



The first public bond issuance in Moldova

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AGENDA

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MAIB-Leasing overview

- The wholly-owned company of the largest Moldovan bank – BC “Moldova-Agroindbank” S.A.
- Paid-in-capital of MDL 33,6 mln (*Euro 1.99 mln*)
- Targeted market: SME, large companies and private individuals
- Clients base: 70% companies and 30% private individuals
- Portfolio structure (*30.03.2007*): light vehicles (52%), trucks (11%), real estate (22%), equipment (15%)
- Attractive organic growth opportunities
- Finance leases: for up to 84 months and up to Euro 1000K
- Review of the projects based upon their economic attractiveness





MAIB-Leasing overview

- Flexible supportive approach in meeting client's standard and tailor made requirements
- Response time: *from one day (cars) up to seven days (real estate)*
- No restriction to the type of assets leased
- **Market share (2006): app. 45%**
- **Funds' rising plans for 2007:**
 - Public offering of bonds: MDL 28.0 mln (*Euro 1.65 mln*);
 - Equity : MDL 56.4 mln (*Euro 3.33 mln*)
- In September 2007 we will comply with ISO 9001 & ISO 27001 certification requirements





MAIB-Leasing overview

IFRS, mln MDL

Key Financials	2006 actual	2007 forecast	2008 forecast	2009 forecast	2010 forecast
Portfolio	181	357	604	888	1247
<i>Growth</i>	<i>136%</i>	<i>198%</i>	<i>169%</i>	<i>147%</i>	<i>140%</i>
Net Profit	3,7	12,9	28,8	47,6	67,5
Net Profit per share, MDL	10.95	14.33	32.04	52.89	75.02
ROE, %	15.3	21.3	26.3	32.2	38.7
ROA, %	2.0	4.3	5.5	5.8	6.8
Portfolio per employee	9,5	14,4	22,4	30,7	40,3

*Exchange rate (02.05.2007): MDL/Euro –
16.9364*





MAIB-Leasing overview

Financing Funds	2006 actual	2007 forecast	2008 forecast	2009 forecast	2010 forecast
Funds – total:	204,4	354,0	576,0	816,0	1113,0
<i>including:</i>					
Banks loans	155,3	219,8	384,5	623,8	921,6
<i>% in total</i>	<i>76.0</i>	<i>62.1</i>	<i>66.8</i>	<i>76.5</i>	<i>82.8</i>
Equity	33,6	90,0	90,0	90,0	90,0
<i>% in total</i>	<i>16.5</i>	<i>25.4</i>	<i>15.6</i>	<i>11.0</i>	<i>8.1</i>
Bonds	6,2	33,6	90,0	90,0	90,0
<i>% in total</i>	<i>3.0</i>	<i>9.5</i>	<i>15.6</i>	<i>11.0</i>	<i>8.1</i>
Other	9,3	10,6	11,5	12,2	11,2
<i>% in total</i>	<i>4.5</i>	<i>3.0</i>	<i>2.0</i>	<i>1.5</i>	<i>1.0</i>

Exchange rate (02.05.2007): MDL/Euro - 16.9364





Corporate bond market overview

The importance of local bond market came into limelight

- Emergent local market
- No many variations of issue:
6 issues of corporate bonds during 2005-2006
most of the bonds issues were private placements
- Still at the early stage of development
- Not yet efficient market
- Issuance continuing
- To early to draw any forecast or conclusions regarding market development



Corporate bond market overview

Year 2005 – 17,6 mln MDL

Issuer	Bonds number	Amount <i>MDL mln</i>	Face value <i>MDL</i>	Maturity <i>month</i>	Features	Investors number
MAIB- Leasing <u>25.08.2005</u>	560	5,6	10000	18	Euro indexed/10% p.a. quarterly coupon	10
IM ELAT <u>29.09.2005</u>	240	12,0	50000	24	Variable interest rate between 10-20% p.a. <i>(average interest rate of treasury Bonds/364 days of maturity + 4.71% spread)</i> semi-annual coupon <i>I coupon – 10%, III coupon – 13.29%</i>	4



