B.C. „VICTORIABANK" S.A.

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

prepared in accordance with
INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the financial year ended 31 December 2024

(free translation)*

* TRANSLATOR'S EXPLANATORY NOTE: The above translation of the financial statements is provided as a free translation from Romanian which is the official and binding version.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Banca Comerciala Victoriabank S.A.
141, 31 August 1989 street, mun Chisinau, Republic of Moldova
Unique registration core: 1002600001338

Report on the Audit of the Financial Statements

Opinion

1. We have audited the separate and consolidated financial statements ("financial statements") of BC Victoriabank S.A. ("the Bank") and its subsidiary ("the Group")), which comprise the consolidated and separate statement of financial position as at 31 December 2024, the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

2. The financial statements as at December 31, 2024 are identified as follows:

- Separate financial statements
  - Equity: MDL 4,954,292 thousand
  - Net profit for the financial year: MDL 601,080 thousand
- Consolidated financial statements
  - Equity: MDL 5,481,422 thousand
  - Net profit for the financial year: MDL 1,142,275 thousand

3. In our opinion:
the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2024, its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2024, its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standard Board ("IASB").

Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), and Law no. 271/2017 on the audit of financial statements as amended to date ("the Law"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the *Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)*, in accordance with ethical requirements relevant for the audit of the financial statements in Republic of Moldova including the Law and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

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Nature of the area of focus	How our audit addressed the key audit matter
Collective impairment of loans and advances to customers	
According to IFRS 9, the Group accounts for credit losses and advances to customers based on expected credit losses (ECL): for a period up to 12 months for credit exposures for which the credit risk did not increase significantly since origination, and throughout the credit life time for exposures with significant increase in credit risk, as detailed in significant increase in credit risk and measurement of the expected credit loss allowance policy in notes 3.3 and 41.1.1 to the financial statements. As at 31 December 2024, the Group registered impairment allowances in amount of MDL 461,504 thousand for loans and advances to customers in gross amount of MDL 9,535,563 thousand as disclosed in note 7 to the financial statements. The Group exercises significant professional judgement using complex models, extensive data and subjective assumptions over both when and how much to record as impairment for loans. Because loans and advances to customers form a major portion of the Group's assets, and due to the significance of the management professional judgments applied in classifying loans and advances to customers into various stages stipulated in IFRS 9 and determining the related impairment level, this audit area is considered a key audit matter. Key areas of judgement included: • utilization of historical data for determining risk parameters; • the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the expected credit loss model; • assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customers; • the identification of exposures with a high level of significant deterioration in credit quality and the industries affected by the restrictions imposed as a result of current economic environment; • potential impact on the assumptions used, increases in credit risk and impairments, and future cash flows as a result of the current social and economic conditions; • assessment of the forward-looking information.	Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans receivables and evaluated the methodology applied as well as the key assumptions made by the management according to the description of the key audit matter. Our procedures included the following elements: 1) Evaluating the key internal controls We have evaluated the adequacy of the key processes and related key controls applied by management to ensure accuracy of impairment calculation, including: • key controls identified to ensure quality assurance of the methodological aspects used in the development of professional judgments and the ECL models; • key controls related to timely identification of impairment triggers and significant increase in credit risk; • key controls to assess the debtors' financial performance and estimate future cash flows. For the relevant key controls identified in addressing the risks, we have evaluated the design and operating effectiveness of such controls. 2) Evaluating the implementation of the ECL computation methodology into the IT system, including: • evaluating the general IT controls related to data sources and computations of ECL; • evaluating on a sample basis of the credit quality and stage allocation; • evaluating on a sample basis the ECL computations. 3) Obtaining and analysing the information to support the key assumptions used in: • development of the models for the key risk parameters computation (12-month probability of default, lifetime probability of default and loss given default), including procedures on the source data quality; • development of the expected credit loss models; • development and adequacy of the stage allocation and the criteria used to determine the significant increase in credit risk; • development of models to reflect the potential impact of future economic conditions in the ECL computation; • assessment of the adequacy of the analysis and adjustments made by the management, on all the aspects pertaining to the estimation of expected credit losses, including prospective information on customers loans portfolio. We have analysed whether the ECL material information presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.

Nature of the area of focus	How our audit addressed the key audit matter
Business combination	
On 15th of January 2024, BC Victoriabank S.A. acquired 100% shareholding in BCR Chisinau S.A. Note 32 to the financial statements presents a description of the above acquisition, including the initial allocation of the purchase price ("PPA") and the recognition in the Group's consolidated financial statements, as well as the gain resulting from the acquisition. The management of the Group has engaged external valuation specialists to perform the PPA report for the entity acquired during 2024. In carrying out the PPA, significant judgements and estimation are required in determination of the fair values of identifiable assets acquired and liabilities assumed, including the resultant bargain gain. The bargain gain recognized by the Group in relation to BCR Chisinau S.A acquisition amounted to MDL 492,608 thousand. We assessed this as key audit matter, given the significance of these acquisitions, as well as the inherent complexities of the acquisition process.	Our procedures included, among the others: • examining the sale purchase agreements to understand the key terms and conditions for the acquisition transactions; • evaluating the competence, capabilities and objectivity of the external valuation specialists engaged by the Group and appropriateness of their work on the PPA reports together with our internal valuation specialists; • obtaining the PPA reports and held discussion with the external valuation specialists to understand the methodology applied; • understanding and evaluating the process of identifying the assets acquired and liabilities assumed by the management of the Group and external valuation specialists; for a selected sample from the significant assets acquired and liabilities assumed, we evaluated whether the data used for determination of fair value are complete and correct based on the information provided by the management of the Group compared with the information presented in PPA reports; • evaluating the estimates in the area of fair value measurement of acquired assets and acquired liabilities included in the PPA reports (in particular with regard to fair value measurement of the loans portfolio acquired, including evaluating the estimated contractual cash flows discounted with a relevant market discount rate); We have reperformed the arithmetic calculation regarding the determination of the resulted bargain gain recognized by the Group in the consolidated financial statements. We have assessed whether the information related to acquisitions from 2024 presented in the financial statements and related notes to the financial statements is adequate disclosed in accordance with the requirements of IFRS 3 "Business Combination".
Interest Income Recognition	
Refer to notes 24 to the financial statements. For the year ended 31 December 2024, the interest income represents MDL 1,244,809 thousand, the main source being loans to customers, current accounts and investment securities. These are the main contributors to the operating income of the Group influencing the Group's profitability. Interest income from loans and advances to customers is accrued over the expected life of the financial instrument using the effective interest rate. Fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income.	We have evaluated the design and operating effectiveness of the key internal controls and focused on: • data input on interest and directly attributable fees for loans and advances to customers; • management oversight and control on interest income results, including budget monitoring; • IT controls relating to access rights and change management of relevant automated controls, with the assistance of our IT specialists.

Nature of the area of focus	How our audit addressed the key audit matter
Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT system for their recording, resulted in this matter being identified as a key audit matter.	We performed also the following procedures with regard to interest income recognition: • we evaluated the accounting treatment in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate; • for a sample of loan contracts, we assessed the completeness and accuracy of data used for the calculation of interest incomes; • we evaluated the mathematical formula used for accruing the relevant interest income over expected life of the loan; • we have assessed the interest income by building our own expectation on the revenue and compared with the actual results. We have assessed the presentation in financial statements of the interest income in accordance with the applicable IFRS requirements.

Other information – Annual Report

6. Management is responsible for the preparation and presentation of the other information. The other information comprises the Annual report, which also contains Management's Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and, unless otherwise explicitly mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements for the year ended December 31, 2024, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

   Other Reporting Responsibilities in Accordance with the legislation of the Republic of Moldova Related to Other information

   With respect to the Management's Report, we read it and report if this has been prepared, in all material respects, in accordance with the requirements of Law no. 287/2017 on Accounting and Financial Reporting, article 23, paragraph 2-8 and article 30.

   On the sole basis of the procedures performed within the audit of the financial statements, in our opinion:

   a) the information included in the Management's Report for the financial year for which the financial statements have been prepared is consistent, in all material respects, with these financial statements;

   b) the Management's Report has been prepared, in all material respects, in accordance with the provision of the Law no. 287/2017 on Accounting and Financial Reporting, article 23, paragraph 2-8 and article 30.

   Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at December 31, 2024, we are required to report if we have identified a material misstatement of this Management's Report. We have nothing to report in this regard.

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

8. In preparing the financial statements, management is responsible for assessing 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 Bank or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

    - Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.

    - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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

12. 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.

13. 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, related safeguards.

14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

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Report on Other Legal and Regulatory Requirements

Requirements for audits of public interest entities

15. We have been appointed by the General Meeting of Shareholders dated 29th of April, 2024 to audit the financial statements of BC Victoriabank SA for the financial year ended 31 December 2024. The uninterrupted total duration of our commitment is two years, covering the financial years ended 31 December 2023 until 31 December 2024.

    We confirm that:

    - Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the Group.

The engagement partners of the audit resulting in this independent auditors' report are Claudiu Ghiurluc Lilia Colin.

Lilia Colin

For signature, please refer to the original signed Romanian version.

Claudiu Ghiurluc

For signature, please refer to the original signed Romanian version.

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On behalf of:

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Chisinau, Republic of Moldova

22 April 2025

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B.C. VICTORIABANK S.A.

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December

In MDL thousand	Notes	Group 2024	Group 2023	Bank 2024	Bank 2023
Interest income calculated using the effective interest method		1,244,809	1,827,320	1,138,974	1,827,320
Interest expenses		(270,073)	(566,460)	(234,272)	(566,460)
Net interest income	24	**974,736**	**1,260,860**	**904,702**	**1,260,860**
Fee and commission income		674,006	617,931	658,820	617,931
Fee and commission expense		(444,351)	(409,549)	(434,459)	(409,549)
Net fee and commission income	25	**229,655**	**208,382**	**224,361**	**208,382**
Net trading income	26	364,283	265,838	330,641	265,838
Other operating income	27	32,399	12,327	24,139	12,327
Revenue		**1,601,073**	**1,747,407**	**1,483,843**	**1,747,407**
Net impairment (losses) on financial assets and provisions for off-balance sheet commitments	28	164,397	(115,637)	131,929	(115,637)
Net impairment (losses) / release on non-financial assets	29	2,873	8,572	2,873	8,572
Net reversals related to provisions	20	-	2,314	-	2,314
Personnel expenses	30	(526,876)	(473,101)	(466,695)	(473,101)
Depreciation	33	(137,710)	(116,684)	(128,412)	(116,684)
Other operating expenses	31	(359,763)	(285,356)	(335,191)	(285,356)
Total expenses		**(857,079)**	**(979,892)**	**(795,496)**	**(979,892)**
Bargain gain	32	492,608	-	-	-
Profit before income tax		**1,236,602**	**767,515**	**688,347**	**767,515**
Income tax expense	34	(94,327)	(95,500)	(87,267)	(95,500)
Profit for the year		**1,142,275**	**672,015**	**601,080**	**672,015**
Other comprehensive income					
Items that will not be reclassified to profit or loss, net of tax					
Equity investments at fair value through other comprehensive income – net change in fair value	8	59	58	59	58
Foreign exchange currency revaluation gains/ (losses) on equity instruments at fair value through other comprehensive income		(1)	(25)	(1)	(25)
Tax related to items that will not be classified to profit or loss	21	(7)	(4)	(7)	(4)
		51	**29**	**51**	**29**

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CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December

In MDL thousand	Notes	Group		Bank	
		2024	2023	2024	2023
Items that are or may be reclassified subsequently to profit or loss					
Debt investments at fair value through other comprehensive income – net change in fair value		(14,870)	719	(255)	719
Tax on items that can be classified as profit or loss	21	27	(89)	27	(89)
		(14,843)	630	(228)	630
Total comprehensive income		1,127,483	672,673	600,903	672,673
Basic earnings per share, MDL	37	45.69	26.88	24.04	26.88
Diluted earnings per share	37	45.69	26.88	24.04	26.88

The financial statements were approved by the Board of Administration on April 22, 2025.
The financial statements were signed by the Management of the Bank on April 22, 2025 represented by:

Levon Khanikyan
Chief Executive Officer

Vitalie Corniciuc
Chief Financial Officer

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CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION

For the financial year ended 31 December

		Group		Bank	
In MDL thousand	Notes	31 December 2024	31 December 2023	31 December 2024	31 December 2023
ASSETS					
Cash and balances with National Bank of Moldova	4	6,279,821	7,317,370	5,776,187	7,317,370
Current accounts and placements with banks	5	2,244,370	1,769,324	1,957,727	1,769,324
Investment securities – debt instruments	6	8,093,243	5,860,016	7,177,281	5,860,016
Equity investment securities designated at fair value through other comprehensive income	8	4,185	3,378	4,185	3,378
Loans to customers	7	9,074,059	5,981,588	8,732,670	5,981,588
Investments in subsidiaries	9	-	-	224,011	-
Other financial assets	13	100,835	227,296	99,449	227,296
Property and equipment	10	403,957	348,465	396,458	348,465
Intangible assets	11	101,966	86,312	101,626	86,312
Right-of-use assets	12	72,263	81,387	66,656	81,387
Current tax receivables	15	14,088	-	10,839	-
Deferred tax assets	21	6,106	4,002	3,099	4,002
Other assets	14	61,413	57,557	61,227	57,557
Total assets		**26,456,306**	**21,736,695**	**24,611,415**	**21,736,695**
LIABILITIES					
Deposits from banks	18	15,015	35,605	17,218	35,605
Deposits from customers	19	19,111,615	15,725,294	17,822,176	15,725,294
Other borrowings	16	743,634	512,482	743,634	512,482
Subordinated liabilities	17	482,189	-	482,189	-
Provisions for other risks and loan commitments	20	42,261	39,216	41,511	39,216
Lease liabilities	12	72,070	79,583	66,223	79,583
Current tax liabilities	15	-	9,826	-	9,826
Other liabilities	22	508,100	800,550	484,172	800,550
Total liabilities		**20,974,884**	**17,202,556**	**19,657,123**	**17,202,556**
EQUITY					
Share capital	23	250,001	250,001	250,001	250,001
Share premium		10,250	10,250	10,250	10,250
Fair value reserves	23	740	916	740	916
Statutory reserves		25,000	25,000	25,000	25,000
Other reserves	23	167,730	51,445	167,730	51,445
Retained earnings		5,027,701	4,196,527	4,500,571	4,196,527
Total equity		**5,481,422**	**4,534,139**	**4,954,292**	**4,534,139**
Total liabilities and equity		**26,456,306**	**21,736,695**	**24,611,415**	**21,736,695**

The financial statements were approved by the Board of Administration on April 22, 2025.
The financial statements were signed by the Management of the Bank on April 22, 2025 represented by:

Levon Khanikyan
Chief Executive Officer

Vitalie Corniciuc
Chief Financial Officer

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CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December

Group

In MDL thousand

	Note	Share Capital	Share premium	Fair value reserve	Statutory reserves	Other reserves	Retained earnings	Total equity
Balance at 1st of January 2023		250,001	10,250	258	25,000	94,610	3,481,347	3,861,466
Statement of comprehensive income for the period								
Profit for the period		-	-	-	-	-	672,015	**672,015**
Other comprehensive income, net of income tax								
Financial assets at FVOCI – net change in fair value	3.15	-	-	658	-	-	-	**658**
Total comprehensive income for the period		-	-	**658**	**-**	**-**	**672,015**	**672,673**
Contributions and distributions of the shareholders								
Dividends distributed to shareholders		-	-	-	-	-	-	**-**
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	3.15	-	-	-	-	-	-	**-**
Appropriation of reserves	23b	-	-	-	-	(43,165)	43,165	**-**
Total contributions and distributions of the shareholders		-	-	-	-	**(43,165)**	**43,165**	**-**
Balance at 31st of December 2023		250,001	10,250	916	25,000	51,445	4,196,527	4,534,139
Statement of comprehensive income for the period								
Profit for the period		-	-	-	-	-	1,142,275	**1,142,275**
Other comprehensive income, net of income tax								
Financial assets at FVOCI – net change in fair value	3.15	-	-	(177)	-	-	(14,615)	**(14,792)**
Total comprehensive income for the period		-	-	**(177)**	-	-	**1,127,660**	**1,127,483**
Contributions and distributions of the shareholders								
Dividends distributed to shareholders		-	-	-	-	-	(180,751)	**(180,751)**
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	-	-	550	**550**
Appropriation of reserves	23b	-	-	-	-	116,285	(116,285)	**-**
Total contributions and distributions of the shareholders		**-**	**-**	**-**	**-**	**116,285**	**(296,486)**	**(180,201)**
Balance at 31st of December 2024		250,001	10,250	740	25,000	167,730	5,027,701	5,481,422

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CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December

Bank

In MDL thousand

	Note	Share Capital	Share premium	Fair value reserve	Statutory reserves	Other reserves	Retained earnings	Total equity
Balance at 1st of January 2023		250,001	10,250	258	25,000	94,610	3,481,347	3,861,466
Statement of comprehensive income for the period								
Profit for the period		-	-	-	-	-	672,015	**672,015**
Other comprehensive income, net of income tax								
Financial assets at FVOCI – net change in fair value	3.15	-	-	658	-	-	-	**658**
Total comprehensive income for the period		-	-	**658**	**-**	**-**	**672,015**	**672,673**
Contributions and distributions of the shareholders								
Dividends distributed to shareholders		-	-	-	-	-	-	**-**
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings	3.15	-	-	-	-	-	-	**-**
Appropriation of reserves	23b	-	-	-	-	(43,165)	43,165	**-**
Total contributions and distributions of the shareholders		-	-	-	-	(43,165)	43,165	**-**
Balance at 31st of December 2023		250,001	10,250	916	25,000	51,445	4,196,527	4,534,139
Statement of comprehensive income for the period								
Profit for the period		-	-	-	-	-	601,080	**601,080**
Other comprehensive income, net of income tax								
Financial assets at FVOCI – net change in fair value	3.15	-	-	(177)	-	-	-	**(177)**
Total comprehensive income for the period		-	-	**(177)**	-	-	**601,080**	**600,903**
Contributions and distributions of the shareholders								
Dividends distributed to shareholders		-	-	-	-	-	(180,751)	**(180,751)**
Transfer of gains on disposal of equity investments at fair value through other comprehensive income to retained earnings		-	-	-	-	-	-	**-**
Appropriation of reserves	23b	-	-	-	-	116,285	(116,285)	**-**
Total contributions and distributions of the shareholders		**-**	**-**	**-**	**-**	**116,285**	**(297,036)**	**(180,751)**
Balance at 31st of December 2024		250,001	10,250	740	25,000	167,730	4,500,571	4,954,292

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B.C. VICTORIABANK S.A.

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

For the financial year ended 31 December

In MDL thousand	Notes	Group		Bank	
		2024	2023	2024	2023
Cash flows from operating activities					
Profit for the year		**1,142,345**	**672,015**	**601,080**	**672,015**
Adjustments for:					
Depreciation and amortization	**31**	137,710	116,683	128,412	116,683
Net impairment losses / (release) of financial assets and provisions for off-balance sheet commitments	**27**	(164,397)	113,323	(131,929)	113,323
Net impairment losses / (release) on non-financial assets	**28**	(2,873)	(8,572)	(2,873)	(8,572)
Income tax expense	**32**	94,327	95,500	87,268	95,500
Interest income	**23**	(1,244,809)	(1,827,320)	(1,138,974)	(1,827,320)
Interest expense	**23**	270,073	566,460	234,272	566,460
(Income) / losses from the revaluation of foreign currency	**25**	(7,072)	(9,102)	(7,357)	(9,102)
(Gains)/losses from the investments in subsidiary	**32**	(492,608)	-	-	-
Net profit adjusted with non-monetary elements		**(267,304)**	**(281,013)**	**(230,101)**	**(281,013)**
Changes in operating assets and liabilities					
Change in current account with National Bank of Moldova	**4**	1,606,796	(264,390)	1,109,069	(264,390)
Change in current accounts and placements with banks	**5**	(366,183)	(276,164)	(596,915)	(276,164)
Change in loans to customers	**7**	(1,762,232)	(1,048,906)	(2,585,017)	(1,048,906)
Change in other assets	**13,14**	197,062	(49,710)	126,860	(49,710)
Change in deposits from banks	**18**	(127,786)	(30,194)	(20,161)	(30,194)
Change in deposits from customers	**19**	1,274,310	2,396,231	2,006,041	2,396,231
Change in other liabilities	**20,22**	(330,438)	316,513	(317,933)	316,513
		491,529	**1,043,380**	**(278,056)**	**1,043,380**
Interest received		1,284,545	1,725,585	1,162,609	1,725,585
Interest paid		(266,299)	(552,204)	(229,643)	(552,204)
Income tax paid		(117,843)	(104,192)	(107,010)	(104,192)
Net cash-flow from operating activities		**1,124,627**	**1,831,556**	**317,798**	**1,831,556**
Cash-flow used in investment activities					
Acquisition of investments in subsidiary	**9**	(224,011)	-	(224,011)	-
Proceeds from sale of equity investments measured at FVOCI	**8**	1,569	-	-	-
Acquisition of shares	**8**	(744)	-	(744)	-
Proceeds from the sale of financial asset measured at FVOCI	**8**	5,486	-	-	-

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CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS

For the financial year ended 31 December

In MDL thousand	Notes	Group 2024	Group 2023	Bank 2024	Bank 2023
Proceeds from the matured financial asset measured at FVOCI	8	1,725,584	-	15,012	-
Financial asset purchases measured at FVOCI	8	(1,416,465)	-	(12,900)	-
Proceeds from the matured of financial asset measured at amortized cost	6	68,714,058	4,537,068	61,021,816	4,537,068
Financial asset purchases measured at amortized cost	6	(70,564,402)	(4,580,358)	(62,686,331)	(4,580,358)
Acquisitions of tangible assets	10	(119,582)	(121,509)	(119,582)	(121,509)
Acquisitions of intangible assets	11	(38,562)	(29,978)	(38,367)	(29,978)
Net cash-flow (used in) investment activities		**(1,917,069)**	**(194,777)**	**(2,045,107)**	**(194,777)**
Cash-flow from financing activities					
Gross proceeds from loans from other financial institutions	16	1,984,461	386,570	1,948,998	386,570
Gross payments for loans from other financial institutions	16	(1,839,550)	(66,646)	(1,717,826)	(66,646)
Gross receipts from subordinated loans from banks and other financial institutions	17	482,189	-	482,189	-
Gross payments from operational leasing	12	(40,963)	(34,155)	(35,656)	(34,155)
Dividend payments		(180,751)	-	(180,751)	-
Net cash-flow from / (used in) financing activities		**405,386**	**285,769**	**496,954**	**285,769**
Net increase/decrease (-) in cash and cash equivalents		**(387,056)**	**1,922,548**	**(1,230,355)**	**1,922,548**
Cash and cash equivalents at January 1		**5,167,821**	**3,244,724**	**5,167,821**	**3,244,724**
The impact of exchange rate variations on cash and cash equivalents		(47,726)	549	(199)	549
Cash and cash equivalents at 31 December	4	**4,733,039**	**5,167,821**	**3,937,267**	**5,167,821**

The explanatory notes are an integral part of these financial statements.

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B.C. VICTORIABANK S.A.

EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. REPORTING ENTITY

BC Victoriabank SA (thereafter the "Parent company", "the Bank") was established in the Republic of Moldova on 22 December 1989. The Bank was re-incorporated as a joint-stock commercial bank on 26 August 1991, obtaining the license of the National Bank of Moldova ("NBM") to conduct banking activity. The Bank is primarily involved in investment, corporate and retail banking. See note 38 for segment reporting details.

On 29 November 2002 the Bank was re-registered as an open joint stock commercial bank and the shares became listed on Moldovan Stock Exchange.

The Head Office of the Bank is located at str. 31 August 1989, no. 141, MD-2004, Chisinau, Republic of Moldova.

The Bank operates through its head office located in Chisinau, 24 branches and 39 agencies (as at 31 December 2024), located throughout the country (30 branches and 38 agencies as at 31 December 2023).

The Bank's number of active employees as at 31 December 2024 was of 1,121 (1,138 as at 31 December 2023).
The share capital of B.C. „VICTORIABANK" S.A. represents 250,000,910 MDL, divided into 25,000,091 first class registered common shares entitled to vote, at par/face value of 10 lei/share. Registered common shares issued by the Bank (ISIN: MD14VCTB1004) are allowed for trading on the regulated market at the Stock Exchange of Moldova (www.bvm.md).

The shareholders' structure and/ or groups of persons that act in concert and own significant share (i.e. greater than 1%) in the Bank's share capital and final beneficiaries as at 31 December 2024 and 31 December 2023:

	Direct owners				Final beneficiaries of significant share	
	Name of the shareholders	Residence country	Number of the group*	Share, %	Name of final beneficiary	Residence country
1	VB INVESTMENT HOLDING B.V.	NED	0	72.19	Banca Transilvania (61.82%); European Bank for Reconstruction and Development (EBRD) (38.18%); Ultimate beneficiaries do not exist	Romania Great Britain
2	Țurcan Victor	MDA	0	10.76	Țurcan Victor	Republic of Moldova
3	Țurcan Valentina	MDA	1	8.07	Țurcan Valentina	Republic of Moldova
4	Artemenco Elena	MDA	1	4.95	Artemenco Elena	Republic of Moldova
5	Proidisvet Galina	MDA	1	1.58	Proidisvet Galina	Republic of Moldova

The Board of Administration of the Bank acts based on the full information, in good faith and in the shareholders' interest, performs the role of supervising and monitoring the decision - making process of management and is responsible for the adoption of the development strategy, risk control policies, business plans and exercises the monitoring of their fulfilment. The Board of Administration represents the shareholders' interest during the period between the General Shareholders' Meetings and exercises the supervision of the Bank's activity.

According to the Articles of Association of the Bank, the Board of Administration consists of 7 members appointed by the General Shareholders' Meeting.

* TRANSLATOR'S EXPLANATORY NOTE: The above translation of the financial statements is provided as a free translation from Romanian which is the official and binding version.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

1. REPORTING ENTITY (continued)

As at 31 December 2024, the composition of the Board of Administration of the Bank in exercise, selected at the ordinary General B.C."Victoriabank" S.A. Shareholders' Meeting as at the 26th of August 2024, is of the following members:

- Thomas GRASSE, Chairman of the Board of Administration, Independent member
- Victor ȚURCAN, Vice-chairman of the Board of Administration, Non-independent member, approved by the NBM on 13.03.2025
- Tiberiu MOISĂ, Member of the Board of Administration, Non-independent member
- Peter FRANKLIN, Member of the Board of Administration, Independent member
- E.Henry RUSSELL, Member of the Board of Administration, Independent member, pending NBM approval
- Mehmet Murat SABAZ, Member of the Board of Administration, Independent member
- Ludmila COSTIN, Member of the Board of Administration, Independent member

Victoriabank Group (the "Group") includes the Parent company and Subsidiary - Banca Comercială Română Chișinău S.A, based in the Republic of Moldova.

The consolidated and separate financial statements as at December 31, 2024 comprise the Parent company and its Subsidiary (hereinafter referred to as the "Group").

Starting with January 2024, the Group has control in BCR Chisinau S.A..

Banca Comerciala Romana Chisinau S.A.

BCR Chisinau S.A. was established in October 1998 as a commercial and savings bank, offering a wide range of services addressing all categories of customers through its headquarters, one branch in Chisinau, and one branch in Balti. The share capital of BCR Chisinau S.A. consists of 72,813 ordinary shares, issued and outstanding with a nominal value of MDL 10,000 per share. The nominal ordinary shares issued by BCR Chisinau S.A. are listed on the Stock Exchange of Moldova (bvm.md) on 28.11.2023 based on Certificate no. 116/PR1, having the symbol MD14BROM1003. The bank has 80 employees as of December 31, 2024 (December 31, 2023: 86 employees). BCR Chisinau S.A.'s headquarters is located at str. Pushkin 60/2, Chisinau, Republic of Moldova. In August 2024, was approved by the Decision of the Extraordinary General Meeting of Shareholders of B.C. Victoriabank S.A., the merger by absorption between B.C. Victoriabank S.A. and Banca Comerciala Romana Chisinau S.A., as the acquired company, as at March 1, 2025.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated and separate financial statements of the Group and of the Bank have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board (IASB). These financial statements were authorized for issue by the Board of Administration on April 22, 2025.

The consolidated and separate financial statements of the Group and the Bank have been prepared in accordance with the going concern principle, which assumes the continuity of the activity in the foreseeable future. In addition, management is not aware of any material uncertainties that could cast significant doubt on their ability to continue as a going concern. Therefore, the consolidated and separate financial statements are prepared on a going concern basis.

2.2 Basis of measurement

These consolidated and separate financial statements were prepared on historical cost or amortized cost basis, except for the financial instruments at fair value through other items of comprehensive income which are evaluated at fair value and repossessed collaterals which are evaluated at the lower value between carrying amount and fair value minus selling costs.

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2. BASIS OF PREPARATION (continued)

2.3 Functional and presentation currency

The amounts included in the consolidated and seprate financial statements of the Group and of the Bank are measured using the currency of the primary economic environment in which the Group and the Bank operate ("the functional currency"). The consolidated and seprate financial statements are presented in Moldovan lei ("MDL"), which is the functional and presentation currency of the Group and the Bank, rounded to 1,000 units, except where otherwise specifically indicated.

2.4 Use of estimates and judgements

In preparing these consolidated and separate financial statements, the Group and the Bank make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Although these estimates are based on historical experience and forward-looking factors deemed reasonable under the circumstances, actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised, and if applicable, in future periods.

Information about estimates used in the application of the accounting policies which have a significant impact on the consolidated and separate financial statements, as well as the estimates involving a significant degree of uncertainty, are described below.

a) Impairment losses on financial assets

The most significant estimates and judgements relate to the determination of expected credit losses (“ECL”) for financial assets in scope of IFRS 9. The estimation of ECL is inherently complex and requires the use of models, assumptions, and significant judgement, particularly in the following areas:

- Assessment of significant increase in credit risk (“SICR”): Determining whether credit risk on an instrument has significantly increased since initial recognition, based on both quantitative and qualitative factors.

- ECL model design and assumptions: This includes the development of internal rating models, estimation of probability of default (“PD”), loss given default (“LGD”), and exposure at default (“EAD”), as well as the segmentation of exposures.

- Forward-looking information: Macroeconomic scenarios (e.g., inflation, GDP growth, interest rates) are embedded into the ECL models with probability weightings. These assumptions are reassessed periodically, at least annually, and updated to reflect current outlooks. See Note 41.1.1(d) for more detail.

- Post-model adjustments (“PMA”): Where known limitations exist in model outputs, or where emerging risks are not yet captured, management overlays are applied. These typically use standard deviation-based multipliers as proxies for model uncertainty.

The measurement of impairment allowances involves judgement, particularly in estimating future cash flows, determining collateral recoverability, and assessing significant increases in credit risk. Changes in these factors could materially affect the allowance.

Forward-Looking Approach and Risk-Based Overlay
The Group and the Bank apply a 3-year forward-looking macroeconomic forecasting horizon and use multiple scenarios with assigned probability weightings. These are reviewed by the Bank’s Risk and Executive Committee, which also approve any management overlays or post-model adjustments.

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2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

In addition to model-based estimates, significant exposures (e.g., Stage 3 loans over MDL 20 million) are subject to individual expert credit assessment. Stage 2 exposures over MDL 5 million are subject to additional borrower-level reviews.

Evolution of Post-Model Adjustments: 2023 vs 2024

The approach to post-model adjustments evolved from 2023 to 2024 in response to changing economic and geopolitical circumstances.

Summary of Changes

Year	Key Risk Drivers	Adjustment Method	ECL Impact
2023	- Model limitations, - Macroeconomic uncertainty, - Lag in credit deterioration	0.5 StDev per identified uncertainty (types a–c); additional 1.5 StDev for Credit Card portfolio	+ MDL 32.2 million
2024	- Prolonged macro stress, - Latent borrower distress, - Regional geopolitical risks	Uniform 2 StDev overlay to predicted 1-year default rates across all portfolios	+ MDL 61.6 million

(i) 2023 Post-Model Adjustments

In 2023, post-model adjustments addressed three main areas of estimation uncertainty:

1. **Model design limitations** – Changes in portfolio and underwriting practices since 2018.
2. **Macroeconomic estimation range** – Some macro indicators used in models fell outside historical calibration data.
3. **Cause-effect lag** – Particularly relevant to Retail and Credit Card portfolios, where macroeconomic shocks had not yet translated into observable delinquency.

Each of these uncertainties was assigned a 0.5 standard deviation (StDev) overlay. For the Credit Card portfolio, an additional 1.5 StDev was applied due to higher risk sensitivity. These PMAs increased the ECL by MDL 32.2 million as at 31 December 2023.

(ii) 2024 Post-Model Adjustments

In 2024, while ECL model parameters remained unchanged, the Group and the Bank revised their overlay methodology in response to ongoing uncertainties and tail risks not captured by the models.

Key factors influencing the revised approach include:

1. **Macroeconomic uncertainty** – Although inflation and interest rates declined, the pace was slower than expected. Fiscal pressures linked to 2024 election-year spending in Moldova continued to strain borrowers' cash flows.
2. **Borrower vulnerability** – While NPL and DPD ratios remained stable, the impact of tighter financial conditions is expected to materialize in 2025 as households and businesses exhaust liquidity buffers.
3. **Geopolitical risk** – Moldova's proximity to regional conflict introduces a material level of external uncertainty.

