

# **NATIONAL BANK OF MOLDOVA**

## ***CONDENSED FINANCIAL STATEMENTS***

***for 6 months ended on 30 June 2015***

***Prepared in Accordance with***

***International Accounting Standard 34 (IAS 34)***

***(unaudited)***

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

**Chişinău, July 2015**

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<sup>1</sup> 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.

**NATIONAL BANK OF MOLDOVA**  
**CONDENSED FINANCIAL STATEMENTS - unaudited**  
**for 6 months ended on 30 June 2015**

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**Content:**

Balance sheet.....	1
Statement of Comprehensive Result.....	2
Statement of Cash Flows.....	3
Statement of Capital and Reserves.....	4
Notes to condensed Financial Statements.....	5-30

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\* 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.

**NATIONAL BANK OF MOLDOVA**  
**BALANCE SHEET - unaudited**  
**As on 30 June 2015**

	Note	30 June 2015 MDL '000	31 December 2014 MDL '000
<b>ASSETS</b>			
Cash and short-term placements with banks	4	10,625,141	13,146,274
Monetary gold	5	52,437	44,159
Due from international financial institutions		3,563,733	2,805,833
Securities issued by the Government of the Republic of Moldova		2,114,262	2,075,118
Loans granted to banks and individuals	6	12,510,497	7,671,022
Investment securities	7	22,434,496	20,472,929
Tangible assets	9	24,322	25,430
Intangible assets	9	18,755	21,540
Other assets	10	4,212	33,110
<b>TOTAL ASSETS</b>		<b>51,347,855</b>	<b>46,295,415</b>
<b>LIABILITIES, CAPITAL AND RESERVES</b>			
<b>Liabilities</b>			
National currency issued into circulation		17,969,666	19,222,536
Due to the Government of the Republic of Moldova	11	3,382,341	2,398,196
Due to banks	12	8,608,859	8,509,563
Certificates issued by the National Bank of Moldova	13	1,507,044	219,809
Due to international financial institutions		10,016,899	8,896,675
Other liabilities	14	18,971	955,096
<b>Total liabilities</b>		<b>41,503,780</b>	<b>40,201,875</b>
<b>Capital and reserves</b>			
Authorised capital		330,017	330,017
General reserve fund		418,005	418,005
<b>Total statutory capital</b>		<b>748,022</b>	<b>748,022</b>
Reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation		5,106,782	5,106,782
Reserve of unrealized gains on revaluation of investment securities		240,117	240,117
Other reserves		9,523	(1,381)
<b>Total capital and reserves</b>		<b>6,104,444</b>	<b>6,093,540</b>
Profit available for distribution*		1,436,113	-
Differences from revaluation of currency stocks		2,319,284	-
Differences from revaluation of investment securities		(15,766)	-
<b>TOTAL LIABILITIES, CAPITAL AND RESERVES, INCLUDING REVALUATION DIFFERENCES, PROFIT AVAILABLE FOR DISTRIBUTION</b>		<b>51,347,855</b>	<b>46,295,415</b>

\* Profit available for distribution is calculated for purposes of presentation, which is recorded only at the end of the year, according to art. 20 of the Law on the National Bank of Moldova no. 548-XIII dated 21 July 1995.

Notes 1-22 are an integral part of these condensed Financial Statements.

These condensed Financial Statements were approved by the Council of Administration of the National Bank of Moldova on 23 July 2015.

**Dorin Drăguțanu**  
**Governor**

**Vasile Munteanu**  
**Director of the Budget, Finance and Accounting**  
**Department, Chief-accountant**

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**NATIONAL BANK OF MOLDOVA**  
**STATEMENT OF COMPREHENSIVE RESULTS - unaudited**  
**for 6 months ended on 30 June 2015**

	<u>Note</u>	<u>30 June 2015</u> <u>MDL '000</u>	<u>30 June 2014</u> <u>MDL '000</u>
Interest income from short-term placements	15	13,032	16,550
Interest income from securities	15	275,391	202,905
Interest income from loans and Repo agreements	15	45,679	1,916
		<u>334,102</u>	<u>221,371</u>
Interest expenses on loans received	16	(19,300)	(17,407)
Interest expenses on deposits and mandatory reserves	16	(157,282)	(25,347)
Interest expenses on transactions with securities and Repo agreements	16	(41,299)	(41,386)
		<u>(217,881)</u>	<u>(84,140)</u>
<b>Net interest income</b>		<b>116,221</b>	<b>137,231</b>
Gains from foreign currency transactions and foreign exchange rate differences	17	3,794,442	2,042,339
(Losses)/ gains from the revaluation of securities	18	(7,881)	38,208
Other income		8,142	12,068
Operating expenses	19	(171,293)	(41,249)
<b>Net operating income</b>		<b>3,623,410</b>	<b>2,051,366</b>
<b>NET PROFIT</b>		<b>3,739,631</b>	<b>2,188,597</b>
<b>Items that can be reclassified to net profit</b>			
Revaluation of securities issued by the Government of the Republic of Moldova		2,626	950
Revaluation of monetary gold		8,278	6,548
<b>COMPREHENSIVE RESULT</b>		<b>3,750,535</b>	<b>2,196,095</b>

*Calculation of the profit available for distribution*

<b>NET PROFIT</b>	<b>3,739,631</b>	<b>2,188,597</b>
Covering/ (allocation) of unrealized losses/(gains) on foreign exchange revaluation of investment securities	15,766	(34,161)
Allocation of unrealized gains on revaluation of foreign currency stocks	(2,319,284)	(1,841,979)
<b>PROFIT AVAILABLE FOR DISTRIBUTION*</b>	<b>1,436,113</b>	<b>312,457</b>

\* Profit available for distribution is calculated for purposes of presentation, which is recorded only at the end of the year, according to art. 20 of the Law on the National Bank of Moldova no. 548-XIII dated 21 July 1995.

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**Department, Chief-accountant**

**NATIONAL BANK OF MOLDOVA**  
**STATEMENT OF CASH FLOWS - unaudited**  
**For 6 months ended on 30 June 2015**

	<u>Note</u>	<u>30 June 2015</u> <u>MDL '000</u>	<u>30 June 2014</u> <u>MDL '000</u>
<b>Cash flows from operating activities</b>			
Interest receipts		284,375	210,264
Interest payments		(183,486)	(81,994)
Gain from investment securities		7,885	4,047
Other receipts		8,141	12,060
Payments to personnel and suppliers		(124,261)	(82,925)
<b>Cash flows before changes in assets and liabilities</b>		<b>(7,346)</b>	<b>61,452</b>
Increase in amounts due from international financial institutions		(285,953)	(82,871)
(Increase)/decrease in loans granted to banks and individuals		(4,835,769)	54,408
Decrease in investment securities		980,571	1,060,771
<b>(Increase)/decrease in operating assets</b>		<b>(4,141,151)</b>	<b>1,032,308</b>
(Decrease)/increase in the national currency issued in circulation		(1,252,870)	378,083
Increase in the balances due to the Government of the Republic of Moldova		900,515	694,661
Decrease in balances due to banks		(408,469)	(535,383)
Increase/(decrease) in certificates issued by the National Bank of Moldova		1,282,558	(1,368,250)
Decrease in balances due to international financial institutions		(310,003)	(185,355)
Decrease in other liabilities		(30,218)	(129,527)
<b>Increase/(decrease) in operating liabilities</b>		<b>181,513</b>	<b>(1,145,771)</b>
<b>Net cash flows from operating activities</b>		<b>(3,966,984)</b>	<b>(52,011)</b>
Tangible and intangible assets acquisitions		(2,384)	(2,512)
<b>Net cash flows used in investing activities</b>		<b>(2,384)</b>	<b>(2,512)</b>
Payments to the State Budget with regard to profit distribution		(889,365)	(125,040)
<b>Net cash flows used in financing activities</b>		<b>(889,365)</b>	<b>(125,040)</b>
Differences from revaluation of cash and cash equivalents		2,376,744	1,016,095
<b>Increase in cash and cash equivalents</b>		<b>2,481,989</b>	<b>836,532</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>15,221,392</b>	<b>14,642,656</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>12,739,403</b>	<b>15,479,188</b>
<b>Analysis of cash and cash equivalents</b>		<b>30 June 2015</b>	<b>31 December 2014</b>
Cash and coins in national currency	4	4,174	5,539
Cash in hand in foreign currency	4	1,051,573	1,233,359
Nostro accounts	4	1,405,511	233,890
Term deposits in foreign currency	4	8,163,883	11,673,486
Securities issued by the Government of the Republic of Moldova		2,114,262	2,075,118
<b>Cash and cash equivalents</b>		<b>12,739,403</b>	<b>15,221,392</b>

