



**National  
Bank of Moldova**

**CONSOLIDATED AND SEPARATE  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REPORT**

**For the financial year ended 31 December 2023**

*(Free translation)\**

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# Independent Auditors' Report

(free translation<sup>1</sup>)

## To the Supervisory Board of the National Bank of Moldova

### Opinion

1. We have audited the accompanying:
  - consolidated financial statements of National Bank of Moldova ("the Bank") and its subsidiary ("the Group"), which comprise the consolidated balance sheet as at 31 December 2023, the consolidated statements of comprehensive result, cash flows and equity and reserves for the year then ended, and notes, comprising material accounting policies and other explanatory information.
  - separate financial statements of the Bank, which comprise the separate balance sheet as at 31 December 2023, the separate statements of comprehensive result, cash flows and equity and reserves for the year then ended, and notes, comprising material accounting policies and other explanatory information.
2. The consolidated and separate financial statements as at and for the year ended 31 December 2023 are identified as follows:

• Total consolidated capital and reserves:	MDL 3,375,548 thousand
• Consolidated net loss for the year:	MDL 5,214,637 thousand
• Total unconsolidated capital and reserves:	MDL 3,366,420 thousand
• unconsolidated net loss for the year:	MDL 5,215,924 thousand
3. In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and of the unconsolidated financial position of the Bank as at 31 December 2023, and of their respective consolidated and unconsolidated financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards ("IFRS").

1 TRANSLATOR'S EXPLANATORY NOTE: The above translation of the auditors' report is provided as a free translation from Romanian which is the official and binding version and it refers to the Romanian official version of the Financial Statements.

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## Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (“ISAs”) and Law no.271/2017 and related amendments (“the Law”). Our responsibilities under those standards and regulations are further described in the *Auditors’ Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Bank and Group in accordance with *International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”)* together with the ethical requirements that are relevant to our audit of the consolidated and separate 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.

## Other Information – Annual Report

5. Management of the Bank is responsible for the preparation and presentation of other information. The other information comprises the Annual Report but does not include the consolidated and separate financial statements and our auditors’ report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

With respect to the Annual Report, we read and report whether the Annual Report is prepared, in all material respects, in accordance with the requirements of the applicable legislation, namely Law no. 287/2017 on Accounting and Financial Reporting, article 23, paragraphs 2 – 4, and article 30, paragraphs 1 and 2a).

Based solely on the work required to be undertaken in the course of the audit of the consolidated and separate financial statements, in our opinion, in all material respects:

- a) The information given in the Annual Report for the financial year for which the consolidated and separate financial statements are prepared is consistent with the consolidated and separate financial statements;
- b) The Annual Report has been prepared in accordance with the requirements of Law no. 287/2017 on Accounting and Financial Reporting, article 23, paragraphs 2 – 4, and article 30, paragraphs 1 and 2a).

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

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

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

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7. In preparing the consolidated and separate financial statements, management is responsible for assessing the Bank's and Group'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 and Group or to cease operations, or has no realistic alternative but to do so.
8. Those charged with governance are responsible for overseeing the Bank's and Group's financial reporting process.

#### Auditors' Responsibility for the Audit of the Consolidated and Separate Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 based on these consolidated and separate financial statements.
10. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
  - Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's and 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 Bank's and 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 auditors' report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank and Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- 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.

11. 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.

29 May 2024

**For and on behalf of ICS KPMG Moldova S.R.L.:**

Nicoleta Rusu

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Romanian version

registered in the electronic public register  
of financial auditors under No.0802064

*Auditor for general audits*  
Certificate of audit qualification  
Series AG, No.000064

*Auditor of financial institutions*  
Certificate of audit qualification of financial institutions  
Series AIF, No.0007

Administrator of ICS KPMG Moldova S.R.L.

Cezar Furtuna

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Partner

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As of 31 December	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>ASSETS</b>					
<b>Foreign currency assets</b>					
Cash and short-term placements	5	19 831 327	33 982 903	19 831 322	33 982 898
Investments in debt securities	6	74 798 336	51 631 595	74 798 336	51 631 595
Assets in international financial institutions	7	4 267 146	4 445 897	4 267 146	4 445 897
Monetary gold	8	85 533	82 312	85 533	82 312
Other assets	15	2 874	-	2 874	-
		<b>98 985 216</b>	<b>90 142 707</b>	<b>98 985 211</b>	<b>90 142 702</b>
<b>National currency assets</b>					
Cash and short-term placements	5	30	112	-	-
Securities issued by the Government of the Republic of Moldova	10	14 252 043	14 581 987	14 226 117	14 552 763
Loans granted to banks and others	11	21 987	19 757	21 987	19 757
Investments in subsidiaries	12	-	-	24 000	24 000
Property and equipment	14	75 949	61 214	75 065	59 795
Intangible assets	14	38 894	30 583	38 846	30 531
Deferred tax assets		15	14	-	-
Other assets	15	12 423	29 159	12 111	28 856
		<b>14 401 341</b>	<b>14 722 826</b>	<b>14 398 126</b>	<b>14 715 702</b>
<b>TOTAL ASSETS</b>		<b>113 386 557</b>	<b>104 865 533</b>	<b>113 383 337</b>	<b>104 858 404</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>					
Deposits from the Government of the Republic of Moldova	17	1 273 531	2 266 555	1 273 531	2 266 555
Deposits from banks	18	17 667 546	17 572 047	17 667 546	17 572 047
Due to international financial institutions	7	5 063 104	5 666 435	5 063 104	5 666 435
Other liabilities	20	287 367	4 560	286 224	2 984
		<b>24 291 548</b>	<b>25 509 597</b>	<b>24 290 405</b>	<b>25 508 021</b>
<b>National currency liabilities</b>					
National currency issued into circulation	16	42 090 746	37 781 903	42 090 746	37 781 903
Deposits from the Government of the Republic of Moldova	17	9 496 028	6 868 549	9 496 028	6 868 549
Deposits from banks	18	22 571 500	19 619 206	22 571 500	19 619 206
Deposits from other clients	20	313 981	66 932	321 479	69 783
Certificates issued by the National Bank of Moldova	19	11 179 999	6 616 846	11 179 999	6 616 846
Due to international financial institutions	7	1 821	632	1 821	632
Derivatives	9	-	2 731	-	2 731
Other liabilities	20	65 386	52 792	64 939	52 229
		<b>85 719 461</b>	<b>71 009 591</b>	<b>85 726 512</b>	<b>71 011 879</b>
<b>TOTAL LIABILITIES</b>		<b>110 011 009</b>	<b>96 519 188</b>	<b>110 016 917</b>	<b>96 519 900</b>

**CONSOLIDATED AND SEPARATE BALANCE SHEET (CONTINUED)**  
**For the year ended 31 December 2023**

**National Bank of Moldova**

As of 31 December	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>EQUITY AND RESERVES</b>					
Authorized capital	21	1 124 372	1 124 372	1 124 372	1 124 372
General reserve fund	21	2 022 626	1 748 214	2 022 626	1 748 214
<b>Total statutory capital</b>		<b>3 146 998</b>	<b>2 872 586</b>	<b>3 146 998</b>	<b>2 872 586</b>
Reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation	21	-	5 493 557	-	5 493 557
Reserve of unrealized gains from revaluation of investment securities		178 427	178 427	178 427	178 427
Reserve of unrealized gains from revaluation of precious metals	21	39 970	36 749	39 970	36 749
Other reserves	21	8 345	(235 495)	1 025	(242 815)
Subsidiary's result attributable to the Bank	21	1 265	-	-	-
		<b>228 007</b>	<b>5 473 238</b>	<b>219 422</b>	<b>5 465 918</b>
<b>Equity and reserves attributable to the Bank</b>		<b>3 375 005</b>	<b>8 345 824</b>	<b>3 366 420</b>	<b>8 338 504</b>
Non-controlling interests	12	543	521	-	-
<b>TOTAL EQUITY AND RESERVES</b>		<b>3 375 548</b>	<b>8 346 345</b>	<b>3 366 420</b>	<b>8 338 504</b>
<b>TOTAL LIABILITIES, EQUITY AND RESERVES</b>		<b>113 386 557</b>	<b>104 865 533</b>	<b>113 383 337</b>	<b>104 858 404</b>

The accompanying notes 1-35 are an integral part of these consolidated and separate financial statements.

These consolidated and separate financial statements have been approved by the Supervisory Board of the National Bank of Moldova on 27 May 2024.

  
**Anca-Dana Dragu**  
**Governor**

  
**Aliona Vacarița**  
**Director of the Budget, Finance and Accounting Department,**  
**Chief - accountant**

**CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE RESULT**  
**National Bank of Moldova** **For the year ended 31 December 2023**

	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>Interest income on official reserve assets</b>					
Interest income on short-term placements	23	863 080	375 587	863 080	375 587
Interest income on securities	23	2 514 827	545 090	2 514 827	545 090
		<b>3 377 907</b>	<b>920 677</b>	<b>3 377 907</b>	<b>920 677</b>
<b>Interest income on instruments in national currency</b>					
Interest income on loans and repo	23	5 068	274 580	5 059	273 485
Interest income on securities	23	831 778	835 509	827 980	832 356
Interest income on other deposits	23	2	7	-	-
		<b>836 848</b>	<b>1 110 096</b>	<b>833 039</b>	<b>1 105 841</b>
<b>Interest income calculated using the effective interest method</b>		<b>4 214 755</b>	<b>2 030 773</b>	<b>4 210 946</b>	<b>2 026 518</b>
<b>Interest expenses in national currency</b>					
Interest expenses on deposits	24	(1 799 368)	(2 370 648)	(1 799 368)	(2 370 648)
Interest expenses on transactions with securities and repo	24	(1 181 823)	(412 892)	(1 184 423)	(415 492)
		<b>(2 981 191)</b>	<b>(2 783 540)</b>	<b>(2 983 791)</b>	<b>(2 786 140)</b>
<b>Interest expenses in foreign currency</b>					
Interest expenses on borrowings	24	(46 543)	(26 142)	(46 543)	(26 142)
Negative interest expenses on short-term placements	24	(6)	(33 676)	(6)	(33 676)
		<b>(46 549)</b>	<b>(59 818)</b>	<b>(46 549)</b>	<b>(59 818)</b>
<b>Interest expenses</b>		<b>(3 027 740)</b>	<b>(2 843 358)</b>	<b>(3 030 340)</b>	<b>(2 845 958)</b>
Other similar expenses	24	(569)	(286)	(340)	(206)
<b>Net interest income/ (expenses) and other similar expenses</b>		<b>1 186 446</b>	<b>(812 871)</b>	<b>1 180 266</b>	<b>(819 646)</b>
(Losses)/gains from transactions, exchange rate differences and revaluation of precious metals	25	(5 932 348)	3 342 272	(5 932 412)	3 342 404
Losses on financial instruments measured at fair value through profit or loss	26	(15 929)	(3 618)	(15 929)	(3 618)
Losses from securities revaluation	27	(146 451)	(21 605)	(146 451)	(21 605)
Other income	28	111 190	78 800	105 455	72 653
Impairment gains/(losses) on financial assets	4	34 823	(39 347)	34 822	(39 368)
Personnel expenses	30	(330 333)	(227 187)	(321 587)	(220 261)
Production of national currency	30	(21 678)	(27 528)	(21 678)	(27 528)
Depreciation and amortisation	30	(34 402)	(28 635)	(33 854)	(27 908)
Other operating expenses	30	(65 759)	(64 186)	(64 556)	(62 767)
<b>(Loss)/profit before tax</b>		<b>(5 214 441)</b>	<b>2 196 095</b>	<b>(5 215 924)</b>	<b>2 192 356</b>
Income tax expense of subsidiary		(196)	(491)	-	-
<b>NET (LOSS)/PROFIT</b>		<b>(5 214 637)</b>	<b>2 195 604</b>	<b>(5 215 924)</b>	<b>2 192 356</b>
From Bank's activity		(5 215 924)	2 192 356	(5 215 924)	2 192 356
From subsidiary's activity		1 287	3 248	-	-

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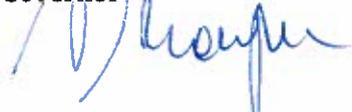
**CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE RESULT (CONTINUED)**  
**National Bank of Moldova** **For the year ended 31 December 2023**

	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>Other comprehensive income</b>					
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Revaluation of foreign currency securities measured at fair value through other comprehensive income	21	225 262	(220 734)	225 262	(220 734)
Exchange rate differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	15 114	610	15 114	610
Impairment losses on foreign currency securities measured at fair value through other comprehensive income	21	3 464	2 205	3 464	2 205
<b>TOTAL COMPREHENSIVE RESULT FOR THE PERIOD</b>		<b>(4 970 797)</b>	<b>1 977 685</b>	<b>(4 972 084)</b>	<b>1 974 437</b>
<b>NET (LOSS)/PROFIT attributable to:</b>					
- Bank		(5 214 637)	2 195 604	(5 215 924)	2 192 356
- non-controlling interests		(5 214 659)	2 195 551	(5 215 924)	2 192 356
		22	53	-	-
<b>TOTAL COMPREHENSIVE RESULT FOR THE PERIOD attributable to:</b>		<b>(4 970 797)</b>	<b>1 977 685</b>	<b>(4 972 084)</b>	<b>1 974 437</b>
- Bank		(4 970 819)	1 977 632	(4 972 084)	1 974 437
- non-controlling interests		22	53	-	-
<b>CALCULATION OF THE PROFIT AVAILABLE FOR DISTRIBUTION/ (TOTAL LOSS)</b>					
<b>NET (LOSS)/PROFIT from Bank's activity</b>		<b>(5 215 924)</b>	<b>2 192 356</b>	<b>(5 215 924)</b>	<b>2 192 356</b>
Coverage/(allocation) of unrealized losses/(gains) from revaluation of foreign currency stocks	25, 26	5 493 557	(2 686 551)	5 493 557	(2 686 551)
Allocation of unrealized gains from revaluation of precious metals	25	(3 221)	(6 336)	(3 221)	(6 336)
<b>PROFIT AVAILABLE FOR DISTRIBUTION/ (TOTAL LOSS)</b>		<b>274 412</b>	<b>(500 531)</b>	<b>274 412</b>	<b>(500 531)</b>

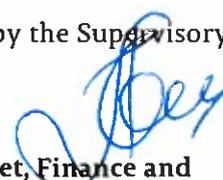
The accompanying notes 1-35 are an integral part of these consolidated and separate financial statements.

These consolidated and separate financial statements have been approved by the Supervisory Board of the National Bank of Moldova on 27 May 2024.

Anca-Dana Dragu  
Governor



Aliona Vacarița  
Director of the Budget, Finance and  
Accounting Department,  
Chief - accountant



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	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>Cash flow from operating activities</b>					
Net (loss)/profit		(5 214 637)	2 195 604	(5 215 924)	2 192 356
<i>Adjustments for:</i>					
Amortization and depreciation	14	34 402	28 635	33 854	27 908
Unused paid leave accruals		5 876	5 968	5 864	5 984
Provisions for litigation and other risks		-	200	-	-
Gains from operations with assets entered free of charge		(3 482)	(548)	(3 482)	(548)
Losses on derecognition of property and equipment		617	-	617	-
Net unrealised losses/(gains) from foreign currency stocks and precious metals revaluation	25	5 784 055	(2 694 251)	5 784 054	(2 694 251)
Losses on financial assets measured at fair value through profit or loss		15 929	3 618	15 929	3 618
Net impairment (gain)/ loss on financial assets		(34 823)	39 347	(34 822)	39 368
Interest income	23	(4 214 755)	(2 030 773)	(4 210 946)	(2 026 518)
Interest expenses	24	3 028 309	2 843 644	3 030 680	2 846 164
Realized losses/(gains) from foreign currency transactions	25	148 293	(648 021)	148 358	(648 153)
Income tax expense of subsidiary		196	491	-	-
		<b>(450 020)</b>	<b>(256 086)</b>	<b>(445 818)</b>	<b>(254 072)</b>
<i>(Increase)/decrease in operating assets</i>					
Securities issued by the Government of the RM		(524 435)	475 637	(527 232)	484 670
Term deposits in foreign currency		(471 225)	(2 859 177)	(471 225)	(2 859 177)
Assets in international financial institutions		(190 167)	116 571	(190 167)	116 571
Loans granted to banks and others		(2 229)	684	(2 229)	684
Investment securities		(30 196 003)	(16 978 911)	(30 196 003)	(16 978 911)
Other assets		(4 721)	1 721	(4 742)	1 709
		<b>(31 388 780)</b>	<b>(19 243 475)</b>	<b>(31 391 598)</b>	<b>(19 234 454)</b>
<i>Increase/(decrease) in operating liabilities</i>					
National currency issued into circulation		4 308 843	3 027 344	4 308 843	3 027 344
Deposits from the Government of the RM		1 686 109	(5 408 648)	1 686 109	(5 408 648)
Deposits from banks		4 277 041	13 718 748	4 277 041	13 718 748
Certificates issued by the NBM		4 571 350	2 897 303	4 571 350	2 897 303
Due to international financial institutions		(139 955)	(456 691)	(139 955)	(456 691)
Other liabilities		543 750	(180 783)	548 346	(181 141)
		<b>15 247 138</b>	<b>13 597 273</b>	<b>15 251 734</b>	<b>13 596 915</b>

**CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS (CONTINUED)**  
**National Bank of Moldova** **For the year ended 31 December 2023**

	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
Interest received		6 118 557	2 537 487	6 114 247	2 534 704
Interest paid		(3 250 105)	(2 583 812)	(3 252 476)	(2 586 332)
Income tax paid		(393)	(425)	-	-
<b>Net cash outflow from operating activities</b>		<b>(13 723 603)</b>	<b>(5 949 038)</b>	<b>(13 723 911)</b>	<b>(5 943 239)</b>
<b>Cash flows from investing activities</b>					
Acquisition of property, equipment and intangible assets		(42 019)	(28 337)	(41 994)	(28 260)
<b>Net cash used in investing activities</b>		<b>(42 019)</b>	<b>(28 337)</b>	<b>(41 994)</b>	<b>(28 260)</b>
<b>Cash flows from financing activities</b>					
Profit paid to state budget		-	(147 134)	-	(147 134)
Payment of lease liabilities		(3 859)	(1 672)	(3 496)	(1 153)
<b>Net cash used in financing activities</b>		<b>(3 859)</b>	<b>(148 806)</b>	<b>(3 496)</b>	<b>(148 287)</b>
Effect of exchange rate fluctuations on cash and cash equivalents		(1 730 544)	1 058 352	(1 730 542)	1 058 376
<b>Net decrease in cash and cash equivalents</b>		<b>(15 500 025)</b>	<b>(5 067 829)</b>	<b>(15 499 943)</b>	<b>(5 061 410)</b>
<b>Cash and cash equivalents as of 1 January</b>		<b>26 155 605</b>	<b>31 223 434</b>	<b>26 155 488</b>	<b>31 216 898</b>
<b>Cash and cash equivalents as of 31 December</b>		<b>10 655 580</b>	<b>26 155 605</b>	<b>10 655 545</b>	<b>26 155 488</b>
<b>Cash and cash equivalents as of 31 December</b>	Notes	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>
Accounts in foreign currency	5	5	5	-	-
Accounts in national currency	5	27	112	-	-
Cash in hand in foreign currency	5	1 148 244	2 140 643	1 148 244	2 140 643
Cash in hand in national currency		3	-	-	-
Nostro accounts	5	1 606 630	4 155 027	1 606 630	4 155 027
Term deposits in foreign currency	5	7 900 671	19 022 587	7 900 671	19 022 587
Securities issued by the Government of the RM		-	837 231	-	837 231
		<b>10 655 580</b>	<b>26 155 605</b>	<b>10 655 545</b>	<b>26 155 488</b>

The accompanying notes 1-35 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED		Authorized capital	General reserve fund	Reserve of unrealized gains from foreign exchange gains from foreign currency stocks' revaluation	Reserve of unrealized gains from revaluation of investment securities	Reserve of unrealized gains from revaluation of precious metals	Profit available for distribution	Other reserves	Non-controlling interest	Total equity and reserves
Notes		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
31 December 2023										
Balance on 1 January 2023		1 124 372	1 748 214	5 493 557	178 427	36 749	-	(235 495)	521	8 346 345
NET (LOSS)/PROFIT		-	-	(5 493 557)	-	3 221	275 677	-	22	(5 214 637)
- from Bank's activity		-	-	(5 493 557)	-	3 221	274 412	-	-	(5 215 924)
- from subsidiary's activity		-	-	-	-	-	1 265	-	22	1 287
<b>Other comprehensive income:</b>										
Differences from revaluation of foreign currency securities measured at fair value through other comprehensive income		21	-	-	-	-	-	225 262	-	225 262
Exchange rate differences from revaluation of foreign currency securities measured at fair value through other comprehensive income		21	-	-	-	-	-	15 114	-	15 114
Net impairment losses on foreign currency securities measured at fair value through other comprehensive income		21	-	-	-	-	-	3 464	-	3 464
<b>Other comprehensive income, total</b>			-	-	-	-	-	243 840	-	243 840
<b>Total comprehensive result for the year</b>			-	-	(5 493 557)	-	3 221	275 677	243 840	22 (4 970 797)
<b>Allocation of Profit:</b>										
Increase of general reserve fund		22	-	274 412	-	-	-	(274 412)	-	-
Subsidiary's result			-	-	-	-	-	(1 265)	1 265	-
<b>Balance on 31 December 2023</b>			1 124 372	2 022 626	-	178 427	39 970	-	9 610	543 3 375 548

CONSOLIDATED AND SEPARATE STATEMENT OF EQUITY AND RESERVES (CONTINUED)

For the year ended 31 December 2023

National Bank of Moldova

CONSOLIDATED				Reserve of unrealized foreign exchange gains from	Reserve of unrealized gains from	Reserve of unrealized gains from	Profit available for distribution	Other	Non-	Total
31 December 2022		Authorized	General	foreign currency	revaluation of	revaluation	/(Total loss)	reserves	controlling	equity and
Notes	capital	reserve	stocks'	revaluation	investment	of precious			interest	reserves
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
	1 124 372	2 248 745	2 807 006	178 427	30 413	-	(20 771)	468	6 368 660	
<b>Balance on 1 January 2022</b>										
<b>NET PROFIT</b>	-	-	2 686 551	-	6 336	(497 336)	-	53	2 195 604	
- from Bank's activity	-	-	2 686 551	-	6 336	(500 531)	-	-	2 192 356	
- from subsidiary's activity	-	-	-	-	-	3 195	-	53	3 248	
<b>Other comprehensive income:</b>										
Differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	(220 734)	-	(220 734)	
Exchange rate differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	610	-	610	
Net impairment losses on foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	2 205	-	2 205	
<b>Other comprehensive (loss), total</b>		-	-	-	-	-	(217 919)	-	(217 919)	
<b>Total comprehensive result for the year</b>		-	-	2 686 551	-	6 336	(497 336)	(217 919)	53	1 977 685
<b>Allocation of Profit/Coverage of (losses):</b>										
Utilization of the general reserve fund	22	-	(500 531)	-	-	-	500 531	-	-	-
Subsidiary's result		-	-	-	-	-	(3 195)	3 195	-	-
<b>Balance on 31 December 2022</b>		1 124 372	1 748 214	5 493 557	178 427	36 749	-	(235 495)	521	8 346 345

BANK	Notes	Authorized capital	General reserve fund	Reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation	Reserve of unrealized gains from revaluation of investment securities	Reserve of unrealized gains from revaluation of precious metals	Profit available for distribution	Other reserves	Total equity and reserves
31 December 2023		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balance on 1 January 2023		1 124 372	1 748 214	5 493 557	178 427	36 749	-	(242 815)	8 338 504
NET LOSS		-	-	(5 493 557)	-	3 221	274 412	-	(5 215 924)
<i>Other comprehensive income:</i>									
Differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	225 262	225 262
Exchange rate differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	15 114	15 114
Net impairment losses on foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	3 464	3 464
<b>Other comprehensive income, total</b>		-	-	-	-	-	-	243 840	243 840
<b>Total comprehensive result for the year</b>		-	-	(5 493 557)	-	3 221	274 412	243 840	(4 972 084)
<b>Allocation of Profit:</b>									
Increase of general reserve fund	22	-	274 412	-	-	-	(274 412)	-	-
<b>Balance on 31 December 2023</b>		<b>1 124 372</b>	<b>2 022 626</b>	<b>-</b>	<b>178 427</b>	<b>39 970</b>	<b>-</b>	<b>1 025</b>	<b>3 366 420</b>

BANK				Reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation	Reserve of unrealized gains from revaluation of investment securities	Reserve of unrealized gains from revaluation of precious metals	Profit available for distribution /(Total loss)	Other reserves	Total equity and reserves
31 December 2022	Notes	Authorized capital	General reserve fund	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Balance on 1 January 2022		1 124 372	2 248 745	2 807 006	178 427	30 413	-	(24 896)	6 364 067
NET PROFIT		-	-	2 686 551	-	6 336	(500 531)	-	2 192 356
<i>Other comprehensive income:</i>									
Differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	(220 734)	(220 734)
Exchange rate differences from revaluation of foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	610	610
Net impairment losses on foreign currency securities measured at fair value through other comprehensive income	21	-	-	-	-	-	-	2 205	2 205
<b>Other comprehensive (loss), total</b>		-	-	-	-	-	-	(217 919)	(217 919)
Total comprehensive result for the year		-	-	2 686 551	-	6 336	(500 531)	(217 919)	1 974 437
<b>Allocation of profit/Coverage of (losses):</b>									
Utilisation of the general reserve fund	22	-	(500 531)	-	-	-	500 531	-	-
<b>Balance on 31 December 2022</b>		<b>1 124 372</b>	<b>1 748 214</b>	<b>5 493 557</b>	<b>178 427</b>	<b>36 749</b>	<b>-</b>	<b>(242 815)</b>	<b>8 338 504</b>

Notes 1 to 35 are an integral part of these consolidated and separate financial statements.

## 1. General information about the National Bank of Moldova

The National Bank of Moldova (further referred to as the Bank) is the central bank of the Republic of Moldova, established in 1991. The activity of the Bank is regulated by Law No 548/1995 on the National Bank of Moldova. In accordance with the above-mentioned Law, the Bank is an autonomous public legal entity that is accountable to the Parliament of the Republic of Moldova. The primary objective of the Bank is to ensure and maintain price stability. Moreover, the Bank acts as the sole issuer of national currency, formulates and implements the state monetary and foreign exchange policy, holds and manages foreign exchange reserves of the State, acts as the State banker and agent, licenses, supervises and regulates the activity of banks, which are legal entities of the Republic of Moldova, including their foreign branches and branches of foreign banks and their activity in the Republic of Moldova, as well the activity of providing payment services and issuing electronic money, provides clearing and payment services to banks and other eligible institutions, on behalf of the Republic of Moldova assumes obligations and carries out the transactions resulted from the Republic of Moldova membership in international public institutions in the banking, credit and monetary field in accordance with the terms of international agreements, and acts as the resolution authority for banks.

As of 1 July 2023, the Bank has taken over the National Commission for Financial Markets (NCFM) duties in the field of regulation and supervision of the non-banking financial sector. Thus, in accordance with art. 5, para. (1) letter p) of the *Law on the National Bank of Moldova no. 548/1995*, as of 1 July 2023, the Bank is responsible for licensing, authorizing, issuing the state registration permit, regulating and supervising the activity of insurers, reinsurers and insurance and/or reinsurance intermediaries, the National Bureau of Motor Insurers of the Republic of Moldova, savings and loan associations, credit history bureaus and non-bank financial institutions.

The Bank has two collegial governing bodies: the Supervisory Board and the Executive Board. The Supervisory Board is the body responsible for organizing an efficient system of independent public oversight of the Bank's activity. The Executive Board exercises the executive management of the Bank and ensures the independent achievement of its main duties, as established by law. The members of the Bank's governing bodies are appointed by the Parliament.

The Bank holds 98,36% of the share capital of the Joint Stock Company Single Central Securities Depository (CSD or subsidiary), which was founded and registered on 4 April 2018. The CSD's activity is governed by Law No 234/2016 on the Single Central Securities Depository. Pursuant to the law and the license granted by the National Bank of Moldova, the CSD carries out the activities on initial registration of securities in a book-entry form, administration of securities accounts, management of securities settlement system, clearing and settlement of state securities, certificates issued by the National Bank of Moldova and corporate securities issued by joint stock companies.

The registered head office of the Bank is located at 1 Grigore Vieru Avenue, Chisinau, Republic of Moldova. The head office of the Single Central Securities Depository is located at 57/1 Mitropolit Banulescu-Bodoni St., Chisinau, Republic of Moldova.

The consolidated financial statements are prepared for the Bank and its subsidiary as a Group, hereinafter referred to as "the Group". The separate financial statements are prepared for the Bank's activity.

## 2. Basis of preparation

The consolidated and separate financial statements of the Group and the Bank are prepared in accordance with International Financial Reporting Standards (IFRSs), issued by the International Accounting Standards Board (IASB).

The consolidated and separate financial statements are prepared on a going concern basis and presented in Moldovan lei (hereinafter MDL), the currency of the Republic of Moldova, rounded to the nearest thousand in Moldovan lei. The Bank maintains its books and records in accordance with the International Financial Reporting Standards, the Law on accounting and financial reporting and the Law on the National Bank of Moldova and prepares its financial statements in accordance with them.

The consolidated and separate financial statements (hereinafter “Financial Statements”) are prepared on a historic cost or amortised cost basis, except for other elements measured at fair value including financial assets measured at fair value through other comprehensive income (FVOCI) and derivative financial instruments (forward and swap), measured at fair value through profit or loss (FVTPL).

Given the specificity of the Bank, the categories of financial assets of the consolidated and separate balance sheet have been presented using other designations than those provided in IFRS9 “Financial Instruments”. This presentation provides a better understanding of the financial assets and liabilities of the Bank, in its role of a central bank.

Additionally, each line of financial assets and financial liabilities in the consolidated and separate balance sheet corresponds to certain categories classified in accordance with IFRS 9 “Financial Instruments”, as detailed in the Notes to the consolidated and separate financial statements (hereinafter “Notes to the Financial Statements”).

In accordance with paragraph 10 of IAS 1 “Presentation of financial statements”, the Bank chose to keep the title “Consolidated and Separate Statement of Comprehensive Result” (hereinafter “Statement of Comprehensive Result”) and “Consolidated and Separate Balance Sheet” (hereinafter “Balance Sheet”), as stated in financial statements for previous years, because it better reflects users’ expectations of financial statements and maintains consistency of presentation with previous years.

### Significant accounting judgments and estimates

The preparation of the financial statements in accordance with International Financial Reporting Standards requires management to make estimates, assumptions, and judgements in determining the amounts reported in the financial statements. Actual results could, therefore, differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. These judgments and estimates are based on information available as of the date of the financial statements.

The information on judgements made in applying the accounting policies that have the most significant impact on the amounts recognized in these financial statements are as follows:

#### a. Classification of financial assets

The classification of financial assets according to IFRS 9 involves identifying and assessing the business model of the assets held, as well as assessing whether the contractual terms of the financial instrument are solely payments of principal and interest (the “SPPI” test). Further details are presented in Note 3 e. and Note 4.

## 2. Basis of preparation (continued)

### b. Measurement of monetary gold

IFRS does not cover the accounting treatment of monetary gold as a reserve asset. Respectively, considering the provisions on p.10-12 of IAS 8 “Accounting policies, changes in accounting estimates and errors,” and the revised Conceptual Framework for Financial Reporting, the Bank’s management made significant judgments in applying a specific accounting policy to monetary gold, similar to the accounting policy applied to financial instruments. Further details are presented in Note 3 c.

### c. Recognition and measurement of assets and liabilities with the International Monetary Fund (IMF)

Considering the specificity and uniqueness of central banks’ relations and transactions with the IMF, the mandate given to the Bank to represent the Republic of Moldova in relations with the IMF, holding of the quota as strategic participation, the accounting treatment and recognition of assets and liabilities from transactions with the IMF, requires significant judgements to be applied by the Bank’s management, as detailed in Note 3 d. and Note 7.

### d. Accounting treatment of state securities derived from state guarantees issued under Law No 235/2016

Significant judgments made by the Bank’s management in establishing the accounting treatment of the portfolio of state securities derived from state guarantees according to Law No 235/2016 as a single financial instrument are described in Note 10.

### e. Estimation of expected credit losses

Applying the expected credit loss model involves the assumption and application of significant judgments and assumptions in establishing the criteria for determining whether credit risk on a financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of expected credit losses and selection and approval of the models used to measure expected credit losses. The detailed information on the judgments used to determine the expected credit losses of the financial instruments are presented in Note 3 g. and Note 4.2.

Information on the assumptions and uncertainties underlying estimates that pose a significant risk of material adjustments to the financial statements is as follows:

- **Expected credit losses**

Significant assumptions relating to the expected credit losses models for assets measured at FVOCI and assets measured at amortized cost are integral to the inputs of the approved impairment models, including the incorporation of forward-looking information.

- **Fair value and hierarchy classification of financial instruments**

Where fair values of financial assets and financial liabilities recognised in the balance sheet cannot be derived from active markets, they are determined using a variety of evaluation techniques, including mathematical models. The inputs of these models may be taken from other active markets where possible. When this is not feasible, a degree of judgment is required in establishing the fair value. This judgment involves identifying active markets for similar financial instruments, analyzing liquidity considerations, and applying model inputs approved by the Bank’s management. Detailed information on the fair value of financial instruments held by the Bank is presented in Note 3.f. and Note 13.

### 3. Material accounting policies

The material accounting policies set out below have been consistently applied by the Group and the Bank to all periods presented in these financial statements.

Additionally, the Group and the Bank adopted the *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* effective from 1 January 2023. While these amendments did not result in changes to accounting policies, they may impact the disclosure of accounting policy information in this Note.

The amendments mandate the disclosure of "material" rather than "significant" accounting policies. The amendments also provide guidance on applying materiality to the disclosure of accounting policies, assisting the Group and the Bank in providing useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management has reviewed the accounting policies and made immaterial updates to the information disclosed in *Note 3 Material Accounting Policies*.

#### a. Revaluation of balances and transactions in foreign currency

Transactions in foreign currency are recorded in functional currency by applying the spot exchange rate on the transaction day to the foreign currency amount. Monetary items are revalued daily using the official exchange rate of the Moldovan leu. At the reporting date, monetary assets and liabilities denominated in foreign currency are translated using the official exchange rate of the Moldovan leu on the reporting date. The official exchange rates of the Moldovan leu for the reference currencies were as follows:

	Year 2023		Year 2022	
	Average for the period	At year end	Average for the period	At year end
USD/MDL	18,1607	17,4062	18,9032	19,1579
EUR/MDL	19,6431	19,3574	19,8982	20,3792
GBP/MDL	22,5714	22,2660	23,3620	23,0402
XDR/MDL	24,2302	23,3534	25,2842	25,4962
XAU/MDL	1 132,5963	1 153,7733	1 093,7311	1 110,3257

Exchange rate differences arising from the settlement of transactions at exchange rates different from those of the foreign exchange stock are recognized in the statement of comprehensive result, under realized gains or losses from exchange rate differences (*Note 3 z. and Note 25*).

#### b. Cash and cash equivalents

Cash and cash equivalents for the purposes of the Statement of cash flows comprise cash in hand in foreign currency, Nostro accounts, short-term placements with other banks, and securities issued by the Government of the Republic of Moldova with a maturity of less than 3 months from the date of issuance. In the balance sheet, cash is measured at nominal value, while the short-term placements with banks are measured at amortised cost and presented on a net basis (cash in hand in national currency is offset by the national currency issued into circulation).

#### c. Monetary gold

The Bank's gold is kept in gold bullions, which comply with international certification and monetary market trading requirements. As part of the official reserve assets, gold is considered a monetary asset.

### 3. Material accounting policies (continued)

#### c. Monetary gold (continued)

Given these characteristics of monetary gold, the Bank's management understands that IFRS does not provide specific guidance for the accounting of monetary gold. Therefore, pursuant to the requirements set by paragraphs 10-12 of IAS 8 "*Accounting policies, changes in accounting estimates and errors*," and the revised *Conceptual Framework for Financial Reporting*, the Bank found it appropriate to apply a specific accounting treatment to monetary gold, similar to that established for financial instruments, and to disclose relevant information related to gold as a monetary asset within financial instruments. Monetary gold is initially recognized at fair value plus transaction costs. The fair value of the gold is determined daily based on the PAu/USD quotation set by London Gold Market Fixing Ltd Company.

The Bank uses the weighted average cost method to measure gold. Gains and losses from the revaluation of monetary gold at fair value are recognized in the statement of comprehensive result and reported in *Gains from transactions, exchange rate differences and revaluations of precious metals*.

#### d. Assets in international financial institutions

Assets in international financial institutions represent mainly the quota of the Republic of Moldova in the International Monetary Fund ("IMF") and the XDR account of the National Bank of Moldova with the IMF.

The quota of the Republic of Moldova in the IMF represents Moldova's share of the IMF and is a strategic investment. The quota of the Republic of Moldova is established in Special Drawing Rights (XDR), but its record is kept in MDL with a monthly revaluation, on the last working day of the month, at the XDR exchange rate against the Moldovan leu, as calculated by the IMF. As the value of the quota is set in XDR, it best approximates its fair value, as this is the price at which the quotas are "bought and sold", like the most recent revision of quotas at the IMF.

Considering that IFRS does not provide dedicated accounting treatment for IMF quota, the closest equivalent is considered. Quota is a form of participation in the International Monetary Fund and therefore has a certain analogy with a participation in the capital of an entity (equity instruments). As the share of the Republic of Moldova in the IMF is a strategic participation, the Bank's management chose to measure it at FVOCI.

According to the Decision of the Parliament No 1107/1997 on the accession of the Republic of Moldova to the IMF and the Statute of the Monetary Fund, the Bank was authorized to act as the agent of the Republic of Moldova at the IMF, and the fiscal agent and depositary of the IMF in the Republic of Moldova. The Parliament, pursuant to Parliament Decision No 1107/1997 and Law No 548/1995 on the NBM, authorized the Bank to carry out, on behalf of the Republic of Moldova, all operations and transactions authorized under the provisions of the IMF Statute, and to receive any amount that may be paid or transferred to the Republic of Moldova in operations and transactions authorized in accordance with the various provisions of the IMF Statute.

Subscriptions to the IMF Quota are made by the National Bank of Moldova, pursuant to Law No 548/1995 and special laws, which mandate the Bank to assume all obligations to ensure that contributions to the IMF comply with the requirements of the Fund.

The National Bank of Moldova, as an agent of the Republic of Moldova, may assume obligations and execute transactions related to the participation of the Republic of Moldova in international organizations, including the Monetary Fund.

### 3. Material accounting policies (continued)

#### d. Assets in international financial institutions (continued)

The position of Governor of the Republic of Moldova within the Board of Governors of the IMF is held by the Governor of the National Bank of Moldova, and that of Alternate Governor - by the First Deputy Governor of the National Bank of Moldova.

Considering that the Bank is empowered by law to represent the Republic of Moldova at the IMF, to assume and carry out operations with the IMF, to make subscriptions to the IMF, to collect amounts on behalf of the Republic of Moldova from the IMF, to appoint its representatives in the IMF's governing body, as well as to act as fiscal agent and IMF depositary, in relation to the operations of the Republic of Moldova with the IMF, except those directly attributable to the Government of the Republic of Moldova, the Bank represents a principal and recognizes the assets and liabilities of these operations in its balance sheet.

The current XDR account opened with the IMF is measured at amortised cost, being of the nature of short-term placements.

#### e. Financial instruments

The Bank's financial instruments comprise:

- Cash and short-term placements
- Assets in international financial institutions
- Securities issued by the Government of the RM
- Loans granted to banks and others
- Investment securities
- Investments in subsidiaries
- Derivatives
- National currency in circulation
- Deposits from the Government of the Republic of Moldova
- Deposits from banks and other clients
- Certificates issued by the National Bank of Moldova
- Due to international financial institutions

The subsidiary's financial instruments refer exclusively to securities issued by the Government of the RM.