Corporate bond market overview

Year 2006 – 5,56 mln MDL

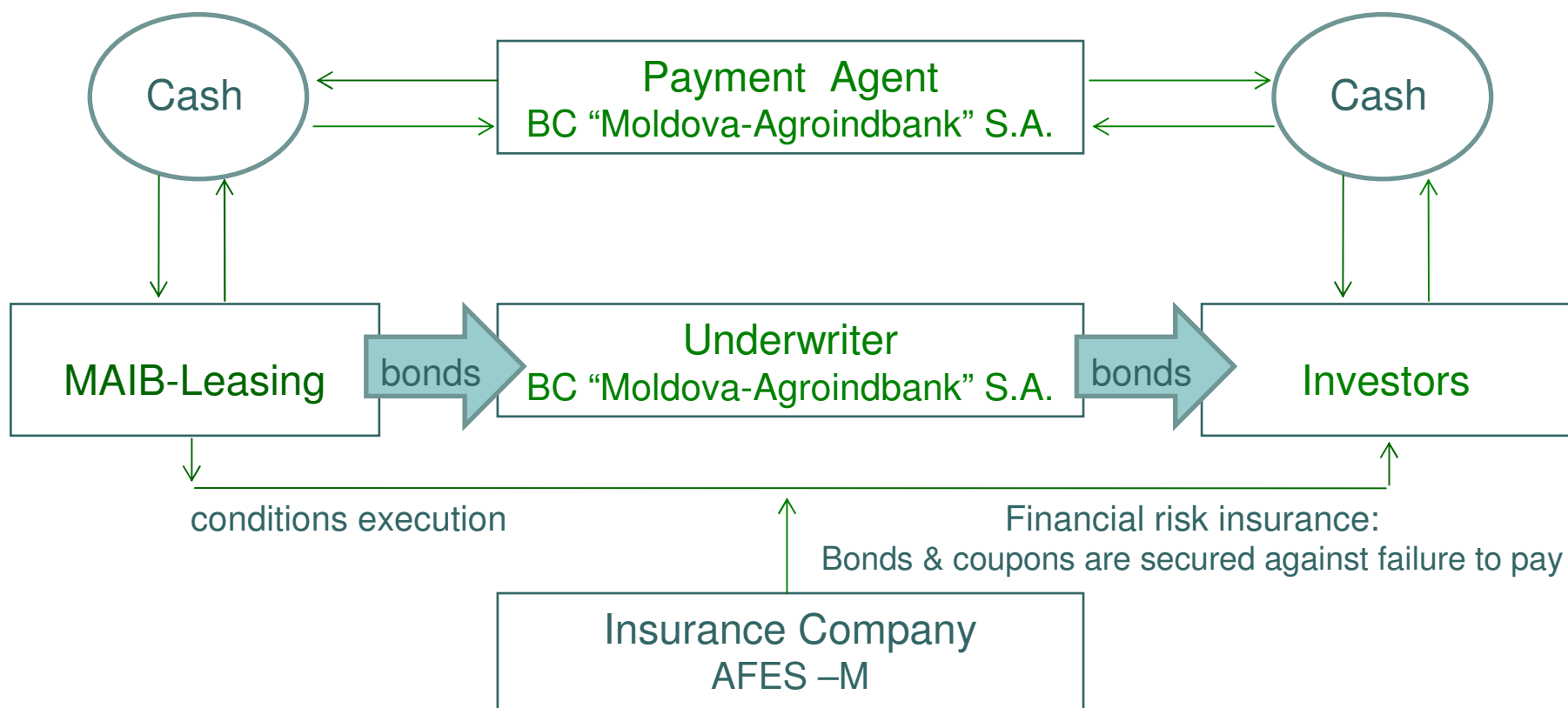
Issuer	Bonds Number	Amount MDL mln	Face value MDL	Maturity month	Features	Investors Number
Nufarul <u>07.02.2006</u>	60	3,0	50000	36	12% p.a. semi-annual coupon	1
Agrocomert -Vest-Est <u>23.03.2006</u>	80	0,8	10000	36	12% p.a. semi-annual coupon	1
Daac- Ciocana <u>23.03.2006</u>	66	0,66	10000	36	12% p.a. semi-annual coupon	1
Hidroinpex <u>15.06.2006</u>	22	1,1	50000	36	12% p.a. semi-annual coupon	1



