme. This included a governing body called Sustainability Committee designed to track the progress of maib's sustainability initiatives and recommend decisions on maib's sustainable development to the Bank's Management Board. Maib's Supervisory Board approved the sustainability strategy and roadmap, which set out its sustainability goals and the path towards them.

This follows the release of maib's inaugural Sustainability Report in June 2023, which discloses the Bank's impact beyond purely financial metrics. This report provides detailed information on maib's sustainability strategy buildout, responsible business activities, carbon footprint, social responsibility, and governance in 2022. It aims to create a benchmark to improve upon in future years. Maib's strategy, roadmap, and first sustainability report were developed with the financial support of the Green for Growth Fund (GGF) under the EU4Energy initiative.



## Stock split and dividend payment

In March of 2023 maib instituted a 100:1 stock split. The changes have been applied to the shareholder registry at Central Depository (DCU). 100:1 stock split entails a reduction of nominal value per share from MDL 200 to MDL 2, while increasing the number of shares by times 100 for each shareholder, hence, the stock split does not change the value of the shareholding. The split was carried out to enhance the liquidity and accessibility of maib shares, making it easier for investors to buy and sell them on the market. In connection with the stock split, the trading price of maib shares have been adjusted proportionally to the decrease in nominal value.

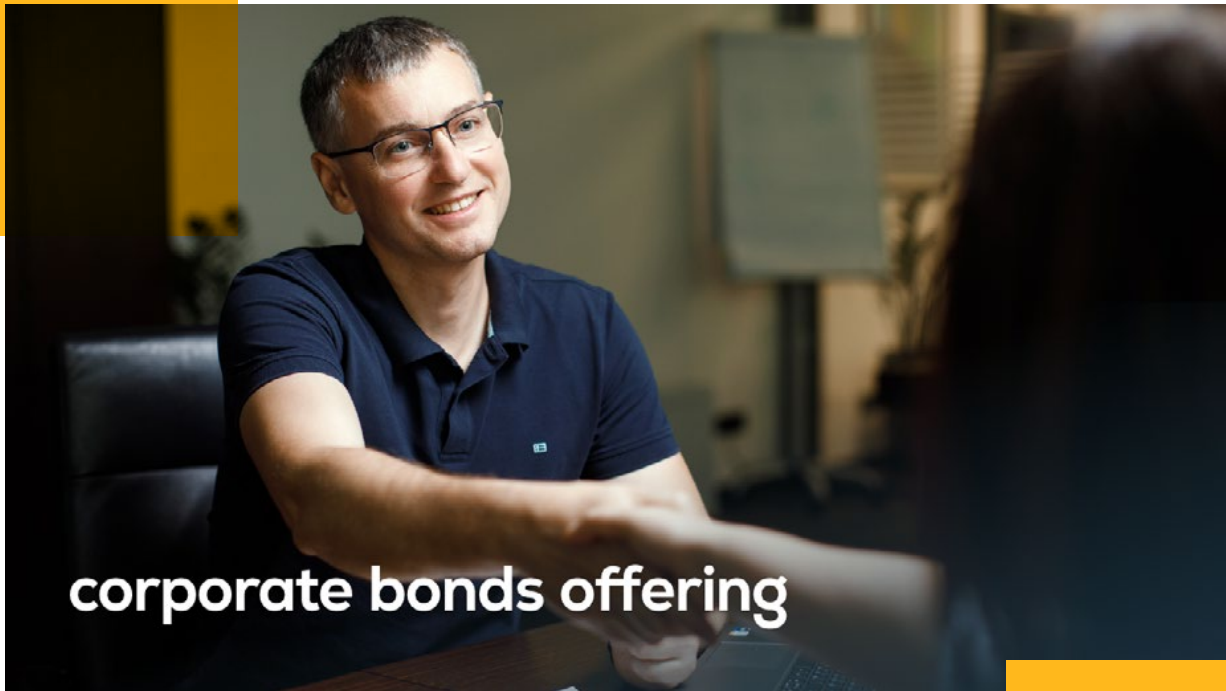
On 15 June 2023, maib paid its latest dividend in the amount of MDL 1.91 per share. Total dividend distribution amounted to MDL 198.2 million. The most recently announced dividend policy (announced at Annual General Shareholders Meeting (AGM) 2023) is to distribute between 30% and 50% of net profits in the form of dividends subject to NBM approval. During the 2023 AGM the shareholders accepted the decision to distribute Bank's annual profits for 2021-2022, including the annual dividends for the period.



### Inaugural maib bond offering for domestic market

The first **maib** bond programme, which commenced in April 2023, was the first corporate bond offering on Moldovan market in nearly twenty years. The total value of the issue was MDL 258 million, and it was placed primarily with retail customers. The bond has a maturity of 3 years and pays a quarterly coupon. The bond was puttable by the holder up to a certain amount. For **maib** the bond offering presents an innovative way to diversify its funding base while meeting all the regulatory requirements. It is also another step towards developing the capital markets in the country. **Maib's** Retail business unit handled distribution of the bond offering via branches and digital channels.

A second corporate bonds programme had been approved towards the end of 2023 and is due to commence in 2024. It is set to have a total value of MDL 1 billion.



### Maib receives loan from IFC

**Maib** has signed a senior loan agreement with the International Finance Corporation (IFC) consisting of two tranches of EUR 20 million and USD 10 million respectively. The funding supports the bank's efforts to improve access to bank financing for micro, small and medium enterprises (SME) in Moldova. As the country's leading commercial bank and lender, **maib** recognizes the critical role that SMEs play in driving the economy and creating jobs and is committed to supporting their growth. The funding from IFC will enable **maib** to provide much-needed financing to SMEs, which often face significant challenges in accessing finance. **Maib** is proud to partner with IFC to address these challenges and help promote economic resilience and stability in Moldova, especially in light of economic challenges facing Moldova caused by Russia's invasion of Ukraine.





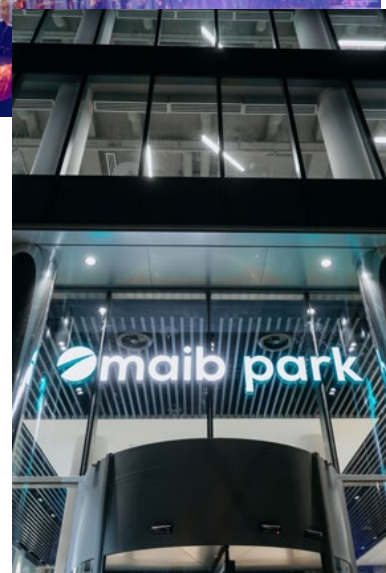
## maib digital onboarding

### Launch of full digital onboarding

On 6 September 2023 maib announced the launch of full digital onboarding available for Moldovan citizens; a significant breakthrough in making banking services simpler and more accessible. Digital onboarding became possible after a series of legislative changes in the country, as well as thanks to the innovative approach that **maib** took with its mobile banking application. Any Moldovan citizen with a national ID card can now open an account with maib without visiting a branch. This process does not require a digital signature, and is instead enabled by **maib's** own Face ID and Verification features. Security measures embedded with maibank application match the photo with the government database, enabling an automatic Know Your Customer (KYC) check. This solution has been given the go-ahead after a pilot project which started on 1 July 2023. New customers can benefit from the largest array of services offered by the maibank digital app, as well as some of the most advanced security features. **Maib's** digital onboarding is by far the most advanced, speedy and convenient on the Moldovan banking and financial market.

### Opening of maib park

The new maib headquarters located in the centre of Chisinau opened in September. **Maib park** has a look and feel of a Silicon valley technology campus, with a modern and innovative design incorporating natural light and an open floor plan. The new workplace sports multiple features such as sound-proof booths, informal spaces, a gym, an atrium, a canteen, a café, and multiple meeting rooms of all sizes. Opening the new headquarters is a focal point for maib's transformation. It aligns with the Bank's commitment to both its consumers and its current and future work force, bringing together over 1,000 employees formerly scattered across five Chisinau offices. For maib customers, maib park offers a branch with an alto zone, mortgage center, private banking branch, meeting rooms for corporate customers, as well as a self-service area.





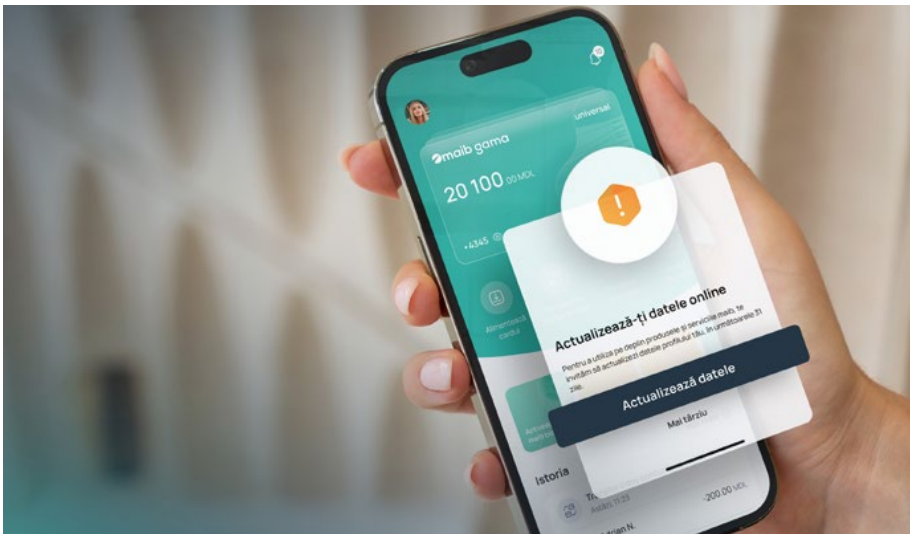
## Best bank in Moldova

In 2023 maib has achieved a plethora of best bank awards, notably from the Banker, Euromoney, Global Finance, and EMEA Finance. Such awards underline **maib's** leading position in the Moldovan banking system, as measured by market share, profitability and growth, as well as **maib's** continued investments in customer service and innovation. All of these magazines are leading publications serving as valuable resources for industry professionals, policymakers, and financial enthusiasts worldwide. Moreover, their readers span over 193 countries and the oldest of them (the Banker) has been a trusted source of banking information since 1926.



The Banker  
Euromoney  
Global Finance  
EMEA Finance

## Maib's digital transformation in 2023



Maib's financial mobile app, maibank, has emerged as the leading banking application in the Moldovan market, boasting over 590 thousand users, marking a remarkable increase of 37.4% compared to the previous year. Of these users, 69% were Monthly Active Users (MAU%). Daily Active Users to Monthly Retail Active Users (DAU/MAU%) ratio reached 36%. Most importantly **maibank** emerged as the leading source of both loan and deposit origination in the retail segment. The proportion of retail deposits originating online reached 66% by the end of 2023, reflecting an increase of 11 percentage points year-on-year. Furthermore, the share of online loans surged in the fourth quarter of 2023, rising by 33 percentage points to 56% compared to 23% in the same period of 2022.

## CEO extends his contract

Giorgi Shagidze extended his mandate as CEO until December 31, 2025 in agreement with maib's Supervisory Board. In the event of a successful IPO of the Bank, the mandate shall be extended through December 31, 2026.



During 2023, **maibank** introduced several new features, including continuous online access, real-time updates on client transactions, seamless peer-to-peer (P2P) and transfer-to-account (T2C) money transfers, the ability to pay for services and bills from anywhere, enhanced security features allowing clients to block their cards directly from the app in case of theft, a convenient ATM and branch locator, and various other functionalities. The key new feature of the **maibank** introduced in 2023 was the full digital onboarding for Moldovan citizens. At the moment it is available only on the territory of Moldova but pending legislative changes it could be made available to Moldovan citizens anywhere.

During 2023 maib decided to take DriveHub digital ecosystem focused on new and used autos sold in Moldova under strategic review. DriveHub attracted strong user numbers and enriched user experience with such features as online insurance sales, car shop and car wash maps and other capabilities. **Maib's** involvement in DriveHub will be determined in due course.

# sustainability at maib

In order to align itself with best international practices and address the wishes of its key stakeholders **maib** adopted a Sustainability program.

## ESG strategy and roadmap to reach sustainability goals

In November 2023, maib's Supervisory Board approved the sustainability strategy and roadmap, which set out its sustainability goals and the path towards them. **Maib's** strategy and roadmap, as well as the first sustainability report published in June 2023, were developed with the financial support of the Green for Growth Fund (GGF) under the EU4Energy initiative. Earlier in 2023 maib set up the Sustainability Committee, a body responsible for elaborating and implementation of the sustainability strategy. In June 2023 **maib** published its first sustainability report to transparently account for its non-financial impact. The report was prepared in accordance with GRI standards of non-financial reporting.



## Sustainability growing in importance

European Union leads the global push for sustainable business. Moldova is an EU candidate and the country is expected to harmonize its legislation to the EU standards within the next several years. Some of the key legal requirements adopted in Europe are:

- Mandatory inclusion of climate risk in the banks' risk management framework, required by the European Central Bank;
- Corporate Sustainability Reporting Directive, an EU-wide reporting requirement, which is compulsory for large companies;
- Companies outside the EU, but which export into the EU (and operate in one of these six sectors: cement, iron and steel, aluminum, fertilizers, electricity, and hydrogen) are subject to the Carbon Border Adjustment Mechanism (CBAM) where they will have to both report on GHG emissions (2024) and pay for carbon certificates from 2026.
- Legislation adopted in individual EU countries, which has wide implications internationally, such as Germany's Supply Chain Act.

## Key initiatives on the path to sustainability

**Maib's** ESG strategy covers all key areas. Some of the directions and initiatives it includes are:

- Reduce GHG emissions from own operations;
- Reduce financed emissions (emissions of loan portfolio companies);
- Introduce a comprehensive system of sustainability reporting;
- Achieve a 10% green loans ratio with business/corporate client segments by 2025;
- Introduce green products in line with market expectations and demand;
- Evaluate **maib's** products to increase financial inclusion;
- Treat its employees fairly and contribute to their growth and development;
- Maintain and promote robust corporate governance standards;
- Publish sustainability report and obtain sustainability rating.



In 2023 **maib** has launched a renewable energy loan product for small business. In the Corporate segment, it has financed one of the country's largest solar parks with a 7 MW capacity. To incentivize borrowing for sustainable purposes, the Bank is currently developing an internal green fund, with an allocated sum of MDL 10 million, which will benefit recipients of green products. On top of this maib has taken part in a number of financial inclusion and financial literacy initiatives.

# risk management summary



**Maib** maintains a robust system of risk management. As a financial institution, carrying leverage and accepting deposits from the population, risk management is a critical feature of **maib's** organisation. **Maib's** risk management is overseen by the Supervisory Board, including the Risk Management Committee. Internal bodies involved in risk management are:

- Management Board
- Asset and Liability Management Committee
- Credit Risk Assessment Department
- Strategic Credit Risk Management Department
- Risk Analytics and Reporting Department
- Financial and Operating Risk Management Department
- Treasury Department
- Legal Department
- Compliance Department
- IT Security and Business Continuity Department

## Risk Management Focus in 2023

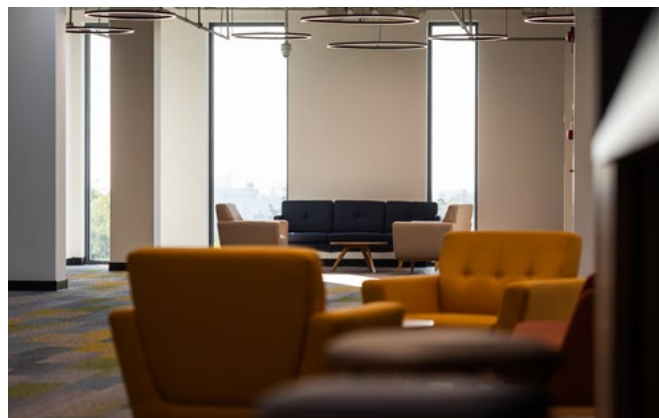
The pandemic, the energy crisis and the economic disruption caused by the Russian invasion of Ukraine destabilized Moldova's economic model, which is highly reliant on remittance-induced consumption and imports. Being one of the countries most affected by the war in Ukraine, not just because of its physical proximity, but also because of its inherent vulnerabilities as a small, open, landlocked economy with close links to both Ukraine and Russia, Moldova saw a significant reversal in expected economic growth (revised from 4.2% down to 0%), but also tempering in inflation numbers (from 34% at peak in 2022 to 4.2% in December 2023). All these factors keep additional pressure on businesses and retail customers and the related credit risks, without a significantly improved outlook compared to 2022.



## Areas that were prioritized during 2023:

### 1. Geopolitics & customer risk implications

Supply chain disruptions, resource scarcity, food shortages, trade credit risks (related to removal of some Russian banks from the SWIFT payment system), greater inflationary pressures and other risks associated with the unprecedented sanctions and countersanctions had destabilizing impacts on the economy and financial performance of entities. As a result, the bank had to focus and ensure a constant review of loan eligibility criteria for entities with businesses related to Ukraine, Russia and Belarus, as well as their performance monitoring.



### 2. Regulatory and legal compliance

The Ukraine crisis prompted the Bank to engage in the largest regulatory and compliance exercise – the identification, interpretation, and adherence to the sanctions imposed against the Russian government, individuals, groups, and entities. As a result, the Bank managed to mitigate high potential risks (risks of non-compliance with sanctions regime, and as a consequence, the reputational risk)

### 3. Business plan re-evaluation & monitoring

Following the Ukraine – Russia war, the Bank revised its expectations in 2022 and monitored loan portfolio

quality and liquidity indicators closely, regularly adjusting its internal acceptance criteria in order to ensure compliance with targeted appetite limits. The Bank kept the same prudent approach for 2023.

### 4. Data related to risk management and compliance activities

Growing trend towards digitalization and migration of products and processes online elevated the exposure to risk of cyberattacks, data theft and financial exclusion, with potential to damage the core business of the Bank. As a result, the bank focused on tools and processes to handle and analyse high-volume data with low latency, standardisation in maintaining data integrity and protection against breaches of personally identifiable information.

## Outlook for 2024

Moldova's economy is expecting a moderate growth of about 2.0%-3.5% in 2024, as forecasted by a range of international institutions. As for inflation, the NBM forecasts it to fluctuate around the 5% corridor in 2024.

The budget deficit is projected to lower to 4.7 percent of the GDP next year according to adopted budget, reflecting policies to counter the cost-of-living and energy crises, while the current account deficit continues to be driven by higher costs of energy imports.

Spillovers from Russia's invasion of Ukraine continue to weigh heavily on Moldova. Disruption in energy supply puts additional pressures on the economy. While the revised inflation outlook warrants carefully calibrated easing of monetary policy stance, exceptionally high uncertainty calls for continued prudence.



привет hello



# chairman message



**Vytautas Plunksnis**

Chairman of the Supervisory Board

Dear esteemed shareholders, valued customers, devoted colleagues and trusted partners,

After a testing 2022, the year 2023 has been one of hope, with many opportunities for both the country and maib. In December 2023, the EU officially opened accession negotiations with Moldova, marking a historical achievement for the country. This has been accomplished with remarkable speed, as Moldova only applied for EU membership in March 2022. We all know that much more needs to be done for the country to officially become an EU member, but this is a promising start, nevertheless. In terms of the economy, 2023 has

been the year of recovery. Although the first half of 2023 still showed an economic decline, as the slowdown from 2022 carried over, in the latter half of the year the economy grew. This can be attributed to the revival of the agriculture sector, and especially crop production, which grew significantly in the second half of the year. However, from the standpoint of business confidence, even with all the positive signs being observed, 2024 remain quite fragile year going forward.

Briefly touching upon the Group's financial performance, it is important to underline a 7.5% increase in net profits to reach MDL 1.22 billion, against a backdrop of falling interest rates, lack of demand and sluggish consumer and business confidence. This was achieved without taking on excessive risks as evidenced by 2.7% year-end NPL ratio, and while maintaining a Capital Adequacy Ratio of 24.08%. I am also proud to highlight that in the first half of the year, instead of capitalising on high-yielding short term government securities, maib continued financing Moldovan businesses, thus cementing its relationships with entrepreneurs and strengthening its business in the long run.

Ongoing war in the neighbouring Ukraine has brought a new set of challenges to deal with. Changing trading routes of our corporate clients, monitoring and control of international sanctions regime, onboarding of refugees as new clients, or simply the need to improve contingency plans – all required swift and robust actions, which I am proud we did take. On the humanitarian front maib continued its collaboration with UNHCR programme, which distributes cash to over 120 thousand Ukrainian forcefully displaced persons using cards issued by **maib**. With the help of IFC **maib** is working to make banking accessible to Ukrainians in Moldova.

The increasing importance of utilizing Environmental, Social, and Governance (ESG) principles when doing business in the banking sector is not lost on us. We recognise its growing significance worldwide, especially within the EU, and its future adoption into regulation by the NBM. Whilst this is perhaps not a 'top of mind' topic within Moldova yet, we strive to become leaders in this field within our sector, and the country overall. In 2023, we have made significant steps towards becoming

a more sustainable and transparent organisation, within the realm of ESG. In June, we have published our inaugural sustainability report, in line with GRI standards, which discloses maib's carbon footprint, responsible business activities, social responsibility and governance, and shall act as a benchmark to improve upon in the future. In early December, maib's Supervisory Board approved the Bank's sustainability strategy and roadmap, which sets out our sustainability goals and our proposed path towards them. With the help of these documents, we shall improve on all ESG areas:



- Environmental – reduce emissions from own and financed operations, and introduce green products in line with market expectations and demand;
- Social – increase financial inclusion, as well as treat employees fairly and contribute to their growth and development;
- Governance – Maintain and promote robust corporate governance standards for maib and for our clients.

In December 2023, maib's Sustainability Committee, the main body responsible for carrying out the Bank's ESG agenda, held its first meeting to discuss the progress of maib's sustainability initiatives and further actions for future sustainable development. I would like to note that maib's strategy and roadmap, as well as the first sustainability report published, were developed with the financial support of the Green for Growth Fund (GGF) under the EU4Energy initiative.

I am very pleased that Giorgi Shagidze has decided to stay as maib's CEO and extend his contract further. He has significantly contributed to the transformation of the Bank for the better, and I wish him good luck in his continued leadership. I believe this is a sign of confidence for both the country and maib, especially as we continue to pursue our strategic objective of a listing on an international stock exchange. Under his leadership in the past three years maib raised the bar high up to set a new standard for Moldovan banking, and I am happy that he extended his mandate for at least another two years.

On this same note, as we envision the listing of maib shares on Bucharest Stock Exchange in the medium term, we strive to operate with the same standards of disclosure and corporate

governance, as if we already were a listed company. We continue to engage with all relevant stakeholders to ensure the transparency and open shareholder engagement, by consistently and clearly notifying the market on our performance.

In 2023 maib has continued to return capital to its shareholders, as per our latest June 2023 dividend of MDL 1.99 per share; going forward, we shall continue rewarding our shareholders through dividends as well as a potential buybacks, in accordance with national regulation and subject to approval by the National Bank of Moldova.

During the year we continued our productive engagement with the regulator, the National Bank of Moldova. Key areas of focus for the NBM during 2023 were

managing credit risk and maintaining adequate liquidity, stress testing and its relevance to macroeconomic conditions, managing risks relating to payment systems, measures for prevention of money laundering and terrorist financing, management of risks related to information systems. Our compliance with NBM requirements ensures adequate protection of our depositors and ultimately the shareholders.

To sum up I would like to extend heartfelt gratitude to our dedicated employees for their unwavering commitment, our valued customers for their trust, and our shareholders for their steadfast support. Together, we've forged a resilient financial journey. Your collective contributions move us forward, and we appreciate your integral role in our continued success. Thank you.



# CEO message



**Giorgi Shagidze**

Maib CEO

Dear stakeholders,

In 2023, we continued delivering on our promises in both the financial performance and in strategic initiatives. We were also encouraged to see signs of recovery in the economy, creating great potential for the financial sector here in Moldova for 2024 onwards. I would like to use this message to look back on another year of progress, and forward towards our next steps.

## Moldovan economy

After a difficult 2022, the economy was on the recovery path in 2023. There was a strong rebound in agriculture, as the sector overcame the effects of the devastating drought. Also Information technology continued growing at pace. In the second half of the year GDP grew by 1.8% more than offsetting the first half contraction and resulting in a full year 0.7% growth. This was below most forecasts, but looking ahead, many

# 0.7%

2023 GDP growth

of the leading economic forecasters predict 2-3% growth in 2024. In terms of inflation, it has stabilized towards the end of the year, reaching 4.2% in

December 2023, falling substantially from a high of 34.6% in October 2022. This means that since October 2023, the rate of inflation has been safely within the NBM target corridor (6.5% - 3.5%). A combination of factors are behind this, including a decline in energy prices and the tight monetary policy employed by the NBM in 2022. I believe that maib's strategic decision in the first half of 2023 to continue lending to businesses, instead of investing in government securities, helped many of Moldovan companies overcome challenging economic backdrop. I would like to use this opportunity to reiterate strong fundamentals of the Moldovan economy, such as low public debt to GDP of 34%, stable currency rate (less than 2% annual decline against Euro in the past 20 years), virtually barrier-free exports to EU (nearly two thirds of the total), highly educated workforce and many other.





## EU integration

Moldova has taken many important steps in 2023 towards the ultimate goal of becoming an EU member. In December 2023 the European Council decided to open accession negotiations with Moldova. This follows the European Commission's recommendation, and there is clearly work to be done on many fronts. The Commission will report to the Council about the progress made by the end of the first half of 2024. Notably,

## February 2024

Moldova starts EU accession negotiations

accession negotiations have been opened for Moldova with record speed, as the country submitted its membership application in March 2022. Moldova held top level political summit in June. This shows that the EU's clear intent to incorporate Moldova into its fold, which is an exciting prospect for the country and for our Bank.

EU integration is a once in a hundred years opportunity for Moldova. It creates a predictable path and an environment for political stability, as well as even easier access to the most attractive global consumer market with over 400 million high income inhabitants. EU brings prospects of active investment, decreasing cost of capital and funding and even broader access to pre-accession funds with a chance to decrease the income gap between Moldova and the EU. A study on EU accession showed that ten countries of Central and Eastern Europe, which joined the EU in 2004 and 2007 grew by nearly 5.5% per year on average before 2008. They managed to reduce the income gap between them and the original EU-15 countries by between 10 and 30% during the period. This was achieved thanks to the increase in foreign direct investment, economic liberalization, EU aid and structural reforms. I believe that this is what Moldova can expect during its accession path.

## Strategy

In 2023 we have taken our consumer centric and digital first business model one step further. We seek to constantly enhance the customer experience by introducing new and highly customizable products and services. It is easier than ever to become a maib client, as our introduction of full digital onboarding allows any Moldovan citizen to become a customer without

ever visiting a branch. Moreover, we plan on expanding this service to diaspora as well. This feeds into our new branch offloading strategy as we are looking to transition more of our services online, which should come with many benefits such as reduced waiting times and higher security for personal data. However, if a client wishes to visit a branch, we welcome them with our imaginative branch redesign and are ready to teach them how to use our digital channels. **Maib's** main digital front, our mobile application maibank, has recorded over 591 thousand users at the end of 2023, making it the leading banking application on the Moldovan market. We now disburse over half of loans and collect almost two thirds of deposits via maibank. We plan to build on this strength even further by integrating various services into an easy-to-use and comprehensive app.

# 591 k

maibank users

Some features that we incorporated into **maibank** include new, more-user friendly design, intuitive, easy to use and navigate, buy now pay later function („pay in instalments), upgraded face ID function for onboarding and approval of large transactions and many others. For our business clients we have piloted a new internet and mobile banking solution during 2023. It is now in full rollout mode with over 10% of our SME clients already using it as of end of March 2024.

Branches, which still remain an important channel, are nearly fully transformed by the end of 2023, with a few remaining ones to undergo redesign in the early 2024. In 2023 we implemented „branch 2.0” project to focus on high value transactions, while offloading low value payments to digital channels. Overall in the past 3-year period we decreased the number of branched by 30% while increasing number of transactions by 30%.

## Financial performance

In 2023, the Group has continued delivering growth and profits, navigating through an economic environment riddled with challenges. It has done so by staying true to its consumer centric strategy and whilst remaining financially resilient, all of which has led to market share increases for the Bank:

Total assets

# 33.9%

of Moldovan banking market, up by 1.2% year-on-year

Once again maib gained market share, especially in the retail and small business segments thanks to the upgrade to products, services and distribution channels.

In the rapidly decreasing interest rate environment, our net interest margin (NIM) decreased to 4.9% in 2023 from 5.8% in 2022. However, this impact was offset thanks to our strategy to change the composition of our portfolio towards more SME and retail loans. We focused on non-interest income, which grew 7.8% in 2023 compared to 2022 thanks to our increasing domination of the payments market in Moldova. We saw strong increases in volumes of payments originated and acquired by our payments network.

The operational expenses for 2023 increased by 11.4% compared to 2022, which is below the average inflation rate for the year. We continue to strengthen our disciplined approach to expenses identifying additional sources for efficiency improvements.

Eventually, our net profit still increased by 7.5% as compared to 2022, reaching MDL 1.22 billion. In terms of key financials, our Return on Equity (ROE) remained solid at 16.9%, whilst Capital Adequacy Ratio (CAR) and Tier 1 increased to 24.08% and 22.22% respectively, which is significantly above regulatory requirements. In 2023, we have taken a systematic approach to risks in order to address economic volatility, which included constant monitoring for early warning signs, so that we remain a robust organization even in trying times.

Total deposits

# 34.3%

of Moldovan banking market, up by 1.2% year-on-year

An achievement I am pleased to mention is our inaugural bond offering for the domestic market. Having commenced in April 2023, this corporate bond offering was the first of its kind on the Moldovan market in nearly twenty years. The total value of the issue was MDL 258 million, and we have set the value of our second

bond offering, which we launched in 2024, at MDL 1 billion. These offerings present a way to diversify our funding base whilst meeting all regulatory requirements, and act as an opportunity towards developing capital markets within Moldova.

## ESG

One of our important goals moving forward is to build a resilient and sustainable organization, which can consistently deliver on key non-financial metrics. To this end, maib has taken many important steps in 2023 to get us closer to our own ESG vision. We began by publishing our first sustainability report in June, which is intended to act as a benchmark for us to improve upon in the years to come. It was created in line with GRI standards and discloses many important sustainability metrics from our carbon footprint to our responsible business activities. We set up a sustainability committee which is responsible for implementing our ESG vision, and approved our sustainability strategy and roadmap, which outlines our ESG objectives as well as how we plan on achieving them. We have set targets for increasing our share of green loans, and created a fund which shall be used to incentivize our sustainable minded clients, which shall be utilized alongside our climate risk management framework to ensure we are prepared for any challenges such a transition might entail. Moreover, we value both our employees and the community we operate in, and strive to bring positive change to both. As a result we have chosen amongst our areas of focus to concentrate on helping Ukrainians get better access to the Moldovan banking system and to tackle the persistent gender pay gap disparity within our organisation.

## Maib Park

As of September 2023 we have moved our new headquarters in the heart of Chisinau. Named maibpark, it has the look and feel of a Silicon Valley technology campus incorporating natural light and an open floor plan whilst bringing together over 1,000 employees. It is a pillar of maib's commitment to our employees and towards attracting the finest talent from Moldova and abroad. It sports a gym, an atrium, a canteen, a café, informal spaces, sound-proof booths, and meeting rooms of all sizes. Moreover, the new open-floor plan enables the agile 'way-of-work' that maib continues to integrate into its culture. Whilst much of maib's transition is about our internal efficiency and can thus hardly be seen from the outside, maibpark acts as a focal point of that transition, standing proud as a monument to how far we have come.

## Staying on as maib CEO

I am proud to announce that the Supervisory Board has entrusted me with maib's leadership for an

extended period, as I sense many new and exciting opportunities for both the country and the Bank. The start of Moldova's accession negotiations with the EU gives hope to both national citizens as well as the international community, myself included, about the country's future. Furthermore, here at maib, we have started such an ambitious transformation that has already shown tremendous results, even during difficult years, and I want to oversee it till the end. The IPO remains an important milestone for me and maib as an organization, and we are collaborating with relevant interested parties to ensure that the listing will be a success.

## Thank you

As we look back at a successful 2023, I want to thank our team, customers, partners, and shareholders. Your trust and commitment have empowered us to navigate this year's difficult financial landscape with resilience and integrity. Together, we build a future of prosperity and shared success. Thank you for your support and continued partnership.



<sup>1</sup>The EU Enlargement and Economic Growth In the CEE New Member Countries, 3/2009, Economic Papers 367

<sup>2</sup>December 2023

# country update

In early 2023 Dorin Recean replaced Natalia Gavrilita as Prime Minister. In June 2023 Moldova hosted the second European summit, involving heads of state of virtually every European country. Choice of venue signified strong support of EU towards Moldova's European aspirations. In November 2023 local elections were held with mixed results.



## Moldova received green light to start accession negotiations with the EU

On 15 December during a summit in Brussels, the European Council decided to officially open accession negotiations with Moldova. This follows the European Commission's recommendation outlined in their "Commission Opinion on Moldova's EU membership application" report. In this report, the Commission declared that Moldova has completed six out of the nine steps, which it initially presented to the country. However, there was still progress to be made in key areas:

- Justice system reform;
- Anti-corruption;
- 'De-oligarchisation' and the fight against crime;
- Public services provided;
- Protection of human rights;

Hence, as the negotiations were opened with the understanding that advances will be made in these areas, the European Commission must report to the council on the progress that Moldova has made by March 2024.

It is worth noting that Moldova has only been granted candidate status in June 2022, following its application for EU membership in early March 2022. Whilst the pretext of the Ukraine war has certainly pushed this process, the speed of which accession negotiations have been opened is still record breaking.

## Moldova European timeline:

27 June 2014	Association Agreement with EU signed
01 July 2016	Full application of the Association Agreement
03 March 2022	Application for EU Membership
17 June 2022	EU Candidate Status granted
02 February 2023	Analytical report on country's alignment with EU acquis
23 June 2023	Commission update on the progress in the 9 steps
08 November 2023	Macro-Financial Assistance for 2022.
15 December 2023	European Council decides to open accession negotiations



# economic overview

## Economy recovers, albeit slowly

In 2023 the economy grew by 0.7% year-on-year in real terms. This increase is attributable to a recovery of the agriculture sector, which itself grew by 23.6% in 2023 year-on-year. Compared to previous quarters, 4Q 2023 was the second quarter in a row to experience growth, since 1Q 2022. This lengthy economic decline is due to the Ukraine war, as well as the energy crisis and high inflation that followed, and the severe drought experienced within the country in 2022, which negatively impacted agriculture.

GDP growth by quarters:

- 1Q 2023: -0.9%
- 2Q 2023: -0.3%
- 3Q 2023: +3.3%
- 4Q 2023: +0.2%

## Economic segments overview

Agriculture rebounded in 2023, growing by 23.6% in 2023. Crop production in particular grew by 35.1%, showcasing a great recovery from the 2022 drought. However, animal production continued its trend of slowly decreasing which has been seen since 2018, with the sector falling in 2023 by 1.9%. This increase in agricultural output has not been accompanied by a rise in goods transportation as the sector actually fell by 5.1%. This can however be explained by the fall of re-exports by 13.7% in 2023, as in 2022 blockades prevented Ukrainians from exporting via sea, meaning that many more of their goods went through Moldova.

A weaker performance from the extractive and manufacturing industries, as they declined by -6.5%

and -5.3% year-on-year respectively, has led to the decline of overall industrial output in 2023 by 3.6% year-on-year. This has been due to the effects of the energy crisis, which were especially felt towards the start of the year, as well as lower external and internal demand. However, it is worth noting that the energy sector recorded an increase of 5.4% over the same period.

In terms of trade in goods, both exports and imports fell by 6.5% and 5.9% respectively, whilst the trade gap closed by 5.4%. Export composition consisted of 70.9% domestic goods and 29.1% re-exports. Trade in services on the other hand was much more promising as just in the first 9 months of the year exports of services increased by 11.4%, with IT services paving the way for this increase.

## Increased spending leads to higher budget deficit in 2023

Government revenues amounted to MDL 102.3 billion in 2023, an increase of 11.8% compared to 2022. Government expenses stood at MDL

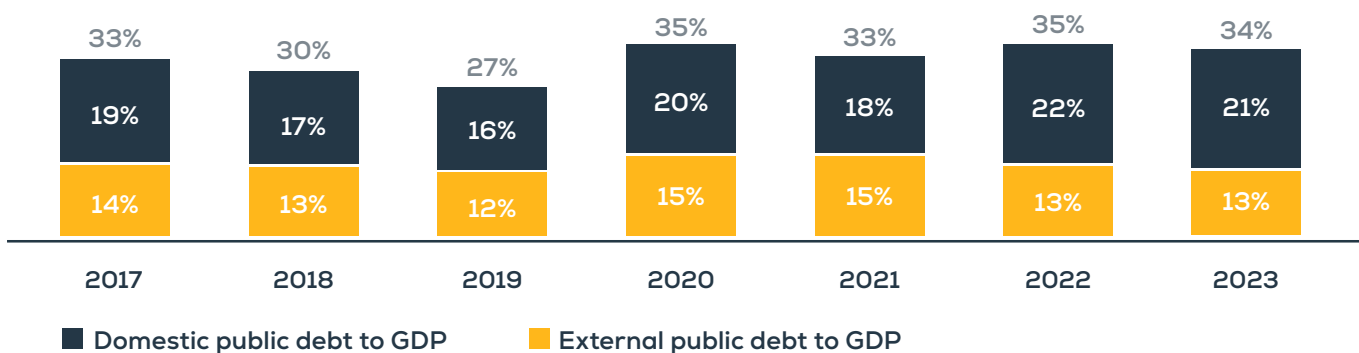
117.9 billion, an increase of 17.4% year-on-year. Hence, the budget deficit totalled at MDL 15.6 billion in 2023, which is 76% higher than it was at the end of 2022 (MDL 8.87 billion). Government debt was recorded at MDL 104 billion at the end of 2023, higher by 9% as compared to the end of 2022. The Debt-to-GDP ratio reached 34.7%.

## Inflation within target range

In February 2024 the inflation rate was at 4.31%. Inflation has stabilized, actually increasing by 0.11 pp in December-February. Notably, inflation had been on a downward trend since October 2022, when it reached a peak of 34.6%, and has hit the NBM target corridor (6.5% - 3.5%) in October 2023 when it reached 6.3%. The NBM has been utilizing monetary easing since December 2022, in an attempt to kick-start the economy, with the base rate falling to 4.25% in February 2024 from a high of 21.5% in October 2022. Reserve requirements have also been lowered, standing at 33% as of February 2024.

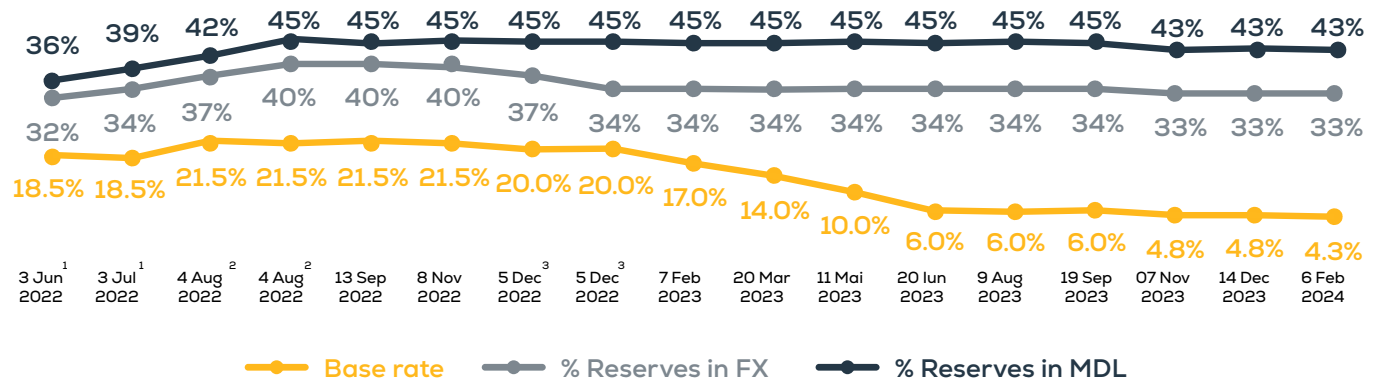


debt-to-GDP (%) of Republic of Moldova



Source: Ministry of Finance

### Rates on monetary policy instruments



Source: National Bank of Moldova

1 The increase in the Required Reserves rate from financial resources attracted in MDL and FCC was applied in two-steps: June–July and July – August.

2 The increase in the Required Reserves rate from financial resources attracted in MDL and FCC was applied in two-steps: August– Sep and September–October.

