B.C. MAIB S.A.

Consolidated and Separate Financial Statements and Independent Auditor's Report

31 December 2022

(FREE TRANSLATION*)

*Translator's explanatory note: the translation of this document is provided as a free translation from the official and binding version in Romanian.

CONTENT

Independent Auditor's Report

To the Shareholders of B.C. MAIB SA

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of B.C. MAIB SA (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2022, and the Group's and Bank's consolidated and separate financial performance, and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

What we have audited

The Group's and Bank's consolidated and separate financial statements comprise:

- the consolidated and separate statement of financial position as at 31 December 2022;
- the consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the consolidated and separate statement of changes in equity for the year ended 31 December 2022;
- the consolidated and separate statement of cash flows for the year ended 31 December 2022; and
- the notes to the consolidated and separate financial statements for the year ended 31 December 2022, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law No 271/15 December 2017 regarding audit of financial statements with subsequent amendments (the "Law 271/2017"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

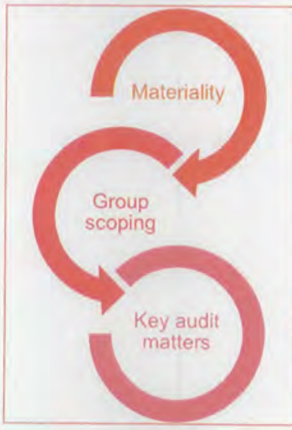
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Law 271/2017 that are relevant to our audit of the consolidated and separate financial statements in the Republic of Moldova. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Law 271/2017.

Our audit approach

Overview

	• Overall Group and Bank materiality: MDL 44,900 thousand, which represents approximately 5% of the Bank's average profit before tax for the last three years: 2020 -2022.
	• We planned and scoped our audit for 2022 reflecting the Group's current structure whereby the Bank represents the most significant part of the Group's assets, liabilities and profit before tax. Hence, we defined the Bank as the sole significant component within the Group and so it was subject to a full scope audit of its financial information.
	• Application of IFRS 9 "Financial instruments" in the calculation of expected credit losses of loans and advances to customers.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where management made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group and Bank materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated and separate financial statements as a whole.

Overall Group and Bank materiality	MDL 44,900 thousand
How we determined it	Approximately 5% of the Bank's average profit before tax for the last three years: 2020-2022.
Rationale for the materiality benchmark applied	We chose average profit before tax of the past three years as the benchmark in order to eliminate the volatility of the profit before tax observed due to the recent unprecedented events. In our view, profit before tax is the benchmark against which the performance of the Group and Bank is most commonly measured by its stakeholders, and it is a generally accepted benchmark. We chose 5%, which in our experience is an acceptable quantitative materiality threshold for this benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were most significant in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Application of IFRS 9 "Financial instruments" ("IFRS 9") in the calculation of expected credit losses of loans and advances to customers.	
We focused on this area because the management makes complex and subjective judgements over both the timing of recognition of expected credit losses ("ECL") and the estimation of the ECL amount, which is a complex area of accounting. As at 31 December 2022, the consolidated and separate financial statements include loans and advances to customers with a gross carrying amount of MDL 22,686,522 thousand and the related ECL allowance of MDL 1,274,652 thousand, resulting in the carrying amount MDL 21,411,870 thousand for the Group, and a gross carrying amount of MDL 22,805,945 thousand and the related ECL allowance of MDL 1,276,388 thousand, resulting in the carrying amount MDL 21,529,557 thousand for the Bank. The Bank applies a three-stage model for the determination of ECL, based on changes in credit quality since initial recognition of loans and advances. In terms of an assessment method, the ECL are	In relation to the application of the ECL statistical models, we have assessed the compliance of the key methodologies and models with the requirements of IFRS 9. We engaged our credit risk technical experts to assist us in undertaking this assessment. We verified the reconciliation of the output of the automated ECL calculation engine with the audited trial balance. Detailed risk assessment analytics were performed over the Bank's loan portfolio, in order to identify possible areas of risk and better calibrate our procedures described below. We have validated, based on tests of controls, the process around origination and subsequent restructuring of loans, by verifying the existence of client specific request and verifying if the request was

Key audit matter	How our audit addressed the key audit matter
computed either on an individual basis or using a collective model. Individual assessment is mandatory for the clients with the cumulative gross carrying amount of the loans higher than MDL 10,000 thousand and classified in Stage 3 at the time of the assessment performed by the Bank. For other clients with cumulative gross carrying amount of the loans that are considered significant, the Bank performs individual assessment, regardless of the stage in which the loans were classified. The ECL are assessed individually based on probability weighted scenarios of the cash flow forecasts. The key assumptions considered in the computation are the expected cash flows (from both operating cash flows and recoveries from collateral) and the weighting assigned to the different scenarios. Collective assessment is performed for all the other loans and advances to customers. The key assumptions considered in the computation are the probability of an account falling into arrears and subsequently entering into default, definition of significant increase in credit risk, exposure at the moment of default and the estimated losses from defaulted loans. Statistical models are used for determination of the key assumptions including different future macroeconomic scenarios. Taking into account a significant increase in uncertainty in respect of the key inputs for the ECL, the Bank has addressed the related risk through a mix of measures, the key ones being: • for the computation of the probability of default parameter the Bank updated throughout the year the forward-looking information with the latest available macroeconomic forecasts, the Bank migrated from a unifactorial model for the integration of macroeconomic effects, developed at the customer segment level, to multifactorial models developed at the segment level for Corporate and Business Banking customers and at the product level for the Retail segment; • incorporation of forward-looking information in the determination of the loss given default; and	approved according to the internal competencies. We tested, on a sample basis, the key controls over the inputs of critical data into source systems and the flow and transformation of data from the source systems to the ECL calculation engine, including staging process, split between collective and individual ECL computation and recomputed the ECL calculation done by the system for a sample of loans using the key assumptions determined by management. We have tested that the key assumptions resulting from the statistical estimation models which were subsequently approved by management were the same as the parameters effectively implemented in the system for automated computation of ECL. With regards to loans and advances to customers for which ECL are assessed individually, for a selection of clients, we have assessed the appropriateness of the key inputs, assumptions and discounted cash flows from both operating cash flows and recoveries from collateral that support the ECL. We have also selected a sample of clients in collective assessment in order to verify if there were any other criteria that could lead to individual assessment. As far as collateral for loans is concerned, we have reviewed and tested controls around input of data and valuation. We have also selected a sample of collateral items corresponding to individually assessed clients and we have assessed the reasonableness of the market value used in their valuation. With regards to loans and advances to customers for which ECL are assessed collectively, we tested how management made the estimate in terms of probability of default, loss given default, forward-looking information and credit conversion factor and we have assessed whether the calculation

Key audit matter	How our audit addressed the key audit matter
• update of collateral related discounts and expected time to sell. When estimating the ECL for loans and advances to customers, management may be limited by the experience available in back-testing of these estimates against the actual results. Further, future economic developments may not be fully in line with the current forecasts. These elements increase the risk around accuracy and valuation of certain key data used to create assumptions and operate the models. Note 3 "Significant accounting policies", Note 4 "Critical accounting estimates and judgements in applying accounting policies", Note 12 "Loans and advances to customers" and Note 40 "Financial risk management" to the consolidated and separate financial statements provide detailed information on the ECL for loans and advances to customers.	process was consistent with the IFRS 9 requirements and the Bank's methodology. We have assessed the accuracy, completeness and relevance of the disclosures related to the expected credit losses of loans and advances to customers in the consolidated and separate financial statements against the requirements of the relevant financial reporting standards.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated and separate financial statements as a whole, taking into account the structure of the Group and the Bank, the accounting processes and controls, and the industry in which the Group and Bank operate.

We planned and scoped our audit for 2022 reflecting the Group's current structure whereby the Bank represents the vast majority of the Group's total assets (99.7%), total liabilities (99.8%) and profit before tax (99.5%). Hence, we defined the Bank as the sole significant component within the Group and so the Bank was subject to an audit of its complete financial information. For the Group audit purposes we have applied analytical procedures to the financial information of the subsidiaries of the Group (MAIB-Leasing SA and Moldmediacard SRL).

Reporting on other information including the Consolidated Management Report

Management is responsible for the other information. The other information comprises the Consolidated Management Report and the Consolidated Non-Financial Statement, which is part of the Consolidated Management Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information, including the Consolidated Management Report and the Consolidated Non-Financial Statement which is part of the Consolidated Management Report.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Consolidated Management Report, our responsibility is to consider whether the Consolidated Management Report was prepared in accordance with Law 287/2017, article 30.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Consolidated Management Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements;
- the Consolidated Management Report has been prepared in accordance with Law 287/2017 article 30.

In addition, in light of the knowledge and understanding of the Group and Bank and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Consolidated Management Report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's or the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The auditor responsible for carrying out the audit resulting in this independent auditor's report is Eduard Maxim.

On behalf of

ICS PricewaterhouseCoopers Audit SRL

Audit firm registered with the Public register of audit firms under no 1902025

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Eduard Maxim

Auditor

Qualification Certificate AG no 000061 dated 22.06.2018

Qualification Certificate AIF no 0030 dated 26.04.2019

Registered with the Public register of auditors under no 1806122

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Stefan Friedemann Weiblen
Partner, acting based on the power of attorney dated 16 April 2020

Chişinău, 10 April 2023

This version of our report is a translation from the original, which was prepared in Romanian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Note	Group		Bank	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
ASSETS					
Cash on hand	7	1,470,466	1,170,658	1,470,410	1,170,643
Balances with the National Bank of Moldova	8	12,075,624	7,575,840	12,075,624	7,575,840
Due from other banks	9	1,060,404	3,739,820	1,059,819	3,739,580
Investments in debt securities	10	4,366,081	4,071,050	4,305,996	4,052,472
Investments in equity securities	11	3,991	3,769	3,991	3,769
Investments in subsidiaries	15	-	-	139,669	139,669
Loans and advances to customers	12	21,411,870	18,627,190	21,529,557	18,664,513
Finance lease receivables	13	271,961	216,767	-	-
Investment property	14	27,889	32,559	-	-
Other financial assets	16	133,158	44,013	121,538	31,488
Other assets	17	217,643	164,810	211,484	159,309
Premises and equipment	18	1,815,958	1,453,924	1,809,845	1,448,194
Intangible assets	19	203,884	154,910	191,834	143,849
Right of use assets	20	109,228	68,662	110,736	67,346
TOTAL ASSETS		**43,168,157**	**37,323,972**	**43,030,503**	**37,196,672**
LIABILITIES					
Due to other banks	21	16,592	18,458	16,592	18,458
Due to customers	22	31,356,841	28,570,646	31,388,449	28,596,152
Borrowings	23	3,623,883	2,249,615	3,525,790	2,160,402
Lease liabilities	20	112,690	70,340	114,159	69,026
Other financial liabilities	25	287,343	263,243	285,298	259,641
Current income tax liability	38	62,375	30,789	62,375	30,789
Deferred income tax liability	38	4,121	2,709	3,168	1,955
Provision for loan commitments	27	50,466	37,129	50,466	37,129
Other liabilities	26	471,211	282,526	459,070	277,935
Subordinated debt	28	509,544	298,653	509,544	298,653
TOTAL LIABILITIES		**36,495,066**	**31,824,108**	**36,414,911**	**31,750,140**
EQUITY					
Ordinary shares	29	207,527	207,527	207,527	207,527
Share premium		104,537	104,537	104,537	104,537
Revaluation reserve for securities at fair value through other comprehensive income		5,500	(31,267)	5,500	(31,267)
Revaluation reserve for premises		195,993	197,318	195,574	196,686
Retained earnings		6,158,924	5,021,121	6,102,454	4,969,049
Total equity attributable to equity owners of the Bank	29	**6,672,481**	**5,499,236**	**6,615,592**	**5,446,532**
Non-controlling interest		610	628	x	x
TOTAL EQUITY		**6,673,091**	**5,499,864**	**6,615,592**	**5,446,532**
TOTAL EQUITY AND LIABILITIES		**43,168,157**	**37,323,972**	**43,030,503**	**37,196,672**

The Consolidated and Separate Financial Statements were signed on 10 April 2023 by:

Chairman of the Management Board
Mr. Giorgi Shagidze
G. Shagidze

Chief Accountant
Mrs. Carolina Semeniuc

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Note	Group 2022	Group 2021	Bank 2022	Bank 2021
Interest income calculated using the EIR method	31	3,089,376	1,678,228	3,087,295	1,678,147
Other similar income	31	26,662	18,765	-	-
Interest expense	31	(932,874)	(366,743)	(928,752)	(362,797)
Other similar expense	31	(2,539)	(2,635)	(2,567)	(2,632)
Net margin on interest and similar income		**2,180,625**	**1,327,615**	**2,155,976**	**1,312,718**
Fee and commission income	32	887,285	696,142	883,779	695,688
Fee and commission expense	32	(487,010)	(322,348)	(513,004)	(348,120)
Net fee and commission income		**400,275**	**373,794**	**370,775**	**347,568**
Gains less losses from trading in foreign currencies	33	524,712	346,154	524,712	346,154
Foreign exchange translation losses		(27,747)	(21,470)	(27,995)	(17,164)
Other operating income	34	89,856	87,896	84,891	74,794
Gains/(losses) on revaluation of investment properties		598	(2,906)	-	-
Personnel expenses	35	(838,797)	(699,750)	(817,970)	(683,144)
Depreciation and amortization expenses	18-19	(134,169)	(119,326)	(130,117)	(115,613)
Other operating expenses	36	(478,905)	(353,215)	(464,567)	(343,389)
Operating profit before credit loss allowance		**1,716,448**	**938,792**	**1,695,705**	**921,924**
Credit loss allowance	37	(419,593)	(106,641)	(405,591)	(100,601)
Profit before tax		**1,296,855**	**832,151**	**1,290,114**	**821,323**
Income tax expense	38	(161,555)	(102,945)	(159,261)	(100,245)
PROFIT FOR THE YEAR		**1,135,300**	**729,206**	**1,130,853**	**721,078**
Other comprehensive income/(loss):					
Items that may be reclassified subsequently to profit or loss:					
Changes in fair value of debt securities at fair value through other comprehensive income	10	41,559	(49,001)	41,559	(49,001)
Deferred tax related to debt securities at fair value through other comprehensive income	38	(4,987)	5,881	(4,987)	5,881
Items that will not be reclassified to profit or loss:					
Gains less losses on investments in equity securities at fair value through other comprehensive income	11	222	5,435	222	5,435
Current income tax recorded directly in other comprehensive income		-	(14,295)	-	(14,295)
Deferred tax related to changes in fair value of investments in equity securities at fair value through other comprehensive income	38	(27)	13,642	(27)	13,642
Revaluation of land and premises	18	(260)	5,726	(47)	5,370
Deferred tax related to the revaluation of premises	38	152	(544)	152	(544)

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Note	Group 2022	Group 2021	Bank 2022	Bank 2021
Other comprehensive income/(loss) for the year		**36,659**	**(33,156)**	**36,872**	**(33,512)**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,171,959**	**696,050**	**1,167,725**	**687,566**
Profit is attributable to:					
- Owners of the Bank		1,135,251	729,139	1,130,853	721,078
- Non-controlling interest		49	67	-	-
Profit for the year		**1,135,300**	**729,206**	**1,130,853**	**721,078**
Total comprehensive income is attributable to:					
- Owners of the Bank		1,171,910	695,983	1,167,725	687,566
- Non-controlling interest		49	67	-	-
Total comprehensive income for the year		**1,171,959**	**696,050**	**1,167,725**	**687,566**
Basic and diluted earnings per share attributable to the owners of the Bank (expressed in MDL per share)	29	**1,094**	**703**	**1,090**	**695**

The Consolidated and Separate Financial Statements were signed on 10 April 2023 by:

Chairman of the Management Board
Mr. Giorgi Shagidze
G. Shagidze

Chief Accountant
Mrs. Carolina Semeniuc

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Attributable to equity owners of the Group							
	Ordinary shares	Share premium	Revaluation reserve for securities at fair value through other comprehensive income	Revaluation reserve for premises	Retained earnings	Total attributable to the Group	Non-controlling interests	Total equity
Balance at 1 January 2021	**207,527**	**104,537**	**111,899**	**192,974**	**4,394,947**	**5,011,884**	**561**	**5,012,445**
Profit for the year	-	-	-	-	729,139	729,139	67	729,206
Other comprehensive loss for the year	-	-	(38,338)	5,182	-	(33,156)	-	(33,156)
Total comprehensive income for the year	-	-	**(38,338)**	**5,182**	**729,139**	**695,983**	**67**	**696,050**
Transfer of revaluation surplus on premises to retained earnings	-	-	-	(838)	838	-	-	-
Transfer of revaluation reserve for securities at FV through OCI to retained earnings upon disposal (Note 11)	-	-	(104,828)	-	104,828	-	-	-
Share payments to employees	-	-	-	-	37	37	-	37
Dividends paid (Note 29)	-	-	-	-	(208,668)	(208,668)	-	(208,668)
Balance at 31 December 2021	**207,527**	**104,537**	**(31,267)**	**197,318**	**5,021,121**	**5,499,236**	**628**	**5,499,864**
Profit for the year	-	-	-	-	1,135,251	1,135,251	49	1,135,300
Other comprehensive income for the year	-	-	36,767	(108)	-	36,659	-	36,659
Total comprehensive income for the year	-	-	**36,767**	**(108)**	**1,135,251**	**1,171,910**	**49**	**1,171,959**
Transfer of revaluation surplus on premises to retained earnings	-	-	-	(1,217)	1,217	-	-	-
Share payments to employees	-	-	-	-	1,335	1,335	-	1,335
Dividends paid (Note 29)	-	-	-	-	-	-	(67)	(67)
Balance at 31 December 2022	**207,527**	**104,537**	**5,500**	**195,993**	**6,158,924**	**6,672,481**	**610**	**6,673,091**

The Consolidated and Separate Financial Statements were signed on 10 April 2023 by:

Chairman of the Management Board

Mr. Giorgi Shagidze

Chief Accountant

Mrs. Carolina Semeniuc

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

B.C. MAIB S.A.

Consolidated and separate statement of changes in equity for the year ended 31 December 2022

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Attributable to equity owners of the Bank					
	Ordinary shares	**Share premium**	**Revaluation reserve for securities at fair value through other comprehensive income**	**Revaluation reserve for premises**	**Retained earnings**	**Total equity**
Balance at 1 January 2021	**207,527**	**104,537**	**111,899**	**192,698**	**4,350,936**	**4,967,597**
Profit for the year	-	-	-	-	721,078	721,078
Other comprehensive loss for the year	-	-	(38,338)	4,826	-	(33,512)
Total comprehensive income for the year	**-**	**-**	**(38,338)**	**4,826**	**721,078**	**687,566**
Transfer of revaluation surplus on premises to retained earnings	-	-	-	(838)	838	-
Transfer of revaluation reserve for securities at FV through OCI to retained earnings upon disposal (Note 11)	-	-	(104,828)	-	104,828	-
Share payments to employees	-	-	-	-	37	37
Dividends paid (Note 29)	-	-	-	-	(208,668)	(208,668)
Balance on 31 December 2021	**207,527**	**104,537**	**(31,267)**	**196,686**	**4,969,049**	**5,446,532**
Profit for the year	-	-	-	-	1,130,853	1,130,853
Other comprehensive income for the year	-	-	36,767	105	-	36,872
Total comprehensive income for the year	**-**	**-**	**36,767**	**105**	**1,130,853**	**1,167,725**
Transfer of revaluation surplus on premises to retained earnings	-	-	-	(1,217)	1,217	-
Share payments to employees	-	-	-	-	1,335	1,335
Balance at 31 December 2022	**207,527**	**104,537**	**5,500**	**195,574**	**6,102,454**	**6,615,592**

The Consolidated and Separate Financial Statements were signed on 10 April 2023 by:

Chairman of the Management Board

Mr. Giorgi Shagidze G. Shagidze

Chief Accountant

Mrs. Carolina Semeniuc

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

	Note	Group 2022	Group 2021	Bank 2022	Bank 2021
Cash flows from operating activities					
Interest income calculated using the EIR method received		3,194,044	1,679,354	3,166,526	1,657,916
Interest paid		(835,965)	(443,581)	(850,236)	(439,156)
Fees and commissions received	32	833,634	561,475	832,911	546,642
Fees and commissions paid	32	(487,004)	(297,037)	(513,004)	(322,809)
Gains less losses from trading in foreign currencies	33	524,712	346,155	524,712	346,155
Recoveries of loans previously written-off		15,653	14,077	15,653	14,077
Other operating income received		53,449	48,916	66,406	63,153
Other operating expenses paid		(462,454)	(346,699)	(444,085)	(341,118)
Personnel expenses paid		(807,080)	(683,812)	(802,265)	(663,517)
Income tax paid		(134,141)	(97,740)	(131,324)	(92,594)
Cash flows from operating activities before changes in operating assets and liabilities:		**1,894,848**	**781,108**	**1,865,294**	**768,749**
Net (increase) / decrease in operating assets:					
Due from other banks		(2,232,267)	(445,606)	(2,232,267)	(445,606)
Loans and advances to customers		(2,975,975)	(4,318,390)	(3,051,774)	(4,339,315)
Finance lease receivables		(66,390)	(64,395)	-	-
Other financial assets		(86,498)	7,565	(76,166)	6,621
Other assets		(30,545)	759	(30,545)	759
Net increase / (decrease) in operating liabilities:					
Due to other banks		(53,878)	25,832	(53,878)	25,832
Due to customers		2,353,462	4,712,285	2,356,477	4,743,039
Other financial liabilities		15,435	35,937	12,411	31,505
Other liabilities		114,374	(62,732)	114,507	(62,682)
Net cash from/(used in) operating activities		**(1,067,434)**	**672,363**	**(1,095,941)**	**728,902**
Cash flows from investing activities					
Acquisition of premises and equipment and intangible assets	18,19	(529,324)	(351,467)	(528,934)	(347,026)
Proceeds from disposal of premises and equipment		2,775	37,435	2,775	813
Acquisition of debt securities at fair value through other comprehensive income	10	(3,707,689)	(6,367,384)	(3,669,024)	(6,367,384)
Proceeds from disposal of debt securities at fair value through other comprehensive income	10	5,006,623	4,684,352	4,996,623	4,683,930
Proceeds from disposal of equity securities at fair value through other comprehensive income	11	-	119,123	-	119,123
Dividends received	11	13,344	899	19,994	899
Net cash from/(used in) investing activities		**785,729**	**(1,877,042)**	**821,434**	**(1,909,645)**

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

		Group		Bank	
	Note	2022	2021	2022	2021
Cash flows from financing activities					
Repayment of borrowings		(799,259)	(536,539)	(774,455)	(454,130)
Proceeds from borrowings		2,256,267	2,064,715	2,223,629	1,957,308
Proceeds from subordinated debt		199,777	298,653	199,777	298,653
Repayment of principal of lease liabilities		(39,599)	(39,543)	(39,416)	(38,638)
Dividends paid	29	(542)	(205,976)	(475)	(205,976)
Net cash from financing activities		**1,616,644**	**1,581,310**	**1,609,060**	**1,557,217**
Effect of exchange rate fluctuation		(27,995)	(18,701)	(27,995)	(18,530)
Net increase in cash and cash equivalents		**1,306,944**	**357,930**	**1,306,558**	**357,944**
Cash and cash equivalents at 1 January	7	**8,748,507**	**8,390,577**	**8,748,252**	**8,390,308**
Cash and cash equivalents at 31 December	7	**10,055,451**	**8,748,507**	**10,054,810**	**8,748,252**

The Consolidated and Separate financial statements were signed on 10 April 2023 by:

Chairman of the Management Board

Mr. Giorgi Shagidze

Chief Accountant

Mrs. Carolina Semeniuc

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

1 General information about the Group and the Bank

B.C. MAIB S.A. (the "Bank", "**maib**" or the "Parent Bank") and its subsidiaries (hereinafter referred to as the "**maib** Group" or the "Group") are based in the Republic of Moldova. The consolidated financial statements of the Group comprise the financial statements of the Bank and its subsidiaries.

The subsidiaries comprise the following entities:

Entities	Field of activity	31 December 2022	31 December 2021
MAIB-Leasing S.A.	Financial lease	100%	100%
Moldmediacard S.R.L.	Processing of card payments	99%	99%

Principal activity. The Group's fields of activity are: banking through the Bank, leasing and financing the dealers of vehicles through MAIB-Leasing SA and processing of card transactions through Moldmediacard S.R.L.

The Group's number of employees at 31 December 2022 was 2,845 (31 December 2021: 2,749 employees).

B.C. MAIB S.A.

The Bank was incorporated in 1991 as a joint stock commercial bank. The Bank is licensed by the National Bank of Moldova ("NBM") to conduct all types of transactions in national and foreign currency on the territory of the Republic of Moldova and on international markets.

The activity is carried out both through the head office, as well as through 54 branches and 54 agencies, located throughout the Republic of Moldova (31 December 2021: 58 branches and 86 agencies).

At 31 December 2022, the Bank held 100% of the share capital of MAIB-Leasing S.A. (31 December 2021: 100%) and 99% of the share capital of Moldmediacard S.R.L. (31 December 2021: 99%).

The Bank's shares are listed on the Moldova Stock Exchange, having the symbol MD14AGIB1008.

The Bank's number of employees at 31 December 2022 was 2,812 (31 December 2021: 2,718 employees).

The Bank's registered address is 9/1 Constantin Tanase Street, Chisinau, Republic of Moldova.

At 31 December 2022 and 31 December 2021, the Bank's shareholders structure was as follows:

	31 December 2022	31 December 2021
HEIM Partners Limited	41.09%	41.09%
Civil society of Bank shareholders and their affiliates*	9.79%	9.79%
UCCC "Moldcoop" and other entities acting in concert	2.51%	2.56%
Individuals holding ≥ *1%*, directly or indirectly**	19.16%	19.25%
Others***	27.45%	27.31%
Total	**100.00%**	**100.00%**

The Group and the Bank have no ultimate controlling party.

*At 31 December 2022 the Civil society of the Bank's shareholders and their affiliates included 11 members (31 December 2021: 11 members) of which 1 (31 December 2021: 1 member) was member of the Supervisory Board and the other 10 members were affiliated persons (31 December 2021: 10 members).

** At 31 December 2022 the Individuals holding ≥ *1%*, directly or indirectly includes 19 shareholders (31 December 2021: 19 members) out of which 1 (31 December 2021: 1 member) was member of the Supervisory Board

1 General information about the Group and the Bank (continued)

***None of the shareholders included in the "Others" category owns a share equal to or greater than 1% in the Bank's share capital. Other shareholders of the Bank comprise 2,949 shareholders (31 December 2021: 2,968 shareholders) of which 2,747 shareholders are individuals and 202 are legal entities (31 December 2021: 2,766 individuals and 202 legal entities).

The largest shareholder of the Bank, with a holding of 41.09% of the share capital, is the company HEIM Partners Limited, founded by the consortium of investors which comprise European Bank for Reconstruction and Development ("EBRD") with 37.5%, AB Invalda INVL one of the most important asset management groups in Baltic states based in Vilnius, Lithuania with 37.5% and the following investment funds: Emerging Europe Growth Fund III, LP (USA) and EEGF III Netherlands, L.P. (USA) managed by Horizon Capital from Ukraine with 25%.

MAIB-Leasing S.A.

MAIB-Leasing S.A. ("**maib leasing**") is an entity founded by the Bank in September 2002 as a joint-stock company. The company leases various types of vehicles, commercial, industrial, agricultural and office equipment, as well as real estate property. **maib leasing**, also grants financing to car dealers and loans to individuals and legal entities. **maib leasing** operates in the Republic of Moldova and as at 31 December 2022 has 18 employees (17 employees as at 31 December 2021). The registered address of **maib leasing** is 49 Tighina Street, Chisinau, Republic of Moldova.

Moldmediacard S.R.L.

Moldmediacard S.R.L. ("MMC") is an entity founded in March 2000. The business line of MMC is the selection, implementation, development and exploitation of systems implying the processing of card transactions and incorporation in the international card transaction system.

MMC operates in the Republic of Moldova and as at 31 December 2022 has 15 employees (16 employees as at 31 December 2021). The registered address of MMC is 9 Miron Costin Street, Chisinau, Republic of Moldova.

2 Operating environment of the Group and Bank

Republic of Moldova. Moldova's economy depends heavily on the agricultural sector, main components being the production of fruits, vegetables, wine, wheat and tobacco. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and to a variety of interpretations. The Moldavian economy continues to be negatively impacted by the ongoing political tension in the region.

COVID-19 developments. Based on the last reports, the number of COVID-19 cases or other acute respiratory infections are decreasing. Nevertheless, it can't be ruled out that in case there will be new variants of the virus that will impact the health of the population some restrictions might be imposed. The economy has gained some momentum in 2021 on the back of the easing of COVID-19 restrictions and underpinned by the recovery in disposable income in part powered by resilient remittances, the positive fiscal impulse (higher public wages and transfers), and an accommodative monetary stance, but this momentum was outweighed by the economic effects of Russia's military invasion of Ukraine.

Impact of Russia's military invasion of Ukraine. Following the war between Russia and Ukraine started on 24 February 2022, the Moldovan authorities declared a State of Emergency until 5 December 2022, which later had been extended several times, the new date being set for 3 May 2023. After the initial shock when there was a high level of uncertainty around how the crisis will continue and potentially escalate further, the situation became more stable towards the end of March 2022. The military situation in the Republic of Moldova is currently stable with no signs of military movements, including here also the region of Transnistria.

2 Operating environment of the Group and Bank (continued)

The Russian – Ukraine war has a major impact on the economy of the Republic of Moldova and other European countries. The Ministry of Economy of Moldova adjusted the expected growth rate for 2023 to 2% (as compared to - 5.7% growth rate for 2022). The main driver of the lower growth are significantly higher external prices as a result of the war in Ukraine. Moldova did not impose any sanctions on Russia, but it still being responsible for not allowing or not processing transactions through the Moldavian banking system that involve ultimate beneficiary owners or entities which are under European Union, United States of America etc. sanctions.

The inflation rate is expected to be higher than initially estimated, the inflation in December 2022 being of 30.2%, down from the 34.3% reported in August 2022, but still higher than the initial prognosis of 18.8%.

The Bank analyses the sensitivity of its financial performance to changes on inflation level and takes proactive action to ensure a stable and resilient financial performance. The Bank's net exposure to the inflation risk is consistently limited and any changes in the price levels is directly correlated to the income levels (through channels such as changes in the value of payments, loans values, etc) which are also correlated to changes on the expense side, where both personnel related expenses, and third-party expenses are correlated with the level of the prices.

As a result, there is an additional pressure on the retail segment (cascading price increases) that would lead to decrease in their financial performance and subsequent defaults considering the higher heating costs and other costs that will be incurred after 31 December 2022. The corporate segment does not present signs of decreases in creditworthiness as of 31 December 2022.

At the level of the banking system, the Executive Committee of the NBM, have gradually increased the rates for the main monetary instruments. The rates established in December 2022 are:

- the base rate applied to major short-term monetary policy operations - 20% per year;
- on overnight loans - 22% per year; and
- on overnight deposits - 18% per year.

In 2023 the interest base rates applied to major short-term monetary policy operations, overnight loans and deposits is expected to decrease. The management of the Group is monitoring the changes on the market and takes the necessary actions, at the level of the Bank the Asset Liability Committee being responsible with the proposing the interest rates applied by the Bank in its lending and funding activities.

Mandatory reserve rate established by the NBM from the financial resources attracted in freely convertible currency is of 45% as of 31 December 2022 from the calculation base (31 December 2021: 30%) and for MDL of 34% as of 31 December 2022 (31 December 2021: 26%).

In terms of decisions taken by the Group, following the start of the Russia-Ukraine war, on 24 February 2022 a core management team was set up at the level of the Group to follow up and proactively manage the current situation and possible impact on the Group. Based on the current publicly available information, the management of the Group did an assessment over the possible impact on the Group's activity, liquidity, financial stability and performance and the results of the assessment showed that the current situation will not affect the Group's going concern assumptions.

The Group's current accounts exposure towards Russian, Ukrainian and Belorussian banks is MDL 27.7 million (31 December 2021: MDL 17.7 million), (for the entire amount the Group made a 100% credit loss allowance). The international sanctions mainly imposed additional operational pressure on the Group in terms of anti-money laundering operations and know your customer procedures. Any economic impact on the Group and its customers with economic links to this geographical area at risk will depend primarily on the duration of the military invasion and the intensity of the political and economic measures taken, as well as the restrictions implemented. However, on 13 March 2023, the Group significantly reduced the exposure to Russia as it closed the correspondent accounts opened at VTB Bank, the amount in balance at this date being recovered.

3 Significant accounting policies

Basis of preparation. The consolidated and separate financial statements of the Group and of the Bank ("financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB"), effective at the Group's annual reporting date, 31 December 2022. These financial statements were prepared under the historical cost convention, except for financial instruments recognized at fair value through other comprehensive income, land and premises, investment property and other financial liabilities at fair value through profit or loss, all these elements being measured at fair value.

The financial statements have been prepared considering the going concern assumption. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, the functional currency. The financial statements are presented in Moldovan lei ("MDL"), rounded to the nearest value expressed in thousand MDL.

The Financial statements for the year ended 31 December 2022 cannot be amended after their approval by the Supervisory Board of the Bank.

Principles of consolidation. The consolidated financial statements comprise the financial statements of the Bank and of its subsidiaries: **maib leasing** and MMC as of 31 December of each year.

Subsidiaries. Subsidiaries are those investees that the Group controls because the Group (i) has power to direct relevant activities of investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity's relevant activities. This situation may occur when the dimension and dispersion of the shareholders' participations give authority to the Group to control the activities subject to investment. The subsidiaries are included in the consolidation starting from the date when the management capacity is transferred to the Group. The Group revaluates on an ongoing basis the control over the entities subject to investment, at least upon each quarterly reporting date. Therefore, any structural modification leading to the change of one or several control parameters is subject to revaluation. Such modification may include the change of the decision-making rights, changes in the contractual terms, financial or capital structure modifications, modifications caused by an event anticipated upon the initial documentation.

Goodwill. Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all liabilities and contingent liabilities assumed, and reviews appropriateness of their measurement.

Non-controlling interest. The Group presents the non-controlling interest in its consolidated financial position within equity, separated from the equity of the Parent Bank's owners. The non-controlling interest is measured proportionally with the percentage held in the net assets of the subsidiary. Changes in ownership interest which do not result in the loss of parent control of the subsidiary, are reflected as equity transactions.

Transactions eliminated from consolidation. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated; unrealised losses are also eliminated unless the cost cannot be recovered. The Bank and all of its subsidiaries use uniform accounting policies consistent with the Group's policies and as such in the below policies reference to the Group with cover both the subsidiaries and the Bank.

3 Significant accounting policies (continued)

Subsidiaries are the entities controlled by the Bank. In the financial statements of the Bank, investments in subsidiaries are recognised initially at cost (including transaction costs) in accordance with IAS 27 "Separate financial statements". After initial recognition, they are measured at cost minus any provision for impairment. Dividend income is recognized in the statement of profit or loss.

Financial instruments – key measurement terms. Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Bank or subsidiaries become a party to the contractual provisions of the instrument. Recognised financial assets and financial liabilities are initially measured at fair value through profit or loss or at fair value through other comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: in an active market for asset or liability or in the absence of an active market, in the most advantageous/quoted market for the asset or liability. The Group has access to either active or the most advantageous market.

The Group uses valuation techniques that are appropriate for the categories of assets and liabilities and for which enough data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) Level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) Level 2 measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) Level 3 measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost ("AC") is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any allowance for expected credit losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the gross carrying amount of the financial instrument.

The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount, which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates. Such premiums or discounts are amortised over the expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial instruments – initial recognition. The Group recognizes a financial asset or a financial liability on the statement of its financial position at the transaction date. The transaction date is the date when the Group undertakes to buy or to sell an asset. Upon initial recognition, the Group has to measure a financial asset or a

3 Significant accounting policies (continued)

financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability, which is not measured at fair value through profit or loss, the transaction costs, which are directly attributable to the purchase or issuance of the financial asset or financial liability.

When the Group uses the accounting at the settlement date for an asset that subsequently is measured at amortised cost, the asset shall be initially recognised at its fair value on the settlement date. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Upon initial recognition, the Group classifies the financial assets either at amortized cost or at fair value through other comprehensive income, or at fair value through profit or loss, and classifies financial liabilities either at amortized cost or at fair value through profit or loss. After the initial recognition, an expected credit loss ("ECL") allowance is recognised for financial assets measured at AC and investments in debt instruments measured at fair value through other comprehensive income, resulting in an immediate accounting loss. All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention are recorded at settlement date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets – classification and subsequent measurement – measurement categories. The Group classify financial assets in the following measurement categories: Amortised Cost ("AC"), Fair value through other comprehensive income ("FVOCI") and Fair value through profit or loss ("FVTPL").

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio; and (ii) the cash flow characteristics of the asset.

Financial assets – classification and subsequent measurement – (i) business model. The business model reflects how the Group manages the assets in order to generate cash flows – whether the Group's objective is: (i) solely to collect the contractual cash flows from the assets ("hold to collect contractual cash flows") or (ii) to collect both the contractual cash flows and the cash flows arising from the sale of assets ("hold to collect contractual cash flows and sell") or (iii) if neither of (i) and (ii) is applicable, the financial assets are classified as part of "other" business model and are measured at FVTPL.

Business model is determined for a group of assets (on a portfolio level) based on all relevant evidence about the activities that the Group undertakes to achieve the objective set out for the portfolio available at the date of the assessment. Factors considered by the Group in determining the business model include the purpose and composition of a portfolio, past experience on how the cash flows for the respective assets were collected, how risks are assessed and managed, how the assets' performance is assessed and how managers are compensated.

Financial assets – classification and subsequent measurement – (ii) cash flow characteristics. Where the business model is to hold assets to collect contractual cash flows or to hold contractual cash flows and sell, the Group assesses whether the cash flows represent solely payments of principal and interest ("SPPI"). Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are consistent with the SPPI feature. In making this assessment, the Group considers whether the contractual cashflows are consistent with a basic lending arrangement, i.e. interest includes only consideration for credit risk, time value of money, other basic lending risks and profit margin. Where the contractual terms introduce exposure to risk or volatility that is inconsistent with a basic lending arrangement, the financial asset is classified and measured at FVTPL. The SPPI assessment is performed on initial recognition of an asset and it is not subsequently reassessed. Refer to Note 4 for critical judgements applied by the Group in performing the SPPI test for its financial assets.

(All amounts are expressed in thousands MDL, if not stated otherwise)

3 Significant accounting policies (continued)

Financial assets – reclassification. Financial instruments are reclassified only when the business model for managing the portfolio changes. The reclassification has a prospective effect and takes place from the beginning of the first reporting period that follows the change in the business model. The Group did not changed its business model during the current and comparative period and did not make any reclassifications.

Financial assets impairment – credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for debt instruments measured at AC and FVOCI and for the exposures arising from loan commitments, financial guarantee contracts and finance lease receivables. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantees, a separate provision is recognised as a liability in the statement of financial position, called Provision for loan commitments. For debt instruments at FVOCI, changes in amortised cost, net of allowance for ECL, are recognised in profit or loss and other changes in carrying value are recognised in OCI as gains less losses on debt instruments at FVOCI.

The Group applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter in case of Retail clients and Interbank placements ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity ("Lifetime ECL"). If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. For financial assets that are purchased or originated credit-impaired ("POCI Assets"), the ECL is always measured as a Lifetime ECL.

Individual assessment is mandatory for the clients for which the exposure is higher than MDL 10,000 thousand and which were classified in Stage 3 at the time of assessment performed by the Group. For other financial assets that are considered significant, the Bank performs individual assessment, regardless of the stage in which the assets were classified, calculating the ECL as the difference between the cash flows to be received, discounted using the original EIR. In this case scenarios weighted for all probable cash flows shall be considered, namely: asset contractual flows, cash flows resulting from the sales of collateral and other credit improvements.

Details regarding the portfolio segmentation, the Group's definition of credit impaired assets, definition of default, inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models are described in Note 40.6.

The Group uses a simplified approach in estimating the ECL for trade receivables by applying predetermined rates based on the number of days past due reported. For settlements through correspondent accounts with foreign banks for amounts of an unidentified nature and amounts transferred in favour of or on behalf of individuals through the International Rapid Transfer Systems, which is carried out by clearing the determination of the ECL is done considering the following rates:

Days past due	ECL Rate
Current	0%
1 – 10 days past due	30%
11 – 30 days past due	60%
Over 30 days past due	100%

3 Significant accounting policies (continued)

For other financial assets (unpaid commissions for bank services, advances granted, legal procedures taxes paid by the Group in the name of their clients) the relationship is as follows:

Days past due	ECL Rate
Current	2%
1 - 90 days past due	20%
Over 90 days past due	100%

Financial assets – modification. The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering (over 10% change of net present value), among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), change in interest rate, from fixed to floating or from floating to fixed, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

When possible, the Group attempts to restructure loans rather than take over the collateral. This may involve expanding the payment schedule and renegotiating lending conditions. The management of the Group continuously reviews the renegotiated loans to ensure that all requirements are met, and subsequent payments will take place. Renegotiated loans are classified more rigidly and are classified at least in Stage 2 for a 6-month observation period. Upon the expiration of the observation period, the loans can be classified in a more favourable stage, provided that the contractual obligations are respected and no factors of deterioration have been identified.

In a situation where the renegotiation was driven by financial difficulties of the counterparty or its inability to make the originally agreed payments, the renegotiation is aimed at maximizing the recoverable amount and does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate and recognises a modification gain or loss in profit or loss.

Financial assets – write-off. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

When performing the write-off, the gross carrying amount of the asset is reduced simultaneously with the related loss allowance balance. Write-off financial assets with a value of more than one thousand MDL are recorded in the memorandum accounts and are the subject of the pursuit until the full reimbursement or until the termination of their pursuit is decided.

Financial assets – derecognition. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expired or (b) the Group has transferred the rights to the cash flows from the financial assets or entered a qualifying pass-through arrangement while (i) also transferring substantially all risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all risks and rewards of ownership, but not retaining control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose restrictions on the sale.

Financial liabilities – measurement categories. The Group shall classify all financial liabilities as subsequently measured at AC, except for: (i) the financial liabilities at FVTPL, such liabilities, including derivatives, which are liabilities, have to be subsequently measured at fair value; (ii) the financial liabilities that arise when a transfer of a financial asset does not meet the conditions to be derecognised or is carried using the continuing involvement approach.

3 Significant accounting policies (continued)

Financial liabilities – derecognition. Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The Group does not reclassify its financial liabilities.

