

**RAIFFEISEN BANK S.A.**

**CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**

PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS  
ENDORSED BY THE EUROPEAN UNION

**31 DECEMBER 2023**

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In accordance with article 10, paragraph 1 from republished accounting Law No. 82/1991, the responsibility for the accounting organization and management belongs to the administrator, to the person authorized for credit release or to other person in charge with administration of the entity.

Officially in charge as vice-president and chief financial officer of Raiffeisen Bank S.A. - parent company, in accordance with article 31 from republished accounting Law No. 82/1991, I assume the responsibility for preparing the consolidated and separate financial statements as of 31 December 2023 and I confirm that:

a) accounting policies used for preparing the consolidated and separate financial statements as of 31 December 2023 are in accordance with Order of the National Bank of Romania No. 27/2010 and related amendments, which require that these consolidated and separate financial statements to be prepared in accordance with International Financial Reporting Standards as endorsed by the European Union;

b) consolidated and separate financial statements prepared as of 31 December 2023 fairly reflect the financial position, statement of comprehensive income, statement of changes in equity, statement of cash flow and the related notes for the activity developed in accordance with Order of the National Bank of Romania No. 27/2010 and related amendments, which require that these consolidated and separate financial statements to be prepared in accordance with International Financial Reporting Standards as endorsed by the European Union.

Alina Rus

Vice-president & Chief Financial Officer



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders,  
Raiffeisen Bank S.A.

### Report on the Audit of the financial statements

#### Opinion

1. We have audited the separate and consolidated financial statements ("financial statements") of Raiffeisen Bank S.A. (the "Bank") and its subsidiaries (collectively "the Group"), with registered office in 246D Calea Floreasca street, District 1, Bucharest, Romania, identified by unique tax registration code RO 361820 which comprise the consolidated and separate statement of financial position as at 31 December 2023, and the consolidated and separate statement of comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.
2. The financial statements as at 31 December 2023 are identified as follows:
  - Separate financial statements
    - Equity RON thousand 7,468,769
    - Net profit for the financial year RON thousand 1,719,490
  - Consolidated financial statements
    - Equity RON thousand 7,628,177
    - Net profit for the financial year RON thousand 1,700,767
3. In our opinion:
  - the accompanying separate financial statements present fairly, in all material respects, the separate financial position of the Bank as at 31 December 2023, and its separate financial performance and its separate cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and National Bank of Romania Order no. 27/2010 for the approval of accounting regulations in accordance with International Financial Reporting Standards applicable to credit institutions, with subsequent amendments ("Order 27/2010").
  - the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU and Order 27/2010.

#### Basis for Opinion

4. We conducted our audit in accordance with International Standards on Auditing (ISAs), Regulation (EU) No. 537/2014 of the European Parliament and the Council (herein after referred to as "Regulation") and Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (herein after referred to as "Law 162/2017"). 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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), in accordance with ethical requirements relevant for the audit of the financial statements in Romania including the Regulation and the Law 162/2017, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

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

Nature of the area of focus	How our audit addressed the key audit matter
<p><b>Collective impairment of loans and advances to customers</b></p> <p>According to IFRS 9, the Group accounts for credit losses and advances to customers based on expected credit losses (ECL): for a period up to 12 months for credit exposures for which the credit risk did not increase significantly since origination, and throughout the credit lifetime for exposures with significant increase in credit risk, as detailed in impairment policy in Note 3, point j, to the financial statements.</p> <p>As of 31 December 2023, the Group registered impairment allowances in amount of RON 1.227.408 thousand for loans and advances to customers in gross amount of RON 43.040.642 thousand.</p> <p>The Group exercises significant professional judgement using complex models, extensive data and subjective assumptions over both when and how much to record as impairment for loans.</p> <p>Because loans and advances to customers form a major portion of the Group's assets, and due to the significance of the management professional judgments applied in classifying loans and advances to customers into various stages stipulated in IFRS 9 and determining the related impairment level, this audit area is considered a key audit matter.</p> <p>Key areas of judgement included:</p> <ul style="list-style-type: none"> <li>- utilization of historical data for determining risk parameters;</li> <li>- the interpretation of the requirements to determine impairment under the application of IFRS 9, which is reflected in the expected credit loss model;</li> <li>- assumptions used in the expected credit loss models to assess the credit risk related to the exposure and the expected future cash flows of the customers;</li> <li>- the identification of exposures with a high level of significant deterioration in credit quality and the industries affected by the restrictions imposed as a result of current economic environment;</li> <li>- potential impact on the assumptions used, increases in credit risk and impairments, and future cash flows as a result of the current social and economic conditions;</li> </ul>	<p>Based on our risk assessment and industry knowledge, with the support of our credit risk experts, we have examined the impairment charges for loans receivables and evaluated the methodology applied as well as the key assumptions made by the management according to the description of the key audit matter.</p> <p>Our procedures included the following elements:</p> <p>1) Testing of key internal controls</p> <p>We have checked the adequacy of the key processes and related key controls applied by management to ensure accuracy of impairment calculation, including:</p> <ul style="list-style-type: none"> <li>- key controls identified to ensure quality assurance of the methodological aspects used in the development of professional judgments and the ECL models;</li> <li>- key controls related to timely identification of impairment triggers and significant increase in credit risk;</li> <li>- key controls to assess the debtors' financial performance and estimate future cash flows.</li> </ul> <p>For the relevant key controls identified in, we have tested the design and operating effectiveness of such controls.</p> <p>2) Testing the implementation of the ECL computation methodology into the IT computation systems, including:</p> <ul style="list-style-type: none"> <li>- test the general IT controls related to data sources and computations of ECL;</li> <li>- assessment on a sample basis of the credit quality and stage allocation;</li> <li>- test on a sample basis the ECL computations.</li> </ul> <p>3) Obtaining and analysing the information to support the key assumptions used in:</p> <ul style="list-style-type: none"> <li>- development of the models for the key risk parameters computation (12-month probability of default, lifetime probability of default and loss given default), including procedures on the source data quality;</li> <li>- development of the expected credit loss models;</li> </ul>

Nature of the area of focus	How our audit addressed the key audit matter
<ul style="list-style-type: none"> <li>- assessment of prospective information.</li> </ul>	<ul style="list-style-type: none"> <li>- development and adequacy of the stage allocation and the criteria used to determine the significant increase in credit risk;</li> <li>- development of models to reflect the potential impact of future economic conditions in the ECL computation;</li> <li>- assessment of the adequacy of the analysis and adjustments made by the management, on all the aspects pertaining to the estimation of expected credit losses, including prospective information on customers loans portfolio.</li> </ul> <p>We have analysed whether the ECL material information presented in the financial statements is adequate, in accordance with the applicable IFRS requirements.</p>
<p><b>Interest Income Recognition</b></p>	
<p>Refer to Note 8 of the financial statements</p> <p>For the year ended 31 December 2023 the Group interest income represents KRON 3,235,673 the main source being loans and advances to customers. These are the main contributors to the operating income of the Group affecting the Group's profitability.</p> <p>Interest income is accrued over the expected life of the financial instrument using the effective interest rate.</p> <p>Fees that are directly attributable to the financial instrument are part of the effective interest rate and accrued over the expected life of such an instrument and are presented as interest income;</p> <p>Revenue recognition specifics, a high volume of individually small transactions which depends on data quality of interest and fee inputs and on IT systems for their recording, resulted in this matter being identified as a key audit matter.</p>	<p>We have tested the design and operating effectiveness of the key internal controls and focused on:</p> <ul style="list-style-type: none"> <li>• data input on interest and directly attributable fees for loans and advances to customers;</li> <li>• management oversight and control on interest income results, including budget monitoring;</li> <li>• IT controls relating to access rights and change management of relevant automated controls, with the assistance of our IT specialists.</li> </ul> <p>We performed also the following procedures with regard to interest revenue recognition:</p> <ul style="list-style-type: none"> <li>• We evaluated the accounting treatment in respect of fees charged to clients to determine whether the methodology complies with the requirement of the relevant accounting standard. We have focused our testing on challenging the correct classification of fees that are identified as directly attributable to the financial instrument and are part of the effective interest rate;</li> <li>• For a sampling of contracts, we assessed the completeness and accuracy of data used for the calculation of interest income.</li> <li>• We evaluated the mathematical formula used for accruing the relevant income over expected life of the loan.</li> <li>• We have assessed the interest income by building our own expectation on the revenue and compared with the actual results.</li> <li>• Analysing the adequacy of interest income - related disclosures for compliance with the relevant IFRS requirements.</li> </ul>

## **Other information – Administrators’ Report**

6. The administrators are responsible for the preparation and presentation of the other information. The other information comprises the Directors’ report on consolidated and separate financial statements (“Administrators’ report”) which includes the non-financial information declaration, but does not include the financial statements and our auditor’s report thereon.

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

In connection with our audit of the financial statements for the year ended 31 December 2023, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

## **Other reporting responsibilities with respect to other information – Administrators’ Report**

With respect to the Administrators’ report, we read and report if this has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

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

- a) The information included in the Administrators’ report for the financial year for which the financial statements have been prepared are consistent, in all material respects, with these financial statements;
- b) The Administrators’ report has been prepared, in all material respects, in accordance with the provisions of National Bank of Romania Order no. 27/2010, articles 12-16 and articles 32-33.

Moreover, based on our knowledge and understanding concerning the Group and its environment gained during the audit on the financial statements prepared as at 31 December 2023, we are required to report if we have identified a material misstatement of this Administrators’ report. We have nothing to report in this regard.

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

7. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Order 27/2010 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Group’s financial reporting process.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on Other Legal and Regulatory Requirements Requirements for audits of public interest entities**

15. We have been appointed by the General Meeting of Shareholders dated April 29, 2020 to audit the financial statements of Raiffeisen Bank S.A. for the financial year ended 31 December 2023. The uninterrupted total duration of our commitment is three years, covering the financial years ended 31 December 2021 until 31 December 2023.

We confirm that:

- Our audit opinion is consistent with the additional report submitted to the Audit Committee of the Bank that we issued the same date we issued this report. Also, in conducting our audit, we have retained our independence from the Group.
- No non-audit services referred to in Article 5 (1) of EU Regulation No. 537/2014 were provided.

The engagement partner on the audit resulting in this independent auditor's report is Irina Dobre.



***Report on compliance with the Law 162/2017 on the statutory audit of annual financial statements and annual consolidated financial statements and on amending other pronouncements (“Law 162/2017”), and Commission Delegated Regulation (EU) 2018/815 on the European Single Electronic Format Regulatory Technical Standard (“ESEF”)***

We have undertaken a reasonable assurance engagement on the compliance with Law 162/2017 and Commission Delegated Regulation (EU) 2018/815 applicable to the financial statements included in the annual financial report of Raiffeisen Bank S.A and its subsidiaries (“the Group”) as presented in the digital files which contain the unique LEI code 549300RFKNCOX56F8591 (the “Digital Files”).

*(I) Responsibilities of management and those charged with governance for the Digital Files prepared in compliance with the ESEF*

Raiffeisen Bank S.A.’s management is responsible for preparing Digital Files that comply with the ESEF. This responsibility includes:

- the design, implementation and maintenance of internal control relevant to the application of the ESEF
- the selection and application of appropriate iXBRL mark-ups;
- ensuring consistency between the Digital Files and the financial statements to be submitted in accordance with Order 27/2010;

Those charged with governance are responsible for overseeing the preparation of digital files that comply with the ESEF.

*(II) Auditor’s Responsibilities for Audit of the Digital Files*

Our responsibility is to express a conclusion on whether the financial statements included in the annual financial report complies in all material respects with the requirements of ESEF based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

Our firm applies International Standard on Quality Management 1 (“ISQM1”), and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

A reasonable assurance engagement in accordance with ISAE 3000 involves performing procedures to obtain evidence about compliance with ESEF. The nature, timing and extend of procedures selected depend on the auditor’s judgment, including the assessment of the risks of material departures from the requirements set out in ESEF, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of Raiffeisen Bank S.A.’s process for preparation of the digital files in accordance with ESEF, including relevant internal controls;
- reconciling the digital files including the marked-up data with the audited financial statements of Raiffeisen Bank S.A. to be submitted in accordance with Order 27/2010;
- evaluating if all financial statements contained in the separate and consolidated annual report have been prepared in a valid XHTML format;
- evaluating if the iXBRL mark-ups, including the voluntary mark-ups, comply with ESEF requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

## Conclusion

In our opinion, the financial statements for the year ended 31 December 2023 included in the annual financial report in the Digital Files comply in all materials respects with the requirements of ESEF.

In this section, we do not express an audit opinion, review conclusion or any other assurance conclusion on the financial statements. Our audit opinion relating to the financial statements of Raiffeisen Bank S.A. for the year ended 31 December 2023 is set out in the *Report on the audit of financial statements* section above.

Irina Dobre, Audit Partner

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

*Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 3344*

On behalf of:

**DELOITTE AUDIT SRL**

*Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25*

The Mark Building, 84-98 and 100-102 Calea Grivitei, 9<sup>th</sup> Floor, District 1  
Bucharest, Romania  
March 25, 2024

<i>In RON thousand</i>	Note	Group		Bank	
		2023	2022	2023	2022
Interest income according to effective interest method		3,837,342	2,818,555	3,860,806	2,821,418
Interest income other		270,367	93,560	190,400	41,900
Interest expense		(1,286,780)	(511,762)	(1,272,894)	(507,624)
<b>Net interest income</b>	8	<b>2,820,929</b>	<b>2,400,353</b>	<b>2,778,312</b>	<b>2,355,694</b>
Fees and commissions income		903,575	841,482	864,738	797,626
Fees and commissions expense		(301,325)	(282,406)	(296,965)	(277,734)
<b>Net fee and commission income</b>	9	<b>602,250</b>	<b>559,076</b>	<b>567,773</b>	<b>519,892</b>
Net trading income	10	377,550	329,197	378,690	330,045
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	26	12,974	(38,335)	11,679	(37,853)
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income		576	(1,657)	-	-
Gains or (-) losses from hedge accounting, net	27	1,877	1,919	1,877	1,919
Other operating income	11	64,540	50,697	91,636	78,343
<b>Operating income</b>		<b>3,880,696</b>	<b>3,301,250</b>	<b>3,829,967</b>	<b>3,248,040</b>
Operating expenses	12	(980,581)	(895,923)	(954,614)	(876,614)
Personnel expenses	13	(846,873)	(771,857)	(813,440)	(738,249)
Impairment (losses)/reversals	14	29,919	(147,381)	34,945	(174,920)
Share of gain from associates and joint ventures	25	1,166	648	-	-
<b>Profit before income tax</b>		<b>2,084,327</b>	<b>1,486,737</b>	<b>2,096,858</b>	<b>1,458,257</b>
Income tax expense	15, 16	(383,560)	(230,507)	(377,368)	(223,562)
<b>Net profit for the year</b>		<b>1,700,767</b>	<b>1,256,230</b>	<b>1,719,490</b>	<b>1,234,695</b>
<b>Profit is attributable to:</b>		<b>1,700,767</b>	<b>1,256,230</b>		
Profit attributable to parent		1,700,766	1,256,228		
Profit attributable to non-controlling interests		1	2		
<b>Items that may be reclassified subsequently to profit or loss</b>					
Net gains (losses) on financial assets at fair value through other comprehensive income		172,121	(158,395)	171,959	(159,082)
Related tax for above position		(27,542)	25,342	(27,516)	25,453
<b>Items that may not be reclassified subsequently to profit or loss</b>					
Actuarial gains/losses on defined benefit pension plans		(4,585)	1,964	(4,585)	1,964
Fair value changes of the equity instruments at fair value through other comprehensive income		17,492	21,722	17,492	21,722
Related tax for above positions		(2,048)	(3,789)	(2,048)	(3,789)
<b>Other comprehensive income for the year, net of income tax</b>		<b>155,438</b>	<b>(113,156)</b>	<b>155,302</b>	<b>(113,732)</b>
<b>Total comprehensive income for the year, net of income tax</b>		<b>1,856,205</b>	<b>1,143,074</b>	<b>1,874,792</b>	<b>1,120,963</b>
<b>Total comprehensive income for the year, net of income tax is attributable to:</b>		<b>1,856,205</b>	<b>1,143,074</b>		
Parent		1,856,204	1,143,072		
Non controlling interests		1	2		

The consolidated and separate statement of comprehensive income are to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

The consolidated and separate financial statements were approved by the Management Board on 19 March 2024 and were signed on its behalf by:

Alina Rus  
Vice-president & Chief Financial Officer



Monica Curea  
Accounting Director



In RON thousand	Note	Group		Bank	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Assets</b>					
Cash and cash with Central Bank	17	13,867,449	8,281,451	13,802,815	8,280,853
Loans and advances to banks at amortised cost	20	484,640	323,543	495,257	286,851
Derivative assets held for risk management	19	18,185	13,781	18,185	13,781
Trading assets	18	181,316	93,302	181,316	93,302
Financial assets mandatorily at fair value through profit or loss	26	178,427	184,458	156,113	170,413
Investment securities at fair value through other comprehensive income	22	2,725,206	3,105,398	2,704,878	3,095,506
Equity instruments at fair value through other comprehensive income	23	90,579	71,488	90,579	71,488
Investment in subsidiaries, associates and joint ventures	25	18,853	32,891	110,475	106,871
Loans and advances to customers at amortised cost	21	41,813,234	39,851,569	41,259,437	39,367,515
Derivatives Asset- Hedge accounting	27	37,793	8,355	37,793	8,355
Investment securities at amortised cost	24	10,026,621	9,200,854	10,013,097	9,129,802
Income tax receivable	15	49,462	74,015	49,462	73,849
Other assets	28	349,478	427,091	311,555	400,269
Deferred tax assets	29	52,504	93,235	52,155	89,715
Property, equipment and right-of-use assets	30	436,738	434,821	431,424	433,973
Intangible assets	31	447,362	393,504	443,117	390,206
<b>Total assets</b>		<b>70,777,847</b>	<b>62,589,756</b>	<b>70,157,658</b>	<b>62,012,749</b>
<b>Liabilities</b>					
Trading liabilities	18	9,440	27,715	9,440	27,715
Derivative liabilities held for risk management	19	675	5,860	675	5,860
Deposits from banks	32	494,928	578,106	494,928	578,106
Deposits from customers	33	54,400,238	49,233,568	54,488,871	49,281,318
Loans from banks and other financial institutions	34	488,558	390,285	1,745	3,943
Fair value changes of the hedged items-liability		4,940	11,398	4,940	11,398
Derivatives – hedge accounting	27	709	-	709	-
Current tax liabilities		77,896	20,991	77,099	20,509
Other liabilities	35	1,631,186	1,422,869	1,580,082	1,366,361
Debt securities issued	34	5,555,004	3,887,808	5,555,004	3,887,808
Subordinated loans	34	326,115	323,726	326,015	323,678
Provisions	36	159,977	233,402	149,381	230,076
Deferred tax liabilities		4	56	-	-
<b>Total liabilities</b>		<b>63,149,670</b>	<b>56,135,784</b>	<b>62,688,889</b>	<b>55,736,772</b>
<b>Equity</b>					
Share capital	37	1,200,000	1,200,000	1,200,000	1,200,000
Other equity instruments	38	609,298	609,440	609,298	609,440
Retained earnings		5,638,654	4,619,746	5,479,844	4,442,212
Other reserves	39	180,199	24,761	179,627	24,325
<b>Total equity attributable to parent</b>		<b>7,628,151</b>	<b>6,453,947</b>	<b>7,468,769</b>	<b>6,275,977</b>
<b>Non-controlling interests</b>		<b>26</b>	<b>25</b>		
<b>Total equity</b>		<b>7,628,177</b>	<b>6,453,972</b>	<b>7,468,769</b>	<b>6,275,977</b>
<b>Total liabilities and equity</b>		<b>70,777,847</b>	<b>62,589,756</b>	<b>70,157,658</b>	<b>62,012,749</b>

The consolidated and separate statement of financial position is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

The consolidated and separate financial statements were approved by the Management Board on 19 March 2024 and were signed on its behalf by:

Alina Rus  
Vice-president & Chief Financial Officer



Monica Curea  
Accounting Director



**Group**

<i>In RON thousand</i>	Note	Share capital	Other equity instruments	Other reserves	Retained earnings	Non controlling interests	Total
<b>Balance at 1 January 2022</b>		<b>1,200,000</b>	<b>238,599</b>	<b>137,917</b>	<b>3,778,260</b>	<b>23</b>	<b>5,354,799</b>
Net profit for the year		-	-	-	1,256,228	2	1,256,230
Other comprehensive income, net of income tax		-	-	(113,156)	-	-	(113,156)
<b>Total comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>	<b>(113,156)</b>	<b>1,256,228</b>	<b>2</b>	<b>1,143,074</b>
Issue Additional Tier 1 instrument		-	370,841	-	-	-	370,841
Distribution related to AT1 instruments		-	-	-	(18,742)	-	(18,742)
Distribution of dividends		-	-	-	(396,000)	-	(396,000)
<b>Balance at 31 December 2022</b>		<b>1,200,000</b>	<b>609,440</b>	<b>24,761</b>	<b>4,619,746</b>	<b>25</b>	<b>6,453,972</b>
<b>Balance at 1 January 2023</b>		<b>1,200,000</b>	<b>609,440</b>	<b>24,761</b>	<b>4,619,746</b>	<b>25</b>	<b>6,453,972</b>
Net profit for the year		-	-	-	1,700,766	1	1,700,767
Other comprehensive income, net of income tax		-	-	155,438	-	-	155,438
<b>Total comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>	<b>155,438</b>	<b>1,700,766</b>	<b>1</b>	<b>1,856,205</b>
Issue Additional Tier 1 instrument	38	-	(142)	-	-	-	(142)
Distribution related to AT1 instruments	38	-	-	-	(64,458)	-	(64,458)
Distribution of dividends	37	-	-	-	(617,400)	-	(617,400)
<b>Balance at 31 December 2023</b>		<b>1,200,000</b>	<b>609,298</b>	<b>180,199</b>	<b>5,638,654</b>	<b>26</b>	<b>7,628,177</b>

**Bank**

<i>In RON thousand</i>	Note	Share capital	Other equity instruments	Other reserves	Retained earnings	Total
<b>Balance at 1 January 2022</b>		<b>1,200,000</b>	<b>238,599</b>	<b>138,057</b>	<b>3,622,259</b>	<b>5,198,915</b>
Net profit for the year		-	-	-	1,234,695	1,234,695
Other comprehensive income, net of income tax		-	-	(113,732)	-	(113,732)
<b>Total comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>	<b>(113,732)</b>	<b>1,234,695</b>	<b>1,120,963</b>
Issue Additional Tier 1 instrument		-	370,841	-	-	370,841
Distribution related to AT1 instruments		-	-	-	(18,742)	(18,742)
Distribution of dividends		-	-	-	(396,000)	(396,000)
<b>Balance at 31 December 2022</b>		<b>1,200,000</b>	<b>609,440</b>	<b>24,325</b>	<b>4,442,212</b>	<b>6,275,977</b>
<b>Balance at 1 January 2023</b>		<b>1,200,000</b>	<b>609,440</b>	<b>24,325</b>	<b>4,442,212</b>	<b>6,275,977</b>
Net profit for the year		-	-	-	1,719,490	1,719,490
Other comprehensive income, net of income tax		-	-	155,302	-	155,302
<b>Total comprehensive income for the period, net of income tax</b>		<b>-</b>	<b>-</b>	<b>155,302</b>	<b>1,719,490</b>	<b>1,874,792</b>
Issue Additional Tier 1 instrument	38	-	(142)	-	-	(142)
Distribution related to AT1 instruments	38	-	-	-	(64,458)	(64,458)
Distribution of dividends	37	-	-	-	(617,400)	(617,400)
<b>Balance at 31 December 2023</b>		<b>1,200,000</b>	<b>609,298</b>	<b>179,627</b>	<b>5,479,844</b>	<b>7,468,769</b>

The consolidated and separate statement of changes in shareholders' equity is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

<i>In RON thousand</i>	Note	Group		Bank	
		2023	2022	2023	2022
<b>Cash flows from operating activities</b>					
Profit before income tax		2,084,327	1,486,737	2,096,858	1,458,257
<b>Adjustments for non-cash items:</b>					
Depreciation and amortization	12	274,702	259,127	271,545	257,042
Net impairment loss (income from recoveries is not included)	14	121,689	269,857	116,174	296,774
Group share of gain from associates and joint ventures	25	(1,166)	(648)	-	-
Loss on the sale of property, plant and equipment and of intangible assets		7,451	1,173	8,319	1,288
Net charge of provisions for litigation and other provisions	11, 12	1,781	(15,341)	(3,142)	(17,420)
Net gains on non-trading financial assets mandatorily at fair value through profit or loss	26	(12,974)	38,335	(11,679)	37,853
Other fair value adjustments		(9,731)	(2,884)	(9,731)	(2,884)
Net interest income	8	(2,820,929)	(2,400,353)	(2,778,312)	(2,355,694)
Unrealized foreign exchange losses		5,468	(8,767)	5,468	(8,766)
Income from dividends	11	(3,122)	(2,180)	(32,716)	(28,942)
<b>Operating profit before changes in operating assets and liabilities</b>		<b>(352,504)</b>	<b>(374,944)</b>	<b>(337,216)</b>	<b>(362,492)</b>
<b>Change in operating assets:</b>					
(Increase)/Decrease in trading assets and derivatives held for risk management		(88,014)	41,872	(88,014)	41,872
(Increase)/Decrease in loans and advances to banks at amortised cost		(23,438)	(145,084)	(23,389)	(145,202)
(Increase)/Decrease in loans and advances to customers at amortised cost and at fair value through profit or loss		(2,184,227)	(7,139,992)	(2,108,197)	(7,128,941)
(Increase)/Decrease in investment securities at fair value through other comprehensive income		561,299	399,797	571,599	312,185
(Increase)/Decrease in investment securities at amortised cost		(645,184)	(776,164)	(702,712)	(841,221)
(Increase)/Decrease in other assets		34,466	(216,279)	43,220	(99,326)
Proceeds from sale of loans and recoveries from write-offs	14	151,608	122,476	151,119	121,854
<b>Change in operating liabilities:</b>					
Increase/(Decrease) in trading liabilities		(18,275)	6,854	(18,275)	6,854
Increase/(Decrease) in deposits from banks		(83,178)	220,544	(83,178)	220,544
Increase/(Decrease) in deposits from customers		5,019,739	(494,838)	5,060,622	(385,920)
Increase/(Decrease) in other liabilities		199,614	326,262	212,559	275,094
Taxation paid		(290,939)	(267,956)	(288,348)	(260,607)
Interest paid		(1,120,164)	(436,687)	(1,106,329)	(432,598)
Interest received		3,848,443	2,951,567	3,791,940	2,902,770
<b>Cash flows from operating activities</b>		<b>5,009,246</b>	<b>(5,782,572)</b>	<b>5,075,401</b>	<b>(5,775,134)</b>
<b>Investing activities:</b>					
Proceeds from sale of property, plant and equipment		999	1,251	999	1,251
Acquisition of property, plant and equipment	30	(48,014)	(68,255)	(50,085)	(67,855)
Acquisition of intangible assets	31	(184,847)	(132,844)	(182,615)	(131,271)
Acquisition of investment in subsidiaries	25	-	-	-	(7,000)
Proceeds from sale of investment in associate		13,784	-	1,667	-
Proceeds from sale of equity investments		71	-	71	-
Dividends received		3,122	2,180	32,716	28,942
<b>Cash flows used in investing activities</b>		<b>(214,885)</b>	<b>(197,668)</b>	<b>(197,247)</b>	<b>(175,933)</b>

<i>In RON thousand</i>	Note	Group		Bank	
		2023	2022	2023	2022
<b>Financing activities</b>					
Cash from loans from banks and subordinated loans		150,851	173,984	–	–
Proceeds from debt securities issued		1,609,245	1,720,425	1,609,245	1,720,425
Repayments of loans from banks and subordinated loans		(52,578)	(128,776)	(2,198)	(4,668)
Proceeds from issue of additional Tier I instruments		–	370,841	–	370,841
Dividends paid	37	(617,400)	(396,000)	(617,400)	(396,000)
Distribution related to AT1 instruments	37	(64,458)	(18,742)	(64,458)	(18,742)
Repayment of principal portion of lease liability	30	(96,364)	(88,329)	(96,364)	(88,329)
<b>Cash flows from financing activities</b>		<b>929,296</b>	<b>1,633,403</b>	<b>828,825</b>	<b>1,583,527</b>
Net increase/(decrease) in cash and cash equivalents		5,723,657	(4,346,837)	5,706,979	(4,367,540)
<b>Cash and cash equivalents at 1 January</b>		<b>8,404,501</b>	<b>12,751,338</b>	<b>8,355,111</b>	<b>12,722,651</b>
<b>Cash and cash equivalents at 31 December</b>		<b>14,128,158</b>	<b>8,404,501</b>	<b>14,062,090</b>	<b>8,355,111</b>

#### Analysis of cash and cash equivalents

<i>In RON thousand</i>	Note	Group		Bank	
		2023	2022	2023	2022
<b>Cash and cash equivalents comprise:</b>					
Cash on hand		1,863,566	1,552,804	1,863,556	1,552,206
Cash with Central Bank		12,003,883	6,728,647	11,939,259	6,728,647
	17	<b>13,867,449</b>	<b>8,281,451</b>	<b>13,802,815</b>	<b>8,280,853</b>
Loans and advances to banks – less than 3 months		260,709	123,050	259,275	74,258
<b>Cash and cash equivalents in the cash flows statement</b>		<b>14,128,158</b>	<b>8,404,501</b>	<b>14,062,090</b>	<b>8,355,111</b>

The consolidated and separate statement of cash flows is to be read in conjunction with the notes forming part of the consolidated and separate financial statements set out on following pages.

Analysis of the changes in financing during the year:

Reconciliation of movements of liabilities to cash flows arising from financing activities

**Group**

<i>In RON thousand</i>	Debt securities issued	Loans from Banks and Subordinated loans	Lease liabilities (note 30)	Share capital	Other equity instruments	Retained earnings	Other reserves	Total
<b>Balance at 1 January 2023</b>	<b>3,887,808</b>	<b>714,011</b>	<b>259,291</b>	<b>1,200,000</b>	<b>609,440</b>	<b>4,619,771</b>	<b>24,761</b>	<b>11,315,082</b>
<b>Changes from financing cash flows</b>								
Proceeds from issue of debt securities and Additional Tier 1 instrument	1,609,245	-	-	-	(142)	-	-	1,609,103
Repayment of debt securities	-	-	-	-	-	-	-	-
Cash from loans from banks and subordinated liabilities	-	150,851	-	-	-	-	-	150,851
Repayments of loans from banks and subordinated liabilities	-	(52,578)	-	-	-	-	-	(52,578)
Payment of lease liability	-	-	(96,364)	-	-	-	-	(96,364)
Proceeds from exercise of share options	-	-	-	-	-	-	-	-
Dividends and coupon on equity instruments paid	-	-	-	-	-	(681,858)	-	(681,858)
<b>Total changes from financing cash flows</b>	<b>1,609,245</b>	<b>98,273</b>	<b>(96,364)</b>	<b>-</b>	<b>(142)</b>	<b>(681,858)</b>	<b>-</b>	<b>929,154</b>
Changes in Fair value	-	-	-	-	-	-	185,028	185,028
Other changes	-	-	95,172	-	-	1,700,767	(29,590)	1,766,349
Liability-related								
Interest expense	295,827	35,540	4,322	-	-	-	-	335,689
Interest paid	(240,186)	(34,733)	(3,966)	-	-	-	-	(278,885)
The effect of changes in foreign exchange rates	2,310	1,582	5,226	-	-	-	-	9,118
<b>Balance at 31 December 2023</b>	<b>5,555,004</b>	<b>814,673</b>	<b>263,681</b>	<b>1,200,000</b>	<b>609,298</b>	<b>5,638,680</b>	<b>180,199</b>	<b>14,261,535</b>



Analysis of the changes in financing during the year:

Reconciliation of movements of liabilities to cash flows arising from financing activities

**Bank**

<i>In RON thousand</i>	Debt securities issued	Loans from Banks and Subordinated loans	Lease liabilities (note 30)	Share capital	Other equity instruments	Retained earnings	Other reserves	Total
<b>Balance at 1 January 2023</b>	<b>3,887,808</b>	<b>327,621</b>	<b>258,964</b>	<b>1,200,000</b>	<b>609,440</b>	<b>4,442,212</b>	<b>24,325</b>	<b>10,750,370</b>
<b>Changes from financing cash flows</b>								
Proceeds from issue of debt securities and Additional Tier 1 instrument	1,609,245	-	-	-	(142)	-	-	1,609,103
Repayment of debt securities	-	-	-	-	-	-	-	-
Cash from loans from banks and subordinated liabilities	-	-	-	-	-	-	-	-
Repayments of loans from banks and subordinated liabilities	-	(2,198)	-	-	-	-	-	(2,198)
Payment of lease liability	-	-	(96,364)	-	-	-	-	(96,364)
Proceeds from exercise of share options	-	-	-	-	-	-	-	-
Dividends and coupon on equity instruments paid	-	-	-	-	-	(681,858)	-	(681,858)
<b>Total changes from financing cash flows</b>	<b>1,609,245</b>	<b>(2,198)</b>	<b>(96,364)</b>	<b>-</b>	<b>(142)</b>	<b>(681,858)</b>	<b>-</b>	<b>828,683</b>
Changes in Fair value	-	-	-	-	-	-	184,866	184,866
Other changes	-	-	92,671	-	-	1,719,490	(29,564)	1,782,597
Liability-related								
Interest expense	295,827	19,511	4,322	-	-	-	-	319,660
Interest paid	(240,186)	(18,941)	(3,966)	-	-	-	-	(263,093)
The effect of changes in foreign exchange rates	2,310	1,767	5,226	-	-	-	-	9,303
<b>Balance at 31 December 2023</b>	<b>5,555,004</b>	<b>327,760</b>	<b>260,853</b>	<b>1,200,000</b>	<b>609,298</b>	<b>5,479,844</b>	<b>179,627</b>	<b>13,612,386</b>

## 1. REPORTING ENTITY

Raiffeisen Bank S.A. (the "Bank") started its operations on 1 July 2002 upon the merger by acquisition of Raiffeisen Bank Romania by Banca Agricola Raiffeisen S.A. through issue of shares. The merger between the two banks was finalized on 30 June 2002 with the purpose of streamlining the operations of the Raiffeisen Group in Romania.

The Bank is licensed by the National Bank of Romania to conduct banking activities. The current registered office is located in FCC Office Building, Calea Floreasca, no. 246 D, district 1, Bucharest, Romania.

The consolidated financial statements of the Bank for the year ended December 31, 2023 comprise the Bank and its subsidiaries (together referred to as the "Group").

The Group is primarily involved in corporate and retail banking, investment services, leasing and asset management services.

The main activity of the Bank is to provide day-to-day banking services to corporate and individual clients. These include: accounts opening, domestic and international payments, foreign exchange transactions, working capital finance, medium term facilities, bank guarantees and letters of credit. The Group also provides financial leasing services, home saving loan services and asset management services. The Group operates through the Head Office located in Bucharest and through its network of 284 branches as at December 31, 2023 (December 31, 2022: 291 branches).

The Bank is managed in accordance with the dual management system by a Supervisory Board made up of 9 members and a Management Board made up of 7 members.

The members of the Supervisory Board as of December 31, 2023 are as follows:

- Johann Strobl – Chairman
- Hannes Mösenbacher – Deputy Chairman
- Andreas Gschwenter – Member
- Peter Lennkh – Member\*
- Łukasz Janusz Januszewski – Member
- Andrii Stepanenko – Member
- Pedro Miguel Weiss – Independent Member
- Claudia Patricia Pendred – Independent Member
- Mihaela Mitroi – Independent Member\*\*

\*resigned starting with 1st of January 2024

\*\*pending approval from National Bank of Romania

The structure of the Management Board as of 31 December 2023 is as follows:

- Zdenek Romanek – President;
- Cristian Sporiş – Vice-president, coordinating the Corporate Division;
- Bogdan Popa – Vice-president, coordinating the Operations and IT Division;
- Vladimir Kalinov – Vice-president, coordinating the Retail Division;
- Mircea Busuioceanu – Vice-president, coordinating the Risk Division;
- Mihail Ion – Vice-president, coordinating the Markets, Investment Banking and Personal Financial Planning Division;
- Alina Rus – Vice-president, coordinating the Accounting and Financial Controlling Division.

## 2. BASIS OF PREPARATION

### a) Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with Order no. 27/2010 of the National Bank of Romania and subsequent amendments, which require that these consolidated and separate financial statements are prepared in accordance with International Financial Reporting Standards as endorsed by the European Union ("IFRS"). The accounting records of the Bank are maintained in RON in accordance with the Romanian accounting law and the National Bank of Romania banking regulations.

The statutory accounts of the Bank and its subsidiaries are in line, in all material aspects with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The associate prepares financial statements in accordance with the Romanian accounting law ("statutory accounts").

### b) Basis of measurement

The accounting policies adopted are consistent with those of the previous financial year.

### c) Functional and presentation currency

The elements included in the financial statements of each Group entity are evaluated by using the currency of the primary economic environment in which the entity operates ("functional currency"). These consolidated and separate financial statements are presented in Romanian Lei ("RON"), which is the functional and presentation currency of the Bank, rounded to the nearest thousand.