#### *Recognition of assets and financial liabilities*

Non-derivative financial assets and liabilities are recognized in the balance sheet using settlement date accounting, which occurs when instruments are received or delivered (instruments measured at amortised cost: placements, loans granted, state securities purchased through reissuing). Regular way purchases and sales of financial assets and liabilities are recognized at the settlement date (acquisitions of investment securities measured at FVOCI, certificates issued by the NBM).

#### *Derecognition of financial assets and liabilities*

A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction where substantially all the risks and rewards of ownership are transferred. A financial liability is derecognized when its contractual obligations have been discharged or cancelled or have expired.

### 3. Material accounting policies (continued)

#### e. Financial instruments (continued)

##### *Substantial modification of financial assets and liabilities*

A substantial change in the conditions of an existing financial instrument (asset or liability) or a part thereof, (whether it can be attributed to the financial difficulties of the debtor) is accounted for as an extinguishment of the original financial instrument and recognition of a new financial instrument. A substantial modification in the conditions of a financial instrument is determined based on professional judgment, firstly by evaluating the qualitative factors of the modification and then applying the quantitative assessment of the effects of the change.

Qualitative factors indicating a substantial change include, at minimum: the change of the currency of the instrument; the introduction of variable factors that alter the new instrument's cash flow not meeting the criteria of solely payments of principal and interest; and replacing the original debtor with a new debtor.

The assessment of quantitative factors is done by quantifying the effect of the change on the cash flows of the original instrument.

Thus, a change in instrument terms is considered substantial if the present value of cash flows under the new terms, including any fees paid minus any fees received and discounted using the original effective interest rate of the modified instrument, differs by at least 10% from the present value of cash flows remaining from the original financial instrument. The quantitative assessment encompasses all simultaneous changes to the terms of the instrument, with the same changes being considered at the level of the entire instrument.

##### *Classification of financial assets and financial liabilities*

Upon initial recognition, financial assets are classified into the following categories: financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income (hereinafter FVOCI) and financial assets measured at fair value through profit or loss (hereinafter FVTPL).

A financial asset is measured at **amortised cost** if it meets both of the following conditions:

- 1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- 2) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount. For financial assets, it is also adjusted for any credit loss allowance.

Financial assets measured at amortised cost are subsequently measured at amortised cost using the effective interest method and adjusted by the amount of any loss allowance. The expected credit loss and interest income are recognized in the statement of comprehensive result (Interest income, Impairment gains/(losses) from financial instruments).

This category includes securities issued by the Government of the Republic of Moldova, loans granted to banks and others, investment securities from the investment tranche, as well as holdings in Nostro accounts, term deposits in foreign currency and accounts in XDR at the IMF.

### 3. Material accounting policies (continued)

#### e. Financial instruments (continued)

A financial asset is measured at fair value through other comprehensive income (FVOCI) if both of the following conditions are met:

- 1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- 2) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely principal and interest payments.

This category includes investment securities in foreign currency held in the current and liquidity tranche, externally managed securities in foreign currency (refer to Note 4.1 Financial risk), and the quota to the International Monetary Fund.

Other financial assets that do not meet the measurement criteria either at amortised cost or at FVOCI are classified and measured at fair value through profit or loss (FVTPL).

This category includes derivatives (forwards and swaps).

Non-derivative financial liabilities are classified and measured at amortised cost, while derivatives instruments recorded in debt accounts are measured at FVTPL.

#### *Business model assessment*

The business model of financial assets is determined at the portfolio level, because this best reflects how the business is managed and how information is provided to Bank's management.

The objectives of setting up and managing each tranche of foreign reserves, the sales activity from each portfolio (frequency, volumes and timing), factors influencing management decisions regarding official reserve assets (foreign reserves), risk management of foreign currency assets, performance assessment and the relative significance of different income sources are analyzed to establish the business model of the classes of financial assets representing the foreign currency reserves.

Regarding financial instruments denominated in national currency, primarily comprising securities issued by the Government of the Republic of Moldova and monetary instruments (loans granted to banks, repo's), the assessment of their business model considers objectives of holding financial instruments in portfolios, monetary policy objectives, frequency and volume of sales, and other aspects of the legal and regulatory framework relevant to the Bank's duties.

#### *Assessment of whether contractual cash flows are solely payments of principal and interest*

The assessment of whether the contractual cash flows are solely payments of principal and interest is applied at the level of the financial instrument.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition, while 'interest' is defined as consideration for the time value of money, credit risk associated with the principal amount outstanding during a specific period, and other fundamental lending risks and costs (e.g., liquidity risk and administrative costs), as well as any profit margin, if pursued within the legal framework.

### 3. Material accounting policies (continued)

#### e. Financial instruments (continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the contractual terms and conditions of the instrument are considered. This includes assessing whether the financial asset includes contractual term that could change the timing or amount of contractual cash flows, thereby not meeting this condition. In this regard, the conditions for early repurchase or extension of instrument terms (government bonds), contingent events, periodical reset of interest rates for floating-rate instruments or other instrument changes (instruments indexed at inflation rate, benchmark rates adjusted with different frequencies than the period of the interest rate, etc.) are analyzed, affecting the consideration of the time value of money.

#### *Reclassification of assets and financial liabilities*

Financial assets are not reclassified after initial recognition, unless there is a change in the business model in which the asset is managed.

#### f. Fair value of financial instruments

Fair value is the price that would be received for the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement assumes a transaction taking place in the principal market for the asset or liability. In the absence of a principal market, it assumes the most advantageous market for the asset or liability.

Investment securities denominated in foreign currency and measured at fair value are classified as financial assets at FVOCI, and the gains or losses from their revaluation to fair value are recognized in other comprehensive income, while upon their derecognition (sale), the revaluations are reclassified from revaluation of securities in the Statement of comprehensive result to gains/ (losses) . Exchange rate differences arising from securities revaluation are similarly recognized in other comprehensive income and reclassified from transactions and exchange rate differences to gains/(losses) upon derecognition (sale).

Considering the specific characteristics of the quota in the International Monetary Fund (allocated rights, way of joining and termination of participation and withdrawal of membership, allocated benefits), and given the absence of market and transactions involving such instruments, as well as their high degree of security and international acceptance, the carrying value of the Republic of Moldova's quota to the International Monetary Fund represents its fair value.

The fair value of financial instruments measured at amortised cost is established using available market information and appropriate valuation methodologies, such as the discounted cash flows techniques. When applying discounted cash flows techniques, estimated future cash flows are based on the Bank's management's best estimates, and the discount rate is a market related rate at the reporting date with similar terms and conditions. However, professional judgment is required to interpret market input data to determine the estimated fair value.

The fair value of securities issued by the Government of the Republic of Moldova held in the portfolio (particularly those with maturities that have not recently traded on the secondary market), is estimated by deriving relevant interest rates from the current market as of the reporting date for each maturity of state securities. This is done by referencing the interest rate curve based on prevailing effective interest rates, adjusted to relevant indices.

### 3. Material accounting policies (continued)

#### f. Fair value of financial instruments (continued)

For the classification of the fair value of financial instruments, the fair value hierarchy is used to reflect the significance of the data input used to make the respective valuations. If the active market of state securities issued by the Government of the Republic of Moldova is different from the primary (interbank) market, the market value is established by internal methodologies and references to similar market interest rates for those instruments.

The fair value hierarchy comprises the following three levels:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

This category comprises investment securities in foreign currency measured at FVOCI.

- **Level 2:** inputs other than quoted prices included within level 1, that are observable for the assets or liabilities, either directly (as prices), or indirectly (derived from prices), based on indicative prices of brokers or consensus, or indicative prices of price service providers (such as Bloomberg, ICE).

A portion of foreign currency securities measured at FVOCI are assigned to this category. Although, at the reporting date, these securities have external prices for the same security that can be observed on a regular basis from a reasonable number of market makers who are active on that security, these prices do not represent directly tradable prices. These prices include, but are not limited to, prices provided by consensus pricing services with a reasonable number of contributors who are active market makers, as well as indicative quotes from active brokers and/or dealers.

- **Level 3:** inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

To this category, the Bank assigns the IMF quota, measured at FVOCI as a strategic investment, and derivatives.

To verify the fair value of financial assets, controls are established, namely the verification of observable data, the application of various valuation models based on observable quotations, and analyses of major changes between periods.

The classification of the fair value of financial assets of the Bank into three levels is presented in Note 13.

#### g. Impairment of financial assets

Financial assets measured at amortised cost and at FVOCI are tested for impairment under the expected credit loss model. Expected credit losses are a weighted estimate of the probability of credit losses. These losses are measured as the present value of the difference between the contractual cash flows due to the Bank and the cash flows that the Bank expects to receive based on the weighting of several future economic scenarios, discounted using the original effective interest rate of the instruments.

The Bank applies a three-stage impairment model under the expected loss approach. The impairment model applies to financial instruments measured at amortised cost and FVOCI and does not apply to financial instruments measured at FVTPL. Within three impairment stages, financial assets may migrate from one stage to another based on credit risk changes against initial recognition.

### 3. Material accounting policies (continued)

#### g. Impairment of financial assets (continued)

**Stage 1.** For Stage 1 financial assets, the expected credit loss is calculated for a 12-month period by applying the probability of default for a period of 1 year.

**Stage 2.** In the event of a significant increase in credit risk compared to initial recognition, the financial asset migrates to Stage 2. For Stage 2 financial assets, the expected credit loss for the lifetime of the asset is calculated by applying a probability of default that covers the residual maturity of the financial asset.

**Stage 3.** The Stage 3 migration criterion is the attribution of default status to the financial asset. The expected credit loss is calculated for the entire lifetime of the asset.

On initial recognition, financial assets related to foreign currency reserves and instruments in national currency were classified in Stage 1, as these are considered low-risk financial assets.

A significant increase in credit risk associated with a foreign currency financial instrument is indicated by a downgrade of the issuer's rating below the minimum allowed level (A-), according to Regulation on managing international reserves. For financial instruments in national currency, a significant increase in credit risk is indicated by a downgrade according to internal methodologies agreed upon for assets in national currency. In such cases, the financial instrument shall be classified in Stage 2 and the expected credit loss shall be calculated over the entire period of the instrument until its maturity. Additionally, a payment delay of more than 30 days is a decisive factor for the migration from Stage 1 to Stage 2 for all financial assets held by the Bank.

At each reporting date, the Bank assesses whether there is evidence that a financial asset measured at amortised cost and FVOCI is credit impaired.

Default is defined as the inability of the issuer or counterparty to honor its contractual obligations. The Bank considers an asset credit-impaired and classifies it in Stage 3 when one or more impairment events occurred after initial recognition, with a negative impact on estimated future cash flows. Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor or issuer;
- A breach of the contract, such as a default or failure to pay;
- The disappearance of an active market for that financial asset due to financial difficulties;
- Granting concessions to the debtor, for economic or contractual reasons, due to the debtor's financial difficulties, which the Bank would not otherwise consider;
- It is likely that the debtor will go bankrupt or undergo another form of reorganization.

### 3. Material accounting policies (continued)

#### g. Impairment of financial assets (continued)

A financial instrument in foreign currency shall be classified in Stage 3 when its rating is downgraded successively and goes from “investment grade” to “junk” (rating below “BBB-“). In case of financial assets in national currency, a financial instrument is classified in Stage 3 if it migrates to the “credit-impaired” category according to the models and internal rating system applied to debt instruments (loans granted to others, securities issued by the Government of the Republic of Moldova). Also, a delay in payment of more than 90 days is a key factor for the migration of assets from Stage 2 to Stage 3 in the case of financial instruments in foreign currency, state securities issued by the Government of RM and claims from licensed banks.

Financial instruments from foreign exchange reserves with a BBB- rating and higher, rated as “investment grade”, are considered low risk. The “investment grade” rating of a financial instrument indicates a low probability of default of the issuer. Instruments rated as “AAA” and “AA” are considered of high credit quality, indicating a high ability of the issuer to meet their contractual obligations.

Instruments rated as “A” and “BBB” are considered of medium credit quality, indicating a strong ability of the issuer to meet their payments. In this case, issuers have a stable financial position, they can pay off their debts, but they may face some difficulties in the event of a worsening of the economic environment.

Instruments rated as “BB”, “B” and “CCC” are of low credit quality and are considered speculative or “junk” investments. The issuers of these instruments are highly vulnerable to changing economic conditions, with a significant impact on their ability to pay in the event of a recession or a worsening in the economic environment.

Given that under the Regulation on managing international reserves, investment in foreign currency must meet a minimum rating of “A-”, as determined by the average rating calculated based on the ratings of the three international rating agencies (Standard & Poor’s, Moody’s, and Fitch Ratings), financial assets in the Bank’s foreign reserves portfolios are considered low risk, except for holdings in correspondent accounts maintained for operational needs, where the exposure is insignificant.

In the case of securities issued by the Government of the Republic of Moldova, a significant increase in credit risk is determined by the cumulative evolution of a series of monitored indicators exceeding predefined limits in internal models (including debt levels, changes in rating assigned by Moody’s, repayment capacity, downgrades, arrears, unfavorable restructuring, etc.). Securities issued by the Government of the Republic of Moldova in national currency held in the Bank’s portfolio are considered as financial instruments with low credit risk (classified in Stage 1), taking into account the sustainability of debt ratios and macroeconomic factors incorporated in financial models developed to assess the Government’s exposure in relation to the Bank, as well as the absence of historical defaults of securities issued by the Government of the Republic of Moldova in national currency. The determined impairment model considers scenarios that include default probabilities determined by international rating agencies and default losses in cases of sovereign issuers within rating categories similar to the Republic of Moldova, based on historical data of countries that defaulted on local currency with similar characteristics.

The formula for the expected credit loss is determined by multiplying the exposure at default (EAD), probability of default (PD), and losses at default (loss given default LGD). In determining the expected credit loss and the scenarios used, the Bank applies:

### 3. Material accounting policies (continued)

#### g. Impairment of financial assets (continued)

- for financial instruments related to international reserves - the information derived from the “Annual Corporate Default Study and Rating Transitions” report, published annually by the Standard & Poor’s rating agency, the “Sovereign Foreign - Currency Cumulative Average Default Rates With Rating Modifier” and “Sovereign Local-Currency Cumulative Average Default Rates With Rating Modifier” from the “Annual Sovereign Default Study and Rating Transitions” report, published annually by the Standard & Poor’s rating agency;
- for state securities issued by the Government of the RM – derivative information and cumulative default rates from the “Sovereign default and recovery rates” and “Rating Symbols and Definitions” reports related to the rating category of the Republic of Moldova, published by Moody’s;
- for other assets in national currency - internal models for determining default probabilities, macroeconomic factors in the application of future information.

At the same time, in order to estimate the scenarios applicable to state securities, as well as their share, the following factors are analyzed: compliance with payment terms of contractual obligations by the Ministry of Finance for state securities; changes in outlook and ratings assigned to the Republic of Moldova by Moody’s rating agency compared to the level registered at the initial recognition; sustainability of debt indicators analyzed by monitoring the published indicators, based on data published biannually by the International Monetary Fund (World Economic Outlook Database).

For the lifetime expected credit losses, the marginal probability of default is estimated for each year until maturity. At the same time, the marginal probability of default in a given year applies to the sample that survived the default in the previous year or years.

#### h. Repurchase agreements (repo)

The repo agreements represent sale/purchase transactions of securities with the subsequent commitment of a repurchase/sale at a pre-established date and at a previously agreed price. The Bank uses these agreements to absorb liquidity (reverse repo) or to inject liquidity in the market (purchase repo).

Securities sold/purchased with a simultaneous commitment to repurchase/sell at a specified future date are recognized in the balance sheet at the settlement date as a reverse/purchase repo transaction at the fair value.

State securities sold with a simultaneous repurchase commitment at an agreed date are not derecognized at sale and are kept on the balance sheet as *Securities issued by the Government of the RM*. Securities purchased with a simultaneous commitment to be sold at an agreed date are recognised as *Loans granted to banks and others* and are recognized as collateral for the respective loans.

The difference between sale and repurchase price is recognised as interest expense, while the difference between purchase price and resale price is accounted as interest income, using the effective interest method. Interest is accrued monthly on the last day of the month and at the maturity of repo agreements.

### 3. Material accounting policies (continued)

#### i. Forward transactions

Forward currency transactions and forward legs of swaps, involving a foreign currency exchange at a future date, against domestic currency or another foreign currency, represent derivative financial instruments, measured at fair value through profit or loss, with the notional being recorded on off-balance sheet accounts, using the trade date accounting at the spot rate of the transaction.

The notional of the forward transaction (forward and forward legs of swaps) recorded on off-balance sheet accounts is revalued starting from the transaction date under the terms of the base contract at the official exchange rate of MDL against other foreign currencies involved in the forward transaction.

Forward transactions are recorded in the balance sheet as assets if their fair value is positive and as liabilities if their fair value is negative. Exchange differences, interest and fair value adjustments on forward operations measured at fair value through profit or loss are reflected in the category "*Gains on financial assets measured at fair value through profit or loss*" in the statement of comprehensive income.

#### j. Investments in subsidiaries

The investment in the subsidiary is initially recognized in the separate financial statements at the fair value of the consideration transferred on the date of obtaining control, foundation, the possible forms of consideration being cash and other assets.

The investment in the subsidiary (capital contribution, additional contributions) is recognized when the Bank has a contractual commitment to make the contribution, which corresponds to the definition of an asset. After initial recognition, investments in subsidiaries are measured in separate financial statements at cost less impairment losses. Dividend income from subsidiaries is recognized in the separate statement of comprehensive result for the year in which the right to receive is established and these dividends are likely to be collected. Dividends are reflected as a component of other income.

#### k. Non-controlling interests

The Bank presents non-controlling interests in the consolidated balance sheet, within equity and reserves, separate from the capital and reserves of the National Bank of Moldova. Non-controlling interests are measured proportionate to the percentage of the subsidiary's net assets.

Changes in a Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are equity transactions.

If the Bank loses control of a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

#### l. Intragroup transactions on consolidation

Consolidation of subsidiaries implies the elimination in full of intragroup balances and transactions carried out between the Bank and its subsidiaries. The Group and the Bank apply the same accounting policies. For information purposes, these financial statements also present the consolidated result related to the Bank's activity and the subsidiary's activity.

**3. Material accounting policies (continued)****m. Property and equipment**

Property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Expenditures on current repairs and maintenance are recognised as operating expenses as incurred.

Subsequent expenditure is capitalized only if the expenditure improves the asset condition beyond its performance standard assessed originally.

Depreciation of property and equipment is calculated using the straight-line method over their estimated useful lives as follows:

	Years
Buildings, special constructions, and similar constructions	5-60
Vehicles	5-10
Special equipment, protection systems etc.	3-20
Furniture, computer equipment, other	3-15

Any part of property and equipment is derecognized on disposal or when no future economic benefits are expected from their use or disposal. Depreciation method and useful life are reviewed at each reporting date.

**n. Intangible assets**

Intangible assets comprise expenditures incurred for acquisition of computer software. They are amortised using the straight-line method over their estimated useful lives. An annual amortisation rate is determined based on the estimated useful life of each asset, which is determined when the asset is put into use, based on the period that the asset is estimated to be used by the Bank or the duration of the licenses. As of 31 December 2023, the estimated useful life of intangible assets in use varies between 1 and 10 years.

The subsequent expenditures for maintenance of the software components are recognized as operating expenses as incurred in the statement of comprehensive result.

An element of intangible assets is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Amortisation methods and estimated useful life are reviewed at each reporting date.

**o. National currency issued into circulation**

The national currency (banknotes and coins) is recognized at nominal value when it is put into circulation and is derecognized when it is withdrawn from circulation. The national currency issued into circulation is measured at amortised cost. For presentation purposes, the national currency in circulation is netted off with the national currency held at the Bank's cash desk.

The expenditures incurred to produce banknotes and coins are recognized in the statement of comprehensive result as these are incurred.

Commemorative banknotes and commemorative and jubilee coins are recognized at their nominal value at the date of their release into circulation. Commemorative banknotes and commemorative and jubilee coins are sold at their selling price, and the difference between the selling price and the nominal value is recognized as other income.

**3. Material accounting policies (continued)****p. Deposits from banks**

Deposits from banks include Loro accounts and current accounts of the resident and non-resident banks, deposits accepted from banks and accrued interests on these deposits.

Deposits from banks include, inter alia, the mandatory reserves that banks are required to maintain in accounts opened with the Bank, in compliance with the National Bank of Moldova prudential and monetary policy requirements. In the balance sheet, deposits from banks, including term deposits, are measured at amortised cost. Due to the short-term nature of such balances, the Bank's management estimates that their carrying amount approximates their fair value.

**q. Deposits from the Government of the Republic of Moldova**

Deposits from the Government of the Republic of Moldova comprise accounts of the State Budget in national and foreign currency and demand and term deposits of the Ministry of Finance. Deposits from the Government of the Republic of Moldova are measured at amortised cost.

**r. Deposits from other clients**

The deposits from other clients include the current account of the Deposit Guarantee Fund, the Loro Temporary Account of Tiraspol Cash and Settlement Center, the current account of the CSD (in separate financial statements), the current accounts of the electronic money institutions, etc., and are measured in the balance sheet at amortised cost.

**s. Certificates issued by the National Bank of Moldova**

Certificates issued by the National Bank of Moldova represent discount securities and are recognized in the balance sheet, at the settlement date and at the selling price, which represents their fair value. After initial recognition, the certificates are measured at amortised cost using the effective interest rate method, with the calculation and recognition of the amortised discount in the last day of each month and at the maturity date of the certificates.

**t. Due to international financial institutions**

Due to international financial institutions comprise the No 1 and No 2 accounts of the International Monetary Fund opened with the Bank, the loans received by the Bank from the IMF (separately from those granted to the Government of the Republic of Moldova) and other accounts and deposits of other international financial institutions.

Due to international financial institutions are initially recognized at fair value. Subsequently, balances due to international financial institutions are measured at amortised cost. Any difference between net proceeds and the redemption value is recognized in the statement of comprehensive result over the period to maturity.

**u. Other liabilities**

Other liabilities include financial and non-financial liabilities.

Other financial liabilities comprise the liabilities to the State Budget regarding the allocated profit available for distribution, trade payables, lease liabilities, liabilities to employees and provisions for unused leave etc. Other financial liabilities are measured at amortised cost. Other non-financial liabilities comprise deferred income from received grants and other non-monetary liabilities.

### 3. Material accounting policies (continued)

#### v. Equity and reserves

##### *The equity and reserves of the National Bank of Moldova*

The Bank tends to maintain the statutory capital on the level required to accomplish the objective established by the Law on the National Bank of Moldova.

The Bank's capital structure includes the following:

- Statutory capital:
  - Authorized capital
  - General reserve fund
- Reserves of unrealized gains;
- Other reserves, in accordance with International Financial Reporting Standards.

According to the provisions of the Law on the National Bank of Moldova, the statutory capital is dynamic and is accumulated from the annual profit available for distribution, from the income obtained under Article 64, paragraph (3) of the afore-mentioned law and /or from the Government contributions until the capital reaches the value of 10% of the total monetary liabilities of the Bank (that represent all liabilities in the balance sheet except deposits from the Government of the Republic of Moldova and liabilities due to International Monetary Fund).

The authorized capital is subscribed and held exclusively by the State, the capital is not transferable or subject to encumbrance. No reduction of the level of monetary liabilities, either during the year or at the end of the year, results in a decrease of statutory capital previously accumulated.

The general reserve fund is used exclusively to cover the net losses incurred by the Bank at the end of the financial year, after the allocation of unrealized gains/ covering of unrealized losses to/from the reserve of unrealized gains. If the reserve of unrealized gains is not sufficient to cover unrealized losses at the end of the financial year, the remaining unrealized losses shall be covered by the general reserve fund.

If at the end of the financial year the statutory capital decreases below the level of 4% of the monetary liabilities, within 60 days from the receipt of the independent auditors report on Banks' financial statements, the Ministry of Finance, on behalf of the Government, shall transfer to the National Bank of Moldova a capital contribution comprising state securities issued at market interest rate, in the amount sufficient to increase the statutory capital up to 4% of the monetary liabilities of the National Bank of Moldova, in accordance with Article 19, paragraph (6) of the afore-mentioned law.

As the distribution of unrealized gains may affect the achievement of the objectives of the Bank, the Bank accumulates unrealized gains, resulted from the foreign exchange rates fluctuation and revaluation of precious metals, in the corresponding reserve accounts of the unrealized gains, which, consequently, are used to cover the unrealized losses generated by respective sources.

The profit available for distribution represents the net profit obtained after allocation of unrealized gains to the corresponding reserves of unrealized gains and after covering unrealized losses from sources of the corresponding reserves of unrealized gains, until their balance becomes zero and after the distribution to statutory capital of realized gains from banknotes and coins withdrawn from circulation, but not exchanged within the prescription /exchange period allocated, pursuant to Article 64, paragraph (3) of the Law on the National Bank of Moldova.

**3. Material accounting policies (continued)****v. Equity and reserves (continued)**

According to the profit allocation mechanism, if the amount of the statutory capital of the Bank ranges from 4% to 10% of the monetary liabilities of the National Bank of Moldova at the end of the financial year and before the allocation of the financial result of the current year, 50% of the profit available for distribution shall be allocated for the increase of the statutory capital as provided in Article 19 paragraph (3), and 50% of the profit available for distribution shall be transferred to the State Budget.

If statutory capital exceeds the level of 10% of the monetary liabilities of the National Bank of Moldova, the profit available for distribution shall be transferred to the State Budget in full.

Statutory capital and reserves are disclosed in the balance sheet at historical cost.

*Equity and reserves of the Single Central Securities Depository*

According to the *Law on the Single Central Securities Depository*, the equity comprises: the shareholders' contributions to the share capital, retained earnings and statutory reserves.

The share capital of the Single Central Securities Depository is fully subscribed and paid in, in cash or in kind (other assets) and shall represent the MDL equivalent of at least EUR 1 000 thousand, calculated at the official exchange rate of the National Bank of Moldova. Shareholder's contributions are registered and maintained for each shareholder individually.

The net profit of the Single Central Securities Depository shall be used to cover the losses of previous years, increase the statutory capital, or may be distributed in the form of dividends, based on the decision of the General Meeting of Shareholders. In the consolidated balance sheet, the net result of the year is presented cumulatively within other reserves.

**w. Income tax**

In accordance with Article 24, paragraph (15), letter f) of Law No 1164-XIII of 24 April 1997 on applying the titles I and II of the Tax Code and Art. 51 of the Tax Code of the Republic of Moldova, the National Bank of Moldova is exempt from the income tax related to its activities.

The CSD applies the general taxation regime according to the Fiscal Code requirements. Income tax expenses comprise current and deferred tax and are recognized in the consolidated statement of comprehensive result.

Current tax includes the expected tax payable or receivable on the taxable profit or loss for the current year and any adjustment to the tax payable or receivable in respect of previous years. The profit tax is paid in installments, quarterly, to the State Budget.

Deferred tax liabilities and assets are recognized by using the balance sheet method for those temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base as determined according to local tax regulations, thus generating a deferred tax asset or liability on the payment of income tax. The deferred tax assets and liabilities are measured considering the expected manner of recovery or settlement of the carrying amount of assets and liabilities and using tax rates enacted.

The tax rate applied by CSD to calculate the current and deferred tax assets and liabilities as of 31 December 2023 is 12% (2022:12%).

### 3. Material accounting policies (continued)

#### x. Interest income and interest expenses

Interest income and interest expenses are recognized in the statement of comprehensive result for all financial instruments measured at fair value and at amortised cost by using the effective interest method. The effective interest method is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, for a shorter period, to the gross carrying amount of the assets and the amortised cost of the financial liability.

The effective interest rate is calculated at initial recognition of the financial instrument. When applying the effective interest method to financial instruments, other than those purchased or originated as credit-impaired, the following are considered: future cash flows from contracts, excluding any expected credit losses, all commissions that form an integral part of the effective interest rate of a financial instrument, transaction costs and premiums and related discounts. For those assets purchased or originated as credit-impaired, the Bank calculates the credit-adjusted effective interest rate, taking into account the contractual flows and expected credit losses.

The effective interest rate is revised in the event of a periodic revaluation of cash flows for floating-rate instruments to reflect movements in market rates.

The effective interest rate of an instrument is determined at the origination of the financial asset or liability. Interest income and expenses are calculated by applying the effective interest rate to the gross carrying amount of the financial asset and the amortised cost of financial liabilities. For financial assets that have become impaired subsequently after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods. When the asset is no longer credit-impaired, the interest income is calculated by applying the effective interest rate to the gross carrying amount.

For financial assets purchased or originated credit-impaired, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not return to the gross carrying amount, even if the credit risk on the financial asset improves.

Interest income and expenses measured using the effective interest rate method and disclosed in the statement of comprehensive result comprise interest income and expenses of financial instruments measured at amortised cost and FVOCI. Interest expenses from negative interest rate on financial assets are presented in the category *Negative interest expenses on short-term placements*.

#### y. Fees and commissions income and expenses

Commissions that are an integral part of the effective interest rate of financial instruments are included in interest income and expenses calculated using the effective interest rate method. Other commissions are recognized as income based on services rendered by the Bank under the contracts with customers (fulfillment of performance obligations) and as expenses based on contractual services. Additional information about the related accounting policies is provided in Note 28.

#### z. Revaluation of assets and liabilities in foreign currency and of precious metals

Unrealized foreign exchange gains and/or losses are created as a result of the daily revaluations of the foreign currency stocks representing the difference between the official exchange rates of the domestic currency against the foreign currencies which create the foreign exchange stocks, the revaluation of the International Monetary Fund related accounts during the financial year and the revaluation of monetary gold at the price determined by the Bank based on the quotation PAu/USD set by London Gold Market Fixing Ltd Company.

The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

**3. Material accounting policies (continued)****z. Revaluation of assets and liabilities in foreign currency and of precious metals (continued)**

By virtue of its activities as a Central Bank and for foreign currency market intervention purposes, the Bank maintains open currency positions at the reporting dates.

Realized gains and losses on currency translation operations are calculated from foreign currency transactions by applying the weighted average cost method, on each business day, for each currency, for both sales and purchases of foreign currency. In cases where foreign exchange transactions do not affect the foreign exchange stock, the realized gains and/or losses are calculated as the difference between the average cost of sales transactions and the average cost of purchase transactions. Where the volume of sales exceeds the volume of purchases of foreign exchange or vice versa, the realized gains and/or losses are determined as the difference between the average cost of sales or purchase transactions respectively and the average cost of the foreign exchange stock, adjusting the cost of the stock.

On 1 January the cost of the stock is equated to the official exchange rate on the last day of the previous year.

In accordance with Art. 20 of the *Law on the National Bank of Moldova*, at the end of the financial year, the net unrealized foreign exchange gains from revaluation of the foreign currency stocks, foreign currency securities available in the Bank's portfolio, and other assets and liabilities in foreign currency and monetary gold, are transferred to the correspondent reserve accounts of unrealized gains. The amount of net unrealized losses, reported in the statement of comprehensive result, is covered using the sources of corresponding reserve accounts of unrealized gains, until their balance equals to zero.

Additional information on the method of determining realized and unrealized gains and losses on foreign currency transactions is detailed in Note 25

**aa. Fiduciary activities**

In accordance with the provisions of the *Law on the National Bank of Moldova*, the Bank acts as the agent of the State. The state's assets and income arising from these activities are not included in these financial statements.

**bb. Contingent assets and liabilities**

Contingent liabilities include possible obligations arising because of past events and existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that might not be entirely under the control of the Bank.

Contingent liabilities also represent current obligations arising from past events that are not recognized because it is not certain that resources will be required to incorporate economic benefits to settle the obligation, or its value cannot be reliably measured.

Contingent liabilities are not recognized in the financial statements. They are disclosed in the Notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are presented by probable assets that arise because of past events and whose existence shall be confirmed only by the occurrence or non-occurrence of one or more uncertain future events that might not be entirely under the control of the entity. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

### 3. Material accounting policies (continued)

#### cc. Provisions

The Group and the Bank recognize provisions where they have a present legal or constructive obligation to transfer economic benefits because of past events and the amount can be estimated reliably.

#### dd. Pension costs. Employee benefits

During their current activity, the Group and the Bank make contributions to the state social insurance budget and to the mandatory health insurance fund of the Republic of Moldova, including contributions made on behalf of their employees, according to the legislation in force. Social insurance contributions, borne by the Group and the Bank are recognized as expenses when calculating salaries. The Group and the Bank do not operate any other retirement schemes and have no obligation to provide further benefits to current or former employees.

#### ee. Leases

For all leases, except for short-term leases and/or leases of assets of low value, the Bank recognizes the right-of-use asset and a lease liability equal to future lease payments required by the contract, at the beginning of the lease contract.

Right-of-use assets, generated by long term contracts, are recognized at cost in the balance sheet, on the commencement date.

The cost of the right-of-use asset comprises the amount of the initial measurement of the lease liability; any lease payments made on/or before the commencement date, minus any lease incentives received; plus, any initial direct costs incurred by the lessee; any estimated costs to be incurred in dismantling and removing the underlying asset.

The liability arising from the long-term lease is recognized in the balance sheet at the present value of the lease payments that are not paid on that date. The lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the incremental borrowing rate is used: in the case of leases concluded in national currency - the base rate for main short-term monetary policy operations published by the National Bank of Moldova into force on the lease commencement date, and in the case of leases in foreign currency - the borrowing rate derived from the deposit rate published by the IMF on the lease commencement date.

#### ff. Standards and interpretations issued but not yet effective

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

- Amendments to IAS 1 "*Presentation of Financial Statements*" - on the classification of short-term and long-term liabilities, and on disclosures of accounting policies;
- **Amendments to IAS 7 "*Statement of Cash Flows*" and IFRS 7 "*Financial Instruments: Disclosures*"** - supplier finance arrangements;
- Amendments to IFRS 16 "*Leases*" - lease liabilities in a sale and leaseback;
- Amendments to IAS 21 "*The Effects of Changes in Foreign Exchange Rates*" - lack of exchangeability.

Considering the nature of the Group and the Bank's operations, it is estimated that the provisions of these standards and amendments will not have significant impact on its financial statements.

## 4. Risk management

### 4.1 Risk management framework

In carrying out its business, the Bank is exposed to a range of operational and financial risks. This Note presents the information regarding the Bank's exposures to risks, as well as the Bank's policies and processes for assessing and monitoring these risks.

To reduce the effect (impact and probability) of risk materialization, the Bank promotes risk management based on the principles of the classic "three lines of defense" model (based on COSO standards related to the internal control system and risk management within an entity). Within the framework of this model, each line has its importance in the process of corporate governance of the Bank, ensuring an adequate system of internal control and management of risks.

**The first line of defense** owns and manages the risks and is represented by the Bank's subdivisions, which are also the "owners" of risks. The heads of subdivisions (line managers) bear responsibility for identifying and managing the risks inherent to the business processes and information systems they own.

**The second line of defense** represents the functions of organizing the risk management process, which coordinates, facilitates, and monitors the efficient implementation of risk management at the NBM. It is independent of line managers and reports to management bodies.

**The third line of defense** is represented by internal auditors, who provide reasonable independent assurance to the governing bodies and line managers regarding the adequacy and effectiveness of governance, risk management and internal controls, including how the first and second line of defense reach the objectives of risk management. The internal audit is subordinated and reports to the Supervisory Board.

*The management bodies of the Bank* set and implement the model of the three lines of defense and ensure that it reflects the risk management process and internal control of the Bank.

Through the established duties, *the Supervisory Board* is responsible for adopting the standards of the internal control system and the code of ethics in the NBM.

In the context of the internal control system standards that are part of risk management, *the Supervisory Board* has approved the operational risk management framework, which includes a methodology for implementing and maintaining the operational risk management system aligned to industry best practices. *The Supervisory Board* continuously monitors and evaluates the functioning of the framework and its elements, establishing the Risk Committee as mandated and approving its rules of procedure.

The risk management policies contain how risks are identified, assessed, managed and the tools for monitoring and reporting them - directly, periodically and, as necessary, to the Bank's management.

The methodology for designing, implementing, and maintaining the risk management system is approved by the Supervisory Board of the Bank. Risk management policies include how to identify, evaluate, manage, and monitor risk-measurement instruments with direct, periodic, or as-required reporting to the Bank's management.

Regulatory acts, approved by the Supervisory Board of the Bank, that lay out the principles of the Bank's corporate governance, promote risk culture and develop the control environment of the Bank, emphasizing the importance of internal control for the Bank's management. This ensures employees' awareness and compliance with the Bank's core tasks and objectives, as well as separate functions and rules of conduct.

#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

Accordingly, for accomplishing their job duties, the Supervisory Board is assisted by the Audit Committee, which in turn provides advice/opinions on the monitoring of the financial reporting processes of the Bank and the efficiency of the internal control and risk management systems.

Auditing and evaluation of the internal control and risk management systems in the Bank is an element of managerial control and falls within the competence of the Internal Audit Department. The results and recommendations of the internal audit are presented to the audited subdivisions and executive management for implementation and associated risk mitigation, with subsequent reporting to the Audit Committee/Supervisory Board of the Bank.

##### Operational risk

The operational risk (OpR) involves a potential financial, activity and/or a reputational impact for the Bank that derives or is conditioned by inadequate or unsuccessful activities of internal governance, business processes, individuals, systems, infrastructure, legislation, communication or external environment change.

The operational risk management of the Bank is based on process management and is an integral part of corporate governance, processes and daily activities. Operational risk management includes policies and procedures, responsibilities imposed all hierarchical levels, and internal control measures specific to each Bank's activity process. These are set out in the *Framework on operational risk management in the National Bank of Moldova*, approved by the Supervisory Board.

The operational risk governance model is a distributed one and is based on the classic "three lines of defense" model of risk management and internal control.

The line formed by managers is responsible for the development, implementation and maintenance of an effective internal control system for managed processes. Moreover, the line managers ensure the identification, assessment, mitigation, and monitoring of the risks related to the processes carried out, as well as the continuity of the processes.

*The operational risk management function* ensures the unitary methodological framework of the operational risk management system, facilitates, and coordinates the operational risk management process carried out by divisions, offers knowledge transfer, assistance and consultancy in the field. This function also elaborates the operational risk profile of the Bank, with quarterly reporting to the Risk Committee and annually to the governing bodies, and with quarterly information of the Executive Board and the Audit Committee through the internal audit subdivision.

The Executive Board assumes responsibility for the implementation of the operational risk management framework and monitors its efficiency through the *Risk Committee*.

The purpose of the Risk Committee, as part of the second line of defense, is to assist the Executive Board with the direct supervision of the effective management of the Bank's operational risk management system. The Risk Committee has been delegated with the authority to supervise risk areas, procedures and tools used to identify, assess, and mitigate operational risks, changes in risk levels and their impact, risk responses, as well as examine information related to incidents with high and major impact on processes.

#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

###### Operational risk (continued)

The Risk Committee is accountable and shall communicate its decisions to the Executive Board.

In the context of operational risk management, the business continuity and information security management function is responsible for the development and implementation of standards, information security and business continuity policies, incident response plans and the resumption of critical business functions within defined timeframes; the organization of business continuity, information technology and the process of information security risk management by business process owners; the management of major incidents and exceptional business continuity and information security situations; and the monitoring of the management process incident.

The purpose of establishing the compliance function is to provide assurance and advice on the compliance of the processes/activities carried out within the NBM in accordance with the Code of Ethics and Professional Conduct, anti-fraud policy, and other regulations on institutional integrity with clauses of internal and external regulatory framework related to the Bank's activity, as well as to provide support to the heads of subdivisions in developing and implementing an effective internal control system to manage the compliance risk related to the aforementioned regulations.

Operational risk management is part of Bank's governance and support processes. The measures taken to ensure the continuity of the Bank's activity and to minimize the operational risk, in the context of crisis caused by inflationary pressures, regional crisis and other economic turmoil, are presented in Note 4.6.

###### Financial risk

The Bank uses financial instruments as a means of carrying out its monetary and foreign exchange policy and for managing international reserves. Making profits is not an end in itself and not a criterion in managing the risks associated with financial instruments, but rather, in the case of international reserves, a secondary objective of the liquidity and security of state reserves. The application of the monetary and foreign exchange policy instruments aims at achieving the Bank's fundamental objective and the accomplishment of the attributions established as monetary and supervisory authority by law. As a result, the Bank's financial risk management differs from that of other institutions in the financial sector but is in line with international best practices applicable to central banks.

