

The image features a light gray background with a decorative graphic on the left side consisting of a vertical stack of green gears of varying sizes and colors (dark green, medium green, light green). A thick, dark green curved line arches over the word 'MICROINVEST'. The word 'MICROINVEST' is written in a bold, dark green, sans-serif font. The 'i' in 'MICROINVEST' has a small dot above it. Below the logo, the text 'Annual Report' and '2013' is centered in a dark green, sans-serif font.

MICROINVEST

**Annual Report
2013**

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On the count of a solid increase in GDP of 9.4%, a 5.2% annual inflation rate and an 11% increase in exports, the economy has set the grounds for a good year in financial services. However, 2013 has been a year of turmoil in the banking system, with several major banks being victims of raider attacks. In terms of performance, the banking system granted 14.3% more loans than in 2012, decreased the NPLs by 2.9% reaching 11.6% and increased the regulatory capital by 16.2% to 8.161 M lei.

The microfinance sector grew in terms of assets by 33% and by 19% in terms of loans, Microinvest holding the third position in terms of assets and second in terms of GLP. At the end of 2013 there were 85 MFI registered with the National Commission for Financial Markets, with the first 8 MFIs holding 88% of the market assets.

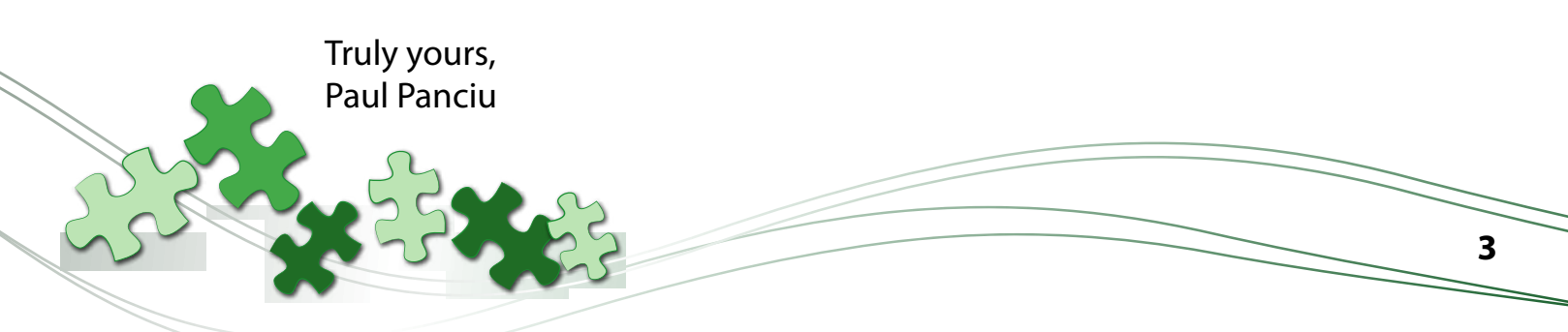
We, at Microinvest, have continued the good results registered in 2012 and marked for the first time after the financial crisis a positive operational margin after provisions and recovery results. Hence the company reported a 6.9 M lei net income, driven by better interest income of 4.8 M lei, smaller G&A expenses of 0.6 M lei and by recovery amounts of 7 M lei.

The company embarked upon a balanced growth strategy aimed at adding specific structures to increase controls and risk management and better position the company for moderate growth. Hence positions such as Product Development, Customer Service, SFE, Fraud prevention have been added. Two new divisions have been created: Credit Risk (consolidating Underwriting and Collections and Recovery) and Operational Management (consolidating Cashier officers, Operations, Repossessed Asset Sales and Internal Control). The total headcount decreased from 142 employees to 135.

During 2013, Microinvest disbursed 195,6 M lei (4.729 loans), of which 119,3 M lei (1.757 loans) were Business loans, 8,3 M lei were consumer loans (785 loans), 49,2 M lei were home improvement loans (2.123 loans) and 18,8 M MDL (64 loans) were SCA loans. At the end of 2013 the company reached a portfolio of 231 M MDL (7.588 loans) and a growth by 7,9 % as amount, and by 4 % in terms of number of loans. As well the company has attracted 107 M lei in fresh funds signing loan contracts with the likes of EBRD, Coopest, Blue Orchard, Oikocredit and EFSE.

A number of initiatives have been carried out throughout the year to consolidate the balanced growth strategy: the conflict of interest declaration, the code of conduct, the Top Talents program, the Get Fit program and the review and the redesign of the company internal policies and procedures, etc. We believe that all these have paved the way for a leaner, more efficient and more secure Microinvest for the years to come.

Truly yours,
Paul Panciu



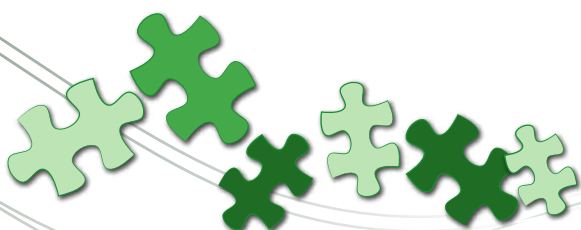
Mission & Values



Our mission is to provide competitive financial solutions to micro and small businesses and individuals in order to develop entrepreneurship, create new jobs and raise the life standard of citizens while providing satisfactory returns to shareholders.

Our values are:

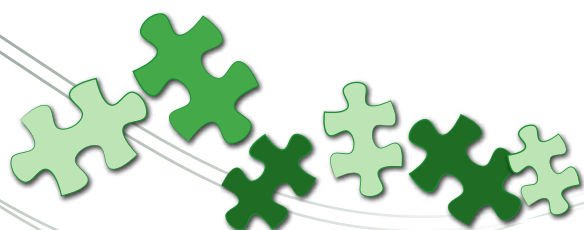
- ∅ We are entrepreneurs supporting entrepreneurs
- ∅ We are closer to clients
- ∅ We are professional in everything we do
- ∅ We are performance - oriented



Financial Highlights

	2013*	2012*	2011*	2010*
Total assets ('000 MDL)	345 508	335 048	302 758	337 385
Shareholders' equity ('000 MDL)	107 402	100 462	96 340	85 440
Outstanding loan portfolio as of end of year ('000 MDL)	231 039	214 035	207 314	171 139
PAR >30 (%)	4.38	3.87	5.49	15.59
Number of active contracts at year-end	7 588	7 290	5 406	3 518
Number of staff at year-end	109	104	96	103

* Based on IFRS



General Information



Microinvest S.R.L ("the Company") was established on 29 April 2003 as a micro-financing limited liability company. The Company does not have an ultimate parent.