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2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

To reflect these elevated risks, the Group and the Bank applied a uniform increase of 2 standard deviations to model-predicted 1-year default rates across all portfolios. This approach:

- Recognizes potential for low-probability, high-impact events ("tail risk");
- Ensures consistency and comparability across portfolios;
- Aligns with internal risk governance and expert oversight;
- Maintains a conservative provisioning approach in a high-uncertainty environment.

The cumulative impact of these PMAs as at 31 December 2024 is MDL 61.6 million.

Ongoing Monitoring

The Group and the Bank will continue to monitor all risk drivers and reassess the need for overlays periodically. Adjustments may be reduced or withdrawn once macroeconomic and geopolitical uncertainties subside, and forecast reliability improves.

b) Other significant litigations

The Bank was notified on 6 July 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova and on 6 August 2020, a precautionary seizure was placed on some of the Bank's assets, in order to cover the claims in the file - amounting to approximately MDL 2.2 billion.

Considering the nature of the case, current status of the investigation, legal limitations related to the investigation, the lawyers' analysis of the content of investigators case files, corroborated with the lawyer's legal opinion on the background facts and evidence provided by the prosecutors, the management of the Group and the Bank concluded that the disclosure of a contingent liability in the financial statements satisfies the requirements of IAS 37. The Group and the Bank will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting standards and regulations.

3. MATERIAL ACCOUNTING POLICIES

The Group and the Bank have consistently applied the following accounting policies to all periods presented in these consolidated and individual financial statements, except in mentioned otherwise.

In addition, the Group and the Bank adopted *Disclosure of Accounting policies* (Amendments to IAS 1 and IFRS Practice statement 2) from 1 January 2023. The amendments require the disclosure of "material" rather than "significant", accounting policies.

Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information related to financial instruments disclosed in Note 41.1 in certain instances.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiary as at 31 December 2024. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

1. Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
2. Exposure, or rights, to variable returns from its involvement with the investee
3. The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

1. The contractual arrangement(s) with the other vote holders of the investee
2. Rights arising from other contractual arrangements
3. The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

(i) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the group, liabilities incurred by the group to the former owners of the acquiree and the equity interest issued by the group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except that:

1. deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively,
2. liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date,

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.1 Basis of Consolidation (continued)

3. assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held.

(ii) Subsidiaries

The Group's subsidiaries are the entities under the Group's direct and indirect management. The management of an entity is reflected by the Group's capacity to exercise its authority in order to influence any variable return to which the Group is exposed based on its involvement in the entity. The factors that the Group must consider when deciding to include an entity in the consolidation are the following:

- the purpose and relevant activity of the entity;
- the entity's relevant activities and the manner in which they are determined;
- whether the Group's rights ensure its capacity to manage the entity's relevant activities;
- whether the Group is exposed or entitled to variable returns;
- whether the Group can use its capacity in order to influence returns.

If voting rights are relevant, the Group is considered to be in control if it holds, directly or indirectly, more than half of the voting rights of an entity, except when there is proof that another investor has the capacity of control over the relevant activities. Potential voting rights considered as substantial are also taken into account when determining the control of the entity. Moreover, the Group controls an entity even if it does not hold the majority of the voting rights, but however has the effective capacity to control the entity's relevant activities.

This situation may occur when the dimension and dispersion of the shareholders' participations give authority to the Group to control the activities subject to investment. The subsidiaries are included in the consolidation starting from the date when the control is transferred to the Group. The Group revaluates on an ongoing basis the control over the entities subject to investment, at least upon each quarterly reporting date. Therefore, any structural modification leading to the change of one or several control parameters is subject to revaluation. Such modification may include the change of the decision-making rights, changes in the contractual terms, financial or capital structure modifications, modifications caused by an event anticipated upon the initial documentation.

(iii) Transactions eliminated from consolidation

Intra-group settlements and transactions, as well as any unrealized gains resulted from the intragroup transactions have been fully eliminated in the preparation of the consolidated financial statements. Unrealized gains resulted from transactions with equity accounted investees are eliminated in correlation with the investment in the related entity. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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3. MATERIAL ACCOUNTING POLICIES (continued)

3.2 Foreign currency transactions

Transactions denominated in foreign currency are converted into the functional currency at the official exchange rate in effect at the date of transaction. The exchange rate differences resulting from such transactions denominated in foreign currency are reflected in the statement of profit or loss at the transaction date and using the exchange rate valid at the respective date.

Monetary assets and liabilities denominated in foreign currencies at the date of the consolidated and separate statement of financial position are translated to the functional currency at the exchange rate valid at that date.

Gains and losses in foreign currency resulting from the revaluation of monetary assets and liabilities in foreign currency are reflected in profit or losses, excluding equity investments at FVOCI.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated in the functional currency by using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the exchange rate valid at the date when the fair value is determined.

Exchange rates of major currencies at the end of the year and the average exchange rates were:

	2024		2023	
	USD	EUR	USD	EUR
Average for the period	17.7918	19.2533	18.1607	19.6431
The end of the year	18.4791	19.3106	17.4062	19.3574

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities

(i) Recognition and initial evaluation

Date of recognition

The Group and the Bank recognize financial assets and financial liabilities in the statement of financial position when, and only when, they become a party to the contractual provisions of the instrument. For regular way purchases and sales of financial instruments, recognition occurs on the trade date. Loans and advances to customers are recognized when cash is advanced to the borrowers. Financial liabilities are recognized when the counterparties transfer funds to the Group or the Bank.

Initial measurement

Financial instruments are initially measured at fair value. For financial instruments not measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issuance of the instrument are added to or deducted from the initial measurement. For instruments measured at fair value through profit or loss, transaction costs are recognized in profit or loss.

Classification

On initial recognition, financial assets are classified into one of the following measurement categories:

- Amortized cost;
- Fair value through other comprehensive income (FVOCI); or
- Fair value through profit or loss (FVTPL).

The classification depends on the Group's and the Bank's business model for managing the financial assets and the contractual cash flow characteristics of the instruments, in accordance with IFRS 9.

Amortized cost classification

A financial asset is measured at amortized cost if both of the following conditions are met:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI).

The Group and the Bank measure Cash and balances with National Bank of Moldova, Current accounts and placements with banks, Loans to customers, Investment securities – debt instruments and other financial assets at amortized cost if it meets both of the above conditions and is not designated at fair value through profit or loss at recognition.

Debt instruments at FVOCI

A debt instrument is measured at FVOCI only if both of the following conditions are met:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms meet the SPPI criterion.

Subsequent changes in fair value are recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost as explained in Note 3.4.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

Equity instruments at FVOCI

On initial recognition, the Group and the Bank may irrevocably elect to present changes in fair value of an equity investment in OCI, provided the instrument is not held for trading. This choice is made on an individual basis for each instrument.

Gains and losses on these equity instruments are never recycled to profit. Dividends are recognized in profit or loss as other operating income when right of payment has been established, except when the Group and the Bank benefit from such proceeds as a recovery of part of the cost of the instrument in which case, such gains are recorded in OCI. Equity instruments are not subject to an impairment assessment.

FVTPL

All financial assets not classified at amortized cost or FVOCI are measured at FVTPL. This category includes debt instruments and equity instruments held for trading or not qualifying for FVOCI.

(ii) Business model assessment

The Group and the Bank make an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the application of those policies in practice, in particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Bank's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and its strategy for how those risks are managed;
- how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered separately, but as part of an overall assessment of how the Bank's stated objective for managing the financial assets is achieved and how cash flows are realized.

The retail and corporate banking activity of the Group and the Bank comprise primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprises mortgages, overdraft, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held in a separate portfolio by Bank's Treasury department for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Group and the Bank consider that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Certain other debt securities are held in a separate portfolio by Bank's Treasury department to meet every day liquidity needs. These securities may be sold, but such sales are not expected to be more than infrequent. The Group and Bank consider that these securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the financial assets.

As at December 31, 2024 and December 31, 2023 the Group and the Bank have no assets classified at FVTPL.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

(iii) Contractual Cash Flow Assessment (SPPI)

The Group and the Bank assess whether contractual cash flows are solely payments of principal and interest (SPPI). "Principal" is the fair value at initial recognition, and "interest" is consideration for time value of money, credit risk, liquidity risk, administrative costs, and a profit margin.

In assessing whether the contractual cash flows are only SPPI, the Group and the Bank consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group and the Bank consider:

- contingent events that would change the amount and timing of cash flows;
- prepayment and extension terms;
- terms that limit the Bank's claim to cash flows from specified assets; and
- features that could modify consideration of the time value of money (e.g. periodical reset of interest rates);
- loans granted to employees or to large corporate clients;
- terms applied to syndicated loans etc.

Based on these assessments, the Group and the Bank concluded that the portfolio of loans to customers and qualifying debt securities meet the criteria of SPPI.

(iv) Derecognition

Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and

- the Group and the Bank transfer substantially all the risks and rewards of ownership, or
- the Group and the Bank neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Bank did not retain control.

The Group and the Bank shall directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering this financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event. The recovery procedures for these assets are not stopped, the loans being highlighted in off-balance sheet accounts, until the full collection of the receivables or until a definitive deletion.

Other events that lead to a derecognition are those of the type of definitive deletions from on balance sheet account records:

- Debt forgiveness following the exhaustion of the legal ways of recovery, the prescription for the terms of execution or some decisions regarding the opportunity to continue the recovery procedures (efforts/cost versus effects/revenues);
- Sale/assignment of receivables to a third party;
- Sale of loan portfolios.

The Group and the Bank enter into transactions where they retain the contractual rights to receive cash flows from assets but assume a contractual obligation to pay those cash flows to other entities and transfer substantially all of the risks and rewards.

The transactions are accounted for as 'pass through' transfers that result in derecognition if the Group and the Bank:

- Have no obligation to make payments unless they collect equivalent amounts from the assets;
- Are prohibited from selling or pledging the assets; and
- Have an obligation to remit any cash they collect from the assets without material delay.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

Collateral (shares and bonds) pledged by the Group and the Bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the Group and the Bank retain substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met.

The Bank derecognizes a transferred financial asset if it transfers substantially all the risks and rewards of ownership of the financial asset. The criteria set at Group level to evaluate modifications leading to derecognition of financial assets, are developed having in mind that they must reflect modifications that are substantial enough (either quantitatively or qualitatively) to satisfy the derecognition requirements. On the quantitative side, these criteria refer to a significance threshold of 10% by analogy to the de-recognition trigger set by IFRS 9 for modifications of financial liabilities. On the qualitative side, these criteria refer to contractual modifications that are substantially changing the nature of lender's risks associated with the pre-existing loan contract.

(v) Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when there is a legally enforceable right of offset and the intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

(vi) Modifications of financial instruments

If the terms of a financial instrument are modified, the Group and Bank evaluate whether the cash flows of the modified instrument are substantially different.

If the contractual terms are substantially altered due to commercial renegotiations, both at the client's request and at the Group's and the Bank's initiatives, the existing financial asset is derecognized and the modified financial asset is subsequently recognized, such modified financial asset being considered as a "new" asset.

The criteria set at Group and the Bank level to evaluate modifications leading to derecognition of financial assets, are developed having in mind that they must reflect modifications that are substantial enough (either quantitatively or qualitatively) to satisfy the derecognition requirements in IFRS 9.3.2.3. On the quantitative side, these criteria refer to a significance threshold of 10% by analogy to the de-recognition trigger set by IFRS 9.3.2.3 for derecognition of financial liabilities. On the qualitative side, these criteria refer to contractual modifications that are substantially changing the nature of lender's risks associated with the pre-existing loan contract.

During 2024 and 2023, the Group and the Bank did not have modification of financial assets that resulted in derecognition of the original instrument.

If a modification of a financial asset measured at amortized cost or FVOCI does not result in the derecognition of the financial asset, then the Group and the Bank first recalculate the gross carrying amount of the financial asset using the original effective interest rate and recognizes the resulting adjustment as a modification gain or loss in profit or loss. For floating rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect the current market terms at the time of modification. Any cost or fee supported or received adjust the gross carrying amount of the modified financial asset and is amortized over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the debtor, then the gain or loss is presented in the impairment expense. In other cases, it is presented as interest income calculated using the effective interest rate method.

The gain or loss from modification of financial assets was not significant for the years ended 31 December 2024 and 2023.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

(vii) Fair value measurement

Fair value is the price that would be received from the sale of an asset or the price that would be paid to transfer a liability in a normal transaction between market participants at the measurement date, mainly, or, in its absence, on the most advantageous market where the Group and the Bank have access to that date. The fair value of a liability reflects its non-performance risk.

When information is available, the Group and the Bank measure the fair value of an instrument using the quoted prices in an active market for that instrument. A market is considered active if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted market price in an active market, the Group and the Bank use valuation techniques that maximize the use of relevant observable values and minimizes the use of unobservable values.

The chosen valuation technique incorporates all factors that market participants would consider in pricing a transaction. The best evidence of fair value of a financial instrument on initial recognition is normally the transaction price – the fair value of a consideration given or received. If the Group and the Bank determine that the fair value on initial recognition differs from the transaction price and the fair value is not evidenced by any quoted market price in an active market for an asset or liability identical or based on an evaluation technique that uses only data from observable markets, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis over the life of an instrument, but no later than when the valuation is supported wholly by observable market values or when the transaction is closed.

The Group and the Bank recognize transfers between fair value hierarchy levels at the end of the reporting period in which the changes have been occurred.

(viii) Impairment of financial assets

The Group and the Bank recognize loss allowances for expected credit loss on the following financial instruments that are not held at FVTPL:

- Financial assets that are debt instruments
- Financial guaranties contracts
- Loans commitments.

Equity investments are not subject to impairment under IFRS 9.

Impairment according to IFRS 9 is based on credit losses expected to arise over the life of the asset (the lifetime expected credit loses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL) as outlines in Note 41.1. The Group's and the Bank's policies for determining if there have been a significant increase in credit risk are set out in Note 41.1.1(c).

The 12mECL is the portion of LTECL that represent the ECL that result from default events on a financial instruments that are possible within the 12 months after the reporting date.

Both LTECL and 12mECL are calculated on either an individual basis or collective basis, depending on the nature of the underlying portfolio of financial instruments. The Group's and the Bank's policy for grouping financial assets measured on a collective basis is explained in Note 41.1.1.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)
3.3 Financial assets and liabilities (continued)

The Group and the Bank have established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increase significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. This is further explained in Note 41.1.1.

Based on above process, the Group and the Bank group its financial instruments into Stage I, Stage II, Stage III and POCI are described below:

a) **Stage I** includes financial assets for which there is no significant increase in credit risk at the time of the analysis compared to the origination date or which have a low credit risk exemption at the time of the analysis. For these assets, an impairment adjustment will be determined using the below presented method "ECL 12M".

Estimated loan losses for 12 months = ECL 12M = The portion of lifetime expected credit losses that represent the expected credit losses that result from default events of a financial instrument that are possible within the 12 months after the reporting date.

b) **Stage II** includes financial assets for which there was a significant increase in credit risk ('SICR') at the time of the analysis compared to the original recognition date (except for assets that have a low credit risk exemption) and which are not reported as impaired (or impairment evidence is not identified). For these assets, an impairment adjustment will be determined using the below method presented "Lifetime ECL".

Estimated lifetime loss = Lifetime ECL = resulting from all possible default events over the expected life of a financial instrument, further reflected trough the average credit losses weighted by the respective risk of default (measured through PD).

c) **Stage III** (default) includes financial assets for which impairment evidence have been identified at the reporting date. For these assets, a "Lifetime ECL" depreciation adjustment will be determined, with the assigned PD of 100%.

d) Purchased or originated credit-impaired financial assets ("POCI") are those financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted effective interest rate. Their ECL is only recognized or released to the extent that there is a subsequent change in the expected credit losses.

A financial asset classified as impaired upon initial recognition will be maintained as such until its derecognition.

The Group and the Bank estimate the expected credit losses ('ECL') for debt instrument assets measured at amortized cost and fair value through other comprehensive income and for exposure from loan commitments and financial guarantee contracts.

The Group and the Bank recognize a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information, please refer to note 41.1.1.(d).

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

For financial assets for which the Group and the Bank have no reasonable expectations of recovering either the entire outstanding amount of a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a derecognition. Partial derecognition of the financial asset.

The determination of expected losses at the reporting date relies on the effective interest rate established upon the initial recognition or an estimated rate. As concerns financial assets with variable interest rate, the expected credit losses must be determined based on the current effective interest rate.

Evidence that a financial asset has a significant increase in credit risk since origination or credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or borrower;
- a breach of contract, such as a default or past-due event or financial/nonfinancial covenants;
- the lender, based on economic or contractual reasons relating to the borrower's financial difficulty, grants the borrower a concession that would not otherwise be considered;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- the disappearance of an active market for the financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

The calculation of ECL

The Group and the Bank calculate ECL based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

They are measured as follows:

- *Financial assets that are not credit impaired at the reporting date*: as the present value of all cash shortfalls
- *Financial assets that are credit-impaired at the reporting date*: as the difference between the gross carrying amount and the present value of the estimated future cash flows
- *Undrawn loan commitments*: as the present value of the difference between the contractual cash flows that are due to the Group and the Bank if the commitment is drawn down and the cash flows that the Group and the Bank expect to receive; and
- *Financial guarantee contracts*: the expected payments to reimburse the holder less any amounts that the Group and the Bank expect to recover.

When discounting future cash flows, the following discount rates are used:

- *Financial assets other than POCI*: the actual effective interest rate or an approximation thereof
- *POCI assets*: a credit-adjusted effective interest rate
- *Undrawn loan commitments*: the effective interest rate, or an approximation thereof, that will be applied to the financial asset resulting from the loan commitment; and
- *Financial guarantee contracts*: the rate that represent the current market assessment of the time value of money and the risks that are specific to the cash flows.

The mechanism of ECL calculation and the key elements are, as follows:

- *PD - The Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio. The concept of PD is further explained in Note 41.1.1.(b).

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)
3.3 Financial assets and liabilities (continued)

- *EAD The Exposure at Default* is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. The EAD is further explained in Note 41.1.1.(e).
- *LGD - The Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realization of any collateral or credit enhancements that are integral to the loan and not required to be recognized separately.

When estimating the ECL, the Group and the Bank consider three scenarios (a base case, an upside and a downside). Each of these is associated with different PDs. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Group and the Bank have the legal right to call it earlier.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

1. financial assets measured at amortized cost: as a deduction from the gross carrying amount of the assets;
2. loan commitments and financial guarantee contracts: generally, as a provision;
3. where a financial instrument includes both a drawn and an undrawn component, and the Group and the Bank cannot identify the ECL on the loan commitment component separately from those on the drawn component: the Group and the Bank present a combined loss allowance for both components. The combined amount is presented as a deduction from the gross carrying amount of the drawn component. Any excess of the loss allowance over the gross amount of the drawn component is presented as a provision; and
4. debt instruments measured at FVOCI: no loss allowance is recognized in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognized in the fair value reserve through FVOCI.

Write-off

Based on an analysis, the Group and the Bank may decide to derecognize a depreciated asset, by recording it in the off-balance sheet. These assets will continue to be subject to recovery procedures. The Group and the Bank consider that a financial asset is in the situation of derecognition and writes it off when there are no reasonable expectations regarding its full or partial recovery.

The Group and the Bank periodically analyze the financial assets to be written-off:

a) for assets that have exceeded the expected recovery horizon. The following levels are set for the recovery horizon:
   - for unsecured loans, maximum 2 years;
   - for guaranteed loans, maximum 7 years.

   The recovery horizon is calculated from the date of registration of the exposure in the non-performing category. The Group and the Bank are not obliged, upon reaching these thresholds, to proceed with the write-off of exposures - these loans will be the subject of additional analyzes to estimate the chances of recovery in the next period.

b) for assets that have been guaranteed, and for a specific reason, at the moment, are no longer guaranteed;

c) for loans that are collateralized, but it is estimated that there are no reasonable chances of recovery (uncertain and expensive sources, which do not justify the Group's and the Bank's effort compared to the expected value of recoveries). This category also includes exposures for which the exposure reduction is based entirely on sale of collateral, and, considering the background of a low degree of coverage, there is the possibility that procedural costs may absorb a significant part of the amounts resulting from sales of collaterals;

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.3 Financial assets and liabilities (continued)

d) for the assets for which the Group and the Bank have stopped the recovery procedures or they have expired or those for which by a court decision they are no longer due by the debtor;

e) the bankruptcy procedure of the debtor was closed, and the Group's and the Bank's exposure ware not fully covered;

f) the exposure has been partially transferred to another entity (third party) and the remaining exposure has no chance of recovery.

Mandatory, before recording in the off-balance sheet, the Group and the Bank shall ensure that the financial asset is fully covered by ECL. Therefore, the amounts subsequently collected from the recovery of the exposure will be directly recognized as income in the Group's and the Bank's profit or loss account. However, after write-off, the Group and the Bank have no reasonable expectations for the recovery of the financial asset.

3.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognized in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and the Bank estimate cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer impaired, then the calculation of interest income reverts to the gross basis.

3.5 Fee and commission income

The Group and the Bank earn commissions from a wide range of services provided to customers. Commissions are generally recognized on an accrual basis when the service was provided. Credit commitment fees that are likely to be drawn are referred to (together with related direct costs) and recognized as an adjustment to the effective interest rate of the loan.

Commissions arising from negotiating, or participating in the negotiation of, a transaction with a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-pro-rated basis.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.5 Fee and commission income (continued)

Fee and commission income from contracts with customers is measured based on the consideration specified in a contract with a customer. The Group and the Bank recognize revenue when it transfers control over a service to a customer.

Below is presented information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of services	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
Retail and corporate banking service	The Group and the Bank provide banking services to retail and corporate customers, including account management, provision of overdraft facilities, foreign currency transactions, servicing fees etc. Fees for ongoing account management are charged to customer's account on a monthly basis. The Group and the Bank set the rates separately for retail and corporate customers on a periodical basis. Transaction-based fees (e.g. interchange), are charged to the customer's account when the transaction takes place. Servicing fees are charged on a monthly basis and are based on fixed of variable rates according to the published list of commission or individually negotiated tariffs. The rates are periodically reviewed.	Revenue from account service and servicing fees is recognized over time as the services are rendered. Revenue related to transactions is recognized at the point in time when the transaction takes place.

3.6 Net trading income

Net trading income represents the gain or loss from the foreign exchange transactions and foreign exchange position revaluation.

3.7 Income tax expenses

Current and deferred tax shall be recognized in profit and loss, except when it relates to items that are recognized in other comprehensive income or directly to equity, in which case current and deferred tax shall be also recognized in other comprehensive income or directly to equity.

The current corporate tax, as according to the applicable laws of the Republic of Moldova, is recognized as an expense when taxable profits arise. The corporate tax rate for 2024 was 12% (2023 -12%).

The deferred corporate tax is recognized for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the appropriate tax base used for calculation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible tax differences to the extent that taxable profits are likely to be available against which deductible temporary differences can be used. The deferred tax asset value is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that taxable profits will be available to enable the whole or part of the asset to be recovered. Deferred tax assets and liabilities are determined using the tax rates in force and are expected to apply when the deferred tax asset is disposed of or the deferred tax liability is extinguished.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.8 Sale and repurchase agreements („REPO")

Investment securities (debt instruments) sold subject to repurchase agreements ("REPO") are classified in the financial statements as debt instruments at amortized cost (treasury bills) and the counter party liability is included in amounts due to banks or customers, as appropriate. Investment securities purchased under agreements to resell ('reverse repos') are recorded as loans to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and is accrued over the life of the agreements using the effective interest method.

Investment securities held by the Group and the Bank as collateral for lending activities with financial institutions are not recognized in the financial statements, unless these are sold to third parties, in which case the purchase and sale are recorded with the gain or loss included in trading income. The obligation to return them is recorded at fair value as a trading liability.

3.9 Intangible assets

The intangible assets are measured initially at cost. After recognition, intangible assets are measured according to the cost-based model, i.e. cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount if the recognition criteria are met: generate future economic benefits, are reliably measured, improve future performance and are separately identified within the economic activity. The maintenance and support costs are recognized as expenses during the period when incurred.

The straight-line method is used for depreciation of intangible assets. The period of depreciation and the finite useful life shall be reviewed at least at each financial year-end. The finite useful life of intangible assets shall be from 3 to 20 years at most. Expenses related to brands, publishing titles and other similar items are not recognized as intangible assets.

Intangible assets in execution are not depreciated until they are put into function (available for use).

3.10 Property and equipment

Property and equipment are measured at historical cost minus accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of tangible elements.

Subsequent costs are recognized in the asset's carrying amount when incurred, if it is probable that future economic benefits associated with the item will be attributed to the Group and the Bank, and the cost of the item can be measured reliably. All repairs and daily maintenance are recorded at other costs as incurred.

Depreciation is calculated using the straight-line method over the lifetime estimated for each item of the property and equipment category.

The useful lives estimated by category are:

- Buildings 25-45 years
- Improvements to leased buildings 5 years
- Furniture and equipment 2-15 years
- Vehicles 6-7 years

Computers are included in the category of Furniture and equipment and have a useful life of 3 years.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.10 Property and equipment (continued)

Assets under construction are not depreciated until they are put into function (available for use). Likewise, land presents the separate category of property and equipment that are not depreciated. The useful life is reviewed and adjusted, if necessary, at each reporting date. The assets subject to depreciation are reviewed for depreciation whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is immediately reduced to recoverable amount if the carrying amount of the asset is greater than the estimated recoverable amount.

Gains and losses on the sale of property, plant and equipment are reported by reference to their carrying amount when reflected in the income statement at the reporting date.

3.11 Leases

The Group and the Bank assess at contract inception whether a contract is, or contains, a lease. The Group and the Bank apply the requirements of IFRS 16 for all leasing contracts.

At the beginning of the operation, the Group and the Bank as a lessee recognize an asset related to the right-of-use and a liability arising from the lease.

Exceptions from the requirements of this standard may be short-term contracts of up to 12 months or for contracts with a low value. The Group and the Bank considered the threshold for low value leased assets that are less than five thousand euros or the equivalent of five thousand euros at the date of recognition.

At inception of a contract, the Group and the Bank assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Bank use the definition of a lease in IFRS 16.

The Group and the *Bank acting as a lessee:*
At commencement or on modification of a contract that contains a lease component, the Group and the Bank allocate the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group and the Bank recognize a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove any improvements made to branches or office premises.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Bank's incremental borrowing rate. Generally, the Group and the Bank use the average rate of corporate deposits that have a comparable currency and maturity with the lease contract at the origination date as the discount rate.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.11 Leases (continued)

The Group and the Bank determine its incremental borrowing rate by analyzing its borrowings from various external sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group and the Bank are reasonably certain to exercise, lease payments in an optional renewal period if the Group and the Bank are reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group and the Bank are reasonably certain not to terminate early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's and the Bank's estimate of the amount expected to be payable under a residual value guarantee, if the Group and the Bank change its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group and the Bank present right-of-use assets and lease liabilities as separate lines in the statement of financial position.

3.12 Impairment of non-financial assets

The Group and the Bank assess, at each reporting date , whether there is an indication that a non-financial assets may be impaired. Intangible assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized in profit or loss statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.13 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents comprise balances with less than three months initial maturity of the assets from acquisition dates, including: cash, non-restricted balances with National Bank of Moldova, treasury bills, NBM certificates and amounts due from other banks.

Cash and cash equivalents are carried at amortized cost in the statement of financial position.

3.14 Loans and advances

Loans and advances include loans to banks and customers measured at amortized cost. They are initially measured at fair value plus incremental direct transaction costs. Subsequently, they are measured at amortized cost using the effective interest method. Please refer to note 3.2 for more details.

3.15 Investment securities

Investment securities include:
- debt investment securities measured at amortized cost. They are initially measured at fair value plus incremental direct transaction costs. They are subsequently measured at amortized cost using the effective interest method.
- debt investment securities measured at FVOCI. These are initially measured at fair value, the changes being recognized in the statement of other comprehensive income.

The Group and the Bank do not hold debt investment securities at FVTPL at 31 December 2024 and 2023.

For debt securities measured at FVOCI, gains and losses are recognized in OCI, except for the following, which are recognized in profit or loss in the same manner as for financial assets measured at amortized cost:
- interest revenue calculated using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

3.16 Equity investment securities

The Group and the Bank initially measure the equity investment securities at fair value through other comprehensive income, the changes being recognized in the statement of other comprehensive income.

The Group and the Bank elect to present the changes in fair value of certain investments in equity instruments that are not held for trading in OCI. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Fair value gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognized in profit or loss. Dividends are recognized in profit or loss ("Net trading income"), unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognized in OCI. Cumulative gains and losses recognized in OCI are transferred to retained earnings on disposal of an investment.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Subsequently borrowings are stated at amortized cost and any difference between net proceeds and the redemption value is recognized in the profit or loss, over the period of the borrowings using the effective interest method.

3.18 Customers' deposits and current accounts

Customers' current accounts and deposits are recognized at fair value and are subsequently carried at amortized cost using the effective interest rate.

3.19 Provisions

The provisions and legal obligations are recognized when the Group and the Bank have a current or implied obligation arising from a past event, the settlement of which is expected to result in an outflow of resources embodying the Group's and the Bank's economic benefits, and the amount can be estimated reliably. When there are a number of similar obligations, the probability that an outflow of resources will be required in settlement is determined at the expected weighted value with associated probabilities taking into account all possible outcomes.

Provisions are measured at the output expenditures necessary to settle the obligation using the reasoning - based on experience with similar transactions and with the assistance of lawyers or other experts. The subsequent measurement of the provision due to the passage of time is recognized as an interest expense.

3.20 Financial guarantee contracts and loan commitments

The Group and the Bank issue financial guarantees, letters of credit and loan commitments.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognized in the financial statements (within ***Provisions***) at fair value on the date the guarantee was given, being the premium received. Subsequent to initial recognition, the Group's and the Bank's liabilities under such guarantees are measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and an ECL allowance as set out in Note 41.1. The premium received is recognized in the income statement in ***Net fees and commission income*** on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credit are commitments under which. Over the duration of the commitment, the Group are required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed in Note 39.1.I.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.21 Employee Benefits

(i) Short term benefits
Short-term employee benefits include wages, salaries and social security contributions. Short-term employee benefits are recognized as expense as the services are rendered.

(ii) Defined contribution plan
The Group and the Bank, in the normal course of business make payments to the Moldovan State funds on behalf of its employees for pension, health care and unemployment benefit. All employees of the Group and the Bank are members of the State pension plan.

The Group and the Bank do not operate any other pension scheme and, consequently, has no further obligation in respect of pensions. The Group and the Bank do not operate any other defined benefit plan or postretirement benefit plan. The Group and the Bank have no obligation to provide further services to current or former employees.

(iii) Other benefits
The variable remuneration for management is also granted share-based payments in the form of shadow shares.

Shadow share arrangements are a form of compensation where employees receive a bonus or benefit based on the performance of a company's stock without actually owning shares. These arrangements mimic the economic effects of share ownership without transferring legal ownership of shares.

The variable component of the total remuneration represents the remuneration that can be granted by the Group and the Bank in addition to the fixed remuneration, on condition that certain performance ratios are achieved. The variable remuneration may be granted either in cash or in shadow shares related to the stock price of Banca Transilvania shares (TLV on the Bucharest Stock Exchange). In the case of the identified staff, in the establishment of the annual variable remuneration, one shall aim at limiting excessive risk-taking. A substantial part of the variable component of the total remuneration, in all cases at least 40%, is deferred for a period of 3 years and is correlated with the activity nature, the risks and the responsibilities of the respective staff.

The Board of Administration of the Group and the Bank decide in respect of the number of shadow shares to be granted as variable remuneration..

The fair value of the shadow shares are determined at the grant date and re-measured at each reporting date until settlement. This expense should be recognized over the period in which the employees provide services in exchange for the benefits, based on the fair value of the benefits granted.

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

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.22 Dividends

Dividends income is recognized in the result of the year to date when the right to receive such income is established and it is probable that the dividends will be collected . Dividends are reflected as a component of "Net trading income" in the statement of profit or loss.

Dividends payables and payment are treated as a distribution of profit for the period they are declared and approved by the General Meeting of Shareholders.

3.23 Repossessed collaterals

The Group's and the Bank's policy are to determine whether a repossessed asset can be best used for its internal operations or should be sold. Assets determined to be useful for the internal operations are transferred to their relevant asset category at the lower of their repossessed value or the carrying value of the original secured asset. Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value for financial assets, and fair value less cost to sell for non-financial assets at the repossession date.

In the normal course of the business, the Group and the Bank engage external agents to recover funds form repossessed assets, generally at auction, to settle outstanding debt. Any surplus funds are returned to the borrower.

At 31 December 2024 and 2023, repossessed collaterals includes repossessed assets - guaranties that completed the legal repossession process related to non-performing loans. All assets that did not complete the legal repossession process are not recorded on the balance sheet. .

At each reporting date repossessed collateral are tested for impairment as disclosed in Note 3.11.

3.24 Inventories

Inventories are measured at the lower of cost and net realizable value. The value of any decrease in the net book value of inventories to the net realizable value is charged as expense in the period it is incurred.

For each subsequent period, a new valuation is made of the net realizable value. When those conditions that in the past led to a reduction in the book value of inventories below cost have ceased to exist or when there is clear evidence of an increase in the net realizable value as a result of changes in the economic circumstances, the amount representing the reduction in the book value is reversed, so that the net book value of inventory equals the lower of cost and the revised net realizable value.