The process of financial risk management is organized appropriate to the functions, specifics, and role of the Bank as the central bank of Moldova and the powers conferred on the Bank by Law No 548/1995. The Executive Board assumes responsibility for establishing and supervising the risk management framework for financial instruments, including through the *Investment Committee*, the establishment and operation of which shall be determined by the Supervisory Board.

The *Investment Committee* is responsible for developing and monitoring risk management policies in specific liability areas, reporting regularly to the Executive Board the results of its work. The Executive Board is responsible for: establishing the investment horizon; the regulatory foreign currency composition of international reserves; the minimum rating in which investments can be made; approving strategic benchmarks; the allowed durations and deviations for each sub-portfolio; approving the maximum limits on instruments and counterparties/issuers; taking decisions on transmitting a certain part of State's international reserves to an external Investment Manager.

#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

###### Financial risk (continued)

The Investment Committee is responsible for: the analysis and monitoring of investment risks, including credit risks, the analysis of rating developments of counterparties authorized to conduct the operations, as well as the ratings of issuers of foreign currency securities; establishing short and medium term investment strategy; analyzing the developments and forecasts for the domestic foreign exchange market and international financial markets, analyzing the investment portfolio performance, establishing the foreign currency structure of each sub-portfolio and acceptable deviations, approving and reviewing, where necessary, the list of authorized counterparties for conducting transactions.

The Risk Monitoring and Reporting Division is responsible for managing and reporting investment risks in accordance with regulations approved by the Executive Board and Investment Committee, including expected credit losses according to the ECL method and periodic validations and back-testing, identifying significant increases of the credit risk and the incorporation of future economic information. In addition, the Risk Monitoring and Reporting Division presents quarterly data on the Bank's financial risk profile to the Audit Committee, through the internal audit department, as well as methods and techniques applied to reduce risk exposures, and dynamics of risk indicators.

The tasks of promoting monetary and foreign exchange policy with the purpose of fulfilling the Bank's fundamental objective of ensuring and maintaining price stability are carried out by the Executive Board during monetary policy promotion meetings.

The risk management activity of the Bank is governed by internal instructions and procedures and is monitored by the executive management of the Bank, which analyzes the Bank's monetary, investment and foreign exchange policy issues.

The Bank holds two main portfolios of financial instruments with different methods and characteristics of risk management:

###### a) Official reserve assets

Pursuant to Article 5, 16, 53 and 71 of *Law No 548/1995*, the Bank maintains and manages the foreign exchange reserves of the State (also referred to as "international reserves"), performs foreign exchange operations using foreign reserve assets and maintains them at an adequate level for the conduct of the monetary and foreign exchange policy of the State. In the process of managing foreign exchange reserves, the Bank's objective is to ensure a high degree of security and a necessary level of liquidity of investments. The Bank considers a prudent investment policy, favoring sustainable investments and optimising profitability, as secondary objectives, with the security and liquidity of reserves as a priority.

As part of the management of foreign exchange reserves, the Bank invests in safe instruments, also used by other central banks: placements on correspondent accounts (usually with other central banks) and term placements in foreign currency and securities, which are classified as: supranational securities (issued by supranational institutions), government securities (issued by US Government, governments of EU member states, other high-rated government issuers) and non-government securities (issued by high-rated agencies).

As of July 2013, as a result of collaboration with the World Bank, the management of foreign exchange reserves is carried out through the Strategic Assets Allocation method (SAA). The Strategic Assets Allocation involves a long-term outlook for asset management aimed at achieving the optimal level of profitability and risk.

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#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

###### Financial risk (continued)

In the context of the SAA, international reserves are divided into three tranches, depending on the specific objectives and regulations. This approach ensures a more efficient achievement of the established objective.

*The working capital tranche* is part of the international reserves used to cover cash needs for foreign currency sales on the domestic foreign exchange market, payments related to the external debt of the Bank and the Government of the Republic of Moldova and other payments in foreign currency for one month.

*Liquidity tranche* provides the coverage of the average value of at least 3 months of imports of goods and services (calculated using the historical data for the last 4 years and the forecast of imports for the next year), external debt payments of the Bank and the Government of the Republic of Moldova and other payments in foreign currency for one year. If the liquidity tranche exceeds 4 months of imports, as well as payments on external debt of the Bank and the Government of the Republic of Moldova and other payments in foreign currency for one year, the surplus of reserves may be used to complete the investment tranche. The part of the reserves that is externally managed is also included in the liquidity tranche.

The liquidity tranche may cover less than 3 months of imports as well as the amount of payments related to the external debt of the Bank, the Government of the Republic of Moldova, and other payments in foreign currency for one year, as long as the investment tranche does not comprise other assets than the portfolio of securities at amortised cost and gold, and funds recovered at the maturity of the securities in the portfolio measured at amortised cost will be reinvested in the liquidity tranche.

*Investment tranche* represents all international reserves excluding assets that are part of the working capital tranche and liquidity tranche. The investment tranche allows investments over a longer investment horizon and the generation of additional profits, given that their purpose is no longer the priority of ensuring the optimal level of liquidity (similar to liquidity and working capital tranches), and the reserves allocated in the tranche are kept for collection of contractual flows. The portfolio of securities measured at amortised cost and investments in gold are part of the investment tranche.

The tranches consist of portfolios in different currencies and different financial instruments. For each portfolio, a benchmark has been selected – a market index recognized and used worldwide for benchmarking the performance and risks of the investment portfolios.

The strategic asset allocation is a complex and sustainable process that is periodically reviewed. The strategic allocation in tranches is the fundamental element in determining the models of the management of financial assets in foreign currency (“**business models**”) according to the IFRS 9 classification requirements.

An essential element of the process of managing foreign exchange reserves is the management of investment risk, achieved by setting investment limits. The risk management procedures for foreign exchange reserves comprise the establishment and monitoring of adherence to limits on investment instruments, separate counterparties/issuers, depending on the rating, deviations from established benchmarks, time limits, limits depending on the investment term, as well as currency composition.

#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

##### Financial risk (continued)

	Business model	IFRS Factors
<b>Working capital tranche</b>		
Current and overnight accounts with central banks, commercial and investment banks and international institutions	Collecting contractual cash-flows	Rare sales, held to collect cash flows at maturity, benchmark – n/a
<b>Liquidity tranche</b>		
Short-term investments Securities at FVOCI	Collecting contractual cash-flows and selling	Held to maturity, may be sold before maturity to ensure liquidity, index (ICE) Held for interest income and fair value gains collecting, monthly rebalancing transactions to align the portfolio and benchmark duration (ICE)
<b>Investment tranche</b>		
Securities at amortised cost	Collecting contractual cash-flows	Held for interest income collecting, long investment horizon, excess reserves, lack of sales, lack of replicated benchmark
<b>Other</b>		
IMF Quota		Strategic investment

#### b) Financial instruments portfolio in national currency from the implementation of monetary policy, the agent and state banker relationship

Money market operations are the most important monetary policy instrument of the Bank. These are carried out at the initiative of the Bank and have the function of managing the liquidity conditions on the money market and influencing the short-term interest rates on the interbank money market. The main categories of money market operations available to the NBM are:

- REPO operations - reversible operations, intended for injection/absorption of liquidity, in which the NBM buys/sells, from banks/to banks, state securities, with the commitment of the banks/NBM to repurchase the respective state securities at a later date and at a set price on the date of the transaction;
- issuance of NBM certificates - operations intended for liquidity absorption, in which the NBM sells negotiable debt instruments of the NBM to banks;
- attracting deposits - operations intended for liquidity absorption, in which the NBM attracts deposits from banks with a pre-established maturity;
- sales/purchases of state securities - operations intended for the absorption/injection of liquidity, within which the Bank sells/buys state securities, and the transfer of ownership over them from seller to buyer is performed through the "delivery against payment" mechanism.

#### 4. Risk management (continued)

##### 4.1 Risk management framework (continued)

###### Financial risk (continued)

The Bank uses both the instruments designed to absorb excess market liquidity and those intended to provide liquidity to banks in a flexible manner. In this regard, according to the calendar of monetary policy operations, the Bank conducts weekly tenders for placing NBM certificates for 14 days to absorb liquidity, as well as 14-day fixed-rate repo operations for liquidity delivery.

The Bank may grant loans to banks on terms established periodically by the Bank and guaranteed by eligible instruments established by it. Additionally, to maintain the stability of the financial system, the Bank may, at its sole discretion and under its established conditions, provide liquidity assistance to solvent and viable banks that face temporary liquidity problems in emergency situations, guaranteed with eligible assets.

The Bank may buy and sell on the secondary market securities issued by the Government of the Republic of Moldova, provided that they are purchased only through open market operations, or in connection with granting loans to banks. The securities issued by the Government of the Republic of Moldova held in the Group and Bank's portfolio include:

- a. *State securities derived from state guarantees* - issued according to *Law No 235/2016 on issuing state securities for the execution by the Ministry of Finance of the payment obligations derived from state guarantees No 807 of 17 November 2014 and No 101 of 1 April 2015*, and sent to the National Bank on 4 October 2016, in the context of loans granted by the Bank to some banks.
- b. *State securities from previously converted debt* - issued and transmitted in the Bank's portfolio in the form of treasury bills as a result of the conversion into state securities of loans contracted by the Ministry of Finance from the Bank during previous years. State securities which reached maturity are redeemed by the Government and new securities in the same volume are issued and repurchased by the Bank.
- c. *State securities held by the subsidiary in the investment portfolio* - government bonds and treasury bonds held with the intention of collecting contractual flows.

The regulatory framework for financial risk management is systematically updated, depending on the market trends, policy, or structure of the Bank developments.

The main categories of financial risk to which the Bank is exposed are credit risk, liquidity risk, market risk, which includes interest rate risk and foreign currency risk. The structure of assets and liabilities is primarily determined by the nature of legal functions of the National Bank of Moldova, rather than commercial considerations. The Bank does not use derivative financial instruments for financial risk hedging. At the same time, the Bank continuously manages its exposure to risk through a variety of risk management techniques.

##### 4.2 Credit risk

The credit risk is the risk of financial losses incurred as result of the counterparty's failure to meet its contractual obligations. The Bank's maximum exposure to credit risk, excluding the value of any guarantees, represents the carrying value of its financial assets.

Transaction credit risk related to the management of the foreign exchange reserves is monitored by selecting highly liquid and low-risk investment instruments, as well as establishing investment limits (by instrument, borrower, currency, term) and their day-to-day control.

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

An essential element of credit risk management related to foreign exchange reserves is the Bank's investment in reliable counterparties with high long-term creditworthiness (average minimum rating A<sup>-1</sup>) assigned by the international rating agencies (Standard & Poor's, Moody's, and Fitch Ratings), which are authorized by the Bank for those transactions, and, in the case of foreign currency securities, in safe instruments of highly rated issuers (average minimum rating AA<sup>-</sup>).

Ratings established by the international rating agency Moody's are used in the management of credit risk related to securities issued by the Government of the Republic of Moldova. In the case of other national currency assets, the Bank shall apply internal credit risk monitoring procedures and internal rating systems.

State securities issued in national currency held in the Bank's portfolio are treated as low credit risk financial instruments, considering the sustainability of debt indicators and macroeconomic factors regarding the Government of Moldova's exposure to the Bank, as well as the lack of cases of default of these securities issued in the national currency.

At the same time, when estimating the indicators regarding the exposure to credit risk, the issuer's credit quality in the case of state securities is based on the rating of Moody's agency assigned to the Republic of Moldova which is currently the only agency that quotes the state. The credit risk assessment monitors the fulfillment of outstanding payment obligations and reasonable factors that would affect the ability and / or availability of payment, the rating evolution and the prospect of changing it, the sustainability of debt indicators and prospective factors based on the evolution and forecast of macroeconomic indicators.

In order to mitigate the exposure to credit risk associated with loans granted to licensed banks, the Bank monitors on a regular basis the quality of its loan portfolio by periodically evaluating the change in internal ratings in the debtors' classification, the events that may cause losses, including future macroeconomic factors, financial indicators of banks, including breach of contractual terms (failure to pay the principal or the interest), worsening of the financial condition of the debtor and the probability of their bankruptcy, renegotiating and/or extension of repayment terms of loans and/or interests relating to financial difficulties of the debtor caused by economic, legal reasons, etc.

Additionally, exposure to credit risk is reduced by the collateral provided by licensed banks, which must cover the total amount of loans granted by the Bank, interest, and other related payments. The Bank sets out the list of eligible assets that can be pledged for standing facilities (overnight credits) and loans to banks, including emergency liquidity assistance and direct adjustment margins. When determining the value of the underlying assets, risk control measures are applied to protect the Bank against the risk of financial loss due to a bank failure to repay the loan. The Bank assesses the quality and the value of assets granted by banks as collateral for loans monthly, or more frequently, if necessary.

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<sup>1</sup> Ratings are expressed in the format used by Standard & Poor's and Fitch Ratings agencies. As Moody's rating agency uses a different rating format, they are assigned Standard & Poor's or Fitch Ratings equivalents using the equivalence tables.

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

Credit risk associated with overnight credits is managed daily using monetary policy limits that, according to the applicable normative acts, allow, if necessary, the reduction to zero of the amounts of credits that may be granted by the Bank to the licensed banks under the standing facilities. This risk is also mitigated by backing with highly liquid state securities and certificates issued by the Bank.

Credit risk in repo transactions, given the reversible nature of these operations, is managed by securing a sufficient volume of state securities at market price after the application of valuation haircuts, assessing the market value of the state security on a daily basis and requesting, if necessary, margin calls to provide additional assets or funds if the value of these securities falls below the level set by the Bank.

To reduce the exposure to credit risk associated with loans granted to the Bank's employees, the Bank requires the employee to provide a pledge or other collateral so that the loan-to-collateral ratio does not exceed 80%.

In the context of the geopolitical crisis and related uncertainties, the observed and projected dynamics of foreign exchange reserves, interest rates and government bond yields amid inflationary pressures, the strategic asset allocation framework was reviewed, and amendments to the Regulation on the Management of International Reserves were approved on the basis of Executive Board Decision (DEB) No. 279/2022, effective from January 1 2023, or from another date during 2023, taking into account the necessary transition period.

The changes relate in particular to the extension of the investment horizon and the corresponding adoption of new benchmarks for internally and externally managed US dollar securities portfolios, the adoption of the VAR indicator at the total investment portfolio level to quantify the market risk exposure and correlate it with the institution's risk tolerance. In addition, the allocation structure by currency, and instrument type, tranche sizes, and allowable deviations were modified, and the investment framework, principles and limits for sustainable investment (ESG) were introduced.

At the same time, the Bank has been vigilant in its management of credit risk and has continued to apply the revised methodology for calculating expected credit losses on financial assets related to foreign exchange reserves, adjusted at the end of 2020.

Regarding the exposure to the Government of the Republic of Moldova, in the context of the change in the outlook for the sovereign rating, the calculation parameters were monitored, evaluated and modified in accordance with the methodology for estimating credit losses on government securities held in the Bank's portfolio, to reflect as accurately as possible the credit risk exposure, taking into account quantitative and qualitative factors, and the observed and projected developments of the relevant indicators.

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

The table below presents the financial assets of the Bank held at **the reporting date**, based on the external long-term rating:

##### CONSOLIDATED

31 December 2023

Long-term rating <sup>1</sup>	Short-term placements <sup>2</sup>	Investment securities	Securities issued by the Government of the RM <sup>3</sup>	Assets in international financial institutions	Loans granted to banks and others	Other financial assets	Total financial assets
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
AAA	8 466 958	19 013 534	-	4 267 146	-	-	31 747 638
AA+	1 011 972	49 509 358	-	-	-	-	50 521 330
AA	527 187	6 189 013	-	-	-	-	6 716 200
AA-	719 248	87 638	-	-	-	-	806 886
A+	1 516 928	-	-	-	-	-	1 516 928
A	6 440 978	-	-	-	-	-	6 440 978
BBB	173	-	-	-	-	-	173
B-	-	-	14 297 859	-	-	-	14 297 859
CC	2	-	-	-	-	-	2
No external rating	35	-	-	-	21 987	4 856	26 878
Impairment allowance	(368)	(1 207)	(45 816)	-	-	(17)	(47 408)
<b>Total</b>	<b>18 683 113</b>	<b>74 798 336</b>	<b>14 252 043</b>	<b>4 267 146</b>	<b>21 987</b>	<b>4 839</b>	<b>112 027 464</b>

On 1 August 2023 Fitch Ratings downgraded the long-term country rating of the United States of America from AAA to AA+ (stable outlook), consequently the average long-term rating of exposures in assets issued by the US Treasury / placed with the US Federal Reserve as at 31 December 2023 was AA+ (31 December 2022: AAA).

<sup>1</sup> Established by applying the average rating assigned by international rating agencies (Standard & Poor's, Moody's, and Fitch Ratings).

<sup>2</sup> Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk.

<sup>3</sup> Equivalent to the rating assigned by the international rating agency Moody's - B3, stable outlook. At the same time, considering the credit risk management system for assets denominated in national currency, the specific status of the relationship between the Government and the Bank as the central bank of the state, as well as its function as an agent of the state, the Group associates securities issued by the Government of the Republic of Moldova with a high level of safety and low credit risk (as of 31 December 2022: rating level B3, negative outlook).

## 4. Risk management (continued)

## 4.2 Credit risk (continued)

## CONSOLIDATED

31 December 2022

Long-term rating <sup>1</sup>	Short-term placements <sup>2</sup>	Investment securities	Securities issued by the Government of the RM <sup>3</sup>	Assets in international financial institutions	Loans granted to banks and others	Other financial assets	Total financial assets
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
AAA	15 090 232	41 383 417	-	4 445 897	-	-	60 919 546
AA+	-	3 860 393	-	-	-	-	3 860 393
AA	3 560 682	5 460 246	-	-	-	-	9 020 928
AA-	14 244	927 627	-	-	-	-	941 871
A+	8 580 576	-	-	-	-	-	8 580 576
A	4 597 057	-	-	-	-	-	4 597 057
A-	30	-	-	-	-	-	30
BBB	14	-	-	-	-	-	14
B-	-	-	14 667 559	-	-	-	14 667 559
CC	4	-	-	-	-	-	4
No external rating	117	-	-	-	19 757	20 515	40 389
Impairment allowance	(584)	(88)	(85 572)	-	-	(18)	(86 262)
<b>Total</b>	<b>31 842 372</b>	<b>51 631 595</b>	<b>14 581 987</b>	<b>4 445 897</b>	<b>19 757</b>	<b>20 497</b>	<b>102 542 105</b>

<sup>1</sup> Established by applying the average rating assigned by international rating agencies (Standard & Poor's, Moody's, and Fitch Ratings).

<sup>2</sup> Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk.

<sup>3</sup> Equivalent to the rating assigned by the international rating agency Moody's - B3, stable outlook. At the same time, considering the credit risk management system for assets denominated in national currency, the specific status of the relationship between the Government and the Bank as the central bank of the state, as well as its function as an agent of the state, the Group associates securities issued by the Government of the Republic of Moldova with a high level of safety and low credit risk (as of 31 December 2022: rating level B3, negative outlook).

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National Bank of Moldova

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

###### BANK

31 December 2023

Long-term rating <sup>1</sup>	Short-term placement <sup>2</sup>	Investment securities	Securities issued by the Government of the RM <sup>3</sup>	Assets in international financial institutions	Loans granted to banks and others	Investments in subsidiaries	Other financial assets	Total financial assets
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
AAA	8 466 958	19 013 534	-	4 267 146	-	-	-	31 747 638
AA+	1 011 972	49 509 358	-	-	-	-	-	50 521 330
AA	527 187	6 189 013	-	-	-	-	-	6 716 200
AA-	719 248	87 638	-	-	-	-	-	806 886
A+	1 516 928	-	-	-	-	-	-	1 516 928
A	6 440 978	-	-	-	-	-	-	6 440 978
BBB	173	-	-	-	-	-	-	173
B-	-	-	14 271 933	-	-	-	-	14 271 933
CC	2	-	-	-	-	-	-	2
No external rating	-	-	-	-	21 987	24 000	4 657	50 644
Impairment allowance	(368)	(1 207)	(45 816)	-	-	-	(5)	(47 396)
<b>Total</b>	<b>18 683 078</b>	<b>74 798 336</b>	<b>14 226 117</b>	<b>4 267 146</b>	<b>21 987</b>	<b>24 000</b>	<b>4 652</b>	<b>112 025 316</b>

On 1 August 2023 Fitch Ratings downgraded the long-term country rating of the United States of America from AAA to AA+ (stable outlook), consequently the average long-term rating of exposures in assets issued by the US Treasury / placed with the US Federal Reserve as at 31 December 2023 was AA+ (31 December 2022: AAA).

<sup>1</sup> Established by applying the average rating assigned by international rating agencies (Standard & Poor's, Moody's, and Fitch Ratings).

<sup>2</sup> Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk.

<sup>3</sup> Equivalent to the rating assigned by the international rating agency Moody's - B3, stable outlook. At the same time, considering the credit risk management system for assets denominated in national currency, the specific status of the relationship between the Government and the Bank as the central bank of the state, as well as its function as an agent of the state, the Group associates securities issued by the Government of the Republic of Moldova with a high level of safety and low credit risk (as of 31 December 2022: rating level B3, negative outlook).

The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

National Bank of Moldova

4. Risk management (continued)

4.2 Credit risk (continued)

BANK

31 December 2022

Long-term rating <sup>1</sup>	Short-term placement <sup>2</sup>	Investment securities	Securities issued by the Government of the RM <sup>3</sup>	Assets in international financial institutions	Loans granted to banks and others	Investments in subsidiaries	Other financial assets	Total financial assets
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
AAA	15 090 232	41 383 417	-	4 445 897	-	-	-	60 919 546
AA+	-	3 860 393	-	-	-	-	-	3 860 393
AA	3 560 682	5 460 246	-	-	-	-	-	9 020 928
AA-	14 244	927 627	-	-	-	-	-	941 871
A+	8 580 576	-	-	-	-	-	-	8 580 576
A	4 597 057	-	-	-	-	-	-	4 597 057
A-	30	-	-	-	-	-	-	30
BBB	14	-	-	-	-	-	-	14
B-	-	-	14 638 335	-	-	-	-	14 638 335
CC	4	-	-	-	-	-	-	4
No external rating	-	-	-	-	19 757	24 000	20 400	64 157
Expected credit losses	(584)	(88)	(85 572)	-	-	-	(5)	(86 249)
<b>Total</b>	<b>31 842 255</b>	<b>51 631 595</b>	<b>14 552 763</b>	<b>4 445 897</b>	<b>19 757</b>	<b>24 000</b>	<b>20 395</b>	<b>102 536 662</b>

<sup>1</sup> Established by applying the average rating assigned by international rating agencies (Standard & Poor's, Moody's, and Fitch Ratings).

<sup>2</sup> Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk.

<sup>3</sup> Equivalent to the rating assigned by the international rating agency Moody's - B3, stable outlook. At the same time, considering the credit risk management system for assets denominated in national currency, the specific status of the relationship between the Government and the Bank as the central bank of the state, as well as its function as an agent of the state, the Group associates securities issued by the Government of the Republic of Moldova with a high level of safety and low credit risk (as of 31 December 2022: rating level B3, negative outlook).

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**4. Risk management (continued)****4.2 Credit risk (continued)**

To quantify the credit risk on investments made in foreign currencies, the credit risk applied to the investment portfolio is calculated based on the default ratios established by Standard & Poor's for each rating type, with the investments divided into ten categories according to the default rates, and with annual maturities up to ten years, inclusively.

As of 31 December 2023, the credit risk exposure of the total investment portfolio quantified based on the default rate determined by the Standard & Poor's Agency, is calculated as the gross carrying amount of financial assets in foreign currency at the reporting date, divided by annual maturities, multiplied by the default probability rate determined by the Standard & Poor's Agency according to the rating assigned to the issuer/counterparty, and is presented as follows::

	Notes	31 December 2023	31 December 2022
		MDL'000	MDL'000
<b>Assets measured at amortised cost with a rating assigned by international rating agencies</b>			
Nostro accounts	5	1 606 630	4 155 027
Current XDR account with IMF	7	203 829	19 040
Term deposits in foreign currency	5	17 076 816	27 687 812
Investment securities in foreign currency	6	9 030 394	1 572 692
		<b>27 917 669</b>	<b>33 434 571</b>
Indicator: Risk exposure, S&P default		25 453	7 422
<b>Assets measured at FVOCI with a rating assigned by international rating agencies</b>			
Investment securities in foreign currency	6	65 769 149	50 058 991
		<b>65 769 149</b>	<b>50 058 991</b>
Indicator: Risk exposure, S&P default		18 539	1 895

Cash in foreign currency (*Note 5*), monetary gold (*Note 8* with the accounting policy assimilated to financial assets measured at FVOCI), IMF Quota (*Note 7*), are excluded from the calculation, not being exposed to credit risk (cash in foreign currency and monetary gold) or not being quoted and assimilated with zero default probability (IMF Quota).

The increase in the value of the indicator is mainly due to increase in the volume of the foreign currency securities portfolio, the increase in the duration of the US dollar portfolio, and the downgrade of the average US rating to which there is significant exposure.

To assess the diversification of the financial assets portfolio and to accurately estimate the credit risk according to the geographical area, the classification of the assets by investment country is presented, except for investments in subsidiaries and other financial assets, which are classified by the country of origin:

## 4. Risk management (continued)

## 4.2 Credit risk (continued)

Country	CONSOLIDATED				BANK			
	31 December	Share						
	2023		2022		2023		2022	
	MDL'000	%	MDL'000	%	MDL'000	%	MDL'000	%
USA	49 730 457	44,39	38 579 630	37,62	49 730 457	44,39	38 579 630	37,63
Germany	16 705 161	14,91	4 849 330	4,73	16 705 161	14,91	4 849 330	4,73
International Financial Institutions	9 708 839	8,67	12 581 287	12,27	9 708 839	8,67	12 581 287	12,27
France	8 820 968	7,87	13 952 980	13,61	8 820 968	7,87	13 952 980	13,61
Great Britain	5 264 483	4,70	5 563 659	5,42	5 264 483	4,70	5 563 659	5,42
The Netherlands	4 568 184	4,08	4 632 840	4,52	4 568 184	4,08	4 632 840	4,52
Canada	1 457 027	1,30	965 527	0,94	1 457 027	1,30	965 527	0,94
Sweden	696 656	0,62	2 793 575	2,72	696 656	0,62	2 793 575	2,72
Singapore	525 889	0,47	2 695 709	2,63	525 889	0,47	2 695 709	2,63
South Korea	91 822	0,08	-	-	91 822	0,08	-	-
Austria	50 968	0,05	231 495	0,23	50 968	0,05	231 495	0,23
Denmark	44 241	0,04	-	-	44 241	0,04	-	-
Norway	42 869	0,04	101 654	0,10	42 869	0,04	101 654	0,10
Finland	23 291	0,02	972 034	0,95	23 291	0,02	972 034	0,95
Lithuania	19 820	0,02	-	-	19 820	0,02	-	-
Other countries	759	0,00	27	-	759	0,00	27	-
Moldova	14 276 030	12,74	14 622 358	14,26	14 273 882	12,74	14 616 915	14,25
<b>Total financial assets</b>	<b>112 027 464</b>	<b>100,00</b>	<b>102 542 105</b>	<b>100,00</b>	<b>112 025 316</b>	<b>100,00</b>	<b>102 536 662</b>	<b>100,00</b>

The „International Financial Institutions” category includes the subscription share of the Republic of Moldova at the IMF in domestic currency and other foreign currency placements in other international financial institutions. The consolidated ”Moldova” category includes the subsidiary’s accounts in the banks of the RM, state securities issued by the Government of the RM, loans granted to banks and others and other financial assets. The Bank’s” Moldova” category includes the state securities issued by the Government of the RM, loans granted to banks and others, investments in subsidiaries and other financial assets.

Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk (see Note 5, 8).

**4. Risk management (continued)****4.2 Credit risk (continued)**

In addition, for the assessment of assets portfolio diversification and the rating of the credit risk depending on the investment sector, the classification of the financial assets depending on the investment sector is provided:

Investment sector	CONSOLIDATED				BANK			
	31 December	Share						
	2023		2022		2023		2022	
MDL'000	%	MDL'000	%	MDL'000	%	MDL'000	%	
Foreign central banks	4 860 117	4,34	9 227 126	9,00	4 860 117	4,34	9 227 126	9,00
Foreign commercial banks	9 166 448	8,18	15 872 972	15,48	9 166 448	8,18	15 872 972	15,48
Foreign governments	68 678 094	61,31	45 740 173	44,61	68 678 094	61,31	45 740 173	44,61
Government of the RM	14 252 043	12,72	14 581 987	14,22	14 226 117	12,70	14 552 763	14,20
International Financial Institutions	9 708 839	8,67	12 581 287	12,27	9 708 839	8,67	12 581 287	12,27
Foreign government agencies	5 337 937	4,76	4 498 189	4,39	5 337 937	4,77	4 498 189	4,39
Central Securities Depository (CSD)	-	-	-	-	24 000	0,02	24 000	0,02
Licensed banks from RM	1 212	0,00	20 105	0,01	1 177	0,00	19 988	0,01
Other financial assets	22 774	0,02	20 266	0,02	22 587	0,01	20 164	0,02
<b>Total financial assets</b>	<b>112 027 464</b>	<b>100,00</b>	<b>102 542 105</b>	<b>100,00</b>	<b>112 025 316</b>	<b>100,00</b>	<b>102 536 662</b>	<b>100,00</b>

The category „International Financial Institutions” includes the subscription share of the Republic of Moldova at the IMF in national currency and other foreign currency placements in other international financial institutions.

The consolidated ”Other financial assets” category includes derivatives, loans granted to banks and others and other financial assets.

The Bank’s ”Other financial assets” category includes derivatives, loans granted to banks and others and other financial assets.

Cash in foreign currency and monetary gold are not included in the calculation, as they are not exposed to credit risk (see Note 5, 8).

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

###### - Expected credit losses (ECL)

Financial instruments related to official reserve assets that have a BBB- and higher rating, which are assigned the “investment grade” rating, are considered low risk. The “investment grade” rating of a financial instrument indicates a low probability of default. Instruments with a rating between “AAA” and “AA” are considered of high credit quality, indicating a high ability of the issuer to meet their contractual obligations. Instruments with a rating between “A” and “BBB” are considered of medium credit quality, indicating a strong ability of the issuer to meet their payments. In this case, issuers have a stable situation, they can pay their debts, but they may face some difficulties in case of worsening of the economic environment.

At the same time, instruments with “BB”, “B” and “CCC” are of low credit quality and are considered speculative or “junk” investments. The issuers of these instruments have a high vulnerability to changing economic conditions, with a significant impact on the ability to pay, in the event of recessions or deteriorating economic conditions.

The formula for the expected credit loss is determined by multiplying the exposure at default (EAD), probability of default (PD), and losses at default (loss given default LGD). In determining the expected credit losses and the scenarios used, for financial instruments related to reserve assets, the Bank applies the information derived from the “Annual Corporate Default Study and Rating Transitions” report, published annually by the Standard & Poor’s rating agency, the cumulative default rates “Sovereign Foreign - Currency Cumulative Average Default Rates With Rating Modifier” and “Sovereign Local-Currency Cumulative Average Default Rates With Rating Modifier” from the “Annual Sovereign Default Study and Rating Transitions” report, published annually by the Standard & Poor’s rating agency.

For the lifetime expected credit losses, the marginal probability of default is estimated for each year until maturity. At the same time, the marginal probability of default in a given year applies to the sample that survived and default was not identified.

The Bank's vigilant approach to credit risk treatment in the context of persistent geopolitical uncertainties and inflationary pressures has led it to continue to apply the revised methodology for calculating expected credit losses on financial assets related to foreign exchange reserves by applying the notch downgrade scenario to all foreign currency assets in the portfolio. For this purpose, cumulative default rates published by Standard & Poor's rating agency corresponding to the one-notch downgrade of the respective exposures are applied.

Therefore, considering the assumptions in the scenarios applied, as well as the evolution of the volume and structure by instrument and maturity of the investment portfolio, the provision for expected credit losses on these assets, as at 31 December 2023, amounted to MDL 9 388 thousand (31 December 2022: MDL 5 021 thousand).

During the reporting period, no significant increases in credit risk associated with financial assets in foreign currency held by the Bank were identified. Also, there were no premises of migration from the initial recognition stage to a lower one or recognition of counterparty default.

**4. Risk management (continued)****4.2 Credit risk (continued)**

The methodology for calculating the expected credit losses related to the portfolio of state securities held in the Group's and the Bank's portfolio is based on the determination of exposure to default (EAD), probability of default (PD) and loss given default (LGD), with the use of derived information and cumulative default rates from the "Sovereign default and recovery rates" and Rating Symbols and Definitions" reports related to the rating category published by Moody's agency.

In accordance with the methodology in force, considering the dynamics of calculation parameters and relevant indicators, recorded for 2023, the expected credit losses in the case of these assets amounted to MDL 45 816 thousand (31 December 2022: MDL 85 572 thousand).

State securities issued in national currency held in the Group and Bank's portfolio are treated as low credit risk financial instruments (classified in Stage 1), considering the sustainability of debt indicators and macroeconomic factors incorporated in the financial models for analyzing the exposure of the Government of the Republic of Moldova with the Bank (including: evolution of gross national income, government debt-to-GDP ratio, evolution of GDP, budget deficit-to-GDP ratio, government debt traded on international markets, foreign financing and existence of financing and technical assistance programs, evolution of the financial sector, electoral and economic cycles, etc.), as well as the lack of default cases of state securities issued in the national currency.

Expected credit losses in the case of other financial instruments, being non-substantial or equal to zero and credit risk being assessed as insignificant, were not recorded in the financial statements.

The presentation of financial assets by impairment, gross exposure and expected credit loss at the reporting date:

CONSOLIDATED 31 December 2023	PD Interval	Gross exposure	ECL stage	Expected credit loss	Net exposure
	%	MDL'000		MDL'000	MDL'000
Foreign central banks	0,02-0,36	4 860 118	1	1	4 860 117
Foreign commercial banks	0,06-0,07	9 166 725	1	279	9 166 446
Foreign commercial banks	100	2	3	-	2
Foreign governments	0,02-0,05	68 679 301	1	1 207	68 678 094
Government of the RM	0,0-2,447	14 297 859	1	45 816	14 252 043
International Financial Institutions	0,02	9 708 927	1	88	9 708 839
Foreign government agencies	0,02-0,04	5 337 937	1	-	5 337 937
Other financial assets	0,0-0,04	24 003	1	17	23 986
<b>Total financial assets</b>		<b>112 074 872</b>		<b>47 408</b>	<b>112 027 464</b>

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4. Risk management (continued)

4.2 Credit risk (continued)

CONSOLIDATED				Expected	
31 December 2022	PD Interval	Gross exposure	ECL stage	credit loss	Net exposure
	%	MDL'000		MDL'000	MDL'000
Foreign central banks	0,02-0,10	9 227 128	1	2	9 227 126
Foreign commercial banks	0,03-0,08	15 873 417	1	449	15 872 968
Foreign commercial banks	100,00	4	2	-	4
Foreign governments	0,02-0,05	45 740 208	1	35	45 740 173
Government of the RM	0,0-2,435	14 667 559	1	85 572	14 581 987
International Financial Institutions	0,02	12 581 420	1	133	12 581 287
Foreign government agencies	0,02-0,05	4 498 242	1	53	4 498 189
Other financial assets	0,003	40 389	1	18	40 371
<b>Total financial assets</b>		<b>102 628 367</b>		<b>86 262</b>	<b>102 542 105</b>

BANK				Expected	
31 December 2023	PD Interval	Gross exposure	ECL stage	credit loss	Net exposure
	%	MDL'000		MDL'000	MDL'000
Foreign central banks	0,02-0,36	4 860 118	1	1	4 860 117
Foreign commercial banks	0,06-0,07	9 166 725	1	279	9 166 446
Foreign commercial banks	100	2	3		2
Foreign governments	0,02-0,05	68 679 301	1	1 207	68 678 094
Government of the RM		14 271 933	1	45 816	14 226 117
International Financial Institutions	0,02	9 708 927	1	88	9 708 839
Foreign government agencies	0,02-0,04	5 337 937	1		5 337 937
Other financial assets	0,0-0,04	23 769	1	5	23 764
<b>Total financial assets</b>		<b>112 048 712</b>		<b>47 396</b>	<b>112 001 316</b>

BANK				Expected	
31 December 2022	PD Interval	Gross exposure	ECL stage	credit loss	Net exposure
	%	MDL'000		MDL'000	MDL'000
Foreign central banks	0,02-0,10	9 227 128	1	2	9 227 126
Foreign commercial banks	0,03-0,08	15 873 417	1	449	15 872 968
Foreign commercial banks	100,00	4	2	-	4
Foreign governments	0,02-0,05	45 740 208	1	35	45 740 173
Government of the RM	0,0-2,435	14 638 335	1	85 572	14 552 763
International Financial Institutions	0,02	12 581 420	1	133	12 581 287
Foreign government agencies	0,02-0,05	4 498 242	1	53	4 498 189
Other financial assets	0,003	40 157	1	5	40 152
<b>Total financial assets</b>		<b>102 598 911</b>		<b>86 249</b>	<b>102 512 662</b>

## 4. Risk management (continued)

## 4.2 Credit risk (continued)

The movements in the loss allowance for expected credit loss by category of financial instrument:

CONSOLIDATED	31 December	2023				2022			
		12-month ECL	Lifetime ECL		Total	12-month ECL	Lifetime ECL		Total
		Stage I	Stage II	Stage III		Stage I	Stage II	Stage III	
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Cash and short-term placements in foreign currency</b>									
<b>Balance on 1 January</b>		584	-	-	584	390	-	-	390
Net remeasurement of loss allowance		(1)	-	-	(1)	(79)	-	-	(79)
New financial assets originated or purchased		1 246	-	-	1 246	1 682	-	-	1 682
Financial assets that have been derecognised		(1 431)	-	-	(1 431)	(1 430)	-	-	(1 430)
Foreign exchange and other movements		(30)	-	-	(30)	21	-	-	21
<b>Balance on 31 December</b>		<b>368</b>	<b>-</b>	<b>-</b>	<b>368</b>	<b>584</b>	<b>-</b>	<b>-</b>	<b>584</b>
<b>Foreign currency securities measured at amortised cost</b>									
<b>Balance on 1 January</b>		88	-	-	88	266	-	-	266
Net remeasurement of loss allowance		16	-	-	16	(53)	-	-	(53)
New financial assets originated or purchased		1 192	-	-	1 192	-	-	-	-
Financial assets that have been derecognised		(51)	-	-	(51)	(145)	-	-	(145)
Foreign exchange and other movements		(38)	-	-	(38)	20	-	-	20
<b>Balance on 31 December</b>		<b>1 207</b>	<b>-</b>	<b>-</b>	<b>1 207</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>88</b>
<b>Foreign currency securities measured at FVOCI</b>									
<b>Balance on 1 January</b>		4 349	-	-	4 349	2 143	-	-	2 143
Net remeasurement of loss allowance		(1)	-	-	(1)	(559)	-	-	(559)
New financial assets originated or purchased		9 483	-	-	9 483	5 479	-	-	5 479
Financial assets that have been derecognised		(5 519)	-	-	(5 519)	(2 878)	-	-	(2 878)
Foreign exchange and other movements		(499)	-	-	(499)	164	-	-	164
<b>Balance on 31 December</b>		<b>7 813</b>	<b>-</b>	<b>-</b>	<b>7 813</b>	<b>4 349</b>	<b>-</b>	<b>-</b>	<b>4 349</b>

## 4. Risk management (continued)

## 4.2 Credit risk (continued)

CONSOLIDATED	31 December	2023				2022			
		12-month ECL	Lifetime ECL		Total	12-month ECL	Lifetime ECL		Total
		Stage I	Stage II	Stage III		Stage I	Stage II	Stage III	
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Securities issued by the Government of the RM									
<b>Balance on 1 January</b>		85 572	-	-	85 572	48 219	-	-	48 219
Net remeasurement of loss allowance		(39 460)	-	-	(39 460)	33 008	-	-	33 008
New financial assets originated or purchased		21 174	-	-	21 174	12 913	-	-	12 913
Financial assets that have been derecognised		(21 470)	-	-	(21 470)	(8 568)	-	-	(8 568)
<b>Balance on 31 December</b>		<b>45 816</b>	-	-	<b>45 816</b>	<b>85 572</b>	-	-	<b>85 572</b>
<b>Other financial assets</b>									
<b>Balance on 1 January</b>		<b>18</b>	-	-	<b>18</b>	<b>42</b>	-	-	<b>42</b>
Financial assets that have been derecognised		(1)	-	-	(1)	(21)	-	-	(21)
Write-offs		-	-	-	-	(3)	-	-	(3)
<b>Balance on 31 December</b>		<b>17</b>	-	-	<b>17</b>	<b>18</b>	-	-	<b>18</b>
<b>BANK</b>	<b>31 December</b>	<b>2023</b>				<b>2022</b>			
		<b>12-month ECL</b>	<b>Lifetime ECL</b>		<b>Total</b>	<b>12-month ECL</b>	<b>Lifetime ECL</b>		<b>Total</b>
		<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>		<b>Stage I</b>	<b>Stage II</b>	<b>Stage III</b>	
		<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>
Cash and short-term placements in foreign currency									
<b>Balance on 1 January</b>		<b>584</b>	-	-	<b>584</b>	<b>390</b>	-	-	<b>390</b>
Net remeasurement of loss allowance		(1)	-	-	(1)	(79)	-	-	(79)
New financial assets originated or purchased		1 246	-	-	1 246	1 682	-	-	1 682
Financial assets that have been derecognised		(1 431)	-	-	(1 431)	(1 430)	-	-	(1 430)
Foreign exchange and other movements		(30)	-	-	(30)	21	-	-	21
<b>Balance on 31 December</b>		<b>368</b>	-	-	<b>368</b>	<b>584</b>	-	-	<b>584</b>

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4. Risk management (continued)

4.2 Credit risk (continued)

BANK	31 December	2023				2022			
		12-month ECL	Lifetime ECL		Total	12-month ECL	Lifetime ECL		Total
		Stage I	Stage II	Stage III		Stage I	Stage II	Stage III	
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Foreign currency securities measured at amortised cost</b>									
<b>Balance on 1 January</b>		88	-	-	88	266	-	-	266
Net remeasurement of loss allowance		16	-	-	16	(53)	-	-	(53)
New financial assets originated or purchased		1 192	-	-	1 192	-	-	-	-
Financial assets that have been derecognised		(51)	-	-	(51)	(145)	-	-	(145)
Foreign exchange and other movements		(38)	-	-	(38)	20	-	-	20
<b>Balance on 31 December</b>		<b>1 207</b>	<b>-</b>	<b>-</b>	<b>1 207</b>	<b>88</b>	<b>-</b>	<b>-</b>	<b>88</b>
<b>Foreign currency securities measured at FVOCI</b>									
<b>Balance on 1 January</b>		<b>4 349</b>	<b>-</b>	<b>-</b>	<b>4 349</b>	<b>2 143</b>	<b>-</b>	<b>-</b>	<b>2 143</b>
Net remeasurement of loss allowance		(1)	-	-	(1)	(559)	-	-	(559)
New financial assets originated or purchased		9 483	-	-	9 483	5 479	-	-	5 479
Financial assets that have been derecognised		(5 519)	-	-	(5 519)	(2 878)	-	-	(2 878)
Foreign exchange and other movements		(499)	-	-	(499)	164	-	-	164
<b>Balance on 31 December</b>		<b>7 813</b>	<b>-</b>	<b>-</b>	<b>7 813</b>	<b>4 349</b>	<b>-</b>	<b>-</b>	<b>4 349</b>
<b>Securities issued by the Government of the RM</b>									
<b>Balance on 1 January</b>		<b>85 572</b>	<b>-</b>	<b>-</b>	<b>85 572</b>	<b>48 219</b>	<b>-</b>	<b>-</b>	<b>48 219</b>
Net change due to changes without derecognition		(39 460)	-	-	(39 460)	33 008	-	-	33 008
Increases due to new or acquired financial assets		21 174	-	-	21 174	12 913	-	-	12 913
Decreases due to derecognised financial assets		(21 470)	-	-	(21 470)	(8 568)	-	-	(8 568)
<b>Balance on 31 December</b>		<b>45 816</b>	<b>-</b>	<b>-</b>	<b>45 816</b>	<b>85 572</b>	<b>-</b>	<b>-</b>	<b>85 572</b>

## 4. Risk management (continued)

## 4.2 Credit risk (continued)

BANK	31 December	2023				2022			
		12-month ECL	Lifetime ECL		Total	12-month ECL	Lifetime ECL		Total
		Stage I	Stage II	Stage III		Stage I	Stage II	Stage III	
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Other financial assets									
Balance on 1 January		5	-	-	5	5	-	-	5
Financial assets that have been derecognised		-	-	-	-	-	-	-	-
Write-offs		-	-	-	-	-	-	-	-
<b>Balance on 31 December</b>		<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>

*Credit risk of derivatives*

Currency swap transactions are carried out in fine-tuning operations, being used as a monetary policy instrument, which can take the form of liquidity-providing or absorption operations. The frequency of transactions is not standardized, and the maturity is aligned with the maturities applied to the Bank's monetary policy instruments (overnight deposit facility, NBM certificates). The conditions for the Bank to carry out foreign exchange swap transactions on the interbank foreign exchange market are established in the *Regulation on the performance of transactions on the interbank foreign exchange market of the Republic of Moldova*, approved by the Decision of the Council of Administration of the NBM No 8/2013. As of 31 December 2023, the Bank had no currency swaps.