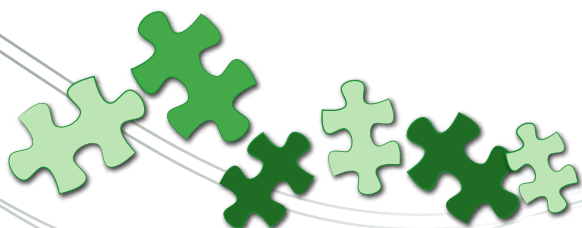
The participants of the Company are as follows:	2013	2012
BFSE Holding B.V. (B.F.S.E)	50.69%	50.10%
Soros Foundation Moldova	15.42%	15.25%
"Oikocredit" Ecumenical Development Cooperative Society U.A.	12.43%	12.28%
Soros Economic Development Fund	10.50%	10.38%
Driehaus Richard	4.64%	4.58%
S.A. "S.I.D.I." Solidarite Internationale pour le Developpement et l'Investissement	3.32%	3.28%
Munteanu Artur	3.00%	2.96%
Microinvest S.R.L.	-	1.17%
	100%	100%

The Company operates through its head office located in Chisinau and 15 representative offices (16 representative offices as at 31 December 2012) located throughout the Republic of Moldova.

The activity of the Company focuses on lending to individuals and micro, small and medium size enterprises. The Company obtains the necessary funds for its activity from donors, equity and debt investors.

As at 31 December 2013, the Company also held 100% of share capital of CSV "Schimb optim plus" SRL (2012: 100%), subsidiary which is providing foreign exchange services via foreign exchange booth (together are referred to as "the Group").

The registered office of the Company is located at Renasterii Nationale boulevard 12, Chisinau, Republic of Moldova. The registered office of the CSV "Schimb Optim Plus" SRL is located at Decebal boulevard 23/2, Chisinau, Republic of Moldova.



Microinvest Shareholders



Balkan Financial Sector Equity Fund (BFSE Holding BV) represented by Development Financial Equity Partners (DFE), BFSE Holding B.V. is a private limited liability company, having its official seat in Amsterdam, the Netherlands, incorporated on April 02, 2007. The objectives of the Company are to participate in, to finance of and to manage other enterprises and companies, to act as general partner and to provide security for debts of third parties and to do all that is connected therewith.



SFM is a non-governmental, non-for-profit and non-political organization which was established in 1992 by the financier and the philanthropist George Soros to promote the development of an open society in Moldova by developing and implementing a range of programs and activities that address specific areas of needs including cultural policy, education at all levels, microfinance of rural enterprises, legal reform and public administration.



SIDI is a company specialized in the financial and technical support of microfinance institutions. Financial support is realized by equity investments, loans, grants and guarantees. Technical assistance is carried out by reinforcing operational capacities of partners, participating in the governing and decision-making bodies, support and counseling in business planning, training, and designing financial services.



Oikocredit started as a pioneer in the field of development financing. Today Oikocredit is one of the largest financiers of the microfinance sector worldwide. It is one of the few ethical investment funds, which finances development projects, benefiting disadvantaged and marginalized people. Privately owned, Oikocredit is a cooperative society, which encourages investors to invest their funds in a socially responsible manner. Oikocredit finances cooperatives or small and medium-sized enterprises (SMEs) involved in agriculture, trade, services and manufacturing.



The Soros Economic Development Fund (SEDF) is a nonprofit private foundation. It is a part of the network of charitable foundations created by investor and philanthropist George Soros. Established in 1997, the fund's mission is to alleviate poverty and community deterioration. It does this by making investments – in the form of equity, loans, guarantees and deposits – in selected banks, microfinance institutions, cooperatives and social enterprise projects worldwide.



Richard H. Driehaus is a fund manager, businessman and philanthropist founder, Chief Investment Officer and Chairman of Driehaus Capital Management based in Chicago, a firm which manages U.S. \$3 billion.

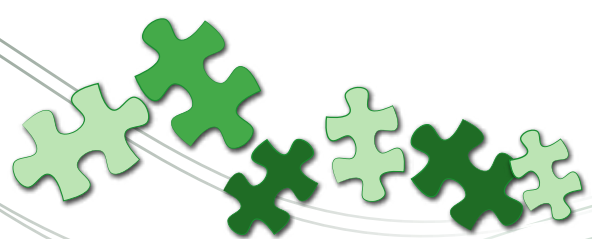
Artur Munteanu

Entrepreneur, founder of Microinvest. Over 15 years of experience in microfinance and SMEs finance.