Notes 1-22 are an integral part of these condensed Financial Statements.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS- unaudited**  
**For 6 months ended on 30 June 2015**

	Authorised capital	General reserve fund	Reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation	Reserve of unrealized gains on revaluation of investment securities	Other reserves	Profit	Total Capital and reserves
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>Balance as at 1 January 2014</b>	<b>330,017</b>	<b>(471,360)</b>	<b>2,733,942</b>	<b>227,835</b>	<b>(6,672)</b>	<b>-</b>	<b>2,813,762</b>
<b>Net profit</b>	-	-	-	-	-	2,188,597	2,188,597
<i>Other comprehensive result:</i>							
Differences on revaluation of securities issued by the Government of the Republic of Moldova	-	-	-	-	950	-	950
Differences on revaluation of monetary gold	-	-	-	-	6,548	-	6,548
<b>Other comprehensive result, total</b>	-	-	-	-	7,498	-	7,498
Comprehensive result at the end of the period	-	-	-	-	7,498	2,188,597	2,196,095
<b>Balance as at 30 June 2014</b>	<b>330,017</b>	<b>(471,360)</b>	<b>2,733,942</b>	<b>227,835</b>	<b>826</b>	<b>2,188,597</b>	<b>5,009,857</b>
<i>Of which:</i>							
Profit available for distribution*	-	-	-	-	-	312,457	312,457
Differences from revaluation of currency stocks	-	-	1,841,979	-	-	-	1,841,979
Differences from revaluation of investment securities	-	-	-	34,161	-	-	34,161
<b>Balance as at 1 January 2015</b>	<b>330,017</b>	<b>418,005</b>	<b>5,106,782</b>	<b>240,117</b>	<b>(1,381)</b>	<b>-</b>	<b>6,093,540</b>
<b>Net profit</b>	-	-	-	-	-	3,739,631	3,739,631
<i>Other comprehensive result:</i>							
Differences on revaluation of securities issued by the Government of the Republic of Moldova	-	-	-	-	2,626	-	2,626
Differences on revaluation of monetary gold	-	-	-	-	8,278	-	8,278
<b>Other comprehensive result, total</b>	-	-	-	-	10,904	-	10,904
Comprehensive result at the end of the period	-	-	-	-	10,904	3,739,631	3,750,535
<b>Balance as at 30 June 2015</b>	<b>330,017</b>	<b>418,005</b>	<b>5,106,782</b>	<b>240,117</b>	<b>9,523</b>	<b>3,739,631</b>	<b>9,844,075</b>
<i>Of which:</i>							
Profit available for distribution*	-	-	-	-	-	1,436,113	1,436,113
Differences from revaluation of currency stocks	-	-	2,319,284	-	-	-	2,319,284
Differences from revaluation of investment securities	-	-	-	(15,766)	-	-	(15,766)

\* Profit available for distribution is calculated for purposes of presentation, which is recorded only at the end of the year, according to art. 20 of the Law on the National Bank of Moldova no. 548-XIII dated 21 July 1995.

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**NATIONAL BANK OF MOLDOVA**  
**NOTES TO THE CONDENSED FINANCIAL STATEMENTS- unaudited**  
**For 6 months ended on 30 June 2015**

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

The National Bank of Moldova (hereinafter the Bank) is the central bank of the Republic of Moldova and it was established in 1991. The activity of the Bank is regulated by the *Law on the National Bank of Moldova no.548-XIII of 21 July 1995*. In accordance with the mentioned Law, the Bank is an autonomous public legal entity that is responsible to the Parliament of Republic of Moldova.

The primary objective of the Bank is to achieve and maintain price stability.

The registered head-office of the Bank is 1 Grigore Vieru Avenue, Chişinău, Republic of Moldova. The Bank has no representation offices or branches.

**2. Basis of preparation and main accounting policies**

The condensed Financial Statements of the Bank have been prepared in accordance with the *Law on the National Bank of Moldova* and International Accounting Standard 34 (IAS 34) – „Interim Financial Reporting”.

The condensed Financial Statements do not contain all information and disclosures required by annual Financial Statements, thus they need to be analysed jointly with the Financial Statements for the year ended on 31 December 2014, which are prepared in accordance with International Financial Reporting Standards (IFRS).

The condensed Financial Statements are prepared according to the same accounting policies, principles and methods of evaluation of assets, liabilities, capital and reserves, income and expenses, applied at the preparation of the latest annual Financial Statements of the National Bank of Moldova.

The condensed Financial Statements are presented in Moldovan lei (“MDL”), the national currency of the Republic of Moldova, rounded to the nearest thousand in Moldovan lei (MDL ’000).

The Bank was not involved in any cyclical or seasonal activities during the current reporting period. All activities of the Bank are taking place depending on the essence and the time of performance of the transactions, according to the going concern principle for an indefinite period of time.

**3. Risk management**

**3.1 Risk management framework**

Through its normal operations, the Bank is exposed to a number of risks of an operational and financial nature.

The Bank’s risk management is developed and regulated based on internal instructions and procedures, and is monitored by the management of the Bank that analyses the issues related to the monetary, investment and foreign exchange policy of the Bank.

The risk management framework is permanently updated, depending on markets trends, Bank’s policies or structure, etc.

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**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.1 Risk management framework (continued)**

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

**3.2 Credit risk**

The table below sets out the Bank's financial assets based on long-term rating:

30 June 2015

Long-term rating <sup>1</sup>	Cash and short-term placements with banks	Monetary gold	Due from international financial institutions	Securities issued by the Government of the Republic of Moldova <sup>2</sup>	Loans granted to banks and individuals	Investment securities	Other financial assets	Total financial assets
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
AAA	2,452,246	-	3,563,733	-	-	17,520,720	-	23,536,699
AA+	2,384	-	-	-	-	2,705,192	-	2,707,576
AA	1,683,543	-	-	-	-	2,208,584	-	3,892,127
AA-	1,086,248	-	-	-	-	-	-	1,086,248
A+	769,094	-	-	-	-	-	-	769,094
A	4,625,141	-	-	-	-	-	-	4,625,141
A-	45	-	-	-	-	-	-	45
BBB+	342	-	-	-	-	-	-	342
BBB	21	-	-	-	-	-	-	21
BBB-	10	-	-	-	-	-	-	10
BB+	1,893	-	-	-	-	-	-	1,893
Without rating	4,174	52,437	-	2,114,262	12,510,497	-	1,424	14,682,794
<b>Total</b>	<b>10,625,141</b>	<b>52,437</b>	<b>3,563,733</b>	<b>2,114,262</b>	<b>12,510,497</b>	<b>22,434,496</b>	<b>1,424</b>	<b>51,301,990</b>

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

<sup>2</sup> Taking into consideration the Bank's role as the state's fiscal agent and the special relationship between the Bank as the Central Bank of the State and the Government, the securities issued by the Government of the Republic of Moldova are included in the category "Without Rating". However, as at 30 June 2015, the Republic of Moldova was rated only by Moody's Agency with the B3 rating (as at 31 December 2014 – B3).

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**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.2 Credit risk (continued)**

31 December 2014

Long-term rating	Cash and short-term placements with banks	Monetary gold	Due from international financial institutions	Securities issued by the Government of the Republic of Moldova	Loans granted to banks and individuals	Investment securities	Other financial assets	Total financial assets
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
AAA	2,403,664	-	2,805,833	-	-	17,784,278	-	22,993,775
AA+	549,221	-	-	-	-	1,465,748	-	2,014,969
AA	17	-	-	-	-	1,222,903	-	1,222,920
AA-	2,596,064	-	-	-	-	-	-	2,596,064
A+	2,823,044	-	-	-	-	-	-	2,823,044
A	4,767,639	-	-	-	-	-	-	4,767,639
A-	212	-	-	-	-	-	-	212
BBB	21	-	-	-	-	-	-	21
BBB-	853	-	-	-	-	-	-	853
Without rating	5,539	44,159	-	2,075,118	7,671,022	-	30,036	9,825,874
<b>Total</b>	<b>13,146,274</b>	<b>44,159</b>	<b>2,805,833</b>	<b>2,075,118</b>	<b>7,671,022</b>	<b>20,472,929</b>	<b>30,036</b>	<b>46,245,371</b>

In order to quantify the credit risk of investments made in foreign currency, the Bank estimates the credit risk associated with the investment portfolio based on default rates determined by the Standard & Poor's agency per each credit rating category, the investments being classified in ten categories, according to default rates, with annual maturity of up to and including ten years.

As at 30 June 2015, the credit risk of the investment securities portfolio in foreign currency, quantified based on the default rates published by Standard & Poor's, is as follows:

	Held to maturity		At fair value		Total		Portfolio share, %
	MDL'000	USD '000	MDL'000	USD '000	MDL'000	USD '000	
30 June 2015	38,705	2,070	11,824	632	50,529	2,702	0.15
31 December 2014	35,649	2,283	14,178	908	49,827	3,191	0.15

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**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.3 Liquidity risk**

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank.