In addition, the Bank may conduct foreign exchange swap operations with the European Bank for Reconstruction and Development (EBRD) based on a bilateral agreement signed for this purpose. The expected effect of signing the agreement is the creation and implementation of a new competitive instrument for lending by the EBRD to Moldovan economic agents in national currency and the development of the real sector of the national economy.

The provision of liquidity in Moldovan lei under the respective agreement is carried out under conditions similar to other operations performed by the Bank on the domestic monetary or foreign exchange market. As of 31 December 2023, the balance of swap transactions with the EBRD is nil (31 December 2022: nil).

#### 4. Risk management (continued)

##### 4.2 Credit risk (continued)

###### *Offsetting the financial assets and financial liabilities*

The Bank records financial assets and financial liabilities on a net basis when there is a legal right and intention to settle the resulting payments and receipts on a net basis.

Although some financial assets and liabilities do not meet the requirements for recognition on a net basis, they are settled simultaneously or on a net value. These include repo and swap transactions.

In accordance with *IFRS 7 Financial Instruments: Disclosures* about amounts not offset in the balance sheet are limited to the net amount of financial instruments presented in the balance sheet.

As of 31 December 2023, the Bank had no outstanding repo transactions.

##### 4.3 Liquidity risk

The liquidity risk represents the risk that the Bank will not be able to meet its payment obligations at maturity. The maturity of assets and liabilities, as well as the capacity to replace the interest-bearing liabilities at an acceptable price as they reach the due date, constitute major factors for the assessment of Bank's liquidity. The liquidity risk is managed daily in dynamics through monitoring the investment limits established by internal regulations and the decisions of the Executive Board.

###### *a. Financial instruments in national currency*

Considering the powers of the Bank as a monetary authority, which include the establishment and implementation of the monetary policy in the state, the control of liquidity in the financial system, and, inter alia, the exclusive right to issue banknotes and coins as a mean of payment, the Bank is not exposed to the liquidity risk from the gap between payments and receipts, assets and liabilities in national currency flows, but rather to the limitations inherent in the monetary policy.

The securities issued by the Government of the Republic of Moldova and held by the Bank during 2023, from previously converted debt, had a maximum contractual maturity of 2 years. At maturity, these securities are redeemed by the Government and reissued in the form of treasury bills or government bonds.

The state securities derived from state guarantees were obtained by the Bank on October 4, 2016, in the form of government bonds with maturities ranging from 1 to 25 years. The 25-year period was set with a view of balancing the additional annual pressure that can be borne by the state budget, as well as extinguishing these obligations as quickly as possible.

The liquidity-providing repo operations conducted during 2023 had a maturity of 14 days and were carried out through uncapped tenders.

#### 4. Risk management (continued)

##### 4.3 Liquidity risk (continued)

###### *b. Financial instruments in foreign currency*

The monitoring of the liquidity risk is conducted through creating investment tranches and use of market benchmarks set for indexed investment sub-portfolios, depending on the type of instruments and investment currency. The used benchmarks are market indicators, which are internationally recognized and used for the comparative evaluation of performance and risks related to investment portfolios.

The indicators are provided by the Intercontinental Exchange (ICE), after taking over the activity of index supply from the Bank of America Merrill Lynch, an institution which calculates and provides a large range of benchmarks recognized and used throughout the investment community.

In the case of internally managed portfolios, except for the portfolio of securities assessed at amortised cost, the liquidity risk is permanently monitored by the Bank by maintaining an adequate level of tranches in the range of admissible deviations and by limiting the maximum admissible maturity of the investment portfolio, which does not allow investments in instruments with long maturity.

In the case of externally managed portfolios, the limitation of the liquidity risk is done under the provisions of the Agreement on consulting and investment management, concluded on 8 December 2010 between the International Bank for Reconstruction and Development (IBRD) and the National Bank of Moldova (NBM), which was extended by DEB No 168 of 30 December 2015 and entered into force on 1 February 2016. The Agreement stipulates that the investments shall be managed under the benchmark (ICE Bank of America Merrill Lynch index U.S. Treasuries), so the duration of the portfolio is correlated with the duration of the benchmark.

The liquidity risk of the foreign currency securities portfolio, measured at amortised cost, is diminished through the diversification of maturity of investments, being distributed in the range of up to 10 years, and through limitation of the share of this portfolio in the total portfolio of securities. In addition, supplementing of the foreign currency securities portfolio, measured at amortised cost is possible only if its share represents less than 25% of the international reserves and the level of reserves covers 4 months of imports, as well as payments related to the external liabilities of the Bank and the Government of the Republic of Moldova and other payments in foreign currency for one year.

Liquidity is one of the main criteria in determining the structure of currency assets. This fact shows the potential need to transform the currency reserves in liquidities for intervention when such needs arise.

The foreign currency securities measured at FVOCI and held by the Bank are instruments with a high degree of liquidity, meaning these can be easily sold before maturity, if necessary.

#### 4. Risk management (continued)

##### 4.3 Liquidity risk (continued)

The maturity of assets and liabilities and the ability to replace interest-bearing debts at an acceptable cost as it matures are important factors in assessing liquidity. The analysis of financial assets and liabilities by contractual maturity at the reporting date is presented as follows:

CONSOLIDATED		Carrying	0-3	3-6	6-12	1-2	2-5	More than	Undefined
31 December 2023		Notes	amount	months	months	months	years	5 years	maturity
			MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	19 831 357	16 153 415	3 677 942	-	-	-	-	-
Investment securities	6	74 798 336	7 770 155	11 449 856	17 766 970	17 340 744	14 243 540	6 227 071	-
Assets in international financial institutions	7	4 267 146	203 829	-	-	-	-	-	4 063 317
Monetary gold	8	85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10	14 252 043	422 503	1 035 352	334 853	1 434 831	1 255 820	9 768 684	-
Loans granted to banks and others	11	21 987	744	730	1 428	2 470	6 072	10 543	-
Other financial assets	15	4 839	4 839	-	-	-	-	-	-
<b>Total financial assets</b>		<b>113 261 241</b>	<b>24 555 485</b>	<b>16 163 880</b>	<b>18 103 251</b>	<b>18 778 045</b>	<b>15 505 432</b>	<b>16 006 298</b>	<b>4 148 850</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	17	10 769 559	10 691 826	27 633	-	50 100	-	-	-
Deposits from banks	18	40 239 046	40 239 046	-	-	-	-	-	-
Deposits from other clients	20	313 981	313 981	-	-	-	-	-	-
Certificates issued by the NBM	19	11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7	5 064 925	27 089	69 489	94 811	215 077	502 486	92 629	4 063 344
Lease liabilities	20	9 535	1 466	1 122	2 291	4 656	-	-	-
Other financial liabilities	20	310 629	56 559	254 070	-	-	-	-	-
		<b>109 978 420</b>	<b>62 509 966</b>	<b>352 314</b>	<b>97 102</b>	<b>269 833</b>	<b>502 486</b>	<b>92 629</b>	<b>46 154 090</b>
<b>Net liquidity gap</b>		<b>3 282 821</b>	<b>(37 954 481)</b>	<b>15 811 566</b>	<b>18 006 149</b>	<b>18 508 212</b>	<b>15 002 946</b>	<b>15 913 669</b>	<b>(42 005 240)</b>

## 4. Risk management (continued)

## 4.3 Liquidity risk (continued)

CONSOLIDATED		Carrying	0-3	3-6	6-12	1-2	2-5	More than	Undefined
31 December 2022		Notes	amount	months	months	months	years	5 years	maturity
			MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 983 015	31 869 536	2 113 479	-	-	-	-	-
Investment securities	6	51 631 595	16 851 195	13 473 092	20 896 011	411 297	-	-	-
Assets in international financial institutions	7	4 445 897	19 040	-	-	-	-	-	4 426 857
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 581 987	1 771 192	657 508	312 659	487 022	1 162 630	10 190 976	-
Loans granted to banks and others	11	19 757	770	735	1 267	2 294	5 997	8 694	-
Other financial assets	15	20 497	20 497	-	-	-	-	-	-
<b>Total financial assets</b>		<b>104 765 060</b>	<b>50 532 230</b>	<b>16 244 814</b>	<b>21 209 937</b>	<b>900 613</b>	<b>1 168 627</b>	<b>10 199 670</b>	<b>4 509 169</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	17	9 135 104	8 955 899	31 809	144 062	3 334	-	-	-
Deposits from banks	18	37 191 253	37 191 253	-	-	-	-	-	-
Deposits from other clients	20	66 932	66 932	-	-	-	-	-	-
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	7 505	75 706	75 706	198 246	663 206	219 815	4 426 883
Lease liabilities	20	3 814	386	396	823	1 775	434	-	-
Other financial liabilities	20	27 636	27 636	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 490 555</b>	<b>52 866 457</b>	<b>107 911</b>	<b>220 591</b>	<b>203 355</b>	<b>663 640</b>	<b>219 815</b>	<b>42 208 786</b>
<b>Derivatives</b>									
Inflow	9	-	-	-	-	-	-	-	-
Outflow	9	2 731	2 731	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 493 286</b>	<b>52 869 188</b>	<b>107 911</b>	<b>220 591</b>	<b>203 355</b>	<b>663 640</b>	<b>219 815</b>	<b>42 208 786</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	307 051	-	-	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Net liquidity gap</b>		<b>8 271 014</b>	<b>(2 337 718)</b>	<b>16 136 903</b>	<b>20 989 346</b>	<b>697 258</b>	<b>504 987</b>	<b>9 979 855</b>	<b>(37 699 617)</b>

#### 4. Risk management (continued)

##### 4.3 Liquidity risk (continued)

BANK		Carrying	0-3	3-6	6-12	1-2	2-5	More than	Undefined
31 December 2023	Notes	amount	months	months	months	years	years	5 years	maturity
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	19 831 322	16 153 380	3 677 942	-	-	-	-	-
Investment securities	6	74 798 336	7 770 155	11 449 856	17 766 970	17 340 744	14 243 540	6 227 071	-
Assets in international financial institutions	7	4 267 146	203 829	-	-	-	-	-	4 063 317
Monetary gold	8	85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10	14 226 117	414 339	1 023 538	328 905	1 434 831	1 255 820	9 768 684	-
Loans granted to banks and others	11	21 987	744	730	1 428	2 470	6 072	10 543	-
Investments in subsidiaries	12	24 000	-	-	-	-	-	-	24 000
Other financial assets	15	4 652	4 652	-	-	-	-	-	-
<b>Total financial assets</b>		<b>113 259 093</b>	<b>24 547 099</b>	<b>16 152 066</b>	<b>18 097 303</b>	<b>18 778 045</b>	<b>15 505 432</b>	<b>16 006 298</b>	<b>4 172 850</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	17	10 769 559	10 691 826	27 633	-	50 100	-	-	-
Deposits from banks	18	40 239 046	40 239 046	-	-	-	-	-	-
Deposits from other clients	20	321 479	321 479	-	-	-	-	-	-
Certificates issued by the NBM	19	11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7	5 064 925	27 089	69 489	94 811	215 077	502 486	92 629	4 063 344
Lease liabilities	20	8 684	1 365	1 015	2 060	4 244	-	-	-
Other financial liabilities	20	310 561	56 491	254 070	-	-	-	-	-
<b>Total financial liabilities</b>		<b>109 984 999</b>	<b>62 517 295</b>	<b>352 207</b>	<b>96 871</b>	<b>269 421</b>	<b>502 486</b>	<b>92 629</b>	<b>46 154 090</b>
<b>Net liquidity gap</b>		<b>3 274 094</b>	<b>(37 970 196)</b>	<b>15 799 859</b>	<b>18 000 432</b>	<b>18 508 624</b>	<b>15 002 946</b>	<b>15 913 669</b>	<b>(41 981 240)</b>

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#### 4. Risk management (continued)

##### 4.3 Liquidity risk (continued)

BANK		Carrying	0-3	3-6	6-12	1-2	2-5	More than	Undefined
31 December 2022	Notes	amount	months	months	months	years	years	5 years	maturity
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 982 898	31 869 419	2 113 479	-	-	-	-	-
Investment securities	6	51 631 595	16 851 195	13 473 092	20 896 011	411 297	-	-	-
Assets in international financial institutions	7	4 445 897	19 040	-	-	-	-	-	4 426 857
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 552 763	1 763 262	641 121	307 752	487 022	1 162 630	10 190 976	-
Loans granted to banks and others	11	19 757	770	735	1 267	2 294	5 997	8 694	-
Investments in subsidiaries	12	24 000	-	-	-	-	-	-	24 000
Other financial assets	15	20 395	20 395	-	-	-	-	-	-
<b>Total financial assets</b>		<b>104 759 617</b>	<b>50 524 081</b>	<b>16 228 427</b>	<b>21 205 030</b>	<b>900 613</b>	<b>1 168 627</b>	<b>10 199 670</b>	<b>4 533 169</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	17	9 135 104	8 955 899	31 809	144 062	3 334	-	-	-
Deposits from banks	18	37 191 253	37 191 253	-	-	-	-	-	-
Deposits from other clients	20	69 783	69 783	-	-	-	-	-	-
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	7 505	75 706	75 706	198 246	663 206	219 815	4 426 883
Lease liabilities	20	2 544	300	305	626	1 313	-	-	-
Other financial liabilities	20	27 375	27 375	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 491 875</b>	<b>52 868 961</b>	<b>107 820</b>	<b>220 394</b>	<b>202 893</b>	<b>663 206</b>	<b>219 815</b>	<b>42 208 786</b>
<b>Derivatives</b>									
Inflow		-	-	-	-	-	-	-	-
Outflow		2 731	2 731	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 494 606</b>	<b>52 871 692</b>	<b>107 820</b>	<b>220 394</b>	<b>202 893</b>	<b>663 206</b>	<b>219 815</b>	<b>42 208 786</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	307 051	-	-	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Net liquidity gap</b>		<b>8 264 251</b>	<b>(2 348 371)</b>	<b>16 120 607</b>	<b>20 984 636</b>	<b>697 720</b>	<b>505 421</b>	<b>9 979 855</b>	<b>(37 675 617)</b>

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**4. Risk management (continued)****4.3 Liquidity risk (continued)**

The table below shows the analysis of total financial liabilities, including future interest cash flows by contractual maturity at the reporting date. The amounts of future liabilities were calculated using the information available as of reporting date (official exchange rate of the Moldovan leu, interest rates on monetary and lending policy instruments, etc.):

**CONSOLIDATED**

	Carrying amount	Gross nominal value	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Undefined maturity
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>31 December 2023</b>									
<b>Liabilities</b>									
National currency issued into circulation	42 090 746	42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	10 769 559	10 777 052	10 693 789	29 245	2 502	51 516	-	-	-
Deposits from banks	40 239 046	40 283 840	40 283 840	-	-	-	-	-	-
Deposits from other clients	313 981	313 981	313 981	-	-	-	-	-	-
Certificates issued by the NBM	11 179 999	11 190 290	11 190 290	-	-	-	-	-	-
Due to international financial institutions*	5 064 925	5 173 482	37 957	79 693	113 399	245 207	539 537	94 345	4 063 344
Lease liabilities	9 535	10 064	1 590	1 229	2 458	4 787	-	-	-
Other financial liabilities	310 629	310 629	56 559	254 070	-	-	-	-	-
<b>Total financial liabilities</b>	<b>109 978 420</b>	<b>110 150 084</b>	<b>62 578 006</b>	<b>364 237</b>	<b>118 359</b>	<b>301 510</b>	<b>539 537</b>	<b>94 345</b>	<b>46 154 090</b>
<b>31 December 2022</b>									
<b>Liabilities</b>									
National currency issued into circulation	37 781 903	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	9 135 104	9 162 306	8 965 617	40 541	152 670	3 478	-	-	-
Deposits from banks	37 191 253	37 330 471	37 330 471	-	-	-	-	-	-
Deposits from other clients	66 932	66 932	66 932	-	-	-	-	-	-
Certificates issued by the NBM	6 616 846	6 649 210	6 649 210	-	-	-	-	-	-
Due to international financial institutions*	5 667 067	5 811 631	18 666	86 743	96 834	235 231	721 218	226 082	4 426 857
Lease liabilities	3 814	4 417	493	493	986	1 971	474	-	-
Other financial liabilities	27 636	27 636	27 636	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>96 490 555</b>	<b>96 834 506</b>	<b>53 059 025</b>	<b>127 777</b>	<b>250 490</b>	<b>240 680</b>	<b>721 692</b>	<b>226 082</b>	<b>42 208 760</b>

\* According to the resolution of the IMF Executive Board, for the Extended Credit Facility (ECF) (previously Poverty Reduction and Growth Facility (PRGF) from the IMF and included in Due to international financial institutions, for the period 7 January 2010 – December 2024, no interest is calculated.

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4 Risk management (continued)

4.3 Liquidity risk (continued)

BANK

31 December 2023	Carrying amount	Gross nominal value	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Undefined maturity
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Liabilities</b>									
National currency issued into circulation	42 090 746	42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	10 769 559	10 777 052	10 693 789	29 245	2 502	51 516	-	-	-
Deposits from banks	40 239 046	40 283 840	40 283 840	-	-	-	-	-	-
Deposits from other clients	321 479	321 479	321 479	-	-	-	-	-	-
Certificates issued by the NBM	11 179 999	11 190 290	11 190 290	-	-	-	-	-	-
Due to international financial institutions*	5 064 925	5 173 482	37 957	79 693	113 399	245 207	539 537	94 345	4 063 344
Lease liabilities	8 684	9 033	1 445	1 084	2 168	4 336	-	-	-
Other financial liabilities	310 561	310 561	56 491	254 070	-	-	-	-	-
<b>Total financial liabilities</b>	<b>109 984 999</b>	<b>110 156 483</b>	<b>62 585 291</b>	<b>364 092</b>	<b>118 069</b>	<b>301 059</b>	<b>539 537</b>	<b>94 345</b>	<b>46 154 090</b>
<b>31 December 2022</b>									
<b>Liabilities</b>									
National currency issued into circulation	37 781 903	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	9 135 104	9 162 306	8 965 617	40 541	152 670	3 478	-	-	-
Deposits from banks	37 191 253	37 330 471	37 330 471	-	-	-	-	-	-
Deposits from other clients	69 783	69 783	69 783	-	-	-	-	-	-
Certificates issued by the NBM	6 616 846	6 649 210	6 649 210	-	-	-	-	-	-
Due to international financial institutions*	5 667 067	5 811 631	18 666	86 743	96 834	235 231	721 218	226 082	4 426 857
Lease liabilities	2 544	2 720	340	340	680	1 360	-	-	-
Other financial liabilities	27 375	27 375	27 375	-	-	-	-	-	-
<b>Total financial liabilities</b>	<b>96 491 875</b>	<b>96 835 399</b>	<b>53 061 462</b>	<b>127 624</b>	<b>250 184</b>	<b>240 069</b>	<b>721 218</b>	<b>226 082</b>	<b>42 208 760</b>

\* According to the resolution of the IMF Executive Board, for the Extended Credit Facility (ECF) (previously Poverty Reduction and Growth Facility (PRGF) from the IMF and included in Due to international financial institutions, for the period 7 January 2010 – December 2024, no interest is calculated.

#### 4. Risk management (continued)

##### 4.4 Market risk

Market risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market prices, even though such changes are caused by specific factors related to individual securities or their issuers, or factors that affect all the securities traded on the market.

##### *a. Financial instruments in foreign currency*

The strategic asset allocation process limits the financial risk associated with international reserves. Performance indicators (benchmarks) are established for each sub-portfolio, to optimize the return-to-risk ratio, following the evaluation of various scenarios of changes in interest rates and returns on investment instruments in portfolios and, accordingly, their market value. The optimal foreign exchange structure, estimated based on the analysis of the foreign exchange composition of external debt service payments, other foreign exchange payments and imports of goods and services as well as the effects of foreign exchange diversification, are considered when assessing foreign exchange risk.

All portfolios, except for investment securities measured at amortised cost, current and overnight accounts, assets in the International Monetary Fund and monetary gold, are managed with reference to strategic performance indicators (ICE indices). Portfolio performance and compliance with limits on deviation from performance indicators are monitored monthly and reported to the Investment Committee.

From 1 January 2023, the management of foreign exchange reserves is carried out under conditions of low-risk appetite, estimated by applying the VaR (value-at-risk) indicator, the ratio of the indicator to total reserves being limited. The Bank applies the VaR methodology on a daily basis to assess the market risk exposure of the positions it holds and to estimate potential economic losses based on a range of parameters and assumptions for various changes in market conditions.

The outcome of the market risk assessment based on VaR represents the potential loss expressed in monetary units for the investment portfolio in foreign currency based on a 95% confidence level and assuming a 1-month holding period, excluding the volatility of the exchange rate movement component of the currencies in the international reserves composition against the US dollar (reporting currency). This calculation is provided by the Bloomberg information system.

The value at risk of the foreign currency financial instruments portfolio (excluding monetary gold) is shown as follows:

	At amortised cost		At FVOCI		Total		Portfolio share
	MDL'000	USD'000	MDL'000	USD'000	MDL'000	USD'000	MDL'000
31 December 2023	308 653	17 732	458 703	26 353	767 356	44 085	0,82%
31 December 2022*	12 284	641	91 013	4 751	103 297	5 392	0,12%

\*Data for the year 2022 has been restated by applying the VaR indicator, excluding volatility related to the foreign exchange rate (EUR portfolio), according to the new VAR market risk management methodology.

#### 4. Risk management (continued)

##### 4.4 Market risk (continued)

###### *b. Financial instruments in national currency*

Market risk in the case of financial instruments in national currency is mainly associated with changes in the market value of state securities issued by the Government of the Republic of Moldova, which are measured at amortised cost in the balance sheet and are mainly managed to collect contractual flows and used in the purpose of performing the duties conferred by law on the Bank.

For the portfolio "State securities from previously converted debt", the risk is managed by the re-issuance at maturity of some securities at market interest rates, based on weighted average nominal rates on state securities recently sold on the primary market and the annual approval with the Ministry of Finance of the maximum deadlines for reissue (for 2023 and 2022 the maximum accepted maturity was agreed to be 3 years).

These securities are held mainly for the collection of contractual flows, but can also be used in open market operations, through reverse repo operations (temporary liquidity absorption), but such operations have not been recorded recently and the gains from changes in the market price of securities are not relevant in the case of these instruments.

In the case of the portfolio "State securities derived from state guarantees", the risk of losses or gains from the change in the market value of the securities was addressed at the date of issue by being structured in financial instruments with a fixed coupon of 1,4% (those with a maturity of up to 9 years) and 5,3% (those with a maturity of 10 to 25 years), respectively, those with gradual maturities of up to 25 years, essentially replicating the cash flows of a financial instrument at an effective interest rate of 5%, equal to the target of the inflation rate on the date of their issuance (2016) which would allow the value paid throughout the portfolio, in real terms, to remain unchanged and allow the Bank to avoid additional losses related to debt impairment (likewise, in real terms).

Moreover, according to Law No 235/2016, state securities are in free circulation, but only 40% of the respective portfolio can be traded by the Bank on the secondary market, being at the same time able to be used entirely in the open market operations of temporary absorption of liquidity (reverse repo). For state securities derived from state guarantees there is no interest rate curve to align their market value with the application of only observable market entry data (maximum maturity of state securities put into circulation - 10 years).

In the case of repo transactions, tenders are conducted at a fixed interest rate, calculated as the base rate plus a margin of 0,25 percentage points.

###### **4.4.1 Interest rate risk**

Interest rate risk arises from the risk that the value of a financial instrument will fluctuate following the changes in the interest rates on the market.

The fluctuation of interest rates on the external market may affect the value of the investment portfolio in foreign currency and future cash flows.

The instruments most sensitive to changes of interest rates on the external market are the foreign currency securities because the change in interest rates indirectly affects the price of these assets.

Furthermore, due to fluctuations of interest rates on external markets, negative divergences may occur between the interest rates of the investment portfolio in foreign currency and interest rates of the Bank's liabilities in foreign currency.

**4. Risk management (continued)****4.4 Market risk (continued)****4.4.1 Interest rate risk (continued)**

While managing the interest rate risk influenced by changes on the external markets, special attention is paid to the principle of diversification of investment portfolio by maturity and currency.

The analysis of financial assets and financial liabilities at the reporting date by contractual rates and the discount date of their interest rates is presented as follows:

CONSOLIDATED										
31 December 2023		Notes	Carrying amount	0-3 months	3-6 months	6-12 months	1-2 years	2-5 years	More than 5 years	Non-interest bearing
			MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>										
Cash and short-term placements	5		19 831 357	14 912 536	3 677 943	-	-	-	-	1 240 878
Investment securities	6		74 798 336	7 600 489	11 357 469	17 759 871	17 340 745	14 243 540	6 227 071	269 151
Assets in international financial institutions	7		4 267 146	203 249	-	-	-	-	-	4 063 897
Monetary gold	8		85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10		14 252 043	167 489	872 310	334 793	1 434 831	1 255 820	9 768 684	418 116
Loans granted to banks and others	11		21 987	301	16 302	575	1 138	2 833	838	-
Other financial assets	15		4 839	-	-	-	-	-	-	4 839
<b>Total financial assets</b>			<b>113 261 241</b>	<b>22 884 064</b>	<b>15 924 024</b>	<b>18 095 239</b>	<b>18 776 714</b>	<b>15 502 193</b>	<b>15 996 593</b>	<b>6 082 414</b>
<b>Non-derivative liabilities</b>										
National currency issued into circulation	16		42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	17		10 769 559	9 401 067	27 552	-	50 100	-	-	1 290 840
Deposits from banks	18		40 239 046	34 175 864	-	-	-	-	-	6 063 182
Deposits from other clients	20		313 981	-	-	-	-	-	-	313 981
Certificates issued by the NBM	19		11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7		5 064 925	835 468	-	-	25 455	89 677	34 330	4 079 995
Lease liabilities	20		9 535	1 466	1 122	2 291	4 656	-	-	-
Other financial liabilities	20		310 629	-	-	-	-	-	-	310 629
<b>Total financial liabilities</b>			<b>109 978 420</b>	<b>55 593 864</b>	<b>28 674</b>	<b>2 291</b>	<b>80 211</b>	<b>89 677</b>	<b>34 330</b>	<b>54 149 373</b>
<b>Interest rate gap</b>			<b>3 282 821</b>	<b>(32 709 800)</b>	<b>15 895 350</b>	<b>18 092 948</b>	<b>18 696 503</b>	<b>15 412 516</b>	<b>15 962 263</b>	<b>(48 066 959)</b>

## 4. Risk management (continued)

## 4.4 Market risk (continued)

## 4.4.1 Interest rate risk (continued)

## CONSOLIDATED

31 December 2022

	Notes	Carrying amount MDL'000	0-3 months MDL'000	3-6 months MDL'000	6-12 months MDL'000	1-2 years MDL'000	2-5 years MDL'000	More than 5 years MDL'000	Non-interest bearing MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 983 015	29 641 481	2 113 479	-	-	-	-	2 228 055
Investment securities	6	51 631 595	16 755 715	13 456 899	20 889 045	411 296	-	-	118 640
Assets in international financial institutions	7	4 445 897	18 898	-	-	-	-	-	4 426 999
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 581 987	1 531 308	505 982	312 639	487 022	1 162 630	10 190 976	391 430
Loans granted to banks and others	11	19 757	365	11 384	709	1 385	3 847	2 067	-
Other financial assets	15	20 497	-	-	-	-	-	-	20 497
<b>Total financial assets</b>		<b>104 765 060</b>	<b>47 947 767</b>	<b>16 087 744</b>	<b>21 202 393</b>	<b>899 703</b>	<b>1 166 477</b>	<b>10 193 043</b>	<b>7 267 933</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	17	9 135 104	6 660 685	31 809	144 062	3 333	-	-	2 295 215
Deposits from banks	18	37 191 253	32 901 997	-	-	-	-	-	4 289 256
Deposits from other clients	20	66 932	-	-	-	-	-	-	66 932
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	1 062 554	-	-	-	93 061	70 115	4 441 337
Lease liabilities	20	3 814	386	396	823	1 775	434	-	-
Other financial liabilities	20	27 636	-	-	-	-	-	-	27 636
		<b>96 490 555</b>	<b>47 242 468</b>	<b>32 205</b>	<b>144 885</b>	<b>5 108</b>	<b>93 495</b>	<b>70 115</b>	<b>48 902 279</b>
<b>Derivatives</b>									
Inflow	9	-	-	-	-	-	-	-	-
Outflow	9	2 731	-	-	-	-	-	-	2 731
<b>Total financial liabilities</b>		<b>96 493 286</b>	<b>47 242 468</b>	<b>32 205</b>	<b>144 885</b>	<b>5 108</b>	<b>93 495</b>	<b>70 115</b>	<b>48 905 010</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	307 051	-	-	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Interest rate gap</b>		<b>8 271 014</b>	<b>704 539</b>	<b>16 055 539</b>	<b>21 057 508</b>	<b>894 595</b>	<b>1 072 982</b>	<b>10 122 928</b>	<b>(41 637 077)</b>

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## 4. Risk management (continued)

## 4.4 Market risk (continued)

## 4.4.1 Interest rate risk (continued)

BANK 31 December 2023	Notes	Carrying	0-3	3-6	6-12	1-2	2-5	More than	Non-interest
		amount	months	months	months	years	years	5 years	bearing
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	19 831 322	14 912 532	3 677 943	-	-	-	-	1 240 847
Investment securities	6	74 798 336	7 600 489	11 357 469	17 759 871	17 340 745	14 243 540	6 227 071	269 151
Assets in international financial institutions	7	4 267 146	203 249	-	-	-	-	-	4 063 897
Monetary gold	8	85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10	14 226 117	160 123	861 089	328 905	1 434 831	1 255 820	9 768 684	416 665
Loans granted to banks and others	11	21 987	301	16 302	575	1 138	2 833	838	-
Investments in subsidiaries	12	24 000	-	-	-	-	-	-	24 000
Other financial assets	15	4 652	-	-	-	-	-	-	4 652
<b>Total financial assets</b>		<b>113 259 093</b>	<b>22 876 694</b>	<b>15 912 803</b>	<b>18 089 351</b>	<b>18 776 714</b>	<b>15 502 193</b>	<b>15 996 593</b>	<b>6 104 745</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	42 090 746	-	-	-	-	-	-	42 090 746
Deposits from the Government of the RM	17	10 769 559	9 401 067	27 552	-	50 100	-	-	1 290 840
Deposits from banks	18	40 239 046	34 175 864	-	-	-	-	-	6 063 182
Deposits from other clients	20	321 479	-	-	-	-	-	-	321 479
Certificates issued by the NBM	19	11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7	5 064 925	835 468	-	-	25 455	89 677	34 330	4 079 995
Lease liabilities	20	8 684	1 365	1 015	2 060	4 244	-	-	-
Other financial liabilities	20	310 561	-	-	-	-	-	-	310 561
<b>Total financial liabilities</b>		<b>109 984 999</b>	<b>55 593 763</b>	<b>28 567</b>	<b>2 060</b>	<b>79 799</b>	<b>89 677</b>	<b>34 330</b>	<b>54 156 803</b>
<b>Interest rate gap</b>		<b>3 274 094</b>	<b>(32 717 069)</b>	<b>15 884 236</b>	<b>18 087 291</b>	<b>18 696 915</b>	<b>15 412 516</b>	<b>15 962 263</b>	<b>(48 052 058)</b>

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## 4. Risk management (continued)

## 4.4 Market risk (continued)

## 4.4.1 Interest rate risk (continued)

## BANK

31 December 2022

	Notes	Carrying amount MDL'000	0-3 months MDL'000	3-6 months MDL'000	6-12 months MDL'000	1-2 years MDL'000	2-5 years MDL'000	More than 5 years MDL'000	Non-interest bearing MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 982 898	29 641 412	2 113 479	-	-	-	-	2 228 007
Investment securities	6	51 631 595	16 755 715	13 456 899	20 889 045	411 296	-	-	118 640
Assets in international financial institutions	7	4 445 897	18 898	-	-	-	-	-	4 426 999
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 552 763	1 523 944	490 961	307 752	487 022	1 162 630	10 190 976	389 478
Loans granted to banks and others	11	19 757	365	11 384	709	1 385	3 847	2 067	-
Investments in subsidiaries	12	24 000	-	-	-	-	-	-	24 000
Other financial assets	15	20 395	-	-	-	-	-	-	20 395
<b>Total financial assets</b>		<b>104 759 617</b>	<b>47 940 334</b>	<b>16 072 723</b>	<b>21 197 506</b>	<b>899 703</b>	<b>1 166 477</b>	<b>10 193 043</b>	<b>7 289 831</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	-	-	-	-	-	-	37 781 903
Deposits from the Government of the RM	17	9 135 104	6 660 685	31 809	144 062	3 333	-	-	2 295 215
Deposits from banks	18	37 191 253	32 901 997	-	-	-	-	-	4 289 256
Deposits from other clients	20	69 783	-	-	-	-	-	-	69 783
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	1 062 554	-	-	-	93 061	70 115	4 441 337
Lease liabilities	20	2 544	300	305	626	1 313	-	-	-
Other financial liabilities	20	27 375	-	-	-	-	-	-	27 375
<b>Total financial liabilities</b>		<b>96 491 875</b>	<b>47 242 382</b>	<b>32 114</b>	<b>144 688</b>	<b>4 646</b>	<b>93 061</b>	<b>70 115</b>	<b>48 904 869</b>
<b>Derivatives</b>									
Inflow	9	-	-	-	-	-	-	-	-
Outflow	9	2 731	-	-	-	-	-	-	2 731
<b>Total financial liabilities</b>		<b>96 494 606</b>	<b>47 242 382</b>	<b>32 114</b>	<b>144 688</b>	<b>4 646</b>	<b>93 061</b>	<b>70 115</b>	<b>48 907 600</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	307 051	-	-	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Interest rate gap</b>		<b>8 264 251</b>	<b>697 192</b>	<b>16 040 609</b>	<b>21 052 818</b>	<b>895 057</b>	<b>1 073 416</b>	<b>10 122 928</b>	<b>(41 617 769)</b>

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#### 4. Risk management (continued)

##### 4.4 Market risk (continued)

##### 4.4.1 Interest rate risk (continued)

These assets and liabilities bear fixed interest rates, except for the current accounts with remunerable balances correlated to the Repo rates, interbank interest rates, ESTR, the overnight deposit facility rate set by the European Central Bank, the base rate set by the Bank of England, current account with the IMF and Extended Fund Facility (EFF) commitments, which bear floating interest rates set on a weekly basis by the IMF.

