

**professional**



**we will  
always be:  
customer  
centric**

**innovative**



**transparent**

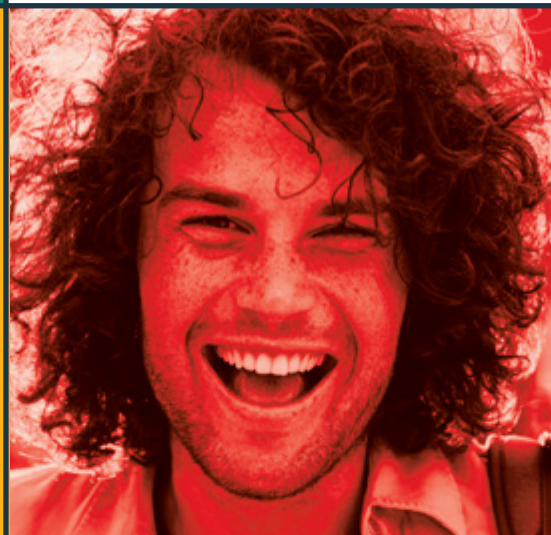
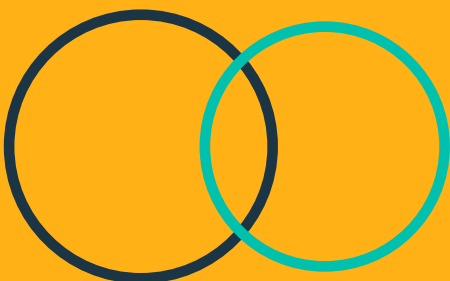


**agile**



 **maib**  
**annual report**  
**2021**

**trustworthy**



**team-spirited**



# management consolidated report

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**maib at  
a glance**



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

In the pages of this report we refer to:

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

**Maib** is the largest bank in Moldova and the leader of Moldovan banking sector. In 2021 maib celebrated 30 year anniversary. It is a commercial bank that lends to businesses and individuals, takes deposits, maintains current accounts, provides payment solutions for businesses and individuals. **Maib** invests own funds and provides brokerage service. It has 2 subsidiaries – a leasing company and a card processing operation. Its sole geographic focus is Moldova.



## Leadership

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

### market share

total assets	31%	#1
total loans	35%	#1
total deposits	32%	#1
loans to individuals	30%	#1
loans to bussiness	38%	#1
deposits of individuals	34%	#1
deposits of bussiness	28%	#1

Moldovan banking market

## customer base

**Maib** has a wide customer base of over 900,000 individuals, businesses and other organizations.

### RETAIL

**873** Thousand clients

- Market leader in the segment by deposits
- Leading bang among affluent customers
- Strong position among mass retail customers
- Consistent business volumes expansion

### SME

**28** Thousand clients

- Emerging leader in the SME segment
- Strong focus on winning market share in the segment
- Highest growing segment in bank's portfolio

### CORPORATE

**416** clients

- Established business relationships with many of the key corporate clients in Moldova
- Diversified product offering
- Estimated market share - nearly 50% of corporate clients in Moldova



## employees

There are nearly 2,718 people working at **maib**, including 2,339 full time employees. It is one of the largest private employers in the country.

# distribution network



**maib**

**292**

**9.8k**

**144**

competitor 1

256

7.1k

164

competitor 2

189

7k

85

competitor 3

149

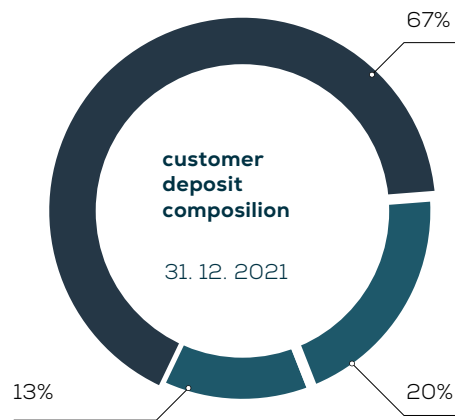
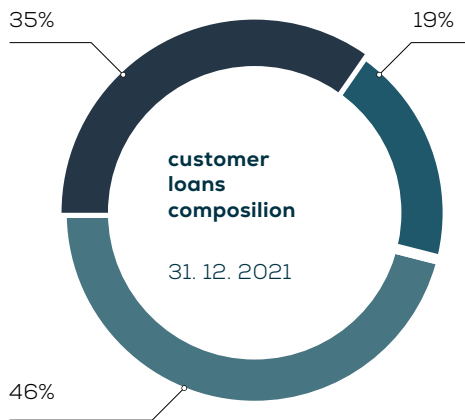
1.6k

75

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

It has over 140 branches and agencies, nearly 300 ATMs and nearly 10,000 POS terminals installed all around Moldova.

# key business segments



● Retail

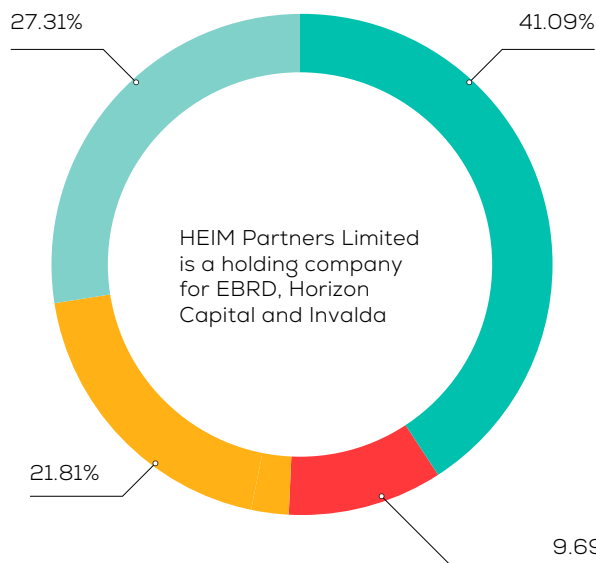
● SME

● Corporate

**Maib** funds itself primarily via deposits it takes from customers and own funds. In 2021 it has taken out a subordinated loan, first deal of its kind in Moldovan banking.

# maib shareholder structure

**Maib** has a wide shareholder base of over 3,500 shareholders, comprising professional investors, businesses and individuals. It pays a regular dividend (when permitted by National Bank of Moldova).



● HEIM Partners Limited

● Shareholders Association

● Shareholders with over 1% each

● Other shareholders

# 2021 highlights

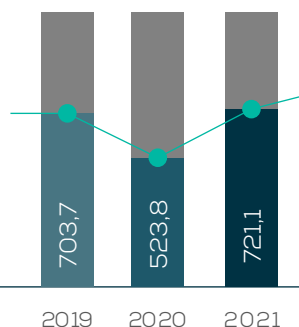
# financial highlights\*

## NET INCOME

(million MDL)

**721.1**

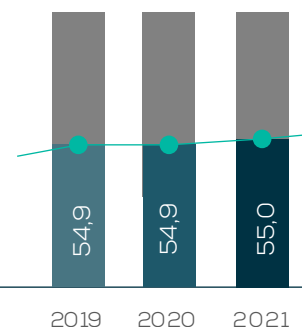
+37.7% y-o-y



## COST TO INCOME RATIO

**55.0**

+0.1 p.p. y-o-y

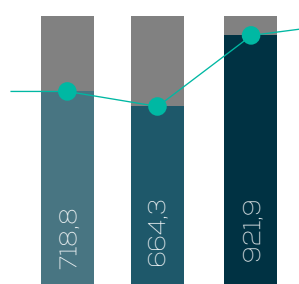


## PRE-PROVISION OPERATING PROFIT

(million MDL)

**921.9**

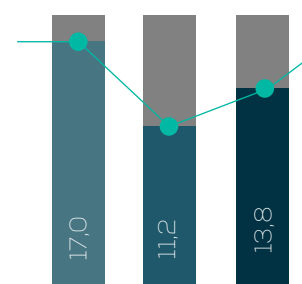
+38.8% y-o-y



## RETURN ON EQUITY

**13.8%**

+2.6 p.p. y-o-y

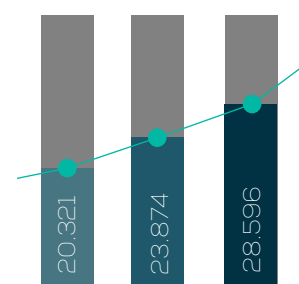


## TOTAL DEPOSITS

(million MDL)

**28,596**

+19.8% y-o-y

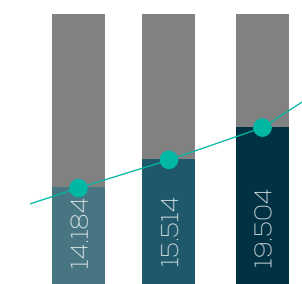


## TOTAL LOANS

(million MDL)

**19,504**

+25.7% y-o-y

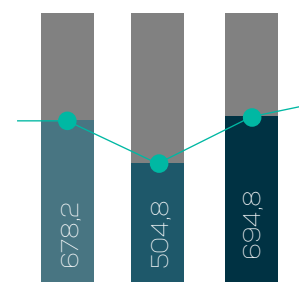


## BASIC EARNINGS PER SHARE

(MDL)

**694.8**

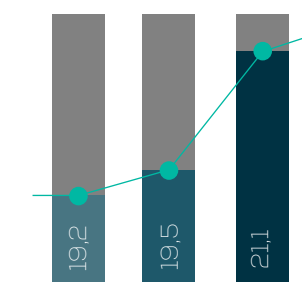
+37.6% y-o-y



## TOTAL CAPITAL RATIO

**21.1**

+1.6 p.p. y-o-y



\* **Maib** (standalone) represents about 99% of the net profit of the group, for indicators on subsidiaries see the audited financial report.

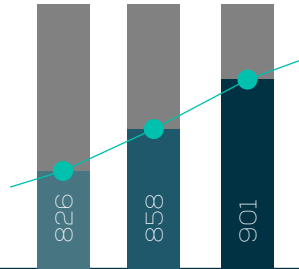


# operating highlights

## NUMBER OF CLIENTS

**901k**

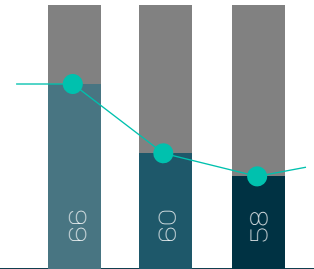
+5% y-o-y



## BANKING BRANCHES

**58**

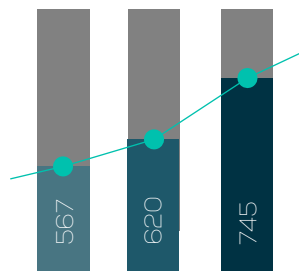
2 y-o-y



## NUMBER OF CARDS

**745k**

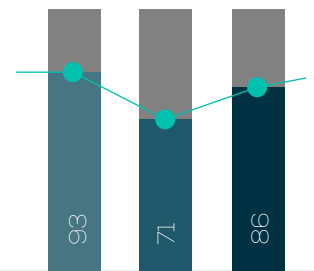
+20% y-o-y



## AGENCIES

**86**

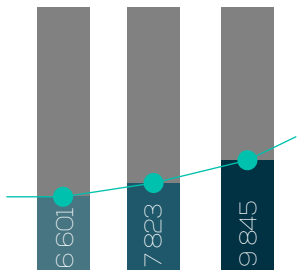
+15 y-o-y



## POS TERMINALS

**9 845**

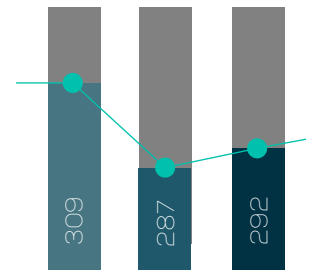
+2022 y-o-y



## ATMS

**292**

+5 y-o-y



## TOTAL MAIBANK USERS

**297k**

+75% y-o-y

## MAIBANK NUMBER OF OPERATIONS

**5 638k**

X2.1 y-o-y

# our history

we will always be customer centric



The 1313 Contact Centre short number is launched;

The gama cards are launched in partnership with Mastercard;

LiberCard – the first instalment – and interest-free shopping card – is launched;

The Instant card is introduced;

The first self-service area is installed with POS terminals in a supermarket;

The threshold of 1,000,000 VISA cards issued by maib is exceeded;

The Bank is recertified to the Information Security Management Standard ISO 27001: 2017.



- A new chairman is elected – Giorgi Shagidze;
- An updated development strategy for 2021-2024 with a new mission, vision and values is adopted;
- A pilot project of cashless payments in public transport in Chisinau is launched in partnership with Mastercard;
- The opening of maib's first Mortgage Centre;
- A donation in the amount of MDL 1 million is given to the Emergency Medicine Institute.



- HEIM Partners Limited acquired 41.09% of maib shares;
- Lunch Card e-tickets are launched on the Moldovan market;
- The EASI Banking facility is implemented for the maib Internet Banking users;
- The P2P option is introduced for individuals;
- Batch payments become available to Bank clients;
- Effective AML/CFT solutions are implemented;
- The Back Office is automatized;
- Operations are becoming more centralised and are being excluded from branches;
- Customer service work is being optimised;
- The first Youth Centre "Maib Studio Avanti" is inaugurated.



2012  
2016

- An extensive transformation process is launched across several business lines to increase service efficiency and quality;
- The Bank changes its logo and goes through a rebranding process;
- Maib obtains the right to service territorial treasuries and customs institutions;
- Beneficiaries of social security payments start to take advantage of the Bank's services;
- The physical network is expanded up to 104 branches and agencies, 214 ATMs, 3025 POS terminals, 5 non-stop self-service banking centres and 37 self-service areas;
- The Bank strengthens its positions, holding 26.3% share in assets, 28.7% - in loans, 27.8% - in deposits;
- The partnership agreement with American Express is signed, maib has the right to accept and issue American Express bank cards;
- The Bancassurance product is launched;
- A new chairman is elected – Serghei Cebotari;
- Maib becomes one of the largest employers in the country with over 1500 employees;
- Maib obtains membership of the European Business Association.



2000  
2006

- EBRD and Western NIS exit the Bank by selling their shares;
- The Bank is focusing its efforts on developing electronic networks for selling banking products;
- Maib extended its network up to 92 direct POS for banking products and 383 electronic POS;
- The total number of clients reaches 200 thousand individuals and legal entities;



2007  
2011

- Maib becomes the first bank in the country to hold the international registration certificate of its trademark;
- Maib becomes the first banking institution in Moldova to be certified according to the information security management standard - ISO 27001:2005;
- VISA and Mastercard chip cards are launched;
- The Cash-In service solution is applied;
- The telephone customer service system is developed and InfoCentru and InfoTel services are created;
- Several financing agreements with international organisations were concluded;
- The right to manage "Millennium Challenge" Fund accounts under the Compact program was achieved;
- A pilot project for the Internet-Banking service for individuals is launched.



- The volume of deposits increased by 47% for retail segment and by 60% for legal entities;
- The first leasing company in Moldova is launched by **maib**;
- **Maib** Business Centre is created;
- The Bank becomes a member of the VISA International system and expands its product range based on bank cards;
- The subsidiary company Moldmediacard is founded;
- EBRD and Western NIS Enterprise Fund invest in **maib**'s share capital.



- The daily balance sheet, the single correspondent account and electronic post are implemented;
- The Bank is connected to the REUTER and SWIFT information systems;
- The first agreement with EBRD is signed;
- The first assessment of the loan portfolio in accordance with international banking standards is performed;
- **Maib** becomes the founder of Moldova Stock Exchange;
- The Bank widens its range of services;
- **Maib** becomes a founding member of the privatisation funds "Agrofond", "Dividend" and the corporation "Vininvest";
- The Bank obtains a licence to carry out banking operations;
- The Commercial Bank "Moldova Agroindbank" S.A. is founded.



- The domain and the official website [www.maib.md](http://www.maib.md) are registered;
- The loan and customer portfolio are in constant increase;
- The Bank records an increase in financial ratios;
- The foundations were laid for the structuring of the corporate client segment;
- **Maib** begins to collaborate with the Sudzucker concern (Germany);
- **Maib** becomes an active participant in the corporate investment market;
- The first logo is registered with the State Agency for Intellectual Property;
- **Maib** is declared the leader in the banking system of the Republic of Moldova according to various indicators;
- The "Asset and Liability Management Committee" is established within the Bank.

# 2021 financial performance

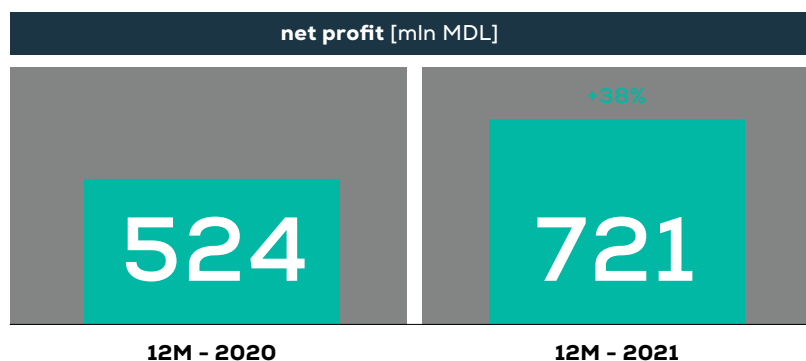
The Group's net profit increased by 35.2% compared to 2020, based on a robust improvement of business across several key segments, supported by a favorable economic environment.

We focused on sustainable development and the implementation of strategic initiatives that create long-term value for shareholders, as well as on offering quality products that meet the ever-changing needs of our clients.

## Consolidated and Standalone statement of profit or loss and other comprehensive income

	maib consolidated			maib		
	2021	2020	Change y-o-y	2021	2020	Change y-o-y
Net interest income	1,327,615	1,014,851	30.82%	1,312,718	1,004,291	30.71%
Net fee and commission income	373,794	325,704	14.76%	347,568	299,378	16.10%
Net foreign currency gain	324,684	342,831	-5.29%	328,990	340,787	-3.46%
Other income	84,990	106,678	-20.33%	74,794	100,716	-25.74%
Operating income	2,111,083	1,790,064	17.93%	2,064,070	1,745,172	18.27%
Operating expenses	(1,172,291)	(1,105,308)	6.06%	(1,142,146)	(1,080,910)	5.67%
Operating income before cost of risk	938,792	684,756	37.10%	921,924	664,262	38.79%
Cost of risk	(106,641)	(82,774)	28.83%	(100,601)	(80,247)	25.36%
Profit before income tax	832,151	601,982	38.24%	821,323	584,015	40.63%
Income tax expense	(102,945)	(62,763)	64.02%	(100,245)	(60,204)	66.51%
Profit	729,206	539,219	35.23%	721,078	523,811	37.66%

**Net profit.** In 2021, maib ended the year with a net profit of 721 million lei, which represents an increase of 37.7% compared to 2020. The solid improvement of Bank's performance is due to organic and balanced growth in all segments and across all products in the Bank portfolio.



**Net interest income.** Net interest income increased by 30.7% thanks to the increase of the loan portfolio by 26% combined with a strong net interest margin of 4.2%.

**+31%**  
y-o-y to 2020

**1 313 mln MDL**  
net interest income

**+61%**  
y-o-y to 2020

**212.7 mln MDL**  
income from treasury operations

**Income from treasury operations.** Most of this income comes from interest on the state securities and certificates of NBM held by maib (85% of the total). On average the portfolio of these investments went up by 61% compared to prior year. The corresponding income increased by 61%, reaching MDL 212.7 million.

**Gains on foreign currency transactions.** The stability of the national currency in 2021 led to smaller gains on foreign currency transactions. Despite increasing volumes of transfers through accounts by 39% and exchange points by 29%, the decreasing margin on such transactions led to 3.5% overall decrease compared to 2020 and amounted to about 329 million MDL.

**-3.5%**  
y-o-y to 2020

**329** mln  
MDL  
gains on foreign  
currency transactions

**-0.36** p.p. **1.32%**  
y-o-y to 2020 cost of funding

**The cost of funding.** The cost of funding was 1.32%, decreasing by 0.36p.p compared to 2020, mainly thanks to the decrease of 0.74 p.p. of the average rate on deposits of businesses and by 0.55 percentage points on deposits of retail clients.

**Net income from fees and commissions.** Increased competition put pressure on commission income. Net fee income increased by 16.1%. Revenue from fees and commissions increased by 32.1% with volumes of card transaction up by 54% (merchant operations and the Bank flex system). Fee and commission expenses increased by 53.2% as the fees applied by the payment systems increased as well as the expenses of the acquiring network.

**+16.1%**  
y-o-y to 2020

**348** mln  
MDL  
net income from  
fees and commissions

**+5.7%** **1 142** mln  
y-o-y to 2020 MDL  
operational  
expenses

**Operational expenses.** The growth of operating income (+18.3%) exceeded the increase in operating expenses (+5.7%). Remuneration and compensation expenses increased by 21.1%. Partly this increase is due to low base effect as 2020 was deeply impacted by COVID pandemic, which led to vacancies in front office remaining unfilled. At the same time, the bonus system was put in place for the front office based on the KPIs, which led to some increase on the remuneration expenses. Other operating expenses experienced a large increase (+38.9%) due to the increase in costs for consulting, marketing, repairs, maintenance, purchases of POS terminals. Impairment expenses for property, plant and equipment and intangible assets decreased as a result of the implementation of new impairment rates in the new accounting policy.

**The cost of risk.** The cost of risk decreased by 0.19p.p. amid the robust economic recovery in the country. The quality of the loan portfolio reflects this improved environment, with the NPL ratio decreasing substantially.

**-0.19** p.p. **101** mln  
y-o-y to 2020 MDL  
cost of risk

# financial position at the end of 2021

Consolidated and Standalone statement of financial position

	maib consolidated			maib		
	2021	2020	Change y-o-y	2021	2020	Change y-o-y
<b>Liquid assets</b>	16,561,137	13,915,146	19.02%	16,542,304	13,896,249	19.04%
Cash	1,170,658	971,828	20.46%	1,170,643	971,777	20.46%
Amounts due from credit institutions	11,315,660	8,744,109	29.41%	11,315,420	8,743,891	29.41%
Investment securities	4,074,819	4,199,209	-2.96%	4,056,241	4,180,581	-2.97%
<b>Loans to customers and finance lease receivables</b>	18,843,957	14,810,544	27.23%	18,664,513	14,669,321	27.24%
<b>Property and equipment, intangibles</b>	1,677,496	1,411,506	18.84%	1,659,389	1,395,645	18.90%
<b>Other assets</b>	241,382	301,587	-19.96%	330,466	330,974	-0.15%
<b>Total assets</b>	<b>37,323,972</b>	<b>30,438,783</b>	<b>22.62%</b>	<b>37,196,672</b>	<b>30,292,190</b>	<b>22.79%</b>
<b>Client deposits</b>	28,570,646	23,851,101	19.79%	28,596,152	23,874,382	19.78%
<b>Amounts due to credit institutions</b>	2,268,073	1,088,328	108.40%	2,178,860	980,877	122.13%
Borrowings	2,249,615	1,072,086	109.84%	2,160,402	964,635	123.96%
Loans and deposits from banks	18,458	16,242	13.64%	18,458	16,242	13.65%
<b>Other liabilities</b>	985,389	486,909	102.38%	975,128	469,334	107.77%
<b>Total liabilities</b>	<b>31,824,108</b>	<b>25,426,338</b>	<b>25.16%</b>	<b>31,750,140</b>	<b>25,324,593</b>	<b>25.37%</b>
<b>Total equity</b>	5,499,864	5,012,445	9.72%	5,446,532	4,967,597	9.64%
<b>Total equity and liabilities</b>	<b>37,323,972</b>	<b>30,438,783</b>	<b>22.62%</b>	<b>37,196,672</b>	<b>30,292,190</b>	<b>22.79%</b>

Maib's balance sheet has grown substantially during the year, financed mainly through deposits from customers, own profitability and a large subordinated loan.

**Assets.** Maib's share of total assets of the banking industry has increased by 2.2 percentage points to 31.4%, maintaining our leading position, despite the effects of the pandemic and signs of increasing competition. Bank's total assets totalled over MDL 37.2 billion, up by 23% compared to 2020, largest proportion of which being loans (53%), up by 1p.p. compared to the previous year.

**Liquidity.** Throughout 2021 we maintained a robust level of liquidity. The liquidity coverage requirement by the NBM (the objective is to ensure a sufficient volume of liquid assets to cover the liquidity needs during a period of 30 days) constituted 281.2%, significantly higher than the required level.

## Current Liquidity[%]

43.6%

31.12.2020

44.3%

31.12.2021

## Regulatory capital [mln MDL]

3,511

19.5%

31.12.2020

4,474

21.1%

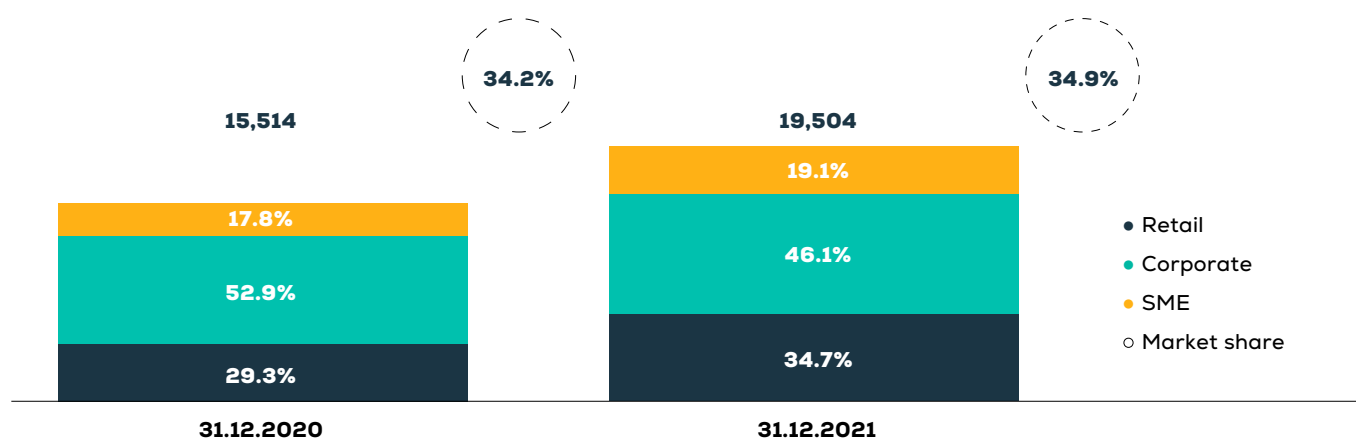
31.12.2021

**Capital.** For 2021 maib report a Tier 1 Capital ratio of 19.7% and Total Capital ratio of 21.1%, higher than the regulatory requirement of 18.5%, and higher than the level recorded in 2020 of 19.5%. This increase was supported by the growing profitability of the business, the sale of the stake in Visa (119 million MDL) and the subordinated loan attracted in December 2021 (299.8 million MDL). Risk-weighted assets rose to their highest, driven by increased exposures for credit risk by 19%.