Cash and cash equivalents. For the statement of cash flows, cash and cash equivalents comprise cash on hand, unrestricted balances held with NBM, current accounts and short-term placements at other banks, treasury bills and other short-term highly liquid investments, with original maturity of less than 90 days. Cash and cash equivalents are carried at amortized cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Mandatory cash balances with the NBM. Mandatory cash balances with the NBM are carried at AC and represent interest bearing mandatory reserve deposits, which are not available to finance the Bank's day to day operations, and hence are not considered as part of cash and cash equivalents for the purposes of the statement of cash flows.

Due from other banks. Amounts due from other banks are recorded when the Group advances money to counterparty banks. Amounts due from other banks are carried at AC when: (i) they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Investments in debt securities. Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at AC, FVOCI or FVTPL. Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI, and if they are not voluntarily designated at FVTPL in order to significantly reduce an accounting mismatch.

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling, where those cash flows represent SPPI, and if they are not designated at FVTPL. Interest income from these assets is calculated using the effective interest method and recognised in profit or loss. An impairment allowance estimated using the expected credit loss model is recognised in profit or loss for the year. Revaluation of debt instruments in foreign currency is recognised in profit or loss for the year. All other changes in the carrying value are recognised in OCI. When the debt security is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from OCI to profit or loss.

Investments in debt securities are carried at FVTPL if they do not meet the criteria for AC or FVOCI. The Group may also irrevocably designate investments in debt securities at FVTPL on initial recognition if applying this option significantly reduces an accounting mismatch between financial assets and liabilities being recognised or measured on different accounting bases.

Investments in equity securities. Financial assets that meet the definition of equity from the issuer's perspective, i.e. instruments that do not contain a contractual obligation to pay cash and that evidence a residual interest in the issuer's net assets, are considered as investments in equity securities by the Group. Investments in equity securities are measured at FVTPL, except where the Group elects at initial recognition to irrevocably designate an equity investment at FVOCI. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. When the FVOCI election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses and their reversals, if any, are not measured separately from other changes in fair value. Dividends continue to be recognised in profit or loss when the Group's right to receive payments is established except when they represent a recovery of an investment rather than a return on such investment.

Loans and advances to customers. Loans and advances to customers are recorded when the Group advances money to purchase or originate a loan due from a customer. Based on the business model and the cash flow characteristics, the Group classifies loans and advances to customers at AC: loans that are held for collection of contractual cash flows and those cash flows represent SPPI and loans that are not voluntarily designated at FVTPL.

3 Significant accounting policies (continued)

Impairment allowances are determined based on the forward-looking ECL models. Note 40.7 provides information about ECL calculation.

Premises and equipment. All items of premises and equipment are initially recognized at cost. The cost includes expenses directly attributable to the acquisition of the asset. When certain components of premises and equipment have different useful lives, they are accounted as distinct elements (major components) of premises and equipment.

Premises and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, except for the categories "Buildings" and "Land" – which are stated at revalued amount. Buildings and land are subject to revaluation with enough regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period, not less than once in five years.

When buildings and land are revalued, any accumulated depreciation at the revaluation date is proportionately restated with the modification of the gross carrying amount of the asset, so that the carrying amount of the asset after revaluation, would be equal to its revalued amount. Increases in the carrying amount arising on revaluation are credited to other comprehensive income and increase the revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and decrease the previously recognised revaluation surplus in equity; all other decreases are charged to profit or loss for the year. The revaluation reserve for premises included in equity is transferred directly to retained earnings when the revaluation surplus is realised on the retirement or disposal of the asset.

Repairs and maintenance are expensed and reported to operating expenses as incurred. The costs of construction in progress are capitalized if the criteria for recognition as premises and equipment are met, notably, the assets generate future economic benefits. Construction in progress is recognized as premises and equipment at the moment of reception and deployment.

Where the carrying amount of an asset is greater than the estimated recoverable amount, the asset is written down to its recoverable amount. Gains and losses on disposals of premises and equipment are determined by reference to their carrying amount and are presented in other operating income.

Depreciation of premises and equipment, including for construction in progress begins when the asset is available for use and is recognized in the statement of profit or loss. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, as stated in the table below.

The leasehold improvements are depreciated over the lease term. Land and construction in progress are not depreciated.

Premises and equipment	Years
Buildings	33-50
ATMs	4
Furniture and equipment	4-8
Computers	4
Vehicles	7

The useful lives and depreciation methods are reviewed, and adjusted as appropriate, at each financial year-end.

Intangible assets. Intangible assets represent costs incurred for acquisition of computer software, licenses and other intangible assets and are amortized using the straight-line method over the best estimate of their useful lives, that is up to 20 years. The amortization expense on intangible assets is recognised in the statement of profit or loss.

3 Significant accounting policies (continued)

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable software products controlled by the Group, and that will probably generate economic benefits exceeding costs, beyond one year, are recognized as intangible assets. Direct costs include the costs related to the services provided by the software developer and provider, as well as salary costs for the Group's employees that develop the Group's softwares.

Intangible assets in progress are not amortized up until the moment of deployment. Gains and losses on the disposal of intangible assets are determined by reference to the net book value and are considered when determining the operating profit.

Finance lease receivables (the Group as a Lessor). A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

A lease agreement is recognised at the commencement date of the lease period. The commencement of the lease period is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of assets, liabilities, income and expenses resulting from the lease agreement, as appropriate).

The Group presents the assets held under a finance lease in the statement of financial statement as a receivable at an amount equal to the net investment less impairment. Net investment in the lease is the gross investment in lease discounted at the interest rate implicit in the lease agreement.

For finance leases, the gross investment is the aggregate amount of minimum lease payments plus the unguaranteed residual value. The difference between the gross investment in the lease and the net cost of acquisition of the leased object (the financed amount less commissions, costs, advances and granting fees) is recognized as unearned finance income. The finance lease income is recognised to each period during the lease term using the effective interest rate method. Fees and direct costs related to entering into leases are deferred and amortised to interest income over the lease term using the effective interest method. The unearned income is presented as a reduction of gross investment in lease. The initial direct costs related to lease agreements are included in the initial value of the finance lease receivable and these reduce the amount of income recognized over the lease term.

Accounting for leases by the Group as a Lessee. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss as Other similar expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recognised at cost and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group uses as an incremental borrowing rate, the average rate on deposits attracted by the Group from individuals, average rate that depend on currency of the contract and maturities.

At initial measurement the Group measures the right-of-use asset at cost. As an exception to the above, the Group accounts for short-term leases (less than 1 year) and leases of low value assets, of up to MDL 100 thousand, by recognising the lease payments as an operating expense on a straight line basis.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows of contracts in amount of MDL 100 thousand have not been included in the lease liability because it is not reasonably certain that the leases will be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

3 Significant accounting policies (continued)

Accounting for Operating leases by the Group as a Lessor. When assets are leased out under an operating lease, the lease payments receivable are recognised as rental income on a straight-line basis over the lease term, in "Other operating income".

Investment property. Investment property includes a part of buildings owned by the Group, held for lease on the basis of one or more operating lease agreements, as well as land held for capital appreciation rather than for sale, including agricultural land, as well as land held for undetermined future use. Investment properties are considered as long-term investments and are initially recognized at cost, including trading cost at initial value, and are subsequently measured at fair value. This policy is applied consistently for all the investment properties held by the Group. Fair value of the Group's investment property is determined based on reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category. Gains or losses caused by a change in fair value of the investment property is recognized in profit or loss as incurred.

Transfers to or from investment property are made when, and only when, there is a change in use of the asset. For the transfer of an investment property, measured at fair value, to tangible assets, the property's deemed cost for subsequent accounting is its fair value at the date of the change in use. An investment property is derecognized on disposal or when it is permanently withdrawn from use and no future benefits are expected from its disposal. The gain or loss on the retirement or disposal of an investment property is recognized in profit or loss in the period of the retirement or disposal.

Derecognition of an investment property will be triggered by a change in use or by sale or disposal or when it is permanently withdrawn from use and has no future economic value. When an investment property is disposed of, it is eliminated from the statement of financial position, while the gain or loss on the retirement or disposal of an investment property is recognized in the statement of profit or loss in the period the disposal is related to. The gain or loss arising on disposal is determined as the difference between any disposal proceeds and the carrying amount.

Impairment of non-financial assets. The Group assesses at each reporting date whether there are indications of assets impairment. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss on assets is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value minus costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Due to other banks. Amounts due to other banks are recorded when money or other assets are advanced to the Group by counterparty banks. The non-derivative liability is carried at amortized cost. If the Group purchases its own debt, the liability is removed from the consolidated statement of financial position and the difference between the carrying amount of the liability and the consideration paid is included in gains or losses arising from early retirement of debt.

Borrowings. Borrowings such as loans from banks and other financial institutions are initially recognized at fair value, notably as proceeds resulting from such instruments (fair value of consideration received), net of transaction costs incurred. Loans from banks and other financial institutions are subsequently carried at amortized cost and any difference between net proceeds and the redemption value is recognized in the statement of profit or loss over the period to maturity using the effective interest method. The Group classify these instruments as financial liabilities in accordance with the contractual terms of the instrument.

3 Significant accounting policies (continued)

Due to customers. Due to customers are non-derivative liabilities to individuals, state or legal entities and are carried at amortized cost. These are stated at amortized cost, using the effective interest rate method.

Financial liabilities designated at FVTPL. The Group may designate certain liabilities at FVTPL at initial recognition. Gains and losses on such liabilities are presented in profit or loss as Other similar expense, except for the amount of change in the fair value that is attributable to changes in the credit risk of that liability (determined as the amount that is not attributable to changes in market conditions that give rise to market risk), which is recorded in OCI and is not subsequently reclassified to profit or loss. This is done unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in credit risk of the liability are also presented in profit or loss.

Subordinated debt. Subordinated debt can only be paid in the event of a liquidation after the claims of other higher priority creditors have been met. Subordinated debt is carried at AC.

Income tax expense. Income tax for the year includes the current tax and the deferred tax. The income tax is recognized in the result for the year or in the shareholders' equity, if the tax is related to shareholders' equity items. Current tax is the tax payable with respect to the profit for the period, determined based on the percentages applied at the date of the statement of financial position and all the adjustments related to the previous periods.

The adjustments which influence the fiscal base of the current tax are non-deductible expenses, non-taxable income, similar expense/ income items and other tax deductions.

Deferred tax is determined based on the balance sheet liability method for the temporary differences between the fiscal base for the calculation of the tax on assets and liabilities and their accounting value used for reporting under the financial statements.

Deferred tax assets for deductible temporary differences and tax loss carry forwards are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred tax is not recognized for the following temporary differences: initial recognition of goodwill, initial recognition of assets and liabilities resulting from transactions which are not business combinations and do not affect the accounting or tax profit and differences resulting from investments in subsidiaries, provided that they are not reversed in the near future and the moment of reversal is being controlled by the Group.

According to the local tax regulations, the fiscal loss of the entity that ceases to exist further to a legal merger through absorption can be acquired and recovered by the absorbing entity. Deferred tax claims are diminished to the extent to which the related tax benefits are unlikely to be achieved. The tax rate used to calculate the current and deferred tax position at 31 December 2022 is 12% (31 December 2021: 12%).

Financial guarantees. Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder of the guarantee for a loss it incurs because a specific debtor fails to make payment when due in accordance with the terms of the debt instrument. Such financial guarantees are granted to banks, financial institutions and other entities on behalf of clients to secure loans, overdraft facilities and other bank facilities.

In the ordinary course of business, the Group issues financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the contract. The ECL for financial guarantees implies the same approach as for loans, the Group using the probability of default and loss given default determined for its Corporate loan portfolio.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit or loss as "Credit loss allowance". The premium received is recognized in the statement of profit or loss as "Commission income" on a straight line basis over the life of the guarantee.

3 Significant accounting policies (continued)

Loan commitments. The Group issues commitments to provide loans. These commitments are irrevocable or revocable only in response to a material adverse change. Such commitments are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the commitment, except for commitments to originate loans if it is probable that the Group will enter into a specific lending arrangement and does not expect to sell the resulting loan shortly after origination; such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. At the end of each reporting period, the commitments are measured at (i) the remaining unamortised balance of the amount at initial recognition, plus (ii) the amount of the loss allowance determined based on the expected credit loss model. Note 40 provides information about inputs, assumptions and estimation techniques used in measuring ECL, including an explanation of how the Group incorporates forward-looking information in the ECL models.

Contingencies. Contingent liabilities are not recognised in the financial statements, but they are disclosed in notes, unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefits is probable.

Provisions. Provisions are recognized when the Group has a present legal obligation as a result of past events, and it is probable that an outflow of economic resources may be required in the future to settle the obligation, such obligation being measured reliably. Provisions for liabilities and charges are non-financial liabilities of uncertain timing or amount. They are accrued when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Levies and charges, such as taxes other than income tax or regulatory fees based on information related to a period before the obligation to pay arises, are recognised as liabilities when the obligating event that gives rise to pay a levy occurs, as identified by the legislation that triggers the obligation to pay the levy. If a levy is paid before the obligating event, it is recognised as a prepayment.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenses expected to be required to settle the obligation using a pre-tax rate that reflects current market conditions of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Future operating losses are not provided for.

Other liabilities. Other liabilities are accrued when the counterparty has performed its obligations under the contract and are carried at AC.

Ordinary shares and share premium. The share capital of the Group represents ordinary shares and is the consideration from shareholders equal to nominal value of issued shares. Ordinary shares and shares premium are both classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recorded as share premium in equity.

Dividends. Dividends are recorded in equity in the period in which they are declared. Any dividends declared after the end of the reporting period and before the financial statements are authorised for issue, are disclosed in the subsequent events note.

Interest income and expenses. Interest income and expense for all interest-bearing financial instruments, are recognized in the statement of profit or loss, on an accrual basis using the effective interest method. Fees for loan commitments that are likely to be granted are deferred (together with direct costs) and are recognized as an adjustment to the effective interest rate on loans.

3 Significant accounting policies (continued)

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets, except for (i) financial assets that have become credit impaired (Stage 3), for which interest income is calculated by applying the effective interest rate to their AC, net of the ECL allowance, and (ii) financial assets that are purchased or originated credit impaired, for which the original credit-adjusted effective interest rate is applied to the AC.

If the credit risk on the financial asset classified in Stage 3 subsequently improves so that the asset is no longer credit-impaired and the improvement can be related objectively to an event occurring after the asset had been determined as credit-impaired (i.e. the asset becomes cured), the asset is reclassified from Stage 3 and the interest income is calculated by applying the EIR to the gross carrying amount. The additional interest income, which was previously not recognised in the statement of profit or loss due to the fact that the asset was in Stage 3, but it is now expected to be received following the asset's curing, is recognised as a reversal of impairment.

Fee and commission income and expense. Fees and commissions are recognized when the service has been provided. Fee and commission income arising from transaction with debit cards, cash transactions, cash collection, processing of client's payments, settlement transactions, money transfer services and direct debit transactions are recognised at point of time. Fees and commissions from guarantees and letters of credit are recognised over time for the period covered. Other fee and commission income arising from the financial services provided by the Group including investment management services, brokerage services, and account service fees are recognized as the related service is provided in the statement of profit or loss. Other fee and commission expenses relate mainly to transaction and service fees, which are registered as expenses as the services are received.

Other operating income and expenses. Other operating income, as well as operating expenses, are recognized on an accrual basis. Other operating income arising from the financial services provided by the Group including penalties received, gains from disposal equity securities, debt securities, investments property, other assets, dividend income from equity investments and other similar items resulting from equity investments and income from prescribed dividends.

Gains less losses from foreign exchange operations. The Group sells and purchases foreign currencies in the cash offices and through the Group accounts, as well as exchanges foreign currencies. The transactions are performed at the exchange rates established by the Group, which are different from the official spot exchange rates at the particular dates. The differences between the official rates and Group rates are recognised as gains less losses from trading in foreign currencies at a point in time when a particular performance obligation is satisfied.

Foreign currency translation. Transactions in foreign currency are recorded in the functional currency at the official exchange rate at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into functional currency using the closing exchange rate. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction. Equity investments measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value was determined. Effects of exchange rate changes on non-monetary items measured at fair value in a foreign currency are recorded as part of the fair value gain or loss.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation of monetary assets and liabilities into the functional currency at year-end official exchange rates of the NBM, are recognised in the statement of profit or loss for the year.

At 31 December 2022, the main exchange rates used for translating foreign currency balances were:

- EUR 1 = MDL 20.3792 (31 December 2021: EUR 1 = MDL 20.0938); and
- USD 1 = MDL 19.1579 (31 December 2021: USD 1 = MDL 17.7452).

3 Significant accounting policies (continued)

Pension costs and employees' benefits. Employee benefits include wages, salaries and social security contributions. The Group makes contributions to the Republic of Moldova state funds for social insurance, medical insurance and unemployment benefits, which are calculated on the basis of salaries of all employees of the Group. The Group does not operate any other retirement plan and has no other obligation to provide further benefits to current or former employees.

The fixed and variable remuneration may also be granted by means of a stock option plan, in the form of shares. The variable component of the total remuneration represents the remuneration that can be granted by the Group in addition to the fixed remuneration, on condition that certain performance ratios are achieved.

The variable remuneration may be granted either in cash or in the Bank's shares. In the case of the identified key personnel, in the establishment of the annual variable remuneration, one shall aim at limiting excessive risk-taking. A substantial part of the variable component of the total remuneration is deferred for a period of 20 months from the approval date and is correlated with the activity nature, the risks and the responsibilities of the respective staff.

Based on the decision of the shareholders, the Supervisory Board of the Bank decides in respect of the number of shares included in the employee loyalty plan. The fair value upon the vesting date of share-based awards - stock options – to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

The amount recognized as an expense is adjusted to reflect the value of awards for which the related services and non-market related performance conditions are expected to be fulfilled, so that the amount ultimately recognized as an expense is based on the actual compensation for the services and performance conditions which are not related to the market at the vesting date.

Earnings per share. Earnings per share are determined by dividing the profit or loss attributable to owners of the Group by the weighted average number of participating shares outstanding during the reporting year.

Segment reporting. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decisions maker. Segments whose revenue, result or assets are 10% or more of all segments are reported separately. The information on segments is presented in Note 39.

Presentation of statement of financial position in order of liquidity. The Group does not have a clearly identifiable operating cycle and therefore does not present current and non-current assets and liabilities separately in the statement of financial position. Instead, assets and liabilities are presented in order of their liquidity. Refer to Note 41 for analysis of financial instruments by their maturity.

Comparative financial statements. These financial statements include the comparatives whenever required by an international financial reporting standard and whenever they facilitate proper understanding of the Group's situation. The comparatives presented in these financial statements represent the consolidated and separate financial information of the Group and the Bank. For the purpose of preparing these financial statements, certain comparative information has been reclassified to comply with the presentation requirements applicable for the financial year ended 31 December 2022, as presented in Note 46.

4 Critical accounting estimates and judgements in applying accounting policies

The preparation of financial statements in accordance with IFRS implies the use of certain critical accounting estimates. It also implies that the management expresses its judgment in the process of applying the Group's accounting policies, in terms of reported values for assets, liabilities, income and expenses. The estimates and associated judgments are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Actual results may differ from these estimated values.

The estimates and underlying assumptions are reviewed on an ongoing basis. The review of the accounting estimates are recognized in the period in which they are revised, if the review affects only that period, or in the period when the estimate is reviewed and future periods, if the review affects both current and future periods.

4 Critical accounting estimates and judgements in applying accounting policies (continued)

Judgements that have the most significant effect on the amounts recognised in these financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Fair value of financial assets at fair value through other comprehensive income - when the fair value of financial assets cannot be determined from market information, it is determined using valuation techniques, including models of discounting cash flows. The data for these models are taken from the observations made on the market, where possible, but if this is not possible, assumptions are made in order to determine the fair values.

Estimates include considerations such as liquidity risk, credit risk and volatility. Changes in estimates of these factors may affect the reported value of financial assets.

The Group measures the fair value of financial instruments using one of these methods of hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for substantially the full term of the asset or liability. Level 2 inputs include the following:
  - Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in markets that are not active; and
  - Inputs other than quoted prices that are observable for the asset or liability.
- Level 3: Valuation techniques based on the input data which cannot be observed on the market for the asset or liability. This category includes all instruments whose valuation method does not include observable and unobservable data has a significant influence on the assessment instrument. This category includes instruments that are valued based on market quotes for similar instruments where unobservable adjustments or assumptions are required to reflect difference between the instruments.

The objective of valuation techniques is determining fair value, which reflects the price that would be obtained in a transaction in normal market conditions, for the financial instrument at the date of the financial statements.

Valuation models that use a significant number of unobservable data require a higher proportion of estimates and judgments by management in determining fair value. Estimates and judgments by management is usually required to select the most appropriate valuation model, determining future cash flows of the instrument under valuation, determining the probability of default of the counterparty, and selecting prepayments and discount rates. Please see Note 43 for presentation of fair value of financial instruments and the sensitivity of these instruments to changes in data input used.

ECL measurement. Measurement of ECLs is a significant estimate that involves determination of methodology, models and data inputs. Details of ECL measurement methodology are disclosed in Note 40. The following components have a major impact on credit loss allowance:

- segmentation of financial assets for the ECL assessment purposes;
- determination of a level of ECL assessment on an individual instrument basis or on a collective basis;
- assessment of loss given default ("LGD"), including the judgments made in valuation of collaterals;
- criteria for assessing if there has been a significant increase in credit risk ("SICR"); and
- selection of forward-looking macroeconomic scenarios and their probability weightings.

The Group regularly reviews and validates the models and inputs to the models to reduce any differences between ECL estimates and actual credit loss experience.

The Group used supportable forward-looking information for measurement of ECL, primarily an outcome of its own forecasting model based on publicly available macro-economic indicators forecasts.

(All amounts are expressed in thousands MDL, if not stated otherwise)

4 Critical accounting estimates and judgements in applying accounting policies (continued)

During 2022 the Group migrated from a unifactorial model for the integration of macroeconomic effects, developed at the customer segment level, to multifactorial models developed at the segment level for Corporate and Business Banking ("BB") customers and at the product level for the Retail segment (mortgage, consumer loans and credit cards).

The final macroeconomic factors considered as well as the applicability per classes are presented in the table below (the macro variables that are relevant for each segment are marked with +).

Macro variable / Segment	Consumer loans	Mortgage loans	Credit Cards	BB loans	Corporate loans
Gross Domestic Product	+				+
Inflation rate (m-o-m)			+		
Inflation rate (y-o-y)	+				
Consumer Price Index ("CPI") (m-o-m)				+	+
Dynamic of import from CSI (y-o-y)					+
Dynamic of import from EU (y-o-y)				+	
Average Rate of Deposits (6-12 months) (MDL)					+
MDL/EUR rate	+	+			
Base rate, NBM				+	+
Crude Oil Price				+	
Remittances, net monthly inflow in USDm		+	+		
Dynamic of transported goods (y-o-y)				+	
Change of retail turnover (y-o-y)		+	+		
Percent change of earnings in real sector	+				

Given that macroeconomic models use monthly data, the Group ensured that there are forecasts preserving the same structure and covering at least 3-years timespan. The Group applied Autoregressive integrated moving average, modelling technique in order to predict future paths of indicators based on previous values of time-series. In order to forecast different paths (scenarios) of variables used in the PD adjustment the Group follows point/low/high 80 percentage of its prediction intervals. When few variables are used simultaneously in predicting the other, their economical interaction is considered.

The weighted values with the probabilistic achievement scenarios of the indicators used in the regression models of PD estimations are presented in the table below:

Macro variable / Year	2022	2023	2024
Gross Domestic Product	4.98%	2.76%	2.22%
Inflation rate (m-o-m)	27.60%	8.41%	8.37%
Inflation rate (y-o-y)	26.00%	10.30%	8.40%
Consumer Price Index ("CPI") (m-o-m)	24.60%	15.50%	6.50%
Dynamic of import from CSI (y-o-y)	129%	99%	113%
Dynamic of import from EU (y-o-y)	134%	124%	116%
Average Rate of Deposits (6-12 months) (MDL)	10.30%	10.50%	7%
MDL/EUR rate	20.5	20.42	21.37
Base rate, NBM	20.0%	8.0%	5.0%
Crude Oil Price	96	83	80
Remittances, net monthly inflow in USDm	144	134	125
Dynamic of transported goods (y-o-y)	112%	108%	111%
Change of retail turnover (y-o-y)	99.0%	102.3%	104.1%
Percent change of earnings in real sector	114.9%	114.4%	112.6%

(All amounts are expressed in thousands MDL, if not stated otherwise)

4 Critical accounting estimates and judgements in applying accounting policies (continued)

In 2021 the Group considered the link between the changes in the probability of default ("PD") and different economic/macroeconomic factors such as Gross Domestic Product ("GDP"), Chisinau Interbank Offered Rate ("CHIBOR"), House Price Index ("HPI"), Industrial Production Index ("IPI"), etc., having integrated valid correlations into the impairment methodology by determining and applying a PD adjustment factor for a 12 month period. The final macroeconomic factors considered are presented below.

The assumptions and assigned weights were as follows at 31 December 2021:

Variable	Scenario	Assigned weight	Assumptions 2022
Inflation rate	Base	60%	6.6%
	Upside	30%	4.2%
	Downside	10%	15.1%
CHIBOR	Base	60%	11.45%
	Upside	25%	8.83%
	Downside	15%	19.95%
GDP	Base	50%	2%
	Upside	20%	4.5%
	Downside	30%	(10.6)%

A 10% increase or decrease in PD estimates would result in an increase or decrease in total ECL allowances of MDL 19,066 thousand at 31 December 2022 (31 December 2021: increase or decrease of MDL 29,214 thousand). A 10% increase or decrease in LGD estimates would result in an increase or decrease in total ECL allowances of MDL 19,061 thousand at 31 December 2022 (31 December 2021: increase or decrease of MDL 44,033 thousand).

A 10% increase in PD and LGD estimates for lease receivables would result in an increase in total ECL allowances of MDL 1,136 thousand at 31 December 2022 (31 December 2021: increase of MDL 561 thousand), whereas 10% reduction of these ratios may cause a decrease in total ECL allowances of MDL 1,139 thousand at 31 December 2022 (31 December 2021: decrease of MDL 1,073 thousand).

Assessment whether cash flows are solely payments of principal and interest ("SPPI"). Determining whether a financial asset's cash flows are solely payments of principal and interest required judgement. In making this judgement, the Group considers:

- Contingent events that would change the amount and timing of cash flows;
- Leverage features;
- Prepayment and extension terms;
- Terms that limit the Group's claim to the cash flows from specified assets (e.g. non-recurse financing);and
- Features that modify consideration of the time value of money element (e.g. periodical reset of interest rates).

The Group identified and considered contractual terms that change the timing or amount of contractual cash flows. The SPPI criterion is met if a loan allows early settlement and the prepayment amount substantially represents principal and accrued interest, plus a reasonable additional compensation for the early termination of the contract. The asset's principal is the fair value at initial recognition less subsequent principal repayments, i.e. instalments net of interest determined using the effective interest method. As an exception to this principle, the standard also allows instruments with prepayment features that meet the following condition to meet SPPI: (i) the asset is originated at a premium or discount, (ii) the prepayment amount represents contractual par amount and accrued interest and a reasonable additional compensation for the early termination of the contract, and (ii) the fair value of the prepayment feature is immaterial at initial recognition.

4 Critical accounting estimates and judgements in applying accounting policies (continued)

The Group considered examples in the standard and concluded that features that arise solely from legislation and that are not part of the contract, that is, if legislation changed, the features would no longer apply (such as bail in legislation in certain countries), are not relevant for assessing whether cash flows are SPPI.

The Group's loan agreements allow adjusting interest rates in response to certain macro-economic or regulatory changes. Management applied judgement and assessed that competition in the banking sector and the practical ability of the borrowers to refinance the loans would prevent it from resetting the interest rates at an above-market level and hence cash flows were assessed as being SPPI.

Write-off policy. Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. Determining the cash flows for which there is no reasonable expectation of recovery requires judgement. Management considered the following indicators that there is no reasonable expectation of recovery:

- unsecured loans with 365 days past due, without confirmed promise to pay or other source of reimbursements in amount of over 20% of exposure during next 12 months;
- secured loans with 1,095 days past due, without confirmed promise to pay or other source of reimbursements in amount of over 20% of exposure during next 12 months; and
- other situations that led to recognition of 100% ECL.

Valuation of own use buildings. Buildings of the Group are stated at fair value based on reports of independent appraisers, who hold a recognised and relevant professional qualification and who have recent experience in valuation of property of similar location and category. The fair value of the premises is estimated based on the comparative analysis, where the value is reflected the market conditions from similar properties.

The principal assumptions underlying the estimation of the fair value are those relating to the possible market rentals and appropriate discount rates. These valuations are regularly compared to actual market yield data and actual transactions performed by the Group and those reported by the market. The revaluation once in maximum five years is also considered a significant judgement. Annually the Group tests all buildings if a revaluation is necessary due to the change of values by 20%.

5 Adoption of new or revised standards and interpretations

The following amended standards became effective from 1 January 2022, but did not have any material impact on the Group and or the Bank:

- ***Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).***

The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of property, plant or equipment any proceeds received from selling items produced while the entity is preparing the asset for its intended use. The proceeds from selling such items, together with the costs of producing them, are now recognised in profit or loss. An entity has to use IAS 2 to measure the cost of those items. Cost does not include depreciation of the asset being tested because it is not yet ready for its intended use. The amendment to IAS 16 also clarifies that an entity is "testing whether the asset is functioning properly" when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. An asset might therefore be capable of operating as intended by management and subject to depreciation before it has achieved the level of operating performance expected by management.

The amendment to IAS 37 clarifies the meaning of "costs to fulfill a contract". The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

5 Adoption of new or revised standards and interpretations (continued)

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

Illustrative Example 13 that accompanies IFRS 16 was amended to remove the illustration of payments from the lessor relating to leasehold improvements. The reason for the amendment is to remove any potential confusion about the treatment of lease incentives.

IFRS 1 allows an exemption if a subsidiary adopts IFRS at a later date than its parent. The subsidiary can measure its assets and liabilities at the carrying amounts that would be included in its parent's consolidated financial statements, based on the parent's date of transition to IFRS, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. IFRS 1 was amended to allow entities that have taken this IFRS 1 exemption to also measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. The amendment to IFRS 1 extends the above exemption to cumulative translation differences, in order to reduce costs for first-time adopters. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption. The requirement for entities to exclude cash flows for taxation when measuring fair value under IAS 41 was removed. This amendment is intended to align with the requirement in the standard to discount cash flows on a post-tax basis.

- ***Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).*** These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.

- ***Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021***). In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

6 New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2023 or later, and which the Group has not early adopted.

- ***IFRS 17 "Insurance Contracts"(issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2023).*** IFRS 17 replaces IFRS 4, which has given companies dispensation to carry on accounting for insurance contracts using existing practices. As a consequence, it was difficult for investors to compare and contrast the financial performance of otherwise similar insurance companies. IFRS 17 is a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds. The standard requires recognition and measurement of groups of insurance contracts at: (i) a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset) (ii) an amount representing the unearned profit in the group of contracts (the contractual service margin). Insurers will be recognising the profit from a group of insurance contracts over the period they provide insurance coverage, and as they are released from risk. If a group of contracts is or becomes loss-making, an entity will be recognising the loss immediately.

- ***Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).*** The amendments include a number of clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard. The following amendments to IFRS 17 were made:

  - *Effective date*: The effective date of IFRS 17 (incorporating the amendments) has been deferred by two years to annual reporting periods beginning on or after 1 January 2023; and the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 has also been deferred to annual reporting periods beginning on or after 1 January 2023.

  - *Expected recovery of insurance acquisition cash flows*: An entity is required to allocate part of the acquisition costs to related expected contract renewals, and to recognise those costs as an asset until the entity recognises the contract renewals. Entities are required to assess the recoverability of the asset at each reporting date, and to provide specific information about the asset in the notes to the financial statements.

  - *Contractual service margin attributable to investment services*: Coverage units should be identified, considering the quantity of benefits and expected period of both insurance coverage and investment services, for contracts under the variable fee approach and for other contracts with an 'investment-return service' under the general model. Costs related to investment activities should be included as cash flows within the boundary of an insurance contract, to the extent that the entity performs such activities to enhance benefits from insurance coverage for the policyholder.

  - *Reinsurance contracts held – recovery of losses*: When an entity recognises a loss on initial recognition of an onerous group of underlying insurance contracts, or on addition of onerous underlying contracts to a group, an entity should adjust the contractual service margin of a related group of reinsurance contracts held and recognise a gain on the reinsurance contracts held. The amount of the loss recovered from a reinsurance contract held is determined by multiplying the loss recognised on underlying insurance contracts and the percentage of claims on underlying insurance contracts that the entity expects to recover from the reinsurance contract held. This requirement would apply only when the reinsurance contract held is recognised before or at the same time as the loss is recognised on the underlying insurance contracts.

6 New Accounting Pronouncements (continued)

- *Other amendments:* Other amendments include scope exclusions for some credit card (or similar) contracts, and some loan contracts; presentation of insurance contract assets and liabilities in the statement of financial position in portfolios instead of groups; applicability of the risk mitigation option when mitigating financial risks using reinsurance contracts held and non-derivative financial instruments at fair value through profit or loss; an accounting policy choice to change the estimates made in previous interim financial statements when applying IFRS 17; inclusion of income tax payments and receipts that are specifically chargeable to the policyholder under the terms of an insurance contract in the fulfilment cash flows; and selected transition reliefs and other minor amendments.

- ***Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*** IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, "Making Materiality Judgements" was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures. The Group is currently assessing the impact of the amendments on its financial statements.

- ***Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).*** The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

- ***Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).*** The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised. The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- ***Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).*** The amendment to the transition requirements in IFRS 17 provides insurers with an option aimed at improving the usefulness of information to investors on initial application of IFRS 17. The amendment relates to insurers' transition to IFRS 17 only and does not affect any other requirements in IFRS 17. The transition requirements in IFRS 17 and IFRS 9 apply at different dates and will result in the following one-time classification differences in the comparative information presented on initial application of IFRS 17: accounting mismatches between insurance contract liabilities measured at current value and any related financial assets measured at amortised cost; and if an entity chooses to restate comparative information for IFRS 9, classification differences between financial assets derecognised in the comparative period (to which IFRS 9 will not apply) and other financial assets (to which IFRS 9 will apply). The amendment will help insurers to avoid these temporary accounting mismatches and, therefore, will improve the usefulness of comparative information for investors. It does this by providing insurers with an option for the presentation of comparative information about financial assets. When initially applying IFRS 17, entities would, for the purpose of presenting comparative information, be permitted to apply a classification overlay to a financial asset for which the entity does not restate IFRS 9 comparative information.

6 New Accounting Pronouncements (continued)

The transition option would be available, on an instrument-by-instrument basis; allow an entity to present comparative information as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset, but not require an entity to apply the impairment requirements of IFRS 9; and require an entity that applies the classification overlay to a financial asset to use reasonable and supportable information available at the transition date to determine how the entity expects that financial asset to be classified applying IFRS 9.

- ***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).*** The amendments relate to the sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require ***the*** seller-lessee to subsequently measure liabilities arising from the transaction and in a way that it does not recognise any gain or loss related to the right of use that it retained. This means deferral of such a gain even if the obligation is to make variable payments that do not depend on an index or a rate.

- ***Classification of liabilities as current or non-current – Amendments to IAS 1 (originally issued on 23 January 2020 and subsequently amended on 15 July 2020 and 31 October 2022, ultimately effective for annual periods beginning on or after 1 January 2024).*** These amendments clarify that liabilities are classified as either current or non-***current***, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Group is currently assessing the impact of the amendments on its financial statements and in particular the impact of IFRS 17 on performance guarantee. Unless otherwise described above, the new standards and interpretations are not expected to significantly affect the Group's financial statements.

(All amounts are expressed in thousands MDL, if not stated otherwise)

7 Cash on hand

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash	1,125,819	878,746	1,125,763	878,731
Cash in ATM	344,606	291,857	344,606	291,857
Commemorative and jubilee coins	41	55	41	55
Total	**1,470,466**	**1,170,658**	**1,470,410**	**1,170,643**

For the consolidated and separate statement of cash flow, cash and cash equivalents comprise the following balances with original maturity of less than 90 days:

		Group		Bank	
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Cash on hand	7	1,470,466	1,170,658	1,470,410	1,170,643
Balances with the National Bank of Moldova:					
Current accounts at the National Bank of Moldova	8	6,195,151	3,997,323	6,195,151	3,997,323
Due from other banks:					
Correspondent accounts with other banks	9	430,294	3,213,733	429,709	3,213,493
Overnight deposits with other banks	9	368,463	366,793	368,463	366,793
Investments in debt securities:					
Certificates issued by the NBM	10	1,591,077	-	1,591,077	-
Total		**10,055,451**	**8,748,507**	**10,054,810**	**8,748,252**

For the purpose of ECL measurement cash and cash equivalents balances are only classified as Stage 1 amounts. The ECL for these balances represents an insignificant amount, therefore the Group did not recognise any credit loss allowance for cash and cash equivalents.

8 Balances with the National Bank of Moldova

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Current accounts at the National Bank of Moldova	6,195,151	3,997,323	6,195,151	3,997,323
Mandatory reserves	5,880,473	3,578,517	5,880,473	3,578,517
Total	**12,075,624**	**7,575,840**	**12,075,624**	**7,575,840**

Current account and Mandatory reserves

The Bank determines the Mandatory reserves in accordance with the basis of calculation and the required ratios established by the Administration Council of NBM. For funds attracted in MDL and in non-convertible currencies the reserves are recorded in MDL, while for funds attracted in USD the reserves are held in USD and similar for funds attracted in EUR and other convertible currencies the reserves are held in EUR, both reserves being converted to MDL at the end of each reporting period.

(All amounts are expressed in thousands MDL, if not stated otherwise)

8 Balances with the National Bank of Moldova (continued)

The Mandatory reserve for funds attracted in USD amounted to MDL 1,718,059 thousand, that is USD 89,679 thousand in original currency at 31 December 2022 (31 December 2021: MDL 870,915 thousand, that is USD 49,079 thousand in original currency), while the Mandatory reserve for funds attracted in EUR amounted to MDL 4,162,414 thousand, that is EUR 204,248 thousand in original currency at 31 December 2022 (31 December 2021: MDL 2,707,602 thousand, that is EUR 134,748 thousand in original currency).

For the funds attracted in local and in non-convertible currencies, with a maturity of less than two years, the level of required reserve is 34% (31 December 2021: 26%), the interest paid by NBM for the reserves in MDL varied between 4.44% - 19.5% per annum (2021: 0.15% - 5.73% per annum).

For the funds attracted in freely convertible currency the level of required reserve is 45% (31 December 2021: 30%), the interest paid by NBM for these reserves was 0.01% per annum during 2022 (2021: was 0.01% per annum).

For the funds attracted with a maturity of over two years (i.e. deposits, except for collateral deposits, borrowing contracts or bonds issued by banks) there is no level for maintaining a required reserves at 31 December 2022 (31 December 2021: 0%), if the following conditions are met:

- deposits with or without the right to supplement, but do not provide the right withdraw the funds prior to the maturity of the agreed term;
- deposits without the right to supplement, but provide the right of partial withdrawal of the funds during the established period, after a longer period of 2 years since the deposit was opened;
- borrowing contract signed for a period of more than two years, with unique or multiple disbursements;
- bonds issued by banks with a maturity of more than two years, for which reimbursement in the first two years is not allowed. While if those conditions are not met, the amounts are reserved. The Group and the Bank should not maintain reserves for these funds.

The mandatory reserves must be maintained between the 16th of the current month and the 15th of the following month, and the basis for calculation is the period between the 16th of the previous month and the 15th of the current month. The average of the balances of the accounts used to maintain the mandatory reserves must not be lower than the calculated level of the mandatory reserves for the related period.

According to Moody's, Moldova's foreign currency and local currency deposit ceilings credit rating was set on 14 April 2022 at B3, with negative outlook, due to geopolitical event risks from Russia's ongoing invasion of Ukraine, meaning rating B according to Standard & Poor's classification.

For the purpose of ECL measurement the amounts recorded under Balances with the NBM are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Group did not recognise any ECL for them.

9 Due from other banks

	Group		Bank	
	31 December 2022	**31 December 2021**	**31 December 2022**	**31 December 2021**
Correspondent accounts with other banks	454,601	3,213,733	454,016	3,213,493
Overnight deposits with other banks	368,463	366,793	368,463	366,793
Collateral deposits	203,034	159,326	203,034	159,326
Loans and advances to credit institutions	61,152	-	61,152	-
Less: credit loss allowance	(26,846)	(32)	(26,846)	(32)
Total	**1,060,404**	**3,739,820**	**1,059,819**	**3,739,580**

(All amounts are expressed in thousands MDL, if not stated otherwise)

9 Due from other banks (continued)

The following table contains an analysis of due from other banks balances by credit quality at 31 December 2022 based on credit risk grades and discloses due from other banks balances by stages for the purpose of ECL measurement. Refer for the description of credit risk grading system used by the Group and the approach to ECL measurement, including the definition of default and SICR as applicable to due from other banks balances.

The carrying amount of due from other banks balances at 31 December 2022 and at 31 December 2021 below also represents the Group's and Bank's maximum exposure to credit risk on these assets:

Group	31 December 2022				31 December 2021	
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Correspondent accounts with other banks						
- Excellent	401,919	-	-	401,919	3,177,764	3,177,764
- Good	7,675	-	-	7,675	26,138	26,138
- Satisfactory	16,718	-	-	16,718	2,909	2,909
- High risk	3,982	28	24,279	28,289	6,922	6,922
Overnight deposits with other bank						
- Excellent	368,463	-	-	368,463	366,793	366,793
Collateral deposits						
- Excellent	197,295	-	-	197,295	159,326	159,326
- Good	5,739	-	-	5,739	-	-
Loans and advances to credit institutions						
- Good	61,152	-	-	61,152	-	-
Gross carrying amount	**1,062,943**	**28**	**24,279**	**1,087,250**	**3,739,852**	**3,739,852**
Credit loss allowance	(2,539)	(28)	(24,279)	(26,846)	(32)	(32)
Carrying amount	**1,060,404**	**-**	**-**	**1,060,404**	**3,739,820**	**3,739,820**

Bank	31 December 2022				31 December 2021	
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Correspondent accounts with other banks						
- Excellent	401,919	-	-	401,919	3,177,764	3,177,764
- Good	7,675	-	-	7,675	26,138	26,138
- Satisfactory	16,718	-	-	16,718	2,909	2,909
- High risk	3,397	28	24,279	27,704	6,682	6,682
Overnight deposits with other bank						
- Excellent	368,463	-	-	368,463	366,793	366,793
Collateral deposits						
- Excellent	197,295	-	-	197,295	159,326	159,326
- Good	5,739	-	-	5,739	-	-
Loans and advances to credit institutions						
- Good	61,152	-	-	61,152	-	-
Gross carrying amount	**1,062,358**	**28**	**24,279**	**1,086,665**	**3,739,612**	**3,739,612**
Credit loss allowance	(2,539)	(28)	(24,279)	(26,846)	(32)	(32)
Carrying amount	**1,059,819**	**-**	**-**	**1,059,819**	**3,739,580**	**3,739,580**

(All amounts are expressed in thousands MDL, if not stated otherwise)

9 Due from other banks (continued)

At 31 December 2022 the Group and the Bank had balances with 11 counterparty banks located in a variety of countries from Europe and America (31 December 2021: 12). The amounts recorded in Correspondent accounts with other banks are not collateralised. The Group has collateral deposits in amount of MDL 203,034 thousand (31 December 2021: MDL 159,326 thousand) out of which MDL 82,437 thousand are cash-cover placements under guarantees issued on behalf of Bank's clients (31 December 2021: MDL 73,372 thousand) and MDL 120,597 thousand (31 December 2021: MDL 85,954 thousand) under the membership on payment systems as Visa, MasterCard and American Express.

