Bank of INTESA SANPAOLO

JSCB EXIMBANK

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

(FREE TRANSLATION)*

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

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of BC Eximbank S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BC Eximbank S.A. (the Bank), which comprise the statement of financial position as at December 31, 2021, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory 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, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting 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.

Emphasis of matter

We draw attention to *Note 36 b) "Impact of the conflict between Russia-Ukraine"* of notes to the financial statements, which describes the risk and potential impact of the uncertainties in regard to subsequent events. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of BC Eximbank S.A. for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 26 April 2021.

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Other information

The other information comprises the Annual Report and 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.

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 International Financial Reporting 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.
- 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, related safeguards.

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, 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, 2021;
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, 2021, 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

FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed...
Date... 20.04.2022

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

Chisinau, Republic of Moldova
20 April 2022

English translation only for information purposes. The translation of the report should be read with the financial statements, as a whole. In all matters of interpretations of information, views or opinions, the original Romanian language version of our report takes precedence over this translation.

BANCA COMERCIALA EXIMBANK S.A.

STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2021
(All amounts are in Moldovan Lei (MDL) unless otherwise stated)

	Note	31 December 2021	31 December 2020
Assets			
Cash and balances with National Bank of Moldova	15	1,040,839,985	1,181,840,018
Loans and advances to banks	16	653,569,478	722,263,103
Investment securities	17	912,823,036	814,524,516
Loans and advances to customers	18	1,870,183,681	1,528,027,317
Current tax asset	27	8,905,932	13,486,210
Intangible assets	19	40,063,079	36,688,012
Property and equipment and right-of-use assets	20	247,122,069	244,443,090
Assets held for sale	21	22,380	3,213,611
Other assets	22	37,791,500	42,202,615
Total assets		**4,811,321,140**	**4,586,688,492**
Liabilities			
Due to banks	23	89,676,896	173,990,927
Due to customers	24	3,525,521,877	3,224,637,459
Provisions	25	20,722,709	22,102,269
Other liabilities	26	88,492,593	103,807,443
Total liabilities		**3,724,414,075**	**3,524,538,098**
Equity			
Share capital	28	1,250,000,000	1,250,000,000
Revaluation reserve on investment securities at FV through OCI		-	-
Revaluation reserve on tangible assets		23,550,318	23,550,318
Accumulated losses		(186,643,253)	(211,399,924)
Total equity		**1,086,907,065**	**1,062,150,394**
Total liabilities and equity		**4,811,321,140**	**4,586,688,492**

The financial statements and the accompanying explanatory notes were approved by the Board of Directors on April 20, 2022.

Vitalie Bucătaru
First Deputy General Director

BANCA COMERCIALA "EXIMBANK" S.A.
EXIMBANK
IDNO 1002600010273
REPUBLICA MOLDOVA, mun. CHIȘINĂU

Sergiu Suveica
Chief Accountant

The accompanying notes set on pages 6 to 113 form an integral part of these financial statements.

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FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed
Date 20.04.2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Moldovan Lei (MDL) unless otherwise stated)

	Note	2021	2020
Interest income based on the effective interest method	6	180,157,556	156,304,613
Interest expense	6	(41,934,460)	(45,902,007)
Net interest income		**138,223,096**	**110,402,606**
Fee and commission income	7	90,011,039	67,839,450
Fee and commission expense	7	(46,102,906)	(30,111,617)
Net fee and commission income		**43,908,133**	**37,727,833**
Net trading income	8	43,379,225	47,441,315
Other operating income	9	4,241,497	2,657,478
Impairment charge on financial assets	10	(6,604,123)	(31,076,852)
Impairment charge on tangible assets	20	-	(7,149,042)
Personnel expenses	11	(105,263,709)	(90,487,750)
Depreciation and amortisation expenses	12	(25,888,879)	(23,730,132)
Other operating expenses	13	(62,658,291)	(72,102,179)
Profit/ (loss) before income tax		**29,336,949**	**(26,316,724)**
Income tax expense	14	(4,580,278)	-
Profit/ (loss) for the year		**24,756,671**	**(26,316,724)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments valued at fair value through other comprehensive income		-	(414)
Revaluation reserve of tangible assets		-	5,726,264
Total other comprehensive income		-	**5,725,850**
Total comprehensive income for the year		**24,756,671**	**(20,590,874)**

The financial statements and the accompanying explanatory notes were approved by the Board of Directors on April 20, 2022.

Vitalie Bucătaru
First Deputy General Director

BANCA COMERCIALĂ "EXIMBANK" S.A. EXIMBANK IDNO 1002600010273 REPUBLICA MOLDOVA, mun. CHIŞINĂU

Sergiu Suveica
Chief Accountant

The accompanying notes set on pages 6 to 113 form an integral part of these financial statements.

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FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed.........
Date......... 20.04.2022

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Moldovan Lei (MDL) unless otherwise stated)

	Share capital	Revaluation reserve on investment securities at FV through OCI	Revaluation reserve on tangible assets	Accumulated losses	Total
Balance as at 1 January 2021	**1,250,000,000**	**-**	**23,550,318**	**(211,399,924)**	**1,062,150,394**
Net profit for the year	-	-	-	24,756,671	**24,756,671**
Other comprehensive income:					
Fair value change of investment securities	-	-	-	-	-
Net result from the sale of investment securities at FV through OCI	-	-	-	-	-
Fair value change of tangible assets	-	-	-	-	-
Total other comprehensive income	-	-	-	-	-
Total comprehensive income	**-**	**-**	**-**	**24,756,671**	**24,756,671**
Balance as at 31 December 2021	**1,250,000,000**	**-**	**23,550,318**	**(186,643,253)**	**1,086,907,065**

The accompanying notes set on pages 6 to 113 form an integral part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Moldovan Lei (MDL) unless otherwise stated)

	Share capital	Revaluation reserve on investment securities at FV through OCI	Revaluation reserve on tangible assets	Accumulated losses	Total
Balance as at 1 January 2020	**1,250,000,000**	**(7,410)**	**17,824,054**	**(185,075,376)**	**1,082,741,268**
Net loss for the year	-	-	-	(26,316,724)	**(26,316,724)**
Other comprehensive income:					
Fair value change of investment securities	-	(414)	-	-	**(414)**
Net result from the sale of investment securities at FV through OCI	-	7,824	-	(7,824)	-
Fair value change of tangible assets	-	-	5,726,264	-	**5,726,674**
Total other comprehensive income	-	***7,410***	***5,726,264***	***(7,824)***	***5,725,850***
Total comprehensive income	-	**7,410**	**5,726,264**	**(26,324,548)**	**(20,590,874)**
Balance as at 31 December 2020	**1,250,000,000**	-	**23,550,318**	**(211,399,924)**	**1,062,150,394**

The accompanying notes set on pages 6 to 113 form an integral part of these financial statements.

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BANCA COMERCIALA EXIMBANK S.A.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2021
(All amounts are in Moldovan Lei (MDL) unless otherwise stated)

	Note	2021	2020
Cash flow from operating activites			
Profit/ (loss) for the year		**24,756,671**	**(26,316,724)**
Adjustments for:			
Depreciation and amortization of tangibles, intangibles and rights- of-use of assets received in operating lease	11	25,888,879	23,730,132
Depreciation of other assets		199,659	693,159
Impairment of tangible assets		-	7,149,042
Loss / (recovery) from impairment of financial assets		6,604,124	31,076,851
Expenses from impairment of investment property and recovered collateral	12	(710,390)	960,838
(Profit) / loss on sale of other assets		981,394	(538,922)
Interest income based on the effective interest method		(180,157,556)	(156,304,613)
Interest expense		41,934,460	45,902,007
Provision for employee benefits		3,771,737	1,024,882
Tax expense		4,580,278	-
Changes in assets and liabilities:			
Balances with National Bank of Moldova		161,553,030	(54,078,727)
Loans and advances to banks		60,452,745	113,166,260
Investments in securities at amortised cost		(18,335,348)	(67,086,648)
Loans to customers		(334,892,271)	(462,157,140)
Assets held for sale		3,191,231	2,791,841
Other assets		5,150,028	(10,655,069)
Due to customers		298,102,319	129,480,138
Other liabilities and provisions		(6,467,179)	(18,960,397)
		96,603,812	**(440,123,089)**
Interest received		182,008,232	161,286,024
Interest paid		(43,276,016)	(50,580,024)
Income tax paid		-	(14,412,829)
Net cash flow from operating activities		**235,336,029**	**(343,829,918)**
Cash flow from investment activity			
Purchase of investment securities		(16,172,024,200)	(17,745,517,900)
Proceeds from the sale of investment securities		16,057,372,700	17,749,571,800
Acquisitions of property and equipment	20	(20,669,765)	(11,265,345)
Acquisitions of intangible assets	19	(14,151,067)	(7,000,750)
Net cash flow from investment activities		**(149,472,331)**	**(14,212,195)**
Cash flow from financial activity			
Proceeds from bank borrowings		-	173,990,927
Payments on long-term loans		(83,420,000)	-
Principal payments related to leasing liabilities		(9,861,908)	(10,168,457)
Net cash flow from financial activities		**(93,281,908)**	**163,822,470**
Net increase / (decrease) in cash and cash equivalents		**(7,418,211)**	**(194,219,643)**
Cash and cash equivalents as at 1 January		**1,575,962,596**	**1,772,249,130**
Effect of exchange rate differences		(264,964)	(2,066,891)
Cash and cash equivalents as at 31 December	**31**	**1,568,279,421**	**1,575,962,596**

The accompanying notes set on pages 6 to 113 form an integral part of these financial statements.

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1 REPORTING ENTITY

The Commercial Bank EXIMBANK S.A. (the “Bank”) was established in Republic of Moldova in 1994 as "Banca de Export-Import a Moldovei" and was registered by the National Bank of Moldova (“NBM”) in 1994 as a limited liability company. In 1996 the Bank was transformed into a joint-stock commercial bank "Export-Import". In 2001 in accordance with the decision of the shareholders' meeting the Bank was renamed into BC EXIMBANK S.A. In May 2006 the new sole shareholder of the Bank became Veneto Banca Societa Cooperativa per Azioni (subsequently reorganized in Veneto Banca Societa per Azioni). In August 2006 to reflect its membership of the Italian Bank Group, the new name of the Bank was registered. In March 2018 the new sole shareholder of the Bank became Intesa Sanpaolo Group, Italy.

In June 2017, Veneto Banca Societa per Azioni was declared insolvent. According to an agreement between the Italian state and Intesa Sanpaolo Bank (Italy), the latter should acquire certain assets of Veneto Banca Societa per Azioni, including their shareholding in the Bank. The process of transferring of the ownership was finalized in March 2018, when Intesa Sanpaolo was registered as the Bank’s sole shareholder.

The Bank's headquarters are located at 171/1 Ştefan cel Mare şi Sfânt Boulevard, Chisinau, Republic of Moldova.

The Bank provides retail and commercial banking services in Moldovan Lei (“MDL”) and foreign currency for individuals and legal entities. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium and long term facilities, retail loans (consumer and mortgage), bank guarantees, letter of credits and documentary collections, etc.

As at 31 December 2021 the Bank had 17 branches in Chisinau, Balti, Ungheni, Soroca, Comrat, Orhei, Cahul, Hancesti (2020: 17 branches) which offer a wide range of banking services and operations.

As at 31 December 2021 the Board of Directors of the Bank comprised the following members:
- Massimo Lanza, chairman of the Board;
- Marco Capellini – vice-chairman of the Board;
- Giovanni Bergamini, member of the Board;
- Francesco Del Genio -member of the Board;
- Massimo Pierdicchi -member of the Board;
- Veronika Vavrova -member of the Board;
- Adriana Carmen Imbăruş -member of the Board.

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2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS).

2.2 Going concern

The bank prepared the financial statements using the principle of going concern.
In accordance with IAS 1 "Presentation of Financial Statements", the general requirements for financial statements are set out, including how they should be structured, the minimum requirements for their content, including concepts such as going concern. The Standard requires Management to conduct an assessment of the entity's ability to continue as a going concern. In the process of making the assessment, when Management is aware of significant uncertainties related to events or conditions that may cause material doubt about the entity's ability to continue as a going concern, those uncertainties shall be presented/disclosed. The uncertainties are considered significant if they can influence, individually or together, the economic decisions made by users on the basis of the financial statements. When an entity does not prepare financial statements on a going concern basis, it shall disclose this fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern. [IAS 1.25]. The assessment should take into account all available information about the future, which is at least, but not limited to, 12 months from the date on which the financial statements are authorised for issue.

In view of the above, the Bank's Management took into account a period of at least 12 months from the date of authorization of the financial statements, taking into account changing economic and business circumstances, the impact of COVID-19 and the recent conflict in Ukraine, on operations and its financial resources.

Among the main financial results recorded by the Bank on 31.12.2021 compared to 31.12.2020 are the following:
- net interest income increased by MDL 28.6 million or + 25.9%, amounting to MDL 139.0 million;
- net income from fees and commissions increased by MDL 5.4 million or + 14.3%, amounting to MDL 43.4 million;
- the total loan portfolio increased by MDL 342.2 million or + 22.4%, and that of deposits by MDL 300.8 million or + 9.3%;
- the net profit increased by + 194%, amounting to MDL 24.8 million for the financial year ended on 31.12.2021.

For the financial year ended 31.12.2021, the Bank achieved a net profit of MDL 24.8 million, compared to the results of 2020 in which there was a net loss of MDL -26.3 million. The financial results are reflected in the Statement of profit or loss and other comprehensive income.

As at 31.12.2021, the of total own funds ratio is 45.08% (the average per system being 25.87%). This level is significantly higher than the minimum level established according to the normative acts of

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2 BASIS OF PREPARATION (CONTINUED)

2.2 Going concern (continued)

the NBM (the minimum requirement of own funds with capital buffers for the Bank is 13.5% of the total amount of the Bank's risk exposure).
Regarding the Bank's liquidity indicators, during 2021 all liquidity indicators, those regulated by the NBM, as well as those defined by the Group were permanently observed within the established limits:

Principle I - Long-term liquidity (normative ≤ 1)	0.89
Principle II - Current liquidity (normative ≥ 20%)	54.91
Principle III - Liquidity on maturity bands (normative >1), including:	X
- up to one month inclusive	2.07
- between 1 month and 3 months inclusive	120.89
- between 3 and 6 months inclusive	50.83
- between 6 and 12 months inclusive	63.36
- over 12 months	14.80
Liquidity Coverage Ratio (LCR) (normative >70%)	742.27%

Based on currently available information to the public, the Bank's current key performance indicators and the actions taken by Management, we do not anticipate a direct and significant negative impact of the Covid-19 epidemic and the recent Russia-Ukraine conflict on the Bank’s operations, financial position and operating results. However, we cannot rule out the possibility that periods of prolonged uncertainty, an increase in the severity of these actions or a negative secondary impact of these measures on the economic environment in which we operate may have a negative effect on the Bank and its financial position and medium- and long –term operating results.
Following the above assessment and taking into account:
- the appropriate level of capitalization of the Bank;
- satisfactory level of liquidity;
- the measures taken by the Bank in the context of the COVID-19 pandemic in all its variants (Delta, Omicron), as well as the impact of the conflict in Ukraine (including the introduction of extensive sanctions against certain companies and individuals in Russia), the Bank's Management has considered the consequences, other events and conditions and has determined that they do not create significant uncertainty that would cause doubt about the Bank's ability to continue as a going concern in the foreseeable future.

2.3 Basis of measurement

The financial statements have been prepared under the historical cost basis or amortized cost basis, except for:

Element	Basis of evaluation
Financial assets measured at fair value through other comprehensive income	Fair value
Land and buildings	Fair value based on reevaluation model
Ivestment property	Fair value
Assets held for sale	The smallest amount between the net book value and the fair value less costs to sell

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2 BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation currency

Items included in the Bank's financial statements are measured using the currency of the primary economic environment in which the Bank operates ("the functional currency"). The Bank's financial statements are presented in Moldovan Lei (MDL), which is the Bank's functional and presentation currency.

2.5 Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Actual results may differ from these estimates.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 5**.

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3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies described below have been consistently applied by the Bank for all periods presented in these financial statements.

3.1 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss. With the exception of changes in the fair value of the entity's own equity instruments in foreign currency classified as financial instruments FVOCI, foreign currency transactions are recognized in the statement of other comprehensive income.

Non-monetary items in foreign currency recognized at historical cost are converted applying the exchange rate on the date of initial recognition.

Operations in foreign currency are converted in functional currency using the exchange rate as at transaction date. The year end and average MDL exchange rates for 2021 and 2020 with EUR and USD were as follows:

		2021		**2020**
	USD	**EUR**	**USD**	**EUR**
Exchange rate as at 31 December	17,7452	20,0938	17,2146	21,1266
Average rate	17,6816	20,9255	17,3201	19,7436

3.2 Financial assets and liabilities

A **financial asset** is any asset that is:

- **a.** cash;
- **b.** an equity instrument of another entity;
- **c.** a contractual right to receive cash or another financial asset from another entity; or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Bank;
- **d.** a contract that will or may be settled in the entity's own equity instruments and is a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments or a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

A financial liability is any liability that is:

a. a contractual obligation:
(i) to deliver cash or another financial asset to another entity; or
(ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

b. a contract that will or may be settled in the entity’s own equity instruments and is:
(i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or
(ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

(i) Recognition and initial evaluation

The Bank recognizes financial assets and liabilities in its balance sheet only when it becomes part of the instrument's contractual provisions.

The Bank initially recognizes loans and advances, deposits, loans received at fair value at the date when they are initiated. Normal transactions with debt instruments and equity instruments are accounted for at the date of the transfer (settlement date). All other financial assets and liabilities are initially recognized at the transaction date at which the Bank becomes party to the contractual provisions of the instrument at fair value less costs to trade that can be directly attributable to the acquisition or issue.

Upon initial recognition, the Bank shall measure a financial asset or financial liability at its fair value plus or minus in the case of a financial asset or financial liability that is not at fair value through profit or loss, the transaction costs that are directly attributable acquisition or issue of the financial asset or financial debt.

Exceptions to the rule are trade receivables that are measured at their transaction price (as defined in IFRS 15) when the trade receivable does not contain a significant financing component in accordance with IFRS 15.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(i) Recognition and initial evaluation (continued)

The following table summarizes the rules for initial recognition:

Category	Initial recognition
Financial assets measured at fair value through profit or loss	The fair value without including the cost of the transaction
Financial assets measured at amortized cost Financial assets measured at fair value through other items of comprehensive income	Fair value + transaction costs directly attributable to the acquisition of the financial asset
Financial liabilities measured at amortized cost	Fair value + transaction cost directly attributable to financial debt issue
Financial liabilities measured at fair value through profit or loss	The fair value without including the cost of the transaction

(ii) Subsequent valuation of financial assets and liabilities

After initial recognition, the Bank values a financial asset at:
a) amortized cost;
b) fair value through other items of comprehensive income; or
c) fair value through profit or loss.

After initial recognition, the Bank values a financial liability at:
a) amortized cost; or
b) fair value through profit or loss.

Valuation at amortized cost of financial assets and liabilities

The Bank assesses loans and receivables (current accounts and deposits with other banks, including the National Bank of Moldova, loans to customers and other trade receivables) and financial liabilities (deposits and current accounts of other banks and non-bank customers, loans and other commercial liabilities) at amortized cost.

The amortized cost of a financial asset or liability is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments, plus or minus accumulated amortization using the effective interest method for each difference between the initial value and the maturity value and, for financial assets, modified for any reduction for expected impairment losses.

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

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(ii) Subsequent valuation of financial assets and liabilities (continued)

The effective interest rate is the rate that accurately updates payments or future cash receipts estimated over the expected life of the financial asset or financial liability at the gross carrying amount of a financial asset or the amortized cost of a financial liability. When calculating the effective interest rate, the Bank estimates the expected cash flows taking into account all the contractual terms of the financial instrument (for example prepayment, extension, call options and similar options), but does not take into account expected credit losses. The calculation includes all commissions and points paid or receivable by parties to the contract that are integral to the actual interest rate, transaction costs and all other bonuses or discounts.
The Bank's management believes that it is not possible to reliably estimate the cash flows or expected lifetimes of the financial instruments and therefore uses contractual treasury flows over the entire contractual life of the financial instruments to calculate the effective interest and depreciable cost.

The Bank classifies financial assets that are debt instruments as subsequently measured at either amortized cost or fair value through other comprehensive income or at fair value through profit or loss on the basis of the following:

a. the entity 's business model for managing financial assets; and
b. the characteristics of the contractual cash flow of the financial asset (SPPI test).

The business model does not depend on the intentions of the Management for an individual instrument, but refers to the way in which the groups of financial assets (aggregates) are managed to achieve an established business objective. Therefore, the business model is not determined at the company level, because an entity can have more than one business model.
The Bank's business model is based on the analysis of the concordance between the sales performance and the objective of the business model, which must take into account the nature and causes of sales, in this context, being particularly important:

- reasons for the sale - e.g. increase in credit risk, increase in concentration risk, sales made as a result of liquidity stress;
- frequency of sales;
- the importance of sales;
- proximity of the sale date to the maturity date of the asset sold.

As a next step in the classification process, the Bank evaluates the financial contractual clauses to identify whether the conditions of the SPPI test are met. For the purpose of applying the test, the “principal” is considered to be the fair value of the financial asset at initial recognition and may change over the life of the financial asset.

Debt securities are measured at amortized cost if they are held to collect cash flows and these cash flows represent SPPIs and if they are not voluntarily designated at fair value through profit or loss.

Debt securities measured at fair value through other comprehensive income are held for collection

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(ii) Subsequent valuation of financial assets and liabilities (continued)

of contractual payments and for sale, when these cash flows represent SPPIs and are not designated at fair value through profit or loss. Interest income on these assets is calculated using the effective interest method and is recognized in profit or loss.

(iii) Classification and measurement of financial assets and liabilities

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- **a.** the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- **b.** the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset must be measured at fair value through other comprehensive income if both of the following conditions are met:

- **a.** a. the financial asset is held within a business model whose objective is met both by collecting contractual cash flows and by selling financial assets; and
- **b.** the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost in accordance or at fair value through other comprehensive income.

For investments in equity instruments, the Bank can make an irrevocable election at initial recognition, that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(iii) Classification and measurement of financial assets and liabilities (continued)

The principal is the fair value of the asset at initial recognition.

Interest consists of consideration for the time value of money, the credit risk associated with the principal amount outstanding during a particular period of time and other basic lending risks and costs, as well as a profit margin.

The bank classifies all financial liabilities as subsequently measured at amortised cost, except for:

- **a.** financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value;
- **b.** financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- **c.** financial guarantee contracts. After initial recognition, an issuer of such a contract shall subsequently measure it at the higher of:
  - (i) the amount of the loss; or
  - (ii) the amount initially recognized less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.
- **d.** commitments to provide a loan at a below-market interest rate. The Bank as issuer of such a commitment shall subsequently measure it at the higher of:
  - (i) the amount of the loss allowance; or
  - (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.
- **e.** contingent consideration recognised by the Bank as an acquirer in a business combination to which IFRS 3 applies. Such a contingent consideration shall subsequently be measured at fair value with changes recognised in profit or loss.

The bank may, at initial recognition, irrevocably designate a financial liability as measured at fair value through profit or loss when a hybrid contract comprises one or more embedded derivatives and the host instrument is not an asset covered by this standard, or when doing so results in more relevant information, because either:

- **a.** it eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'an accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- **b.** a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the entity's key management personnel (as defined in IAS 24 Related Party Disclosures).

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(iv) Classification and measurement of financial assets and liabilities

The bank reclassifies its financial assets if the entity changes its business model for managing those financial assets. Such changes are expected to be very infrequent. Such changes are determined by the entity's senior management as a result of external or internal changes and must be significant to the entity's operations and demonstrable to external parties. Accordingly, a change in an entity's business model will occur only when an entity either begins or ceases to perform an activity that is significant to its operations.

A change in the objective of the entity's business model must be effected before the reclassification date, applying reclassification prospectively from the reclassification date. In the case of reclassifications, the Bank does not redeem earnings, losses (including impairment gains or losses) or interest previously recognized. The Bank does not reclassify financial liabilities.

(v) Derecognition

Derecognition of fiancial assets

The Bank derecognises a financial asset (or part of a financial asset or a group of similar financial assets, hereinafter referred to as the "financial asset") when the contractual rights to the cash flows of the asset expire or when it transfers the financial asset and the transfer qualifies for derecognition.

The Bank transfers a financial asset when and only when:

a. Transfers the contractual rights to collect the cash flows of the asset; or
b. retains the contractual rights to receive the cash flows of the asset but undertakes a contractual obligation to pay the cash flows to one or more recipients in a transaction that meets the following conditions:
   i. The Bank has no obligation to pay amounts to potential recipients, unless it collects equivalent amounts from the original asset;
   ii. The Bank is prohibited by the terms of the transfer contract from selling or pledging the original asset for reasons other than guaranteeing the obligation to pay treasury flows to potential recipients.
   iii. The Bank has the obligation to remit any cash flows it collects on behalf of potential recipients without significant delays. In addition, the Bank does not have the right to reinvest these cash flows unless the investments are made in cash or in cash equivalents during the short settlement period from the date of collection and until the date on which the payment to potential partners is made, and the interest earned on such investments is passed on to potential recipients.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(v) Derecognition (continued)

In the case of a transfer of a financial asset, the Bank assesses the extent to which it has retained or transferred the risks and rewards of ownership of the asset.

If the Bank transfers substantially all the risks and rewards of ownership of the asset, the Bank derecognises the financial asset and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer.

The Bank enters into transactions in which it transfers the assets recognized in the balance sheet, but retains both the risks and the benefits over the transferred assets or part of them. If all or a significant part of the risks and benefits are retained, the transferred assets are not derecognised from the balance sheet. Asset transfers with the retention of all or a significant part of the risks and rewards of benefits include, for example, redemption transactions. Securities sold under resale / repurchase agreements are derecognised in the balance sheet and the corresponding receivables from the buyer for payment are recognized from the date the Bank transfers the assets. The Bank uses the specific identification method to determine the gain or loss on derecognition.

If the Bank retains substantially all the risks and rewards of ownership of the asset, the Bank continues to recognize the financial asset.

If the Bank neither retains nor substantially transfers all the risks and rewards of ownership of the asset, the Bank shall determine the extent to which it retains control of the financial asset.

Retaining control of the transferred asset depends on the ability of the party to which the asset was transferred to sell the asset. If the third party to whom the asset has been transferred has the practical ability to sell the asset and can exercise that unilateral capacity and without the need to impose additional restrictions on the transfer, the Bank has not retained control. In all other cases, the Bank retained control.

If the Bank does not retain control, the Bank derecognises the financial asset and recognizes separately as assets or liabilities any rights and obligations created or retained in the transfer.

If the Bank retains control, the Bank continues to recognize the financial asset to the extent that it continues to be involved in that asset. The extent to which the Bank continues to be involved in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset. For example, when the continued involvement of the Bank takes the form of the guarantee of the transferred asset, the extent to which the Bank continues to be involved is the lower of (i) the value of the asset and (ii) the maximum amount of consideration received that the Bank may have to reimburse it ("the amount of the guarantee").

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(v) Derecognition (continued)

When the Bank continues to recognize an asset as long as it continues to engage in the asset, it will recognize a related liability.

Derecognition of financial liabilities

The Bank derecognises a financial liability (or part of a financial liability) from the statement of financial position when and only when it is liquidated - that is, when the obligation specified in the contract is extinguished or canceled or expires.

A substantial change in the terms of an existing or part of an existing financial liability (whether or not it may be attributable to the financial difficulty of the debtor) is accounted for as a winding-up of the original financial liability and recognition of a new financial liability.

The terms of a financial liability are substantially changed if the present value of cash flows under the new conditions (including any commission paid, net of any commission received) differs by at least 10% from the present value of the cash flows remaining under the original instrument, both calculated using the effective interest rate of the original instrument determined before the change.
The Bank recognizes in profit or loss any difference between the carrying amount of a financial liability (or part of a financial liability) liquidated or transferred to another party and the consideration paid, including any assets other than cash or liabilities assumed.
If the Bank redeems part of a financial liability, it allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the portion that is derecognised based on the relative fair values of those parties at the date of the redemption.

The Bank participates in sale and repurchase agreements (REPOs) in which it transfers financial assets recognized in the statement of financial position, but retains all or substantially, all the risks and rewards of transferred assets. In this case, the transferred assets are not derecognised.

The bank derecognizes a financial liability when the contractual obligations are canceled or expired.

(vi) Compensation

Financial assets and liabilities are offset and the net amount is recognized in the statement of financial position only when the Bank has a legally enforceable right to offset the amounts recognized and intends to settle on a net basis or realize the asset and settle the liability simultaneously.

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

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(vii) Fair value measurement

Fair value is the price that would have been received in order to sell an asset or to transfer a liability in a normal transaction between the main market participants or, failing that, the most advantageous market to which the Bank has access to the valuation date.

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is considered active if the active or passive transactions take place at a frequency and volume sufficient to provide pricing information on a continuous basis.

If there is no quoted price on an active market, then the Bank uses valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The selected valuation technique includes all the factors that market participants would consider when determining the price of a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price - ie the fair value of the consideration given or received. If the Bank determines that the fair value of the initial recognition differs from the transaction price and the fair value is not evidenced either by a quoted price on an active market for an identical asset or liability or by an evaluation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to postpone the difference between the fair value of the initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an appropriate basis over the life of the instrument but no later than when the measurement is fully backed by observable market data or the transaction is closed.

(viii) Identification and measurement of impairment of financial assets

The Bank recognizes a loss allowance for the expected loss on a financial asset that is measured at amortized cost or measured at fair value through other comprehensive income, a receivable arising from a lease, a contract asset or a a credit commitment and a financial guarantee contract.

At each reporting date, the Bank assesses the loss adjustment for a financial instrument at an amount equal to the lifetime expected loss of credit if the credit risk of that financial instrument has increased significantly since initial recognition.

However, if, at the reporting date, the credit risk for a financial instrument has not increased significantly since initial recognition, the Bank assesses the loss adjustment for that financial instrument at a value equal to the expected 12-month credit losses.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(viii) Identification and measurement of impairment of financial assets (continued)

The Bank assesses the expected credit losses of a financial instrument in a way that reflects:

- **a.** impartial value, weighted by probabilities, which is determined by evaluating a range of possible outcomes;
- **b.** time-value of money; and
- **c.** reasonable and justifiable information that is available without unreasonable cost or effort on the reporting date on past events, current conditions and forecasts regarding future economic conditions.

The Bank considers the following in determining the impairment:

- at the date of initial recognition and at each subsequent reporting date, a one-year one-off loss is attributed to instruments classified in Stage 1 (ie financial assets for which there has been no significant increase in credit risk compared to that risk incurred at date initial recognition of the asset);
- verify that there has been a significant increase in credit risk for these assets between the date of the first recognition and the reporting date so that they can be allocated correctly in the three classification steps provided for by the Standard and defining the associated adjustment levels;
- recognize an expected loss for the full residual duration of the financial instrument for exposures classified in Stage 2 (with a significant increase in credit risk since the initial recognition date) and in Stage 3 (non-performing exposures).

IFRS 9 provides for the application of a single depreciation model for all financial assets that have not been recognized at fair value through profit or loss. This model is considered in perspective, ie it should consider a broad set of information, including information about future events and macroeconomic scenarios. Therefore, all reasonable and demonstrable information should be taken into account before recognizing the impairment, including prospective information, in order to:

a. determine the significant increase in credit risk for the stage assignment (i.e., to define the correct assignment of credit exposures in Stage 1, 2 and 3);
b. calculate of expected ECL for the next 12 months (Stage 1) and ECL Life (Stage 2 and 3).

Financial assets measured at fair value through profit or loss are not subject to impairment, as this component is included in the total fair value adjustment already recognized in profit / loss for the year.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(viii) Identification and measurement of impairment of financial assets (continued)

If during the previous year there was a significant increase in credit risk for an individual financial asset and therefore an accumulated depreciation was recognized for the entire life of the ECL, but the significant increase in credit risk does not there is still at the current reporting date, the exposure in question must be reset from Stage 2 to Stage 1. Therefore, the associated adjustment should no longer be equivalent to the lifetime of ECL, but rather the expected loss for the next 12 months. Like the previous adjustment, the associated reversal of the impairment loss should be recognized in profit or loss.

In order to fully comply with the IFRS 9 principle, the Bank has decided to determine the impairment loss for non-performing exposures (Stage 3 exposures), including an Add-on, forward-looking estimate, and the current level of NPL.

In the process of estimating the need for provisions for impairment of non-performing loans, the Bank determines the recoverable amount of loans in accordance with the provisions of IFRS 9 that are embedded by the bank in an internal regulatory document called "IFRS 9 Methodological Document", the details of which are described later in Note 5 "Critical Accounting Estimates and Judgments in the Application of Accounting Policies". If it is determined that there is no objective evidence of impairment for an individually assessed financial asset, the bank shall include the asset in a group of financial assets that have similar credit risk characteristics and assess them for collective impairment.

The methodology for estimating the impairment losses for Stage 3 is applied to the entire non-performing perimeter (both collective and individual assessments).

(ix) Restructured loans

The restructuring measures represent some concessions to a debtor which faces or is likely to face difficulties in fulfilling its financial liabilities (“financial difficulties”).

A concession may refer to one of the following actions:

a) change of initial terms and conditions of a contract which cannot be respected by the debtor due to financial difficulties, in order to allow a sufficient level of the debt servicing which normally would not be applied should the debtor not be in financial difficulty;

b) full or partial refinancing of a problem asset, which normally would not be done should the debtor not be in financial difficulty.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Financial assets and liabilities (continued)

(ix) Restructured loans (continued)

In order to consider an exposure as restructured, the following two conditions must be fulfilled simultaneously:

- the Bank must identify the financial difficulties faced / are likely to be faced by the client;
- the exposure must be subject of a concession.

The exposures subject of some concession as described above are classified in the category of restructured loans being kept in this category up to the maturity.

(x) Removal policy

Debentures and debt securities are written off (partially or wholly) when there is no reasonable expectation of full or partial recovery of the financial asset. This is generally the case when the Bank determines that the debtor has no assets or sources of income that could generate sufficient cash flows to repay the amounts to be removed from the records. This valuation is performed at the individual asset level. Recoveries of amounts previously removed are included in the "(Expenses) / Net income on impairment of financial instruments" in the profit or loss and other comprehensive income statement.

3.3 Loans and advances

Loans and advances, including loans and advances to banks and loans and advances to customers, are non-derivative financial assets with fixed or determinable payments that are not listed on an active market and that the Bank does not intend to sell immediately or in the near future. Loans and advances are initially measured at fair value plus direct incremental costs and subsequently measured at amortised cost using the effective interest method less impairment losses.

3.4 Investments in securities

Recording of securities in the statement of financial position includes:

- Debt securities (State Bonds, Securities issued by the Government of the Republic of Moldova and Certificates of the National Bank of Moldova) measured at amortised cost; they are initially measured at fair value plus incremental direct transaction costs and then measured at amortised cost using the effective interest rate method;
- Equity securities valued at FVOCI; these are valued at fair value, and changes are recognised in the statement of other comprehensive income.

As at 31 December 2021 and 2020 the Bank does not hold investments in debt securities at FVOCI, or FVTPL.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Financial guarantee contracts and credit commitments

Financial guarantees are contracts that oblige the Bank to make specific payments to repay a loss to the holder because a specific debtor fails to make a payment when it is due under the terms of a debt instrument. Credit commitments are firm commitments to provide credit under pre-established terms and conditions.

Financial guarantees issued or credit commitments at a lower interest rate than on the market are initially measured at fair value and the fair value of the original is depreciated over the life of the collateral or the commitment.

Subsequently, they are measured at the highest of the value of the impairment adjustment determined in accordance with IFRS 9 and the amount initially recognized less, where applicable, the accrued income recognized in accordance with IFRS 15.
The Bank has not issued any credit commitment that is rated at FVTPL. The Bank also has no credit commitments at a lower interest rate than the market.

For credit commitments, the Bank recognizes the expected impairment losses in accordance with IFRS 9 - see 3.2 viii accounting policy;

Obligations arising from financial guarantees and credit commitments are included in provisions.

3.6 Due to customers

Due to customers are non-derivative financial liabilities to individuals, state or corporate customers and are carried at amortized cost.

3.7 Borrowings

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

3.8 Due to banks and repurchase agreements (REPO)

Amounts due to other banks are recorded when money or other assets are advanced to the Bank by counterparty banks. The non-derivative liabilities are carried at amortized cost.

The REPO agreements represent transactions when the Bank sells a financial asset (Treasury Bills) and simultaneously enters into an agreement to repurchase the same asset (or similar asset) at a fixed price on a future date. The agreement is accounted for as a liability to banks, and the underlying asset continues to be recognized in the Bank's financial statements.

The REPO agreements are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortized cost using the effective interest method.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 Other liabilities

Other liabilities include payables accrued when the counterparty has performed its obligations under the contract and are carried at amortized cost.

3.10 Interest income and expense

Effective interest rate

Interest income and expense is recognized in profit or loss using the effective interest rate. The effective interest rate (EIR) is the rate that accurately updates the estimated future cash flows or the estimated cash flows of the financial instrument over the estimated life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial debt.

When calculating the effective interest rate for financial instruments, the Bank estimates the future cash flows of the financial instrument, but not ECL. For financial assets purchased or initially impaired as a result of credit risk (POCI), an adjusted effective interest rate is calculated using estimated future cash flows, including ECL.

Future cash flows are estimated taking into account all the contractual terms of the instrument. The EIR calculation includes all fees and charges paid or received between the parties to the contract, which are incremental and directly attributable to the specific lending agreement, transaction costs and all other premiums or discounts.

Amortized cost and gross book value

"Amortized cost" of a financial asset or financial liability is the amount at which the asset or financial liability is measured at initial recognition less the principal repayments plus or minus the cumulative depreciation using the effective interest method of any difference between the initial amount and the amount at maturity and for financial assets, adjusted for impairment losses for the expected impairment loss.