**Loan portfolio.** Through its customer-oriented approach, **maib** has adapted its lending products to the demands of the market and to the needs of our customers. We have focused on increasing the number and volumes of loans as well as improving the response time and approval of customer requests. Consumer loans have seen a remarkable evolution in 2021. The consumer loan portfolio increased by 57% or MDL 2.2 billion. Although branches remain the main sales channel, we have developed the **maibank** application to offer the possibility of taking out a 100% online consumer loan in just a few minutes. By the end of 2021, about 35% of the new consumer loans were already granted via the application. Another important

improvement which helped grow the retail loan portfolio was the availability of pre-approved loans for **maib** existing customers based on their financial data. We have stepped up our efforts to grow the mortgage portfolio, strengthening our collaborative relationships with real estate agencies by forming fruitful partnerships. Our competitive interest rate offer of about 8 percent, increased the real estate loan portfolio by 42 percent. Financing solutions for Corporate and SME clients further strengthened the upward trajectory of the national economy through a portfolio increase of about 1.8 billion MDL. SME loan portfolio in particular was up 35% with robust gains in market share. Overall, the bank's loan portfolio increased by 26% or MDL 4 billion.

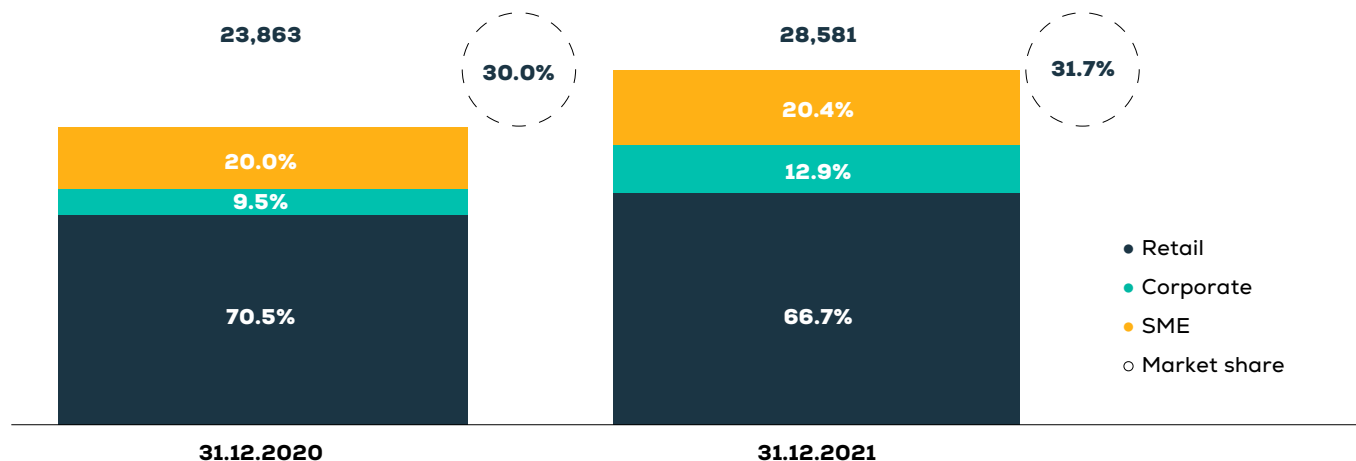
Loan Portfolio[mIn MDL]



**Deposits.** Customer deposits showed a sustained growth rate of 20% or MDL 4.7 billion, mainly due to the increase of the current accounts by 34%. Current accounts made up 54% of the total portfolio. **Maib**'s loan-to-deposit ratio went up by 4 p.p., reaching 69% as a result of lending outpacing

deposit taking. This is still a comfortable level and one of the lowest among international peers. Ample room for further growth in lending out of deposits while maintaining strong level of liquidity remains.

Deposit portfolio breakdown[mIn MDL]





# key performance indicators\*

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## profitability

**net profit MDL 721m**  
(2020: MDL 524m)

**ROE 13.8%**  
(2020: 11.2%)

**net interest margin 4.2%**  
(4.0%)

**cost to income 55%**  
(2020: 54.9%)

Strong growth in net profit and increase in return on equity were driven by an explosive growth of consumer lending in the second half of 2021. This growth came from deferred consumption during COVID - hit 2020 as well as strong economic recovery in 2021.

The NBM lowered interest rate and the required reserves in MDL in April and May setting off a release of funds in the form of loans, most of which were in Retail and SME segments.

Cost to income remained flat due to the cost of a raft of new initiatives as well as inflationary pressures.

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## loan book/balance sheet

**loan book growth 26%**  
(2020: 9%)

**NPL 3.9%**  
(2020: 4.7%)

**NPL coverage 1.6**  
(2020: 1.4)

**loan book market share 34.9%**  
(2020: 34.2%)

**loans to deposits ratio 68.2%**  
(2020: 65.0%)

Despite strong growth in lending, **maib** managed to do so in a measured and conservative way. Due to the change in the mix of loans across segments towards less risky Retail and SME loans there was a dropoff in NPL ratio. NPL coverage improved reflecting our prudent approach.

We gained market share thanks to particularly strong gains in SME segment and also in Retail segment. Loans to deposits ratio increased, but is still far below the average in peer group countries. This leaves us ample room for growth in lending.

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\* Key Performance Indicators relate to **maib** standalone results

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## non-financial KPIs

**NPS 52**

(6/2021: 51)

**employee engagement 86%**

(2020: 88%)

**digital app users 297,000**

(2020: 178,000)

**daily users/monthly users 34.0%**

(2020: 31.4%)

Our Net Promoter Score (NPS) improved slightly as the clients processed our re-branding at the end of 2021.

Digital app **maibank** recorded very strong growth during the year reflecting not just growing digital adoption but also improved features. We also saw users being more active on the app more often, sending more money, transacting more, taking out more loans and making more deposits.

Our Employee Engagement dropped off slightly but remains very high in comparison with industry standard and across industries.

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## capital adequacy and liquidity

**CET1 19.7%**

(2020: 19.5%)

**total capital 21.1%**

(2020: 19.5%)

**liquidity 44.3%**

(43.7%)

**Maib** is the principal systemically important bank in Moldova. As such we are required to maintain the highest cyclical buffer in total capital. Improvement in total capital ratio reflects the drawing of a subordinated loan in December 2021, which qualified as Tier 2 capital.

# 2021 operating highlights

## rebranding

In October, **maib** announced a refreshed brand identity. This rebranding is reshaping all its customer points of contact – the branch network, the digital app, the website, all external communications and visual identity. In a series of events, the new brand was introduced to the public over the course of several weeks. A refurbished model branch with a new customer-centric design opened its doors in Chisinau. The rebranding aims to communicate **maib**'s new strategy. This strategy focuses on creating a new standard of customer experience by providing relevant products and services to customers that are fully aligned with their needs and lifestyle. The new visual identity reflects the leading position of the Bank in both the traditional distribution network as well as digital communication channels.



## Moldovan Capital Markets day on the London Stock Exchange

On November 15<sup>th</sup>, **maib** participated in the inaugural Moldovan Capital Markets Day held at the London Stock Exchange. This was an event organised by **maib** in partnership with the London Stock Exchange and Renaissance Capital. Moldovan Capital Markets Day presented an opportunity to open Moldova up to the international investor community. Additionally, the event highlighted the progress of the country and its vision, as well as introduce some of the most successful companies from Moldova. It featured the Prime Minister of Moldova, Natalia Gavrilita, who took part in the Market Open ceremony and gave the opening speech of the forum. She was joined by Julia Hoggett, CEO of the London Stock Exchange, Odile Renaud-Basso, the President of the European Bank of Reconstruction and Development, and Octavian Armaşu, the Governor of the National Bank of Moldova. The event attracted the substantial interest of international investment community.



## subordinated loan

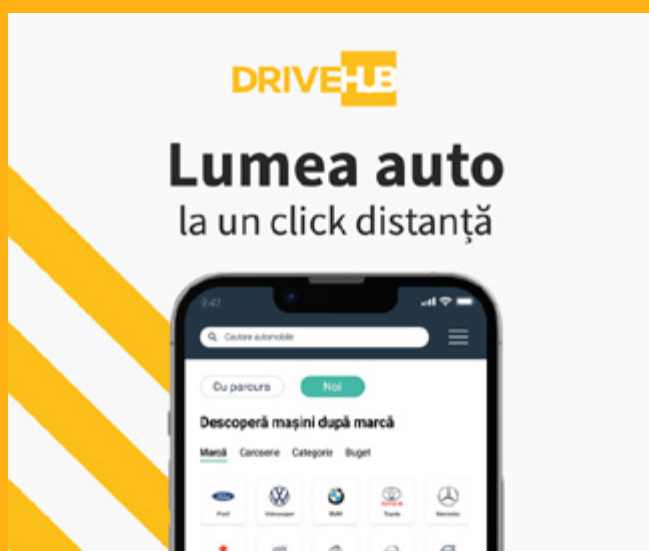
Also, in November, **maib** signed a subordinated loan agreement with the European Fund for South-eastern Europe (EFSE) in the amount of EUR 15 million. The loan's purpose is to finance micro, small and medium-sized enterprises (MSMEs) and help them increase competitiveness and resilience. This also helps safeguard them from potential exchange rate fluctuations. The loan meets the definition of Tier 2 capital, enabling **maib** to optimise capital structure and maintain a strong capital cushion. This transaction is first of its kind for a bank in Moldova.



EUROPEAN FUND FOR SOUTHEAST EUROPE

## first ecosystem auto365/DriveHub

In December, **maib** launched the first of its four planned ecosystems. Auto365/Drive/Hub is focused on car buyers and car sellers. All major car dealers and car resellers signed up to the platform. The offering contained over 3,500 cars. Further plans include adding a mobile version of the platform.



## agile transformation

In December, **maib** first announced plans to undergo an Agile transformation. This is a project that is envisioned to result in a long-term lasting organisational and cultural change. The project will also deliver tangible operating improvements. An agile model of operations is based on a flatter organisation structure, as opposed to a traditional hierarchical one. Organisational transformation will create new structure and processes. As a result, smaller, more agile teams would be able to achieve their goals underpinned by the Bank's "big picture" strategy. Cultural change will place decision making authority and ownership for the end result firmly with the people closer to customers.

**The desired results from the transformation will be the following:**

- an increase of the change execution speed through a simplified operating model;
- the ability to better respond and adapt to customer needs;
- an increase in productivity;
- an increase in employee engagement;
- an employer of choice for talent;
- and, ultimately, the capability to deliver higher returns to shareholders.

# long-term incentive plan

At the end of 2021, **maib** implemented the Long Term Incentive Plan (LTIP), under which stock buying options will be granted to top and middle management of the bank as part of their compensation package. The plan is structured on the basis of phantom options, and has a best practice approach to executive remuneration, designed to align management and shareholder incentives while placing the prudent and long-term development of the bank at the forefront.

# international recognition

In 2021, **maib** received a number of international accolades that recognised the Bank's leadership in Moldova. These included:

For the third consecutive year, **maib** has been recognized as the "Bank of the Year 2021 in Moldova" by the British financial magazine The Banker, part of the Financial Times group.

This year's award reconfirms **maib**'s position as an industry leader reshaping the future of banking in the country.

**Maib** has been named the Best Bank in Moldova at the Euromoney Awards 2021. The Euromoney Awards recognizes institutions with the highest level of customer service, innovation and financial expertise. This prestigious award underlines **maib**'s leading position in Moldovan banking system, as measured by market share, profitability and growth, as well as **maib**'s continued investments in customer service and innovation.



For the fifteenth consecutive year, the international publication Global Finance Magazine awarded **maib** the Best Bank in Moldova.

Industry experts analyzed such indicators as: growth in assets, profitability, geographic reach, strategic relationships, new business development and innovation in products, indicators that have outlined excellent results for **maib**. This international distinction once again reaffirms **maib**'s commitment and consistency to offer its customers the best banking products, services and experiences.

# 2021 social and environmental activities

The impact of the COVID-19 pandemic on the banking sector and other segments of the economy has brought about significant rethinking of priorities for each business. There has been a substantial shift toward more responsible business practices. These practices prioritise sustainable development, the wellbeing of employees and customers, social responsibility and giving back to communities. Internationally, corporate performance as measured by Environmental, Social, Governance (ESG) standards is being looked at increasingly by investors each year.

**Maib** has always been at the forefront of corporate social responsibility as we are the largest bank in the country. Each year, the Bank has been involved in projects focusing on social responsibility and the environment. Nonetheless, we believe that there are opportunities to improve and go further. The following is an overview of the projects that **maib** undertook in 2021.



Educational and networking initiatives promoting the start-up culture and IT sector such as FinTech Moldova Program, AgTech Accelerator, ROCKIT Conference;



Support of sports and an active lifestyle. Some examples are sponsoring the Moldovan Olympic team, participation of Bank employees and sponsorship of various sporting events;



Promotion of and contribution towards cultural activities such as "An Evening in the Park" concert and others;



Broader educational support such as signing an agreement with the Moldovan Academy of Economic Studies. This will be achieved by giving and sponsoring lectures to students covering a variety of topics;



Environmental initiatives including the planting of the **maib** forest;



Support for multiple charities such as Hospice Angelus, Charity Winter Dinner by Hospices of Hope and others;



Contribution to the public interest project by helping renovate Grigore Vieru Boulevard;



Major healthcare initiatives such as donating equipment to the Emergency Medicine Hospital and organising a blood donation drive among **maib** employees.



Additionally, we continue to be trusted by impact finance providers such as EFSE, GGF and EBRD. We have signed agreements to disburse loans to socially positive, sustainable and green projects in partnership with these organisations

## plan for 2022

In 2022, we plan to set up a full corporate ESG practice within **maib** that will coordinate all ESG activities. The key goals would be to achieve an ESG rating by a reputable ratings agency. Another very important goal would be to set up measurable CSR targets for our clients and motivate them to achieve those targets. We also plan to evaluate the cost and impact of our CSR performance.

# 2021 risk management summary

## overview

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

- Asset and Liability Management Committee
- Credit Risk Management Department
- Strategic Credit Risk Management Department
- Financial and Operating Risk Management Department
- Treasury
- Legal Department

## risk management focus in 2021



### COVID-19 risk

2021 was the second year of the pandemic with associated lockdowns and other economic disruptions. As a result, **maib**'s focus during the year continued to be on mitigating the credit risk related to COVID disruption. This was achieved by careful review of sectors affected by the pandemic. There was also a corresponding adjustment to pricing, conditions and volume of loans to customers in these sectors.



### interest rate risk

interest rate risk due to a volatile interest rate environment. This risk was mitigated by a gradual shifting of all new loans to a floating interest rate from a fixed one;



### foreign exchange risk

foreign exchange risk due to the fact that a portion of **maib**'s liabilities (deposits) are denominated in foreign currency. This risk was mitigated by pricing and conditions attached to foreign currency loans and their availability;



### capital adequacy risk

capital adequacy risk due to high growth in lending. This risk was addressed by maintaining adequate liquidity and capital and careful planning of resources available for new loans.



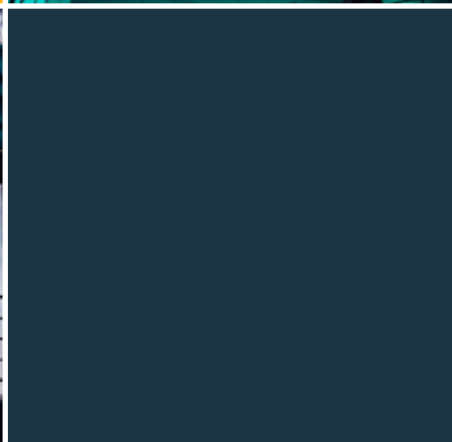
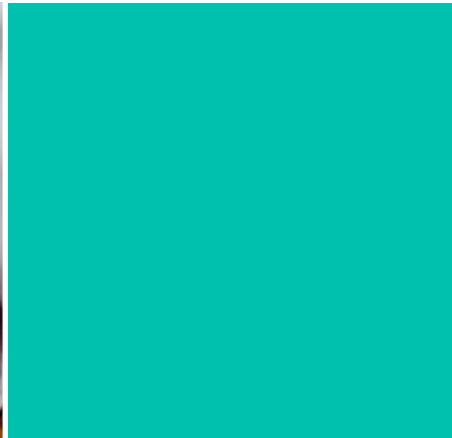
### NBM requirements

Another major focus of risk management activity was to address and comply with requirements of the National Bank of Moldova, the industry regulator. **Maib** is the main systemically important bank in Moldova and must strive to adhere to best global practices. In the course of the year, risk management bodies of the Bank considered a multitude of other risks pertinent to **maib**'s business.

## outlook for 2022

The Moldovan economy has been severely impacted by the war in Ukraine from day one. As both Ukraine and Russia are significant trading partners, there has been an immediate impact on supply chains. It also affected Moldovan exporters to both countries. The key focus of risk management in 2022 will be on mitigating the risks associated with the economic and financial fallout from the conflict.

Another major impact comes from highest level of inflation affecting Moldova in 15 years. As a result, the NBM raised the base rate to 12.5% in March. It is also impacting the disposable income of the population and its ability to access finance.





# message by the Chairman of the maib Supervisory Board



## Vytautas Plunksnis Chairman of the Supervisory Board

Dear shareholders, customers, employees of maib and our business partners,

I originally intended to start my address by talking about how remarkable 2021 was for our Bank, but unfortunately, I feel it necessary to begin by addressing more recent events. 2022 brought us a tragic development of incredible magnitude – the war in the neighboring Ukraine. Economy was impacted immediately as the supply chains broke down. Inflation peaked at 21.6% affected by the economic disruption as well as growth in the price of energy. But more important than the financial indicators is the human tragedy that it brought. Moldova was the recipient of a large number of Ukrainian refugees since the start of the war. It makes me immensely proud to say that our Bank was the first to react by donating a large amount to refugee support fund, facilitating exchange of hryvna at favorable rate, collaborating with UN Refugee Committee and setting up a reference website for Ukrainian refugees during the first week of the war, among many other initiatives. Moldova has shown the world its humanity, and we at maib are both humbled and proud.

Speaking about maib's performance last year, 2021 was the second year of the pandemic with its unique challenges, including lockdowns and disruption of economic activity. At the same time, we witnessed a spectacular economic turnaround. Moldovan economy has gone up by 13.9% in real terms fully offsetting the losses of 2020. We have also seen a strong increase in consumer and SME

lending across the board driven by rising consumer confidence and improved accessibility of banking products and services. Maib was a big winner and I am happy to report record profits for the year of MDL 729 million.

Early in 2021 maib has had a leadership change with CEO Giorgi Shagidze joining us in February and then receiving the NBM approval in May. Giorgi has built his reputation at a larger bank in another country and we were pleased to see him come to Moldova and bring his expertise to maib. The Bank set out a new strategy under his leadership:

- create a superior customer experience;
- become a digital leader and orchestrator of financial ecosystems;
- list maib shares on a leading international stock exchange;
- digital international expansion aimed at Moldovan expatriates later on.

I believe that this strategy will cement maib's leadership in Moldovan banking, enable us to maximize shareholder value, source capital at lower cost, elevate the Bank to international level and create a lasting competitive advantage for maib.

At business level I am pleased to highlight our strong growth in lending. It was achieved in a measured and responsible way, all while maintaining a robust risk management profile. As a result, our share of Non-Performing

Loans (NPLs) as percentage of total loan portfolio has gone down during the year. The Bank has also shown its commitment to capital return and we paid over MDL 200 per share in dividends. Despite this substantial payout, maib maintained a strong capital cushion, further enhanced by a subordinated loan, a first of its kind transaction for Moldovan banking.

Another important and unique development for maib is the introduction of Long Term Incentive Plan for top and senior level employees. It is designed to instill a sense of ownership in our valued employees, while also creates an aspiration for a career progression at levels below senior. I believe that it not only sets maib apart in the competition for talent in Moldova, but also makes the Bank competitive abroad. An important feature of the plan is the fact that it does not lead to the shareholder dilution, while creating a motivation and incentive tool to align management and shareholder interests.

Giving back to the society in which we operate is among our top priorities. During 2021 maib supported a large number of social, cultural and educational initiatives. I am particularly proud by maib's donation of medical equipment to Emergency Medicine Hospital as well as our assistance to the fight with COVID.

I once again would like to thank our shareholders for their support, our clients for their trust, our employees for their dedication and our business partners for their loyalty!

# statement from the Chief Executive Officer



**Giorgi Shagidze**  
maib CEO

I start my address by expressing grief and extreme concern over the widespread suffering caused by the war in Ukraine. Moldova has extended a helping hand to thousands of Ukrainian refugees and I am proud to say that maib has been one of the first to provide assistance in the form of services and donations. We are united in our condemnation of violence and the desire to provide relief to those who are suffering.

In my first year at the helm of maib I am very pleased to announce record breaking profits of MDL 721 million achieved by the Bank in 2021, a 38% increase on 2020. The profit growth was underpinned by strong recovery of Moldovan economy, which drove lending higher, particularly in Retail and Small and Medium Size Enterprise (SME) segments. I am also very pleased to report that our business gained share across nearly all segments of the market. Total assets of maib grew by 23% to MDL 37,197 million, with loans increasing by 26% to MDL 19,504 million. Operating profits grew by 18% to MDL 2,064 million. Our full year return on equity was 13.8%, higher than the 11.2% achieved in 2020.

## Maib Team

This was my first year at maib and, of course, the primary goal was to ensure that we have the management team with the right skills and the one that works well together. I would like to thank former colleagues for their contribution, and would also like to welcome newcomers in Human Resources, Finance, Marketing as well as would like to wish success to the people taking over new areas of business, such as Risk and SME. While team refreshment is part of the business and will always follow our development, I believe we now have a unique mix of people with a track record within the Bank and newcomers with a fresh perspective.

## Market share gains across the board for maib

Apart from solid financial gains, maib's performance was also notably impressive in the Bank's ability to win market share. Despite already being an undisputed leader of the banking industry in Moldova in nearly all market segments, maib has managed to grow its market share across key categories:

- market share in SME lending up by 3.8% to 26.3% at the end of 2021 (from 22.5% at the end of 2020);
- market share in retail lending by 1.4% to 30.2% at the end of 2021 (from 28.8% at the end of 2020);
- market share of customer deposits by 1.7% to 31.7% at the end of 2021 (from 30.0% at the end of 2020);

## Digitalization

Another major achievement was a spectacular gain in market share of online and mobile banking users of 7% to 39% at the end of 2021 (from 32% at the end of 2020). I would particularly like to highlight maib's progress in capturing and capitalizing on the growing trend for digital adoption. The total number of users of maibank app has grown by nearly 67% during 2021 to 297 thousand or one third of our total client base. At the same time mobile app users became more active, transacted more often, used more services, paid and received more funds using the app. By developing and upgrading our digital offering we became closer and more relevant to our customer. At the same time digital adoption drove increased monetization of digital services, as over 35% of all our unsecured loans and 14% of retail deposits in December 2021 originated in the mobile app. Adding to that, in December of 2021 we made our first step to becoming a digital ecosystems provider by launching our first project - DriveHub/ Auto365 aimed at car buyers and sellers. Our plans for 2022 include a new mobile banking solution for SME customers, which we are already working on, the updated mobile user experience, additional security features, connection to the global mobile payment system and many more other innovations and upgrades. I believe that this trend will continue in the future, and we will continue to prioritize our digital leadership.

### Customer centric strategy and transformation, updated brand and new model branch

All this was possible thanks to maib's dedication to the best possible standard of service offered to our customer. In 2021 maib has adopted a new and refreshed strategy putting the customer at the center. During the year we launched a number of initiatives to further improve customer experience and make ourselves more relevant to our clients. These included:

- upgrades to mobile banking application to make it more useful and to reduce the need for the customer to visit the bank;
- redesign of branches and optimization of customer-facing procedures to cut waiting and processing times;
- redesign of internal processes to enable better and more relevant service delivered to the customer;
- upgrades to ATMs and payment terminals to bring our services closer to the customer;
- re-branding of maib, which made the Bank friendlier and more approachable, as well as increased our visibility.

Our new brand was launched via a series of highly visible events, including a laser drone show and Moldovan National Youth Orchestra concert. Our new brand is designed to reflect maib's refreshed values and attract customer attention to our improved services. Another major improvement that I would like to discuss is the upgrade and re-design of our branches and customer-facing processes. Redesign of the branches aims to make them more attractive, open, breathe fresh vibrant colours. We plan to redesign the entire branch network by 2023. Inside the branch we have a new welcoming setup, where a greeter quickly takes customer to relevant service station and one-stop approach takes care of the rest. All our branches will be running according to this model by June 2022.

### Agile transformation

In addition, we launched a very ambitious internal transformation project to turn maib into an agile organization, which should ultimately enable the Bank to become even more efficient and effective with relevant products, outstanding service, happy customers and energized employees. An agile model of operations is based on a flatter organization structure, as opposed to a traditional hierarchical one. Organizational transformation will create new structure and processes, around which smaller, more agile teams would be able to achieve their goals underpinned by bank's "big picture" strategy. Cultural change will place decision making authority and ownership for end result firmly with the people closer to customers. Leading global banks have adopted this model of organization with immediate tangible results across the board.

### Prudent approach and solid capital cushion

Despite substantial growth in lending during 2021, prudent approach remained our core commitment. This is reflected by a decrease in Non-Performing Loans indicator (NPL Ratio) to 3.9% at the end of 2021 from 4.7% in 2020. Additionally, during 2021 maib has cemented its strong capital position after taking out a subordinated loan, which meets the definition of Tier 2 capital. This transaction was first of its kind for a Moldovan bank. We have also reinforced our commitment to shareholder return by paying a dividend of MDL 201 per share. Despite this substantial capital return, maib maintains a strong capital cushion with Tier 1 Ratio standing at 19.7% at the end of 2021 (up from 19.5% in 2020). Total Capital Ratio is up to 21.1% in 2021 (from 19.5% in 2020). Both Tier 1 Ratio and Total Capital ratio stand well above the required levels. Liquidity remains at solid 44.3% enabling the bank to meet the requirements of the National Bank of Moldova (NBM) with significant room to spare.