3 The decrease in the Required Reserves rate from financial resources attracted in MDL and FCY is applied in two steps: December–January and January–February.

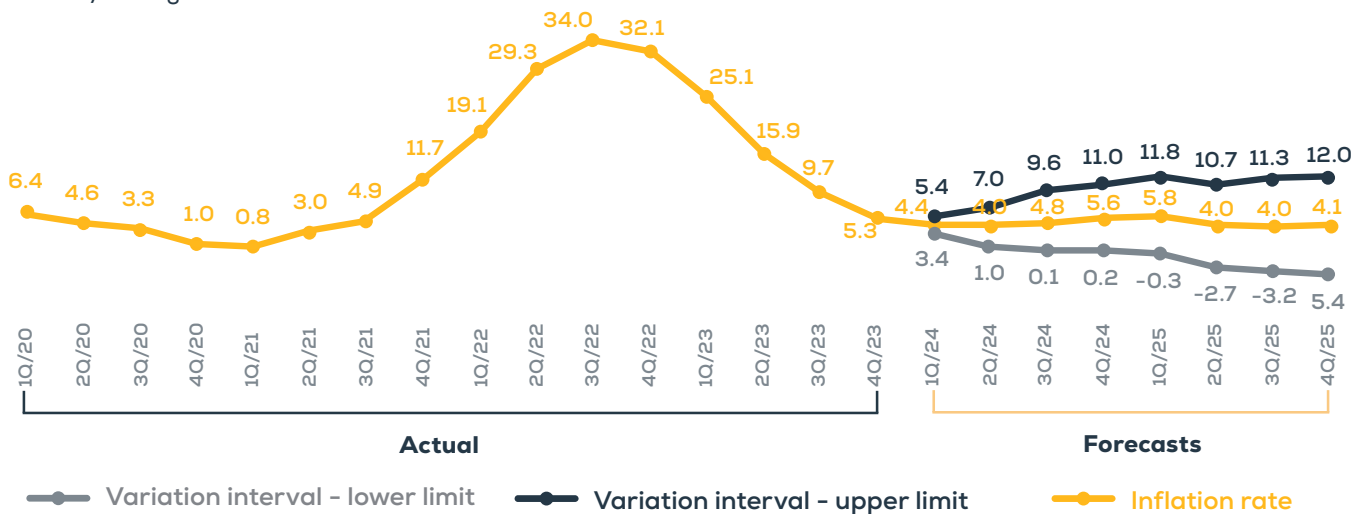
Average annual inflation in 2023 was approximately 14%. Forecasts by the NBM suggest that annual inflation will be at 4.7% and 4.5% in 2024 and 2025 respectively. However, as Moldova is a highly open economy, the stability of such predictions is conditional on price volatility on the international market scale, as identified by NBM.

### National currency appreciates in 2023

The national currency (MDL) has gained in value over the course of 2023, after remaining stable during the rough economic period documented in 2022. In 2023, the MDL has appreciated by over 9.1% against the USD in nominal terms (from 19.16 USD/MDL on 1 January 2023 to 17.41 USD/MDL on 31 December 2023). Against the EUR, the MDL has increased by over 5% during the course of 2023 (20.38 EUR/MDL to 19.36 EUR/MDL).

#### Annual inflation rate, %

Quarterly average



Source: National Bank of Moldova

### The banking system remained profitable and well capitalized as of the end of 2023\*

- Profitability – net profit grew by 12.5% year-on-year;
- Total capital ratio – stood at 30% up by 0.7 pp as compared to 2022;
- Liquidity Coverage Ratio – LCR stood at 280% up from 235% in 2022.

At the end of 2023, the banking sector assets have reached MDL 153.9 billion, which represents a year-on-year increase of 17%. The aggregated loan portfolio of banks has totaled at MDL 63.9 billion at the end of 2023, a year-on-year increase of 3.7%. Banking sector deposits as of 4Q 2023 reached MDL 114 billion, which represents a year-on-year increase of 20%. Notably the loan to deposits ratio reached 56.1% as at the end of 2023.

### Financial aid update

The IMF has estimated the short-term financing need of Moldova to be at about USD 883 million in 2023. This has been fully covered by the World Bank (USD 221 million), the EU (USD 197 million), the IMF (USD 218 million), and other developmental partners (USD 253 million) with finances disbursed for budget support. In 2024 this gap is estimated at USD 548 million which will be financed by the IMF (USD 270 million) as well as the EBRD, EU, and other developmental partners.

\*Source: NBM reports for 2023 as of February 2024

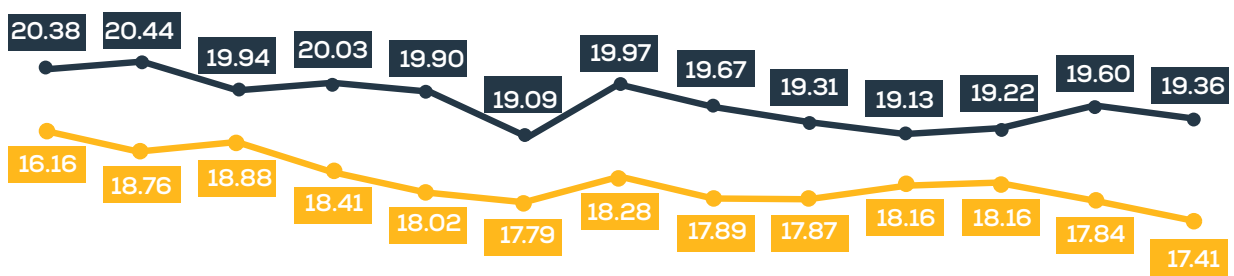
The EU is the single largest provider of financial aid to Moldova. Over the last 7 years, the economic bloc has issued over half a billion euros in grants on top of the over EUR 200 million in loans and grants, made available under the last two previous Macro-Financial assistance programmes.

These developments follow the significant financial support received by Moldova in 2022, which amounted to a total of EUR 641 million. The aid was used to address the energy crisis, including through government's compensation system, as well as towards maintaining economic stability.



### EUR and USD exchange rates

Month-end

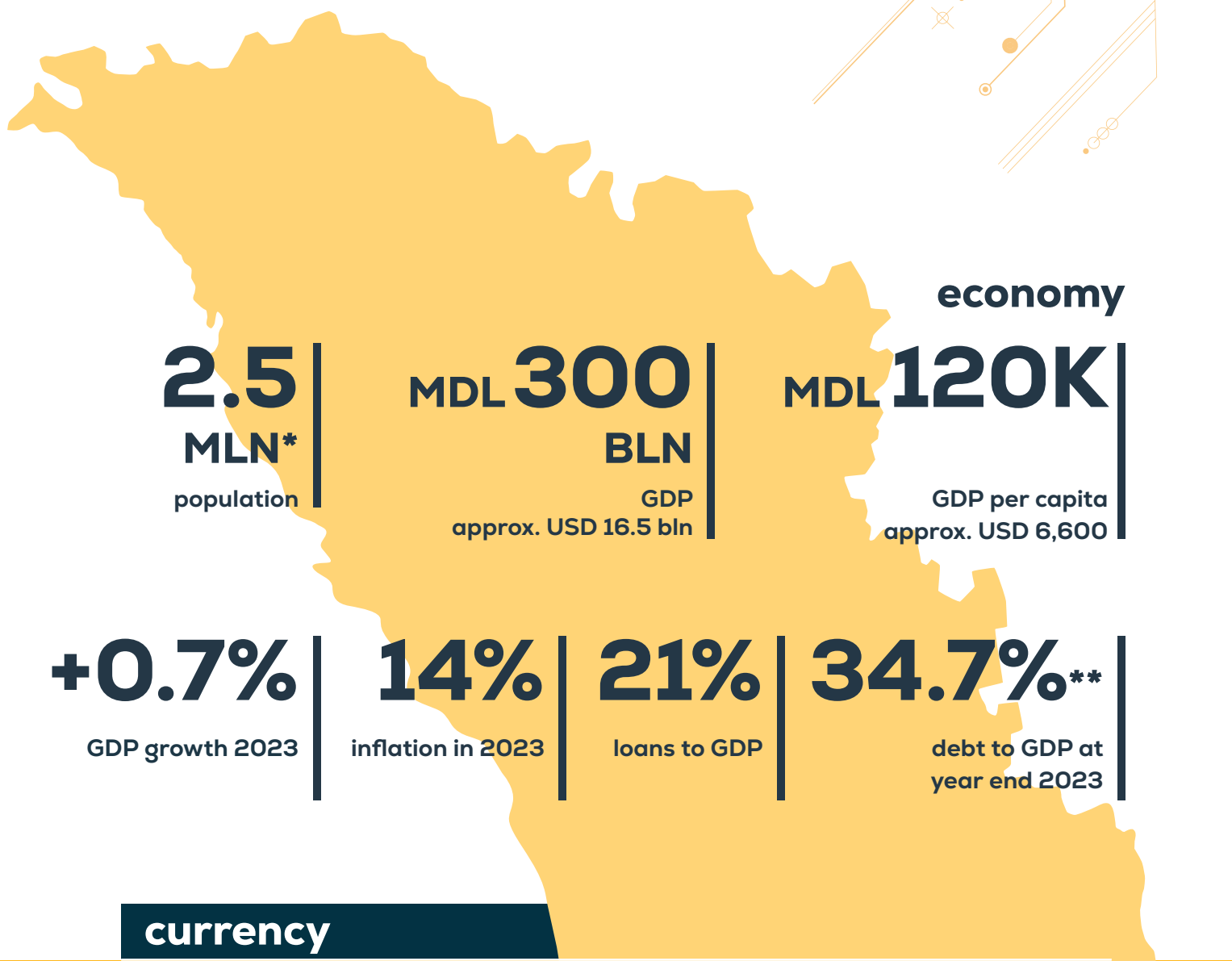
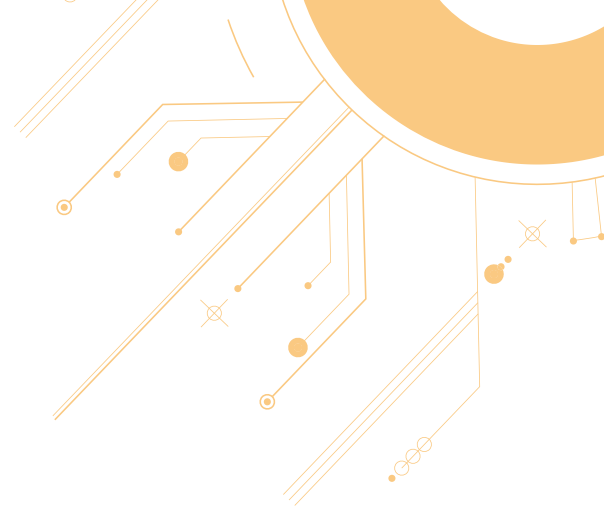


Dec'22 Jan'23 Feb'23 Mar'23 Apr'23 May'23 Jun'23 Jul'23 Aug'23 Sep'23 Oct'23 Nov'23 Dec'23

—●— EUR    —●— USD

Source: National Bank of Moldova

# Moldova in numbers



Average **USD** FX rate **18.1607**  
Average **EUR** FX rate **19.6431**

Source: NBM, National bureau of statistics

\*usual resident population

\*\*Ministry of Finance, National bureau of statistics



annual report  
2023

strategy  
and  
performance



# strategy and business model

## key pillars of strategy



## strategic direction

**Further strengthen leadership position across all markets and segments**

**Leadership in payments**

**Sustainable profitability**

**Disciplined approach to costs**



### Customer Perception

Universal bank offering services and products to individuals and businesses

Products and services that fulfill customer needs and deliver best-in-class customer experience at every step of their journey

Top-of-mind and the most trusted Bank in the country

Multiple international awards in all segments and product categories



### Customer Segments

Retail Banking, including premium and private banking: comprehensive financial solutions to individuals, including those looking for personal banking services.

SME (Business Banking): micro, small and medium-sized enterprises requiring business accounts, payments, and financial management tools.

Corporate Banking: large corporate clients and other legal entities (other than SMEs) in need of individual and more complex financial services, treasury (cash) management, and customized financing solutions.



### Channels

Focus on transition to digital banking services and extensive availability of products via digital channels

Multiple distribution channels and points of contact:

- Mobile banking (**maibank**) for individuals and internet banking for businesses - primary channels for customers interaction, providing a full range of banking services
- ATMs and self-service terminals (TSS)
- Branches and agencies for customers which require physical interaction
- Customer Support - multi-channel support including chat, email, phone, and virtual assistants.

Implementation of a new operational model in branches and a new visual concept



### Key Resources

Drive technological advancement and scalable innovation

Increase availability, scalability and development flexibility Core Bank System

Innovative products and services based on new IT infrastructure

Focus on strengthen the Bank's Data Centers

Data analytics capabilities to understand customer behavior and tailor digital offerings

Staff development to enhance employee's competencies and skills to support digital transformation



### Human Capital

Employer of choice in the country

Attracting and retaining talent via financial and non-financial means

Increasing employee loyalty and engagement

Cultural transformation via Agile approach

Training and Knowledge assessment center for continuing upskilling

Leadership development

Hybrid working arrangements, giving a majority of back-office employees the flexibility to combine working from home with working from the office



### Internal Value Chain

Operational excellence: increase operational efficiency through teams focus on added-value activities

Centralization of back-office processing activities



### Risk Management

Integrated risk management framework (credit risk, market risk, liquidity risk, operational risk, compliance risk, regulatory risk, and strategic risk).

Using technologies to improve decision-making, customer experience and strengthen anti-fraud systems along with digital transformation.



### Key Partnerships

Retailers, service providers, authorities, associations, Fintech.

Focus on ecosystem development - real estate, agriculture, etc.



# retail business unit



## Aliona Stratan

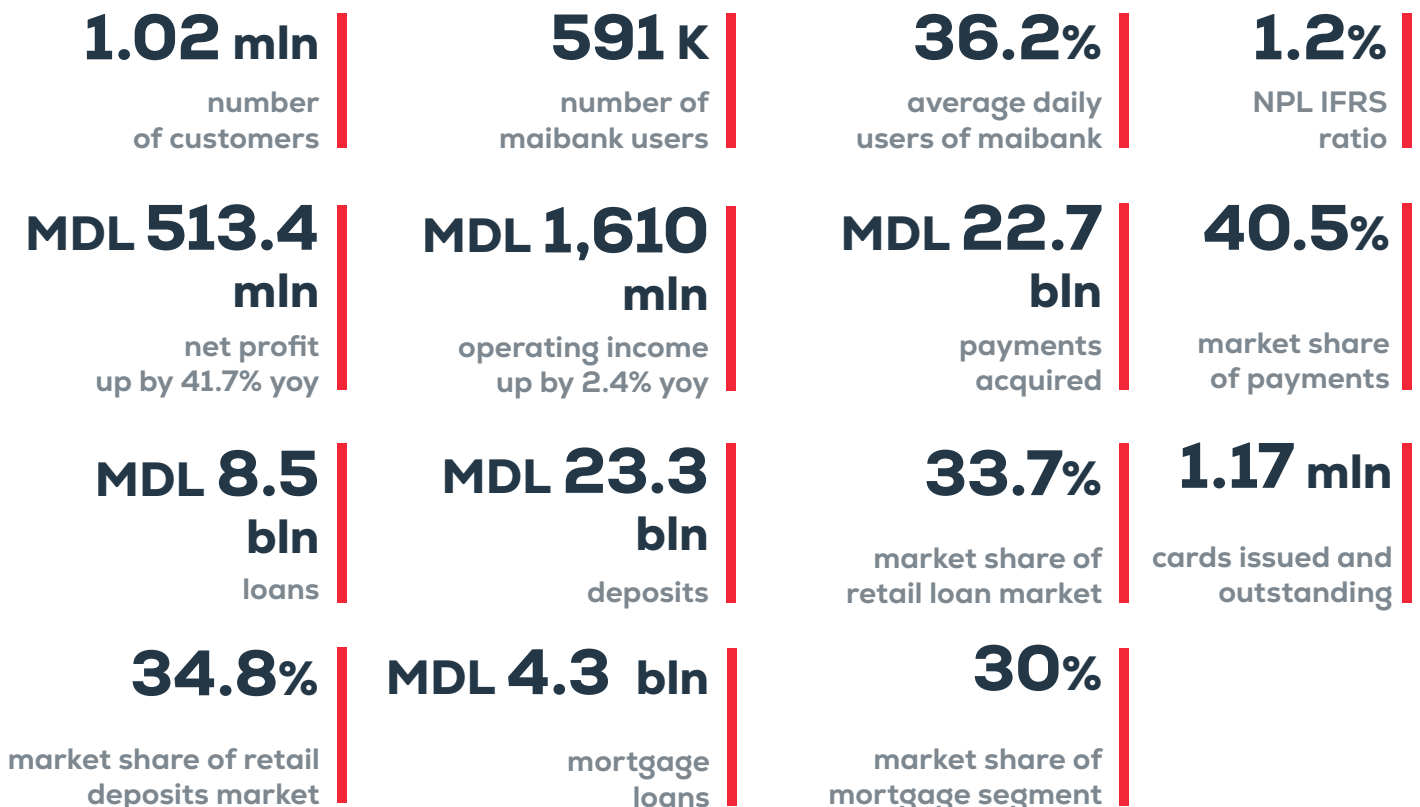
First VP, Head of Retail Business Unit

Retail Business Unit at **maib** is a comprehensive distribution platform and an array of products that cover banking needs of retail customers in Moldova.

- Loans, including consumer loans and mortgages,
- deposits, including current accounts and term deposits,
- mobile banking app with its own exhaustive service offering,
- payment solutions, including cards, peer to peer transfers, payment systems and utility payments,
- branch network,
- online marketplaces,
- ATMs and payment terminals,
- premium banking,
- salary projects and other – all make up Retail Business Unit.

Retail Business Unit has been the locomotive of **maib's** customer-centric transformation. The objective is to a seamless multi-channel customer experience customized to specific needs. Technology plays a critical role as more and more products and services are delivered via the mobile banking app and other automated channels. Speed of delivery becomes ever more critical as it enhances customer experience and differentiates **maib** from the competition.

## At a glance



# 2023 overview

## loans and deposits

### consumer lending

#### Overview of consumer loans in 2023

Main trend of 2023 was the migration of consumer lending online. Following the adoption of Responsible lending legislation which came into force in 2Q 2022 adjustments were made to how loans are granted via the app. Since then the volume of share of online consumer loans only grew. From 23% in Q4 2022 to 38% in Q1 2023 to 56% in Q4 2023 marking the moment when more consumer loans are granted online than in branches. In December 2023 the figure exceeded 59%. Transferring the majority of consumer products online was possible by improving the technical characteristics of the app and redefining online lending criteria.

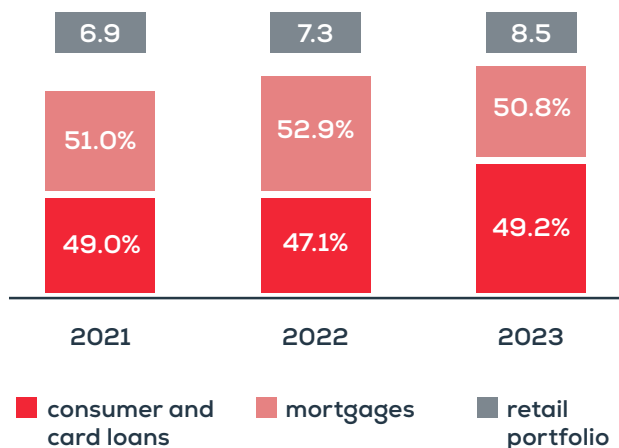
In June 2023 **maib** launched revolving credit line, which can be opened through the **maibank** app, and it quickly led to a spike in such applications via the **maibank** app.

Another new product launch was a capability to “pay in instalments”, as it is titled in **maibank**. In a nutshell this is a buy now, pay later financial product available for certain purchases. This is a first such product in Republic of Moldova, a lending option available only in **maibank**.

#### Consumer loan plans for 2024:

- Option of partial and complete prepayment of loans via **maibank**;
- Viewing penalties on late repayment via **maibank**;
- Improving scoring for online and offline loans;
- Digitisation of processes related to lending to Individuals;
- Reaching out to new client segments;
- Continued focus on customer experience and effective communication

#### loan portfolio evolution (bln MDL)



source: financial statements

#### consumer loans in numbers:

**MDL 3 bln**

volume granted in 2023

**56.7 k**

number granted in 2023

**MDL 4 bln**

outstanding volume 2023

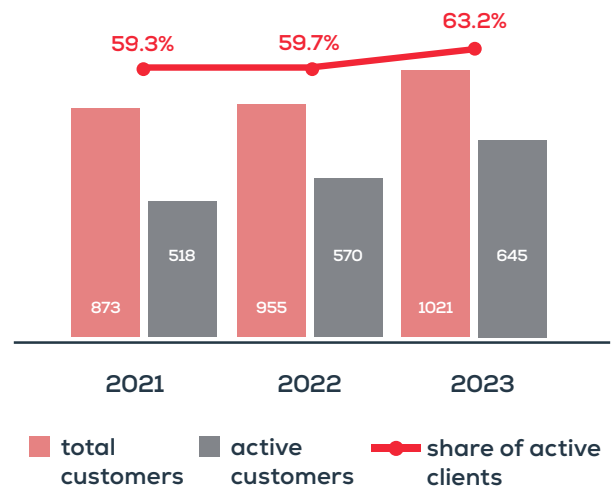
up from 3.2 billion in 2022

**37.9%**

market share 2023

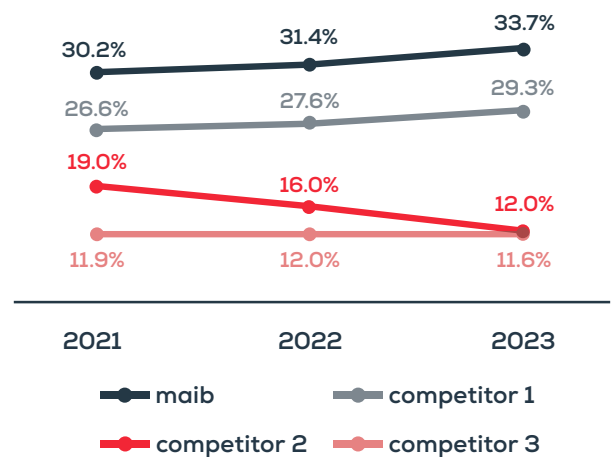
up from 34.9% in 2022

#### customers portfolio (thousands)



source: maib management reports

#### retail loans market share



source: NBM reports

## mortgages

### Real estate market and mortgage dynamics

In 2023 real estate market saw a 25% increase in customer demand for residential properties. At the same time, the real estate prices went up by 5-7%, with faster growth in newbuild and slower growth for older apartment buildings. There was a postponed demand effect in 2023. Those who decided to postpone acquiring a home with a mortgage in 2022 when there was a lot of uncertainty and interest rates going up, came back to the market, as interest rates on home loans became more affordable. Third and fourth quarter of 2023 saw substantial increases of newly granted mortgages as interest rates came down aggressively. Overall in 2023 maib granted a total of 1.5 thousand mortgage loans with a total outstanding amount of MDL 1.2 billion.

Market share mortgage loans 30.0% (2022: 28.0%)

### Key initiatives implemented in 2023 for mortgages

Migration of the mortgage lending process from a 100% manual application (data entry, manual completion of set of documents, manual completion of contracts) to a new semi-automated flow, so that most applications are approved on the same day when the full set of documents is submitted.

Opening of the new Mortgage Centre within maib park office. The new office is modern, has a larger capacity to process clients' applications and perfectly arranged space to go through the process of taking out a mortgage loan.

# MDL 4.3bln

mortgages  
outstanding  
2023

up from 3.9 bln  
(2022)

Launch of the available limit credit offer in **maibank**, so that the client is informed about the home he can afford.

Remote approval of mortgage loan within **maibank**: signing of loan contracts, authentication of the transaction and other required documents at the branch.



**Constantin**  
client **maib**

### Online consultation to buy a home

Constantin lives and works abroad. The online consultations for a mortgage were held by **maib** Mortgage Centre staff starting from 05 June 2023, and since then several negotiations and discussions were held with the customer. The transaction took place in December 2023. Mr. Constantin was happy and enthusiastic. He needed a home and it became a reality with the convenience of online consultations, he was able to conduct from abroad.

Following online consultations he knew everything he needed to know about the mortgage. With the help of mortgage centre staff he gathered all the necessary documents, then the evaluation report was done and finally he arrived to conclude the transaction. Now when Constantin returns to the Moldova, he can go back home. Happiness is written all over his face. After the completion of the transaction, Constantin also received a box of chocolates as a gift to open champagne on New Year's Eve in his new house.

## deposits

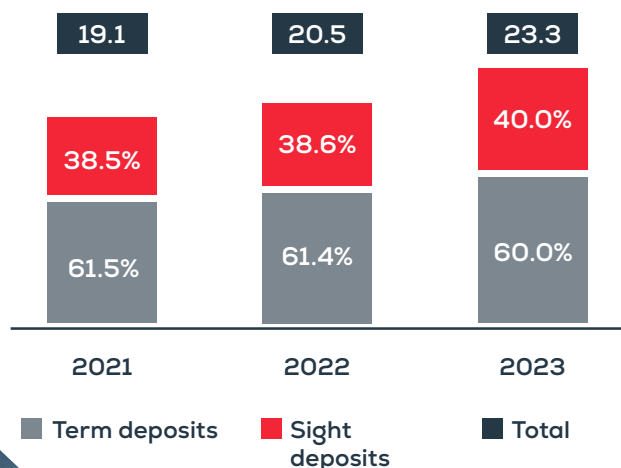
### Overview of deposit trends in 2023

2023 saw record high interest rates in the beginning of the year and consumers rushed to take advantage of the high interest on their deposits in the first half of 2023. There was a sharp increase in terms deposits starting with Q3 2022. It continued in Q1 and Q2 2023, but completely flattened out in Q3 2023. The balance of terms deposits has actually fallen in Q4 2023 compared to Q3. Additionally, we placed a total of MDL 251 million in **maib** corporate bonds. This issue was also aimed at retail market. Another major trend was that online deposits reached 65% in Q4 2023.

**MDL 13.9**  
bln  
term deposits  
2023  
up from 12.3 bln in 2022

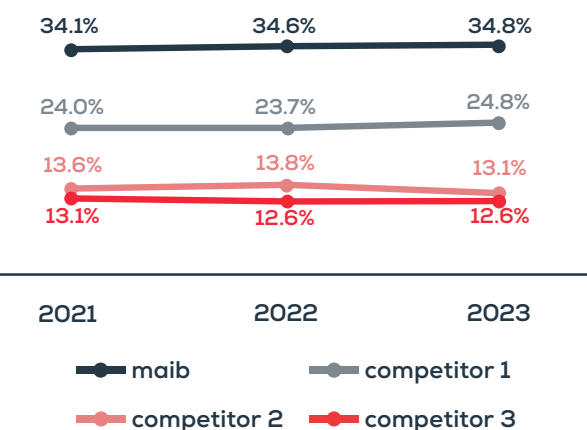
**MDL 23.3**  
bln  
deposits amount  
2023  
up from 20.5 bln in 2022

Deposit portfolio evolution (eq, bln MDL)

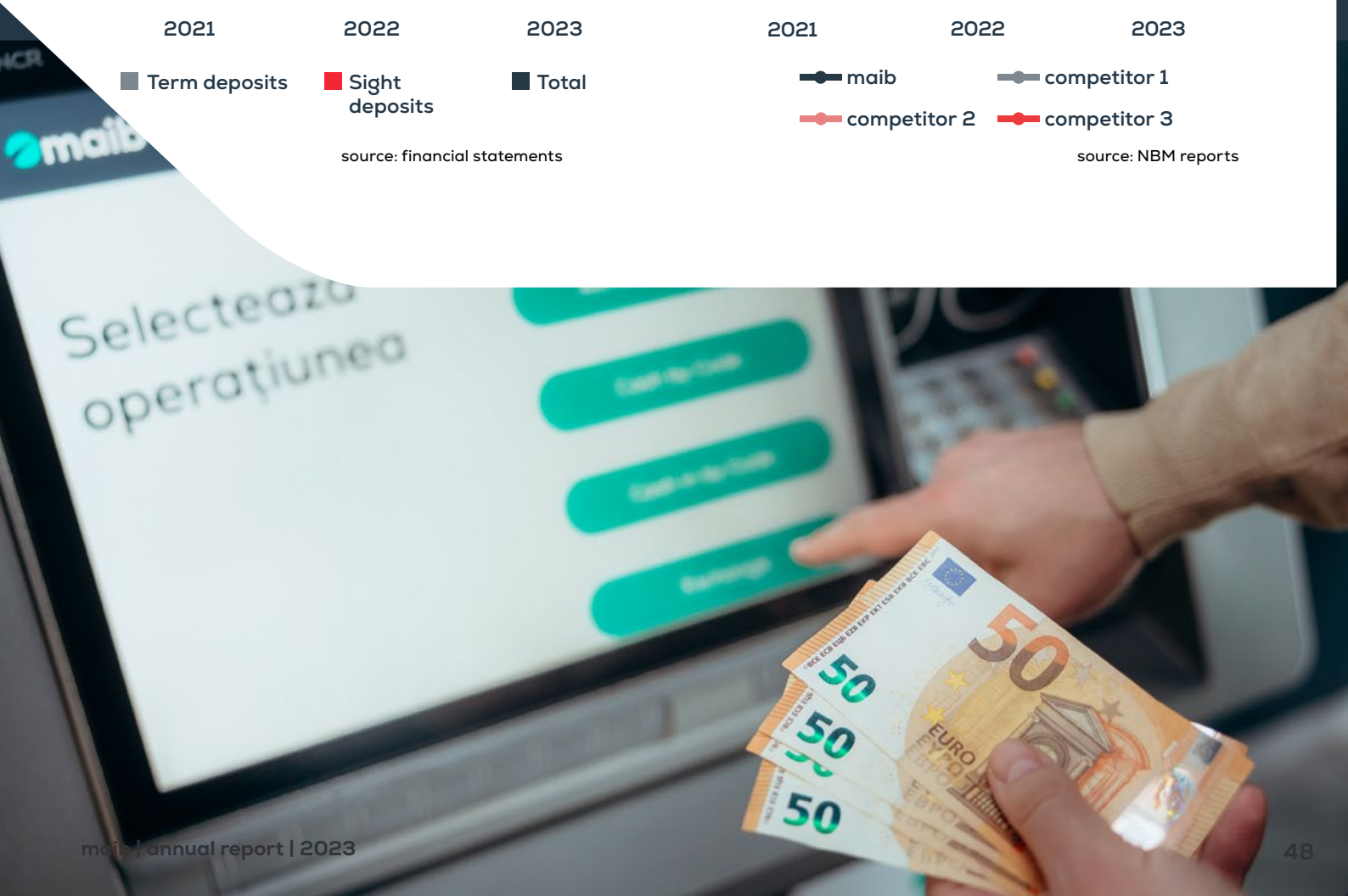


source: financial statements

Retail deposits market share



source: NBM reports





## cards and payments

### Cards overview in 2023

Throughout the 2023 **maib** maintained its leadership on the Moldovan payment cards market, both in issuing cards and acquiring payments. **Maib** offers its customers a full range of cards, from basic to premium, both debit and credit, working with international payment systems Visa, Mastercard and American Express. **Maib** issued a total of 475k. The Bank is committed to promoting cashless payments and transparent transactions.

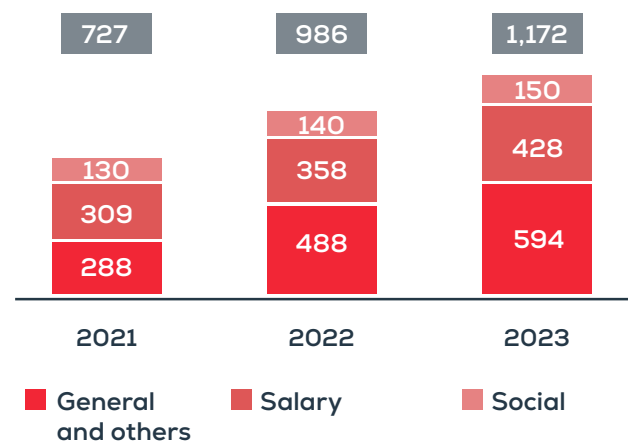
Additionally in 2023 **maib** increased its market share in salary project cards from 37.7% to 39.2%, taking the leading position in the payroll card market in Moldova. Becoming the first choice of clients has had a significant impact thanks to our flexible and professional approach, creating a number of undeniable advantages for both individuals and legal entities. Salary projects generate significant volume of cross sales particularly in loans.

**Maib** continued to add new functionality to its card offering with a particular focus on digital:

- Launch of digital gama cards;
- Launch of online onboarding;
- Online KYC (updating personal data without coming to the branch);
- Card activation service for salary and social cards;
- PIN setting/modification for gama card products online;
- Permanent card blocking;
- Use of biometrics to increase security and create a simple and secure customer experience;
- Other useful functionality.



Number of cards in issue by type



source: maib management reports

cards in issue:

**1.2 mln**

at the end of 2023

number of cashless transactions:

**62.5 mln**

2023  
up by 43.1% yoy

market share of issued cards:

**35.6%**

2023  
up from 35.2% in 2022

### Key milestones in 2023

#### One Million Cards in Circulation

- In early 2023, **maib** passed the one million cards in issue threshold. This milestone was marked with a special celebration with its customers, awarding 100 lucky people with valuable rewards.

#### Increase in cashless payments

- In 2023, **maib** card payments reached 37.9% of total transaction volume, reflecting a 4.9% increase from the previous year. Consumers gradually adopted paying by card, as more shops and points of sale were equipped with acquiring equipment.

#### Prospects and initiatives for 2024

- Expansion of digital cards in **maibank**;
- Development of loyalty programs and platforms;
- Promoting financial inclusion of Ukrainian citizens and facilitating their access to banking services/products;

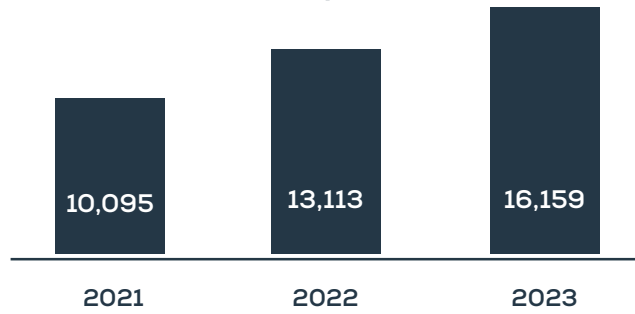
# acquiring

## Payments acquiring overview 2023

**Maib** remains the leader in the acquiring market in terms of numbers of POS terminals and e-commerce acquiring solutions. In 2023 **maib** launched a new product for merchants – QR code payments. This product allows to quickly and securely accept QR code based payments. Merchants now can generate a QR code for the delivered product or service, and their customer makes payment by scanning this code with their phone and pays using Google Pay and Apple Pay payment options and Mastercard, Visa and American Express cards.

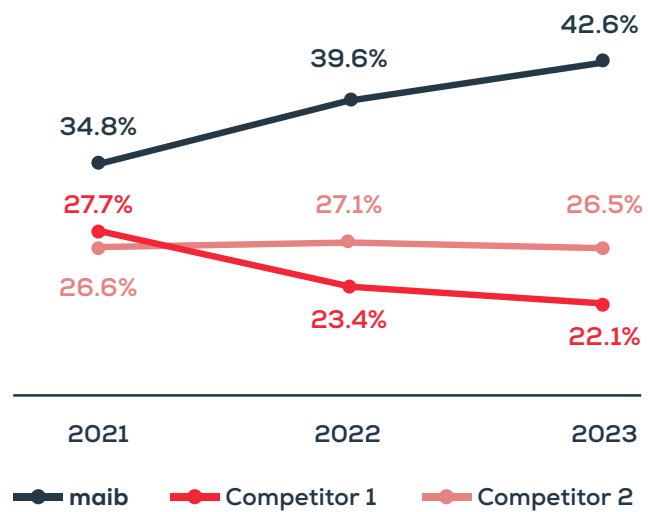
In terms of numbers, **maib's** POS and Ecomm network reached 42.6% of the national market. It has grown from 39.6 % at the end of 2022. The volume of payments acquired via POS terminals increased by 42.6 % in 2023 compared to the previous year. In terms of e-commerce market, **maib** is in the pole position with 49.5 % of the total numbers of the e-commerce platforms increasing its market share from 44.4% in 2022. The volume of payments through e-commerce platforms has grown by 11.49% in 2022 compared to the previous year. This represent a result of a new digital solutions offered to the merchants like QR payments, Apple/Google pay like QR payments, Apple/Google pay like QR payments, Android POS and others.

## POS & E-COMM terminals portfolio (number)



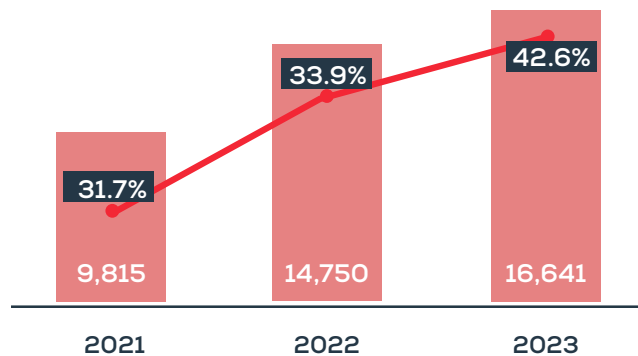
source: maib management reports

## Market share of number of POS & E-COMM terminals



source: maib management reports

## POS & E-COMM acquired volumes



maib acquired volumes, MDL mil

maib market share, %

source: maib management reports



### Key initiatives implemented in 2023:

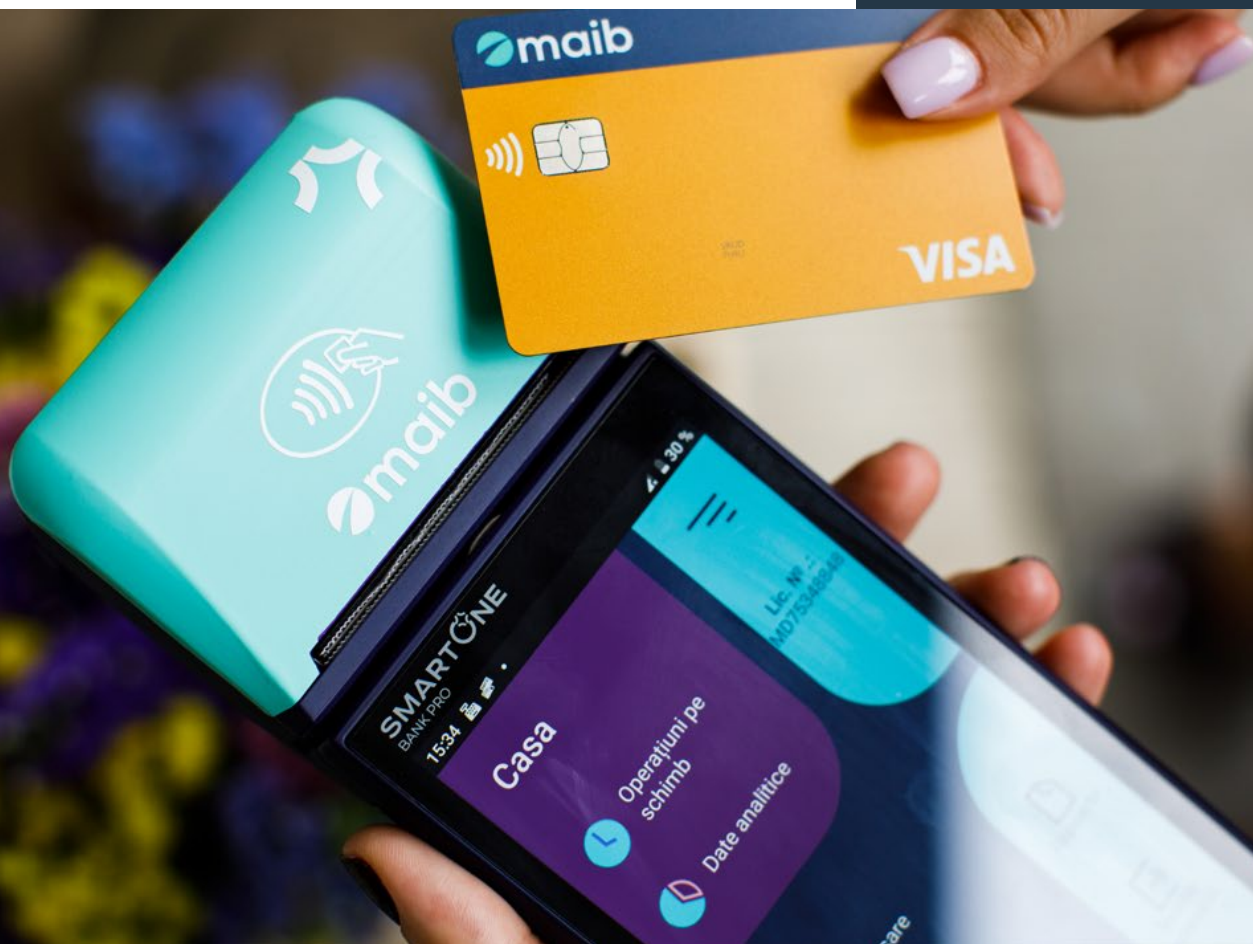
1. Google pay on ecomm - Owners of Android gadgets are one click away from making purchases on merchant website, without having to fill in their card details every time.
2. QR code payments - MVP **maibmerchants** - You generate a QR code for the delivered product or service, and your customer makes payment by scanning this code with their phone and pays using Google Pay and Apple Pay payment options and Mastercard, Visa and American Express cards.
3. API integration - **maib** has developed a new connection channel for ecomm that helps the speed and ease of connecting a merchant with ecomm.

