OTP BANK S.A.

Financial Statements
31 December 2024

Prepared in accordance with
IFRS Accounting Standards

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of OTP Bank S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OTP Bank S.A. (the Bank), which comprise the statement of financial position as at December 31, 2024, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Bank as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with the IFRS Accounting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to the audit of the financial statements in Moldova and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

For each matter below, our description of how our audit addressed the matter is provided in that context.

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Date 07/03/25

The English version of the audit report represents a translation of the original audit report issued in Romanian language.

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We have fulfilled the responsibilities described in the "Auditor's responsibilities for the audit of the financial statements" section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter

Impairment of loans and advances to customers

The net carrying values of loans and advances to customers of 8,115,774 thousand MDL represents a significant part (37.95%) of the total assets of the Bank as at 31 December 2024. Management's assessment of impairment indications and determination of Expected Credit Loss (ECL) for loans and advances to customers is a complex process and involves significant judgement. Such an assessment is inherently uncertain, involving forecasting of future macroeconomic conditions in a number of scenarios, assessing the likelihood of such scenarios and their impact on ECL. It also involves assessment of Risk of Default, Loss Given Default and Exposure at Default by employing models based on series of historical data and quantitative techniques.

The uncertainties in the environment in the context of financial market turbulences, geopolitical issues, high inflation, high interest rate environment, energy security risks have affected part of the industries, increasing the uncertainty around macro-economic scenarios and weights. These have resulted also in certain limitations on the relevance of historical data in forecasting defaults and recovery rates and limits the ability of the statistical techniques to differentiate the impact between sectors. Such uncertainties and limitations, led to an increased complexity of the expected loss estimation and requires post model adjustment/ overlays.

The potential effect of the above items is that it has a high degree of estimation uncertainty, with a potential range of reasonable outcomes, significantly different than estimated impairment allowance. Notes 2.5.9, 2.7.5 and 15 to the financial statements present more information on the estimation of loss allowance for loans and advances to customers.

Due to the significance of loans and advances to customers, the uncertainties involved and related complexity of estimation techniques we consider the Impairment of loans and advances to customers a key audit matter.

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How our audit addressed the key audit matter

Our audit procedures included, among others, the assessment of the Bank's methodology regarding the identification of impairment and determination of expected credit losses, including determination of macroeconomic scenarios and their weight, staging criteria and the credit risk parameters models like Probability of Default, Loss Given Default and Exposure at Default.

We assessed the design and evaluated the operating effectiveness of internal controls over the monitoring the quality of loans and advances to customers, parameters' models, macroeconomic scenarios and related weights, post model adjustments/ overlays, expected credit loss calculation as well as controls over the quality of underlying data and relevant systems.

We also assessed the macroeconomic scenarios and related weights and examined the approach used in determination of post-model adjustments/ overlay.

For expected credit losses for loans assessed in stage 1, stage 2 or stage 3 we tested key risk parameters' models by involving our credit risk specialists to reperform the modeling for a sample of models re-performed staging and re-calculated expected credit losses.

We further assessed the adequacy of the Bank's disclosures in the financial statements regarding exposure to credit risk.

Key audit matter

Information Technology (IT) systems relevant for financial reporting

A significant part of the Bank's operations and financial reporting process is reliant on IT systems involving automated processes and related general and application controls over the capture, storage and processing of data. An important component of this internal control system involves the existence of and adherence to appropriate user access and change management processes and controls. These controls are particularly important because they ensure that the access and changes to IT systems and data are made by authorized persons in an appropriate manner.

The IT environment of the Bank is complex with a significant number of interconnected systems and databases. Besides, the new way of working adopted in all areas of the Bank brings changes and further complexity.

Given the level of automation of the processes relevant for financial reporting and given the complexity of the IT environment of the Bank, a high proportion of the overall audit procedures was concentrated in this area. We therefore consider that this area represents a key audit matter.

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How our audit addressed the key audit matter

We focused our audit procedures on those IT systems and related controls that are significant for the financial reporting process. As the audit procedures over the IT systems require specific expertise, we involved our IT specialists to assist us in performing the audit procedures.

Our audit included, among others, the following procedures:

- Understanding and assessing the overall IT control environment and the controls in place, including the ones over access to systems and data, and considering the context of work from home, as well as IT system changes. We tailored our audit approach based on the importance of the system for the financial reporting;
- We tested the operating effectiveness of controls over granting access rights to determine if only appropriate users had the ability to create, modify or delete user accounts for the relevant applications;
- We tested the operating effectiveness of controls around the development and changes of applications to determine whether these are appropriately authorized, tested and implemented;
- We assessed and tested the design and operating effectiveness of the application and IT-dependent controls in the processes relevant to our audit.

Other information

The other information comprises the Annual Report of the Bank's Council and Management which includes the Non-Financial declaration but does not include the financial statements and our auditors' report thereon. Management is responsible for the other information.

Our audit opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on Other Legal and Regulatory Requirements

Reporting on Information Other than the Financial Statements and Our Auditors' Report Thereon

In addition to our reporting responsibilities according to ISAs described in section "Other information", with respect to the Annual Report of the Bank's Council and Management (Annual Report), we have read the Annual Report and report that:

a) in the Annual Report we have not identified information, which is not consistent, in all material respects, with the information presented in the accompanying financial statements as at December 31, 2024;
b) the Annual Report identified above includes, in all material respects, the required information according to the provisions of the Law on accounting and financial reporting nr. 287 dated 15.12.2017 article 23;
c) based on our knowledge and understanding concerning the Bank and its environment gained during our audit of the financial statements as at December 31, 2024, we have not identified information included in the Annual Report that contains a material misstatement of fact.

On behalf of

ICS Ernst & Young SRL
51 Alexandru cel Bun street, Chisinau, Republic of Moldova
Registered in the Public register of audit entities with no. 1903059

Partner: Alina Dimitriu

Auditor's name: Galina Gherman
Registered in the Public register of certified auditors with no. 1606103

Chisinau, Republic of Moldova
31 March 2025

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Statement of Comprehensive Income for the year ended 31 December 2024

	Note	2024	2023
(in thousands MDL)			
Interest income	4	1,065,047	1,555,649
Interest expense	4	(325,619)	(738,086)
Net interest income		**739,428**	**817,563**
Fee and commission income	5	228,402	222,878
Fee and commission expense	5	(108,212)	(97,265)
Net fee and commission income		**120,190**	**125,613**
Net trading income	6	405,954	334,449
Credit loss expense on financial assets	7	921	177,387
Other operating income	8	29,267	18,777
Net operating income		**1,295,760**	**1,473,789**
Personnel expenses	9	(397,984)	(363,717)
Depreciation of property, equipment and right-of-use assets	18	(52,657)	(47,557)
Amortization of intangible assets	19	(29,900)	(24,735)
Other operating expenses	10	(189,311)	(169,344)
Profit before tax		**625,908**	**868,436**
Income tax expense	11	(75,332)	(105,321)
Profit for the year		**550,576**	**763,115**
Basic and diluted earnings per share (in MDL)	12	**55.06**	**76.35**

The accounting policies and Notes on pages 8 to 126 form part of, and should be read in conjunction with, these financial statements.

The financial statements and related notes were authorised for issue by the Supervisory Board on 28 March 2025.

Daniel-Bogdan SPUZĂ
President of the Executive Committee
OTP BANK S.A.

Ion VEVERIȚĂ
Chief Financial Officer
OTP BANK S.A.

31 March 2025

REPUBLICA MOLDOVA mun. CHIȘINĂU OTP Bank S.A. otpbank IDNO 1002600000687

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Statement of Financial Position as at 31 December 2024

	Note	31 December 2024	31 December 2023
(in thousands MDL)			
Assets			
Cash and balances with Central Bank	13	5,531,137	6,968,119
Due from banks	14	2,738,170	2,367,469
Derivative financial instruments		120	-
Financial assets at fair value through profit or loss	17	3,574	2,675
Loans and advances to customers	15	8,115,774	7,183,306
Debt instruments at amortized cost	16	4,447,877	4,376,648
Other assets	20	112,100	66,524
Property and equipment	18	278,150	296,374
Deferred tax assets	11	4,659	4,852
Intangible assets	19	155,043	138,670
Total assets		**21,386,604**	**21,404,637**
Liabilities			
Due to banks	21	4,477	3,450
Derivative financial instruments		215	424
Due to customers	22	17,017,703	16,683,780
Borrowed funds from IFIs	23	956,030	1,377,673
Other liabilities	24	204,526	191,847
Provisions	25	79,056	73,422
Total liabilities		**18,262,007**	**18,330,596**
Equity			
Issued capital	26	100,000	100,000
Treasury shares	26	(56)	(56)
Share premium		151,410	151,410
General reserve		10,674	10,674
Prudential reserve		262,136	154,466
Retained earnings		2,600,433	2,657,547
Total equity		**3,124,597**	**3,074,041**
Total liabilities and equity		**21,386,604**	**21,404,637**

The accounting policies and Notes on pages 8 to 126 form part of, and should be read in conjunction with, these financial statements.

The financial statements and related notes were authorised for issue by the Supervisory Board on 28 March 2025.

Daniel-Bogdan SPUZĂ
President of the Executive Committee
OTP BANK S.A.

Ion VEVERIȚĂ
Chief Financial Officer
OTP BANK S.A.

31 March 2025

REPUBLICA MOLDOVA mun. CHIȘINĂU
OTP Bank S.A.
otpbank
IDNO 1002600006089

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Statement of Changes in Equity for the year ended 31 December 2024

(in thousands MDL)	Issued capital	Treasury shares	Share premium	General reserve	Prudential reserve	Retained earnings	Total
At 31 December 2022	**100,000**	**(56)**	**151,410**	**10,674**	-	**2,343,100**	**2,605,128**
Profit	-	-	-	-	-	763,115	**763,115**
Prudential reserves allocation	-	-	-	-	154,466	(154,466)	-
Dividend	-	-	-	-	-	(294,200)	(294,200)
At 31 December 2023	**100,000**	**(56)**	**151,410**	**10,674**	**154,466**	**2,657,547**	**3,074,041**
Profit	-	-	-	-	-	550,576	**550,576**
Prudential reserves allocation	-	-	-	-	107,670	(107,670)	-
Dividend	-	-	-	-	-	(500,020)	(500,020)
At 31 December 2024	**100,000**	**(56)**	**151,410**	**10,674**	**262,136**	**2,600,433**	**3,124,597**

General reserve represents a statutory non-distributable reserve that according to the legislation consists of 10% of the share capital.

Prudential reserve represents general reserves for covering the bank risks related to the differences between the allowance for asset losses and commitments, according to the IFRS Accounting Standards, and the amount calculated but not created of allowances for asset losses and commitments, according to the prudential regulations. This reserve was created for the first time in 2012 according to the chart of accounts approved by the National Bank of Moldova and may not be distributable.

The accompanying notes on pages 8 to 126 form an integral part of the financial statements.

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Statement of Cash Flows for the year ended 31 December 2024

	Note	2024	2023
(in thousands MDL)			
Cash flows from operating activities			
Profit before tax		625,908	868,436
Adjustments for:			
Depreciation and amortization	18,19	82,557	72,292
Loss on disposal of property and equipment	10	1,440	226
Net impairment gain on financial assets	7	7,490	178,020
Foreign exchange loss/(gain)		(5,100)	(5,016)
Interest income		(1,065,047)	(1,555,649)
Interest expenses		325,619	738,086
Tax expense	11	(75,332)	(105,321)
Changes in:			
Mandatory reserves		2,527,804	(509,110)
Due from Banks		(640)	(1,301)
Loans and advances to customers		(928,489)	822,068
Other assets		(11,800)	12,598
Deposits from banks		(2,515)	(421,719)
Deposits from customers		349,083	3,189,870
Other liabilities		38,156	(7,986)
Cash received/(used) in operating activities before interest		**1,869,135**	**3,275,494**
Interest paid		(345,517)	(751,494)
Interest received		1,065,047	1,555,649
Income tax paid		(32,253)	6,334
Cash received in operating activities		**2,556,412**	**4,085,983**
Investing activities			
Purchase of property and equipment		(35,799)	(53,510)
Purchase of intangible assets		(46,273)	(43,626)
Proceeds from sale of property and equipment		-	(31)
Purchase of securities		73,154,042	(2,145,296)
Proceeds from securities		(72,337,464)	441,521
Cash received/(used) from investing activities		**734,506**	**(1,800,942)**
Financing activities			
Proceeds from loans from banks and IFI's		309,791	543,278
Repayment of loans from banks and IFI's		(721,595)	(877,222)
Lease liabilities payments		(20,749)	(24,307)
Dividends paid		(500,020)	(294,200)
Cash received/(used) from financing activities		**(932,573)**	**(652,451)**
Increase in cash and cash equivalents		**2,358,344**	**1,632,590**
Cash and cash equivalents at 1 January	30	**4,207,197**	**2,574,607**
Cash and cash equivalents at 31 December	30	**6,565,541**	**4,207,197**

The accounting policies and Notes on pages 8 to 126 form part of, and should be read in conjunction with, these financial statements.

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Date 31/03/25

Notes to the Financial Statements

1 Corporate information

OTP BANK S.A. ("the Bank") was founded in the Republic of Moldova on 4th of July as an independent commercial bank, under the legal form of a limited liability company oriented towards serving the SME sector. During June 2002 the Bank was registered as an open joint stock commercial bank and its shares became listed on the Moldova Stock Exchange. Holder of a NBM issued banking license, the Bank offers a complete set of banking operations and services to enterprises and private customers.

The Bank's head office is located on Boulevard Stefan cel Mare si Sfant, 81A, Chisinau, Republic of Moldova.

In 2007, the international financial group Société Générale acquired a 67.85% stake. In 2008 the capital increase and the appointment of new strategic shareholders (Groupe Société Générale) and the EBRD (European Bank for Reconstruction and Development) spurred the development of a universal banking model. At the same time, the official name was changed to BC „Mobiasbanca - Groupe Société Générale" S.A.

The year 2019 was a milestone year for the bank in the field of Corporate Governance. Significant changes have taken place involving the change of the majority shareholder and the launch of the integration process within the OTP Group.

On July 22, 2019, the majority shares of the bank were sold in favour of the Hungarian Bank - OTP Bank Nyrt (Hungary), which represents the ultimate parent of *OTP BANK S.A.* As a result of this transaction, OTP Bank Nyrt became the majority shareholder with 96.69% of the bank's capital. Its head office is located on Nádor Street 16, Budapest, Hungary H-1051.

In order to comply with the requirements of the national legislation in October 2019, the majority shareholder announced the Offer to take over the shares issued by *OTP BANK S.A.* Follow-up of the transaction carried out by OTP Bank Nyrt. it became the holder of 98.26% of the total shares issued by the Bank.

In 2020 the Bank has opened the Leasing Centre. During 2021, the Bank went through a rebranding process and it changed the name to "OTP BANK S.A." and the ATM fleet has been modernised. Going forward to 2022, the Bank has successfully migrated to a new core banking system and card processing centre.

As at 31 December 2024 the bank has 49 points of sale, out of which 47 universal points of sale, 1 VIP branch and 1 specialized (2023: 51 points of sale, out of which 49 universal points of sale, 1 VIP branch and 1 specialized).

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments measured at fair value: derivative financial instruments, financial assets at fair value through profit and loss (FVPL). The financial statement is presented in MDL and all values are rounded to the nearest thousand lei, except when otherwise indicated.

2.2 Statement of compliance

The financial statements of the Bank have been prepared in accordance with IFRS Accounting Standards aas adopted by International Accounting Standards Board (IASB).

Notes to the Financial Statements

2 Accounting policies (continued)

2.3 Presentation of financial statements

The Bank presents its statement of financial position in order of liquidity based on the Bank's intention and perceived ability to recover/settle the majority of assets/liabilities of the corresponding financial statement line item. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in Note 31.

Financial assets and financial liabilities are generally reported gross in the statement of financial position except when IFRS Accounting Standards netting criteria are met.

2.4 Changes in accounting policies and disclosures

2.4.1 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the bank as of 1 January 2024:

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments),**
- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments).,**
- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments),**

The newly adopted IFRS and amendments to IFRS did not have a material impact on the Group's/Company's accounting policies.

- **IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, and are applied retrospectively. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied within twelve months after the reporting period The amendments will not have impact on the financial position or performance of the Bank.

- **IFRS 16 Leases: Lease Liability in a Sale and Leaseback (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. Under the amendments, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognising, in profit or loss, any gain or loss relating to the partial or full termination of a lease. The amendments apply retrospectively to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. The amendments will not have impact on the financial position or performance of the Bank.

Notes to the Financial Statements

2 Accounting policies (continued)

2.4 Changes in accounting policies and disclosures

2.4.2 New and amended standards and interpretations

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments Disclosures - Supplier Finance Arrangements (Amendments)**
  The amendments are effective for annual reporting periods beginning on or after January 1, 2024. The amendments supplement requirements already in IFRS and require an entity to disclose the terms and conditions of supplier finance arrangements. Additionally, entities are required to disclose at the beginning and end of reporting period the carrying amounts of supplier finance arrangement financial liabilities and the line items in which those liabilities are presented as well as the carrying amounts of financial liabilities and line items, for which the finance providers have already settled the corresponding trade payables. Entities should also disclose the type and effect of non-cash changes in the carrying amounts of supplier finance arrangement financial liabilities, which prevent the carrying amounts of the financial liabilities from being comparable. Furthermore, the amendments require an entity to disclose at the beginning and end of the reporting period the range of payment due dates for financial liabilities owed to the finance providers and for comparable trade payables that are not part of those arrangements. The amendments will not have impact on the financial position or performance of the Bank.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies

2.5.1 Foreign Currency translation

(i) Functional and presentation currency

The financial statements are presented in Moldovan Lei ("MDL"), rounded to the nearest thousand, which is the Bank's functional and presentation currency.

(ii) Transactions and balances

Transactions in foreign currencies are initially recorded at the spot rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the spot rate of exchange at the reporting date. All differences arising on non–trading activities are taken to Net trading income in the income statement (as outlined in Note 6).

Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the spot exchange rates as at the date of recognition. Non–monetary items measured at fair value in a foreign currency are translated using the spot exchange rates at the date when the fair value was determined.

The official exchange rates for major foreign currencies at year-end were as follows:

	31 December 2024	31 December 2023
(in Moldovan Lei per unit of foreign currency)		
US dollar	18.4791	17.4062
EUR	19.3106	19.3574
Russian Rouble	0.1713	0.1927

2.5.2 Recognition of interest income

(i) Presentation of net interest income

The Bank considers its net interest margin to be a key performance indicator; the measure includes both interest calculated using the effective interest method and interest recognized on a contractual basis on its financial assets measured at FVPL other than those held for trading.

The existent portfolio of debt instrument financial assets classified at FVPL is not significant amounting MDL 2,600 thousand as at 31 December 2024. The Bank has therefore concluded that including an additional line item entitled, "Other interest income" in order to show all interest income resulted from FVPL financial assets would not add additional value to its stakeholders and decided to keep one single line item entitled "Interest income" for showing interest income calculated using the EIR and on a contractual basis on its financial assets measured at FVPL. The Bank has also elected to present its interest expense in a manner consistent and symmetrical with interest income.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.2 Recognition of interest income (continued)

(ii) Interest and similar income/expenses

Net interest income comprises interest income and interest expense calculated using the effective interest method. In its Interest income/expense calculated using the effective interest method, the Bank only includes interest on those financial instruments.

The Bank calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset.

When a financial asset becomes credit-impaired (as set out in Note 2.5.9 and is therefore regarded as 'Stage 3', the Bank calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures (as outlined in Note 2.5.9) and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

2.5.3 Fees and commission income

The Bank earns fee and commission income from a diverse range of financial services it provides to its customers. Fee and commission income is recognized at an amount that reflects the consideration to which the Bank expects to be entitled in exchange for providing the services.

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not typically include multiple performance obligations. When the Bank provides a service to its customers, consideration is invoiced and generally due immediately upon satisfaction of a service provided at a point in time or at the end of the contract period for a service provided over time.

The Bank has generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

2.5.4 Net trading income

Net trading income includes all gains and losses from changes in fair value and the related gains and losses from foreign currency transactions, and dividends, for financial assets and financial liabilities held for trading.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.5 Financial instruments – initial recognition

(i) Date of recognition

Financial assets and liabilities, with the exception of loans and advances to customers and balances due to customers, are initially recognized on the trade date, i.e., the date that the Bank becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognized when funds are transferred to the customers' accounts. The Bank recognizes balances due to customers when funds are transferred to the Bank.

(ii) Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, as described in Notes 2.5.6.1 (i) and Note 2.5.6.1 (ii). Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price.

(iii) Measurement categories of financial assets and liabilities

According to IFRS 9, the Bank classifies all of its financial assets that are debt instruments based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortized cost, as explained in Note 2.5.9.1
- FVPL, as explained in Note 27

The Bank classifies and measures its derivative and trading portfolio at FVPL. The Bank may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies, as explained in Note 27. Financial liabilities, other than loan commitments and financial guarantees, are measured at amortized cost or at FVPL when they are held for trading and derivative instruments, as described per Note 2.5.6.4.

2.5.6 Financial assets and liabilities

2.5.6.1 Due from banks, Loans and advances to customers, Financial investments at amortized cost

According to IFRS 9, the Bank only measures *Due from banks*, *Loans and advances to customers* and *other financial investments* at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows;

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.6 Financial assets and liabilities (continued)

2.5.6.2 Due to customers, due to banks and borrowed funds

After initial measurement, due to customers, due to banks and borrowed funds are subsequently measured at amortized cost.

2.5.6.3 Financial assets and liabilities at fair value through profit or loss

➢ **Financial assets and liabilities**

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under IFRS 9.

Financial assets and financial liabilities at FVPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated. Interest earned or incurred on instruments designated at FVPL is accrued in interest income or interest expense, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earnt on assets mandatorily required to be measured at FVPL is recorded using contractual interest rate. Dividend income from equity instruments measured at FVPL is recorded in profit or loss as other operating income when the right to the payment has been established.

➢ **Derivative Financial Instruments**

- Foreign exchange swaps and interest rate swaps

The Bank enters into foreign-exchange swap and interest rate swap ("IRS") transactions. The swap transaction is a complex agreement concerning the swap of certain financial instruments, which usually consists of a spot and one or more forward contracts. Interest rate swaps obligate two parties to exchange one or more payments calculated with reference to fixed or periodically reset rates of interest applied to a specific notional principal amount (the base of the interest calculation). Notional principal is the amount upon which interest rates are applied to determine the payment streams under interest rate swaps. Such notional principal amounts are often used to express the volume of these transactions but are not actually exchanged between the counterparties. The Bank's interest rate swap contracts can be hedging or held for trading contracts.

- Foreign exchange options

A foreign exchange option is a derivative financial instrument that gives the owner the right to exchange money denominated in one currency into another currency at a pre-agreed exchange rate at a specified future date. The transaction, for a fee, guarantees a worst case exchange rate for the futures purchase of one currency for another. These options protect against unfavourable currency movements while preserving the ability to participate in favourable movements.

2.5.6.4 Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments.

Financial guarantees are initially recognized in the financial statements at fair value, being the premium received.

Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and – under IFRS 9 – and an ECL provision as set out in Note 25.1.1.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.6.5 Financial guarantees, letters of credit and undrawn loan commitments (continued)

The premium received is recognized in the income statement in *Net fees and commission income* on a straight-line basis over the life of the guarantee.

Undrawn loan commitments and letters of credits are commitments under which, over the duration of the commitment, the Bank is required to provide a loan with pre-specified terms to the customer. Based on IFRS 9, these contracts are in the scope of the ECL requirements.

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECLs are disclosed in Note 25.1.

2.5.7 Reclassification of financial assets and liabilities

The Bank does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Bank acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.5.8 Derecognition of financial assets and liabilities

2.5.8.1 Derecognition due to substantial modification of terms and conditions

The Bank derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognize a loan to a customer, amongst others, the Bank considers the following factors:

- Change in currency of the loan;
- Introduction of an equity feature;
- Change in counterparty;
- If the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Bank records a modification gain or loss, to the extent that an impairment loss has not already been recorded. For financial liabilities, the Bank considers a modification substantial based on qualitative factors and if it results in a difference between the adjusted discounted present value and the original carrying amount of the financial liability of, or greater than, ten percent. For financial assets, this assessment is based on qualitative factors.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.8 Derecognition of financial assets and liabilities (continued)

2.5.8.2 Derecognition other than for substantial modification

(i) Financial assets

The Bank shall derecognise a financial asset when, and only when:

(a) the contractual rights to the cash flows from the financial asset expire, or

(b) it transfers the financial asset and the transfer meets the following two conditions:

i. transfers the contractual rights to receive the cash flows of the financial asset, or

ii. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement that meets the conditions:

The Bank has no obligation to pay amounts to the eventual recipients unless it collects equivalent amounts from the original asset. Short-term advances by the entity with the right of full recovery of the amount lent plus accrued interest at market rates do not violate this condition.

The Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset other than as security to the eventual recipients for the obligation to pay them cash flows

The Bank has an obligation to remit any cash flows it collects on behalf of the eventual recipients without material delay.

(ii) Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognized in profit or loss.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9 Impairment of financial assets

2.5.9.1 Financial assets carried at amortized cost

This category includes due from banks, loans and advances to customers as well as debt instruments carried at amortized cost.

For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of the Bank's internal credit grading system, that considers credit risk characteristics such as asset type, industry, geographical location, collateral type, past–due status and other relevant factors.

Future cash flows on a group of financial assets that are collectively evaluated for impairment are estimated on the basis of historical loss experience for assets with credit risk characteristics similar to those in the group.

The Bank has developed a methodology for assessing impairment on loans and advances that is based on three years historical information on the timing and the amounts of the expected future cash flows. The Bank regularly reviews the methodology and assumptions used for estimating future cash flows in order to reduce any differences between loss estimates and actual loss.

(i) Overview of expected credit loss (ECL) principle

The Bank records allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in referred to as "financial instruments".

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). The Bank's policies for determining if there has been a significant increase in credit risk are set out in Note 28.2.

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

PDs, both for LTECLs and for 12mECLs are calculated on a collective basis (the description of criteria determining the calculation of ECL on collective or individual basis are set out in Note 28), depending on the nature of the underlying portfolio of financial instruments.

The LGD collectively evaluated for impairment is estimated based on historical loss or recovery experience observed.

The collective ECL calculation parameters take into account the current situation and the impact of the forward-looking information (considering the expectation related to the evolution of macro-economic indicators), as described in Note 28.2.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9 Impairment of financial assets (continued)

2.5.9.1 Financial assets carried at amortized cost (continued)

(i) Overview of expected credit loss (ECL) principle (continued)

For the purpose of specific provisions calculated for individually assessed counterparties that are declared "in default", the Bank assesses the cash flow that is expected to recover from client's operation (if there is an activity that generates cash flows) or by exercising the guaranties and collaterals. The expected cash flows are spread over the time so that their value is discounted at the time of provisioning closing. The uncovered part of exposure by estimated recoveries is provisioned.

The Bank has established a methodology to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its loans into Stage 1, Stage 2 and Stage 3, as described below:

- Stage 1: when loans are first recognized, the Bank recognizes an allowance based on 12mECLs and keeps the loans in this stage if no significant increase in credit risk since origination is identified. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from other stages.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered in "default" or credit-impaired. The bank records an allowance for the LTECLs.
- POCI: This category would be used for financial assets that are credit-impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognized based on a credit-adjusted EIR. ECLs are only recognized or released to the extent that there is a subsequent change in the expected credit losses.

The bank records an allowance for the 12mECLs and LTECLs.

The methodology applied for the calculation of provisions for off-balance sheet items (loan commitments, financial guarantees, letters of credit) is similar to the one used for financial assets carried out at amortized cost (loans and advances, including leasing). Exposure at default for off-balance sheet items is calculated taking into account the CCF (credit conversion factor).

This is explained in Notes 28.2 and 25.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9 Impairment of financial assets (continued)

2.5.9.1 Financial assets carried at amortized cost (continued)

(ii) The calculation of ECLs

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

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: the Probability of Default is an estimate of the likelihood of default over a given time horizon;
- EAD: the Exposure at Default is the basis for provisioning;
- LGD: the Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on historic recoveries;
- FL: the Forward-Looking coefficient is a coefficient used at the calibration of PD which takes into account the expectation related to the evolution of macro-economic indicators;
- CCF: the Cash Conversion Factor used to estimate the EAD for off-balance commitments and contingencies, subject to ECL calculation.

The key elements for ECL calculation are explained in Notes 28.2.

The concept of PD is further explained in Note 28.2.

The mechanics of the ECL method are summarized below:

Stage 1:

The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities adjusted with FL are applied to EAD and multiplied by LGD.

Stage 2:

When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs are estimated over the lifetime of the instrument.

Stage 3:

For loans considered credit-impaired (as defined in Note 28.2), the Bank recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9 Impairment of financial assets (continued)

2.5.9.1 Financial assets carried at amortized cost (continued)

(iii) Credit Cards and other revolving facility

The Bank's product offering includes a variety retail overdraft and credit cards facilities, in which the Bank has the right to cancel and/or reduce the facilities with a notification period as specified in lending agreement. The Bank does not limit its exposure to credit losses to the contractual notice period and calculates ECL over a period of the validity of the facility agreement under rules disclosed in Note 28.2.7 below.

(iv) Forward looking information

In order to assess the FL coefficient, the Bank has determined the correlation between the dynamic of main macroeconomic indicators and evolution of internal probability of default (PD), subsequently estimating the PD for 2024-2026 time horizon.

In its ECL models, the Bank relies on a broad range of forward looking information as economic inputs, such as:

- Gross Domestic Product (GDP), y-o-y growth (real prices);
- Inflation (e-o-y data);
- EUR/MDL exchange rate (e-o-y data);
- Unemployment rate (e-o-y data).

The historical data for these indicators has been collected from official sources; the forecasted figures have been taken from IMF report, from data included in Medium-term budgetary framework of the country (2024-2026) and from internal budgetary estimations (exchange rate for EUR/USD).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 28.2.

2.5.9.2 Forborne and modified loans

The Bank sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Bank considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Bank would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the front-office unit or Risk Management Division. Forborne may involve extending the payment arrangements and the agreement of new loan conditions.

It is the Bank's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. The forborne status defines the transaction's risk status which indicator should be examined at a transactional level. If a restructuring measure is applied, the transaction acquires Non-Performing Forborne or Performing Forborne status, except commercial renegotiation.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.2 Forborne and modified loans (continued)

The exposure acquires Non-Performing Forborne status when the exposure is defaulted or impaired upon the restructuring. For the Enterprise segment clients - if after the restructuring a material NPV loss (higher than 1%) can be expected from changed exposure compared to the original cash flow. It is determined in an individual decision whether a material NPV loss exists. Non-Performing Forborne status is assigned if a performing forborne status exposure becomes defaulted or impaired. A non-performing forborne status exposure once again acquires non-performing status after acquiring performing forborne status, if during the probation period it falls past due over 30 days or it is repeatedly restructured.

The exposure acquires Performing Forborne status when the conditions of the non-performing forborne do not exist and the exposure fulfils the conditions after restructuring there was no delay of more than 30 days in the past year and in the past year no factors indicative of default exist and the institution does not find it probable, due to other reasons, that the obligor will not fulfil his loan obligations in full, in accordance with the valid repayment schedule stipulated in the restructuring contract, without realising the collateral.

The Non-Performing Forborne loans are classified in Stage 3 for at least 12 months. After that, it will have a minimum 24-month probation period during which any delay more than 30 days will lead to classification in S3. The Performing Forborne loans are classified in Stage 2 for a minimum 24-month probation period during which the conditions of the Non-Performing Forborne do not exist.

In order for the loan to be reclassified out of the forborne category, the customer has to meet all of the following criteria:

- All of its facilities have to be considered performing;
- The probation period of two years has passed from the date the forborne contract was considered performing;
- During 1 year from probation period a significant repayment has been made;
- The customer does not have any contract that is more than 30 days past due.

The loans for which was made a commercial renegotiation (necessary for developing the business relation with the client) are not considered forborne and are treated as performing. Commercial renegotiation is referring to the modification of interest rate, the substitution of pledge, or any other event, in which the Bank has the opportunity to refuse this renegotiation (meaning that it is voluntarily agreed by the Bank) with any impact on the activity of the client. The modification of any initial condition of the loans is considered as commercial renegotiation only if the client is treated as performing, no delay more than 30 days was registered during the last 3 months and the counterparty meets all criteria of the bank to be credited. All other modifications are considered forborne.

Where possible, the Bank seeks to restructure loans rather than to take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Management constantly reviews restructured loans to ensure that there are no other unlikely to pay criteria and future payments will occur with a high degree of probability. The renegotiated loans remain to be assessed for impairment, individually or collectively

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9 Impairment of financial assets (continued)

2.5.9.3 Credit enhancements: collateral valuation and financial guarantees

The Bank seeks to use collateral, where required by internal normative bank, to mitigate its risks on financial assets. The collateral comes in various forms such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets. The fair value of collateral is generally assessed, at a minimum, at inception and periodically according to internal rules, however, some collateral, for example, cash, is valued daily.

To the extent possible, the Bank uses active market data for valuing financial assets, held as collateral. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as evaluation companies and other independent sources.

2.5.9.4 Collateral repossessed

The Bank's policy is to determine whether a repossessed asset can be best used for its internal operations or should be sold. For initial recognition, repossessed assets are measured and accounted for in accordance with the policies applicable for the relevant assets categories Assets for which selling is determined to be a better option are transferred to assets held for sale at their fair value (if financial assets) and fair value less cost to sell for non-financial assets at the repossession date in, line with the Bank's policy.

Repossessed assets are evaluated at the lower value between carrying amount and fair value minus selling costs. They are reflected in the balance sheet in accordance with the Chart of Accounts of the accounting record in banks and other financial institutions from the Republic of Moldova.

In its normal course of business, the Bank does not physically repossess properties or other assets in its portfolio. During 2024, the Bank did not repossessed assets from its customers.

2.5.9.5 Write-offs

Financial assets are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery and the asset is fully covered by provisions. Any subsequent recoveries are credited to credit loss expense. Details regarding write off policy are presented in Note 25.

2.5.9.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash in transit and cash bank's automated teller machines (ATM).

For the purposes of the statement of cash flows, cash and cash equivalents comprise: cash balances on hand, cash deposited with National Bank of Moldova, Nostro accounts with banks, placements with NBM and with other banks with less than 90 days original maturity and short-term treasury investments with a maturity of less than 90 days.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.7 Property, plant and equipment

Property and equipment are stated at cost, less accumulated depreciation and accumulated impairment in value. Right-of-use assets are presented together with property and equipment in the statement of financial position. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Depreciation is calculated using the straight–line method to write down the cost of property and equipment to their residual values over their estimated useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Buildings: 40-56 years
- Vehicles: 5-7 years
- Computers: 4-5 years
- Equipment 5-15 years
- Furniture and office equipment: 2.5-15 years

Property and equipment are derecognized on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in *Other operating income* in the income statement in the year the asset is derecognized.

2.5.9.8 IFRS 16: Leases

The Bank assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

➢ **Bank as a lessee**

The Bank applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Bank recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Bank recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. The right-of-use assets are presented within Note 18 Property, equipment and right-of-use assets and are subject to impairment in line with the Bank's policy as described in Note 2.5.9.11 Impairment of non-financial assets.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.8 IFRS 16: Leases (continued)

Lease liabilities

At the commencement date of the lease, the Bank recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivable), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

➢ **Bank as a lessor**

A lease is classified as a finance lease when the terms and conditions of the lease agreement substantially transfer all the risks and rewards of ownership to the lessee. Amounts owed by tenants under a finance lease agreement are recognised as receivables.

The recognition of a lease agreement is made at its commencement date. Commencement date is the date when the asset is made available for use to the lessee. Gross investment in the lease is the sum of all minimum lease payments plus any unsecured residual value. Finance lease income is allocated over the accounting periods to reflect a constant periodic return on the net investment remaining to the Bank.

The investment in the lease is subject to the impairment and derecognition rules of IFRS 9 "Financial Instruments" as described in notes 2.5.8 and 2.5.9 above.

2.5.9.9 Intangible assets

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortized on the basis of the expected useful lives up to 5 years. Costs associated with maintaining computer software programs are recognized as an expense when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognized as assets are amortized using the straight-line method over their useful lives over 5 years.
Licenses are capitalized on the basis of the costs incurred to acquire the specific license. These costs are amortized on the basis of the license period (5-20 years). Subsequent expenditure on intangible assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.
An intangible asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.10 Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the financial statements (within Other liabilities) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is recorded in the income statement in Net impairment loss on financial assets. The premium received is recognized in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

2.5.9.11 Impairment of non-financial assets

The Bank assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Bank estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

For assets, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Bank estimates the asset's or CGU's recoverable amount.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the income statement.

2.5.9.12 Employee benefits

The Bank's short-term employment benefits includes wages, bonuses, holiday pay and social security contributions and they are recognized as an expense as incurred.

Obligations for contributions to defined contribution pension plans are recognized as an expense in the income statement as incurred.

The Bank, in the normal course of business makes payments to the National House of Social Insurance and to the National House of Medical Insurance on behalf of its Moldovan employees for pension, health care and unemployment benefit. All employees of the Bank are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Moldovan State pension plan (a State defined contribution plan). All relevant contributions to the Moldovan State pension plan are recognized as an expense in the income statement as incurred. The Bank does not have any further obligations.

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

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.13 Provisions

Provisions are recognized when the Bank has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.5.9.14 Taxes

(i) Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

(ii) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred tax liability arises an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current tax and deferred tax relating to items recognized directly in equity are also recognized in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Since 1 January 2012 the corporate income tax rate is 12%.

Notes to the Financial Statements

2 Accounting policies (continued)

2.5 Summary of material accounting policies (continued)

2.5.9.15 Treasury shares

Ordinary shares acquired by the Bank are deducted from equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

2.5.9.16 Dividends on ordinary shares

Dividends on ordinary shares are recognized as a liability and deducted from equity when they are approved by the Bank's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Bank.

