

2023



ANNUAL MANAGEMENT REPORT

TRANSFORMATION AND GROWTH

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2023 - The Year Of Change And Growth

Herbert Stepic

Chairman of the Board of Directors

Despite the challenging environment, the spillovers from the war in Ukraine and its influence on the economy, Moldova has demonstrated resilience and maintained a strong reform momentum. In 2023 the impact of the energy crisis was mostly alleviated with the government's implementation of contingency plans and certain progress was achieved in diversifying energy sources. Further to the successful policies of the National Bank of Moldova (NBM) inflation decelerated more rapidly than expected. In concert with the NBM's well-calibrated monetary policy response a swift decline in food and fuel prices was detected, leading to a modest but still tangible rebound in domestic demand over the year. Given the further pursuing of the authorities' reform agenda, focused on strengthening the rule of law, anti-corruption institutions and frameworks and fiscal governance the year 2024 will be starting with a positive outlook. The IMF growth perspective singles out Moldova in the whole region with a growth perspective of 4,5% over the next five years, putting the country on the map of increased business opportunities. Particularly the path to the European Union is now carved out and Moldova is taking the right steps toward accession. Moldindconbank is playing and is furtheron prepared to assume an important role in this growth history. During 2023 the bank managed to position itself as even a stronger market participant than in the years before. Accompanied by a strong European shareholder, Doverie Group, an internationally experienced Board of Directors, consisting of European professionals, Moldindconbank is set to actively participate in the development of the country. During 2023 the long-planned change of the core banking system, which now allows for further growth, went seamlessly and did not impact the client service of the Bank. Apart from further centralization, relocation of branches, adaptation of the sales system, and optimization of the lending process, the growth path of the bank was further pursued. 2024 will take the bank further in its transformation to customer centricity, efficiency and digitalization in order to provide even better service. Simultaneously the bank will continue to excel in maintaining and further improving its compliance and Anti Money Laundering standards. At the same time, however, competition will intensify and so we must strive to become even more efficient. Still, I am confident that the strong European educated and growth-minded management team will master each and every challenging environment.

I want to express my gratitude to the management and to every employee, as our success is the result of the collective efforts of each and every one in the bank. Finally I want to thank our customers for the trust placed in Moldindconbank. My gratitude goes to the shareholders and their unbroken assistance in the banks transformation.



Herbert Stepic

A handwritten signature in blue ink, appearing to read 'Herbert Stepic', written over a thin blue horizontal line.

Navigating Opportunities: Moldindconbank's Success Amidst Macroeconomic Challenges

Alexander Picker

Chairman of the Managing Board

The challenging macroeconomic situation of the year 2023 also created chances in Moldova, which Moldindconbank was able to transform into a successful business. Although the growth in GDP of 0,7% was not as high as desired for, the macro-economic achievements of 2023 and the successful reduction in inflation from 30,2% to 4,2% allowed the bank to achieve a balance sheet growth of 20% and a substantial increase in profit of an additional 3%, amounting to MLD 929 Million.

I am particularly proud that the Bank managed to maintain its number one position in mortgage lending, achieving a market share of over 30%. Also, I want to highlight the card business, where Moldindconbank is gaining market share from competitors, reaching 40% at the end of the year. Especially noteworthy are the Social cards and the cards for children, which were embraced by our customers.

Looking forward, the year 2024 is even more promising for the whole banking sector and particularly for Moldindconbank. After having successfully implemented our new core banking system in 2023 we can build on this basis and fully put into action our defined priorities: customer centricity and excellence in providing services.

This will be achieved by following our values "Trust and Honesty" and by continuing with the best team on the market. With the support of our European shareholder and our strong Board of Directors the bank will further ensure to keep the highest standards in Compliance in order to vindicate the trust from our customers and our international partners. Our strategic priority is focused to be an exclusively customer-oriented bank and therefore we are grossly investing in digitalization. In 2024, we will continue to take many small steps after the quantum leap last year.

Moldindconbank has always been focused on progress. Any commercial bank is, in essence, a provider of services, consequently customer focus means understanding of customer needs, a sincere smile of the bank employee and swift decisions. The safety and security that a bank is obliged to offer we continue to value very important. Trust and honesty, team spirit and excellence matters a lot and will be the background for our success also in 2024.

Following our motto: "Always there for you" "MEREU ALĂTURI" we will follow up on our promises and will present to our clients the best partner available.



Alexander Picker

A handwritten signature in black ink, appearing to be 'A. Picker', written in a cursive style.

About Moldindconbank

Overview

Moldindconbank commenced operations on July 1, 1959, as a subsidiary of the USSR’s Stroibank. Initially tasked with financing industrial constructions, energy enterprises, and transport lines, its scope expanded significantly. On October 25, 1991, the Constituent Assembly decided to reorganize the bank into the Joint Stock Commercial Bank for Industry and Construction, known as Moldindconbank S.A. This reorganization marked the beginning of a broader range of services offered, transforming the bank into an universal financial institution that rapidly gained prominence.

In subsequent years, Moldindconbank experienced steady growth, diversifying its product offerings and customer base. Today, it boasts the largest branch network in the Republic of Moldova, with a presence in all districts. Each Moldindconbank branch provides a comprehensive suite of financial services catering to individuals, businesses, and financial institutions alike.

History

2022

- Moldindconbank – the first bank in Moldova to issue 1 000 000 cards
- Google Pay™ becomes available for Moldindconbank cardholders
- Moldindconbank launches The Instant Card
- Moldindconbank implements credit online
- Moldindconbank launches Apple Pay to Customers

2021

- Moldindconbank was nominated as the “Brand of the Year 2020” in the Banks/Insurance/ Finance category
- Moldindconbank inaugurates a modern Corporate Customer Center
- Moldindconbank introduces card-to-account money transfers
- Introducing the first Platinum card in Moldova for women – PudraCard
- Doverie United Holding increases its stake in Moldindconbank to 78.21%

2020
-
2019

- The Bank has introduced the country’s first fully contactless ATM featuring a touchscreen
- The Bank introduces “P2P by Phone” service for the first time, now available in the MICB Mobile Banking application
- The Bank debuts the Moldindconbank credit payment service at Cash-In ATMs, requiring only the identity card
- Moldindconbank has launched the Garmin Pay service
- “Doverie-Invest” JSC from Bulgaria has acquired a majority stake in Moldindconbank

2018
-
2012

- Moldindconbank has launched new premium cards - Mastercard World Elite and Mastercard Platinum
- Moldindconbank becomes the first bank to join the “First Home” State Program, initiated by the Government of the Republic of Moldova in collaboration with ODA
- Moldindconbank has introduced DIRECT TRANSFER service
- For the first time in Moldova, Moldindconbank announces the launch of its new website www.transfer.md
- The Bank announces the issuance of VISA Platinum card
- Moldindconbank boasts the largest national banking network with 190 offices spread throughout the Republic of Moldova
- Moldinconbank was awarded “The Most Innovative Bank” by Global Finance magazine
- Moldinconbank was recognized as “The Best Bank in Moldova” by Global Finance magazine
- The Bank has introduced the “Mobile Banking” app for Moldindconbank cardholders
- The Bank has launched the “P2P MICB” service, allowing cardholders to transfer money from one card to another directly at Moldindconbank’s Cash-In ATMs

2011
-
2007

- BSTDB is strengthening its partnership with Moldindconbank to support SME development in Moldova
- The Bank has launched a new money transfer system, MoneyGram
- The Bank has been awarded the gold certificate "The Gold Standard for Quality"
- EBRD completed the first energy efficiency loan to Moldova, amounting to EUR 6 million for BC "Moldindconbank" S.A.
- Signing of a new Credit Line Agreement with EBRD for small and medium businesses in Moldova
- Citibank awarded the Bank with a quality prize for the years 2008/2009

2006
-
2000

- The magazine "The Banker" bestowed the title of "Bank of the Year 2005" upon our Bank from Moldova
- The financial magazine "Global Finance" recognized BC "Moldindconbank" S.A. as "The Best Bank from Moldova" in the category of "The Best Banks in Developing Markets in the Central and Eastern Europe region"
- In 2003, Moldindconbank was nominated by the EBRD as "The Most Active Issuing Bank under the Trade Facility Program in Moldova"
- In 2002, Moldindconbank was nominated by the EBRD as "The Best Bank of the Year in Moldova" under the Foreign Trade Facility Program, being included in the list of the top 8 banks in Central and Eastern Europe and the CIS countries
- Moldindconbank introduced a new service – VAT recovery for goods purchased in foreign countries, through the TAX FREE refund form provided by the Global Refund Company
- The Bank actively develops electronic networks for the sale of banking products, including Telebanking, Internet banking, Bank On-Line, and electronic statements from card accounts
- Moldindconbank was selected as the operator of the loan for housing construction, awarded by the World Bank to the municipal mortgage agency AMIC
- In Washington, two agreements were concluded between the Bank and the International Financial Corporation (IFC), pertaining to the opening of a new line of credit
- The Bank's first ATM, operational 24/7, was installed, facilitating transactions with international cards such as Cirrus/Maestro, Mastercard/Eurocard, and Mastercard/Business
- Moldindconbank was accepted into the international system Europay, granting it the authority to issue and service international cards like Maestro and Mastercard
- Moldindconbank became one of the founding members of the unified MoldMediaCard processing center
- The Bank initiated the implementation of the remote account monitoring system "Customer - Bank"

1999
-
1991

- Moldindconbank began operations with a credit line from the World Bank as part of a private development project
- Moldindconbank became a member of the International System of Financial Information Exchange, SWIFT, and Reuters
- The first bank to conclude a framework agreement with AKA AUSFUHRKREDIT GESELLSCHAFT G.M.B.H from Germany
- Moldindconbank became a founding member of the Currency Interbank Exchange
- In 1992, Moldindconbank received a general license for conducting the full range of banking operations
- BC "Moldindconbank" S.A. was established

Shareholders

The majority shareholder of the Bank is the European investor DOVERIE-INVEST EAD (Bulgaria), which holds 78,21% of the Bank's share capital. The indirect shareholder is DOVERIE-UNITED HOLDING AD (Bulgaria).

DOVERIE-UNITED HOLDING AD is one of the largest holding companies in Bulgaria, comprising 18 companies from various sectors of the economy across multiple countries, including health and medical services, insurance, banking services, construction, winemaking, and manufacture of household chemicals.

Being a publicly traded company, DOVERIE-UNITED HOLDING AD's shares are freely traded on the Bulgarian Stock Exchange (<https://bse-sofia.bg/en/issuer-profile/DUH/>) and it ranks among the top 5 listed companies.

Moldindconbank's performance has significantly contributed to the growing popularity of DOVERIE-UNITED HOLDING AD shares. Following the acquisition of Moldindconbank shares, the share price of DOVERIE-UNITED HOLDING AD on the Sofia Stock Exchange increased by over 270% within a year. The holding's shares are now preferred by brokers on the stock exchange, a trend supported by statistics.

DOVERIE-UNITED HOLDING AD boasts more than 148.000 shareholders, including individuals and companies from Austria, Germany, Greece, the Netherlands, the USA, and others.

Impact of Moldindconbank in economy and society in 2023

> 1 million
customers

#1
LEADER

> 1,2 million cards

#1
LEADER

> 39%

from the volume of non-cash
card transactions

> MDL 14 billion
balance of loans granted

> MDL 6 billion

balance of state budget financing
by investing in state securities and certificates
of the National Bank of Moldova

#1
LEADER

1.451
people

purchased housing
with the help of
mortgages
worth over
MDL 4 billion

> 26.000 people

benefited from consumer
loans worth over
MDL 3 billion

33%

#1
LEADER

from the volume
of **remittances**
received by individuals

#1
LEADER

> 45%

from the number
of social cards

MDL 449 million

taxes and fees paid to the state budget

1.690 of employees

> MDL 1 billion

balance of loans granted for
agriculture and food industry

> MDL 3 billion

balance of loans granted
to SMEs

133

presence of a dense
network in all the country

#1
LEADER

70 branches,
63 agencies

Achievements in 2023

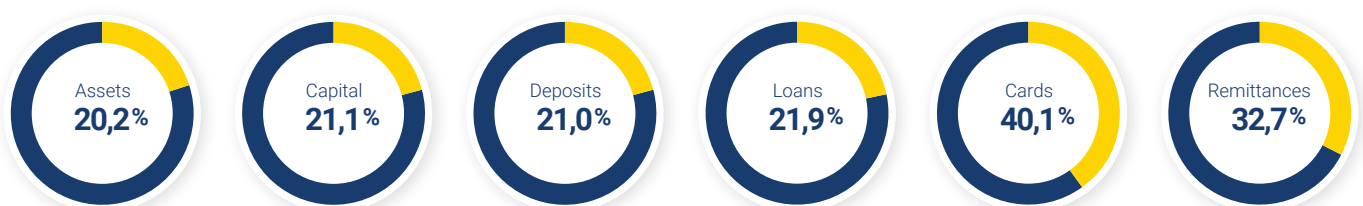
Growth

- Maintaining the 2nd position in the banking system with a market share of approximately 20%. Notable increases in bank volume: total assets (+20,2%), loan portfolio (+11,2%), and deposit portfolio (+24,2%).
- The loan portfolio experienced the most significant growth, increasing by MDL 1.413 million during 2023, resulting in a market share rise to 21,9%, an increase of +1,5 percentage points (p.p.).
- Holding the largest mortgage loan portfolio in the banking system, amounting to MDL 4.082 million, with a market share of 30,7%, which grew by +2,6 p.p. in 2023.
- Witnessing the most substantial increase in individual deposits within the banking system, with an increase of +MDL 565 million in 2023, contributing to a 0,5 p.p. increase in market share to 24,8% as of 31.12.2023.
- Maintaining dominance in the payment cards market, with the Bank's share of total active cards reaching 40% as of 31.12.2023. Furthermore, by volume, cashless transactions conducted in the Republic of Moldova using cards issued by the Bank amounted to 39,2%.
- Continuing to lead in the market of money remittance services by individuals, with a market share of 32,7% as of 31.12.2023.
- Ensuring high business efficiency, with the Bank ranking among the leaders of the banking system in terms of profitability indicators, with an ROE of 17,2% and an ROA of 3,2%.

Place of BC „Moldindconbank” S.A. in the banking system



Market shares



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

Transformation

Achieving the primary goal for 2023—transforming the Bank's information system—was facilitated by a specialized CS company from Ukraine. This company boasts extensive experience in implementing banking information systems and possesses a qualified team in the field.

By migrating to the new information system, Moldindconbank launched the transformation program MICB4YOU, aimed at aligning the bank with the best international banking practices. As a result, the Bank's customers will benefit from comprehensive products and services, accessible digitally or at any Moldindconbank office, with faster, simpler, and more convenient processes. The program also entails revising the service model at branch level, remodeling sales processes, centralizing the financing function, consolidating back-office activities, optimizing processes, and implementing other modern financial solutions. These initiatives will enhance the efficiency and digital capabilities of Moldindconbank.

The MICB4YOU program is an integral component of the Bank's strategy to invest in digital technologies and remain at the forefront of innovation.

Financial performance

Total assets of Moldindconbank increased by 20,2% or MDL 5.221 million in 2023, reaching MDL 31.059 million as of December 31, 2023.

The Bank's balance sheet showed positive development in terms of business volume, ensuring the sustainability of its activities.

The Bank's assets exhibited the following trends:

- Growth in the loan portfolio.
- Maintenance of a high level of liquidity.
- Increase in required reserves.
- Rise in investments in government securities and NBM certificates.
- Growth in tangible and intangible fixed assets.