4. Go Ecomm launch - program carried out by **maib** in partnership with the Future Technologies Project in Moldova is intended for companies that want to expand their business and sales online, benefiting from the support and expertise of a professional team in the field of electronic commerce.
5. OnePos Android - combines a payment terminal (POS) with cash register functionality to have everything in one device. In addition, the device issues tax receipts compliant with tax legislation so that you can comply with all legal requirements.

### Initiatives for 2024

In 2024, **maib** acquiring team will continue to focus on digitalization and developing of its services:

- **maibmerchants** - development of ecommers merchant hub,
- plugins development for ecommerce integration
- Alternative methods for ecommerce payments
- SmartPos Fiscalisation
- SmartCity Launch



## branch network

The upgrade of the branch network to the new redesigned branch began in 2021 and continued throughout 2022 and 2023. The full rebranding of the branch network is expected to conclude in early 2024. The branches are not only given the new visual identity but also a new operational model. The flow of customers is directed by the meeters-greeters. Within the branch 3 customer service areas exist: self-service area, dedicated to customers who are comfortable enough with ATMs and payment terminals, transactions area, where the emphasis was on speed and fulfilment of customer needs, and consultation area, where direct communication, study of customer needs and more complex personal or business plans are discussed. Branches are designed with customer comfort and speed in mind.

In 2023:

**17** branches and **9** agencies  
aligned with new visual identity

**2** branches and **1** agency  
opened

**2** branches and **8** agencies  
closed as part of network optimization

**95%**  
of existing branches and agencies converted  
to new design and operating model



**Tatiana Todorova**  
Branch director Taraclia

Tatiana Todorova was recently appointed branch manager in Taraclia, after the branch was moved to a new location and redesigned. Foot traffic increased by 25%.

"I have been part of maib for 18 years now. During this period, I worked as a cashier, cash desk manager, credit specialist, personal services specialist, customer relationship manager. In August 2023, I was appointed director of the Taraclia branch. I got into maib completely by accident, despite the fact that at that time my degree was in education (mathematics and computer science major). And in my opinion, it was this education that helped me become who I am now. As long as the tasks assigned are logically and systematically visualized, problems can be identified and evaluated, leading to more successful results".



## how we rolled out Branch 2.0

"In 2021, the rebranding of the entire maib branch network was initiated. In 2022, the operational model of service in the network was changed.

### What was the main objective of the brunch transformation in 2023?

One of maib's strategic goals is digital transformation. In this context, it becomes important to understand what the branch network will look like during and after this transition. We aimed to move most of the services and even sales into digital channels (maibank) and self-service channels (ATMs and TSS). Therefore, the main objective of this transformation project is to offload the low value transactions into digital and away from the branch network.

### How was this designed to look like in practice?

For example, payment of utility bills, currency exchange, issuing a small consumer loan and paying for it, all of this should be offloaded from the network. Small, low value transactions, all of that should be moved away from the branch. And more personal time and attention should be devoted to the client and his needs with focus on communicating face-to-face.

### What did you do to achieve this?

A transformation project team was assembled, which analysed where the time of the branch network employees was spent. We identified and mapped out about 30 processes that were supposed to help relieve branches from less valuable activities. Out of these, we prioritised 5-6 key initiatives, based on the principle of what would have the fastest and most tangible effect. And we called it "make time".

### What role does the network play after the transformation?

Branches are now tasked with consulting customers, helping them select banking products best fitting their lifestyle. Offloading low value transactions allowed us to free up a portion of the personnel who were now able to focus more on the consulting and selling. Another very important task of the project was to implement more cross selling. We called these initiatives "use time".

### What did the transformation process look like?

We chose 3 branches of different size and piloted our network offloading initiatives there. We had to test our hypotheses in practice. After 2 months, the analysis showed great results and we started to prepare for scaling up and rolling out to the whole network.

### How was it possible to do such a large-scale process for all branches?

We divided all branches into different waves, identified the transformation team, calling them Change Agents. They were physically present in the branches and helped the staff learn new practices. We started with Chisinau, then larger branches in the regions, then smaller ones.

### In 2023 maib continued to actively adopt agile way of work, did it spread to branches as well?

Yes, of course, our colleagues from the front office could not miss out on such important development. We rolled out some agile practices in the branches during this transformation. Now every morning in the branch starts with a daily meeting, where the whole team



**Anna Russu**

Head of sales and distribution for Retail Business Unit

can discuss yesterday's results, share findings and ideas, as well as focus on the results of the day.

### What was the most exciting thing that happened during this project?

The first is to ensure the adoption of yet another transformation project after so many changes in the last 2 years. The transformation team was met with some skepticism. But the constant physical presence of change agents and regional directors during the implementation, their enthusiasm and support, made it easier to accept another transformation project. We measured employee engagement during the project, and it showed that the employees felt more comfortable with the changes, and then when good results followed, felt the full buy in. "

### Branch 2.0 in numbers

**2.24**

products per client  
(up from 1.85)

**+33%**

cross sell  
(loans per employee)

**+30%**

cross sell  
(cards per employee)

**6.9**

customer satisfaction  
(out of 7)

**5.6**

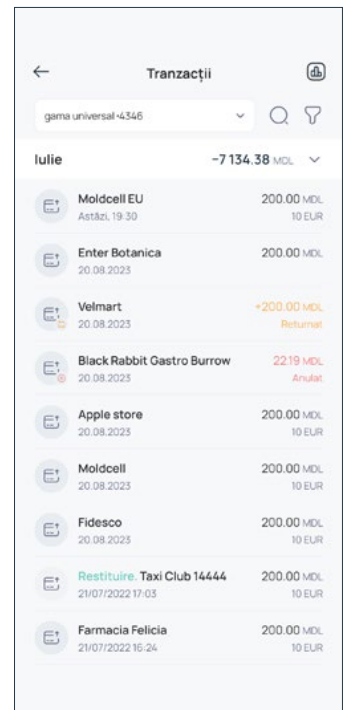
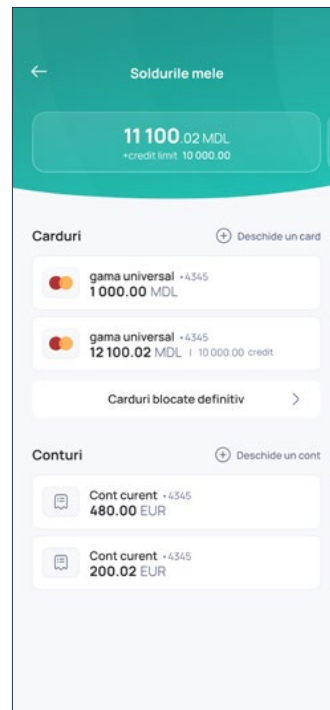
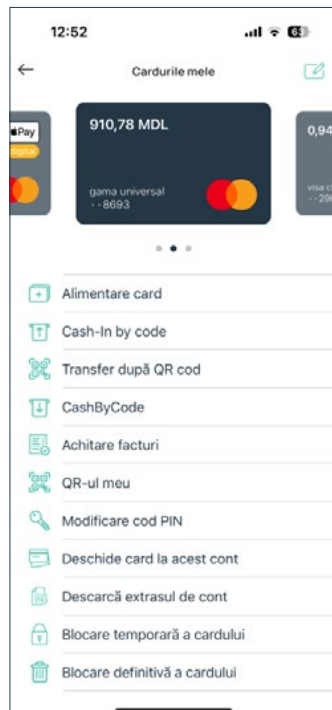
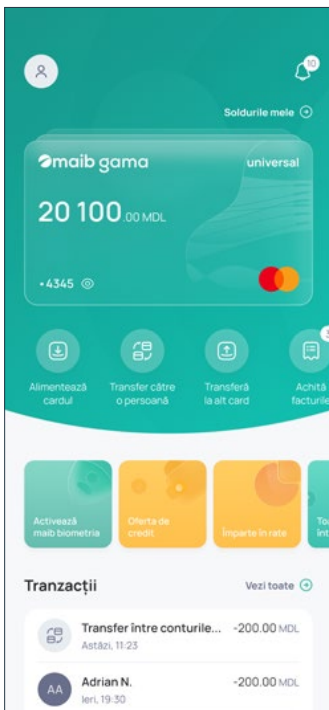
employee satisfaction  
(out of 6)

**+23%**

self-service transactions  
(via ATMs and TSSs)

**+93%**

loans via mobile (under MDL 100k)



## Update personal info fully online

Now at **maib**, customers can update their personal data directly online. This innovation, available in the maibank app, redefines the way maib customers can manage their personal information, eliminating the need to physically visit a bank branch. Regularly updating data at the bank is the key to a personalized and secure experience. This allows customers to benefit from exclusive offers, which are services tailored to their lifestyle. This means that both domestic and overseas customers can update their personal details in just a few minutes, directly from their phone. We use the latest biometric technologies and artificial intelligence to ensure the security of our clients' data.

## Digital lending

In 2023 we managed to cross the threshold of the first billion MDL issued fully online. Later - in the fall we completely redesigned the interface and significantly improved the customer experience. All this allowed us to increase the number of loans issued online by 158% and their volume by 214% year-on-year, while increasing the NPS of the product by 5.34 points. By number, 59.3% of retail loans are borrowed from the app (end of December).

## Online deposits

**Maib** has created a unique experience for those who choose to open a 100% online deposit. The opening process is fast, eliminating the need for travel and physical paperwork. With access to online tools the customer can monitor interest rates for easy and smart financial management. By number 65.8% of retail deposits were taken online (end of December).

## Transfer by phone number

Users can send money in just a few clicks without entering complex bank details. It eliminates the risk of entering the wrong transferee details, and direct integration with the phonebook makes it easier to select contacts and make transfers.

## Biometric security

With the **maib** biometrics service based on advanced facial recognition technology within the **maibank** app, access to your **maibank** account is both quick and secure. This technology uses unique facial features to confirm user identity and ensure a high level of account and transaction protection.

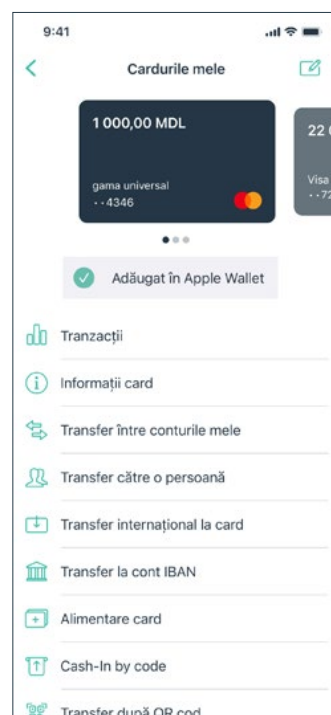
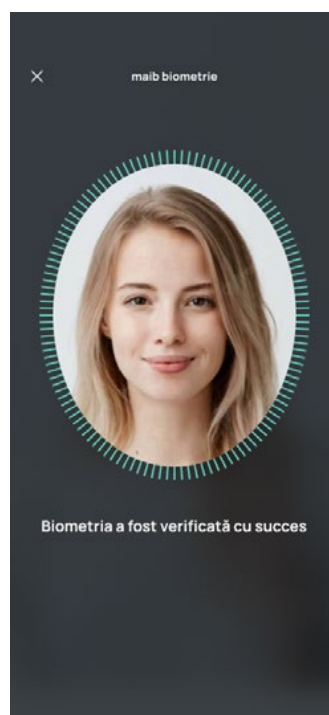
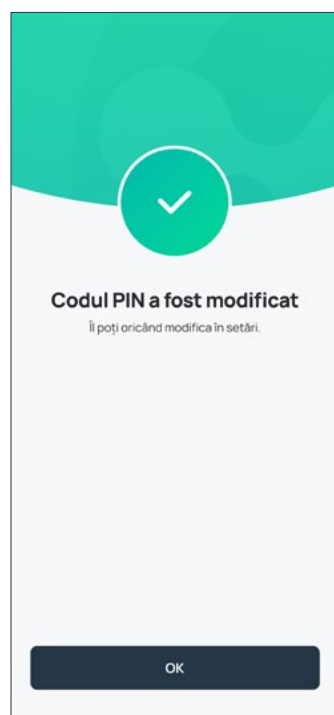
## Utility and regular payments

Through the banking app, customers benefit from a fast and efficient utility payment experience, eliminating the need to go to physical payment points with the 600+ providers in the app.

The ability to pay for utilities directly from the banking app gives customers greater control over their finances, ensuring they can easily manage and schedule recurring payments. Through the advanced functionality of the banking app, customers can access payment and billing history, making it easier to track and manage utility expenses more efficiently. The app also supports saving custom templates, simplifying the payment process and saving customers time with recurring payments.

## Digital onboarding

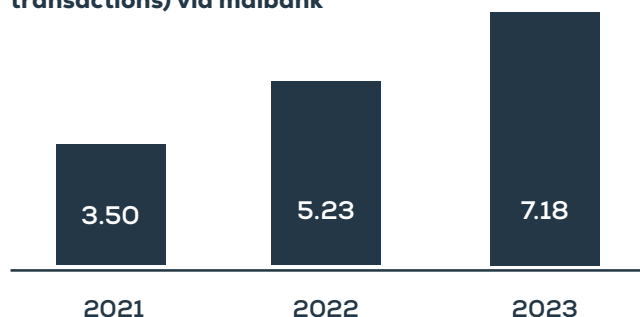
In 2023 **maib** announced the launch of 100% digital onboarding available to Moldovan citizens, a significant moment in making banking even easier to access. Those in remote locations or those who only prefer online banking can become customers and use the full range of banking services offered by **maib**. This is an important step in line with **maib's** commitment to customer centricity.



## Mobile banking leader: overview of 2023

In 2023 **maib** upgraded the digital customer experience by offering new, innovative features such as **maib** biometrics, online data updates, instant payments, among other. Also in 2023 **maib** announced the launch of 100% digital onboarding available to Moldovan citizens, a significant milestone in terms of creating banking even easier to access. **maib's** digital onboarding solution makes banking more accessible to Moldovans everywhere. Those in remote locations or those who only prefer online banking can become customers and use the full range of banking services offered by **maib**. An important step in line with **maib's** commitment to put the customer at the centre.

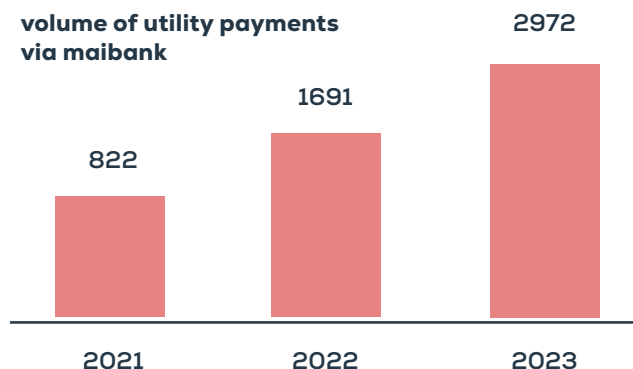
utility payments (number of transactions) via maibank



■ nr. operations (in mln)

source: maib management reports

volume of utility payments via maibank

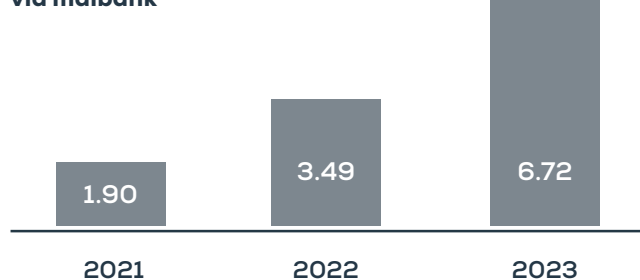


■ volume MDL mln

source: maib management reports

This upgrade of customer experience was evident in the numbers. The total number of users has reached 591K (a remarkable increase of 161K). Of this number 69.39% are monthly active users (MAU%), and of these 36.22% are daily active users (DAU/MAU%). By number, 59.3% of retail loans and 65.8% of retail deposits were taken out online (for the month of December 2023).

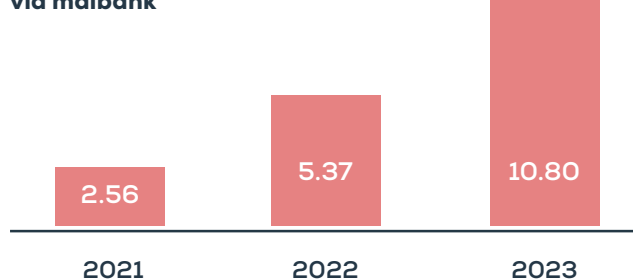
P2P transactions via maibank



■ Nr of P2P transactions (in mln)

source: maib management reports

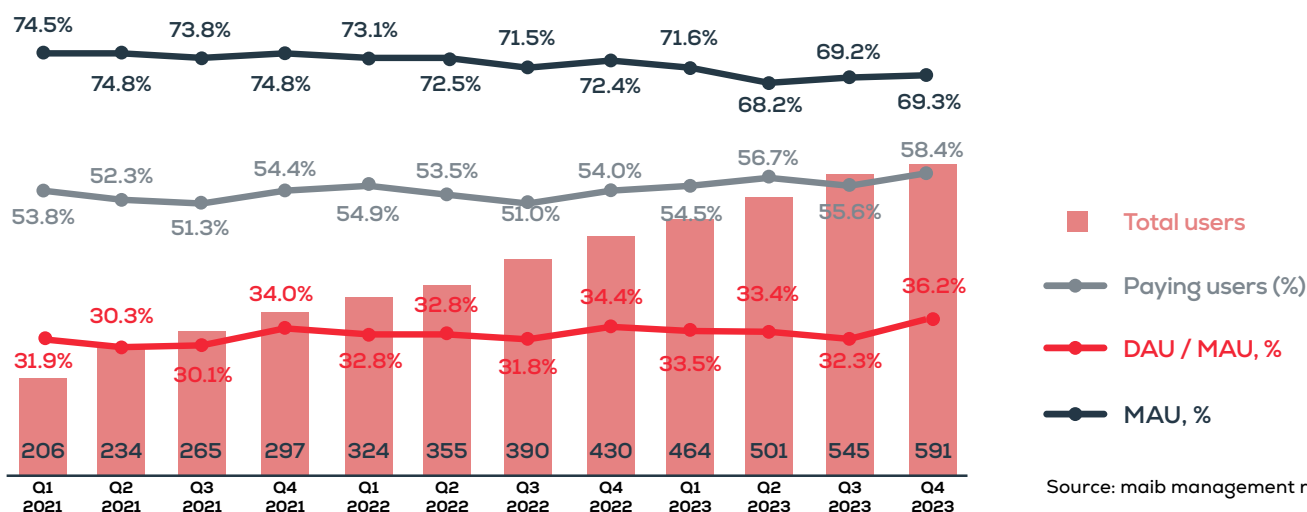
volume of P2P transactions via maibank



■ P2P volume MDL bln

source: maib management reports

## user engagement with maibank



Source: maib management reports



## Key features implemented in 2023

- Update personal data online in maibank, eliminating the need to physically visit a bank branch.
- Full digital onboarding – this is a huge breakthrough for Moldova. A Moldovan citizen can now become a bank client without visiting a branch.
- **Maib** biometrics, improve security while facilitating transactions,
- New home page, with significant user experience improvements;
- More than twofold increase in online loans with simultaneous increase in customer satisfaction scores;
- Revolving credit limits, “Pay in installments” new product, QR code payment functionality, cashback withdrawals possibility, changing PIN code in applications, online travel insurance, improved transaction history and other

All these innovations meant that 2023 was a real breakthrough in digital experience for **maib**.

## maibank, bank on your mobile

### maib biometrics

**Maib** has implemented biometrics service based on advanced facial recognition technology in the **maibank** app to secure access to maibank customer accounts and provide a secure mobile banking experience. This technology uses unique facial features to confirm user identity and ensure a high level of account and transaction protection. This puts a considerable barrier in the way of fraudulent individuals who would attempt to access customer accounts.

Through this technology, the device records and analyses the unique characteristics of the user's face. This involves the use of a specialised camera to capture facial details and sophisticated algorithms to accurately identify the owner of the device. When the user looks at their device, the facial recognition system examines facial features in real time and compares them with the pattern obtained from trusted sources and stored in the system. Only if there is a significant match, access is allowed.

In the **maibank** app, this technology ensures that only the legitimate user has access and can manage personal finances, so facial recognition adds an extra layer of security and privacy to the user experience.

20% of transactions are authorised with **maib** biometrics (end of December).



**Dumitru Duca**  
Product owner,  
Daily banking Orchestra

### about daily financial features

We've introduced several features tailored for our clients to simplify their daily financial routines. For example, we've made it possible to start using a card before receiving it physically from a bank branch. With our solution, card activation can be activated directly from **Maibank**. Users simply need to locate the big green button in the card details section to start creating a PIN, and activating the card simultaneously. This means they can start making purchases earlier than usual.

Additionally, all clients can continue to manage their card's PIN easily. There were 22K successful PIN management actions. To enhance security and control, clients can not only manage their card's PIN but also monitor card activity. If there are any suspicions of vulnerability, clients can lock their cards. When a card is frozen, it is temporarily locked. Clients can then unlock it using biometric verification.

In case of fraud, such as a stolen wallet with cards, clients can immediately block their cards. To further bolster security, we've added biometric verification for CVV opening to prevent fraudsters from using social engineering tactics. One of the most accessed sections of card

information is the CVV opening, which has been used 124K times. This demonstrates our commitment to safeguarding one of the most crucial steps for users accessing their money.

We've also developed a new solution for Transaction History, providing **Maibank** with more enriched details and transaction statuses for greater transparency and detailed receipts.

Based on this new architecture, we have developed the generation of PDF statements for transaction history. Now our clients can document their financial processes using a calendar and receive detailed information for the last 6 months.

Just in a half of December PDF Statement was downloaded more than 18K times

For travel enthusiasts among our clients, we've introduced a convenient feature for Gama products users. This functionality allows clients to generate travel insurance directly from **Maibank** with just one click, saving them time and effort in preparing for their vacations."

Starting from Autumn 2023 until end of December we generated 4.9K travel insurances for our clients.



**Maxim Gorbatenchii**  
Product Owner maibank band,  
lending orchestra

The year 2023 was a breakthrough in terms of digital lending. At the beginning of January, we managed to develop additional functionality for our consumer loans, which allowed us to “open” the product to wider categories of users. Then we added new functionality that allowed us to increase the amounts we can lend online by introducing an additional document that is required by law. Later we introduced biometric authentication as a way of confirming loan applications, increasing security. This was in May. Of

course, improvements were also made on the scoring decision engine side for a more accurate and personalised approach to our users, subject to all compliance requirements. As a result, thanks to the hard work of the whole team - in August 2023 we managed to cross the threshold of the first billion lei issued fully online. Later - in autumn we completely redesigned the screens and significantly improved the customer experience. All this allowed us to grow by 158% year-on-year in the number of loans issued online and by 214% in their volume, while increasing the NPS of the product by 5.34 points.

In addition to standard consumer loans - In August we re-launched credit limits revolving gama cards - a

functionality that was also warmly welcomed by our customers. Of course the product already combined all the obvious advantages and developments previously used for consumer loans - so in a relatively short period of time the online product managed to take 66% of total credit limit sales at the end of the year.

At the beginning of December, we announced an absolutely new product for the Moldovan market - a product that we, as a bank, are really proud of. The result of the labour of a great team. Just as the launch of online lending two and a half years ago was something absolutely new for the Moldovan market, we put the same bets on “Pay in instalments”.

#### Plans for 2024

Integration of third party services that will give the customers access to a range of new services in one place for convenience and comfort.

- Catalog of offers, the possibility to place partner promotions in Maibank.
- Mortgage loan in maibank.
- Instant and free money transfers to customers of Moldovan banks using just the phone number;
- QR for Instant Payments the possibility to make QR transfers to another bank in Moldova.
- Redesign and improvement of utility payments, loans, deposits, cards and transfers in the app.

# casahub ecosystem

## Rationale for existence

**Maib** client-centric strategy means offering a one-stop-shop platform for all clients' specific needs like housing, payments, etc. Compared to visiting a separate web resource for each area of need, the one-stop shop saves the consumer a lot of time and effort.

The main goal is to have a new point of contact with existing and potential clients and a lead generation channel for banking and other related products: loans, insurance and e-commerce. To become a necessity, one of the most visited web pages on a mobile phone.

## Key statistics: 2023 in numbers



8 (mortgage calculator, free mortgage consultation, real estate evaluation, verification by cadastral number, mortgage lending in MDL/USD/EUR, mortgage refinancing, real estate insurance, subscription to filters to receive notifications about new listings)

number of services



## 2023 overview

The following functionality was implemented:

- Subscribe to filters - receive notifications about new advertisements on CasaHub, according to the selected characteristics (via website, telegram or email).
- Mortgage calculator based on family income - calculation of the available mortgage loan amount, taking into account the total income of the family budget.
- Mortgage in foreign currency - adding functionality for calculating mortgages in foreign currency, that will help estimate monthly rate for payment based on the advance and the repayment period indicated.
- Cadastral verification of real estate (free of charge) - the ability to check real estate by cadastral number to obtain general data about the property, information about the owner and the presence of arrest or any restrictions.
- Improved UX - user interaction with the site was simplified, the usability of sections, filters, and available site options was improved.

## Improved indicators:

	2022	2023
Number of services	5	8
Unique visitors, monthly	65K	71K

## Plans for 2024

- Update the website concept, with an emphasis on mortgage offers
- Product branding
- Integrate CasaHub with the **maibank** app and bank systems
- Improve UI/UX
- Increase the number of visitors, registered users and issued mortgages
- Increase number of partners

# maib alto premium banking

## What is alto?

Maib alto is a premium banking service, preferred by high net worth customers who value both speed and quality of service. Personal maib alto managers. More than 5000 customers have already discovered the benefits of this service. Alto is a unique value proposition in Moldova.

## Overview of 2023

- **Alto Community Development:** multiple events such as tree planting, client brunches and celebrating Alto's one year anniversary, with the goal of community development through networking.
- **Collecting customer feedback:** We dedicated an interactive brunch to discussing with customers about their experiences with traveling with maib alto and communicating with their personal manager.
- **Product Adaptation:** We adjusted our products based on customer feedback, extending coverage for CASCO and property insurance, increased the limit for mortgage credit and optimised conditions for deposits, following suggestions received.
- **Social responsibility:** we organised 3 tree planting events in the Botanical Garden, planting over 300 trees with maib alto customers;



Key statistics	2022	2023
No of clients	1 029	5 126
Term deposit portfolio Volume, mn MDL	944	1 547
Share of alto term deposits in retail	7.54%	11.07%
Loan portfolio Volume, mn MDL*	96	454

\*without credit cards/Liber card

	Retail segment	Premium segment
Turnover per active client, kMDL	4.2	28.6
Cashless payments, share	38.4%	46.0%

**32%**  
share of clients with loans

**MDL 28.6 K**  
turnover per client

**MDL 57 mln**  
volume of first issue of maib corporate bonds placed with alto clients

## Plans for 2024/future:

- **Expanding the privilege collection:** we will contract more partners to offer special discounts to maib alto customers;
- **Improving processes:** We will create customised solutions quickly, tailored to customers' needs;
- **Alto customer relationship manager training:** We run courses for alto managers, with a focus on general culture, history and art;
- **Community development:** We plan events tailored to customers' interests to strengthen the maib alto community.



"The most important aspect I mention (...) is the insurance part, it's something totally different and really special in the market! Basically, alto insurance covers all the needs of travellers, including travel insurance, lost luggage and flight delays".

**Alina Mereuta**  
alto client

"Very important is the attention and the bank's intention to prune trees, it gives you an incentive to collaborate even more and invite other clients to the bank".

**Elena Diaciuc**  
alto client



"Maib has truly modernized the banking experience through their digital platform and transformed the way I manage my finances, fitting my busy lifestyle. Additionally, their personalized services alto adapt perfectly to my unique needs, making me feel valued as a client".

**Alexandru Andronic**  
alto client

"We launched alto in March of 2022 and our community is already over 5,000 strong. I believe our customers joined us seeking more than just a regular banking experience, and we have delivered with a quality first mindset. I extend my gratitude to the branch teams, who, through their work, bring this idea to life."

**Elena Negru**

Product owner,  
Retail daily banking, Premium  
and private banking band



"The best feedback we get from customers is when they come by recommendation; their trust is extremely valuable, representing a fundamental indication that what we do is good. (...) Clients appreciate our approach to their needs, especially the personalisation of the approach".

**Victoria Poparcea**  
premium customer  
relationship manager



# SME business unit



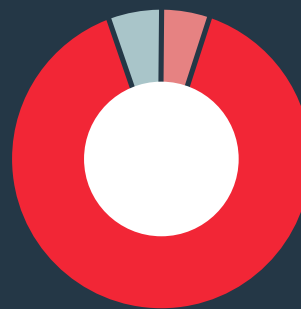
Andrii Glevatskyi

**Andrii Glevatskyi**  
VP, Head of SME business unit

SME is a business unit of maib dedicated to serving medium, small, and micro enterprises. Generally all businesses with under MDL100 million in annual revenues are SME. Those above that threshold are moved to Corporate Business Unit. Within SME, the following classification exists:

- Medium size enterprises: between 50 million and MDL 100 million in annual revenues;
- Small enterprises between MDL 18 million and MDL 50 million;
- Micro segment clients – under MDL 18 million in sales.

SME segment at maib is known internally as Business Banking



- Micro  
33,029  
90%
- Small  
1,846  
5%
- Medium  
1,789  
5%

Source: maib management reports

## At a glance

**36,664**

active customers  
(+13.1%)

**37.0%**

loan market share  
(up 5.63% y-o-y)

**27,354**

internet-banking  
connected customers  
(up 23% y-o-y)  
\*active 12 mnth

**MDL 7,796  
mln**

deposit portfolio  
(up 22.6% y-o-y)

**MDL 5,917  
mln**

loan portfolio  
(up 8.0% y-o-y)

**MDL 567.2  
mln**

pre provision income  
(up 18.7% y-o-y)

**2.8%**

NPL  
(up 0.5% y-o-y)

**MDL 322.5  
mln**

net profit  
(up 29.2% y-o-y)

## Key milestones 2023:

### Customer recognition

- In 2023 43% of all new companies registered in Moldova opened accounts with maib, and the bank reached historical record figures at:

number of new customers attracted - 5,974 companies, 26% more than in 2022 (4,758 companies)

deposit portfolio - 7,796 mln MDL, 22.6% more than in 2022 (6,357 mln MDL)

cross-sales - 23,488, 23% more than in 2022 (19,083 products)

### Consolidation of market leadership position

- The Bank continued to consolidate its leading position in the SME sector in Moldova, achieving an increase in its market share in loans from 31.22% in January 2023 to 37.02% at the end of 2023

### SME clients -active in last 12 months

Industry name	2021	2022	2023	2023 vs 2022
Financial institutions and organizations	410	458	547	19.4%
Transport	1,386	1,545	1,851	19.8%
Non-food industry	1,515	1,613	1,864	15.5%
Construction and real estate business	1,474	1,550	1,759	13.4%
Others	7,626	8,269	9,453	14.3%
Telecommunications	104	101	111	9.9%
Trade	10,699	10,879	12,008	10.3%
Power	295	387	453	17.0%
Food industry	561	552	677	<b>22.6%</b>
Agriculture	6405	6154	6556	6.5%
Winemaking	73	79	105	<b>32.9%</b>
IT Industry	426	827	1280	<b>54.7%</b>
<b>Total</b>	<b>30,974</b>	<b>32,414</b>	<b>36,664</b>	<b>13.1%</b>

Source: maib management reports

### Main SME Business Unit indicators:

SME division had a good performance during 2023. The loan portfolio of SME clients stood at 5,917 mln MDL at the end of 2023, and saw an increase of 8% as compared to the end of 2022, while SME banking sector decreased by 2.6%. On top of it, maib further consolidated its leadership in SME loans, with a market share of 37.0% (+5.6% vs 2022). The deposit portfolio increased compared to 2022, reaching MDL 7,796 million at the end of 2023 (+23% vs 2022). This contributed to maib's overall strong loan to deposit ratio, demonstrating sustainable ability to finance further lending growth.

### Achievement of direct income target

- During 2023, operating income increased by 14.3% compared to 2022 (from MDL 823 mln to MDL 940 mln), net interest income by 11.2% (from MDL 515 mln to MDL 573 mln) and net income from fees and commissions by 14.3% (from MDL 178 mln to MDL 204 mln). Overall, Pre-Provision Income amounted to MDL 567 mln, 19% more than in 2022. The achievement of profitability figures was achieved on the back of lower interest rates in the market.

### Launch of new internet/mobile banking solution

- In 2023, the web and iOS versions of the new internet/mobile banking solution were launched and the process of migrating customers from the current version of internet banking to the new solution was started

### Launch of the Business Banking Customer Care Center

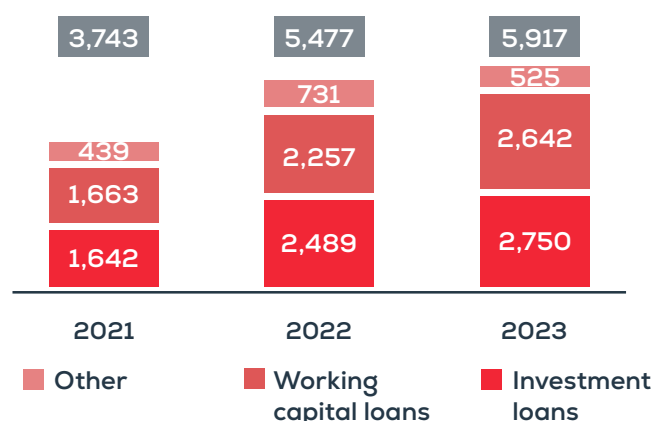
- Launched line 1314 - dedicated line for SME support, where experienced SME specialists are tasked with resolving customer queries from the first sound (First Call Resolution in December 2023 was - 84%)

### New products and processes

- In 2023 work continued on the launch of developments such as night and weekend payments, remote onboarding, factoring, digital signing of credit contracts, tenderer aggregator

SME Business Unit recorded growth of business, despite the SME market decrease and difficulties in economics faced by SME clients in 2023.

### SME loan gross portfolio

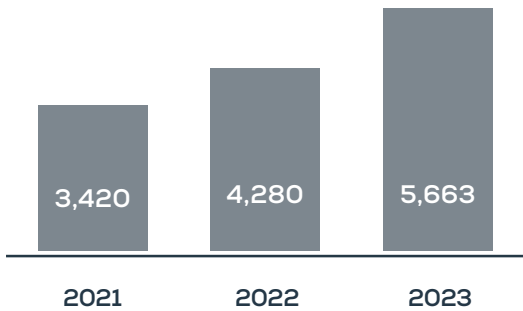


Source: financial statements



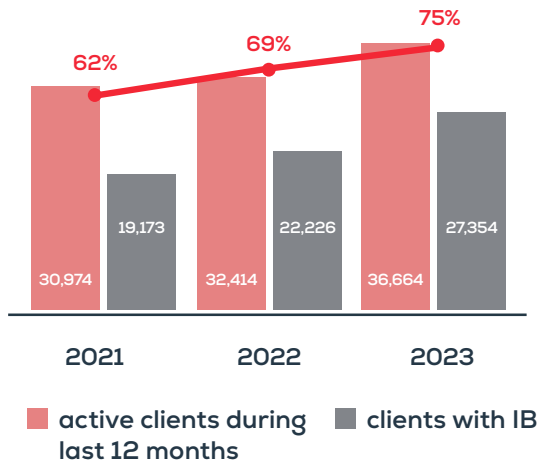
New customer acquisition reached record numbers in 2023 – 5,663 clients (+32% vs 2022), due to changes in the structure and processes of SME business unit sales as well as improving ability of the sellers, active search for clients and direct sales, recommendations from existing clients, lead management generation, and launch of a single customer support center.

**new customers**



Source: maib management reports

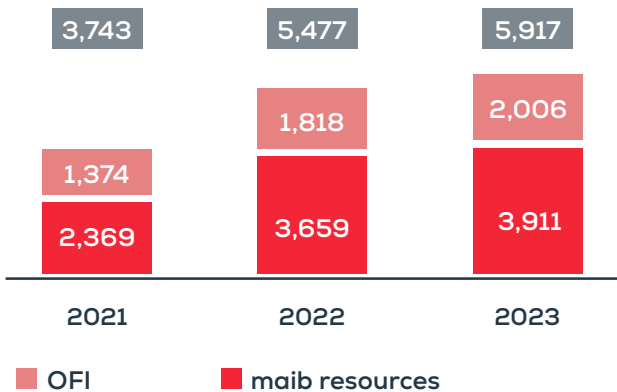
**active customers with Internet Banking**



Source: maib management reports

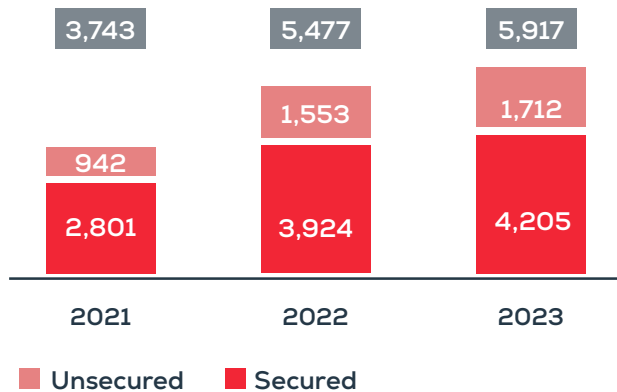
Number of clients which use internet banking, as well as proportion of those who use internet banking out of total number of active customers (active clients are those with transactions in the last 12 months), is constantly increasing. It grew by 23% compared to end of previous year – highlighting the importance of digital channels and remote transactions offered by maib. As a result, a strategic direction set for 2024 is the development of remote e2e customer experience and launch of New Internet / Mobile Banking.

**SME loan portfolio by resources**



Source: maib management reports

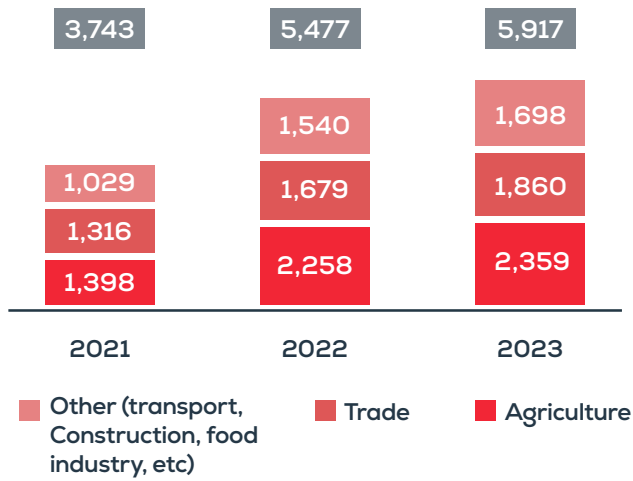
**SME loan portfolio by type**



Source: maib management reports

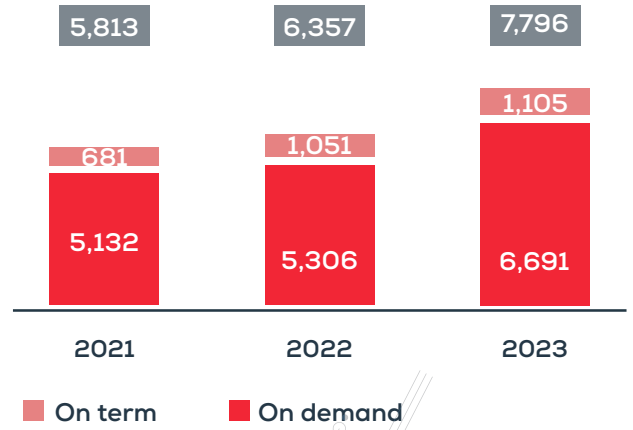


### SME loan portfolio by industries



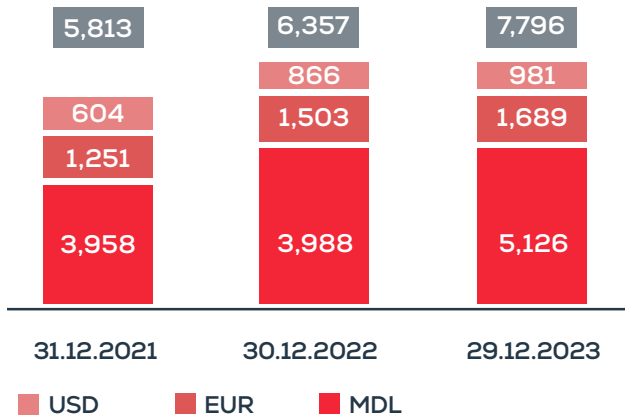
Source: maib management reports

### SME deposit portfolio



Source: financial statements

### deposit portfolio by currency



Source: maib management reports



## SME client experience stories:



**Petru Racila**

founder and majority owner of SRL AGRO-PVR. He founded the company in 2001.