Dividends for the year that are approved after the reporting date are disclosed as an event after the reporting date.

2.5.9.17 Equity reserves

The reserves recorded in equity on the Bank's statement of financial position include general and prudential reserves that are required by the legislation.

2.5.9.18 Earnings per share

The Bank presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated based by dividing the profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.6 Standards issued but not yet effective and not early adopted

- **IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments)**
The amendments are effective for annual reporting periods beginning on or after January 1, 2025, with earlier application permitted. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. A currency is considered to be exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. If a currency is not exchangeable into another currency, an entity is required to estimate the spot exchange rate at the measurement date. An entity's objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments note that an entity can use an observable exchange rate without adjustment or another estimation technique. The amendments will not have impact on the financial position or performance of the Bank.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments (Amendments)**
The amendments are effective for annual reporting periods beginning on or after January 1, 2026. Early adoption of amendments related to the classification of financial assets and the related disclosures is permitted, with the option to apply the other amendments at a later date. The amendments clarify that a financial liability is derecognised on the 'settlement date', when the obligation is discharged, cancelled, expired, or otherwise qualifies for derecognition. They introduce an accounting policy option to derecognise liabilities settled via electronic payment systems before the settlement date, subject to specific conditions. They also provide guidance on assessing the contractual cash flow characteristics of financial assets with environmental, social, and governance (ESG)-linked features or other similar contingent features. Additionally, they clarify the treatment of non-recourse assets and contractually linked instruments and require additional disclosures under IFRS 7 for financial assets and liabilities with contingent event references (including ESG-linked) and equity instruments classified at fair value through other comprehensive income. The amendments have not yet been endorsed by the EU. The amendments will not have impact on the financial position or performance of the Bank.

- **IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity (Amendments)**
The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments include clarifying the application of the 'own-use' requirements, permitting hedge accounting if contracts in scope of the amendments are used as hedging instruments, and introduce new disclosure requirements to enable investors to understand the impact of these contracts on a company's financial performance and cash flows. The clarifications regarding the 'own-use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application. The amendments have not yet been endorsed by the EU. The amendments will not have impact on the financial position or performance of the Bank.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.6 Standards issued but not yet effective and not early adopted (continued)

- **IFRS 18 Presentation and Disclosure in Financial Statements**
  IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has not yet been endorsed by the EU.. In the following reporting period, Management will analyse the requirements of this newly issued standard and assess its impact.

- **IFRS 19 Subsidiaries without Public Accountability: Disclosures**
  IFRS 19 permits subsidiaries without public accountability to use reduced disclosure requirements if their parent company (either ultimate or intermediate) prepares publicly available consolidated financial statements in compliance with IFRS accounting standards. These subsidiaries must still apply the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. IFRS 19 is effective for reporting periods beginning on or after January 1, 2027, with early application permitted. The standard has not yet been endorsed by the EU. The amendments will not have impact on the financial position or performance of the Bank.
- **Annual Improvements to IFRS Accounting Standards – Volume 11**
  The IASB's annual improvements process deals with non-urgent, but necessary, clarifications and amendments to IFRS. In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards — Volume 11. An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. The Annual Improvements to IFRS Accounting Standards - Volume 11, includes amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10, and IAS 7. These amendments aim to clarify wording, correct minor unintended consequences, oversights, or conflicts between requirements in the standards. The standard has not been endorsed by the EU. Management will assess the impact of the amendments on the financial position or performance of the Bank .....

- **Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. . The amendments will not have impact on the financial position or performance of the Bank.

2.7 Significant accounting judgements, estimates and assumptions

2.7.1 Impact of novel risk on accounting judgments and estimates. Current macroeconomic and geopolitical uncertainty

In the absence of the trigger for migration between stages based on the customer rating, in order to ensure the identification of the significant increase in credit risk and, respectively, for the allocation in stage 2, additional criteria should be set so that other events are also caught than those existing at the moment (payment delay

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over 30 days, classification as performing forborne, LTV>125% for Mortgage type products, Watchlist2 allocation etc.).

For 2024, such a criterion was novel risk – which is defined as unforeseen risk arising from energy supply, supply chains in general, environmental risks, inflation, geopolitical risks, and the high interest rate environment. So, as a result of internal analysis, mortgage and cash loan exposures identified as sensitive to credit risk (induced by a potential increase of interest rate of 400 bps forecasted in 2025) were transferred to Stage 2.

The application of the above-mentioned criteria, carried out in November 2024, resulted in an additional provision for this clients of approximatively MDL 32.7 million compared to 30.10.2024.

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Notes to the Financial Statements

2 Accounting policies (continued)

2.7 Significant accounting judgements, estimates and assumptions

2.7.2 Going concern

The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2.7.3 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Bank based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances beyond the control of the Bank. Such changes are reflected in the assumptions when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are disclosed for PD, LGD in Note 28.2.8.

2.7.4 Fair value of financial instruments

The fair value of the financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under the current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The inputs to these models are derived from observable market data where possible, but if this is not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs such as volatility for longer–dated derivatives and discount rates, prepayment rates and default rate assumptions for asset-backed securities. The valuation of financial instruments is described in more detail in Note 27.1.

Determination of fair value

The fair value for financial instruments traded in active markets at the reporting date is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For all other financial instruments not traded in an active market, the fair value is determined by using appropriate valuation techniques. Valuation techniques include the discounted cash flow method, comparison with similar instruments for which market observable prices exist, options pricing models, credit models and other relevant valuation models.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date. Where a fair value cannot be reliably be estimated, unquoted equity instruments that do not have a quoted market price in an active market are measured at cost and periodically tested for impairment.

Notes to the Financial Statements

2 Accounting policies (continued)

2.7 Significant accounting judgements, estimates and assumptions (continued)

2.7.5 Impairment losses on financial instruments

The measurement of impairment losses under IFRS across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. For more details refer to Note 15.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit rating model;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment;
- The segmentation of financial assets when their ECL is assessed on a collective basis;
- Development of ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs; Selection of forward-looking macroeconomic scenarios. For more details refer Note 28.2.8.

2.7.6 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, therefore, the related assets and liabilities are presented gross in the Statement of financial position.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

2.7.7 Provisions and other contingent liabilities

The Bank operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in local jurisdictions, arising in the ordinary course of the Bank's business.

When the Bank can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Bank records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Bank takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies see Note 25.

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Notes to the Financial Statements

3 Segment information

During 2024 and 2023 respectively, the bank has been organised into two operating segments based on products and services, as follows:

- Retail banking - Individual customers 'deposits and consumer loans, overdrafts, credit card facilities;
- Corporate banking - Loans and other credit facilities and deposits and currents accounts for corporate and institutional customers.

The Executive Management Committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statement.

Interest income is reported net as managements primarily relies on net interest revenue as a performance measure, along with the gross income and expenses.

Transfer prices between operating segments are based on the bank's internal pricing framework.

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Bank's total revenue in 2024 or 2023.

Profit segments

An analysis of the bank's income, for 2024 and 2023 is presented, as follows:

(in thousands MDL)	**Total**	Retail	Non-Retail
2024			
Interest income	**1,065,047**	341,771	723,276
Interest expense	**(325,619)**	(168,400)	(157,219)
Fee and commission income	**228,402**	141,229	87,173
2023			
Interest income	**1,555,649**	507,114	1,048,535
Interest expense	**(738,086)**	(497,860)	(240,226)
Fee and commission income	**222,878**	135,516	87,362

An analysis of the bank's assets and liabilities for 2024 and 2023 is presented, as follows:

(in thousands MDL)	**Total**	Retail	Non-Retail
31 December 2024			
Loans and advances to customers	**8,115,774**	3,789,139	4,326,635
Due to customers	**17,017,703**	9,677,907	7,339,796
31 December 2023			
Loans and advances to customers	**7,183,306**	3,393,606	3,789,700
Due to customers	**16,683,780**	10,286,240	6,397,540

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4 Net interest income

Interest and similar income calculated using the effective interest rate

	2024	2023
(in thousands MDL)		
Cash and balances with Central Bank	95,840	209,360
Due from banks	83,427	35,754
Debt instruments at amortized cost	208,814	434,755
Loans and advances to customers	676,966	875,780
	1,065,047	**1,555,649**

The interest income accrued on impaired (Stage 3) Loans and advances to customers during 2024 amounted to MDL'000 33,380 i(2023: MDL'000 25,210).

Interest and similar expense calculated using the effective interest rate

	2024	2023
(in thousands MDL)		
Due to customers	256,449	605,815
Borrowed funds from IFI's	65,417	128,644
Due to banks	27	469
Interest-related expenses on operating lease from customers	3,726	3,158
	325,619	**738,086**

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Notes to the Financial Statements

5 Net fee and commission income

Net fee and commission income includes fees and commission income from various banking services, including income from banking services regarding domestic and international payments, less fees and commission expenses paid for similar services received by the Bank.

5.1 Fee and commission income

	Total	31 December 2024	
		Fee income earned from services that are provided over time:	Fee income from providing financial services at a point in time:
(in thousands MDL)			
Payment processing	74,502	-	74,502
Transactions with cards	67,739	-	67,739
Cash transactions	18,917	-	18,917
Guarantee fee income	19,408	-	19,408
Current accounts administration	15,914	15,914	-
Early repayment fees	3,852	-	3,852
SMS banking	4,503	-	4,503
Cash collection fee	3,381	-	3,381
Remote banking	2,765	2,765	-
Cash transactions in foreign currency-interbank	699	-	699
Distribution of social payments	3,706	-	3,706
Transfers through international payment systems	1,929	-	1,929
loans commitment fees	4,357	-	4,357
Loans upfront fees*	1,991	-	1,991
Broker fees	1,161	-	1,161
Insurance fees	942	-	942
Loans renewal fees	430	-	430
Consulting service	184	-	184
Letters of credit	339	-	339
Other	1,683	-	1,683
	228,402	**18,679**	**208,040**

* These are non-refundable upfront fees associated with loan applications that were not approved.

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Notes to the Financial Statements

5 Net fee and commission income (continued)

5.1 Fee and commission income (continued)

	Total	31 December 2023	
		Fee income earned from services that are provided over time:	Fee income from providing financial services at a point in time:
(in thousands MDL)			
Payment processing	70,009	-	70,009
Transactions with cards	68,675	-	68,675
Cash transactions	22,922	-	22,922
Guarantee fee income	13,448	-	13,448
Current accounts administration	13,238	13,238	-
Early repayment fees	5,901	-	5,901
SMS banking	3,717	-	3,717
Cash collection fee	3,426	-	3,426
Remote banking	3,246	3,246	-
Cash transactions in foreign currency-interbank	2,990	-	2,990
Distribution of social payments	2,767	-	2,767
Transfers through international payment systems	2,628	-	2,628
Loans commitment fees	2,584	-	2,584
Loans upfront fees	1,632	-	1,632
Broker fees	1,061	-	1,061
Insurance fees	781	-	781
Loans renewal fees	579	-	579
Consulting service	552	-	552
Letters of credit	307	-	307
Other	2,415	-	2,415
	222,878	**16,484**	**203,979**

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Notes to the Financial Statements

5 Net fee and commission income (continued)

5.2 Fee and commission expense (continued)

(in thousands MDL)	2024	2023
Transactions with cards	64,204	63,212
Commissions on interbank transfers	17,892	17,422
Cash transactions in foreign currency - interbank	5,904	4,975
Contributions to deposit guarantee fund (1)	8,053	7,538
Expenses related to withdrawal and deposit of cash	8,342	1,881
Other	3,817	2,237
	108,212	**97,265**

(1) In accordance with the Law No. 575-XV "On Guaranteeing of Deposits Placed in the Banks" of 26 December 2003 and its modification LP227 from 01.11.18, MO441-447/30.11.18 art. 703 in force from 01.01.20, subsequent "Regulation on Methodology on Calculation and Payment of Contribution in Deposit Guarantee Fund of the Republic of Moldova" of 20 August 2004 and it's modification HFGDSB03/2 from 18.02.19, MO111-118/29.03.19 art.576 in force 01.01.20, the Bank has to transfer to the Deposit Guarantee Fund a contribution equal to 0.08% of total deposits outstanding at the end of each quarter (only for qualified deposits, as stipulated in the law). In 2023 Parliament partially transposes into national law Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on Deposit Guarantee Schemes (Review) and adopted a new Law No. 160 from 22.06.2023. Under the newly adopted Law the target level of the Bank Deposit Cover Fund is 4% of total guaranteed deposits registered in the banking system. At the Bank level, the annual rate of the ordinary contribution is 0.3%The Bank prepares the basis for the calculation of contribution based on its database of client deposits on a monthly basis and the ordinary contribution is paid quarterly as one-fourth of the annual ordinary contribution rate to the arithmetic average of the guaranteed deposit amounts, recorded in the member institution on the last day of each month of the management quarter. The expenditure with contribution to deposits guarantee fund is accrued monthly i.e. 15th day of the next month from the reported quarter.

6 Net trading income

(in thousands MDL)	2024	2023
Foreign exchange result on transactions with:		
Corporate clients	346,428	276,353
Individuals	47,003	44,952
Banks	11,046	25,825
Result from revaluation	1,477	(12,681)
	405,954	**334,449**

7 Credit loss expense on financial assets

(in thousands MDL)	2024	2023
Loans and advance to customers	3,979	(159,728)
Financial guarantee contracts	6,569	751
Other assets	828	(1,537)
Due from Central Bank	(2,840)	(13,717)
Due from banks	(704)	(928)
Debt instruments at amortized cost	(8,753)	(2,228)
	(921)	**(177,387)**

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Notes to the Financial Statements

7 Credit loss expense on financial assets (continued)

The table below shows the ECL charges on financial instruments for 31 December 2024 recorded in the income statement under IFRS 9:

	Note	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)						
Due from banks	14	(3,544)	-	-	-	**(3,544)**
Loans and advances to customers	15	(687)	19,667	8,626	(23,627)	**3,979**
Debt instruments measured at amortized cost	16	(8,753)	-	-	-	**(8,753)**
Other assets	20	-	-	828	-	**828**
Financial guarantees	25	(1,239)	447	(313)	-	**(1,105)**
Loan commitments	25	2,728	4,760	(77)	-	**7,411**
Letters of credit	25	263	-	-	-	**263**
Total impairment loss		**(11,232)**	**24,874**	**9,064**	**(23,627)**	**(921)**

The table below shows the impairment charges recorded in the income statement during 2023:

	Note	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)						
Due from banks	14	(14,645)	-	-	-	**(14,645)**
Loans and advances to customers	15	(142,672)	(36,311)	14,665	4,590	**(159,728)**
Debt instruments measured at amortized cost	16	(2,228)	-	-	-	**(2,228)**
Other assets	20	(1,849)	-	312	-	**(1,537)**
Financial guarantees	25	(631)	3,857	(185)	-	**3,041**
Loan commitments	25	(2,890)	(159)	759	-	**(2,290)**
Letters of credit	25	-	-	-	-	**-**
Total impairment loss		**(164,915)**	**(32,613)**	**15,551**	**4,590**	**(177,387)**

8 Other operating income

	2024	2023
(in thousands MDL)		
Gain from disposal of fixed assets	-	31
Fines, penalties and other sanctions	48	114
Other income from dormant accounts	738	530
Other operating income	1,051	640
Income from recoveries of credits and payments thereof	27,430	17,462
Total other operating income	**29,267**	**18,777**

9 Personnel expenses

	2024	2023
(in thousands MDL)		
Wages and salaries	232,413	211,429
Bonuses	43,732	41,865
Social security costs	69,369	64,005
Accrual for employee benefits and related contribution	37,254	30,694
Meal tickets	13,501	13,767
Other payments	1,715	1,957
	397,984	**363,717**

The average number of staff employed by the Bank in 2024 was 871 (2023: 872).

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Notes to the Financial Statements

10 Other operating expenses

(in thousands MDL)	2024	2023
Maintenance of intangibles	37,308	33,818
Repair and maintenance of fixed assets	24,127	25,472
Rent and utilities	13,237	15,718
Contribution to resolution fund	33,580	14,782
Advertising and publishing	10,733	10,460
Consulting and auditing (1)	6,790	9,201
Telecommunication	7,704	8,025
Training	2,743	7,759
Insurance	7,078	7,006
Security costs	5,981	5,556
Consumables and LVA	6,987	5,273
Information cost	5,433	5,198
Travel and transportation	3,739	3,522
Taxes and duties	2,656	3,251
OK Foundation contribution	-	1,500
Other provision for operational risk	-	1,135
Charity	6,120	1,126
Representation expenses	407	854
Result of disposal of fixed assets	1,439	226
Other	13,249	9,462
	189,311	**169,344**

(1) The line "Consulting and auditing" includes the expense related to the audit of financial statements in amount of MDL '000 3,831 (2023: MDL '000 2,732).

11 Income tax expense

(in thousands MDL)	2024	2023
Current tax		
Current income tax	75,139	105,287
Deferred tax		
Relating to origination and reversal of temporary differences	193	34
Income tax expense	**75,332**	**105,321**

During 2024 the corporate income tax rate was 12% (2023: 12%).

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Notes to the Financial Statements

11 Income tax expense (continued)

11.1 Reconciliation of the total tax charge

Reconciliation between the tax expense and the accounting profit multiplied by the tax rate enforced in the Republic of Moldova for the years ended 31 December 2024 and 2023 is, as follows:

	2024	2023
(in thousands MDL)		
Accounting profit before tax	625,908	868,436
At statutory income tax rate of 12% (2023: 12%)	75,109	104,212
Adjustment in respect of current income tax of prior years	(1,110)	(503)
Income not subject to tax	130	429
Non–deductible expenses	1,203	1,183
Income tax expense reported in the income statement	**75,332**	**105,321**

The effective income tax rate for 2024 is 12.04% (2023: 12.13%).

Non–deductible expenses mainly include accruals and provisions, which do not meet the deductibility requirements based on tax rules.

11.2 Deferred tax

The following table shows deferred tax recorded on the statement of financial position in other assets and other liabilities and changes recorded in the Income tax expense:

31 December 2024	Deferred tax Assets	Deferred tax Liabilities	NET	Charge in Income statement
(in thousands MDL)				
Property and equipment	-	1,955	1,955	97
Other liabilities	(6,614)		(6,614)	96
	(6,614)	**1,955**	**(4,659)**	**193**

31 December 2023	Deferred tax Assets	Deferred tax Liabilities	NET	Charge in Income statement
(in thousands MDL)				
Property and equipment	-	1,858	1,858	(297)
Other liabilities	(6,710)		(6,710)	331
	(6,710)	**1,858**	**(4,852)**	**34**

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12 Basic earnings per share

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary equity holders of Bank by the weighted average number of ordinary shares outstanding during the year.

(in thousands MDL)	2024	2023
Net profit attributable to ordinary equity holders	550,576	763,115
Weighted average number of ordinary shares	9,994,394	9,994,394
Basic earnings per share (MDL/share)	55.09	76.35
Dividends per share (MDL/share)	50.03	29.44

The diluted earnings per share is equal to the basic earnings per share as there are no dilutive instruments as at the end of year.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of the completion of these financial statements which would require the restatement of earnings per share.

13 Cash and balances with Central Bank

(in thousands MDL)	31 December 2024	31 December 2023
Cash on hand	856,358	580,887
Current account with Central bank	2,280,545	3,607,977
Mandatory reserve deposit held in foreign currency	2,395,798	2,783,592
Impairment on balances with Central bank (Stage 1)	(1,564)	(4,337)
	5,531,137	**6,968,119**

Current account and obligatory reserves

The National Bank of Moldova (NBM) requires commercial banks to maintain for liquidity purposes mandatory reserves calculated at a certain rate of the average funds borrowed by banks during the previous month (period between date 16 of the previous month and date 15 of the current month) including all customer deposits.

The Bank maintains its mandatory reserves in a current account opened with the NBM on funds attracted in Moldovan Lei and non-convertible currencies. Mandatory reserves on funds denominated in USD and EUR and other free-convertible currencies are held in a special obligatory reserves accounts with NBM.

The exposure to Central Bank is classified at Stage 1.

As of 31 December 2024 the rate for calculation of the obligatory reserve in local currency was 25% (31 December 2023: 33%) and in foreign currencies 34% (31 December 2023: 43%).

As of 31 December 2024 the Bank had to maintain as obligatory reserve in MDL an average of MDL'000 2,369,857 (2023: MDL'000 3,185,208), in USD of USD'000 37,573 (2023: USD'000 50,431) and in EUR of EUR'000 84,038 (2023: EUR'000 98,998). As of 31 December 2024 and 2023 the Bank is in line with the above mentioned limits.

Notes to the Financial Statements

14 Due from banks

	31 December 2024	31 December 2023
(in thousands MDL)		
Current accounts	1,755,603	1,472,862
Overnight deposits	905,577	792,312
Term deposits	79,470	105,413
Total, gross	**2,740,650**	**2,370,587**
Allowances for Impairment for Current accounts	(1,311)	(1,949)
Allowances for Impairment for Overnight deposits	(1,075)	(1,054)
Allowances for Impairment for Term deposits	(94)	(117)
Total Allowances for Impairment	**(2,480)**	**(3,120)**
Total, net	**2,738,170**	**2,367,467**

14.1 Impairment allowances for due from banks

The tables below show gross amount, credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification of due to banks:

Current accounts

	31 December 2024	31 December 2023
(in thousands MDL)		
Current accounts	1,755,603	1,472,862
Less: Allowance for impairment losses	(1,311)	(1,949)
	1,754,292	**1,470,913**

Overnight deposits

	31 December 2024	31 December 2023
(in thousands MDL)		
Overnight deposits	905,577	792,312
Less: Allowance for impairment losses	(1,075)	(1,054)
	904,502	**791,258**

Term deposits

	31 December 2024	31 December 2023
(in thousands MDL)		
Term deposits (1)	79,470	105,413
Less: Allowance for impairment losses (2)	(94)	(117)
	79,376	**105,296**

Notes to the Financial Statements

14 Due from banks (continued)

14.1 Impairment allowances for due from banks (continued)

(1) Term deposits include short-term and long-term placements in COMMERZBANK FRANKFURT/MAIN, GERMANIA, RAIFFEISEN BANK INTERNATIONAL AG and SOCIETE GENERALE, PARIS, including accrued interest.

(2) ECL for term deposits is classified according to accounting policy as Stage 1 collective. By internal credit rating system term deposits are neither past due nor impaired.

An analysis of gross carrying amount in relation to due from banks is for the year ended 31 December 2024, as follows:

Current accounts

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2024	**1,472,862**
New assets originated or purchased	1,053,674
Assets derecognized or repaid (excluding write offs)	(771,598)
Changes to contractual cash flows due to modifications not resulting in de-recognition	
Amounts written off	
Foreign exchange adjustments	665
Gross carrying amount as at 31 December 2024	**1,755,603**

Overnight deposits

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2024	**792,312**
New assets originated or purchased	905,577
Assets derecognized or repaid (excluding write offs)	(792,312)
Changes to contractual cash flows due to modifications not resulting in de-recognition	
Amounts written off	
Foreign exchange adjustments	-
Gross carrying amount as at 31 December 2024	**905,577**

Term deposits

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2024	**105,413**
New assets originated or purchased	1,447
Assets derecognized or repaid (excluding write offs)	-
Changes to contractual cash flows due to modifications not resulting in de-recognition	(27,389)
Amounts written off	-
Foreign exchange adjustments	(1)
Gross carrying amount as at 31 December 2024	**79,470**

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Notes to the Financial Statements

14 Due from banks (continued)

14.1 Impairment allowances for due from banks (continued)

An analysis of charges in the gross carrying amount in relation to due from banks is for the year ended 31 December 2023, as follows:

Current accounts

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2023	**231,004**
New assets originated or purchased	1,266,317
Assets derecognized or repaid (excluding write offs)	(9,486)
Changes to contractual cash flows due to modifications not resulting in de-recognition	
Amounts written off	
Foreign exchange adjustments	(14,973)
Gross carrying amount as at 31 December 2023	**1,472,862**

Overnight deposits

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2023	**580,600**
New assets originated or purchased	792,312
Assets derecognized or repaid (excluding write offs)	(580,600)
Changes to contractual cash flows due to modifications not resulting in de-recognition	
Amounts written off	
Foreign exchange adjustments	-
Gross carrying amount as at 31 December 2023	**792,312**

Term deposits

(in thousands MDL)	Stage 1 collective
Gross carrying amount as at 1 January 2023	**91,117**
New assets originated or purchased	18,865
Assets derecognized or repaid (excluding write offs)	-
Changes to contractual cash flows due to modifications not resulting in de-recognition	(4,569)
Amounts written off	-
Foreign exchange adjustments	-
Gross carrying amount as at 31 December 2023	**105,413**

Notes to the Financial Statements

14 Due from banks (continued)

14.1 Impairment allowances for due from banks (continued)

An analysis of charges in the corresponding ECL allowances in relation to due from banks is for the year ended 31 December 2024, as follows:

Current accounts

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2024 under IFRS 9	1,949
New assets originated or purchased	484
Methodology changes, including risk parameters changes	(1,118)
Net ECL Charge	**(634)**
Foreign exchange adjustments	(4)
ECL allowance as at 31 December 2024	**1,311**

Overnight deposits

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2024 under IFRS 9	1,054
New assets originated or purchased	1,075
Methodology changes, including risk parameters changes	(1,054)
Net ECL Charge	**21**
Foreign exchange adjustments	-
ECL allowance as at 31 December 2024	**1,075**

Term deposits

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2024 under IFRS 9	117
New assets originated or purchased	-
Methodology changes, including risk parameters changes	(23)
Net ECL Charge	**(23)**
Foreign exchange adjustments	-
ECL allowance as at 31 December 2024	**94**

Notes to the Financial Statements

14 Due from banks (continued)

14.1 Impairment allowances for due from banks (continued)

An analysis of charges in the corresponding ECL allowances in relation to due from banks is for the year ended 31 December 2023, as follows:

Current accounts

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2023 under IFRS 9	1,455
New assets originated or purchased	1,036
Methodology changes, including risk parameters changes	(361)
Net ECL Charge	**675**
Foreign exchange adjustments	(181)
ECL allowance as at 31 December 2023	**1,949**

Overnight deposits

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2023 under IFRS 9	2,564
New assets originated or purchased	1,054
Methodology changes, including risk parameters changes	(2,564)
Net ECL Charge	**(1,510)**
Foreign exchange adjustments	-
ECL allowance as at 31 December 2023	**1,054**

Term deposits

(in thousands MDL)	Stage 1 collective
ECL allowance as at 1 January 2023 under IFRS 9	402
New assets originated or purchased	(215)
Methodology changes, including risk parameters changes	(50)
Net ECL Charge	**(265)**
Foreign exchange adjustments	(20)
ECL allowance as at 31 December 2023	**117**

Notes to the Financial Statements

15 Loans and advances to customers and Leasing

The Bank's commercial lending is concentrated on companies and individuals domiciled in Moldova.

	31 December 2024	31 December 2023
(in thousands MDL)		
Loans and advances to customers, gross	8,483,013	7,561,582
Less: Allowance for impairment losses	(367,239)	(378,276)
	8,115,774	**7,183,306**
out of which:		
Leasing, gross	261,466	230,502
Less: Allowance for impairment losses	(6,387)	(6,384)
	255,079	**224,118**

As of 31 December 2024 the outstanding of loans granted to related parties amounted at MDL'2,081 (2023: MDL'000 1,831) at an average interest rate of 14.43% per annum (2023: 11.50% per annum) (Note 32).

Segments of loans and advances to customers are described in the table below:

	31 December 2024	31 December 2023
(in thousands MDL)		
MLE	4,290,195	3,786,690
Consumer	1,402,987	1,088,096
Mortgage	1,967,599	1,923,158
MSE	560,766	533,136
Leasing	261,466	230,502
	8,483,013	**7,561,582**
Less: Allowance for ECL/impairment losses	(367,239)	(378,276)
	8,115,774	**7,183,306**

Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing

15.1.1 MLE

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification for Medium and Large Enterprises (MLE). The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28 the policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 28.

	31 December 2024				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
Probability of Default rates (in thousands MDL)	**1.3%**	**9.7%**	**100%**	**100%**	
Internal rating grade					
Neither past due nor impaired	3,851,442	170,225	-	-	**4,021,667**
Past due but not impaired	101,252	24,424	-	-	**125,676**
Non-performing	-	-	10,442	-	**10,442**
Individually impaired	-	-	-	132,410	**132,410**
Total	**3,952,694**	**194,649**	**10,442**	**132,410**	**4,290,195**

	31 December 2023				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
Probability of Default rates (in thousands MDL)	**1.50%**	**18.50%**	**100.00%**	**100.00%**	
Internal rating grade					
Neither past due nor impaired	3,274,005	65,146	-	-	**3,339,151**
Past due but not impaired	265,623	26,720	-	-	**292,343**
Non-performing	-	-	12,930	-	**12,930**
Individually impaired	-	-	-	142,266	**142,266**
Total	**3,539,628**	**91,866**	**12,930**	**142,266**	**3,786,690**

Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.1 MLE (continued)

An analysis of charges in the gross carrying amount in relation to MLE lending is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2024	**3,539,628**	**91,866**	**12,930**	**142,266**	**3,786,690**
New assets originated or purchased	2,262,028	-	-	-	**2,262,028**
Assets derecognized or repaid (excluding write offs)	(696,205)	(50,187)	(2,256)	(22,585)	**(771,233)**
Transfers to S1	4,996	(4,996)	-	-	-
Transfers to S2	(170,108)	170,108	-	-	-
Transfers to S3	-	(2,576)	2,576	-	-
Movements of accrued interest	3,261	486	636	11,036	**15,419**
Effect of changes and transfers	(1,008,483)	(10,559)	(3,060)	28	**(1,022,074)**
Amounts written off	-	-	(470)	-	**(470)**
Foreign exchange adjustments	17,579	507	85	1,664	**19,835**
Gross carrying amount as at 31 December 2024	**3,952,696**	**194,649**	**10,441**	**132,409**	**4,290,195**

An analysis of charges in the gross carrying amount in relation to Corporate and MLE lending is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2023	**3,746,393**	**248,262**	**7,963**	**89,247**	**4,091,865**
New assets originated or purchased	1,917,558	-	-	-	**1,917,558**
Assets derecognized or repaid (excluding write offs)	(2,090,451)	(134,868)	(2,757)	(126,017)	**(2,354,093)**
Transfers to S1	34,158	(34,158)	-	-	-
Transfers to S2	(43,992)	43,992	-	-	-
Transfers to S3	(95,726)	(5,616)	5,616	95,726	-
Movements of accrued interest	2,339	271	497	11,809	**14,916**
Change in segmentation	153,056	(23,164)	2,249	76,733	**208,874**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(83,707)	(2,853)	(638)	(5,232)	**(92,430)**
Gross carrying amount as at 31 December 2023	**3,539,628**	**91,866**	**12,930**	**142,266**	**3,786,690**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.1 MLE (continued)

An analysis of charges in the corresponding ECL allowances in relation to Corporate and MLE lending is for the year ended 31 December 2024, as follows:

(in thousands MDL)	**Stage 1 collective**	**Stage 2 collective**	**Stage 3 collective**	**Stage 3 individual**	**Total**
ECL allowance as at 1 January 2024 under IFRS 9	**43,992**	**12,612**	**9,779**	**102,129**	**168,512**
New assets originated or purchased	36,423	-	-	-	**36,423**
Assets derecognized or repaid (excluding write offs)	(8,492)	(1,476)	(857)	(10,994)	**(21,819)**
Transfers to S1	1,643	(1,643)	-	-	-
Transfers to S2	(6,883)	6,883	-	-	-
Transfers to S3	-	(740)	740	-	-
Impact on ECL of modifications	(13,943)	640	(625)	2,722	**(11,206)**
Unwinding	-	-	(324)	(976)	**(1,300)**
Changes to inputs used for ECL calculations	3,365	1,772	111	(10,424)	**(5,176)**
Amounts written off	-	-	(470)	-	(470)
Foreign exchange adjustments	220	8	62	1,409	**1,699**
Net ECL Charge	12,333	5,444	(1,363)	(18,263)	**(1,849)**
ECL allowance as at 31 December 2024	**56,325**	**18,056**	**8,416**	**83,866**	**166,663**

An analysis of charges in the corresponding ECL allowances in relation to Corporate and MLE lending is for the year ended 31 December 2023, as follows:

(in thousands MDL)	**Stage 1 collective**	**Stage 2 collective**	**Stage 3 collective**	**Stage 3 individual**	**Total**
ECL allowance as at 1 January 2023 under IFRS 9	**95,265**	**51,253**	**6,659**	**64,446**	**217,623**
New assets originated or purchased	38,845	-	-	-	**38,845**
Assets derecognized or repaid (excluding write offs)	(52,177)	(24,146)	(706)	(26,790)	**(103,819)**
Transfers to S1	11,497	(11,497)	-	-	-
Transfers to S2	(3,496)	3,496	-	-	-
Transfers to S3	(22,297)	(8,391)	15,196	15,492	-
Impact on ECL of modifications	(5,125)	3,451	(11,484)	46,329	**33,171**
Unwinding	-	-	338	1,181	**1,519**
Changes to inputs used for ECL calculations	(15,994)	(956)	127	3,800	**(13,023)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(2,527)	(597)	(351)	(2,329)	**(5,804)**
Net ECL Charge	(51,274)	(38,640)	3,120	37,683	**(49,111)**
ECL allowance as at 31 December 2023	**43,991**	**12,613**	**9,779**	**102,129**	**168,512**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.2 Consumer

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28 the policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 28.

	31 December 2024				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**2.30%**	**18.30%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	**1,183,689**	**110,965**	-	-	**1,294,654**
Past due but not impaired	36,864	31,768	-	-	**68,632**
Non-performing	-	-	39,701	-	**39,701**
Individually impaired	-	-	-	-	-
Total	**1,220,553**	**142,733**	**39,701**	-	**1,402,987**

	31 December 2023				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**3.80%**	**29.60%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	**827,485**	**129,774**	-	-	**957,259**
Past due but not impaired	38,353	56,256	-	-	**94,609**
Non-performing	-	-	36,228	-	**36,228**
Individually impaired	-	-	-	-	-
Total	**865,838**	**186,030**	**36,228**	-	**1,088,096**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.2 Consumer (continued)

An analysis of charges in the gross carrying amount in relation to consumer lending is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2024	**865,838**	**186,030**	**36,228**	-	**1,088,096**
New assets originated or purchased	915,355	-	-	-	**915,355**
Assets derecognized or repaid (excluding write offs)	(180,923)	(60,682)	(7,583)	-	**(249,188)**
Transfers to S1	22,124	(21,551)	(573)	-	-
Transfers to S2	(93,427)	94,883	(1,456)	-	-
Transfers to S3	(5,524)	(11,840)	17,364	-	-
Movements of accrued interest	20,150	9,576	12,782	-	**42,508**
Change in segmentation	(323,041)	(53,683)	(1,344)	-	**(378,068)**
Amounts written off	-	-	(15,837)	-	(15,837)
Foreign exchange adjustments	-	-	121	-	**121**
Gross carrying amount as at 31 December 2024	**1,220,552**	**142,733**	**39,702**	-	**1,402,987**

An analysis of charges in the gross carrying amount in relation to consumer lending is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2023	**1,087,306**	**349,944**	**47,629**	-	**1,484,879**
New assets originated or purchased	310,828	-	-	-	**310,828**
Assets derecognized or repaid (excluding write offs)	(564,971)	(138,897)	(67,567)	-	**(771,435)**
Transfers to S1	29,919	(29,351)	(568)	-	-
Transfers to S2	(33,954)	35,867	(1,913)	-	-
Transfers to S3	(6,648)	(16,814)	23,462	-	-
Movements of accrued interest	31,869	14,093	6,582	-	**52,544**
Change in segmentation	11,506	(28,702)	80,427	-	**63,231**
Amounts written off	-	-	(51,542)	-	(51,542)
Foreign exchange adjustments	(17)	(110)	(282)	-	**(409)**
Gross carrying amount as at 31 December 2023	**865,838**	**186,030**	**36,228**	-	**1,088,096**

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15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.2 Consumer (continued)

An analysis of charges in the corresponding ECL allowances in relation to consumer lending is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2024 under IFRS 9	**24,358**	**35,019**	**26,149**	**-**	**85,526**
New assets originated or purchased	19,666	-	-	-	**19,666**
Assets derecognized or repaid (excluding write offs)	(4,205)	(4,104)	(1,611)	-	**(9,920)**
Transfers to S1	6,029	(5,489)	(540)	-	-
Transfers to S2	(6,824)	8,341	(1,517)	-	-
Transfers to S3	(1,300)	(9,439)	10,739	-	-
Impact on ECL of modifications	(14,399)	(6,406)	16,718	-	**(4,087)**
Unwinding	-	-	66	-	**66**
Changes to inputs used for ECL calculations	(3,806)	(1,926)	456	-	**(5,276)**
Amounts written off	-	-	(15,837)	-	(15,837)
Foreign exchange adjustments	-	-	101	-	**101**
Net ECL Charge	(4,839)	(19,023)	8,575	-	**(15,287)**
ECL allowance as at 31 December 2024	**19,519**	**15,996**	**34,724**	**-**	**70,239**

An analysis of charges in the corresponding ECL allowances in relation to consumer lending is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2023 under IFRS 9	**28,015**	**79,566**	**33,871**	**-**	**141,452**
New assets originated or purchased	9,447	-	-	-	**9,447**
Assets derecognized or repaid (excluding write offs)	(13,429)	(22,409)	(28,677)	-	**(64,515)**
Transfers to S1	8,569	(8,058)	(511)	-	-
Transfers to S2	(1,688)	3,268	(1,580)	-	-
Transfers to S3	(2,363)	(20,182)	22,545	-	-
Impact on ECL of modifications	(5,369)	8,842	52,549	-	**56,022**
Unwinding	-	-	(18)	-	**(18)**
Changes to inputs used for ECL calculations	1,178	(5,897)	(207)	-	**(4,926)**
Amounts written off	-	-	(51,542)	-	(51,542)
Foreign exchange adjustments	-	(110)	(282)	-	**(392)**
Net ECL Charge	(3,655)	(44,546)	(7,723)	-	**(55,924)**
ECL allowance as at 31 December 2023	**24,360**	**35,020**	**26,148**	**-**	**85,528**

Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.3 Mortgage

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28 the policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 28.