When inventories are sold, book value of those inventories should be recognized as expenses in the period when the corresponding income is recognized.

3.25 Contingent assets and liabilities

Contingent liabilities are not recognized in the financial statements, but they are disclosed in the financial statements unless there is a "low" probability of an outflow of resources.

A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.26 Earnings per share

The Group and the Bank present basic and diluted earnings per share ("EPS") for its ordinary shares. Basic EPS is calculated by dividing the profit or loss, attributable to ordinary Group's and Bank's shareholders, to the average outstanding ordinary shares.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders with the weighted average number of outstanding ordinary shares, affecting all potential ordinary shares, which comprise convertible securities and share options granted to employees.

3.27 Segment reporting

An operating segment is a component of the Group and the Bank:

- that engages in business activities from which it may earn revenues and incur expenses,
- for which discrete financial information is available;
- whose operating results are reviewed in order to make decisions about resources to be allocated to the segment and to assess its performance.

The Group's and the Bank's segment reporting are presented in Note 38.

3.28 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group and the Bank has applied a number of amendments to IFRS Accounting Standards issued by the IASB that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current issued by IASB on 23 January 2020 and Amendments to IAS 1 Presentation of Financial Statements - Non-current Liabilities with Covenants issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

Amendments to IAS 7 Statement of Cash Flows and **IFRS 7 Financial Instruments**: Disclosures - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognizing in profit or loss any gain or loss relating to the partial or full termination of a lease.

3.29 New and revised IFRS Accounting Standards in issue but not yet effective

A number of amendments to accounting standards are effective for annual periods beginning after 1 January 2025 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 for annual periods beginning after 1 January 2025 (the implementation of these amendments is expected to have no significant impact on the Group's and the Bank's financial statements):

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

3.29 New and revised IFRS Accounting Standards in issue but not yet effective (continued)

Amendments to IFRS 9 and IFRS 7 - Amendments to the Classification and Measurement of Financial Instruments issued by IASB on 30 May 2024. Amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features. Amendments also clarify the date on which a financial asset or financial liability is derecognized and introduce additional disclosure requirements regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity issued by IASB on 18 December 2024. The own-use requirements in IFRS 9 are amended to include the factors an entity is required to consider when applying IFRS 9:2.4 to contracts to buy and take delivery of renewable electricity for which the source of production of the electricity is nature-dependent. The hedge accounting requirements in IFRS 9 are amended to permit an entity using a contract for nature-dependent renewable electricity with specified characteristics as a hedging instrument to designate a variable volume of forecast electricity transactions as the hedged item if specified criteria are met and to measure the hedged item using the same volume assumptions as those used for the hedging instrument. Amendments to IFRS 7 and IFRS 19 to introduce disclosure requirements about contracts for nature-dependent electricity with specified characteristics.

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 - Annual Improvements to IFRS Accounting Standards - Volume 11 issued by IASB on 18 July 2024. These amendments include clarifications, simplifications, corrections and changes in the following areas: (a) hedge accounting by a first-time adopter (IFRS 1); (b) gain or loss on derecognition (IFRS 7); (c) disclosure of deferred difference between fair value and transaction price (IFRS 7); (d) introduction and credit risk disclosures (IFRS 7); (e) lessee derecognition of lease liabilities (IFRS 9); (f) transaction price (IFRS 9); (g) determination of a 'de facto agent' (IFRS 10); (h) cost method (IAS 7).

IFRS 18 Presentation and Disclosures in Financial Statements issued by IASB on 9 April 2024 will replace IAS 1 Presentation of Financial Statements. Standard introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analysing and comparing companies. The main changes in the new standard compared with IAS 1 comprise: (a) The introduction of categories (operating, investing, financing, income tax and discontinued operations) and defined subtotals in the statement of profit or loss; (b) the introduction of requirements to improve aggregation and disaggregation; (c) The introduction of disclosures on Management-defined Performance Measures (MPMs) in the notes to the financial statements.

IFRS 19 Subsidiaries without Public Accountability: Disclosures issued by IASB on 9 May 2024. Standard permits a subsidiary to provide reduced disclosures when applying IFRS Accounting Standards in its financial statements. IFRS 19 is optional for subsidiaries that are eligible and sets out the disclosure requirements for subsidiaries that elect to apply it.

Amendments to IFRS 10 Consolidated Financial Statements and **IAS 28 Investments in Associates and Joint Ventures** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Bank do not expect that the adoption of the accounting standards listed above will have a material impact on the financial statements of the Group in future periods.

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4. CASH AND BALANCES WITH THE NATIONAL BANK OF MOLDOVA

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash on hand and other values	1,191,255	1,049,675	1,147,988	1,049,675
Current account with National Bank of Moldova	94,449	566,196	2,997	566,196
Minimum reserve requirement in MDL	2,643,004	3,333,055	2,463,026	3,333,055
Minimum reserve requirement in foreign currency	2,351,113	2,368,444	2,162,176	2,368,444
Cash and balances with National Bank of Moldova	**6,279,821**	**7,317,370**	**5,776,187**	**7,317,370**
Balances with National Bank of Moldova, out of which:				
Gross value	5,093,683	6,273,994	4,632,853	6,273,994
Expected credit loss allowances	(5,117)	(6,299)	(4,654)	(6,299)
Total	**5,088,566**	**6,267,695**	**4,628,199**	**6,267,695**

Current account and mandatory reserve

In accordance with the regulatory framework of the National Bank of Moldova (NBM), commercial banks are required to maintain minimum mandatory reserves to support liquidity management. These reserves are calculated as a percentage of the average balances of funds attracted by the Bank over a specific observation period, which runs from the 16th day of the prior month to the 15th day of the current month. Funds denominated in Moldovan Leu (MDL) and non-convertible currencies (NCC) are reserved in MDL, while funds denominated in freely convertible currencies (FCC) are reserved in either US Dollars (USD) or Euros (EUR).

As at 31 December 2024, the required reserve ratio for liabilities attracted in MDL and NCC was 25.0%, and for those attracted in FCC, the ratio was 34.0% (31 December 2023: 33.0% for MDL and NCC; 43.0% for FCC).

The Group and the Bank maintains MDL and NCC-denominated required reserves on its "Nostro" account with the NBM. For reserves in USD and EUR, the Bank utilizes the NBM's foreign currency "Nostro" accounts held with correspondent foreign banks. The Bank tracks and manages these foreign currency reserves through dedicated analytical accounts, with separate balances maintained for USD and EUR.

Reserves in MDL are held on the Bank's "Loro" account with the NBM, calculated as an average daily balance over the reserve maintenance period (from the 16th of the current month to the 15th of the following month), based on the number of calendar days in the period. In cases where there is a reserve shortfall in FCC, the Bank is required to transfer the necessary amount to the NBM's respective foreign currency accounts by no later than the 20th day of the current month.

As of December 31, 2024, the balance of the "Nostro" account at the NBM recorded at the consolidated level the amount of MDL 2,736,999 thousand and at the individual level the amount of MDL 2,465,502 thousand (consolidated and individually as of December 31, 2023: MDL 3,896,599 thousand). The Group's reserve requirements in USD and EUR amounted to USD 31,332 thousand and EUR 91,767 thousand, and at the Bank level, respectively, they amounted to USD 28,780 thousand and EUR 84,421 thousand (Group and Bank as of December 31, 2023: USD 34,450 thousand and EUR 91,286 thousand).

During 2024, the NBM decreased the interest rate applicable to required reserves in MDL and NCC from 2.75% to 1.60%. The remuneration rate for foreign currency reserves was also reduced from 3.34% to 2.52% for USD, and from 1.90% to 1.05% for EUR. For comparison, in 2023, the rate for MDL-denominated reserves decreased from 18.00% to 2.75%, while for reserves in USD it increased from 0.01% to 3.32%, and for EUR it remained at 1.90%.

As at 31 December 2024, accrued interest at the individual level amounted to MDL 3,000 thousand for reserves in MDL and MDL 2,300 thousand for reserves in FCC (31 December 2023: MDL 6,570 thousand and MDL 4,120 thousand, respectively). At the consolidated level, accrued interest totalled MDL 3,207 thousand for MDL reserves and MDL 2,582 thousand for FCC reserves.

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4. CASH AND BALANCES WITH THE NATIONAL BANK OF MOLDOVA (continued)

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances with the initial maturity less than three months:

		Group		Bank	
In MDL thousand	Notes	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Cash on hand and other values	4	1,191,255	1,049,675	1,147,988	1,049,675
Current account with the NBM	4	94,449	566,196	2,997	566,196
Current accounts with other banks and overnight placement	5	1,175,898	985,282	889,255	985,282
Term placements with banks with maturity up to 3 months	5	-	371,385	-	371,385
Certificates issued by the NBM	6	2,271,438	2,195,283	1,897,027	2,195,283
Cash and cash equivalents in the cash flow statement		**4,733,040**	**5,167,821**	**3,937,267**	**5,167,821**

5. CURRENT ACCOUNTS AND PLACEMENTS WITH BANKS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current accounts with other banks and overnight placements, out of which:	**1,175,898**	**985,282**	**889,255**	**985,282**
Gross value	1,180,036	988,507	892,724	988,507
Expected credit loss allowances	(4,138)	(3,225)	(3,469)	(3,225)
Term deposits-guarantees in banks, out of which:	**143,682**	**120,726**	**143,682**	**120,726**
Gross value	143,754	120,769	143,754	120,769
Expected credit loss allowances	(72)	(43)	(72)	(43)
Term placements with banks with maturity below 3 months, out of which (Note 4):	-	**371,385**	-	**371,385**
Gross value	-	372,295	-	372,295
Expected credit loss allowances	-	(910)	-	(910)
Term placements with banks due after 3 months, out of which:	**924,790**	**291,931**	**924,790**	**291,931**
Gross value	927,022	292,642	927,022	292,642
Expected credit loss allowances	(2,232)	(711)	(2,232)	(711)
Total	**2,244,370**	**1,769,324**	**1,957,727**	**1,769,324**

As at 31 December 2024, current accounts and placements with banks comprise “Nostro” accounts, as well as overnight and short-term interbank placements. These balances are reflected in the consolidated and individual cash flow statements in the amounts of MDL 1,175,898 thousand at Group level and MDL 889,255 thousand at Bank level (2023: MDL 1,356,667 thousand).

At Group level, the aggregate balance of current accounts, pledged placements, and term deposits held with banks in OECD member states amounted to MDL 1,968,906 thousand, while placements in non-OECD jurisdictions totalled MDL 275,464 thousand. At Bank level, these amounted to MDL 1,772,401 thousand in OECD countries (2023: MDL 1,601,898 thousand) and MDL 185,266 thousand in non-OECD countries (2023: MDL 167,070 thousand).

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5. CURRENT ACCOUNTS AND PLACEMENTS WITH BANKS (continued)

The qualitative assessment of placements with banks was conducted based on credit ratings assigned by international credit rating agencies—Standard & Poor's, Moody's, and Fitch—where such ratings were available. In the absence of a direct rating for a given bank, the sovereign rating assigned by Standard & Poor's was used as a proxy for evaluating credit quality.

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Placements with banks				
Rating from A to AA-	764,585	696,470	568,081	696,470
Rating from BBB to BBB+	1,093,720	663,671	1,003,582	663,671
Rating BBB- and lower	386,065	409,183	386,064	409,183
Total	**2,244,370**	**1,769,324**	**1,957,727**	**1,769,324**

6. INVESTMENT SECURITIES – DEBT INSTRUMENTS

As at 31 December 2024, the Group and the Bank held investment securities consisting of debt instruments measured both at amortized cost and at fair value through other comprehensive income (FVOCI), as follows:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Investment securities measured at amortized cost	8,081,195	5,845,593	7,165,233	5,845,593
Investment securities measured at FVOCI	12,048	14,423	12,048	14,423
Total	**8,093,243**	**5,860,016**	**7,177,281**	**5,860,016**

Investment securities measured at amortized cost – debt instruments

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Certificates issued by the National Bank of Moldova	2,271,438	2,195,283	1,897,027	2,195,283
State securities with initial maturity greater than three months	5,463,802	3,306,726	4,922,251	3,306,726
State securities issued by Romanian Government	345,955	343,584	345,955	343,584
Total	**8,081,195**	**5,845,593**	**7,165,233**	**5,845,593**
Out of which:				
Gross value	8,153,370	5,890,957	7,230,323	5,890,957
Expected credit loss allowances	(72,175)	(45,364)	(65,090)	(45,364)

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6. INVESTMENT SECURITIES – DEBT INSTRUMENTS (CONTINUED)

Investment securities measured at FVOCI – debt instruments

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
State securities	11,936	14,086	11,936	14,086
Fair value adjustments	112	337	112	337
Total	**12,048**	**14,423**	**12,048**	**14,423**

As at 31 December 2024, the Group and the Bank held, under investment securities, debt instruments measured at amortized cost comprising treasury bills issued by the Government of the Republic of Moldova, certificates issued by the National Bank of Moldova, and state securities issued by the Romanian Government. The carrying amount of these instruments totalled MDL 8,081,195 thousand at Group level and MDL 7,165,233 thousand at Bank level (2023: MDL 5,845,593 thousand).

Additionally, as at 31 December 2024, the Group and the Bank maintained a portfolio of government debt securities issued by the Republic of Moldova, classified as financial assets measured at FVOCI, with a fair value of MDL 12,048 thousand (2023: MDL 14,423 thousand), both at consolidated and individual levels.

The state securities held in the Group's and Bank's portfolio as at 31 December 2024 include treasury bills denominated in MDL, issued at a discount and redeemed at face value upon maturity, with original maturities ranging between 182 and 364 days. These instruments bear interest rates between 4.17% and 6.84% (2023: between 5.76% and 14.43%). The portfolio also includes MDL-denominated bonds issued by the Ministry of Finance of the Republic of Moldova, either at nominal value or with premium, with original maturities between 730 and 2,557 days, and fixed or floating interest rates ranging from 4.20% to 13.00% (2023: between 5.85% and 16.00%).

Certificates issued by the National Bank of Moldova held in the Group and Bank's portfolio as at 31 December 2024 had an original maturity of 14 days and an interest rate of 3.60% (2023: 4.75%).

The Romanian state securities held by the Group and Bank are issued by the Ministry of Public Finance of Romania, are denominated in EUR, and have original maturities between one and three years, bearing fixed interest rates ranging from 1.60% to 4.90%.

The qualitative assessment of investment securities was performed based on credit ratings issued by Standard & Poor's, Moody's, and Fitch, where available. For instruments not rated by these agencies, the sovereign credit rating issued by Standard & Poor's was used as a reference.

In MDL thousand	Group		Bank	
Investment securities measured at amortized cost – debt instruments	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Rating BBB-	345,955	343,584	345,955	343,584
Rating B-	7,735,240	5,502,009	6,819,278	5,502,009
Total	**8,081,195**	**5,845,593**	**7,165,233**	**5,845,593**

As at 31 December 2024, state securities with an amortized cost of MDL 1,850,283 thousand (2023: MDL 1,850,283 thousand) were under seizure by the Moldovan authorities (refer to Note 34 for further details).

This seizure does not impact the Bank's operations, liquidity management, or interest income, as the maturing securities are consistently replaced with new issuances, maintaining the nominal value of the seized securities at MDL 1,850,283 thousand.

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7. LOANS TO CUSTOMERS

Bank lending activity focuses on providing loans to individuals and legal entities.

Group	31 December 2024			31 December 2023		
In MDL thousand	Gross value	Expected credit loss allowances	Carrying Amount	Gross value	Expected credit loss allowances	Carrying Amount
Corporate customers	5,298,620	(248,117)	5,050,503	3,387,597	(237,204)	3,150,393
Mortgage loans	2,035,875	(9,291)	2,026,584	1,281,649	(15,053)	1,266,596
Consumer loans	2,201,068	(204,096)	1,996,972	1,767,038	(202,440)	1,564,598
Total	**9,535,563**	**(461,504)**	**9,074,059**	**6,436,284**	**(454,697)**	**5,981,587**

Bank	31 December 2024			31 December 2023		
In MDL thousand	Gross value	Expected credit loss allowances	Carrying Amount	Gross value	Expected credit loss allowances	Carrying Amount
Corporate customers	5,076,357	(222,645)	4,853,712	3,387,597	(237,204)	3,150,393
Mortgage loans	1,897,492	(9,154)	1,888,338	1,281,649	(15,053)	1,266,596
Consumer loans	2,194,421	(203,801)	1,990,620	1,767,038	(202,440)	1,564,598
Total	**9,168,270**	**(435,600)**	**8,732,670**	**6,436,284**	**(454,697)**	**5,981,587**

Analysis of loan portfolio of corporate customers by economic sector as at 31 December 2024 and 31 December 2023 is presented below:

	Group		Bank	
Corporate customers	31 December	31 December	31 December	31 December
In MDL thousand	2024	2023	2024	2023
Production and trade	2,636,432	1,306,251	2,453,587	1,306,251
Real estate	126,914	62,156	126,914	62,156
Farming and food industry	876,542	703,175	837,125	703,175
Consumer loans	61,267	63,313	61,267	63,313
Transport and road construction	200,309	134,650	200,309	134,650
Energy sector	243,182	80,252	243,182	80,252
Government	27,223	48,760	27,223	48,760
Others	1,126,751	989,040	1,126,751	989,040
Total	**5,298,620**	**3,387,597**	**5,076,358**	**3,387,597**

The effect of expected credit loss adjustments on loans to customers during 2024 and 2023 is disclosed in **note 41.1**.

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8. EQUITY INVESTMENT SECURITIES DESIGNATED AT FVOCI

The movement in the investment portfolio is presented below:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Balance as at 1 January	**3,378**	**3,366**	**3,378**	**3,366**
Equity securities acquired by purchase	1,019	-	-	-
Changes in the fair value	59	58	59	58
Additions	744	-	744	-
Disposals	(1,019)	-	-	-
Exchange rate movements	4	(46)	4	(46)
Balance as at 31 December	**4,185**	**3,378**	**4,185**	**3,378**

As of 31 December 2024, within its portfolio, the Group and the Bank hold equity securities valued at fair value through other comprehensive income in local and foreign companies that are not listed.

Below is presented the analysis of equity securities at fair value through other comprehensive income as of 31 December 2024 and 31 December 2023:

In MDL thousand	Scope of business	Owned share 2024, %	31 December 2024	Owned share 2023, %	31 December 2023
Biroul de Credit SRL	Data processing	18.19	2,038	18.19	2,038
S.W.I.F.T SCRL	International transfer	0.01	1,708	0.01	901
Bursa de Valori	Stock exchange	5.94	439	6.16	439
Total			**4,185**		**3,378**

As of 31 December 2024 and 31 December 2023, the Group's and the Bank's investment securities in Biroul de Credit SRL in the amount of 2,038 MDL'000 are under seizure of Moldovan Authorities (please see Note 36).

9. INVESTMENT IN SUBSIDIARIES

As of 31 December 2024, the Bank owned 100% of Banca Comercială Română Chişinău S.A. shares, in the amount of 224,011 MDL'000.

		31 December 2024		31 December 2023	
Name of subsidiary	**Registered address**	Percentage of participation	Share capital	Percentage of participation	Share capital
Banca Comercială Română Chişinău S.A.	St. Puşkin 60/2, Chişinău, Republica Moldova	100%	728,130	-	-

On January 15, 2024, the Bank acquired all the BCR Chişinău S.A shares held by Banca Comercială Română S.A. At the time of the acquisition, the share capital consisted of 72,813 ordinary shares, issued and outstanding, with a nominal value of MDL 10,000 per share.

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10. PROPERTY AND EQUIPMENT

Group *In MDL thousand*	Land and buildings	Furniture and equipment	Vehicles	Improvements of leased assets	Fixed assets under construction	Total
Cost						
Balance at 1 January 2023	**145,897**	**296,054**	**24,502**	**45,930**	**29,666**	**542,049**
Additions	-	6,395	-		115,114	**121,509**
Transfers	-	78,596	-	22,144	(100,740)	**-**
Reclassified as held for sale	-	-	-	-	-	**-**
Disposals (write-offs)	-	(38,354)	-	(364)	(11,833)	**(50,551)**
Balance at 31 December 2023	**145,897**	**342,691**	**24,502**	**67,710**	**32,207**	**613,007**
Balance at 1 January 2024	**145,897**	**342,691**	**24,502**	**67,710**	**32,207**	**613,007**
Property and equipment acquired by purchase	5,539	43,042	3,149	-	784	**52,514**
Additions	-	5,209	-	-	114,374	**119,583**
Transfers	16,941	63,847	-	5,897	(86,685)	**-**
Reclassified as held for sale	-	-	-	-	-	**-**
Disposals (write-offs)	-	(47,923)	-	(2,470)	(1,411)	**(51,804)**
Balance at 31 December 2024	**168,377**	**406,866**	**27,651**	**71,137**	**59,269**	**733,300**
Accumulated depreciation and impairment losses						
Balance at 1 January 2023	**60,815**	**140,098**	**16,414**	**21,391**	**-**	**238,718**
Depreciation for the year	4,081	49,830	2,227	8,146		**64,284**
Reclassified as held for sale	-	-	-	-	-	-
Impairment losses	-	-	6	-	-	**6**
Disposals	-	(38,113)	-	(353)		**(38,466)**
Balance at 31 December 2023	**64,896**	**151,815**	**18,647**	**29,184**	**-**	**264,542**
Balance at 1 January 2024	**64,896**	**151,815**	**18,647**	**29,184**	**-**	**264,542**
Depreciation acquired by purchase	1,804	37,096	2,461	-	-	**41,361**
Depreciation for the year	4,594	53,881	2,329	11,996	-	**72,800**
Reclassified as held for sale	-	-	-	-	-	**-**
Impairment losses	-	-	-	-	-	**-**
Disposals	-	(47,338)	-	(2,022)	-	**(49,360)**
Balance at 31 December 2024	**71,294**	**195,454**	**23,437**	**39,158**	**-**	**329,343**
Carrying amounts						
Balance at 1 January 2023	**85,082**	**155,956**	**8,088**	**24,539**	**29,666**	**303,331**
Balance at 31 December 2023	**81,001**	**190,876**	**5,855**	**38,526**	**32,207**	**348,465**
Balance at 31 December 2024	**97,083**	**211,412**	**4,214**	**31,979**	**59,269**	**403,957**

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10. PROPERTY AND EQUIPMENT (CONTINUED)

Bank *In MDL thousand*	Land and buildings	Furniture and equipment	Vehicles	Improvements of leased assets	Fixed assets under construction	Total
Cost						
Balance at 1 January 2023	**145,897**	**296,054**	**24,502**	**45,930**	**29,666**	**542,049**
Additions	-	6,395	-		115,114	**121,509**
Transfers	-	78,596	-	22,144	(100,740)	**-**
Reclassified as held for sale	-	-	-	-	-	**-**
Disposals (write-offs)	-	(38,354)	-	(364)	(11,833)	**(50,551)**
Balance at 31 December 2023	**145,897**	**342,691**	**24,502**	**67,710**	**32,207**	**613,007**
Balance at 1 January 2024	**145,897**	**342,691**	**24,502**	**67,710**	**32,207**	**613,007**
Additions	-	5,209	-	-	114,374	**119,583**
Transfers	16,940	63,847	-	5,897	(86,684)	-
Reclassified as held for sale	-	-	-	-	-	-
Disposals (write-offs)	-	(22,810)	-	(2,470)	(1,223)	**(26,503)**
Balance at 31 December 2024	**162,837**	**388,937**	**24,502**	**71,137**	**58,674**	**706,087**
Accumulated depreciation and impairment losses						
Balance at 1 January 2023	**60,815**	**140,098**	**16,414**	**21,391**	**-**	**238,718**
Depreciation for the year	4,081	49,830	2,227	8,146		**64,284**
Reclassified as held for sale	-	-	-	-	-	-
Impairment losses	-	-	6	-	-	**6**
Disposals	-	(38,113)	-	(353)		**(38,466)**
Balance at 31 December 2023	**64,896**	**151,815**	**18,647**	**29,184**	**-**	**264,542**
Balance at 1 January 2024	**64,896**	**151,815**	**18,647**	**29,184**	**-**	**264,542**
Depreciation for the year	4,469	50,820	2,075	11,997	-	**69,361**
Reclassified as held for sale	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Disposals	-	(22,251)	-	(2,023)	-	**(24,274)**
Balance at 31 December 2024	**69,365**	**180,384**	**20,722**	**39,158**	**-**	**309,629**
Carrying amounts						
Balance at 1 January 2023	**85,082**	**155,956**	**8,088**	**24,539**	**29,666**	**303,331**
Balance at 31 December 2023	**81,001**	**190,876**	**5,855**	**38,526**	**32,207**	**348,465**
Balance at 31 December 2024	**93,472**	**208,553**	**3,780**	**31,979**	**58,674**	**396,458**

As at 31 December 2024, the cost of property and equipment fully amortized and still used by the Group amounted to MDL 106,393 thousand and by the Bank amounted to MDL 95,023 thousand (31 December 2023 for the Group and the Bank: MDL 59,547 thousand). As at 31 December 2024 tangible assets of the Group and the Bank in amount of MDL 61,262 thousand (31 December 2023 for the Group and the Bank: MDL 49,178 thousand) are under seizure of Moldovan Authorities (please see Note 36).

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11. INTANGIBLE ASSETS

	Group			Bank		
In MDL thousand	Software	Intangible assets in execution	Total	Software	Intangible assets in execution	Total
Cost						
Balance at 1 January 2023	**183,693**	**-**	**183,693**	**183,693**	**-**	**183,693**
Additions	4,967	25,011	**29,978**	4,967	25,011	**29,978**
Transfers	7,948	(7,948)	**-**	7,948	(7,948)	**-**
Disposals	(348)	(787)	**(1,135)**	(348)	(787)	**-1,135**
Balance at 31 December 2023	**196,260**	**16,276**	**212,536**	**196,260**	**16,276**	**212,536**
Balance at 1 January 2024	**196,260**	**16,276**	**212,536**	**196,260**	**16,276**	**212,536**
Intangible assets acquired through purchase	29,561	-	29,561	**-**	**-**	**-**
Additions	2,714	35,428	38,142	2,714	35,401	38,115
Transfers	12,998	(12,998)	-	12,970	(12,970)	-
Disposals	(29,353)	-	(29,353)	(1,977)	-	(1,977)
Balance at 31 December 2024	**212,180**	**38,706**	**250,886**	**209,967**	**38,707**	**248,674**
Accumulated depreciation						
Balance at 1 January 2023	**109,381**	**-**	**109,381**	**109,381**	**-**	**109,381**
Depreciation for the year	17,177	-	17,177	17,177	-	17,177
Disposals	(334)	-	(334)	(334)	-	(334)
Balance at 31 December 2023	**126,224**	**-**	**126,224**	**126,224**	**-**	**126,224**
Balance at 1 January 2024	**126,224**	**-**	**126,224**	**126,224**	**-**	**126,224**
Depreciation acquired through purchase	28,226	-	28,226	-	-	-
Depreciation for the year	23,823	-	23,823	22,800	-	22,800
Disposals	(29,353)	-	(29,353)	(1,976)	-	(1,976)
Balance at 31 December 2024	**148,920**	**-**	**148,920**	**147,048**	**-**	**147,048**
Carrying amounts						
Balance at 1 January 2023	**74,312**	**-**	**74,312**	**74,312**	**-**	**74,312**
Balance at 31 December 2023	**70,036**	**16,276**	**86,312**	**70,036**	**16,276**	**86,312**
Balance at 31 December 2024	**63,260**	**38,707**	**101,966**	**62,920**	**38,707**	**101,626**

As at 31 December 2024, the cost of intangible assets fully amortized but still used by the Group amounted to 30,591 MDL'000 and by the Bank amounted to 29,299 MDL'000 (31 December 2023 for the Group and the Bank: 28,775 MDL'000). As at 31 December 2024 intangible assets have not been pledged as collateral.

12. LEASES

The Group and the Bank leases a number of vehicles and offices for the bank's branches. The leases typically run for a period of 1 - 7 years. The leases were classified as leases under IFRS 16. The information about leases for which the Group and the Bank is a lessee is presented below:

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12. LEASES (CONTINUED)

- **Right-of-use assets**

	Group			Bank		
In MDL thousand	Vehicles	Leased spaces	Total	Vehicles	Leased spaces	Total
Balance at 1 January 2023	**729**	**124,207**	**124,936**	**729**	**124,207**	**124,936**
Additions	1,999	50,614	52,613	1,999	50,614	52,613
Disposals	(61)	(38,863)	(38,924)	(61)	(38,863)	(38,924)
Balance at 31 December2023	**2,667**	**135,958**	**138,625**	**2,667**	**135,958**	**138,625**
Right-of-use assets acquired through purchase	-	38,253	38,253	-	-	-
Additions	2	29,104	29,106	2	28,719	28,721
Disposals	-	(33,245)	(33,245)	-	(25,045)	(25,045)
Balance at 31 December2024	**2,669**	**170,070**	**172,739**	**2,669**	**139,632**	**142,301**
Accumulated depreciation						
Balance at 1 January 2023	**12**	**52,245**	**52,257**	**12**	**52,245**	**52,257**
Depreciation charge for the year	383	34,839	35,222	383	34,839	35,222
Disposals	(3)	(30,239)	(30,242)	(3)	(30,239)	(30,242)
Balance at 31 December 2023	**392**	**56,845**	**57,237**	**392**	**56,845**	**57,237**
Depreciation acquired through purchase	-	26,058	26,058	-	-	-
Depreciation charge for the year	533	40,555	41,088	533	35,718	36,251
Disposals	-	(23,907)	(23,907)	-	(17,843)	(17,843)
Balance at 31 December 2024	**925**	**99,551**	**100,476**	**925**	**74,720**	**75,645**
Carrying amounts						
Balance at 1 January 2023	**717**	**71,962**	**72,679**	**717**	**71,962**	**72,679**
Balance at 31 December 2023	**2,275**	**79,113**	**81,388**	**2,275**	**79,113**	**81,388**
Balance at 31 December 2024	**1,744**	**70,520**	**72,263**	**1,744**	**64,912**	**66,656**

Maturity analysis – Contractual undiscounted cash flows

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Less than one year	34,083	32,179	30,588	32,179
Between one and three years	32,843	39,017	30,492	39,017
Between three and five years	6,725	10,141	6,725	10,141
More than five years	-	319	-	319
Total undiscounted lease liabilities at 31 December	**73,651**	**81,656**	**67,805**	**81,656**

- **Amounts recognized in profit or loss**

In MDL thousand		Group		Bank	
Leases under IFRS 16	Note	2024	2023	2024	2023
Interest expense on lease liabilities (included in interest expenses)	23	2,064	932	1,279	932
Expense relating to leases of low-value assets (included in other operating expenses)	30	3,896	3,083	3,532	3,083

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12. LEASES (CONTINUED)

- **Amounts recognized in statement of cash flow**

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Lease liabilities	**72,070**	**79,583**	**66,223**	**79,583**
Total cash outflow for leases	44,285	35,238	35,656	35,238

13. OTHER FINANCIAL ASSETS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Receivables from international payment systems	13,298	22,587	13,298	22,587
Receivables from Visa and Mastercard	65,836	178,370	65,500	178,370
Other financial assets	47,100	50,423	46,050	50,423
Expected credit loss allowance for other financial assets	(25,399)	(24,084)	(25,399)	(24,084)
Total financial assets	**100,835**	**227,296**	**99,449**	**227,296**

Other financial assets of the Group and the Bank consist of receivables related to calculated commissions not related to interest, contracts for sale of collaterals in installments and settlements with individuals and legal entities. The evolution of allowances for expected credit losses of other financial assets during 2024 and 2023 financial years, is presented in Note 41.1.

14. OTHER ASSETS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Repossessed collaterals	2,773	10,968	2,773	10,968
Inventories	18,306	22,681	18,276	22,681
Advances to suppliers	19,814	14,180	19,809	14,180
Prepaid expenses	23,293	20,696	23,142	20,696
Impairment allowance for other non-financial assets	(2,773)	(10,968)	(2,773)	(10,968)
Total other assets	**61,413**	**57,557**	**61,227**	**57,557**

The other assets (non-financial) include mainly the repossessed assets in exchange for the reimbursement of loans, held for sale. The Group and the Bank take action to sale the assets held for sale, quarterly sales plans are prepared for each asset, which include the management, promotion and identification of potential buyers.

Movement in allowance for impairment of the collaterals repossessed is presented below:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Balance as at 1 January	**10,968**	**32,014**	**10,968**	**32,014**
Impairment charges / (release) (Note 28)	-	(8,577)	-	(8,577)
Disposals due to sales	(8,195)	(12,469)	(8,195)	(12,469)
Balance as at 31 December	**2,773**	**10,968**	**2,773**	**10,968**

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15. CURRENT INCOME TAX ASSETS AND LIABILITIES

Below is an analysis of current income tax assets/liabilities presented in the financial statement:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current income tax assets	24,833	-	14,567	-
Current income tax liability	(10,745)	(9,826)	(3,728)	(9,826)
Current income tax assets / (liabilities), net	**14,088**	**(9,826)**	**10,839**	**(9,826)**

16. OTHER BORROWINGS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans from the Ministry of Finance	107,580	128,590	107,580	128,590
Loans from international financial organizations	485,832	383,892	485,832	383,892
Loans from REPO transactions	150,222	-	150,222	-
Total	**743,634**	**512,482**	**743,634**	**512,482**

Reconciliation of movements of other borrowings to cash flows arising from financing activities:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Balance as at 1 January	**512,482**	196,838	**512,482**	196,838
Balance acquired through purchase	86,375	-	-	
Proceeds received	1,984,461	386,570	1,948,998	386,570
Payments	(1,839,550)	(66,646)	(1,717,826)	(66,646)
Interest expense (Note 23)	42,518	16,679	41,776	16,679
Interest paid	(39,806)	(10,328)	(39,165)	(10,328)
The effect of changes in foreign exchange rates	(2,846)	(10,631)	(2,631)	(10,631)
Balance as at 31 December	**743,634**	**512,482**	**743,634**	**512,482**

The loans received by the Group and the Bank for the purpose of re-crediting are from the European Bank for Reconstruction and Development (EBRD), the European Fund for Southeast Europe (EFSE), from the Ministry of Finance of the Republic of Moldova through the Office of Management of Foreign Assistance Programs (OGPAE).