I don't have time to go to the bank but with maib app I don't need to

"We have been working with maib since 2005. I started to operate with 250 hectares of land, of which 70 hectares of perennial vine plantations, 180 hectares of grain and oil crops. At that time there were 7 old Soviet tractors and 7 drivers. At present we cultivate 420 hectares of land, of which 13 hectares are vineyards. The company has completely renewed its fleet, purchased a powerful tractor and a new combine harvester. Now there are 4 tractors and only 4 drivers working. The salaries paid grew from MDL 200k to MDL 700k despite the reduction of the number of employees. During this time we have repeatedly taken loans for both working capital and investments in machinery. As a result of fleet renewal I harvest 700 tons of grain, 350 tons of sunflower and 150 tons of grapes per year. Efficiency and labor productivity have increased. During all the time we have been working with the bank, we have always developed together with

maib. We actively used the bank's products and the bank's application for working from the office - Internet banking application. In 2023, we accepted an offer to try to work with the pilot project of the new internet banking application (YODA). We are engaged in agriculture, we start our working day early and finish late, we don't always have enough time for the bank. Not that active on inquiries, but it was easy for us to learn and master this app. The staff of the bank was completely open to our suggestions for improvement and of course it made our work with the bank easier. The application is designed to make all operations intuitive. We are very satisfied with the work and services of the bank.



**Leu Elena**

Administrator Smadic&Co SRL

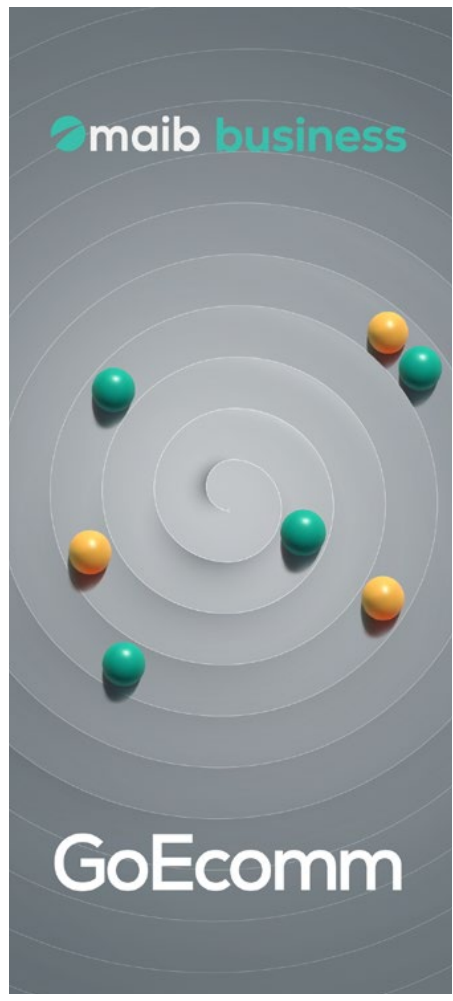
We use full range of payment services provided by maib and also loans

- Smadic&Co SRL is an internet shop - Smadshop.md which began in 2010. The basic task of the company is not only to sell the right product but also to offer the buyer a wide range of products, prices and of course correct information to the customer.
- In order to meet these requirements Smadic&Co SRL is developing both on the trade side and the related activities. Of course, one of the requirements is a reliable financial partner. In time a Logistics branch has been developed, where the team is responsible for the storage and transportation of products. A real challenge, in ensuring the transport of products, at minimum cost. No less attention is paid to Content Management, Marketing and Promotion, IT & Web Design. Of course one of the strengths is the choice of a reliable financial partner and a bank with a wide range of products and services offered to our company as well as to the retail segment. And we don't limit ourselves to standard products, but also appreciate specific products: e-comm, POS terminals, partnerships, etc.
- Initially the company worked with Moldovan companies, which gave us a small margin and sluggish activity. At the moment the company is importing 80% from Romania, Poland, Italy, Turkey, Russia, Ukraine and China is next. Our intention is to offer customers quality products at low prices.
- A bank with wide range of products and services offered is important for us because we work with retail sales as well. And we do not limit ourselves to standard products, but also appreciate specific capabilities: e-comm, POS terminals, partnerships, etc.
- To achieve these goals we have a reliable partner like maib, which supports us in all the initiatives with competitive loans, offering a credit line that allows us to quickly and easily use the money when needed. We like the speed and efficiency of how maib grants a loan. Having the experience of working with several banks in the Republic of Moldova, maib is the best banking partner!

**performance by product:**

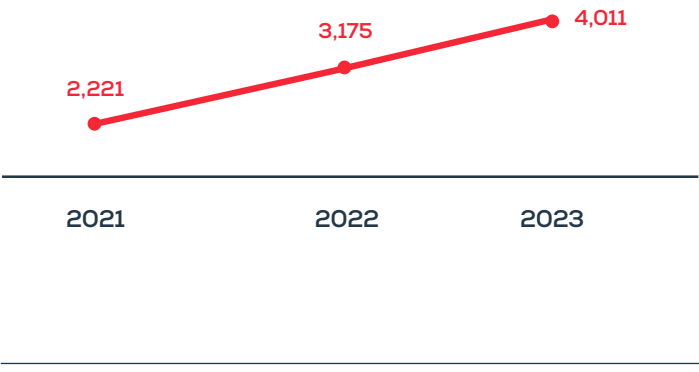
Maib has adapted the business model to the specific needs of the SME segment offering innovative products and services, up-to-date technologies and safe networks. Since 2021, SME division bundled current accounts, business cards, internet banking, salary project and other products into comprehensive bank service packages (business start promo, business forte promo, IT business) for the most demanding requirements and necessities of the customers.

More SME clients chose maib products in 2023. 4,011 POS & E-commerce payment solutions installed (+26% vs 2022), 6,849 business cards issued (+41% vs 2022) and 12,516 packages' subscriptions (almost 2 times more than in 2022). This is thanks to the through alignment of maib product line with customer needs and expectations.

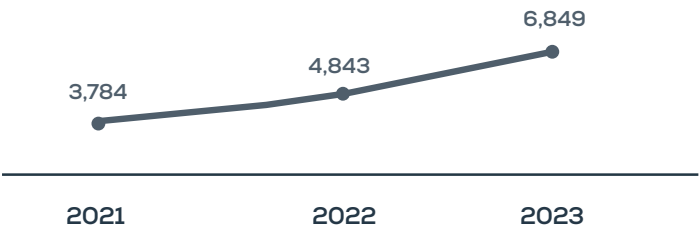


Due to quality, speed and customer centricity of maib operations, forex transactions volume increased in 2023 by 11% and by 25% in transaction number compared to 2022.

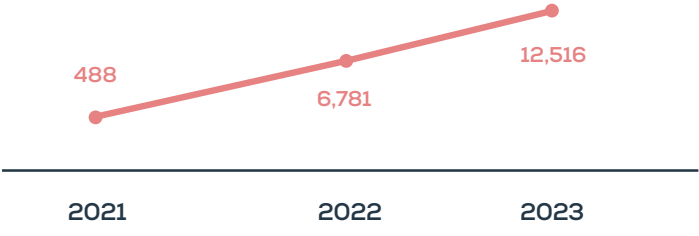
**new Pos & E-comm**



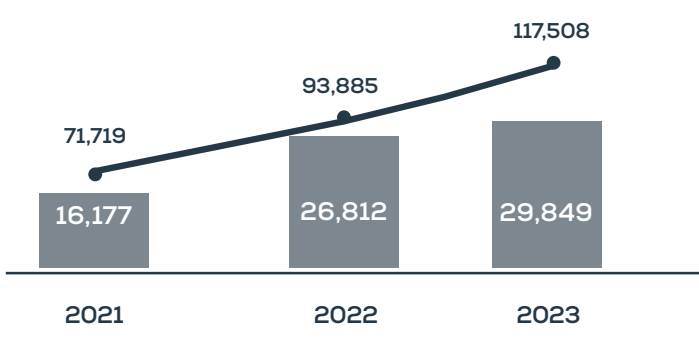
**new Business Cards**



**new Bank Service Packages**



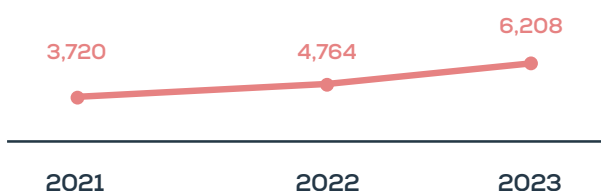
**FOREX transactions**



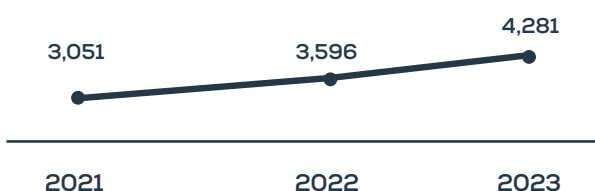
■ Volume, mn MDL      ● # transactions

Source: maib management reports

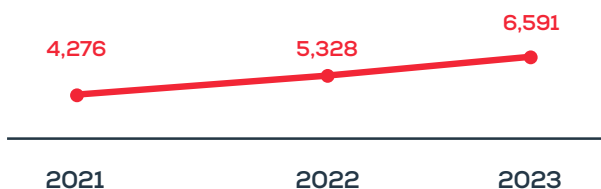
### POS clients



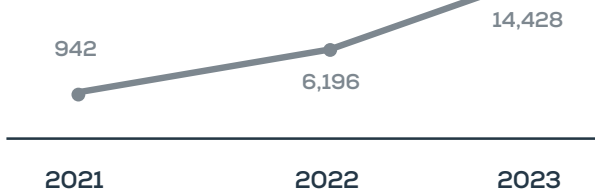
### FCY payments clients



### Forex clients



### Packages



Source: maib management reports

### Other value-add products:

Maib's set objective is to introduce banking services, which are more convenient and efficient, and where each interaction with client is swift and effective. As such, maib constantly comes up with additional products that offer our customers a supportive environment where they can solve their daily business needs. And the main focus for 2024 - improvement of customer experience for each product for SME clients.

### Lending partnership.

150+ partners with different types of activities (agricultural machinery, inputs, irrigation system, photovoltaic panels, cars etc.) sell products through maib loans.

### Non-lending partnership.

First bank in Moldova with consulting services offered to 1000+ clients from portfolio of 30+ partners:

- Accounting
- Business-Consulting
- HR-consulting

### Loans from partnership programs

Statistics	2021	2022	2023
Volume of loans, MDL million	362.5	378.7	<b>251.2</b>
No. of loans	546	620	<b>443</b>
Average loan MDL ths	664	611	<b>567</b>



### Challenges of 2023 :

1. Increase in the loan portfolio, given the declining business appetite for new loans
  - The total amount of loans granted to SMEs in 2023 decreased by 3% compared to 2022 (from MDL 19.0 billion to MDL 18.5 billion). Although the market was shrinking, maib managed to achieve an increase of MDL 885.8 mln, the highest in the local banking system.
2. Maintaining the quality of the loan portfolio due to the impact of the war in the region
  - The war in Ukraine led to logistical problems and an influx of grain supply, which caused prices on the local market to fall. In addition, drought conditions in agriculture meant that farmers had small cereal harvests, which they were able to sell at prices below the cost of production. As a result, some of the agricultural companies defaulted on their loans and thus affected the quality of the loan portfolio granted to SMEs by maib (PAR 30 at 31.12.2023 amounted to 4.2%, compared to 2.8% at the end of 2022).
3. Profitability despite falling interest rates and moderate loan portfolio growth
  - Achieving a Pre-Provision Income of MDL 567 million in 2023, up 19% compared to 2022, was a challenge for the Business Banking Division, considering that throughout the year there was a lower demand for bank loans than initially budgeted and interest rates decreased by more than 50%. The result was achieved as a result of the increased focus on the sale of basket products, which led to increased fee and commission income.



**Victor Bajereanu**

Developed a modern agriculture producer with the help of maib Founder and Administrator VILORA-V.S. S.R.L.

The activity of VILORA-V.S. started in 1998 in the village of Stolniceni, Edinet, with a lot of 600 hectares of arable land with many challenges and many unknowns, low performing agricultural machinery and equipment. In 2024 we can be proud of the results of our hard daily work, we are cultivating 1,280 ha of land including modern orchards (equipped with drip irrigation system, support system, anti-hail net) of apples, plums and cherries. We have managed to provide irrigation to the vineyard crops on an area of about 500 ha. The company has developed its value chain by focusing on the implementation of new technologies, on training and qualification of staff, on obtaining a high quality product, it has a 1500

tons capacity cold storage, a sorting and packaging hall for fruit and has implemented an energy efficiency project to reduce maintenance costs. We managed to obtain the Global GAP certification, thanks to these measures we managed to bring on the table of consumers in the European Union (Austria, Germany, Poland, Romania), the Middle East (Dubai) the authentic taste of our Moldovan fruits grown with great care and dedication. The above mentioned projects have been achieved thanks to the support of maib, a long-lasting partner that has supported us in all the proposed projects, having professional advice, quick decisions, financing conditions adapted to our activity.



**Critical success factors for SME unit:**

**1. Customer Centricity**

- The customer is put at the centre of the bank's decisions. To this end, the agile organisation format has been implemented throughout the SME business unit, which involves initiating developments from customer feedback and quickly adjusting products and processes based on instant customer feedback. Decisions are approved in cross functional teams of specialists, which significantly reduces the speed of response.

**2. Data driven decisions**

- The bank is placing greater emphasis on the use of data in making business decisions. Daily pre-approved credit limits are calculated, signals are generated on the basis of which different customer segments (both credit and non-credit products) are targeted with individual offers and situations of migration to competing banks are avoided.

**3. Developing distribution channels**

- In 2023, the Bank continued to invest in the development of communication and sales channels to customers. A single customer support line

(1314 - Customer Care Center) was created, the new internet and mobile banking solution was launched, the conditions for customer consultation in the Bank's branches were modernized, the network of mobile consultants was strengthened and new solutions for online sales were created via the [www.maib.md](http://www.maib.md) website and the [www.agricolahub.md](http://www.agricolahub.md) platform.

**4. Remote e2e customer experience**

- A number of developments were secured during 2023 in the direction of ensuring the greatest possible volume of remotely accessible products for customers. In addition to the launch of the dedicated 1314 support line, the remote onboarding process was implemented, remote release of bank guarantees, digital signature of credit contracts, release and payment of credit instalments, submission and approval of credit applications.

**5. Branch experience improvement**

- Dedicated counters and ATMs have been provided to ensure faster processing of cash transactions. Work continued to digitise additional

banking products so that queues in branches do not form. At the same time, back-office operations of branch consultants were migrated to head office support teams to gain additional time for faster customer service.

**6. New internet/mobile banking**

- The launch of the new internet and mobile banking solution was also a success factor, reinforcing the bank's image as the most innovative bank on the Moldovan market.

**7. Ecosystems & Related financial services**

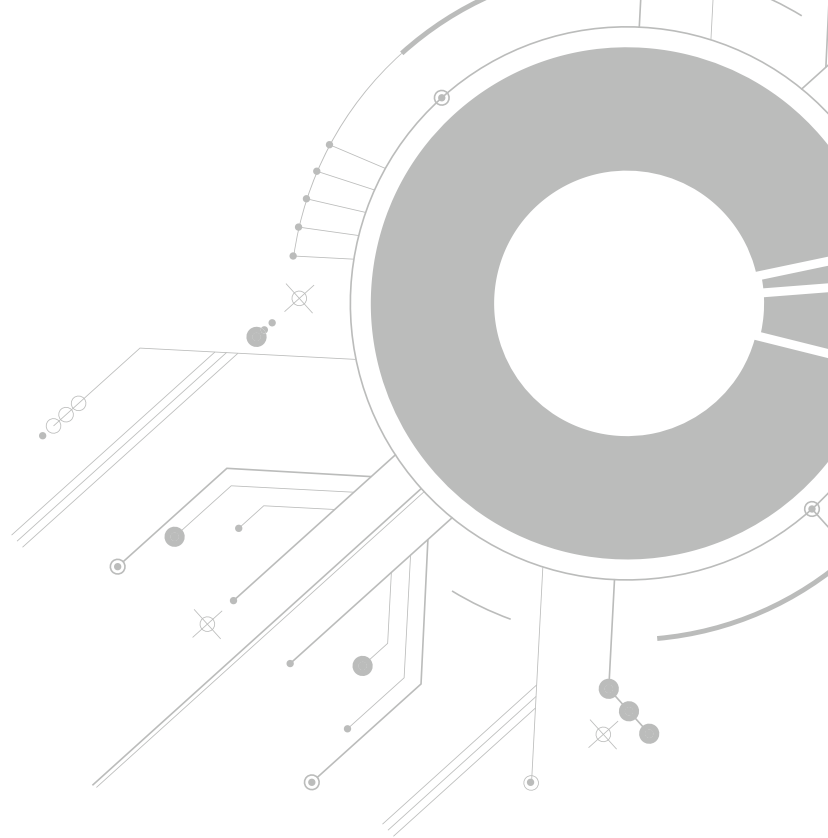
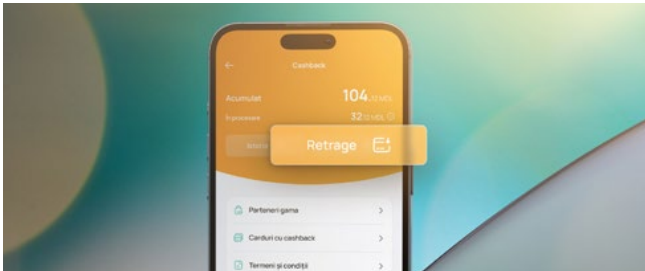
- The bank put significant emphasis on creating an ecosystem for SME customers, so that today a business customer can get through maib classic banking products, innovative banking products, accounting services, HR, preparation of business plans, a wide range of insurance products, preparation of documents for tenancy, online sales promotion through the agricultural hub platform.

## Plans for 2024:

1

### Digital solutions

New modules are planned to be launched in the new internet and mobile banking, including credit products. At the same time, the migration of customers to the new solution will continue, with at least 10 thousand users expected by the end of the year. In addition, a new customer communication solution will be initiated via dedicated chats.



3

### Customer experience

Identifying customer pain-points in working with the bank and developing solutions to overcome them remains a major priority of the Business Banking division. To this end, plans are in place to ensure an instant flow of feedback from customers and a continuous management system for the response activities of the central product and developer teams.



4

### ESG focus

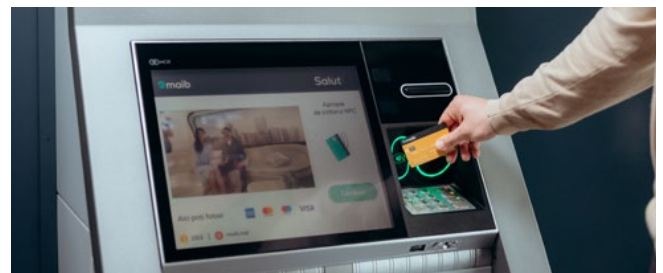
Increased actions are planned in the ESG direction, both procedural, such as sustainability committees, and sales - achieving the minimum share of green loans in the bank's total portfolio, promotion of new products and services.



2

### Portfolio growth and quality

In 2023, the loan portfolio will continue to grow, with an optimal increase of about MDL 1 billion budgeted. Similarly, achieving good quality of the loan portfolio remains a major priority.



5

### Partnerships and Ecosystem

Increased emphasis will be placed on the development of the partner network and joint products with partners. Similarly the spectrum of services that customers can access through the maib ecosystem will be broadened, such as website building, online promotion and design etc.



## Green loan – renewable energy, PV solar panels

Purpose of the loan - Financing the construction/procurement of power generation facilities that produce electricity for commercial use using solar photovoltaic technology (new photovoltaic panels). The financed investment project does not include the value of the building on which the photovoltaic station will be located.

The “energy for trading” loan is intended for micro, small and medium-sized enterprises that have been in business for more than 12 months and for start-ups.

### Financing conditions:

**up to 80%**

of the value of the investment project

**up to 12** months grace period

for the loan

**up to 6** months grace period

for interest

term - **up to 84** months

The interest rate and related fees are set individually at the time of granting the loan, depending on the applicant's financial profile.



### Sergei Bolocan

Founder and Administrator BRATARA S.R.L.

Bratara SRL we started our activity with our own money investing in Green Energy considering that this is a look to the future. The main goal was and is cost reduction, sustainability and competitive advantage. Investments in Green Energy bring significant economic benefits in the medium and long term.

Initially 2 wind turbines were installed from own resources. The park was located in the Stefan Voda region. Now this park contains 5 wind turbines that produce electricity and 100% of it is export oriented, the destination being Romania.

Our intention is to grow and a reliable partner like maib is always there to help us. **Maib** has always supported us with competitive loans, at the moment we have 3 loans with maib, where 2 of them have been financed through project 373. I can say that we have received more than just funding, we have received professional advice and support, the attitude of the partner and support for energy efficiency projects has been felt. These projects are tools to change environmental challenges, energy efficiency and economic growth. Together we contribute to building a better, safer world and a worthy legacy for the future.





### **Braga Alexandru**

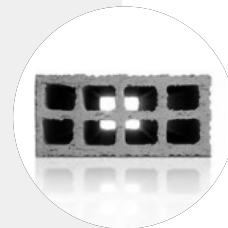
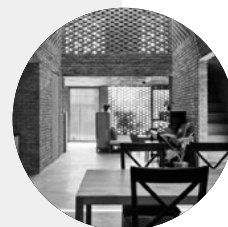
Administrator and founder 33,33% of the company ERGOBRIX SRL

The company ERGOBRIX SRL was created in 2006, the initial type of activity being the wholesale trade of wood material and building materials and sanitary equipment. In 2016, the brick factory in Tvardita\*, Rn. Taraclia, and we focused on the entire activity and investments in modernization of the factory, brick production equipment and exploitation of clay ore - the basic component in brick production. The factory holds the right to exploit the clay deposit for the production of bricks and tiles 'Tvardita', issued by the Environmental Agency of the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova. This deposit is located in the immediate vicinity of the brick factory, on an area of about 39 ha and with an estimated capacity/volume of about 3.9 mln m3.

During our activity, we worked intensively on optimization and automation of the technological process replacing physical work with robotic systems. This has increased productivity and quality of production: 8 additional drying chambers have been refurbished, daily physical work is performed in 2 shifts with the same number of personnel, gas consumption (essential energy resource in the production process) has been optimized - the same gas consumption is used for higher productivity. At the same time, in the production process, "Ergobrix" Ltd. consumes in significant volumes both

electricity and natural gas. In order to improve the direct impact of the consumption of these energy sources, SRL "Ergobrix" has reoriented itself towards the use of pellets in the technological process by investing in burners, automated pellet transport systems, reception bunkers, storage and distribution of pellets on both sides of the furnace.

It is understandable, that electricity consumption also represents the only source used in the automated and robotized technological process as well as in lighting. All the upgraded transport, storage, storage machines operate using electricity. The volume of consumption was significant and directly influenced the cost of production. We have optimized these expenses by successfully implementing the park with 1 MW photovoltaic panel installations generated for our own consumption. Of course all this would not have been possible without actively working with credit lines and products offered by maib. We had the experience of other banks, but here we found everything we needed: information about available lines, specific to our activity, advice on projects and financing, involvement. It is very important to mention, that we are a group of companies and we have a dedicated Customer Relationship Manager in the bank, who offers us this effective collaboration.



## Sales channels

In order to better understand, anticipate and fulfill customer expectations and needs, Business Banking division implemented a variety of approaches and uses a mix of sales channels to reach its customers:

## SME hubs. current status

Loans and deposits are in millions of MDL

### Miron Costin HUB

total loans	total deposits	number of active clients
<b>1,134</b>	<b>1,080</b>	<b>6,584</b>

### Centre HUB

total loans	total deposits	number of active clients
<b>1,077</b>	<b>2,723</b>	<b>9,301</b>

### Botanica HUB

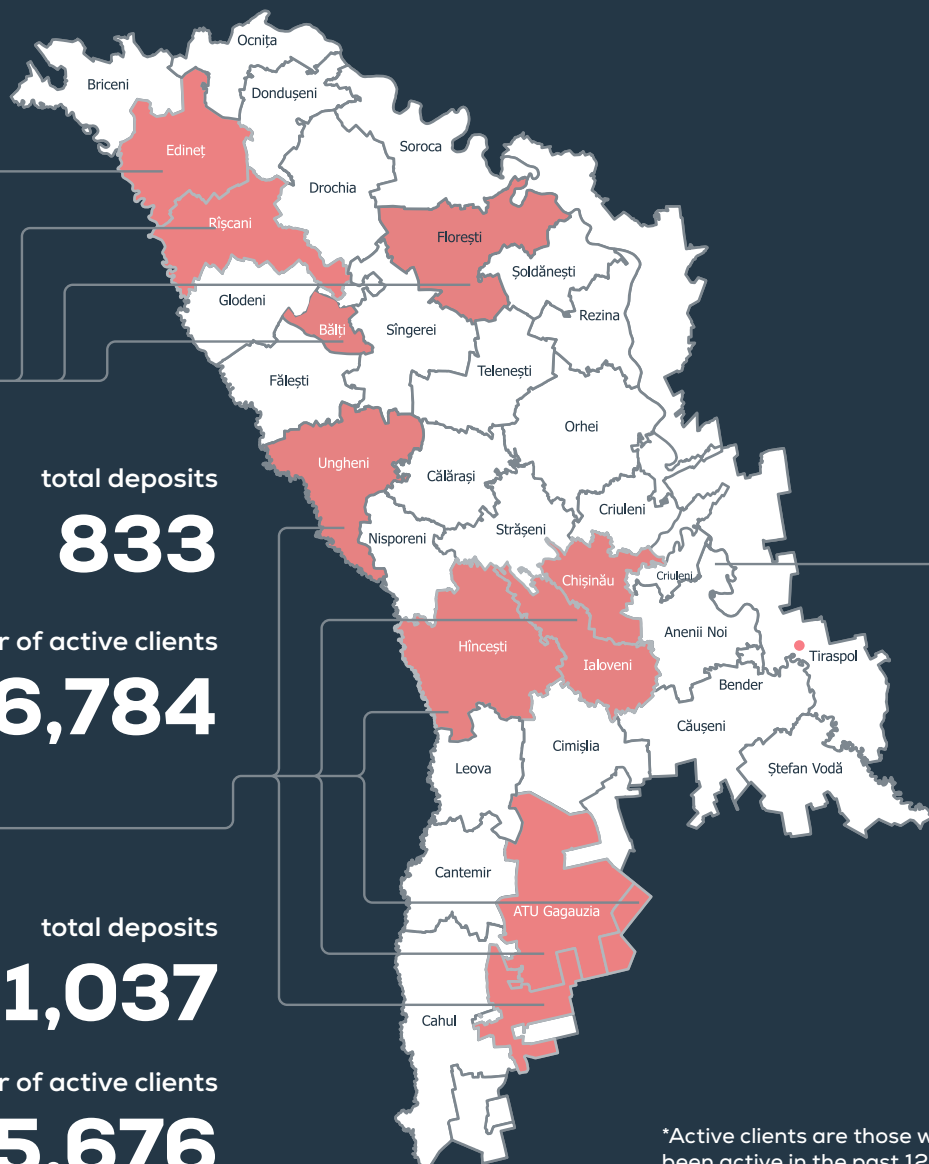
total loans	total deposits	number of active clients
<b>914</b>	<b>1,419</b>	<b>8,319</b>

### North HUB

total loans	total deposits
<b>1,445</b>	<b>833</b>
number of active clients	<b>6,784</b>

### South HUB

total loans	total deposits
<b>1,347</b>	<b>1,037</b>
number of active clients	<b>5,676</b>



\*Active clients are those which have been active in the past 12 months

bine ai venit la

 maib



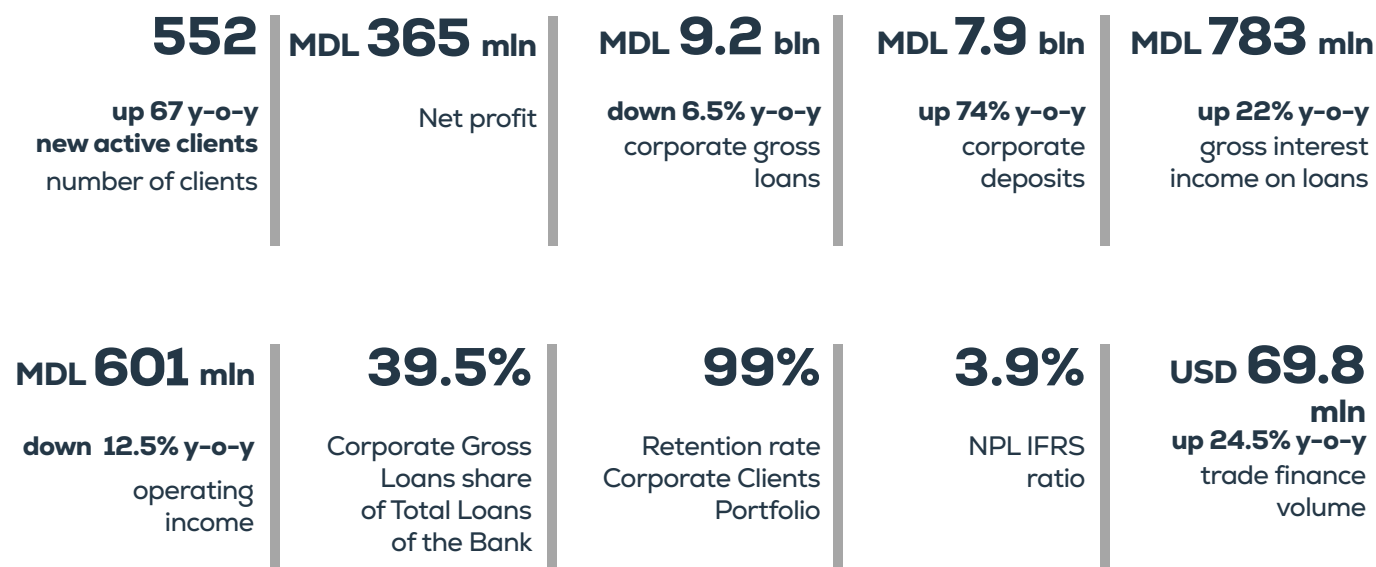
# corporate business unit



**Dumitru Baxan**  
VP, Head of Corporate

Corporate business unit is focused on the largest clients of **maib** – businesses with turnover exceeding MDL 100 million. It offers a range of solutions, including loans, deposits, accounts, payments, trade finance, salary projects, cash collection and other. Corporate business unit was created 21 year ago and some of its existing clients grew together with it.

## Overview At a glance



## Corporate business unit approach

The customer is always at the center of the Corporate Team. We are on a mission to understand our clients' needs, support their development and help them reach their full potential. Throughout the 21 years of the Division's activity we have managed to develop trusting relationships with our customers and become the partner of choice for corporate clients. Serving the corporate customer has always been both a challenge and an inspiration for us. We have been able to form a unique perspective on the key business needs of clients and provide them with solutions, ideas, technologies.

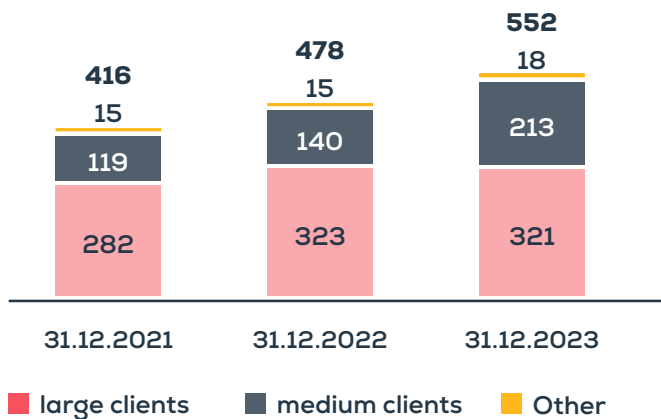
- We are the trusted bank for most of the top companies in the country, including:
- We support Moldova's largest wineries;
- We support the mainstay of the national economy - Agriculture and agri-food sector;
- We also support the energy sector and support energy efficiency projects.

Corporate business unit's vision has never been limited to just financing. Our goals are to be the bank of choice for the corporate customer, a bank where our customers, employees and partners share their expertise and mobilise resources to create added value for all.

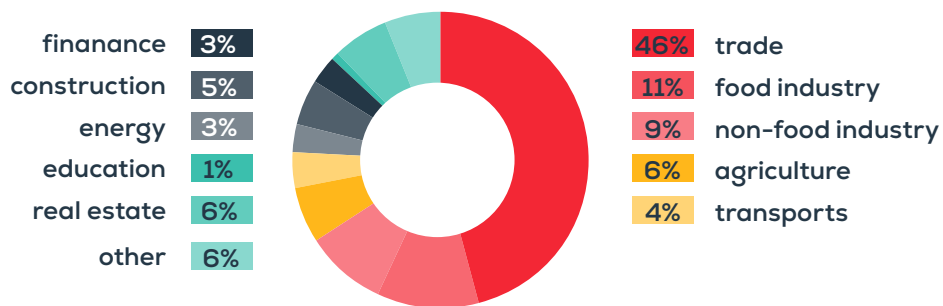
## Overview of 2023

The corporate client portfolio has grown by more than 60 clients, including international organizations and embassies. Retention rate within the division being 99%.

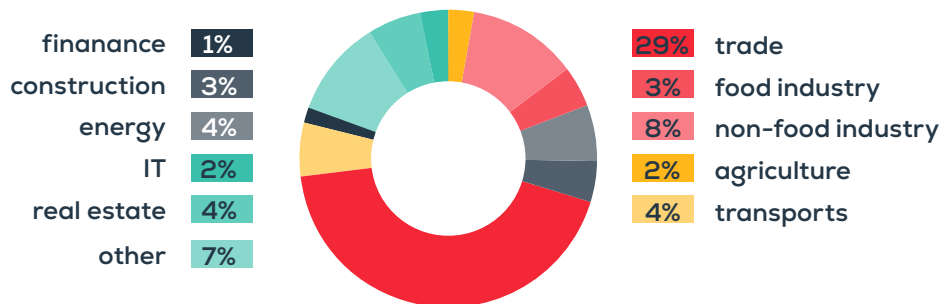
### corporate customer base



### corporate clients by industries, 12M'23



### new active clients by industries, 12M'23

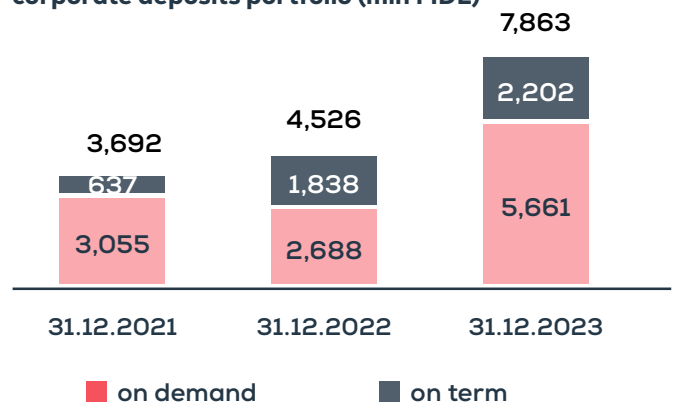


Source: maib management reports

## Deposits and current accounts

The Division's deposit portfolio grew impressively as of year end 2023 (+74%) compared to year end 2022, which is mainly conditioned by the individual approach to each client and the advantageous terms offered to corporate clients. Substantial growth of deposits in 2023 is attributed to record high interest rates and some uncertainty in the market.

### corporate deposits portfolio (mln MDL)



Source: financial statements

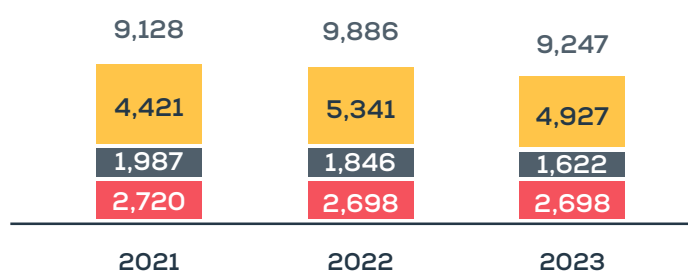


## Lending

Corporate clients' loan portfolio accounts for 39% of Group's total loan portfolio and amounted to MDL 9.2 billion. The balance of loans in foreign currency accounted for 60%, in MDL 40%. The average loan balance per client was MDL 52 mil. Of the total number of clients serviced by the Corporate Division, about 33% benefit from loans. The largest share (71%) is accounted for by loans for financing current activity.

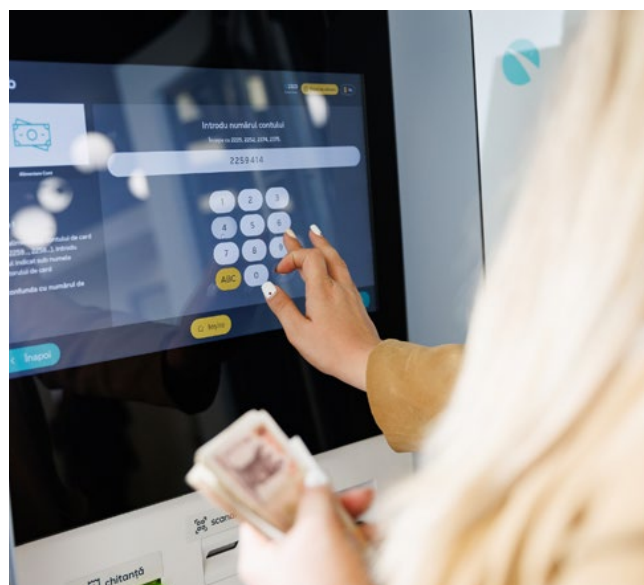
- The balance of loans related to energy efficiency projects accounts for 7.2% of the Division's total loan portfolio - 29 clients with loans, including 8 green energy projects (10.74% of investment loans).
- Trade sector is the most significant (43%) in the total portfolio, including fuel trade.
- The volume of documentary transactions (Trade Finance) in the segment of corporate clients saw a significant increase in 2023 (+25%) compared to 2022 and reached USD 69.7 million of which 47% - guarantees, 42% - documentary collections and 11% - letters of credit.

corporate loans gross portfolio (MDL mn)

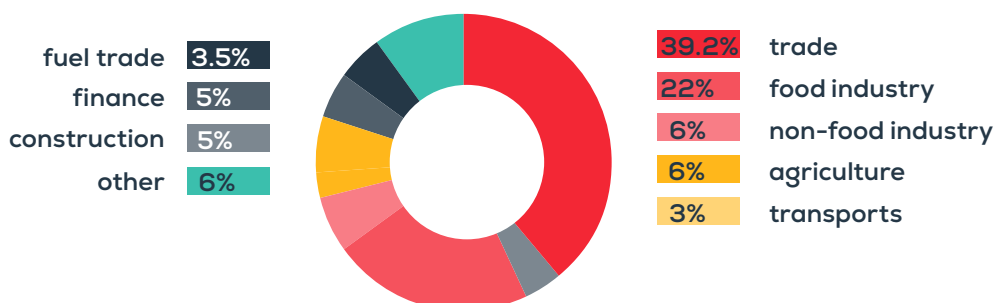


- investment loans
- working capital loans
- revolving and others loans

Source: financial statements



corporate loans portfolio by industries, 12M'23



## maib customer build a solar panel park



**Valerian Stratan**  
Founder of USBA

USBA is the kind of company that stands out by making ambitious and courageous investments, with increased social and environmental impact.