### Giving back to the community

My statement would not be complete without highlighting maib's social engagement. As the largest bank in the country, we are committed to socially responsible business practices and contribution to the community we operate in. During 2021 maib advanced a number of initiatives of social significance, only few among which are:

- green loans distributed by maib in partnership with EBRD, EFSE and Green for Growth Fund;
- donation of valuable medical equipment to a Emergency Medical Institute to support fight against COVID virus;
- maib continued to offer scholarship grants to university students and also signed a cooperation agreement with Moldovan Academy for Economic Studies;
- maib offered paid internships to university students to enable them to gain professional experience before graduation;
- maib sponsored and took part in a number of conferences promoting IT startup culture in Moldova, including Rokit and Hackathon;
- maib continued its support of Moldovan Olympic Committee being one of the title sponsors.

### Navigating

uncertainty with confidence While we celebrate a strong 2021, the new 2022 brought challenges few of us could have ever anticipated. High inflation, necessitated a substantial interest rate increase with short-term base rate exceeding 12% most recently. This is likely to temper lending activity in the short run. Most significantly, the conflict in the neighbouring Ukraine brought about a set of unique challenges for all of us. I once again am proud to say that maib was the first bank to step up help to the refugees announcing a substantial donation out of the salaries of the management and the Supervisory Board. We have also facilitated donations to the refugees, supported exchange transactions for Ukrainian hryvna and withdrawals made by Ukrainian account holders. While this situation is likely to bring a disruption to the economy, maib remains well capitalized to withstand this challenge with confidence. We continue to adjust our forecasts as the situation develops.

In conclusion, I would like to thank all of our customers, business partners and talented teammates at maib who helped us achieve a successful 2021. Maib remains committed to Moldovan economy and to Moldovan people. We will continue delivering the best possible banking services in Moldova.

# Moldova at a glance

## economy

**2.9**  
MLN

Population

**242**  
BLN

GDP (2021)

**83k**  
MDL

appr USD 4,700  
GDP per capita (2021)

**13.9**  
%

GDP growth  
(2021)

**2.9**  
%

forecasted  
average real  
GDP growth '22-'24

**24.5**  
%

Total loans /  
GDP  
(2021)

## currency

Exchange rates (31 December 2021)

**Moldovan  
Leu (MDL)**

**17.75** USD/MDL

**20.09** USD/MDL

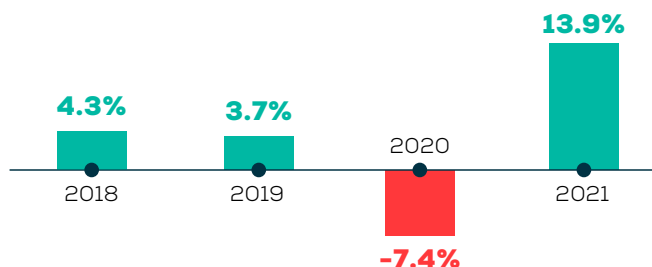
# economic overview

## strong economic recovery

In 2021, Moldova's economy saw a strong recovery. The 13.9% expansion was fuelled by the recovery in domestic demand, the recovery in external financing and the revival of economic activity in the real sector of the economy. Most sectors generated a positive influence on GDP: Trade (+2.2 p.p. contribution to GDP), Agriculture (+4.2 p.p.), Transport and Storage (+1.6 p.p.), Information and Communications (+1.2 p.p.). At the same time, the final consumption of the population influenced the GDP by 12.6 p.p. The relaunch of domestic demand led to an increase (in real terms) in imports at a faster rate than exports, so net exports had a negative influence on GDP of 5 p.p.

Increase in the industrial production was at 12.1% in 2021. The recovery of the pandemic crisis: manufacturing industry (+ 11.4%), extractive industry (+ 11.9%), as well as the increase in the production of the energy sector (16.1%).

After a year of severe drought, in 2021 the agricultural sector accumulated an increase of 49.9%. The increase in global agricultural production – far beyond expectations – was determined by the increase in vegetable production by 75.5%. The livestock sector remains in decline (-5.8%), due to the further decrease in the number of animals and decrease in livestock production of all categories.



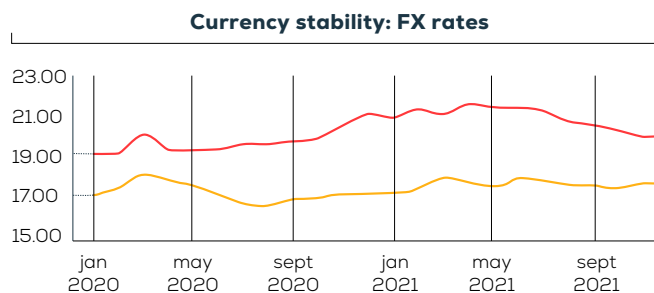
## inflation highest in 15 years

In December, the annual rate of CPI inflation rose to 13.94%, with 13.55 p.p. above the level reached in 2020 (0.39%), the indicator leaving the range of variation of 5% ± 1.5 p.p. in the fourth quarter of 2021. The acceleration took place against the background a suite of inflationary shocks. Prices for food, oil, natural gas and other commodities on the international market were largely responsible for the high level of the annual inflation rate in December, the highest in 15 years.

Monetary policy has been tightened to offset inflationary pressures and excess liquidity. The NBM undertook restrictive monetary policy measures, increasing the base rate during the year applied to the main short-term monetary policy operations from 2.65% at the beginning of 2021 to 6.5% at the end of the year.

## stable currency, growing trade deficit offset by increasing remittances

At the level of the foreign exchange market, the EUR / MDL exchange rate continued its upward trend in 2021, amid rising imports and exports. Thus, the EUR / MDL exchange rate varied between 19.8641 and 21.6902, registering an average level of 20.9255, increasing by 6% compared to 2020. The official USD / MDL exchange rate marked a non-essential increase in the range of 17.1886-18.0906, registering an average level of 17.6816, increasing by 2.1% compared to 2020.



Against the background of the accelerating growth of the global economy in general and the area of the euro in particular, the volume of exports of goods increased by 27.5%, and the pressure of domestic demand led to an increase in imports by 32.5%. The trade deficit increased by 36.7% compared to 2020 and amounted to USD 4,032 million, further accentuating the economy's dependence on external sources.

The main indicators of the country's external position show mixed picture for 2021. Thus, international reserves increased by USD 118 million compared to the end of 2020, while the current account deficit continued to widen to 11,6% of the GDP, simultaneously with a deterioration of its financing structure.

The favourable external situation contributed to the increase of remittances made by individuals abroad in 2021 by 8.4% (+125.1 million USD) compared to 2020 amounting to 1,612 million USD.

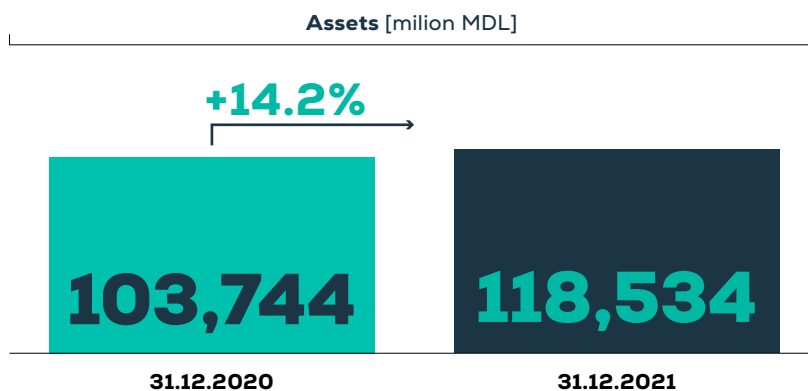
# evolution of the banking sector

The number of banking institutions operating in the Republic of Moldova remained unchanged during 2021: 11 banks licenced by the NBM, including 5 banks, subsidiaries of international financial groups.

The territorial network of banks continued to shrink. 29 bank branches have closed and only 4 branches have opened during the year. At the same time, the number of employees in the system increased by 294 people.

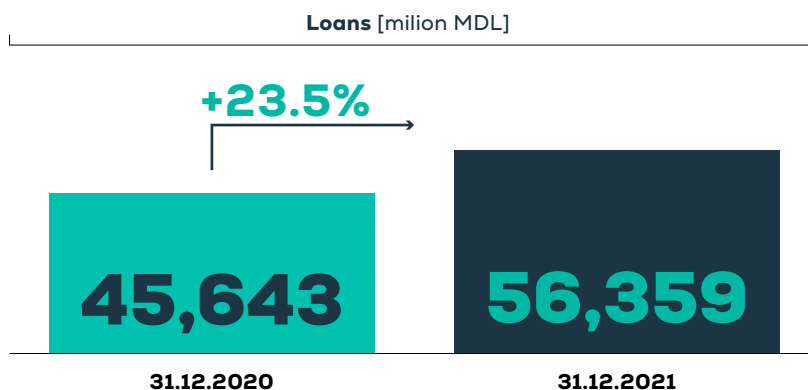
Prudential indicators had positive dynamics during the year. Solvency indicators show that adequate capitalisation is maintained, while providing a good ability to absorb unexpected losses. The value recorded by the current liquidity indicator, at the end of 2021, stood at approximately 48.54%, while for the long-term liquidity indicator, the recorded level was 0.74.

The quality of banking assets improved during 2021. Against the background of the increase of the loan portfolio by 23.5%, the rate of non-performing loans showed a decreasing evolution from 7.38% in 2020 to 6.14% in 2021 (prudential approach). The same trend of improvement was also recorded in the case of the rate of reductions calculated for the balance of debt to loans, which during 2021 reduced its share in the total loan portfolio by 1.07 p.p., amounting to 6.39%.



Regarding the concentration of banking activity, there was an increase in the share of Top 4 banking institutions in total assets from 78.3% at the end of 2020 to 80.1% at the end of 2021. The financing of the Moldovan banking sector continues to be provided mainly by the sources attracted from the domestic market. Namely, customer deposits increased by 13.1% during 2021. The banking system remained profitable, the net profit exceeded the result of the previous year, many ways thanks to a substantial decrease in the depreciation of financial assets of 389 million lei, compared to the level of depreciation of 501 million lei recorded in 2020.

The financial performance at the system level was higher than in the previous year (+ 800.7 million lei), against the background of favourable macroeconomic conditions, the revival of lending activity that led to the increase of profit to depreciation and taxation by 1.242 million MDL, and the reduction of expenses from depreciation by 380 million MDL. However, these positive influences were diminished by an increase of 170 million MDL for the profit tax expenses.



As a result, the banking system recorded a net profit of about 2 302 million MDL, increasing by 53.3% compared to 2020.

The structural analysis of operating income shows net interest income was the most significant component, representing of 62.7% of all operating income at the end of 2021, up from the same period last year when it recorded a share of 57.7%. Net income from fees and commissions also continued to play an important role in operating income, respectively 23.4%, down from the share recorded in the previous year (22.5%).

The dynamics of net interest income, the main component of operating income, was constantly rising during 2021 (+ 26.5%), as interest income was up substantially (+ 739 million MDL). The return on assets (ROA) reached a level of 2.01% at the end of 2021, increasing by 0.48 p.p. compared to the previous year, given that the upward trend of net profit (+ 53.3%) was much more pronounced than assets at the average value (the latter increased by 15.2%, from 95 869 million lei to 110 478 million MDL). The return on equity (ROE) was 12.35% at the end of 2021, 3.46 p.p. higher than at the end of 2020. From the perspective of the determining factors, the improvement in the return on bank capital was due to a greater increase in profit compared to the increase in average equity during the year (+ 11%).

# maib business strategy

THE MAIB STRATEGY 2024 ENVISIONS A TRANSFORMATION OF THE BANK INTO A MODERN FINANCIAL ECOSYSTEM.

## the bank's 4 objectives

# 1

### Providing a new customer experience level.

Maib aims to offer its clients top-quality standout service and develop new products and services. Both of these will meet their expectations and needs, as well as be more convenient and more relevant in their everyday lives. Such an approach will create a lasting competitive advantage, which will translate into the ever-growing business pipeline. There are several focal points in this strategic initiative. One is digital with a focus on mobile app and online banking solutions. The other is the overhaul of the physical branch network. There is also a reformulation of internal processes with the help of the Agile organisational transformation. Finally, there is continued focus on human capital development programs. These programs focus on the training and professional development of employees. Additional goals are as follows: improvement of employee loyalty, development of corporate culture and leadership, management of performance and productivity

# 2

### Transforming into a modern financial ecosystem.

Maib aims to become the market leader in the use of digital technologies. First, there will be an upgrade of our existing digital channels with a focus on relevance, convenience and creation of a one-stop-shop solution. This one-stop solution allows the client to avoid visiting the branch. Secondly, we aim to build financial ecosystems that are of value to our customers. This way, we create more points of contact with our clients. Thirdly, we monetise these ecosystems by offering our products to all users. Finally, we are developing the payment system to become a major provider of e-commerce services. We will complete the process of technological modernisation that we have begun. This will happen through building IT systems and a top-class technological infrastructure.

# 3

### Listing the Bank on an international stock exchange.

In order to achieve this objective, we will focus on improving the corporate governance system and increase transparency. Doing this will give our shareholders full value and reduce our cost of capital. Maib also looks to focus on meaningful social responsibility activities and impact projects.

# 4

### International expansion via digital to capture the markets for Moldovan expatriates.

Further down the line, when we have created a standout digital offering, we will consider looking to scale it up internationally. Our focus market will be the Moldovan expatriates abroad. These individuals have strong ties to their home country and plan to return someday.

#### Build new level of customer experience

Focus on the customer

Continue sustainable growth and focus on profitability

#### Become a modern financial ecosystem provider

Continue transformation of e-channels

Cooperate with the right partners to orchestrate financial ecosystems with a focus on the best customer experience

#### List shares on an International Stock Exchange - Bucharest

Achieve best valuation

Decrease cost of capital

Play a key role in integrating Moldovan businesses into the global financial market

#### Expand in the region with a digital business model

Step-by-step expansion in the region using tested, profitable business models

# business model

**Maib** is a commercial bank that provides loans and similar products to retail, corporate and SME customers. It takes deposits and maintains the current accounts of its clients. It offers a variety of payment solutions. The Bank also conducts proprietary investment activity and has a brokerage operation. **Maib**'s market is entirely in Moldova. The Bank is the market leader in nearly all segments of the market in Moldova and is considered the main systemically important bank by NBM, the local regulator.





# targets for the medium term

## market share

### loans 40%

achieved 34.9%

Overall, in 2021 **maib** gained 0.7% in market share in loans. There were significant gains in the SME (+3.8%) and Retail (+1.4%) segments. These gains were driven by the following improvements: the customer experience, higher visibility achieved after re-branding, expansion in digital channels –in particular, the maibank mobile app – and some relaxation of regulatory requirements. There was a small loss of the market share in the Corporate sector, where maib's share is near 50%. The loss was amid the signs of increasing competition in this mature market. Overall, there are clear signs of progress towards the 40% market share in loans, particularly in the SME segment.

	2020	2021	mid-term
Loan Market Share	34.2%	34.9%	40.0%
Retail and MSME (in total)	47%	53.9%	60%+
Market Share SME	22.5%	26.3%	40%
Market Share Retail	28.8%	30.2%	40%

## financial

### ROE 20%

achieved 13.8%

**Maib** made positive progress on the ROE target during 2021. In the final two quarters of 2021, ROE was near 17%. Several factors creating headwinds for the ROE target were high capital and liquidity requirements, which the Bank is subject to. Additionally, during the year **maib** re-assessed pay for certain categories of employees that led to an increase in compensation expenses. Other types of expenses were on the rise as well. This reflected a number of new initiatives undertaken by the Bank in 2021.

	2020	2021	mid-term
Fee income target, %	17.2%	16.8%	25%
ROE, %	11.2%	13.8%	20%+
Growth, YoY, %	17.3%	22.8%	20%+
Cost of Income, %	54.9%	54.9%	45%
NPL, %	4.71%	3.92%	4%

### growth 20%

achieved 22.8%

**Maib's** asset growth was driven by the positive macroeconomic backdrop and substantial increase in Retail and SME lending during the year. The Bank was also able to gain a market share across the board. Ample liquidity and capital, as well as the ability to continuously attract deposits, allowed maib to record sustainable growth.

### NPL 4%

achieved 3.9%

The NPL ratio demonstrated a positive dynamic during the year. The change in the mix of lending activity towards less risky lending (Retail and SME) resulted in significantly lower NPL.

### cost to Income 45%

achieved 55%

The Cost to Income ratio was largely flat year on year. This reflects an increase in expenses associated with a number of new initiatives that **maib** implemented in 2021, such as rebranding and associated marketing push. Additionally, as maib re-assessed pay for certain categories of employees, this led to an increase in compensation expenses.

# payments

## market share 55%

achieved 41.8%

**Maib** made significant progress in gaining the market share in payments. The Bank issued more cards, actively deployed its POS terminals, introduced widely-used payment options to its mobile app and installed highly practical ATMs and payment terminals. These have a variety of functions to increase its usefulness and relevance to the customer. An associated marketing push also played a role, and as a result the Bank managed to gain a substantial share of the market.

## maibank users 550,000

achieved 297,000

The user base of **maib**'s mobile app has grown strongly, reflecting upward trend for digital adoption as well as the improvement of the application. New features added to it allowed not only to attract new users, but also entice existing users to use the app more often. The features allowed customers pay more with it, receive more funds, take out more loans and make more deposits. The improvement of the app is continuing with new features and upgrades to existing ones expected throughout 2022.

Payments	2020	2021	mid-term
Payments Market Share	28%	41.8% (Q3 21)	55%
Daily <b>maibank</b> Users (DAU/MAU)	26%	34%	35%
Paying <b>maibank</b> Users	36.2%	54.4%	50%
<b>maibank</b> users, K	178	297	550

# ecosystems

## to launch 4

achieved 1

Maib launched auto365/DriveHub platform at the end of 2021. This is the first of four planned ecosystems. Another one, dedicated to housing, is planned for the first half of 2022.

# customer experience

## NPS (Net Promoter Score) 65%

achieved 52%

While some progress on the NPS was achieved during 2021, the raft of upgrades to customer service came at the end of year, such as the rollout of the redesigned branch. Therefore, we believe that improvement will be more pronounced in 2022.

Ecosystems	2020	2021	mid-term
Ecosystems number	0	1	4
Ecosystem Generated Income	0%	0%	4%

Customer experience	2020	2021	mid-term
Customer Experience Target NPS	51%	52%	65%+
Employee Engagement	88%	86%	85%+

# human resources

## employee engagement 85%

achieved 86%

Employee engagement remained high. The Bank has a number of ongoing initiatives, including training, development, wellbeing and community involvement programs. Additionally, re-assessed pay for certain categories of employees make it more competitive in the market. This was achieved amid a very competitive market for talent, which is impacted by the ability of job seekers to move abroad in search of higher wages

Human Resources	2020	2021	mid-term
Employee Engagement	88%	86%	85%+

# **business units overview**

# retail banking unit

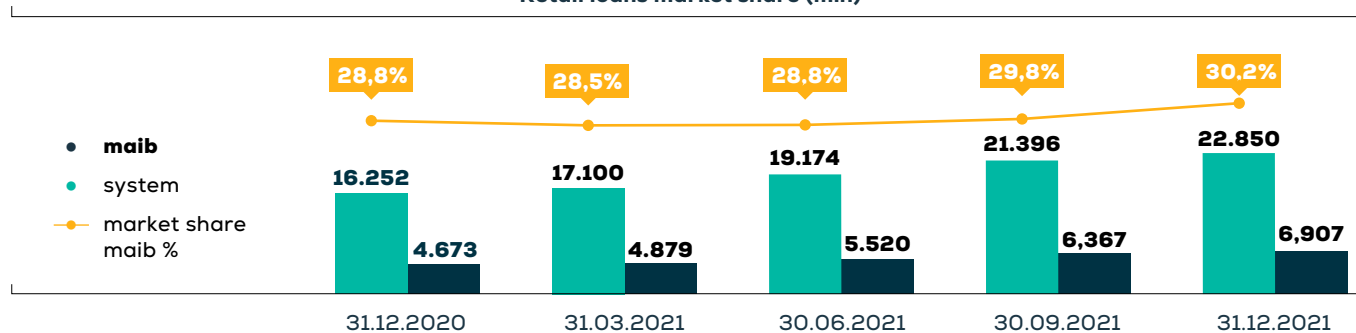
## retail banking activity during 2021

2021 was an exceptionally successful year for the Retail department. The previous year, 2020, was severely impacted by the COVID pandemic and experienced lockdowns, disruption of economic activity and a complete shutdown of certain sectors of the economy. At that time, consumers were very anxious to spend and saved more, leading to a further blow to the economy. In 2021, there was widespread relaxation of the preventative measures to combat the pandemic and vaccination of the population. As a result, a very strong recovery and a robust return of consumer confidence occurred.

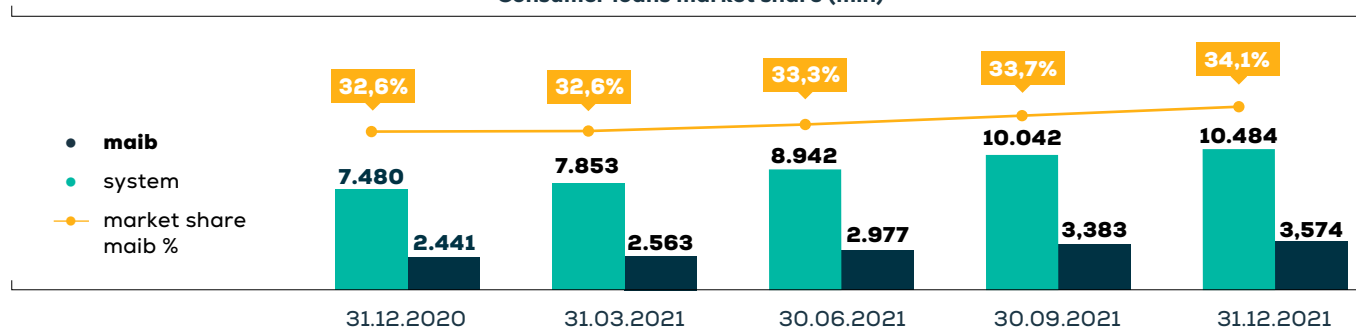
### Strong increase across the board in unsecured loans and mortgages, gains in market share

Recovery was supported by an accommodating monetary policy of the National Bank of Moldova (NBM). This policy maintained the base rate of short-term government securities at a historically low of rate of around 3-4%. It also lowered the minimum required reserves in Moldovan currency. This managed to drive retail loan activity with over MDL 4.1 billion in the form of new loans (not counting credit products granted via cards). This activity ensured an increase of maib's Retail portfolio by MDL 2.234 million. The overall increase was 47.8% compared to the previous year and reached MDL 6.907 million. We also managed to improve our market share from 28.75% to 30.23% (+1.48 p.p.). Mortgage loans increased to 2.969 million (+53.4%), contributing to the increase of the market share in this segment from 24.56% to 25.98% (+1.42 percentage points). At the same time, the consumer loans portfolio increased to MDL 3.574 million (+46.4%). Additionally, the market share increased from 32.64% to 34.09% (+1.45 percentage points).

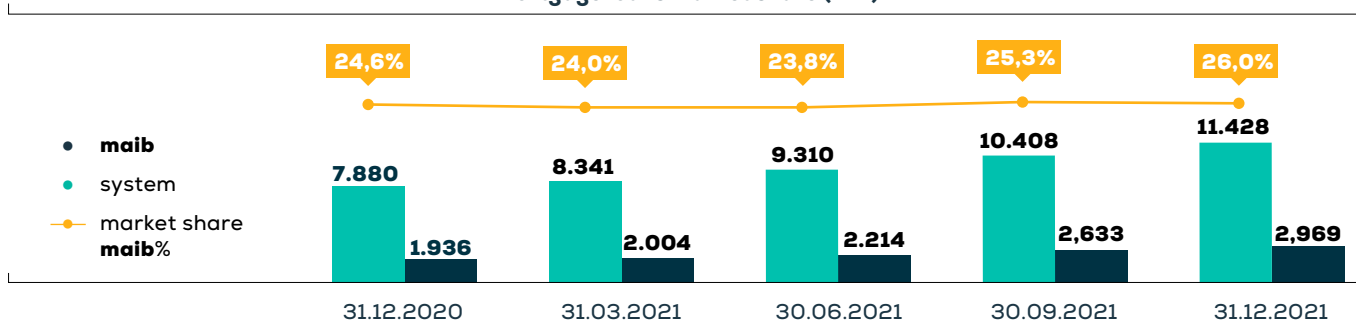
Retail loans market share (mln)



Consumer loans market share (mln)



Mortgage loans market share (mln)



### Weighted average interest rates on new loans



### Deposit portfolio growth despite low interest rates

Retail deposits increased in 2021 by MDL 2.218 million, reaching the level of MDL 19.052 million (+13.2%). The market share in this segment increased from 33.16% to 34.07% (+0.91 p.p.), demonstrating the high level of trust that consumers placed in maib. This increase was achieved despite historically low deposit rates, particularly in foreign currency. In part, the deposit portfolio increase was also influenced by the ability to access most types of deposits through the **maibank** mobile app.

The portfolio of cards in circulation increased in 2021 by 108 000, reaching 744.6 thousand cards (+17.0%). The share of active cards also increased from 59.8% to 61.7% (+1.9 p.p.).

**Maibank's** user community expanded in 2021. The expansion included 118.4 thousand new users, reaching 297.7 thousand users (+67%). Specifically, in December 2021, 74.8% of the total user base used the app at least once a month, and 34.0% used it at least once a day. Also, during the same period, about 35% of the total number of uninsured consumer loans and 16.8% of new deposits attracted were made via the app.

## trends

The favourable macro-economic developments together with delayed demand, which accumulated during the 2020 created a strong tailwind for growth in lending activity. Penetration of bank lending has improved in Moldova during 2021. Currently, the total volume of loans – relative to the GDP – represents 29% (this combines loans issued by banking and non-banking financial organisations). This volume is far below the level of peer group countries, which suggests a high potential of increase in loan penetration. Therefore, we believe that the growth of lending will continue.

