# BC "MAIB" S.A. REPORT ON MANAGEMENT FRAMEWORK, OWN FUNDS AND CAPITAL REQUIREMENTS, CAPITAL BUFFERS (31.12.2024)

# CONTENTS

# RISK MANAGEMENT - OBJECTIVES AND POLICIES (including Statements art. 52 (5-6))

***Disclosure requirements covered by art. 52 (1) of the NBM Regulation No. 158/2020***

## Risk management strategy

The Bank ensures the development and implementation of a solid, consistent and effective culture of risk management in its business, which enables safe and informed decision-making.

The risk management is one of the main strategic objectives of BC "MAIB" S.A. (hereinafter referred to as the "Bank" or **maib**), which is promoted both at the level of the activity lines responsible for risk management and control, and at the level of the operational structures and each person within the bank.

The risk management strategy is an essential part of the risk management framework, it sets out the overall risk management principles and objectives of risk management.

The risk strategy also includes the formulation of the risk appetite and risk profile for all risks identified in the context of the overall business strategy and defines, for each main risk category, the targeted risk profile.

The risk management strategy aims to ensure that the Bank earns competitive revenues from its activities while maintaining an acceptable level of risk exposure. Risk management includes the monitoring of risks related to the business and environment in which the Bank operates, ensuring that all accepted risks are in line with the development strategy and prudential rules, and aims to ensure that the prices of the products and services provided by the Bank are in line with them.

Overall, the Bank shows a moderate risk profile, resulting from a zero-tolerance (compliance risk) to moderate (credit risk, operational risk and concentration risk) risk appetite. The Bank's overall risk profile was determined based on individual risk profiles, which was correlated with the Bank's risk appetite under the conditions of ensuring an efficient and sustainable business model. In this way, the risk appetite is consistent with the Bank's strategy, business environment and shareholder requirements, aiming at an optimal allocation in terms of risks involved and required capital.

## Risk management policies

The risk management policies implemented by the Bank form part of the internal control system and corporate governance framework. These policies form the basis of the risk management activity, and document the roles and responsibilities of the management body as well as other relevant parties involved. They outline the key issues underpinning risk management processes and identify key reporting procedures. Risk management policies are reviewed annually, and when significant changes occur, to ensure that the governing body's responsibilities and risk management framework are kept up to date.

## Stress tests

Stress scenarios are essential risk management tools that support the Bank in taking a forward-looking approach to risk management, as well as strategy, business, risk, capital and liquidity planning. In this respect, stress scenarios are vital tools of the ICAAP and ILAAP framework. Stress testing the Bank's vulnerability to major but plausible deteriorations in the economic environment helps to understand the Bank's sustainability and robustness and to develop and implement timely alternative plans and risk mitigation measures.

Based on hypothetical future scenarios of severe macroeconomic conditions, the Bank conducts an annual comprehensive crisis scenario analysis aimed at identifying potential vulnerabilities and thereby strengthening measurement and management systems. The scenarios selected for comprehensive stress testing are developed taking into account both local macroeconomic developments and the international macroeconomic context. The scenarios contain:

- A narrative description;
- A set of values for several macro-economic indicators - e.g. GDP decrease, of the salary income, increase in the unemployment rate, of the exchange rate, of the consumer price index, etc.

In the comprehensive approach, the Bank uses a range of scenarios based on different severity conditions as follows:

- A baseline scenario representing the Bank's best estimate;
- A scenario assuming aggressive but plausible economic growth;
- A scenario reflecting a severe economic downturn.

## Monitoring

Risks will constantly change and for this reason, a timely review in an appropriate manner is required. Risks and the implementation process of risk mitigation recommendations are kept under review and any new actions are assessed. This allows the Bank to monitor whether the actions have had the expected effects in mitigating risks and creating a more stable environment for its activities. Monitoring and reporting are also used in the constant review and improvement of the Bank's risk management framework.

Monitoring and review is a planned part of the risk management process and involves regular checks and monitoring. The main risk reports that are drawn up for internal purposes and submitted to the Bank Management Board, the Risk Committee and the Supervisory Board. In accordance with the regulatory provisions, the Bank ensures the timely submission of monitoring reports requested by the National Bank of Moldova.

These reports include specific monitoring indicators that provide early warning signals for adverse developments related to portfolio quality (clients, segments, industries) or risk factors. Where specific risk portfolios or events are identified as vulnerable, they are closely monitored by dedicated risk functions that manage the impact of risk and develop effective strategies to minimize potential losses.

Risk reports support the decision-making process by ensuring that the risk profile remains in line with the profile defined in the Statement on Risk Appetite.

***<u>Disclosure requirements covered by art. 52 (2) of the NBM Regulation No. 158/2020</u>***

There is a risk management system in place in the Bank, based on the NBM requirements, the recommendations of the Basel Committee on Banking Supervision, the recommendations of external audit firms, the advice received from external experts, as well as on the Bank's own experience acquired over time. Thus, the concept of the three defense lines has been adopted, which focuses on the involvement of all the Bank subdivisions in risk assessment and which corresponds to the Bank's profile:

- First line of control: operational controls aimed at identifying and preventing breaches and irregularities in the working process. These are carried out by the employees of the business departments where these risks are generated – manually or automated within the IT applications used.
- Second line of control: comprises procedures, processes that form the framework for effective risk management and operations to oversee their implementation and enforcement, including monitoring compliance of established limits for particular risk categories. These activities are managed by the Bank's risk management function and compliance function..
- Third Line of Control: is intended to review the work of the other two Lines, thus providing an independent perspective on risk management within the organization. The aggregate effectiveness of the internal control framework is assessed on the basis of reports from the Internal Audit Department by the Audit Committee, external audit controls, organized according to internal needs or regulatory requirements.

The Bank Supervisory Board ensures the proper organization and continuous development of risk management activities, setting the general strategies for the Bank business, including the approval of the risk profile and strategy. The Bank Supervisory Board is responsible for defining capital and risk targets. Although the Board delegates responsibilities related to risk management to various structures within the Bank, it still retains the final and overall responsibility for implementing governance principles that ensure the efficient and prudent management of the Bank.The Risk Committee advises the Supervisory Board and the Management Board on the Bank strategy and risk appetite and assists them in implementing that strategy.

The Management Board ensures the proper implementation of the Bank’s business management framework by applying and implementing appropriate internal control mechanisms and risk management systems. Thus, the Management Board has control roles according to its powers and attributions, including operational control using tools for self-control and prevention.

The independent risk management function is under the direct supervision and responsibility of the Bank Supervisory Board. The risk management function has sufficient authority, independence, resources and does not have managerial or financial profit generating responsibilities in the Bank. It monitors the Bank's actual risk profile and examines it in relation to strategic objectives and risk appetite. The head of the risk management function has the Bank's right to oppose the adoption of a proposal or decision related to the Credit Transaction examined within the Credit Committee. For example, in case of application the right of veto, the credit transaction is considered rejected for approval by the Credit Committee.

The Internal Audit function is an independent function, a legal requirement and a central pillar of the internal control system. The audit periodically assesses all business processes and contributes to strengthening and improving them.

***Disclosure requirements covered by art. 52 (3) of the NBM Regulation No. 158/2020***

The risk management function regularly reports both at the level of each individual material risk and at the level of aggregate risk exposure (such as the complete picture of all risks) to the Management Board, the Risk Committee and the Bank's Board on risk issues that are taken into account in the Bank's decision-making process.

The reports shall contain information on the following issues:

- Risk exposures and their evolution;
- Evolution of key risk indicators and specific limits;
- Stress test results; and
- Internal capital adequacy (i.e. hedging capacity).

***Disclosure requirements covered by art. 52 (4) of the NBM Regulation No. 158/2020***

**Credit risk**

Credit risk, including concentration risk and foreign currency lending risk (as credit risk subcategories) is mainly generated from business with retail and corporate customers, banks and other borrowers. It is the most important risk category, as reflected in the bank reported capital requirements. Accordingly, credit risk is analyzed and monitored both at portfolio level and at the level of each customer/customer group.

Credit risk management is based on policies, guidelines, tools and processes developed for this purpose. These establish objectives, restrictions and recommendations for lending activity.

The internal control framework for credit risk includes different types of supervisory actions, closely linked to the existing processes - from the customer's initial credit application, to its approval by the Bank, to the loan repayment. At the same time, this framework includes portfolio-level management tools and procedures to identify: trends, improvements and/or deteriorations in quality, problematic assets, the size of impairment loss reductions and provisions, etc.

*Limits approval process*

No credit transaction is carried out without going through the approval process. This process is applied consistently - both when granting new loans, increasing existing limits, extensions, or if there are changes in the debtor's risk profile (e.g. financial situation, terms and conditions of the transaction, collateral) compared to the time of the original lending decision. Lending decisions are made based on a scheme of approval powers depending on the nature, size and complexity of the loan requested.

Business unit and risk management unit approval is always required for individual lending decisions or periodic rating updates. In case of disagreement between decision makers, the potential transaction will be escalated to the next level of authority in terms of approval powers.

The approval process for the retail segment is much more automated due to the higher number of loan applications with lower values. Risk management function are supported by both the IT infrastructure and the database network. The applications used ensure both the real-time management of incoming credit applications and the keeping of customer information history. The activities of checking compliance with the minimum scoring/rating, validating the level of indebtedness allowed and checking the information available in the credit bureau databases are carried out automatically or semi-automatically.

*Credit portfolio management*

The management of the Bank credit portfolio is based, on the Lending Policies. These limit exposures by type of industry or by type of product, thus preventing undesirable risk concentrations.

More detailed analyses of the credit portfolio are performed at the level of segment, product or specific debtor characteristics.

The risk management activity includes monthly monitoring of Early Warning System for the portfolio of medium-sized SME and corporate clients. The monitoring of Early Warning Signs and classification of clients by risk category is independent of the lending and credit management activities. The aim of the activity is to identify early the clients with high potential repayment difficulties and to address their problems.

The Bank provides monthly classification and assessment of the size of allowances for losses for both accounting (IFRS) and prudential purposes in accordance with the regulations established by the National Bank of Moldova in the Regulation on Classification of Assets and Contingent Liabilities.

## Operational risk

Within BC "MAIB" S.A. the operational risk management activity (day by day activity) is carried out in the following directions of action:

- Defining the general operational risk management framework;
- Identification, measurement (evaluation), management (control), exposure monitoring and risk reporting;
- Analysis and assessment of risks related to the Bank's products and services;
- Calculation of the capital requirement to cover operational risk.

Operational risk management is an integral part of the Bank's risk management activity and covers all functions and Bank employees. All Bank employees, through their delegated roles and responsibilities, contribute to maintaining an effective operational risk management framework. Therefore, all employees clearly understand their individual role in the operational risk management process. As such, a culture and environment of risk awareness is consistently built to support the identification and escalation of operational risk issues

Within the Bank, the operational risk management governance structure is based on three lines of defense:

- The first line of defense represents the risk-generating subunits whose business/ business activities generate risk, who are responsible for the day-to-day management of operational risk in their day-to-day business in a manner consistent with the principles promoted at Bank level.
- The second line of defense provides an independent operational risk assessment, monitors the actions and processes of the first line of defense. The second line of defense consists of: Risk and Compliance Division subunits.
- The third line of defense is the Internal Audit Department, which provides an independent assessment of the effectiveness of the operational risk management framework.