### d) Use of estimates and judgements

The preparation of consolidated and separate financial statements in accordance with IFRS as endorsed by the EU requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on the historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions of 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 management judgments in applying accounting policies which have a significant impact on the consolidated and separate financial statements as well as highly uncertain estimates are disclosed in Note 6.

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

### e) Material accounting policy information

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 3 Material accounting policies (2022: Significant accounting policies) in certain instances for further information.

### 3. MATERIAL ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

The Group adopted Disclosure of *Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. The amendments require disclosure of 'material', rather than *significant*, accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information related to financial statements disclosed in note 3.

Set out below is an index of the material accounting policies, the details of which are available on the pages that follows:

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**a) Basis of consolidation**

**(i) Subsidiaries**

Subsidiaries are entities controlled by the Bank. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Bank holds:

- 99.99% (2022: 99.99%) interest and voting rights in Raiffeisen Leasing IFN S.A.;
- 99.99% (2022: 99.99%) interest and voting rights in Aedificium Banca pentru Locuinte S.A.;
- 99.99% (2022: 99.99%) investment and voting rights in Raiffeisen Asset Management S.A., an asset management company with the purpose of funds administration.

The Bank has consolidated the financial statements of its subsidiaries in accordance with IFRS 10 "Consolidated Financial Statements".

Raiffeisen Leasing IFN S.A. has been representing the Raiffeisen Group on the Romanian Leasing Market since 2002. The company share capital is RON 14,935,400 and offers a wide range of products for SMEs, corporations and, in a small part, for individuals. The company provides customized financing solutions in RON or EUR, offering fixed or variable interest finance for various types of projects and assets, such as vehicles and equipment. Raiffeisen Leasing offer is also available in Raiffeisen Bank network units.

Aedificium Banca pentru Locuinte S.A. manages a product denominated in RON that is based on the combination of the saving and the lending phase (Bauspar).

S.A.I. Raiffeisen Asset Management S.A. (RAM) is the asset management specialized company for the investment funds and pension fund of the Group in Romania. RAM's objective is to develop a large range of products to best serve our clients' financial purposes.

In the separate financial statements, the accounting policy of the Bank regarding its subsidiaries is cost less impairment. The Bank is performing impairment analysis for all its subsidiaries at each reporting period, including December 31, 2023.

**(ii) Associates**

The Bank holds:

- 0% (2022: 33.33%) interest in Fondul de Garantare a Creditului Rural – IFN S.A.
- 33.33% (2022: 33.33%) interest in CIT One S.R.L.

Associates are those entities in which the Group has significant influence, but not control over the financial and operating policies.

The Group accounts proportionately for the share of gain or loss from its associates in accordance with IAS 28 "Investments in Associates and Joint Ventures". The consolidated financial statements include the Group's share of the total recognized gains and losses of associates and joint ventures on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases (see Note 25). When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate. After application of the equity method, including recognizing the associate's losses, the investor determines whether it is necessary to recognize any additional impairment loss with respect to the investor's net investment in the associate.

In the Bank's Separate Financial Statement, the equity instruments representing investment in associates continue to be measured at cost in accordance to IAS 27 "Separate financial statements".

**(iii) Transactions eliminated on consolidation**

Intra-Group balances and transactions, and any unrealized gains arising from intra-Group transactions (except for the gains or losses from foreign exchange differences related to these transactions), have been eliminated from the consolidated financial statements.

**b) Foreign Currency**

***Foreign currency transactions***

Transactions in foreign currencies are translated to RON at the official exchange rates from the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign exchange gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on settlement are recognized in profit or loss, except for differences arising from the equity instruments measured at fair value through other comprehensive income.

**c) Interest income and expense**

Interest income and expense are recognized in the consolidated and separate statement of comprehensive income using the effective interest rate method for financial instruments measured at amortised cost and financial assets measured at FVOCI.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets other than credit-impaired assets.

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

For purchased or originated credit-impaired (POCI) financial assets, the Bank calculates interest income using the credit-adjusted EIR and applying that rate to the amortised cost of the asset. The credit-adjusted EIR is the interest rate that, at original recognition, discounts the estimated future cash flows (including credit losses) to the amortised cost of the POCI assets.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. For the effective interest rate computation, the Group estimates the future cash flows by taking into account the contractual terms of each financial instrument, however it does not account for future credit losses. The calculation of the effective interest rate includes all fees and commissions paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate.

The effective interest rate method is a method of calculating the amortized cost of loans and advances to customers whereby up-front and management fees received between parties to the contract and origination costs should be integral part of the effective interest rate and should be amortized and recognized as interest income over the relevant period.

Interest income and expense on all trading assets and liabilities are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Other interest income includes mainly interest from sight deposits and collateral deposits.

**d) Fees and commissions**

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

The performance obligations, as well as the timing of their satisfaction, are identified, and determined, at the inception of the contract. The Bank's revenue contracts do not include multiple performance obligations.

*Fee and commission income from services where performance obligations are satisfied over time*

Performance obligations satisfied over time include services where the customer simultaneously receives and consumes the benefits provided by the Bank as the Bank performs [IFRS 15.35 (a)]. In these cases, the customer obtains control of the Bank's output as the Bank performs.

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies under IFRS 15
Banking service	Fees charged by the Bank for ongoing management of current accounts, fees charged for servicing loans, provision of overdraft facilities and servicing fees are charged to the customer's account on a monthly basis.	The transaction price has no variable component. The fees are of fixed value depending on the type of product and client segment and they are charged monthly.
Cards additional features	Some types of cards include some additional features that provide clients with access to certain locations or to certain services. The Bank grant the customer with access to a series of services which can be used by the client simultaneous over the period of the contract.	The transaction price has no variable component. The fees are of fixed value depending on the type of product and client segment and they are charged annually.
Commitment fees	The fees are charged for the Bank commitment to provide a loan facility for a specific period and are recognized as the service is transferred to the customer over the period of entitlement. The fees paid by customers for loan commitments without a specific lending arrangement is entered into with the customer are recognised as revenue on a yearly basis. Payment of the fees is due and received yearly or quarterly in arrears.	The transaction price has no variable component. The fees are of fixed value depending on the type of product and client segment and they are charged yearly or quarterly.
Asset management service	Fees for asset management services are calculated based on the value of assets under management and charged on a monthly basis.	Revenue is recognized over time as the services are provided and are charged on a monthly basis.

*Fee and commission income from providing services where performance obligations are satisfied at a point in time*

Services provided where the Bank's performance obligations are satisfied at a point in time are recognized once control of the services is transferred to the customer, where control also means the ability to prevent others from directing the use of, and receiving the benefit from, a good or service (IFRS 15.38). The fees earned in exchange for these services are recognized at the point in time, when the transaction is completed, because the customer only receives the benefits of the Bank's performance upon successful completion of the underlying transaction. The Bank is only entitled to the fee on the completion of the transaction (IFRS 15.117). The Bank has a single performance obligation with respect to these services, which is to successfully complete the transaction specified in the contract.

Type of service	Nature and timing of satisfaction of performance obligations	Revenue recognition policies under IFRS 15
Payments and electronic banking	The fees charged by the Bank for processing payments and incomings instructed by clients through various channels (paper-based or electronic). Fees related to these services can be typically account transaction fees: money transfer fees, direct debit fees, transaction-based fees charged by the Bank for interchange, foreign currency transactions and overdrafts and are charged to the customer's account when the transaction takes place.	The transaction price has no variable component. The fees are applied in accordance with the "List of fees and commissions" of the Bank and depend on the type of product and client segment.
Cash services	The Bank earns fees from cash services such as: <ol style="list-style-type: none"> <li>Cash withdrawals by card, using EPOS, from current account at bank cashier, from the ATM/MFM (Raiffeisen ATM or of other Romanian or abroad card accepting banks)</li> <li>Cash deposits at bank cashier for non retail customers.</li> <li>Payment of invoices or recharging prepaid phone cards at the ATM.</li> </ol>	The transaction price has no variable component. The fee is charged per each operation in accordance with the "List of fees and commissions" of the Bank and depend on the type of product and client segment. The commissions related to cash operations are automatically withheld, at the time of settlement of the transaction.
Revenue related to syndicated transactions	Loan syndication fees charged by the Bank, in those situations where they are clearly to be regarded as service fees from syndicated transactions, because of their economic substance, meaning the Bank does not retain any part of the loan package for itself.	Depending on the contractual terms these fees can be both fix or variable computed as a percentage of the approved credit facility amount.
Fees and commission related to the issued bank cards	In case of transaction-based fees (e.g., cash withdrawal/payment fee, merchant fee, etc.), the settlement of the fees will take place immediately after the transaction or on a monthly basis. The fee is typically determined in % of the transaction with a fixed minimum amount. Bank fees related to credit/debit card operating services are charged from the current account at the date of transaction.	The fee is typically determined in % of the transaction with a fixed minimum amount. The fee is charged per each operation.
Interchange fees	The services are related to card processing services (i.e., authorization and settlement of transactions executed with the Bank's cards) where it is entitled to an interchange fee for each transaction. The fees vary based on the number of transactions processed and the allocated revenue is recognized when the transaction takes places or on a monthly basis.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Custody services	The Bank earns fees for depository activities and safekeeping of the client assets, intermediation service and custody service regarding the securities that the client is eligible to trade through the bank and investment advisory service regarding the financial assets indicated by the Client.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Investment banking	Consultancy services provided by the bank to Corporate clients for different purposes: issues of bonds; loans agreements etc. Amounts are variable depending on % established on each individual contract.	Revenue is recognized at the point in time when the transaction takes place. The transaction price has no variable component.
Commission for financial guarantees	Fees are charged for granting or servicing such as modification, processing or prolongation of financial guarantees. The fees are recognised when the service is provided (i.e. when underlying transaction is completed).	Revenue is recognized at the point in time when the service is provided or transaction takes place.
Commissions from insurance premium collection	The Bank intermediates the insurance services between the Insurer and the client for the loans granted by the Bank. The Bank present the offer to the client and if the client accept the offer the documentation is prepared by the Bank and sent to Insurer to proceed and issue the insurance. Further, for the intermediation of insurances the Bank charge a fee for the subsequent services provided consisting in collecting the insurance premium from client and paying/transferring into the Insurer account. The fees are recognised when the collection takes place.  The fees for insurance products represents commission income from agreements between the Bank and the Insurer for stand-alone products (the insurance products are not bundle products).	The transaction price has no variable component and depend on the type of product and client segment . The commissions are charged annually, quarterly or monthly depending on the client option.



**e) Net trading income**

Net trading income comprises gains and losses from trading assets and liabilities and includes all realized and unrealized fair value changes, interests, dividends and foreign exchange differences.

**f) Net gain/loss from other financial instruments at fair value**

Net gain/loss from other financial instruments at fair value arises from derivatives held for risk management purposes and financial assets and liabilities designated at fair value through profit or loss and include all realized and unrealized fair value changes, interests, dividends and foreign exchange differences.

**g) Dividends**

Dividend income is recognized through profit or loss statement when the right to receive the income is established. Usually, this is the ex-dividend date for equity securities. Dividends from equities, subsidiaries not fully consolidated and associates not valued at equity are reflected as a component of other operating income in statement of comprehensive income.

Tax on received dividends is recognized at the same time as the payment of the related dividends and is due in the following month.

Dividends to be distributed by the Bank or Group are treated as an appropriation of profit in the period they are declared and approved by the General Shareholders Meeting.

**h) Lease payments**

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. Short term leases are those which have, at the commencement date, a lease term of 12 months or less. Leases of low-value assets are those for which the underlying asset, when new, is of low value, the threshold chosen in this respect being EUR 5,000. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. Lease liabilities are presented in statement of financial position under "Other liabilities".

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (less any lease incentives receivables), variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease if the lease term reflects exercising the option to terminate.

The lease liability is measured on an ongoing basis similarly to other financial liabilities, using an effective interest method, so that the carrying amount of the lease liability is measured on an amortized cost basis and the interest expense is allocated over the lease term. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

**i) Income tax**

Income tax for the year comprises current and deferred tax. Income tax is recognized in profit or loss or equity except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is determined using the balance sheet method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognized for the goodwill from transactions that are not a business combination and that affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates which are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities against current tax assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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 used. 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.

**j) Financial instruments**

**(i) Classification**

Classification of financial assets is based on the entity's business model (portfolio perspective) and the contractual cash flow characteristics of the individual financial asset.

The classification categories for financial assets are:

- a) amortized cost;
- b) fair value through other comprehensive income (FVOCI);
- c) fair value through profit or loss (FVTPL).

**a) Amortized cost**

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

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows;
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (herein after referred to as the "SPPI test").

**b) FVOCI**

1. fair value through other comprehensive income (FVOCI) with gains or losses recycled to profit or loss on derecognition;
2. equity instruments at FVOCI, with no recycling of gains or losses on profit or loss on derecognition;

A financial asset that is a debt instrument is classified as subsequently measured at FVOCI if it is held within a business model whose objective is both collecting contractual cash flows and selling financial assets and meets the SPPI test. Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as other operating income when the right of the payment has been established, except when the Bank benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI.

**FVOCI Election for Equity Instruments**

At initial recognition, an entity may make an irrevocable election to present in OCI subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

An equity instrument is a contract that evidences a residual interest in an entity's asset after deducting all of its liabilities. The term "entity" includes individuals, partnerships, incorporated bodies, trusts and government agencies. According to IAS 32, an equity instrument has to meet the following conditions cumulatively:

- No contractual obligation to deliver cash or another financial asset to another entity or exchange financial assets or liabilities under unfavourable conditions with another entity and
- The instrument evidences a residual interest in the net assets of the issuer.

Equity instruments do not have contractual cash flows which are solely payments of interest and principal. Consequentially, equity instruments will never pass the SPPI test and are either classified as FVTPL or designated to FVOCI option.

Equity instruments that are held for trading are required to be classified as at FVTPL. For all other equity investments (e.g.: strategic investments in clearing houses), management may irrevocably elect to present subsequent changes in the fair value of these equity investments in other comprehensive income (OCI). This election is made on an instrument-by-instrument (i.e. share-by-share) basis.

Dividends on such investments are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Such circumstances will be limited because such investment will not be accounted for in accordance with IFRS 9 if the Bank has the ability to control or significantly influence the dividend policy of the investment.

Amounts presented in OCI shall not be recycled to profit or loss when an equity instrument is derecognised (e.g. due to a sale), nor are there any impairment requirements. However, the Bank may transfer the cumulative gain or loss within equity.

### c) FVTPL

All other financial assets – i.e. financial assets that do not meet the criteria for classification as subsequently measured at either amortized cost or FVOCI – are classified as subsequently measured at fair value, with changes in fair value recognized in profit or loss.

In addition, the Bank has the option at initial recognition to irrevocably designate a financial asset that is a debt instrument as at FVTPL if doing so eliminates or significantly reduces a measurement or recognition inconsistency – i.e. an 'accounting mismatch' – that would otherwise arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

Further requirements for a 'significant reduction of the accounting mismatch' or a minimum value of reduction are not prescribed by IFRS 9. For practical purpose, the Bank does not need to originate all of the assets and liabilities giving rise to the measurement or recognition mismatch at exactly the same time. A reasonable delay is permitted, provided that each asset or liability is designated as at FVTPL at its initial recognition and, at that time, any remaining transactions are expected to occur.

**Financial liabilities**, other than loan commitments and financial guarantees, are measured at amortised cost or at FVTPL when they are held for trading and derivative instruments or the fair value designation is applied.

All financial liabilities are classified as subsequently measured at amortised cost, except for the following items which are measured at FVTPL:

- Financial liabilities that are held for trading, including derivatives;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantees and below market rate interest loan commitments;
- Contingent consideration recognized by an acquirer in a business combination;
- Financial liabilities that are designated as at FVTPL on initial recognition.

Financial guarantee contracts and commitments to provide a loan at a below-market interest rate have specific guidance under IFRS 9. They have to be measured at the higher of:

- a) the amount of provision for expected credit losses under the normal IFRS 9 impairment model and
- b) the amount initially recognized, less the cumulative amount of income recognized in accordance with the principles of IFRS 15.

### (ii) Business model assessment

The term 'business model' refers to the way an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

A business model assessment is needed for financial assets that meet the SPPI test, to determine whether they meet the criteria for classification as subsequently measured at amortised cost or FVOCI. Financial assets that do not meet the SPPI test are classified as at FVTPL irrespective of the business model in which they are held, except for investments in equity instruments, for which an entity may elect to present gains and losses in FVOCI.

The business model is determined at a level that reflects the way groups of financial assets are managed together to achieve a particular business objective. An entity's business model does not depend on management's intentions for an individual instrument. Accordingly, this condition is not an instrument-by-instrument approach to classification, but should be determined at a higher level of aggregation.

### Three business models are allowed:

#### a) Hold-to-collect

Financial assets in a hold-to-collect business model are managed to realise cash flows by collecting payments of principal and interest over the life of the instruments. Although the objective of an entity's business model may be to hold financial assets in order to collect contractual cash flows, an entity's decision to sale certain financial assets, when there is an increase in the assets credit risk, is not inconsistent with a business model whose objective is to hold and collect.

Therefore, a business model's objective can be to hold financial assets to collect contractual cash flows even when some sales of financial assets have occurred or are expected to occur.

Sales that may be consistent with the hold-to-collect business model are performed in the following situations:

- The sales are due to an increase in the credit risk of a financial asset;
- The sales are infrequent (even if significant), or are insignificant individually and in aggregate (even if frequent);
- The sales take place close to the maturity of the financial asset and the proceeds from the sales approximate the collection of the remaining contractual cash flows.

The Group considers that the total sales per annum are insignificant if they do not exceed 10% of the prior three years average portfolio. The average considers closing balance figures; in case of new portfolios the Group applies the 10% threshold on periods less than 3 years.

The hold-to-collect portfolio is applicable to: *Loans and advances to customers, Loans and advances to banks and to a bond portfolio*, part of the liquidity buffer and whose main objective is to safeguard in stress times the continuity of the bank's activity.

#### b) Hold-to-collect and Sale

An entity may hold financial assets in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In this type of business model, the entity's key management personnel have made a decision that both of these activities are integral to achieving the objective of the business model.

Within the financial assets portfolio of the Bank, the "*Hold-to-collect and Sale*" Business Model is applicable to the *bond portfolios*, managed for liquidity needs. The portfolios are composed of highly liquid assets and have the main objective meeting the liquidity needs and secondary to collect interest.

#### c) Other

The objective of the business model is considered 'other' when it does not fall into one of the previous two categories discussed above. This would be the case where:

- a portfolio of financial assets is managed with the objective of realising cash flows through the sale of the financial assets in order to realise fair value changes arising from changes in credit spreads and yield curves. This results in active buying and selling and managing the instruments to realise fair value gains rather than to collect the contractual cash flows;
- a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis;
- a portfolio of financial assets meets the definition of held for trading;

The „Other“ Business Model is applicable to the held for trading portfolio. Its strategy is to realize cash flows through sale of the assets or to manage the instruments actively on a fair value basis in order to realize fair value changes arising from changes in credit spreads and yield curves.

### **(iii) The SPPI test**

As a second step of its classification process the Bank assesses the contractual terms of financial assets to identify whether they meet the SPPI test. For this purpose, the contractual interest is defined as consideration for:

- time value of money;
- credit risk associated with the principal amount outstanding;
- other basic lending risks (for example liquidity);
- costs (for example administrative) and
- profit margin.

Time value of money is the element of interest that provides consideration for only the passage of time. In some cases, the time value of money element may be modified (imperfect). In this case it must be assessed if the contractual cash flows still represent solely payments of principal and interest, i.e. the modification term does not significantly alter the cash flows from a "perfect" benchmark instrument. This assessment is not an accounting policy choice and cannot be avoided simply by concluding that an instrument, in the absence of such an assessment, will be measured at fair value.

Both qualitative and quantitative approaches can be used to determine whether the time value of money element of the interest rate provides consideration for just the passage of time.

When assessing a financial asset with a modified time value of money element, the entity should compare the financial asset under assessment to the "perfect" ("benchmark") instrument (that is, the cash flows that would arise if the time value of money element was not modified).

If in any reasonably possible scenario, the difference between the cash flows of the benchmark instrument and the cash flows of the instrument under assessment are significantly different, its contractual cash flows are not considered SPPI and the instrument must be measured at FVTPL.

### **(iv) Financial assets and liabilities**

#### **Loans and advances to banks, loans and advances to customers, financial investments at amortised cost**

The Bank only measures loans to banks, loans and advances to customers and other financial investments at amortised cost if both of the following conditions are met:

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

#### **Derivatives**

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net trading income unless hedge accounting is applied.

#### **Financial assets or financial liabilities held for trading**

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognized in net trading income. Interest and dividend income or expense is recorded in net trading income according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, short positions and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

#### **Debt instruments at FVOCI**

The Bank measures debt instruments at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets;
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognized in OCI. Interest income and foreign exchange gains and losses are recognized in profit or loss in the same manner as for financial assets measured at amortized cost. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a weighted average cost basis. On derecognition, cumulative gains or losses previously recognized in OCI are reclassified from OCI to profit or loss.

#### Equity instruments at FVOCI

Upon initial recognition, the Group elected to classify irrevocably its equity investments, other than subsidiaries, joint ventures and associates as equity instruments at FVOCI with no recycling of gains or losses on profit or loss on derecognition. This decision is made on an investment-by-investment basis for each investment and essentially covers strategic investments that are not fully consolidated.

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

#### Debt issued and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR.

#### Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria is met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy;
- The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Bank's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss.

Dividend income from equity instruments measured at FVTPL is recorded in profit or loss as other operating income when the right to the payment has been established.

#### Financial guarantees, letters of credit and undrawn loan commitments

The Bank issues financial guarantees, letters of credit and loan commitments. Financial guarantees are initially recognized in the financial statements (within *Provisions*) at fair value, being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and an ECL provision.

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

The nominal contractual value of financial guarantees, letters of credit and undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded on in the statement of financial position.

#### **(v) Recognition**

The Group initially recognizes financial assets and liabilities at fair value, on initial recognition date. This is the date at which the Group becomes a party to the contractual provisions of the instrument.

Initial recognition date is important given that:

- benchmark test should be performed at the initial recognition;
- it is the date on which the classification assessment is performed (i.e.: the contractual characteristics at this date will trigger the classification and measurement of an exposure);
- the credit risk variation is measured from initial recognition. Therefore, the assessment whether there was an increase / significant deterioration in credit risk at each reporting date is performed compared to the conditions existing at initial recognition date;
- at the initial recognition the POCI assessment is performed – hence the Bank will recognise a POCI asset if the client is in default at the initial recognition date;
- at the initial recognition date the exposure needs to be recognised at fair value and the EIR or credit adjusted EIR is calculated.

The origination date is different from the initial recognition date when subsequent to origination, the contract can be significantly modified through either a commercial renegotiation or a restructuring operation.

#### **(vi) Derecognition**

Derecognition is the term used for the removal of an asset or liability from the balance sheet. Derecognition appears when:

- the rights to the cash flows from the asset expire,
- the rights to the cash flows from the asset and substantially all risks and rewards of ownership of the asset are transferred, or
- an obligation to transfer the cash flows from the asset is assumed and substantially all risks and rewards are transferred.

If the entity retains control of the asset but does not retain or transfer substantially all the risks and rewards, the asset is recognised to the extent of the entity's continuing involvement.

A financial liability is removed from the balance sheet only when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled, or expires. A transaction is accounted for as a collateralised borrowing if the transfer does not satisfy the conditions for derecognition.

When assessing whether or not to derecognise a loan to a customer due to a modification in terms and conditions, amongst others, the Group considers the following factors:

- Change in currency of the loan;
- Change in reimbursement schedule (e.g. extension of the remaining term of 50% and more than 2 years);
- Prolongation at contractual maturity / increase / decrease in an existing loan facility under market conditions;
- Introduction or elimination of a clause that would result in different classification.

In case the modification of terms and conditions does not result in derecognition, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

#### *Modification of financial assets*

A financial asset is derecognized on account of a modification if the underlying contract is modified substantially. In accordance with Group policies, terms are substantially modified if the discounted present value of the cash flows under the new terms using the original effective interest rate differs by at least 10% from the discounted present value of the remaining cash flows of the original financial asset (present value test). In addition to the present value test further quantitative and qualitative criteria are considered in order to assess whether a substantial modification applies. The other quantitative criteria primarily consider the extension of the average remaining term. Stage 3 loans are often restructured to match the maximum expected payments from the customer. If this is the case, then additional judgement is required to determine whether the contractual change is a new instrument in economic terms. The Group has defined qualitative criteria for a significant change in the terms of the contract as a change in the underlying currency and also the introduction of clauses that would normally cause the contractual cash flow criteria according to IFRS 9 to fail, or a change in the type of instrument (e.g. a bond is converted to a loan).



**(vii) Offsetting**

Financial assets and liabilities are set off and the net amount presented in the consolidated and separate statement of financial position when, and only when, the Group has a legal right to set off the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions such as in the Group's trading activity.

**(viii) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects the effect of non-performance risk.

All estimates and judgments used in fair value measurement are described in Note 6. Unquoted equity instruments for which there is no active market shall be valued using Level 2 or Level 3 valuation techniques..

**(ix) Identification and measurement of impairment**

Bank is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, in this section all referred to as "financial instruments".

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL). Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

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

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

- **Stage 1:** essentially includes all financial instruments whose credit default risk has not significantly increased since their initial recognition. On initial recognition of loans, the Bank records an impairment in the amount of the expected twelve-month loss. Stage 1 also includes loans where the credit risk improved and which have thus been reclassified from Stage 2.
- **Stage 2:** financial instruments whose credit risk has significantly increased since their initial recognition and which, as at the reporting date, are not classified as transactions with limited credit risk. Impairments in Stage 2 are recognized in the amount of the financial instrument's lifetime expected credit loss. Stage 2 also includes loans where the credit risk improved and which have thus been reclassified from Stage 3.
- **Stage 3:** includes financial instruments which are classified as impaired as at the reporting date. Group's criterion for this classification is the definition of a default. The expected credit loss over the entire remaining lifetime of the financial instrument is also to be used as the basis for recognizing impairment of Stage 3 loans in default.
- **POCI:** Purchased or originated credit-impaired assets are financial assets which were already impaired at the time of initial recognition. On initial recognition, the asset is recorded at fair value without any impairment, using an effective interest rate that is adjusted for creditworthiness. The impairment recognized in subsequent periods equals the cumulative change in the lifetime expected credit loss of the financial instrument since the initial recognition in the statement of financial position. This remains the basis for measurement, even if the value of the financial instrument has risen.

**Measurement of Expected Credit Losses**

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



The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fair value through other comprehensive income is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Significant judgements are required in applying the accounting requirements for measuring expected credit losses these are:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of expected credit losses;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated expected credit losses;
- Establishing groups of similar financial assets for the purposes of measuring expected credit losses.

Credit risk comes from the risk of suffering financial loss, should any of our customers, clients or market counterparties fail to fulfil their contractual obligations to the Group. Credit risk arises mainly from interbank, commercial and consumer loans and advances, and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as, financial guarantees, letters of credit, and acceptances.

The Group is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures') including non-equity trading portfolio assets and derivatives as well as settlement balances with market counterparties and reverse repurchase agreements.

The estimation of credit exposure for risk management purposes is complex and requires the use of models, as the exposure varies with changes in market conditions, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default represents the likelihood of a borrower defaulting on its financial obligation either over the next twelve months or over the remaining lifetime of the obligation.

Different models have been used to estimate the default profile of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign, local and regional governments, insurance companies and collective investments undertaking: The default profile is generated using a transition matrix approach;
- Corporate customers, project finance and financial institutions: The default profile is generated using a parametric survival regression approach;
- Retail lending: The default profile is generated using parametric survival regression in competing risk frameworks.

Forward-looking information is also incorporated into the probability of default in all models described above.

- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.

Exposure at default is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. For amortising products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis, where relevant early repayment/refinance assumptions are also considered in the calculation.

For revolving products, the exposure at default is predicted by taking current drawn balance and adding a credit conversion factor which allows for the expected drawdown of the remaining limit by the time of default. In the limited circumstances where some inputs are not fully available benchmarking of inputs is used for the calculation.

- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Different models have been used to estimate the loss given default of outstanding lending amounts and these can be grouped into the following categories:

- Sovereign: the loss given default is found by using market implied sources.
- Corporate customers, project finance, financial institutions, local and regional governments, insurance companies: the loss given default is generated by discounting cash flows collected during the workout process. Forward-looking information is incorporated into the loss given default using the Vasicek model.
- Retail mortgages and other retail lending: the loss given default is generated by stripping the downturn adjustments and other margins of conservatism from the regulatory loss given default. Forward-looking information is incorporated into the loss given default using various satellite models.

In the limited circumstances where some inputs are not fully available alternative recovery models, benchmarking of inputs and expert judgement is used for the calculation.

When estimating the ECLs, the Bank considers multiple scenarios. Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

With the exception of credit cards and other revolving facilities, the maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier.

#### The mechanics of the ECL method are summarized below:

- **Stage 1:** The 12mECL represents the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the multiple scenarios, as explained above.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- **Stage 3:** For loans considered credit-impaired, the Bank recognizes the lifetime expected credit losses for these loans.

#### Non-retail:

As general rule, IFRS 9 requires the usage of several cash flows scenarios (undergoing concern and/or gone concern strategy) for NPV assessment within the stage 3 provisions calculation. For the exposures where previously stage 3 provisions were not allocated and where following the assessment of impairment triggers a loss event occurs, a NPV test has to be performed for these exposures to measure the quantity of the loss.

Several scenarios can be used for assessment and computation of stage 3 provisions, nevertheless minimum two scenarios shall be applied, of which one scenario must be a gone concern scenario. Probabilities for each scenario have to be assigned according to the likelihood of each scenario.

For going concern scenario, the main source of recovery is the cash flow resulted from company activity (backed by financial statements, forecasts, etc) and additional sources if documented/plausible (voluntary sale of non-core assets, refinancing, etc). For gone concern scenario, realization of collateral is the main source of cash flows (based on internally adjusted value of the collateral and deducting the expected realization costs); no operating cash flows is considered.

If a financial instrument was credit impaired at initial recognition (POCI), the ECLs must be discounted using a credit adjusted effective interest rate determined at initial recognition (CAEIR).

#### Retail:

For Retail exposures, the Bank calculates the ECL using the Best Estimate of Expected Loss (BEEL) model applied on exposure at calculation. (ECL = Exposure x BEEL).

BEEL models take into account historic recoveries for defaulted accounts (cash recoveries, collateral realization or other forms of recoveries).

- **POCI assets** are financial assets that are credit impaired on initial recognition. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit adjusted EIR.
- **Loan commitments and letters of credit:** when estimating LTECLs for undrawn loan commitments, the Bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For credit cards and revolving facilities that include both a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments and letters of credit, the ECL is recognised within *Provisions*.
- **Financial guarantee contracts:** the Bank's liability under each guarantee is measured at the higher of the amount initially recognized less cumulative amortization recognized in the income statement, and the ECL provision. For this purpose, the Bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the scenarios. The ECLs related to financial guarantee contracts are recognized within *Provisions (note 3 t)*.

#### *Debt instruments measured at fair value through OCI*

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the consolidated statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortized cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit or loss upon derecognition of the assets.

#### *Purchased or originated credit impaired financial assets (POCI)*

For POCI financial assets, the Bank only recognises the cumulative changes in ECL since initial recognition in the loss allowance.

#### *Significant Increase in Credit Risk*

The Group considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

- *Quantitative Criteria*

The Group uses quantitative criteria as the primary indicator of significant increase in credit risk for all material portfolios. For quantitative staging the Group compares the lifetime PD curve at measurement data with the forward lifetime PD curve at the date of initial recognition. For the estimation of the lifetime PD curve at the date of initial recognition assumptions are made about the structure of the PD curve. On the one hand in the case of highly rated financial instruments it is assumed that the PD curve will deteriorate over time. On the other hand for low rated financial instruments it is assumed that the PD curve will improve over time. The degree of improvement or deterioration will depend on the level of the initial rating.

In order to make the two curves comparable the PDs are scaled down to annualized PDs. In general a significant increase in credit risk is considered to have occurred with a relative increase of up to 250% in the initial PD although this amount can be lower due to several limiting factors such as closeness to maturity and portfolios of products.

The Group is not aware of any generally accepted market practice for the level at which a financial instrument has to be transferred to Stage 2. However, the Group is constantly monitoring on portfolio level what is the appropriate level and adjust if there is clear evidence that a different value is better reflecting the significant increase in risk.

- *Qualitative Criteria*

The Group uses qualitative criteria in addition to quantitative criteria to recognise a significant increase in credit risk for all material portfolios. A movement to Stage 2 takes place when the criteria below are met.

For sovereign, bank, corporate and project finance portfolios, if the borrower meets one or more of the following criteria:

- Detection of first signs of credit deterioration in the early warning system;
- External risk factors with potentially significant impact on the client's repayment ability;
- Changes in contract terms as a forbearance measure;
- Expert judgement.

The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a quarterly basis at a deal level for all non-retail portfolios held by the Group.

For retail portfolios, if the borrower meets one or more of the following criteria:

- Forbearance, which refers to concessions made to the borrower by the lender, for economic or contractual reasons when the borrower is experiencing financing difficulties, but which the lender would not otherwise grant;
- Expert judgement.

The assessment of significant increase in credit risk incorporates forward-looking information and is performed on a monthly basis at a deal level for all retail portfolios held by the Group.

#### *Backstop*

A backstop is applied on the financial instrument considered to have experienced a significant increase in credit risk if the borrower is more than 30 days past due on its contractual payments. At the same time, the Group adhered to the 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.

#### *Definition of Default and Credit-Impaired Assets*

The Group's default definition complies with the guidelines on the definition of default published by the European Banking Authority (EBA/GL/2016/07).

The Group defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

- *Quantitative Criteria*

The borrower is more than 90 days past due on its contractual payments and no attempt is made to rebut the presumption that financial assets which are more than 90 days past due are to be shown in Stage 3.

- *Qualitative Criteria*

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

- The borrower is deceased;
- The borrower is insolvent;
- The borrower is in breach of financial covenants;
- The borrower is in default on other Group exposures, due to contamination effect;
- An active market for that financial asset has disappeared because of financial difficulties;
- Concessions have been made by the lender relating to the borrower's financial difficulty;
- It is becoming probable that the borrower will enter bankruptcy;
- Financial assets are purchased or originated at a significant discount that reflects the incurred credit losses.

The criteria above have been applied to all financial instruments held by the Group and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure at Default (EAD) and Loss given Default (LGD) throughout the Group's expected loss calculations.

An instrument is considered to no longer be in default (i.e. to have cured) when it no longer meets any of the default criteria for a consecutive period of a minimum of 3 months or longer for distressed restructured exposures. This period of 3 months has been determined based on an analysis which considers the likelihood of a financial instrument returning to default status after cure using different possible cure definitions.

### *Forward Looking Information*

The assessment of significant increase in credit risk and the calculation of expected credit losses both incorporate forward-looking information. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

These economic variables and their associated impact on the probability of default, loss given default and exposure at default vary by category type. Expert judgment has also been applied in this process.

Forecasts of these economic variables (the "base economic scenario") are provided by Raiffeisen Research on a quarterly basis and provide the best estimate view of the economy over the next three years. After three years, to project the economic variables out for the full remaining lifetime of each instrument, a mean reversion approach has been used, which means that economic variables tend to either a long run average rate or a long run average growth rate until maturity. The impact of these economic variables on the probability of default, loss given default and exposure at default has been determined by performing statistical regression to understand the impact changes in these variables have had historically on default rates and on the components of loss given default and exposure at default.

In addition to the base economic scenario, Raiffeisen Research also provides a best case and worst case scenario along with scenario weightings to ensure non-linearities are captured. The Group has concluded that three scenarios appropriately captured non-linearity. The scenario weightings are determined by a combination of statistical analysis and expert credit judgement, taking account of the range of possible outcomes each chosen scenario is representative of. The probability-weighted expected credit losses are determined by running each scenario through the relevant expected credit loss model and multiplying it by the appropriate scenario weighting.

As with any economic forecasts, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. The Group considers these forecasts to represent its best estimate of the possible outcomes and cover any potential non-linearities and asymmetries within the Group's different portfolios.

### *Sensitivity analysis*

The most significant assumptions affecting the expected credit loss allowance are as follows:

- Non retail portfolios
  - Gross domestic product
  - Interest rate.
- Retail portfolios
  - Gross domestic product
  - Exchange rate EUR/RON
  - ROBOR 3M
  - Unemployment rate.

For details regarding the results of the sensitivity analysis performed, refer to *Note 6*.

### *Discount Factor*

In general for on balance sheet exposure which is not POCI the discount rate used in the expected credit loss calculation is the effective interest rate or an approximation thereof.

### *Collateral valuation*

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, letters of credit/guarantees, real estate, receivables, inventories, other non-financial assets and credit enhancements such as netting agreements. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position.

However, the fair value of collateral affects the calculation of ECLs. It is assessed at inception and re-assessed on an annual basis. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Other financial assets which do not have readily determinable market values are valued using models. Non-financial collateral, such as real estate, is valued based on data provided by third parties such as mortgage brokers, or based on housing price indices.

#### Write-offs

In case the Bank does not have reasonable expectations for the partial or full recovery of its financial assets, these are written off and monitored from off-balance. The Bank keeps its contractual rights over its financial assets, but from economic perspective there is no reasonable expectations of further recovery. Write off takes place after the assets have been fully provisioned, this representing a derecognition event.