The credit quality analysis of Due from other banks is presented below:

Rating	Credit risk grades*
AAA / Aaa	Excellent
AA+, AA, AA- / Aa1, Aa2, Aa3	Excellent
A+, A, A- / A1, A2, A3	Excellent
BBB+, BBB, BBB- / Baa1, Baa2, Baa3	Good
BB+, BB, BB- / Ba1, Ba2, Ba3	Good
B+, B, B- / B1, B2, B3	Satisfactory
Rating CCC+, lower and no rating	High risk

*In accordance with the internal normative acts, AAA-A level of rating corresponds with a high and very high solvability (thus - excellent level), BBB – over average level of solvability (good level), BB – B – average and lower, speculative grade solvability (satisfactory level), CCC+ – insufficient level of solvability (default), high level of risk.

For ECL estimation on exposures to local and foreign banks where spot or forward placements are made or where the Group has Nostro accounts opened, the Group uses the lowest rating provided by at least one of the International Rating Agencies Standard & Poor's, Moody's and Fitch-IBCA of the bank / country of origin to determine the probability of default.

The probability of default is associated with the ratings and updated based on the public information provided by the rating agencies in the corporate sector default rate reports. To estimate the expected losses, the Group applies the minimum PD between the probability of default at 12 months and that of the maturity of the investment.

10 Investments in debt securities

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Debt securities at FVOCI	2,714,919	4,052,472	2,714,919	4,052,472
Debt securities at AC	1,651,162	18,578	1,591,077	-
Total investments in debt securities	**4,366,081**	**4,071,050**	**4,305,996**	**4,052,472**

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

The table below discloses investments in debt securities at 31 December 2022 by measurement categories and classes:

	Group			Bank		
	Debt securities at FVOCI	**Debt securities at AC**	**Total**	**Debt securities at FVOCI**	**Debt securities at AC**	**Total**
Treasury bills	2,366,291	60,085	2,426,376	2,366,291	-	2,366,291
Government bonds	292,642	-	292,642	292,642	-	292,642
Municipal bonds	55,986	-	55,986	55,986	-	55,986
Certificates issued by NBM	-	1,591,077	1,591,077	-	1,591,077	1,591,077
Gross carrying value or fair value	**2,714,919**	**1,651,162**	**4,366,081**	**2,714,919**	**1,591,077**	**4,305,996**
Credit loss allowance	-	-	-	-	-	-
Carrying value	**2,714,919**	**1,651,162**	**4,366,081**	**2,714,919**	**1,591,077**	**4,305,996**

The table below discloses investments in debt securities at 31 December 2021 by measurement categories and classes:

	Group			Bank		
	Debt securities at FVOCI	**Debt securities at AC**	**Total**	**Debt securities at FVOCI**	**Debt securities at AC**	**Total**
Treasury bills	3,678,618	18,578	3,697,196	3,678,618	-	3,678,618
Government bonds	373,854	-	373,854	373,854	-	373,854
Gross carrying value or fair value	**4,052,472**	**18,578**	**4,071,050**	**4,052,472**	-	**4,052,472**
Credit loss allowance	-	-	-	-	-	-
Carrying value	**4,052,472**	**18,578**	**4,071,050**	**4,052,472**	-	**4,052,472**

The table below contains an analysis of the credit risk exposure of debt securities measured at FVOCI at 31 December 2022, for which an ECL allowance is recognised, based on credit risk grades. Refer to Note 40 for the description of credit risk grading system for the municipal bond. For the debt instruments the rating is the rating of the Republic of Moldova:

	Group		Bank	
	Stage 1 (12-months ECL)	**Total**	**Stage 1 (12-months ECL)**	**Total**
Treasury bills				
- Rating B3	2,361,747	2,361,747	2,361,747	2,361,747
Total AC gross carrying amount	**2,361,747**	**2,361,747**	**2,361,747**	**2,361,747**
Credit loss allowance	(12,975)	(12,975)	(12,975)	(12,975)
Add fair value adjustment from AC to FV	4,544	4,544	4,544	4,544
Carrying value (fair value)	**2,366,291**	**2,366,291**	**2,366,291**	**2,366,291**
Government bonds				
- Rating B3	312,827	312,827	312,827	312,827
Total AC gross carrying amount	**312,827**	**312,827**	**312,827**	**312,827**
Credit loss allowance	(3,163)	(3,163)	(3,163)	(3,163)
Less fair value adjustment from AC to FV	(20,185)	(20,185)	(20,185)	(20,185)
Carrying value (fair value)	**292,642**	**292,642**	**292,642**	**292,642**
Municipal bonds				
- Good	52,249	52,249	52,249	52,249
Total AC gross carrying amount	**52,249**	**52,249**	**52,249**	**52,249**
Credit loss allowance	(1,329)	(1,329)	(1,329)	(1,329)
Add fair value adjustment from AC to FV	3,737	3,737	3,737	3,737
Carrying value (fair value)	**55,986**	**55,986**	**55,986**	**55,986**
Total investments in debt securities measured at FVOCI (fair value)	**2,714,919**	**2,714,919**	**2,714,919**	**2,714,919**

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

The table below contains an analysis of the credit risk exposure of debt securities measured at FVOCI at 31 December 2021, for which an ECL allowance is recognised, based on credit risk grades.

	Group		Bank	
	Stage 1 (12-months ECL)	**Total**	**Stage 1 (12-months ECL)**	**Total**
Treasury bills				
- Rating B2	3,712,823	3,712,823	3,712,823	3,712,823
Total AC gross carrying amount	**3,712,823**	**3,712,823**	**3,712,823**	**3,712,823**
Credit loss allowance	(6,266)	(6,266)	(6,266)	(6,266)
Less fair value adjustment from AC to FV	(34,205)	(34,205)	(34,205)	(34,205)
Carrying value (fair value)	**3,678,618**	**3,678,618**	**3,678,618**	**3,678,618**
Government bonds				
- Rating B2	383,463	383,463	383,463	383,463
Total AC gross carrying amount	**383,463**	**383,463**	**383,463**	**383,463**
Credit loss allowance	(1,552)	(1,552)	(1,552)	(1,552)
Less fair value adjustment from AC to FV	(9,609)	(9,609)	(9,609)	(9,609)
Carrying value (fair value)	**373,854**	**373,854**	**373,854**	**373,854**
Total investments in debt securities measured at FVOCI (fair value)	**4,052,472**	**4,052,472**	**4,052,472**	**4,052,472**

Treasury bills, Government and municipal bonds are classified at fair value through other comprehensive income, as the business model of the Group for such assets is to manage liquidity, should the Group require cash and the Group could sell them on the secondary market.

As at 31 December 2022 the treasury bills issued by the Ministry of Finance of the Republic of Moldova had a maturity of 91 to 364 days, with a weighted average annual interest rate (discount) ranging between 9.81% and 22.01%, (at 31 December 2021: 8.73% and 9.45% per annum). As at 31 December 2022 Government bonds issued by the Ministry of Finance of the Republic of Moldova had a maturity of 2 to 7 years, with an annual interest rate ranging between 5.65 % and 24.39% (at 31 December 2021 for bonds with maturity of 2 to 7 years: 6.50% and 7.50% per annum).

All debt securities of the Group at FVOCI as at 31 December 2022 and 2021 are considered Stage 1 instruments. The data input used for the calculation of the ECL for treasury bills and government bonds has considered the rating allocated by the rating agency Moody's for the Republic of Moldova local currency bond and deposit ceilings, the rating for 2022 being set at B3, with negative outlook (31 December 2021: B2 rating). For the municipal bonds the data input for the calculation of the ECL has taken into account the same risk parameters of the issuer that are applied when calculating the ECL for the loans obtained by the issuer from the Group.

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

Movements in the credit loss allowance and in the gross amortised cost amount of **Treasury bills** at FVOCI were as follows:

	Group				Bank			
	Credit loss allowance		Gross carrying amount		Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Treasury bills								
At 31 December 2021	**6,266**	**6,266**	**3,678,618**	**3,678,618**	**6,266**	**6,266**	**3,678,618**	**3,678,618**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	12,975	12,975	3,592,941	3,592,941	12,975	12,975	3,592,941	3,592,941
Derecognised during the period	(6,266)	(6,266)	(4,909,813)	(4,909,813)	(6,266)	(6,266)	(4,909,813)	(4,909,813)
Other movements	-	-	4,545	4,545	-	-	4,545	4,545
Total movements with impact on credit loss allowance charge for the period	**6,709**	**6,709**	**(1,312,327)**	**(1,312,327)**	**6,709**	**6,709**	**(1,312,327)**	**(1,312,327)**
At 31 December 2022	**12,975**	**12,975**	**2,366,291**	**2,366,291**	**12,975**	**12,975**	**2,366,291**	**2,366,291**

	Group				Bank			
	Credit loss allowance		Gross carrying amount		Credit loss allowance		Gross carrying amount	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Treasury bills								
At 1 January 2021	**3,880**	**3,880**	**2,083,061**	**2,083,061**	**3,880**	**3,880**	**2,083,061**	**2,083,061**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	6,266	6,266	6,382,519	6,382,519	6,266	6,266	6,382,519	6,382,519
Derecognised during the period	(3,880)	(3,880)	(4,752,757)	(4,752,757)	(3,880)	(3,880)	(4,752,757)	(4,752,757)
Other movements	-	-	(34,205)	(34,205)	-	-	(34,205)	(34,205)
Total movements with impact on credit loss allowance charge for the period	**2,386**	**2,386**	**1,595,557**	**1,595,557**	**2,386**	**2,386**	**1,595,557**	**1,595,557**
At 31 December 2021	**6,266**	**6,266**	**3,678,618**	**3,678,618**	**6,266**	**6,266**	**3,678,618**	**3,678,618**

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

Movements in the credit loss allowance and in the gross amortised cost amount of **Government bonds** at FVOCI were as follows.

	Group				Bank			
	Credit loss allowance		**Gross carrying amount**		**Credit loss allowance**		**Gross carrying amount**	
	Stage 1 (12-months ECL)	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Government bonds								
At 31 December 2021	**1,552**	**1,552**	**373,854**	**373,854**	**1,552**	**1,552**	**373,854**	**373,854**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	401	401	25,750	25,750	401	401	25,750	25,750
Derecognised during the period	(190)	(190)	(86,777)	(86,777)	(190)	(190)	(86,777)	(86,777)
Changes on credit loss allowance	1,400	1,400	-	-	1,400	1,400	-	-
Other movements	-	-	(20,185)	(20,185)	-	-	(20,185)	(20,185)
Total movements with impact on credit loss allowance charge for the period	**1,611**	**1,611**	**(81,212)**	**(81,212)**	**1,611**	**1,611**	**(81,212)**	**(81,212)**
At 31 December 2022	**3,163**	**3,163**	**292,642**	**292,642**	**3,163**	**3,163**	**292,642**	**292,642**

	Group				Bank			
	Credit loss allowance		**Gross carrying amount**		**Credit loss allowance**		**Gross carrying amount**	
	Stage 1 (12-months ECL)	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Government bonds								
At 1 January 2021	**1,331**	**1,331**	**381,099**	**381,099**	**1,331**	**1,331**	**381,099**	**381,099**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	989	989	202,500	202,500	989	989	202,500	202,500
Derecognised during the period	(426)	(426)	(200,136)	(200,136)	(426)	(426)	(200,136)	(200,136)
Changes on credit loss allowance	(342)	(342)	-	-	(342)	(342)	-	-
Other movements	-	-	(9,609)	(9,609)	-	-	(9,609)	(9,609)
Total movements with impact on credit loss allowance charge for the period	**221**	**221**	**(7,245)**	**(7,245)**	**221**	**221**	**(7,245)**	**(7,245)**
At 31 December 2021	**1,552**	**1,552**	**373,854**	**373,854**	**1,552**	**1,552**	**373,854**	**373,854**

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

Movements in the credit loss allowance and in the gross amortised cost amount of **Municipal bonds** at FVOCI were as follows:

	Group				Bank			
	Credit loss allowance		**Gross carrying amount**		**Credit loss allowance**		**Gross carrying amount**	
	Stage 1 (12-months ECL)	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**	**Stage 1 (12-months ECL)**	**Total**
Municipal bonds								
At 31 December 2021	-	-	-	-	-		-	-
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	1,195	1,195	50,333	50,333	1,195	1,195	50,333	50,333
Changes in accrued interest	45	45	1,916	1,916	45	45	1,916	1,916
Other movements	89	89	3,737	3,737	89	89	3,737	3,737
Total movements with impact on credit loss allowance charge for the period	**1,329**	**1,329**	**55,986**	**55,986**	**1,329**	**1,329**	**55,986**	**55,986**
At 31 December 2022	**1,329**	**1,329**	**55,986**	**55,986**	**1,329**	**1,329**	**55,986**	**55,986**

(All amounts are expressed in thousands MDL, if not stated otherwise)

10 Investments in debt securities (continued)

The following table contains an analysis of debt securities at AC by credit quality at 31 December 2022 based on credit risk grades.

	Group		Bank	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Treasury bills				
- Rating B3	60,622	60,622	-	-
Gross carrying amount	**60,622**	**60,622**	**-**	**-**
Credit loss allowance	(537)	(537)	-	-
Carrying amount	**60,085**	**60,085**	**-**	**-**
Certificates issued by NBM				
- Rating B3	1,591,077	1,591,077	1,591,077	1,591,077
Gross carrying amount	**1,591,077**	**1,591,077**	**1,591,077**	**1,591,077**
Credit loss allowance	-	-	-	-
Carrying amount	**1,591,077**	**1,591,077**	**1,591,077**	**1,591,077**

The table below contains an analysis of the credit risk exposure of debt securities measured at AC at 31 December 2021 based on credit risk grades.

	Group		Bank	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Treasury bills				
- Rating B2	18,578	18,578	-	-
Gross carrying amount	**18,578**	**18,578**	**-**	**-**
Credit loss allowance	-	-	-	-
Carrying amount	**18,578**	**18,578**	**-**	**-**

(All amounts are expressed in thousands MDL, if not stated otherwise)

11 Investments in equity securities

All investments in equity securities are held at FVOCI. The Group designated investments disclosed in the following table as equity securities at FVOCI. At 31 December 2022 investments in equity securities at FVOCI include equity securities with a carrying value of MDL 3,991 thousand (31 December 2021: MDL 3,769 thousand).

Name of the company	Main activity	Ownership at 31 December 2022 (%)	Ownership at 31 December 2021 (%)	Value at 31 December 2022	Dividend income recognised for 2022	Value at 31 December 2021	Dividend income recognised for 2021
Visa Inc.	Transaction processing	-	-	-	-	-	357
I.M. Biroul de Credit S.R.L.	Bureau of credit histories	18.23%	18.23%	2,349	473	2,349	542
S.W.I.F.T. SCRL	Transaction processing	0.01%	0.01%	1,317	-	1,095	-
Bursa de valori din Moldova S.A.	Auctions and brokerage	7.69%	7.69%	275	-	275	-
Depozitarul Central Unic al Valorilor Mobiliare S.A.	Registrar services, depositary and clearing	0.20%	0.20%	50	-	50	-
I.M. Piele S.A.	Leather manufacturing	12.80%	12.80%	-	12,871	-	-
Total				**3,991**	**13,344**	**3,769**	**899**

Other Group's investments, such as equity investments in I.M. Biroul de Credit S.R.L., Depozitarul Central Unic al Valorilor Mobiliare S.A. and Bursa de valori din Moldova S.A. were acquired by the Group in order to ensure its participation on the local market, according to the regulatory requirements for stock exchange market and constitutes a means for promoting and diversifying the Group's products/services.

Refer to Note 43 for additional fair value measurement disclosures.

	2022	2021
Balance at 1 January	**3,769**	**117,457**
Disposals	-	(119,123)
Increase in fair value	222	5,435
Balance at 31 December	**3,991**	**3,769**

In October 2021, the Group sold its investment in shares of Visa Inc at the selling price according to the quote on NYSE of MDL 119,123 thousand, due to a change in the Group's strategy and opportunity to sell. At derecognition the Group transferred the amount of MDL 119,123 thousand from Revaluation reserve for securities at FVOCI to Retained earnings, income tax being recorded directly in other comprehensive income at the level of MDL 14,295 thousand, which means that net impact of MDL 104,828 thousand was recorded. Deferred tax released from FV was of MDL 15,268 thousand at the date of the transaction.

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Gross carrying amount of loans and advances to customers at AC	22,686,522	19,722,749	22,805,945	19,760,206
Less credit loss allowance	(1,274,652)	(1,095,559)	(1,276,388)	(1,095,693)
Total carrying amount of loans and advances to customers at AC	**21,411,870**	**18,627,190**	**21,529,557**	**18,664,513**

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 31 December 2022 and 31 December 2021 are disclosed in the table below:

Group	31 December 2022			31 December 2021		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Loans to Corporate entities	***9,885,540***	***(494,305)***	***9,391,235***	***9,128,195***	***(697,943)***	***8,430,252***
Investment loans	2,698,087	(120,295)	2,577,792	2,720,196	(113,325)	2,606,871
Working capital loans	1,845,965	(191,255)	1,654,710	1,987,194	(401,443)	1,585,751
Revolving loans	5,334,932	(181,826)	5,153,106	4,419,652	(182,926)	4,236,726
Other loans for legal entities	6,556	(929)	5,627	1,153	(249)	904
Loans to Business Banking entities	***5,477,403***	***(274,220)***	***5,203,183***	***3,743,428***	***(118,991)***	***3,624,437***
Investment loans	2,489,288	(108,634)	2,380,654	1,641,831	(35,186)	1,606,645
Working capital loans	2,256,851	(82,383)	2,174,468	1,663,026	(61,084)	1,601,942
Revolving loans	731,264	(83,203)	648,061	438,571	(22,721)	415,850
Loans to Retail	***7,323,579***	***(506,127)***	***6,817,452***	***6,851,126***	***(278,625)***	***6,572,501***
Mortgage loans	3,876,815	(140,104)	3,736,711	3,495,368	(58,725)	3,436,643
Consumer loans	3,186,800	(347,722)	2,839,078	3,086,356	(195,162)	2,891,194
Credit cards	247,536	(17,895)	229,641	261,759	(24,444)	237,315
Other loans to individuals	12,428	(406)	12,022	7,643	(294)	*7,349*
Total loans and advances to customers at AC	**22,686,522**	**(1,274,652)**	**21,411,870**	**19,722,749**	**(1,095,559)**	**18,627,190**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Bank	31 December 2022 Gross carrying amount	Credit loss allowance	Carrying amount	31 December 2021 Gross carrying amount	Credit loss allowance	Carrying amount
Loans to Corporate entities	***10,017,391***	***(496,447)***	***9,520,944***	***9,173,295***	***(698,371)***	***8,474,924***
Investment loans	2,698,087	(120,295)	2,577,792	2,720,196	(113,325)	2,606,871
Working capital loans	1,984,372	(194,326)	1,790,046	2,033,447	(402,120)	1,631,327
Revolving lioans	5,334,932	(181,826)	5,153,106	4,419,652	(182,926)	4,236,726
Loans to Business Banking entities	***5,477,403***	***(274,220)***	***5,203,183***	**3,743,428**	**(118,991)**	**3,624,437**
Investment loans	2,489,288	(108,634)	2,380,654	1,641,831	(35,186)	1,606,645
Working capital loans	2,256,851	(82,383)	2,174,468	1,663,026	(61,084)	1,601,942
Revolving loans	731,264	(83,203)	648,061	438,571	(22,721)	415,850
Loans to Retail	***7,311,151***	***(505,721)***	***6,805,430***	***6,843,483***	***(278,331)***	***6,565,152***
Mortgage loans	3,876,815	(140,104)	3,736,711	3,495,368	(58,725)	3,436,643
Consumer loans	3,186,800	(347,722)	2,839,078	3,086,356	(195,162)	2,891,194
Credit cards	247,536	(17,895)	229,641	261,759	(24,444)	237,315
Total loans and advances to customers at AC	**22,805,945**	**(1,276,388)**	**21,529,557**	**19,760,206**	**(1,095,693)**	**18,664,513**

The following tables disclose the changes in the credit loss allowance and gross carrying amount for loans and advances to customers carried at amortised cost between the beginning and the end of the reporting and comparative periods, considering movements recorded overall over one-year period. When presenting the transfers between stages, the Group and the Bank present the opening balance for the gross carrying amount and credit loss allowance as transfer out and the closing balance of gross carrying amount and credit loss allowance as transfer in. In the line for new originated or purchased is included the closing balance of the loans newly originated during the period, while in derecognised during the period are included those loans fully derecognised.

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Corporate Investment loans								
At 31 December 2021	**(40,838)**	**(22,162)**	**(50,325)**	**(113,325)**	**2,180,624**	**470,606**	**68,966**	**2,720,196**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	15,511	(13,426)	-	2,085	(471,500)	378,114	-	(93,386)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	13,415	3,419	(20,824)	(3,990)	(21,931)	(12,764)	32,906	(1,789)
New originated or purchased	(25,509)	(12,335)	-	(37,844)	497,621	280,201	-	777,822
Derecognised during the period	2,064	4,184	1,160	7,408	(119,344)	(153,673)	(1,207)	(274,224)
Changes to ECL measurement model assumptions	2,650	(10,204)	(3,345)	(10,899)	-	-	-	-
Other movements	(15,847)	5,393	17,071	6,617	(309,029)	(83,586)	(35,987)	(428,602)
Total movements with impact on credit loss allowance charge for the period	**(7,716)**	**(22,969)**	**(5,938)**	**(36,623)**	**(424,183)**	**408,292**	**(4,288)**	**(20,179)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	30,104	30,104	-	-	(30,105)	(30,105)
Foreign exchange gains and losses and other movements	(416)	(627)	(122)	(1,165)	10,811	17,184	180	28,175
Unwinding of discount (for Stage 3)	-	-	714	714	-	-	-	-
At 31 December 2022	**(48,970)**	**(45,758)**	**(25,567)**	**(120,295)**	**1,767,252**	**896,082**	**34,753**	**2,698,087**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Corporate Investment loans								
At 1 January 2021	**(32,539)**	**(49,069)**	**(69,972)**	**(151,580)**	**2,021,797**	**601,332**	**111,557**	**2,734,686**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	277	(63)	-	214	(17,964)	10,224	-	(7,740)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	6,804	(15,309)	(8,505)	-	(24,686)	22,940	(1,746)
New originated or purchased	(7,244)	(1,335)	-	(8,579)	624,633	7,492	-	632,125
Derecognised during the period	2,112	582	-	2,694	(137,015)	(2,770)	-	(139,785)
Changes to ECL measurement model assumptions	(8,695)	(1,726)	88	(10,333)	-	-	-	-
Other movements	4,341	21,839	19,862	46,042	(262,959)	(106,877)	(47,339)	(417,175)
Total movements with impact on credit loss allowance charge for the period	**(9,209)**	**26,101**	**4,641**	**21,533**	**206,695**	**(116,617)**	**(24,399)**	**65,679**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	14,710	14,710	-	-	(14,710)	(14,710)
Foreign exchange gains and losses and other movements	910	806	2,530	4,246	(47,868)	(14,109)	(3,482)	(65,459)
Unwinding of discount (for Stage 3)	-	-	(2,234)	(2,234)	-	-	-	-
At 31 December 2021	**(40,838)**	**(22,162)**	**(50,325)**	**(113,325)**	**2,180,624**	**470,606**	**68,966**	**2,720,196**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

	Group								Bank							
	Credit loss allowance				Gross carrying amount				Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate Working capital loans																
At 31 December 2021	**(21,035)**	**(37,480)**	**(342,988)**	**(401,503)**	**1,268,046**	**374,790**	**344,418**	**1,987,254**	**(21,712)**	**(37,480)**	**(342,988)**	**(402,180)**	**1,314,298**	**374,790**	**344,418**	**2,033,506**
Movements with impact on credit loss allowance charge for the period:																
Transfers:																
- to lifetime (from Stage 1 to Stage 2)	7,882	(8,933)	-	(1,051)	(343,246)	352,509	-	9,263	7,882	(8,933)	-	(1,051)	(343,246)	352,509	-	9,263
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	65,953	13,313	(98,667)	(19,401)	(107,819)	(48,430)	155,373	(876)	65,953	13,313	(98,667)	(19,401)	(107,819)	(48,430)	155,373	(876)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(516)	591	-	75	20,302	(33,707)	-	(13,405)	(516)	591	-	75	20,302	(33,707)	-	(13,405)
New originated or purchased	(81,523)	(9,304)	-	(90,827)	712,390	290,761	-	1,003,151	(84,105)	(9,304)	-	(93,409)	813,947	290 761	-	1,104,708
Derecognised during the period	7,922	4,472	64,084	76,478	(542,692)	(89,515)	(64,111)	(696,318)	7,922	4,472	64,084	76,478	(542,692)	(89,515)	(64,111)	(696,318)
Changes to ECL measurement model assumptions	2,388	(21,037)	(15,767)	(34,416)	-	-	-	-	2,836	(21,037)	(15,767)	(33,968)	-	-	-	-
Other movements	(1,469)	5,744	192,502	196,777	(137,776)	(42,997)	(168,315)	(349,088)	(1,713)	5,744	192,502	196,533	(147,783)	(42,997)	(168,315)	(359,095)
Total movements with impact on credit loss allowance charge for the period	**637**	**(15,154)**	**142,152**	**127,635**	**(398,841)**	**428,621**	**(77,053)**	**(47,273)**	**(1,741)**	**(15,154)**	**142,152**	**125,257**	**(307,291)**	**428,621**	**(77,053)**	**44,277**
Movements without impact on credit loss allowance charge for the period:																
Write-offs	-	-	108,273	108,273	-	-	(108,273)	(108,273)	-	-	108,273	108,273	-	-	(108,273)	(108,273)
Foreign exchange gains and losses and other movements	(73)	(430)	(505)	(1,008)	2,872	10,654	731	14,257	(89)	(430)	(505)	(1,024)	3,477	10,654	731	14,862
Unwinding of discount (for Stage 3)	-	-	(24,652)	(24,652)	-	-	-	-	-	-	(24,652)	(24,652)	-	-	-	-
At 31 December 2022	**(20,471)**	**(53,064)**	**(117,720)**	**(191,255)**	**872,077**	**814,065**	**159,823**	**1,845,965**	**(23,542)**	**(53,064)**	**(117,720)**	**(194,326)**	**1,010,484**	**814,065**	**159,823**	**1,984,372**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate Working capital loans								
At 1 January 2021	**(23,449)**	**(22,008)**	**(384,242)**	**(429,699)**	**1,515,488**	**329,993**	**388,695**	**2,234,176**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	1,672	(7,608)	-	(5,936)	(108,466)	86,155	-	(22,311)
New originated or purchased	(7,529)	(5,071)	-	(12,600)	649,015	100,615	-	749,630
Derecognised during the period	10,386	617	-	11,003	(670,737)	(29,224)	-	(699,961)
Changes to ECL measurement model assumptions	(6,325)	(12,034)	267	(18,092)	-	-	-	-
Other movements	4,038	7,678	37,176	48,892	(102,182)	(103,532)	(4,654)	(210,368)
Total movements with impact on credit loss allowance charge for the period	**2,242**	**(16,418)**	**37,443**	**23,267**	**(232,370)**	**54,014**	**(4,654)**	**(183,010)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	39,361	39,361	-	-	(39,361)	(39,361)
Foreign exchange gains and losses and other movements	172	946	261	1,379	(15,072)	(9,217)	(322)	(24,611)
Unwinding of discount (for Stage 3)	-	-	(35,751)	(35,751)	-	-	-	-
At 31 December 2021	**(21,035)**	**(37,480)**	**(342,928)**	**(401,443)**	**1,268,046**	**374,790**	**344,358**	**1,987,194**

Bank

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate Working capital loans								
At 1 January 2021	**(23,838)**	**(22,008)**	**(384,243)**	**(430,089)**	**1,540,735**	**329,993**	**388,695**	**2,259,423**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	1,672	(7,608)	-	(5,936)	(108,466)	86,155	-	(22,311)
New originated or purchased	(8,053)	(5,071)	-	(13,124)	694,174	100,615	-	794,789
Derecognised during the period	10,755	617	-	11,372	(694,631)	(29,224)	-	(723,855)
Changes to ECL measurement model assumptions	(6,465)	(12,034)	267	(18,232)	-	-	-	-
Other movements	4,047	7,678	37,176	48,901	(102,480)	(103,532)	(4,654)	(210,666)
Total movements with impact on credit loss allowance charge for the period	**1,956**	**(16,418)**	**37,443**	**22,981**	**(211,403)**	**54,014**	**(4,654)**	**(162,043)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	39,361	39,361	-	-	(39,361)	(39,361)
Foreign exchange gains and losses and other movements	171	946	261	1,378	(15,034)	(9,217)	(321)	(24,572)
Unwinding of discount (for Stage 3)	-	-	(35,751)	(35,751)	-	-	-	-
At 31 December 2021	**(21,711)**	**(37,480)**	**(342,929)**	**(402,120)**	**1,314,298**	**374,790**	**344,359**	**2,033,447**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank

	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Corporate Revolving Loans								
At 31 December 2021	**(82,295)**	**(29,681)**	**(70,950)**	**(182,926)**	**4,132,962**	**178,135**	**108,555**	**4,419,652**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	16,164	(25,112)	-	(8,948)	(1,013,896)	813,210	-	(200,686)
New originated or purchased	(55,304)	(20,381)	-	(75,685)	2,029,705	565,074	-	2,594,779
Derecognised during the period	34,970	5,731	-	40,701	(971,532)	(31,554)	-	(1,003,086)
Changes to ECL measurement model assumptions	4,621	(21,642)	(126)	(17,147)	-	-	-	-
Other movements	(21,426)	15,903	68,808	63,285	(418,802)	(17,091)	(106,698)	(542,591)
Total movements with impact on credit loss allowance charge for the period	**(20,975)**	**(45,501)**	**68,682**	**2,206**	**(374,525)**	**1,329,639**	**(106,698)**	**848,416**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses and other movements	(1,233)	(543)	(21)	(1,797)	48,444	18,394	26	66,864
Unwinding of discount (for Stage 3)	-	-	691	691	-	-	-	-
At 31 December 2022	**(104,503)**	**(75,725)**	**(1,598)**	**(181,826)**	**3,806,881**	**1,526,168**	**1,883**	**5,334,932**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Corporate Revolving Loans								
At 1 January 2021	**(47,401)**	**(67,166)**	**(394)**	**(114,961)**	**3,073,477**	**320,937**	**394**	**3,394,808**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	2,232	(2,232)	-	-	(11,621)	11,621	-	-
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	31,819	(74,586)	(42,767)	-	(116,120)	114,135	(1,985)
New originated or purchased	(55,793)	(4,470)	-	(60,263)	2,788,411	26,723	-	2,815,134
Derecognised during the period	24,029	2,979	-	27,008	(1,558,421)	(21,420)	-	(1,579,841)
Changes to ECL measurement model assumptions	(12,980)	(3,368)	-	(16,348)	-	-	-	-
Other movements	7,558	12,432	5	19,995	(153,731)	(41,750)	(5)	(195,486)
Total movements with impact on credit loss allowance charge for the period	**(34,954)**	**37,160**	**(74,581)**	**(72,375)**	**1,064,638**	**(140,946)**	**114,130**	**1,037,822**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	389	389	-	-	(389)	(389)
Foreign exchange gains and losses and other movements	60	325	3,647	4,032	(5,153)	(1,856)	(5,580)	(12,589)
Unwinding of discount (for Stage 3)	-	-	(11)	(11)	-	-	-	-
At 31 December 2021	**(82,295)**	**(29,681)**	**(70,950)**	**(182,926)**	**4,132,962**	**178,135**	**108,555**	**4,419,652**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Other corporate loans for legal entities								
At 31 December 2021	**(6)**	**(193)**	**(50)**	**(249)**	**741**	**362**	**50**	**1,153**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(17)	(911)	-	(928)	2,896	3,214	-	6,110
Derecognised during the period	-	193	50	243	(32)	(361)	(50)	(443)
Other movements	6	55	-	61	(300)	(45)	-	(345)
Total impact on credit loss allowance charge	**(11)**	**(663)**	**50**	**(624)**	**2,564**	**2,808**	**(50)**	**5,322**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	(1)	(55)	-	(56)	36	45	-	81
At 31 December 2022	**(18)**	**(911)**	**-**	**(929)**	**3,341**	**3,215**	**-**	**6,556**

