B.C. MAIB S.A.

Consolidated and Separate Financial Statements and Independent Auditor's Report

31 December 2023

(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 S.A.:

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 S.A. (the "Bank") and its subsidiaries (together the "Group") as at 31 December 2023, 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") and with the Law No. 287/15.12.2017 regarding accounting and financial reporting and subsequent changes ("Law 287/2017").

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 2023;
- the consolidated and separate statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the consolidated and separate statement of changes in equity for the year ended 31 December 2023;
- the consolidated and separate statement of cash flows for the year ended 31 December 2023; and
- the notes to the consolidated and separate financial statements for the year ended 31 December 2023, which include material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law No. 271/15.12.2017 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.

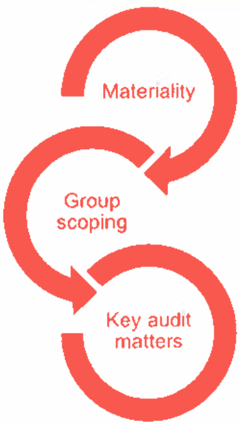
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 58,450 thousand, which represents approximately 5% of the Bank's average profit before tax for the three years: 2021 - 2023.

- We planned and scoped our audit for 2023 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 for loans and advances to customers ("ECL").

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 58,450 thousand
How we determined it	Approximately 5% of the Bank's average profit before tax for the three years: 2021-2023.
Rationale for the materiality benchmark applied	We chose average profit before tax for the three years (2021-2023) as the benchmark 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" in the calculation of expected credit losses for loans and advances to customers ("ECL")	
As at 31 December 2023, the consolidated and separate financial statements include loans and advances to customers with a gross carrying amount of MDL 23,675,939 thousand and the related ECL allowance of MDL 1,137,742 thousand, resulting in the carrying amount of MDL 22,538,197 thousand for the Group, and a gross carrying amount of MDL 23,819,714 thousand and the related ECL allowance of MDL 1,138,342 thousand, resulting in the carrying amount of MDL 22,681,372 thousand for the Bank. IFRS 9 "Financial Instruments" ("IFRS 9"), requires recognition of ECL allowances for all exposures from the time a loan is originated, based on the deterioration of credit risk since initial recognition. If the credit risk has not increased significantly ("Stage 1"), IFRS 9 requires allowances based on 12-month expected credit losses. If the credit risk has increased significantly since initial recognition ("Stage 2") or if the loan is "credit impaired" ("Stage	In relation to application of the ECL statistical models, we assessed the compliance of the methodologies and key models with the IFRS 9 requirements. 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. We performed detailed risk assessment analytics over the Bank's loan portfolio to identify possible areas of risk and better calibrate our audit procedures described below. We have validated, based on tests of controls, the process around origination and subsequent restructuring of loans. We tested, on a sample basis, the key controls over the inputs of critical data into source systems and the flow and transformation of

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.

Key audit matter	How our audit addressed the key audit matter
3"), IFRS 9 requires allowances based on lifetime expected credit losses. In terms of measurement, the ECL are computed either on an individual basis or using a collective model. Individual assessment is performed for the clients with the cumulative gross carrying amount of the loans higher than MDL 10,000 thousand and classified in Stage 3. Additionally, the Bank can perform individual assessment based on additional risk criteria also for other clients, regardless of the stage in which the loans are 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 collaterals) 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 ("PD"), definition of significant increase in credit risk criteria ("SICR"), exposure at the moment of default ("EAD") and the estimated losses from defaulted loans ("LGD"). Statistical models are used for determination of the key assumptions for incorporating forward-looking information ("FLI"). The FLI assessment considers a baseline forecast and two alternative scenarios (upside and downside) for selected macroeconomic variables. Taking into account the significant uncertainty in respect of the key inputs used in the calculation of the ECL, the Bank has addressed the related credit risk through a mix of measures, including updating, throughout the year, the FLI applied to PD and LGD with the latest available macroeconomic forecasts. Considering (i) the significant judgement to be applied by the management in designing the ECL methodology, (ii) a high degree of uncertainty of future economic developments, (iii) the complexity and interdependent assumptions and the resulting audit effort and (iv) the volume of ECL for loans and advances to customers, we identified this area to be a key audit matter.	data from the source systems to the ECL calculation engine, including staging process, split between collective and individual ECL computation. We recomputed, for a sample of loans, the ECL calculation done by the system using the key assumptions determined by management. We tested the application of SICR criteria and default definition used for stage allocation of loans and advances to customers. We have validated the completeness and accuracy of data used in the determination of the key assumptions and we verified that the key assumptions resulting from the statistical estimation models and approved by management were the same as the ones effectively implemented in the system and used for the ECL automated calculation. 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 are used in the ECL calculation. We have also selected a sample of clients in collective assessment in order to assess if there were any other risk criteria that could lead to individual assessment. Also, we have selected a sample of collateral items corresponding to individually assessed clients and we have assessed the reasonableness of the market value. With regards to loans and advances to customers for which ECL are assessed collectively, we tested how management estimated the PD, LGD and FLI and we have assessed whether the key assumptions included in the calculation process are consistent with the IFRS 9 requirements and the Bank's methodology.

Key audit matter	How our audit addressed the key audit matter
Note 3 "Basis of preparation", Note 4 "Critical accounting estimates and judgements in applying accounting policies", Note 10 "Loans and advances to customers" and Note 39 "Financial risk management" to the consolidated and separate financial statements provide detailed information on the ECL for loans and advances to customers.	

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, the accounting processes and controls, and the industry in which the Group and Bank operate.

We planned and scoped our audit for 2023 reflecting the Group's current structure whereby the Bank represents the vast majority of the Group's total assets (99.84%), total liabilities (99.94%) and profit before tax (99.64%). 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.

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 their 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 Law 287/2017, 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 and Law 271/2017 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 and Law 271/2017, 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 financial 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

Refer to the original signed Romanian version

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

Refer to the original signed Romanian version

Ana-Maria Butucaru

Partner, acting based on the power of attorney dated 17 July 2023

Chişinău, 30 April 2024

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.

B.C. MAIB S.A.
Consolidated and separate statement of financial position as at 31 December 2023
(All amounts are expressed in thousands MDL, if not stated otherwise)

		Group		Bank	
	Note	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
ASSETS					
Cash on hand	6	1,910,924	1,470,466	1,910,919	1,470,410
Balances with the National Bank of Moldova	7	12,733,013	12,075,624	12,733,013	12,075,624
Due from other banks	8	3,160,752	1,060,404	3,160,357	1,059,819
Investments in debt securities	9	8,662,643	4,366,081	8,601,231	4,305,996
Investments in equity securities		4,129	3,991	4,129	3,991
Investments in subsidiaries	13	-	-	160,522	139,669
Loans and advances to customers	10	22,538,197	21,411,870	22,681,372	21,529,557
Finance lease receivables	11	291,962	271,961	-	-
Investment property	12	2,280	27,889	-	-
Other financial assets	14	147,981	133,158	135,535	121,538
Other assets	15	122,236	217,643	118,412	211,484
Premises and equipment	16	2,218,505	1,815,958	2,214,395	1,809,845
Intangible assets	17	307,116	203,884	295,912	191,834
Right of use assets	18	112,891	109,228	112,647	110,736
Non-current assets held for sale	19	73,473	-	73,473	-
TOTAL ASSETS		**52,286,102**	**43,168,157**	**52,201,917**	**43,030,503**
LIABILITIES					
Due to other banks		4,626	16,592	4,626	16,592
Due to customers	20	38,998,336	31,356,841	39,027,475	31,388,449
Borrowings	22	3,541,286	3,623,883	3,496,558	3,525,790
Lease liabilities	18	110,734	112,690	110,473	114,159
Other financial liabilities	24	627,951	287,343	627,579	285,298
Debt securities in issue	21	254,732	-	254,732	-
Current income tax liability	37	25,832	62,375	25,832	62,375
Deferred income tax liability	37	16,211	4,121	18,099	3,168
Provision for loan commitments	26	33,975	50,466	33,975	50,466
Other liabilities	25	374,834	471,211	362,343	459,070
Subordinated debt	27	503,703	509,544	503,703	509,544
TOTAL LIABILITIES		**44,492,220**	**36,495,066**	**44,465,395**	**36,414,911**
EQUITY					
Ordinary shares	28	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		82,071	5,500	82,071	5,500
Revaluation reserve for premises		216,604	195,993	216,152	195,574
Retained earnings		7,182,489	6,158,924	7,126,235	6,102,454
Total equity attributable to equity owners of the Bank	28	**7,793,228**	**6,672,481**	**7,736,522**	**6,615,592**
Non-controlling interest		654	610	x	x
TOTAL EQUITY		**7,793,882**	**6,673,091**	**7,736,522**	**6,615,592**
TOTAL EQUITY AND LIABILITIES		**52,286,102**	**43,168,157**	**52,201,917**	**43,030,503**

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov

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	**2023**	**2022**	**2023**	**2022**
Interest income calculated using the EIR method	30	3,721,790	3,089,376	3,718,235	3,087,295
Other similar income	30	35,497	26,662	-	-
Interest expense	30	(1,575,084)	(932,874)	(1,570,502)	(928,752)
Other similar expense	30	(2,912)	(2,539)	(2,937)	(2,567)
Net margin on interest and similar income		**2,179,291**	**2,180,625**	**2,144,796**	**2,155,976**
Fee and commission income	31	1,096,201	887,285	1,089,970	883,779
Fee and commission expense	31	(649,864)	(487,010)	(676,967)	(513,004)
Net fee and commission income		**446,337**	**400,275**	**413,003**	**370,775**
Gains less losses from trading in foreign currencies	32	580,843	524,712	580,949	524,712
Foreign exchange translation losses		(18,995)	(27,747)	(16,393)	(27,995)
Other operating income	33	55,709	89,856	46,684	84,891
Gains less losses on revaluation of investment properties		(3,708)	598	-	-
Personnel expenses	34	(953,858)	(838,797)	(933,396)	(817,970)
Depreciation and amortization expenses	16-17	(178,981)	(134,169)	(174,663)	(130,117)
Impairment gains for investments in subsidiaries	13	-	-	20,853	-
Impairment losses for premises and equipment		(51,912)	-	(51,912)	-
Other operating expenses	35	(484,955)	(478,905)	(469,422)	(464,567)
Operating profit before credit loss allowance		**1,569,771**	**1,716,448**	**1,560,499**	**1,695,705**
Credit loss allowance	36	(169,015)	(419,593)	(164,749)	(405,591)
Profit before tax		**1,400,756**	**1,296,855**	**1,395,750**	**1,290,114**
Income tax expense	37	(180,045)	(161,555)	(174,915)	(159,261)
PROFIT FOR THE YEAR		**1,220,711**	**1,135,300**	**1,220,835**	**1,130,853**
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	9	86,573	41,559	86,573	41,559
Deferred tax related to debt securities at fair value through other comprehensive income	37	(10,070)	(4,987)	(10,070)	(4,987)
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		78	222	78	222
Deferred tax related to changes in fair value of investments in equity securities at fair value through other comprehensive income	37	(9)	(27)	(9)	(27)
Revaluation of land and premises	16	23,597	(260)	23,563	(47)
Deferred tax related to the revaluation of premises	37	(2,806)	152	(2,806)	152

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

	Note	Group 2023	Group 2022	Bank 2023	Bank 2022
Other comprehensive income for the year		**97,363**	**36,659**	**97,329**	**36,872**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**1,318,074**	**1,171,959**	**1,318,164**	**1,167,725**
Profit is attributable to:					
- Owners of the Bank		1,220,618	1,135,251	1,220,835	1,130,853
- Non-controlling interest		93	49	-	-
Profit for the year		**1,220,711**	**1,135,300**	**1,220,835**	**1,130,853**
Total comprehensive income is attributable to:					
- Owners of the Bank		1,317,981	1,171,910	1,318,164	1,167,725
- Non-controlling interest		93	49	-	-
Total comprehensive income for the year		**1,318,074**	**1,171,959**	**1,318,164**	**1,167,725**
Basic and diluted earnings per share attributable to the owners of the Bank (expressed in MDL per share)	28	**12**	**11**	**12**	**11**

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov

Consolidated and separate statement of changes in equity for the year ended 31 December 2023

(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 land and buildings	Retained earnings	Total attributable to owners of the Bank	Non-controlling interest	Total equity
Balance as at 1 January 2022	**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 for land and buildings to retained earnings	-	-	-	(1,217)	1,217	-	-	-
Employee share option and share plans	-	-	-	-	1,335	1,335	-	1,335
Dividends (Note 28)	-	-	-	-	-	-	(67)	(67)
Balance as at 31 December 2022	**207,527**	**104,537**	**5,500**	**195,993**	**6,158,924**	**6,672,481**	**610**	**6,673,091**
Profit for the year	-	-	-	-	1,220,618	1,220,618	93	1,220,711
Other comprehensive income for the year	-	-	76,571	20,792	-	97,363	-	97,363
Total comprehensive income for the year	**-**	**-**	**76,571**	**20,792**	**1,220,618**	**1,317,981**	**93**	**1,318,074**
Transfer of revaluation surplus for land and buildings to retained earnings	-	-	-	(181)	181	-	-	-
Employee share option and share plans	-	-	-	-	954	954	-	954
Dividends (Note 28)	-	-	-	-	(198,188)	(198,188)	(49)	(198,237)
Balance as at 31 December 2023	**207,527**	**104,537**	**82,071**	**216,604**	**7,182,489**	**7,793,228**	**654**	**7,793,882**

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

G. Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov

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

Consolidated and separate statement of changes in equity for the year ended 31 December 2023

(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 land and buildings**	**Retained earnings**	**Total equity**
Balance as at 1 January 2022	**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 for land and buildings to retained earnings	-	-	-	(1,217)	1,217	-
Employee share option and share plans	-	-	-	-	1,335	1,335
Balance as at 31 December 2022	**207,527**	**104,537**	**5,500**	**195,574**	**6,102,454**	**6,615,592**
Profit for the year	-	-	-	-	1,220,835	1,220,835
Other comprehensive income for the year	-	-	76,571	20,758	-	97,329
Total comprehensive income for the year	-	-	**76,571**	**20,758**	**1,220,835**	**1,318,164**
Transfer of revaluation surplus for land and buildings to retained earnings	-	-	-	(180)	180	-
Employee share option and share plans	-	-	-	-	954	954
Dividends (Note 28)	-	-	-	-	(198,188)	(198,188)
Balance as at 31 December 2023	**207,527**	**104,537**	**82,071**	**216,152**	**7,126,235**	**7,736,522**

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

G. Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov

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 2023	Group 2022	Bank 2023	Bank 2022
Cash flows from operating activities					
Interest income calculated using the EIR method received		3,830,181	3,194,044	3,795,356	3,166,526
Interest paid		(1,616,658)	(835,965)	(1,612,505)	(850,236)
Fees and commissions received	31	1,097,201	833,634	1,090,970	832,911
Fees and commissions paid	31	(649,864)	(487,004)	(676,967)	(513,004)
Gains less losses from trading in foreign currencies		580,949	524,712	580,949	524,712
Recoveries of loans previously written-off		34,100	15,653	34,100	15,653
Other operating income received		50,220	53,449	40,570	66,406
Other operating expenses paid		(467,501)	(462,454)	(451,864)	(444,085)
Personnel expenses paid		(944,657)	(807,080)	(928,067)	(802,265)
Income tax paid		(216,539)	(134,141)	(209,412)	(131,324)
Cash flows from operating activities before changes in operating assets and liabilities:		**1,697,432**	**1,894,848**	**1,663,130**	**1,865,294**
Net (increase) / decrease in operating assets:					
Due from other banks		(507,185)	(2,232,267)	(507,185)	(2,232,267)
Loans and advances to customers		(1,881,167)	(2,975,975)	(1,865,765)	(3,051,774)
Finance lease receivables		(40,974)	(66,390)	-	-
Other financial assets		(24,419)	(86,498)	(24,477)	(76,166)
Other assets		(412)	(30,545)	(1,166)	(30,545)
Net increase / (decrease) in operating liabilities:					
Due to other banks		(59,825)	(53,878)	(59,825)	(53,878)
Due to customers		8,494,654	2,353,462	8,497,122	2,356,477
Other financial liabilities		294,668	15,435	293,288	12,411
Other liabilities		(22,600)	114,374	(17,618)	114,507
Net cash from/(used in) operating activities		**7,950,172**	**(1,067,434)**	**7,977,504**	**(1,095,941)**
Cash flows from investing activities					
Acquisition of premises and equipment		(484,887)	(457,985)	(504,786)	(457,595)
Acquisition of intangible assets		(158,464)	(71,339)	(158,464)	(71,339)
Proceeds from disposal of premises and equipment		3,344	2,775	3,278	2,775
Acquisition of debt securities at fair value through other comprehensive income	9	(8,139,514)	(3,707,689)	(8,144,283)	(3,669,024)
Proceeds from disposal of debt securities at fair value through other comprehensive income	9	4,704,108	5,006,623	4,704,108	4,996,623
Acquisition of equity securities at fair value through other comprehensive income		(60)	-	(60)	-
Dividends received		1,271	13,344	6,115	19,994
Net cash from/(used in) investing activities		**(4,074,202)**	**785,729**	**(4,094,092)**	**821,434**

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	2023	2022	2023	2022
Cash flows from financing activities					
Repayment of borrowings		(1,345,139)	(799,259)	(1,208,509)	(774,455)
Proceeds from borrowings		1,436,192	2,256,267	1,292,301	2,223,629
Proceeds from subordinated debt		-	199,777	-	199,777
Proceeds from debt securities in issue		257,799	-	257,799	-
Repayment of debt securities in issue		(4,860)	-	(4,860)	-
Repayment of principal of lease liabilities		(33,026)	(39,599)	(33,053)	(39,416)
Dividends paid		(190,683)	(542)	(190,634)	(475)
Net cash from financing activities		**120,283**	**1,616,644**	**113,044**	**1,609,060**
Effect of exchange rate changes on cash and cash equivalents		(140,180)	(27,995)	(140,142)	(27,995)
Net increase in cash and cash equivalents		**3,856,073**	**1,306,944**	**3,856,314**	**1,306,558**
Cash and cash equivalents as at 1 January	6	**10,055,451**	**8,748,507**	**10,054,810**	**8,748,252**
Cash and cash equivalents as at 31 December	6	**13,911,524**	**10,055,451**	**13,911,124**	**10,054,810**

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

G. Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov

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 2023	31 December 2022
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 2023 was 2,822 (31 December 2022: 2,845 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 53 branches and 50 agencies, located throughout the Republic of Moldova (31 December 2022: 54 branches and 54 agencies).

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

The Bank's number of employees at 31 December 2023 was 2,790 (31 December 2022: 2,812 employees).

The Bank's registered address is 127, 31 August 1989 Street, Chisinau, Republic of Moldova.

At 31 December 2023 and 31 December 2022, the Bank's shareholders structure was as follows:

	31 December 2023	31 December 2022
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%	2.51%
Individuals holding ≥ *1%*, directly or indirectly**	19.16%	19.16%
Others***	27.45%	27.45%
Total	**100%**	**100%**

The Group and the Bank have no ultimate controlling party.

*At 31 December 2023 the Civil society of the Bank's shareholders and their affiliates included 11 members (31 December 2022: 11 members) out of which 1 (31 December 2022: 1 member) was member of the Supervisory Board and the other 10 members were affiliated persons (31 December 2022: 10 members).

** At 31 December 2023 the Individuals holding ≥ *1%*, directly or indirectly includes 19 shareholders (31 December 2022: 19 shareholders) out of which 1 (31 December 2022: 1 member) was member of the Supervisory Board.

***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 2022: 2,949 shareholders) of which 2,751 shareholders are individuals and 198 are legal entities (31 December 2022: 2,747 individuals and 202 legal entities).

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

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 finances 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 2023 has 18 employees (18 employees as at 31 December 2022). 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 2023 has 15 employees (15 employees as at 31 December 2022). 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.

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, which later had been extended several times, and lasted until 30 December 2023. The military situation in the Republic of Moldova is currently stable with no signs of military movements, including here also the region of Transnistria.

The Russian – Ukraine war has had 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 2024 to 3.5% (as compared to 2% expected growth rate for 2023). The main driver of the lower growth in 2023 has been the significantly higher external prices as a result of the war in Ukraine. The Republic of 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.

In its latest conclusions on enlargement and the stabilisation and association process, which were adopted in December 2023, the European Council commended the substantial progress Moldova has made towards meeting the objectives underpinning its European Union candidate status, in the face of Russia's war against Ukraine and hybrid attacks against Moldova itself. As a result, in December 2023, the EU leaders decided to open accession negotiations with Moldova and invited the Council to adopt the negotiation framework once the relevant steps set out in the Commission's report were taken.

The inflation rate during 2023 was lower than initially estimated, the inflation in December 2023 being 6%, down from the 13.2% reported in June 2023, and lower than the initial prognosis of 12.7%. The Bank analyses the sensitivity of its financial performance to changes in inflation level and takes proactive action to ensure a stable and resilient financial performance.

2 Operating environment of the Group and Bank (continued)

The Bank's net exposure to the inflation risk is usually 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.

At the level of the banking system, the Executive Committee of the NBM, have gradually decreased the rates for the main monetary instruments. The interest rates established in December 2023 are:

- the base interest rate applied to major short-term monetary policy operations – 4.75% per year (2022: 20% per year);
- on overnight loans – 6.75% per year (2022: 22% per year): and
- on overnight deposits – 2.75% per year (2022: 18% per year).

In 2024 the base interest rates applied to major short-term monetary policy operations, overnight loans and deposits is expected to be flat, at least in the first half of the year. The management of the Group is monitoring the changes on the market and takes the necessary actions, at the level of the Bank's Asset Liability Committee being responsible with the proposing the interest rates applied by the Bank in its lending and funding activities.

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 1.8 million (31 December 2022: MDL 27.7 million). 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.

Climate change. The Group is aware of the importance of responsible allocation of resources, which take into the account various non-financial impacts of the businesses it finances. The Group recognizes the importance of Environmental, Social, and Governance ("ESG") factors in today's business landscape. Its commitment to ESG principles is driven by the expectations of the shareholders and significant stakeholders, who place great emphasis on sustainability and responsible business practices.

Unfortunately, climate shocks still affect a portion of debtors from agricultural sector leading to loan restructuring and other forbearance related measures. In order to ensure a timely and correct approach in assisting the borrowers to bypass temporary difficulties generated by climate conditions the Group monitors the financial performance of its debtors through a series of early warning indicators. For identified high risk clients the Group generally proposes:

- Rescheduling payments without maturity extension, in line with clients expected cash flows;
- Reducing payments and increasing maturity with up to 24 months; and
- Granting grace periods up to 6 months.

These measures are considered as triggers for increase in credit risk and as a result lead to estimation of lifetime expected credit losses for these specific loans.

During 2023, the Group issued 690 investment loans for agriculture sector, totaling a gross book value of MDL 548.5 million at 31 December 2023 (2022: 1,074 investment loans for agriculture sector, totalling a gross book value of MDL 797.7 million at 31 December 2022).

3 Basis of preparation

The consolidated and separate financial statements of the Group and of the Bank ("the financial statements") have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), issued by the International Accounting Standards Board ("IASB") and the Law No. 287/15.12.2017 regarding accounting and financial reporting and subsequent changes ("Law 287/2017"), effective at the Group and Bank's annual reporting date, 31 December 2023. 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, non-current assets held for sale, investment property and other financial liabilities at fair value through profit or loss, all these elements being measured at fair value.

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.

The financial statements have been prepared considering the going concern assumption. Items included in the financial statements of the Group and the Bank 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 2023 were authorised for issue in accordance with the resolution of the Supervisory Board on 30 April 2024. The General Shareholders Meeting may decide not to adopt the financial statements, but may not amend them.

These financial statements are directed to primary users, being investors who lend or provide equity capital to the reporting entity. These financial statements assume that the primary users have a reasonable knowledge of business and economic activities and review and analyse the information diligently. At times, even well-informed and diligent users may need to seek the aid of an adviser to understand information about complex economic phenomena reported in these financial statements.

These financial statements aim at disclosing only information that management considers is material for the primary users. Management seeks not to reduce the understandability of these financial statements by obscuring material information with immaterial information. Hence, only material accounting policy information is disclosed, where relevant, in the related disclosure notes.

At 31 December 2023, the main exchange rates used for translating foreign currency balances were:

- EUR 1 = MDL 19.3574 (31 December 2022: EUR 1 = MDL 20.3792); and
- USD 1 = MDL 17.4062 (31 December 2022: USD 1 = MDL 19.1579).

Presentation of statement of financial position in order of liquidity. The Group and Bank do 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 40 for analysis of financial instruments by their maturity.

Comparative financial statements. The comparatives presented in these financial statements represent the financial information of the Group and the Bank.

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 changes in 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 the degree of uncertainty. Changes in estimates of these factors may affect the reported value of financial assets.

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 42 for presentation of fair value of financial instruments, the accounting estimates, assumptions and the sensitivity of these instruments to changes in data input used.

Expected credit losses ("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 39. The following components have a major impact on ECL:

- segmentation of financial assets for the ECL assessment purposes;
- the group applies a range of criteria for determining when a client enters default, such as: 90 days overdue, insolvency status, distress restructuring, contamination on client level and other quantitative and calitative criteria;
- 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, probability of default ("PD"), exposure at default ("EAD"), based on payment schedules;
- 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 ECL.