	31 December 2024				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**1.10%**	**18.20%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	1,383,879	435,934	-	-	**1,819,813**
Past due but not impaired	39,035	65,201	-	-	**104,236**
Non-performing	-	-	43,550	-	**43,550**
Individually impaired	-	-	-	-	**-**
Total	**1,422,914**	**501,135**	**43,550**	**-**	**1,967,599**

	31 December 2023				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**0.70%**	**17.10%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	1,450,863	299,019	-	-	**1,749,882**
Past due but not impaired	57,836	58,576	-	-	**116,412**
Non-performing	-	-	56,864	-	**56,864**
Individually impaired	-	-	-	-	**-**
Total	**1,508,699**	**357,595**	**56,864**	**-**	**1,923,158**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.3 Mortgage (continued)

An analysis of charges in the gross carrying amount in relation to mortgage lending is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2024	**1,508,699**	**357,595**	**56,864**	-	**1,923,158**
New assets originated or purchased	437,648	-	-	-	**437,648**
Assets derecognized or repaid (excluding write offs)	(137,807)	(77,159)	(5,019)	-	**(219,985)**
Transfers to S1	106,630	(105,390)	(1,240)	-	-
Transfers to S2	(317,827)	323,117	(5,290)	-	-
Transfers to S3	(82)	(4,610)	4,692	-	-
Movements of accrued interest	8,804	7,206	3,370	-	**19,380**
Change in segmentation	(184,164)	78	(9,920)	-	**(194,006)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	1,013	299	92	-	**1,404**
Gross carrying amount as at 31 December 2024	**1,422,914**	**501,136**	**43,549**	-	**1,967,599**

An analysis of charges in the gross carrying amount in relation to mortgage lending is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2023	**1,687,402**	**524,849**	**49,339**	-	**2,261,590**
New assets originated or purchased	63,291	-	-	-	**63,291**
Assets derecognized or repaid (excluding write offs)	(294,840)	(87,882)	(10,640)	-	**(393,362)**
Transfers to S1	84,966	(84,723)	(243)	-	-
Transfers to S2	(31,727)	34,406	(2,679)	-	-
Transfers to S3	(1,823)	(15,193)	17,016	-	-
Movements of accrued interest	16,483	3,668	3,202	-	**23,353**
Change in segmentation	(4,723)	(16,537)	1,007	-	**(20,253)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(10,332)	(992)	(137)	-	**(11,461)**
Gross carrying amount as at 31 December 2023	**1,508,697**	**357,596**	**56,865**	-	**1,923,158**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and leasing (continued)

15.1.3 Mortgage (continued)

An analysis of charges in the corresponding ECL allowances in relation to mortgage lending is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2024 under IFRS 9	**7,873**	**34,633**	**29,496**	-	**72,002**
New assets originated or purchased	4,105	-	-	-	**4,105**
Assets derecognized or repaid (excluding write offs)	(611)	(2,075)	(1,747)	-	**(4,433)**
Transfers to S1	11,968	(11,360)	(608)	-	-
Transfers to S2	(2,557)	5,329	(2,772)	-	-
Transfers to S3	(1)	(948)	949	-	-
Impact on ECL of modifications	(11,876)	23,183	(1,981)	-	**9,326**
Unwinding	-	-	131	-	**131**
Changes to inputs used for ECL calculations	2,453	999	1,248	-	**4,700**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	6	9	41	-	**56**
Net ECL Charge	3,487	15,137	(4,739)	-	**13,885**
ECL allowance as at 31 December 2024	**11,360**	**49,770**	**24,757**	-	**85,887**

An analysis of charges in the corresponding ECL allowances in relation to mortgage lending is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2023 under IFRS 9	**29,431**	**87,313**	**31,322**	-	**148,066**
New assets originated or purchased	408	-	-	-	**408**
Assets derecognized or repaid (excluding write offs)	(4,808)	(12,996)	(5,265)	-	**(23,069)**
Transfers to S1	15,822	(15,618)	(204)	-	-
Transfers to S2	(689)	2,413	(1,724)	-	-
Transfers to S3	(3,107)	(12,753)	15,860	-	-
Impact on ECL of modifications	(14,389)	5,733	(7,803)	-	**(16,459)**
Unwinding	-	-	1,072	-	**1,072**
Changes to inputs used for ECL calculations	(14,562)	(19,336)	(3,682)	-	**(37,580)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(233)	(123)	(80)	-	**(436)**
Net ECL Charge	(21,558)	(52,680)	(1,826)	-	**(76,064)**
ECL allowance as at 31 December 2023	**7,873**	**34,633**	**29,496**	-	**72,002**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.4 MSE

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification for Micro and Small Enterprises. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28 the policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 28.

	31 December 2024				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**1.90%**	**11.00%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	364,943	133,940	-	-	**498,883**
Past due but not impaired	2,216	17,290	-	-	**19,506**
Non-performing	-	-	35,404	-	**35,404**
Individually impaired	-	-	-	6,973	**6,973**
Total	**367,159**	**151,230**	**35,404**	**6,973**	**560,766**

	31 December 2023				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**2.00%**	**15.70%**	**100%**	**100%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	282,063	161,180	-	-	**443,243**
Past due but not impaired	7,067	29,606	-	-	**36,673**
Non-performing	-	-	46,321	-	**46,321**
Individually impaired	-	-	-	6,899	**6899**
Total	**289,130**	**190,786**	**46,321**	**6899**	**533,136**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.4 MSE (continued)

An analysis of charges in the gross carrying amount in relation to MSE lending is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2024	**289,130**	**190,786**	**46,321**	**6,899**	**533,136**
New assets originated or purchased	275,173	-	-	-	**275,173**
Assets derecognized or repaid (excluding write offs)	(45,667)	(45,109)	(13,472)	-	**(104,248)**
Transfers to S1	3,985	(3,985)	-	-	-
Transfers to S2	(69,612)	70,418	(806)	-	-
Transfers to S3	(705)	(5,904)	6,609	-	-
Movement of accrued interest	(17)	523	5,849	1,184	**7,539**
Change in segmentation	(85,282)	(55,537)	(6,834)	(1,111)	**(148,764)**
Amounts written off	-	-	(2,293)	-	**(2,293)**
Foreign exchange adjustments	156	38	29	-	**223**
Gross carrying amount as at 31 December 2024	**367,161**	**151,230**	**35,403**	**6,972**	**560,766**

An analysis of charges in the gross carrying amount in relation to MSE lending is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2023	**347,331**	**258,979**	**48,642**	**8,266**	**663,218**
New assets originated or purchased	163,720	-	-	-	**163,720**
Assets derecognized or repaid (excluding write offs)	(153,293)	(123,049)	(23,692)	(2,323)	**(302,357)**
Transfers to S1	9,423	(9,423)	-	-	-
Transfers to S2	(70,810)	72,476	(1,666)	-	-
Transfers to S3	(2,836)	(13,694)	16,530	-	-
Movement of accrued interest	313	421	3,324	1,111	**5,169**
Change in segmentation	(1,769)	6,412	3,846	(154)	**8,335**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(2,952)	(1,335)	(662)	-	**(4,949)**
Gross carrying amount as at 31 December 2023	**289,127**	**190,787**	**46,322**	**6,900**	**533,136**

Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.4 MSE (continued)

An analysis of charges in the corresponding ECL allowances in relation to MSE lending is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2024 under IFRS 9	**3,592**	**16,437**	**21,120**	**4,701**	**45,850**
New assets originated or purchased	7,266	-	-	-	**7,266**
Assets derecognized or repaid (excluding write offs)	(526)	(3,165)	(3,382)	-	**(7,073)**
Transfers to S1	486	(486)	-	-	-
Transfers to S2	(4,266)	4,826	(560)	-	-
Transfers to S3	(11)	(1,474)	1,485	-	-
Impact on ECL of modifications	(1,502)	(3,435)	(357)	(19)	**(5,313)**
Unwinding	-	-	813	67	**880**
Changes to inputs used for ECL calculations	347	(787)	1,861	(2,693)	**(1,272)**
Amounts written off	-	-	(2,293)	-	**(2,293)**
Foreign exchange adjustments	3	5	10	-	**18**
Net ECL Charge	1,797	(4,516)	(2,423)	(2,645)	**(7,787)**
ECL allowance as at 31 December 2024	**5,389**	**11,921**	**18,697**	**2,056**	**38,063**

An analysis of charges in the corresponding ECL allowances in relation to MSE lending is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2023 under IFRS 9	**7,095**	**39,241**	**24,000**	**4,982**	**75,318**
New assets originated or purchased	6,287	-	-	-	**6,287**
Assets derecognized or repaid (excluding write offs)	(3,047)	(15,657)	(9,205)	(929)	**(28,838)**
Transfers to S1	1,746	(1,746)	-	-	-
Transfers to S2	(4,212)	5,345	(1,133)	-	-
Transfers to S3	(1,911)	(8,109)	10,020	-	-
Impact on ECL of modifications	(1,245)	3,380	(2,834)	(364)	**(1,063)**
Unwinding	-	-	843	466	**1,309**
Changes to inputs used for ECL calculations	(1,037)	(5,901)	(309)	546	**(6,701)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(84)	(116)	(262)	-	**(462)**
Net ECL Charge	(3,503)	(22,804)	(2,880)	(281)	**(29,468)**
ECL allowance as at 31 December 2023	**3,592**	**16,437**	**21,120**	**4,701**	**45,850**

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15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.5 Leasing

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28 the policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 28.

	31 December 2024				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**1.50%**	**8.10%**	**100.00%**	**100.00%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	245,883	8,624	-	-	**254,507**
Past due but not impaired	140	3,275	-	-	**3,415**
Non-performing	-	-	1,306	-	**1,306**
Individually impaired	-	-	-	2,238	**2,238**
Total	**246,023**	**11,899**	**1,306**	**2,238**	**261,466**

	31 December 2023				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Probability of Default rates	**1.60%**	**14.10%**	**100%**	**100%**	
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	207,185	12,300	-	-	**219,485**
Past due but not impaired	1,540	5,240	-	-	**6,780**
Non-performing	-	-	1,707	-	**1,707**
Individually impaired	-	-	-	2,530	**2530**
Total	**208,725**	**17,540**	**1,707**	**2530**	**230,502**

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15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for leasing (continued)

15.1.5 Leasing (continued)

An analysis of charges in the gross carrying amount in relation to Leasing is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2024	**208,725**	**17,540**	**1,707**	**2,530**	**230,502**
New assets originated or purchased	140,854	-	-	-	**140,854**
Assets derecognized or repaid (excluding write offs)	(65,786)	(8,053)	(220)	(59)	**(74,118)**
Transfers to S1	2,653	(2,653)	-	-	-
Transfers to S2	(8,484)	8,484	-	-	-
Transfers to S3	-	(255)	255	-	-
Movement of accrued interest	(2,472)	(272)	43	7	**(2,694)**
Change in segmentation	(30,164)	(2,962)	(479)	(249)	**(33,854)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	698	70	-	8	**776**
Gross carrying amount as at 31 December 2024	**246,024**	**11,899**	**1,306**	**2,237**	**261,466**

An analysis of charges in the gross carrying amount in relation to Leasing is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2023	**232,024**	**20,802**	**2,768**	**519**	**256,113**
New assets originated or purchased	81,933	-	-	-	**81,933**
Assets derecognized or repaid (excluding write offs)	(90,261)	(8,172)	(1,398)	(1,182)	**(101,013)**
Transfers to S1	7,953	(7,953)	-	-	-
Transfers to S2	(13,695)	13,695	-	-	-
Transfers to S3	(2,695)	(94)	94	2,695	-
Movement of accrued interest	(1,542)	(169)	36	11	**(1,664)**
Change in segmentation	3,473	244	207	662	**4,586**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(8,465)	(813)	-	(175)	**(9,453)**
Gross carrying amount as at 31 December 2023	**208,725**	**17,540**	**1,707**	**2,530**	**230,502**

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Notes to the Financial Statements

15 Loans and advances to customers and Leasing (continued)

15.1 Impairment allowance for loans and advances to customers and Leasing (continued)

15.1.5 Leasing (continued)

An analysis of charges in the corresponding ECL allowances in relation to Leasing is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2024 under IFRS 9	**2,606**	**1,443**	**694**	**1,641**	**6,384**
New assets originated or purchased	2,161	-	-	-	**2,161**
Assets derecognized or repaid (excluding write offs)	(819)	(205)	(66)	(34)	**(1,124)**
Transfers to S1	363	(363)	-	-	-
Transfers to S2	(297)	297	-	-	-
Transfers to S3	-	(28)	28	-	-
Impact on ECL of modifications	(657)	(287)	31	(156)	**(1,069)**
Unwinding	-	-	(13)	(5)	**(18)**
Changes to inputs used for ECL calculations	221	(68)	17	(134)	**36**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	8	3	-	6	**17**
Net ECL Charge	980	(651)	(3)	(323)	**3**
ECL allowance as at 31 December 2024	**3,586**	**792**	**691**	**1,318**	**6,387**

An analysis of charges in the corresponding ECL allowances in relation to Leasing is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
ECL allowance as at 1 January 2023 under IFRS 9	**5,739**	**3,305**	**1,018**	**42**	**10,104**
New assets originated or purchased	1,421	-	-	-	**1,421**
Assets derecognized or repaid (excluding write offs)	(2,163)	(617)	(519)	(30)	**(3,329)**
Transfers to S1	1,993	(1,993)	-	-	-
Transfers to S2	(749)	749	-	-	-
Transfers to S3	(473)	(225)	571	127	-
Impact on ECL of modifications	(1,542)	483	(558)	1,502	**(115)**
Unwinding	-	-	21	5	**26**
Changes to inputs used for ECL calculations	(1,323)	(216)	161	-	**(1,378)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(297)	(44)	-	(4)	**(345)**
Net ECL Charge	(3,133)	(1,863)	(324)	1,600	**(3,720)**
ECL allowance as at 31 December 2023	**2,606**	**1,442**	**694**	**1,642**	**6,384**

Notes to the Financial Statements

16 Debt instruments measured at amortized cost

(in thousands MDL)	31 December 2024	31 December 2023
Debt instruments at amortized cost:		
Treasury bills issued by the Ministry of Finance	2,067,480	1,504,619
State bonds issued by the Ministry of Finance	2,024	2,024
NBM certificates	2,402,078	2,902,463
Total gross amount of exposure	**4,471,582**	**4,409,106**
Less: Allowance for ECL/impairment losses	(23,705)	(32,458)
	4,447,877	**4,376,648**

Securities issued by the Ministry of Finance

As of 31 December 2024 treasury bills issued by the Ministry of Finance represent fixed rate MDL treasury bills issued with discount with original maturity between 188 and 366 days yielding an average interest rate of 5.42% per annum (31 December 2023: 6.98% per annum).

State bonds are issued by the Ministry of Finance at nominal value with a fixed interest rate announced by the Ministry of Finance and with maturities between 2 and 10 years. The average interest rate as of 31 December 2024 was 6.50% per annum for 7 years (31 December 2023: 6.50% per annum for 7 years).

As of 31 December 2024 there are no REPO transactions with NBM.

NBM certificates

As of 31 December 2024 NBM certificates represent fixed rate financial instruments issued with discount with original maturity of up to 14 days yielding an average interest rate of 3.60% per annum (31 December 2023: 4.75% per annum).

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16 Debt instruments measured at amortized cost (continued)

16.1 Impairment losses on financial investments subject to impairment

Debt instruments at amortized cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's year-end stage classification. The amounts presented below are gross of impairment allowances. Details of the Bank's internal grading system are explained in Note 28.2.3. By internal credit rating system debt instruments at amortized cost are neither past due nor impaired:

An analysis of changes in the gross carrying amount for the year ended 31 December 2024 is, as follows:

(in thousands MDL)	**Stage 1 collective**
Gross carrying amount as at 1 January 2024	**4,409,106**
New assets originated or purchased	3,086,782
Assets derecognized or repaid (excluding write offs)	(3,024,330)
Accrued interest	24
Gross carrying amount as at 31 December 2024	**4,471,582**

An analysis of changes in the gross carrying amount for the year ended 31 December 2023 is, as follows:

(in thousands MDL)	**Stage 1 collective**
Gross carrying amount as at 1 January 2023	**2,196,895**
New assets originated or purchased	4,407,082
Assets derecognized or repaid (excluding write offs)	(2,194,871)
Accrued interest	
Gross carrying amount as at 31 December 2023	**4,409,106**

An analysis of changes in the corresponding ECLs for the year ended 31 December 2024 is, as follows:

(in thousands MDL)	**Stage 1 collective**
ECL allowance as at 1 January 2024	**32,458**
New assets originated or purchased	15,650
Assets derecognized or repaid (excluding write offs)	(24,403)
Net ECL Charge	**(8,753)**
ECL allowance as at 31 December 2024	**23,705**

An analysis of changes in the corresponding ECLs for the year ended 31 December 2023 is, as follows:

(in thousands MDL)	**Stage 1 collective**
ECL allowance as at 1 January 2023	**34,686**
New assets originated or purchased	32,415
Assets derecognized or repaid (excluding write offs)	(34,643)
Net ECL Charge	**(2,228)**
ECL allowance as at 31 December 2023	**32,458**

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17 Financial assets measured at FVPL

Financial assets at fair value through profit or loss

(in thousands MDL)	31 December 2024	31 December 2023
Financial assets at fair value through profit or loss		
Treasury bills issued by the Ministry of Finance	2,543	1,644
Equity investments at FVPL	1,031	1,031
	3,574	**2,675**

Equity investments at fair value through profit or loss

The Bank has designated its equity as equity investments at FVPL. Investments include mandatory shares in institutions mentioned below in the table.

All equity investments as of the end of 2024 and 2023 are classified at FVPL as presented below:

(in thousands MDL)	Field of activity	Ownership 2024, %	31 December 2024	31 December 2023
Credit Bureau S.R.L.	Research of credit information	6.70%%	1,019	1,019
Bursa de Valori a Moldovei	Stock Exchange	2.56%%	7	7
IM "Tirex Petrol" S.A.	Downstream	0.01%%	4	4
Equity investments in commercial banks (Moldova) (less than 1 % ownership)	Banking		1	1
Carrying amount			**1,031**	**1,031**

All equity investments at FVPL as of 31 December 2024 and 2023 are unquoted and are recorded at fair value.

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Notes to the Financial Statements

18 Property, equipment and right-of-use assets

(in thousands MDL)	Land and buildings	Assets under construction	Vehicles	Computers and equipment	Others	Right-of-use Assets	Total
Cost							
At 1 January 2023	**170,331**	**37,585**	**22,276**	**195,119**	**75,739**	**93,546**	**594,596**
Additions	127	31,264	63	1,033	206	28,803	**61,496**
Disposals	-	(4,328)	(357)	(19,991)	(2,853)	(27,472)	**(55,001)**
Transfers	-	(21,385)	328	18,739	2,318	-	-
At 31 December 2023	**170,458**	**43,136**	**22,310**	**194,900**	**75,410**	**94,877**	**601,091**
Additions	550	20,290	-	2,205	142	17,344	**40,531**
Disposals	(2,711)	-	-	(2,186)	(3,581)	(15,437)	**(23,915)**
Transfers	-	(36,155)	4,931	30,429	795	-	-
At 31 December 2024	**168,297**	**27,271**	**27,241**	**225,348**	**72,766**	**96,784**	**617,707**
Depreciation and impairment							
At 1 January 2023	**76,642**	-	**8,594**	**133,529**	**45,509**	**39,993**	**304,267**
Depreciation charge for the	6,409	-	3,376	20,170	5,224	18,218	**53,397**
Disposals		-	(251)	(19,958)	(2,591)	(24,307)	**(47,107)**
Impairment	(5,840)	-	-	-	-	-	**(5,840)**
Balance at 31 December 2023	**77,211**	-	**11,719**	**133,741**	**48,142**	**33,904**	**304,717**
Depreciation charge for the year	5,508	-	3,961	21,105	5,470	18,720	**54,764**
Disposals	(1,336)	-	-	(2,171)	(3,502)	(10,808)	**(17,817)**
Impairment	(2,107)	-	-	-	-	-	**(2,107)**
Balance at 31 December 2024	**79,276**	-	**15,680**	**152,675**	**50,110**	**41,816**	**339,557**
Carrying amount							
at 1 January 2023	**93,689**	**37,585**	**13,682**	**61,590**	**30,230**	**53,553**	**290,329**
at 31 December 2023	**93,247**	**43,136**	**10,591**	**61,159**	**27,268**	**60,973**	**296,374**
at 31 December 2024	**89,021**	**27,271**	**11,561**	**72,673**	**22,656**	**54,968**	**278,150**

Notes to the Financial Statements

18 Property, equipment and right-of-use assets (continued)

As of 31 December 2024 the cost of fully depreciated assets amounted at MDL'000 138,032 (31 December 2023: MDL'000 125,911).

Investments in repair during 2024 were reflected in profit and loss report in the amount of MDL'000 241 (2023: MDL'000 2,785).Right-Of-Use assets includes only one category of assets - the branches that the bank leases.

Set out below are the carrying amounts of lease liabilities (included under 'Other liabilities' in Note 24) and the movements during the period:

	Note	2024	2023
(in thousands MDL)			
As at 1 January		**62,450**	**56,956**
Additions	18	17,345	28,803
Payments	18	(20,749)	(24,307)
Accrued interest on lease liabilities		-	-
Exchange rate difference		(1,739)	998
As at 31 December	24	**57,307**	**62,450**

The Bank had total cash outflows for leases of MDL'000 17,345. Accretion of interest on lease liability amounted MDL'000 3,725 (31 December 2023: MDL'000 3,158). The expenses relating to low value items for the year 2024 decreased MDL'000 3,518 (31 December 2023: MDL'000 3,918) and represents mainly ATM rentals.

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19 Intangible assets

(in thousands MDL)

	Informational System development costs	Software	Licenses	Other	Total
Cost					
At 1 January 2023	**148,584**	**91,874**	**50,602**	**20,834**	**311,894**
Additions	25,964	15,405	3,944	2,164	**47,477**
Disposals	(111,605)	(11,970)	(3,829)	(9,461)	**(136,865)**
Transfers	(18,769)	3,636	15,133	-	-
Balance at 31 December 2023	**44,174**	**98,945**	**65,850**	**13,537**	**222,506**
Additions	24,780	22,095	145	-	**47,020**
Disposals	(10,717)	(5,367)	(9,290)	(2,043)	**(27,417)**
Transfers	(16,312)	13,416	2,896	-	-
Balance at 31 December 2024	**41,925**	**129,089**	**59,601**	**11,494**	**242,109**
Amortization and impairment					
Balance at 1 January 2023	**127,399**	**25,647**	**18,573**	**20,496**	**192,115**
Disposals	(111,605)	(7,907)	(3,829)	(9,673)	**(133,014)**
Amortization charge for the year	3,443	13,991	6,882	419	**24,735**
Impairment	-	-	-	-	-
Balance at 31 December 2023	**19,237**	**31,731**	**21,626**	**11,242**	**83,836**
Disposals	(10,585)	(4,864)	(9,178)	(2,043)	**(26,670)**
Amortization charge for the year	2,900	15,834	10,149	1,017	**29,900**
Impairment	-	-	-	-	-
Balance at 31 December 2024	**11,552**	**42,701**	**22,597**	**10,216**	**87,066**
Carrying amount					
at 1 January 2023	**21,185**	**66,227**	**32,029**	**338**	**119,779**
at 31 December 2023	**24,937**	**67,214**	**44,224**	**2,295**	**138,670**
at 31 December 2024	**30,373**	**86,388**	**37,004**	**1,278**	**155,043**

As of 31 December 2024 the cost of fully amortized intangible assets amounts at MDL'000 25,000 and mainly represent the cost of Cards Module on scoring and granting loans system to individuals.

Notes to the Financial Statements

20 Other assets

(in thousands MDL)	31 December 2024	31 December 2023
Other Financial Assets		
Operations with payment cards (Master Card and VISA)	33,514	41,720
Commission fees receivable	9,378	7,545
Other receivables	28,619	6,582
Clearing and transit amounts (1)	1,511	1,236
Due from employees	265	251
Total Other Financial Assets	**73,287**	**57,334**
Less allowance for ECL (2)	(9,045)	(8,254)
Total Other Financial Assets Net	**64,242**	**49,080**
Other Assets		
Income and other taxes receivable	33,075	3,562
Other prepayments	12,060	11,193-
Consumables and LVA	2,723	2,689
Total Other Assets	**47,858**	**17,444**
Less allowance for impairment losses	-	-
Total Other Assets Net	**47,858**	**17,444**
Total Other and Other Financial Assets	**112,100**	**66,524**

(1) Clearing and transit amounts represent transactions through international payment systems as of 31 December 2024 amounting MDL'000 804 (as of 31 December 2023 MDL'000 1,236) and the remaining amount relates to operations with cards.

(2) Allowance for impairment losses relates to non-recoverable commission fees receivable amounting MDL'000 7,696 (as of 31 December 2023 MDL'000 6,493), settlements transactions MDL '000 0,22 (as of December 2023 MDL'000 1,110) and other settlements MDL '000 1,348.8 (as of December 2023 MDL '000 651).

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Notes to the Financial Statements

20 Other assets (continued)

	31 December 2024		
	Stage 1 Collective	Stage 3 collective	Total
(in thousands MDL)			
Internal rating grade			
Neither past due nor impaired	35,365	-	**35,365**
Past due but not impaired	-	-	**-**
Non-performing	-	-	**-**
Individually impaired	-	37,922	**37,922**
Grand Total	**35,365**	**37,922**	**73,287**

	31 December 2023		
	Stage 1 Collective	Stage 3 collective	Total
(in thousands MDL)			
Internal rating grade			
Neither past due nor impaired	50,164	-	**50,164**
Past due but not impaired	-	-	**-**
Non-performing	-	-	**-**
Individually impaired	-	7,170	**7,170**
Grand Total	**50,164**	**7,170**	**57,334**

An analysis of changes in the gross carrying amount for the year ending 31 December 2024 is, as follows:

	Stage 1 collective	Stage 3 collective	Total
(in thousands MDL)			
Gross carrying amount as at 1 January 2024	50,164	7,170	**57,334**
New assets originated or purchased	36,369	46,342	**82,711**
Assets derecognized or repaid (excluding write off)	(51,168)	(15,590)	**(66,758)**
Gross carrying amount as at 31 December 2024	**35,365**	**37,922**	**73,287**

An analysis of changes in the gross carrying amount or the year ending 31 December 2023 is, as follows:

	Stage1collective	Stage3collective	Total
(in thousands MDL)			
Gross carrying amount as at 1 January 2023	48,550	6,735	**55,285**
New assets originated or purchased	8,336	1,059	**9,395**
Assets derecognized or repaid (excluding write off)	(6,722)	(624)	**(7,346)**
Gross carrying amount as at 31 December 2023	**50,164**	**7,170**	**57,334**

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20 Other assets (continued)

An analysis of changes in the corresponding ECLs or the year ending 31 December 2024 is, as follows:

(in thousands MDL)	Stage 1 collective	Stage 3 collective	Total
ECL allowance as at 1 January 2024 under IFRS 9	**1,736**	**6,518**	**8,254**
New assets originated or purchased	1,574	1,194	**2,768**
Assets derecognized or repaid (excluding write off)	(1,960)	(17)	**(1,977)**
Net ECL Charge	(386)	1,177	**791**
ECL allowance as at 31 December 2024	**1,350**	**7,695**	**9,045**

An analysis of changes in corresponding ECLs or the year ending 31 December 2023 is, as follows:

(in thousands MDL)	Stage 1 collective	Stage 3 collective	Total
ECL allowance as at 1 January 2023 under IFRS 9	**3,258**	**6,320**	**9,578**
New assets originated or purchased	425	1,059	**1,484**
Assets derecognized or repaid (excluding write off)	(1,947)	(861)	**(2,808)**
Net ECL Charge	(1,523)	199	**(1,324)**
ECL allowance as at 31 December 2023	**1,736**	**6,518**	**8,254**

21 Due to banks

(in thousands MDL)	31 December 2024	31 December 2023
Current accounts	4,454	3,427
Term deposits	23	23
Term deposit held by OTP Nyrt.	-	-
	4,477	**3,450**

22 Due to customers

(in thousands MDL)	31 December 2024	31 December 2023
Retail customers		
Current/savings accounts	4,290,169	3,546,563
Term deposits	3,331,364	4,921,385
	7,621,533	**8,467,948**
Corporate customers		
Current/savings accounts	8,211,332	6,773,466
Term deposits	1,184,838	1,442,366
	9,396,170	**8,215,832**
	17,017,703	**16,683,780**

Included in Due to customers were deposits of MDL'000 257,199 (2023: MDL'000 215,044) held as collateral for loans and guarantees.

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23 Borrowed funds from IFI's

(in thousands MDL)	31 December 2024	31 December 2023
European Bank for Reconstruction and Development - EBRD (1)	251,462	429,489
European Fund for South East Europe - EFSE (2)	(137)	109,803
"Filere du Vin" and "Fruit of garden" - UCIP - EIB (3)	104,535	123,241
International Fund for Agricultural Development - IFAD (4)	12,604	15,437
Management of External Assistance Programs Office - OEAPM (5)	587,566	699,703
	956,030	**1,377,673**

The loans are secured with the right to collect receivables under sub-loans granted by the Bank.

Below are the descriptions of the main financing lines:

(1) Loans from EBRD

(1.1) On 28 May 2020 the Bank signed the MSME facility in amount of EUR 5.0 million. The purpose of the facility is strengthening MSME capacity and to fund loans structured with a high degree of flexibility to provide loan profiles that match client and project needs. By 31 December 2021 the Bank has disbursed EUR 1.0 million from MSME facility with an Interest Rate of 3,25% + EURIBOR 3M. By 09 September 2022 the Bank has disbursed EUR 4.0 million from MSME facility with an Interest Rate of 3,25% + EURIBOR 3M. The loan is not secured by any financial guarantee having the "Stand Alone" status.

(1.2) On 29 July 2020 the Bank extended the loan limit under EU4BUSINESS EBRD Credit Line (DCFTA Programme) in amount of EUR 5.0 million. The purpose of facility is strengthening MSME capacity and meets the EU standards. By 31 December 2021 the Bank disbursed EUR 5.0 million from DCFTA facility with an Interest Rate of 3,25% + EURIBOR 3M. The loan is not secured by any financial guarantee having the "Stand Alone" status. By 20 March 2024 the Bank disbursed full amount.

(1.3) On 29 April 2021 the Bank signed a new loan agreement with EBRD in order to release a new Credit Line EaP SMEC, under DCFTA Programme in amount of EUR 15.0 million. The purpose of the facility is strengthening MSME capacity and meets the EU standards. By 31 December 2021 the Bank disbursed first tranche of EUR 5.0 million from EaP SMEC facility with an Interest Rate of 3,25% + EURIBOR 3M. By 28 March 2022 the Bank disbursed the second tranche of EUR 5.0 million from EaP SMEC facility with an Interest Rate of 3% + EURIBOR 3M. By 1 July 2022 the Bank disbursed the third tranche of EUR 5.0 million from EaP SMEC facility with an Interest Rate of 3% + EURIBOR 3M. The loan is not secured by any financial guarantee having the "Stand Alone" status.

(1.4) On 12 December 2022 the Bank signed a new loan agreement with EBRD under EaP SMEC (DCFTA Programme) in amount of EUR 15.0 million. The purpose of the facility is strengthening MSME capacity and meets the EU standards. By 28 December 2022 the Bank has disbursed the first tranche of EUR 5.0 million from EaP SMEC facility with an Interest Rate of 3,5% + EURIBOR 3M. The loan is not secured by any financial guarantee having the "Stand alone" status. By 15 December 2023 the Bank disbursed the second tranche of EUR 5.0 million from EaP SMEC facility, with interest rate of 3.2% + EURIBOR 3M, and, December 29th, 2023 commenced the commitment period of Tranche C of EUR 5.0 million. The loan is not secured by any financial guarantee having the "Stand Alone" status.

(2) Loan from EFSE

On 21 October 2022 the Bank has signed a new loan agreement with "The European Fund for Southeast Europe S.A., SICAV-SIF" in amount of equivalent of EUR 20.0 million equivalent in national currency. The purpose of the facility is to support the development of MSMEs focusing on creating a favourable development environment, which would support private sector. By 26 October 2022 the Bank disbursed first tranche of EUR 10 million equivalent in national currency and by 22 December 2022 the Bank has disbursed EUR 10.0 million in national currency from EFSE facility with an Interest Rate of 3,25% + TDR6-12M+0.5%. On 14.06.2023, OTP Bank has anticipated reimbursed the 1st Tranche in total amount of EUR 10 million equivalent in national currency. The loan is not secured by any financial guarantee having the "Stand Alone" status. By 16 December 2024 the Bank disbursed full amount.

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23 Borrowed funds from IFI's (continued)

(3) Loans from UCIP – EIB

On December 2011 and July 2016 the Bank signed the Framework Agreements with the Ministry of Finance and became the Participant Bank in "Filiere du Vin" and, respectively, "Orchard of Moldova" facilities. The total amount of Framework Agreements on "Filiere du Vin" is EUR 75.0 million and is directed for stimulation of wine industry and connected industries. The total amount of Framework Agreement "Orchard of Moldova" a facility is EUR 120.0 million and is directed for stimulation fruit-growers, as well as, in connected industries. The purpose of facilities are financing investments and working capital denominated in EUR and MDL. The Ministry of Finance acts as a representative of the Republic of Moldova under the loan agreements signed with EIB. By 04.10.2018 EIB closed "Filiere du Vin" program and extended the "Orchard of Moldova" program with the purposes afferent to winemakers. In December 2023, the "Orchard of Moldova" facility has been extended also for traditional agriculture and the eligibility period has been prolonged up to 27 May 2025.

(4) Loans from IFAD

On December 2014, the Bank signed a long-term Loan Agreement with the Ministry of Finance, which acts as a representative of the Republic of Moldova under the loan agreement signed with International Fund for Agricultural Development (IFAD). The facility was targeting to finance small and medium agricultural enterprises, as well as for young entrepreneurs, program which includes a grant-component. In 2018, the limit of grant component fully assimilated by local banks. The facility (IFAD VI) is in the final stage and the Implementation Unit in 2019 has implemented a new facility IFAD VII. In 2021, IFAD has launched a new loan facility with Grant component in order to support Women in Business from rural area. In 2022 IFAD continued to support micro and small businesses oriented to companies involved in rural development, especially agriculture, awarding with grant component Young Entrepreneurs and Enterprises founded and driven by Women, following IFAD VII and starting IFAD VIII program.

(5) Loans from OEAPM (Office for External Assistance Programs Management)

The Bank has become partner bank of the Office for External Assistance Programs Management (former Credit Line Directorate) starting with 2004. The Ministry of Finance, which acts as a representative of the Republic of Moldova under the loan agreements signed with IFIs has granted to the bank sub-loans denominated in MDL, USD and EUR. The facilities are available for financing MSMEs activating covering the entire territory of the country and financing all eligible fields (agro, production, services, and trade). In 2020, to overcome the crisis caused by the COVID-19 pandemic, the Government of the Republic of Moldova in collaboration with Council of Europe Development Bank (CEB) has released a new credit line, offering necessary liquidity for continuing the positive trend of business and job creation, and a subsidy of 0% interest applied for 10% of the total sub-loan amount. Throughout 2022 the demand for CEB resources has been maintained. Also during 2022 the Bank, with support of OEAPM allocation of funds destined for Young Entrepreneurs in competitive conditions with fixed and attractive interest rate, in local currency, and, inclusive with grant component came from OED (Organization for Entrepreneurship Development), aimed to encourage amplification of young business market positions.

(6) Loans from IDA

Starting with November 2004 the Bank joined the programs (RISP 1 and RISP 2) launched by International Development Association (IDA). The Ministry of Finance, which acts as a representative of the Republic of Moldova under the loan agreements signed with IDA, granted to the Bank sub-loans denominated in local currency, USD and EUR. The facilities were available for finance of entrepreneurs, SME in rural area as well as agribusiness. By 23.12.2019 the Council of Credit Line Directorate decided to close the programs RISP 1, RISP 2 and Competitiveness Enhancement Project (CEP I).

On November 2014 the Bank became the partner bank of the Competitiveness Enhancement Project (CEP II) launched by World Bank (WB). The purpose of facility is financing of investment and working capital needs of exporters and economic activity related to generation of exports revenue. The sub-loans may be denominated in local currency, USD and EUR. The loan is unsecured.

Notes to the Financial Statements

24 Other liabilities

(in thousands MDL)	Note	31 December 2024	31 December 2023
Lease liability	18	57,307	62,450
Money transfers pending execution (1)		20,056	36,916
Other accruals		16,614	17,620
Other liabilities on financial leasing (2)		49,436	18,774
Money waiting approval (3)		26,649	15,601
Due to budget		6,911	14,771
IT maintenance (4)		2,838	4,229
Accrued audit and consulting fees		3,730	4,166
Dividends payable		6,814	3,180
Guarantees for safe deposits		1,769	2,054
Credit transit account		2,855	1,834
Settlements on FCY swap transaction		46	1,543
Due to international payment systems		319	1,123
Non-performing loans management account		538	509
Documentary transactions		5,061	373
Due to suppliers of property and equipment		74	287
Settlements related to intangible assets		-	-
Other liabilities (5)		3,509	6,418
		204,526	**191,847**

(1) Money transfers pending execution refer to the clearing of customer card transactions (Mastercard and VISA). Clearing assumes that these amounts are subsequently allocated to customer accounts and settlement in relation to Mastercard and VISA.