The average rates applicable to the major components of the balance sheet have been disclosed in the notes to the financial statements relating to these components.

To determine the interest rate risk associated with demand and term deposits held in foreign currency and foreign currency securities, the Bank calculates expected gains/losses assuming a raise/fall of the interest rate on these instruments. Geopolitical tensions, energy market imbalances, persistent inflation figures and rising interest rates have raised concerns towards the end of 2023 about a potential recession in 2024, refocusing expectations on a stabilisation of monetary policy amid moderating inflationary pressures, followed by an easing of monetary policy by the monetary authorities in relation to the main currencies in the international reserves structure. In this respect, based on the forecast evolution of interest rates, the Bank estimated the change in the interest rate risk variable at 1 p.p.

According to the average balance of demand and term deposits and foreign currency securities of the Group and the Bank for the reporting year, the expected amount of gains/losses from the increase/decrease of the interest rate by 1,0 p.p. is +/- MDL 838 426 thousand (equivalent to USD 48 168 thousand). In 2022, based on the financial market environment, the expected amount of gains/losses was estimated assuming the increase/decrease of the interest rate by 0,5 p.p., resulting in a result of +/- MDL 363 987 thousand (equivalent to USD 18 999 thousand).

The price sensitivity of the foreign currency securities to fluctuations of interest rates is measured using the PV01. PV01 is a method that quantifies the interest rate risk through the measurement of the difference between the market value of the securities portfolio and its estimated value in case the investment yield changes with 0,01 p.p. A change of the security's yield with 0,01 p.p. leads to an inversely proportional modification of the portfolio value calculated using the PV01 method.

As of 31 December 2023, a change of the yield by 0,01 p.p. would lead to a change in the present value of the investment securities portfolio of the Group and the Bank by MDL 12 556 thousand (equivalent in USD 721 thousand), which represents 0,02% of the investment securities portfolio (on 31 December 2022: MDL 2 447 thousand (USD 128 thousand), which represents 0,01% of the investment securities portfolio).

In the case of securities issued by the Government of the Republic of Moldova, the interest rate sensitivity, as at 31 December 2023, was assessed at the interest rate change of 1,5 p.p. considering the circumstances applicable at that date and the macroeconomic forecasts for 2024.

#### 4. Risk management (continued)

##### 4.4 Market risk (continued)

###### 4.4.1 Interest rate risk (continued)

Thus, the change in interest rate by 1,5 p.p. leads to a change in the present value of the Group and the Bank state securities portfolio by MDL 15 807 thousand (as of 31 December 2022: MDL 31 215 thousand).

As of 31 December 2023, a change of the yield by 0,01 p.p. would lead to a change in the present value of the state securities portfolio of the Group and the Bank by MDL 9 161 thousand (related to the Bank's portfolio by MDL 9 160 thousand), which represents 0,07% of the state securities portfolio (as of 31 December 2022: MDL 9 705 thousand, of which related to the Bank's portfolio – MDL 9 704 thousand, which represents 0,07% of portfolio).

Interest rate risk in the case of monetary policy instruments (standing facilities in the form of overnight loans and deposits, Repo and Reverse Repo, certificates of the National Bank of Moldova, required reserves) is subsequent to the primary objective of the National Bank of Moldova, namely ensuring and maintaining price stability and creation by the Bank of monetary conditions to support the national economy, which requires the application of monetary policy instruments at costs that would ensure the achievement of the proposed objectives, and the gap in structure and costs is ancillary to the effectiveness of monetary policy decisions.

Monetary policy instruments are short-term instruments (up to 28 days) with fixed interest rates, remunerated at interest rates derived from the base rate (within the corridor), revised in the meetings of the Executive Board of the National Bank related to monetary policy decisions, conducted with a periodicity agreed according to the annual calendar.

Indirectly, the risk is managed by applying the corridor between the interest rate on overnight loans and overnight deposits (2023: 4 p.p. the corridor between the interest rate on overnight loans and overnight deposits; 2022: 4 p.p.), which aims to calibrate monetary policy instruments with the purpose of streamlining the mechanism of transmission of monetary policy decisions.

###### 4.4.2 Currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in the official exchange rate of the Moldovan leu.

In the process of managing the foreign exchange reserves, the Bank holds a long foreign currency position. The minimization of the currency risk is ensured through a policy of investment portfolio diversification. The normative currency structure of the investment portfolio is set by the Bank's Executive Board and is aimed to hedge the foreign currency risk through an adequate corresponding structure of foreign currency assets and liabilities, and a reasonable investment horizon that is acceptable to servicing the current external liabilities and implementing the foreign currency policy of the state.

On 31 December 2023 the US dollar's share in the normative currency structure was 60%, euro - 30%, other currencies - 10% (as at 31 December 2022 the US dollar's share in the normative currency structure was 65%, euro - 25%, pound sterling - 10%).

The actual currency composition may deviate by +/- 10 p.p. from the normative one. An exception is made for other currencies where 10% is the maximum exposure limit. On 31 December 2022, investments in currencies other than those indicated in the normative currency structure were permitted provided they did not exceed 5% of international reserves.

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National Bank of Moldova

4. Risk management (continued)

4.4 Market risk (continued)

4.4.2 Currency risk (continued)

At the reporting date, the following foreign exchange positions it is held:

CONSOLIDATED

31 December 2023	Notes	Carrying amount MDL'000	MDL MDL'000	USD MDL'000	EUR MDL'000	GBP MDL'000	XDR MDL'000	CNY MDL'000	Other currencies MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	19 831 357	30	7 528 154	9 431 146	1 651 081	-	1 220 329	617
Investment securities	6	74 798 336	-	54 927 103	19 871 233	-	-	-	-
Assets in international financial institutions	7	4 267 146	-	-	-	-	4 267 146	-	-
Monetary gold	8	85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10	14 252 043	14 252 043	-	-	-	-	-	-
Loans granted to banks and others	11	21 987	21 987	-	-	-	-	-	-
Other financial assets	15	4 839	1 965	-	-	-	2 874	-	-
<b>Total financial assets</b>		<b>113 261 241</b>	<b>14 276 025</b>	<b>62 455 257</b>	<b>29 302 379</b>	<b>1 651 081</b>	<b>4 270 020</b>	<b>1 220 329</b>	<b>86 150</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	42 090 746	42 090 746	-	-	-	-	-	-
Deposits from the Government of the RM	17	10 769 559	9 496 028	380 837	892 694	-	-	-	-
Deposits from banks	18	40 239 046	22 571 500	4 383 855	13 283 691	-	-	-	-
Deposits from other clients	20	313 981	313 981	-	-	-	-	-	-
Certificates issued by the NBM	19	11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7	5 064 925	1 821	-	-	-	5 063 104	-	-
Lease liabilities	20	9 535	-	-	9 535	-	-	-	-
Other financial liabilities	20	310 629	32 797	259 996	17 833	2	-	-	1
<b>Total financial liabilities</b>		<b>109 978 420</b>	<b>85 686 872</b>	<b>5 024 688</b>	<b>14 203 753</b>	<b>2</b>	<b>5 063 104</b>	<b>-</b>	<b>1</b>
<b>Net position</b>		<b>3 282 821</b>	<b>(71 410 847)</b>	<b>57 430 569</b>	<b>15 098 626</b>	<b>1 651 079</b>	<b>(793 084)</b>	<b>1 220 329</b>	<b>86 149</b>

As of 31 December 2023, other currencies are represented by monetary gold – MDL 85 533 thousand, Romanian lei - MDL 584 thousand, Norwegian kroner - MDL 19 thousand, Swiss franc - MDL 9 thousand, Russian rubles - MDL 3 thousand, Danish crowns - MDL 2 thousand and Japanese yen - MDL 1 thousand.

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4. Risk management (continued)

4.4 Market risk (continued)

4.4.2 Currency risk (continued)

CONSOLIDATED

31 December 2022	Notes	Carrying amount	MDL	USD	EUR	GBP	XDR	CNY	Other currencies
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 983 015	112	15 191 541	12 615 532	4 828 462	-	1 347 321	47
Investment securities	6	51 631 595	-	41 465 377	10 166 218	-	-	-	-
Assets in international financial institutions	7	4 445 897	-	-	-	-	4 445 897	-	-
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 581 987	14 581 987	-	-	-	-	-	-
Loans granted to banks and others	11	19 757	19 757	-	-	-	-	-	-
Other financial assets	15	20 497	20 497	-	-	-	-	-	-
<b>Total financial assets</b>		<b>104 765 060</b>	<b>14 622 353</b>	<b>56 656 918</b>	<b>22 781 750</b>	<b>4 828 462</b>	<b>4 445 897</b>	<b>1 347 321</b>	<b>82 359</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	37 781 903	-	-	-	-	-	-
Deposits from the Government of the RM	17	9 135 104	6 868 549	1 113 844	1 152 711	-	-	-	-
Deposits from banks	18	37 191 253	19 619 206	4 909 378	12 662 669	-	-	-	-
Deposits from other clients	20	66 932	66 932	-	-	-	-	-	-
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	632	-	-	-	5 666 435	-	-
Lease liabilities	20	3 814	2 544	-	1 270	-	-	-	-
Other financial liabilities	20	27 636	24 346	1 693	1 594	2	-	-	1
		<b>96 490 555</b>	<b>70 980 958</b>	<b>6 024 915</b>	<b>13 818 244</b>	<b>2</b>	<b>5 666 435</b>	<b>-</b>	<b>1</b>
<b>Derivatives</b>									
Inflow	9	-	-	-	-	-	-	-	-
Outflow	9	2 731	2 731	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 493 286</b>	<b>70 983 689</b>	<b>6 024 915</b>	<b>13 818 244</b>	<b>2</b>	<b>5 666 435</b>	<b>-</b>	<b>1</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	-	-	307 051	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Net position</b>		<b>8 271 014</b>	<b>(56 669 147)</b>	<b>50 632 003</b>	<b>9 270 557</b>	<b>4 828 460</b>	<b>(1 220 538)</b>	<b>1 347 321</b>	<b>82 358</b>

As of 31 December 2022, other foreign currencies were represented by monetary gold - MDL 82 312 thousand, Norwegian kroner - MDL 21 thousand, Swiss francs - MDL 9 thousand, Romanian lei - MDL 8 thousand, Russian rubles - MDL 5 thousand, Danish crowns - MDL 2 thousand and Japanese Yens - MDL 1 thousand.

**4. Risk management (continued)**

**4.4 Market risk (continued)**

**4.4.2 Currency risk (continued)**

**BANK**

31 December 2023	Notes	Carrying amount	MDL	USD	EUR	GBP	XDR	CNY	Other currencies
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	19 831 322	-	7 528 154	9 431 141	1 651 081	-	1 220 329	617
Investment securities	6	74 798 336	-	54 927 103	19 871 233	-	-	-	-
Assets in international financial institutions	7	4 267 146	-	-	-	-	4 267 146	-	-
Monetary gold	8	85 533	-	-	-	-	-	-	85 533
Securities issued by the Government of the RM	10	14 226 117	14 226 117	-	-	-	-	-	-
Loans granted to banks and others	11	21 987	21 987	-	-	-	-	-	-
Investments in subsidiaries	12	24 000	24 000	-	-	-	-	-	-
Other financial assets	15	4 652	1 778	-	-	-	2 874	-	-
<b>Total financial assets</b>		<b>113 259 093</b>	<b>14 273 882</b>	<b>62 455 257</b>	<b>29 302 374</b>	<b>1 651 081</b>	<b>4 270 020</b>	<b>1 220 329</b>	<b>86 150</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	42 090 746	42 090 746	-	-	-	-	-	-
Deposits from the Government of the RM	17	10 769 559	9 496 028	380 837	892 694	-	-	-	-
Deposits from banks	18	40 239 046	22 571 500	4 383 855	13 283 691	-	-	-	-
Deposits from other clients	20	321 479	321 479	-	-	-	-	-	-
Certificates issued by the NBM	19	11 179 999	11 179 999	-	-	-	-	-	-
Due to international financial institutions	7	5 064 925	1 821	-	-	-	5 063 104	-	-
Lease liabilities	20	8 684	-	-	8 684	-	-	-	-
Other financial liabilities	20	310 561	33 021	259 996	17 541	2	-	-	1
<b>Total financial liabilities</b>		<b>109 984 999</b>	<b>85 694 594</b>	<b>5 024 688</b>	<b>14 202 610</b>	<b>2</b>	<b>5 063 104</b>	<b>-</b>	<b>1</b>
<b>Net position</b>		<b>3 274 094</b>	<b>(71 420 712)</b>	<b>57 430 569</b>	<b>15 099 764</b>	<b>1 651 079</b>	<b>(793 084)</b>	<b>1 220 329</b>	<b>86 149</b>

As of 31 December 2023, other currencies are represented by monetary gold – MDL 85 533 thousand, Romanian lei - MDL 584 thousand, Norwegian kroner - MDL 19 thousand, Swiss franc - MDL 9 thousand, Russian rubles - MDL 3 thousand, Danish crowns - MDL 2 thousand and Japanese yen - MDL 1 thousand.

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4. Risk management (continued)

4.4 Market risk (continued)

4.4.2 Currency risk (continued)

BANK

31 December 2022	Notes	Carrying amount	MDL	USD	EUR	GBP	XDR	CNY	Other currencies
		MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Non-derivative assets</b>									
Cash and short-term placements	5	33 982 898	-	15 191 541	12 615 527	4 828 462	-	1 347 321	47
Investment securities	6	51 631 595	-	41 465 377	10 166 218	-	-	-	-
Assets in international financial institutions	7	4 445 897	-	-	-	-	4 445 897	-	-
Monetary gold	8	82 312	-	-	-	-	-	-	82 312
Securities issued by the Government of the RM	10	14 552 763	14 552 763	-	-	-	-	-	-
Loans granted to banks and others	11	19 757	19 757	-	-	-	-	-	-
Investments in subsidiaries	12	24 000	24 000	-	-	-	-	-	-
Other financial assets	15	20 395	20 395	-	-	-	-	-	-
<b>Total financial assets</b>		<b>104 759 617</b>	<b>14 616 915</b>	<b>56 656 918</b>	<b>22 781 745</b>	<b>4 828 462</b>	<b>4 445 897</b>	<b>1 347 321</b>	<b>82 359</b>
<b>Non-derivative liabilities</b>									
National currency issued into circulation	16	37 781 903	37 781 903	-	-	-	-	-	-
Deposits from the Government of the RM	17	9 135 104	6 868 549	1 113 844	1 152 711	-	-	-	-
Deposits from banks	18	37 191 253	19 619 206	4 909 378	12 662 669	-	-	-	-
Deposits from other clients	20	69 783	69 783	-	-	-	-	-	-
Certificates issued by the NBM	19	6 616 846	6 616 846	-	-	-	-	-	-
Due to international financial institutions	7	5 667 067	632	-	-	-	5 666 435	-	-
Lease liabilities	20	2 544	2 544	-	-	-	-	-	-
Other financial liabilities	20	27 375	24 391	1 693	1 288	2	-	-	1
		<b>96 491 875</b>	<b>70 983 854</b>	<b>6 024 915</b>	<b>13 816 668</b>	<b>2</b>	<b>5 666 435</b>	<b>-</b>	<b>1</b>
<b>Derivatives</b>									
Inflow	9	-	-	-	-	-	-	-	-
Outflow	9	2 731	2 731	-	-	-	-	-	-
<b>Total financial liabilities</b>		<b>96 494 606</b>	<b>70 986 585</b>	<b>6 024 915</b>	<b>13 816 668</b>	<b>2</b>	<b>5 666 435</b>	<b>-</b>	<b>1</b>
<b>Off-balance sheet derivatives</b>									
Inflow		307 051	-	-	307 051	-	-	-	-
Outflow		(307 811)	(307 811)	-	-	-	-	-	-
<b>Net position</b>		<b>8 264 251</b>	<b>(56 677 481)</b>	<b>50 632 003</b>	<b>9 272 128</b>	<b>4 828 460</b>	<b>(1 220 538)</b>	<b>1 347 321</b>	<b>82 358</b>

As of 31 December 2022, other foreign currencies were represented by monetary gold - MDL 82 312 thousand, Norwegian kroner - MDL 21 thousand, Swiss francs - MDL 9 thousand, Romanian lei - MDL 8 thousand, Russian rubles - MDL 5 thousand, Danish crowns - MDL 2 thousand and Japanese Yens - MDL 1 thousand

**4. Risk management (continued)****4.4 Market risk (continued)****4.4.2 Currency risk (continued)**

To estimate the currency risk associated with assets and liabilities denominated in foreign currency, possible unrealized gains /losses have been calculated assuming a change of +/- 10% of the official exchange rate of MDL against the currencies in which these assets and liabilities are denominated.

As of 31 December 2023, and 31 December 2022, respectively, the amount of the potential impact on the profit and capital of the Bank was as follows:

	31 December 2023		31 December 2022	
	MDL'000	MDL'000	MDL'000	MDL'000
	Profit	Capital	Profit	Capital
MDL against USD	+/- 5 742 545	+/- 5 742 545	+/- 5 062 946	+/- 5 062 946
MDL against EUR	+/- 1 509 788	+/- 1 509 788	+/- 926 932	+/- 926 932
MDL against GBP	+/- 165 108	+/- 165 108	+/- 482 846	+/- 482 846
MDL against CNY	+/- 122 033	+/- 122 033	+/- 134 732	+/- 134 732
MDL versus XDR	-/+ 78 873	-/+ 78 873	-/+ 121 359	-/+ 121 359
MDL against other currencies	+/- 62	+/- 62	+/- 5	+/- 5

In case the MDL appreciates against the respective foreign currencies, unrealized losses will be generated, and vice-versa, in case the MDL depreciates against the respective foreign currencies, unrealized gains will be generated, except for XDR, where the appreciation of MDL against XDR generates unrealized gains, while the depreciation generates unrealized losses.

**4.5 LIBOR Reform**

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

Based on the decision of the Executive Board from March 18 2022, amendments to Regulation on the performance of transactions on the interbank foreign exchange market of the Republic of Moldova came into force to replace the LIBOR rates, used to estimate swap points, with alternative rates depending on the term and currency. The amendment of the Regulation is determined by the fact that LIBOR indices used in EUR swaps are no longer available for all maturities from 30 December 2021 and for USD swaps - from 30 June 2023.

Thus, the LIBOR rate was replaced with the following rates:

- a. in the case of currency swap transactions with overnight maturity:
  - for USD - SOFR rate valid at the date of the transaction;
  - for EUR - ESTR rate valid at the date of the transaction;
- b. in the case of currency swap transactions with the maturity aligned to the maturity of certificates of the NBM:
  - for USD - the annual USD OIS ANNUAL VS SOFR rate valid at the date of the transaction for the term corresponding to the due date;
  - for EUR - the EURIBOR rate valid on the date of the transaction for the term corresponding to the due date;

As of 31 December 2023, the Bank had no financial instruments to which LIBOR applies.

#### 4. Risk management (continued)

##### 4.6 Impact of disinflationary pressures, regional crisis and other economic turbulences, measures taken to combat their effects

Disinflationary pressures continued in 2023, as outlined at the end of 2022, amid modest demand, falling electricity tariffs, and amplified by exchange rate dynamics. The tense situation in the region and the risks of its escalation, the increased volatility of energy prices and the way tariffs are adjusted, all perpetuated uncertainty about the path of inflation.

In this context, the Bank continued to promote a monetary and foreign exchange policy aimed at mitigating the effects of the crisis on the national economy, ensuring stability of the banking sector and sufficient liquidity to boost economic recovery.

##### **Impact of the crisis on the financial position and performance of the Group and the Bank from a monetary activity perspective**

The following is a summary of the main monetary policy measures adopted by the Bank during the reporting period.

*a. Decrease in the monetary policy interest rate and the interest rate on the standing facilities*

During 2023, the Bank successively decreased the base rate applied to the main monetary policy operations from 20,00% to 4,75%, and the interest rates on overnight loans and deposits were decreased to 6,75% and 2,75% per annum respectively, in total by 15,25 p.p.

*b. Decrease in required reserves ratio in national and foreign currency*

During 2023, against the backdrop of increasing disinflationary pressures, the Bank reduced by 4 p.p. the reserve requirements on MDL and non-convertible currency (MDL), and by 2 p.p. the reserve requirement on funds attracted in freely convertible currencies (VLC). Thus, the Bank continued its policy of recalibrating them, increasing the gap between both ratios to 10 p.p., with the aim of increasing the efficiency of monetary impulse transmission in the real sector. As of 31 December 2023, the required reserves ratio in MDL stood at 33%, and in VLC - at 43%, respectively.

At the same time, considering that the Bank has made a series of cuts in monetary policy rates, the interest rate on required reserves in MDL was reduced from 18,00% in January to 2,75% in December 2023. The rate of remuneration of required reserves in foreign currency was maintained at 0,01% until the issuance of DEB No. 221 of 7 November 2023, when the remuneration rates for US dollar and euro required reserves were changed from the fixed rate of 0,01% to separate variable rates calculated on the basis of the SOFR and ESTR rates, reduced by 2 p.p. The new remuneration rates for foreign currency required reserves came into effect with effect from the interest payment for November, when the remuneration rates stood at 3,32% for USD and 1,90% for EUR.

The impact of the decrease in average required reserve remuneration rates on the Bank's interest expense on required reserves was partly offset by the increase in the balance of the funds drawn from which required reserves are constituted (see Note 24).

#### 4. Risk management (continued)

##### 4.6 Impact of disinflationary pressures, regional crisis and other economic turbulences, measures taken to combat their effects (continued)

The decisions to gradually lower monetary policy rates and the MDL reserve requirement were adopted from the perspective of assuring the continuity of the stimulative measures in the context of easing the monetary policy at the end of the previous year, against the background of sound premises associated with the emergence of a disinflationary macroeconomic framework.

The decisions were aimed at supporting the re-balancing of the national economy by creating monetary conditions to stimulate lending and support domestic aggregate demand, both by encouraging consumption and investment, rebalancing the national economy and anchoring inflation expectations, with the aim of keeping inflation within the target range over the medium term.

###### *c. Interventions in the domestic foreign exchange market*

In 2023, the Bank intervened in the domestic foreign exchange market as a buyer of foreign exchange to avoid excessive fluctuations of the MDL exchange rate in the context of the foreign exchange surplus. In 2023, the total amount of intervention purchases was USD 347,7 million.

###### *d. Repo operations*

During 2023, the Bank continued to conduct repo operations, providing additional liquidity management support to banks. The increased level of liquidity during this period led to a decrease in the balance of repo transactions in 2023 to the level of MDL 4,8 million.

##### **Impact of the crisis on the financial position and performance of the Group and the Bank from the perspective of foreign exchange reserves management**

During the year, the US Federal Reserve's benchmark rate gradually increased to a level between 5,25% and 5,50% at the end of the year, the Bank of England's from 3,50% to 5,25% and the European Central Bank's from 2,50% to 4,50%, in the context of monetary policy decisions aimed at combating persistent inflationary pressures. These developments had a positive impact on the remuneration rates of financial instruments related to the management of foreign exchange reserves.

From a credit risk perspective, the Bank continued to promote a prudent investment policy, applying portfolio diversification and avoiding concentrated exposures. Thanks to the high financial creditworthiness of the issuers and entities to which it has exposures, during 2023 there was no significant deterioration in their credit quality or ability to meet their payment obligations.

The Bank continues to monitor daily relevant information about borrowers to identify potential financial risks in due time and to respond appropriately.

From the perspective of liquidity risk, the Bank has sufficient liquidity, both in national and foreign currency. Liquidity in national currency is ensured by the exclusive right to issue money. Liquidity in foreign currency is ensured by a sufficient level of foreign exchange reserves, short-term placements, and investments in highly liquid instruments.

As of 31 December 2023, official reserve assets continue to provide sufficient level of coverage for imports of goods and services (6,1 months of future imports) (31 December 2022: 5,1 months of future imports).

#### 4. Risk management (continued)

##### 4.6 Impact of disinflationary pressures, regional crisis and other economic turbulences, measures taken to combat their effects (continued)

In addition, according to the IMF's October 2023 estimates, official reserve assets provide 200% coverage of the ARA Metric ( $5\% \times \text{exports} + 5\% \times \text{broad money supply} + 30\% \times \text{short-term debt} + 15\% \times \text{other liabilities}$ , formula applicable to floating rate countries) for the reporting year, with the recommended level of the ratio, reflecting reserve adequacy, in the range of 100%-150%.

##### Measures taken to ensure the continuity of the Group's and the Bank's operations and to reduce operational risk

In the context of the declaration of a state of emergency on the territory of the Republic of Moldova, taking into account the situation related to regional security and the threat to national security, the measures to ensure the continuity of the NBM's business processes are maintained, with the establishment of critical processes and key persons to ensure the continuity of activity in exceptional situations; the establishment of the necessary measures to ensure the security of values and data media, information security, the security of key persons for these processes, the security of the NBM subsidiary - CSD, ensuring the continuity of activity and securing the Reserve Centre; avoiding logistical dependencies on certain critical suppliers, in particular dependencies on suppliers from Ukraine and Russia.

##### 4.7 Climate risks

The "NBM 2025" strategic plan sets environmental responsibility as a cross-cutting strategic objective. The Bank's management is regularly informed about the impact of climate change and other environmental risks on the financial system and the Bank's operations and supports environmental sustainability through its decisions. The Bank is in the process of developing its risk management framework and policies, processes and controls for incorporating climate risks into integrated risk management, with objectives focused on improving the resilience of the banking sector, promoting sustainable financing, understanding environmental risks, education and research, and managing its operations.

In 2023, the Bank continued to take steps to understand climate risks to financial statements and to take these risks into account when managing foreign exchange reserves, with investment policy from 2023 onwards also focused on promoting sustainable investments. Physical or transitional risks to foreign exchange reserves may represent a market and credit risk to foreign exchange reserves through an increase in spreads or a deterioration in the probability of default. In managing these, the Bank has taken appropriate measures:

- Foreign exchange reserves are to a large extent protected against climate risks over the short investment horizon. Climate risks will have an increasing impact over time over a horizon of several decades. On the other hand, the Bank holds mainly sovereign exposures of developed countries with high credit risk quality thresholds, where exposures are well diversified. On the one hand, this means that credit risk is low and, on the other hand, market risk is also low due to short-term exposures.

#### 4. Risk management (continued)

##### 4.7 Climate risks (continued)

Climate risk reporting in the Bank is still evolving and the Bank is currently analyzing the impact of climate on its securities portfolio and exposures.

In terms of environmental risks related to its own operations, significant environmental factors are focused on the reduction of the environmental footprint of the fixed assets required to conduct the business and the environmental footprint of the currency processing cycle. At the same time, the Bank has a high level of electronic document circulation, thereby significantly reducing its environmental impact. Environmental responsibility requirements are also included in some public procurements, and the number is increasing.

Climate risks are to be considered when assessing the Bank's operational risk profile. Both transition and physical risks are relevant to the Bank and will be taken into account in the design and operation of the risk management framework.

A key area of operational risk management is business continuity, which can be severely affected by physical risks. Direct risks arising from the Bank's operations may be affected by the effects of climate change and environmental degradation, such as adverse impacts on the Bank's buildings, e.g. high summer temperatures, which may damage operational infrastructure, and these are managed by the Bank through the respective control measures.

Climate risk management is also important in the Bank's supervisory function. In line with the strategic objective of the strategic plan "NBM 2025" *Development of the regulatory and supervisory framework for sustainable and environmental finance*, as well as the transversal objective *Social and Environmental Responsibility*, the Bank has developed a draft roadmap for sustainable finance in collaboration with other interested development partners. Multi-stakeholder engagement and awareness-raising activities were undertaken, as well as research on environmental risk management practices by the banking and insurance sector.

## 5. Cash and short-term placements

	CONSOLIDATED		BANK	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Cash and short-term placements in foreign currency</b>				
Accounts	5	5	-	-
Cash	1 148 244	2 140 643	1 148 244	2 140 643
Nostro accounts	1 606 630	4 155 027	1 606 630	4 155 027
Term deposits	17 076 816	27 687 812	17 076 816	27 687 812
Impairment allowance (Note 4.2)	(368)	(584)	(368)	(584)
	<b>19 831 327</b>	<b>33 982 903</b>	<b>19 831 322</b>	<b>33 982 898</b>
<b>Cash and short-term placements in national currency</b>				
Accounts	27	112	-	-
Cash	3	-	-	-
	<b>30</b>	<b>112</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>19 831 357</b>	<b>33 983 015</b>	<b>19 831 322</b>	<b>33 982 898</b>

Cash and short-term placements do not include local currency balances of cash in hand of the Bank, which is offset with the respective amount at the position "National currency into circulation" (Note 16). This type of cash presentation is considered adequate since the Bank is the sole issuer of national currency.

At the end of the reporting period, the balances on Nostro accounts were held with financial institutions rated <sup>1</sup> "AAA"- 97,02%, "A" - 1,27%, "AA-"- 1,03%, "AA+" - 0,56%, "AA" - 0,08% and "A+" - 0,04% (at 31 December 2022: "AAA"- 78,87%, "AA" - 20,79%, "AA-"- 0,34%).

At the end of the reporting period, term deposits in foreign currency were placed at financial institutions with the following ratings: "AAA" - 40,45%, "A" - 37,60%, "A+" - 8,88%, "AA+" - 5,87%, "AA-" - 4,12% and "AA" - 3,08% (at 31 December 2022: "AAA" - 42,67%, "AA" - 9,74%, "A+" - 30,99% and "A" - 16,60%).

As of 31 December 2023, of the total term deposits in foreign currency, the balance of those with a maturity of more than 3 months from the date of acquisition, including related interest, was MDL 9 176 146 thousand (as of 31 December 2022: MDL 8 665 225 thousand).

As of 31 December 2023, of the total term deposits in foreign currency, the balance of overnight deposits, including related interest, was MDL 3 256 959 thousand (as of 31 December 2022: MDL 5 074 201 thousand).

Investments in cash and short-term placements decreased as at 31 December 2023 in line with the December 2022 strategic investment allocation decisions geared towards reducing the Bank's exposure in uninsured financial instruments to 20% of total foreign exchange reserves and reinvesting in government, supranational or spread investment securities with equivalent or higher liquidity and return and lower credit risk (see Note 4.2 and Note 6).

<sup>1</sup> Established by applying the average rating assigned by international rating agencies ((Standard & Poor's, Moody's, and Fitch Ratings).  
The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

**6. Investment securities**

The line item „Investment securities” of the balance sheet includes two categories of financial assets, as provided below:

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Foreign currency securities measured at FVOCI</b>	<b>65 769 149</b>	<b>50 058 991</b>	<b>65 769 149</b>	<b>50 058 991</b>
Coupon securities in foreign currency	55 982 228	48 947 695	55 982 228	48 947 695
Zero-coupon securities in foreign currency (discount)	9 786 921	1 111 296	9 786 921	1 111 296
<b>Foreign currency securities measured at amortised cost</b>	<b>9 029 187</b>	<b>1 572 604</b>	<b>9 029 187</b>	<b>1 572 604</b>
Coupon securities in foreign currency	9 030 394	1 572 692	9 030 394	1 572 692
Impairment allowance ( <i>Note 4.2</i> )	(1 207)	(88)	(1 207)	(88)
<b>Total investment securities</b>	<b>74 798 336</b>	<b>51 631 595</b>	<b>74 798 336</b>	<b>51 631 595</b>

The securities portfolio in foreign currency measured at FVOCI is represented mainly by securities issued by the Government and governmental agencies of the United States of America, European Union and other states, and those issued by the supranational institutions. The portfolio of foreign currency securities measured at FVOCI is provided below:

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Coupon securities in foreign currency</b>	<b>55 982 228</b>	<b>48 947 695</b>	<b>55 982 228</b>	<b>48 947 695</b>
Nominal value of securities	57 358 953	49 509 171	57 358 953	49 509 171
Interest and amortised cost adjustments	(1 368 131)	(316 651)	(1 368 131)	(316 651)
Market value revaluation differences	(8 594)	(244 825)	(8 594)	(244 825)
<b>Zero-coupon securities in foreign currency</b>	<b>9 786 921</b>	<b>1 111 296</b>	<b>9 786 921</b>	<b>1 111 296</b>
Nominal value of securities	9 890 122	1 131 800	9 890 122	1 131 800
Amortised cost adjustments	(105 040)	(18 165)	(105 040)	(18 165)
Market value revaluation differences	1 839	(2 339)	1 839	(2 339)
<b>Total</b>	<b>65 769 149</b>	<b>50 058 991</b>	<b>65 769 149</b>	<b>50 058 991</b>

## 6. Investment securities (continued)

Foreign currency securities measured at FVOCI, are revalued to market price and bear a fixed effective interest rate ranging from 2,72% to 5,69% per annum (as at 31 December 2022: 0,41% and 5,01% p.a.), except for inflation-protected securities with a nominal value of MDL 66 818 thousand (in original currency USD 3 839 thousand) with a floating interest rate which is repriced daily (as at 31 December 2022: MDL 64 645 thousand, in original currency - USD 3 374 thousand). As of 31 December 2023, similar to the previous reporting period, the portfolio does not contain securities with floating interest rates that change quarterly.

The effect of the difference in the floating rate and the reference rate setting periods for the floating rate instruments in the Bank's portfolio, is insignificant on the cash flows of the floating rate debt instruments, so they are measured at FVOCI.

Foreign currency securities measured at FVOCI also include accrued interest, disclosed under *Interest and amortised cost adjustments*, which as of 31 December 2023 was MDL 228 548 thousand (as of 31 December 2022: MDL 103 459 thousand).

As of 31 December 2023, the foreign currency securities measured at FVOCI which had the highest rating „AAA” represented 28,91%, "AA+" – 61,55%, "AA" – 9,41% and "AA-" – 0,13% (as of 31 December 2022: "AAA" was 79,53%, "AA+" – 7,71%, "AA" – 10,91% and "AA-" – 1,85%).

During the reporting period, securities in foreign currency measured at FVOCI with a total nominal value of USD 2 703 364 thousand and EUR 775 050 thousand (in 2022: USD 2 273 139 thousand) were sold and/or reached maturity. In addition, foreign currency securities measured at FVOCI with a total nominal value of USD 3 262 143 thousand and EUR 1 316 650 thousand (in 2022: USD 2 725 939 thousand and EUR 497 000 thousand) were purchased during the reporting period.

According to the Agreement on investment management and consulting concluded between the International Bank for Reconstruction and Development (IBRD) and the Bank, IBRD became the Bank's advisor and representative for management of a portion of foreign reserves, limited to 20% of the foreign currency reserves. Within the program, investments are made in US dollar denominated securities issued by the US Treasury, governmental and supranational agencies. These assets are included in the foreign currency securities measured at FVOCI.

As of 31 December 2023, the balance of foreign currency securities managed externally amounted to MDL 4 054 858 thousand (as of 31 December 2022: MDL 4 332 945 thousand), with a share in foreign currency reserves of 4,29% (as of 31 December 2022: 5,06%).

The portfolio of foreign currency securities measured at amortised cost represents the securities purchased with the investment intent to collect contractual flows. The volume and structure of foreign currency assets and future cash flow perspective allow the Bank to maintain these securities to collect full contractual cash flows until maturity. The completion of the portfolio of securities measured at amortised cost is possible only if its share represents less than 25% of the international reserves and the reserves cover 4 months of import, payments related to the external debt of the Bank and the Government of the Republic of Moldova and other payments in foreign currency for one year, also with existing investment instruments and market conditions appropriate for keeping investments only for the collection of contractual flows.

## 6. Investment securities (continued)

As of 31 December 2023, the share of foreign currency securities measured at amortised cost in foreign currency reserves amounted to 9,54% (as of 31 December 2022: 1,84%). The portfolio of foreign currency securities at amortised cost is shown below:

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Foreign currency securities measured at amortised cost</b>				
Nominal value	9 619 537	1 557 920	9 619 537	1 557 920
Interest and amortised cost adjustments	(589 143)	14 772	(589 143)	14 772
Impairment allowance (Note 4.2)	(1 207)	(88)	(1 207)	(88)
<b>Total</b>	<b>9 029 187</b>	<b>1 572 604</b>	<b>9 029 187</b>	<b>1 572 604</b>

The securities measured at amortised cost earn an annual fixed rate ranging between 2,39% and 4,38% (31 December 2022: 2,16% to 3,55%). As of 31 December 2023, the share of securities measured at amortised cost with the rating of "AA+" was 100% (31 December 2022: "AAA" - 100%).

During the reporting period, foreign currency securities measured at amortised cost at nominal value of USD 61 320 thousand reached maturity (in 2022: USD 75 100 thousand and GBP 7 700 thousand). At the same time, during the reporting period, this portfolio was replenished with securities with a total nominal value of USD 532 650 thousand (2022: no purchases).

## 7. Assets in/ Due to international financial institutions

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Assets in international financial institutions in foreign currency</b>				
Current account with IMF	203 829	19 040	203 829	19 040
RM Contribution in IMF quota	4 063 317	4 426 857	4 063 317	4 426 857
	<b>4 267 146</b>	<b>4 445 897</b>	<b>4 267 146</b>	<b>4 445 897</b>
<b>Due to international financial institutions in foreign currency</b>				
Liabilities to the IMF except for RM contributions in IMF quota:	999 786	1 239 577	999 786	1 239 577
<i>Loans granted by the IMF</i>	992 158	1 232 678	992 158	1 232 678
<i>Calculated interest</i>	7 628	6 899	7 628	6 899
Liabilities to the IMF with respect to quota settlement:	4 063 318	4 426 858	4 063 318	4 426 858
<i>Account No 1</i>	4 063 199	4 426 729	4 063 199	4 426 729
<i>Account No 2</i>	119	129	119	129
	<b>5 063 104</b>	<b>5 666 435</b>	<b>5 063 104</b>	<b>5 666 435</b>
<b>Due to international financial institutions in national currency</b>				
Due to other international financial institutions	1 821	632	1 821	632
	<b>5 064 925</b>	<b>5 667 067</b>	<b>5 064 925</b>	<b>5 667 067</b>

## 7. Assets in/ Due to international financial institutions (continued)

The Republic of Moldova joined the IMF on 12 August 1992. The Bank acts as the agent of the state that conducts the financial transactions with the IMF and as the depository for maintaining the IMF's accounts. The membership in the IMF is quota-based. A member's quota is determined upon its admission to the membership and is revised periodically under General Quota Reviews.

The current account with the IMF includes cash in the form of XDR.

The quota forms the basis for the member's financial and organizational relationship with the IMF and determines, inter alia, a member's relative voting power, the maximum access to the IMF financing and the share of the member in any allocation of XDR. Republic of Moldova contribution to IMF quota reflects initial and subsequent quota payments and is an asset of the IMF's member. Up to 25% of the quota is payable by each member to the IMF in reserve assets specified by the IMF and the remainder is due in the member's own currency. The amount of the quota determines the right to vote for the IMF's decisions, the amount of the IMF member's financial contribution, the financing a member can obtain in the event of balance-of-payment difficulties and the amount of Special Drawing Rights (XDR) that a member receives when they are allocated.

Being in line with the strategic investment criteria, Moldova's quota in the IMF was designated as measured at FVOCI.

The local currency portion of the quota payment is deposited into the IMF Account No 1 and IMF Account No 2. The IMF Account No 1 is used for the IMF's operational transactions (purchases, repurchases of XDR), whereas the IMF Account No 2 is used for the payment of expenses incurred by the IMF in the member's national currency.

Considering that the contribution to the IMF quota is to be made at the subscribed XDR value, once the position is revalued, the IMF quota in the equivalent in MDL is made and replenishes the value of the IMF accounts with the National Bank, thus the net IMF position between the IMF quota and the IMF accounts at the National Bank is equal to the level of the reserve tranche of the Republic of Moldova with the IMF (XDR 5 thousand).

Accordingly, the assets in the Quota and the liabilities related to the Quota (account No 1 and No 2) are presented in the category of foreign currency instruments.

According to the decision on the capital increase of the International Monetary Fund (the 14th General Review of Quotas) and the Law on the increase of the Republic of Moldova's subscription to the IMF on May 11, 2012, the Republic of Moldova's subscription quota to the IMF as of December 31, 2023, is XDR 172,5 million.