In **maib,** the subunit responsible for operational risk management is the Financial and Operational Risk Management Department, which operates within the Risk and Compliance Division. The department is part of the risk management function for operational risk across all the Bank business lines.

In order to maintain effective operational risk management, the bank has and is constantly developing the following key elements:

- a strong corporate culture focused on highlighting the importance of operational risk management;
- cooperation between the subunits in the three lines of defense, with a clear delimitation of the roles and responsibilities of each subunit involved in operational risk management;
- allocating adequate resources to manage and mitigate operational risk;
- ongoing training and advisory support to employees in operational risk management;
- the development and implementation of policies and procedures specific to the field of operational risk management and their review every time a markedly unfavorable macroeconomic evolution is observed or a considerable change in the bank's operational risk profile, including when implementing new products/services, business fields new, changes in the organizational and management structure;
- ongoing assessment and optimization of the IT infrastructure, operational processes and business model to support the business and improve internal control processes and strengthening information security systems;

- ensuring an independent assessment of the implementation and effectiveness of operational risk management framework functioning.

Comprehensive operational risk management includes the following steps: identification, measurement (evaluation), management and control, exposure monitoring and reporting in relation to the operational risk management framework tools: data collection on operational risk events; operational risk self-assessment and control; calculating, monitoring and evaluating the values of key risk indicators; scenario analysis in operational risk stress testing, which covers the operational risk management process in a comprehensive manner. The Bank has a moderate operational risk appetite, in line with the Bank's development objectives.

In addition to the tools used by the bank for operational risk management purposes, *supporting procedures and processes* are developed and used within the bank, which contribute to a more efficient operational risk management, namely:

- New activities approval and review;
- Compliance procedures and related risk management;
- Anti-fraud Governance;
- Risk Management in Outsourced activities;
- Business Continuity Management;
- Information and communication technology risk management (ICT risk).

In terms of the reporting process, the Financial and Operational Risk Management Department prepares and submits regular reports - monthly, quarterly, annually - to the Bank Management Board, the Risk Committee and the Supervisory Board. The standard agenda includes the bank operational risk profile (annual), the results of the periodic operational risk assessment (annual), the scenario analysis of operational risk stress tests (annual), significant operational risk losses (monthly, quarterly, annually), the evolution of operational risk indicators (quarterly, annually) as well as the action plan and implementation status for the control and mitigation of significant operational risks (for the identified periods).

Also, reports may take place with a different periodicity according to operational situations and needs during the maib activity.

Attention is also paid to the actions undertaken with the aim of managing the risk related to information technologies, digitization processes and ensuring information security according to the **maib** profile.

**Liquidity risk**

The bank has a robust regulatory framework in the field of liquidity risk management, intended for the comprehensive assessment of the level of liquidity risk, the instruments held for risk management, the lines of responsibility in the process. The Bank's liquidity strategy aims to align the funding profile with the structure of assets and liabilities to support operational continuity, compliance with regulatory requirements, and the achievement of strategic objectives in both the short and long term.

The Bank maintains and updates the components of the internal liquidity risk management framework at least annually.

In 2024, the Bank successfully conducted the ILAAP process, the objective of which is to ensure a reliable, efficient and comprehensive liquidity management system capable of providing the necessary liquidity to cover risks in line with the nature, complexity and scale of the Bank's activities. The procedures for early identification of vulnerabilities and the measures to be taken to reduce the negative impact of a possible crisis situation are included in the BC "MAIB" S.A. Liquidity Emergency Plan. (early warning indicators) and in the Recovery Plan of BC "MAIB" S.A. (alert thresholds of liquidity indicators).

Testing the liquidity position in crisis conditions is an integral part of the liquidity risk management process. Thus, the bank maintains an adequate stock of liquid assets that can be quickly converted into cash to meet the liquidity needs generated by a liquidity stress scenario of 30 calendar days and longer term.

The liquidity risk management system within the Bank provides for maintaining compliance with regulated requirements, systematic monitoring, analysis of risk factors, with periodic reporting of the Bank's level of exposure to liquidity risk to ALCO, the Bank's Management Committee, the Risk Committee, Supervisory Board.

The bank has set a low risk appetite for liquidity risk. In order of ideas, the bank applies a conservative approach to liquidity risk, predicts the liquidity position, aims to record an optimal balance between assets and bonds, by contracting a diversified and high-quality portfolio of assets.

The main sources of financing are clients' resources – deposits represent 89.2% of the bank's total liabilities. Additional sources of financing includes loans from international organizations, as well as subordinated debt from external partners such as - EBRD - European Bank for Reconstruction and Development, EIB - European Investment Bank, IFC - International Finance Corporation, EFSE – The European Fund for Southeast Europe, GGF – The Green for Growth Fund. Additionally, the bank secures funding through corporate bonds issued on the local market.

The Bank's objective related to liquidity risk is to maintain an adequate level of liquidity by ensuring the optimal combination of financing and lending operations, with the aim of achieving the Bank's strategic objectives.

**Market risk**

In the process of managing market risk, the bank takes into account its subcategory: **currency risk.**

The effective management of market risks within the bank is based on policies and procedures that are developed and approved in the bank's established manner. The internal regulations bank set limits, the internal control system and periodic actions to identify, assess and effectively manage foreign exchange risk. The Bank has a low risk appetite for foreign exchange risk.

In order to adequately manage foreign currency risk, the assets and liabilities in national and foreign currencies, including those linked to foreign exchange rates, on and off the balance sheet, periodic analysis of open foreign currency positions are taken into account.

The bank uses the following tools to identify and assess currency risk:

- review of internal market risk regulations to identify potential risk exposures at each stage of the process;
- assessment of the bank's market risk profile;
- stress - scenario modelling to assess the Bank's risk exposure under stressed market conditions.

**Compliance Risk**

Compliance risk is a subcategory of operational risk that refers to the current or future risk of damage to profits and capital, which may lead to fines, damages and/or termination of contracts, or which may damage the bank's reputation as a result of violations of or non-compliance with the legal framework, regulations, agreements, best practices or ethical standards.

Compliance risk management places significant emphasis on adhering to the applicable legal framework and the internal regulatory framework. To assess compliance-related risks, the Bank applies both quantitative and qualitative methods. Thus, compliance risk monitoring consists of actions to control the status of the implementation of risk mitigation measures and the periodic (quarterly) monitoring of these measures, viewed through the analysis of compliance risk indicators.

In order to effectively monitor and manage the given risk, the compliance function prepares an annual report for the Bank's Board of Directors, the Risk Committee, and the Management Committee, regarding the level of residual compliance risk at the bank, as a result of the quantitative assessment.

**Reputational Risk**

Reputational risk may be generated, including from failure to ensure confidentiality of information not intended for the general public (either internally or through outsourcing), a high number of complaints and claims from customers, internal/external frauds publicized to the general public, sanctions from supervisory and control authorities. This risk may also arise either from real or perceived association with persons or companies with a negative reputation, or from failure to meet contractual obligations.

At the same time, the Bank monitors and reports reputational risk on a quarterly basis by monitoring the share of systemically complaints from the total number of complaints. In order to manage crisis situations that could have a significant impact on the bank services or business, the Crisis Communication Procedure is developed to regulate **maib**'s actions aimed at ensuring effective communication during crisis situations in order to minimize the impact on the bank reputation and financial situation.

***Disclosure requirements covered by art. 52 (5) of the NBM Regulation No. 158/2020***

***Statement***

The Bank Supervisory Board confirms that this report provides a description of the risk management processes within BC "MAIB" S.A. and presents the main information related to the Bank's risk exposure in accordance with the provisions of the Regulation on disclosure requirements for banks.

***Disclosure requirements covered by art. 52 (6) of the NBM Regulation No. 158/2020***

***Statement***

The Bank risk profile is aligned with its business model and Business Strategy. Through the Risk Appetite Framework, the Bank ensures that risk appetite/tolerance levels at the Bank level are aligned with strategic objectives and risk management capacity.

The Bank has established a low or very low risk appetite, with the exception of credit risk, concentration risk and operational risk, for which the Bank has established a moderate risk appetite.

Consistency between risk limits and risk tolerance supports the Bank in achieving its risk objectives and maximizing risk-adjusted return. They form an integral part of the ongoing management and monitoring process. The risk appetite statement defines limits for the following set of ratios:

- Own funds ratio;
- Exposure to a group in relation to own funds;
- Exposure to an affiliated person reported to own funds;
- LCR
- Ratio of total open currency position to own funds;
- The proportion of loans in "default";
- The proportion of properties with expired insurance policies out of the total mortgaged properties;
- VaR, thousands of MDL
- Potential change in economic value, % of PHP
- Coverage ratio (the loan-to-deposit ratio)
- Operational risk losses relative to own funds The proportion of transactions suspicious of money laundering and high-risk customers;
- Systemic-based complaints and the number of negative media appearances.

The key risk indicators and relevant figures as at 31.12.2024 are shown in the table below:

| Indicators | Unit of measure | Value |
|---|---|---|
| **CAPITAL** | | |
| Total own funds | mil. MDL | 6,615.9 |
| Total amount of risk exposure | mil. MDL | 32,153.8 |
| Total own funds ratio | % | 20.58 |
| **CREDITS** | | |
| Credits as a share of total assets | % | 51.4 |
| Debt balance on non-performing loans (basic amount) / Debt balance on loans (basic amount) | % | 4.8 |
| Maximum exposure amount to a client or group of connected clients/ Own funds | % | 0.0 |
| Maximum exposure of the bank to an affiliated person and/or a group of related individuals (after taking into account the effect of credit risk mitigation) / / Own funds | % | 7.47 |
| **LIQUIDITY** | | **X** |
| | % | 274.11 |
| LCR | coef. | 0.80 |
| Principle I (long-term liquidity) | | |
| Coverage ratio (loans / deposits ratio) | % | 66.44 |

In order to prevent abuse of related party transactions and to address the risk arising from conflict of interest, the Bank ensures that it engages in transactions under objective market conditions and a clear framework of powers, including principles of escalation of decision-making depending on the characteristics of the transaction. The Bank also regularly monitors these operations, taking necessary measures to control and mitigate the risks associated with related party transactions in accordance with approved policies and processes.

The bank shall not assume, after taking into account the effect of credit risk mitigation methods, an exposure to a group of related parties in excess of 10% of its Common Equity Tier 1 capital and an aggregate exposure to all related parties of 20%.