"The gross carrying amount of a financial asset" is the amortized cost of a financial asset before adjusting it with the allowances for the expected impairment losses.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Interest income and expense (continued)

Calculation of interest income and expenses

The effective interest rate of a financial asset or financial liability is calculated on the initial recognition of a financial asset or financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (if the asset is not impaired) or to the amortized cost of the liability.

The effective interest rate is revised as a result of the periodic reassessment of the cash flows of variable rate instruments to reflect market interest rate movements.

For financial assets that have become impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer depreciated, interest income is calculated by applying the effective interest rate to the gross carrying amount of the asset.
For financial assets that were impaired at initial recognition, interest income is calculated by applying the effective interest rate adjusted to the amortized cost of the asset. The calculation of interest income does not return to gross book value, even if the credit risk of the asset is improved.

3.11 Fee and commission income

Fees and commissions are generally recognized on an accrual basis when the service has been provided. Credit commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognized as an adjustment to the effective interest rate on the loan. Commission and fees arising from negotiating, or participating in the negotiation of a transaction for a third party – such as the arrangement of the acquisition of shares or other securities or the purchase or sale of businesses – are recognized on completion of the underlying transaction. Other fee and commission income arising from the financial services provided by the Bank including investment management services, brokerage services, and account service fees are recognized as the related service is provided in the statement of profit or loss and other comprehensive income. Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Dividends

Dividend income is recognized in the statement of profit or loss and other comprehensive income on the date that the dividend is declared. Income from equity investments and other non-fixed income investments is recognized as dividend income in the statement of profit or loss when the right to receive such income is established.

Dividends are treated as an appropriation of profit in the period they are declared and approved by the General Assembly of Shareholders.

3.13 Net trading income

This comprises gains less losses related to trading assets and liabilities and includes all realized and unrealized foreign exchange differences.

The transaction date is the date on which an entity first recognizes the non-cash asset or non-monetary liability resulting from the payment or receipt of advance consideration.

3.14 Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of reporting period, and any adjustment to tax payable in respect of prior periods.

Deferred tax is provided using the balance-sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend.

The tax rate used to calculate the current and deferred tax position at 31 December 2021 is 12% (31 December 2020: 12%).

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

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 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 (three to twenty years).

Costs associated with developing or maintaining computer software programs are recognized as an expense as incurred. Costs that are directly associated with the production of identifiable 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. Generally, the useful life of intangible assets does not exceed five years, except for the core banking system that is amortized over 20 years and the application for monitoring of loan granting process that is amortized over 10 years.
Intangible assets in progress are not depreciated until they are put into service.

An intangible asset must be derecognised: (i) on disposal; or (ii) when no future economic benefits are expected to arise from its use or disposal.

The gain or loss resulting from the derecognition of an intangible asset is determined as the difference between the net proceeds from the disposal, if any, and the carrying amount of the asset.

3.16 Property and equipment

(i) Initial recognition and measurement

All items of property and equipment are initially recognized at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property or equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

(ii) Subsequent measurement

Subsequent to initial recognition, land and buildings are measured at revalued amount less accumulated depreciation and any impairment losses since the most recent revaluation. Other tangible assets are measured at cost, less any cumulative depreciation and any impairment losses.

Revaluations of land and buildings are performed with sufficient regularity so that the carrying amount does not differ substantially from that that would be determined using fair value at the end of the reporting period.

When a building is revalued, the gross carrying amount is restated in proportion to the change in the carrying amount and the depreciation accumulated at the revaluation date is adjusted to the extent that it is equal to the difference between the gross carrying amount and the carrying amount of the asset after taking into account impairment losses accumulated.

When significant components of tangible assets have different useful lives, they will be accounted for as separate components (main components) of the tangible asset. Any gain or loss on the disposal of a tangible asset is recognized in profit or loss.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.16 Property and equipment (continued)

(iii) Subsequent costs

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

(iv) Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	33 years to 50 years
– Leasehold improvements	over the life of the lease
– Equipment and other fixed assets	5 years
– Vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date and adjusted if necessary.

Assets under construction are not depreciated until brought in use.

(v) Reclassification to investment property

When the use of property changes from owner-occupied to investment property, the property is reclassified as investment property and continues to be measured at cost.

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount. These are included in their operating income or expenses in the statement of profit or loss and other comprehensive income.

(vi) Revaluation reserve

The difference between the revalued amount and the net book value of tangible assets is recognized as a revaluation reserve in equity.

If the carrying amount of an asset is increased as a result of a revaluation, that increase is recorded and accrued in equity to revaluation reserves. However, the increase is recognized in profit or loss to the extent that it offsets a decrease with the same amount of the asset previously recognized in profit or loss.

If the carrying amount of an asset is reduced as a result of a revaluation, that decrease is recognized in profit or loss. However, the impairment is recognized in equity in revaluation reserves if there is a credit balance in the revaluation reserve for that asset.

The revaluation reserve is transferred to retained earnings when disposing of an asset.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Impairment of non–financial assets

Assets that are amortized are valued for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered. Impairment loss is recognized in the amount of the difference between the carrying amount and the recoverable amount. Recoverable amount is estimated to be the greater of fair value less costs to sell and the amount of use. For the purpose of estimating impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units). At each reporting date, non-financial assets, with the exception of goodwill, that have been impaired are reviewed for a possible write-down of impairment.

The recoverable amount of an asset or cash-generating unit is the maximum of the amount of use and fair value less costs to sell. The amount of use is based on expected future cash flows, updated at present value using a pre-tax discount rate that reflects current market assessments of the time value of the money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit exceeds the recoverable amount.

Impairment losses are recognized in profit or loss, except for tangible assets measured at revalued amount, in which case the impairment loss is recognized in other comprehensive income and decreases the revaluation reserve in equity to the extent that it reverses a surplus of revaluation previously recognized in respect of the same asset.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount of the net depreciation that would have been determined had no impairment loss been recognized.

Reversing an impairment loss that does not relate to revalued assets is recognized in profit or loss. Reversing an impairment loss on a revalued asset is recognized in profit or loss to the extent that it reverses an impairment loss in respect of the same asset previously recognized as an expense in profit or loss. Any further increase in the carrying amount of an asset is treated as a revaluation increase.

3.18 Leases

The bank assesses at the beginning of the contract whether a contract is or contains a lease, ie whether the contract confers the right to control the use of an identified asset for a period of time in exchange for consideration.

This policy applies to contracts initiated, or amended on, or after 1 January 2019.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Leases (continued)

(i) The Bank as a lessee

The bank as a tenant uses spaces intended for the location of its branches and agencies.

On the other hand, the Bank recognizes an asset related to the right of use at the date of initial application, valued at a value equal to the debt arising from the lease, adjusted by the value of any lease payments paid in advance or increased / accumulated under that lease contract recognized in the statement of financial position immediately after the date of initial application.

The Bank applies a single recognition and valuation approach to all leases except short-term leases and the leasing of low-value assets. The Bank recognizes the lease liabilities for making the lease payments and the right-of-use assets that represent the right to use the underlying assets.

A short-term lease is a lease that, at the commencement date, has a lease term of 12 months or less.

A lease of an asset is considered to be of low value when leases have an underlying asset with a value equal to or less than EUR 5 000.

Right-of-use assets

At the beginning of the development, as a lessee, the bank recognizes a right-of -use asset and a debt arising from the leasing contract.
At the start of the development, the cost of right-of -use asset is determined, which includes:

a) the value of the initial valuation of the debt deriving from the leasing contract;
b) any lease payments made on or before the commencement date, less any lease incentives received;
c) any initial direct costs incurred by the bank; and
d) estimations of the costs to be borne by the lessee for the dismantling and removal of the underlying asset, for the restoration of the place where it is located or for bringing the underlying asset to the condition imposed in the terms and conditions of the leasing contract.

Debt arising from the leasing contract

At the commencement date, the debt arising from the lease is measured at the present value of he lease payments not paid on that date.

The lease payments included in the valuation of the debt arising from the lease include the following payments related to the right-of -use of the underlying asset during the leasing contract that are not paid at the inception:

a) fixed payments, minus any leasing incentives received;

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 Leases (continued)

b) variable leasing payments that depend on an index or a rate, initially assessed on the basis of the index or rate from the date of commencement of the development;
c) the amounts expected to be owed by the lessee on the basis of guarantees related to the residual value;
d) the exercise price of a call option if the Bank has reasonable assurance that it will exercise it; and
e) payments of the leasing termination penalties, if the duration of the leasing contract reflects the exercise by the Bank of a termination option.

Leasing payments are discounted using the internal rate calculated by the Treasury Department of the parent bank for this purpose. In 2021, the following rates were used:

a) 7.89% - for the period of 3 years;
b) 9.19% for the period of 5 years.

(ii) The Bank as a lessor

The bank has its own spaces that it leases to third parties. They are classified as operational leasing of real estate investments.

The minimum lease payments in a lease agreement in which the Bank is the lessor are those payments that the lessee is or may be required to make to the Bank during the lease period, less contingent rents and the cost of services and fees paid by the Bank and re-billed to the tenant.

Revenue from operating leases is recognized as income on a straight-line basis over the lease term. The initial direct costs incurred by the Bank are added to the carrying amount of the leased asset and recognized as an expense over the lease term, on a basis similar to the lease income. Assets given under operating leases are depreciated in accordance with the depreciation rules of other similar tangible or intangible assets.

The Bank recognizes the income related to financial leasing on the basis of a model that reflects a constant periodic rate of return related to the Bank's net investment in financial leasing.

In 2021, the Bank was not exposed to financial leasing contracts as a lessor.

3.19 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise assets with less than three months' maturity at acquisition dates including: cash, non-restricted balances with National Bank of Moldova, treasury bills, amounts due from other banks and amounts due from international money transfer systems. Cash and cash equivalents are carried at amortized cost in the statement of financial position.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation to transfer economic benefits as a result of past events, it is more likely that not than an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated.

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

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

3.21 Employee benefits

The Bank, in the normal course of business makes payments to the Moldovan State funds on behalf of its employees for pension, health care and unemployment benefit. All employees of the Bank are members of a state pension plan. All relevant contributions to 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 other pension scheme and, consequently, has no further obligation in respect of pensions. The Bank does not operate any defined benefit plan or post-retirement benefit plan. The Bank has no obligation to provide further services to current or former employees. Employee benefits include salaries and discretionary bonuses.

3.22 Non-current assets held for sale

Non-current assets held for sale, or disposal group comprising assets and liabilities, are classified as held-for sale if it highly probable that they will be recovered primarily through sale rather than continuing use, and the sale is highly probable within one year after the reporting date.

Non-current assets held for sale include non-performing loan portfolio and equity investments that are subject to assignment, based on a transfer agreement with Veneto Banca LCA (in liquidation), its shareholder. The transfer/ assignment Agreement was signed with the purpose of execution the Italian State Decree dated 25 June 2017 (the so-called “Decree on Veneto Banks”).

Non-current assets held for sale include as well as foreclosed collateral executed in respect of non-performing loans.

These are initially recognized at fair value and are subsequently measured at the lower of carrying amount and fair value less costs to sell.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.23 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. This property has been acquired through the enforcement of security over non-perfoming loans and through the transfer of certain properties from tangible assets. Investment property is measured at cost on initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment property. After initial recognition, the Bank uses the fair value model by valuing all of its investment properties at fair value.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the statement of profit or loss and other comprehensive income.

When the use of a property changes such that it is reclassified as property and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

3.24 Integration Costs

In the Intesa Sanpaolo press release of December 28, 2017, the Bank was informed about the public contribution in the form of a grant granted by the Italian Government to the Italian banking group Intesa Sanpaolo in order to cover the restructuring and integration costs of all ex-Veneto Banca banks, including Eximbank. In order to ensure the commitments assumed, Intesa Sanpaolo planned and coordinated the Bank's integration plan. The amounts have been allocated on the basis of the actual costs incurred and properly documented and are not subject to refunds or reimbursements.

The expenses incurred related to the integration costs do not aim at reducing the own capital, because they are fully recovered from the means of the Italian Government received in this respect through Intesa Sanpaolo. The Bank considers the use of IAS 20 "Accounting for Government Grants and Disclosure of Government Assistance Information" as the most rational method of recognizing and presenting the costs of full payments.

The Bank applies the income-based approach, according to which integration funds are recognized in the profit or loss of one or more periods. Thus, the financial sources allocated to cover certain expenses are recognized in the statement of profit or loss in the same period as the relevant expense, being presented as a reduction of the related expenses. Similarly, funds related to depreciable assets are recognized in the statement of profit or loss over periods and to the extent that the depreciation of those assets is recognized.

The integration funds related to the assets are presented in the statement of financial position by recording them as deferred income, which is subsequently recognized in the statement of profit or loss on a systematic basis, over the useful life of the asset as a reduction of depreciation expense.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Adoption of new or revised standards and interepretations

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 Group/Company as of 1 January 2021:

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. While application is retrospective, an entity is not required to restate prior periods. The amendments had no impact on the financial statements of the Bank.

IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendments)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted, including in financial statements not yet authorized for issue at 28 May 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

The amendments had no impact on the financial statements.

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Adoption of new or revised standards and interepretations (continued)

IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

(The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted).

In May 2021, the Board issued amendments to IAS 12, which narrow the scope of the initial recognition exception under IAS 12 and specify how companies should account for deferred tax on transactions such as leases and decommissioning obligations. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
(Iissued on January 23, 2020, applicable for annual periods beginning on or after January 1, 2022)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or to be settled within one year) or non-current. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. "Settlement" is defined as the settlement of a debt with cash, other resources that incorporate an entity's own economic benefits or equity instruments. There is an exception for convertible instruments that could be converted into equity, but only for those instruments in which the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

Amendments to IAS 16 *Property plant and equipment – proceeds before intended use*
(Effective for annual reporting periods beginning on or after 1 January 2022).

Changes prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the lication and condition necessary for it to be capable of operating in the manner intended by manamgent. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss statement.

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

Amendments to IAS 37 *Provisions, contingent liabilities, and contingent assets – Onerous contracts – cost of fulfilling a contract* (Effective for annual reporting periods beginning on or after 1 January 2022).

Changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

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3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.25 Adoption of new or revised standards and interepretations (continued)

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

Amendments to IAS 1 *Presentation of financial statements – Disclosure of accounting policies*
(Effective for annual reporting periods beginning on or after 1 January 2023).

Changes specify that an entity is now required to disclose its material accounting policy information instead of its significant accounting policies. The amendments explain how an entity can identify a material accounting policy. To support the change, guidance and examples have been added to explain and demonstrate the application of the "materiality process".

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

Amendments to IAS 8 *Accounting policies, changes in accounting estimates and errors – Defining accounting estimates*
(Effective for annual reporting periods beginning on or after 1 January 2023).

Changes replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. Changes clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

IFRS 17 Insurance contracts
(Effective for annual reporting periods beginning on or after 1 January 2023; applicable prospectively. Application prior to this date is allowed).

IFRS 17 replaces IFRS 4, which was brought in as an interim Standard in 2004. IFRS 4 has given companies dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches.

The Bank expects that the amendments, when first implemented, will not have a significant impact on the financial statements.

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4. RISK MANAGEMENT

The Bank's activities expose it to a variety of risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyze these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Bank's Treasury department identifies, evaluates and hedges financial risks in close co-operation with the Bank's operating units, covering specific areas, such as foreign exchange risk, interest rate risk, liquidity risk and credit risk. In addition, internal audit is responsible for the independent review of risk management and the control environment.

Within the Bank, the risk management process is provided by the Chief Risk Officer through the Risk Management Department, which has adequate corporate governance mechanisms, clearly identified organizational lines of responsibility (hierarchical levels) and a well-defined and efficient internal control system. The objective of the risk management strategy is to create a comprehensive and complete overview of the risks to which the Bank is subject, taking into account the risk profile, to promote a culture of risk awareness and to increase the transparent and accurate representation of the level of risk of the Bank's portfolios.

JSCB EXIMBANK has established, in accordance with the regulatory requirements and guidelines of the Intesa Sanpaolo Group, an independent risk management function which, from a hierarchical and organizational point of view, is separate from the Bank's areas of activity. The risk management function is subordinated to the member of the Management Committee responsible for the risk area within the Bank (Chief Risk Officer, CRO), under the direct supervision and responsibility of the Bank's Board, whose independence in activity is ensured by direct reporting to the Bank's Board.

The Chief Risk Officer, in collaboration with the ISP Group, proposes the framework for determining the Bank's risk appetite, coordinates and verifies the implementation of risk management policies, ensures the management of the Bank's risk profile and reports to the Bank's Management bodies.

The main objectives related to the risk management processes are intended to protect the Bank's capital and its optimal allocation, to increase the economic value destined to the shareholder, to monitor the risk limits and / or the measures related to the identified risks. The existing system of limits, defined in the Risk Appetite Framework, pays particular attention to monitoring the minimum requirements for capital adequacy, liquidity risk and operational risk.
The most important types of risk are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risk.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk

The Bank takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss for the Bank by failing to discharge an obligation. Credit risk is the most important risk for the Bank's business; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally in lending activities that lead to loans and advances, and investment activities that bring debt securities and certificates of the National Bank of Moldova into the Bank's asset portfolio. There is also credit risk in off-balance sheet financial instruments, such as financial guarantee contracts, credit commitments.

4.1.1 Credit risk measurement

(a) Loans and advances

Evaluating the credit risk for loans and advances to customers and banks at the level of the contracting parties, the Bank reflects three components (i) "default probability" (PD) by the client or contractual party to the contractual obligations; (ii) the current exposure to the Contracting Party and its likely future evolution, from which the Bank derives the "Exposure to Default" (EAD); (iii) the loss ratio for non-compliant obligations "loss in case of default" (LGD).

The Bank's clientele is segmented in three stages. The stages presented below reflect a series of non-compliance probabilities for each stage. This means, in principle that the exposure migrates between stages, with the assessment of changes in the probability of default. The criteria for classifying loans and advances by stages are presented below.

Stage	Description of the stage
1	Loans and advances without significant credit risk increase after initial recognition.
2	Loans and advances with a significant increase in credit risk after initial recognition, but not impaired.
3	Impaired loans and advances.

Criterion for classification of financial assets into Stages 1, 2 and 3 are as follows:

- *Stage 1*: when credit risk has not increased significantly since the initial recognition. For these financial assets, the Bank recognizes the estimated 12-month credit losses and gross interest income (is calculated from the gross carrying amount of the financial asset to the expected loss adjustments).

- *Stage 2*: when credit risk has increased significantly since the initial recognition. Estimated loss on lifetime credit is recognized and continuing interest income is recognized on a gross basis.

- *Stage 3*: when the financial asset is impaired. For these financial assets, the Bank recognizes an estimated loss in credit over the life of the asset, while interest is recognized on a net basis.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.1 Credit risk measurement (continued)

(b) Debt securities

For debt securities and certificates of the National Bank of Moldova, the Bank's Risk Department for managing of the credit risk exposures uses ratings depending on of the issuer: Government and National Bank of Moldova. These investments are viewed as a way to gain a better credit quality mapping and maintain a readily available source to meet the funding requirement at the same time.

4.1 .2 Staging criteria for loans and advances

This paragraph presents the staging criteria for loans and advances in order to classify each financial instrument to a stage, for the purposes of IFRS9 to classify each financial instrument within a stage. Their function is to separate exposures according to their credit risk increase since initial recognition.

The indicators of significant increase of credit risk that classify a loan into Stage 2 are:
- days past due;
- forborne status (restructured loans);
- early warning signals / internal watchlists / proactive credit exposure management (PCEM);
- significant increase of PD since initial recognition.

The application of each criteria is described below:

a) Days past due

According to IFRS9 "there is a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due". In order to comply with this requirement, the Bank adopts the maturity criterion at group level. In addition to the 30-day Days Past Due (DPD), the Bank shall incorporate a materiality threshold of 1% and at the same time the equivalent of EUR 100 for exposures relating to individuals and EUR 500 to those relating to legal persons which are determined on the basis of the client's outstanding exposure, in accordance with the regulatory requirements as laid down in Article 178 of Regulation (EU) 575/2013.

b) Forborne status

Forborne status for performing exposures is identified as another criterion of credit deterioration since it represents a risk of concession towards a client facing or about to face difficulties in meeting its financial commitments. The rules of identifying and applying forborne status of exposure are those defined by the Bank.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.2 Staging criteria for loans and advances (continued)

c) Early Warning Signals / Watchlists / PCEM

Exposures with Early Warning signals (EWS) are classified in Stage 2 since they can be considered as exposures that have deteriorated significantly in credit quality since their recognition. Similarly to forborne status, identification and application of Early Warning signals follow the rules defined by the Bank.

d) Significant increase of PD since origination

Significant increase of PD between origination (or initial recognition) and reporting date is used as an indicator of credit quality deterioration according to the IFRS9 principle. At each reporting date, an entity shall assess whether the credit risk on a financial instrument has increased significantly since initial recognition.

When performing this assessment, an entity should use the change in the risk of default over the expected life of a financial instrument instead of the change in the amount of expected loss of credit. PD at initiation is used exclusively for classification purposes in the 3 Stages.

To assess whether credit risk has increased significantly since initiation, it is necessary to compare the PD at the initiation date and PD at the reporting date.

The following table summarizes the Loans staging criteria that are used by the Bank:

Stage 1	Stage 2	Stage 3
• *Performing exposures without days past due* • *Performing exposures with more than 30 days past due under materiality threshold*	• *Performing exposures with more than 30 days past due over materiality threshold* • *Forborne performing exposures* • *Performing exposures presented in the local Watchlist/PCEM* • *PD at initiation compared to PD at the reporting date*	• *Exposures with more than 90 days past due over materiality threshold* • *Unlikely to Pay* • *Doubtful*

With regard to the loan portfolio, the Bank uses 2 approaches for measuring ECL: individual and collective (based on homogeneous segments). The individual valuation is applied to default exposures with exposure in excess of the MDL equivalent of EUR 100 thousand.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.2 Staging criteria for loans and advances (continued)

In addition, in accordance with the Accounting Policies, for financial assets that are considered significant, the Bank applies an individual treatment, regardless of the stage at which the asset was classified, resulting in expected credit losses as the difference between all cash flows expected to be received discounted at the initial effective annual interest rate (EIR).

In this case, weighted scenarios for all probable cash flows are taken into account, namely: contractual asset flows, flows from the sale of collateral and other credit enhancements.

The individual ECL assessment is performed by weighting the credit loss estimates for different possible outcomes in relation to the probabilities of each outcome. The individual valuation is mainly based on expert judgment which is periodically revised to reduce the difference between estimates and actual losses.

The Bank shall carry out a portfolio assessment for all loans not covered by the individual assessment criteria. In the portfolio assessment, the Bank determines the state of the exposures and measures the share of losses on a collective basis. The Bank analyzes its exposures in segments determined on the basis of the common characteristics of credit risk, so that the exposures within a group have homogeneous or similar risks. At the same time, different segments are assigned different risk parameters, such as PD, LGD and the average payback period.

4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.3 Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified – in particular, to individual counterparties and groups, and to industries and countries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to geographical and industry segments. Such risks are continuously monitored and are subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved quarterly by the Board of Directors.

The Bank's exposure to risk, related to any debtor, including banks and brokers, is restricted by sub-limits covering balance sheet and off-balance sheet risks, as well as the limits of daily risk associated with trading instruments, such as forward foreign exchange contracts. Current exposures are monitored daily, compared to established limits.

Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

Some other specific control and mitigation measures are outlined below.

(a) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advances, which is common practice:

- mortgages over residential properties;
- rights over business assets such as premises, inventory and accounts receivable; and
- rights over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured; revolving individual credit facilities are generally unsecured. In addition, in order to minimize the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.3 Risk limit control and mitigation policies (continued)

At 31 December 2021, the net book value of loans and advances to customers amounted to MDL 1,870,183,681 (2020: MDL 1,528,027,317) and the value of identifiable collateral (mainly commercial property) was MDL 4,537,769,647 (2020: 3,887,668,356 MDL).

The value of the collateral is distributed according to the following categories:

	2021			
	Gross book value of loans	**Collateral value**	**Collateral surplus**	**ECL**
Mortgages over residential properties	1,628,726,527	3,361,869,815	1,733,143,288	72,356,764
Cash collateral	48,575,220	60,481,400	11,906,180	1,903,972
Investment property	-	-	-	-
Other collateral	93,074,421	1,115,418,432	1,022,344,011	4,135,645
Uninsured exposures	202,207,797	-	-	24,003,904
	1,972,583,965	**4,537,769,647**	**2,767,393,479**	**102,400,285**

	2020			
	Gross book value of loans	**Collateral value**	**Collateral surplus**	**ECL**
Mortgages over residential properties	1,360,541,721	2,925,631,698	1,565,089,977	78,279,981
Cash collateral	9,470,366	83,114,893	73,644,527	167,485
Investment property	8,215,919	10,463,540	2,247,621	357,922
Other collateral	107,354,980	868,458,225	761,103,245	9,491,048
Uninsured exposures	150,051,067	-	(150,051,067)	19,310,300
	1,635,634,053	**3,887,668,356**	**2,252,034,303**	**107,606,736**

Other collaterals mainly include equipment, receivables. The book value of loans was allocated on the basis of the liquidity of the assets taken as collateral.

(b) Credit-related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw amounts from the Bank up to a stipulated amount under specific terms and conditions – are collateralized by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.3 Risk limit control and mitigation policies (continued)

Commitments to extend credit represent unused portions of authorizations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments.

However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

4.1.4 Impairment and provisioning policies

Impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the reporting date based on objective evidence of impairment (see Note 3.2.viii).

Write-off policy

The Bank writes off a loan (and any related allowances for impairment losses) when the Bank's Credit Department / Management Committee determines that the loans / securities are uncollectible. This determination is reached after considering relevant information and appropriate documentation.

The impairment provision shown in the statement of financial position at year-end is derived from each of the 3 internal rating stages.

The table below shows the share of balance sheet items on loans and advances to customers at each stage and the share of the impairments adjustments associated with each step of the total amount of credits and advances to customer's impairment adjustments.

	31 December 2021		31 December 2020	
	Loans and advances (%)	**Impairment provision (%)**	**Loans and advances (%)**	**Impairment provision (%)**
Stage 1	93.84	52.53	79.09	24.62
Stage 2	3.33	18.64	18.02	48.58
Stage 3	2.83	28.83	2.89	26.80
	100	**100**	**100.00**	**100.00**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.4 Impairment and provisioning policies (continued)

Changes in the allowances for losses on loans and advances are presented as follows:

	Gross Book Value				Expected loss adjustments from credit risk			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2021	**1,293,626,955**	**294,680,737**	**47,326,361**	**1,635,634,053**	**26,488,370**	**52,274,046**	**28,844,321**	**107,606,736**
Transfer to Stage 1	186,403,730	(182,394,937)	(4,008,794)	-	4,662,146	(4,584,214)	(77,932)	-
Transfer to Stage 2	(33,900,300)	34,818,032	(917,732)	-	(7,820,827)	8,223,223	(402,396)	-
Transfer to Stage 3	(12,637,247)	(7,551,242)	20,188,489	-	(6,137,790)	(3,758,328)	9,896,118	-
Expenses/ (recoveries) during the year,net	-	-	-	-	23,441,525	(30,254,412)	(8,784,095)	**(15,596,982)**
New financial assets originated	1,259,184,631	211,859,824	190,626	**1,471,235,081**	19,019,776	1,489,676	67,042	**20,576,494**
Resumption of provisions	-	-	(1,053,452)	**(1,053,452)**	-	-	1,053,451	**1,053,451**
Derecognitions decreases	(946,527,304)	(299,439,296)	(9,908,496)	**(1,255,875,097)**	(5,435,390)	(4,117,104)	(1,056,323)	**(10,608,817)**
Effect of foreign currency movements	104,851,333	13,829,619	3,962,429	**122,643,380**	(425,313)	(185,757)	(19,527)	**(630,597)**
Balance at 31 December 2021	**1,851,001,797**	**65,802,738**	**55,779,431**	**1,972,583,966**	**53,792,497**	**19,087,130**	**29,520,658**	**102,400,285**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.4 Impairment and provisioning policies (continued)

	Gross Book Value				Expected loss adjustments from credit risk			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance at 1 January 2020	**949,280,409**	**121,155,111**	**78,643,997**	**1,149,079,517**	**34,638,662**	**13,486,708**	**33,402,692**	**81,528,062**
Transfer to Stage 1	1,850,162	(1,768,940)	(81,222)	-	31,705	(30,284)	(1,421)	-
Transfer to Stage 2	(197,139,442)	197,139,442	-	-	(15,851,527)	15,851,527	-	-
Transfer to Stage 3	(19,614,903)	(2,017,336)	21,632,239	-	(11,202,466)	(1,237,601)	12,440,067	-
Expenses/ (recoveries) during the year,net	-	-	-	-	905,083	21,426,016	(13,218,479)	**9,112,620**
New financial assets originated	1,146,448,429	54,229,696	284,750	**1,200,962,875**	23,125,075	2,808,992	320,759	**26,254,826**
Resumption of provisions	(135)	-	(6,014,352)	**(6,014,487)**	135	-	6,014,352	**6,014,487**
Derecognitions decreases	(724,336,721)	(85,177,695)	(51,080,522)	**(860,594,938)**	(5,669,888)	(265,164)	(2,107,759)	**(8,042,812)**
Cancellation	-	-	-	-	(135)	(61,679)	(476,132)	**(537,946)**
Effect of foreign currency movements	137,139,157	11,120,459	3,941,471	**152,201,086**	511,726	295,531	207,189	**1,014,446**
Cession Veneto Banca (in liquidation)/ Transfer of assets / Loans sold	-	-	-	-	-	-	(7,736,946)	**(7,736,946)**
Balance at 31 December 2020	**1,293,626,955**	**294,680,737**	**47,326,361**	**1,635,634,053**	**26,488,370**	**52,274,046**	**28,844,321**	**107,606,736**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances

The following table provides information on credit risk associated with financial assets measured at amortized cost. Unless expressly stated for financial assets, the amounts in the table are gross book values. For financial collateral contracts and credit commitments, the values in the table are the amounts committed or guaranteed. The explanation of the terms "Stage 1", "Stage 2" and "Stage 3" is included in Note 4.1.2.

				2021
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to customers	1,851,001,797	65,802,738	55,779,431	**1,972,583,966**
Allowance for impairment	(53,792,497)	(19,087,130)	(29,520,658)	**(102,400,285)**
Book value	1,797,209,300	46,715,608	26,258,773	**1,870,183,681**
Loans and advances to banks	653,962,066	-	-	**653,962,066**
Allowance for impairment	(392,588)	-	-	**(392,588)**
Book value	653,569,478	-	-	**653,569,478**
Treasury bills	932,658,683	-	-	**932,658,683**
Allowance for impairment	(19,835,647)	-	-	**(19,835,647)**
Book value	912,823,036	-	-	**912,823,036**
Cash at National Bank of Moldova	805,442,778	-	-	**805,442,778**
Allowance for impairment	(8,422,512)	-	-	**(8,422,512)**
Book value	797,020,266	-	-	**797,020,266**
Other financial assets	21,115,172	-	4,247,430	**25,362,602**
Allowance for impairment	-	-	(4,247,430)	**(4,247,430)**
Book value	21,115,172	-	-	**21,115,172**
Financial guarantee contracts and credit commitments	152,429,283	14,729,921	252,965	**167,412,169**
Allowance for impairment	(2,934,355)	(1,238,887)	(140,755)	**(4,313,997)**
Book value	149,494,928	13,491,034	112,210	**163,098,172**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

				2020
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to customers	1,293,626,955	294,680,737	47,326,361	**1,635,634,053**
Allowance for impairment	(26,488,370)	(52,274,046)	(28,844,320)	**(107,606,736)**
Book value	1,267,138,585	242,406,691	18,482,041	**1,528,027,317**
Loans and advances to banks	722,906,710	-	-	**722,906,710**
Allowance for impairment	(643,607)	-	-	**(643,607)**
Book value	722,263,103	-	-	**722,263,103**
Treasury bills	823,080,848	-	-	**823,080,848**
Allowance for impairment	(8,556,332)	-	-	**(8,556,332)**
Book value	814,524,516	-	-	**814,524,516**
Cash at National Bank of Moldova	956,901,868			**956,901,868**
Allowance for impairment	(2,039,980)			**(2,039,980)**
Book value	954,861,888	-	-	**954,861,888**
Other financial assets	17,318,902		4,254,426	**21,573,328**
Allowance for impairment	-		(4,254,426)	**(4,254,426)**
Book value	17,318,902	-	-	**17,318,902**
Financial guarantee contracts and credit commitments	224,922,505	48,567,370	129,002	**273,618,877**
Allowance for impairment	(3,887,804)	(5,475,536)	(95,972)	**(9,459,312)**
Book value	221,034,701	43,091,834	33,030	**264,159,565**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

The total impairment provision for loans and advances is MDL 102,400,285 (2020: MDL 107,606,736). Further information of the impairment allowance for loans and advances to customers is provided in Note 18.

(a) *Loans and advances without significant credit risk increase after initial recognition (Stage 1)*

Stage 1: **STAGE**	**Corporate entities**	**Individuals (mortgages)**	**Individuals (consumer loans)**	**Total loans and advances to customers**
31 December 2021				
Gross book value	827,659,687	865,269,164	158,072,946	**1,851,001,797**
Less: allowance for impairment	(30,449,570)	(15,105,841)	(8,237,086)	**(53,792,497)**
Net book value	**797,210,117**	**850,163,323**	**149,835,860**	**1,797,209,300**
31 December 2020				
Gross book value	421,774,377	718,733,662	153,118,916	**1,293,626,955**
Less: allowance for impairment	(7,183,480)	(12,446,816)	(6,858,074)	**(26,488,370)**
Net exposure	**414,590,897**	**706,286,846**	**146,260,842**	**1,267,138,585**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

(b) Loans and advances with a significant increase in credit risk after initial recognition, but not impaired (Stage 2)

Stage 2:	Corporate entities	Individuals (mortgages)	Individuals (consumer loans)	Total loans and advances to customers
31 December 2021				
Gross book value of the exposure:				
- current	42,583,698	16,764,089	3,332,954	62,680,741
- overdue 30 to 60 days	-	2,093,429	378,904	2,472,333
- overdue 61 to 90 days	-	-	649,664	649,664
	42,583,698	**18,857,518**	**4,361,522**	**65,802,738**
of which supervised by the Proactive Credit Management Unit	1,163,302	-	-	1,163,302
Less: allowance for impairment	(7,905,284)	(9,293,898)	(1,887,948)	(19,087,130)
Net exposure	**34,678,414**	**9,563,620**	**2,473,574**	**46,715,608**
Fair-Value of collateral*	**151,809,142**	**42,112,035**	**3,256,744**	**197,177,920**

** The pledge value presented in the table includes the amount of collateral considered by the Bank to be granted to customers in the form of mortgage credit on residential and commercial property, as well as cash deposits, calculated on the basis of the values determined by independent values and adjusted by discount coefficients (" haircuts "). This value does not include financial guarantees in the form of transferable rights, pledge contracts and other financial collateral.*

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RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

(b) Loans and advances with a significant increase in credit risk after initial recognition, but not impaired (Stage 2) (continued)

Stage 2:	Corporate entities	Individuals (mortgages)	Individuals (consumer loans)	Total loans and advances to customers
31 December 2020				
Gross book value of the exposure:				
- current	274,327,119	9,994,827	1,515,832	285,837,778
- overdue 30 to 60 days	593,724	3,040,223	596,746	4,230,693
- overdue 61 to 90 days	62,480	3,580,846	968,940	4,612,266
	274,983,323	**16,615,896**	**3,081,518**	**294,680,737**
of which supervised by the Proactive Credit Management Unit	24,054,017	-	-	*24,054,017*
Less: allowance for impairment	(42,642,750)	(8,095,233)	(1,536,063)	(52,274,046)
Net exposure	**232,340,573**	**8,520,663**	**1,545,455**	**242,406,691**
Fair-Value of collateral*	**580,150,743**	**28,211,673**	**3,057,800**	**611,420,216**

** The pledge value presented in the table includes the amount of collateral considered by the Bank to be granted to customers in the form of mortgage credit on residential and commercial property, as well as cash deposits, calculated on the basis of the values determined by independent values and adjusted by discount coefficients (" haircuts "). This value does not include financial guarantees in the form of transferable rights, pledge contracts and other financial collateral.*

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

(c) Loans and advances individually impaired (stage 3)

The breakdown of the gross amount of individually impaired loans and advances by class, along with the value of related collateral held by the Bank as security, are as follows:

Stage 3:	**Corporate entities**	**Individuals (mortgages)**	**Individuals (consumer loans)**	**Total loans and advances to customers**
31 December 2021				
Gross exposure of loans individually impaired	16,899,687	14,716,195	24,163,549	55,779,431
Out of which are Unlikely To Pay	10,940,580	5,735,800	3,368,951	*20,045,331*
Less: allowance for impairment	(7,402,260)	(7,682,114)	(14,436,284)	(29,520,658)
Net exposure	**9,497,427**	**7,034,081**	**9,727,265**	**26,258,773**
Fair-Value of collateral*	**44,130,270**	**54,956,949**	**4,182,711**	**103,269,930**
31 December 2020				
Gross exposure of loans individually impaired	18,318,197	12,207,124	16,801,040	47,326,361
Out of which are Unlikely To Pay	11,926,218	2,389,458	4,412,404	*18,728,080*
Less: allowance for impairment	(8,622,676)	(7,786,674)	(12,434,970)	(28,844,320)
Net exposure	**9,695,521**	**4,420,450**	**4,366,070**	**18,482,041**
Fair-Value of collateral*	**70,898,807**	**45,593,569**	**2,409,561**	**118,901,937**

** The pledge value presented in the table includes the amount of collateral considered by the Bank to be granted to customers in the form of mortgage credit on residential and commercial property, as well as cash deposits, calculated on the basis of the values determined by independent valuers and adjusted by discount coefficients (" haircuts "). This value does not include financial guarantees in the form of transferable rights, pledge contracts and other financial collateral.*

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

(d) Loans and advances renegotiated

Restructuring activities include extended payment arrangements, modification and deferral of payments. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans. Renegotiated loans that would otherwise be past due or impaired amounted to MDL 20,828,377 at 31 December 2021 (2020: MDL 30,646,336).