### Digital becomes key, adoption to drives monetisation growth

**Maib's** digital efforts began before the COVID restrictions. Now, they have begun to fully bear fruit in 2021. This became a year of a rapid evolution of digital services and channels. Customers have turned to digital products and mobile apps in large numbers, and the share of products distributed via these channels has improved substantially. We have seen over a third of unsecured retail loans issued via online channels (most via the **maibank app**) at the end of the year compared to just over 10% at the start of 2021. Consumers found the app more useful, and monetisation of the product has begun. The number of loans issued via physical branches has fallen, but they continue to be an important source of business for the Bank.

### Improvements in branches

With this evolution in mind, 2021 was a year that brought not only new opportunities but also new challenges. The need to improve the customer experience brought about the rethinking of a number of customer-facing processes. These processes included the off-line distribution and service channels. We have focused on the convenience and comfort of the experience in branches, in particular the wait times. During the year, the redesigned processes allowed for a much-improved performance. About 80% of the customers did not have to wait more than 5 minutes to be served in branches. We have designed and implemented live data monitoring for each branch that allowed tracking performance in real time. This also helped us increase the productivity of front-office employees by over 30%. This leap in performance was achieved in just one year.

## User experience improvements drive flow of new customers and loan portfolio growth

The improvement of the customer experience has generated a new flow of customers. This has allowed us to add approximately a 100 000 new customers during 2021. For the same reason –speed and convenience – approximately 300 000 customers have become active users of the **maibank** mobile app. Genuine progress in terms of the user experience occur as a result.

As a result of customer experience improvements combined with a positive macroeconomic backdrop, the loan portfolio grew in a single year by approx. 50% (Year on year). These results were also supported by the relative stability of the costs of the loans granted during the year.

### Initiatives covering customer needs

<p><b>trust</b></p> <ul style="list-style-type: none"> <li>• 3D secure with biometrics in <b>maibank</b></li> <li>• Face Recognition</li> <li>• Multiple initiatives to increase transparency</li> </ul>	<p><b>simplicity</b></p> <ul style="list-style-type: none"> <li>• General Banking Conditions</li> <li>• Simplified documentation</li> <li>• Deposits, loans, cards, accounts, payments available via <b>maibank</b></li> </ul>	<p><b>speed</b></p> <ul style="list-style-type: none"> <li>• Waiting time targets for branches</li> <li>• Pre-approved loans</li> <li>• Order with card delivery</li> <li>• Updated approval processes</li> <li>• Simplified documentation</li> </ul>	<p><b>convenience</b></p> <ul style="list-style-type: none"> <li>• Open 24/7 – <b>maibank</b>, ATMs, payment terminals</li> <li>• <b>maibank</b>– full service app</li> <li>• Multifunctional ATMs</li> <li>• Online visit scheduling in branches</li> </ul>
<p><b>transparency</b></p> <ul style="list-style-type: none"> <li>• Transparent fees and commissions</li> <li>• Open layout in branches</li> </ul>	<p><b>responsiveness</b></p> <ul style="list-style-type: none"> <li>• Call Center 24/7</li> <li>• Online chat 24/7</li> <li>• Approachable staff in branches</li> </ul>	<p><b>understanding customer needs</b></p> <ul style="list-style-type: none"> <li>• Continuous customer feedback</li> <li>• Data analytics</li> <li>• Customer-centric training for employees</li> </ul>	

## key initiatives implemented in 2021 by retail business unit

### Transforming the branch model

At the heart of **maib**'s new strategy is the desire to be more customer oriented. This led us to create intelligent solutions by transforming the appearance, but also the way the branch works. We aim to be the bank that seamlessly supports everyday needs. To achieve that, we constantly make sure that we understand the concerns and needs of our customers and their long-term plans. With this in mind, in November 2021 **maib** opened its doors to a new model branch in the Buiucani district of the capital Chisinau. The new design and layout aim at creating a sense of familiarity for the customer. The customer's needs are addressed quickly, and expectations are met and exceeded. The new branch is fully redesigned using **maib**'s new brand identity.

**Maib** has developed the new design that aims to create an environment that is more welcoming, more colourful, positive, transparent and open. The differentiation of **maib**'s network comes via the "customer first" approach as well as speed and personalised assistance. Each customer is greeted by the Client Consultant, who will understand the customer's needs, offer support, advice and guide the customer to one of the 3 functional areas: quick banking, transactions and advising. The new functional design aims to streamline the customer experience and is based on extensive studies of customer needs. The redesign of the branch network is expected to continue all throughout 2022.



## improved customer experience at Ion Creangă branch



**Corina Verbițchi**  
manager of Ion Creangă branch

In 2021 **maib**'s goal was to improve customer experience. **Maib** branches are a large part of that experience, and are highly important to us. When the changes to the operating model focused on better service for our customers were announced in our branch, we welcomed this news with open arms! Ion Creangă branch became the first branch within maib network, where the new operational model was launched alongside with the new design.

Within the branch, 3 customer service areas were implemented, namely:

- **self-service area**, dedicated to customers who are comfortable enough with ATMs and payment terminals, but there was a friendly helpful customer consultant nearby actively helping those in need of assistance, providing guidance and demonstrating the how to perform certain transactions.
- **transactions area**, where the emphasis was on speed and fulfilment of customer needs. The key concept here is the "one-stop shop" type of service, where all customer needs are addressed by a single

staff member, with a faster customer service for an extensive list of operations a shorter waiting time.

- **consultations area**, which is a more private space, where direct communication, analysis of customer needs and more complex personal or business plans are discussed.

Branch customers are delighted with the new design and process changes, all feedback is positive and the bank's employees are excited too. My colleagues at the branch and me had to undergo extensive training in a very short time in order to understand all processes and be able to explain them to customers. Now we are proud of the changes and it is a happy workplace. Teamwork plays a big role in the process, and there is a lot of encouragement and help in our branch.

From my point of view, there is always room for improvement in both the processes and the attitude of each of us in the daily activity that we have.

## Opening of the Mortgage Centre

The opening of the Mortgage centre is maib's first step towards creating a modern housing ecosystem. We will, in turn, complement it with various services and products, both for individuals and for businesses.

The idea behind the maib Mortgage Centre is the convenience of a one-stop shop experience. Bank customers can receive a mortgage decision in a short amount of time based on a simplified procedure. In parallel, we have developed networks of partnerships, including with many real estate agencies and top appraisers in the field. This is important for the convenience of customers who, while obtaining a mortgage, will also be able to simultaneously use the services of the Bank's partners, necessary when buying a home. We have taken into account the experience of all the Bank's partners in the services offered by the Mortgage centre.

Mortgage loans contribute and help to increase the volume of construction and sales of new homes on the real estate market. The result helps develop industry, transport, trade and, in general, the entire economy of Moldova.



## Transparent fees, commissions and an effective annual rate (APR)

The updating of **maib's** strategy, mission, vision has allowed us to become aligned with the values that define us. These can all be found in each redesigned and rethought product and service made available to **maib's** customers. In everything we do, we aim to always be customer-oriented, professional, agile, innovative, trustworthy and transparent. We value teamwork very highly as well.

We have the goal of communicating clearly and transparently with each customer and build a relationship based on trust. We want our customer to have the certainty that at maib they will always find transparency. The annual percentage rate of charge (APR) is calculated and displayed at the Bank openly, a mark of trust and reliability. The end result is no hidden fees and unexpected commissions.

## General Banking Conditions

**Maib** implemented General Banking Conditions for retail customers – a single document that regulates the legal relations between the Bank and the client. The document represents the framework contract that is also stipulated in the law on payment services and electronic money. This way, maib offers its customers the opportunity to be more easily informed based on a single document. This document details all the banking services and products they offer, as well as about the requirements for joining them.

As a result, the time spent at the Bank will be maximally reduced. The list of documents required to be signed in the service process will be limited to a few simplified applications, depending on the requested product. Through these transformations, we want to adapt to the needs and behaviour of our clients. This will be achieved through a solution that is as close as possible to their lifestyle. We offer our customers easy and simplified access to all the important information, all of which can be found in a single document published on the Bank's website.



## Cashless payment in public transport

During the COVID pandemic, it became particularly important to be able to pay for goods and services by cashless solutions to minimise the spread of the virus. **Maib** has been involved in a project to make public transport in Chisinau more pleasant, modern and safe. As a result, trips by public transport in the capital can be paid by card. These transactions occur at the stationary terminals installed in the transport units. The technological solution was developed by **maib**, Mastercard and with the support of Chisinau City Hall. This pilot project of accepting cashless payments for urban transport provided a solution that worked given the situation at the time.



## Fast transfers directly to the card

Remittances from abroad are a big part of life in Moldova, as many expatriates who live and work overseas send funds to their families who still reside in the country. **Maib** has always worked on ways to make receiving international money transfers more convenient and easier. In 2021, Maib, in partnership with Western Union, launched the foreign money transfer service directly to the card (t2c), which can be accessed from the t2c.maib.md website or through the **maibank** mobile app.

Thanks to the new service, offered by Western Union and **maib**, there is no need to go to the Bank to pick up the money. Through t2c, the monies are transferred directly to the customer's card account without incurring any commission. If the currency of the card differs from the currency of the remittance, the money will be automatically converted at the Bank's exchange rate.

## Live chat

In an increasingly digital world, banking needs to be more accessible and easier. As a result, **Maib** proposed a new support and communication tool that is easy to use and always available. Live chat is an alternative for calls to the Contact Centre 1313. It is available from anywhere for both existing **maib** clients and prospective ones.

Assistance can be quickly requested via live chat in maibchatbot for Telegram and Viber. The new service can also be used when you encounter technical difficulties, you want to find out more details about **maib**'s services and products or just leave

## Smith & Smith – a new transfer system from maib

Via the Smith & Smith system, a customer can receive foreign currency in any branch or agency of **maib**. This can be transferred from anywhere in the world, or the equivalent in lei. The system has relationships with over 40 external partners. The money sender has access to a network of about 100 000 disbursement points.

The best part is that the transferred amounts are available within 15 minutes of dispatch. The commission will be paid in full by the sender. As an added convenience, the customer can receive money, transferred not only through Smith & Smith, but also from its many partners.



## 3D Secure biometric identification

In order to protect its customers, **maib** has changed the way of authenticating online payments. 3D-Secure is a service attached to the card and an international standard of security for online payments. As a result, the risk of fraud is reduced to the minimum. **Maib** customers can use 3D Secure biometric authentication through the **maibank** app: face ID or fingerprint (Touch ID).

Biometric authentication will also be applied to the payment of invoices for public services. Customers can make payments for public services through the MPay or other services, provided by private organisations, on the profile sites.



## Maib DriveHub/auto365 platform

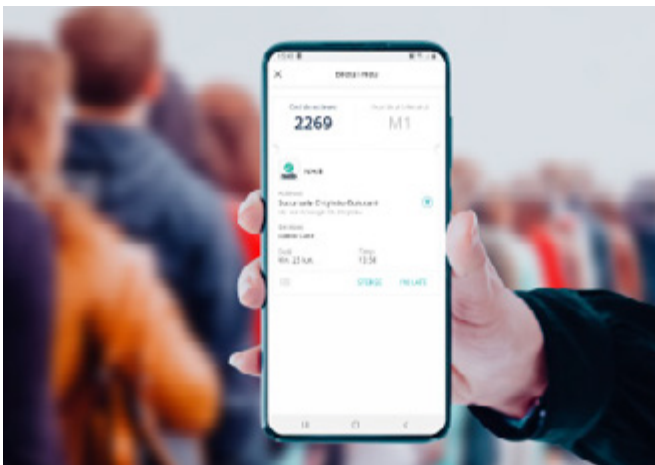
In order to be closer to customers at any stage and facilitate their choice, the auto.maib.md platform was created. Now, in one place and just a click away, not only can the customer can discover a multitude of brand-new cars, but also view over 3500 cars with mileage.

Everything is simple and easy. You no longer need to waste time searching for the right car on different sites, through the markets or car dealerships. All you have to do is access the auto.maib.md platform. There, you can find a wide range of new or used cars.



## Schedule online visits branches

During the COVID pandemic, maib prioritised the health and safety of our customers. As a way to protect our customers' health, increase their comfort, but also reduce wait times, online programming and electronic queueing have been implemented. The entire maib branch network in the country uses this. The service is free of charge and can be accessed through the Earlyone app, which can be downloaded from Google Play or the App Store.



## Pre-approved loans without a visit to the bank

Maib has unveiled pre-approved unsecured loans for Retail customers that can be accessed in a multitude of ways – at a branch, over the phone, but most conveniently via the maibank app. As a result of this innovation, we have seen over a third of unsecured consumer loans originating in the mobile app as of December 2021.



## ATM currency exchange

Maib ATMs are available to customers twenty-four hours a day. Maib ATMs offer multiple services such as buying or selling currency, at the best exchange rate, day and night, at any time. Customers can make cash withdrawals as well as cash deposits and cardless transactions. Currency exchange does not require the customer to be an existing maib customer.

Maib 365 includes the maibank app, internet banking, currency exchange services at maib ATMs, the network of self-service terminals, the maibchatbot, the Contact Centre 1313 support service, the P2P and T2C services.



# cards and payments

## Cards issuance overview

**Maib** is a major issuer of debit and credit cards, provider of POS terminals and online payments solutions. It has the largest national network of ATMs and payment terminals. It offers a full range of cards to its customers from basic to premium and has partnered up with Visa, Mastercard and American Express to issue both debit and credit cards. **Maib's liber** card range has nearly 2000 local commercial partners, while Gama card range with cashback has nearly 700 partners. Libercard is similar in principle to a store card – the customer can make a purchase in store and then pay in instalments without incurring any interest – except that it can be used in a large number of different stores nationwide. Gama card range, which has been a runaway success for maib, offers cashback on purchases. Basic rate of cashback is applied to all purchases, and higher rates are received from partners. Many of **maib's** cards, which come in the premium and exclusive range have a variety of perks, such as the use of airport lounges, free taxi ride to the airport and back, free international health insurance, exclusive discounts, concierge service and other.

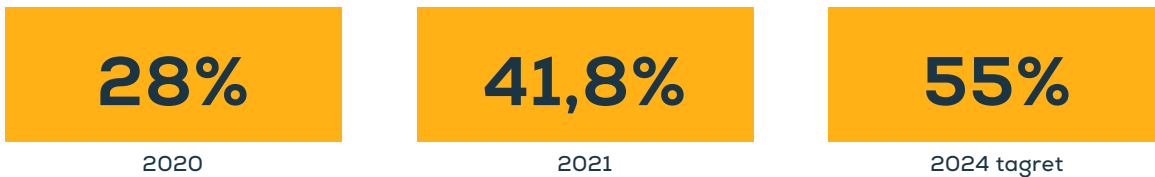
## Card issuance in 2021

In 2021 **maib** issued 267 thousand cards, which represents a 50% growth compared to 2020. **Maib's** project Gama, that was launched at the end of 2020, was a major driver of 2021 explosive growth. Gama are the first cards in Moldova with guaranteed cashback. The line offers 3 different products: Universal, Start and Premium, covering respectively general, salary and premium segments. Frequent cashback campaigns and promotions organized by maib together with its partners increased clients' engagement. Mastercard and Visa repeatedly supported maib's initiatives. Level of active cards went up by 0.5 p.p, reaching 61.7%. Medium term target is 70% to be reached in 2024. The total number of cards issued by maib was 744 thousand at the end of 2021. **Maib** is second in terms of the number of cards on the Moldovan market with 30.4% market share. It has closed the gap with the leader by 2.6% during the year thanks to its active engagement with customers.

## Payments acquiring

**Maib** is a leading provider of POS terminals and online payment solutions to merchants in Moldova. At the end of 2021 it had 9,300 POS terminals and 254 online payment solutions deployed giving it roughly a 35% market share in Moldova. **Maib** is actively promoting its services to merchants and provides support and runs various promotions to drive the business. Via its active engagement in the card and payment solution business it drives the cashless revolution in Moldova.

### Market share payments



# Global store – gama card partner

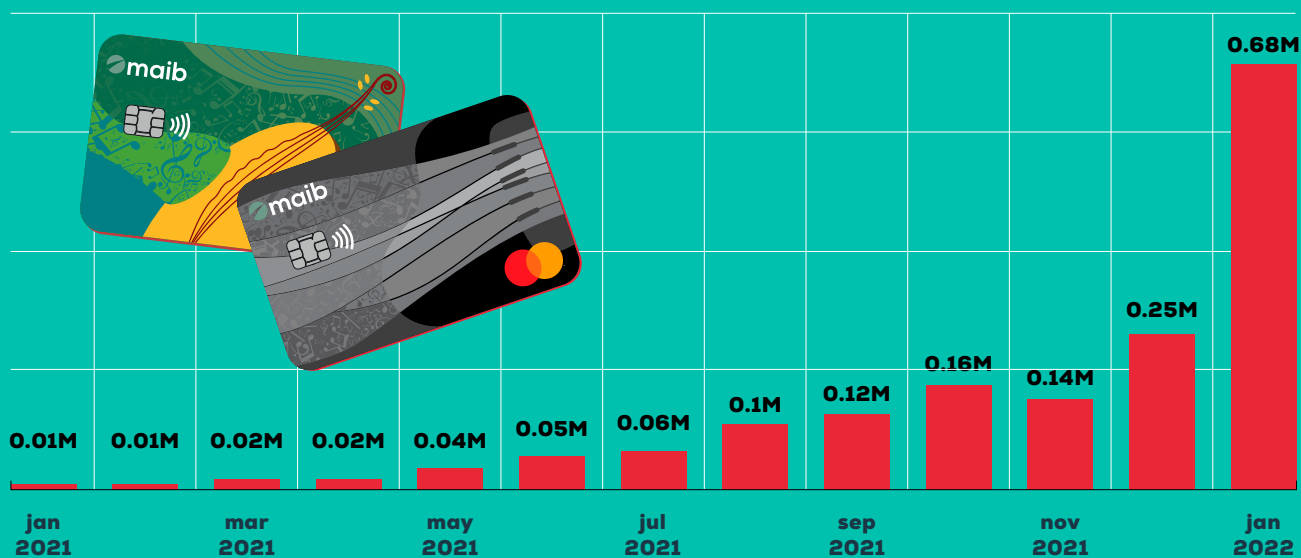
“**Maib** has a highly successful Gama range of bank cards offering cashback to its holders. This product is a first of its kind in Moldova. **Maib** partners up with businesses to offer additional cashback on purchases in their stores. **Maib** helps its partners promote their offering to the Bank’s large customer base.

Global Store is a chain of home goods stores in Moldova. **Maib**’s partnership with Global Store dates back to May 2021. Global Store offered substantial cashback (5%) to Gama cardholders and the sales took off. Around Christmas maib held a promotion offering double cashback at select partners. Global Store was one of those partners offering 10% cashback. To support this offering maib made a marketing push, including a wide promotion in the social media, targeted ads over text messages and an advert in **maibank** mobile app. As a result Global Store recorded a three-fold sales increase during the period with a large number of customers paying with maib Gama cards. This partnership was beneficial to both **maib**’s cardholders pocketing generous cashback, as well as Global Store, a partner of **maib**’s Gama cashback program.”



**Victor Cepoi**  
CEO Global Store

Global Store sales on gama card (MDL)



# maibank in 2021

In 2021 **maibank** user base has grown substantially, its users became more active in the app, more engaged, paid and received more funds via the app, and the **maibank** became more relevant as it added more services. At the end of 2021 the user base of maibapp reached 297 thousand or roughly one third of maib's customers. Compared to the end of 2020, when the user base was 178 thousand, it grew by 67%. This reflects growing digital adoption and the value of convenience afforded by the app. In December 2021 average number of payments per user reached 3.0, compared to December 2020, when it was 2.6. The average monthly user indicator remained relatively flat at 74.8% in December 2021 compared to 75.0% in December 2020, while average daily user indicator has tickets up slightly to 25.5% in December 2021 from 23.6% in December 2020. **Maibank** also showed growing monetization recording a marked increase in the share of new unsecured loans originating online and new deposits originating online. In the fourth quarter of 2021 the share of unsecured loans originating in the app reached 35.7% compared to 11.9% in the first quarter of 2021 (when this data first started to be collected). Share of deposits originating online reached 14.3% in the fourth quarter of 2021 compared to 2.6% in the fourth quarter of 2020. Maib's ambition is to take the app user base to 550 thousand in 2024.

## maibank app user numbers



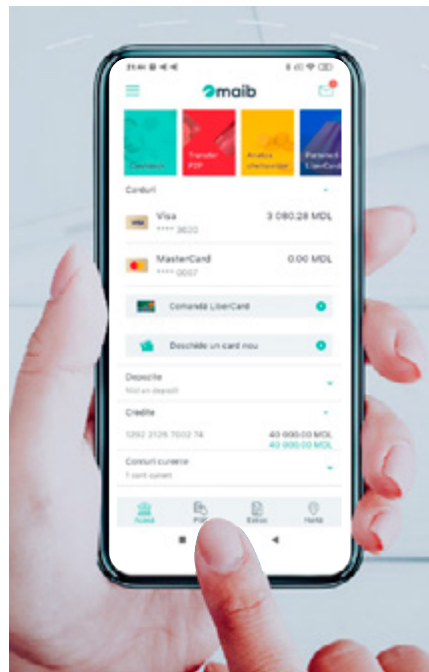
## maibank app features

### security

- 3D secure
- Biometrics
- Face ID

### day-to-day transactions

- Live balance
- Notifications
- Bill Payments
- Statement and transaction details
- Expense Analysis
- P2P Transfer
- Apple Pay
- Cardless ATM withdrawals
- Map of ATMs/Branches/Partners locations



### get in touch

- Chat online
- Call Center

### partners

- Cashback
- Partner lists
- Offers

### new products

- Loans
- Cards
- Deposits
- Other Offers

### improvements

- Face • Recognition
- UX&UI Redesign
- Web version

### ecosystem integration

- Real Estate – CasaHub
- Auto – DriveHub

● existing features

● planned features

# our strategy and initiatives in 2021

Maib has announced widely that the customer experience is at the heart of its strategy. A great customer experience is mainly defined not by what we offer specifically, but by how well we enable our customers to achieve the outcomes that are most important to them. The success of our strategy depends on how satisfied our customers are. We want these experiences they have when they interact with **maib** across different channels to be positive ones.

We have launched a number of initiatives across several dimensions:

- brand refreshment,
- branch network transformation,
- people empowerment,
- simplified and transparent processes and procedures.

All our initiatives are based on 3 principles of **maib**'s Customer Excellence: Convenience and functionality, Accessibility and Emotional touch. They allow us to make our mission achievable – to create a new standard for the customer experience to make customers' lives easier, better and more mobile.

## Gathering customer feedback continuously

During 2021, we conducted continuous gathering of feedback from our customers. We achieved this by asking them questions, monitoring how they feel about our value proposition, what their concerns, priorities, needs and feedback are. The Post-Service Score tool for the branch network was successfully launched. Despite the 86% overall customer satisfaction rate, there are many useful insights we collected and applied to continue enhancing our customer experiences. Another initiative warmly embraced by our customers is the systemic brunches we held with them. Our efforts brought people who were open to sharing their experience, whatever it was – good or not so good. It is a completely new informal format for communicating with our customers. This format ensures transparency, confidence and

builds long-term partnerships. In 2021, we organised 3 brunches with Retail customers from both Chişinău and the north of Moldova. We are proud to announce that our Net Promoter Score among maib customers reached 66 at the end of 2021. This was an increase of 5 points compared to the previous period. This achievement would not have been possible without the dedication and professionalism of the management team and our talented employees.

## Customer-centric training for employees

The voice of the Customer also gives us crucial insights into the coaching and training needs of our employees. This is an important component of a successful customer experience. Therefore, in addition to regular courses on product and service knowledge, **maib** initiated a Customer Centricity Training Program that will cover the customer-centric leadership and management module. Additionally, it also covers the sales and service + chapters, which aim to align all employees both with **maib**'s values and improve the quality of customer service. At the end of the program, over 2 400 employees will be trained. Their further performance will deliver long-term value for all customers.

## Customer first philosophy

Being Customer Centric is also about the changes in the branch-operating model. Moreover, the need to effectively rebuild and adapt **maib**'s existing customer experience operating model exists. The main maib achievements were ensuring one window service principle, unification of the front-line specialists, reducing customer total time in branches and creating a unique customer experience. A challenge we faced was the need to reduce customer queue wait times. This necessity was dictated by our CARE for the customer's time. Both the new operating model and the electronic queue system provided an average decrease in wait time by 47%.

As a result, the customer experienced a more convenient

**+30%** customer satisfaction  
**+12%** increase in staff productivity

# outlook and initiatives for 2022

Currently, the economic outlook for 2022 is highly uncertain. We continually evaluate economic performance, including GDP, trade, currency exchange rates, interest rates, consumer demand and inflation. Due to war in Ukraine the economic outlook remains unpredictable.

We continue prioritising our customer-first approach in our work. Key initiatives for 2022 still focus on speed, convenience and the relevance of our products:

- Continue the rollout of redesigned branches
- Continue improving the mobile banking app maibank and online banking solutions
- Launch and improve of financial ecosystems, the first of which became live at the end of 2021.

# SME (small and medium size enterprise) business unit

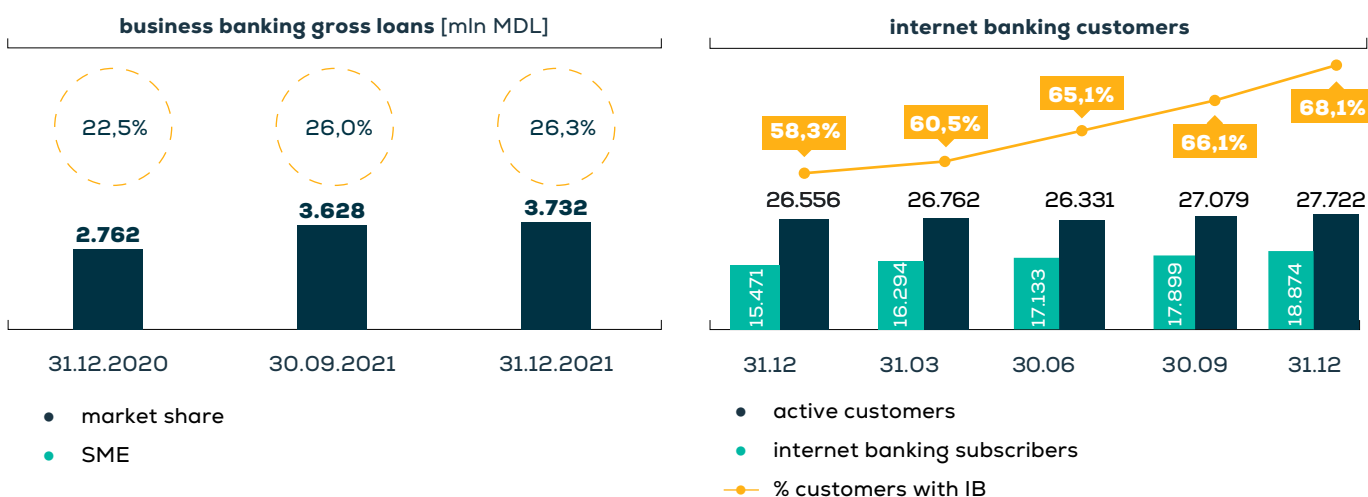
The SME business unit is the fastest growing business of maib. It caters to the needs of smaller business clients. It has nearly 30,000 clients – small and medium-sized Moldovan businesses.