## MANAGEMENT FRAMEWORK

***Disclosure requirements covered by art. 53 (1) of the NBM Regulation No. 158/2020***

**Number of positions held by members of the governing body**

| name | positions |
|---|---|
| **Members of the Supervisory Board** | |
| **Vytautas Plunksnis** | 1 non-executive position within the MAIB Group, 11 non-executive positions within the INVL Group (considered as 1 position according to Law 202/2017), 1 executive position within a non-commercial company |
| **Victor Miculeț** | 1 non-executive position within the MAIB Group, 2 executive positions within Autospace and Autoforce (considered as 1 position according to Law 202/2017), 1 executive position |

| | |
|---|---|
| | within a non-commercial company |
| **Natalia Vrabie** | 1 non-executive position within the MAIB Group |
| **Maryna Kvashnina** | 1 non-executive position in MAIB Group, 1 executive position in Naftogaz Ukraine, 1 non-executive position in the commercial bank „Lviv” |
| **Vasile Tofan** | 1 non-executive position in MAIB Group, 1 non-executive position in Purcari Wineries, 2 non-executive positions in non-commercial and non-profit companies |
| **Ivane Gulmagarashvili** | 1 non-executive position in MAIB Group, 1 position in Amazon |
| **Konrad Jerzi Kozik** | 1 non-executive position in MAIB Group, 1 non-executive position in Intesa Sanpaolo Bank Albania, 1 non-executive position in Deutsche Bank Polska S.A. |
| **Members of the Management Board** | |
| **Giorgi Shagidze** | 1 executive position in MAIB Group |
| **Aliona Stratan** | 1 executive and 2 non-executive position within the MAIB Group (considered as 1 position according to Law 202/2017), 1 non-executive position in non-commercial companies and non-profit. |
| **Stela Recean** | 1 executive function and 1 non-executive function within the MAIB Group (considered as 1 function, according to Law 202/2017) 1 non-executive function within a non-commercial and non-profit organization |
| **Marcel Teleucă** | 1 executive position in the MAIB Group |
| **Andrii Glevatskyi** | 1 executive position and 1 non-executive position within the MAIB Group (considered as 1 position according to Law 202/2017) |
| **Macar Stoianov** | 1 executive position in the MAIB Group |

***Disclosure requirements covered by art. 53 (2-3) of the NBM Regulation No. 158/2020***

All members of the bank management body comply with the requirements of art.43 of Law 202/2017.

**Selection of members of the management body**

The person nominated for the position of member of the bank management body shall meet the requirements of the legislation in force and internal regulations regarding knowledge, professional and functional skills, experience and business reputation.

Any candidate submitted for the position of member of the Bank management body shall be assessed by the Nomination and Remuneration Committee in terms of his/her suitability for the individual qualification requirements established for that position and the collective requirements established for the Bank management body.

The candidate assessment will include information on the candidate's work experience, functional and managerial competencies; education and training and personal development sessions (trainings); the candidate's business reputation and other information that the

Nomination and Remuneration Committee deems relevant, depending on the position to which the candidate is being nominated. The principles of diversity shall be respected in the assessment of the candidate for the position of member of the Bank's management body.

When assessing the individual suitability of a member of the management body, the Nomination and Remuneration Committee shall assess at the same time the collective suitability of the management body. In the case of the Bank Supervisory Board, it shall also assess the composition of the specialized committees of the Board, of which this person shall be a member.

Thus, the composition of the specialized committees includes qualified and experienced people, whose professional qualifications cover various areas, including corporate governance, risk management, capital adequacy, liquidity issues and other issues aimed at strengthening the bank, its development and the implementation of appropriate policies in the fields.

The members of the Bank management body shall at all times be of good repute and possess knowledge, skills and experience appropriate to the nature, scope and complexity of the bank business and the responsibilities entrusted to them, in accordance with the requirements of the legislation in force, the Bank Charter, the Corporate Governance Code, the Bank Supervisory Board Regulations (in the case of Board members) and the Management Board Regulations (in the case of Management Board members).

The bank does not have express diversity requirements for the selection of members of the management body, objectives and any relevant targets.

***Disclosure requirements covered by art. 53 (4) of the NBM Regulation No. 158/2020***

**Risk Committee**

The Risk Committee is a permanent body with advisory functions, established by decision of the Bank Supervisory Board and reporting to the Bank Supervisory Board.

The main aims of the Committee's activity are:

a) supporting the Bank Supervisory Board on the Bank current and future risk appetite and risk strategy, as well as monitoring the implementation of this strategy by the Executive body;

b) supporting the Bank Supervisory Board in determining the nature, volume, format and frequency of risk information.

Risk Committee meetings are held no less frequently than once a quarter. During the 2024, the Risk Committee held 14 meetings.

***Disclosure requirements covered by art. 53 (5) of the NBM Regulation No. 158/2020***

The Bank ensures that there is a framework for regular reporting, which can be aligned during the financial year depending on risk exposure and changes in risk parameters. The reporting flow is usually as follows:

a) intraday and daily reports, submitted to the members of the Bank's Management Board and members of specialised committees, which aim to monitor the conduct of current activities in line with the approved risk appetite and allow for preventive action or prompt reaction in necessary situations.

b) regular reports, usually monthly/quarterly, to ALCO, Management Board, Risk Committee, Bank Supervisory Board, aimed at formalisation of the outcome of the monitoring and control of the bank's significant risk levels against the bank's risk appetite limits and risk strategy.

c) in cases where deviations and/or risk indicators are recorded and/or early warning signals are triggered, ad hoc reporting is carried out to be addressed with appropriate actions.

## THE BANK REMUNERATION POLICY AND PRACTICES FOR THE BANK STAFF

***Disclosure requirements covered by art. 54 (1-10) of the NBM Regulation No. 158/2020***

### General principles

The remuneration system applied in the bank complies with the objectives of the bank business and risk strategy, aligned with the corporate culture and values, the long-term interests of shareholders, ensures the avoidance of conflicts of interest and does not encourage excessive risk-taking. The remuneration system applied by the bank consists of material and non-material rewards.

The remuneration system aims to achieve internal equity, aligned with non-discrimination principle, fairness and coherence, in order to ensure equal pay for work of equal value.

The remuneration system applied by the bank consists of fixed and variable remuneration.

The fixed remuneration shall reflect the relevant professional experience and responsibility of the position, the competencies level, being aligned with legislation in force and the bank internal regulations.

Variable remuneration is intended to motivate bank staff to achieve certain commercial and financial objectives, but it does not create the conditions for excessive risk-taking.

The variable remuneration also includes the long-term incentive plan (LTIP), offered to certain employees, for a significant contribution to the successful and sustainable growth and development of the bank in the long term.

The variable remuneration is paid, only if the remuneration in question can be sustained in accordance with the financial situation of the bank as a whole and if it can be justified in accordance with the performance of the bank, the subunit in which it operates and the person in question.

The variable remuneration of the bank's employees does not create premises for the assumption of excessive short-term-oriented risks, including the abusive sale of services and products, when, without the assumption of this short-term risk, the performance of the bank or the staff would not allow the granting of variable remuneration.

In the case of internal control functions, the objectives for determining variable remuneration shall not be based on the performance indicators of the units that these functions control.

When determining and paying variable remuneration, the bank shall be guided by the following principles:

1. variable remuneration shall not limit the ability of the bank to strengthen its capital base;
2. Multiplier coefficients are applied, and the amount of performance-based remuneration shall be taken into account a combination of the assessment of the individual performance and the subunit concerned, and, as well as the general results of the bank,
3. performance evaluation will be carried out in an annual framework, to ensure that the evaluation process is based on long-term performance and that the actual payment of performance-based remuneration components extends over a period of time, which takes into account the business cycle of the bank and the risks specific to its activity;
4. Variable remuneration shall be granted when the bank has a healthy and solid capital base.

The fixed and variable components of remuneration are appropriately balanced and the fixed component represents a sufficiently high proportion of total remuneration to allow for a fully flexible policy on variable remuneration components, including the possibility of not paying any component at all.

The bank does not grant guaranteed variable payments.

For members of the bank management body and certain categories of employees, the bank may provide for compensation payments in connection with the termination of their mandate or individual employment contract (compensation for termination of mandate/ individual employment contract), which:

a) must not provide disproportionate reward, but adequate compensation;
b) shall not exceed 5 average monthly salaries of the person at the date of termination of the mandate or individual employment contract, unless otherwise decided by the Bank Supervisory Board;
c) shall not be granted where there is an obvious failure, allowing immediate termination of the mandate or individual employment contract

The bank internal regulations may provide for the maintenance or granting material rewards for members of the bank management body and persons holding key positions even after the termination of their mandate or individual employment contract (compensation for compliance with the non-competition clause and/or confidentiality clause, etc.). In any event, the size of all such rewards, granted to any one person in any calendar year, shall not exceed the size of the annual remuneration of any person holding that position or, if no such position exists, a similar position.

During 2024, the Bank Supervisory Board held 52 meetings, during which 228 topics were discussed.

During the period 01.01.2024-31.12.2024, in the area of remuneration, the Supervisory Board was assisted by the Remuneration Committee, with the following composition:

| | |
|---|---|
| **Vasile Tofan** | Chairman of the Remuneration Committee, Member of the Supervisory Board |
| **Victor Miculeț** | Member of the Remuneration Committee, Chairman of the Supervisory Board |
| **Maryna Kvashnina** | Member of the Nomination and Remuneration Committee, Member of the Supervisory Board |
| **Ivane Gulmagarashvili** | Member of the Nomination and Remuneration Committee, Member of the Supervisory Board |

During this period, the Nomination and Remuneration Committee held 17 meetings.

**Remuneration of the Bank Supervisory Board members**

Remuneration of the activity of the members of the Bank Supervisory Board shall be made in accordance with the cost estimate for the Bank Supervisory Board activity, approved by the General Meeting of Shareholders of the Bank and Supervisory Board decisions.

In the last years, the remuneration of the Bank Supervisorsy Board includes fixed remuneration.

The fixed remuneration consists of a monthly monetary remuneration in the amount determined in accordance with the expenditure estimate approved by the General Shareholders' Meeting. In view of their role in organizing and directing the work of the Bank Supervisory Board, the monthly remuneration of the Chairman of the Board and of independent Supervisory Board member, Chairman of the Risk Committee is different from that of the other members of the Bank Supervisory Board.

The Bank shall also bear the travel expenses (transport, accommodation) of the member of the Bank Supervisory Board to attend the meeting of the Bank Supervisory Board in person or in mixed form, if the meeting is held in a place other than the place where the member of the Supervisory Board lives or works.

**Remuneration of the members of the Bank Management Board**

Remuneration of the work of the Bank Management Board members shall be carried out in accordance with the bank internal regulations and individual employment contracts concluded with them.

Remuneration of the members of the Bank Management Board includes *fixed and variable remuneration*.

Taking into account the legal status of employee, the fixed remuneration consists of:

a) monthly remuneration in the form of the salary of the position, in the amount established by the Bank Supervisory Board, taking into account the complexity of the position, roles and responsibilities assigned within the Management Board;

b) payments in the performance of duties, in the case and to the extent provided for by the legislation in force, internal regulations and the individual employment contract approved by the Bank Supervisory Board (travel allowance, lunch tickets, etc.).

Variable remuneration consists of the annual bonus for the bank activity results and other motivation and loyalty payments, in the order provided for by the internal regulations approved by the Bank Supervisory Board.