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.

Due to crisis situation connected to Russia-Ukraine War, potential climate risk and stagnation on real estate market the Group applied in 2022 and maintained during the 2023 some management overlays criteria on credit risk assessment in terms of ECL calculation, such as:

- Stage 2 classification of Retail loans for clients with income less than 5 thousand MDL;
- Stage 2 classification for clients that have unknown income at loan issue date;
- Appling a higher PD bucket for restructured loans from Business Banking; and
- 20 p.p. added on top of the computed LGD for the portfolio of Mortgage loans.

The Group uses 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).

All models have been updated to reflect the latest changes in the economy. Consequently, certain macroeconomic factors are no longer considered significant, while new factors have emerged as significant. The final macroeconomic factors considered, as well as the applicability per segments, are presented in the table below (the macro variables that are relevant for each segment are marked with +).

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

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

Macro variable / Segment	Consumer loans	Mortgage loans	Credit Cards	BB loans	Corporate loans
Total volume indices of industrial production, yoy				+	
Consumer price indices (CPI), yoy		+		+	
Consumer price indices (CPI), mom			+		
Money transfers from abroad in favor of individuals (net basis)		+			
Secondary income, mln USD			+		
Personal remittances, gross basis, mln USD		+			
Direct investment in Balance of Payments, mln USD				+	
Retail trade turnover, yoy	+		+		+
Retail trade turnover, mom		+			
Wholesale trade turnover, yoy					+
Wholesale trade turnover, mom					+
CIS exports, mom				+	
EU exports, yoy					+
Total imports, yoy					+
CIS trade balance, yoy					+
EU trade balance, yoy					+
Share of unemployed population in the usual resident population*		+	+		
Evolution of total monthly average gross earnings, yoy	+				
Evolution of monthly average gross earnings in real sector, yoy		+			
Share of PI deposits over 3 and up to 6 months in total PI deposits, LCY				+	
Share of ALL deposits over 6 and up to 12 months in total deposits, LCY				+	
Share of PI deposits over 3 and up to 6 months in total PI deposits, FCY	+				+
Loan rate over 12 months in total credits, LCY	+				
Loan rate over 12 months in total credits, FCY				+	
Deposit rate up to 12 months in total deposits, FCY		+			

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. In order to predict future paths of indicators based on previous values of time-series, the Group applied a Neural network autoregression model. Scenarios are derived by forecasting various paths of variables used in the PD adjustment. The Group utilizes the point/low/high 80 percent of its prediction intervals to establish these scenarios.

Given that developed regression models use both lead and lagged values of macroeconomic series (in fact, every model contains at least one variable with a third quarter lag), the Group utilized data from the previous year in order to predict the PD curve.

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	2023	2024	2025
Total volume indices of industrial production, yoy	98.6%	110.8%	101.1%
Consumer price indices (CPI), yoy	6.4%	3.5%	4.6%
Consumer price indices (CPI), mom	5.6%	3.2%	4.0%
Money transfers from abroad in favor of individuals (net basis), mln USD	1,618	1,684	1,671
Secondary income, mln USD	5,339	4,905	4,816
Personal remittances, gross basis, mln USD	5,566	5,731	5,641
Direct investment in Balance of Payments, mln USD	(1,275)	(756)	(1,139)
Retail trade turnover, yoy	8.1%	5.7%	6.8%
Retail trade turnover, mom	11.6%	15.1%	10.8%

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

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

Macro variable / Year	2023	2024	2025
Wholesale trade turnover, yoy	-2.7%	37.7%	5.1%
Wholesale trade turnover, mom	18.8%	33.8%	16.3%
CIS exports, mom	97.2%	104.4%	103.9%
EU exports, yoy	107.6%	113.5%	111.5%
Total imports, yoy	94.5%	80.9%	88.6%
CIS trade balance, yoy	53.0%	93.2%	106.1%
EU trade balance, yoy	126.9%	251.5%	99.1%
Share of unemployed population in the usual resident population*	5.6%	5.4%	4.0%
Evolution of total monthly average gross earnings, yoy	118.2%	118.4%	118.3%
Evolution of monthly average gross earnings in real sector, yoy	117.5%	118.3%	118.8%
Share of PI deposits over 3 and up to 6 months in total PI deposits, LCY	31.2%	22.6%	15.7%
Share of ALL deposits over 6 and up to 12 months in total deposits, LCY	39.0%	44.7%	38.9%
Share of PI deposits over 3 and up to 6 months in total PI deposits, FCY	12.2%	10.7%	10.5%
Loan rate over 12 months in total credits, LCY	12.3%	9.2%	7.9%
Loan rate over 12 months in total credits, FCY	6.2%	6.4%	6.3%
Deposit rate up to 12 months in total deposits, FCY	2.1%	1.8%	1.6%

**Usual residence is defined as the place where the person has lived predominantly for the last 12 months regardless of temporary absences (for the purpose of recreation, vacation, visits to relatives and friends, business, medical treatment, religious pilgrimages, etc.).*

In 2023 the Group examined the relationship between the changes in the PD and various economic/macroeconomic factors, including the inflation rate, remittances, retail and wholesale trade turnover, unemployment 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 2023:

Macro variable	Scenario	Assigned weight	Assumptions 2023	Assumptions 2024	Assumptions 2025
Inflation rate, yoy	Base	50%	3.2%	4.6%	3.2%
	Upside	10%	0.4%	1.7%	2.0%
	Downside	40%	7.1%	17.2%	33.6%
Unemployment, eoy	Base	50%	4.3%	4.3%	4.0%
	Upside	10%	3.1%	2.4%	2.8%
	Downside	40%	5.5%	6.7%	6.6%
Remittances, year total (mln USD)	Base	50%	6,152	6,215	5,811
	Upside	10%	6,242	6,535	6,496
	Downside	40%	6,025	5,754	4,904
Retail trade turnover, yoy	Base	50%	11.8%	12.6%	8.7%
	Upside	10%	28.4%	27.7%	27.3%
	Downside	40%	-5.2%	-3.8%	-6.6%
Wholesale trade turnover, yoy	Base	50%	14.0%	1.2%	-0.6%
	Upside	10%	21.4%	10.3%	10.5%
	Downside	40%	9.7%	-8.0%	-7.3%

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

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

In order to estimate ECL sensitivity due to PD changes, the Group evaluated 2 scenarios of changes in weights of macroeconomic scenarios:

- in case of an increase in Downside scenarios combined with a decrease in Upside scenarios by 10 p.p. the additional ECL allowances is MDL 7,718 thousand at 31 December 2023; and
- in case of an increase in Baseline scenarios combined with a decrease in Upside scenarios by 10 p.p. the additional ECL allowances is MDL 2,909 thousand at 31 December 2023.

Details of those scenarios on portfolio segments level are presented in the following table:

Scenario / Segment	Corporate loans	BB loans	Consumer loans	Mortgage loans	Credit Cards
Decrease with 10 p.p. of Upside vs Downside scenario	792	2,463	3,508	875	39
Decrease with 10 p.p. of Upside vs Baseline scenario	449	757	1,577	98	29

Another scenario of ECL sensitivity to PD and LGD changes takes into account:

- adjusting the PD curves with the maximum change of the average PD recorded since the new PD methodology is applied (June 2022), results in total increase/decrease in ECL allowances of MDL 50,620 thousand at 31 December 2023; and
- increase/decrease of LGD with 10%, results in total increase/decrease in ECL allowances of MDL 56,475 thousand at 31 December 2023.

Details of those scenarios on portfolio segments level are presented in the following table:

Scenario / Segment	Corporate loans	BB loans	Consumer loans	Mortgage loans	Credit Cards
Maximum change of average PD values	18%	10%	9%	20%	40%
ECL charge/release due to PD changes	+/-13,675	+/-15,970	+/-12,961	+/-5,773	+/-1,345
ECL charge/release due to LGD increase/ decrease with 10%	+/-8,582	+/-22,869	+/-20,710	+/-3,774	+/-539

Valuation of land and buildings. Land and buildings of the Group are stated at fair value based on valuation 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 land and buildings is estimated based on the comparative analysis, where the value reflects 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. Revaluations are performed with sufficient 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. Annually the Group assesses if a revaluation of all land and building items is necessary. A revaluation exercise is performed when the value of all land and building items is expected to have changed by at least 10%.

5 Changes in accounting policies and presentation

The Group has consistently applied its accounting policies to all periods presented in these financial statements.

5.1 Changes in IFRS effective in 2023

The following new and amended accounting standards became effective in 2023:

- *Amendments to IAS 1 "Presentation of Financial Statements": Disclosure of Accounting Policies (issued in February 2021).* 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. As outlined in the Note 3 "Basis of preparation" the Group has disclosed only the material accounting policy information, where relevant, in the related notes.
- *Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Accounting Estimates (issued in February 2021);*
- *IFRS 17 "Insurance Contracts" (issued in May 2017), including amendments to IFRS 17 (issued in June 2020).* The Group has elected to apply IFRS 9 to its financial guarantees. For performance guarantees, the Group has performed an IFRS 17 impact assessment which revealed that the accounting of the performance guarantees under IFRS 17 would not result in a material difference in the Group's financial position and profit for year. As such the Group has decided to continue to apply IFRS 9 and IFRS 15 to its performance guarantees;
- *Amendments to IAS 12 "Income taxes": Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction (issued in May 2021); and*
- *Amendments to IAS 12 "Income taxes": International Tax Reform – Pillar Two Model Rules (issued 23 May 2023).*

The above changes did not have a significant impact on the financial statements. The Group has not early adopted any standard, interpretation or amendment in 2023 which has been issued, but is not yet effective.

5.2 Upcoming changes in IFRS after 2023

A number of amendments to accounting standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted. However, the Group has not early adopted the new and amended accounting standards in preparing these financial statements.

The following amendments will be effective in 2024. However, the implementation of these amendments is expected to have no significant impact on the Group's financial statements.

- *Amendments to IFRS 16 "Leases": Lease Liability in a Sale and Leaseback (issued in September 2022);*
- *Amendments to IAS 1 "Presentation of Financial Statements": Classification of Liabilities as Current or Non-current (issued in January 2020); and*
- *Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures": Supplier Finance Arrangements (issued on 25 May 2023).*

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

6 Cash on hand

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash	1,529,574	1,125,819	1,529,569	1,125,763
Cash in ATM	381,332	344,606	381,332	344,606
Commemorative and jubilee coins	18	41	18	41
Total	**1,910,924**	**1,470,466**	**1,910,919**	**1,470,410**

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

		Group		Bank	
	Note	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash on hand	6	1,910,924	1,470,466	1,910,919	1,470,410
Balances with the National Bank of Moldova:					
Current accounts at the National Bank of Moldova	7	6,619,025	6,195,151	6,619,025	6,195,151
Due from other banks:					
Correspondent accounts with other banks	8	2,016,968	430,294	2,016,573	429,709
Overnight deposits with other banks	8	966,218	368,463	966,218	368,463
Investments in debt securities:					
Certificates issued by the NBM	9	2,398,389	1,591,077	2,398,389	1,591,077
Total		**13,911,524**	**10,055,451**	**13,911,124**	**10,054,810**

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 they are held for collection of contractual cash flows and those cash flows represent Solely Payments of Principal and Interest ("SPPI").

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

7 Balances with the National Bank of Moldova

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current accounts at the National Bank of Moldova	6,619,025	6,195,151	6,619,025	6,195,151
Mandatory reserves	6,113,988	5,880,473	6,113,988	5,880,473
Total	**12,733,013**	**12,075,624**	**12,733,013**	**12,075,624**

Balances with the NBM are carried at amortised cost because they are held for collection of contractual cash flows and those cash flows represent SPPI. Mandatory cash balances with the NBM 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.

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

7 Balances with the National Bank of Moldova (continued)

Current accounts and Mandatory reserves

The Bank determines the Mandatory reserves in accordance with the basis of calculation and the required ratios established by the Executive Committee of NBM.

The Mandatory reserve for funds attracted in USD amounted to MDL 1,559,228 thousand, that is USD 89,579 thousand in original currency at 31 December 2023 (31 December 2022: MDL 1,718,059 thousand, that is USD 89,679 thousand in original currency), while the Mandatory reserve for funds attracted in EUR amounted to MDL 4,554,760 thousand, that is EUR 235,298 thousand in original currency at 31 December 2023 (31 December 2022: MDL 4,162,414 thousand, that is EUR 204,248 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 33% (31 December 2022: 34%), the interest paid by NBM for the reserves in MDL varied between 2.75% - 18.0% per year during 2023 (2022: 4.44% - 19.5% per year).

For the funds attracted in freely convertible currency the level of required reserve is 43% (31 December 2022: 45%), the interest paid by NBM for these reserves varied between 0.01% - 3.34% per year during 2023 (2022: 0.01% per year).

According to Moody's, Moldova's foreign currency and local currency deposit ceilings credit rating was set on 18 August 2023 at B3 stable, 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.

8 Due from other banks

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Correspondent accounts with other banks	2,017,939	455,596	2,016,595	454,016
Overnight deposits with other banks	966,218	368,463	966,218	368,463
Collateral deposits	177,699	203,034	177,699	203,034
Loans and advances to credit institutions	-	61,152	-	61,152
Less: credit loss allowance	(1,104)	(27,841)	(155)	(26,846)
Total	**3,160,752**	**1,060,404**	**3,160,357**	**1,059,819**

Amounts due from other banks are recorded when the Group advances money to counterparty banks. Amounts due from other banks are carried at amortised cost because they are held for the purposes of collecting contractual cash flows and those cash flows represent SPPI.

The outstanding amount in relation to correspondent accounts with other banks as per 31 December 2023 has significantly increased compared to prior year mainly due to higher amounts of funds raised from clients, proceeds from additional borrowings attracted during the fourth quarter of 2023 as well as the decrease in the mandatory reserve rates adopted by the NBM.

The following table contains an analysis of due from other banks balances by credit quality at 31 December 2023 based on credit risk grades and discloses due from other banks balances by stages for the purpose of ECL measurement.

The carrying amount of due from other banks balances at 31 December 2023 and at 31 December 2022 below also represents the Group's and Bank's maximum exposure to credit risk on these assets:

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

8 Due from other banks (continued)

Group	31 December 2023				31 December 2022			
	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
Correspondent accounts with other banks								
- Excellent	1,995,728	-	-	1,995,728	401,919	-	-	401,919
- Good	14,302	-	-	14,302	7,675	-	-	7,675
- Satisfactory	4,782	-	-	4,782	16,718	-	-	16,718
- High risk	2,156	22	949	3,127	3,982	28	25,274	29,284
Overnight deposits with other bank								
- Excellent	966,218	-	-	966,218	368,463	-	-	368,463
Collateral deposits								
- Excellent	175,262	-	-	175,262	197,295	-	-	197,295
- Good	2,437	-	-	2,437	5,739	-	-	5,739
Loans and advances to credit institutions								
- Good	-	-	-	-	61,152	-	-	61,152
Gross carrying amount	**3,160,885**	**22**	**949**	**3,161,856**	**1,062,943**	**28**	**25,274**	**1,088,246**
Credit loss allowance	(133)	(22)	(949)	(1,104)	(2,539)	(28)	(25,274)	(27,841)
Carrying amount	**3,160,752**	**-**	**-**	**3,160,752**	**1,060,404**	**-**	**-**	**1,060,404**

Bank	31 December 2023				31 December 2022			
	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
Correspondent accounts with other banks								
- Excellent	1,995,728	-	-	1,995,728	401,919	-	-	401,919
- Good	14,302	-	-	14,302	7,675	-	-	7,675
- Satisfactory	4,782	-	-	4,782	16,718	-	-	16,718
- High risk	1,761	22	-	1,783	3,397	28	24,279	27,704
Overnight deposits with other bank								
- Excellent	966,218	-	-	966,218	368,463	-	-	368,463
Collateral deposits								
- Excellent	175,262	-	-	175,262	197,295	-	-	197,295
- Good	2,437	-	-	2,437	5,739	-	-	5,739
Loans and advances to credit institutions								
- Good	-	-	-	-	61,152	-	-	61,152
Gross carrying amount	**3,160,490**	**22**	**-**	**3,160,512**	**1,062,358**	**28**	**24,279**	**1,086,665**
Credit loss allowance	(133)	(22)	-	(155)	(2,539)	(28)	(24,279)	(26,846)
Carrying amount	**3,160,357**	**-**	**-**	**3,160,357**	**1,059,819**	**-**	**-**	**1,059,819**

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

8 Due from other banks (continued)

At 31 December 2023 the Group and the Bank had balances with 10 counterparty banks located in a variety of countries from Europe and America (31 December 2022: 11). The amounts recorded in Correspondent accounts with other banks are not collateralised. The Group has collateral deposits in amount of MDL 117,699 thousand (31 December 2022: MDL 203,034 thousand) of which MDL 19,057 thousand represent cash-cover placements under guarantees issued on behalf of the Bank's customers (31 December 2022: MDL 82,437 thousand) and MDL 158,642 thousand (31 December 2022: MDL 120,597 thousand) under the membership of payment systems such 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+/Caa1, lower and no rating	High risk

*According to the internal regulations, AAA-A level of rating corresponds to high and very high solvability (thus - excellent level), BBB – above average level of solvability (good level), BB – average level of solvability (good level), B – low level of solvability, speculative grade (satisfactory level), CCC – insufficient level of solvability (default) and high level of risk.

For ECL estimation for exposures to local and foreign banks where spot or term placements are made or where the Group has Nostro accounts open, 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 home bank / country to determine the PD.

The PD is linked to the ratings and updated on the basis of public information provided by rating agencies in their corporate default rate reports. To estimate ECL, the Group applies the minimum PD between the PD 12 months and the maturity of the investment.

9 Investments in debt securities

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Debt securities at FVOCI	6,202,842	2,714,919	6,202,842	2,714,919
Debt securities at AC	2,459,801	1,651,162	2,398,389	1,591,077
Total investments in debt securities	**8,662,643**	**4,366,081**	**8,601,231**	**4,305,996**

Based on the business model and the cash flow characteristics, the Group classifies investments in debt securities as carried at amortised cost ("AC") or fair value through other comprehensive income ("FVOCI").

Debt securities are carried at AC if they are held for collection of contractual cash flows and where those cash flows represent SPPI. The Group holds a portfolio of debt securities whereby it invests in certificates issued by the NBM and treasury bills and holds them until maturity. The instruments in this portfolio are not sold on the secondary market and are held with the sole purpose of collecting cash flows, such as these instruments are carried at AC.

Debt securities are carried at FVOCI if they are held for collection of contractual cash flows and for selling.

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

9 Investments in debt securities (continued)

where those cash flows represent SPPI. The Group holds a portfolio of debt securities whereby it invests in treasury bills, government and municipal bonds with the purpose of managing liquidity. Should the Group need cash, it can sell them on the secondary market. These instruments are carried at FVOCI because these are not held with the sole purpose of collecting cash flows.

The table below discloses investments in debt securities at 31 December 2023 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	5,899,397	61,939	5,961,336	5,899,397	-	5,899,397
Government bonds	251,020	-	251,020	251,020	-	251,020
Certificates issued by NBM	-	2,398,389	2,398,389	-	2,398,389	2,398,389
Municipal bonds	52,425	-	52,425	52,425	-	52,425
Gross carrying value or fair value	**6,202,842**	**2,460,328**	**8,663,170**	**6,202,842**	**2,398,389**	**8,601,231**
Credit loss allowance	-	(527)	(527)	-	-	-
Carrying value	**6,202,842**	**2,459,801**	**8,662,643**	**6,202,842**	**2,398,389**	**8,601,231**

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	60,623	2,426,914	2,366,291	-	2,366,291
Government bonds	292,642	-	292,642	292,642	-	292,642
Certificates issued by NBM	-	1,591,077	1,591,077	-	1,591,077	1,591,077
Municipal bonds	55,986	-	55,986	55,986	-	55,986
Gross carrying value or fair value	**2,714,919**	**1,651,700**	**4,366,619**	**2,714,919**	**1,591,077**	**4,305,996**
Credit loss allowance	-	(538)	(538)	-	-	-
Carrying value	**2,714,919**	**1,651,162**	**4,366,081**	**2,714,919**	**1,591,077**	**4,305,996**

The table below contains an analysis of the credit risk exposure of debt securities at FVOCI at 31 December 2023, for which an ECL allowance is recognised, based on credit risk grades. Refer to Note 39 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	5,850,219	5,850,219	5,850,219	5,850,219
Total AC gross carrying amount	**5,850,219**	**5,850,219**	**5,850,219**	**5,850,219**
Credit loss allowance	(35,311)	(35,311)	(35,311)	(35,311)
Add fair value adjustment	49,178	49,178	49,178	49,178
Carrying value (fair value)	**5,899,397**	**5,899,397**	**5,899,397**	**5,899,397**
Government bonds				
- Rating B3	248,321	248,321	248,321	248,321
Total AC gross carrying amount	**248,321**	**248,321**	**248,321**	**248,321**
Credit loss allowance	(3,182)	(3,182)	(3,182)	(3,182)
Add fair value adjustment	2,699	2,699	2,699	2,699
Carrying value (fair value)	**251,020**	**251,020**	**251,020**	**251,020**

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

9 Investments in debt securities (continued)

	Group			Bank
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Municipal bonds				
- Good	51,098	51,098	51,098	51,098
Total AC gross carrying amount	**51,098**	**51,098**	**51,098**	**51,098**
Credit loss allowance	(439)	(439)	(439)	(439)
Add fair value adjustment	1,327	1,327	1,327	1,327
Carrying value (fair value)	**52,425**	**52,425**	**52,425**	**52,425**
Total debt securities at FVOCI (fair value)	**6,202,842**	**6,202,842**	**6,202,842**	**6,202,842**

The table below contains an analysis of the credit risk exposure of debt securities at FVOCI at 31 December 2022, 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 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	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	(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	3,737	3,737	3,737	3,737
Carrying value (fair value)	**55,986**	**55,986**	**55,986**	**55,986**
Total debt securities at FVOCI (fair value)	**2,714,919**	**2,714,919**	**2,714,919**	**2,714,919**

As at 31 December 2023 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 ranging between 6.01% and 16.53% (31 December 2022: 9.81% and 24.36% per year). As at 31 December 2023 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 5.85 % and 16.00% (31 December 2022 for bonds with maturity of 2 to 7 years: 5.65% and 24.39% per year).

All debt securities of the Group at FVOCI as at 31 December 2023 and 2022 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 2023 being set at B3, with stable outlook (31 December 2022: B3 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)

9 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 1 January 2023	**(12,975)**	**(12,975)**	**2,366,291**	**2,366,291**	**(12,975)**	**(12,975)**	**2,366,291**	**2,366,291**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(35,311)	(35,311)	8,044,711	8,044,711	(35,311)	(35,311)	8,044,711	8,044,711
Derecognised during the period	12,975	12,975	(4,560,783)	(4,560,783)	12,975	12,975	(4,560,783)	(4,560,783)
Other movements	-	-	49,178	49,178	-	-	49,178	49,178
Total movements with impact on credit loss allowance charge for the period	**(22,336)**	**(22,336)**	**3,533,106**	**3,533,106**	**(22,336)**	**(22,336)**	**3,533,106**	**3,533,106**
At 31 December 2023	**(35,311)**	**(35,311)**	**5,899,397**	**5,899,397**	**(35,311)**	**(35,311)**	**5,899,397**	**5,899,397**

	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 2022	**(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**

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

9 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 1 January 2023	**(3,163)**	**(3,163)**	**292,643**	**292,643**	(3,163)	(3,163)	**292,643**	**292,643**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(1,535)	(1,535)	99,573	99,573	(1,535)	(1,535)	99,573	99,573
Derecognised during the period	964	964	(143,895)	(143,895)	964	964	(143,895)	(143,895)
Changes on credit loss allowance	552	552	-	-	552	552	-	-
Other movements	-	-	2,699	2,699	-	-	2,699	2,699
Total movements with impact on credit loss allowance charge for the period	**(19)**	**(19)**	**(41,623)**	**(41,623)**	(19)	**(19)**	**(41,623)**	**(41,623)**
At 31 December 2023	**(3,182)**	**(3,182)**	**251,020**	**251,020**	(3,182)	(3,182)	**251,020**	**251,020**

	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 2022	**(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**

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

9 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 1 January 2023	**(1,329)**	**(1,329)**	**55,986**	**55,986**	**(1,329)**	**(1,329)**	**55,986**	**55,986**
Movements with impact on credit loss allowance charge for the period:								
Changes in accrued interest	11	11	(1,151)	(1,151)	11	11	(1,151)	(1,151)
Changes on credit loss allowance	879	879	(2,410)	(2,410)	879	879	(2,410)	(2,410)
Total movements with impact on credit loss allowance charge for the period	**890**	**890**	**(3,561)**	**(3,561)**	**890**	**890**	**(3,561)**	**(3,561)**
At 31 December 2023	**(439)**	**(439)**	**52,425**	**52,425**	**(439)**	**(439)**	**52,425**	**52,425**

	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 1 January 2022	-	-	-	-	-		-	-
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
Changes on credit loss allowance	(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)

9 Investments in debt securities (continued)

Movements in the credit loss allowance and in the gross amortised cost amount of **Treasury bills** at AC 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 1 January 2023	**(538)**	**(538)**	**60,623**	**60,623**	-	-	-	-
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(199)	(199)	82,124	82,124	-	-	-	-
Derecognised during the period	210	210	(80,890)	(80,890)	-	-	-	-
Other movements	-	-	82	82	-	-	-	-
Total movements with impact on credit loss allowance charge for the period	**11**	**11**	**1,316**	**1,316**	-	-	-	-
At 31 December 2023	**(527)**	**(527)**	**61,939**	**61,939**	-	-	-	-

	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 2022	-	-	**18,578**	**18,578**	-	-	-	-
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(538)	(538)	56,698	56,698	-	-	-	-
Derecognised during the period	-	-	(14,653)	(14,653)	-	-	-	-
Other movements								
Total movements with impact on credit loss allowance charge for the period	**(538)**	**(538)**	**42,045**	**42,045**	-	-	-	-
At 31 December 2022	**(538)**	**(538)**	**60,623**	**60,623**	-	-	-	-

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

9 Investments in debt securities (continued)

The following table contains an analysis of debt securities at AC by credit quality at 31 December 2023 based on credit risk grades.