Group	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Other corporate loans for legal entities								
At 1 January 2021	**(6)**	**(954)**	**(50)**	**(1,010)**	**437**	**2,611**	**50**	**3,098**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(3)	-	-	(3)	119	-	-	119
Derecognised during the period	5	954	-	959	(342)	(2,609)	-	(2,951)
Other movements	(2)	(199)	(2)	(203)	534	363	-	897
Total impact on credit loss allowance charge	**-**	**755**	**(2)**	**753**	**311**	**(2,246)**	**-**	**(1,935)**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	-	6	2	8	(7)	(3)	-	(10)
At 31 December 2021	**(6)**	**(193)**	**(50)**	**(249)**	**741**	**362**	**50**	**1,153**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Business Banking Investment loans At 31 December 2021	**(14,534)**	**(9,154)**	**(11,498)**	**(35,186)**	**1,404,506**	**218,857**	**18,468**	**1,641,831**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	5,371	(22,450)	-	(17,079)	(444,982)	371,932	-	(73,050)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	10	1,728	(6,131)	(4,393)	(929)	(9,381)	8,791	(1,519)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,293)	2,209	476	1,392	46,191	(66,158)	(1,105)	(21,072)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(359)	3,158	2,799	-	6,327	(7,322)	(995)
New originated or purchased	(17,776)	(28,536)	-	(46,312)	905,639	444,299	-	1,349,938
Derecognised during the period	1,600	826	1,330	3,756	(132,825)	(31,031)	(3,048)	(166,904)
Changes to ECL measurement model assumptions	(12,783)	863	(539)	(12,459)	-	-	-	-
Other movements	(3,390)	(1,082)	2,086	(2,386)	(213,349)	(24,922)	(2,355)	(240,626)
Total movements with impact on credit loss allowance charge for the period	**(28,261)**	**(46,801)**	**380**	**(74,682)**	**159,745**	**691,066**	**(5,039)**	**845,772**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	1,480	1,480	-	-	(1,480)	(1,480)
Foreign exchange gains and losses and other movements	(43)	(54)	(2)	(99)	2,148	1,013	4	3,165
Unwinding of discount (for Stage 3)	-	-	(147)	(147)	-	-	-	-
At 31 December 2022	**(42,838)**	**(56,009)**	**(9,787)**	**(108,634)**	**1,566,399**	**910,936**	**11,953**	**2,489,288**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Business Banking Investment loans								
At 1 January 2021	**(8,011)**	**(5,678)**	**(27,333)**	**(41,022)**	**829,460**	**198,344**	**31,899**	**1,059,703**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	3,583	(4,595)	-	(1,012)	(184,132)	157,388	-	(26,744)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	259	72	(1,200)	(869)	(1,811)	(2,338)	3,131	(1,018)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(776)	3,021	-	2,245	67,332	(96,837)	-	(29,505)
New originated or purchased	(9,222)	(330)	-	(9,552)	932,515	14,181	-	946,696
Derecognised during the period	1,210	735	939	2,884	(101,490)	(40,442)	(2,220)	(144,152)
Changes to ECL measurement model assumptions	(2,904)	(2,277)	(570)	(5,751)	-	-	-	-
Other movements	1,256	(142)	7,885	8,999	(130,468)	(10,559)	(4,906)	(145,933)
Total movements with impact on credit loss allowance charge for the period	**(6,594)**	**(3,516)**	**7,054**	**(3,056)**	**581,946**	**21,393**	**(3,995)**	**599,344**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	9,281	9,281	-	-	(9,281)	(9,281)
Foreign exchange gains and losses and other movements	71	40	109	220	(6,900)	(880)	(155)	(7,935)
Unwinding of discount (for Stage 3)	-	-	(609)	(609)	-	-	-	-
At 31 December 2021	**(14,534)**	**(9,154)**	**(11,498)**	**(35,186)**	**1,404,506**	**218,857**	**18,468**	**1,641,831**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Business Banking Working capital loans At 31 December 2021	**(23,176)**	**(7,610)**	**(30,298)**	**(61,084)**	**1,398,604**	**217,133**	**47,289**	**1,663,026**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	4,757	(7,323)	-	(2,566)	(283,836)	185,001	-	(98,835)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	3,965	2,336	(11,838)	(5,537)	(18,962)	(12,845)	23,718	(8,089)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(790)	1,283	955	1,448	30,139	(47,379)	(1,976)	(19,216)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(12)	61	49	-	156	(141)	15
New originated or purchased	(26,170)	(13,665)	-	(39,835)	1,147,786	418,791	-	1,566,577
Derecognised during the period	11,463	1,396	6,033	18,892	(387,449)	(67,735)	(12,518)	(467,702)
Changes to ECL measurement model assumptions	512	150	862	1,524	-	-	-	-
Other movements	402	1,084	1,722	3,208	(321,937)	(52,289)	(6,258)	(380,484)
Total movements with impact on credit loss allowance charge for the period	**(5,861)**	**(14,751)**	**(2,205)**	**(22,817)**	**165,741**	**423,700**	**2,825**	**592,266**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	1,146	1,146	-	-	(1,146)	(1,146)
Foreign exchange gains and losses and other movements	(38)	(31)	(155)	(224)	1,948	488	269	2,705
Unwinding of discount (for Stage 3)	-	-	596	596	-	-	-	-
At 31 December 2022	**(29,075)**	**(22,392)**	**(30,916)**	**(82,383)**	**1,566,293**	**641,321**	**49,237**	**2,256,851**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Business Banking Working capital loans At 1 January 2021	**(14,986)**	**(8,787)**	**(30,587)**	**(54,360)**	**934,332**	**262,760**	**42,078**	**1,239,170**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	3,730	(4,467)	-	(737)	(180,739)	148,439	-	(32,300)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	3,503	946	(9,920)	(5,471)	(14,628)	(12,605)	22,224	(5,009)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(677)	2,539	191	2,053	47,037	(92,546)	(431)	(45,940)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(140)	790	650	-	1,147	(1,751)	(604)
New originated or purchased	(23,588)	(725)	-	(24,313)	1,103,798	35,749	-	1,139,547
Derecognised during the period	6,423	2,386	1,789	10,598	(285,354)	(102,098)	(3,255)	(390,707)
Changes to ECL measurement model assumptions	(705)	(261)	(2,313)	(3,279)	-	-	-	-
Other movements	3,107	895	8,000	12,002	(204,128)	(23,545)	(8,470)	(236,143)
Total movements with impact on credit loss allowance charge for the period	**(8,207)**	**1,173**	**(1,463)**	**(8,497)**	**465,986**	**(45,459)**	**8,317**	**428,844**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	2,781	2,781	-	-	(2,781)	(2,781)
Foreign exchange gains and losses and other movements	17	4	142	163	(1,714)	(168)	(325)	(2,207)
Unwinding of discount (for Stage 3)	-	-	(1,171)	(1,171)	-	-	-	-
At 31 December 2021	**(23,176)**	**(7,610)**	**(30,298)**	**(61,084)**	**1,398,604**	**217,133**	**47,289**	**1,663,026**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Business Banking Revolving loans At 31 December 2021	**(4,573)**	**(10,776)**	**(7,372)**	**(22,721)**	**355,173**	**75,615**	**7,783**	**438,571**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	685	(1,415)	-	(730)	(39,634)	38,888	-	(746)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	10,262	(47,731)	(37,469)	-	(53,685)	56,179	2,494
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(195)	140	-	(55)	3,020	(3,016)	-	4
New originated or purchased	(6,045)	(4,130)	-	(10,175)	331,927	93,054	-	424,981
Derecognised during the period	1,400	333	346	2,079	(103,360)	(15,709)	(757)	(119,826)
Changes to ECL measurement model assumptions	546	(1,745)	(8,839)	(10,038)	-	-	-	-
Other movements	(1,265)	(5)	1,577	307	(17,933)	(1,333)	(1,010)	(20,276)
Total movements with impact on credit loss allowance charge for the period	**(4,874)**	**3,440**	**(54,647)**	**(56,081)**	**174,020**	**58,199**	**54,412**	**286,631**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses and other movements	(50)	(2)	(4,663)	(4,715)	1,570	57	4,435	6,062
Unwinding of discount (for Stage 3)	-	-	314	314	-	-	-	-
At 31 December 2022	**(9,497)**	**(7,338)**	**(66,368)**	**(83,203)**	**530,763**	**133,871**	**66,630**	**731,264**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Business Banking Revolving loans								
At 1 January 2021	**(4,816)**	**(1,456)**	**(5,302)**	**(11,574)**	**381,147**	**85,551**	**9,626**	**476,324**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	304	(370)	-	(66)	(16,902)	9,827	-	(7,075)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	2	(66)	(64)	-	(247)	154	(93)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(62)	206	-	144	5,156	(11,707)	-	(6,551)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(78)	116	38	-	243	(252)	(9)
New originated or purchased	(2,317)	(15)	-	(2,332)	192,972	1,005	-	193,977
Derecognised during the period	1,545	151	308	2,004	(113,866)	(10,069)	(709)	(124,644)
Changes to ECL measurement model assumptions	(241)	(5,139)	-	(5,380)	-	-	-	-
Other movements	996	(3,934)	(2,723)	(5,661)	(91,054)	(366)	(589)	(92,009)
Total movements with impact on credit loss allowance charge for the period	**225**	**(9,177)**	**(2,365)**	**(11,317)**	**(23,694)**	**(11,314)**	**(1,396)**	**(36,404)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	346	346	-	-	(346)	(346)
Foreign exchange gains and losses and other movements	18	(143)	3	(122)	(2,280)	1,378	(101)	(1,003)
Unwinding of discount (for Stage 3)	-	-	(54)	(54)	-	-	-	-
At 31 December 2021	**(4,573)**	**(10,776)**	**(7,372)**	**(22,721)**	**355,173**	**75,615**	**7,783**	**438,571**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Retail Mortgage loans								
At 31 December 2021	**(15,254)**	**(21,574)**	**(21,897)**	**(58,725)**	**3,003,892**	**453,719**	**37,757**	**3,495,368**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	2,809	(26,698)	-	(23,889)	(447,695)	416,542	-	(31,153)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	8	939	(8,892)	(7,945)	(2,221)	(14,702)	16,394	(529)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,080)	4,626	325	3,871	108,884	(120,044)	(589)	(11,749)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(1,003)	4,091	3,088	-	9,258	(10,485)	(1,227)
New originated or purchased	(8,697)	(6,311)	-	(15,008)	878,562	98,712	-	977,274
Derecognised during the period	1,456	1,731	2,192	5,379	(256,425)	(36,650)	(3,818)	(296,893)
Changes to ECL measurement model assumptions	(15,477)	(18,084)	612	(32,949)	-	-	-	-
Unwinding of discount	-	-	-	-	-	-	-	-
Other movements	(8,152)	(5,570)	(2,446)	(16,168)	(232,903)	(19,198)	37	(252,064)
Total movements with impact on credit loss allowance charge for the period	**(29,133)**	**(50,370)**	**(4,118)**	**(83,621)**	**48,202**	**333,918**	**1,539**	**383,659**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	2,340	2,340	-	-	(2,340)	(2,340)
Foreign exchange gains and losses and other movements	(1)	(1)	-	(2)	105	23	-	128
Unwinding of discount (for Stage 3)	-	-	(96)	(96)	-	-	-	-
At 31 December 2022	**(44,388)**	**(71,945)**	**(23,771)**	**(140,104)**	**3,052,199**	**787,660**	**36,956**	**3,876,815**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Retail Mortgage loans								
At 1 January 2021	**(40,515)**	**(13,968)**	**(34,504)**	**(88,987)**	**2,437,837**	**66,421**	**53,561**	**2,557,819**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	13,499	(18,040)	-	(4,541)	(413,858)	389,451	-	(24,407)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	1,073	1,276	(5,613)	(3,264)	(8,258)	(3,798)	11,268	(788)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(131)	639	1,023	1,531	7,719	(6,965)	(1,732)	(978)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(1,003)	11,140	10,137	-	16,609	(19,709)	(3,100)
New originated or purchased	(18,376)	(316)	-	(18,692)	1,441,864	2,491	-	1,444,355
Derecognised during the period	4,955	1,242	2,883	9,080	(267,567)	(5,472)	(4,835)	(277,874)
Changes to ECL measurement model assumptions	18,707	227	4,278	23,212	-	-	-	-
Other movements	5,520	8,362	(34)	13,848	(192,913)	(4,848)	(700)	(198,461)
Total movements with impact on credit loss allowance charge for the period	**25,247**	**(7,613)**	**13,677**	**31,311**	**566,987**	**387,468**	**(15,708)**	**938,747**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	96	96	-	-	(96)	(96)
Foreign exchange gains and losses and other movements	14	7	-	21	(932)	(170)	-	(1,102)
Unwinding of discount (for Stage 3)	-	-	(1,166)	(1,166)	-	-	-	-
At 31 December 2021	**(15,254)**	**(21,574)**	**(21,897)**	**(58,725)**	**3,003,892**	**453,719**	**37,757**	**3,495,368**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Retail Consumer loans At 31 December 2021	**(26,494)**	**(22,595)**	**(146,073)**	**(195,162)**	**2,524,231**	**388,602**	**173,523**	**3,086,356**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	10,777	(28,314)	-	(17,537)	(709,763)	545,732	-	(164,031)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	12,370	7,377	(79,838)	(60,091)	(67,671)	(60,322)	126,124	(1,869)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(745)	1,752	160	1,167	39,702	(54,890)	(291)	(15,479)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(526)	6,357	5,831	-	6,454	(10,410)	(3,956)
New originated or purchased	(32,661)	(13,870)	-	(46,531)	925,866	301,736	-	1,227,602
Derecognised during the period	4,074	2,046	4,597	10,717	(469,372)	(51,115)	(6,133)	(526,620)
Changes to ECL measurement model assumptions	(11,531)	(24,904)	(1,721)	(38,156)	-	-	-	-
Other movements	(4,668)	(1,544)	(60,665)	(66,877)	(344,936)	(54,879)	35,174	(364,641)
Total movements with impact on credit loss allowance charge for the period	**(22,384)**	**(57,983)**	**(131,110)**	**(211,477)**	**(626,174)**	**632,716**	**144,464**	**151,006**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	50,562	50,562	-	-	(50,562)	(50,562)
Unwinding of discount (for Stage 3)	-	-	8,355	8,355	-	-	-	-
At 31 December 2022	**(48,878)**	**(80,578)**	**(218,266)**	**(347,722)**	**1,898,057**	**1,021,318**	**267,425**	**3,186,800**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Retail Consumer loans								
At 1 January 2021	**(24,419)**	**(11,609)**	**(90,443)**	**(126,471)**	**1,577,577**	**66,218**	**110,651**	**1,754,446**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	21,961	(27,340)	-	(5,379)	(389,034)	347,740	-	(41,294)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	13,883	3,637	(39,841)	(22,321)	(42,567)	(14,531)	56,817	(281)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(83)	759	622	1,298	5,258	(6,857)	(862)	(2,461)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(861)	8,382	7,521	-	7,866	(11,595)	(3,729)
New originated or purchased	(67,497)	(984)	-	(68,481)	2,086,245	7,936	-	2,094,181
Derecognised during the period	6,044	1,530	3,546	11,120	(452,916)	(11,665)	(4,586)	(469,167)
Changes to ECL measurement model assumptions	20,389	9,291	8,690	38,370	-	-	-	-
Other movements	3,228	2,982	(28,367)	(22,157)	(260,332)	(8,105)	23,120	(245,317)
Total movements with impact on credit loss allowance charge for the period	**(2,075)**	**(10,986)**	**(46,968)**	**(60,029)**	**946,654**	**322,384**	**62,894**	**1,331,932**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	22	22	-	-	(22)	(22)
Unwinding of discount (for Stage 3)	-	-	(8,684)	(8,684)	-	-	-	-
At 31 December 2021	**(26,494)**	**(22,595)**	**(146,073)**	**(195,162)**	**2,524,231**	**388,602**	**173,523**	**3,086,356**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Retail Credit cards								
At 31 December 2021	**(3,535)**	**(6,270)**	**(14,579)**	**(24,384)**	**171,170**	**74,633**	**15,896**	**261,699**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	751	(1,877)	-	(1,126)	(30,874)	34,917	-	4,043
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	4,870	278	(5,745)	(597)	(7,237)	(1,740)	7,949	(1,028)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(195)	1,264	11	1,080	13,643	(18,598)	(19)	(4,974)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(7)	105	98	-	152	(184)	(32)
New originated or purchased	(5,451)	(1,454)	-	(6,905)	35,880	13,613	-	49,493
Derecognised during the period	420	1,878	3,158	5,456	(21,863)	(19,140)	(3,763)	(44,766)
Changes to ECL measurement model assumptions	281	560	405	1,246	-	-	-	-
Other movements	873	996	(5,107)	(3,238)	(9,842)	(1,068)	3,298	(7,612)
Total movements with impact on credit loss allowance charge for the period	**1,549**	**1,638**	**(7,173)**	**(3,986)**	**(20,293)**	**8,136**	**7,281**	**(4,876)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	9,290	9,290	-	-	(9,290)	(9,290)
Foreign exchange gains and losses and other movements	-	-	-	-	-	2	1	3
Unwinding of discount (for Stage 3)	-	-	1,185	1,185	-	-	-	-
At 31 December 2022	**(1,986)**	**(4,632)**	**(11,277)**	**(17,895)**	**150,877**	**82,771**	**13,888**	**247,536**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group and Bank	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Retail Credit cards								
At 1 January 2021	**(4,658)**	**(2,745)**	**(13,902)**	**(21,305)**	**181,130**	**36,878**	**15,275**	**233,283**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	2,702	(5,169)	-	(2,467)	(48,613)	54,959	-	6,346
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	4,425	41	(4,574)	(108)	(5,592)	(578)	5,702	(468)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(228)	762	8	542	8,218	(10,559)	(12)	(2,353)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(14)	101	87	-	147	(154)	(7)
New originated or purchased	(7,520)	(898)	-	(8,418)	54,498	3,435	-	57,933
Derecognised during the period	564	674	4,682	5,920	(23,979)	(8,521)	(5,262)	(37,762)
Changes to ECL measurement model assumptions	2,045	1,159	165	3,369		-	-	-
Other movements	(867)	(80)	308	(639)	5,508	(1,126)	508	4,890
Total movements with impact on credit loss allowance charge for the period	**1,121**	**(3,525)**	**690**	**(1,714)**	**(9,960)**	**37,757**	**782**	**28,579**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	59	59	-	-	(59)	(59)
Foreign exchange gains and losses and other movements	-	-	43	43	-	(2)	(42)	(44)
Unwinding of discount (for Stage 3)	-	-	(1,527)	(1,527)	-	-	-	-
At 31 December 2021	**(3,537)**	**(6,270)**	**(14,637)**	**(24,444)**	**171,170**	**74,633**	**15,956**	**261,759**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Group	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Other loans to individuals								
At 31 December 2021	**(121)**	**(124)**	**(49)**	**(294)**	**6,519**	**347**	**777**	**7,643**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(35)	-	-	(35)	6,188	-	-	6,188
Derecognised during the period	16	-	-	16	(809)	-	-	(809)
Transfers:								
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	123	(92)	31	-	(123)	299	176
Stage 3 to Stage 2	-	(49)	18	(31)	-	49	(90)	(41)
Other movements	87	34	(148)	(27)	(646)	(183)	(39)	(868)
Total impact on credit loss allowance charge	**68**	**108**	**(222)**	**(46)**	**4,733**	**(257)**	**170**	**4,646**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	(11)	(3)	(52)	(66)	129	1	9	139
At 31 December 2022	**(64)**	**(19)**	**(323)**	**(406)**	**11,381**	**91**	**956**	**12,428**

Group	Credit loss allowance				Gross carrying amount			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Other loans to individuals								
At 1 January 2021	**(93)**	**-**	**(31)**	**(124)**	**4,138**	**-**	**681**	**4,819**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(59)	-	(49)	(108)	2,983	-	129	3,112
Derecognised during the period	23	-	-	23	(907)	-	-	(907)
Other movements	(25)	(157)	18	(164)	363	350	(26)	687
Total impact on credit loss allowance charge	**(61)**	**(157)**	**(31)**	**(249)**	**2,439**	**350**	**103**	**2,892**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	33	33	13	79	(58)	(3)	(7)	(68)
At 31 December 2021	**(121)**	**(124)**	**(49)**	**(294)**	**6,519**	**347**	**777**	**7,643**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

The credit loss allowance for loans and advances to customers recognised in the period is impacted by a variety of factors, details of ECL measurement are provided in Note 40. The main movements in the table above are described below:

- Transfers between Stage 1, 2 and 3 due to balances experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Recoveries on defaulted Corporate portfolio (MDL 246 million, release);
- Increase in credit loss allowances for individually assessed clients due to annual update of collateral related discounts and expected time to sell (MDL 44 million);
- New impaired loans, caused mainly by new defaulted clients that have ECL set under individual analysis (MDL 53.2 million);
- Additional credit loss allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes to model assumptions, including changes in PDs, EADs and LGDs in the period, arising from update of inputs to ECL models (MDL 153 million);
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis;
- Foreign exchange translations of assets denominated in foreign currencies and other movements; and
- Write-offs of allowances related to assets that were written off during the period.

Other movement category incorporates the changes of ECL due to the change of the days past due bucket or migration to an individual assessment while preserving the same stage, repayments of loans on their payment schedules. When it comes to key drivers of the ECL increase – there are some main drivers as: origination of new loans, changes in the ECL methodology and migration to credit-impaired, however the biggest factor is the new loans origination almost MDL 369 million of the ECL increase.

The following tables contain analyses of the credit risk exposure of loans and advances to customers measured at AC and for which an ECL allowance is recognised. The carrying amount of loans and advances to customers below also represents the Group's maximum exposure to credit risk on these loans

The credit quality of loans to **Corporate and Business Banking** customers carried at amortised cost is as follows at **31 December 2022**:

				Group				Bank
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Corporate Investment loans								
- Good	1,767,251	665,980	-	2,433,231	1,767,251	665,980	-	2,433,231
- Satisfactory	-	230,102	-	230,102	-	230,102	-	230,102
- Special monitoring	-	-	33,500	33,500	-	-	33,500	33,500
- Default	-	-	1,254	1,254	-	-	1,254	1,254
Gross carrying amount	**1,767,251**	**896,082**	**34,754**	**2,698,087**	**1,767,251**	**896,082**	**34,754**	**2,698,087**
Credit loss allowance	(48,970)	(45,758)	(25,567)	(120,295)	(48,970)	(45,758)	(25,567)	(120,295)
Carrying amount	**1,718,281**	**850,324**	**9,187**	**2,577,792**	**1,718,281**	**850,324**	**9,187**	**2,577,792**
Corporate Working capital loans								
- Good	872,076	701,756	-	1,573,832	1,010,483	701,756	-	1,712,239
- Satisfactory	-	112,310	-	112,310	-	112,310	-	112,310
- Special monitoring	-	-	156,049	156,049	-	-	156,049	156,049
- Default	-	-	3,774	3,774	-	-	3,774	3,774
Gross carrying amount	**872,076**	**814,066**	**159,823**	**1,845,965**	**1,010,483**	**814,066**	**159,823**	**1,984,372**
Credit loss allowance	(20,471)	(53,064)	(117,720)	(191,255)	(23,542)	(53,064)	(117,720)	(194,326)
Carrying amount	**851,605**	**761,002**	**42,103**	**1,654,710**	**986,941**	**761,002**	**42,103**	**1,790,046**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

	Group				Bank			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Corporate Revolving loans								
- Good	3,806,881	1,360,941	-	5,167,822	3,806,881	1,360,941	-	5,167,822
- Satisfactory	-	88,138	-	88,138	-	88,138	-	88,138
- Special monitoring	-	77,089	1,883	78,972	-	77,089	1,883	78,972
Gross carrying amount	**3,806,881**	**1,526,168**	**1,883**	**5,334,932**	**3,806,881**	**1,526,168**	**1,883**	**5,334,932**
Credit loss allowance	(104,503)	(75,725)	(1,598)	(181,826)	(104,503)	(75,725)	(1,598)	(181,826)
Carrying amount	**3,702,378**	**1,450,443**	**285**	**5,153,106**	**3,702,378**	**1,450,443**	**285**	**5,153,106**
Other loans for legal entities								
- Good	3,342	3,214	-	6,556	-	-	-	-
Gross carrying amount	**3,342**	**3,214**	**-**	**6,556**	-	-	-	-
Credit loss allowance	(18)	(911)	-	(929)	-	-	-	-
Carrying amount	**3,324**	**2,303**	**-**	**5,627**	-	-	-	-
Business banking Working capital loans								
- Good	1,512,189	485,448	-	1,997,637	1,512,189	485,448	-	1,997,637
- Satisfactory	54,105	144,801	-	198,906	54,105	144,801	-	198,906
- Special monitoring	-	11,071	7,598	18,669	-	11,071	7,598	18,669
- Default	-	-	41,639	41,639	-	-	41,639	41,639
Gross carrying amount	**1,566,294**	**641,320**	**49,237**	**2,256,851**	**1,566,294**	**641,320**	**49,237**	**2,256,851**
Credit loss allowance	(29,073)	(22,392)	(30,918)	(82,383)	(29,073)	(22,392)	(30,918)	(82,383)
Carrying amount	**1,537,221**	**618,928**	**18,319**	**2,174,468**	**1,537,221**	**618,928**	**18,319**	**2,174,468**
Business Banking Investment loans								
- Good	1,526,741	760,813	-	2,287,554	1,526,741	760,813	-	2,287,554
- Satisfactory	39,658	147,279	-	186,937	39,658	147,279	-	186,937
- Special monitoring	-	2,844	6,907	9,751	-	2,844	6,907	9,751
- Default	-	-	5,046	5,046	-	-	5,046	5,046
Gross carrying amount	**1,566,399**	**910,936**	**11,953**	**2,489,288**	**1,566,399**	**910,936**	**11,953**	**2,489,288**
Credit loss allowance	(42,839)	(56,009)	(9,786)	(108,634)	(42,839)	(56,009)	(9,786)	(108,634)
Carrying amount	**1,523,560**	**854,927**	**2,167**	**2,380,654**	**1,523,560**	**854,927**	**2,167**	**2,380,654**
Business Banking Revolving loans								
- Good	512,125	112,946	-	625,071	512,125	112,946	-	625,071
- Satisfactory	18,638	20,925	-	39,563	18,638	20,925	-	39,563
- Special monitoring	-	-	60,614	60,614	-	-	60,614	60,614
- Default	-	-	6,016	6,016	-	-	6,016	6,016
Gross carrying amount	**530,763**	**133,871**	**66,630**	**731,264**	**530,763**	**133,871**	**66,630**	**731,264**
Credit loss allowance	(9,497)	(7,338)	(66,368)	(83,203)	(9,497)	(7,338)	(66,368)	(83,203)
Carrying amount	**521,266**	**126,533**	**262**	**648,061**	**521,266**	**126,533**	**262**	**648,061**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and Advances to Customers (Continued)

The credit quality of loans to **Corporate and Business Banking** customers carried at amortised cost is as follows at **31 December 2021**:

	Group				Bank			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Corporate Investment loans								
- Good	2,180,622	434,667	-	2,615,289	2,180,622	434,667	-	2,615,289
- Satisfactory	-	35,939	-	35,939	-	35,939	-	35,939
- Special monitoring	-	-	21,819	21,819	-	-	21,819	21,819
- Default	-	-	47,149	47,149	-	-	47,149	47,149
Gross carrying amount	**2,180,622**	**470,606**	**68,968**	**2,720,196**	**2,180,622**	**470,606**	**68,968**	**2,720,196**
Credit loss allowance	(40,837)	(22,162)	(50,326)	(113,325)	(40,837)	(22,162)	(50,326)	(113,325)
Carrying amount	**2,139,785**	**448,444**	**18,642**	**2,606,871**	**2,139,785**	**448,444**	**18,642**	**2,606,871**
Corporate Working capital loans								
- Good	1,268,044	252,188	-	1,520,232	1,314,297	252,188	-	1,566,485
- Satisfactory	-	122,602	-	122,602	-	122,602	-	122,602
- Special monitoring	-	-	-	-	-	-	-	-
- Default	-	-	344,360	344,360	-	-	344,360	344,360
Gross carrying amount	**1,268,044**	**374,790**	**344,360**	**1,987,194**	**1,314,297**	**374,790**	**344,360**	**2,033,447**
Credit loss allowance	(21,036)	(37,480)	(342,928)	(401,444)	(21,712)	(37,480)	(342,928)	(402,120)
Carrying amount	**1,247,008**	**337,310**	**1,432**	**1,585,750**	**1,292,585**	**337,310**	**1,432**	**1,631,327**
Corporate Revolving loans								
- Good	4,132,963	74,455	-	4,207,418	4,132,963	74,455	-	4,207,418
- Satisfactory	-	103,679	-	103,679	-	103,679	-	103,679
- Special monitoring	-	-	108,555	108,555	-	-	108,555	108,555
Gross carrying amount	**4,132,963**	**178,134**	**108,555**	**4,419,652**	**4,132,963**	**178,134**	**108,555**	**4,419,652**
Credit loss allowance	(82,295)	(29,681)	(70,950)	(182,926)	(82,295)	(29,681)	(70,950)	(182,926)
Carrying amount	**4,050,668**	**148,453**	**37,605**	**4,236,726**	**4,050,668**	**148,453**	**37,605**	**4,236,726**
Other loans for legal entities								
- Good	742	-	-	742	-	-	-	-
- Satisfactory	-	361	-	361	-	-	-	-
- Default	-	-	50	50	-	-	-	-
Gross carrying amount	**742**	**361**	**50**	**1,153**	-	-	-	-
Credit loss allowance	(6)	(193)	(50)	(249)	-	-	-	-
Carrying amount	**736**	**168**	**-**	**904**	-	-	-	-
Business Banking Investment loans								
- Good	1,339,363	179,437	-	1,518,800	1,339,363	179,437	-	1,518,800
- Satisfactory	65,144	39,203	-	104,347	65,144	39,203	-	104,347
- Special monitoring	-	217	8,259	8,476	-	217	8,259	8,476
- Default	-	-	10,208	10,208	-	-	10,208	10,208
Gross carrying amount	**1,404,507**	**218,857**	**18,467**	**1,641,831**	**1,404,507**	**218,857**	**18,467**	**1,641,831**
Credit loss allowance	(14,534)	(9,154)	(11,498)	(35,186)	(14,534)	(9,154)	(11,498)	(35,186)
Carrying amount	**1,389,973**	**209,703**	**6,969**	**1,606,645**	**1,389,973**	**209,703**	**6,969**	**1,606,645**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and Advances to Customers (Continued)

	Group				Bank			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3**	**Total**	**Stage 1**	**Stage 2 (12-months ECL)**	**Stage 3 (lifetime ECL for SICR)**	**Total**
Business Banking Working Capital loans								
- Good	1,296,175	151,573	-	1,447,748	1,296,175	151,573	-	1,447,748
- Satisfactory	102,430	59,143	-	161,573	102,430	59,143	-	161,573
- Special monitoring	-	6,417	16,114	22,531	-	6,417	16,114	22,531
- Default	-	-	31,174	31,174	-	-	31,174	31,174
Gross carrying amount	**1,398,605**	**217,133**	**47,288**	**1,663,026**	**1,398,605**	**217,133**	**47,288**	**1,663,026**
Credit loss allowance	(23,175)	(7,610)	(30,299)	(61,084)	(23,175)	(7,610)	(30,299)	(61,084)
Carrying amount	**1,375,430**	**209,523**	**16,989**	**1,601,942**	**1,375,430**	**209,523**	**16,989**	**1,601,942**
Business Banking Revolving loans								
- Good	351,452	21,564	-	373,016	351,452	21,564	-	373,016
- Satisfactory	3,722	53,808	-	57,530	3,722	53,808	-	57,530
- Special monitoring	-	243	147	390	-	243	147	390
- Default	-	-	7,635	7,635	-	-	7,635	7,635
Gross carrying amount	**355,174**	**75,615**	**7,782**	**438,571**	**355,174**	**75,615**	**7,782**	**438,571**
Credit loss allowance	(4,573)	(10,776)	(7,372)	(22,721)	(4,573)	(10,776)	(7,372)	(22,721)
Carrying amount	**350,601**	**64,839**	**410**	**415,850**	**350,601**	**64,839**	**410**	**415,850**

The credit quality of loans to individuals carried at amortised cost is as follows at 31 December 2022:

	Group				Bank			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Mortgage loans								
- Good	3,038,590	724,347	-	3,762,937	3,038,590	724,347	-	3,762,937
- Satisfactory	13,609	43,027	-	56,636	13,609	43,027	-	56,636
- Special monitoring	-	20,286	7,459	27,745	-	20,286	7,459	27,745
- Default	-	-	29,497	29,497	-	-	29,497	29,497
Gross carrying amount	**3,052,199**	**787,660**	**36,956**	**3,876,815**	**3,052,199**	**787,660**	**36,956**	**3,876,815**
Credit loss allowance	(44,388)	(71,945)	(23,771)	(140,104)	(44,388)	(71,945)	(23,771)	(140,104)
Carrying amount	**3,007,811**	**715,715**	**13,185**	**3,736,711**	**3,007,811**	**715,715**	**13,185**	**3,736,711**
Consumer loans								
- Good	1,892,069	887,739	-	2,779,808	1,892,069	887,739	-	2,779,808
- Satisfactory	5,988	84,929	-	90,917	5,988	84,929	-	90,917
- Special monitoring	-	48,648	6,544	55,192	-	48,648	6,544	55,192
- Default	-	-	260,883	260,883	-	-	260,883	260,883
Gross carrying amount	**1,898,057**	**1,021,316**	**267,427**	**3,186,800**	**1,898,057**	**1,021,316**	**267,427**	**3,186,800**
Credit loss allowance	(48,877)	(80,578)	(218,267)	(347,722)	(48,877)	(80,578)	(218,267)	(347,722)
Carrying amount	**1,849,180**	**940,738**	**49,160**	**2,839,078**	**1,849,180**	**940,738**	**49,160**	**2,839,078**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

	Group							Bank
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Credit cards								
- Good	148,452	68,205	-	216,657	148,452	68,205	-	216,657
- Satisfactory	2,428	9,932	-	12,360	2,428	9,932	-	12,360
- Special monitoring	-	4,634	168	5,472	-	4,634	168	5,472
- Default	-	-	13,717	13,717	-	-	13,717	13,717
Gross carrying amount	**150,880**	**82,771**	**13,885**	**247,536**	**150,880**	**82,771**	**13,885**	**247,536**
Credit loss allowance	(1,988)	(4,632)	(11,275)	(17,895)	(1,988)	(4,632)	(11,275)	(17,895)
Carrying amount	**148,892**	**78,139**	**2,610**	**229,641**	**148,892**	**78,139**	**2,610**	**229,641**
Other loans to individuals								
- Good	11,381	-	-	11,381	-	-	-	-
- Satisfactory	-	91	-	91	-	-	-	-
- Default	-	-	956	956	-	-	-	-
Gross carrying amount	**11,381**	**91**	**956**	**12,428**	-	-	-	-
Credit loss allowance	(64)	(18)	(324)	(406)	-	-	-	-
Carrying amount	**11,317**	**73**	**632**	**12,022**	-	-	-	-

The credit quality of loans to individuals carried at amortised cost is as follows at 31 December 2021:

	Group							Bank
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Mortgage loans								
- Good	2,993,208	367,266	-	3,360,474	2,993,208	367,266	-	3,360,474
- Satisfactory	10,683	58,557	-	69,240	10,683	58,557	-	69,240
- Special monitoring	-	27,897	12,172	40,069	-	27,897	12,172	40,069
- Default	-	-	25,585	25,585	-	-	25,585	25,585
Gross carrying amount	**3,003,891**	**453,720**	**37,757**	**3,495,368**	**3,003,891**	**453,720**	**37,757**	**3,495,368**
Credit loss allowance	(15,254)	(21,574)	(21,897)	(58,725)	(15,254)	(21,574)	(21,897)	(58,725)
Carrying amount	**2,988,637**	**432,146**	**15,860**	**3,436,643**	**2,988,637**	**432,146**	**15,860**	**3,436,643**
Consumer loans								
- Good	2,517,002	274,375	-	2,791,377	2,517,002	274,375	-	2,791,377
- Satisfactory	7,229	79,223	-	86,452	7,229	79,223	-	86,452
- Special monitoring	-	35,004	3,713	38,717	-	35,004	3,713	38,717
- Default	-	-	169,810	169,810	-	-	169,810	169,810
Gross carrying amount	**2,524,231**	**388,602**	**173,523**	**3,086,356**	**2,524,231**	**388,602**	**173,523**	**3,086,356**
Credit loss allowance	(26,494)	(22,595)	(146,073)	(195,162)	(26,494)	(22,595)	(146,073)	(195,162)
Carrying amount	**2,497,737**	**366,007**	**27,450**	**2,891,194**	**2,497,737**	**366,007**	**27,450**	**2,891,194**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

	Group				Bank			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit impaired)**	**Total**
Credit cards								
- Good	170,928	63,089	-	234,017	170,928	63,089	-	234,017
- Satisfactory	240	8,898	-	9,138	240	8,898	-	9,138
- Special monitoring	-	2,648	91	2 739	-	2,648	91	2 739
- Default	-	-	15,865	15,865	-	-	15,865	15,865
Gross carrying amount	**171,168**	**74,635**	**15,956**	**261,759**	**171,168**	**74,635**	**15,956**	**261,759**
Credit loss allowance	(3,536)	(6,270)	(14,638)	(24,444)	(3,536)	(6,270)	(14,638)	(24,444)
Carrying amount	**167,632**	**68,365**	**1,318**	**237,315**	**167,632**	**68,365**	**1,318**	**237,315**
Other loans to individuals								
- Good	6,519	-	-	6,519	-	-	-	-
- Satisfactory	-	347	-	347	-	-	-	-
- Default	-	-	777	777	-	-	-	-
Gross carrying amount	**6,519**	**347**	**777**	**7,643**	-	-	-	-
Credit loss allowance	(121)	(124)	(49)	(294)	-	-	-	-
Carrying amount	**6,398**	**223**	**728**	**7,349**	**-**	**-**	**-**	**-**

For the description of the credit risk grading used in the tables above refer to Note 40.

Economic sector risk concentrations within the customer loan portfolio are as follows:

	Group				Bank			
	31 December 2022		**31 December 2021**		**31 December 2022**		**31 December 2021**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Individuals	7,478,782	32.9%	7,002,516	35.5%	7,466,379	32.6%	6,994,873	35.4%
Trade	5,616,909	24.7%	4,857,560	24.6%	5,616,556	24.6%	4,857,560	24.6%
Agricultural	2,776,563	12.2%	2,085,488	10.6%	2,776,563	12.2%	2,085,488	10.6%
Manufacturing	2,580,419	11.4%	1,776,722	9.0%	2,580,419	11.3%	1,776,722	9.0%
Construction	813,117	3.6%	487,978	2.5%	809,903	3.6%	487,978	2.5%
Other	715,189	3.2%	1,312,918	6.7%	712,595	3.1%	1,358,018	6.8%
Transport	519,106	2.3%	446,810	2.3%	518,686	2.3%	446,810	2.3%
Real Estate	493,424	2.2%	561,302	2.8%	493,424	2.2%	561,302	2.8%
Cities and municipalities	432,144	1.9%	351,922	1.8%	432,144	1.9%	351,922	1.8%
Energy production or distribution	383,435	1.7%	-	-	383,435	1.7%	-	0.0%
Financial organizations	235,484	1.0%	-	-	373,891	1.6%	-	0.0%
Telecommunication	332,295	1.5%	-	-	332,295	1.5%	-	0.0%
Chemical Industry	309,655	1.4%	501,688	2.5%	309,655	1.4%	501,688	2.5%
Mining industry	-	0.0%	337,845	1.7%	-	0.0%	337,845	1.7%
Total loans and advances to customers (gross carrying amount)	**22,686,522**	**100%**	**19,722,749**	**100%**	**22,805,945**	**100%**	**19,760,206**	**100%**

State and public organisations exclude government owned profit orientated businesses.

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

The Group's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Group since the prior period.

Description of collateral held for loans to Corporate customers carried at amortised cost is as follows at 31 December 2022:

	Group				Bank			
	Investment loans	Working capital	Revolving loans	Total	Investment loans	Working capital	Revolving loans	Total
Loans collateralised by:								
- residential real estate	73,897	81,978	101,926	257,801	73,897	79,674	101,926	255,497
- other real estate	1,299,613	718,837	1,911,238	3,929,688	1,296,733	718,837	1,911,238	3,926,808
- tradable securities	149,027	1,570	65,634	216,231	149,027	41,794	65,634	256,455
- cash deposits	-	907	83,311	84,218	-	907	83,311	84,218
- other assets	529,777	547,824	2,355,076	3,432,677	529,334	547,824	2,355,076	3,432,234
Total	**2,052,314**	**1,351,116**	**4,517,185**	**7,920,615**	**2,048,991**	**1,389,036**	**4,517,185**	**7,955,212**
Unsecured exposures	528,801	305,898	635,921	1,470,620	528,801	401,010	635,921	1,565,732
Total carrying value loans and advances to customers	**2,581,115**	**1,657,014**	**5,153,106**	**9,391,235**	**2,577,792**	**1,790,046**	**5,153,106**	**9,520,944**

Description of collateral held for loans to Business Banking customers carried at amortised cost is as follows at 31 December 2022:

	Group				Bank			
	Investment loans	Working capital	Revolving loans	Total	Investment loans	Working capital	Revolving loans	Total
Loans collateralised by:								
- residential real estate	120,747	101,178	42,248	264,173	120,747	101,178	42,248	264,173
- other real estate	829,924	326,604	262,067	1,418,595	829,924	326,604	262,067	1,418,595
- cash deposits	2,130	2,184	1,966	6,280	2,130	2,184	1,966	6,280
- other assets	1,016,039	438,108	230,210	1,684,357	1,016,039	438,108	230,210	1,684,357
Total	1,968,840	868,074	536,491	3,373,405	1,968,840	868,074	536,491	3,373,405
Unsecured exposures	411,814	1,306,394	111,570	1,829,778	411,814	1,306,394	111,570	1,829,778
Total carrying value loans and advances to customers	**2,380,654**	**2,174,468**	**648,061**	**5,203,183**	**2,380,654**	**2,174,468**	**648,061**	**5,203,183**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Description of collateral held for loans to individuals carried at amortised cost is as follows at 31 December 2022:

	Group				Bank			
	Consumer loans	**Mortgage loans**	**Credit cards**	**Total**	**Consumer loans**	**Mortgage loans**	**Credit cards**	**Total**
Loans collateralised by:								
- residential real estate	1,931	3,436,300	129	3,438,360	1,931	3,428,046	129	3,430,106
- other real estate	110	85,324	98	85,532	110	82,388	98	82,596
- cash deposits	-	30	2	32	-	30	2	32
- other assets	2,026	54,771	-	56,797	1,194	54,771	-	55,965
Total	**4,067**	**3,576,425**	**229**	**3,580,721**	**3,235**	**3,565,235**	**229**	**3,568,699**
Unsecured exposures	2,835,843	171,476	229,412	3,236,731	2,835,843	171,476	229,412	3,236,731
Total carrying value loans and advances to customers	**2,839,910**	**3,747,901**	**229,641**	**6,817,452**	**2,839,078**	**3,736,711**	**229,641**	**6,805,430**

Information about collateral for loans to Corporate customers is as follows at 31 December 2021:

	Group				Bank			
	Investment loans	**Working capital**	**Revolving lines**	**Total**	**Investment loans**	**Working capital**	**Revolving lines**	**Total**
Loans collateralised by:								
- residential real estate	43,008	94,701	50,021	187,730	43,008	94,701	50,021	187,730
- other real estate	764,230	1,333,827	1,571,718	3,669,775	764,230	1,333,827	1,571,718	3,669,775
- tradable securities	2,751	139,735	35,609	178,095	2,751	139,735	35,609	178,095
- cash deposits	-	-	5,456	5,456	-	-	5,456	5,456
- other assets	578,627	643,245	2,097,157	3,319,029	577,723	643,245	2,097,157	3,318,125
Total	**1,388,616**	**2,211,508**	**3,759,961**	**7,360,085**	**1,387,712**	**2,211,508**	**3,759,961**	**7,359,181**
Unsecured exposures	**198,039**	395,363	476,765	1,070,167	243,615	395,363	476,765	1,115,743
Total carrying value loans and advances to customers	**1,586,655**	**2,606,871**	**4,236,726**	**8,430,252**	**1,631,327**	**2,606,871**	**4,236,726**	**8,474,924**

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

Information about collateral for loans to Business Banking customers is as follows at 31 December 2021:

	Group				Bank			
	Investment loans	Working capital	Revolving lines	Total	Investment loans	Working capital	Revolving lines	Total
Loans collateralised by:								
- residential real estate	129,107	135,549	35,159	299,815	129,107	135,549	35,159	299,815
- other real estate	300,008	727,790	213,888	1,241,686	300,008	727,790	213,888	1,241,686
-cash deposits	1,190	1,088	-	2,278	1,190	1,088	-	2,278
- other assets	312,182	594,531	150,578	1,057,291	312,182	594,531	150,578	1,057,291
Total	**742,487**	**1,458,958**	**399,625**	**2,601,070**	**742,487**	**1,458,958**	**399,625**	**2,601,070**
Unsecured exposures	859,455	147,687	16,225	1,023,367	859,455	147,687	16,225	1,023,367
Total carrying value loans and advances to customers	**1,601,942**	**1,606,645**	**415,850**	**3,624,437**	**1,601,942**	**1,606,645**	**415,850**	**3,624,437**

Information about collateral of loans to individuals carried at amortised cost is as follows at 31 December 2021:

	Group				Bank			
	Consumer loans	Mortgage loans	Credit cards	Total	Consumer loans	Mortgage loans	Credit cards	Total
Loans collateralised by:								
- residential real estate	5,978	3,121,175	396	3,127,549	5,978	3,116,509	396	3,122,883
- other real estate	842	88,720	95	89,657	842	86,945	95	87,882
- cash deposits	-	-	55	55	-	-	55	55
- other assets	1,680	59,853	-	61,533	795	59,853	-	60,648
Total	**8,500**	**3,269,748**	**546**	**3,278,794**	**7,615**	**3,263,307**	**546**	**3,271,468**
Unsecured exposures	2,883,602	173,336	236,769	3,293,707	2,883,579	173,336	236,769	3,293,684
Total carrying value	**2,892,102**	**3,443,084**	**237,315**	**6,572,501**	**2,891,194**	**3,436,643**	**237,315**	**6,565,152**

Other assets mainly include equipment and receivables. The disclosure above represents the lower of the carrying value of the loan or collateral taken; the remaining part is disclosed within the unsecured exposures. The carrying value of loans was allocated based on liquidity of the assets taken as collateral.

The extent to which collateral and other credit enhancements mitigate credit risk for financial assets carried at amortised cost that are credit impaired, is presented by disclosing collateral values separately for (i) those assets where collateral and other credit enhancements are equal to or exceed carrying value of the asset ("over-collateralised assets") and (ii) those assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets").

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

The effect of collateral on credit impaired assets at 31 December 2022 is as follows:

	Group				Bank			
	Over-collateralised assets		Under-collateralised assets		Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Credit impaired assets:								
Loans to Corporate customers carried at AC								
Investment loans	3,032	24,835	6,154	20,790	3,032	24,835	6,154	20,790
Working capital loans	12,137	102,173	29,966	100,207	12,137	102,173	29,966	100,207
Revolving loans	-	-	285	1,750	-	-	285	1,750
Loans to Business Banking customers carried at AC								
Investment loans	1,668	29,508	498	805	1,668	29,508	498	805
Working capital loans	9,866	46,783	8,455	765	9,866	46,783	8,455	765
Revolving loans	262	77,571	-	4,024	262	77,571	-	4,024
Loans to individuals carried at AC								
Mortgage loans	11,518	49,258	1,667	4,539	11,518	49,258	1,667	4,539
Consumer loans	1	40	49,158	315	1	40	49,158	315
Credit cards	2,580	-	31	-	2,580	-	31	-

The effect of collateral on credit impaired assets at 31 December 2021 is as follows:

	Group				Bank			
	Over-collateralised assets		Under-collateralised assets		Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Credit impaired assets:								
Loans to Corporate customers carried at AC								
Investment loans	1,429	463,713	-	-	1,429	463,713	-	-
Working capital loans	11,385	114,550	7,256	20,747	11,385	114,550	7,256	20,747
Revolving loans	-	-	37,605	102,000	-	-	37,605	102,000
Loans to Business Banking customers carried at AC								
Investment loans	12,109	50,130	4,882	1,001	12,109	50,130	4,882	1,001
Working capital loans	5,805	48,056	1,165	399	5,805	48,056	1,165	399
Revolving loans	411	11,989	-	-	411	11,989	-	-
Loans to individuals carried at AC								
Mortgage loans	14,786	60,157	1,074	5,892	14,786	60,157	1,074	5,892
Consumer loans	-	-	27,450	309	-	-	27,450	309
Credit cards	1,296	-	21	-	1,296	-	21	-

(All amounts are expressed in thousands MDL, if not stated otherwise)

12 Loans and advances to customers (continued)

The Group and Bank obtains collateral valuation at the time of granting loans and generally updates depending on the significance of the loan exposure. The values of collateral considered in this disclosure are the values established in collateral agreements.

The outstanding contractual amounts of loans and advances to customers written off that are still subject to enforcement activity was as follows at 31 December 2022 and 31 December 2021:

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Loans to legal entities	279,201	302,062	279,201	302,062
Loans to individuals	51,010	23,098	51,010	23,098
Total	**330,211**	**325,160**	**330,211**	**325,160**

The Group's policy is to complete legal enforcement steps that were initiated even though the loans were written off as there is no reasonable expectation of recovery.

13 Finance lease receivables

The Group acts as a lessor under finance lease agreements, concluded mainly for financing vehicles, commercial, industrial, agricultural and office equipment. The lease agreements are denominated in EUR, USD and MDL and typically run for a period between 2 and 5 years, with the transfer of ownership over the leased assets upon the termination of the lease agreement. The lease receivables are secured by the underlying assets and by other collateral.