Under the individual employment contract and internal regulations approved by the Bank Supervisory Board, members of the Management Board may enjoy certain additional benefits and advantages, such as:

a) accident insurance;

b) professional liability insurance;

c) medical services;

d) compensation in connection with the termination of the mandate;

e) rent of the accommodation etc.

In addition, members of the Management Board may also be entitled to certain compensatory payments after the termination of their membership of the Management Board.

Information on the bank staff remuneration policy and practices is provided in Annex 1.

## PRUDENTIAL CONSOLIDATION

***Disclosure requirements covered by art. 55 (1-4) of the NBM Regulation No. 158/2020***

The requirements in the context of prudential consolidation are not applicable to BC "MAIB" S.A.

## OWN FUNDS

***Disclosure requirements covered by art. 56 (1) of the NBM Regulation No. 158/2020***

The bank own funds comprise common equity Tier 1 and Tier 2 own funds consisting of subordinated loans. The reconciliation between the book value of equity and own funds is shown in the following table.

Mil. MDL

| | **31.12.2024** | **31.12.2023** |
|---|---|---|
| **Total Equity** | **7,954.4** | **7,736.5** |
| Changes in fair value of equity instruments measured at fair value through other comprehensive income. Accumulated other comprehensive income | – 0.8 | – 0.7 |
| Tangible fixed assets revaluation reserve | -48.8 | -299.9 |
| The part of intermediate or year-end profits which is not eligible Forecast dividends | -988.9 | -805.5 |
| Adjustments to Common Equity Tier 1 capital due to prudential filters (Difference NBM provision - IFRS) | -484.4 | -412.1 |
| Other intangible assets | -315.2 | -295.9 |
| **CET 1** | **6,116.3** | **5,922.4** |
| Subordinated loans | 499.6 | 494.0 |
| **CET 2** | **499.6** | **494.0** |
| **Total equity** | **6,615.9** | **6,416.4** |

***Disclosure requirements covered by: art. 56 (2) of the NBM Regulation No. 158/2020***

| | Key features of equity instruments | Instructions for filling in the form |
|---|---|---|
| 1. | Issuer | *BC "MAIB" S.A.* |
| 2. | Unique identifier | *MD14AGIB1008* |
| 3. | Legislation applicable to the instrument | *Law no 202 of 06.10.2017on the activity of banks;*<br>*Law no. 171 of 11.07.2012 on the capital market;*<br>*Law no. 1134-XIII of 02.04.1997 on joint-stock companies.* |
| | ***Regulation*** | |
| 4. | Treatment of regulated own funds | *Common equity tier 1 own funds* |
| 5. | Eligible at individual/consolidated/individual and consolidated level | *individual* |
| 6. | Instrument type | *registered ordinary shares* |
| 7. | Amount recognized in regulatory capital (currency in millions, at latest reporting date) | *MDL 207.53 mln* |
| 8. | Nominal value of the instrument | *MDL 2* |
| 9. | Issue price | *MDL 200* |
| 10. | Repurchase price | *the repurchase price is determined in accordance with capital market legislation* |
| 11. | Accounting classification | *shareholder capital* |
| 12. | Initial issue date | *16.01.1998* |
| 13. | Perpetual or fixed term | *perpetual* |
| 14. | Initial deadline | *no maturity* |
| 15. | Purchase option by the issuer subject to prior approval by the NBM | *No* |
| 16. | Optional purchase option exercise date, conditional purchase option exercise dates and repurchase value | *No purchase option by the issuer* |
| 17. | Subsequent dates of the exercise of the purchase option, if applicable | *No purchase option by the issuer* |
| | ***Coupons/dividends*** | |
| 18. | Fixed or variable dividend/coupon | *variable* |

| | | |
|---|---|---|
| 19. | Coupon rate and any related index | *30% to 50% of the bank net profit for the year shall be distributed for the dividends payment.* |
| 20. | The existence of a dividend stopper mechanism (of dividend payment prohibition) | *No* |
| 21. | Fully discretionary, partially discretionary or mandatory (in terms of timing) | *Partially discretionary* |
| 22. | Fully discretionary, partially discretionary or mandatory (as to amount) | *Partially discretionary* |
| 23. | Existence of a step-up or other repurchase incentive | *No* |
| 24. | Non-cumulative or cumulative | *Non-cumulative* |
| 25. | Unique identifier | *Non-convertible* |
| 26. | If convertible - the factor(s) triggering conversion | *Instruments issued by the bank are not convertible* |
| 27. | If convertible - in whole or in part | *N/A* |
| 28. | If convertible - conversion rate | *N/A* |
| 29. | If convertible - mandatory or optional conversion | *N/A* |
| 30. | If convertible, specify the type of instrument into which it can be converted | *N/A* |
| 31. | If convertible, specify the issuer of the instrument into which it is converted | *N/A* |
| 32. | Book value reduction features | *No* |
| 33. | In the case of a book value reduction, the triggering factor(s) | *Instruments issued by the bank do not have mechanism to reduce the book value.* |
| 34. | In the event of a book value reduction, in whole or in part | *Always in whole* |
| 35. | In the event of a permanent or temporary reduction of the book value | *N/A* |
| 36. | In the case of a temporary reduction of the book value, description of the mechanism for increasing the book value | *N/A* |

| | | |
|---|---|---|
| 37. | Position in the subordination hierarchy in case of liquidation (specify the type of instrument at the next higher level) | *There are no other types of instruments at the next higher level* |

***<u>Disclosure requirements covered by art. 56 (3) of the NBM Regulation No. 158/2020</u>***

As of 31.12.2024, the Bank had common equity Tier 1 instruments, including the Bank share capital, consisting of ordinary shares (contributions received from shareholders, equal to the nominal value of the issued shares (as of the reporting date MDL 2 per share)) and share premium and Tier 2 equity instruments, consisting of 2 subordinated loans:

MDL 299.8 million from the European Fund for Southeast Europe (EFSE) dated 11.11.2021 with maturity in November 2031,

MDL 199.8 million from Green for Growth Fund (GGF) with maturity in May 2032.

Incremental costs directly attributable to the issue of new shares are shown in equity as a price reduction, net of tax. Any excess of the fair value of contributions received over the nominal value of the shares issued is recorded as share premium. Details of the shares issued can be found in Annex 9.

***<u>Disclosure requirements covered by art. 56 (4-5) of the NBM Regulation No. 158/2020</u>***

| No. | Indicator name | Value |
|---|---|---|
| **Common Equity Tier 1 (CET 1): instruments and reserves** | | |
| 1. | Equity instruments and share premium accounts | 305,856,840 |
| 2. | Retained earnings | 6,040,316,326 |
| 3. | Accumulated other comprehensive income and other reserves | 569,748,740 |
| 4. | Minority interests (amount eligible for inclusion in consolidated Common Equity Tier 1) | - |
| 5. | Independently audited interim profits after deduction of any foreseeable liabilities or dividends | - |
| 6. | **Common equity (CET 1) before regulatory adjustments** | 6,915,921,906 |
| **Common Equity Tier 1 (CET 1): additional adjustments** | | |
| 7. | Additional value adjustments (*negative value*) | -484,403,083 |

| | | |
|---|---|---|
| 8. | Intangible assets excluding related tax liabilities (*negative value*) | -315,205,402 |
| 9. | Receivables on deferred taxes based on future profitability, excluding those arising from temporary holdings (without tax liabilities) (*negative value*) | - |
| 10. | Reserves resulting from fair value measurement, representing gains or losses arising from cash flow hedges | - |
| 11. | Negative amounts resulting from the calculation of expected loss amounts | X |
| 12. | Any increase in equity resulting from securitized assets (*negative value*) | X |
| 13. | Gains or losses on fair value measurement of liabilities resulting from changes in the bank credit risk | - |
| 14. | Defined benefit pension fund assets (*negative value*) | - |
| 15. | Banks' direct and indirect holdings of Common Equity Tier 1 own funds instruments (*negative value*) | - |
| 16. | Direct, indirect and synthetic holdings of Common Equity Tier 1/equity instruments of financial sector entities, if these entities and the bank have mutual participations designed to artificially increase the bank own funds (*negative value*) | - |

| | | |
|---|---|---|
| 17. | Bank direct, indirect and synthetic holdings of Common Equity Tier 1/equity instruments of financial sector entities in which the bank does not hold a significant investment (significant investment - value above the 10% threshold and excluding eligible short positions) (*negative value*) | - |
| 18. | Bank's direct, indirect and synthetic holdings of Common Equity Tier 1/equity instruments of financial sector entities in which the bank has a significant investment (value above the 10% threshold and excluding eligible short positions) (*negative value*) | - |
| 19. | The exposure value of the following items that qualify for a 1000% risk weight when the bank opts for the deduction alternative. Of which: | - |
| 20. | - securitization positions; (*negative value*) | X |
| 21. | - incomplete transactions; (*negative value)* | - |
| 22. | Receivables on deferred tax resulting from temporary holdings (amount above the 10% threshold with deduction of tax liability when the conditions of p.40 of Regulation 109/2018 are met) (*negative value)* | - |

| | | |
|---|---|---|
| 23. | Value above the 15% threshold (*negative value*) | - |
| 24. | **-** of which: the bank's direct and indirect holdings of Common Equity Tier 1/equity instruments of financial sector entities in which the bank has a significant investment | - |
| 25. | **-** of which: receivables on deferred tax arising from temporary differences | - |
| 26. | Losses for the current financial year (*negative value*) | - |
| 27. | Foreseeable taxes relating to Common Equity Tier 1 items (*negative value*) | - |
| 28. | Eligible deductions from Additional Tier 1 own funds (AT 1) exceeding the bank's Additional Tier 1 own funds (*negative value*) | - |
| 29. | **Total Regulated Adjustments to Common Equity Tier 1 (CET 1)** | -799,608,485 |
| 30. | **Common Equity Tier 1 (CET 1)** | 6,116,313,422 |
| **Additional Tier 1 own funds (AT 1): instruments** | | |

| | | |
|---|---|---|
| 31. | Equity instruments and related share premium accounts | - |
| 32. | **-** of which: classified as equity in accordance with applicable accounting standards | - |
| 33. | **-** of which: classified as liabilities in accordance with applicable accounting standards | - |
| 34. | Eligible common equity tier 1 capital included in consolidated additional tier 1 capital (including minority interests not included in row 4) issued by subsidiaries and held by third parties | - |
| 35. | **Additional Tier 1 own funds (AT1) before regulatory adjustments** | - |
| **Additional Tier 1 own funds (AT1) before regulatory adjustments** | | |
| 36. | Bank's direct and indirect holdings of Additional Tier 1 own funds instruments (*negative value*) | - |
| 37. | Direct, indirect and synthetic holdings of additional tier 1 own funds instruments of financial sector entities, if these entities and the institution have reciprocal participations designed to artificially increase the own funds of the institution *(negative value)* | - |