At the same time, on December 15, 2023, by means of Resolution 79-1, a new capital increase of the International Monetary Fund was adopted (the 16th General Review of Quotas), proposing a 50% increase in IMF members' quotas. In the next stage, member states are to submit their written consent to the quota increase by 15 November 2024. The expression of consent on the quota increase is to be achieved through the adoption by Parliament of a law on the agreement of the Republic of Moldova to increase the subscription amount of the Republic of Moldova to the IMF from XDR 172,5 million to XDR 258,8 million, following the powers granted to the authorities by *HP No 1107/1992 on the accession of the Republic of Moldova to the IMF, the IBRD and affiliated organizations*.

The actual increase in IMF quotas can be initiated only by IMF members once 2 conditions have been met cumulatively: (1) the IMF has received consent to increase quotas from IMF members holding at least 85% of total quotas and (2) the IMF has received consent from New Arrangements to Borrow (NAB) participants regarding the effectiveness of the withdrawal of NAB credit arrangements.

## 7. Assets in/ Due to international financial institutions (continued)

Once the IMF has notified member countries that the above conditions have been met and the member country has submitted its written agreement to the quota increase, the member country has 35 days to increase its quota to the IMF in accordance with one of the options proposed by the IMF for the payment of the quota increase.

The variation of the quota recorded during the reporting period represents the revaluation of the value of the quota in XDR at the exchange rate of the Moldovan leu established by the International Monetary Fund at the end of the reporting period, the same variation being implicitly allocated to the IMF Accounts opened with the NBM in the category of liabilities with the IMF, considering the nature and purpose of those accounts.

The amounts included in the Bank's balance sheet as "Due to international financial institutions" also include the loans received by the Bank from the IMF. The loans are denominated in Special Drawing Rights (XDR) and are measured in the equivalent of Moldovan lei at the end of the reporting period.

As of 31 December 2023, the Bank's outstanding balance of loans due to IMF is as follows:

- ECF commitments - XDR 6 400 thousand (31 December 2022 - XDR 6 400 thousand).
- EFF commitments - XDR 35 775 thousand (31 December 2022 - XDR 41 675 thousand).

The Extended Credit Facility (ECF, previously PRGF) represents the loans granted to the countries that meet the eligibility criteria approved by the IMF for concessional financing. The IMF has granted loans within ECF for a 10-year term and with a 5,5-year grace period. These loans bear an interest rate of 0,25% per annum. Based on the decision of the Executive Board of the IMF, the ECF loans borne no interest for the period of January 7, 2010 – December 2024

The Extended Financing Facility (EFF) represents the loans granted to IMF members to finance the balance of payments deficit. IMF grants loans within EFF facility for a 10-year term with a 4,5-year grace period. The interest rate for this type of loans is floating and set on a weekly basis by the IMF. In 2023 the average rate was 4,82% per annum (2022: 2,21%).

The Rapid Lending Facility (RCF) and the Rapid Financing Facility (RFI) are IMF facilities that provide emergency financial assistance to member countries. The RFI is non-concessional fast-track financial assistance available to all Member States with a balance of payments deficits. The RFI disbursed to the Republic of Moldova has a maturity of 5 years, with a grace period of 3,25 years and a variable interest rate. The RCF provides fast, interest-free concessional financing to low-income countries with balance of payments deficits. It is granted for a period of 10 years, with a grace period of 5,5 years.

On December 21, 2021, the Executive Board of the International Monetary Fund approved the request of the Republic of Moldova to fund the post-COVID-19 economic reform program under the ECF and EFF, over a period of 40 months and in the amount of XDR 400 000 thousand. On May 11, 2022, the Board of Executive Directors of the IMF approved the increase of financial assistance, related to the same program, up to XDR 594 262,5 thousand and the redistribution of tranches. The program is aimed at supporting the post-COVID-19 recovery, addressing the urgent development needs and strengthening the institutional and governance framework of the Republic of Moldova.

## 7. Assets in/ Due to international financial institutions (continued)

To present the complete position of the Republic of Moldova to the IMF, the amounts of financing funds received by the Republic of Moldova from the IMF, allocated by the beneficiary institutions, are provided in the table below:

	Balance 31.12.2022	Reimbursements	Receipts	Balance 31.12.2023
	XDR'000	XDR'000	XDR'000	XDR'000
National Bank of Moldova	48 075	5 900	-	42 175
Ministry of Finance	709 087	35 720	162 550	835 917
<b>Loans and other financing from the IMF</b>	<b>757 162</b>	<b>41 620</b>	<b>162 550</b>	<b>878 092</b>
<i>including on facilities:</i>				
National Bank of Moldova	41 675	5 900	-	35 775
Ministry of Finance	125 775	3 150	114 925	237 550
<b>EFF</b>	<b>167 450</b>	<b>9 050</b>	<b>114 925</b>	<b>273 325</b>
National Bank of Moldova	6 400	-	-	6 400
Ministry of Finance	127 765	3 820	47 625	171 570
<b>ECF</b>	<b>134 165</b>	<b>3 820</b>	<b>47 625</b>	<b>177 970</b>
Ministry of Finance	115 000	28 750	-	86 250
<b>RFI</b>	<b>115 000</b>	<b>28 750</b>	<b>-</b>	<b>86 250</b>
Ministry of Finance	57 500	-	-	57 500
<b>RCF</b>	<b>57 500</b>	<b>-</b>	<b>-</b>	<b>57 500</b>
National Bank of Moldova	-	-	-	-
Ministry of Finance	283 047	-	-	283 047
<b>XDR allocations</b>	<b>283 047</b>	<b>-</b>	<b>-</b>	<b>283 047</b>

XDR allocations at the end of reporting period represent the general reserve allocations in XDR made by the IMF in August 2009 in the amount of XDR 117 714 thousand, the special allocations distributed by the IMF in September 2009 under Amendment IV to the IMF Statute and special allocations distributed by the International Monetary Fund to the Republic of Moldova in August 2021 in the amount of XDR 165 333 thousand, which were used in order to finance the needs of the state budget and respectively attributed to the Ministry of Finance of the Republic of Moldova under *Law No 138 on the use of Special Drawing Rights attributed by the International Monetary Fund to the Republic of Moldova*.

During 2023, the Ministry of Finance of the Republic of Moldova received three tranches of the loan under the EFF facility in the amount of EUR 77 458 thousand (equivalent to XDR 63 025 thousand) and USD 68 896 thousand (equivalent to XDR 51 900 thousand), and three tranches of the loan under the ECF facility in the total amount of EUR 58 706 thousand (equivalent to XDR 47 625 thousand).

During the reported periods, the Bank had no breaches of principal or interest payments, or other relevant indicators of repayment of IMF loans.

Upon receipt of facilities granted from the General resources account of the IMF (EFF and RFI), the Ministry of Finance of the Republic of Moldova has issued promissory notes in national currency in favor of the IMF, which have been received for safekeeping in Bank's vault.

## 8. Monetary gold

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Monetary gold	85 533	82 312	85 533	82 312
	<b>85 533</b>	<b>82 312</b>	<b>85 533</b>	<b>82 312</b>

**8. Monetary gold (continued)**

The monetary gold is represented by the quantity of 74 133,48 grams of pure gold (31 December 2022 – 74 133,48 grams of pure gold) in the form of bullions of Good Delivery standard quality (based on the requirements of the London Bullion Market Association).

The variation registered during the reported period represents the daily revaluation of monetary gold at the price of gold determined by the Bank based on the quotation PAu/USD set by London Gold Market Fixing Ltd Company.

**9. Derivatives**

The item 'Derivatives' in the consolidated and separate balance sheets is presented as follows:

31 December 2023	CONSOLIDATED			BANK		
	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	
<b>Currency swap:</b>	-	-	-	-	-	-
<i>Interest rate payable</i>	-	-	-	-	-	-
<i>Differences from the revaluation of the foreign currency to be received</i>	-	-	-	-	-	-
<b>Derivatives</b>	-	-	-	-	-	-
31 December 2022	CONSOLIDATED			BANK		
	Fair value		Notional value	Fair value		Notional value
	Assets	Liabilities		Assets	Liabilities	
MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	
<b>Currency swap:</b>	-	2 731	307 052	-	2 731	307 052
<i>Interest rate payable</i>	-	1 367	-	-	1 367	-
<i>Differences from the revaluation of the foreign currency to be received</i>	-	1 364	-	-	1 364	-
<b>Derivatives</b>	-	2 731	307 052	-	2 731	307 052

As of December 31, 2023, the Bank had no currency swaps. On December 31, 2022, the National Bank of Moldova signed a currency swap (reverse sale transaction) with a bank from the Republic of Moldova in the amount of EUR 15 000 thousand, with transaction date of December 23, 2022 and a maturity date of January 6, 2023.

The currency swap transaction comprises two foreign exchange operations simultaneously, between two participants in the transaction, i.e. the buying (selling) operation and simultaneously, the reverse operation of selling (buying) of identical amounts of a foreign currency against the national currency or another foreign currency with different settlement date and applying different exchange rates (the difference is expressed in swap points) which are determined at the date of the foreign exchange swap transaction.

Considering the characteristics of foreign exchange, these operations are not collateralized.

## 10. Securities issued by the Government of the Republic of Moldova

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Nominal value of state securities	11 751 200	12 061 200	11 751 200	12 061 200
Accrued nominal interest	145 303	146 361	145 303	146 361
Amortization at the effective interest rate	251 309	239 026	251 309	239 026
Impairment allowance ( <i>Note 4.2</i> )	(38 985)	(72 235)	(38 985)	(72 235)
<b>State securities derived from state guarantees measured at amortised cost</b>	<b>12 108 827</b>	<b>12 374 352</b>	<b>12 108 827</b>	<b>12 374 352</b>
Nominal value of state securities	2 133 430	2 241 373	2 133 430	2 241 373
Unamortised discount of state securities	(29 362)	(53 716)	(29 362)	(53 716)
Accrued nominal interest	20 053	4 091	20 053	4 091
Impairment allowance ( <i>Note 4.2</i> )	(6 831)	(13 337)	(6 831)	(13 337)
<b>State securities from previously converted debt measured at amortised cost</b>	<b>2 117 290</b>	<b>2 178 411</b>	<b>2 117 290</b>	<b>2 178 411</b>
Nominal value of state securities	26 737	31 337	-	-
Unamortised discount of state securities	(811)	(2 113)	-	-
<b>State securities held by CSD in the investment portfolio measured at amortized cost</b>	<b>25 926</b>	<b>29 224</b>	<b>-</b>	<b>-</b>
	<b>14 252 043</b>	<b>14 581 987</b>	<b>14 226 117</b>	<b>14 552 763</b>

**10. Securities issued by the Government of the Republic of Moldova (continued)****a. State securities derived from state guarantees**

State securities derived from state guarantees have been issued under *Law No 235/2016 on issuing state securities for the execution by the Ministry of Finance of the payment obligations derived from state guarantees No 807 of November 17 2014 and No 101 of April 1 2015*, granted to the National Bank of Moldova on October 4 2016 in the form of interest-bearing bonds (coupon) with a nominal value of MDL 13 341 200 thousand.

The issuance amount represents the total outstanding balance of emergency loans granted by the Bank to BC "Banca de Economii" S.A., B.C. "Banca Socială" S.A. and B.C. "Unibank" S.A., which have not been reimbursed on the date of issue of these state securities. These state securities held in the Bank's portfolio are measured at amortised cost, the Bank intending to collect contractual cash flows.

The state securities were issued with maturities of up to 25 years with fixed interest rates (nominal rate of 1,4% and 5,3%), the effective interest rate of the bond portfolio being of 5%, this representing the portfolio's fair value on the date of initial recognition.

The trading of these state securities on the secondary market by the Bank is limited to 40% of the volume issued to the Bank by the Ministry of Finance under the respective law. During the year, the Bank has not traded these state securities on the secondary market (2022: MDL nil).

Considering the method of structuring state securities issuance under *Law No 235/2016* as a portfolio with similar characteristics in terms of scope, duration, and effective interest rate agreed on per portfolio, rather than as separate instruments, the management of these instruments as a portfolio, and the legal provisions on trading and redemption, the state securities portfolio derived from the state guarantees was recognized as a single financial instrument under IFRS 9. This involves recognizing interest income from the single instrument according to the 5% effective interest rate method, with its amortization at the effective interest rate being recognized under the "*Amortization at the effective interest rate*".

On April 23, 2021, *Law No 71 on the abrogation of Law No 235/2016*, was adopted, but it was not promulgated, being returned for re-examination to the Parliament of the Republic of Moldova on May 12, 2021. At the date of the approval of these financial statements, the given law was under review in the Parliament.

**b. State securities from previously converted debts**

State securities from previously converted debt were issued and transferred to the portfolio of the Bank in the form of treasury bills, following the conversion into state securities of loans contracted by the Ministry of Finance from the Bank in previous years. These securities have been measured at amortised cost. State securities which reached maturity were redeemed by the Government and new securities in the same volume were issued and repurchased by the Bank.

During the year 2023, the state securities that reached maturity were reissued in the form of treasury bills with a term of circulation of 91 and 364 days and government bonds with 2 years maturity.

**10. Securities issued by the Government of the Republic of Moldova (continued)**

As of 31 December 2023, the portfolio of securities from previously converted debts is composed of treasury bills with the nominal value of MDL 893 368 thousand, with a weighted average effective interest rate of 8,53%, and government bonds amounting to MDL 1 240 062 thousand at nominal value, with a weighted average effective interest rate of 7,12% (31 December 2022: treasury bills at nominal value of MDL 2 080 973 thousand with a weighted average effective interest rate of 16,31%, and government bonds in the amount of MDL 160 400 thousand at nominal value with weighted average effective interest rate – 7,12%).

State securities, available in the Bank's portfolio, are one of the monetary instruments that the Bank may use at any time for monetary policy purposes.

**c. State securities held by CSD in the investment portfolio**

State securities held by CSD in its investment portfolio are measured at amortised cost, being purchased for cash collection purposes. The state securities held in the CSD portfolio at December 31 2023 comprise 6 treasury bills with a maturity of 364 days and a fixed interest rate in the range of 6,75% and 12,00% (December 31 2022: 5 treasury bills with a maturity of 182 days to 364 days and a fixed interest rate in the range of 17,50% to 21,94%).

During 2023, the funds, obtained on maturity of state securities held in the CSD portfolio, were reinvested.

*Expected credit losses*

During the reporting period, the calculation parameters were updated based on the evolution of the indicators incorporated in the expected credit loss model. On August 18, 2023, the rating agency Moody's changed the rating outlook for the Republic of Moldova from negative to stable. At the same time, Moody's confirmed the rating assigned to Moldova - B3.

The decision to change the outlook to stable reflects Moody's assessment that the risks associated with Moldova's credit profile are balanced at the B3 rating level.

The improvement of the outlook rating change to stable was reflected in the model in terms of the number of applicable scenarios and the relevant calculation parameters, contributing to the reduction of expected credit losses on the exposure to the Government of the Republic of Moldova.

Thus, as of 31 December 2023, the expected credit loss related to the Bank's state securities portfolio amounted to MDL 45 816 thousand, which resulted in the recording of income from the reversal of expected credit losses for this asset (see Note 4.2 for additional information on the calculation methodology and movements in the provision).

The calculation of the expected credit loss of the state securities portfolio is determined as a weighted result of default scenarios and estimates, as well as qualitative and quantitative factors of the scenarios, by applying the default probabilities of the Republic of Moldova's rating category published by Moody's and considering indicators such as external debt to GDP for the application of the relevant scenarios. For default loss indicators, depending on the applicable scenarios, reported default loss data published by Moody's agency for states in the rating category similar to the Republic of Moldova are used and based on reported actual default loss data for states in the rating category similar to the Republic of Moldova. Expected credit losses related to the CSD portfolio, calculated according to the same methodology, were estimated as insignificant.

## 11. Loans granted to banks and others

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Loans granted to others	21 987	19 757	21 987	19 757
	<b>21 987</b>	<b>19 757</b>	<b>21 987</b>	<b>19 757</b>

As of December 31, 2023, the collateral pledged to secure the repayment of loans granted to others and related interest amounted to MDL 47 003 thousand (as of 31 December 2022: MDL 42 100 thousand).

During 2023 and 2022, no expected credit losses were registered for loans granted to others, considering the low level of credit risk, sufficient collateral, low level of probability of default and insignificant historical losses from non-repayment.

During 2023, against the backdrop of increased excess liquidity, the Bank extended overnight credit through its overnight standing facilities and conducted repo operations to inject liquidity into the money market in much lower volumes than in 2022. Repo operations are recognized in the balance sheet as loans granted to banks, with the securities purchased being recorded as collateral for the loans granted. The average daily balance of overnight loans during the reporting period amounted to MDL 22 047 thousand, with a weighted average rate of 15,26%, and the balance of repo transactions amounted to MDL 4 795 thousand, with a weighted average interest rate of 11,58%. As of December 31 2023, and December 31 2022, the balance of repo transactions and the balance of overnight loans are nil. All repo operations were paid on maturity according to the contractual terms.

In the case of repo transactions, credit risk is managed by ensuring a sufficient volume of state securities. The value of state securities from repo transactions at market price exceeds the amount of liquidity provided, considering the haircuts applied according to the Norms on evaluation of assets accepted by the National Bank of Moldova as collateral for granting loans to banks approved by DEB No 211/2019. Moreover, state securities are valued on a daily basis, and in case their value falls below the level set by the Bank, a margin call is requested in order to provide additional collateral either in the form of assets or cash.

## 12. Bank's subsidiary

	31 December 2023	31 December 2022
	MDL'000	MDL'000
<b>Investments in subsidiaries</b>		
Single Central Securities Depository	24 000	24 000
	<b>24 000</b>	<b>24 000</b>

The investment in subsidiaries of the Bank represents the share held by the Bank in JSC Single Central Securities Depository in the amount of 98,36% which represents 480 shares with a nominal value equal to MDL 50 thousand. The Bank appoints 4 of the 7 members of the Supervisory Board, so that, in accordance with IFRS 10, it has control over the Single Central Securities Depository as a subsidiary of the Bank.

## 12. Bank's subsidiary (continued)

The JSC Single Central Securities Depository (hereinafter CSD, subsidiary) is created based on *Law No 234 of 03.10.2016 on the Single Central Securities Depository* and is the only institution in the Republic of Moldova that carries out activities of registration, storage, and settlement of state and corporate securities. The accounting and settlement mechanism provided by CSD ensures transparency, security, and efficiency in performing securities transactions. The business model of the CSD is based on international standards and practices in the field of settlement systems.

The value of the investment in subsidiaries in the separate financial statements is recognized at cost and measured at cost less any impairment loss.

As of December 31, 2023 and December 31 2022, no indicators of impairment of investment in subsidiaries were identified and no impairment provisions were created.

In accordance with *Law No 234/2016*, the equity of JSC Single Central Securities Depository will constitute the equivalent in MDL of at least EUR 1 000 thousand at any time (equivalent on 31 December 2023: MDL 19 357 thousand), a regulatory aspect that imposes restrictions on the Bank's ability to access or use its assets and settle its debts in the subsidiary.

In 2023, CSD registered a net profit of MDL 1 287 thousand (2022: MDL 3 248 thousand).

### Non-controlling interests

Information on non-controlling interests with reference to the Bank's subsidiary prior to the exclusion of reciprocal transactions is provided in the table below:

	31 December 2023	31 December 2022
	MDL'000	MDL'000
<b>NCI percentage</b>	<b>1,64%</b>	<b>1,64%</b>
Total assets	35 358	34 732
Total liabilities	(2 230)	(2 891)
<b>Net assets</b>	<b>33 128</b>	<b>31 841</b>
<b>Net assets attributable to NCI</b>	<b>543</b>	<b>521</b>
Income	14 622	15 635
Net profit	1 287	3 248
<b>Total comprehensive income</b>	<b>1 287</b>	<b>3 248</b>
<b>Profit allocated to NCI</b>	<b>22</b>	<b>53</b>
Cash flows from operating activities	4 956	(6 183)
Cash flows from investing activities	(25)	(77)
Cash flows from financing activities (dividends to NCI: nil)	(363)	(519)
Differences from revaluation of cash and cash equivalents	(2)	(24)
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>4 566</b>	<b>(6 803)</b>

### 13. Financial assets and financial liabilities

The financial instruments of the Bank comprise the cash and short-term placements, assets in international financial institutions, securities issued by the Government of the Republic of Moldova and foreign governments, foreign agencies and international financial institutions, loans granted to banks and others, national currency issued into circulation, deposits from the Government of the Republic of Moldova and banks, securities issued by the National Bank of Moldova, due to international financial institutions, derivatives, and other financial assets and financial liabilities.

The Bank's financial assets are measured at amortised cost, except for IMF quota and foreign currency securities measured at FVOCI, and derivatives measured at FVTPL. All financial non-derivative liabilities are measured at amortised cost, however derivatives recorded in debt accounts are measured at FVTPL.

#### *Fair value hierarchy of financial instruments*

In the hierarchy of fair value, the priority belongs to quoted prices (unadjusted) from active markets for similar assets or liabilities, while the lowest level of priority belongs to the unobservable entry data.

In addition, to provide a more comprehensive valuation, the fair value hierarchy methodology for foreign currency securities held in the Bank's portfolio was developed and approved during the year. Thus, in addition to firm or indicative quotes (CBBT), the level of the bid-ask spread and the liquidity index (using the Bloomberg LQA function), which reflects a comparative analysis of securities based on their relative liquidity, are taken into account when determining the fair value hierarchy. The liquidity index reflects the percentage position of the instrument within a peer group and is represented by a value between 1 and 100, where a value of 100 indicates the most liquid security.

Compared to the method applied on December 31 2022, the existence of CBBT quotes and bid-ask spread valuation has been complemented in the new methodology by the liquidity index (Bloomberg LQA), which shows the close link between activity (trading volumes, trading frequency) and liquidity score. This indicator provides a deeper understanding of the liquidity of financial markets and the impact of transactions on the prices at which financial assets are frequently and regularly traded in the market. The LQA analyses daily changes in liquidity based on changing market conditions and is updated in real time, allowing comparisons of liquidity across asset classes and can provide important insights into liquidity and price representativeness.

The table below shows the financial instruments measured at fair value after initial recognition, grouped in levels 1-3 depending on the valuation method used.

National Bank of Moldova

**13. Financial assets and financial liabilities (continued)**

CONSOLIDATED	Notes	Balance	Level	Evaluation technique	Unobservable component
<b>31 December 2023</b>		<b>MDL'000</b>			
Investment securities measured at FVOCI	6	62 312 478	Level 1	Price quotes on active markets*	Not applicable
IMF quota	7	4 063 317	Level 3	XDR/MDL quotation	Not applicable
<b>Total</b>		<b>69 832 466</b>			
<b>31 December 2022</b>					
Investment securities measured at FVOCI	6	49 753 511	Level 1	Price quotes on active markets*	Not applicable
IMF quota	7	4 426 857	Level 3	XDR/MDL quotation Currency quotation/MDL	Not applicable
Derivatives	9	(2 731)	Level 3	SOFR, ESTR, EURIBOR, USD OIS ANNUAL VS SOFR overnight rate/base rate/ REPO rate	Discount rate (extrapolation/interpolation)
<b>Total</b>		<b>54 483 117</b>			
BANK	Notes	Balance	Level	Evaluation technique	Unobservable component
<b>31 December 2023</b>		<b>MDL'000</b>			
Investment securities measured at FVOCI	6	62 312 478	Level 1	Price quotes on active markets*	Not applicable
IMF quota	7	4 063 317	Level 3	XDR/MDL quotation	Not applicable
<b>Total</b>		<b>69 832 466</b>			
<b>31 December 2022</b>					
Investment securities measured at FVOCI	6	49 753 511	Level 1	Price quotes on active markets*	Not applicable
IMF quota	7	4 426 857	Level 3	XDR/MDL quotation Currency quotation/MDL	Not applicable
Derivatives	9	(2 731)	Level 3	SOFR, ESTR, EURIBOR, USD OIS ANNUAL VS SOFR overnight rate/base rate/ REPO rate	Discount rate (extrapolation/interpolation)
<b>Total</b>		<b>54 483 117</b>			

\*Sources: Bloomberg, ICE data

The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

**13. Financial assets and financial liabilities (continued)**

The valuation techniques used in assessing the fair value comprise the income method (discounted future cash flows), and as appropriate, a comparison with similar quoted instruments, polynomial technique, and other methods. Assumptions and data used in valuation techniques include benchmark interest rates, credit risk spreads, other margins to adjust the discount rate used for the cash flows, quoted prices of investment securities (source: Bloomberg, ICE), quotations from the most recent auctions of securities issued by the Government of the Republic of Moldova, secondary market prices of securities issued by the Government of the Republic of Moldova, foreign exchange rates, forecasted volatilities and other correlations. To determine the fair value of non-complex financial instruments (quoted securities), the Bank uses the well-known methods based on the quotations available on the market.

Foreign currency securities at FVOCI in Level 2 comprise securities issued by governments, agencies and supranational financial institutions that are less liquid than Level 1 securities.

It is classified in Level 2, in particular when external prices for the same security can be observed on a regular basis from a reasonable number of market makers who are active in that security, but these prices do not represent directly tradable prices. These include, among others, consensus pricing services with a reasonable number of contributors who are active market makers, as well as indicative quotes from active brokers and/or dealers. In addition, foreign currency securities may be classified in Level 2 at FVOCI when the average level of the liquidity index and/or the bid-ask spread are below the levels set out in the fair value hierarchy methodology.

For financial instruments which are more complex or not quoted/traded on an active market, the Bank uses internal models based on international valuation methods, with inputs that are derived from market quotations or interest rates which are determined on a presumptive basis. The fair values obtained from the application of internal models are adjusted to different factors, such as: liquidity risk (for instruments without an active market, lack of transactions, etc.), credit risk/counterparty's risk or model uncertainties, factors that would be considered by a third party in determining the price of a transaction. Input data and model results are calibrated, and management applies professional expert judgment to select the most relevant result within the range of values provided by the valuation models.

The IMF quota is a non-transferable and non-negotiable instrument that generally reflects the position of the member state in the global economy. The IMF quota defines the voting rights in the IMF, is a limit indicator for the amount of loans that a member country (through the Bank and the Government of Moldova) can access from the IMF and indicates the quota in the overall IMF XDR allocations. The IMF quota, due to its unique character, cannot be fitted into a fair value valuation technique specific to equity or debt instruments (quotations or future cash flows), and therefore the XDR/MDL quota is used as an indicator for fair value.

The adequate measurement and validation of the fair values is ensured by internal controls: verification of source data of market values (quoted prices validated and exported by back-office), recalculation of results of the fair value models, approval of fair value models procedures and changes in procedures, analysis, and controls of variations in the results of methods, etc.

**13. Financial assets and financial liabilities (continued)**

The reconciliation from opening to closing balances of financial instruments measured at fair value classified in Level 3 is shown in the table below:

CONSOLIDATED	Notes	2023			2022		
		IMF Quota MDL'000	Derivatives- assets/ (liabilities) MDL'000	Total MDL'000	IMF Quota MDL'000	Derivatives- assets/ (liabilities) MDL'000	Total MDL'000
<b>Balance on 1 January</b>	<b>7,9</b>	<b>4 426 857</b>	<b>(2 731)</b>	<b>4 424 126</b>	<b>4 304 333</b>	<b>199</b>	<b>4 304 532</b>
Gains from fair value included in:							
<u>Profit and loss</u>		(363 540)	(15 929)	(379 469)	122 524	(3 618)	118 906
- <i>(Losses)/gains from transactions, exchange rate differences and revaluation of precious metals</i>	25	(363 540)	-	(363 540)	122 524	-	122 524
- <i>(Losses) on financial assets measured at fair value through profit or loss</i>	26	-	(15 929)	(15 929)	-	(3 618)	(3 618)
<u>Other comprehensive income</u>		-	-	-	-	-	-
Purchases/Issues		-	(2 495 711)	(2 495 711)	-	(1 105 225)	(1 105 225)
Disposals		-	2 514 371	2 514 371	-	1 105 913	1 105 913
<b>Balance on 31 December</b>		<b>4 063 317</b>	<b>-</b>	<b>4 063 317</b>	<b>4 426 857</b>	<b>(2 731)</b>	<b>4 424 126</b>
<i>Unrealised gains/(losses) on assets or liabilities held at the end of the period</i>	26	(363 540)	-	(363 540)	122 524	(1 364)	121 160

## 13. Financial assets and financial liabilities (continued)

BANK	Notes	2023			2022		
		IMF Quota MDL'000	Derivatives- assets/ (liabilities) MDL'000	Total MDL'000	IMF Quota MDL'000	Derivatives- assets/ (liabilities) MDL'000	Total MDL'000
<b>Balance on 1 January</b>	7,9	4 426 857	(2 731)	4 424 126	4 304 333	199	4 304 532
Gains from fair value included in:							
<u>Profit and loss</u>		(363 540)	(15 929)	(379 469)	122 524	(3 618)	118 906
- <i>(Losses)/gains from transactions, exchange rate differences and revaluation of precious metals</i>	25	(363 540)	-	(363 540)	122 524	-	122 524
- <i>Losses on financial assets measured at fair value through profit or loss</i>	26	-	(15 929)	(15 929)	-	(3 618)	(3 618)
<u>Other comprehensive income</u>		-	-	-	-	-	-
Purchases/Issues		-	(2 495 711)	(2 495 711)	-	(1 105 225)	(1 105 225)
Disposals		-	2 514 371	2 514 371	-	1 105 913	1 105 913
<b>Balance on 31 December</b>		4 063 317	-	4 063 317	4 426 857	(2 731)	4 424 126
<i>Unrealised gains/(losses) on assets or liabilities held at the end of the period</i>	26	(363 540)	-	(363 540)	122 524	(1 364)	121 160

Methods and assumptions for determining fair value Level 3:

Moldova's quota to the IMF is set in Special Drawing Rights (XDR), the accounting records being kept in MDL with monthly revaluation on the last working day of the management month at the XDR exchange rate against the Moldovan Leu, calculated by the IMF. The value of the quota being set in XDR best approximates its fair value, being the price at which quotas are "bought and sold", similar to the most recent quota revision at the IMF (XDR/MDL rate - 31.12.2023: 23,3534; 31.12.2022: 25,4962).

### 13. Financial assets and financial liabilities (continued)

To determine the fair value of derivative instruments, considering the impossibility of identifying an active quoted market price or recent transactions in similar financial instruments, the Bank estimates fair value using discounted future cash flows (DCF) and spot market exchange rates at the valuation date. However, considering the maturity of derivative transactions (currency swaps) of up to 14 days, the discount factor has an insignificant impact. Therefore, the fair value of derivatives is approximated by the cumulative sum of SWAP points accumulated up to the valuation date and revaluation differences using the price at the official foreign exchange rate on the reporting date of the currency to be received or delivered (EUR/MDL - 31.12.2023: 19,3574; 31.12.2022 - 20,3792; EURIBOR and the base rate set by the NBM on the transaction date and valuation date).

#### **Classification of financial instruments and financial instruments not measured at fair value**

All financial instruments that are not measured at fair value in the balance sheet fall within Level 2 of the fair value hierarchy, except for foreign currency securities measured at amortised cost of MDL 9 030 394 thousand which are classified in Level 1 (December 31 2022: all financial instruments that are not measured at fair value in the balance sheet fall within Level 2 of the fair value hierarchy, except for foreign currency securities measured at amortised cost of MDL 1 282 272 thousand which are classified in Level 1).

Following the analyses performed, the Bank's management believes that given the short term of placements in banks and the specific nature and scope of loans granted and receivables, which are not measured at fair value in the financial statement, the fair value of respective financial instruments is not significantly different from the carrying values from the balance sheet.

Additionally, the Bank's management believes that the carrying values of Bank's liabilities approximate their fair value due to their short-term placement period or the type of transaction specific for a central Bank and for which no distinct market exists, neither fair value models which can reliably estimate the fair value.

All financial assets are classified in the business model to collect contractual flows, except for the portfolio of investment securities which is held for the collection of flows and sale. All debt instruments held in portfolio pass the solely payments of principal and interest test, including all floating interest rate investments, inflation linked investments (investment securities) and securities with prepayment or redemption clauses.

The equity instrument in form of Republic of Moldova contribution in IMF quota was designated in the business model and applicable for FVOCI classification.

**13. Financial assets and financial liabilities (continued)**

The table below shows the reconciliation between balance sheet items and categories of financial instruments, and the fair value of financial assets and liabilities.

**CONSOLIDATED**

31 December 2023	Notes	FVOCI Debt instruments MDL'000	FVOCI Equity instruments MDL'000	FVTPL MDL'000	Amortised cost MDL'000	Total carrying value MDL'000	Fair value MDL'000
<b>Assets</b>							
Cash and short-term placements	5	-	-	-	19 831 357	19 831 357	19 831 357
Investment securities:	6						
- At fair value		65 769 149	-	-	-	65 769 149	65 769 149
- At amortised cost		-	-	-	9 029 187	9 029 187	9 092 435
Assets in international financial institutions	7						
- At fair value		-	4 063 317	-	-	4 063 317	4 063 317
- At amortised cost		-	-	-	203 829	203 829	203 829
Securities issued by the Government of the RM	10	-	-	-	14 252 043	14 252 043	14 305 665
Loans granted to banks and others	11	-	-	-	21 987	21 987	21 987
Other assets	15	-	-	-	4 839	4 839	4 839
<b>Total financial assets</b>		<b>65 769 149</b>	<b>4 063 317</b>	<b>-</b>	<b>43 343 242</b>	<b>113 175 708</b>	<b>113 292 578</b>
<b>Liabilities</b>							
National currency issued into circulation	16	-	-	-	42 090 746	42 090 746	42 090 746
Deposits from the Government of the RM	17	-	-	-	10 769 559	10 769 559	10 769 559
Deposits from banks	18	-	-	-	40 239 046	40 239 046	40 239 046
Deposits from other clients	20	-	-	-	313 981	313 981	313 981
Certificates issued by the NBM	19	-	-	-	11 179 999	11 179 999	11 179 999
Due to international financial institutions	7	-	-	-	5 064 925	5 064 925	5 064 925
Lease liabilities	20	-	-	-	9 535	9 535	9 535
Other liabilities	20	-	-	-	310 629	310 629	310 629
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>109 978 420</b>	<b>109 978 420</b>	<b>109 978 420</b>

## 13. Financial assets and financial liabilities (continued)

## CONSOLIDATED

31 December 2022	Notes	FVOCI Debt instruments MDL'000	FVOCI Equity instruments MDL'000	FVTPL MDL'000	Amortised cost MDL'000	Total carrying value MDL'000	Fair value MDL'000
<b>Assets</b>							
Cash and short-term placements	5	-	-	-	33 983 015	33 983 015	33 983 015
Investment securities:	6						
- At fair value		50 058 991	-	-	-	50 058 991	50 058 991
- At amortised cost		-	-	-	1 572 604	1 572 604	1 556 749
Assets in international financial institutions	7						
- At fair value		-	4 426 857	-	-	4 426 857	4 426 857
- At amortised cost		-	-	-	19 040	19 040	19 040
Securities issued by the Government of the RM	10	-	-	-	14 581 987	14 581 987	14 578 077
Loans granted to banks and others	11	-	-	-	19 757	19 757	19 757
Other assets	15	-	-	-	20 497	20 497	20 497
<b>Total financial assets</b>		<b>50 058 991</b>	<b>4 426 857</b>	<b>-</b>	<b>50 196 900</b>	<b>104 682 748</b>	<b>104 662 983</b>
<b>Liabilities</b>							
National currency issued into circulation	16	-	-	-	37 781 903	37 781 903	37 781 903
Deposits from the Government of the RM	17	-	-	-	9 135 104	9 135 104	9 135 104
Deposits from banks	18	-	-	-	37 191 253	37 191 253	37 191 253
Deposits from other clients	20	-	-	-	66 932	66 932	66 932
Certificates issued by the NBM	19	-	-	-	6 616 846	6 616 846	6 616 846
Due to international financial institutions	7	-	-	-	5 667 067	5 667 067	5 667 067
Lease liabilities	20	-	-	-	3 814	3 814	3 814
Derivatives	9	-	-	2 731	-	2 731	2 731
Other liabilities	20	-	-	-	27 636	27 636	27 636
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>2 731</b>	<b>96 490 555</b>	<b>96 493 286</b>	<b>96 493 286</b>

National Bank of Moldova

### 13. Financial assets and financial liabilities (continued)

#### BANK

31 December 2023	Notes	FVOCI Debt instruments MDL'000	FVOCI Equity instruments MDL'000	FVTPL MDL'000	Amortised cost MDL'000	Total carrying value MDL'000	Fair value MDL'000
<b>Assets</b>							
Cash and short-term placements	5	-	-	-	19 831 322	19 831 322	19 831 322
Investment securities:	6						
- <i>At fair value</i>		65 769 149	-	-	-	65 769 149	65 769 149
- <i>At amortised cost</i>		-	-	-	9 029 187	9 029 187	9 092 435
Assets in international financial institutions	7						
- <i>At fair value</i>		-	4 063 317	-	-	4 063 317	4 063 317
- <i>At amortised cost</i>		-	-	-	203 829	203 829	203 829
Securities issued by the Government of the RM	10	-	-	-	14 226 117	14 226 117	14 279 441
Loans granted to banks and others	11	-	-	-	21 987	21 987	21 987
Investments in subsidiaries	12	-	-	-	24 000	24 000	32 585
Other assets	15	-	-	-	4 652	4 652	4 652
<b>Total financial assets</b>		<b>65 769 149</b>	<b>4 063 317</b>	<b>-</b>	<b>43 341 094</b>	<b>113 173 560</b>	<b>113 298 717</b>
<b>Liabilities</b>							
National currency issued into circulation	16	-	-	-	42 090 746	42 090 746	42 090 746
Deposits from the Government of the RM	17	-	-	-	10 769 559	10 769 559	10 769 559
Deposits from banks	18	-	-	-	40 239 046	40 239 046	40 239 046
Deposits from other clients	20	-	-	-	321 479	321 479	321 479
Certificates issued by the NBM	19	-	-	-	11 179 999	11 179 999	11 179 999
Due to international financial institutions	7	-	-	-	5 064 925	5 064 925	5 064 925
Lease liabilities	20	-	-	-	8 684	8 684	8 684
Other liabilities	20	-	-	-	310 561	310 561	310 561
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>109 984 999</b>	<b>109 984 999</b>	<b>109 984 999</b>

## 13. Financial assets and financial liabilities (continued)

## BANK

31 December 2022	Notes	FVOCI Debt instruments MDL'000	FVOCI Equity instruments MDL'000	FVTPL MDL'000	Amortised cost MDL'000	Total carrying value MDL'000	Fair value MDL'000
<b>Assets</b>							
Cash and short-term placements	5	-	-	-	33 982 898	33 982 898	33 982 898
Investment securities:	6						
- At fair value		50 058 991	-	-	-	50 058 991	50 058 991
- At amortised cost		-	-	-	1 572 604	1 572 604	1 556 749
Assets in international financial institutions	7						
- At fair value		-	4 426 857	-	-	4 426 857	4 426 857
- At amortised cost		-	-	-	19 040	19 040	19 040
Securities issued by the Government of the RM	10	-	-	-	14 552 763	14 552 763	14 548 921
Loans granted to banks and others	11	-	-	-	19 757	19 757	19 757
Investments in subsidiaries	12	-	-	-	24 000	24 000	31 320
Other assets	15	-	-	-	20 395	20 395	20 395
<b>Total financial assets</b>		<b>50 058 991</b>	<b>4 426 857</b>	<b>-</b>	<b>50 191 457</b>	<b>104 677 305</b>	<b>104 664 928</b>
<b>Liabilities</b>							
National currency issued into circulation	16	-	-	-	37 781 903	37 781 903	37 781 903
Deposits from the Government of the RM	17	-	-	-	9 135 104	9 135 104	9 135 104
Deposits from banks	18	-	-	-	37 191 253	37 191 253	37 191 253
Deposits from other clients	20	-	-	-	69 783	69 783	69 783
Certificates issued by the NBM	19	-	-	-	6 616 846	6 616 846	6 616 846
Due to international financial institutions	7	-	-	-	5 667 067	5 667 067	5 667 067
Lease liabilities	20	-	-	-	2 544	2 544	2 544
Derivatives	9	-	-	2 731	-	2 731	2 731
Other liabilities	20	-	-	-	27 375	27 375	27 375
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>2 731</b>	<b>96 491 875</b>	<b>96 494 606</b>	<b>96 494 606</b>

National Bank of Moldova

#### 14. Property, equipment and intangible assets

Movements in property, equipment and intangible assets are as follows:

CONSOLIDATED	Land, buildings and similar constructions	Equipment and other	Property and equipment in construction	Intangible assets	Intangible assets in progress	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Cost</b>						
On 1 January 2023	70 810	197 277	1 441	123 506	1 071	394 105
Additions	11 665	138	25 180	1 075	21 721	59 779
Transfers	2 845	22 509	(25 354)	9 675	(9 675)	-
Disposals	(5 972)	(8 552)	(633)	(7 245)	-	(22 402)
<b>On 31 December 2023</b>	<b>79 348</b>	<b>211 372</b>	<b>634</b>	<b>127 011</b>	<b>13 117</b>	<b>431 482</b>
<b>Accumulated amortization</b>						
On 1 January 2023	42 774	165 540	-	93 994	-	302 308
Amortization	6 296	13 621	-	14 485	-	34 402
Disposals	(4 274)	(8 552)	-	(7 245)	-	(20 071)
<b>On 31 December 2023</b>	<b>44 796</b>	<b>170 609</b>	<b>-</b>	<b>101 234</b>	<b>-</b>	<b>316 639</b>
<b>Carrying value</b>						
On 1 January 2023	28 036	31 737	1 441	29 512	1 071	91 797
<b>On 31 December 2023</b>	<b>34 552</b>	<b>40 763</b>	<b>634</b>	<b>25 777</b>	<b>13 117</b>	<b>114 843</b>
<b>Cost</b>						
On 1 January 2022	67 699	181 203	1 304	118 543	4 256	373 005
Additions	3 697	6	16 207	441	11 553	31 904
Transfers	-	16 070	(16 070)	14 738	(14 738)	-
Disposals	(586)	(2)	-	(10 216)	-	(10 804)
<b>On 31 December 2022</b>	<b>70 810</b>	<b>197 277</b>	<b>1 441</b>	<b>123 506</b>	<b>1 071</b>	<b>394 105</b>
<b>Accumulated amortization</b>						
On 1 January 2022	39 696	154 033	-	90 748	-	284 477
Amortization	3 664	11 509	-	13 462	-	28 635
Disposals	(586)	(2)	-	(10 216)	-	(10 804)
<b>On 31 December 2022</b>	<b>42 774</b>	<b>165 540</b>	<b>-</b>	<b>93 994</b>	<b>-</b>	<b>302 308</b>
<b>Carrying value</b>						
On 1 January 2022	28 003	27 170	1 304	27 795	4 256	88 528
<b>On 31 December 2022</b>	<b>28 036</b>	<b>31 737</b>	<b>1 441</b>	<b>29 512</b>	<b>1 071</b>	<b>91 797</b>

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National Bank of Moldova For the year ending 31 December 2023

## 14. Property, equipment and intangible assets (continued)

BANK	Land, buildings and similar constructions	Equipment and other	Property and equipment in construction	Intangible assets	Intangible assets in progress	Total
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
<b>Cost</b>						
<b>On 1 January 2023</b>	69 574	196 406	1 364	123 427	1 071	391 842
Additions	11 665	138	25 159	1 075	21 717	59 754
Transfers	2 845	22 472	(25 317)	9 672	(9 672)	-
Disposals	(5 972)	(8 552)	(617)	(7 245)	-	(22 386)
<b>On 31 December 2023</b>	<b>78 112</b>	<b>210 464</b>	<b>589</b>	<b>126 929</b>	<b>13 116</b>	<b>429 210</b>
<b>Accumulated amortization</b>						
<b>On 1 January 2023</b>	42 681	164 868	-	93 967	-	301 516
Amortization	5 884	13 493	-	14 477	-	33 854
Disposals	(4 274)	(8 552)	-	(7 245)	-	(20 071)
<b>On 31 December 2023</b>	<b>44 291</b>	<b>169 809</b>	<b>-</b>	<b>101 199</b>	<b>-</b>	<b>315 299</b>
<b>Carrying value</b>						
<b>On 1 January 2023</b>	26 893	31 538	1 364	29 460	1 071	90 326
<b>On 31 December 2023</b>	<b>33 821</b>	<b>40 655</b>	<b>589</b>	<b>25 730</b>	<b>13 116</b>	<b>113 911</b>
<b>Cost</b>						
<b>On 1 January 2022</b>	67 112	180 330	1 304	118 463	4 256	371 465
Additions	2 462	6	16 130	441	11 554	30 593
Transfers	-	16 070	(16 070)	14 739	(14 739)	-
Disposals	-	-	-	(10 216)	-	(10 216)
<b>On 31 December 2022</b>	<b>69 574</b>	<b>196 406</b>	<b>1 364</b>	<b>123 427</b>	<b>1 071</b>	<b>391 842</b>
<b>Accumulated amortization</b>						
<b>On 1 January 2022</b>	39 565	153 530	-	90 729	-	283 824
Amortization	3 116	11 338	-	13 454	-	27 908
Disposals	-	-	-	(10 216)	-	(10 216)
<b>On 31 December 2022</b>	<b>42 681</b>	<b>164 868</b>	<b>-</b>	<b>93 967</b>	<b>-</b>	<b>301 516</b>
<b>Carrying value</b>						
<b>On 1 January 2022</b>	27 547	26 800	1 304	27 734	4 256	87 641
<b>On 31 December 2022</b>	<b>26 893</b>	<b>31 538</b>	<b>1 364</b>	<b>29 460</b>	<b>1 071</b>	<b>90 326</b>

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**14. Property, equipment and intangible assets (continued)**

The category “Land, buildings, and similar constructions” includes assets related to the right of use held under the leases and their accrued amortisation. Details of inflows and amortisation of the right-of-use asset are described in Note 33.