#### k) Hedge Accounting

The Group has elected, to continue to apply hedge accounting in accordance with IAS 39.

The Group applies micro and macro fair value hedge. The Group's hedging objective refers explicitly to the interest rate risk exposure due to shifts in the corresponding benchmark rate.

At inception, the Group formally documents how the hedging relationship meets the hedge accounting criteria, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and on an ongoing basis. In order to qualify for hedge accounting, a hedge relationship must be expected to be highly effective on a prospective basis and it needs to be demonstrated that it was highly effective in the previous designated period (i.e., one month).

A hedge is considered to be highly effective if the changes in fair value or cash flows attributable to the hedged risk are expected to be offset by the hedging instrument in a range of 80% to 125%. It is also necessary to assess, retrospectively, whether the hedge was highly effective over the previous one month period. The hedge accounting documentation includes the method and results of the hedge effectiveness assessments.

Prospective and retrospective effectiveness tests are conducted using the quantitative method of dollar offset. This consists in computing the ratio of the change in the clean, cumulated fair value of the hedging instrument to the change in the clean, cumulated fair value of the hedged item attributable to the hedged risk.

Hedge accounting ceases prospectively when any of the following events occur:

- the hedge no longer meets the hedge accounting criteria (for example it is no longer highly effective or its effectiveness is no longer measurable);
- the hedged item is sold or settled;
- the hedging instrument expires or is sold, terminated or exercised;
- the management decides to revoke the designation;

If a hedging relationship no longer meets the hedge effectiveness criteria or fails the materiality threshold mentioned above, hedge accounting ceases from the last date on which the hedge was considered to be effective, which will be the beginning of the period in which the hedge ceased to meet the effectiveness criteria or exceeded the materiality threshold.

If the entity determines that a certain event, change in circumstances/market disruption caused the hedging relationship to fail the effectiveness tests and demonstrates that the hedge was effective before the event or change in circumstances occurred, hedge accounting ceases from the date of the event or change in circumstances.

After derecognition of the hedging relationship, the future fair value changes of the derivative are further recognized in profit or loss under "Trading income", whereas the hedged item will be accounted for as it was before the hedging designation, without applying the hedge accounting rules. For the items for which the effective interest method is used, the previous hedging adjustments are amortized to profit or loss over the remaining life of the hedged item.

#### l) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise: cash balances on hand, current accounts and other placements with the National Bank of Romania, nostro accounts and placements with other banks which have a short maturity of three months or less from the date of acquisition.

#### m) Property, plant and equipment

##### **Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of an asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use,

and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

The costs with maintenance of property, plant and equipment are recognized in profit or loss account as they incur. Expenses generated by replacing a component of a property, plant and equipment item, including major repairs, are capitalized, if improve the future performance of the property, plant and equipment item.

### **Depreciation**

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each item.

The estimated useful lives are as follows:

Buildings	50 years
Office equipment and furniture	5 years
Motor vehicles	5 years
Computer equipment	4 years

Depreciation methods, useful life and residual values are reassessed at each reporting date and adjusted if appropriate.

#### **n) Intangible assets**

##### **Software**

Software acquired by the Group is stated at cost less accumulated amortization and accumulated impairment losses. Expenditure on internally developed software is recognized as an asset when the Group is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits and can reliably measure the costs to complete the development. The capitalized costs of internally developed software include all costs directly attributable to developing the software and are amortized over its useful life.

Subsequent expenditure on software assets is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

All other expenditure is expensed as incurred. Amortization is recognized in profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use. The estimate useful life of software is between 1 and 8 years. Amortization methods, useful life and residual values are reassessed at each reporting date and adjusted if appropriate.

#### **o) Leased assets**

*Lessee:* The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial indirect costs incurred and lease payments made at or before the commencement date less any incentives received. Right-of-use assets are depreciated on a straight line basis over the lease term.

Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The right-of-use assets are presented in statement of financial position under "*Property, equipment and right-of-use assets*" and within *note 30* and are subject to impairment in line with Group's policy as described in *note 3 p) Impairment of non-financial assets*.

*Lessor:* The Group acts as lessor in contract through which substantially all the risks and rewards of ownership are transferred to the lessee. These contracts are classified as finance leases and a receivable equal to the present value of minimum lease payments is recognized in the consolidated financial statements. Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss under "*Other operating income*".

#### **p) Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.



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

A cash-generating unit is the smallest identifiable group of assets that generates cash flows that largely are independent from other assets or groups of assets. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets of the cash-generating unit, on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date. An impairment loss is reversed, except for those allocated to goodwill, if there has been a favourable change in the estimates used to determine the recoverable amount.

#### **q) Inventory**

Inventories are measured at the lower of cost or net realizable value. Repossessed real estates resulting from loans are booked in accordance with IAS 2 "Inventories", at the lower of the cost (i.e.: loan net of provision) and net realizable value (i.e.: realization value of collateral, decreased by selling costs).

#### **r) Deposits from customers, loans from banks, debt securities issued, subordinated liabilities and other equity instruments**

Deposits from customers, loans from banks, debt securities issued, subordinated liabilities and other equity instruments are the Group's sources of funding.

The Group classifies issued financial instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instrument.

Deposits from customers, loans from banks, debt securities issued and subordinated liabilities are initially measured at fair value plus transaction costs, and subsequently measured at their amortized cost using the effective interest method.

Other equity instruments are comprised of subordinated unsecured instruments notes issued by the Group that are classified as equity instruments (refer to *Note 42*). At initial recognition the instruments are booked at nominal amount less transaction costs directly attributable to the instruments. The instruments are kept in functional currency, its value being the amount in foreign currency multiplied by the exchange rate applicable at transaction date. Subsequently they are maintained in functional currency, without being revaluated, as the instruments represent non-monetary elements. Distributions from principal are paid from distributable profits and represent dividends. In case the Group requires redemption, the payment is made in original currency, at the exchange rate available at the payment date. If a decision for redemption is made, the instruments are reclassified as financial liabilities. Also, in case distributions are made during the period in which the instruments are classified as liabilities, such distributions represent interest expense for the Group. In case of write down, the amount is booked directly in equity.

#### **s) Employee benefits**

##### **Short-term benefits**

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be paid in full within twelve months from the annual reporting period in which the employees provide the service in question.

The short-term benefits of the employees include: indemnities, salaries, social security contribution. These are recognized as expenses as the services are provided.

A provision is recognised for amounts expected to be paid as short-term cash premiums or profit-sharing schemes for staff when the Group has a legal or constructive obligation to pay those sums as a result of past services provided by employees and whether that obligation can be reliably estimated.

##### **Post-employment benefits**

Post-employment benefits are employee benefits (other than termination benefits or short-term benefits) that are payable after the end of the employment contract.



Post-employment benefit plans are classified either as defined contribution plans or as defined benefit plans, depending on the economic substance of the plan, as arising from its main terms and conditions.

- **Defined benefit plans**

In case of retirement, the Bank offers to the respective employees a number of salaries, depending on the service period. This obligation is foreseen in the collective labour contract. The Bank's net obligation regarding the defined benefit plan represents the sum of the future benefits that the employees have earned in exchange for their activity in the current period as well as in previous periods. None of these benefits is financed through an asset plan.

The value of defined benefit obligations is calculated using actuarial valuation, using the "projected credit unit method". Actuarial valuation involves making assumptions about discount rates, future salary increases, legal retirement age and mortality rates. Due to the long term of these plans, such estimates are exposed to uncertainty. The hypotheses, estimates and sensitivity used for the calculations regarding the obligations regarding the determined benefits, as well as the related amounts are presented in note 36.

The Bank calculates the present value of the defined benefit obligation as the present value of future payments necessary to settle the obligation resulting from employee service in the current and prior periods.

For the determination of the amounts to be recognized in other comprehensive income, the Banks takes into account the followings: the cost of the current service representing the additional rights granted to each employee, the cost of any past service and the gain or loss on settlement and net interest on the net defined benefit liability.

The revaluation of the net defined benefit liability is recognised in other comprehensive income. Revaluations of the net defined benefit liability (asset) recognised in other comprehensive income is not reclassified to profit or loss in a subsequent period. However, the Bank may transfer those amounts recognised in other comprehensive income to equity.

This includes actuarial gains and losses such as: differences resulting from changes in the calculation assumptions (early retirements, discount rates, etc.) and/ or differences between actuarial assumptions and actual performance.

- **Defined contribution plans**

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

The Group, in the normal course of business makes payments to the Romanian State funds on behalf of its Romanian employees for pension (Pillar 3), health care and unemployment benefit. All employees of the Group are members and are also legally obliged to make defined contributions (included in the social security contributions) to the Romanian State pension plan (a State defined contribution plan). All relevant contributions to the Romanian State pension plan are recognized as an expense in the consolidated statement of comprehensive income as incurred. The Group does not have any further obligations.

Both the Group and its employees are obliged by law to contribute to social security contribution, through the National Pension Fund managed by the National House of Pensions and Social Insurance in Romania (a contribution plan financed on the basis of withholding taxes). The Group and the Bank have no legal or implied obligation to pay future benefits. The only obligation of the Bank is to pay the contributions when they become due.

If the members insured under the Social Insurance and Pensions plan cease to be employees of the Group or its subsidiaries, the Group has no obligation to pay them the benefits which were paid during the years in which they were employed. The contributions of the Group and of the Bank are recorded in the expense accounts regarding the salaries and assimilated expenses.

## t) Provisions

A provision is recognized in consolidated financial position if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Provisions include provisions for pending legal issues, provisions for un-drawn commitments and other provisions.

**u) Taxes**

Income tax policy is described in *Note 3 i)*. The Group recognizes its liabilities related to the deposit insurance fee and resolution fund fee in accordance to IFRIC Interpretation 21, "Levies".

The liability to pay these levies is recognized when they become constructive. For the deposit insurance fee and resolution fund fee, the obligation arises annually on January 1, as the Bank performs activities related to deposits received.

**v) Segment reporting**

The Group discloses information at segment level to enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

An operating segment is a component of the Group:

- (a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group)
- (b) whose operating results are regularly reviewed by the entity's chief operating decision maker to take decisions about resources to be allocated to the segment and assess its performance, and
- (c) for which separate financial information is available.

Segment reporting is based on the following business lines of the Group: corporate, individuals, small and medium entities (referred to as "SME") and treasury, the latter including financial institutions.

#### 4. STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED INTERNATIONAL FINANCIAL REPORTING STANDARDS

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

In the current year, the Group has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements:

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure of Accounting Policies issued by IASB on 12 February 2021. Amendments require entities to disclose their material accounting policies rather than their significant accounting policies and provide guidance and examples to help preparers in deciding which accounting policies to disclose in their financial statements.
- **Amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"** - Definition of Accounting Estimates issued by IASB on 12 February 2021. Amendments focus on accounting estimates and provide guidance how to distinguish between accounting policies and accounting estimates.
- **Amendments to IAS 12 "Income Taxes"** - Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to amendments, the initial recognition exemption does not apply to transactions in which both deductible and taxable temporary differences arise on initial recognition that result in the recognition of equal deferred tax assets and liabilities.
- **Amendments to IAS 12 "Income Taxes"** - International Tax Reform — Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

Romania enacted the legislation implementing the global minimum top-up tax with effective date from 1 January 2024. The Bank does not expect to be subject to the top-up tax in relation to its operations in Romania where the statutory tax rate is 16%, thus does not estimate an impact for the year 2024

##### New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

- **Amendments to IFRS 16 "Leases"** - Lease Liability in a Sale and Leaseback issued by IASB on 22 September 2022. Amendments to IFRS 16 require a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.
- **Amendments to IAS 1 "Presentation of Financial Statements" - Classification of Liabilities as Current or Non-Current** issued by IASB on 23 January 2020 and **Amendments to IAS 1 "Presentation of Financial Statements" - Non-current Liabilities with Covenants** issued by IASB on 31 October 2022. Amendments issued on January 2020 provide more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. Amendments issued on October 2022 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability and set the effective date for both amendments to annual periods beginning on or after 1 January 2024.

##### New and revised IFRS Accounting Standards in issue but not adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from IFRS adopted by the International Accounting Standards Board (IASB) except for the following new standards and amendments to the existing standards, which were not adopted by the EU as at the date of authorisation of these financial statements:

- **Amendments to IAS 7 "Statement of Cash Flows" and IFRS 7 "Financial Instruments: Disclosures"** - Supplier Finance Arrangements issued by IASB on 25 May 2023. Amendments add disclosure requirements, and 'signposts' within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.
- **Amendments to IAS 21 "The Effects of Changes in Foreign Exchange Rates"** - Lack of Exchangeability issued by IASB on 15 August 2023. Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

- **IFRS 14 "Regulatory Deferral Accounts"** issued by IASB on 30 January 2014. This standard is intended to allow entities that are first-time adopters of IFRS, and that currently recognise regulatory deferral accounts in accordance with their previous GAAP, to continue to do so upon transition to IFRS.
- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture issued by IASB on 11 September 2014. The amendments address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

IFRS 9 grants accounting options for hedge accounting. The Group continues to apply the provisions on hedge accounting pursuant to IAS 39 while, however, taking the changes in the disclosures in the notes pursuant to IFRS 7 into account.

## 5. FINANCIAL RISK MANAGEMENT

### a) Introduction and overview

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

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

This note provides details of the Group's exposure to each of the above mentioned risks, as well as Group's policies and processes for measuring and managing risk.

The most important types of risks to which the Group is exposed are credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate risk and equity price risk.

### *Risk management framework*

The Management Board has overall responsibility for the establishment and oversight of the risk management framework. Assets and Liabilities Committee ("ALCO"), Credit Risk Committee, Risk Management Committee and Problem Loan Committee are responsible for developing and monitoring Group's risk management policies in their specified areas.

All committees report regularly to the Management Board. The framework for risk management is defined in the risk strategy, elaborated and reviewed with annual frequency. The risk profile is also annually reviewed and comprises the evaluation of all risks considered significant. The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and compliance with the approved limits.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations. This process of risk management is critical to the Bank's continuing profitability and each employee within the Group is responsible for monitoring compliance with the Group's risk management procedures.

The Audit Committee reports to the Supervisory Board and has the responsibility to monitor the compliance with risk management procedures. Internal Audit assists the Audit Committee in these functions. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Stress Testing exercises are a common practice in the Group. Stress tests to be performed are either locally developed or developed and run at Raiffeisen Bank International Group level. The bank put in place a "Business stress testing concept paper" which establishes the steps, concepts, methodologies and timelines in stress testing process. All stress tests results are analyzed and reported to management.

### b) Credit risk

#### *i) Credit risk management*

Credit risk is the risk that the Group will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and for geographical and industry concentration, and by monitoring exposures in relation to such limits. The Group is exposed to credit risk through its lending, trading and investing activities and in cases where it acts as an intermediary on behalf of customers or other third parties, or in the situation in which it conducts financial leasing operations, or it issues guarantees.

Credit risk associated with trading and investing activities is managed through the Group's credit risk management process. The risk is mitigated through selecting counterparties of good financial standings and monitoring their activities and through the use of credit limits and when appropriate, by obtaining collateral. The Group's primary exposure to credit risk arises through its loans and advances to customers as well as from conduction of activities related to concluding finance lease contracts. The amount of credit exposure in this regard is represented by the carrying amounts of the assets on the balance sheet. The Group is exposed to credit risk on various other financial assets, including derivative instruments and debt investments, the current credit exposure in respect of these instruments is equal to the carrying amount of these assets in the balance sheet. In addition, the Group is exposed to off balance sheet credit risk through commitments to extend credit and guarantees. In order to minimize this risk, Group procedures are in place to screen the customers before granting the loans and lease contracts and to monitor their ability to repay the principal and interest during the duration of the loans and lease contracts and to establish exposure limits.

The Management Board has delegated the responsibility for the credit risk management to the Credit Committee. A Risk Division, reporting to the Chief Risk Officer is responsible for oversight of the Group's credit risk, including:

- Formulating credit policies, by pursuing the target of maintaining a healthy loan portfolio, by establishing adequate limits and defining specific lending criteria for certain products, clients categories etc.
- Establishing and implementing of procedures related to: the treatment and valuation of collaterals, periodical loan reviews, classification and loan portfolio reporting, legal documentation related to loans and lending activity, monitoring and treatment of nonperforming loans, ensuring compliance with the regulatory requirements.
- Establishing an authorization structure of approval and renewing of loan facilities: the authorization limits can be settled at the individual level of certain designated risk analysts or at the Credit Committee level or at the level of the approving entity designated at Group level. The authorization limits are stipulated in the Credit Committee and are established on different criteria like loan amount and compliance with the credit policies.
- Evaluation and review of the credit risk take place in accordance with the authorization limits set out in the Credit Committee as well as with the regulatory requirements.
- Limiting concentrations of exposure to counterparties, geographical areas, industries and by issuer, loan classification category, market liquidity and country (for investment securities). The concentration risk is monitored throughout the portfolio management activity. It is analyzed on a monthly basis through reports and presented to the personnel involved in the lending activity as well as to the management.
- Developing and maintaining the client classification systems depending on the risk grading. Unitary client classification systems are used at Group level depending on the client risk grading. These systems comprise both scoring and rating methodologies. The Group performs periodical reviews of the clients' classification systems. The risk grading measured through the above mentioned systems stands at the base of determining the loan loss provision necessary to cover the default risk.
- Reviewing and monitoring the compliance of business units with the limits established through the Credit Policies and internal norms.
- Regular reports are provided to Credit Committee on loan portfolio quality and appropriate corrective actions are proposed and implemented.
- Providing information, advice, guidance and expertise to business units in order to promote credit risk management best practice throughout the Group.

The Group has implemented an Early Warning Signs, which is used for a monthly credit portfolio screening targeting identification of upcoming problematic exposures as early as possible. The system is based on triggers automatically detected for each client on monthly basis, but it is also based on ad-hoc manual input if adverse information is known.

The implementation of the credit policies and procedures is insured at the Group's level. Each branch is obliged to respect and implement the Group's loan policies and procedures. Each branch is responsible for the quality and performance of its credit portfolio. The Group has centralized processes for both credit approval and loan administration for companies and individuals, which leads to improved quality of the credit portfolio and better monitoring.

Internal Audit undertakes regular audits of branches/agencies and Group credit processes.

The major concentrations of credit risk arise by type of customer in relation to the Group's loans and advances and credit commitments. Concentrations of credit risk that arise from financial instruments exist for groups of counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The major concentrations of credit risk arise by individual counterparty and by type of customer in relation to the Group's loans and advances, commitments to extend credit and guarantees issued.

**ii) Credit risk management**

In the table below are presented the risk concentrations by product for retail customers and by economic sectors for non-retail customers. In the table are presented gross balance sheet exposures:

*In RON thousand*

	<b>Group</b>	<b>Group</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Non-retail customers, of which:</b>		
Corporate lending	14,660,748	13,712,329
Project finance	2,804,534	2,738,031
Financial institution non-bank	1,395,284	763,680
Small business (SMB)	2,330,751	2,137,638
Public sector	1,271,629	806,402
Sovereign	48,995	151,404
<b>Retail customers, of which:</b>		
Personal loan	8,441,373	8,162,235
Mortgage	7,454,930	8,157,458
Consumer loan guaranteed with mortgage	703,055	820,874
Credit Card	1,360,665	1,201,207
Overdraft	558,055	574,025
Micro	2,010,623	1,962,828
<b>Total gross exposure</b>	<b>43,040,642</b>	<b>41,188,111</b>
Impairment allowance	(1,227,408)	(1,336,542)
<b>Total loans and advances to customers at amortised cost</b>	<b>41,813,234</b>	<b>39,851,569</b>

In the table below are presented the risk concentrations by product for retail customers and by economic sectors for non-retail customers. In the table are presented gross balance sheet exposures:

*In RON thousand*

	<b>Bank</b>	<b>Bank</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
<b>Non-retail customers, of which:</b>		
Corporate lending	14,309,448	13,436,764
Project finance	2,804,534	2,738,031
Financial institution non-bank	2,141,268	1,412,754
Small business (SMB)	1,814,102	1,667,015
Public sector	1,271,629	806,402
Sovereign	48,995	151,404
<b>Retail customers, of which:</b>		
Personal loan	8,441,373	8,162,235
Mortgage	7,454,830	8,157,425
Consumer loan guaranteed with mortgage	703,055	820,874
Credit Card	1,360,665	1,201,207
Overdraft	558,055	574,025
Micro	1,541,920	1,536,633
<b>Total gross exposure</b>	<b>42,449,874</b>	<b>40,664,769</b>
Impairment allowance	(1,190,437)	(1,297,254)
<b>Total loans and advances to customers at amortised cost</b>	<b>41,259,437</b>	<b>39,367,515</b>

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers.

The amounts represent gross balance sheet exposures:

**Group**

*in RON thousand*

**Loans and advances to customers at amortised cost****Non-retail:**

	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Non-retail:</b>	<b>20,175,925</b>	<b>2,081,654</b>	<b>216,080</b>	<b>38,282</b>	<b>22,511,941</b>
Corporate lending	13,718,446	748,141	158,146	36,015	14,660,748
Project finance	2,066,684	730,986	6,864	-	2,804,534
Financial institution non-bank	1,348,548	46,736	-	-	1,395,284
Small and medium business	1,735,578	541,836	51,070	2,267	2,330,751
Public sector	1,257,833	13,796	-	-	1,271,629
Sovereign	48,836	159	-	-	48,995

**Retail:**

<b>Retail:</b>	<b>16,594,728</b>	<b>2,965,013</b>	<b>792,227</b>	<b>176,733</b>	<b>20,528,701</b>
Personal loan	7,178,562	826,060	430,862	5,889	8,441,373
Mortgage	6,024,665	1,245,596	138,164	46,505	7,454,930
Micro	1,565,414	338,609	102,331	4,269	2,010,623
Consumer loan guaranteed with mortgage	334,102	175,239	85,036	108,678	703,055
Credit card	1,048,892	277,068	23,313	11,392	1,360,665
Overdraft	443,093	102,441	12,521	-	558,055

**Total gross exposure**

<b>Total gross exposure</b>	<b>36,770,653</b>	<b>5,046,667</b>	<b>1,008,307</b>	<b>215,015</b>	<b>43,040,642</b>
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## Impairment allowance

Impairment allowance	(230,334)	(268,221)	(663,089)	(65,764)	(1,227,408)
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**Net exposure**

<b>Net exposure</b>	<b>36,540,319</b>	<b>4,778,446</b>	<b>345,218</b>	<b>149,251</b>	<b>41,813,234</b>
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In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers.

The amounts represent gross balance sheet exposures:

**Group**

in RON thousand

**Loans and advances to customers at amortised cost****Non-retail:**

	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Non-retail:</b>	<b>17,337,146</b>	<b>2,687,988</b>	<b>236,299</b>	<b>48,051</b>	<b>20,309,484</b>
Corporate lending	12,852,753	694,092	121,265	44,219	13,712,329
Project finance	1,370,480	1,299,489	68,062	-	2,738,031
Financial institution non-bank	763,680	-	-	-	763,680
Small and medium business	1,571,807	515,027	46,972	3,832	2,137,638
Public sector	756,407	49,995	-	-	806,402
Sovereign	22,019	129,385	-	-	151,404

**Retail:**

<b>Retail:</b>	<b>17,811,492</b>	<b>2,166,865</b>	<b>722,263</b>	<b>178,007</b>	<b>20,878,627</b>
Personal loan	7,331,130	448,728	379,154	3,223	8,162,235
Mortgage	7,140,317	852,553	114,770	49,818	8,157,458
Micro	1,602,044	267,509	91,526	1,749	1,962,828
Consumer loan guaranteed with mortgage	388,699	210,184	106,187	115,804	820,874
Credit card	1,082,177	91,420	20,197	7,413	1,201,207
Overdraft	267,125	296,471	10,429	-	574,025

**Total gross exposure**

<b>Total gross exposure</b>	<b>35,148,638</b>	<b>4,854,853</b>	<b>958,562</b>	<b>226,058</b>	<b>41,188,111</b>
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## Impairment allowance

Impairment allowance	(271,164)	(318,101)	(671,762)	(75,515)	(1,336,542)
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**Net exposure**

<b>Net exposure</b>	<b>34,877,474</b>	<b>4,536,752</b>	<b>286,800</b>	<b>150,543</b>	<b>39,851,569</b>
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In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers.

The amounts represent gross balance sheet exposures:

**Bank**

*in RON thousand*

**Loans and advances to customers at amortised cost**

**Non-retail:**

	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Non-retail:</b>	<b>20,368,735</b>	<b>1,782,670</b>	<b>200,289</b>	<b>38,282</b>	<b>22,389,976</b>
Corporate lending	13,504,489	616,702	152,242	36,015	14,309,448
Project finance	2,066,684	730,986	6,864	-	2,804,534
Financial institution non-bank	2,094,532	46,736	-	-	2,141,268
Small and medium business	1,396,361	374,291	41,183	2,267	1,814,102
Public sector	1,257,833	13,796	-	-	1,271,629
Sovereign	48,836	159	-	-	48,995

**Retail:**

<b>Retail:</b>	<b>16,213,528</b>	<b>2,891,756</b>	<b>777,881</b>	<b>176,733</b>	<b>20,059,898</b>
Personal loan	7,178,562	826,060	430,862	5,889	8,441,373
Mortgage	6,024,565	1,245,596	138,164	46,505	7,454,830
Micro	1,184,314	265,352	87,985	4,269	1,541,920
Consumer loan guaranteed with mortgage	334,102	175,239	85,036	108,678	703,055
Credit card	1,048,892	277,068	23,313	11,392	1,360,665
Overdraft	443,093	102,441	12,521	-	558,055

**Total gross exposure**

**36,582,263    4,674,426    978,170    215,015    42,449,874**

Impairment allowance

(227,332)    (255,189)    (642,152)    (65,764)    (1,190,437)

**Net exposure**

**36,354,931    4,419,237    336,018    149,251    41,259,437**

In the table below are presented on stages the risk concentrations by product for retail customers and by economic sectors for non-retail customers.

The amounts represent gross balance sheet exposures:

**Bank**

*in RON thousand*

**Loans and advances to customers at amortised cost****Non-retail:**

	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Corporate lending	12,621,866	658,071	112,608	44,219	13,436,764
Project finance	1,370,480	1,299,489	68,062	-	2,738,031
Financial institution non-bank	1,326,069	86,685	-	-	1,412,754
Small and medium business	1,306,114	317,993	39,076	3,832	1,667,015
Public sector	756,407	49,995	-	-	806,402
Sovereign	22,019	129,385	-	-	151,404

**Retail:**

Personal loan	7,331,130	448,728	379,154	3,223	8,162,235
Mortgage	7,140,284	852,553	114,770	49,818	8,157,425
Micro	1,228,956	233,001	72,927	1,749	1,536,633
Consumer loan guaranteed with mortgage	388,699	210,184	106,187	115,804	820,874
Credit card	1,082,177	91,420	20,197	7,413	1,201,207
Overdraft	267,125	296,471	10,429	-	574,025

**Total gross exposure**

Impairment allowance	(265,091)	(308,490)	(648,158)	(75,515)	(1,297,254)
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**Net exposure**

	<b>34,841,326</b>	<b>4,673,975</b>	<b>923,410</b>	<b>226,058</b>	<b>40,664,769</b>
	<b>34,576,235</b>	<b>4,365,485</b>	<b>275,252</b>	<b>150,543</b>	<b>39,367,515</b>

The tables below present the split of loans and advances to retail customers by credit quality. The internal rating grade presented is further explained below within Note 5, within the Group's internal credit rating grades tables:

**Group**

in RON thousand

31 December 2023

Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,568,641	290,547	–	11	3,859,199
Excellent Credit Standing	2,875,700	597,066	–	19,371	3,492,137
Very Good Credit Standing	1,393,293	170,947	–	21,209	1,585,449
Good Credit Standing	3,563,134	203,830	–	30,249	3,797,213
Sound Credit Standing	2,643,242	247,942	–	14,932	2,906,116
Acceptable Credit Standing	1,449,455	312,733	–	9,453	1,771,641
Marginal Credit Standing	540,023	410,795	–	9,440	960,258
Weak Credit Standing	166,518	254,203	–	5,978	426,699
Very Weak Credit Standing	11,415	385,255	–	5,691	402,361
Default	–	–	792,109	60,245	852,354
Not Rated	383,307	91,695	118	154	475,274
<b>Total</b>	<b>16,594,728</b>	<b>2,965,013</b>	<b>792,227</b>	<b>176,733</b>	<b>20,528,701</b>

**Group**

in RON thousand

31 December 2022

Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,225,409	48,892	–	979	3,275,280
Excellent Credit Standing	1,433,859	143,111	–	8,903	1,585,873
Very Good Credit Standing	4,501,305	178,634	–	23,603	4,703,542
Good Credit Standing	3,673,736	139,173	–	828	3,813,737
Sound Credit Standing	2,584,270	473,287	–	29,093	3,086,650
Acceptable Credit Standing	1,221,103	397,014	–	30,758	1,648,875
Marginal Credit Standing	496,536	372,837	–	20,939	890,312
Weak Credit Standing	112,366	128,981	–	212	241,559
Very Weak Credit Standing	12,542	204,959	–	5,073	222,574
Default	–	–	722,263	57,571	779,834
Not Rated	550,366	79,977	–	48	630,391
<b>Total</b>	<b>17,811,492</b>	<b>2,166,865</b>	<b>722,263</b>	<b>178,007</b>	<b>20,878,627</b>

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply, as described in Note 3 (ix) *Identification and measurement of impairment*.

The tables below present the split of loans and advances to retail customers by credit quality. The internal rating grade presented is further explained below within Note 5, within the Group's internal credit rating grades tables:

**Bank***in RON thousand*

31 December 2023

Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,568,641	290,547	–	11	3,859,199
Excellent Credit Standing	2,875,700	597,066	–	19,371	3,492,137
Very Good Credit Standing	1,393,293	170,947	–	21,209	1,585,449
Good Credit Standing	3,563,134	203,830	–	30,249	3,797,213
Sound Credit Standing	2,643,242	247,942	–	14,932	2,906,116
Acceptable Credit Standing	1,449,455	312,733	–	9,453	1,771,641
Marginal Credit Standing	540,023	410,795	–	9,440	960,258
Weak Credit Standing	166,518	254,203	–	5,978	426,699
Very Weak Credit Standing	11,415	385,255	–	5,691	402,361
Default	–	–	777,763	60,245	838,008
Not Rated	2,107	18,438	118	154	20,817
<b>Total</b>	<b>16,213,528</b>	<b>2,891,756</b>	<b>777,881</b>	<b>176,733</b>	<b>20,059,898</b>

**Bank***in RON thousand*

31 December 2022

Internal rating grade	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	3,225,409	48,892	–	979	3,275,280
Excellent Credit Standing	1,433,859	143,111	–	8,903	1,585,873
Very Good Credit Standing	4,501,305	178,634	–	23,603	4,703,542
Good Credit Standing	3,673,736	139,173	–	828	3,813,737
Sound Credit Standing	2,584,270	473,287	–	29,093	3,086,650
Acceptable Credit Standing	1,221,103	397,014	–	30,758	1,648,875
Marginal Credit Standing	496,536	372,837	–	20,939	890,312
Weak Credit Standing	112,366	128,981	–	212	241,559
Very Weak Credit Standing	12,542	204,959	–	5,073	222,574
Default	–	–	703,664	57,571	761,235
Not Rated	177,245	45,469	–	48	222,762
<b>Total</b>	<b>17,438,371</b>	<b>2,132,357</b>	<b>703,664</b>	<b>178,007</b>	<b>20,452,399</b>

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply, as described in Note 3 (ix) *Identification and measurement of impairment*.

The tables below present the split of loans and advances to non - retail customers by credit quality. The internal rating grade presented is further explained below within Note 5, within the Group's internal credit rating grades tables:

**Group**

*In RON thousand*

**31 December 2023**

<b>Internal rating grade</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Excellent	22,471	399	-	-	22,870
Strong	2,499,451	30,685	-	-	2,530,136
Good	12,532,021	753,889	-	-	13,285,910
Satisfactory	5,120,955	1,261,800	-	-	6,382,755
Substandard	746	25,905	-	-	26,651
Impaired	-	-	216,073	38,282	254,355
Unrated	281	8,976	7	-	9,264
<b>Total</b>	<b>20,175,925</b>	<b>2,081,654</b>	<b>216,080</b>	<b>38,282</b>	<b>22,511,941</b>

**Group**

*In RON thousand*

**31 December 2022**

<b>Internal rating grade</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Excellent	27,230	364	-	-	27,594
Strong	3,433,978	182,903	-	-	3,616,881
Good	9,264,349	1,105,196	-	-	10,369,545
Satisfactory	4,601,816	1,312,410	429	-	5,914,655
Substandard	6,815	72,656	-	-	79,471
Impaired	-	-	235,866	48,051	283,917
Unrated	2,958	14,459	4	-	17,421
<b>Total</b>	<b>17,337,146</b>	<b>2,687,988</b>	<b>236,299</b>	<b>48,051</b>	<b>20,309,484</b>

**Bank**

*In RON thousand*

**31 December 2023**

<b>Internal rating grade</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Excellent	22,175	9	-	-	22,184
Strong	2,446,072	19,882	-	-	2,465,954
Good	13,011,466	655,521	-	-	13,666,987
Satisfactory	4,888,958	1,085,927	-	-	5,974,885
Substandard	64	21,163	-	-	21,227
Impaired	-	-	200,282	38,282	238,564
Unrated	-	168	7	-	175
<b>Total</b>	<b>20,368,735</b>	<b>1,782,670</b>	<b>200,289</b>	<b>38,282</b>	<b>22,389,976</b>

**Bank**

*In RON thousand*

**31 December 2022**

<b>Internal rating grade</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
Excellent	24,682	61	-	-	24,743
Strong	3,417,146	159,661	-	-	3,576,807
Good	9,559,564	1,126,024	-	-	10,685,588
Satisfactory	4,394,982	1,188,863	429	-	5,584,274
Substandard	6,581	66,972	-	-	73,553
Impaired	-	-	219,313	48,051	267,364
Unrated	-	37	4	-	41
<b>Total</b>	<b>17,402,955</b>	<b>2,541,618</b>	<b>219,746</b>	<b>48,051</b>	<b>20,212,370</b>

At Group level, loans and advances to banks in amount of RON 484,640 thousand (December 31, 2022: RON 323,543 thousand) are all classified in Stage 1.

At Bank level, loans and advances to banks in amount of RON 495,257 thousand (December 31, 2022: RON 286,851 thousand), are all classified in Stage 1.

Loans and advances to banks as of December 31, 2023 mainly represent short term loans, term deposits and collateral deposits in correspondent bank accounts. Nostro accounts are always available to the Group, are not restricted, not overdue or impaired. Bank counterparties are financial institutions presenting strong financial strength.

For corporate entities, small and medium entities, financial institutions, local and central public authorities customers, the Group uses rating scales associated with the financial performance, both for the individually and for the collectively impaired loans and advances. In accordance with the Group's policies and procedures, a rating can be associated for each category of risk, from the lowest risk considered (Rating 1) to defaulted loans category (Rating 10). In the case of private individuals and micro exposures, the credit risk is assessed based on advanced internal model rating approach. The Bank assigns ratings to customers at facility level for private individuals and at customer level for micro. After the calibration process a probability of default is assigned to rating classes associated.