| | | |
|---|---|---|
| 38. | Direct, indirect and synthetic holdings of Additional Tier 1 own funds instruments of financial sector entities in which the bank does not have a significant investment (value above the 10% threshold and excluding eligible short positions) (*negative value*) | - |
| 39. | The institution's direct, indirect and synthetic holdings of additional Tier 1 own funds instruments of financial sector entities in which the institution has a significant investment (excluding eligible short positions) (*negative value*) | - |
| 40. | Eligible deductions from Tier 2 own funds in excess of the bank's Tier 2 own funds (*negative value*) | - |
| 41. | **Regulatory adjustments to Additional Tier 1 own funds (AT1)** | - |
| 42. | **Additional Tier 1 own funds (AT1)** | - |
| 43. | **Tier 1 own funds (T1=CET1+AT1)** | 6,116,313,422 |
| **Tier 2 (T2) own funds: instruments and provisions** | | |
| 44. | Equity instruments and related share premium accounts | 499,570,000 |
| 45. | Eligible own funds instruments included in consolidated tier 2 own funds (including minority interests not included in row 4) issued by subsidiaries and held by third parties | - |
| 46. | Adjustments for credit risk | - |
| 47. | **Tier 2 (T2) own funds before regulatory adjustments** | 499,570,000 |
| | **Tier 2 (T2) own funds: regulatory adjustments** | |

| | | |
|---|---|---|
| 48. | A bank's direct and indirect holdings of own funds tier 2 instruments and subordinated loans (*negative value*) | - |
| 49. | Holdings of Tier 2 own funds instruments and subordinated loans of financial sector entities, if these entities and the bank have mutual holdings designed to artificially increase the bank's own funds (*negative value*) | - |
| 50. | Direct and indirect holdings of Tier 2 own funds instruments and subordinated loans of financial sector entities in which the bank does not have a significant investment (value above the 10% threshold and excluding eligible short positions) (*negative value*) | - |
| 51. | Bank's direct and indirect holdings of Tier 2 own funds instruments and subordinated loans of financial sector entities in which the bank has a significant investment (excluding eligible short positions) (*negative value*) | - |
| 52. | **Total regulatory adjustments to own funds tier 2 (T2)** | - |
| 53. | **Tier 2 own funds (T2)** | 499,570,000 |
| 54. | **Total own funds (TC= T1+T2)** | 6,615,883,422 |

| | | |
|---|---|---|
| 55. | **Total risk-weighted assets** | 32,153,752,683 |
| **Own funds rates and depreciation** | | |
| 56. | Common Equity Tier 1 capital (as a percentage of total risk exposure) | 19.02% |
| 57. | Tier 1 own funds (as a percentage of total risk exposure) | 19.02% |
| 58. | Total own funds (as a percentage of total risk exposure) | 20.58% |
| 59. | Bank-specific buffer requirement (common equity tier 1 requirement in accordance with p.130 subpoint 1) plus capital conservation buffer and countercyclical buffer requirements, plus systemic risk buffer, plus systemically important companies' buffer expressed as a percentage of exposure value) | 1,607,687,634 |
| 60. | **-** of which: capital conservation buffer requirement | 803,843,817 |
| 61. | **-** of which: anti-cyclical buffer requirement | - |
| 62. | **-** of which: systemic buffer requirement | 321,537,527 |
| 63. | **-** of which: buffer for systemically important institutions (O-SII) | 482,306,290 |
| 64. | Common Equity Tier 1 capital available to meet buffer requirements (as a percentage of exposure value) | 14.02% |
| **Amounts below thresholds for deduction (before risk weighting)** | | |
| 65. | Direct and indirect equity holdings of financial sector entities in which the bank does not have a significant investment (value below the 10% threshold and excluding eligible short positions) | - |

| | | |
|---|---|---|
| 66. | The bank's direct and indirect holdings of Common Equity Tier 1 instruments of financial sector entities in which the bank has a significant investment (value below the 10% threshold and excluding eligible short positions) | - |
| 67. | Receivables on deferred tax resulting from temporary differences (amount below the 10% threshold, excluding related tax liabilities when the conditions of p.40 of Regulation 109/2018 are met) | 7,144,318 |
| **Applicable ceilings for the inclusion of provisions in Tier 2 own funds** | | |
| 68. | Credit risk adjustments included in Tier 2 own funds, taking into account exposures subject to the standardized approach (before application of the ceiling) | - |
| 69. | Ceiling on the inclusion of credit risk adjustments in Tier 2 own funds under the standardized approach | - |

## CAPITAL REQUIREMENTS

***<u>Disclosure requirements covered by art. 59 (1) of the NBM Regulation No. 158/2020</u>***

The Bank carries out an annual risk materiality analysis, the purpose of which is to systematically identify and assess the risks to which it is exposed.

The risk materiality analysis has two objectives:

- identify all risk types within the risk taxonomy, which need to be included in the risk materiality analysis process;
- assess all risk types defined within the risk taxonomy by assigning risk grades to provide an overall picture of the risk profile and thus identify which risks are material and should be included in the ICAAP framework.

The Bank has continued to develop its risk materiality assessment framework. This process is not limited to the risk management function and therefore different subunits within the Bank are involved in order to ensure this process is complete. Such broad involvement at Bank level has led to an improved understanding of the sources of risk, clarifying how these risks relate to specific activities, and provides the best conditions for identifying new emerging risks.

The results of the risk materiality analysis as well as the calculation of the risk coverage capacity are a starting point of the ICAAP process. Preferably, material risks are considered directly through economic capital allocation if the risk is quantifiable and the related capital allocation is considered relevant.

Final capital requirements are determined as the maximum value between the value identified based on the National Bank regulations and the value determined on the basis of models and algorithms approved internally based on international recommendations in this regard.

***<u>Disclosure requirements covered by art. 59 (2) of the NBM Regulation No. 158/2020</u>***

The table below shows the differences between the outcome of the internal risk capital adequacy assessment process (by Pillar II) and the regulatory capital requirement (by Pillar I) as it was validated by the NBM, as a result of SREP exercise. In aggregating the capital requirement results for each risk, the maximum requirement between Pillar 1 and Pillar 2 has been taken into account.

mil. MDL

| **Indicators** | **Pillar I (P1) capital allocation** | | **Pillar II (P2) capital allocation** |
|---|---|---|---|
| Credit risk | 2,708.6 | | 2,546.9 |
| Market risk (currency) | 14.1 | | 23.8 |
| Operational risk | 492.7 | | 99.0 |
| Concentration risk | x | | 348.6 |
| Foreign currency loan risk | x | | 17.9 |
| Residual risk | x | | 19.8 |
| Interest rate risk associated with non-trading book activities | x | | 106.4 |
| Information and communication technology risk (ICT risk) | x | | - |
| Liquidity risk | x | | - |
| Strategic risk | x | | 117.4 |
| Total capital requirement (P2=max (P1, P2)) | **3,215.4** | | **3,835.2** |
| OWN FUNDS (P1) / INTERNAL CAPITAL (P2) | | 6,615.9 | |
| Minimum own funds requirement | 10.0% | | x |
| Pillar 2 supplementary capital requirement (P2R) | x | | 1.93% |
| Total Pillar 2 capital requirement (TSCR) | X | | 11.93% |
| Capital buffers | | 5.0%<br>1,607.7 | |
| Overall capital requirement (OCR ICAAP) | x | | 16.93% |
| **CAPITAL REQUIREMENT** | **15.00%** | | **16.93%** |

***<u>Disclosure requirements covered by art. 59 (3) of the NBM Regulation No. 158/2020</u>***

The risk-weighted exposure amounts for each exposure class are shown in the table below:

mil. MDL

| **Exposure classes** | **Risk-weighted value** |
|---|---|
| Central governments or central banks | - |
| Regional administrations or local authorities | 121,036 |
| Public sector entities | - |
| Multilateral Development Banks | - |
| International organizations | - |
| Banks | 549,967 |
| Investment companies | 3,749,255 |
| Retail | 5,728,493 |
| Exposures secured by mortgages on real estate | 13,737,852 |
| Default exposures | 260,582 |
| Extremely high risk associated elements | 259,480 |

| | |
|---|---|
| Covered bonds | - |
| Claims on institutions and corporations with a short-term credit assessment | - |
| Collective investment undertakings (CIUs) | - |
| Equity securities | 3,694 |
| Other elements | 2,675,185 |
| **Total** | **27,085,543** |

***Disclosure requirements covered by art. 59 (4) of the NBM Regulation No. 158/2020***

In accordance with Article 100 of the Law no.202/2017 on the activity of banks and the Methodology for supervision and assessment of banks' activity (approved by the Decision of the Executive Committee of the NBM no.63/2019), the NBM conducted the process of supervision and assessment of the activity of BC "MAIB" S.A., validated on 27.02.2025 that the ICAAP capital requirement (TSCR) is 11.96% and the overall capital requirement (OCR ICAAP) is 16.96%.

***Disclosure requirements covered by: art. 59 (5) of the NBM Regulation No. 158/2020***

As at 31.12.2024 the regulated capital requirement for operational risk according to BIA is MDL 492.7 mil.

## ASSESSMENT OF OWN FUNDS REQUIREMENTS RELATED TO CREDIT RISK

***Disclosure requirements covered by art. 61 (1) of the NBM Regulation No. 158/2020***

The Bank's credit risk capital requirement is set as the maximum amount between:

1. Capital requirement Pillar 1, standardized approach – COREP;
2. Capital requirement Pillar 2, internal approach – ICAAP.

*Internal approach*

The economic capital related to credit risk under Pillar II (ICAAP) is determined through the simulation of the credit loss size using credit risk parameters (PD, LGD, EAD) and calculating the potential unexpected losses the bank is exposed to. The unexpected losses (UL) for credit risk are determined according to the formula UL = VAR – EL.

Expected losses (EL) for credit risk represent the amount anticipated to be lost over a one-year time horizon and are calculated as the product of the credit risk parameters according to the formula EL = PD · LGD · EAD.

An approach analogous to the IRB approach is used to determine the VAR for credit risk (total expected and unexpected losses). **The bank** uses the one-factor correlation model adopted, which conceptually, this method uses a single systematic risk factor to determine the correlation between debtors, and is based on Monte-Carlo simulations. It is assumed that the loans receive an appropriate distribution of correlations, which are pooled into a single common factor.

The one-factor correlation model used of a factor used is calculated according to the formula::

$$A = W \cdot Z + \sqrt{(1 - W^2)} \cdot E$$

W represents the branching correlation parameter and is the maximum value between:

1. The $R^2$ test, obtained from the linear model between the probability of default by branch (dependent variable) and a macroeconomic factor (e.g., inflation rate, GDP, etc.) (independent variable);
2. The value of 3% for individuals (retail segment) and 12% for legal entities (BB and corporate segment).

Z represents the systematic factor, the standard random variable common to all clients and independent.

E represents the idiosyncratic factor, the standard random variable specific to each client.

A represents the client's creditworthiness index. It is assumed that the credit enters default status if A falls below the unconditional insolvency probability associated with that client. If it enters default (PD = 1), the debtor's loss in this scenario is equal to LGD · EAD.

In the calculation of the internal capital requirement for credit risk, a confidence interval of 99.9% is considered, compiled for each credit portfolio analyzed. VAR is defined as the "10th" worst cash flow from the simulated scenarios, accumulated across portfolios.