	Group		Bank	
	Stage 1 (12-months ECL)	Total	Stage 1 (12-months ECL)	Total
Treasury bills				
- Rating B3	61,939	61,939	-	-
Gross carrying amount	**61,939**	**61,939**	-	-
Credit loss allowance	(527)	(527)	-	-
Carrying amount	**61,412**	**61,412**	-	-
Certificates issued by NBM				
- Rating B3	2,398,389	2,398,389	2,398,389	2,398,389
Gross carrying amount	**2,398,389**	**2,398,389**	**2,398,389**	**2,398,389**
Credit loss allowance	-	-	-	-
Carrying amount	**2,398,389**	**2,398,389**	**2,398,389**	**2,398,389**

The table below contains an analysis of the credit risk exposure of debt securities measured at AC 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**

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

10 Loans and advances to customers

	Group			Bank
	31 December 2023	**31 December 2022**	**31 December 2023**	**31 December 2022**
Gross carrying amount of loans and advances to customers at AC	23,675,939	22,686,522	23,819,714	22,805,945
Less credit loss allowance	(1,137,742)	(1,274,652)	(1,138,342)	(1,276,388)
Total carrying amount of loans and advances to customers at AC	**22,538,197**	**21,411,870**	**22,681,372**	**21,529,557**

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 because the loans are held with the sole purpose of collecting contractual cash flows and those cash flows represent SPPI.

Credit loss allowances are determined based on the forward-looking ECL models. Note 39.7 provides information about ECL calculation.

Credit loss allowance for ECL. The Group assesses, on a forward-looking basis, the ECL for loans and advances to customers measured at AC. The Group measures ECL and recognises credit loss allowance at each reporting date. Loans and advances to customers measured at AC are presented in the statement of financial position net of the allowance for ECL.

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.

Individual assessment is performed 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 exposure and 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 a description of how the Group incorporates forward-looking information in the ECL models are described in Note 39.7.

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

10 Loans and advances to customers (continued)

Gross carrying amount and credit loss allowance amount for loans and advances to customers at AC by classes at 31 December 2023 and 31 December 2022 are disclosed in the table below:

Group	31 December 2023			31 December 2022		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Loans to Corporate entities	*9,247,356*	*(520,818)*	8,726,538	*9,885,540*	*(494,305)*	*9,391,235*
Investment loans	2,697,921	(152,968)	2,544,953	2,698,087	(120,295)	2,577,792
Working capital loans	1,622,118	(199,268)	1,422,850	1,845,965	(191,255)	1,654,710
Revolving loans	4,921,335	(168,473)	4,752,862	5,334,932	(181,826)	5,153,106
Other loans for legal entities	5,982	(109)	5,873	6,556	(929)	5,627
Loans to Business Banking entities	*5,917,053*	*(343,727)*	*5,573,326*	*5,477,403*	*(274,220)*	*5,203,183*
Investment loans	2,749,727	(162,940)	2,586,787	2,489,288	(108,634)	2,380,654
Working capital loans	2,642,448	(156,864)	2,485,584	2,256,851	(82,383)	2,174,468
Revolving loans	524,878	(23,923)	500,955	731,264	(83,203)	648,061
Loans to Retail customers	*8,511,530*	*(273,197)*	*8,238,333*	*7,323,579*	*(506,127)*	*6,817,452*
Mortgage loans	4,324,278	(48,884)	4,275,394	3,876,815	(140,104)	3,736,711
Consumer loans	3,984,922	(215,560)	3,769,362	3,186,800	(347,722)	2,839,078
Credit cards	194,244	(8,099)	186,145	247,536	(17,895)	229,641
Other loans to individuals	8,086	(654)	7,432	12,428	(406)	12,022
Total loans and advances to customers at AC	**23,675,939**	**(1,137,742)**	**22,538,197**	**22,686,522**	**(1,274,652)**	**21,411,870**

Bank	31 December 2023			31 December 2022		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Loans to Corporate entities	*9,399,217*	*(522,072)*	*8,877,145*	*10,017,391*	*(496,447)*	*9,520,944*
Investment loans	2,697,921	(152,968)	2,544,953	2,698,087	(120,295)	2,577,792
Working capital loans	1,779,961	(200,631)	1,579,330	1,984,372	(194,326)	1,790,046
Revolving loans	4,921,335	(168,473)	4,752,862	5,334,932	(181,826)	5,153,106
Loans to Business Banking entities	*5,917,053*	*(343,727)*	*5,573,326*	*5,477,403*	*(274,220)*	*5,203,183*
Investment loans	2,749,727	(162,940)	2,586,787	2,489,288	(108,634)	2,380,654
Working capital loans	2,642,448	(156,864)	2,485,584	2,256,851	(82,383)	2,174,468
Revolving loans	524,878	(23,923)	500,955	731,264	(83,203)	648,061
Loans to Retail customers	*8,503,444*	*(272,543)*	*8,230,901*	*7,311,151*	*(505,721)*	*6,805,430*
Mortgage loans	4,324,278	(48,884)	4,275,394	3,876,815	(140,104)	3,736,711
Consumer loans	3,984,922	(215,560)	3,769,362	3,186,800	(347,722)	2,839,078
Credit cards	194,244	(8,099)	186,145	247,536	(17,895)	229,641
Total loans and advances to customers at AC	**23,819,714**	**(1,138,342)**	**22,681,372**	**22,805,945**	**(1,276,388)**	**21,529,557**

The following tables show the changes in allowances for expected credit losses and the gross carrying amount of loans and advances measured at amortized cost at the beginning and end of the comparative reporting periods, taking into account movements recorded generally over a one-year period. When presenting transfers between stages, the Group and the Bank present the amount as the difference between the opening balances of the gross carrying amount and allowances for expected credit losses and the period-end balances of the gross carrying amount and allowances for expected credit losses. In the line for newly originated or purchased loans is included the balance of new loans granted during the period, while in the line for derecognised loans are included fully derecognized loans during the period. Where newly originated or purchased loans were transferred to Stage 2 during the reporting period, they were presented as newly originated or acquired Stage 2 loans.

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

10 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 impaired)**	Total
Corporate Investment loans								
At 1 January 2023	**(48,970)**	**(45,758)**	**(25,567)**	**(120,295)**	**1,767,252**	**896,082**	**34,753**	**2,698,087**
Movements with impact on credit loss allowance charge for the period:								
Transfers								
- to lifetime (from Stage 1 to Stage 2)	2,160	(2,015)	-	145	(97,350)	85,121	-	(12,229)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	9,434	6,486	(85,414)	(69,494)	(60,465)	(91,238)	131,471	(20,232)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(3,071)	11,351	-	8,280	267,585	(353,392)	-	(85,807)
New originated or purchased	(6,060)	(5,385)	-	(11,445)	591,831	47,643	-	639,474
Derecognised during the period	3,451	3,565	-	7,016	(155,511)	(111,098)	-	(266,609)
Changes to ECL measurement model assumptions	(3,557)	(3,286)	10,244	3,401	-	-	-	-
Client type reclassification	81	-	-	81	3,804	-	-	3,804
Other movements	21,930	5,144	(1,975)	25,099	(89,403)	(83,723)	(4,146)	(177,272)
Total movements with impact on credit loss allowance charge for the period	**24,368**	**15,860**	**(77,145)**	**(36,917)**	**460,491**	**(506,687)**	**127,325**	**81,129**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	1,278	1,278	-	-	(1,278)	(1,278)
Foreign exchange gains and losses and other movements	1,369	1,582	1,962	4,913	(59,982)	(15,517)	(4,518)	(80,017)
Unwinding of discount (for Stage 3)	-	-	(1,947)	(1,947)	-	-	-	-
At 31 December 2023	**(23,233)**	**(28,316)**	**(101,419)**	**(152,968)**	**2,167,761**	**373,878**	**156,282**	**2,697,921**

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

10 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 impaired)	Total
Corporate Investment loans								
At 1 January 2022	**(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**

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)

10 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 1 January 2023	**(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**
Movements with impact on credit loss allowance charge for the period:																
Transfers																
- to lifetime (from Stage 1 to Stage 2)	1 220	(1 433)	-	(213)	(29,366)	28,006	-	(1 360)	1 220	(1 433)	-	(213)	(29 366)	28,006	-	(1,360)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	155	-	(3 782)	(3 627)	(6,966)	-	4 549	(2 417)	155	-	(3,782)	(3 627)	(6,966)	-	4 549	(2,417)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(6 560)	11 963	-	5 403	255 381	(447 149)	-	(191,768)	(6 560)	11,963	-	5 403	255 381	(447,149)	-	(191,768)
New originated or purchased	(13 479)	(137)	-	(13 616)	696 825	23 675	-	720 500	(13 842)	(137)	-	(13 979)	749 239	23,675	-	772,914
Derecognised during the period	5 286	7 230	-	12,516	(187 995)	(129 845)	-	(317 840)	5 286	7,230	-	12 516	(187,995)	(129,845)	-	(317,840)
Changes to ECL measurement model assumptions	(666)	(8 887)	(163)	(9,716)	-	-	-	-	(935)	(8 887)	(163)	(9 985)	-	-	-	-
Client type reclassification	88	-	-	88	(3 951)	-	-	(3 951)	88	-	-	88	(3,951)	-	-	(3 951)
Other movements	5 675	12 087	(23 876)	(6 114)	(317 880)	(69 152)	(2 587)	(389,619)	7,913	12 087	(23 877)	(3 877)	(345 251)	(69,152)	(2,587)	(416 990)
Total movements with impact on credit loss allowance charge for the period	(8,281)	20,823	(27,821)	(15,279)	406,048	(594,465)	1,962	(186,455)	(6,675)	20,823	(27,822)	(13,674)	431,091	(594,465)	1,962	(161,412)
Movements without impact on credit loss allowance charge for the period:																
Write-offs	-	-	3 846	3 846	-	-	(3 847)	(3,847)	-	-	3 846	3 846	-	-	(3,847)	(3,847)
Foreign exchange gains and losses and other movements	1 147	1 781	2 334	5 262	(22 667)	(8 592)	(2 286)	(33 545)	1 249	1,781	2 335	5 365	(28 274)	(8,592)	(2,286)	(39 152)
Unwinding of discount (for Stage 3)	-	-	(1 842)	(1 842)	-	-	-	-	-	-	(1 842)	(1 842)	-	-	-	-
At 31 December 2023	**(27,605)**	**(30,460)**	**(141,203)**	**(199,268)**	**1,255,458**	**211,008**	**155,652**	**1,622,118**	**(28,968)**	**(30,460)**	**(141,203)**	**(200,631)**	**1,413,301**	**211,008**	**155,652**	**1,779,961**

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

10 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 1 January 2022	**(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)

10 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 2023	**(104,503)**	**(75,725)**	**(1,598)**	**(181,826)**	**3,806,881**	**1,526,168**	**1,883**	**5,334,932**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	8,539	(8,126)	-	413	(430,545)	281,011	-	(149,534)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	16,869	-	(31,250)	(14,381)	(111,850)	-	52,006	(59,844)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(6,126)	10,825	-	4,699	266,864	(393,384)	-	(126,520)
New originated or purchased	(37,988)	(29,881)	-	(67,869)	2,333,559	190,570	-	2,524,129
Derecognised during the period	38,039	16,372	-	54,411	(1,461,590)	(647,786)	-	(2,109,376)
Changes to ECL measurement model assumptions	(6,812)	(3,919)	3,181	(7,550)	-	-	-	-
Client type reclassification	(807)	-	-	(807)	117,954	-	-	117,954
Other movements	31,216	10,016	58	41,290	(342,017)	179,167	-	(521,184)
Total movements with impact on credit loss allowance charge for the period	**42,930**	**(4,713)**	**(28,011)**	**10,206**	**372,375**	**(748,756)**	**52,006**	**(324,375)**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses and other movements	2,057	1,247	1,944	5,248	(79,880)	(7,626)	(1,716)	(89,222)
Unwinding of discount (for Stage 3)	-	-	(2,101)	(2,101)	-	-	-	-
At 31 December 2023	**(59,516)**	**(79,191)**	**(29,766)**	**(168,473)**	**4,099,376**	**769,786**	**52,173**	**4,921,335**

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

10 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 2022	**(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)

10 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 1 January 2023	(18)	(911)	-	(929)	3,341	3,215	-	6,556
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(10)	-	-	(10)	2,011	-	-	2,011
Derecognised during the period	-	-	-	-	(26)	-	-	(26)
From Stage 1 to Stage 2	4	(41)	-	(37)	(747)	553	-	(194)
Other movements	1	837	-	836	440	1,751	-	2,191
Total impact on credit loss allowance charge	**(7)**	**796**	**-**	**789**	**798**	**(1,198)**	**-**	**(400)**
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	5	26	-	31	(99)	(75)	-	(174)
At 31 December 2023	**(20)**	**(89)**	**-**	**(109)**	**4,040**	**1,942**	**-**	**5,982**

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 2022	(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**

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

10 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 2023	**(42,838)**	**(56,009)**	**(9,787)**	**(108,634)**	**1,566,399**	**910,936**	**11,953**	**2,489,288**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	6,736	(14,802)	-	(8,066)	(279,269)	239,265	-	(40,004)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	177	11,660	(43,687)	(31,850)	(4,238)	(67,924)	69,892	(2,270)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(5,787)	19,577	-	13,790	329,538	(439,173)	-	(109,635)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(25)	502	477	-	634	(1,116)	(482)
New originated or purchased	(16,474)	(1,454)	-	(17,928)	1,028,859	42,499	-	1,071,358
Derecognised during the period	14,419	4,943	455	19,817	(191,404)	(100,273)	(849)	(292,526)
Changes to ECL measurement model assumptions	(27,049)	(10,420)	107	(37,362)	-	-	-	-
Client type reclassification	214	-	-	214	(11,053)	-	-	(11,053)
Other movements	10,879	(12,143)	1,087	(177)	(269,485)	(55,285)	1,767	(323,003)
Total movements with impact on credit loss allowance charge for the period	**(16,885)**	**(2,664)**	**(41,536)**	**(61,085)**	**602,948**	**(380,257)**	**69,694**	**292,385**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	9,137	9,137	-	-	(9,137)	(9,137)
Foreign exchange gains and losses and other movements	757	394	81	1,232	(19,847)	(2,952)	(10)	(22,809)
Unwinding of discount (for Stage 3)	-	-	(3,590)	(3,590)	-	-	-	-
At 31 December 2023	**(58,966)**	**(58,279)**	**(45,695)**	**(162,940)**	**2,149,500**	**527,727**	**72,500**	**2,749,727**

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

10 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 2022	**(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)

10 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 2023	**(29,075)**	**(22,392)**	**(30,916)**	**(82,383)**	**1,566,293**	**641,321**	**49,237**	**2,256,851**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	16,127	(21,990)	-	(5,863)	(404,587)	348,728	-	(55,859)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	3,547	2,782	(28,031)	(21,702)	(20,876)	(42,684)	54,203	(9,357)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,574)	5,402	507	4,335	105,552	(191,370)	(968)	(86,786)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(20)	181	161	-	311	(367)	(56)
New originated or purchased	(35,101)	(4,441)	-	(39,542)	1,558,036	120,303	-	1,678,339
Derecognised during the period	8,266	5,050	3,708	17,024	(472,808)	(193,682)	(7,408)	(673,898)
Changes to ECL measurement model assumptions	(22,631)	(7,542)	(6,439)	(36,612)	-	-	-	-
Client type reclassification	(11)	(162)	(724)	(897)	4,933	5,273	1,618	11,824
Other movements	8,121	(2,816)	(5,685)	(380)	(370,250)	(87,131)	2,781	(454,600)
Total movements with impact on credit loss allowance charge for the period	**(23,256)**	**(23,737)**	**(36,483)**	**(83,476)**	**400,000**	**(40,252)**	**49,859**	**409,607**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	12,372	12,372	-	-	(12,371)	(12,371)
Foreign exchange gains and losses and other movements	288	329	236	853	(9,105)	(2,397)	(137)	(11,639)
Unwinding of discount (for Stage 3)	-	-	(4,230)	(4,230)	-	-	-	-
At 31 December 2023	**(52,043)**	**(45,800)**	**(59,021)**	**(156,864)**	**1,957,188**	**598,672**	**86,588**	**2,642,448**

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

10 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 2022	**(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)

10 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 2023	**(9,497)**	**(7,338)**	**(66,368)**	**(83,203)**	**530,763**	**133,871**	**66,630**	**731,264**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	2,193	(7,558)	-	(5,365)	(61,144)	61,522	-	378
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	277	105	(1,454)	(1,072)	(630)	(3,561)	3,306	(885)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,848)	3,611	-	1,763	50,963	(73,316)	-	(22,353)
New originated or purchased	(3,797)	(326)	-	(4,123)	178,628	19,306	-	197,934
Derecognised during the period	1,471	278	-	1,749	(70,942)	(8,743)	-	(79,685)
Changes to ECL measurement model assumptions	(5,002)	(114)	(496)	(5,612)	-	-	-	-
Client type reclasification	2,372	-	-	2,372	(138,010)	-	-	(138,010)
Other movements	1,959	1,202	(515)	2,646	(59,272)	(28,532)	(1,456)	(89,260)
Total movements with impact on credit loss allowance charge for the period	**(2,375)**	**(2,802)**	**(2,465)**	**(7,642)**	**(100,407)**	**(33,324)**	**1,850**	**(131,881)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	64,738	64,738	-	-	(64,737)	(64,737)
Foreign exchange gains and losses and other movements	203	37	2,396	2,636	(8,875)	(893)	-	(9,768)
Unwinding of discount (for Stage 3)	-	-	(452)	(452)	-	-	-	-
At 31 December 2023	**(11,669)**	**(10,103)**	**(2,151)**	**(23,923)**	**421,481**	**99,654**	**3,743**	**524,878**

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

10 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 2022	**(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)

10 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 2023	**(44,388)**	**(71,945)**	**(23,771)**	**(140,104)**	**3,052,199**	**787,660**	**36,956**	**3,876,815**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	4,691	(12,686)	-	(7,995)	(166,388)	158,460	-	(7,928)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	4	927	(3,896)	(2,965)	(265)	(7,407)	7,485	(187)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(4,393)	30,311	970	26,888	356,728	(387,602)	(1,914)	(32,788)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(1,217)	5,813	4,596	-	9,931	(11,119)	(1,188)
New originated or purchased	(15,720)	(549)	-	(16,269)	1,135,362	5,933	-	1,141,295
Derecognised during the period	4,137	6,928	1,867	12,932	(274,684)	(75,046)	(3,628)	(353,358)
Changes to ECL measurement model assumptions	27,532	18,353	1,838	47,723	-	-	-	-
Other movements	7,931	6,097	(1,100)	12,928	(256,632)	(18,601)	(288)	(275,521)
Total movements with impact on credit loss allowance charge for the period	**24,182**	**48,164**	**5,492**	**77,838**	**794,121**	**(314,332)**	**(9,464)**	**470,325**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	14,317	14,317	-	-	(14,317)	(14,317)
Foreign exchange gains and losses and other movements	250	110	17	377	(7,349)	(1,196)	-	(8,545)
Unwinding of discount (for Stage 3)	-	-	(1,312)	(1,312)	-	-	-	-
At 31 December 2023	**(19,956)**	**(23,671)**	**(5,257)**	**(48,884)**	**3,838,971**	**472,132**	**13,175**	**4,324,278**

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

10 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 2022	**(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)

10 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 2023	**(48,878)**	**(80,578)**	**(218,266)**	**(347,722)**	**1,898,057**	**1,021,318**	**267,425**	**3,186,800**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	21,971	(26,861)	-	(4,890)	(355,282)	324,895	-	(30,387)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	3,787	7,686	(38,112)	(26,639)	(15,522)	(46,497)	59,754	(2,265)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(3,208)	12,577	1,034	10,403	145,661	(209,172)	(1,712)	(65,223)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(1,886)	14,081	12,195	-	15,579	(23,035)	(7,456)
New originated or purchased	(71,349)	(4,504)	-	(75,853)	2,268,105	63,664	-	2,331,769
Derecognised during the period	12,250	11,157	5,611	29,018	(506,589)	(203,512)	(8,547)	(718,648)
Changes to ECL measurement model assumptions	(10,349)	(10,465)	(49)	(20,863)	-	-	-	-
Other movements	12,409	18,304	(47,466)	(16,753)	(351,567)	(148,718)	28,924	(471,361)
Total movements with impact on credit loss allowance charge for the period	**(34,489)**	**6,008**	**(64,901)**	**(93,382)**	**1,184,806**	**(203,761)**	**55,384**	**1,036,429**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	238,307	238,307	-	-	(238,307)	(238,307)
Unwinding of discount (for Stage 3)	-	-	(12,763)	(12,763)	-	-	-	-
At 31 December 2023	**(83,367)**	**(74,570)**	**(57,623)**	**(215,560)**	**3,082,863**	**817,557**	**84,502**	**3,984,922**

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

10 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 2022	**(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)

10 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 2023	**(1,986)**	**(4,632)**	**(11,277)**	**(17,895)**	**150,877**	**82,771**	**13,888**	**247,536**
Movements with impact on credit loss allowance charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	465	(743)	-	(278)	(22,691)	23,579	-	888
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	2,509	62	(2,797)	(226)	(3,288)	(1,105)	3,652	(741)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(112)	948	62	898	15,634	(20,945)	(118)	(5,429)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(11)	246	235	-	352	(396)	(44)
New originated or purchased	(3,032)	(2,733)	-	(5,765)	41,335	10,257	-	51,592
Derecognised during the period	494	1,650	2,333	4,477	(39,019)	(25,536)	(3,253)	(67,808)
Changes to ECL measurement model assumptions	330	402	134	866	-	-	-	-
Client type reclassification	107	322	79	508	(7,940)	(5,012)	(150)	(13,102)
Other movements	541	887	(1,614)	(186)	(5,731)	(3,875)	1,077	(8,529)
Total movements with impact on credit loss allowance charge for the period	**1,302**	**784**	**(1,557)**	**529**	**(21,700)**	**(22,285)**	**812**	**(43,173)**
Movements without impact on credit loss allowance charge for the period:								
Write-offs	-	-	10,104	10,104	-	-	(10,104)	(10,104)
Foreign exchange gains and losses and other movements	-	19	16	35	-	(14)	(1)	(15)
Unwinding of discount (for Stage 3)	-	-	(872)	(872)	-	-	-	-
At 31 December 2023	**(684)**	**(3,829)**	**(3,586)**	**(8,099)**	**129,177**	**60,472**	**4,595**	**194,244**

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

10 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 2022	**(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)

10 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 1 January 2023	**(64)**	**(19)**	**(323)**	**(406)**	**11,381**	**91**	**956**	**12,428**
Movements with impact on credit loss allowance charge for the period:								
New originated or purchased	(3)	-	-	(3)	1,394	-	-	1,394
Derecognised during the period	19	19	-	38	(3,376)	(91)	-	(3,467)
Transfers:								
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	1	(4)	-	(3)	(117)	86	-	(31)
Other movements	33	-	(326)	(293)	(1,890)	-	(81)	(1,971)
Total impact on credit loss allowance charge	50	15	(326)	(261)	(3,989)	(5)	(81)	(4,075)
Movements without impact on credit loss allowance charge for the period:								
Foreign exchange gains and losses	0	0	13	13	(234)	-	(33)	(267)
At 31 December 2023	**(14)**	**(4)**	**(636)**	**(654)**	**7,158**	**86**	**842**	**8,086**

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 2022	**(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**

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

10 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 39. The main movements in the tables 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;
- Write-offs of credit loss allowances related to assets that were written off during the period (MDL 354 million without impact on profit).
- New impaired loans, caused mainly by new defaulted clients (MDL 172 million);
- Additional credit loss allowances for new loans and advances to customers recognised during the period (MDL 252 million), as well as releases for loans and advances to customers derecognised in the period (MDL 159 million);
- 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 (charge of MDL 66 million);
- Unwinding of discount due to the passage of time because ECL is measured on a present value basis; and
- Foreign exchange translations of assets denominated in foreign currencies and other movements;

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, adjusting of the macro-economic (FLI) models and migration to credit-impaired, however the biggest factor is the new loans origination almost MDL 252 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 2023**:

	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	2.119.213	273.121	-	2.392.334	2.119.213	273.121	-	2.392.334
- Satisfactory	48.548	100.757	-	149.305	48.548	100.757	-	149.305
- Special monitoring	-	-	135.566	135.566	-	-	135.566	135.566
- Default	-	-	20.716	20.716	-	-	20.716	20.716
Gross carrying amount	**2,167,761**	**373,878**	**156,282**	**2,697,921**	**2,167,761**	**373,878**	**156,282**	**2,697,921**
Credit loss allowance	(23.233)	(28.316)	(101.419)	(152.968)	(23.233)	(28.316)	(101.419)	(152.968)
Carrying amount	**2,144,528**	**345,562**	**54,863**	**2,544,953**	**2,144,528**	**345,562**	**54,863**	**2,544,953**
Corporate Working capital loans								
- Good	1.255.458	172.294	-	1.427.752	1.413.301	172.294	-	1.585.595
- Satisfactory	-	38.714	-	38.714	-	38.714	-	38.714
- Special monitoring	-	-	43.306	43.306	-	-	43.306	43.306
- Default	-	-	112.346	112.346	-	-	112.346	112.346
Gross carrying amount	**1,255,458**	**211,008**	**155,652**	**1,622,118**	**1,413,301**	**211,008**	**155,652**	**1,779,961**
Credit loss allowance	(27.605)	(30.460)	(141.203)	(199.268)	(28.968)	(30.460)	(141.203)	(200.631)
Carrying amount	**1,227,853**	**180,548**	**14,449**	**1,422,850**	**1,384,333**	**180,548**	**14,449**	**1,579,330**

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

10 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	4,049,538	731,795	-	4,781,333	4,049,538	731,795	-	4,781,333
- Satisfactory	49,838	37,991	-	87,829	49,838	37,991	-	87,829
- Special monitoring	-	-	39,785	39,785	-	-	39,785	39,785
- Default	-	-	12,388	12,388	-	-	12,388	12,388
Gross carrying amount	**4,099,376**	**769,786**	**52,173**	**4,921,335**	**4,099,376**	**769,786**	**52,173**	**4,921,335**
Credit loss allowance	(59,516)	(79,191)	(29,766)	(168,473)	(59,516)	(79,191)	(29,766)	(168,473)
Carrying amount	**4,039,860**	**690,595**	**22,407**	**4,752,862**	**4,039,860**	**690,595**	**22,407**	**4,752,862**
Other loans for legal entities								
- Good	4,040	-	-	4,040	-	-	-	-
- Satisfactory	-	553	-	553				
- Special monitoring	-	1,389	-	1,389				
Gross carrying amount	**4,040**	**1,942**	**-**	**5,982**	**-**	**-**	**-**	**-**
Credit loss allowance	(20)	(89)	-	(109)	-	-	-	-
Carrying amount	**4,020**	**1,853**	**-**	**5,873**	**-**	**-**	**-**	**-**
Business banking Working capital loans								
- Good	1,880,390	374,764	-	2,255,154	1,880,390	374,764	-	2,255,154
- Satisfactory	76,798	195,243	-	272,041	76,798	195,243	-	272,041
- Special monitoring	-	28,665	19,576	48,241	-	28,665	19,576	48,241
- Default	-	-	67,012	67,012	-	-	67,012	67,012
Gross carrying amount	**1,957,188**	**598,672**	**86,588**	**2,642,448**	**1,957,188**	**598,672**	**86,588**	**2,642,448**
Credit loss allowance	(52,043)	(45,800)	(59,021)	(156,864)	(52,043)	(45,800)	(59,021)	(156,864)
Carrying amount	**1,905,145**	**552,872**	**27,567**	**2,485,584**	**1,905,145**	**552,872**	**27,567**	**2,485,584**
Business Banking Investment loans								
- Good	2,104,463	357,286	-	2,461,749	2,104,463	357,286	-	2,461,749
- Satisfactory	45,037	154,957	-	199,994	45,037	154,957	-	199,994
- Special monitoring	-	15,484	42,301	57,785	-	15,484	42,301	57,785
- Default	-	-	30,199	30,199	-	-	30,199	30,199
Gross carrying amount	**2,149,500**	**527,727**	**72,500**	**2,749,727**	**2,149,500**	**527,727**	**72,500**	**2,749,727**
Credit loss allowance	(58,966)	(58,279)	(45,695)	(162,940)	(58,966)	(58,279)	(45,695)	(162,940)
Carrying amount	**2,090,534**	**469,448**	**26,805**	**2,586,787**	**2,090,534**	**469,448**	**26,805**	**2,586,787**
Business Banking Revolving loans								
- Good	416,588	76,990	-	493,578	416,588	76,990	-	493,578
- Satisfactory	4,893	22,664	-	27,557	4,893	22,664	-	27,557
- Special monitoring	-	-	1,508	1,508	-	-	1,508	1,508
- Default	-	-	2,235	2,235	-	-	2,235	2,235
Gross carrying amount	**421,481**	**99,654**	**3,743**	**524,878**	**421,481**	**99,654**	**3,743**	**524,878**
Credit loss allowance	(11,669)	(10,103)	(2,151)	(23,923)	(11,669)	(10,103)	(2,151)	(23,923)
Carrying amount	**409,812**	**89,551**	**1,592**	**500,955**	**409,812**	**89,551**	**1,592**	**500,955**

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

10 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 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**
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**

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

10 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 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**

The credit quality of loans to **Retail customers** carried at amortised cost is as follows at 31 December 2023:

	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	3,829,235	445,886	-	4,275,121	3,829,235	445,886	-	4,275,121
- Satisfactory	9,736	17,582	-	27,318	9,736	17,582	-	27,318
- Special monitoring	-	8,664	4,199	12,863	-	8,664	4,199	12,863
- Default	-	-	8,976	8,976	-	-	8,976	8,976
Gross carrying amount	**3,838,971**	**472,132**	**13,175**	**4,324,278**	**3,838,971**	**472,132**	**13,175**	**4,324,278**
Credit loss allowance	(19,956)	(23,671)	(5,257)	(48,884)	(19,956)	(23,671)	(5,257)	(48,884)
Carrying amount	**3,819,015**	**448,461**	**7,918**	**4,275,394**	**3,819,015**	**448,461**	**7,918**	**4,275,394**
Consumer loans								
- Good	3,078,052	706,477	-	3,784,529	3,078,052	706,477	-	3,784,529
- Satisfactory	4,811	68,726	-	73,537	4,811	68,726	-	73,537
- Special monitoring	-	42,354	5,909	48,263	-	42,354	5,909	48,263
- Default	-	-	78,593	78,593	-	-	78,593	78,593
Gross carrying amount	**3,082,863**	**817,557**	**84,502**	**3,984,922**	**3,082,863**	**817,557**	**84,502**	**3,984,922**
Credit loss allowance	(83,367)	(74,570)	(57,623)	(215,560)	(83,367)	(74,570)	(57,623)	(215,560)
Carrying amount	**2,999,496**	**742,987**	**26,879**	**3,769,362**	**2,999,496**	**742,987**	**26,879**	**3,769,362**

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

10 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	128.622	50.309	-	178.931	128.622	50.309	-	178.931
- Satisfactory	555	4.853	-	5.408	555	4.853	-	5.408
- Special monitoring	-	5.310	87	5.397	-	5.310	87	5.397
- Default	-	-	4.508	4.508	-	-	4.508	4.508
Gross carrying amount	129,177	60,472	4,595	194,244	129,177	60,472	4,595	194,244
Credit loss allowance	(684)	(3.829)	(3.586)	(8.099)	(684)	(3.829)	(3.586)	(8.099)
Carrying amount	128,493	56,643	1,009	186,145	128,493	56,643	1,009	186,145
Other loans to individuals								
- Good	7.158	-	-	7.158	-	-	-	-
- Satisfactory	-	86	-	86	-	-	-	-
- Default	-	-	842	842	-	-	-	-
Gross carrying amount	**7,158**	**86**	**842**	**8,086**	-	-	-	-
Credit loss allowance	(14)	(4)	(636)	(654)	-	-	-	-
Carrying amount	**7,144**	**82**	**206**	**7,432**	-	-	-	-

The credit quality of loans to **Retail 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
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)

10 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**	-	-	-	-

For the description of the credit risk grading used in the tables above refer to Note 39.

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

	Group				Bank			
	31 December 2023		31 December 2022		31 December 2023		31 December 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Individuals	8,634,696	36.47%	7,478,782	32.9%	8,626,610	36.22%	7,466,379	32.6%
Trade	5,874,373	24.81%	5,616,909	24.7%	5,873,133	24.66%	5,616,556	24.6%
Agriculture	2,944,459	12.44%	2,776,563	12.2%	2,944,459	12.36%	2,776,563	12.2%
Manufacturing	2,561,674	10.82%	2,580,419	11.4%	2,561,674	10.75%	2,580,419	11.3%
Construction	689,648	2.91%	813,117	3.6%	687,209	2.89%	809,903	3.6%
Other	620,052	2.62%	715,189	3.2%	618,004	2.59%	712,595	3.1%
Transport	500,681	2.11%	519,106	2.3%	500,426	2.10%	518,686	2.3%
Real Estate	443,243	1.87%	493,424	2.2%	443,243	1.86%	493,424	2.2%
Cities and municipalities	518,130	2.19%	432,144	1.9%	518,130	2.18%	432,144	1.9%
Energy production or distribution	201,525	0.85%	383,435	1.7%	201,525	0.85%	383,435	1.7%
Financial organizations	266,740	1.13%	235,484	1.0%	424,583	1.78%	373,891	1.6%
Telecommunication	165,938	0.70%	332,295	1.5%	165,938	0.70%	332,295	1.5%
Chemical Industry	254,780	1.08%	309,655	1.4%	254,780	1.07%	309,655	1.4%
Total loans and advances to customers (gross carrying amount)	**23,675,939**	**100%**	**22,686,522**	**100%**	**23,819,714**	**100%**	**22,805,945**	**100%**

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

10 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 2023:

	Group				Bank			
	Investment loans	Working capital	Revolving loans	Total	Investment loans	Working capital	Revolving loans	Total
Loans collateralised by:								
- residential real estate	4.020	24.264	115.156	143.440	4.020	22.923	115.156	142.099
- other real estate	1.374.327	646.193	2.046.160	4.066.680	1.370.047	646.193	2.046.160	4.062.400
- tradable securities	42.903	0	7.518	50.421	42.903	21.216	7.518	71.637
- cash deposits	25.082	9.074	179.547	213.703	25.082	9.074	179.547	213.703
- other assets	527.185	504.661	2.134.862	3.166.708	526.933	504.661	2.134.862	3.166.456
Total	**1,973,517**	**1,184,192**	**4,483,243**	**7,640,952**	**1,968,985**	**1,204,067**	**4,483,243**	**7,656,295**
Unsecured exposures	575.968	239.999	269.619	1.085.586	575.968	375.263	269.619	1.220.850
Total carrying value loans and advances to customers	**2,549,485**	**1,424,191**	**4,752,862**	**8,726,538**	**2,544,953**	**1,579,330**	**4,752,862**	**8,877,145**

Description of collateral held for loans to **Business Banking** customers carried at amortised cost is as follows at 31 December 2023:

	Group				Bank			
	Investment loans	Working capital	Revolving loans	Total	Investment loans	Working capital	Revolving loans	Total
Loans collateralised by:								
- residential real estate	124.719	98.588	37.361	260.668	124.719	98.588	37.361	260.668
- other real estate	898.671	413.538	195.271	1.507.480	898.671	413.538	195.271	1.507.480
- cash deposits	17.124	15.315	-	32.439	17.124	15.315	-	32.439
- other assets	1.213.345	599.129	161.431	1.973.905	1.213.345	599.129	161.431	1.973.905
Total	**2,253,859**	**1,126,570**	**394,063**	**3,774,492**	**2,253,859**	**1,126,570**	**394,063**	**3,774,492**
Unsecured exposures	332.928	1.359.014	106.892	1.798.834	332.928	1.359.014	106.892	1.798.834
Total carrying value loans and advances to customers	**2,586,787**	**2,485,584**	**500,955**	**5,573,326**	**2,586,787**	**2,485,584**	**500,955**	**5,573,326**

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

10 Loans and advances to customers (continued)

Description of collateral held for loans to **Retail customers** carried at amortised cost is as follows at 31 December 2023:

	Group				Bank			
	Consumer loans	**Mortgage loans**	**Credit cards**	**Total**	**Consumer loans**	**Mortgage loans**	**Credit cards**	**Total**
Loans collateralised by:								
- residential real estate	395	4,080,923	-	4,081,310	395	4,080,915	-	4,081,310
- other real estate	-	78,389	-	78,389	-	78,303	-	78,303
- cash deposits	-	440	-	440	-	440	-	440
- other assets	343	45,377	-	45,720	4	45,377	-	45,381
Total	**738**	**4,212,128**	**-**	**4,212,866**	**399**	**4,205,035**	**-**	**4,205,434**
Unsecured exposures	3,768,963	70,359	186,145	4,025,467	3,768,963	70,359	186,145	4,025,467
Total carrying value loans and advances to customers	**3,769,701**	**4,282,487**	**186,145**	**8,238,333**	**3,769,362**	**4,275,394**	**186,145**	**8,230,901**

Information about collateral for loans to **Corporate customers** carried at amortised cost is as follows at 31 December 2022:

	Group				Bank			
	Investment loans	**Working capital**	**Revolving lines**	**Total**	**Investment loans**	**Working capital**	**Revolving lines**	**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**

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

10 Loans and advances to customers (continued)

Information about collateral for loans to **Business Banking** customers carried at AC is as follows at 31 December 2022:

				Group				Bank
	Investment loans	Working capital	Revolving lines	Total	Investment loans	Working capital	Revolving lines	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**

Information about collateral of loans to **Retail customers** 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	**2,839,910**	**3,747,901**	**229,641**	**6,817,452**	**2,839,078**	**3,736,711**	**229,641**	**6,805,430**

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

The extent to which collateral and other credit enhancements mitigate credit risk for loans and advances to customers 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)

10 Loans and advances to customers (continued)

The effect of collateral on credit impaired assets at 31 December 2023 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	53,277	419,379	1,586	13,621	53,277	419,379	1,586	13,621
Working capital loans	5,728	67,556	8,722	70,879	5,728	67,556	8,722	70,879
Revolving loans	22,321	150,171	86	1,176	22,321	150,171	86	1,176
Loans to Business Banking customers carried at AC								
Investment loans	13,024	34,566	13,781	28,567	13,024	34,566	13,781	28,567
Working capital loans	7,354	28,437	20,212	5,283	7,354	28,437	20,212	5,283
Revolving loans	558	2,972	1,033	486	558	2,972	1,033	486
Loans to Retail customers carried at AC								
Mortgage loans	6,341	22,836	1,577	2,050	6,341	22,836	1,577	2,050
Consumer loans	-	-	26,879	-	-	-	26,879	-
Credit cards	-	-	1,009	-	-	-	1,009	-

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 Retail customers 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	-

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

10 Loans and advances to customers (continued)

The Group and Bank obtains collateral valuation at the time of granting loans and generally updates the valuation depending on the significance of the loan exposure. The values of collateral considered in the above tables 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 2023 and 31 December 2022:

	Group			Bank
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loans to legal entities	338.642	279.201	338.642	279.201
Loans to retail customers	100.585	51.010	100.585	51.010
Total	**439,227**	**330,211**	**439,227**	**330,211**

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.

11 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 contracts are originated and managed by **maib leasing**. 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 finance lease receivables:

	31 December 2023	31 December 2022
Legal entities	188.708	133.208
Individuals	119.476	157.994
Gross carrying amount finance lease receivables	**308,184**	**291,202**
Less: total credit loss allowances of finance lease receivables, including:	(16.222)	(19.241)
- Credit loss allowances - lease receivables legal entities	(12.951)	(4.224)
- Credit loss allowances - lease receivables individuals	(3.271)	(15.017)
Carrying amount finance lease receivables	**291,962**	**271,961**

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

Gross carrying amount in finance lease receivables and credit loss allowance amount for investment in finance lease receivables at AC by classes as at 31 December 2023 and 31 December 2022 are disclosed in the table below:

	31 December 2023			31 December 2022		
	Gross carrying amount	Credit loss allowance	Carrying amount	Gross carrying amount	Credit loss allowance	Carrying amount
Lease receivable from legal entities	**188,708**	**(12,951)**	**175,757**	**133,208**	**(4,224)**	**128,984**
-vehicles	181.084	(12.732)	168.352	124.041	(3.103)	120.938
-equipment	7.624	(219)	7.405	9.167	(1.121)	8.046
-real estate	-	-	-	-	-	-
Lease receivable from individuals	**119,476**	**(3,271)**	**116,205**	**157,994**	**(15,017)**	**142,977**
-vehicles	117.327	(1.335)	115.992	143.551	(1.455)	142.096
-real estate	2.149	(1.936)	213	14.443	(13.562)	881
Total lease receivable to customers at AC	**308,184**	**(16,222)**	**291,962**	**291,202**	**(19,241)**	**271,961**

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

11 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 1 January 2023	**119,629**	**12,452**	**1,127**	**133,208**	**(366)**	**(2,959)**	**(899)**	**(4,224)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	94,266	23,013	931	118,210	(658)	(7,503)	(457)	(8,618)
Decrease due to derecognition	(25,671)	(3,225)	(27)	(28,923)	80	669	(159)	590
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(1,451)	1,219	-	(232)	4	(330)	-	(326)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(4,826)	-	3,896	(930)	15	-	(1,988)	(1,973)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	353	(497)	-	(144)	(2)	114	-	112
Other movements	(24,985)	(2,647)	(5)	(27,637)	(148)	539	(9)	382
Total movements with impact on credit loss allowance charge for the period	**37,686**	**17,863**	**4,795**	**60,344**	**(709)**	**(6,511)**	**(2,613)**	**(9,833)**
Write-offs	-	-	(1,080)	(1,080)	-	-	1,052	1,052
Foreign exchange gains and losses and other movements	(3,181)	(387)	(196)	(3,764)	4	40	10	54
At 31 December 2023	**154,134**	**29,928**	**4,646**	**188,708**	**(1,071)**	**(9,430)**	**(2,450)**	**(12,951)**

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

11 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 2022	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
Foreign exchange gains and losses and other movements	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)

11 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 impaired)	Total	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Individuals								
At 1 January 2023	**138,052**	**4,779**	**15,163**	**157,994**	**(387)**	**(874)**	**(13,756)**	**(15,017)**
Movements with impact on credit loss allowance charge for the period:								
Increase due to issue or acquisition	47,125	-	252	47,377	(137)	-	(107)	(244)
Decrease due to derecognition	(34,176)	(1,511)	(8,018)	(43,705)	103	299	7,779	8,181
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	(2,952)	2,080	-	(872)	8	(376)	-	(368)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(428)	-	215	(213)	3	-	(87)	(84)
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	75	(154)	-	(79)	-	32	-	32
- from Stage 3 to Stage 2)	-	245	(388)	(143)	-	(56)	99	43
Other movements	(31,576)	(947)	1	(32,522)	70	106	(749)	(573)
Total movements with impact on credit loss allowance charge for the period	**(21,932)**	**(287)**	**(7,938)**	**(30,157)**	**47**	**5**	**6,935**	**6,987**
Write-offs	-	-	(4,566)	(4,566)	-	-	4,566	4,566
Foreign exchange gains and losses and other movements	(3,503)	(238)	(54)	(3,795)	19	48	126	193
At 31 December 2023	**112,617**	**4,254**	**2,605**	**119,476**	**(321)**	**(821)**	**(2,129)**	**(3,271)**

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

11 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 2022	**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
Foreign exchange gains and losses and other movements	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)**

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

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

11 Finance lease receivables (continued)

The credit quality of finance lease receivables carried at amortised cost is as follows at 31 December 2023:

	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Legal entities				
- Good	154,136	-	-	154,136
- Special monitoring	-	3,070	-	3,070
- Satisfactory	-	26,858	-	26,858
- Default	-	-	4,644	4,644
Gross carrying amount	**154,136**	**29,928**	**4,644**	**188,708**
Credit loss allowance	(1,072)	(9,429)	(2,450)	(12,951)
Carrying amount	**153,064**	**20,499**	**2,194**	**175,757**
Individuals				
- Good	112,617	-	-	112,617
- Satisfactory	-	3,273	-	3,273
- Special monitoring	-	981	-	981
- Default	-	-	2,605	2,605
Gross carrying amount	**112,617**	**4,254**	**2,605**	**119,476**
Credit loss allowance	(321)	(821)	(2,129)	(3,271)
Carrying amount	**112,296**	**3,433**	**476**	**116,205**

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

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

11 Finance lease receivables (continued)

The concentration risk in economic sectors for customers' finance lease receivables portfolio for 31 December 2023 and 31 December 2022 is presented below:

31 December 2023	Stage 1 (12-months ECL)	Stage 2 (lifetime ECL for SICR)	Stage 3 (lifetime ECL for credit impaired)	Total
Individuals	112,617	4,254	2,605	119,476
Legal entities:	154,136	29,928	4,644	188,708
Industry and construction	48,445	20,218	336	68,699
Trade	44,121	1,096	4,308	49,525
Services	42,255	1,465	-	43,720
Agriculture	-	7,149	-	7,149
Transport	19,315	-	-	19,315
Gross carrying amount finance lease receivables	**266,753**	**34,182**	**7,249**	**308,184**
Credit loss allowance	(1,393)	(10,250)	(4,579)	(16,222)
Carrying amount finance leases receivables	**265,360**	**23,932**	**2,670**	**291,962**

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**

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

11 Finance lease receivables (continued)

The financial effect of collateral at 31 December 2023 and 31 December 2022 ver finance lease receivables is as follows:

	31 December 2023						31 December 2022	
	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:	**122,222**	**202,382**	**53,535**	**44,944**	**101,051**	**163,298**	**27,933**	**24,772**
-vehicles	114,817	192,498	53,535	44,944	96,154	156,498	24,784	22,052
-equipment	7,405	9,884	-	-	4,897	6,800	3,149	2,720
-real estate	-	-	-	-	-	-	-	-
Lease receivable from individuals:	**92,311**	**190,674**	**23,894**	**19,376**	**124,658**	**226,252**	**18,319**	**16,479**
-vehicles	92,098	189,578	23,894	19,376	123,777	225,371	18,319	16,479
-real estate	213	1,096	-	-	881	881	-	-
Total	**214,533**	**393,056**	**77,429**	**64,320**	**225,709**	**389,550**	**46,252**	**41,251**

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

11 Finance lease receivables (continued)

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

	2023	2022
1 year	118,426	135,797
2 years	89,744	90,441
3 years	64,648	63,563
4 years	34,317	31,877
5 years	10,087	11,278
Total undiscounted finance lease payments receivable at 31 December	**317,222**	**332,956**
Unearned finance income	(9,038)	(41,754)
Allowance for expected credit losses	(16,222)	(19,241)
Finance lease receivable at 31 December	**291,962**	**271,961**

12 Investment property

Group	Land	Rented properties	Total
As at 1 January 2022			
Net carrying amount	**17,873**	**14,686**	**32,559**
Disposal	(434)	(4,835)	(5,269)
Revaluation gain/ (loss)	1,066	(467)	599
As at 31 December 2022			
Net carrying amount	**18,505**	**9,384**	**27,889**
Disposal	(12,517)	(9,384)	(21,901)
Revaluation loss	(3,708)	-	(3,708)
As at 31 December 2023			
Net carrying amount	**2,280**	**-**	**2,280**

Investment property includes land held for capital appreciation rather than for sale, including agricultural land, as well as land held for undetermined future use located in village Danceni and village Ialoveni which have been repossessed from contracts for sale on credit. 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. 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.

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

Group	31 December 2023	31 December 2022
Not later than 1 year	272	423
Later than 1 year and not later than 2 years	68	272
Later than 2 years and not later than 3 years	-	68
Total future operating lease payments receivable	**340**	**763**

13 Investments in subsidiaries

	Ownership at 31 December 2023 (%)	Ownership at 31 December 2022 (%)	31 December 2023	31 December 2022
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			(14,452)	(35,305)
Total			**160,522**	**139,669**

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

13 Investments in subsidiaries (continued)

The provision for impairment for the investment in subsidiaries has decreased by MDL 20,853 during 2023 due to the improved financial performance of **maib leasing**. Also there were no changes in ownership in 2023 as compared to 2022.