The vision of maib SME unit is to create a team between the customer and the bank, a relationship based on trust. The customer takes care of the business, while the bank solves their needs in terms of financing, payments and all related needs. Our ultimate goal is for **maib** to be the number one option for every business owner in Moldova requiring financing or bank advice.

## business environment overview in 2021

After 2020, which was a very difficult one for the Moldovan economy, affected by severe drought, the COVID-19 pandemic and the restrictions it brought in 2021, there was an economic recovery.

Local business managed to restore distribution channels and rebuilt supply chains, thus fully adapting to the post-pandemic realities. The GDP rebounded strongly and recorded an increase of nearly 14% year on year in real terms in Moldovan currency.



### Strong growth in agriculture

A very good performance of the agricultural sector made a significant contribution to this growth in 2021. Good weather conditions led to record harvests. At the same time, international markets for agricultural produce had very favourable pricing trends. This allowed the sale price for cereals to be set at a very high price compared to the average of previous years. As a result, we have seen an increase in turnover for companies in the field and those in related sectors.

### Banks support small business

In this positive environment, Moldovan banks stepped up financing in the sector by making funds more accessible – unsecured loans for business customers became available. At the same time, the decision-making time was reduced and relatively low prices for lending resources were offered. These measures led to an increase in the balance of bank loans granted to small and medium-sized enterprises by 14.5%, from MDL 13.8 billion to MDL 15.8 billion.

### Maib captured over 50% of growth in the sector

Performance in the SME sector was uneven across the banking sector. **Maib** recorded record growth record of 34.2%, from 3.1 to 4.2 billion MDL. This was followed by Eximbank with an increase rate of 28.9% (from 0.6 to 0.8 billion MDL) and BCR Chisinau with 24.8% (from 0.7 billion to 0.8 billion MDL). **Maib** was also the leader in the sector in absolute terms with an MDL 1.1 billion increase. Moldindconbank was a distant second with MDL 409 million and OTP Bank was third with MDL 217 million.

### Strategy upgrade in the SME sector

We applied a new strategy in the segment. This led **maib** to increase the market share of the SME segment substantially. The strategic changes can be summarised across four categories:



We have applied an individual approach to customers and re-structured staff in a way to be able to address these individual needs effectively;



We optimised processes, pushing for maximum digitalisation and excluded a number of operations that were deemed non-essential;



We transferred back-office operations from network vendors to support structures in the Head Office so that sellers could devote all their time to solving customer issues



We increased the accessibility of loans for a larger number of customers. We changed our approach from reactive to proactive by trying to anticipate customer needs and actively proposing solutions. We improved the quality of contact between the bank and the customer.

## we implemented a raft of initiatives in 2021 to cement our leadership in the SME sector

To execute SME BU's updated strategy, the following initiatives were implemented:

### Customer segmentation into SME and Micro Customers

- SME customers are the Bank's customers with annual sales of over EUR 450 000 and/or loans with a balance of more than EUR 150 000;
- Micro customers are the Bank's customers with annual sales of up to EUR 450 000 and/or loans with a balance of less than EUR 150 000.

### Providing individual service to SME Customers – creating HUBS:

- 5 zonal HUBS have been created;
- Each HUB comprises a team of 5-7 Relationship Managers and a Regional Director;
- Each Relationship Manager manages a portfolio of about 100 existing SME clients and about 30 SME leads;
- In this way, each SME customer receives the full spectrum of banking products from their personal banker. The banker, at the customer's request, finds a solution to any question in the field of banking products or services.

Creating a new team of active sellers (hunters), equipped with all the necessary tools for the sale of SME BU products at the customer's office

- The first 12 hunters were hired in November 2021, and by December they began to produce the first results;
- The team is planned to grow to 45 hunters in Q1 2022.

### Providing fast service for Micro Customers within the Bank's branches

- In branches, SME specialists have been transformed into Customer Relationship Advisors. Their sole task is to quickly and qualitatively serve Micro Customers and operationally to SME customers;
- From the Customer Service Advisors, all the back-office tasks were taken and directed to a Support team created in the Head Office. As a result, the Customer Service Advisor had all the necessary time to dedicate to customers and sales.

Migration of back-office operations from branch employees to specialized Head-Office Support teams

Initiating the transformation of the entire design of the branches by making the customer the primary focus – organising meeting-rooms, comfortable waiting areas etc.

- In the new format, the customer obtains individualised service at the highest international standards

Optimising the number of SME specialists within the branches according to the number of customers under management

- SME BU staff decreased during 2021 from 282 employees to 208 employees at the end of the year

Network training according to the new business philosophy and new **maib** values:

- Dedicated seminars with the presence of foreign experts for the entire network

Setting a modern remuneration system with a variable component calculated according to clear and measurable KPIs

- Each employee in SME unit has a variable component of 25-50% of the salary that directly depends on the results achieved or the volume of work performed

Creating an analytical centre within Head Office with experts in data processing and analysis. This allows individual and portfolio analysis of customer needs as well as how to behave and model products and packages to suit their needs

Creating a team dedicated to the continuous optimisation of processes

Initiating the review of the bouquet of products with a view to simplifying and moving to packages

Calculation, approval and setting in the automated system of pre-established limits for micro, small and medium-sized enterprises and initiation for the first time of the sale of credits based on pre-approved limits

Permanent communications with the network and customers in order to be in the new vision



# building competitive advantage

- **Maib** has been a big winner in the SME segment. We believe that our success was due to several key factors that formed our sustainable competitive advantage.
- Speed of customer service
- More attention and time devoted to the customer – providing additional time dedicated to customers for specialists by migrating back-office operations to the support teams in the Head Office
- Pre-approved loans and credit lines
- Unsecured credit for quality borrowers
- Micro business lending, including enterprises that do not present financial statements and individuals with entrepreneurial activity
- SME customer segmentation and individualised approach within the new HUBS created by the Relationship Managers for small and medium-sized customers
- Remuneration of sales personnel based on KPIs calculated according to sales figures

## maib – partner for a growing business

Specialising in design and installation of refrigeration systems in agriculture, food-processing, logistics and HoReCa sectors, Autehton Grup has a reputation to maintain. It is an independent contractor that aims to deliver value for money to its customers.

“With a growing turnover and a wide range of customers, we felt the need to simplify and speed up the process of receiving and making payments. Three years ago, while on a business trip, I saw that one of my foreign colleagues had a corporate card. Returning home, I was interested and found out that a similar service is offered by **maib**. Without hesitation, I asked for some corporate cards and managed to significantly reduce fees when making payments.

Previously this process was long and tedious: we had to take a payment order, pay it, send it to the supplier and only then we received the goods. With a corporate card, this is no longer necessary. Now, the goods can be paid in a few minutes and the delivery process is started immediately.



**Sergiu Caldari**  
owner Autehton Group

This card has an overdraft, which is important as it adds flexibility. This is not the only service we get from the Bank: in maib we have leasing and salary projects, as well as loans. **Maib** is an excellent partner. Its range of services helps us not just to save money, but also time and effort.”

## quick loan for a quick tractor

"Agriculture in Moldova is not an easy field to work in. There are lots of risks. We started in 1999, at that time having a farm, not a cooperative. We owned around 50 hectares, and now we have over 850 hectares. In 2009, we bought the first three tractors, and since then we have been growing.

There are some unpredictable risks in agriculture. It is worthwhile investing in technology. The state's support for agriculture is small, but we are happy that the loans in the agricultural sector are becoming more and more accessible to us. This is very important, because without loans, agriculture cannot exist, due to the seasonality involved. In addition, it is now much easier to buy equipment with speed of loan approval and affordable interest rates.

A few years ago I first tried working with maib, but seeing the package of documents that I needed to provide, I turned around and left. Now, however, I went back to **maib** to buy this tractor and the decision was right.

**Maib** has changed a lot in recent years, improving its service speed, attitude and lowering interest rates. We used to borrow with an interest rate of over 9% per year, we now get a loan with only 6.5%. Furthermore there are no additional hidden fees. It's easier with the collateral, because I made a 20% down payment on the tractor, and the tractor itself is used as collateral. The grace period is eight months, exactly until the season starts when we start receiving revenues for our produce. "

**Gheorghe Jurcanu**  
head of CAP Rumenagro



## inspired by Amazon

"I founded Poligraf-Design in 2006, alongside with "Dorința" children bookstore. Until the pandemic of 2020, we received 10-20 order daily, with higher sales during the peak period, which for us is September.

However, with the pandemic, our workload has increased, especially the online orders. In those two months, we had to work harder and faster. The publishers wanted to help people, and delivery was free, regardless of the value of the order. All Poligraf design employees, including me and my family, delivered orders. At that time, more than 300 orders were registered every day, because at home parents spent time with their children reading books.

An online payment solution from **maib** really helped. Our customers can pay for orders quickly and conveniently. The online platform is very convenient for us, all payments are made with ease. We see the advantages for the development of the online commerce. People receive their salaries on cards, and as a result, they are making more and more online payments.



**Dorin Tăutu**  
founder and director of  
Poligraf-Design SRL

It is important for us to sell the goods, which people need to receive quickly, without any issues. The site brings us the same income which we get in a regular store every month, that's why **maib** was a real help both for us and for our entire range of customers. "

## plans for 2022

We aim to cement our leadership in the segment while continuously upgrading the customer experience. Initiatives planned in the short and medium-term include:

- purchasing and implementing a new remote service system (internet and mobile banking) that meets the highest international standards in the field;
- implementation of credit limits for customers (pre-approved and individual) that can be accessed by customers with a click within the new internet-banking system;
- creating a list of non-financial products that will offer our customer an ecosystem where they can solve their main daily business concerns: e-signature, tax indemnity support, public tenders aggregator, collateral registration, accounting, web site creation, trainings for customers, business partner verification and franchise process support
- developing service level agreements (SLAs) for each internal and customer service process, monitoring the degree of their achievement and implementing the appropriate calculation and remuneration methods
- reducing "time to yes" (TTY) from the average of 3-4 weeks to a maximum of 2 days for SMEs and a maximum of 24 hours for Micro
- continuing to optimise the range of products and packages for business
- completing the transformation of all branches in the network according to the new model
- increasing the number of hunters
- continuing to optimise the number of SME business unit employees according to the number of customers served
- developing and implementing automated customer relationship systems
- strengthening the capacities of the network of qualitative and appropriate customer service (additional training of the Relationship Managers in HUBS on customer relationship and loyalty techniques, as well as techniques for attracting new customers)

# corporate business unit

The Corporate Business Unit aims to serve corporate clients by covering all their financing, payments and other needs. Our business model is based on an efficient collaboration between the Bank and the client. This collaboration allows the creation of sustainable partnerships. We have been building lasting relationships with our clients for the past 19 years of the existence of the division by being able to anticipate their needs. We are seeing a very low turnover of clients by creating a positive customer experience.

## customer-facing strategy of corporate BU

### What we offer to the Bank's corporate clients:

- A structure dedicated to serving corporate clients
- Individual approach to clients through Customer Relations Directors assigned to clients
- Experience and professionalism gained in dealing with corporate clients
- We provide access to financing for our clients. This is achieved through applying the system of credit limits and pre-approved loans
- We have the unique ability to handle large investment projects since we are the largest bank in Moldova
- We adapt our banking products to our client's needs and requests. Customisation is applied frequently.

## overview of 2021

### Increase of corporate loan portfolio and trade finance instruments

By the end 2021, the total corporate loan portfolio constituted MDL 9,000 million. This was an increase of 9.6% compared to 2020, despite the negative impact of the exchange rate that occurred in the fourth quarter of 2021. 39% of corporate customers take out loans. The largest share (68%) is working capital loans (revolving credit, overdraft). The corporate loan portfolio made up over 46% of maib's total loans.

The increase in Trade Finance volumes, the total volume of letters of credit, and guarantees reached USD 54.8 million (equivalent). This resulted in 158% over the volume achieved in the similar period in 2020. This increase was a result of strong customer interest in bank guarantees.

### Improving productivity and efficiency of banking processes

Over 98% of corporate customers have been using the **maib** internet banking solution. This has increased the number of transactions made by customers electronically. We continue to upgrade our internet offering.

We have also worked towards increasing card usage through increasing the volume of operations performed with cards by 100%. This was made possible thanks to a wider availability of the Bank's ATMs with the Cash-IN function. We improved through the acquisition of transactions by POS terminals and e-commerce solutions by 35% and 43% compared to 2020.



**9.0**  
bln MDL  
Corporate  
Gross Loans

up 9.6% y-o-y

**54.7**  
mln USD  
Trade Finance Volume

up 58% y-o-y

**3.7**  
bln MDL  
Corporate Deposits

up 63% y-o-y

**479**  
mln MDL  
gross interest  
income on loans

up 5.5% y-o-y

**542**  
mln MDL  
corporate  
gross loans

up 6.5% y-o-y

**46.12**  
%  
corporate gross  
loans share

transactions

**98.5**  
%  
ibanking  
transactions

corporate clients  
Portfolio by  
Total Bank

**100**  
%  
retention  
rate

loans ibanking, by  
# of transactions

## what we plan to achieve/strategic focus

Maintain  
market share in  
the corporate  
segment

Maintain  
profitability

Continued  
cross-selling  
of banking  
products

Increase in  
selling of  
Trade  
Finance  
instruments

Increase in  
usage of  
digital  
products

# largest bank for the largest supermarket chain



## Mariana Moiseev financial director Moldretail Group

Moldretail Group, which owns "Linella" brand, is one of the largest supermarket chains in Moldova. It is the first chain with national coverage, with over 120 Linella supermarkets throughout the country and more than 3500 employees.

### **National coverage is the cornerstone of the company strategy.**

It all began in 2001 in the Chisinau market of Ciocana, where three friends, graduates of the Academy of Economic Studies, opened a small self-service store. In three years Linella grew into a chain of five small "local" stores, which did not compete with large scale retail. Vasily Dragan, the owner of Ducates Grup, saw the potential and acquired 51% of the company in 2011. Linella began to grow rapidly and in 2012 reached sales of MDL 318 million. Ducates Grup had even bigger plans. In 2013 with the help of financing provided by maib, it acquired a competing chain reaching a total of over 50 stores nationwide. Moldretail Group was created with all stores now re-branded into Linella.

Today Linella has three different store formats ranging from small local shop to a large free-standing site depending on the needs of customers in the area. The company added 35 more stores via acquisition of smaller competitors. Growing needs of the network led Moldretail to opening a separate

logistics center in 2016. As the chain continues to grow a larger new logistics center with an area of 20 thousand square meters is going to be built with the help of maib financing in 2022.

According to the company, Moldretail has been working with maib since 2014 and relies on the Bank to support its initiatives. At each stage of development maib stood by Moldretail.

Partnership with **maib** is not limited to borrowing. With a structure as large and widely spread as that of Moldretail, it is quite difficult to make all the parts work together, given the need to simultaneously serve more than 100 stores. The range of services that **maib** provides is unique. Just the cash collection service requires banking coverage throughout the country. Additionally, **maib** provides a whole range of products: POS-terminals for payment, and a salary project for more than 3500 employees, as well as loans and savings products. Also, Moldretail serves customers who use "lunch cards" as a method of payment for food products, while maib is one of the issuers of them.

"A large player should work with a large bank. This is the law of success, that everyone benefits from".

# ecosystems and IT

**Maib's** digital strategy is at the core of its vision.

Digital leadership is central to creating a superior customer experience. This involves building a go-to mobile app, online banking, as well as state-of-the-art tools and solutions that drive processes within the Bank.

Ecosystems is another area where **maib** aims to get ahead of its competition. Digital ecosystems are a well-known and tested business model, which build a loyal user base by offering value to customers. Consequently, this capitalises on the network effect, then monetize the user base by offering bank's own services, such as loans, payments or other solutions. **Maib** envisions four digital ecosystems in its medium-term strategy.

## ecosystems

### Getting Started, Market Research

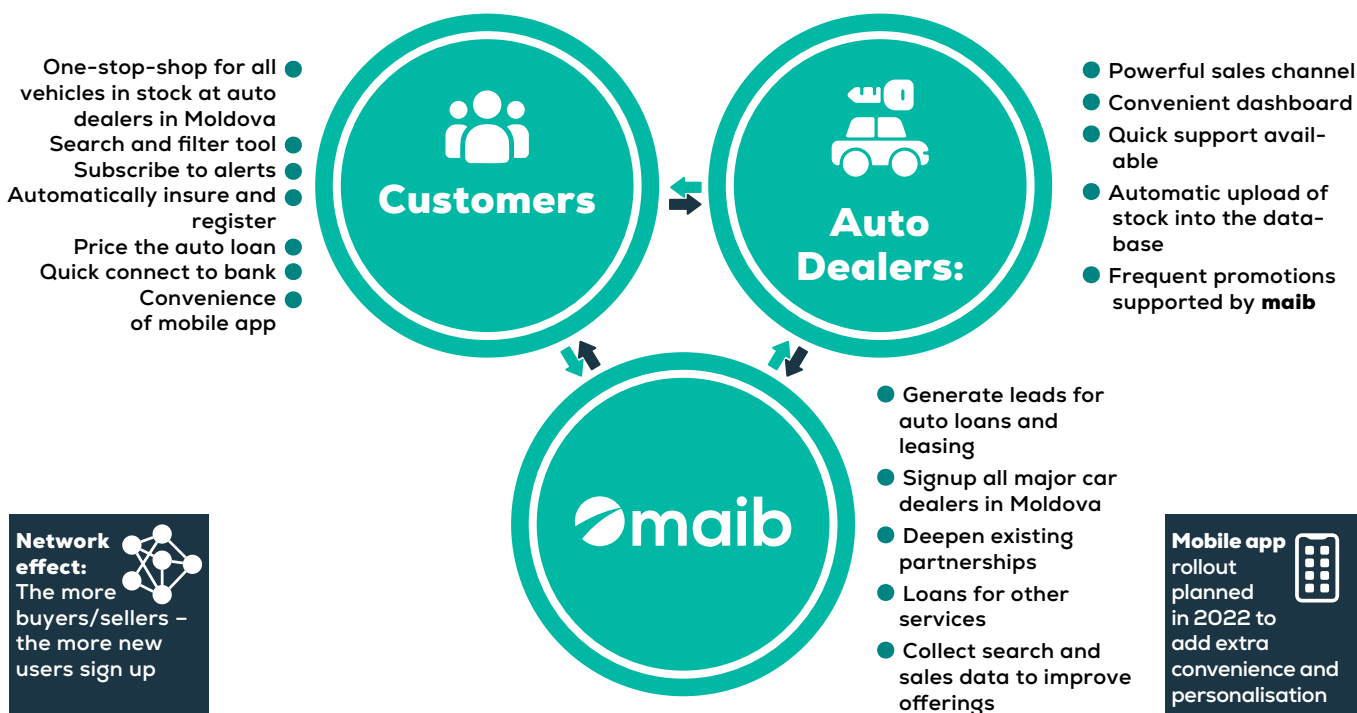
- In 2021, we laid the foundation for the development of **maib** digital ecosystems.
- Several market studies have been conducted, and they led to an understanding of the key areas for development.

#### 3 key areas:

1. Automotive market (Retail segment)
2. Real estate market (Retail segment, mortgages, unsecured loans, credit cards)
3. Agricultural market (SME segment)

- We formed the concept for the development of each of the identified directions.
- The architecture of the projects was designed and the technical basis for implementation was prepared.
- We identified the requirements and built a core team for the projects.

## auto356/DriveHub ecosystem



## ecosystems framework

This works within the direction of ecosystems and is based on agile principles.

Close contact with key market players, regular user surveys and the use of best practices allow you to quickly check market hypothesis – as a result, we are able to deliver value features.

At the same time, this approach allows rational budgeting without spending significant resources on solutions that did not meet value expectations.

## fintech accelerator

Together with MasterCard, the Fintech hackathon and accelerator project was implemented.

As a result of the hackathon, 10 promising start-ups were selected to participate in the accelerator program. The maib team – together with an international team of mentors and experts – worked on the development of fintech projects for several months. The combined team focused on areas such as electronic payments, credit scoring, invoice processing and e-commerce.

After the end of the accelerator program, 4 out of 10 start-ups received a partnership offer from **maib**. They will become part of the maib ecosystem.



## ecosystems development plan 2022

- Formulation of a single visual style for all ongoing projects
- Launch of the mobile application for auto365/DriveHub (Retail segment)
- Launch of a platform for finding real estate and financing its purchase (Retail segment)
- Launch of the platform for the agricultural sector (SME segment)
- Launch of a mobile app for retail payments



# human resources

Human resources is the key strategic area for **maib**. **Maib**'s ability to attract, retain and develop its people will determine its long-term success as a business. The Human Resources department is also responsible for ensuring that the Bank complies with all the necessary legislative requirements in the area of employment. We develop various policies and structures that ensure that the Bank adheres to the best practices of corporate employment, retention, compensation, training and development.

## measures to combat the COVID pandemic

2021 was the second year of the pandemic. It brought disruptions to the business, including lockdowns and limitations to economic activity. In this context, one of the main tasks of Human Resources department was to ensure the continuity of **maib**'s proper functioning. We also focused on health and safety measures to protect the wellbeing of our employees during the pandemic. Human Resources developed a set of policies and procedures to make sure the Bank complies with the rules issued during the state of emergency and other directive of public health bodies. We ensured that the possibilities of remote working were provided to employees as well as the necessary protective equipment. For this purpose, a special unit covering Health & Wellness was set up.

## 2021 overview

As of December 31, 2021, the Bank had 2339 employees, and the turnover rate of the employees was around 17.1% during the year. The Bank has provided numerous opportunities to its employees for career development. We also continued the process of attracting new talent based on the skill requirements of the organisation. Ensuring employee engagement is a strategic priority for **maib**. Medium-term strategy aims to maintain this at the level of 85%+. We met this objective in 2021 with a score of 86%. The achievement of the new strategic objectives involves the continuous development of human capital according to the Bank's pace of development. In the 2021, HR policy was oriented towards the development of corporate culture, continuous professional development, improvement of individual performance, management and promotion of talent, increase in productivity and labour efficiency.

## training and changes of organisation setup



Organisational changes have focused on strengthening the sales force, improving the customer experience, streamlining support and control functions, and digital transformation. During 2021, the Bank's structure was further strengthened by establishing the Digital and Ecosystem Division. Additionally, the appointment of the Director responsible for Digital Transformation to support the Bank in the maintaining and strengthening our digital leadership occurred. Regional structures were created to support the development of the network. The new branch design was first applied in November 2021 to a working branch, and the nationwide rollout continues. The Bank continued to invest in training and development of its staff. Training is part of the change management strategy, especially in the context of the Bank's transformation process. During 2021, the Bank expanded its team of internal trainers to strengthen the employee learning experience. They organised over 300 internal and external trainings, most of them adapted to the online context of the pandemic reality. The largest transformation of the learning experience occurred in the form of initiation trainings for new employees. This was achieved by diversifying the technical content with practical learning tools, as well as creating e-learning courses that make the learning process simple and easy. The budget allocated for the professional training of the Bank's staff from branches and sub-divisions with support functions increased by 50%.

# 2021 initiatives

In 2021, **maib** implemented a series of new initiatives to reflect the new strategy and adherence to **maib**'s updated value code.

**Maib** has started implementing the new contribution-based model that guarantees that employees are recognised for their contribution to the company. The implemented model determines the level of compensation and also the steps in development, which sets the requirements for each level of the career development part. Additionally, **maib** implemented talent management programme, both as a focus on the general strategy of recruiting, developing and rewarding talented employees, and with an individual focus on the individual employee.

**Maib** continues to invest in education, so in 2021 she launched the paid internship program for students at local universities. Some of the carefully selected students and recent graduates of the country's universities joined the Bank's team of professionals, giving them the opportunity to learn from **maib** mentors in various fields, being encouraged with monthly scholarships and employment opportunities in the Bank's units.

Also, in 2021 **maib** and the Academy of Economic Studies of Moldova (ASEM) concluded a new partnership agreement to jointly implement a series of academic, research and educational projects. The agreement includes areas of cooperation in educational matters, internship programs for ASEM students, career days, training programs.



**Maib** employees demonstrate dedication and motivation by expressing their opinions in the employee engagement survey, which increased from 84% to 86% compared to the previous edition. An action plan is starting to be implemented to further contribute to improving satisfaction within the bank.

## internship – a great career start

"To leave Moldova or to stay is one of the questions that a lot of students and young people ask themselves. I thought about it a lot as I considered my professional future. The possibility of leaving the country was on my list after graduating from the Accounting program of the Technical University of Moldova.

I saw maib's internship announcement by chance and I thought that this could be a good opportunity to see if I could work in this profession. I applied to the program and after a series of interviews was accepted to Accounting and Finance Department at maib. I started learning new things in this program and was very excited to put to practice the knowledge I gained from my studies.

In the first two weeks I felt that I didn't know some things and I was a little unsure of what was going on. Everything was new to me: the workplace, the colleagues, the tasks, the work schedule, new terminology and more. Later, however, learning from professionals I began to feel more comfortable with the work assigned to me. During this time maib people were by my side, encouraging, motivating and helping me when necessary. I received great professional advice and learned best practices in accounting. This experience was really inspiring.

I am grateful to the Technical University of Moldova for the quality studies obtained and to the entire maib team - for the chance to excel professionally in banking and to my mentors for the great results obtained in this internship."