*Regulated approach*

Under the regulatory approach, capital requirements are determined as 10% of the value of risk-weighted exposure amounts determined in accordance with the provisions of the Regulation on the treatment of credit risk for banks under the standardized approach.

***Disclosure requirements covered by art. 61 (2) of the NBM Regulation No. 158/2020***

Collateral policies and risk mitigation elements are described in accordance with the provisions of art. 63.3 of this Report.

***Disclosure requirements covered by art. 61 (3) of the NBM Regulation No. 158/2020***

The bank does not have an assigned ECAI rating nor does it have any collaboration contracts that would require the provision of collateral in the event of changes in the bank's financial ratios.

***Disclosure requirements covered by: art. 61 (4-7) of the NBM Regulation No. 158/2020***

As at 31.12.2023 and 31.21.2024, the Bank had no transactions with credit derivatives.

## ECAI RATED EXPOSURES

***Disclosure requirements covered by: art. 62 (1-5) of the NBM Regulation No. 158/2020***

The Bank uses ECAI ratings exclusively for exposures to International Banks/ Organizations. If the Bank/Institution does not have an ECAI rating, the Bank uses the

ECAI rating of the home country. The gross and risk-weighted exposure amounts by maturity band and counterparty are shown in the following tabl

**(thousand MDL)**

| Counterpart | Country rating | Client rainting | Country | <3 month | | >3 month | | Total Exposure | Total RWA |
|---|---|---|---|---|---|---|---|---|---|
| | | | | Exposure | RWA | Exposure | RWA | | |
| Raiffeisen Bank International AG | AA+ | A- | Austria | 112,270 | 22,454 | - | - | 112,270 | 22,454 |
| Priorbank JSC | C | - | Belarus | - | - | 1 | - | 1 | - |
| Intesa Sanpaolo SPA | Baa3 | BBB | Italy | 18,371 | 3,490 | - | - | 18,371 | 3,490 |
| Unicredit SPA | Baa3 | BBB | Italy | 2,167 | 412 | - | - | 2,167 | 412 |
| The Bank of New York Mellon | AA+ | AA- | United States | 957,521 | 191,504 | - | - | 957,521 | 191,504 |
| AO Raiffeisenbank | - | - | Russia | - | - | 7 | - | 7 | - |
| Landesbank Baden Wurttemberg | AAA | A+ | Germany | 12,336 | 2,467 | - | - | 12,336 | 2,467 |
| OTP Bank Romania SA | BBB- | BBB- | Romania | 11,494 | 2,184 | - | - | 11,494 | 2,184 |
| JSCB PIVDENNYI | RD | Caa3 | Ukraine | 37 | 22 | - | - | 37 | 22 |
| CREDIT INDUSTRIEL ET COMMERCIAL | AA- | A | France | 1,223,451 | 244,690 | - | - | 1,223,451 | 244,690 |
| VISA International Service Ass. USD | AA+ | AA- | United States | - | - | 93,965 | 18,791 | 93,965 | 18,791 |
| Mastercard Europe LTD USD | AA+ | A+ | United States | - | - | 125,335 | 62,659 | 125,335 | 62,659 |
| AMERICAN EXPRESS LIMITED USD | AA+ | A- | United States | - | - | 2,587 | 1,293 | 2,587 | 1,293 |
| **Total** | | | | **2,337,647** | **467,224** | **221,895** | **82,743** | **2,559,542** | **549,967** |

## CREDIT RISK MITIGATION TECHNIQUES

***Disclosure requirements covered by art. 63 (1-3) of the NBM Regulation No. 158/2020***

*Policies and processes applied in collateral valuation and management*

In order for an asset to be accepted by the Bank for credit guarantee purposes, the asset must meet the provisions of the NBM regulations, as well as national, legal and domestic requirements. Thus, the asset is valued to determine the market value and the value previously accepted by the Bank. The market value is estimated by valuation by a specialized external company or the value can be estimated internally (only in the case of movable assets) according to internal procedures.

Market value is the estimated amount for which an asset or liability could be exchanged at the valuation date, between a willing buyer and a willing seller, in a fair transaction, after proper marketing and where the parties have each acted knowledgeably, prudently and without compulsion.

The value accepted is an internal view of the risk associated with the collateral and is intended to reflect the most likely recovery value of the collateral in the event of its liquidation. The accepted value is determined by applying depreciation rates to the market value. The valuation report is the document estimating the market value.

The collateral assessment allows the Bank to identify which exposures are covered or not covered by collateral of a client or group of clients according to internal regulations.

The main types of collateral accepted by the bank are shown in the table below.

**1. Real estate collateral:**

- 1.1 Residential properties;
- 1.2 Commercial and industrial properties;
- 1.3 Agricultural properties, including land and constructions;
- 1.4 Real estate with another destination.

**2. Real movable guarantees:**

- 2.1 Production equipment and machinery;
- 2.2 Agricultural machinery and equipment;
- 2.3 Means of transport;
- 2.4 Stocks.

**3. Guarantees:**

- 3.1 Public sector;
- 3.2 Financial institutions;
- 3.3 Personal (sureties).

**4. Financial guarantees:**

- 4.1 Funds;
- 4.2 Securities.

**5. Assignments and other rights:**

- 5.1 Receivables;
- 5.2 Shares (unlisted shares) in the share capital of companies.

***Disclosure requirements covered by art. 63 (4-5) of the NBM Regulation No. 158/2020***

The bank has no credit derivatives.

***Disclosure requirements covered by: art. 63 (6-7) of the NBM Regulation No. 158/2020***

The Bank exclusively uses financial guarantees in the form of placements in the Bank accounts without the right of the pledger to dispose freely of these means as an eligible risk/exposure mitigation technique.

## ASSESSMENT OF OWN FUNDS REQUIREMENTS RELATED TO OPERATIONAL RISK

***Disclosure requirements covered by art. 64 of the NBM Regulation No. 158/2020***

The Bank uses the Basic Indicator Approach (BIA) to calculate the minimum regulatory capital requirement to cover potential operational risk losses. The calculation of the capital requirement is performed on a regular basis based on the audited financial statements as at December 31.

The Basic Indicator Approach (BIA) involves the following:

- determination of the relevant indicator, which is calculated as the arithmetic average of the bank's gross annual results of operations for the last three (3) completed financial years;
- application of the 15% rate to the relevant indicator determined.

## COUNTERCYCLICAL CAPITAL BUFFER

***Disclosure requirements covered by art. 65 (1-2) of the NBM Regulation No. 158/2020***

By the Decision of the Executive Board of the NBM no.326 of 19.12.2024, in view of the low level of the Credit/GDP indicator, the absence of systemic cyclical risks related to excessive credit growth was established and the countercyclical buffer rate for the relevant exposures in the Republic of Moldova was set at 0%.

## THE BANK EXPOSURE TO CREDIT RISK AND THE RISK OF IMPAIRMENT OF RECEIVABLES

***Disclosure requirements covered by art. 67 (1) of the NBM Regulation No. 158/2020***

*Definition of the term "arrears"*

An exposure becomes past due when the counterparty does not pay any principal, interest or fee on the due date. The entire credit exposure shall become past due, regardless of the proportion of the total credit amount of the above-mentioned past due component. The number of days of the oldest outstanding exposure shall be taken into account to determine the days past due on the credit. The same definition for days past due applies for both accounting reporting and regulatory reporting requirements.

*Definition of "impaired assets"*

The Bank has aligned the concept of impaired financial asset or group of impaired financial assets with the concept of defaulted exposure. The definition applied within the Bank has been developed based on the EBA/GL/2016/07 Guideline on Default. All financial assets included in Stage 3 in default at the reporting date are considered to be impaired. Under IFRS 9, a financial asset is recognized as impaired when one or more events with an adverse impact on the estimated future cash flows of that financial asset are identified. Key evidence that a financial asset is impaired includes observable data about the following events:

- significant financial difficulties of the issuer or debtor;
- breach of the credit agreement, e.g. default or an event of default on the due date;
- The bank, for economic or contractual reasons related to the debtor's financial difficulties, grants the debtor one or more concessions that it would not otherwise consider;
- there is a possibility that the debtor may enter into bankruptcy or another form of financial reorganization.

*Definition of the term "default (regulatory purpose)"*

The definition of default used by the Bank is aligned with the provisions of the Regulation on the treatment of credit risk for banks according to the standardized approach.

***Disclosure requirements covered by art. 67 (2) of the NBM Regulation No. 158/2020***

The calculation of credit risk provisions is performed monthly at the exposure/asset level in the currency of the exposure at account level. For the calculation of provisions, the Bank uses a three-stage model, which results in the calculation of an expected credit loss (ECL) over the next 12 months, or lifetime provisions (ECL).

**Stage 1** - includes:

- financial assets with a low credit risk;
- financial assets with no significant increase in credit risk since initial recognition, regardless of credit quality.

At this stage, the ECL for the next 12 months is calculated.

**Stage 2** - includes:

- financial assets with a significant increase of credit risk;
- financial assets with a high performing restructuring status or specific early warning system events at the time of reporting.

At this stage, ECL is calculated over the asset lifetime.

**Stage 3** - includes financial assets impaired (in default) at the reporting date. At this stage, ECL is calculated over the asset lifetime.

The criteria for transfer from stage 1 to stage 2 are based on the assessment of a significant increase in credit risk since the date of initial recognition and are quantitative and qualitative criteria applied at both financial asset and debtor level.

The collective (overall) valuation of ECL is based on homogeneous groups of assets resulting from portfolio segmentation based on similar credit risk and product characteristics.

The ECL calculation using the collective approach is based on the following components:

a) Exposure at default ("EAD") - represents the estimate of exposure at default at a future date, taking into account anticipated changes in exposure after the reporting date, including principal and interest payments and expected drawings on committed facilities.

b) Probability of Default ("PD") - is the estimate of the probability of default over a time horizon. Based on the methodology, lifetime default probability curves are determined based on the transition between transition matrices based on baskets of days outstanding. The default probability PD (t) is adjusted by the macroeconomic factor.

c) Loss Given Default ("LGD") - represents the Bank's expectation to determine the amount of loss on an exposure in default and is based on the statistically confirmed difference between the contractual cash flows and the cash flows the Bank expects to receive including collateral.

d) Discount factor - is used to discount the expected loss to a present value at the reporting date using the effective interest rate.

Individual (specific) valuation is performed for significant exposures, regardless of the condition in which the loan/debtor has been classified (based on expert opinion) and necessarily for impaired assets above the materiality threshold set by the Bank. For the individual valuation, the Bank considers weighted scenarios for all probable cash flows, namely: contractual asset flows, flows from the sale of collateral and other credit enhancements, specifying the timing of expected cash flows and the estimated probability of realization of each scenario.