14 Other financial assets

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Receivables from transactions with payment cards	89,808	87,130	89,808	87,130
Other amounts in settlement	32,610	25,331	32,610	25,331
Fees receivable not related to interest	23,682	16,365	23,682	16,365
Other financial assets	18,009	16,449	5,275	5,528
Other commissions	2,065	1,019	2,065	1,019
Receivables related to cancelled finance lease agreements	693	2,492	-	-
Total gross carrying amount	**166,867**	**148,786**	**153,440**	**135,373**
Less credit loss allowance	(18,886)	(15,628)	(17,905)	(13,835)
Total other financial assets	**147,981**	**133,158**	**135,535**	**121,538**

The Group uses a simplified approach in estimating the ECL for 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, the ECL is calculated 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%

For other financial assets (commissions receivables, advances granted, legal procedures taxes paid by the Group in the name of their clients), the ECL is done calculated considering the following rates:

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

Finance lease 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)

14 Other financial assets (continued)

Gross carrying amount and credit loss allowance amount for other financial assets by classes at 31 December 2023 and 31 December 2022 are disclosed in the table below:

	Group						Bank					
	31 December 2023			31 December 2022			31 December 2023			31 December 2022		
	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	89,808	(142)	89,666	87,130	(386)	86,744	89,808	(142)	89,666	87,130	(386)	86,744
Other amounts in settlement	32,610	-	32,610	25,331	-	25,331	32,610	-	32,610	25,331	-	25,331
Fees receivable not related to interest	23,682	(12,531)	11,151	16,365	(10,210)	6,155	23,682	(12,531)	11,151	16,365	(10,210)	6,155
Other financial assets	18,009	(5,686)	12,323	16,449	(3,798)	12,651	5,275	(5,232)	43	5,528	(3,239)	2,289
Other commissions	2,065	-	2,065	1,019	-	1,019	2,065	-	2,065	1,019		1,019
Receivables related to cancelled finance lease agreements	693	(527)	166	2,492	(1,234)	1,258	-	-	-	-	-	-
Total	**166,867**	**(18,886)**	**147,981**	**148,786**	**(15,628)**	**133,158**	**153,440**	**(17,905)**	**135,535**	**135,373**	**(13,835)**	**121,538**

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

15 Other assets

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Prepayments for premises and equipment and intangible assets	44,247	145,122	44,247	145,122
Prepaid expenses	29,735	34,596	29,591	34,465
Inventory and low value materials	30,162	34,422	30,021	34,069
Other non-financial assets	35,354	30,410	32,054	25,775
Other amounts in settlement	9,210	8,608	9,210	8,608
Foreclosed collateral	196	989	-	-
Personnel receivable	4,479	956	4,479	956
Other sundry debitors	45	53	-	-
Total gross carrying amount	**153,428**	**255,156**	**149,602**	**248,995**
Less: impairment	(31,192)	(37,513)	(31,190)	(37,511)
Total other assets	**122,236**	**217,643**	**118,412**	**211,484**

The movement in the impairment charge for other assets for the year 2023 and 2022 is presented below:

	Group		Bank	
	2023	2022	2023	2022
At 1 January	**(37,513)**	**(30,425)**	**(37,511)**	**(24,936)**
Impairment (expense)/income	6,321	(7,088)	6,321	(12,575)
At 31 December	**(31,192)**	**(37,513)**	**(31,190)**	**(37,511)**

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

16 Premises and equipment

Group	Land (revalued)	Buildings (revalued)	Furniture and equipment	Vehicles	Other assets	Assets under construction	Total
At 1 January 2022							
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 1 January 2022	**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 depreciation	-	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**
Additions	205	-	344	-	-	605,908	606,457
Transfers	(205)	692,330	532,814	4,595	42,111	(1,273,234)	(1,589)
Disposal - cost amount	(420)	(4,212)	(63,719)	(1,801)	(32,858)	-	(103,010)
Disposal – accumulated amortization	-	1,881	58,445	1,147	29,782	-	91,255
Revaluation gain	-	23,598	-	-	-	-	23,598
Reclassification to non-current assets held for sale – cost amount	(13,000)	(60,774)	(7,806)	-	-	-	(81,580)
Reclassification to non-current assets held for sale – accumulated amortization	-	677	7,431	-	-	-	8,108
Impairment losses	357	1,529	-	-	-	(53,798)	(51,912)
Depreciation charge	-	(8,792)	(63,020)	(5,373)	(11,595)	-	(88,780)
At 31 December 2023							
Cost/revalued amount	180,625	974,950	1,151,390	54,646	78,323	313,938	2,753,872
Accumulated depreciation	-	(15,463)	(461,087)	(34,492)	(24,325)	-	(535,367)
Carrying amount at 31 December 2023	**180,625**	**959,487**	**690,303**	**20,154**	**53,998**	**313,938**	**2,218,505**

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

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

16 Premises and equipment (continued)

Bank	Land (revalued)	Buildings (revalued)	Furniture and equipment	Vehicles	Other assets	Assets under construction	Total
At 1 January 2022							
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 1 January 2022	**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 depreciation	-	8	73,263	985	2,104	-	76,360
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**
Additions	205	-	-	-	-	605,742	605,947
Transfers	(205)	692,330	532,814	4,595	42,111	(1,273,234)	(1,589)
Disposal - cost amount	(110)	(3,274)	(62,950)	(1,801)	(32,690)		(100,825)
Disposal – accumulated amortization	-	1,881	57,700	1,147	29,614	-	90,342
Disposal - revaluation	-	23,564	-	-	-	-	23,564
Reclassification to non-current assets held for sale – cost amount	(13,000)	(60,774)	(7,806)	-	-	-	(81,580)
Reclassification to non-current assets held for sale - accumulated amortization	-	677	7,431	-	-	-	8,108
Impairment charge to profit or loss	357	1,529	-	-	-	(53,798)	(51,912)
Depreciation charge	-	(8,792)	(62,152)	(4,970)	(11,591)	-	(87,505)
At 31 December 2023							
Cost/revalued amount	180,625	971,551	1,138,300	52,153	78,159	313,773	2,734,560
Accumulated depreciation	-	(13,585)	(449,519)	(32,919)	(24,124)	-	(520,165)
Carrying amount at 31 December 2023	**180,625**	**957,966**	**688,780**	**19,234**	**54,017**	**313,773**	**2,214,395**

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

16 Premises and equipment (continued)

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, but 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.

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	70
ATMs	4
Furniture and equipment	4-8
Computers	4
Vehicles	7

Premises and equipments are valued at cost less accumulated depreciation and impairment losses, with the exception of the category "Land" and "Buildings". These were revalued at fair value in 2021 in accordance with the provisions of IAS 16 "Property, Plant and Equipment". During 2023, the Group has performed an assessment as to determine if there are any indications that the fair value of the Group's land and buildings materially differs from their carrying amount as per 31 December 2023 by means of analyzing how average market prices for commercial properties have changed during 2023 in different regions of the country where the Group has branches located. As a result of this assessment the Group concluded that the fair value of its land and buildings is not expected to materially differ from their carrying amount at the end of the reporting period.

As at 31 December 2023, if the Bank would have used the cost method, the book value of Land and Buildings would have been MDL 1,153,265 thousand (31 December 2022: MDL 950,729 thousand).

Included in assets in course of construction is part the new head office building (Building 2). Following an internal review of the amount of capitalised costs, expected costs to completion, and expected performance of the asset, the Group carried an impairment test at 31 December 2023 and recognized an impairment charge, which represents the difference between the book values and the respective recoverable amounts. Annually the Group performs reassessment of the impairment value for the assets under construction taking into account the updated values of the impairment indicators used in the impairment calculation.

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

17 Intangible assets

Group	Software	Licences	Other intangible assets	Goodwill	Intangible assets in progress	Total
At 1 January 2022						
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 1 January 2022	**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**
Additions	1,889	-	-	-	158,464	160,353
Capitalised internal development costs	69,288	-	-	-	-	69,288
Transfer	92,629	9,002	33,240	-	(204,110)	(69,239)
Disposal – cost	-	-	-	-	-	-
Disposal – accumulated amortization	-	-	-	-	-	-
Amortization charge	(29,538)	(20,922)	(6,710)	-	-	(57,170)
As at 31 December 2023						
Cost amount	341,454	108,743	51,682	2,497	6,154	510,530
Accumulated depreciation	(97,719)	(89,844)	(15,851)	-	-	(203,414)
Carrying amount at 31 December 2023	**243,735**	**18,899**	**35,831**	**2,497**	**6,153**	**307,116**

Bank	Software	Licences	Other intangible assets	Intangible assets in progress	Total
At 1 January 2022					
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 1 January 2022	**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**
Additions	-	-	-	158,464	158,464
Capitalised internal development costs	69,288	-	-	-	69,288
Transfer	92,629	9,002	33,240	(204,110)	(69,239)
Amortization charge	(26,803)	(20,922)	(6,710)	-	(54,435)
As at 31 December 2023					
Cost amount	314,866	108,743	51,682	6,154	481,445
Accumulated amortization	(79,839)	(89,844)	(15,850)	-	(185,533)
Carrying amount at 31 December 2023	**235,027**	**18,899**	**35,832**	**6,154**	**295,912**

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

17 Intangible assets (continued)

The Group's intangible assets, other than goodwill, include computer software, licences and other intangible assets. Intangible assets are measured on initial recognition at cost, including transaction costs. An intangible asset is recognized only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will be generated. Expenses for research phase are recognized as an expense when they are incurred.

Software includes also internally developed software. Development activities in relation to internally developed software are capitalised if the Group can demonstrate the technical feasibility and intention of completing the software, the ability to use it, how it will generate probable economic benefits, the availability of resources and the ability to measure the expenditures reliably. The amount at which an internally developed intangible asset is initially capitalized is the sum of all expenses incurred beginning from the day on which the aforementioned conditions are initially met. If an internally developed intangible asset cannot be capitalized, or if there is not yet an intangible asset, the development costs are reported in the statement of profit or loss for the reporting period in which they are incurred.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite lives are amortised on a straight-line basis over their useful lives. This period is generally between three and twenty years. The amortisation period and method are reviewed at least each financial year-end and adjusted if necessary.

All amortization calculated during 2023 and 2022 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 2023 of MDL 43,301 thousand (31 December 2022: MDL 35,506 thousand), which according to the contractual provisions will be used by the Group until 30 September 2030.

18 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	
	2023	2022	2023	2022
Carrying amount at 1 January	**109,228**	**68,662**	**110,736**	**67,346**
Additions	53,367	47,713	53,367	50,455
Disposals	(23,456)	(10,266)	(24,806)	(10,266)
Modification	15,591	6,413	15,591	6,413
Other movements*	(9,518)	31,463	(9,518)	31,463
Depreciation charge	(32,321)	(34,757)	(32,723)	(34,675)
Carrying amount at 31 December	**112,891**	**109,228**	**112,647**	**110,736**

*The amount for 2023 relates to a VAT correction made in relation to prior year whereas for 2022 the amount relates to the reassessment of useful life.

At initial measurement the Group and Bank 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 and Bank considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option.

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

18 Right of use assets and Lease liabilities (continued)

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.

The Lease liabilities had the following movements during the periods:

	Group		Bank	
	2023	2022	2023	2022
Carrying amount at 1 January	**112,690**	**70,340**	**114,159**	**69,026**
Additions	53,367	47,713	53,367	50,455
Disposals*	(23,151)	(10,697)	(24,463)	(10,697)
Modification**	16,971	37,876	16,971	37,876
Other movements***	(9,518)	-	(9,518)	-
Repayment	(32,793)	(39,599)	(33,053)	(39,416)
Interest expense	1,586	1,231	1,407	1,097
Foreign exchange differences	(8,418)	5,826	(8,397)	5,818
Carrying amount at 31 December	**110,734**	**112,690**	**110,473**	**114,159**

*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 assessment is based on the Group and Bank's strategy and plans for the upcoming periods in relation to its rented properties.

***The outstanding amount as per 31 December 2023 relates to a VAT correction made in relation to prior year.

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	
	2023	2022	2023	2022
Expense relating to short-term leases	13,550	5,170	13,550	5,169
Expense relating to leases of low-value assets that are not shown above as short-term leases	5,636	4,111	5,636	4,111
Total	**19,186**	**9,281**	**19,186**	**9,280**

The lease agreements do not impose any restrictions other than the deposit guarantees for the leased assets that are held by the lessor. Leased assets may not be used as collateral for borrowings.

19 Non-current assets held for sale

Group and Bank	31 December 2023	31 December 2022
Non-current assets held for sale	73,473	-
Total	**73,473**	**-**

In August 2023, the Supervisory Board committed to a plan to sell the Bank's former head office building and the adjacent land. Accordingly, the related land and building is presented as non-current assets held for sale. Efforts to sell the land and building have started and a sale is expected by December 2024. As per 31 December 2023, all conditions in IFRS 5 "Non-current assets held for sale and discontinued operations" have been met for the Group to classify its former head office building and it adjacent land as held for sale.

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

20 Due to customers

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Legal entities				
Corporate entities				
Current accounts	5,487,135	2,479,373	5,492,279	2,489,093
Sight Deposits	173,550	208,429	173,550	208,429
Term deposits	2,155,316	1,741,588	2,155,316	1,741,588
Collateral deposits	46,741	96,480	46,741	96,480
Sub-total Corporate customers	*7,862,742*	*4,525,870*	*7,867,886*	*4,535,590*
Business Banking entities				
Current accounts	6,678,118	5,291,064	6,702,113	5,312,952
Sight Deposits	12,652	14,958	12,652	14,958
Term deposits	1,058,366	963,280	1,058,366	963,280
Collateral deposits	46,386	87,739	46,386	87,739
Sub-total Business Banking entities	*7,795,522*	*6,357,041*	*7,819,517*	*6,378,929*
Total due to customers from legal entities	**15,658,264**	**10,882,911**	**15,687,403**	**10,914,519**
Retail customers				
Current accounts	9,334,422	7,898,010	9,334,422	7,898,010
Sight deposits	7,727	4,479	7,727	4,479
Term deposits	13,848,509	12,296,413	13,848,509	12,296,413
Collateral deposits	1,747	22,020	1,747	22,020
Savings accounts	147,667	253,008	147,667	253,008
Total due to customers from Retail customers	**23,340,072**	**20,473,930**	**23,340,072**	**20,473,930**
Total due to customers	**38,998,336**	**31,356,841**	**39,027,475**	**31,388,449**

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

At 31 December 2023 current accounts of legal entities and individuals include restricted deposits under guarantee (collateral) agreements in amount of MDL 448,191 thousand (31 December 2022: MDL 432,045 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 2023		31 December 2022		31 December 2023		31 December 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
Individuals	23,340,072	60%	20,473,930	65%	23,340,072	60%	20,473,930	66%
Trade	3,110,687	8%	2,573,004	8%	3,110,687	8%	2,573,004	8%
Other	3,179,993	8%	2,432,617	8%	3,209,132	8%	2,432,617	8%
Construction	868,995	2%	916,210	3%	868,995	2%	916,210	3%
State and public organisations	789,604	2%	915,915	3%	789,604	2%	915,915	3%
Agriculture	1,468,206	4%	1,245,596	4%	1,468,206	4%	1,245,596	4%
Manufacturing	492,601	1%	273,202	1%	492,601	1%	273,202	1%
Transport	4,146,489	11%	1,395,693	4%	4,146,489	11%	1,395,693	4%
Real estate	1,122,306	3%	731,238	2%	1,122,306	3%	731,238	2%
Other financial institutions	479,383	1%	399,436	1%	479,383	1%	431,044	1%
Total customer accounts	**38,998,336**	**100%**	**31,356,841**	**100%**	**39,027,475**	**100%**	**31,388,449**	**100**

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

21 Debt securities in issue

Group and Bank	31 December 2023	31 December 2022
Debt securities at amortised cost	254,732	-
Total	**254,732**	**-**

In May 2023, the Bank has launched its first public offering program. Under this program, the Bank has organized four Corporate Bond issues during 2023.

The total amount of bonds outstanding as per 31 December 2023 is MDL 254,732 thousand (31 December 2022: MDL 0) and are carrying a variable interest rate composed of a reference rate that represents the rate of Bank's classic deposit for 12 months and a fixed margin of 2.2%. The reference rate changes annually. The maturity of the bond is 3 years, but it can be redeemed at client request at the end of each quarter (the quarter is calculated according to issue registration date) in amount of maximum 250 bonds. The coupon is paid quarterly. The bonds can be traded freely on the Moldovan Stock Exchange.

Between 4 and 26 December 2023, the Bank initiated its second public offering program. Under this program, the Bank plans to conduct cyclical placements of Corporate Bonds over 12 months, comprising six different classes in ten consecutive bond issues. Each bond issue aims for a minimum subscription rate of 1%. During this period, the Bank collected the subscribed amounts from interested investors, which are detailed in Note 24 as "Own debt securities to be issued". On 11 January 2024, following approval from the National Commission for Financial Markets ("CNPF") and registration in the Registry of Securities Issuers ("REVM"), the Bank issued the bonds.

The Bank did not have any defaults of principal or interest or other breaches with respect to its debt securities in issue during the year ended 31 December 2023.

22 Borrowings

			Group		Bank	
Borrowings from Financial Institutions:	**Currency**	**Maturity**	**31 December 2023**	**31 December 2022**	**31 December 2023**	**31 December 2022**
International Fund for Agricultural Development (IFAD)	MDL/USD/ EUR	15.07.2030	663,781	475,957	663,781	475,957
European Bank for Reconstruction and Development (EBRD)	EUR	22.12.2026	911,254	1,383,517	911,254	1,383,517
Livada Moldovei Project	MDL/EUR	17.11.2033	701,312	612,982	701,312	612,982
Project for Competitiveness Improvement (PCI)	MDL/USD/ EUR	01.10.2030	345,904	351,142	345,904	351,142
Wine Project	EUR/MDL	03.12.2029	70,143	106,892	70,143	106,892
Reconstruction Credit Institute (KfW)	MDL/USD/ EUR	16.07.2029	53,562	40,463	53,562	40,463
Rural Investment and Services Project (RISP)	MDL/USD/ EUR	01.10.2030	389,774	358,371	389,774	358,371
Central European Bank Project CEB Covid-19	MDL/USD/ EUR	10.12.2027	170,323	196,466	170,323	196,466
International Finance Corporation (IFC)	EUR	15.06.2027	190,505	-	190,505	-
Total borrowings			**3,496,558**	**3,525,790**	**3,496,558**	**3,525,790**

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

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

22 Borrowings (continued)

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 for 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 loans disbursed as part of the agreement with IFC provide funds for Micro, Small, Medium-sized Enterprises ("MSMEs", i.e. companies that have the staff headcount up to 300 employees, the turnover up to 15 million USD and total assets up to 15 million USD) for the purposes of the project. Half of the proceeds are earmarked for on-lending to women-owned MSMEs (WMSMEs). This loan includes a performance-based incentive ("PBI"), which will be paid if **maib** will fully reach the agreed 50% of WMSMEs lending.

The Group was in compliance with all the financial covenants included in the signed agreements as at 31 December 2023 and 31 December 2022.

Borrowings for financing the lease activity

Financial Institutions	Currency	Maturity	31 December 2023	31 December 2022
BC Moldindconbank S.A.	EUR	07.06.2025	44,727	98,093
Total			**44,727**	**98,093**

As at 31 December 2023 and 31 December 2022 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 2023	31 December 2022
BC Moldindconbank S.A	70,000	128,000
Total	**70,000**	**128,000**

23 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**	**Debt securities in issue**	**Subordinated debt**	**Total**
Liabilities from financing activities at 1 January 2022	**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)

23 Reconciliation Of Liabilities Arising From Financing Activities (continued)

Group	Borrowed funds	Debt securities in issue**	Subordinated debt	Total
				Liabilities from financing activities
Cash flows:				
Additions	1,436,192	257,799	-	1,693,991
Repayments principal	(1,345,140)	(4,860)	-	(1,350,000)
Payment of interest	(245,395)	(6,466)	(91,414)	(343,275)
Foreign exchange adjustments	(155,158)	-	-	(155,158)
Other non-cash movements *	226,904	8,259	85,573	320,736
Liabilities from financing activities at 31 December 2023	**3,541,286**	**254,732**	**503,703**	**4,299,721**

*Other non-cash movements represent the interest expense for financial instruments, that 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 are described in Note 18.

**The cash collected for the debt securities issued by the Bank on 11 January 2024 is disclosed as "Other financial liabilities" in Note 24 and presented as "Own debt securities to be issued".

Bank	Borrowed funds	Debt securities in issue	Subordinated debt	Total
				Liabilities from financing activities
Liabilities from financing activities at 1 January 2022	**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**
Cash flows:				
Additions	1,292,300	257,799	-	1,550,099
Repayments principal	(1,208,509)	(4,860)	-	(1,213,369)
Payment of interest	(245,395)	(6,466)	(91,414)	(343,275)
Foreign exchange adjustments	(94,527)	-	-	(94,527)
Other non-cash movements *	226,899	8,259	85,573	320,731
Liabilities from financing activities at 31 December 2023	**3,496,558**	**254,732**	**503,703**	**4,254,993**

24 Other financial liabilities

	Note	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Other financial liabilities at AC					
Securities settlements*		148,210	8,108	148,210	8,108
Own debt securities to be issued**		104,659	-	104,659	-
Operations with payment cards***		138,017	27,786	138,017	27,786
Other amounts in settlement		67,908	32,330	67,908	32,330
Other financial liabilities		16,195	12,524	16,181	12,510

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

24 Other financial liabilities (continued)

	Note	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Settlements with Visa and MC for marketing		13,338	24,536	13,338	24,536
Dividends payables		13,137	5,583	13,137	5,583
Settlement Escrow		4,982	16,271	4,982	16,271
Debt with suppliers		3,219	12,745	2,861	11,763
Issued letter of credit		1,829	77,765	1,829	77,765
Guarantee deposits	29	77,818	40,829	77,818	40,829
Amounts from clients for future leases agreements			1,049		-
Total other financial liabilities at AC		**589,312**	**259,526**	**588,940**	**257,481**
Other financial liabilities at FVTPL					
Contingent consideration liability****		38,639	27,817	38,639	27,817
Total other financial liabilities at FVTPL		**38,639**	**27,817**	**38,639**	**27,817**
Total other financial liabilities		**627,951**	**287,343**	**627,579**	**285,298**

* In "Securities settlement" the Group has liabilities in course of settlement for the investments in debt securities to be purchased by the Group on behalf of clients (MDL 148,210 thousand), this amounts being settled in January 2024.

** In December 2023, the Group initiated the subscription process for issuing debt securities denominated in MDL. Between 4 and 26 December 2023, the Bank collected the subscribed amounts from interested investors. Subsequently, on 11 January 2024, the Bank issued the bonds following approval from the CNPF and registration in the REVM.

*** As for the amount outstanding in relation to operations with payment cards, this has increased compared to prior year mainly due to the higher amount of cards in circulation during 2023.

****The Group has a contingent consideration liability outstanding as per 31 December 2023 in amount of MDL 38.6 million. The liability has been recognized and is measured at FVTPL. It relates to a contract dating back to 2020 whereby the Bank has sold some of its investments. Gains or losses on this liability is 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 which is recorded in OCI and is not subsequently reclassified to profit or loss.

25 Other liabilities

	Group 31 December 2023	Group 31 December 2022	Bank 31 December 2023	Bank 31 December 2022
Provision for untaken holidays and for other employee benefits	108,482	105,156	106,775	103,640
Other amounts in settlement	114,787	184,531	114,787	184,531
Other non-financial liabilities	23,568	19,945	22,444	16,944
Taxes payables other than on income	73,246	62,238	73,233	62,235
Settlements with budget	37,720	38,212	32,610	31,333
Deferred revenue	12,236	6,199	12,236	6,199
Settlements with Group's employees	258	77	258	77
Due to NBM	-	51,000	-	51,000
Settlements with merchants	1,066	3,111	-	3,111
Provision for other risks	3,471	742	-	-
Total other liabilities	**374,834**	**471,211**	**362,343**	**459,070**

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

26 Guarantees and other financial commitments and provision for loan 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 committments 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.

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. As for the financial guarantees, these are measured at the higher of the two amounts reflected under (i) and (ii) above at the end of the reporting period. Note 39 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.