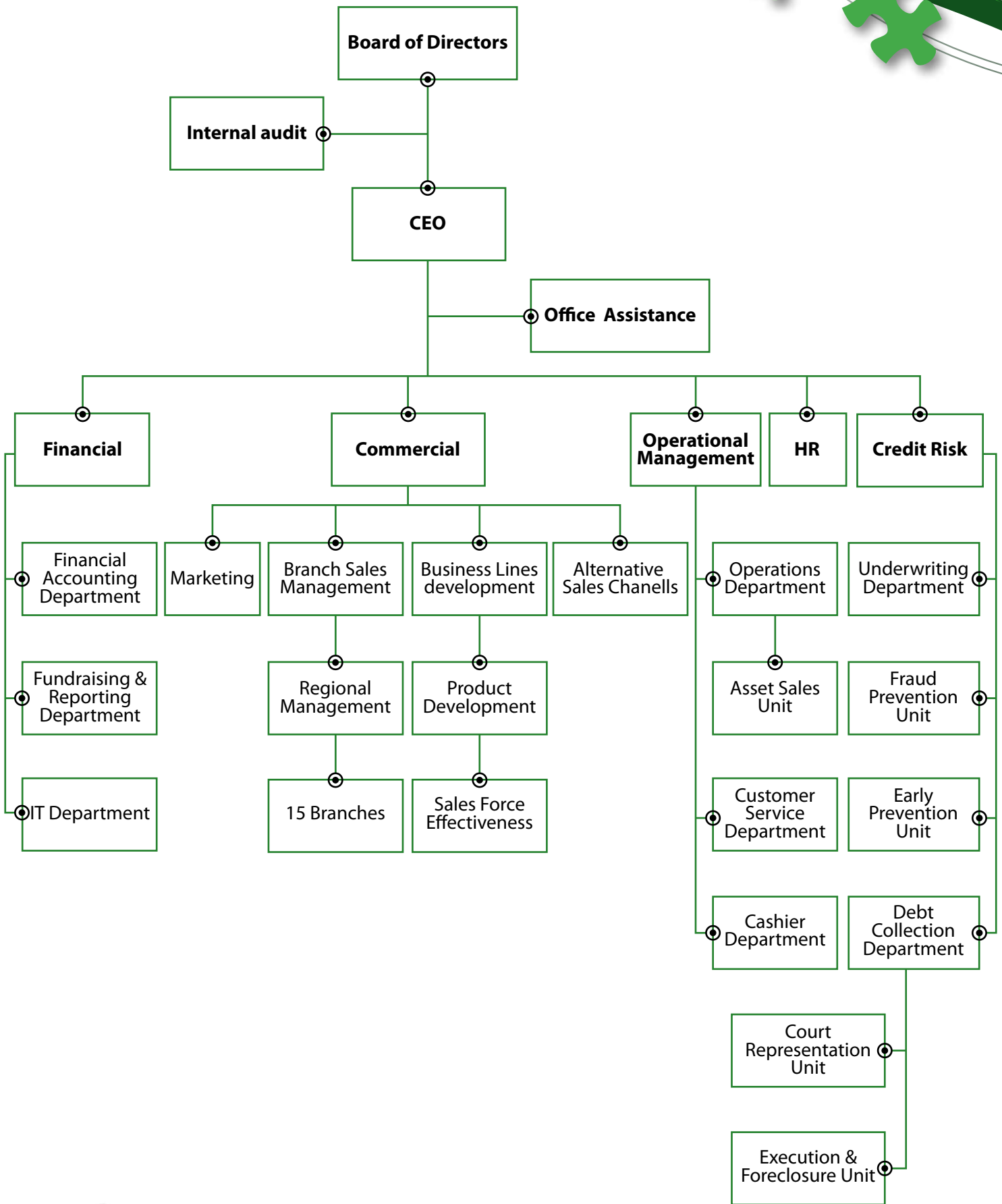
Microinvest Board of Directors



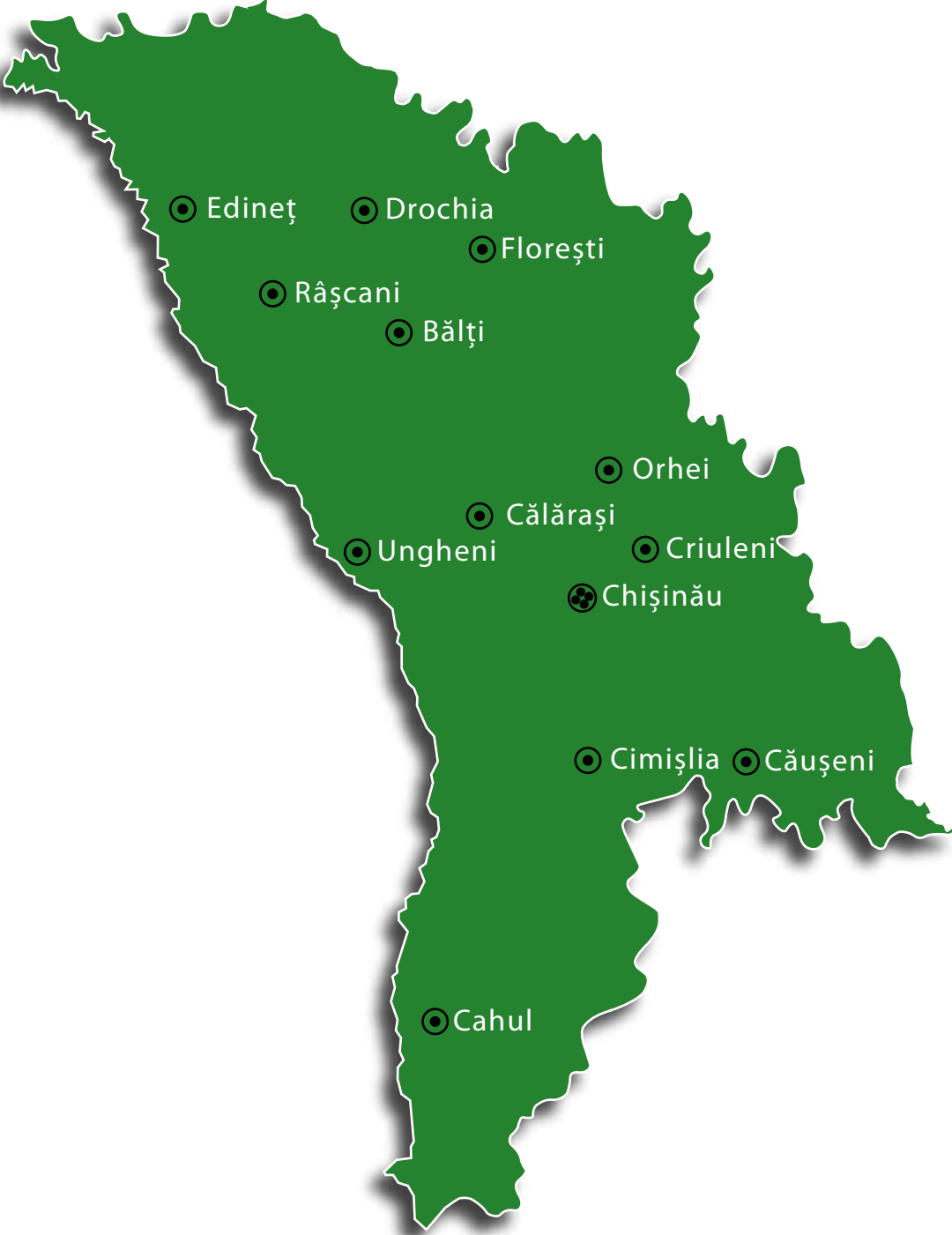
Name	Position on Board	Background	Affiliation	Board Member since
 Clive Moody	Interim Chairman of the Board	Private Equity Professional for over 25 years.	Development Finance Equity Partners AG, Switzerland	2012
 Andrew Walsh	Member	27 years experienced businessman and adviser, with a strong track record in finance and general management particularly in technology businesses.	Balkan Financial Sector Equity Fund ("BFSE")	2013
 Victor Ursu	Member	PhD in Physics. Over 15 years of experience in economic development and microfinance.	Executive Director Soros Foundation Moldova	2003
 Uwe Konst	Member	MBA, over 20 years of experience in the financial industry and with economies in transition.	Independent consultant for international business	2008
 Gael de Pontbriand	Member	MBA, Wharton over 35 years of operational management and consulting experience in the financial sector.	Independent consultant	2008
 David Meier	Member	BS Finance, St. Thomas University MBA Purdue University and ESCP Europe Business /Economic Development Consultant since 1993 Microfinance and MSME Development specialist since 1997	Soros Economic Development Fund	2006
 Paul Panciu	Member	MBA, Norwegian School of Economics and Business Administration. Over 9 years of experience in financial services.	CEO, Microinvest	2012