The gross loan portfolio amounted to MDL 14.005 million as of December 31, 2023, marking an increase of MDL 1.413 million (+11,2%) compared to the previous year.

The increase in the loan portfolio was propelled by both the rise in loans granted to individuals (+ MDL 995

million) and loans granted to legal entities (+ MDL 418 million).

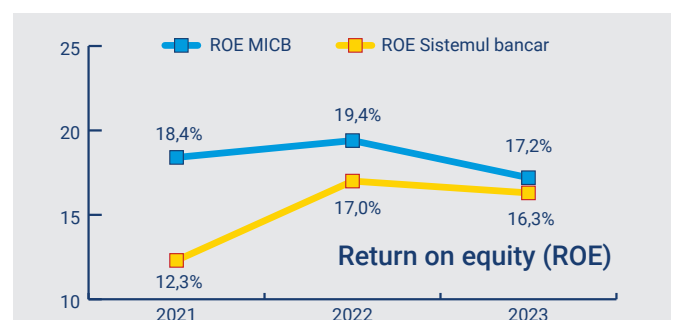
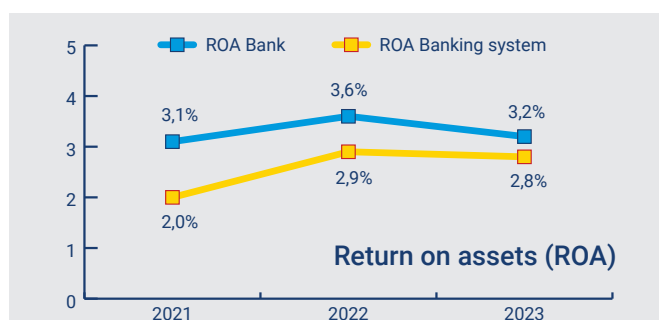
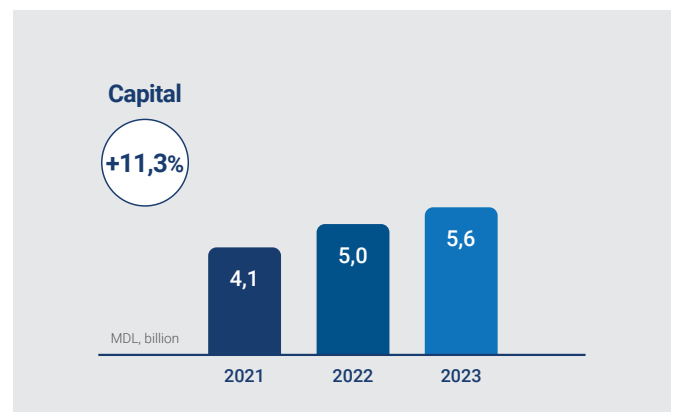
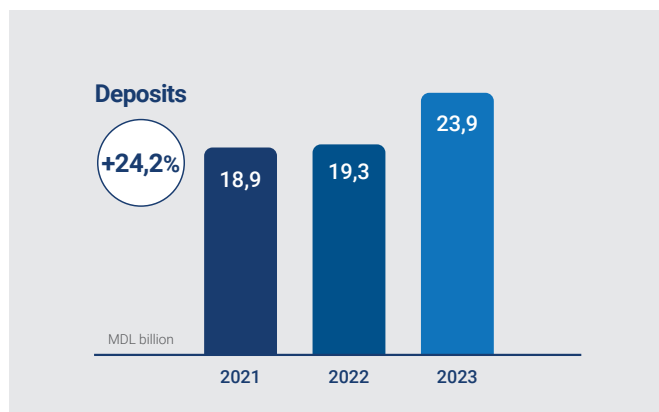
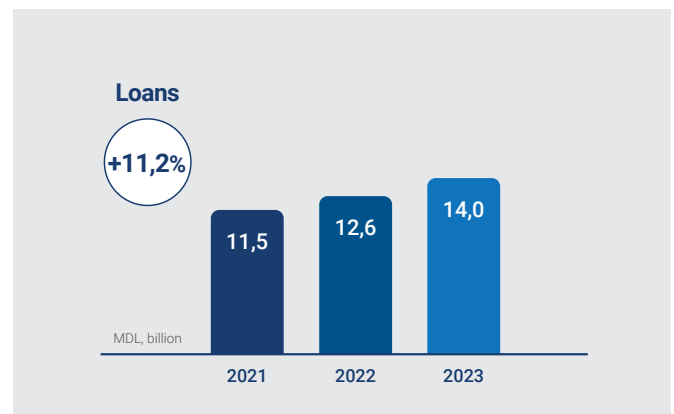
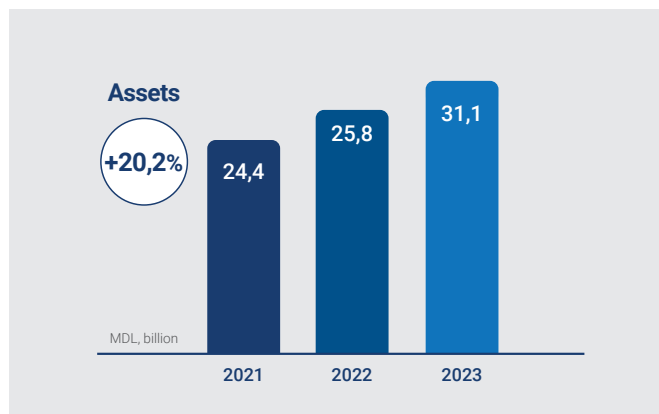
The evolution of the Bank's liabilities in structure during 2023 was marked by: an increase in deposits; an increase in loans; and an increase in the bank's capital due to profit.

The deposit portfolio, the primary source of funding for the Bank's assets, reached MDL 23.914 million, marking a substantial increase of MDL 4.654 million during 2023. This growth was equally contributed to by deposits from individuals (+ MDL 2.630 million) and deposits from legal entities (+ MDL 2.670 million).

The Bank's capital reached MDL 5.611 million as of 31.12.2023, up by 11,3% due to the profit achieved.

The profit for the period amounted to MDL 929 million, marking a 3,1% increase over the previous year.

In 2023, the Bank maintained its high level of efficiency, ranking among the leaders in the domestic banking sector in terms of return on assets (ROA) and return on equity (ROE) indicators.



KEY PERFORMANCE INDICATORS		
Financial Indicators	31.12.2022	31.12.2023
Assets, MDL million	25.839	31.059
Loan portfolio, MDL million	12.591	14.005
Deposit portfolio, MDL million	19.260	23.914
Equity, MDL million	5.040	5.611
Net profit, MDL million	901	929
ROA, %	3,6	3,2
ROE, %	19,4	17,2
CIR, %	40,9	48,6
Non - Financial Indicators	31.12.2022	31.12.2023
Number of bank employees	1.617	1.690
Subdivisions of the bank:	160	133
– branches	70	70
– agencies	90	63
Number of ATMs	263	274

During 2023, Moldindconbank complied with all prudential indicators set by the National Bank of Moldova.

PRUDENTIAL INDICATORS			
Indicator	Prudential requirement	31.12.2022	31.12.2023
Own funds ratio, %	Min 10%	31,61	30,70
Liquidity Principle I	< 1,0	0,75	0,72
Liquidity Coverage Ratio (LCR)	>100%	233,73	256,63
Liquidity Principle III: < 1 month / 1-3 months / 3-6 months /6-12 months / >12 months	> 1,0	1,86 / 7,83 / 4,66 / 2,62 / 8,71	1,81 / 5,45 / 5,04 / 3,37 / 8,76
Sum of top ten loan exposures /Total portfolio of loans and contingent liabilities included in the calculation of top ten loan exposures	≤ 30	19,94	19,10
Aggregate amount of bank's exposures to affiliated persons and/or groups of clients related to the bank's affiliated persons/Eligible capital	≤ 20%	0,24	0,04
The bank's maximum exposure to an affiliated person and/or group of connected persons (after taking into account the effect of credit risk mitigation)/Eligible capital	≤10%	0,07	0,02
Bank's total exposure to bank officers/Equity capital	≤10%	6,24	6,26
Ratio of the bank's open currency position to each currency (long)	≤ +10%	2,37	3,19
Ratio of the bank's open currency position to each currency (short)	≥ -10%	-0,02	-0,01
Ratio of bank's open currency position to all currencies (long)	≤ +20%	4,14	5,19
Ratio of bank's open foreign exchange position to all currencies (short)	≥ -20%	-0,02	-0,01
Tangible fixed assets / Equity capital	< 50%	6,79	6,22

Share buyback information

In 2023, the Bank did not buy back its own shares

The Bank's development prospects

Mission

of Moldindconbank is to offer **best-in-class banking**, blending **tradition** and **innovation**. We focus on **long term trust** with **stakeholders**, on **operational excellence** and on **adaptability during change**.

Vision

is to be a **universal customer-oriented Bank** with a **leading position in the country**, operating through **efficient processes**, referenced for **quality and excellence**, being recognized as **employer of choice**.

Starting from the mission and vision,
the Bank's strategic objectives are based on four values:



Strategic objectives:

1. Target Leading Positions in Main Areas of Activity

Growth in main key indicators for all segments. Maintain leadership in areas where we are leaders and target leadership in areas where we need to catch up.

2. Have Efficient and Optimized Distribution Channels

To focus on all distribution channels. To consider new more advanced distribution channels, optimize the existing once and reinforcement of recently created.

3. Enhance Image

Contribute to a responsible and sustainable economy by offering products and services with the goals of environmental and social directions.

4. Become the Employer of Choice

Trust relationship, pleasant working atmosphere, strong leadership on all levels.

5. Have Major Processes Reviewed, Optimized and Automated

To review both internal and client related processes, including automation of activities to increase efficiency.



Macroeconomic situation

The external environment in 2023 remained complex. Globally, two major armed conflicts persisted: Russia's invasion of Ukraine and the conflict in Palestine. These conflicts heightened geopolitical tensions and continued to pose significant risks and uncertainties. The global economy, albeit slowly, continued its recovery from the cost of living crisis, with inflation gradually being brought under control. Looking back, resilience has been remarkable. Despite disruptions to energy and food markets caused by war and the unprecedented tightening of global monetary conditions to address decades of high inflation, the global economy has experienced a slowdown rather than stagnation. However, growth remains sluggish and uneven, leading to growing global divergences. Moldova's economy has returned to positive growth after more than a year of decline. Economic activity was primarily buoyed by a bountiful harvest in the agricultural sector, facilitating increased exports and reduced imports of agri-food products. Additionally, noteworthy progress was observed in the financial, communications, social services. Nonetheless, domestic demand remained subdued, as evidenced by a decline in household consumption and investment, coupled with minimal growth in real household income and heightened uncertainty in the region.

Gross Domestic Product (GDP) in 2023 is estimated at MDL 300,4 billion (in comparable prices), marking a 0,7% increase compared to 2022.

The annual inflation rate (December 2023 vs. December 2022) stood at 4,2%, remaining within the range of the inflation target set by the National Bank of Moldova (5% +/- 1,5 p.p.).

To mitigate inflationary pressure, the NBM implemented five reductions in the base rate during 2023, lowering it from 17% to 4,75%.

The Moldovan leu appreciated by 5% against the euro and 9,1% against the US dollar since the beginning of 2023.

Official reserve assets held by the National Bank of Moldova as of December 31, 2023, reached a value of USD 5.453,14 million, marking a 21,9% increase compared to the level recorded at the end of 2022.

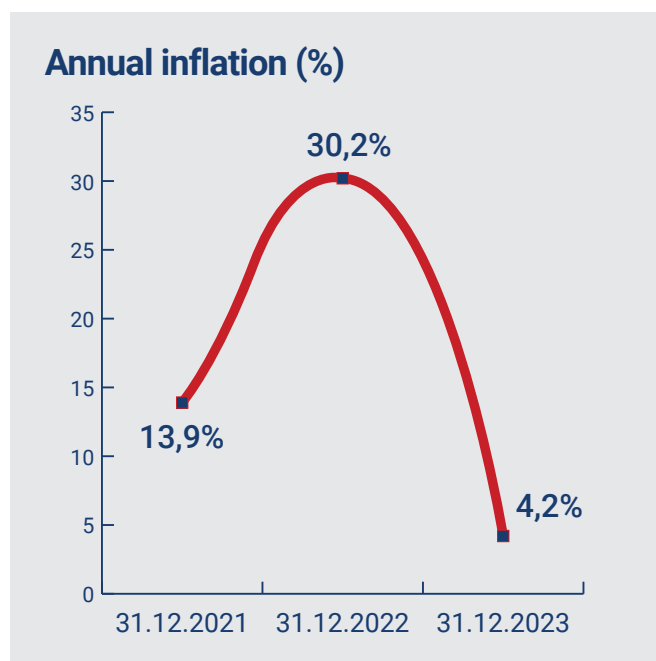
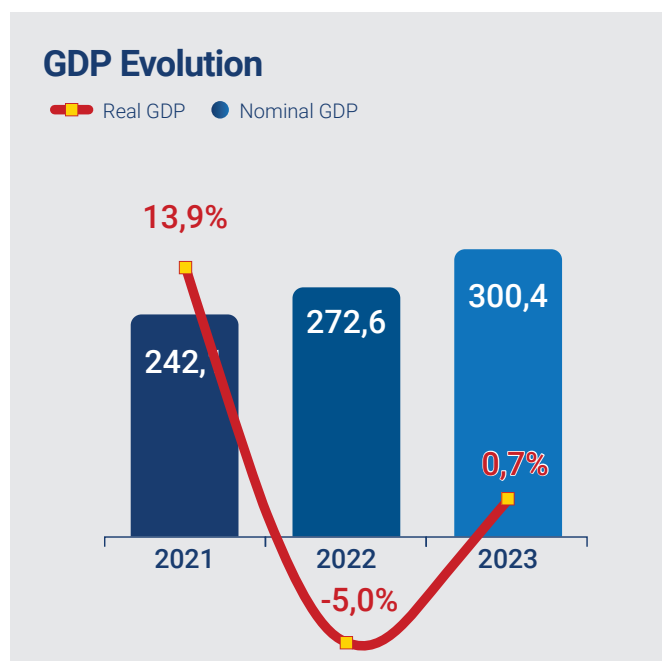
Overall agricultural production in 2023 increased by 23,6%. This growth was primarily driven by a 35,1% increase in crop production, while livestock production decreased by 1,9%. Notably, significant increases were recorded in main agricultural crops such as rapeseed, hetero-oleaginous crops, wheat, barley, maize, sunflower, pulses, fruit, nuts, and grapes. The decrease in livestock production was attributed to a reduction in the number of livestock in households, whereas agricultural enterprises experienced an increase in the number of livestock of the main species.

Industrial production experienced a decline of 3,6% in 2023. Factors contributing to this decline include diminishing external and domestic demand, effects of the energy crisis, and the challenging economic conditions prevailing in the region, which continue to pose difficulties for industrial companies.

The volume of investments decreased by 1,0%, amounting to approximately MDL 32.2 billion in 2023. The decline in investments was noted in the residential, non-residential buildings, and engineering construction sectors. However, investments in machinery, equipment, land, and means of transport, which are crucial for the development of the real sector of the economy, saw an increase.

Both **exports and imports** saw a decline in volume. Exports decreased by 6,5%, while imports decreased by 5,9% in 2023. The trade balance deficit stood at USD 4,6 billion, marking a 5,4% decrease from 2022. Import-export coverage in 2023 was 46,7%, down by 0,3 percentage points compared to 2022.

The total volume of **remittances** from abroad to individuals in the Republic of Moldova in 2023 amounted to USD 1,6 billion, representing a 3,9% decrease compared to 2022.