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 31,126 thousand (31 December 2022: MDL 51,937 thousand). Outstanding credit related commitments are as follows:

	Group		Bank	
	31 December 2023	31 December 2022	31 Decembe r 2023	31 December 2022
Undrawn credit lines that are irrevocable or are revocable only in response to a material adverse change	3,368,314	2,962,305	3,368,314	2,962,305
Total loan commitments	**3,368,314**	**2,962,305**	**3,368,314**	**2,962,305**
Letters of credit	16,236	16,930	16,236	16,930
Performance guarantees issued	401,190	409,899	401,190	409,899
Other guarantees issued	342,718	348,998	342,718	348,998
Commitments to issue guarantees	626,672	385,888	626,672	385,888
Less: Provision for Letters of credit	(64)	(168)	(64)	(168)
Less: Provision for financial guarantees	(2,785)	(6,523)	(2,785)	(6,523)
Less: Provision for loan commitments	(31,126)	(43,775)	(31,126)	(43,775)
Total credit related commitments, net of provision	**4,721,155**	**4,073,554**	**4,721,155**	**4,073,554**

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

26 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 2023 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	1,386,816	-	-	1,386,816
Unrecognised amount	**1,386,816**	**-**	**-**	**1,386,816**
Provision for financial guarantees	**(2,847)**	**-**	**-**	**(2,847)**
Loan commitments				
- Good	2,943,273	392,292	-	3,335,565
- Satisfactory	20,008	5,159	-	25,167
- Special monitoring	-	1,617	-	1,617
- Default	-	-	5,819	5,819
Unrecognised amount	**2,963,281**	**399,068**	**5,819**	**3,368,168**
Provision for loan commitments	**(21,308)**	**(8,661)**	**(1,157)**	**(31,126)**

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)**

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

26 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 2023 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 2023	**(41,857)**	**(7,878)**	**(731)**	**(50,466)**	**3,786,495**	**335,538**	**1,987**	**4,124,020**
Movements with impact on provision for credit related commitments charge for the period:								
Transfers:								
- to lifetime (from Stage 1 to Stage 2)	3,551	(496)	-	3,055	(253,679)	108,359	-	(145,320)
- to credit-impaired (from Stage 1 and Stage 2 to Stage 3)	(180)	17	(605)	(768)	(1,964)	(443)	3,035	628
- to 12-months ECL (from Stage 2 and Stage 3 to Stage 1)	(1,232)	4,565	34	3,367	131,161	(188,390)	(76)	(57,305)
- from credit-impaired to lifetime (from Stage 3 to Stage 2)	-	(2)	67	65	-	194	(150)	44
Issued guarantees (fees charged)	(10,829)	(4,210)	-	(15,039)	2,656,074	209,653	-	2,865,727
Derecognised during the period	20,592	1,488	-	22,080	(2,092,379)	(94,263)	(1,348)	(2,187,990)
Changes to model assumptions	(5,042)	(955)	21	(5,976)	-	-	-	-
Other movements	10,547	(1,287)	60	9,320	153,695	32,051	82	185,828
Total charge to profit or loss for the year	**17,407**	**(880)**	**(423)**	**16,104**	**592,908**	**67,161**	**1,543**	**661,612**
Movements without impact on provision for credit related commitments charge for the period:								
Foreign exchange movements	290	97	-	387	(29,300)	(1,346)	-	(30,646)
At 31 December 2023	**(24,160)**	**(8,661)**	**(1,154)**	**(33,975)**	**4,350,103**	**401,353**	**3,530**	**4,754,986**

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

26 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 2022 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 2022	**(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 Subordinated debt

Subordinated debt from Financial Institutions	Currency	Maturity	31 December 2023	31 December 2022
European Fund for South-East Europe S.A., SICAF-SIF	MDL	25.11.2028	298,914	300,854
Green for Growth Fund, Southeast Europe S.A., SICAV-SIF	MDL	20.05.2029	204,789	208,690
Total			**503,703**	**509,544**

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 503,703 thousand (2022: MDL 509,544), 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 42 for the disclosure of the fair value of subordinated debt. Interest rate analysis of subordinated debt is disclosed in Note 39.

28 Share capital, dividends and earnings per share

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.

At 31 December 2023 the non-distributable reserves amounted to MDL 462,506 thousand (31 December 2022: MDL 358,682 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 2023: MDL 412,141 thousand and 31 December 2022: MDL 421,883 thousand). Legal reserves and reserve recorded in accordance with prudential regulations of the NBM are included in retained earnings.

As at 31 December 2023 the share capital comprises 103,763,400 authorized ordinary shares, with a nominal value of MDL 2 per share (31 December 2022: 103,763,400 shares).

During the first half of 2023 the Group approved distribution of dividends related to net profit of the year ended 31 December 2022 and also for 31 December 2021 in the amount of MDL 198,188 thousand. The value of dividends per share was 1.91 MDL.

	Group		Bank	
	2023	2022	2023	2022
Dividends payable at 1 January	**5,583**	**8,444**	**5,583**	**8,444**
Dividends declared during the year	198,188	67	198,188	-
Dividends paid during the year	(190,386)	(542)	(190,386)	(475)
Dividends prescribed and recorded as income	-	(2,386)	-	(2,386)
Dividends payable at 31 December	**13,385**	**5,583**	**13,385**	**5,583**
Dividends per share declared during the year	**1,91**	**-**	**1,91**	**-**

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

28 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 and it is recorded as income. During 2023 the Bank did not prescribe any dividends corresponding to previous years.

Basic earnings per share are calculated by dividing the profit 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.

During the Extraordinary General Shareholders Meeting of the Bank held on 14 December 2022, the Bank's 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.

The Group and Bank have no dilutive potential ordinary shares; therefore, the diluted earnings per share equal the basic earnings per share. Earnings per share 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 2022	103,763,400	1,135,251	11	11
At 31 December 2023	103,763,400	1,258,870	12	12

Bank	Ordinary shares outstanding (number)	Net Profit for the year thousand MDL	Earnings per share MDL	Diluted Earnings per share MDL
At 31 December 2022	103,763,400	1,130,853	11	11
At 31 December 2023	103,763,400	1,258,993	12	12

29 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 16.51% which is the minimum required ratio that includes the capital, systemic risk and systemic significance buffers (31 December 2022: 18.50%).

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

29 Own funds and management of capital (continued)

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 2023 was MDL 6,416,412 thousand (31 December 2022: MDL 5,389,993 thousand).

The total risk exposure as of 31 December 2023 was MDL 26,647,966 thousand (31 December 2022: MDL 24,303,654 thousand). The own funds adequacy ratio of the Bank at 31 December 2023 constitutes 24.08% (31 December 2022: 22.18%). The Group and the Bank complied with all capital requirements as at 31 December 2023 and 31 December 2022.

30 Net margin on interest and similar income

	Group		Bank	
	2023	2022	2023	2022
Interest income calculated using the EIR method				
Loans and advances to customers at AC	2,471,360	2,052,732	2,478,381	2,055,198
Debt securities at FVOCI	581,802	354,601	581,802	354,601
Debt securities at AC	155,789	16,164	145,213	11,617
Due from other banks at AC	54,522	18,183	54,522	18,183
NBM placements	458,317	647,696	458,317	647,696
Total interest income calculated using the effective interest method	**3,721,790**	**3,089,376**	**3,718,235**	**3,087,295**
Other similar income				
Lease receivables	35,497	26,662	-	-
Total other similar income	**35,497**	**26,662**	**-**	**-**
Total interest income	**3,757,287**	**3,116,038**	**3,718,235**	**3,087,295**
Interest expense				
Term deposits of legal entities	(213,333)	(96,834)	(213,333)	(96,834)
Term deposits of individuals	(1,036,175)	(435,733)	(1,036,175)	(435,733)
Term placements of other banks	(4,845)	(7,470)	(263)	(3,348)
Borrowings	(226,899)	(168,977)	(226,899)	(168,977)
Subordinated debt	(85,573)	(62,421)	(85,573)	(62,421)
Repurchase agreements	-	(161,439)	-	(161,439)
Debt securities in issue	(8,259)	-	(8,259)	-
Total interest expense	**(1,575,084)**	**(932,874)**	**(1,570,502)**	**(928,752)**
Other similar expense				
Lease liabilities	(1,382)	(1,069)	(1,407)	(1,097)
Other expenses	(1,530)	(1,470)	(1,530)	(1,470)
Total other similar expense	**(2,912)**	**(2,539)**	**(2,937)**	**(2,567)**
Total interest expense	**(1,577,996)**	**(935,413)**	**(1,573,439)**	**(931,319)**
Net margin on interest and similar income	**2,179,291**	**2,180,625**	**2,144,796**	**2,155,976**

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.

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

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

30 Net margin on interest and similar income (continued)

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.

31 Net fee and commission income

	Group		Bank	
	2023	2022	2023	2022
Fee and commission income				
Transactions with debit cards	577.605	431.781	577.605	431.781
Cash transactions	155.510	145.342	155.510	145.342
Commissions from other services to clients	115.733	95.142	115.733	95.142
Processing of clients' payments	122.355	97.803	115.978	94.158
Settlement transactions	43.742	44.420	43.888	44.559
Money transfer services	31.351	25.043	31.351	25.043
Commission from direct debit transactions	15.110	10.895	15.110	10.895
Commissions for transfer of salaries to debit cards	14.927	19.019	14.927	19.019
Commissions on guarantees and letters of credit	13.155	10.566	13.155	10.566
Cash collection	6.713	7.274	6.713	7.274
Total fee and commission income	**1,096,201**	**887,285**	**1,089,970**	**883,779**
Fee and commission expense				
Processing centers services	(333.594)	(258.289)	(360.696)	(284.363)
Transactions with debit cards	(233.006)	(163.440)	(233.006)	(163.440)
Settlement transactions	(42.524)	(25.747)	(42.524)	(25.667)
Cash transactions	(25.994)	(28.590)	(25.994)	(28.590)
Other fee and commission expense	(7.761)	(4.694)	(7.761)	(4.694)
Cash withdrawal related to debit cards	(6.985)	(6.250)	(6.985)	(6.250)
Total fee and commission expense	**(649,864)**	**(487,010)**	**(676,967)**	**(513,004)**
Total Net fee and commission income	**446,337**	**400,275**	**413,003**	**370,775**

*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.

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.

32 Gains less losses from trading in foreign currencies

	Group		Bank	
	2023	2022	2023	2022
Gain from foreign currency trading	361.597	336.939	361.597	336.939
Gain from trading foreign currency at foreign exchange points	102.581	115.373	102.581	115.373
Gain from card transactions in foreign currency	116.769	72.389	116.769	72.389
Gain from other transactions in foreign currency	(104)	11	2	11
Total gains less losses from trading in foreign currencies	**580,843**	**524,712**	**580,949**	**524,712**

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.

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

33 Other operating income

	Group		Bank	
	2023	2022	2023	2022
Penalties received	33,496	59,036	32,460	58,004
Other dividend income	-	-	4,843	6,650
Other income	14,960	11,619	3,338	1,567
Gains from disposal of other assets	2,965	1,778	2,965	1,672
Dividend income from equity investments at FVOCI	1,271	13,344	1,271	13,344
Rental income	771	1,065	1,246	1,184
Gains from disposal debt securities	561	104	561	84
Income from unpaid and prescribed dividend liabilities	-	2,386	-	2,386
Gains from disposal of investment property	1,685	524	-	0
Total other operating income	**55,709**	**89,856**	**46,684**	**84,891**

34 Personnel expenses

	Group		Bank	
	2023	2022	2023	2022
Wages and salaries	(730,129)	(621,895)	(713,247)	(605,766)
Social security contributions*	(182,156)	(157,216)	(180,065)	(153,665)
Meal Tickets	(30,282)	(26,031)	(29,900)	(25,701)
Provision for untaken holiday and bonuses	(4,240)	(24,638)	(3,135)	(23,821)
Other personnel expenses	(6,097)	(7,682)	(6,097)	(7,682)
Share payments to employees**	(954)	(1,335)	(954)	(1,335)
Total personnel expenses	**(953,858)**	**(838,797)**	**(933,396)**	**(817,970)**

*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 (2023: 24%, 2022: 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.

**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. During 2023, the Supervisory Board has approved the extension of the vesting period for the options until 31 December 2025.

35 Other operating expenses

	Group		Bank	
	2023	2022	2023	2022
Professional services	(60,326)	(51,422)	(59,867)	(50,668)
Maintenance of intangible assets	(54,349)	(40,034)	(49,602)	(36,764)
Contribution to the Resolution Fund	(44,886)	(47,640)	(44,886)	(47,640)
Other expenses*	(49,302)	(44,337)	(42,253)	(37,577)
Advertising and sponsorship	(40,788)	(48,651)	(40,126)	(48,020)
Repairs and maintenance	(28,432)	(45,686)	(28,385)	(45,665)
Contributions to the Deposit Guarantee Fund	(26,765)	(23,113)	(26,765)	(23,113)
Utilities	(26,720)	(22,141)	(26,293)	(21,781)
Cleaning and small value inventory items	(21,001)	(19,415)	(20,914)	(19,386)
Operating lease expenses	(19,186)	(9,281)	(19,186)	(9,280)
Postage and telecommunication	(19,277)	(16,694)	(19,143)	(16,632)
Safeguarding of assets and security	(12,613)	(16,411)	(12,609)	(16,384)
Money packaging and transportation expenses	(10,550)	(22,916)	(10,550)	(22,916)
Fuel expenses	(10,457)	(10,353)	(10,315)	(10,169)
Insurance expense	(10,012)	(8,572)	(9,878)	(8,467)
Business promotion	(9,460)	(5,579)	(9,460)	(5,426)
Informational services	(9,483)	(10,782)	(9,282)	(10,506)
Remuneration of the members of the Bank's Council	(8,197)	(8,029)	(8,197)	(8,029)
Stationery and supplies	(5,943)	(6,284)	(5,891)	(6,227)
Financial audit services and other non-audit services	(6,655)	(7,056)	(5,274)	(5,549)
(Loss)/Gain on derecognition of non-financial assets	(3,815)	201	(3,815)	201
Personnel training	(3,491)	(9,431)	(3,484)	(9,424)
Travel expenses	(2,422)	(3,537)	(2,422)	(3,477)
Expenses for debt collection services	(825)	(1,668)	(825)	(1,668)
Impairment expenses of non-financial receivables	-	(74)	-	-
Total other operating expenses	**(484,955)**	**(478,905)**	**(469,422)**	**(464,567)**

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

35 Other operating expenses (continued)

The table below presents the fees paid or payable to PricewaterhouseCoopers Audit SRL and other PwC Network firms during 2023 and 2022:

	Group		Bank	
	2023	2022	2023	2022
Audit of the financial statements	4,467	3,476	3,536	2,628
Other non-audit services and consultancy services	8,418	2,365	8,418	2,365
Total	12,885	5,841	11,954	4,993

The cost of consultancy services paid or payable is included in the line "Professional services", while non-audit services such as review procedures, reasonable assurance engagements and agreed upon procedures are included within the line "Financial audit services and other non-audit services".
*Other expenses include property tax, legal services and amounts relating to SWIFT services, among others.

36 Credit loss allowance charge

Expected credit loss allowance of interest bearing assets includes the elements presented below. During the financial year ended 31 December 2023 the Group has recorded recoveries from previously written off loans in amount of MDL 32,229 thousand (2022: MDL 15,432 thousand) and also from other financial assets in amount of MDL 1,871 thousand (2022: MDL 221 thousand).

		Group		Bank	
	Note	2023	2022	2023	2022
Loans and advances	10	(174,775)	(344,732)	(173,594)	(346,392)
Credit related commitments	26	15,541	(11,747)	15,541	(11,747)
Finance lease receivables	11	(2,847)	(14,478)	-	-
Other financial and other assets	14,15	(9,547)	(14,592)	(9,252)	(13,945)
Correspondent accounts and placements at banks*	8	24,022	(23,859)	24,022	(23,859)
Investments in debt securities	9	(21,409)	(10,185)	(21,466)	(9,648)
Total credit loss allowance charge		**(169,015)**	**(419,593)**	**(164,749)**	**(405,591)**

*The release in ECL in relation to correspondent accounts and placements at banks is related to correspondent accounts held with the Russian banks. During 2023, the Bank has managed to fully recover the amounts on these accounts which were classified as Stage 3 as at 31 December 2022.

37 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	
	2023	2022	2023	2022
Current income tax expenses	(180,975)	(165,005)	(172,870)	(162,910)
Deferred income tax	930	3,450	(2,045)	3,649
Income tax expenses for the year	**(180,045)**	**(161,555)**	**(174,915)**	**(159,261)**

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 2023 income is 12% (2022: 12%). The balance of the current tax liability at 31 December 2023 is of MDL 25,832 thousand (31 December 2022: MDL 62,375 thousand).

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

	Group		Bank	
	2023	2022	2023	2022
Profit before tax	**1,400,756**	**1,296,855**	**1,395,750**	**1,290,114**
Tax calculated at applicable rate 12%	(168,091)	(155,623)	(167,490)	(154,814)
Tax effect of:				
Non-taxable income	(1,198)	(1,322)	768	(73)
Non-deductible expenses	(9,405)	(5,907)	(8,558)	(5,671)
Philanthropic, sponsorship and other expenses	365	1,297	365	1,297
Recognition the effect of amending the deferred tax	(1,716)	-	-	-
Income tax expense for the year	**(180,045)**	**(161,555)**	**(174,915)**	**(159,261)**

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

37 Income tax expenses for the year (continued)

Group 2023	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehen-sive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income, including:	1,346	2,615	(10,080)	4,711	(10,830)	(6,119)
-the revaluation of equity investments	(83)	-	(9)	-	(92)	(92)
-the revaluation of debt investments	(667)	-	(10,071)	-	(10,738)	(10,738)
-ECL debt investments	2,096	2,615	-	4,711	-	4,711
Property and equipment, including:	(27,712)	4,333	3,781	-	(19,598)	(19,598)
- revaluation reserve	(26,669)	-	3,781	-	(22,888)	(22,888)
- depreciation	(1,043)	(9,476)	-	-	(10,519)	(10,519)
- impairment	-	13,809	-	-	13,809	13,809
Non-current assets held for sale	-	(416)	(6,587)	-	(7,003)	(7,003)
Employee benefits	12,437	376	-	12,813	-	12,813
Impairment Assets under construction	14,035	(7,579)	-	6,456	-	6,456
Provision for other liabilities	(3,339)	(1,299)	-	-	(4,638)	(4,638)
Investment property	253	353	-	606	-	606
Other temporary differences	(1,276)	2,548	-	1,272	-	1,272
Total deferred tax assets/ (liabilities)	**(4,256)**	**931**	**(12,886)**	**25,858**	**(42,069)**	**(16,211)**

Group 2022	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehen-sive 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)**

Bank 2023	Balance at 1 January	Recognized in profit or loss	Recognized in other comprehen-sive income	Deferred tax assets	Deferred tax liabilities	Net balance at 31 December
Financial assets at fair value through other comprehensive income:	1,346	2,575	(10,080)	4,671	(10,830)	(6,159)
- the revaluation of equity investments	(83)	-	(9)	-	(92)	(92)
- the revaluation of debt investments	(667)	-	(10,071)	-	(10,738)	(10,738)
- ECL debt investments	2,096	2,575	-	4,671	-	4,671
Property and equipment, including:	(27,647)	4,298	3,781	-	(19,568)	(19,568)
- revaluation reserve	(26,669)	-	3,781	-	(22,888)	(22,888)
- depreciation	(978)	(9,511)	-	-	(10,489)	(10,489)
- impairment	-	13,809	-	-	13,809	13,809
Non-current assets held for sale	-	(416)	(6,587)	-	(7,003)	(7,003)
Employee benefits	12,437	376	-	12,813	-	12,813
Impairment assets under construction	14,035	(7,579)	-	6,456	-	6,456
Provision for other liabilities	(3,339)	(1,299)	-	-	(4,638)	(4,638)
Total deferred tax assets/ (liabilities)	**(3,168)**	**(2,045)**	**(12,886)**	**23,940**	**(42,039)**	**(18,099)**

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

37 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)**

38 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.

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 2023	31 December 2022	31 December 2023	31 December 2022
Assets				
Corporate Banking	14,412,333	12,239,689	14,412,333	12,239,689
Business Banking	11,724,708	9,849,932	11,724,708	9,849,932
Retail Banking	25,894,265	20,730,995	25,894,265	20,730,995
Corporate Investments	222,521	209,887	222,521	209,887
maib leasing	364,058	383,456	-	-
MMC	66,345	61,192	-	-
Intra-group eliminations	(346,217)	(306,994)	-	-
				-
Total assets	**52,338,013**	**43,168,157**	**52,253,827**	**43,030,503**

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

38 Segment reporting (continued)

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Liabilities				
Corporate Banking	8,801,224	5,450,061	8,801,224	5,450,061
Business Banking	11,282,189	9,836,306	11,282,189	9,836,306
Retail Banking	24,367,653	21,096,432	24,367,653	21,096,432
Corporate Investments	28,081	32,112	28,081	32,112
maib leasing	214,919	252,353	-	-
MMC	1,673	960	-	-
Intra-group eliminations	(189,765)	(173,158)	-	-
				-
Total liabilities	**44,505,974**	**36,495,066**	**44,479,147**	**36,414,911**

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 "Intragroup eliminations comprises intra-group operations: loans granted to **maib leasing** by the Bank in amount of MDL 156,480 thousand, cash and current accounts of the subsidiaries in amount of MDL 29,139 thousand, investment in subsidiaries – MDL 160,522 thousand and other elements MDL 75 thousand.

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

38 Segment reporting (continued)

The segment information for the reportable segments for the year ended at 31 December 2023 and 31 December 2022 is set below.

Group 31 December 2023	Corporate banking	Business Banking	Retail Banking	Corporate Investments	maib leasing	MMC	Intra-group eliminations	Total per statement of profit or loss
Interest income	1,031,997	966,248	1,714,676	5,314	45,020	3,455	(9,423)	3,757,287
Total interest income	**1,031,997**	**966,248**	**1,714,676**	**5,314**	**45,020**	**3,455**	**(9,423)**	**3,757,287**
Interest expense on customer deposits and other borrowings	(259,403)	(246,107)	(1,067,929)	-	(14,005)	(66)	9,514	(1,577,996)
Total interest expenses	**(259,403)**	**(246,107)**	**(1,067,929)**	**-**	**(14,005)**	**(66)**	**9,514**	**(1,577,996)**
Inter-segment revenue	**(362,865)**	**(147,509)**	**510,374**	**-**	**-**	**-**	**-**	**-**
Net interest income	**409,729**	**572,632**	**1,157,121**	**5,314**	**31,015**	**3,389**	**91**	**2,179,291**
Fee and commission income, of which:	62,317	239,051	788,402	200	-	33,480	(27,249)	1,096,201
Recognised at a point in time	54,189	233,694	788,402	200	-	33,480	(27,249)	1,082,716
Recognised over time	8,128	5,357	-	-	-	-	-	13,485
Fee and commission expense	(10,664)	(35,264)	(630,977)	(62)	-	-	27,103	(649,864)
Net fee and commission income	**51,653**	**203,787**	**157,425**	**138**	**-**	**33,480**	**(146)**	**446,337**
Net foreign exchange gains	139,379	162,872	262,305	-	(2,602)	(106)		561,848
Other operating income	2,259	3,054	35,083	6,288	14,660	-	(5,635)	55,709
Gains/(losses) on revaluation of investment properties	-	-	-	-	(3,708)	-	-	(3,708)
Personnel expenses	(67,251)	(253,979)	(606,401)	(5,765)	(8,565)	(11,897)	-	(953,858)
Depreciation and amortization expenses	(5,200)	(41,090)	(128,075)	(298)	(1,152)	(3,780)	614	(178,981)
Impairment gain of investments in subsidiaries	-	-	-	20,853	-	-	(20,853)	-
Impairment losses for premises and equipment	(15,573)	(15,574)	(15,574)	(5,191)	-	-	-	(51,912)
Other operating expenses	(40,195)	(111,244)	(316,739)	(1,244)	(3,925)	(8,974)	148	(482,173)
Operating profit before credit loss allowance	**474,801**	**520,458**	**545,145**	**20,095**	**25,723**	**12,112**	**(25,781)**	**1,572,553**
Credit loss allowance	(25,695)	(149,586)	9,597	935	(5,341)	2	(1,709)	(171,797)
Segment profit before tax	**449,106**	**370,872**	**554,742**	**21,030**	**20,382**	**12,114**	**(27,490)**	**1,400,756**
Income tax expense	(52,914)	(41,137)	(76,258)	(4,606)	(2,348)	(2,782)		(180,045)
Net segment profit for the year	**396,192**	**329,735**	**478,484**	**16,424**	**18,034**	**9,333**	**(27,490)**	**1,220,711**

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

38 Segment reporting (continued)

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)
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)

38 Segment reporting (continued)

Bank 31 December 2023	Corporate Banking	Business Banking	Retail Banking	Corporate Investments	Total per statement of profit or loss
Interest income	1,031,997	966,248	1,714,676	5,314	3,718,235
Total interest income	**1,031,997**	**966,248**	**1,714,676**	**5,314**	**3,718,235**
Interest expense on customer deposits and other borrowings	(259,403)	(246,107)	(1,067,929)	-	(1,573,439)
Total interest expenses	**(259,403)**	**(246,107)**	**(1,067,929)**	**-**	**(1,573,439)**
Inter-segment revenue	**(362,865)**	**(147,509)**	**510,374**	**-**	**-**
Net interest income	**409,729**	**572,632**	**1,157,121**	**5,314**	**2,144,796**
Fee and commission income, of which	62,317	239,051	788,402	200	1,089,970
Recognised at a point in time	54,189	233,694	788,402	200	1,076,485
Recognised over time	8,128	5,357	-	-	13,485
Fee and commission expense	(10,664)	(35,264)	(630,977)	(62)	(676,967)
Net fee and commission income	**51,653**	**203,787**	**157,425**	**138**	**413,003**
Net foreign exchange gains	139,379	162,872	262,305	-	564,556
Other operating income	2,259	3,054	35,083	6,288	46,684
Personnel expenses	(67,251)	(253,979)	(606,401)	(5,765)	(933,396)
Depreciation and amortization expenses	(5,200)	(41,090)	(128,075)	(298)	(174,663)
Impairment gain of investments in subsidiaries	-	-	-	20,853	20,853
Impairment losses for premises and equipment	(15,573)	(15,574)	(15,574)	(5,191)	(51,912)
Other operating expenses	(40,195)	(111,244)	(316,739)	(1,244)	(469,422)
Operating profit before credit loss allowance	**474,801**	**520,458**	**545,145**	**20,095**	**1,560,499**
Credit loss allowance	(25,695)	(149,586)	9,597	935	(164,749)
Segment profit before tax	**449,106**	**370,872**	**554,742**	**21,030**	**1,395,750**
Income tax expense	(52,914)	(41,137)	(76,258)	(4,606)	(174,915)
Net segment profit for the year	**396,192**	**329,735**	**478,484**	**16,424**	**1,220,835**

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

38 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)
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**

39 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.