	31 December 2021	31 December 2020
Loans and advances to customers:		
Corporate entities	14,877,175	24,386,000
Individuals	5,951,202	6,260,336
Total	**20,828,377**	**30,646,336**

(e) Loans and advances to banks and investments in securities

As at 31 December 2021 the Bank has correspondent accounts in banks of de MDL 653,569,478 (2020: MDL 722,263,103) and investments in state securities and certificates of NBM amounting to MDL 912,823,036 MDL (2020: MDL 814,514,516).

The Bank policy is to limit exposures in countries with low ratings, normally below BBB- rating. As at 31 December 2021, the amount of due to banks, rated to below BBB- rating, represented MDL 1,217,962 (2020: MDL 2,493,762), all other exposures to banks are toward banks with rating higher than BBB-.

Short term loans on the interbank market are usually secured by State Treasury Bills and are employed for short term. The Bank also makes investments in State Treasury Bills and Certificates of the National Bank of Moldova, which are considered sovereign risk investments.

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.5 Loans and advances (continued)

(g) Loans and advances to banks and investments in securities (continued)

The table below shows the rating ranges for interbank and government securities and certificates issued by the National Bank of Moldova:

	31 December 2021	31 December 2020
Loans and advances to banks, net		
Rating from AA- to AA+	87,919,590	55,256,472
Rating from A- to A+	-	1,350,339
Rating from BBB to BBB+	564,431,926	663,162,530
Rating BBB- and less	1,217,962	2,493,762
	653,569,478	**722,263,103**
Investments in securities nad NBM Certificates		
Rating BBB- and less (rating sovereign)	**912,813,036**	**814,514,516**

4.1.6 Repossessed collateral

The bank has guarantees for certain credit exposures. The overall credit standing of a client tends to be the most relevant indicator of credit quality. However, the pledge provides additional security, and the Bank generally asks customers to provide this. Bank can take pledges in the form of real estate, deposits (cash) and other types of pledge.

In 2021 and 2020, the Bank did not obtain any assets by taking over collateral on non-performing loans.

Assets held in possession are sold as quickly as possible, collections being used to reduce outstanding debt. Further details on the pledges held in possession on 31 December 2021 and 31 December 2020 are included in Note 21.

4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of credit risk

(a) Maximum exposure to credit risk before pledge or other credit risk mitigation instruments

The table below represents the most pessimistic scenario regarding the exposure to credit risk on 31 December 2021 and 31 December 2020, without taking into account the guarantees held or other credit risk mitigation instruments included. For balance sheet assets, the exposures set out above are based on the net carrying amounts reported in the statement of financial position.

		31 December 2021			31 December 2020	
	Gross exposure	Allowance for expected impairment losses	**Net exposure**	Gross exposure	Allowance for expected impairment losses	**Net exposure**
The exposure to asset credit risk is as follows:						
Cash and balances at the National Bank of Moldova	1,049,262,497	(8,422,512)	**1,040,839,985**	1,183,879,998	(2,039,980)	**1,181,840,018**
Government Securities and Certificates of the NBM	932,658,683	(19,835,647)	**912,823,036**	823,080,848	(8,556,332)	**814,524,516**
Loans and advances to banks	653,962,066	(392,588)	**653,569,478**	722,906,711	(643,608)	**722,263,103**
Loans and advances to customers	1,972,583,965	(102,400,284)	**1,870,183,681**	1,635,634,053	(107,606,736)	**1,528,027,317**
Other financial assets	25,799,356	(4,684,184)	**21,115,172**	22,226,029	(4,907,127)	**17,318,902**
Exposure to credit risk of off-balance sheet items:						
ancial guarantee contracts	32,347,823	(245,562)	**32,102,261**	48,388,479	(228,199)	**48,160,280**
editing commitments	139,378,344	(4,068,436)	**135,309,908**	234,689,710	(9,231,113)	**225,458,597**
at 31 December	**4,805,992,734**	**(140,049,213)**	**4,665,943,521**	**4,670,805,828**	**(133,213,095)**	**4,537,592,733**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of credit risk (continued)

(b) Geographical sectors

The following table breaks down the Bank's main credit exposure at their carrying amounts, as categorized by geographical region as of 31 December 2021 and as of 31 December 2020. For this table, the Bank has allocated exposures to regions based on the country of domicile of its counterparties.

Credit risk exposures relating to on-balance sheet assets are as follows:	Moldova			OECD countries			Non-OECD countries		
	Gross exposure	Allowance for expected impairment losses	**Net exposure**	Gross exposure	Allowance for expected impairment losses	**Net exposure**	Gross exposure	Allowance for expected impairment losses	**Net exposure**
Cash and balances at the NBM	1,049,262,497	(8,422,512)	**1,040,839,985**	-	-	-	-	-	-
Treasury bills and Certificates of the NBM	932,658,683	(19,835,647)	**912,823,036**	-	-	-	-	-	-
Loans and advances to banks	626,468	(69,683)	**556,785**	649,984,934	(314,989)	**649,669,945**	3,350,664	(7,916)	**3,342,748**
Loans and advances to customers	1,970,841,381	(102,367,446)	**1,868,473,935**	58,728	(3,090)	**55,638**	1,683,856	(29,748)	**1,654,108**
Other financial assets	25,799,356	(4,684,184)	**21,115,172**	-	-	-	-	-	-
As at 31 December 2021	**3,979,188,385**	**(135,379,472)**	**3,843,808,913**	**650,043,662**	**(318,079)**	**649,725,583**	**5,034,520**	**(37,664)**	**4,996,856**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of credit risk (continued)

Credit risk exposures relating to on-balance sheet assets are as follows:	Moldova Gross exposure	Moldova Allowance for expected impairment losses	Moldova **Net exposure**	OECD countries Gross exposure	OECD countries Allowance for expected impairment losses	OECD countries **Net exposure**	Non-OECD countries Gross exposure	Non-OECD countries Allowance for expected impairment losses	Non-OECD countries **Net exposure**
Cash and balances at the NBM	1,183,879,998	(2,039,980)	**1,181,840,018**	-	-	-	-	-	-
Treasury bills and Certificates of the NBM	823,080,848	(8,556,332)	**814,524,516**	-	-	-	-	-	-
Loans and advances to banks	2,497,549	(274,703)	**2,222,846**	713,464,406	(334,716)	**713,129,690**	6,944,756	(34,189)	**6,910,567**
Loans and advances to customers	1,635,625,843	(107,606,345)	**1,528,019,498**	8,210	(391)	**7,819**	-	-	-
Other financial assets	22,226,029	(4,907,127)	**17,318,902**	-	-	-	-	-	-
As at 31 December 2020	**3,667,310,267**	**(123,384,487)**	**3,543,925,780**	**713,472,616**	**(335,107)**	**713,137,509**	**6,944,756**	**(34,189)**	**6,910,567**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of risks (continued)

(c) Industry sectors

Gross exposure	Agriculture and food industry	Trade	Construction	Emergy	Financial institutions	Government and NBM	Consumer goods to individuals	Production	Other	Total
Cash and balances at NBM	-	-	-	-	-	1,049,262,497	-	-	-	1,049,262,497
TB and NBM certificates	-	-	-	-		932,658,683	-	-	-	932,658,683
Loans and advances to banks	-	-	-	-	653,962,066	-	-	-	-	653,962,066
Loans and advance to customers:	-	-	-	-		-	-	-	-	-
Loans to individuals	-	-	898,842,877	-	-	-	160,193,700	-	26,404,316	1,085,440,893
Loans to companies	150,729,588	380,681,011	5,691,155	94,403,344	63,367,843	-	-	43,436,035	148,834,096	887,143,072
Other financial assets	-	-	-	-	-	-	-	-	25,799,356	25,799,356
As at 31 December 2021	**150,729,588**	**380,681,011**	**904,534,032**	**94,403,344**	**717,329,909**	**1,981,921,180**	**160,193,700**	**43,436,035**	**201,037,768**	**4,634,266,567**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of risks (continued)

(c) Industry sectors (continued)

Allowance for expected impairment losses	Agriculture and food industry	Trade	Construction	Emergy	Financial institutions	Government and NBM	Consumer goods to individuals	Production	Other	Total
Cash and balances at NBM	-	-	-	-	-	(8,422,512)	-	-	-	(8,422,512)
TB and NBM certificates	-	-	-	-	-	(19,835,647)	-	-	-	(19,835,647)
Loans and advances to banks	-	-	-	-	(392,588)		-	-	-	(392,588)
Loans and advance to customers:	-	-	-	-			-	-	-	-
Loans to individuals	-	-	(32,081,853)	-	-	-	(19,321,208)	-	(5,240,109)	(56,643,170)
Loans to companies	(9,421,562)	(21,045,436)	(279,353)	(3,277,717)	(2,456,205)	-	-	(2,484,057)	(6,792,784)	(45,757,114)
Other financial assets	-	-	-	-	-	-	-	-	(4,684,184)	(4,684,184)
As at 31 December 2021	**(9,421,562)**	**(21,045,436)**	**(32,361,206)**	**(3,277,717)**	**(2,848,793)**	**(28,258,159)**	**(19,321,208)**	**(2,484,057)**	**(16,717,077)**	**(135,735,215)**
Total Net exposure	**141,308,026**	**359,635,575**	**872,172,826**	**91,125,627**	**714,481,116**	**1,953,663,021**	**140,872,492**	**40,951,978**	**184,320,691**	**4,498,531,352**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of risks (continued)

(c) Industry sectors (continued)

Gross exposure	Agriculture and food industry	Trade	Construction	Emergy	Financial institutions	Government and NBM	Consumer goods to individuals	Production	Other	Total
Cash and balances at NBM	-	-	-	-	-	1,183,879,998	-	-	-	1,183,879,998
TB and NBM certificates	-	-	-	-	-	823,080,848	-	-	-	823,080,848
Loans and advances to banks	-	-	-		722,906,711	-	-	-	-	722,906,711
Loans and advance to customers:	-	-	-	-	-	-	-	-	-	-
Loans to individuals	-	-	747,556,682	-	-	-	129,930,929	-	43,070,545	920,558,156
Loans to companies	106,887,949	285,472,889	2,946,200	126,715,734	31,414,163	-	-	48,357,672	113,281,290	715,075,897
Other financial assets									22,226,029	22,226,029
As at 31 December 2020	**106,887,949**	**285,472,889**	**750,502,882**	**126,715,734**	**754,320,874**	**2,006,960,846**	**129,930,929**	**48,357,672**	**178,577,864**	**4,387,727,639**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of risks (continued)

(c) Industry sectors (continued)

Allowance for expected impairment losses	Agriculture and food industry	Trade	Construction	Emergy	Financial institutions	Government and NBM	Consumer goods to individuals	Production	Other	Total
Cash and balances at NBM	-	-	-	-	-	(2,039,980)	-	-	-	(2,039,980)
TB and NBM certificates	-	-	-	-	-	(8,556,332)	-	-	-	(8,556,332)
Loans and advances to banks	-	-	-	-	(643,608)	-	-	-	-	(643,608)
Loans and advance to customers:	-	-	-	-		-	-	-	-	-
Loans to individuals	-	-	(28,328,723)	-	-	-	(14,306,243)	-	(6,522,864)	(49,157,830)
Loans to companies	(19,411,855)	(18,756,636)	(294,505)	(2,129,502)	(3,695,756)	-	-	(3,312,740)	(10,847,912)	(58,448,906)
Other financial assets	-	-	-	-	-	-	-	-	(4,907,127)	(4,907,127)
As at 31 December 2020	**(19,411,855)**	**(18,756,636)**	**(28,623,228)**	**(2,129,502)**	**(4,339,364)**	**(10,596,312)**	**(14,306,243)**	**(3,312,740)**	**(22,277,903)**	**(123,753,783)**
Total Net exposure	**87,476,094**	**266,716,253**	**721,879,654**	**124,586,232**	**749,981,510**	**1,996,364,534**	**115,624,686**	**45,044,932**	**156,299,961**	**4,263,973,856**

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4 RISK MANAGEMENT (CONTINUED)

4.1 Credit risk (continued)

4.1.7 Concentration of risks (continued)

At 31 December 2021, 99,91 % (31 December 2020: 100.00%) of the borrowers included in the Bank's loan portfolio are residents of the Republic of Moldova.

On December 31, 2021, there are no significant transactions with local subsidiaries of companies incorporated in the Euro area, which are experiencing financial difficulties materialized through the existence of financial assistance programs or other risk factors.

At 31 December 2021, all investment securities recognized in the portfolio are classified using a Held to Collect business model, ie they are measured at amortized cost and represent certificates issued by the National Bank of Moldova and debt securities issued by the Ministry of Finance.

4.1.8 Post-model adjustments and sensitivity analysis scenarios

On 27 March 2020, the IFRS Foundation published a document that intends to support the consistent application of the requirements of IFRS standards — "COVID-19 - Accounting for expected credit losses by applying IFRS 9 financial instruments in light of the uncertainty resulting from the COVID-19 pandemic."
During 2021, the Bank returned to the initial model of calculating the provisions, not applying the judgment of the credit expert as it was acted upon in the previous year 2020 (as a result of the pandemic), returning to the situation in 2019, aligning with the Group requirements.

MDL

	31 December 2021 Reported	31 December 2020 Reported
Stage	**Discounts for expected losses from the credit impairment with the application of the initial model**	**Discounts for expected losses from the credit impairment with the application of the credit expert's judgment**
1	53,792,497	30,376,174
2	19,087,130	57,749,582
3	29,520,658	28,940,292
Total	**102,400,285**	**117,066,047**

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk

The Bank takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Bank separates exposures to market risk into either trading or non-trading portfolios.

The market risks arising from trading and non-trading activities are concentrated in the Bank's Treasury Department. Regular reports are submitted to the Board of Directors and heads of each Departments.

4.2.1 Foreign exchange risk

The Bank takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.1 Foreign exchange risk (continued)

The table below summarizes the Bank's exposure to foreign currency exchange rate risk at 31 December 2021 and at 31 December 2020. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by currency.

At 31 December 2021	MDL	USD	EUR	Other foreign currencies*	Total
Assets					
Cash and balances with NBM	545,003,651	136,258,283	358,494,109	1,083,942	1,040,839,985
Loans and advances to banks	-	310,200,020	334,258,791	9,110,667	653,569,478
Loans and advances to customers	1,357,370,972	101,173,183	411,639,526	-	1,870,183,681
Investment in debt securities and NBM Certificates	912,823,036	-	-	-	912,823,036
Other assets	12,123,623	8,907,431	84,118	-	21,115,172
Total financial assets	**2,827,321,282**	**556,538,917**	**1,104,476,544**	**10,194,609**	**4,498,531,352**
Liabilities					
Due to banks	-	89,676,896	-	-	**89,676,896**
Due to customers	1,991,967,326	456,115,148	1,067,417,131	10,022,272	**3,525,521,877**
Other liabilities	31,231,145	3,687,174	41,616,431	2,907	**76,537,657**
Total financial liabilities	**2,023,198,471**	**549,479,218**	**1,109,033,562**	**10,025,179**	**3,691,736,430**
Net balance sheet position	**804,122,811**	**7,059,699**	**(4,557,018)**	**169,430**	**806,794,922**
Credit commitments and guarantees	**79,088,742**	**20,333,529**	**67,989,898**	**-**	**167,412,169**

* Other currencies mainly include the Russian Ruble, the British Pound, the Swiss Franc and the Romanian Leu.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.1 Foreign exchange risk (continued)

At 31 December 2020	**MDL**	**USD**	**EUR**	**Other foreign currencies***	**Total**
Assets					
Cash and balances with NBM	606,591,210	157,797,003	416,812,820	638,985	1,181,840,018
Loans and advances to banks	-	368,235,793	342,613,619	11,413,691	722,263,103
Loans and advances to customers	1,126,808,230	54,950,368	346,268,719	-	1,528,027,317
Investment in debt securities and NBM Certificates	814,524,516	-	-	-	814,524,516
Other assets	5,836,319	10,291,317	1,191,266	-	17,318,902
Total financial assets	**2,553,760,275**	**591,274,481**	**1,106,886,424**	**12,052,676**	**4,263,973,856**
Liabilities					
Due to banks	-	173,990,927	-	-	**173,990,927**
Due to customers	1,752,218,876	401,371,071	1,060,218,781	10,828,731	**3,224,637,459**
Other liabilities	29,988,809	2,184,812	40,718,566	1,919	**72,894,106**
Total financial liabilities	**1,782,207,685**	**577,546,810**	**1,100,937,347**	**10,830,650**	**3,471,522,492**
Net balance sheet position	**771,552,590**	**13,727,671**	**5,949,077**	**1,222,026**	**792,451,364**
Credit commitments and guarantees	**126,239,817**	**12,703,495**	**134,675,565**	-	**273,618,877**

* Other currencies mainly include the Russian Ruble, the British Pound, the Swiss Franc and the Romanian Leu.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.1 Foreign exchange risk (continued)

At 31 December 2021, if the MDL had weakened / (strengthened) by 10 per cent against the USD with all other variables held constant, the profit before-tax for the year ended 31 December 2021 would have been approximately MDL 705,970 (2020: MDL 1,372,767) lower / (higher). At 31 December 2021, if the MDL had weakened / (strengthened) by 10 per cent against the EUR with all other variables held constant, the profit before-tax for the twelve month period ended 31 December 2021 would have been approximately MDL 455,702 (2020: MDL 594,908) lower / (higher).

4.2.2 Interest rate risk

Interest sensitivity of assets, liabilities and off balance sheet items – re-pricing analysis

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

The tables below summarizes the Bank's exposure to interest rate risks at 31 December 2021 and 31 December 2020, respectively. Included in the table are the Bank's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.2 Interest rate risk (continued)

	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
At 31 December 2021							
Assets							
Cash and balances with NBM	797,020,266	-	-	-	-	243,819,719	1,040,839,985
Loans and advances to banks	313,368,588	-	-	-	-	340,200,890	653,569,478
Treasury Bills	608,875,120	148,104,396	149,053,228	6,735,249	45,043	10,000	912,823,036
Loans to customers	870,175,305	247,194	5,696,701	165,414,158	828,650,323	-	1,870,183,681
Other financial assets	-	-	-	-	-	21,115,172	21,115,172
Total financial assets	**2,589,439,279**	**148,351,590**	**154,749,929**	**172,149,407**	**828,695,366**	**605,145,781**	**4,498,531,352**
Liabilities							
Due to banks	-	-	-	89,676,896	-	-	89,676,896
Due to customers	1,203,639,093	19,854,245	129,511,991	302,525,273	-	1,869,991,275	3,525,521,877
Other financial liabilities						76,537,657	76,537,657
Total financial liabilities	**1,203,639,093**	**19,854,245**	**129,511,991**	**392,202,169**	**-**	**1,946,528,932**	**3,691,736,430**
Interest re-pricing gap	**1,385,800,186**	**128,497,345**	**25,237,938**	**(220,052,762)**	**828,695,366**		

The term "Up to one month" includes all variable rate loans on which the Bank has the unilateral change right with 10 days notice. Fixed rate loans were treated according to their maturity.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.2 Interest rate risk (continued)

	Up to 1 month	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Non-interest bearing	Total
At 31 December 2020							
Assets							
Cash and balances with NBM	954,861,888	-	-	-	-	226,978,130	1,181,840,018
Loans and advances to banks	228,504,227	120,502,200	25,821,900	-	-	347,434,776	722,263,103
Treasury Bills	652,857,670	107,922,515	47,764,779	5,969,552	-	10,000	814,524,516
Loans to customers	689,621,336	180,914	5,749,512	158,283,135	674,192,420	-	1,528,027,317
Other financial assets	-	-	-	-	-	17,318,902	17,318,902
Total financial assets	**2,525,845,121**	**228,605,629**	**79,336,191**	**164,252,687**	**674,192,420**	**591,741,808**	**4,263,973,856**
Liabilities							
Due to banks	-	-	-	173,990,927	-	-	173,990,927
Due to customers	1,131,525,347	28,477,403	115,824,592	261,864,550	-	1,686,945,567	3,224,637,459
Other financial liabilities						72,894,106	72,894,106
Total financial liabilities	**1,131,525,347**	**28,477,403**	**115,824,592**	**435,855,477**	**-**	**1,759,839,673**	**3,471,522,492**
Interest re-pricing gap	**1,394,319,774**	**200,128,226**	**(36,488,401)**	**(271,602,790)**	**674,192,420**		

The term “Up to one month” includes all variable rate loans on which the Bank has the unilateral change right with 10 days notice. Fixed rate loans were treated according to their maturity.

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.2 Interest rate risk (continued)

The interest rate sensitivity analysis has been determined based on the exposure to interest rate risk at the reporting date. At 31 December 2021, if interest rates on Bank assets had been higher/lower by 0.2% on correspondent accounts, by 2.5% higher/lower on state securities, by 2.5% higher/lower on granted loans in MDL, by 1.0% higher/lower on loans granted in foreign currency and on Bank liabilities: by 1.0% higher/lower on customers' deposits in MDL and by 0.5% higher/lower on customers' deposits in foreign currency, 0.5% higher / lower for foreign currency borrowings from banks, with all other variables were held constant, the Bank's before tax profit for the twelve month period ended 31 December 2021 would respectively increase/decrease by approximately MDL 30,091,600 (31 December 2020: MDL 26,241,467).

The table below summarizes the average effective interest rate by major currencies for monetary financial instruments not carried at fair value to profit or loss statement:

2021	**EUR**	**USD**	**MDL**
Financial assets			
Due from National Bank of Moldova	0.01%	0.01%	1.29%
Loans and advances to banks	0.00%	0.18%	-
Treasury bills	-	-	3.95%
Loans and advances to customers	4.15%	4.56%	9.45%
Liabilities			
Due to banks	0.22%	0.82%	3.34%
Due to customers	-	3.82%	-

2020	**EUR**	**USD**	**MDL**
Financial assets			
Due from National Bank of Moldova	0.01%	0.01%	0.71%
Loans and advances to banks	0.03%	0.43%	-
Treasury bills	-	-	3.80%
Loans and advances to customers	4.35%	6.11%	9.94%
Liabilities			
Due to banks	-	3.82%	-
Due to customers	0.71%	1.29%	3.34%

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.3 Geographical analysis

The following table breaks down the Bank's financial assets and financial liabilities at their carrying amounts, as categorized by geographical region as at 31 December 2021 and 31 December 2020. For this table, the Bank has allocated exposures to regions based on the country of domicile of our counterparties.

As at 31 December 2021	**Total financial assets**	**Total financial liabilities**	**Off balance sheet commitments**
Moldova	3,843,808,913	3,348,354,616	166,769,159
Ireland	-	-	-
USA	87,919,792	5,728,177	100,000
Austria	-	439,976	-
Italy	561,805,404	303,237,937	43,010
Germany	-	884,240	-
Russia	3,034,254	260,891	-
France	-	62,325	500,000
Belgium	-	1,620,657	-
Turkey	306	4,137,009	-
Other countries	1,962,683	27,010,602	-
	4,498,531,352	**3,691,736,430**	**167,412,169**

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4 RISK MANAGEMENT (CONTINUED)

4.2 Market risk (continued)

4.2.3 Geographical analysis (continued)

As at 31 December 2020	Total financial assets	Total financial liabilities	Off balance sheet commitments
Moldova	3,543,924,469	3,044,920,959	272,922,532
Ireland	-	168	-
USA	55,256,581	5,661,134	100,000
Austria	1,350,340	421,746	-
Italy	656,528,213	383,230,780	96,345
Germany	-	1,672,112	-
Russia	6,641,905	550,721	-
France	-	6,629,495	500,000
Belgium	-	693,358	-
Turkey	512	4,087,646	-
Other countries	271,836	23,654,371	-
	4,263,973,856	**3,471,522,492**	**273,618,877**

4.3 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are withdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, loan draw-downs and guarantees. The Bank does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

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4 RISK MANAGEMENT (CONTINUED)

4.3 Liquidity risk (continued)

4.3.1 Non-derivative cash flows

The table below presents the cash flows payable by the Bank under non-derivative financial assets and liabilities by remaining contractual maturities at the date of the statement of financial position. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 31 December 2021	Carrying value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets							
Cash and balances with NBM	1,040,839,985	1,040,839,985	-	-	-	-	1,040,839,985
Loans and advances to banks	653,569,478	653,569,478	-	-	-	-	653,962,067
Investments in securities	912,823,036	608,875,120	148,104,396	149,053,228	6,745,249	45,043	912,823,036
Loans and advances to customers	1,870,183,681	5,401,041	3,925,522	252,572,636	628,086,968	980,197,515	1,870,183,681
Other financial assets	21,115,172	21,115,172	-	-	-	-	21,115,172
Total assets	**4,498,531,352**	**2,391,989,297**	**211,669,949**	**508,550,840**	**764,976,435**	**741,198,704**	**4,618,385,225**
Liabilities							
Due to banks	89,676,896	-	-	-	89,676,896	-	89,676,896
Due to customers	3,525,521,877	2,481,316,129	143,471,539	317,791,977	615,989,751	183,858	3,558,753,254
Other financial liabilities	76,537,657	51,559,337	2,101,532	9,456,896	13,419,892	-	76,537,657
Total liabilities	**3,691,736,430**	**2,532,875,467**	**145,573,071**	**327,248,873**	**719,086,539**	**183,858**	**3,724,967,808**
Net Position	**806,794,922**	**(140,886,171)**	**66,096,878**	**181,301,967**	**45,889,896**	**741,014,846**	**893,417,417**
Off-balance sheet items							
Guarantees issued	32,102,261	2,771,194	3,127,813	21,378,754	4,824,500	-	32,102,261
Commitments to extend the loan	135,309,908	123,333	73,664	65,744,457	45,995,444	555,212	112,492,110
Total off-balance sheet position	**167,412,169**	**2,894,527**	**3,201,477**	**87,123,211**	**50,819,945**	**555,212**	**144,594,371**

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4 RISK MANAGEMENT (CONTINUED)

4.3 Liquidity risk (continued)

4.3.1 Non-derivative cash flows (continued)

At 31 December 2020	Carrying value	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Assets							
Cash and balances with NBM	1,181,840,018	1,181,840,018	-	-	-	-	1,181,840,018
Loans and advances to banks	722,263,103	576,519,950	120,543,630	25,843,131	-	-	722,906,711
Investments in securities	814,524,516	654,762,522	110,614,537	51,008,816	6,684,973	-	823,070,848
Loans and advances to customers	1,528,027,317	39,646,501	57,943,264	355,141,941	766,280,396	573,059,591	1,792,071,693
Other financial assets	17,318,902	17,318,902	-	-	-	-	17,318,902
Total assets	**4,263,973,856**	**2,470,087,893**	**289,101,431**	**431,993,888**	**772,965,369**	**573,059,591**	**4,537,208,172**
Liabilities							
Due to banks	173,990,927	-	-	-	173,990,927	-	173,990,927
Due to customers	3,224,637,459	2,247,479,389	117,157,390	409,335,140	646,491,294	6,342,884	3,426,806,097
Other financial liabilities	72,894,106	53,919,496	936,918	4,216,130	13,821,562	-	72,894,106
Total liabilities	**3,471,522,492**	**2,301,398,885**	**118,094,308**	**413,551,270**	**834,303,783**	**6,342,884**	**3,673,691,130**
Net Position	**792,451,364**	**168,689,008**	**171,007,123**	**18,442,618**	**(61,338,414)**	**566,716,707**	**863,517,042**
Off-balance sheet items							
Guarantees issued	48,160,280	2,492,615	12,475,022	30,750,819	2,441,825	-	48,160,281
Commitments to extend the loan	225,458,597	-	282,139	72,393,489	96,427,039	-	169,102,667
Total off-balance sheet position	**273,618,877**	**2,492,615**	**12,757,161**	**103,144,308**	**98,868,864**	**-**	**217,262,948**

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4 RISK MANAGEMENT (CONTINUED)

4.4 Fair values of assets and liabilities

Fair value of financial instruments and fair value hierarchy

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

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repackaging);

Level 2: quoted prices in active markets for similar assets or liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3: valuation techniques for which any significant input is not based on observable market data.

As at 31 December 2021 the Bank has cash and balances with the National Bank of Moldova, loans and advances to banks, debt securities and other debts with Banks, which are classified as Level 2 for disclosure purposes. All the other financial assets and liabilities are classified as Level 3 for disclosure purposes.

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4 RISK MANAGEMENT (CONTINUED)

4.4 Fair values of assets and liabilities (continued)

Fair value of financial instruments and fair value hierarchy (continued)

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Banks balance sheet at their fair value. For details, please see the notes below the table.

	2021					2020				
	Carrying value	Level 1	Level 2	Level 3	Fair value	Carrying value	Level 1	Level 2	Level 3	Fair value
Financial assets										
Cash and balances with NBM	1,040,839,985	-	1,040,839,985	-	**1,040,839,985**	1,181,840,018	-	1,181,840,018	-	**1,181,840,018**
Loans and advances to banks	653,569,478	-	653,569,478	-	**653,569,478**	722,263,103	-	722,263,103	-	**722,263,103**
Treasury bills	912,823,036	930,349,720	-	-	**930,349,720**	814,524,516	822,913,325	-	-	**822,913,325**
Loans and advances to customers	1,870,183,681	-	-	1,815,853,699	**1,815,853,699**	1,528,027,317	-	-	1,509,597,594	**1,509,597,594**
Other financial assets	21,115,172	-	-	21,115,172	**21,115,172**	17,318,902	-	-	17,318,902	**17,318,902**
Total financial assets	4,498,531,352	930,349,720	1,694,409,463	1,836,968,871	**4,461,728,054**	4,263,973,856	822,913,325	1,904,103,121	1,526,916,496	**4,253,932,942**
Financial liabilities										
Due to banks	89,676,896	-	89,676,896	-	**89,676,896**	173,990,927	-	173,990,927	-	**173,990,927**
Due to customers	3,517,221,523	-	3,519,403,158	-	**3,519,403,158**	3,219,566,729	-	3,231,340,692	-	**3,231,340,692**
Other financial liabilities	84,838,011	-		84,838,011	**84,838,011**	77,964,836	-		77,964,836	**77,964,836**
[illegible] financial [illegible]ties	3,691,736,430	-	3,617,380,407	76,537,657	**3,693,918,064**	3,471,522,492	-	3,410,402,350	72,894,106	**3,483,296,456**

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4 RISK MANAGEMENT (CONTINUED)

4.4 Fair values of assets and liabilities (continued)

(i) Cash and balances with National Bank of Moldova

Cash and cash equivalent with NBM are up to 1 month. The carrying value of cash and balances with NBM approximates their fair value.

(ii) Loans and advances to banks

Due from other banks includes inter-bank placements and items in the course of collection.

The fair value of floating rate placements and overnight deposits is their carrying amount. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity.

(iii) Loans and advances to customers

Loans and advances 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. Expected cash flows are discounted at current market rates (based on data published by National bank of Moldova) to determine fair value.

(iv) Due to other banks and customers, other deposits and borrowings

The estimated fair value of deposits with no stated maturity, which includes non-interest-bearing deposits, is the amount repayable on demand.

The estimated fair value of fixed interest-bearing deposits and other borrowings not quoted in an active market is based on discounted cash flows using interest rates (based on data published by National bank of Moldova) for debts with similar remaining maturity.

(v) Other borrowings

Other borrowed funds are presented on the balance sheet at their fair carrying value. There is no active market with similar transactions to determine the borrowings' fair value. The borrowings are due to the shareholder, granted under specific conditions, therefore their fair value cannot be determined using current market information. Accordingly, the Bank considers borrowings' fair value equal to their carrying value.

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4 RISK MANAGEMENT (CONTINUED)

4.5 Taxation risk

The Bank is committed to ensure sustainable performance of tax risk management by building and maintaining an efficient, effective and transparent tax function within the Bank. The Bank strictly complies with the legal norms regarding taxes and duties.

Effective from 1 January 2012, IFRS implementation has been considered for the revision of tax legislation in order to introduce particular rules for the treatment of adjustments resulted at the implementation stage and afterwards.

In this context, careful analysis was performed in identification of differences in accounting treatment, having tax impact, both in terms of current tax and deferred tax.

It is expected that also in the future the tax framework will be subject to further amendments. Given the precedents, they may have retroactive application. Tax liabilities of the Bank are opened to a general tax inspection for a period of four years.

4.6 Operational risk

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 governance. 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.

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4 RISK MANAGEMENT (CONTINUED)

4.6 Operational risk (continued)

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 contingency plans;
- Training and professional development;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

The impact of the COVID-19 epidemic on operational results

As in the previous year, during 2021 Eximbank responded very promptly to the emergency situation, maintaining a wide range of initiatives aimed at protecting the health of people and customers, to ensure business continuity and counteract the social and economic effects of COVID. -19.

The Bank's activity has gradually adapted to local and global health emergencies caused by the effects of the COVID-19 pandemic, as well as the emergence of new Delta / Omicron strains that have affected both market performance and business operations.

Following Decision no. 6 of the Extraordinary national public health commission of March 10 2020 on the evolution of the epidemiological situation of the COVID-19 infection, a working group was created within the Bank, meeting periodically (daily/weekly , depending on the epidemiological situation in the country), which had the purpose of implementing the necessary action plan to ensure the continuity of the activity of the Bank's structures and to prevent the spread of the COVID-19 infection.

In the context of the increased risk of spreading SARS-CoV-2 virus infection, the little-studied potential of the Omicron strain and in order to ensure an adequate degree of preparedness and response to COVID-19 infection, in accordance with the updated recommendations of the World Health Organization and the National Public Health Commission, below are some of the actions taken to protect health, along with business continuity measures:

4 RISK MANAGEMENT (CONTINUED)

4.6 Operational risk (continued)

- the prevention of occupational hazards, which involved the purchase of personal protective equipment to meet healthcare needs and the implementation of measures to contain the spread of the virus, together with the modification of operational processes and the adoption of specific associated measures, as well as the granting of additional rest leave to staff from branches where the phase of the emergency was the most acute;
- continuing of remote activity;
- continue to implement measures to facilitate digital interaction with customers, by improving remote services and with consistent investments to improve remote channels of contact with customers and strengthen IT security in terms of fraud prevention;
- temporary redirection of customers from one branch office to another, as a result of the branch collaborators testing positive to COVID – 19, in order to perform hygienic-sanitary activities;
- application of a working in shifts regime for the staff of the Bank's branches and some departments within the Central Office, such as the ICT Department and the Logistics Office;
- ceasing participation in trainings, workshops, instructional seminars involving physical presence, as well as limiting travel, gatherings and meetings (as appropriate);

In order to voluntarily return to office the employees within the structures of the Bank's central office, their physical presence not exceeding 50% per office was ensured, except for the employees involved in the commercial activity and meetings with the Bank's clients.

During the year 2021, no measures were applied in the context of Covid-19.

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4 RISK MANAGEMENT (CONTINUED)

4.7 Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the face of balance sheets, are:

- To comply with the capital requirements set by the regulators of the banking markets where the entities within the Bank operate;
- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To maintain a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management, employing techniques based on the guidelines developed by the Basel Committee. In 2018, the new capital adequacy reporting requirements under the new regulatory framework in line with Basel III standards came into force. The necessary information is submitted quarterly to the National Bank of Moldova.

Basel III standards requires each Bank or Banking Group to maintain a ratio of total regulatory capital to the risk-weighted asset (the 'Basel ratio') at or above 8%.

The Bank's regulatory capital is divided into two tiers:

1. Tier 1 capital:
   - ✓ Tier 1 capital: share capital, retained earnings and reserves, which contributes essentially to ensuring the stability of the Bank and its efficiency;
   - ✓ additional tier 1 capital;
2. Tier 2 capital.

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4 RISK MANAGEMENT (CONTINUED)

4.7 Capital management (continued)

The elements held by the Bank in order to establish the Tier Capital meet the eligibility conditions and to which the deductions provided by the legislation have been applied.

Thus, according to the requirements of the NBM, it is necessary to maintain the following minimum requirements related to Tier Capital:

1. a base level tier 1 capital rate of 5.5%;.
2. a level tier 1 capital rate of 7.5%;
3. a total tier capital rate of 10.0%.

At the same time, the Bank is obliged to maintain the basic Tier 1 Equity funds required to meet the capital buffer requirements:

1. the rate of capital buffer equal to 2.5% of the total amount of the Bank's risk exposure;
2. the countercyclical buffer rate for credit exposures located in the Republic of Moldova equal to 0% of the amount of the Bank's risk exposure;
3. the systemic risk buffer rate for exposures located in the Republic of Moldova equal to 1% of the amount of the Bank's risk exposure.

Thus, according to the regulations of the National Bank of Moldova, the minimum capital requirement for the Bank is 13.5% of the total amount of the Bank's risk exposure.

In order to determine the risk weighted exposure amounts for the purpose of calculating tier capital requirements, the Bank uses the standard approach applied for credit risk and market risk, and for operational risk - the Basic Indicator Approach (BIA).

During 2021, the Bank complied with all tier capital and capital buffer requirements, including those prescribed by the Regulator through the SREP report.

Element	Value 31.12.2021	Value 31.12.2020	Normative / NBM Regulation
Base level tier 1 capital rate	45.08%	44.05%	5.50%
Level tier 1 capital rate	45.08%	44.05%	7.50%
Total tier capital rate	45.08%	44.05%	10.00%

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in accordance with IFRS requires the Bank's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Evaluations and decisions are continually reviewed on the basis of past experience and other factors, including estimates of subsequent events that are considered reasonable under the circumstances.

a. Judgments

a.1 Classification of financial assets: evaluation of the business model in which the assets are held

See also Note 3.2 iii. An entity's business model refers to the way an entity manages its financial assets to generate cash flows. The Bank's financial assets are held within a business model whose objective is to hold assets to collect contractual treasury flows by collecting contractual payments over the life of the instrument.

The Bank classifies its financial assets by applying a business model "Held to Collect", considering the two characteristics below. It then assesses the financial assets at amortized cost.