MAIB-Leasing bond issuance targets

- To finance the medium-term shortage of funds required for the leasing activity
- To build stock exchange and public credit history
- *“MAIB-Leasing bonds issuance was the only one issue that was capital market oriented”
(Business Intelligence, 1-15 April, 2007, vol. 1, No. 5)*

MAIB-Leasing bond issuance scheme





MAIB-Leasing bond characteristics

Issue amount	MDL 5,6 mln	Bonds issue total face value is MDL 5,6 mln (<i>Euro 364,9K.</i>)
Number of bonds	560	
Circulation date	2 September 2005	Bonds issue became effective
Maturity date	540 days	Principal due 24 February 2007
Specific feature	Euro indexed	At the date of Moldovan SEC approval of the placement report (<i>28 august 2005</i>)
Face value	MDL 10000	Face value denomination is MDL 10000 (<i>Euro 651,58</i>)
Coupon interest	10% per annum	Annual interest is 10% per bond



MAIB-Leasing bond characteristics

Coupon dates	Quarterly coupons	Coupons are paid quarterly: 1/12/2005; 1/03/2006; 30/05/2006 28/08/2006; 26/11/2006; 24/02/2007
Offering price	100%	Offer price is 100 percent of the face value
Call provision	Not callable	Bonds may not be paid off before maturity
Security	Financial risk insurance	Bonds & coupons are secured against failure to pay for bondholders
Rating	Not rated	Public placed bond issue



Bond issuance results

- Initial bondholders: 2
private investors; 2 banks; 1 insurance company; 5 companies
- First bonds issuance registered on Moldovan Stock Exchange
- First transaction with bonds (*56.96% of issue*) on Moldovan Stock Exchange
- No further changes in bondholders:
2 private investors; 3 banks; 1 insurance company; 4 companies
- Investors' trend to follow buy-and-hold strategy