39.1 Risk management structure

Risk management structure is based on current internal control system requirements, generally accepted practices, including the recommendations of the Basel Committee on Banking Supervision.

The Bank's Council is responsible for approving strategies, policies and general principles for addressing risks within the Group and risk limits, a task which is delegated to Bank's Executive, including in specialised committees such as the Management Board, Credit Committee, 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 organisation of an efficient system for the ongoing identification and assessment of risks related to the Group's activity and to oversee the implementation of the Group's risk strategies.

39.2 Basic principles of risk management

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

Risk management is achieved through the structured application of management culture, policies, procedures and practices to identify, assess, monitor, and mitigate risks. Risk monitoring and control is primarily based on the system of limits, which the Group has imposed on each significant risk. Limits are monitored on an ongoing basis, ensuring communication to the Bank's Management Board, ALCO Committee, Risk Committee members or Bank's Council. Considering environmental changes, market trends and/ or increasing in risk indicators, the Group intervenes and imposes limits or other control and management measures. Risk limits primarily involve the Group's risk tolerance and risk appetite.

The Group has developed its own internal model for assessing and quantifying the size of the capital required 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 stress testing process is an integral part of the Group's risk management system. The Group conducts regular stress tests and the results 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 necessary, to avoid adverse events for the Group. The Internal Audit Department assesses the effectiveness of stress test scenarios conducted within the Group for all risks related to the 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 to obtain objective information on the status and extent of risks, The Group continuously monitors its risk exposures, with daily information being presented and analyzed

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

39 Financial risk management (continued)

regularly. Periodic reports, covering the Group's exposure, adherence to risk limits and parameters, and potential impact scenarios, are provided to the Bank's Executives, including specialized committees such as ALCO and the Credit Committee. Regularly, a detailed report is submitted to the Management Board, Bank's Risk Committee, and Supervisory Board. This comprehensive report enables committee members to form their own perspectives on the Group's risk exposure and the efficacy of the risk management system.

39.3 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, based on the analysis of complex factors, including the international rating assigned by the international rating agencies stipulated in the internal normative acts. On this basis, the risk categories and the exposure limits of the Group to each country are established. Review and adjustment of the approved limits is done periodically, but not less than once a year. Compliance with country limits is monitored on an ongoing basis by informing in the preset 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 has 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 2023 and 31 December 2022:

	Group				Bank			
Country risk category	**31 December 2023**		**31 December 2022**		**31 December 2023**		**31 December 2022**	
	MDL thousand	**%**	**MDL thousand**	**%**	**MDL thousand**	**%**	**MDL thousand**	**%**
I	3,156,764	99.35	1,029,511	96.83	3,156,764	99.35	1,029,511	96.83
II	19,083	0.60	27,651	2.60	19,083	0.60	27,651	2.60
III	-	0.00	978	0.09	-	0.00	978	0.09
IV	21	0.00	1,756	0.17	21	0.00	1,756	0.17
V	1,609	0.05	3,342	0.31	1,609	0.05	3,342	0.31
Total	**3,177,477**	**100%**	**1,063,238**	**100%**	**3,177,477**	**100%**	**1,063,238**	**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, Nostro accounts, 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 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.

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

39 Financial risk management (continued)

39.4 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.

39.4.1 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 2023 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 these derivatives are not operated on the local market. At all times, the Group is in contact with its largest customers to understand potential behaviour.

The Group measures the currency risk through regulatory defined risk approach based on 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 assess 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 exchange rate fluctuations over a two-year period.

VAR index

	VAR limit	Effective as at 31 December	Daily average	Maximum	Minimum
2023	3,000	655	565	2,037	24
2022	3,000	246	975	4,158	48

In order to ensure effective monitoring of the currency risk and enhance the Group's protection against possible adverse developments in the risk factors, the Group analyses the sensitivity of its open currency positions to exchange rate volatility.

The table below reflects the potential effect (on profit or loss) from daily changes in the exchange rates of the currencies with which the Group mainly operates and wich have a significant exposure (given the size of balance sheet assets and liabilities in foreign currency): EUR and USD.

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

39 Financial risk management (continued)

The stress analysis is applied to open currency positions in each of the two main currencies (EUR, USD) as of 31 December 2023 and at 31 December 2022, 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 on- balance sheet and off-balance sheet assets and liabilities in foreign currencies. A negative amount, possibly obtained under the scenario, reflects a potential net reduction in net foreign currency exchange gains, while a positive amount reflects a possible increase in net foreign currency exchange gains.

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 2023					
USD	(85,269)	15	(12,790)	(15)	12,790
EUR	165,430	15	24,814	(10)	(16,543)
Total			**12,024**		**(3,753)**
As at 31 December 2022					
USD	(25,982)	15	(3,897)	(15)	3,897
EUR	(71,615)	15	(10,742)	(10)	7,162
Total			**(14,639)**		**11,059**

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 2023					
USD	(88,637)	15	(13,296)	(15)	13,296
EUR	24,282	15	3,642	(10)	(2,428)
Total			**(9,653)**		**10,867**
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**

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

39 Financial risk management (continued)

Tables below summarises the **Group's** exposure to foreign currency exchange rate risk at the 31 December 2023 and at the 31 December 2022:

At 31 December 2023	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,910,924	847,841	176,690	782,620	103,773
Balances with the NBM	12,733,013	6,619,024	1,559,228	4,554,761	-
Due from other banks	3,160,752	211	1,137,699	1,971,264	51,578
Investment in debt securities	8,662,643	8,662,643	-	-	-
Loans and advances to customers	22,538,197	15,679,943	1,394,977	5,463,277	-
Finance lease receivables	291,962	29,355	2,304	260,303	-
Other financial assets	147,981	91,128	11,170	45,683	-
Total assets	**49,445,472**	**31,930,145**	**4,282,068**	**13,077,908**	**155,351**
LIABILITIES					
Due to other banks	4,626	1,179	3,447	-	-
Due to customers	38,998,336	23,419,905	4,323,478	11,124,613	130,340
Borrowings	3,541,286	1,901,627	37,101	1,602,558	-
Lease liabilities	110,734	584	388	109,762	-
Other financial liabilities	627,951	454,874	28,741	143,447	889
Debt securities in issue	254,732	254,732	-	-	-
Subordinated debt	503,703	503,703	-	-	-
Total liabilities	**44,041,368**	**26,536,604**	**4,393,155**	**12,980,380**	**131,229**
Off balance sheet exposures	**(110)**	**(8,775)**	**24,248**	**4,839**	**(20,422)**
Excess/(deficit)	**5,403,994**	**5,384,766**	**(86,839)**	**102,367**	**3,700**

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
Total assets	**40,789,564**	**25,185,516**	**4,080,270**	**11,407,897**	**115,881**
LIABILITIES					
Due to other 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
Subordinated debt	509,544	509,544	-	-	-
Total liabilities	**35,906,893**	**20,236,308**	**4,109,809**	**11,461,265**	**99,511**
Off balance sheet exposures	**16**	**8**	**11,528**	**-**	**(11,520)**
Excess/(deficit)	**4,882,687**	**4,949,216**	**(18,011)**	**(53,368)**	**4,850**

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

39 Financial risk management (continued)

Tables below summarises the **Bank's** exposure to foreign currency exchange rate risk at the 31 December 2023 and at the 31 December 2022:

At 31 December 2023	Total	MDL	USD	EUR	Other
ASSETS					
Cash on hand	1,910,919	847,836	176,690	782,620	103,773
Balances with the NBM	12,733,013	6,619,024	1,559,228	4,554,761	-
Due from other banks	3,160,357	(154)	1,137,699	1,971,233	51,579
Investment in debt securities	8,601,231	8,601,231	-	-	-
Loans and advances to customers	22,681,372	15,675,368	1,395,841	5,610,163	-
Other financial assets	135,535	88,406	11,042	36,086	1
Total assets	**49,222,427**	**31,831,711**	**4,280,500**	**12,954,863**	**155,353**
LIABILITIES					
Due to other banks	4,626	1,179	3,447	-	-
Due to customers	39,027,475	23,448,273	4,323,713	11,125,150	130,339
Borrowings	3,496,558	1,901,672	37,097	1,557,789	-
Lease liabilities	110,473	1,053	388	109,032	-
Other financial liabilities	627,579	454,502	28,741	143,447	889
Debt securities in issue	254,732	254,732	-	-	-
Subordinated debt	503,703	503,703	-	-	-
Total liabilities	**44,025,146**	**26,565,114**	**4,393,386**	**12,935,418**	**131,228**
Off balance sheet exposures	**(110)**	**(8,775)**	**24,248**	**4,839**	**(20,422)**
Excess/(deficit)	**5,197,171**	**5,257,822**	**(88,638)**	**24,284**	**3,703**

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
Total assets	**40,562,944**	**25,115,139**	**4,076,296**	**11,255,628**	**115,881**
LIABILITIES					
Due to other 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
Subordinated debt	509,544	509,544	-	-	-
Total liabilities	**35,839,832**	**20,407,661**	**4,108,275**	**11,224,385**	**99,511**
Off balance sheet exposures	**8**	**-**	**11,528**	**-**	**(11,520)**
Excess/(deficit)	**4,723,120**	**4,707,478**	**(20,451)**	**31,243**	**4,850**

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

39 Financial risk management (continued)

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

Interest rate risk is the current or future risk to capital and earnings resulting from fluctuations in interest rates, affecting exposures in the banking book.

The Group treats IRRBB as a significant risk and it is appropriately 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 security.

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

The Group quantifies its exposure to interest rate risk in the banking portfolio, in terms of the impact on the Group's economic value ("EVE") and net interest income ("NII"), as a result of applying 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 with the value obtained by applying the interest rate curve to each predefined stress scenario.

The estimated the impact of the change in net interest income is the difference between the expected gains in a base case scenario and the expected gains in alternative, negative shock or crisis scenarios,based on the going-concern principle over the next year, assuming 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 depending of the interest revaluation range. The model does not evaluate the non-interest-bearing items.

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
2023	+100	124,043	(30,234)	(58,150)	5,349	(165)	40,843
	+50	62,021	(15,117)	(29,075)	2,674	(82)	20,421
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

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2023	-100	(124,043)	30,234	58,150	(5,349)	165	(40,843)
	-50	(62,021)	15,117	29,075	(2,674)	82	(20,421)
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)

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

39 Financial risk management (continued)

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

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
2023	+100	125,389	(30,504)	(59,035)	3,591	(165)	39,276
	+50	62,695	(15,252)	(29,518)	1,796	(82)	19,639
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

Decrease in basis points		1 month	1-3 months	3-12 months	1-5 years	Over 5 years	Total
2023	-100	(125,389)	30,504	59,035	(3,591)	165	(39,276)
	-50	(62,695)	15,252	29,518	(1,796)	82	(19,639)
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)

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

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

39 Financial risk management (continued)

The table below shows the Group's exposure to interest rate risk based on the contractual maturity of its financial instruments or the next interest rate repricing date, if the instruments are subject to variable interest rates. The Group's interest rate risk management policy is to minimise exposure and continually adjust interest repricing dates and maturities of assets and liabilities.

31 December 2023	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	1,910,924	-	-	-	-	-	1,910,924
Balances with the National Bank of Moldova	12,733,013	12,708,053	-	-	-	-	24,960
Due from other banks	3,160,752	3,146,293	-	-	-	-	14,459
Investments in debt securities	8,662,643	3,255,426	729,607	4,419,948	174,979	52,735	29,948
Loans and advances to customers (floating rate)	19,744,584	19,744,584	-	-	-	-	-
Loans and advances to customers (fixed rate)	2,793,613	79,364	115,155	523,284	2,073,481	2,329	-
Finance lease receivables	291,962	14,878	19,727	66,348	176,001	-	15,008
Other financial assets	147,981	147,981	-	-	-	-	-
Total assets	**49,445,472**	**39,096,579**	**864,489**	**5,009,580**	**2,424,461**	**55,064**	**1,995,299**
LIABILITIES							
Due to other banks	4,626	4,626	-	-	-	-	-
Due to customers (fixed rate)	13,573,076	1,218,933	1,657,276	8,845,918	1,850,949	-	-
Due to customers (floating rate)	25,425,260	25,409,137	-	-	-	-	16,123
Borrowings	3,541,286	59,594	2,025,803	1,424,776	-	-	31,113
Lease liabilities	110,734	-	-	230	38,659	71,523	322
Debt securities in issue	254,732	-	-	254,732	-	-	-
Other financial liabilities*	627,951	-	-	-	-	-	627,951
Subordinated debt	503,703	-	204,789	298,914	-	-	-
Total liabilities	**44,041,368**	**26,692,290**	**3,887,868**	**10,824,570**	**1,889,608**	**71,523**	**675,509**
Interest gap	**5,404,104**	**12,404,289**	**(3,023,379)**	**(5,814,990)**	**534,853**	**(16,459)**	**1,319,790**
Cumulative interest gap		**12,404,289**	**9,380,910**	**3,565,920**	**4,100,773**	**4,084,314**	**5,404,104**

*Under "Other financial liabilities" as at 31 December 2023, the Group and the Bank have recorded "Own debt securities in issue" in amount of MDL 104,659 thousand, representing debt securities issued by the Bank in 11 January 2024 as indicated in Note 24. The debt securities have a variable interest rate and original maturity of 3 years.

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

39 Financial risk management (continued)

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)

39 Financial risk management (continued)

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

31 December 2023	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	1,910,919	-	-	-	-	-	1,910,919
Balances with the National Bank of Moldova	12,733,013	12,708,053	-	-	-	-	24,960
Due from other banks	3,160,357	3,151,438	-	-		-	8,919
Investments in debt securities	8,601,231	3,253,476	722,269	4,397,772	174,979	52,735	-
Loans and advances to customers (floating rate)	19,887,759	19,887,759	-	-	-	-	
Loans and advances to customers (fixed rate)	2,793,613	79,364	115,155	523,284	2,073,481	2,329	-
Other financial assets	135,535	135,535	-	-	-	-	-
Total assets	**49,222,427**	**39,215,625**	**837,424**	**4,921,056**	**2,248,460**	**55,064**	**1,944,798**
LIABILITIES							
Due to other banks	4,626	4,626	-	-	-	-	-
Due to customers (fixed rate)	13,573,076	1,218,933	1,657,276	8,845,918	1,850,949	-	-
Due to customers (floating rate)	25,454,399	25,438,276	-	-	-	-	16,123
Borrowings	3,496,558	14,866	2,025,803	1,424,776	-	-	31,113
Lease liabilities	110,473			230	38,398	71,523	322
Debt securities in issue	254,732	-	-	254,732	-	-	-
Other financial liabilities*	627,579	-	-	-	-	-	627,579
Subordinated debt	503,703	-	204,789	298,914	-	-	-
Total liabilities	**44,025,146**	**26,676,701**	**3,887,868**	**10,824,570**	**1,889,347**	**71,523**	**675,137**
Interest gap	**5,197,281**	**12,538,924**	**(3,050,444)**	**(5,903,514)**	**359,113**	**(16,459)**	**1,269,661**
Cumulative interest gap		**12,538,924**	**9,488,480**	**3,584,965**	**3,944,079**	**3,927,620**	**5,197,281**

*Under "Other financial liabilities" as at 31 December 2023, the Group and the Bank have recorded "Own debt securities in issue" in amount of MDL 104,659 thousand, representing debt securities issued by the Bank in 11 January 2024 as indicated in Note 24. The debt securities have a variable interest rate and original maturity of 3 years.

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

39 Financial risk management (continued)

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	1,059,819	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**

39.5 Counterparty risk

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

39 Financial risk management (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, are carried out through strategic partners with long-term cooperation experience.

The Group's counterparty risk management system provides for the application and continuous improvement of mechanisms for assessing and reviewing the solvency of partner banks based on internal evaluation model that provides the qualitative and quantitative analysis of banks in order to establish total exposure limits, according to the type and term of the operations. The limits are periodically reviewed and adjusted. In assessing the solvency category of the partner banks, in addition to 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 ongoing monitoring and post-factum control of compliance, the Group's level of exposure to the partner bank individually and cumulatively, and the efficiency of the monitoring and control system. The Group assesses the credit quality of its exposure to partner banks on a monthly basis and performs various stress scenarios depending on the severity of the alleged circumstances. Information on the analysis of the Group's level of exposure to the counterparty risk is provided daily to all interested units, and summary reports are presented monthly to Group' management.

39.6 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 provides for 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 (EWS) and stress testing of the liquidity position. The Group maintains and updates the Recovery Plan, which is a risk management tool aimed at determining procedures for early identification of vulnerabilities and measures to be taken to mitigate the negative impact of a potential crisis situation.

Group manages the liquidity risk considering: estimation of cash flows needs and of current liquidity, daily banking book structure, liquidity GAP – for each significant currency and overall, level and structure of the liquid assets portfolio, liquidity indicators with internally set EWS limits, simulation of liquidity indicator levels, stress testing risk assessment. If the indicators monitored in the reports listed above, register a warning or crisis level, ALCO Committee evaluates the situation and recommends the necessary measures to restore to the indicators to normal levels.

With regard to amounts Due to customers, the Group and the Bank consider the contractual maturity of 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 mainly include current accounts from which the clients are authorized to make withdrawals on demand. However, the Group's historical experience shows that these accounts represent a stable source of funding, with a significant proportion of those deposits being renewed at each maturity date. Simultaneously, amid the elevated required reserve norm, the Gourp possesses a substantial volume of liquid assets throughout 2023. These liquid resources predominantly consist of state securities, bolstering the Group's liquidity profile. Moreover, the Group strategically places short term interbank deposits in highly solvent banks and maintains a robust cash balance, ensuring a diversified and resilient liquidity position. The Bank carries out the ILAAP exercise annualy, as prescribed by NBM.

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

39 Financial risk management (continued)

The table below shows the remaining contractual cash flows to maturity of the **Group's** non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2023 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 2023	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	1,910,924	-	-	-	-	1,910,924
Balances with the National Bank of Moldova	12,733,013	-	-	-	-	12,733,013
Due from other banks	3,160,752	-	-	-	-	3,160,752
Investments in debt securities	63,182	3,959,758	4,413,275	176,022	50,406	8,662,643
Loans and advances to customers	195,421	2,914,883	6,458,420	10,068,277	2,901,196	22,538,197
Finance lease receivables	928	35,735	71,399	183,900	-	291,962
Other financial assets	147,981	-	-	-	-	147,981
Total financial assets	**18,212,201**	**6,910,376**	**10,943,094**	**10,428,199**	**2,951,602**	**49,445,472**
Financial liabilities						
Due to other banks	-	-	-	-	4,626	4,626
Due to customers	21,824,875	3,391,727	10,539,712	4,632,952	258,375	40,647,641
Borrowings	-	32,311	395,955	2,356,865	7,634,806	10,419,937
Lease liabilities	-	79	230	38,659	71,766	110,734
Debt securities in issue	-	330,988	-	38,953	-	369,941
Other financial liabilities*	372	627,579	-	-	-	627,951
Subordinated debt	-	4,133	-	561,577	391,349	957,059
Total undiscounted financial liabilities	**21,825,247**	**4,386,817**	**10,935,897**	**7,629,006**	**8,360,922**	**53,137,889**
GAP	**(3,613,046)**	**2,523,559**	**7,197**	**2,799,193**	**(5,409,320)**	**(3,692,417)**
Letters of credit	-	13,332	2,904	-	-	16,236
Performance guarantees issued	401,190	-	-	-	-	401,190
Other guarantees issued	342,718					342,718
Commitments to issue guarantees	626,672	-	-	-	-	626,672
Loan commitments	3,368,314	-	-	-	-	3,368,314
Total	**26,564,141**	**4,400,149**	**10,938,801**	**7,629,006**	**8,360,922**	**57,893,019**
Net liquidity excedent/(deficit) on estimated maturities	**(8,351,940)**	**2,510,227**	**4,293**	**2,799,193**	**(5,409,320)**	**(8,447,547)**

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

39 Financial risk management (continued)

The table below shows 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:

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
Performance guarantees issued	409,899	-	-	-	-	409,899
Other guarantees issued	348,998	-	-	-	-	348,998
Commitments to issue guarantees	385,888	-	-	-	-	385,888
Loan commitments	2,962,305	-	-	-	-	2,962,305
Total	**20,986,371**	**1,751,350**	**8,962,229**	**7,620,445**	**2,796,482**	**42,116,877**
Net liquidity excedent/(deficit) on estimated maturities	**(6,336,265)**	**919,653**	**(3,770,102)**	**5,934,567**	**1,924,834**	**(1,327,313)**

"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)

39 Financial risk management (continued)

The table below shows the remaining contractual cash flows to maturity of the **Bank's** non-derivative financial liabilities. The amounts disclosed in the table represent undiscounted cash flows at 31 December 2023. 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 2023	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	1,910,919	-	-	-	-	1,910,919
Balances with the National Bank of Moldova	12,733,013	-	-	-	-	12,733,013
Due from others banks	3,160,357	-	-	-	-	3,160,357
Investments in debt securities	53,895	3,959,758	4,361,150	176,022	50,406	8,601,231
Loans and advances to customers	194,697	2,924,787	6,488,174	10,172,518	2,901,196	22,681,372
Lease receivables	-	-	-	-	-	-
Other financial assets	135,535	-	-	-	-	135,535
Total financial assets	18,188,416	6,884,545	10,849,324	10,348,540	2,951,602	49,222,427
Financial liabilities						
Due to other banks	-	-	-	-	4,626	4,626
Due to customers	21,795,736	3,391,727	10,539,712	4,632,952	258,375	40,618,502
Borrowings	-	24,369	364,933	2,328,795	7,634,806	10,352,902
Lease liabilities	-	79	230	38,398	71,766	110,473
Debt securities in issue	-	330,988	-	38,953	-	369,941
Other financial liabilities*	-	627,579	-	-	-	627,579
Subordinated debt	-	4,133	-	561,577	391,349	957,060
Total undiscounted financial liabilities	21,795,736	4,378,875	10,904,875	7,600,675	8,360,922	53,041,083
GAP	(3,607,320)	2,505,670	(55,551)	2,747,865	(5,409,320)	(3,818,656)
Letters of credit	-	13,332	2,904	-	-	16,236
Performance guarantees issued	401,190	-	-	-	-	401,190
Other guarantees issued	342,718	-	-	-	-	342,718
Commitments to issue guarantees	626,672	-	-	-	-	626,672
Loan commitments	3,368,314	-	-	-	-	3,368,314
Total	**26,534,630**	**4,392,207**	**10,907,779**	**7,600,675**	**8,360,922**	**57,796,213**
Net liquidity excedent/(deficit) on estimated maturities	**(8,346,214)**	**2,492,338**	**(58,455)**	**2,747,865**	**(5,409,320)**	**(8,573,786)**

*Under "Other financial liabilities" as at 31 December 2023, the Group and the Bank have recorded "Own debt securities in issue" in amount of MDL 104,659 thousand, representing debt securities issued by the Bank in 11 January 2024 as indicated in Note 24. The debt securities have an original maturity of 3 years.

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

39 Financial risk management (continued)

The table below shows 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:

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
Lease receivables	-	-	-	-	-	-
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
Performance guarantees issued	409,899	-	-	-	-	409,899
Other guarantees issued	348,998					348,998
Commitments to issue guarantees	385,888	-	-	-	-	385,888
Loan commitments	2,962,305	-	-	-	-	2,962,305
Total	**20,952,879**	**1,742,276**	**8,930,939**	**7,556,991**	**2,793,001**	**41,976,086**
Net liquidity excedent/(deficit) on estimated maturities	**(6,338,704)**	**910,152**	**(3,855,944)**	**5,943,039**	**1,928,315**	**(1,413,142)**

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

39 Financial risk management (continued)

39.7 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 and separate 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	Average PD for loans	Average PD for lease receivables
Good	1	3.50%	1.33%
Satisfactory	2	8.10%	69.54%
Special monitoring	3	29.30%	75.73%
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.

39 Financial risk management (continued)

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

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: PD, EAD, 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.

39 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 technical restructurations, due to some economic/social/climate crisis;
- award of risk grade "Special monitoring";
- SICR based on internal classification and less than 30 days past due;
- EWS loans marked with high risk;
- inclusion of the loan into a watch list according to the internal credit risk monitoring process;
- retail clients that result in a behavioural scoring ≥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.

39 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 Debt Securities). 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. As result is effectively calculated 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 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.

39 Financial risk management (continued)

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 ("$ExOff$"). CCF for undrawn credit lines of corporate customers, credit cards issued to individuals is defined based on statistical analysis of past EAD 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.

39.8 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.

39.9 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.

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

39 Financial risk management (continued)

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.