Banking sector

Despite facing multiple crises in recent years, the financial sector has demonstrated resilience, adapting to shocks and consistently fulfilling its role in financing economic activities. Reforms implemented in the banking sector have proven effective, with banks maintaining robust capitalization, high liquidity, and profitability while effectively managing increased risks.

The number of commercial banks operating in the Republic of Moldova has remained stable, with 11 licensed banks authorized by the National Bank of Moldova to operate within the domestic banking sector. The National Bank of Moldova (NBM) shifted from a restrictive monetary policy in 2022 to a stimulative one throughout 2023. Lower interest rates on financial instruments were introduced to stimulate aggregate demand growth, and additional liquidity from reduced reserve requirements laid the groundwork for a resurgence in lending activities.

To mitigate inflationary pressures, the NBM gradually lowered the base rate from 20% to 4,75% over five steps during 2023.

Similarly, the reserve requirement for funds attracted in both MDL and non-convertible foreign currency decreased from 37% to 33% in two phases, while the requirement for freely convertible foreign currency assets dropped from 45% to 43% by the end of 2023.

The banking sector continued its upward trend in assets, loans, equity, and deposits in 2023. Notably, the sector witnessed increased profitability, primarily driven by higher interest and non-interest income.

As of December 31, 2023, **total assets** of the banking system stood at MDL 153,9 billion, reflecting a 17,2% increase over the course of the year.

As of December 31, 2023, "Loans and Advances"

comprised 40,6% of total assets, equivalent to MDL 62,5 billion.

The share of banks' investments in debt securities, government securities, and certificates of the National Bank (CBN) accounted for 19,7% (MDL 30,4 billion), marking an increase of 4,5 percentage points. The remaining assets, constituting 39,7% (MDL 61,1 billion), are held by banks in other banks, cash, tangible fixed assets, intangible fixed assets, etc. Their share decreased by 0,5 percentage points.

The gross loan portfolio increased by 3,7% (MDL 2,3 billion), totaling MDL 63,9 billion as of December 31, 2023. The rise in the loan portfolio stems from the increase in consumer loans by 11,9% (MDL 1,2 billion) to MDL 11,2 billion, loans for the purchase/construction of real estate by 8,0% (MDL 1,0 billion) to MDL 13,3 billion, and trade loans by 2,6% (MDL 0,4 billion) to MDL 14,2 billion.

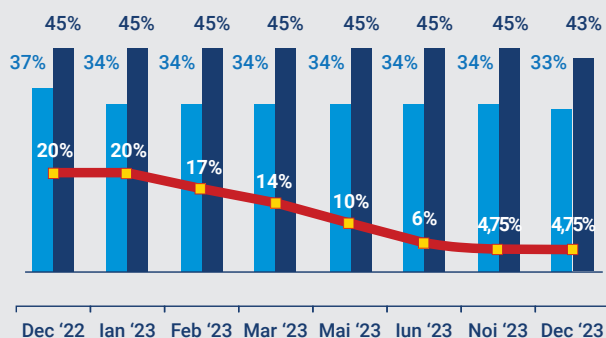
Customer deposits in domestic banks continued their upward trend in 2023, forming a robust foundation for financing lending activities, with their balance surging by 19,9% to MDL 113,9 billion (individual deposits accounting for 58,9% of total deposits, legal entity deposits for 40,8%, and bank deposits for 0,2%).

Bank capital during 2023 increased by 14,3% (MDL 3,3 billion) to MDL 26,7 billion. The capital boost was mainly attributed to the profit of MDL 4,1 billion, marking a 12,5% increase (MDL 459,1 million) compared to 2022.

The domestic banking system exhibits a high degree of concentration. The four largest banks (BC "MAIB" S.A., BC "Moldindconbank" S.A., OTP Bank S.A., B.C. "VICTORIABANK" S.A.) hold 82,1% of banking sector assets, 83,7% of deposits, and 81,3% of loans. In terms of profit, the share of the four leaders stands at 88,0% of the total obtained in the banking sector.

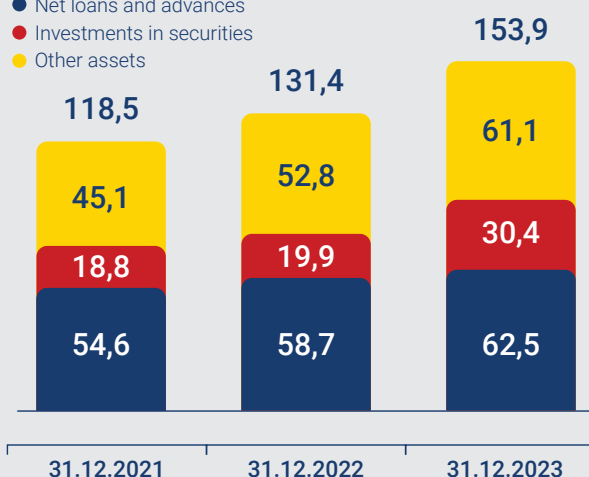
Monetary policy

- Base rate
- Required reserves ratio MDL
- Required reserves ratio VLC



Banking sector assets (MDL, billion)

- Net loans and advances
- Investments in securities
- Other assets



Lending

Lending is the primary activity of Moldindconbank, with a market share of 21,9%. The Bank’s lending operations significantly impact the national economy by fueling investment and consumption, thereby contributing to Gross Domestic Product growth and enhancing the well-being of its customers. Throughout 2023, the Bank consistently offered lending solutions through targeted campaigns. This included adapting existing lending products to meet market demands and customer needs, as well as periodically adjusting pricing conditions to better serve customers.

Regarding **lending to individuals**, the Bank concentrated on increasing the number and volume of loans granted to creditworthy customers, thereby enhancing portfolio quality and reducing response and approval times for customer applications.

In this regard, we have achieved the following milestones:

- Implementation of the new Loan Origination System sourced from multiple channels. **This includes the collection and processing of customer data through automated or manual decision-making processes. This ensures a complete cycle of automated loan processing for individuals, integrating appropriate functions and streamlining decision-making mechanisms for loan application acceptance. These improvements have significantly accelerated the loan application review process and optimized overall lending procedures.**
- Optimization of lending conditions, including the revamping of lending products tailored for individual customers.
- Streamlining the drafting process of loan documents for increased efficiency.
- Adjustment of pricing policies to better align with market demands and customer needs.

In response to customer needs, Moldindconbank launched a new project in October 2023 focused on providing loans to individuals for purchasing goods and services from economic entities.

The objective of this project is to collaborate with economic entities capable of providing their customers with the opportunity to obtain loans for purchasing traded goods.

The project entails an optimized process for receiving, analyzing, and approving loan applications, designed to be convenient for both customers and partners, the economic entities with whom the Bank cooperates.

Within 2,5 months of launching the product, 6.296 loans were granted, amounting to a total of MDL 50,4 million. During this period, the Bank attracted 2.330 new customers for this product.

Furthermore, the Bank continued its collaboration with real estate companies to advise individuals on obtaining loans for real estate purchases.

Preferential interest rates were offered to specific customer categories, including individuals with a good credit history and/or those receiving salaries and/or pensions through Moldindconbank cards.

In 2023, the Bank granted 1.451 mortgage loans, thereby contributing to the enhancement of our customers’ living standards. Additionally, over 26.000 customers obtained consumer loans to fulfill their immediate needs.

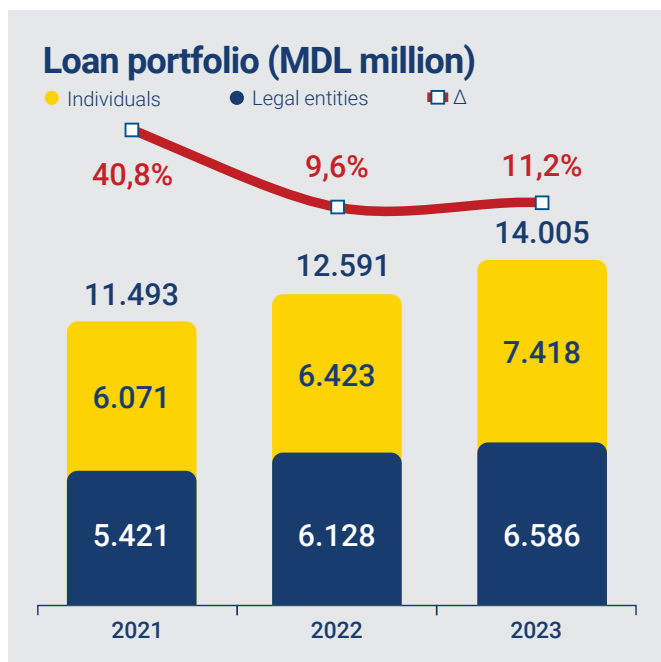
During the same year, the individual loan portfolio of the Bank increased by MDL 995 million (+15,5%), reaching MDL 7.418 million by December 31, 2023. Out of the total system loans of MDL 25.308 million, the Bank’s share constituted 29,3%. Loans to individuals accounted for 52% of the Bank’s total loan portfolio.

Moldindconbank maintained its leading position in the mortgage loan sector, capturing a market share of 30,7% (+2,6 p.p.), while also strengthening its position in the consumer credit sector to 28,6% (+0,4 p.p.).

Presently, the Bank is transitioning towards a new phase of lending product development. To stimulate lending within prudent limits, enhance financial inclusion, increase access to banking products, and sustain market competitiveness, the **Bank is prioritizing the launch of online lending for individuals via a mobile application in 2024.**

In **lending to legal entities**, the Bank adopts specific approaches tailored to corporate and SME customer segments. Consequently, there is an independent subdivision in the headquarters serving as a single service center—the Corporate Department. It operates in a separate, modern building opened in 2021 at the center of Chisinau, exclusively catering to corporate customers. This setup ensures more efficient service delivery to this segment of the Bank’s clientele, providing optimal solutions and meeting their increasingly varied and complex needs. The department’s operational efficiency in decision-making and the quality of customer service are enhanced, with a fair assessment of individual and group risks.

In 2023, the Bank focused on the micro, small, and medium-sized enterprise (SME) segment. SME financing is of major importance for the Bank, considering that small and medium-sized enterprises constitute the majority of companies in the market. They are the primary drivers of sustainable and progress-oriented economic growth while also contributing to the



diversification of the Bank's loan portfolio.

The Bank continued its **collaboration with the Organization for Entrepreneurship Development (ODA)**, with Moldindconbank being a partner of the Credit Guarantee Fund. This partnership facilitated faster access to credit resources for SME customers through state guarantees. As of December 31, 2023, we served 201 customers holding 261 loans covered by ODA guarantees.

In 2023, Moldindconbank joined the **Government Investment Incentive Program "373"**, aimed at helping small and medium-sized enterprises in Moldova secure investment capital at affordable costs and favorable financing terms. Throughout 2023, the program supported 38 entrepreneurs with a total financing amount of approximately MDL 100 million.

Special attention is dedicated to financing agriculture and rural businesses, covering activities such as agricultural work, fruit harvesting, and post-harvesting operations. Moldindconbank also offers specialized products for this sector, including **Express Agro loans**. In 2023, Moldindconbank granted approximately 500 loans to support agriculture and farms, significantly contributing to the development and resilience of

agriculture in the Republic of Moldova.

Following the decision of the European Investment Bank, Moldindconbank has been selected as a financial partner in the "Livada Moldovei" project. This partnership enables horticulturists and related economic entities to access financing through any Moldindconbank branch under favorable conditions, including tax and customs benefits. These benefits comprise a zero VAT rate on imports and local deliveries, exemption from customs duties, customs procedures, and excise duties, as well as a high credit ceiling for project implementation.

As of December 31, 2023, the Bank's portfolio of loans to legal entities amounted to MDL 6.586 million out of a total system portfolio of MDL 38.588 million, representing a market share of 17,1% and securing the second position in the market. This indicates an increase of 0,8 percentage points. Furthermore, loans to small and medium-sized enterprises constitute 41% of the total portfolio of loans to legal entities, while loans to corporate customers make up 49% of the Bank's total loan portfolio.

As of December 31, 2023, the Bank's total loan portfolio stands at MDL 14.005 million, maintaining its firm hold on the second position in the system with a market share of 21,9%.

Documentary operations

In 2023, the Bank's customers continued to utilize documentary operations.

Bank guarantees serve to secure contractual obligations in commercial transactions, offering several benefits for customers:

- Mitigation of the risk of non-performance of obligations under the commercial contract.
- Easing of mistrust between business partners, particularly useful at the outset of collaboration or for contracts spanning extended periods.
- Cost reduction compared to bank loans.

As of December 31, 2023, the guarantee portfolio stood at approximately MDL 591 million, marking an increase of approximately MDL 101 million compared to the previous year's end. In 2023, the Bank prioritized enhancing the quality of the guarantee portfolio and optimizing associated risks.

Funding

Deposits of legal entities and individuals

As of December 31, 2023, the total portfolio of customer deposits at Moldindconbank amounted to MDL 23.914 million, securing the Bank's position as the second-largest holder of deposits in the banking market, with a share of 21,1 percent.

Individual Deposits:

Retail deposits, comprising 69,5% of the total portfolio by the end of 2023, constitute a significant portion of the bank's deposit portfolio. As of December 31, 2023, the market share of retail deposits stood at 24,8%. This result underscores the trust of the population in

A documentary letter of credit is a form of settlement in international trade, representing a firm commitment by the issuing bank, acting on behalf of the buyer, to remunerate the seller for the goods' value upon presentation of stipulated documents. It stands as the most comprehensive and efficacious means of payment protection in export/import transactions.

Documentary collection (incasso) serves as a bank instrument for collecting dues from importers against documents provided by the exporter as proof of goods delivery. The Bank acts as an intermediary between the importer and exporter, facilitating document transmission upon the exporter's request and receiving payment for the exported goods in return.

Factoring presents an optimal financing solution by entailing the acquisition of a company's receivables, typically reflected in invoices, and pursuing payment from each debtor diligently.

Moldindconbank and highlights the positive impact of deposit products on meeting individual needs.

Advantages of Deposit Products for individuals:

Moldindconbank offers a diverse range of deposit products for individuals, boasting several unique advantages:

- Free bank card issuance for deposit management
- No charges for opening, maintaining, or closing current accounts linked to deposits
- Fixed and mixed interest rate options

- Flexibility for early partial withdrawal without forfeiting interest, subject to product terms
- Automated deposit term extension options
- No maximum limit on deposit amounts and accessible minimum deposit requirement

The Bank prioritizes saving for children, evident through its specialized product tailored for minors.

In 2024, one of the Bank’s key objectives is the digitization of banking products, including deposit offerings. This initiative aims to enhance customer service flexibility and bolster competitiveness within the banking industry.

Payment cards and e-services

In 2023, the Bank continued to develop and implement revolutionary card products in the Moldovan banking market, while also attracting new customers.

As of December 31, 2023, the following achievements were recorded:

- Cards in circulation: over 1.289 million
- Market share of cards in circulation in Moldova: 39,2%
- Market share of active cards in Moldova: 40,1%
- Market share in the volume of non-cash transactions in Moldova: 39,2%
- Market share in the volume of non-cash transactions abroad: 37,3%

Due to promotions related to card activations, the volume of cashless transactions within Moldova using cards issued by the Bank increased by approximately 37% compared to the previous year, reaching approximately MDL 18 billion by December 31, 2023. The Bank’s market share rose from 39,0% (December 31, 2022) to 39,2% (December 31, 2023). Additionally, non-cash payments abroad via Bank-issued cards saw a 29,7% increase, equivalent to MDL 1.167 million by December 31, 2023.