(a) the entity 's business model for the management of financial assets; and

(b) the characteristics of the contractual treasury flow of the financial asset.

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

a) the financial asset is held within a business model whose objective is to hold financial assets to collect the contractual cash flows; and

b) the contractual terms of the financial asset generate, at certain dates, cash flows that are exclusively principal and interest payments on the principal due.

a.2 Determining criteria for increasing credit risk

See also Note 3.2 viii. Establishment of criteria for determining whether credit risk for a financial asset has increased significantly since initial recognition, determining the methodology for incorporating prospective forward-looking information into the discount model for expected impairment losses and selecting and approving the models used when estimating reductions for expected impairment losses.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

b. Assumptions and estimates of uncertainties

b.1 *Impairment losses on loans and advances, financial collateral and lending commitments*.

See also Note 3.2 viii Impairment of Financial Instruments: Determining input data and incorporating prospective information into the Expected Credit Loss (ECL) Determination Model.

The bank assesses and measures credit risk for all credit exposures. The measurement of provisions is based on the requirements of IFRS 9 and results in the appropriate and timely recognition of the ECL in accordance with the applicable accounting framework. ECL assessment takes place at the level of each credit exposure and also in the collective portfolio by grouping exposures based on common credit risk characteristics.

Estimates of impairment adjustments take into account relevant factors and expectations at reporting date that may affect the collection of remaining cash flows for a group of credit exposures or individual exposures. The Bank considers information that goes further than historical and current data and considering reasonable prospective information, including macroeconomic factor, that are relevant to exposures evaluated under the applicable accounting framework.

The use of forward looking information is not a novelty introduced by IFRS 9. Thus, in order to predict future trends and events to determine both the "Probability of Default" and "Loss Given Default", the Bank considered three scenarios to cover potential future macroeconomic trends such as (i) best scenario, (ii) the baseline scenario and (iii) the adverse scenario, using the following macroeconomic factors: Gross Domestic Product, inflation rate, exchange rate, NBM base rate, unemployment rate, housing price.

The methodology applied by the Bank for the entire non-performing exposures perimeter is based on the objective loss factors supporting the reasoning that the contractual amount can not be fully recovered. In general, this assessment is based on the qualitative and quantitative analysis of the borrower's financial results, the degree of risk exposure, the risk mitigation factors (eg type of collateral), the external factors applied, and the financial impact of the period time required for recovery.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

b. Assumptions and estimates of uncertainties (continued)

In line with the overall approach, loss provisions are recognized either on a 12-month ECL basis or on the basis of the ECL over the lifetime, depending on the significant increase in the credit risk of the financial instrument from the initial recognition. Under the simplified approach, tracking credit risk changes is not necessary, but instead, an ECL depreciation adjustment is recognized over the lifetime from the start.

The Bank uses the general approach for the loan portfolio and for sovereign banks and entities (for which it uses simplified credit risk low) and the simplified approach for assets other than debt instruments.

According to the general approach, depending on asset quality, they are classified in 3 stages / stages. Stage 1 includes performing loans, in Stage 2, the performing portfolio with a significant increase in credit risk from initial recognition and in Stage 3 non-performing financial assets. The Bank considers that exposures to banks and sovereign entities as having a low credit risk (Step 1) if the external ratings of these exposures at the reporting date are within the "investment grade" range.

Collective assessment

Exposures in Stages 1 and 2 are subject to collective evaluation. For the purpose of determining an impairment adjustment on a collective basis, financial instruments are grouped on the basis of similar credit risk characteristics in order to facilitate an analysis that is designed to allow timely identification of significant credit risk increases.

The loan portfolio was divided into 3 groups, exposures to individuals (consumer credit), individuals (mortgages), corporations.

The Bank monitors that the exposures in the pools remain homogeneous in their response to the determinants of credit risk and the credit risk characteristics. Exposure groups are re-analyzed and exposures are re-segmented when there is a significant change in the loan portfolio or changes in the Bank's risk profile.

Stage 1 and Stage 2 ECLs are differentiated due to the maximum residual maturity considered: for exposures classified in Stage 1, the 12-month horizon is considered a ceiling, while for transactions classified in Stage 2, the horizon over the of life.

The key input data in the ECL assessment include the following variables: PD, LGD, and EAD. PD and LGD are only involved in Stage 1 and 2 ECL calculations.

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5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES (CONTINUED)

b. Assumptions and estimates of uncertainties (continued)

Individual assessment of impairment losses on loans and advances to customers

The purpose of estimating the expected loss of credit is neither estimating the most pessimistic scenario nor estimating the most optimistic scenario. Instead, an estimate of anticipated credit losses reflects the possibility that a credit loss may occur and the possibility that no credit loss may occur, even if the outcome is most likely not a credit loss. It is necessary that the estimate of anticipated credit losses reflects an impartial and probability-weighted amount that is determined by evaluating a possible range of results without the need for a large number of detailed scenario simulations. Expected credit losses reflect at least three scenarios. Scenarios and their likelihood of occurrence for each of the scenarios are properly supported and documented and reflect the recovery strategy and stage at the client level. Scenarios are updated whenever significant developments occur to maintain relevance.

b.2 See also Note 3.7, Note 13 and Note 25: Recognition of the deferred income tax asset: availability of future profit for the use of tax losses.

b.3 See also Note 4.4: Determining the fair value of instruments that are not traded on an active market.

b.4 See also Note 3.2 viii and Note 4.1.1: Impairment of financial instruments: key assumptions used in estimating future cash flows to be recovered.

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6 NET INTEREST INCOME

	2021	2020
Interest income based on the effective interest method		
Loans and advances to customers	142,386,330	118,748,581
Investment securities	32,591,535	31,762,168
Due from NBM and from other banks	5,179,691	5,793,864
	180,157,556	**156,304,613**

Net interest income on impaired financial assets was MDL 4,893,432 (2020: MDL 4,805,587).

	2021	2020
Interest expense		
Due to customers – individuals	30,109,351	35,598,349
Due to customers – companies	5,242,928	6,540,849
Interest expense on leasing debts	2,057,976	1,929,858
Due to other banks	4,524,205	1,832,951
	41,934,460	**45,902,007**

7 NET FEE AND COMMISSION INCOME

	2021	2020
Fee and commission income		
Cards	43,345,606	28,626,863
Cash transactions	17,543,140	12,856,558
Payment transactions	17,415,152	14,123,429
Clients accounts admimistration	6,803,857	7,656,857
Guarantees and letters of credit	1,342,242	1,966,652
International money transfers payments	417,849	447,211
Other	3,143,193	2,156,478
	90,011,039	**67,839,450**
Fee and commission expense		
Card account services	40,927,061	26,026,760
Payment transactions	5,175,845	4,084,857
	46,102,906	**30,111,617**

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8 NET TRADING INCOME

	2021	2020
Net gains from foreign currency transactions	43,644,189	49,508,206
Net gain/ (losses) from foreign currency revaluation	(264,964)	(2,066,891)
	43,379,225	**47,441,315**

9 OTHER OPERATING INCOME

	2021	2020
Rent income	1,369,822	1,605,595
Recoveries from loans previously written-off	1,138,572	31,098
Expenses recovered and derecognized commitments	-	21,238
Other income	1,733,103	999,547
	4,241,497	**2,657,478**

Other income comes from the sale of commemorative coins, the disposal of other assets, etc.

10 IMPAIRMENT CHARGE ON FINANCIAL ASSETS

	2021	2020
Net impairment charge for:		
- loans and advances to customers	(5,629,300)	(27,324,632)
- commitments and contingent liabilities	(5,039,890)	(3,410,079)
- government securities and certificates issued by the NBM	11,279,316	2,576,402
- cash and balances with the NBM	6,469,659	(1,061,999)
- loans and advances to banks	(259,715)	(102,237)
- other assets	(215,947)	(1,754,307)
	6,604,123	**(31,076,852)**

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10 IMPAIRMENT CHARGE ON FINANCIAL ASSETS (CONTINUED)

Movements in impairment charge of financial instumentsare presented as follows:

	Loans and advances to banks	Cash and balances with NBM	Treasury bills and NBM Certificates	Loans and advances to customers	Other assets	Commitments and contingent liabilities	Total
Balance at 1 January 2020	**530,269**	**-**	**12,110,716**	**81,528,062**	**3,136,047**	**5,859,724**	**103,164,818**
Charge	876,805	2,039,980	192,698,570	26,254,825	1,135,153	23,692,037	246,697,370
Release	(752,791)	-	(196,252,954)	531,862	-	(20,281,958)	(216,755,841)
Recoveries	-	-	-	6,014,487	-	-	6,014,487
Effect of foreign currency movements	(10,675)	-	-	1,014,446	(16,774)	189,510	1,176,507
Cession to Veneto Banca / Transfer of assets / Loans sold	-	-	-	(7,736,946)	-		(7,736,946)
Balance at 31 December 2020	**643,608**	**2,039,980**	**8,556,332**	**107,606,736**	**4,254,426**	**9,459,312**	**132,560,394**
Balance at 1 January 2021	**643,608**	**2,039,980**	**8,556,332**	**107,606,736**	**4,254,426**	**9,459,312**	**132,560,394**
Charge	818,017	7,552,686	166,686,223	20,576,494	-	33,152,293	228,785,713
Release	(1,077,577)	(1,083,027)	(155,406,908)	(26,205,799)	-	(38,192,182)	(221,965,493)
Recoveries	-	-	-	1,053,451	-	-	1,053,451
Effect of foreign currency movements	8,540	(87,127)	-	(630,597)	(6,996)	(105,426)	(815,793)
Cession to Veneto Banca (in liquidation) / Transfer of assets / Loans sold	-	-	-	-	-	-	-
Balance at 31 December 2021	**392,588**	**8,422,512**	**19,835,647**	**102,400,285**	**4,247,430**	**4,313,997**	**139,618,273**

nancial instruments, with the exception of loans and advances granted to customers and other financial assets, throughout 2021 were classified in Stage 1 (2020: idem).

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11 PERSONNEL EXPENSES

	2021	2020
Salaries, wages and bonuses	79,642,333	70,378,441
Social security payments	17,318,342	14,734,763
Meal tickets	3,485,510	3,358,742
Provision for unused leave and other benefits	3,771,738	1,024,882
Remuneration of members of the Board of the Bank	1,045,786	990,923
	105,263,709	**90,487,750**

During 2021 the average number of employees of the Bank was 353 (2020: 353).

12 DEPRECIATION AND AMORTISATION EXPENSES

	2021	2020
Tangible assets depreciation expenses (Note 20)	20,933,913	19,478,209
Intangible assets amortisation expenses (Note 19)	4,954,966	4,251,923
	25,888,879	**23,730,132**

13 OTHER OPERATING EXPENSES

	2021	2020
Operating lease expenses	935,990	1,036,056
Stationary expenses and related services	2,630,943	1,950,113
Consulting, legal and audit services	5,043,700	7,639,043
Advertising expenses	3,391,026	1,613,998
Contribution to Deposits Guarantee Fund	6,473,561	4,002,632
Taxes other than income tax	755,237	413,547
Expenses with representatives of Intesa Sanpaolo	3,382,131	2,620,599
Maintenance of intangible assets	16,262,994	23,749,814
Other assets disposal	2,018,682	517,575
Other expenses	3,624,679	2,320,413
Administration expenses	3,119,267	3,220,940
Repair and maintenance expenses	10,004,560	13,301,041
Postal and communications expenses	3,056,566	2,906,247
Insurance expenses	1,483,171	857,784
Utilities	2,617,831	2,852,402
Expenses with impairment of real estate investments	(710,390)	960,838
Expenses with impairment of recovered guarantees	(1,431,657)	2,139,139
	62,658,291	**72,102,179**

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14 INCOME TAX EXPENSES

The income tax expense consists of current and deferred tax as follows:

	2021	**2020**
Current tax	(4,580,278)	-
Total tax expense	**(4,580,278)**	**-**

Reconciliation between profit (loss) before tax and income tax expense / reversal from the profit or loss and other comprehensive income statement:

		2021		**2020**
Profit/(loss) before tax		29,336,949		(26,316,724)
Taxation at statutory rate	12.00%	3,520,434	12.00%	-
Tax effect of tax-exempt income	5.7%	1,659,658	4%	(1,006,263)
Tax effect of non-deductible expenses	0.1%	(26,696)	10%	(2,739,945)
Use of deferred tax	0.00%	-	0.00%	-
Reported losses	2.0%	(573,118)	0.00%	-
Tax (income)/expense in the statement of profit or loss and other comprehensive income	15.61%	4,580,278	0.00%	-

Further information about deferred income tax is presented in Note 25.

Starting 1 January 2012, the income tax rate is 12%.

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15 CASH AND BALANCES WITH NATIONAL BANK OF MOLDOVA

	31 December 2021	31 December 2020
Cash on hand	243,819,719	226,978,130
Current account with National Bank of Moldova, of which:		
- funds in (deficit) / excess of mandatory reserves	14,495,709	8,790,108
Included in cash and cash equivalents (Note 29)	**258,315,428**	**235,768,238**
- Current accounts with NBM:		
mandatory reserve in foreign currency	406,807,915	450,790,738
mandatory reserve in domestic currency	384,139,154	497,321,022
Allowance for expected impairment losses	(8,422,512)	(2,039,980)
	782,524,557	**946,071,780**
Total	**1,040,839,985**	**1,181,840,018**

These balances are neither collateralized, nor past due.

During 2021, the Bank implemented a model regarding the estimation of the allowances for expected impairment losses of exposures to the NBM from the perspective of the credit risk associated with the counterparty, in accordance with IFRS 9.

Current accounts with NBM are required to satisfy the mandatory reserve requirements of the National Bank of Moldova. During 2021 the interest rate of remuneration of the obligatory reserves paid by the National Bank of Moldova ranged from 0.15% - 3.50% (2020: 0.17% - 2.50%) for reserves held in MDL and from 0.01% during 2021 for reserves held in USD and EUR (2020: idem).

The mandatory reserves have to be kept at an average limit at the date of 16 and 15 of each month (2020: 16 şi 15 of each month). The level should be established at an average throughout a period of 30/31 days. During the dates of reporting to NBM (16 and 15 of each month) these can be used at any capacity needed by the Bank. The ratio of mandatory reserves as at 31 December 2021 was 26.0% (31 December 2020: 32.0%) for reserves held in MDL and 30.0% for reserves held in USD and EUR (31 December 2020: 30.0%).

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16 LOANS AND ADVANCES TO BANKS

	31 December 2021	31 December 2020
Placements with an initial maturity under 3 months, gross	221,842,574	249,665,017
Current accounts, gross	432,119,492	412,939,408
Allowance for expected impairment losses	(392,588)	(614,869)
Included in cash and cash equivalents (Note 29)	**653,569,478**	**661,989,557**
Placements with an initial maturity over 3 months, gross	-	60,302,285
Allowance for expected impairment losses	-	(28,739)
Net placements with an initial maturity over 3 months	**-**	**60,273,546**
Total	**653,569,478**	**722,263,103**

All loans and advances to banks are impaired in a total amount of MDL 392,588 (2020: MDL 643,608). As at 31 December 2021 and 2020 these balances are neither collateralized, nor past due.

Placements with banks and current accounts are placed with large banks from OECD countries amounting to MDL 649,984,934 (2020: MDL 713,464,406). Balances with banks from non-OECD are MDL 3,977,132 (2020: MDL 9,442,305) and are placed with Moldovan, Russian, Ukrainian and Romanian banks.

As at 31 December 2021, the Bank has placements only in foreign currency. The interest rate on placements with banks in foreign currency varied from 0.01% to 2.00% (2020: from -0.70% to 2.00%).

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17 INVESTMENT SECURITIES

	31 decembrie 2021	31 decembrie 2020
Investements in debt securities measured at amortized cost, of which:		
- treasury bills with an initial maturity of less than three months and Certificates of the National Bank of Moldova	650,775,251	673,260,850
Allowance for expected impairment losses	(8,036,769)	(3,031,421)
Total included in cash and cash equivalents (Note 29)	**642,738,482**	**670,229,429**
- treasury bills with an initial maturity over three months	281,873,432	149,809,998
Allowance for expected impairment losses	(11,798,878)	(5,524,911)
	270,074,554	**144,285,087**
Total investments in treasury bills	**912,813,036**	**814,514,516**
Equity investments valued at fair value through other items of comprehensive income	10,000	10,000
Total Investments securities	**912,823,036**	**814,524,516**
Current	906,032,744	808,544,964
Non-current	6,790,292	5,979,552

For debt securities, which represent State Securities and Bonds issued by the Government of the Republic of Moldova and Certificates issued by the National Bank, allowances for expected impairment losses of MDL 19,835,647 (2020: MDL 8,556,332) were recorded. Government securities include short, medium and long-term securities in the amount of MDL 379,327,901 (2020: MDL 236,142,919) issued by the Ministry of Finance of the Republic of Moldova and Certificates of the National Bank of Moldova amounting to MDL 533,485,136 (2020: MDL 578,371,597). The yield of these titles ranges from 3.90% to 6.58% in 2021 (2020: from 4.25% to 6.47%) and for Certificates of NBM the yield was between 2.65%-5.50% in 2021 (2020: 2.65%-5.50%).

As at 31 December 2021 and 31 December 2020 investments securities are neither pledged nor expired.

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17 INVESTMENT SECURITIES (CONTINUED)

The movement in investemnts in debt securities may be summarized as following:

	2021	2020
Balance at 1 January	**814,514,516**	**815,058,112**
Additions	16,210,763,523	17,780,479,239
Disposals	(16,101,185,688)	(17,784,577,218)
Impairment	(11,279,315)	3,554,383
Balance at 31 December	**912,813,036**	**814,514,516**

At 31 December 2021, equity securities comprise participations in the form of minority interest in the capital of non-listed local companies.

The analysis of the units is as follows:

	Nature of business	Interest held (%)	31 December 2021	31 December 2020
Moldova Stock Exchange	Stock exchange	2.56	10,000	10,000
			10,000	**10,000**

Movements in equity securitie are as follows:

	2021	2020
Balance at 1 January	**10,000**	**16,250**
Additions	-	-
Disposals	-	(6,250)
Balance at 31 December	**10,000**	**10,000**

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18 LOANS AND ADVANCES TO CUSTOMERS

	31 December 2021	31 December 2020
Individual (retail customers):		
Mortgages	898,842,878	747,556,682
Consumer loans	174,246,334	155,127,874
Credit cards	12,351,682	17,873,600
	1,085,440,894	**920,558,156**
Legal entities	**887,143,071**	**715,075,897**
Gross loans and advances	1,972,583,965	**1,635,634,053**
Less: allowance for expected impairment losses	(102,400,284)	(107,606,736)
Loans and advances, net	**1,870,183,681**	**1,528,027,317**
Current	261,995,919	140,175,873
Non-Current	1,608,187,762	1,387,851,444

All loans and advances to customers are granted to borrowers in the Republic of Moldova. Interest rates on commercial loans and advances denominated in Moldovan Leu, granted during the year, range between 3.99%-23% (2020: 3.65% and 22.00%). Nominal interest rates on foreign currency denominated loans ranging between 3.00%-8.75% (2020: 3.00% and 8.49%).

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19 INTANGIBLE ASSETS

Intangible assets include programs, licenses and other assets (databases, certificates).

	Software	Licenses	Other intangible assets	Intangible assets in progress	Total
Balance at 1 January 2020					
Cost	33,001,081	29,386,785	3,455,317	1,113,633	66,956,816
Accumulated amortisation	(13,448,041)	(12,887,429)	(1,974,759)	-	(28,310,229)
Book value at 1 January 2020	**19,553,040**	**16,499,356**	**1,480,558**	**1,113,633**	**38,646,587**
Entries	-	1,332,527	-	5,668,223	7,000,750
Transfers	3,949,223	1,871,551	-	(5,820,774)	-
Disposals, cost	-	-	-	-	-
Disposals, accumulated amortisation	-	-	-	-	-
Amortisation expense (Note 11)	(2,330,664)	(1,660,310)	(260,950)	-	(4,251,924)
Amortisation expense (integration funds)	(808,946)	(3,749,608)	(148,847)	-	(4,707,401)
Balance at 31 December 2020					
Cost	36,950,304	32,590,863	3,455,317	961,082	73,957,566
Accumulated amortisation	(16,587,651)	(18,297,347)	(2,384,556)	-	(37,269,554)
Book value at 31 December 2020	**20,362,653**	**14,293,516**	**1,070,761**	**961,082**	**36,688,012**
Entries	315,000	99,993	-	13,736,074	14,151,067
Transfers	3,027,851	1,275,878	-	(4,303,729)	-
Disposals, cost	-	(904,527)	-	(1,113,632)	(2,018,159)
Disposals, accumulated amortisation	-	904,526	-	-	904,526
Amortisation expense (Note 11)	(2,716,140)	(1,977,876)	(260,950)	-	(4,954,966)
Amortisation expense (integration funds)	(808,946)	(3,748,304)	(150,151)	-	(4,707,401)
Balance at 31 December 2021					
Cost	40,293,155	33,062,207	3,455,317	9,279,795	86,090,474
Accumulated amortisation	(20,112,737)	(23,119,001)	(2,795,657)	-	(46,027,395)
Book value at 31 December 2021	**20,180,418**	**9,943,206**	**659,660**	**9,279,795**	**40,063,079**

*Intangible assets amortisation expenses in the amount of MDL 4,707,401 (31 December 2020: MDL 4,707,403) were covered from the integration funds (Note 3.24).

20 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS

The movements in property and equipment are summarized as follows:

	Land and buildings	Equipment and furniture	Vehicles	Other assets	Assets in progress	Right-of-use assets	Total
Cost							
Balance at 1 January 2020	**342,503,280**	**82,777,898**	**5,572,767**	**57,906,231**	**47,378**	**33,272,631**	**522,080,185**
Additions	124,588	4,123,996	-	2,404,045	4,612,716	6,546,084	**17,811,429**
Transfers	3,048,275	397,867	-	-	(3,446,142)	-	-
Reclassification to investment property	(158,861)	-	-	-	-	-	**(158,861)**
Disposals, cost	(462,147)	-	(1,480,882)	-	(1,213,952)	(3,905,677)	**(7,062,658)**
Reevaluation	(10,174,992)	-	-	-	-		**(10,174,992)**
Balance at 31 December 2020	**334,880,143**	**87,299,761**	**4,091,885**	**60,310,276**	**-**	**35,913,038**	**522,495,103**
Balance at 1 January 2021	**334,880,143**	**87,299,761**	**4,091,885**	**60,310,276**	**-**	**35,913,038**	**522,495,103**
Additions	-	10,480,844	-	1,381,286	8,807,635	20,557,006	**39,382,149**
Transfers	1,447,366	5,425,275	-	-	(6,872,641)	-	-
Reclassification to investment property	-	-	-		-	-	-
Disposals, cost	(1,976,861)	(19,231,503)	-	(1,875,044)	(45,022)	(6,602,259)	**(29,730,689)**
Reevaluation	-	-	-	-	-	-	-
Balance at 31 December 2021	**334,350,648**	**83,974,377**	**4,091,885**	**59,816,518**	**1,889,972**	**49,867,785**	**532,146,563**

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20 PROPERTY AND EQUIPMENT AND RIGHT-OF-USE ASSETS (CONTINUED)

	Land and buildings	Equipment and furniture	Vehicles	Other assets	Assets in progress	Right-of-use assets	Total
Depreciation and impairment							
Balance at 1 January 2020	**150,341,487**	**70,533,340**	**5,572,767**	**21,646,675**	**-**	**8,172,593**	**256,266,862**
Depreciation expense (Note 12)	5,433,693	4,375,131	-	836,139	-	8,833,246	19,478,209
Depreciation expense (integration funds)*	-	-	-	14,344,730	-		14,344,730
Reclassification to investment property	(10,189)	-	-	-	-		(10,189)
Disposal, cummulated depreciation	(16,353,028)	-	(1,480,882)	-	-	(1,342,731)	(19,176,641)
Impairment	7,149,042	-	-	-	-		7,149,042
Balance at 31 December 2020	**146,561,005**	**74,908,471**	**4,091,885**	**36,827,544**	**-**	**15,663,108**	**278,052,013**
Balance at 1 January 2021	**146,561,005**	**74,908,471**	**4,091,885**	**36,827,544**	**-**	**15,663,108**	**278,052,013**
Depreciation expense (Note 11)	5,308,888	5,933,250	-	800,541	-	8,891,234	20,933,913
Depreciation expense (integration funds)*	-	-	-	14,344,732	-		14,344,732
Reclassification to investment property	-	-	-	-	-		-
Disposal, cummulated depreciation	(1,931,944)	(19,215,505)	-	(1,875,044)	-	(3,439,049)	(26,461,542)
Impairment	-	-	-	-	-		-
Balance at 31 December 2021	**149,937,949**	**61,626,216**	**4,091,885**	**50,097,773**	**-**	**21,115,293**	**286,869,116**
Book value							
At 1 january 2020	**192,161,793**	**12,244,558**	**-**	**36,259,556**	**47,378**	**25,100,038**	**265,813,323**
At 31 December 2020	**188,319,138**	**12,391,290**	**-**	**23,482,732**	**-**	**20,249,930**	**244,443,090**
At 31 December 2021	**184,412,699**	**22,348,161**	**-**	**9,718,745**	**1,889,972**	**28,752,492**	**247,122,069**

* Expenses on depreciation of property and equipment amounting to MDL 14,344,731 (31 December 2020: MDL 14,344,731) were covered by the integration funds (Note 3.24).

21 ASSETS HELD FOR SALE

Assets taken into possession include foreclosed collateral on non-performing loans and other assets.

	31 December 2021	31 December 2020
Repossessed collaterals, net	-	3,191,231
Other assets	22,380	22,380
Assets held for sale	**22,380**	**3,213,611**

22 OTHER ASSETS

	31 December 2021	31 December 2020
Other financial assets		
Included in cash and cash equivalents:		
Receivables from international money transfer systems	337,493	166,806
Receivables from Visa and MasterCard	13,318,540	7,808,566
Total included in cash and cash equivalents (Note 29)	**13,656,033**	**7,975,372**
Settlements with other individuals and legal entities	6,704,015	7,880,205
Transit and restricted amounts	245,327	216,913
Other receivables	509,797	1,246,412
Total other financial assets	**21,115,172**	**17,318,902**
Other non-financial assets		
Investment property	11,138,560	10,204,841
Inventory and spare parts	1,666,963	2,593,561
Other prepayments	3,870,805	12,085,311
Total other non-financial assets	**16,676,328**	**24,883,713**
Other assets	**37,791,500**	**42,202,615**
Current	26,652,940	31,997,774
Non-current	11,138,560	10,204,841

All financial assets presented above are neither expired nor impaired.

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

23 DUE TO BANKS

Name of Bank	Currency	Maturity Date	31 December 2021	31 December 2020
INTESA SANPAOLO S.P.A. (ITALY)	USD	22.09.2025	89,676,896	173,990,927

On 22.09.2020 a loan has been obtained from Intesa Sanpaolo S.P.A. in an amount of 10.0 million USD and with the maturity date on 22.09.2025.

24 DUE TO CUSTOMERS

	31 December 2021	31 December 2020
Corporate customers:		
– current/ settlement accounts	720,991,325	629,354,434
– term deposits	143,060,720	53,919,049
Small and medium sized enterprises:		
– current/settlement accounts	871,954,150	751,552,946
– term deposits	131,913,717	136,099,986
Individuals:		
– current/demand accounts	844,728,501	795,137,403
– term deposits	812,873,463	858,573,641
	3,525,521,877	**3,224,637,459**

Annual interest rates on deposits in MDL attracted by the Bank from customers in 2021 vary between 0% and 6.50% (2020: 0% and 6.20%). For deposits in MDL, the average market rate during 2021 had a range of 3.26% - 4.68% annualy (2020: 3.26% - 4.68%).
Annual interest rates on deposits in foreign currency attracted by the Bank from customers in 2021 had a range of 0% - 2.10% (2020: 0% - 2.10%). For foreign currency deposits, the average market rate during 2021 had a range of 0.36% - 0.61% (2020: 0.58% - 1.06%).

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25 PROVISIONS

	Reserve for unused annual day leaves	Employee settlements (prizes and bonuses)	Provisions for financial guarantee contracts and credit commitments	Provisions for other losses	Total
Balance as at 1 January 2020	**1,590,925**	**9,305,983**	**5,859,724**	**886,579**	**17,643,211**
Increases during the year	1,513,451	10,726,826	24,624,923	384,549	37,249,749
Decreases during the year	(580,413)	(10,672,911)	(21,025,335)	(512,032)	(32,790,691)
Balance as at 31 December 2020	**2,523,963**	**9,359,898**	**9,459,312**	**759,096**	**22,102,269**
Balance as at 1 January 2021	**2,523,963**	**9,359,898**	**9,459,312**	**759,096**	**22,102,269**
Increases during the year	1,110,156	13,857,637	33,892,943	42,280	48,903,016
Decreases during the year	(1,167,746)	(10,028,310)	(39,038,257)	(48,263)	(50,282,576)
Balance as at 31 December 2021	**2,466,373**	**13,189,225**	**4,313,998**	**753,113**	**20,722,709**

26 OTHER LIABILITIES

	31 December 2021	31 December 2020
Other financial liabilities		
Settlements with individuals and companies	34,108,254	35,836,159
Lease liabilities	31,170,830	23,300,074
Transfers to be collected by individuals	550,542	538,698
Amounts in transit	2,233,169	1,813,882
Other	8,474,862	11,405,293
Total other financial liabilties	**76,537,657**	**72,894,106**
Other non-financial liabilities		
Deffered income related to government grants*	9,488,498	28,539,946
Income tax liabilities	-	-
Other tax liabilities	2,466,439	2,373,391
Total other non-financial liabilities	**11,954,936**	**30,913,337**
Total other liabilities	**88,492,593**	**103,807,443**

* In the Intesa Sanpaolo communique of December 28, 2017, the Bank was informed about the public contribution in the form of a grant granted by the Italian Government to the Italian banking group

26 OTHER LIABILITIES (CONTINUED)

Intesa Sanpaolo in order to cover the restructuring and integration costs of all ex-Veneto Banca banks, including those of the Bank.

The integration funds related to the assets are presented in the statement of financial position by recording them as deferred income, which is subsequently recognized in profit or loss statement on a systematic basis over the useful life of the asset as a reduction of depreciation expense.

For details see Note 3.24.

27 DEFERRED TAX ASSETS AND LIABILITIES

Deferred income taxes are calculated on all temporary differences under the balance sheet method using an effective tax rate of 12% (2020: 12%). Te bank did not recognized deferred tax assets as at 31 December 2021.

Unrecognized deferred income tax receivables

According to management estimates based on the Bank's background and plans for the future, in 2021 and 2020 the Bank did not recognize deferred income tax assets because it considered that it would not have sufficient taxable profits to benefit from deferred income tax receivables. Consequently, the Bank did not recognize the deferred income tax receivables as at 31 December 2021 and 2020 for the following items in the statement of financial position:

	31 December 2021		31 December 2020	
	Gross amount	**Tax effect**	**Gross amount**	**Tax effect**
Accrued liabilities for unused annual day leaves	2,466,373	295,965	2,523,963	302,876
Acrrued liabilities for employees bonus	13,189,224	1,582,707	9,359,897	1,123,188
Accelerated tax depreciation for property and equipment	83,076,146	9,969,138	81,401,408	9,768,169
Losses from previous years	9,322,451	1,118,694	-	-
Other provisions	753,114	90,374	759,097	91,091
Total	**108,807,308**	**13,056,877**	**94,044,365**	**11,285,324**

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28 SHARE CAPITAL

As at 31 December 2021 the total number of authorized and issued ordinary shares was 1,250 thousand shares (2020: 1,250 thousand shares) with a par value of MDL 1,000 per share each (2020: MDL 1,000 per share). All shares are fully paid. During 2021 the Bank has not increased its share capital.

As at 31 December 2021 Intesa Sanpaolo S.p.A. held 100% of the Bank's shares (2020: Intesa Sanpaolo S.p.A. held 100% of Bank's shares).

Movements in the Bank's share capital are summarized as follows:

	2021		2020	
	Number of shares	**MDL**	**Number of shares**	**MDL**
Balance as at 1 January	1,250,000	1,250,000,000	1,250,000	1,250,000,000
Balance as at 31 December	1,250,000	1,250,000,000	1,250,000	1,250,000,000

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at the General Shareholders' Meetings of the Bank.

29 STATUTORY AND OTHER RESERVES

Statutory reserves

In accordance with local law, 5% of the Bank's net profit must be allocated to non-distributable statutory reserves, until such time as this reserve represents 10% of the Bank's share capital. These reserves are not distributable. According to the Bank's statute, they can be used to cover losses. Due to the fact that the Bank recorded a loss for the year 2020, statutory reserves were not formed in 2021. Thus, on December 31, 2021 the balance of this reserve is 0 MDL (31 December 2020: 0 MDL). The decision on the formation of reserves based on financial results and their volume is to be taken by the General Shareholders' Meeting.

Other reserves

According to the regulations of the National Bank of Moldova, starting with 2012, banks must allocate from retaining earnings to reserves the amount that is the difference between the adjustment for impairment of assets calculated based on prudential rules of the National Bank of Moldova (NBM) and IFRS. These reserves are not distributable.

As at 31 December 2021, the reductions for expected losses from the impairment of assets calculated in accordance with IFRS are with 5,273,380 lower than the reductions for losses on assets calculated on the basis of prudential rules (2020: they were 10,769,901 MDL higher than the reductions for losses on assets calculated on the basis of prudential rules). As the Bank has accumulated losses as at 31 December 2021, the Bank did not set up "other reserves".

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30 Dividends

Final dividends are not accounted for until they have been approved at an Annual General Meeting of the Shareholders. At the General Shareholders' Meetings held in 2021 no dividend distributions were approved. In 2021, the Bank did not paid dividends.

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	31 December 2021	**31 December 2020**
Cash and balances with the NBM (Note 15)	258,315,428	235,768,238
Loans and advances to banks (Note 16)	653,569,478	661,989,557
Treasury bills and NBM Certificates (Note 16)	642,738,482	670,229,429
Other assets (Note 20)	13,656,033	7,975,372
	1,568,279,421	**1,575,962,596**

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32 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IFRS 9, Financial Instruments, the Bank classifies financial assets into the following categories: (a) measured at amortized cost; (b) measured at fair value through other comprehensive income. The following table provides a reconciliation of financial assets with these measurement categories as at 31 December 2021 and 31 December 2020:

	31 December 2021		31 December 2020	
	Financial assets measured at amortised cost	**Financial assets measured at fair value through other comprehensive income**	**Financial assets measured at amortised cost**	**Financial assets measured at fair value through other comprehensive income**
Assets				
Cash and balances with NBM	1,040,839,985	-	1,181,840,018	-
Investment securities:				-
Treasury bills and NBM Certificates	912,813,036	-	814,514,516	-
Equity securities	-	10,000	-	10,000
Loans and advances to banks	653,569,478	-	722,263,103	-
Loans and advances to customers	1,870,183,681	-	1,528,027,317	-
Other financial assets	21,115,172	-	17,318,899	-
Total financial assets	**4,498,521,352**	**10,000**	**4,263,963,853**	**10,000**

As at 31 December 2021 and 31 December 2020 all financial liabilities were carried at amortized cost.

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33 COMMITMENTS AND CONTINGENT LIABILITIES

Credit commitments and financial guarantees contracts

The primary purpose of these instruments is to ensure that funds are available to a customer as required.

Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans.

Credit commitments represent unused portions, but approved to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk ,the Bank is potentially exposed to a potential loss in an amount equal to the total unused commitments. However, the potential amount of loss is less than the total unused commitments since most commitments to extend credit conditions the client to maintain specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

	31 December 2021	31 December 2020
Financial guarantee contracts	32,102,261	48,160,280
Credit commitments	135,309,908	225,458,597
	167,412,169	**273,618,877**

Operating lease commitments

Where the Bank is lessee, the future minimum lease payments under non-cancellable building and vehicles operating leases are as follows:

	31 December 2021	31 December 2020
No later than 1 year	11,202,550	10,287,748
Later than 1 year and no later than 5 years	25,203,511	15,568,649
Later than 5 years	-	-
	36,406,061	**25,856,397**

Litigations

The Bank is involved in a number of litigations, as defendant, related to its current activity. The Bank's management estimates that the Bank will win the cases and that these litigations will not have a material impact on these financial statements.

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34 TRANSACTIONS WITH RELATED PARTIES

The nature of the related party relationships for those related parties with whom the Bank entered into significant transactions or had significant balances outstanding at 31 December 2021 and 31 December 2020 are detailed below. There are no other related party in accordance with IAS 24 "Related party disclosures".

As at 31 December 2021 the Bank is controlled by Intesa Sanpaolo Societa per Azioni, which owns 100% of the ordinary shares, being its ultimate parent. During 2018, Intesa Sanpaolo Societa per Azioni became the sole shareholder of the Bank.

During 2021 the Bank entered into a number of banking transactions with related parties in the normal course of the business. These transactions include loans, deposits and foreign currency transactions. The volumes of related party transactions and outstanding balances are presented below.

	Director and Executive Management		Parent		Subsidiaries and other entities in the same group		Other related parties	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
(i) Loans and other interest-bearing assets								
At beginning of the year	397,214	838,760	309,894,684	259,436,297	-	-	-	-
Received during the year	201,132	149,361	1,575,332,389	796,407,099	-	-	5,314	200
Repaid during the year	(233,623)	(401,845)	(1,663,457,117)	(745,948,712)	-	-	(5,314)	(200)
Changes to affiliation status	2,670,163	(189,062)	-	-	-	-	-	-
Loans outstanding as at the end of the year	**3,034,886**	**397,214**	**221,769,956**	**309,894,684**	-	-	-	-
Current accounts		-	340,209,098	346,868,784	635,565	219,745		
Interest income	102,132	27,891	421,440	1,154,838	257	380	-	-

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FOR IDENTIFICATION PURPOSES
ERNST & YOUNG
Signed
Date 20.04.2022

34 TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

	Director and Executive Management		Parent		Other related parties	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
(ii) Deposits and borrowings						
At beginning of the year	5,497,615	3,540,514	173,990,926	-	1,445,293	1,186,506
Received during the year	24,093,903	23,595,836	27,855,529	178,819,970	1,689,338	1,402,222
Repaid during the year	(25,977,503)	(21,638,735)	(112,169,559)	(4,829,044)	(1,422,481)	(1,414,982)
Changes to affiliation status	27,785	-	-	-	48,158	271,547
Balance as at the end of the year	**3,641,800**	**5,497,615**	**89,676,896***	**173,990,926**	**1,760,308**	**1,445,293**
Interest expense	8,367	6,624	4,524,206	1,832,951	13,624	76,662

* On 22.09.2020, a loan was contracted from Intesa Sanpaolo S.P.A. in the amount of USD 10.0 million with the maturity date of 22.09.2025.