The table below shows the maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Group	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	14,660,748	2,653,468	(765,894)	1,887,574	12,773,174	272,481
Project finance	2,804,534	3,243,480	(673,404)	2,570,076	234,458	73,234
Financial institution non-bank	1,395,284	-	-	-	1,395,284	1,035
Small and medium business	2,330,751	536,976	(227,603)	309,373	2,021,378	49,354
Public sector	1,271,629	-	-	-	1,271,629	923
Sovereign	48,995	-	-	-	48,995	11
<b>Total Non-retail</b>	<b>22,511,941</b>	<b>6,433,924</b>	<b>(1,666,901)</b>	<b>4,767,023</b>	<b>17,744,918</b>	<b>397,038</b>
<b>Retail</b>						
Personal loan	8,441,373	195,133	(75,863)	119,270	8,322,103	510,164
Mortgage	7,454,930	7,578,926	(1,755,155)	5,823,771	1,631,159	90,529
Micro	703,055	371,689	(201,272)	170,417	532,638	97,450
Consumer loan guaranteed with mortgage	1,360,665	1,138,422	(587,504)	550,918	809,747	86,611
Credit card	558,055	-	-	-	558,055	25,527
Overdraft	2,010,623	-	-	-	2,010,623	20,089
<b>Total Retail</b>	<b>20,528,701</b>	<b>9,284,170</b>	<b>(2,619,794)</b>	<b>6,664,376</b>	<b>13,864,325</b>	<b>830,370</b>
<b>Financial assets at fair value through profit or loss</b>	<b>153,343</b>	<b>202,371</b>	<b>(87,699)</b>	<b>114,672</b>	<b>38,671</b>	<b>15,783</b>

The table below shows the maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Group	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	13,712,329	2,177,869	(523,432)	1,654,437	12,057,892	250,133
Project finance	2,738,031	2,288,705	(363,463)	1,925,242	812,789	114,854
Financial institution non-bank	763,680	-	-	-	763,680	830
Small and medium business	2,137,638	553,248	(221,013)	332,235	1,805,403	57,597
Public sector	806,402	-	-	-	806,402	747
Sovereign	151,404	-	-	-	151,404	13
<b>Total Non-retail</b>	<b>20,309,484</b>	<b>5,019,822</b>	<b>(1,107,908)</b>	<b>3,911,914</b>	<b>16,397,570</b>	<b>424,174</b>
<b>Retail</b>						
Personal loan	8,162,235	175,027	(60,982)	114,045	8,048,190	447,170
Mortgage	8,157,458	7,698,069	(1,502,264)	6,195,805	1,961,653	181,670
Micro	820,874	408,120	(212,456)	195,664	625,210	112,640
Consumer loan guaranteed with mortgage	1,201,207	1,231,106	(596,236)	634,870	566,337	116,707
Credit card	574,025	-	-	-	574,025	26,848
Overdraft	1,962,828	-	-	-	1,962,828	27,333
<b>Total Retail</b>	<b>20,878,627</b>	<b>9,512,322</b>	<b>(2,371,938)</b>	<b>7,140,384</b>	<b>13,738,243</b>	<b>912,368</b>
<b>Financial assets at fair value through profit or loss</b>	<b>167,460</b>	<b>214,278</b>	<b>(88,452)</b>	<b>125,826</b>	<b>41,634</b>	<b>13,525</b>



The table below shows the maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Bank	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	14,309,448	2,653,468	(765,894)	1,887,574	12,421,874	263,100
Project finance	2,804,534	3,243,480	(673,404)	2,570,076	234,458	73,234
Financial institution non-bank	2,141,268	-	-	-	2,141,268	1,035
Small and medium business	1,814,102	536,976	(227,603)	309,373	1,504,729	36,600
Public sector	1,271,629	-	-	-	1,271,629	923
Sovereign	48,995	-	-	-	48,995	11
<b>Total Non-retail</b>	<b>22,389,976</b>	<b>6,433,924</b>	<b>(1,666,901)</b>	<b>4,767,023</b>	<b>17,622,953</b>	<b>374,903</b>
<b>Retail</b>						
Personal loan	8,441,373	195,133	(75,863)	119,270	8,322,103	510,522
Mortgage	7,454,830	7,578,926	(1,755,155)	5,823,771	1,631,059	90,529
Micro	703,055	371,689	(201,272)	170,417	532,638	82,256
Consumer loan guaranteed with mortgage	1,360,665	1,138,422	(587,504)	550,918	809,747	86,611
Credit card	558,055	-	-	-	558,055	25,527
Overdraft	1,541,920	-	-	-	1,541,920	20,089
<b>Total Retail</b>	<b>20,059,898</b>	<b>9,284,170</b>	<b>(2,619,794)</b>	<b>6,664,376</b>	<b>13,395,522</b>	<b>815,534</b>
<b>Financial assets at fair value through profit or loss</b>	<b>153,343</b>	<b>202,371</b>	<b>(87,699)</b>	<b>114,672</b>	<b>38,671</b>	<b>15,783</b>

The table below shows the maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Bank	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	13,436,764	2,177,869	(523,432)	1,654,437	11,782,327	242,778
Project finance	2,738,031	2,288,705	(363,463)	1,925,242	812,789	114,854
Financial institution non-bank	1,412,754	-	-	-	1,412,754	830
Small and medium business	1,667,015	553,248	(221,013)	332,235	1,334,780	44,225
Public sector	806,402	-	-	-	806,402	747
Sovereign	151,404	-	-	-	151,404	13
<b>Total Non-retail</b>	<b>20,212,370</b>	<b>5,019,822</b>	<b>(1,107,908)</b>	<b>3,911,914</b>	<b>16,300,456</b>	<b>403,447</b>
<b>Retail</b>						
Personal loan	8,162,235	175,027	(60,982)	114,045	8,048,190	447,170
Mortgage	8,157,425	7,698,069	(1,502,264)	6,195,805	1,961,620	181,670
Micro	820,874	408,120	(212,456)	195,664	625,210	94,079
Consumer loan guaranteed with mortgage	1,201,207	1,231,106	(596,236)	634,870	566,337	116,707
Credit card	574,025	-	-	-	574,025	26,848
Overdraft	1,536,633	-	-	-	1,536,633	27,333
<b>Total Retail</b>	<b>20,452,399</b>	<b>9,512,322</b>	<b>(2,371,938)</b>	<b>7,140,384</b>	<b>13,312,015</b>	<b>893,807</b>
<b>Financial assets at fair value through profit or loss</b>	<b>167,460</b>	<b>214,278</b>	<b>(88,452)</b>	<b>125,826</b>	<b>41,634</b>	<b>13,525</b>

The table below shows the Stage 3 maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Group	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	194,161	29,034	(11,428)	17,606	176,555	126,169
Project finance	6,864	-	-	-	6,864	6,864
Financial institution non-bank	-	-	-	-	-	-
Small and medium business	53,337	7,323	(1,105)	6,218	47,119	35,213
Public sector	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-
<b>Total Non-retail</b>	<b>254,362</b>	<b>36,357</b>	<b>(12,533)</b>	<b>23,824</b>	<b>230,538</b>	<b>168,246</b>
<b>Retail</b>						
Personal loan	434,731	-	-	-	434,731	331,424
Mortgage	151,322	144,580	(34,240)	110,340	40,982	74,009
Micro	106,311	25,043	(16,535)	8,508	97,803	52,577
Consumer loan guaranteed with mortgage	115,103	138,000	(59,404)	78,596	36,507	79,401
Credit card	32,484	-	-	-	32,484	13,792
Overdraft	12,521	-	-	-	12,521	8,528
<b>Total Retail</b>	<b>852,472</b>	<b>307,623</b>	<b>(110,179)</b>	<b>197,444</b>	<b>655,028</b>	<b>559,731</b>

The table below shows the Stage 3 maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Group	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	165,484	34,140	(8,807)	25,333	140,151	104,006
Project finance	68,062	10,377	-	10,377	57,685	54,860
Financial institution non-bank	-	-	-	-	-	-
Small and medium business	50,804	7,703	(287)	7,416	43,388	32,512
Public sector	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-
<b>Total Non-retail</b>	<b>284,350</b>	<b>52,220</b>	<b>(9,094)</b>	<b>43,126</b>	<b>241,224</b>	<b>191,378</b>
<b>Retail</b>						
Personal loan	381,166	-	-	-	381,166	284,205
Mortgage	130,740	117,186	(28,732)	88,454	42,286	82,428
Micro	93,153	30,249	(16,928)	13,321	79,832	66,113
Consumer loan guaranteed with mortgage	138,718	159,099	(63,865)	95,234	43,484	96,484
Credit card	25,628	-	-	-	25,628	15,686
Overdraft	10,429	-	-	-	10,429	8,351
<b>Total Retail</b>	<b>779,834</b>	<b>306,534</b>	<b>(109,525)</b>	<b>197,009</b>	<b>582,825</b>	<b>553,267</b>

The table below shows the Stage 3 maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Bank	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	188,257	29,034	(11,428)	17,606	170,651	122,046
Project finance	6,864	-	-	-	6,864	6,864
Financial institution non-bank	-	-	-	-	-	-
Small and medium business	43,450	7,323	(1,105)	6,218	37,232	27,595
Public sector	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-
<b>Total Non-retail</b>	<b>238,571</b>	<b>36,357</b>	<b>(12,533)</b>	<b>23,824</b>	<b>214,747</b>	<b>156,505</b>
<b>Retail</b>						
Personal loan	434,731	-	-	-	434,731	331,424
Mortgage	151,322	144,580	(34,240)	110,340	40,982	74,009
Micro	91,965	25,043	(16,535)	8,508	83,457	43,381
Consumer loan guaranteed with mortgage	115,103	138,000	(59,404)	78,596	36,507	79,401
Credit card	32,484	-	-	-	32,484	13,792
Overdraft	12,521	-	-	-	12,521	8,528
<b>Total Retail</b>	<b>838,126</b>	<b>307,623</b>	<b>(110,179)</b>	<b>197,444</b>	<b>640,682</b>	<b>550,535</b>

The table below shows the Stage 3 maximum on-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus of collateral and the net exposure to credit risk:

Bank	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECLs
<i>In RON thousand</i>						
<b>Non-retail</b>						
Corporate lending	156,827	34,140	(8,807)	25,333	131,494	97,871
Project finance	68,062	10,377	-	10,377	57,685	54,860
Financial institution non-bank	-	-	-	-	-	-
Small and medium business	42,908	7,703	(287)	7,416	35,492	25,860
Public sector	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-
<b>Total Non-retail</b>	<b>267,797</b>	<b>52,220</b>	<b>(9,094)</b>	<b>43,126</b>	<b>224,671</b>	<b>178,591</b>
<b>Retail</b>						
Personal loan	381,166	-	-	-	381,166	284,205
Mortgage	130,740	117,186	(28,732)	88,454	42,286	82,428
Micro	74,554	30,249	(16,928)	13,321	61,233	55,296
Consumer loan guaranteed with mortgage	138,718	159,099	(63,865)	95,234	43,484	96,484
Credit card	25,628	-	-	-	25,628	15,686
Overdraft	10,429	-	-	-	10,429	8,351
<b>Total Retail</b>	<b>761,235</b>	<b>306,534</b>	<b>(109,525)</b>	<b>197,009</b>	<b>564,226</b>	<b>542,450</b>

The tables on the following pages show the maximum off-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus collateral, and the net exposure to credit risk:

Group	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	4,867,567	270,572	(35,656)	234,916	4,632,651	24,573
Loan commitments given	11,825,972	70,976	(51,476)	19,500	11,806,472	17,310
<b>Total Non-retail</b>	<b>16,693,539</b>	<b>341,548</b>	<b>(87,132)</b>	<b>254,416</b>	<b>16,439,123</b>	<b>41,883</b>
<b>Retail</b>						
Financial guarantees given	21,088	11,871	(3,447)	8,424	12,664	153
Loan commitments given	3,899,483	17,694	(4,781)	12,913	3,886,570	11,641
<b>Total Retail</b>	<b>3,920,571</b>	<b>29,565</b>	<b>(8,228)</b>	<b>21,337</b>	<b>3,899,234</b>	<b>11,794</b>
<b>Group</b>						
31 December 2022						
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	4,599,517	304,227	(94,562)	209,665	4,389,852	40,390
Loan commitments given	12,330,622	158,592	(16,146)	142,446	12,188,176	25,315
<b>Total Non-retail</b>	<b>16,930,139</b>	<b>462,819</b>	<b>(110,708)</b>	<b>352,111</b>	<b>16,578,028</b>	<b>65,705</b>
<b>Retail</b>						
Financial guarantees given	18,365	8,865	(2,376)	6,489	11,876	33
Loan commitments given	3,806,883	16,381	(3,269)	13,112	3,793,771	20,929
<b>Total Retail</b>	<b>3,825,248</b>	<b>25,246</b>	<b>(5,645)</b>	<b>19,601</b>	<b>3,805,647</b>	<b>20,962</b>

Where the case, collateral values are allocated proportionally between on and off-balance sheet exposures.

The tables on the following pages show the maximum Stage 3 off-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus collateral, and the net exposure to credit risk:

Group	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	68,758	1,404	-	1,404	67,354	23,800
Loan commitments given	13,432	464	-	464	12,968	7,337
<b>Total Non-retail</b>	<b>82,190</b>	<b>1,868</b>	<b>-</b>	<b>1,868</b>	<b>80,322</b>	<b>31,137</b>
<b>Retail</b>						
Financial guarantees given	-	-	-	-	-	-
Loan commitments given	16,178	-	-	-	16,178	7,557
<b>Total Retail</b>	<b>16,178</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,178</b>	<b>7,557</b>

Group	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	95,759	1,822	-	1,822	93,937	39,330
Loan commitments given	27,764	484	-	484	27,280	8,589
<b>Total Non-retail</b>	<b>123,523</b>	<b>2,306</b>	<b>-</b>	<b>2,306</b>	<b>121,217</b>	<b>47,919</b>
<b>Retail</b>						
Financial guarantees given	-	-	-	-	-	-
Loan commitments given	16,251	-	-	-	16,251	9,831
<b>Total Retail</b>	<b>16,251</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,251</b>	<b>9,831</b>



The tables on the following pages show the maximum off-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus collateral, and the net exposure to credit risk:

Bank	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	4,867,567	270,572	(35,656)	234,916	4,632,651	24,573
Loan commitments given	11,751,372	70,976	(51,476)	19,500	11,731,872	17,310
<b>Total Non-retail</b>	<b>16,618,939</b>	<b>341,548</b>	<b>(87,132)</b>	<b>254,416</b>	<b>16,364,523</b>	<b>41,883</b>

<b>Retail</b>						
Financial guarantees given	21,088	11,871	(3,447)	8,424	12,664	153
Loan commitments given	3,886,227	17,694	(4,781)	12,913	3,873,314	11,641
<b>Total Retail</b>	<b>3,907,315</b>	<b>29,565</b>	<b>(8,228)</b>	<b>21,337</b>	<b>3,885,978</b>	<b>11,794</b>

Bank	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	4,599,517	304,227	(94,562)	209,665	4,389,852	40,390
Loan commitments given	12,432,693	158,592	(16,146)	142,446	12,290,247	25,315
<b>Total Non-retail</b>	<b>17,032,210</b>	<b>462,819</b>	<b>(110,708)</b>	<b>352,111</b>	<b>16,680,099</b>	<b>65,705</b>

<b>Retail</b>						
Financial guarantees given	18,365	8,865	(2,376)	6,489	11,876	33
Loan commitments given	3,784,434	16,381	(3,269)	13,112	3,771,322	20,929
<b>Total Retail</b>	<b>3,802,799</b>	<b>25,246</b>	<b>(5,645)</b>	<b>19,601</b>	<b>3,783,198</b>	<b>20,962</b>

The tables on the following pages show the maximum Stage 3 off-balance sheet exposure to credit risk by segment. They also show the total fair value of collateral, any surplus collateral, and the net exposure to credit risk:

Bank	31 December 2023					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	68,758	1,404	-	1,404	67,354	23,800
Loan commitments given	13,702	464	-	464	13,238	7,337
<b>Total Non-retail</b>	<b>82,460</b>	<b>1,868</b>	<b>-</b>	<b>1,868</b>	<b>80,592</b>	<b>31,137</b>
<b>Retail</b>						
Financial guarantees given	-	-	-	-	-	-
Loan commitments given	15,908	-	-	-	15,908	7,557
<b>Total Retail</b>	<b>15,908</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,908</b>	<b>7,557</b>

Bank	31 December 2022					
	Maxim exposure to credit risk	Fair value of collateral	Surplus of collateral	Used collateral	Net exposure	Associated ECL
<i>In RON thousand</i>						
<b>Non-retail</b>						
Financial guarantees given	95,759	1,822	-	1,822	93,937	39,330
Loan commitments given	28,034	484	-	484	27,550	8,589
<b>Total Non-retail</b>	<b>123,793</b>	<b>2,306</b>	<b>-</b>	<b>2,306</b>	<b>121,487</b>	<b>47,919</b>
<b>Retail</b>						
Financial guarantees given	-	-	-	-	-	-
Loan commitments given	15,981	-	-	-	15,981	9,831
<b>Total Retail</b>	<b>15,981</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,981</b>	<b>9,831</b>

The Group holds collateral against loans and advances to customers in the form of pledge over cash deposits, mortgage interests over property, guarantees and other pledge over equipments and/or receivable. The value of the mortgage collaterals executed by the Group as a result of the enforcement at December 31, 2023 was RON 21,496 thousand (December 31, 2022: RON 19,991 thousand).

#### Impaired loans and securities

Impaired loans and securities are loans and securities for which the Group determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan / securities agreement(s).

### Past due status

Loans and advances to customers past due of December 31, 2023 were as follows:

Group	Stage 1			Stage 2			Stage 3			POCI		
	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days
<i>In RON thousand</i>												
Retail customers	733,803	-	-	538,833	105,287	-	64,352	74,884	64,695	24,713	6,076	6,761
Non-retail customers	303,622	-	-	33,108	69,814	-	10,063	3,305	11,126	455	1,837	3,516
<b>Total</b>	<b>1,037,425</b>	<b>-</b>	<b>-</b>	<b>571,941</b>	<b>175,101</b>	<b>-</b>	<b>74,415</b>	<b>78,189</b>	<b>75,821</b>	<b>25,168</b>	<b>7,913</b>	<b>10,277</b>

Bank	Stage 1			Stage 2			Stage 3			POCI		
	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days
<i>In RON thousand</i>												
Retail customers	731,971	-	-	538,578	104,692	-	64,301	74,884	64,568	24,713	6,076	6,761
Non-retail customers	268,405	-	-	22,275	67,938	-	5,730	-	9,740	455	1,837	3,516
<b>Total</b>	<b>1,000,376</b>	<b>-</b>	<b>-</b>	<b>560,853</b>	<b>172,630</b>	<b>-</b>	<b>70,031</b>	<b>74,884</b>	<b>74,308</b>	<b>25,168</b>	<b>7,913</b>	<b>10,277</b>

Loans and advances to customers past due of December 31, 2022 were as follows:

Group	Stage 1			Stage 2			Stage 3			POCI		
	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days
<i>In RON thousand</i>												
Retail customers	770,482	-	-	418,814	91,547	-	27,034	39,010	86,441	19,693	4,101	6,530
Non-retail customers	318,636	-	-	178,195	25,055	-	7,589	6,099	32,461	3,517	280	3,148
<b>Total</b>	<b>1,089,118</b>	<b>-</b>	<b>-</b>	<b>597,009</b>	<b>116,602</b>	<b>-</b>	<b>34,623</b>	<b>45,109</b>	<b>118,902</b>	<b>23,210</b>	<b>4,381</b>	<b>9,678</b>

Bank	Stage 1			Stage 2			Stage 3			POCI		
	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days	<=30 days	31-90 days	>90 days
<i>In RON thousand</i>												
Retail customers	769,651	-	-	418,779	91,242	-	26,972	39,010	86,256	19,693	4,101	6,530
Non-retail customers	308,647	-	-	168,132	22,972	-	1,089	5,661	28,099	3,517	280	3,148
<b>Total</b>	<b>1,078,298</b>	<b>-</b>	<b>-</b>	<b>586,911</b>	<b>114,214</b>	<b>-</b>	<b>28,061</b>	<b>44,671</b>	<b>114,355</b>	<b>23,210</b>	<b>4,381</b>	<b>9,678</b>

The tables below presents the portfolio of loans to non-retail customers at amortised cost split on industries:

Group	31 December 2023				
	In RON thousand				
Non retail	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	863,693	153,875	15,018	3,417	1,036,003
B. Mining and quarrying	789,681	6,762	321	–	796,764
C. Manufacturing	2,582,334	292,339	33,895	2,294	2,910,862
D. Electricity, gas, steam and air conditioning supply	2,039,999	7,118	6,870	–	2,053,987
E. Water supply	313,343	63,026	352	–	376,721
F. Construction	863,072	296,037	11,227	3,532	1,173,868
G. Wholesale and retail trade	4,800,309	341,509	91,351	25	5,233,194
H. Transport and storage services	1,250,836	155,527	32,803	–	1,439,166
I. Accommodation and restaurant services	188,767	270,431	12,621	–	471,819
J. Information and communications	140,257	4,977	4,817	29,001	179,052
K. Financial and insurance activities	1,563,780	80,298	4	–	1,644,082
L. Real estate activities	2,153,727	320,563	11	–	2,474,301
M. Professional, scientific and technical activities	262,362	21,915	801	–	285,078
N. Administrative and support service activities	344,456	15,564	2,489	13	362,522
O. Public administration and defense, compulsory social security	1,334,719	13,955	–	–	1,348,674
P. Education	27,297	323	–	–	27,620
Q. Human health services and social work activities	556,296	12,441	–	–	568,737
R. Arts, entertainment and recreation	17,724	15,519	793	–	34,036
S. Other services	83,273	9,475	2,707	–	95,455
<b>TOTAL</b>	<b>20,175,925</b>	<b>2,081,654</b>	<b>216,080</b>	<b>38,282</b>	<b>22,511,941</b>

The tables below presents the portfolio of loans to non-retail customers at amortised cost split on industries:

Group	31 December 2022				
	In RON thousand				
Non retail	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	936,849	117,846	10,021	3,417	1,068,133
B. Mining and quarrying	1,000,969	2,524	378	–	1,003,871
C. Manufacturing	2,530,708	317,832	54,846	6,547	2,909,933
D. Electricity, gas, steam and air conditioning supply	1,353,887	9,221	6,799	–	1,369,907
E. Water supply	259,797	6,092	41	–	265,930
F. Construction	799,947	255,836	21,604	5,748	1,083,135
G. Wholesale and retail trade	4,917,334	332,816	46,542	1,814	5,298,506
H. Transport and storage services	1,122,778	186,628	8,038	504	1,317,948
I. Accommodation and restaurant services	74,811	410,808	14,973	–	500,592
J. Information and communications	66,621	28,181	4,302	29,903	129,007
K. Financial and insurance activities	1,029,791	43,197	3	–	1,072,991
L. Real estate activities	1,489,759	698,486	61,274	–	2,249,519
M. Professional, scientific and technical activities	214,142	21,659	1,492	118	237,411
N. Administrative and support service activities	237,892	17,556	627	–	256,075
O. Public administration and defense, compulsory social security	776,978	178,769	–	–	955,747
P. Education	35,163	394	–	–	35,557
Q. Human health services and social work activities	398,730	11,259	1,894	–	411,883
R. Arts, entertainment and recreation	21,309	36,380	795	–	58,484
S. Other services	69,681	12,504	2,670	–	84,855
<b>TOTAL</b>	<b>17,337,146</b>	<b>2,687,988</b>	<b>236,299</b>	<b>48,051</b>	<b>20,309,484</b>

The tables below presents the portfolio of loans to non-retail customers at amortised cost split on industries:

**Bank**

*In RON thousand*

**31 December 2023**

<b>Non retail</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
A. Agriculture, forestry and fishing	843,121	139,864	13,203	3,417	999,605
B. Mining and quarrying	783,530	6,108	233	-	789,871
C. Manufacturing	2,516,818	262,627	26,798	2,294	2,808,537
D. Electricity, gas, steam and air conditioning supply	2,039,267	7,118	6,870	-	2,053,255
E. Water supply	301,582	2,177	8	-	303,767
F. Construction	735,361	264,174	10,739	3,532	1,013,806
G. Wholesale and retail trade	4,658,311	273,428	88,670	25	5,020,434
H. Transport and storage services	1,107,053	104,037	31,009	-	1,242,099
I. Accommodation and restaurant services	187,391	246,171	12,552	-	446,114
J. Information and communications	135,555	3,871	3,703	29,001	172,130
K. Financial and insurance activities	2,308,537	80,298	4	-	2,388,839
L. Real estate activities	2,152,249	319,677	11	-	2,471,937
M. Professional, scientific and technical activities	251,862	19,810	801	-	272,473
N. Administrative and support service activities	338,067	7,460	2,188	13	347,728
O. Public administration and defense, compulsory social security	1,334,559	13,955	-	-	1,348,514
P. Education	27,297	200	-	-	27,497
Q. Human health services and social work activities	553,243	7,826	-	-	561,069
R. Arts, entertainment and recreation	17,556	15,222	793	-	33,571
S. Other services	77,376	8,647	2,707	-	88,730
<b>TOTAL</b>	<b>20,368,735</b>	<b>1,782,670</b>	<b>200,289</b>	<b>38,282</b>	<b>22,389,976</b>

The tables below presents the portfolio of loans to non-retail customers at amortised cost split on industries:

**Bank**

*In RON thousand*

**31 December 2022**

<b>Non retail</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
A. Agriculture, forestry and fishing	911,378	109,684	9,983	3,417	1,034,462
B. Mining and quarrying	997,720	616	233	-	998,569
C. Manufacturing	2,447,304	290,058	46,441	6,547	2,790,350
D. Electricity, gas, steam and air conditioning supply	1,350,537	9,221	6,799	-	1,366,557
E. Water supply	197,240	3,022	41	-	200,303
F. Construction	718,682	234,457	20,833	5,748	979,720
G. Wholesale and retail trade	4,823,388	276,206	44,475	1,814	5,145,883
H. Transport and storage services	1,008,827	130,047	5,929	504	1,145,307
I. Accommodation and restaurant services	73,789	384,309	14,973	-	473,071
J. Information and communications	58,812	18,673	3,173	29,903	110,561
K. Financial and insurance activities	1,591,106	129,879	3	-	1,720,988
L. Real estate activities	1,488,115	698,045	61,274	-	2,247,434
M. Professional, scientific and technical activities	209,657	12,012	1,492	118	223,279
N. Administrative and support service activities	234,855	13,068	627	-	248,550
O. Public administration and defense, compulsory social security	776,667	178,697	-	-	955,364
P. Education	35,020	371	-	-	35,391
Q. Human health services and social work activities	392,034	7,156	5	-	399,195
R. Arts, entertainment and recreation	20,991	35,860	795	-	57,646
S. Other services	66,833	10,237	2,670	-	79,740
<b>TOTAL</b>	<b>17,402,955</b>	<b>2,541,618</b>	<b>219,746</b>	<b>48,051</b>	<b>20,212,370</b>

The tables below presents the portfolio of loans to retail customers at amortised cost split on industries:

Group	31 December 2023				
	<i>In RON thousand</i>				
Retail	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	236,239	76,029	5,953	306	318,527
B. Mining and quarrying	686	152	51	–	889
C. Manufacturing	149,393	26,150	7,986	110	183,639
D. Electricity, gas, steam and air conditioning supply	986	134	16	–	1,136
E. Water supply	6,305	978	369	28	7,680
F. Construction	149,052	49,741	19,764	623	219,180
G. Wholesale and retail trade	398,445	82,155	25,254	1,818	507,672
H. Transport and storage services	246,846	44,019	23,649	304	314,818
I. Accommodation and restaurant services	64,623	11,266	4,515	202	80,606
J. Information and communications	47,932	10,510	2,898	176	61,516
K. Financial and insurance activities	2,257	168	5	–	2,430
L. Real estate activities	12,634	1,316	143	–	14,093
M. Professional, scientific and technical activities	109,263	16,079	5,102	366	130,810
N. Administrative and support service activities	55,384	8,419	3,087	283	67,173
O. Public administration and defense, compulsory social security	641	–	2	–	643
P. Education	5,955	1,284	345	43	7,627
Q. Human health services and social work activities	36,195	3,685	725	–	40,605
R. Arts, entertainment and recreation	11,526	1,956	1,337	–	14,819
S. Other services	23,546	4,569	1,123	9	29,247
Private individuals	15,036,820	2,626,403	689,903	172,465	18,525,591
<b>TOTAL</b>	<b>16,594,728</b>	<b>2,965,013</b>	<b>792,227</b>	<b>176,733</b>	<b>20,528,701</b>

The tables below presents the portfolio of loans to retail customers at amortised cost split on industries:

Group	31 December 2022				
	<i>In RON thousand</i>				
Retail	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	249,058	49,521	4,406	61	303,046
B. Mining and quarrying	1,656	114	71	–	1,841
C. Manufacturing	151,499	27,174	7,584	23	186,280
D. Electricity, gas, steam and air conditioning supply	1,462	88	17	–	1,567
E. Water supply	7,892	792	1,088	4	9,776
F. Construction	180,237	40,883	14,490	140	235,750
G. Wholesale and retail trade	406,978	67,341	24,529	913	499,761
H. Transport and storage services	234,684	37,104	20,547	168	292,503
I. Accommodation and restaurant services	54,020	5,682	3,338	33	63,073
J. Information and communications	49,978	7,584	1,732	64	59,358
K. Financial and insurance activities	1,344	80	21	–	1,445
L. Real estate activities	12,484	803	200	–	13,487
M. Professional, scientific and technical activities	117,813	15,760	5,670	199	139,442
N. Administrative and support service activities	52,008	6,975	3,725	96	62,804
O. Public administration and defense, compulsory social security	181	101	1	–	283
P. Education	5,690	1,479	309	35	7,513
Q. Human health services and social work activities	38,201	1,848	1,045	–	41,094
R. Arts, entertainment and recreation	9,734	1,279	2,053	1	13,067
S. Other services	19,998	2,900	645	11	23,554
Private individuals	16,216,575	1,899,357	630,792	176,259	18,922,983
<b>TOTAL</b>	<b>17,811,492</b>	<b>2,166,865</b>	<b>722,263</b>	<b>178,007</b>	<b>20,878,627</b>

The table below presents the portfolio of loans to retail customers at amortised cost split on industries:

**Bank**

*In RON thousand*

Retail	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	213,397	73,323	5,222	306	292,248
B. Mining and quarrying	56	112	11	–	179
C. Manufacturing	123,575	15,198	7,139	110	146,022
D. Electricity, gas, steam and air conditioning supply	845	3	16	–	864
E. Water supply	3,985	877	343	28	5,233
F. Construction	99,437	41,854	18,322	623	160,236
G. Wholesale and retail trade	330,585	67,592	24,139	1,818	424,134
H. Transport and storage services	167,795	24,361	14,604	304	207,064
I. Accommodation and restaurant services	52,565	10,104	4,213	202	67,084
J. Information and communications	24,687	7,692	2,756	176	35,311
K. Financial and insurance activities	2	32	5	–	39
L. Real estate activities	5,793	376	143	–	6,312
M. Professional, scientific and technical activities	69,477	12,024	4,735	366	86,602
N. Administrative and support service activities	43,582	5,502	2,999	283	52,366
O. Public administration and defense, compulsory social security	542	–	2	–	544
P. Education	4,643	816	345	43	5,847
Q. Human health services and social work activities	24,019	2,685	697	–	27,401
R. Arts, entertainment and recreation	8,414	1,488	1,223	–	11,125
S. Other services	10,915	1,314	1,073	9	13,311
Private individuals	15,029,214	2,626,403	689,894	172,465	18,517,976
<b>TOTAL</b>	<b>16,213,528</b>	<b>2,891,756</b>	<b>777,881</b>	<b>176,733</b>	<b>20,059,898</b>

The table below presents the portfolio of loans to retail customers at amortised cost split on industries:

**Bank**

*In RON thousand*

Retail	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
A. Agriculture, forestry and fishing	223,692	46,825	3,548	61	274,126
B. Mining and quarrying	224	114	31	–	369
C. Manufacturing	119,947	22,624	6,908	23	149,502
D. Electricity, gas, steam and air conditioning supply	1,414	88	17	–	1,519
E. Water supply	5,681	763	1,027	4	7,475
F. Construction	136,431	37,028	13,001	140	186,600
G. Wholesale and retail trade	340,749	62,004	23,067	913	426,733
H. Transport and storage services	145,132	25,308	8,673	168	179,281
I. Accommodation and restaurant services	44,335	4,401	3,127	33	51,896
J. Information and communications	30,871	7,075	1,522	64	39,532
K. Financial and insurance activities	74	8	21	–	103
L. Real estate activities	6,466	441	75	–	6,982
M. Professional, scientific and technical activities	81,527	13,551	4,684	199	99,961
N. Administrative and support service activities	39,005	6,332	3,551	96	48,984
O. Public administration and defense, compulsory social security	181	101	1	–	283
P. Education	4,355	1,436	309	35	6,135
Q. Human health services and social work activities	27,551	1,035	984	–	29,570
R. Arts, entertainment and recreation	7,917	1,119	1,855	1	10,892
S. Other services	13,404	2,747	527	11	16,689
Private individuals	16,209,415	1,899,357	630,736	176,259	18,915,767
<b>TOTAL</b>	<b>17,438,371</b>	<b>2,132,357</b>	<b>703,664</b>	<b>178,007</b>	<b>20,452,399</b>

### ECL Scenario

The table shows the Group Research values of the key forward looking economic variables/assumptions used in each of the economic scenarios, as of December 31, 2023 and December 31, 2022. These variables are the most significant variables used in ECL calculation.

<b>31 December 2023</b>	<b>ECL Scenario</b>	<b>Assigned Probabilities</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
<b>Key drivers</b>					
EUR/RON					
	Baseline	50	5.00	5.09	5.13
	Upside	25	4.66	4.90	4.95
	Downside	25	5.41	5.31	5.36
ROBOR 3M					
	Baseline	50	6.20	5.10	3.80
	Upside	25	3.80	3.80	2.50
	Downside	25	8.00	6.10	4.80
Unemployment					
	Baseline	50	5.31	5.03	4.73
	Upside	25	5.16	4.94	4.64
	Downside	25	6.00	5.41	5.11
GDP growth %					
	Baseline	50	2.80	3.50	3.00
	Upside	25	4.40	4.40	3.90
	Downside	25	0.40	2.20	1.70
<b>31 December 2022</b>	<b>ECL Scenario</b>	<b>Assigned Probabilities</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>Key drivers</b>					
EUR/RON					
	Baseline	50	4.94	4.99	5.06
	Upside	25	4.87	4.40	4.73
	Downside	25	5.02	5.73	5.47
ROBOR 3M					
	Baseline	50	6.18	7.73	6.72
	Upside	25	5.76	3.91	4.60
	Downside	25	6.97	14.86	10.68
GDP growth %					
	Baseline	50	5.40	5.18	4.73
	Upside	25	5.31	4.38	4.29
	Downside	25	5.65	7.47	6.00
Unemployment					
	Baseline	50	4.50	2.30	4.50
	Upside	25	4.70	4.06	5.48
	Downside	25	4.28	0.34	3.41



### The Group's internal credit rating grades

The tables below show the internal credit rating grade by type of customers:

Retail: Private Individuals, MICRO		
Internal rating grade	Internal rating description	12 month Basel III PD range
<b>Performing</b>		
0	Not Rated	
0.5A	Minimal Risk	[0.00% - 0.043%]
0.5B		[0.043% - 0.087%]
0.5C		[0.087% - 0.17%]
1	Excellent Credit Standing	[0.17% - 0.35%]
1.5	Very Good Credit Standing	[0.35% - 0.69%]
2	Good Credit Standing	[0.69% - 1.37%]
2.5	Sound Credit Standing	[1.37% - 2.70%]
3.0A	Acceptable Credit Standing	[2.70% - 3.78%]
3.0B		[3.78% - 5.26%]
3.5A	Marginal Credit Standing	[5.26% - 7.28%]
3.5B		[7.28% - 10.00%]
4	Weak Credit Standing	[10.00% - 18.18%]
4.5A	Very Weak Credit Standing	[18.18% - 30.77%]
4.5B		[30.77% - 100%]
<b>Non-performing</b>		
5	Default	100%

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply, as described in Note 3 (ix) *Identification and measurement of impairment*.