The purpose is to finance certain investment projects and to supplement the current means (EU4Business project - in improving the quality of products and modernizing services, IFAD projects - mainly in the agricultural field, RISP projects - in rural business development, the Moldova Orchard project (Livada Moldovei) – investments in the horticultural sector and related sectors, GGF- for green and sustainable projects.

In 2024, 4 investment loans were granted from EBRD resources, within the EU4BUSINESS-EBRD CREDIT LINE project, in the amount of 2.2 million EUR, 3 loans from OGPAE in the amount of 6.2 million MDL.

In 2024, the interest rate experienced a significant fluctuation, thus the interest related to the loans received from OGPAE varied between 4.20% - 7.10% for MDL, 4.51% - 4.01% for EUR. For the loan from EBRD, the interest rate in EUR varied between 7.11% - 6.62% and for the loan from EFSE, the rate varied between 7.01% - 5.80% in MDL.

The loans financed from the mentioned borrowings were granted for a period of up to 7 years.
On 31 December 2024, the Group and the Bank complied covenants imposed by the lenders in the loan agreements.

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17. SUBORDINATED DEBTS

Subordinated debts includes subordinated loans from international financial organizations.

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Loans from international financial organizations	482,189	-	482,189	-
Total	**482,189**	**-**	**482,189**	**-**

Within subordinated loans, the Group and the Bank has included the following:

1. loan in the amount of 191.9 million MDL, the equivalent of 10 million EUR, contracted with Green for Growth Fund in December 2024, for a period of 7 years, at the interest rate of 9.05%;
2. loan in the amount of 288.7 million MDL, the equivalent of 15 million EUR, contracted with European Fund for Southeast Europe in December 2024, for a period of 7 years, at the interest rate of 10.2%.

18. DEPOSITS FROM BANKS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
"Loro" accounts from banks	15,015	35,605	9,826	35,605
Overnight deposits	-	-	7,392	-
Total	**15,015**	**35,605**	**17,218**	**35,605**

19. DEPOSITS FROM CUSTOMERS

Deposits from customers can be analyzed as follows:

In MDL thousand	Group		Bank	
Legal entities	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current accounts	6,778,762	6,306,859	6,270,473	6,306,859
Term deposits	1,419,862	629,088	1,310,204	629,088
Total	**8,198,624**	**6,935,947**	**7,580,677**	**6,935,947**
	Group		Bank	
Individuals	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current accounts	6,488,087	4,976,218	6,335,499	4,976,218
Term deposits	4,424,904	3,813,129	3,906,000	3,813,129
Total	**10,912,991**	**8,789,347**	**10,241,499**	**8,789,347**
Deposits from customers	**19,111,615**	**15,725,294**	**17,822,176**	**15,725,294**

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19. DEPOSITS FROM CUSTOMERS (Continued)

Analysis of the deposits from legal entities clients by economic sector as at 31 December 2024 and 31 December 2023 is presented below:

	Group		Bank	
Legal entities, *MDL thousand*	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Production and trade	2,919,734	2,049,555	2,529,875	2,049,555
Services	2,405,474	2,169,833	2,335,625	2,169,833
Manufacturing and processing	5,240	3,310	5,071	3,310
Constructions	398,607	286,954	391,641	286,954
Real estate	306,932	293,733	292,802	293,733
Transportation	458,601	588,127	400,383	588,127
Financial services	436,949	316,141	398,582	316,141
Health	344,405	250,720	343,961	250,720
Agriculture	67,615	35,867	67,461	35,867
Government/Public Administrations	23,845	12,785	23,845	12,785
Energy sector	281,145	506,362	281,144	506,362
Others	550,077	422,560	510,287	422,560
Total	**8,198,624**	**6,935,947**	**7,580,677**	**6,935,947**

20. PROVISIONS FOR OTHER RISKS AND LOAN COMMITMENTS

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Provisions for loan commitments, financial guarantees	42,261	39,216	41,511	39,216
Total	**42,261**	**39,216**	**41,511**	**39,216**

The table below shows reconciliation from the opening to the closing balance of the litigations provisions:

	Group		Bank	
	2024	2023	2024	2023
Balance at 1 January	**-**	**2,314**	**-**	**2,314**
Provisions reversed during the year	-	(2,314)	-	(2,314)
Balance at 31 December	**-**	**-**	**-**	**-**

21. DEFERRED TAX BALANCES

An analysis of deferred income tax assets / (liabilities) presented in statement of financial position, is presented below:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Deferred income tax assets	9,915	8,062	6,907	8,062
Deferred income tax liabilities	(3,809)	(4,060)	(3,808)	(4,060)
Deferred tax assets / (liabilities), net	**6,106**	**4,002**	**3,099**	**4,002**

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21. DEFERRED TAX BALANCES (CONTINUARE)

Movement in deferred tax balances is presented below:

Group *In MDL thousand*	31 December 2023	Business Combination	Recognized in profit and loss	Recognized in other items of comprehensive income	31 December 2024
Property and equipment	(3,959)	181	1,008	-	(2,770)
Provisions for litigations	-	116	(26)	-	90
Other assets	-	33	(4)	-	29
Other liabilities	-	120	(47)	-	73
Accrual for untaken holidays	1,815	449	(82)	-	2,182
Accrual for other employee benefits	6,247	2,122	(1,785)	-	6,584
Debt securities measured at FVOCI	(41)	(22)	-	49	(14)
Equity investment securities measured at FVOCI	(60)	-	-	(7)	(67)
Deferred tax assets / (liabilities)	**4,002**	**2,999**	**(936)**	**42**	**6,106**

Group *In MDL thousand*	31 December 2022	Recognized in profit and loss	Recognized in other items of comprehensive income	31 December 2023
Property and equipment	(4,570)	611	-	(3,959)
Provisions for litigations	278	(278)	-	-
Accrual for untaken holidays	1,482	333	-	1,815
Accrual for other employee benefits	3,561	2,686	-	6,247
Debt securities measured at FVOCI	48	-	(89)	(41)
Equity investment securities measured at FVOCI	(56)	-	(4)	(60)
Deferred tax assets / (liabilities)	**742**	**3,352**	**(93)**	**4,002**

Bank *In MDL thousand*	31 December 2023	Recognized in profit and loss	Recognized in other items of comprehensive income	31 December 2024
Property and equipment	(3,959)	232	-	(3,727)
Provisions for litigations	-	-	-	-
Accrual for untaken holidays	1,815	137	-	1,952
Accrual for other employee benefits	6,247	(1,292)	-	4,955
Debt securities measured at FVOCI	(41)	-	27	(14)
Equity investment securities measured at FVOCI	(60)	-	(7)	(67)
Deferred tax assets / (liabilities)	**4,002**	**(923)**	**20**	**3,099**

Bank *In MDL thousand*	31 December 2022	Recognized in profit and loss	Recognized in other items of comprehensive income	31 December 2023
Property and equipment	(4,570)	611	-	(3,959)
Provisions for litigations	278	(278)	-	-
Accrual for untaken holidays	1,482	333	-	1,815
Accrual for other employee benefits	3,561	2,686	-	6,247
Debt securities measured at FVOCI	48	-	(89)	(41)
Equity investment securities measured at FVOCI	(56)	-	(4)	(60)
Deferred tax assets / (liabilities)	**742**	**3,352**	**(93)**	**4,002**

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22. OTHER LIABILITIES

Financial Liabilities	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Amounts pending for customers instructions	186,261	244,762	184,237	244,762
Approved and issued treaties	5,937	129,988	5,937	129,988
Bank cards operations	5,877	36,803	4,689	36,803
Non-interest-bearing calculated expenses	56,238	47,531	54,956	47,531
Payments collected for transfer according to the destination	12,259	21,640	12,216	21,640
Suspense amounts	540	927	437	927
Settlements with the brokers	3,721	5,169	3,721	5,169
Dividends to pay	146	-	146	-
Settlements related to tangible assets	832	865	832	865
Other financial liabilities	146,031	231,184	144,160	231,184
Total	**417,843**	**718,869**	**411,333**	**718,869**

Non-financial liabilities	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Accrual for untaken holidays	18,184	15,127	16,269	15,127
Accrual for other employee benefits	54,863	52,058	41,292	52,058
Other settlements with the state budget	13,783	12,013	12,697	12,013
Settlements on the sale of other assets	824	-	-	-
Other non-financial liabilities	3,429	2,483	2,582	2,483
Total	**90,258**	**81,681**	**72,840**	**81,681**
Total other liabilities	**508,100**	**800,550**	**484,173**	**800,550**

Other financial liabilities include transfers to cards, salary projects, merchant advance payments (internet-stores).

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23. CAPITAL AND RESERVES

(i) Share capital

During the year 2024, there were no changes to the Group's and Bank's share capital amounting to MDL 250,000,910 as at 31 December 2024 and 31 December 2023, consisting of 25,000,091 ordinary nominative shares of class I, code ISIN MD14VCTB1004, with a nominal value MDL 10, with voting right, the right to receive dividends, issued in non-material form.

As at 31 December 2024 the Group and the Bank has 195 shareholders - individuals and legal entities (31 December 2023: 184 shareholders), among which:

	31 December 2024	31 December 2022
Shareholders with a share equal to or above 1%, among which:	**5 persons**	**5 persons**
Legal entities	1	1
Individuals	4	4
Other shareholders, of which:	**190 persons**	**179 persons**
Legal entities	12	11
Individuals	178	168

	31 December 2024, %	31 December 2023, %
Shareholders with a share equal to or above 1%, among which:		
VB Investment Holding B.V.	72.19	72.19
Ţurcan Victor	10.76	10.76
Ţurcan Valentina	8.07	8.07
Artemenco Elena	4.95	4.95
Proidisvet Galina	1.58	1.58
Other shareholders	2.45	2.45
TOTAL	**100**	**100**

The holders of ordinary shares are entitled to receive dividends as declared by the general shareholders meeting, and are entitled to one vote per share at meetings of the Bank. All ordinary shares rank equally with regard to the Bank's residual assets.

(ii) Other reserves

The balance represents the general reserve for bank risks and relates to the difference between the assets impairment losses and provisions for conditional commitments, according to IFRS, and the amount calculated but unformed of allowances for losses on assets and conditional commitments, according to prudential regulations of the National Bank of Moldova.

Starting with 2012, general reserves for bank risks were made up of the reported result.
On 31 December 2024, the above-mentioned difference increased from the balance reflected in the general reserve account for bank risks of 31 December 2023. Thus, the amount of 116,285 MDL'000 has been transferred from the reported results.

(iii) Statutory reserves

In accordance with the local legislation, 5% of the net profit of the Bank is required to be transferred to a non-distributable statutory reserve until such time as this reserve represents at least 10% of the share capital of the Bank. This reserve is non-distributable. According to the Bank's statute these can be used to absorb losses.

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23. CAPITAL AND RESERVES (CONTINUED)

(iv) **Fair value reserve**

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities measured at FVOCI (see Note 3.15) and
- the cumulative net change in fair value of debt securities measured at FVOCI until the assets are derecognized or reclassified. This amount is increased by the amount of loss allowance (see Note 3.14).

24. NET INTEREST INCOME

	Group		Bank	
In MDL thousand	**2024**	**2023**	**2024**	**2023**
Interest income calculated using the effective interest method				
Loans to customers*	706,676	673,150	657,722	673,150
Required reserves, placements and current accounts with NBM and other banks	181,751	320,257	162,783	320,257
Investment securities at amortized cost	347,673	832,193	316,859	832,193
Investment securities at FVOCI	8,052	1,720	953	1,720
Investment securities at P&L	657	-	657	-
Total interest income	**1,244,809**	**1,827,320**	**1,138,974**	**1,827,320**

*The interest income on impaired loans of the Group and the Bank for the year ended 31 December 2024 amounted to 26,124 MDL'000 (2023: 35,757 MDL'000).

	Group		Bank	
In MDL thousand	**2024**	**2023**	**2024**	**2023**
Interest expense				
Deposits from customers	(223,723)	(548,069)	(189,038)	(548,069)
Current accounts with banks	(4)	-	(4)	-
Deposits from banks	(247)	(780)	(658)	(780)
Other borrowings	(42,518)	(16,679)	(41,776)	(16,679)
Subordinated liabilities	(1,517)	-	(1,517)	-
Operational leasing	(1,903)	(810)	(1,118)	(810)
Financial leasing	(161)	(122)	(161)	(122)
Total interest expense	**(270,073)**	**(566,460)**	**(234,272)**	**(566,460)**
Net interest income	**974,736**	**1,260,860**	**904,702**	**1,260,860**

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24. NET INTEREST INCOME (CONTINUED)

The amounts reported above include interest income and expense, calculated using the effective interest method, that relate to the following financial assets and financial liabilities:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Financial assets measured at amortized cost	1,236,100	1,825,600	1,137,364	1,825,600
Financial assets measured at FVOCI	8,052	1,720	953	1,720
Financial assets measured at P&L	657	-	657	-
Total	**1,244,809**	**1,827,320**	**1,138,974**	**1,827,320**
Financial liabilities measured at amortized cost	**(270,073)**	**(566,460)**	**(234,272)**	**(566,460)**

25. NET FEE AND COMMISSION INCOME

In the following table, fee and commission income from contracts with customers in the scope of IFRS 15 is disaggregated by major type of services:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Fee and commissions income				
Bank cards operation	445,877	407,796	442,493	407,796
Transactions with customers	185,283	169,982	174,788	169,982
Clearing operations	18,110	20,950	18,110	20,950
Currency exchange operations	1,046	970	1,046	970
Commission for release of guarantees	3,558	2,109	2,537	2,109
Brokerage fees	1,588	1,097	1,572	1,097
Lending activity	248	224	225	224
Other commissions income	18,296	14,803	18,049	14,803
Total fee and commissions income	**674,006**	**617,931**	**658,820**	**617,931**

	Group		Bank	
Fee and commissions expenses	2024	2023	2024	2023
Commissions for card services	(398,991)	(371,222)	(392,945)	(371,222)
Payment transactions	(27,985)	(17,940)	(24,477)	(17,940)
Commissions upon cash withdrawal and depositing	(17,362)	(20,330)	(17,024)	(20,330)
Other commissions related to borrowings	(13)	(57)	(13)	(57)
Total fee and commissions expenses	**(444,351)**	**(409,549)**	**(434,459)**	**(409,549)**
Net fee and commission income	**229,655**	**208,382**	**224,361**	**208,382**

Other commissions income represents the commissions charged for other bank operations (i.e. utilities payments), cash collection services and bancassurance fees.

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26. NET TRADING INCOME

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Net income from foreign exchange transactions	354,970	255,991	321,783	255,991
Losses from the revaluation of foreign currency assets and liabilities	7,072	9,102	7,357	9,102
Dividends on equity investments measured at FVOCI	2,216	694	1,476	694
Other financial income	25	51	25	51
Total	**364,283**	**265,838**	**330,641**	**265,838**

27. OTHER OPERATING INCOME

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Other operating income	16,828	5,658	16,828	5,658
Fines and penalties received	1,217	3,584	1,107	3,584
Other income	14,354	3,085	6,204	3,085
Total	**32,399**	**12,327**	**24,139**	**12,327**

Other operating income includes the refund of amounts paid by Visa Inc. and MasterCard Incorporated to cover expenses related to promotional services.

28. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND PROVISIONS FOR OFF-BALANCE SHEET COMMITMENTS

Additional information on impairment of financial assets during the financial years 2024 and 2023 are presented in Note 41.1. (I. Amounts arising from ECL).

The following table provides reconciliation position "(losses) / Net impairment income on financial assets and provisions for off-balance-sheet commitments" in statement of profit or loss:

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Cash and balances with the National Bank of Moldova	6,774	(793)	1,676	(793)
Current accounts and placements with banks	4,694	(4,137)	(807)	(4,137)
Debt securities at amortized cost	(9,261)	(2,717)	(19,733)	(2,717)
Debt securities at FVOCI	14,506	25	29	25
Loans to customers at amortized cost	156,256	(102,340)	159,537	(102,340)
Receivables from sales of collaterals	185	1,224	185	1,224
Other financial assets	(6,751)	(2,051)	(6,735)	(2,051)
Loan commitments and financial guarantee contracts	(2,006)	(4,848)	(2,223)	(4,848)
Total	**164,397**	**(115,637)**	**131,929**	**(115,637)**

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29. (LOSSES) / NET IMPAIRMENT INCOME ON FINANCIAL ASSETS

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Repossessed collaterals	2,872	8,577	2,872	8,577
Tangible assets	-	(5)	-	(5)
Intangible assets	1	-	1	-
Total	**2,873**	**8,572**	**2,873**	**8,572**

30. PERSONNEL EXPENSES

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Salaries and bonuses	(396,525)	(333,790)	(354,545)	(333,790)
Social insurance and contributions	(100,622)	(85,561)	(90,770)	(85,561)
Net expenses with accruals for untaken holidays and other accruals	2,981	(24,338)	9,624	(24,338)
Other staff expenses (other payments, meal vouchers)	(32,710)	(29,412)	(31,004)	(29,412)
Total	**(526,876)**	**(473,101)**	**(466,695)**	**(473,101)**

The average monthly number of employees active in the Bank during 2024 was 1,121 people (in 2023 was 1,119 people). The average monthly number of employees active in the Group during 2024 was 1,201 people (in 2023 was 1,119 people).

The Group's expenses related to the share-based payments are included in the "salaries and bonuses" in 2024 and amounted to MDL 4,378 thousand and Bank's were MDL 3,143 thousand (Group and Bank in 2023: MDL 2,197 thousand). The Group's related contributions were MDL 1,051 thousand and Bank's related contributions were MDL 754 thousand (Group and Bank - MDL 527 thousand in 2023).

The Bank established a Shadow Shares Plan ("SSP"), by which members of the executive committee may exercise the right and option to receive a number of shadow shares, as part of their variable remuneration.

Vesting conditions for 2024 related to SSP 2023:
- Achievement of performance and prudential indicators during 2023;
- Compliance with certain individual eligibility and/or performance criteria, in accordance with the applicable remuneration policy and standard, related to the year for which shares are granted;
- Being an employee upon the granting of the SSP right and when exercising such right (starting from June 2024).

Contractual vesting period for the shares granted for the year 2023 through SSP:
- Release after 1 June 2024;
- Deferral period for the identified personnel – 3 - 5 years, subject to applicable restrictions, pursuant to internal regulations in force.

As at 31 December 2024 the Group accrued MDL 4,793 thousand for SSP expected to vest in 2025 and MDL 1,151 thousand of related taxes and contributions, the Bank accrued MDL 3,048 thousand for SSP expected to vest in 2025 and MDL 732 thousand of related taxes and contributions (as 31 December 2023 for the Group and the Bank: MDL 2,041 thousand for SSP expected to vest in 2024 and MDL 490 thousand of related taxes and contributions).

The total deferred variable remuneration as 31 December 2024, for SSP expected to vest after 31 December 2025 is estimated at MDL 4,967 thousand and MDL 1,192 thousand of related contributions.

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31. OTHER OPERATING EXPENSES

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Utilities and rent	(15,449)	(16,108)	(13,542)	(16,108)
Repairs and maintenance expenses	(25,298)	(20,229)	(22,476)	(20,229)
Contribution to the Bank Deposit Guarantee Fund and Resolution Fund	(59,315)	(26,829)	(55,887)	(26,829)
Security and protection	(7,316)	(6,012)	(6,205)	(6,012)
Advertising, marketing, entertainment and sponsorship expenses	(20,518)	(21,453)	(20,392)	(21,453)
Expenses for maintaining intangible assets	(59,377)	(49,008)	(55,361)	(49,008)
Mail and telecommunication	(15,791)	(12,727)	(14,319)	(12,727)
Stationery and printing	(3,544)	(3,592)	(3,444)	(3,592)
Audit, advisory and legal expenses	(21,624)	(24,210)	(18,785)	(24,210)
Training	(3,294)	(4,249)	(3,236)	(4,249)
Travel and transportation	(5,033)	(2,991)	(4,726)	(2,991)
Expenses related to the disposal of other assets	(26,944)	(19,355)	(26,884)	(19,355)
Taxes and penalties	(7,744)	(1,556)	(6,624)	(1,556)
Other operating expenses	(88,516)	(77,037)	(83,310)	(77,037)
Total	**(359,763)**	**(285,356)**	**(335,191)**	**(285,356)**

Other operating expenses include expenses related to the seconded employees, insurance of Bank's property and other non-deductible expenses.

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32. BARGAIN GAIN

As at 15 January 2024, Victoriabank acquired 100% of the shares in BCR Chișinău. Through this acquisition, the Bank strengthens its position on the Moldovan banking market.

The Consideration transferred

The fair value of the consideration transferred amounted to MDL 224,011 thousand and was full paid in cash at the acquisition date. No equity instruments were issued as part of the acquisition of BCR Chișinău S.A.

Assets acquired and liabilities assumed

The table below summarizes the amounts recognized at the acquisition date in respect of the assets acquired and liabilities assumed for BCR Chisinau S.A.:

In MDL thousand	Carrying amount	Adjustments	Fair value
Cash, cash equivalents and placements with banks	1,075,191	-	1,075,191
Loans granted to customers	1,161,287	-	1,161,287
Debt instruments and equity investments	675,274	-	675,274
Right of use, tangible and intangible assets	22,579	2,103	24,682
Other assets	47,009	-	47,009
Deposits from customers and banks	(2,116,053)	-	(2,116,053)
Other borrowings	(86,375)	-	(86,375)
Other liabilities	(64,396)	-	(64,396)
Total net assets acquired	**714,516**	**2,103**	**716,619**

Fair value measurement

The following valuation techniques were used to determine the fair value of the acquired assets and assumed obligations:

- **Portfolio of loans to customers- performing**:
  value adjustments have been made to reflect differences in interest rates (contract versus market) as well as lifetime expected credit losses from a participant's perspective over the market. The valuation methodology sought to quantify the possible differences between the interest rates in force and those existing on the market at the valuation date;
- **The portfolio of loans to customers** – non-performing:
  the fair value analysis of non-performing loans focused on the ECL estimation, whereby the amount of expected credit losses was estimated taking into account the potential recoveries from guarantees;
- **Loans from banks and financial institutions**: adjustments were made to reflect the difference between contractual and market interest rates;

Bargain gain

The gain from the acquisition of BCR Chișinău S.A. in the amount of 492,608 MDL thousand, was determined as the difference between the consideration paid (in amount of 224,011 MDL thousand) and the share of the fair value of assets and liabilities of BCR Chișinău S.A. at the date of taking control (in amount of 716,619 MDL thousand). The amount of the acquisition income is presented on the line „Bargain gain" in the Statement of Profit or Loss.

Costs related to the acquisition and integration of BCR Chisinau S.A.

The costs related to the acquisition are the costs incurred by the Group with the business combination. These costs include: costs of intermediation, advisory, legal, accounting, valuation and other professional or consulting services, as well as general administrative costs generated within the integration process.

The costs related to the acquisition and integration of BCR Chisinau S.A amounted to MDL 9,023 thousand, amounts that are included in the Profit or Loss Account under "Other operating expenses" and "Personnel expenses".

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33. DEPRECIATION

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Property and equipment (Note 10)	(72,799)	(64,285)	(69,361)	(64,285)
Right-of-use assets (Note 12)	(41,088)	(35,222)	(36,251)	(35,222)
Intangible assets (Note 11)	(23,823)	(17,177)	(22,800)	(17,177)
Total	**(137,710)**	**(116,684)**	**(128,412)**	**(116,684)**

34. NET INCOME TAX RELEASE/ (EXPENSES)

Income tax expenses consist of current tax and deferred tax are presented as follows:

Income tax recognized in profit and loss account

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current tax				
Current tax expenses	(93,391)	(98,853)	(86,345)	(98,853)
Deferred tax				
(Expense)/release with deferred income tax	(936)	3,352	(922)	3,352
Total income tax expenses recognized during the year	**(94,327)**	**(95,500)**	**(87,267)**	**(95,500)**

Income tax expenses reconciles to profit before tax as follows:

	Group				Bank			
In MDL thousand	2024		2023		2024		2023	
Profit before tax		**744,064**		**767,515**		**688,347**		**767,515**
Tax using the Bank's domestic tax rate	12.00%	89,288	12.00%	92,102	12.00%	82,602	12.00%	92,102
Tax effect of non-deductible expenses	0.73%	5,416	0.47%	3,620	0.73%	5,015	0.47%	3,620
Tax-exempt income	(0.05%)	(377)	(0.03%)	(222)	(0.05%)	(350)	(0.03%)	(222)
Income tax expense recognized in profit and loss account	12.68%	**94,327**	12.44%	**95,500**	12.68%	**87,267**	12.44%	**95,500**

Non-deductible expenses are related to some expenses related to detached employees, insurance premiums and other non-deductible expenses according to provisions of Tax Code of Republic of Moldova.

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34. NET INCOME TAX RELEASE/ (EXPENSES) (CONTINUED)

Income tax recognized in other comprehensive income

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Current income tax				
Current tax	-	-	-	-
Deferred income tax				
Change in fair value of debt investment securities designated at FVOCI	27	(89)	27	(89)
Change in fair value of equity investments securities designated at FVOCI	(7)	(4)	(7)	(4)
Total income tax recognized in other comprehensive income	**20**	**(93)**	**20**	**(93)**

35. OFF BALANCE SHEET GUARANTEES AND OTHER FINANCIAL COMMITMENTS

The cumulated amounts of guarantees in balance and other off balance sheet elements as at 31 December 2024 and 2023:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Issued guarantees	227,073	130,962	185,997	130,962
Commitments to issue guarantees	137,029	49,821	127,384	49,821
Loan commitments	1,100,964	691,694	1,100,440	691,694
Total	**1,465,066**	**872,477**	**1,413,821**	**872,477**

The Group and the Bank issue guarantees and letters of credit on behalf of its customers. The credit risk on guarantees is similar to that arising from granting of loans. Financing commitments represent the Group's and the Bank's commitments to grant loans to customers and do not necessarily represent future cash requirements, since many of these commitments will expire or terminate without being funded.

36. CONTINGENT LIABILITIES AND LITIGATIONS

The Bank was notified on 6 July 2020 that it is being investigated in a case instrumented by the Prosecutor's Office of the Republic of Moldova and on 6 August 2020, a precautionary seizure was placed on some of the Bank's assets, in order to cover the claims in the file - amounting to approximately MDL 2.2 billion.

As at 31 December 2024, the amount of the Bank's assets that were seized by the criminal investigation body was MDL 1.9 billion (31 December 2023: MDL 1.9 billion).

Considering the nature of the case, current status of the investigation, legal limitations related to the investigation, the lawyers' analysis of the content of investigators case files, corroborated with the lawyers' legal opinion on the background facts and evidence provided by the prosecutors, the management of the Bank concluded that the disclosure of a contingent liability in the financial statements satisfies the requirements of IAS 37.

Based on consultations with its lawyers and understanding the risks associated with the case, the Bank did not recognize any provision related to this dispute as of 31 December 2024 and as of 31 December 2023. The Bank will monitor the evolution of the topic at each reporting date, in accordance with the relevant provisions of the accounting standards and regulations.

The Group and the Bank are also involved as defendant in a number of other litigations as at 31 December 2024 and 31 December 2024, emerged from normal banking activities.

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37. BASIC EARNINGS PER SHARE

	Group		Bank	
MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Profit for the year	1,142,275	672,015	601,080	672,015
The number of ordinary shares	25,000,091	25,000,091	25,000,091	25,000,091
Basic earnings per share	**45.69**	**26.88**	**24.04**	**26.88**

The basic earnings per share are calculated by dividing the net profit for the year attributable to the holders of ordinary equity by the weighted average number of ordinary shares outstanding during the year. The calculation of the basic earnings per share as at 31 December 2024 and as at 31 December 2023 was based on the number of outstanding shares during the period, this number being unmodified – 25,000,091 – since 2011.

The diluted earnings per share for 2024 took into consideration the adjusted net profit attributable to the ordinary shareholders of the Bank and the weighted average number of outstanding diluted ordinary shares.

For 2023-2024, the amount of convertible bonds was 0, in this case the diluted net profit attributable to the shareholders is equal with the net profit of the Bank and the earning per diluted share is the same as the earning per ordinary share.

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

38. SEGMENT REPORTING

The Group's and the Bank's segments reporting are presented in accordance with the internal requirements of the Management. The operational segments correspond to the internal reports to the Executive Management and the Board of Administration.
The reporting format is based on the internal management reporting format. All assets and liabilities, income and expenses presented are allocated to operating segments either directly or on the basis of criteria established by Management.

A business segment is a component of the Group and the Bank:

- That engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses related to transactions with other components of the same entity);
- The operating results of which are reviewed regularly by the entity's decision maker in order to make decisions about resources to be allocated to the segment and to assess its performance;
- For which distinct financial information is available.

The Group and the Bank have the following four strategic divisions, which are operating and reportable segments. These divisions offer different products and services, and are managed separately based on the Group's and the Bank's management and internal reporting structure:

Corporate Clients: In this category, the Group and the Bank mainly manage loans and other credit facilities and deposit and current accounts for legal entities with an annual turnover of more than MDL 50 million. This category includes Public administration, national public institutions, the City Hall and the council of Chisinau and Balti municipalities and insurance companies.

SME customers: In this category, the Group and the Bank mainly manage loans and other credit facilities and deposit and current accounts for legal entities with an annual turnover (sales revenue) up to MDL 50 million according to the financial statements presented, Non-compliant entities in the criteria of Corporate Client, including the entities for which it is not possible to identify the turnover.

Individuals: The Group and the Bank provide individuals with a wide range of financial products and services, including lending (mortgages, consumer and vehicle loans), current and deposit accounts, and payment services.

Treasury: The Bank include in this category the services provided by the treasury activity: interbank operations, securities transactions and equity instruments. Also, the bank incorporates in this category the services offered by the treasury activity in foreign exchange transactions.

Others: The Group and the Bank include in this category elements that do not fall into the existing categories and result from financial and strategic decisions taken centrally such as tangible and intangible assets, assets related to the right of use and other assets that cannot be directly identified.

In terms of geographical distribution, the Group and the Bank cover mainly the Republic of Moldova territory.

As of December 31, 2024 and December 31, 2023, no customer generated more than 10% of total revenue for the Group and the Bank.