Intangible assets comprise software, applications, and licenses both purchased and developed internally, including solutions for the Credit Risk Register, CSD, and solutions for the licensing and notification process. The additions registered during the reporting period represent purchases of intangible assets from third parties.

In accordance with the provisions of Government Decision No 91/2019 concerning approval of Regulation on the use of state-owned land, the public property land held and managed by the Bank and recorded in the balance sheet of the Bank in the amount of MDL 8 636 thousand, remain in the use/under management of the Bank until the issuance, according to legislation, of other administrative acts regarding it, ensuring the registration of the right of the administration of the Public Property Agency in the Real Estate Register, within the limits of the available financial means.

**15. Other assets**

	CONSOLIDATED		BANK	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Other assets in foreign currency</b>				
<i>Financial assets</i>				
Other receivables	2 874	-	2 874	-
	<u>2 874</u>	<u>-</u>	<u>2 874</u>	<u>-</u>
<b>Other assets in national currency</b>				
<i>Financial assets</i>				
Other receivables	1 982	20 515	1 783	20 400
Expected credit losses	(17)	(18)	(5)	(5)
	<u>1 965</u>	<u>20 497</u>	<u>1 778</u>	<u>20 395</u>
<i>Non-financial assets</i>				
Advances	207	276	141	133
Prepaid expenses	6 371	5 298	6 371	5 298
Inventories	3 771	3 038	3 712	2 980
Other non-financial assets	165	106	165	106
Allowance for inventory	(56)	(56)	(56)	(56)
	<u>10 458</u>	<u>8 662</u>	<u>10 333</u>	<u>8 461</u>
	<u>12 423</u>	<u>29 159</u>	<u>12 111</u>	<u>28 856</u>
<b>Total other assets</b>	<b>15 297</b>	<b>29 159</b>	<b>14 985</b>	<b>28 856</b>

Amounts collected under clarification on 31 December 2023 were not registered (31 December 2022: nil).

The Bank, in accordance with the provisions of IFRS 9, recognizes the amount of expected credit losses on impaired receivables and establishes provisions on impaired receivables in the amount of 100% for each debtor. As of the date of authorization of these financial statements, the amount of impaired uncollected receivables amounted to MDL 13 thousand.

**15. Other assets (continued)**

The other receivables presented in the financial assets' category comprise the following:

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Commitment fees paid to the IMF	2 874	-	2 874	-
Related to interest on required reserves	-	18 618	-	18 618
From commissions for the processing within AIPS	1 406	1 370	1 406	1 370
From commissions for the servicing of securities and keeping records	508	525	-	-
For IT services	-	-	309	412
Other receivables	68	2	68	-
Allowance for expected credit losses	(17)	(18)	(5)	(5)
	<b>4 839</b>	<b>20 497</b>	<b>4 652</b>	<b>20 395</b>

**16. National currency issued into circulation****CONSOLIDATED**

	31 December 2023		31 December 2022	
	Quantity	Value	Quantity	Value
	Units'000	MDL'000	Units'000	MDL'000
<b>Banknotes</b>	<b>334 058</b>	<b>41 686 673</b>	<b>323 751</b>	<b>37 448 915</b>
<i>MDL 1</i>	78 549	78 549	81 285	81 285
<i>MDL 5</i>	13 017	65 085	14 292	71 459
<i>MDL 10</i>	16 450	164 501	16 702	167 020
<i>MDL 20</i>	13 057	261 139	14 589	291 779
<i>MDL 50</i>	41 080	2 054 016	40 462	2 023 113
<i>MDL 100</i>	53 339	5 333 922	50 918	5 091 791
<i>MDL 200</i>	97 051	19 410 202	86 480	17 296 099
<i>MDL 500</i>	14 391	7 195 668	13 193	6 596 255
<i>MDL 1000</i>	7 124	7 123 591	5 830	5 830 114
<b>Divisional coins</b>	<b>960 456</b>	<b>140 762</b>	<b>937 216</b>	<b>136 962</b>
<i>MDL 0,01</i>	71 014	710	71 014	710
<i>MDL 0,05</i>	245 721	12 286	240 682	12 034
<i>MDL 0,10</i>	296 627	29 663	289 949	28 995
<i>MDL 0,25</i>	301 776	75 444	290 253	72 564
<i>MDL 0,50</i>	45 318	22 659	45 318	22 659
<b>Metal coins in lei and mint sets</b>	<b>113 495</b>	<b>246 144</b>	<b>85 619</b>	<b>179 205</b>
<i>MDL 1</i>	60 352	60 352	46 168	46 168
<i>MDL 2</i>	36 530	73 059	27 040	54 079
<i>MDL 5</i>	10 680	53 400	9 031	45 157
<i>MDL 10</i>	5 933	59 333	3 380	33 801
<b>Commemorative banknotes and commemorative and jubilee coins</b>	-	<b>17 167</b>	-	<b>16 821</b>
	-	<b>42 090 746</b>	-	<b>37 781 903</b>

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## 16. National currency issued into circulation (continued)

BANK	31 December 2023		31 December 2022	
	Quantity	Value	Quantity	Value
	Units'000	MDL'000	Units'000	MDL'000
<b>Banknotes</b>	<b>334 058</b>	<b>41 686 673</b>	<b>323 751</b>	<b>37 448 915</b>
<i>MDL 1</i>	78 549	78 549	81 285	81 285
<i>MDL 5</i>	13 017	65 085	14 292	71 459
<i>MDL 10</i>	16 450	164 501	16 702	167 020
<i>MDL 20</i>	13 057	261 139	14 589	291 779
<i>MDL 50</i>	41 080	2 054 016	40 462	2 023 113
<i>MDL 100</i>	53 339	5 333 922	50 918	5 091 791
<i>MDL 200</i>	97 051	19 410 202	86 480	17 296 099
<i>MDL 500</i>	14 391	7 195 668	13 193	6 596 255
<i>MDL 1000</i>	7 124	7 123 591	5 830	5 830 114
<b>Divisional coins</b>	<b>960 456</b>	<b>140 762</b>	<b>937 216</b>	<b>136 962</b>
<i>MDL 0,01</i>	71 014	710	71 014	710
<i>MDL 0,05</i>	245 721	12 286	240 682	12 034
<i>MDL 0,10</i>	296 627	29 663	289 949	28 995
<i>MDL 0,25</i>	301 776	75 444	290 253	72 564
<i>MDL 0,50</i>	45 318	22 659	45 318	22 659
<b>Metal coins in lei and mint sets</b>	<b>113 495</b>	<b>246 144</b>	<b>85 619</b>	<b>179 205</b>
<i>MDL 1</i>	60 352	60 352	46 168	46 168
<i>MDL 2</i>	36 530	73 059	27 040	54 079
<i>MDL 5</i>	10 680	53 400	9 031	45 157
<i>MDL 10</i>	5 933	59 333	3 380	33 801
<b>Commemorative banknotes and commemorative and jubilee coins</b>	-	<b>17 167</b>	-	<b>16 821</b>
	-	<b>42 090 746</b>	-	<b>37 781 903</b>

National currency in circulation does not include cash in national currency held in the Bank's cash and treasury.

## 17. Deposits from the Government of the Republic of Moldova

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Deposits from the Government of the RM in foreign currency</b>				
Amounts in foreign currency of the Ministry of Finance	1 273 531	2 266 555	1 273 531	2 266 555
	<b>1 273 531</b>	<b>2 266 555</b>	<b>1 273 531</b>	<b>2 266 555</b>
<b>Deposits from the Government of the RM in national currency</b>				
Term deposits of the Ministry of Finance, of which	103 071	198 853	103 071	198 853
<i>Term deposits</i>	<i>100 602</i>	<i>195 557</i>	<i>100 602</i>	<i>195 557</i>
<i>Interest calculated</i>	<i>2 469</i>	<i>3 296</i>	<i>2 469</i>	<i>3 296</i>
Demand deposits of the Ministry of Finance, of which	9 392 957	6 669 696	9 392 957	6 669 696
<i>Single treasury account</i>	<i>9 378 118</i>	<i>6 644 331</i>	<i>9 378 118</i>	<i>6 644 331</i>
<i>Interest calculated</i>	<i>14 839</i>	<i>25 365</i>	<i>14 839</i>	<i>25 365</i>
	<b>9 496 028</b>	<b>6 868 549</b>	<b>9 496 028</b>	<b>6 868 549</b>
<b>Total</b>	<b>10 769 559</b>	<b>9 135 104</b>	<b>10 769 559</b>	<b>9 135 104</b>

The Ministry of Finance's foreign currency holdings are non-interest-bearing.

For term deposits of the Ministry of Finance, the Bank pays an interest rate based on the term of the deposit, determined as the weighted average interest rate of state securities placed at the last auction for a similar term of the deposit. If the term of deposits is different from the term of state securities sold at the last auction, the interest rate is determined by linear interpolation / extrapolation.

The weighted average rate on the Ministry of Finance's term deposits outstanding on 31 December 2023 was 9,01% (31 December 2022: 21,10%).

Demand deposits of the Ministry of Finance bear a floating interest which is calculated monthly, based on the last three months' average interest rate in the banking system for the interest-bearing demand deposits in Moldovan currency attracted from legal entities. As of December 31, 2023, the interest rate of the Ministry of Finance's demand deposits was 2,27% (December 31, 2022: 5,11%).

## 18. Deposits from banks

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Deposits from banks in foreign currency</b>				
Required reserves	17 667 546	17 572 047	17 667 546	17 572 047
	<b>17 667 546</b>	<b>17 572 047</b>	<b>17 667 546</b>	<b>17 572 047</b>
<b>Deposits from banks in national currency</b>				
Current accounts of banks, including required reserves	22 377 085	19 170 026	22 377 085	19 170 026
Interest calculated on banks' required reserves	74 388	279 012	74 388	279 012
Deposits from banks	120 027	170 168	120 027	170 168
	<b>22 571 500</b>	<b>19 619 206</b>	<b>22 571 500</b>	<b>19 619 206</b>
	<b>40 239 046</b>	<b>37 191 253</b>	<b>40 239 046</b>	<b>37 191 253</b>

Deposits from banks represent the amounts placed in Loro accounts of the licensed banks and resident banks under liquidation, as well as the required reserves of licensed banks in the Bank, in Moldovan lei, US dollars and euro.

On December 31 2023, under the reserve requirements established by the Bank, licensed banks shall maintain required reserves with the NBM in Moldovan lei and non-convertible currencies at the level of 33% of attracted means, and in foreign currencies (USD dollars and euro) at the level of 43% of the attracted means (December 31 2022: in MDL: 37%; in foreign currency (dollars and euro): 45%). The required reserves in Moldovan lei shall be kept by banks in their Loro accounts with the Bank on average during the application period. The required reserves in foreign currency shall be kept with the Bank in designated accounts for required reserves in foreign currency.

According to the regulatory framework, if the required reserves are remunerated, the Bank pays interest on the share of required reserves that exceeds 5% of the liabilities based on which these reserves are calculated. The remuneration rates for required reserves are set by DEB No 139 of 7 May 2019 (see rate levels in Note 24).

The deposits in national currency of licensed banks represent the overnight deposits of banks placed with the Bank and the accrued interest rate related to these deposits. On December 31, 2023, the interest rate on overnight deposits placed by licensed banks was 2,75% (on December 31, 2022: 18,00%).

## 19. Certificates issued by the National Bank of Moldova

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Certificates issued by the Bank at selling price	11 169 946	6 598 596	11 169 946	6 598 596
Amortised discount	10 053	18 250	10 053	18 250
	<b>11 179 999</b>	<b>6 616 846</b>	<b>11 179 999</b>	<b>6 616 846</b>

**19. Certificates issued by the National Bank of Moldova (continued)**

Certificates issued by the NBM represent securities sold to licensed banks through auctions to absorb the excess liquidity on the monetary market. These are issued at a discount (zero-coupon bond) and redeemed at maturity at their nominal value. During 2023, the certificates of the Bank were issued mainly with a maturity of 14 days (2022: 14 days).

The weighted average nominal interest rate of certificates issued by the Bank into circulation on December 31, 2023 was 4,75% (on December 31 2022: 20,00%), while the effective interest rate -4,86% (on December 31 2022: 22,04%).

During the reference period, no breaches of payment terms for the certificates issued by the Bank were registered.

**20. Deposits from other clients and other liabilities**

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Deposits from other clients in national currency</b>				
Deposits from other clients	313 981	66 932	321 479	69 783
	<b>313 981</b>	<b>66 932</b>	<b>321 479</b>	<b>69 783</b>
<b>Other liabilities in foreign currency</b>				
<i>Financial liabilities</i>				
Trade payables	23 410	3 061	23 118	2 755
Lease liabilities	9 535	1 270	8 684	-
Other financial liabilities	254 422	229	254 422	229
	<b>287 367</b>	<b>4 560</b>	<b>286 224</b>	<b>2 984</b>
<b>Other liabilities in national currency</b>				
<i>Financial liabilities</i>				
Trade payables	5 634	2 662	5 633	2 660
Lease liabilities	-	2 544	-	2 544
Due to employees	17	214	17	214
Unused paid leave accruals	27 146	21 270	27 041	21 176
Provisions for litigation and other risks	-	200	-	-
Other financial liabilities	-	-	330	341
	<b>32 797</b>	<b>26 890</b>	<b>33 021</b>	<b>26 935</b>
<i>Non-financial liabilities</i>				
Non-monetary debts	8 636	8 636	8 636	8 636
Deferred income from asset related grants	2 985	3 533	2 985	3 533
Other non-financial liabilities	20 968	13 733	20 297	13 125
	<b>32 589</b>	<b>25 902</b>	<b>31 918</b>	<b>25 294</b>
	<b>65 386</b>	<b>52 792</b>	<b>64 939</b>	<b>52 229</b>

**20. Deposits from other clients and other liabilities (continued)**

Deposits from other clients include the bank accounts of the Deposit Guarantee Fund in the banking system, of CSD, Loro account of the Tiraspol Cash and Settlement Center and current accounts of electronic money issuing companies.

Non-monetary liabilities include the Bank's liability related to the possession of state-owned land - state property, held and managed by the Bank, on the territory of which the building of the Bank's head premises is located (including the annexes of the building).

The deferred income represents the unamortised grant received from United States Agency for International Development (USAID) for the acquisition of an IT system. The grant is recognized in profit or loss on a systematic basis over the useful life of the asset, starting with the date the IT system was ready for use, while the grant for the compensation of the expenses incurred (the expenses in the contract purchasing the solution), is recognized in profit or loss of the period in which it became receivable.

Other non-financial liabilities refer to the Bank's liabilities on insurance contributions and income tax calculated regarding the employee remunerations, the value added tax calculated on imported services and liabilities related to other taxes and fees owed by the Bank and subsidiary.

**21. Equity and reserves**

As of 31 December 2023, the general reserve fund was increased by MDL 274 412 thousand to MDL 2 022 626 thousand and the authorized capital remained at the same level of MDL 1 124 372 thousand.

	Notes	CONSOLIDATED		BANK	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>Total liabilities</b>		<b>110 011 009</b>	<b>96 519 188</b>	<b>110 016 917</b>	<b>96 519 900</b>
Consolidation adjustments		5 908	712	-	-
<b>Total NBM liabilities</b>		<b>110 016 917</b>	<b>96 519 900</b>	<b>110 016 917</b>	<b>96 519 900</b>
Monetary liabilities due to IMF	7	(5 063 104)	(5 666 435)	(5 063 104)	(5 666 435)
Monetary liabilities due to the Government of RM	17	(10 769 559)	(9 135 104)	(10 769 559)	(9 135 104)
<b>Monetary liabilities</b>		<b>94 184 254</b>	<b>81 718 361</b>	<b>94 184 254</b>	<b>81 718 361</b>
Authorized capital		1 124 372	1 124 372	1 124 372	1 124 372
General reserve fund		2 022 626	1 748 214	2 022 626	1 748 214
<b>Statutory capital</b>		<b>3 146 998</b>	<b>2 872 586</b>	<b>3 146 998</b>	<b>2 872 586</b>
<b>Equity level, %</b>					
before the profit distribution/ total loss coverage		3,05	4,13	3,05	4,13
after the profit distribution/ total loss coverage		3,34	3,52	3,34	3,52

The reserve of unrealized foreign exchange gains from foreign currency stock's revaluation and revaluation of precious metals includes net unrealized income from exchange rate differences from the revaluation of foreign exchange stocks and differences from the revaluation of precious metals.

**21. Equity and reserves (continued)**

As of December 31, 2023, the reserve of unrealized foreign exchange gains from foreign currency stock's revaluation in the amount of MDL 5 493 557 thousand was fully used to partially cover the unrealised losses of 2023 in the amount of MDL 5 787 275 thousand, the difference in the amount of MDL 293 718 thousand remaining in the profit available for distribution, in accordance with art. 20, para. (2), letter b) of *Law No 548/1995* and implicitly covered when distributing the profit available for distribution from the general reserve fund, according to art. 20, para. (4) (31 December 2022: unrealised gains of MDL 2 686 551 thousand).

Net unrealized gains in the amount of MDL 3 221 thousand were allocated to the reserve of unrealized gains from revaluation of precious metals (December 31, 2022: unrealized gains in the amount of MDL 6 336 thousand were allocated), with an increase to MDL 39 970 thousand (December 31 2022: MDL 36 749 thousand).

The reserve for unrealised gains from revaluation of investment securities represents the legal reserve established under *Law No 548/1995* to cover unrealised losses from the revaluation of securities measured at fair value through profit or loss (formed under the accounting treatment of investment securities measured at fair value through profit or loss before IFRS 9).

Other reserves of the Bank comprise the differences from the revaluation of investment securities in foreign currency measured at FVOCI (the market value component and exchange rate differences related to revaluation) and allowance for expected credit losses of foreign currency securities measured at FVOCI for the next 12 months. Other reserves of the Group additionally comprise the undistributed result from the subsidiary's activity attributable to the Bank related to previous periods. All the elements of revaluation accounts are part of the Other comprehensive income, which are or may be redistributed to profit or loss. The movement in "Other reserves" is presented in the table below:

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<i>Reserves from revaluation of foreign currency securities measured at FVOCI</i>				
<b>Balance on 1 January</b>	<b>(247 698)</b>	<b>(26 964)</b>	<b>(247 698)</b>	<b>(26 964)</b>
Differences from revaluation to market price	78 811	(242 339)	78 811	(242 339)
Reclassified to profit or loss on derecognition (Note 27)	146 451	21 605	146 451	21 605
<b>Balance on 31 December</b>	<b>(22 436)</b>	<b>(247 698)</b>	<b>(22 436)</b>	<b>(247 698)</b>
<i>Reserves from exchange rate differences from revaluation of securities in foreign currency measured at FVOCI</i>				
<b>Balance on 1 January</b>	<b>534</b>	<b>(76)</b>	<b>534</b>	<b>(76)</b>
Exchange rate differences from revaluation to market price	18 642	(6 338)	18 642	(6 338)
Reclassified to profit or loss on derecognition	(3 528)	6 948	(3 528)	6 948
<b>Balance on 31 December</b>	<b>15 648</b>	<b>534</b>	<b>15 648</b>	<b>534</b>
<i>Reserve from impairment of foreign currency securities measured at FVOCI</i>				
<b>Balance on 1 January</b>	<b>4 349</b>	<b>2 144</b>	<b>4 349</b>	<b>2 144</b>
Expected credit losses (Note 4.2)	3 963	2 041	3 963	2 041
Exchange rate differences (Note 4.2)	(499)	164	(499)	164
<b>Balance on 31 December</b>	<b>7 813</b>	<b>4 349</b>	<b>7 813</b>	<b>4 349</b>
<i>Undistributed result from the subsidiary's activity attributable to the Bank</i>				
<b>Balance on 1 January</b>	<b>7 320</b>	<b>4 125</b>	-	-
Financial result of the year	1 265	3 195	-	-
<b>Balance on 31 December</b>	<b>8 585</b>	<b>7 320</b>	-	-
	<b>9 610</b>	<b>(235 495)</b>	<b>1 025</b>	<b>(242 815)</b>

The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

**22. Calculation of profit available for distribution /(total loss)**

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Net (loss)/profit from Bank's activity</b>	<b>(5 215 924)</b>	<b>2 192 356</b>	<b>(5 215 924)</b>	<b>2 192 356</b>
Coverage/(allocation) of unrealised losses/(gains) from revaluation of foreign currency stocks ( <i>Note 25, 26</i> )	5 493 557	(2 686 551)	5 493 557	(2 686 551)
Allocation of unrealized gains from revaluation of precious metals ( <i>Note 25</i> )	(3 221)	(6 336)	(3 221)	(6 336)
<b>Profit available for distribution/ (Total loss)</b>	<b>274 412</b>	<b>(500 531)</b>	<b>274 412</b>	<b>(500 531)</b>
<b>Distribution:</b>				
Increase/(Use) of the general reserve fund	274 412	(500 531)	274 412	(500 531)
<b>Capital contribution required</b>	<b>620 372</b>	<b>396 149</b>	<b>620 372</b>	<b>396 149</b>

During 2023, the Bank recorded a net loss in the amount of MDL 5 215 924 thousand (2022: net profit - MDL 2 192 356 thousand), of which unrealized losses from exchange rate differences accounted for MDL 5 787 275 thousand. According to art. 20 para. (2) letter b), the profit available for distribution is determined by covering all unrealized losses in the account of reserve of unrealized gains, until the balance of these reserve account becomes zero. Since the balance of the unrealized gains reserve account as at December 31 2023 was insufficient to cover all unrealized losses from exchange rate differences from the revaluation of foreign exchange stocks, the amount of unrealized losses from exchange rate differences in the amount of MDL 293 718 thousand, which exceeded the amount of the formed reserves, resides in the amount of profit available for distribution and thus was covered by allocation to the general reserve fund.

According to *Law No 548/1995 on the National Bank of Moldova*, considering that after distribution of the profit available for distribution, the level of capital as at December 31 2023 constituted 3,34% of the total monetary liabilities, which is below the minimum permissible level of 4,00%, it is necessary that the Government, in the person of the Ministry of Finance and within 60 days of receiving the external auditor's report on the financial statements of the National Bank, transfers to the National Bank a capital contribution in the amount of MDL 620 372 thousand (December 31 2022: MDL 396 149 thousand) in the form of state securities at a market interest rate in the amount necessary to increase the statutory capital to 4,00% of the total monetary liabilities of the National Bank.

During 2023, the Government, in the person of the Ministry of Finance, did not issue state securities in the established amount of MDL 396 149 thousand necessary to increase the statutory capital to 4,00% of the Bank's total registered monetary liabilities as of 31 December 2022. Considering the fundamental objective and basic tasks of the Bank, disclosed in *Note 1*, the statutory capital in the amount below 4,00% of the total monetary liabilities does not affect the principle of continuity of the Bank's activity, as well as its ability to operate.

**22. Calculation of profit available for distribution /(total loss) (continued)**

At the same time, according to forecasts made by the Bank's management in the framework of capital risk management, the financial results for 2024 are forecast to be sufficient to record a profit available for distribution that will cover the capital requirements up to the level of 4% of monetary bonds on December 31, 2024. These forecasts are based on a number of core indicators that derive the Bank's revenues, expenses and monetary obligations. The assumptions mainly focus on gradually declining monetary policy rates from 2023 onwards, the level of reserve requirement norms, the inflation rate and the level of banking sector liquidity, income from government securities portfolios, the level of foreign exchange reserves (foreign exchange intervention, foreign exchange payments and foreign exchange reserve inflows), the level of foreign exchange reserve yields and forecasts of the stages of declining benchmark rates by monetary authorities (USD, EUR) in 2024, the normative currency structure, and the official exchange rate.

Likewise, these forecasts are subject to risks and uncertainties that may affect the estimated amount of monetary income and expenditures, and monetary liabilities, such as: heightened geopolitical tensions in the Middle East, increased uncertainties regarding the monetary policy of the Federal Reserve System (appreciation of the US dollar), the evolution of excess liquidity in the banking sector and the effect of external financing (increased liquidity in the banking system, impact on the exchange rate), and dollarization of deposits.

However, it is imperative that the level of capital be restored in time to the minimum level through the contribution of capital from the Government within the legal terms and conditions, for which the Bank is in continuous dialogue with the Ministry of Finance on the actions to be taken by the participants in the Bank's capitalization process.

During the first 7 years since the date of CSD registration, its net profit can be used only to cover losses of previous years, to form reserve capital, and to make investments for development purposes, according to the Statute approved by the Decision of Constituent Assembly of CSD on March 29, 2018.

**23. Interest income**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Interest income on official reserve assets</b>				
<b>Interest income on short-term placements</b>				
Interest on term deposits with foreign banks	647 415	283 540	647 415	283 540
Interests on overnight deposits	211 328	90 840	211 328	90 840
Interest on Nostro accounts in foreign banks and other international financial institutions	2 250	695	2 250	695
Interest on IMF accounts	2 087	512	2 087	512
	<b>863 080</b>	<b>375 587</b>	<b>863 080</b>	<b>375 587</b>
<b>Interest income on securities</b>				
Interest on investment securities measured at FVOCI	2 388 332	477 409	2 388 332	477 409
Interest on investment securities measured at amortised cost	126 495	67 681	126 495	67 681
	<b>2 514 827</b>	<b>545 090</b>	<b>2 514 827</b>	<b>545 090</b>
	<b>3 377 907</b>	<b>920 677</b>	<b>3 377 907</b>	<b>920 677</b>
<b>Interest income on instruments in national currency</b>				
<b>Interest income on loans and repo</b>				
Interests on repo transactions	591	260 710	582	259 615
Interests on loans granted to banks	3 362	13 266	3 362	13 266
Interests on loans granted to other separates	1 115	604	1 115	604
	<b>5 068</b>	<b>274 580</b>	<b>5 059</b>	<b>273 485</b>
<b>Interest income on securities</b>				
Interest on state securities derived from state guarantees measured at amortised cost	611 468	625 229	611 468	625 229
Interest on state securities from previously converted debt measured at amortised cost	216 512	207 127	216 512	207 127
Interest on state securities held by CSD measured at amortised cost	3 798	3 153	-	-
	<b>831 778</b>	<b>835 509</b>	<b>827 980</b>	<b>832 356</b>
<b>Interest income on other accounts</b>	<b>2</b>	<b>7</b>	<b>-</b>	<b>-</b>
	<b>836 848</b>	<b>1 110 096</b>	<b>833 039</b>	<b>1 105 841</b>
<b>Interest income calculated using the effective interest method</b>	<b>4 214 755</b>	<b>2 030 773</b>	<b>4 210 946</b>	<b>2 026 518</b>

**23. Interest income (continued)**

The table below shows interest income and expense calculated using the effective interest rate method on financial instruments:

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Interest income</b>				
Financial assets measured at amortised cost	1 826 423	1 553 364	1 822 614	1 549 109
Financial assets measured at FVOCI	2 388 332	477 409	2 388 332	477 409
	<b>4 214 755</b>	<b>2 030 773</b>	<b>4 210 946</b>	<b>2 026 518</b>
<b>Interest expenses</b>				
Financial liabilities measured at amortised cost	3 027 734	2 809 682	3 030 334	2 812 282
Negative interest expenses on short-term placements	6	33 676	6	33 676
<b>Net interest income using the effective interest method</b>	<b>1 187 015</b>	<b>(812 585)</b>	<b>1 180 606</b>	<b>(819 440)</b>

**24. Interest expenses**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
<b>Interest expenses in national currency</b>				
<b>Interest expenses on deposits</b>				
Interest on required reserves	1 508 600	2 135 852	1 508 600	2 135 852
Interest on deposits from banks	38 112	64 760	38 112	64 760
Interest on deposits from the Ministry of Finance	252 656	170 036	252 656	170 036
	<b>1 799 368</b>	<b>2 370 648</b>	<b>1 799 368</b>	<b>2 370 648</b>
<b>Interest expenses on transactions with securities and repo</b>				
Interest on certificates issued by National Bank of Moldova ( <i>amortization of discount and commissions part of effective interest rate</i> )	1 181 823	412 892	1 184 423	415 492
	<b>1 181 823</b>	<b>412 892</b>	<b>1 184 423</b>	<b>415 492</b>
	<b>2 981 191</b>	<b>2 783 540</b>	<b>2 983 791</b>	<b>2 786 140</b>
<b>Interest expenses in foreign currency</b>				
<b>Interest expenses on loans</b>				
Interest on loans received from IMF	46 543	26 142	46 543	26 142
	<b>46 543</b>	<b>26 142</b>	<b>46 543</b>	<b>26 142</b>
<b>Negative interest expenses on placements</b>	<b>6</b>	<b>33 676</b>	<b>6</b>	<b>33 676</b>
	<b>46 549</b>	<b>59 818</b>	<b>46 549</b>	<b>59 818</b>
<b>Interest expenses</b>	<b>3 027 740</b>	<b>2 843 358</b>	<b>3 030 340</b>	<b>2 845 958</b>
<b>Other similar expenses</b>	<b>569</b>	<b>286</b>	<b>340</b>	<b>206</b>
	<b>569</b>	<b>286</b>	<b>340</b>	<b>206</b>

During 2023, the required reserve ratio held by the licensed banks in Moldovan lei and in non-convertible currency was gradually reduced by 4 percentage points from 37% at the beginning of the year to 34% of the base, starting with the application period of January 16 2023 - February 15 2023 and by 1 percentage point to 33% of the base, starting with the application period of December 16 2023 – January 15 2024.

At the same time, the required reserve ratio from the funds attracted in freely convertible currency has been reduced from 45% at the beginning of the year to 43% of the calculation basis, starting with the application period starting with December 16, 2023 to January 15, 2024.

**24. Interest expenses (continued)**

In line with the monetary policy rates, during the reporting period, the remuneration rate of required reserves on funds attracted in MDL and non-convertible foreign currency decreased in 5 steps: from 18,0% to 15,0% starting with February 7 2023, from 15,0% to 12,0% starting with March 20 2023, from 12,0% to 8,0% starting with May 11 2023, from 8,0% to 4,0% starting with June 20 2023 and from 4,0% to 2,75% starting with November 7 2023 (2022: range 4,5% - 18,0%).

The remuneration rate of foreign currency required reserves was maintained at the level of 0,01% until the issuance of the DEB No 221 of 7 November 2023, when the rates of remuneration of US dollar and euro required reserves were changed from the fixed rate to separate variable rates calculated on the basis of the SOFR and ESTR rates, reduced by 2 p.p. The new rates came into force on December 1, 2023 and applied as from the remuneration of foreign currency required reserves maintained in November 2023. Thus, required reserves held in US dollars were remunerated at an annual rate of 3,32% in November and 3,34% in December, and required reserves held in EUR - at 1,90%.

The average daily balance of the Bank's certificates during 2023 was MDL 10 923 627 thousand (2022: MDL 2 576 386 thousand). The average nominal interest rate on the Bank's certificates placed during the reporting period was 10,60% (2022: 16,67%).

Negative interest expense on foreign currency deposits is determined by the application of negative interest rates to EUR funds held on overnight accounts with European central banks and other foreign banks.

**25. (Losses)/Gains from transactions, exchange rate differences and revaluation of precious metals**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Net realized (losses)/ gains from foreign currency transactions	(151 822)	654 969	(151 886)	655 101
Net realized gains/ (losses) from exchange rate differences from revaluation of securities in foreign currency measured at FVOCI	3 528	(6 948)	3 528	(6 948)
Net unrealized (losses)/gains from foreign currency stocks revaluation	(5 787 275)	2 687 915	(5 787 275)	2 687 915
Net unrealized gains from revaluation of precious metals	3 221	6 336	3 221	6 336
	<b>(5 932 348)</b>	<b>3 342 272</b>	<b>(5 932 412)</b>	<b>3 342 404</b>

During 2023, realized losses were incurred on the sale of foreign currency and represent the negative difference between the sale exchange rate and the cost of that currency stock (or the average rate of the currency purchased) multiplied by the volume of sales (2022: realized gains generated mainly from the sale of currency, when the sale exchange rate was higher than the cost of currency stock).

Realized gains/ (losses) from exchange rate differences from revaluation of securities in foreign currency measured at FVOCI comprise cumulative exchange differences from the date of initial recognition of the instrument to the date of the transaction (maturity or sale) (Note 21).

**25. (Losses)/Gains from transactions, exchange rate differences and revaluation of precious metals (continued)**

Net unrealized gains / (losses) from exchange rate revaluation arise as a result of daily currency revaluation measured at amortised cost or at FVOCI, as the difference between the official exchange rate of Moldovan leu against the foreign currencies which create the respective currency stocks, and the revaluation of International Monetary Fund accounts during the financial year.

Net unrealized gains and losses on the revaluation of precious metals are formed on the revaluation of gold carried out during the reporting period at the price in MDL published by the Bank based on the quotation P<sub>Au/USD</sub> set by London Gold Market Fixing Ltd Company.

**26. Losses on transactions with financial instruments measured at fair value through profit or loss**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Net interest expense	(11 677)	(2 466)	(11 677)	(2 466)
Net realised (losses)/gains from exchange rate differences	(4 252)	212	(4 252)	212
Net unrealised losses from foreign currency stocks revaluation	-	(1 364)	-	(1 364)
	<b>(15 929)</b>	<b>(3 618)</b>	<b>(15 929)</b>	<b>(3 618)</b>

Losses on transactions with financial instruments measured at fair value through profit or loss relate to swaps and forward transactions with banks.

**27. Losses on revaluation of securities**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Net realized losses on revaluation of investment securities	(146 451)	(21 605)	(146 451)	(21 605)
	<b>(146 451)</b>	<b>(21 605)</b>	<b>(146 451)</b>	<b>(21 605)</b>

Revaluation losses are generated at maturity or sale of the securities and represent the cumulative revaluation of securities from the date of initial recognition to the date of the transaction (maturity or sale). During the holding of the securities in the Bank's portfolio, periodic unrealized revaluations are reflected in Other comprehensive income and Other reserves (see Note 21).