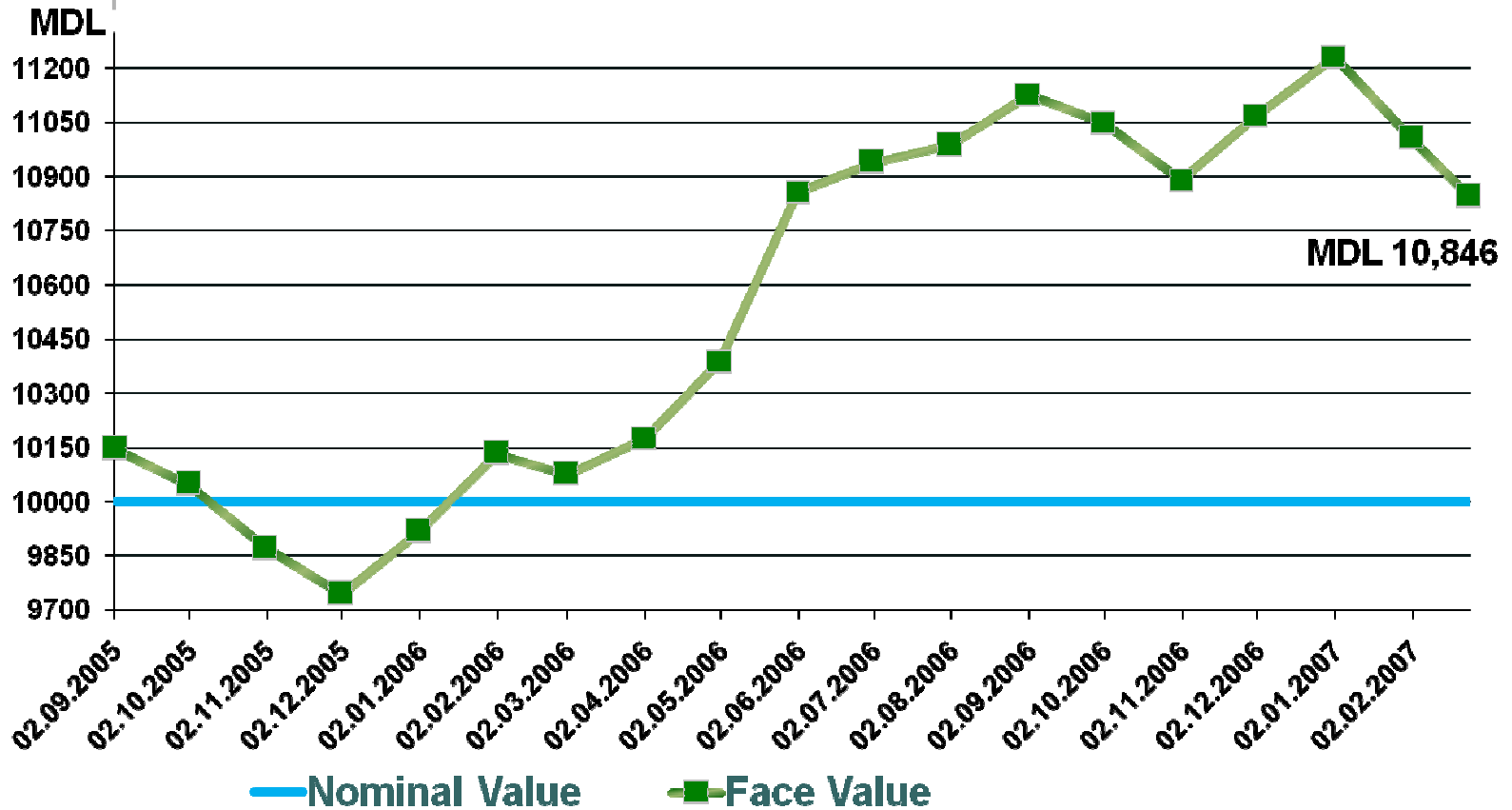


Bond issuance results

- Repurchasing price MDL 10,845.88
(gain +MDL 845,88)
- Investors income: *MDL 2422,28* per bond
 - *coupon payments MDL 1576,48*
 - *gain on repurchasing price MDL 845,88*
- MAIB-Leasing paid:
 - *MDL 6,07 mln per bonds*
 - *MDL 1,36 mln per coupons*
- Annual investors' interest 16.4% p.a.



Bond issuance results





Areas of concern

- Strict compliance of the bonds issuance procedure to the requirements of Moldovan SEC *“Instruction on issuance and state registration of the corporate bonds” (Nr.72/1 om 27.11.97)*
- High value of collateral (*143% of principal & coupons*) and effectiveness of built-in mechanism that are obligatory for the bonds issuance
- Cost of guarantees that support the bonds issuance
- Total value of bonds shall be not bigger than company's equity



Areas of concern

- No government bond benchmark for long term bonds (*government bonds only up to 2 years*)
- Illiquid secondary market of corporate bonds:
 - *no market making activity*
 - *low interest of banks and insurance companies as a possible largest investors in bonds*
 - *absence of pension funds in Moldova as a possible largest investors in bonds*
- Underdeveloped trading floor for bonds



Areas of concern


- Lack of investors experience to invest in corporate bonds
- Investors desire to follow buy-and-hold strategy



Thoughts on ways to get market going

A commercially driven market is still a long way off

- Radical re-look needed at logic of corporate bonds legislation procedure and requirements
- Favorable taxation treatment to encourage investors to invest in corporate bonds
 - *as of 1st January 2007 there is tax exemption for individuals and legal entities investing in bonds with maturity more than 3 years (valid until 2010)*



Thoughts on ways to get market going

- Development of three fundamental elements of the bond market:
 - *the width of the market : the variety of product types/issuers need to consider complex bonds (callable, convertible, etc.)*
 - *the depth of the market: the robustness of the investor base, including development of non-banking institutions (life Insurance companies, pension funds) and the retail investor base*
 - *market infrastructure: well developed complete systems for bond trading, clearing and settlement, as well as hedging and credit rating systems are required*



Thoughts on ways to get market going

- Demand for liquidity: market makers
- Information dissemination to encourage investors to invest in corporate bonds
- Availability of past transaction information: must be timely and accurate
- Favorable rates for stamp duty on issues, bonds listing, services of underwriters, payment agents etc.



I do thank you for listening



Please do not hesitate to contact us for further information on next bonds issues:

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