**Lucreția Lupașcu**  
intern in the first edition  
of the internship program

## long-term incentive plan

At the end of 2021, maib established the Long-Term Incentive Plan (LTIP), under which stock options are to be granted to top and middle management of the Bank as part of their compensation package. The plan is structured based on phantom options. This allows for maximum flexibility in terms of the design of the program, while securing the intended economics of the plan. Thereby, while the awards are linked to the value of maib's shares, they do not grant their holders ownership of the Bank or any entitlement to dividends. Therefore, this avoids the dilution of existing shareholders. Maib's LTIP is based on a best practices approach to executive compensation. This is meant to align incentives of management and shareholders, while putting the prudent, long-term development of the Bank front and centre.

At the end of 2021, **maib** implemented the Long Term Incentive Plan (LTIP), under which stock buying options will be granted to top and middle management of the bank as part of their compensation package. The plan is structured on the basis of phantom options, and has a best practice approach to executive remuneration, designed to align management and shareholder incentives while placing the prudent and long-term development of the bank at the forefront.

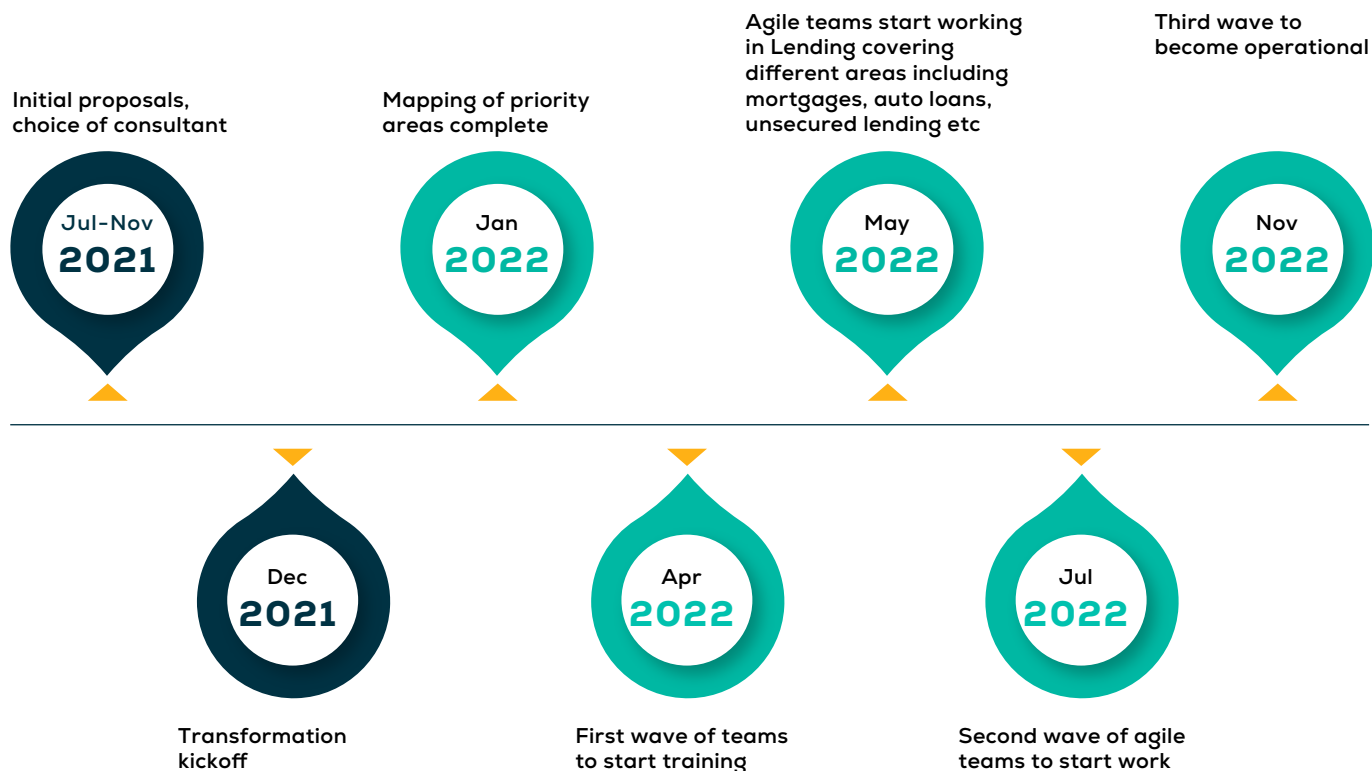
# agile transformation

As part of its refreshed strategy, **maib** has embarked on Agile Transformation. This is a project that is envisioned to result in a long-term lasting organisational and cultural change and deliver tangible operating improvements. An Agile model of operations is based on a flatter organisation structure, as opposed to a traditional hierarchical one. Organisational transformation will create new structure and processes, around which smaller, more agile teams would be able to achieve their goals underpinned by the Bank's "big picture" strategy. Cultural change will place decision-making authority and ownership for the end result firmly with those closer to customers. The desired results from the transformation are as follows:

- an increase in the change execution speed through a simplified operating model;
- the ability to better respond and adapt to customer needs;
- an increase in productivity;
- an increase in employee engagement;
- transformation into an employer of choice for talent;
- and, ultimately, the capability to deliver higher returns to shareholders.

According to various studies, more than 60% of organisations are preparing to or have already transformed to Agile. Banks have the second highest pace of transformation. Many leading regional and large European banks have gone through successful Agile transformation. The companies who got the new operating model right are rewarded with a much higher level of customer centricity. Additionally, they had an improvement in operational performance, an increased speed in driving the change and in the time-to-market by becoming a top innovator. The companies continue to have increases in employee engagement and gains in efficiency.

## agile transformation timeline:





## agile story from the insider

In December 2021 **maib** made the decision to launch Agile transformation project. This is a very ambitious project, which should put us on the same level as some of world's leading banks and organizations in terms of effectiveness and efficiency. At the core of it is a cultural change, which allows an organization to build a flat structure. Compared to traditional hierarchical model, this flat structure should be more responsive and efficient in addressing customer needs and create relevant products. **Maib's** Agile Transformation is done in coordination with one of the world's leading management consultancies.

Our first task was to map out the areas of priority within **maib**, which would undergo the transformation. We completed this task by January 2022. Our first priority is lending. This is the key area of growth within **maib**, it drives our profitability and competition for the customer is intense. Agile teams covering retail and business lending, across categories such as mortgages, car loans, unsecured lending, are part of the first wave. Second and third waves will be made up of agile teams covering cards, payments and IT. This project should take up entire 2022.

After we completed the planning, we started forming agile teams. We call them "orchestras". In fact, we chose the musical terminology for a reason. Creating beautiful music requires a high degree of coordination, and the end the result is bigger than just the sum of the parts. Our "orchestras" include "bands" - cross-functional teams focused on a single product or a product line. Each "band" has a "product owner". Within the



## Gheorghe Suman agile project manager

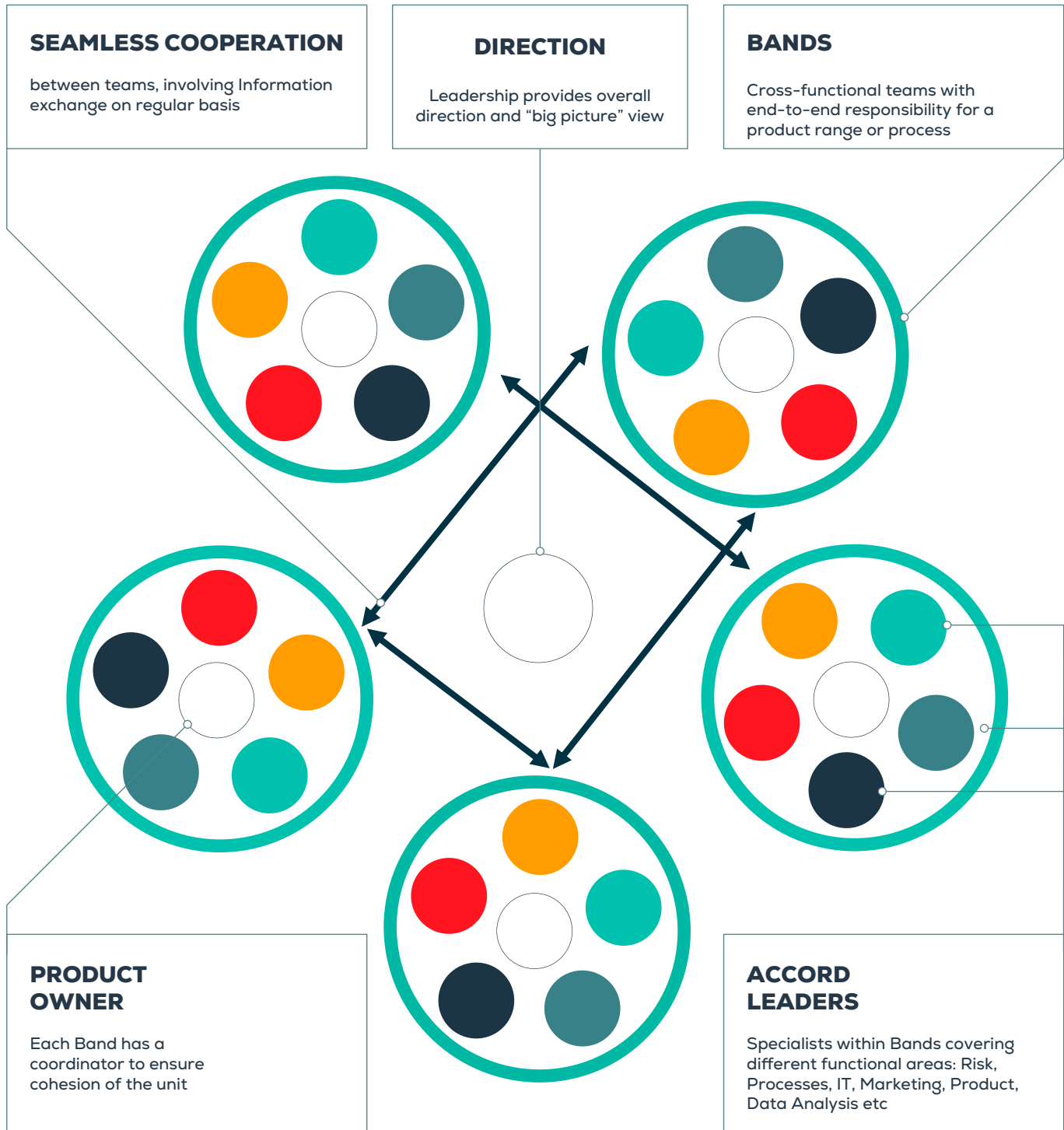
"orchestras" there are also "accord leads" - team members covering different functional areas, such as risks, processes, IT, marketing and data analysis. We are now undergoing training for the first wave of teams. The training covers communication, coordination, responsibility, individual and shared within the "orchestra". There are also role-specific trainings for each "accord lead" and "product owner".

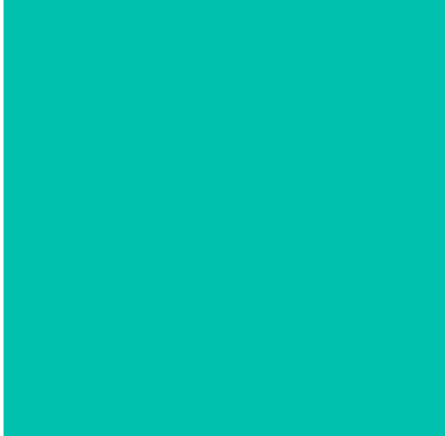
One of the major challenges we saw was overcoming the cultural resistance. As Peter Drucker, a famous business thinker, said: "Culture eats strategy for breakfast". Therefore, we knew that it was important for us to sell the idea to **maib** community, to create a positive buy-in in an inherently conservative organization. We organized a large number of meetings, town halls, company-wide and smaller, covering individual departments, where we spoke about what agile means. We also engaged Agile ambassadors, **maib** employees whose goal it was to disseminate the agile organizational philosophy to fellow team members.

2022 is the year when we should see Agile work in action. We are excited and looking forward to the transformation!

# agile organization:

flat structure involving cross-functional teams with end-to-end responsibility





# investments and brokerage services

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

## overview of own investment activity in 2021

At the end of 2021, maib's proprietary investment portfolio was MDL 143 million. This represents a substantial reduction from 2020 when the total value of maib's portfolio was MDL 257 million. During the year, maib sold off its holdings in Visa for MDL 119 million to free up additional liquidity. The remaining portfolio is made up primarily of two investments – majority participation in **maib** leasing (100% ownership) and Moldmediacard (99% shareholding). The Bank continuously monitors the performance of its subsidiaries and is actively involved in management at the Board level.

## overview of brokerage activities

**Maib** is an active intermediary of transactions on the Moldovan Stock Exchange. However, the Exchange remains inactive. During the year, maib acted as a broker in 34 transactions, over 30% below the 2020 level, when the number was 51%. The volume of transactions was broadly unchanged reaching MDL 22 million. **Maib** is an active promoter of reforms of Moldovan capital markets. It aims at expanding and creating workable capital markets. These markets allow issuers to raise funds for their projects, while savers and fund managers can deploy their capital profitably.

## municipal bonds issue

During 2021, **maib** won the opportunity to be a sole manager and bookrunner of the first municipal bonds issue, with a total value of MDL 65 million. This transaction represents an important milestone for the Bank. This showcases the Bank's ability to raise funds for its corporate clients and has a major publicity value. This transaction was successfully completed in 2022.





# subsidiary

# maib leasing

Maib  
Leasing  
100%  
subsidiary

**Maib leasing** is leasing subsidiary of **maib**, with a share capital composed of 636 thousand shares, with par value of 257 MDL. During its nearly 20 years of operations, maib leasing financed over 5,000 client projects. Its key areas of operations are leasing of vehicles and agricultural machinery, as well as other leasing projects. While operating as a separate entity, maib leasing carries and name and the ethos of the Bank.

## 2021 overview

**Maib leasing** had an excellent performance in 2021 with sales nearly doubling from 2020. Additionally, maib leasing gained 3.7 percentage points of the market share in the leasing sector. During the year, the focus was on improving the customer experience, streamlining of the process and making sure the client receives approval quickly. For example, a car buyer can not only get financing for a car in one day, but also take delivery with full registration and insurance.

## 2022 plans

In 2022, maib leasing plans to continue customer experience innovations and improvements. Particular attention during the development strategy will be paid to the digitisation and expansion of remote services. The outlook for the leasing sector remains positive with potential for growth.

Balance sheet (thous MDL)	2019	2020	2021	2021/2020 %
Total assets, incl.	258,776	283,611	292,131	102%
Net financial lease receivables	141,478	166,086	217,984	131%
Investment property	76,624	76,703	37,216	49%
Equity	121,948	125,846	133,824	106%
Retained earnings / loss	-41,504	-37,606	-29,628	127%
Borrowings	127,359	142,738	145,500	102%

Income statement (thous MDL)	2019	2020	2021	2021/2020 %
Interest income	11,704	15,382	19,827	129%
Interest expense	5,540	6,239	6,313	101%
Net interest income	6,164	9,143	13,514	148%
G&A expenses	10,310	10,454	10,192	97%
Other operating income	7,647	7,188	14,360	200%
Net foreign exchange gains	-306	1,917	-4,232	-221%
Pre provision income	2,999	7,087	10,474	148%

# subsidiary



Moldmedia-  
card  
99%  
owned  
subsidiary

The company is a market leader in providing card processing services. The Bank has partnered with Mastercard, Visa and American Express with over 21 years of experience in the Moldovan market. Moldmediacard's mission is to develop, realise and offer modern and efficient technological solutions in the payments industry. Its solutions cover all aspects of card processing.

## 2021 overview

Total revenue recorded in 2021 was MDL 27.9 million. The gross profit for 2021 was MDL 6.7 million. In 2021, Moldmediacard recorded an increase in volumes of transactions processed. The Company processed 162 million authorisations and 66 million clearing transactions. This represents an increase of 71% and 42% respectively compared to 2020.

## 2022 plans

The overall strategy of Moldmediacard is aimed at positioning customers. This includes making customers' expectations and needs of customers the focus. Additionally, provide them with quality services, to be their reliable partner, to ensure sustainable development and business continuity. Moldmediacard plans to continue:

- Offering attractive bundled solutions (analysis, development, certification, testing, integration) to its customers;
- Attracting new customers (banks / financial institutions / aggregators) to its card payments processing solutions;
- Retaining and attract talent in IT's highly competitive labour market;
- ecoming a 3D Service Provider entity and diversifying its area of activity.

Balance sheet (thous MDL) (preliminary)	2019	2020	2021	2021/2020 %
<b>Total assets, incl.</b>	<b>46,940</b>	<b>59,454</b>	<b>64,154</b>	<b>108%</b>
Long term assets	8,501	19,955	20,919	105%
Current assets	38,439	39,499	43,235	109%
<b>Equity, incl.</b>	<b>43,872</b>	<b>55,340</b>	<b>61,895</b>	<b>112%</b>
Paid in capital	9,116	9,116	9,116	100%
Retained earnings	33,794	45,262	51,817	114%
<b>Liabilities</b>	<b>3,068</b>	<b>4,114</b>	<b>2,259</b>	<b>55%</b>

Income statement (thous MDL) (preliminary)	2019	2020	2021	2021/2020 %
<b>Sales revenue</b>	<b>22,850</b>	<b>26,603</b>	<b>26,418</b>	<b>98%</b>
Cost of sales	8,200	9,552	15,001	157%
<b>Gross profit</b>	<b>14,650</b>	<b>17,051</b>	<b>11,417</b>	<b>67%</b>
Total operating expenses	5,676	5,557	5,526	99%
Total operating income	1,263	1,399	1,507	108%
<b>Operating profit</b>	<b>10,237</b>	<b>12,893</b>	<b>7,398</b>	<b>57%</b>
Other income/expense	-57	167	20	12%
<b>Net profit</b>	<b>9,113</b>	<b>11,468</b>	<b>6,556</b>	<b>57%</b>

**near term  
outlook**

# outlook for 2022

As a result of the war in Ukraine, which began on 24 February, Moldovan economy has been severely impacted. The extent to which it was impacted and will continue to be impacted is highly uncertain. Both Ukraine and Russia are major trading partners of Moldova. In 2021 roughly 15% of Moldovan exports went to these two countries (and also Belarus), while 27% of Moldovan imports came from these countries. We saw an immediate disruption to supply chains domestically, inability to deliver goods due to blocked trading routes including via Ukraine and also via the Black sea into Moldova. This led to a spike in inflation in Moldova, most recently recorded at over 22% year-on-year. Since it is unknown as to how long the conflict will last we can only provide a limited outlook.

## economic outlook

After rebounding to 13.9% in 2021, Moldova's economic growth is expected to decelerate in 2022, reflecting significant vulnerabilities related to regional crisis. We assume a reduction of private consumption as a result of reduction in remittances, coupled with a price-induced drop in real disposable income. This effect is expected to be partially compensated by agricultural production which is expected to grow by 10%.

Since the start of the war several influential national and international bodies have downgraded their economic outlook for Moldova. Below is the summary of these changes:

**2022 GDP forecast -0.4%  
revised from +3.8%**

World Bank  
10 April 2022

**2022 GDP forecast +0.3%  
down from +4.0%**

EBRD  
16 March 2022

**2022 GDP forecast + 2.0%  
down from +4.0%**

Office of the  
Prime Minister of Moldova  
1 March 2022

Inflation outlook for the country has also been high. The World Bank forecasts inflation in 2022 of 18.1%. The National Bank of Moldova forecasts 20.6% inflation in third quarter and 16.5% in the fourth quarter of 2022. Inflation impacts on disposable income of the population and can lead to lost consumer confidence and result in a slowdown in economic activity. Inflation in Moldova is driven by high commodity and energy prices as well as supply chain bottlenecks. The slowdown and supply chain issues are expected to have a negative impact on business investment, housing market, construction industry. To combat inflation NBM has raised the base rate to over 12% most recently, which will also have a cooling effect on the economy.

# strategic plans 2022

During 2022 maib will continue to pursue initiatives to realize its strategic objectives. The summary across strategic directions is as follows:

## upgrading customer experience

In 2022 maib will continue working to upgrade its customer experience across all channels and products. Among the key initiatives planned are:

- Upgrade to corporate internet banking
- Upgrade to retail internet/mobile banking
- Implementation of a leading mobile payment system in Moldova
- Continue branch network transformation to the new standard
- Introduce first agile teams starting April 2022
- Continued feedback collection from customers to ensure

# becoming a modern digital ecosystem provider

## Maib aims to become a leading provider of modern financial ecosystems.

Digital ecosystems represent a well known and tested business model, which builds a loyal user base by offering value to customers, then capitalizes on the network effect, then monetizes the user base by offering bank's own services, such as loans, payments or other solutions. **Maib** envisions four digital ecosystems in its medium term strategy.

## Upgrades to auto365/DriveHub

As part of the ecosystem strategy maib aims to continuously upgrade its automotive ecosystem launched in December 2021. In addition to new features, **maib** aims to introduce mobile version of the platform in 2022.

**DRIVEHUB**

Lumea auto  
la un click distanță

Suzuki Dacia Citroen Nissan Volvo

Calculează credit și leasing  
Alege și cumpără ușor

Masini noi populare

KIA Ceed Comfort  
2019 | 30 km | Mecanica

Preț liber 13 500  
Preț de la: 20

KIA Ceed SW Drive  
2019 | 30 km | Mecanică | Benzină

Preț de la: 163 € / Lună

Comparații populare

Toyota RAV 4 VS KIA Sportage

Blog

Automobile cu parcurs – noua integrare a platformei

## Housing ecosystem

In 2022 **maib** plans to launch housing platform, where buyers can find a home, while sellers and intermediaries can place listings and advertise their services. The platform is aimed at facilitating the real estate transactions in Moldova. Monetization of the ecosystem comes from lead generation of potential mortgage borrowers. Every listing will have a built-in mortgage calculator, and an ability for the visitor to request a mortgage consultation over the phone, or an appointment online at the maib mortgage center. Another important piece of functionality is a map of listings, which facilitates the targeted search. **Maib** will work to sign up most leading real estate developers and agencies to the platform. Also planned is mobile app version of the platform.

**CASA**HB

One step  
closer to  
your home

[www.CasaHub.md](http://www.CasaHub.md)



## listing on the stock exchange

**Maib** will continue pursuing listing on the international stock exchange to enable it unlock full value of the Bank for its shareholders and to enable it to lower its cost of capital and access lower cost funds. Base case scenario is the listing on the Bucharest Stock Exchange.

## Governance and compliance reviews

Ahead of the listing **maib** plans to align its corporate governance and compliance with the standards required by the international investment community.

Corporate governance and compliance reviews are complex multidisciplinary exercises required to map out all the areas of governance that need to be adjusted to comply with requirements of the listing authority and high standards of international investors. The resulting report and recommended new set up is to be implemented by third Quarter of 2022.

## Setting up ESG programme

As international investors increasingly focus on ESG factors of business they invest in **maib** plans to develop and implement an ESG programme. We plan to engage with reputable international ESG rating agencies, identify goals and work towards achieving a positive rating. Additionally, maib plans to evaluate the possibility of setting up CSR standards for its clients. We plan to identify areas where clients can achieve positive outcomes in terms of Corporate Social Responsibility and encourage them to pursue it.

**corporate  
governance**

# corporate governance overview

Vytautas  
Plunksnis

Chairman of the  
Supervisory Board



Dear Shareholders,

We are pleased to present you this Governance Overview of maib.

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

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

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

We are pleased to report that we have continued to implement the governance standards set by the National Bank of Moldova, which aimed to align the Republic of Moldova with internationally recognised practices including: the 2015 Basel Committee's guidelines on Corporate Governance Principles for Banks and the 2015 G20/OECD Principles of Corporate Governance.

During 2021, the Board has focused on the developing challenges presented by the unique circumstances of the global COVID-19 pandemic. We have adapted our ways of working to ensure that we as a Board can continue to provide effective oversight and support management in their efforts. We also engaged with a wide range of

stakeholders, including customers, employees and the Moldovan Government to ensure we responded appropriately to their needs during this difficult period. Further information on the operation of the Board in response to the pandemic can be found further on in this report.

Although our response to the COVID-19 pandemic has been the central priority of the Board this year, the Board has given additional focus to developing, monitoring and assessing our corporate culture, and has given consideration to the Group's values and purpose.

We remain committed to working with our management to ensure that our high standards extend beyond the boardroom and are implemented throughout the business in the successful delivery of the Group's strategic priorities.



# Supervisory Board

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

## overview of the Supervisory Board



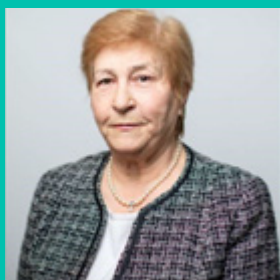
**Vytautas Plunksnis**  
Chairman of the Supervisory Board

- Chairman of the Supervisory Board since July 2020;
- Other current positions: Head of Private Equity, INVL Asset Management; partner at INVL Baltic Sea Growth Fund; Chairman of the Supervisory Board of Eco Baltia; Chairman of the Management of Ecoservice, NRD Systems, Investors Association; board member of various portfolio companies;
- Since 2006 worked in different positions within Invalda INVL Group companies.



**Victor Miculet**  
Vice-Chairman of the Supervisory Board

- Chairman of the Supervisory Board in 2002-2020; Vice-Chairman since 2020;
- Other current positions: Chairman of the Association of Authorized Cars Importers;
- 1996: founder, CEO of "Auto-Space" LTD, authorized dealer of BMW, Mini, MAN, Honda and Mitsubishi cars.



**Natalia Vrabie**  
Member of the Supervisory Board

- Appointed to maib's Supervisory Board in 2013;
- 1991 to 2013: managerial positions in maib, including position of CEO, Chairman of the Management Board during 1996-2013;
- Over 50 years of banking experience.