The table below presents the structure of lease receivables:

	31 December 2022	31 December 2021
Legal entities	133,208	82,771
Individuals	157,994	154,996
Gross carrying amount finance lease receivables	**291,202**	**237,767**
Less: total credit loss allowances of finance lease receivables, including:	(19,241)	(21,000)
- Credit loss allowances - lease receivables legal entities	(4,224)	(12,121)
- Credit loss allowances - lease receivables individuals	(15,017)	(8,879)
Carrying amount finance lease receivables	**271,961**	**216,767**

Gross carrying amount in finance lease receivables and credit loss allowance amount for investment in finance lease receivables at AC by classes at 31 December 2022 and 31 December 2021 are disclosed in the table below:

	31 December 2022			31 December 2021		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Lease receivable from legal entities	**133,208**	**(4,224)**	**128,984**	**82,771**	**(12,121)**	**70,650**
-vehicles	124,041	(3,103)	120,938	73,880	(6,933)	66,947
-equipment	9,167	(1,121)	8,046	7,456	(5,121)	2,335
-real estate	-	-	-	1,435	(67)	1,368
Lease receivable from individuals	**157,994**	**(15,017)**	**142,977**	**154,996**	**(8,879)**	**146,117**
-vehicles	143,551	(1,455)	142,096	140,227	(7,698)	132,529
-real estate	14,443	(13,562)	881	14,769	(1,181)	13,588
Total lease receivable to customers at AC	**291,202**	**(19,241)**	**271,961**	**237,767**	**(21,000)**	**216,767**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

The following tables disclose the changes in the credit loss allowance and gross carrying amount for finance lease receivables carried at amortised cost between the beginning and the end of the reporting and comparative periods, considering movements recorded overall over one-year period:

	Gross carrying amount				Credit loss allowance			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Legal entities								
At 31 December 2021	**67,778**	**1,996**	**12,997**	**82,771**	**(262)**	**(524)**	**(11,335)**	**(12,121)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	86,685	10,021	-	96,706	(260)	(2,484)	-	(2,744)
Decrease due to derecognition	(17,173)	(1,329)	(1,952)	(20,454)	73	378	584	1,035
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(4,044)	2,183	-	(1,861)	22	(432)	-	(410)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	174	(340)	-	(166)	(1)	94	-	93
Other movements	(15,582)	(309)	-	(15,891)	54	(52)	(97)	(95)
Total movements with impact on credit loss allowance charge for the period	**50,060**	**10,226**	**(1,952)**	**58,334**	**(112)**	**(2,496)**	**487**	**(2,121)**
Write-offs	-	-	(9,930)	(9,930)	-	-	9,930	9,930
Difference on exchange rate	1,791	230	12	2,033	8	61	19	88
At 31 December 2022	**119,629**	**12,452**	**1,127**	**133,208**	**(366)**	**(2,959)**	**(899)**	**(4,224)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

	Gross carrying amount				Credit loss allowance			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Legal entities								
At 1 January 2021	**45,089**	**3,878**	**15,062**	**64,029**	**(200)**	**(425)**	**(9,921)**	**(10,546)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	47,697	948	-	48,645	(176)	(399)	-	(575)
Decrease due to derecognition	(11,947)	(1,740)	(1,715)	(15,402)	71	149	624	844
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(940)	538	-	(402)	9	(108)	-	(99)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(31)	(283)	316	2	-	81	(164)	(83)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	663	(1,039)	(135)	(511)	(2)	188	75	261
Other movements	(9,503)	(203)	(1)	(9,707)	29	(24)	(2,256)	(2,251)
Total movements with impact on credit loss allowance charge for the period	**25,939**	**(1,779)**	**(1,535)**	**22,625**	**(69)**	**(113)**	**(1,721)**	**(1,903)**
Difference on exchange rate	(3,250)	(103)	(530)	(3,883)	7	14	307	328
At 31 December 2021	**67,778**	**1,996**	**12,997**	**82,771**	**(262)**	**(524)**	**(11,335)**	**(12,121)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

	Gross carrying amount				Credit loss allowance			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit im-paired)	Total
Individuals								
At 31 December 2021	**125,907**	**7,117**	**21,972**	**154,996**	**(334)**	**(1,232)**	**(7,313)**	**(8,879)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	79,394	366	-	79,760	(204)	(90)	-	(294)
Decrease due to derecognition	(39,738)	(3,050)	(1,144)	(43,932)	102	467	233	802
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(3,730)	2,952	-	(778)	9	(612)	-	(603)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(158)	(709)	678	(189)	1	121	(187)	(65)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	865	(1,190)	(193)	(518)	(4)	412	74	482
Other movements	(26,552)	(795)	(16)	(27,363)	42	56	(12,778)	(12,680)
Total movements with impact on credit loss allowance charge for the period	**10,081**	**(2,426)**	**(675)**	**6,980**	**(54)**	**354**	**(12,658)**	**(12,358)**
Write-offs	-	-	(6,157)	(6,157)	-	-	6,157	6,157
Difference on exchange rate	2,064	88	23	2,175	1	4	58	63
At 31 December 2022	**138,052**	**4,779**	**15,163**	**157,994**	**(387)**	**(874)**	**(13,756)**	**(15,017)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

	Gross carrying amount				Credit loss allowance			
	Stage 1 (12-months ECL)	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**	**Stage 1 (12-months ECL)**	**Stage 2 (lifetime ECL for SICR)**	**Stage 3 (lifetime ECL for credit im-paired)**	**Total**
Individuals								
At 1 January 2021	**87,023**	**8,803**	**25,297**	**121,123**	**(224)**	**(639)**	**(7,657)**	**(8,520)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	84,727	1,807	329	86,863	(220)	(469)	(111)	(800)
Decrease due to derecognition	(11,947)	(1,740)	(1,715)	(15,402)	65	351	1,345	1,761
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(3,111)	2,425	-	(686)	13	(620)	-	(607)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	-	(231)	50	(181)	-	11	(8)	3
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	502	(475)	-	27	(1)	105	-	104
- to credit-impaired (from Stage 3 to Stage 1)	-	288	(598)	(310)	-	(274)	172	(102)
Other movements	(24,977)	(3,398)	(1,032)	(29,407)	23	266	(1,272)	(983)
Total movements with impact on credit loss allowance charge for the period	**45,194**	**(1,324)**	**(2,966)**	**40,904**	**(120)**	**(630)**	**126**	**(624)**
Difference on exchange rate	(6,310)	(362)	(359)	(7,031)	10	37	218	265
At 31 December 2021	**125,907**	**7,117**	**21,972**	**154,996**	**(334)**	**(1,232)**	**(7,313)**	**(8,879)**

Transfers presented above resulted in change of ECL depending on the stage in which the loans were transferred. Repayments of lease receivable are included in the line "Other movements" presented above.

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

The credit quality of finance lease receivables carried at amortised cost is as follows at 31 December 2022:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Legal entities				
- Good	119,631	11,783	-	131,414
- Satisfactory	-	670	-	670
- Default	-	-	1,124	1,124
Gross carrying amount	**119,631**	**12,453**	**1,124**	**133,208**
Credit loss allowance	(367)	(2,958)	(899)	(4,224)
Carrying amount	**119,264**	**9,495**	**225**	**128,984**
Individuals				
- Good	138,052	886	-	138,938
- Satisfactory	-	3,893	-	3,893
- Special monitoring	-	-	163	163
- Default	-	-	15,000	15,000
Gross carrying amount	**138,052**	**4,779**	**15,163**	**157,994**
Credit loss allowance	(387)	(874)	(13,756)	(15,017)
Carrying amount	**137,665**	**3,905**	**1,407**	**142,977**

The credit quality of lease receivables carried at amortised cost is as follows at 31 December 2021 is as follows:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Legal entities				
- Good	67,780	622	-	68,402
- Satisfactory	-	699	-	699
- Default	-	676	12,994	13,670
Gross carrying amount	**67,780**	**1,997**	**12,994**	**82,771**
Credit loss allowance	(260)	(524)	(11,337)	(12,121)
Carrying amount	**67,520**	**1,473**	**1,657**	**70,650**
Individuals				
- Good	125,907	2,988	-	128,895
- Satisfactory	-	3,298	-	3,298
- Special monitoring	-	-	473	473
- Default	-	831	21,499	22,330
Gross carrying amount	**125,907**	**7,117**	**21,972**	**154,996**
Credit loss allowance	(334)	(1,232)	(7,313)	(8,879)
Carrying amount	**125,573**	**5,885**	**14,659**	**146,117**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

The lease contracts are originated and managed by **maib leasing**. The concentration risk in economic sectors for customers' lease receivables portfolio during 2022 – 2021 is presented below:

31 December 2022	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Individuals	138,052	4,779	15,163	157,994
Legal entities:				
Industry and construction	41,767	4,501	297	46,565
Trade	41,442	174	18	41,634
Services	26,058	507	809	27,374
Agriculture	-	7,270	-	7,270
Transport	10,365	-	-	10,365
Gross carrying amount finance lease receivables	**257,684**	**17,231**	**16,287**	**291,202**
Credit loss allowance	(754)	(3,832)	(14,655)	(19,241)
Carrying amount finance leases receivables	**256,930**	**13,399**	**1,632**	**271,961**

31 December 2021	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Individuals	126,231	7,117	21,972	155,320
Legal entities:				
Industry and construction	11,663	272	3,551	15,486
Trade	24,386	992	2,062	27,440
Services	22,523	544	4,493	27,560
Agriculture	3,940	188	331	4,459
Transport	4,945	-	2,557	7,502
Gross carrying amount finance lease receivables	**193,688**	**9,113**	**34,966**	**237,767**
Credit loss allowance	(595)	(1,756)	(18,649)	(21,000)
Carrying amount finance leases receivables	**193,093**	**7,357**	**16,317**	**216,767**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

The financial effect of collateral at 31 December 2022 and 31 December 2021:

	31 December 2022				31 December 2021			
	Over-collateralised assets		Under-collateralised assets		Over-collateralised assets		Under-collateralised assets	
	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral	Carrying value of the assets	Value of collateral
Lease receivable from legal entities:	**101,051**	**163,298**	**27,933**	**24,772**	**58,358**	**102,398**	**12,292**	**11,152**
-vehicles	96,154	156,498	24,784	22,052	55,778	98,598	11,169	10,240
-equipment	4,897	6,800	3,149	2,720	1,212	2,432	1,123	912
-real estate	-	-	-	-	1,368	1,368	-	-
***Lease receivable from individuals*:**	**124,658**	**226,252**	**18,319**	**16,479**	**131,309**	**216,919**	**14,808**	**13,274**
-vehicles	123,777	225,371	18,319	16,479	117,720	199,211	14,808	13,274
-real estate	881	881	-	-	13,589	17,708	-	-
Total	**225,709**	**389,550**	**46,252**	**41,251**	**189,667**	**319,317**	**27,100**	**24,426**

(All amounts are expressed in thousands MDL, if not stated otherwise)

13 Finance lease receivables (continued)

The maturity analysis of the finance lease payments receivable is as follows:

	2022	2021
1 year	135,797	121,131
2 years	90,441	67,096
3 years	63,563	48,658
4 years	31,877	24,817
5 years	11,278	5,991
Total undiscounted finance lease payments receivable at 31 December	**332,956**	**267,693**
Unearned finance income	**(41,754)**	**(29,925)**
Allowance for expected credit losses	(19,241)	(21,001)
Finance lease receivable at 31 December	**271,961**	**216,767**

14 Investment property

Group	**Land**	**Rented properties**	**Total**
As at 1 January 2021			
Net carrying amount	**35,327**	**37,212**	**72,539**
Disposal	(14,940)	(22,134)	(37,074)
Revaluation	(2,514)	(392)	(2,906)
As at 31 December 2021			
Net carrying amount	**17,873**	**14,686**	**32,559**
Disposal	(434)	(4,835)	(5,269)
Revaluation	1,066	(467)	599
As at 31 December 2022			
Net carrying amount	**18,505**	**9,384**	**27,889**

The land with undetermined purpose represents agricultural land located in village Danceni and village Ialoveni repossessed from contracts for sale on credit for which the Group decided to keep them for capital appreciation.

The investment property is reflected at its fair value. In 2022 the rental income earned from such properties was MDL 330 thousand (2021: MDL 572 thousand), see Note 43.

(All amounts are expressed in thousands MDL, if not stated otherwise)

14 Investment property (continued)

The future undiscounted minimum lease payments receivable under non-cancellable operating leases are as follows:

Group	31 December 2022	31 December 2021
Not later than 1 year	423	316
Later than 1 year and not later than 2 years	272	256
Later than 2 years and not later than 3 years	68	256
Later than 3 years and not later than 4 years	-	78
Total future operating lease payments receivable	**763**	**906**

15 Investments in subsidiaries

	Ownership at 31 December 2022 (%)	Ownership at 31 December 2021 (%)	31 December 2022	31 December 2021
MAIB-Leasing SA	100%	100%	163,452	163,452
Moldmediacard SRL	99%	99%	11,522	11,522
Gross carrying amount			**174,974**	**174,974**
Less: provision for impairment			(35,305)	(35,305)
Total			**139,669**	**139,669**

The provision for impairment for the investment in subsidiaries was maintained at the same level of MDL 35,305 thousand, as there were no significant changes in the activity of **maib leasing**. Also there were no changes in ownership in 2022 as compared to 2021.

16 Other financial assets

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Receivables from transactions with payment cards	87,130	12,802	87,130	12,802
Other amounts in settlement	25,331	11,119	25,331	11,119
Other financial assets	16,449	20,193	5,528	2,474
Fees calculated not related to interest	16,365	16,562	16,365	16,562
Receivables related to cancelled finance lease agreements	2,492	42,086	-	-
Other commission	1,019	804	1,019	804
Receivables from insurance companies	-	1,167	-	-
Total gross carrying amount	**148,786**	**104,733**	**135,373**	**43,761**
Less credit loss allowance	(15,628)	(60,720)	(13,835)	(12,273)
Total other financial assets	**133,158**	**44,013**	**121,538**	**31,488**

Receivables related to cancelled finance lease agreements represent the amounts that have to be recovered from lease contracts for which the contract was terminated by the Group.

(All amounts are expressed in thousands MDL, if not stated otherwise)

16 Other financial assets (continued)

Gross carrying amount and credit loss allowance amount for other financial assets by classes at 31 December 2022 and 31 December 2021 are disclosed in the table below:

	Group						Bank					
	31 December 2022			31 December 2021			31 December 2022			31 December 2021		
	Gross carrying amount	**Credit loss allowance**	**Total**	**Gross carrying amount**	**Credit loss allowance**	**Total**	**Gross carrying amount**	**Credit loss allowance**	**Total**	**Gross carrying amount**	**Credit loss allowance**	**Total**
Receivables from transactions with payment cards	87,130	(386)	86,744	12,802	(201)	12,601	87,130	(386)	86,744	12,802	(201)	12,601
Other amounts in settlement	25,331	-	25,331	11,119	-	11,119	25,331	-	25,331	11,119	-	11,119
Other financial assets	16,449	(3,798)	12,651	20,193	(8,899)	11,294	5,528	(3,239)	2,289	2,474	(1,908)	566
Fees calculated not related to interest	16,365	(10,210)	6,155	16,562	(10,164)	6,398	16,365	(10,210)	6,155	16,562	(10,164)	6,398
Receivables related to cancelled finance lease agreements	2,492	(1,234)	1,258	42,086	(40,289)	1,797	-	-	-	-	-	-
Other commission	1,019	-	1,019	804	-	804	1,019		1,019	804	-	804
Receivables from insurance companies	-	-	-	1,167	(1,167)	-	-	-	-	-	-	-
Total	**148,786**	**(15,628)**	**133,158**	**104,733**	**(60,720)**	**44,013**	**135,373**	**(13,835)**	**121,538**	**43,761**	**(12,273)**	**31,488**

(All amounts are expressed in thousands MDL, if not stated otherwise)

17 Other assets

	Group			Bank
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Prepayments for premises and equipment and intangible assets	145,122	122,993	145,122	122,993
Prepaid expenses	34,596	22,372	34,465	21,927
Inventory and low value materials	34,422	10,663	34,069	9,442
Other non-financial assets	30,410	23,107	25,775	20,325
Other amounts in settlement	8,608	9,107	8,608	9,107
Foreclosed collateral	989	6,468	-	-
Personnel receivable	956	451	956	451
Other sundry debitors	53	74	-	-
Total gross carrying amount	**255,156**	**195,235**	**248,995**	**184,245**
Less: impairment	(37,513)	(30,425)	(37,511)	(24,936)
Total other assets	**217,643**	**164,810**	**211,484**	**159,309**

The movement in the impairment charge for other assets for the year 2022 and 2021 is presented below:

	Group			Bank
	2022	2021	2022	2021
At 1 January	**(30,425)**	**(28,018)**	**(24,936)**	**(22,838)**
Impairment charge to profit or loss	(7,088)	(2,407)	(12,575)	(2,098)
At 31 December	**(37,513)**	**(30,425)**	**(37,511)**	**(24,936)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

18 Premises and equipment

Group	Land (revalued)	Buildings (revalued)	Furniture and equipment	Vehicles	Other assets	Assets under construction	Total
At 1 January 2021							
Cost/revalued amount	168,174	516,352	676,902	42,522	43,444	551,469	1,998,863
Accumulated depreciation	-	(204,793)	(510,977)	(23,903)	(33,611)	-	(773,284)
Carrying amount at 1 January 2021	**168,174**	**311,559**	**165,925**	**18,619**	**9,833**	**551,469**	**1,225,579**
Additions	-	-	1,370	350	-	283,202	284,922
Transfers	-	16,903	57,834	3,739	10,708	(90,205)	(1,021)
Disposal - cost amount	-	(209,321)	(58,171)	(1,366)	(1,514)	-	(270,372)
Disposal – accumulated amortization	-	208,703	57,506	1,267	1,513	-	268,989
Revaluations	25,799	(27,745)	-	-	-	-	(1,946)
Depreciation charge	-	(5,830)	(37,424)	(4,376)	(4,597)	-	(52,227)
At 31 December 2021							
Cost/revalued amount	193,973	296,189	677,935	45,245	52,638	744,466	2,010,446
Accumulated depreciation	-	(1,920)	(490,895)	(27,012)	(36,695)	-	(556,522)
Carrying amount at 31 December 2021	**193,973**	**294,269**	**187,040**	**18,233**	**15,943**	**744,466**	**1,453,924**
Additions	-	-	1,714	509	-	428,027	430,250
Transfers	-	26,186	84,377	8,114	18,754	(137,431)	-
Disposal - cost amount	(290)	(308)	(74,269)	(2,016)	(2,322)	-	(79,205)
Disposal – accumulated amortization	-	8	73,930	1,479	2,104	-	77,521
Revaluations	5	(265)	-	-	-	-	(260)
Depreciation charge	-	(6,640)	(46,978)	(4,733)	(7,921)	-	(66,272)
At 31 December 2022							
Cost/revalued amount	193,688	321,802	689,757	51,852	69,070	1,035,062	2,361,231
Accumulated depreciation	-	(8,552)	(463,943)	(30,266)	(42,512)	-	(545,273)
Carrying amount at 31 December 2022	**193,688**	**313,250**	**225,814**	**21,586**	**26,558**	**1,035,062**	**1,815,958**

Disposals mainly represent write-offs of fully depreciated furniture and equipment.

(All amounts are expressed in thousands MDL, if not stated otherwise)

18 Premises and equipment (continued)

Bank	Land (revalued)	Buildings (revalued)	Furniture and equipment	Vehicles	Other assets	Assets under construction	Total
At 1 January 2021							
Cost/revalued amount	167,889	512,040	665,770	40,286	43,069	550,449	1,979,503
Accumulated depreciation	-	(202,873)	(501,577)	(22,776)	(33,237)	-	(760,463)
Carrying amount at 1 January 2021	**167,889**	**309,167**	**164,193**	**17,510**	**9,832**	**550,449**	**1,219,040**
Additions	-	-	-	-	-	283,202	283,202
Transfers	-	16,903	57,834	3,739	10,708	(89,184)	-
Disposal - cost amount	-	(209,321)	(58,142)	(1,258)	(1,471)	-	(270,192)
Disposal – accumulated amortization	-	208,703	57,477	1,159	1,471	-	268,810
Revaluation	25,769	(27,944)	-	-	-	-	(2,175)
Depreciation charge	-	(5,830)	(35,984)	(4,089)	(4,588)	-	(50,491)
At 31 December 2021							
Cost/revalued amount	193,658	291,678	665,462	42,767	52,306	744,467	1,990,338
Accumulated depreciation	-	-	(480,084)	(25,706)	(36,354)	-	(542,144)
Carrying amount at 31 December 2021	**193,658**	**291,678**	**185,378**	**17,061**	**15,952**	**744,467**	**1,448,194**
Additions	-	-	-	-	-	428,027	428,027
Transfers	-	26,186	84,377	8,114	18,754	(137,431)	-
Disposal - cost amount	(290)	(308)	(73,598)	(1,522)	(2,322)	-	(78,040)
Disposal – accumulated amortization	-	8	73,263	985	2,104	-	76,360
Disposal - revaluation	10	(57)	-	-	-	-	(47)
Depreciation charge	-	(6,682)	(45,677)	(4,375)	(7,915)	-	(64,649)
At 31 December 2022							
Cost/revalued amount	193,378	317,499	676,241	49,359	68,738	1,035,063	2,340,278
Accumulated depreciation	-	(6,674)	(452,498)	(29,096)	(42,165)	-	(530,433)
Carrying amount at 31 December 2022	**193,378**	**310,825**	**223,743**	**20,263**	**26,573**	**1,035,063**	**1,809,845**

(All amounts are expressed in thousands MDL, if not stated otherwise)

18 Premises and equipment (continued)

At 31 December 2022, the cost of the Group's fully depreciated premises and equipment that are still in use amounted to MDL 216,947 thousand (31 December 2021: MDL 280,125 thousand) and the cost of the Bank's fully depreciated premises and equipment that are still in use amounted to MDL 216,947 thousand (31 December 2021: MDL 280,125 thousand). All depreciation expense calculated during 2022 and 2021 was recognized in the statement of profit or loss.

Premises and equipments are valued at cost less accumulated depreciation and impairment losses, with the exception of the category "Land" and "Buildings". There were revalued at fair value in 2021 in accordance with the provisions of IAS 16 "Property, Plant and Equipment". In this year was done a market assessment and there are no significant variations compared with the carrying amount.

As at 31 December 2022, if the Bank would have used the cost method, the book value of Land and Buildings would have been MDL 950,729 thousand (31 December 2021: MDL 954,800 thousand).

Included in assets in course of construction is the new head office building (HO). Following an internal review of the amount of investments made, expected costs to completion, and expected performance of the asset, the Group carried an impairment test at 31 December 2020 and recognized an impairment charge, which representing the difference between the book values and the respective recoverable amounts. Annually the Group performs reassessment of impairment value for the assets under construction taking into account the updated values of the impairment indicators. Based on the current year assessment there are no significant variations and no additional impairment is needed.

19 Intangible assets

Group	Software	Licences	Other intangible assets	Goodwill	Intangible assets in progress	Total
At 1 January 2021						
Cost amount	125,445	55,213	3,381	2,497	20,227	206,763
Accumulated depreciation	(46,350)	(46,921)	(2,524)	-	-	(95,795)
Carrying amount at 1 January 2021	**79,095**	**8,292**	**857**	**2,497**	**20,227**	**110,968**
Additions	4,056	-	-	-	63,824	67,880
Capitalised internal development costs	14,478	-	-	-	-	14,478
Transfer	761	29,887	14,718	-	(59,844)	(14,478)
Disposal - cost	(1,471)	(4,066)	(3)		-	(5,540)
Disposal – accumulated amortization	947	4,066	3	-	-	5,016
Amortization charge	(6,537)	(13,647)	(3,230)	-	-	(23,414)
As at 31 December 2021						
Cost amount	143,269	81,034	18,096	2,497	24,207	269,103
Accumulated depreciation	(51,940)	(56,502)	(5,751)	-	-	(114,193)
Carrying amount at 31 December 2021	**91,329**	**24,532**	**12,345**	**2,497**	**24,207**	**154,910**
Additions	3,339	-	-	-	78,778	82,117
Capitalised internal development costs	10,454	-	-	-	-	10,454
Transfer	21,678	18,707	346	-	(51,185)	(10,454)
Disposal - cost	(1,092)	-	-	-	-	(1,092)
Disposal – accumulated amortization	1,092	-	-	-	-	1,092
Amortization charge	(17,333)	(12,420)	(3,390)	-	-	(33,143)
As at 31 December 2022						-
Cost amount	177,648	99,741	18,442	2,497	51,800	350,128
Accumulated depreciation	(68,181)	(68,922)	(9,141)	-	-	(146,244)
Carrying amount at 31 December 2022	**109,467**	**30,819**	**9,301**	**2,497**	**51,800**	**203,884**

(All amounts are expressed in thousands MDL, if not stated otherwise)

19 Intangible assets (continued)

Bank	Software	Licences	Other intangible assets	Intangible assets in progress	Total
At 1 January 2021					
Cost amount	107,049	55,213	3,378	20,227	185,867
Accumulated amortization	(34,188)	(46,921)	(2,521)	-	(83,630)
Carrying amount at 1 January 2021	**72,861**	**8,292**	**857**	**20,227**	**102,237**
Additions	-	-	-	63,824	63,824
Capitalised internal development costs	14,478	-	-	-	14,478
Transfer	761	29,887	14,718	(59,844)	(14,478)
Disposal - cost	(1,471)	(4,066)	-	-	(5,537)
Disposal – accumulated amortization	947	4,066	-	-	5,013
Amortization charge	(4,811)	(13,647)	(3,230)	-	(21,688)
As at 31 December 2021					
Cost amount	120,817	81,034	18,096	24,207	244,154
Accumulated amortization	(38,052)	(56,502)	(5,751)	-	(100,305)
Carrying amount at 31 December 2021	**82,765**	**24,532**	**12,345**	**24,207**	**143,849**
Additions	-	-	-	78,778	78,778
Capitalised internal development costs	10,454	-	-	-	10,454
Transfer	21,678	18,707	346	(51,185)	(10,454)
Amortization charge	(14,984)	(12,420)	(3,389)	-	(30,793)
As at 31 December 2022					-
Cost amount	152,949	99,741	18,442	51,800	322,932
Accumulated amortization	(53,036)	(68,922)	(9,140)	-	(131,098)
Carrying amount at 31 December 2022	**99,913**	**30,819**	**9,302**	**51,800**	**191,834**

All amortization calculated during 2022 and 2021 was recognized in the statement of profit or loss. The intangible assets include as a significant item the core banking system of the Group, T24, with the net book value at 31 December 2022 of MDL 35,506 thousand (31 December 2021: MDL 35,262 thousand), which according to the contractual provisions will be used by the Group until 30 September 2030.

20 Right of use assets and Lease liabilities

The Group and the Bank leases various buildings and office spaces. Rental contracts are typically made for fixed periods of 1 year to 10 years but may have extension options. All leases are recognised as a right-of-use asset and a corresponding liability from the date when the leased asset becomes available for use by the Group and the Bank.

The right of use assets had the following movements during the periods:

	Group		Bank	
	2022	**2021**	**2022**	**2021**
Carrying amount at 1 January	**68,662**	**74,959**	**67,346**	**74,368**
Additions	47,713	33,682	50,455	32,250
Disposals	(10,266)	(80)	(10,266)	(80)
Modification	6,413	(3,304)	6,413	(3,304)
Reassessment	31,463	-	31,463	-
Depreciation charge	(34,757)	(36,595)	(34,675)	(35,888)
Carrying amount at 31 December	**109,228**	**68,662**	**110,736**	**67,346**

(All amounts are expressed in thousands MDL, if not stated otherwise)

20 Right of use assets and Lease liabilities (continued)

The Lease liabilities had the following movements during the periods:

	Group			Bank
	2022	2021	2022	2021
Carrying amount at 1 January	**70,340**	**81,168**	**69,026**	**80,562**
Additions	47,713	33,683	50,455	32,250
Disposals*	(10,697)	-	(10,697)	-
Modification**	37,876	(3,304)	37,876	(3,304)
Repayment	(39,599)	(39,516)	(39,416)	(38,638)
Interest expense	1,231	1,183	1,097	1,166
Foreign exchange differences	5,826	(2,874)	5,818	(3,010)
Carrying amount at 31 December	**112,690**	**70,340**	**114,159**	**69,026**

*Disposals for right of use asset and lease liabilities represent the derecognition as a result of cancellation of the lease contracts, full repayments or other changes performed on the lease contract that led to derecognition of the right of use or lease liability.

**Modification for right of use asset and lease liabilities represent a review of all contracts, in order to better estimate the duration of the contracts by the Group and recognize the contracts for the determined estimated duration. The evaluation was based on the history of the collaboration for these specific assets and the Bank's strategy for the following periods.

Expenses relating to short-term leases and leases of low value assets, that are not shown as short-term leases, are included in "Other operating expenses", as below:

	Group			Bank
	2022	2021	2022	2021
Expense relating to short-term leases	5,170	5,971	5,169	5,958
Expense relating to leases of low-value assets that are not shown above as short-term leases	4,111	3,962	4,111	3,962
Total	**9,281**	**9,933**	**9,280**	**9,920**

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

21 Due to other banks

	Group			Bank
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Correspondent accounts in foreign currency	16,120	17,266	16,120	17,266
Correspondent accounts in local currency	472	1,192	472	1,192
Total due to other banks	**16,592**	**18,458**	**16,592**	**18,458**

(All amounts are expressed in thousands MDL, if not stated otherwise)

22 Due to customers

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Legal entities				
Corporate entities				
Current accounts	2,479,373	2,967,237	2,489,093	2,970,525
Sight Deposits	208,429	87,935	208,429	87,935
Term deposits	1,741,588	572,189	1,741,588	572,189
Collateral deposits	96,480	64,919	96,480	64,919
Sub-total Corporate customers	***4,525,870***	***3,692,280***	***4,535,590***	***3,695,568***
Business Banking entities				
Current accounts	5,291,064	5,122,468	5,312,952	5,144,686
Sight Deposits	14,958	9,744	14,958	9,744
Term deposits	963,280	630,815	963,280	630,815
Collateral deposits	87,739	50,058	87,739	50,058
Sub-total Business Banking entities	***6,357,041***	***5,813,085***	***6,378,929***	***5,835,303***
Total due to customers from legal entities	**10,882,911**	**9,505,365**	**10,914,519**	**9,530,871**
Retail				
Current accounts	7,898,010	7,321,228	7,898,010	7,321,228
Sight deposits	4,479	13,063	4,479	13,063
Term deposits	12,296,413	11,258,953	12,296,413	11,258,953
Collateral deposits	22,020	19,427	22,020	19,427
Savings accounts	253,008	452,610	253,008	452,610
Total due to customers from Retail	**20,473,930**	**19,065,281**	**20,473,930**	**19,065,281**
Total due to customers	**31,356,841**	**28,570,646**	**31,388,449**	**28,596,152**

At 31 December 2022 current accounts of legal entities and individuals include restricted deposits under guarantee (collateral) agreements in amount of MDL 432,045 thousand (31 December 2021: MDL 121,485 thousand).

The Group's term deposit portfolio includes certain deposits with no rights to withdraw deposits prior to maturity. Should such deposits be withdrawn prior to maturity, the interest rate is decreased to the rate applied for demand deposits and is recalculated for the whole term of the deposit.

Economic sector concentrations within customer accounts are as follows:

	Group				Bank			
	31 December 2022		31 December 2021		31 December 2022		31 December 2021	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Individuals	20,473,930	66%	19,065,281	66%	20,473,930	66%	19,065,281	66%
Trade	2,573,004	8%	2,571,545	9%	2,573,004	8%	2,571,545	9%
Other	2,432,617	8%	1,951,522	8%	2,432,617	8%	1,951,522	8%
Agriculture	916,210	3%	1,128,353	4%	916,210	3%	1,128,353	4%
Manufacturing	915,915	3%	970,778	3%	915,915	3%	970,778	3%
Construction	1,245,596	4%	770,335	3%	1,245,596	4%	770,335	3%
Real estate	273,202	1%	691,419	2%	273,202	1%	691,419	2%
State and public organisations	1,395,693	4%	563,666	2%	1,395,693	4%	563,666	2%
Transport	731,238	2%	448,907	2%	731,238	2%	448,907	2%
Other financial institutions	399,436	1%	408,840	1%	431,044	1%	434,346	1%
Total customer accounts	**31,356,841**	**100%**	**28,570,646**	**100**	**31,388,449**	**100**	**28,596,152**	**100**

(All amounts are expressed in thousands MDL, if not stated otherwise)

23 Borrowings

Borrowings from Financial Institutions:	Currency	Maturity	Group 31 December 2022	Group 31 December 2021	Bank 31 December 2022	Bank 31 December 2021
International Fund for Agricultural Development (IFAD)	MDL/USD/EUR	15.03.2029	475,957	448,214	475,957	448,214
European Bank for Reconstruction and Development	EUR	01.10.2029	1,383,517	463,848	1,383,517	463,848
Livada Moldovei Project	MDL/EUR	03.08.2032	612,982	301,608	612,982	301,608
Project for Competitiveness Improvement (PCI)	MDL/USD/EUR	01.10.2029	351,142	345,076	351,142	345,076
Wine Project	EUR/MDL	03.12.2029	106,892	49,149	106,892	49,149
Reconstruction Credit Institute (KfW)	MDL/USD/EUR	16.07.2029	40,463	50,963	40,463	50,963
Rural Investment and Services Project (RISP)	MDL/USD/EUR	02.04.2029	358,371	289,900	358,371	289,900
Central European Bank Project CEB Covid-19	MDL/USD/EUR	10.12.2027	196,466	211,184	196,466	211,184
Millennium Challenge	MDL/USD/EUR	25.02.2022	-	460	-	460
Total borrowings			**3,525,790**	**2,160,402**	**3,525,790**	**2,160,402**

The Bank has contracted loans from International Financial Institutions directly (i.e. EBRD) and through Office for External Assistance Programs Management ("OEAPM") – a public institution formed by the Minister of Finance in order to implement the credit line granted for private sector development, funded by the World Bank (IFAD, RISP, Millennium Challenge, CEB Covid-19, Livada Moldovei Project, Wine Project, KfW, Project for Competitiveness Improvement ("PCI"). In case of OEAPM loans the repayment schedules are set for each individual project and the Bank act as an intermediator between final beneficiar and International Financial Institution.

The loans disbursed within the projects can be in different currencies (MDL, USD and / or EUR). The funds are utilised by the Group to further finance the clients that are under the scope of the projects. The most significant projects are the ones on agricultural funding and orchard.

The loans disbursed within agreements with EBRD provide funds for Micro, Small, Medium-sized Enterprises ("MSMEs", i.e. companies that have the staff headcount up to 250 employees, the turnover up to 50 million EUR and the balance sheet total up to 43 million EUR) for the purposes of the project.

The Group was in compliance with all the financial covenants included in the signed agreements as at 31 December 2022 and 31 December 2021.

Borrowings for financing the lease activity

Financial Institutions	Currency	Maturity	31 December 2022	31 December 2021
BC Moldindconbank S.A.	EUR	07.06.2025	98,093	89,213
Total			**98,093**	**89,213**

(All amounts are expressed in thousands MDL, if not stated otherwise)

23 Borrowings (continued)

As at 31 December 2022 and 31 December 2021 the Group pledged the right to collect receivables under finance lease agreements and financing contracts and repossessed assets to secure the contracted borrowings as follows:

Financial Institutions	31 December 2022	31 December 2021
BC Moldindconbank S.A	128,000	131,000
Total	**128,000**	**131,000**

24 Reconciliation of Liabilities Arising from Financing Activities

The table below sets out movements in the Group's liabilities from financing activities for each of the periods presented. The items of these liabilities are those that are reported as financing activities in the statement of cash flows.

	Liabilities from financing activities		
Group	**Borrowed funds**	**Subordinated debt**	**Total**
Liabilities from financing activities at 1 January 2021	**1,072,086**	-	**1,072,086**
Cash flows:			-
Additions	1,721,982	299,793	2,021,775
Repayments principal	(435,861)	-	(435,861)
Payment of interest	(101,058)	(3,098)	(104,156)
Foreign exchange adjustments	6,171	-	6,171
Other non-cash movements *	(13,705)	1,958	(11,747)
Liabilities from financing activities at 31 December 2021	**2,249,615**	**298,653**	**2,548,268**
Cash flows:			
Additions	2,256,268	199,777	2,456,045
Repayments principal	(799,259)	-	(799,259)
Payment of interest	(183,949)	(47,735)	(231,684)
Foreign exchange adjustments	(13,598)	-	(13,598)
Other non-cash movements *	114,806	58,849	173,655
Liabilities from financing activities at 31 December 2022	**3,623,883**	**509,544**	**4,133,427**

(All amounts are expressed in thousands MDL, if not stated otherwise)

24 Reconciliation of Liabilities Arising from Financing Activities (continued)

Bank	Liabilities from financing activities		
	Borrowed funds	Subordinated debt	Total
Liabilities from financing activities at 1 January 2021	**964,635**	**-**	**964,635**
Cash flows:			-
Additions	1,657,875	299,793	1,957,668
Repayments principal	(357,668)		(357,668)
Payment of interest	(96,822)	(3,098)	(99,920)
Foreign exchange adjustments	9,931	-	9,931
Other non-cash movements	(17,549)	1,958	(15,591)
Liabilities from financing activities at 31 December 2021	**2,160,402**	**298,653**	**2,459,055**
Cash flows:			
Additions	2,223,629	199,777	2,423,406
Repayments principal	(774,455)		(774,455)
Payment of interest	(179,830)	(47,735)	(227,565)
Foreign exchange adjustments	(14,662)	-	(14,662)
Other non-cash movements *	110,706	58,849	169,555
Liabilities from financing activities at 31 December 2022	**3,525,790**	**509,544**	**4,035,334**

* Other non-cash movements represent the interest expense for financial instruments, are recognized in the statement of profit or loss, on an accrual basis using the effective interest method. Lease liabilities, which represent part of financing activities is described in Note 20.

25 Other financial liabilities

		Group		Bank	
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Other financial liabilities at AC					
Documentary issued letter of credit		77,765	135,879	77,765	135,879
Guarantee deposits		40,829	-	40,829	-
Other amounts in settlement		32,330	16,740	32,330	16,740
Operations with payment cards		27,786	32,244	27,786	32,244
Settlements with Visa and MC for marketing		24,536	6,374	24,536	6,374
Settlement Escrow		16,271	8,961	16,271	7,195
Debt with suppliers		12,745	3,549	11,763	2,310
Other financial liabilities		12,524	-	12,510	184
Securities settlements		8,108	24,302	8,108	24,302
Dividend payables	29	5,583	8,444	5,583	8,444
Amounts from clients for future leases agreements		1,049	781	-	-
Total other financial liabilities at AC		**259,526**	**237,274**	**257,481**	**233,672**
Other financial liabilities at FVTPL					
Contingent consideration liability		27,817	25,969	27,817	25,969
Total other financial liabilities at FVTPL		**27,817**	**25,969**	**27,817**	**25,969**
Total other financial liabilities		**287,343**	**263,243**	**285,298**	**259,641**

(All amounts are expressed in thousands MDL, if not stated otherwise)

26 Other liabilities

	Group			Bank
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Other amounts in settlement	184,531	43,508	184,531	43,508
Provision for untaken holidays and for other employee benefits	105,156	80,777	103,640	79,819
Taxes payables other than on income	62,238	42,635	62,235	42,635
Due to NBM	51,000	-	51,000	-
Settlements with budget	38,212	29,511	31,333	25,878
Other non-financial liabilities	19,945	34,249	16,944	34,249
Deferred revenue	6,199	5,182	6,199	5,182
Provision for other risks	742	-	-	-
Settlements with merchants	3,111	46,583	3,111	46,583
Settlements with the Group's employees	77	81	77	81
Total other liabilities	**471,211**	**282,526**	**459,070**	**277,935**

27 Guarantees and other financial commitments and provision for loan commitments

Credit related commitments. The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate or cash deposits and, therefore, carry less risk than a direct borrowing.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. However, the likely amount of loss is less than the total unused commitments since most commitments to extend credit are contingent upon customers maintaining specific credit standards. Commitments to issue guarantees - a contract signed were the Group accepts to issue individual guarantees, while guarantees issued are actual guarantees issued. Commitments are usually agreed with corporate clients that put pledge for the whole contractual amount, under the contract. Later they request the issuance of individual guarantees for lower values, under that agreement. The issuance of a guarantee decreases the commitment value etc.

The Group monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments. The commitments are collateralised by cash deposits in amount of MDL 51,937 thousand (31 December 2021: MDL 11,011 thousand). Outstanding credit related commitments are as follows:

	Group			Bank
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Undrawn credit lines that are irrevocable or are revocable only in response to a material adverse change	2,962,305	2,245,366	2,962,305	2,245,366
Total loan commitments	**2,962,305**	**2,245,366**	**2,962,305**	**2,245,366**
Letters of credit	16,930	149,170	16,930	149,170
Guarantees issued	758,897	467,808	758,897	467,808
Commitments to issue guarantees	385,888	478,203	385,888	478,203
Less: Provision for Letters of credit	(168)	(1,196)	(168)	(1,196)
Less: Provision for financial guarantees	(6,523)	(3,540)	(6,523)	(3,540)
Less: Provision for loan commitments	(43,775)	(32,393)	(43,775)	(32,393)
Total credit related commitments, net of provision	**4,073,554**	**3,303,418**	**4,073,554**	**3,303,418**

(All amounts are expressed in thousands MDL, if not stated otherwise)

27 Guarantees and other financial commitments and provision for loan commitments (continued)

An analysis of issued financial guarantees and credit related commitments by credit quality based on credit risk grades at 31 December 2022 is as follows:

Group and Bank	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Issued financial guarantees				
- Good	1,161,715	-	-	1,161,715
Unrecognised amount	**1,161,715**	**-**	**-**	**1,161,715**
Provision for financial guarantees	**(6,691)**	**-**	**-**	**(6,691)**
Loan commitments				
- Good	2,568,240	320,679	-	2,888,919
- Satisfactory	56,538	10,298	-	66,836
- Special monitoring	-	1,774	-	1,774
- Default	-	2,787	1,989	4,776
Unrecognised amount	**2,624,778**	**335,538**	**1,989**	**2,962,305**
Provision for loan commitments	**(35,165)**	**(7,877)**	**(733)**	**(43,775)**

An analysis of issued financial guarantees and credit related commitments by credit quality based on credit risk grades at 31 December 2021 is as follows:

Group and Bank	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Issued financial guarantees				
- Good	1,095,181	-	-	1,095,181
Unrecognised amount	**1,095,181**	**-**	**-**	**1,095,181**
Provision for financial guarantees	**(4,736)**	**-**	**-**	**(4,736)**
Loan commitments				
- Good	2,171,287	36,140	-	2,207,427
- Satisfactory	19,059	15,567	-	34,626
- Special monitoring	-	691	-	691
- Default	-	1,343	1,279	2,622
Unrecognised amount	**2,190,346**	**53,741**	**1,279**	**2,245,366**
Provision for loan commitments	**(28,791)**	**(3,114)**	**(488)**	**(32,393)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

27 Guarantees and other financial commitments and provision for loan commitments (continued)

Movements in the provision for financial guarantees and other financial commitments at 31 December 2022 were as follows:

Group and Bank	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Provision Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Off balance-sheet items Total
At 31 December 2021	**(33,526)**	**(3,114)**	**(489)**	**(37,129)**	**3,285,527**	**53,741**	**1,279**	**3,340,547**
Movements with impact on provision for credit related commitments charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	2,438	(3,524)	-	(1,086)	(238,937)	170,290	-	(68,647)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(166)	28	(461)	(599)	(849)	(350)	1,694	495
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(289)	820	109	640	22,643	(16,016)	(226)	6,401
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(2)	31	29	-	69	(65)	4
Issued guarantees (fees charged)	(30,472)	(4,527)	-	(34,999)	2,395,156	149,755	-	2,544,911
Derecognised during the period	11,102	848	-	11,950	(879,299)	(20,454)	(693)	(900,446)
Changes to model assumptions	4,772	653	82	5,507	-	-	-	-
Other movements	5,839	975	(3)	6,811	(822,290)	(2,905)	(2)	(825,197)
Total charge to profit or loss for the year	**(6,776)**	**(4,729)**	**(242)**	**(11,747)**	**476,424**	**280,389**	**708**	**757,521**
Movements without impact on provision for credit related commitments charge for the period:								
Foreign exchange movements	(1,555)	(35)	-	(1,590)	24,544	1,408	-	25,952
At 31 December 2022	**(41,857)**	**(7,878)**	**(731)**	**(50,466)**	**3,786,495**	**335,538**	**1,987**	**4,124,020**

(All amounts are expressed in thousands MDL, if not stated otherwise)

27 Guarantees and other financial commitments and provision for loan commitments (continued)

The movements in the provision for financial guarantees and other financial commitments at 31 December 2021 were as follows:

Group and Bank	Provision				Off balance-sheet items			
	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
At 1 January 2021	**(20,349)**	**(1,510)**	**(416)**	**(22,275)**	**3,073,647**	**79,115**	**1,951**	**3,154,713**
Movements with impact on provision for credit related commitments charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	587	(852)	-	(265)	(59,217)	28,760	-	(30,457)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(31)	4	(96)	(123)	(469)	(66)	1,013	478
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(100)	194	103	197	17,912	(16,094)	(359)	1,459
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(7)	116	109	-	391	(358)	33
Issued guarantees (fees charged))	(11,257)	(884)	-	(12,141)	1,690,277	20,968	-	1,711,245
Derecognised during the period	4,862	134	-	4,996	(1,034,615)	(17,353)	(617)	(1,052,585)
Changes to model assumptions	(11,212)	(1,309)	(230)	(12,751)	-	-	-	
Other movements	3,878	1,116	34	5,028	(385,361)	(41,889)	(351)	(427,601)
Total charge to profit or loss for the year	**(13,273)**	**(1,604)**	**(73)**	**(14,950)**	**228,527**	**(25,283)**	**(672)**	**202,572**
Movements without impact on provision for credit related commitments charge for the period:								
Foreign exchange movements	96	-	-	96	(16,647)	(91)	-	(16,738)
At 31 December 2021	**(33,526)**	**(3,114)**	**(489)**	**(37,129)**	**3,285,527**	**53,741**	**1,279**	**3,340,547**

(All amounts are expressed in thousands MDL, if not stated otherwise)

28 Subordinated Debt

Subordinated debt from Financial Institutions:	Currency	Maturity	31 December 2022	31 December 2021
European Fund for South-East Europe S.A., STCAF-SIF	MDL	25.11.2028	300,854	298,653
Green for Growth Fund, Southeast Europe S.A., SICAV-SIF	MDL	20.05.2029	208,690	-
Total			**509,544**	**298,653**

In 2021 the Group signed 2 Subordinated Facility Agreements:

- for 15 million EUR (in a synthetic Local Currency) signed with The European Fund for Southeast Europe S.A. ("SICAF-SIF") and disbursed in the same year and
- for 10 million EUR (in a synthetic Local Currency) signed with Green for Growth Fund ("GGF") which were disbursed in 2022.