The analysis of financial assets and liabilities classified according to their contractual maturity date as at 30 June 2015 is set out below:

	0 - 3 months	3 - 6 months	6 - 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Undefined maturity	Total
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>30 June 2015</b>								
<b>Assets</b>								
Cash and short-term placements with banks	9,575,637	1,049,504	-	-	-	-	-	10,625,141
Monetary gold	-	-	-	-	-	-	52,437	52,437
Due from international financial institutions	323,649	-	-	-	-	-	3,240,084	3,563,733
Securities issued by the Government of the Republic of Moldova	2,114,262	-	-	-	-	-	-	2,114,262
Loans granted to banks and individuals	12,459,003	24,541	2,457	3,748	7,715	13,033	-	12,510,497
Investment securities	1,490,259	2,332,556	2,241,016	4,570,748	5,826,846	5,973,071	-	22,434,496
Other assets	1,424	-	-	-	-	-	-	1,424
<b>Total financial assets</b>	<b>25,964,234</b>	<b>3,406,601</b>	<b>2,243,473</b>	<b>4,574,496</b>	<b>5,834,561</b>	<b>5,986,104</b>	<b>3,292,521</b>	<b>51,301,990</b>
<b>Liabilities</b>								
National currency issued into circulation	-	-	-	-	-	-	17,969,666	17,969,666
Due to the Government of the Republic of Moldova	3,382,341	-	-	-	-	-	-	3,382,341
Due to banks	8,608,859	-	-	-	-	-	-	8,608,859
Certificates issued by the National Bank of Moldova	1,507,044	-	-	-	-	-	-	1,507,044
Due to international financial institutions	211,306	135,825	406,244	1,076,137	3,326,085	1,619,213	3,242,089	10,016,899
Other liabilities	18,968	-	-	-	-	-	-	18,968
<b>Total financial liabilities</b>	<b>13,728,518</b>	<b>135,825</b>	<b>406,244</b>	<b>1,076,137</b>	<b>3,326,085</b>	<b>1,619,213</b>	<b>21,211,755</b>	<b>41,503,777</b>
<b>Net liquidity gap</b>	<b>12,235,716</b>	<b>3,270,776</b>	<b>1,837,229</b>	<b>3,498,359</b>	<b>2,508,476</b>	<b>4,366,891</b>	<b>(17,919,234)</b>	<b>9,798,213</b>
<b>31 December 2014</b>								
<b>Total financial assets</b>	<b>22,553,305</b>	<b>1,957,939</b>	<b>2,646,559</b>	<b>4,720,899</b>	<b>6,142,698</b>	<b>5,392,614</b>	<b>2,831,357</b>	<b>46,245,371</b>
<b>Total financial liabilities</b>	<b>12,264,758</b>	<b>98,179</b>	<b>293,277</b>	<b>792,600</b>	<b>2,894,217</b>	<b>1,846,550</b>	<b>22,012,289</b>	<b>40,201,870</b>
<b>Net liquidity gap</b>	<b>10,288,547</b>	<b>1,859,760</b>	<b>2,353,282</b>	<b>3,928,299</b>	<b>3,248,481</b>	<b>3,546,064</b>	<b>(19,180,932)</b>	<b>6,043,501</b>

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.3 Liquidity risk (continued)**

The table below presents the analysis of total financial liabilities, including future interest cash flows according to their contractual maturity as at 30 June 2015.

The amounts of future liabilities were calculated using the information available as at 30 June 2015 (official exchange rate of the Moldovan Leu, interest rates on monetary-credit instruments, etc.).

	<b>0 - 3 months</b>	<b>3 - 6 months</b>	<b>6 - 12 months</b>	<b>From 1 to 2 years</b>	<b>From 2 to 5 years</b>	<b>More than 5 years</b>	<b>Undefined maturity</b>	<b>Total</b>
	<b>MDL '000</b>	<b>MDL'000</b>	<b>MD'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL '000</b>	<b>MDL '000</b>
<b>30 June 2015</b>								
<b>Liabilities</b>								
National currency issued into circulation	-	-	-	-	-	-	17,969,666	17,969,666
Due to the Government of the Republic of Moldova	3,382,341	-	-	-	-	-	-	3,382,341
Due to banks	8,616,652	-	-	-	-	-	-	8,616,652
Certificates issued by the National Bank of Moldova	1,510,651	-	-	-	-	-	-	1,510,651
Due to international financial institutions*	221,147	145,549	424,662	1,109,175	3,388,364	1,629,705	3,242,089	10,160,691
Other liabilities	18,968	-	-	-	-	-	-	18,968
<b>Total financial liabilities</b>	<b>13,749,759</b>	<b>145,549</b>	<b>424,662</b>	<b>1,109,175</b>	<b>3,388,364</b>	<b>1,629,705</b>	<b>21,211,755</b>	<b>41,658,969</b>
<b>31 December 2014</b>								
<b>Liabilities</b>								
National currency issued into circulation	-	-	-	-	-	-	19,222,536	19,222,536
Due to the Government of the Republic of Moldova	2,398,196	-	-	-	-	-	-	2,398,196
Due to banks	8,511,723	-	-	-	-	-	-	8,511,723
Certificates issued by the National Bank of Moldova	220,052	-	-	-	-	-	-	220,052
Due to international financial institutions*	190,596	106,712	310,141	823,459	2,955,881	1,861,100	2,789,753	9,037,642
Other liabilities	955,091	-	-	-	-	-	-	955,091
<b>Total financial liabilities</b>	<b>12,275,658</b>	<b>106,712</b>	<b>310,141</b>	<b>823,459</b>	<b>2,955,881</b>	<b>1,861,100</b>	<b>22,012,289</b>	<b>40,345,240</b>

\*For the funds received under the Extended Credit Facility (ECF) (previously Poverty Reduction and Growth Facility (PRGF)) from the IMF and included in Due to international financial institutions, for the period 7 January 2010 – 31 December 2018, no interest is calculated, according to the resolution of the IMF Executive Board.

### **3. Risk management (continued)**

#### **3.4 Market risk**

The market risk for the portfolio of investment securities is managed and monitored based on a value at risk methodology (VaR), which represents the correlation between risk variables. The Bank applies on a monthly basis the VaR methodology to assess the market risk positions held and to estimate the potential economic losses based upon a number of parameters and assumptions for various changes in market conditions.

The outcome of the market risk assessment based on VaR represents the potential loss expressed in monetary units for the portfolio of investment securities in foreign currency based on a 95% confidence level and assuming a 1-month holding period. This calculation is provided by the Bloomberg Informational System.

The value of exposure at risk (VaR) of securities portfolio in foreign currency is as follows:

	<b>Held to maturity</b>		<b>At fair value</b>		<b>Total</b>		<b>Portfolio share, %</b>
	<b>MDL'000</b>	<b>USD'000</b>	<b>MDL'000</b>	<b>USD '000</b>	<b>MDL'000</b>	<b>USD '000</b>	
As at 30 June 2015	224,324	11,996	272,337	14,564	496,661	26,560	2.18
As at 31 December 2014	153,172	9,809	187,563	12,012	340,735	21,821	1.64

Although the VAR method is one of the basic tools for measuring the market risk, the assumptions on which the VAR model is based give rise to certain limitations as set out below.

- The VaR calculations are performed monthly, for the following month, considering the portfolio as at month end and assuming that no transaction will be performed.
- It is assumed a 95% probability that losses will not exceed the estimated VaR. Thus, there is a slight probability of 5% that actual losses will exceed the estimated outcome according to VaR methodology.
- The use of historical data as basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature.
- The outcomes of VAR tool depends on the volatility of market prices.

VAR methodology limitations are applied to the entire portfolio of foreign currency securities.

Taking into account the fact that the VaR method shows the maximum loss with a certain probability (95%), the Bank uses an additional indicator that measures market risk called CVaR, which estimates the average of losses higher than those covered by the confidence level of the VaR method.