These achievements position the Bank as the leader in the payment cards market in Moldova. Consequently, the Bank significantly contributed to the development of electronic payments, enhancing their security and transparency, thus supporting the Moldovan economy

by establishing transparent and well-regulated money flows. Furthermore, the Bank developed products and services accessible to all citizens of the country.

As of December 31, 2023, the Bank’s payment card acceptance network was expanded and now includes:

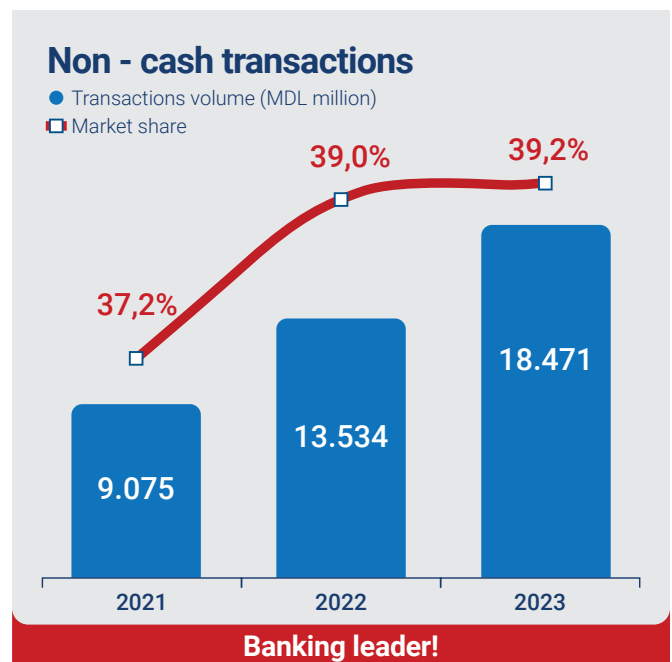
- POS-terminals installed at merchants: 8.819 units
- POS-terminals installed in branches and at partners: 1.154 units
- E-commerce terminals: 69 units
- ATMs: 274 units (including 145 Cash-In type)

The Bank’s Cash-In type ATMs enable card top-up in three currencies, with or without a physical card.

In 2023, the ATM network was expanded and modernized, enhancing service speed for customers while reducing the Bank’s costs and resources for cash collection and processing. This expansion included the installation or replacement of 55 ATMs, including 28 new ones categorized as follows:

- ATM Cash-In - 11
- ATM Cash-Out - 4
- ATM Recycler - 13

Continuously, the Bank is developing the infrastructure for accepting electronic payments in Moldova to provide qualitative and swift services to its customers. It constantly innovates, optimizes, and modernizes a wide range of card products, including:



- “Cash-In” and “Cash-In Cardless” services
- Mobile banking and web banking applications
- 3D-Secure service
- P2P Transfer service (www.transfer.md)
- Direct Transfer service
- Exclusive category products with additional services (Visa Platinum, Mastercard Platinum, Mastercard Platinum Pudra, Mastercard World Elite)
- Basic card portfolio products (Gold Card of General, Social, and Salary categories)
- Corporate card products
- Personalized cards – Instant
- “Cash by Code,” “Cash-In by Code,” SMS notification services
- Apple Pay
- Google Pay
- Garmin Pay

In 2023, the Bank achieved significant milestones in the field of bank cards and implemented new functionalities in its Mobile Banking remote service systems, including “Push Notifications” and “PIN Change” services.

The development of Payment Cards as a payment instrument is a priority for the Bank, given the evolution of the market and electronic payment instruments.

The development and implementation of remote services are deliberate directions for the Bank amidst the global digitization of financial services.

Remote service solutions provided to individuals include:

- Web Banking: A remote service allowing customers to manage all their card accounts at any time and from anywhere in the world.

- Mobile Banking: A mobile application providing fast and secure access to card accounts directly from a mobile phone, anytime, anywhere.
- SMS notifications: An information service via SMS messages sent to customers’ mobile phones regarding card and card account transactions. Notifications are sent to subscribers of all mobile operators in the country.

By developing digital products and services, the Bank ensures the accessibility of innovative technologies in the Republic of Moldova. This presents significant opportunities not only for customers but also for partners.

During 2023, the Bank, along with its partners - Mastercard and VISA payment systems, organized promotional campaigns to attract new customers and activate existing customers, who are beneficiaries of payment cards. An important social project, “Zabota,” was developed in cooperation with Balti Municipality. For this purpose, the Bank provided additional discounts on payment cards issued under the project for customers in the Social category.

A social project was launched in collaboration with Balti Municipality, introducing contactless payments in the trolleybuses of Balti town. This initiative aimed to provide greater convenience when paying for public transport.

Promotional campaigns were also organized to maximize the results of issuing payment cards - “Caravan of Cards and Gifts,” making it easier for the population to open cards. The Bank extended its reach to customers by engaging beyond its branches.

Financial education classes were organized for children in educational institutions to develop financial literacy and contribute to the national economy. In this context, the Bank provided children with “Go” cards and promoted electronic payments among young people.

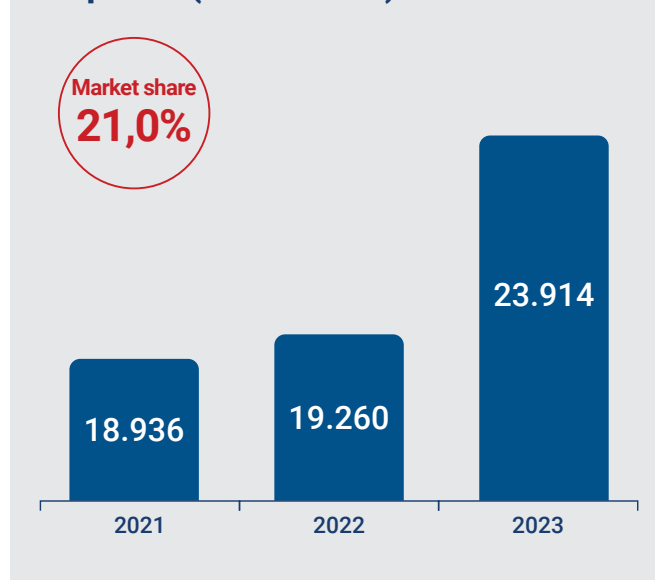
Money remittances

The Bank’s portfolio includes five money remittance systems, covering virtually all countries worldwide. In developing these systems geographically, we prioritize countries with significant labor migration from Moldova, including the USA, Canada, Italy, UK, Israel, Spain, Germany, and other European countries.

In 2023, remittance volume through the Bank totaled USD 509,3 million, marking a 12,47% decrease compared to 2022, in line with market trends. Moldindconbank leads the domestic banking market in remittance volume, holding approximately 33% market share.

The Bank’s extensive branch network, spanning all districts of the Republic of Moldova, accounts for this substantial market share. We have also implemented an innovative Direct Transfer service, providing the most convenient and straightforward method for receiving money transfers from abroad directly to personal cards or current accounts.

Deposits (MDL million)



Customer account service and cash operations

The Bank's clientele, comprising both corporate entities and individuals, enjoys access to an extensive array of banking services. These services empower them to efficiently and securely manage their cash flow, including:

- Bookkeeping of accounts in various currencies.
- Processing payments and receipts in lei and/or foreign currency.
- Preparation of payment documents.
- Execution of currency conversion operations.

- Facilitation of national and international transfers.
- Handling cash deposits and withdrawals.
- Assistance in resolving inquiries.
- Provision of transaction-related information.
- Courier services.

In the near future, there are plans to introduce a set of tailored products and services aimed at simplifying access to the Bank's offerings for corporate entities and attracting new clientele.

Foreign exchange operations

At the end of 2023, 132 foreign exchange offices were operating within the Bank, conducting transactions in five currencies. The primary foreign currencies involved in these operations were the Euro and the US dollar, which collectively represented 99,04% of transactions during 2023.

The dominance of Euro transactions persisted throughout 2023, constituting 83.8%, followed by US dollars at 15,2%, and RON at 0,8%. In 2023, the turnover of foreign exchange operations through the Bank's offices amounted to MDL 8.599 million.

Moldindconbank stands out as one of the most active participants in the foreign exchange market for cash and money transfers. It conducts foreign exchange operations through a well-established network of branches and agencies across the country.

Consequently, the Bank facilitates a broad spectrum of foreign exchange transactions in EUR, USD, RON, GBP, and CHF upon request from its customers, including individuals and legal entities. These transactions encompass:

- Buying/selling foreign currency in cash against Moldovan lei or against other foreign currencies.
- Buying/selling foreign currency via transfer against Moldovan lei or against other foreign currencies in the customer's name.
- Buying/selling foreign currency via bank transfer or in cash against Moldovan lei through bank cards, utilizing the ATM network and remote electronic services (web banking).

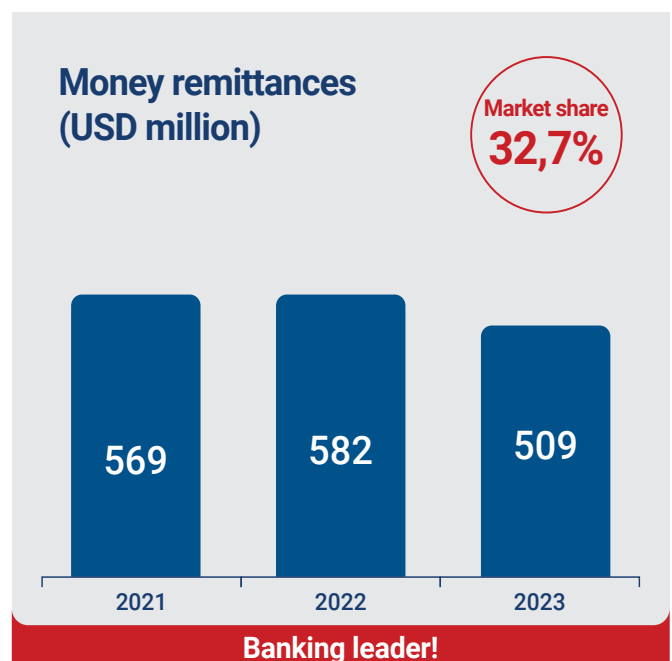
The Bank executes purchase/sale operations of foreign currency on behalf of individuals and legal entities with accounts at Moldindconbank. Such transactions are processed based on the currency exchange request submitted to the Bank, either in original paper form or through the remote banking system (Web Business).

The Bank sets its exchange rates without imposing additional fees, determined by the principles of supply and demand and reflecting fluctuations in the interbank foreign exchange market. This approach ensures the efficient execution of customer transactions.

Bancassurance

The Bank acts as a bancassurance agent, operating under a mandate granted by the insurer. It is authorized to enter into insurance contracts with third parties on behalf of the insurer, following the conditions outlined in the mandate contract. The types of insurance covered include:

- Insurance for assets and other property interests
- Voluntary accident insurance
- Travel medical insurance
- Compulsory domestic motor third-party liability insurance
- Compulsory external motor third-party liability insurance (Green Card)
- Optional motor vehicle insurance (AUTO CASCO)
- Comprehensive travel insurance for Premium Package cardholders
- Other miscellaneous insurance types



Cash collection

Collection services offer a professional solution for the safe transportation of money and valuables. Moldindconbank offers a range of services to economic entities, including:

- Collecting and transporting funds in sealed bags, with thorough documentation and recording in the customer's account.
- Providing escorted transport for customers, following specified routes, with cash or other valuables.
- Transporting the Bank's cash and valuables, as well as supplying cash and collecting surplus cash from bank branches.
- Supplying cash to ATMs and servicing payment terminals.
- Transporting securities, registered cheques, bank cards, payment documents, and settlement documents along designated routes.
- Handling surplus cash and facilitating cash transactions with the National Bank of Moldova.
- Transporting cash to other licensed banks.

To ensure the integrity and security of funds and assets, the Bank maintains:

- Specialized and modern equipment.
- Specialized vehicles, including armored cars.
- Communication equipment, sound alarms, and lighting devices.
- A dedicated in-house cash collection team composed of qualified collectors who have received specialized training and possess practical skills in handling cash and valuables.
- Cash collection centers located in the Bank's Head Office and 9 territorial branches, covering the entire territory of the Republic of Moldova.

Payments and other services

Payments from the population

Moldindconbank collaborates with hundreds of service providers, having approximately 700 payment collection contracts with various entities including internet and TV operators, electricity, gas, and heat suppliers, telecom operators, travel agencies, charities, etc.

The Bank's major partners include Infocom, Premier Energy, Moldovagaz, Moldtelecom, Info Bon, Infosap, Apa-Canal Chisinau, Starnet, Orange, Moldtelecom, and Moldcell.

Payment acceptance at Moldindconbank occurs through both the Bank's counters and remote service systems (Web banking and Mobile banking). In 2023, the share of payment transactions processed through remote banking systems reached 79% of the total, marking a 3% increase compared to 2022.

Payment services are categorized into categories:

- municipal and non-municipal utilities;
- telecommunications;
- tourism;
- education and sport;
- financial services;
- public services (including kindergartens, fines, taxes, etc.);
- and other services.

During payment acceptance, the Bank collaborates with partners such as ICS "QSystems" S.R.L., whose payment service providers are registered in the FACTURA.MD system, and the Government Electronic Payment Service (MPay).

The Bank's primary objective is to streamline and optimize the payment reception process to enhance customer service efficiency in terms of both the time utilized by bank employees and customer waiting

times. To achieve this, the Bank offers competitive rates when negotiating and finalizing contracts with service providers for payment acceptance, thereby encouraging the inclusion of more service providers and providing payers with the convenience of a single counter for payment transactions.

Digitization plays a pivotal role in this optimization process, allowing for the integration of payment service providers into the MICB Web Banking remote service system and the MICB Mobile Banking application. Through various distribution channels, particularly remote service systems, the Bank actively promotes payment acceptance from customers.

Safekeeping service

Moldindconbank offers safe deposit box services to both individuals and legal entities. Our system comprises individual safe deposit boxes of various sizes, including large, medium, and small. Equipped with modern security features, our Bank vault ensures the utmost protection with electronic systems based on magnetic cards and an automatic fire extinguishing system.

Locations:

- Chisinau, „Centru” Branch
- Chisinau, „Testemitanu” Branch
- Chisinau, „Kiev” Branch
- Balti, „Balti Centru” Branch

ESCROW service

Our Bank provides the ESCROW service to individuals and companies at competitive prices. The purpose of ESCROW is to safeguard participants in commercial transactions, offering maximum security to both parties. Sellers receive the price of sold goods, while buyers

gain ownership. Deposits can be made in Moldovan Leu (MDL) or foreign currency, with no limit on the amount. The validity period extends from the date of deposit placement to the date of transfer, contingent upon fulfilling the contractual obligation. ESCROW service applies to transactions involving property transfer, such as apartments, private houses, commercial premises, land, and cars, based on a sale-purchase agreement.

Foreign relations

The Bank continued its efforts to establish partnerships with international financial institutions and correspondent banks. Its management actively participated in prominent international financial sector conferences such as SIBOS, Euromoney, and the EBRD annual meeting. These events facilitated numerous bilateral meetings aimed at enhancing the Bank's reputation and fostering new business relationships. In 2023, the Bank initiated five due diligence projects with leading banking groups, successfully completing two of them within the same year. Consequently, this led to the opening of new correspondent accounts and an expansion of cooperation.

Premium services

During 2023, we expanded our premium service network by opening four new premium zones, offering exclusive experiences to our customers. We plan to continue this expansion and reach ten premium zones by the end of 2024, reinforcing our commitment to high-quality service.