The total amount of subordinated debt is MDL 509,544 thousand (2021: MDL 298,653), both agreements are carrying a variable interest rate composed of reference rate and margin. The debt ranks after all other creditors in the case of liquidation.

Refer to Note 43 for the disclosure of the fair value of subordinated debt. Interest rate analysis of subordinated debt is disclosed in Note 40.

29 Share capital, dividends and earnings per share

At 31 December 2022 the non-distributable reserves amounted to MDL 358,682 thousand (31 December 2021: MDL 323,026 thousand) and includes revaluation reserve from securities at fair value through other comprehensive income, revaluation reserve for premises and legal reserves, which are non-distributable. Starting with 2012, according to the NBM requirements, an additional reserve was created by the Group. This reserve was determined as the difference between the allowances for impairment of loans and conditional commitments in accordance with IFRS and the value computed, but non-accounted for of allowances for impairment of loans and conditional commitments in accordance with prudential regulations of the NBM (31 December 2022: MDL 421,883 thousand and 31 December 2021: MDL 339,182 thousand). Legal reserves and reserve recorded in accordance with prudential regulations of the NBM are included in retained earnings.

As at 31 December 2022 the share capital comprises 1,037,634 authorized ordinary shares, with a nominal value of MDL 200 per share (31 December 2021: 1,037,634 shares).

During 2022 the Bank did not approved distribution of dividends from the net profit of the year ended 31 December 2021.

	Group		Bank	
	2022	2021	2022	2021
Dividends payable at 1 January	**8,444**	**8,248**	**8,444**	**8,248**
Dividends declared during the year	67	208,668	-	208,668
Dividends paid during the year	(542)	(205,976)	(475)	(205,976)
Dividends prescribed and recorded as income	(2,386)	(2,496)	(2,386)	(2,496)
Dividends payable at 31 December	**5,583**	**8,444**	**5,583**	**8,444**
Dividends per share declared during the year	**-**	**201**	**-**	**201**

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

29 Share capital, dividends and earnings per share (continued)

For the dividends approved by the Bank to be paid and not yet collected by the shareholders in a period longer than three years since the date when the right to receive the dividends occurred, the Bank is legally released from the obligation to pay such dividends and therefore the liability is derecognised. During 2022 the Bank prescribed dividends corresponding to 2018 financial year considering the fact that the three years' time period has elapsed, and no amounts were claimed by the shareholders.

Basic earnings/(loss) per share are calculated by dividing the profit or loss attributable to owners of the Bank by the weighted average number of ordinary shares in issue during the year, excluding treasury shares.

The Group has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share are calculated as follows:

	Ordinary shares outstanding (number)	Net Profit for the year thousand MDL	Earnings per share MDL	Diluted Earnings per share MDL
At 31 December 2021	1,037,634	729,139	703	703
At 31 December 2022	1,037,634	1,135,251	1,094	1,094

The Bank has no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share are calculated as follows:

	Ordinary shares outstanding (number)	Net Profit for the year thousand MDL	Earnings per share MDL	Diluted Earnings per share MDL
At 31 December 2021	1,037,634	721,078	695	695
At 31 December 2022	1,037,634	1,130,853	1,090	1,090

30 Own funds and management of capital

The Group's objectives when managing capital, defined by the Bank as regulatory capital under NBM definition, are (i) to comply with the capital requirements set by the NBM, (ii) to safeguard the Group's ability to continue as a going concern and (iii) to maintain a sufficient capital base to achieve own funds adequacy ratio based on the provisions of regulations in force. Compliance with own funds adequacy ratios set by the NBM is monitored monthly, with reports outlining their calculation being reviewed and signed by the Bank's Credit Risk Officer.

Own funds adequacy ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance sheet commitments and market and other risks positions weighted to reflect their relative risk (total risk exposure). To be sufficiently capitalized under the regulations of the NBM the Bank is required to maintain an own funds adequacy ratio of at least 11.50% according to Supervisory Review and Evaluation Process analysis and a limit of 18.50% which is the minimum required ratio that includes the capital, systemic risk and systemic significance buffers (31 December 2021: 18.50%).

The own funds are defined as sum of share capital, retained earnings and reserves deducted with other regulatory established adjustments. Based on information provided internally to key management personnel, the amount of own funds that the Bank managed as of 31 December 2022 was MDL 5,389,993 thousand (31 December 2021: MDL 4,472,196 thousand).

(All amounts are expressed in thousands MDL, if not stated otherwise)

30 Own funds and management of capital (continued)

The total risk exposure as of 31 December 2022 was MDL 24,303,654 thousand (31 December 2021: MDL 21,286,789 thousand). The own funds adequacy ratio of the Bank at 31 December 2022 constitutes 22.22% (31 December 2021: 21.01%). The Group and the Bank complied with all capital requirements as at 31 December 2022 and 31 December 2021.

31 Net margin on interest and similar income

	Group		Bank	
	2022	2021	2022	2021
Interest income calculated using the EIR method				
Loans and advances to customers at AC	2,052,732	1,427,818	2,055,198	1,428,841
Debt securities at FVOCI	366,218	212,685	366,218	212,685
Debt securities at AC	4,547	1,104	-	-
Due from other banks at AC	18,183	1,237	18,183	1,237
NBM placements	647,696	35,384	647,696	35,384
Total interest income calculated using the EIR method	**3,089,376**	**1,678,228**	**3,087,295**	**1,678,147**
Other similar income				
Finance Lease receivables	26,662	18,765	-	-
Total other similar income	**26,662**	**18,765**	**-**	**-**
Total interest income	**3,116,038**	**1,696,993**	**3,087,295**	**1,678,147**
Interest expense				
Term deposits of legal entities	(96,834)	(32,226)	(96,834)	(32,226)
Term deposits of individuals	(435,733)	(267,451)	(435,733)	(267,451)
Term placements of other banks	(7,470)	(3,946)	(3,348)	-
Borrowings	(168,977)	(59,904)	(168,977)	(59,904)
Subordinated debt	(62,421)	(2,160)	(62,421)	(2,160)
Repurchase agreements	(161,439)	(1,056)	(161,439)	(1,056)
Total interest expense	**(932,874)**	**(366,743)**	**(928,752)**	**(362,797)**
Other similar expense				
Lease liabilities	(1,069)	(1,169)	(1,097)	(1,166)
FVPL liability	(1,470)	(1,466)	(1,470)	(1,466)
Total other similar expense	**(2,539)**	**(2,635)**	**(2,567)**	**(2,632)**
Total interest expense	**(935,413)**	**(369,378)**	**(931,319)**	**(365,429)**
Net margin on interest and similar income	**2,180,625**	**1,327,615**	**2,155,976**	**1,312,718**

(All amounts are expressed in thousands MDL, if not stated otherwise)

32 Net fee and commission income

	Group		Bank	
	2022	2021	2022	2021
Fee and commission income				
Transactions with debit cards*	431,781	285,218	431,781	285,218
Cash transactions	145,342	127,424	145,342	127,424
Commissions from other services to clients	95,142	93,019	95,142	93,019
Processing of clients' payments	97,803	75,571	94,158	74,925
Settlement transactions	44,420	44,491	44,559	44,683
Money transfer services	25,043	21,204	25,043	21,204
Commissions for transfer of salaries to debit cards	19,019	19,630	19,019	19,630
Commission from direct debit transactions	10,895	11,538	10,895	11,538
Commissions on guarantees and letters of credit	10,566	9,726	10,566	9,726
Cash collection	7,274	8,321	7,274	8,321
Total fee and commission income	**887,285**	**696,142**	**883,779**	**695,688**
Fee and commission expense				
Processing centres services	(258,289)	(169,953)	(284,363)	(195,725)
Transactions with debit cards*	(163,440)	(105,864)	(163,440)	(105,864)
Settlement transactions	(25,747)	(30,439)	(25,667)	(30,439)
Cash transactions	(28,590)	(10,154)	(28,590)	(10,154)
Other fee and commission expense	(4,694)	(2,116)	(4,694)	(2,116)
Cash withdrawal related to debit cards	(6,250)	(3,822)	(6,250)	(3,822)
Total fee and commission expense	**(487,010)**	**(322,348)**	**(513,004)**	**(348,120)**
Total Net fee and commission income	**400,275**	**373,794**	**370,775**	**347,568**

*Increase in both transactions with card income and expenses is due to a general increase in number of active cards issued and serviced by the Bank. The increase is partially due to cards issued to Ukrainian refugees within the framework of UNCHR (United Nations High Commissioner for Refugees) program.

33 Gains less losses from trading in foreign currencies

	Group		Bank	
	2022	2021	2022	2021
Gain from foreign trading	336,939	221,412	336,939	221,412
Gain from trading foreign currency at foreign exchange points	115,373	76,913	115,373	76,913
Gain from card transactions in foreign currency	72,389	47,949	72,389	47,949
Gain/(losses) from other transactions in foreign currency	11	(120)	11	(120)
Total gains from trading in foreign currencies	**524,712**	**346,154**	**524,712**	**346,154**

34 Other operating income

	Group		Bank	
	2022	2021	2022	2021
Penalties received	59,036	46,358	58,004	45,191
Gains from disposal equity securities	-	14,052	-	14,052
Other income	11,619	16,441	1,567	9,059
Income from unpaid and prescribed dividend liabilities	2,386	2,496	2,386	2,496
Gains from disposal of other assets	1,778	1,860	1,672	1,860
Gains from disposal of investment property	524	3,882	-	-
Rental income	1,065	1,822	1,184	1,151
Dividend income from equity investments at FVOCI	13,344	899	13,344	899
Dividend income from investments in subsidiaries	-	-	6,650	-
Other operating income	104	86	84	86
Total other operating income	**89,856**	**87,896**	**84,891**	**74,794**

(All amounts are expressed in thousands MDL, if not stated otherwise)

35 Personnel expenses

	Group		Bank	
	2022	2021	2022	2021
Wages and salaries	(621,895)	(484,779)	(605,766)	(471,133)
Social security contributions*	(157,216)	(133,365)	(153,665)	(130,590)
Other personnel expenses	(7,682)	(49,480)	(7,682)	(49,480)
Provision for untaken holiday and bonuses	(24,638)	(11,169)	(23,821)	(11,169)
Meal Tickets	(26,031)	(20,920)	(25,701)	(20,735)
Share payments to employees**	(1,335)	(37)	(1,335)	(37)
Total personnel expenses	**(838,797)**	**(699,750)**	**(817,970)**	**(683,144)**

*The Group and the Bank makes contributions to the State social insurance fund of the Republic of Moldova, calculated as a percentage of the gross salary and other compensations (2022: 24%, 2021: 24%). These contributions are charged to the statement of profit or loss in the period in which the related salary is earned by the employee. Starting with 1 January 2021, according to the changes in the local legislation no more medical insurance contributions are paid by the employer.

**The Bank has established a Long-Term Incentive Plan (the "LTIP"), a substantial part of the variable component of the total remuneration is deferred for a period of 20 months with the objective to retain and motivate eligible key managers and employees of the Bank to contribute to the performance of the Bank. The fair value upon the vesting date of share-based awards - stock options – to employees is recognized as personnel expenses, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the awards.

36 Other operating expenses

	Group		Bank	
	2022	2021	2022	2021
Repairs and maintenance	(65,072)	(41,749)	(65,051)	(41,326)
Advertising and charity	(48,651)	(39,000)	(48,020)	(38,591)
Maintenance of intangible assets	(40,034)	(35,896)	(36,764)	(33,167)
Contributions to the Deposit Guarantee Fund	(23,113)	(22,414)	(23,113)	(22,414)
Money packaging and transportation expenses	(22,916)	(19,746)	(22,916)	(19,746)
Contribution to the Resolution Fund	(47,640)	(37,134)	(47,640)	(37,134)
Safeguarding of assets and security	(16,411)	(12,312)	(16,384)	(12,263)
Utilities	(22,141)	(12,445)	(21,781)	(12,246)
Postage and telecommunication	(16,694)	(12,179)	(16,632)	(12,158)
Professional services	(51,422)	(22,811)	(50,668)	(22,390)
Operating lease expenses	(9,281)	(9,933)	(9,280)	(9,920)
Stationery and supplies	(6,284)	(6,503)	(6,227)	(6,503)
Small value inventory items	(29)	(17,036)	-	(17,036)
Remuneration of member of the Bank's Council	(8,029)	(8,660)	(8,029)	(8,660)
Fuel expenses	(10,353)	(6,138)	(10,169)	(5,989)
Insurance expense	(8,572)	(5,451)	(8,467)	(5,377)
Informational services	(10,782)	(8,128)	(10,506)	(8,128)
Business promotion	(5,579)	(4,500)	(5,426)	(4,479)
Personnel training	(9,431)	(2,573)	(9,424)	(2,572)
Expenses for debt collection services	(1,668)	(1,900)	(1,668)	(1,900)
Financial audit services and other non-audit services*	(7,056)	(3,522)	(5,549)	(2,774)
Travel expenses	(3,537)	(367)	(3,477)	(367)
(Loss)/Gain on derecognition of non-financial assets	201	(917)	201	(494)
Impairment expenses of non-financial receivables	(74)	(169)	-	-
Other expenses**	(44,337)	(21,732)	(37,577)	(17,755)
Total other operating expenses	**(478,905)**	**(353,215)**	**(464,567)**	**(343,389)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

36 Other operating expenses (continued)

*In audit financial services and other non-audit services, presented above, are included the costs for the statutory audit performed by PricewaterhouseCoopers Audit SRL over the financial statements of the Group and the Bank in amount of MDL 5,842 thousand for the audit of the Group (including Bank and the two subsidiaries) (2021: MDL 3,080 thousand) and MDL 5,180 thousand (2021: MDL 2,027 thousand) for the audit of the Bank; and the remaining represents the cost for other non-audit services such as limited review of FINREP financial information as at 30 June 2022, limited review of Consolidated Financial Statement at 30 June 2022 and other agreed upon procedures engagements.

**Other expenses include property tax, penalties paid, amounts relating to cash transactions.

37 Credit loss allowance charge

Expected credit loss allowance of interest bearing assets includes the elements presented below. During the financial year ended 31 December 2022 the Group has recorded recoveries from previously written off loans in amount of MDL 15,432 thousand (2021: MDL 13,580 thousand) and also from other financial assets in amount of MDL 221 thousand (2021: MDL 497 thousand).

		Group		Bank	
	Note	2022	2021	2022	2021
Loans and advances	12	(344,732)	(66,418)	(346,392)	(67,297)
Credit related commitments	27	(11,747)	(15,078)	(11,747)	(15,078)
Finance lease receivables	13	(14,478)	(2,528)	-	-
Other financial and other assets	16,17	(14,592)	(20,017)	(13,945)	(15,626)
Correspondent accounts and placements at banks*	9	(23,859)	8	(23,859)	8
Investments in debt securities	10	(10,185)	(2,608)	(9,648)	(2,608)
Total credit loss allowance charge		**(419,593)**	**(106,641)**	**(405,591)**	**(100,601)**

*Increase in provisions in correspondent banks is related to correspondent accounts held with Russian banks.

38 Income tax expenses for the year

Income tax expense recorded in the statement of profit or loss for the year comprises the following:

	Group		Bank	
	2022	2021	2022	2021
Current income tax expenses	(165,005)	(106,490)	(162,910)	(101,353)
Deferred income tax credit	3,450	3,545	3,649	1,108
Income tax expenses for the year	**(161,555)**	**(102,945)**	**(159,261)**	**(100,245)**

Current income tax is calculated on the taxable income for the statutory financial statements. For tax purposes, the deductibility of certain expenses, for example entertainment costs, philanthropic, sponsorship and other expenses, expenses with improper supporting documents are limited to a percentage of profit specified in the tax law. The income tax rate applicable to the Group for 2022 income is 12% (2021: 12%). The balance of the current tax liability at 31 December 2022 is of MDL 62,375 thousand (31 December 2021: MDL 30,789 thousand).

The reconciliation of the income tax expense is presented in the table below:

	Group		Bank	
	2022	2021	2022	2021
Profit before tax	**1,296,855**	**832,151**	**1,290,114**	**821,323**
Tax calculated at applicable rate 12%	(155,623)	(99,858)	(154,814)	(98,559)
Tax effect of:				
Non-taxable income	(1,322)	(298)	(73)	(10)
Non-deductible expenses	(5,907)	(6,209)	(5,671)	(1,793)
Philanthropic, sponsorship and other expenses	1,297	117	1,297	117
Utilisation of previously unrecognised tax loss carry forwards	-	836	-	-
Recognition the effect of amending the deferred tax	-	2,467	-	-
Income tax expense for the year	**(161,555)**	**(102,945)**	**(159,261)**	**(100,245)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

38 Income tax expenses for the year (continued)

Group 2022	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income, including:	5,202	1,168	(5,014)	2,106	(750)	1,356
-the revaluation of equity investments	(56)	-	(27)	-	(83)	(83)
-the revaluation of debt investments	4,320	-	(4,987)	-	(667)	(667)
-ECL debt investments	938	1,168	-	2,106	-	2,106
Property and equipment	(28,102)	222	152	-	(27,728)	(27,728)
Employee benefits	9,693	2,762	-	12,455	-	12,455
Impairment Assets under construction	14,035	-	-	14,035	-	14,035
Provision for other liabilities	(3,117)	(222)	-	-	(3,339)	(3,339)
Investment property	(1,386)	110		-	(1,276)	(1,276)
Other temporary differences	966	(590)	-	376	-	376
Total deferred tax assets/ (liabilities)	**(2,709)**	**3,450**	**(4,862)**	**28,972**	**(33,093)**	**(4,121)**

Group 2021	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income, including:	(14,634)	313	19,523	5,258	(56)	5,202
-the revaluation of equity investments	(13,698)	-	13,642	-	(56)	(56)
-the revaluation of debt investments	(1,561)	-	5,881	4,320	-	4,320
- ECL debt investments	625	313	-	938	-	938
Non-current assets held for sale	25	(25)	-	-	-	-
Property and equipment	(27,627)	69	(544)	-	(28,102)	(28,102)
Employee benefits	8,382	1,311	-	9,693	-	9,693
Impairment Assets under construction	14,035	-	-	14,035	-	14,035
Provision for other liabilities	(2,443)	(674)	-	-	(3,117)	(3,117)
Investment property	(5,212)	3,826	-	-	(1,386)	(1,386)
Other temporary differences	2,240	(1,274)	-	966	-	966
Total deferred tax assets/ (liabilities)	**(25,234)**	**3,546**	**18,979**	**29,952**	**(32,661)**	**(2,709)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

38 Income tax expenses for the year (continued)

Bank 2022	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income, including:	5,202	1,158	(5,014)	2,096	(750)	1,346
- the revaluation of equity investments	(56)	-	(27)	-	(83)	(83)
- the revaluation of debt investments	4,320	-	(4,987)	-	(667)	(667)
- depreciation	938	1,158	-	2,096	-	2,096
Property and equipment, including:	(27,653)	(146)	152	-	(27,647)	(27,647)
- revaluation reserve	(26,821)	-	152	-	(26,669)	(26,669)
- depreciation	(832)	(146)	-	-	(978)	(978)
Employee benefits	9,578	2,859	-	12,437	-	12,437
Impairment Assets under construction	14,035	-	-	14,035	-	14,035
Provision for other liabilities	(3,117)	(222)	-	-	(3,339)	(3,339)
Total deferred tax assets/ (liabilities)	**(1,955)**	**3,649**	**(4,862)**	**28,568**	**(31,736)**	**(3,168)**

Bank 2021	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income, including:	(14,634)	313	19,523	5,258	(56)	5,202
- the revaluation of equity investments	(13,698)	-	13,642	-	(56)	(56)
- the revaluation of debt investments	(1,561)	-	5,881	4,320	-	4,320
- depreciation	625	313	-	938	-	938
Property and equipment, including:	(27,239)	130	(544)	-	(27,653)	(27,653)
- revaluation reserve	(26,277)	-	(544)	-	(26,821)	(26,821)
- depreciation	(962)	130	-	-	(832)	(832)
Employee benefits	8,238	1,340	-	9,578	-	9,578
Impairment Assets under construction	14,035	-	-	14,035	-	14,035
Provision for other liabilities	(2,443)	(674)	-	-	(3,117)	(3,117)
Total deferred tax assets/ (liabilities)	**(22,043)**	**1,109**	**18,979**	**28,871**	**(30,826)**	**(1,955)**

39 Segment reporting

Operating segments are structural units of the Group that engage in business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the Management Board and by the heads of departments responsible for making operational decisions based on the reports prepared in the prescribed manner.

(All amounts are expressed in thousands MDL, if not stated otherwise)

39 Segment reporting (continued)

The Group is organised on the basis of the following main business segments:

- **Retail Banking** - this segment includes a wide range of banking products and services to individuals.
- **Corporate Banking** - this segment includes various types of banking services to large companies.
- **Business banking** - this segment includes banking services provided to entities of small and medium-sized businesses.
- **Corporate Investments** - this segment include trading and corporate finance activities.
- **maib leasing** - this segment include leasing of vehicles and leasing of commercial, industrial, agricultural and office equipment, and leasing of real estate.
- **MMC** - this segment include processing of card transactions.

(a) **Factors used by the Management to identify the reportable segments.** The Group's segments are strategic units, focused on different categories of clients. Considering the particularity of clients' segmentation and the bank services provided, business units are managed separately.

(b) **Measurement of reportable segment profit or loss.** For defining profit or loss on reportable segments, the Group apply internal regulations of distribution of revenue and expenses using internal system of pricing transfer and some allocation keys of indirect revenue and expenses. Apart from operating indicators, main financial indicators used to monitor segment performance are: loans and deposits growth; cost of risk; and segment effective net profit relative to planned net profit.

(c) **Geographical information.** The Group has no significant income from foreign customers. The Group has no long-term assets located in countries other than the Republic of Moldova.

(d) **Major customers**

The Group has no external customers with revenues exceeding 10% of Group's total revenue.

	Group		Bank	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
Assets				
Corporate Banking	12,239,689	9,844,908	12,239,689	9,844,908
Business Banking	9,849,932	8,531,238	9,849,932	8,531,238
Retail Banking	20,730,995	18,668,654	20,730,995	18,668,654
Corporate Investments	209,887	151,872	209,887	151,872
maib leasing	383,456	282,242	-	-
MMC	61,192	64,190	-	-
Intra-group eliminations	(306,994)	(219,132)	-	-
			-	
Total assets	**43,168,157**	**37,323,972**	**43,030,503**	**37,196,672**
Liabilities				
Corporate Banking	5,450,061	4,216,766	5,450,061	4,216,766
Business Banking	9,836,306	7,622,631	9,836,306	7,622,631
Retail Banking	21,096,432	19,911,077	21,096,432	19,911,077
Corporate Investments	32,112	(334)	32,112	(334)
maib leasing	252,353	154,852	-	-
MMC	960	2,133	-	-
Intra-group eliminations	(173,158)	(83,017)	-	-
			-	
Total liabilities	**36,495,066**	**31,824,108**	**36,414,911**	**31,750,140**

The "Intragroup eliminations comprises intra-group operations: loans granted to **maib leasing** by the Bank in amount of MDL 135,335 thousand, cash and current accounts of the subsidiaries in amount of MDL 31,608 thousand, investment in subsidiaries – MDL 139,669 thousand and other elements MDL 382 thousand.

(All amounts are expressed in thousands MDL, if not stated otherwise)

39 Segment reporting (continued)

The segment information for the reportable segments for the year ended at 31 December 2022 and 31 December 2021 is set below:

Group **31 December 2022**	**Corporate banking**	**Business Banking**	**Retail Banking**	**Corporate Investments**	**maib leasing**	**MMC**	**Intra-group eliminations**	**Total per statement of profit or loss**
Interest income	755,998	786,601	1,540,225	4,471	28,497	2,956	(2,710)	3,116,038
Total interest income	**755,998**	**786,601**	**1,540,225**	**4,471**	**28,497**	**2,956**	**(2,710)**	**3,116,038**
Interest expense on customer deposits and other borrowings	(188,278)	(233,463)	(508,108)	(1,470)	(6,831)	(104)	2,841	(935,413)
Total interest expenses	**(188,278)**	**(233,463)**	**(508,108)**	**(1,470)**	**(6,831)**	**(104)**	**2,841**	**(935,413)**
Inter-segment revenue	(92,167)	(38,241)	130,408	-	-	-	-	-
Net interest income	**475,553**	**514,897**	**1,162,525**	**3,001**	**21,666**	**2,852**	**131**	**2,180,625**
Fee and commission income, of which:	55,351	204,658	623,467	303	-	29,719	(26,213)	887,285
Recognised at a point in time	*48,655*	*200,474*	*623,467*	*303*	-	*29,719*	*(26,213)*	*876,405*
Recognised over time	*6,696*	*4,184*	-	-	-	-	-	*10,880*
Fee and commission expense	(7,988)	(26,369)	(478,580)	(67)	-	(80)	26,074	(487,010)
Net fee and commission income	**47,363**	**178,289**	**144,887**	**236**	**-**	**29,639**	**(139)**	**400,275**
Net foreign exchange gains	162,409	127,639	206,669	-	171	77	-	496,965
Other operating income	1,826	2,433	60,362	20,270	13,158	20	(7,615)	90,454
Personnel expenses	(59,305)	(207,416)	(539,874)	(11,375)	(7,734)	(13,093)	-	(838,797)
Impairment, depreciation and amortization expenses	(3,925)	(30,453)	(95,129)	(610)	(1,059)	(3,881)	888	(134,169)
Other operating expenses	(90,855)	(144,421)	(228,372)	(919)	(4,461)	(10,016)	139	(478,905)
Operating profit before credit loss allowance	**533,066**	**440,968**	**711,068**	**10,603**	**21,741**	**5,598**	**(6,596)**	**1,716,448**
Credit loss allowance	49,607	(156,040)	(297,829)	(1,329)	(16,242)	(154)	2,394	(419,593)
Segment profit before tax	**582,673**	**284,928**	**413,239**	**9,274**	**5,499**	**5,444**	**(4,202)**	**1,296,855**
Income tax expense	(71,929)	(35,174)	(51,013)	(1,145)	(1,787)	(552)	45	(161,555)
Net segment profit for the year	**510,744**	**249,754**	**362,226**	**8,129**	**3,712**	**4,892**	**(4,157)**	**1,135,300**

(All amounts are expressed in thousands MDL, if not stated otherwise)

39 Segment reporting (continued)

Group 31 December 2021	Corporate banking	Business Banking	Retail Banking	Corporate Investments	maib leasing	MMC	Intra-group eliminations	Total per statement of profit or loss
Interest income	483,193	393,587	801,367	-	19,692	-	(846)	1,696,993
Total interest income	**483,193**	**393,587**	**801,367**	**-**	**19,692**	**-**	**(846)**	**1,696,993**
Interest expense on customer deposits and other borrowings	(29,340)	(65,386)	(269,237)	(1,466)	(6,313)	(137)	2,501	(369,378)
Total interest expenses	**(29,340)**	**(65,386)**	**(269,237)**	**(1,466)**	**(6,313)**	**(137)**	**2,501**	**(369,378)**
Inter-segment revenue	(69,440)	15,520	53,920	-	-	-	-	-
Net interest income	**384,413**	**343,721**	**586,050**	**(1,466)**	**13,379**	**(137)**	**1,655**	**1,327,615**
Fee and commission income, of which:	48,463	167,010	480,019	196	-	26,418	(25,964)	696,142
Recognised at a point in time	*42,572*	*162,818*	*480,019*	*196*	-	*26,418*	*(25,964)*	*686,059*
Recognised over time	*5,891*	*4,192*	-	-	-	-	-	*10,083*
Fee and commission expense	(9,536)	(17,943)	(320,625)	(16)	-	-	25,772	(322,348)
Net fee and commission income	**38,927**	**149,067**	**159,394**	**180**	**-**	**26,418**	**(192)**	**373,794**
Net foreign exchange gains	113,137	78,074	137,779	-	(4,228)	(78)	-	324,684
Other operating income	5,547	5,220	49,356	14,671	14,229	1,423	(2,550)	87,896
Personnel expenses	(96,194)	(182,568)	(397,301)	(7,081)	(6,011)	(10,595)	-	(699,750)
Impairment, depreciation and amortization expenses	(8,330)	(42,039)	(64,629)	(615)	-	(3,382)	(331)	(119,326)
Other operating expenses	(53,573)	(97,299)	(190,159)	(2,358)	(7,132)	(5,970)	370	(356,121)
Operating profit before credit loss allowance	**383,927**	**254,176**	**280,490**	**3,331**	**10,237**	**7,679**	**(1,048)**	**938,792**
Credit loss allowance	(26,930)	(27,255)	(46,416)	-	(6,919)	-	879	(106,641)
Segment profit before tax	**356,997**	**226,921**	**234,074**	**3,331**	**3,318**	**7,679**	**(169)**	**832,151**
Income tax expense	(43,572)	(27,697)	(28,569)	(407)	(1,774)	(962)	36	(102,945)
Net segment profit for the year	**313,425**	**199,224**	**205,505**	**2,924**	**1,544**	**6,717**	**(133)**	**729,206**

(All amounts are expressed in thousands MDL, if not stated otherwise)

39 Segment reporting (continued)

Bank 31 December 2022	Corporate Banking	Business Banking	Retail Banking	Corporate Investments	Total per statement of profit or loss
Interest income	755,998	786,601	1,540,225	4,471	3,087,295
Total interest income	**755,998**	**786,601**	**1,540,225**	**4,471**	**3,087,295**
Interest expense on customer deposits and other borrowings	(188,278)	(233,463)	(508,108)	(1,470)	(931,319)
Total interest expenses	**(188,278)**	**(233,463)**	**(508,108)**	**(1,470)**	**(931,319)**
Inter-segment revenue	(92,167)	(38,241)	130,408	-	-
Net interest income	**475,553**	**514,897**	**1,162,525**	**3,001**	**2,155,976**
Fee and commission income, of which:	55,351	204,658	623,467	303	883,779
Recognised at a point in time	*48,655*	*200,474*	*623,467*	*303*	*872,899*
Recognised over time	*6,696*	*4,184*	-	-	*10,880*
Fee and commission expense	(7,988)	(26,369)	(478,580)	(67)	(513,004)
Net fee and commission income	**47,363**	**178,289**	**144,887**	**236**	**370,775**
Net foreign exchange gains	162,409	127,639	206,669	-	496,717
Other operating income	1,826	2,433	60,362	20,270	84,891
Personnel expenses	(59,305)	(207,416)	(539,874)	(11,375)	(817,970)
Impairment, depreciation and amortization expenses	(3,925)	(30,453)	(95,129)	(610)	(130,117)
Other operating expenses	(90,855)	(144,421)	(228,372)	(919)	(464,567)
Operating profit before credit loss allowance	**533,066**	**440,968**	**711,068**	**10,603**	**1,695,705**
Credit loss allowance	49,607	(156,040)	(297,829)	(1,329)	(405,591)
Segment profit before tax	**582,673**	**284,928**	**413,239**	**9,274**	**1,290,114**
Income tax expense	(71,929)	(35,174)	(51,013)	(1,145)	(159,261)
Net segment profit for the year	**510,744**	**249,754**	**362,226**	**8,129**	**1,130,853**

(All amounts are expressed in thousands MDL, if not stated otherwise)

39 Segment reporting (continued)

Bank 31 December 2021	Corporate Banking	Business Banking	Retail Banking	Corporate Investments	Total per statement of profit or loss
Interest income	483,193	393,587	801,367	-	1,678,147
Total interest income	**483,193**	**393,587**	**801,367**		**1,678,147**
Interest expense on customer deposits and other borrowings	(29,340)	(65,386)	(269,237)	(1,466)	(365,429)
Total interest expenses	**(29,340)**	**(65,386)**	**(269,237)**	**(1,466)**	**(365,429)**
Inter-segment revenue	(69,440)	15,520	53,920	-	-
Net interest income	**384,413**	**343,721**	**586,050**	**(1,466)**	**1,312,718**
Fee and commission income, of which:	48,463	167,010	480,019	196	695,688
Recognised at a point in time	*42,572*	*162,818*	*480,019*	*196*	*685,605*
Recognised over time	*5,891*	*4,192*	-	-	*10,083*
Fee and commission expense	(9,536)	(17,943)	(320,625)	(16)	(348,120)
Net fee and commission income	**38,927**	**149,067**	**159,394**	**180**	**347,568**
Net foreign exchange gains	113,137	78,074	137,779	-	328,990
Other operating income	5,547	5,220	49,356	14,671	74,794
Personnel expenses	(96,194)	(182,568)	(397,301)	(7,081)	(683,144)
Impairment, depreciation and amortization expenses	(8,330)	(42,039)	(64,629)	(615)	(115,613)
Other operating expenses	(53,573)	(97,299)	(190,159)	(2,358)	(343,389)
Operating profit before credit loss allowance	**383,927**	**254,176**	**280,490**	**3,331**	**921,924**
Credit loss allowance	(26,930)	(27,255)	(46,416)	-	(100,601)
Segment profit before tax	**356,997**	**226,921**	**234,074**	**3,331**	**821,323**
Income tax expense	(43,572)	(27,697)	(28,569)	(407)	(100,245)
Net segment profit for the year	**313,425**	**199,224**	**205,505**	**2,924**	**721,078**

40 Financial risk management

The risks are part of the Group's activities. Effective risk management is a key condition for success, especially during current economic conditions. The key objectives such as the maximization of the profitability, reduction of the risk exposure, compliance with regulations determined that the risk management process becomes more complex and vital.

The risk management function within the Group is carried out with respect to financial risks, operational risks and legal risks. Financial risk comprises market risk (including currency risk, interest rate risk and other price risks), credit risk and liquidity risk. The primary function of financial risk management is to establish risk limits and to ensure that any exposure to risk stays within these limits. The operational and legal risk management functions are intended to ensure the proper functioning of internal policies and procedures in order to minimise operational and legal risks.

40.1 Risk management structure

Risk management structure is based on actual requirements regarding the internal control system, general accepted practice, including recommendations of the Basel Committee for Banking Supervision.

The Council of the Bank is responsible for approving the strategies, policies and general principles for addressing risks within the Group and risk limits, the task which is delegated to Bank`s Executive, including within specialized committees such as the Management Board, the Credit Committee, the Asset Liability Management Committee ("ALCO").

The Bank's Risk Committee is a permanent body with advisory functions, the main purpose of which is to ensure the organization of an efficient system for a permanent identification and assessment of risks related to the Group's activity and to oversee the implementation of Group's risk strategies.

40.2 Basic principles of risk management

The Group's risk management strategy aims to ensure that capital is adequately tailored to the Group's risk appetite as well as to the forecasted budget ratios in conditions of controlled risk to ensure both continuity in the Group's operations and the protection of the interests of shareholders and customers. The Group adopts a risk appetite according to appropriate risk management strategies and policies, correlated with the overall business strategy, the Group's equity and risk management experience.

Risk management is performed through structured application of management culture, policies, procedures and practices to identify, evaluate, monitor, and reduce risk. Risk monitoring and control is primarily driven by the limit system, which the Group has imposed on every significant risk. The limits are continuously monitored, ensuring communication to the Bank's Management Board, ALCO, Risk Committee members or Bank's Council. Considering environmental changes, market trends and/ or increasing some risk indicators, the Group intervenes and imposes limits or other control and management measures. The risk limits imply, first of all, the Group's tolerance and risk appetite.

The Group has developed its own internal model for assessing and quantifying the size of the capital needed to cover the main types of risk to which it is exposed to, namely the credit, currency, interest rate risks associated with the banking and operational portfolios. The same time, the Group uses securement and operations to hedge its exposures at risk through instruments available on the market.

The stress testing process is an integral part of the risk management system within the Group. The Group conducts regular stress tests, the results obtained are reported to the Bank's Management Board, the ALCO Committee, the Risk Committee, and eventual the Bank Council with further approval of relevant decisions, if needed, in order to avoid adverse events to the Group. The Internal Audit Department assesses the effectiveness of stress testing scenarios conducted within the Group for all risks related to banking activity, considering possible events or changes in market conditions that may affect the Group's activity.

In order to ensure effective risk management and obtain objective information on the status and extent of risks,

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

the Group's risk exposures are monitored on an ongoing basis, with daily information being presented and analyzed in this respect. Monthly and quarterly reports detailed with Group exposure, compliance with risk limits and risk parameters, and the possible impact scenarios in those cases are presented to the Bank's Executives, including specialized committees such as ALCO and the Credit Committee.

Quarterly, a comprehensive report is submitted to the Bank's Risk Committee and Council, allowing members of the committees to make their own opinion on the Group's exposure to the risk and the effectiveness of their management system.

40.3 Country and transfer risk

Country risk is the risk determined by the eventual negative impact of economic, social and political conditions and events in a foreign country on the Group's activity.

Transfer risk is the risk that it will be impossible for a foreign entity to convert certain financial liabilities in the necessary currency to settle the payment due to the deficiency of the respective currency as a result of restrictions imposed in that country.

The country risk management system within the Group provides for the application and improvement of the internal model for evaluation and assessing of the risk category established for the country, on the basis of the analysis of complex factors, including the international rating assigned by the international rating agencies stipulated in the internal normative acts. Based on them the risk categories and the exposure limits of the bank toward each country are established. The review and adjustment of the approved limits is done periodically, but not less than once a year. Compliance with country limits is monitored continuously by informing in the pre-set periodicity the Bank's Management Board, the Bank's Risk Committee and the Bank's Council on the level of Group's exposure to the country and transfer risk.

In connection with the outbreak of the armed conflict between Russia and Ukraine, the Bank revised and reduced the country limits with Russia, Ukraine and Belarus to the minimum necessary, at the same time, the Bank's exposure to the counterparties in these countries is minor.

Group's and Bank's country exposure at 31 December 2022 and 31 December 2021:

	Group				Bank			
Country risk category	**31 December 2022**		**31 December 2021**		**31 December 2022**		**31 December 2021**	
	MDL thousand	**%**	**MDL thousand**	**%**	**MDL thousand**	**%**	**MDL thousand**	**%**
I	1,029,511	96.83	3,719,024	99.04	1,029,511	96.83	3,719,024	99.04
II	27,651	2.60	35,458	0.94	27,651	2.60	35,458	0.94
III	978	0.09	757	0.02	978	0.09	757	0.02
IV	1,756	0.17	-	-	1,756	0.17	-	-
V	3,342	0.31	-	-	3,342	0.31	-	-
Total	**1,063,238**	**100**	**3,755,239**	**100**	**1,063,238**	**100**	**3,755,239**	**100**

The table contains the exposure for a given country, for placements with banks and due to other banks, considered to be the total exposure to entities in that country (banks, companies, governments, other state and public institutions) in the form of investments, balancing accounts, investments, loans, other balance sheet and off-balance sheet assets. Category I includes countries with international rating AAA-AA, category II: A-BBB, category III: BB-B, category IV: less than B, category V – no rating. The Group considers as acceptable the level of country risk, given that most of the financial resources exposed to country risk relate to states with a high solvency, and namely I risk category - 96.80%.

The Group periodically assesses the credit quality of its exposure to country risk and performs various stress scenarios based on the severity of the assumed circumstances, estimating the size of potential losses if the

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

conditions will occur and the impact on the Group's capital. Developments in the global and regional economy and trends and their forecasts are continuously analyzed, in order to react promptly and effectively to minimize risks.