In 2019 the company distinguished itself by building and commissioning the most modern Dräxlmaier plant. The implementation of this project contributed to the sustainable development and strengthening of the economy of the Cahul region as well as 2 thousand new jobs in Moldova. Project was implemented with the support of maib.

Because success and perseverance are rewarded, the USBA strategy

continued with the strategic decision to create a photovoltaic power plant with a total capacity of 7MW located in rCahul - this project being among the largest and technologically advanced in this field.

The new development direction is adopted at a critical time marked by the energy crisis and the challenges of economic instability, and the realization of this investment contributes to the progress of Moldova quest for energy independence. To demonstrate the importance of this project for the country, the electricity generated by the 7MW photovoltaic park is enough to power 2,600 homes for one year.

Such projects, which support the development of renewable energy and have a social and economic impact for our country, are on maib's priority list. Thus, because we know that the future means renewable energy, innovative technologies and the development of

the green segment, maib financed this project by providing an investment loan to USBA SRL.

The renewable energy park construction project reiterates maib's commitment to supporting innovative ideas and sustainable, environmentally friendly projects. By financing this project, we are investing in an area of the future that will ensure the development of green energy in the Republic of Moldova and bring us closer to the European practices with which we resonate.

We are glad that maib team was able to contribute to its realisation.



## key initiatives implemented in 2023

### Agile Transformation of the Corporate Activity Division

The Corporate Activity Division has become agile to meet the challenges present in the changing market. As a result, 2 Agile Orchestras have been created: Corporate Customers Orchestra (focused on sales) and Corporate Support and Products Orchestra (focused on products and operational support).

### Bancassurance

From 2023 corporate clients can apply for an insurance policy more efficiently and under more advantageous conditions through the Bancassurance service of maib.

### Strengthening and Expanding the Support Team

Within the Support Orchestra, the Sales Support Division has been created as early as 2022, whose purpose is to provide advanced support to the Relationship Manager and Corporate Customers on the non-credit side of products and services, in order to achieve a fast and qualitative result/response. In 2023 the spectrum of the Directorate's support activities was expanded. Thus within the Sales Support Directorate a Contact Centre for Corporate Customers was created, which is intended to provide operational consulting services to corporate customers.

### Strategic focus in 2024

In 2024, we will continue to consolidate the Corporate Division's market leadership. Furthermore, we aim to enhance and expand our banking product and service offering, with a focus on the Trade Finance and Green product dimension. We plan to launch Reverse Factoring - a useful and convenient financing solution for our customers.



### Summary of our strategic objectives for 2024

Increasing market share of corporate clients portfolio

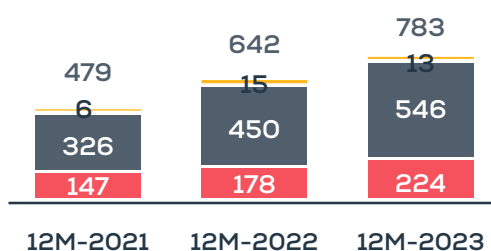
Increase the corporate market share on loans

Accelerate growth & drive focused acquisition of high potential clients

Diversifying the Trade Finance products

Employee Skills Development

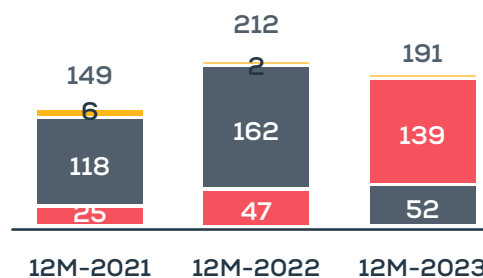
Gross Interest Income on loans (mn MDL)



■ Investment ■ Working ■ Other

Source: maib management reports

Non-interest income (mn MDL)



■ Net F&C Income ■ FX gain/losses ■ Other

Source: maib management reports



## maib partners up with largest retailer in Moldova to build a world class sustainable warehouse



**Mariana Moiseev**  
Linella CFO

Moldretail Group is the national network with the largest national coverage, which manages the largest network of supermarkets in Moldova and is part of the holding Dragan Group. With 22 years of experience in the industry, the company has gained customer loyalty for its innovation and commitment to sustainability.

The company had modest beginnings in 2001 founded by three recent ASEM graduates. That year saw the opening of the first Linella store, which was a kiosk-style store, in the Ciocana sector of Chisinau. Soon the business grew thanks to the efficient management and convenient location of the store, and the founders started to study the possibilities of expansion by turning to self-service supermarket model.

At present 177 stores are operating under the Linella (including Online), Super Linella, Bravo, Slavena, Fidesco and Fidesco Proximity brands. It is by far the largest retailer in the country.

The company manages an assortment of about 10 thousand SKUs (stock keeping units) on a total commercial area of about 73,600 sqm and serves 70 million customers annually. The company employs 5,000 people and has contractual relations with about 450 suppliers.

Taking into account the rapid expansion of the company in recent years and further development plans, it has reached a point where Moldretail Group has decided to build a world-class logistics center, which will be the first Class A building and the first BREEAM certified building in the Republic of Moldova. The project is being carried out with the support of maib and the European Bank for Reconstruction and Development. This warehouse will replace 5 existing warehouses located in different regions of Chisinau.

At present this is the largest project at national level and supports Linella's mission to provide customers with quality products and services. Located on an area of 5.4 hectares, the Distribution Centre will serve as a central hub for the storage, management and dispatch of products to all Linella stores throughout the country. In addition, the centre is designed with a focus on sustainability and environmental friendliness, with features such as energy-efficient lighting and responsible waste management.

This way, together with the European Bank for Reconstruction and Development, maib will contribute through concessional financing to this ambitious goal.

The partnership with maib is not limited to loans. With a structure as vast and widespread as Moldretail's, it is quite difficult to make all the pieces work together, given the need to serve more than 177 stores simultaneously. The range of services that maib offers is unique. Only the cash collection service requires nationwide bank coverage. In addition, maib offers a full range of products: POS terminals for payment, acceptance of meal tickets at terminals, self-service terminals, salary project for company employees.



## expanding a family business to reach new heights

The Axedum Group is a success story with over 20 years of activity, which has evolved from a small family business into a modern and innovative full-cycle business.

Over time, the passion for poultry farming and the visionary approach to the sector by the owner of the companies, together with the investment of time and resources in learning poultry farming techniques and building a healthy environment for poultry farming, has allowed it to grow from a small company to a group of companies, becoming known as "Axedum".

The company puts massive emphasis on new ideas and technologies in the business, modernizing the farm and emphasizing the quality of feed and conditions for raising chickens. It has invested in state-of-the-art equipment and developed strong partnerships with feed suppliers and distributors.

With vision and determination, the owner has expanded the business into other related areas such as egg incubation and chicken meat processing. He has implemented high standards of hygiene and food safety, earning the business an excellent reputation in the local and national community.

As the business continues to thrive, the company applies a fresh approach and marketing acumen and sells the farm's products directly to consumers through its extensive network of

stores, thereby strengthening customer relationships and creating new opportunities for growth.

With financial support from maib, the business has been able to expand. A major investment has been the construction of a state-of-the-art hatchery, which has allowed to significantly improve production and better control the breeding process of the chicks. This step was an important turning point in the development of the family business.

With the bank's support, the modernisation and expansion of the existing slaughterhouse and a CO<sub>2</sub>-based refrigerator with heat recovery for the storage of meat products was achieved. These investments were essential to strengthen their production chain and deliver products in optimal conditions to customers.

The company aims to access the European market, recognised for its high quality and food safety standards. To this end, they have invested in the implementation of the FSSC 22000 (ISO 22000, HACCP) quality standard which has brought them recognition and credibility on the local market and opens the doors to the European market.

One of the key factors of their success has been the trust placed by maib in their projects. By providing financial support and advice, the Bank has been a reliable partner in achieving their goal of building a sustainable and competitive business.



Today, the family business is a successful example of chicken farming and processing. With their commitment to quality, innovation and sustainability, they have been able to exceed their initial goals and become a major player in the local chicken meat market.



Galina and Grigore Cojocar  
Founders of Axedum

# information technology



**Viktor Razhev**  
head of IT

## Strategic directions of the IT area:

### Strategic directions of the IT area:

- The continued transformation of IT teams, including their incorporation into the Agile ecosystem, with a specific focus on final customer experience as well as the delivery of products/services
- Inter-team communication and client interaction for faster learning cycles and product adjustments
- Improvements to digital channels for client service (mobile, web, self-service, chat bot, video call etc.)
- Turned focus towards in-house development and microservice architecture to reduce monolith dependency so that we can be more reactive to market product/service development as well as increase our scaling opportunities
- Upgrading our applications, monitoring tools, DevOps approach, as well as quality assurance skills and tools

IT staff numbers

**226**

+ 32% y-o-y

IT Capital Expenditure

MDL mln

**138**

+ 5% y-o-y

IT Operating Expenditure

MDL mln

**94**

+19% y-o-y

# Overview of activities in 2023

## In 2023 IT teams underwent organizational change:

- many more teams joined the agile operational model
- increased of in-house development
- defined and on-boarded development chain roles (Front End, Back End, QA etc.)

## We implement and piloted tools aimed at speeding-up the development process:

- microservices & microfront end practices
- software development tools and practices (containerization etc.)
- automated integration and deployment processes (CI/CD pipelines)

## We improved our Business Process Management (BPM) solution, by

- added Time To Yes (loan approval) for legal entities & Mortgage flow as we centralized all lending sales process management
- increased sales by developing and activating Creatio Marketing functionalities & standardized outbound communication through sms as well as other channels
- implemented a unique front office screen which helps with both deposit operations and business banking packages

BPM status: in-house development starting 2024



## Improving maibank

- improved face recognition for authorizing transactions
- online Lending, more available offers & supporting new products (Buy Now Pay Later, revolving limits etc.)
- full Digital on-boarding & KYC update process
- digital card & payments features with adapted Loyalty features
- improved our Transaction History feature without reducing the accessibility of the application
- redesigned the user interface of the application (e.g. Home Page), with other changes planned for the future
- actively working on Instant Payments (MIA) launch.

Maibank status: in-house development

We launched Maibusiness for new legal entities (Corporate & SME). An Internet Banking solution, enabling basic payments & open account functions for clients, with continued development planned in 2024. A similar mobile solution for IOS will be fully deployed in the first half of 2024.

MaibBusiness status: vendor development with in-house microservice architecture

## a new banking experience for businesses



CoreBanking continues to be a core focus of IT as we move to an API development approach.

### In-house developments:

- maibpay, merchant portal etc.
- extending current offerings to remote/online access

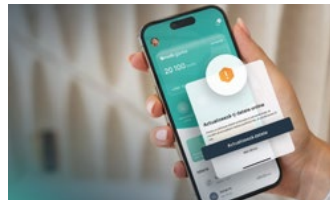
### We support & align to governmental digital initiatives:

- MPay features & payroll project launched
- SWIFT payments new payment standards
- Instant Payment (MIA) project on-going
- Open Banking

## IT vision for 2024

### We support our digitalization through increase of:

- availability of products and services in online/remote mode
- digital “touch points” development
- document digitalization stocking & access (electronic archive)



### We are improving digital services for clients from any location with priorities on:

- security of transactions and antifraud technical solutions
- permanent upgrade of our biometric operation authorization
- reduce monolith system components and upgrade related functionality

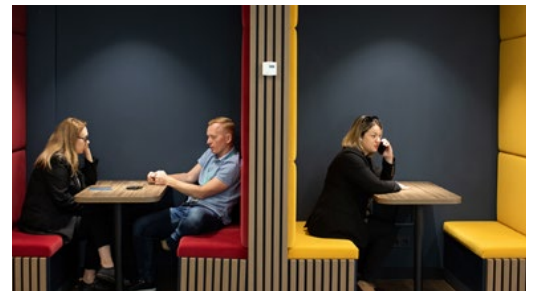
### From an infrastructure improvement perspective:

- improve our infrastructure with the use of new main Data Center implementation and improve back-up for applications
- improve our IT system health monitoring and performance;
- upgrade core network in main data center following to enhance security, scalability and fast application deployment.

### Continue to support governmental digital initiatives as SEPA & Open Banking

### Considering contribution to best customer experience:

- continue on redesign of applications for similar UI/UX best experience
- technical client omnichannel experience
- communication channel development as chatbot, video calls etc.



Data driven decision will continue focus even in next year to continue initiatives planned in Big Data, Artificial Intelligence and Machine Learning in all bank processes, either internal/external

# people



**Svetlana Bodaci**  
Head of HR

People are the maib value that makes the difference, and it is the mission of the Human Resources department to be close to people, with people and be there for people. It is a role that has a task to make sure maib employees feel good and are happy with their jobs. As a result, **maib**, as an organisation, can provide customers with the best financial expertise and best-in-class digital solutions. Human Resources team is dedicated to providing maib employees with an exciting and opportunity-filled environment in the workplace. **Maib** has become an important point of attraction for the best talent and a major innovator for Moldova.

## key figures

**2,435**

employees (group)

**2,403**

employees (bank)

**66.2%**

are women

**33.8%**

are men

**19.5%**

employee turnover rate

**10.3%**

voluntary turnover

**86%**

level of employee engagement



# Overview of 2023

We continued a series of major transformations across our entire team in 2023, including creating better working conditions for **maib** people, aligning with **maib** values and developing new **maib** way of working. To give **maib** people more flexibility, freedom and space for creativity, we have made our working hours more flexible by including hybrid working in some areas. We have given employees the opportunity to work in the hybrid working model two days a week to create, inspire and simplify their work. This change is appreciated by employees and is a positive differentiator for them and for job applicants.

## Cultural transformation

Culture and leadership are key to the success of **maib** change, and in 2023 we have placed considerable focus and investment in these areas. Following the launch of the **maib** Culture Code and a new leadership framework, we have focused on working with our brand values to drive the evolution of **maib** culture.

We believe that regularly living our values will help us transform and achieve our goals. Our cultural transformation starts at the top and revolves around co-creating with our people. Since January 2023, we have been running cultural alignment sessions with the entire **maib** team. In February, 60 **maib** leaders graduated from the Stanford Graduate School of Business leadership program. Moving forward, the cultural journey continued with the 40 leader growth program,

which will integrate and activate the **maib** leadership framework into all day-to-day processes and behaviors. Several workshops were held for **maib** branch staff in the first half of 2023, with a focus on behavioural change and how to ensure change is embedded in all people processes.

## Continuous development, upskilling and functional training

Continuous learning defines **maib's** culture, and one of our promises as an employer is to support employees in developing the professional skills they need both in their current role and for a future role in the career path they set for themselves. Thus, during 2023, **maib** employees participated in an average of 21 hours in internal and external training. At the same time, we developed and launched 11 courses available through **maib's** internal

digital e-learning platform, and more than 2,400 employees completed the courses.

Believing that financial education should start from an early age, in an interactive, resourceful and fun way, during 2023 we conducted 21 financial education lessons with over 500 students of different ages participating.

And in 2023 we are committed to developing quality human resources in the banking sector, to provide a stimulating working environment full of opportunities for personal and professional development for young people in the Republic of Moldova. In this regard, we launched the third edition of the Internship Programme with the participation of 19 students from the Academy of Economic Studies of Moldova.



## Internships and university partnerships

In partnership with ASEM, **maib** continued for the second consecutive year the series of hands-on workshops at the Student Lab. Thirty workshops were held involving over 100 students and 26 **maib** speakers shared their practical experience.

In September 2023, **maib** launched a series of workshops in partnership with the Technical University of Moldova, with the aim of bringing the expertise of **maib** IT employees closer to future professionals. Thus, every month **maib** IT professionals conduct workshops on topics of general interest such as Artificial Intelligence, Digital, Software Development, Big Data, and give presentations on the value of soft skills in IT roles.

In the second year since the launch of the **maib** IT Academy, 55 participants, **maib** employees, have successfully completed the mentoring programme and strengthened their skills in Data Science, 20 in QA Automation and 14 in Front End Development.

## People model

In order to define each employee's career path based on skill level, to highlight strengths and areas for development, and to contribute to employees' career growth, in March 2023 **maib** implemented the individual contribution assessment process, People Model.

**Maib** has also set itself ambitious targets for 2024 in terms of human capital, employee happiness and performance and employer brand. We will continue with the same passion and dedication to create and inspire unique and memorable professional and personal experiences for **Maib** people.

## Focus on employee engagement

Employees are at the heart of our focus and the engagement of **maib** people is crucial to us, it has a significant impact on organisational performance and resilience, contributing to the long-term success of **maib**. That's why, for the third year in a row, we are

focusing on improving our employee engagement score. In 2023, **maib** recorded a good engagement score of 86%, which exceeds the industry benchmark. This is a significant achievement and a positive indicator that **maib** employees feel connected and engaged in the company's activities.

## New digital headquarters - maib park

In order to make employees happier and more engaged, to offer them more comfortable working conditions, on 29 September 2023 **maib** inaugurated a new head office right in the heart of the capital - **maib** park, a modern, comfortable and innovative office, and a place that will bring together the best talents of Moldova. This is an important moment in the transformation of **maib** inclusive, as it brings together in one office more than 800 employees who were previously located in five offices in Chisinau.

## what's an internship at maib like?

Internship programs are a point of interest for **maib** as they provide a valuable opportunity to attract and develop talent, build relationships with potential future employees and gain new perspectives and ideas from young professionals.

"The **maib** internship was an inspired choice. After 3 months of internship, I am extremely excited about my experience. Here I was able to discover the professional field that fits me like a glove. Initially, one month I experienced working in IT in the position of Data Analyst, and then I decided to make a change, already two months exploring how interesting and complex the position of Assistant Agile Coach is. Being involved in agile ceremonies and learning how they are organised on the inside, I realised that a career in this field is what I want.

Within the **maib** team I noted a friendly atmosphere, which inspires me every day to push myself and learn from experienced professionals. My communication and analytical skills are developing and my mentor is a constant source of guidance and support.

The internship at **maib** both develops my skills and gives me the opportunity to be hired later, which is a major advantage compared to other companies offering internships in the IT and Agile segment. I definitely want to grow professionally further in the **maib** team!"



**Mihaela Ghelețchi**  
participant in the **maib** internship program 3rd edition



# agile transformation

Maib committed to Agile vision at the end of 2021, and in early 2022 started transformation of the first teams to Agile way of work. In 2022 many of the client facing teams in Retail and SME (Business Banking) divisions transformed to Agile. In 2023 most of the rest of the Bank followed suit.

## overview of 2023

In 2023 we continued scaling Agile to our Corporate division, IT Platform teams, Operations, Customer Support Retail & Business Banking Orchestras. We adapted the agile frameworks to new orchestras based on their mission and work specific but keeping the same approach of transformation: structure, process, people, and technology. Agile routines were implemented in maib branches. They branch staff embraced agile way of work through daily team stand-ups and other tactics that enabled employees to deliver positive customer experiences.

As Agile structure was scaled up significantly in 2023 major area of focus remained on continuous synchronization and alignment. Launching Agile in a small organization is very different to a large organization, which includes 16 Orchestras with 600 + employees working in agile way of work.



2023  
**600** people  
within 16 orchestras

2022  
**250** people  
within 7 orchestras

Some support functions – such as HR, finance, and Risk have not transitioned into Agile methodology, but it doesn't mean they have been completely left out. They adopted many elements of the Agile methodology. For instance they have allocated resources in product orchestras to ensure the end-to-end process for a faster delivery and to break up silos.

We have put in an enormous amount of energy and leadership time into cementing behaviors that are indispensable part of an agile culture—customer centricity, ownership and empowerment.



## Plans for 2024/future:

Agile Transformation is more than just implementing agile way of work within entire organization. It is a continuous improvement process where teams endlessly review their performance, adapt, learn and improve from mistakes. Expanding the scope of agile transformation in maib involves focus on solidifying agile culture, stabilizing teams and growing stronger, more rounded high performant teams.

# what agile is to you?



## Silvia Pleșca

Product Owner in Core Banking System (Temenos T24)

### When did you start working at maib?

My maib journey has started 25 years ago, in October, 1998.

In March 2023 we started our preparations for embracing agile and yes, at the beginning, we were all questions and uncertainties in some cases, on how we might truly adopt Agile in our work processes. However, we later realized that it is possible, and our team quickly adopted this way of working. I realized that we needed to adjust fast to changes, so we learnt to arrange our work and “eat the elephant in pieces”.

### What changes have you noticed?

Things began to move faster. And not because we began to plan the work in sprints, and focus on receiving something tangible at the end of each sprint. But also because the people on the team, with the task clearly established in the time frame specified, began to work directly with one another, without the need for mediation through superiors. We

became a more self-steering team. I also noticed my teammates become more open and started to help each other more to achieve common goals.

### What did you imagine Agile to be like, and how does it compare with your experience?

Our team makes developments in our core-banking system. Initially, we were concerned that the Agile way of working would not allow us to control certain core processes. However, given that certain communication barriers have disappeared and team members work horizontally, synergy and collective responsibility have also emerged.

### How does agile bring value to the customer experience?

Our customers are the business and operational subunits of the bank. On the one hand our “customers” have understood how IT works and if they have a product in multiple systems (eg warehouse, counter and mobile app products) they need to take this into account when they develop or modify. On the other hand, they feel that the speed of developments in the bank’s systems has increased, which ensures a shorter time to market.

### How much has the rate of product release increased?

The speed increased noticeably, and this was possible because we learned to better decompose the tasks so that they can be executed in parallel (by several people in the team) or so that they can be implemented in stages.

### Why is Agile advised for providing an excellent employee experience?

The Agile way of working creates a synergy in teamwork and allows each member to develop and evolve professionally from taking skills directly from team members, but also personally because it allows each person to feel needed and important in achieving goals.

### What is your proudest achievement?

Core banking is where IT developments are executed both for banking products and services, as well as for compliance with regulatory requirements.

Implementation of Non-Stop mode of banking services was a new practice for our team and a long-awaited functionality by customers. It is a usual thing now for our customers and they can make transfers and other banking operations 24/7.





**Corina Ciurea**

Samanati, Orchestra Lead Daily Business Banking, joined **maib** in April 2019

**What does agile mean to you?**

To be honest, for me, agile is first and foremost a mindset and culture. People are open to new ideas and are not afraid to implement them.

Now is **maib**, the bank where I love working. We have the freedom and autonomy to do what we believe will add value to the client, to experiment and try new ideas without having to go through many layers of approval from different managers. Our team includes all cross-functional competencies (business, IT, risks, marketing, LE, etc). We deliver faster, and we are free to fail, learn, and experiment again, resulting in something new. This culture encourages us to be more innovative and to take risks in generating new experiences.

**What have you learned from deploying Agile?**

Agile taught me to be a servant leader, one who listens more than speaks, empowers and trusts the team, and grows and serves rather than delivering orders. I'm a teammate, not a boss.

**What are you proud of being agile?**

We achieved so many significant accomplishments that it is difficult to identify which were the most important. From a customer standpoint, the first thing that springs to mind is the new MAIBUSINESS APP. It was a significant challenge when we took over in August, but it is now

a success story. Every two sprints, we deliver new functionalities for our clients. Another significant milestone is the elimination of silos with the Operations Orchestras, which has had a positive influence on client experiences: 97% of lei payments are processed automatically, and the whole duration of the payment process in foreign currency is less than 30 minutes.

**What is the difference for your team?**

We are now one team, all looking in the same direction. There is no separate IT or business focus. Prior to agile, it was typical to hear "it is not my responsibility", "it is not my job", "it is not in my job description", "who is guilty", and so on. Now, You hear "I can do it", "what needs to be true", and "what are the solutions". People don't do tasks because Andrii wants it, Corina asks for it, or because it's in JIRA. We do it because it helps us grow.

We transformed our way of thinking - we now think agile.

**Agile or traditional way of working?**

Agile, for sure.



# operations & logistics



**Marcel Teleuca**  
VP, Head of Operations and Logistics

The Operations & Logistics division comprises of banking Operations, card Operations, Procurement, Project office, Administration, Cash management, and Debt collection along with Internal Security that joined the hub of shared support services provided across the business segments and other support functions within the bank.

The strategy of centralizing customer support and transactions service

continued in 2023 with the migration of Retail and Business Banking customer support units from the respective business divisions to Operations.

Operations & Logistics team scopes are permanent increasing the efficiency and improving the quality of the services with key focus being on external customers and internal stakeholders' satisfaction, along with the costs reduction. The main principles of achieving this goals are:

1. Client centric approach to key segment-driven processes
2. Continuous improvement based on automation (including RPA) and operations performance management (SLA, KPI's,)

3. Synergy with business divisions in the efforts to ensure and end to end approach in processes streamlining and optimization

4. Agile, flexible and adaptable way of working

5. Increasing the potential of people by extending their scope of work and accountability, leading to more responsibility.

Operations & Logistics teams remain committed to delivering top-performing support that empower business units to deliver best products and services to our clients to meet their expectations, and achieve maib strategic objectives.

## Significant Initiatives in 2023:

Functions	2023 Achievements
<b>Operations</b>	<ul style="list-style-type: none"> <li>• Several "building blocks" with operational customer support and transaction services functions from Retail and BB have been consolidated in one aggregate structure</li> <li>• Dedicated BB Customer Care center was launched</li> <li>• Automation of pension payments</li> <li>• Druid ChatBot as an incipient digital customer communication and support tool was launched on Viber, Telegram and Web</li> <li>• Several key processes simplified and optimized</li> <li>• Straight through processing rate increased</li> </ul>
<b>Procurement</b>	<ul style="list-style-type: none"> <li>• Digitized procurement processes implemented</li> <li>• e-procurement platform has been actively used, generating cost avoidances of about 100 million MDL</li> <li>• Purchases average processing time has been reduced -20%</li> </ul>
<b>Cash Operations</b>	<ul style="list-style-type: none"> <li>• Handled a significant 21% increase in cash processed volume in 2023 comparing to 2022</li> <li>• Cash Management application further development - cash orders and other functionalities implemented</li> </ul>
<b>Agile transformation</b>	Retail Customer Support, Retail banking services, BB customer support and services, Back-office operations, Debt collection orchestras, adopted agile way of working (WoW)
<b>Administration</b>	<ul style="list-style-type: none"> <li>• Renovated &amp; equipped majority of branches &amp; agencies</li> <li>• Further optimization of the bank's car fleet</li> </ul>

## priorities for 2024

- Cash management strategic initiative to be implemented
- Continue rapidly automating and optimising our processes, ensuring effectiveness, streamlining, straight through processing and bold customer focus
- Participating in Operational excellence strategic initiative implementation to reduce costs and improve productivity
- New Principal and Secondary Data Centers constructed and launched
- Fully renovate the Operational Center/HUB at Miron Costin
- Electronic archive implementation
- We continue to build strength in our various teams by recruiting skilled professionals and constantly looking at our structure and making it leaner, transparent and effective.

## maib park. modern, convenient, innovative

In 2023, the employees of the headquarters moved to the new office - **maib park**, located in the heart of Chişinău, near the Public Garden “Stefan Cel Mare și Sfânt”. The headquarters looks like a Silicon Valley technology campus and is designed to be versatile from several perspectives:

- strengthens maib's reputation as a top employer in Moldova;
- positions maib as a leading bank with the best service for its customers;
- enables flexible and agile working, teamwork and collaboration to create innovative digital products;
- highlights maib's focus on openness, transparency and sustainability.

### Maib park in numbers:

**10**

above ground  
floors

**86**

underground  
parking spaces

**38**

meters high

**23+**

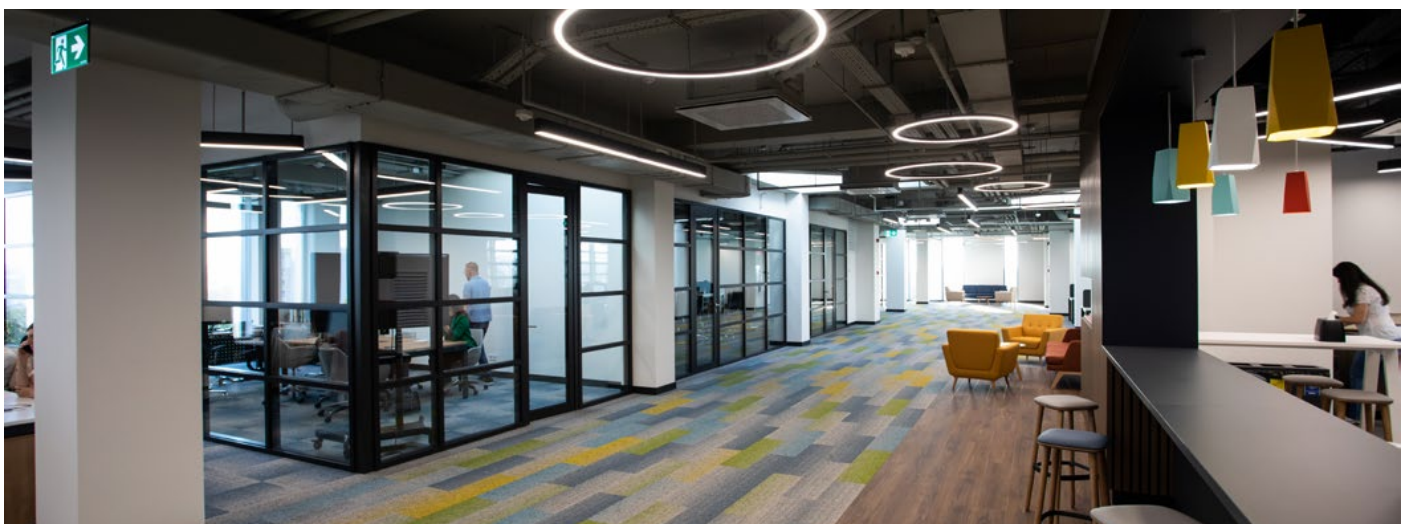
thousand square  
meter area

**1,200**

capacity for  
workspaces

Construction began in 2018, with a short pause during the pandemic. **Maib park** was designed by local and international designers and architects, and built by local companies with the highest building expertise, applying top standards and using the highest quality and energy-efficient solutions and materials.

It is an office that, soon after its popularity, became much loved both for its chromatics, generous space, and comfortable floor plan, as well as for its state-of-the-art technologies and built-in smart systems. Technologies, such in heating, ventilations, walls, air conditioning ensure that the building is energy efficient and is built with sustainability in mind. It is equipped with many conveniences for the employees and clients, including canteen, gym, relaxation areas, events space, coworking spaces, a café and other.



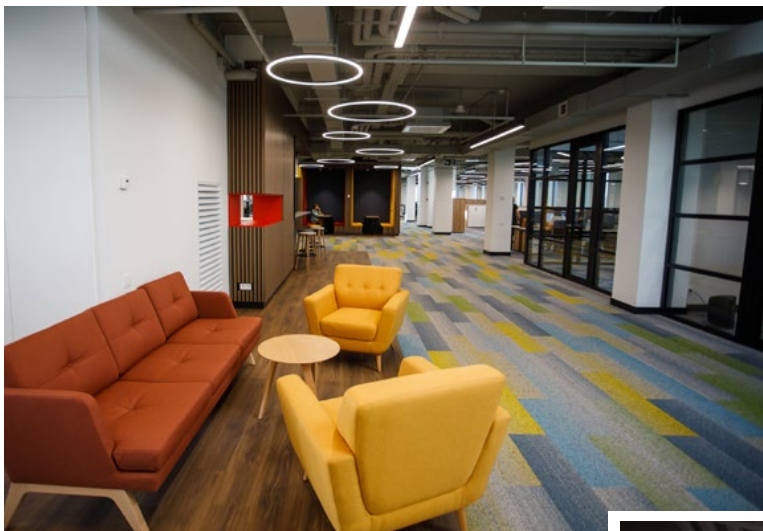
## maib people speak about the new office



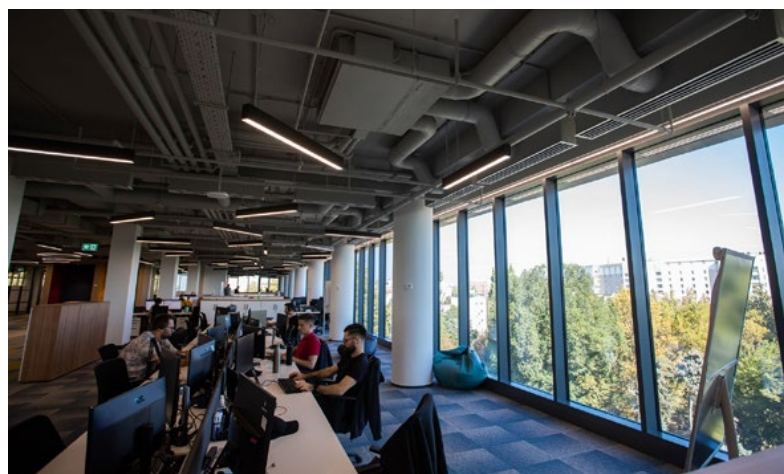
**Alexandru Tcacenco**  
Head of Network Operations and  
Communications (Band) Directorate

“**Maib park** is a really cool office, a state-of-the-art space with an innovative design. The atrium is absolutely fantastic and the bridges - a delight. It may sound strange, but it's a building without a fence, which highlights **maib's** focus on openness, transparency and sustainability. The positioning of **maib park** in the city centre overlooking the Stephen the Great Public Garden offers the pleasure of strolling through the park on your lunch break.

It is a building that clearly shows that you are part of the largest and most successful bank in the country.”



work and community spaces in maib park





**Ecaterina Larina**  
Head of Directorate (Band) Development and Internal Communication

“They say that man sanctifies the place, and in our case it’s different, it’s mutual. Coming to work every day in a good mood is a dream, which maib has realized for its more than 800 employees. The new way of working has brought colleagues, teams, areas closer together. Until recently some of our colleagues we only knew from emails, and with maib park, barriers and walls have disappeared. Now communication is simpler, more open and faster. The fact that we have

everything we need and more makes us proud and lucky to be part of the maib community, with the most coveted office in Moldova. “Living” at maib park has brought team members a greater dose of freedom, communication has become part of all processes, actually communicating in all spaces of the premises (lift, cafeteria, canteen, kitchenette). It is extremely pleasant to create, inspire and simplify in an office like maib park.”



“At **maib park** our team discovered a new way of working, cooperating and spending time, a different Way Of Working. Created in full accordance with our purpose and values, **maib park**:

- Inspires with its open spaces, its places to communicate and relax, its well-designed and equipped meeting areas, its modern and digital style;
- simplifies the interaction and work of **maib** people by bringing the entire back-office team together in one office, making any collaboration and discussion more open, easy and transparent;
- creates: new opportunities in the professional activity, through the hybrid working mode, a new level of comfort in terms of employees’ free time, with a spacious and well-equipped canteen, kitchenettes, relaxation areas and a nice gym, which creates a possibility for the employee to recreate and re-structure psychophysically.

**Maib park** offers employees the feeling of complete safety at work, with high security standards, with many small but important elements such as: well-organized lighting, modern filtration and drinking water system, UV-protected windows, digital fire protection system.”

**Igor Lai**  
Head of Reporting and Risk Analytics Department (Orchestra), Risk Division



**Comment from Marcel Teleuca**

“**Maib park** is a headquarters that speaks about how it wants to be perceived and what, in fact, is maib today: confident in its strength through its people, transparent, open, with a lot of color, agile and dynamic, a headquarters that showcases the direction in which maib is heading.”



# investments and brokerage service

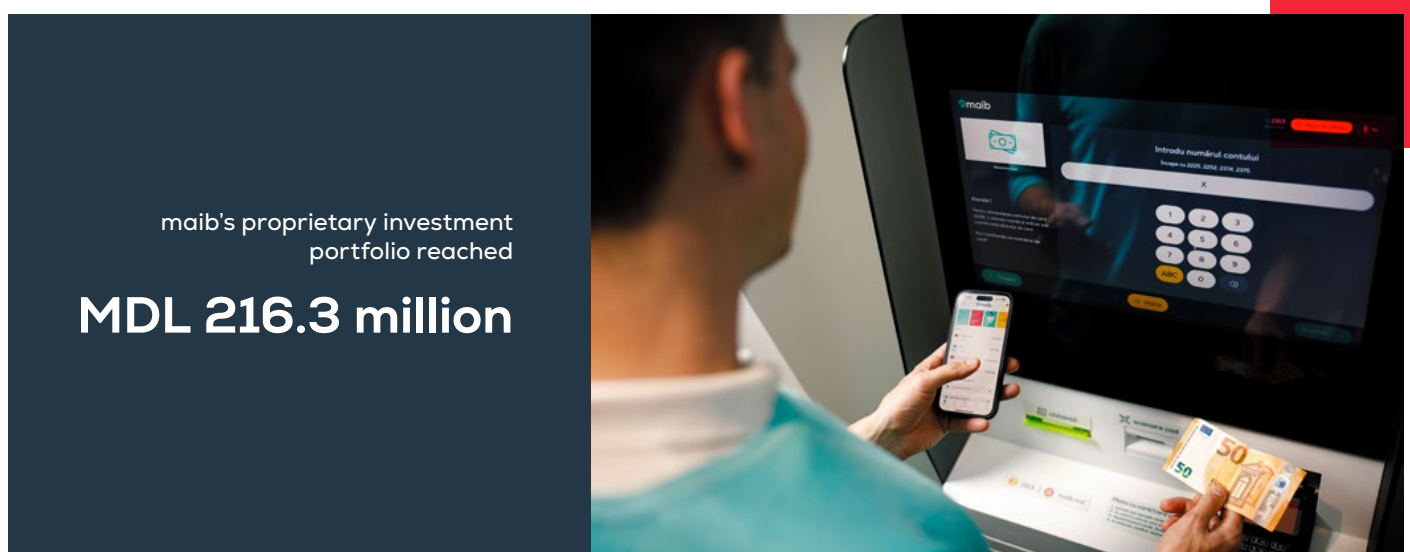
**Maib** is a registered broker serving clients who want to invest in financial instruments on Moldovan Stock Exchange, as well as outside the regulated market and carries a range of proprietary investment activities. Its brokerage is market leading in Moldova with broad reach of investors. The Bank has an investment policy that stipulates a flexible approach to proprietary investments. Given the opportunity, **maib** can invest its own funds in debt or equity securities and take controlling stakes in companies.

## Overview of own investment activity in 2023

At the end of 2023, **maib's** proprietary investment portfolio reached MDL 216.3 million, comprising equity and bonds. This represents an increase from 2022 when the total value of **maib's** portfolio was MDL 199.6 million. The portfolio is made up primarily of three investments – majority participation in **maib** leasing (100% ownership), MoldMediaCard (99% shareholding) and also bonds issued by Chisinau municipality (around MDL 50 million in value). The Bank continuously monitors the performance of its subsidiaries and is actively involved in management at the Board level.

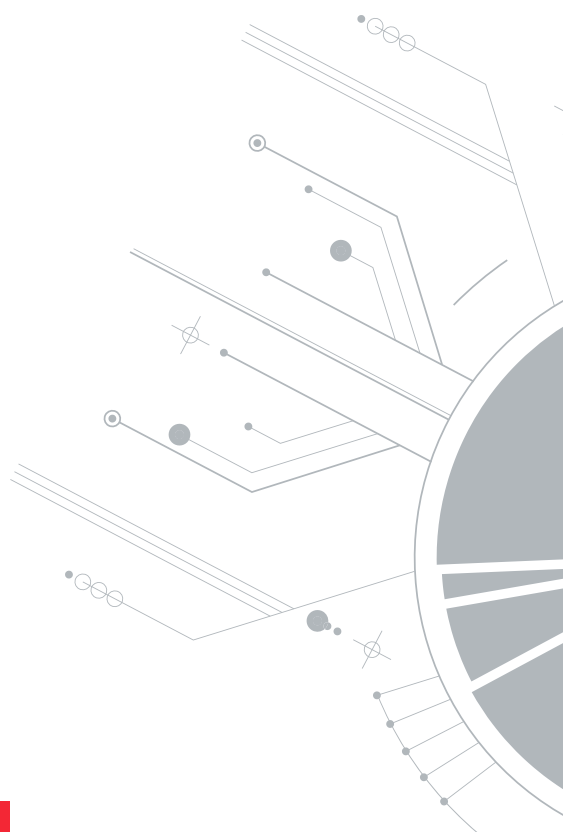
## Overview of brokerage activities in 2023

**Maib** is an active intermediary of transactions on the Moldovan Stock Exchange. However, the Exchange itself remains inactive. During the year, **maib** acted as a broker in 104 transactions, a 36% increase over 2022 level, when the number was 82. The volume of transactions reached MDL 84.2 million, a considerable increase over MDL 21 million in 2022.