Organizational Structure



Microinvest Branch Network



Microinvest Loan Products

Business loans

Simplus

Amount: 1 000 - 150 000 MDL
Term: 3 years (Working Capital)
7 years (Fixed Assets)
Purpose: Working Capital and Fixed Assets

Forte

Amount: 150 000 - 1 600 000 MDL
Term: 3 years (Working Capital)
7 years (Fixed Assets)
Purpose: Working Capital and Fixed Assets

Start

Amount: 1 000 - 800 000 MDL
Term: 3 years (Working Capital)
7 years (Fixed Assets)
Purpose: Working Capital and Fixed Assets

Top-Up

Amount: 1 000 - 300 000 MDL
Term: 3 years (Working Capital)
7 years (Fixed Assets)
Purpose: Working Capital and Fixed Assets

Multiplex Credit Line

Amount: 30 000 -1 600 000 MDL
Term: 3 years
Purpose: Working Capital

Microinvest Loan Products

Consumer loans

Consumer

Amount: 1 000 - 1 600 000 MDL

Term: 7 years

Purpose: Work & Travel

Auto

Home improvement

Mortgage

Personal needs

Retail

Amount: 1 000 - 100 000 MDL

Term: 3 years

Purpose: Personal goods purchased from partner shops

On-line Cash

Amount: 1 000 - 15 000 MDL

Term: 2 years

Purpose: Personal needs

Group Loans

Informal groups

Amount: 10 000 - 15 000 MDL

Term: 15 months

Purpose: Personal needs

SCA

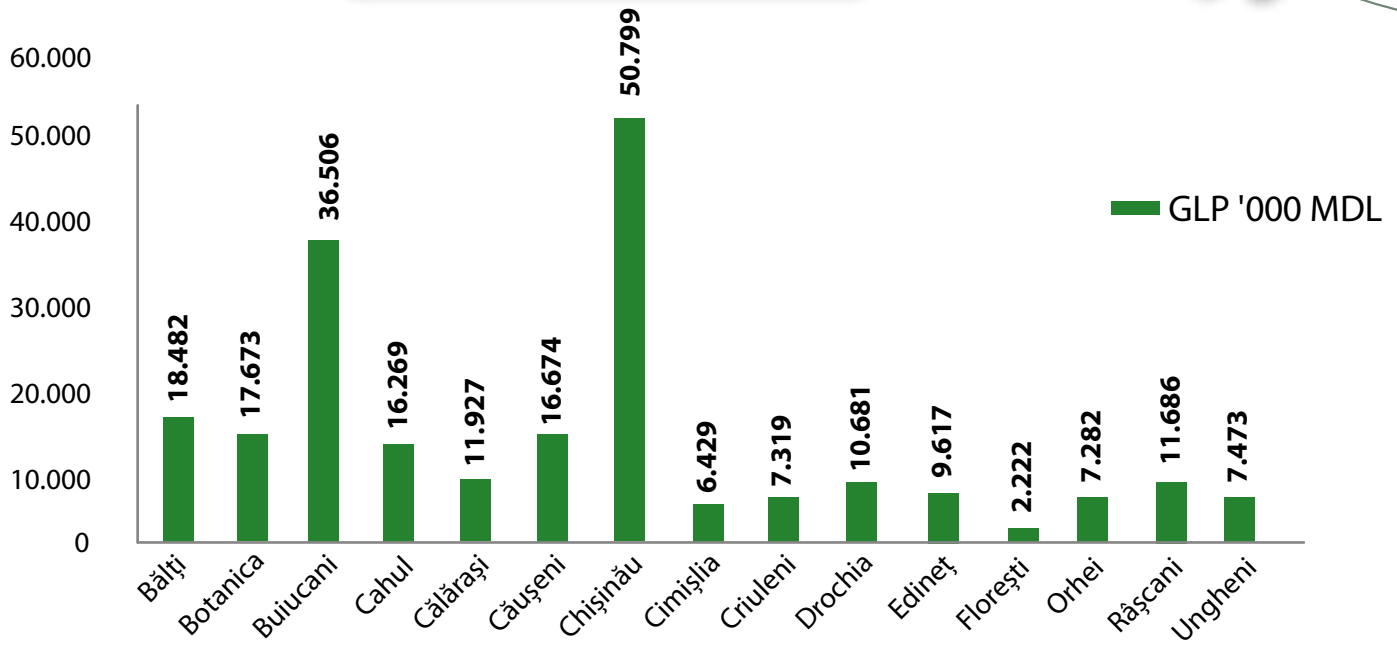
Amount: 1 000 - 8 000 000 MDL

Term: 15 months

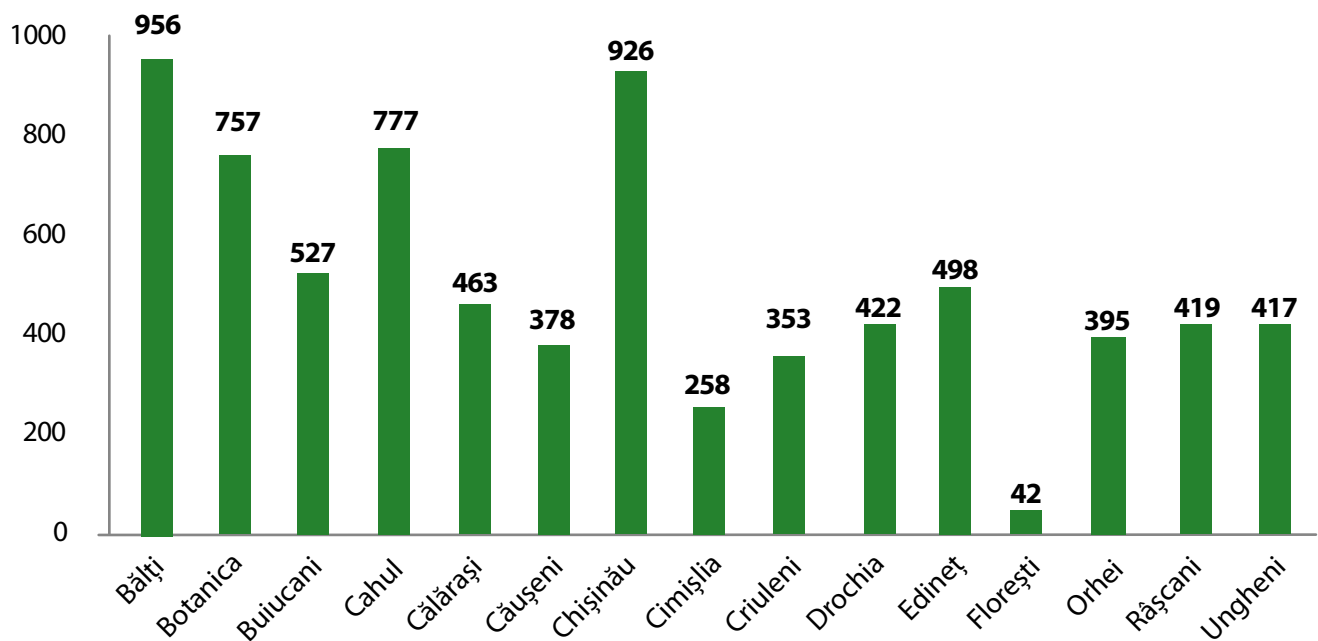
Purpose: Personal needs

2013 in Figures

GLP by Branch

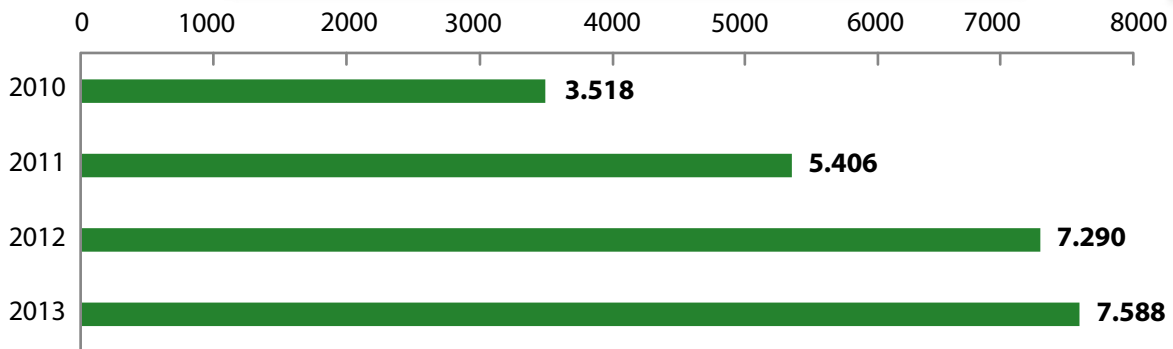


Number of loans, by Branch

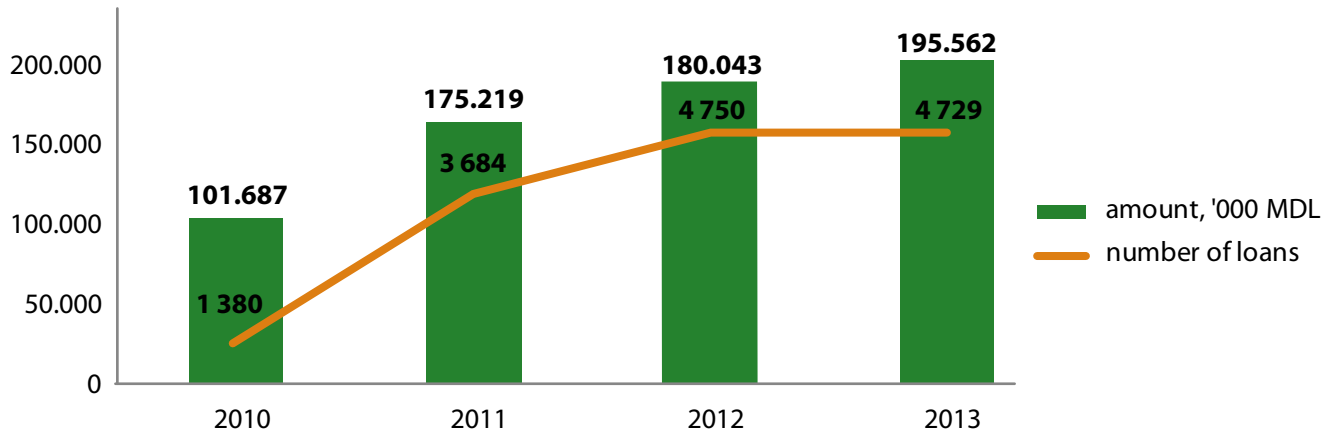


2013 in Figures

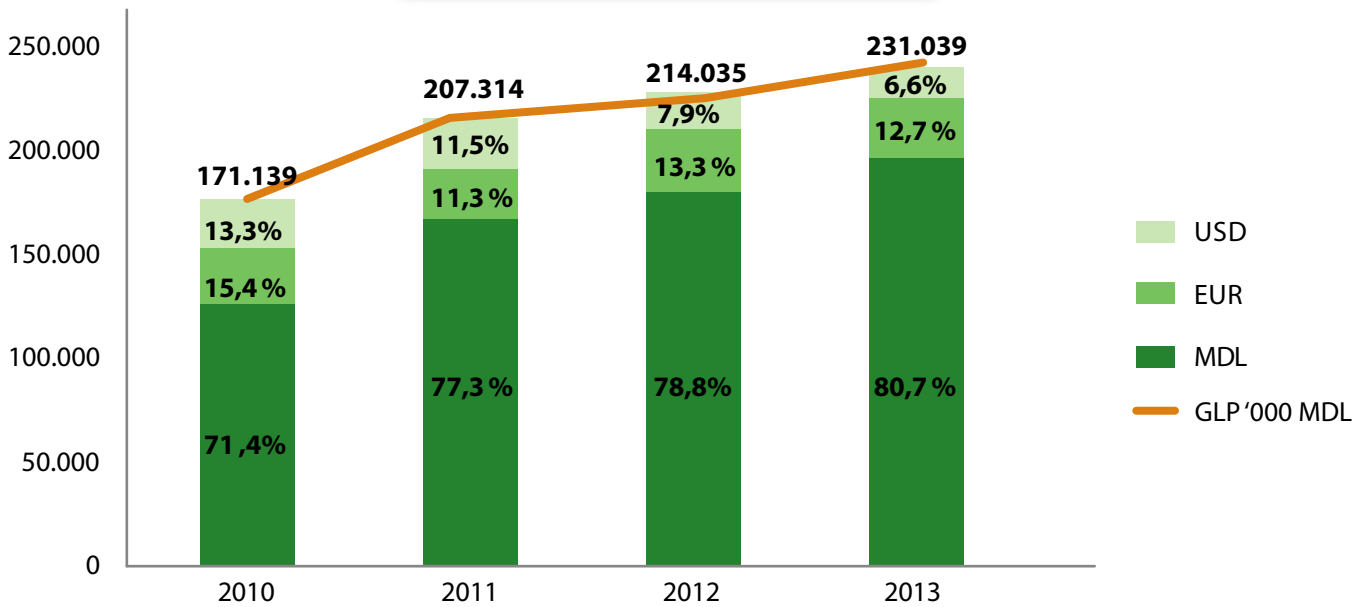
Number of active contracts as of the year-end