Three additional due diligence projects are slated for completion in 2024. This is expected to result in the expansion of the nostro correspondent account network in US dollars and euros, along with the signing of agreements pertaining to credit lines and trade finance projects.

The interest expressed by foreign banks in partnering with us in 2023 was a direct outcome of our commitment to high standards of compliance and anti-money laundering measures, as well as our dedication to openness and transparency. These efforts have significantly bolstered the Bank's reputation among foreign partners.



Bank subdivision network

In 2023, the Bank's subdivision network played a crucial role in launching the Bank's transformation program - MICB4YOU. This initiative aimed to ensure uninterrupted access to the Bank's services for customers. Alongside their primary responsibility of upholding the highest banking standards, the Bank's branches and agencies dedicated significant effort to training, testing, and transitioning to the new information system.

The implementation of this new technical solution is poised to gradually alleviate branch and agency employees from mundane administrative tasks through automation. Consequently, more time will be freed up

to enhance customer experiences, ensuring greater convenience, security, and access to competitive products and services.

Simultaneously, in 2023, there was a heightened focus not only on streamlining internal processes but also on optimizing the Bank's territorial network. This optimization aimed to enhance operational efficiency, enabling a larger number of customers to access the full spectrum of high-quality banking services and products. This optimization targeted locations with increased customer footfall, ensuring better service delivery.

At the end of 2023, Moldindconbank has 133 representative offices operating and providing customers with the full range of bank services:



34 located in Chisinau and 36 located in the territory.



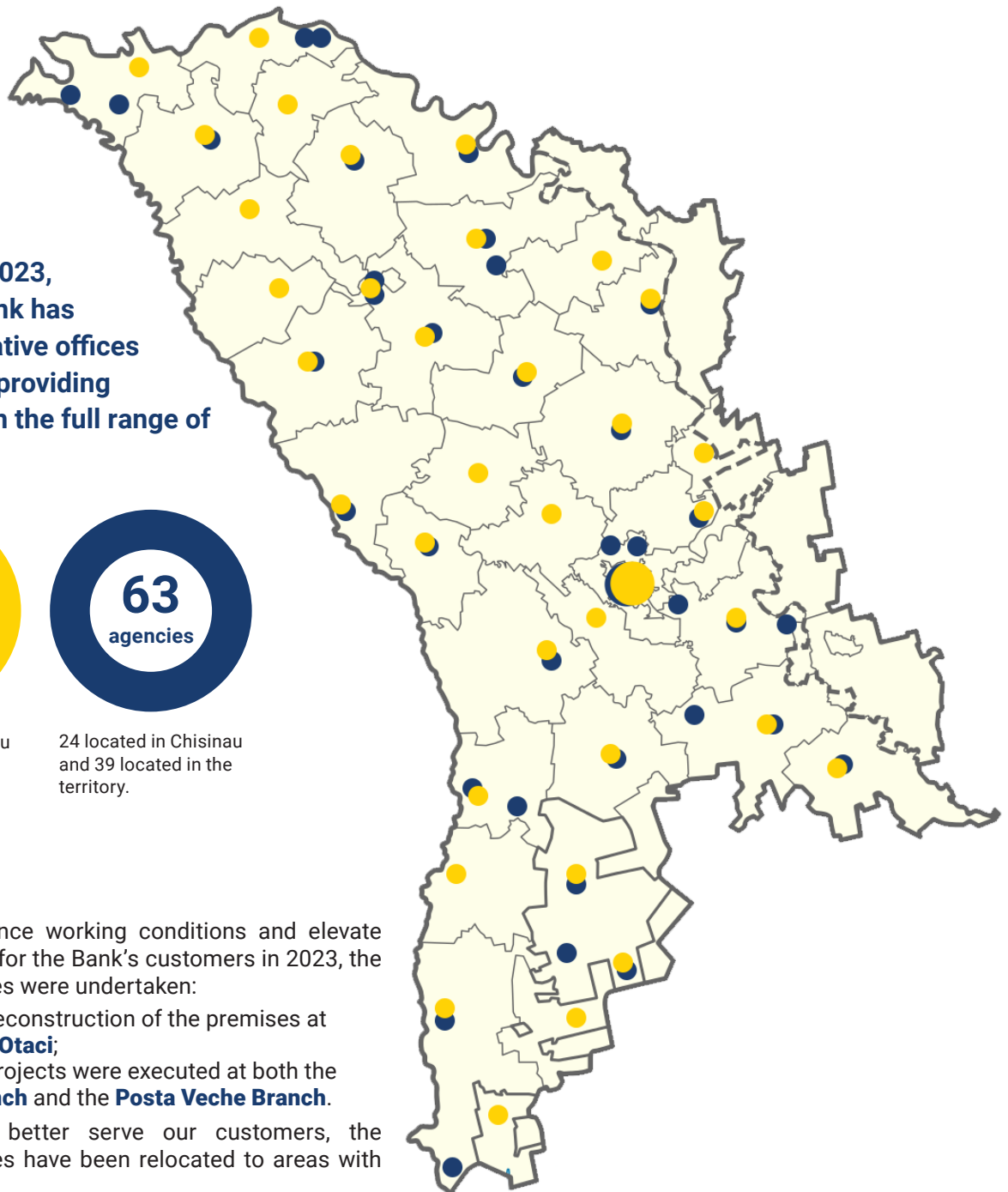
24 located in Chisinau and 39 located in the territory.

In order to enhance working conditions and elevate the comfort level for the Bank's customers in 2023, the following initiatives were undertaken:

- A complete reconstruction of the premises at **Agency # 30 Otaci**;
- Renovation projects were executed at both the **Cimislia Branch** and the **Posta Veche Branch**.

Furthermore, to better serve our customers, the following branches have been relocated to areas with higher foot traffic:

- **Telenesti Branch;**
- **Hincesti Branch;**
- **Agency # 106 BAM Balti.**



Information technologies

The Bank's information system is continuously growing and developing, incorporating modern virtualization, aggregation, storage, redundancy, and scalability systems. These ensure the seamless evolution of business processes in alignment with the Bank's development strategy. Our team successfully migrated to a new, modern, centralized core banking system solution - B2. This optimization facilitated process enhancements and centralized data across all branches, resulting in improved availability to 99,98%.

With two data centers – a primary and a backup – built according to industry best practices, the Bank ensures confidentiality, availability, and integrity of its systems, thereby ensuring business continuity. Our disaster recovery test yielded exceptional results, during which critical systems seamlessly transitioned to the secondary data center and operated for a week. Moreover, we achieved a significant milestone by successfully executing End of Month operations on the secondary data center without major operational disruptions upon switching back to the primary center.

Licensed in the Visa and Mastercard payment systems as a main member, the Bank operates its own card-processing center based on OpenWay technologies. By the end of 2023, this center serviced over 1,2 million cards, 9.973 POS terminals, and 274 ATMs. It undergoes annual audits to comply with PCIDSS standards.

Continuing our commitment to improvement, the Bank focuses on in-house development processes. The pioneering Agile team, Digital Bank, develops solutions for Android and iOS platforms, with initial successes in services like Pin-change and Instant payments.

To enhance customer service quality, flexibility, and availability, the Bank has implemented Agile methodologies using Jira Software, an industrial-standard project management tool. This enables improved performance and communication among cross-functional teams. Additionally, Jira Service is utilized for incident and problem management, as well as production metric control.

In line with our dedication to modernization, we've implemented systems to enhance accessibility, flexibility, and usability of remote customer services. This includes automation tools like Kubernetes for deploying, scaling, and managing containerized applications. The Bank maintains a dedicated DevOps team, utilizing tools such as BitBucket, Jenkins, Nexus, and SonarQube to automate development and delivery processes.

To mitigate IT-related risks, our team employs a centralized monitoring system. This system allows tracking of key business metrics, including active clients and transaction volume, in addition to infrastructure metrics.

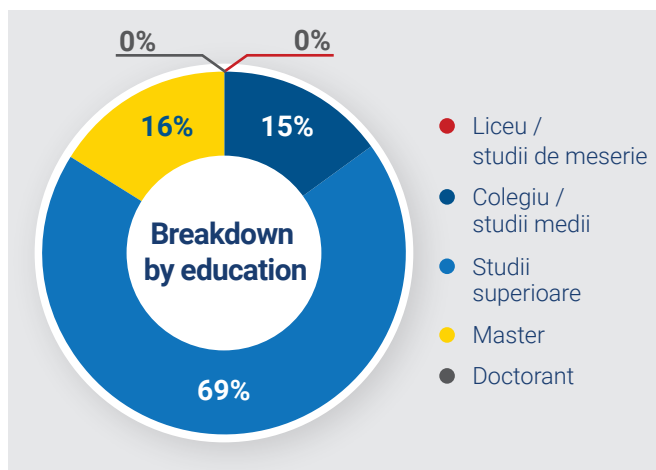
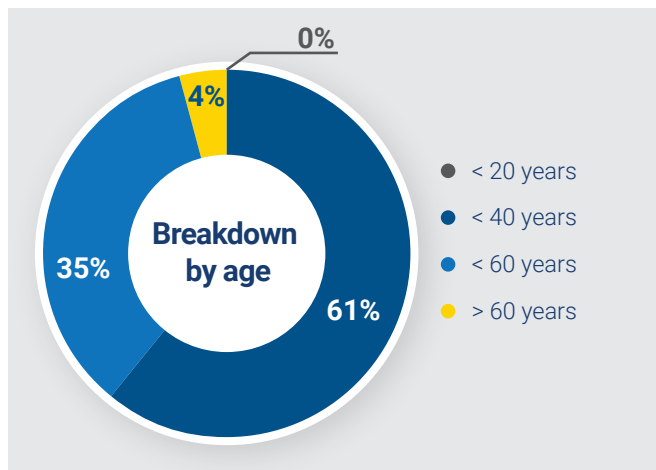


Human resources management

The year 2023 will undoubtedly be considered revolutionary in the Bank's history, marking the transition to the new informational system - B2, the launch of the reporting system - DWH, and the automation of various processes related to corporate lending, issuing instant cards, and managing legal interactions with employers. Simultaneously, significant effort was directed towards talent acquisition and retention within the organization, with **298 new hires** and **185 internal mobilities** resulting in a staff fluctuation rate of 12.1%.



The Moldindconbank team is young and professional with the following age and education structure:



Continued collaborations with the academic institutions remained a priority, with long-term partnerships established with higher education institutions such as the State University of Moldova, the Cooperative-Commercial University of Moldova, and the Alecu Russo State University of Bălți. The Bank also engaged in the ERASMUS+ project, WBL 4JOB, to introduce dual education programs in the field of "Finance and

Banking" and advocate for changes in the Education Code to support dual education in undergraduate studies.

Financial education was emphasized through the organization of 3 events during the International Week of Financial Education for youth and teenagers.

As of December 31, 2023, Moldindconbank employed 1690 individuals, including 1149 women and 541 men across its Head Office and 70 branches. The organizational structure underwent strengthening through internal departmental reorganization, bolstered by the recruitment of high-level specialists from domestic and European markets, particularly within Information Technology Department, Digital Business and Cards Department, and Projects and Organization Department.

Employee training and development in 2023 centred on adapting to technological and operational changes resulting from the migration to B2.

The launch of the Triathlon Transformer Program for Mass Market Client Managers, SMEs, and Branch Managers, led to a remarkable 70% promotion rate among participants.

To facilitate integration of 175 new employees participated in the Welcome Day Programme, fostering team cohesion and imparting the Bank's culture and values.

Additionally, a mentoring program for Front Office employees was initiated, involving 278 participants to promote knowledge and professional growth. Team building efforts extended to sports and recreational activities, including a football team, volleyball team, and hiking club and participation in running competitions, with Runners' club boasting 90 participants.

Special activities were organized for employees' children, including Creative Workshops during Easter and winter holidays, along with sponsorship for children's participation in Kids Run Day at the International Chişinău Marathon 2023.

The Front Office Employee Motivation Program continued in 2023, recognizing 103 employees for outstanding performance and honouring 16 branches for collective achievements with awards, gifts, and appreciation diplomas.



Risk management framework

The risk management process at Moldindconbank aims to establish a robust framework for the effective management of various risks that the Bank may encounter. These risks include:

- Credit risk, encompassing counterparty credit risk, settlement risk, concentration risk, residual risk from credit risk mitigation techniques, and risks from foreign currency credit activities.
- Risks associated with exposures to affiliated persons.
- Market risk.
- Interest rate risk in the banking book (IRRBB).
- Liquidity risk.
- Strategic risk.
- Operational risk.
- Reputational risk.
- Country/transfer risk.

To achieve this, the Bank has developed strategies, policies, regulations, and other internal documents to guide its risk management efforts.

The Bank's risk management function is overseen by the Banking Risk Department, an independent subdivision reporting to the member of the Managing Board responsible for the Risk Area and directly to the Bank's Board of Directors. This independence is ensured by its direct reporting line to the Board of Directors.

In the Significant Risk Management Policies, a risk appetite framework has been established for all significant risks, employing a "traffic light" principle.

Depending on the risk profile, it falls into one of the following zones:

- "Green Zone": Represents the Bank's normal state of activation, indicating adherence to the risk appetite.
- "Yellow Zone": Acts as a warning limit. The Bank respects the risk appetite but approaches the risk tolerance limit. This allows time for corrective action to bring the risk back into the "Green Zone".
- "Red Zone": Indicates exceeding risk tolerance. Although risk capacity is not exceeded, breach of risk appetite and tolerance triggers the need for a recovery plan.
- "Purple Zone": Signals breach of hedging capacity, potentially jeopardizing the Bank's sustainable operation.

The Banking Risk Department assesses the Bank's risk profile against established risk appetite and tolerance levels in internal policies. It reports quarterly to the Bank's governing bodies and the Risk Management Committee.

The main objectives of the Risk Management Policies include:

- 1). Facilitating business development by optimizing the Bank's activity in line with its risk/profit ratio and risk appetite.
- 2). Ensuring the Bank's sustainable development through the effective analysis, measurement, control, and monitoring of risks.
- 3). Compliance with own funds requirements as per NBM regulations and internal bylaws.

Capital adequacy assessment for risk

The assessment of internal capital adequacy for risk is a vital component of the Bank's management process and decision-making culture. This process ensures that the governing body can continuously evaluate the Bank's risk profile and capital sufficiency.

In evaluating internal capital adequacy for risk, the Bank must identify and assess all significant risks to which it is or may be exposed. It should aim for an internal capital requirement level that considers its risk profile, the economic environment, the quality of internal control and risk management processes, strategic plans, and the availability of internal capital.

The primary objective of the Bank's internal capital adequacy assessment process is to support its business strategy and ensure sufficient capitalization to withstand macroeconomic crises. This assessment process typically follows these steps:

- Identification of risks the Bank faces or might encounter.
- Establishment of quantitative and/or qualitative

methods to assess risks and determine their significance.

- Evaluation of capital adequacy, focusing on the relationship between own funds requirements and available capital.
- Regular reporting of risks faced by the Bank for ongoing assessment of internal capital requirements.
- Planning and maintenance of internal capital sources necessary to achieve capital adequacy aligned with the Bank's risk profile.

According to the Bank's Internal Policies, the overall risk profile is measured by capital ratios such as the Total Own Funds Ratio and Economic Capital Adequacy Ratio (ICAAP). As of December 31, 2023, the Bank's overall risk profile is low and aligns with its risk appetite. The Bank ensures compliance with own funds requirements and maintenance of capital buffers as per NBM regulations and internal policies.