## Corporate bonds issue

In 2023, **maib** launched the first ever public offering of corporate bonds in Moldova, a new product in the portfolio that will diversify investment opportunities, offering an attractive return to clients, by using **maib's** distribution network. The Prospectus was approved by the National Commission for Financial Markets (CNPF) and the first subscription of the first corporate bonds Public Offering Program started in April 2023. Within the four issues of the Program, the total value of the funds raised reached MDL 258 million, with over 700 unique investors, most of them retail customers, including 40 alto and private banking customers with a subscription of over MDL 50 million. The offering was accompanied by a financial education campaign, which familiarized the public with the new financial instrument.





Following the success of the 1st Program in December 2023, **maib** prepared the second corporate bonds Public Offering comprising 10 issues aiming to attract 1 billion MDL, an investment opportunity aimed at the retail segment. The Prospectus of the second Program was approved by the CNPF and bonds were subsequently marketed to the public in January 2024. The bonds have a 3-year term, with a floating coupon paid monthly tied to the reference rate of short term deposits. The bondholder has the right to redeem the bonds up to a certain amount. Bonds are tradeable on the Moldovan Stock Exchange for extra liquidity.

### Developing capital markets

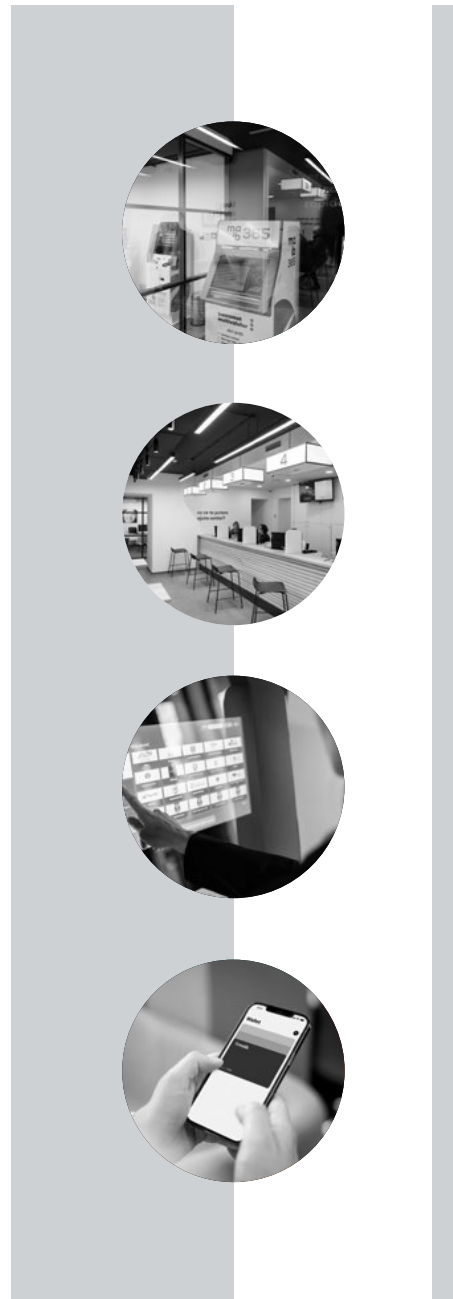
During its history the bank has positioned itself as an active promoter of financial innovations aimed at developing capital markets in Moldova. It aims at expanding and creating workable capital markets, thus highlighting its role in raising funds, facilitating the possibilities to finance the projects started through the issuance of local and corporate bonds, as well continuing financial education campaigns to foster the understanding and the trust in various investment instruments.

### Plans going forward

**Maib** aims to continue being active in the capital market and specifically to close the placement of the second Public Offering of corporate bonds in 2024.

The representative of **maib**, head of the Corporate Investments Department, Ecaterina Caraman, was appointed as Chairwoman of the Board of the Moldova Stock Exchange for a 4 year term. The vision going forward is as such:

- fostering collaboration with banks-underwriters to continue the issuance of municipal and corporate securities, promoting economic growth;
- prioritizing the local investor base, aim to attract High Net Worth Individuals (HNWI);
- establish a strategic partnership with the Bucharest Stock Exchange (BVB), with aim to create an access point for Romanian and international investors, enhancing market liquidity and diversification.
- simultaneously evaluate existing legislation and collaborate with regulators and the government to simplify access for foreign investors, while streamlining transaction rules for a more efficient marketplace.
- work closely with Moldovan securities depository (DCU) to enhance operational efficiency, ensuring the robustness of Moldova's financial market.



# Maib leasing

**Maib leasing** is leasing subsidiary of **maib** founded in 2002. During its 20 years of operations, **maib leasing** financed over 5,000 customer projects. Its key areas of operations are leasing of vehicles (over 90% of business activity) and agricultural machinery, as well as other leasing projects. While operating as a separate entity, **maib leasing** carries the name and the ethos of the Bank.

## Key statistics

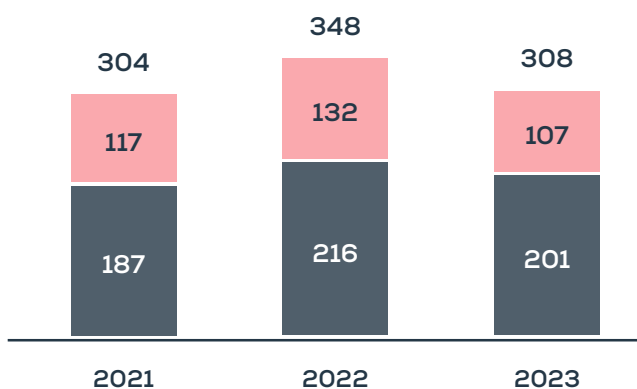


## 2023 Overview:

While its sales have fallen in 2023 amidst a tough market, **Maib leasing** saw an MDL 10.7 million increase in interest income in 2023 compared to prior year. Additionally, **maib leasing** gained 2 percentage points of share of Moldovan leasing market bringing the total to 21%. During the year, the focus was on improving the customer experience, developing cross functional products and services integrated with **maib**. Its net profit reached MDL 18 million compared to MDL 3.7 million in 2022.

**Maib leasing** sold MDL 5.5 million worth of electric cars providing subsidy in the form of the reduced interest rates.

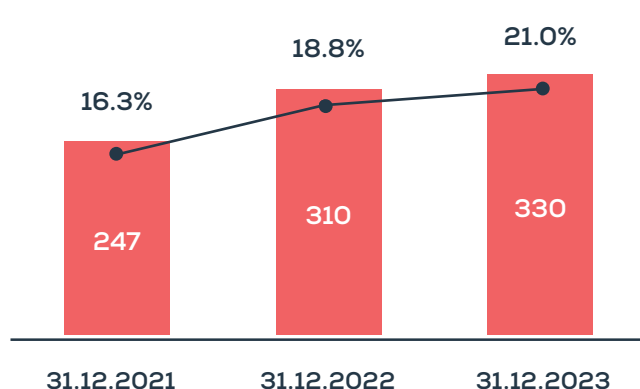
new sales (maib leasing)



■ financed amount (MDL mln)  
 ■ advance payment (MDL mln)

Source: maib Leasing management reports

maib leasing gross portfolio (mln MDL)



■ gross portfolio (mm MDL) —●— market share

Source: maib Leasing management reports

## Plans for 2024/future:

In 2024, **maib leasing** plans to continue customer experience innovations and improvements. Particular attention during 2024 will be paid to growing the portfolio while balancing the requirements of legislation covering responsible lending.

# Moldmediacard

**Moldmediacard** is a majority owned subsidiary of maib. The company is a market leader in providing card processing services. The Bank has partnered with MasterCard, VISA and American Express with over 23 years of experience in the Moldovan market. Moldmediacard's mission is to develop, realize and offer modern and efficient technological solutions in the payments industry. Its solutions cover all aspects of card processing.

**Key statistics**

<b>MDL 268 mln</b> payment authorizations +17% year-on-year	<b>MDL 152 mln</b> clearing transactions +55% year-on-year	<b>4</b> banks serviced by the system 2 added in 2023
---	--	---

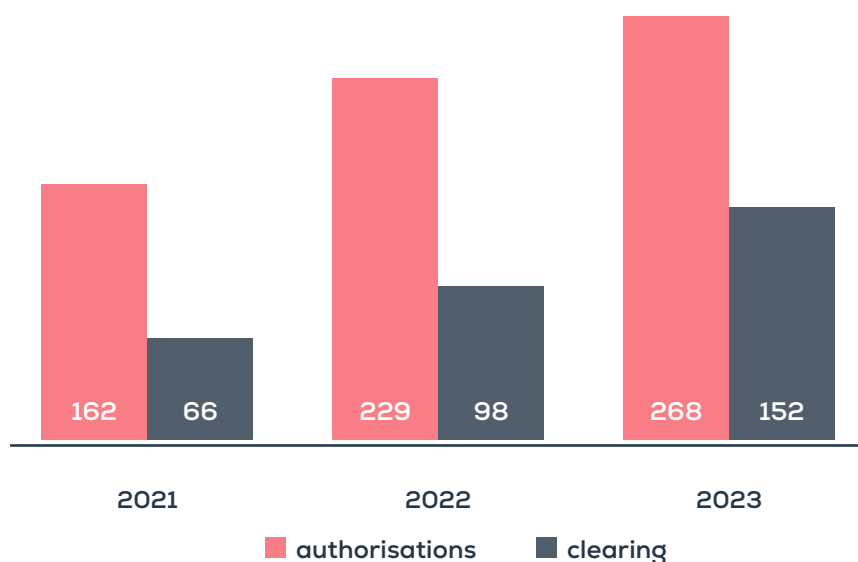
## 2023 Overview

Total revenue recorded in 2023 was MDL 36.9 million. The gross profit for 2023 was MDL 18.6 million and the net profit registered is 9.3 million, a 91% increase year on year. In 2023, Moldmediacard recorded a significant increase in volumes of transactions processed. The Company processed 268 million authorization's and 152 million clearing transactions. This represents an increase of 17% and 55% respectively compared to 2022.

During 2023 Moldmediacard finalized the migration of two Moldovan banks onto its processing center.

Moldmediacard's competitive advantage is its professional team with more than 20 years of experience in the payment card industry, with two similar successful projects of bank migration in the past (2010-Universalbank, 2013-Unibank). Moldmediacard has implemented and is offering the latest available technologies in the card payment industry, to its Banks clients. Moldmediacard is unique genuine processing company in Moldova that is processing 3 International Card Organizations - Visa, MasterCard and American Express.

## number of transactions (mn MDL) - Moldmediacard



Source: Moldmediacard management reports

## 2024 Priorities

The overall strategy of Moldmediacard is aimed at fully aligning itself with customers' expectations and needs. Moldmediacard strives to continually provide customers with quality services, to be their reliable partner, to ensure sustainable development and business continuity. Moldmediacard plans to continue:

- Offering attractive bundled solutions (analysis, development, certification, testing, integration) to its customers;
- Continue to attract new customers (banks / financial institutions / aggregators) to its card payments processing solutions;
- Retaining and attract talent in IT's highly competitive labor market;
- Implement Card Payment Industry newest technologies and trend services.

## Income statement (MDL thousand) - Moldmediacard

	2021	2022	2023
Total income	27,856	32,771	36,937
Cost of sales	-11,447	-15,127	-14,849
OPEX	-5,117	-8,032	-6,004
Net profit	6,717	4,892	9,332

Source: Moldmediacard financial statements



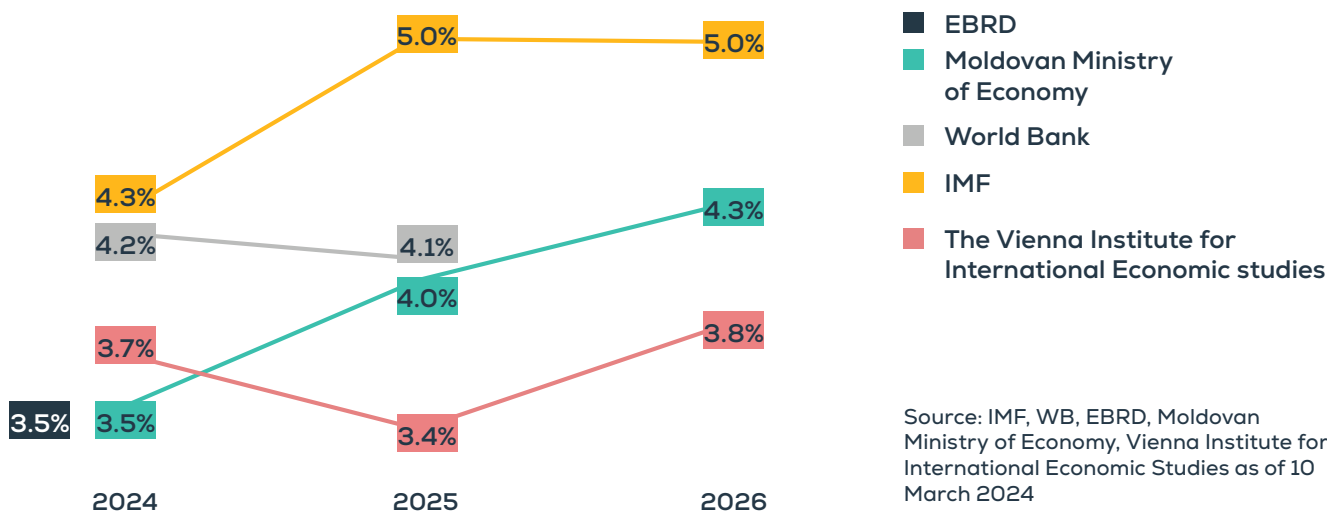
annual report  
2023

near  
term  
outlook

# economic outlook for 2024

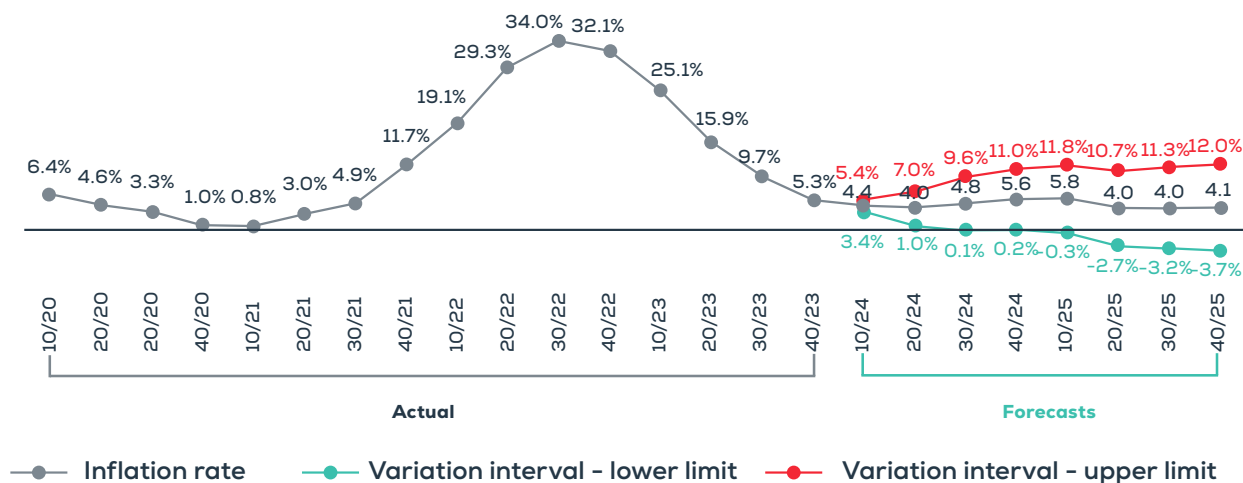
The recovery seen in 2023 is expected by relevant economic forecasters to gain momentum in 2024, leading to higher economic growth and therefore a full recovery. Whilst the Ukraine war still persists, affecting the medium-term growth outlook of the country through factors such as lower energy security and business confidence, as well as higher input costs, the future nevertheless does look brighter than the past. A potential stabilization of remittance inflows which is expected in addition to more western support, as the country nears its EU ambitions, are partial factors in the positive predictions of international forecasters.

## Forecasted 2023 - 2026 real GDP growth



Inflation has been curbed during 2023 reaching a low of 4.2% in December. The forecast for 2024 anticipates a relatively stable trend in the inflation rate for the foreseeable period, hovering around the 5% target. This projection is based on several factors, including subdued external demand, modest household consumption, and ongoing monetary policy tightening. However, uncertainties persist due to various pro-inflationary risks such as geopolitical tensions, disruptions in global trade, and potential supply shocks in the food market.

## Annual inflation rate and forecasts, % Quarterly average



Source: NBM

# strategic plans

In 2024 we aim to continue executing on four key pillars of our strategy.

## Customer experience

- Rollout of new products and services tailored to customer's need and lifestyle
- Increase quality of cash handling
- Focus on creating a multi-channel seamless customer experience
- Continuous improvement process based on customer feedback and data analytics



## Digitalization

- Full digital onboarding for diaspora pending legislation
- Integrated banking application which will integrate all of **maib**'s digital offerings, currently in development
- Upgrade Datacenter
- Innovative digital banking services for business
- Improving Face Recognition



## Branch offloading

- Streamlining existing branches
- Offloading low value day-to-day transactions into the app
- Increase sales offloading for major products
- Extend the product offerings in digital channels



## Payments

- Seamless solutions covering all the payment need of individuals and business
- Instant payments in country
- Best-in-class security features
- Continue gaining market share in payments





annual report  
2023

governance

## supervisory board chairman statement



**Vytautas Plunksnis**  
Chairman of  
the Supervisory Board

Dear Shareholders,

We are pleased to present you this overview of **maib** corporate governance and work done in 2023.

Supervisory Board is responsible for ensuring sound management and long-term success of the Group, which can only be achieved with an appropriate governance framework. During the year we have continued to operate in accordance with the bank's Corporate Governance Code.

The Board is entirely committed to the principles of good corporate governance and is of the view that good governance delivers a series of strategic and organisational benefits. Good governance gives us as a Board, confidence that we are making the right decisions, keeping in mind what is truly in the Group's long-term interest. It allows us to consider the opinions of our stakeholders, including

our shareholders, our customers, our employees and our suppliers. It enables us to be a driver for the banking sector and for the Republic of Moldova.

In 2023 the Board has met a total of 64 times, of which 33 were offline. Frequent meetings ensure that the Board is fully engaged with key issues affecting the Bank. This way it executes its key function of oversight and shareholder accountability.

The focus of 2023 has been on building a sustainable organisation. We have increased our priority towards ESG management, ensuring compliance with international standards where possible. In the foreseeable future we are to create a formal system of reporting on ESG performance to the board. Additionally, we are working on incorporating a complex climate risk management system into the Bank's risk framework. Our vision is to embed environmental and social considerations into decision-making processes through regular reporting of ESG performance, transparency, and stakeholder engagement, creating real accountability. Moreover, in our efforts this year to ensure the robustness of our organization we have created both succession and continuity plans, which cover all key

roles within the bank and include potential training where any gaps have been identified. These plans act as a safeguard towards the continuation of day-to-day business and ensure that any potential transition proceeds smoothly.

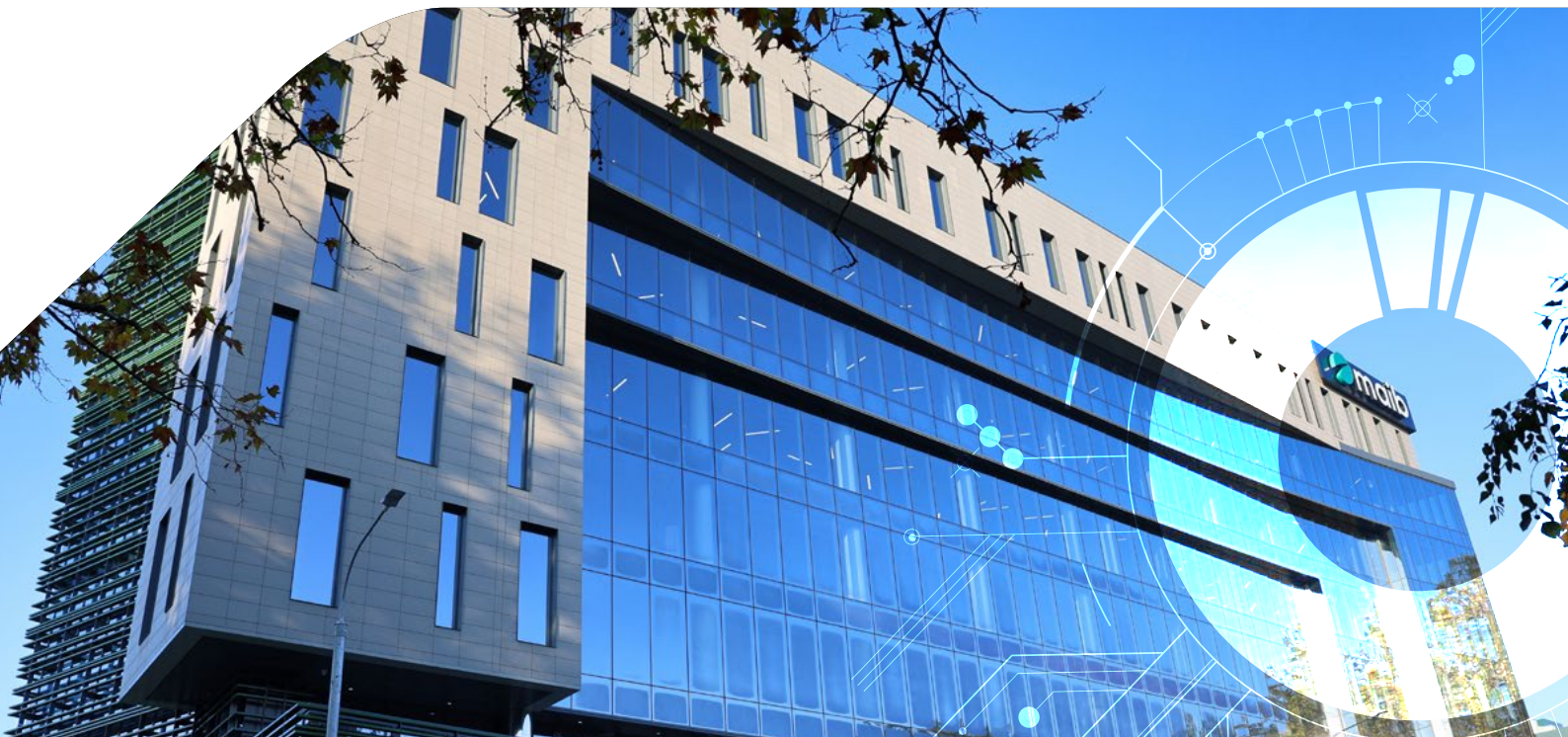
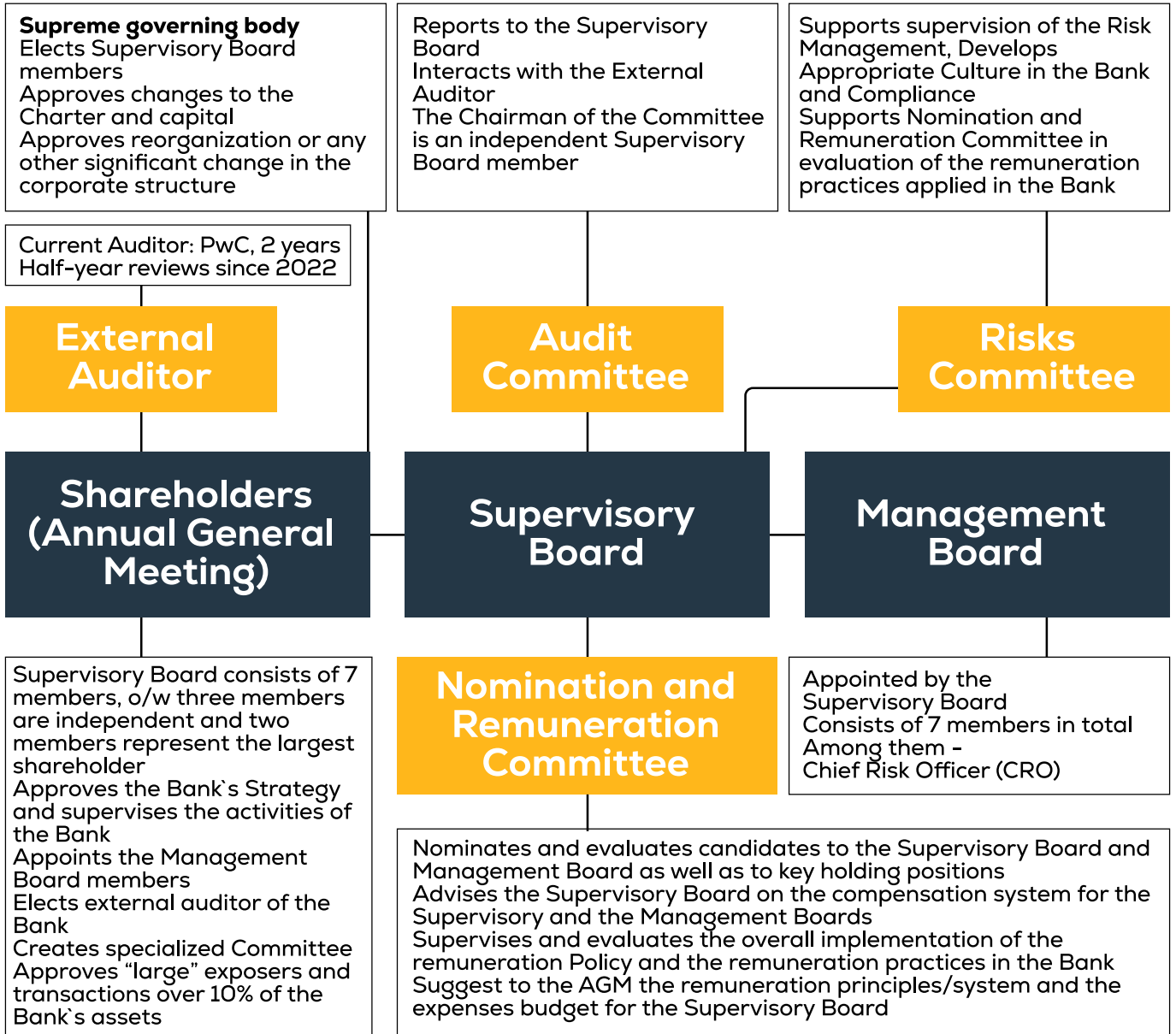
It must also be mentioned that **maib** has been working on a general employee grading policy, which is a type of salary grading. This will ensure that **maib** has a competitive compensation structure, that allows the Bank to compete both locally and internationally. It is designed to attract and retain talent, whilst also controlling personnel expenses. In the near future, we plan to align all employee compensations with this policy.

The Supervisory Board emphasises its unwavering commitment to strategic oversight, working closely alongside the management team. Together, we aim to realize the bank's strategic goals, ensuring sustained success and resilience.





# corporate governance structure



**maib's Supervisory Board** is the overarching management body with regulatory and supervisory functions of the Bank business, including how the strategic objectives are achieved, how the Bank organizes its activity, risks management, how the Bank complies with the requirements of the legislation and regulations in force. The Supervisory Board consists of seven members, elected by the General Shareholders Meeting from amongst the candidates identified by the Nomination and Remuneration Committee of the Bank, in accordance with Bank's Charter and the legislation in force.

### **Vytautas Plunksnis**

Chairman of the Supervisory Board

Other current positions: Head of Private Equity, INVL Asset Management; partner at INVL Baltic Sea Growth Fund; Chairman of the Supervisory Board of Eco Baltia; Chairman of the Management of

Ecoservice, NRD Systems, Investors Association; board member of various portfolio companies;

Since 2006 worked in different positions within Invalda INVL Group companies.



### **Victor Miculet**

Vice-Chairman of the Supervisory Board

Chairman of the Supervisory Board in 2002-2020; Vice-Chairman since 2020;

Other current positions: Chairman of the Association of Authorized Cars Importers;

1996: founder, CEO of "Auto-Space" LTD, authorized dealer of BMW, Mini, MAN, Honda and Mitsubishi cars.



### **Natalia Vrabie**

Member of the Supervisory Board

- Appointed to **maib's** Supervisory Board in 2013;
- 1991 to 2013: managerial positions in **maib**, including position of CEO,

Chairman of the Management Board during 1996-2013;

- Over 50 years of banking experience.





**Konrad Kozik**  
Member of the Supervisory Board

Appointed to **maib's** Supervisory Board in 2020 as an independent member;

Other current positions: Member of the Supervisory Board of ISP Bank Albania, Member of the Supervisory Board of Deutsche Bank Polska, Member of the Emerging Markets Board of Horizon Corp.

2014 to 2019: CFO, Member of the Management Boards of Allianz Russia and Poland;

Previously worked at UniCreditBank;

Graduated from Navarra University, MBA from Luigi Bocconi University.

**Vasile Tofan**  
Member of the Supervisory Board

Appointed to **maib's** Supervisory Board in 2018;

Other current positions: Chairman of Supervisory Board of Purcari Wineries Public Company Limited; Member of the Supervisory Board of AO Media Alternativa; Member of the Advisory Board, Avalex Investment Limited. In 2023 appointed Board member at American Chamber of Commerce in Moldova

Since 2021: Senior Partner at Horizon Capital Advisors LLC Office in Ukraine (joined in 2012);

Previously worked Consultant at Monitor Deloitte and Senior Manager, Corporate Strategy & Alliances at Philips;

Founded Ovuline (now Ovia Health);

Graduated from Erasmus University of Rotterdam (public management), MBA from the Harvard Business School



**Maryna Kvashnina**  
Member of the Supervisory Board

Appointed to **maib's** Supervisory Board in 2018 as an independent member;

Other current positions: CEO of Naftogaz Digital Technologies; CEO of Naftogaz of Ukraine NJSC, Member of the Supervisory Board of the Commercial Bank Lviv;

Since 2019: IT Director of Naftogaz Ukraine;

2013 to 2015 Vice President of Management Board of Delta Bank;

Previously worked at Finstar Financial Group, PrivatBank;

Founder of Pharmacy Network Apteka Dobrogo Dnya (2006); Co-Founder of PAY2YOU (2015).



**Ivane Gulmagarashvili**  
Member of the Supervisory Board

Appointed to **maib's** Supervisory Board in 2020 as an independent member;

Other current positions: Amazon Manager for payment and lending products for North America, Member of Supervisory Boards of Agricover Holding and TAM Faktoring AS;

2021-2022: Amazon Product Management and Customer Experience Europe;

2015 to 2018: Head of New Products, 4finance Group ;

Previously worked at Barclays and Barclays Cards, Bank of Georgia;

Graduated from Tbilisi State University (marketing), MBA from the Clarion University of Pennsylvania.



The members of the Supervisory Board have graduated the Stanford Graduate School of Business - **maib** Leader Development Program 02.11.2022 - 14.02.2023

## supervisory board responsibilities

The Supervisory Board's basic responsibilities are to ensure the business development and financial soundness of the Bank, to oversee the implementation of the risk strategy and the way in which the Bank's activities are organized and regulated. The Supervisory Board regularly monitors and evaluates the effectiveness of the Bank governance framework, including the governance principles, and takes appropriate action to address any deficiencies.

The Supervisory Board ensures that the Bank maintains an effective cooperation relationship with the

supervisory authorities through its active involvement in the major issues of the Bank and keeping up with the significant changes in its activity and in the socio-economic environment, acting to protect the Bank interests. Moreover, the Supervisory Board approves, on the proposal of the Bank Management Board, the decision to issue bonds, except for convertible bonds, as well as the report on the results of the bonds issue and modifies in this respect the Bank Charter as well as decides on the acquisition and redemption of the Bank securities in accordance with the Moldovan legislation in force.

The Board is assisted in its work by three specialized Committees: the Risk Committee, the Audit Committee, the Nomination and Remuneration Committee. Each member of a Committee, including its Chairperson, is elected from among the Supervisory Board members, where at least 1/3 of them are independent members, for a period corresponding to the mandate of the respective composition of the Supervisory Board. The specialized Board Committees report directly to the Supervisory Board.

## supervisory board committees and their responsibilities

**The Risk Committee** is responsible for providing support to the Supervisory Board on the Bank current and future risk appetite and risk strategy, as well as monitoring the implementation of this strategy by the Management. The Risk Committee also assists the Supervisory Board in determining the nature, volume, format and frequency of risk information.

**The Audit Committee** exercises the supervisory function of the Bank internal control system, monitors the accounting and financial practices applied in the Bank and supervises the work of the internal audit.

**The Nomination and Remuneration Committee** identifies and proposes to the Supervisory Board, candidates for the position of Supervisory Board member, evaluates and presents to the Supervisory Board the relevant opinion on the candidates for the positions of the Management Board

members and the key positions. In carrying out the duties assigned to it, the Appointment and Remuneration Committee periodically assesses at least once a year, the performance, structure and size of the Supervisory Board and the Management Board and makes recommendations in the field. In addition, the Committee is responsible for examining the remuneration and incentive policies and practices created for risk management, capital and liquidity management.

### **The Supervisory Board's Role within the Group**

Within the Group structure, the Supervisory Board of the Bank (as a parent company) has the overall responsibility for the appropriate corporate governance at Group level and for ensuring that policies and mechanisms for proper governance of the Group's structure, operations and risks are in place.

The Supervisory Board of the Bank has the following basic responsibilities:

- defines an appropriate structure of the management bodies of subsidiaries, taking into account the significant risks to which the Group and the subsidiaries are exposed;
- ensures that sufficient resources are available to monitor the compliance of subsidiaries with all applicable
- legislation, regulatory and governance requirements;
- ensures that an effective relationship with the supervisory authority is maintained;
- ensures the establishment of an effective internal audit function, which ensures that auditing is carried out in all subsidiaries and companies within the Group.

## nomination and remuneration committee statement



**Vasile Tofan**  
Head of Nomination  
and Remuneration  
Committee

The long-term success of **Maib** is deeply linked to our ability to attract and retain diverse and high-quality talent, alongside implementing an appropriate incentives system, in the fullest understanding of the term. With that in mind, I would like to highlight the achievements of the Nomination and Remuneration Committee during 2023, which I believe helped the bank significantly advance in reaching its talent goals. In line with its mandate, the Committee plays a crucial role in selecting and assessing candidates for the Supervisory Board, Management Board, and other key positions within the bank, while also providing guidance on remuneration strategies and overseeing their execution. Our goal is to attract,

retain and grow the top talent, while promoting a remuneration system that is transparent, equitable, and motivating for all **maib** employees. We strive to assemble the best team in the industry to achieve our ambitious strategic goals.

Following a significant strengthening of our senior management team in 2022, our strategy in 2023 was to focus on middle management and attract top-talent at all levels for supporting the agile transformation of the bank, as well as strengthen leadership in key operational-level teams. To that end, we are excited to have brought on such strong hires as Dmitri Bodiu (Orchestra Tech Lead), Adrian Eni (Head of Reporting Band), Tatiana Moisei (Head of Retail Sales and Network Support Band), to name a few. On top of that, we invested in building strong leadership competencies and promoted key **maib** employees in leadership roles, such as Doina Fetco (Head of Marketing), Eugenia Grosu (Head of Data Management Department), Stanislav Dobrovolschi (Head of IT Development Department), and many others. We have been placing a growing focus on IT talent sourcing and retention to continue **maib's** technology leadership, and will continue doing so in 2024 and beyond.

On the senior leadership front, we are delighted to have also extended the contract of **maib's** CEO, Giorgi Shagidze, until 2025 (or until 2026 in case an IPO of the bank takes place before that date). Under Giorgi's leadership, since February 2021, **maib** has undergone an ambitious transformation, resulting in substantial market share gains across all business segments, a step up in financial performance and more than tripling of **maib's** mobile users, so we are excited to continue our journey with Giorgi.

In a year marked by difficult macroeconomic and geopolitical landscapes, along with significant and abrupt changes in interest rates, the Nomination and Remuneration Committee was tasked with confronting these complex challenges. It was essential to ensure that the Performance Objectives for the Management Committee of **Maib** in 2023 were thoughtfully shaped and aligned with our revised strategic direction. The objectives were crafted to be both ambitious and

motivating, carefully calibrated to accommodate the shifting dynamics and the unpredictable interest rate environment of the year.

We are also proud to report that **maib** continued to put emphasis on gender diversity, with 68% of employees as of the end of 2023 being women, who also occupy key management positions in the leadership of the bank, be it the Supervisory Board or the Management Committee. Across the bank overall, women held 49% of managerial positions as of the end of 2023, underscoring the bank's commitment to a merit-based talent policy.

During 2023, we continued our commitment to fair compensation, with an average salary of 22,015 MDL across the bank – nearly double the nationwide average, as well as an increase of circa 14% year-over-year. In parallel, **maib** continued running an equity-linked Long-Term Incentive Program (LTIP), expanding it with new beneficiaries, to ensure alignment of incentives with the bank's shareholders, and prioritize long-term focus. We are proud by the depth of our LTIP, which covers nearly 100 executives at the bank at this point.

As we enter 2024, our focus will remain on attracting top talent to **maib**, refining the compensation system to maintain a consistent alignment of resources, performance, and risk, and continuing our investment in our employees' development.



## audit committee report



**Ivane Gulmagarashvili**  
Chairman  
of the Audit Committee

The Audit Committee is an independent entity, part of **maib's** Supervisory Board comprised of two independent and two non-independent board members. The Board is satisfied that the committee members bring diverse background and extensive expertise in the field of banking and finance, and believes that the Audit Committee as a whole has a competence relevant to the sector in which the bank operates in.

We, as the Audit Committee members, assume responsibility to review and execute main reporting and accounting procedures and policies as well as facilitate and liaise with external auditor activities.

In 2023 the committee focused on

the challenges brought by the war in Ukraine and the economic uncertainty it caused. We held regular and ad-hoc, in-person and virtual meetings to discuss, challenge and support the management across a number of areas, including identifying and monitoring of the control functions. In 2023 we reviewed 27 internal audit reports and monitored 96 recommendations in the areas of lending, IT, Information Security, Compliance and Operational Risks. We worked with external auditor to seek their guidance on appropriate treatments for accounting and valuation of the collateral.

The Audit Committee recognizes the importance of the Internal Audit function to the control environment and as such spent considerable time in reviewing the Internal Audit Plan and approved its execution for 2023. The Internal Audit Plan is risk-based and aligned with the bank's strategy, increasing focus on risks and opportunities posed by customer-obsession, Agile methodology and the digitalization process across the organization.

As a Committee, we have worked closely with our colleagues on the Risk Committee to review and strengthen the tools and metrics used by the company to manage and report on AML and compliance as well as fraud risk management.

We also continued to ensure the integrity of the bank's published financial information and reviewed the judgements made by management and the assumptions and estimates on which they are based.

The Audit Committee reviews the external auditor's reports presented to the Audit Committee, which include the external auditor's observations on risk management and internal financial controls identified as part of its audit. Without management present, the Committee and PricewaterhouseCoopers discussed the key areas of audit focus, the suitability of the accounting policies, which have been adopted, and whether management's key reporting estimates and judgements were appropriate.

As a Committee, we are committed to ensure that the organization maintains open mind-set to risk management and internal audit. Thus, the continued trainings and

certification of the relevant employees has been paramount.

The Audit Committee is certain that the bank has the robust mechanisms set up for risk management and internal control to timely identify and address deficiencies and monitor the implementation of the internal and external recommendations. We will continue our work to monitor ongoing economic uncertainty and challenges posed in the neighboring countries while further strengthening our tools for 2024.



# risk committee report



## Konrad Kozik

Chairman of the Risk Committee

Dear Shareholders,

The war in Ukraine has highlighted the importance of banks having robust scenario planning and risk management strategies in place. Alongside the ongoing climate crisis and a global pandemic, the ability of organizations to deliver on their current and future business objectives is being thoroughly tested.

When you add in factors specific to the financial services sector, such as increased regulation to combat economic crime and manage digital currencies, the risk landscape remains complex and continues to change. Individuals and businesses are facing up to a period of volatility that could have major long-term consequences driven by geopolitical issues, and the macroeconomic picture that has worsened since the start of the year.

In response, the Risk Committee & Bank Risk Management revisited economic scenarios to help ensure they account for rises in commodity and energy prices, inflation, and interest rates. Particular attention was paid to those customers who are most vulnerable to these changes as well as those who may be affected due to close economic relation/dependency on Russian & Ukrainian

markets, the chain disruption and the low prices affecting the agricultural sector.

Also, the start of 2023 has shown how quickly sanctions can be imposed on a country or regime that defies international norms. Consequently, **maib** ensured the time and resources needed to managing interbank transaction and avoid being used as a bridge for sanctions avoidance. Know Your Customer (KYC) and anti-money laundering (AML) processes were in the front of mind – review screening and control mechanisms, data and document access and storage procedures were adjusted in order to allow **maib** to act quickly and accurately when required.