(2) Other liabilities on financial leasing represents the deductible VAT, according to the Fiscal Code, from financial leasing operations.

(3) Money waiting approval represents transfers which are above a certain limit, under investigation. After AML investigation the clients receive their transfers if they are not declined. The balance as of 31 December 2024 was subsequently settled as follows:

	31 December 2024
Transferred to the customers account	13,649
Returned	13,000
Unresolved	-
	26,649

(4) Represents post migration maintenance related to card processing centre and new core banking soft.

(5) Other liabilities represent mainly payables through an intermediary account for broker services for clients.

The amounts disclosed in the table below represent undiscounted Lease liabilities at 31 December 2024 by the amount of the lease liabilities expected to be settled within no more than twelve months after the reporting period and of the lease liabilities expected to be settled within more than twelve months after the reporting period.

(in thousands MDL)	31 December 2024	31 December 2023
Lease liabilities Within one year	1,655	16,543
Lease liabilities between one and five years	37,626	38,256
Lease liability over five years	18,026	7,651
	57,307	**62,450**

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Notes to the Financial Statements

25 Provisions

The movement in liability-side provisions during 2024 and 2023 respectively is, as follows:

(in thousands MDL)	Provision for employee benefits	Legal	Commitments and guarantees given	Total
1 January 2023	**42,717**	**475**	**26,412**	**69,604**
Provision arising during the year	97,186	1,135	78,296	**176,617**
Release of provision	(94,237)	-	(79,047)	**(173,284)**
Foreign exchange adjustments	-	-	485	**485**
31 December 2023	**45,666**	**1,610**	**26,146**	**73,422**
Provision arising during the year	104,758	-	45,778	**150,536**
Release of provision	(105,670)	-	(39,209)	**(144,879)**
Foreign exchange adjustments	-	-	(23)	**(23)**
31 December 2024	**44,754**	**1,610**	**32,692**	**79,056**

25.1 Financial guarantees, letters of credit and other undrawn commitments

To the financial needs of customers, the Bank enters into various commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognized on the statement of financial position, they contain credit risk and therefore, form part of the overall risk of the Bank.

At any time, the Bank has outstanding commitments to extend credit. These commitments take the form of approved loans and credit lines.

The Bank provides letters of guarantee and letters of credit to guarantee the performance of customers to third parties. These agreements have fixed limits and generally extend for up to one year. The guarantees are secured with cession of money agreements and other type of collateral.

The amounts reflected in the table of guarantees and letters of credit represent the maximum loss that would be recognized at the balance sheet date if counterparties failed completely to perform as contracted and no guarantees are provided to the Bank. The credit risk amounts are minimized by the quality of collateral (deposits, real estate, etc.).

The contractual amounts of commitments and contingent liabilities are set out in the following table by category. The amounts reflected in the table for commitments assume that amount is fully advanced.

(in thousands MDL)	31 December 2024	31 December 2023
Commitments to grant loans	1,205,493	1,001,548
Financial guarantees	1,131,230	971,987
Letters of credit	36,433	13,697
	2,373,156	**1,987,232**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

These commitments and contingent liabilities have off-balance-sheet risk because only organization fees and accruals for probable losses are recognized in the balance sheet until the commitments are fulfilled or expire. Many of the contingent liabilities and commitments will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash flows. The policy of the Bank provides that only fully secured letters of credit are issued, i.e. all letters of credit are secured with a blocked deposit on the clients' accounts and other types of security.

25.1.1 Impairment losses on guarantees and other commitments

An analysis of changes in the gross carrying amount and the corresponding allowance for impairment losses in relation to guarantees and other commitments is, as follows:

(i) Commitments to grant loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 28 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 28:

	31 December 2024				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	1,111,568	81,907	-	-	1,193,475
Past due but not impaired	11,604	414	-	-	12,018
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	**1,123,172**	**82,321**	**-**	**-**	**1,205,493**

	31 December 2023				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	966,965	10,607	-	-	977,572
Past due but not impaired	23,312	660	-	-	23,972
Non-performing	-	-	4	-	4
Individually impaired	-	-	-	-	-
Total	**990,277**	**11,267**	**4**	**-**	**1,001,548**

Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the gross carrying amount in relation to Commitments to grant loans is for the year ended 31 December 2024, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2024	**990,277**	**11,267**	**4**	-	**1,001,548**
New assets originated or purchased	816,903	-	-	-	**816,903**
Assets derecognized or repaid (excluding write offs)	(373,187)	(4,171)	-	-	**(377,358)**
Transfers to S1	3,009	(3,009)	-	-	-
Transfers to S2	(77,047)	77,047	-	-	-
Transfers to S3	(29)	-	29	-	-
Impact of modifications	(237,743)	1,165	(33)	-	**(236,611)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	990	21	-	-	**1,011**
Outstanding exposure as at 31 December 2024	**1,123,173**	**82,320**	-	-	**1,205,493**

An analysis of charges in the gross carrying amount in relation to Commitments to grant loans is for the year ended 31 December 2023, as follows:

(in thousands MDL)	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
Gross carrying amount as at 1 January 2023	**564,634**	**21,534**	**121**	-	**586,289**
New assets originated or purchased	542,366	-	-	-	**542,366**
Assets derecognized or repaid (excluding write offs)	(419,231)	(15,342)	(113)	-	**(434,686)**
Transfers to S1	4,691	(4,676)	(15)	-	-
Transfers to S2	(9,170)	9,170	-	-	-
Transfers to S3	(15,064)	-	15,064	-	-
Impact of modifications	325,278	583	(15,053)	-	**310,808**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(3,227)	(2)	-	-	**(3,229)**
Outstanding exposure as at 31 December 2023	**990,277**	**11,267**	**4**	-	**1,001,548**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the corresponding ECL allowances in relation to Commitments to grant loans is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2024 under IFRS 9	**9,249**	**937**	**2**	-	**10,188**
New assets originated or purchased	12,825	-	-	-	12,825
Assets derecognized or repaid (excluding write offs)	(3,481)	(336)	-	-	(3,817)
Transfers to S1	(661)	661	-	-	-
Transfers to S2	(4,975)	4,975	-	-	-
Transfers to S3	(3)	(64)	67	-	-
Impact on ECL of modifications	(1,569)	(345)	(68)	-	(1,982)
Changes to inputs used for ECL calculations	659	(66)	-	-	593
Foreign exchange adjustments	9	2	-	-	11
Net ECL Charge	**2,804**	**4,827**	**(1)**	-	**7,630**
ECL allowance as at 31 December 2024	**12,053**	**5,764**	**1**	-	**17,818**

An analysis of charges in the corresponding ECL allowances in relation to Commitments to grant loans is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2023 under IFRS 9	**9,784**	**2,840**	**79**	-	**12,703**
New assets originated or purchased	5,695	-	-	-	5,695
Assets derecognized or repaid (excluding write offs)	(7,358)	(2,025)	(75)	-	(9,458)
Transfers to S1	88	(86)	(2)	-	-
Transfers to S2	(787)	788	-	-	1
Transfers to S3	(370)	(54)	424	-	-
Impact on ECL of modifications	4,000	(486)	(424)	-	3,090
Changes to inputs used for ECL calculations	(1,740)	(40)	-	-	(1,780)
Foreign exchange adjustments	(63)	-	-	-	(63)
Net ECL Charge	**(535)**	**(1,903)**	**(77)**	-	**(2,515)**
ECL allowance as at 31 December 2023	**9,249**	**937**	**2**	-	**10,188**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

(ii) Guarantees issued

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 28 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 28:

	31 December 2024				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	943,694	186,344	-	-	1,130,038
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	1,192	-	1,192
Individually impaired	-	-	-	-	-
Total	**943,694**	**186,344**	**1,192**	**-**	**1,131,230**

	31 December 2023				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	842,757	127,341	-	-	970,098
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	1,889	-	1,889
Individually impaired	-	-	-	-	-
Total	**842,757**	**127,341**	**1,889**	**-**	**971,987**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the gross carrying amount in relation to guarantees issued is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2024	**842,757**	**127,341**	**1,889**	-	**971,987**
New assets originated or purchased	415,335	-	-	-	**415,335**
Assets derecognized or repaid (excluding write offs)	(3,080)	(780)	(109)	-	**(3,969)**
Transfers to S1	-	-	-	-	-
Transfers to S2	(59,547)	59,547	-	-	-
Transfers to S3	(58)	-	58	-	-
Effects of Modifications	(255,510)	(316)	(651)	-	**(256,477)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	3,797	552	5	-	**4,354**
Gross carrying amount as at 31 December 2024	**943,694**	**186,344**	**1,192**	-	**1,131,230**

An analysis of charges in the gross carrying amount in relation to guarantees issued is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2023	**511,891**	**41,251**	**1,989**	-	**555,131**
New assets originated or purchased	612,228	-	-	-	**612,228**
Assets derecognized or repaid (excluding write offs)	(197,259)	(3,958)	-	-	**(201,217)**
Transfers to S1	34,647	(34,647)	-	-	-
Transfers to S2	(123,903)	123,903	-	-	-
Transfers to S3	(3,159)	-	3,159	-	-
Effects of Modifications	23,379	920	(3,159)	-	**21,140**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(15,067)	(128)	(100)	-	**(15,295)**
Gross carrying amount as at 31 December 2023	**842,757**	**127,341**	**1,889**	-	**971,987**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the corresponding ECL allowances in relation to guarantees issued is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2024 under IFRS 9	**11,005**	**3,750**	**1,056**	-	**15,811**
New assets originated or purchased	3,860	-	-	-	3,860
Assets derecognized or repaid (excluding write offs)	(56)	(23)	(61)	-	(140)
Transfers to S1	(1,446)	1,446	-	-	-
Transfers to S2	(985)	985	-	-	-
Transfers to S3	(22)	-	22	-	-
Impact on ECL of modifications	30	(275)	(360)	-	(605)
Changes to inputs used for ECL calculations	(3,167)	(1,459)	80	-	(4,546)
Foreign exchange adjustments	58	15	3	-	76
Net ECL Charge	**(1,728)**	**689**	**(316)**	-	**(1,355)**
ECL allowance as at 31 December 2024	**9,277**	**4,439**	**740**	-	**14,456**

An analysis of charges in the corresponding ECL allowances in relation to guarantees issued is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2023 under IFRS 9	**5,883**	**5,594**	**1,312**	-	**12,789**
New assets originated or purchased	12,332	-	-	-	12,332
Assets derecognized or repaid (excluding write offs)	(1,949)	(525)	(54)	-	(2,528)
Transfers to S1	695	(695)	-	-	0
Transfers to S2	(3,664)	3,664	-	-	-
Transfers to S3	(80)	(104)	184	-	-
Impact on ECL of modifications	385	(4,781)	(130)	-	(4,526)
Changes to inputs used for ECL calculations	(2,099)	(91)	(190)	-	(2,380)
Foreign exchange adjustments	(498)	(7)	(66)	-	(571)
Net ECL Charge	**5,122**	**(1,844)**	**(256)**	-	**3,022**
ECL allowance as at 31 December 2023	**11,005**	**3,750**	**1,056**	-	**15,811**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

(iii) Letters of credit

The table below shows the credit quality and the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. Details of the Bank's internal grading system are explained in Note 28 and policies on whether ECLs are calculated on an individual or collective basis are set out in Note 28:

	31 December 2024				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	36,433	-	-	-	36,433
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	**36,433**	**-**	**-**	**-**	**36,433**

	31 December 2023				
	Stage 1 Collective	**Stage 2 Collective**	**Stage 3 Collective**	**Stage 3 Individual**	**Total**
(in thousands MDL)					
Internal rating grade					
Neither past due nor impaired	13,697	-	-	-	13,697
Past due but not impaired	-	-	-	-	-
Non-performing	-	-	-	-	-
Individually impaired	-	-	-	-	-
Total	**13,697**	**-**	**-**	**-**	**13,697**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the gross carrying amount in relation to letters of credit is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2024	**13,697**	-	-	-	**13,697**
New assets originated or purchased	36,434	-	-	-	**36,434**
Assets derecognized or repaid (excluding write offs)	(182)	-	-	-	**(182)**
Transfers to S1	-	-	-	-	-
Transfers to S2	-	-	-	-	-
Transfers to S3	-	-	-	-	-
Effects of Modifications	(3,252)	-	-	-	**(3,252)**
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	714	-	-	-	**714**
Gross carrying amount as at 31 December 2024	**47,411**	-	-	-	**47,411**

An analysis of charges in the gross carrying amount in relation to letters of credit is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
Gross carrying amount as at 1 January 2023	**14,406**	**8,934**	-	-	**23,340**
New assets originated or purchased	3,252	-	-	-	**3,252**
Assets derecognized or repaid (excluding write offs)	(2,993)	(8,934)	-	-	**(11,927)**
Transfers to S1	-	-	-	-	-
Transfers to S2	-	-	-	-	-
Transfers to S3	-	-	-	-	-
Effects of Modifications	-	-	-	-	-
Amounts written off	-	-	-	-	-
Foreign exchange adjustments	(968)	-	-	-	**(968)**
Gross carrying amount as at 31 December 2023	**13,697**	-	-	-	**13,697**

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Notes to the Financial Statements

25 Provisions (continued)

25.1 Financial guarantees, letters of credit and other undrawn commitments (continued)

25.1.1 Impairment losses on guarantees and other commitments (continued)

An analysis of charges in the corresponding ECL allowances in relation to letters of credit is for the year ended 31 December 2024, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2024 under IFRS 9	**150**	-	-	-	**150**
New assets originated or purchased	262	-	-	-	262
Assets derecognized or repaid (excluding write offs)	(2)	-	-	-	(2)
Transfers to S1	-	-	-	-	-
Transfers to S2	-	-	-	-	-
Transfers to S3	-	-	-	-	-
Impact on ECL of modifications	(20)	-	-	-	(20)
Changes to inputs used for ECL calculations	22	-	-	-	22
Foreign exchange adjustments	8	-	-	-	8
Net ECL Charge	**270**	-	-	-	**270**
ECL allowance as at 31 December 2024	**420**	-	-	-	**420**

An analysis of charges in the corresponding ECL allowances in relation to letters of credit is for the year ended 31 December 2023, as follows:

	Stage 1 collective	Stage 2 collective	Stage 3 collective	Stage 3 individual	Total
(in thousands MDL)					
ECL allowance as at 1 January 2023 under IFRS 9	**330**	**593**	-	-	**923**
New assets originated or purchased	20	-	-	-	20
Assets derecognized or repaid (excluding write offs)	(1,813)	(593)	-	-	(2,406)
Transfers to S1	-	-	-	-	-
Transfers to S2	-	-	-	-	-
Transfers to S3	-	-	-	-	-
Impact on ECL of modifications	1,775	-	-	-	1,775
Changes to inputs used for ECL calculations	(137)	-	-	-	(137)
Foreign exchange adjustments	(25)	-	-	-	(25)
Net ECL Charge	**(180)**	**(593)**	-	-	**(773)**
ECL allowance as at 31 December 2023	**150**	-	-	-	**150**

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25 Provisions (continued)

25.2 Other provisions and contingent liabilities

Contingent liabilities

As of 31 December 2024, and 2023 the Bank acts as plaintiff in a number of litigation cases.

Legal claims

Litigation is a common occurrence in the Banking industry due to the nature of the business undertaken.

The Bank has formal controls and policies for managing legal claims. Once professional advice has been obtained and the amount of loss reasonably estimated, the Bank makes adjustments to account for any adverse effects which the claims may have on its financial standing. At year-end, the Bank had 5 (five) unresolved legal claims, but only for 1 (one) of the claims were made provision in sum of 1,610,400 (one million six hundreds ten thousands four hundreds) MDL. For the rest 4 (four) claims provisions were not necessary to be made.

26 Issued capital

The list of major shareholders as of 31 December 2024 is presented below:

		2024	
	Shareholding	**Number of shares '000**	**Value**
(in thousands MDL)			
OTP BANK NYRT, Hungary	98.26%	9,826	98,258
Other legal entities (<10%)	0.10%	9	98
Other individuals (<10%)	1.58%	159	1,588
Treasury shares	0.06%	6	56
Issued capital	**100%**	**10,000**	**100,000**
Less: Treasury shares			(56)
Total			**99,944**

The list of major shareholders as of 31 December 2023 is presented below:

		2023	
	Shareholding	**Number of shares '000**	**Value**
(in thousands MDL)			
OTP BANK NYRT, Hungary	98.26%	9,826	98,258
Other legal entities (<10%)	0.10%	9	98
Other individuals (<10%)	1.58%	159	1,588
Treasury shares	0.06%	6	56
Issued capital	**100.00%**	**10,000**	**100,000**
Less: Treasury shares			(56)
Total			**99,944**

As of 31 December 2024 all shares are ordinary and have a nominal value of MDL 10 (31 December 2023: MDL 10). As of 31 December 2024 the total authorized share capital in amount of 10 million of ordinary shares was fully paid in.

Notes to the Financial Statements

27 Fair value of financial instruments

27.1 Fair value estimations

The following is a description of how fair values are determined for financial instruments using valuation techniques. These incorporate the Bank's estimate of assumptions that a market participant would make when valuing the instruments.

***Placement with Central Bank and other banks*:** These include inter-bank placements and items in the course of collection. The fair value of floating rate placements and overnight deposits is their carrying amount. Fixed interest-bearing deposits mature in less than three months and it is assumed that their fair value is not significantly different from its carrying value because these instruments have short maturity terms and are convertible into cash or are settled without significant transaction costs.

***Loans and advances to customers*:** These are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. To determine the fair value the expected cash flows are discounted at rates available in industry publications and other industry materials published by the National Bank of Moldova. For loans and advances to customers maturing within one-year it is assumed that their fair value is not significantly different from carrying value. For non-performing loans the fair value approximates the net book value.

***Debt instruments at amortized cost*:** Fair value for financial investments classified as loans and receivable is based on prices obtained from new issue market and are included in the Level 2 fair value hierarchy. The National Bank Certificates and State Securities above 1year are generally highly liquid, but not actively traded in active markets, thus the Bank considered that the fair value of these instruments are presumed to be equal to the carrying amount.

***Deposits from banks and customers*:** For demand deposits and deposits with no defined maturities, fair value is taken to be the amount payable on demand at the balance sheet date. The estimated fair value of fixed-maturity deposits is based on discounted cash flows using rates available in industry publications and other industry materials.

***Borrowings from IFI's*:** Loans from banks and financial institutions are carried at amortised cost which approximates their fair value because these instruments have short maturity terms or bear a floating interest rate to reflect the market changes. The estimated fair value of borrowings from IFI's represents the discounted amount of future cash flows expected to be paid. The discounted rate represents average interest rate of deposits with maturity up to 1 year which is published by National Bank of Moldova.

27.2 Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices from active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data. In arriving at fair value for the items in this hierarchy the Bank is using industry publications and other industry materials with relevant data on pricing. The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

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27 Fair value of financial instruments (continued)

27.2 Determination of fair value and fair value hierarchy (continued)

	Level 1	Level 2	Level 3	Total
(in thousands MDL)				
31 December 2024				
Financial assets				
Assets measured at fair value on a recurring basis				
Treasury bills issued by the Ministry of Finance	-	2,543	-	**2,543**
Equity investments at FVPL	-	-	1,031	**1,031**
Other financial assets not measured at Fair Value on a recurring basis	-	-	-	-
Placements with Central Bank	4,668,080	-	-	**4,668,080**
Due from banks	2,740,455	-	-	**2,740,455**
Debt instruments at amortized cost	-	4,196,044	-	**4,196,044**
Loans and advances to customers	-	-	7,784,063	**7,784,063**
	7,408,535	**4,198,587**	**7,785,094**	**19,392,216**
Financial liabilities				
Deposits from banks	-	-	4,477	4,477
Borrowings from IFI's	-	951,010	-	951,010
Deposits from customers	-	-	17,008,834	17,008,834
	-	**951,010**	**17,013,311**	**17,964,321**

	Level 1	Level 2	Level 3	Total
(in thousands MDL)				
31 December 2023				
Financial assets				
Assets measured at fair value on a recurring basis				
Treasury bills issued by the Ministry of Finance	-	1,644	-	**1,644**
Equity investments at FVPL	-	-	1,031	**1,031**
Other financial assets not measured at Fair Value on a recurring basis				
Placements with Central Bank	6,387,232	-	-	**6,387,232**
Due from banks	2,367,467	-	-	**2,367,467**
Debt instruments at amortized cost	-	4,301,424	-	**4,301,424**
Loans and advances to customers	-	-	6,807,395	**6,807,395**
	8,754,699	**4,303,068**	**6,808,426**	**19,866,193**
Financial liabilities				
Deposits from banks	-	-	3,448	**3,448**
Borrowings from IFI's	-	1,397,453		**1,397,453**
Deposits from customers	-	-	17,166,384	**17,166,384**
	-	**1,397,453**	**17,169,832**	**18,567,285**

Notes to the Financial Statements

27 Fair value of financial instruments (continued)

27.2 Determination of fair value and fair value hierarchy (continued)

The table below sets out the Bank's classification of each class of financial assets and liabilities, and their fair values:

	2024		2023	
	Total carrying amount	**Fair value**	**Total carrying amount**	**Fair value**
(in thousands MDL)				
Financial assets				
Placements with Central Bank	4,674,779	4,668,080	6,387,232	6,387,232
Due from banks	2,738,170	2,740,455	2,367,467	2,367,467
Debt instruments at amortized cost	4,447,877	4,196,044	4,376,648	4,301,424
Loans and advances to customers	8,115,774	7,784,063	7,183,306	6,807,395
	19,976,600	**19,388,642**	**20,314,653**	**19,863,518**
Financial liabilities				
Due to banks	4,477	4,477	3,448	3,448
Borrowed funds from IFIs	956,030	951,010	1,377,673	1,397,453
Deposits from customers	17,017,703	17,008,834	16,683,780	17,166,384
	17,978,210	**17,964,321**	**18,064,901**	**18,567,285**

There were no reclassifications between financial assets and liabilities categories done in 2024 and 2023.

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28 Risk management

28.1 Introduction and overview

The Bank has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Operational risks
- Currency risk

This note presents information about the Bank's exposure to each of the above risks, the Bank's objectives, policies and processes for measuring and managing risk, and the Bank's management of capital.

Business environment and country risk

The Bank's operations are subject to country risk being the economic, political, and social risks inherent in doing business in the Republic of Moldova. These risks include matters arising out of the policies of the government, economic conditions, imposition of or changes to taxes and regulations, foreign exchange fluctuations and the enforceability of contract rights. The accompanying financial statements reflect management's assessment of the impact of the Moldovan business environment on the operations and the financial position of the Bank. The future business environment may differ from management's assessment. The impact of such differences on the operations and financial position of the Bank may be hard to estimate.

Risk management framework

The Executive Board has overall responsibility for the establishment and oversight of the Bank's risk management framework. The Board has established the Risk Management Committee, Assets and Liabilities Management Committee, Audit Committee, Credit and Operational Risk Committees, Retail and Corporate Monitoring Committees, which are responsible for developing and monitoring Group risk management policies in their specified areas. All committees report regularly to the Executive Board on their activities.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank, through its training and management standards and procedures set up at the OTP Group level, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

28.2 Credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Bank's loans and advances to customers and other banks and investment securities. Also, the Bank exposes itself to a credit risk in cases where it acts as an intermediary on behalf of customers or other third parties or issues guarantees.

The Bank Risk Division manages and controls credit risk having a complex matrix of individual competencies, monitoring the evolution of risk indicators per market segments and products, by setting limits on the share of portfolio per industry concentrations, and by monitoring exposures in relation to such limits.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

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

The Bank has also an Early Warning System (EWS) in place, which represents a mechanism that analyses and turns information into signals to identify the risk at an early stage and has also the purpose to take effective action in the event of EWS signalization and to prevent customers from transitioning to default status. The EWS-based monitoring process ensures the efficient and prompt identification of high-risk debtors.

28.2.1 Impairment assessment

The references below show where the Bank's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

- The Bank's definition and assessment of default and cure (Note 28.2.2);
- An explanation of the Bank's internal grading system (Note 28.2.3);
- How the Bank defines, calculates and monitors the probability of default, exposure at default and loss given default) (Notes 28.2.4 and 28.2.5);
- When the Bank considers there has been a significant increase in credit risk of an exposure (Note 28.2.6);
- The Bank's policy of segmenting financial assets where ECL is assessed on a collective basis (Note: 28.2.7);
- The details of the ECL calculations for Stage 1, Stage 2 and Stage 3 assets (Note: 2.5.9.1(ii)).

For accounting purposes, the Bank uses an expected credit loss model for the recognition of losses on financial assets (Note 2.5.9.1 (ii)).

Depending on the factors below, the Bank calculates ECLs either on a collective or an individual basis.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.2 Definition of default and cure

The Bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) in all cases when the borrower becomes consecutive 90 past due on any material credit obligation.

In the case of the non-enterprise segment materiality is defined as:

- Absolute threshold: 100 EUR (equivalent to the NBM exchange rate) on transaction level, and
- Relative threshold: the ratio of the transaction's overdue debt exceeds 1% of the on-balance sheet exposure on transaction (In case of credit facility /revolving type contracts (e.g: overdraft) it means the contracted amount).

In the case of the enterprise segment, it is defined as:

- The absolute threshold: 500 EUR (equivalent to the NBM exchange rate) on client level, and
- Relative threshold: the ratio of the client's total overdue debt exceeds 1% of the total amount of all on-balance sheet client's exposures (In case of credit facility /revolving type contracts (e.g: overdraft) it means the contracted amount).

As part of quality assessment of whether a customer is in default, the Bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Bank carefully considers whether the events should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL or whether Stage 2 is appropriate. Such events include:

- Identifying a risk event that is likely to result in partial or total non-recovery of amounts due by the counterparty under the initial contract (irrespective of the sufficiency of the Guarantees or the existence of a Guarantor / Fiduciary), the cause being the significant deterioration of the debtor's financial situation; the exceeding of limits established for financial indicators mentioned below can be used as trigger for transferring into default, however the bank will not rely only on the value of those indicators and an individual analysis will be performed in order to assess the counterparty' financial situation and the necessity to transfer it in Stage 3.
- The counterparty is the subject of legal proceedings in connection with the company's administrative difficulties (appointment of special administrator, seizure, winding-up by court order, summons to an international court, etc.) or an equivalent procedure under the law applicable in the debtor's country.
- Identify a situation requiring a restructuring agreement for a forborne credit (any situation / event that results in credit restructuring) (except in cases of "commercial renegotiation": credits for performing (healthy) clients for which the bank for commercial reasons agrees to modify the conditions stipulated in the Initial Loan Agreement) generates the customer's inevitable reclassification in the default category).
- The occurrence of any situation that is defined in the credit agreement as a Non-Execution Event such as a covenant breach not waived by the Bank.
- The loan is put for selling at a material credit related economic loss.
- Other triggers that can be considered as default event (based on expert assessment): information from public sources, breach of important covenants for other borrowing facilities not originated by the Bank, registered default in other banking/financial institution etc.

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.2 Definition of default and cure (continued)

It is the Bank's policy to consider a financial instrument/exposure as "cured" and therefore re-classified out of Stage 3 when they no longer meet any of the above conditions, which means in particular that all late payments will be made. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of cure, and whether there has been a significant increase in credit risk compared to initial recognition. The healing period for "non-performing forborne" loans is 12 months after any grace periods granted after restructuring event and the healing period for Default is 3 months since the conditions that led to default are no longer valid. The probation period for performing forborne is 24 months (considering all necessary criteria are met), after this period the exposure is no more considered as forborne.

The Bank is in continuous monitoring of any specific industry/BASEL/EBA/OTP Group requirements regarding classification of loans in risk categories to apply best market practice.

28.2.3 The bank's internal rating and PD estimation process

The Bank's independent Credit Underwriting Department operates its internal rating models. The Bank runs separate models for its key portfolios in which its customers are rated. Following key portfolios are monitored:

NON-RETAIL:

MLE

This category includes loans granted to Corporate clients with turnover more that 100 million MDL and transnational companies and Small and Medium Enterprises with turnover between 30 and 100 million MDL, Banks and Sovereign, including State Securities portfolio.

For MLE the borrowers are assessed by specialize credit risk employees of the Bank. The credit risk assessment is based on a credit scoring model that takes into account various quantitative and qualitative factors regarding historical, current and forward-looking information such as:

- Historical financial information together with forecasts and budgets prepared by the client: realized and expected results, solvency ratios, liquidity ratios and any other relevant ratios to measure the client's financial performance. Some of these indicators are captured in covenants with the clients and are, therefore, measured with greater attention;
- Any publicly available information on the clients from external parties. This includes external rating grades issued by rating agencies, independent analyst reports or press releases and articles;
- Presence of legal cases, their status at assessment date;
- Whether the loan is secured or unsecured;
- Existence of indicator of forborne/non-forborne;
- Any other objectively supportable information on the quality and abilities of the client's management relevant for the company's performance: insolvency process.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.3 The bank's internal rating and PD estimation process (continued)

Classification of NON-RETAIL loans in risk stages

Stage 1 – exposure of the counterparties that are not in Stage 2 or Stage 3, on regular basis have a maximum of days past due of 10 days in the last six months. Under internal rating these exposures have the rating of:

- S1 Neither past due nor impaired – when the DPD is 0 days;
- S1 Past due but not impaired – when the DPD is up to 10 days in the last six months.

Stage 2 – exposures presenting signs of significant deterioration of credit risk since origination. Triggers considered by the Bank to show deterioration of credit risk for a counterparty to be moved from Stage 1 to Stage 2 are:

- Watch List Flag WL2;
- Overdue payments of more than 30 days;
- Overdue payments of more than 10 days during the last 6 months;
- Restructured loans under probation period (the ones migrated from Stage 3 to Stage 2);
- Restructured loans as performing forborne;
- Rating 8 or 9;
- Other qualitative factors taken into account such as deterioration of financial situation, breach of covenants etc.

Under internal rating these exposures have the rating of S2 Past due but not impaired – when the DPD is more than 10 days in the last six months.

Stage 3 – exposures that are in "default" as detailed in Note 28.2.4. Under internal rating these exposures have the rating of "impaired".

RETAIL:

Consumer

Consumer lending comprise personal loans, credit cards and overdrafts and less complex small business lending. These products are rated for ECL calculation purposes using less complex indicators, the main one being driven by days past due.

Mortgage

Mortgage loans includes loans granted to individuals for financing a mortgage. These products are rated for ECL calculation purposes using less complex indicators, the main ones being driven by days past due and LTV.

MSE

MSE complies loans granted to less complex small business lending. These products are rated using similar risk indicators and for MLE.

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.3 The bank's internal rating and PD estimation process (continued)

Classification of RETAIL loans in risk stages

Stage 1 – exposure of the counterparties that are not in Stage 2 or Stage 3, on regular basis have a maximum of days past due of 10 days. Under internal rating these exposures have the rating of:

- S1 Neither past due nor impaired – when the DPD is 0 days;
- S1 Past due but not impaired – when the DPD is up to 10 days in the last six months.

Stage 2 – exposures presenting signs of significant deterioration of credit risk since origination. Triggers considered by the Bank to show deterioration of credit risk for a counterparty to be moved from Stage 1 to Stage 2 are:

- Overdue payments of more than 30 days;
- Restructured loans under probation period (the ones migrated from Stage 3 to Stage 2);
- LTV > 125% for mortgage products;
- DTI > 55% for consumer loans;
- Restructured loans as performing forborne;
- Overdue payments of more than 10 days at least once in the last 6 months;
- Mortgage loans with variable interest rate: (i) for which the degree of indebtedness estimated after the interest rate change from September 2022 exceeds the limits regulated by the NBM - 40% (clients with incomes below 19,800 MDL) and 55% (clients with incomes above 19,800 MDL), and (ii) granted to private individuals in the PRO category whose incomes are not of an official nature and were estimated according to MICRO technology.

Under internal rating these exposures have the rating of S2 Past due but not impaired – when the DPD is more than 10 days in the last six months.

Stage 3 – exposures that are in "default" as detailed in Note 28.2.4. Under internal rating these exposures have the rating of "impaired loans and securities". Specifically, the following indicators of default are monitored (the list is not limited to these):

- Overdue payments of more than consecutive 90 days over the materiality threshold;
- Restructured loans;
- The hard recovery procedures started;
- Death of the debtor;
- Fraud events identified.

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.4 Exposure at default

Exposure at Default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation and is equal to the current exposure including drawn part (corresponding to principal accounted in on balance sheet) and undrawn part (corresponding to the off-balance sheet adjusted with CCF) to which adjustment coefficients may be applied depending on the residual maturity (integrated into the provisioning rate).

To calculate the EAD for a Stage 1 loan, the Bank assesses the possible default events within 12 months for the calculation of the 12mECL. However, if a Stage 1 loan that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2 and Stage 3 the exposure at default is considered for events over the lifetime of the instruments.

The Bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Bank's models.

PD models are based on a two-step approach:

- Construction of the marginal curve of the TTC PD for each homogenous group;

  Calculation is based on the number of defaults on a quarterly basis from period starting with 01/01/2012. The survival rate is ignored, meaning that any default incurred during the observation period was considered as default in the calculation of PD, even at the reporting date the client's performance improved and any default that was recovered during the observation period was also considered in the calculation of PD.

- Adjusting the TTC PD curve taking into consideration the current situation and the impact of the forward-looking information.

PD at 12m is applied for 12mECL; life time PD is applied for LTECL.

28.2.5 Loss given default

The LGDs used for ECL calculation in the context of IFRS9 are based on internal LGD model using historic recoveries adjusted with forward looking coefficient.

28.2.6 Significant increase in credit risk

The Bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Bank assesses whether there has been a significant increase in credit risk since initial recognition.

The Bank applies quantitative and qualitative methods for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watchlist, or the account becoming forborne. In certain cases, the Bank may also consider that events explained in Note 28.2.2 are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due as of reporting date or more than 10 days during the last 6 months, the credit risk is deemed to have increased significantly since initial recognition.

For 2024, an additional trigger for the migration to stage 2 was considered mortgage and cash loan exposures sensitive to credit risk induced by a potential increase of interest rate of 400 bps forecasted in 2025.

Also, in order to provide additional protection against potential losses from materialization of risks that have not been captured in the model-based parameter estimation for Stage 1 and 2 exposures of legal entities (MSE and MLE) an additional coefficient of 25% has been applied to the amount of ECL losses calculated as at 31.12.2024. This action was taken considering also ECB recommendations on IFRS 9 overlays and model improvements for novel risks, being preceded and determined by several factors:

- A state of emergency was declared in Moldova (Parliament decision nr. 370/11.12.2024) due to the major risks and uncertainties in the country's energy sector.
- Worse macroeconomic trends in 2025 than previously forecasted, like a higher inflation rate in 2025 than the targeted level by NBM 5% ±1.5p p.p., a potential recession with a negative GDP and interest rates that will be on an ascending trend.
- Based on the available analytical data, the default rate has reached historical lows, being significantly below the averages of previous periods. In line with the application of the new macroeconomic model based on the history of the RM, the PD coefficients show a decreasing trend even in periods of macroeconomic crises.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.7 Grouping financial assets measured on a collective basis

As explained in Note 28.2.1 and 2.5.9.1 dependent on the factors below the Bank calculates ECLs either on a collective or an individual basis.

Impairment assessment on individual basis

Asset classes where the Bank calculates ECL on an individual basis include Stage 3 assets, except unsecured portfolios and collectively assessed secured loans.

Impairment assessment on collective basis

The bank had classified loan portfolio in several homogeneous groups:

MLE

This category includes loans granted to Corporate clients with turnover more that 100 million MDL and transnational companies and Small and Medium Enterprises with turnover between 30 and 100 million MDL, Banks and Sovereign, including State Securities portfolio.

Consumer

Consumer lending comprise personal loans, credit cards and overdrafts and less complex small business lending.

Mortgage

Mortgage loans includes loans granted to individuals for financing a mortgage.

MSE

This category complies loans granted to less complex small business lending.

Asset classes where the Bank calculates ECL on a collective basis include:

- Performing assets (Stage 1 and 2) from all segments;
- S3 assets from unsecured portfolios;
- S3 assets from secured portfolio (usually forborne loans or not significant exposures).

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.8 Analysis of collectively impaired assets

(i) Analysis of inputs to the ECL under multiple economic scenarios

Measurement of Bank's ECL reflects an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes. The model considers reasonable and supportable information about past events, current conditions and reasonable and supportable forecasts of future economic conditions when measuring ECL.

Main macroeconomic highlights
The Moldovan economy gradual recovery is underway caused by the gas prices, inflation, and interest rate shock. Geographical position, trade links, high dependence on Russian energy, and local geopolitical tensions made Moldova heavily exposed to the war and its consequences.

2023: the environment improved drastically: gas prices decreased, inflation collapsed (from 35% to 4.2%), real wages are growing, the base rate has been cut to 4.75% and loan demand has returned. The recovery started, but it remained fragile.

2024-2026: We expect Moldova to reaccelerate to the potential growth rate of around 4%. Interest rates will be hiked from the current very low level which fits the recession and fast disinflation. The deficit rose in 2023 and the external position remained fragile and requires ongoing external support from the IMF and the EU.

Main risks

- Geopolitics: war in Ukraine, Transnistria conflict;
- Politics: pro-western government willing to join the EU and still the strong Russian influence and the exposure to Russian energy is a dangerous combination;
- Financing and exchange rate risks: Both the C/A and the budget deficit is high, and financing is a serious issue in the region, which could cause the MDL to depreciate.
- Energy crisis

Three scenarios are used for ECL calculations

1. Optimistic Scenario - Moldovan growth reaccelerates quickly to an increase of 5.2% of the GDP in 2025.
2. Forecast Scenario - Moderate economic growth, with an increase of 4.2% of the GDP in 2025.
3. Stress scenario - Moldova's GDP still in negative area in 2025 of -3.0%.