The Management of the Group and the Bank monitor the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. However, income taxes and net expenses for expected losses from impairment of loans and advances to customers, provisions for loan commitments and litigations are managed on a consolidated basis and are not allocated to operating segments.
We present below segmented financial information on the statement of financial position and operating profit before income tax expenses, net expenses for expected losses from impairment of loans and advances to customers and provisions for loan commitments and litigations as of December 31, 2024 and comparative data for December 31, 2023:

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38. SEGMENT REPORTING (CONTINUED)

Reportable segments as of December 31, 2024, Group

MDL thousand	Corporate	SME	Individuals	Treasury	Others	Total
Loans to customers	3,251,211	2,047,409	4,236,943	-	-	**9,535,563**
Expected credit loss allowances	*(147,751)*	*(100,366)*	*(213,387)*	-	-	***(461,504)***
Current accounts and placements with NBM and banks	-	-	-	7,332,936	-	**7,332,936**
Debt and equity instruments	-	-	-	8,097,428	-	**8,097,428**
Other assets	8,654	1,096	786	-	1,941,347	**1,951,883**
Total assets	**3,112,114**	**1,948,139**	**4,024,342**	**15,430,364**	**1,941,347**	**26,456,306**
Deposits from banks	-	-	-	15,015	-	**15,015**
Deposits from customers	4,182,024	4,016,600	10,912,991	-	-	**19,111,615**
Other borrowings	485,832	107,580	-	150,222	-	**743,634**
Subordinated liabilities	-	-	-	-	482,189	**482,189**
Provisions for other risks and loan commitments	19,914	10,602	11,744	-	-	**42,260**
Other liabilities	-	-	-	-	580,171	**580,171**
Total liabilities	**4,687,770**	**4,134,782**	**10,924,735**	**165,237**	**1,062,360**	**20,974,884**
Equity	-	-	-	-	5,481,422	**5,481,422**
Total liabilities and equity	**4,687,770**	**4,134,782**	**10,924,735**	**165,237**	**6,543,782**	**26,456,306**

Reportable segments as of December 31, 2023, Group

MDL thousand	Corporate	SME	Individuals	Treasury	Others	Total
Loans to customers	1,963,825	1,423,772	3,048,688	-	-	**6,436,285**
Expected credit loss allowances	*(149,924)*	*(87,280)*	*(217,493)*	-	-	***(454,697)***
Current accounts and placements with NBM and banks	-	-	-	8,037,020	-	**8,037,020**
Debt and equity instruments	-	-	-	5,863,394	-	**5,863,394**
Other assets	8,763	4,104	6,812	-	1,835,014	**1,854,693**
Total assets	**1,822,664**	**1,340,596**	**2,838,007**	**13,900,414**	**1,835,014**	**21,736,695**
Deposits from banks	-	-	-	35,605	-	**35,605**
Deposits from customers	4,006,063	2,929,884	8,789,347	-	-	**15,725,294**
Other borrowings	383,892	128,590	-	-	-	**512,482**
Provisions for other risks and loan commitments	17,849	10,607	10,760	-	-	**39,216**
Other liabilities	-	-	-	-	889,959	**889,959**
Total liabilities	**4,407,804**	**3,069,081**	**8,800,107**	**35,605**	**889,959**	**17,202,556**
Equity					4,534,139	**4,534,139**
Total liabilities and equity	**4,407,804**	**3,069,081**	**8,800,107**	**35,605**	**5,424,098**	**21,736,695**

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38. SEGMENT REPORTING (CONTINUED)

Reportable segments as of December 31, 2024, Bank

MDL thousand	Corporate	SME	Individuals	Treasury	Others	Total
Loans to customers	3,048,065	2,028,293	4,091,912	-	-	**9,168,270**
Expected credit loss allowances	*(122,557)*	*(100,089)*	*(212,954)*	-	-	***(435,600)***
Current accounts and placements with NBM and banks	-	-	-	6,585,926	-	**6,585,926**
Debt and equity instruments	-	-	-	7,181,466	-	**7,181,466**
Investment in subsidiaries	-	-	-	224,011	-	**224,011**
Other assets	8,654	1,096	786	-	1,876,806	**1,887,342**
Total assets	**2,934,162**	**1,929,300**	**3,879,744**	**13,991,403**	**1,876,806**	**24,611,415**
Deposits from banks	-	-	-	17,218	-	**17,218**
Deposits from customers	3,794,105	3,786,572	10,241,499	-	-	**17,822,176**
Other borrowings	485,832	107,580	-	150,222	-	**743,634**
Subordinated liabilities	-	-	-	-	482,189	**482,189**
Provisions for other risks and loan commitments	19,274	10,513	11,725	-	-	**41,512**
Other liabilities	-	-	-	-	550,394	**550,394**
Total liabilities	**4,299,211**	**3,904,665**	**10,253,224**	**167,440**	**1,032,584**	**19,657,123**
Equity	-	-	-	-	4,954,292	**4,954,292**
Total liabilities and equity	**4,299,211**	**3,904,665**	**10,253,224**	**167,440**	**5,986,876**	**24,611,415**

Reportable segments as of December 31, 2023, Bank

MDL thousand	Corporate	SME	Individuals	Treasury	Others	Total
Loans to customers	1,963,825	1,423,772	3,048,688	-	-	**6,436,285**
Expected credit loss allowances	*(149,924)*	*(87,280)*	*(217,493)*	-	-	***(454,697)***
Current accounts and placements with NBM and banks	-	-	-	8,037,020	-	**8,037,020**
Debt and equity instruments	-	-	-	5,863,394	-	**5,863,394**
Other assets	8,763	4,104	6,812	-	1,835,014	**1,854,693**
Total assets	**1,822,664**	**1,340,596**	**2,838,007**	**13,900,414**	**1,835,014**	**21,736,695**
Deposits from banks	-	-	-	35,605	-	**35,605**
Deposits from customers	4,006,063	2,929,884	8,789,347	-	-	**15,725,294**
Other borrowings	383,892	128,590	-	-	-	**512,482**
Provisions for other risks and loan commitments	17,849	10,607	10,760	-	-	**39,216**
Other liabilities	-	-	-	-	889,959	**889,959**
Total liabilities	**4,407,804**	**3,069,081**	**8,800,107**	**35,605**	**889,959**	**17,202,556**
Equity					4,534,139	**4,534,139**
Total liabilities and equity	**4,407,804**	**3,069,081**	**8,800,107**	**35,605**	**5,424,098**	**21,736,695**

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38. SEGMENT REPORTING (CONTINUED)

Reportable segments as of December 31, 2024
Group

MDL thousand	Corporate	SME	Individuals	Treasury	Total
Net interest income	176,505	202,683	354,832	240,716	**974,736**
Net commission income	19,518	50,876	149,131	10,130	**229,655**
Net trading income	57,679	52,076	45,745	208,783	**364,283**
Other operating income	4,213	4,866	20,465	2,855	**32,399**
Total income	**257,915**	**310,501**	**570,173**	**462,484**	**1,601,073**
Personnel expenses	78,009	100,827	252,724	95,316	**526,876**
Other operating expenses	86,787	88,909	196,785	124,992	**497,473**
Total expenses	**164,796**	**189,736**	**449,509**	**220,308**	**1,024,349**
Operating income before net impairment expenses, provisions for contingent liabilities / litigations and income tax	**93,119**	**120,765**	**120,664**	**242,176**	**576,724**

Reportable segments as of December 31, 2023
Group

MDL thousand	Corporate	SME	Individuals	Treasury	Total
Net interest income	206,002	154,325	375,034	525,498	**1,260,859**
Net commission income	14,686	44,056	143,936	5,703	**208,381**
Net trading income	36,332	41,968	42,894	144,644	**265,838**
Other operating income	4,902	2,844	2,683	1,899	**12,328**
Total income	**261,922**	**243,193**	**564,547**	**677,744**	**1,747,406**
Personnel expenses	58,133	78,248	246,159	90,561	**473,101**
Other operating expenses	58,525	55,749	149,737	138,029	**402,040**
Total expenses	**116,658**	**133,997**	**395,896**	**228,590**	**875,141**
Operating income before net impairment expenses, provisions for contingent liabilities/litigation and income tax	**145,264**	**109,196**	**168,651**	**449,154**	**872,265**

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38. SEGMENT REPORTING (CONTINUED)

Reportable segments as of December 31, 2024

Bank

MDL thousand	Corporate	SME	Individuals	Treasury	Total
Net interest income	149,793	193,495	346,364	215,050	**904,702**
Net commission income	16,659	48,049	151,209	8,444	**224,361**
Net trading income	50,717	49,036	45,301	185,588	**330,642**
Other operating income	1,808	2,642	17,881	1,807	**24,138**
Total income	**218,977**	**293,222**	**560,755**	**410,889**	**1,483,843**
Personnel expenses	57,992	92,030	248,602	68,070	**466,694**
Other operating expenses	75,632	83,848	192,915	111,209	**463,604**
Total expenses	**133,624**	**175,878**	**441,517**	**179,279**	**930,298**
Operating income before net impairment expenses, provisions for contingent liabilities / litigations and income tax	**85,353**	**117,344**	**119,238**	**231,610**	**553,545**

Reportable segments as of December 31, 2023

Bank

MDL thousand	Corporate	SME	Individuals	Treasury	Total
Net interest income	206,002	154,325	375,034	525,498	**1,260,859**
Net commission income	14,686	44,056	143,936	5,703	**208,381**
Net trading income	36,332	41,968	42,894	144,644	**265,838**
Other operating income	4,902	2,844	2,683	1,899	**12,328**
Total income	**261,922**	**243,193**	**564,547**	**677,744**	**1,747,406**
Personnel expenses	58,133	78,248	246,159	90,561	**473,101**
Other operating expenses	58,525	55,749	149,737	138,029	**402,040**
Total expenses	**116,658**	**133,997**	**395,896**	**228,590**	**875,141**
Operating income before net impairment expenses, provisions for contingent liabilities/litigation and income tax	**145,264**	**109,196**	**168,651**	**449,154**	**872,265**

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

39. FAIR VALUE OF THE FINANCIAL INSTRUMENTS

The Group and the Bank use the following hierarchy for determining and disclosing the fair value of financial instruments according to the valuation method:

Level 1 in the fair value hierarchy
The fair value of financial assets and liabilities allocated to Level 1 in the fair value hierarchy is determined based on quoted prices in active markets for identical financial assets or liabilities. The price quotations used are regularly and immediately available on active markets / exchange indices and the prices that represent current and regular market transactions according to the arm's length basis.

Level 2 in the fair value hierarchy
The fair value of financial assets and liabilities included in Level 2 in the fair value hierarchy is determined by using evaluation methods which contain observable market data when market prices are not available. Observable interest rates and yield curves at commonly quoted intervals, credit spreads and implied volatilities are typically used as observable market parameters for Level 2 valuations.

Level 3 in the fair value hierarchy
The fair value of financial assets and liabilities included in Level 3 in the fair value hierarchy is determined by using input data that are not based on observable market information (unobservable data inputs shall reflect the assumptions made by the market participants to establish the price of an asset or a liability, including risk assumptions).

The objective of valuation techniques is to derive the fair value that reflects a price for the financial instrument at the reporting date, price that would be obtained by the market participants acting at arm's length.

The availability of observable market data and models reduces the need for the Management to operate judgements and estimations and also reduces the uncertainty associated with the determination of the fair value. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Fair value hierarchy analysis of financial instruments carried at fair value
To establish the hierarchy of the fair value of debt instruments, the Group and the Bank use classification criteria in one of the three levels mentioned by the IFRS 13. For the purpose of classification, the methodology takes into account the aggregation of results from two sources of observations:

- direct observations of transactions, indicative or executable prices of the respective instrument;
- observations of transactions, indicative and executable prices of comparable instruments, with the aim of deriving a price for the respective instrument, when it is considered that direct observations support additions.

The list of evaluation techniques used may contain, but is not limited to, the following:

- prices/quotations extracted from evaluation platforms such as Bloomberg or quotes received upon request from third parties;
- models based on prices of instruments with similar characteristics;
- models based on interest/price curves considered representative;
- calculation of updated cash flows;
- generally accepted economic methodologies.

Their hierarchy will take into account the specifications of IFRS 13, the choice of the alternative technique to be substantiated and approved by the competent committees.

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39. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the fair value and fair value hierarchy for financial assets and liabilities as at 31 December 2024:

Group 31 December 2024 *In MDL thousand*	Notes	Carrying amount	Fair value	Fair value hierarchy Level 1	 Level 2	 Level 3
Financial assets						
Current accounts and placements with banks	5	2,244,370	2,244,370	-	2,244,370	-
Financial assets measured at amortized cost – debt instruments	6	8,081,195	8,148,847	-	8,148,847	-
Debt securities at fair value through other comprehensive income	6	12,048	12,048	-	12,048	-
Equity securities at fair value through other comprehensive	8	4,185	4,185	-	-	4,185
Loans to customers	7	9,074,059	9,013,293	-	-	9,013,293
Other financial assets	13	100,835	100,835	-	-	100,835
Total		**19,516,692**	**19,523,578**	**-**	**10,405,265**	**9,118,313**
Financial liabilities						
Deposits from banks	18	15,015	15,015	-	15,015	-
Deposits from customers	19	19,111,615	19,116,634	-	13,267,795	5,848,839
Other borrowings	16	743,634	743,634	-	150,222	593,412
Subordinated liabilities	17	482,189	482,189	-	-	482,189
Other financial liabilities	22	417,842	417,842	-	-	417,842
Total		**20,770,295**	**20,775,314**	**-**	**13,433,032**	**7,342,282**

The following table shows the fair value and fair value hierarchy for financial assets and liabilities as at 31 December 2023:

Group 31 December 2023 *In MDL thousand*	Notes	Carrying amount	Fair value	Fair value hierarchy Leve1	 Level 2	 Level 3
Financial assets						
Current accounts and placements with banks	5	1,769,324	1,769,324	-	1,769,324	-
Financial assets measured at amortized cost – debt instruments	6	5,845,593	5,910,609	-	5,910,609	-
Debt securities at fair value through other comprehensive income	6	14,423	14,423	-	14,423	-
Equity securities at fair value through other comprehensive	8	3,378	3,378	-	-	3,378
Loans to customers	7	5,981,588	6,172,231	-	-	6,172,231
Other financial assets	13	227,296	227,296	-	-	227,296
Total		**13,841,602**	**14,097,261**	-	**7,694,356**	**6,402,905**
Financial liabilities						
Deposits from banks	18	35,605	35,605	-	35,605	-
Deposits from customers	19	15,725,294	15,728,455	-	11,188,941	4,539,514
Other borrowings	16	512,482	512,482	-	-	512,482
Other financial liabilities	22	718,869	718,869	-	-	718,869
Total		**16,992,250**	**16,995,411**	-	**11,224,546**	**5,770,865**

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39. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the fair value and fair value hierarchy for financial assets and liabilities as at 31 December 2024:

Bank

31 December 2024		Carrying			Fair value hierarchy	
In MDL thousand	Notes	amount	Fair value	Level 1	Level 2	Level 3
Financial assets						
Current accounts and placements with banks	5	1,957,727	1,957,727	-	1,957,727	-
Financial assets measured at amortized cost – debt instruments	6	7,165,233	7,228,623	-	7,228,623	-
Debt securities at fair value through other comprehensive income	6	12,048	12,048	-	12,048	-
Equity securities at fair value through other comprehensive	8	4,185	4,185	-	-	4,185
Loans to customers	7	8,732,670	8,669,681	-	-	8,669,681
Other financial assets	13	99,449	99,449	-	-	99,449
Total		**17,971,312**	**17,971,713**	**-**	**9,198,398**	**8,773,315**
Financial liabilities						
Deposits from banks	18	17,218	17,218	-	17,218	-
Deposits from customers	19	17,822,176	17,828,536	-	12,605,972	5,222,564
Other borrowings	16	743,634	743,634	-	150,222	593,412
Subordinated liabilities	17	482,189	482,189	-	-	482,189
Other financial liabilities	22	411,332	411,332	-	-	411,332
Total		**19,476,549**	**19,482,909**	**-**	**12,773,412**	**6,709,497**

For the financial assets and liabilities classified at level 2 and 3 the Group and the Bank considered that the highest and best use of these asset does not differs from their current use.

At level 2 in the fair value hierarchy, the Group and the Bank have classified the current accounts and placements in banks, debt instruments at amortized cost, debt instruments at FVOCI, liabilities from repo transactions as well as deposits from banks.

The fair value of sight deposits represents their carrying amount and these liabilities have been classified in level 2 of the fair value hierarchy.

The equity securities in the Group's and the Bank's portfolio do not have an active market, so their fair value was classified at level 3. At Level 3 in the fair value hierarchy, the Group and the Bank have also classified the following financial assets: loans to customers and other financial assets. The fair value of the loans represents the value of future cash flows discounted at the market rate (published by the NBM). The market rate is the weighted average rate for new loans granted to similar products, maturity and currency at December 2024.

At Level 3 in the fair value hierarchy, the Group and the Bank have classified as financial liabilities: deposits from customers, other borrowings, subordinated liabilities and other financial liabilities. The fair value of interest-bearing term deposits represents the present value of future cash flows at the market rate (published by the NBM) for liabilities with similar maturities.

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39. FAIR VALUE OF THE FINANCIAL INSTRUMENTS (CONTINUED)

The following table shows the fair value and fair value hierarchy for financial assets and liabilities as at 31 December 2023:

Bank

31 December 2023		Carrying			Fair value hierarchy	
In MDL thousand	Notes	amount	Fair value	Level 1	Level 2	Level 3
Financial assets						
Current accounts and placements with banks	5	1,769,324	1,769,324	-	1,769,324	-
Financial assets measured at amortized cost – debt instruments	6	5,845,593	5,910,609	-	5,910,609	-
Debt securities at fair value through other comprehensive income	6	14,423	14,423	-	14,423	-
Equity securities at fair value through other comprehensive	8	3,378	3,378	-	-	3,378
Loans to customers	7	5,981,588	6,172,231	-	-	6,172,231
Other financial assets	13	227,296	227,296	-	-	227,296
Total		**13,841,602**	**14,097,261**	-	**7,694,356**	**6,402,905**
Financial liabilities						
Deposits from banks	18	35,605	35,605	-	35,605	-
Deposits from customers	19	15,725,294	15,728,455	-	11,188,941	4,539,514
Other borrowings	16	512,482	512,482	-	-	512,482
Other financial liabilities	22	718,869	718,869	-	-	718,869
Total		**16,992,250**	**16,995,411**	-	**11,224,546**	**5,770,865**

No changes in valuation techniques used to determine fair value have been considered for 2024 and 2023 years.

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40. RELATED PARTIES

The main shareholders of theGroup and the Bank, holding individually more than 1% of the share capital, are disclosed in Note 23. The Bank engages in transactions with shareholders, key management personnel and other related parties.

During 2024 banking transactions with related parties were conducted in the normal course of business. These include lending, deposit taking and making transactions in national and foreign currency. All these transactions were carried out under similar conditions, including the interest rates and terms on similar transactions with customers.

Transactions with other related parties include transactions with shareholders that have < 1% in total shares, associated entities and family members of key management personnel and companies in which they are shareholders and which have a relationship with the Group and the Bank. Key personnel relate to members of Board of Directros of the Bank and Executive Committee and their direct family members.

The balances, income and expenses resulting from related party transactions carried out during the year are presented below:

Group					2024					2023
In MDL thousand	Parent Company	Shareholders > 1 %	Key-management personnel	Other related parties	Total	Parent Company	Shareholders > 1 %	Key-management personnel	Other related parties	Total
Balance										
Current accounts to banks	79,532	-	-	-	**79,532**	74,657	-	-	-	**74,657**
Loans to customers	-	-	1,805	177,478	**179,283**	-	-	281	218,740	**219,021**
Deposits from customers	185	30,745	8,877	45,264	**85,071**	572	17,716	5,529	32,127	**55,944**
Commitments										
Given loan commitments and financial guarantees	-	-	131	10,398	**10,529**	-	-	194	36,306	**36,500**
Income and expenses										
Interest income	1,828	-	40	11,770	**13,638**	3,083	-	23	13,713	**16,819**
Fee and commissions income	-	22	27	156	**205**	17	19	25	218	**279**
Interest expenses	(4)	(10,170)	(76)	(755)	**(11,005)**	(89)	(8,505)	(320)	(441)	**(9,355)**
Fee and commissions expenses	(210)	-	-	(19)	**(229)**	(636)	-	(1)	-	**(637)**

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

40. RELATED PARTIES (CONTINUED)

Bank						2024					2023
In MDL thousand	Parent Company	Shareholders > 1 %	Subsidiary	Key-management personnel	Other related parties	Total	Parent Company	Shareholders > 1 %	Key-management personnel	Other related parties	Total
Balance											
Current accounts to banks	79,532	-	60	-	-	**79,592**	74,657	-	-	-	**74,657**
Equity investments	-	-	224,011	-	-	**224,011**					
Loans to customers	-	-	-	1,805	177,167	**178,971**	-	-	281	218,740	**219,021**
Deposits from customers	185	30,745	14,504	7,415	39,150	**91,999**	572	17,716	5,529	32,127	**55,944**
Commitments											
Given loan commitments and financial guarantees	-	-	-	131	10,398	**10,529**	-	-	194	36,306	**36,500**
Income and expenses											
Interest income	1,828	-	1,292	40	11,747	**14,907**	3,083	-	23	13,713	**16,819**
Fee and commissions income	-	22	977	27	136	**1,162**	17	19	25	218	**279**
Dividends income	-	-	-	-	1,476	**1,476**					
Interest expenses	(4)	(10,170)	(509)	(33)	(600)	**(11,316)**	(89)	(8,505)	(320)	(441)	**(9,355)**
Fee and commissions expenses	(210)	-	(6)	-	(19)	**(235)**	(636)	-	(1)	-	**(637)**

Remuneration of directors

The total amount of remuneration expenses for executive management of the Group was MDL 37,727 thousand and of the Bank amounted to MDL 26,896 thousand for the year 2024 (2023 for the Group ad Bank: MDL 27,130 thousand). The amount of expenses for the remuneration of the Board of Administration of the Group was MDL 9,226 thousand and of the Bank amounted to MDL 8,789 thousand for the year 2024 (2023 for the Group ad Bank: MDL 10,343 thousand).

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41. FINANCIAL RISK MANAGEMENT

The Group and the Bank have established a comprehensive risk management framework aimed at integrating their risk appetite into strategic decision-making. This involves aligning assumed risks with available capital and performance targets, taking into account both financial and non-financial risk tolerances.

The Group and Bank's risk management framework includes internal policies, limits, and controls that ensure the identification, measurement, monitoring, mitigation, and reporting of all material risks. These are applied both at the consolidated level and across key business segments, including corporate banking, SME, retail, and treasury operations.

The primary risk categories include:

- Credit and concentration risk
- Market risk
- Liquidity risk
- Interest rate risk in the banking book
- Operational risk
- Compliance risk
- Leverage risk
- Reputational and strategic risks

The Board of Administration is responsible for the overall governance of risk management and defines the risk appetite framework, monitors compliance, and oversees implementation through a two-tier structure:

1. Strategic oversight – Board of Administration, Risk Management Committee, and Steering Committee;
2. Operational oversight – ALCO, Credit Committees, and specialized risk management departments.

Risk management policies are reviewed at least annually to reflect changes in market conditions and the Group and Bank's operations. Stress testing is an integral part of both the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The Audit Committee monitors the effectiveness of internal controls, risk management, and internal audit, with support from the Internal Audit function, which evaluates the adequacy and implementation of the overall risk framework.

41.1 Credit Risk

Unless specifically stated otherwise, the credit risk management policies, definitions, and practices described in this note apply equally to both the Group and the Bank, as they are aligned in all material respects.

These policies encompass both:

- Accounting policies in accordance with IFRS, primarily IFRS 7, IFRS 9 and related guidance, and
- Internal policies and procedures adopted by the Bank for the identification, measurement, monitoring, and management of credit risk, which reflect the Bank's internal risk appetite framework, governance structures, early warning mechanisms, internal credit rating methodologies, and other strategic tools designed for sound credit risk management.

Where applicable, specific references or disclosures will distinguish between policies, exposures, or metrics that apply solely to the Group or solely to the Bank.

Credit risk refers to the risk of financial loss arising if a customer or counterparty fails to meet contractual obligations. The Bank is exposed to credit risk primarily through loans and advances to customers, bank placements, investments, and guarantees.,

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

Credit risk associated with investment activities is reduced by selecting those counterparty's good credit ratings and monitoring their activities by using exposure limits.

The Bank's largest exposure to credit risk arises from lending to customers through funding commitments and the issuance of guarantees.

The Bank have established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty exposure limits are established by the use of a credit risk classification system, which assigns each counterparty a risk rating. Risk ratings are subject to regular revision. The credit quality review process is to enable the Group and the Bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

Both in the case of securities and bank guarantees for investments, PD parameter is determined based on studies of Moody's rating companies, taking into account the estimated PD sites for both corporate and sovereign level estimates.

Exposure to correspondent banks are restricted by the limits covering balance sheet or off-balance sheet exposures and daily delivery risk limits on trade items such as foreign exchange contracts. To determine the limits on counterparty valuations and rating agencies use Moody's, Standard & Poor's and IBCA assigned Fitch- counterparty or country resident financial situation, AML policies, transparency and competence shareholders Executive Board. The Bank monitors compliance with the limits daily balances on correspondent accounts registered.

41.1.1 Expected Credit Loss (ECL) Measurement

The references below show where the Bank's impairment assessment and measurement approach is set out in this report.

- The definition and assessment of default and cure period(Note 41.1.1.(a))
- The definition, calculation and monitoring of probability of default, exposure at default and loss given default (Note 41.1.1.(b) and (d))
- When the Group and the Bank consider there has been a significant increase in credit risk of an exposure (Note 41.1.1.(c))
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 (Note 41.1.1.(e) and (f))

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

a) Definition of default, impaired and cure

Definition of default

The Bank employs a client-level approach to defining default. A client is classified as being in default under the following conditions:

- The client has been past due for more than 90 consecutive days on any material credit obligation owed to the Bank, its parent company, or any of its subsidiaries.
- The Bank determines that the client is unlikely to fulfil their credit obligations to the Bank, its parent company, or any of its subsidiaries without enforcement of collateral.

For credit commitments, default is considered to occur when an undrawn exposure would become non-performing if utilized. In the case of financial guarantees, default is recognized based on the nominal value of the exposure at risk if the guarantee is exercised.

The Bank have aligned the definition of default for accounting purposes, to the European Banking Authority (EBA) definition (CRR Article 178).

As part of a qualitative assessment of whether an exposure is credit-impaired, the Bank also consider a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully consider whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculation of whether Stage 2 is appropriate.

In assessing unlikeliness to pay, the following events are considered:

- Forbearance due to financial difficulty (classified as non-performing);
- Downgrade in internal credit rating to default or near-default;
- Insufficient or outdated financial and business information;
- Significant deterioration or absence of collateral;
- Breach of non-waived covenants;
- Initiation of recovery or enforcement proceedings;
- Evidence of credit fraud.

Assessing whether a borrower is facing financial difficulties would consider the following events:

- a delay to pay the debt services of more than 30 days in the past three months;
- the client's financial situation is deteriorated or may deteriorate, and the restructuring operation is required to place the client's payment effort with his current repayment capacity;
- the borrower (or any legal entity within the borrower's group) is filling for bankruptcy application / insolvency;
- the borrower is under the management of the Bank's Assets Recovery Directorate.

When a client defaults on any credit exposure, all associated on-balance sheet and off-balance sheet exposures, including capital products, are deemed to be in default.

It is the Bank's policy to consider a financial instrument as "cured" and therefore reclassified out of Stage 3 when none of the default criteria have been present for a certain period of time as presented below:

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Cure Policy:

- For non-restructured exposures, a minimum "quarantine" period of 6 months is required during which no default indicators are present. Afterward, if no payment delays >30 days occurred over the last 3 months, the exposure may be reclassified to Stage 2 or Stage 1.

- For forborne non-performing exposures, a 12-month probationary period applies after the end of any grace period. Reclassification to Stage 2 is permitted only if:
  - No delays >30 days occurred in the last 12 months;
  - No new restructuring has occurred;
  - At least 75% of the debt service was paid in the last 6 months;
  - At least 50% of the principal due over 12 months was paid per the initial schedule.

These criteria are aligned with the Bank's "Restructured Loan Exposure Management Procedure."

b) The Bank's internal rating and PD estimation process

The Bank's internal rating is based on grouping the financial assets in key categories of financial instruments subject to impairment assessment.

Rating for treasury, trading and interbank relationships

Treasury instruments, securities, interbank placements are analyzed through the Bank's counterparties, which are financial services institutions, commercial banks, National Bank of Moldova. For these relationships, the Bank's credit risk department analysis publicly available information such as financial information and other external data, such as Moody's, and assigns the internal rating as shown in the table below:

Rating description	Moody's
Raw	Aaa
High grade	Aa1; Aa2, Aa3
Upper medium grade	A1; A2; A3
Lower medium grade	Baa1; Baa2' Baa3
Non-investment speculative grade	Ba1; Ba2; Ba3
Highly speculative	B1; B2; B3
Substantial risks	Caa1; Caa2; Caa3
Extremely speculative	Ca
Imminent default	Ca
In default	C

Segmentation for Loans and advances to customers

For modeling and provisioning purposes, the credit portfolio is segmented into homogeneous risk groups based on the following criteria:

- Sub-portfolio type: Large Corporate, Corporate/SME, Retail Secured, Retail Unsecured, and Credit Cards.
- Days past due (DPD) buckets.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Large Corporate
For the Large Corporate portfolio, the Bank applies an internal scoring methodology based on the Altman Z-score model, adapted for emerging markets. Corporates are ranked according to their financial strength and solvency, and corresponding PD curves are assigned based on their position in the ranking. Clients with negative information (e.g., arrears or restructuring) are reclassified into the Corporate/SME segment.

The internal rating and PD framework is subject to regular back testing, validation, and recalibration to ensure ongoing compliance with IFRS 9 and internal risk management standards.

Corporate and SME lending
For corporate and small and medium loans, the borrowers are assessed by specialized credit risk employees of the Group and the Bank. The credit risk assessment of significant increase in credit risk is based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client. This financial information includes realized and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. For benchmark analysis the borrowers are assessed at the level of six industries (Agriculture, Services, Trade, construction, Manufacturing and Transport and Logistics) and three specific industries (Finance and Insurance sectors, Real Estate, Government and Public administration).
- Any publicly available information on the clients from external parties. Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance, for exposures greater than 5 million MDL.
- The dynamics of days past due at the level of each loan granted by the Group and the Bank, including any available information regarding days past due history provided by the Credit Bureau Moldova.
- Specific credit rating indicators on basis of prudential requirements of the National Bank of Moldova.

Consumer lending and retail mortgages
Consumer lending comprises unsecured personal loans (Retail unsecured), credit cards and overdrafts. These products along with retail mortgages and some of the less complex small business lending are rated by an automated scorecard tool primarily driven by days past due.

Each borrower is monitored periodically, and ratings are updated at least annually or upon deterioration signals.

For reporting purposes the Group and the Bank are disclosing the information about the classification of financial assets according to internal credit risk ratings, developed on basis of prudential requirements of the National Bank of Moldova. See note 41.1.2.

c) Significant increase of the credit risk

Each financial asset is monthly evaluated in order to determine whether the Group and the Bank are experiencing a significant increase in credit risk (probability of default risk) relative to the original recognition date or whether that credit is impaired. The ultimate goal is to determine the applicable provisioning method (12 month ECL or Lifetime ECL).

In general, there will be a significant increase in credit risk before the financial asset is impaired as a result of credit risk or the occurrence of the non-fulfillment of the obligations.

For irrevocable credit commitments the Group and the Bank consider changes in the risk of non-compliance with the borrowing obligations associated with the lending commitment. In determining the expected credit loss, the Group and the Bank set the expected percentage for the undrawn part to be used over the lifetime of the credit commitment when lifetime losses are estimated. Regarding contractual period, for credit commitments and financial guarantee contracts, the Group and the Bank will use the maximum contractual period during which the Group and the Bank have the contractual obligation to grant the loan.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

This model is based exclusively on credit risk assessment. Therefore, the aggregation of financial assets for impairment purposes takes into account the relevant indicators used by the Group and the Bank in the current credit risk management system.

Classification is instrument-level, except for Stage 3 (default), where the contamination principle is applied to all exposures of the borrower.

Criteria for selecting the increase in the degree of risk

In **Stage 1** there are placed credit assets which have not decreased significantly the loan quality since the initial recognition or which have a low credit risk since the reporting date. The contracts which have not been qualified in any of the stages and have less than 31 days past due will be classified in Stage 1.

In **Stage 2** will be placed the credit assets which have recorded a significant risk increase from the initial recognition but which don't bring an objective impairment evidence. Therefore, the selection criteria are:

- delays to the planned payments which exceed 30 days but are less than 91 days;
- forbearance performing exposures in the probationary period of at least 2 (two) years will be included in stage 2 until the transfer conditions in the "High-performing exposures" category are met;
- the loan was classified according to National Bank of Moldova regulation in the "C" prudential category;
- Several financial indicators are recorded, corresponding to the latest available financial statements, which indicate objective evidence of impairment.

Stage 3 (default): In order to update the Group's and Bank's procedures to the international standards requirements and the equalization of the "default" concept to the "non-performing exposures" is considered that a credit is determined as default when:

- has 91 days or more past due, being applied the process of contamination of all the exposures of a client if at least one of them becomes default;
- has 91 days or more past due, calculated based on the significant DPD counter;
- the Group and the Bank have started the recovery procedure by enforced execution;
- forbearance non-performing exposures will be classified in Stage 3;
- according to the NBM Regulation, the exposure was classified as "D" prudential category or lower;
- the sale-purchase contracts concluded with the debtor/ the pledge debtor of the pledged object connected to the exposures extinguished from the execution of this guarantee will be automatically classifies in Stage 3;
- stopping the calculation of interest - interest on credit obligations is no longer recognized in the profit or loss account of the Group and the Bank as a result of the decrease in the quality of the credit obligation;
- in the absence of guarantee (collateral) execution measures, the borrower is assessed as unlikely to fully honor his credit obligations to the Group and the Bank;
- the rating of the issuer/counterparty is set in the rating categories associated to the default;
- there was submitted a request for starting the insolvency/bankruptcy procedure against the debtor or applying other similar methods;
- the Group and the Bank sell the loan obligation with a significant economic loss. The sale action is associated with the worsening of the credit quality, not being due to the change of the type of business of the Group and the Bank or the liquidity needs. The economic loss is defined as significant when:

  $L = (E-P)/E > 5\%$, where:

  L - is the economic loss related to the sale of credit obligations;

  E - is the total remaining amount to be repaid of the obligations subject to the sale, including interest and commissions;

  P - is the agreed price for the loans sold.

- the exposure was subject to credit fraud.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

During 2024, in relation to the Group and the Bank the payments for 21 credits were restructured, the exposure of which, as of December 31, 2024 was worth MDL 2,508 thousand, all of which were stage 3 exposures.

During 2023, at the Group and the Bank, payments for 4 credits were restructured, whose exposure as of December 31, 2023 was the total amount of MDL 4,149 thousand: stage 1 - MDL 2,562 thousand, stage 2 - MDL 1,437 thousand and stage 3 - MDL 145 thousand.

d) Incorporating forward-looking information

IFRS 9 requires an estimation of expected impairment losses, which means that PD ratios should consider not only the current realities of the economy, but also the future development of economic conditions.

To achieve this level of anticipation, the Bank have performed historical analysis and identified the key economic variables which have impact on credit risk and expected credit losses for each portfolio. The expert opinion was also considered in this process. Key variables were forecasted for the next three years.

After three years, to project the economic variables out for the full remaining lifetime of each instrument, a median regression approach has been applied. The impact of these economic variables has been determined by performing statistical regression analysis.