Thus, as at 30 June 2015, the value of exposure at risk of securities portfolio in foreign currency, calculated by using CVaR is as follows:

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.4 Market risk (continued)**

	Held to maturity		At fair value		Total		Portfolio
	MDL'000	USD'000	MDL '000	USD'000	MDL'000	USD '000	share, %
As at 30 June 2015	320,210	17,124	386,235	20,654	706,445	37,778	3.10
As at 31 December 2014	212,847	13,631	264,275	16,924	477,122	30,555	2.29

**3.4.1 Interest rate risk**

The analysis of financial assets and liabilities as at 30 June 2015 according to their contractual re-pricing and interest rate renewal dates is as follows:

	0 - 3 months	3 - 6 months	6 - 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Non-interest bearing	Total
	MDL '000	MDL '000	MDL'000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>30 June 2015</b>								
<b>Assets</b>								
Cash and short-term placements with banks	8,518,102	1,049,504	-	-	-	-	1,057,535	10,625,141
Monetary gold	-	-	-	-	-	-	52,437	52,437
Due from international financial institutions	323,649	-	-	-	-	-	3,240,084	3,563,733
Securities issued by the Government of the Republic of Moldova	2,114,262	-	-	-	-	-	-	2,114,262
Loans granted to banks and individuals	12,455,813	24,113	1,607	2,947	7,491	13,033	5,493	12,510,497
Investment securities	1,436,360	2,234,703	2,230,561	4,570,748	5,826,846	5,973,071	162,207	22,434,496
Other assets	-	-	-	-	-	-	1,424	1,424
<b>Total financial assets</b>	<b>24,848,186</b>	<b>3,308,320</b>	<b>2,232,168</b>	<b>4,573,695</b>	<b>5,834,337</b>	<b>5,986,104</b>	<b>4,519,180</b>	<b>51,301,990</b>
<b>Liabilities</b>								
National currency issued into circulation	-	-	-	-	-	-	17,969,666	17,969,666
Due to the Government of the Republic of Moldova	2,586,061	-	-	-	-	-	796,280	3,382,341
Due to banks	5,363,516	-	-	-	-	-	3,245,343	8,608,859
Certificates issued by the National Bank of Moldova	1,507,044	-	-	-	-	-	-	1,507,044
Due to international financial institutions	3,907,274	113,909	230,915	501,583	1,365,204	649,290	3,248,724	10,016,899
Other liabilities	-	-	-	-	-	-	18,968	18,968
<b>Total financial liabilities</b>	<b>13,363,895</b>	<b>113,909</b>	<b>230,915</b>	<b>501,583</b>	<b>1,365,204</b>	<b>649,290</b>	<b>25,278,981</b>	<b>41,503,777</b>
<b>Interest rate gap</b>	<b>11,484,291</b>	<b>3,194,411</b>	<b>2,001,253</b>	<b>4,072,112</b>	<b>4,469,133</b>	<b>5,336,814</b>	<b>(20,759,801)</b>	<b>9,798,213</b>
<b>31 December 2014</b>								
<b>Total financial assets</b>	<b>21,256,426</b>	<b>1,936,625</b>	<b>2,584,591</b>	<b>4,719,352</b>	<b>6,142,250</b>	<b>5,392,614</b>	<b>4,213,513</b>	<b>46,245,371</b>
<b>Total financial liabilities</b>	<b>10,560,760</b>	<b>98,179</b>	<b>199,028</b>	<b>428,724</b>	<b>1,207,692</b>	<b>731,246</b>	<b>26,976,241</b>	<b>40,201,870</b>
<b>Interest rate gap</b>	<b>10,695,666</b>	<b>1,838,446</b>	<b>2,385,563</b>	<b>4,290,628</b>	<b>4,934,558</b>	<b>4,661,368</b>	<b>(22,762,728)</b>	<b>6,043,501</b>

\* 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. Risk management (continued)**

#### **3.4 Market risk (continued)**

##### **3.4.1 Interest rate risk (continued)**

To determine the interest rate risk associated with demand and term deposits held in foreign currency, the Bank calculates the expected gains /losses assuming a scenario of a 0.5 percentage points raise /fall of the interest rates on these financial instruments.

According to the average balance of demand and term deposits for the first semester of 2015, the expected amount of gains /losses from increase /decrease in interest rate with 0.5 percentage points is as follows:

	<b>MDL '000</b>	<b>USD '000</b>
First semester of 2015	+/-26,554	+/-1,420
Year 2014	+/-75,698	+/-4,848

The sensitivity of the investment portfolio of securities measured at fair value through profit or loss to fluctuations of interest rates is measured using the PV01. PV01 is a method that quantifies the interest rate risk through the measurement of the difference between the market value of the securities portfolio at fair value and its estimated value in case the investment yield changes with 0.01 p.p. A change of the security's yield with 0.01 p.p. leads to an inverse non-linear impact on the portfolio value calculated using the PV01 method.

As at 30 June 2015, the increase /decrease of the yield by 0.01 p.p. leads to the decrease /increase in the present value of the investment portfolio of securities of MDL 6,647 thousand or USD 355 thousand, which represents 0.03% of the portfolio of securities (as at 31 December 2014: MDL 6,581 thousand or USD 421 thousand, which represents 0.03% of the portfolio of securities).

##### **3.4.2 Foreign currency risk**

The normative currency structure of the investment portfolio is set by the Bank's Council of Administration and is aimed to mitigate the currency risk through an adequate structure of foreign currency assets and liabilities, and a reasonable investment range that is acceptable to serve the current external liabilities and to implement the foreign currency policy of the State. As at 30 June 2015, the US dollar share in the normative currency structure constituted 55%, Euro – 30%, Pound Sterling – 10%, other currencies – 5% (as at 31 December 2014, the US dollar share in the normative currency structure constituted 50%, Euro – 35%, Pound Sterling – 10%, other currencies – 5%). The share of each currency in the Bank's investment portfolio may vary within +/-10 percentage points from the normative currency structure.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**3. Risk management (continued)**

**3.4 Market risk (continued)**

**3.4.2 Foreign currency risk (continued)**

As at 30 June 2015, the Bank held the following foreign exchange positions:

	MDL	USD	EUR	GBP	XDR	Other currencies	Total
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>30 June 2015</b>							
<b>Assets</b>							
Cash and short-term placements with banks	4,174	6,038,742	3,118,785	1,461,443	-	1,997	10,625,141
Monetary gold	-	-	-	-	-	52,437	52,437
Due from international financial institutions	-	-	-	-	3,563,733	-	3,563,733
Securities issued by the Government of the Republic of Moldova	2,114,262	-	-	-	-	-	2,114,262
Loans granted to banks and individuals	12,510,497	-	-	-	-	-	12,510,497
Investment securities	-	12,752,601	8,055,208	1,626,687	-	-	22,434,496
Other assets	673	296	455	-	-	-	1,424
<b>Total financial assets</b>	<b>14,629,606</b>	<b>18,791,639</b>	<b>11,174,448</b>	<b>3,088,130</b>	<b>3,563,733</b>	<b>54,434</b>	<b>51,301,990</b>
<b>Liabilities</b>							
National currency issued into circulation	17,969,666	-	-	-	-	-	17,969,666
Due to the Government of the Republic of Moldova	2,621,895	112,587	647,859	-	-	-	3,382,341
Due to banks	4,469,859	1,560,640	2,578,360	-	-	-	8,608,859
Certificates issued by the National Bank of Moldova	1,507,044	-	-	-	-	-	1,507,044
Due to international financial institutions	10,519	-	-	-	10,006,380	-	10,016,899
Other liabilities	17,492	61	1,415	-	-	-	18,968
<b>Total financial liabilities</b>	<b>26,596,475</b>	<b>1,673,288</b>	<b>3,227,634</b>	<b>-</b>	<b>10,006,380</b>	<b>-</b>	<b>41,503,777</b>
<b>Net position</b>	<b>(11,966,869)</b>	<b>17,118,351</b>	<b>7,946,814</b>	<b>3,088,130</b>	<b>(6,442,647)</b>	<b>54,434</b>	<b>9,798,213</b>
<b>31 December 2014</b>							
<b>Total financial assets</b>	<b>9,752,336</b>	<b>17,749,641</b>	<b>12,202,093</b>	<b>3,690,363</b>	<b>2,805,833</b>	<b>45,105</b>	<b>46,245,371</b>
<b>Total financial liabilities</b>	<b>26,892,330</b>	<b>1,285,671</b>	<b>3,129,830</b>	<b>6</b>	<b>8,893,692</b>	<b>341</b>	<b>40,201,870</b>
<b>Net position</b>	<b>(17,139,994)</b>	<b>16,463,970</b>	<b>9,072,263</b>	<b>3,690,357</b>	<b>(6,087,859)</b>	<b>44,764</b>	<b>6,043,501</b>

As at 30 June 2015, other currencies include monetary gold equivalent of MDL 52,437 thousand, Russian roubles – MDL 1,894 thousand, Swiss Francs - MDL 63 thousand, Norwegian krone – MDL 26 thousand, Romanian Lei – MDL 12 thousand, and Danish krone – MDL 2 thousand.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**3. Risk management (continued)**