The main scenario inputs are included in the table below:

Gross Domestic Product (GDP), q-o-q growth	Assigned Weight	2025 Q1	2025 Q2	2025 Q3	2025 Q4	2026 Q1	2026 Q2	2026 Q3	2026 Q4	2027 Q1	2027 Q2	2027 Q3	2027 Q4
Optimistic scenario	10%	4.1%	5.1%	5.6%	5.9%	5.8%	5.7%	5.5%	5.4%	5.3%	5.2%	5.1%	5.0%
Stress scenario	70%	-0.3%	-2.9%	-4.2%	-4.7%	-1.3%	1.3%	2.6%	2.9%	3.2%	3.6%	3.6%	3.6%
Forecast scenario	20%	-0.1%	0.9%	4.2%	3.5%	3.0%	2.8%	3.7%	3.5%	3.5%	3.5%	3.5%	3.5%

Parameter review
During the yearly parameters review from November 2024, PD parameters were reviewed based on latest input data. At the same time, a new macro model was developed based on Moldavian macro situation and default rate data, which replaced the previous year's Romanian benchmarked model.

The LGD parameters were also reviewed based on the latest input data. Both foreclosure data (which were previously not used) and recovery data improved significantly, especially in MLE segment. As a result, the modelled LGD improves a lot in both LGD methodology in the mortgage and in the MLE segment.

The above mentioned parameters review had a considerable impact on ECL provisions, expressed in a release of 26,6 MMDL.

28.2 Credit risk (continued)

28.2.8 Analysis of collectively impaired assets (continued)

(ii) Sensitivity Analysis of inputs to the ECL

The Bank elaborated four scenarios for sensitivity analysis, two are based on increasing/decreasing of PD by 500 basis points while LGD remains the same, and the last two are based on increasing/decreasing of LGD by 1000 basis points while PD remains the same.
The sensitivity analysis for the year 2024 and 2023, respectively, is presented in the tables below:

(in thousands MDL)	Total Provision 2024 Real Booked	Change of PD	Total Provision Simulation	Increase/ Decrease in Total Stock of Provision, MDL	Increase/ Decrease in Total Stock of Provision, %
Retail	194,192	+ 500 bps	338,460	144,268	74%
		- 500 bps	143,022	-51,169	-26%
Non-Retail	173,048	+ 500 bps	432,353	259,305	150%
		- 500 bps	136,533	-36,514	-21%
	367,240				

(in thousands MDL)	Total Provision 2024 Real Booked	Change in basis points of LGD	Total Provision Simulation	Increase/Decrease in Total Stock of Provision, MDL	Increase/Decrease in Total Stock of Provision, %
Retail	194,192	+ 1000 bps	233,983	39,791	20%
		- 1000 bps	176,540	-17,652	-9%
Non-Retail	173,048	+ 1000 bps	229,024	55,976	32%
		- 1000 bps	181,902	8,854	5%
	367,240				

(in thousands MDL)	Total Provision 2023 Real Booked	Change of PD	Total Provision Simulation	Increase/Decrease in Total Stock of Provision, MDL	Increase/Decrease in Total Stock of Provision, %
Retail	203,380	+ 500 bps	337,078	133,698	66%
		- 500 bps	154,848	(48,532)	-24%
Non-Retail	174,896	+ 500 bps	400,670	225,774	129%
		- 500 bps	124,436	(50,460)	-29%
	378,276				

(in thousands MDL)	Total Provision 2023 Real Booked	Change of LGD	Total Provision Simulation	Increase/Decrease in Total Stock of Provision, MDL	Increase/Decrease in Total Stock of Provision, %
Retail	203,380	+ 1000 bps	246,633	43,253	21%
		- 1000 bps	185,333	(18,046)	-9%
Non-Retail	174,896	+ 1000 bps	218,320	43,424	25%
		- 1000 bps	170,516	(4,380)	-3%
	378,276				

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.9 Overview of modified and forborne loans

The table below shows the gross carrying amount of previously modified financial assets for which loss allowance has changed between 12mECL and LTECL measurement during the period:

	as at 31 December 2024		as at 31 December 2023	
	Gross carrying amount	Corresponding ECL	Gross carrying amount	Corresponding ECL
Facilities that have cured since modification and are now measured using 12mECLs (Stage 1)	28	0.20	1,522	22
Facilities that reverted to (Stage 2/3) LTECLs having once cured	0	0	365	55

Carrying amount by class of financial assets that had the forborne status as of 31 December 2024 and 2023 is analyzed below:

Forborne Loans	31 December 2024	Of which: forborne in 2024	31 December 2023	Of which: forborne in 2023
(in thousands MDL)				
Loans and advances to customers				
Performing				
MLE	803	803	11,506	-
Consumer	3,804	2,158	6,563	6,360
Mortgage	1,468	-	2,693	1,700
MSE	16,648	15,243	17,273	12,849
Leasing	-	-	-	-
	22,723	**18,204**	**38,035**	**20,909**
NON-Performing				
MLE	4,589	-	11,049	-
Consumer	267	86	1,275	994
Mortgage	989	-	2,182	-
MSE	12,142	2,198	16,031	7,031
Leasing	668	668	1,330	860
	18,655	**2,952**	**31,867**	**8,885**

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.10 Analysis of risk concentration

The major concentrations of credit risk arise by location and type of customer in relation to the Bank investments, loans and advances and guarantees issued. The Bank has no significant exposure to any individual customer or counterparty. The Bank's lending activities are conducted in the Republic of Moldova. The ability of borrowers to repay their debt is dependent on a number of factors including the overall financial wealth of the borrower and the Moldovan economy. The loan portfolio comprises loans to approximately 4.711 legal entities (2023: 3,974) and 63,274 individuals (2023: 68,264), out of which 343 legal entities and 33,337 individuals have only unauthorized overdrafts.

The maximum credit on-balance exposure to any client or counterparty in the loan portfolio as of 31 December 2024 was at MDL'000 163,360 (2023: MDL'000 177,034).

As at 31 December 2024 ten major gross loans have a total on-balance exposure of MDL'000 1,012,408 (31 December 2023: MDL'000 925,639).

Maximum exposure to credit risk

The table below shows the maximum exposure to credit risk for the components of the balance sheet. The maximum exposure is shown net of ECL, before the effect of mitigation through the use of master netting and collateral agreements.

(in thousands MDL)	Note	31 December 2024	31 December 2023
Placements with Central Bank	13	4,674,779	6,387,232
Due from banks	14	2,738,170	2,367,469
Debt instruments at amortized cost	16	4,447,877	4,376,648
Loans and advances to customers	15	7,860,695	6,959,188
Leasing	15	255,079	224,118
Other assets		112,100	66,524
Total		**20,088,700**	**20,381,179**
Financial guarantees, letters of credit and other undrawn commitments	25	2,340,465	1,961,085
Total credit risk exposure		**22,429,165**	**22,342,264**

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.10 Analysis of risk concentration (continued)

Industry analysis

The Bank monitors concentrations of credit risk by sector and by geographic location.

An analysis of concentrations of credit risk gross exposure as of 31 December 2024 is shown below:

	Loans and advances to customers	Leasing	Due from banks	Debt instruments at amortized cost	Financial assets at FV through PL
(in thousands MDL)					
Concentration by sector					
Sovereign	-	-	-	2,069,504	-
Central Bank	-	-	4,676,343	2,402,078	-
Commercial banks	-	-	2,740,650	-	-
Individuals	3,376,291	-	-	-	-
Legal entities	4,845,256	261,466	-	-	-
Off balance sheet items:	-	-	-	-	1,031
Individuals	14,976	-	-	-	-
Legal entities	2,357,700	480	-	-	-
	10,594,223	**261,946**	**7,416,993**	**4,471,582**	**1,031**
Concentration by location					
Moldova	9,677,648	261,946	4,676,343	4,471,582	1,031
CIS*[1]	160,041	-	4,352	-	-
EU	126,627	-	2,444,064	-	-
USA	510	-	292,234	-	-
Other	629,397	-	-	-	-
Total gross amount of exposure	**10,594,223**	**261,946**	**7,416,993**	**4,471,582**	**1,031**
Less: Allowance for ECL/impairment losses	(393,546)	(6,384)	(4,044)	(23,705)	-
	10,200,677	**255,562**	**7,412,949**	**4,447,877**	**1,031**

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[1] CIS - Commonwealth of Independent States, free association of sovereign states that was formed in 1991 by Russia and 11 other republics that were formerly part of the Soviet Union.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.10 Analysis of risk concentration (continued)

An analysis of concentrations of credit risk gross exposure as of 31 December 2023 is shown below:

(in thousands MDL)	Loans and advances to customers	Leasing	Due from banks	Debt instruments at amortized cost	Financial assets at FV through PL
Concentration by sector					
Sovereign	-	-	-	1,506,643	-
Central Bank	-	-	6,391,569	2,902,463	-
Commercial banks	-	-	2,370,587	-	-
Individuals	3,011,254	-	-	-	-
Legal entities	4,319,825	230,502	-	-	-
Off balance sheet items:	-	-	-	-	1,031
Individuals	44,492	20	-	-	-
Legal entities	1,942,214	526	-	-	-
	9,317,785	**231,048**	**8,762,156**	**4,409,106**	**1,031**
Concentration by location					
Moldova	8,436,086	231,048	6,391,569	4,409,106	1,031
CIS*[2]	125,887	-	11,804	-	-
EU	190,394	-	2,307,750	-	-
USA	14,134	-	51,033	-	-
Other	551,284	-	-	-	-
	9,317,785	**231,048**	**8,762,156**	**4,409,106**	**1,031**
Less: Allowance for ECL/impairment losses	(398,033)	(6,384)	(7,457)	(32,458)	-
	8,919,752	**224,664**	**8,754,699**	**4,376,648**	**1,031**

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[2] CIS - Commonwealth of Independent States, free association of sovereign states that was formed in 1991 by Russia and 11 other republics that were formerly part of the Soviet Union.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.10 Analysis of risk concentration (continued)

An analysis of concentrations of ECL as of 31 December 2024 is shown below:

	Loans and advances to customers	Leasing	Due from banks	Debt instruments at amortized cost	Financial assets at FV through PL
(in thousands MDL)					
Concentration by sector					
Sovereign	-	-	-	23,584	-
Central Bank	-	-	1,564	121	-
Commercial banks	-	-	2,480	-	-
Individuals	158,035	-	-	-	-
Legal entities	202,817	6,387	-	-	-
Off balance sheet items:	-	-	-	-	-
Individuals	99	-	-	-	-
Legal entities	32,587	5	-	-	-
	393,538	**6,392**	**4,044**	**23,705**	**-**
Concentration by location					
Moldova	381,741	6,392	1,564	23,705	-
CIS*	2,993	-	35.67	-	-
EU	980	-	2,368	-	-
USA	4	-	76.09	-	-
Other	7,820	-	-	-	-
	393,538	**6,392**	**4,044**	**23,705**	**-**

An analysis of concentrations of ECL as of 31 December 2023, shown below:

	Loans and advances to customers	Leasing	Due from banks	Debt instruments at amortized cost	Financial assets at FV through PL
(in thousands MDL)					
Concentration by sector					
Sovereign	-	-	-	32,118	-
Central Bank	-	-	4,337	340	-
Commercial banks	-	-	3,120	-	-
Individuals	159,540	-	-	-	-
Legal entities	212,352	6,384	-	-	-
Off balance sheet items:	-	-	-	-	-
Individuals	530	-	-	-	-
Legal entities	25,611	6	-	-	-
	398,033	**6,390**	**7,457**	**32,458**	**-**
Concentration by location					
Moldova	383,156	6,390	4,337	32,458	-
CIS*	3,749	-	3,023	-	-
EU	991	-	67	-	-
USA	23	-	30	-	-
Other	10,114	-	-	-	-
	398,033	**6,390**	**7,457**	**32,458**	**-**

Ageing analysis of loans by class of financial assets as of 31 December 2024 and 2023 is presented below:

	Stage 1		Stage 2					Stage 3					
(in thousands MDL)	Not past due	Less than 30 days	Not past due	Less than 30 days	31 to 60 days	61 to 90 days	More than 90	Not past due	Less than 30 days	31 to 60 days	61 to 90 days	More than 90	Total
31-Dec-24 Loans and advances to customers													
MLE	3,851,448	101,252	170,225	16,663	7761	-	-	6	-	-	-	142,846	**4,290,201**
Consumer	1,183,688	36,864	110,965	27,211	3,445	954	159	5,169	1306	2,023	2,026	29,178	**1,402,988**
Mortgage	1,383,878	39,035	435,934	62,578	1,815	808	-	4,259	5,896	5,670	2,104	25,621	**1,967,598**
MSE	364,943	2,216	133,940	9,030	4,670	3590	-	3,232	2,224	249	3,449	33,222	**560,765**
Total Loans and advances to customers	**6,783,957**	**179,367**	**851,064**	**115,482**	**17,691**	**5,352**	**159**	**12,666**	**9,426**	**7,942**	**7,579**	**230,867**	**8,221,552**
Leasing	***245,883***	***140***	***8,624***	***3275***	-	-	-	-	-	-	-	***3543***	***261,465***
Total Loans and advances to customers and Leasing	**7,029,840**	**179,507**	**859,688**	**118,757**	**17,691**	**5,352**	**159**	**12,666**	**9,426**	**7,942**	**7,579**	**234,410**	**8,483,017**
31-Dec-23 Loans and advances to customers													
MLE	3,274,009	265,619	65,146	24,374	2328	-	18	-	523	-	-	154,673	**3,786,690**
Consumer	827,484	38,353	129,774	37,161	8,868	2,246	7,981	4,652	2709	3,807	2,998	22,063	**1,088,096**
Mortgage	1,450,863	57,836	299,019	50,761	5,445	2370	-	3,885	7,711	6,397	9,463	29,408	**1,923,158**
MSE	282,063	7,067	161,180	17,291	11,270	739	306	2,186	3,374	5,396	7,090	35,174	**533,136**
Total Loans and advances to customers	**5,834,419**	**368,875**	**655,119**	**129,587**	**27,911**	**5,355**	**8,305**	**10,723**	**14,317**	**15,600**	**19,551**	**241,318**	**7,331,080**
Leasing	***207,184***	***1540***	***12,300***	***5240***	-	-	-	***95***	***375***	-	***1066***	***2702***	***230,502***
Total Loans and advances to customers and Leasing	**6,041,603**	**370,415**	**667,419**	**134,827**	**27,911**	**5,355**	**8,305**	**10,818**	**14,692**	**15,600**	**20,617**	**244,020**	**7,561,582**

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Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.10 Analysis of risk concentration (continued)

An analysis of loans and advances to customers by customer type and industry as of 31 December 2024 and 2023 is presented below:

(in thousands MDL)	31 December 2024	31 December 2023
Loans to individuals		
Consumer loans	1,402,987	1,088,096
Mortgage loans	1,967,599	1,923,158
	3,370,586	**3,011,254**
Less allowance for impairment losses Consumer Loans	(70,240)	(85,528)
Less allowance for impairment losses Mortgage Loans	(85,887)	(72,000)
Net loans to individuals	**3,214,459**	**2,853,726**
Loans to legal entities		
Industry and commerce	3,135,059	2,927,032
Agriculture and food industry	903,173	764,068
Fuel and energy	22,986	5,375
Construction	124,490	48,315
Transportation, telecommunications and development	405,485	315,523
Overdrafts	4,052	-
Micro-enterprises	147,037	140,372
Leasing	261,466	230,502
Other	108,679	119,141
	5,112,427	**4,550,328**
Less allowance for impairment losses		
Industry and commerce	(96,854)	(100,729)
Agriculture and food industry	(81,475)	(88,619)
Fuel and energy	(331)	(67)
Construction	(2,386)	(1,362)
Transportation, telecommunications and development	(8,200)	(6,540)
Overdrafts	(58)	-
Micro-enterprises	(12,390)	(14,088)
Leasing	(6,387)	(6,384)
Other	(3,031)	(2,959)
Net loans to legal entities	**4,901,315**	**4,329,580**
Total net loans and advances to customers	**8,115,774**	**7,183,306**

The Bank's lending activities are conducted in Moldova. The ability of borrowers to repay their debt is dependent on a number of factors including the overall financial wealth of the borrower and the Moldovan economy.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.11 Collateral and other enhancements

The main types of collateral obtained are as follows: real estate premises (residential, commercial, land), stock of goods and materials, trade receivables, securities, cash and other types (if object can be identified, evaluated and pledged).

The Bank also obtains guarantees from parent companies for loans to their subsidiaries. The Bank monitors the market value of collateral and request additional collateral in accordance with the underlying agreement.

Bank's policy is to avoid repossession of assets and to use this tool as an exceptional one, due to the fact that legislation offers the possibility to take under legal possession the collaterals in order to manage them for selling, from clients' name, and repay the debt. In order to recover the debt where are set collaterals that are under legal possession, Bank uses several ways:

- Selling of collateral with Bank's permission;
- Cession of debts (that includes the selling of rights legal possession);
- Selling of collaterals by Bank – direct negotiations (by Bank or involving a real estate company) or auction (auction organized by third parties – dedicated company / bailiff / notary);
- Selling of collaterals in enforced execution procedure.

All information regarding the collaterals available for selling is published on Bank's website as well as in a dedicated Newspaper.

The Bank holds collateral against loans and advances to customers in the form of mortgage interests over property, stock of materials and equipment as well as corporate guarantees and cash deposits. The fair value of collateral placed against individually impaired loans as of 31 December 2024 is estimated at MDL'000 52,524 (31 December 2023: MDL'000 40,694). The fair value of collateral placed against past due but not impaired loans as of 31 December 2024 is estimated at MDL'000 270,372 (31 December 2023: MDL'000 329,218).

Collateral generally is held over loans, except when securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held as of 31 December 2024 and 2023.

The tables on the following pages show the maximum exposure to credit risk by class of financial assets.

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.11 Collateral and other enhancements (continued)

(in thousands MDL)	Maximum exposure to credit risk	Cash	Securities	3rd party guarantees	Property	Other	Surplus of collateral	Total collateral	Net exposure	Associated ECLs
31 December 2024										
MLE	4,123,534	123,298	-	12,539,980	2,579,873	1,988,761	(13,166,218)	17,231,911	-	166,661
Consumer	1,332,747	196	-	818,830	4,446	2,570	(597,746)	826,042	506,704	70,240
Mortgage	1,881,712	19,123	-	2,383,190	2,803,789	3,603	(3,330,276)	5,209,705	-	85,887
MSE	522,701	6,011	-	1,827,863	482,414	420,900	(2,174,973)	2,737,188	-	38,065
Leasing	255,079	-	-	745,568	17,288	427,814	(945,867)	1,190,670	-	6,387
Commitments to grant loans	1,187,676	21,666	-	2,072,544	324,836	199,945	(1,993,062)	2,618,990	-	17,817
Financial guarantees	1,105,797	59,204	-	786,836	137,448	127,466	(509,961)	1,110,954	-	14,455
Letters of credit	46,991	27,701	-	110,166	3,600	5,552	(109,684)	147,018	-	420
Total	**10,456,237**	**257,199**	-	**21,284,977**	**6,353,694**	**3,176,611**	**(22,827,787)**	**31,072,478**	**506,704**	**399,932**
31 December 2023										
MLE	3,618,178	110,620	-	1,023,188	2,428,229	1,994,524	(2,328,782)	5,556,562	-	168,512
Consumer	1,002,569	195	-	-	7,301	2,339	(9,487)	9,836	992,734	85,527
Mortgage	1,851,156	20,009	-	254,808	2,764,559	6,692	(1,204,257)	3,046,067	-	72,002
MSE	487,285	9,298	-	51,698	540,891	372,003	(504,012)	973,890	-	45,851
Leasing	224,118	-	-	-	12,409	395,864	(184,814)	408,273	-	6,384
Commitments to grant loans	991,361	1,208	-	4,773	274,660	194,170	(107,135)	474,810	516,551	10,187
Financial guarantees	956,176	73,714	-	285,298	176,224	129,602	(109,918)	664,839	291,338	15,811
Letters of credit	13,547	-	-	-	10,615	2,194	(1,434)	12,809	738	150
Total	**9,144,390**	**215,044**	-	**1,619,765**	**6,214,888**	**3,097,388**	**(4,449,839)**	**11,147,086**	**1,801,361**	**404,424**

Notes to the Financial Statements

28 Risk management (continued)

28.2 Credit risk (continued)

28.2.11 Collateral and other enhancements (continued)

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets:

(in thousands MDL)	Maximum exposure to credit risk	Cash	Securities	3rd party guarantees	Property	Other	Surplus of collateral	Total collateral	Net exposure	Associated ECLs
31 December 2024										
MLE	50,572	-	-	900,741	96,204	117,747	(1,065,980)	1,114,692	-	92,280
Consumer	4,977	-	-	177,968	4,356	2,570	(181,549)	184,894	-	34,724
Mortgage	18,792	-	-	64,698	70,735	302	(116,942)	135,735	-	24,758
MSE	-	-	-	207,176	72,093	58,982	(316,686)	338,251	-	20,753
Leasing	1,535	-	-	26,265	-	6,478	(31,208)	32,743	-	2,009
Commitments to grant loans	-	-	-	-	-	-	-	-	-	-
Financial guarantees	453	1,192	-	-	-	-	(739)	1,192	-	739
Letters of credit	-	-	-	-	-	-	-	-	-	-
Total	76,329	1,192	-	1,376,848	243,388	186,079	(1,713,104)	1,807,507	-	175,263
31 December 2023										
MLE	43,288	-	-	11,643	111,533	142,939	(225,357)	266,115	-	111,908
Consumer	10,079	-	-	-	7,194	2,339	(9,424)	9,533	546	26,149
Mortgage	27,368	-	-	2,457	88,309	890	(64,342)	91,656	-	29,496
MSE	-	-	-	7,037	89,894	70,754	(142,647)	167,685	-	25,822
Leasing	1,902	-	-	-	-	9,695	(7,792)	9,695	-	2,335
Commitments to grant loans	2	-	-	-	-	2,583	(2,583)	2,583	-	2
Financial guarantees	833	1,889	-	-	-	-	(1,056)	1,889	-	1,056
Letters of credit	-	-	-	-	-	-	-	-	-	-
Total	83,472	1,889	-	21,137	296,930	229,200	(453,201)	549,156	546	196,768

Notes to the Financial Statements

28 Risk management (continued)

28.3 Liquidity risk and funding management

Liquidity risk is the risk that the Bank will encounter difficulty in meeting obligations from its financial liabilities.

Management of liquidity risk

The Bank's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Bank's reputation.

Intraday liquidity is managed by the Treasury based on received information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short term liquid assets, largely made up of short term liquid investment securities, loans and advance to banks and other interbank facilities, to ensure that sufficient liquidity is maintained within the Bank as a whole.

On a medium to long term basis the liquidity is managed through ALM function reporting to ALCO on the funding needs in the future.

The table below summarizes the maturity profile of the Bank's financial assets and liabilities at 31 December 2024 based on undiscounted repayment obligations.

(in thousands MDL)	Total	Less 1 month	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
Financial assets					
Cash and balances with Central Bank	5,531,137	5,451,667	-	79,470	-
Due from banks	2,738,170	2,738,170	-	-	-
Derivative financial instruments	120	120	-	-	-
Financial assets at fair value through profit or loss	3,574	294	2,249	-	1,031
Debt instruments at amortized cost	4,447,877	2,378,104	2,067,773	2,000	-
Loans and advances to customers	8,115,774	450,421	3,088,856	3,451,513	1,124,984
Other financial assets	64,242	64,242	-	-	-
Total financial assets	**20,900,894**	**11,083,018**	**5,158,878**	**3,532,983**	**1,126,015**
Financial Liabilities					
Due to banks	4,477	4,477	-	-	-
Due to customers	17,017,703	12,861,913	3,056,856	1,077,798	21,136
Debt issued and other borrowings	956,030	17,262	458,113	468,127	12,528
Lease liabilities	57,307	-	1,655	37,626	18,026
Derivative financial instruments	215	215	-	-	-
Total financial liabilities	**18,035,732**	**12,883,867**	**3,516,624**	**1,583,551**	**51,690**
GAP	**2,865,162**	**(1,800,849)**	**1,642,254**	**1,949,432**	**1,074,325**

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Notes to the Financial Statements

28 Risk management (continued)

28.3 Liquidity risk and funding management (continued)

The table below summarizes the maturity profile of the Bank's financial assets and liabilities at 31 December 2023 based on undiscounted repayment obligations.

(in thousands MDL)	Total	Less 1 month	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
Financial assets					
Cash and balances with Central Bank	6,968,119	6,968,119	-	-	-
Due from banks	2,367,467	2,367,467	-	-	-
Derivative financial instruments	-	-	-	-	-
Financial assets at fair value through profit or loss	2,675	1,644	-	-	1,031
Debt instruments at amortized cost	4,376,648	2,868,385	1,506,263	2,000	-
Loans and advances to customers	7,183,306	494,166	2,788,215	2,920,626	980,299
Other financial assets	49,080	49,080	-	-	-
Total financial assets	**20,947,295**	**12,748,861**	**4,294,478**	**2,922,626**	**981,330**
Financial Liabilities					
Due to banks	3,448	3,448	-	-	-
Due to customers	16,683,780	2,455,372	7,639,075	5,019,342	1,569,991
Debt issued and other borrowings	1,377,673	30,358	701,607	635,896	9,812
Lease liabilities	62,450	-	16,543	38,256	7,651
Derivative financial instruments	424	424	-	-	-
Total financial liabilities	**18,127,775**	**2,489,602**	**8,357,225**	**5,693,494**	**1,587,454**
GAP	**2,819,520**	**10,259,259**	**(4,062,747)**	**(2,770,868)**	**(606,124)**

The table below is related to off-balance assets as of 31.12.2024 and 31.12.2023. Each undrawn loan commitment is included in the time band containing the earliest date it can be drawn down. For issued financial guarantee contracts, the maximum amount of the guarantee is allocated to the earliest period in which the guarantee could be called.

(in thousands MDL)	Total	Less 1 month	Between 1 month and 1 year	Between 1 and 5 years	More than 5 years
As at 31 December 2024					
Loan commitments	1,205,493	255,225	432,997	455,301	61,970
Financial guarantees	1,131,230	534,190	546,424	49,216	1,400
Letter of credit	36,433	21,766	14,667	0	0
Total commitments and guarantees	**2,373,156**	**811,181**	**994,088**	**504,517**	**63,370**
As at 31 December 2023					
Loan commitments	1,001,549	230,760	372,986	363,925	33,878
Financial guarantees	971,986	182,494	630,047	159,445	0
Letter of credit	13,697	2,252	2,742	8,703	0
Total commitments and guarantees	**1,987,232**	**415,506**	**1,005,775**	**532,073**	**33,878**

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads will affect the Bank's or the value of its holdings of financial instruments. The objective of the market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

As of the end of 2024 did hold a small trading portfolio of State Securities (2.6 million MDL). This portfolio was constituted considering the regulatory requirements imposed by Ministry of Finance for the banks who have the license of primary dealer. In Q3 2018, NBM updated its Regulation related to placement, trading and redemption of state securities, within which new requirements for primary dealers (the Bank has the license of primary dealer) have been established, including the minimum obligation for daily listing/quotation of State Securities. The obligation of daily listing provides 2 conditions to be respected:

- mandatory daily listing of State Securities bought in last 2 auctions (auctions are organized twice per month for treasury bills and once per month for government bonds with fixed rate and for government bonds with variable rate);
- minimum portfolio to be listed is 100 K MDL (at notional value).

Considering the amount of portfolio and the nature of financial instruments, the related market risk is considered as not significant.

28.4.1 Interest rate risk

The Bank's operations are subject to risk of interest rate fluctuations to the extent that interest-earning assets and interest-bearing liabilities mature at different times or in different amounts. Risk management activities are aimed at optimizing net interest income, given market interest rate levels consistent with the Bank's business strategies.

The sensitivity on net interest income of the Bank is analysed separately for variable rates (as effect of interest rate changes for variable rate assets and liabilities) and fixed rates (by revaluing fixed rate financial assets for the effects of the assumed changes in interest rates based on the assumption that there are parallel shifts in the yield curve). According to financial market evolution, the Bank estimates 2 main scenarios for interest rate sensitivity analysis:

1. Parallel increase/decrease of +/- 200 basis points for interest bearing assets and liabilities with subsequent impact of such fluctuations on net interest income (NII) and economic value of equity (EVE);
2. Non-Parallel increase/decrease of +/- 200 basis points for interest bearing assets and liabilities with subsequent impact of such fluctuations on net interest income (NII) and economic value of equity (EVE);

Power of fluctuations is determined based on market conditions and Banks assumptions in forecasted environment.

The potential change of the Bank's EVE (economic value of equity) due to changes:

	Effect	Impact on Own Funds
(in thousands MDL)		
31/12/2024 (Own Funds equal to 2,149.2 M MDL)		
Potential change in EVE + 200 bps	39,912	1.86%
Potential change in EVE - 200 bps	(41,831)	(1.95)%
31/12/2023 (Own Funds equal to 2,034,9 M MDL)		
Potential change in EVE + 200 bps	49,639	2.44%
Potential change in EVE - 200 bps	(52,381)	(2.57)%

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk (continued)

28.4.1 Interest rate risk (continued)

The following table provides an analysis of the Bank's interest rate risk exposure on non-trading financial assets and liabilities as at 31 December 2024. The bank assets and liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

(in thousands MDL)	Carrying amount	Less than 3 month	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
As at 31 December 2024						
Assets						
Cash and Balances with Central Bank	**5,531,137**	4,674,779	-	-	-	856,358
Due from Banks	**2,738,170**	2,658,700	-	79,470	-	-
Financial assets at fair value through profit and loss	**3,574**	294	2,249	-	1,031	-
Loans and advances to customers	**8,115,774**	6,463,238	1,650,536	2,000	-	-
Debt instruments at amortized cost	**4,447,877**	3,311,321	444,058	663,940	28,558	-
	20,836,532	**17,108,332**	**2,096,843**	**745,410**	**29,589**	**856,358**
Liabilities						
Due to Banks	**4,477**	4,477	-	-	-	-
Due to Customers	**17,017,703**	9,226,969	309,726	81,679	21,000	7,378,329
Debt issued and other borrowed funds	**956,030**	849,355	66,348	34,237	6,090	-
	17,978,210	**10,080,801**	**376,074**	**115,916**	**27,090**	**7,378,329**
Total interest sensitivity gap	**2,858,322**	**7,027,531**	**1,720,769**	**629,494**	**2,499**	**(6,521,971)**

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk (continued)

28.4.1 Interest rate risk (continued)

The following table provide an analysis of the Bank's interest rate risk exposure on non-trading financial assets and liabilities as at 31 December 2023. The bank assets and liabilities are included at carrying amount and categorized by the earlier of contractual repricing or maturity dates.

	Carrying amount	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-interest bearing
(in thousands MDL)						
As at 31 December 2023						
Assets						
Cash and Balances with Central Bank	**6,968,119**	6,387,232	-	-	-	580,887
Due from Banks	**2,367,467**	2,367,467	-	-	-	-
Financial assets at fair value through profit and loss	**2,675**	1,644	-	-	-	1,031
Loans and advances to customers	**7,183,306**	4,191,092	2,177,048	774,578	40,588	-
Debt instruments at amortized cost	**4,376,648**	2,868,385	1,506,263	2,000	-	-
	20,898,215	**15,815,820**	**3,683,311**	**776,578**	**40,588**	**581,918**
Liabilities						
Due to Banks	**3,448**	3,448	-	-	-	-
Due to Customers	**16,683,780**	7,989,345	2,068,855	85,433	-	6,540,147
Debt issued and other borrowed funds	**1,377,673**	35,802	1,311,196	30,675	-	-
	18,064,901	**8,028,595**	**3,380,051**	**116,108**	**-**	**6,540,147**
Total interest sensitivity gap	**2,833,314**	**7,787,225**	**303,260**	**660,470**	**40,588**	**(5,958,229)**

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk (continued)

28.4.2 Currency risk

The Bank is exposed to currency risk through transactions in foreign currencies against MDL. There is also a balance sheet risk that the net monetary assets/liabilities in foreign currencies will take a lower/higher value when translated into MDL as a result of currency movements.

The Bank is analysing permanently the structure of assets and liabilities in different currencies. The principal foreign currencies held by the Bank are EUR and USD. The Bank carries out operations in both the local currency and hard currencies and monitors its foreign currency exposure on a daily basis and close out its positions within individually defined limits set up by NBM for each and all currencies together. It is the Bank's policy to minimize its exposure to currency risk by maintaining an open currency position at a minimum level.

The Bank's transactional exposures give rise to foreign currency gains and losses that are recognized in the income statement. These exposures comprise the monetary assets and monetary liabilities of the Bank that are not denominated in the measurement currency of the Bank.

The table below provides the information on the effect to profit before tax and effect in equity of the change in foreign currency rates against MDL:

	FCY gap	Possible rate increase	Income / (loss) effect	Effect in equity	Possible rate decrease	Income / (loss) effect	Effect in equity
(in thousand MDL)							
31 December 2024							
EUR	39,097	10%	3,910	3,440	-10%	(3,910)	(3,440)
US Dollars	100,986	10%	10,099	8,887	-10%	(10,099)	(8,887)
31 December 2023							
EUR	47,506	10%	4,751	4,181	-10%	(4,751)	(4,181)
US Dollars	99,605	10%	9,960	8,765	-10%	(9,960)	(8,765)

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk (continued)

28.4.2 Currency risk (continued)

The amounts of assets and liabilities held in MDL and in foreign currencies at 31 December 2024 can be analysed as follows:

31 December 2024	Euro	US dollar	MDL	Other	Total
(in thousand MDL)					
Assets					
Cash and balances with Central Bank	1,797,708	812,310	2,889,202	31,917	**5,531,137**
Due from banks	1,459,069	1,206,871	-	72,230	**2,738,170**
Derivative financial instruments	-	-	120	-	**120**
Financial assets at FVPL	-	-	3,574	-	**3,574**
Loans and advances to customers, net	2,273,777	226,013	5,615,984	-	**8,115,774**
Debt instruments at amortized cost	-	-	4,447,877	-	**4,447,877**
Total assets	**5,530,554**	**2,245,194**	**12,956,757**	**104,147**	**20,836,652**
Liabilities					
Derivative financial instruments	-	-	215	-	**215**
Due to banks	23	-	4,454	-	**4,477**
Due to customers	4,909,398	2,202,095	9,821,957	84,253	**17,017,703**
Borrowed funds from IFI's	390,513	711	564,806	-	**956,030**
Other liabilities	132,707	17,348	53,709	761	**204,525**
Total liabilities	**5,432,641**	**2,220,154**	**10,445,141**	**85,014**	**18,182,950**
OFF BS liabilities: EUR/RUB, USD/RUB, USD/RON swaps	77,242	(74,762)	-	(2,385)	**95**
Net position 31 December 2024	**20,671**	**99,802**	**2,511,615**	**21,518**	**2,653,606**

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Notes to the Financial Statements

28 Risk management (continued)

28.4 Market risk (continued)

28.4.2 Currency risk (continued)

The amounts of assets and liabilities held in MDL and in foreign currencies at 31 December 2023 can be analysed as follows:

31 December 2023	Euro	US dollar	MDL	Other	Total
(in thousand MDL)					
Assets					
Cash and balances with Central Bank	2,033,786	948,138	3,941,154	45,041	**6,968,119**
Due from banks	1,369,069	842,264	(3)	156,137	**2,367,467**
Derivative financial instruments	-	-	-	-	**0**
Debt instruments at amortized cost	-	-	2,675	-	**2,675**
Financial assets at FVPL	2,312,591	295,132	4,575,583	-	**7,183,306**
Loans and advances to customers, net	-	-	4,376,648	-	**4,376,648**
Other assets	10,399	1,225	54,900	-	**66,524**
Property and equipment	1,702	-	294,672	-	**296,374**
Deferred tax assets	-	-	4,852	-	**4,852**
Intangible assets	-	-	138,670	-	**138,670**
Total assets	**5,727,547**	**2,086,759**	**13,389,151**	**201,178**	**21,404,635**
Liabilities					
Derivative financial instruments	-	-	424	-	**424**
Due to banks	23	-	3,425	-	**3,448**
Due to customers	4,682,500	2,308,332	9,585,888	107,060	**16,683,780**
Borrowed funds from IFI's	628,222	3,740	745,711	-	**1,377,673**
Other liabilities	91,206	14,422	84,938	1,281	**191,847**
Provisions	18,782	1,499	53,098	43	**73,422**
Total liabilities	**5,420,733**	**2,327,993**	**10,473,484**	**108,384**	**18,330,594**
OFF BS liabilities: EUR/RUB, USD/RUB, USD/RON swaps	259,308	(340,838)	-	82,946	**1,416**
Net position 31 December 2023	**47,506**	**99,604**	**2,915,667**	**9,848**	**3,072,625**

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Notes to the Financial Statements

28 Risk management (continued)

28.5 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risk such those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Bank's operations and are faced by all business entities.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Bank standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties including the independent authorization of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risk faced and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of business continuity plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation including insurance where this is effective.

Notes to the Financial Statements

31 Maturity analysis of assets and liabilities (continued)

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled as of 31 December 2023.