In 2024, the Bank reviewed the forward-looking calculation model used in determining the PD rates, updating the relevant indicators used in estimating the forecasted default rates.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The table below lists the macroeconomic assumptions over the three-year period, used as an input into expected credit losses as at 31 December 2024:

	Q4 2024	2025	2026	2027
Baseline scenario				
Gross domestic product, %	4.59	12.48	10.40	9.59
Inflation, %	5.15	5.56	4.76	4.48
Unemployment rate, %	4.07	4.03	3.97	3.90
Price of construction assembly works (%)	5.28	6.35	5.90	5.53
Gross salary, nominal, %	14.86	13.76	13.14	12.26
Average monthly consumption expenditure per person (%, YoY)	11.17	9.48	7.26	5.77
Base rate, %	3.60	3.60	3.53	3.50
Interest rate on treasury bills, 1Y	5.66	5.80	5.47	5.41
Interest rate on new loans granted, national currency, %	8.42	8.07	7.60	7.08
Interest rate on new loans granted, foreign currency, %	5.94	5.93	5.46	5.31
Interest rate on newly attracted deposits, national currency, %	3.10	3.08	3.12	3.13
Interest rate on newly attracted deposits, foreign currency, %	1.43	1.45	1.34	1.02
Exchange rate USD/MDL	18.04	17.91	17.60	17.51
Exchange rate EUR/MDL	19.22	19.20	19.12	19.16
Optimistic scenario				
Gross domestic product, %	4.59	19.29	17.21	16.40
Inflation, %	5.15	4.08	3.28	2.99
Unemployment rate, %	4.07	2.76	2.70	2.63
Price of construction assembly works (%)	5.28	0.56	0.11	-0.27
Gross salary, nominal, %	14.86	16.74	16.12	15.24
Average monthly consumption expenditure per person (%, YoY)	11.17	17.62	15.39	13.90
Base rate, %	3.60	1.30	1.23	1.20
Interest rate on treasury bills, 1Y	5.66	4.24	3.91	3.84
Interest rate on new loans granted, national currency, %	8.42	7.45	6.97	6.45
Interest rate on new loans granted, foreign currency, %	5.94	5.78	5.30	5.16
Interest rate on newly attracted deposits, national currency, %	3.10	2.24	2.27	2.29
Interest rate on newly attracted deposits, foreign currency, %	1.43	1.32	1.21	0.89
Exchange rate USD/MDL	18.04	16.37	16.06	15.97
Exchange rate EUR/MDL	19.22	18.21	18.12	18.17
Pessimistic scenario				
Gross domestic product, %	4.59	5.67	3.59	2.78
Inflation, %	5.15	8.52	7.72	7.44
Unemployment rate, %	4.07	5.30	5.24	5.17
Price of construction assembly works (%)	5.28	12.14	11.69	11.32
Gross salary, nominal, %	14.86	10.78	10.16	9.28
Average monthly consumption expenditure per person (%, YoY)	11.17	1.35	-0.87	-2.37
Base rate, %	3.60	8.19	8.12	8.09
Interest rate on treasury bills, 1Y	5.66	12.05	11.72	11.65
Interest rate on new loans granted, national currency, %	8.42	10.58	10.10	9.59
Interest rate on new loans granted, foreign currency, %	5.94	6.25	5.77	5.63
Interest rate on newly attracted deposits, national currency, %	3.10	6.45	6.49	6.50
Interest rate on newly attracted deposits, foreign currency, %	1.43	1.72	1.61	1.29
Exchange rate USD/MDL	18.04	19.44	19.14	19.05
Exchange rate EUR/MDL	19.22	20.20	20.11	20.16

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The table below lists the macroeconomic assumptions over the three-year period, used as an input into expected credit losses as at 31 December 2023:

	Q4 2023	2024	2025	2026
Baseline				
Gross domestic product, %	8.51	10.24	7.51	6.55
Inflation, %	6.62	4.81	3.48	3.48
Unemployment rate, %	4.46	4.57	4.76	4.94
Price of construction assembly works (%)	10.43	8.01	11.09	10.32
Gross salary, nominal, %	16.52	15.86	12.07	12.07
Average monthly consumption expenditure per person (%, YoY)	10.20	11.12	10.27	11.00
Base rate, %	5.25	4.75	4.75	5.00
Interest rate on treasury bills, 1Y	5.47	5.30	4.67	5.30
Interest rate on new loans granted, national currency, %	10.94	8.68	7.48	7.04
Interest rate on new loans granted, foreign currency, %	6.86	6.88	6.50	6.28
Interest rate on newly attracted deposits, national currency, %	4.84	3.72	3.04	2.83
Interest rate on newly attracted deposits, foreign currency, %	1.89	1.81	1.93	1.89
Exchange rate USD/MDL	18.15	17.37	16.64	16.63
Exchange rate EUR/MDL	19.42	19.14	19.14	19.29
Optimistic scenario				
Gross domestic product, %	8.51	16.66	13.93	12.98
Inflation, %	6.62	3.44	2.10	2.10
Unemployment rate, %	4.46	2.95	3.13	3.31
Price of construction assembly works (%)	10.43	2.77	5.85	5.07
Gross salary, nominal, %	16.52	19.19	15.40	15.40
Average monthly consumption expenditure per person (%, YoY)	10.20	18.50	17.66	18.39
Base rate, %	5.25	2.64	2.64	2.89
Interest rate on treasury bills, 1Y	5.47	3.85	3.21	3.84
Interest rate on new loans granted, national currency, %	10.94	8.04	6.83	6.39
Interest rate on new loans granted, foreign currency, %	6.86	6.67	6.29	6.07
Interest rate on newly attracted deposits, national currency, %	4.84	2.97	2.29	2.08
Interest rate on newly attracted deposits, foreign currency, %	1.89	1.63	1.75	1.71
Exchange rate USD/MDL	18.15	14.59	13.86	13.85
Exchange rate EUR/MDL	19.42	17.20	17.19	17.34
Pessimistic scenario				
Gross domestic product, %	8.51	3.81	1.08	0.13
Inflation, %	6.62	7.57	6.23	6.23
Unemployment rate, %	4.46	6.20	6.38	6.56
Price of construction assembly works (%)	10.43	13.25	16.34	15.56
Gross salary, nominal, %	16.52	12.53	8.73	8.73
Average monthly consumption expenditure per person (%, YoY)	10.20	3.73	2.89	3.61
Base rate, %	5.25	8.97	8.97	9.22
Interest rate on treasury bills, 1Y	5.47	11.13	10.49	11.13
Interest rate on new loans granted, national currency, %	10.94	11.27	10.07	9.63
Interest rate on new loans granted, foreign currency, %	6.86	7.31	6.93	6.71
Interest rate on newly attracted deposits, national currency, %	4.84	6.72	6.04	5.83
Interest rate on newly attracted deposits, foreign currency, %	1.89	2.17	2.29	2.25
Exchange rate USD/MDL	18.15	20.15	19.42	19.41
Exchange rate EUR/MDL	19.42	21.09	21.09	21.24

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The Group and the Bank use three scenarios: base scenario (which is the most probable scenario of the economic environment), optimistic and pessimistic scenario (for these two scenarios, the probabilities are lower than for the base scenario). The scenario weightings are determined by a combination of statistical analysis and expert judgement, considering the range of possible representative outcomes for each chosen scenario.

The weights of the scenarios were set at another level of concretization (optimistic 10.0%, baseline 55.0%, pessimistic 35.0%), in determining the adjustments for depreciation on 31 December 2024 compared to 31 December 2023 (optimistic 5.0%, baseline 60.0%, pessimistic 35.0%).

The most important macroeconomic indicators used in the ECL calculation are:

For loans granted to individuals:
- Annual inflation rate;
- Gross domestic product;
- Gross salary, nominal, %;
- Unemployment rate;
- Interest rate on new loans granted, national currency, %.

For loans granted to legal entities:
- Average monthly consumption expenditure per person (%, YoY);
- Unemployment rate.

The table below illustrates the impact of setting maximum weights for each scenario as at 31 December 2024 :

Group			
Weight of scenarios	100% pessimistic	100% baseline	100% optimistic
Change in ECL, *MDL thousand*	12,600	(4,329)	(20,131)
Bank			
Weight of scenarios	100% pessimistic	100% baseline	100% optimistic
Change in ECL, *MDL thousand*	12,534	(4,246)	(19,724)

As with any economic forecasts, 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 and the Bank consider these forecasts represent the best estimate of possible outcomes and have analyzed the non-linearities and asymmetries within the various portfolios of the Group and the Bank to determine that the scenarios chosen are the most representative of the range of possible scenarios. .

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

e) *The determination of the expected loss of credit (ECL)*

Exposure at Default (EAD)
EAD represents the estimated exposure to credit risk at the time of default.
The Bank applies different methodologies for EAD determination based on the financial asset classification and product type:

(i) **Loans:**
- The monthly exposure profile is determined based on contractual repayment schedules.
- EAD for non-defaulted revolving products is estimated using a Credit Conversion Factor (CCF), as described below.
- EAD for non-defaulted term loans is calculated based on the contractual payment schedule.
- EAD for defaulted instruments is equal to the current on-balance-sheet exposure.

(ii) **Other Financial Assets:**
- Government securities and National Bank of Moldova securities: EAD is equivalent to the amortized cost as of the reserve calculation date.
- Term deposits in other banks and NOSTRO accounts: EAD includes the principal and accrued interest as of the reserve calculation date.
- Issued bank guarantees: EAD is calculated based on the committed exposure value, adjusted by the applicable CCF.

Probability of Default (PD)
PD represents the likelihood of default over a given time horizon. The Bank calculates PD based on internal methodologies and considers both historical default rates and forward-looking macroeconomic factors:

a. **Loans:**
- PD values for Stage 1 and Stage 2 exposures are determined based on the methodology outlined in the Bank's Impairment Procedure.
- PD is recalculated at least annually, based on segmented loan portfolios.
- The Bank applies differentiated PD assumptions for corporate and non-corporate exposures, categorized by Days Past Due (DPD) groups.
- Forward-looking PD adjustments incorporate macroeconomic forecasts, such as GDP growth and unemployment rates, as described in Note 41.1.1.(d) above.
- Where an external credit rating is available (e.g., Moody's), the Bank aligns its internal PD estimates with externally rated risk levels, in accordance with regulatory guidelines.

b. **Other Financial Assets:**
- PD for securities, bank placements, and reserve requirements is determined based on Moody's estimated PDs for corporate and sovereign exposures.

Loss Given Default (LGD)
LGD represents the proportion of exposure expected to be lost in the event of default, considering collateral recoverability:

1. **Loans:**
- LGD is calculated as the shortfall between the EAD and the recoverable value of collateral.
- A minimum LGD floor of 10% is applied.
- Collateral values are recorded in the Bank's core banking system and are subject to prudential haircut adjustments, as detailed in the Bank's LGD Calculation Methodology.
- Junior-ranking or future-pledged collateral is assigned a recoverable value of zero.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

2. Other Financial Assets:
   - LGD for securities and bank placements is based on empirical recovery rate studies conducted by Moody's, with the following standard assumptions:

ASSET TYPE	LGD
Government securities, NBM certificates, nostro accounts with NBM	50%
Nostro accounts with foreign banks	50%
Bank guarantees	Calculated per LGD formula

LGD parameter stands for the loan exposure non-coverage degree by the estimated recovery value at each reporting period. LGD parameter does not vary according to the loan stage.

With a view to estimate the recovery value of the collateral, it will be determined as the minimum of the liquidation value of the collateral and the market value with discount (Haircut statistic), based on the valuation report held by the Group and the Bank. In case of undetermined liquidation value of some objects, it will be applied a discount (Haircut statistic) to the market value to obtain an estimated liquidation value.

For over-collateralized exposures, the recoverable amount of collateral will be limited to the minimum value between recoverable amount and 90% of the exposure.

Also, if the guarantees are established in the form of a lower rank pledge and / or are future pledges, they will participate in the calculation of the LGD with a liquidation value of "0".

LGD in the case of debt securities, investments in other banks are calculated based on studies conducted by Moody's, based on recovery rates for a representative sample of issuers, by averaging the 4 hypotheses proposed for the analysis of the recovery rate.

Credit Conversion factor (CCF)

IFRS 9 limits the estimation of future drawdowns to the contractually agreed credit limit. The estimation of this factor is based on the Bank's historical experience. The final CCF is calculated using a weighted average measure of CCFs derived from global accounts, weighted based on the off-balance exposure at the beginning of the observation window.

CCF estimation is conducted using multiple observation windows. Based on the results of these observable data, the Bank has decided to use the following CCF values:

- For CARD portfolio- 46.8%.
- For all other loan portfolio and issued Bank guarantees– 100%.

PD, LGD and EAD value, as well as the effect of discounting reflect the expected life or period of exposure. Each of these components is calculated on a facility basis on a pool level approach for a series of annual time intervals until maturity to derive the lifetime ECL.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

f) *Credit quality analysis depending on the class of financial assets*

Group				31 December 2024
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova	6,284,938	-	-	6,284,938
Current accounts and placements with banks	2,250,812	-	-	2,250,812
Investment securities measured at amortized cost	8,153,370	-	-	8,153,370
Investment securities measured at FVOCI	12,048	-	-	12,048
Loans to customers	8,695,203	546,664	293,696	9,535,563
Other financial assets	107,578	-	18,656	126,234
Expected credit loss allowance for financial assets	*-335,016*	*-35,773*	*-199,996*	*-570,785*
Carrying amount	**25,168,933**	**510,891**	**112,356**	**25,792,180**

Group				31 December 2023
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova	7,323,669	-	-	7,323,669
Current accounts and placements with banks	1,774,213	-	-	1,774,213
Investment securities measured at amortized cost	5,890,957	-	-	5,890,957
Investment securities measured at FVOCI	14,423	-	-	14,423
Loans to customers	5,820,756	327,296	288,233	6,436,285
Other financial assets	221,503	-	29,877	251,380
Expected credit loss allowance for financial assets	*(290,713)*	*(33,238)*	*(211,558)*	*(535,509)*
Carrying amount	**20,754,808**	**294,058**	**106,552**	**21,155,418**

Bank				31 December 2024
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova	5,780,840	-	-	5,780,840
Current accounts and placements with banks	1,963,500	-	-	1,963,500
Investment securities measured at amortized cost	7,230,323	-	-	7,230,323
Investment securities measured at FVOCI	12,048	-	-	12,048
Loans to customers	8,508,376	405,428	254,279	9,168,083
Other financial assets	106,380	-	18,656	125,036
Expected credit loss allowance for financial assets	*(326,240)*	*(32,939)*	*(177,484)*	*(536,663)*
Carrying amount	**23,275,227**	**372,489**	**95,451**	**23,743,167**

Bank				31 December 2023
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova	7,323,669	-	-	7,323,669
Current accounts and placements with banks	1,774,213	-	-	1,774,213
Investment securities measured at amortized cost	5,890,957	-	-	5,890,957
Investment securities measured at FVOCI	14,423	-	-	14,423
Loans to customers	5,820,756	327,296	288,233	6,436,285
Other financial assets	221,503	-	29,877	251,380
Expected credit loss allowance for financial assets	*(290,713)*	*(33,238)*	*(211,558)*	*(535,509)*
Carrying amount	**20,754,808**	**294,058**	**106,552**	**21,155,418**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The following table presents information about the overdue status of financial assets in Stages 1, 2 and 3:

31 December 2024	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova				
Current	6,284,938	-	-	6,284,938
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(5,117)	-	-	(5,117)
Carrying amount	**6,279,821**	-	-	**6,279,821**
Current accounts and placements with banks				
Current	2,250,812	-	-	2,250,812
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(6,442)	-	-	(6,442)
Carrying amount	**2,244,370**	-	-	**2,244,370**
Investment securities measured at amortized cost				
Current	8,153,370	-	-	8,153,370
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(72,175)	-	-	(72,175)
Carrying amount	**8,081,195**	-	-	**8,081,195**
Investment securities measured at FVOCI				
Current	12,048	-	-	12,048
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(147)	-	-	(147)
Carrying amount	**11,901**	-	-	**11,901**

31 December 2024	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Current	8,481,156	476,196	65,858	9,023,210
Overdue ≤ 30 days	214,047	44,546	15,552	274,145
Overdue > 30 days ≤ 90 days	-	25,922	41,407	67,329
Overdue > 90 days	-	-	170,880	170,880
Loss allowance	(233,856)	(35,772)	(191,877)	(461,505)
Carrying amount	**8,461,347**	**510,892**	**101,820**	**9,074,059**
Other financial assets				
Current	107,579	-	-	107,579
Overdue ≤ 30 days	-	-	1,026	1,026
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	17,630	17,630
Loss allowance	(17,279)		(8,121)	(25,400)
Carrying amount	**90,300**	-	**10,535**	**100,835**

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EXPLANATORY NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2023	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova				
Current	7,323,669	-	-	7,323,669
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(6,299)	-	-	(6,299)
Carrying amount	**7,317,370**	-	-	**7,317,370**
Current accounts and placements with banks				
Current	1,774,213	-	-	1,774,213
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(4,889)	-	-	(4,889)
Carrying amount	**1,769,324**	-	-	**1,769,324**
Investment securities measured at amortized cost				
Current	5,890,957	-	-	5,890,957
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(45,364)	-	-	(45,364)
Carrying amount	**5,845,593**	-	-	**5,845,593**
Investment securities measured at FVOCI				
Current	14,423	-	-	14,423
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(176)	-	-	(176)
Carrying amount	**14,247**	-	-	**14,247**

31 December 2023	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Current	5,669,877	286,306	22,875	5,979,058
Overdue ≤ 30 days	150,878	12,970	18,592	182,440
Overdue > 30 days ≤ 90 days	-	28,021	41,123	69,144
Overdue > 90 days	-	-	205,643	205,643
Loss allowance	(229,003)	(33,238)	(192,456)	(454,697)
Carrying amount	**5,591,752**	**294,059**	**95,777**	**5,981,588**
Other financial assets				
Current	221,503	-	12,077	233,580
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	17,800	17,800
Loss allowance	(4,981)	-	(19,103)	(24,084)
Carrying amount	**216,522**	-	**10,774**	**227,296**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2024	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova				
Current	5,780,840	-	-	5,780,840
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(4,653)	-	-	(4,653)
Carrying amount	**5,776,187**	-	-	**5,776,187**
Current accounts and placements with banks				
Current	1,963,500	-	-	1,963,500
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(5,773)	-	-	(5,773)
Carrying amount	**1,957,727**	-	-	**1,957,727**
Investment securities measured at amortized cost				
Current	7,230,323	-	-	7,230,323
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(65,090)	-	-	(65,090)
Carrying amount	**7,165,233**	-	-	**7,165,233**
Investment securities measured at FVOCI				
Current	12,048	-	-	12,048
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(147)	-	-	(147)
Carrying amount	**11,901**	**-**	**-**	**11,901**

31 December 2024	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Current	8,297,392	368,871	26,441	8,692,704
Overdue ≤ 30 days	211,171	10,634	15,552	237,357
Overdue > 30 days ≤ 90 days	-	25,922	41,407	67,329
Overdue > 90 days	-	-	170,880	170,880
Loss allowance	(233,297)	(32,939)	(169,364)	(435,600)
Carrying amount	**8,275,266**	**372,489**	**84,915**	**8,732,670**
Other financial assets				
Current	106,193	-	-	106,193
Overdue ≤ 30 days	-	-	1,026	1,026
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	17,630	17,630
Loss allowance	(17,279)	-	(8,121)	(25,400)
Carrying amount	**88,914**	**-**	**10,535**	**99,449**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2023	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Cash and Balances with National Bank of Moldova				
Current	7,323,669	-	-	7,323,669
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(6,299)			(6,299)
Carrying amount	**7,317,370**	-	-	**7,317,370**
Current accounts and placements with banks				
Current	1,774,213	-	-	1,774,213
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(4,889)			(4,889)
Carrying amount	**1,769,324**	-	-	**1,769,324**
Investment securities measured at amortized cost				
Current	5,890,957	-	-	5,890,957
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(45,364)			(45,364)
Carrying amount	**5,845,593**	-	-	**5,845,593**
Investment securities measured at FVOCI				
Current	14,423	-	-	14,423
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	-	-
Loss allowance	(176)			(176)
Carrying amount	**14,247**	-	-	**14,247**

31 December 2023	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loans to customers				
Current	5,669,877	286,306	22,875	5,979,058
Overdue ≤ 30 days	150,878	12,970	18,592	182,440
Overdue > 30 days ≤ 90 days	-	28,021	41,123	69,144
Overdue > 90 days	-	-	205,643	205,643
Loss allowance	(229,003)	(33,238)	(192,456)	(454,697)
Carrying amount	**5,591,752**	**294,059**	**95,777**	**5,981,588**
Other financial assets				
Current	221,503	-	12,077	233,580
Overdue ≤ 30 days	-	-	-	-
Overdue > 30 days ≤ 90 days	-	-	-	-
Overdue > 90 days	-	-	17,800	17,800
Loss allowance	(4,981)	-	(19,103)	(24,084)
Carrying amount	**216,522**	-	**10,774**	**227,296**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The following table presents information about the classification of financial assets according to internal credit risk ratings, developed on basis of prudential requirements of the National Bank of Moldova:

31 December 2024	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Current accounts and placements with banks				
Standard	764,992	-	-	764,992
Supervised (Watch)	1,406,288	-	-	1,406,288
Substandard	79,532	-	-	79,532
Doubtful		-	-	
Compromised (losses)		-	-	
Loss allowance	(6,442)	-	-	(6,442)
Carrying amount	**2,244,370**	-	-	**2,244,370**
Investment securities measured at amortized cost				
Standard	7,805,204	-	-	7,805,204
Supervised (Watch)	348,166	-	-	348,166
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	-	-
Loss allowance	(72,175)	-	-	(72,175)
Carrying amount	**8,081,195**			**8,081,195**
Loans to customers				
Standard	4,231,522	19,526	17,624	4,268,672
Supervised (Watch)	4,463,234	491,643	26,777	4,981,654
Substandard	389	30,666	24,900	55,955
Doubtful	58	4,829	64,537	69,424
Compromised (losses)	-	-	159,859	159,859
Loss allowance	(233,856)	(35,772)	(191,877)	(461,505)
Carrying amount	**8,461,347**	**510,892**	**101,820**	**9,074,059**
Other financial assets				
Standard	98,893	-	-	98,893
Supervised (Watch)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	27,342	27,342
Loss allowance	(8,595)	-	(16,805)	(25,400)
Carrying amount	**90,298**	**-**	**10,537**	**100,835**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2023	Group			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Current accounts and placements with banks				
Standard	697,112	-	-	697,112
Supervised (Watch)	1,002,072	-	-	1,002,072
Substandard	74,657	-	-	74,657
Doubtful	372	-	-	372
Compromised (losses)	-	-	-	-
Loss allowance	(4,889)	-	-	(4,889)
Carrying amount	**1,769,324**	-	-	**1,769,324**
Investment securities measured at amortized cost				
Standard	5,545,178	-	-	5,545,178
Supervised (Watch)	345,779	-	-	345,779
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	-	-
Loss allowance	(45,364)	-	-	(45,364)
Carrying amount	**5,845,593**	-	-	**5,845,593**
Loans to customers				
Standard	2,761,437	11,528	19,974	2,792,939
Supervised (Watch)	3,058,580	288,578	28,903	3,376,061
Substandard	738	27,190	12,812	40,740
Doubtful	-	-	61,680	61,680
Compromised (losses)	-	-	164,865	164,865
Loss allowance	(229,003)	(33,238)	(192,456)	(454,697)
Carrying amount	**5,591,752**	**294,058**	**95,778**	**5,981,588**
Other financial assets				
Standard	221,483	-	-	221,483
Supervised (Watch)	-	-	-	-
Substandard	20	-	-	20
Doubtful	-	-	-	-
Compromised (losses)	-	-	29,877	29,877
Loss allowance	(4,981)	-	(19,103)	(24,084)
Carrying amount	**216,522**	-	**10,774**	**227,296**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2024	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Current accounts and placements with banks				
Standard	568,439	-	-	568,439
Supervised (Watch)	1,315,529	-	-	1,315,529
Substandard	79,532	-	-	79,532
Doubtful	-	-	-	-
Compromised (losses)	-	-	-	-
Loss allowance	(5,773)	-	-	(5,773)
Carrying amount	**1,957,727**	-	-	**1,957,727**
Investment securities measured at amortized cost				
Standard	6,882,157	-	-	6,882,157
Supervised (Watch)	348,166	-	-	348,166
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	-	-
Loss allowance	(65,090)	-	-	(65,090)
Carrying amount	**7,165,233**	-	-	**7,165,233**
Loans to customers				
Standard	4,057,946	410	17,624	4,075,980
Supervised (Watch)	4,450,171	369,508	26,777	4,846,456
Substandard	389	30,681	24,900	55,970
Doubtful	57	4,829	25,120	30,006
Compromised (losses)	-	-	159,858	159,858
Loss allowance	(233,297)	(32,939)	(169,364)	(435,600)
Carrying amount	**8,275,266**	**372,489**	**84,915**	**8,732,670**
Other financial assets				
Standard	97,508	-	-	97,508
Supervised (Watch)	-	-	-	-
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	27,341	27,341
Loss allowance	(8,595)	-	(16,805)	(25,400)
Carrying amount	**88,913**	-	**10,536**	**99,449**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

31 December 2023	Bank			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Current accounts and placements with banks				
Standard	697,112	-	-	697,112
Supervised (Watch)	1,002,072	-	-	1,002,072
Substandard	74,657	-	-	74,657
Doubtful	372	-	-	372
Compromised (losses)	-	-	-	-
Loss allowance	(4,889)	-	-	(4,889)
Carrying amount	**1,769,324**	-	-	**1,769,324**
Investment securities measured at amortized cost				
Standard	5,545,178	-	-	5,545,178
Supervised (Watch)	345,779	-	-	345,779
Substandard	-	-	-	-
Doubtful	-	-	-	-
Compromised (losses)	-	-	-	-
Loss allowance	(45,364)	-	-	(45,364)
Carrying amount	**5,845,593**	-	-	**5,845,593**
Loans to customers				
Standard	2,761,437	11,528	19,974	2,792,939
Supervised (Watch)	3,058,580	288,578	28,903	3,376,061
Substandard	738	27,190	12,812	40,740
Doubtful	-	-	61,680	61,680
Compromised (losses)	-	-	164,865	164,865
Loss allowance	(229,003)	(33,238)	(192,456)	(454,697)
Carrying amount	**5,591,752**	**294,058**	**95,778**	**5,981,588**
Other financial assets				
Standard	221,483	-	-	221,483
Supervised (Watch)	-	-	-	-
Substandard	20	-	-	20
Doubtful	-	-	-	-
Compromised (losses)	-	-	29,877	29,877
Loss allowance	(4,981)	-	(19,103)	(24,084)
Carrying amount	**216,522**	-	**10,774**	**227,296**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The following tables show the effect of changing the expected loss allowances at the level of financial asset groups and contingent liabilities.

	Group		Bank	
In MDL thousand	2024	2023	2024	2023
Cash and Balances with National Bank of Moldova				
Balance at 1 January	6,298	5,671	6,298	5,671
Balance taken through acquisition	5,558	-	-	-
Net remeasurement of loss allowance	(6,774)	793	(1,676)	793
Other adjustments (including exchange rate influence)	35	(166)	32	(166)
Balance at 31 December	**5,117**	**6,298**	**4,654**	**6,298**
Current accounts and placements with banks				
Balance at 1 January	4,889	784	4,889	784
Balance taken through acquisition	6,010	-	-	-
Net change due to changes without recognition	(5,347)	139	154	139
Increases due to initiation and acquisition	387,033	25,183	387,033	25,183
Decreases due to derecognition	(386,380)	(21,185)	(386,380)	(21,185)
Other adjustments (including exchange rate influence)	237	(32)	77	(32)
Balance at 31 December	**6,442**	**4,889**	**5,773**	**4,889**
Investment securities measured at amortized cost				
Balance at 1 January	45,364	42,725	45,364	42,725
Balance taken through acquisition	17,557	-	-	-
Net change due to changes without recognition	(5,072)	6,120	2,793	6,120
Increases due to initiation and acquisition	142,581	153,739	122,317	153,739
Decreases due to derecognition	(128,248)	(157,141)	(105,378)	(157,141)
Other adjustments (including exchange rate influence)	(7)	(78)	(6)	(78)
Balance at 31 December	**72,175**	**45,364**	**65,090**	**45,364**
Investment securities measured at FVOCI				
Balance at 1 January	176	201	176	201
Balance taken through acquisition	14,477	-	-	-
Net change due to changes without recognition	-	15	-	15
Increases due to initiation and acquisition	91	111	91	111
Decreases due to derecognition	(14,597)	(151)	(120)	(151)
Other adjustments (including exchange rate influence)	-	-	-	-
Balance at 31 December	**147**	**176**	**147**	**176**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Group	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortized cost								
Balance at 1 January	**229,003**	**33,238**	**192,456**	**454,697**	**167,214**	**39,736**	**332,435**	**539,385**
Balance taken through acquisition	10,485	14,609	15,798	40,892	-	-	-	-
Transfer to Stage 1	15,646	(6,405)	(9,241)	-	30,207	(23,069)	(7,138)	-
Transfer to Stage 2	(6,592)	8,107	(1,515)	-	(6,455)	7,395	(940)	-
Transfer to Stage 3	(4,788)	(10,556)	15,344	-	(7,074)	(8,981)	16,055	-
Net remeasurement of loss allowance	(125,220)	4,560	50,453	(70,207)	(65,809)	21,514	136,185	91,890
New financial assets originated or purchased	162,585	-	-	162,585	150,702	-	-	150,702
Financial assets that have been derecognized	(47,554)	(7,746)	(13,660)	(68,960)	(38,016)	(3,114)	(27,405)	(68,535)
Write-offs	-	-	(58,449)	(58,449)	-	-	(251,482)	(251,482)
Foreign exchange and other movements	290	(34)	690	946	(1,766)	(243)	(5,254)	(7,263)
Balance at 31 December	**233,855**	**35,773**	**191,876**	**461,504**	**229,003**	**33,238**	**192,456**	**454,697**

Group	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to retail customers								
Balance at 1 January	**106,242**	**8,190**	**103,061**	**217,493**	**97,179**	**9,051**	**103,787**	**210,017**
Balance taken through acquisition	929	800	179	1,908	-	-	-	-
Transfer to Stage 1	12,224	(3,071)	(9,153)	-	9,292	(2,319)	(6,973)	-
Transfer to Stage 2	(978)	2,446	(1,468)	-	(1,100)	1,815	(715)	-
Transfer to Stage 3	(3,751)	(4,735)	8,486	-	(6,314)	(5,383)	11,697	-
Net remeasurement of loss allowance	(62,611)	8,731	26,838	(27,042)	(49,391)	6,255	51,494	8,358
New financial assets originated or purchased	96,213	-	-	96,213	84,761	-	-	84,761
Financial assets that have been derecognized	(27,889)	(880)	(11,141)	(39,910)	(28,185)	(1,229)	(9,638)	(39,052)
Write-offs			(35,267)	(35,267)	-	-	(46,591)	(46,591)
Foreign exchange and other movements	1	(3)	(6)	(8)	-	-	-	-
Balance at 31 December	**120,380**	**11,478**	**81,529**	**213,387**	**106,242**	**8,190**	**103,061**	**217,493**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Group	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to corporate customers								
Balance at 1 January	**122,761**	**25,048**	**89,395**	**237,204**	**70,036**	**30,685**	**228,648**	**329,368**
Balance taken through acquisition	9,556	13,810	15,619	38,985	-	-	-	-
Transfer to Stage 1	3,423	(3,335)	(88)	-	20,916	(20,751)	(165)	-
Transfer to Stage 2	(5,614)	5,661	(47)	-	(5,355)	5,580	(225)	-
Transfer to Stage 3	(1,037)	(5,821)	6,858	-	(761)	(3,597)	4,358	-
Net remeasurement of loss allowance	(62,609)	(4,171)	23,615	(43,165)	(16,418)	15,259	84,691	83,532
New financial assets originated or purchased	66,372	-	-	66,372	65,942	-	-	65,942
Financial assets that have been derecognized	(19,665)	(6,866)	(2,519)	(29,050)	(9,831)	(1,885)	(17,768)	(29,484)
Write-offs			(23,182)	(23,182)	-	-	(204,892)	(204,892)
Foreign exchange and other movements	288	(31)	696	953	(1,768)	(243)	(5,252)	(7,263)
Balance at 31 December	**113,475**	**24,295**	**110,347**	**248,117**	**122,761**	**25,048**	**89,395**	**237,204**