Non-retail: Corporate			
Internal rating grade	Internal rating description	12 month Basel III PD range	Internal rating grade mapping
<b>Performing</b>			
1A, 1B, 1C	Minimal Risk	(0.00%-0.03%]	Excellent
2A, 2B, 2C	Excellent Credit Standing	(0.03% - 0.07%]	Strong
3A, 3B, 3C	Very Good Credit Standing	(0.07% - 0.18%]	
4A, 4B, 4C	Good Credit Standing	(0.18% - 0.46%]	Good
5A, 5B, 5C	Sound Credit Standing	(0.46% - 1.17%]	
6A, 6B, 6C	Acceptable Credit Standing	(1.17% - 2.93%]	Satisfactory
7A, 7B, 7C	Marginal Credit Standing	(2.93% - 7.33%]	
8A, 8B, 8C	Weak Credit Standing	(7.33% - 18.33%]	Substandard
9A, 9B, 9C	Very Weak Credit Standing	(18.33% - 100%)	
<b>Non-performing</b>			
10	Default	100%	Impaired

The tables below show the internal credit rating grade by type of customers:

<b>Non-retail: Small and medium business</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
1A, 1B, 1C	Minimal Risk	(0.00%-0.03%]	Excellent
2A, 2B, 2C	Excellent Credit Standing	(0.03% - 0.07%]	Strong
3A, 3B, 3C	Very Good Credit Standing	(0.07% - 0.18%]	
4A, 4B, 4C	Good Credit Standing	(0.18% - 0.46%]	Good
5A, 5B, 5C	Sound Credit Standing	(0.46% - 1.17%]	
6A, 6B, 6C	Acceptable Credit Standing	(1.17% - 2.93%]	Satisfactory
7A, 7B, 7C	Marginal Credit Standing	(2.93% - 7.33%]	
8A, 8B, 8C	Weak Credit Standing	(7.33% - 18.33%]	Substandard
9A, 9B, 9C	Very Weak Credit Standing	(18.33% - 100%)	
<b>Non- performing</b>			
10	Default	100%	Impaired

<b>Non-retail: Financial institution</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
1A, 1B, 1C	Minimal Risk	(0.00%-0.03%]	Excellent
2A, 2B, 2C	Excellent Credit Standing	(0.03% - 0.07%]	Strong
3A, 3B, 3C	Very Good Credit Standing	(0.07% - 0.18%]	
4A, 4B, 4C	Good Credit Standing	(0.18% - 0.46%]	Good
5A, 5B, 5C	Sound Credit Standing	(0.46% - 1.17%]	
6A, 6B, 6C	Acceptable Credit Standing	(1.17% - 2.93%]	Satisfactory
7A, 7B, 7C	Marginal Credit Standing	(2.93% - 7.33%]	
8A, 8B, 8C	Weak Credit Standing	(7.33% - 18.33%]	Substandard
9A, 9B, 9C	Very Weak Credit Standing	(18.33% - 100%)	
<b>Non- performing</b>			
10	Default	100%	Impaired

<b>Non-retail: Project Finance</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
6.1	Excellent project risk profile - very low risk	(0.18%-1.17%]	Good
6.2	Good project risk profile - low risk	(1.17% - 3.98%]	Satisfactory
6.3	Acceptable risk profile - average risk	(3.98% - 13.51%]	
6.4	Poor project risk profile - high risk	(13.51% - 100%)	Substandard
<b>Non- performing</b>			
6.5	Default	100%	Impaired

The tables below show the internal credit rating grade by type of customers:

<b>Non-retail: Insurance</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
0.5	Minimal Risk	[0.00% - 0.03%]	Excellent
1	Excellent Credit Standing	(0.03% - 0.04%)	
1.5	Very Good Credit Standing	(0.04% - 0.05%)	Strong
2	Good Credit Standing	(0.05% - 0.10%)	
2.5	Sound Credit Standing	(0.10% - 0.18%)	
3	Acceptable Credit Standing	(0.18% - 0.34%)	Satisfactory
3.5	Marginal Credit Standing	(0.34% - 0.63%)	
4	Weak Credit Standing	(0.63% - 2.93%)	
4.5	Very Weak Credit Standing	(2.93% - 100%)	Substandard
<b>Non-performing</b>			
5	Default	100%	Impaired

<b>Non-retail: Sovereign</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
1A, 1B, 1C	Minimal Risk	(0.00%-0.03%)	Excellent
2A, 2B, 2C	Excellent Credit Standing	(0.03% - 0.07%)	Strong
3A, 3B, 3C	Very Good Credit Standing	(0.07% - 0.18%)	
4A, 4B, 4C	Good Credit Standing	(0.18% - 0.46%)	Good
5A, 5B, 5C	Sound Credit Standing	(0.46% - 1.17%)	
6A, 6B, 6C	Acceptable Credit Standing	(1.17% - 2.93%)	Satisfactory
7A, 7B, 7C	Marginal Credit Standing	(2.93% - 7.33%)	
8A, 8B, 8C	Weak Credit Standing	(7.33% - 18.33%)	Substandard
9A, 9B, 9C	Very Weak Credit Standing	(18.33% - 100%)	
<b>Non-performing</b>			
10	Default	100%	Impaired

The tables below show the internal credit rating grade by type of customers:

<b>Non-retail - Collective Investment Undertakings</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
C1	Excellent Credit Standing	(0.00% - 0.03%]	Strong
C2	Very strong Credit Standing	(0.03% - 0.04%]	
C3	Strong Credit Standing	(0.04% - 0.05%]	
C4	Good Credit Standing	(0.05% - 0.07%]	
C5	Quite good Credit Standing	(0.07% - 0.25%]	
C6	Satisfactory Credit Standing	(0.25% - 1.17%]	
C7	Adequate Credit Standing	(1.17% - 2.93%]	Good
C8	Highly questionable Credit Standing	(2.93% - 7.33%]	Satisfactory
C9	Doubtful/high default risk	(7.33% - 100%)	Substandard
<b>Non-performing</b>			
CD	Insolvency, loss	100%	Impaired

<b>Non-retail: Local and Regional Government</b>			
<b>Internal rating grade</b>	<b>Internal rating description</b>	<b>12 month Basel III PD range</b>	<b>Internal rating grade mapping</b>
<b>Performing</b>			
1A, 1B, 1C	Minimal Risk	(0.00%-0.03%]	Excellent
2A, 2B, 2C	Excellent Credit Standing	(0.03% - 0.07%]	Strong
3A, 3B, 3C	Very Good Credit Standing	(0.07% - 0.18%]	
4A, 4B, 4C	Good Credit Standing	(0.18% - 0.46%]	Good
5A, 5B, 5C	Sound Credit Standing	(0.46% - 1.17%]	
6A, 6B, 6C	Acceptable Credit Standing	(1.17% - 2.93%]	Satisfactory
7A, 7B, 7C	Marginal Credit Standing	(2.93% - 7.33%]	
8A, 8B, 8C	Weak Credit Standing	(7.33% - 18.33%]	Substandard
9A, 9B, 9C	Very Weak Credit Standing	(18.33% - 100%)	
<b>Non-performing</b>			
10	Default	100%	Impaired

## Non-performing exposure

### Non-retail

Non-performing exposures are the exposures that satisfy either or both of the following criteria:

- (a) material exposures which are more than 90 days past-due;
- (b) the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

The materiality threshold of the outstanding credit obligations, related to non-credit exposures, is:

- a) the level of the relative component of the materiality threshold is 1%;
- b) the level of the absolute component of the materiality threshold is 1,000 RON.

### Retail

The definition of non-performing exposures has been harmonized with the definition of defaulted exposures. Thus, an exposure is considered non-performing if it is classified as being in default, namely if any of the following criteria is met:

- material exposures which are more than 90 days past-due;
- the debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or the number of days past due.

The materiality threshold of the outstanding credit obligations consists in an absolute and a relative component:

- the level of the relative component is 1%;
- the level of the absolute component is 150 RON.

**c) Liquidity risk**

Liquidity risk is generated in the normal course of banking activity being a consequence of the bank's response to client needs. While depositors need short term access to their funds, borrowers need the possibility to repay the loans in medium to long term timeframes, therefore by responding to these needs the Bank accepts a degree of liquidity risk that has to be actively managed.

The Management Board defines the liquidity risk strategy based on recommendations made by the units responsible for liquidity and funding management in cooperation with the area responsible for monitoring and controlling of liquidity risk. Management Board approves each year the limits which are applied to measure and control liquidity risk as well as the Bank's funding plan.

The risk tolerance of the Bank represents the foundation of the liquidity risk management framework and is defined:

- for normal business conditions, using a set of limits for the long term liquidity risk profile. The role of the limits is to prevent the accumulation of liquidity risk from current activity of the Bank;
- for stress conditions, tolerance is the Bank's capacity to operate for an acceptable time without significant changes to the strategy or business model.

Treasury Division function is responsible for the management of liquidity and funding risk of the Bank and Risk Management Division has responsibilities for liquidity risk monitoring and controlling, as defined in the liquidity and funding strategies.

For liquidity management, the Bank analyses, monitors and forecasts the liquidity behaviour of products and business segments and maintain long-term liquidity, including stable deposits, in excess of illiquid assets, at an optimal cost, as defined in the risk appetite.

Diversification of funding profile in terms of investor types, products and instruments is an important element of the liquidity management framework. The core funding resources come from retail clients while other customer's deposits, interbank deposits and borrowings are additional sources of funding. This improves the Bank's flexibility in funding and diminishes the liquidity cost.

The transfer pricing mechanism represents an important instrument for the management of liquidity risks. It covers the balance sheet and off balance sheet elements and is designed to allocate all costs and benefits to the business segments in a way that incentivizes the efficient use of liquidity.

The main tools used for liquidity and funding risk management are:

- the liquidity gap report: used to identify and measure the maturity mismatch between assets and liabilities;
- liquidity scorecard: tool for assessing the robustness of the balance sheet structure (loans to deposits ratio, funding concentration, size of liquid assets in relation to total obligations, etc);
- regulatory liquidity reports: the Bank has to comply with a regulatory liquidity indicator which sets minimum liquidity risk standards at banking system level and also with the European liquidity requirements;
- funding scorecard: the Bank ensures that funding risk is mitigated through the monitoring of several triggers, among which: the concentration in sources of wholesale funding, maturity concentration, the dependence on short term funding and the percentage of unencumbered assets.

At Bank level, there are pre-established trigger levels set for the main tools which are monitored and, in case a breach is observed or anticipated, a specific action plan is taken based on senior management decision.

For stress conditions, the Bank maintains a sufficient liquidity buffer that can be used to compensate the limited access to funding sources and liquidity outflows during stress periods. The Bank determines the necessary liquidity buffer based on stress test analysis. In addition the Bank defines a contingency plan which establishes responsibilities and specific actions that can be taken to strengthen liquidity position on short term and reduce liquidity risk on medium to long term.

The main tools used for stress conditions are:

- Early warning system: used to monitoring financial markets and internal liquidity indicators in order to anticipate accumulation of risks and potential stress conditions;
- Internal stress test: scenario based analysis used to evaluate Bank's ability to operate in stress conditions;
- Regulatory liquidity coverage ratio: scenario based analysis standardized at banking system level, used to evaluate Bank's ability to operate in stress conditions, as described in CRR/ CRD IV package. According to the standard, banks are required to hold an adequate stock of unencumbered high quality assets (HQLA) to cover potential liquidity outflows in stress conditions.

## Group

The financial assets and liabilities analyzed over the remaining period from the balance sheet date to contractual maturity are as at 31 December 2023 as follows:

<i>In RON thousand</i>	<b>Up to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Without maturity</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and cash with Central Bank	13,867,449	-	-	-	-	13,867,449
Loans and advances to banks at amortised cost	281,043	151,253	50,098	2,242	4	484,640
Derivative assets held for risk management	1,799	2,411	13,975	-	-	18,185
Trading assets	7,367	7,145	118,965	47,839	-	181,316
Financial assets mandatorily at fair value through profit or loss	32,357	3,859	23,138	100,520	18,553	178,427
Investment securities at fair value through other comprehensive income	95,804	918,901	1,179,074	531,427	-	2,725,206
Equity instruments at fair value through other comprehensive income	-	-	-	-	90,579	90,579
Loans and advances to customers at amortised cost	3,890,583	9,250,380	17,971,252	10,624,538	76,481	41,813,234
Derivatives Asset- Hedge accounting	-	-	35,729	2,064	-	37,793
Investment securities at amortised cost	151,511	1,068,953	4,660,051	4,146,106	-	10,026,621
Other assets	193,483	154	-	-	-	193,637
<b>Total financial assets</b>	<b>18,521,396</b>	<b>11,403,056</b>	<b>24,052,282</b>	<b>15,454,736</b>	<b>185,617</b>	<b>69,617,087</b>
<b>Financial Liabilities</b>						
Trading liabilities	7,456	1,861	123	-	-	9,440
Derivative liabilities held for risk management	297	378	-	-	-	675
Deposits from banks	435,001	484	-	-	59,443	494,928
Deposits from customers	46,585,130	7,270,762	294,374	249,972	-	54,400,238
Loans from banks and other financial institutions	345	38,779	93,444	355,990	-	488,558
Fair value changes of the hedged items-liability	4,940	-	-	-	-	4,940
Derivatives – hedge accounting	-	-	709	-	-	709
Debt securities issued	36,577	-	5,037,234	481,193	-	5,555,004
Subordinated loans	-	-	125,050	201,065	-	326,115
Other liabilities	1,279,326	61,537	174,383	3,100	-	1,518,346
<b>Total financial liabilities</b>	<b>48,349,072</b>	<b>7,373,801</b>	<b>5,725,317</b>	<b>1,291,320</b>	<b>59,443</b>	<b>62,798,953</b>
<b>Maturity surplus/ (shortfall)</b>	<b>(29,827,676)</b>	<b>4,029,255</b>	<b>18,326,965</b>	<b>14,163,416</b>	<b>126,174</b>	<b>6,818,134</b>

**Group**

The financial assets and liabilities analyzed over the remaining period from the balance sheet date to contractual maturity are as at 31 December 2022 as follows:

<i>In RON thousand</i>	<b>Up to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Without maturity</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and cash with Central Bank	8,281,451	-	-	-	-	8,281,451
Loans and advances to banks at amortised cost	187,267	50,130	84,897	-	1,249	323,543
Derivative assets held for risk management	-	1,927	11,854	-	-	13,781
Trading assets	-	13,294	44,107	21,443	14,458	93,302
Financial assets mandatorily at fair value through profit or loss	9,671	3,753	23,156	117,355	30,523	184,458
Investment securities at fair value through other comprehensive income	11,016	761,876	1,769,124	563,382	-	3,105,398
Equity instruments at fair value through other comprehensive income	-	-	-	-	71,488	71,488
Loans and advances to customers at amortised cost	3,798,637	8,591,910	16,112,826	11,285,465	62,731	39,851,569
Derivatives Asset- Hedge accounting	-	-	5,137	3,218	-	8,355
Investment securities at amortised cost	630	2,207,378	4,679,486	2,313,360	-	9,200,854
Other assets	290,746	129	-	-	-	290,875
<b>Total financial assets</b>	<b>12,579,418</b>	<b>11,630,397</b>	<b>22,730,587</b>	<b>14,304,223</b>	<b>180,449</b>	<b>61,425,074</b>
<b>Financial Liabilities</b>						
Trading liabilities	13,797	1,649	12,269	-	-	27,715
Derivative liabilities held for risk management	2,804	2,122	934	-	-	5,860
Deposits from banks	578,106	-	-	-	-	578,106
Deposits from customers	43,890,330	4,847,983	384,793	110,462	-	49,233,568
Loans from banks and other financial institutions	-	36,005	87,386	261,947	4,947	390,285
Derivatives - Hedge accounting	-	-	-	-	-	-
Fair value changes of the hedged items-liability	11,398	-	-	-	-	11,398
Debt securities issued	-	-	2,175,977	1,711,831	-	3,887,808
Subordinated loans	-	-	124,375	199,351	-	323,726
Other liabilities	1,083,148	62,632	172,663	3,136	-	1,321,579
<b>Total financial liabilities</b>	<b>45,579,583</b>	<b>4,950,391</b>	<b>2,958,397</b>	<b>2,286,727</b>	<b>4,947</b>	<b>55,780,045</b>
<b>Maturity surplus/ (shortfall)</b>	<b>(33,000,165)</b>	<b>6,680,006</b>	<b>19,772,190</b>	<b>12,017,496</b>	<b>175,502</b>	<b>5,645,029</b>

## Bank

The financial assets and liabilities analyzed over the remaining period from the balance sheet date to contractual maturity are as of 31 December 2023 as follows:

<i>In RON thousand</i>	<b>Up to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Without maturity</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and cash with Central Bank	13,802,815	-	-	-	-	13,802,815
Loans and advances to banks at amortised cost	279,614	151,253	50,098	14,292	-	495,257
Derivative assets held for risk management	1,799	2,411	13,975	-	-	18,185
Trading assets	7,367	7,145	118,965	47,839	-	181,316
Financial assets mandatorily at fair value through profit or loss	10,043	3,859	23,138	100,520	18,553	156,113
Investment securities at fair value through other comprehensive income	75,476	918,901	1,179,074	531,427	-	2,704,878
Equity instruments at fair value through other comprehensive income	-	-	-	-	90,579	90,579
Loans and advances to customers at amortised cost	3,675,061	9,164,342	18,142,758	10,277,276	-	41,259,437
Derivatives Asset- Hedge accounting	-	-	35,729	2,064	-	37,793
Investment securities at amortised cost	149,776	1,057,164	4,660,051	4,146,106	-	10,013,097
Other assets	161,302	-	-	-	-	161,302
<b>Total financial assets</b>	<b>18,163,253</b>	<b>11,305,075</b>	<b>24,223,788</b>	<b>15,119,524</b>	<b>109,132</b>	<b>68,920,772</b>
<b>Financial Liabilities</b>						
Trading liabilities	7,456	1,861	123	-	-	9,440
Derivative liabilities held for risk management	297	378	-	-	-	675
Deposits from banks	435,001	484	-	-	59,443	494,928
Deposits from customers	46,679,120	7,266,522	293,265	249,964	-	54,488,871
Loans from banks and other financial institutions	346	518	881	-	-	1,745
Fair value changes of the hedged items-liability	4,940	-	-	-	-	4,940
Derivatives – hedge accounting	-	-	709	-	-	709
Debt securities issued	36,577	-	5,037,234	481,193	-	5,555,004
Subordinated loans	-	-	125,050	200,965	-	326,015
Other liabilities	1,245,880	60,660	171,487	3,100	-	1,481,127
<b>Total financial liabilities</b>	<b>48,409,617</b>	<b>7,330,423</b>	<b>5,628,749</b>	<b>935,222</b>	<b>59,443</b>	<b>62,363,454</b>
<b>Maturity surplus/ (shortfall)</b>	<b>(30,246,364)</b>	<b>3,974,652</b>	<b>18,595,039</b>	<b>14,184,302</b>	<b>49,689</b>	<b>6,557,318</b>



## Bank

The financial assets and liabilities analyzed over the remaining period from the balance sheet date to contractual maturity are as of 31 December 2022 as follows:

<i>In RON thousand</i>	<b>Up to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Without maturity</b>	<b>Total</b>
<b>Financial Assets</b>						
Cash and cash with Central Bank	8,280,853	-	-	-	-	8,280,853
Loans and advances to banks at amortised cost	75,446	50,130	149,370	11,905	-	286,851
Derivative assets held for risk management	-	1,927	11,854	-	-	13,781
Trading assets	-	13,294	44,107	21,443	14,458	93,302
Financial assets mandatorily at fair value through profit or loss	9,671	3,753	23,156	117,355	16,478	170,413
Investment securities at fair value through other comprehensive income	1,123	761,876	1,769,125	563,382	-	3,095,506
Equity instruments at fair value through other comprehensive income	-	-	-	-	71,488	71,488
Loans and advances to customers at amortised cost	3,622,101	8,543,918	16,233,703	10,967,793	-	39,367,515
Derivatives Asset- Hedge accounting	-	-	5,137	3,218	-	8,355
Investment securities at amortised cost	599	2,153,812	4,662,031	2,313,360	-	9,129,802
Other assets	268,432	-	-	-	-	268,432
<b>Total financial assets</b>	<b>12,258,225</b>	<b>11,528,710</b>	<b>22,898,483</b>	<b>13,998,456</b>	<b>102,424</b>	<b>60,786,298</b>
<b>Financial Liabilities</b>						
Trading liabilities	13,797	1,649	12,269	-	-	27,715
Derivative liabilities held for risk management	2,804	2,122	934	-	-	5,860
Deposits from banks	578,106	-	-	-	-	578,106
Deposits from customers	43,877,470	4,909,719	383,678	110,451	-	49,281,318
Loans from banks and other financial institutions	-	-	3,943	-	-	3,943
Derivatives - Hedge accounting	-	-	-	-	-	-
Fair value changes of the hedged items-liability	11,398	-	-	-	-	11,398
Debt securities issued	-	-	2,175,977	1,711,831	-	3,887,808
Subordinated loans	-	-	124,375	199,303	-	323,678
Other liabilities	1,043,802	61,800	171,649	3,103	-	1,280,354
<b>Total financial liabilities</b>	<b>45,527,377</b>	<b>4,975,290</b>	<b>2,872,825</b>	<b>2,024,688</b>	<b>-</b>	<b>55,400,180</b>
<b>Maturity surplus/ (shortfall)</b>	<b>(33,269,152)</b>	<b>6,553,420</b>	<b>20,025,658</b>	<b>11,973,768</b>	<b>102,424</b>	<b>5,386,118</b>

Usually, the most significant liquidity gap is registered in the first interval (up to 3 months) mainly due to non-banking customers, which prefer short term maturities for deposits and long term maturities for loans. This behaviour determines a negative gap in the first interval generates a positive gap on the other intervals (higher than 3 months). In practice the negative gap in the first bucket does not represent outflows as most customer deposits are rolled over or replaced by new deposits.

Also the Group securities portfolio can be turned to cash (repo or sale) in a short time representing thus a buffer that diminishes the liquidity risk in the first bucket.

**Group:**

The negative liquidity gap for the first band increased in 2023 by RON 3,172,489 thousand compared to 2022, being mainly determined by the increase of cash and cash with Central Bank by RON 5,585,998 thousand compared to 2022, partially compensated by the increase in deposits from customers in the first maturity by RON 2,694,800 thousand).

As for the other maturity bands, on the 3 months-1 year tenor, the liquidity surplus decreased by RON 2,650,751 thousand, as a result of the increase in deposits from customers on this bucket by RON 2,422,779 thousand. On the maturity band of 1 – 5 years, the liquidity surplus decreased by RON 1,445,225 thousand, the main factor of influence being represented by the debt securities issued which increased by RON 2,861,257 thousand on this maturity band, correlated with the decrease of investment securities at fair value through other comprehensive income by RON 590,050 thousand, the effect from these 2 elements being partially offset by the increase of loans and advances to customers by RON 1,858,426 thousands. On the maturity band of over 5 years, the liquidity surplus increased by RON 2,145,920 thousand, being mainly influenced by the increase in investment securities at amortised cost by RON 1,832,746 thousand on this maturity band.

**Bank:**

The negative liquidity gap for the first band increased in 2023 by RON 3,022,788 thousand compared to 2022, being mainly determined by the increase of cash and cash with Central Bank by RON 5,521,962 thousand compared to 2022, partially compensated by the increase in deposits from customers in the first maturity band by RON 2,801,650 thousand).

As for the other maturity bands, on the 3 month – 1 year band, the liquidity surplus decrease by RON 2,578,768 thousand, as a result of the increase in deposits from customers on this band by RON 2,356,803 thousand. On the maturity band of 1 – 5 years, the liquidity surplus decreased by RON 1,430,619 thousand, the main factor of influence being represented by the debt securities issued which increased by RON 2,861,257 thousand on this maturity band correlated with the decrease of investment securities at fair value through other comprehensive income by RON 590,051 thousand, the effect from these 2 elements being partially offset by the increase of loans and advances to customers by RON 1,909,055 thousands. On the maturity band of over 5 years, the liquidity surplus increased by RON 2,210,534 thousand, being mainly influenced by the increase in investment securities at amortised cost by RON 1,832,746 thousand on this maturity band.

### Analysis of financial liabilities by remaining contractual maturities

The amounts disclosed in the below tables represent contractual maturity analysis for financial liabilities disclosed in accordance with IFRS 7, whereby the undiscounted cash flows to be shown in these predefined maturity-bands differ from the amounts included in the balance sheet because the balance sheet amount is based on discounted cash flows.

#### Group

Financial liabilities analyzed over the remaining period from the reporting date, using undiscounted cash flows as of 31 December 2023 are as follows:

<i>In RON thousand</i>	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
<b>Financial Liabilities</b>						
Net settled trading liabilities	–	–	11	123	–	134
Gross settled trading liabilities	166,357	287,268	472,817	–	–	926,442
Net settled derivative liabilities held for risk management	–	–	87	–	–	87
Deposits from banks	484,444	–	10,484	–	–	494,928
Deposits from customers	39,857,464	6,796,001	7,454,476	307,403	313,602	54,728,946
Loans from banks and other financial institutions	6	30,429	69,447	318,758	–	418,640
Debt securities issued	–	11,830	363,568	6,118,637	526,340	7,020,375
Subordinated loans	1,030	4,323	15,221	179,108	203,749	403,431
Lease liabilities	10,439	15,924	62,693	182,851	3,492	275,399
<b>Total financial liabilities</b>	<b>40,519,740</b>	<b>7,145,775</b>	<b>8,448,804</b>	<b>7,106,880</b>	<b>1,047,183</b>	<b>64,268,382</b>
Undrawn commitments	2,164,671	1,453,556	4,970,774	5,538,137	1,598,317	15,725,455
Financial guarantees and Letters of credit	501,669	1,271,880	1,024,997	896,533	1,144,055	4,839,134
Other financial guarantees	793	782	25,326	9,502	13,118	49,521
<b>Total commitments and guarantees</b>	<b>2,667,133</b>	<b>2,726,218</b>	<b>6,021,097</b>	<b>6,444,172</b>	<b>2,755,490</b>	<b>20,614,110</b>
Contractual amounts receivable	1,026,723	232,979	49,746	–	–	1,309,448
Contractual amounts payable	(1,026,402)	(232,502)	(50,985)	–	–	(1,309,889)
<b>Gross settled derivative liabilities held for risk management</b>	<b>321</b>	<b>477</b>	<b>(1,239)</b>	<b>–</b>	<b>–</b>	<b>(441)</b>

## Group

Financial liabilities analyzed over the remaining period from the reporting date, using undiscounted cash flows as of 31 December 2022 are as follows:

<i>In RON thousand</i>	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
<b>Financial Liabilities</b>						
Net settled trading liabilities	–	18	561	134	–	713
Gross settled trading liabilities	111,978	215,069	1,256,213	–	–	1,583,260
Net settled derivative liabilities held for risk management	–	–	2,038	934	–	2,972
Deposits from banks	577,621	–	485	–	–	578,106
Deposits from customers	40,503,376	3,355,102	5,034,093	408,549	122,742	49,423,862
Loans from banks and other financial institutions	6	33,101	72,640	248,694	4,947	359,388
Debt securities issued	–	13,510	254,794	3,177,147	1,842,116	5,287,567
Subordinated loans	1,024	3,152	14,875	190,671	218,464	428,186
Lease liabilities	9,646	14,596	61,322	170,648	3,079	259,291
<b>Total financial liabilities</b>	<b>41,203,651</b>	<b>3,634,548</b>	<b>6,697,021</b>	<b>4,196,777</b>	<b>2,191,348</b>	<b>57,923,345</b>
Undrawn commitments	2,063,556	962,225	4,968,377	6,113,124	2,030,223	16,137,505
Financial guarantees and Letters of credit	166,956	1,028,096	1,801,687	910,396	636,661	4,543,796
Other financial guarantees	1,297	3,131	47,125	11,305	11,228	74,086
<b>Total commitments and guarantees</b>	<b>2,231,809</b>	<b>1,993,452</b>	<b>6,817,189</b>	<b>7,034,825</b>	<b>2,678,112</b>	<b>20,755,387</b>
Contractual amounts receivable	–	1,089,131	92,692	–	–	1,181,823
Contractual amounts payable	–	(1,091,671)	(92,345)	–	–	(1,184,016)
<b>Gross settled derivative liabilities held for risk management</b>	<b>–</b>	<b>(2,540)</b>	<b>347</b>	<b>–</b>	<b>–</b>	<b>(2,193)</b>

**Bank**

Financial liabilities analyzed over the remaining period from the reporting date, using undiscounted cash flows as of 31 December 2023 are as follows:

<i>In RON thousand</i>	<b>Up to 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1 Year to 5 Years</b>	<b>Over 5 Years</b>	<b>Total</b>
<b>Financial Liabilities</b>						
Net settled trading liabilities	-	-	11	123	-	134
Gross settled trading liabilities	166,357	287,268	472,817	-	-	926,442
Net settled derivative liabilities held for risk management	-	-	87	-	-	87
Deposits from banks	484,444	-	10,484	-	-	494,928
Deposits from customers	39,846,448	6,896,767	7,453,367	307,395	313,602	54,817,579
Loans from banks and other financial institutions	6	-	-	1,739	-	1,745
Debt securities issued	-	11,830	363,568	6,118,637	526,340	7,020,375
Subordinated loans	1,030	4,323	15,221	179,008	203,749	403,331
Lease liabilities	10,439	15,924	62,693	180,023	3,492	272,571
<b>Total financial liabilities</b>	<b>40,508,724</b>	<b>7,216,112</b>	<b>8,378,248</b>	<b>6,786,925</b>	<b>1,047,183</b>	<b>63,937,192</b>
Undrawn commitments	2,164,831	1,440,762	4,952,501	5,485,437	1,594,068	15,637,599
Financial guarantees and Letters of credit	501,669	1,271,880	1,024,997	896,533	1,144,055	4,839,134
Other financial guarantees	793	782	25,326	9,502	13,118	49,521
<b>Total commitments and guarantees</b>	<b>2,667,293</b>	<b>2,713,424</b>	<b>6,002,824</b>	<b>6,391,472</b>	<b>2,751,241</b>	<b>20,526,254</b>
Contractual amounts receivable	1,026,723	232,979	49,746	-	-	1,309,448
Contractual amounts payable	(1,026,402)	(232,502)	(50,985)	-	-	(1,309,889)
<b>Gross settled derivative liabilities held for risk management</b>	<b>321</b>	<b>477</b>	<b>(1,239)</b>	<b>-</b>	<b>-</b>	<b>(441)</b>

Financial liabilities analyzed over the remaining period from the reporting date, using undiscounted cash flows as of 31 December 2022 are as follows:

<i>In RON thousand</i>	Up to 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Over 5 Years	Total
<b>Financial Liabilities</b>						
Net settled trading liabilities	–	18	561	134	–	713
Gross settled trading liabilities	111,978	215,069	1,256,213	–	–	1,583,260
Net settled derivative liabilities held for risk management	–	–	2,038	934	–	2,972
Deposits from banks	577,621	–	485	–	–	578,106
Deposits from customers	40,490,611	3,417,276	5,033,560	407,434	122,731	49,471,612
Loans from banks and other financial institutions	6	–	–	3,937	–	3,943
Debt securities issued	–	13,510	254,794	3,177,147	1,842,116	5,287,567
Subordinated loans	1,024	3,152	14,875	190,671	218,416	428,138
Lease liabilities	9,646	14,596	61,322	170,321	3,079	258,964
<b>Total financial liabilities</b>	<b>41,190,886</b>	<b>3,663,621</b>	<b>6,623,848</b>	<b>3,950,578</b>	<b>2,186,342</b>	<b>57,615,275</b>
Undrawn commitments	2,063,556	962,789	4,955,966	6,205,630	2,029,186	16,217,127
Financial guarantees and Letters of credit	166,956	1,028,096	1,801,687	910,396	636,661	4,543,796
Other financial guarantees	1,297	3,131	47,125	11,305	11,228	74,086
<b>Total commitments and guarantees</b>	<b>2,231,809</b>	<b>1,994,016</b>	<b>6,804,778</b>	<b>7,127,331</b>	<b>2,677,075</b>	<b>20,835,009</b>
Contractual amounts receivable	–	1,089,131	92,692	–	–	1,181,823
Contractual amounts payable	–	(1,091,671)	(92,345)	–	–	(1,184,016)
<b>Gross settled derivative liabilities held for risk management</b>	<b>–</b>	<b>(2,540)</b>	<b>347</b>	<b>–</b>	<b>–</b>	<b>(2,193)</b>

**d) Market risk**

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

The Group separates its exposure to market risk between trading and non-trading portfolios.

The principal tool used to measure and control market risk exposure within the Group's trading portfolios is Value at Risk (VaR).

The VaR of a trading portfolio is the maximum estimated loss that can arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). In 2023, the VaR model used by the Group is based upon a 99% confidence level and assumes a 1 day holding period.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 1 day holding period assumes that it is possible to hedge or dispose of positions within that period. This is considered to be a realistic assumption in almost all cases but may not be the case in situations when there is severe market illiquidity for a prolonged period;
- A 99% confidence level does not reflect losses that may occur beyond this level. Even within the used model there is a 1% probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.

The Group calculates VaR for total market risk and for individual foreign exchange and interest rate risk. The overall structure of VaR limits is subject to review and approval by the Assets and Liabilities Committee (ALCO). VaR is calculated on a daily basis. Reports including VaR figures and limits utilization are submitted daily to Group management and monthly summaries are submitted to ALCO.

A summary of the VaR position of the Group's trading portfolios at December 31, 2023 and 2022 and during the period is as follows (trading portfolio includes trading assets and trading liabilities as well as the overall FX position of the Group):

<i>In RON thousand</i>	<b>At 31 December</b>	<b>Average Risk</b>	<b>Maximum Risk</b>	<b>Minimum Risk</b>
<b>2023</b>				
Foreign currency risk*	31	57	414	10
Interest-rate risk	592	521	1,354	106
<b>Total</b>	<b>623</b>	<b>578</b>	<b>1,768</b>	<b>116</b>
<b>2022</b>				
Foreign currency risk*	79	51	394	7
Interest-rate risk	185	716	3,267	185
<b>Total</b>	<b>264</b>	<b>767</b>	<b>3,661</b>	<b>192</b>

\* Foreign currency risk is calculated based on the overall foreign exchange position of the Group

A summary of the VaR position of the Bank's trading portfolios at December 31, 2023 and 2022 and during the period is as follows (trading portfolio includes trading assets and trading liabilities as well as the overall FX position of the Bank):

<i>In RON thousand</i>	<b>At 31 December</b>	<b>Average Risk</b>	<b>Maximum Risk</b>	<b>Minimum Risk</b>
<b>2023</b>				
Foreign currency risk*	26	57	414	10
Interest-rate risk	592	521	1,354	106
<b>Total</b>	<b>618</b>	<b>578</b>	<b>1,768</b>	<b>116</b>
<b>2022</b>				
Foreign currency risk*	78	51	394	7
Interest-rate risk	185	716	3,267	185
<b>Total</b>	<b>263</b>	<b>767</b>	<b>3,661</b>	<b>192</b>

\* Foreign currency risk is calculated based on the overall foreign exchange position of the Bank

At Bank level, the foreign exchange risk is managed through the overall open foreign currency position which represents the basis for the calculation of the VaR for currency risk. In addition to VaR, the foreign exchange risk is measured, monitored and controlled at Bank level through the set of limits for the open notional foreign currency position for each currency and for total. The Bank may have positions only in currencies for which an approved open foreign currency notional position limit is in place.

#### **Exposure to interest rate risk for non-trading portfolios**

The main risk to which non-trading portfolios are exposed is the interest rate risk. Interest rate risk represents the risk of loss due to adverse and unexpected movements in interest rates. On one side interest rate movements influence bank's earnings by affecting the net interest rate revenues (earnings perspective). On the other side movements in interest rates also affect the economic value of bank's assets, liabilities and off balance sheet items as the present value of future cash flows (and even the actual cash flows) may change following interest rate movements (economic value perspective). Interest rate risk is principally managed by monitoring the interest rate gap and a set of pre-approved limits. ALCO is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities.

The derivative financial instruments used by the Group to reduce the interest rate risk include swaps that fluctuate in value depending on the interest rates variations.

The swaps are over the counter market commitments and are traded between the Group and third parties with the purpose of exchanging future cash flows on agreed amounts. Through interest rate swaps, the Group agrees to exchange with third parties, at determined time intervals the difference between the fixed and variable interest rates.

The following tables provide an analysis of the interest rate risk exposure on non-trading financial assets and liabilities. The assets and liabilities are included at carrying amount and categorised by the earlier of contractual repricing or maturity dates, except for positions without contractual maturity (such as sight deposits from customers) which are distributed per buckets according to modeled interest rate profile calculated based on statistical methods.