40 Maturity structure

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

			Group			Bank
31 December 2023	**Total**	**Less than 1 year**	**More than 1 year**	**Total**	**Less than 1 year**	**More than 1 year**
ASSETS						
Cash on hand	1,910,924	1,910,924	-	1,910,919	1,910,919	-
Balances with the National Bank of Moldova	12,733,013	12,733,013	-	12,733,013	12,733,013	-
Due from other banks	3,160,752	3,160,752	-	3,160,357	3,160,357	-
Investments in debt securities	8,662,643	8,436,215	226,428	8,601,231	8,374,803	226,428
Investments in equity securities	4,129	-	4,129	4,129	-	4,129
Investments in subsidiaries	-	-	-	160,522	-	160,522
Loans and advances to customers	22,538,197	9,568,724	12,969,473	22,681,372	9,607,658	13,073,714
Finance lease receivables	291,962	108,062	183,900	-	-	-
Investment property	2,280	-	2,280	-	-	-
Other financial assets	147,981	147,981	-	135,535	135,535	-
Other assets	122,236	122,236	-	118,412	118,412	-
Premises and equipment	2,218,505	-	2,218,505	2,214,395	-	2,214,395
Intangible assets	307,116	-	307,116	295,912	-	295,912
Right of use assets	112,891	-	112,891	112,647	-	112,647
Assets classified as held-for-sale	73,473	73,473	-	73,473	73,473	-
Total assets	**52,286,102**	**36,261,380**	**16,024,722**	**52,201,917**	**36,114,170**	**16,087,747**

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

40 Maturity structure (continued)

31 December 2023	Total	Less than 1 year	Group More than 1 year	Total	Less than 1 year	Bank More than 1 year
LIABILITIES						
Due to other banks	4,626	4,626	-	4,626	4,626	-
Due to customers	38,998,336	28,494,018	10,504,318	39,027,475	28,523,157	10,504,318
Borrowings	3,541,286	1,410,364	2,130,922	3,496,558	1,410,364	2,086,194
Lease liabilities	110,734	1,039	109,695	110,473	309	110,164
Other financial liabilities	627,951	627,951	-	627,579	627,579	-
Debts securities in issue	254,732	1,352	253,380	254,732	1,352	253,380
Current tax liability	25,832	25,832	-	25,832	25,832	-
Deferred tax liabilities	16,211	-	16,211	18,099	-	18,099
Provision for loan commitments	33,975	33,975	-	33,975	33,975	-
Other liabilities	374,834	374,834	-	362,343	362,343	-
Subordinated debt	503,703	4,133	499,570	503,703	4,133	499,570
Total liabilities	**44,492,220**	**30,978,124**	**13,514,096**	**44,465,395**	**30,993,670**	**13,471,725**
Maturity excedent/(gap)	**7,793,882**	**5,283,256**	**2,510,626**	**7,736,522**	**5,120,500**	**2,616,022**

31 December 2022	Total	Less than 1 year	Group More than 1 year	Total	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**

41 Contingent liabilities

At 31 December 2023 and 31 December 2022, 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.

42 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:

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

42 Fair value and fair value hierarchy (continued)

Group	31 December 2023				31 December 2022			
	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	-	**6,202,842**	-	**6,202,842**	-	**2,714,919**	-	**2,714,919**
- Treasury bills	-	5,899,397	-	5,899,397	-	2,366,291	-	2,366,291
- Government bonds	-	251,020	-	251,020	-	292,642	-	292,642
- Municipal bonds	-	52,425	-	52,425	-	55,986	-	55,986
Investments in equity securities	-	-	**4,129**	**4,129**	-	-	**3,991**	**3,991**
Premises and equipment	-	-	**1,140,112**	**1,140,112**	-	-	**506,938**	**506,938**
-Land	-	-	180,625	180,625	-	-	193,688	193,688
-Buildings	-	-	959,487	959,487	-	-	313,250	313,250
Investment property	-	-	**2,280**	**2,280**	-	-	**27,889**	**27,889**
Total assets with recurring fair value measurements	-	**6,202,842**	**1,146,521**	**7,349,363**	-	**2,714,919**	**538,818**	**3,253,737**
Non-current assets held for sale	-	-	**73,473**	**73,473**	-	-	-	-
Total assets with non-recurring fair value measurements	-	-	**73,473**	**73,473**	-	-	-	-
LIABILITIES AT FAIR VALUE								
Financial liabilities								
Contingent liability at FVPL	-	-	38,639	38,639	-	-	27,817	27,817
Total liabilities with recurring fair value measurements	-	-	**38,639**	**38,639**	-	-	**27,817**	**27,817**

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

42 Fair value and fair value hierarchy (continued)

Bank	31 December 2023				31 December 2022			
	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	-	**6,202,842**	-	**6,202,842**	-	**2,714,919**	-	**2,714,919**
- Treasury bills	-	5,899,397	-	5,899,397	-	2,366,291	-	2,366,291
- Government bonds	-	251,020	-	251,020	-	292,642	-	292,642
- Municipal bonds	-	52,425	-	52,425	-	55,986	-	55,986
Investments in equity securities	-	-	**4,129**	**4,129**	-	-	**3,991**	**3,991**
Premises and equipment	-	-	**1,138,591**	**1,138,591**	-	-	**504,203**	**504,203**
-Land	-	-	180,625	180,625	-	-	193,378	193,378
-Buildings	-	-	957,966	957,966	-	-	310,825	310,825
Total assets with recurring fair value measurements	-	**6,202,842**	**1,142,720**	**7,345,562**	-	**2,714,919**	**508,194**	**3,223,113**
Non-current assets held for sale	-	-	**73,473**	**73,473**	-	-	-	-
Total assets with non-recurring fair value measurements	-	-	**73,473**	**73,473**	-	-	-	-
LIABILITIES AT FAIR VALUE								
Financial liabilities								
Contingent liability at FVPL	-	-	38,639	38,639	-	-	27,817	27,817
Total liabilities with recurring fair value measurements	-	-	**38,639**	**38,639**	-	-	**27,817**	**27,817**

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

42 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 2023 and 31 December 2022:

Group	Fair value	Valuation technique	Reasonable change	Sensitivity of fair value
31 December 2023				
Investments in equity securities – level 3	**4,129**	Revenue multiple	±10%	±413
Premises and equipment – level 3	**1,140,112**			
Land	180,625	Market analogues*	±10%	±18,063
Buildings	959,487	Market analogues*	±10%	±95,949
Investment property – level 3	**2,280**	Market analogues*	±10%	±228
Non-current assets held for sale	**73,473**	Market analogues*	±10%	±7,347
Liabilities at fair value	**38,639**	DCF	±10%	±3,864
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
Liabilities at fair value	**27,817**	DCF	±10%	±2,782

Bank	Fair value	Valuation technique	Reasonable change	Sensitivity of fair value
31 December 2023				
Investments in equity securities – level 3	**4,129**	Revenue multiple	±10%	±413
Premises and equipment – level 3	**1,138,591**			
Land	180,625	Market analogues*	±10%	±18,063
Buildings	957,966	Market analogues*	±10%	±95,797
Non-current assets held for sale	**73,473**	Market analogues*	±10%	±7,347
Liabilities at fair value	**38,639**	DCF	±10%	±3,864
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
Liabilities at fair value	**27,817**	DCF	±10%	±2,782

Market analogues* - represents the price per square metres.

42 Fair value and fair value hierarchy (continued)

The above tables disclose sensitivity to valuation inputs for financial and non-financial assets and liabilities, 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.

There were no changes in valuation technique for level 1, 2 and 3 recurring fair value measurements during the year ended 31 December 2023 (31 December 2022: 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 equity 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)

42 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 2023					31 December 2022				
	Carrying	Fair value				Carrying	Fair value			
Group	**value**	**Level 1**	**Level 2**	**Level 3**	**Total**	**value**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets										
Cash on hand	**1,910,924**	**1,910,924**	-	-	**1,910,924**	**1,470,466**	**1,470,466**	-	-	**1,470,466**
Balances with the NBM	**12,733,013**	-	**12,733,013**	-	**12,733,013**	**12,075,624**	-	**12,075,624**	-	**12,075,624**
Due from banks	**3,160,752**	-	**3,160,752**	-	**3,160,752**	**1,060,404**	-	**1,060,404**	-	**1,060,404**
Investments in debt securities	**2,459,801**	-	**2,459,801**	-	**2,459,801**	**1,651,162**		**1,651,162**		**1,651,162**
Treasury bills	61,412	-	61,412	-	61,412	60,085	-	60,085	-	60,085
Certificates issued by NBM	2,398,389	-	2,398,389	-	2,398,389	1,591,077	-	1,591,077	-	1,591,077
Loans and advances to customers:	**22,538,197**	-	-	**22,215,026**	**22,215,026**	**21,411,870**	-	-	**19,971,352**	**19,971,352**
Loans to Corporate entities:	*8,726,538*	-	-	*8,512,987*	8,512,987	*9,391,235*	-	-	8,645,398	8,645,398
Investment loans	2,544,953	-	-	2,542,400	2,542,400	2,577,792	-	-	2,273,545	2,273,545
Working capital loans	1,422,850	-	-	1,234,058	1,234,058	1,654,710	-	-	1,429,682	1,429,682
Revolving lines	4,752,862	-	-	4,730,494	4,730,494	5,153,106	-	-	4,936,346	4,936,346
Other loans for legal entities	5,873	-	-	6,035	6,035	5,627	-	-	5,825	5,825
Loans to Business Banking entities	5,573,326	-	-	5,589,454	5,589,454	*5,203,183*	-	-	5,117,960	5,117,960
Investment loans	2,586,787	-	-	2,586,574	2,586,574	2,380,654	-	-	2,335,606	2,335,606
Working capital loans	2,485,584	-	-	2,499,981	2,499,981	2,174,468	-	-	2,157,307	2,157,307
Revolving lines	500,955	-	-	502,899	502,899	648,061	-	-	625,047	625,047
Loans to Retails:	*8,238,333*	-	-	*8,112,585*	8,112,585	*6,817,452*			*6,207,994*	6,207,994
Mortgage loans	4,275,394	-	-	4,262,561	4,262,561	3,736,711	-	-	3,344,441	3,344,441
Consumer loans	3,769,362	-	-	3,660,262	3,660,262	2,839,078	-	-	2,634,402	2,634,402
Credit cards	186,145	-	-	182,124	182,124	229,641	-	-	216,706	216,706
Other loans to individuals	7,432	-	-	7,638	7,638	12,022	-	-	12,445	12,445
Finance lease receivables	**291,962**	-	-	**286,163**	**286,163**	**271,961**	-	-	**267,183**	**267,183**
Other financial assets	**147,981**	-	-	**147,981**	**147,981**	**133,158**	-	-	**133,158**	**133,158**
Total	**43,242,630**	**1,910,924**	**18,353,566**	**22,649,170**	**42,913,660**	**38,074,645**	**1,470,466**	**14,787,190**	**20,371,693**	**36,629,349**

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)

42 Fair value and fair value hierarchy (continued)

	31 December 2023					31 December 2022				
	Carrying				Fair value	Carrying				Fair value
Group	value	Level 1	Level 2	Level 3	Total	value	Level 1	Level 2	Level 3	Total
Financial liabilities										
Due to banks	**4,626**	-	**4,626**	-	**4,626**	**16,592**	-	**16,592**	-	**16,592**
Due to customers	**38,998,336**	-	**21,693,096**	**17,194,252**	**38,887,348**	**31,356,841**	-	**15,895,330**	**15,089,990**	**30,985,320**
Corporate entities:	7,862,742	-	5,660,798	2,326,075	7,986,873	4,525,870	-	2,687,853	1,889,218	4,577,071
current accounts	5,487,135	-	5,487,244	-	5,487,244	2,479,373	-	2,479,429	-	2,479,429
sight deposits	173,550	-	173,554	-	173,554	208,429	-	208,424	-	208,424
term deposits	2,155,316	-	-	2,277,916	2,277,916	1,741,588	-	-	1,796,285	1,796,285
collateral deposits	46,741	-	-	48,159	48,159	96,480	-	-	92,934	92,934
Business Banking entities:	7,795,522	-	6,690,532	1,090,519	7,781,051	6,357,041	-	5,305,703	1,038,145	6,343,848
current accounts	6,678,118	-	6,677,882	-	6,677,882	5,291,064	-	5,290,747		5,290,747
sight deposits	12,652	-	12,650	-	12,650	14,958	-	14,956		14,956
term deposits	1,058,366	-	-	1,046,421	1,046,421	963,280	-	-	954,106	954,106
collateral deposits	46,386	-	-	44,098	44,098	87,739	-	-	84,039	84,039
Retail:	23,340,072	-	9,341,766	13,777,658	23,119,424	20,473,930	-	7,901,774	12,162,627	20,064,401
current accounts	9,334,422	-	9,334,041	-	9,334,041	7,898,010	-	7,897,297	-	7,897,297
sight deposits	7,727	-	7,725	-	7,725	4,479	-	4,477	-	4,477
term deposits	13,848,509	-	-	13,632,265	13,632,265	12,296,413	-	-	11,893,170	11,893,170
collateral deposits	1,747	-	-	1,685	1,685	22,020	-	-	21,766	21,766
savings accounts	147,667	-	-	143,708	143,708	253,008	-	-	247,691	247,691
Borrowings	**3,541,286**	-	-	**3,805,667**	**3,805,667**	**3,623,883**	-	-	**3,581,269**	**3,581,269**
Debts securities in issue	**254,732**	-	-	**258,775**	**258,775**	-	-	-	-	-
Other financial liabilities	**627,952**	-	-	**627,951**	**627,951**	**259,526**	-	-	**259,526**	**259,526**
Subordinated debt	**503,703**	-	-	**647,980**	**647,980**	**509,544**	-	-	**425,793**	**425,793**
Total	43,930,635	-	21,697,722	22,534,625	44,232,347	35,766,386	-	15,911,922	19,356,578	35,268,500

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

42 Fair value and fair value hierarchy (continued)

	31 December 2023					31 December 2022				
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	**1,910,919**	**1,910,919**	-	-	**1,910,919**	**1,470,410**	**1,470,410**	-	-	**1,470,410**
Balances with the NBM	**12,733,013**	-	**12,733,013**	-	**12,733,013**	**12,075,624**	-	**12,075,624**	-	**12,075,624**
Due from banks	**3,160,357**	-	**3,160,357**	-	**3,160,357**	**1,059,819**	-	**1,059,819**	-	**1,059,819**
Investments in debt securities	**2,398,389**	-	**2,398,389**	-	**2,398,389**	**1,591,077**	-	**1,591,077**	-	**1,591,077**
Certificates issued by NBM	2,398,389	-	2,398,389	-	2,398,389	1,591,077	-	1,591,077	-	1,591,077
Loans to customers:	**22,681,372**			**22,357,551**	**22,357,551**	**21,529,557**	-	-	**20,062,490**	**20,062,490**
Loans to Corporate entities:	**8,877,145**	-	-	**8,663,150**	**8,663,150**	9,520,944	-	-	8,748,981	8,748,981
Investment loans	2,544,953	-	-	2,542,400	2,542,400	2,577,792	-	-	2,273,545	2,273,545
Working capital loans	1,579,330	-	-	1,390,256	1,390,256	1,790,046	-	-	1,539,090	1,539,090
Revolving lines	4,752,862	-	-	4,730,494	4,730,494	5,153,106	-	-	4,936,346	4,936,346
Loans to Business Banking entities	**5,573,326**	-	-	**5,589,454**	**5,589,454**	*5,203,183*	-	-	*5,117,960*	5,117,960
Investment loans	2,586,787	-	-	2,586,574	2,586,574	2,380,654	-	-	2,335,606	2,335,606
Working capital loans	2,485,584	-	-	2,499,981	2,499,981	2,174,468	-	-	2,157,307	2,157,307
Revolving lines	500,955	-	-	502,899	502,899	648,061	-	-	625,047	625,047
Loans to Retails	**8,230,901**	-	-	**8,104,947**	**8,104,947**	*6,805,430*	-	-	*6,195,549*	6,195,549
Mortgage loans	4,275,394	-	-	4,262,561	4,262,561	3,736,711	-	-	3,344,441	3,344,441
Consumer loans	3,769,362	-	-	3,660,262	3,660,262	2,839,078	-	-	2,634,402	2,634,402
Credit cards	186,145	-	-	182,124	182,124	229,641	-	-	216,706	216,706
Other financial assets	**135,535**	-	-	**135,535**	**135,535**	**121,538**	-	-	**121,538**	**121,538**
Total	**43,019,585**	**1,910,919**	**18,291,759**	**22,493,086**	**42,695,764**	**37,848,025**	**1,470,410**	**14,726,520**	**20,184,028**	**36,380,958**

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

42 Fair value and fair value hierarchy (continued)

Bank	31 December 2023					31 December 2022				
	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	**4,626**	-	**4,626**	-	**4,626**	**16,592**	-	**16,592**	-	**16,592**
Due to customers	**39,027,475**	-	**21,722,236**	**17,194,252**	**38,916,488**	**31,388,449**	-	**15,926,937**	**15,089,991**	**31,016,928**
Corporate entities	7,867,886	-	5,665,943	2,326,075	7,992,018	4,535,590	-	2,697,573	1,889,218	4,586,791
- current accounts	5,492,279	-	5,492,389	-	5,492,389	2,489,093	-	2,489,149	-	2,489,149
- sight deposits	173,550	-	173,554	-	173,554	208,429	-	208,424	-	208,424
- term deposits	2,155,316	-	-	2,277,916	2,277,916	1,741,588	-	-	1,796,285	1,796,285
- collateral deposits	46,741	-	-	48,159	48,159	96,480	-	-	92,934	92,934
Business Banking entities	7,819,517	-	6,714,527	1,090,519	7,805,046	6,378,929	-	5,327,591	1,038,145	6,365,736
- current accounts	6,702,113	-	6,701,877	-	6,701,877	5,312,952	-	5,312,635	-	5,312,635
- sight deposits	12,652	-	12,650	-	12,650	14,958		14,956	-	14,956
- term deposits	1,058,366	-	-	1,046,421	1,046,421	963,280	-	-	954,106	954,106
- collateral deposits	46,386	-	-	44,098	44,098	87,739	-	-	84,039	84,039
Retail	23,340,072	-	9,341,766	13,777,658	23,119,424	20,473,930	-	7,901,774	12,162,627	20,064,401
- current accounts	9,334,422	-	9,334,041	-	9,334,041	7,898,010	-	7,897,297	-	7,897,297
- sight deposits	7,727	-	7,725	-	7,725	4,479	-	4,477	-	4,477
- term deposits	13,848,509	-	-	13,632,265	13,632,265	12,296,413	-	-	11,893,170	11,893,170
- collateral deposits	1,747	-	-	1,685	1,685	22,020	-	-	21,766	21,766
- savings accounts	147,667	-	-	143,708	143,708	253,008		-	247,691	247,691
Borrowings	**3,496,558**	-	-	**3,760,939**	**3,760,939**	**3,525,790**	-	-	**3,483,176**	**3,483,176**
Debts securities in issue	**254,732**	-	-	**258,775**	**258,775**	-	-	-	-	-
Other financial liabilities	**588,940**	-	-	**588,940**	**588,940**	**257,481**	-	-	**257,481**	**257,481**
Subordinated debt	**503,703**	-	-	**647,980**	**647,980**	**509,544**	-	-	**425,793**	**425,793**
Total	**43,876,034**	-	**21,726,862**	**22,450,886**	**44,177,748**	**35,697,856**		**15,943,529**	**19,256,441**	**35,199,970**

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* - the 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)

43 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 2023:

	Group				Bank		
31 December 2023	**Financial assets at AC**	**Financial assets at FVOCI**	**Finance lease receivables**	**Total**	**Financial assets at AC**	**Financial assets at FVOCI**	**Total**
Assets							
Cash on hand	1,910,924	-	-	1,910,924	1,910,919	-	1,910,919
Balances with the National Bank of Moldova	12,733,013	-	-	12,733,013	12,733,013	-	12,733,013
Due from other banks:	**3,160,752**	-	-	**3,160,752**	**3,160,357**	-	**3,160,357**
- Correspondent accounts	2,016,836	-	-	2,016,836	2,016,441	-	2,016,441
- Overnight deposits	966,218			966,218	966,218	-	966,218
- Collateral deposits	177,698	-	-	177,698	177,698	-	177,698
Loans and advances to credit institutions	-	-	-	-	-	-	-
Investments in debt securities:	**2,459,801**	6,202,842	-	**8,662,643**	**2,398,389**	**6,202,842**	**8,601,231**
- Treasury bills	61,412	5,899,397	-	5,960,809	-	5,899,397	5,899,397
- Government bonds	-	251,020	-	251,020	-	251,020	251,020
- Municipal bonds	-	52,425	-	52,425	-	52,425	52,425
Certificates issued by NBM	2,398,389	-	-	2,398,389	2,398,389	-	2,398,389
Investments in equity securities	-	4,129	-	4,129	-	**4,129**	**4,129**
Loans and advances to customers:	**22,538,197**	-	-	**22,538,197**	**22,681,372**	-	**22,681,372**
- Loans to Corporate entities	8,726,538	-	-	8,726,538	8,877,145	-	8,877,145
- Loans to Business Banking entities	5,573,326	-	-	5,573,326	5,573,326	-	5,573,326
- Loans to individuals	8,238,333	-	-	8,238,333	8,230,901	-	8,230,901
Finance lease receivables:	-	-	291,962	291,962	-	-	-
- Legal entities	-	-	175,757	175,757	-	-	-
- Individuals	-	-	116,205	116,205	-	-	-
Other financial assets	147,981	-	-	147,981	135,535	-	135,535
Total financial assets	**42,950,668**	**6,206,971**	**291,962**	**49,449,601**	**43,019,585**	**6,206,971**	**49,226,556**

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)

43 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 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**

44 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 2023 and 31 December 2022 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 2024 and 2026, and the interest rate is fixed between 0.05-17% depending on the currency and maturity of the deposit.

Loans and advances to customers were opened between 2013 and December 2022, maturing between 2024 and 2052, the interest rate is between 4.40-16.50% for loans and 13.52-18.50% 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)

44 Related parties (continued)

In the table below are disclosed the balances and transactions related parties of the **Group** as at year ended 31 December

	2023				2022			
	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	-	3,194	-	72,632	-	38	-	73,627
Credit loss allowance	-	(20)	-	(634)	-	-	-	(1,607)
Finance lease receivables	-	498	-	-	-	1	-	-
Other assets	-	-	-	679	-	-	-	25,057
Due to customers	1,739	19,080	37,175	86,419	2,512	28,856	44,507	43,352
Borrowings	-	-	-	911,254	-	-	-	1,383,517
Lease liabilities	-	-	-	26	-	-	-	523
Provision for loan commitments	-	(19)	-	(51)	-	9	8	113
Other commitments								
Guarantees and other financial commitments	-	668	-	23,620	-	912	1,000	31,662
Statement of profit or loss								
Interest income	-	79	-	2,202	-	47	-	1,540
Interest expense	-	(520)	(3,113)	(80,492)	-	(153)	(817)	(24,514)
Fee and commission income	3	64	21	2,370	4	57	14	1,078
Personnel expenses	-	(81,658)	(2,381)	(420)	-	(68,854)	(2,455)	(1,044)
Other operating expenses	-	(70)	-	2,425	-			(844)
Credit loss allowance	-	(47)	(8)	809	-	13	-	(1,654)

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

44 Related parties (continued)

In the table below are disclosed the balances and transactions related parties of the **Bank** as at year ended 31 December:

	2023					2022				
	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	-	158,201	3,194	-	72,632	-	138,797	38	-	73,627
Credit loss allowance	-	(1,336)	(20)	-	(634)	-	(3,071)	-	-	(1,607)
Other assets	-	-	-	-	679	-	-	-	-	25,057
Due to customers	1,739	29,139	19,080	37,175	86,419	2,512	31,608	28,856	44,507	43,352
Borrowings	-	-	-	-	911,254	-	-	-	-	1,383,517
Lease liabilities	-	811	-	-	26	-	2,199	-	-	523
Provision for loan commitments	-	(1)	(19)	-	(51)	-	-	9	8	113
Other commitments										
Guarantees and other financial commitments	-	12,395	668	-	23,620	-	-	912	1,000	31,662
Statement of profit or loss										
Interest income	-	9,422	25	-	2,202	-	2,578	5	-	1,540
Interest expense	-	(37)	(520)	(3,113)	(80,492)	-	(1)	(153)	(817)	(24,514)
Fee and commission income	3	237	64	21	1,257	4	213	57	14	1,078
Fee and commission expense	-	(32,414)	-	-	(234)	-	(31,200)	-	-	-
Other operating income	-	6,089	-	-	-	-	7,100	-	-	-
Personnel expenses	-	-	(74,427)	(2,381)	(420)	-	-	(61,558)	(2,455)	(1,044)
Other operating expenses	-	-	-	-	2,425	-	-	-	-	(844)
Credit loss allowance	-	1,734	(47)	(8)	809	-	(2,394)	13	-	(1,654)

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

44 Related parties (continued)

Key management remuneration

The executive management and non-executive members of Management Board and Supervisory Board received remuneration during the years 2023 and 2022, as follows:

	Group		Bank	
	2023	2022	2023	2022
	Expense	Expense	Expense	Expense
Short-terms benefits:				
- Salaries	44,458	35,174	38,008	34,877
- Short-terms bonuses	21,936	13,560	21,156	13,560
- Benefits in-kind	3,886	3,186	3,886	3,186
Share-based compensation:				
- Equity-settled share-based compensation	284	429	284	429
Total	70,564	52,349	63,334	52,052

45 Events after the end of the reporting period

There were no significant events after the reporting date.

The consolidated and separate financial statements were signed on 30 April 2024 by:

Chairman of the Management Board
Mr. Giorgi Shagidze

G. Shagidze

Deputy Chairman of the Management Board
Mr. Macar Stoianov