Credit risk, including counterparty credit risk, settlement risk, concentration risk, residual risk associated with credit risk mitigation techniques and risk arising from foreign currency credit activity of borrowers exposed to foreign currency risk

Credit risk is the present or future risk of loss of profits and capital due to the debtor's or counterparty's failure to meet contractual obligations or defaulting on a loan.

Counterparty credit risk is a subcategory of credit risk, indicating the risk of loss of profits and capital if a counterparty to a transaction defaults before the final settlement of the related cash flows.

Settlement risk involves the potential loss caused by the discrepancy between the agreed settlement price and the current market value for transactions in which the debt instrument, equity security, or currency remains unsettled after the due delivery date.

Concentration risk refers to the risk of profit and capital damage resulting from exposure to individual counterparties and/or groups of related or similar entities operating within the same economic sector, business domain, or engaged in joint ventures.

Residual risk associated with credit risk mitigation techniques is the risk of profit and capital loss that may arise if the techniques employed prove to be less effective than expected, potentially generating new risks such as liquidity or compliance risks that could undermine their effectiveness.

Risk arising from foreign currency credit activity pertains to the potential loss exposure due to a borrower's failure to meet contractual obligations, particularly when the loan is denominated in a foreign currency and the borrower lacks sufficient income or receipts in that currency to service and repay the obligations as contractually required.

In its operations, the Bank is primarily exposed to credit risk, the most significant risk it encounters. Credit risk encompasses both lending activities

and transactions with counterparties, non-resident legal entities specializing in cash-in and/or cash-out operations, organizers of money remittance systems, and other transactions initiated on behalf of the Bank's customers, such as issuing letters of guarantee, opening/confirming letters of credit, and investing in shares and other securities.

As lending constitutes a significant aspect of the Bank's operations, an effective credit risk management system yields positive outcomes for both the Bank and its customers. For the Bank, these benefits include reduced losses from non-performing loans and decreased financial result volatility. For customers, benefits include optimized tariffs, enhanced service quality and diversification, operational efficiency, and increased protection of their interests.

Credit activities within the Bank are governed by normative documents that establish lending process steps, eligibility criteria, credit monitoring, credit rating, financing limits by branches, customer types, currency, customer groups, etc.

Credit risk management at the portfolio level involves assessing portfolio risk and ensuring it remains within established credit risk exposure limits, including exposures to related customers or groups, related persons, Bank employees, foreign currencies, product categories, credit risk categories, types of collateral, and fields of activity.

As of December 31, 2023, the Bank's credit risk profile remains low and within the risk appetite limits set forth in its internal policies. The Bank's concentration risk profile is categorized as medium-low and remains within its risk appetite limits.

Risk associated with exposures to related persons

The Bank routinely engages in various banking transactions with related parties as part of its normal operations. These transactions encompass loans, deposits, foreign exchange transactions, and purchases of other services. Such transactions are conducted under terms akin to those with unrelated parties.

Before entering into transactions with related parties, the Bank ensures it gathers adequate information to

substantiate the economic viability of the transaction and assess associated risks.

Risk management concerning exposures to related parties focuses on understanding these parties, identifying related transactions, and determining individual and aggregate exposures. This information is monitored and reported through an independent verification and audit process. The primary objective

is to evaluate and mitigate risks associated with these transactions.

To achieve this objective, the bank has developed internal procedures and regulations. These procedures facilitate the timely identification, monitoring, and analysis of related transactions, while enhancing the internal control framework. The Bank maintains both the Register of Bank Related Persons and the Register of Transactions with Bank Related Persons. Transactions involving related parties are recorded in the respective

register, detailing the nature of the transaction, date of conclusion, contract number, amount, terms, and, in the case of borrowing or loan transactions, the insurer.

The risk profile of exposures to related parties is monitored and reported quarterly to the governing body and the Risk Management Committee. As of 2023, the risk profile of exposures to related parties remains “low” and is within the Bank’s risk appetite limits, categorized as medium.

Market risk

Market risk primarily encompasses major components, namely:

- Currency risk
- Position risk
- Commodity risk

The market risk management strategy aims to achieve a portfolio with low sensitivity to price and exchange rate movements and to determine acceptable levels of position risk, taking into account the types of investments allowed, the quality and the quantity acceptable for each type of investment, and for currency risk - taking into account all currencies, the level of profitability, the liquidity requirements in each currency in which the Bank operates, the composition of the maturity structure of assets and liabilities, and off-balance sheet exposures, as well as the credit spread risk associated with positions measured at fair value and the risk associated with equity exposures.

During 2023, the Bank’s market risk management focused primarily on the management of currency risk as a major (significant) component of market risk for

the Bank. Currency risk is the risk of exposure to losses arising from commercial contracts or other economic relationships as a result of market fluctuations in the foreign exchange rate between contract conclusion and maturity.

Currency risk management entails assessing indicators such as:

- Net open position for each currency
- Total net position

The Bank conducts daily and monthly monitoring of open foreign exchange positions on both individual currency and aggregate levels to mitigate risks and prevent losses due to exchange rate fluctuations.

In 2023, the Bank remained within established limits for managing currency risk, with no breaches recorded. As of December 31, 2023, the market risk profile was at a low level and aligned with the Bank’s risk appetite.

At the end of 2023, the Bank had no trading instruments in its portfolio that would expose it to position or commodity risk. Thus, these risks were assessed as insignificant for the Bank.

Interest rate risk in the banking book (IRRBB)

IRRBB (Interest Rate Risk in the Banking Book) represents the current or future risk to profits and capital due to adverse changes in interest rates.

IRRBB arises from the mismatch between the size of interest-rate-sensitive assets and liabilities for a given period in absolute volume, as well as changes in the time structure of those interest rates, resulting in alterations to the slope and shape of the yield curve.

As a financial intermediary, the Bank faces several subcategories of interest rate risk:

- 1). Revaluation risk

- 2). Yield curve risk
- 3). Basis risk
- 4). Option risk

Through its IRRBB management strategy, the Bank aims to narrow the gap between assets and liabilities sensitive to interest rate changes, both in total and by maturity band, in order to minimize the impact of interest rate fluctuations on net interest income.

As of December 31, 2023, the Bank’s IRRBB profile is low and remains within the limits of the Bank’s assumed risk appetite, rated as medium.

Liquidity risk

Liquidity risk refers to the current or future risk of loss of profits and capital resulting from a bank’s inability to meet its obligations as they mature. The Bank actively manages liquidity risk across all domestic and foreign currency assets and liabilities, including those influenced by foreign exchange rates, both on and off the balance sheet, while also considering complementary risks.

The primary objective of liquidity risk management is to ensure efficient and sustainable operations, safeguarding the interests of customers and the Bank’s capital. This management encompasses several key elements:

- Governance, principles, and techniques governing the liquidity management process within the Bank

under normal conditions. This includes: a. Short-term perspective - managing intra-day payments, daily cash flow, and monitoring required reserves in the 'Nostró' account or special accounts with the National Bank. b. Medium- and long-term perspective - defining the overall liquidity strategy (liquidity risk tolerance and annual funding plan) and managing the maturity profile of all assets and liabilities.

- Principles, actions, and tools used to identify and overcome contingent liquidity crisis events, including: a. Assessing the impact of liquidity crises using simulations under various scenarios. b. Calibration of the liquidity buffer needed to hedge or prevent identified liquidity risks. c. Contingency funding plan detailing actions to be taken during a liquidity crisis. d. Early warning indicator monitoring system to identify crises and define preventive measures.

To monitor and mitigate liquidity risk, the Bank has set the following limits on liquidity indicators in its Significant Risk Management Policies:

- Long-term liquidity (Principle I): The sum of assets with a repayment term exceeding 2 years should not exceed the sum of financial resources, with a ratio between 0,88 - 0,93.
- Liquidity by maturity band (Principle III): The ratio of actual liquidity to required liquidity in each maturity band should not be less than 1,35 - 1,40.
- Liquidity Coverage Ratio (LCR): This measures the adequacy of liquid and high-quality assets and expected cash inflows to withstand a short-term liquidity crisis (up to 30 days), with a target range of 110% - 130%.
- Net Stable Funding Ratio (NSFR): This measures the sufficiency of funds over the medium to long term to support the Bank's assets, with a target range of 110% - 130%, framed within a one-year time horizon.

As of December 31, 2023, the Bank is in compliance with the liquidity risk management limits set within its Internal Policies. The liquidity risk profile as of December 31, 2022, remains at a 'low' level and aligns with the Bank's medium liquidity risk appetite.

Strategic risk

Strategic risk encompasses potential threats to profits and capital arising from shifts in the business landscape, unfavorable decisions, subpar implementation, or failure to adapt to environmental changes.

This risk is gauged by several factors: alignment of strategic objectives, effectiveness of strategies devised to attain these objectives, allocation of resources toward achieving them, and the quality of implementation measures.

Strategic risk management entails:

- Operating the business efficiently, ultimately yielding positive financial outcomes for the Bank.
- Fostering sustainable growth tailored to the evolving economic climate.
- Regularly analyzing performance to gauge alignment with the established strategy vis-à-vis

environmental shifts.

The overarching aim of strategic risk management is to maintain a balanced approach to asset management, ensuring the Bank's activities align with its assumed risk profile.

Within this process, the Bank evaluates planned profitability metrics (ROA, ROE), net interest margin, and cost/income ratio against predefined risk appetite thresholds.

Quarterly monitoring and reporting of the strategic risk profile to the Bank's governing body and the Risk Management Committee is conducted. Throughout 2023, the Bank's strategic risk profile remained at a low level, consistent with the Bank's medium-low strategic risk appetite.

Operational risk

Operational risk entails the present or future threat of financial loss or capital depletion arising from deficient or failed internal processes, systems, or external factors. This encompasses legal risk, which involves potential fines, penalties, or compensation obligations resulting from non-compliance with legal or contractual obligations, as well as the improper establishment of contractual rights and obligations for the bank and its counterparties.

Operational risk management primarily focuses on mitigating losses stemming from internal processes, system deficiencies, including both internal and external fraud, mishandling of customer data, customer treatment, and IT malfunctions. It also fosters a culture of compliance, safeguarding the bank from risks associated with legal non-compliance.

The management of operational risk involves

considering several subcategories:

- 1). Compliance risk, overseen by the Compliance Department.
- 2). Information Systems Security and Integrity Risk (ICT Risk), a subset of Operational Risk, managed jointly by the Information Technology Department (1st line of defense), Operational Risk Management Division, and Information Security Division (2nd line of defense).
- 3). Legal risk, managed by the Legal Department.

Within the Bank, operational risk is categorized based on operational risk factors: people, processes, systems, and external events. To effectively manage operational risk events, the bank maintains and continually updates its operational risk database.

For assessing the operational risk profile,

Moldindconbank established indicators in its Policies on Significant Risk Management. These include:

- Operating losses in the last 12 months related to Own Funds.
- Estimated loss amount on unfavorable litigation without provision, related to the Bank’s Own Funds.
- Staff turnover over the last 12 months.

Additionally, the Bank analyzes other risk indicators as warning signals for possible changes in its operational risk profile. The process for establishing, monitoring,

and reporting these indicators is outlined in the Bank’s Key Operational Risk Indicators Procedure.

Operational risks rated as “High” are reported to the Chairman of the Bank’s Board of Directors, members of the Risk Management Committee, and members of the Managing Board on the following operational day. Risks assessed as “Medium” or “Medium-Risk” are reported to the Head of Banking Risk Department and the responsible Managing Board member for the Risk Area. As of December 31, 2023, the bank’s operational risk profile remains low and aligned with its operational risk appetite.

Reputational risk

Reputational risk is the current or future risk of damage to profits, capital, or liquidity resulting from adverse perceptions of the Bank’s image by counterparties, shareholders, investors, or supervisors. Managing reputational risk within the Bank entails considering various sources of risk, such as:

- Unethical behavior of the governing body and/or key managerial positions.
- Poor financial performance, including financial losses.
- General reputation and significant challenges within the financial-banking sector.
- Failure to ensure the confidentiality of non-public information.
- Justified customer complaints.
- Sanctions from competent institutions.
- Real or perceived associations with individuals or companies of negative reputation.
- Failure to fulfill contractual obligations.
- Technical and information security incidents.
- Misinterpretation of information related to the Bank’s services, products, or image.

Reputational risk events are aggregated in the

reputational risk register, an integrative document for recording and managing such events, to monitor event dynamics and risk level evolution. These events are classified into five levels based on impact and likelihood of occurrence:

- Low
- Medium - low;
- Medium;
- Medium-high;
- High

The Banking Risk Department operational reports on reputational risks assessed with a “High” risk level to the Chairman of the Bank’s Board of Directors, members of the Risk Management Committee, and members of the Bank’s Managing Board. Risks assessed at a “Medium-Risk” level are reported to the Bank’s Managing Board, and those with a medium level to the member of the Managing Board responsible for the Risk Area, indicating mitigating actions taken, subdivisions responsible for the process, and proposals as appropriate.

The reputational risk profile for the year 2023 remained at a medium level and is within the Bank’s reputational risk appetite, which does not exceed medium-high.

Country risk / Transfer risk

Country risk refers to the potential exposure to loss stemming from economic, social, and/or political conditions and events in a foreign country that may impact the Bank’s operations. Transfer risk, on the other hand, involves the risk of losing profits and capital due to a counterparty’s inability to convert its domestic currency into the required currency for fulfilling financial obligations, typically due to currency restrictions in the counterparty’s country.

The Bank’s exposure encompasses cross-border and foreign currency assets, including cash, placements, correspondent accounts, investments, and other on- and off-balance sheet items.

Country and transfer risk management is executed through a comprehensive assessment and review mechanism based on specific factors, aimed at limiting the Bank’s exposure to each country. These limits are regularly reviewed and adjusted as necessary. Daily

monitoring ensures compliance with these limits, with calculations based on a rating system. International agency assessments and ratings serve as benchmarks for the Bank’s own evaluations.

As of December 31, 2023, the Bank’s country and transfer risk profile remains low. Throughout 2023, this profile stayed within the medium risk appetite limits established in the Bank’s Internal Policies.



Corporate Governance Code applied by the Bank

Moldindconbank acknowledges the significance of corporate governance, recognizing it as a fundamental prerequisite for ensuring the Bank's stability and successful operation within the financial market.

The Bank's corporate governance encompasses the network of relationships among its governing bodies, shareholders, employees, and other stakeholders. It includes the internal organizational structures through which the Bank's objectives, means of achieving them, and performance monitoring are defined. These governance principles are in alignment with the Basel Committee recommendations and regulatory acts of the Republic of Moldova, outlined in the Corporate Governance Code of BC "Moldindconbank" S.A. This code was approved by the Bank's Board of Directors on June 22, 2021, and made available on the Bank's

website.

The Governance Code furnishes guidelines, rules, and best practices for the organization and operation of the Bank. Its objective is to fortify the corporate governance framework and ensure sustained long-term performance, with a primary focus on the interests of customers, shareholders, and other stakeholders.

Corporate governance continues to be a top priority for the Bank, aimed at promoting principles of integrity, ethical behavior, and transparent decision-making. This transparency extends to relationships with shareholders, partners, and stakeholders.

The Bank's Corporate Governance Declaration is publicly accessible via the Bank's website: https://micb.md/wp-content/uploads/2024/03/declaratie_guvernanta_en.pdf

Bank's Governing body

The Bank's governing body is represented by the Board of Directors and Managing Board, which conduct their activities in strict compliance with the legislation in force in the Republic of Moldova, the Bank's Statute, the regulations of the National Bank of Moldova, the Corporate Governance Code, and the Bank's internal regulations.