**Vasile Tofan**  
Member of the Supervisory Board

- Appointed to maib's Supervisory Board in 2018;
- Other current positions: Chairman of Supervisory Board of Purcari Wineries Public Company Limited; Member of Consultative Boards of Anex and Intellias;
- Since 2021: Senior Partner at Horizon Capital Advisors LLC Office in Ukraine (joined in 2012);
- Previously worked Consultant at Monitor Deloitte and Senior Manager, Corporate Strategy & Alliances at Philips;
- Founded Ovuline (now Ovia Health);
- Graduated from Erasmus University of Rotterdam (public management), MBA from the Harvard Business School



**Maryna Kvashnina**  
Member of the Supervisory Board

- Appointed to **maib**'s Supervisory Board in 2018 as an independent member;
- Other current positions: CEO of Naftogaz Digital Technologies; Partner at Edenlab; Financial Services Network Co-Chair for Eastern Europe, YPO – Young Presidents' Organization;
- Since 2019: IT Director of Naftogaz Ukraine;
- 2013 to 2015 Vice President of Management Board of Delta Bank;
- Previously worked at Finstar Financial Group, PrivatBank;
- Founder of Pharmacy Network Apteka Dobrogo Dnya (2006); Co-Founder of PAY2YOU (2015).



**Ivane Gulmagarashvili**  
Member of the Supervisory Board

- Appointed to **maib**'s Supervisory Board in 2020 as an independent member;
- Other current positions: Member of Supervisory Boards of Agricover Holding and TAM Faktoring AS;
- 2015 to 2018: Head of New Products, 4finance Group
- Previously worked at Barclays and Barclays Cards, Bank of Georgia;
- Graduated from Tbilisi State University (marketing), MBA from the Clarion University of Pennsylvania.



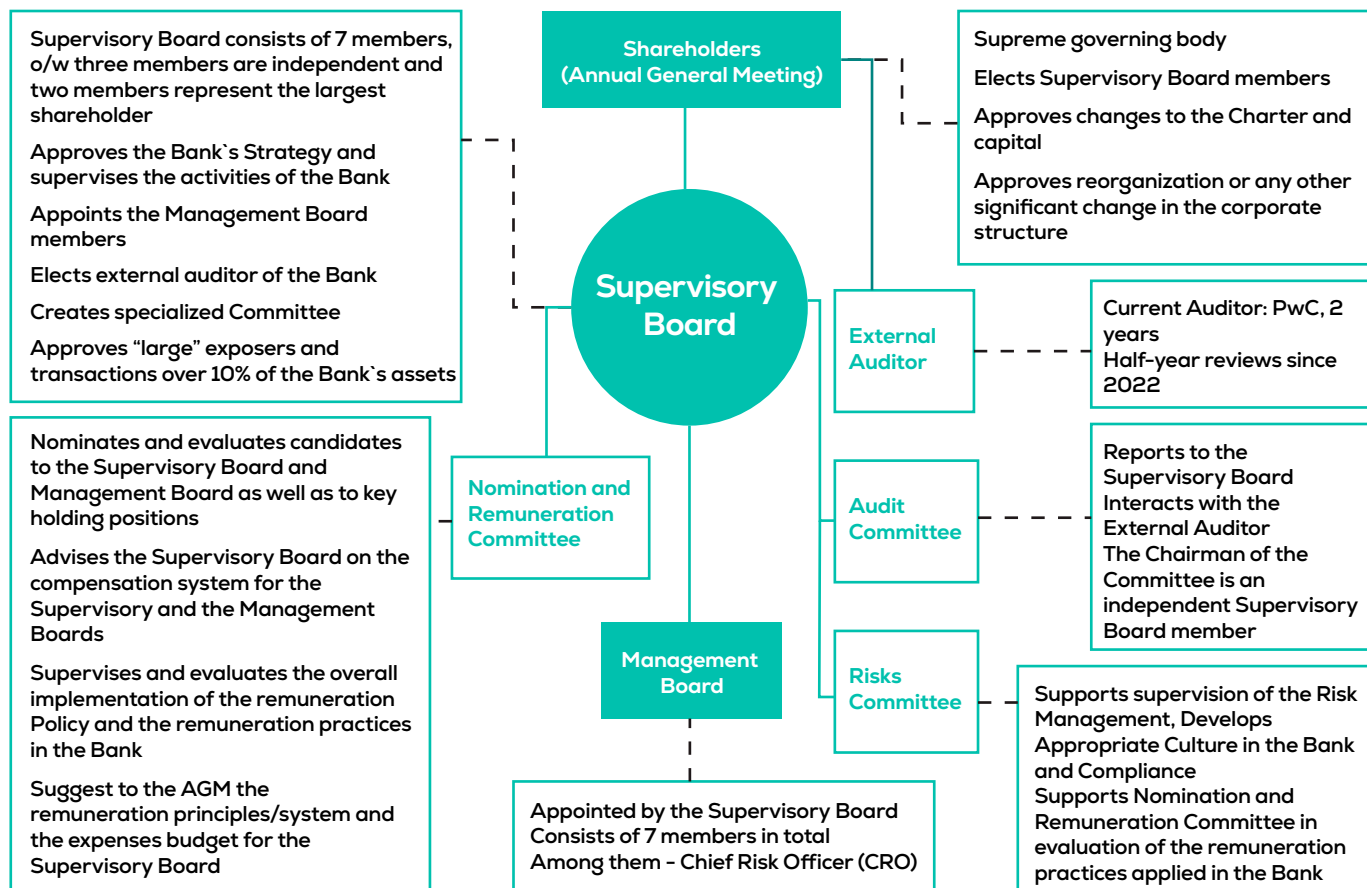
**Konrad Kozik**  
Member of the Supervisory Board

- Appointed to **maib**'s Supervisory Board in 2020 as an independent member;
- Other current positions: Member of the Supervisory Board of ISP Bank Albania;
- 2014 to 2019: CFO, Member of the Management Boards of Allianz Russia and Poland;
- Previously worked at UniCreditBank;
- Graduated from Navarra University, MBA from Luigi Bocconi University.

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

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

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



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

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

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

## the Supervisory Board's role within the group

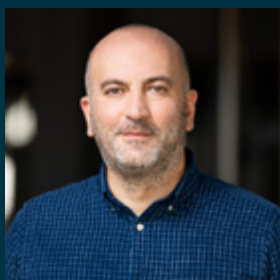
Within the Group structure, the Supervisory Board of the Bank (as a parent company) has the overall responsibility for the appropriate corporate governance at Group level and for ensuring that policies and mechanisms for proper governance of the Group's structure, operations and risks are in place.

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

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

# Management Board

**Management Board** is the executive body of the Bank, consisting of seven members, who perform the current management of the Bank under the direct supervision of the Supervisory Board, and manage the Bank business in a proper and prudent manner consistent with the strategy and management framework of the Bank business, approved by the Supervisory Board. As of 31 December 2021, the Management Board consisted of six members, with Macar Stoianov joining the Board as a Vice-Chairman and Chief Financial Officer on 28 February 2022, pending the approval of the National Bank of Moldova, expected by 15 April 2022. The Management Board members are appointed by the Supervisory Board from amongst the persons identified and proposed by the Chairman of the Management Board and the Nomination and Remuneration Committee, in accordance with Bank's Charter and the provisions of the legislation in force.



**Giorgi Shagidze**  
Chairman of the Management Board, CEO

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



**Aliona Stratan**  
First Vice-Chairwoman, Retail Banking

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



**Dumitru Baxan**  
Vice-Chairman, Corporate Banking and Investments

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



**Andrii Glevatskyi**  
Vice-Chairman, Business (SME) Banking

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



**Stela  
Recean**  
Vice-Chairwoman,  
Risks & Compliance

- Since 2018: Vice-Chairwoman of the Management Board, Compliance & Legal (since 2021 took also the responsibility of the Risks function);
- 2014 to 2018: Head of Compliance Department;
- 2000 to 2014: held different positions within Assurance Department of PwC Moldova, including administrative functions;
- Previously worked at PwC and National Bank of Moldova;
- Graduated from Moldova Academy of Economic Studies, ACCA member, ACAMS member, Licensed Auditor.



**Marcel  
Teleuca**  
Vice-Chairman,  
Operations and  
Logistics

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



# Audit Committee report

## Ivane Gulmagarashvili Chairman of the Audit Committee



As an Audit Committee, we are responsible for reviewing and implementing key reporting and accounting policies along with facilitating internal and external auditor activities.

In 2021, the committee focused on the challenges posed by Covid-19 by holding regular and ad-hoc meetings/calls to discuss, challenge and support management across a number of areas, including the monitoring of the control function. We reviewed and monitored a loan loss provisioning policy, risk policy and AML/fraud management policy. Additionally, we paid extra attention to the IT and cyber security areas, given the extensive remote work, and increased digital transactions and elevated risk of attacks on the Bank's infrastructure.

During the reporting period, the Audit Committee oversaw the work of the internal audit; reviewed and approved the Internal Audit Plan for 2021 and monitored and supported its

implementation. The 2021 internal audit plan mainly focused on areas such as (i) AML and compliance (ii) fraud risk management (iii) lending processes (iv) investment activities (v) control mechanisms in the field of IT.

Throughout the year, the committee met, without management present, with the external auditor, PricewaterhouseCoopers, and had meetings/calls with the lead auditor as well. The intent of those meetings was to facilitate discussions around areas of concern in more detail, directly with the external auditor and the Audit Committee to ensure that we had all the details and paid more attention to those areas by allocating adequate resources to improve, if and when required.

One of the remits of the Audit Committee is to review the integrity of the financial statements, level of adequacy of the accounting policies and practices and review financial

statements. The committee received a detailed reporting internally and also from the external auditor. The Audit Committee, without management present, discussed areas of focus, appropriateness of the accounting policies and whether management's judgements and forecasts were good enough. Given the external auditors recommendations, but also relying on the bank's extensive experience, we reviewed and discussed actions, forecasts, judgements and approaches to preparation of the financial statements.

The Audit Committee is confident that the Bank has the adequate tools in place for risk management and internal control to identify and address deficiencies in a timely manner as well as monitor the implementation of the recommendations. We will continue our work to further strengthen these mechanisms and put new ones in place in 2022.

# Risk Committee report

Dear Shareholders,

During the last year, we continued to target effective risk management as a means of ensuring there is a sound underpinning to the achievement of our strategic objectives.

We have seen a further move towards more responsible and prudent lending in line with the overall effect of economic changes and the evolution of COVID-19-related measures. We have adapted well to the changing landscape, and the Risk Committee has maintained a keen focus on ensuring that the consequent changes to our loan profile do not expose us to unnecessary risk.

We recognise that there are challenges in the global macroeconomic environment. The potential implications on the Moldovan economy – and the consequent impact upon the Bank – are areas of focus for us. Related to this, and in line with the requirements of the best practices and requirements of the National Bank of Moldova, we intend to do more to consider emerging risks and undertake more forward-looking indicators in our decision-making process.



**Konrad Kozik**

Chairman of the Risk Committee

## key purpose and responsibilities

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

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

# composition of the Risk Committee and meetings

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

In addition to the members, the Bank's Chief Risk Officer and the Heads of Risks & Compliance Departments attend meetings. Other members of management from time to time are invited to provide a deeper level of insight into key issues and developments.

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

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

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

## external risks

Discussions on the macroeconomic situation and political risks took place at the Board meetings and provided context to the Risk Committee's discussions on the Bank's management of financial risks. Looking ahead, we remain alert to the possibility that weaknesses from the ongoing turmoil in neighbouring countries will detract from economic growth in Moldova in 2022.

## financial risks and our loan book

The Risk Committee receives regular updates on top loan exposures and management's plans to manage these.

Reports are discussed at scheduled meetings and, where necessary, during informal interim calls with management. We closely monitor NPL levels and management actions to assure adequate coverage of our loan loss exposure. Our NPL coverage ratio changed from 140.9% on 31 December 2020 to 133.2% on 31 December 2021. We regularly review the write-off and recovery of loans, overdue rates and other key credit risk indicators. We are confident that management takes an appropriately prudent and conservative approach to write-offs.

## risk management

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

## Risk Committee effectiveness review

The Risk Committee self-assessed its effectiveness towards the end of the year. The evaluation was that the Risk Committee assesses and challenges the principal risks facing the Bank and that the Risk Committee operates and performs effectively. During 2022, the Risk Committee will prioritise further work to formalise the Bank's risk appetite and tolerance levels for all risk types. Special attention is paid to Cyber Security Risk. We will keep also under review the impact of any regulatory changes on bank loans portfolio. There will be a renewed focus on emerging risks and consideration of how the Risk Committee can receive appropriate information in a timely manner.



# risk management

## Creating a culture of integrity and accountability

**Maib** identifies, evaluates, manages and monitors the risks that it faces through an integrated control framework supported by formal policies and procedures, clearly delegated authority levels and comprehensive reporting. The Board confirms that our framework has been in place throughout the year under review and to the date of approval of this Annual Report. This framework is also integrated into both our business planning and viability assessment processes.

## Overview

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

## Our framework

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

For each risk identified at any level of the business, the risk is measured, monitored and mitigated (as possible) in accordance with our policies and procedures. The Management Board regularly reviews the Bank's exposure toward risks and assesses the implementation of the risk management and internal control policies and procedures.

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

## Internal control

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

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

Our internal control systems are also supported by our Anti-fraud Policy, which allows employees to report concerns on an anonymous basis. Responsibility for this policy resides with the Board, and both the Board and Audit Committee receive annual and ad hoc reports on the operation of the policy from the Compliance department of the Bank on any significant issues raised.

## Bank risk management

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

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

- risk identification;
- qualitative and quantitative assessment of a particular risk;
- determination of an acceptable risk level;
- risk monitoring and mitigation;
- ongoing monitoring and control, allowing efficient adjustments in case of any changes in the conditions on which the preliminary risk assessment was made; and
- analysis of the effectiveness of the risk management system.

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

## Management Board

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

## Internal Audit Function

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

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

- material risks – including strategic, credit, compliance, market, liquidity, reputational and operational risks – are appropriately identified, measured, assessed and managed across the Bank, including its outsourced activities;
- interaction between the various governance and risk management occurs efficiently and effectively;
- material financial, management and operational reporting is accurate, reliable and timely;
- the Bank's and its employees' conduct is of high integrity, and their actions are in compliance with the Bank's policies, standards, procedures, as well as applicable laws and regulations.

### Anti-Money Laundering (AML) and Compliance

The Bank's AML and Compliance Department is responsible for the implementation of the Bank's AML programme (including the development of AML policies and procedures, transaction monitoring and reporting, and employee training) throughout the Bank and its subsidiaries. The AML programme is based on recommendations, directives and requirements of international organisations, including FATF/Basel, the European Parliament, and the US Department of the Treasury on sanctions programmes, as well as local regulations. The Bank's Internal Audit Department makes annual assessments of the Bank's AML systems and controls and provides independent assurance of internal controls.

The Bank has adopted a risk-based approach towards ML/FT risks, including a general anti-money laundering policy, customer acceptance policy and financial sanctions compliance policy. The Bank's risk-based approach means that it applies enhanced due diligence towards ML/FT risks; it determines high-risk categories of products, customers, services and jurisdictions. The Bank is obliged to notify the Office for Prevention and Fight Against Money Laundering of Moldova of all transactions that are subject to monitoring in accordance with local legislation.

These reports are currently filed in electronic form in an offline mode by the AML and Compliance Department. The reporting process is fully automated and is supported by a special software application. Furthermore, the Bank operates special AML software, which meets industry requirements. The programme allows fully-automated monitoring of all transactions against every sanctions list, as well as debarred and banned individuals and organisations, as identified by OFAC, the EU, the UN and other similar entities. In pursuance of identifying suspicious transactions, the Bank's AML and Compliance Department has implemented a centralised solution that links transactions, accounts and customers so that the Bank can see the enterprise-wide risk associated with each customer.

**Risk Management Function** independent of the business lines. This functional and organisational separation is ensured also at the level of the management structure, through the existence of a member of the Management Board of the Bank responsible for risk management. The Risk & Compliance Division:

- ensures the implementation of effective risk management processes;
- provides the Bank with all relevant risk information to enable the Bank to determine the level of the Bank's risk appetite;

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

### Bodies implementing the risk management system

Asset and Liability Management Committee (ALCO)

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

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

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

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

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

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

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

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

Each of these departments has policies and/or procedures in place that are approved by the Bank's Management Committee and/or the Supervisory Board (as required). The manuals and policies include comprehensive guidance for each stage of a transaction, including, but not limited to functions involved, their responsibilities & power of authority, the operational flow and reporting requirements

#### **Risk measurement and reporting**

The Bank measures risk using a method that reflects both the expected loss likely to arise in normal circumstances and unexpected losses, which are an estimate of the ultimate

actual loss based on different forecasting models. These models use probabilities derived from historical experience, adjusted from time to time to reflect the economic environment. The Bank also models scenarios simulating the impact of extreme events. Monitoring and controlling of risks are primarily performed based on limits established by the Bank. These limits reflect the business strategy and market environment of the Bank, as well as the level of risk that it is willing to accept, with additional emphasis on selected industries.

The Bank maintains a management reporting system. On a monthly basis, short reports are produced, including details on compliance to risk limits and evolution of main risk indicators. This information is presented and explained to the Management Board and the head of each business division. The report includes aggregate credit exposure, liquidity ratios and risk profile changes. The Bank's Management Committee assesses the appropriateness of the allowance for credit losses on a monthly basis.

The Management Board and the Supervisory Board receive a comprehensive risk report once a quarter, which is designed to provide all the necessary information to assess and draw conclusions on the Bank's risk exposure.

Specifically-tailored risk reports are prepared and distributed to all levels throughout the Bank in order to ensure that all business divisions have access to extensive, relevant and up-to-date information. A daily briefing is given to the Bank's Management Board and all other relevant employees of the Bank on the compliance to limits, evolution of liquidity, as well as any other risk developments.



# principal risks and uncertainties

## Credit risk

**Definition:** Credit risk is the risk that a borrower or counterparty will be unable to pay amounts in full or in part when due. Credit risk arises mainly in the context of the Bank's lending activities.

**Mitigation:** The general principles of the Bank's credit policy are outlined in the Credit Policies. The Credit Policies also outline credit risk control and monitoring procedures and the Bank's credit risk management systems. The Credit Policies are reviewed annually or more frequently, if necessary. As a result of these reviews, new borrower acceptance criteria and monitoring tools are introduced. The Bank also uses the IFRS and NBM's provisioning methodology in order to comply with regulatory requirements.

The Bank manages its credit risk by placing limits on the amount of risk accepted with respect to individual corporate borrowers or groups of related borrowers, operations and by complying with the exposure limits established by the NBM. The Bank also mitigates its credit risk by obtaining collateral, with a high focus on buildings and equipment.

The Bank's credit quality review process provides early identification of possible changes in the creditworthiness of counterparties, including collateral monitoring and revaluations.

## Loan approval procedures

The procedures for approving loans, monitoring loan quality and for extending, refinancing and/or restructuring existing loans are set out in the Bank's normative acts that are approved by the Supervisory Board and/or the Management Committee of the Bank. The power of authority for approving transactions are set in Credit Policies approved by the Supervisory Board.

The Bank evaluates legal entities clients on the basis of their financial condition, credit history, business operations, market position, management, level of shareholder support, proposed business and financing plan and the quality of the collateral offered. The decision for loan approval is based on the credit risk manager's report.

The loan approval procedures for Retail Banking loans depend on the type of retail lending products. Applications for consumer loans, including credit cards and auto loans up to MDL 200,000 can be approved by the scoring system. Mortgages and transactions with exceptions from standard acceptance criteria are additionally examined by dedicated credit risk managers.

## Collateral

The Bank typically requires credit support or collateral as security for the loans and credit facilities that it grants. The main forms of credit support are guarantees and rights to claim amounts on the borrower's current account with the Bank or other assets. The main forms of collateral for corporate lending are charges over real estate properties, equipment, inventory and trade receivables, and the main form of collateral for retail lending is a mortgage over residential property.

An evaluation report of the proposed collateral is prepared by the Collateral Management team or by the third-party asset appraisal company (in case of real estate). In case of third-party valuation reports, the Bank reviews the applied methodology, and if flaws are identified, discounts the market value and establishes new liquidation value of the collateral.

## Measurement

Exposure and limits are subject to annual or more frequent review. The Bank's compliance with credit risk exposure limits is monitored by the Strategic Credit Risk Management Department on a continuous basis. The allowance is based on the Expected Credit Loss (ECL) associated with the probability of default in the next 12 months, unless there has been a significant increase in credit risk since the loan origination, in which case the allowance is based on the ECL over the life of the asset. The allowance for credit losses is based on forward-looking information, which takes into consideration past events, current conditions and forecasts of future economic conditions. The Bank establishes the ECL of financial assets on a collective basis and on an individual basis when a financial asset or group of financial assets is impaired. The Bank creates the ECL by reference to the particular borrower's financial condition, the number of days the relevant loan is overdue, changes in credit risk since loan origination, any forecasts for adverse changes in commercial, financial or economic conditions affecting the creditworthiness of the borrower and other qualitative indicators.

Under the Bank's internal loan loss allowance methodology, which is based upon IFRS requirements, the Bank categorises its loan portfolio based on client segment, LTV and products (in the case of Retail).

Individual assessment is mandatory for all defaulted debtors with aggregate exposures over MDL 10 million.

## Liquidity risk

**Definition:** Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations associated with financial liabilities.

**Monitoring:** The Bank's liquidity risk management system foresees liquidity management in accordance with regulatory requirements ensuring systematic monitoring and analysis of risk factors regarding current and long-term liquidity. In order to manage liquidity risk, the Treasury Department performs daily monitoring of future expected cash flows on customers and banking operations, which is a part of the assets/liabilities management process. The Financial and Operational Risk Management Department is responsible for monitoring and evaluating the Bank's exposure to liquidity risk as well as the compliance with the approved risk appetite.

The liquidity risk management framework models the ability of the Bank to meet its payment obligations under both normal conditions and adverse circumstances. The liquidity management framework is reviewed periodically to ensure it is appropriate to the Bank's strategy. Such review encompasses the funding scenarios, wholesale funding capacity, limit determination and minimum holdings of liquid assets. The liquidity framework is reviewed by the Risk Committee prior to approval by the Bank's Management Board.

**Mitigation:** The Bank's capability to discharge its liabilities is dependent on its ability to realise an equivalent amount of assets within the same period of time. The Bank maintains the excess of liquidity in the portfolio of government securities and short-term interbank investments that can be sold or used as collateral to finance a potential liquidity shortfall. It also has committed credit lines that it can access to meet its liquidity needs. Such credit lines are available through the NBM's refinancing facility. In addition, the Bank maintains a significant amount of high liquid assets in cash deposits (mandatory reserve) with the NBM, the amount of which depends on the level of customer funds attracted. As of 31 December 2021, in line with the NBM's requirements, 26% of customer deposits in local currencies and 30% foreign currencies were set aside as reserves.

**Funding:** The Bank maintains a diverse funding base comprising of short-term sources of funding (including Retail Banking, Business Banking and Corporate Investment Banking customer deposits, inter-bank borrowings and borrowings from the NBM) and longer-term sources of funding from International Financial Institutions (EFSE, EBRD).

As of both 31 December 2021 and 2020, 84.2% and 82.2%, respectively, of the Bank's liabilities represent clients' deposits, of which on-demand deposits constitutes 64.6% and 58.8%, respectively. In accordance with national legislation, the Bank is obliged to repay such deposits upon demand of a depositor. In the case of early withdrawal, the interest on the deposit is foregone or reduced. Historical experience shows that these accounts represent a stable source of funding; those deposits are renewed in a significant proportion at each maturity date. The calculation of the stable balance of deposits, based on a behavioural history of 36 months, denotes a high level of stability at an average of 88% as of 31 December 2021, including 94% for deposits from individuals.

## Market Risk

Market risk exposure arises from mismatches of maturity and currencies between the assets and liabilities, all of which are exposed to market fluctuations.

### Interest rate risk

**Definition:** Interest rate risk is the current or prospective risk to capital and earnings arising from movements in interest rates, which affect banking book exposures.

**Mitigation:** The Bank treats IRRBB as a significant risk and ensures a proper assessment, monitoring, and control in order to limit potential losses caused by adverse interest rate fluctuations so that such losses do not threaten the Bank's profitability, own funds or operational safety.

The Bank manages the exposure to IRRBB through the analysis of sensitive assets and liabilities within the interest rate review gap and through a system of limits and risk parameters approved by the Bank's Board. The Bank quantifies its exposure to interest rate risk in the banking portfolio in terms of affecting its economic value ("EVE") and net interest income ("NII") as a result of applying the shocks to changes in interest rates on the yield curve.

Estimating the sensitivity of the economic value of assets and liabilities outside the non-trading portfolio is calculated by comparing their present value to the value obtained as a result of the application of the interest rate curve to each pre-defined stress scenario. This responsibility of analysing and monitoring the interest rate risk exposure is assigned to the Financial and Operational Risk Management Department.

Regular reporting on interest rate risk is performed and submitted to the ALCO, Management Board, Risk Committee and Supervisory Board.

### FX Risk

**Definition:** Currency risk is the risk of potential losses arising from foreign asset and liability positions that are denominated in currencies other than domestic currency and are exposed to foreign exchange volatility.

**Mitigation:** The primary objective for managing currency risk is to maintain the balanced structure of foreign assets and liabilities, which will eliminate the effects of fluctuations in exchange rates.

The Bank measures the currency risk through a regulatory-defined risk approach based the open currency positions – as well as internally-developed key risk metrics based on VAR methodology – by identifying and applying an internal system set of indicators and limits. Through the year, the Bank performs several types of stress scenarios applied to exchange rates in order to evaluate the potential effect of extreme market events on earnings and capital.

## Operational risk

**Definition:** Operational risk is the risk of loss arising from systems failure, human error, fraud or external events.

**Mitigation:** The Bank is aware of the importance of managing the operational risk arising from its business activities as well as of the need to hold an adequate level of capital to absorb the potential losses associated with this type of risk. The Bank has an operational risk management framework that includes policies and processes for identifying, measuring/evaluating, analysing, managing and controlling operational risk, which are adjusted periodically according to the changes in the risk profile.

For more efficient management, the Bank uses procedures and support processes in operational risk management, namely:

- risk analysis and assessment of new products and activities;
- compliance procedures and related risk management;
- management of the outsourcing process, regulated by internal policies covering the outsourcing of the Bank's activities and operations;
- Business Continuity Management characterised by maintaining and updating the business continuity plan;
- Information and communication technology risk management procedures.

The Operational and Financial Risk Management Department is responsible for development of policies, processes and procedures for managing operational risks in all products, activities, processes and systems, consistently implementing an operational risk framework throughout the Bank. The department is responsible for the identification and assessment of operational risks, detecting critical risk areas and operations with an increased risk level, developing escalation processes, considering business recommendations and mitigation action plans.

To ensure that adequate risk management competency levels are achieved and maintained, the Bank provides regular staff education and training courses as part of the risk management process.