40.4 Market risk

Market risk represents the risk of registering financial losses and/or the worsening of the financial position of the Group, as a result of the unfavourable fluctuations in the price of the Group's portfolio, determined by the changes in the risk factors such as: interest rates, foreign exchange rates, market volatility, and other relevant parameters etc.

The Group is exposed to nontrading market risk which arises from market movements. This includes interest rate and currency risks. The objective of market risk management is to monitor and keep in line with regulatory requirements, the business model and the Group's risk appetite the exposures on the financial instruments in the portfolio while optimizing the return on those investments.

40.4.1 Currency risk

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

The Group has a conservative approach while managing currency risk, and maintains a balanced structure of foreign assets and liabilities.

The open position, registered by the Group, is primarily conditioned by the transactions of the Group's clients in buying and selling foreign currency. The Group maintains open currency position mainly close to zero. During 2022 the market position was kept in a 2% vicinity of the Group's own funds, which is considered to be a low level.

The Group does not open long currency positions on long and medium term, and other financial instruments as derivatives are not operated and on the local market with local banks or clients. Permanently the Group is in connection with the biggest clients to understand potential behaviour.

The Group measures the currency risk through regulatory defined risk approach based the open currency positions, as well as internally developed key risk metrics based on VAR methodology. The Group identifies and applies the internal system of indicators and limits, which are reflected in the internal management reporting. The Group performs several types of stress scenarios applied to exchange rates in order to evaluate the potential effect of extreme market events on earnings and the capital.

In order to calculate the capital requirement for currency risk, the Group uses the standardized approach in accordance with the NBM regulations.

Internally developed market risk model estimates the market risk derived from foreign exchange rates volatilities. The Group uses the VAR method with a confidence level of 99%, calculated on the basis of daily fluctuations of exchange rates, for two years period.

VAR index	**VAR limit**	**Effective as at 31 December**	**Daily average**	**Maximum**	**Minimum**
2022	3,000	246	975	4,158	48
2021	3,000	1,234	668	3,525	42

To ensure effective monitoring of the currency risk and increase the Group's protection against possible adverse developments in the risk factors, the Group analyzes the sensitivity of its opened currency positions to the volatility of the exchange rates.

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below reflects the potential effect (on profit or loss) from daily exchange rates changes of the currencies the Group mainly operates with and there with significant exposure (given the size of foreign balance sheet assets and liabilities): EUR and USD reported to MDL.

The stress analysis is applied to open currency positions in each of the two main currencies (EUR, USD) as of 31 December 2022 and at 31 December 2021, taking into consideration reasonable daily deviation increase/decrease in exchange rates of foreign currencies against the national currency.

The size of open currency positions includes the balances and off-balance sheet assets and liabilities in foreign currencies. Negative amount, possibly obtained under scenario reflects a potential net reduction in foreign currency differences gains, net, while a positive amount reflects a possible increase in the foreign currency differences gains, net.

Group

Open currency position	Nominal value	Possible daily change in foreign exchange rate	Impact	Possible daily change in foreign exchange rate	Impact
	thousand MDL	*%*	*thousand MDL*	*%*	*thousand MDL*
As at 31 December 2022					
USD	(25,982)	15	(3,897)	(15)	3,897
EUR	(71,615)	15	(10,742)	(10)	7,162
Total	**(97,597)**		**(14,639)**		**11,059**
As at 31 December 2021					
USD	(64,036)	15	(9,605)	(15)	9,605
EUR	(83,733)	15	(12,560)	(10)	8,373
Total	**(147,769)**		**(22,165)**		**17,978**

Bank

Open currency position	Nominal value	Possible daily change in foreign exchange rate	Impact	Possible daily change in foreign exchange rate	Impact
	thousand MDL	*%*	*thousand MDL*	*%*	*thousand MDL*
As at 31 December 2022					
USD	(31,812)	15	(4,772)	(15)	4,772
EUR	10,786	15	1,618	(10)	(1,079)
Total	**(21,026)**		**(3,154)**		**3,693**
As at 31 December 2021					
USD	(65,707)	15	(9,856)	(15)	9,856
EUR	(109,914)	15	(16,487)	(10)	10,991
Total	**(175,621)**		**(26,343)**		**20,847**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

Tables below summarises the **Group's** exposure to foreign currency exchange rate risk at the 31 December 2022 and at the 31 December 2021:

At 31 December 2022	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,470,466	728,686	89,360	592,183	60,237
Balances with the NBM	12,075,624	6,195,151	1,718,059	4,162,414	-
Due from other banks	1,060,404	393	536,575	467,793	55,643
Investment in debt securities	4,366,081	4,366,081	-	-	-
Loans and advances to customers	21,411,870	13,810,661	1,721,156	5,880,053	-
Finance lease receivables	271,961	852	5,264	265,845	-
Other financial assets	133,158	83,692	9,856	39,609	1
Other assets	30,410	23,555	1,076	5,683	96
Total assets	**40,819,974**	**25,209,071**	**4,081,346**	**11,413,580**	**115,977**
LIABILITIES					
Due to banks	16,592	472	16,120	-	-
Due to customers	31,356,841	18,132,234	4,028,189	9,097,817	98,601
Borrowings	3,623,883	1,509,387	20,014	2,094,482	-
Lease liabilities	112,690	2,862	20,600	89,228	-
Other financial liabilities	287,343	81,809	24,886	179,738	910
Other liabilities	100,527	61,893	12,415	26,099	120
Subordinated debt	509,544	509,544	-	-	-
Total liabilities	**36,007,420**	**20,298,201**	**4,122,224**	**11,487,364**	**99,631**
Off balance sheet exposures	16	8	11,528	-	(11,520)
Excess/(deficit)	**4,812,570**	**4,910,878**	**(29,350)**	**(73,784)**	**4,826**

At 31 December 2021	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,170,658	567,814	85,712	450,434	66,698
Balances with the NBM	7,575,840	3,997,323	870,915	2,707,602	-
Due from other banks	3,739,820	-	506,073	3,196,630	37,117
Investment in debt securities	4,071,050	4,071,050	-	-	-
Loans and advances to customers	18,627,190	12,997,476	1,725,129	3,904,585	-
Finance lease receivables	216,767	15,052	3,519	198,196	-
Other financial assets	44,013	22,837	4,612	16,041	523
Other assets	23,107	16,129	1,240	5,738	-
Total assets	**35,468,445**	**21,687,681**	**3,197,200**	**10,479,226**	**104,338**
LIABILITIES					
Due to banks	18,458	1,191	17,267	-	-
Due to customers	28,570,646	15,796,431	3,228,161	9,463,784	82,270
Borrowings	2,249,615	1,393,778	14,374	841,463	-
Lease liabilities	70,340	1,299	3,041	66,000	-
Other financial liabilities	263,243	75,467	13,754	173,204	818
Other liabilities	72,227	44,290	9,359	18,508	70
Subordinated debt	298,653	298,653	-	-	-
Total liabilities	**31,543,182**	**17,611,109**	**3,285,956**	**10,562,959**	**83,158**
Off balance sheet exposures	**(14)**	**-**	**24,720**	**-**	**(24,734)**
Excess/(deficit)	**3,925,249**	**4,076,572**	**(64,036)**	**(83,733)**	**(3,554)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

Tables below summarises the **Bank's** exposure to foreign currency exchange rate risk at the 31 December 2022 and at the 31 December 2021:

At 31 December 2022	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,470,410	728,630	89,360	592,183	60,237
Balances with the NBM	12,075,624	6,195,151	1,718,059	4,162,414	-
Due from other banks	1,059,819	-	536,575	467,601	55,643
Investment in debt securities	4,305,996	4,305,996	-	-	-
Loans and advances to customers	21,529,557	13,804,052	1,722,630	6,002,875	-
Other financial assets	121,538	81,310	9,672	30,555	1
Other assets	25,775	18,920	1,076	5,683	96
Total assets	**40,588,719**	**25,134,059**	**4,077,372**	**11,261,311**	**115,977**
LIABILITIES					
Due to banks	16,592	472	16,120	-	-
Due to customers	31,388,449	18,163,842	4,028,189	9,097,817	98,601
Borrowings	3,525,790	1,647,795	18,534	1,859,461	-
Lease liabilities	114,159	5,061	20,600	88,498	-
Other financial liabilities	285,298	80,947	24,832	178,609	910
Other liabilities	93,645	55,011	12,415	26,099	120
Subordinated debt	509,544	509,544	-	-	-
Total liabilities	**35,933,477**	**20,462,672**	**4,120,690**	**11,250,484**	**99,631**
Off balance sheet exposures	**8**	**-**	**11,528**	**-**	**(11,520)**
Excess/(deficit)	**4,655,250**	**4,671,387**	**(31,790)**	**10,827**	**4,826**

At 31 December 2021	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,170,643	567,799	85,712	450,434	66,698
Balances with the NBM	7,575,840	3,997,323	870,915	2,707,602	-
Due from other banks	3,739,580	-	506,073	3,196,390	37,117
Investment in debt securities	4,052,472	4,052,472	-	-	-
Loans and advances to customers	18,664,513	12,997,476	1,725,129	3,941,908	-
Other financial assets	31,488	10,312	4,612	16,041	523
Other assets	20,325	13,347	1,240	5,738	-
Total assets	**35,254,861**	**21,638,729**	**3,193,681**	**10,318,113**	**104,338**
LIABILITIES					
Due to banks	18,458	1,191	17,267	-	-
Due to customers	28,596,152	15,821,937	3,228,161	9,463,784	82,270
Borrowings	2,160,402	1,440,031	12,526	707,845	-
Lease liabilities	69,026	1,299	3,041	64,686	-
Other financial liabilities	259,641	71,865	13,754	173,204	818
Other liabilities	68,594	40,657	9,359	18,508	70
Subordinated debt	298,653	298,653	-	-	-
Total liabilities	**31,470,926**	**17,675,633**	**3,284,108**	**10,428,027**	**83,158**
Off balance sheet exposures	**(14)**	**-**	**24,720**	**-**	**(24,734)**
Excess/(deficit)	**3,783,921**	**3,963,096**	**(65,707)**	**(109,914)**	**(3,554)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

40.4.2 Interest rate risk associated with activities outside of non-trading portfolio ("IRRBB")

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

The Group treats IRRBB as a significant risk, being properly monitored, measured and controlled, in order to limit potential losses caused by adverse interest rate fluctuations so that such losses do not threaten the Group's profitability, own funds or operational safety.

The Group manages the exposure to the IRRBB through the analysis of sensitive assets and liabilities within the interest rate review gap and through a system of limits and risk parameters approved by the Bank's Council within the internal regulations. The monitoring of the exposure to the interest rate risk of the banking portfolio and compliance with internal limits is performed at least once a month, within the Bank's ALCO.

The Group quantifies its exposure to interest rate risk in the banking portfolio, in terms of affecting the economic value of the Group ("EVE") and net interest income ("NII"), as a result of applying the shocks to changes in interest rates on the yield curve.

Estimating the sensitivity of the economic value of assets and liabilities outside the non-trading portfolio is calculated by comparing their present value to the value obtained as a result of the application of the interest rate curve to each predefined stress scenario.

Estimating the impact of the change in net interest income is the difference between the expected gains in a baseline scenario and the expected gains in alternative ones, negative shock or crisis scenarios, in a perspective of business continuity over the next year by considering a constant balance sheet.

The table below shows the sensitivity of net interest income to a possible proportional change in interest rates within each maturity band in dependence of the interest revaluation range. The model does not evaluate the non-interest-bearing elements.

Sensitivity of net interest income, thousand MDL

Group

Increase in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2022	+100	127,015	(19,069)	(61,841)	(10,503)	(377)	35,225
	+50	63,508	(9,535)	(30,921)	(5,252)	(189)	17,611
2021	+100	(18,242)	(6,926)	18,628	27,051	11,506	32,017
	+50	(9,121)	(3,463)	9,314	13,526	5,753	16,009

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2022	-100	(127,015)	19,069	61,841	10,503	377	(35,225)
	-50	(63,508)	9,535	30,921	5,252	189	(17,611)
2021	-100	18,242	6,926	(18,628)	(27,051)	(11,506)	(32,017)
	-50	9,121	3,463	(9,314)	(13,526)	(5,753)	(16,009)

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

40.4.2 Interest rate risk associated with activities outside of non-trading portfolio ("IRRBB")

Sensitivity of net interest income, thousand MDL

Bank

Increase in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2022	+100	128,135	(19,068)	(64,480)	(9,925)	82	34,744
	+50	64,068	(9,534)	(32,240)	(4,963)	41	17,372
2021	+100	(17,894)	(7,105)	18,097	27,478	11,583	32,159
	+50	(8,947)	(3,553)	9,049	13,739	5,791	16,079

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2022	-100	(128,135)	19,068	64,480	9,925	(82)	(34,744)
	-50	(64,068)	9,534	32,240	4,963	(41)	(17,372)
2021	-100	17,894	7,105	(18,097)	(27,478)	(11,583)	(32,159)
	-50	8,947	3,553	(9,049)	(13,739)	(5,791)	(16,079)

The Group and Bank extends loans and accepts deposits bearing fixed rates as well as floating rates and compound rates. Floating rate loans to customers and deposits from customers represent instruments in respect of which the Group has the right to change unilaterally the interest rate in line with the rates on the market. The Group has to gives a 15 days notice prior to the date when the change takes place. For interest gap disclosure purposes, loans and deposits bearing floating rates were considered to have 15 days notice re-pricing period and were classified into the category "less than 1 month".

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below set out the Group's exposure to interest rate risk based on the earlier of contractual maturity of its financial instruments or the next interest rate repricing date, if the instruments are subject to variable interest rates. Group's policy on interest rate risk management is to minimize exposure and continuously to adapt interest repricing dates and maturities for assets and liabilities.

31 December 2022	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 years	From 1 to 5 years	More than 5 years	Non-interest-bearing items
ASSETS							
Cash on hand	1,470,466	-	-	-	-	-	1,470,466
Balances with the National Bank of Moldova	12,075,624	11,989,592	-	-	-	-	86,032
Due from other banks	1,060,404	1,001,046		59,358	-		-
Investments in debt securities	4,366,081	1,695,257	783,769	1,724,823	116,823	6,978	38,431
Loans and advances to customers (floating rate)	19,679,969	19,679,969	-	-	-	-	-
Loans and advances to customers (fixed rate)	1,731,902	190,439	66,112	346,150	1,127,885	1,316	-
Finance lease receivables	271,961	12,478	3,174	250,702	5,607	-	-
Other financial assets	133,158	133,158	-	-	-	-	-
Total assets	**40,789,565**	**34,701,939**	**853,055**	**2,381,033**	**1,250,315**	**8,294**	**1,594,929**
LIABILITIES							
Due to other banks	16,592	16,592	-	-	-	-	-
Due to customers (fixed rate)	9,931,062	313,276	851,638	6,548,062	2,218,086	-	-
Due to customers (floating rate)	21,425,780	21,335,391	-	-	-	-	90,389
Borrowings	3,623,883	178,803	1,696,358	1,729,475	19,168	79	-
Lease liabilities	112,690	40	98	8,059	57,786	46,014	693
Other financial liabilities	287,343	-	-	-	-	-	287,343
Subordinated debt	509,544	-	208,689	300,855	-	-	-
Total liabilities	**35,906,894**	**21,844,102**	**2,756,783**	**8,586,451**	**2,295,040**	**46,093**	**378,425**
Interest gap	**4,882,671**	**12,857,837**	**(1,903,728)**	**(6,205,418)**	**(1,044,725)**	**(37,799)**	1,216,504
Cumulative interest gap		**12,857,837**	**10,954,109**	**4,748,691**	**3,703,965**	**3,666,167**	**4,882,671**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

31 December 2021	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 years	From 1 to 5 years	More than 5 years	Non-interest-bearing items
ASSETS							
Cash on hand	1,170,658	-	-	-	-	-	1,170,658
Balances with the National Bank of Moldova	7,575,840	7,575,840	-	-	-	-	-
Due from other banks	3,739,820	3,739,820	-	-	-	-	-
Investments in debt securities	4,071,050	341,376	888,932	2,668,021	171,410	1,311	-
Loans and advances to customers (floating rate)	14,771,278	14,766,419	-	-	-	-	4,859
Loans and advances to customers (fixed rate)	3,855,912	857	1,631	7,956	2,688,504	1,156,964	-
Finance lease receivables	216,767	13,998	13,219	54,433	131,042	-	4,075
Other financial assets	44,013	44,013	-	-	-	-	-
Total assets	**35,445,338**	**26,482,323**	**903,782**	**2,730,410**	**2,990,956**	**1,158,275**	**1,179,592**
LIABILITIES							
Due to other banks	18,458	-	-	-	-	-	18,458
Due to customers (fixed rate)	521,194	4	72,183	299,529	149,478	-	-
Due to customers (floating rate)	28,049,452	27,936,102	-	-	-	-	113,350
Borrowings	2,249,615	370,144	1,524,105	254,288	89,213	-	11,865
Lease liabilities	70,340	262	134	15,130	47,163	7,651	-
Other financial liabilities	263,243	-	-	-	-	-	263,243
Subordinated debt	298,653	-	-	298,653	-	-	-
Total liabilities	**31,470,955**	**28,306,512**	**1,596,422**	**867,600**	**285,854**	**7,651**	**406,916**
Interest gap	**3,974,383**	**(1,824,189)**	**(692,640)**	**1,862,810**	**2,705,102**	**1,150,624**	**772,676**
Cumulative interest gap		**(1,824,189)**	**(2,516,829)**	**(654,019)**	**2,051,083**	**3,201,707**	**3,974,383**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below set out the Bank's exposure to interest rate risk based on the earlier of contractual maturity of its financial instruments or the next interest rate repricing date, if the instruments are subject to variable interest rates. Bank's policy on interest rate risk management is to minimize exposure and continuously to adapt interest repricing dates and maturities for assets and liabilities.

31 December 2022	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 years	From 1 to 5 years	More than 5 years	Non-interest-bearing items
ASSETS							
Cash on hand	1,470,410	-	-	-	-	-	1,470,410
Balances with the National Bank of Moldova	12,075,624	11,989,592	-	-	-	-	86,032
Due from other banks	1,059,818	1,000,460		59,358	-	-	-
Investments in debt securities	4,305,996	1,635,172	783,769	1,724,823	116,823	6,978	38,431
Loans and advances to customers (floating rate)	19,797,656	19,797,656	-	-	-	-	-
Loans and advances to customers (fixed rate)	1,731,902	190,439	66,112	346,150	1,127,885	1,316	-
Other financial assets	121,538	121,538	-	-	-	-	-
Total assets	**40,562,944**	**34,734,857**	**849,881**	**2,130,331**	**1,244,708**	**8,294**	**1,594,873**
LIABILITIES							
Due to other banks	16,592	16,592	-	-	-	-	-
Due to customers (fixed rate)	9,931,062	313,276	851,638	6,548,062	2,218,086	-	-
Due to customers (floating rate)	21,457,388	21,366,999	-	-	-	-	90,389
Borrowings	3,525,790	80,710	1,696,358	1,729,475	19,168	79	-
Other financial liabilities	285,298	-	-	-	-	-	285,298
Subordinated debt	509,544	-	208,689	300,855	-	-	-
Total liabilities	**35,725,674**	**21,777,577**	**2,756,685**	**8,578,392**	**2,237,254**	**79**	**375,687**
Interest gap	**4,837,270**	**12,957,280**	**(1,906,804)**	**(6,448,061)**	**(992,546)**	**8,215**	**1,219,186**
Cumulative interest gap		**12,957,280**	**11,050,476**	**4,602,415**	**3,609,869**	**3,618,084**	**4,837,270**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

31 December 2021	Total	Less than 1 month	From 1 month to 3 months	From 3 months to 1 years	From 1 to 5 years	More than 5 years	Non-interest-bearing items
ASSETS							
Cash on hand	1,170,643	1,170,643	-	-	-	-	-
Balances with the National Bank of Moldova	7,575,840	7,575,840	-	-	-	-	-
Due from other banks	3,739,580	3,739,580	-	-	-	-	-
Investments in debt securities	4,052,472	341,373	884,132	2,654,246	171,410	1,311	-
Loans and advances to customers (floating rate)	14,771,278	14,766,419	-	-	-	-	4,859
Loans and advances to customers (fixed rate)	3,893,235	857	1,631	7,956	2,725,827	1,156,964	-
Other financial assets	31,488	31,488	-	-	-	-	-
Total assets	**35,234,536**	**27,626,200**	**885,763**	**2,662,202**	**2,897,237**	**1,158,275**	**4,859**
LIABILITIES							
Due to other banks	18,458	-	-	-	-	-	18,458
Due to customers (fixed rate)	521,194	4	72,183	299,529	149,478	-	-
Due to customers (floating rate)	28,074,958	27,961,608	-	-	-	-	113,350
Borrowings	2,160,402	370,144	1,524,105	254,288	-	-	11,865
Other financial liabilities	259,641	-	-	-	-	-	259,641
Subordinated debt	298,653	-	-	298,653	-	-	-
Total liabilities	**31,333,306**	**28,331,756**	**1,596,288**	**852,470**	**149,478**	**-**	**403,314**
Interest gap	**3,901,230**	**(705,556)**	**(710,525)**	**1,809,732**	**2,747,759**	**1,158,275**	**(398,455)**
Cumulative interest gap		**(705,556)**	**(1,416,081)**	**393,651**	**3,141,410**	**4,299,685**	**3,901,230**

40.4 Counterparty risk

Counterparty risk (partner banks) is the risk of the counterparty defaulting on certain assets arising from transactions in the financial markets (foreign exchange, monetary and securities) or in carrying out documentary and/or clearing operations that may cause losses to the Group.

40 Financial risk management (continued)

40.4 Counterparty risk (continued)

The Group follows a prudent policy in partnership with local and foreign banks. The majority of the completed operations, as well as the funds held in the correspondent accounts, is completed through strategic partners with long-term cooperation experience.

The Group's counterparty risk management system provides the application and continuous improvement of the mechanisms for assessing and reviewing the solvency of partner banks on the basis of an internal evaluation model that provides the qualitative and quantitative analysis of banks in order to establish total exposure limits. depending on the type and term of the operations. The limits are reviewed and adjusted periodically. In assessing the solvency category of the partner banks, in addition to the internal qualitative and quantitative parameters, the Group takes into account the lowest international rating of the partner bank assigned by the rating agencies: Standard & Poor's, Moody's and Fitch Ratings.

In the process of controlling counterparty risk management (i.e. partner banks), the Group provides clear procedures for current monitoring and post-factum control of compliance, the Group's level of exposure to the partner bank individually and cumulatively, as well as the efficiency of the system of monitoring and control. The Group assesses on a monthly basis the credit quality of its exposure to partner banks and performs various stress scenarios depending on the severity of the alleged circumstances. Information on the analysis of the level of exposure of the Group to the counterparty risk is provided daily to all interested units, and summary reports are presented monthly to the Group's management.

40.5 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group's liquidity risk management system foresees liquidity management in accordance with regulatory requirements, systematic monitoring and analysis of risk factors regarding the Group's current and long-term liquidity.

The Group aims to achieve an optimal balance between assets and liabilities on each maturity gap, by contracting a diversified and high-quality portfolio of assets, ensuring sustainable and successful activity, and attracting financial resources with various maturities. An integral part of the liquidity risk management process represents the system of early warning indicators and liquidity position testing under crisis conditions. The Group maintains and updates the Crisis Recovery Plan, which represents a risk management tool aimed for determining the procedures for early identification of vulnerabilities and measures to be taken in order to mitigate the negative impact of a possible crisis situation.

Group manages the liquidity risk considering: the estimation of the cash flows needs and of the operative liquidity, the daily banking book structure, the liquidity GAP – on each currency and overall, the level and the structure of the liquid assets portfolio, the liquidity indicators having early warning limits internally established, the simulation regarding the liquidity indicators levels, the risk assessment on crisis situations by using stress tests. If the indicators monitored in the reports enumerated above, register an attention or crisis level the ALCO evaluates the situation and recommends necessary measures required for the indicators to revert to normal levels.

In terms of Due to customers, the Group and the Bank are considering the contractual maturity of the deposits when preparing the liquidity analysis, although there might be deposits that can be withdrawn earlier than the contractual maturity. Liabilities to clients due within one month principally include current accounts from which the clients are authorized to make withdrawals at call. The Group's historical experience shows, however, that these accounts represent a stable source of funding, those deposits are renewed in a significant proportion at each maturity date. At the same time, in the context of the high norm of required reserves, the Bank holds, during 2022, a significant volume of liquidity, which is placed in state securities. These financial means are liquid assets which can be sold/used as collateral to finance a potential liquidity shortfall. In 2022 the Bank executed and submitted for the first time the ILAAP Report to the NBM, for year 2021.

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below sets out the remaining contractual cash flows until the maturity of the **Group's** non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2022 for liabilities and discounted cash flows for assets. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. When managing the liquidity from an operational point of view the Group is considering the discounted assets and liabilities.

31 December 2022	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Financial assets						
Cash on hand	1,470,466	-	-	-	-	1,470,466
Balances with the National Bank of Moldova	12,075,624	-	-	-	-	12,075,624
Due from other banks	798,206	12,839	203,849	45,510	-	1,060,404
Investments in debt securities	-	2,405,198	1,773,217	127,387	60,279	4,366,081
Loans and advances to customers	148,982	235,308	3,150,486	13,216,057	4,661,037	21,411,870
Finance lease receivables	23,670	17,658	64,575	166,058	-	271,961
Other financial assets	133,158	-	-	-	-	133,158
Total financial assets	**14,650,106**	**2,671,003**	**5,192,127**	**13,555,012**	**4,721,316**	**40,789,564**
Financial liabilities						
Due to other banks	16,592	-	-	-	-	16,592
Due to customers	16,782,777	1,427,553	8,729,181	5,041,756	164,347	32,145,614
Borrowings	76,532	12,489	199,618	2,491,598	1,630,462	4,410,699
Lease liabilities	3,380	10,092	30,373	87,091	42,333	173,269
Other financial liabilities	-	287,343	-	-	-	287,343
Subordinated debt	-	-	-	-	959,340	959,340
Total undiscounted financial liabilities	**16,879,281**	**1,737,477**	**8,959,172**	**7,620,445**	**2,796,482**	**37,992,857**
GAP	**(2,229,175)**	**933,526**	**(3,767,045)**	**5,934,567**	**1,924,834**	**2,796,707**
Letters of credit	-	13,873	3,057	-	-	16,930
Financial guarantees	-	280,412	209,020	269,465	-	758,897
Loan commitments	-	258,655	1,061,313	1,641,329	1,008	2,962,305
Total	**16,879,281**	**2,290,417**	**10,232,562**	**9,531,239**	**2,797,490**	**41,730,989**
Net liquidity excedent/(deficit) on estimated maturities	**(2,229,175)**	**380,586**	**(5,040,435)**	**4,023,773**	**1,923,826**	**(941,425)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below sets out the remaining contractual cash flows until the maturity of the Group's non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2021 for liabilities and discounted cash flows for assets:

31 December 2021	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Financial assets						
Cash on hand	1,170,658	-	-	-	-	1,170,658
Balances with the National Bank of Moldova	7,575,840	-	-	-	-	7,575,840
Due from other banks	3,580,494	159,326	-	-	-	3,739,820
Investments in debt securities	287,310	875,738	2,624,146	278,791	5,065	4,071,050
Loans and advances to customers	537,337	944,184	4,304,962	10,185,732	2,654,975	18,627,190
Finance lease receivables	18,072	13,218	54,433	131,044		216,767
Other financial assets	44,013	-	-	-	-	44,013
Total financial assets	**13,213,724**	**1,992,466**	**6,983,541**	**10,595,567**	**2,660,040**	**35,445,338**
Financial liabilities						
Due to other banks	18,458	-	-	-	-	18,458
Due to customers	16,391,963	1,591,479	6,291,571	4,772,543	25,358	29,072,914
Borrowings	84,917	119,081	575,989	1,443,780	93,583	2,317,350
Lease liabilities	2,917	253	16,158	46,204	4,808	70,340
Other financial liabilities	237,274	-	-	25,969	-	263,243
Subordinated debt	-	-	-	-	515,027	515,027
Total undiscounted financial liabilities	**16,735,529**	**1,710,813**	**6,883,718**	**6,288,496**	**638,776**	**32,257,332**
GAP	**(3,521,805)**	**281,653**	**99,823**	**4,307,071**	**2,021,264**	**3,188,006**
Letters of credit	-	131,095	-	-	-	131,095
Financial guarantees	-	120,571	220,058	127,179	-	467,808
Loan commitments	-	216,631	582,556	1,445,851	328	2,245,366
Total	**16,735,529**	**2,179,110**	**7,686,332**	**7,861,526**	**639,104**	**35,101,601**
Net liquidity excedent/(deficit) on estimated maturities	**(3,521,805)**	**(186,644)**	**(702,791)**	**2,734,041**	**2,020,936**	**343,737**

"On demand" includes transactions that have 1 day residual contractual maturity and for which there is unknown the potential maturity, while "less than 3 months", includes all transactions with residual contractual maturity from 2 days and up to 3 months.

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below sets out the remaining contractual cash flows until the maturity of the **Bank's** non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2022. Such undiscounted cash flows differ from the amount included in the statement of financial position because the amount in the statement of financial position is based on discounted cash flows. When managing the liquidity from an operational point of view the Bank is considering the discounted assets and liabilities.

31 December 2022	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Financial assets						
Cash on hand	1,470,410	-	-	-	-	1,470,410
Balances with the National Bank of Moldova	12,075,624	-	-	-	-	12,075,624
Due from others banks	797,621	12,839	203,849	45,510	-	1,059,819
Investments in debt securities	-	2,400,755	1,717,575	127,387	60,279	4,305,996
Loans and advances to customers	148,982	238,834	3,153,571	13,327,133	4,661,037	21,529,557
Other financial assets	121,538	-	-	-	-	121,538
Total financial assets	**14,614,175**	**2,652,428**	**5,074,995**	**13,500,030**	**4,721,316**	**40,562,944**
Financial liabilities						
Due to other banks	16,592	-	-	-	-	16,592
Due to customers	16,751,169	1,427,553	8,729,181	5,041,756	164,347	32,114,006
Borrowings	74,648	5,460	168,328	2,428,144	1,626,981	4,303,561
Lease liabilities	3,380	10,092	30,373	87,091	42,333	173,269
Other financial liabilities	-	285,298	-	-	-	285,298
Subordinated debt	-	-	-	-	959,340	959,340
Total undiscounted financial liabilities	**16,845,789**	**1,728,403**	**8,927,882**	**7,556,991**	**2,793,001**	**37,852,066**
GAP	**(2,231,614)**	**924,025**	**(3,852,887)**	**5,943,039**	**1,928,315**	**2,710,878**
Letters of credit	-	13,873	3,057	-	-	16,930
Financial guarantees	-	280,412	209,020	269,465	-	758,897
Loan commitments	-	258,655	1,061,313	1,641,329	1,008	2,962,305
Total	**16,845,789**	**2,281,343**	**10,201,272**	**9,467,785**	**2,794,009**	**41,590,198**
Net liquidity excedent/(deficit) on estimated maturities	**(2,231,614)**	**371,085**	**(5,126,277)**	**4,032,245**	**1,927,307**	**(1,027,254)**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

The table below sets out the remaining contractual cash flows until the maturity of the **Bank's** non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2021:

31 December 2021	On demand	Less than 3 months	From 3 months to 1 year	From 1 to 5 years	Over 5 years	Total
Financial assets						
Cash on hand	1,170,643	-	-	-	-	1,170,643
Balances with the National Bank of Moldova	7,575,840	-	-	-	-	7,575,840
Due from others banks	3,580,254	159,326	-	-	-	3,739,580
Investments in debt securities	287,310	870,937	2,610,372	278,791	5,062	4,052,472
Loans and advances to customers	537,337	944,184	4,304,962	10,223,055	2,654,975	18,664,513
Other financial assets	31,488	-	-	-	-	31,488
Total financial assets	**13,182,872**	**1,974,447**	**6,915,334**	**10,501,846**	**2,660,037**	**35,234,536**
Financial liabilities						
Due to other banks	18,458	-	-	-	-	18,458
Due to customers	16,417,483	1,591,479	6,291,571	4,772,543	25,358	29,098,434
Borrowings	84,550	115,546	559,280	1,368,107	93,583	2,221,066
Lease liabilities	2,916	253	14,845	46,204	4,808	69,026
Other financial liabilities	233,672	-	-	25,969	-	259,641
Subordinated debt	-	-	-	-	515,027	515,027
Total undiscounted financial liabilities	**16,757,079**	**1,707,278**	**6,865,696**	**6,212,823**	**638,776**	**32,181,652**
GAP	**(3,574,207)**	**267,169**	**49,638**	**4,289,023**	**2,021,261**	**3,052,884**
Letters of credit	-	131,095	-	-	-	131,095
Financial guarantees	-	120,571	220,058	127,179	-	467,808
Loan commitments	-	216,631	582,556	1,445,851	328	2,245,366
Total	**16,757,079**	**2,175,575**	**7,668,310**	**7,785,853**	**639,104**	**35,025,921**
Net liquidity excedent/(deficit) on estimated maturities	**(3,574,207)**	**(201,128)**	**(752,976)**	**2,715,993**	**2,020,933**	**208,615**

(All amounts are expressed in thousands MDL, if not stated otherwise)

40 Financial risk management (continued)

40.6 Credit risk

The Group exposes itself to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

Exposure to credit risk arises as a result of the Group's lending and other transactions with counterparties, giving rise to financial assets and off-balance sheet credit-related commitments.

The Group's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the consolidated statement of financial position. For financial guarantees issued, commitments to extend credit, undrawn credit lines and export/import letters of credit, the maximum exposure to credit risk is the amount of the commitment.

Credit risk management. Credit risk is the single largest risk for the Group's business, management therefore carefully manages its exposure to credit risk.

The estimation of credit risk for risk management purposes is complex and involves the use of models, as the risk varies depending on market conditions, expected cash flows and the passage of time. The assessment of credit risk for a portfolio of assets entails further estimations of the likelihood of defaults occurring, the associated loss ratios and default correlations between counterparties.

Limits. The Group structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Limits on the level of credit risk by product and industry sector are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Loan applications originating with the relevant client relationship managers are passed on to the relevant credit approval authority for the approval of the credit limit. Exposure to credit risk is also managed, in part, by obtaining collateral as well as corporate and personal guarantees. In order to monitor exposure to credit risk, regular reports are produced by the Risk Division based on a structured analysis focusing on the customer's business and financial performance.

Credit risk grading system. For measuring credit risk and grading financial instruments by the amount of credit risk, the Group applies an internal classification as presented below:

Master scale credit risk grade	Corresponding internal classification	PD Range for loans	PD Range for lease receivables
Good	1	0.9 – 25.3%	0.2-4.7%
Satisfactory	2	2.6 – 62.7%	0.2-14.4%
Special monitoring	3	14.6 – 62.7%	12-95.3%
Default	4, 5	100%	100%

The Bank calculates PD based on a days past due transition matrix, which gives some overlapping of PD between credit risk grades.

Each master scale credit risk grade is assigned a specific degree of creditworthiness:

Good – strong and adequate credit quality with a moderate credit risk: mostly without past due days or with under 30 days past due for secured exposures;

Satisfactory – moderate credit quality with a satisfactory credit risk: 1-30 past due days for unsecured, or more than 30 past due days for secured exposure;

Special monitoring – facilities that require closer monitoring and remedial management, which usually are subject to restructuring and report poor financial results; and

Default – facilities in which a default has occurred.

40 Financial risk management (continued)

40.6 Credit risk (continued)

The classification model is regularly reviewed Risk Division and updated if deemed necessary.

Expected credit loss ("ECL") measurement. *ECL* is a probability-weighted estimate of the present value of future cash shortfalls (i.e., the weighted average of credit losses, with the respective risks of default occurring in a given time period used as weights). An ECL measurement is unbiased and is determined by evaluating a range of possible outcomes. ECL measurement is based on four components used by the Group: Probability of Default ("PD"), Exposure at Default ("EAD"), Loss Given Default ("LGD") and Discount Rate.

EAD is an estimate of exposure at a future default date, taking into account expected changes in the exposure after the reporting period, including repayments of principal and interest, and expected drawdowns on committed facilities. The EAD on credit related commitments is estimated using Credit Conversion Factor ("CCF"). CCF is a coefficient that shows the probability of conversion of the committed amounts to an on-balance sheet exposure within a defined period. PD an estimate of the likelihood of default to occur over a given time period. LGD is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from any collateral. It is usually expressed as a percentage of the EAD. The expected losses are discounted to present value at the end of the reporting period. The discount rate represents the effective interest rate ("EIR") for the financial instrument or an approximation thereof.

ECL are modelled over instrument's *lifetime period.* The *lifetime period* is equal to the remaining contractual period to maturity of debt instruments if any. Management models *Lifetime ECL,* that is, losses that result from all possible default events over the remaining lifetime period of the financial instrument. The *12-month ECL,* represents a portion of lifetime ECLs that result from default events on a financial instrument that are possible within 12 months after the reporting period, or remaining *lifetime period* of the financial instrument if it is less than a year.

The ECLs that are estimated by management for the purposes of these financial statements are point-in-time estimates, rather than through-the-cycle estimates that are commonly used for regulatory purposes. The estimates consider *forward looking information,* that is, ECLs reflect probability weighted development of key macroeconomic variables that have an impact on credit risk.

Leased objects are owned by the Group until the lease contract is terminated and they are insured.

Exposure to credit risk of finance lease receivables is managed through analysis of the ability of lessees and borrowers and potential lessees and borrowers to meet interest and principal repayment obligations and through ongoing monitoring of the carrying value of the leased objects against their net realisable value.

For purposes of measuring PD, the Group defines default as a situation when the exposure meets one or more of the following criteria:

- the borrower is more than 90 days past due on its contractual payments;
- the borrower meets the unlikeliness-to-pay criteria listed below:
  - the Group was forced to restructure the debt;
  - the borrower is deceased;
  - the borrower is insolvent;
  - the borrower was classified in internal rating 4 or 5; and
  - it is becoming likely that the borrower will enter bankruptcy.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria.

40 Financial risk management (continued)

The assessment whether or not there has been a significant increase in credit risk ("SICR") since initial recognition is performed on an asset level. The presumption, being that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days past due, has not been rebutted.

The Group considers a financial instrument to have experienced an SICR when one or more of the following quantitative, qualitative or backstop criteria have been met.

For loans issued:

- at least one day past due for unsecured loans;
- one day past due for prolonged loans;
- 30 days past due for secured loans;
- more than 15 days past due for loans that benefited from COVID-19 measures;
- award of risk grade "Special monitoring";
- SICR based on internal classification and less than 30 days past due;
- inclusion of the loan into a watch list according to the internal credit risk monitoring process;
- retail clients that result in a behavioural scoring $\geq$3 according to internal model; and
- other qualitative criteria that depends on the financial performance of the client.

For lease receivables Group uses the following credit quality categories to manage the credit risk related to lease agreements:

- Stage 1 - if payments are made regularly and in line with the contract terms, payments overdue up to 30 days are permitted;
- Stage 2- if payments are overdue from 31 to 90 days;
- Stage 3 - if payments are overdue for more than 90 days.

The Group also uses other information to determine whether there have been significant increases in credit risk since initial recognition - negative trends in the debtor's financial position, rescheduling of the original contractual terms etc.

When reasonable and justifiable predictive information is available without cost or undue effort, the Group will not only rely on overdue information but may also use other indicators to determine the increase in credit risk:

- negative information on debt service from different sources;
- violations of covenants;
- a negative trend in the debtor's financial condition. It becomes likely that the debtor will initiate the insolvency procedure or will enter into financial reorganization and others.

The level of ECL that is recognised in these Financial statements depends on whether the credit risk of the borrower has increased significantly since initial recognition. This is a three-stage model for ECL measurement. A financial instrument that is not credit-impaired on initial recognition and its credit risk has not increased significantly since initial recognition has a credit loss allowance based on 12-month ECLs (Stage 1). If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit-impaired and the loss allowance is based on lifetime ECLs. If a financial instrument is credit-impaired, the financial instrument is moved to Stage 3 and loss allowance is based on lifetime ECLs. The consequence of an asset being in Stage 3 is that the entity ceases to recognise interest income based on gross carrying value and applies the asset's effective interest rate to the carrying amount, net of ECL, when calculating interest income.

If there is evidence that the SICR criteria are no longer met, the instrument is transferred back to Stage 1. If an exposure has been transferred to Stage 2 based on a qualitative indicator, the Group monitors whether that indicator continues to exist or has changed. The monitoring process is done mostly automatically by the IT system through the set of rules established for the classification process. For items that where manually marked – based on management decision the removal of the SICR factor is done only if it really had been resolved in a manner that would satisfy the Group and management decided to do so.

40 Financial risk management (continued)

The Group has three approaches for ECL measurement: (i) assessment on an individual basis; (ii) assessment on a portfolio basis: internal classification are estimated on an individual basis but the same credit risk parameters (e.g. PD, LGD) will be applied during the process of ECL calculations for the same credit risk ratings and homogeneous segments of the loan portfolio; and (iii) assessment based on external ratings (for exposures to other Groups or State Bonds). The Group performs mandatory assessment on an individual basis for defaulted exposures over MDL 10,000 thousand, same time based on management decision other non-defaulted significant exposures can be also analyzed on an individual basis. The Group performs an assessment on a portfolio basis for all loans that do not fall under individual assessment criteria.

For lease receivables considered significant, the Group applies treatment regardless of the stage in which the asset was classified.

The Group considers the weighted scenarios for all probable cash flows, namely the asset's contractual flows, the proceeds (flows) from the sale of the objects of the leased / pledged assets, of guarantees, specifying the expected cash flow schedule and estimated probability of each scenario.

ECL assessment on an individual basis is performed by weighting the estimates of credit losses for different possible outcomes against the probabilities of each outcome.

The Group performs assessments based on external ratings for interbank placements, debt securities.

Individual assessment is primarily based on the expert judgement of experienced officers from the Risk Management Division. Expert judgements are regularly reviewed in order to decrease the difference between estimates and actual losses.

When assessment is performed on a portfolio basis, the Group determines the staging of the exposures and measures the loss allowance on a collective basis. The Group analyses its exposures by segments determined on the basis of shared credit risk characteristics, such that exposures within a group have homogeneous or similar risks. The key shared credit characteristics considered are: type of customer (corporate, business banking, retail), and in case of Retail Clients – the type of product (mortgage, consumer loans, credit cards). The different segments also reflect differences in credit risk parameters such as PD and LGD. The appropriateness of groupings is monitored and reviewed on a periodic basis by the Risk Management Division.