The Bank's Board of Directors fulfills the role of supervising and monitoring the management decision-making process and is responsible for the Bank's overall activity and financial soundness. The powers of the Board of Directors are established by the legislation in force, the Bank's Statute, the Board of Directors Regulation, and the Regulation on the organization and functioning of BC "Moldindconbank" S.A., and cannot be delegated to another person.

According to the Bank's Statute, the Board of Directors consists of seven members, individuals. The members of the Board are elected by the General Meeting of the Bank's shareholders by cumulative vote for a term of three years.

As of December 31, 2023, the Bank's Board of Directors operated with the following composition:

Chairman of the Board of Directors:

- Herbert Stepic

Deputy Chairman of the Board of Directors:

- Nikolov Nikolay

Members of the Board of Directors:

- Thomas Higgins
- Barlagianis Nikolaos (till 16.06.2023)
- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gerard
- Basunia Tamjid Hossain (till 16.06.2023)
- Spînu Ana
- Iuga Vasile (from 13.12.2023)

The Board of Directors, by its decision of 28.06.2023 (Minutes No.06), approved the nominal composition of the specialised Committees of the Board, as follows:

Risk Management Committee

- Nikolov Nikolay, chairman of the Committee
- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gérard, member of the Committee
- Stepic Herbert, member of the Committee

Audit Committee

- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gérard, chairman of the Committee
- Thomas Higgins, member of the Committee
- Spînu Ana, member of the Committee

Nomination Committee

- Thomas Higgins, chairman of the Committee
- Spînu Ana, member of the Committee
- Nikolov Nikolay, member of the Committee

Remuneration Committee

- Herbert Stepic, chairman of the Committee
- Nikolov Nikolay, member of the Committee
- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gérard, member of the Committee

Business and transformation Committee

- Herbert Stepic, chairman of the Committee
- Nikolov Nikolay, member of the Committee
- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gérard, member of the Committee
- Thomas Higgins, member of the Committee

Subsequently, by the Board decision of 14.08.2023 (Minutes No.10), a new Specialised Committee was created, composed of:

Marketing Strategy Committee

- Nikolov Nikolay, chairman of the Committee
- Herbert Stepic, member of the Committee
- du Breil de Pontbriand Gaël Jean-Marie Ghislain, Gérard, member of the Committee
- Thomas Higgins, member of the Committee

The Managing Board is the collegial executive body responsible for the day-to-day management of the Bank, operating under the direct supervision of the Board of Directors. It effectively and prudently manages the Bank's business in alignment with the approved strategy and business management framework. The duties of the Managing Board are defined by the current legislation, the Bank's Statute, the Regulation of the Bank's Managing Board, and the Regulation of the organization and functioning of Moldindconbank.

In accordance with the Bank's Statute, as amended by the resolution of the Bank's Annual Ordinary General Meeting of Shareholders on 15.06.2022, the Bank's Managing Board consists of seven individuals, including the Chairman, two First Deputy Chairmen, and four Deputy Chairmen of the Managing Board. Members of the Bank's Managing Board are appointed by the Board of Directors for a term of three years.

As of 31.12.2023, Mr. Alexander Picker serves as the Chairman of the Managing Board.

The composition of the Bank's Managing Board as of 31.12.2023 is as follows:

Chairman of the Managing Board:

- Alexander Picker

First Deputy Chairmen and Deputy Chairmen of the Managing Board:

- Tzvetanka Kroumova
- Victor Cibotaru
- Dmytro Krepak
- Andrei Suruceanu
- Denis Cheptine
- Mihail Iovu

The ALCO Committee, the Credit Committee, the Non-Performing Loans Committee, the Operational Risk Committee, the Projects and Investments Committee, the Labor Security and Health Committee, and the Exceptional Situations Committee, whose responsibilities are outlined in the Regulation on the organization and functioning of Moldindconbank approved by the Board of Directors, report to the Managing Board.

Internal control and risk management system in relation to the financial reporting process

The internal control and risk management system is a process conducted by the Bank across all hierarchical levels, from the Board of Directors and Managing Board to employees at every level of the organizational structure. It is a continuous process based on procedures, methods, standards, and measures, including limitations, authorization procedures, enforcement, reporting, and transaction and operation controls. Additionally, it relies on the decisions of the Bank's governing body, aimed at ensuring fair and efficient management in compliance with regulatory acts and the interests of depositors, shareholders, and other stakeholders. This process depends on authentic, adequate, complete, and timely operational information.

Internal control is defined as a continuous process designed to provide reasonable assurance for achieving the following objectives:

- Performance: ensuring the effectiveness and efficiency of operations.
- Information: guaranteeing the accuracy and timely provision of financial information to the Bank's management.
- Compliance: adhering to legislation and internal regulations governing the Bank's activities.

The internal control system at Moldindconbank encompasses:

- a). A robust internal control framework, mainly comprising:
 - Clear definition of roles and responsibilities within the management structure regarding internal control.
 - Identification, assessment, and monitoring of significant risks.
 - Establishment of control mechanisms, ensuring separation of responsibilities and prevention of conflicts of interest.
 - Maintenance of a transparent information and communication framework.
 - Continuous monitoring of activities and correction of identified weaknesses.

- b). Three independent control functions: risk management, compliance, and internal audit. These functions are organizationally independent of each other and the business lines they oversee, reporting directly to the Board of Directors.

The internal control framework also extends to **financial reporting processes**.

To ensure effective internal control and an efficient risk management system, the Bank consistently takes measures to maintain and enhance the three independent control functions.

In accordance with Law No. 287 of December 15, 2017, regarding Accounting and Financial Reporting, the Bank conducts its bookkeeping and prepares financial statements in accordance with IFRS.

The Bank presents individual annual financial statements, providing a true and fair view of its financial position, performance, cash flows, and other business aspects. Alongside individual annual financial statements, the Bank prepares and presents a Management Report. Additionally, it compiles FINREP, COREP financial statements, and reports for prudential purposes in compliance with the regulations of the National Bank of Moldova.

The Managing Board of the Bank is responsible for maintaining accounts and preparing financial and prudential statements.

In line with auditing regulations, annual financial statements are audited by an audit firm, confirmed by the General Meeting of Shareholders, and approved by the National Bank of Moldova. In 2023, "Moore Stephens KSC" S.R.L. was contracted to provide external audit services for the Bank's financial statements.

The Bank discloses information on its activity management framework, own funds, capital requirements, liquidity, risk exposures, capital buffers, and other relevant indicators, as stipulated by the regulations issued in application of the Law on Bank Activity.

Risk Management Function

Risk management is a fundamental activity for the Bank, involving the Bank's governing body and all its subdivisions.

The responsibilities of the Bank's subdivisions in risk management are structured along three lines of defense:

- 1). **First line of defence:** Comprises the Bank's branches and independent subdivisions (excluding the Compliance Department (CD), Bank Risk Department (BRD), and Internal Audit Department (IAD)), involved in day-to-day risk management. Their responsibilities include:
 - Identifying and assessing risks in accordance with internal regulations.
 - Prompt and accurate reporting of identified operational risk events.
 - Timely preparation and submission of reports for risk monitoring.
 - Monitoring losses from risk realization and recovery.
 - Preventing future risk events.
 - Formulating and submitting risk mitigation proposals.
- 2). **Second line of defence:** Comprises BRD and CD. BRD's responsibilities include:
 - Identifying and assessing significant risks.
 - Centralizing information on identified risks from the first line of defense.
 - Analyzing operational risk losses.
 - Monitoring risk control measures.
 - Reporting risk profiles and proposing risk

management strategies.

- Identifying and minimizing risks of confidential information leakage.
- CD reports on operational risk events and monitors compliance risk profile indicators.

- 3). **Third line of defence:** Represented by IAD with responsibilities including:

- Assessing risk management strategy compliance.
- Reviewing stress tests and control mechanisms.
- Ensuring compliance with internal regulations.
- Reporting operational risk events identified during audits.
- Providing objective assurance on operational risk management effectiveness.

The Bank has established regular and transparent reporting mechanisms for significant risk categories. Reporting shall adhere to internal regulations.

BRD prepares quarterly Significant Risk Management Reports and monthly reports on compliance with limits, presented to relevant governing bodies.

BRD assesses the bank's risk profile quarterly and submits annual reports to the National Bank of Moldova on internal capital adequacy risk assessment and risk management measures.

The Information Security Division of BRD submits annual reports on ICT risk profiles and improvement proposals to the Managing Board.

Management Committee on the ICT risk profile and submit proposals for improvement of this process.

Compliance Function

Rapid regulatory changes, geopolitical shifts, and social reforms are consistently presenting new challenges to banks, significantly impacting both customers and partners. In response to this evolving landscape, it is imperative to implement appropriate measures to effectively manage regulatory, reputational, and image risks. The Bank reaffirms its dedication to upholding high ethical standards, adhering to regulatory frameworks,

and meeting the evolving needs of its stakeholders. Central to this commitment is prioritizing compliance risk management, which continuously evolves to support the Bank's objectives while maintaining trust among all stakeholders.

The Bank's management consistently exemplifies a culture of compliance, serving as a model through their adherence to best practices in their daily operations.

To ensure the perpetuation of a robust compliance culture, the Governing body establishes and oversees policies and procedures, monitoring compliance issues and developments to ensure the effectiveness and relevance of compliance risk management processes.

The Compliance function assumes responsibility for critical areas affecting clients and reputation, including anti-money laundering, international economic and financial regulations, transparency, confidentiality, and conflict of interest mitigation. Its primary mission is to enhance compliance risk management by ensuring the consistent and accurate application of regulatory frameworks.

To achieve its mission, the Compliance function provides essential guidance on the alignment of the Bank's activities with applicable regulations and addresses emerging compliance risks that impact strategic objectives. Additionally, it fosters awareness of ethical business conduct and compliance culture across the organization.

Operating as the second line of defense within the Bank's internal control system, the Compliance function is overseen by a member of the Managing Board exclusively responsible for Compliance and Legal matters. This individual does not oversee operational activities monitored or controlled by the Compliance function, ensuring independence and effectiveness.

The Compliance Department, reporting to the Managing Board member in charge of Compliance and Legal Area, maintains a direct reporting line to the Board of Directors. Other subdivisions within the Compliance and Legal area, such as the Legal Department and the Data Protection and ESG Department, provide specialized support to achieve compliance objectives in specific domains.

The activities of the Compliance function are designed to proactively prevent and manage compliance risk. These include:

- Regulatory risk management: monitoring legislative changes, internal regulatory framework implementation, ethics and conduct rule development, product and service compliance assessment, conflict of interest management, and oversight of outsourced activities.
- Financial crime risk management: prevention of money laundering, counterterrorism financing, proliferation of weapons of mass destruction, and adherence to international restrictive measures.
- Promotion and enhancement of compliance culture: development of policies and procedures, provision of training, conducting compliance testing, and ensuring the efficacy of internal reporting procedures.

Regulatory risk management

The Bank diligently monitors changes in legislation and draft legislation to assess potential impacts on its operations within the regulatory framework. Our robust mechanism ensures swift adaptation not only to current legislative changes but also to forthcoming provisions.

Our Compliance Department meticulously reviews new banking products, services, and significant alterations to ensure adherence to the prevailing legal framework, especially concerning consumer protection, as well as other relevant practices and ethical standards.

To fortify our risk management efforts, the Bank continually maintains and updates specific procedures and processes addressing bribery and corruption, conflicts of interest, related parties, complaints handling, and outsourcing activities.

Furthermore, the Compliance Department rigorously oversees the implementation of our internal regulatory framework, providing regular reports to the governing body and recommending preventive measures to mitigate potential sanctions and safeguard our reputation.

Financial crime risk management

Moldindconbank places significant emphasis on preventing financial crimes. One of the key components of this effort is the implementation of an internal program for preventing money laundering and terrorist financing, commonly referred to as AML/CFTP. Our internal regulatory framework regarding AML/CFTP encompasses responsibilities, policies, procedures, and processes that not only adhere to national legislative requirements but also integrate globally recognized best practices in this domain, including guidelines from the Basel Committee, FATF, and EBA.

Under the AML/CFTP Programme, we establish processes and deploy specialized IT solutions based on a risk-based approach, which include:

- Customer identification and due diligence.
- Continuous monitoring of client transactions and activities.
- Management of AML/CFTP alerts, including referrals.
- Reporting transactions/activities covered under AML/CFTP legislation.
- Procedures for information retention.
- Ensuring internal control in this domain, among others.

Since 2022, the Bank has enhanced and fortified its processes for implementing international restrictive measures, in response to the escalating volume and complexity of sanctions regimes across various jurisdictions such as the European Union, United States, and United Kingdom. We employ applications and processes enabling the monitoring and automatic detection of potential overlaps with international or unilateral financial sanctions imposed by other states (e.g., OFAC, EU, UN, HMT). Our existing processes are designed to facilitate swift and seamless adaptation to the new provisions of Law 25/2016 concerning the application of international restrictive measures.

Compliance Culture

We reaffirm our commitment to ensuring compliance throughout our operations primarily by fostering

understanding and awareness of the regulations, standards, and practices governing the banking industry. The knowledge and implementation of these standards and regulations are intended to foster transparent and equitable relationships between the Bank and all stakeholders. In this context, a culture of compliance serves as the bedrock of trust between the Bank, its customers, supervisory/control bodies, and staff.

Compliance is the responsibility of all Bank employees, who are expected to demonstrate compliance and integrity in their daily activities. To this end, the Compliance Department plays a crucial role by establishing and implementing a comprehensive mandatory training program targeting vulnerable areas,

aimed at increasing awareness of compliance risks among all employees. The training program in 2023 included dedicated sessions for specific segments as well as thematic reminders tailored to current needs. The training sessions concluded with high scores achieved in the knowledge tests covering the topics discussed.

To foster a culture grounded in ethical behavior and good corporate governance, our Code of Ethics and Conduct promotes behavioral norms and identifies unacceptable conduct while providing internal reporting channels for bank employees. This internal alert mechanism empowers staff to report concerns regarding breaches of rules and regulations governing business conduct.

Internal Audit Function

Internal audit is an integral component of the internal control system, providing independent, objective assurance and advisory services aimed at enhancing the Bank's activities and driving improvements.

The mission of the Internal Audit Department is to enhance and safeguard the organizational value of the Bank by offering assurance, advice, and insights grounded in objective, risk-based principles.

The primary objective of the internal audit function is to impartially and objectively assess the sufficiency and effectiveness of the management framework in compliance with legal and regulatory frameworks. This includes the Regulation on the banking activity management framework, as approved by the Decision of the Executive Board of the National Bank of Moldova no.322 of 20.12.2018, along with internal regulations of the Bank. The results are reported to the Bank's Board of Directors and Audit Committee while informing the Bank's Managing Board. This aims to improve the Bank's performance indicators through systematic and orderly evaluation and enhancement of the internal control mechanism.

To ensure the independence of the internal audit function, the Bank has an Internal Audit Department, directly subordinated to the Board of Directors. This subordination grants the Internal Audit Department the authority to:

- 1). Initiate communication with any Bank employee.
- 2). Examine activities of all Bank subdivisions, including branches and related parties.
- 3). Access information, internal records, files, and materials intended for the Bank's management.

- 4). Access minutes and relevant materials of the Board of Directors and Committees.
- 5). Propose engagement of external consultants for better understanding of specific audit areas.
- 6). Have adequate resources, including qualified staff and IT systems.

For effective operation, the Internal Audit Department adheres to fundamental principles:

Integrity

Employees uphold integrity, which forms the basis of trust and credibility in their professional judgment.