***<u>Disclosure requirements covered by art. 67 (3) of the NBM Regulation No. 158/2020</u>***

The total and average value of exposures after accounting netting and without taking into account the effects of credit risk mitigation techniques is presented as follows:

MDL

| **Exposure classes** | **Total exposure 31.12.2024** | **Average period 01.012.2024-31.12.2024** |
|---|---|---|
| Central authorities or central banks | 22,207,257 | 23,158,873 |
| Regional or local authorities banks | 638,192 | 571,201 |
| Public sector entities | - | - |
| Multilateral Development Banks | - | - |
| International organizations | - | - |
| Banks | 2,559,542 | 3,952,961 |
| Companies | 6,609,898 | 4,810,045 |
| Retail | 9,328,845 | 8,283,034 |
| Exposures secured by mortgages on real estate | 19,594,408 | 17,802,376 |
| Exposure in default | 707,801 | 702,642 |
| Extremely high risk elements | 229,083 | 229,106 |
| Covered bonds | - | - |
| Claims on institutions and companies with a short term credit assessment | - | - |
| Collective investment undertakings (CIUs) | - | - |
| Equity securities | 3,780 | 3,106 |
| Other elements | 4,972,206 | 4,462,250 |
| **Total** | 66,851,013 | 63,975,593 |

## *Disclosure requirements covered by art. 67 (4) of the NBM Regulation No. 158/2020*

***MDL***

| Exposure classes | Total exposures at 31.12.2024 | Moldova | France | SUA | Austria | Italy | Germany | Romania | Ukraina | Russia | Belarus |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Central authorities or central banks | 22,207,257 | 22,207,257 | | | | | | | | | |
| Regional or local authorities | 638,192 | 638,192 | | | | | | | | | |
| Public sector entities | 0 | 0 | | | | | | | | | |
| Multilateral Development Banks | 0 | 0 | | | | | | | | | |
| International organizations | 0 | 0 | | | | | | | | | |
| Banks | 2,559,542 | 0 | 1,223,451 | 1,179,407 | 112,270 | 20,538 | 12,336 | 11,494 | 37 | 7 | 1 |
| Companies | 6,609,898 | 6,609,898 | | | | | | | | | |
| Retail | 9,328,845 | 9,328,845 | | | | | | | | | |
| Exposures secured by mortgages on real estate | 19,594,408 | 19,594,408 | | | | | | | | | |
| Exposures in default | 707,801 | 707,801 | | | | | | | | | |
| Extremely high risk elements | 229,083 | 229,083 | | | | | | | | | |
| Covered bonds | 0 | 0 | | | | | | | | | |
| Claims on institutions and companies with a short-term credit assessment | 0 | 0 | | | | | | | | | |
| Collective investment undertakings (CIUs) | 0 | 0 | | | | | | | | | |
| Equity securities | 3,780 | 3,780 | | | | | | | | | |
| Other elements | 4,972,206 | 4,972,206 | | | | | | | | | |
| **Total** | **66,851,013** | **64,291,471** | **1,223,451** | **1,179,407** | **112,270** | **20,538** | **12,336** | **11,494** | **37** | **7** | **1** |

## *Disclosure requirements covered by art. 67 (5) of the NBM Regulation No. 158/2020*

The breakdown of exposures generated by the loan and contingent liability portfolio after accounting netting and without taking into account the effects of credit risk mitigation techniques, by exposure classes and business lines is shown in the table below.

| Exposure classes | Total exposures at 31.12.2024 | Cities and municipalities | Manufacturing industry | Construction | Trade | Agriculture | Individuals | Other |
|---|---|---|---|---|---|---|---|---|
| Regional or local authorities | 638,192 | 638,192 | - | - | - | - | - | - |
| Companies | 6,609,898 | - | 686,721 | 492,974 | 1,751,041 | 559,858 | 69,727 | 3,049,578 |
| Retail | 9,328,845 | - | 170,618 | 298,349 | 809,903 | 1,103,028 | 6,488,316 | 458,632 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Exposures secured by mortgages on real estate | 19,594,408 | - | 3,183,605 | 926,482 | 6,492,889 | 1,047,051 | 5,864,202 | 2,080,180 |
| Exposures in default | 707,801 | - | 54,797 | 3,888 | 91,878 | 417,620 | 132,897 | 6,720 |
| **Total** | **36,879,145** | **638,192** | **4,095,741** | **1,721,693** | **9,145,710** | **3,127,556** | **12,555,142** | **5,595,111** |

## ***Disclosure requirements covered by art. 67 (6) of the NBM Regulation No. 158/2020***

The total amount of exposures after accounting netting and without taking into account the effects of credit risk mitigation techniques are divided into four categories based on residual maturity as follows:

- "On demand" - includes exposures to be collected on demand, overdrafts (debit balance of current account balance) and exposures whose final repayment term has expired.
- The categories "<= 1 year", "> 1 year <= 5 years" and "> 5 years" are calculated according to the due date of the last instalment;

***MDL***

| **Categories** | **31.12.2024** | **La vedere** | **=<1 an** | **>1 an =<5 ani** | **>5 ani** |
|---|---|---|---|---|---|
| Central authorities or central banks | 22,207,257 | 11,928,693 | 2,500,437 | 7,777,227 | 899 |
| Regional or local authorities | 638,192 | 51,003 | 0 | 382,654 | 204,535 |
| Public sector entities | 0 | 0 | 0 | 0 | 0 |
| Multilateral Development Banks | 0 | 0 | 0 | 0 | 0 |
| International organizations | 0 | 0 | 0 | 0 | 0 |
| Banks | 2,559,542 | 2,337,647 | 221,895 | 0 | 0 |
| Companies | 6,609,898 | 63 | 64 | 5,542,129 | 1,067,642 |
| Retail | 9,328,845 | 8,941 | 1,116 | 5,908,887 | 3,409,902 |
| Exposures secured by mortgages on real estate | 19,594,408 | 0 | 8,510 | 10,983,180 | 8,602,718 |
| Exposures in default | 707,801 | 122,999 | 22,203 | 427,171 | 135,427 |
| Extremely high risk elements | 229,083 | 50,027 | 0 | 0 | 179,056 |
| Covered bonds | 0 | 0 | 0 | 0 | 0 |
| Claims on institutions and companies with a short-term credit assessment | 0 | 0 | 0 | 0 | 0 |
| Collective investment undertakings (CIUs) | 0 | 0 | 0 | 0 | 0 |
| Equity securities | 3,780 | 0 | 0 | 0 | 3,780 |
| Other elements | 4,972,206 | 2,282,261 | 2,689,945 | 0 | 0 |
| **Total** | **66,851,013** | **16,781,635** | **5,444,169** | **31,021,249** | **13,603,959** |

## ***Disclosure requirements covered by art. 67 (7) of the NBM Regulation No. 158/2020***

Details regarding the structure of the credit portfolio:

***MDL***

| | Performing exposures | | | Impaired exposures | | | |
|---|---|---|---|---|---|---|---|
| | **Without arrears or with arrears ≤ 30 days** | **Arrears >30 days ≤ 90 days** | **Arrears >90 days ≤ 365 days** | **No arrears or with arrears ≤ 30 days** | **Arrears >30 days ≤ 90 days** | **Arrears >90 days ≤ 365 days** | **Arrears > 365 days** |
| Cities and municipalities | 588,066 | 0 | | 0 | 0 | 0 | 0 |
| Manufacturing industry | 2,735,454 | 1,203 | 1 | | 46,552 | 1,038 | 5 |
| Construction | 986,657 | 1,463 | 1 | 28 | 772 | 13 | 2,674 |
| Trade | 6,887,058 | 19,421 | 5 | 846 | 13,616 | 16,958 | 22,869 |
| Agriculture | 2,744,099 | 20,223 | 2 | 72,569 | 29,526 | 48,162 | 160,400 |
| Individuals | 11,953,746 | 53,049 | 301 | 18,676 | 5,507 | 46,429 | 24,521 |
| Other | 3,926,444 | 3,372 | 9 | 822 | 67 | 3,647 | 2,743 |
| **Total** | **29,821,523** | **98,731** | **318** | **92,940** | **96,040** | **116,247** | **213,212** |

***MDL***

| | Performing exposures | | Impaired exposures | | Total |
|---|---|---|---|---|---|
| | **general adjustments** | **specific adjustments** | **general adjustments** | **specific adjustments** | |
| Cities and municipalities | 3,855 | | 0 | 0 | 3,855 |
| Manufacturing industry | 22,562 | 60,139 | 694 | 37,929 | 121,324 |
| Construction | 11,890 | 7,370 | 2,374 | 0 | 21,634 |
| Trade | 74,608 | 156,510 | 11,211 | 30,346 | 272,675 |
| Agriculture | 100,210 | 35,932 | 69,674 | 183,997 | 389,813 |
| Individuals | 244,077 | | 63,817 | | 307,894 |
| Other | 53,024 | 31,050 | 4,102 | 611 | 88,788 |
| **Total** | **510,225** | **291,001** | **151,872** | **252,883** | **1,205,982** |

Expenses related to impairment of financial assets/provisions for the period 01.01.2024 - 31.12.2024 are shown in the table below

| **Category** | **MDL** |
|---|---|
| Cheltuieli aferente deprecierii creditelor | 127,566 |
| Cheltuieli aferente deprecierii altor active | 2,898 |
| Cheltuieli aferente provizioanelor pentru angajamente condiționale | -1,675 |
| **Total** | **128,788** |

## ***Disclosure requirements covered by art. 67 (8) of the NBM Regulation No. 158/2020***

The Bank has no impaired and/or outstanding assets in geographical areas other than the Republic of Moldova. Their amounts are shown in the tables above.

***<u>Disclosure requirements covered by art. 67 (9) of the NBM Regulation No. 158/2020</u>***

Variations in specific and general adjustments related to impaired exposures are shown in the following table:

| | **Collectively assessed adjustments** | **Adjustments assessed at individual level** | **Total** |
|---|---|---|---|
| **Opening balance** | 136,572 | 295,819 | 432,391 |
| Increases due to initiation and acquisition | 4,130 | 4 | 4,134 |
| Decreases due to de-recognition | 33,218 | 23,515 | 56,734 |
| Variations due to change in credit risk (net) | 144,931 | -35,545 | 109,386 |
| Decrease in the account for impairment adjustments due to off-balance sheet items | 78,475 | 5,659 | 84,133 |
| Other adjustments | -22,060 | 21,773 | -287 |
| **Closing balance** | **151,879** | **252,876** | **404,756** |

# EQUITY EXPOSURES NOT INCLUDED IN THE TRADING PORTFOLIO

## ***Disclosure requirements covered by art. 69 (1) of the NBM Regulation No. 158/2020***

Equity securities held by the bank are attributed to the held at fair value through other comprehensive income (FVOCI) category. Based on the Bank business model and the purpose for which the Bank makes an investment in equity instruments, the Bank business model is not based on holding investments for trading purposes and earning a short-term profit or maximizing profits from changes in fair value.

Some of the basic arguments for designating financial assets in the objective category arise from their related business model, i.e. the managerial vision for holding these assets, namely:

1. the performance of these assets is not valued on the basis of frequent trading, the most important factor being the interest income recognized or impairment charges recognized;
2. sales of these assets is a rare process and investments held and subsequently sold have been present in the investment portfolio for a long time;
3. the objective for holding them is to collect the interest (dividends) attached to these assets and if necessary to sell them;
4. the fair value through profit or loss (FVPL) model is a central model positioned on asset management to achieve fair value, which is not primary for the items in the bank investment portfolio, and we summarize below for each that this is not advisable.