31 December 2023	Within 12 months	After 12 months	Total
(in thousand MDL)			
Assets			
Cash and balances with Central Bank	6,968,119	-	**6,968,119**
Due from banks	2,289,444	78,023	**2,367,467**
Derivative financial instruments	-	-	**-**
Debt instruments at amortized cost	4,374,648	2,000	**4,376,648**
Financial assets at fair value through profit or loss	1,644	1,031	**2,675**
Loans and advances to customers, net	3,282,380	3,900,926	**7,183,306**
Other assets	66,524	-	**66,524**
Property and equipment	89,989	206,385	**296,374**
Deferred tax assets	4,852	-	**4,852**
Intangible assets	132,245	6,425	**138,670**
Total assets	**17,209,845**	**4,194,790**	**21,404,635**
Liabilities			
Due to Central Bank	-	-	**-**
Due to banks	3,448	-	**3,448**
Due to customers	15,592,373	1,091,407	**16,683,780**
Borrowed funds from IFI's	778,303	599,370	**1,377,673**
Other liabilities	129,397	-	**129,397**
Provisions	73,422	-	**73,422**
Lease liabilities	16,543	45,907	**62,450**
Derivative financial instruments	424	-	**424**
Total liabilities	**16,593,910**	**1,736,684**	**18,330,594**
Net	**615,935**	**2,458,106**	**3,074,041**

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32 Related party transactions

The list of related parties, with whom the Bank entered into transactions during 2024 were as follows:

- OTP Bank NYRT (companies within the group, including major shareholder);
- Key management including Executive Board and Supervisory Board members (significant influence);
- Other categories include: parties related to those above, affiliates to bank through the function of administrator and their affiliates.

During 2024 a number of banking transactions were entered into with related parties in the normal course of business. The results of the transactions are presented in the table below:

	Total 2024	OTP BANK NYRT	Key management	Other
(in thousands MDL)				
Balance sheet items as of 31 December 2024				
Due from banks	**6,660**	2,818	-	3,842
Loans and advances to customers, net	**2,081**	-	88	1,993
Other assets (Note 20)	**115**	115	-	-
Due to banks	-	-	-	-
Due to clients	**23,717**	-	8,094	15,623
Other liabilities	**215**	215	-	
Result from transactions during 2024				
Interest and similar income	**24,012**	6,964	125	16,923
Interest and similar expense	**326**	125	67	134
Compensation of key management personnel::	**31,313**	-	20,640	10,673
Salaries - base salaries and wages	**22,961**	-	14,514	8,447
Salaries - bonuses and premiums	**8,352**	-	6,126	2,226
Other non-interest expenses	**82**	-	-	82
Off balance sheet items				
Guarantees and commitments	**101,268**	101,268	-	-

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Notes to the Financial Statements

32 Related party transactions (continued)

The list of related parties, with whom the Bank entered into transactions during 2023 were as follows:

- OTP Bank NYRT (companies within the group, including major shareholder);
- Key management including Executive Board and Supervisory Board members (significant influence);
- Other categories include: parties related to those above, affiliates to bank through the function of administrator and their affiliates.

During 2023 a number of banking transactions were entered into with related parties in the normal course of business. The results of the transactions are presented in the table below:

(in thousands MDL)	Total 2023	OTP BANK NYRT	Key management	Other
Balance sheet items as of 31 December 2023				
Due from banks	-	-	-	-
Loans and advances to customers, net	**1,881**	20	94	1,767
Other assets (Note 20)	**5,257**	245	-	5,012
Due to banks	-	-	-	-
Due to clients	**17,659**	-	8,486	9,173
Other liabilities	**1,665**	1,664	-	1
Result from transactions during 2023				
Interest and similar income	**3,625**	3,218	41	366
Interest and similar expense	**1,428**	425	493	510
Compensation of key management personnel::	**23,029**	-	15,419	7,610
Salaries - base salaries and wages	**19,867**	-	13,370	6,497
Salaries - bonuses and premiums	**3,162**	-	2,049	1,113
Other non-interest expenses	**306**	287	6	13
Off balance sheet items				
Guarantees and commitments	**474**	-	-	474

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Notes to the Financial Statements

33 Assessment of going concern

As the Russian-Ukrainian conflict continues for the last 3 years, the Bank's clients managed to keep their activity well running and identified new possibilities for development. Starting with December 2024 the risks related to energy resources had increased significantly for Moldova, due to – a. Russian gas is not reaching Moldova through Ukraine, b. Moldova was fully dependent on cheap electricity provided by electric power plant from Transnistrian region, c. Transnistrian region economy and population is highly dependent on gas imported from Russia. All this factors together ensure a high probability of a severe macroeconomic shock in Moldova and Transnistrian region.

OTP Bank S.A. reassessed the recovery severe stress scenario, in order to evaluate the bank's resilience from liquidity and capital perspectives, recovery indicators, package of recovery measures to be implemented and their impact. The results show that the recovery options are efficient and applied would absorb the shock. As of 31 December 2024, the Bank was in compliance with all prudential indicators.

From the resilience point of view, on an annual base, the Bank is establishing a Recovery plan, which is analysing the recovery capacity in case of recovery indicators breach. The recovery indicators are set up internally, according to a traffic light system. The recovery indicators are monitored at least monthly, in ALCO Committee. In case of breach of any indicator, the Recovery plan also includes the measures that have to be taken in order to assure the recovery of the Bank in a timely manner.

In its Recovery plan, the Bank considered as well the risks and potential impact that the war between Ukraine and Russia could have over the Bank's activity. In this context, on 27 March 2025 the Bank obtained a support letter from the parent company, OTP Nyrt, which confirms that the parent company will provide financial support in case it is needed for a period of 12 months from the date of approving the financial statement.

From an operational point of view, for crises, the Bank holds a Business Continuity Plan, which clearly prescribes the actions that should be implemented during crisis periods, in order to assure the Bank's ability to operate without any risks. Until now, there were no situation which could threat the Bank's activity;

Taking into account all factors described above, the management considers that the Bank has the capacity to continue its activity following the going concern principle.

34 Subsequent events

No significant subsequent events occurred.

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Welcome message of the President of the Executive Committee – CEO

Dear colleagues and partners,

2024 has been a good year for OTP Bank, characterized by successfully managed significant achievements and challenges. The Bank recorded a net profit of MDL 551 million, generating a return on assets of 2.5% and a return on equity of 17.8%. The Bank has managed to maintain an upward trajectory, in a dynamic and often unpredictable economic context, demonstrating resilience and the capacity to innovate.

One of the key drivers of our success has been the continuous enhancement of our digital platform integrating new functionalities, that significantly improve the user experience and streamline banking processes. We have also accelerated digital transformation by reducing processing time for urgent interbank payments and enabling online credit approval in just 5 minutes. The swift implementation of MIA Instant Payments marks a milestone in digital innovation and a major step forward in modernizing Moldova's payment system. Additionally, the launch of the payment ring, alongside the Visa Premium, Business Platinum, and Visa Infinite cards has redefined the standards of seamless and convenient payment experiences for our customers.

Bogdan SPUZĂ

In 2024, the Bank continued to invest in financial education programs, helping communities to better understand and manage financial resources. Supporting environmental projects and sustainability initiatives has been a priority, contributing to a greener future.

2024 was also marked by the development of essential strategic partnerships, which strengthened OTP Bank's position on the market and opened up new opportunities for collaboration and growth: the signing with the EBRD of a new risk-sharing facility amounting to 30 million euros in financing for SMEs in Moldova, with a focus on agriculture and trade; the collaboration with UNDP for the modernization of 3 multifunctional libraries; the partnership agreement with the Future Technologies Project in Moldova, funded by USAID, Sweden and the United Kingdom, an important step towards becoming a model green bank, a leader in providing sustainable financing for both local businesses and individuals. These achievements reflect our firm commitment to excellence and financial responsibility.

Looking towards 2025, the Bank aims to continue on the path of growth and innovation, focusing on digitalization and constant improvement of offered services. The Bank will continue to invest in its professional development de scos employees and in supporting the communities in which it operates.

Thank you all for your dedication and efforts. Together, we will continue to build a prosperous and sustainable future for OTP Bank Moldova.

THE MANAGEMENT OF THE BANK

Members of the Supervisory Board

Tibor László Csonka	Chairman of the Supervisory Board
Dr. Bálint Csere	Vice-Chairman of the Supervisory Board
Dr. Károly Szász	Member of the Supervisory Board
Rodica Hîncu	Member of the Supervisory Board

Executive Committee

Bogdan Spuză — President of the Executive Committee – CEO

Elena Guzun — Deputy CEO - Commercial Director Corporate Banking

Ion Veveriță — Deputy CEO – CFO, Head of the Financial Division

Ruslan Cebotari — Deputy CEO – CRO, Head of RISK Management Division

Iurie Rusu — Deputy CEO – COO, Head of IT & Operations Division

Presentation of the OTP Bank S.A.

PRESENTATION OF THE OTP BANK S.A.

OTP Bank Moldova has been present on the banking market of the Republic of Moldova for 34 years as a universal bank offering comprehensive financial solutions for individuals and companies. It is one of the most stable and reliable financial institutions, a reputed financial advisor for both individual and corporate clients, a supporter of entrepreneurs and financial advisor to the largest multinational companies, as well as a trusted partner for International Financial Institutions.

The bank offers a wide range of high quality financial products and complete banking services to all types of customers, from individuals to large companies, segmented along three main axes:

- Retail bank, offering credit products, cards, savings accounts, current operations and remote banking for individuals and entrepreneurs
- Specialized treasury services including financial, operational leasing, consumer loans, titles, insurance products, pensions and others
- Corporate & Investment Banking, with a broad range of services, products and banking consultancy for multinational companies headquartered in Moldova, local private and state companies, local authorities and financial institutions. Thanks to the extended network of branches, OTP Bank can serve corporate clients throughout the country, and corporate consultants offer expertise in various key banking areas

OTP Bank S.A. was founded on 4th of July, 1990, as an independent commercial bank, under the legal form of a limited liability company, oriented towards serving the SME sector.

In 2007, the international financial group Société Générale acquired a 67.85% stake. In 2008 the capital increase and the appointment of new strategic shareholders (Groupe Société Générale) and the EBRD (European Bank for Reconstruction and Development) spurred the development of a universal banking model. At the same time, the official name was changed to BC „Mobiasbanca - Groupe Société Générale" S.A.

A short history:

2008 - 2009

The Bank becomes a Principal Member of MasterCard.
Implementation of the tele-recovery service.
MasterCard certification for microchip cards.

2011

The first card collection created exclusively for women Chérie Chérie.
Launch of the Simplu Finance project, to facilitate access to banking products for customers in rural areas and small towns in Moldova.

2012

Universal Counter concept, launched for the first time in our country.
MobiasInfo SMS messaging service;
Launching of Contactell service;
Launching of MasterCard Secure Code service - securing payments made over the Internet.

2013

OTP Bank becomes the first and only bank in Moldova to hold the international ISO 9001:2008 „Quality Management Systems. Requirements".
Implementation of the IP telephony.

2014 - 2015

Opening of the new Training Centre and School Branch - unique concept on the local market.
New range of bank cards in the MasterCard international payment system with EMV technology

2016

Launch of Visa Cards.
MobiSanté - dedicated offers for healthcare workers.

2017

Opening of the first Mortgage Centre in Moldova

2018

Launch of the CASH-IN service for carrying out card account top-up transactions via ATM.

2019

Launch of the Business Internet Banking Service - automated remote banking for economic agents.

2020 - 2021

Opening of the Leasing Centre.
Modernization of the ATM fleet.

2022

Migration to a new information system and card-processing center.

2023

Launch of new OTP Mobile and Internet Banking, as part of digital transformation
Launch of Google Pay for Visa cards
Rollout of the new version of SAPI in record time, offering more secure and faster financial services to both individual and corporate customers.

After joining the OTP Group in 2019 - one of the financial market leaders in Central and Eastern Europe, and after an extensive rebranding process, OTP Bank completes the integration and alignment with the group's standards by implementing a new IT system and connecting to a new card-processing center. Based on a modern IT solution, the new system is designed to improve the bank's operational and management activities and provide innovative solutions for the development of financial products and services.

The bank's strategy is oriented towards organic business development, strengthening its position on the banking market, increasing profitability and operational efficiency. The bank currently serves more than 131,000 active customers through its 52 banking offices with approximately 800 employees nationwide. Backed by strong shareholders and innovative products and services, the bank ranks among the top four systemic banks by volume of loans granted (10.39%), volume of deposits attracted (13.07%) and share of assets in the banking system (12.5%).

IT transformation, modernization of operating systems, product development and process optimization are some of the bank's objectives. OTP Bank continues its strategy of developing its products and applications, with a particular priority being the implementation of innovative solutions for delivering online services quickly and securely to its customers.

Balanced and sustainable strategy, efficient management of resources while implementing actions to support the community, have ensured the bank's maintenance in the top local banks in 2024, with a very good capitalization, total equity ratio of 22.7% and an improved risk profile.

OTP Bank is the third largest bank in the Republic of Moldova, with a successful history of serving corporate clients, SMEs, agricultural enterprises and individuals. This success is due to a dedicated team of professionals and a strong commitment to financing its clients in a responsible and personalized manner, making OTP Bank a strategic partner for international financial institutions in boosting Moldova's economic development.

OTP Bank is deeply committed to the development of the communities it serves. We actively support financial education, promote culture and the arts, invest in the medical sector and sports, and engage in solidarity and volunteering efforts. In the coming years, we will continue to prioritize environmental impact and sustainable solutions.

OTP GROUP

OTP Group is the largest banking institution in Hungary and the third largest in Central and Eastern Europe. With more than 75 years of experience in the European-banking sector, it consistently pursues a business strategy focused on efficiency, generating value and solutions for its shareholders, customers and employees.

Promoting innovation, stable growth and integrated financial services, OTP Group has become a dominant banking player in the Central and Eastern European region and an important banking group even on a European scale. The community of approximately 40.300 employees serves over 17 million private, retail and corporate clients through its 1 251 branches and 5 545 ATMs, internet and electronic channels for remote services.

OTP Group offers a wide range of traditional financial services through its subsidiaries, including specialized services such as car leasing, investment, and insurance products. Our mission to innovate and provide personalized banking services and solutions to both individual and corporate clients, while reinforcing our regional presence and operations, remains a top priority.

OTP Group currently operates in 11 countries of the region: Hungary, Albania, Bulgaria, Croatia, Serbia, Slovenia, Ukraine, Montenegro, Russia, Moldova and Uzbekistan.

OTP GROUP

11 COUNTRIES

40 K EMPLOYEES

17 MIL CLIENTS

In 2024, OTP Group achieved a profit after tax of over EUR 2.72 billion, marking a 9% annual growth and a 23.5% ROE. Foreign profits contributed 68%, with a 19% improvement in cumulated adjusted profit after tax. Operating profit rose by 22%, driven by a 17% increase in total revenues, mainly from net interest income. Despite higher risk costs and operating expenses, credit quality remained stable, and deposits grew by 6%. The CET1 ratio increased to 18.9%, and the CAR to 20.3%. For 2025, the management expects continued growth in loan volumes and stable net interest margins, though ROE may be slightly lower due to decreased leverage.

The activities and results of OTP Group, which serves nearly 17 million customers in 11 countries, have been recognized this year by S&P Global Market Intelligence, which ranked the Group as the best performing among of Europe's 50 largest publicly traded banks.

OTP Bank and its subsidiary banks will continue to strengthen cooperation across the group to make everyday banking faster and easier for customers in an ever-changing environment.

ECONOMIC ENVIRONMENT AND BANKING SYSTEM EVOLUTION

In 2024, continued the challenges derived from the regional conjuncture, as well as from political and strategic vectors of the Republic of Moldova, although the shocks were less pronounced compared to previous periods. As a result, the national economy continues to face pressures, both on the cost side, explained by high energy resources and food prices, and also on the demand side, caused by volatile inflation.

Average annual inflation for 2024 was of 4.7%, considerably lower compared to the 14% average in the previous period. The annual inflation rate bottomed out in May at 3.8%, but due to instability in the energy market, towards the end of the year, it moved above the target range and in December, it reached 7%, continuing the upward trend.

Considering the vulnerable macroeconomic context, the efforts of the National Bank of Moldova (hereafter NBM) have focused on maintaining of inflationary stability and reviving the economy, inclusive facilitating access to credit. In this context, the NBM continued to relax the measures implemented under the restrictive monetary policy adopted in the previous years, lowering the base rate and the required reserves ratio. The base rate fell from 4.75% in December 2023 to 3.6% in December 2024, recording the lowest rate in the last three years. The required reserves ratio for MDL decreased from 33% in January 2024 to 27% in December 2024 and the required reserves ratio in freely convertible currency from 43% to 34% for the same observation period. Meanwhile, following the inflation upward inflationary trend, in the first two months of 2025, the NBM issued two monetary policy decisions by which it raised the base rate from 3.6% to 5.6% and then to 6.5%.

Banking system evolution

Despite the challenges posed by recurrent crisis and the military conflict in Ukraine, as well as political-economic factors, the banking system proved to be strong and resilient thanks to high liquidity and capital degree. The growth trend of assets, deposits and own funds was stronger compared to the previous year.

In the context of the base rate and required reserves ratio fall, the cost of attracted resources has also fallen. Thus, the weighted average interest rate of new attracted deposits in MDL on total terms decreased by 2.9 p.p. from 6.2% on 31 December 2023 to 3.3% on 31 December 2024, which led to a cost decrease of new granted loans (weighted average interest rate on new loans granted in MDL on total terms) by 2 p.p. from 10.5% to 8.5%. At the same time, during 2024, a downward trend in the cost of deposits and loans in foreign currency is observed. The weighted average interest rate for new loans in foreign currency on total maturities decreased by 0.7 p.p. and for deposits by 0.6 p.p..

As a result, the net interest margin decreased by 1.1 p.p. from 5.4% to 4.3%, and the banking sector's return on assets and return on equity amounted 2.4% and 14.8% respectively, down with 0.4 p.p. and 1.5 p.p. compared to the end of 2023.

As of December 2024, the banking system consists of 11 NBM licensed banks, with 4 largest banks holding 83.2% of assets, 83.4% of granted loans, 84.7% of attracted deposits, 79.0% of equity and 83.4% of net banking income.

As at 31 December 2024, the banking sector recorded the following results:

- Total assets amounted to 170.3 billion MDL, increasing during the year by 16.3 billion MDL or about 11%;
- The gross (prudential) loan balance represented 47% of the total assets or 80.8 billion MDL, increasing during the analyzed period by 26.5% or 16.9 billion MDL;
- The largest increases in the loan portfolio were recorded from consumer loans - by 31.8% or 3.6 billion MDL and from loans for the purchase/construction of real estate - by 40.1% or 5.3 billion MDL.
- The non-performing loan ratio decreased by 1.4 p.p. from 5.5% in December 2023 to 4.2% in December 2024.

As for deposits, in December 2024, their balance was 129 billion MDL, with about 14% or 15.3 billion MDL higher than in the same period of the previous year, 59% of which, being deposits attracted from individuals and 41% from legal entities (including banks) and if to split by currency, 64% are in national currency and 36% in foreign currency.

Bank's performance

OTP Bank is a stable, well-capitalised and resilient bank with a total own funds ratio of 22.7%, with a slight decrease of 2.6 p.p. compared to the previous period. The bank's equity increased by 2% during 2024, and as of 31 December 2024 it counts to over 3,124 million MDL. At the end of the financial year, the net profit recorded by the Bank amounted to 551 million MDL, with a decrease of 28% compared to the previous year, mainly due to lower interest margins compared to the previous period. Thus, at the end of 2024, the recorded return on equity was 17.8% and the return on the Bank's assets was 2.5%.

The bank ranks 4th in the banking system, with a total asset market share of 12.6%. In 2024, the bank maintains a similar level of asset volume as in previous year, but with structural changes. Thus, as at December 31, 2024, the loan portfolio occupies about 40% of total assets, up by 4.6 p.p. or 921.4 million MDL, while financial assets are down by 4.9 p.p. or 1,137 million MDL, with a share of 59%.

OTP Bank S.A. ranks 4th by volume of granted loans, both to individuals and legal entities, with a share of 10.4% in the banking system. In 2024, the Bank recorded a market share of 10.9% in the corporate segment and averages around 11% over the year, while its share in the individual segment is of 9.7% with an average of 10% during the year, focusing primarily on the quality of the portfolio.

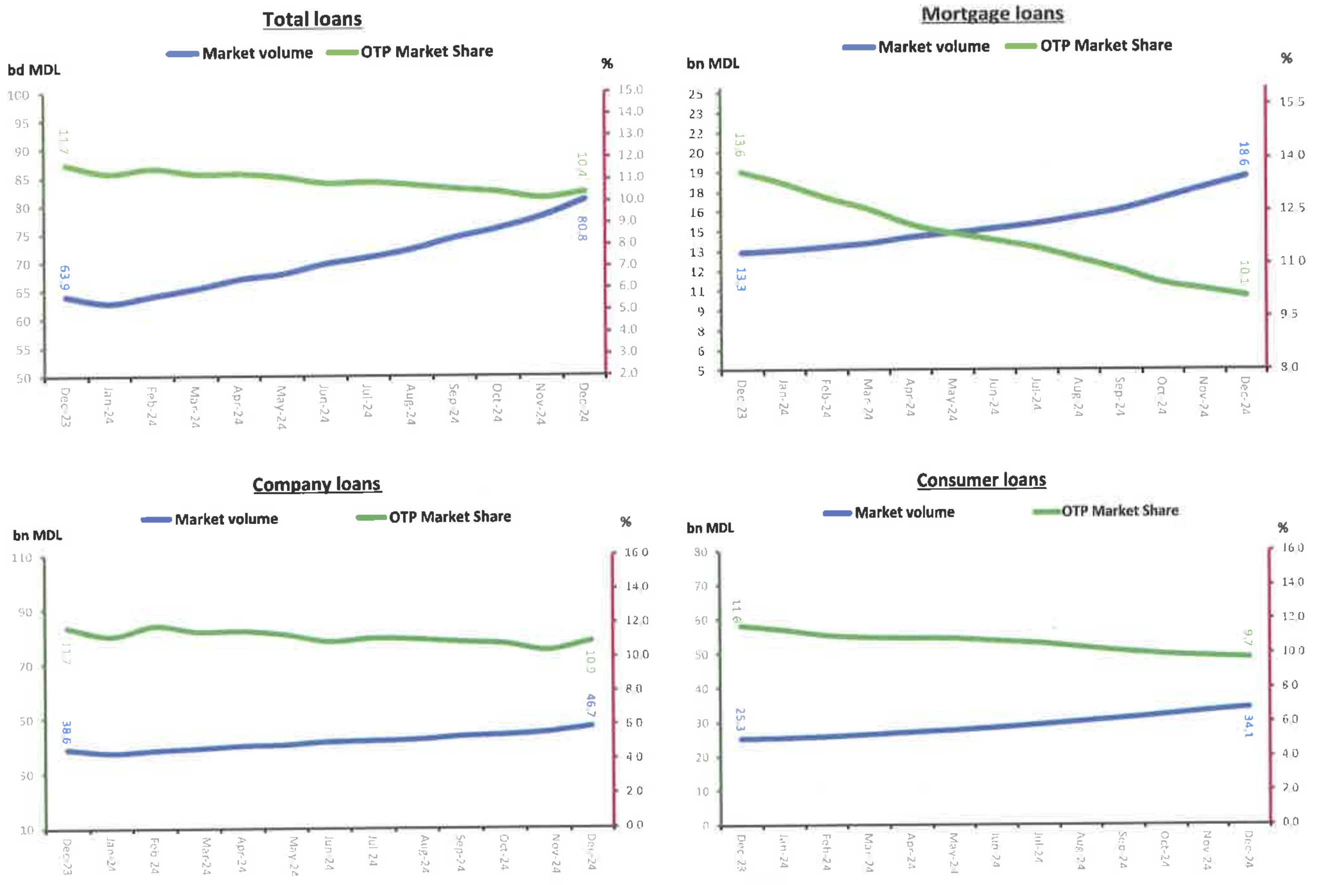

Fig.1. Loans market volume evolutions and OTP Bank S.A. market share

On attracted deposits side, OTP Bank ranks in the top 4 market participants with a market share of 13.1% (resources attracted from legal entities – 17.4%, resources attracted from individuals - 10.0%).

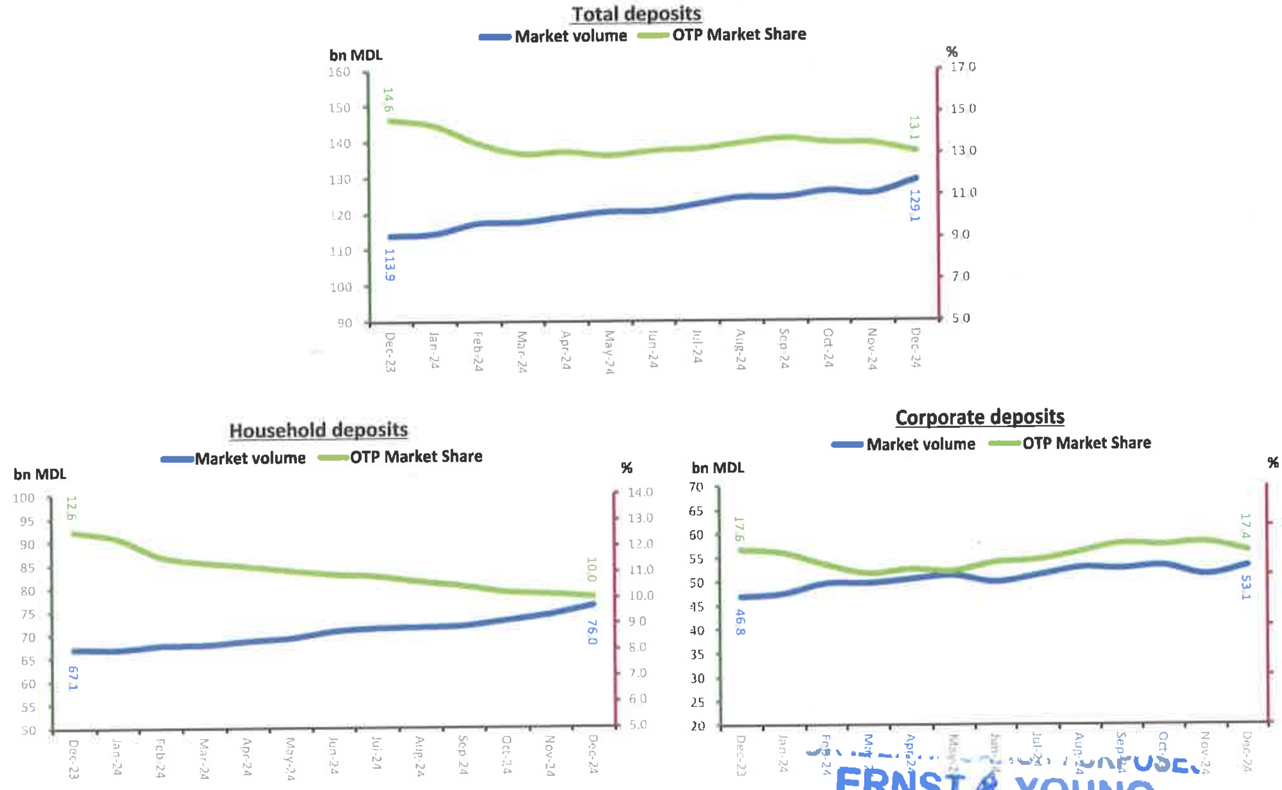

Fig.2. Deposits market volume evolutions and OTP Bank S.A. market share

MAIN PROJECTS AND EVENTS IN 2024

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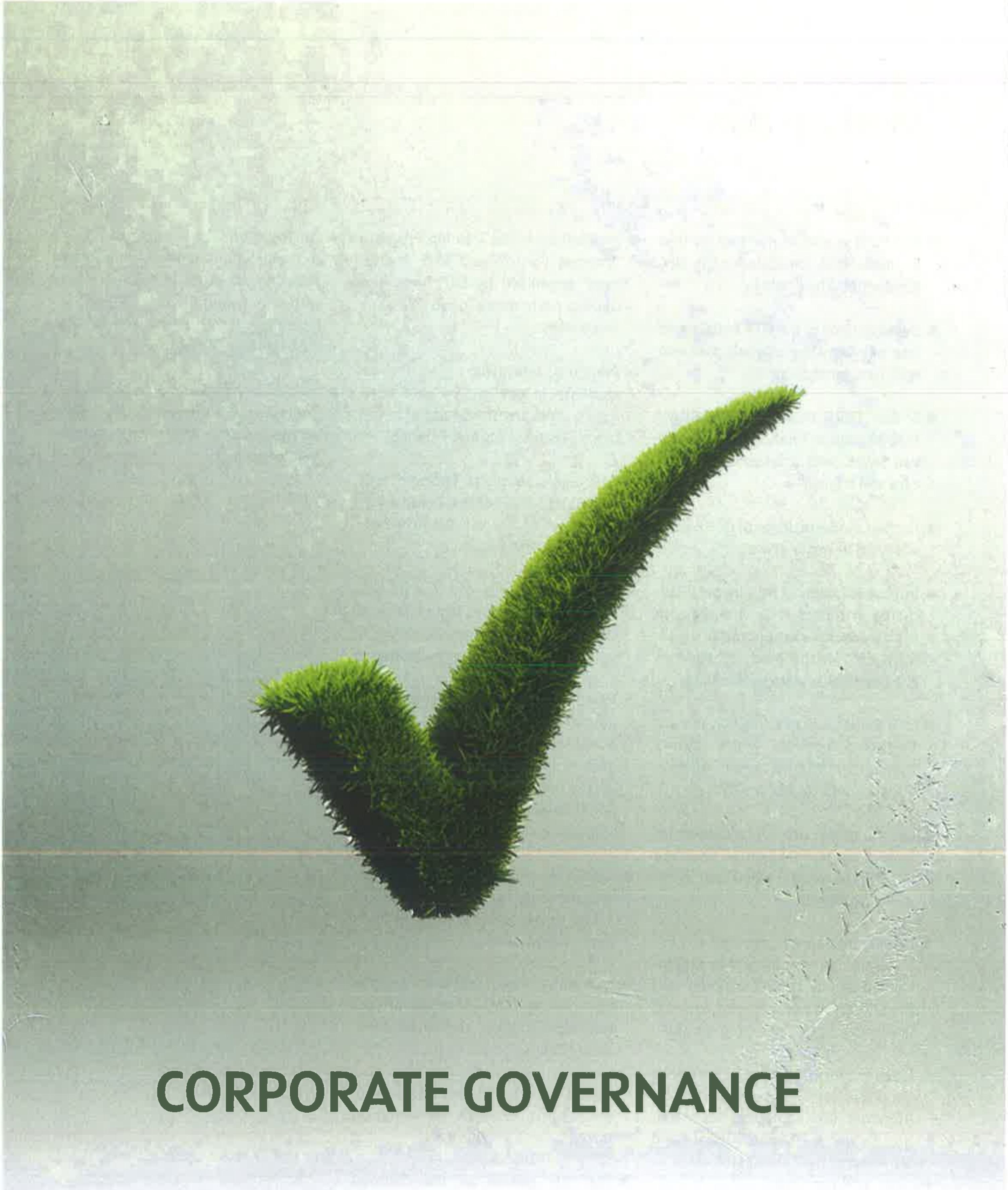
MAIN PROJECTS AND EVENTS IN 2024:

- OTP Bank and Visa launched the first payment ring equipped with NFC (Contactless) technology.
- Development of the OTP Mobile and Internet Banking digital platform with new functionalities.
- A new EBRD risk-sharing facility - EUR 30 million financing for Moldovan SMEs, with a focus on agriculture and trade.
- Further modernization of OTP Bank's ATM and branch network.
- Implementation of MIA Instant Payments in record time, a success in digital transformation and a significant step in the modernization of the payment system in Moldova.
- OTP Bank launches the MIA Instant Payments service, which allows transfers in MDL between individuals' accounts via P2P or RTP.
- Launch of the project to modernize 3 multifunctional libraries, financed by OTP Bank and coordinated by UNDP Moldova.
- Partnership agreement with the Future Technologies Project in Moldova, funded by USAID, Sweden and the UK, an important step towards becoming a green banking model.
- Free withdrawals in 8 European countries for OTP Bank customers (Hungary, Croatia, Serbia, Montenegro, Bulgaria, Ukraine, Albania and Slovenia) at over 4,400 OTP ATMs.
- OTP Bank is Official Partner of the International Chisinau Marathon, 10th anniversary edition, with record number of participants.
- 2nd Edition of the Training Program "Internal Control and Risk Awareness" organized by OTP Bank and ULIM in partnership for 36 OTP Bank employees.
- Premium Internship Program for students, in partnership with USM, ASEM, ULIM and the Center of Excellence in Economics and Finance.
- OTP Bank supports Hospice Bike Tour in its ninth edition, being a loyal partner of the social cause Hospice of Hope Moldova.
- Iceberg Bootcamp, with the participation of 70 students from USM and UTM in an intense program of piloting startup and innovation ideas.
- As an active member of the associations: European Business Association, Association of Moldovan Banks, Association of Romanian Investors in the Republic of Moldova, OTP Bank develops sustainable partnerships for economic development.
- OTP Bank – market leader in Corporate Banking, Digital Solutions and Social Responsibility 2024, according to Euromoney.
- OTP Bank - best bank for corporate clients in Moldova, according to Global Banking and Finance Review 2024.
- Concern for environmental protection and responsible consumption through various initiatives.
- The 5th edition of the "Drumul Banilor" organized annually in cooperation with the National Bank of Moldova on the occasion of the Day of the Introduction of the Moldovan Leu.
- Participation with a series of financial education activities, financial planning workshop in collaboration with the Foundation for Financial Education "OK", in the context of Global Money Week.
- Award for Leadership in Women's Empowerment offered by UN Women Moldova for efforts to promote gender equality.



CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Corporate governance is an important means of ensuring the achievement of Bank's strategic objectives. A reliable governance system, the organization, management and control of the company's resources, financial planning, responsible management and appropriate control mechanisms provide a stable basis for efficient and profitable operation, safe and transparent business, as well as balanced relations between the management body (Bank's Supervisory Board and the Executive Committee), control authorities, its shareholders and other interested entities.

The corporate governance framework determines the distribution of rights and responsibilities between bank's management bodies, describes in detail the rules and procedures for taking corporate decisions. A good corporate governance structure involves establishing a successful system of setting goals, taking decisions, including controlling and monitoring the implementation of decisions and of the established objectives. At the same time, effective corporate governance means that the role and relations established when forming the team in the bank are based on ethical behavior, minimizing conflict of interest. Successful corporate governance is based on the principles of accountability, transparency and control of decision-makers.

OTP Bank S.A., in compliance with the requirements of the legislation in force, including those of the Group, ensures the development and maintenance of an advanced corporate governance system that complies with local and international standards, being of primary importance and simultaneously ensuring the trust and satisfaction of bank's customers, increasing shareholder value and bank's corporate behavior.

According to the legislation in force, all information / materials relating to the Bank and having an influence on the price of Bank's shares are accurately, fully and in a timely manner published. Providing regular and authentic information is essential for sound decision-making by shareholders and other capital market participants, and the way the Bank discloses information also has an impact on its reputation.

Based on this, the bank publicly discloses important information about events that influence the organization in accordance with National Legislation, placing this on Bank's website.: https://www.otpbank.md/disclosure in the Official Information Storage Mechanism. The Bank makes its disclosures in strict accordance with the provisions of the Legislation in force, namely the Civil Code, the Law on Banking Activity, the Law on Capital Market, the Law on Joint Stock Companies, the NBM / CNPF Regulations. In addition, the Bank has effective internal regulations that ensure mandatory compliance with the disclosure of information.

During the reporting period, the Management and employees of the Bank acted in accordance with the internal documents regulating the Corporate Governance of the Bank, namely: the Article of Association, the Corporate Governance Code, Directive No. 1, ensuring maximum transparency in Bank's activity, acting in accordance with the legislation in force.

Bank's Article of Association:

https://www.otpbank.md/storage/com/dezv/1-gov/2025/Statut_OTP_Bank_21112024.pdf

Corporate Governance Code

https://www.otpbank.md/storage/com/dezv/1-gov/2023/codul-de-guvernanta-corporativa-ro.pdf

Directive no. 1

Rules of organization and internal operation of the Bank.

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These documents determine in detail the standards for the Governance and management of Bank's governing bodies, such as:

- creating an effective organizational structure to guarantee the safety of funds provided by shareholders and their efficient use,
- observing the rights of all shareholders,
- establishing an adequate internal control system that allows ensuring that the carried out operations, the organization and the procedures put into practice comply with legal provisions, professional and ethical rules, internal regulatory documents and the Bank's strategy.

The internal control functions (risk management function, internal audit function and compliance function) are independent and have sufficient resources, knowledge and experience to perform their tasks, and report directly to Bank's Supervisory Board.

An important element of internal control are the internal normative documents, which are analyzed annually for the need to revise them. Thus, during 2024, 278 internal normative documents were updated and / or developed.

Shareholder structure:

At the end of 2024, the Bank had 137 shareholders, 136 of which minority shareholders holding 1.69% of Bank's capital. The legitimate rights and interests of Bank's shareholders are guaranteed by the Law, by the Article of Association and by the internal regulatory documents of the Bank. According to the requirements of the legislation in force, shareholders are entitled to request the redemption of their shares. The decision to redeem shares is taken by the Annual General Meeting of Shareholders or by Bank's Supervisory Board within the limits of the powers established by the legislation in force.

Composition of Bank's shareholders:

Category	Shareholding, %	Number of shareholders
Legal entities >= 1%	98.26 %	1
Physical entities >=1%	0.00	0
Legal entities < 1%	0.10 %	16
Physical entities <1%	1.59 %	120
Treasury shares	0.06 %	x
TOTAL	100 %	137

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Shareholders of the bank and groups of persons acting in concert and holding qualifying holdings in bank's share capital:

Name of the shareholder	Country of Residence	Number of securities, units	Shareholding, %	Beneficial owners of qualifying holdings
OTP BANK NYRT	Hungary	9,825.785	98.26 %	Do not exist

The majority shareholder of the Bank is OTP Bank Nyrt. (Hungary), which is listed on the Budapest Stock Exchange. The Parent Bank's head office is: 16 Nador Street, Budapest, 1051, Hungary.

The securities of OTP Bank S.A. are admitted to trading on the regulated market - the Moldovan Stock Exchange.

The shareholders' records are kept by the "Central Depository of Securities" S.A.