**3.4 Market risk (continued)**

**3.4.2 Foreign currency risk (continued)**

In order to estimate the currency risk associated to assets and liabilities denominated in foreign currency, possible unrealized gains /losses have been computed assuming a change of +/- 10% of the official exchange rate of MDL against the currencies in which these assets and liabilities are denominated. As at 30 June 2015 and 31 December 2014, respectively, the amount of the potential impact on the profit and equity of the Bank is as follows:

	<b>30 June 2015</b>		<b>31 December 2014</b>	
	<b>MDL '000 Profit</b>	<b>MDL '000 Capital</b>	<b>MDL '000 Profit</b>	<b>MDL '000 Capital</b>
MDL against USD	+/-1,711,835	+/-1,711,835	+/-1,646,397	+/-1,646,397
MDL against EUR	+/-794,681	+/-794,681	+/-907,226	+/-907,226
MDL against GDP	+/-308,813	+/-308,813	+/-369,036	+/-369,036
MDL against XDR	+/-644,265	+/-644,265	+/-608,786	+/-608,786
MDL against other currencies	+/-200	+/-200	+/-60	+/-60

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

**4. Cash and short-term placements with banks**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Cash on hand in national currency	4,174	5,539
Cash on hand in foreign currency	1,051,573	1,233,359
Nostro accounts	1,405,511	233,890
Term deposits in foreign currency	8,163,883	11,673,486
	<b>10,625,141</b>	<b>13,146,274</b>

As at period end, the term deposits in foreign currency were placed at financial institutions rated<sup>1</sup>: „AA” – 20.62%, „AA-” – 13.31%, „A+” – 9.42% and „A” – 56.65% (as at 31 December 2014: „AAA” – 8.05%, „AA+” – 4.69%, „AA-” – 22.24% and „A+” – 24.18% and „A” – 40.84%).

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



**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**5. Monetary gold**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Monetary gold	52,437	44,159
	<b>52,437</b>	<b>44,159</b>

The monetary gold is represented by the quantity of 74,133.48 grams (as at 31 December 2014 – 74,133.48 grams) of pure gold bullions of Good Delivery standard quality (based on the requirements of the London Bullion Market Association). As at 30 June 2015, the market price of gold was MDL 707.3303 per gram (as at 31 December 2014: MDL 595.6709 per gram).

**6. Loans granted to banks and individuals**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL, '000</b>	<b>MDL, '000</b>
Short term loans granted to banks	12,176,687	6,450,498
Medium term loans granted to banks	46,570	93,141
Overnight loans granted to banks	-	-
REPO transactions	257,563	1,098,290
Loans granted to banks for crediting the construction cooperatives	4,336	5,518
Loans granted to other individuals	25,341	23,575
	<b>12,510,497</b>	<b>7,671,022</b>

This caption includes the balance of loans granted to banks on short and medium term, the balance of loans granted to banks during 1993-2000 for crediting the construction cooperatives and the balance of loans granted to NBM employees, adjusted with the interest calculated for these loans.

The increase in the balance by MDL 4,839,475 thousand was mainly determined by the increase in the balance of loans granted to banks on short term.

REPO transactions were conducted by the Bank at fixed rate equivalent to the base rate plus a margin of 0.25 percentage points with a term of 28 days. The purpose of these operations was to cover current liquidity needs of licensed banks.

The average interest rate on REPO operations was 12.11% in the first semester of 2015 (in 2014 - 4.12%).

The National Bank of Moldova does not consider necessary the provisioning of these operations, as it protects the eventual non-repayment by the counterpart bank by setting initial transaction insurance percentage (haircut) and margin calls (request additional collateral assets).

During the first semester of 2015, in order to ensure the stability of the banking system, the Bank granted emergency loans to the banks under special administration in the total amount of MDL 5,821,758 thousand.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**6. Loans granted to banks and individuals (continued)**

These loans have been granted under the provisions of Article 5 letter e), Article 18 (paragraph 3) and Article 26 letter a) of the Law on the National Bank of Moldova no.548-XIII of 21 July 1995 under the conditions and manner established by the Regulation on emergency loans (approved by the Decision of the Council of Administration of the National Bank of Moldova no.130 of 28 May 2012).

Emergency loans were granted to honour the banks' claims according to Article 38<sup>11</sup> (paragraph 3) of the Law on financial institutions no.550-XIII of 21 July 1995, at an interest rate of 0.1 percent annually under the State Guarantee no.807 of 17 November 2014, amounting to MDL 9,500 million and the State Guarantee no.101 of 01 April 2015, amounting to MDL 5,340 million, issued by the Ministry of Finance of the Republic of Moldova, provided with the condition of substitution with securities issued by the Finance Ministry.

As at 30 June 2015, the balance of short-term emergency loans has amounted to MDL 12,171,758 thousand.

Considering the conditions under which the emergency loans were granted and their specific nature, and taking into account that loans are guaranteed by the Government, there was no need to form allowance for impairment losses on loans granted.

Loans granted to credit the construction cooperatives were granted at a 10% fixed interest rate for loans granted for a 25 years term, and at the Bank's base rate for long term loans, variable per the contract period, for loans granted for a 15 years term.

In order to take over the receivables due by B.C. "Investprivatbank" S.A. under liquidation towards B.C. „Banca de Economii” S.A. (further referred to as “Banca de Economii”), in accordance with the *Law on measures to ensure financial stability* no.190 of 30 September 2011, the Ministry of Finance has issued and transferred to Banca de Economii securities in the amount of MDL 428,500 thousand at their nominal value, provided that they are repurchased on a quarterly basis, in equal tranches, in accordance with an established schedule, with the repurchase term as on 30 December 2015. As at 30 June 2015, the amount of these securities constitutes MDL 46,570 thousand.

The reimbursement conditions and terms according to the loan agreement between the National Bank of Moldova and Banca de Economii related to the loan for protecting the integrity of the banking system comply with the conditions and terms of redemption of bonds schedule issued by the Ministry of Finance and transferred to Banca de Economii.

In view of the loan granting conditions for Banca de Economii and considering the provisions of the *Law on measures to ensure financial stability* no.190 of 30 September 2011, there was no need to form an allowance for impairment losses on the loan granted.

As at 30 June 2015, the collateral pledged by banks as to secure the repayment of loans received and related interest, including the one under State Guarantee, amounts to MDL 15,001,837 thousand (as at 31 December 2014: MDL 9,679,859 thousand).

As at 30 June 2015, the collateral pledged by the Bank's employees, as to secure the repayment of loans received and related interest amounts to MDL 33,884 thousand (as at 31 December 2014: MDL 33,425 thousand).

During 2014 and the first semester of 2015, no impairment allowances were accounted for the loans granted.

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\* 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.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**7. Investment securities**

The caption „Investment securities” of the Balance Sheet includes two categories of financial assets, as presented below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
<b>Securities in foreign currency measured at fair value through profit or loss</b>	<b>13,151,324</b>	<b>12,509,195</b>
Coupon securities in foreign currency	13,151,324	12,509,195
Discount securities in foreign currency	-	-
<b>Securities in foreign currency held-to-maturity</b>	<b>9,283,172</b>	<b>7,963,734</b>
Coupon securities in foreign currency	9,283,172	7,963,734
Discount securities in foreign currency	-	-
<b>Total investment securities</b>	<b>22,434,496</b>	<b>20,472,929</b>

The securities portfolio in foreign currency measured at fair value through profit or loss held by the Bank, comprises mainly securities issued by Governments and Governmental Agencies of the United States of America, European Union and supranational securities.

The portfolio of securities in foreign currency measured at fair value, included in the caption "Investment securities "of the Balance Sheet, is detailed below:

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Securities in foreign currency measured at fair value (nominal value)	12,968,848	12,351,934
Interest on securities in foreign currency measured at fair value	98,350	65,228
Revaluation of securities in foreign currency measured at fair value	84,126	92,033
<b>Securities in foreign currency measured at fair value through profit or loss</b>	<b>13,151,324</b>	<b>12,509,195</b>

The securities in foreign currency measured at fair value through profit or loss are revalued on a monthly basis and bear a fixed interest rate, within the range of 0.004% to 2.86% per annum (as at 31 December 2014: 0.01% to 2.86%), except for two securities in amount of USD 2,000 thousand bearing a floating interest rate with quarterly revision (as at 30 June 2015, the bearing interest rate was of 0.29% per annum). The investment securities in foreign currency measured at fair value through profit or loss include also the accrued interest amounting MDL 59,825 thousand as at 30 June 2015 (as at 31 December 2014: MDL 43,087 thousand).

**7. Investment securities (continued)**

As at 30 June 2015, the securities measured at fair value through profit or loss issued by non-residents held in the Bank's portfolio having the highest rating<sup>1</sup> – „AAA” constituted 77.44% , securities with rating „AA+” constituted 14.32% and securities with rating „AA” constituted 8.24% (as at 31 December 2014: „AAA” – 88.43%, „AA+” – 6.36%, „AA” - 5.21%). The decrease of securities share rated "AAA" and the simultaneous increase of securities share rated "AA+" is mostly due to the downgrading of the average rating of Austria and Dutch public sector agency BNG, Bank Nederlandse Gemeenten N.V. from “AAA” to „AA+” during the first semester of 2015.