In the accounting records, equity securities are initially recognized at fair value. Subsequently, changes in fair value for this category of financial instruments are recognized in other comprehensive income. Dividend income, relating to those securities, is included in dividend income in the profit or loss account.

For some holdings in equity securities, fair value has been replaced by their cost, i.e. in the case of the impossibility of determining fair value, the lack of cost-effectiveness in determining it, primarily due to a low threshold of significance of their value, and the absence of any change in the issuer's financial position.

The Bank also holds equity securities in subsidiary companies and their reflection in the individual financial statements arises from their specificity and the fact that they are part of the Bank Group using the cost method under IAS 27 and tested for impairment.

## ***Disclosure requirements covered by art. 69 (2) of the NBM Regulation No. 158/2020***

As at 31.12.2024, there are no equity securities listed on a stock exchange.

The following table shows the equity securities held by the bank in its investment portfolio:

| **N/d** | **Name of issuer** | **Cost value, MDL** | **Provision for impairment, MDL** | Revaluation reserves**, MLD** | **Accounting value (IRFS), MDL** |
|---|---|---|---|---|---|
| **Investment in branches (1561)** | | | | | |
| **1** | "MAIB-Leasing" SA | 163,452,000.00 | 0.00 | 0.00 | 163,452,000.00 |

| | | | | | |
|---|---|---|---|---|---|
| **2** | "MoldMediaCard" SRL | 11,521,668.59 | 0.00 | 0.00 | 11,521,668.59 |
| **3** | ”MAIB TECH” SRL | 100,000.00 | 0.00 | 0.00 | 100,000.00 |
| | ***Total (1561)*** | 175,073,668.59 | ***0.00*** | ***0.00*** | **175,073,668.59** |
| **Shares and units at fair value through comprehensive income (1162)** | | | | | |
| **3** | Î.M. "Piele" SA | 1,633,489.83 | 1,633,489.83 | 0.00 | 0.00 |
| **4** | "Bursa de valori din Moldova" SA | 335,470.00 | 0.00 | 0.00 | 335,470.00 |
| **5** | Î.M. "Biroul de Credit" S.R.L. | 2,348,650.00 | 0.00 | 0.00 | 2,348,650.00 |
| **6** | S.W.I.F.T. SCRL | 2,541,929.15 | 0.00 | 852,415.74 | 3,394,344.89 |
| **7** | "Depozitarul Central Unic al Valorilor Mobiliare" S.A. | 50,000.00 | 0.00 | 0.00 | 50,000.00 |
| | | | | | |
| | ***Total (1162)*** | **6,909,538.98** | **1,633,489.83** | **852,415.74** | **6,128,464.89** |
| | **TOTAL** | **181,983,207.57** | **1,633,489.83** | **852,415.74** | **181,202,133.48** |

***Disclosure requirements covered by art. 69 (3) of the NBM Regulation No. 158/2020***

As at 31.12.2024, the bank does not hold any listed equity securities.

***Disclosure requirements covered by art. 69 (4) of the NBM Regulation No. 158/2020***

During the period: from January to December 2024 there were no sales and/or liquidations of equity securities held by the bank.

***Disclosure requirements covered by art. 69 (5) of the NBM Regulation No. 158/2020***

The bank has no retained profits or losses, revaluation latent profits or losses included in core tier 1 equity.

## INTEREST RATE RISK EXPOSURE RELATED TO POSITIONS NOT INCLUDED IN THE TRADING PORTFOLIO:

***Disclosure requirements covered by art. 70 (1) of the NBM Regulation No. 158/2020***

The bank exposure to interest rate risk outside the trading portfolio (IRRBB) arises as a result of attracting and placing funds sensitive to changes in interest rates. The Bank identifies the following sources of risk IRRBB: imperfect correlations between the maturity date of cash flows or the repricing date of interest-bearing assets and liabilities, adverse yield curve evolution (slope and shape variation) and different correlation between the change in the rates to be received and to be paid for resources attracted and placed with similar, but not identical, repricing characteristics.

The Bank manages the IRRBB risk by monitoring the GAP (uncorrelations) regarding the interest rate, analyzing the sensitivity of the net interest income, as well as the potential change in the economic value, establishing the system of internal limits and indicators, within Policy on the Management of market and interest rate risk within BC "MAIB" S.A.

The subunit that monitors compliance with these limits is the Financial and Operational Risk Management Department. Reporting on IRRBB risk exposure is made at least monthly to the ALCO Committee, the Bank Management Board, the Risk Committee and the Bank Supervisory Board.

To measure IRRBB risk, the bank uses GAP-based analysis between interest-rate-sensitive assets and interest-rate-sensitive liabilities, in which cash flows related to interest-rate-sensitive assets and liabilities are grouped according to contractual maturity or contractual timing of interest rate changes.

## *Disclosure requirements covered by art. 70 (2) of the NBM Regulation No. 158/2020*

The analysis of the sensitivity of the net interest income in the perspective of the 12-month horizon (∆NII) and the potential change in the economic value of the bank (∆EVE) is carried out, based on predefined scenarios of changes in interest rate levels (stress conditions). The calculation of the potential change in economic value is carried out as a result of the application of sudden and unexpected changes in interest rates, including using the standard shock of a size of 200 basis points, in both directions for MDL, USD, EUR currencies.

## *Disclosure requirements covered by art. 71 (1) of the NBM Regulation No. 158/2020*

Leverage indicator details:

miln MDL

| Category | 31.12.2024 | 31.12.2023 |
|---|---|---|
| Level 1 own funds | 6,116 | 5,975 |
| Total exposure | 66,851 | 57,865 |
| Leverage ratio | **9.15%** | **10.33%** |

## *Disclosure requirements covered by art. 71 (2) of the NBM Regulation No. 158/2020*

For the purpose of detailing and reconciling the value of the total exposure, the components of the Total Exposures indicator are presented in detail, with appropriate references to the notes to the financial statements for the year 2024:

***MDL***

| Classes of exposures | Total exposures to 31.12.2024 |
|---|---|
| Balance sheet presentations | 60,461,004 |
| Off-balance sheet exposures | 6,390,008 |
| **Total** | **66,851,013** |

***MDL***

| No | Referance | Indicator | 31.12.2024 |
|---|---|---|---|
| 1 | Financial statements for 2024 | Total assets | 59,517,816 |
| 2 | Financial statements 2024 | Intangible assets | 315,205 |
| 3 | Depreciation as per Notes 8,10,13,14,15 la SF 2024 | Impaitment of financial assets | 1,258,394 |
| 4 | Note 26 at SF 2024 | Off –balance sheet bonds | 6,390,008 |
| **5** | **5=1-2+3+4** | **Total Exposures** | **66,851,013** |

***Disclosure requirements covered by art. 71 (4) of the NBM Regulation No. 158/2020***

In order to manage leverage risk, and other significant risks, the bank has a Recovery Plan approved in accordance with the legal provisions in force. Thus the bank to maintain the risk and leverage at a permissible level is ensured by complying with the capital requirements and internal regulations of the Treasury Department (Orchestra), including those related to the Dividend Policy. The Bank shall monitor leverage on an ongoing basis, as well as its Tier 1 capital and total exposure metrics. In accordance with the preventive measures, applied in case of violation of the established levels of early warning signals the bank may: minimize or refrain from capital distribution, optimize the lending obligations, examine the opportunities to sell the bank's assets (financial assets, fixed assets, etc.).

**ANNEX 1**

## Total info on the bank:

| | Management body with supervisory function | Management body with executive function | Corporate Activity | SME activity | Retail activity | Internal control functions | Other areas of activity |
|---|---|---|---|---|---|---|---|
| **Number of staff members** | 7 | 6 | | | | | |
| **Total number of employees** | | 6 | 49 | 262 | 1,215 | 130 | 1,204 |
| **Total net profit in 2024 (thousands MDL)** | | | | | | | |
| **Total remuneration (thousands MDL), including:** | 8,662 | 49,212 | 30,683 | 92,347 | 228,343 | 61,807 | 432,586 |
| - **Fixed Remuneration** | 8,662 | 31,777 | 23,610 | 72,781 | 188,271 | 52,093 | 387,608 |
| - **Variable remuneration** | | 17,435 | 7,073 | 19,567 | 40,072 | 9,714 | 44,978 |
| **Number of beneficiaries of guaranteed variable remuneration** | | | | | | | |
| **Total amount of guaranteed variable remuneration (thousand MDL)** | | | | | | | |

## Info on staff referred to in art.39 paragraph (1) of Law no.202/2017:

| | Management body with supervisory function | Management body with executive function | Corporate Activity | SME activity | Retail activity | Internal control functions | Other areas of activity |
|---|---|---|---|---|---|---|---|
| **Number of staff members** | 7 | 6 | 10 | 6 | 4 | 8 | 93 |
| **Number of beneficiaries of fixed remuneration** | 7 | 6 | 10 | 6 | 4 | 8 | 93 |
| **Total fixed remuneration (thousands MDL)** | 8,662 | 49,212 | 10,602 | 6,047 | 3,625 | 7,744 | 85,684 |
| **Number of beneficiaries of variable remuneration** | | 6 | 10 | 6 | 4 | 8 | 93 |
| **Total variable remuneration (thousands MDL), including:** | | 17,435 | 3725 | 454 | 303 | 2,082 | 12,786 |
| - **Cash** | | | | | | | |
| - **Shares and share-related instruments** | | | | | | | |
| - **Other types of instruments** | | | | | | | |
| **Deferred remuneration due and unpaid (thousands MDL), inclusive:** | | 25,574 | 146 | 2 | | 240 | 615 |
| - **for which the eligibility criteria have been met** | | | | | | | |
| - **for which the eligibility criteria have not been met** | | 25,574 | 146 | | | 240 | 615 |
| **Deferred compensation awarded during FY2024 paid and reduced through performance adjustments** | | | | | | | |
| **Number of beneficiaries of welcome and starting payments for newly employed staff** | | | | | | | |
| **Total amount of welcome and starting payments for newly recruited staff** | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Number of recipients of compensation payments for early termination of employment during the financial year 2024** | | | | | | | |
| **Total amount of compensation payments related to early termination of employment granted during the financial year 2024** | | | | | | | |
| **Largest compensation payment related to early termination of employment awarded to a single person in FY2024** | | | | | | | |

## Number of staff with remuneration level during 2024 greater than 1 million lei

| **Remuneration level (thousand MDL)** | **1,000-1,500** | **1,500-2,000** | **2,000-2,500** | **2,500-3,000** | **3,000-3,500** | **3,500-4,000** | **4,000-4,500** | **4,500-5,000** | **5,000-6,000** | **6,000-7,000** | **7,000-8,000** | **8,000-9,000** | **> 9,000** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Number of staff** | 47 | 6 | 1 | 2 | | | 1 | 3 | 1 | | 1 | 1 | 1 |



Chairman of the Board of Directors

Vytautas Plunksnis ____________

Deputy Chairwoman of the Management Board

Stela Recean ____________