Type and class of securities	Ordinary shares
Country	Moldova
ISIN code	MD14OTPB1008
Securities - admitted to trading on the regulated market	Moldovan Stock Exchange Maria Cebotari str., 16, MD 2012, mun. Chișinău, Republic of Moldova Tel: 022-277-592
Bank shareholders register	The Central Securities Depository Mitropolit Gavriil Bănulescu Bodoni 57/1 str., MD-2005, mun. Chișinău, Republic of Moldova Tel. 0 22 999 546
Contacts	OTP Bank S.A. Ștefan cel Mare și Sfînt bd., 81 A, MD 2012, mun. Chișinău, Republic of Moldova, office 319 Corporate Governance Department Tel: 022-812-431, 022-812-339

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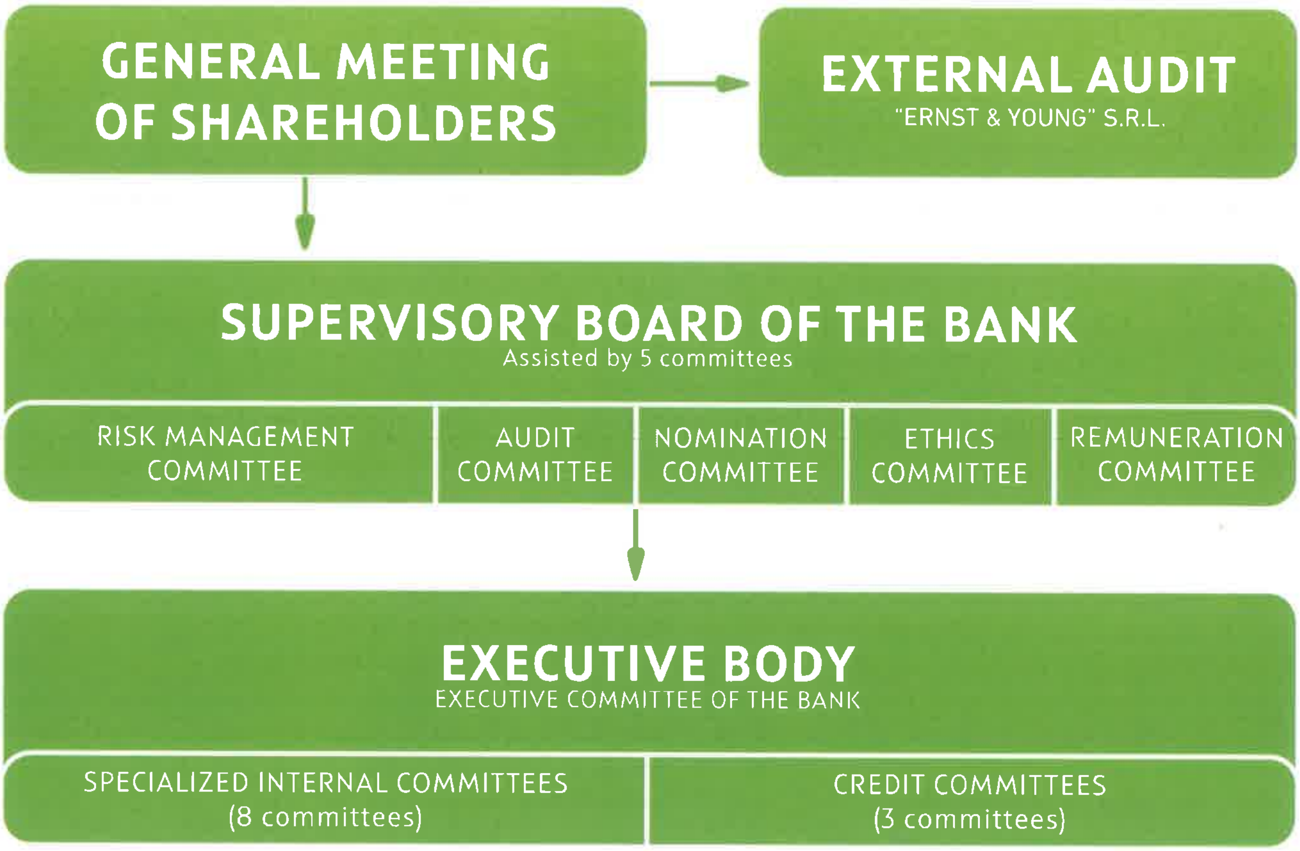
Statutory governing bodies:



General Meeting of Shareholders

The General Meeting of Shareholders of the Bank (hereinafter referred to as GMS) plays an important role in the control and verification system of the Bank. The General Meeting of Shareholders of the Bank has sufficient powers, which allows it to fully influence the policy promoted by Bank's Supervisory Board and the activities of Bank's Executive Committee.

Shareholders of OTP Bank S.A. have all the rights, obligations and responsibilities defined by the legislation, by the Article of Association and by the internal regulatory documents of the Bank.

The right to participate in the Annual General Meeting is held by Bank's shareholders included in the Register of Shareholders of the Bank and in the list of shareholders entitled to participate at GMS. Shareholders may participate in Bank's Annual General Meeting of Shareholders, in person or by proxy. At the same time, the shareholder's voting right may be suspended / limited under the legislation in force or by court decision, but the shares to which the voting right is suspended / limited are not excluded from the calculation when convening the Annual General Meeting of Shareholders, and when establishing the quorum, with the exceptions provided for in the legislation in force. These shares, as the case may be, do not participate in the adoption of decisions on the issues included in the agenda of the Annual General Meeting of Shareholders.

During 2024, two meetings of the General Meeting of Shareholders were convoked:

The Annual General Meeting of Shareholders that took place by correspondence on 21.06.2024. Shareholders and their representatives, holding 98.69% of the total number of shares with voting rights, attended the meeting.

During GMS there were examined the following issues:

- approval of the annual reports of Bank's Supervisory Board and of the Executive Body;
- approval of amendments to the Article of Association;
- approval of the Regulation of the Supervisory Board of OTP Bank S.A. in a new wording;
- approval of the Regulation on the General Meeting of Shareholders of the Bank and the manner of ensuring shareholders' access to Bank's information in a new wording;
- approval of the external audit company and establishment of the amount of remuneration for its services for 2024;
- distribution of Bank's profit for 2019-2023, etc.

The Extraordinary General Meeting of Shareholders that took place by correspondence on 16.12.2024. The meeting was attended by shareholders and their representatives holding 98.67% of the total number of shares with voting rights.

The Meeting examined the issue of electing the new composition of Bank's Supervisory Board in connection with the early resignation of a member.

The decisions adopted during both GMS meetings were published in the periodicals Monitorul Oficial of the Republic of Moldova, the newspaper „Capital Market" and placed in the Official Information Storage Mechanism and on Bank's website.

Bank's shareholders had the opportunity to express their right to vote, namely, either by sending the voting by mail to the address: MD-2012, Republic of Moldova, mun. Chisinau, Stefan cel Mare și Sfint 81/A bv., office 317, or by sending it to the e-mail address: gov@otpbank.md.

Bank's shareholders had the opportunity to familiarize themselves with the materials for the GMS agenda, following the request addressed to the Bank.

SUPERVISORY BOARD

Bank's Supervisory Board is the governing body of the Bank, which performs the role of supervising Bank's performance, approving and monitoring the implementation by Bank's Executive Body of the strategic objectives, governance framework and corporate culture, including bearing overall responsibility for Bank's activity. The Supervisory Board defines the management framework of Bank's activity, by ensuring the development, approval, implementation, permanent monitoring and periodic review of primary internal regulations in all areas of Bank's activity, including the separation of responsibilities within the company and the prevention of conflicts of interest.

Bank's Supervisory Board is responsible for ensuring good practices and good management of the institution, as well as regular financial reporting to the National Bank of Moldova. Under the direct supervision and responsibility of Bank's Supervisory Board are the functions of Risk Management, Compliance and Internal Audit.

Bank's Supervisory Board is composed of 5 members appointed by the General Meeting of Shareholders. The identification and recommendation of candidates for their appointment as members of Bank's Supervisory Board is carried out by Bank's Nomination Committee upon the proposal of shareholders holding at least 5% of the total number of shares with voting rights, as well as on its own initiative. At least 1/3 of the members of Bank's Supervisory Board are independent according to the definition set out in the Law on the Activity of Banks.

During 2024, Bank's Supervisory Board operated in full composition of 5 members, until 02.12.2024. In the context of the early termination, on its own initiative, of the mandate of Mrs. Eszter Erika Huszár as Member of Bank's Supervisory Board, starting with 02.12.2024 the composition of Bank's Supervisory Board is made up of 4 members as follows:

Supervisory Board Members		Member's independence
Chairman	Tibor László Csonka	Non-independent
Vice-Chairman	Bálint Csere	Non-independent
Member	Károly Péter Szász	Independent
Member	Rodica Hîncu	Independent

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Date....31/03/25

The members of the Supervisory Board contribute to sound corporate governance, including through personal conduct, and in the performance of their duties take into account the legal interests of the Bank, its depositors and shareholders. The members of the Supervisory Board exercise their duties with honesty, integrity, objectivity and loyalty, devote sufficient time and prudence in exercising them, as well as in strict compliance with the legal provisions and the regulatory framework.

In 2024, the Supervisory Board met in 20 meetings, of which 9 - in a mixed form and 11 by correspondence, during which 220 issues were examined and discussed. Thus, the activity of the Supervisory Board of the Bank in 2024, as in previous years, was oriented towards ensuring the achievement of the strategic objectives set by the bank, as well as the main directions of activity.

The members of the Supervisory Board of the Bank were re-evaluated at a collective level on the compliance with the criteria established by art. 43 of the Law on Banking Activity and their adequacy at a collective level in terms of knowledge, skills and experience was reconfirmed.

Specialized Committees of the Supervisory of the Bank

There are established five specialized committees of Bank's Supervisory Board, which are responsible for providing the necessary support to Bank's Supervisory Board in order to exercise its powers:

Risk Management Committee
Audit Committee
Nomination Committee
Ethics Committee
Remuneration Committee

The reporting committees are subordinated to Bank's Supervisory Board and have an advisory function, submitting proposals and recommendations to the Supervisory Board for these purposes. The committees are formed exclusively by members of Bank's Supervisory Board, where the majority of them must be independent, according to the criteria established by the legislation in force.

The specialized committees interact with each other, in order to ensure consistency and avoid discrepancies in their decisions. This interaction takes place via cross-participation, so that the chairman or a member of a specialized committee may also be a member of another specialized committee.

Risk Management Committee

The Risk Management Committee provides support to the Supervisory Board on Bank's current and future risk appetite and strategy, and supports the Supervisory Board in monitoring the implementation of this strategy by the Executive Body. Overall responsibility for risks remains under Bank's Supervisory Board.

The Risk Management Committee supports the Supervisory Board in determining the nature, volume, format and frequency of risk information.

In 2024, the Risk Management Committee met in 9 meetings, during which there were discussed following issues: banking, economic and political environment; credit portfolio analysis; portfolio in recovery; market and country risk; structural risks; operational risk (including legal, banking security, compliance and reputational risk); IT risk management; risk appetite dashboard, etc.

Audit Committee

The mission of the Audit Committee is to monitor the areas of preparation and control of accounting and financial information, to monitor the independence of statutory (external) auditors, as well as to monitor the efficiency of internal control systems, measurement, supervision and control of risks in accounting and financial processes. If necessary, it provides recommendations and its opinion to Bank's Supervisory Board.

In 2024, the Audit Committee met in 8 meetings. During the committee meetings there were discussed issues related to: Audit Plan for 2024; reports issued by Audit Department; activity reports of the Audit Department; Findings and reports of the external auditor Ernst &Young S.R.L.; reports on monitoring the recommendations of NBM, internal audit and External Audit; etc..

Nomination Committee

The Nomination Committee identifies and recommends candidates for vacant positions in Bank's Supervisory Board, Executive Committee, as well as for key-functions.

In 2024, the Nomination Committee met in 4 meetings, the agenda of which included: collective re-evaluation of the members of the Bank's Supervisory Board and the members of the Bank's Executive Committee; evaluation of candidates for the position of member of the Bank's Supervisory Board, re-evaluation of some members of the Executive Committee in connection with the expiration of the mandate; evaluation and designation of candidates for key-functions.

Remuneration Committee

The mission of the Remuneration Committee is to annually examine Bank's remuneration policy and in particular: propose the principles of Bank's remuneration policy, analyze the remuneration policy of different categories of personnel, propose decisions of Bank's Supervisory Board regarding the benefits granted to the members of Bank's Supervisory Board / Executive Body, as well as to different categories of employees.

The Remuneration Committee collaborates with other specialized committees whose activities may have an impact on the formulation and proper functioning of remuneration policies and practices, and provides Bank's Supervisory Board and, as appropriate, the General Meeting of Shareholders, with adequate information on the carried out activities.

In 2024, the Remuneration Committee met in 4 meetings, during which the following topics were examined and approved:

- Remuneration policy in new version;
- The amount of fixed and variable remuneration for members of the management body, key-function holders in 2023;
- Results of the KPI assessment for 2023 of members of the management body, key-function holders, as well as the establishment of KPIs for these persons for 2024;
- Other aspects related to bank's remuneration.

Ethics Committee

The main responsibilities of the Ethics Committee are: accepting the Code of Ethics, as well as all its updating amendments, formulate opinions or opinions on conflict of interest situations, supervise compliance with Bank's ethical framework and approve annual reports, according to its competence, etc.

In the process of fulfilling its duties, the Ethics Committee takes into account the need to ensure that the decision-making process of the management body is not dominated by any person or group of persons in a way that may be detrimental to the interests of the Bank as a whole.

The Ethics Committee examines the review of reports prepared by the Compliance Department for the areas of ethics, accepts the Code of Ethics, as well as the amendments arising from its periodic review.

In 2024, the Ethics Committee met in 1 meeting.

Executive Committee

The Executive Body of the Bank is a collegial body, called the Executive Committee of the Bank and exercises the management function over all structural subdivisions, areas and directions of activity of the Bank, except for those that are within the competence of the Annual General Meeting of Shareholders and Bank's Supervisory Board.

The numerical composition of the Executive Committee - 6 people. The members of the Executive Committee are people with diversified experience and competence, the nominal composition of which is approved by the Bank's Supervisory Board. The Chairman of the Executive Committee - CEO and the Vice-Chairmen of the Executive Committee act without a power of attorney on behalf of the Bank in any circumstances related to the activities they coordinate, and also have the right to issue powers of attorney on behalf of the Bank.

The members of the Executive Committee, including the Chairman and Vice-Chairmen of the Executive Committee of the Bank, are appointed by Bank's Supervisory Board for a term of 3 years and begin to exercise their functions after confirmation by the National Bank of Moldova. The mandate of the members may be renewed by Bank's Supervisory Board on unlimited number of times, for a term of up to 3 years.

Members of the Executive Committee of OTP Bank S.A. as of 31.12.2024:

Member of the Executive Committee	Function
Daniel-Bogdan Spuză	President of the Executive Committee - CEO
Elena Guzun	Deputy CEO – Commercial Director Corporate Banking
Petru Delinschi	Deputy CEO - Commercial Director Retail Banking
Iurie Rusu	Deputy CEO - COO, Head of IT & Operations Division
Ruslan Cebotari	Deputy CEO - CRO, Head of Risk Management Division
Ion Veveriță	Deputy CEO - CFO, Head of Financial Division

During 2024, the nominal composition of the Executive Body did not change.

The Executive Committee exercises the current management of the organization in order to achieve the objectives set in the strategy and business plan. In exercising its powers, the Executive Committee acts in the interests of the Bank and its shareholders, inclusively being responsible to Bank's Supervisory Board for Bank's financial performance.

The Executive Committee ensures the adequate implementation of Bank's management framework, knows and understands the organizational structure of the organization, the risks it generates, develops and approves, as appropriate, secondary internal regulations, for the conduct of Bank's activity in accordance with the development strategy, risk appetite and policies approved by Bank's Supervisory Board.

The Executive Committee reports quarterly to Bank's Supervisory Board on its activity, focusing on the following topics: important changes in the banking system, situations that may influence the strategy and/or management framework of Bank's activity, Bank's financial performance, the evolution of the balance sheet, the evolution of the loan portfolio, the evolution of resources, the evolution of the income and expense ratio, compliance with risk limits or compliance rules, deficiencies in the internal control system, etc.

The activity of the Executive Committee is evaluated annually by Bank's Supervisory Board at a collective and individual level.

During 2024, the Executive Committee met in 63 meetings during which 644 topics were discussed.

Internal specialized committees of the Executive Committee

In order to ensure a good level of protection against the risks to which the Bank is exposed, as well as the proper functioning of the internal system, the following internal specialized committees are established within the Bank:

1. Monthly Performance Review Committee
2. AML Committee
3. Products, Pricing and Customer Experience Management Committee
4. Projects&Investments&Architecture Committee
5. Operational Risks and Crisis Management Committee
6. Asset and Liability Management Committee
7. Work Out Committee
8. Ethics and Compliance Committee
9. Credit Committees (3 committees)

Like any Company providing financial and investment services, Bank's operations/activities as a whole are regulated in detail and continuously monitored by supervisory authorities.

MANAGEMENT RISK AND COMPLIANCE

MANAGEMENT RISK AND COMPLIANCE

Approach of OTP Bank S.A. to risk management is correlated with the business strategy, and therefore the actions planned to achieve business objectives are aligned with the risk strategy. The Bank aims to achieve a balanced ratio between risk and profitability, with the aim of generating sustained growth and adequate return on capital.

The internal risk management policies regulate the correct management of all significant risks for the bank, which ensures an overall low risk profile in the context of assuming properly assessed exposures. This objective is achieved by integrating risk in the management of daily business activities, strategic planning and business development in accordance with the defined risk appetite.

Risk management includes the entire planning activity, namely how major risks will be reduced and managed once they are identified. Monitoring the risk mitigation process includes tracking identified risks, identifying new risks, as well as evaluating the effectiveness of the entire process at the bank level.

OTP Bank S.A. uses several risk mitigation or, where possible, risk avoidance techniques. These include an internal control system framework and strict limits on risk-taking in line with the bank's risk appetite framework.

The general objectives of risk management activities are as follows:

- Establishing a set of fundamental standards for risk management within the bank, while maximizing potential earnings and protecting depositors' interests;
- Supporting the bank's business strategy, ensuring the pursuit of commercial objectives in a prudent manner, in order to maintain income stability and protect against unexpected losses;
- Supporting the decision-making process at the bank level, by providing a perspective on the risks to which the institution is exposed;
- Ensuring compliance with the best practices in the field of risk management and compliance with the requirements of the legislation in force;
- Promoting a culture of risk awareness and management, integrated at the bank's overall level, based on a full understanding of the risks the bank faces and how they are managed, taking into account the bank's risk tolerance and appetite;
- Ensuring an optimal capital position in order to ensure an efficient activity of the Bank;
- Development and implementation of a transparent risk management process for risk identification and management;
- Adequate monitoring, stress testing tools and escalation processes for relevant capital and liquidity limits and indicators.

To ensure an effective risk management process, control activities are implemented at all levels and functions within the Bank. These include activities such as: approvals, authorizations, verifications, dual control, reconciliations, operating procedures reviews, asset security and segregation of duties.

An important component of the internal control system is also the establishment and maintenance of information security management systems that cover the entire spectrum of the bank's activities. The Bank has adequate back-up facilities, which are regularly tested, to ensure the recovery of critical information and applications in the event of a disaster or system disruption.

Within the Bank, the internal control system is structured on three levels of control:

Level 1

or operational control (on-line), aims to ensure the correct execution of transactions. These controls are carried out by the staff of the business subdivisions and operational management at the front-office and back-office level, being incorporated into the bank's internal normative documents.

Level 2

or the control of risk management functions and the compliance function, carried out by the Risk Management Division and the Compliance Department units whose duties are distinct and independent from those of the bank's business subdivisions.

Level 3

controls performed by the Bank's Internal Audit, which periodically evaluates and verifies the sufficiency, functionality and efficiency of the bank's internal control system. The Internal Audit function is independent of the other two levels.

OTP Bank S.A. ensures appropriate governance in the field of risk management and in establishing management standards for each risk category, for which risk approaches are consistently defined and implemented:

A. Credit Risk Management

OTP Bank S.A. has implemented strategies, policies and processes for identifying, measuring, monitoring, controlling and reporting credit risk.

The objective pursued in the credit risk management process is to promote a responsible, prudent risk approach, in accordance with legislative provisions and best practices. The lending activity within the bank respects the principles of adequate separation of duties, to avoid conflicts of interest.

In 2024, OTP Bank S.A. continued to improve its credit risk management framework, focusing on the following areas:

- Updating risk appetite, risk limits, and credit policies in alignment with the volatile macroeconomic and geopolitical trends of the period.
- Reviewing existing rating models and implementing new customer rating models developed in accordance with the latest rating practices.
- Implementing additional criteria to identify significant deterioration in credit quality since initial recognition, in compliance with IFRS9 for loans to individuals.
- Improving the models for estimating expected credit losses in accordance with IFRS9 for loans to legal entities by applying additional coefficients to ensure sufficient coverage of risks not captured in the model („Novel Risks"), in line with ECB recommendations.
- Developing practices and methods used in stress testing exercises tailored to the Bank's business model.
- Actively monitoring the credit portfolio, including the use of an early warning framework to signal adverse developments, enabling timely and appropriate risk mitigation measures.
- Employing a comprehensive NPL portfolio management strategy that combines multiple strategic options to achieve the best short, medium, and long-term objectives, and exploring the most effective options for different portfolios or recovery rates for various customer segments.
- Maintaining and, where necessary, strengthening compliance with relevant regulatory requirements in terms of overall prudential management, including the prudential classification and valuation of claims.

The bank aimed to standardize and simplify credit products granted to individuals, so that they are easy to understand by customers, bank consultants and all employees involved in the lending process. At the same time, credit agreements for Corporate and SME customers must contain an adequate degree of financial and non-financial protection.

FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed.........
Date 31/03/25

B. Market Risk Management

Market risk is defined as the risk of incurring losses on both on-balance-sheet and off-balance-sheet items due to changes in market prices of financial instruments and equities held for trading, interest rates, and foreign exchange rates.

At OTP Bank S.A., market risk is managed in accordance with the provisions of the Market Risk Management Instruction, which outlines the governance, measures, and reporting standards for this type of risk. This internal regulatory document specifies the concrete processes, content, responsibilities, and principals involved.

The Bank has established a comprehensive market risk limits framework, which is regularly monitored (daily, monthly, or quarterly) and reported to management.

The Bank's reporting framework encompasses regulatory requirements, internal reporting requirements and processes, as well as reporting to third parties. Key market risk management developments are covered through a series of reports related to interest rate developments for the banking book portfolio, as well as reports on FX developments and the Bank's foreign exchange position.

C. Operational Risk Management

In 2024, the Bank ensured operational risk management activity, which is based on the following pillars:

- Risk Control and Self-Assessment (RCSA) - by identifying and assessing the risks related to the bank's processes, assessing the quality of the internal control system, including identifying vulnerabilities in the prevention and control system, as well as assessing exposure to residual risk.
- Monitoring of Key Risk Indicators on sensitive processes, by assessing and monitoring to the risk exposure.
- Scenario Analysis, which provides prospective assessments of exposure to significant impact and low frequency losses within a standardized estimation process
- Business Impact Analysis (BIA) - what determines the criticality of banking activity and the resources needed to ensure the bank's business continuity plan, serving as the legal basis for restoring the critical business processes
- Identifying and collecting operational risk losses.
- Inclusion in the crisis simulation exercises of different assumptions on the evolution of operational risk exposure, scenarios of operational risk losses resulting from the action of internal and external factors on the bank.

In 2024, in the context of the energy crisis, the Bank's focus in managing and reviewing the continuity plans has been punctual, and has been continuously adjusted and adapted in dependence on the decisions issued by the authorities, aimed to:

- Ensuring business continuity;
- Protecting the bank's assets and shareholders' interests;
- Protecting the bank's customers;
- Protecting employees.

D. Liquidity Risk Management

Liquidity risk management is an integral part of the overall risk management process, aimed to ensure that bank can consistently maintain or generate sufficient liquidity to meet its payment obligations appropriately and on terms acceptable to the bank. This process is defined within the bank in accordance with all regulatory requirements and best practices recognized internationally, while considering the bank's unique position in the financial-banking market (O-SII), as well as its business and economic environment.

The primary goal of liquidity risk management is to ensure the bank is prepared to sustain business growth, meet its payment obligations, and withstand periods of liquidity stress. The bank also takes into account the correlation with other risks (credit, interest rate, operational, reputational) when assessing the behavior of assets and liabilities under both normal and stressed conditions, along with early warning indicators of a liquidity crisis.

Liquidity monitoring is conducted on short, medium, and long-term bases, as well as on a current (intraday) basis. This monitoring is performed by the Asset and Liability Management and Treasury Middle Office Department, which relies on information from other business entities regarding the liquidity profile of their financial assets and liabilities, and details of future cash flows derived from forecasted business activity. This constitutes the first line of control. The second line of defense/control is provided by the Risk Monitoring and Risk Management Department through its liquidity risk management activities.

The liquidity strategy involves planning liquidity in such a way that risk appetite and liquidity indicators are met, as well as comply with the alert thresholds and limits set out in the Recovery Plan, Risk Appetite Statement and that the bank realizes its business growth plans. The funding plan is part of the liquidity strategy incorporated into the bank's business strategy developed in the budgeting process and is developed in such a way that funding is diversified and cost optimized to meet the bank's liquidity needs.

As part of the liquidity risk strategy, maintaining the liquidity cushion with permanent availability to withstand stress situations forms a vital safeguard for the bank. This liquidity cushion comprises high quality liquid assets that can be sold or pledged to raise funds under stressed conditions.

E. Interest rate Risk Management

The Bank's operations are subject to risk of interest rate fluctuations to the extent that interest-bearing assets and interest-bearing liabilities mature at different times or in different amounts. Risk management activities are aimed for optimizing net interest income, as long as market interest rate levels are consistent with the Bank's business strategies.

There are three main goals in managing interest rate risk:

- Minimizing the size of the impact on the profit or loss account, as a result of fluctuations in market rates;
- Minimizing fluctuations in the economic value of equity (EVE), as a result of changes in interest rates and profitability;
- Optimizing capital from an IRRBB perspective on Pillar II (ICAAP framework).

In order to assess the interest rate risk, the Bank takes into account the effect of a fluctuation of +/- 200 basis points on the present value of cash flows related to interest rate sensitive assets and liabilities, which is influencing the sensitivity of the economic value of equity (EVE), as well as the effect on the Net Interest Income during one calendar year. In addition to standard shocks, an individual shock scenario is applied as necessary, which involves direct stress on certain interest-bearing balance sheet positions based on market conditions and domestic product criteria (the magnitude of the shocks differs for the parts of the balance sheet).

In order to support the sensitivity calculation, the Bank is using GAPs between interest rate sensitive assets and liabilities by maturity bands. Allocation per each band is done according to the closest date between the maturity date and the interest adjustment date.

F. Strategic Risk Management

Strategic risk is the risk of divergence from planned financial and operational results due to unplanned and unforeseen obstacles, events or cycles of actions. The bank's profitability management policy is to ensure maximum profitability, under normal or crisis conditions, in the context of maintaining other risks within the limits of the Bank's risk appetite.

The economic context of 2024 being characterized by high volatility required an intensification of strategic risk management activities throughout the year, namely:

- The permanent monitoring of the evolution of the banking market, the evolution of competitors, the decisions of the regulatory authorities and the performance of the Bank, which represented a constant input in the modeling of business evolution scenarios in order to update the business strategy when necessary,
- Elaboration and evaluation of alternative investment plans of the Bank's assets in conditions of increased volatility and uncertainty on the financial market in order to ensure a minimum level of exposure of the Bank to strategic risks,
- Focusing and aligning the entire team on meeting the objectives included in the business strategy for the year 2024 in order to reach the forecasted profit target.

G. ESG Risks Management

The bank is directly exposed to the effects of climate change and/or reputational risk as a result of the action of environmental and social factors (for example, through working conditions). The bank has implemented an internal regulatory framework, the main purpose of which is to highlight the extra-financial risks to which it is exposed, as a result of the impact of environmental, social and governance (ESG) factors on the credit profile of the borrower or the financed project, which may affect the debtor's ability to fulfill his payment obligations. Since the clients financed by the Bank are differently exposed to ESG risks, the methodology adopted by OTP Bank SA aims to highlight and differentiate them accordingly.

Unique regulatory principles are established within the OTP Group, regarding the definition and management of activities subject to ESG risks in the process of granting and monitoring credits (including leasing products) granted to the Bank's clients (legal entities and natural persons practicing entrepreneurial activity), including customers managed by the Recovery Department.

The management of ESG factors in the credit granting process aims to minimize the risks of transactions affected by ESG factors. Social and environmental issues can affect customers' activity, cash flows, as well as their possibilities to develop their business. In this context, the role of ESG risk management is decisive in the process of identifying and managing legal, social and environmental aspects in order to minimize credit, reputational, regulatory and legal risk.

By including environmental and social aspects in the credit risk assessment process, the Bank also contributes to promoting the need to maintain appropriate social and environmental practices in the client's business.

Particular attention is to be paid to the Bank's clients' compliance with the relevant social and environmental laws and regulations, as well as the possession of the necessary licenses and permits for the activity.

In 2024, the internal regulatory framework for MSG risk management was supplemented with new concepts and notions aimed at the sustainable financing process, which assesses and incorporates the sustainability performance of the transaction and/or the economic activity of the clients. At the same time, the exclusion list (with activities prohibited for financing from the MSG risk point of view) was supplemented with a new activity involving harmful or exploitative forms of forced labor and/or harmful child labor.

COMPLIANCE

The compliance function is perceived as being of strategic importance within OTP Bank S.A. In order to achieve the Bank's goals by ensuring stable growth, the compliance function ensures compliance with Ethical values and legal norms and those of internal regulations.

In 2024, the activity of the compliance function focused on promoting the values of compliance, ethics and personal data protection within the bank.

The activity of the compliance function is governed by the provisions of the legislation in force, the regulations of the supervisory bodies, and the regulations of the OTP Group included in the Bank's internal normative documents in order to apply the best international practices.

Most of the Bank's branches have been trained in the field of personal data protection, ethics and compliance, AML&CFT, Embargoes and International Sanctions.

The Compliance Team conducted offline training sessions in the Bank's branches, these targeted ethics and compliance issues and aimed to raise awareness on compliance-related topics (conflict of interest, gift management, Code of Ethics, integrity warnings, etc.) and topics related to the Bank's obligations under international tax agreements such as FATCA (Foreign Account Tax Compliance Act) and CRS (Common Reporting Standard).

The compliance function also supported a series of online trainings (e-Learnings), with the aim of increasing awareness among employees regarding the Bank's values and requirements in the field of ethics and gifts, international tax agreements (FATCA and CRS) and personal data protection, as well as in the field of AML&CFT (for all employees) and International Embargoes and Sanctions (for pre-established groups).

OTP Bank S.A. enhanced the compliance culture in the company, based on the Group's best practices and national legislation requirements, by further developing best practices and the highest international standards in the areas of compliance, ethics, conflicts of interest, anti-corruption, identification, assessment and mitigation of compliance risks, sanctions and suspicious transactions, due diligence, consumer protection, personal data protection, investment activities, identification and prevention of insider trading and market manipulation, FATCA (international tax compliance) and CRS.

The compliance function constantly monitors the flow and specificity of customer complaints and authority requests, providing input into complaint responses when necessary.

In 2024, the 2 specialized committees (Ethics Committee and Ethics and Compliance Committee) continued their activity, with the aim of supporting the implementation of ethics and compliance regulations in the Bank, in accordance with the Group's governance model and the requirements of the legislation in force.

Also in 2024, the AML Committee continued its activity. During the meetings, the following topics were presented and discussed: KYC update rate, sensitive sanction cases, monthly activities carried out in the AML field, suspicious transactions and activities reported to the FIU, termination/refusal rate of business relationships, evolution of SIRON alerts, vulnerabilities identified for P2P transactions, rejected transactions related to AML and international sanctions, actions related to the decisions that were established by the Committee during all meetings held in 2024.

In 2024, the Compliance Function carried out controls covering the following topics: conflict of interest, proper management of gifts and invitations to events, the Bank's activity on social networks, and the process of granting loans to individual clients. As a result of the controls, the compliance team, in order to mitigate or reduce the identified risks, came up with a set of proposals and measures, which have been implemented or are in the process of being implemented. Also, related to the AML field, the control mission was carried out regarding the examination of the source of funds for cash transactions (which concluded that the processes and activities carried out by employees are mostly compliant; some deficiencies were identified in, which require the implementation of corrective measures to mitigate future inherent risks.

The year 2024 has had a significant impact on the bank due to international sanctions. To address this, OTP Bank S.A. ensures compliance by implementing comprehensive policies and procedures (theoretical and guidance aspects), along with customer and transaction filtering solutions (technological and practical aspects). These measures are designed to prevent the bank's involvement in operations with parties subject to sanctions imposed by international authorities and to reduce operational risks. To enhance the risk management system, OTP Bank continues to conduct periodic controls and develop methodologies, tools, and mechanisms for assessing, identifying, and preventing/ mitigating risks.

The Bank periodically conducts compliance risk assessment exercises based on the OTP Group methodology. Within the framework of these exercises, a significant number of risks were assessed, including risks related to - personal transactions, conflicts of interest, combating money laundering and terrorist financing, combating corruption, ethics, consumer protection, international tax agreements, sanctions/ suspicious transactions, personal data protection and others. As a result of the assessment exercise, no major risk exposure was identified and most of the assessed risks were marked with the risk level - Insignificant or Low. The periodic compliance risk assessment exercise significantly contributes to the identification of compliance risks and, if they are identified, leads to the development of an action plan to avoid or mitigate them.

During 2024, an internal risk assessment was carried out to prevent and combat money laundering and terrorist financing, as well as to identify threats and vulnerabilities that may impact the bank's operations. The result of the risk self-assessment is classified as Medium. The Sanction Risk Assessment exercise was carried out for 2023, as a result the risk level is considered Medium. Also, during the year, violations of the Risk Appetite Statement were recorded, which did not result in a material/financial impact. Following the identified cases, a set of mitigation measures and controls are implemented at all sensitive levels.

The Compliance Function reports directly to the Bank's Board to ensure impartiality and appropriate authority in decision-making related to compliance risks. One of its main responsibilities is to periodically report to the bank's management on the identified risks, the controls performed, and the related findings. Additionally, it reports on the measures implemented and/or planned (pending approval) to prevent or mitigate these identified risks.

At the same time, an important aspect in the exercise of its internal control function is the establishment of an internal regulatory framework for the observance and execution by the bank's employees of the legal provisions for preventing and combating money laundering and terrorist financing.

Establishment of an internal regulatory framework on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CTF) is a duty of the Compliance function, within OTP Bank S.A, there is an extensive structure of internal policies, procedures and regulations. Their main purpose is to prevent and combat money laundering and terrorist financing, as well as to prevent the evasion of international sanctions.

At the same time, the Bank implemented technology solutions, which allow identifying and preventing suspicious banking operations. The main purpose is to provide maximum protection to the interests of the Bank's customers by reducing as much as possible the risk of financial crime and fraud. The Bank and OTP Group are committed to promoting an appropriate AML / CTF culture and increased awareness across the clients and employees.

As part of Compliance function duties, a dedicated AML unit also performs periodical controls of the AML / CTF activity performed at the Bank's level. At the same time, AML unit is responsible for managing the processes related to Customer Knowledge (KYC), high risk clients, registering and monitoring politically exposed persons (PEP), filtering clients (from sanctions and PEP perspective), and fields related to correspondent banks relationship, etc.

In order to ensure the quality of recording, management and control of customer KYC files, the Bank is using modern technology solutions to ensure an efficient audit trail that contains all the actions of the users involved. The Bank is in a continuous process of strengthening its ability to prevent and detect financial crime and non-compliance. There is an increased regulatory focus on fraud and compliance checks, with taking all necessary measures to protect customers from fraud and to identify risks of non-compliance in business processes. Financial crime and threats of fraud continue to evolve, often along with geopolitical and technological developments. The evolving regulatory environment continues to be challenging.

As a conclusion, OTP Bank S.A., is taking all compliance-related measures, aiming to increase the level of corporate culture and strengthening ethical values. It is an important step in the way of reducing the bank's exposure to these risk and enhancing internal awareness and culture. The Compliance function continuously provides Bank's Management with reports, support and advice in order to prevent or mitigate the risks that can lead to losses or cause significant damage to the Bank's reputation. This way compliance function contributes to increase the Bank's value to the benefit of the Bank's clients, partners and employees.

COMMERCIAL ACTIVITY

COMMERCIAL ACTIVITY

In 2024, OTP Bank advanced its strategy to enhance commercial value by acquiring new customers, retaining existing ones, digitalizing services, and improving product offerings.

Thus, at the end of 2024, the consumer loan portfolio amounted to 1.399 billion MDL, the real estate loan portfolio amounted to 1.876 billion MDL, and the value of loans granted to legal entities amounted to 5.093 billion MDL. The volume of deposits and savings accounts of individuals reached the level of 7.608 billion MDL, and the portfolio of deposits attracted from legal entities amounted to 9.258 billion MDL.

OTP Bank currently serves over 131 thousand active clients and offers a wide range of banking products and services through various channels, the mortgage center and the 52 bank offices throughout the country, including 47 Retail branches, 3 agencies, 1 corporate branch and 1 branch dedicated to Private Banking. OTP Bank is present in the most important regions of the country, in the cities of Chisinau, Balti, Comrat, Edinet, Orhei, Ungheni, Anenii Noi, Soroca, Drochia, Sangerei, etc.

During the reference year, the bank continued its successful collaboration with the VISA payment system, thus, a new product from the Premium category was jointly launched, intended for legal entities, the Visa Business Platinum card. This product offers, in addition to the basic benefits offered by the Bank, a wide range of additional services, including: free access to the Lounges of over 1200 airports around the world, 24/7 Concierge service, insurance services, Fast Track services, discount programs, etc.