The amount of securities in foreign currency measured at fair value through profit or loss that were sold and which matured during the reporting period amounted to nominal value of USD 255,051 thousand; EUR 42,741 thousand and GBP 10,000 thousand (in 2014 were sold and matured - USD 686,275 thousand and EUR 220,500 thousand). At the same time, during the reporting period, the Bank purchased securities in foreign currency at fair value in nominal values terms in amount of USD 244,720 thousand and EUR 11,170 thousand (in 2014: USD 406,940 thousand and EUR 100,475 thousand).

According to the Agreement for investment management and consulting signed between the International Bank for Reconstruction and Development (IBRD) and the Bank, IBRD became the Bank's Advisor and Representative for the management of a portion of foreign assets, limited to 20% of the official reserve assets.

Investments under this program are made in US dollar-denominated securities issued by the U.S. Treasury, government agencies and supranational institutions. These assets are included in the category of securities in foreign currency, measured at fair value through profit or loss.

At 30 June 2015, balance sheet value of securities in foreign currency managed externally constituted MDL 3,868,136 thousand (as at 31 December 2014: MDL 3,210,209 thousand), their share in official reserve assets accounted for 11.57% (as at 31 December 2014: 9.53%).

According to the decision of the Council of Administration of the Bank, the portfolio of investment securities classified as held to maturity should not exceed 30% of the official reserve assets of the Bank. The volume and composition of foreign currency assets and the prospects of future cash flows allow the Bank to hold the respective portfolio of securities until maturity. At the same time, the increase of securities portfolio held to maturity will be possible only if its share will be less than 20% of official reserve assets and the reserve will cover 4 months of imports.

As at 30 June 2015, the share of securities held to maturity in official reserve assets of the Bank amounted 27.77% (as at 31 December 2014: 23.65%).

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

\* 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.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**7. Investment securities (continued)**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Securities in foreign currency held-to-maturity (nominal value)	9,167,732	7,880,772
Interest on securities in foreign currency held-to-maturity	115,440	82,962
<b>Securities in foreign currency held-to-maturity</b>	<b>9,283,172</b>	<b>7,963,734</b>

Held-to-maturity securities bear fixed annual interest rates between 0.99% and 3.55%.

As at 30 June 2015, the share of held-to-maturity securities with „AAA” rating was of 79.03%, while those with „AA+” rating constituted 8.86% and those with „AA” rating - 12.11% (as at 31 December 2014: „AAA” – 84.41%, „AA+”- 8.42% and „AA” - 7.18%).

The portfolio of held-to-maturity securities comprises mainly securities issued by governments and governmental agencies from the United States of America, European Union and supranational financial institutions.

During the first semester of 2015, the Bank has not recognised any impairment allowances in respect of held-to-maturity securities.

**8. Fair value of financial instruments**

The Bank’s financial instruments comprise cash and short-term placements with banks, monetary gold, due from international financial institutions, investment securities, loans granted to banks and individuals, national currency issued into circulation, due to banks and to the Government of the Republic of Moldova, certificates issued by the National Bank of Moldova, due to international financial institutions, as well as other financial assets and other financial liabilities.

The Bank’s financial assets are measured at fair value, except for the cash and short-term placements with banks, due to international financial institutions, loans granted to banks and individuals and investment securities held-to-maturity, which are measured at amortized cost. Financial liabilities are measured at amortized cost.

The carrying amount and fair value of financial assets and liabilities is presented in the table below:

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**8. Fair value of financial instruments (continued)**

	At fair value through profit or loss	Held-to- maturity	Loans and receivables	Available for sale	Other at amortised cost	Total	Fair value
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>30 June 2015</b>							
<b>Assets</b>							
Cash and short-term placements with banks	-	-	10,625,141	-	-	10,625,141	10,625,141
Monetary gold	-	-	-	52,437	-	52,437	52,437
Due from international financial institutions	-	-	3,563,733	-	-	3,563,733	3,563,733
Securities issued by the Government of the Republic of Moldova	-	-	-	2,114,262	-	2,114,262	2,114,262
Loans granted to banks and individuals	-	-	12,510,497	-	-	12,510,497	12,510,497
Investment securities:							
Measured at fair value	13,151,324	-	-	-	-	13,151,324	13,151,324
Measured at amortised cost	-	9,283,172	-	-	-	9,283,172	9,650,227
Other assets	-	-	1,424	-	-	1,424	1,424
<b>Total financial assets</b>	<b>13,151,324</b>	<b>9,283,172</b>	<b>26,700,795</b>	<b>2,166,699</b>	<b>-</b>	<b>51,301,990</b>	<b>51,669,045</b>
<b>Liabilities</b>							
National currency issued into circulation	-	-	-	-	17,969,666	17,969,666	17,969,666
Due to the Government of the Republic of Moldova	-	-	-	-	3,382,341	3,382,341	3,382,341
Due to banks	-	-	-	-	8,608,859	8,608,859	8,608,859
Certificates issued by the National Bank of Moldova	-	-	-	-	1,507,044	1,507,044	1,507,044
Due to international financial institutions	-	-	-	-	10,016,899	10,016,899	10,016,899
Other liabilities	-	-	-	-	18,968	18,968	18,968
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,503,777</b>	<b>41,503,777</b>	<b>41,503,777</b>

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**8. Fair value of financial instruments (continued)**

	At fair value through profit or loss	Held-to- maturity	Loans and receivables	Available for sale	Other at amortised cost	Total	Fair value
	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000	MDL '000
<b>31 December 2014</b>							
<b>Assets</b>							
Cash and short-term placements with banks	-	-	13,146,274	-	-	13,146,274	13,146,274
Monetary gold	-	-	-	44,159	-	44,159	44,159
Due from international financial institutions	-	-	2,805,833	-	-	2,805,833	2,805,833
Securities issued by the Government of the Republic of Moldova	-	-	-	2,075,118	-	2,075,118	2,075,118
Loans granted to banks and individuals	-	-	7,671,022	-	-	7,671,022	7,671,022
Investment securities:							
Measured at fair value	12,509,195	-	-	-	-	12,509,195	12,509,195
Measured at amortised cost	-	7,963,734	-	-	-	7,963,734	8,339,295
Other assets	-	-	30,036	-	-	30,036	30,036
<b>Total financial assets</b>	<b>12,509,195</b>	<b>7,963,734</b>	<b>23,653,165</b>	<b>2,119,277</b>	<b>-</b>	<b>46,245,371</b>	<b>46,620,932</b>
<b>Liabilities</b>							
National currency issued into circulation	-	-	-	-	19,222,536	19,222,536	19,222,536
Due to the Government of the Republic of Moldova	-	-	-	-	2,398,196	2,398,196	2,398,196
Due to banks	-	-	-	-	8,509,563	8,509,563	8,509,563
Certificates issued by the National Bank of Moldova	-	-	-	-	219,809	219,809	219,809
Due to international financial institutions	-	-	-	-	8,896,675	8,896,675	8,896,675
Other liabilities	-	-	-	-	955,096	955,096	955,096
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,201,875</b>	<b>40,201,875</b>	<b>40,201,875</b>

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**8. Fair value of financial instruments (continued)**

**Hierarchy of the fair value of the financial instruments**

The table below presents the financial instruments measured at fair value, subsequent to the initial recognition, classified in levels from 1 to 3 according to the valuation method used.

<b>30 June 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>MDL '000</b>	<b>MDL'000</b>	<b>MDL'000</b>	<b>MDL '000</b>
Monetary gold	52,437	-	-	52,437
Securities in foreign currency measured at fair value through profit or loss	13,151,324	-	-	13,151,324
Securities issued by the Government of the Republic of Moldova	-	2,114,262	-	2,114,262
<b>Total</b>	<b>13,203,761</b>	<b>2,114,262</b>	<b>-</b>	<b>15,318,023</b>

**31 December 2014**

Monetary gold	44,159	-	-	44,159
Securities in foreign currency measured at fair value through profit or loss	12,509,195	-	-	12,509,195
Securities issued by the Government of the Republic of Moldova	-	2,075,118	-	2,075,118
<b>Total</b>	<b>12,553,354</b>	<b>2,075,118</b>	<b>-</b>	<b>14,628,472</b>

The valuation methods and techniques used for determination of the fair value remained the same as in the previous reporting period and there were no reclassifications of financial instruments between levels of the fair value hierarchy.