A summary of the Group's interest rate gap position on non-trading portfolios as at 31 December 2023 is as follows:

<i>In RON thousand</i>	<b>Less than 3 months</b>	<b>3 – 12 months</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash with Central Bank	12,003,878	–	–	–	1,863,571	13,867,449
Loans and advances to banks at amortised cost	479,464	–	–	5,172	4	484,640
Financial assets mandatorily at fair value through profit or loss	20,036	112,543	4,965	16	40,867	178,427
Investment securities at fair value through other comprehensive income	147,859	1,019,741	1,081,990	475,616	–	2,725,206
Loans and advances to customers at amortised cost	25,507,561	8,165,471	7,429,826	710,376	–	41,813,234
Investment securities at amortised cost	109,703	1,337,149	4,580,181	3,999,588	–	10,026,621
	<b>38,268,501</b>	<b>10,634,904</b>	<b>13,096,962</b>	<b>5,190,768</b>	<b>1,904,442</b>	<b>69,095,577</b>
<b>Liabilities</b>						
Deposits from banks	455,053	3,618	16,712	19,545	–	494,928
Deposits from customers	27,442,032	10,124,907	11,554,694	5,278,605	–	54,400,238
Loans from banks and other financial institutions	439,254	17,125	32,179	–	–	488,558
Debt securities issued	481,193	108,326	4,965,485	–	–	5,555,004
Subordinated loans	201,750	–	124,365	–	–	326,115
	<b>29,019,282</b>	<b>10,253,976</b>	<b>16,693,435</b>	<b>5,298,150</b>	<b>–</b>	<b>61,264,843</b>
Effect of derivatives held for risk management purposes	(1,360,177)	(74,369)	1,464,939	(29,848)	–	545
<b>Net position</b>	<b>7,889,042</b>	<b>306,559</b>	<b>(2,131,534)</b>	<b>(137,230)</b>	<b>1,904,442</b>	<b>7,831,279</b>

A summary of the Group's interest rate gap position on non-trading portfolios as at 31 December 2022 is as follows:

<i>In RON thousand</i>	<b>Less than 3 months</b>	<b>3 – 12 months</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash with Central Bank	6,729,230	–	–	–	1,552,221	8,281,451
Loans and advances to banks at amortised cost	323,538	–	–	–	5	323,543
Financial assets mandatorily at fair value through profit or loss	27,751	122,891	3,057	236	30,523	184,458
Investment securities at fair value through other comprehensive income	110,033	868,477	1,683,624	443,264	–	3,105,398
Loans and advances to customers at amortised cost	23,559,946	7,152,632	7,801,863	1,337,126	2	39,851,569
Investment securities at amortised cost	43,498	2,299,158	4,600,387	2,257,811	–	9,200,854
	<b>30,793,996</b>	<b>10,443,158</b>	<b>14,088,931</b>	<b>4,038,437</b>	<b>1,582,751</b>	<b>60,947,273</b>
<b>Liabilities</b>						
Deposits from banks	578,106	–	–	–	–	578,106
Deposits from customers	20,372,360	9,193,625	19,557,121	110,462	–	49,233,568
Loans from banks and other financial institutions	306,459	27,082	56,744	–	–	390,285
Debt securities issued	481,374	84,423	2,116,584	1,205,427	–	3,887,808
Subordinated loans	200,041	–	123,685	–	–	323,726
	<b>21,938,340</b>	<b>9,305,130</b>	<b>21,854,134</b>	<b>1,315,889</b>	<b>–</b>	<b>54,413,493</b>
Effect of derivatives held for risk management purposes	158,036	25,000	(149,993)	(29,684)	–	3,359
<b>Net position</b>	<b>9,013,692</b>	<b>1,163,028</b>	<b>(7,915,196)</b>	<b>2,692,864</b>	<b>1,582,751</b>	<b>6,537,139</b>

A summary of the Bank's interest rate gap position on non-trading portfolios as at 31 December 2023 is as follows:

<i>In RON thousand</i>	<b>Less than 3 months</b>	<b>3 – 12 months</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash with Central Bank	11,939,260	–	–	–	1,863,555	13,802,815
Loans and advances to banks at amortised cost	490,085	–	–	5,172	–	495,257
Financial assets mandatorily at fair value through profit or loss	20,036	112,543	4,965	16	18,553	156,113
Investment securities at fair value through other comprehensive income	147,859	999,413	1,081,990	475,616	–	2,704,878
Loans and advances to customers at amortised cost	25,116,526	8,109,423	7,324,696	708,792	–	41,259,437
Investment securities at amortised cost	108,069	1,330,610	4,574,830	3,999,588	–	10,013,097
	<b>37,821,835</b>	<b>10,551,989</b>	<b>12,986,481</b>	<b>5,189,184</b>	<b>1,882,108</b>	<b>68,431,597</b>
<b>Liabilities</b>						
Deposits from banks	455,053	3,618	16,712	19,545	–	494,928
Deposits from customers	27,532,366	10,124,322	11,553,585	5,278,598	–	54,488,871
Loans from banks and other financial institutions	322	335	1,088	–	–	1,745
Debt securities issued	481,193	108,326	4,965,485	–	–	5,555,004
Subordinated loans	201,650	–	124,365	–	–	326,015
	<b>28,670,584</b>	<b>10,236,601</b>	<b>16,661,235</b>	<b>5,298,143</b>	<b>–</b>	<b>60,866,563</b>
Effect of derivatives held for risk management purposes	(1,360,177)	(74,369)	1,464,939	(29,848)	–	545
<b>Net position</b>	<b>7,791,074</b>	<b>241,019</b>	<b>(2,209,815)</b>	<b>(138,807)</b>	<b>1,882,108</b>	<b>7,565,579</b>

A summary of the Bank's interest rate gap position on non-trading portfolios as at 31 December 2022 is as follows:

<i>In RON thousand</i>	<b>Less than 3 months</b>	<b>3 – 12 months</b>	<b>1 – 5 years</b>	<b>Over 5 years</b>	<b>Non- interest bearing</b>	<b>Total</b>
<b>Assets</b>						
Cash and cash with Central Bank	6,728,647	–	–	–	1,552,206	8,280,853
Loans and advances to banks at amortised cost	286,851	–	–	–	–	286,851
Financial assets mandatorily at fair value through profit or loss	27,751	122,891	3,057	236	16,478	170,413
Investment securities at fair value through other comprehensive income	110,034	858,584	1,683,624	443,264	–	3,095,506
Loans and advances to customers at amortised cost	23,260,173	7,086,673	7,684,241	1,336,428	–	39,367,515
Investment securities at amortised cost	37,902	2,245,391	4,588,698	2,257,811	–	9,129,802
	<b>30,451,358</b>	<b>10,313,539</b>	<b>13,959,620</b>	<b>4,037,739</b>	<b>1,568,684</b>	<b>60,330,940</b>
<b>Liabilities</b>						
Deposits from banks	578,106	–	–	–	–	578,106
Deposits from customers	20,421,770	9,193,091	19,556,006	110,451	–	49,281,318
Loans from banks and other financial institutions	254	1,676	2,013	–	–	3,943
Debt securities issued	481,374	84,423	2,116,584	1,205,427	–	3,887,808
Subordinated loans	199,993	–	123,685	–	–	323,678
	<b>21,681,497</b>	<b>9,279,190</b>	<b>21,798,288</b>	<b>1,315,878</b>	<b>–</b>	<b>54,074,853</b>
Effect of derivatives held for risk management purposes	158,036	25,000	(149,993)	(29,684)	–	3,359
<b>Net position</b>	<b>8,927,897</b>	<b>1,059,349</b>	<b>(7,988,661)</b>	<b>2,692,177</b>	<b>1,568,684</b>	<b>6,259,446</b>

The management of interest rate risk through the set of interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

The sensitivity scenarios calculate the change in the economic value of the banking book interest rate sensitive assets and liabilities of the Bank under the assumption that interest rates change according to the each of the interest rate scenarios. Under each scenario the sensitivity result is calculated by comparing the present value of the banking book under stress scenario with the present value calculated using the base interest rate curve. The present value of the banking book asset and liabilities is calculated by discounting future cash flows generated by interest rate sensitive assets and liabilities which are distributed on repricing gaps according to next reset date – in case of floating rate instruments – or according to maturity date – in case of fixed rate instruments.

An analysis of the Group's sensitivity of the economic value of banking book assets and liabilities to interest rates movements (under a defined set of interest rate scenarios) is as follows:

*in RON million*

<b>Applied shock on Economic Value of Equity</b>	<b>2023</b>	<b>2022</b>
Parallel +200bp	156	406
Parallel -200bp	163	453
Steepening 5Y +200bp	133	358
Flattening 5Y -200bp	157	401
Flattening 1D +200bp	97	49
Steepening 1D -200bp	99	50
Minimum impact*	97	45
Maximum impact*	284	453

\* maximum/minimum impact in the financial year

An analysis of the Bank's sensitivity of the economic value of banking book assets and liabilities to interest rates movements (under a defined set of interest rate scenarios) is as follows:

*in RON million*

<b>Applied shock on Economic Value of Equity</b>	<b>2023</b>	<b>2022</b>
Parallel +200bp	155	405
Parallel -200bp	167	452
Steepening 5Y +200bp	136	358
Flattening 5Y -200bp	161	402
Flattening 1D +200bp	95	48
Steepening 1D -200bp	97	49
Minimum impact*	95	42
Maximum impact*	281	452

\* maximum/minimum impact in the financial year

According to EBA requirements (EBA/GL/2022/14) and NBR requirements (Regulation no. 5/2013), measurement and monitoring of interest rate risk in the banking book is done based on two approaches: economic value and net interest income (NII) volatility.

In order to assess the impact of interest rate changes on net interest income, a set of scenarios and assumptions are defined and used to measure net interest income volatility and potential losses.

The assessment is made using a constant balance sheet, i.e. each maturing item is replaced by an item with similar characteristics, over a 12-month period and an instantaneous shock.

The impact of interest rate shocks on net interest income is presented below:

*In RON million*

**Bank**

**Applied shock on Net Interest Income\***

	<b>2023</b>	<b>2022</b>
Parallel +200bp	158	152
Parallel -200bp	(355)	(377)
Steepening 5Y +200bp	36	40
Flattening 5Y -200bp	(42)	(46)
Flattening 1D +200bp	122	113
Steepening 1D -200bp	(312)	(329)
Maximum positive impact**	183	285
Maximum negative impact**	(373)	(446)

\* The change in projected Net Interest Income over a forward-looking rolling 12-month period, using a constant balance sheet assumption and an instantaneous shock

\*\* maximum/minimum impact in the financial year

The interest rates related to the local currency and the major foreign currencies as at 31 December 2023 and 2022 were as follows:

<b>Currencies</b>	<b>Interest rate</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
RON	ROBOR 3 months	6.22%	7.57%
EUR	EURIBOR 3 months	3.91%	2.16%
EUR	EURIBOR 6 months	3.86%	2.73%
USD	LIBOR 6 months	5.16%	5.14%

## IBOR reform

Under the IBOR reform and according to Regulation (EU) 2016/1011 of the European Parliament and of the Council on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds, part of the existing reference rates (IBORs: Interbank Offered Rates) will be replaced with alternative risk-free rates.

IBORs are used to set interest rates on a wide range of financial products and contracts. Based on a recommendation of the FSB (Financial Stability Board), these interest rates were subjected to an extensive analysis and a reform of the relevant IBORs was initiated.

For the European Union countries, this means that the underlying calculation method of the EURIBOR was reformed and that most LIBOR interest rates and the EONIA (Euro Over Night Index Average) were replaced by new interest rates on 1 January 2022.

In regard to LIBOR CHF and EONIA, European Commission issued on October 22, 2021 two new regulations (Regulation (EU) 2021/1847 of 14 October 2021 on the designation of a statutory replacement for certain settings of CHF LIBOR and Regulation (EU) 2021/1848 of 21 October 2021 on the designation of a replacement for the benchmark Euro overnight index average) establishing through law the replacement rates and margin adjustments for LIBOR CHF rates and EONIA for the existing contracts (including loans).

Regarding USD LIBOR, interest rates on terms 1w and 2m were discontinued on January 1<sup>st</sup>, 2022, while all other terms were discontinued starting with July 1<sup>st</sup>, 2023. There is currently no fixed timeframe for the replacement of the reformed EURIBOR. It can be assumed that there will be no replacement in the immediate future.

The replacement of the reference interest rates on the legacy contracts were performed either through the law (LIBOR CHF and EONIA) either by amendments which regulate the measures to be taken in circumstances where a reference interest rate is replaced by another reference interest rate. In this context, the amendments provide practical relief for modifications that are directly attributable to the IBOR reform and are carried out on an economically equivalent basis.

In addition, the amendments also relate to hedge accounting. Based on the relief, adjustments relating to the IBOR reform do not result in the termination of the recognition of an existing hedging relationship in the financial statements. Instead, hedging relationships and the corresponding documentation are changed to reflect the new conditions.

Coordinated by Treasury Directorate, the Bank began preparing for the reform in 2020 to ensure a smooth transition to the new risk-free interest rates. This was carried out in specific local project and in the ongoing operations of the affected departments, mostly treasury, risk management, customer management, accounting and legal.

Management and supervisory board members were regularly informed about the progress of the relevant processes and the associated risks. The replacement of most reference interest rates on January 1<sup>st</sup>, 2022 did not have any major implications. For the replacement of the USD LIBOR interest rates, which were discontinued starting with July 1<sup>st</sup>, 2023 the corresponding preparatory steps and transitional work have since been included in the regular operations of the affected areas.

Management and supervisory board members are informed of required actions and corresponding risks where necessary and in the event of major changes in assessments and framework conditions. The Group has IBOR-related positions particularly in the field of loans and deposits. For the transition, information on the date and methods of the transition were analyzed and necessary adjustments to contracts, systems and processes were identified and performed. The most relevant inherent risks in this context include strategic business risks, legal risks, operational risks.

The following table shows the average interest rates per annum obtained or offered by the Group for its interest-earning assets and interest-bearing liabilities during the 2023 financial year:

	Average interest rate		
	RON	EUR	USD
<b>Assets</b>			
Current accounts with National Bank of Romania	0.74%	0.07%	0.28%
Loans and advances to banks at amortised cost	2.84%	3.25%	4.84%
Trading assets	4.88%	2.19%	0.00%
Financial assets mandatorily at fair value through profit or loss	9.26%	8.91%	N/A
Investment securities at fair value through other comprehensive income	3.64%	2.79%	N/A
Loans and advances to customers at amortised cost	7.06%	4.12%	3.23%
Investment securities at amortised cost	4.94%	1.53%	N/A
<b>Liabilities</b>			
Deposits from banks	5.64%	0.50%	0.00%
Deposits from customers	2.38%	1.04%	1.04%
Loans from banks and other financial institutions	1.25%	0.00%	N/A
Debt securities issued	5.59%	6.65%	N/A
Subordinated loans	N/A	6.04%	N/A

The following table shows the interest rates per annum obtained or offered by the Group for its interest-earning assets and interest-bearing liabilities during the 2022 financial year:

	Average interest rate		
	RON	EUR	USD
<b>Assets</b>			
Current accounts with National Bank of Romania	0.43%	0.00%	0.04%
Loans and advances to banks at amortised cost	3.93%	-0.02%	1.54%
Trading assets	3.98%	0.68%	0.00%
Financial assets mandatorily at fair value through profit or loss	7.51%	5.67%	N/A
Investment securities at fair value through other comprehensive income	3.28%	0.82%	N/A
Loans and advances to customers at amortised cost	6.04%	1.69%	1.50%
Investment securities at amortised cost	4.20%	1.34%	N/A
<b>Liabilities</b>			
Deposits from banks	4.88%	-0.03%	0.00%
Deposits from customers	1.21%	0.10%	0.11%
Loans from banks and other financial institutions	0.94%	0.00%	N/A
Debt securities issued	3.87%	N/A	N/A
Subordinated loans	N/A	4.24%	N/A

The following table shows the average interest rates per annum obtained or offered by the Bank for its interest-earning assets and interest-bearing liabilities during the 2023 financial year:

	Average interest rate		
	RON	EUR	USD
<b>Assets</b>			
Current accounts with National Bank of Romania	0.74%	0.07%	0.28%
Loans and advances to banks at amortised cost	2.84%	3.25%	4.84%
Trading assets	4.88%	2.19%	0.00%
Financial assets mandatorily at fair value through profit or loss	9.26%	8.91%	N/A
Investment securities at fair value through other comprehensive income	3.64%	2.79%	N/A
Loans and advances to customers at amortised cost	7.06%	4.12%	3.23%
Investment securities at amortised cost	4.94%	1.53%	N/A
<b>Liabilities</b>			
Deposits from banks	5.64%	0.50%	0.00%
Deposits from customers	2.38%	1.04%	1.04%
Loans from banks and other financial institutions	1.25%	0.00%	N/A
Debt securities issued	5.59%	6.65%	N/A
Subordinated loans	N/A	6.04%	N/A

The following table shows the average interest rates per annum obtained or offered by the Bank for its interest-earning assets and interest-bearing liabilities during the 2022 financial year:

	Average interest rate		
	RON	EUR	USD
<b>Assets</b>			
Current accounts with National Bank of Romania	0.43%	0.00%	0.04%
Loans and advances to banks at amortised cost	3.93%	-0.02%	1.54%
Trading assets	3.98%	0.68%	0.00%
Financial assets mandatorily at fair value through profit or loss	7.51%	5.67%	N/A
Investment securities at fair value through other comprehensive income	3.28%	0.82%	N/A
Loans and advances to customers at amortised cost	6.04%	1.69%	1.50%
Investment securities at amortised cost	4.20%	1.34%	N/A
<b>Liabilities</b>			
Deposits from banks	4.88%	-0.03%	0.00%
Deposits from customers	1.21%	0.10%	0.11%
Loans from banks and other financial institutions	0.94%	0.00%	N/A
Debt securities issued	3.87%	N/A	N/A
Subordinated loans	N/A	4.24%	N/A

### Exposure to currency risk

The Group is exposed to currency risk due to transactions in foreign currencies. There is also a balance sheet risk that the net monetary assets in foreign currencies will take a lower value when translated into RON as a result of currency movements or net monetary liabilities in foreign currencies will take a higher value as a result of these currency movements.

### Group

The monetary assets and liabilities held in RON and in foreign currencies at 31 December 2023 are presented below:

<i>In RON thousand</i>	<b>RON</b>	<b>USD</b>	<b>EUR</b>	<b>OTHER</b>	<b>Total</b>
<b>Monetary assets</b>					
Cash and cash with Central Bank	10,613,248	14,942	3,232,806	6,453	13,867,449
Loans and advances to banks at amortised cost	87,254	26,043	368,560	2,783	484,640
Derivative assets held for risk management	15,083	–	3,035	67	18,185
Trading assets	139,015	–	42,301	–	181,316
Financial assets mandatorily at fair value through profit or loss	135,535	18,553	8,034	16,305	178,427
Investment securities at fair value through other comprehensive income	2,380,278	18	344,910	–	2,725,206
Equity instruments at fair value through other comprehensive income	24,798	65,781	–	–	90,579
Investment in subsidiaries, associates and joint ventures	18,853	–	–	–	18,853
Loans and advances to customers at amortised cost*	28,539,624	696,023	12,427,526	150,061	41,813,234
Derivatives Asset- Hedge accounting	559	–	37,234	–	37,793
Investment securities at amortised cost	8,414,356	191,093	1,421,172	–	10,026,621
Other assets	143,161	783	49,497	195	193,636
<b>Total monetary assets</b>	<b>50,511,764</b>	<b>1,013,236</b>	<b>17,935,075</b>	<b>175,864</b>	<b>69,635,939</b>
<b>Monetary liabilities</b>					
Trading liabilities	9,271	–	169	–	9,440
Derivative liabilities held for risk management	87	97	291	200	675
Deposits from banks	441,124	105	53,183	516	494,928
Deposits from customers	36,333,993	2,055,742	15,773,533	236,970	54,400,238
Loans from banks and other financial institutions	8,603	–	479,955	–	488,558
Derivatives – hedge accounting	709	–	–	–	709
Fair value changes of the hedged items-liability	4,940	–	–	–	4,940
Other liabilities	630,264	89,665	783,919	14,498	1,518,346
Debt securities issued	4,007,815	–	1,547,189	–	5,555,004
Subordinated loans	100	–	326,015	–	326,115
<b>Total monetary liabilities</b>	<b>41,436,906</b>	<b>2,145,609</b>	<b>18,964,254</b>	<b>252,184</b>	<b>62,798,953</b>
<b>Net currency position</b>	<b>9,074,858</b>	<b>(1,132,373)</b>	<b>(1,029,179)</b>	<b>(76,320)</b>	<b>6,836,986</b>

\* Other currencies include mainly loans and advances to customers in CHF.



## Group

The monetary assets and liabilities held in RON and in foreign currencies at 31 December 2022 are presented below:

<i>In RON thousand</i>	RON	USD	EUR	OTHER	Total
<b>Monetary assets</b>					
Cash and cash with Central Bank	4,967,135	123,002	3,186,188	5,126	8,281,451
Loans and advances to banks at amortised cost	138,541	10,926	171,553	2,523	323,543
Derivative assets held for risk management	2,155	–	11,626	–	13,781
Trading assets	88,893	–	4,409	–	93,302
Financial assets mandatorily at fair value through profit or loss	139,075	16,478	12,411	16,494	184,458
Investment securities at fair value through other comprehensive income	2,669,482	19	435,897	–	3,105,398
Equity instruments at fair value through other comprehensive income	17,374	54,114	–	–	71,488
Investment in subsidiaries, associates and joint ventures	32,891	–	–	–	32,891
Loans and advances to customers at amortised cost*	27,167,823	320,914	12,191,701	171,131	39,851,569
Derivatives Asset- Hedge accounting	5,137	–	3,218	–	8,355
Investment securities at amortised cost	6,718,843	101,856	2,380,155	–	9,200,854
Other assets	219,664	1,445	69,763	3	290,875
<b>Total monetary assets</b>	<b>42,167,013</b>	<b>628,754</b>	<b>18,466,921</b>	<b>195,277</b>	<b>61,457,965</b>
<b>Monetary liabilities</b>					
Trading liabilities	26,997	–	718	–	27,715
Derivative liabilities held for risk management	2,972	170	2,718	–	5,860
Deposits from banks	478,447	114	98,805	740	578,106
Deposits from customers	30,279,314	2,260,638	16,372,739	320,877	49,233,568
Loans from banks and other financial institutions	2,178	–	388,106	1	390,285
Fair value changes of the hedged items-liability	11,398	–	–	–	11,398
Other liabilities	769,519	56,596	490,328	5,136	1,321,579
Debt securities issued	3,887,808	–	–	–	3,887,808
Subordinated loans	48	–	323,678	–	323,726
<b>Total monetary liabilities</b>	<b>35,458,681</b>	<b>2,317,518</b>	<b>17,677,092</b>	<b>326,754</b>	<b>55,780,045</b>
<b>Net currency position</b>	<b>6,708,332</b>	<b>(1,688,764)</b>	<b>789,829</b>	<b>(131,477)</b>	<b>5,677,920</b>

\* Other currencies include mainly loans and advances to customers in CHF.

## Bank

The monetary assets and liabilities held in RON and in foreign currencies at 31 December 2023 are presented below:

<i>In RON thousand</i>	<b>RON</b>	<b>USD</b>	<b>EUR</b>	<b>OTHER</b>	<b>Total</b>
<b>Monetary assets</b>					
Cash and cash with Central Bank	10,548,620	14,939	3,232,803	6,453	13,802,815
Loans and advances to banks at amortised cost	99,482	26,031	366,961	2,783	495,257
Derivative assets held for risk management	15,083	–	3,035	67	18,185
Trading assets	139,015	–	42,301	–	181,316
Financial assets mandatorily at fair value through profit or loss	113,221	18,553	8,034	16,305	156,113
Investment securities at fair value through other comprehensive income	2,359,950	18	344,910	–	2,704,878
Equity instruments at fair value through other comprehensive income	24,798	65,781	–	–	90,579
Investment in subsidiaries, associates and joint ventures	110,475	–	–	–	110,475
Loans and advances to customers at amortised cost*	28,428,090	696,023	11,985,263	150,061	41,259,437
Derivatives Asset- Hedge accounting	559	–	37,234	–	37,793
Investment securities at amortised cost	8,400,832	191,093	1,421,172	–	10,013,097
Other assets	119,255	783	41,069	195	161,302
<b>Total monetary assets</b>	<b>50,359,380</b>	<b>1,013,221</b>	<b>17,482,782</b>	<b>175,864</b>	<b>69,031,247</b>
<b>Monetary liabilities</b>					
Trading liabilities	9,271	–	169	–	9,440
Derivative liabilities held for risk management	87	97	291	200	675
Deposits from banks	441,124	105	53,183	516	494,928
Deposits from customers	36,375,122	2,055,742	15,821,037	236,970	54,488,871
Loans from banks and other financial institutions	1,745	–	–	–	1,745
Derivatives – hedge accounting	709	–	–	–	709
Fair value changes of the hedged items-liability	4,940	–	–	–	4,940
Other liabilities	613,821	89,651	763,157	14,498	1,481,127
Debt securities issued	4,007,815	–	1,547,189	–	5,555,004
Subordinated loans	–	–	326,015	–	326,015
<b>Total monetary liabilities</b>	<b>41,454,634</b>	<b>2,145,595</b>	<b>18,511,041</b>	<b>252,184</b>	<b>62,363,454</b>
<b>Net currency position</b>	<b>8,904,746</b>	<b>(1,132,374)</b>	<b>(1,028,259)</b>	<b>(76,320)</b>	<b>6,667,793</b>

\* Other currencies include mainly loans and advances to customers in CHF.

## Bank

The monetary assets and liabilities held in RON and in foreign currencies at 31 December 2022 are presented below:

<i>In RON thousand</i>	<b>RON</b>	<b>USD</b>	<b>EUR</b>	<b>OTHER</b>	<b>Total</b>
<b>Monetary assets</b>					
Cash and cash with Central Bank	4,966,543	122,999	3,186,185	5,126	8,280,853
Loans and advances to banks at amortised cost	103,440	9,935	170,953	2,523	286,851
Derivative assets held for risk management	2,155	–	11,626	–	13,781
Trading assets	88,893	–	4,409	–	93,302
Financial assets mandatorily at fair value through profit or loss	125,030	16,478	12,411	16,494	170,413
Investment securities at fair value through other comprehensive income	2,659,590	19	435,897	–	3,095,506
Equity instruments at fair value through other comprehensive income	17,374	54,114	–	–	71,488
Investment in subsidiaries, associates and joint ventures	106,871	–	–	–	106,871
Loans and advances to customers at amortised cost*	27,050,807	320,914	11,824,664	171,130	39,367,515
Derivatives Asset- Hedge accounting	5,137	–	3,218	–	8,355
Investment securities at amortised cost	6,647,791	101,856	2,380,155	–	9,129,802
Other assets	210,795	1,445	56,188	4	268,432
<b>Total monetary assets</b>	<b>41,984,426</b>	<b>627,760</b>	<b>18,085,706</b>	<b>195,277</b>	<b>60,893,169</b>
<b>Monetary liabilities</b>					
Trading liabilities	26,997	–	718	–	27,715
Derivative liabilities held for risk management	2,972	170	2,718	–	5,860
Deposits from banks	478,447	114	98,805	740	578,106
Deposits from customers	30,314,904	2,260,639	16,384,898	320,877	49,281,318
Loans from banks and other financial institutions	3,943	–	–	–	3,943
Fair value changes of the hedged items-liability	11,398	–	–	–	11,398
Other liabilities	733,020	56,582	485,616	5,136	1,280,354
Debt securities issued	3,887,808	–	–	–	3,887,808
Subordinated loans	–	–	323,678	–	323,678
<b>Total monetary liabilities</b>	<b>35,459,489</b>	<b>2,317,505</b>	<b>17,296,433</b>	<b>326,753</b>	<b>55,400,180</b>
<b>Net currency position</b>	<b>6,524,937</b>	<b>(1,689,745)</b>	<b>789,273</b>	<b>(131,476)</b>	<b>5,492,989</b>

\* Other currencies include mainly loans and advances to customers in CHF.

Derivative financial instruments used by the Group to mitigate currency risk include foreign exchange swaps.

**e) Operational risk**

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

Legal risk is a component of the operational risk and is defined as the risk due to non-observance of the legal or statutory requirements and/or inaccurately drafted contracts and their execution due to lack of diligence in applying the respective law or a delay in reacting to changes in legal framework conditions.

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

The main 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 Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions;
- Requirement for inclusion of operational risk responsibilities in each job position;
- 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 by the Group, 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.

**f) Capital management**

The National Bank of Romania (NBR) regulates and monitors the capital requirements at individual level and at group level.

Regulation (EU) no 575/2013 of the European Parliament and of the Council requires that the Group maintain a minimum Common Equity Tier 1 capital ratio of 4.5%, a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%. The capital adequacy ratio is calculated dividing total Group's own funds to the total risk weighted assets (Note 42).

**Capital allocation**

- a) Credit risk: Starting with July 1st, 2009, the method for the risk weighted assets applied by the Group is internal ratings based approach for Raiffeisen Bank non-retail exposures. Starting with December 1st, 2013, Raiffeisen Bank received National Bank of Romania approval for calculating capital requirements for credit risk related to retail portfolio using advanced internal ratings based approach (AIRB). For the subsidiaries and for some specific portfolio, based on regulatory approval received (main portfolios are sovereign and municipalities) the method used is standard approach.
- b) Market risk: The Group calculates the capital requirements for market risk and for the trading book using the standard model.
- c) Operational Risk: Starting with 2010, the Group calculates the capital requirements for operational risk capital using the standard approach.

The Group complies with the regulatory requirements regarding capital adequacy as at December 31, 2023 and 2022, being above the minimum required values. For actual capital ratios, refer to Note 42.

## 6. USE OF ESTIMATES AND JUDGMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the given circumstances.

### ***Impairment allowance on loans and advances***

The application of the Group's accounting policy requires judgments from the management. The Group assesses on a forward-looking basis the expected credit losses associated with its financial instrument assets carried at amortised cost and FVOCI and with the exposures arising from loan commitments, financial guarantee contracts and leasing receivables. The calculation of expected credit losses requires the use of accounting estimates that do not always match actual results. The amount of impairment to be allocated depends on credit risk parameters such as: PD, LGD and EAD as well as on future-oriented information (economic forecasts) which are estimated by the management.

The impairment of assets accounted for at amortized cost is described in *accounting policy 3j (ix)*.

To determine the impairment allowances sensitivity to changes in risk parameters (adjusted value of real estate collateral, probability of default) underlying provisioning computation, the Group has drawn up the following scenarios:

First scenario assumes changes in loss given default and price guarantees for retail real estate portfolio for the entire portfolio, taking into account a variation of +/-5%. In this scenario the provision for loan impairment loss would have been increased by RON 9,323 thousand (2022: increased by RON 34,905 thousand) or decreased by RON 9,070 thousand (2022: decreased by RON 36,592 thousand).

Second scenario assumes PD variation of +/-5%. In this scenario the provision for loan impairment loss would have been increased by RON 12,806 thousand (2022: increased by RON 19,031 thousand) or decreased by RON 13,931 thousand (2022: decreased by RON 19,871 thousand).

Third scenario assumes changes of scenario weights from 25/50/25 to 25/25/50 and 50/25/25. In this scenario the provision for loan impairment loss would have been increased by RON 3,529 thousand (2022: increased by RON 30,282 thousand) or decreased by RON 2,625 thousand (2022: decreased by RON 23,358 thousand).

Parameters change by +/-5% is done in relation to the values used in provision calculation for December 31, 2023 figures (December 31, 2022).

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

The fair value of financial instruments that are not traded on an active market (for example, unlisted treasury securities, bonds and certificates of deposit) is determined using valuation techniques. The Group uses its judgment to select the valuation method and makes assumptions that are mainly based on market conditions existing at statement of financial position date. The Group has used discounted cash flow analysis for the equity instruments that were not traded in active markets.

### ***Valuation of financial instruments***

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price in an active market for an identical instrument;
- Level 2: Valuation techniques based on observable inputs. This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data;
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs could have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

The Group measures fair values mainly using valuation techniques based on observable inputs, i.e. all significant inputs are directly or indirectly observable from market data. Valuation techniques include net present value and discounted cash flow models, as well as other valuation models. Assumptions and inputs used in valuation techniques include risk free and benchmark interest rates, bond yields, foreign currency exchange rates, expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The Group uses widely recognized valuation models for determining the fair value of common and simpler financial instruments, like interest rate and currency swaps, foreign exchange forwards and swaps, that use only observable market data and require little management judgment and estimation.

Observable prices and model inputs are usually available in the market for bonds and simple over the counter derivatives. Availability of these reduces the need for management judgment and estimations and also reduces the uncertainty associated with determination of fair values.

For bonds valuation the Group uses prices or yields which are observable in the market, quotes published by Central Bank or quotes received upon request from third parties.

For more complex instruments, like over the counter foreign exchange options or interest rate options, the Group uses valuation models, which are usually developed from recognized valuation models. These models also use inputs, which are observable in the markets.

The valuation techniques used to determine the fair value of customers' loans and deposits not measured at fair value and disclosed in the notes consider unobservable inputs and assumptions, such as the specific credit risk and contractual characteristics of the portfolios, but also observables inputs, the benchmark interest rates for recent originated portfolios.

The fair value of the unimpaired customer loans was determined based on the cash flows estimated to be generated by the portfolio. These amounts were discounted using the interest rates that would be currently offered to clients for similar products (the available offer as of the valuation date or loans granted during the last 3 months), by considering the characteristics of each loan, namely product type, currency, remaining tenor, interest rate type, customer segmentation and for non-retail clients also risk indicators based on the industry in which they are currently developing their activity. For the products no longer in the Group's offer, and for which no current market (observed interest rates) are available, following assumptions were used: similar products' prevailing margins for discounting, adjusted with the relevant market rate index correspondent to the particular products' currencies, the swap points required for the currency conversion (if applicable) and remaining tenors.

For the impaired loan portfolio, a similar discounted cash flow calculation resulted in a fair value calculation that can be approximated by the net book value.

The fair value of deposits from customers was determined based on the interest rate differential of the current portfolio as of the end of the reporting period and the prevailing interest rates offered by the Bank, during the last three months from the financial period ended. For the term deposits, a discounted cash flows calculation was performed using for discounting the weighted average margins pertaining to the new deposits opened during the last month of the reporting period, based on their specific characteristics like tenors, currencies and client types similar to the structure of the portfolio subject to the fair value calculation and current market yield.

The fair value of the current accounts and savings accounts from clients was estimated to be equal to the book value, with no evidence of product characteristics requiring a different value than the one currently in accounting books.

For the borrowings, the Group performed a discounted cash flows analysis in order to estimate the fair value. The discount factor consisted of the initially calibrated spread, the liquidity curve at valuation date and the risk free rate at valuation date.

**Environmental, Social and Corporate Governance (ESG)**

In 2021 the ESG governance structures were created to manage and supervise the integration of its principles (Environment, Social, Governance) in the activity of the Bank and further in 2023, the bank enhanced its governance structure by setting up a new ESG & Sustainability Directorate, reporting directly to the CEO

The sustainability objectives established in 2023 were:

- a) developed in line with the Sustainability Strategy of the Raiffeisen Bank International Group.
- b) set for each focus area of the Sustainability Strategy: Business, Human Resources, Impact on the environment and Society.
- c) established after consultations with the departments involved and address those areas where the Bank has an impact, at the same time proposing to align the business objectives with the sustainable development of society.

In January 2021, Raiffeisen Bank International became a signatory to the ONU Principles for Responsible Banking, an unique framework for a sustainable banking industry, developed through a partnership between banks around the world and the United Nations Environment Finance Initiative (UNEP FI). In the first year after it became a signatory, all the companies that are part of Raiffeisen Bank International Group went through a process of analyzing the impact of the portfolio on sustainable development. This was done using the UNEP FI Analysis Tool, which assesses positive and negative impacts from the perspective of the Sustainable Development Goals (SDGs) and the Paris Climate Agreement.

The objective of the European Union to achieve climate neutrality by 2050 emphasizes the need for massive investments and capital mobilization to the sectors that can ensure a quick and efficient transition to a sustainable economic model. Raiffeisen Bank understood this need and part of the Bank's sustainability efforts focused on granting sustainable loans on programs dedicated to clients on various purposes related to the integration of ESG principles in their activity. Moreover, Raiffeisen Bank was the first bank in Romania to issue green bonds, and the funds were used for green buildings, ecological transport, sustainable agriculture.

In 2022, the Framework for Sustainable Bonds was also adopted through which the Bank allocates funds attracted through the issue of sustainable, green or social bonds, to sustainable projects, aligned with its sustainability strategy – green buildings, renewable energy, energy efficiency projects, transport and ecological agriculture, pollution prevention and control projects, circular economy, sustainable management of water resources, but also social projects - access to essential health services, education and infrastructure, affordable housing and financing of small and medium enterprises in the underdeveloped nationally regions.

The Framework for Sustainable Bonds has been evaluated by the ESG rating agency, Sustainalytics, which confirmed the credibility and positive environmental impact of the eligible projects defined in the Framework, as well as its alignment with the highest market standards (ICMA principles for sustainable, green and social bonds).

**Market development**

The difficult conditions caused by the war in Ukraine continued to be a challenge for Raiffeisen Bank Romania despite the fact that direct exposure of the Bank towards Ukrain, Russia and Belarus remained close to nil. All exposures connected to above mentioned countries are being monitored closely and managed attentively.

As of the date of preparation and authorization for issuance of the financial statements, the management of the Bank has assessed the current political and economic outlook and the measures already taken, or planned, by the Romanian Government, NBR and the European Council that may negatively impact the Bank. Based on this assessment and the review of the public information presently available, management does not expect the economic impact of the current developments to materially impair the ability of the Bank to continue as a going concern.

A potential negative impact upon the economic environment in which the Bank operates, its financial position and performance for the medium term, cannot be ruled out. Management closely monitors any developments and is prepared to take appropriate measures. These possible future measures, adopted by the Bank, could concern the areas of accounting estimates and methods of calculating loss allowances and provisions for credit risk according to IFRS 9.

The national aid package of state guarantees and interest subsidies to support the financing of the SME sector under the IMM INVEST program (and the subprograms and program components, all related to the state aid scheme initiated to combat the effects of the Covid pandemic) and IMM INVEST PLUS (and program components, related to the state aid scheme that supports companies affected by the effects of the war in Ukraine for the year 2023) was worth 26.1 billion RON. Within them, the eligible clients received grants in the form of interest for the financing from these programs/subprograms, subsidizing the commissions related to the financing and, for part of the IMM INVEST subprograms, a non-refundable component of 10% of the used value of the financing. On December 31, 2023, the Bank held a number of 4,630 active contracts, with a financed value of 4.3 billion RON.

The methodology of **Non-retail** impairment estimation was revised and adapted periodically to support a prudent approach and to capture the expected credit risk evolution by monitoring the current economic environment. During 2023 Non Retail impairment methodology was revised as follows:

- SRF 'refinancing risk' was implemented in April 2023 for specialised lending / real estate financing in order to consider risks faced by financial market (elevated interest rates, tightening of credit standards) which might impact on debtors' capacity to refinance large balloon/bullet loans.
- Reversal of SRF 'Energy and raw material increased prices' in November 2023, taking into account: proven resilience of the debtors potentially vulnerable to energy, supportive legislative package in place, lower price volatility as prices of electricity and natural gas are capped until March 2025, the additional potential loss regarding vulnerable portfolio to raw material increased prices was already offset (stage 3 transfer or incorporated in reviewed ratings). The entire portfolio (including the one subject to the current SRF 'Energy and raw material increased prices') was reviewed for sensitivity to risk factors that are more relevant within the current economic environment (new fiscal measures).
- Implementation of SRF 'fiscal measures' in November 2023, considering the risks faced by companies potentially affected by the new fiscal package introduced by Romanian government to reduce the fiscal deficit, considering the impact on the companies which are in the scope of the new tax (minimum turnover tax for entities with turnover higher than 50mn EUR, additional tax for companies activating in oil and gas,) as well as the potential waterfall effect of the new fiscal measures on all companies from the inflationary impact foreseen by specialists from the fiscal package and higher personnel expenses by increased minimum wage.
- Reviewing and maintaining SRF 'Office RE' since no significant changes in the outlook of the office market was noticed from the implementation: vacancy rate scored a modest decline in the first half of 2023 while short term perspectives of the market are still challenging and dependent on overall performance of the economy which might impact on leasing demand.
- Updating parameters, macroeconomic scenarios and industry risk classification;

Compared to 2022 the cumulated effect of the measures described above is a release of EUR 1.6 million in provision amount for Stage 1&2 Non-retail portfolio.

The methodology of **Retail** impairment calculation was revised and adapted periodically to support a prudent approach and to capture the expected credit risk evolution by monitoring the current economic environment. During 2023, Retail impairment methodology was revised as follows:

- Stage 3 Recovery' PMA implementation starting February 2023 in order to maintain an adequate provisioning coverage
- Reviewing and maintaining 'Inflation' PMA for PI portfolio in December and PMA release for Micro portfolio in November
- 'Fiscal measures' PMA implementation in November 2023 considering the potential risks and challenges faced by Micro clients due to new fiscal measures adopted in Q4 2023

The cumulated effect as of December 31, 2023 for the measures described above is an allocation of EUR 7 millions on Retail Stage 2 provisions (EUR 6.1 millions for PI loans and EUR 0.9 millions for Micro loans) and EUR 14 millions for Stage 3 PI loans.