Disbursements

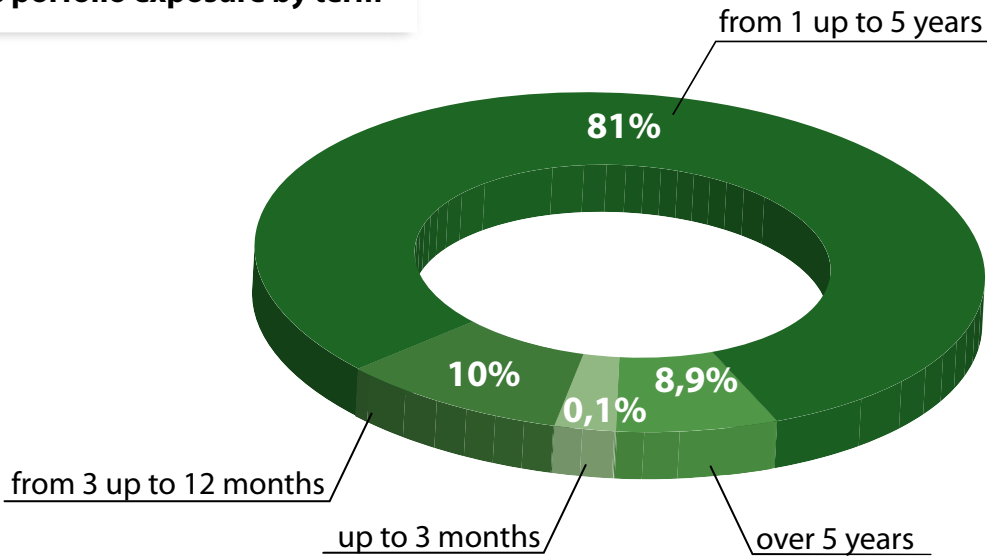


Portfolio by Currency

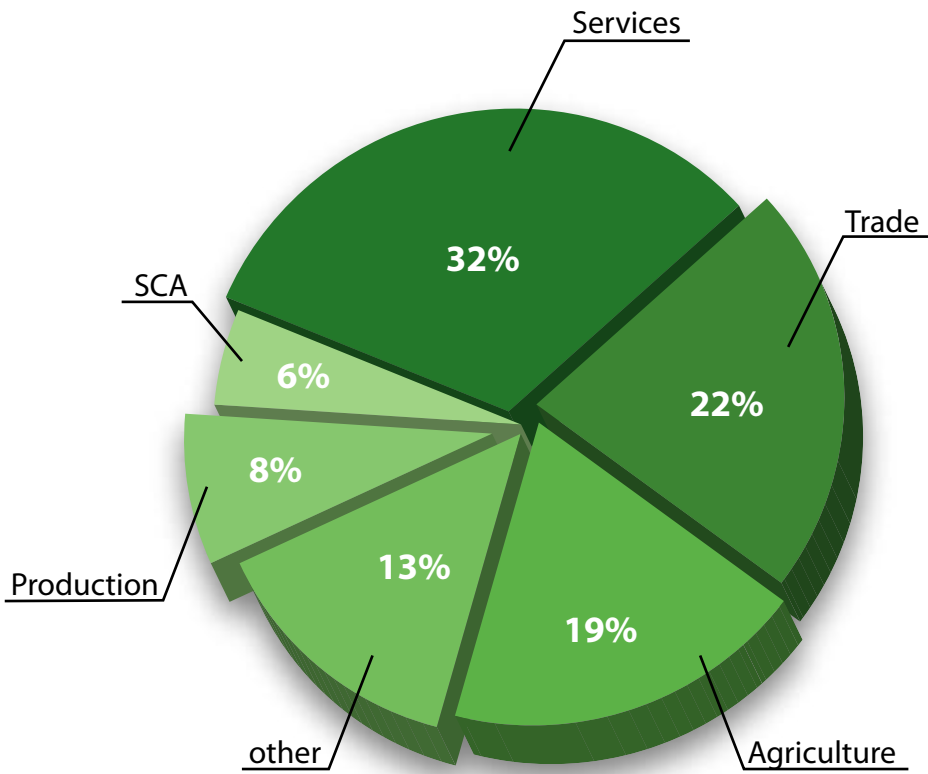


2013 in Figures

Gross portfolio exposure by term

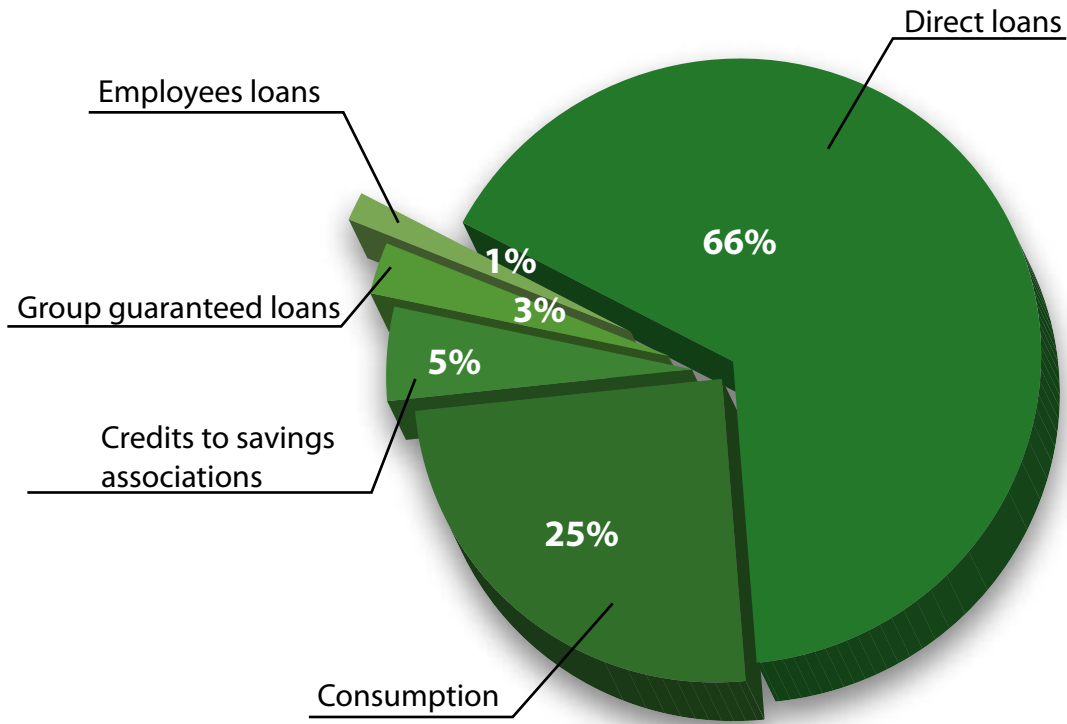


Gross portfolio exposure by sector

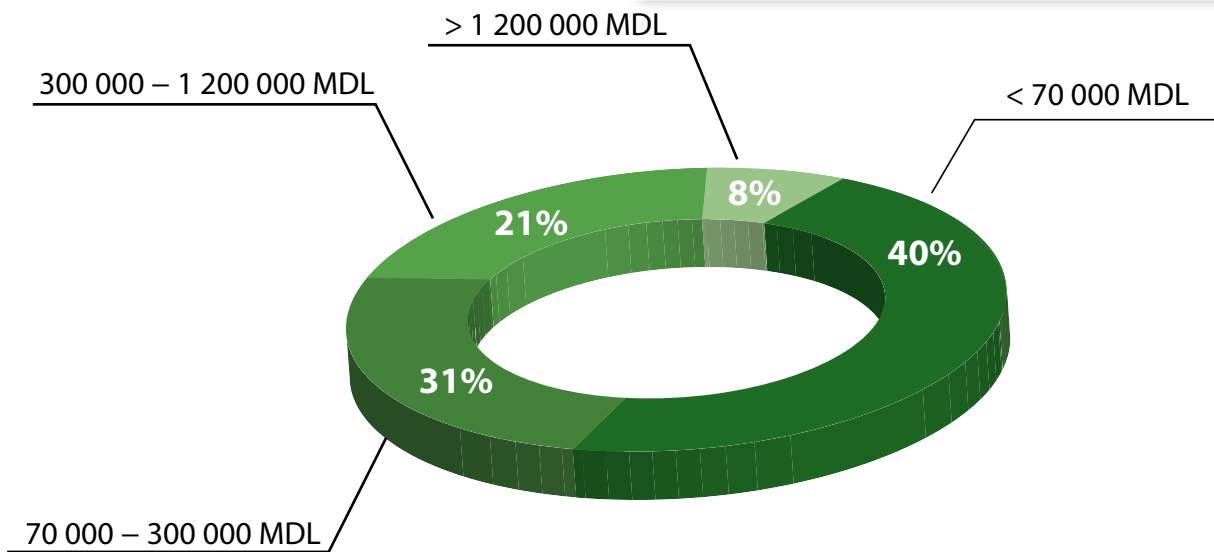


2013 in Figures

Gross portfolio exposure by type of loans



Gross portfolio exposure by amount category



Independent Auditor's Report

To the Shareholders and Board of Directors of the Microinvest SRL

Report on the Consolidated Financial Statement

1. We have audited the accompanying consolidated financial statements of Î.M. OMF Microinvest SRL and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013 and the consolidated statement of profit or loss and comprehensive income, changes in equity and cash flows for year then ended and notes comprising a summary of significant accounting policies and other explanatory information.



Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatements.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

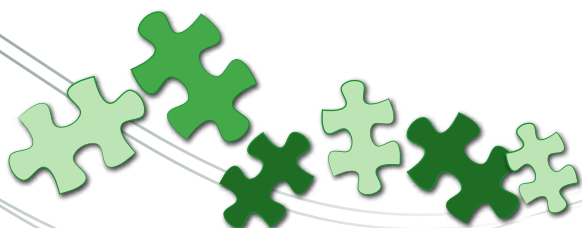
Opinion

6. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

A handwritten signature in blue ink that reads "ICS Pricewaterhouse Coopers Audit SRL".