Following the analysis performed, the Bank's management believes that given the short-term of placements with banks, the specific nature and scope of loans and receivables, as well as the lack of active market for the quota of the Republic of Moldova at IMF that is not measured at fair value in Financial Statements, the fair value of the respective financial instruments is not significantly different from the amount recorded in the Balance Sheet.

In addition, the management believes that the value of Bank's liabilities recorded on the Balance Sheet approximate their fair value due to their short-term placement period or due to the type of specific transactions performed by a central bank, and for which there was no distinct active market or valuation models to reliably estimate their fair value.

All financial instruments that are not measured at fair value in the Balance Sheet falls in Level 2 of the fair value hierarchy, except for the held-to-maturity investment securities classified in Level 1 of the fair value hierarchy.



**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**9. Tangible and intangible assets**

	<b>Buildings</b>	<b>Equipment</b>	<b>Tangible assets in progress</b>	<b>Intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL'000</b>	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL '000</b>
<b>Cost</b>						
As at 1 January 2015	<b>36,539</b>	<b>84,578</b>	<b>3,554</b>	<b>55,341</b>	<b>2,525</b>	<b>182,537</b>
Additions	-	1,607	489	166	122	<b>2,384</b>
Transfers	-	2,603	(2,666)	2,098	(2,098)	<b>(63)</b>
Disposals	-	(4,545)	-	(731)	-	<b>(5,276)</b>
<b>As at 30 June 2015</b>	<b>36,539</b>	<b>84,243</b>	<b>1,377</b>	<b>56,874</b>	<b>549</b>	<b>179,582</b>
<b>Accumulated amortisation</b>						
As at 1 January 2015	<b>26,306</b>	<b>72,934</b>	-	<b>36,327</b>	-	<b>135,567</b>
Charge for the period	518	2,623	-	3,072	-	<b>6,213</b>
Change for disposals	-	(4,544)	-	(731)	-	<b>(5,275)</b>
<b>As at 30 June 2015</b>	<b>26,824</b>	<b>71,013</b>	-	<b>38,668</b>	-	<b>136,505</b>
<b>Carrying amount</b>						
<b>As at 1 January 2015</b>	<b>10,233</b>	<b>11,644</b>	<b>3,554</b>	<b>19,014</b>	<b>2,525</b>	<b>46,970</b>
<b>As at 30 June 2015</b>	<b>9,715</b>	<b>13,230</b>	<b>1,377</b>	<b>18,206</b>	<b>549</b>	<b>43,077</b>

	<b>Buildings</b>	<b>Equipment</b>	<b>Tangible assets in progress</b>	<b>Intangible assets</b>	<b>Intangible assets in progress</b>	<b>Total</b>
	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL'000</b>	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL '000</b>
<b>Cost</b>						
As at 1 January 2014	<b>36,496</b>	<b>81,217</b>	<b>4,304</b>	<b>51,831</b>	<b>2,501</b>	<b>176,349</b>
Additions	43	2,491	3,499	1,524	2,098	<b>9,655</b>
Transfers	-	4,249	(4,249)	2,074	(2,074)	-
Disposals	-	(3,379)	-	(88)	-	<b>(3,467)</b>
<b>As at 31 December 2014</b>	<b>36,539</b>	<b>84,578</b>	<b>3,554</b>	<b>55,341</b>	<b>2,525</b>	<b>182,537</b>
<b>Accumulated amortisation</b>						
As at 1 January 2014	25,287	71,912	-	31,074	-	<b>128,273</b>
Charge for the period	1,019	4,401	-	5,341	-	<b>10,761</b>
Charge of disposals	-	(3,379)	-	(88)	-	<b>(3,467)</b>
<b>As at 31 December 2014</b>	<b>26,306</b>	<b>72,934</b>	-	<b>36,327</b>	-	<b>135,567</b>
<b>Carrying amount</b>						
<b>As at 1 January 2014</b>	<b>11,209</b>	<b>9,305</b>	<b>4,304</b>	<b>20,757</b>	<b>2,501</b>	<b>48,076</b>
<b>As at 31 December 2014</b>	<b>10,233</b>	<b>11,644</b>	<b>3,554</b>	<b>19,014</b>	<b>2,525</b>	<b>46,970</b>

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**10. Other assets**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Prepaid expenses	890	1,086
Other receivables	1,424	904
Advance paid for national currency production	-	29,132
Inventories	1,046	1,142
Goods and materials administered	913	907
<b>Subtotal</b>	<b>4,273</b>	<b>33,171</b>
Minus: Provision for slow moving inventory and doubtful receivables	(61)	(61)
	<b>4,212</b>	<b>33,110</b>

**11. Due to the Government of the Republic of Moldova**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Demand deposits of the Ministry of Finance	2,588,973	1,463,409
Amounts in foreign currency of the Ministry of Finance	590,766	881,299
Other accounts of the Government of the Republic of Moldova	202,602	53,488
	<b>3,382,341</b>	<b>2,398,196</b>

The interest rate paid by the Bank on the demand deposits of the Ministry of Finance is determined based on the average interest rate of the banking system available for the last three months, for interest bearing demand deposits of legal entities in MDL. The weighted average interest rate on demand deposits accepted from the Ministry of Finance as at 30 June 2015 is of 1.97% (as at 31 December 2014: 1.86%).

**12. Due to banks**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Current accounts of banks, including mandatory reserves	8,452,859	6,562,376
Deposits from licensed banks denominated in national currency	156,000	1,947,187
	<b>8,608,859</b>	<b>8,509,563</b>

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**12. Due to banks (continued)**

Due to banks, including mandatory reserves, are the amounts placed on the Loro accounts of the resident banks, of the resident banks under the liquidation process, of the resident banks under the insolvency process, as well as the banks' mandatory reserves, held at the Bank in Moldovan Leu, USD and Euro.

According to the requirements of the mandatory reserves regime established by the Bank, as at 30 June 2015, banks are required to maintain mandatory reserves in Moldovan lei and in foreign currencies (US Dollars and Euro) at 20% (as at 31 December 2014: 14%) of the base, represented by the banks' attracted funds in corresponding currencies. The mandatory reserves in Moldovan Leu are maintained in average by banks on Loro accounts opened with the Bank during the maintenance period or on the account of mandatory reserves in national currency opened with the Bank. The mandatory reserves in foreign currency are registered in the Bank's accounting records, in the mandatory reserves in foreign currency account and are placed in the Bank's Nostro accounts with foreign banks.

According to Article 17 of the *Law on National Bank of Moldova*, mandatory reserve balances that exceed 5% of attracted funds are remunerated by the Bank as follows: for mandatory reserves in Moldovan lei by applying the current monthly average interest rate for overnight deposits of the Bank, and for the mandatory reserves in foreign currency (USD and Euro) – the average interest rate on interest bearing demand deposits in foreign currency attracted by banks, measured on a monthly basis by the Bank based on monthly reports presented by the banks in respect of the average interest rate on deposits attracted by banks.

The deposits in national currency of the licensed banks include overnight deposits of banks placed with the Bank and the related interest accrued for the respective deposits. The interest rate on overnight deposits of the banks as at 30 June 2015 is 12.50% (as at 31 December 2014 – 3.50%).

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

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Certificates issued by the National Bank of Moldova at selling price	1,502,231	219,673
Amortised discount on certificates issued by the Bank	4,813	136
	<b>1,507,044</b>	<b>219,809</b>

The Bank's certificates represent securities sold to licensed banks through auctions in order to absorb the excess liquidity on the money market. These are issued at discount and repurchased on maturity date at their nominal value. During the first semester of 2015, the Bank's certificates were mainly issued with 14 day maturity.

The weighted average interest rate on the Bank's certificates outstanding as at 30 June 2015 was 14.61% (as at 31 December 2014: 4.50%).

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**14. Other liabilities**

	<b>30 June 2015</b>	<b>31 December 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Due to the State Budget for profit distribution	-	889,365
Due to other entities	18,452	52,097
Due to personnel	20	10,068
Other liabilities	499	3,566
	<b>18,971</b>	<b>955,096</b>

**15. Interest income**

	<b>30 June 2015 MDL '000</b>	<b>30 June 2014 MDL '000</b>
<b>Interest income from short-term placements</b>		
Interests from term deposits with foreign banks	11,589	16,387
Interests from overnight deposits	448	146
Interests from cash and cash equivalents	995	17
	<b>13,032</b>	<b>16,550</b>
<b>Interest income from securities</b>		
Interest from securities in foreign currency measured at fair value	53,348	74,631
Interest from securities in foreign currency held-to-maturity	103,256	82,105
Amortization of the discount on the securities issued by the Government of the Republic of Moldova	118,787	46,169
	<b>275,391</b>	<b>202,905</b>
<b>Interest income from loans granted and REPO</b>		
Interests from loans granted to the banks and REPO	45,586	1,847
Interests from loans granted to the employees	93	69
	<b>45,679</b>	<b>1,916</b>
	<b>334,102</b>	<b>221,371</b>

The average interest rate on state securities held in the Bank's portfolio during the first semester of 2015 was 11.20% (average interest rate during the first semester of 2014: 4.60%).