Another card launched together with VISA was VISA Junior and Junior NEXT. We also continued the marketing of one of the most innovative and unique payment instruments in the Republic – the Payment Ring. This product offers the bank's customers a unique experience of contactless payments.

In 2024, OTP Bank achieved a significant milestone by obtaining the license to accept Visa cards at merchants and launching a pilot program for card acceptance through POS terminals. The successful completion of this project opens new avenues for business development, particularly in efficiently servicing micro and SME economic agents.

Notably, OTP Bank is the only bank in the Republic of Moldova that exclusively offers its merchants Ingenico POS terminals equipped with the latest generation Android operating system. These state-of-the-art terminals feature functional SCA and integrations with fiscal solutions.

In September 2024, OTP Bank introduced a cash collection service via Business cards at ATMs with Cash In functionality. This service allows economic agents to utilize over 70 OTP Bank ATMs for self-cash collection 24/7, without incurring any fees, with funds being instantly available to customers.

To enhance the attractiveness of its services, OTP Bank also implemented a feature allowing cash withdrawals at OTP Group subsidiary ATMs without any fees. This enables OTP Bank Moldova customers to withdraw cash from OTP ATMs abroad without any charges, a service uniquely offered by OTP Bank in the Republic of Moldova.

In 2024, OTP Bank continued to develop its digital domain, and this year was characterized by the diversification of payment methods. Among them is MIA Instant Payments, which offers various transfer options to other people and transfer requests, intended for individuals. In addition, a series of significant improvements were made in terms of digital flows for opening current accounts, savings accounts and deposit products, all of which are available 100% online and with the provision of the necessary confirmatory documents.

OTP Bank continued its digital transformation through expert teams involved in IT transformation and process digitalization projects, improving the banking environment in the IT field. The most important achievements in the field of projects were:

- significantly reducing the duration of customer onboarding and KYC data update processes by connecting to state registers using the MConnect platform, which provides the bank with real-time access to qualitative, complete and authentic customer data from a single source;
- reducing the time for Urgent Interbank Payments in MDL from 1 hour to up to 5 minutes by implementing the SAPI upgrade project;
- a major step in the implementation of digital sales - the decision to approve 100% online credit in 5 minutes on micro-sites;
- compliance with international SWIFT LAU standards;
- strengthening AML and internal control systems.

FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed
Date 31/03/25

Retail Banking Activity

In 2024, taking into account the previously created market context and the economic impact created by the war crisis, OTP wanted to adjust its commercial strategy on the individual line towards increasing the number of active customers, boosting lending activity, maintaining the portfolio of attracted resources, developing the daily banking offer and continuing digitalization.

Regarding lending, aligned with prudential lending criteria, OTP Bank offered lending solutions by periodically adjusting the price conditions offered to customers or by adapting existing products to market/customer requirements.

In the consumer credit line, in order to align with the needs of customers, OTP Bank simplified the general offer and created a special offer dedicated to public sector employees, whose salary is domiciled within the Bank. At the same time, the Bank continued to provide transparent offers to customers, offering consumer credits with both fixed and floating interest rates, the maximum exposure of unsecured credits granted being set at up to 450k MDL per family. The Bank also continued to provide customers with accident insurance associated with the credit, which, with the payment of a single premium, ensures the protection of the debtor in case of accidents.

During the period April-May and September-December, to support the sales activity of consumer credits, marketing campaigns and actions to promote the offer were organized through lead-management, direct marketing campaigns and CRM activities.

In the real estate loans line, OTP Bank aimed to boost sales starting with the second half of 2024, by adjusting the interest rate in line with the market context and launching the promotional campaign "Open the door of your home", within which cash prizes (1 x 100,000 MDL and 2 x 50,000 MDL) were offered to customers who contracted 1 real estate loan. A significant impact was had by the launch of the Prima Casa Plus product, with the adjustment of conditions for customers, by increasing the maximum term of the loan up to 30 years, increasing the maximum amount up to 2.5 MMDL, changing the debt ratio up to 70% and reducing the down payment to 0% (for customers eligible for compensation).

Regarding daily banking activity, in 2024, OTP Bank continued the strategy of maintaining the volumes attracted in various savings products, aligning itself with the market context in terms of the interest rates applied both for term deposits and for savings accounts in MDL, dollars and euros, as appropriate.

At the same time, OTP followed the strategy of attracting public sector customers with salary transfers to their accounts, continuing to promote the salary packages launched for public sector employees, „Funtionar" and „Functionar Plus", offering multiple benefits such as the free inclusion of premium cards, discounts when making payments in MDL, free provision of OTP SMS Banking and OTP Internet/ Mobile Banking services, as well as preferential interest rates on current accounts with attached cards.

A special focus was also set on attracting customers from the junior segment by promoting the benefits of the Junior and Junior Next cards, which include free card issuance and servicing, payments at merchants, withdrawals and top-ups at the bank's ATMs, and viewing the balance and account operations at the bank's ATMs.

The **AGRO Spring Campaign – 2024** offered professional guidance and fast and efficient credit solutions, adapted to the needs and specifics of agricultural companies, including through the **AgroFabrica** financing concept. The campaign included a guaranteed prize - **Free Visa Business Card** with 1,000 MDL per account and zero service fee for the first 5 years, intended for agricultural entrepreneurs who contracted at least one loan or financial leasing during the campaign period. In addition, discounts were offered from the Bank's partners, agricultural equipment dealers.

Choosing financial leasing from OTP Bank S.A., clients can manage efficiently their cash flow, can have more flexibility in asset management and benefit from significant tax advantages. The **Special Leasing Offer** launched during April - June 2024 came with advantageous aligned with the needs of the business

- **1%** from the financed amount - upfront fee for national and/or international purchases;
- **0%** early repayment.

And as part of the autumn campaign, where we continued to promote leasing financing through personalized solutions for entrepreneurs' businesses and advantageous financing offers, customers who contracted at least one financial leasing benefited from a **guaranteed gift** - a wireless car charger.

During 2024, OTP Bank continued to promote **the „373" Governmental Program for Supporting Entrepreneurs** which was implemented in July 2023 through the Organization for Development of Entrepreneurs (ODA) and aims to ensure the access of Small and Medium Enterprises (with a turnover of up to 100 million MDL) to investment projects financing, by partially compensating the interest rate for eligible investment loans.

Through **„373" Program**, ODA compensates interest rates on investment loans so that the interest paid by the beneficiary does not exceed **7% annually** - for loans granted in national currency. Interest on loans is compensated for the entire loan period, but not more than 7 years.

In 2024, **the „373" Program** was expanded to a wider group of eligible areas. It has also become eligible for small and medium-sized enterprises that intend to start new investments in the trade sector (except for those that sell alcoholic beverages and tobacco), but also for other areas that were previously not eligible. At the same time, the **maximum exposure** per beneficiary for loans granted under the Program has been increased from 15 million MDL to **40 million MDL** with an own contribution of at least 10% of the value of the investment project and a grace period of up to 3 years without administration fees and early repayment.

To support small and medium-sized businesses, the MICRO Lending Campaign was launched, dedicated to SMEs and agricultural entrepreneurs. The campaign offered a fixed interest rate of 5.99% in MDL for the first 3 months and guaranteed gifts. SMEs could access up to 1 million MDL without collateral and agricultural entrepreneurs up to 2 million MDL, with the collateral of the future harvest. In addition, during the Moldagrotech 2024 exhibition, which took place from 17.10.2024 to 20.10.2024, participants were awarded 200 personalized Certificates with 0% granting fee (administration fee in the case of AgroFabrica loans) for new financing requests in MDL from OTP and/or OFI resources.

OTP Bank positions itself as a trusted partner for its clients, offering them access to advantageous financial resources, personalized solutions and the expertise of an international financial Group.

In 2024, OTP Bank S.A. continued to support entrepreneurs who have a business in agriculture - one of the most important field of the economy of the Republic of Moldova. OTP Bank S.A. stood in solidarity with **farmers** and aligned to support measures for farmers related to the drought from 2024, namely offering grace period for overdue installments accumulated, as well as installments/payments that will become due by 31.10.2025. Additionally, the Bank decided not to charge fees for restructuring of the loans for farmers with a difficult financial situation.

In December 2024, OTP Bank and UCIP IFAD organized **the „Opportunities for rural business development" conference** for youth and women entrepreneurs, SMEs, Micro Entrepreneurs - from rural areas, from AGRO field or related to agriculture. Entrepreneurs learned about access to stores and exports, digital financing solutions, grant programs for farmers, ODA and EBRD guarantees, and how financial leasing can improve business performance.

In 2024, OTP Bank, with the Group's support, boosted sales, enhanced customer service, improved commercial indicators, and maintained sales team motivation. The bank also expanded its promotional activities and increased branch involvement in consulting and serving customers through the Bank@Work project.

Corporate Banking activity

The commercial activity targeting the bank's relationship with Large Corporate and SME clients continued its development, generating consistent profitability in 2024, supported by both lending operations and our other products and services.

Within this market segment, represented by the most important national and multinational companies present in the country, the requirements regarding the quality of banking products are extremely high. These companies impose high standards, and to meet these expectations, our bank focuses on three essential pillars: agility, responsibility and the ability to offer personalized products.

Our agility allows us to react quickly to market changes and adapt our offers according to the specific needs of our clients. Responsibility is another crucial aspect, ensuring that all our products and services comply with the highest standards of quality and ethics. The ability to provide the client with the product that best suits them is a key element of our success. Through a deep understanding of the needs and expectations of our clients, we manage to offer financial solutions that not only satisfy, but also exceed their expectations.

OTP Bank's achievements in the field of corporate business were confirmed, including by being awarded the title of "Best Bank in the Corporate Segment" in Moldova by Global Finance & Marketing Review for the second consecutive year and the title of "Best Bank in the Corporate and SME Segments" by Euromoney. We dedicate this award to our clients, who make us strive to become better every year.

Among the successes of the Large Corporate and SME team in 2024, which relate to achieving the strategic objectives of digitalization and expansion of business volume, the following can be highlighted:

- increase in the volume of loans offered to corporate clients: +14%.
- increase in the volume of resources attracted from corporate clients: +12.5%.
- 99% of corporate clients use the bank's internet banking solution;
- 99% of corporate client payments were processed through the bank's internet banking solution.

An additional confirmation of the long-term partnership we have built with our clients is the maintenance of an excellent rate of deposit growth for two consecutive years (cumulative increase of +62%), which propelled us to second place in the banking system in this regard.

The sectors of the national economy that we financed with priority in 2024 were agriculture and processing industry, telecommunications, health and pharmaceuticals, trade and infrastructure development, but we also supported real estate projects with future development potential of Large Corporate clients. We also focused our efforts on diversifying the areas covered, in particular in supporting renewable energy production projects, contributing to capitalizing on opportunities related to the need to develop energy alternatives. Thus, in the SME segment alone, we have already financed investments in the construction of photovoltaic and wind parks with a capacity of over 40 MW. At the same time, OTP Bank maintained its position as a local partner of international banks and International Financial Institutions, participating together in the most relevant syndicated financing transactions on the market.

Maintaining our position as a reference bank in the corporate field is a clear proof of the trust that our clients have in us. This trust is the result of our continuous efforts to offer the highest quality products and services, tailored to the specific needs of each client. Therefore, our success in this market segment is confirmed by our ability to respond promptly and efficiently to client requirements, while maintaining high standards of quality and responsibility.

Leasing activity

The leasing activity in 2024, had an upward growth trend reaching a portfolio 264 Mio MDL which represents a new record for OTP Leasing (Moldova) despite the regional crises. Leasing product is considered a good viable solution for business area, OTP Leasing still remains one of the top leasing service providers, offering financing into business segment.

At the end of the Q3.24, OTP Bank has ranked as 4th on the local leasing market with a market share of 12% (for total market, including individuals). OTP Bank maintained as stable portfolio volume of active leasing contracts and has financed assets in total amount of 218 Mio MDL.

At the end of 2024, the implementation of the leasing software "Charisma" was achieved with much effort, which would allow optimizing work processes and simplifying flows.

For 2025, the aim is to launch a financing product for individuals that will allow for further growth in clients and the bank's portfolio, as financing for individuals through the leasing market has a share of approx. 50%.

Relationship with International Financial Institutions

In 2024, International Financial Institutions (IFIs) continued to express their confidence in OTP Bank S.A., providing with new facilities developed for SMEs companies in Moldova blended with their expertise, innovation, knowledge and capabilities for programs' objectives material realization. The IFIs programs pursue to promote sustainable economic development of the country and achievement of the goals set by the Government of the Republic of Moldova.

OTP Bank is oriented on extending IFIs financial programs through direct partnerships, or through bilateral collaboration with the country Executive Authorities and IFIs, in form of loans, grants, risk-sharing instruments created to support and strengthen companies in Moldova. Using IFIs instruments, OTP Bank will significantly contribute to the stable growth and development of priority sectors of the country's economy.

In 2024, OTP Bank, has engaged with EBRD into a new unfunded Portfolio Risk Sharing („PRS") Agreement. This project is the first pilot implementation of the PRS product by the EBRD in Moldova and OTP Bank is the first Bank has benefited of this PRS facility. The guarantee will cover up to 50% the credit risk on the newly-generated micro, small and medium-sized enterprise („MSME") loan portfolio of up to EUR 30.0 million originated by Bank, de-risking MSMEs lending operations.

In 2024, OTP Bank has disbursed over EUR 21 Mil. for on-lending its clients undertaking energy-saving measures and investing in renewable energy projects overpassing the installed crisis, and for covering the companies needs with sufficient financial liquidity to perform their business and maintain or create new viable job places.

Furthermore, after successful assimilation of EUR 35 Mil. under EU-4busines EBRD Credit Line and EUR 21.30 Mil. under EaP SMEC phase I and II programs, OTP Bank has expressed its interest to participate in the next phase of EaP SMEC facility with Grant component, which will extend the Bank's business capacity with EUR 10 Mil. As a further matter, OTP Bank is still the only financial institution in the country offering financial leasing with a Grant component.

OTP Bank continued actively to promote funding programs among Young Entrepreneurs, Women in Business and companies activating in Agricultural field or in rural area, facilitating their access to financial resources under special conditions with discounted price and/or Grant Component, which was possible thanks to International Fund for Agriculture Development (IFAD) developed program, EIB (Fruit Garden of Moldova) and Office for Management of External Assistance Programs (OMEP), where the final borrowers benefit from various advantages as Grants (addressed to support Young Entrepreneurs and Women in Business), Taxes and Duty exemptions, and free technical assistance.

Correspondent Banks

OTP Bank S.A. proves to be a strong and reliable partner, by performing of the related international trade foreign currency payments of the clients, via its accounts held in 11 foreign globally representative banks and a wide network of correspondent connections through RMA relations (SWIFT keys). The historically established correspondent relations with first-class foreign banks facilitate cross-border payments both in terms of security and efficiency, as well as through the speed of transaction processing and the avoidance of high costs related to the receipts applied by intermediate correspondent banks.

Through services provided by correspondent banks clients have possibility to process payments in more than 120 currencies that enable them to trade across the world, having several advantages such as: protection against currency risk, lack of additional taxes to the standard ones, fast execution of payments and without limitations of minimum / maximum amounts.

OTP Bank S.A. opts to maintain mutually beneficial and long-lasting relationships, while also committed to providing quality services, in line with the level of expectations and needs expressed by customers.

In the context of strict regulations, both at the local level and due to the rigorous policy of the OTP Group, each existing or potential correspondent bank is subject to a complex, thoroughly and prudently conducts the due diligence examination by preparing an exploring analysis, assessing and evaluating theirs system of ways and means applied against money laundering and terrorism financing, according to national and international requirements to ensure that the banking partner is safe and of impeccable reputation.

Digital solutions for Cash Management

In 2024, OTP Bank signed a new collaboration agreement with a first-class International Bank from Central and Eastern Europe, through which OTP Bank can ensure the reception of payment requests (MT101) and the automated sending of statements (MT940/MT950/MT942) through the SWIFT network, strengthening the "International Account Management" service for Multinational clients.

At the same time, during 2024, several internal projects were initiated with the aim of developing the range of payment products for Legal Entities for various payment channels: OTP Internet Banking and POS devices within the framework of payment card acceptance relationships through the Bank's POS terminals, which was successfully launched in PILOT mode at the end of 2024 year. The POS devices are of a new generation based on Android that will allow the bank's clients to benefit from modern technological solutions to streamline their operational processes. Moreover, during the reporting period other initiatives were launched aims to optimize and digitize payment instruments that will be launched in the following periods.

At the same time, within the framework of the digitization initiatives and the involvement of cross-functional teams, the team contributed to the migration to a new way of logging and authenticating operations initiated in "OTP Internet & Mobile Banking" by legal entities by integrating advanced technologies, ensuring a flow with a high degree of safety and security.

Trade Finance and Factoring

OTP Bank S.A is actively supporting the foreign trade activities of the clients by providing a full product package that reduces to a minimum the risks and help them explore and conquer new markets offering a full range of Trade Finance that represent risk mitigation instruments, as Letters of Credit, International Guarantees or Stand-By Letters of Credit, as well financing through Letter of Credit Discounting and Forfaiting.

Having established relationships with first-class banks and being included in the EBRD and IFC trade facilitation programs, OTP Bank offers Trade Finance products at the highest international standards.

In 2024 Trade Finance portfolio exceed 1 Bilion MDL equivalent , bank participating as Guarantor in infrastructure projects and securing foreign trade transactions of our clients.

OTP Bank is confirming bank under EBRD TFP and in 2024 became confirming bank under IFC GTFP, facilitating the access of international companies in important infrastructure projects in Moldova.

OTP Bank is one of the few banks on the market offering export factoring helping local exporter to boost competitiveness in the global marketplace. In 2024 our market share from total export business from Moldova under FCI * two-factor System reached more than 95%** being the market leader on this area. In 2024 was implemented a performant IT dedicated solution and for 2025 is ongoing a digitalization projects for clients. This will enable our bank to provide best-in-class asset-based receivable financing services for our clients and grow Supply Chain Finance solutions.

*Factors Chain International
**Acording FCI statistics

FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed............
Date 31/03/25

Capital Markets Activity

OTP Bank S.A. carries out numerous activities on the international and local Moldavian capital markets with involvement in securities operations, operations of attraction and placement of funds on interbank market, as well as monetary operations of the National Bank of Moldova.

OTP Bank S.A. always was and remains an active participant of the Moldovan securities market. The bank invests its own resources in State Securities (SS), National Bank of Moldova Certificates (NBC), and offers intermediation services to its clients who can benefit from a full range of investment products.

In 2024, based on the availability of liquidity, the Bank's total investments in SS and NBC compared to 2023 increased by 5.2% (for NBC was fixed an increase of 5.7%, while for SS – a decrease of 7%). At the same time, as a result of management of the available liquid assets within the aforementioned operations, the obtained income constituted an aprox. 2 times decrease, compared to the level of the last year, caused by the significant decrease in interest rates during the year. The average volume of SS portfolio maintained for the Bank's clients was over 789 million MDL, representing an increase of about 24.8% compared to 2023.

In the reporting year, corporate securities sale-purchase operations on the Moldovan Stock Exchange also were performed for the clients of the Bank. The main object of the transactions were the shares issued by local banks, and their total volume exceeded 5.8 million MDL.

The Global Transaction Banking Department has performed various operations of placements and borrowing of resources in local and foreign currency for the purpose of more efficient management of the bank liquidity. The annual volume of overnight deposits placed at NBM had a decrease of approx. 12%, respectively, the total volume of income decreased by approx. 4 times compared to the level of 2023, caused by the decrease in interest rates on this instrument. The turnover of monetary transactions with foreign currency (especially overnight deposit placements in USD and EUR) had an increase of 59% in USD, while EUR placements were resumed after a several years break. The obtained income increased by over 2.2 times compared to last year.

Monetary Market (Forex)

In 2024, the foreign exchange market marked a moderate level of volatility driven by geopolitical effects as well as macroeconomic effects. In this context, OTP Bank recorded a substantial increase in the volume of FOREX transactions, with a +23% growth compared to the previous year. Moreover, amid a competitive environment, OTP Bank generated a net banking income from FOREX transactions of 405.9 million MDL, marking a growth of over +21.4% compared to the previous year.

Geopolitical Effects: The global geopolitical context had a significant impact on the foreign exchange market, including international political tensions and economic sanctions imposed on some countries in the region. These events generated uncertainty and influenced investment and trading decisions.

Macroeconomic Effects: Factors such as inflation, economic growth, and monetary policy adopted by the National Bank of Moldova played an important role in the stability and dynamics of the foreign exchange market. BNM adopted restrictive measures to keep inflation under control and to stabilize the exchange rate of the Moldovan Leu (MDL).

OTP Bank's Performance in the FOREX Market

In this volatile context, OTP Bank registered a significant increase in the volume of FOREX transactions, with a +23% growth compared to the previous year. This growth can be attributed to several factors:

1. **Bank's Expertise and Capabilities**: OTP Bank managed to capitalize on opportunities in the foreign exchange market through efficient strategies and expertise in managing foreign exchange risks.
2. **Customer Demand**: Increased demand from customers for foreign exchange transactions contributed to the growth in the volume of FOREX transactions.
3. **Market Conditions**: Market volatility created opportunities for speculation and currency arbitrage, which favored the bank's activity.

Net Banking Income from FOREX Transactions

Against the backdrop of this increase in transaction volume, OTP Bank generated net banking income from FOREX transactions amounting to 405.9 million MDL, representing a growth of over 21.4% compared to the previous year. These revenues were supported by:

1. **Favorable Profit Margins**: Exchange rate fluctuations allowed the bank to obtain significant profit margins from FOREX transactions.
2. **Portfolio Diversification**: OTP Bank diversified its portfolio of foreign exchange transactions, engaging in multiple currencies and markets.
3. **Innovation and Technology**: The use of advanced technologies and modern trading platforms streamlined the trading process and minimized risks.

This performance reflects OTP Bank's ability to navigate a complex economic environment and capitalize on

NON-FINANCIAL STATEMENT

NON-FINANCIAL STATEMENT

Through its established Corporate Social Responsibility (CSR) policy, OTP Bank S.A. reinforces its role in society as a reliable partner for employees, customers, and suppliers. The Group supports these stakeholders in achieving their dreams and goals, while also acting as a catalyst for progress in the economy, the environment, and future society.

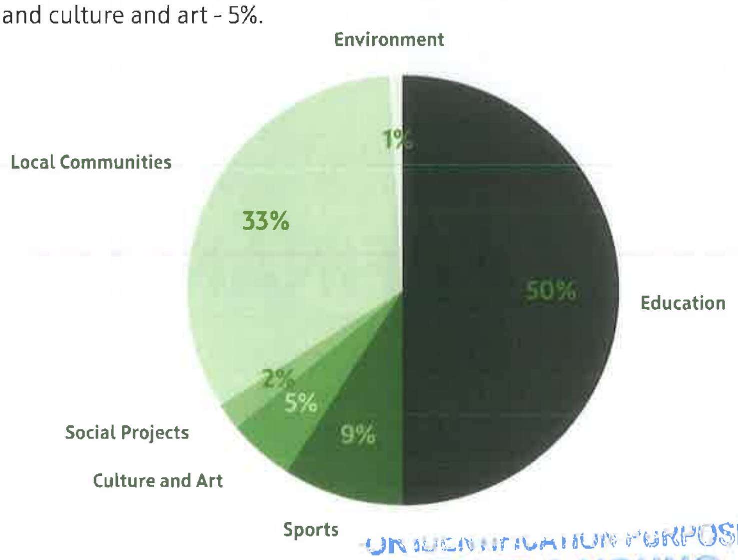
Environmental stewardship, responsible consumption, and sustainable solutions are priorities for the Bank, which acts with a conscious sense of responsibility regarding the impact of its actions. In 2024, OTP Bank S.A. developed an ESG strategy (environmental, social, and governance factors) aligned with the Group's vision. This strategy was created in collaboration with responsible subdivisions of the Group and is centered on the Bank's portfolio of products and services.

The actions that will guide OTP Bank Moldova in the implementation of the ESG Strategy will focus on three areas:

- Responsible Financial Partner: with the aim of financing the gradual transition to a green, low-carbon economy though green credit and other financing solutions, developing digital products and channels, active ESG risk management practices in banking.
- Responsible Employer: continuous investment in employee well-being and development, inclusion and diversity, and employee involvement in decision-making.
- Socially Responsible Actor: by setting ambitious targets to adopt responsible consumption within the organization and reduce CO2 emissions. Creating a positive social impact, not only by offering responsible products and communication campaigns, but also by continuing CSR activities: protecting the environment, supporting active and healthy living, culture and art and promoting financial literacy.

OTP Bank has consistently focused on contributing to the development of the communities in which it operates. The Bank actively supports financial education, promotes culture and art, engages in the medical and sports sectors, and participates in volunteering efforts. The key pillars of OTP Bank's Corporate Social Responsibility Policy include art and culture, sports and healthy lifestyles, financial education, and environmental protection. Additionally, the Bank supports local communities through sponsorships, donations, volunteering, and solidarity actions.

In 2024, OTP Bank Moldova sponsored social initiatives of 20 associations or institutions from various fields, the largest share being financial education projects - 50%, followed by supporting local communities - 35%, sports - 9% and culture and art - 5%.



Financial Education

One of the key priorities of OTP Bank's CSR activities in 2024 was supporting financial education. For the past five years, the OK Foundation has been transforming lives through free educational programs dedicated to children, youth, and adults in financial literacy. During this period, the Foundation's trainers have provided free financial education courses to over 25,000 individuals across the country.

The Foundation has achieved significant success, establishing over 70 partnerships with companies that prioritize the well-being of their employees. Additionally, the Foundation launched its first entrepreneurial education program, "StartUpOK," financed by OTP Bank. In collaboration with the bank, the Foundation also participated in the social project "OTP Bank and the OK Foundation Prepare You for School," which aims to increase literacy levels and prevent school dropout. Furthermore, in partnership with the Entrepreneurship Academy of the European Fund for South-East Europe (EFSE) under the EU4Business Moldova initiative, and leveraging OTP Bank's experience, the Foundation developed the training program "Financial Management for SMEs."

Culture and Art

OTP Bank continues to be a loyal partner of culture and art, by maintaining important partnerships with the National Museum of Art of Moldova and the Republican Theater „Luceafarul".

Based on the previous result, the National Museum of Art of Moldova hosted various exhibitions, workshops, opening of vernissages, and events dedicated to art in the Republic of Moldova. The European Night of Museums is one of the most famous art events at the European level, where art lovers have free access to museums in the country. Visitors storm museums, participate in workshops and take part in events dedicated to these beautiful holidays. Last year alone, over 15,000 visitors were present at the European Night of Museums.

In the three years of partnership, the Republican Theater „Luceafarul" managed to stage dozens of shows played to full houses, and last year saw the launch of 4 new premieres, including a new rebranding of the theater.

Sport as a lifestyle

The promotion of a healthy lifestyle and practicing sports were reflected through social initiatives supported by OTP Bank, such as - the Chisinau International Marathon gathered 120 employees on the running track, the extension of the partnership with the „Zimbru" Football Club Public Association, the Hospice charity race in the cancer resort „Zimbru - OTP Bank Christmas Cup".

OTP Bank beautifully celebrated the 10 years of participation in the Chisinau Marathon 2024 with a record number of participants - bank employees, who wanted to celebrate the anniversary event through a competition as usual.

The bank supports the development of Moldovan football by being the Main Partner of the Public Association Football Club „ZIMBRU" for 4 years now. Almost 500 children train and develop football skills within the Academy. And recently, the club formed several women's football teams. At the end of the year, the „Zimbru-OTP Christmas Cup" event took place, a football tournament for amateurs. The tournament was dedicated to students in the 8th and 9th grades of educational institutions in Chisinau. The purpose of the event is to promote football, encourage an active lifestyle and transmit healthy values among young people.

The charity race „Hospice Bike Tour" brought together 23 amateur and professional cyclists, including two OTP Bank colleagues, who traveled the distance of 540 km to Vama Veche, Romania, for 4 days, to raise funds that will provide the opportunity to benefit from Hospices of Hope without pain and receive palliative care. OTP Bank has been the general partner of the race since the first edition.

Environment

The concern for environmental protection and responsible consumption of resources was outlined through the care for the elm plantation within the Botanical Garden of Chisinau, planted two years ago. And every year we contribute together with our colleagues to the arrangement of the space in the immediate vicinity, as well as maintenance works of the elm plantation.

Local communities

The bank has directed its effort and resources including to support local communities. Thus, we contributed to the development of the educational process by supporting and premiering the best graduates of L.T. "Hyperion", or. Durlești and L.T. "Vasile Vasilache" from the municipality of Chisinau. We contributed to supporting inclusion in society by marking the International Day of Persons with Disabilities and the International Day of Persons with Down Syndrome within A.O. "Sunshine" with which we have been in partnership for 6 years.

OTP Bank and UNDP Moldova signed on October 4 the agreement that gave the status of a new educational initiative. Three school libraries will be modernized and equipped, so that they become real points of attraction for students and teachers. The beneficiary institutions – "Mihail Ciachir" High School in Ceadir-Lunga, "Grigore Vieru" High School in Briceni and "Ion Creanga" High School in Falești – are part of the Model Schools Network.

The modernization project is financed by OTP Bank and coordinated by UNDP Moldova. The total investment is two million MDL and aims to transform these libraries into modern multifunctional educational hubs, where students will come not only for reading, but also for various interactive activities.

The Bank was also the sponsor of the "Innovative Entrepreneurship Bootcamp Program" event. An entrepreneurship program intended for students from the State University of Moldova and those from the Technical University of Moldova. Over 70 students completed the entrepreneurship program guided by experts from the University of Berkley, California, and later competed for the title of the best business plan.

RESPONSIBLE EMPLOYER

RESPONSIBLE EMPLOYER

In 2024, 92 new employees joined our team. This means that OTP Bank Moldova currently counts 1061 employees, out of which 878 are active. Our staff gender ratio is 815 women and 246 men.

OTP Bank's staff is vital to achieving the bank's mission and vision. Our goal is to transform OTP Bank into an attractive, enjoyable, and efficient workplace that fosters profitability, employee engagement, and performance. In a dynamic business environment with constantly evolving expectations, effective human capital management is crucial for the bank's sustainable growth and competitiveness. Investments in professional training, employee motivation and satisfaction, meeting customer expectations, and digital transformation are fundamental to OTP Bank's long-term success.

In 2024, the Bank continued to improve organizational culture and increase satisfaction levels under the umbrella of the **"Be the Change"** program, the main objectives of which were:

- leadership performance
- process improvement
- creating a culture of collaboration and effective communication
- collaboration and communication in the context of the new hybrid work environment (both offline and online)
- building a strong and sustainable culture
- improving employee well-being
- digital transformation
- improving the customer experience

OTP Bank's human resources and institutional communication **strategy** focuses on developing human capital, strengthening its status as a leading employer in the local market, attracting and retaining talent, and creating a positive and motivating work environment. One of the main strategic objectives at the Bank level is also to constantly improve the employee engagement score, which is monitored annually by all managers, in order to better understand the level of satisfaction, well-being, and awareness of employees.

Employee Wellbeing. Internal Initiatives and Projects

To support employees in adopting healthy habits and preventing burnout, OTP Bank invests in:

- Developing dedicated internal programs focused on sports and nutrition, providing access to affordable fitness services.
- Constantly aligning the policy on the value of meal vouchers.
- Providing optional medical insurance for the whole family at affordable prices.
- Continuous investments in supporting our football team and communities of interest, such as painting workshops, OTP Book Club, volleyball community, etc.

Objectives

a) Training and continuous development of bank employees through the implementation of new training programs, tools and modern means of professional and personal development;

b) Supporting internal mobility and developing career programs;

c) Development of organizational culture and continuous improvement of the working environment and conditions;

d) Increasing team commitment and promoting the values that unite us;

e) Promoting constructive collaboration through transparent communication focused on sustainable development of the team.

a. Training and continuous development of employees

As a strategic partner of business, the Human Resources and Institutional Communication Department builds its strategy and focuses its efforts to maintain the image of an employer of reference, by implementing various programs and initiatives aimed at motivating and retaining employees, offering career growth and professional development opportunities.

During 2024, over 33,270 hours of training were organized, of which 37% were delivered online:

33 278
HOURS of training

4 160
DAYS of training

38.7
HOURS of training/ per employee

Promoting the principles of **ethics** and **professional conduct**, as well as a culture of effective **risk management**, continues to be one of the company's prerogatives and is supported by regular online and offline training.

This year, **the community of compliance coordinators** was consolidated by enrolling 36 employees from various subdivisions of the Bank in a Train the Trainer training on the subject of **ethics & professional conduct**, becoming, after graduating from the program

For the second consecutive year, the Human Resources and Institutional Communication Department, in collaboration with the teams of the Risk Management Division, the Compliance Department and the Audit Department, organized the training program: **"Internal Control and Risk Management"**, in order to promote the risk culture within the Bank. At the end of the program, **36 employees** from different subdivisions of the Bank became Ambassadors in promoting the role of control functions within the teams they are part of. For the implementation of the training program, the partnership with ULIM was capitalized on, the training sessions being held within this educational institution, with the possibility of ULIM students and professors participating in the program.

Another prerogative of the Human Resources and Institutional Communication Department is the development of leadership culture, this year the 3rd edition of the training program: **Leadership Academy** was organized. The program took place between March and June 2024, during which 9 colleagues harmoniously combined work and studies, benefiting from a complex and diverse training program, which gave them the opportunity to improve their human resources, business and risk management capabilities. Traditionally, the current edition of the Leadership Academy program was completed with a series of presentations, given by participants on case studies reflecting the strategies proposed for customer loyalty and increasing the commercial indicators of some branches.

The year 2024 was also marked by the launch of the **IFC ClimaLab** program - part of a pilot project implemented by **the International Finance Corporation (IFC)**, an initiative dedicated to sustainability and the fight against climate change.

The main objective of the program was to promote environmental, social and governance (ESG) aspects in banking activities, through the development and implementation of strategies and policies dedicated to environmental protection and the promotion of sustainable development. Thus, 17 employees in top & middle management positions, from different subdivisions of the Bank, participated in this training program, conducted in online format, ultimately obtaining a graduation certificate issued by this international institution.

b. Supporting internal mobility and developing career programs

OTP Bank continues to support employee development by encouraging internal mobility and establishing a comprehensive career development framework. The Bank organizes development programs focused on ensuring business continuity and providing qualified personnel for key Front Office positions.

During the year, 34 employees successfully completed training programs, enabling them to advance in their careers.

- CLIPRI School – a program dedicated to training future Individual Client Advisors.
- CLIPRO School – a specialized program for training future Legal Entity Client Advisors.

In 2024, 228 employees were transferred and promoted across various fields of activity.

c. Development of organizational culture and continuous improvement of the working environment and conditions

Employees with strong social connections at work tend to be more engaged and committed to the organization. These connections enhance not only job satisfaction but also individual and team performance. At OTP Bank, employee wellness programs are essential for fostering these social connections, creating a positive work environment, and promoting a culture of collaboration and mutual support. Open and honest communication is crucial, providing psychological safety so that employees feel their ideas matter and contribute to positive change based on survey feedback.

In 2024, OTP Bank implemented a series of HR projects and initiatives to support employees, taking into account current trends, technological advances and organizational objectives. These initiatives ensure alignment with the business strategy and respond to employee feedback from the annual OTP Group Survey:

- OTP Group Engagement Survey – annual survey, intended for all employees, to better understand the level of employee satisfaction, well-being and motivation.
- Developing team spirit by organizing internal, corporate and topical events involving colleagues open to development and collaboration:

1. Loyalty events for employees with more than 10 years of experience in the bank;

2. Employee reward events for individual performance;

3. Leadership Team Meeting - event dedicated to the leadership community;

4. Managers Day - event dedicated to all managers in OTP Bank;

5. „Colour your dreams" creative workshop for employees and their children to provide work-life balance;

6. Digital Experience - a series of webinars aimed at developing professional skills, organised and moderated by employees for employees.

7. Your Idea Matters - internal competition that comes to support employees and the innovative ideas they propose in the direction of optimizing resources, automating processes, and increasing the number of customers.

8. Open Doors - a monthly exercise to introduce colleagues and units of the Bank in which employees carry out their roles in order to facilitate understanding of activities and collaboration between teams;

9. Loyalty Bonus - to each employee with at least 3 years of work experience in the Bank was offered a financial support;

10. the Collective Bonus;

11. the Meal voucher;

12. Discounted balneotherapy treatment offers at sanatoriums in the Republic of Moldova

13. Remote Work – remote work program, dedicated to the Bank's employees, depending on the specifics of the activity. An initiative that comes to support the balance between personal and professional life.

OTP Bank is dedicated to creating an engaging work environment that supports the personal and professional development of its employees. The Bank aims to elevate employee experience and involvement to new heights by ensuring a unified approach that aligns with the key stages and moments of the OTP life cycle, the objectives and needs of both employees and the organization, and the pivotal role of leaders in enhancing performance.

Respect for human rights and the fight against corruption

OTP Bank's corporate governance framework and Human Resources policy are grounded in the current legislative framework, ensuring the protection and respect of human rights for all stakeholders, including shareholders, investors, customers, business partners, employees, and civil society.

OTP Bank is committed to maintaining high standards of ethical behavior and adopts a zero-tolerance approach to corruption, recognizing that any violation of these principles undermines good corporate governance. To comply with anti-corruption legislation and uphold ethical principles across all areas of activity, the Bank has implemented robust anti-corruption policies and a comprehensive Code of Ethics. These foundational internal regulatory documents are bolstered by ongoing investments in technology and training.

In 2024, employees successfully completed mandatory e-learning courses, demonstrating the effectiveness of the Bank's training and awareness-raising efforts. High ethical standards continue to be actively promoted among OTP Bank's employees and clients.