## 7. FINANCIAL ASSETS AND LIABILITIES

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

### Group

<i>In RON thousand</i>	Note	Level 1	Level 2	Level 3	Total	Carrying amount
<b>31 December 2023</b>						
<b>Financial assets</b>						
<b>Financial instruments measured at fair value</b>						
Trading assets, out of which:	18	177,901	3,415	–	<b>181,316</b>	<b>181,316</b>
<i>Debt securities</i>		177,901	–	–	177,901	177,901
<i>Foreign exchange contracts</i>		–	3,355	–	3,355	3,355
<i>Interest rate swaps</i>		–	60	–	60	60
Derivative assets held for risk management	19	–	18,185	–	18,185	18,185
Financial assets mandatorily at fair value through profit or loss, out of which:	26	22,314	18,553	137,560	<b>178,427</b>	<b>178,427</b>
<i>Loans and advances to customers</i>		–	–	137,560	137,560	137,560
<i>Debt securities and equity instruments</i>		22,314	18,553	–	40,867	40,867
Investment securities at fair value through other comprehensive income, out of which:	22	1,994,966	252,967	477,273	<b>2,725,206</b>	<b>2,725,206</b>
<i>Bonds issued by General Governments</i>		1,994,966	–	–	1,994,966	1,994,966
<i>Bonds issued by credit institutions</i>		–	252,967	–	252,967	252,967
<i>Bonds issued by other public sector</i>		–	–	477,273	477,273	477,273
Equity instruments at fair value through other comprehensive income	23	65,781	–	24,798	<b>90,579</b>	<b>90,579</b>
Derivatives Asset- Hedge accounting	27	–	37,793	–	<b>37,793</b>	<b>37,793</b>
<b>Financial instruments for which fair value is disclosed</b>						
Cash and cash with Central Bank	17	13,867,449	–	–	<b>13,867,449</b>	<b>13,867,449</b>
Loans and advances to banks at amortised cost	20	484,640	–	–	<b>484,640</b>	<b>484,640</b>
Loans and advances to customers at amortised cost	21	–	–	41,810,068	<b>41,810,068</b>	<b>41,813,234</b>
Investment securities at amortised cost	24	9,464,052	309,882	71,951	<b>9,845,885</b>	<b>10,026,621</b>
Other assets	28	–	–	193,637	<b>193,637</b>	<b>193,637</b>
<b>Financial liabilities</b>						
<b>Financial instruments measured at fair value</b>						
Trading liabilities	18	–	9,440	–	<b>9,440</b>	<b>9,440</b>
Derivative liabilities held for risk management	19	–	675	–	<b>675</b>	<b>675</b>
Fair value changes of the hedged items-liability	27	–	4,940	–	<b>4,940</b>	<b>4,940</b>
<b>Financial instruments for which fair value is disclosed</b>						
Deposits from banks	32	494,933	–	–	<b>494,933</b>	<b>494,928</b>
Deposits from customers	33	–	–	54,346,579	<b>54,346,579</b>	<b>54,400,238</b>
Loans from banks and other financial institutions	34	–	–	488,502	<b>488,502</b>	<b>488,558</b>
Debt securities issued	34	–	5,423,599	–	<b>5,423,599</b>	<b>5,555,004</b>
Subordinated loans	34	–	–	328,008	<b>328,008</b>	<b>326,115</b>
Other liabilities	35	–	–	1,518,346	<b>1,518,346</b>	<b>1,518,346</b>

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

**Group**

<i>In RON thousand</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying amount</b>
<b>31 December 2022</b>						
<b>Financial assets</b>						
<b>Financial instruments measured at fair value</b>						
Trading assets, out of which:	18	49,812	43,490	-	<b>93,302</b>	<b>93,302</b>
<i>Debt securities</i>		49,812	-	-	49,812	49,812
<i>Foreign exchange contracts</i>		-	42,778	-	42,778	42,778
<i>Interest rate swaps</i>		-	712	-	712	712
Derivative assets held for risk management	19	-	13,781	-	<b>13,781</b>	<b>13,781</b>
Financial assets mandatorily at fair value through profit or loss, out of which:	26	14,045	16,478	153,935	<b>184,458</b>	<b>184,458</b>
<i>Loans and advances to customers</i>		-	-	153,935	153,935	153,935
<i>Debt securities and equity instruments</i>		14,045	16,478	-	30,523	30,523
Investment securities at fair value through other comprehensive income, out of which:	22	2,638,819	92,943	373,636	<b>3,105,398</b>	<b>3,105,398</b>
<i>Bonds issued by the Government of Romania</i>		2,638,819	-	-	2,638,819	2,638,819
<i>Bonds issued by credit institutions</i>		-	92,943	-	92,943	92,943
<i>Bonds issued by other public sector</i>		-	-	373,636	373,636	373,636
Equity instruments at fair value through other comprehensive income	23	54,114	-	17,374	<b>71,488</b>	<b>71,488</b>
Derivatives Asset- Hedge accounting	27	-	8,355	-	<b>8,355</b>	<b>8,355</b>
<b>Financial instruments for which fair value is disclosed</b>						
Cash and cash with Central Bank	17	8,281,451	-	-	<b>8,281,451</b>	<b>8,281,451</b>
Loans and advances to banks at amortised cost	20	323,543	-	-	<b>323,543</b>	<b>323,543</b>
Loans and advances to customers at amortised cost	21	-	-	39,772,358	<b>39,772,358</b>	<b>39,851,569</b>
Investment securities at amortised cost	24	8,000,585	351,053	75,510	<b>8,427,148</b>	<b>9,200,854</b>
Other assets	28	-	-	290,875	<b>290,875</b>	<b>290,875</b>
<b>Financial liabilities</b>						
<b>Financial instruments measured at fair value</b>						
Trading liabilities	18	-	27,715	-	<b>27,715</b>	<b>27,715</b>
Derivative liabilities held for risk management	19	-	5,860	-	<b>5,860</b>	<b>5,860</b>
Fair value changes of the hedged items-liability	27	-	11,398	-	<b>11,398</b>	<b>11,398</b>
Derivatives - hedge accounting	27	-	-	-	-	-
<b>Financial instruments for which fair value is disclosed</b>						
Deposits from banks	32	578,106	-	-	<b>578,106</b>	<b>578,106</b>
Deposits from customers	33	-	-	49,147,932	<b>49,147,932</b>	<b>49,233,568</b>
Loans from banks and other financial institutions	34	-	-	390,083	<b>390,083</b>	<b>390,285</b>
Debt securities issued	34	-	3,536,005	-	<b>3,536,005</b>	<b>3,887,808</b>
Subordinated loans	34	-	-	332,555	<b>332,555</b>	<b>323,726</b>
Other liabilities	35	-	-	1,321,579	<b>1,321,579</b>	<b>1,321,579</b>

The table below analyses financial instruments at fair value and at carrying amount by using the valuation methods described in Note 6:

**Bank**

<i>In RON thousand</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying amount</b>
<b>31 December 2023</b>						
<b>Financial assets</b>						
<b>Financial instruments measured at fair value</b>						
Trading assets, out of which:	18	177,901	3,415	-	<b>181,316</b>	<b>181,316</b>
<i>Debt securities</i>		177,901	-	-	177,901	177,901
<i>Foreign exchange contracts</i>		-	3,355	-	3,355	3,355
<i>Interest rate swaps</i>		-	60	-	60	60
<i>Derivative assets held for risk management</i>	19	-	18,185	-	18,185	18,185
Financial assets mandatorily at fair value through profit or loss, out of which:	26	-	18,553	137,560	<b>156,113</b>	<b>156,113</b>
<i>Loans and advances to customers</i>		-	-	137,560	137,560	137,560
<i>Debt securities and equity instruments</i>		-	18,553	-	18,553	18,553
Investment securities at fair value through other comprehensive income, out of which:	22	1,974,638	252,967	477,273	<b>2,704,878</b>	<b>2,704,878</b>
<i>Bonds issued by General Governments</i>		1,974,638	-	-	1,974,638	1,974,638
<i>Bonds issued by credit institutions</i>		-	252,967	-	252,967	252,967
<i>Bonds issued by other public sector</i>		-	-	477,273	477,273	477,273
Equity instruments at fair value through other comprehensive income	23	65,781	-	24,798	<b>90,579</b>	<b>90,579</b>
Derivatives Asset- Hedge accounting	27	-	37,793	-	<b>37,793</b>	<b>37,793</b>
<b>Financial instruments for which fair value is disclosed</b>						
Cash and cash with Central Bank	17	13,802,815	-	-	<b>13,802,815</b>	<b>13,802,815</b>
Loans and advances to banks at amortised cost	20	495,257	-	-	<b>495,257</b>	<b>495,257</b>
Loans and advances to customers at amortised cost	21	-	-	41,256,270	<b>41,256,270</b>	<b>41,259,437</b>
Investment securities at amortised cost	24	9,450,902	309,883	71,951	<b>9,832,736</b>	<b>10,013,097</b>
Other assets	28	-	-	161,302	<b>161,302</b>	<b>161,302</b>
<b>Financial liabilities</b>						
<b>Financial instruments measured at fair value</b>						
Trading liabilities	18	-	9,440	-	<b>9,440</b>	<b>9,440</b>
Derivative liabilities held for risk management	19	-	675	-	<b>675</b>	<b>675</b>
Fair value changes of the hedged items-liability	27	-	4,940	-	<b>4,940</b>	<b>4,940</b>
<b>Financial instruments for which fair value is disclosed</b>						
Deposits from banks	32	494,933	-	-	<b>494,933</b>	<b>494,928</b>
Deposits from customers	33	-	-	54,435,212	<b>54,435,212</b>	<b>54,488,871</b>
Loans from banks and other financial institutions	34	-	-	1,688	<b>1,688</b>	<b>1,745</b>
Debt securities issued	34	-	5,423,599	-	<b>5,423,599</b>	<b>5,555,004</b>
Subordinated loans	34	-	-	328,008	<b>328,008</b>	<b>326,015</b>
Other liabilities	35	-	-	1,481,127	<b>1,481,127</b>	<b>1,481,127</b>

The table below analyses financial instruments by using the valuation methods described in Note 6:

**Bank**

<i>In RON thousand</i>	<b>Note</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying amount</b>
<b>31 December 2022</b>						
<b>Financial assets</b>						
<b>Financial instruments measured at fair value</b>						
Trading assets, out of which:	18	49,812	43,490	–	<b>93,302</b>	<b>93,302</b>
<i>Debt securities</i>		49,812	–	–	49,812	49,812
<i>Foreign exchange contracts</i>		–	42,778	–	42,778	42,778
<i>Interest rate swaps</i>		–	712	–	712	712
<i>Derivative assets held for risk management</i>	19	–	13,781	–	13,781	13,781
Financial assets mandatorily at fair value through profit or loss, out of which:	26	–	16,478	153,935	<b>170,413</b>	<b>170,413</b>
<i>Loans and advances to customers</i>		–	–	153,935	153,935	153,935
<i>Debt securities and equity instruments</i>		–	16,478	–	16,478	16,478
<i>Investment securities at fair value through other comprehensive income, out of which:</i>	22	2,628,927	92,943	373,636	<b>3,095,506</b>	<b>3,095,506</b>
<i>Bonds issued by the Government of Romania</i>		2,628,927	–	–	2,628,927	2,628,927
<i>Bonds issued by credit institutions</i>		–	92,943	–	92,943	92,943
<i>Bonds issued by other public sector</i>		–	–	373,636	<b>373,636</b>	<b>373,636</b>
Equity instruments at fair value through other comprehensive income	23	54,114	–	17,374	<b>71,488</b>	<b>71,488</b>
Derivatives Asset- Hedge accounting	27	–	8,355	–	8,355	8,355
<b>Financial instruments for which fair value is disclosed</b>						
Cash and cash with Central Bank	17	8,280,853	–	–	<b>8,280,853</b>	<b>8,280,853</b>
Loans and advances to banks at amortised cost	20	286,851	–	–	<b>286,851</b>	<b>286,851</b>
Loans and advances to customers at amortised cost	21	–	–	39,288,304	<b>39,288,304</b>	<b>39,367,515</b>
Investment securities at amortised cost	24	7,978,387	303,660	75,510	<b>8,357,557</b>	<b>9,129,802</b>
Other assets	28	–	–	268,432	<b>268,432</b>	<b>268,432</b>
<b>Financial liabilities</b>						
<b>Financial instruments measured at fair value</b>						
Trading liabilities	18	–	27,715	–	<b>27,715</b>	<b>27,715</b>
Derivative liabilities held for risk management	19	–	5,860	–	<b>5,860</b>	<b>5,860</b>
Fair value changes of the hedged items-liability	27	–	11,398	–	<b>11,398</b>	<b>11,398</b>
Derivatives – Hedge accounting	27	–	–	–	–	–
<b>Financial instruments for which fair value is disclosed</b>						
Deposits from banks	32	578,106	–	–	<b>578,106</b>	<b>578,106</b>
Deposits from customers	33	–	–	49,195,681	<b>49,195,681</b>	<b>49,281,318</b>
Loans from banks and other financial institutions	34	–	–	3,741	<b>3,741</b>	<b>3,943</b>
Debt securities issued	34	–	3,536,005	–	<b>3,536,005</b>	<b>3,887,808</b>
Subordinated loans	34	–	–	332,555	<b>332,555</b>	<b>323,678</b>
Other liabilities	35	–	–	1,280,354	<b>1,280,354</b>	<b>1,280,354</b>

The below table presents the measurements categories for financial instruments:

**Group**

<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>31 December 2023</b>							
<b>Financial assets</b>							
Cash and cash with Central Bank	17	-	-	-	13,867,449	13,867,449	13,867,449
Trading assets	18	181,316	-	-	-	181,316	181,316
Derivative assets held for risk management	19	18,185	-	-	-	18,185	18,185
Financial assets mandatorily at fair value through profit or loss	26	-	178,427	-	-	178,427	178,427
Loans and advances to banks at amortised cost	20	-	-	-	484,640	484,640	484,640
Loans and advances to customers at amortised cost	21	-	-	-	41,813,234	41,813,234	41,810,068
Investment securities	22, 23, 24	-	-	2,815,785	10,026,621	12,842,406	12,661,670
Derivatives Asset- Hedge accounting		37,793	-	-	-	37,793	37,793
Other assets	28	-	-	-	193,637	193,637	193,637
<b>Total financial assets</b>		<b>237,294</b>	<b>178,427</b>	<b>2,815,785</b>	<b>66,385,581</b>	<b>69,617,087</b>	<b>69,433,185</b>
<b>Financial liabilities</b>							
Trading liabilities	18	9,440	-	-	-	9,440	9,440
Derivative liabilities held for risk management	19	675	-	-	-	675	675
Fair value changes of the hedged items-Liability	27	4,940	-	-	-	4,940	4,940
Derivatives – Hedge accounting	27	709	-	-	-	709	709
Deposits from banks	32	-	-	-	494,928	494,928	494,933
Deposits from customers	33	-	-	-	54,400,238	54,400,238	54,346,579
Loans from banks and other financial institutions	34	-	-	-	488,558	488,558	488,502
Debt securities issued	34	-	-	-	5,555,004	5,555,004	5,423,599
Subordinated loans	34	-	-	-	326,115	326,115	328,008
Other liabilities	35	-	-	-	1,518,346	1,518,346	1,518,346
<b>Total financial liabilities</b>		<b>15,764</b>	<b>-</b>	<b>-</b>	<b>62,783,189</b>	<b>62,798,953</b>	<b>62,615,731</b>

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

The below table presents the measurements categories for financial instruments:

**Group**

<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>31 December 2022</b>							
<b>Financial assets</b>							
Cash and cash with Central Bank	17	-	-	-	8,281,451	8,281,451	8,281,451
Trading assets	18	93,302	-	-	-	93,302	93,302
Derivative assets held for risk management	19	13,781	-	-	-	13,781	13,781
Financial assets mandatorily at fair value through profit or loss	26	-	184,458	-	-	184,458	184,458
Loans and advances to banks at amortised cost	20	-	-	-	323,543	323,543	323,543
Loans and advances to customers at amortised cost	21	-	-	-	39,851,569	39,851,569	39,772,358
Derivatives Asset- Hedge accounting	27	8,355	-	-	-	8,355	8,355
Investment securities	22, 23, 24	-	-	3,176,886	9,200,854	12,377,740	11,604,034
Other assets	28	-	-	-	290,875	290,875	290,875
<b>Total financial assets</b>		<b>115,438</b>	<b>184,458</b>	<b>3,176,886</b>	<b>57,948,292</b>	<b>61,425,074</b>	<b>60,572,157</b>
<b>Financial liabilities</b>							
Trading liabilities	18	27,715	-	-	-	27,715	27,715
Derivative liabilities held for risk management	19	5,860	-	-	-	5,860	5,860
Fair value changes of the hedged items-liability	27	11,398	-	-	-	11,398	11,398
Derivatives - Hedge accounting	27	-	-	-	-	-	-
Deposits from banks	32	-	-	-	578,106	578,106	578,106
Deposits from customers	33	-	-	-	49,233,568	49,233,568	49,147,932
Loans from banks and other financial institutions	34	-	-	-	390,285	390,285	390,083
Debt securities issued	34	-	-	-	3,887,808	3,887,808	3,536,005
Subordinated loans	34	-	-	-	323,726	323,726	332,555
Other liabilities	35	-	-	-	1,321,579	1,321,579	1,321,579
<b>Total financial liabilities</b>		<b>44,973</b>	<b>-</b>	<b>-</b>	<b>55,735,072</b>	<b>55,780,045</b>	<b>55,351,233</b>

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The below table presents the measurements categories for financial instruments:

**Bank**

<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>31 December 2023</b>							
<b>Financial assets</b>							
Cash and cash with Central Bank	17	–	–	–	13,802,815	13,802,815	13,802,815
Trading assets	18	181,316	–	–	–	181,316	181,316
Derivative assets held for risk management	19	18,185	–	–	–	18,185	18,185
Financial assets mandatorily at fair value through profit or loss	26	–	156,113	–	–	156,113	156,113
Loans and advances to banks at amortised cost	20	–	–	–	495,257	495,257	495,257
Loans and advances to customers at amortised cost	21	–	–	–	41,259,437	41,259,437	41,256,270
Investment securities	22, 23, 24	–	–	2,795,457	10,013,097	12,808,554	12,628,193
Derivatives Asset- Hedge accounting		37,793	–	–	–	37,793	37,793
Other assets	28	–	–	–	161,302	161,302	161,302
<b>Total financial assets</b>		<b>237,294</b>	<b>156,113</b>	<b>2,795,457</b>	<b>65,731,908</b>	<b>68,920,772</b>	<b>68,737,244</b>
<b>Financial liabilities</b>							
Trading liabilities	18	9,440	–	–	–	9,440	9,440
Derivative liabilities held for risk management	19	675	–	–	–	675	675
Fair value changes of the hedged items-Liability	27	4,940	–	–	–	4,940	4,940
Derivatives – Hedge accounting	27	709	–	–	–	709	709
Deposits from banks	32	–	–	–	494,928	494,928	494,933
Deposits from customers	33	–	–	–	54,488,871	54,488,871	54,435,212
Loans from banks and other financial institutions	34	–	–	–	1,745	1,745	1,688
Debt securities issued	34	–	–	–	5,555,004	5,555,004	5,423,599
Subordinated loans	34	–	–	–	326,015	326,015	328,008
Other liabilities	35	–	–	–	1,481,127	1,481,127	1,481,127
<b>Total financial liabilities</b>		<b>15,764</b>	<b>–</b>	<b>–</b>	<b>62,347,690</b>	<b>62,363,454</b>	<b>62,180,331</b>

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The below table presents the measurements categories for financial instruments:

### Bank

<i>In RON thousand</i>	Note	Held for trading	Mandatorily at fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying amount	Fair value
<b>31 December 2022</b>							
<b>Financial assets</b>							
Cash and cash with Central Bank	17	–	–	–	8,280,853	8,280,853	8,280,853
Trading assets	18	93,302	–	–	–	93,302	93,302
Derivative assets held for risk management	19	13,781	–	–	–	13,781	13,781
Financial assets mandatorily at fair value through profit or loss	26	–	170,413	–	–	170,413	170,413
Loans and advances to banks at amortised cost	20	–	–	–	286,851	286,851	286,851
Loans and advances to customers at amortised cost	21	–	–	–	39,367,515	39,367,515	39,288,304
Derivatives Asset- Hedge accounting	27	8,355	–	–	–	8,355	8,355
Investment securities	22, 23, 24	–	–	3,166,994	9,129,802	12,296,796	11,524,551
Other assets	28	–	–	–	268,432	268,432	268,432
<b>Total financial assets</b>		<b>115,438</b>	<b>170,413</b>	<b>3,166,994</b>	<b>57,333,453</b>	<b>60,786,298</b>	<b>59,934,842</b>
<b>Financial liabilities</b>							
Trading liabilities	18	27,715	–	–	–	27,715	27,715
Derivative liabilities held for risk management	19	5,860	–	–	–	5,860	5,860
Fair value changes of the hedged items-Liability	27	11,398	–	–	–	11,398	11,398
Derivatives – Hedge accounting	27	–	–	–	–	–	–
Deposits from banks	32	–	–	–	578,106	578,106	578,106
Deposits from customers	33	–	–	–	49,281,318	49,281,318	49,195,681
Loans from banks and other financial institutions	34	–	–	–	3,943	3,943	3,741
Debt securities issued	34	–	–	–	3,887,808	3,887,808	3,536,005
Subordinated loans	34	–	–	–	323,678	323,678	332,555
Other liabilities	35	–	–	–	1,280,354	1,280,354	1,280,354
<b>Total financial liabilities</b>		<b>44,973</b>	<b>–</b>	<b>–</b>	<b>55,355,207</b>	<b>55,400,180</b>	<b>54,971,415</b>

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## 8. NET INTEREST INCOME

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
<b>Interest income according to effective interest method</b>				
Current accounts and loans and advances to banks	42,940	9,477	41,001	11,314
Loans and advances to customers (i)	3,235,673	2,400,349	3,264,848	2,406,962
Investments measured at fair value through other comprehensive income	122,600	105,952	119,552	104,546
Investment securities measured at amortised cost	436,129	302,777	435,405	298,596
	<b>3,837,342</b>	<b>2,818,555</b>	<b>3,860,806</b>	<b>2,821,418</b>
<b>Interest income other</b>				
Current accounts and loans and advances to banks	187,562	41,588	186,628	39,846
Finance leasing activity	79,033	49,918	-	-
Negative interest on financial liabilities	-	77	-	77
Derivatives - Hedge accounting, interest rate risk	3,772	1,977	3,772	1,977
	<b>270,367</b>	<b>93,560</b>	<b>190,400</b>	<b>41,900</b>
<b>Total interest income</b>	<b>4,107,709</b>	<b>2,912,115</b>	<b>4,051,206</b>	<b>2,863,318</b>
<b>Interest expense</b>				
Deposits from banks	(8,090)	(16,195)	(8,090)	(16,195)
Deposits from customers	(939,448)	(276,319)	(939,228)	(275,824)
Debt securities issued	(245,333)	(109,893)	(245,333)	(109,893)
Loans from banks and subordinated liabilities	(83,195)	(92,048)	(69,761)	(88,512)
Leasing	(4,554)	(2,273)	(4,322)	(2,166)
Negative interest on financial assets	(28)	(13,472)	(28)	(13,472)
Derivatives - Hedge accounting, interest rate risk	(1,900)	(824)	(1,900)	(824)
Interest cost on benefit obligation	(4,232)	(738)	(4,232)	(738)
	<b>(1,286,780)</b>	<b>(511,762)</b>	<b>(1,272,894)</b>	<b>(507,624)</b>
<b>Net interest income</b>	<b>2,820,929</b>	<b>2,400,353</b>	<b>2,778,312</b>	<b>2,355,694</b>

(i) The amount of interest income from impaired loans amounts to RON 37,898 thousand (31 December 2022: RON 27,871 thousand).

## 9. NET FEE AND COMMISSION INCOME

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
<b>Fee and commission income</b>				
Transactions from payments transfer business	628,746	622,899	628,746	622,899
Loans administration and guarantee issuance	72,331	69,013	72,293	68,883
Asset management fee (i)	29,831	35,372	-	-
Commissions from insurance premium collections(ii)	88,289	78,259	88,289	78,259
Finance leasing administration	13,537	11,826	-	-
Other (iii)	70,841	24,113	75,410	27,585
<b>Total fee and commission income</b>	<b>903,575</b>	<b>841,482</b>	<b>864,738</b>	<b>797,626</b>
<b>Fees and commissions expense</b>				
Commissions for payment transfer business	(258,960)	(256,254)	(258,960)	(256,254)
Loan and guarantees received from banks	(16,173)	(7,761)	(16,173)	(7,761)
For securities business	(3,442)	(2,440)	(1,871)	(1,415)
Commissions for buying/selling cash	(12,024)	(12,267)	(12,024)	(12,267)
Others	(10,726)	(3,684)	(7,937)	(37)
<b>Total fee and commission expense</b>	<b>(301,325)</b>	<b>(282,406)</b>	<b>(296,965)</b>	<b>(277,734)</b>
<b>Net fee and commission income</b>	<b>602,250</b>	<b>559,076</b>	<b>567,773</b>	<b>519,892</b>

(i) The caption "Asset management fees" includes fees obtained by Raiffeisen Asset Management S.A. from its customers and are based on the value of assets under management.

(ii) The caption "Commissions from insurance premium collections" represents fees earned by the Bank for the intermediation of insurance policies between its customers and insurance companies.

(iii) Under "Other", the Group records mainly fees for its custody activity.

## 10. NET TRADING INCOME

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
<b>Net trading income from:</b>				
<i>Currency based instruments (i), out of which:</i>	360,863	321,694	362,003	322,542
• Gain/(loss) from foreign exchange derivative transactions	(5,990)	22,186	(6,008)	22,186
• Net gain on revaluation of monetary assets and foreign currency transactions	366,853	299,508	368,011	300,356
<i>Interest rate instruments (ii), out of which:</i>	16,687	7,503	16,687	7,503
• Net trading result from government securities and corporate debt securities	17,098	3,495	17,098	3,495
• Interest rate swaps gain/(loss)	(411)	4,008	(411)	4,008
<b>Net trading income</b>	<b>377,550</b>	<b>329,197</b>	<b>378,690</b>	<b>330,045</b>

(i) Net foreign exchange income from currency based transactions includes gains and losses from spot and forward contracts, money market instruments, currency swaps and from the translation of foreign currency assets and liabilities.

(ii) Net trading income from interest rate instruments includes the net result on trading in government securities, corporate debt securities and interest rate swaps.

## 11. OTHER OPERATING INCOME

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Revenues from additional leasing services	3,474	3,003	–	–
Reversal of other provisions	587	8,120	587	10,199
Dividend income	3,122	2,180	32,716	28,942
Income from repossessed assets	1,570	1,096	1,570	1,096
Reversal of litigation provision	25,357	7,805	25,357	7,805
Sundry income (i)	30,430	28,493	31,406	30,301
<b>Total</b>	<b>64,540</b>	<b>50,697</b>	<b>91,636</b>	<b>78,343</b>

(i) In "sundry income" position, the Group includes revenues from: various recoveries on sundry debtors, liabilities of the Bank which reached the prescription term and were derecognised, amounts resulted from cash reconciliation process etc.

## 12. OPERATING EXPENSES

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Office space expenses (i)	(69,492)	(63,366)	(67,672)	(61,621)
IT repairs and maintenance	(160,273)	(144,906)	(154,960)	(140,272)
Depreciation and amortization (Note 30 and 31)	(274,702)	(259,127)	(271,545)	(257,042)
Deposit insurance fees (ii)	(17,969)	(34,819)	(17,969)	(34,819)
Resolution fund fee (iii)	(30,635)	(35,989)	(30,605)	(35,888)
Security expenses	(51,657)	(46,775)	(51,647)	(46,765)
Advertising	(64,282)	(68,241)	(63,333)	(67,003)
Legal, advisory and consulting expenses	(45,943)	(48,667)	(44,450)	(46,760)
Postal and telecommunication expenses	(98,555)	(88,762)	(97,983)	(88,330)
Office supplies	(32,211)	(30,665)	(32,114)	(30,528)
Sundry operating expenses	(55,515)	(39,335)	(51,178)	(35,462)
Charge of other provisions	(27,725)	(584)	(22,802)	(584)
Training expenses for staff	(12,435)	(14,356)	(11,755)	(13,715)
Travelling expenses	(5,717)	(10,019)	(5,524)	(9,769)
Transport costs	(7,126)	(6,880)	(6,712)	(6,387)
Other taxes (iv)	(26,344)	(3,432)	(24,365)	(1,669)
<b>Total</b>	<b>(980,581)</b>	<b>(895,923)</b>	<b>(954,614)</b>	<b>(876,614)</b>

(i) The amounts under "Office space expenses" include mainly cleaning, security expenses and the VAT related to the rental paid invoices.

(ii) The Bank pays annually contributions to the Bank Deposit Guarantee Fund for guaranteed deposits. Guaranteed deposits represent any credit balance, including the due interest, which results from funds left in an account or from temporary situations deriving from normal banking transactions and which a credit institution must repay in the legal and contractual conditions applicable. Examples of guaranteed deposits are: time deposits, current accounts, savings accounts, debit/credit card accounts.

(iii) The Bank pays contribution to resolution fund for liabilities not covered, respectively for liabilities (excluding own funds) less covered deposits. The liability to pay these levies is recognized when they become constructive. In this case, the obligation arises annually on January 1, as the Bank performs activities related to deposits received.

The expense with deposit insurance fees and resolution fund fee is recognised in the year when paid.

(iv) Under the caption "Other taxes" the Group presents the movement in provision for tax audit (please see *note 28 Other assets*).

Within a package of tax reforms, Law 296/2023 introduced starting with 2024 an additional permanent banking fee, applicable to all credit institutions in Romania, regardless of the recorded financial result, with the introduction of differentiated tax rates, as follows:

- a) 2% of turnover, for the period 1 January 2024 – 31 December 2025 inclusive.
- b) 1% of turnover, as of 1 January 2026.

This tax on the operational income of banks was introduced to be paid in addition to the corporate income tax. The bank will calculate, declare, and pay the turnover tax starting with 2024 according to the tax laws in force.

*External auditor expense:*

**Group:** The expense with statutory audit of financial statements as at December 31, 2023 was in amount of RON 2,147 thousand (December 31, 2022: RON 2,156 thousand), the expense with assurance services as at December 31, 2023 was in amount of RON 574 thousand (December 31, 2022: RON 481 thousand), and the expense with non-assurance services as at December 31, 2023 was in amount of RON 191 thousand (December 31, 2022: RON 210 thousand).

**Bank:** The expense with statutory audit of financial statements as at December 31, 2023 was in amount of RON 1,648 thousand (December 31, 2022: RON 1,593 thousand), the expense with assurance services as at December 31, 2023 was in amount of RON 471 thousand (December 31, 2022: RON 297 thousand), and the expense with non-assurance services as at December 31, 2023 was in amount of RON 191 thousand (December 31, 2022: RON 210 thousand).

### 13. PERSONNEL EXPENSE

<i>In RON thousand</i>	<b>Group</b>		<b>Bank</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Salary expense	(777,132)	(707,722)	(745,567)	(675,879)
Social contributions	(24,719)	(20,844)	(24,062)	(20,233)
Other staff expenses	(36,545)	(31,550)	(35,435)	(30,498)
Expenses for defined benefit pension plans	(3,885)	(4,404)	(3,885)	(4,404)
Long term employee benefits	(4,592)	(7,337)	(4,491)	(7,235)
<b>Total</b>	<b>(846,873)</b>	<b>(771,857)</b>	<b>(813,440)</b>	<b>(738,249)</b>

The number of employees at Group level as at December 31, 2023 was 5,037 (December 31, 2022: 5,084). The number of employees at Bank level as at December 31, 2023 was 4,879 (December 31, 2022: 4,929).

#### 14. IMPAIRMENT (LOSSES)/REVERSALS

Group	31 December 2023				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Non-retail</b>					
Loans and advances to banks at amortised cost	(12)	(78)	–	–	(90)
Loans and advances to customers at amortised cost	2,406	(1,760)	(31,454)	(23,816)	(54,624)
Loan commitments and financial guarantees	6,426	653	16,807	–	23,886
Investment in subsidiaries, associates and joint ventures	(1,421)	–	–	–	(1,421)
Investment securities at amortised cost	(1,657)	–	–	–	(1,657)
Loans written-off	–	(1,557)	(15,943)	(591)	(18,091)
Recoveries from loans and advances to customers	–	–	34,840	5,195	40,035
<b>Total non-retail</b>	<b>5,742</b>	<b>(2,742)</b>	<b>4,250</b>	<b>(19,212)</b>	<b>(11,962)</b>
<b>Retail</b>					
Loans and advances to customers at amortised cost	38,708	45,332	(187,035)	30,090	(72,905)
Loan commitments and financial guarantees	2,556	4,340	2,276	–	9,172
Loans written-off	–	(2,023)	(3,847)	(89)	(5,959)
Recoveries from loans and advances to customers	–	–	106,019	5,554	111,573
<b>Total retail</b>	<b>41,264</b>	<b>47,649</b>	<b>(82,587)</b>	<b>35,555</b>	<b>41,881</b>
<b>Total</b>	<b>47,006</b>	<b>44,907</b>	<b>(78,337)</b>	<b>16,343</b>	<b>29,919</b>

Group	31 December 2022				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total
<b>Non-retail</b>					
Loans and advances to customers at amortised cost	(34,465)	11,459	8,233	(5,722)	(20,495)
Loan commitments and financial guarantees	(7,205)	1,428	(690)	–	(6,467)
Investment securities at amortised cost	(1,796)	–	–	–	(1,796)
Loans written-off	–	(319)	(1,960)	(253)	(2,532)
Recoveries from loans and advances to customers	–	–	17,313	276	17,589
<b>Total non-retail</b>	<b>(43,466)</b>	<b>12,568</b>	<b>22,896</b>	<b>(5,699)</b>	<b>(13,701)</b>
<b>Retail</b>					
Loans and advances to customers at amortised cost	(28,014)	(24,016)	(166,658)	11,430	(207,258)
Loan commitments and financial guarantees	(2,091)	(1,563)	(233)	–	(3,887)
Loans written-off	–	(1,359)	(24,831)	(1,232)	(27,422)
Recoveries from loans and advances to customers	–	–	96,215	8,672	104,887
<b>Total retail</b>	<b>(30,105)</b>	<b>(26,938)</b>	<b>(95,507)</b>	<b>18,870</b>	<b>(133,680)</b>
<b>Total</b>	<b>(73,571)</b>	<b>(14,370)</b>	<b>(72,611)</b>	<b>13,171</b>	<b>(147,381)</b>

Bank		31 December 2023				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total	
<b>Non-retail</b>						
Loans and advances to banks at amortised cost	(12)	(78)	–	–	(90)	
Loans and advances to customers at amortised cost	(631)	1,608	(34,203)	(23,816)	(57,042)	
Loan commitments and financial guarantees	6,426	653	16,807	–	23,886	
Investment in subsidiaries, associates and joint ventures	5,270	–	–	–	5,270	
Investment securities at amortised cost	(1,657)	–	–	–	(1,657)	
Loans written-off	–	(1,557)	(14,591)	(591)	(16,739)	
Recoveries from loans and advances to customers	–	–	34,840	5,195	40,035	
<b>Total non-retail</b>	<b>9,396</b>	<b>626</b>	<b>2,853</b>	<b>(19,212)</b>	<b>(6,337)</b>	
<b>Retail</b>						
Loans and advances to customers at amortised cost	38,774	45,250	(187,129)	30,090	(73,015)	
Loan commitments and financial guarantees	2,556	4,340	2,276	–	9,172	
Loans written-off	–	(2,023)	(3,847)	(89)	(5,959)	
Recoveries from loans and advances to customers	–	–	105,530	5,554	111,084	
<b>Total retail</b>	<b>41,330</b>	<b>47,567</b>	<b>(83,170)</b>	<b>35,555</b>	<b>41,282</b>	
<b>Total</b>	<b>50,726</b>	<b>48,193</b>	<b>(80,317)</b>	<b>16,343</b>	<b>34,945</b>	

Bank		31 December 2022				
<i>In RON thousand</i>	Stage 1	Stage 2	Stage 3	POCI	Total	
<b>Non-retail</b>						
Loans and advances to customers at amortised cost	(31,405)	11,746	4,281	(5,722)	(21,100)	
Loan commitments and financial guarantees	(7,205)	1,428	(690)	–	(6,467)	
Investment in subsidiaries, associates and joint ventures	–	–	(26,648)	–	(26,648)	
Investment securities at amortised cost	(1,796)	–	–	–	(1,796)	
Loans written-off	–	(319)	(1,537)	(253)	(2,109)	
Recoveries from loans and advances to customers	–	–	17,313	276	17,589	
<b>Total non-retail</b>	<b>(40,406)</b>	<b>12,855</b>	<b>(7,281)</b>	<b>(5,699)</b>	<b>(40,531)</b>	
<b>Retail</b>						
Loans and advances to customers at amortised cost	(28,252)	(24,009)	(166,514)	11,430	(207,345)	
Loan commitments and financial guarantees	(2,091)	(1,563)	(233)	–	(3,887)	
Loans written-off	–	(1,359)	(24,831)	(1,232)	(27,422)	
Recoveries from loans and advances to customers	–	–	95,593	8,672	104,265	
<b>Total retail</b>	<b>(30,343)</b>	<b>(26,931)</b>	<b>(95,985)</b>	<b>18,870</b>	<b>(134,389)</b>	
<b>Total</b>	<b>(70,749)</b>	<b>(14,076)</b>	<b>(103,266)</b>	<b>13,171</b>	<b>(174,920)</b>	

The decrease of impairment loss in 2023 is due to the following factors: new IFRS models implementation in February 2023 together with the positive outlook for the macro factors.