Independence and Objectivity

Employees maintain the highest level of objectivity in collecting, evaluating, and communicating information, ensuring a balanced assessment free from undue.

Confidentiality

Employees respect the value and ownership of received information, disclosing it only with appropriate approval or legal/professional obligations.

Competence

Employees apply necessary knowledge, skills, and experience, participating only in audits suitable to their expertise, adhering to professional standards, and continuously enhancing their competence.

The internal audit activities are guided by an Annual Activity Plan, which is risk-oriented and approved by the Board of Directors. Progress against planned activities is reported to the Board of Directors quarterly.

Transparency of ownership structure and disclosure of information

The share capital of Moldindconbank consists of 4.967.794 ordinary registered shares of Class I with a nominal value of 100 lei per share. Each outstanding share grants the holder the right to one vote at the

General Meeting of Shareholders, entitlement to receive dividends, a share of the Bank's assets in the event of liquidation, and other rights as outlined in both the law and the Statute of Moldindconbank., available

on the Bank’s website: https://micb.md/wp-content/uploads/2024/03/statut_02_24-en.pdf.

Shareholders holding at least 5 percent, 10 percent, and 25 percent of the voting shares of the Bank, in addition to the rights detailed in paragraph 4.4 of the Bank’s Statute, enjoy additional rights stipulated by current legislation. According to information provided by the Single Central Securities Depository in 2023, there were no restrictions on voting rights for holders of shares issued by BC “Moldindconbank” S.A.

The majority shareholder of the Bank is “Doverie-invest” EAD (Bulgaria), with “Doverie -united holding” AD (Bulgaria) as the indirect shareholder. There were no significant changes in the Bank’s shareholder structure during 2023.

Information regarding shareholders and/or groups of persons acting in concert, holding qualified holdings ($\geq 1\%$) in the Bank’s share capital, and their beneficial owners is accessible on the Bank’s website: https://micb.md/wp-content/uploads/2024/03/informatia_actionari_eng.pdf

In compliance with the provisions of the Law on Joint Stock Companies no. 1134/1997, the Law on Capital Market no. 171/2012, and the Regulation on disclosure of information by issuers of securities (approved by Decision no. 7/1 of 18.02.2019 by the National

Commission for Financial Markets), the Bank annually/ semiannually releases to the public the Annual/ Semi-Annual Report of the public interest entity BC “Moldindconbank” S.A. This report includes information about:

- Persons in positions of responsibility within the Bank.
- Shareholders directly or indirectly holding at least 20% of the Bank’s share capital, or any other smaller share considered significant per banking legislation.
- Persons under the Bank’s control due to holding at least a significant share (20%) in its capital.
- Persons acting in concert with the aforementioned categories.
- Other individuals related to the with the Bank.
- Annual/Semi-annual financial statements.
- Auditor’s report and information regarding the auditing entity.
- Management report.
- Description of the principal risks and uncertainties facing the Bank.

Additionally, the Bank continuously discloses information on events affecting it as an issuer of securities, significant shareholdings, and any amendments or additions to the Bank’s Statute.



Responsible Banking Activity

The Bank's business model is built on core values such as customer-centricity, trust, honesty, and excellence. These values are ingrained in the Bank's daily operations.

The Bank's primary focus is on meeting customer needs and expectations. It continuously adapts, simplifies, and streamlines internal operational and decision-making processes.

Investing in long-term trusting relationships with customers and partners, rather than pursuing short-term gains, is central to the bank's approach. It offers banking services at fair, transparent prices without hidden fees. A dedicated complaints service is available to address customer feedback, which serves as a crucial starting point for enhancing product and service quality and maintaining high professional standards of customer service.

Moldindconbank maintains a widespread presence throughout the Republic of Moldova, with 133 subdivisions, 70 branches, and 63 agencies, covering all districts and most rural localities. The Bank is committed to redesigning and modernizing its branches gradually to ensure a pleasant customer experience. As one of the largest private employers in the country, Moldindconbank employs 1.690 individuals, striving for optimal gender and age balance within its workforce. With 1.149 women in various positions, including management, women comprise 68% of the bank's staff.

The Bank fosters trusting relationships, promotes a positive working environment, and emphasizes strong leadership at all levels. As the second-largest bank in the Republic of Moldova, Moldindconbank significantly contributes to the country's economic growth and plays a crucial social role with numerous beneficial effects on the population. These contributions include:

- Attracting deposits from the population: Moldindconbank holds the second-largest deposit portfolio of individuals in the banking system, amounting to approximately 17 billion lei.
- Granting loans to individuals: The Bank holds the largest portfolio of loans for real estate purchase/construction, exceeding 4 billion lei, benefiting 1.451 individuals in achieving homeownership.
- Providing loans to small and medium-sized enterprises (SMEs): Moldindconbank holds the second-largest loan portfolio, totaling about 3 billion lei, supporting 1.422 SMEs in business development through working capital and investment financing.
- Financing agriculture and food industry: The Bank contributes approximately 1 billion lei to the financing of this vital economic sector.
- Leading in bank cards and electronic services: Moldindconbank's cards, numbering around 1,3 million, represent approximately 40% of all cards in circulation, with a network of 274 ATMs and about 10.000 POS terminals, making it a leader in the e-banking segment.
- Money remittances: The Bank processes over a third of the total volume of money remittances through the domestic banking system, with a portfolio covering practically all countries worldwide, particularly focusing on countries with active Moldovan labor migration.
- Collecting payments from the population: Moldindconbank is one of the largest collectors of various payments, holding numerous contracts with service providers for housing, communal, and other payments.
- Cooperation with I.P. "e-Government Agency" (Mpay Government Service): The Bank has partnered with the e-Government Agency and the Ministry of Finance to transfer social benefits to beneficiaries' accounts, including age pensions, disability benefits, maternity leave, and childcare support.
- State budget financing: Moldindconbank is a major financier of the state budget through the purchase of state securities and NBM certificates, holding a portfolio exceeding 6 billion lei.
- Tax contributions: The Bank significantly contributes to the country's budget, with tax payments totaling 449 million lei in 2023.

Corporate-social Responsibility

Moldindconbank is a trusted community partner actively involved in social responsibility programs, philanthropy, and sponsorship. Day by day, we demonstrate that we do more than just business and banking; we are a transparent, involved, and friendly company that supports community projects, initiatives in various fields, and social causes. Our slogan, "Always there for you," is reflected throughout our business because we strongly believe in the power of generosity to make a difference in the lives of ourselves, our customers, and

our stakeholders.

In 2023, Moldindconbank invested over 3 million lei in quality projects, events, and actions that bring people together, unite them around common values, and focus on profound changes for the better in Moldovan society.

Education

Moldindconbank continues to contribute to the training of young people by organizing financial education programs. In 2023, pupils and students from

ASEM's National College of Commerce, Cooperative-Commercial University of Moldova, etc., participated in such lessons. Moldindconbank also financially supported the organization by the Law Faculty of the State University of Moldova for the international scientific-practical conference "Real Rights: European Traditions and Challenges of Modernization." Additionally, with the help of Moldindconbank, the series "Almanac presentation" of Bulgarian villages and towns in Moldova was published at the request of the Association "Moldovan-Bulgarian Business Club."

Health and Civic Engagement

Moldindconbank supported the charity event "Make Art, not War," organized by the Embassy of Ukraine in Moldova and Hospices of Hope Moldova. The funds collected were directed to support the Ukrainian people and the opening of the Centre of Hope Chisinau, which provides free palliative care services in the municipality of Chisinau. Furthermore, the Hospices of Hope Moldova anniversary charity gala "A Christmas Carol" was held with the support of Moldindconbank, aiming to raise funds to strengthen palliative care services in Moldova. The Bank also provided financial support to the Institute of Mother and Child for the opening of a playroom for children in the Gastrology ward. Together with thousands of Moldovans, we mobilized to extend a helping hand to the Ukrainians. Nearly 600.000 lei, equivalent to 1.180.000 hryvnias, donated by the Bank's customers and employees, were sent to the children's clinical hospital in the city of Mykolaiv, which treats youngsters from the region affected by bomb blasts or those in need of long-term psychological rehabilitation.

Culture, Art and Traditions

The 31st edition of the International Opera and Ballet Festival "Maria Biesu" was held in 2023 in partnership with Moldindconbank. It is one of the most valuable and long-lived events in our country, and we are proud to have contributed 100.000 lei to the cultural development of society. Moldindconbank also supported the 16th edition of the International Choral Music Festival - Competition "A ruginit frunza din vii," in which 50 choirs from the country and abroad participated. Additionally, Moldindconbank and its majority investor, the Bulgarian

company "Doverie-Invest" EAD, financially supported the inauguration in Taraclia of the monument to the Bulgarian national hero Vasil Levski and the opening of the "Vasil Levski" Youth Centre. To preserve ancestral traditions and promote Moldovan folklore, Moldindconbank offered gifts to carolers who came to the Parliament with good wishes on the eve of winter holidays.

Sport

Thanks to the partnership with the Moldovan Football Federation, various niche sports events were organized to promote an active and healthy lifestyle. Additionally, as a partner of the "Radu Rebeja" Football Academy, Moldindconbank provided 500 boot covers for young footballers, including children from socially vulnerable families. Moldindconbank also became the general sponsor of the women's football team of the Sports Club for Children, Youth, and Seniors "Chisinau," which was named "Pudra." During a women's football mini-tournament organized for charity purposes, the team received a donation of 150.000 lei from the Bank. This financial support will help young sportswomen overcome financial obstacles to performance and achieve outstanding results.

Solidarity and social causes

In order to raise public awareness of gender-based violence, Moldindconbank participated financially in the campaign "16 Days of Activism against Violence against Women and Girls," conducted by UN Women Moldova. It is an annual international event, and in 2023, it was organized under the slogan "UNITY! Invest to prevent violence against women and girls." Out of concern for the elderly, we allocated 60.000 lei for the purchase and installation of a greenhouse in the Centre for the Elderly and Disabled in Criuleni. The initiative came from the Foreign Investors Association (FIA), and the new greenhouse will be an incentive for the elderly to spend time outdoors, as well as a source of fresh vegetables. Additionally, we showed our solidarity with young Marcela Paladi, who was the victim of a violent accident in the city of Chisinau and lost her legs, by providing financial support for her treatment.



Respecting human rights and fighting corruption

The Bank's corporate governance framework acknowledges the rights of all stakeholders (including shareholders, investors, customers, business partners, employees, supervisory and control authorities, other banks, and civil society), as established by law or mutual agreements. It fosters active cooperation between the Bank and stakeholders to cultivate mutually beneficial relationships, employment opportunities, and ensure the Bank's financial stability.

The Bank commits to exerting its best efforts, in compliance with relevant legislation, to facilitate favorable conditions for the full exercise of shareholders' rights. Simultaneously, shareholders employed by the Bank shall not receive preferential treatment over other shareholders or employees.

The Bank cultivates an ethical working environment characterized by respect, dignity, and non-discrimination towards all employees. It encourages integrity and impartial, fair performance of duties without favoritism based on race, nationality, ethnic origin, language, religion, gender, opinion, political affiliation, property, or social origin.

Demonstrating loyalty to its customers, the Bank consistently delivers quality, modern banking products and services aligned with customer needs, while upholding legal and contractual obligations.

Acknowledging the detrimental impact of fraud, corruption, and bribery on its operations, the Bank

fosters a corporate culture that combats such activities. It promotes awareness of the risks and consequences of illicit actions.

The Bank's Governing Body upholds a "zero tolerance of corruption" principle, prohibiting staff from soliciting, accepting, or offering any form of goods, services, privileges, or advantages from individuals engaged in or seeking business relations with the Bank. Exceptions may be made for items of insignificant value that do not influence impartial performance of duties or objective decision-making.

Regular employee training and testing initiatives are conducted to facilitate the recognition and implementation of measures against fraud and corruption.

Emphasizing open and transparent communication, the Bank encourages timely reporting of issues at all organizational levels. Employees and third parties are urged to report concerns regarding malpractice, errors, negligence, abuse, violations, suspected fraud, corruption, or misconduct confidentially, without fear of reprisal. The Bank provides accessible and secure communication channels for reporting violations and ethical issues to management.

In summary, the Bank's corporate values prioritize open communication, ethical conduct, and accountability at all levels of the organization, fostering a culture of integrity and transparency.

STOP FRAUDA!

Primești SMS-uri dubioase?

- ➔ Șterge-le și blochează numărul
- ➔ Contactează-ne imediat: 022 71 71 71

MAI MULTE DETALII AICI:

Mereu alături

STOP FRAUDA!

MAI MULTE DETALII AICI:

- NU RĂSPUNDE** la numere suspecte
- NU OFERI** nimănui datele cardului
- NU ACCESA** linkuri dubioase

Mereu alături

Environmental responsibility

In 2023, the Bank continued to develop initiatives with a positive impact on the environment.

Regarding direct atmospheric emissions, the Bank took 19 cars out of service in 2023: 2 units of Euro 6, 16 units of Euro 5, and 1 unit of Euro 3. Subsequently, 11 Euro 6 units and 13 Euro 5 units were purchased, aiming to reduce carbon emissions.

Planned for 2024 is the renovation of the Bank’s fleet, including the purchase of electrically powered cars and the installation of electric filling stations.

Concerning indirect emissions, the Bank reduced employee and governing body members’ car and air travels, with the majority of meetings being held online. Additionally, the Bank reviewed the rationality and frequency of car use for regional and inter-branch travel.

In 2023, the Bank contributed to reducing electricity consumption by replacing lighting systems in subdivisions with more energy-efficient ones.

The Bank is committed to financing sustainable and

environmentally friendly projects. It analyzes loan applications to assess environmental impact. To this end, the Bank developed the ESG Risk Assessment Procedure, which investigates the impact of a company’s activities on the environment, including the atmosphere, water resources, soil, and production waste disposal processes. The baseline assessment compares harmful emissions to accepted norms and industry standards, along with evaluating the company’s efforts to introduce technologies that reduce environmentally hazardous waste below regulatory requirements and industry standards.

In 2023, the Bank focused on providing green products and developing new green products and services. Recognizing the banking system’s crucial role in facilitating companies’ transition to a green economy, it supports climate transition financing.

Thus, in 2023, the Bank granted 89 loan products totaling MDL 207 million, approximately 3,1% of the loan portfolio granted to legal entities.

Environmental and social risk management

The Bank recognizes the paramount importance of environmental conservation and actively supports initiatives that foster a positive environmental impact both as a consumer and as a financier of projects.

In accordance with the Strategy on the Management of Significant Risks at Moldindconbank, the Bank refrains from financing individuals and/or legal entities engaged in the following activities:

1). Conducting activities without the requisite authorizations, including:

- Gambling operations
- Production and sale of weapons and military equipment
- Trade of narcotic substances
- Distribution of copyrighted materials
- Trading rare animals and cultural artifacts
- Currency trading activities

- Initiating new land development, land clearing and leveling, watershed development, and thermal and hydro-energy projects.

- 2). Engaging in activities that entail environmentally harmful factors.
- 3). Organizing electoral campaigns or supporting other political purposes.
- 4). Engaging in tax evasion, currency control avoidance, money laundering, or other forms of legal obligations evasion.
- 5). Pursuing activities not aligned with the Policies on significant risk management at BC “Moldindconbank” S.A.

In 2023, the Bank’s employees participated in the Environmental Social Governance Consultancy Training organized by Raiffeisen Bank International ESG Team, as well as in courses related to ESG factors and risks conducted by the Romanian Banking Institute.