Group	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other financial assets - receivables from sales of collaterals								
Balance at 1 January	-	-	**8,311**	**8,311**	**-**	**-**	10,944	10,944
Balance taken through acquisition	-	-	-	-	-	-	-	-
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	(185)	(185)	-	-	(1,214)	(1,214)
New financial assets originated or purchased	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets that have been derecognized	**-**	**-**	**-**	**-**			(10)	(10)
Write-offs	**-**	**-**	**-**	**-**	-	-	(1,261)	(1,261)
Foreign exchange and other movements	**-**	**-**	(6)	(6)			(148)	(148)
Balance at 31 December	-	-	**8,120**	**8,120**	-	-	**8,311**	**8,311**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Bank	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortized cost								
Balance at 1 January	**229,003**	**33,238**	**192,456**	**454,697**	**167,214**	**39,736**	**332,435**	**539,385**
Transfer to Stage 1	14,862	(5,621)	(9,241)	-	30,207	(23,069)	(7,138)	-
Transfer to Stage 2	(6,094)	7,609	(1,515)	-	(6,455)	7,395	(940)	-
Transfer to Stage 3	(4,788)	(8,455)	13,243	-	(7,074)	(8,981)	16,055	-
Net remeasurement of loss allowance	(125,549)	9,852	27,423	(88,274)	(65,809)	21,514	136,185	91,890
New financial assets originated or purchased	162,090	-	-	162,090	150,702	-	-	150,702
Financial assets that have been derecognized	(36,450)	(3,698)	(13,530)	(53,678)	(38,016)	(3,114)	(27,405)	(68,535)
Write-offs	-	-	(39,580)	(39,580)	-	-	(251,482)	(251,482)
Foreign exchange and other movements	223	14	108	345	(1,766)	(243)	(5,254)	(7,263)
Balance at 31 December	**233,297**	**32,939**	**169,364**	**435,600**	**229,003**	**33,238**	**192,456**	**454,697**

Bank	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to retail customers								
Balance at 1 January	**106,242**	**8,190**	**103,061**	**217,493**	**97,179**	**9,051**	**103,787**	**210,017**
Transfer to Stage 1	11,440	(2,286)	(9,154)	-	9,292	(2,319)	(6,973)	-
Transfer to Stage 2	(978)	2,446	(1,468)	-	(1,100)	1,815	(715)	-
Transfer to Stage 3	(3,751)	(4,735)	8,486	-	(6,314)	(5,383)	11,697	-
Net remeasurement of loss allowance	(61,316)	8,742	26,299	(26,275)	(49,391)	6,255	51,494	8,358
New financial assets originated or purchased	96,018	-	-	96,018	84,761	-	-	84,761
Financial assets that have been derecognized	(27,708)	(878)	(11,011)	(39,597)	(28,185)	(1,229)	(9,638)	(39,052)
Write-offs			(34,684)	(34,684)	-	-	(46,591)	(46,591)
Foreign exchange and other movements	-	-	-	-	-	-	-	-
Balance at 31 December	**119,947**	**11,479**	**81,529**	**212,955**	**106,242**	**8,190**	**103,061**	**217,493**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Bank	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Loans to corporate customers								
Balance at 1 January	**122,761**	**25,048**	**89,395**	**237,204**	**70,036**	**30,685**	**228,648**	**329,368**
Transfer to Stage 1	3,423	(3,335)	(88)	-	20,916	(20,751)	(165)	-
Transfer to Stage 2	(5,116)	5,163	(47)	-	(5,355)	5,580	(225)	-
Transfer to Stage 3	(1,037)	(3,720)	4,757	-	(761)	(3,597)	4,358	-
Net remeasurement of loss allowance	(64,234)	1,110	1,124	(62,000)	(16,418)	15,259	84,691	83,532
New financial assets originated or purchased	66,071	-	-	66,071	65,942	-	-	65,942
Financial assets that have been derecognized	(8,742)	(2,820)	(2,519)	(14,081)	(9,831)	(1,885)	(17,768)	(29,484)
Write-offs	-	-	(4,896)	(4,896)	-	-	(204,892)	(204,892)
Foreign exchange and other movements	224	14	109	347	(1,768)	(243)	(5,252)	(7,263)
Balance at 31 December	**113,350**	**21,460**	**87,835**	**222,645**	**122,761**	**25,048**	**89,395**	**237,204**

Bank	31 December 2024				31 December 2023			
In MDL thousand	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Other financial assets - receivables from sales of collaterals								
Balance at 1 January	**-**	**-**	**8,311**	**8,311**	**-**	**-**	10,944	10,944
Transfer to Stage 1	-	-	-	-	-	-	-	-
Transfer to Stage 2	-	-	-	-	-	-	-	-
Transfer to Stage 3	-	-	-	-	-	-	-	-
Net remeasurement of loss allowance	-	-	(185)	(185)	-	-	(1,214)	(1,214)
New financial assets originated or purchased	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Financial assets that have been derecognized	**-**	**-**	**-**	**-**	**-**	**-**	(10)	(10)
Write-offs	**-**	**-**	**-**	**-**	-	-	(1,261)	(1,261)
Foreign exchange and other movements	**-**	**-**	(6)	(6)	**-**	**-**	(148)	(148)
Balance at 31 December	-	-	**8,120**	**8,120**	-	-	**8,311**	**8,311**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Other financial assets – other receivables				
Balance at 1 January	15,773	18,484	15,773	18,484
Balance taken through acquisition	312	-	-	-
Net remeasurement of loss allowance	4,367	2,094	4,363	2,094
New financial assets originated or purchased	4,306	1,511	4,294	1,511
Financial assets that have been derecognized	(1,662)	(1,263)	(1,662)	(1,263)
Write-offs	(5,875)	(4,925)	(5,547)	(4,925)
Foreign exchange and other movements	59	(128)	59	(128)
Balance at 31 December	**17,280**	**15,773**	**17,280**	**15,773**

Group				31 December 2024
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts				
Balance at 1 January	**36,255**	**1,179**	**1,782**	**39,216**
Balance taken through acquisition	305	658	-	963
Transfer to Stage 1	1,063	(331)	(732)	-
Transfer to Stage 2	(643)	689	(46)	-
Transfer to Stage 3	(57)	(19)	76	-
Net remeasurement of loss allowance	(31,617)	567	1,875	(29,175)
New financial assets originated or purchased	51,833	-	-	51,833
Financial assets that have been derecognized	(18,065)	(1,137)	(1,450)	(20,652)
Write-offs	-	-	-	-
Foreign exchange and other movements	69	7	-	76
Balance at 31 December	**39,143**	**1,613**	**1,505**	**42,261**

Group				31 December 2023
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts				
Balance at 1 January	**27,796**	**6,031**	**1,034**	**34,861**
Transfer to Stage 1	4,060	(3,862)	(198)	-
Transfer to Stage 2	(1,887)	1,888	(1)	-
Transfer to Stage 3	(72)	(16)	88	-
Net remeasurement of loss allowance	(14,020)	(976)	2,356	(12,640)
New financial assets originated or purchased	37,711	-	-	37,711
Financial assets that have been derecognized	(16,908)	(1,819)	(1,497)	(20,224)
Write-offs	-	-	-	-
Foreign exchange and other movements	(425)	(67)	-	(493)
Balance at 31 December	**36,255**	**1,179**	**1,782**	**39,216**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Bank				31 December 2024
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts				
Balance at 1 January	**36,255**	**1,179**	**1,782**	**39,216**
Transfer to Stage 1	1,063	(331)	(732)	-
Transfer to Stage 2	(643)	687	(46)	-
Transfer to Stage 3	(57)	(19)	76	-
Net remeasurement of loss allowance	(32,021)	816	1,875	(29,330)
New financial assets originated or purchased	51,747	-	-	51,747
Financial assets that have been derecognized	(17,921)	(822)	(1,449)	(20,192)
Write-offs	-	-	-	-
Foreign exchange and other movements	62	10	-	72
Balance at 31 December	**38,485**	**1,520**	**1,506**	**41,511**

Bank				31 December 2023
In MDL thousand	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts				
Balance at 1 January	**27,796**	**6,031**	**1,034**	**34,861**
Transfer to Stage 1	4,060	(3,862)	(198)	-
Transfer to Stage 2	(1,887)	1,888	(1)	-
Transfer to Stage 3	(72)	(16)	88	-
Net remeasurement of loss allowance	(14,020)	(976)	2,356	(12,640)
New financial assets originated or purchased	37,711	-	-	37,711
Financial assets that have been derecognized	(16,908)	(1,819)	(1,497)	(20,224)
Write-offs	-	-	-	-
Foreign exchange and other movements	(425)	(67)	-	(493)
Balance at 31 December	**36,255**	**1,179**	**1,782**	**39,216**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.1 Expected Credit Loss (ECL) Measurement (continued)

The following tables present a reconciliation between:

- amounts shown in the above tables reconciling opening and closing balances of loss allowance per class of financial instruments; and
- the "Net impairment (losses) / release on financial assets" line item in the statement of profit or loss and other comprehensive income.

Group	2024								
In MDL thousand	Cash and Balances with National Bank of Moldova	Current accounts and placements with banks	Investment securities at amortized cost	Investment securities measured at FVOCI	Loans to customers at amortized cost	Other financial assets - Receivables from sales of collateral	Other financial assets – other receivables	Loan commitments and financial guarantee contracts	Total
Net remeasurement of loss allowance/provision	(6,774)	(391,727)	(133,320)	(14,597)	(141,390)	(185)	2,705	(49,827)	(735,115)
New financial assets originated or purchased	-	387,033	142,581	91	162,585	-	4,306	51,833	748,429
Total	**(6,774)**	**(4,694)**	**9,261**	**(14,506)**	**21,195**	**(185)**	**7,011**	**2,006**	**13,314**
Recoveries of amounts previously written-off	-	-	-	-	(177,451)	-	(260)	-	(177,711)
Total	**(6,774)**	**(4,694)**	**9,261**	**(14,506)**	**(156,256)**	**(185)**	**6,751**	**2,006**	**(164,397)**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Group	2023								
In MDL thousand	Cash and Balances with National Bank of Moldova	Current accounts and placements with banks	Investment securities at amortized cost	Investment securities measured at FVOCI	Loans to customers at amortized cost	Other financial assets - Receivables from sales of collateral	Other financial assets – other receivables	Loan commitments and financial guarantee contracts	Total
Net remeasurement of loss allowance/provision	793	(21,046)	(151,021)	(136)	22,197	(1,224)	832	(32,864)	(182,469)
New financial assets originated or purchased	-	25,183	153,738	111	150,703	-	1,511	37,712	368,958
Total	**793**	**4,137**	**2,717**	**(25)**	**172,900**	**(1,224)**	**2,343**	**4,848**	**186,489**
Recoveries of amounts previously written off	-	-	-	-	(70,560)	-	(292)	-	(70,852)
Total	**793**	**4,137**	**2,717**	**(25)**	**102,340**	**(1,224)**	**2,051**	**4,848**	**115,637**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Bank	2024								
In MDL thousand	Cash and Balances with National Bank of Moldova	Current accounts and placements with banks	Investment securities at amortized cost	Investment securities measured at FVOCI	Loans to customers at amortized cost	Other financial assets - Receivables from sales of collateral	Other financial assets – other receivables	Loan commitments and financial guarantee contracts	Total
Net remeasurement of loss allowance/provision	(1,676)	(386,226)	(102,584)	(120)	(144,180)	(185)	2,705	(49,523)	(681,790)
New financial assets originated or purchased	-	387,033	122,317	91	162,090	-	4,294	51,746	727,571
Total	**(1,676)**	**807**	**19,733**	**(29)**	**17,910**	**(185)**	**6,999**	**2,223**	**45,782**
Recoveries of amounts previously written-off	-	-	-	-	(177,451)	-	(260)	-	(177,711)
Total	**(1,676)**	**807**	**19,733**	**(29)**	**(159,541)**	**(185)**	**6,739**	**2,223**	**(131,929)**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Bank	2023								
In MDL thousand	Cash and Balances with National Bank of Moldova	Current accounts and placements with banks	Investment securities at amortized cost	Investment securities measured at FVOCI	Loans to customers at amortized cost	Other financial assets - Receivables from sales of collateral	Other financial assets – other receivables	Loan commitments and financial guarantee contracts	Total
Net remeasurement of loss allowance/provision	793	(21,046)	(151,021)	(136)	22,197	(1,224)	832	(32,864)	(182,469)
New financial assets originated or purchased	-	25,183	153,738	111	150,703	-	1,511	37,712	368,958
Total	**793**	**4,137**	**2,717**	**(25)**	**172,900**	**(1,224)**	**2,343**	**4,848**	**186,489**
Recoveries of amounts previously written off	-	-	-	-	(70,560)	-	(292)	-	(70,852)
Total	**793**	**4,137**	**2,717**	**(25)**	**102,340**	**(1,224)**	**2,051**	**4,848**	**115,637**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.1 Expected Credit Loss (ECL) Measurement (continued)

Collateral held

The hold collateral against loans to customers in the form of mortgages over land and buildings, pledges on equipment and inventories and other guarantees. The estimates of fair value are based on the collateral value assessed on the loan granting date and periodically updated afterwards. "Property" includes land, residential and commercial buildings, "Security interests in movable property" includes pledges on movable assets (cars, equipment, inventories etc.).

Retail customers

The analysis of the fair value by types of guarantees for loans granted to individuals is presented below:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Property	3,932,669	2,374,161	3,474,184	2,374,161
Security interests in movable property	701	-	-	-
Pledged deposits	231	-	-	-
Total	**3,933,601**	**2,374,161**	**3,474,184**	**2,374,161**

Mortgage lending

The following tables determine the credit exposures from mortgage loans to retail customers by ranges of loan-to-value (LTV) ratio. The LTV is calculated as the ratio between the gross value of the loan and the fair value of the collateral at the reporting date. The fair value of the collateral for residential mortgages is based on the fair value originally discounted based on changes in housing price indices.

In MDL thousand		Group		Bank	
LTV ratio	Note	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Less than 50%		514,565	226,453	418,528	226,453
51-70%		485,384	207,807	445,955	207,807
71-90%		465,079	251,774	464,278	251,774
91-100%		59,204	35,092	57,087	35,092
More than 100%		511,643	560,522	511,644	560,522
Total	7	**2,035,875**	**1,281,648**	**1,897,492**	**1,281,648**

* The gross value of mortgage loans in the amount of MDL'000 509,744 with an LTV ratio higher than 100% (2023: MDL'000 558,758) represent loans granted under the state program "First House". The amount of collateral for these loans is considered to be only 50% of the value. The other 50% of the credit exposure are covered by state guarantees.

Corporate customers

Group	Note	31 December 2024		31 December 2023	
In MDL thousand		Gross value	Collateral amount	Gross value	Collateral amount
Stages 1 and 2		5,115,054	11,972,758	3,233,140	7,899,284
Stages 3		183,567	491,801	154,457	502,002
Total	7	**5,298,620**	**12,464,559**	**3,387,597**	**8,401,286**

Bank	Note	31 December 2024		31 December 2023	
In MDL thousand		Gross value	Collateral amount	Gross value	Collateral amount
Stages 1 and 2		4,932,207	11,653,684	3,233,140	7,899,284
Stages 3		144,150	448,630	154,457	502,002
Total	7	**5,076,357**	**12,102,314**	**3,387,597**	**8,401,286**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.1 Credit Risk (continued)

41.1.2 Concentration of credit risk

The Group and Bank monitor concentrations of credit risk by sector and by geographic location and industrial sectors. The analysis of the exposure to credit risk related to financial assets by geographical regions and industrial sectors at 31 December 2024 and 31 December 2023 are presented below:

Concentration of credit risk by geographic location

31 December 2024

Group *In MDL thousand*	Moldova	OECD countries	Non-OECD countries	Total
Current accounts and placements with banks	-	1,968,906	275,464	2,244,370
Investment securities – debt instruments	7,747,288	-	345,955	8,093,243
Equity investment securities designated as at FVOCI	2,477	1,708	-	4,185
Loans to customers	9,074,059	-	-	9,074,059
Other financial assets	100,835	-	-	100,835
Total	**16,924,659**	**1,970,614**	**621,419**	**19,516,692**

31 December 2023

Group *In MDL thousand*	Moldova	OECD countries	Non-OECD countries	Total
Current accounts and placements with banks	356	1,601,898	167,070	1,769,324
Investment securities – debt instruments	5,516,433	-	343,583	5,860,016
Equity investment securities designated as at FVOCI	2,477	901	-	3,378
Loans to customers	5,981,588	-	-	5,981,588
Other financial assets	227,296	-	-	227,296
Total	**11,728,150**	**1,602,799**	**510,653**	**13,841,602**

31 December 2024

Bank *In MDL thousand*	Moldova	OECD countries	Non-OECD countries	Total
Current accounts and placements with banks	60	1,772,401	185,266	1,957,727
Investment securities – debt instruments	6,831,326	-	345,955	7,177,281
Equity investment securities designated as at FVOCI	2,477	1,708	-	4,185
Loans to customers	8,732,670	-	-	8,732,670
Investment in subsidiaries	224,011	-	-	224,011
Other financial assets	99,449	-	-	99,449
Total	**15,889,993**	**1,774,109**	**531,221**	**18,195,323**

31 December 2023

Bank *In MDL thousand*	Moldova	OECD countries	Non-OECD countries	Total
Current accounts and placements with banks	356	1,601,898	167,070	1,769,324
Investment securities – debt instruments	5,516,433	-	343,583	5,860,016
Equity investment securities designated as at FVOCI	2,477	901	-	3,378
Loans to customers	5,981,588	-	-	5,981,588
Other financial assets	227,296	-	-	227,296
Total	**11,728,150**	**1,602,799**	**510,653**	**13,841,602**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
411.2 Concentration of credit risk (continued)

Concentration of credit risk by sector, Group

31 December 2024 *In MDL thousand*	Financial institutions	Government/ Public Administration	Farming and food industry	Production and trade	Real estate	Transport and road construction	Energy sector	Mortgage loans	Consumer loans	Others	Total
Current accounts and placements with banks	2,244,370	-	-	-	-	-	-	-	-	-	**2,244,370**
Investment securities – debt instruments	-	8,093,243	-	-	-	-	-	-	-	-	**8,093,243**
Equity investment securities designated as at FVOCI	-	-	-	-	-	-	-	-	-	4,185	**4,185**
Loans to customers:											
Retail	-	-	-	-	-	-	-	2,026,584	1,996,972	-	**4,023,556**
Corporate	-	26,405	772,641	2,560,278	119,390	188,808	235,931	-	57,850	1,089,200	**5,050,503**
Other financial assets	-	-	-	-	-	-	-	-	-	100,835	**100,835**
Total	**2,244,370**	**8,119,648**	**772,641**	**2,560,278**	**119,390**	**188,808**	**235,931**	**2,026,584**	**2,054,822**	**1,194,220**	**19,516,692**

31 December 2023 *In MDL thousand*	Financial institutions	Government/ Public Administration	Farming and food industry	Production and trade	Real estate	Transport and road construction	Energy sector	Mortgage loans	Consumer loans	Others	Total
Current accounts and placements with banks	1,769,324	-	-	-	-	-	-	-	-	-	1,769,324
Investment securities – debt instruments	-	5,860,016	-	-	-	-	-	-	-	-	5,860,016
Equity investment securities designated as at FVOCI	-	-	-	-	-	-	-	-	-	3,378	3,378
Loans to customers:											
Retail	-	-	-	-	-	-	-	1,266,595	1,564,600	-	2,831,195
Corporate	-	45,523	599,156	1,239,641	58,959	129,272	76,602	-	58,696	942,544	3,150,393
Other financial assets	-	-	-	-	-	-	-	-	-	227,296	227,296
Total	**1,769,324**	**5,905,539**	**599,156**	**1,239,641**	**58,959**	**129,272**	**76,602**	**1,266,595**	**1,623,296**	**1,173,218**	**13,841,602**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.1 Credit Risk (continued)
41.1.2 Concentration of credit risk (continued)

Concentration of credit risk by sector, Bank

31 December 2024 *In MDL thousand*	Financial institutions	Government/ Public Administration	Farming and food industry	Production and trade	Real estate	Transport and road construction	Energy sector	Mortgage loans	Consumer loans	Others	Total
Current accounts and placements with banks	1,957,727	-	-	-	-	-	-	-	-	-	**1,957,727**
Investment securities – debt instruments	-	7,177,281	-	-	-	-	-	-	-	-	**7,177,281**
Equity investment securities designated as at FVOCI	-	-	-	-	-	-	-	-	-	4,185	**4,185**
Loans to customers:											
Retail	-	-	-	-	-	-	-	1,888,338	1,990,620	-	**3,878,958**
Corporate	-	26,405	755,736	2,380,393	119,390	188,808	235,931	-	57,851	1,089,198	**4,853,712**
Investment in subsidiaries	224,011	-	-	-	-	-	-	-	-	-	**224,011**
Other financial assets	-	-	-	-	-	-	-	-	-	99,449	**99,449**
Total	**2,181,738**	**7,203,686**	**755,736**	**2,380,393**	**119,390**	**188,808**	**235,931**	**1,888,338**	**2,048,471**	**1,192,832**	**18,195,323**

31 December 2023 *In MDL thousand*	Financial institutions	Government/ Public Administration	Farming and food industry	Production and trade	Real estate	Transport and road construction	Energy sector	Mortgage loans	Consumer loans	Others	Total
Current accounts and placements with banks	1,769,324	-	-	-	-	-	-	-	-	-	1,769,324
Investment securities – debt instruments	-	5,860,016	-	-	-	-	-	-	-	-	5,860,016
Equity investment securities designated as at FVOCI	-	-	-	-	-	-	-	-	-	3,378	3,378
Loans to customers:											
Retail	-	-	-	-	-	-	-	1,266,595	1,564,600	-	2,831,195
Corporate	-	45,523	599,156	1,239,641	58,959	129,272	76,602	-	58,696	942,544	3,150,393
Other financial assets	-	-	-	-	-	-	-	-	-	227,296	227,296
Total	**1,769,324**	**5,905,539**	**599,156**	**1,239,641**	**58,959**	**129,272**	**76,602**	**1,266,595**	**1,623,296**	**1,173,218**	**13,841,602**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.2 Market risk

Market risk, the risk of loss related to balance sheet and off-balance sheet due to unfavorable fluctuations in the market price of the financial instrument held for trading equities, interest rates and exchange rate.

The main purpose of market risk management is to establish the main elements related to market risk management, in order to obtain the expected return of the trading book, under the conditions of proper management, consciously assumed and adapted to market and development conditions of the Bank, and not least in the context of the current regulatory framework.

In order to ensure proper management of interest rate risk as part of market risk, the following principles are applied:

- Establishing the types of instruments and activities permitted for the Group and the Bank to manage its position risk exposures, taking into account the types of investments, the quality and the acceptable quantity for each type of investment;
- Establishing a set of interest rate risk limits that correspond to the size and complexity of the Group's and Bank's business and the Group's and Bank's risk appetite;
- Ensuring information systems based on which issues related to the bank's market risk are reported in a timely manner to management bodies and specialized committees;
- Establishing methodologies used for crisis simulations based on information related to the Bank's operations and appetite for market risk to determine the influence of the hypothetical fluctuation of interest rates (change in yields) on the Group's and Bank's revenues and own funds.

For accounting purposes, the Group and the Bank measures its trading portfolio at fair value through other comprehensive income.

The Group and the Bank measures the fair value of financial instruments on the basis of the prices quoted on the active markets for identical financial assets, in accordance with the market-price principle (mark-to-market).

The objective of valuation techniques is to determine the fair value that reflects the price that would be obtained from a transaction under normal market conditions for the financial instrument at the date of preparation of the financial statements.

Monitoring and management of market risk indicators is performed on two levels, namely at Board of Administration / Executive Committee and at Assets and Liabilities Management Committee (ALCO).

For each type of market risk simulation exercises are conducted periodically (monthly stress testing).

41.2.1 Currency risk

The management of currency risk as a component of market risk is performed according to the following principles:

- Combining prudential requirements with profitability requirements in currency risk management;
- Establishing a set of limits for currency risk, corresponding to the size and complexity of the Group's and the Bank's activity, operations performed and the Group's and the Bank's risk appetite;
- Establishing the methodologies used for the purpose of crisis simulations based on information related to the Bank's operations and appetite for market risk to determine the influence of exchange rates (depreciation/appreciation) on the Bank's revenues and own funds.

Foreign currency exposure is limited by NBM. The Group and the Bank have set internal limits (falling within NBM) for the sum of ratios of open foreign exchange positions aiming to identify early risk of increasing rates.

The tables below shows the Group's and the Bank's exposure to currency risk at 31 December 2024 and 31 December 2023. The Group's and the Bank's financial assets and liabilities are stated at carrying amounts, categorized by currency.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.2 Market risk (continued)

41.2.1 Currency risk (continued)

Group
31 December 2024

In MDL thousand	Notes	MDL	EUR	USD	Other currencies*	Total
Financial assets						
Cash and Balances with National Bank of Moldova	4	3,441,234	2,090,519	713,224	34,844	6,279,821
Current accounts and placements with banks	5	-	1,389,363	807,037	47,970	2,244,370
Investment securities measured at amortized cost	6	7,735,240	345,955	-	-	8,081,195
Investment securities measured at FVOCI	6	12,048	-	-	-	12,048
Equity investment securities designated as at FVOCI	8	2,477	1,708	-	-	4,185
Loans to customers	7	6,868,747	1,957,737	247,576	-	9,074,059
Other financial assets	13	76,658	20,494	3,680	3	100,835
Total financial assets		**18,136,404**	**5,805,776**	**1,771,517**	**82,817**	**25,796,513**
Financial liabilities						
Deposits from banks	18	13,178	-	-	1,837	15,015
Deposits from customers	19	11,904,603	5,430,070	1,717,369	59,573	19,111,615
Other borrowings	16	513,575	230,059	-	-	743,634
Subordinated liabilities	17	482,189	-	-	-	482,189
Lease liabilities	12	2,992	69,078			72,070
Other financial liabilities	22	248,330	89,510	73,397	6,607	417,844
Total financial liabilities		**13,164,867**	**5,818,717**	**1,790,766**	**68,017**	**20,842,367**
Net currency position		**4,971,537**	**(12,941)**	**(19,249)**	**14,800**	**4,954,146**

* Other currencies mainly include the Ukrainian hryvnia, the Romanian leu and Russian ruble.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.1 Currency risk (continued)

Group
31 December 2023

In MDL thousand	Notes	MDL	EUR	USD	Other currencies*	Total
Financial assets						
Cash and Balances with National Bank of Moldova	4	4,440,379	2,116,981	730,463	29,547	7,317,370
Current accounts and placements with banks	5	-	1,024,372	727,502	17,450	1,769,324
Investment securities measured at amortized cost	6	5,502,009	343,584	-	-	5,845,593
Investment securities measured at FVOCI	6	14,423	-	-	-	14,423
Equity investment securities designated as at FVOCI	8	2,477	901	-	-	3,378
Loans to customers	7	4,684,928	1,137,487	159,173	-	5,981,588
Other financial assets	13	173,465	31,325	22,487	19	227,296
Total financial assets		**14,817,681**	**4,654,650**	**1,639,625**	**47,016**	**21,158,972**
Financial liabilities						
Deposits from banks	18	1,064	764	33,612	165	35,605
Deposits from customers	19	10,139,198	4,065,043	1,482,144	38,909	15,725,294
Other Borrowings	16	120,553	391,929	-	-	512,482
Lease liabilities	12	5,621	73,962	-	-	79,583
Other financial liabilities	22	486,116	133,058	92,972	6,723	718,869
Total financial liabilities		**10,752,552**	**4,664,756**	**1,608,728**	**45,797**	**17,071,833**
Net currency position		**4,065,129**	**(10,106)**	**30,897**	**1,219**	**4,087,139**

* Other currencies mainly include the Ukrainian hryvnia, the Romanian leu and Russian ruble.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.2 Market risk (continued)

41.2.1 Currency risk (continued)

Bank
31 December 2024

In MDL thousand	Notes	MDL	EUR	USD	Other currencies*	Total
Financial assets						
Cash and Balances with National Bank of Moldova	4	3,149,567	1,935,531	656,728	34,361	5,776,187
Current accounts and placements with banks	5	-	1,189,840	720,728	47,159	1,957,727
Investment securities measured at amortized cost	6	6,819,278	345,955	-	-	7,165,233
Investment securities measured at FVOCI	6	12,048	-	-	-	12,048
Equity investment securities designated as at FVOCI	8	2,477	1,708	-	-	4,185
Loans to customers	7	6,671,238	1,817,305	244,127	-	8,732,670
Investment in subsidiaries	9	224,011	-	-	-	224,011
Other financial assets	12	75,358	20,419	3,669	3	99,449
Total financial assets		**16,953,977**	**5,310,758**	**1,625,252**	**81,523**	**23,971,510**
Financial liabilities						
Deposits from banks	18	877	1,969	11,719	2,653	17,218
Deposits from customers	19	11,257,981	4,945,383	1,561,468	57,344	17,822,176
Other borrowings	16	513,575	230,059	-	-	743,634
Subordinated liabilities	17	482,189	-	-	-	482,189
Lease liabilities	12	2,991	63,232	-	-	66,223
Other financial liabilities	22	243,457	88,608	73,111	6,157	411,333
Total financial liabilities		**12,501,070**	**5,329,251**	**1,646,298**	**66,154**	**19,542,773**
Net currency position		**4,452,908**	**(18,492)**	**(21,047)**	**15,369**	**4,428,737**

* Other currencies mainly include the Ukrainian hryvnia, the Romanian leu and Russian ruble.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.1 Currency risk (continued)

Bank
31 December 2023

In MDL thousand	Notes	MDL	EUR	USD	Other currencies*	Total
Financial assets						
Cash and Balances with National Bank of Moldova	4	4,440,379	2,116,981	730,463	29,547	7,317,370
Current accounts and placements with banks	5	-	1,024,372	727,502	17,450	1,769,324
Investment securities measured at amortized cost	6	5,502,009	343,584	-	-	5,845,593
Investment securities measured at FVOCI	6	14,423	-	-	-	14,423
Equity investment securities designated as at FVOCI	8	2,477	901	-	-	3,378
Loans to customers	7	4,684,928	1,137,487	159,173	-	5,981,588
Other financial assets	13	173,465	31,325	22,487	19	227,296
Total financial assets		**14,817,681**	**4,654,650**	**1,639,625**	**47,016**	**21,158,972**
Financial liabilities						
Deposits from banks	18	1,064	764	33,612	165	35,605
Deposits from customers	19	10,139,198	4,065,043	1,482,144	38,909	15,725,294
Other Borrowings	16	120,553	391,929	-	-	512,482
Lease liabilities	12	5,621	73,962	-	-	79,583
Other financial liabilities	22	486,116	133,058	92,972	6,723	718,869
Total financial liabilities		**10,752,552**	**4,664,756**	**1,608,728**	**45,797**	**17,071,833**
Net currency position		**4,065,129**	**(10,106)**	**30,897**	**1,219**	**4,087,139**

* Other currencies mainly include the Ukrainian hryvnia, the Romanian leu and Russian ruble.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.2 Market risk (continued)

41.2.1 Currency risk (continued)

The table below presents the Profit or Loss sensitivity in the event of potential changes of the exchange rates applicable at 31st of December 2024 and 31st of December 2023 in relation to the functional currency of the Group and the Bank, considering that all the other variables remain constant:

	Impact on Profit or Loss			
	Group		Bank	
In MDL thousand	2024	2023	2024	2023
EUR increase by up to 10%	1,420	(878)	1,966	(878)
EUR decrease by up to 10%	(1,420)	878	(1,966)	878
USD increase by up to 10%	1,246	3,051	1,404	3,051
USD decrease by up to 10%	(1,246)	(3,051)	(1,404)	(3,051)

41.2.2 Interest rate risk from the banking book (IRRBB)

Interest rate risk is the current or future risk of adverse outcome on Group's and the Bank's earnings and capital due to adverse changes in interest rates.

The main source of interest rate risk are the mismatches between the maturity dates (for fixed rate instruments) or dates of re-pricing (for variable interest rates instruments) for interest-bearing assets and liabilities, adverse development of yield curve (non-parallel evolution of yield curves for interest-bearing assets and liabilities).

The management of interest-bearing asset and liabilities is performed in the context of the Group's and the Bank's exposure to interest rate fluctuations. Interest rate risk is managed by monitoring of the interest rate GAP (mismatch), of the potential change in economic value as a result of changing interest rate levels and through a system of approved internal limits and indicators.

Interest rate risk is managed in a way that ensures a favorable and stable interest margin over time, and the profitability and value of the Group's and the Bank's capital does not change significantly, as a result of unexpected changes in interest rates depending on the cash-flow characteristics generated by the Group's and the Bank's assets and liabilities. In this regard, ALCO fulfills a number of assignments and responsibilities in the area of managing assets and liabilities, managing interest rate risk and other related risks and areas.

In the sensitivity analysis regarding interest rate variation, the Group and the Bank have calculated the impact of potential market interest rate changes on the interest margin for the future financial periods, by taking into consideration the interest rate resetting / re-fixing date with respect to the balance sheet assets and liabilities.