Growing cybercrime was firmly in the spotlight of the Risk Committee. In this respect, the Committee set two clear objectives: boost **maib**'s cyber resilience and provide support to our customers by taking a security-by-design approach that marries day-to-day protection with a proactive approach to risk.

### key purpose and responsibilities

The purpose of the Risk Committee is to assist the Board in fulfilling its responsibilities in relation to risk oversight and provide advice in relation to current and potential future risk exposures. This includes reviewing the Bank's risk appetite and risk profile, the desired culture and how it has been embedded, assessing the effectiveness of the risk management framework and systems of internal control, and the Bank's capability to

identify and manage new types of risk. The key responsibilities of the Risk Committee are to:

- assist the Bank's Board in establishing and monitoring the Bank's current risk appetite and overall risk management strategy, taking into account all types of risks, to ensure their compliance with the business strategy, objectives, culture and Bank's corporate values;
- oversee the implementation of capital and liquidity management strategies;
- provide recommendations to the Bank's Board on the necessary adjustments to the Risk Management Strategy as a result of product changes in the Bank's business model, market developments or recommendations issued by the Risk Management Function;
- provide support on the appointment of external consultants that the Bank's Board may decide to hire for advice or assistance;
- analyse a range of possible scenarios, including crisis scenarios, to assess how the Bank's risk profile would react to external and internal events;
- oversee the harmonisation of all significant financial products and services provided to customers with the business model and risk management strategy;
- assess the risks associated with the financial products and services offered as well as take into account the uniformity between the prices set for those products and services in relation to the profits derived from them;
- evaluate the recommendations of internal or external auditors and monitor the proper implementation of the

- measures in collaboration with the Audit Committee;
- examine whether the incentives provided by remuneration policies and practices take into account the Bank's risk, capital and liquidity, as well as the likelihood of their further favourable development.

**composition of the risk committee and meetings**

The Risk Committee members are the following Bank's Supervisory Board members: Konrad Kozik (Chairman, independent member), Vytautas Plunksnis, Maryna Kvashnina and Natalia Vrabie.

In addition to the members, the Bank's Vice-chairwoman for the Risk & Compliance Area, the Risk Director & the Compliance Director attend meetings. Other members of management from time to time are invited to provide a deeper level of insight into key issues and developments.

Risk Committee meetings take place prior to the Supervisory Board meeting in order for the Risk Committee to report its activities and matters of particular relevance to the Board.

Over the course of the year, the Risk Committee considers a range of reports, which provides an analysis of:

- the Bank's overall risk profile using both quantitative models and risk analytics;
- changes to the loan portfolio structure and quality;
- key risk exposures, including Credit, FX, IRBB, Liquidity, Compliance and Operational risks with detail of how those are managed;
- performance against risk appetite;
- emerging and potential risks, the drivers of risk throughout the Bank;
- analysis of stress testing scenarios and the results of stress tests and reverse stress tests.

**risk management**

The Risk Committee assisted the Board in setting the Bank's risk appetite and exposure in line with our strategic objectives and in making any necessary modifications as strategy evolves and when the risk environment changes. We also monitored risk exposure and actions to address risk, which included oversight and support of our executive management risk team. We work closely with the Audit Committee to ensure that our risk management framework and systems of internal control operate effectively and in compliance with National Bank of Moldova requirements.

**Risk Committee effectiveness review**

The Risk Committee self-assessed its effectiveness towards the end of the year. The evaluation was that the Risk Committee assesses and challenges the principal risks facing the Bank and that the Risk Committee operates and performs effectively.

During 2024, the Risk Committee will continue to ensure that short- and long-term implications are carefully weighed, risks assessed and strategies updated, and map changes to the market and its impact on **maib** customers, finance commitments and development plans.

While digital currencies may promise greater financial inclusion in some circumstances, there are concerns that they can be used to circumvent sanctions. We expect that the regulator will continue their scrutiny of this asset class, and the bank will need to be prepared to respond accordingly. As such we will continue to improve our risk strategies in relation to currency flows and cross-border payments.





## statement of supervisory board members' responsibilities

The Members of the Supervisory Board are responsible for preparing the Annual Report and the consolidated and separate financial statements in accordance with applicable law and regulations.

The law no. 202/2017 on the activity of banks requires us to prepare financial statements for each financial year. As required, we have prepared the accompanying consolidated and separate statements in accordance with international accounting standards in conformity with the requirements of the Law no. 287/2017 on accounting and financial reporting.

We must not approve the accompanying consolidated and separate financial statements unless we are satisfied that they give a true and fair view of the state of affairs of the Group and the BC "MAIB" S.A. (the Bank or the Company) and of the profit or loss of the Group and the Company for that period.

Under the National Bank of Moldova Regulation on the disclosure requirements by banks, group financial statements are required to be prepared in accordance with International Financial Reporting Standards (IFRS).

In preparing the accompanying consolidated and separate financial statements, we are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the

Company will continue in business. We are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable us to ensure that the consolidated and separate financial statements comply with the requirements of the Law no. 287/2017 on accounting and financial reporting.

We are responsible for such internal control as we determine necessary to enable the preparation of financial

statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

We are also responsible for preparing a Supervisory Board Report and Corporate Governance Statement that each comply with that law and those regulations. We are also responsible for the maintenance and integrity of the Company's website. Legislation in the Republic of Moldova governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the consolidated and separate financial statements, prepared in accordance with the international accounting standards in conformity with the Law no. 287/2017 on accounting and financial reporting and IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the Group taken as a whole; and
- the Annual Report, including the statements about our strategy, includes a fair review of the development and performance of the business and the position of the Company and the Group, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, are fair, balanced and understandable and gives shareholders the information needed to assess the Group's position and performance, business model and strategy.

---

By order of the Board,  
Secretary of the Supervisory Board

**Nina Teleaga**



# supervisory board members report

The Members of the Supervisory Board present their Annual Report and the audited consolidated financial statements for the year ended 31 December 2023.

## charter of the Bank

The Charter of the Bank may only be amended by a resolution at a general meeting of the shareholders. The process for the appointment and removal of Members of the Supervisory Board is included in our Charter. Maib's Charter is available on the Company's website. [https://www.maib.md/storage/publication/686/Statut\\_MAIB.pdf](https://www.maib.md/storage/publication/686/Statut_MAIB.pdf)

## share capital and rights attaching to the shares

Details of the movements in share capital during the year are provided in Notes to the consolidated financial statements of this Annual Report. As at the date of publication of this Annual Report, following the share split of 1:100 which took place in March 2023, there is a single class of 103,763,400 ordinary shares of MDL 2 (two lei) nominal value, each representing one voting right. The rights and obligations attaching to the Company's ordinary shares are set out in its Charter.

Holders of ordinary shares are entitled, subject to any applicable law and the Company's Charter, among others, to:

- have shareholder documents made available to them including notice of any general meeting;
- attend, speak and exercise voting

rights at general meetings, either in-person or by proxy;

- elect or be elected as a member of the management bodies;
- participate in any distribution of income or capital;
- sell, pledge, place under trust or request redemption of the shares they own.

Holders of ordinary shares of at least 5% of the total number of shares are entitled, in addition to the rights provided above, to:

- propose items to the agenda of the general meetings of shareholders;
- nominate candidates for election as Supervisory Board members and Audit Commission members;
- call for extraordinary general meeting of the Supervisory Board.

Holders of ordinary shares of at least 10% of the total number of shares are entitled, in addition to the rights provided above, to:

- request extraordinary auditing of the economic and financial performance of the bank;
- request of the assessment of the share price based on the auditor's report;
- seek indemnification by instituting judicial proceedings for any statutory breaches by the bank's executives.

Holders of ordinary shares of at least 25% of the total number of shares are entitled, in addition to the rights provided above, to:

- call for extraordinary general meeting of the shareholders.

## results and dividends

The Bank made a net profit of MDL 1.22 billion for the year ended 31 December 2023. The Bank may by ordinary resolution declare dividends provided that no such dividend shall exceed the amount recommended by Bank's Supervisory Board. The Supervisory Board may also pay such interim dividends as appear to be justified by the profits of the Group available for distribution. However, resumption of dividends depends on the ultimate approval by the NBM.

## long term incentive plan ("the plan")

In December 2021, the Company approved the long-term Incentive Plan, designed to emphasize long-term, sustainable value creation, by aligning the interests of qualifying employees and shareholders. Under this Plan stock options are to be granted to top and middle management of the Bank as part of their compensation package. The plan is structured based on phantom options, allowing for maximum flexibility in terms of the design of the program, while securing the intended economics of the plan. Thereby, while the awards are linked to the value of maib's shares, they do not grant their holders ownership of the Bank or any entitlement to dividends thus avoiding the dilution of existing shareholders. Maib's Plan is based on a best practice approach to executive compensation, meant



to align incentives of management and shareholders, while putting the prudent, long-term development of the Bank front and center. In order to ensure the execution by maib of possible future bank obligations, that may result from the Plan, in June 2022 the Annual General Shareholders Meeting approved the purchase by maib of its own shares so that they could be assigned to employees in accordance with the provisions of the approved Plan and in June 2023 the Annual General Shareholders Meeting reconfirmed this decision.

#### **powers of supervisory board members**

The Supervisory Board members may exercise all powers of the Bank subject to applicable legislation and regulations and the Bank's Charter.

#### **conflicts of interest**

In accordance with the law no. 202/2017 on the activity of banks, the Directors have adopted a policy and procedure for the disclosure and authorization (if appropriate) of conflicts of interest, and these have been followed during 2023. The Bank's Charter also contain provisions to allow the Supervisory Board members to authorize potential conflicts of interest so that a member is not in breach of his or her duty under the law.

#### **supervisory board members' remuneration**

The Supervisory Board members' fees and remunerations can be found in the notes to the financial statements, making part of this report.

#### **Supervisory Board members' interests**

The Supervisory Board members' beneficial interests in ordinary shares of maib as at 31 December 2023 are shown together with any changes in those interests between the financial year-end and the date on which this Directors' Report was approved by the Board.

#### **company secretary**

As appointed by the respective Boards Mrs. Nina Teleaga acts as Secretary of the Supervisory Board and Mr. Cornel Sotnic as the Secretary of the Management.

#### **annual general meeting**

The AGM Notice is circulated to all shareholders at least 30 working days prior to ordinary meeting and 21 days in case of extraordinary meetings. All shareholders are invited to attend the AGM, where there is an opportunity for individual shareholders to question the Chairman and, through him, the Chairs of the Supervisory Board Committees. In addition, AGM Notice is published on the Bank's website and in the National Commission for Financial Market's magazine "Capital Market" and/or in the Official Journal of the Republic of Moldova. After the AGM, shareholders can meet informally with the members of the Supervisory Board.

#### **supervisory board members' responsibilities**

Statements explaining the responsibilities of the Supervisory Board members for preparing the Annual Report and consolidated and separate financial statements can be found in the Statement of Directors Responsibility of this Annual Report. A further statement is provided confirming that the Board considers the Annual Report, taken as a whole, to be fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

#### **related party disclosures**

Details of related party disclosures are set out in Notes to the consolidated financial statements included in this Annual Report.

#### **code of conduct and ethics**

The Board has adopted a Code of Conduct relating to the lawful and ethical conduct of the business, supported by the Group's core values. The Code of Conduct has been communicated to all members of the Supervisory Board and employees, all of whom are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates. Our Code of Conduct is available on our website:

[https://www.maib.md/storage/documents/11/RO\\_sumar\\_maib\\_Codul\\_de\\_Etica%20\(1\).pdf](https://www.maib.md/storage/documents/11/RO_sumar_maib_Codul_de_Etica%20(1).pdf)

#### **cultural code**

In 2023 maib adopted a Culture Code which is published on its website in the information disclosure section. The code covers all aspects of conduct for the Bank and its values.

#### **independent auditors**

ICS "Pricewaterhouse Coopers Audit" SRL was appointed as an external auditor of the Company for the years 2023 - 2025.

#### **major interests in shares**

The table below lists shareholders with voting rights of more than 5% as at 31 December 2023:

Shareholder	<b>Heim Partners Limited</b>
Number of voting rights	<b>42,636,500</b>
% of voting rights	<b>41.09</b>

#### **post balance sheet events**

Our disclosures relating to post balance sheet events can be found in the notes to the financial statements, making part of this report.

#### **statement of disclosure of information to the auditor**

We confirm that, so far as we are aware, there is no relevant audit information of which the Company's auditor is unaware and we have taken all steps that we reasonably believe should be taken as members of the Supervisory Board in order to make ourselves aware of any relevant audit information and to establish that the Company's statutory auditor is aware of such information.





## management board

Management Board is the executive body of the Bank, consisting of seven members, who perform the current management of the Bank under the direct supervision of the Supervisory Board, and manage the Bank business in a proper and prudent manner consistent with the strategy and management framework of the Bank business, approved by the Supervisory Board. The Management Board members are appointed by the Supervisory Board from amongst the persons identified and proposed by the Chairman of the Management Board and the Nomination and Remuneration Committee, in accordance with Bank's Charter and the provisions of the legislation in force.

### **Giorgi Shagidze**

Chairman of the Management Board, CEO

- Joined maib in February 2021;
- Other current positions: Member of the Supervisory Boards of Synergy Capital and Georgian Stock Exchange;
- 2010-2020: Deputy CEO and Chief Financial Officer, as well as member of the Management Board at TBC;
- 2008 to 2010: Global Operations Executive for Barclays Bank;
- Deputy CEO of People's Bank of Georgia (2005-07);
- Graduated from the Tbilisi State University in 1997 and obtained an MBA from the University of Cambridge Judge Business School in 2008, Certified Financial Analyst.



### **Aliona Stratan**

First Vice-Chairwoman, Retail Banking

- Joined maib in 2020 as First Vice-Chairwoman of the Management Board, Retail Banking;
- Other current roles: Chairwoman of the Supervisory Board of maib Leasing, Board Member of Amcham Moldova and of AIOD;
- 2018 to 2020: Vice President ABB Bank Armenia;
- 2014 to 2018: Vice President VTB Bank Armenia;
- Previously worked at ProCredit-Bank Georgia, National Bank of Moldova;
- Graduated from the Moldova State Agrarian University, MBA from Grenoble Graduate School of Business.



### **Dumitru Baxan**

Vice-Chairman, Corporate Banking and Investments

- Joined maib in 2010 as Head of NPL Recovery Department;
- 2019: appointed to the Management Board of maib as Head of Corporate Banking and Investments;
- Previously worked at Banca de Economii, including as Vice President for Retail Banking and at National Bank of Moldova;
- Graduated from Moldova Academy of Economic Studies.





**Andrii Glevatskyi**

First Vice-Chairwoman, Retail Banking

- Joined maib in 2019 as Counsellor in Risks;
- 2019: appointed to the Management Board of maib as Chief Risks Officer and later, in 2021 – as Head of Business (SME) Banking;
- 2009 to 2019: held different positions at Raiffeisen Bank Aval Ukraine, including Head of Retail Risks in 2015 to 2019;
- Previously worked at Aval Bank Ukraine;
- Graduated from the National Agrarian University.



**Stela Recean**

Vice-Chairwoman, Chief Risk Officer & Chief Compliance Officer

- Since 2018: Vice-Chairwoman of the Management Board, Chief Compliance Officer (since 2021 took also the role of Chief Risk Officer);
- 2014 to 2018: Head of Compliance Department;
- 2000 to 2014: held different positions, including of managing partner at PwC Moldova;
- Previously worked at PwC and National Bank of Moldova;
- Graduated from Moldova Academy of Economic Studies, ACCA, ACAMS, Licensed Auditor.



**Marcel Teleuca**

Vice-Chairman, Operations and Logistics

- Works in maib since 1994 (with a one year break, when worked as Head of Treasury of BTR Bank);
- 2010: appointed as Vice-Chairman of the Management Board;
- Previously worked as Head of Treasury, Head of Dealing, dealer;
- Graduated from Moldova Academy of Economic Studies.



**Macar Stoianov**

Vice-Chairman, Finance

- Since 2022: Vice-Chairman of the Management Board, responsible for the Finance Division
- 2015 to 2022: involved in projects in the areas of business strategy, finance and risk, digital transformation and core operations at McKinsey & Company;
- Held positions at KBC, ING;
- Graduated from the Academy of Economic Studies in Bucharest Romania, hold and MBA from Vlerick Business School, MSc,
- Certified in Financial Risk Management (FRM) from GARP and CFA charterholder.

## shareholder engagement

### investor relations

The Company has a comprehensive shareholder engagement and communication program and encourages an open and transparent dialogue with existing and potential shareholders. The program covers all results, performance and strategy issues, as well as discussions relating to ongoing corporate governance. The Group has been taking into account matters which shareholders have indicated are of importance to them in written communications to their wider issue base, and also in individual phone calls and meetings with shareholders.

**Maib** investor relations website [ir.maib.md](http://ir.maib.md) contains comprehensive disclosure about the bank's performance, significant business developments,

management, strategy, corporate governance, sustainability and contacts of investor relations team. In addition, **maib** sends a periodic news updates to its mailing list to cover all key changes in its business and significant developments.

A total of four quarterly calls involving the CEO and the CFO of the bank were held during the year, allowing for participation of any existing and potential shareholders. Quarterly reports, presentations and recordings of the calls are available on the website [ir.maib.md](http://ir.maib.md). Additionally, **maib** management participated in over 40 meetings with potential investors during the year covering Romanian and international institutional investors. This engagement is set to continue in 2024.

### shareholder relations and affiliated parties

Marcel Lazar is **maib's** internal shareholder relations and affiliated parties' group officer, whose role includes acting as an intermediary for shareholders.

We will engage with shareholders, including through the Company's forthcoming AGM to be held later in 2024, and will also continue to communicate with shareholders on important developments throughout the year. Our annual results announcement, half-year results and quarterly results are supported by a combination of presentations and telephone briefings.



# sustainability

As Moldova is set to align itself with the European Union legislation, the imperative for sustainable practices is becoming increasingly evident. For maib, Moldova's leading financial institution, the journey towards sustainability is not merely an option but a strategic requirement. In 2023 maib set up a Sustainability (ESG) program comprising the following:

- Set up sustainability committee, body responsible for elaborating and implementing sustainability strategy;
- Published sustainability report according to international GRI standards and obtained sustainability rating from a premier rating agency;
- Adopted Sustainability strategy and roadmap.

In elaborating the strategy and roadmap maib aligned itself with Moldova's proposed green strategy for 2030, the Nationally Determined Contributions (NDCs) as per the Paris Agreement, and the EU environmental obligations. It was elaborated with the help of experts provided by the Green for Growth Fund and EU4Energy.

## key pillars of maib sustainability strategy

The sustainability strategy is delineated into six key pillars, each representing a crucial facet of maib's commitment:

**1. climate risk initiative & governance:** maib is actively engaged in assessing and mitigating climate-related risks, ensuring the resilience of its operations in the face of environmental challenges. This approach not only safeguards the bank's interests but also contributes to broader climate resilience efforts in Moldova.

**2. transparency:** maib is committed to transparency in its sustainability endeavours. In June 2023 we published our first sustainability report, in line with GRI standards. Moreover, in 2023, we were given a sustainability rating by Sustainalytics. Both of these metrics stand as benchmarks we aim to improve upon in the future.

**3. green & sustainable products:** The bank is dedicated to expanding its range of green and sustainable products. Additionally, we aim to achieve a 10% and 23% share respectively of green loans out of total investment loans by 2025 and 2030 respectively in both our corporate and SME segments.

**4. financial health & inclusion:** maib recognizes the importance of financial health and inclusion in sustainable development. The roadmap incorporates initiatives which shall help those in remote areas of the country as well as Ukrainians in Moldova.

**5. people:** The sustainability roadmap prioritizes the well-being and development of maib's employees. Initiatives aimed at employee engagement, well-being, and skill development contribute to a positive workplace culture aligned with sustainable values.

**6. sustainable operations:** maib is committed to adopting sustainable practices in its day-to-day operations. From reducing energy consumption to implementing waste management strategies, the bank seeks to minimize its ecological footprint.

Each target within this roadmap is assigned a responsible person and is given a deadline, instilling a sense of real accountability for these policies. This approach ensures that our sustainability initiatives are not mere aspirations but tangible commitments driving positive change.

## select initiatives of the sustainability strategy include:

- Reduce GHG emissions from own operations by 25% by 2025;
- Reduce financed emissions (emissions of loan portfolio companies);
- Introduce a comprehensive system of sustainability reporting;
- Achieve a 10% green loans ratio with business/corporate client segments by 2025;
- Introduce green products in line with market expectations and demand;
- Evaluate maib's products to increase financial inclusion;
- Improve maib's processes to more effectively onboard Ukrainian refugees in Moldova;
- Treat its employees fairly and contribute to their growth and development;

- Maintain and promote robust corporate governance standards;
- Publish sustainability report and obtain sustainability rating.

## green and sustainable lending

The implementation of green products within our range is a significant stride towards fostering sustainability in the Moldovan financial landscape. Our "energy for trade" loan, launched by the SME business unit, supports ventures investing in photovoltaic technology. As we witness increasing demand for such products, maib envisions expanding our offerings, creating a positive feedback loop where consumer demand drives sustainability innovation.

As part of its commitment to sustainability, maib has introduced lending products classified as "green" or "sustainable" under a provisional taxonomy. These products support initiatives in renewable energy, electric transport, energy efficiency, and sustainable agriculture. Below is the outstanding balances of "sustainable" and "green" loans held by maib ('000s MDL):

	31/12/2023	31/12/2022
<b>SME portfolio</b>		
Renewable energy	351,043	216,855
Sustainable agriculture	0	0
Energy efficiency	0	0
Electric transport	0	0
<b>Total SME portfolio</b>	<b>351,043</b>	<b>216,855</b>
<b>Corporate portfolio</b>		
Renewable energy	143,502	13,025
Sustainable agriculture	0	0
Energy efficiency	0	0
Electric transport	85,071	104,571
<b>Total Corporate portfolio</b>	<b>228,573</b>	<b>117,596</b>
<b>Grand total</b>	<b>579,616</b>	<b>334,451</b>

Source: maib management report, figures do not include accrued but yet unpaid interest





EU4Energy

### green incentive fund for 2024

Maib earmarked MDL 10 million for an internal green subsidy fund. This fund is a proactive initiative to incentivize borrowing for sustainable purposes, empowering businesses and individuals to contribute to environmental progress.

Maib's journey towards sustainability is a continuous evolution, guided by our commitment to environmental responsibility, social inclusivity, and robust governance. Through strategic partnerships, a comprehensive sustainability strategy, and tangible initiatives, maib is poised to be a leader in driving Moldova's financial sector towards a sustainable and resilient future.



**Radu Crivoi**  
Investor Relations and  
Sustainability analyst

“Since I started working at maib I have witnessed firsthand the level of commitment upheld towards both innovation and efficiency. Fortunately, the same can be said for the bank's commitment towards ESG, as our plans and current trajectory put us very much ahead of regulatory requirements. Whilst we are quite strong in the social and governance aspects, much more work has to be done in the environmental field. We

have made some progress in terms of emissions from our own operations, but the key challenge we have to tackle is financed emissions, because, as a bank, most of our environmental impact comes from our lending. Our goals are quite ambitious and yet very attainable, as in 2023 alone we have managed to hit many milestones, which shall propel us towards both climate neutrality and social equity. Personally, I have enjoyed the type of

work that ESG involves, as the effort we put in shall genuinely make a difference in the years to come. Whilst the work itself can admittedly be quite tedious at times, the team around me has made the experience of working here both enjoyable and rewarding. I wholeheartedly believe that the highlight of maib is its talented, friendly, and ambitious people.”

## corporate social responsibility, philanthropy and sponsorship

Corporate social responsibility, as well as philanthropic endeavors has long been a tradition at maib. The Bank is actively involved in giving back to the community via several programs, which can be broadly subdivided into the following categories:

- supporting education;
- supporting and promoting art, culture and traditions;

- involvement in sport, wellbeing, active and healthy lifestyle;
- promoting public health-volunteering and good citizenship;
- supporting innovation, startups and Fintech initiatives;
- acting responsibly towards the environment and supporting the community through various acts of charity.

In 2023, maib made a significant commitment to philanthropy by allocating resources and sponsor projects across various sectors including education, infrastructure, culture and art, Fintech and digitalization, as well as environment and community support. This strategic decision reflected the bank's recognition of the importance of investing in diverse areas that contribute to societal development and well-being.

Below are described some of the most important projects supported in 2023 by the bank.



## maib projects

### education

In September 2023 maib launched maib edu program, an initiative aimed at educating the public about financial responsibility, financial literacy, digital banking solutions, and other important day-to-day matters. Within this program, maib provides lessons to various groups of people, from young children to adolescents who just start managing their finances, to adults interested in widening their knowledge of financial products, to senior citizens who wish to become technologically savvy.

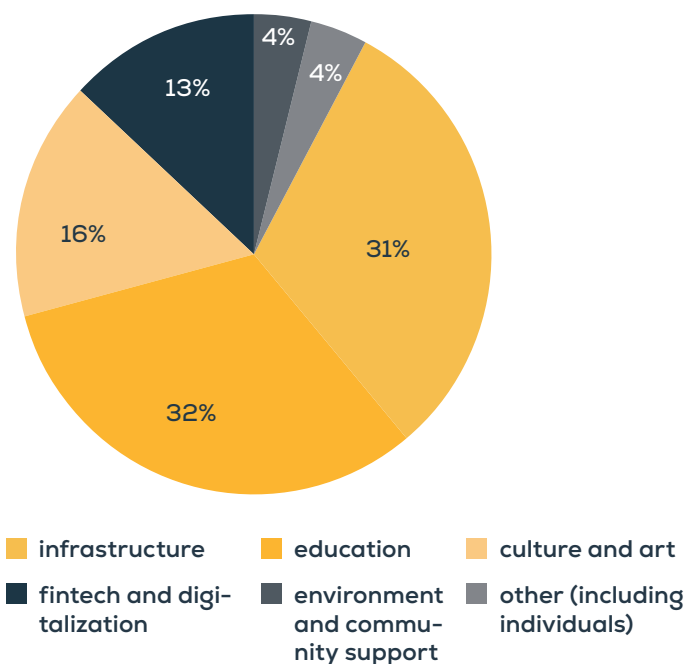
Maib also holds a series of talks by its top professionals to students at universities and centers of excellence in Moldova, providing a good introduction to banking for the future professionals.

The Bank also supports students' financial education and professional training through the Student Lab by ASEM and maib, where students can test banking services and products and carry out practical lessons related to banking. Additionally,

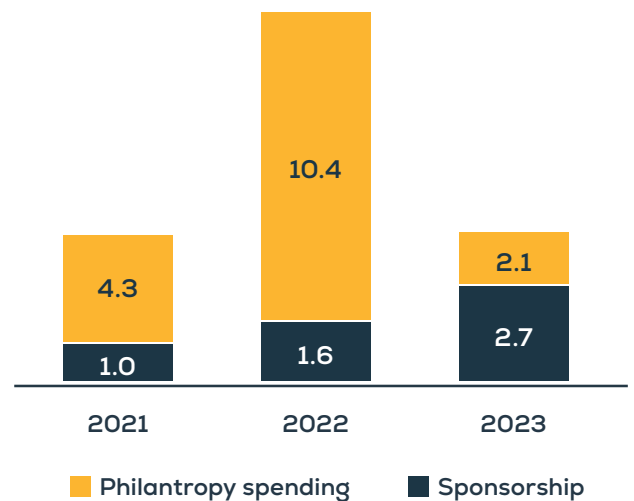
maib and Gladei Law Office and Partners support a series of merit-based scholarships and professional internships to law school students based on an essay contest.

1. In addition, maib improves learning conditions in educational institutions by providing technology, stationery, and furniture, such as projectors, computers, and blackboards, to various schools and universities in Moldova.

### sponsorship and philanthropy spending by categories



### sponsorship and philanthropy spending



Source: maib management reports

### art, culture and national traditions

“O seară în parc” is an annual concert in Chisinau featuring renowned soloists and a philharmonic orchestra, sponsored by maib.

Maib sponsored Moldova's participation in Eurovision 2023, for the second time in a row, with the song “Soarele și Luna”, performed by Pasha Parfeny.

Having a gallery intended for exhibitions in the central office maib park, we publicly exhibited the exhibition “Soul of Moldova” organized by Victoria Peev and Kasandruta. “Soul of Moldova” is exhibition about people, about longing and about the traditions that are carefully handed down to us from generation

to generation. Maib supported the community “Șezătoarea Basarabiei” to restore and promote the national Romanian shirt – “camasa cu albita”.

Maib promotes national traditions and customs, including celebrating the International Day of the “Ia” by wearing traditional costumes.

### competitive sport, active lifestyle and healthy living

Maib encourages a healthy and active lifestyle through internal communities of bank employees who participate in sports events, including recreational and competitive running events, mini-football tournaments. Maib once again fielded the largest corporate team at Chisinau Marathon in September 2023 with over 100 maib colleagues

taking part. In addition, maib's football and running teams participated in a multitude of competitions throughout the year.

Maib employees participated in 2024 at the Hospice Angelus Table Tennis Cup and supporting Hospice Angelus' mission of providing palliative care to children and adults suffering from life-threatening illnesses. Maib continued a partnership with The Training Center for athletes to support the repair of several recreational areas for.

### public health, volunteering and good citizenship

Maib employees donated blood to save lives during an internal blood donation event organized by maib and the National Blood Transfusion Centre.

Maib volunteer team participated in the “Masa Bucuriei” campaign, organized nationally by the Social Mission “Diaconia” on the eve of Easter. Maib volunteers encouraged people who were shopping in the stores from the capital and regions to donate groceries for a noble cause – to give people in need a warm meal.

Maib shared its CSR experience with the businesses and NGOs as part of the “National Week of Kindness”, highlighting the importance of corporate citizenship. The campaign in its third edition promotes collaboration between people, sharing of good practices, creating contexts for good deeds, personal and corporate philanthropy to solve social problems.

### **innovation, startups and FinTech initiatives**

Maib was active in the GPeC Conference for e-commerce and digital marketing, contributing to conference sessions, lectures and workshops. Alongside the GPeC

Conference, maib was also present at the GPeC Expo, where it had the opportunity to present customized and practical banking solutions for online business development. The expo was a key meeting place between maib and online shops, generating synergies and opportunities for collaboration.

Fintech Moldova Conference 2023: maib supported a major event for companies and start-ups in the financial sector to implement financial technologies.

Maib supported 2023 event TEDxValeaTrandafirilor - The Art of Peace edition.

Maib supported Moldova Innovation Awards event organized by Moldova IT Park.

Maib signed a partnership agreement with the Technical University of Moldova to support and guide young IT enthusiasts. The Bank contributed to the renovation of several auditoriums and recreational spaces at the university.

### **environment and community**

Maib forest is a reforestation project originally started in 2021, during the three editions of the initiative, 8 600 trees were planted in Cruzești. This event is not only a team building exercise for maib colleagues, which participate in high numbers year after year, but it also contributes to the environment.

Maib supported the renovation of 3 historic ponds in the “Ștefan cel Mare” Public Garden.

Street Food & Wine Festival sponsored by maib and Mastercard were held in its third edition. It is a popular outdoor food event, which takes place in both Chisinau and Balti, bringing good will and a festive atmosphere.

Acting responsibly in the context of the energy crisis: Maib implements measures to reduce electricity consumption in its offices to ensure continuous access to electricity for medical and educational institutions during the electricity shortage.



### **Ștefan Nistor**

Founder and Coordinator of Fintech Moldova

Maib has been Fintech Moldova's close partner and one of our main supporters in 2023! Their contribution as primary patron of two of our principal events, Digital Transformation for Financial Institutions Conference and Fintech Moldova Conference, has been essential in bringing these events to the highest level and in providing the audience with top tier networking and knowledge-sharing opportunities.

Maib displayed a strong commitment to fostering Fintech ecosystem in the country, showing tremendous

openness to supporting innovation and digital transformation in the financial sector. Seeing it as an opportunity rather than a threat, maib proves to be a forward thinking and a progressive institution, a breath of fresh air in an industry famous for its conservativeness and traditionalism. Maib is playing a pivotal role in bridging the gap between traditional banking and innovative financial technologies. Their commitment to innovation and collaboration underscores their role as a true catalyst for positive transformation in Moldova's financial sector.

Maib's engagement in bettering the financial sector through innovation is also evident through their readiness to share their experience to the broader public through their presentations

and discussions on the stages of our conferences. Holding nothing back, maib showed the entire audience the practical aspects of digital-first product and service development, with the customer at heart, but also with their teams' well-being in mind. Maib fosters a culture of continuous learning and knowledge sharing, and is not shy about sharing it with others.

This openness to progress is evident in both their communication, and participation in the framework of our partnership. Their manner of cooperation sparks encouragement, proactiveness and a sense of security in knowing that they always have your back! I am proud to have had maib as a partner during 2023!

## internal audit

### what internal audit is/does:

The key purpose of the Internal Audit Department's activity is the independent, impartial and objective assessment of the sufficiency and efficiency of the management framework in accordance with the provisions of the legal and regulatory requirements and the Bank's internal regulations. The independence of the Internal Audit at maib is ensured through direct reporting to the Bank's Supervisory Board and continuous engagement with the Supervisory Board's Audit Committee.

### what was done in 2023:

In 2023 the Internal Audit activity was performed according to the Audit Plan, coordinated in advance with the Audit Committee and the Risk Committee and approved by the Bank's Supervisory Board. The plan was developed applying the risk-based approach and priorities outlined in line with maib's development strategy. The Internal Audit Department has not encountered any impediments in performing its work and in providing its independent opinion. The Head of the Internal Audit Department regularly engaged with and reported the results of the audit work to the Bank's governing bodies: the

Bank's Supervisory Board, the Audit Committee and the Bank's Management Committee.

The annual internal audit plan for 2023 was accomplished in its entirety. The key issues covered during the year related to:

- prevention and fight against money laundering and terrorist financing;
- transactions concluded between the Bank and its affiliated persons;
- internal capital adequacy/liquidity management process;
- maib remuneration policy;
- the process of making purchases;
- other material topics.

As part of the Internal Audit department's work, the internal auditors continuously develop their professional skills by undergoing training and upskilling activities.

In their work, internal auditors apply and are guided by the following principles:

- Integrity
- Objectivity
- Confidentiality
- Competence

### plans for 2024/future:

For 2024 the Internal Audit has an ambitious plan, which is based on the analysis of risks associated with the activities and priority topics and aims to add value to the audited processes and to the Bank as a whole. Regarding professional development, the internal audit team plans to initiate the process of obtaining the most widely recognized certificate in internal audit - Certified Internal Auditor.



# risk management

## risk management – key pillar of maib's culture of responsibility

Maib places critical importance on identification, evaluation, management and monitoring of risks that it faces through an integrated control framework supported by formal policies and procedures, clearly delegated authority levels and comprehensive reporting. The Board confirms that **maib's** framework has been in place throughout the year under review and to the date of approval of this Annual Report. This framework is also integrated into both **maib's** business planning and viability assessment processes.

### overview

**Maib's** Board, supported by its Audit and Risk Committees and the Management Board, is ultimately responsible for the maib's risk management and internal controls. We believe that in order to have an effective risk management framework, there needs to be a strong risk management culture within the Bank. In this section, we review how we ensure that managing risk is integrated into day-to-day business activities. We seek to create an environment where there is openness and transparency in how we make decisions and manage risks, whereby business managers are accountable for the risk management and internal control processes associated with their activities. **Maib's** culture also seeks to ensure that risk management is responsive, forward-looking and consistent.

### maib's framework

The Board's mandate includes approving and overseeing the Bank's risk appetite and risk tolerance as well as monitoring risk exposures to ensure that the nature and extent of the main risks we face are consistent with **maib's** overall goals and strategic objectives. The Board is accountable for reviewing the effectiveness of the systems and processes of risk management and internal control with the help of Audit and Risk Committees. The principal risks and uncertainties faced by the Bank are identified through a bottom-up process. On a day-to-day basis, the Management Board is responsible for the implementation of the Bank's Risk Management Strategy and other internal control policies and procedures.

For each risk identified at any level of the business, the risk is measured, monitored and mitigated (as possible)

in accordance with **maib's** policies and procedures. The Management Board regularly reviews the Bank's exposure toward risks and assesses the implementation of the risk management and internal control policies and procedures.

Maib's reporting process enables key risks to be escalated to the appropriate level of authority and provides assurance to the Committees and the Board. Key developments affecting **maib's** principal risks and associated mitigating actions are reviewed quarterly (or more often, if necessary, on an ad hoc basis, outside of the regular reporting process) by the Risk Committee and the Board.

### internal control

**Maib's** Board is responsible for reviewing and approving the Bank's system of internal control and its adequacy and effectiveness. Controls are reviewed to ensure effective management of risks we face. Certain matters – such as the approval of major expenditures, significant acquisitions or disposals and major contracts – are reserved exclusively for the Board.

**Maib's** specialized Committee of the Supervisory Board (Audit and Risk Committees) monitor internal control through regular reports and discussions with the Bank's Deputy CEO, Head of Risk Function, Head of Compliance Function, Head of Internal Audit and other Management Board members (as required) on a quarterly basis. The Bank's Internal Audit reviews a number of areas pursuant to an annual programme approved by the Audit Committee.

### bank risk management

The Bank strictly and explicitly separates the risk-taking activities from the risk management and control activities, ensuring an independent Risk Management Function from business lines.

The Bank's risk management system is based on the principle of continually assessing risk throughout the life of any operation and includes such stages as:

- risk identification;
- qualitative and quantitative assessment of a particular risk;
- determination of an acceptable risk level;
- risk monitoring and mitigation;

- ongoing monitoring and control, allowing efficient adjustments in case of any changes in the conditions on which the preliminary risk assessment was made; and
- analysis of the effectiveness of the risk management system.

The principal risk management bodies of the Bank are the following: the Supervisory Board, Audit Committee, Risk Committee, Management Board, Risk & Compliance Division, Internal Audit.

**supervisory Board** plays a crucial role in risk management by monitoring and overseeing the risk management activities of the bank in order to ensure that they are adequate and effective. The Supervisory Board provides guidance, sets policies, and reviews risk assessments and risk management reports to ensure that potential risks are identified and mitigated. Additionally, it helps to ensure that the bank is compliant with relevant laws and regulations related to risk management.

**management board.** The Management Board has overall responsibility for the Bank's asset, liability and risk management activities, policies and procedures. In order to effectively implement the risk management system, the Management Board delegates individual risk management functions to each of the various decision-making and execution bodies within the Bank.

**internal audit function.** The Bank's Internal Audit is responsible for the regular review/audit of the Bank's operations, activities, systems and processes in order to evaluate and provide reasonable, independent and objective assurance and consulting services designed to add value and improve the Bank's operations.

The Internal Audit Department's scope of work is to determine whether the Bank's overall risk management framework, internal control and corporate governance processes, as designed and represented by the Management Board, are adequate and functioning in a manner to ensure:

- material risks – including strategic, credit, compliance, market, liquidity, reputational and operational risks – are appropriately identified, measured, assessed and managed

- across the Bank, including its outsourced activities;
- interaction between the various governance functions and risk management occurs efficiently and effectively;
- material financial, management and operational reporting is accurate, reliable and timely;
- the Bank's and its employees' conduct is of high integrity, and their actions are in compliance with the Bank's policies, standards, procedures, as well as applicable laws and regulations.

The Bank's **Internal Audit Department** carries out, annually, an independent assessment of the adequacy and compliance of the Bank activity with program on preventing and combating money laundering and terrorist financing, and of compliance with the requirements of the applicable legislation.

**risk management function** is independent of the business lines. This functional and organisational separation is ensured also at the level of the management structure, through the existence of a member of the Management Board of the Bank responsible only for the risk management area, which do not include any operational related activities, which the risk function has to control. In addition, there is an experienced person appointed by the Supervisory Board as Head of Risk Function, with sufficient stature, independence, resources and direct access to the Board. Head of Risk also has a "veto" right on Credit Committee Decisions. The Risk & Compliance Division:

- ensures the implementation of effective risk management processes;
- provides the Bank with all relevant risk information to enable the Bank to determine the level of the Bank's risk appetite;
- develops and proposes for approval a prudent risk profile that is also in line with regulatory requirements;

- ensures the proper transposition of risk appetite within specific internal limits for business lines;
- ensures that the Bank's risk profile is monitored and examined in relation to its strategic objectives;
- assesses how the identified risks may affect the Bank's ability to manage its risk profile;
- assesses the impact of significant changes and exceptional transactions on the Bank's overall risk and report its findings directly to the Bank's Management Committee/ Bank Board prior to the decision.