Other related parties are entities which are controlled or are significantly influenced directly or indirectly by members of the Board of Directors. In 2021 total salaries and short term benefits of the key management personnel was MDL 15,240,114 (2020: MDL 14,555,609).

In 2021, the total expenses with the representatives of Intesa Sanpaolo, which include the remuneration and accommodation expenses amounted to 0 (zero) MDL (2020: 0 (zero) MDL).

Remuneration of Board of Directors members in 2021 represented MDL 1,045,785 (2020: MDL 990,923).

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35 LEASING

The bank rents commercial space for the location of its branches and agencies as well as part of its car fleet. The contract duration varies between 36 and 60 months.
The analysis related to leasing contracts is presented below.

i. Right of use assets

Rights of use assets are presented in property and equipment (Note 20).

	Land and buildings	Vehicles	Total
At 1 January 2020	**21,344,415**	**3,755,623**	**25,100,038**
Additions	6,546,084	-	6,546,084
Disposals	(3,905,677)	-	(3,905,677)
Depreciation charge	(6,634,566)	(855,949)	(7,490,515)
At 31 December 2020	**17,350,256**	**2,899,674**	**20,249,930**
At 1 January 2021	**17,350,256**	**2,899,674**	**20,249,930**
Additions	20,557,006	-	20,557,006
Disposals	(6,602,259)	-	(6,602,259)
Depreciation charge	(4,596,236)	(855,949)	(5,452,185)
At 31 December 2021	**26,708,767**	**2,043,725**	**28,752,492**

ii. Liabilities from leasing operations (shown under other liabilities, Note 26)

	2021	2020
Carrying value at 1 January	**23,300,074**	**25,305,121**
Additions	20,557,006	6,546,084
Disposals	(3,604,156)	(2,540,273)
Payments	(9,861,908)	(10,168,457)
Interest expenses	2,057,976	1,929,858
Revaluation	(1,278,162)	2,227,740
Carrying value at 31 December	**31,170,830**	**23,300,074**

Contractual cash flows not discounted after maturity are shown in the table below.

	2021	2020
Under 1 months	6,192,510	4,325,464
Between 1 and 3 months	2,101,532	936,918
Between 3 months and 1 year	9,456,896	4,216,130
Between 1 – 5 years	13,419,892	13,821,562
Total leasing liabilities (Note 24)	**31,170,830**	**23,300,074**

iii. Amounts recorded in the profit and loss Statement

	2021	2020
Interest expense on operational lease (Note 6)	2,057,976	1,929,858
Expenses related to short term or low value items (Note 12)	935,990	1,036,056
Total	**2,995,987**	**2,965,914**

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35 LEASING (CONTINUED)

iv. Amounts recognized in the Statement of Cash Flows

	2021	**2020**
Operational leasing liabilities	11,923,397	12,098,293
Cash outflow due to leasing contract	9,861,908	10,168,457

36 SUBSEQUENT EVENTS

Events after the close of the financial year are treated regulatoryly by IAS10 Standard "Events after the reporting period", which classifies such events into two categories: events that existed at the end date of the year and events that occurred after the end date of the year.

The impact of the conflict between Russia and Ukraine is detailed in point b) below and is considered by the Bank an event that does not require adjustments to the financial statements of December 31, 2021, and this aspect is assessed for the analysis of going concern.

a) Impact of COVID-19

In the context of the COVID-19 pandemic, responding to the potentially serious threat that COVID-19 poses to the public health, the authorities of the Republic of Moldova have taken measures to contravene the epidemic, including the establishment of a special regime of entry and exit from the country, a special regime of movement on the territory of the country, the taking of mandatory sanitary - anti-epidemic measures, the prohibition of holding gatherings, public demonstrations and other mass actions, etc.

On January 10, 2022, in the Republic of Moldova, by the sequencing method, the presence of the Omicron strain was confirmed in a proportion of 10% of all the pre-selected samples, the others being the Delta strain (previously found during 2021).

In the context of the increased risk of further spread of the infection caused by Sars-Cov-2 virus, the potential for transmission of the Omicron strain, on January 13, 2022, the Decision of the National Extraordinary Public Health Commission (NEPHC) was approved, which extended until March 15, 2022 inclusively, on the entire territory of the Republic of Moldova, the state of emergency in public health declared by NEPHC decision no.61 of September 9, 2021, with the possibility of revising the given term depending on the evolution of the epidemiological situation at national level. Subsequently, in the context of reducing the incidence of infection caused by the Sars-Cov-2 virus, but also of the challenges arising as a result of declaring the state of emergency, in order to ensure an adequate degree of preparation and response to the COVID-19 infection, through the NEPHC Decision of March 14, 2022, the state of emergency in public health was extended until April 15, 2022. This decision did not significantly affect the activity of the Bank.

In its turn, the Bank carefully monitors the evolutions in the field in which it operates, as well as in the economic environment in general, as well as the effects of the economic measures applied at national and international level. The Bank's management has as permanent objectives to analyze the future impact of the Covid-19 pandemic on financial performance, to ensure an adequate level of own funds and liquid assets, to maintain lending to the real economy and to take appropriate measures to reduce the related risks.

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36 SUBSEQUENT EVENTS (CONTINUED)

b) Impact of the Russia-Ukraine conflict

On February 24, 2022, troops of the Russian Federation began to invade Ukraine. The ongoing military attack has led to and continues to generate significant losses, displacement of the population, deterioration of infrastructure and disruption of economic activity in the region.

In response, several jurisdictions, including the EU, the UK, the US, Canada, Japan and Australia, imposed economic sanctions to Russia (and in some cases to Belarus). In addition to imposing sanctions, an increasing number of major public and private companies have announced voluntary actions to reduce business activities with Russia and Belarus. These actions include plans to divest assets or discontinue operations in Russia/Belarus, reduce exports to or imports from these countries and discontinue the provision of services.

The conflict in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are likely to interact with and exacerbate the effects of current market conditions. Many sectors/jurisdictions are already facing the impact of rising commodity prices and increased raw material costs as consumer demand rises as the Covid-19 pandemic subsides. Supply chain bottlenecks stemming from the effects of the pandemic continue to persist and are exacerbated by labour shortages and trade frictions. These conditions may be significantly aggravated by the wider effects of the conflict in Ukraine, increasing inflationary pressure and weakening the post-pandemic global recovery.

This is an event that occurred after the close of the financial year and does not adjust the financial statements as at 31.12.2021, the quantitative effects of which cannot be established with a sufficient degree of confidence.

In accordance with the Decision of the Parliament of the Republic of Moldova no.41 of 24.02.2022, a state of emergency was declared on the entire territory of the Republic of Moldova for a period of 60 days. On the period of the state of emergency, the Commission for Emergency Situations of the Republic of Moldova will issue orders for the enforcement of several measures, including:

1) the establishment of a special regime for entry into and exit from the country;
2) establishing the special regime for the use of airspace;
3) the establishment of a special movement arrangements within the territory of the country, including as regards the movement and control of goods;
4) the expulsion from the territory of the country of persons whose presence may affect the ensuring of public order and state security;
5) temporary evacuation of citizens from areas that pose a danger to life and compulsory insurance; introduction of special rules for the use of telecommunications means, combating disinformation, fake news and hate speech;
6) prohibition of the resignation of workers, except for the cases provided by the normative acts, for this period;
7) the modification of the procedure for appointing and dismissing the heads of economic agents and public institutions;
8) the involvement of citizens for the provision of services in the public interest under the law;
9) carrying out, in the manner established by law, the requisitions of goods in order to prevent and liquidate the consequences of the situations that required the declaration of the state of emergency;

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36 SUBSEQUENT EVENTS (CONTINUED)

b) Impact of the Russia-Ukraine conflict (continued)

10) carrying out the necessary actions to protect critical infrastructure, as well as to ensure cybersecurity, etc.

As at 31.12.2021, the Bank had current accounts with SBERBANK and BANCA INTESA RUSSIA AO, with a total balance of exposure to these banks of MDL 3 million equivalent (gross exposure). On 21.03.2022, the Nostro account at Sberbank was closed, the balances being transferred to BANCA INTESA RUSSIA AO.

In addition, as of 28.02.2022, the Bank identified the exposure of customers that could be impacted by the military conflict through their business relations with companies from Russia and Ukraine. The total amount of exposures identified by the Bank is MDL 56 million. From this exposure, on 31.03.2022 only one client was classified in Stage 2 with a total exposure of MDL 19 million and an additional provision of MDL 2.2 million. The rest of the exposures are monitored by the Bank on a regular basis.

The Bank's analysis covers the period up to December 31, 2022. Stress tests show that even under the conditions of a stress scenario, the Bank has the ability to maintain an adequate level of prudential indicators, having a reserve for the capital adequacy indicator, as well as the level of liquidity risk. The management considers that in case of need it will obtain the support of the Group.

Taking into account the geopolitical situation between Ukraine and Russia, the Bank conducted an analysis of the loan portfolio and assessed the potential impact of customers who could be affected (i.e. those borrowers who have commercial links with economic agents in these countries, local clients who are or have subsidiaries of companies in these two countries, clients with relevant transactions with commercial/financial resources to Russia and Ukraine, local clients whose founders are from these countries, etc.). At the moment, no significant direct impact on the Bank's financial results from these borrowers has been detected.

At the same time, the Bank carried out a simulation in order to identify the possible negative impact that could affect the bank's capital and liquidity from a credit and market risk perspective. Thus, starting from some rather harsh and rigid assumptions, the results obtained certify a level of capitalization of the Bank adequate and sufficient to cope with the market shocks and a liquidity position (analyzed in the light of the LCR and NSFR indicators) sufficient to satisfy its claims.

Based on the information currently available to the public, the current key performance indicators of the Bank and considering the actions initiated by Management, we do not anticipate a direct and significant negative impact of the Covid-19 epidemic and the Russia-Ukraine conflict on the Bank, on its operations, financial position and operational results. However, we cannot exclude the possibility that periods of prolonged uncertainty, an increase in the severity of these actions or a secondary negative impact of these measures on the economic environment in which we operate will have a negative effect on the Bank and on its financial position and operational results, in the medium and longer term.

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36 SUBSEQUENT EVENTS (CONTINUED)

c) Other events

On January 20, 2022 a Loan Agreement was signed between JSCB EXIMBANK and the European Bank for Reconstruction and Development (EBRD) in total amounts of 5 million euro over a period of 5 years, in order to boost the competitiveness of micro, small and medium-sized enterprises in the Republic of Moldova. The loan agreement was signed under the EU4Business-EBRD credit line.
The new financing will allow borrowers to invest in more modern equipment and align their processes with European Union (EU) standards. Higher product quality and more efficient production in a safer and healthier working environment will help businesses to operate successfully both locally and on the European market.

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EXIMBANK

2021 Annual Report

Bank of INTESA SANPAOLO

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Message of the General Manager & CEO

Dear madames and sirs,

On behalf of the entire management team, I am honored to present the financial statements of EXIMBANK for the financial year ended on December 31, 2021 - year, in which we all learned to cope with new circumstances and adapt quickly, continuing to work effectively in all segments of life in a changed reality.

The safety of the Bank's employees and customers continued to be a top priority throughout 2021, applying all necessary measures to ensure it at the highest possible levels - being the starting point and basis for setting the modus operandi of the institution. Therefore, knowing various states of the epidemiological situation during the year, the Bank has constantly updated its stance on the mode of activity, with particular reference to Smart Working, in order to adjust its operating model to current circumstances in the field of public health but also that of business. In this regard, the Bank has acted in accordance with the policies of the Intesa Sanpaolo Group of which it is a part, successfully applying international best practices at the local level.

We are proud of the continuous success of the Parent Company and of the privilege of taking on successful role models in all areas of the institution's business. In 2021, Intesa Sanpaolo is reappointed by The Banker - the Financial Times Group publication - as "Bank of the Year in Italy", for its role in providing stability and supporting the collective effort towards recovery from the pandemic – areas in which the Group distinguished itself.

Intesa Sanpaolo's excellent full-year 2021 results reflect the Group's ability to create value for all parties involved. Intesa Sanpaolo remains one of the strongest international banking Groups, focused on sustainable growth, inclusion and social impact. Even under stress from the pandemic and while successfully merging UBI Banca, Intesa Sanpaolo continued to achieve excellent results, further strengthening its balance sheet and rewarding shareholders.

The challenges of the commercial sector characteristic of the period, have not been absent this year on the local market as well, but the high professionalism of the EXIMBANK Team, the consolidated efforts, the approaches based on advanced international standards and the good practices of the Intesa Sanapolo Group have made it possible to record impressive results in year 2021.

Some highlights from the 2021 results vs 2020 figures:

- net interest income increased by +24%, and operating income by +16.6%;
- the total loan portfolio enhanced by +20.3%, and that of deposits by +9.3%;
- the rate of non-performing loans improved, registering a decrease of -0.1%, which placed the Bank on the second position on the local market in the respective top;
- the net profit registered a very substantial increase of + 194%.

Being a responsible financial institution, EXIMBANK is aware of the significant impact it has on the social and environmental context in which it operates, thus choosing to act not only on the basis of profit, but also with the aim of creating long-term value for the

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Bank, its employees, customers, community and the environment. Thus, during 2021 has continued the series of projects and initiatives that come to strengthen the Bank's commitment to act socially responsible and provide support to the community continued. In this sense, EXIMBANK has especially manifest its support for young people and children, being an active promoter of financial education among them, but also of the healthy lifestyle, marking several events in the sports world, both of international and local importance.

In this regard, we also mention some valuable premieres, which the year 2021 brought in the Bank's activity and its impact on the community.

EXIMBANK offered for the first time a donation in response to a project proposal submitted by the Public Association "SOS Autism Moldova". The amount of 45,000 MDL was aimed at equipping the rooms, intended for the therapy of children diagnosed with autism, with the educational materials necessary for the efficient development of the therapies. We are very happy to be able to offer support in the form of this apparently modest amount of funding, but which has an imperative role for the future of many families in the local community, who are constantly making immeasurable efforts to integrate their children into society.

The field of sustainable development, of renewable energy sources is one actively supported by the Intesa Sanpaolo Group. Thus, we enjoy the opportunity to contribute, offering a sponsorship for the EBA conference "Green Energy Dialogue. Actions to follow", to the activity of the platform that aims to create an environment favourable to the development of the renewable sector, thus reaffirming our commitment to ESG risk management.

A high tone for the future period has been set in this regard by the variety of initiatives carried out during 2021 aimed at raising awareness of the environmental problem and the consequences of the human factor on it. Among them is the widespread marking of the International Environment Day, through the "Think Green, Act Eco" campaign, which enjoyed great popularity both within the team and for the general public.

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Being a usual business year, the financial excerise 2021 ending positively, the year brought an avalanche of events of major importance for the activity of EXIMBANK.

Thus, in October, Mr. Michele Castoro, who for 3 years capitalized his precious experience in the position of Deputy General Manager and Director of the Risk Area, ended his activity within EXIMBANK. On behalf of the management team, I would like to express my sincere thanks to Mr. Castoro for his valuable contribution to the development of the Bank and we are committed to protecting and multiplying this immeasurable contribution.

At the same time, I express my deep gratitude and appreciation to all the employees of the Bank, for the dedication and high professionalism that made it possible to record the impressive results in 2021.

My sincere thanks to EXIMBANK customers and partners for another year of trust and successful cooperation, to the Board members and shareholders for their support and contribution to the Bank's prosperity.

EXIMBANK – for all that counts.

Best regards,

Marco SANTINI,
General Manager & CEO

Key Financial Indicators

Indicator	UM	31 of December 2021	31 of December 2020
Capital		X	X
Share capital	mil. lei	**1,250.00**	1,250.00
Own funds	mil. lei	**966.21**	964.01
Total amount of risk exposure	mil. lei	**2,143.49**	2,188.44
Total capital ratio (≥ 10%)	%	**45.08**	44.05
Assets		X	X
Balance of non-performing credits debt (principal amount)	mil. lei	**71.36**	82.78
Balance of non-performing credits debt (principal amount) / Own funds	%	**7.39**	8.59
Balance of net non-performing credits debt (principal amount) / Own funds	%	**2.34**	3.78
Balance of non-performing credits debt (principal amount)/ Balance of credit debt (principal amount)	%	**3.61**	5.04
Balance of net non-performing assets / Own funds	%	**2.37**	6.13
Total past due credits	mil. lei	**45.75**	48.41
Monthly average value of interest-bearing assets/ Monthly average value of assets	%	**79.17**	77.52
The value of the maximum exposure to a client or to a group of connected clients / Eligible Capital (≤15%)	%	**0.03**	12.88
The value of the maximum exposure to affiliated person or to a group of connected clients with the bank's affiliated person / Eligible Capital (≤10%)	%	**0.27**	2.55
The sum of the aggregated amount of credit exposures to affiliated persons or a groups of connected clients with the bankвЂ™s affiliated persons / Eligible capital (≤ 20%)	%	**0.34**	2.59
Income and Profitability		X	X
Return on assets (ROA)	%	**0.54**	-0.60
Return on equity (ROE)	%	**2.28**	-2.41
Interest-related net income / Total income	%	**43.98**	40.90
Non-interest related expenditure / Total income	%	**78.94**	93.06
Annualised interest-related income / Monthly average interest-bearing assets	%	**5.10**	4.82
Net interest margin (NIM)	%	**3.92**	3.43
Liquidity		X	X
Principle I -Long-term liquidity ratio (≤ 1)		**0.89**	0.77
Principle II - Current liquidity ratio (≥ 20%)	%	**54.91**	56.37
Principle III - Liquidity on maturity bands (>1)		X	X
- up to 1 month inclusively		**2.07**	2.42
- between 1 and 3 months inclusively		**120.89**	91.24
- between 3 and 6 months inclusively		**50.83**	56.34
- between 6 and 12 months inclusively		**63.36**	56.29
- over 12 months		**14.80**	11.02
Sensitivity of Market Risk		X	X
Share of balance sheet assets in foreign currency and foreign currency-linked assets in total assets	%	**34.73**	37.46
Share of balance sheet liabilities in foreign currency and foreign currency-linked liabilities in total assets	%	**34.73**	36.95
Total balance sheet assets in foreign currency /Total assets	%	**34.73**	37.46
Total balance sheet liabilities in foreign currency /Total liabilities	%	**44.86**	48.09

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Macroeconomic Enviroment and the Banking Sector

Macroeconomics

Despite the difficulties of 2020, in 2021 the economy of the Republic of Moldova has managed to stabilize and register a significant growth. This is mainly due to a favorable agricultural year, as well as the resumption of external financing. However, the autumn gas crisis has led to a chain increase in prices, which, according to experts, will continue this year, being amplified by inflation of over 18%.

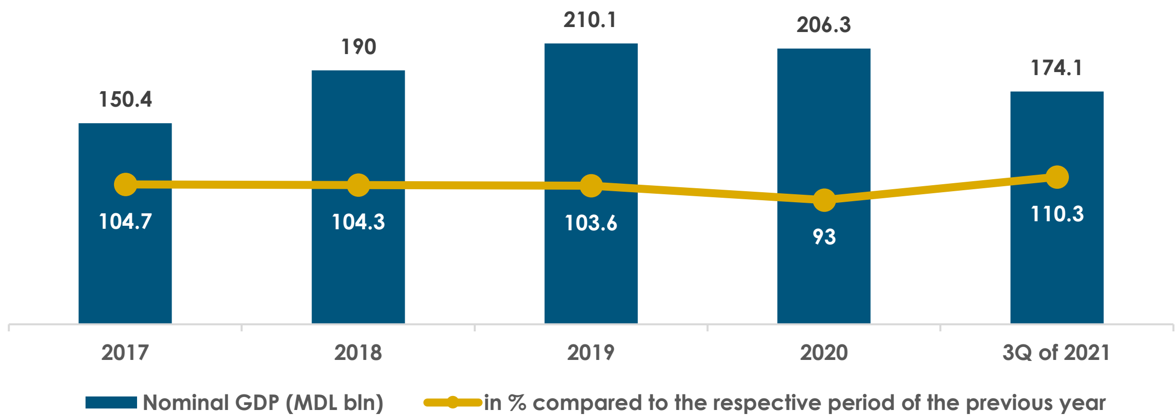
According to preventive information published by the National Bureau of Statistics, **GDP** for the first 9 months of 2021 amounted to 174.1 billion. lei recording an increase of the economy of 10.3% compared to the same period last year (table 1). The total gross value added per economy, with a share of 85.8% in the formation of GDP, contributed to the GDP growth by 7.2% in January-September 2021 compared to January-September 2020, the volume of GVA being increasing by 8.2 %.

The following economic activities have significantly contributed to GDP growth:

- Wholesale and retail trade; maintenance and repair of motor vehicles and motorcycles; transport and storage; accommodation and catering activities (contributed 1.5% to GDP growth), with a share of 19.6% to GDP formation and an increase in GVA on those activities by 7.6%;
- Public administration and defense; compulsory social insurance; education; health and social assistance (+ 1.5%) with a share of 12.8% in the formation of GDP and an increase in GVA on the respective activities by 12.1%;
- Agriculture, forestry and fishing (+ 1.3%) with a share of 9.5% in GDP formation and an increase in GVA on the respective activities by 14.3%;
- Extractive industry; manufacturing industry; production and supply of electricity and heat, gas, hot water and air conditioning; water distribution; sanitation, waste management, decontamination activities (+ 1.3%), with a share of 13.4% in GDP formation and an increase in GVA on those activities by 9.8%;

Negative contributions on the index of the physical volume of GDP had the net export of goods and services, contributing by 9.3% to the change of GDP, consequence of the more accentuated increase of the physical volume of imports of goods and services (+ 23.1%), compared of exports of goods and services (+6.5%).

Table 1. Gross Domestic Product (MDL bln; %)



Source: National Bureau of Statistics

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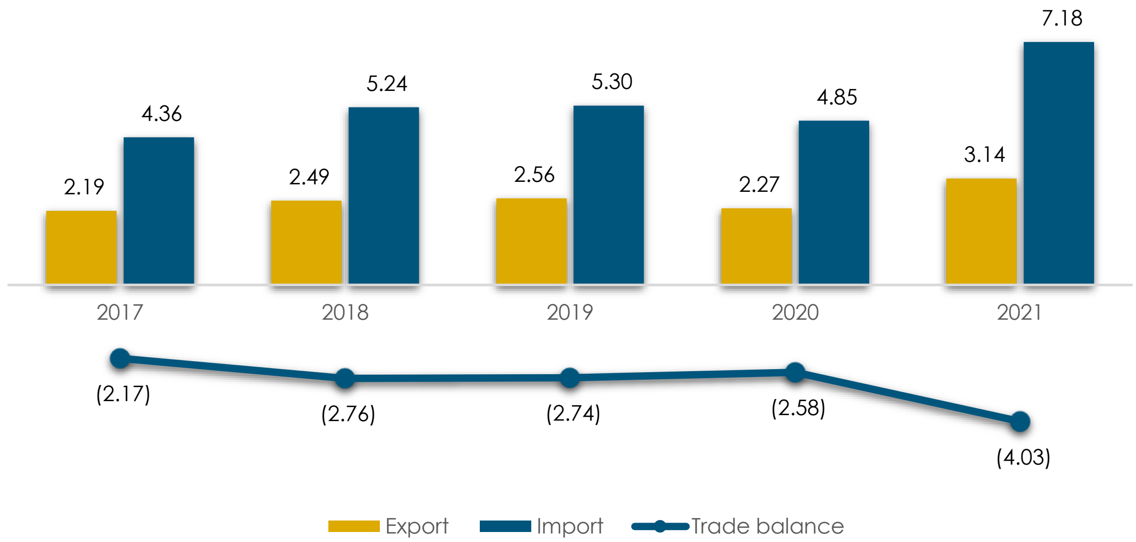
The favorable external environment and the increase in demand for goods in the main partner countries led to an increase in exports by 27.5% in 2021, amounting to US $ 3,144.4 million. At the same time, domestic demand, which is maintaining a positive trend, led to an increase in imports by 32.5%, reaching the value of 7,176.6 million US dollars. The considerable gap between exports and imports of goods led to the accumulation, in 2021, of a deficit of the trade balance amounting to 4 032.2 *(table 2)* million US dollars or 1083.3 million US dollars (+36.7 %) more compared to the one registered in 2020.

Table 2. Evolution of foreign trade (MDL bln)



Source: National Bureau of Statistics

The national public budget received revenues of about 67.9 billion. lei in January-November 2021, increasing by 22.4% compared to the same period in 2020. At the same time, 11.4% more expenses were made, amounting to about 70 billion. she. Thus, the budget deficit reached a level of -3.05 billion lei (-8.2 billion lei in the same period of 2020).

The official reserve assets maintained by the National Bank of Moldova on 31.12.2021 reached a value of USD 3,901.9 million, increasing by USD 118.4 million compared to the level registered at the end of 2020.

The annual inflation rate showed a sharp upward trend during 2021 after the downward trend of the previous year. In the fourth quarter of 2021, it was outside the range of 5.0% ± 1.5 pp. stipulated in the Medium-Term Monetary Policy Strategy. Thus, the annual inflation rate increased from 0.39% in December 2020 to 13.94% in December 2021 (*table 3*).

The upward trajectory of inflation was mainly determined by:

- increase in international prices for energy resources and raw materials
- increase in domestic demand due to the gradual overcoming of the COVID-19 pandemic;

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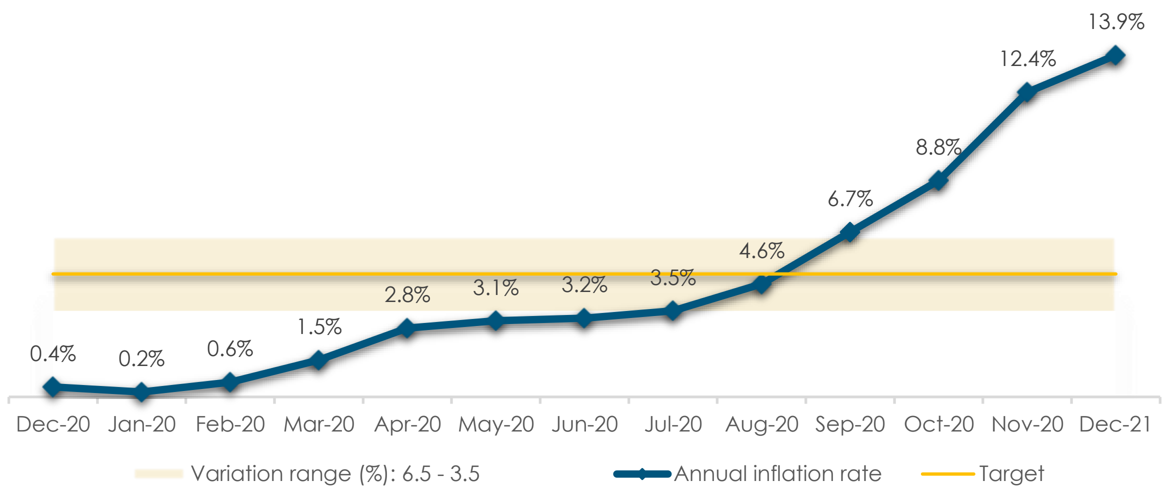
Table 3. Inflation Rate Evolution (%)

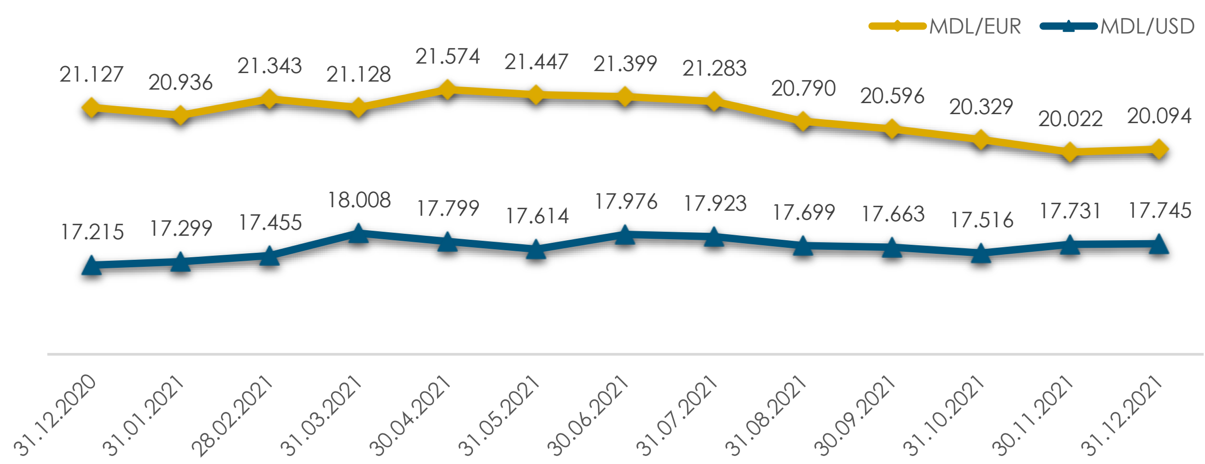


Source: National Bank of Moldova

From the beginning of 2021, the national currency marked a 3.1% depreciation against the US dollar in nominal terms (from 17,215 lei for 1 US dollar on 31.12.2020 to 17,745 lei on 31.12.2021). Against the Euro, the Moldovan leu appreciated by 4.9% (*table 4*). The main factors that determined the evolution of the national currency against the main currencies were: the fluctuations of the US dollar on the international foreign exchange markets (influenced the exchange rate of the leu against the euro and other currencies), the interventions of the National Bank of Moldova on the foreign exchange market.

Amid declines in the 2020 crisis period, investment activity has rebounded. In January-September 2021, the volume of investments in fixed assets increased by 16.6%, amounting to about 18.3 billion. she. The increase of the own investments of the economic agents oriented in new technologies, machines and equipment, as well as the increase of the public investments in the infrastructure development were the basic factors that influenced the increase of the investments.

Table 4. Exchange rate evolution



Source: National Bank of Moldova

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Banking Sector

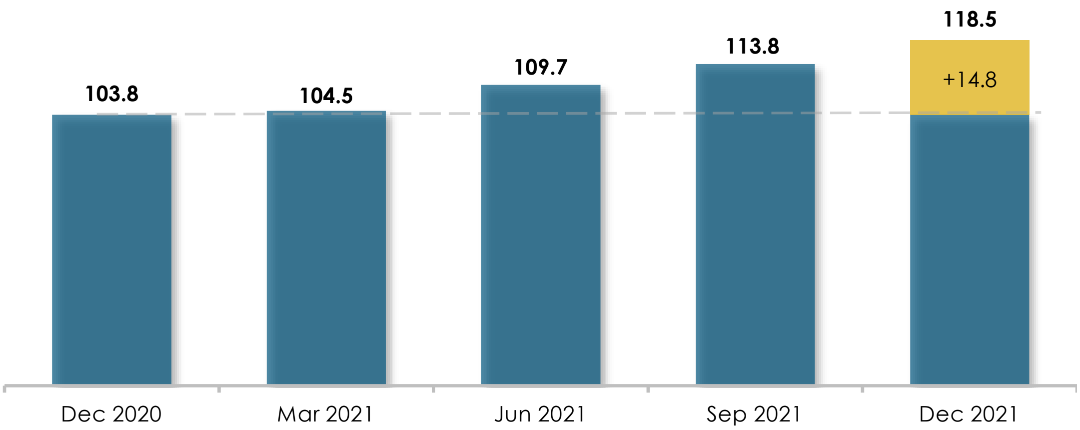
In recent years, the banking system has been in a position of support for the population, companies and the economy of the Republic of Moldova, in general, in this crisis caused by the pandemic. The impact of the pandemic is negative, but the potential gains we are likely to find at the end of the crisis are related to stimulating digital access to banking services and, paradoxically, increasing the degree of financial intermediation.

At the same time, reforms have continued for the development of a transparent and stable banking sector, which will provide the basis for the sustainable growth of the national economy. As of 31.12.2021, 11 banks licensed by the National Bank of Moldova (NBM) were active in the banking system, with about 8.3 thousands employees.

During 2021, the banking sector continued to consolidate its own funds, while maintaining a fairly high level of liquidity and profitability in times of crisis. Assets and deposits also continued to grow. Compared to the end of 2020, there was an increase in the loan portfolio in the banking sector. During the year, the share of non-performing loans in loan portfolios decreased, however, it remains quite high.

The total assets of the banking system (*table 5*) as of 31.12.2021 amounted to 118.5 billion MDL, increasing during 2021 by 14.2% (14.8 billion MDL).

Table 5. Dynamic of total assets (MDL bln)

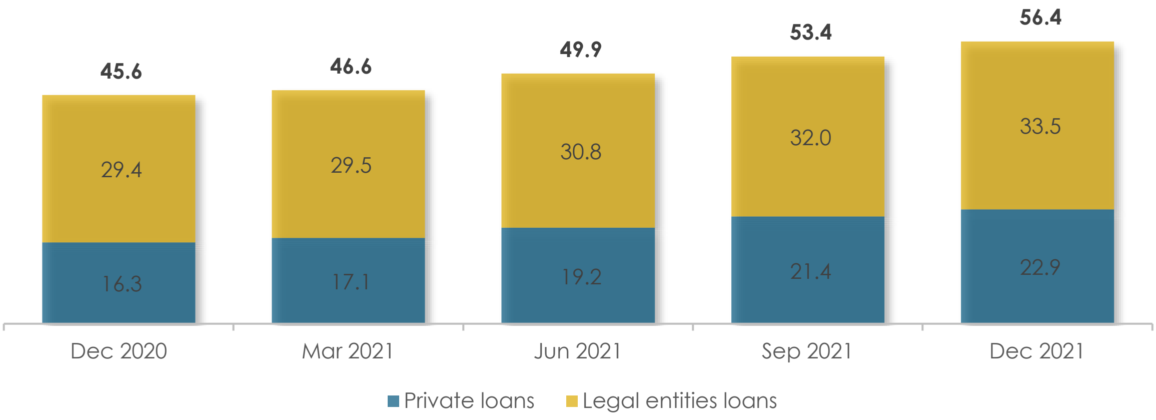


Source: National Bank of Moldova

At 31.12.2021, the loan portfolio (*table 6*) accounted for 47.5 percent of total assets or 56.4 billion MDL and recorded an increase of 23.5 percent (10.7 billion MDL) compared to 31.12 .2020.

The increase in the loan portfolio is mainly due to the increase in the credit balance of individuals by 44.6% (MDL 6.6 billion), which at the end of 2021 amounted to MDL 22.9 billion. At the same time, there is an increase in the loan portfolio of legal entities by 14% or 4.1 billion. MDL.

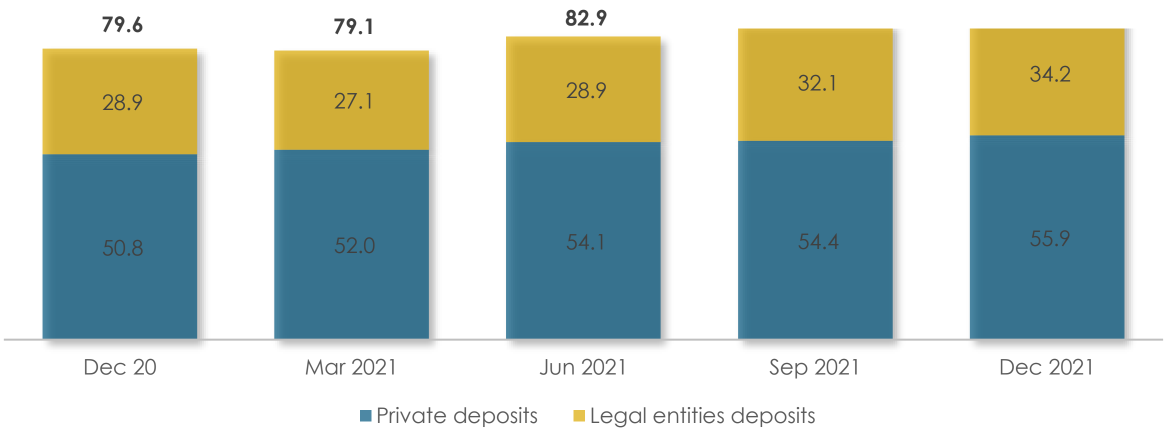
Table 6. Dynamic of total loans (MDL bln)



Source: National Bank of Moldova

During 2021, the trend of increasing the balance of deposits continued in the banking sector (*tabel 7*), which increased by 13.1% in the reference period, amounting to 90.1 billion MDL (deposits of individuals constituted 62.1% of total deposits, deposits of legal entities - 37.9%). Influenced by the increase in the volume of deposits of legal entities by 5.3 billion MDL (18.3%). Also, the balance of individuals' deposits increased by MDL 5.1 billion (10.1%).

Table 7. Dynamic of total deposits (MDL bln)

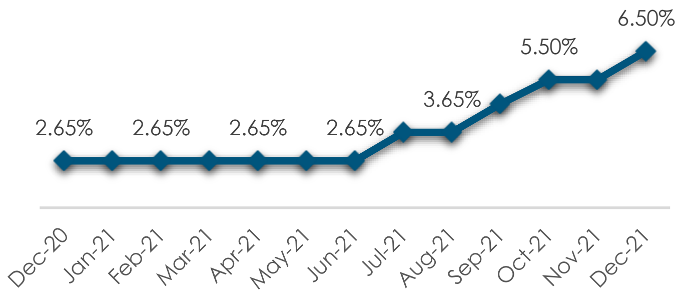


Source: National Bank of Moldova

Total Equity of banks during 2021 increased by 8.7 percent (1.6 billion MDL), amounting to 19.4 billion MDL. The increase in banks' capital was mainly due to the profit of MDL 2.3 billion.