ICS Pricewaterhouse Coopers Audit SRL

Chisinau, 7 May 2014



Balance Sheet

ASSETS	Notes	2013 MDL	2012 MDL
Cash and cash equivalents	10	4,197,134	33,192,308
Due from banks and other institutions	11	99,813,623	75,995,347
Loans and advances to customers, net	12	221,488,216	207,675,888
Property and equipment	13	13,035,819	12,585,404
Deferred tax assets	9	2,755,135	2,334,797
Intangible assets	14	1,283,001	1,020,493
Other assets	15	2,935,185	2,244,085
Total assets		345,508,113	335,048,322
LIABILITIES			
Interest-bearing loans and borrowings	16	232,122,338	229,461,195
Grants received	17	194,816	274,381
Other liabilities	18	5,788,528	4,850,606
Total liabilities		238,105,682	234,586,182
SHAREHOLDERS' EQUITY			
Share capital	19	106,231,922	107,485,826
Less: Treasury shares		-	(996,531)
Secondary capital		257,373	-
Capital Reserve		3,357,781	3,357,781
Accumulated deficit		(2,444,645)	(9,384,936)
Total equity		107,402,431	100,462,140
Total liabilities and equity		345,508,113	335,048,322

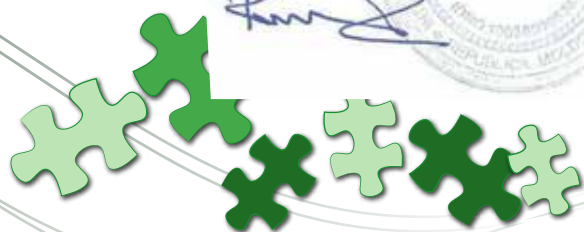
The financial statements were authorized for issue on 7 May 2014 by the Executives of the Group represented by:



Mr Paul Panciu
Administrator




Mr Sergiu Sobuleac
Chief Financial Officer



Income Statement

	Notes	2013 MDL	2012 MDL
Interest and similar income	4	60,358,235	52,583,751
Interest and similar expense	5	(21,497,046)	(18,518,908)
Net interest and similar income		38,862,189	34,064,843
Provision for impairment of loans	12	(5,598,497)	(7,439,798)
Net interest after provision expenses		33,263,692	26,625,045
Recoveries on loans	6	6,794,678	11,068,374
Other operating income	7	685,386	820,046
General and administrative expenses	8	(33,681,244)	(34,289,435)
Foreign exchange (losses)/gains		224,330	9,724
Profit /(loss) before income tax		7,286,842	4,233,754
Income tax expense /credit	9	(346,550)	(112,302)
Net profit for the year		6,940,292	4,121,452
Other comprehensive income		-	-
Total comprehensive income		6,940,292	4,121,452

The financial statements were authorized for issue on 7 May 2014 by the Executives of the Group represented by:




Mr Paul Panciu
Administrator



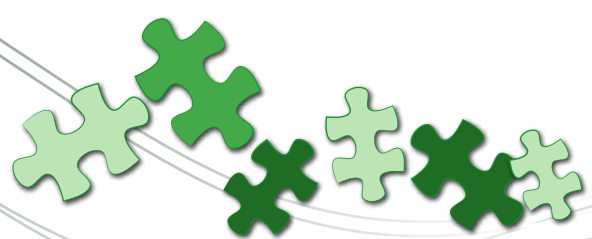
Mr Sergiu Sobuleac
Chief Financial Officer

Changes in Shareholders' Equity



	Share capital, MDL	Treasury Shares, MDL	Secondary capital, MDL	Capital reserve, MDL	Accumulated deficit, MDL	Total shareholders' equity, MDL
Balance at 1 January 2012	107,485,826	(996,531)	-	3,357,781	(13,506,389)	96,340,688
Total comprehensive income for the year	-	-	-	-	4,121,452	4,121,452
Balance at 31 December 2012	107,485,826	(996,531)	-	3,357,781	(9,384,936)	100,462,140
Balance at 1 January 2013	107,485,826	(996,531)		3,357,781	(9,384,936)	100,462,140
Total comprehensive income for the year	-	-	-	-	6,940,292	6,940,292
Cancelation of treasury shares	(1,253,904)	996,531	257,373	-	-	-
Balance at 31 December 2013	106,231,922	-	257,373	3,357,781	(2,444,644)	107,402,431

The accompanying notes are an integral part of these consolidated financial statements.



Cash Flow

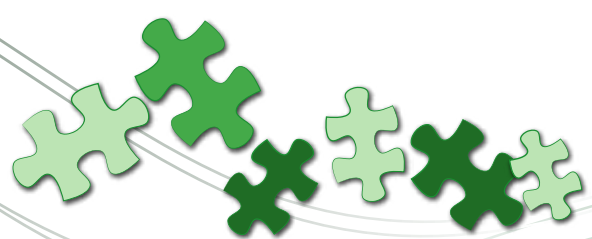
Cash flows from operating activities	Notes	2013 MDL	2012 MDL
Interest receipts		59,636,456	52,165,955
Interest payments		(19,534,499)	(21,393,549)
Recoveries on loans		6,794,678	11,068,374
Other income received		605,821	820,046
Payment to employees and suppliers		(31,826,678)	(32,628,563)
Income taxes (paid)/received		(376,434)	(1,626,043)
		15,299,345	8,406,220
(Increase) decrease in assets/liabilities:			
Loans and advances to customers, net		(10,633,602)	(8,387,659)
Due from banks and other institutions		(18,598,750)	2,704,358
Other assets		(1,453,096)	(296,635)
Other liabilities		934,746	1,526,840
Net cash from operating activities		(14,451,357)	3,953,124
Cash flows from investing activities			
Purchase of intangibles		(682,849)	(434,533)
Purchase of property and equipment		(1,508,206)	(217,050)
Net cash from investing activities		(2,191,055)	(651,583)
Cash flows from financing activities			
Borrowings received		191,527,030	180,774,612
Borrowings repaid		(204,110,108)	(154,348,391)
Contributions to share capital		-	-
Purchase of treasury shares		-	-
Net cash from financing activities		(12,583,078)	26,426,221
Foreign exchange difference		230,316	(525,485)
Net increase/(decrease) in cash and cash equivalents		(28,995,174)	29,202,277
Cash and cash equivalents at 1 January		33,192,308	3,990,031
Cash and cash equivalents at 31 December	10	4,197,134	33,192,308

The accompanying notes are an integral part of these consolidated financial statements.

Outlook for 2014



	2014 forecasts
Total assets ('000 MDL):	412.618
Total equity ('000 MDL):	114.198
Gross loan portfolio outstanding ('000 MDL):	283.049
Profit ('000 MDL):	7.183
Number of active loans outstanding:	9 277
Number of employees:	123
Number of loan officers:	60
PAR > 30 days (%):	6.92



Microinvest Partners



European Bank
Reconstruction and Development

FMO

Finance for Development



BlueOrchard
Microfinance Investment Managers

responsAbility



MOLDINDCONBANK

Triodos Bank

Make your money make a difference



VICTORIA BANK

CoopEst