### bodies implementing the risk management system

#### management board

The Management Committee is responsible for:

- setting, approving and overseeing the implementation of the overall risk strategy, including the maib's risk appetite and its risk management framework;
- maintaining an adequate and effective internal governance and internal control framework that includes a clear organisational structure and well-functioning independent internal risk management, compliance and audit functions that have sufficient authority, stature and resources to perform their functions.

#### asset and liability management committee (ALCO)

ALCO is a risk management body that proposes policies and guidelines with respect to capital adequacy, market risks and respective limits, funding liquidity risk and respective limits, interest rate and prepayment risks and respective limits, money market general terms. Specifically, ALCO:

- assists the Management Board in monitoring the Bank's level of liquidity risk exposure;
- plans the structure of the Bank's assets and liabilities and submits pro-

posals on methods for optimising their structure;

- issues recommendations regarding the establishment, increase/decrease, termination/restoration of internal liquidity limits;
- issues recommendations on appropriate methodologies, models and limits for assessing and managing liquidity risk;
- issues recommendations on stress-scenario models for liquidity risk, based on market developments, accomplishment of the Bank's strategic tasks and the Bank's risk appetite;
- reviews the Bank's liquidity risk reports and sets recommendations for the necessary measures to be taken;
- recommends ranges of interest rates for different maturities at which the Bank may place its liquid assets and attract funding.

ALCO is chaired by the Bank's CEO and meets at any time deemed necessary, with decisions made by a majority vote of its members.

The **Credit Risk Assessment Department** manages credit risks with respect to particular borrowers and assesses their eligibility for loans, ensuring compliance with the Bank's Credit Policies and specific product requirements.

The **Strategic Credit Risk Management Department** manages and assesses credit risk with respect to the overall loan portfolio and is responsible for providing recommendations on the improvement of loan portfolio quality to minimise credit losses. It develops the Bank's portfolio quality control models/methods and ensures compliance with the Bank's Credit Policies.

The **Risk Analytics and Reporting Department** collects relevant data from different sources within the bank and analyze it to assess the level of risk exposure, tracks key risk indicators and triggers and alerting management to any significant changes or emerging risks. It prepares regular risk reports for senior management, the board of directors, providing an overview of the bank's risk profile, including exposures, concentrations, trends, and mitigation strategies. The department also ensures that the bank complies with all relevant regulatory and IFRS requirements related to risk management and reporting.

The **Operational & Financial Risk Management Department** identifies and assesses operational, market and liquidity risks within the Bank. It also detects critical risk areas or groups of operations with an increased risk level and develops internal control procedures to address these risks, through (among other things) business-process redesign schemes, including document circulation, information streams, distribution of functions, permissions and responsibility.

The **Treasury Department** manages foreign currency exchange, money market and securities portfolio, and monitors compliance with the limits set by the ALCO for these operations. The Treasury Department is also responsible for management of short-term liquidity and treasury cash flow.

The **Legal Department** monitors all changes in relevant laws and regulations and ensures that those changes are properly reflected in the Bank's procedures, instructions, manuals, templates and other relevant documentation.

Each of these departments has policies and/or procedures in place that are approved by the Bank's Management Board and/or the Supervisory Board (as required). The manuals and policies include comprehensive guidance for each stage of a transaction, including, but not limited to functions involved, their responsibilities & power of authority, the operational flow and reporting requirements

**risk measurement and reporting**

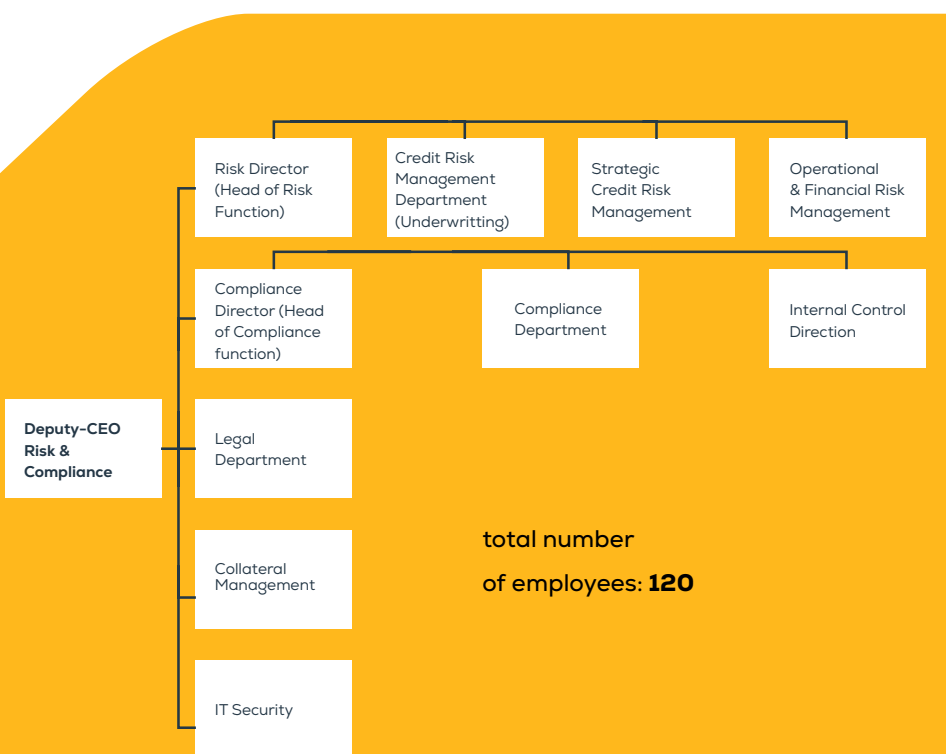
The Bank measures risk using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate actual loss based on different forecasting models. These models use probabilities derived from historical experience, adjusted from time to time to reflect the economic environment. The Bank also models scenarios simulating the impact of extreme events. Monitoring and controlling of risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank, as well as the level of risk that it is willing

to accept, with additional emphasis on selected industries.

The Bank maintains a management reporting system. On a monthly basis, short reports are produced, including details on compliance to risk limits and evolution of main risk indicators. This information is presented and explained to the Management Board and the head of each business division. The report includes aggregate credit exposure, liquidity ratios and risk profile changes. The Bank's Management Committee assesses the appropriateness of the allowance for credit losses on a monthly basis.

The Management Board and the Supervisory Board receive a comprehensive risk report once a quarter, which is designed to provide all the necessary information to assess and draw conclusions on the Bank's risk exposure.

Specifically-tailored risk reports are prepared and distributed to all levels throughout the Bank in order to ensure that all business divisions have access to extensive, relevant and up-to-date information. A daily briefing is given to the Bank's Management Board and all other relevant employees of the Bank on the compliance to limits, evolution of liquidity, as well as any other risk developments.







## risk & compliance division

### main responsibilities



#### Credit Risk Management Department

#### key Responsibilities

Manages credit risks with respect to particular borrowers and assesses their eligibility to loans, ensuring compliance with the Bank's Credit Policies and specific product requirements.

#### main functions

- Underwriting retail (only exceptions)
- Underwriting SME & Corporate
- Credit Control



#### Credit Risk Strategic Management Department

Manages and assesses credit risk to the overall loan portfolio; Provides recommendations on the improvement of loan portfolio quality to minimize credit losses; Develops the Bank's portfolio quality control models/methods and ensures compliance with the Bank's Credit Policies and established limits.

- Portfolio management, including reporting.
- Credit Policies
- Modelling
- Risks DataMart



#### Collateral Valuation and Monitoring Band

Manages and assesses credit risk with respect to the collateral, establish through internal regulations the eligibility criteria of pledges in order to guarantee credit exposures of Corporate, Business Banking and Retail customers

- Collateral management: appraisal and valuation



#### Operational and Financial Risk Management Department

Identifies and assesses operational, market & liquidity risks exposures of the Bank. It also detects critical risk areas or groups of operations with an increased risk level and develops internal control procedures to address these risks, through (among other things) business-process redesign schemes, including document circulation, information streams, distribution of functions, permissions and responsibility/

- Management of financial risks (IRR, FX Risk, Liquidity Risk, Counterparty risk) and operational risks, including external fraud



#### Compliance Department

Management of the Bank exposure to Compliance risk

- Prevention of money laundering
- Internal fraud
- Conflict of interests
- Code of Ethics
- Whistleblowing
- Compliance review of new products.

## key Responsibilities

## main functions

### Legal Department



- Support on credit activity for each business line (loans agreements, legal documents, collateral agreements , review of products, etc.)
- General legal support

### IT Security Band



Manages bank's exposure to IT security risk including cybersecurity risk

- IT security Policy and Data protection
- Incidents management
- Vulnerabilities management
- Business Continuity Plan
- Access control management ( access of employees to systems, application, etc.)

### Internal Control Band



- Management of financial risks ( IRR, FX Risk, Liquidity Risk, Counterparty risk) and operational risks, including external fraud



# principal risks and uncertainties



## credit risk

**Definition:** Credit risk is the risk that a borrower or counterparty will be unable to pay amounts in full or in part when due. Credit risk arises mainly in the context of the Bank's lending activities.

**Mitigation:** The general principles of the Bank's credit policy are outlined in the Credit Policies. The Credit Policies also outline credit risk control and monitoring procedures and the Bank's credit risk management systems. The Credit Policies are reviewed annually or more frequently, if necessary. As a result of these reviews, new borrower acceptance criteria and monitoring tools are introduced. The Bank also uses the IFRS and NBM's provisioning methodology in order to comply with regulatory requirements.

The Bank manages its credit risk by placing limits on the amount of risk accepted with respect to individual corporate borrowers or groups of related borrowers, operations and by complying with the exposure limits established by the NBM. The Bank also mitigates its credit risk by obtaining collateral, with a high focus on buildings and equipment.

The Bank's credit quality review process provides early identification of possible changes in the creditworthiness of counterparties, including collateral monitoring and revaluations.

### Loan approval procedures

The procedures for approving loans, monitoring loan quality and for extending, refinancing and/or restructuring existing loans are set out in the Bank's normative acts that are approved by the Supervisory Board and/or the Management Committee of the Bank. The power of authority for approving transactions are set in Credit Policies approved by the Supervisory Board.

The Bank evaluates legal entities clients on the basis of their financial condition, credit history, business operations, market position, management, level of shareholder support, proposed business and financing plan and the quality of the collateral offered. The decision for loan approval is based on the credit risk manager's report.

The loan approval procedures for Retail Banking loans depend on the type of retail lending products. Applications for consumer loans, including credit cards and auto loans up to MDL 200,000 can be approved by the scoring system. Mortgages and transactions with exceptions from standard acceptance criteria are additionally examined by dedicated credit risk managers.

### Collateral

The Bank typically requires credit support or collateral as security for the loans and credit facilities that it grants. The main forms of credit support are guarantees and rights to claim amounts on the borrower's current account with the Bank or other assets. The main forms of collateral for corporate lending are charges over real estate properties, equipment, inventory and trade receivables, and the main form of collateral for retail lending is a mortgage over residential property.

An evaluation report of the proposed collateral is prepared by the Collateral Management team or by the third-party asset appraisal company (in case of real estate). In case of third-party valuation reports, the Bank reviews the applied methodology, and if flaws are identified, discounts the market value and establishes new liquidation value of the collateral.

### Measurement

Exposure and limits are subject to annual or more frequent review. The Bank's compliance with credit risk exposure limits is monitored by the Strategic Credit Risk Management Department on a continuous basis. The allowance is based on the Expected Credit Loss (ECL associated with the probability of default in the next 12 months, unless there has been a significant increase in credit risk since the loan origination, in which case the allowance is based on the ECL over the life of the asset. The allowance for credit losses is based on forward-looking information, which takes into consideration past events, current conditions and forecasts of future economic conditions. The Bank establishes the ECL of financial assets on a collective basis and on an individual basis when a financial asset or group of financial assets is impaired. The Bank creates the ECL by

reference to the particular borrower's financial condition, the number of days the relevant loan is overdue, changes in credit risk since loan origination, any forecasts for adverse changes in commercial, financial or economic conditions affecting the creditworthiness of the borrower and other qualitative indicators.

Under the Bank's internal loan loss allowance methodology, which is based upon IFRS requirements, the Bank categorises its loan portfolio based on client segment, and products (in the case of Retail).

Individual assessment is mandatory for all defaulted debtors with aggregate exposures over MDL 10 million.



## liquidity risk

**Definition:** Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities.

**Monitoring:** The Bank's liquidity risk management system foresees liquidity management in accordance with regulatory requirements ensuring systematic monitoring and analysis of risk factors regarding current and long-term liquidity. In order to manage liquidity risk, the Treasury Department performs daily monitoring of future expected cash flows on customers and banking operations, which is a part of the assets/liabilities management process. The Financial and Operational Risk Management Department is responsible for monitoring and evaluating the Bank's exposure to liquidity risk as well as the compliance with the approved risk appetite.

The liquidity risk management framework models the ability of the Bank to meet its payment obligations under both normal conditions and adverse circumstances. The liquidity management framework is reviewed periodically to ensure it is appropriate to the Bank's strategy. Such review encompasses the funding scenarios, wholesale funding capacity, limit determination and minimum holdings of liquid assets. The liquidity framework is reviewed by the Risk Committee prior to approval by the Bank's Management Board.

**Mitigation:** The Bank's capability to discharge its liabilities is dependent

on its ability to realise an equivalent amount of assets within the same period of time. The Bank maintains the excess of liquidity in the portfolio of government securities and short-term interbank investments that can be easily converted into cash. It also has committed credit lines that it can access to meet its liquidity needs. Such credit lines are available through the NBM's refinancing facility. In addition, the Bank maintains a significant amount of high liquid assets in cash deposits (mandatory reserve) with the NBM, the amount of which depends on the level of customer funds attracted. As of 31 December 2023, in line with the NBM's requirements, 33% of customer deposits in local currency and 43% in foreign currencies were set aside as reserves.

**Funding:** The Bank maintains a stable funding base comprising of short-term sources of funding (including Retail Banking, SME (Business Banking) and Corporate Investment Banking customer deposits, inter-bank borrowings and borrowings from the NBM) and longer-term resources of funding from International Financial Institutions (EBRD, IFC, EIB).

As of 31 December 2023, the Bank's customer deposits were 87.7% of funding sources, borrowings – 8.0%, subordinated debt – 1.1%. In regards of the main resources – bank's clients' deposits – in accordance with national legislation, the Bank is obliged to repay such deposits upon demand of a depositor – in the case of early withdrawal, the interest on the deposit being foregone or reduced.



### interest rate risk (IRRBB)

IRRBB risk exposure arises from mismatches of maturity and currencies between the assets and liabilities, all of which are exposed to market fluctuations.



### interest rate risk

**Definition:** IRRBB risk is the current or prospective risk to capital and earnings arising from movements in interest rates, which affect banking book exposures.

**Mitigation:** The Bank treats IRRBB as a significant risk and ensures a proper assessment, monitoring, and control in order to limit potential losses caused by adverse interest rate fluctuations so that such losses do not threaten the Bank's profitability, own funds or operational safety.

The Bank manages the exposure to IRRBB through the analysis of sensitive assets and liabilities within the interest rate review gap and through a system of limits and risk parameters approved by the Bank's Board. The Bank quantifies its exposure to interest rate risk in the banking portfolio in terms of affecting its economic value ("EVE") and net interest income ("NII") as a result of applying the shocks to changes in interest rates on the yield curve.

Estimating the sensitivity of the economic value of assets and liabilities outside the non-trading portfolio is calculated by comparing their present value to the value obtained as a result of the application of the interest rate curve to each pre-defined

stress scenario. This responsibility of analysing and monitoring the IRRBB risk exposure is assigned to the Financial and Operational Risk Management Department.

Regular reporting on IRRBB risk is performed and submitted to the ALCO, Management Board, Risk Committee and Supervisory Board.



### market risk (FX Risk)

**Definition:** Currency risk is the risk of potential losses arising from foreign asset and liability positions that are denominated in currencies other than domestic currency and are exposed to foreign exchange volatility.

**Mitigation:** The primary objective for managing currency risk is to maintain the balanced structure of foreign assets and liabilities, which will eliminate the effects of fluctuations in exchange rates.

The Bank measures the currency risk through a regulatory-defined risk approach based the open currency positions – as well as internally-developed key risk metrics based on VAR methodology – by identifying and applying an internal system set of indicators and limits. Through the year, the Bank performs several types of stress scenarios applied to exchange rates in order to evaluate the potential effect of extreme market events on earnings and capital.



## operational risk

**Definition:** Operational risk is the risk of loss arising from systems failure, human error, fraud or external events.

**Mitigation:** The Bank is aware of the importance of managing the operational risk arising from its business activities as well as of the need to hold an adequate level of capital to absorb the potential losses associated with this type of risk. The Bank has an operational risk management framework that includes policies and processes for identifying, measuring/evaluating, analysing, managing and controlling operational risk, which are adjusted periodically according to the changes in the risk profile.

For more efficient management, the Bank uses procedures and support processes in operational risk management, namely:

- risk analysis and assessment of new products and activities;
- compliance procedures and related risk management;
- management of the outsourcing process, regulated by internal policies covering the outsourcing of the Bank's activities and operations;
- Business Continuity Management Plan characterised by maintaining and updating the business continuity plan;
- Information and communication technology risk management procedures.

The Operational and Financial Risk Management Department is responsible for development of policies, processes and procedures for managing operational risks in all products, activities, processes and systems, consistently implementing an

operational risk framework throughout the Bank. The department is responsible for the identification and assessment of operational risks, detecting critical risk areas and operations with an increased risk level, developing escalation processes, considering business recommendations and mitigation action plans.

To ensure that adequate risk management competency levels are achieved and maintained, the Bank provides regular staff education and training courses as part of the risk management process.



## compliance risk

**Definition:** Subcategory of operational risk that refers to the current or future risk of damage to profits and capital that may result in fines, damages and/or termination of contracts, or that may damage the Bank's reputation as a result of violations or non-compliance with regulations, agreements, recommended practices or ethical standards

**Mitigation:** Compliance risk mitigation involves developing an internal regulatory framework necessary for the prevention and early identification of fraud, conflict of interest situations or abuse by bank employees. By examining the complaints received from employees, more vulnerable and at-risk processes and business segments are identified.



## anti-money laundering and counter-terrorism financing (AML/CTF) and sanctions compliance

The Bank's Compliance Department is responsible for the implementation of

the Bank's internal program in the field of AML/CTF (including the development of AML/CTF policies and procedures, transaction monitoring and reporting, and employees' training) throughout the Bank and its branches. The AML/CTF internal program is based on the applicable legislation and the highest international standards, including FATF, Basel, EBA and Wolfsberg Group documents.

The Bank has adopted a risk-based approach within the AML/CTF process, which is developed through the general AML/CTF policy, customer acceptance policies and international financial sanctions compliance policies. The risk-based approach implies determining of risk categories (products and services, distribution channels, customers, jurisdictions) and the factors that give rise to increased risks, the mitigation measures being applied proportional to the identified risks.

In order to identify suspicious transactions, the Bank's Compliance Department has implemented a centralised solution that links transactions, accounts and customers so that to be possible to see the enterprise-wide risk associated with each customer. The Bank is obliged to inform the Office for Prevention and Fight Against Money Laundering of Moldova on the transactions that fall under the legislation. These reports are currently filed out in electronic form in an offline mode by the Compliance Department. The reporting process is fully automated and is supported by a special software application. Furthermore, the Bank operates specialized AML/CTF software, which meets industry requirements. The software allows fully automated transactions' monitoring and their screening against sanctions list, adopted by OFAC, EU and UN.





## identifying, prioritising and managing maib's risks to support maib's goals and strategic objectives

We outline the principal risks and uncertainties that are most likely to have an impact on maib's strategic objectives, business model, operations, future performance, solvency and liquidity. These principal risks are described in the following table, together with the relevant strategic business objectives, key drivers/trends and material controls that have been put in place to mitigate the risks as well as the mitigation actions we have taken.

<p><b>Principal risk/uncertainty</b></p> <hr/>  <p><b>Key drivers/ trends</b></p> <hr/>	<p><b>Severe economic shock</b></p> <hr/> <p>Eroding real incomes, falling private consumption and declining investment are all consequences of the power shortage and the surging prices of energy and food. The government has passed the elevated cost of energy onto households, though it has provided some compensation to those in greatest need.</p> <p>After the GDP fall of 5% in 2022, the Moldovan economy showed a modest growth of 0.7% in 2023, and is expected to grow by 4.3% in 2024 (IMF forecast).</p> <p>Tempering of inflation. In December 2023 the inflation rate reached 4.2% (down from 34.6% recorded in October 2022).</p> <p>Agriculture as sector accounts for ca. 10% of GDP, 22% of employment and 45-50% of exports and had a 24% increase of production in 2023 compared to 2022.</p> <p>The decrease in purchasing power during 2022 as well as the energy crisis in the second half of that year still influences the real estate market and long-term investments: there is a stagnation of prices, decreases in the volume of sales and works.</p>
 <p><b>Mitigation</b></p>	<p>In order to mitigate the increase in credit risk created by this downturn the bank ensured continuous review of:</p> <ul style="list-style-type: none"> <li>• lending flow with migration from manual to automated controls</li> <li>• creditworthiness assessment procedures including but not limited to: DSTI &amp; LTV limits, loan amount &amp; term, new scoring models;</li> <li>• standardize the collateral valuation process and establish requirements for externally prepared valuation reports;</li> <li>• increase collateral requirements with focus on mortgages and equipment, and decrease the share of inventories;</li> <li>• ECL &amp; provisioning policy with integration of multifactorial models in order to ensure integration of forward looking indicators as good as possible into ECL estimation;</li> <li>• Improvement of EWS procedures and monitoring of clients.</li> </ul>

increased outflow of deposits

<p><b>Principal risk/uncertainty</b></p> <hr/>  <p><b>Key drivers/ trends</b></p> <hr/>	<p><b>Unexpected, rapid withdrawal of deposits by its customers in large volumes.</b></p> <hr/> <p>Regional instability might generate a lower conversion rate for deposits reaching maturity, especially on the Retail segment, which might prefer the conversion from MDL to EUR/USD and maintain the legally-allowed cash on-hand at Customs domestically.</p> <p>At the same time, people with dual citizenship (Moldavian and Romanian) might transfer some of the foreign currency amounts to foreign banks.</p>
 <p><b>Mitigation</b></p>	<p>The Bank has developed a model based on the Basel III liquidity guidelines and ensures that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. Among other things, the Bank maintains a diverse funding base consisting of short-term sources of funding (including Retail Banking and Corporate Investment Banking customer deposits, inter-bank borrowings and borrowings from the NBM) and longer-term sources of funding from the International Financial Institution.</p>

## market movements of interest and currency rates

### Principal risk/uncertainty



### Key drivers/ trends



### Mitigation

Maturity mismatch related to interest rate change for loans and deposits. The inflation rate will drive individuals to hold most of their savings in EUR/USD.

The full switch to an index+margin interest rate is not yet fully present in the loan portfolio, and at the same time for already-switched loans, there is a mismatch between the date for the interest change for loans when compared to an existing deposit portfolio that has a fixed interest rate for certain promotional periods. As a result, in case of a significant turnover in market conditions, interest margins on assets and liabilities having different maturities may increase or decrease.

At the same time, as inflation and uncertainties in the European zone and Moldova continue to increase, with lower-than-initially-forecasted GDP growth, there is a risk that internally there will be a stronger demand on EUR/USD with increasing volumes of liabilities (accounts/deposits of Retail clients) in FCY, which will not be easily compensated on assets (loans) due regulatory requirements on FCY lending.

To ensure effective monitoring of the currency risk and increase the Bank's protection against a possible adverse evolution of the risk factors, the Bank analyzes the sensitivity of its opened currency positions (OCP) to the volatility of the exchange rates. Overall, during 2023 the Bank maintained an average level of OCP of 1.31% of Own Funds (OF). Preponderance average level OCP was below 2%, which is considered as a low risk level.

The Bank manages the exposure to the IRRBB through the analysis of sensitive assets and liabilities within the interest rate review gap and through a system of limits and risk parameters approved by the Bank's Board within the internal regulations. The monitoring of the exposure to the interest rate risk of the banking portfolio and compliance with internal limits is performed at least once a month. As for now, the Bank has a positive interest rate risk gap value and a favourable position in the context of a higher tempo of increasing loan interest rates on the market.



Principal risk/uncertainty



Key drivers/  
trends



Mitigation

Cyber-security breaches, unauthorised access to maib's systems

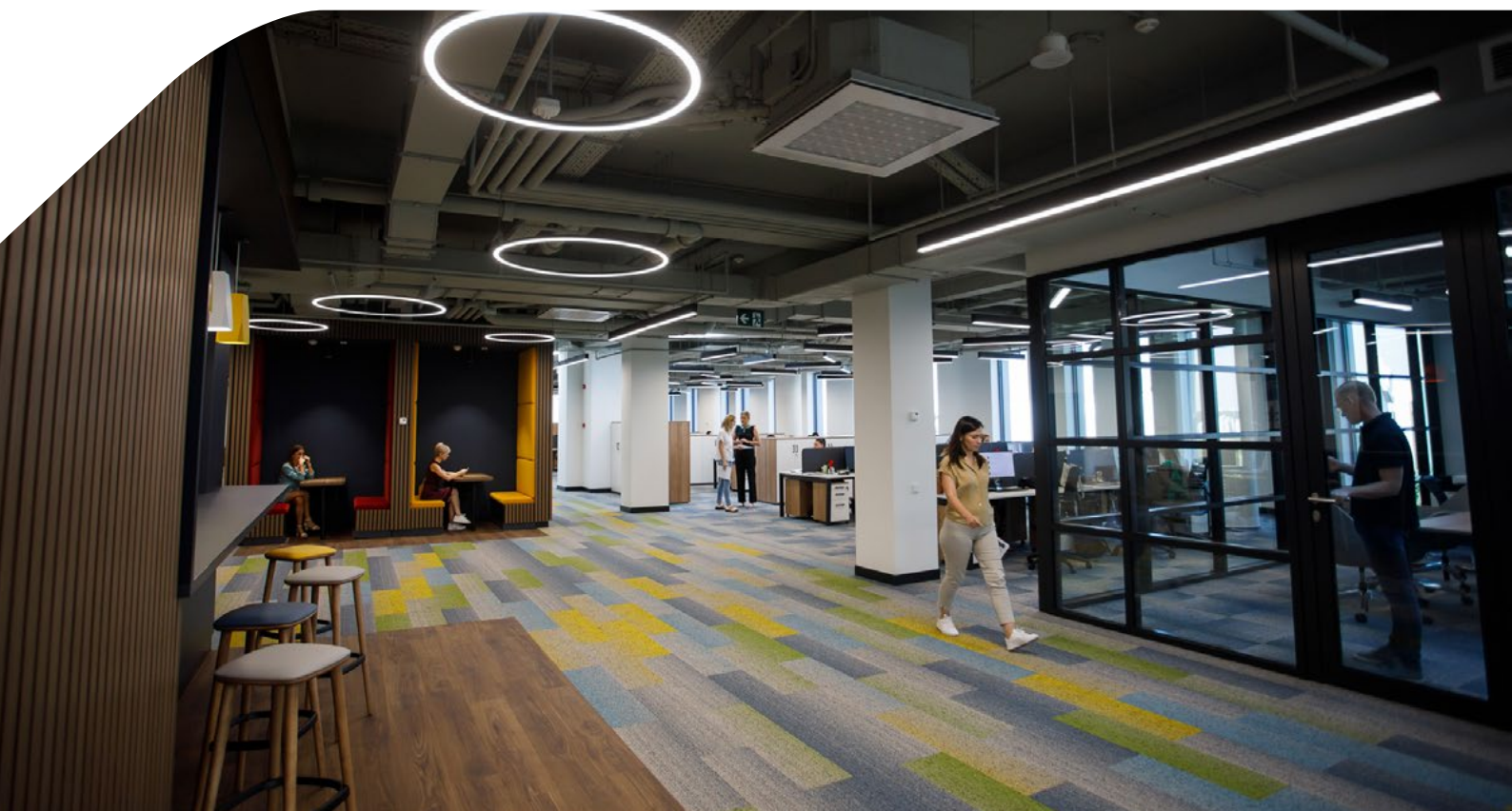
Economy digitalisation, human error - including careless or negligent behaviour, such as using weak passwords, clicking on phishing emails, or falling for social engineering scams, vulnerabilities in software and hardware, advanced persistent threats (APTs), proliferation of connected devices and the Internet of Things (IoT) can create new attack surfaces and increase the potential impact of cyberattacks.

To mitigate cybersecurity risk, **maib** implements robust cybersecurity controls, including multifactor authentication, intrusion detection and prevention, and encryption. Regular cybersecurity training for employees is ensured. The bank conduct regular cybersecurity assessments and penetration testing to identify and address vulnerabilities with the assistance of external consultants. It ensures the usage of sophisticated anti-virus protection and firewalls to help protect against potentially malicious software and block attempts of unauthorised access to **maib's** IT infrastructure.

Every year, the Business Continuity Plan is tested and includes internal and external penetration testing as well as back-up disaster recovery. Based on the results, improvement measures have been taken.

The Bank implemented "Privileged Access Monitoring" for employees with the highest privileged access to confidential and customer data, conducts regular software updates and patches to fix vulnerabilities and improve system security, backs up important data and storing it securely to ensure data can be restored in case of a security incident

The implementation of an advanced Fraud Management System is ongoing.





# going concern and viability statements

## going concern statement

After making inquiries, the Management Board confirms that they have a reasonable expectation that maib has adequate resource to continue in operational existence for 12 months from the date the financial statements are authorised for issue. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying financial statements.

## viability statement

In order to consider the Bank's viability, the Board considered a number of key factors, including:

- the Bank's financial and operational position, including capital allocation and other key financial ratios;
- the Board's risk appetite;
- the Bank's business model and strategy;
- the principal risks and uncertainties;
- the effectiveness of **maib's** risk management framework and internal control processes.

The key factors above have been reviewed in the context of **maib's** current position and strategic plan, financial budgets and forecasts. The viability assessment involved a risk identification process, which included recognition of the principal risks to viability (risks that could impair the Bank's business model, future performance, solvency or liquidity), excluding risks not sufficiently severe over the assessment period.

For those risks considered sufficiently severe to affect maib's viability, we performed stress testing for the assessment period, which involved modelling the impact of a combination of severe and plausible adverse scenarios in **maib's** ICAAP process.

The Bank has examined, among others, the following stress scenarios over the assessment period:

- significant decrease of GDP;
- decrease of house price index;
- depreciation of MDL.

The stress testing also took into account the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the

identified underlying risks to which the Bank is exposed, such as a decline in lending activity and reduction of operating expenses. It also took into account the assumption that the Bank will be able to prolong or refinance existing borrowings, or increase the financing from international finance institutions, on terms similar to existing ones.

The Management Board members have also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the Bank's risk management framework and internal control processes in place to mitigate risk.

Based on the analysis described above, the Management Board confirms that they have a reasonable expectation that the Bank will be able to continue operations and meet its liabilities as they fall due during the examined time span.



## glossary

### Basic earnings per share

Profit for the year attributable to shareholders of the Group divided by the weighted average number of outstanding ordinary shares over the same year;

### Book value per share

Total equity attributable to shareholders of the Group divided by ordinary shares outstanding at year end; net ordinary shares outstanding equals total number of ordinary shares outstanding at year end less number of treasury shares at year end;

### Constant currency basis

Changes assuming constant exchange rate;

### Cost of funds

Interest expense of the year divided by annual average interest-bearing liabilities;

### Cost of risk

Expected loss/ impairment charge for loans to customers and finance lease receivables for the year divided by annual average gross loans to customers;

### Cost to income ratio

Operating expenses divided by operating income;

Gross loans to customers throughout this Annual Report are presented net of ECL; Gross loans represent IFRS gross exposure, which includes principal and related accrued amounts of interest, commissions and penalties, adjusted with amortized cost.

### Interest-bearing liabilities

Amounts owed to credit institutions and international financial organizations, client deposits and notes and lease liabilities

### Interest earning assets (excluding cash)

Amounts due from credit institutions, balances with the Central Bank, investment securities (but excluding corporate shares) loans and advances to customers;

### Leverage (times)

Total liabilities divided by total equity;

### Liquid assets

Cash and cash equivalents, amounts due from credit institutions and investment securities;

### Liquidity coverage ratio (LCR)

High-quality liquid assets (as defined by NBM) divided by net cash outflow over the next 30 days;

### Loan yield

Interest income from loans to customers divided by annual average gross loans to customers and finance lease receivables;

### Common Equity Tier I (CET1) capital adequacy ratio

Common Equity Tier I capital divided by total risk-weighted assets, both calculated in accordance with the requirements of the National Bank of Moldova;

### Tier I capital adequacy ratio

Tier I capital divided by total risk-weighted assets, both calculated in accordance with the requirements of the National Bank of Moldova;

### Total capital adequacy ratio (CAR)

Total regulatory capital divided by total risk-weighted assets, both calculated in accordance with the requirements of the National Bank of Moldova;

### Net interest margin (NIM)

Net interest income for the year divided by annual average interest earning assets excluding cash for the same year;

### Net stable funding ratio (NSFR)

Available amount of stable funding (as defined by NBM) divided by the required amount of stable funding (as defined by NBM);

### Net loans

In all sections of the Annual Report, except for the consolidated audited financial statements, net loans are

defined as gross loans to customers and finance lease receivables less allowance for expected credit loss;

### Non-performing loans (NPLs)

NPLs are those loans that met one more Group's /Bank's definition of default criteria. These include 90+ overdue days on contractual payments, as well as unlikelihood to pay criteria (e.g. enforcement for debt restructuring, decrease, insolvency, internal ratings classification, probability of bankruptcy)

### NPL coverage ratio

Allowance for expected credit loss of loans to customers and finance lease receivables divided by NPLs;

### NPL coverage ratio adjusted for discounted value of collateral

Allowance for expected credit loss of loans to customers and finance lease receivables plus discounted value of collateral, divided by NPLs;

### Operating leverage

Percentage change in operating income less percentage change in operating expenses;

### Return on average total assets (ROA)

Profit for the year divided by annual average total assets for the same year;

### Return on equity (ROE)

Profit for the year attributable to shareholders divided by annual average equity attributable to shareholders for the same year;

### Weighted average number of ordinary shares

Average of daily outstanding number of shares less daily outstanding number of treasury shares;

### Weighted average diluted number of ordinary shares

weighted average number of ordinary shares plus weighted average dilutive number of shares known to management during the same year.

## non-financial statement

Aside from the financial performance, maib Group has a strong commitment to measuring and managing its non-financial impact. To that extent it works across several areas.

### Sustainability (ESG)

In 2023 maib adopted sustainability strategy, sustainability roadmap and set up the sustainability committee. It has issued first sustainability report in accordance with GRI reporting standards and has been rated by premier sustainability rating agency. In its sustainability drive maib aims to align itself with international standards. The portfolio of sustainability initiatives includes the following categories and targets:

- **Climate Risk Initiative & Governance:** maib is actively engaged in assessing and mitigating climate-related risks, ensuring the resilience of its operations in the face of environmental challenges. This approach not only safeguards the bank's interests but also contributes to broader climate resilience efforts in Moldova.
- **Transparency:** maib is committed to transparency in its sustainability endeavours. In June 2023 we published our first sustainability report, in line with GRI standards. Moreover, in 2023, we were given a sustainability rating by a premier sustainability rating agency.
- **Green & Sustainable Products:** The bank is dedicated to expanding its range of green and sustainable products. Additionally, we aim to

achieve a 10% and 23% share respectively of green loans out of total investment loans by 2025 and 2030 respectively in both our corporate and SME segments.

- **Financial Health & Inclusion:** maib recognizes the importance of financial health and inclusion in sustainable development. The roadmap incorporates initiatives which shall help those in remote areas of the country as well as Ukrainians in Moldova.
- **People:** The sustainability roadmap prioritizes the well-being and development of maib's employees. Initiatives aimed at employee engagement, well-being, and skill development contribute to a positive workplace culture aligned with sustainable values.
- **Sustainable Operations:** maib is committed to adopting sustainable practices in its day-to-day operations. From reducing energy consumption to implementing waste management strategies, the bank seeks to minimize its ecological footprint.

### Corporate social responsibility

Corporate Social Responsibility ("CSR") is important in the context of the Group's image and its place as the leading financial institution in the country. Corporate social responsibility at maib means adherence to the standards of responsible business, as well as acting positively towards the communities we operate in. Therefore, the Group aims to balance its need to achieve

profitability and its impact on the society and community, in order to build a sustainable organization. The portfolio of social responsibility projects includes the following sectors: education, culture, sports, environment, health and charity. At the same time, the Group is open to support other areas, the fundamental criterion in their selection being the importance and lasting impact of CSR projects on community development.

### Responsible business practices and protecting the consumer

The Bank and the Group fully adheres to the legislation of Moldova, including the business standards set by various regulatory bodies. In maib's case, the principal regulatory body is the NBM, and maib fully adheres to the high level of responsible business practices set by the NBM. Maib has in place a Full-scale compliance function to ensure that our business practices are fully aligned with existing norms and regulations. In addition, maib undergoes regular and ad hoc inspections by the regulatory bodies. Additionally, maib adheres to consumer protection legislation in financial services and works closely with the regulatory body which manages this – the National Commission for Financial Markets (CNPF). Maib has in place a transparent and open mechanism for receiving and dealing with complaints from the public.

On top of complying with the legislation and norms, maib and the Group set transparency and responsibility as its priorities when dealing with customers. A number of initiatives have been implemented to ensure



that maib's financial products are fair and transparent. For example, maib simplified customer agreements and removed less transparent fees on loan agreements, current accounts and term deposits to enable the customer to make a clear and education choice. Maib's and the Group's conduct has been rewarded by the customer, as evidenced by our market share continued growth over the last few years across all segments. In addition, maib received a number of international awards from the leading international industry publications, such as Euromoney, The Banker, Global Banking and Finance Review, EMEA Finance.

### Responsible employer

Maib fully adheres to the Moldovan labour regulation. Its HR department is in charge of ensuring full compliance with the law of maib's labour practices. In addition, the Human Resources management strategy includes the following priorities:

- Supporting the Group's business strategy by providing the necessary human resources for business continuity and development;
- Continuous promotion of the image of the employer which would contribute to the positioning of the Group as a preferential employer;
- Developing a proactive corporate culture in order to anticipate the needs of the Group by aligning the personal values of each employee with the values of the Group;
- Continuous improvement of the Group's employees and increase of labor productivity;
- Loyalty of the Group's employees,

retention, attraction and development of talents; and

- Developing the team spirit and involvement of the Group's employees.

As of December 31, 2023, the total staff of the Group comprised of 2,822 employees, of which 2,790 were employed for the Bank (2,403 full time equivalent), 17 employees were active in maibLeasing, and the total staff of Moldmediacard was 15 employees.

### Anti-corruption, anti-fraud measures and sanctions compliance

Both the Bank, as a parent company, and the subsidiary companies apply strict anti-corruption principles, which refer to the fact that employees are prohibited from making and accepting payments, either directly or through third parties, in order to accelerate or influence certain decisions, which could be interpreted as bribery. At the same time, any employee can communicate anonymously, through dedicated channels, about any suspicion regarding the inappropriate activity of other employees. At maib Compliance department is in charge of reviewing and investigating any suspected incidents or corruption and fraud.

### Respecting the human rights

Both the Bank, as a parent company, and the subsidiary companies comply fully with Moldovan legislation including the human rights guaranteed by it. The Group is committed to maintain and improve its internal systems and processes in order to ensure respect for human rights in the operations performed and in the management of human resources. The implemented processes ensure the exclusion of any

forms of discrimination in hiring and promotion of employees, and for its employees the following principles of personal and professional behavior are encouraged, such as moral integrity, freedom of thought and expression. The Group also refrains from financing projects that may violate fundamental human rights (for example, refraining from financing the production, procurement and / or sale of arms and drugs, etc.).

### Environmental issues

Within its sustainability program climate and environmental issues take center stage. As a parent entity, the Bank promotes international environmental standards both as a resource consumer and as a financial institution. The Group constantly monitors and acts to reduce the consumption of resources with an impact on the environment. It also supports initiatives aimed at educating the population in the field of environmental protection. All projects funded by the Group are subject to a social and environmental assessment to facilitate the decision on whether an activity should be funded and, if so, how social and environmental issues should be addressed in the planning, financing and implementation process of projects. In 2023, the Bank continued to work with EFSE, Green For Growth Fund (GGF) and European Bank for Reconstruction and Development (EBRD), on creating a positive impact on society, supporting sustainable projects and financing the green economy. Maib also adopted the Environmental and Social Management System (ESMS) in line with EBRD and IFC requirements to ensure that its lending practices do not result in a negative impact to society and environment.