The potential change of the Group and the Bank's economic value due to changes:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Own funds	4,412,253	3,564,443	4,213,487	3,564,443
Potential decline in economic value +/- 200bp				
Absolute value	85,202	59,625	80,500	59,625
Impact on own funds	1.93%	1.67%	1.91%	1.67%

The tables on the next pages show the Group's and the Bank's exposure to interest rate risk as at 31 December 2024 and 31 December 2023. The tables include financial assets and liabilities of the Group and the Bank at their carrying amounts, classified based on the earliest date between repricing and maturity dates.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.2 Interest rate risk from the banking book (continued)

Group
31 December 2024

In MDL thousand	Notes	Carrying amount	Less than 6 months	6 months – 1 year	1 – 5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and Balances with National Bank of Moldova	4	6,279,821	4,221,606	-	-	-	2,058,215
Current accounts and placements with banks	5	2,244,370	2,100,688	-	-	-	143,682
Investment securities measured at amortized cost	6	8,081,195	5,449,389	2,242,821	386,121	2,864	-
Investment securities measured at FVOCI	6	12,048	5,623	3,260	2,969	196	-
Loans to customers	7	9,074,059	7,644,470	282,105	1,113,211	9,500	24,773
Other financial assets	13	100,835	959				99,876
Total financial assets		**25,792,328**	**19,422,735**	**2,528,186**	**1,502,301**	**12,560**	**2,326,546**
Financial liabilities							
Deposits from banks	18	15,015	15,015	-	-	-	-
Deposits from customers	19	19,111,615	17,660,329	1,282,426	50,266	-	118,594
Other Borrowings	16	743,634	743,634	-	-	-	-
Subordinated debts	17	482,189	482,189	-	-	-	-
Lease liabilities	12	72,070	1,450	-	-	-	70,620
Other financial liabilities	22	417,842	-	-	-	-	417,842
Total financial liabilities		**20,842,365**	**18,902,617**	**1,282,426**	**50,266**	**-**	**607,056**
Interest gap			**520,118**	**1,245,760**	**1,452,035**	**12,560**	**1,719,490**
Cumulative interest gap			**520,118**	**1,765,878**	**3,217,913**	**3,230,473**	**4,949,963**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.2 Interest rate risk from the banking book (continued)

Group
31 December 2023

In MDL thousand	Notes	Carrying amount	Less than 6 months	6 months – 1 year	1 – 5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and Balances with National Bank of Moldova	4	7,317,370	4,941,292	-	-	-	2,376,078
Current accounts and placements with banks	5	1,769,324	1,648,598	-	-	-	120,726
Investment securities measured at amortized cost	6	5,845,593	4,251,738	1,035,153	555,839	2,863	-
Investment securities measured at FVOCI	6	14,423	6,309	3,112	4,890	112	-
Loans to customers	7	5,981,588	5,092,434	111,901	744,786	2,086	30,381
Other financial assets	13	227,296	2,120	-	-	-	225,176
Total financial assets		**21,155,594**	**15,942,491**	**1,150,166**	**1,305,515**	**5,061**	**2,752,361**
Financial liabilities							
Deposits from banks	18	35,605	35,605	-	-	-	-
Deposits from customers	19	15,725,294	14,511,407	1,013,874	123,008		77,005
Other borrowings	16	512,482	512,482	-	-	-	-
Lease liabilities	12	79,583	-	-	-	-	79,583
Other financial liabilities	22	718,869	-	-	-	-	718,869
Total financial liabilities		**17,071,833**	**15,059,494**	**1,013,874**	**123,008**	**-**	**875,457**
Interest gap			**882,997**	**136,292**	**1,182,507**	**5,061**	**1,876,904**
Cumulative interest gap			**882,997**	**1,019,289**	**2,201,796**	**2,206,857**	**4,083,761**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.2 Interest rate risk from the banking book (continued)

Bank
31 December 2024

In MDL thousand	Notes	Carrying amount	Less than 6 months	6 months – 1 year	1 – 5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and Balances with National Bank of Moldova	4	5,776,187	4,046,472	-	-	-	1,729,715
Current accounts and placements with banks	5	1,957,727	1,814,045	-	-	-	143,682
Investment securities measured at amortized cost	6	7,165,233	4,917,680	1,858,568	386,121	2,864	-
Investment securities measured at FVOCI	6	12,048	5,623	3,260	2,969	196	-
Loans to customers	7	8,732,670	7,303,081	282,105	1,113,211	9,500	24,773
Investment in subsidiaries	9	224,011	-	-	-	-	224,011
Other financial assets	13	99,449	959	-	-	-	98,490
Total financial assets		**23,967,325**	**18,087,860**	**2,143,933**	**1,502,301**	**12,560**	**2,220,671**
Financial liabilities							
Deposits from banks	18	17,218	17,218	-	-	-	-
Deposits from customers	19	17,822,176	16,483,466	1,220,092	2,551	-	116,067
Other Borrowings	16	743,634	743,634	-	-	-	-
Subordinated debts	17	482,189	482,189	-	-	-	-
Lease liabilities	12	66,223	1,450	-	-	-	64,773
Other financial liabilities	22	411,332	-	-	-	-	411,332
Total financial liabilities		**19,542,772**	**17,727,957**	**1,220,092**	**2,551**	**-**	**592,172**
Interest gap			**359,903**	**923,841**	**1,499,750**	**12,560**	**1,628,499**
Cumulative interest gap			**359,903**	**1,283,744**	**2,783,494**	**2,796,054**	**4,424,553**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.2 Market risk (continued)
41.2.2 Interest rate risk from the banking book (continued)

Bank
31 December 2023

In MDL thousand	Notes	Carrying amount	Less than 6 months	6 months – 1 year	1 – 5 years	More than 5 years	Non-interest bearing
Financial assets							
Cash and Balances with National Bank of Moldova	4	7,317,370	4,941,292	-	-	-	2,376,078
Current accounts and placements with banks	5	1,769,324	1,648,598	-	-	-	120,726
Investment securities measured at amortized cost	6	5,845,593	4,251,738	1,035,153	555,839	2,863	-
Investment securities measured at FVOCI	6	14,423	6,309	3,112	4,890	112	-
Loans to customers	7	5,981,588	5,092,434	111,901	744,786	2,086	30,381
Other financial assets	13	227,296	2,120	-	-	-	225,176
Total financial assets		**21,155,594**	**15,942,491**	**1,150,166**	**1,305,515**	**5,061**	**2,752,361**
Financial liabilities							
Deposits from banks	18	35,605	35,605	-	-	-	-
Deposits from customers	19	15,725,294	14,511,407	1,013,874	123,008		77,005
Other borrowings	16	512,482	512,482	-	-	-	-
Lease liabilities	12	79,583	-	-	-	-	79,583
Other financial liabilities	22	718,869	-	-	-	-	718,869
Total financial liabilities		**17,071,833**	**15,059,494**	**1,013,874**	**123,008**	**-**	**875,457**
Interest gap			**882,997**	**136,292**	**1,182,507**	**5,061**	**1,876,904**
Cumulative interest gap			**882,997**	**1,019,289**	**2,201,796**	**2,206,857**	**4,083,761**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk

Liquidity risk is the current or future risk of impairment of earnings and capital resulting from the inability of the Group and the Bank to meet their obligations as they fall due.

Liquidity risk has 2 main components: the difficulty in procuring funds at maturity in order to refinance current assets or the inability to convert an asset into liquidity at a value close to its fair value, within a reasonable period of time.

The purpose of liquidity risk management is to obtain the expected returns on assets through capitalization of temporary excess liquidity and the efficient allocation of resources attracted from clients, in the context of appropriate management, current legislative framework and established objectives.

The Group and the Bank have access to diversified funding sources. Funds are attracted through a range of instruments such as: deposits from customers or partner banks, loans on the interbank market (NBM, commercial banks), loans from financial institutions, etc. Access to various sources of funding improves the flexibility of fundraising, limits reliance on a single type of funding and one type of partner, and leads to a general decrease in the costs involved in raising funds. The Group and the Bank try to maintain a balance between continuity and flexibility in raising funds, by contracting debts with different maturities and in different currencies.

The Assets and Liabilities Management Committees (ALCO) of the Group and the Bank are responsible for the periodic review of liquidity indicators and with the establishment of corrective measures regarding balance sheet figures, so as to eliminate unacceptable deviations in terms of liquidity risk.

In liquidity management, the Group and the Bank apply a series of principles regarding the quality, maturity, diversity and degree of asset risk, while establishing sets of carefully monitored limits to ensure compliance with the principles and the desired returns.

In order to soundly manage liquidity risk, the Group and the Bank constantly seek to attract liquidity through treasury operations, external fundings, capital markets, etc., taking into account various factors such as the issuer's rating, maturity and size of the issue, the markets on which it is traded.

The operative management (intraday) of liquidity is carried out through all the operations performed by the involved components of the Group and the Bank, so as to ensure all settlements/payments assumed by the Group and the Bank on its own behalf or on behalf of customers, in national or foreign currency, on account or in cash within the internal, legal, mandatory limits.

The Group and the Bank also take into account a liquidity reserve, with the aim of covering the additional need for liquidity that may arise over a short period of time, under stress conditions, periodically tested based on different crisis scenarios with different probabilities and severities.

The tables below present an analysis of maturities of assets, liabilities and contingent liabilities of the Group and the Bank into relevant maturity groups based on the remaining period at balance sheet date to the contractual maturity date, as of 31 December 2024 and 31 December 2023.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.3 Liquidity risk (continued)

31 December 2024

In MDL thousand	Notes	Group Carrying amount	1-3 months	3 months - 1 year	1 – 5 years	More than 5 years	No maturity
Financial assets							
Cash and Balances with National Bank of Moldova	4	6,279,821	6,279,821	-	-	-	-
Current accounts and placements with banks	5	2,244,370	2,244,370	-	-	-	-
Investment securities measured at amortized cost	6	8,081,195	3,804,913	3,883,573	388,956	3,753	-
Investment securities measured at FVOCI	6	12,048	2,813	5,972	3,066	197	-
Equity investment securities designated as at FVOCI	8	4,185	-	-	-	-	4,185
Loans to customers	7	9,074,059	565,678	2,337,236	4,576,607	1,594,538	-
Other financial assets	13	100,835	100,835	-	-	-	-
Total financial assets		**25,796,513**	**12,998,430**	**6,226,781**	**4,968,629**	**1,598,488**	**4,185**
Financial liabilities							
Deposits from banks	18	15,015	15,015	-	-	-	-
Deposits from customers	19	19,111,615	15,479,822	2,794,105	813,620	24,068	-
Other borrowings	16	743,634	212,061	122,109	404,024	5,441	-
Subordinated debts	17	482,189	-	1,517	-	480,672	-
Lease liabilities	12	72,070	9,441	24,087	38,542	-	-
Other financial liabilities	22	417,842	417,842	-	-	-	-
Total financial liabilities		**20,842,365**	**16,134,181**	**2,941,818**	**1,256,186**	**510,181**	**-**
Net balance sheet position		**4,954,148**	**(3,135,751)**	**3,284,963**	**3,712,443**	**1,088,307**	**4,185**
Loan commitments and financial guarantee contracts	33	1,328,037	1,328,037	-	-	-	-
Total off-balance sheet		**1,328,037**	**1,328,037**	**-**	**-**	**-**	**-**
Total net on- and off-balance sheet position		**6,282,185**	**(1,807,714)***	**3,284,963**	**3,712,443**	**1,088,307**	**4,185**

* The evolution of current accounts and short-term deposits indicates a growing trend and a pattern of constant renewal. In addition, the liquidity gap for the band "1-3 months" is easily managed, if necessary, by using debt securities from other liquidity bands for REPO transactions.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk (continued)

31 December 2023

In MDL thousand	Notes	Group Carrying amount	1-3 months	3 months - 1 year	1 – 5 years	More than 5 years	No maturity
Financial assets							
Cash and Balances with National Bank of Moldova	4	7,317,370	7,317,370	-	-	-	-
Current accounts and placements with banks	5	1,769,324	1,453,962	196,570	-	118,792	-
Investment securities measured at amortized cost	6	5,845,593	3,099,018	2,175,451	568,261	2,863	-
Investment securities measured at FVOCI	6	14,423	2,366	6,542	5,402	113	-
Equity investment securities designated as at FVOCI	8	3,378	-	-	-	-	3,378
Loans to customers	7	5,981,588	592,900	1,296,421	3,006,578	1,085,689	-
Other financial assets	13	227,296	225,965	1,331	-	-	-
Total financial assets		**21,158,972**	**12,691,581**	**3,676,315**	**3,580,241**	**1,207,457**	**3,378**
Financial liabilities							
Deposits from banks	18	35,605	35,605	-	-	-	-
Deposits from customers	19	15,725,294	12,972,749	2,298,469	434,227	19,849	-
Other borrowings	16	512,482	28,199	86,438	382,764	15,081	-
Lease liabilities	12	79,583	8,469	23,070	47,738	306	-
Other financial liabilities	22	718,869	718,869	-	-	-	-
Total financial liabilities		**17,071,833**	**13,763,891**	**2,407,977**	**864,729**	**35,236**	**-**
Net balance sheet position		**4,087,139**	**(1,072,310)**	**1,268,338**	**2,715,512**	**1,172,221**	**3,378**
Loan commitments and financial guarantee contracts	35	822,656	822,656	-	-	-	-
Total off-balance sheet		**822,656**	**822,656**	-	-	-	-
Total net on- and off-balance sheet position		**4,909,795**	**(249,654)***	**1,268,338**	**2,715,512**	**1,172,221**	**3,378**

* The evolution of current accounts and short-term deposits indicates a growing trend and a pattern of constant renewal. In addition, the liquidity gap for the band "1-3 months" is easily managed, if necessary, by using debt securities from other liquidity bands for REPO transactions.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk (continued)

31 December 2024

In MDL thousand	Notes	Carrying amount	1-3 months	Bank 3 months - 1 year	1 - 5 years	More than 5 years	No maturity
Financial assets							
Cash and Balances with National Bank of Moldova	4	5,776,187	5,776,187	-	-	-	-
Current accounts and placements with banks	5	1,957,727	1,547,369	266,676	-	143,682	-
Investment securities measured at amortized cost	6	7,165,233	3,302,403	3,470,121	388,956	3,753	-
Investment securities measured at FVOCI	6	12,048	2,813	5,972	3,066	197	-
Equity investment securities designated as at FVOCI	8	4,185	-	-	-	-	4,185
Loans to customers	7	8,732,670	554,223	2,215,290	4,471,747	1,491,410	-
Investment in subsidiaries	9	224,011	224,011	-	-	-	-
Other financial assets	13	99,449	99,449	-	-	-	-
Total financial assets		**23,971,510**	**11,506,455**	**5,958,059**	**4,863,769**	**1,639,042**	**4,185**
Financial liabilities							
Deposits from banks	18	17,218	17,218	-	-	-	-
Deposits from customers	19	17,822,176	14,626,373	2,542,757	629,944	23,102	-
Other borrowings	16	743,634	212,061	122,109	404,024	5,440	-
Subordinated debts	17	482,189	-	1,517	-	480,672	-
Lease liabilities	12	66,223	8,510	21,523	36,190	-	-
Other financial liabilities	22	411,332	411,332	-	-	-	-
Total financial liabilities		**19,542,772**	**15,275,494**	**2,687,906**	**1,070,158**	**509,214**	**-**
Net balance sheet position		**4,428,738**	**(3,769,039)**	**3,270,153**	**3,793,611**	**1,129,828**	**4,185**
Loan commitments and financial guarantee contracts	35	1,286,437	1,286,437				
Total off-balance sheet		**1,286,437**	**1,286,437**				
Total net on- and off-balance sheet position		**5,715,175**	**(2,482,602)***	**3,270,153**	**3,793,611**	**1,129,828**	**4,185**

* The evolution of current accounts and short-term deposits indicates a growing trend and a pattern of constant renewal. In addition, the liquidity gap for the band"1-3 months" is easily managed, if necessary, by using debt securities from other liquidity bands for REPO transactions.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk (continued)

31 December 2023

Bank

In MDL thousand	Notes	Carrying amount	1-3 months	3 months - 1 year	1 – 5 years	More than 5 years	No maturity
Financial assets							
Cash and Balances with National Bank of Moldova	4	7,317,370	7,317,370	-	-	-	-
Current accounts and placements with banks	5	1,769,324	1,453,962	196,570	-	118,792	-
Investment securities measured at amortized cost	6	5,845,593	3,099,018	2,175,451	568,261	2,863	-
Investment securities measured at FVOCI	6	14,423	2,366	6,542	5,402	113	-
Equity investment securities designated as at FVOCI	8	3,378	-	-	-	-	3,378
Loans to customers	7	5,981,588	592,900	1,296,421	3,006,578	1,085,689	-
Other financial assets	13	227,296	225,965	1,331	-	-	-
Total financial assets		**21,158,972**	**12,691,581**	**3,676,315**	**3,580,241**	**1,207,457**	**3,378**
Financial liabilities							
Deposits from banks	18	35,605	35,605	-	-	-	-
Deposits from customers	19	15,725,294	12,972,749	2,298,469	434,227	19,849	-
Other borrowings	16	512,482	28,199	86,438	382,764	15,081	-
Lease liabilities	12	79,583	8,469	23,070	47,738	306	-
Other financial liabilities	22	718,869	718,869	-	-	-	-
Total financial liabilities		**17,071,833**	**13,763,891**	**2,407,977**	**864,729**	**35,236**	**-**
Net balance sheet position		**4,087,139**	**(1,072,310)**	**1,268,338**	**2,715,512**	**1,172,221**	**3,378**
Loan commitments and financial guarantee contracts	35	822,656	822,656	-	-	-	-
Total off-balance sheet		**822,656**	**822,656**	-	-	-	-
Total net on- and off-balance sheet position		**4,909,795**	**(249,654)***	**1,268,338**	**2,715,512**	**1,172,221**	**3,378**

* The evolution of current accounts and short-term deposits indicates a growing trend and a pattern of constant renewal. In addition, the liquidity gap for the band"1-3 months" is easily managed, if necessary, by using debt securities from other liquidity bands for REPO transactions.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk (continued)

The tables below present financial liabilities analyzed by remaining period to contractual maturity as at 31 December 2024 and 31 December 2023:

Group
31 December 2024

In MDL thousand	Note	Carrying amount	Gross value (outflow)	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Financial liabilities							
Deposits from banks	18	15,015	(15,015)	(15,015)	-	-	-
Deposits from customers	19	19,111,615	(19,186,155)	(15,498,596)	(2,833,876)	(829,483)	(24,200)
Other borrowings	16	743,634	(806,552)	(215,228)	(142,331)	(443,297)	(5,696)
Subordinated debts	17	482,189	(812,548)	-	(46,918)	(190,016)	(575,614)
Lease liabilities	12	72,070	(73,651)	(9,583)	(24,499)	(39,569)	-
Other financial liabilities	22	417,842	(417,842)	(417,842)	-	-	-
Loan commitments and financial guarantee contracts	35	-	(1,328,037)	(1,328,037)	-	-	-
Total financial liabilities		**20,842,365**	**(22,639,800)**	**(17,484,301)**	**(3,047,624)**	**(1,502,365)**	**(605,510)**

Group
31 December 2023

In MDL thousand	Note	Carrying amount	Gross value (outflow)	Less than 3 months	3 months- 1 year	1 - 5 years	More than 5 years
Financial liabilities							
Deposits from banks	18	35,605	(35,605)	(35,605)	-	-	-
Deposits from customers	19	15,725,294	(15,807,469)	(12,997,665)	(2,343,503)	(446,316)	(19,985)
Other borrowings	16	512,482	(592,604)	(32,179)	(106,982)	(437,512)	(15,931)
Lease liabilities	12	79,583	(81,656)	(8,630)	(23,549)	(49,158)	(319)
Other financial liabilities	22	718,869	(718,869)	(718,869)	-	-	-
Loan commitments and financial guarantee contracts	35	-	(822,656)	(822,656)	-	-	-
Total financial liabilities		**17,071,833**	**(18,058,859)**	**(14,615,604)**	**(2,474,034)**	**(932,986)**	**(36,235)**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.3 Liquidity risk (continued)

The tables below present financial liabilities analyzed by remaining period to contractual maturity as at 31 December 2024 and 31 December 2023:

Bank
31 December 2024

In MDL thousand	Note	Carrying amount	Gross value (outflow)	Less than 3 months	3 months - 1 year	1 - 5 years	More than 5 years
Financial liabilities							
Deposits from banks	18	17,218	(17,218)	(17,218)	-	-	-
Deposits from customers	19	17,822,176	(17,896,716)	(14,645,147)	(2,582,529)	(645,806)	(23,234)
Other borrowings	16	743,634	(806,552)	(215,228)	(142,331)	(443,297)	(5,696)
Subordinated debts	17	482,189	(812,548)	-	(46,918)	(190,016)	(575,614)
Lease liabilities	12	66,223	(67,804)	(8,652)	(21,935)	(37,217)	-
Other financial liabilities	22	411,332	(411,332)	(411,332)	-	-	-
Loan commitments and financial guarantee contracts	35	-	(1,286,437)	(1,286,437)	-	-	-
Total financial liabilities		**19,542,772**	**(21,298,607)**	**(16,584,014)**	**(2,793,713)**	**(1,316,336)**	**(604,544)**

Bank
31 December 2023

In MDL thousand	Note	Carrying amount	Gross value (outflow)	Less than 3 months	3 months- 1 year	1 - 5 years	More than 5 years
Financial liabilities							
Deposits from banks	18	35,605	(35,605)	(35,605)	-	-	-
Deposits from customers	19	15,725,294	(15,807,469)	(12,997,665)	(2,343,503)	(446,316)	(19,985)
Other borrowings	16	512,482	(592,604)	(32,179)	(106,982)	(437,512)	(15,931)
Lease liabilities	11	79,583	(81,656)	(8,630)	(23,549)	(49,158)	(319)
Other financial liabilities	22	718,869	(718,869)	(718,869)	-	-	-
Loan commitments and financial guarantee contracts	35	-	(822,656)	(822,656)	-	-	-
Total financial liabilities		**17,071,833**	**(18,058,859)**	**(14,615,604)**	**(2,474,034)**	**(932,986)**	**(36,235)**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.4 Capital management

Capital management – compliance with capital requirements

National Bank monitors capital requirements and own funds are should be maintained at a minimum:

- 5.5 % for core tier 1 own funds;
- 7.5 % for tier 1 own funds;
- 10 % for total own funds.

Likewise, the Group and the Bank maintain the capital buffers required by the National Bank of Moldova:

- a capital preservation buffer of 2.5% of the total value of the risk-weighted exposures;
- a systemic risk buffer of 1% of the total value of the risk-weighted exposures;
- other companies enhanced systemic level in buffer of 1% of the total weighted exposure.

The National Bank of Moldova, following the results examination of the supervision process ("SREP Methodology"), determined the capital requirement rates at a minimum level of:

- 7.01 % for the basic level 1 own funds rate;
- 9.56 % for the level 1 own funds rate;
- 12.74 % for the total own funds rate.

Own funds adequacy

To determine the own funds of regulatory requirements the Group and the Bank use the following calculation methods:

- Credit risk: standardized method;
- Market risk: for calculating own funds requirements related to currency risk and trading - standard method is used;
- Operational risk: for the calculation of own funds requirements for operational risk, the Basic indicator method is used.

The Group and the Bank complied with the above regulations, the level of the risk capital adequacy indicator, exceeding the minimum limits imposed by legislation: at 31 December 2024 the Group level was 39.68% (at 31 December 2023 the Group and the Bank level was 43.88%).

The level and the requirements of own funds as at 31 December 2024 and 31 December 2023 are as follow:

	Group		Bank	
In MDL thousand	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Tier 1 own funds	3,931,581	3,564,443	3,732,815	3,564,443
Tier 2 own funds	480,672	-	480,672	-
Total own funds	**4,412,253**	**3,564,443**	**4,213,487**	**3,564,443**
Credit risk exposure	8,870,496	6,034,484	8,215,125	6,034,484
Market risk, currency risk, delivery risk exposure	-	-	-	-
Operational risk exposure	2,696,881	2,089,193	2,403,550	2,089,193
Total risk exposure	**11,567,377**	**8,123,677**	**10,618,675**	**8,123,677**
In %				
Core tier 1 ratio	**33.99**	**43.88**	**35.15**	**43.88**
Tier 1 ratio	**33.99**	**43.88**	**35.15**	**43.88**
Capital adequacy ratio	**38.14**	**43.88**	**39.68**	**43.88**

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.4 Capital management (continued)

The capital adequacy ratio (CAR) is calculated as a ratio between own funds and total risk-weighted assets. The Board of Administration decides on the directions to be followed in the capital adequacy process, establishes the main projects in the field to be carried out as well as the main objectives to be met in order to better control the correlation of risks to which the Group and the Bank are exposed and necessary equity to cover them and the development of sound risk management systems.

41.5 Operational risk

Operational risk is the current or future risk of impairment of profits and capital that results from inadequate or failed internal processes or systems and / or from the action of external persons or events.

The Group's and the Bank's operational risk management objectives are, to ensure the mitigation of effects of operational risk events that are encountered in the Bank's activity, to maintain at a low level the losses from incidents of operational risk and the share of these losses in the Group's and the Bank's own funds, and to insure against such risks that are out of the Group's and the Bank's control.

In order to identify, evaluate, monitor and reduce operational risk, the Group and the Bank:

- constantly assesses exposures to operational risk, based on historical data and on each event, managing the database of the operational risk events;
- evaluates new products, processes and services, as well as significant changes of the existing ones and performance of exceptional transactions, in order to determine the associated risk levels and the measures to eliminate/reduce them to accepted levels;
- regarding the information technology (ICT) risks, it has mechanisms and controls in place to ensure that all risks are identified, analyzed, measured, monitored, managed, reported and maintained within the limits of risk appetite.

To reduce the risks inherent to the operational activities of the Group and the Bank, a general framework to manage these risks has been developed in accordance with the established business objectives, the assumed risk appetite, as well as the rules and regulations in force, at national and international level, a framework consisting of policies, procedures for operational risk management that are part of the corporate governance.

The Group and the Bank strategies, which is consistent with the strategy of Banca Transilvania Group, to reduce its exposure to operational risk, is mainly based on:

- constant conformity of internal regulations with legal and regulatory acts and adequacy to market conditions;
- staff training;
- efficiency of internal control systems (organization and exercise);
- implementation of IT developments and consolidation of the security systems of the Bank;
- use of complementary means of risk mitigation: insurance against risks, outsourcing of activities;
- taking measures to limit, reduce the effects of identified operational risk incidents, such as: standardization of current activity, automation of as many processes as possible with constantly monitored control points;
- using recommendations and conclusions resulting from the operational risk controls;
- updating continuity plans, evaluating and testing them regularly, especially in case of systems that support critical operational processes for Group and the Bank;
- evaluating products, processes and systems in order to determine the significant ones in terms of the inherent operational risk.

The Group and the Bank implement policies and processes to assess and manage the exposure to operational risk, including ICT risks, which include low-frequency events and potentially major negative impacts.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.5 Operational risk (continued)

The Risk Management Departments within the Group and the Bank aim to implement the strategy and methodology for the identifying, measuring, supervising, controlling and reducing operational risk and ensure that the Management Committees are informed of issues, significant changes of the nature of operational risks and proposes risk mitigation measures.

From time to time (annually) the Group and the Bank carry out stress tests by designing scenarios based on exceptional but plausible events in order to test the Group's and the Bank's ability to cope with a crisis situation.

41.6 Compliance risk management

The Group and the Bank have ensured the creation and efficient functioning of the compliance function, for which it approved a framework for sustainable, constant and efficient compliance risk management.
Thus, the compliance function, synergistically included in the internal control systems of the Group and the Bank, helped the governing bodies in identifying, assessing, monitoring and reporting the compliance risk, associated with the Group's and the Bank's activities, regarding the compliance of the activity with the provisions of the regulatory framework, rules and its own standards and the Code of Conduct. Through the involvement and support of the compliance function, the possible impact of any amendments to the legal and regulatory framework on the Group's and the Bank's activities were continuously assessed.
The Group and the Bank have adopted a unitary approach to compliance risk management as part of the Group's and Bank's overall risk management strategy.

The Group and the Bank applies the principle of a risk-based approach to compliance risk, in particular by ensuring constant monitoring of risk indicators, identification and analysis of causes that may lead to compliance risk events. Also, to prevent and/or mitigate the compliance risk related to the Group's and the Bank's activities, it has identified and regulated continuous risk control measures.

The compliance function ensures that reports are submitted on the activities carried out both individually (for events with medium or high compliance risk) and cumulatively (in regular reporting of the activities of the function), in which it provides the results of the evaluation of the effectiveness of prevention/or risk mitigation measures.

41.7 Management of the risk associated with excessive use of leverage

The Group's and the Bank's objective of the management of risk of excessive leverage is to balance the structure of the Group's and the Bank's assets and liabilities so as to achieve the expected profitability indicators in controlled risk conditions, which ensure both continuity in the Group's and the Bank's activity on a sound basis and protection of interests of shareholders and customers.
Quantitative methods of assessment and mitigation are used for the risk of excessive leverage.

The leverage risk management framework is based on the following principles:

- Protection of financial stability: the Group and the Bank control the risk to limit the impact of potential adverse events on capital and income;
- Limiting excessive risk-taking: the risk appetite of the Group and the Bank, shall be consistent with its financial resources;
- Ensuring a solid and sustainable capital and financing base;
- Diversifying the portfolio to avoid concentration risks;
- Limiting the concentrations and volatility of income sources.

The concept of 'leverage' means the relative size of an institution's assets, off-balance sheet liabilities and contingent obligations to pay, to provide a benefit or a collateral, including obligations arising from financing received, commitments assumed, derivative financial instruments or repo agreements, except for obligations that can be fulfilled only during the liquidation of an institution, in relation to the own funds of that institution.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)

41.8 Reputational risk management

Reputational risk is the current or future risk of impairment of profits and capital or liquidity, determined by the unfavorable perception of the image of the Group and the Bank by counterparties, shareholders, investors or supervisory authorities.
The purpose of monitoring and managing reputational risk is to minimize potential losses, maintain a positive business reputation for customers and third parties, and shareholders and financial market participants in order to ensure compliance with the Group and the Bank's strategy and values.

Reputational risk is managed by: taking steps to attract the best partners, in terms of both customers and suppliers; recruiting and retaining the best employees; minimizing litigations; strict regulation of the activity; prevention of crisis situations; respectively constant consolidation of the Group and the Bank's credibility and the shareholders' trust; constant and open communication with stakeholders (shareholders, media, customers, partners, employees, authorities, etc.).

41.9 Strategic risk management

Strategic risk is the current or future risk of impairment of profits and capital caused by changes in the business environment or unfavorable business decisions, inadequate implementation of decisions or lack of response to business environment changes.

The general principles applied to ensure sound strategic risk management are:
- regular reassessment of the Group’s and the Bank's strategies/business plans;
- drawing up plans for the introduction of new business lines, addition of new products and services, extension of existing services, as well as consolidation of infrastructure;
- performing a competitive analysis that reflects the highlighting of strategic risk factors;
- establishing solid internal control mechanisms at the strategic level of corporate governance, which covers all aspects and processes of strategic decision-making;
- establishing a set of limits for key strategic risk indicators, corresponding to the size and complexity of the Group's and the Bank's business, and to the Group's and the Bank's risk appetite.

41.10 Climate Risk

Climate change can have a significant impact on the financial stability and profitability of companies in the financial and banking system, and hence on the economy as a whole. It can affect both economic activities and the natural environment through rising sea levels, severe storms, floods, droughts and other extreme weather events. These events can cause significant damage to businesses, customers and communities, with significant economic and social costs. In addition, climate change risks can affect revenue and expenditure flows and influence investment decisions.

The Group and the Bank are aware that assessing climate change risks and implementing appropriate mitigation measures are important elements in the risk management process. We are therefore in the process of implementing measures that will include assessing the loan and investment portfolio to identify climate change risks, developing risk management tools and promoting sustainable investments.

Climate change risks will be assessed from two perspectives:
a) at client level, as part of the environmental and social risk analysis, where the impact of climate change risks on the company's business and the extent to which its business affects the environment (emissions to water, air, soil) will be analyzed;
b) at portfolio level, based on a mapping reflecting the environmental, social and governance risks associated with the sectoral distribution of the loan portfolio, the exposure of the portfolio to these risks will be analyzed.

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41. FINANCIAL RISK MANAGEMENT (CONTINUED)
41.10 Climate Risk (continued

For the management of climate risks, the Group and the Bank have implemented a list of sectorial exclusions aligned with the recommendations of the EBRD and the Financial Group Banca Transilvania.

The Group and the Bank are ready to start analyzing environmental and social risk factors according to internal models, adapted to the value of the transaction and the degree of risk of the sector. The assessment will be carried out during the visit to the client, as well as through addressed questions.

Following the analysis of environmental and social risks (including climate risk), an E&S risk level will be associated to the exposure.
The Group and the Bank will map the entire financing and investment portfolio according to the environmental and social risks for each activity sector (such as agriculture, construction, transport, etc.) to identify the necessary measures to mitigate the potential negative effects of the climate changes on outstanding credits. This mapping can contribute to the adoption of measures in the lending activity so that the negative influence the environment decreases, and the positive impact on the environment, society and the communities we are part of increases.

42. SUBSEQUENT EVENTS

Completion of the merger with Banca Comercială Română Chișinău S.A.
On 1 March 2025, Victoriabank S.A. successfully completed the merger with Banca Comercială Română Chișinău S.A. ("BCR Chișinău"), following the receipt of all necessary approvals from the National Bank of Moldova. The merger represents a strategic consolidation of Victoriabank's operations in the Republic of Moldova, aimed at strengthening its market position, optimizing operations, and improving service delivery.
On 13 March 2025, after BCR Chișinău was removed from the state register, the National Bank of Moldova withdrew its license.

Intention to acquire OCN Microinvest S.A.
On 10 April 2025, the Management Board of Victoriabank approved the execution of the transaction for the acquisition of 100% of the share capital of Microinvest, with the share purchase agreement being signed on 11 April 2025.
As part of the transaction, Victoriabank will acquire full ownership of Microinvest, the leader of the non-bank financial sector in Moldova. The acquisition aligns with the Bank's strategic objective to expand its outreach in the microfinance market. The transaction is expected to be completed upon fulfillment of legal procedures and contractual conditions. As of the date of approval and publication of the financial statements, BC Victoriabank S.A. had not yet received all necessary approvals to obtain control in accordance with IFRS 3, and these financial statements have not been impacted by the transaction.

Other than the matters disclosed above, no significant subsequent events were identified after the reporting date of the statement of financial position.