After 5 consecutive decreases in the base rate during 2020 (285 bps) aimed at tempering the impact of COVID-19 on businesses as well as individuals, in 2021 after a three-step increase with a cumulative effect of 385 bps returned to pre-pandemic level *(tabel 8)*.

Table 8. Rate base



Source: National Bank of Moldova

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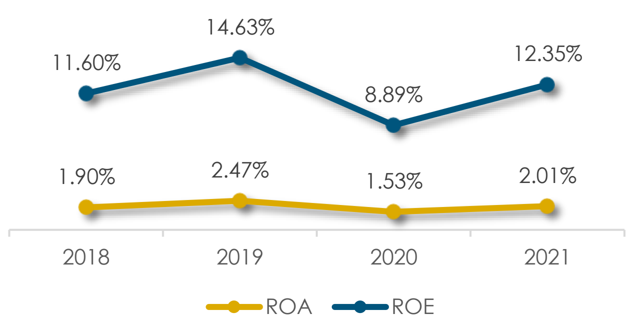
Table 9. Return on assets (ROA), Return on equity (ROE) in the banking system

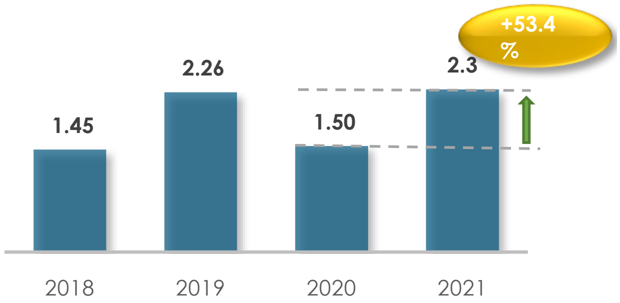


Source: National Bank of Moldova

At 31.12.2021, the return on assets (ROA) registered 2.01% and the return on capital (ROE) constituted 12.35% (*tabel* 9). The positive evolution of the banks' profit was a central factor that determined an increase of the main profitability indices.

At 31.12.2021, the profit for the year on the banking system amounted to 2.3 billion. MDL (*table10*). Compared to the previous year, the profit increased by 53.4%, mainly due to the increase of net interest income due to the increase of the loan portfolio as well as the increase of the base rate.

Table 10. Banking sector net profit (MDL bln)



Source: National Bank of Moldova

The business environment in the banking sector in 2021 was characterized by:

- banks are trying to adapt to the trend of "green" lending, to invest more and more in the digitization of services;
- strengthening the position of support point for the population, companies and economy of the Republic of Moldova in this crisis caused by the pandemic.
- the increase of assets, marked by the acceleration of lending and the volume of deposits, being the main growth engine. The banking system registering exceptional results in the perspective of the Covid-19 crisis.
- credit quality indicators continued to improve, the share of non-performing loans in the total portfolio decreased by 124 bps compared to the end of 2020, constituting 6.14% on 31.12. 2021.
- continuing the trend of consolidating own funds, at the same time maintaining a high level of liquidity and profitability.

In the context of inflationary pressures as well as the pandemic crisis during 2021, the main monetary policy instruments of the NBM have evolved as follows:

- the base rate increased - from 2.65% (December 2020) to 6.5% (December 2021);
- obligatory reserves for funds attracted in MDL decreased - from 32.0% (December 2020) to 26.0% (December 2021) and those in VLC remained unchanged at 30%;
- overnight loans and deposits rate increased - from 5.15% (December 2020) to 8.5% (December 2021) for overnight loans and from 0.15% (December 2020) to 4.5% respectively (December 2021) to overnight deposits.

General Presentation of the Bank and Highlights of the Bank's Strategy

General presentation of the Bank and of the Intesa Sanpaolo Group

JSCB "EXIMBANK" is a universal commercial bank, which offers quality services both for the corporate segment, which operates in all the branches of the national economy throughout the country, as well as for the retail segment. Currently, in addition to the traditional banking services package (cash and settlement operations, loans, opening and servicing deposit accounts, securities transactions), the bank offers hi-tech bank services and products, such as operations with bank cards ("VISA International" and "MasterCard International"), and products based on Internet technologies (Internet banking "EXIMBANK-ONLINE" for individuals and for legal entities, Mobile Banking for individuals). The territorial extensions, which represent an exceptional possibility of dissemination of banking services and products, offer the possibility of serving clients both in the capital and in the cities: Soroca, Balti, Orhei, Ungheni, Hincesti and Cahul. Thus, at the end of the reference period, EXIMBANK registers over 37 thousand active customers.

Since March 2018, EXIMBANK is part of Intesa Sanpaolo Group, after completion of the acquisition of 100% of EXIMBANK share capital by Intesa Sanpaolo.

Intesa Sanpaolo is Italy's leading banking Group – serving families, businesses and the real economy – with a significant international presence. Intesa Sanpaolo's distinctive business model makes it a European leader in Wealth Management, Protection & Advisory, highly focused on digital and fintech. An efficient and resilient Bank, it benefits from its wholly-owned product factories in asset management and insurance. The Group's strong ESG commitment includes providing €115 billion in impact lending by 2025 to communities and for the green transition, and €500 million in contributions to support people most in need, positioning Intesa Sanpaolo as a world leader in terms of social impact. Intesa Sanpaolo is committed to Net Zero by 2030 for its own emissions and by 2050 for its loan and investment portfolios. An engaged patron of Italian culture, Intesa Sanpaolo has created its own network of museums, the *Gallerie d'Italia*, to host the bank's artistic heritage and as a venue for prestigious cultural projects.

Our mission and reference values and principles

We work to provide quality banking and financial services to our customers and activate ways to promote development in all the areas in which we operate.

Conscious of the value of our activities in Republic of Moldova, we promote a style of growth that focuses on sustainable results and the creation of a process based on the trust deriving from customer and shareholder satisfaction, a sense of belonging on the part of our employees and close monitoring of the needs of the community and the local area.

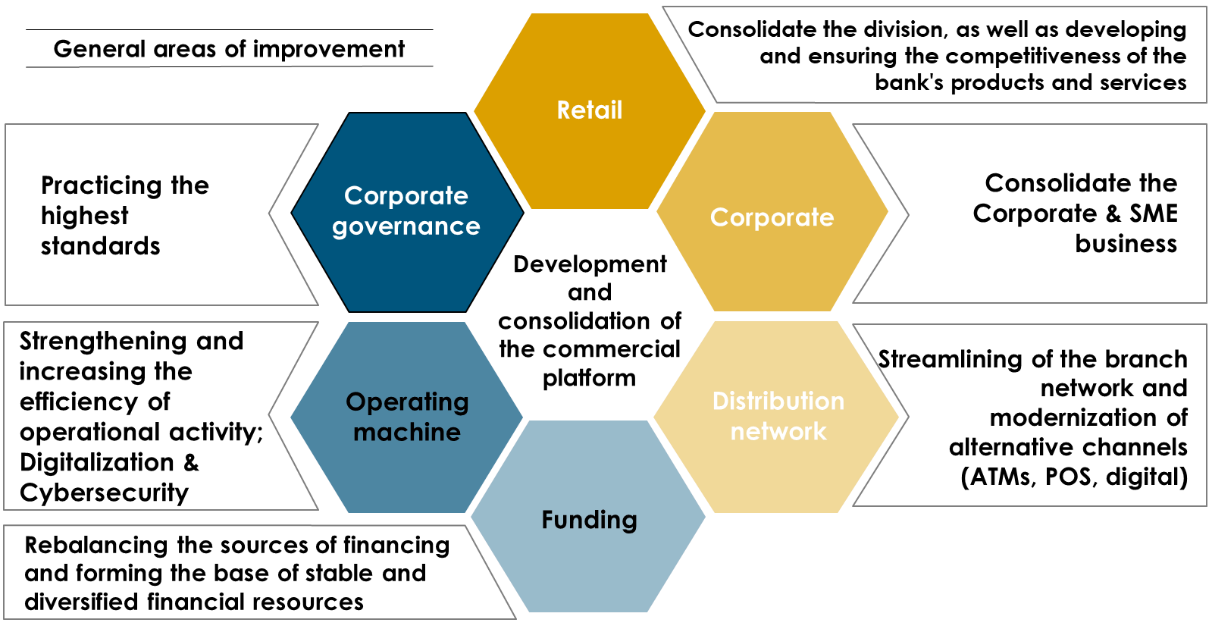
We compete on the market with a sense of fair play and are ready to cooperate with other economic entities, both private and public, whenever necessary to reinforce the overall capacity for growth of the economy of the countrie in which we operate.

We take responsibility for prudent savings management, we commit to extending free access to credit and financial instruments, and we support sustainable development of the entrepreneurial system, aware that our decisions have a significant direct and indirect impact on the natural environment and on the community. We want to contribute to the growth of the well-being (not only material) of both by supporting and implementing cultural initiatives and projects for the common good.

Our growth strategy aims at creating solid and sustainable values from the economic and financial, social and environmental standpoints, built on the trust of all our stakeholders and based on the following values: integrity, excellence, transparency, equality, responsibility in the use of resources.

Highlights of the Bank's Strategy and Planned Development

EXIMBANK plans for the next three years an ambitious strategy to reinforce the position of the innovative bank by aligning itself with the highest European banking practices as part of the ISP Group. Also, to ensure the continuity of its activity in optimal financial conditions for growth and to meet the requirements and needs of customers, employees, shareholders and the company, while offering the protection of their interests.



An illustration of the key steps is represented by the diagram above. The bank will continue to keep the pace with the overall ISP Governance process by synchronizing its internal control system and the bank's governance to the one of the parent.

Retail

The retail strategy is grounded on several pillars, such as focusing on the identified niches generating profits, developing and completing the Distribution Network team with experienced employees in Retail segment, optimization of processes, and ongoing alignment of the internal normative framework to the standards of the Group Intesa Sanpaolo.

As practical steps, the retail team would work towards the:

- Focus on high value clients for the bank: acquisition of new upper mass and affluent clients from the segments with high potential: IT, healthcare, financial companies, communications, international bodies and organizations
- Extension of active clients' portfolio, to be served with a wide range of banking solutions according to their needs;
- Consolidation of the product offer for Retail clients through application of the competitive pricing and increasing the accessibility of the Bank's products and services;
- Increasing commercial effort in lending activity, focusing on complex products related to combined mortgages and personal loans.

Corporate and SME

Consolidation of the Corporate and SME functions has taken the next level: the functions have been centralized, the teams have been created and running and the corporate production revigorated. To better serve the clients' needs the corporate area plans to implement segment analysis which will enable the bank to individualize approaches to clients.

As a general process, the corporate area aims to:

- Focus on digital transformation: Instalation of Automated Distribution Machine, enhancement of Mobile Banking for LE, development of new functionalities for ADMs;
- New Service Model for Legal Entities: creating remote advisor concept in order to provide qualitative and fast service to the Legal Entities clients;
- Focus on importers and exporters: Due to low cost of funding in EUR Bank can obtain a better interest margin and to increase the loan portfolio.

Distribution network

The distribution network is the structural pillar of the strategy and the compelling force for a sound commercial activity of the bank. The bank is continuously analyzing the feasibility of improving its distribution network by relocating and / or expanding the network as well as expanding and modernizing, the bank card service infrastructure (ATMs, POS-terminals).

Funding

Continuous monitoring of the funding basket and its associated costs to ensure the proposed business objectives. Considering the commercial results from 2020, the achievement of the loans / deposits ratio at the level of 50% by 2021, within the Business Plan 2019-2021 has already been reached in 2020, thus paving the way for its improvement at a solid level as that of international subsidiary banks

Operating machine

Continuous analysis of the bank's operational activities in order to identify opportunities to improve the organization of business processes, so that they bring added value to the institution, respecting the optimal cost - benefit ratio.

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Retail Banking

Private Individuals

- Maintaining of market share in order to increase the dynamic of all commercial and financial indicators.
- Continuous implementation of new products and services, along with improving digital channels.

Improving of the commercial efficiency is kept as one of the main objectives of the activity of EXIMBANK during 2021, focusing on cost reduction, process improvement, workflows optimization, more efficient usage of the resources.

Among EXIMBANK'S core priorities the basic ones are considered the following: customer orientation, increasing the clients' satisfaction degree, optimization of commercial animation efficiency by implementing, in cooperation with the Intesa Sanpaolo team, of the commercial management tools, standardized sales practices, segmentation of customers portfolio and establishment of dedicated managerial relationship.

In 2022 EXIMBANK will keep developing technologies, extension of the market share on private individuals' segment, following the aim to be recognized as a reference bank on the market.

The efforts of the commercial team during 2020 were aimed at developing products and services that fit the needs of existing and potential customers.

The Retail segment has shown a continuous evolution and an upward trend in 2021. The basic principles that ensure continuous growth are: establishing long-term relationships with clients and partners, promoting mutually beneficial collaboration, proactivity and continuous support of individual and professional projects of clients.The customer portfolio growth continued its ascending trend in 2021, thanks to high-quality products and services tailored to market requirements, commercial network modernization, team professionalism and increasing sales support from the Bank. The dynamics of the number of active clients - private individuals – registered an increase in 2021, reaching 34,06 thousand customers at the end of the year, representing an increase of 2,81% as compared to the end of 2020, consolidating thus position on the Republic of Moldova banking market.

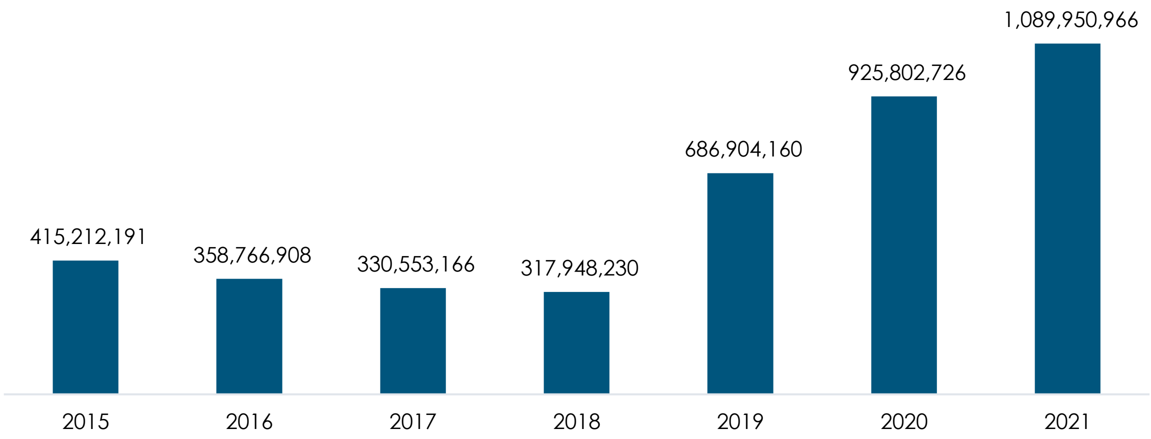
In order to promote consumer and mortgage loans, during the year 2021 the seasonal promo campaigns and special offers were continued, all dedicated to different customer segments. Thus, the clients beneficiaries of credit cards have received MC Gold cards free of charge within the campaign "Card de credit Ciao Gold".

In 2021, new price offers were approved for consumer loans for individuals, which have as an associated product the accident insurance policy. In exchange for a price reduction, the customer benefits from the accident insurance policy. This offer has helped to increase the level of penetration of Bancassurance loans and products.

In the reporting year, EXIMBANK was developing partnerships with developers, real estate companies which will contribute, through mutually fruitful collaboration, to accessibility and popularization of mortgage loans in the Republic of Moldova. At the same time, in 2021 we endeavored to improve its financing terms and extend its mortgage loans to provide customers with the most favorable terms for the purchase / construction / refurbishment of their home. According to market data, EXIMBANK ranks on the 5th place in the banking sector, according to the number and outstanding of the mortgage loan portfolio at the end of 2021, with a market share over 7,9%, which makes up a growth around 1,7 b.p. as compared to 2020.

Despite the volatile market conditions, including fierce competition and the challenges of aligning to the standards of Intesa Sanpaolo Group, the bank considerably improved its position on the market. The total loans granted to private individuals in 2021 reached the level of 1.089 million MDL, placing us on the 5th place on the banking market, due to the business policy of the Intesa Sanpaolo Group, based primarily on transparency, excellence and stability, principles which EXIMBANK is guided, as a part of one of the most powerful financial groups in the world.

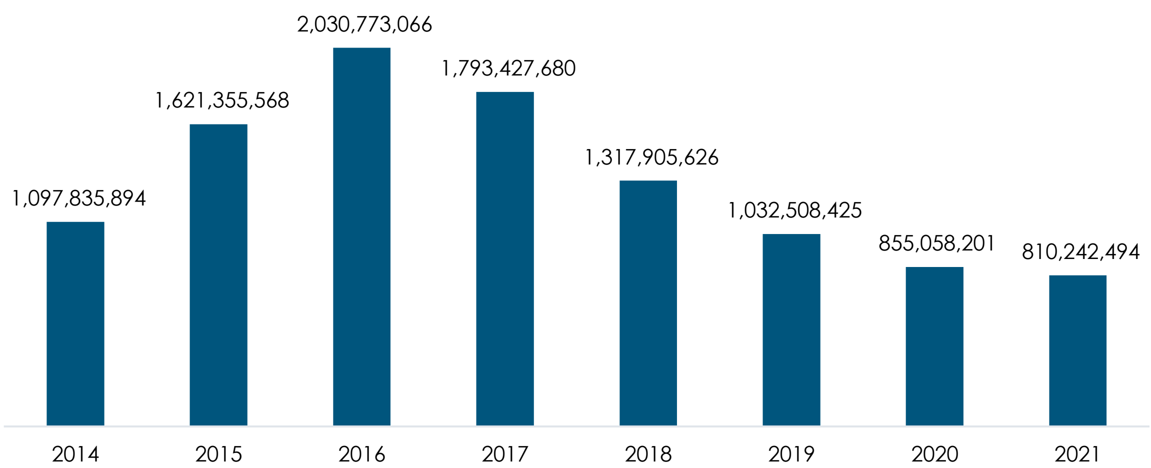
Dynamics of credit balances granted to individuals, (in MDL)



Starting from the level of the Bank's liquidity which was more than enough, in general and on each currency in particular, during the reporting year the Bank's main objective was to ensure a continuous trend of lowering the cost of financing. As a result, the Bank recorded an slight assumed and planned decrease in the volume of term deposits accepted from individuals.

Noteworthy, It should be noted that in 2021 the interest rates were increased for several deposits with a term from 3 to 12 months, which will ensure the attraction of new liquidity. This will create the opportunity to build new customer loyalty.

Dynamics of term deposits, accepted from individuals, (in MDL)



The Bank's commercial activity focused on continuous development in 2021 by addressing concepts that are supposed to support an upward trend in both the quality of customer interactions and their effectiveness.

Bank cards

During 2021 EXIMBANK focused on the modernization of the products, services and applications related to the field of bank cards, as well as, their compliance with the standards and norms established by the International Payment Systems.

More than a year after the launch of the premium VISA SIGNATURE product, we managed to increase the number of holders by 50% compared to the previous year. Another project, no less important, was the extension of CASH-IN ATMs, which offer the possibility to supplement the card simply and conveniently, without depending on the work schedule of the Bank's subdivisions and without the need for a document Identity.

At the same time, the modernization practices launched in 2020 were taken into account, which were intensified in 2021, namely:

- Replacing old Chip cards with new Contactless cards. In this regard, EXIMBANK has launched a centralized process by which all old salary cards have been replaced.
- Replacing the old POS Terminals with the new Contactless Terminals.
- Increasing the number of merchants of POS terminals.

In order to ensure the development of the banking activity in line with the changes related to the regulatory framework and the banking processes, at the same time in order to be competitive on the banking market, the following have been performed:

- Have been updated the General Banking Conditions for Individuals.
- Have been modified and supplemented the tariffs for issuing and servicing Debit and Credit cards.
- Have been organized various promotions on credit cards.

Direct Channels and Electronic Services

In 2021, we emphasis on remote communication channels, thus respecting the restrictions imposed by the authorities, according with pandemic situation in the country. Electronic services have been continuously improved and the first version of mobile banking has been launched, on production. All to increase customer expectations and turning the bank into a digital business.

During the year, several branches were modernized and aligned to the standards of the Intesa Sanpaolo International Group. The bank's ATMs have also gone through the modernization process, which have not been changed for more than 10 years. Thus, the ATM network was expanded by installing 4 new ATMsand 3 new ADMs were installed, which will be able to fulfill the function of one-stop shop for the bank. The ATM fleet has been renewed: 14 old type ATMs have been replaced with the same number of new generation ATMs.

Considering that more and more customers prefer to communicate through digital channels, we plan to maintain the result of incoming calls on average of 2600 per month and to convert them to the maximum in sales. In order to increase the number of sales, we have started to implement new active sales methods such as Telemarketing.

As a result of the evolution of the pandemic and the restrictions imposed by the government, a large majority of companies have moved to work from home, which has promoted in particular the demand for online financial services. Thus, during 2021 we notice to increase the number of visitors to the website to 394,279 unique visitors and approximately 1.4 million page views with an average duration of 01 min 24 sec. These leads being transformed into approximately 16,578 dialogues formed with the operators.

Among other things, during 2021, EXIMBANK aims to increase the number of followers on Facebook pages with approximately 971,825 thousand page views and approximately 333 thousand interactions, maintaining such results on Instagram and LinkedIn.

The total number of customers using Internet-banking has increased almost 2 times compared to the previous year, reaching the figure of 8710, individuals. If we analyze the dynamics of users, we observe a constant monthly increase of 10-15%, and an increase of 79% compared to the previous year, respectively, both in terms of total volume and types of transactions, namely payments, transfers and exchange operations. This growth is due to the fact that the Mobile Banking application has been launched.

In order to keep up with new technologies and meet customer requirements, during 2021, several processes have been automated and improved, both for individuals and legal entities, users of EXIMBANK Internet-Banking.

Business Network

In 2021, the Bank's process of transformation and reorganizatio according to the standards of the Intesa Sanpaolo Group continued. At the end of the year, the Bank has a network of 17 Branches, of which 11 in Chisinau and 6 in other regions of the country.

Also this year, several branches were subjected to the rebrading process according to the standards of the ISP Group. The Branches no. 1, no. 7 and no. 18 were relocated in new premises.

The new branches of the bank have a modern appearance, pleasant in accordance with the basic elements of the Intesa Sanpaolo Group: the delimitation of space, colors and materials, internal and external signage, ergonomics of the places of work, rules of commercial advertising, as well as standardized processes of sales, including the proactive behavior of Front Office staff: top-level consulting, offering solutions and alternatives, all of course in a warm and welcoming manner.

The main directions followed in 2021:

- Launching the Mobile Banking application for the Bank's customers - individuals in order to provide the client with a broad spectrum of remote services;

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- In order to serve customers more qualitatively it was implemented the CRM tool which allows to manage the relationship with the clients at a higher level, and makes easier the process of identifying the clients' needs.

Development prospects for 2022:

- Relaunching of credit card loan products for individuals;
- Supporting the private environment in Rep. Moldova by launching products for Small Business;
- Launching the Mobile Banking application for the Bank's customers – legal entities in order to provide the client with a broad spectrum of remote services;
- Launch instant transfers from card to card - P2P.

Our mission is to contribute to the development of the clients' business, meeting their needs by offering high quality services and products.

Our goal is to become - Bank Number One, chosen by our existing and future clients.

Small Business Segment

General Provisions

In 2021, the process of developing the Small Business segment continued as a result of the improvement actions in the given segment. The EXIMBANK network, being the main financial services delivery channel of the bank in the Small Business field, plays a key role In the development of this segment, thus its reconfiguration / optimization is an important part of the bank's commercial strategy. This process continued both by improving the level of knowledge in the field of financial analysis of customer relations managers by organizing trainings including promoting and selling Small Business products, as well as by developing and conferring more credit and non-credit offers, designed to satisfy the needs of current / potential customers in this segment. In this respect, in 2021 the Bank came up with a lot of attractive promotional credit campaigns, which allowed clients to benefit from uninsured loans with real collateral.

The Bank's main objective in the Small Business segment for 2022 remains to focus on building business solutions for its customers, based on a customer-centric approach, which involves meeting customer expectations and adapting to their specific needs. The Bank's efforts focused on the continuous improvement of the satisfaction of the clients legal entities and the strengthening of their loyalty, by creating a dynamic organizational environment, able to face the challenges arising from an ever-changing ecosystem. From the perspective of the customer service model, the managers responsible for clients act as financial-banking advisers, offering financial advice and assistance in identifying the most suitable products and financial solutions so that the clients' decisions are made based on correct information, which informs them. supports development plans.

Loans

EXIMBANK offers its customers the following structure of products for the **Small Business** segment:

- Ordinary credit
- Credit line

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- Investment Credit
- Commercial mortgage
- Business credit card

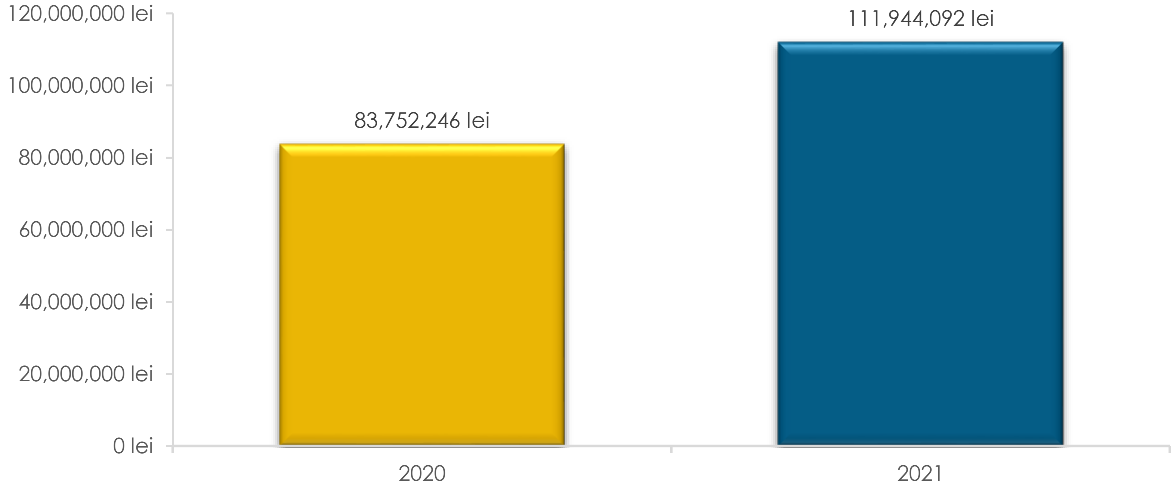
Of which credits for the **agricultural sector**:

- Agrario Stagione
- Agrario Stagione Verde
- Agrario Investo
- Agrario Futuro

Each product has been designed to meet the needs and possibilities of customers both on time short as well as medium and long term.

⇒ ***Statistic Data***

The loan outstanding for legal entities in the Small Business segment at the end of 2020 increased by about 28,2 million lei compared to the one of 2020 due to the efforts of the commercial network. Even under these conditions, the Bank continued to offer a broad spectrum of competitive lending services and products, in order to meet the requirements of financial resources for investment purposes or to supplement the working capital, both from existing and potential clients. Also, in 2021, the clients from the Small Business segment benefited from the advantages offered by the collaboration between the Bank and ODIMM, as a result of which they benefited from financial guarantees, in order to insure the requested loans.



B.C. "EXIMBANK" S.A. it tends to lend to all sectors of the national economy, the distribution of the loan portfolio by branches reflecting their development trends. The diversification of the loan portfolio, as one of the basic directions of the bank's lending policy, has allowed the granting of credit resources by implementing different projects in a number of economic sectors. Thus, it is worth noting the diversity of branches credited by the bank, here being found representatives from all sectors of the national economy.

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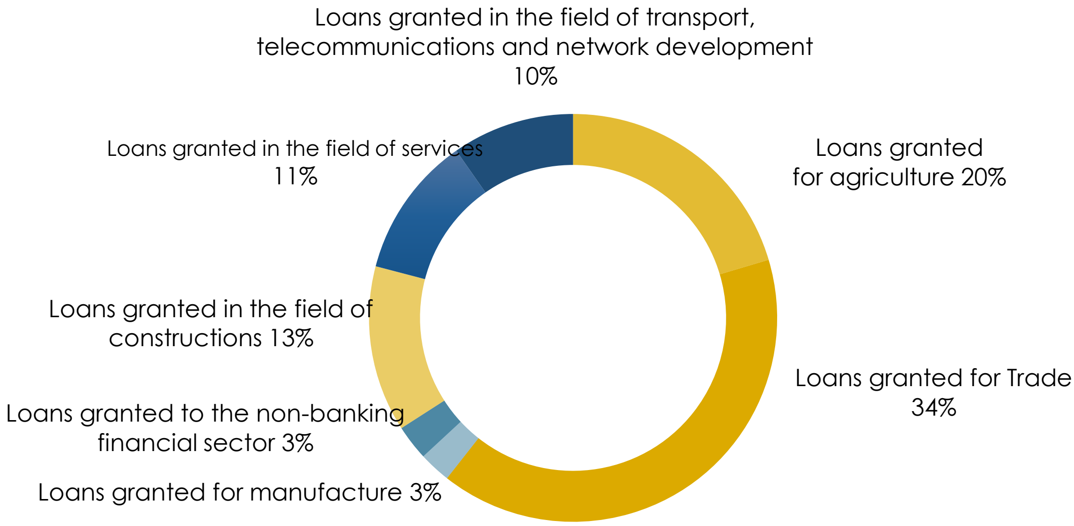

Improving the commercial efficiency remains one of the main objectives of the activity of BC "EXIMBANK" S.A. during the year 2022, focusing on improving the products, but also on the credit processes, with an emphasis on speed and safety. In order to ensure the repayment of loans, the bank has adopted tough requirements regarding the quality and liquidity of the pledges, which, as a secondary source, together with the continuous improvement of the methods and procedures for evaluating the credited projects and the diversification of the loan portfolio by branches, contribute to minimizing the Bank's credit risks and maintaining at a high level of profitability of the lending activity.

Deposits

The total volume of deposits placed in the Bank by legal entities from Small Business segment decreased compared to 2020, by about 2%. This decrease is influenced by the decrease of national currency deposits, by about 6% compared to 2020.

	2019 **(equivalent în MDL)**	**2020** **(equivalent în MDL)**	**2021** **(equivalent în MDL)**
Deposits (MDL)	48 043 519	41 992 000	39 560 549
Deposits (Foreign Currency)	16 092 727	2 429 559	4 070 172
TOTAL	**64 136 246**	**44 421 559**	**43 630 721**

Goals ans Strategy for 2022:

⇒ Optimization of the sales process;
⇒ Increasing the number of active customers;
⇒ Optimization of the sales workflow by simplifying the lending process, reducing response time and increasing efficiency;
⇒ Digitization of products and services offered by the Bank;
⇒ Continuous training of the sales force: improving the relational skills of the sales force, suitable for a professional business environment.

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Corporate Banking

During 2021 year, "EXIMBANK" JSCB continued the implementation of its long-term development strategy established by its shareholder - Intesa Sanpaolo SpA (ISP).

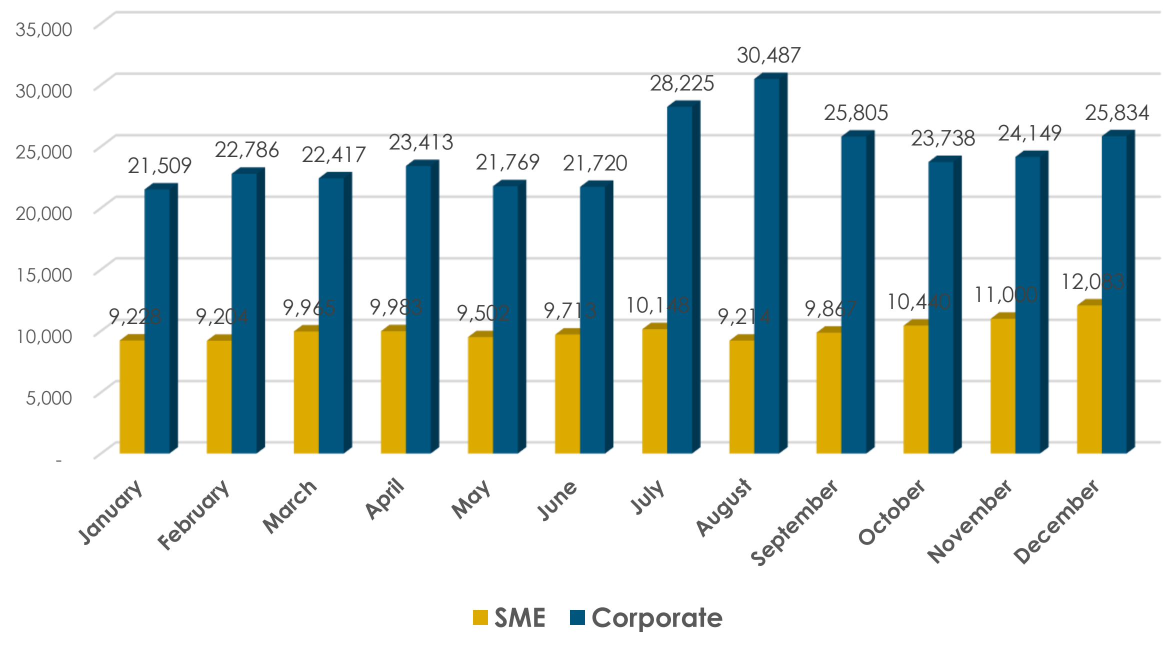
The main priorities of the Corporate & SME Division were:

- Cultivating the Bank's brand by increasing customer relationship management;
- Defining and adapting business processes to the development objectives of the ISP Group;
- Align the range of products and services for the Corporations and SMEs segment, in accordance with market and customer demand;
- Increasing the quality of the customer portfolio and sales.

In terms of financial results, during 2021 Corporate and SME clients benefited of:

- Disbursed loans in the amount of 765 mln. MDL (~37,7 mln. EUR), which represents 87,2% of the total amount of credits granted to legal entities by the Bank;
- Bank guarantees amounting 37,9 mln MDL (~1,8 mln. EUR), which represents 72,1% of the total amount of bank guarantees approved to legal entities by the Bank.

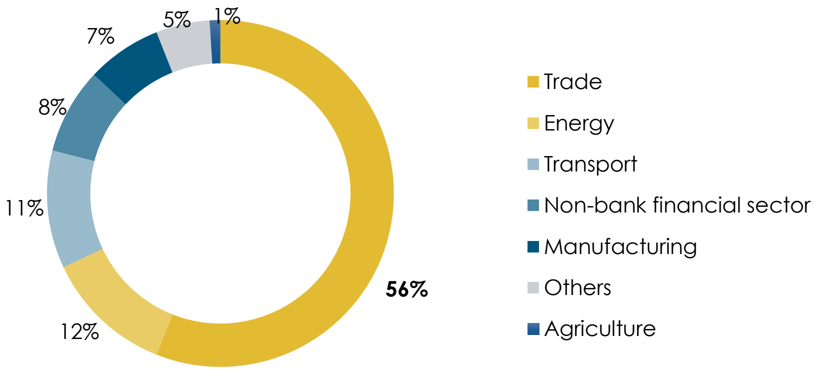
Outstanding of loan portfolio in 2021, EUR '000



- The Bank's market shares on Legal Entities increased up to 2,65% in 2021 from 2,46% in 2020.
- 2021 ended with a total O/S of Corporate and SME loans in amount of 37,7 mln EUR which is higher by 24% vs 2020.
- Quality of Corporate portfolio improved significantly. NPL for Corporate and SME clients reached 1,3% of the portfolio as at 31.12.2021 compared to 1,8% as at 31.12.2020.

The managed portfolio is a diversified one in terms of sectorial concentration, covering a wide range of activities, such as: trade, energy, transport, non-bank financial services, manufacturing, agriculture, and others. The breakdown by sector of the approved credits in 2021 to the Corporate and SME clients is presented in the graph below.

Division, by sector, of the Corporate & SME loans as at 31.12.2021



The main objective of the team in 2021 was to apply individualized approach and to identify suitable solutions for each client in order to strengthen long-term partnerships. Thus, it has been confirmed that the range of banking products and services for customers in the managed segment is easily adaptable to the needs of each client. At the same time, taking into consideration the rapid digitization of the business environment, greater attention is paid to the modernization of electronic products and to remote banking, which allows the bank's services to be adapted to the daily needs of the bank's customers.

For the Corporate & SME Division, the development of long-term relationships with corporate clients is essential for our overall strategy, and the year 2021 has proved to be a successful one in this regard.

The activity of consolidating and developing the partnership relations with the largest companies of the national economy, collaborating with successful companies and facilitating the development of international business, represented in 2020 our priority directions.

Goals and Strategy for 2022:

- Aquisition of new high value clients;
- Develop products in line with market practice and ISP rules;
- Digital transformation;
- Diversification of international funding sources.