**28. Other income**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Fee and commission income	64 775	72 043	57 524	64 325
Other income	46 415	6 757	47 931	8 328
	<b>111 190</b>	<b>78 800</b>	<b>105 455</b>	<b>72 653</b>

**28. Other income (continued)**

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

CONSOLIDATED	Of which by sector:				
	Banks	Institutions	Other	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Automated Interbank Payment System	12 954	1 556	183	14 693	13 732
Cash operations	26 207	-	-	26 207	29 995
State's agent and banker activities	-	16 624	-	16 624	13 800
Commissions from foreign currency sales	-	-	-	-	6 798
Commissions from CSD's activity	3 099	3 398	754	7 251	7 718
	<b>42 260</b>	<b>21 578</b>	<b>937</b>	<b>64 775</b>	<b>72 043</b>

BANK	Of which by sector:				
	Banks	Institutions	Other	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Automated Interbank Payment System	12 954	1 556	183	14 693	13 732
Cash operations	26 207	-	-	26 207	29 995
State's agent and banker activities	-	16 624	-	16 624	13 800
Commissions from foreign currency sales	-	-	-	-	6 798
	<b>39 161</b>	<b>18 180</b>	<b>183</b>	<b>57 524</b>	<b>64 325</b>

Commission and fee income from contracts with customers is measured based on the transactions' prices set in the contracts with customers and Bank's regulatory acts. Commission and fee income is recognized when the control over the service is transferred to a customer.

In the following table, other income from contracts with customers in the scope of IFRS 15 is disaggregated by segments and sectors of the services provided:

CONSOLIDATED	Of which by sector:				
	Banks	Institutions	Other	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Sale of commemorative coins	5 563	195	1 854	7 612	4 125
Other income	33 535	-	5 268	38 803	2 632
	<b>39 098</b>	<b>195</b>	<b>7 122</b>	<b>46 415</b>	<b>6 757</b>

BANK	Of which by sector:				
	Banks	Institutions	Other	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Sale of commemorative coins	5 563	195	1 854	7 612	4 125
IT services	-	-	1 516	1 516	1 571
Other income	33 535	-	5 268	38 803	2 632
	<b>39 098</b>	<b>195</b>	<b>8 638</b>	<b>47 931</b>	<b>8 328</b>

The category "Other income" from banks includes the amount of interest overpaid for maintaining required reserves on "Loro" accounts at the Bank, determined as a result of a compliance control on the establishment of required reserves at a licensed bank, initiated in 2022 and completed during 2023.

28. Other income (continued)

The following table provides information on receivables arisen from contracts with customers related to Other assets (Note 15):

	CONSOLIDATED		BANK	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	MDL'000	MDL'000	MDL'000	MDL'000
Receivables from commission	4 771	1 877	4 275	1 365
Receivables from other income	-	-	309	412
	<b>4 771</b>	<b>1 877</b>	<b>4 584</b>	<b>1 777</b>

The following table provides information about the nature and timing of the performance obligations in contracts with customers, including significant payment terms, and related commission income and other income recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
<b><i>Fee and commission income</i></b>		
<b>Automated Interbank Payment System</b>	<p>The Bank manages the Automated Interbank Payment System (AIPS), the system through which all-interbank payments in Moldovan lei are processed in the Republic of Moldova. The Bank gives free access to AIPS to participants to process and settle interbank payments.</p> <p>The Bank charges commissions for the processing of payment documents within AIPS, or packages of documents transmitted to AIPS participants, in accordance with AIPS participation Agreement and the <i>Regulation on the automated interbank payment system</i>.</p> <p>Based on the mandate assigned to the Bank, the commissions for the documents processed in the previous month are collected automatically from the AIPS participants' accounts at the beginning of the next month.</p> <p>The tariffs are fixed and identically applied for all the participants (sectors).</p>	Revenue obtained from the processing of documents in AIPS is recognized at the point in time when the transaction takes place.
<b>Cash transaction</b>	<p>As the single national currency issuing authority (monetary authority), the Bank exchanges the national currency issued into circulation in the Republic of Moldova.</p> <p>Under the <i>Regulation on cash transactions in banks of the Republic of Moldova, approved by the DEB of the Bank</i>, licensed banks can place and</p>	Revenue obtained from cash withdrawal is recognized at the cash withdrawal date.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
	<p>withdraw cash in national currency from the Bank.</p>	
	<p>For the withdrawal operations of banknotes and metallic coins by licensed banks and other clients, the Bank charges commissions at the withdrawal date.</p>	
	<p>The tariffs are fixed and identical for all licensed banks, based on the scope of the withdrawal. Withdrawals of cash made by the Deposit Guarantee Fund in the banking system for the payment of deposits that have become unavailable have zero commission.</p>	
<b>Duties of the state agent and banker</b>	<p>The Bank, as agent of the state, shall organize in the name of the Ministry of Finance, the placement of state securities (SS) on the primary market, through SS auction, under the Law on the National Bank of Moldova and State Agent Agreement.</p>	<p>Revenue from commissions for organization of SS auctions is recognized at the date of completion of SS auction.</p>
	<p>For the organization of SS auction, the Bank charges a fee from the nominal value of SS placed at the auction, collected on the day after the auction completion.</p>	<p>Revenue from commission for foreign currency transactions of the state (payments and conversions) is recognized at the date of the related transactions.</p>
	<p>As the State banker, the Bank processes the State's foreign currency payments, including the currency exchanges. The Bank charges commissions for each transaction on the date of processing the transaction (conversion, payment).</p>	
<b>Commissions related to CSD' activity</b>	<p>Pursuant to Law No 234 of 03.10.2016 on the Single Central Securities Depository and the CSD Supervisory Board decisions, the Bank's subsidiary provides services on:</p> <ul style="list-style-type: none"> <li>- opening and maintaining securities accounts;</li> <li>- registration of issuers and securities in the CSD System;</li> <li>- registration operations in the system of accounts registration, processing, and settlement of securities;</li> <li>- securities deposit;</li> <li>- ancillary services provided by the CSD etc.</li> </ul>	<p>Revenue is recognized over time as the services are provided. Revenue from transactions/activities carried out in certain periods of time (specific transactions) are recognized in the period when these take place.</p>

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
	<p>The amounts of fees are determined by sectors and types of instruments (separately for state securities and financial instruments of the National Bank and for regulated market or Multilateral Trading Facility (MTF), outside the regulated market or MTF), and are relative (in %) for account recording, settlement, redemption operations, registrations of guarantee, storage of values in accounts, and in absolute values for keeping records of shareholders, processing orders, etc. Fees are charged at the beginning of the month from CSD participants' s accounts for transactions processed in the previous month in participants' settlement accounts except for fees for transactions with corporate values that are charged on the date of transactions.</p>	
<b>Other income</b>		
<b>Sale of commemorative banknotes and jubilee and commemorative coins</b>	<p>As the single national currency issuing authority (monetary authority), the Bank issues also commemorative and jubilee banknotes and coins, which have numismatic value and are legal tender in Moldova. Moreover, they represent a component of the national currency once put into circulation (sale). The commemorative and jubilee coins are sold (issued) to licensed banks under the regulatory acts of the Bank, state institutions under customer contracts, and to other persons.</p> <p>Commemorative coins are sold at a price set monthly by the Bank. The consideration paid at sale of commemorative coins is collected on the day of sale (in advance).</p>	<p>Revenue from sale (issuance) of commemorative coins are recognized on the issuance date at the sale price of commemorative coins.</p>
<b>IT services</b>	<p>Pursuant to Law No 234/2016 on the Single Central Securities Depository and the Agreement on outsourcing information technology services, the Bank provides to CSD assistance in the field of information.</p> <p>The price of the services represents the costs incurred by the Bank for service provision, in the field of ensuring the functionality of information solutions of the subsidiary (external costs re-invoiced) and the cost of IT corporative services, integrated network</p>	<p>Revenue is recognized over time as the services are provided. Revenue from transactions/activities carried out in certain periods of time (specific transactions) are recognized in the period when these take place.</p>

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition under IFRS 15
	services and information security services provided by the Bank.	
	Revenue derived from respective services is recognized over time as the services are provided, based on incurred costs (re-invoiced costs) (quarterly), being paid in the following month from the date of service invoicing.	

**Revenue from technical assistance and grants from international financial institutions**

In 2023 and 2022, the Bank received technical assistance from certain international financial institutions in form of compensation for operating expenses incurred by the Bank (consulting, training, and travel expenditures, etc.). The Bank presents the income from grants of international financial assistance received for the compensation of expenses net of the compensated operational expenses (Note 30).

**29. Revenues by activity segment and geographical area**

The Group and the Bank operate only in the Republic of Moldova.

Analysis of interest income, commissions and other income, differences from the revaluation of investment securities, differences from foreign currency transactions, exchange rate differences and revaluation of precious metals, for the reporting period, according to activities and geographical areas (country of issuer/borrower of the financial instrument) is presented in the table below:

## 29. Revenues by activity segment and geographical area (continued)

## CONSOLIDATED

Country of issuer/debtor	Foreign reserves management	Monetary policy	National currency	Financial relations with state bodies	Transactions, exchange rate differences and revaluation	Other	Total
2023:	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Moldova	-	(11 976)	33 819	853 356	(5 932 348)	56 310	(5 000 839)
USA	1 834 858	-	-	-	-	552	1 835 410
France	398 351	-	-	-	-	-	398 351
International Financial Institutions	302 428	-	-	-	-	-	302 428
Germany	288 953	-	-	-	-	-	288 953
The Netherlands	124 545	-	-	-	-	-	124 545
Great Britain	123 630	-	-	-	-	-	123 630
Canada	62 886	-	-	-	-	-	62 886
Singapore	43 714	-	-	-	-	-	43 714
Sweden	35 467	-	-	-	-	-	35 467
Finland	7 036	-	-	-	-	-	7 036
Austria	4 308	-	-	-	-	8	4 316
Norway	3 374	-	-	-	-	-	3 374
South Korea	1 172	-	-	-	-	-	1 172
Other countries	755	-	-	-	-	19	774
<b>Total</b>	<b>3 231 477</b>	<b>(11 976)</b>	<b>33 819</b>	<b>853 356</b>	<b>(5 932 348)</b>	<b>56 889</b>	<b>(1 768 783)</b>
2022:							
Moldova	-	277 158	34 120	854 128	3 342 272	19 244	4 526 922
USA	439 647	-	-	-	-	589	440 236
International Financial Institutions	115 988	-	-	-	-	-	115 988
France	79 215	-	-	-	-	-	79 215
Great Britain	78 215	-	-	-	-	-	78 215
The Netherlands	53 809	-	-	-	-	-	53 809
Germany	52 850	-	-	-	-	-	52 850
Sweden	29 598	-	-	-	-	-	29 598
Singapore	28 907	-	-	-	-	-	28 907
Canada	13 511	-	-	-	-	-	13 511
Austria	3 280	-	-	-	-	-	3 280
Finland	2 982	-	-	-	-	-	2 982
Norway	1 071	-	-	-	-	-	1 071
Other countries	29	-	-	-	-	9	38
<b>Total</b>	<b>899 102</b>	<b>277 158</b>	<b>34 120</b>	<b>854 128</b>	<b>3 342 272</b>	<b>19 842</b>	<b>5 426 622</b>

## National Bank of Moldova

**29 Revenues by activity segment and geographical area (continued)****BANK**

Country of issuer/debtor	Foreign reserves management	Monetary policy	National currency	Financial relations with state bodies	Transactions, exchange rate differences and revaluation	Other	Total
2023:	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000	MDL'000
Moldova	-	(11 985)	33 819	846 160	(5 932 412)	53 971	(5 010 447)
USA	1 834 858	-	-	-	-	552	1 835 410
France	398 351	-	-	-	-	-	398 351
International Financial Institutions	302 428	-	-	-	-	-	302 428
Germany	288 953	-	-	-	-	-	288 953
The Netherlands	124 545	-	-	-	-	-	124 545
Great Britain	123 630	-	-	-	-	-	123 630
Canada	62 886	-	-	-	-	-	62 886
Singapore	43 714	-	-	-	-	-	43 714
Sweden	35 467	-	-	-	-	-	35 467
Finland	7 036	-	-	-	-	-	7 036
Austria	4 308	-	-	-	-	8	4 316
Norway	3 374	-	-	-	-	-	3 374
South Korea	1 172	-	-	-	-	-	1 172
Other countries	755	-	-	-	-	19	774
<b>Total</b>	<b>3 231 477</b>	<b>(11 985)</b>	<b>33 819</b>	<b>846 160</b>	<b>(5 932 412)</b>	<b>54 550</b>	<b>(1 778 391)</b>
<b>2022:</b>							
Moldova	-	277 158	34 120	847 677	3 342 404	15 293	4 516 652
USA	439 647	-	-	-	-	589	440 236
International Financial Institutions	115 988	-	-	-	-	-	115 988
France	79 215	-	-	-	-	-	79 215
Great Britain	78 215	-	-	-	-	-	78 215
The Netherlands	53 809	-	-	-	-	-	53 809
Germany	52 850	-	-	-	-	-	52 850
Sweden	29 598	-	-	-	-	-	29 598
Singapore	28 907	-	-	-	-	-	28 907
Canada	13 511	-	-	-	-	-	13 511
Austria	3 280	-	-	-	-	-	3 280
Finland	2 982	-	-	-	-	-	2 982
Norway	1 071	-	-	-	-	-	1 071
Other countries	29	-	-	-	-	9	38
<b>Total</b>	<b>899 102</b>	<b>277 158</b>	<b>34 120</b>	<b>847 677</b>	<b>3 342 404</b>	<b>15 891</b>	<b>5 416 352</b>

**29 Revenues by activity segment and geographical area (continued)**

Net results from unrealized and realized exchange differences are shown separately from other activities. It represents the cumulative result derived from the Bank's activities in the implementation of monetary policy operations (foreign exchange intervention, foreign currency reserve requirements), the servicing of foreign currency payments and receipts of the Government and directly from foreign exchange reserve management activities. Income from financial relations with state institutions includes income from interest on state securities held in the Group's and the Bank's portfolio (Note 23) and other income from the exercising the function of state agent and banker (Note 28).

	Notes	CONSOLIDATED		BANK	
		2023	2022	2023	2022
		MDL'000	MDL'000	MDL'000	MDL'000
<b>Foreign reserves management</b>		<b>3 231 477</b>	<b>899 102</b>	<b>3 231 477</b>	<b>899 102</b>
Interest income on short-term placements	23	863 080	375 587	863 080	375 587
Interest income on securities in foreign currency	23	2 514 827	545 090	2 514 827	545 090
Losses on revaluation of securities	27	(146 451)	(21 605)	(146 451)	(21 605)
Other income	28	21	30	21	30
<b>Monetary policy</b>		<b>(11 976)</b>	<b>277 158</b>	<b>(11 985)</b>	<b>277 158</b>
Interests on repo transactions	23	591	260 710	582	260 710
Interest on loans granted to banks	23	3 362	13 266	3 362	13 266
Losses on transactions with financial instruments measured at fair value through profit or loss	26	(15 929)	(3 618)	(15 929)	(3 618)
Other income - Commissions from foreign currency sales	28	-	6 800	-	6 800
<b>National currency</b>		<b>33 819</b>	<b>34 120</b>	<b>33 819</b>	<b>34 120</b>
Other income - Sale of commemorative coins	28	7 612	4 125	7 612	4 125
Other income - Cash operations	28	26 207	29 995	26 207	29 995
<b>Financial relations with state bodies</b>		<b>853 356</b>	<b>854 128</b>	<b>846 160</b>	<b>847 677</b>
Interest income on securities in national currency	23	831 778	835 509	827 980	832 356
Other income - State's agent and banker activities	28	16 624	13 800	16 624	13 800
Other income - Automated Interbank Payment System	28	1 556	1 521	1 556	1 521
Other income - Commissions from CSD's activity	28	3 398	3 298	-	-
<b>Transactions, exchange rate differences and revaluation</b>	25	<b>(5 932 348)</b>	<b>3 342 272</b>	<b>(5 932 412)</b>	<b>3 342 404</b>
<b>Other</b>		<b>56 889</b>	<b>19 842</b>	<b>54 550</b>	<b>15 891</b>
Interests on loans granted to other separates	23	1 115	604	1 115	604
Interest income on other accounts	23	2	7	-	-
Other income	28	55 772	19 231	53 435	15 287
<b>Total</b>		<b>(1 768 783)</b>	<b>5 426 622</b>	<b>(1 778 391)</b>	<b>5 416 352</b>

### 30. Operating expenses

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Expenses on remuneration and other benefits	255 814	176 027	248 805	170 420
Mandatory state social insurance contributions	74 065	50 848	72 328	49 529
Other personnel expenses	454	312	454	312
<b>Personnel expenses</b>	<b>330 333</b>	<b>227 187</b>	<b>321 587</b>	<b>220 261</b>
<b>Production of national currency expenses</b>	<b>21 678</b>	<b>27 528</b>	<b>21 678</b>	<b>27 528</b>
Expenses related to depreciation of property and equipment	15 502	13 415	15 373	13 243
Expenses related to amortization of intangible assets	14 485	13 462	14 477	13 454
Expenses related to depreciation of right-of-use-assets	4 415	1 758	4 004	1 211
<b>Depreciation and amortization expenses</b>	<b>34 402</b>	<b>28 635</b>	<b>33 854</b>	<b>27 908</b>
Expenses related to informational, advisory and audit services	31 999	31 675	30 382	29 799
Buildings, transport and equipment maintenance expenses	13 747	16 694	13 533	16 569
Expenses with fees and commissions	1 933	4 997	2 890	6 059
Expenditure on provisions for litigation and other risks	-	200	-	-
Other expenses	18 080	10 620	17 751	10 340
<b>Other operating expenses</b>	<b>65 759</b>	<b>64 186</b>	<b>64 556</b>	<b>62 767</b>

Staff costs increased as a result of two factors with a major impact: i) the increase in the number of employees within the Bank, following the transfer of the NCFM staff involved in the licensing, authorization, regulation and supervision of insurers, savings and loan associations and non-banking credit organizations, in accordance with the provisions of *Law No 178/2020*, as well as the intensification of the recruitment and hiring process during 2023 in order to ensure sufficient staff necessary to perform the tasks of the NBM, in a continuous evolution; ii) indexing on January 1 2023 the salary system of the Bank to the relative annual evolution indicator calculated on the basis of the data related to the average gross monthly earnings by economic activities published by the National Bureau of Statistics, according to the applicable regulatory framework, in order to ensure the maintenance of the salary system in line with the reference market developments. This instrument ensures the Bank's ability as an employer to attract new employees and retain existing ones in the context of increasing competition in the reference market. This ensures an acceptable level of turnover and retains the qualified and specialized staff (typical of central bank posts) needed to ensure the Bank's operational activity and core tasks.

Additionally, personnel expenses include expenses related to unused paid leave accruals.

**30. Operating expenses (continued)**

As of December 31, 2023 the number of active employees of the Group was 551 and of the Bank 534 (as at December 31 2022: Group: 456 employees, Bank: 444 active employees).

The average number of employees allocated by category during the period was:

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	employees	employees	employees	employees
Managers	115	105	113	102
Specialists	319	272	307	262
Technical staff	66	66	66	66
	<b>500</b>	<b>443</b>	<b>486</b>	<b>430</b>

The auditor of the Bank's financial statements for the financial years 2023 and 2022 is KPMG Moldova SRL, and the auditor of the subsidiary - Baker Tilly Klitou and Partners SRL. In 2023, the Bank's invoiced audit fee expenses amounted to MDL 1 149 thousand (2022: MDL 1 461 thousand) (audit fees for the audit of the annual financial statements were set at MDL 1 043 thousand for the financial years up to December 31 2022 and MDL 1 306 thousand for those after 2023, inclusive), and the subsidiary's audit fee expenses - MDL 176 thousand (2022: MDL 176 thousand). No other services were contracted from the Bank's and subsidiary's auditors during the reporting periods.

Fees and commissions expenses include commissions for:

CONSOLIDATED	Of which by sector:					
	Banks	International financial institutions		Others	2023	2022
		MDL'000	MDL'000			
Foreign currency acquisition services	522	-	8	530	4 662	
Credit lines	-	-	-	-	13	
Account services	1 403	-	-	1 403	322	
	<b>1 925</b>	<b>-</b>	<b>8</b>	<b>1 933</b>	<b>4 997</b>	

BANK	Of which by sector:					
	Banks	International financial institutions		Others	2023	2022
		MDL'000	MDL'000			
Safekeeping of state securities	-	-	957	957	1 062	
Foreign currency acquisition services	522	-	8	530	4 662	
Credit lines	-	-	-	-	13	
Account services	1 403	-	-	1 403	322	
	<b>1 925</b>	<b>-</b>	<b>965</b>	<b>2 890</b>	<b>6 059</b>	

The commissions for the safekeeping of state securities refer to the commissions charged by the CSD for the safekeeping of state securities portfolio registered and held by the Bank, including securities from repo transactions, in CSD's system (DEPO/x). The commissions relate to financial assets that are not measured at fair value through profit or loss. Expenses related to foreign currency acquisition services comprise commissions for foreign currency procurement, and related costs.

The above translation of the Financial Statements is provided as a free translation from Romanian, which is the official binding version.

**30. Operating expenses (continued)**

Operating expenses (training, consultancy) offset by international technical assistance and provided by a number of international financial institutions have been presented on a net basis with the related revenue. During 2023 and 2022, the Bank received assistance from the United States Agency for International Development, the World Bank's Treasury, the United States Treasury, the European Fund for Southeast Europe, the International Monetary Fund, and certain central banks.

**31. Related parties**

The related parties of the Group are the Joint Stock Company Single Central Securities Depository and Bank's management (members of the Supervisory Board, Executive Board, and mid-level managers), and the related parties of the Bank represent the Bank's management.

**Group and Bank's management**

Remuneration and compensation expenses related to the Group's management during 2023 amounted to MDL 64 593 thousand, of which a MDL 5 261 thousand remuneration was for members of the Supervisory Board (Bank: MDL 4 776 thousand, subsidiary: MDL 485 thousand) and MDL 1 397 thousand for mandatory state social insurance contributions (Bank: MDL 1 280 thousand, subsidiary: MDL 117 thousand); for members of the Executive Board – MDL 14 777 thousand remuneration (Bank: MDL 12 666 thousand, subsidiary: MDL 2 111 thousand), MDL 4 173 thousand mandatory state social insurance contributions (Bank: MDL 3 666 thousand, subsidiary: MDL 507 thousand); and for middle managers - MDL 30 230 thousand remuneration (Bank: MDL 30 230 thousand), MDL 8 755 thousand mandatory state social insurance contributions (Bank: MDL 8 755 thousand).

Remuneration and compensation expenses related to the Group's management during 2022 amounted to MDL 47 854 thousand, of which a MDL 4 916 thousand remuneration was for members of the Supervisory Board (Bank: MDL 4 480 thousand, subsidiary: MDL 436 thousand), and MDL 1 404 thousand for mandatory state social insurance contributions (Bank: MDL 1 299 thousand, subsidiary: MDL 105 thousand); for members of the Executive Board - MDL 12 143 thousand remuneration (Bank: MDL 9 779 thousand, subsidiary: MDL 2 364 thousand), MDL 3 385 thousand mandatory state social insurance contributions (Bank: MDL 2 819 thousand, subsidiary: MDL 566 thousand) and others - MDL 63 thousand (Bank: MDL 63 thousand); and for middle managers - MDL 20 084 thousand remuneration (Bank: MDL 20 084 thousand), MDL 5 803 thousand for mandatory state social security contributions (Bank: MDL 5 803 thousand) and another MDL 56 thousand (Bank: MDL 56 thousand). The remuneration expenses comprise salaries and short-term benefits. Factors that have led to the increase in remuneration expenses are listed in Note 30.

Transactions with the management of the Bank during the reporting period comprise those related to loans granted. Below are presented: the balance of loans granted to the Bank's management, grants and repayments during the period, as well as their movement resulting from changes in staff structure (internal transfers from / to middle management positions).

Mid-level managers	Balance on 1 January MDL'000	Loans granted MDL'000	Transfers MDL'000	Reimbursements MDL'000	Balance on 31 December MDL'000
2023	1 930	200	-	(668)	1 462
2022	2 357	-	-	(427)	1 930

**31. Related parties (continued)**

Loans have been granted at interest rates and conditions identical to those applicable to all employees according to the provisions of the internal regulatory acts of the Bank. These loans are fully collateralized with collaterals provided by each debtor with a pledge value of MDL 3 304 thousand as of December 31, 2023 (December 31 2022: MDL 4 141 thousand). As of December 31, 2023 and December 31 2022, these loans are classified as standard (stage 1 of the ECL), being fully collateralized, with no impairment triggers and no expected credit losses incurred. During 2023 and 2022 the Bank did not grant any loans to members of the Supervisory Board and the Executive Board.

**Bank's subsidiary**

The Bank holds 98,36% of the share capital of the Joint Stock Company Single Central Securities Depository and appoints four out of seven members of the Supervisory Board of CSD. Therefore, under IFRS 10 provisions, the Bank controls the Single Central Securities Depository as a subsidiary of the Bank.

The balances and transactions of the Bank with the JSC Single Central Securities Depository are:

<i>Balances</i>	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>MDL'000</b>	<b>MDL'000</b>
<b>Assets</b>		
Investments in subsidiaries – cash contribution to the capital	24 000	24 000
Other short-term receivables	309	412
	<b>24 309</b>	<b>24 412</b>
<b>Other liabilities</b>		
Current account of subsidiary in the Bank	7 499	2 851
Other liabilities	330	341
	<b>7 829</b>	<b>3 192</b>
<i>Transactions</i>	<b>2023</b>	<b>2022</b>
	<b>MDL'000</b>	<b>MDL'000</b>
<b>Interest income</b>		
Commissions from settlement of auction results related to repo transactions	(9)	(1 095)
	<b>(9)</b>	<b>(1 095)</b>
<b>Other income</b>		
Income from compensation of expenses for the IT services outsourcing	1 516	1 571
	<b>1 516</b>	<b>1 571</b>
<b>Interest expenses</b>		
Commissions from settlement and clearing of certificates issued by the Bank	2 600	2 600
	<b>2 600</b>	<b>2 600</b>
<b>Operating expenses</b>		
Commissions for state securities safekeeping	957	1 062
	<b>957</b>	<b>1 062</b>

The Bank has not identified any indication of impairment of its investment in subsidiary and no impairment losses have been recognized. The receivables due from the subsidiary were classified in the standard category (1 stage of the ECL) as of December 31, 2023, were collected in full in due time and no expected credit losses allowances were recognized as of the reporting date.

### 31. Related parties (continued)

The transactions with the CSD were carried out at general rates approved by the subsidiary's Supervisory Board (level of commissions) and similar conditions applied by the Bank on other financial liabilities (levels of interest rates). Income from the IT services provided to the subsidiary under the outsourcing agreement was charged at the level of costs incurred by the Bank in providing the outsourcing services for IT services.

#### Equity

The authorized capital of the Bank is held exclusively by the State. Considering Art. 1 of the Law on the National Bank of Moldova, which expressly provides that the Bank is an autonomous public legal entity responsible to the Parliament, the Government and Government related entities are not considered to be related parties of the Bank. However, transactions with these entities are disclosed in the corresponding notes of the financial statements.

### 32. Commitments and contingent liabilities

#### *Promissory notes issued*

As of December 31, 2023, the value of the promissory note issued by the Bank to the International Monetary Fund to secure the loans received within EFF facility amounted to MDL 842 697 thousand (as at December 31, 2022: MDL 1 069 503 thousand).

#### *Investment commitments*

On December 28, 2023, the Bank concluded 4 transactions for the purchase of securities with a nominal value of EUR 140 000 thousand (equivalent in national currency on December 31, 2023 - MDL 2 710 036 thousand) and 1 transaction for the sale of securities with a nominal value of EUR 25 000 thousand (equivalent in national currency on December 31, 2023 - MDL 483 935 thousand), all with settlement date on January 2, 2024. On December 29 2023, the Bank concluded 3 transactions for the purchase of securities with a nominal value of USD 88 500 thousand (equivalent in national currency on December 31 2023 - MDL 1 540 449 thousand) and 1 transaction for the sale of securities with a nominal value of USD 50 000 thousand (equivalent in national currency of December 31 2023 - MDL 870 310 thousand), all with a settlement date on January 2 2024.

Within the external reserves management program, the World Bank executed a transaction on December 29, 2023 a transaction for the purchase of securities in the nominal amount of USD 5 000 thousand (equivalent in national currency as of December 31, 2023 - MDL 87 031 thousand), with a settlement date of January 2, 2024.

#### *Loan commitments*

As of December 31, 2023 and December 31, 2022, there are no conditional commitments of creditor nature.

#### *Capital commitments*

As of December 31 2023, according to the concluded contracts, the Group and the Bank were committed to settle during the following years their financial obligations regarding the acquisitions of property, equipment, and intangible assets in amount of MDL 13 349 thousand (in original currency USD 300 thousand, EUR 99 thousand and MDL 6 202 thousand) (as at December 31 2022: MDL 14 637 thousand, in original currency USD 541 thousand, EUR 99 thousand and MDL 2 241 thousand).

## 32. Commitments and contingent liabilities (continued)

### *Litigations and contingent liabilities*

As of December 31, 2023, the Group was involved in 24 litigations (December 31, 2022: 27 litigations). As of December 31, 2023, the Bank was involved in 19 legal litigations as defendant and 3 legal litigations as third party (December 31, 2022: 24 legal litigations as defendant and 1 legal litigation as third party).

6 of the litigations in which the Bank is a defendant (14 as at December 31 2022, 10 litigations during the reporting period being connected to a single case), are litigations initiated by former shareholders of B.C. "Energbank" S.A. on the DEB of the NBM No 13 of 11.01.2019 "On the concerted action of shareholders of B.C. "Energbank" S.A. (hereinafter referred to as *of the NBM Decision No 13/2019*), DEB of the NBM No 188 of 10.07.2019 and No 167 of 10.07.2020 rejecting the shareholders' requests for extension of the term of sale of shares of B.C. "Energbank" S.A. and the litigations initiated in 2022 regarding the reparation of damages allegedly caused by the NBM Decision No 13/2019.

By NBM Decision No 13/2019, it was found that several shareholders of B.C. "Energbank" S.A. acted in concert and held a total qualified holding of 52,55% in the share capital of the bank, without approval of the NBM. As a result, certain rights of the respective shareholders provided for by Law No 202/2017 on the activity of banks were suspended, and these shareholders were obliged to dispose of the shares related to the holding in the share capital of B.C. "Energbank" S.A. within 3 months; if the shares were not disposed of within this period, B.C. "Energbank" S.A. was to cancel the shares held by these shareholders, issue new shares and offer them for sale on the stock exchange, and the income earned from the sale should be transferred to the former shareholders.

Following actions taken in accordance with Law No 202/2017 and Law No 548/1995, on 21.01.2021, B.C. "Energbank" S.A. requested the NBM's approval for its repurchase of the new shares issued as a result of the cancellation of the shares held by the respective shareholders that were not sold on the stock exchange in accordance with legal terms.

After the repurchase, B.C. "Energbank" S.A. transferred the amount due for the cancelled shares to the former shareholders.

9 shareholders of those concerned by NBM Decision No 13/2019 submitted actions regarding the annulment of Decision No 13/2019 to the court. By the Decision of the Court on 03.03.2020, the actions were dismissed as unfounded. The shareholders contested this judgment with appeals. By the Decision of the Chisinau Court of Appeal on 21.12.2021, the appeals were admitted, and NBM Decision No. 13/2019 was canceled.

By the Decision of the Supreme Court of Justice on 29.03.2023, the Decision of the Court of Appeal of 21.12.2021 was sustained.

According to Law No 202/2017, any claims for damages from NBM Decisions shall be submitted separately. In January 2022, the former shareholders concerned by NBM Decision No. 13/2019 (11 in total) submitted claims to the NBM for compensation for material damages allegedly caused by this decision. They determined the damages as the difference between the price of the cancelled shares, assessed by the shareholders as the "real"/"correct" price, and the amount received from B.C. "Energbank" S.A. as a result of the redemption of the newly issued shares and compensation for non-material damage. The NBM rejected these claims. As a result, the former holders of shares (10 legal entities and individuals) submitted actions for damages to the Chisinau Court of Appeal in March 2022.

## 32. Commitments and contingent liabilities (continued)

### *Litigations and contingent liabilities*

Within the framework of the examination of the respective actions for damages, at the request of some plaintiffs, the Court of Appeal referred the case to the Constitutional Court on the lifting of the exception of unconstitutionality of some provisions of the Law No. 202/2017 on the activity of banks, according to which the amount of the possible patrimonial damage caused to the former shareholders of the bank is determined "according to an independent and objective assessment" ordered by the court. The assessment must be carried out by an "internationally renowned auditing company". No substantive hearings have yet been set for the shares in question.

At the same time, on 06.06.2023 the NBM filed a request for review of the Supreme Court of Justice Decision of 29.03.2023, the request being assigned to a court for examination of admissibility. The examination of this application at the Supreme Court of Justice has not yet taken place.

Considering the nature and current status of the review of lawsuits and the conditions for determining the existence and size of the alleged asset loss in the absence of an independent and objective assessment, in conjunction with the legal opinion of counsel on this case, the Bank's lawyers concluded that the disclosure of a contingent liability in the financial statements satisfies the requirements of IAS 37. Based on consultation of the Bank's lawyers and understanding of the risks associated with the case, the Bank has not made any provision in this case. The Bank will monitor developments in this case at each reporting date in accordance with the relevant provisions of accounting standards and regulations.

As of 31 December 2023 (as well as of 31 December 2022), the Bank has not registered any provisions for litigations, considering that there was no sufficient evidence regarding any related possible future outflows of economic resources.

According to the situation as at 31 December 2023, CSD was involved in two litigations of administrative dispute, in which it holds the plaintiff's part, of which one litigation does not involve potential pecuniary obligations towards the other party (defendant), regardless of whether CSD will be successful or whether CSD's claim will be rejected in court, and for the second litigation, the pecuniary obligation in the amount of MDL 200 thousand, has been executed by transfer to the state budget (31 December 2022: 1 litigation as plaintiff and 1 civil case as accessory intervener, being able to intervene in the case alongside the plaintiff or the defendant).

**33. Leases**

The Group and the Bank utilize leased administrative premises.

In 2023, the existing lease, initially estimated on 1 January 2022 to last for three years, was terminated. A new lease was executed for a larger administrative space in response to the assumption of regulatory and supervisory responsibilities in the non-bank lending and insurance sectors, effective 1 July 2023.

The Bank's lease agreement is effective until 31 December 2025, with the option to extend the lease term for successive annual periods, provided there are no objections from either party. The Bank has the right to terminate the lease with one month notice without incurring termination fees. Accordingly, in 2023, the asset related to the right-of-use and the corresponding liability for the Bank's lease agreement were recorded, considering the lease term extending to 31 December 2025. The present value of future lease payments was calculated using a borrowing rate derived from the deposit rate published by the IMF at the recognition date, set at 3,98%.

Since 2018, the subsidiary has leased administrative space under a lease agreement. This lease originally for a period of 3 years with 15-working-day notice period for termination, also without termination costs. On October 11, 2022, the contract was extended for an additional period of three years, with the present value of lease payments reviewed using the NBM base rate.

**Right of use assets**

The right-of-use assets refer to the leased administrative premises and are included in Note 14 under the category Land, buildings, and similar constructions:

Administrative spaces	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Balance on 1 January	3 563	1 625	2 421	1 170
Additions	11 665	3 696	11 665	2 462
Depreciation charge for the year	(4 415)	(1 758)	(4 004)	(1 211)
Disposal	(1 699)	-	(1 699)	-
Balance on 31 December	9 114	3 563	8 383	2 421

**Amounts recognized in statement of comprehensive result**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Expenses on depreciation of right-of-use assets	(4 415)	(1 758)	(4 004)	(1 211)
Interest expense on lease liabilities	(569)	(286)	(340)	(206)
	(4 984)	(2 044)	(4 344)	(1 417)

**Amounts recognized in cash flow statement**

	CONSOLIDATED		BANK	
	2023	2022	2023	2022
	MDL'000	MDL'000	MDL'000	MDL'000
Total cash outflow for leases	(4 428)	(1 959)	(3 836)	(1 360)
	(4 428)	(1 959)	(3 836)	(1 360)

## 34. Changes in liabilities from financing activities

CONSOLIDATED				
31 December 2023	Notes	Due to Budget MDL'000	Lease liabilities MDL'000	Total MDL'000
Balance on 1 January	20	-	3 814	3 814
Calculated financial liabilities		-	9 878	9 878
<b>Cash flows from financing activities</b>				
Payments of lease liabilities		-	(3 859)	(3 859)
<b>Net cash outflows used in financing activities</b>		-	(3 859)	(3 859)
Exchange rate differences		-	(298)	(298)
<b>Balance on 31 December</b>	<b>20</b>	<b>-</b>	<b>9 535</b>	<b>9 535</b>

CONSOLIDATED				
31 December 2022	Notes	Due to Budget MDL'000	Lease liabilities MDL'000	Total MDL'000
Balance on 1 January	20	147 134	1 692	148 826
Calculated financial liabilities		-	3 696	3 696
<b>Cash flows from financing activities</b>				
Payments to the State Budget with regards to profit distribution		(147 134)	-	(147 134)
Payments of lease liabilities		-	(1 672)	(1 672)
<b>Net cash outflows used in financing activities</b>		<b>(147 134)</b>	<b>(1 672)</b>	<b>(148 806)</b>
Exchange rate differences		-	98	98
<b>Balance on 31 December</b>	<b>20</b>	<b>-</b>	<b>3 814</b>	<b>3 814</b>

BANK				
31 December 2023	Notes	Due to Budget MDL'000	Lease liabilities MDL'000	Total MDL'000
Balance on 1 January	20	-	2 544	2 544
Calculated financial liabilities		-	9 878	9 878
<b>Cash flows from financing activities</b>				
Payments of lease liabilities		-	(3 496)	(3 496)
<b>Net cash outflows used in financing activities</b>		<b>-</b>	<b>(3 496)</b>	<b>(3 496)</b>
Exchange rate differences		-	(242)	(242)
<b>Balance on 31 December</b>	<b>20</b>	<b>-</b>	<b>8 684</b>	<b>8 684</b>

**34. Changes in liabilities from financing activities (continued)**

BANK				
31 December 2022	Notes	Due to Budget MDL'000	Lease liabilities MDL'000	Total MDL'000
<b>Balance on 1 January</b>	20	147 134	1 235	148 369
Calculated financial liabilities		-	2 462	2 462
<b>Cash flows from financing activities</b>				
Payments to the State Budget with regards to profit distribution		(147 134)	-	(147 134)
Payments of lease liabilities		-	(1 153)	(1 153)
<b>Net cash outflows used in financing activities</b>		<b>(147 134)</b>	<b>(1 153)</b>	<b>(148 287)</b>
<b>Balance on 31 December</b>	20	-	2 544	2 544

**35. Subsequent events**

Subsequent to the balance sheet date, there have been significant events which do not, however, lead to an adjustment of the results recorded at the balance sheet date.

*1. Monetary policy decisions*

The Bank's Executive Board decided to reduce the base rate applicable to the main short-term monetary policy operations on February 6, 2024 from 4,75% to 4,25%, on March 21, 2024 from 4,25% to 3,75%, and on May 7, 2024 from 3,75% to 3,60%. On the same dates, interest rates on overnight loans and deposits were lowered to 5,60% and 1,60% per annum respectively.

The decisions have no significant impact on the valuation of financial instruments held by the Bank as at December 31 2023, considering that these financial instruments (monetary liabilities) to which these rates apply are classified as amortised cost and are short-term or demand instruments.

*2. Litigation*

*Involvement of the National Bank of Moldova as a civilly liable party in the criminal case against former members of the Bank's governing bodies*

By Decision of the Chisinau Court of 22 January 2024 and 27 March.2024, the Bank was recognized as a "civilly liable party" (a person who, under the law or under a civil action, may be subject to material liability for material damage caused by the acts of the defendants) in the civil action filed by the Ministry of Finance in the criminal case brought against former members of the NBM management bodies, one of the criminal cases in the generic "Bank Fraud" investigation.

Given the current stage of the examination of the criminal case and the legal and factual circumstances of the case, the Bank's involvement in this litigation does not lead to an adjustment of the results recorded as at 31 December 2023.

The Bank will monitor developments in this case at each reporting date in accordance with the relevant provisions of accounting standards and regulations.