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

**16. Interest expenses**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
<b>Interest expenses on loans received</b>		
Interests on the loans received from the International Monetary Fund	19,300	17,407
	<b>19,300</b>	<b>17,407</b>
<b>Interest expense on cash and cash equivalents</b>		
Interests on the mandatory reserves	114,832	11,793
Interests on the deposits accepted from banks	27,984	554
Interests on the deposits accepted from the Ministry of Finance	14,466	11,861
Interests on Forward transactions	-	1,139
	<b>157,282</b>	<b>25,347</b>
<b>Interest expenses on operations with securities and Repos</b>		
Amortization of the discount to the certificates of the National Bank of Moldova	41,299	41,386
	<b>41,299</b>	<b>41,386</b>
	<b>217,881</b>	<b>84,140</b>

Mandatory reserves in Moldovan lei and non-convertible currency was increased gradually in the first semester of 2015 from 14% to 20%. Mandatory reserves in convertible currency remained at the level of 14% throughout the first semester of 2015. In 2014, mandatory reserves in Moldovan lei, non-convertible currency and convertible currency were maintained at the level of 14%.

The average daily balance of Bank's certificates during the first semester of 2015 was MDL 694 million (in the first semester of 2014: MDL 2,386 million). The average interest rate on Bank's certificates issued during the first semester of 2015 was 12.31% (in the first semester of 2014: 3.50%).

**17. Gains from foreign currency transactions and foreign exchange rate differences**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Foreign exchange rate differences from the revaluation of foreign exchange stocks	2,319,285	1,841,979
Realized gains from transactions in foreign currency	1,475,157	200,360
	<b>3,794,442</b>	<b>2,042,339</b>

Foreign exchange rate differences from revaluation of foreign currency stocks arise from the daily revaluation of foreign currency stocks, due to changes in official exchange rate against foreign currencies forming the currency stocks and from revaluation of IMF accounts. At the year end, unrealized gains are transferred to the reserve of unrealized foreign exchange gains from foreign currency stocks' revaluation. This reserve can be used only to cover some potential unrealized losses from the revaluation of foreign currency stocks.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**17. Gains from foreign currency transactions and foreign exchange rate differences (continued)**

Realized gains arise from the sale of foreign currencies and represent the positive difference between selling rate and the cost of currency stock (or the average exchange rate of the purchased currency) multiplied by the sales volume. During the first semester of 2015, the gains on foreign exchange were generated mainly by the positive difference between the selling rate and cost of currency stock and by conversion operations (currency arbitrage).

**18. (Losses)/gains from the revaluation of securities**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Difference from the revaluation of securities in foreign currency	(15,766)	34,161
Net gains from revaluation of securities in foreign currency	7,885	4,047
	<b>(7,881)</b>	<b>38,208</b>

Difference from the revaluation of securities in foreign currency measured at fair value through profit or loss represent unrealized gains which were generated by the increase in price in international financial markets, as a consequence of the insignificant decrease in interest rates during the first semester of the current year. At the end of the year, unrealized gains are transferred to the reserve of unrealized gains on revaluation of investment securities. This reserve can be used only to cover some potential unrealized losses from the revaluation of securities in foreign currency.

**19. Operating expenses**

	<b>30 June 2015</b>	<b>30 June 2014</b>
	<b>MDL '000</b>	<b>MDL '000</b>
Personnel expenses	27,963	24,435
Expenses related to information, advisory and audit services	14,897	6,769
Expenses related to amortisation of tangible and intangible assets	6,214	5,015
Buildings, transport and equipment maintenance expenses	2,253	2,235
Fee and commission expenses	1,280	309
Expenses on national currency	116,044	61
Other operating expenses	2,642	2,425
	<b>171,293</b>	<b>41,249</b>

The personnel expenses include also the mandatory state social insurance contributions in amount of MDL 4,875 thousand and the mandatory medical insurance contributions in amount of MDL 890 thousand (as at 30 June 2014: MDL 4,270 thousand and MDL 726 thousand respectively).

As at 30 June 2015, the number of positions within the Bank, including vacancies, constituted 484 units (as at 30 June 2014 – 477 units).

\* 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.

**NATIONAL BANK OF MOLDOVA**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS - unaudited**  
**For 6 months ended on 30 June 2015**

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**20. Related parties**

As at 30 June 2015, the remuneration of the Bank's management, including middle management amounted to MDL 4,808 thousand (as at 30 June 2014: MDL 4,711 thousand).

As at 30 June 2015, the expenses with the mandatory state social insurance and the mandatory medical insurance contributions related to the Bank's management, including the middle management, amounted to MDL 1,095 thousand and MDL 194 thousand, respectively (as at 30 June 2014: MDL 1,069 thousand and MDL 179 thousand respectively).

The Bank grants loans to its employees. The table below represents the movement of the loans granted and the balance of the loans granted to the management of the Bank, including middle management:

	<b>Balance as of 1 January</b>	<b>Loans granted</b>	<b>Reimbursements</b>	<b>Balance as at 31 December / 30 June</b>
	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL '000</b>	<b>MDL '000</b>
2014	5,295	1,659	(1,110)	5,844
2015	5,844	1,017	(1,005)	5,856

The loans are granted to the management at the same interest rates as charged to all Bank's employees in accordance with the Bank's internal regulations. These loans are secured with collateral provided by each beneficiary, the amount of which as at 30 June 2015 constituted MDL 9,968 thousand (as at 31 December 2014: MDL 9,426 thousand).

As at 30 June 2015, these loans were classified as standard and therefore not requiring any allowance for impairment losses.

Considering the provisions of Article 1 of the *Law on the National Bank of Moldova*, which expressly stipulates that the Bank is an autonomous public legal entity responsible to the Parliament, the Government and any government related entities are not considered related parties of the Bank.

**21. Commitments and contingent liabilities**

*Promissory notes issued*

As at 30 June 2015, the value of the promissory note issued by the Bank for the International Monetary Fund to secure the loans received within EFF facility amounted to MDL 3,790,268 thousand (as at 31 December 2014: MDL 3,335,352 thousand).

On 11 May 2012, the Parliament adopted the Law on the increase of the Republic of Moldova's quota in the International Monetary Fund, according to which the Republic of Moldova's quota to the International Monetary Fund was increased from XDR 123,2 million to XDR 172,5 million. The arisen obligations and the necessary measures to be taken, in order to ensure the increase of the Republic of Moldova's quota to the International Monetary Fund were delegated to the National Bank of Moldova, based on its statute of agent of the Republic of Moldova.

\* 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.

**21. Commitments and contingent liabilities (continued)**

As at 30 June 2015, the decision to increase the Moldova's quota has not been enforced, given that all the necessary conditions were not met for the entry into force of the corresponding Decision of the International Monetary Fund.

*Investment commitments*

As at 29 June 2015, within the external management program of reserves the World Bank has concluded 4 transactions with securities, 2 of which are purchases of total nominal value amounting to USD 4,500 thousand and 2 sales with nominal value of USD 4,500 thousand, value date of all transactions being 1 July 2015. At the same time, on 29 June 2015, the National Bank of Moldova concluded 5 transactions with securities, 3 of which are purchases of total nominal value amounting to USD 13,500 thousand and EUR 3,970 thousand and 2 sales with nominal value of USD 5,350 thousand, value date of all transactions being 1 and 2 July 2015.

*Loan commitments*

As at 30 June 2015, there were loan commitments in the amount of MDL 2,232,760 thousand related to short-term emergency loans (as at 31 December 2014 there were loan commitments in the amount of MDL 2,984,518 thousand).

As at 30 June 2015 (as well as at 31 December 2014) there was no debt with expired limitation period.

*Capital commitments*

In accordance with the contracts in force as at 30 June 2015, the Bank is committed to settle during the next years its financial obligations regarding the payment for some acquisitions related to the Bank's activity amounting to EUR 2,713 thousand or about MDL 56,441 thousand (as at 31 December 2014: around EUR 3,774 thousand, or about MDL 71,684 thousand).

*Litigations and contingent liabilities*

As at 30 June 2015, the Bank was involved in 10 lawsuits against it, in 8 of which the Bank participates as a defendant and in 2 as an accessory intervener.

As at 30 June 2015 (as well as at 31 December 2014), the Bank did not record any provisions for litigations, as the Bank considered that there were not sufficient evidence regarding any related possible future outflows of economic resources.

**22. Subsequent events**

No significant subsequent events occurred after the Balance Sheet date.