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Treasury Activity

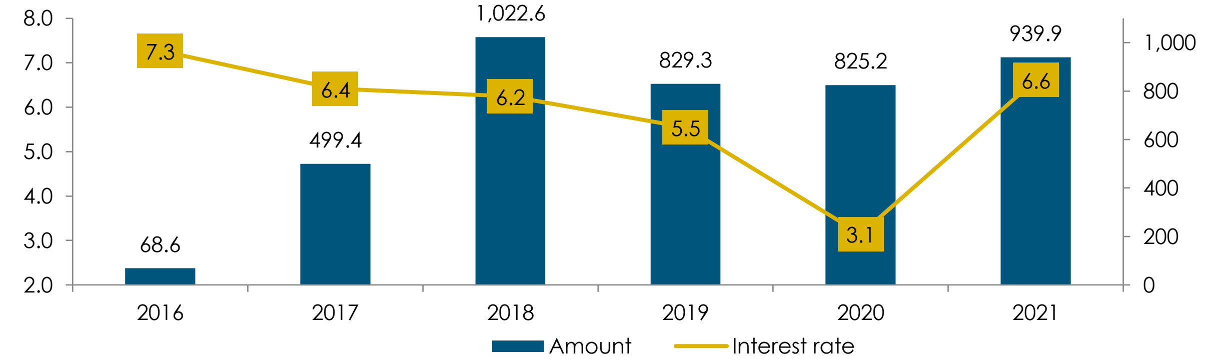
The Treasury & ALM Department manages the liquidity of the Bank in all currencies; manages the Bank's financial portfolios; manages the currency position of the bank in order to efficient manage of FX risk. The Treasury & ALM Department perform a wide range of transactions on the monetary and FX markets, in order to manage the afore-mentioned activities. Furthermore, the Treasury & ALM Department ensures fulfillment of all relevant regulatory requirements and constraints, as well as provides transaction execution services for clients, in co-operation with the business subdivisions.

The year 2021 was marked by a slight recovery of the economy, the relaunch of external financing, but also by crisis in energetic sector towards the end of the year. Economic rise was mainly due to the acceleration of growth in domestic consumption, investment activity and the revival of economic activity. The restoration of the domestic demand, increase of the international prices for energy resources and for raw material - these factors gradually led to the continuous intensification of the inflationary processes. The annual inflation rate exceeded the upper limit of the inflation target range set by the National Bank of Moldova (5% +/- 1.5%), amounting to 13.94% (December 2021). In these conditions, the National Bank of Moldova has consistently promoted restrictive monetary policy measures, increasing during the year 2021 the base rate from 2.65 p.p. up to 6.50 percent annually. The respective decisions of the regulator is were aims were intended to attenuate inflationary pressures, to create monetary conditions for stimulating savings at the expense of lending and immediate consumption, creating preconditions for the return of inflation in the aforementioned range of ± 1.5 percentage points from the inflation target of 5.0 percent in the medium term.

The Treasury & ALM Department managed the securities portfolio, investing in highly liquid financial instruments, strictly in accordance with the provisions of EXIMBANK's Financial Portfolio Policy, which is in line with Intesa Sanpaolo Group high standards and establishes the general portfolio management framework. as well as the maximum limits for investment activity.

On July 30, 2021, the Board of Directors of EXIMBANK approved the revision of EXIMBANK'S Financial Portfolio Policy, which increased the maximum limit of the Bank's investment portfolio. The approval of these changes allowed EXIMBANK to diversify the bank's investments by maturity and increase the yield of investment portfolio.

Total Securities Portfolio at end of year (mil. MDL / %)



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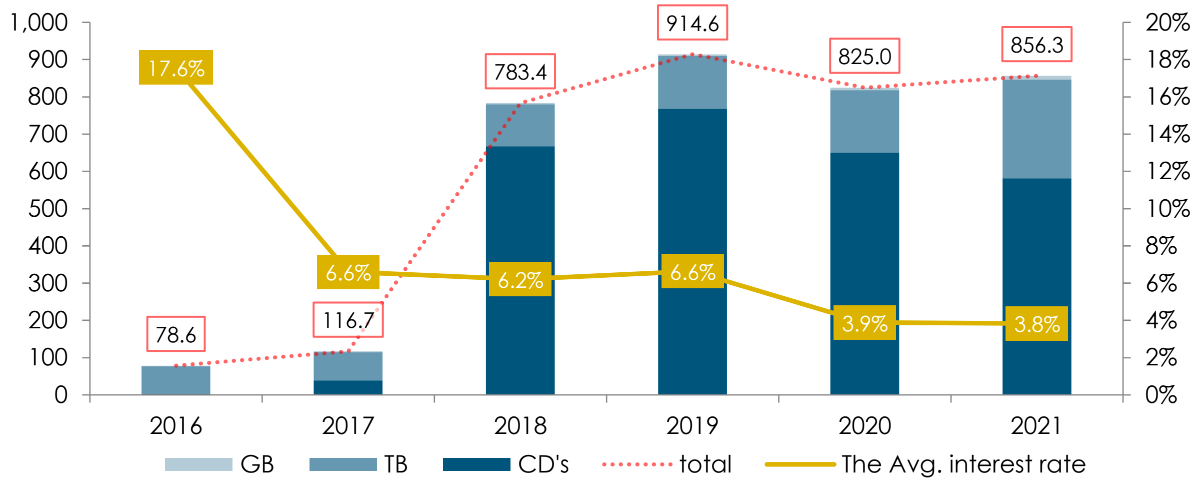
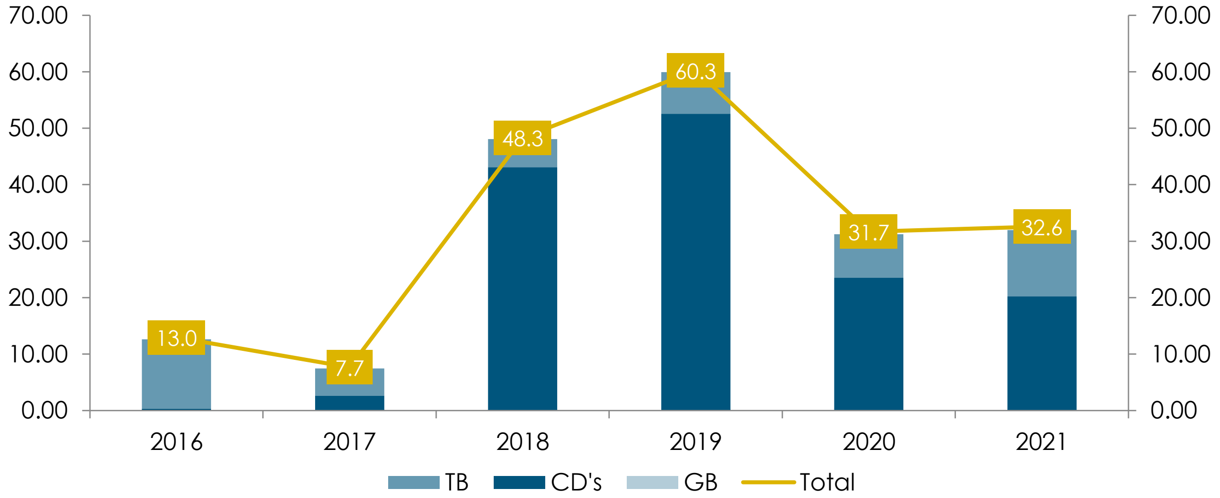
Average volumes and IR of Securities Portfolios (mil. MDL / %)

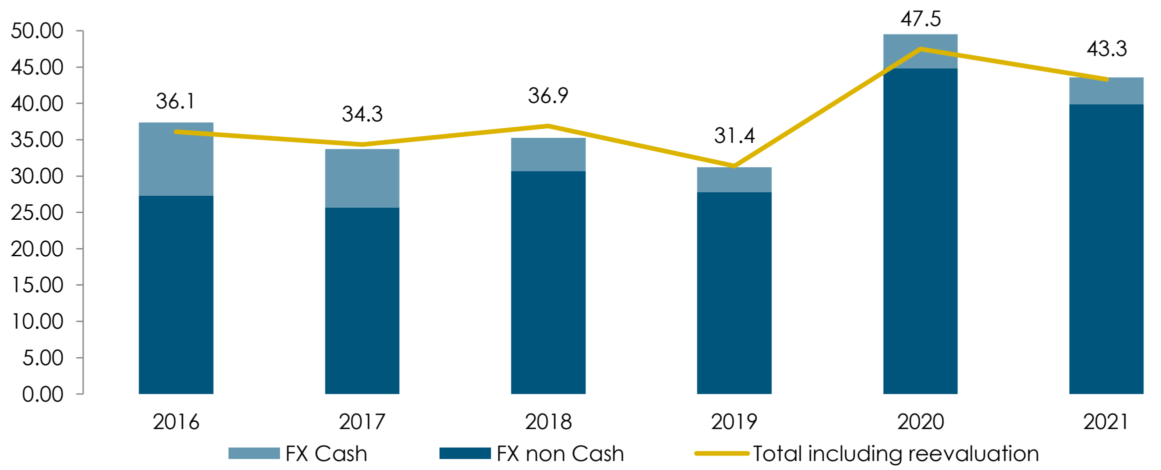


Income from Securities (mil. MDL)



In 2021, the local FX market did not fluctuate significantly, in particular due to the interventions of the National Bank of Moldova, which executed fine-tuning operations on the local FX market. In these conditions, the Treasury focused on obtaining profit from foreign exchange transactions, while carefully monitoring exposure to foreign exchange risk by maintaining a balanced FX position.

Income from FX trading (mil. MDL)



Bank Cards

During 2021, the Bank focused on improving the quality of the card portfolio, optimizing products and changing tariffs. Thus, the process of mass closure of old type cards with stopped issuance has started, namely Cirrus Maestro and VISA Electron. The number of transactions registered as of 31.12.2021 increased by approximately 26% compared to the previous year, and the volume of transactions increased by more than 15%, which indicates an increase in the use of cards by JSCB EXIMBANK cardholders.

Although there was a slight decrease in the number of transactions through ATMs, their volume increased slightly by about 7%, but the largest increase in the Retail sector is evidenced by the increase in both the number and volume of transactions through POS terminals by more than 100% compared to the previous year. This number was due to the increase in the number of new merchants, and the number of terminals installed by them.

Considering that in the reporting year, 13 Cash-In ATMs were changed, the volume of cash deposits operations performed in JSCB EXIMBANK Cash-In ATMs increased twice as much as the previous year.

Corporate Governance

The Corporate Governance of Bank includes the whole set of principles, rules and internal procedures that ensure the administration of the Bank's activity in the best interest of its shareholders.

The model of internal governance of JSCB „EXIMBANK" S.A. complies with the corporate governance practices of the „Intesa Sanpaolo S.p.A".

The Code of Corporate Govenance of JSCB "EXIMBANK" together with the Corporate Governance Statement "Compliance or justification" are disclosed and can be accessed on the official website of the Bank, within the page disclosing information on the governance of the Bank: https://eximbank.md/en/informatie-privind-guvernanta-bancii

SHAREHOLDERS – GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders ("GMS" or "General Meeting") is the supreme governing body of the Bank, where shareholders exercise their rights. The attributions of the General Meeting of Shareholders are set out in the Law on Joint Stock Companies, the Law on Banks activity, the National Bank of Moldova regulations, and the Bank's Article of Associations.

The shareholders exercise their rights in the General Shareholders Meeting, which is the supreme authority of the Bank. The General Meeting of Shareholders is held at least once a year.

The resolutions adopted by the General Meeting of Shareholders on matters pertaining to its competencies are mandatory for the Board of Directors and Management Committee and the shareholders of the Bank.

General Meeting may be ordinary annual, which will meet once a year or extraordinary, which will meet whenever necessary, under conditions provided by Law no. 1134/1997on Joint Stock Companies and the Articles of Association of the Bank.

Governing Bodies

The Management Body of the Bank is represented by the Board of Directors and by the Management Committee of the Bank.

Board of Directors and Management Committee are responsible for the Bank's compliance with the legislation in force, and the fulfilment of all the requirements provided for by the Law on banking activity and the normative acts issued for its application, in accordance with the attribution set out in the Banks of Articles of Association.

Board of Directors of the Bank

The Board of Directors performs the supervisory and monitoring role of the management decision-making process and is responsible for the Bank's overall activity and financial soundness. The Board of Directors represents the shareholders' interests in the period between the General Meetings. The Board of Directors reports to the

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General Meeting of Shareholders and ensures efficient cooperation between the Bank and the National Bank of Moldova.

The Board of Directors defines and supervise the implementation of a corporate governance framework to ensure effective and prudent management of the Bank, including the segregation of duties within the Bank and the prevention of conflicts of interest. The members of the Board contribute to a sound corporate governance within the Bank, including through personal conduct, and, in carrying out their duties, must take into account the Bank's legal interests and of depositors and shareholders.

The Board of Directors ensures that at the individual and collective level, the experiences and knowledge of each of the member of the Board of Directors and the Management Committee are consistent with the nature and the complexity of the Bank's activity and risk profile, set performance standards for the Executive Body in accordance with the Bank's strategy and policies and monitor the compliance of its performance with the respective standards.

The members of the Board of Directors are appointed by the General Meeting of Shareholders for a term office of 4 (four) years. The same persons can be reappointed an unlimited number of times. The Board of Directors must be composed of a sufficient number of independent members, but not less than 1/3 of all the members appointed in the Board.

The Board of Directors consists of 7 (seven) members. The nominal composition of the Board of Directors is determined by the General Meeting of Shareholders per the provisions of the Article of Asociation Law on joint stock companies, the Law on banking activity and other normative acts of the National Bank of Moldova.

Nominal component of the Banks Board of Directors:

- Massimo Lanza – Chairman, Member of the Board of Directors
- Marco Capellini - Deputy Chairman, Member of the Board of Directors
- Giovanni Bergamini - Member of the Board of Directors
- Francesco Del Genio - Member of the Board of Directors
- Massimo Pierdicchi - Member of the Board of Directors
- Carmen Imbarus - Member of the Board of Directors
- Veronika Vavrova - Member of the Board of Directors

The Chairman and the Deputy Chairman of the Board of Directors are appointed by the General Meeting of Shareholders. All members of the Board of Directors must comply with the requirements provided for by laws for the position of member of the Board of Directors.

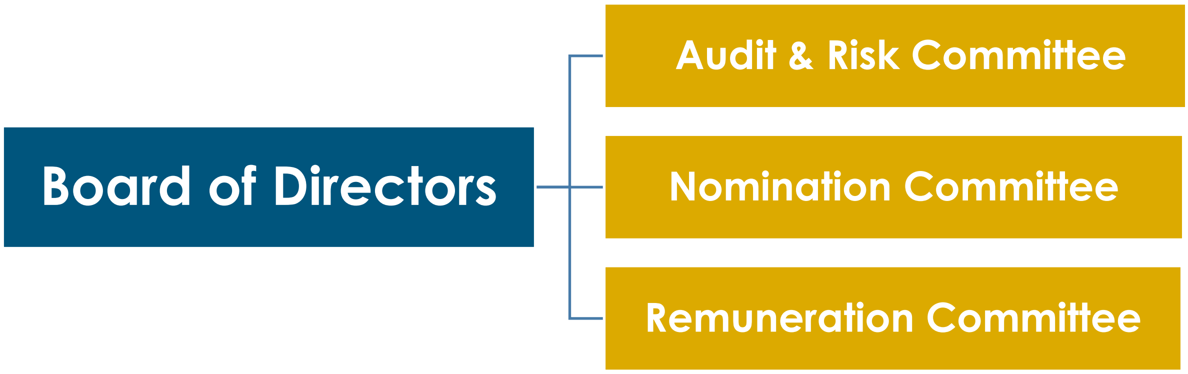
Board of Directors meeting

The procedure, the terms for convening and holding the meetings of the Board of Directors, are established by the Law on joint stock companies, by the Articles of Association and by the Regulation of the Board of Directors.

The ordinary meetings of the Board of Directors shall be held at least quarterly. The extraordinary meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors on his/her initiative, at the request of one of the members of the Board of Directors, at the request of the shareholders holding at least 5% of the Bank's voting shares, at the request of Bank's audit firm, at the proposal of the executive body of the Bank.

For the execution of its attributions, during 2021, 19 meetings of the Board of Directors were convened.

Board Specialized Committees



In order to assist the Board of Directors in performing its tasks related to the activity, the Bank established the following specialized Committees:

Audit and Risk Committee is responsible for monitoring the adequacy and effectiveness of the overall internal control, internal audit and risk management systems at the Bank level, supervising Bank's external auditors, and reviewing and approving the audit issues and frequency. The Committee is responsible for reviewing audit reports and verifying the timely adoption by the Management Committee of the necessary corrective measures to remedy the deficiencies of control, non-compliance with laws, regulations, policies and other problems identified by the auditors. Furthermore, the Audit & Risk Committee is responsible for advising the Board of Directors and Management Committee regarding the tolerance / appetite for risk and the current and future risk strategy of the Bank and for overseeing the implementation of the respective strategy.

Nomination Committee is responsible for identifying and recommending for approval of candidates for Board of Directors /Management Committee and of persons applying for key positions, for evaluating the suitability of members and of persons holding key functions, for the proposals related to the results of these evaluations.

Remuneration Committee is responsible for developing the Remuneration Policy and practices within the Bank, the principles underlying them, for supervising directly the remuneration of members of the Management Committee and of persons holding key functions. Remuneration Committee contributes to the development and implementation of Remuneration Policies and practices, including performance measurement methods and performance criteria, so that they are consistent and promote sustainable and effective risk management, including avoiding conflicts of interest.

In 2021, 28 meetings of the Specialized Committees took place.

Executive Body of the Bank

The Executive Body of the Bank is the Management Committee. The Management Committee ensures the implementation of the resolutions of the General Meeting of Shareholders and of the Board of Directors and acts on behalf of the Bank in accordance with the legislation, the Bank's Articles of Association, the Regulation of the Management Committee approved by the Board of Directors.

The Management Committee carry out the Bank's current management under the direct oversight of the Board and shall manage the Bank's activity in an efficient and prudent manner, consistent with the Bank's strategy and business management framework approved by the Board.

The Management Committee is directly supervised by the Board of Directors. The Management Committee shall be in charge of managing the Bank's current activity and shall report to the Board.

The Management Committee consists of 3 persons appointed by the Board of Directors for a term of 4 (four) years.

The composition of the Management Committee includes:

- General Manager – Marco Santini
- First Deputy General Manager – Vitalie Bucataru
- Deputy General Manager – Michele Castoro

The General Manager of the Bank manages the Management Committee of the Bank and assumes personal responsibility for the implementation of the resolutions adopted by the Board of Directors. The orders and the dispositions of the General Manager are mandatory for all Bank employees.

Cooperation between the Board of Directors and Management Committee of the Bank

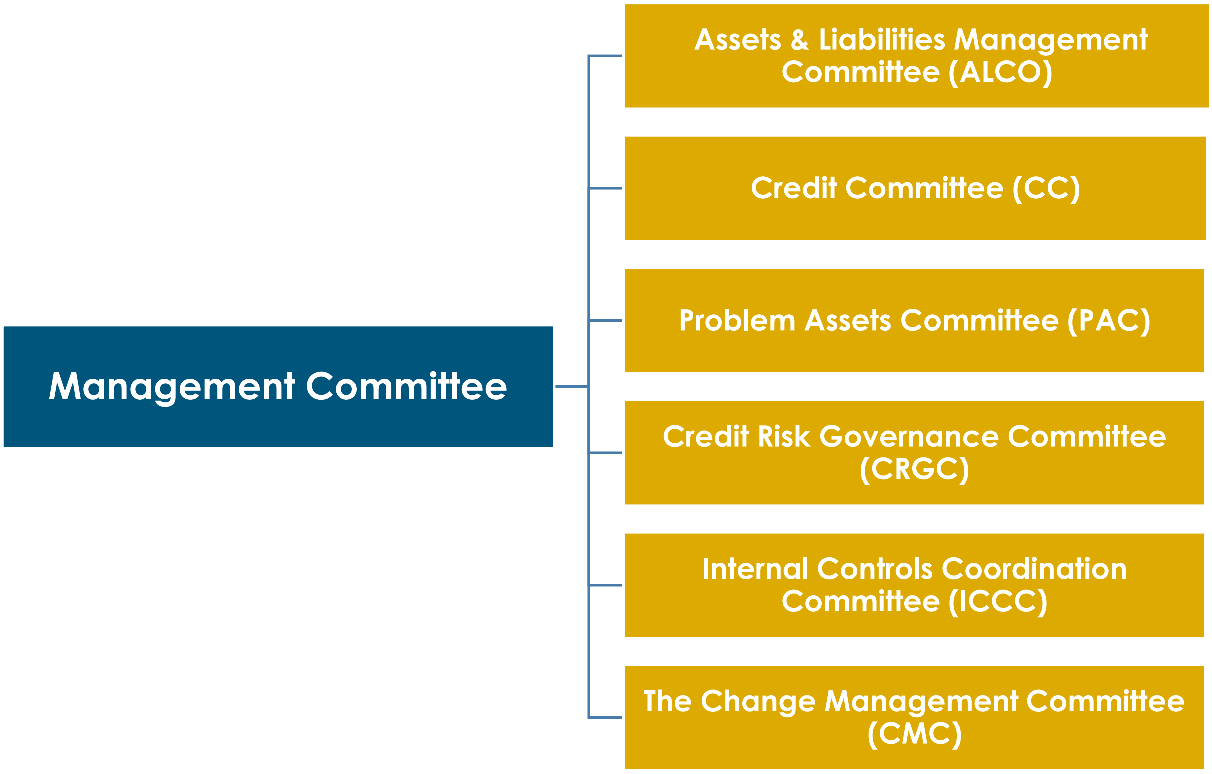
Board of Directors and Management Committee of the Bank cooperate continuously and on permanent basis on certain issues during its operation, especially for:

- defining of the banking business targets;
- strategies of realization and management of risks;
- bank's risk profile;
- policies for business objectives accomplishment and objectives regarding the bank's risk profile.

The Management Committee is responsible for providing full, accurate and essential information to the Board of Directors, and Audit Company, which is performing the annual audit of the financial statements.

Management Committee Meetings

The Management Committee organizes its activity individually, its meetings being organized in such a way that it is possible to thoroughly examine the Bank's problems and discuss critical topics in order to maintain efficiency. Meetings of the Management Committee shall be held either in the presence of its members or by correspondence or in mixed form. Meetings may also be arranged by video conference or other means of communication, provided that it is possible to identify with certainty the participants in the meeting and can attend the meeting and see, listen and discuss with each other so that they can identify clearly all participants; the persons attending this meeting are considered to be present in person.



The EXIMBANK'S Management Committee set up managerial committees to assist it in carrying out its duties.

The Credit Risk Governance Committee (CRGC) is permanent decision-making and advisory Committee whose mission is to ensure a qualified and coordinated management of credit risk within the exercise of credit prerogatives of the Bank and in compliance with the applicable laws, Group regulations and Parent Company strategic decisions. The Committee's main responsibility is to define and update credit risk strategic guidelines and credit management policies based on the constant credit portfolio monitoring and, for Product Governance purposes, to analyze and assess issues related to the launch and monitoring of the products that imply credit risk.

The Credit Committee (CC) is the highest permanent decision-making committee of the Bank regarding performing counterparties, whose main responsibility consists in adopting credit decisions in line with the issued strategic guidelines and credit policies, while acting within the credit prerogatives of the Bank and in compliance with the applicable laws and Group regulations.

The Problem Assets Committee (PAC) is the highest permanent decision-making committee of the Bank regarding risky and non-performing counterparties, whose main responsibility consists in taking the necessary measures in order to prevent and mitigate credit losses connected with risky and deteriorated assets, while acting within the credit prerogatives of the Bank and in compliance with the applicable laws and Group regulations.

The Assets & Liabilities Management Committee (ALCO) is a permanent decision-making and consultative committee, focused on financial risks governance, on the active value management issues, on the strategic and operative management of assets and liabilities and financial and liability Products Governance in compliance with Parent Company guidelines, Bank's internal regulations, laws, rules and regulations set by the competent Authorities.

The Internal Controls Coordination Committee (ICCC) is a permanent advisory committee, acting within the limits of the delegations and competencies established by the competent Corporate Body, with the aim to strengthen the coordination and the cooperation among the various Bank's control functions facilitating the integration of risk management processes.

The Change Management Committee (CMC) is responsible for the strategic management of changes within the Bank's overall operations through the definition and monitoring of the Bank's project portfolio, prioritizing the respective projects and investments in line with the Bank's strategy, monitoring the related activities and spending as well as solving any escalated issues.

Risk Management System

EXIMBANK continuously identifies, assesses, monitors and controls risks in compliance with regulatory and Parent Bank requirements, thus providing an integral, prudent and consistent risk management system. The Bank's Board of Directors established by its enactments an appropriate risk management system and an internal control system, which also includes a supervision of that system by the competent bodies of the Bank – the Board of Directors, the Management Committee, the Audit & Risk Committee, the Credit Committee, the Problem Asset Committee (PAC), Credit Risk Governance Committee (CRGC) and the Assets and Liabilities Committee (ALCO). The functioning of the system is regulated by the policies and procedures adopted individually for each risk type.

In order to maintain a system that complies with the highest quality standards and supports the decision-making process of governing bodies, the system underwent improvements during 2021. The enhanced risk management system continues to rely on the axioms of independence of the risk management function from risk-taking centres, promptness of information flows that support the decision-making process, as well as transparency and correctness of submitted information.

The risk management processes of the Bank are assured by Chief Risk Officer via Risk Management Department and comprises the adequate mechanisms of corporate governance, the clear lines of accountability at the organizational level (chain-of-command) and a well-defined and effective internal control system. The objective of the risk management strategy is to achieve a comprehensive and complete overview of risks - given the risk profile of the Bank - promote a culture of risk awareness and enhance the transparent and accurate representation of the risk level of the Bank's portfolios.

EXIMBANK, in line with the regulatory requirements and the Intesa Sanpaolo guidelines, established an independent risk management function, which is in terms of hierarchy and organization separated from the business areas. The Risk Management Department is organizationally placed under the member of the Management Board responsible for the risk area (Chief Risk Officer, i.e. CRO) under the direct supervision and responsibility of the Bank's Board of Directors, the independence of which is ensured by reporting directly to the Bank's Board of Directors.

The Chief Risk Officer, in coordination with the Parent Group, proposes a framework for determining risk appetite, coordinates and verifies the implementation of the risk management policies, ensures the management of the risk profile of the Bank and reports to the management bodies of the Bank.

During 2021 the Bank has continued the improvment of the quality of the staff from CRO area through theirparticipation in different tranings.

Being a part of internal control system, namely being in charge of the second level of control, Risk Management Department defines the procedures, the processes and the methodologies dedicated to the risk measurement and controls. Those procedures are the prerequisites to the risk limits established for each specific risk categories.

Main objectives of the risk management processes are related to the protection of the Bank's capital and its optimal allocation, increase in economic value for shareholders, monitoring of risk limits and/or risk measures for all identified risk. The existing system of limits, defined in the Risk Appetite Framework (RAF), gives the highest priority to the overseeing of minimum requirements related to capital adequacy, liquidity and operational risks.

The main risks identified by Risk Management Department in the Bank during 2021 were:

Credit and counterparty risk

In line with its commitment to prudential management on credit exposure, the Bank ensured an adequate segregation of duties, during the credit approval process, minimized the errors of participants in the credit process, centralized the management of credit exposure and controls. Such an approach required the participation of different organizational units in the credit process. These units refer to the member of the Bank's Management Board in charge of the risk area:

- ✓ Credit Underwriting Department;
- ✓ Credit Portfolio Analysis and Administration Office (responsible for data quality and checking the agreements);
- ✓ Proactive Credit Exposure Management Function (responsible for the identification of Early Warning Signals able to determine the deterioration of the client's creditworthiness);
- ✓ Credit Management (Recovery and Workout) Department.

Credit Risk is monitored on a number of levels: by assessing customers' creditworthiness prior to loan approval, monitoring regular settlement of their liabilities and creditworthiness during the whole credit lifecycle and also by collecting and managing due receivables.

In addition to regular monitoring and reporting activities, annual review of internal acts regulating the credit risk area and activities related to supporting the governing bodies in the decision-making process, in 2021 some of the main achievements in the credit risk management area were the following:

- ✓ The on-going process of implementation and alignment with Basel III and Parent Company standards;
- ✓ The decrease of the non-performing loan (NPL) ratio. The NPL volume and indicator were monitored and reduced.

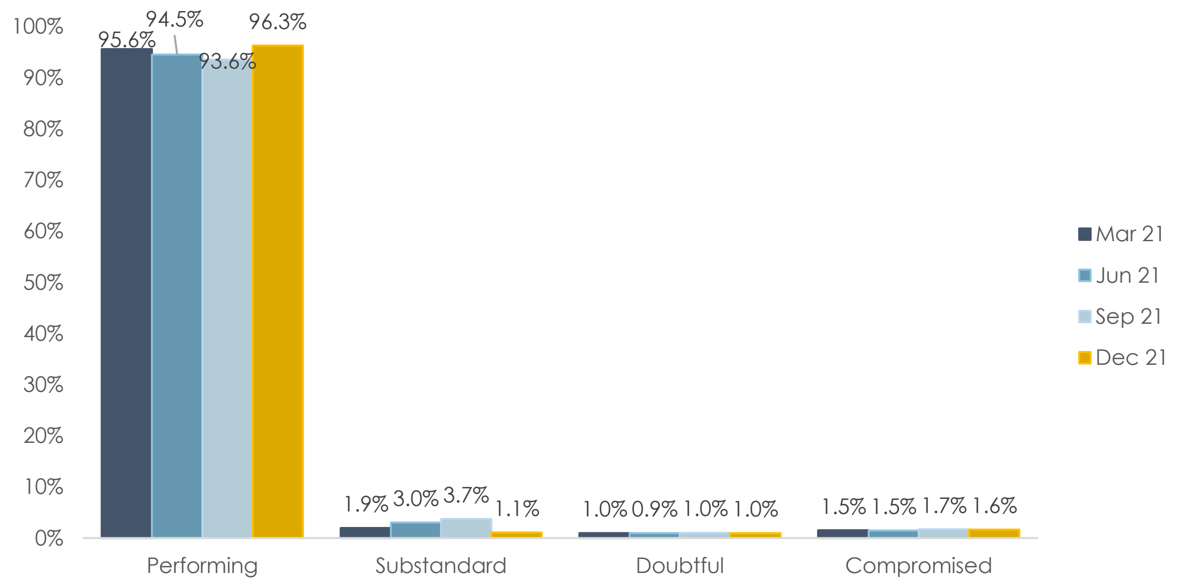
At the same time, in the continuous pursuit of improvement of data management, especially with reference to credit data management, during 2021, the Bankcontinued enhancing its focus on the collateral data quality, credit reviews, early warning system, term limits on loan disbursement periods, forbearance measures, collateral checks, Proactive Credit Management monitoring, etc.

With particular reference to credit risk control, the Bank performs the second level credit controls (Cre.Co) that focus on the evaluation of the proper implementation of credit risk management control processes, rules, policies and strategies.

The most important instruments to mitigate credit risk and provide additional credit protection in case of deterioration of a borrower's financial situation, are unfunded credit protection (suretyship, primarily government guarantees) and funded credit protection (real estate property, deposit, security, means of transport, equipment, inventories). The process of monitoring the collateral comprises the periodic determination of the fair values, the verification of the ratio between the amount of exposure and the value of the collateral, and other collateral eligibility requirements.

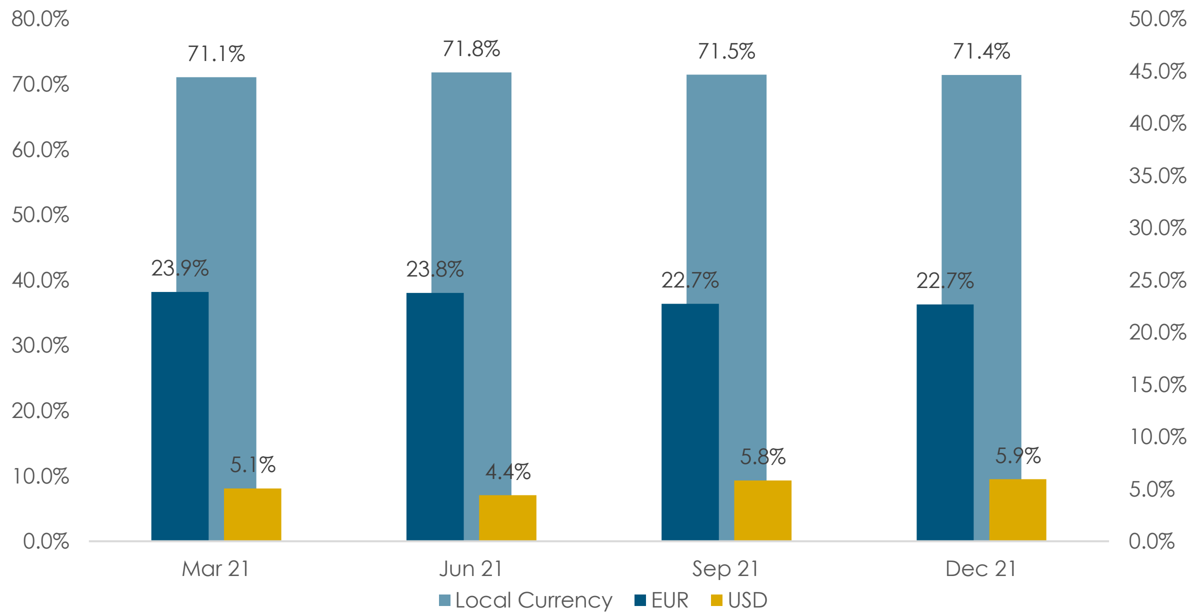
The evolution of loans portfolio quality during 2021 is reflected below:

Credit portfolio quality by class (balance and off-balance sheet exposure)



The evolution of loan portfolio classified by currency for the period 2021 is presented below:

Structure of loan portfolio classified by currency for 2021



Evolution of credits granted to individuals and legal entities for 2021:

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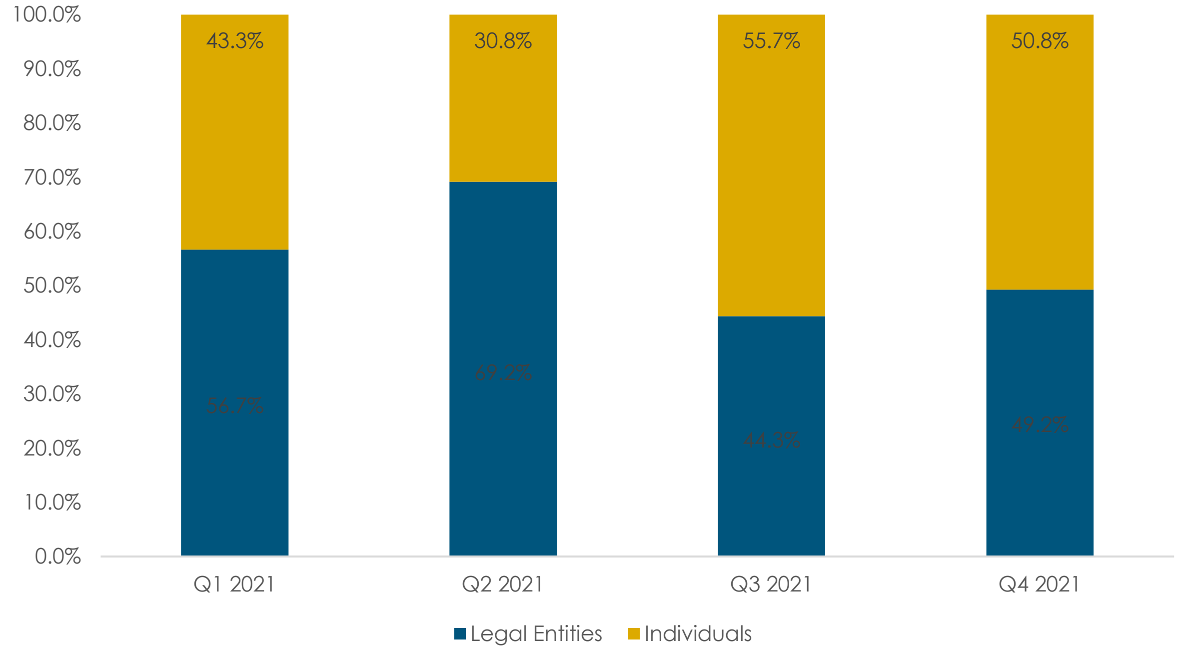
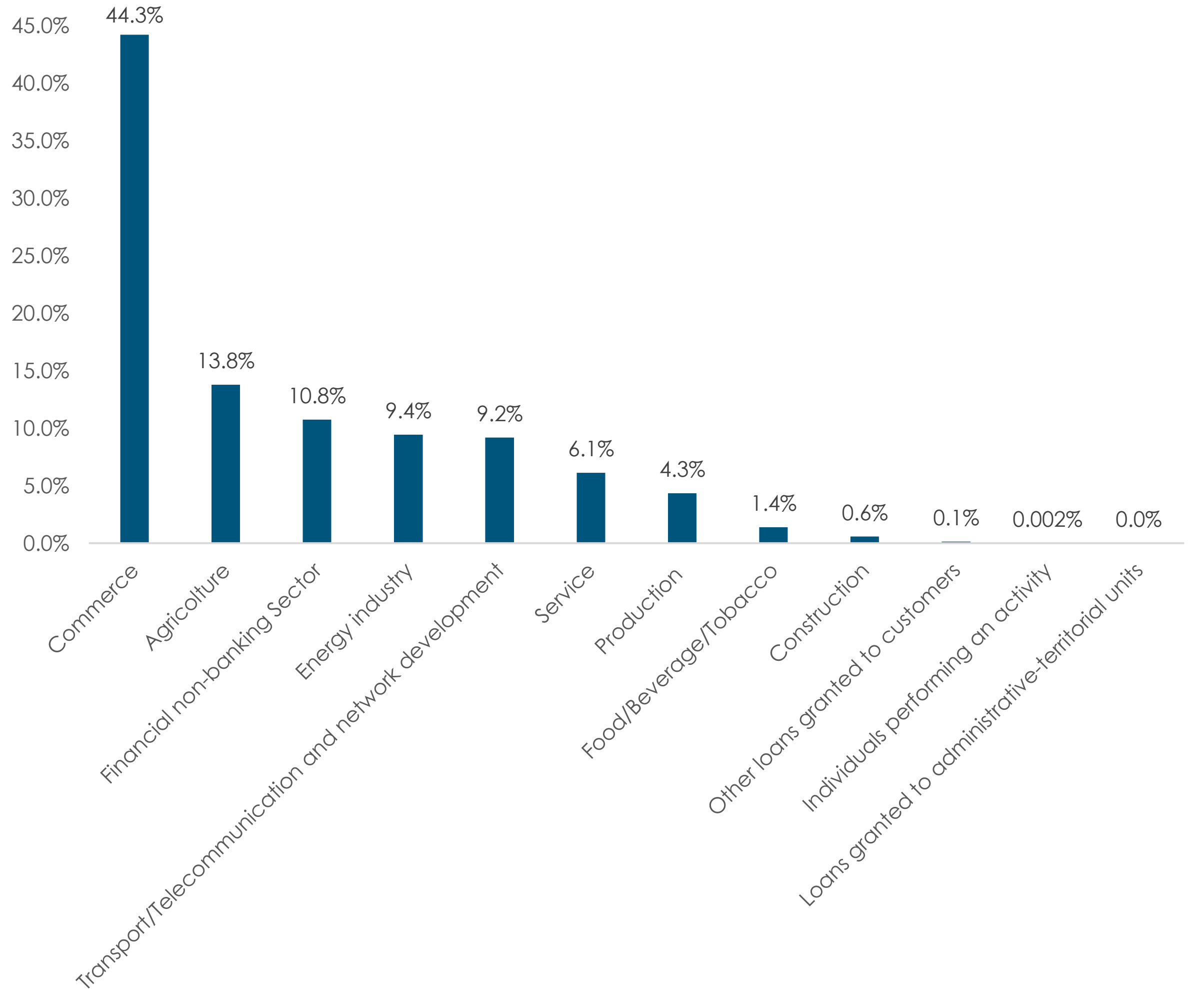
The new granted loans portfolio divided by individuals and legal entities



Credit portfolio distribution by industry points to relatively proper portfolio diversification as is reflected in the two charts below:

Credit portfolio by industry at 31.12.2021



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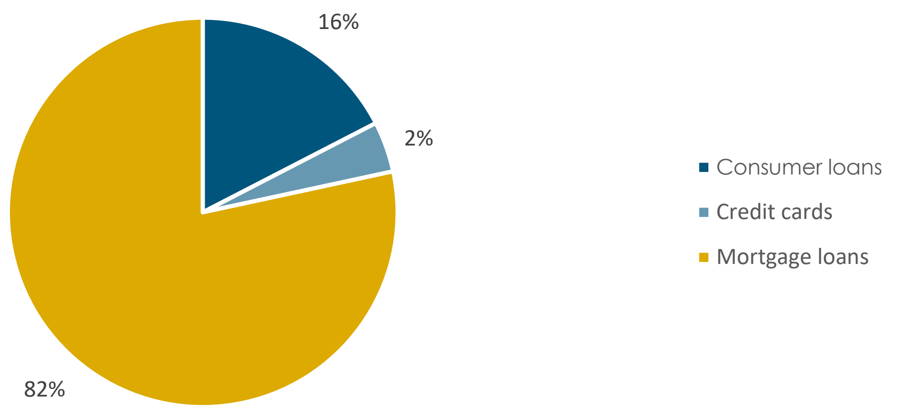
Credit portfolio breakdown by products for private individuals at 31.12.2021



Market risk

General principles of market risk management are defined in accordance with regulatory rules, IntesaSanpalo Group standards, international best practices and standards, as well as internal acts. The system of market risk limits, defined in coordination with the Parent Group's relevant structures and approved by the Board of Directors, operationalises the market risk monitoring process. The system of limits is aligned with the strategic goals of the Bank.