### Identifying, prioritising and managing our risks to support our goals and strategic objectives

We outline the principal risks and uncertainties that are most likely to have an impact on our strategic objectives, business model, operations, future performance, solvency and liquidity. These principal risks are described in the following table, together with the relevant strategic business objectives, key drivers/trends and material controls that have been put in place to mitigate the risks as well as the mitigation actions we have taken.

Macroeconomic environment	
Principal risk/uncertainty	High inflation rate
Key drivers/trends	<p>The Moldovan government expects economic growth to slump to around 0.3% in 2022 from nearly 14%.</p> <p>The current inflation forecast, compared to the previous inflation report, has been significantly revised upwards over the entire comparable period. An annual average of 18.8% is expected.</p> <p>The annual rate of regulated prices is expected to increase until the second quarter of 2022.</p> <p>Aggregate demand will also increase in positive terms in the first quarter of the forecast, after which it will continue to decline, but will be pro-inflationary over the entire forecast horizon.</p>
Mitigation	<p>As these changes will largely affect retail customers (individuals) whose revenue will not follow the same growth rate as expected for inflation, the Bank began to revise and temporarily change the acceptance criteria by:</p> <ul style="list-style-type: none"> <li>● increasing the minimum revenue for Retail customers eligibility</li> <li>● increasing the minimum revenue for loans over 200.000 MDL</li> <li>● decreasing DSTI for Retail customers</li> </ul> <p>At the same time, the Bank is preparing rescheduling/restructuring proposals to avoid increasing default rates.</p>

<b>Regional instability</b>	
<b>Principal risk/uncertainty</b>	<b>Moldova's economy may be adversely affected by regional tensions and instability</b>
Key drivers/trends	<p>The Moldovan economy is dependent on economies of the region, in particular Russia and Ukraine, who are key trading partners. The ongoing geopolitical tension, political and economic instability as well as military conflict in the region might have an adverse effect on our business and financial position.</p> <p>European gas quotations remain at very high levels, and recent events have shown the fragility of the energy system to supply shocks.</p> <p>Uncertainties regarding the volume of agricultural production for 2022 and 2023. The harvest from 2022 and 2023, respectively, the prices of food products on the domestic market will depend, to a large extent, on the agro-meteorological conditions and prices on fertilizers and other chemicals that were usually imported from Russia or Ukraine.</p>
Mitigation	<p>The Bank actively monitors regional and local market conditions and risks related to political instability and performs tests in order to assess our financial position. Responsive strategies and action plans are also developed.</p> <p>The government has also asked the World Bank and European Union to boost funding in response to the crisis.</p> <p>On a portfolio level, the Bank has started to offer reschedules for debtors that have been already affected by the sanctions imposed on the Russian banking sector.</p> <p>As a preventive measure, the Bank reviewed its Collateral Policy, decreasing the maximal accepted share of inventories for SME customers</p>

<b>Increased outflow of deposits</b>	
<b>Principal risk/uncertainty</b>	<b>Unexpected, rapid withdrawal of deposits by its customers in large volumes.</b>
Key drivers/trends	<p>Regional instability might generate a lower conversion rate for deposits reaching maturity, especially on the Retail segment, which might prefer the conversion from MDL to EUR/USD and maintain the legally-allowed cash on-hand at Customs domestically.</p> <p>At the same time, people with dual citizenship (Moldavian and Romanian) might transfer some of the FCY amounts to foreign banks.</p>
Mitigation	<p>The Bank has developed a model based on the Basel III liquidity guidelines and ensures that the funding framework is sufficiently flexible to secure liquidity under a wide range of market conditions. Among other things, the Bank maintains a diverse funding base consisting of short-term sources of funding (including Retail Banking and Corporate Investment Banking customer deposits, inter-bank borrowings and borrowings from the NBM) and longer-term sources of funding from the International Financial Institution.</p>

## Market movements of interest and currency rates

Principal risk/uncertainty	Date and maturity mismatch for interest rate change for loans and deposits. The inflation rate will drive individuals to hold most of their savings in EUR/USD.
Key drivers/trends	<p>The full switch to an index+margin interest rate is not yet fully present in the loan portfolio, and at the same time for already-switched loans, there is a mismatch between the date for the interest change for loans when compared to an existing deposit portfolio that has a fixed interest rate for certain promotional periods. As a result, in case of a significant turnover in market conditions, interest margins on assets and liabilities having different maturities may increase or decrease.</p> <p>At the same time, as inflation and uncertainties in the European zone and Moldova continue to increase, with lower-than-initially-forecasted GDP growth, there is a risk that internally there will be a stronger demand on EUR/USD with increasing volumes of liabilities (accounts/deposits of Retail clients) in FCY, which will not be easily compensated on assets (loans) due regulatory requirements on FCY lending.</p>
Mitigation	<p>To ensure effective monitoring of the currency risk and increase the Bank's protection against a possible adverse evolution of the risk factors, the Bank analyzes the sensitivity of its opened currency positions (OCP) to the volatility of the exchange rates. Overall, during 2021 the Bank maintained an average level of OCP of 1.85% of Own Funds (OF), below 2%, which is considered as a low risk level.</p> <p>The Bank manages the exposure to the IRRBB through the analysis of sensitive assets and liabilities within the interest rate review gap and through a system of limits and risk parameters approved by the Bank's Board within the internal regulations. The monitoring of the exposure to the interest rate risk of the banking portfolio and compliance with internal limits is performed at least once a month. As for now, the Bank has a positive interest rate risk gap value and a favourable position in the context of a higher tempo of increasing loan interest rates on the market.</p>

## Information systems and financial crime

Principal risk/uncertainty	Cyber-security breaches, unauthorised access to our systems
Key drivers/trends	Economy digitalisation and limited client knowledge on general security protocols for online transactions and telesales increase the risk for account breaches or misuse of clients' funds.
Mitigation	<p>We have an integrated control framework encompassing operational risk management, IT systems, information security and data compliance, each of which is managed by a separate unit. We also have an Anti-Money Laundering (AML) officer and controls in place in order to prevent and limit any unusual behaviour on clients' accounts without an additional check and validation from the Bank's side. The implementation of an advanced Fraud Management System is ongoing.</p> <p>Being certified in accordance with the requirements of the international standard ISO: 27001, the Bank carries out IT and information security checks internally and with the assistance of external consultants. It ensures the usage of sophisticated anti-virus protection and firewalls to help protect against potentially malicious software and block attempts of unauthorised access to our IT infrastructure. Every year, the Business Continuity Plan is tested and includes internal and external penetration testing as well as back-up disaster recovery. Based on the results, improvement measures have been taken. The Bank implemented "Privileged Access Monitoring" for employees with the highest privileged access to confidential and customer data.</p>



# environmental and social responsibility

## As the largest bank operating in Moldova, social engagement is maib's key priority

Via **maib's** corporate social responsibility (CSR) activities, we aim to do our best to give back to the society in which we operate: we get involved in the life of the community by supporting health, education, art, culture, volunteer work, civic engagement, infrastructure development, sports, active and healthy lifestyles, as well as country traditions.

In May 2021, **maib** chose to mark its 30th anniversary by offering a gift to society – intensive care medical equipment and devices worth MDL 1,000,000, donated to the Institute of Emergency Medicine and thus showing gratitude to the community for choosing **maib**, choosing confidence and development. The devices were purchased as a result of consultations with practitioners in the field of intensive care, useful and extremely necessary both in the period of COVID-19 and post-pandemic: 5 intermittent pneumatic compression devices for the prophylaxis of venous thrombosis – for the first time purchased in our country; 5 hot air cannons for heating a patient (unique to IMU, in the country there were only 5 at the time of donation); 10 High-Flow Oxygen Therapy devices.



**Maib** continued to support palliative treatment, being a partner of Hospice Angelus Moldova for several years. The NGO initiated several projects in which Bank employees participated, including charity football matches, bicycle races, tennis etc.

It has also become a tradition for Bank employees to get involved in blood donation and participate in the Chisinau International Marathon. The Bank also encourages employees to redirect 2% of their income tax to support non-governmental organisations. In December 2021, **maib** employees played the role of Santa Claus, offering gifts to 40 children from Cristesti, Nisporeni, most of them from single-parent families.



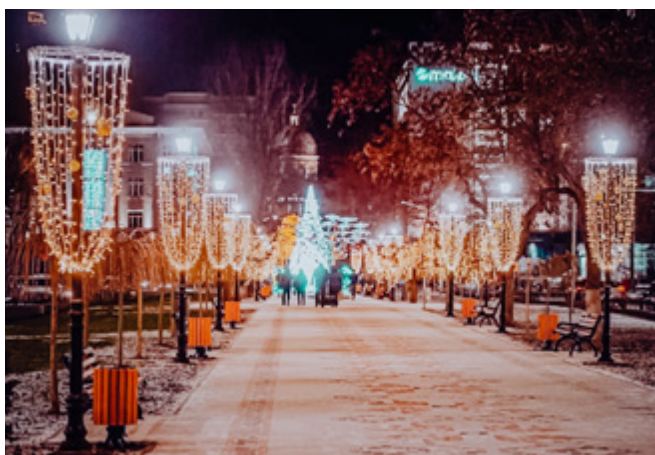
**Maib** contributes to the education of healthy financial values in society, starting from the youngest generations. The Bank has been supporting Junior Achievement Moldova since its foundation, contributing to the motivation and preparation of the younger generation to successfully assert itself in the market economy. The Bank also develops partnerships with universities in the country, **maib** employees holding public lectures and sharing their professional experience with students.

Regarding the education field, the Bank sponsored the publication in Romanian of the book "The Path" by Peter Malluk and Tony Robbins and some scientific papers published in the context of the anniversary of the Moldovan Academy of Economics, thus continuing the financial education initiative.

Being concerned that forests occupy only 11.4% of the area of the Republic of Moldova, which is one of the lowest on the continent, the Bank took the initiative and the **maib** team planted a 2-hectare forest in the shape of Bank's new logo. This was the first forest in Cruzesti, Chisinau, and this is only the first step in supporting Moldova being green again.



As for the infrastructure development support, the restoration of the Boulevard named after Grigore Vieru, which is located next to **maib's** central office, is one of the largest projects of the bank in 2021. Thanks to **maib's** financial involvement, the lighting systems, irrigation systems etc. were repaired.



**Maib** promotes the sporting spirit and Olympic values of the Republic of Moldova, contributes to the popularisation of sports and an active and healthy lifestyle by supporting several projects and activities in this field. For over 20 years, **maib** has been a partner of the National Olympic and Sports Committee (CNOS), with which it annually awards Olympians who demonstrate performance at various competitions in the national and international arena.



Regarding its employees, **maib** supports different cultural and sport activities – football, tennis, volleyball, “**maib** Active to the Superlative” runners, reading communities. The Bank supported one of its employees when they participated in the International Ironman competition, becoming the first employee in the banking sector to hold this title.



Through these actions and partnerships, the Bank aims to inspire society to adopt a healthy and active lifestyle. During the pandemic, **maib** employees carried out various volunteer actions to minimise the risks of infecting customers.

The Bank has also developed an internal wellbeing program for employees and also organized “Coffee with CEO” events.



The cultural element is both a CSR component and a national symbol of pride for **maib**. On International Day of the Romanian Blouse Ie, an element included in the UNESCO Heritage, we usually urge employees and customers to proudly wear the national blouse.



Martisor, the symbol of spring in Moldova that represents our country all over the world, is worn on the chest by the **maib** team in the first month of the season. On National Holidays – Independence Day and Romanian Language Day – we like to celebrate national values and talk about the importance of promoting them whenever and wherever we are.

Moreover, **maib** continues to support the concert “O seara in parc”, which was cancelled in 2020 due to the pandemic. The event took place in the largest open-air theatre in Europe.



For **maib**, 2022 will be the year of digital innovation, but starting back in 2021, we have supported numerous projects, conferences and hackathons on the topics of Cashless Economy, FinTech, AgTech, innovative business ideas etc.



Our transparency, customer-centric approach and diligence in the achievement of our CSR mission for 2022 is becoming more and more important for **maib**, being close to our clients and, together, involved in the social life of the community.

# shareholder engagement

The Company has a comprehensive shareholder engagement and communication programme and encourages an open and transparent dialogue with existing and potential shareholders. The programme covers all results, performance and strategy issues, as well as discussions relating to ongoing corporate governance. The Group has been taking into account matters which shareholders have indicated are of importance to them in written communications to their wider issue base, and also in individual phone calls and meetings with shareholders. This dialogue will be continuing during 2022.

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

We will engage with shareholders, including through the Company's forthcoming AGM to be held later in 2022, and will also continue to communicate with shareholders on important developments throughout the year. Our annual results announcement, half-year results and quarterly results are supported by a combination of presentations and telephone briefings. Over the course of 2021, we have engaged with a large number of existing and potential investors, and participated in six investor conferences and road shows, most of which were virtual. In November 2021 **maib** participated in the inaugural Moldovan Capital Markets Day, an event organized by **maib** in partnership with the London Stock Exchange and Renaissance Capital. It featured the Prime Minister of Moldova, Natalia Gavrilita, who took part in the Market Open ceremony and delivered the opening speech. She was joined by Julia Hoggett, the CEO of the London Stock Exchange, Odile Renaud-Basso, the President of the European Bank for Reconstruction and Development, and Octavian Armasu, the Governor of the National Bank of Moldova. The event featured two panels where guests and potential investors had an opportunity to receive an update from the Board and management on the Moldovan macro-economic prospects and investment climate.

The Chairman has overall responsibility for ensuring that the Board understands the views of major stakeholders. The full Board is regularly kept informed of these views by the Chairman as well as management and the Investor Relations team and, to the extent deemed appropriate, the Group has taken active steps to adopt different ways of working in response to feedback received from shareholders and other stakeholders. Informal feedback from analysts and the Group's corporate advisors is also shared with the Board.

Our website, <https://ir.maib.md>, provides our shareholders with access to the Group's results, press releases, investor presentations, details on our engagement with communities and corporate and social responsibility framework, our leadership, as well as other information relevant to our shareholders. We also ensure that shareholders can access details of the Group's results and other news releases through our website.



# statement of directors' responsibilities

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. We are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions, to disclose with reasonable accuracy at any time the financial position of the Company and the Group, and to enable us to ensure that the consolidated and separate financial statements comply with the requirements of the Law no. 287/2017 on accounting and financial reporting.

We are responsible for such internal control as we determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to us to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

We confirm that to the best of our knowledge:

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

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

By order of the Board,

Secretary of the Supervisory Board  
Nina Teleaga

# directors' report

The Members of the Supervisory Board present their Annual Report and the audited consolidated financial statements for the year ended 31 December 2021.

## Charter of the Bank

The Charter of the Bank may only be amended by a resolution at a general meeting of the shareholders. The process for the appointment and removal of Members of the Supervisory Board is included in our Charter. Maib's Charter is available on the Company's website:

<https://www.maib.md/files/2019/12/13/statutul-bancii/statutul-bancii.pdf>

## Share capital and rights attaching to the shares

Details of the movements in share capital during the year are provided in Note to the consolidated financial statements on this Annual Report. As at the date of this Annual Report there was a single class of 1,037,634 ordinary shares of MDL 200 (two hundred) each in issue, each with one vote. The rights and obligations attaching to the Company's ordinary shares are set out in its Charter.

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

- have shareholder documents made available to them including notice of any general meeting;
- attend, speak and exercise voting rights at general meetings, either in-person or by proxy;
- elect or be elected as a member of the management bodies;
- participate in any distribution of income or capital;
- sell, pledge, place under trust or request redemption of the shares they own.

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

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

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

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

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

- call for extraordinary general meeting of the shareholders.

## Results and dividends

The Group made a profit before taxation of MDL 832 million for the year ended 31 December 2021. The Group's profit after taxation for the year was MDL 729 million. The Company may by ordinary resolution declare dividends provided that no such dividend shall exceed the amount recommended by the Company's Supervisory Board. The Supervisory Board may also pay such interim dividends as appear to be justified by the profits of the Group available for distribution. However resumption of dividends depends on the ultimate approval by the National Bank of Moldova.

## Long Term Incentive Plan ("The Plan")

At the end of 2021, **maib** implemented the Long Term Incentive Plan (LTIP), under which stock buying options will be granted to top and middle management of the bank as part of their compensation package. The plan is structured on the basis of phantom options, and has a best practice approach to executive remuneration, designed to align management and shareholder incentives while placing the prudent and long-term development of the bank at the forefront.

## Powers of Supervisory Board members

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

## Conflicts of interest

In accordance with the law no. 202/2017 on the activity of banks, the Directors have adopted a policy and procedure for the disclosure and authorisation (if appropriate) of conflicts of interest, and these have been followed during 2021. The Company's Charter also contain provisions to allow the Supervisory Board members to authorize potential conflicts of interest so that a member is not in breach of his or her duty under the law.

## Supervisory Board members' remuneration

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

## Supervisory Board members' interests

The Supervisory Board members' beneficial interests in ordinary shares of **maib** as at 31 December 2021 are shown together with any changes in those interests between the financial year-end and the date on which this Directors' Report was approved by the Board.

### Company Secretary

The Board appointed Mr. Eugeniu Josan to act as Company Secretary of the Supervisory Board and of the Management Board in May 2021.

### Annual General Meeting

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

### Supervisory Board members' responsibilities

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

### Related party disclosures

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

### Code of Conduct and Ethics

The Board has adopted a Code of Conduct relating to the lawful and ethical conduct of the business, supported by the Group's core values. The Code of Conduct has been communicated to all members of the Supervisory Board and employees, all of whom are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates. Our Code of Conduct is available on our website: <https://www.maib.md/files/2020/11/24/sumarul-prevederilor-codului-de-etica-al-bc-quot-moldova-agroindbank-quot-sa-code-of-ethics/sumarul-prevederilor-codului-de-etica-al-bc-quot-moldova-agroindbank-quot-sa-code-of-ethics.pdf>

### Independent auditors

ICS "Pricewaterhouse Coopers Audit" SRL was appointed as an external auditor of the Company for the years 2020 – 2022.

### Major interests in shares

The table below lists shareholders with voting rights of more than 5% as at 31 December 2021:

Shareholder	Number of voting rights	% of voting rights
<b>Heim Partners Limited</b>	<b>426 365</b>	<b>41.09</b>

### Post balance sheet events

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

### Statement of disclosure of information to the auditor

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

Secretary of the Supervisory Board  
Nina Teleaga

# non-financial statement

## corporate social responsibility

Corporate Social Responsibility ("CSR") is one of the main pillars in both the Group's direct work and in its actions to support the community. The implementation of this concept allows, on the one hand, ensuring a responsible business management, creating a constructive business environment, developing and launching products and services with a positive impact on customers and partners, and, on the other hand, involvement in social responsibility projects with a major impact on the development of society. Thus, the Group ensures a balance between business activity and social responsibility, being sure that only the partnership between business and society can become the key to the sustainable development of any financial institution.

## business responsibility

The Group's activity is also based on an assessment of customers' needs in order to anticipate them, thus providing our customers with the necessary tools to excel both socially and professionally.

To achieve this goal, flexibility, fairness and speed in acting for customers are intrinsic concepts of the business. The group focuses on innovation and digitalization, providing customers with remote banking services and secure products based on the highest financial technologies. For its success in business, in 2021 maib was named "Best Bank in Moldova" by the prestigious publications Euromoney and Global Finance, "Bank of the Year" in the vision of The Banker, being the holder of the title "Best Digital Bank in Moldova" according to Global Banking and Finance Review ranking.

The 2021 pandemic continued to affect the society. To minimize the effect, maib continued to be with clients, supporting their work, but also with the medical community, donating vital medical equipment in saving lives.

## social responsibility

The basic portfolio of social responsibility projects includes the following sectors: education, culture, sports, environment, health and charity. At the same time, the Group is open to support other areas, the fundamental criterion in their selection being the importance and lasting impact of CSR projects on community development. The main projects supported during the year are reviewed in chapters 6 and 34. Shortly, we mention:

- promoting initiatives that support education and networking, supporting startups and the IT sector, projects such as FinTech Moldova, AgTech Accelerator, Rockit Conference;
- supporting sport and the active lifestyle, supporting the National Olympic and Sports Committee, involving employees in various sporting events;
- sponsoring cultural events, such as " O seară în parc ", etc.;
- signing educational partnerships, including with the Academy of Economic Studies of Moldova, which includes conducting public lessons on various topics, book publishing, etc.;
- implementation of environmental protection actions, including by planting the **maib** forest;
- supporting multiple charitable actions, such as those carried out by Hospice Angelus Moldova, Hospices of Hope;
- supporting social initiatives and contributing to the renovation of Grigore Vieru Boulevard in Chisinau;
- supporting medical initiatives such as donating medical equipment to the Emergency Medicine Institute, conducting blood donation actions among **maib** employees.

## human resources

The needs of the Group's customers are increasingly sophisticated and demanding, which generates major challenges for the Group, especially in the area of Human Resources. The human resources management strategy includes the following priorities:

- Supporting the Group's business strategy by providing the necessary human resources for business continuity and development;
- Continuous promotion of the image of the employer which would contribute to the positioning of the Group as a preferential employer;
- Developing a proactive corporate culture in order to anticipate the needs of the Group by aligning the personal values of each employee with the values of the Group;
- Continuous improvement of the Group's employees and increase of labor productivity;
- Loyalty of the Group's employees, retention, attraction and development of talents; and
- Developing the team spirit and involvement of the Group's employees.

As of December 31, 2021, the total staff of the Bank comprised of 2,718 employees, 17 employees were active in MAIB-Leasing, and the total staff of Moldmediacard was 14 employees.

## fighting corruption

Both the Group, as a parent company, and the subsidiary companies apply strict anti-corruption principles, which refer to the fact that employees are prohibited from making and accepting payments, either directly or through third parties, in order to accelerate or influence certain decisions, which could be interpreted as bribery. At the same time, any employee can communicate anonymously, through dedicated channels, about any suspicion regarding the inappropriate activity of other employees.

## respecting the human rights

Both the Group, as a parent company, and the subsidiary companies are committed to maintain and improve their internal systems and processes in order to ensure respect for human rights in the operations performed and in the management of human resources. The implemented processes ensure the exclusion of any forms of discrimination in hiring and promotion of employees, and for its employees the following principles of personal and professional behavior are encouraged, such as: moral integrity, freedom of thought and expression. The Group also refrains from financing projects that may violate fundamental human rights (for example, refraining from financing the production, procurement and / or sale of arms and drugs, etc.).

## environmental issues

As a parent entity, the Group promotes international social and environmental standards both as a resource consumer and as a financial institution. The group constantly monitors and acts to reduce the consumption of resources with an impact on the environment. It also supports initiatives aimed at educating the population in the field of environmental protection. All projects funded by the Group are subject to a social and environmental assessment to facilitate the decision on whether an activity should be funded and, if so, how social and environmental issues should be addressed in the planning, financing and implementation process of projects. In 2021, the Bank signed collaboration agreements with EFSE, GGF and EBRD, which would create a positive impact on society, supporting sustainable projects and financing the green economy, etc.



# going concern and viability statements

## Going concern statement

After making inquiries, the Management Board confirms that they have a reasonable expectation that BC MAIB SA has adequate resources to continue in operational existence for 12 months from the date the financial statements are authorised for issue. Therefore, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the accompanying financial statements.

## Viability statement

In order to consider the Bank's viability, the Board considered a number of key factors, including:

- the Bank's financial and operational position, including capital allocation and other key financial ratios;
- the Board's risk appetite;
- the Bank's business model and strategy;
- the principal risks and uncertainties;
- the effectiveness of our risk management framework and internal control processes.

The key factors above have been reviewed in the context of our current position and strategic plan, financial budgets and forecasts. The viability assessment involved a risk identification process, which included recognition of the principal risks to viability (risks that could impair the Bank's business model, future performance, solvency or liquidity), excluding risks not sufficiently severe over the assessment period.

For those risks considered sufficiently severe to affect our viability, we performed stress testing for the assessment period, which involved modelling the impact of a combination of severe and plausible adverse scenarios in our ICAAP process.

The Bank has examined, among others, the following stress scenarios over the assessment period:

- significant decrease of GDP;
- decrease of house price index;
- depreciation of MDL.

The stress testing also took into account the availability and likely effectiveness of mitigating actions that could be taken to avoid or reduce the impact or occurrence of the identified underlying risks to which the Bank is exposed, such as a decline in lending activity and reduction of operating expenses. It also took into account the assumption that the Bank will be able to prolong or refinance existing borrowings, or increase the financing from international finance institutions, on terms similar to existing ones.

The Management Board members have also satisfied themselves that they have the evidence necessary to support the statement in terms of the effectiveness of the Bank's risk management framework and internal control processes in place to mitigate risk.

Based on the analysis described above, the Management Board confirms that they have a reasonable expectation that the Bank will be able to continue operations and meet its liabilities as they fall due during the examined time span.

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Financial figures presented in this annual report are based on audited group and standalone full year (FY) 2021 financial statements. Full year audited results from 2020 and 2019, both group and standalone, are used as basis of comparison.

This annual report contains forward-looking statements, such as, management expectations, outlook, forecasts, budgets and projections of performance, as well as statements concerning strategy, objectives and targets of the Bank, as well as other types of statements regarding the future. The management of the Bank believes that these expectations and opinions are reasonable, and based on the best knowledge, however, the management of the Bank would like to underline that no assurance can be given that such expectations and opinions will prove to have been correct. As such, these forward-looking statements reflecting expectations, estimates and projections are subject to a number of known and unknown risks, uncertainties and contingencies, and actual results and events could differ materially from those currently being anticipated as reflected in such statements. Important factors that could cause actual results to differ materially from those expressed or implied in forward-looking statements, certain of which are beyond the control of the Bank, include, among other things: macroeconomic risk, including currency fluctuations and depreciation of the Moldovan leu; regional and domestic instability, including geopolitical events and military conflicts; loan portfolio quality risk; regulatory risk; liquidity risk; capital risk; financial crime risk; cyber-security, information security and data privacy risk; operational risk; COVID-19 pandemic impact risk; climate change risk; and other key factors that indicated could adversely affect our business and financial performance, which are contained elsewhere in this document. No part of this document constitutes, or shall be taken to constitute, an invitation or inducement to invest in maib shares, and must not be relied upon in any way in connection with any investment decision. Maib undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required. Nothing in this document should be construed as a profit forecast.

Audited financial statements and management report, as required by the Moldovan legislation, can be found [at the following address](#).