In general, ECL is the sum of the multiplications of the following credit risk parameters: EAD, PD and LGD, that are defined as explained above, and discounted to present value using the instrument's effective interest rate. The ECL is determined by predicting credit risk parameters (EAD, PD and LGD) for each future month during the lifetime period for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has been repaid or defaulted in an earlier month).

This effectively calculates an ECL for each future period, that is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The key principles of calculating the credit risk parameters. The EADs are determined based on the expected payment profile, that varies by product type. EAD is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis for amortising products and bullet repayment loans. This will also be adjusted for any expected prepayments made by a borrower. Early repayment or refinancing assumptions are also incorporated into the calculation. For revolving products, the EAD is predicted by taking the current drawn balance and adding a "credit conversion factor" that accounts for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type, current limit utilisation and other borrower-specific behavioural characteristics.

Two types of PDs are used for calculating ECLs: 12-month and lifetime PD. An assessment of a 12-month PD is based on the latest available historic default data and adjusted for supportable forward-looking information

40 Financial risk management (continued)

when appropriate. Lifetime PDs represent the estimated probability of a default occurring over the remaining life of the financial instrument and it is a sum of the 12 months PDs over the life of the instrument. The Group uses different statistical approaches depending on the segment and product type to calculated lifetime PDs, such as the extrapolation of 12-month PDs based on migration matrixes, developing lifetime PD curves based on the historical default data on the theory of Markov Chain process.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure. The LGDs are determined based on the historical recovery rates, which are aggregated at the level of segment type. The approach to LGD measurement is performed based on monthly recoveries discounted to the moment of default using interest rates for the loans and exposure weighted average recovery rates.

ECL measurement for financial guarantees and loan commitments. The ECL measurement for these instruments includes the same steps as described above for on-balance sheet exposures and differs with respect to EAD calculation. The EAD is a product of credit conversion factor ("CCF") and amount of the commitment ("E$xOff$"). CCF for undrawn credit lines of corporate customers, credit cards issued to individuals is defined based on statistical analysis of past exposures at default and amounts to 65% for Corporate exposures, 63% for BB exposures, 79% for Retail exposures. For financial guarantees the CCF is determined based on the guarantee type.

Principles of assessment based on external ratings. Certain exposures have external credit risk ratings, and these are used to estimate credit risk parameters PD and LGD from the default and recovery statistics published by the respective rating agencies. This approach is applied to government and towards exposures to other banks.

Forward-looking information incorporated in the ECL models. The assessment of SICR and the calculation of ECLs both incorporate unbiased and supportable forward-looking information. The Group identified certain key economic variables that correlate with developments in credit risk and ECLs. Forecasts of economic variables (the "base economic scenario") are obtained from external sources of information such as World Bank, National Bank and other institutions with details on the matter. The impact of the relevant economic variables on the PD, has been determined by performing statistical regression analysis to understand the impact that the changes in these variables historically had on the default rates.

As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty, and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and has analysed the non-linearities and asymmetries within the Group's different portfolios to establish that the chosen scenarios are appropriately representative of the range of possible scenarios.

The Group regularly reviews its methodology and assumptions to reduce any difference between the estimates and the actual loss of credit.

40.7 Taxation risk

The Group is committed to ensure a sustainable management of taxation risk by building and maintaining a transparent, effective and efficient tax function within the Group. The Group strictly respects and applies the tax legislation in force for all categories of fees and taxes. The implementation of IFRS, put into force since 1 January 2012, was taken into consideration for the revision of the fiscal legislation by introducing specific regulations for treating the adjustments resulted the implementation and further. In this connection, a careful analysis was made to identify the differences in accounting treatments, having a fiscal impact, both on the current tax liability as well as on the deferred tax liability.

It is anticipated that fiscal legislation will be subject to frequent amendments in the future. Considering the precedents, these aspects might be applied retrospectively. Tax liabilities of the Group are open to tax inspection for a period of four years.

40 Financial risk management (continued)

40.8 Operational risk

The Group is aware of the importance of managing the operational risk arising from its business activities as well as of the need to hold an adequate level of capital to absorb the potential losses associated with this type of risk. The Group has an operational risk management framework that includes policies and processes for identifying, measuring/evaluating, analyzing, managing and controlling operational risk. Policies and processes are appropriate to the size, nature and complexity of the Group's activities and are adjusted periodically according to the operational risk profile.

For operational risk management, the Group uses the following tools:

- collection and management of operational risk events. The Group has a historical database, in which operational risk events are centralized, reported by all organizational units;
- definition and monitoring of key risk indicators (KRI), measures, used in the operational risk assessment, monitoring and reporting phases. The purpose of key risk indicators is to act as early warning signs of potential operational and control risk issues; to define tolerance levels and critical thresholds for operational risk and to indicate dynamic changes in the level of operational risk over time;
- identification and assessment of operational risk through the exercise of risk self-assessment and associated controls. The self-assessment process allows the identification and assessment of the operational risks related to that year, as well as the measures to be taken to reduce the losses caused by the occurrence of operational risk events; and
- analysis of test stress scenarios related to operational risk. The scenario analysis aims to assess the potential effects of one or more possible operational risk events (extreme but probable events) on the Group's financial situation.

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

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

The management framework is also supported by an appropriate organizational structure, with clear roles and responsibilities, in line with the assumption that the Group's subunits bear the primary responsibility for managing operational risk and enforcing appropriate control.

(All amounts are expressed in thousands MDL, if not stated otherwise)

41 Maturity structure

The following tables provides information on amounts expected to be recovered or settled before and after twelve months after the reporting period.

31 December 2022	Group Total	Group Less than 1 year	Group More than 1 year	Bank Total	Bank Less than 1 year	Bank More than 1 year
ASSETS						
Cash on hand	1,470,466	1,470,466	-	1,470,410	1,470,410	-
Balances with the National Bank of Moldova	12,075,624	12,075,624	-	12,075,624	12,075,624	-
Due from other banks	1,060,404	1,014,894	45,510	1,059,819	1,014,309	45,510
Investments in debt securities	4,366,081	4,178,415	187,666	4,305,996	4,118,330	187,666
Investments in equity securities	3,991	-	3,991	3,991	-	3,991
Investments in subsidiaries	-	-	-	139,669	-	139,669
Loans and advances to customers	21,411,870	3,534,776	17,877,094	21,529,557	3,541,387	17,988,170
Finance lease receivables	271,961	105,903	166,058	-	-	-
Investment property	27,889	-	27,889	-	-	
Other financial assets	133,158	133,158	-	121,538	121,538	-
Other assets	217,643	217,643	-	211,484	211,484	-
Premises and equipment	1,815,958	-	1,815,958	1,809,845	-	1,809,845
Intangible assets	203,884	-	203,884	191,834	-	191,834
Right of use assets	109,228	-	109,228	110,736	-	110,736
Total assets	**43,168,157**	**22,730,879**	**20,437,278**	**43,030,503**	**22,553,082**	**20,477,421**
LIABILITIES						
Due to other banks	16,592	16,592	-	16,592	16,592	-
Due to customers	31,356,841	26,591,364	4,765,477	31,388,449	26,622,972	4,765,477
Borrowings	3,623,883	173,035	3,450,848	3,525,790	173,035	3,352,755
Lease liabilities	112,690	27,130	85,560	114,159	26,400	87,759
Other financial liabilities	287,343	287,343	-	285,298	285,298	-
Current tax liability	62,375	62,375	-	62,375	62,375	-
Deferred tax liabilities	4,121	4,121	-	3,168	3,168	-
Provision for loan commitments	50,466	50,466	-	50,466	50,466	-
Other liabilities	471,211	471,211	-	459,070	459,070	-
Subordinated debt	509,544	-	509,544	509,544	-	509,544
Total liabilities	**36,495,066**	**27,683,637**	**8,811,429**	**36,414,911**	**27,699,376**	**8,715,535**
Maturity excedent/(gap)	**6,673,091**	**(4,952,758)**	**11,625,849**	**6,615,592**	**(5,146,294)**	**11,761,886**

(All amounts are expressed in thousands MDL, if not stated otherwise)

41 Maturity structure (continued)

31 December 2021			Group			Bank
	Total	Less than 1 year	More than 1 year	Total	Less than 1 year	More than 1 year
ASSETS						
Cash on hand	1,170,658	1,170,658	-	1,170,643	1,170,643	-
Balances with the National Bank of Moldova	7,575,840	7,575,840	-	7,575,840	7,575,840	-
Due from other banks	3,739,820	3,739,820	-	3,739,580	3,739,580	-
Investments in debt securities	4,071,050	3,787,194	283,856	4,052,472	3,768,619	283,853
Investments in equity securities	3,769	-	3,769	3,769	-	3,769
Investments in subsidiaries	-	-	-	139,669	-	139,669
Loans and advances to customers	18,627,190	5,786,483	12,840,707	18,664,513	5,786,483	12,878,030
Finance lease receivables	216,767	85,724	131,043	-	-	-
Investment property	32,559	-	32,559	-	-	-
Other financial assets	44,013	44,013	-	31,488	31,488	-
Other assets	164,810	164,810		159,309	159,309	-
Premises and equipment	1,453,924	-	1,453,924	1,448,194	-	1,448,194
Intangible assets	154,910	-	154,910	143,849	-	143,849
Right of use assets	68,662	-	68,662	67,346	-	67,346
Total assets	**37,323,972**	**22,354,542**	**14,969,430**	**37,196,672**	**22,231,962**	**14,964,710**
LIABILITIES						
Due to other banks	18,458	18,458	-	18,458	18,458	-
Due to customers	28,570,646	24,038,574	4,532,072	28,596,152	24,064,080	4,532,072
Borrowings	2,249,615	729,672	1,519,943	2,160,402	729,672	1,430,730
Lease liabilities	70,340	19,329	51,011	69,026	18,015	51,011
Other financial liabilities	263,243	237,274	25,969	259,641	233,672	25,969
Current tax liability	30,789	30,789	-	30,789	30,789	-
Deferred tax liabilities	2,709	2,709	-	1,955	1,955	-
Provision for loan commitments	37,129	37,129	-	37,129	37,129	-
Other liabilities	282,526	282,526	-	277,935	277,935	-
Subordinated debt	298,653	-	298,653	298,653	-	298,653
Total liabilities	**31,824,108**	**25,396,460**	**6,427,648**	**31,750,140**	**25,411,705**	**6,338,435**
Maturity excedent/(gap)	**5,499,864**	**(3,041,918)**	**8,541,782**	**5,446,532**	**(3,179,743)**	**8,626,275**

42 Contingent liabilities

At 31 December 2022 and 31 December 2021, the Group and the Bank are the defendant in several lawsuits arising in the ordinary corporate activity. According to Management and the Legal Department of the Group and Bank, the loss probability is small and accordingly no provision has been recorded in these Financial statements.

From time to time and in the normal course of business, claims against the Group or Bank may be received. On the basis of its own estimates and both internal professional advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been made in these financial statements.

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy

Fair value measurements are analysed by the fair value level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgments in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period. The level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

Group	31 December 2022				31 December 2021			
	Fair value Level 1	Level 2	Level 3	Total	Fair value Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Financial assets								
Investments in debt securities	-	2,714,919	-	2,714,919	-	4,052472	-	4,052472
- **Treasury bills**	-	2,366,291	-	2,366,291	-	3,678,618	-	3,678,618
- **Government bonds**	-	292,642	-	292,642	-	373,854	-	373,854
- **Municipal bonds**	-	55,986	-	55,986	-	-	-	-
Investments in equity securities	-	-	3,991	3,991		-	3,769	3,769
Premises and equipment	-	-	506,938	506,938	-	-	488,242	488,242
-Land	-	-	193,688	193,688	-	-	193,973	193,973
-Buildings	-	-	313,250	313,250	-	-	294,269	294,269
Investment property	-	-	27,889	27,889	-	-	32,559	32,559
Total assets with recurring fair value measurements	**-**	**2,714,919**	**538,818**	**3,253,737**	**-**	**4,052,472**	**524,570**	**4,577,042**
LIABILITIES AT FAIR VALUE								
Financial liabilities								
Contingent liability at FVPL	-	-	27,817	27,817	-	-	25,969	25,969
Total liabilities with recurring fair value measurements	**-**	**-**	**27,817**	**27,817**	**-**	**-**	**25,969**	**25,969**

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

Bank	31 December 2022				31 December 2021			
	Fair value Level 1	Level 2	Level 3	Total	Fair value Level 1	Level 2	Level 3	Total
ASSETS AT FAIR VALUE								
Financial assets								
Investments in debt securities	-	2,714,919	-	2,714,919	-	4,052472	-	4,052472
Treasury bills	-	2,366,291	-	2,366,291	-	3,678,618	-	3,678,618
Government bonds	-	292,642	-	292,642	-	373,854	-	373,854
Municipal bonds	-	55,986	-	55,986	-	-	-	-
Investments in equity securities	-	-	3,991	3,991	-	-	3,769	3,769
Premises and equipment	-	-	504,203	504,203	-	-	485,336	485,336
-Land	-	-	193,378	193,378	-	-	193,658	193,658
-Buildings	-	-	310,825	310,825	-	-	291,678	291,678
Total assets with recurring fair value measurements	**-**	**2,714,919**	**508,194**	**3,223,113**	**-**	**4,052,472**	**489,105**	**4,541,577**
LIABILITIES AT FAIR VALUE								
Financial liabilities								
Contingent liability at FVPL	-	-	27,817	27,817	-	-	25,969	25,969
Total liabilities with recurring fair value measurements	**-**	**-**	**27,817**	**27,817**	**-**	**-**	**25,969**	**25,969**

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

For investments in debt securities, in level 2, the valuation technique are based on Discounted cash flows ("DCF") and the input used in the fair value measurement is the interest rate for the similar instruments, with similar residual maturity.

The valuation technique, inputs used in the fair value measurement for level 3 measurements and related sensitivity to reasonably possible changes in those inputs are as follows as at 31 December 2022 and 31 December 2021:

Group	**Fair value**	**Valuation technique**	**Reasonable change**	**Sensitivity of fair value**
31 December 2022				
Investments in equity securities – level 3	**3,991**	Revenue multiple	±10%	±399
Premises and equipment – level 3	**506,938**			
Land	193,688	Market analogues*	±10%	±19,369
Buildings	313,250	Market analogues*	±10%	±31,325
Investment property – level 3	**27,889**	Market analogues*	±10%	±2,789
31 December 2021				
Investments in equity securities – level 3	**3,769**	Revenue multiple	±10%	±377
Premises and equipment – level 3	**488,242**			
Land	193,973	Market analogues*	±10%	±19,397
Buildings	294,269	Market analogues*	±10%	±29,427
Investment property – level 3	**32,559**	Market analogues*	±10%	±3,256

Bank	**Fair value**	**Valuation technique**	**Reasonable change**	**Sensitivity of fair value**
31 December 2022				
Investments in equity securities – level 3	**3,991**	Revenue multiple	±10%	±399
Premises and equipment – level 3	**504,203**			
Land	193,378	Market analogues*	±10%	±19,338
Buildings	310,825	Market analogues*	±10%	±31,083
31 December 2021				
Investments in equity securities – level 3	**3,769**	Revenue multiple	±10%	±377
Premises and equipment – level 3	**485,336**			
Land	193,658	Market analogues*	±10%	±19,367
Buildings	291,678	Market analogues*	±10%	±29,168

Market analogues* - represents the price per square metres.

The above tables disclose sensitivity to valuation inputs for financial assets, if changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would change fair value significantly. For this purpose, significance was judged with respect to profit or loss, and total assets or total liabilities, or, when changes in fair value are recognized in other comprehensive income, total equity.

43 Fair value and fair value hierarchy (continued)

There were no changes in valuation technique for level 1, 2 and 3 recurring fair value measurements during the year ended 31 December 2022 (31 December 2021: none).

The sensitivity of fair value measurement disclosed in the above table shows the direction that an increase or decrease in the respective input variables would have on the valuation result.

The Level 3 debt instruments are valued at the net present value of estimated future cash flows.

The fair values of premises and land are determined by experts with recognized and relevant professional qualification. The valuations are carried out mainly using the comparative analysis. Assessment is made on the basis of a comparison and analysis of appropriate comparable investment and sales transactions, together with evidence of demand within the vicinity of the relevant property. The characteristics of such similar transactions are then applied to the asset, taking into account size, location, covenant and other material factors.

Assets and liabilities not measured at fair value but for which fair value is disclosed

The fair values in Level 2 and Level 3 of fair value hierarchy were estimated using the discounted cash flows valuation technique. For treasury bills and certificates issued by NBM, the fair value is determined using the income approach. Future cash flows are estimated based on contractual terms, and discounted using the interest rates established during the latest government auctions.

The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

For assets, the Group used assumptions about counterparty's incremental borrowing rate and prepayment rates. Liabilities were discounted at the Group's and Bank's own incremental borrowing rate.

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

Fair values analysed by level in the fair value hierarchy and carrying value of assets not measured at fair value are as follows:

	31 December 2022					31 December 2021				
Group	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**
Financial assets										
Cash on hand	**1,470,466**	**1,470,466**	**-**	**-**	**1,470,466**	**1,170,658**	**1,170,658**	**-**	**-**	**1,170,658**
Balances with the NBM	**12,075,624**	**-**	**12,075,624**	**-**	**12,075,624**	**7,575,840**	**-**	**7,575,840**	**-**	**7,575,840**
Due from banks	**1,060,404**	**-**	**1,060,404**	**-**	**1,060,404**	**3,739,820**	**-**	**3,739,820**	**-**	**3,739,820**
Investments in debt securities	**1,651,162**		**1,651,162**		**1,651,162**	**18,578**	**-**	**18,578**	**-**	**18,578**
Treasury bills	60,085	-	60,085	-	60,085	18,578	-	18,578	-	18,578
Certificates issued by NBM	1,591,077	-	1,591,077	-	1,591,077	-	-	-	-	-
Loans and advances to customers:	**21,411,870**	**-**	**-**	**19,971,352**	**19,971,352**	**18,627,190**	**-**	**-**	**18,390,785**	**18,390,785**
Loans to Corporate entities:	*9,391,235*	-	-	8,645,398	8,645,398	*8,430,252*	-	-	8,195,454	8,195,454
Investment loans	2,577,792	-	-	2,273,545	2,273,545	2,606,871	-	-	2,510,718	2,510,718
Working capital loans	1,654,710	-	-	1,429,682	1,429,682	1,585,751	-	-	1,537,292	1,537,292
Revolving lines	5,153,106	-	-	4,936,346	4,936,346	4,236,726	-	-	4,146,480	4,146,480
Other loans for legal entities	5,627	-	-	5,825	5,825	904	-	-	964	964
Loans to Business Banking entities	*5,203,183*	-	-	5,117,960	5,117,960	*3,624,437*	-	-	3,672,827	3,672,827
Investment loans	2,380,654	-	-	2,335,606	2,335,606	1,606,645	-	-	1,643,659	1,643,659
Working capital loans	2,174,468	-	-	2,157,307	2,157,307	1,601,942	-	-	1,616,831	1,616,831
Revolving lines	648,061	-	-	625,047	625,047	415,850			412,337	412,337
Loans to Retails:	*6,817,452*			*6,207,994*	6,207,994	*6,572,501*	-	-	*6,522,504*	6,522,504
Mortgage loans	3,736,711	-	-	3,344,441	3,344,441	3,436,643	-	-	3,447,791	3,447,791
Consumer loans	2,839,078	-	-	2,634,402	2,634,402	2,891,194	-	-	2,836,705	2,836,705
Credit cards	229,641	-	-	216,706	216,706	237,315	-	-	230,164	230,164
Other loans to individuals	12,022	-	-	12,445	12,445	7,349	-	-	7,844	7,844
Finance lease receivables	**271,961**	**-**	**-**	**267,183**	**267,183**	**216,767**	**-**	**-**	**211,950**	**211,950**
Other financial assets	**133,158**	**-**	**-**	**133,158**	**133,158**	**44,013**	**-**	**-**	**44,013**	**44,013**
Total	**38,074,645**	**1,470,466**	**14,787,190**	**20,371,693**	**36,629,349**	**31,392,866**	**1,170,658**	**11,334,238**	**18,646,748**	**31,151,644**

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

	31 December 2022					31 December 2021				
		Fair value					Fair value			
Group	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities										
Due to banks	16,592	-	16,592	-	**16,592**	18,458	-	18,458	-	**18,458**
Due to customers	**31,356,841**	-	**15,895,330**	**15,089,990**	**30,985,320**	**28,570,646**	-	**15,521,409**	**12,797,578**	**28,318,987**
Corporate entities:	4,525,870	-	2,687,853	1,889,218	4,577,071	3,692,280	-	3,058,434	626,053	3,684,487
current accounts	2,479,373	-	2,479,429	-	2,479,429	2,967,237	-	2,963,436	-	2,963,436
sight deposits	208,429	-	208,424	-	208,424	87,935	-	94,999	-	94,999
term deposits	1,741,588	-	-	1,796,285	1,796,285	572,189	-	-	562,694	562,694
collateral deposits	96,480	-	-	92,934	92,934	64,919	-	-	63,359	63,359
Business Banking entities:	6,357,041	-	5,305,703	1,038,145	6,343,848	5,813,085	-	5,128,806	662,481	5,791,287
current accounts	5,291,064	-	5,290,747		5,290,747	5,122,468	-	5,119,064	-	5,119,064
sight deposits	14,958	-	14,956		14,956	9,744	-	9,742	-	9,742
term deposits	963,280	-	-	954,106	954,106	630,815	-	-	613,625	613,625
collateral deposits	87,739	-	-	84,039	84,039	50,058	-	-	48,856	48,856
Retail:	20,473,930	-	7,901,774	12,162,627	20,064,401	19,065,281	-	7,334,170	11,509,044	18,843,214
current accounts	7,898,010	-	7,897,297	-	7,897,297	7,321,228	-	7,321,108	-	7,321,108
sight deposits	4,479	-	4,477	-	4,477	13,063	-	13,062	-	13,062
term deposits	12,296,413	-	-	11,893,170	11,893,170	11,258,953	-	-	11,034,491	11,034,491
collateral deposits	22,020	-	-	21,766	21,766	19,427	-	-	19,699	19,699
savings accounts	253,008	-	-	247,691	247,691	452,610	-	-	454,854	454,854
Borrowings	3,623,883	-	-	3,581,269	**3,581,269**	2,249,615	-	-	2,422,677	**2,422,677**
Other financial liabilities	259,526	-		259,526	**259,526**	237,274	-		237,274	**237,274**
Subordinated debt	509,544	-	-	425,793	**425,793**	298,653	-	-	230,600	**230,600**
Total	**35,766,386**	-	**15,911,922**	**19,356,578**	**35,268,500**	**31,374,646**		**15,539,867**	**15,688,129**	**31,227,996**

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

	31 December 2022					31 December 2021				
Bank	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**
Financial assets										
Cash on hand	**1,470,410**	**1,470,410**	**-**	**-**	**1,470,410**	**1,170,643**	**1,170,643**	**-**	**-**	**1,170,643**
Balances with the NBM	**12,075,624**	**-**	**12,075,624**	**-**	**12,075,624**	**7,575,840**	**-**	**7,575,840**	**-**	**7,575,840**
Due from banks	**1,059,819**	**-**	**1,059,819**	**-**	**1,059,819**	**3,739,580**	**-**	**3,739,580**	**-**	**3,739,580**
Investments in debt securities	**1,591,077**	**-**	**1,591,077**	**-**	**1,591,077**	**-**	**-**	**-**	**-**	**-**
Certificates issued by NBM	1,591,077	-	1,591,077	-	1,591,077	-	-	-	-	-
Loans to customers:	**21,529,557**	**-**	**-**	**20,062,490**	**20,062,490**	**18,664,513**	**-**	**-**	**21,684,740**	**21,684,740**
Loans to Corporate entities:	9,520,944	-	-	8,748,981	8,748,981	*8,429,348*	-	-	8,236,763	8,236,763
Investment loans	2,577,792	-	-	2,273,545	2,273,545	2,606,871	-	-	2,510,718	2,510,718
Working capital loans	1,790,046	-	-	1,539,090	1,539,090	1,585,751	-	-	1,579,565	1,579,565
Revolving lines	5,153,106	-	-	4,936,346	4,936,346	4,236,726	-	-	4,146,480	4,146,480
Loans to Business Banking entities	*5,203,183*	-	-	*5,117,960*	5,117,960	*3,624,437*	-	-	*6,933,317*	6,933,317
Investment loans	2,380,654	-	-	2,335,606	2,335,606	1,606,645	-	-	3,672,827	3,672,827
Working capital loans	2,174,468	-	-	2,157,307	2,157,307	1,601,942	-	-	1,643,659	1,643,659
Revolving lines	648,061	-	-	625,047	625,047	415,850	-	-	1,616,831	1,616,831
Loans to Retails	*6,805,430*	-	-	*6,195,549*	6,195,549	*6,565,152*	-	-	*6,514,660*	6,514,660
Mortgage loans	3,736,711	-	-	3,344,441	3,344,441	3,436,643	-	-	3,447,791	3,447,791
Consumer loans	2,839,078	-	-	2,634,402	2,634,402	2,891,194	-	-	2,836,705	2,836,705
Credit cards	229,641	-	-	216,706	216,706	237,315	-	-	230,164	230,164
Other financial assets	**121,538**	**-**	**-**	**121,538**	**121,538**	**31,488**	**-**	**-**	**31,488**	**31,488**
Total	**37,848,025**	**1,470,410**	**14,726,520**	**20,184,028**	**36,380,958**	**31,182,064**	**1,170,643**	**11,315,420**	**21,716,228**	**34,202,291**

(All amounts are expressed in thousands MDL, if not stated otherwise)

43 Fair value and fair value hierarchy (continued)

				31 December 2022						31 December 2021
Bank	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**	**Carrying value**	**Level 1**	**Level 2**	**Level 3**	**Fair value Total**
Financial liabilities										
Due to banks	16,592	-	16,592	-	**16,592**	18,458	-	18,458	-	**18,458**
Due to customers	**31,388,449**	-	**15,926,937**	**15,089,991**	**31,016,928**	**28,596,152**	-	**15,546,916**	**12,797,578**	**28,344,494**
Corporate entities	4,535,590	-	2,697,573	1,889,218	4,586,791	3,695,568	-	3,058,434	626,053	3,684,487
- current accounts	2,489,093	-	2,489,149	-	2,489,149	2,970,525	-	2,970,499	-	2,970,499
- sight deposits	208,429	-	208,424	-	208,424	87,935	-	87,936	-	87,936
- term deposits	1,741,588	-	-	1,796,285	1,796,285	572,189	-	-	562,694	562,694
- collateral deposits	96,480	-	-	92,934	92,934	64,919	-	-	63,359	63,359
Business Banking entities	6,378,929	-	5,327,591	1,038,145	6,365,736	5,835,303	-	5,154,312	662,481	5,816,793
- current accounts	5,312,952	-	5,312,635	-	5,312,635	5,144,686	-	5,144,570	-	5,144,570
- sight deposits	14,958		14,956	-	14,956	9,744		9,742	-	9,742
- term deposits	963,280	-	-	954,106	954,106	630,815	-	-	613,625	613,625
- collateral deposits	87,739	-	-	84,039	84,039	50,058	-	-	48,856	48,856
Retail:	20,473,930	-	7,901,774	12,162,627	20,064,401	19,065,281	-	7,334,170	11,509,043	18,843,213
- current accounts	7,898,010	-	7,897,297	-	7,897,297	7,321,228	-	7,321,108	-	7,321,108
- sight deposits	4,479	-	4,477	-	4,477	13,063	-	13,062	-	13,062
- term deposits	12,296,413	-	-	11,893,170	11,893,170	11,258,953	-	-	11,034,491	11,034,491
- collateral deposits	22,020	-	-	21,766	21,766	19,427	-	-	19,699	19,699
- savings accounts	253,008		-	247,691	247,691	452,610	-	-	454,854	454,854
Borrowings	3,525,790	-	-	3,483,176	**3,483,176**	2,160,402	-	-	2,333,464	**2,333,464**
Other financial liabilities	257,481	-		257,481	**257,481**	233,672	-	-	233,672	**233,672**
Subordinated debt	509,544	-	-	425,793	**425,793**	298,653	-	-	230,600	**230,600**
Total	**35,697,856**		**15,943,529**	**19,256,441**	**35,199,970**	**31,307,337**		**15,565,374**	**15,595,314**	**31,160,688**

Cash and cash equivalents - The fair value of cash and cash equivalents equals to their carrying amount. *Net loans receivables* - Loans receivables are reduced by the impairment allowance on loans receivables. The estimated fair value of loans receivables represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value. *Debt instruments at amortised cost* - include only interest-bearing assets held for collection of contractual cash flows and where those cash flows represent SPPI. Fair value for debt securities at AC is based on market prices or broker/dealer price quotations. *Borrowings, due to banks - t*he fair value of floating rate borrowings approximates their carrying amount. The estimated fair value of fixed interest-bearing deposits and other borrowings without quoted market price is based on discounted cash flows using interest rates for new debts with similar remaining maturity.

(All amounts are expressed in thousands MDL, if not stated otherwise)

44 Classification of financial assets and liabilities by measurement category

The Group classifies financial assets in the following categories:

a) financial assets at fair value through other comprehensive income:
(i) debt instruments at fair value through other comprehensive income;
(ii) equity instruments at fair value through other comprehensive income;
b) financial assets at amortised cost.

The table below provides a reconciliation of financial assets with these measurement categories as of 31 December 2022:

				Group			Bank
31 December 2022	**Financial assets at AC**	**Financial assets at FVOCI**	**Finance lease recei-vables**	**Total**	**Financial assets at AC**	**Financial assets at FVOCI**	**Total**
Assets							
Cash on hand	1,470,466	-	-	**1,470,466**	1,470,410	-	**1,470,410**
Balances with the National Bank of Moldova	12,075,624	-	-	**12,075,624**	12,075,624	-	**12,075,624**
Due from other banks:	1,060,404	-	-	**1,060,404**	1,059,819	-	**1,059,819**
- Correspondent accounts	429,590	-	-	429,590	429,005	-	429,005
- Overnight deposits	368,463	-	-	368,463	368,463	-	368,463
- Collateral deposits	202,993	-	-	202,993	202,993	-	202,993
Loans and advances to credit institutions	59,358	-	-	59,358	59,358	-	59,358
Investments in debts securities:	1,651,162	2,714,919	-	**4,366,081**	1,591,077	2,714,919	**4,305,996**
- Treasury bills	60,085	2,366,291	-	2,426,376	-	2,366,291	2,366,291
- Government bonds	-	292,642	-	292,642	-	292,642	292,642
- Municipal bonds	-	55,986	-	55,986	-	55,986	55,986
-Certificates issued by NBM	1,591,077	-	-	1,591,077	1,591,077	-	1,591,077
Investments in equity securities	-	3,991	-	**3,991**	-	3,991	**3,991**
Loans and advances to customers:	21,411,870	-	-	**21,411,870**	21,529,557	-	**21,529,557**
- Loans to Corporate entities	9,322,970	-	-	9,322,970	9,452,679	-	9,452,679
- Loans to Business Banking entities	5,271,448	-	-	5,271,448	5,271,448	-	5,271,448
- Loans to individuals	6,817,452	-	-	6,817,452	6,805,430	-	6,805,430
Finance lease receivables:	-	-	271,961	**271,961**	-	-	-
- Legal entities	-	-	128,984	128,984	-	-	-
- Individuals	-	-	142,977	142,977	-	-	-
Other financial assets	133,158	-	-	**133,158**	121,538	-	**121,538**
Total financial assets	**37,802,684**	**2,718,910**	**271,961**	**40,793,555**	**37,848,025**	**2,718,910**	**40,566,935**

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

(All amounts are expressed in thousands MDL, if not stated otherwise)

44 Classification of financial assets and liabilities by measurement category (continued)

The table below provides a reconciliation of financial assets under these measurement categories as at 31 December 2021:

31 December 2021	Financial assets at AC	Financial assets at FVOCI	Finance lease receivables	Group Total	Financial assets at AC	Financial assets at FVOCI	Bank Total
Assets							
Cash on hand	1,170,658	-	-	1,170,658	1,170,643	-	1,170,643
Balances with the National Bank of Moldova	7,575,840	-	-	7,575,840	7,575,840	-	7,575,840
Due from other banks:	3,739,820	-	-	3,739,820	3,739,580	-	3,739,580
- Correspondent accounts	3,213,731	-	-	3,213,731	3,213,491	-	3,213,491
- Overnight deposits	366,793	-	-	366,793	366,793	-	366,793
- Collateral deposits	159,296	-	-	159,296	159,296	-	159,296
Investments in debts securities:	18,578	4,052,472	-	4,071,050	-	4,052,472	4,052,472
- Treasury bills	18,578	3,678,618	-	3,697,196	-	3,678,618	3,678,618
- Government bonds	-	373,854	-	373,854	-	373,854	373,854
Investments in equity securities	-	3,769	-	3,769	-	3,769	3,769
Loans and advances to customers:	18,627,190	-	-	18,627,190	18,664,513	-	18,664,513
- Loans to Corporate entities	8,430,252	-	-	8,430,252	8,474,924	-	8,474,924
- Loans to Business Banking entities	3,624,437	-	-	3,624,437	3,624,437	-	3,624,437
- Loans to individuals	6,572,501	-	-	6,572,501	6,565,152	-	6,565,152
Finance lease receivables:	-	-	216,767	216,767	-	-	-
- Legal entities	-	-	70,650	70,650	-	-	-
- Individuals	-	-	146,117	146,117	-	-	-
Other financial assets	44,013	-	-	44,013	31,488	-	31,488
Total financial assets	**31,176,099**	**4,056,241**	**216,767**	**35,449,107**	**31,182,064**	**4,056,241**	**35,238,305**

45 Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

The nature of the related party relationships for those related parties with whom the Group entered into significant transactions or had significant balances outstanding at 31 December 2022 and 2021 are detailed below. Transactions were entered into with related parties during the course of business at market rates.

Transactions with other significant shareholders. Other significant shareholders are those with the power to participate in the financial and operating policy decisions of a Group with which they transact, through holding over 20% of the Group's voting power, or otherwise.

Transactions with subsidiaries. The Bank holds investments in subsidiaries, represented by **maib leasing** and MMC, with whom it entered into a number of banking transactions in the normal course of business.

Transactions with key management personnel. The Group entered into a number of banking transactions with the management in the normal course of business. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. This includes the members of the Council of the Bank, Management Board and executive management of the Group. These transactions were carried out on commercial terms and conditions and at market rates.

Transactions with other related parties. The Group considers the following additional related parties: European Bank for Reconstruction and Development, companies in which key management personnel have direct or indirect interests and close family members of key management personnel.

Terms and conditions

A related party transaction represents a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged. All these transactions were carried out under conditions similar to those applicable to third party agreements, in terms of interest rates and collateral clauses.

In relation to related parties, the accounts have the following characteristics:

Current accounts were the interest rate is 0%.

Term deposits maturing between 2023 and 2025, and the interest rate is fixed between 0.15-23% depending on the currency and maturity of the deposit.

Loans and advances to customers were opened between 2013 and December 2022, maturing between 2023 and 2052, the interest rate is between 3.40-20.50% for loans and 18.50% for credit cards. Financial guarantees and other commitments given includes revocable and irrevocable letters of guarantee, undrawn commitments for loans and credit cards granted.

The Bank has signed with MMC a contract through which the subsidiary provides services for processing cards transactions. The commission is calculated based on a % applied to the level of processed transactions and is presented under "Fee and commission expenses". Fees for transactions are established in the agreement between parties and are considered to be performed at arm's length.

(All amounts are expressed in thousands MDL, if not stated otherwise)

45 Related parties (continued)

In the table below are disclosed the balances and transactions related parties of the **Group** as at year ended 31 December:

	2022				2021			
	Significant shareholders	**Key management personnel**	**Shareholder who are key management personnel**	**Other related parties**	**Significant shareholders**	**Key management personnel**	**Shareholder who are key management personnel**	**Other related parties**
Statement of financial position elements								
Loans and advances to customers	-	38	-	73,627	-	16	-	690
Credit loss allowance	-	-	-	(1,607)	-	-	-	(7)
Finance lease receivables	-	1	-	-	-	676	-	-
Other assets	-	-	-	25,057	-	-	-	1,836
Due to customers	2,512	28,856	44,507	43,352	-	18,000	34,364	38,913
Borrowings	-	-	-	1,383,517	-	-	-	463,848
Lease liabilities	-	-	-	523	-	-	-	1,033
Provision for loan commitments	-	9	8	113	-	22	8	59
Other commitments								
Guarantees and other financial commitments	-	912	1,000	31,662	-	1,734	1,000	7,011
Statement of profit or loss								
Interest income	-	47	-	1,540	-	34	-	442
Interest expense	-	(153)	(817)	(24,514)	-	(229)	(551)	(14,608)
Fee and commission income	4	57	14	1,078	-	169	40	1,133
Personnel expenses	-	(68,854)	(2,455)	(1,044)	-	(57,258)	(2,531)	(1,762)
Other operating expenses	-			(844)	-	-	-	(1,798)
Credit loss allowance	-	13	-	(1,654)	-	(7)	-	(74)

(All amounts are expressed in thousands MDL, if not stated otherwise)

45 Related parties (continued)

In the table below are disclosed the balances and transactions related parties of the **Bank** as at year ended 31 December:

	2022					2021				
	Significant shareholders	**Subsidiaries**	**Key management personnel**	**Shareholders who are also key management personnel**	**Other related parties**	**Significant shareholders**	**Subsidiaries**	**Key management personnel**	**Shareholders who are also key management personnel**	**Other related parties**
Statement of financial position elements										
Loans and advances to customers	-	138,797	38	-	73,627	-	46,303	16	-	690
Credit loss allowance	-	(3,071)	-	-	(1,607)	-	(677)	-	-	(7)
Other assets	-	-	-	-	25,057	-	-	-	-	1,836
Due to customers	2,512	31,608	28,856	44,507	43,352	-	25,506	18,000	34,364	38,913
Borrowings	-	-	-	-	1,383,517	-	-	-	-	463,848
Lease liabilities	-	2,199	-	-	523	-	118	-		1,033
Provision for loan commitments	-	-	9	8	113	-	-	22	8	59
Other commitments										
Guarantees and other financial commitments	-	-	912	1,000	31,662	-	-	734	1,000	7,011
Statement of profit or loss										
Interest income	-	2,578	5	-	1,540	-	1,950	9	-	442
Interest expense	-	(1)	(153)	(817)	(24,514)	-	(14)	(229)	(551)	(14,608)
Fee and commission income	4	213	57	14	1,078	-	880	169	40	1,133
Fee and commission expense	-	(31,200)	-	-	-	-	(30,926)	-	-	-
Other operating income	-	7,100	-	-	-	-	450	-	-	-
Personnel expenses	-	-	(61,558)	(2,455)	(1,044)	-	-	(52,786)	(2,531)	(1,762)
Other operating expenses	-	-	-	-	(844)	-	-	-	-	(1,798)
Credit loss allowance	-	(2,394)	13	-	(1,654)	-	(269)	7	-	74

(All amounts are expressed in thousands MDL, if not stated otherwise)

45 Related parties (continued)

Key management remuneration

The executive management and non-executive members of Management Board and Supervisory Board received remuneration during the years 2022 and 2021, as follows:

	Group		Bank	
	2022	**2021**	**2022**	**2021**
	Expense	**Expense**	**Expense**	**Expense**
Short-terms benefits:				
- Salaries	35,174	15,937	34,877	15,937
- Short-terms bonuses	13,560	13,313	13,560	13,313
- Benefits in-kind	3,186	914	3,186	914
Share-based compensation:				
- Equity-settled share-based compensation	429	167	429	167
Total	52,349	30,331	52,052	30,331

46 Reclassification of comparative figures of financial year ended 31 December 2021

During the financial year ended 31 December 2022, the Group and the Bank made the following reclassifications of the amounts previously reported in order to present them in a more accurate manner.

i) The reclassification of the comparative figures for the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income as at 31 December 2021 is presented below:

Interest income for Due from other banks and NBM placements of MDL 35,990 thousand were reclassified from the position "Other similar income" to position "Interest income calculated using the EIR method ".

2021	**Reported**	**Reclassified**	**Group Adjusted**
Interest income calculated using the EIR method	1,642,238	35,990	1,678,228
Other similar income	54,755	(35,990)	18,765

2021	**Reported**	**Reclassified**	**Bank Adjusted**
Interest income calculated using the EIR method	1,642,157	35,990	1,678,147
Other similar income	35,990	(35,990)	-

(All amounts are expressed in thousands MDL, if not stated otherwise)

46 Reclassification of comparative figures of financial year ended 31 December 2021

ii) The reclassification of the comparative figures for the Consolidated and Separate Statement of cash flow for the year ended 31 December 2021 is presented below:

2021	Reported	Reclassified	Group Adjusted
Interest income calculated using the EIR method	1,649,670	29,684	1,679,354
Other similar income	29,684	(29,684)	-

2021	Reported	Reclassified	Bank Adjusted
Interest income calculated using the EIR method	1,628,232	29,684	1,657,916
Other similar income	29,684	(29,684)	-

47 Events after the end of the reporting period

During the Extraordinary General Shareholders Meeting held on 14 December 2022, the Bank shareholders approved the decision "On the split of shares issued by BC "MAIB" S.A." and the amendments to the Bank Statute resulting from this decision. According to the provisions of the decision, 1,037,634 ordinary registered shares of class I are replaced by 103,763,400 ordinary registered shares of class I and the nominal value is reduced from MDL 200 to MDL 2, resulting in no change of the share capital. The stock split was subject to registration at the National Commission for Financial Markets on 31 January 2023, with the Board of Directors of the National Commission for Financial Markets approving the respective decision. The split of the shares also implies the amendment of the Bank's Statute, for which the NBM's approval was obtained and the amendments to the Bank's Statute were registered, on 2 March 2023, in the Register of Legal Entities at the Public Services Agency.

After the split the earnings per share for the year ended 31 December 2021 and 31 December 2022 are calculated as follows:

Group	Ordinary shares outstanding (number)	Net Profit for the year thousand MDL	Earnings per share MDL	Diluted Earnings per share MDL
At 31 December 2021	103,763,400	729,139	7	7
At 31 December 2022	103,763,400	1,135,251	11	11

Bank	Ordinary shares outstanding (number)	Net Profit for the year thousand MDL	Earnings per share MDL	Diluted Earnings per share MDL
At 31 December 2021	103,763,400	721,078	7	7
At 31 December 2022	103,763,400	1,130,853	11	11

The consolidated and separate financial statements were signed on 10 April 2023 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

G. Shagidze

Chief Accountant
Mrs. Carolina Semeniuc