For the purpose of managing market risk, the Bank set the limits for the proper monitoring of the financial risk position (e.g. limits for currency risk).

Market risk limits utilisation is reported to the relevant functions of the Bank on a daily basis, while reporting to the Board of Directors is on a quarterly basis.

Being a part of market risk, FX risk was monitored on an ongoing basis in the Bank in order not to breach the limits established by NBM and Parent Bank. Reporting to Parent Bank and to the NBM was carried out daily.

During 2021 market risk was monitored on a weekly base, value-at-risk (VaR) of the financial instruments portfolio (bond portfolio in the banking book, currency positions and equity positions) being the measure of risk used for monitoring and control.

Interest rate risk of the banking book transactions

In 2021 Risk Management Department analized and monitored the Bank's interest rate risk profile which was a moderate type of risk and was mainly associated with credit activity and with the management of the bond portfolio for liquidity purposes.

In addition to the measure of the Bank’s exposure to interest-rate risk, which was the subject to monitoring the limits, the Risk Management Department also evaluated the sensitivity of the net interest income to a parallel positive/negative change in the interest rates of 50, 100 and 200 base points in one-year period and the sensitivity of the Bank`s economic value on parallel and non-parallel changes of the yield curve. The Risk Management Department with the support from the Parent Bank controlled maximum exposure and prepared the report on positions in relation to the set limits.

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Interest rate risk being the exposure of a Bank's financial condition to adverse movements in interest rates in the Bank was monitored on a permanent basis through various monthly and quarterly reports that Risk Management Department prepared and sent to Parent Bank. Quarterly reporting regarding Bank's exposure to interest rate risk was carried out to Bank's ALCO, Management Body and Board of Directors.

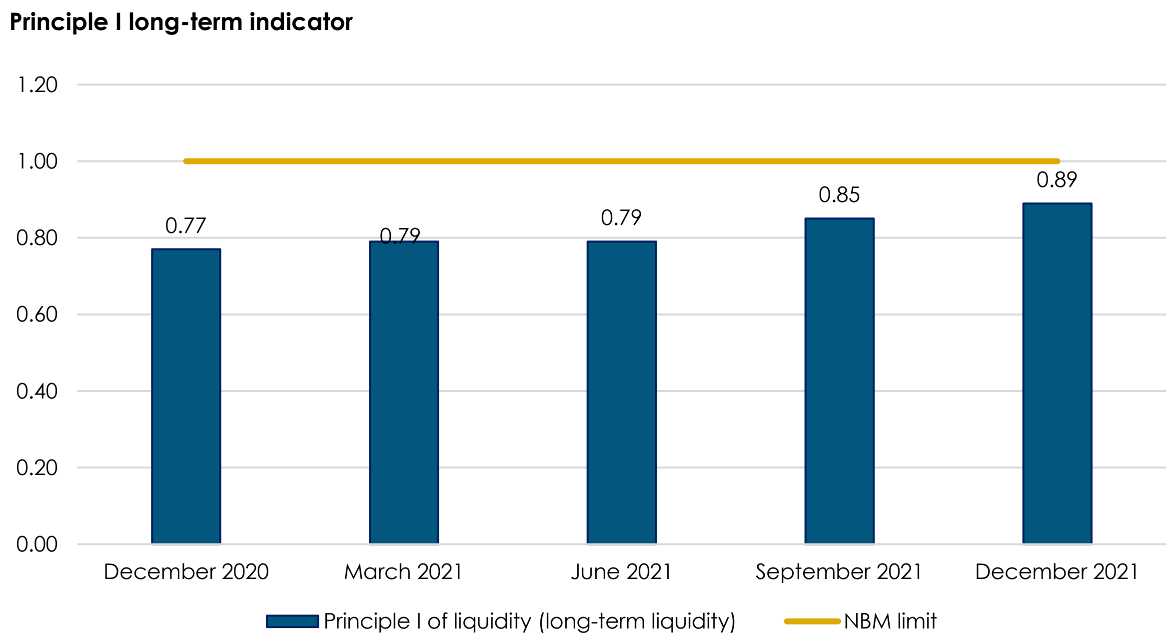
Liquidity risk

In 2021 Risk Management Department monitored the liquidity position through analytical measures of risk. The periodic (quarterly) reporting to the management bodies of the Bank was performed along with the monthly reporting of liquidity indicators (LCR and NSFR) to the Parent Company. The reporting on the liquidity position comprised the measures of risks such as liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) calculated in accordance with Parent Bank requirements.

In addition to the LCR and NSFR reporting to the Parent Group, the Bank also complied with the regulatory reporting to the National Bank of Moldova. More specifically, as a result of the implementation of the National Bank of Moldova Regulation on the requirements for Liquidity Coverage Ratio for banks, the Bank reported the LCR indicator to the National Bank of Moldova, the indicator being calculated following NBM rules. At the same time, the Bank reported to NBM, as well on a monthly basis, the three local liquidity indicators requested by the regulator in accordance with the Regulation on bank's liquidity.

During 2021, all the liquidity indicators, regulatory ones and those defined by the Group, were within the set limits at all times.

Trend of the liquidity ratios according to NBM requirements



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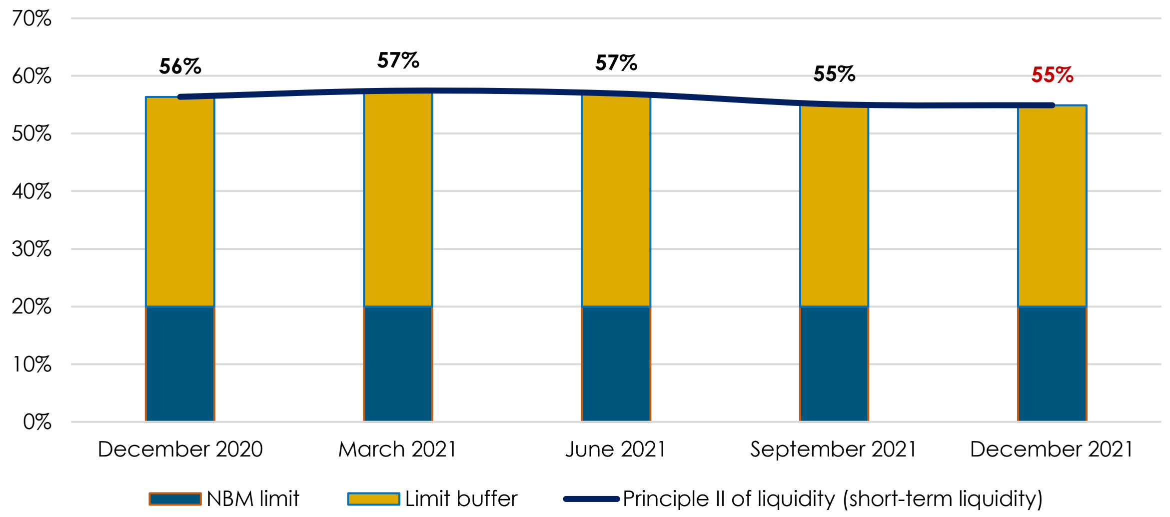
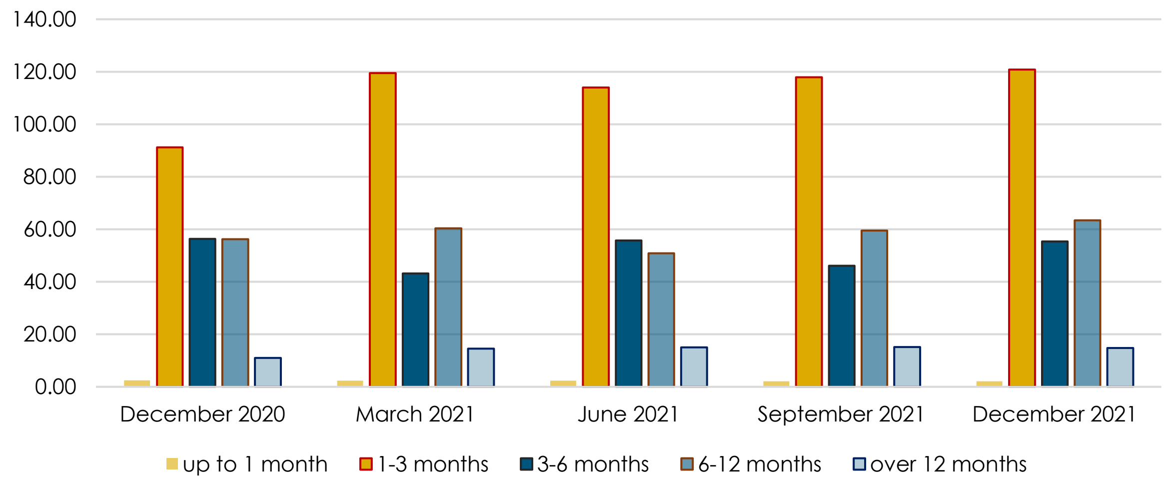
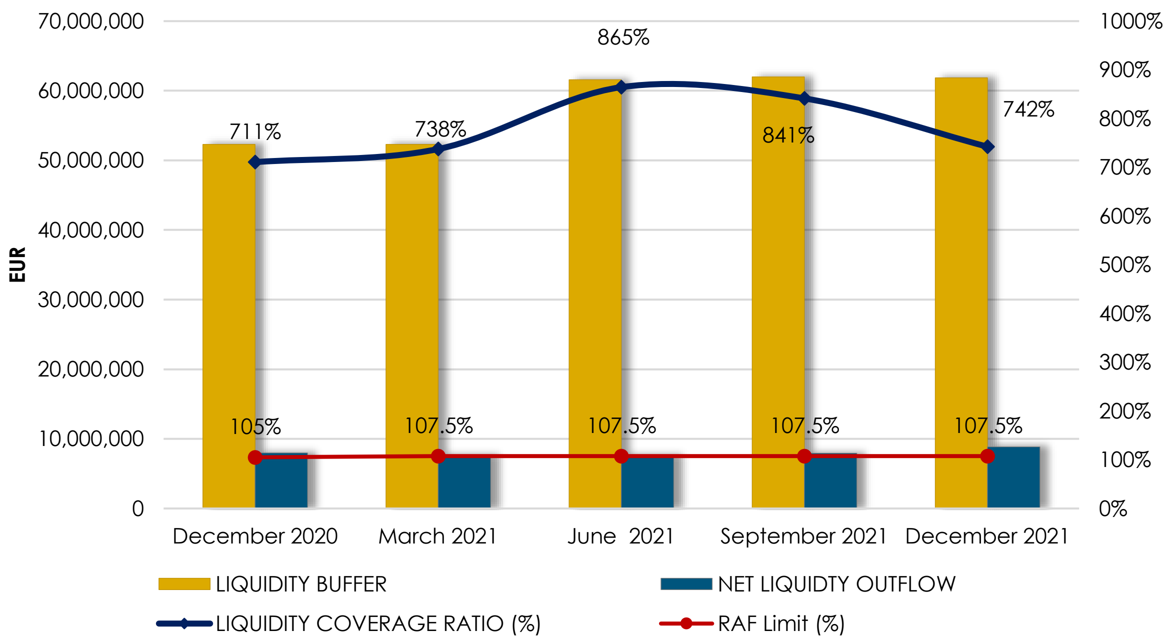
Principle II short-term indicator



Principle III (liquidity on maturity bands)



Trend of Liquidity Coverage Ratio LCR



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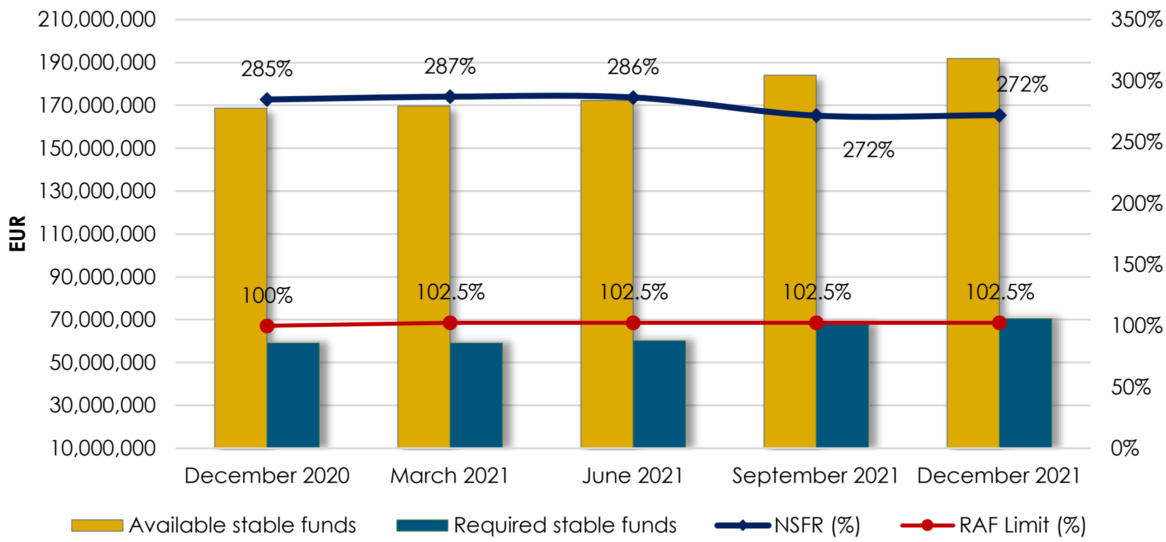
Trend of Net Stable Funding Ratio NSFR



Operational risk

EXIMBANK is compliant with the requirements related to the regulatory capital defined by the National Bank of Moldova and applies a based approach (BIA – Basic Indicator Approach) to the measurement of capital requirement for operational risk.

The Risk Management Department was incharge of the centralized operational risk management activities. At the same time, Risk Management Department was also responsible for the verification of the effective mitigation of deficiencies and for reporting to the management bodies of the Bank.

The biggest operational risks appear as a result of errors in the processes of execution and management, but also due to external fraud and abuse.

At the same time, in 2021 the Risk Management Deparment carried out the Self Diagnosis (SD) process aimed to identify, measure, monitor and mitigate operational risks. The SD is an exercise carried out with an annual frequency that focuses on the assessment of Operational and ICT risks to which the Bank is exposed. This assessment takes into account the issues identified and the operational events actually occurred and is carried out with reference to all the main processes / IT Assets within the Bank.It includes two main components: Operational Risk Assessment and ICT Risk Assessment. The purpose of the Self Diagnosis process is to identify the main areas of operational and ICT risk exposure of processes and IT assets and define, measure and put in place the mitigation actions for the critical issues that the Bank faces. During this process the Risk Management Department analyzed its business environment, evaluated the relevance and potential impact of each risk factors to which it is or might be exposed and assessed the potential losses that the Bank might incur as a consequences of various scenarios related to its operational activity. As a result of the Self-Diagnosis exercise the overall level of management of each operational and ICT risks registered the level of HIGH. At the same time, the residual risk level of other operational risks was assessed as being MEDIUM while the ICT residual risk was assessed to have a MEDIUM-LOW to LOW level of relevance. The Bank has identified 1 new operational risk issue and 1 new ICT risk Issue with relevance level equal to or greater than Medium. At the same time, there were identified 4 new operational risk issues and 4 new ICT risk issues whose relevance level is below the Medium threshold.

Other activities

In order to determine the adequate level of capital to support the Bank's current and expected future risks from the business strategy, in 2021 the Bank's Risk Management Department performed **the ICAAP exercise**, reference date as of 31.12.2020. Thus, was carried out a self-assessment of the capital adequacy, both with a current and prospective view, necessary to cover the Pillar I and Pillar II risks. The capital adequacy was analyzed under 2 scenarios: baseline for 3 years of projection and adverse for 1 year of projection. The results of the ICAAP confirmed the capital adequacy of the Bank for the current as well as projected years under both scenarios.

Besides ICAAP, another risk management tool is Internal Liquidity Adequacy Assessment Process (ILAAP), which is the process of identification, quantification, management and monitoring of internal liquidity, implemented by the Bank. Both ICAAP and ILAAP are continuous processes that include recurring self-evaluations, at least annually, and that are aimed at describing the Bank's internal situation in terms of capital adequacy and liquidity position. Hence, in 2021, was performed the **ILAAP exercise**, reference date as of 31.12.2020. For ILAAP purposes, the Bank carried out an integrated ICAAP/ILAAP stress testing exercise that was divided into two phases: i) definition of the stress scenario and ii) application of the scenario to the liquidity position of the Bank projected under the baseline and stress scenarios for each corresponding year (2021-2023). The self-assessment of Bank's internal liquidity adequacy at 31 December 2020 envisaged the compliance with the main ratios and thresholds required by the NBM regulation and Parent Company and stipulated in Bank's liquidity policy and Risk Appetite Framework. The results of the ILAAP have shown that the Bank has a sound liquidity position under both baseline and stressed conditions.

According to Regulation on Banking Activity Management Framework No. 322, stress test represents a risk management technique used to assess the potential effects of events or future changes in economic conditions that may have an impact on the bank's financial position. Each bank should conduct the stress test exercise with an at least annual periodicity. Therefore, during the year 2021, the Risk Management Department of the Bank carried out 1 **stress test exercise**. The approach of the Exercise was a bottom-up stress test, the underlying assumptions and scenarios being formulated autonomously by the Bank. The Stress Test Exercise was carried out on Bank's Pillar I risks (credit risk, operational risk, market risk), as well as on its HTCS portfolio risk, liquidity risk and interest rate risk. The Exercise was carried out on the basis of 31st of December 2020 figures, and the scenarios identified were applied over a period of 3 years from end 2021 to end 2023. The Risk Management Department calculated the impact on its Profit & Loss (P&L) and capital ratios for 3 different scenarios with different severity levels. At the same time, following a specific request from the Regulator, the Bank carried out another stress test exercise applying the same approach as above. The Bank also used 3 scenarios with different severity levels, the baseline and adverse scenarios being provided by the National Bank, while the severe adverse scenario was developed independently by the Bank.The assumption of a static balance sheet was applied throughout all years of projection and across all scenarios for both exercises. Stress test exercises have shown that even under heavily stressed condition the capital ratio under analysis has a positive buffer.

A particular attention was addressed to the performed stress test for the scope of Recovery Plan aimed at assessing the simultaneous impacts of multiple risk factors from a forward-looking perspective, at identifying Bank's main vulnerabilities and at leading to the breach of at least one of Bank's Recovery thresholds in an effort to mimic a localized Recovery scenario.

With respect to the Bank's products and services offered to its clients, it was assessed the impact of risks associated with the new product proposal as well as its consistency with the Risk Appetite Framework. Additioanally, were determined and evaluated the liquidity risk management aspects considering the risk profile of new products and the impact on the Bank's overall liquidity structure.

Conclusions

EXIMBANK continuously identifies, assesses, monitors and controls risks in compliance with regulatory and Parent Bank requirements, thus providing an integral, prudent and consistent risk management system.

The Bank will continue to work on increasing the risk culture in all the functions in the Bank and improve the controls while complying with NBM and Parent Company requirements and rules.

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Compliance

EXIMBANK's priority is to establish and promote an efficient and robust management framework, which will lead to promote and be consistent with an effective risk management.

As an important element of corporate governance, the Compliance Function, represent one of the components of the internal control system, together with the functions of risk management and internal audit, and has the mission to take the necessary measures for preventing the Bank's exposure to compliance risk (inclusively AML/CFT risks), to reputational risks and to events that may generate conflicts of interest. In this context, the Compliance Function assists the corporate bodies in identifying, evaluating, monitoring, mitigating and reporting the risk associated with the activities performed by the Bank, by advising on the compliance of the work carried out with the provisions of the regulatory framework, its rules and standards, the internal code of conduct, including the provision of related information related to developments in this area. Respectively, the Compliance Function regularly submits compliance reports to the governing bodies regarding the activities carried out.

EXIMBANK considers compliance a fundamental element of its integrity and, therefore, a basis for its sustainable and profitable development.

During 2021, EXIMBANK ensured the achievement of the role of the Compliance Function by aligning the Bank with the Intesa Sanpaolo Group's standards, including by reviewing the internal regulatory framework, assurance of the second level controls, adequate risk management, assistance and consulting (throughout delivering of the compliance opinions) and disseminating the risk culture and compliance culture, and also promoting, in the same context, 0 tolerance against corruption.

At the same time, in the process of aligning the Bank's internal regulatory framework to the standards of the Intesa Sanpaolo Group, was improved the internal regulatory framework related to the proper identification and management of risks, that may arise from conflicts of interest, the Bank's relations with its related parties, outsourced services and activities, were implemented /reviewed in the compliance and consumer protection area, etc., through which effective risk management tools have been set up.

In order to promote the compliance culture and reach an advanced level of it, the Bank gives priority to the improvement and diversification of the continuous training programs of its employees, taking over the best practices of the Intesa Sanpaolo Group.

The Compliance Function ensures the management of compliance risk, money laundering and terrorist financing risk and reputational risk by evaluating them, issuance of the compliance opinions, conducting compliance tests, proposing mitigation measures and monitoring their implementation.

An important objective of the Compliance Function is to prevent and combat money laundering and terrorist financing. In this regard, at the Bank level, the internal regulation has been updated, dedicated processes have been automated, including the process of reporting operations / activities that fall under the law on money laundering, dedicated second level controls have been formalized and implemented to ensure proper monitoring of recurring risks.

As in 2021, the strategy of the Compliance Function for 2022 continue to be aimed to strengthen the compliance culture of the employees and the Bank' clients, strengthening the macro-assurance process and

further alignment of the regulatory framework of the EXIMBANK to the requirements of the Intesa Sanpaolo Group and local regulatory framework, in order to assure its clients with high quality and safe services.

ICT & Cybersecurity Strategy

EXIMBANK's IT strategy is based on the ISP Group's strategy following the new mode of activity to increase efficiency in the design and implementation of business-oriented digital solutions.

IT Strategy implementation for EXIMBANK is related to honoring the following principles:

- maximizing synergies within the Group;
- digital transformation of the business to achieve business objectives within the challenges imposed in 2021;

The IT mission consist of Digitalization and Innovation to support priorities of the Business Plan as follows:

- Maximizing digital transformation;
- Streamlining and transforming business processes using information technology;
- Ensuring remote activity for the maximum number of employees;
- Automatization of processes;
- Upgrade of versions for aligning and complying with security objectives;

The strategic objectives are:

- Creating the "Digital Bank" – Enabling the EXIMBANK transformation path towards a "digital company", anticipating and reaching out to needs and behaviors of customers;
- Promote Innovation – spreading innovation within the Bank, through the use of new technologies and operational models;
- Transforming the operating model – promote the transformation of Bank's operations and operating model, with a strong focus on revision of foundations of the IT platform, also in terms of Cybersecurity;
- Reducing costs - continue the process of reducing EXIMBANK's costs, also through the evolution of the role of Operations as a full enabler of Bank digital evolution.

The key implementation of 2021 are:

Hardware projects:

- Continuing the installation of Cash-In ATMs with Recycle technology optimizing cash transportation costs;
- Continuing the implementation of a new ADM (Automatic Deposit Machine) solution for legal entities.

Business continuity:

- Ensure secure remote access for a large number of internal users (Projects - Dual Factor Authentication / Cisco Any Connect).

Software projects:

- Adjustment and development of new functionalities within the ServiceDesk tool;
- Redesign of the mobile banking system;
- Initiation of the card tokenization process in the mobile banking application;

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- Implementing the availability of the corebank system 24/24 ensuring the execution of internal transactions online;
- Automation of processes within the Back Office Department ensuring the implementation of on-line interfaces with the State Fiscal Inspectorate generating financial and incontestable documents autonomously by the system;
- Implementation of 3D V2 authentication (biometrics) within the MobileBanking application;
- SAPI modernization project by aligning with the new MX format;
- Updating of versions for SWIFT application;
- Migration to a new card processing center;

Cybersecurity projects:

- SIEM Solution IBM QRadar – integration with the Bank's Critical Applications / Systems (SWIFT integration);
- Privileged Access Management (PAM) – finalization the Project;
- Web Application Firewall (according to the Security Integration Plan);
- McAfee Web Gateway (according to the Security Integration Plan).

In the 2021 EXIMBANK is continuing implementation of ICT Strategy based on business model.

The most of important projects are:

- Implementation of Digital Document Flow;
- Implementation of CRM application;
- Extending the functionalities of Remote Service Systems such as MobileBankig, ATM and ADM.

Cybersecurity & BCM projects:

- ISP - Security Integration Plan (SIP) Monitoring consolidation - ongoing project (according to Group requirement);
- ISP - Global Security Operations Center Onboarding (GSOC) - monitoring services / next step - SWIFT integration;
- Business Continuity Implementation (Disaster Recovery Plan) – annual renewal / Continuity Plan Testing Sessions.

Human Resources Management & Corporate Social Responsibility

The COVID-19 pandemic certainly required changes in the labor market and the company's human resources management activities. Thus, during 2021, the processes related to this area were rethought and adapted to the new reality. Strategies and policies in this area have focused on achieving the following objectives:

- Attracting new employees and maintaining team motivation;
- Monitoring and strengthening the physical and emotional well-being of employees, including through the prospect of encouraging vaccination against COVID-19;
- Accelerate the digitization of processes and communication with employees.

The pandemic has changed all the classic processes related to human resource management. Thus, in order for the recruitment and selection process to continue to be efficient, but at the same time safe, it has been kept mainly to online. The focus was on in person discussions and direct contact with potential new employees. At the same time, given that a large number of employees continued to work remotely or in hybrid mode, more attention was paid to keeping communication in order to maintain the idea of belonging to the team. The fortification of the teams was achieved through team buildings, internal and external campaigns intended to promote the youngest members of the team, interactive team competitions.

The pandemic also brought up the issue of the need to ensure a work-life balance, as well as the impact of emotional and mental well-being on professional performance. Thus, during 2021, several actions were undertaken to prioritize the well-being of employees, such as: encouraging relaxation activities through internal wellbeing and sports programs, individual psychological counseling sessions, organizational climate surveys. Increased attention has also been paid to information and mobilization campaigns on vaccination against COVID-19. Also starting with 2021, the Bank's employees are covered by an international health care program ("IHP"). It provides assistance in the event of serious illness (cancer, heart surgery, heart valve replacement, organ transplants, intracranial disease) providing access to a medical network that provides both a secondary opinion and treatment in the best clinics around the world, outside the country of residence / work.

Remote work has shown us the importance of adopting solutions that support remote collaboration. Thus, in 2021, the actions regarding the digitization of training, recruitment, onboarding, HR administration and payroll activities continued.

At the end of 2021, 360 employees were within EXIMBANK. The average age of employees is 36.9 years. The share of employees with higher education represents 84% of the total.

Training and continuous development is one of the keys to success, both for the employee and implicitly for the company. This is a good opportunity for employees to develop their knowledge, improve their skills and become more efficient at the workplace. During 2021, the Bank focused on three complex areas: training new employees and ensuring an easy integration into operational activity; internal trainings on consolidating and promoting the culture of knowledge in various key areas of activity; complex courses, dedicated both to the sales force and in the field of leadership, negotiations, project management, etc. Therefore, about 91% of the Bank's active employees benefited from at least one training session during the year (internal and /or external).

Also, the HR & Organization Department continued to provide support in internal projects aimed at optimizing and streamlining the processes within the Bank's subdivisions, as well as for alignment with the standards of the Intesa Sanpaolo Group.

Sustainable development and corporate social responsibility are already imperative for a sustainable activity in the community in which we operate.

As we believe that it is essential to show solidarity and contribute to overcoming the challenges that other people face, the Bank join the efforts of the Public Association SOS Autism Moldova to increase the social inclusion of children and adolescents with ASD (autism spectrum disorders) by donating 45,000 MDL for the purchase of didactic and educational materials necessary for the effective therapies.

Investing in youth is one of the prerequisites for a progressive future, which is why we support young people by offering interactive internships within the Bank. This experience contributes to increasing the competitiveness of future employees in the labor market. At the same time, it is an opportunity to gain personal experience in the field. This year, several students from local and foreign universities benefited from internships at EXIMBANK, and some of them later became employees of the Bank.

EXIMBANK's responsible attitude towards children and young people, as well as their future, is the driving force behind many nice initiatives. Following the good traditions of previous years, as well as the model of the Intesa Sanpaolo Group, the Bank has carried out several initiatives to promote the principles of financial education through public lessons and workshops, with the participation of students from partner educational institutions.

To help encourage investment in renewable energy and sustainable development, the Bank responded to the call of the European Business Association by sponsoring the "Green Energy Dialogue" event. Actions to follow". The conference was focused on showing the current situation in the field of sustainable development, analyzing the interest of investors in renewable energy sources and sustainable development and sharing the best EU and international experiences in this field, business evolution, competitive advantages and upgrades of public policies related to this sector. We look forward to helping to create an environment conducive to the development of the renewable sector, thus reaffirming our commitment to ESG risk management.

Main Correspondent Banks

Bank name	SWIFT	Country	City	Currency	Account number
INTESA SANPAOLO S.P.A.	BCITITMM	ITALY	MILANO	EUR CHF GBP CAD	100100004667 IT64B0306940101100100020610 IT41C03069401011001000206 1 IT18D03069401011001000206 1 2
BANK OF NEW YORK MELLON	IRVTUS3N	U.S.A.	NEW YORK	USD	8900720743
INTESA SANPAOLO ROMANIA S.A.	WBANRO22	ROMANIA	BUCHAREST	RON	RO14WBAN009996085425RO0 1
BANCA TRANSILVANIA	BTRLRO22	ROMANIA	CLUJ-NAPOCA	RON	RO97BTRLRONLORO00088600 1
SBERBANK ROSSII	SABRRUMM	RUSSIA	MOSCOW	RUB	30111810900000000533
BANCA INTESA	KMBBRUMM	RUSSIA	MOSCOW	RUB	30111810110000000022
RAIFFEISEN BANK AVAL	AVALUAUK	UCRAINA	KIEV	UAH	16008343/UAH

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ERNST & YOUNG
Signed..........
Date.......... 20.04.2022

Branch Network

City	Name	Address
Chisinau	Branch no. 1	64/2, Decebal boulevard
Chisinau	Branch no. 3	2, Moscova boulevard
Chisinau	Branch no. 6	76, Mihail Kogalniceanu street
Chisinau	Branch no. 7	27, Dacia boulevard
Chisinau	Branch no. 9	16, Grigore Vieru boulevard
Chisinau	Branch no. 11	113, 31 August 1989 street
Chisinau	Branch no. 13	11, Mircea cel Batran boulevard
Chisinau	Branch no. 19	6, Stefan cel Mare si Sfant boulevard
Chisinau	Branch no. 20	171/1, Stefan cel Mare si Sfant boulevard
Chisinau	Branch no. 22	168, Alba Iulia street
Chisinau	Branch no. 23	1, Socoleni street
Ungheni	Branch no. 2	16, Decebal street
Orhei	Branch no. 5	44, Vasile Lupu street
Soroca	Branch no. 8	20, Mihail Kogalniceanu street
Cahul	Branch no. 15	4/J, 31 August 1989 street
Hincesti	Branch no. 16	149, Mihalcea Hancu street
Balti	Branch no. 18	6/2, Stefan cel Mare si Sfant street

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Legend

GALLERIE D'ITALIA.
FOUR MUSEUMS, A NATIONWIDE CULTURAL NETWORK.

Gallerie d'Italia enables Intesa Sanpaolo to share its artistic and architectural heritage with the general public: the art collections of the Bank, ranging from archaeological artefacts to contemporary works of art, are housed in historic buildings located in four cities, in a unique network of museums.

Gallerie d'Italia - Piazza Scala in Milan hosts, in a highly prestigious architectural setting, a selection of two hundred masterpieces of the nineteenth century in Lombardy, that are part of art collections of Fondazione Cariplo and Intesa Sanpaolo, and an exhibition dedicated to twentieth century Italian art.

Gallerie d'Italia - Palazzo Leoni Montanari, Vicenza is home to art of the region Veneto from the 1700s as well as pottery from Attica and Magna Graecia. It also holds one of the most important collections of Russian icons in the West.

Gallerie d'Italia - Palazzo Zevallos Stigliano, Naples hosts the Martyrdom of Saint Ursula, the last known painting by Caravaggio, alongside more than 120 examples of Neapolitan art dating from the early 17th to the early 20th century. New premises within the majestic building which was formerly the Bank of Naples in Via Toledo mean that the museum space is tripled in size, increasing exhibition opportunities.

There is also the newly-open fourth location of **Gallerie d'Italia in Piazza San Carlo in Turin**, a site which is mainly dedicated to photography and the digital world.

Cover photo:

Gaspar van Wittel (also known as Gaspare Vanvitelli, or Gaspare degli Occhiali)
(Amersfoort, 1652 - Rome, 1736)
A View of the Piazza Navona in Rome, 1688 1721
oil on canvas, 62.5 x 125.5 cm
Intesa Sanpaolo Collection
Gallerie d'Italia -
Palazzo Zevallos Stigliano, Naples

A View of the *Piazza Navona in Rome* is a work by Gaspar van Wittel. A Dutch painter who relocated to Italy, he is considered the forerunner of modern vedutism, as a result of the almost topographic precision of the scene.

The painting belongs to a series of nine landscapes that van Wittel dedicated to Piazza Navona between 1688 and 1721, the largest square in Rome after St. Peter's Square, and undoubtedly the most picturesque thanks to its market and countless related activities. The piazza, a "grand example of theatrical Baroque" was blessed in the mid-seventeenth century with an architectural renovation that gave it a reputation as one of the most beautiful squares in Rome, famous for the magnificence of its buildings and fountains. The view is from the first floor of Palazzo Lancelotti; on the left, the light highlights a series of buildings including the Church of Sant'Agnese in Agone which was rebuilt under the guidance of Francesco Borromini. On the right, in the shadows and strongly shortened, it is possible to see the sixteenth century façade of San Giacomo *degli Spagnoli*; the roof terrace of Palazzo Altemps stands out against the background, while in the centre there is the *Fontana dei Fiumi* by Gian Lorenzo Bernini and the sixteenth-century fountains known as *del Moro and dei Calderari*.
The painting excels for its splendid colours and the clarity of its lines and volumes. The sky is intensely bright with a hue of light blue that is characteristic of the Dutch artist's best works.

The work is part of the art collections on permanent display in Gallerie d'Italia of Intesa Sanpaolo in Naples. The collection traces the most important moments of art in Naples and Campania from the early seventeenth century up to the first decades of the twentieth century, from Caravaggio and the naturalist turning point which took place with the artist's arrival in the city in 1606, right up to the works by Vincenzo Gemito, through the pomp and splendour of the Spanish viceroyalty and the Bourbon era.