The contractual amount outstanding on credit exposures that were written off and are still subject to enforcement activity during the period as of December 31, 2023 is RON 46,701 thousand (December 31, 2022: RON 128,830 thousand), out of which non-retail exposures in amount of RON 5,028 thousand (December 31, 2022: RON 3,769 thousand) and retail exposures in amount of RON 41,673 thousand (December 31, 2022: RON 125,061 thousand).

## 15. INCOME TAX EXPENSE

### i) INCOME TAX EXPENSE

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Current tax expenses at 16% (2022:16%) of taxable profits determined in accordance with Romanian law	(348,037)	(251,543)	(344,939)	(244,384)
Adjustments recognized in the period for current tax of prior periods	3	-	4	-
Deferred tax expense / (income) (Note 29)	(11,138)	21,036	(8,045)	20,822
Expense with provision from tax inspection	(24,388)	-	(24,388)	-
<b>Total</b>	<b>(383,560)</b>	<b>(230,507)</b>	<b>(377,368)</b>	<b>(223,562)</b>

### ii) INCOME TAX RECEIVABLE

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Current tax receivable	-	166	-	-
Non current tax receivable – Gross Book Value *	143,246	130,129	143,246	130,129
Provision for Non current tax receivable	(93,784)	(56,280)	(93,784)	(56,280)
<b>Total</b>	<b>49,462</b>	<b>74,015</b>	<b>49,462</b>	<b>73,849</b>

\*According to IFRIC 23, as of December 31, 2023, the carrying amount of income taxes with uncertain treatment is RON 143,246 thousand (December 31, 2022: RON 130,129 thousand) and the correspondent provision is RON 93,784 thousand (December 31, 2022: RON 56,280 thousand) and resulted from the tax audit detailed in note 28 "Other assets". This amount includes income tax (principal and related penalties). In this respect, the taxation authority and the court represent the bodies that decide whether tax treatments are acceptable under tax law.

The Bank reviewed the provision for the litigation with ANAF and recognized an additional amount of RON 24,388 thousand as of December 31, 2023.

## 16. RECONCILIATION OF INCOME TAX WITH THE CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Gross profit before tax	2,084,327	1,486,737	2,096,858	1,458,257
<b>Taxation at statutory rate of 16% (2022: 16%)</b>	<b>(333,492)</b>	<b>(237,878)</b>	<b>(335,497)</b>	<b>(233,321)</b>
Non-deductible expenses	(26,613)	(24,305)	(23,088)	(19,875)
Non-taxable revenues	(3,193)	23,869	1,694	21,974
<b>Corporate income tax before fiscal credit</b>	<b>(363,298)</b>	<b>(238,314)</b>	<b>(356,891)</b>	<b>(231,222)</b>
Fiscal credit	4,122	7,807	3,907	7,660
Adjustments recognized in the period for current tax of prior periods	4	-	4	-
<b>Corporate income tax</b>	<b>(359,172)</b>	<b>(230,507)</b>	<b>(352,980)</b>	<b>(223,562)</b>
Income tax resulted from tax inspection	(24,388)	-	(24,388)	-
<b>Income tax expense</b>	<b>(383,560)</b>	<b>(230,507)</b>	<b>(377,368)</b>	<b>(223,562)</b>

The main non-taxable income is from reversal of provisions and dividends received. Non-deductible expenses are from provisions, sponsorships, accruals and other non-deductible expenses according to the Fiscal Code.



## 17. CASH AND CASH WITH CENTRAL BANK

<i>In RON thousand</i>	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash and cash equivalents	2,108,370	1,621,589	2,108,360	1,620,991
Minimum compulsory reserve	11,759,079	6,659,862	11,694,455	6,659,862
<b>Total</b>	<b>13,867,449</b>	<b>8,281,451</b>	<b>13,802,815</b>	<b>8,280,853</b>

The Bank maintains with the National Bank of Romania the minimum compulsory reserve established under Regulation no. 6/2002 issued by the National Bank of Romania, with subsequent amendments and addendums. As of December 31, 2023, the mandatory minimum reserve ratio was 8% (December 31, 2022: 8%) for funds raised in RON and 5% (December 31, 2022: 5%) for funds in foreign currency with residual maturity of less than 2 years, at the end of the observation period. For liabilities having residual maturity over 2 years at the end of the observation period, without reimbursement, conversion or early retirement clauses, compulsory minimum reserve ratio was set at 0% (December 31, 2022: 0%).

The minimum compulsory reserve can be used by the Group for daily activities but under the condition that the monthly average balance of the minimum compulsory reserve is kept within the legal limits, therefore the Group considers that this is not restrictive cash and includes the amount in cash and cash equivalents considered in Cash flow statement.

## 18. TRADING ASSETS / LIABILITIES

<i>In RON thousand</i>	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<b>Trading assets</b>				
Debt instruments	177,901	49,812	177,901	49,812
Derivative financial instruments	3,415	43,490	3,415	43,490
<b>Total</b>	<b>181,316</b>	<b>93,302</b>	<b>181,316</b>	<b>93,302</b>
<b>Trading liabilities</b>				
Derivative financial instruments	6,539	27,715	6,539	27,715
Short position	2,901	–	2,901	–
<b>Total</b>	<b>9,440</b>	<b>27,715</b>	<b>9,440</b>	<b>27,715</b>

## 19. DERIVATIVES HELD FOR RISK MANAGEMENT

The portfolio of derivatives held for economic hedge risk management purposes (hedge accounting is not applied here) are detailed below:

### Group

#### 31 December 2023

*In RON thousand*

OTC products:

Cross currency Interest rate swaps

FX swap

Interest rate swaps

**Total**

	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
Cross currency Interest rate swaps	177,153	177,153	13,351	-
FX swap	1,309,448	1,309,889	589	588
Interest rate swaps	146,746	146,746	4,245	87
<b>Total</b>			<b>18,185</b>	<b>675</b>

#### 31 December 2022

*In RON thousand*

OTC products:

Cross currency Interest rate swaps

FX swap

Interest rate swaps

**Total**

	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
Cross currency Interest rate swaps	105,826	105,826	6,643	-
FX swap	1,181,823	1,184,016	-	2,888
Interest rate swaps	196,474	196,474	7,138	2,972
<b>Total</b>			<b>13,781</b>	<b>5,860</b>

### Bank

#### 31 December 2023

*In RON thousand*

OTC products:

Cross currency Interest rate swaps

FX swap

Interest rate swaps

**Total**

	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
Cross currency Interest rate swaps	177,153	177,153	13,351	-
FX swap	1,309,448	1,309,889	589	588
Interest rate swaps	146,746	146,746	4,245	87
<b>Total</b>			<b>18,185</b>	<b>675</b>

#### 31 December 2022

*In RON thousand*

OTC products:

Cross currency Interest rate swaps

FX swap

Interest rate swaps

**Total**

	Notional buy	Notional sell	Fair value	
			Assets	Liabilities
Cross currency Interest rate swaps	105,826	105,826	6,643	-
FX swap	1,181,823	1,184,016	-	2,888
Interest rate swaps	196,474	196,474	7,138	2,972
<b>Total</b>			<b>13,781</b>	<b>5,860</b>

FX swap contracts are used by the bank mainly for liquidity management. These operations are used by the bank to invest for a period of time the liquidity available in a currency by exchange it for another currency.

The fair value of derivative financial instruments is determined by discounted cash flow models using the market quotations at the valuation date. Foreign exchange transactions are measured by discounted future models using the market rates from Reuters and the fixing price of National Bank of Romania.

## 20. LOANS AND ADVANCES TO BANKS AT AMORTISED COST

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Refundable at request	94,551	33,185	93,307	32,627
Sight deposits	164,872	40,499	164,872	40,499
Term deposits	22,827	51,233	22,827	3,194
Reverse repo	2,918	–	2,918	–
Term loans	199,472	198,626	199,472	198,626
Subordinated loans	–	–	11,861	11,905
<b>Total</b>	<b>484,640</b>	<b>323,543</b>	<b>495,257</b>	<b>286,851</b>

## 21. LOANS AND ADVANCES TO CUSTOMERS AT AMORTISED COST

The table below presents the carrying amount of credit risk exposures and corresponding impairment allowances as follows:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
<b>Non-retail</b>				
Gross exposure	22,511,941	20,309,484	22,389,976	20,212,370
Impairment allowance	(397,070)	(424,174)	(374,935)	(403,088)
Net exposure	22,114,871	19,885,310	22,015,041	19,809,282
<b>Retail</b>				
Gross exposure	20,528,701	20,878,627	20,059,898	20,452,399
Impairment allowance	(830,338)	(912,368)	(815,502)	(894,166)
Net exposure	19,698,363	19,966,259	19,244,396	19,558,233
<b>Total net exposure</b>	<b>41,813,234</b>	<b>39,851,569</b>	<b>41,259,437</b>	<b>39,367,515</b>

The tables below present an analysis of changes in the gross carrying amount as follows:

Group	2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2023	17,337,146	2,687,988	236,299	48,051	20,309,484
New assets originated or purchased	16,276,936	871,656	22,951	923	17,172,466
Assets derecognised or repaid (excluding write offs)	(13,374,130)	(1,502,867)	(151,786)	(10,703)	(15,039,486)
Transfers to Stage 1	2,205,456	(2,199,575)	(5,881)	-	-
Transfers to Stage 2	(2,322,618)	2,332,952	(1,491)	-	8,843
Transfers to Stage 3	(3,249)	(114,718)	118,056	-	89
Decrease due to write-offs	-	-	(2,121)	-	(2,121)
Foreign exchange adjustments	56,384	6,218	53	11	62,666
<b>Total non-retail gross carrying amount as at 31 December 2023</b>	<b>20,175,925</b>	<b>2,081,654</b>	<b>216,080</b>	<b>38,282</b>	<b>22,511,941</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2023	17,811,492	2,166,865	722,263	178,007	20,878,627
New assets originated or purchased	5,655,018	854,043	9,071	13,847	6,531,979
Assets derecognised or repaid (excluding write offs)	(5,357,496)	(1,130,091)	(365,635)	(17,057)	(6,870,279)
Transfers to Stage 1	5,547,934	(5,521,785)	(26,149)	-	-
Transfers to Stage 2	(7,022,279)	7,088,353	(74,917)	-	(8,843)
Transfers to Stage 3	(45,319)	(503,103)	548,333	-	(89)
Decrease due to write-offs	-	-	(25,466)	-	(25,466)
Foreign exchange adjustments	5,378	10,731	4,727	1,936	22,772
<b>Total retail gross carrying amount as at 31 December 2023</b>	<b>16,594,728</b>	<b>2,965,013</b>	<b>792,227</b>	<b>176,733</b>	<b>20,528,701</b>
<b>Total gross carrying amount</b>	<b>36,770,653</b>	<b>5,046,667</b>	<b>1,008,307</b>	<b>215,015</b>	<b>43,040,642</b>

The tables below present an analysis of changes in the gross carrying amount as follows:

Group	2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2022	12,368,356	2,172,396	266,134	50,444	14,857,330
New assets originated or purchased	17,983,686	1,216,946	65,575	7,249	19,273,456
Assets derecognised or repaid (excluding write offs)	(12,382,879)	(1,337,414)	(135,010)	(9,621)	(13,864,924)
Transfers to Stage 1	636,901	(636,715)	-	-	186
Transfers to Stage 2	(1,302,013)	1,311,295	-	-	9,282
Transfers to Stage 3	(1,656)	(41,630)	43,286	-	-
Decrease due to write-offs	-	-	(3,509)	-	(3,509)
Foreign exchange adjustments	34,751	3,110	(177)	(21)	37,663
<b>Total non-retail gross carrying amount as at 31 December 2022</b>	<b>17,337,146</b>	<b>2,687,988</b>	<b>236,299</b>	<b>48,051</b>	<b>20,309,484</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2022	16,130,242	2,361,452	807,783	197,325	19,496,802
New assets originated or purchased	7,649,254	67,820	15,958	17,738	7,750,770
Assets derecognised or repaid (excluding write offs)	(5,004,797)	(849,484)	(373,458)	(38,379)	(6,266,118)
Transfers to Stage 1	2,549,192	(2,522,741)	(26,637)	-	(186)
Transfers to Stage 2	(3,466,726)	3,526,927	(69,483)	-	(9,282)
Transfers to Stage 3	(45,350)	(426,030)	471,380	-	-
Decrease due to write-offs	-	-	(107,132)	-	(107,132)
Foreign exchange adjustments	(323)	8,921	3,852	1,323	13,773
<b>Total retail gross carrying amount as at 31 December 2022</b>	<b>17,811,492</b>	<b>2,166,865</b>	<b>722,263</b>	<b>178,007</b>	<b>20,878,627</b>
<b>Total gross carrying amount</b>	<b>35,148,638</b>	<b>4,854,853</b>	<b>958,562</b>	<b>226,058</b>	<b>41,188,111</b>

The tables below present an analysis of changes in the gross carrying amount as follows:

<b>Bank</b>	<b>2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2023	17,402,955	2,541,618	219,746	48,051	20,212,370
New assets originated or purchased	16,181,029	786,614	22,951	923	16,991,517
Assets derecognised or repaid (excluding write offs)	(13,217,946)	(1,497,612)	(150,209)	(10,703)	(14,876,470)
Transfers to Stage 1	2,119,633	(2,113,752)	(5,881)	-	-
Transfers to Stage 2	(2,170,071)	2,171,562	(1,491)	-	-
Transfers to Stage 3	(3,249)	(111,978)	115,227	-	-
Decrease due to write-offs	-	-	(107)	-	(107)
Foreign exchange adjustments	56,384	6,218	53	11	62,666
<b>Total non-retail gross carrying amount as at 31 December 2023</b>	<b>20,368,735</b>	<b>1,782,670</b>	<b>200,289</b>	<b>38,282</b>	<b>22,389,976</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2023	17,438,371	2,132,357	703,664	178,007	20,452,399
New assets originated or purchased	5,472,740	826,745	8,700	13,847	6,322,032
Assets derecognised or repaid (excluding write offs)	(5,233,448)	(1,104,670)	(356,819)	(17,057)	(6,711,994)
Transfers to Stage 1	5,526,782	(5,501,328)	(25,454)	-	-
Transfers to Stage 2	(6,954,782)	7,029,493	(74,711)	-	-
Transfers to Stage 3	(41,513)	(501,572)	543,085	-	-
Decrease due to write-offs	-	-	(25,311)	-	(25,311)
Foreign exchange adjustments	5,378	10,731	4,727	1,936	22,772
<b>Total retail gross carrying amount as at 31 December 2023</b>	<b>16,213,528</b>	<b>2,891,756</b>	<b>777,881</b>	<b>176,733</b>	<b>20,059,898</b>
<b>Total gross carrying amount</b>	<b>36,582,263</b>	<b>4,674,426</b>	<b>978,170</b>	<b>215,015</b>	<b>42,449,874</b>

The tables below present an analysis of changes in the gross carrying amount as follows:

<b>Bank</b>	<b>2022</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2022	12,529,976	1,966,729	245,941	50,444	14,793,090
New assets originated or purchased	17,732,116	1,143,620	65,393	7,249	18,948,378
Assets derecognised or repaid (excluding write offs)	(12,260,893)	(1,163,431)	(129,307)	(9,621)	(13,563,252)
Transfers to Stage 1	631,044	(631,044)	-	-	-
Transfers to Stage 2	(1,263,597)	1,263,597	-	-	-
Transfers to Stage 3	(442)	(40,963)	41,405	-	-
Decrease due to write-offs	-	-	(3,509)	-	(3,509)
Foreign exchange adjustments	34,751	3,110	(177)	(21)	37,663
<b>Total non-retail gross carrying amount as at 31 December 2022</b>	<b>17,402,955</b>	<b>2,541,618</b>	<b>219,746</b>	<b>48,051</b>	<b>20,212,370</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2022	15,756,904	2,307,299	784,900	197,325	19,046,428
New assets originated or purchased	7,473,920	61,022	14,668	17,738	7,567,348
Assets derecognised or repaid (excluding write offs)	(4,842,441)	(826,530)	(361,078)	(38,379)	(6,068,428)
Transfers to Stage 1	2,546,929	(2,520,347)	(26,582)	-	-
Transfers to Stage 2	(3,455,508)	3,524,896	(69,388)	-	-
Transfers to Stage 3	(41,111)	(422,904)	464,015	-	-
Decrease due to write-offs	-	-	(106,722)	-	(106,722)
Foreign exchange adjustments	(322)	8,921	3,851	1,323	13,773
<b>Total retail gross carrying amount as at 31 December 2022</b>	<b>17,438,371</b>	<b>2,132,357</b>	<b>703,664</b>	<b>178,007</b>	<b>20,452,399</b>
<b>Total gross carrying amount</b>	<b>34,841,326</b>	<b>4,673,975</b>	<b>923,410</b>	<b>226,058</b>	<b>40,664,769</b>

The tables below present an analysis of changes in the ECL allowances as follows:

Group	2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2023	160,587	83,190	142,601	37,796	424,174
New assets originated or purchased	122,393	25,870	22,208	-	170,471
Assets derecognised or repaid (excluding write offs)	(76,681)	(14,565)	(72,329)	(1,782)	(165,357)
Transfers to Stage 1	16,028	(15,987)	(41)	-	-
Transfers to Stage 2	(13,726)	13,726	-	-	-
Transfers to Stage 3	(11)	(4,941)	4,952	-	-
Impact on year end ECL of exposures transferred between stages during the year	(65,981)	(1,918)	40,770	(4,062)	(31,191)
Decrease in allowance account due to write-offs	-	-	(1,424)	-	(1,424)
Foreign exchange adjustments	196	286	(90)	5	397
<b>Total non-retail ECL as at 31 December 2023</b>	<b>142,805</b>	<b>85,661</b>	<b>136,647</b>	<b>31,957</b>	<b>397,070</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2023	110,577	234,911	529,161	37,719	912,368
New assets originated or purchased	102,595	36,141	17,750	-	156,486
Assets derecognised or repaid (excluding write offs)	(24,399)	(53,676)	(229,005)	(4,756)	(311,836)
Transfers to Stage 1	379,465	(370,583)	(8,882)	-	-
Transfers to Stage 2	(82,387)	112,068	(29,681)	-	-
Transfers to Stage 3	(640)	(85,850)	86,490	-	-
Impact on year end ECL of exposures transferred between stages during the year	(397,674)	309,315	181,804	192	93,637
Decrease in allowance account due to write-offs	-	-	(24,335)	-	(24,335)
Foreign exchange adjustments	(8)	234	3,140	652	4,018
<b>Total retail ECL as at 31 December 2023</b>	<b>87,529</b>	<b>182,560</b>	<b>526,442</b>	<b>33,807</b>	<b>830,338</b>
<b>Total impairment allowance</b>	<b>230,334</b>	<b>268,221</b>	<b>663,089</b>	<b>65,764</b>	<b>1,227,408</b>



The tables below present an analysis of changes in the ECL allowances as follows:

Group	2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2022	129,163	93,669	174,680	38,752	436,264
New assets originated or purchased	104,911	56,924	15,588	-	177,423
Assets derecognised or repaid (excluding write offs)	(48,170)	(28,773)	(43,231)	(990)	(121,164)
Transfers to Stage 1	30,417	(30,417)	-	-	-
Transfers to Stage 2	(10,620)	10,620	-	-	-
Transfers to Stage 3	(1)	(1,520)	1,521	-	-
Impact on year end ECL of exposures transferred between stages during the year	(44,740)	(16,970)	(2,370)	33	(64,047)
Decrease in allowance account due to write-offs	-	-	(3,509)	-	(3,509)
Foreign exchange adjustments	(373)	(343)	(78)	1	(793)
<b>Total non-retail ECL as at 31 December 2022</b>	<b>160,587</b>	<b>83,190</b>	<b>142,601</b>	<b>37,796</b>	<b>424,174</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2022	80,813	215,630	604,615	43,697	944,755
New assets originated or purchased	78,222	8,324	26,783	-	113,329
Assets derecognised or repaid (excluding write offs)	(20,332)	(40,304)	(194,372)	(8,488)	(263,496)
Transfers to Stage 1	249,423	(232,678)	(16,745)	-	-
Transfers to Stage 2	(43,662)	86,915	(43,253)	-	-
Transfers to Stage 3	(1,040)	(74,945)	75,985	-	-
Impact on year end ECL of exposures transferred between stages during the year	(232,837)	270,695	178,290	1,977	218,125
Decrease in allowance account due to write-offs	-	(4)	(104,621)	-	(104,625)
Foreign exchange adjustments	(10)	1,278	2,479	533	4,280
<b>Total retail ECL as at 31 December 2022</b>	<b>110,577</b>	<b>234,911</b>	<b>529,161</b>	<b>37,719</b>	<b>912,368</b>
<b>Total impairment allowance</b>	<b>271,164</b>	<b>318,101</b>	<b>671,762</b>	<b>75,515</b>	<b>1,336,542</b>

The tables below present an analysis of changes in the ECL allowances as follows:

<b>Bank</b>	<b>2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2023	160,102	75,735	129,455	37,796	403,088
New assets originated or purchased	120,579	24,701	22,208	-	167,488
Assets derecognised or repaid (excluding write offs)	(76,302)	(14,171)	(72,109)	(1,782)	(164,364)
Transfers to Stage 1	16,028	(15,987)	(41)	-	-
Transfers to Stage 2	(13,726)	13,726	-	-	-
Transfers to Stage 3	(11)	(4,941)	4,952	-	-
Impact on year end ECL of exposures transferred between stages during the year	(64,211)	(3,565)	40,325	(4,062)	(31,513)
Decrease in allowance account due to write-offs	-	-	(106)	-	(106)
Foreign exchange adjustments	194	279	(136)	5	342
<b>Total non-retail ECL as at 31 December 2023</b>	<b>142,653</b>	<b>75,777</b>	<b>124,548</b>	<b>31,957</b>	<b>374,935</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2023	104,989	232,755	518,703	37,719	894,166
New assets originated or purchased	100,784	35,736	17,745	-	154,265
Assets derecognised or repaid (excluding write offs)	(24,018)	(53,428)	(227,583)	(4,756)	(309,785)
Transfers to Stage 1	379,465	(370,583)	(8,882)	-	-
Transfers to Stage 2	(82,387)	112,068	(29,681)	-	-
Transfers to Stage 3	(640)	(85,850)	86,490	-	-
Impact on year end ECL of exposures transferred between stages during the year	(393,503)	308,479	182,041	192	97,209
Decrease in allowance account due to write-offs	-	-	(24,335)	-	(24,335)
Foreign exchange adjustments	(11)	235	3,106	652	3,982
<b>Total retail ECL as at 31 December 2023</b>	<b>84,679</b>	<b>179,412</b>	<b>517,604</b>	<b>33,807</b>	<b>815,502</b>
<b>Total impairment allowance</b>	<b>227,332</b>	<b>255,189</b>	<b>642,152</b>	<b>65,764</b>	<b>1,190,437</b>

The tables below present an analysis of changes in the ECL allowances as follows:

<b>Bank</b>	<b>2022</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2022	129,062	86,574	159,530	38,752	413,918
New assets originated or purchased	104,385	54,545	15,588	–	174,518
Assets derecognised or repaid (excluding write offs)	(47,893)	(28,367)	(42,856)	(990)	(120,106)
Transfers to Stage 1	30,417	(30,417)	–	–	–
Transfers to Stage 2	(10,620)	10,620	–	–	–
Transfers to Stage 3	(1)	(1,520)	1,521	–	–
Impact on year end ECL of exposures transferred between stages during the year	(44,875)	(15,360)	(749)	33	(60,951)
Decrease in allowance account due to write-offs	–	–	(3,509)	–	(3,509)
Foreign exchange adjustments	(373)	(340)	(70)	1	(782)
<b>Total non-retail ECL as at 31 December 2022</b>	<b>160,102</b>	<b>75,735</b>	<b>129,455</b>	<b>37,796</b>	<b>403,088</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2022	76,940	215,841	589,359	43,706	925,846
New assets originated or purchased	76,081	7,727	26,767	–	110,575
Assets derecognised or repaid (excluding write offs)	(19,847)	(39,998)	(191,819)	(8,488)	(260,152)
Transfers to Stage 1	249,423	(232,678)	(16,745)	–	–
Transfers to Stage 2	(43,662)	86,915	(43,253)	–	–
Transfers to Stage 3	(1,040)	(74,945)	75,985	–	–
Impact on year end ECL of exposures transferred between stages during the year	(232,899)	268,618	180,137	1,968	217,824
Decrease in allowance account due to write-offs	–	(4)	(104,211)	–	(104,215)
Foreign exchange adjustments	(7)	1,279	2,483	533	4,288
<b>Total retail ECL as at 31 December 2022</b>	<b>104,989</b>	<b>232,755</b>	<b>518,703</b>	<b>37,719</b>	<b>894,166</b>
<b>Total impairment allowance</b>	<b>265,091</b>	<b>308,490</b>	<b>648,158</b>	<b>75,515</b>	<b>1,297,254</b>

The tables below present an analysis of changes in the ECL allowances for secured retail portfolio as follows:

<b>Group</b> <i>In RON thousand</i>	<b>2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>Retail secured</b>					
ECL allowance as at 1 January 2023	26,284	92,706	177,725	34,245	330,960
New assets originated or purchased	98	1,352	2,230	1,495	5,175
Assets derecognised or repaid (excluding write offs)	(304)	(2,336)	(15,383)	(2,467)	(20,490)
Transfers to Stage 1	69,653	(66,425)	(3,228)	-	-
Transfers to Stage 2	(5,742)	21,916	(16,174)	-	-
Transfers to Stage 3	(21)	(4,937)	4,958	-	-
Impact on year end ECL of exposures transferred between stages during the year	(88,010)	(21,003)	4,343	(4,186)	(108,856)
Decrease in allowance account due to write-offs	-	-	(5,195)	-	(5,195)
Foreign exchange adjustments	(10)	260	3,682	651	4,583
<b>Total retail secured ECL as at 31 December 2023</b>	<b>1,948</b>	<b>21,533</b>	<b>152,958</b>	<b>29,738</b>	<b>206,177</b>

<b>Group</b> <i>In RON thousand</i>	<b>2022</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>Retail secured</b>					
ECL allowance as at 1 January 2022	18,442	116,819	189,310	35,439	360,010
New assets originated or purchased	2,569	5	3,075	2,645	8,294
Assets derecognised or repaid (excluding write offs)	(1,179)	(8,799)	(20,532)	(3,513)	(34,023)
Transfers to Stage 1	112,996	(106,800)	(5,784)	-	412
Transfers to Stage 2	(8,530)	30,882	(22,307)	-	45
Transfers to Stage 3	(104)	(10,974)	11,150	-	72
Impact on year end ECL of exposures transferred between stages during the year	(97,902)	70,160	20,890	(861)	(7,713)
Decrease in allowance account due to write-offs	-	-	(918)	-	(918)
Foreign exchange adjustments	(8)	1,413	2,841	535	4,781
<b>Total retail secured ECL as at 31 December 2022</b>	<b>26,284</b>	<b>92,706</b>	<b>177,725</b>	<b>34,245</b>	<b>330,960</b>

The tables below present an analysis of changes in the ECL allowances for secured retail portfolio as follows:

<b>Bank</b> <i>In RON thousand</i>	<b>2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>Retail secured</b>					
ECL allowance as at 1 January 2023	26,284	92,706	177,725	34,245	330,960
New assets originated or purchased	98	1,352	2,230	1,495	5,175
Assets derecognised or repaid (excluding write offs)	(304)	(2,336)	(15,383)	(2,467)	(20,490)
Transfers to Stage 1	69,653	(66,425)	(3,228)	-	-
Transfers to Stage 2	(5,742)	21,916	(16,174)	-	-
Transfers to Stage 3	(21)	(4,937)	4,958	-	-
Impact on year end ECL of exposures transferred between stages during the year	(88,010)	(21,003)	4,343	(4,186)	(108,856)
Decrease in allowance account due to write-offs	-	-	(5,195)	-	(5,195)
Foreign exchange adjustments	(10)	260	3,682	651	4,583
<b>Total retail secured ECL as at 31 December 2023</b>	<b>1,948</b>	<b>21,533</b>	<b>152,958</b>	<b>29,738</b>	<b>206,177</b>

<b>Bank</b> <i>In RON thousand</i>	<b>2022</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<b>Retail secured</b>					
ECL allowance as at 1 January 2022	18,442	116,819	189,310	35,439	360,010
New assets originated or purchased	2,569	5	3,075	2,645	8,294
Assets derecognised or repaid (excluding write offs)	(1,179)	(8,799)	(20,532)	(3,513)	(34,023)
Transfers to Stage 1	112,996	(106,800)	(5,784)	-	412
Transfers to Stage 2	(8,530)	30,882	(22,307)	-	45
Transfers to Stage 3	(104)	(10,974)	11,150	-	72
Impact on year end ECL of exposures transferred between stages during the year	(97,902)	70,160	20,890	(861)	(7,713)
Decrease in allowance account due to write-offs	-	-	(918)	-	(918)
Foreign exchange adjustments	(8)	1,413	2,841	535	4,781
<b>Total retail secured ECL as at 31 December 2022</b>	<b>26,284</b>	<b>92,706</b>	<b>177,725</b>	<b>34,245</b>	<b>330,960</b>

The tables below present an analysis of changes in the gross carrying for off-balance sheet exposures as follows:

Group	2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2023	15,977,322	829,294	123,363	160	16,930,139
New assets originated or purchased	8,545,557	231,373	32,966	628	8,810,524
Assets derecognised or repaid (excluding write offs)	(8,948,510)	(370,746)	(32,941)	(242)	(9,352,439)
Transfers to Stage 1	728,896	(698,162)	(30,734)	-	-
Transfers to Stage 2	(986,353)	1,011,471	(25,118)	-	-
Transfers to Stage 3	-	(13,918)	13,918	-	-
Foreign exchange adjustments	304,681	444	190	-	305,315
<b>Total non-retail gross carrying amount as at 31 December 2023</b>	<b>15,621,593</b>	<b>989,756</b>	<b>81,644</b>	<b>546</b>	<b>16,693,539</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2023	2,396,414	1,412,583	12,499	3,752	3,825,248
New assets originated or purchased	559,472	551,800	7,096	1,168	1,119,536
Assets derecognised or repaid (excluding write offs)	(826,146)	(183,368)	(13,664)	(1,200)	(1,024,378)
Transfers to Stage 1	2,568,781	(2,567,188)	(1,593)	-	-
Transfers to Stage 2	(2,010,593)	2,016,610	(6,017)	-	-
Transfers to Stage 3	(4,693)	(9,444)	14,137	-	-
Foreign exchange adjustments	206	(41)	-	-	165
<b>Total retail gross carrying amount as at 31 December 2023</b>	<b>2,683,441</b>	<b>1,220,952</b>	<b>12,458</b>	<b>3,720</b>	<b>3,920,571</b>
<b>Total gross carrying amount</b>	<b>18,305,034</b>	<b>2,210,708</b>	<b>94,102</b>	<b>4,266</b>	<b>20,614,110</b>
<b>2022</b>					
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2022	12,960,358	450,753	113,668	22	13,524,801
New assets originated or purchased	14,366,143	307,440	41,753	145	14,715,481
Assets derecognised or repaid (excluding write offs)	(10,694,139)	(590,890)	(57,458)	(7)	(11,342,494)
Transfers to Stage 1	596,141	(596,141)	-	-	-
Transfers to Stage 2	(1,284,469)	1,284,469	-	-	-
Transfers to Stage 3	(33)	(25,920)	25,953	-	-
Foreign exchange adjustments	33,321	(417)	(553)	-	32,351
<b>Total non-retail gross carrying amount as at 31 December 2022</b>	<b>15,977,322</b>	<b>829,294</b>	<b>123,363</b>	<b>160</b>	<b>16,930,139</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2022	2,080,801	1,355,405	11,861	3,409	3,451,476
New assets originated or purchased	829,547	252,163	4,531	1,855	1,088,096
Assets derecognised or repaid (excluding write offs)	(565,978)	(136,096)	(10,773)	(1,512)	(714,359)
Transfers to Stage 1	997,060	(993,567)	(3,493)	-	-
Transfers to Stage 2	(937,533)	941,459	(3,926)	-	-
Transfers to Stage 3	(7,520)	(6,779)	14,299	-	-
Foreign exchange adjustments	37	(2)	-	-	35
<b>Total retail gross carrying amount as at 31 December 2022</b>	<b>2,396,414</b>	<b>1,412,583</b>	<b>12,499</b>	<b>3,752</b>	<b>3,825,248</b>
<b>Total gross carrying amount</b>	<b>18,373,736</b>	<b>2,241,877</b>	<b>135,862</b>	<b>3,912</b>	<b>20,755,387</b>

The tables below present an analysis of changes in the gross carrying for off-balance sheet exposures as follows:

<b>Bank</b>	<b>2023</b>				
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2023	16,082,181	826,236	123,633	160	17,032,210
New assets originated or purchased	8,545,557	231,373	32,966	628	8,810,524
Assets derecognised or repaid (excluding write offs)	(9,137,288)	(358,639)	(32,941)	(242)	(9,529,110)
Transfers to Stage 1	728,896	(698,162)	(30,734)	-	-
Transfers to Stage 2	(986,353)	1,011,471	(25,118)	-	-
Transfers to Stage 3	-	(13,918)	13,918	-	-
Foreign exchange adjustments	304,681	444	190	-	305,315
<b>Total non-retail gross carrying amount as at 31 December 2023</b>	<b>15,537,674</b>	<b>998,805</b>	<b>81,914</b>	<b>546</b>	<b>16,618,939</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2023	2,374,527	1,412,291	12,229	3,752	3,802,799
New assets originated or purchased	568,524	551,800	7,096	1,168	1,128,588
Assets derecognised or repaid (excluding write offs)	(826,146)	(183,227)	(13,664)	(1,200)	(1,024,237)
Transfers to Stage 1	2,568,781	(2,567,188)	(1,593)	-	-
Transfers to Stage 2	(2,010,593)	2,016,610	(6,017)	-	-
Transfers to Stage 3	(4,693)	(9,444)	14,137	-	-
Foreign exchange adjustments	206	(41)	-	-	165
<b>Total retail gross carrying amount as at 31 December 2023</b>	<b>2,670,606</b>	<b>1,220,801</b>	<b>12,188</b>	<b>3,720</b>	<b>3,907,315</b>
<b>Total gross carrying amount</b>	<b>18,208,280</b>	<b>2,219,606</b>	<b>94,102</b>	<b>4,266</b>	<b>20,526,254</b>
<b>Bank</b>	<b>2022</b>				
<i>In RON thousand</i>					
<b>Non-retail</b>					
Gross carrying amount as at 1 January 2022	12,916,324	445,709	113,368	22	13,475,423
New assets originated or purchased	14,591,752	307,440	41,753	145	14,941,090
Assets derecognised or repaid (excluding write offs)	(10,770,855)	(588,904)	(56,888)	(7)	(11,416,654)
Transfers to Stage 1	596,141	(596,141)	-	-	-
Transfers to Stage 2	(1,284,469)	1,284,469	-	-	-
Transfers to Stage 3	(33)	(25,920)	25,953	-	-
Foreign exchange adjustments	33,321	(417)	(553)	-	32,351
<b>Total non-retail gross carrying amount as at 31 December 2022</b>	<b>16,082,181</b>	<b>826,236</b>	<b>123,633</b>	<b>160</b>	<b>17,032,210</b>
<i>In RON thousand</i>					
<b>Retail</b>					
Gross carrying amount as at 1 January 2022	2,291,419	1,354,486	11,592	3,409	3,660,906
New assets originated or purchased	829,547	252,163	4,531	1,855	1,088,096
Assets derecognised or repaid (excluding write offs)	(798,483)	(135,469)	(10,774)	(1,512)	(946,238)
Transfers to Stage 1	997,060	(993,567)	(3,493)	-	-
Transfers to Stage 2	(937,533)	941,459	(3,926)	-	-
Transfers to Stage 3	(7,520)	(6,779)	14,299	-	-
Foreign exchange adjustments	37	(2)	-	-	35
<b>Total retail gross carrying amount as at 31 December 2022</b>	<b>2,374,527</b>	<b>1,412,291</b>	<b>12,229</b>	<b>3,752</b>	<b>3,802,799</b>
<b>Total gross carrying amount</b>	<b>18,456,708</b>	<b>2,238,527</b>	<b>135,862</b>	<b>3,912</b>	<b>20,835,009</b>

The tables below present an analysis of changes in the ECL for off-balance sheet exposures allowances as follows:

Group	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2023	15,977	2,029	47,918	–	65,924
New assets originated or purchased	6,461	157	10,951	13	17,582
Assets derecognised or repaid (excluding write offs)	(3,220)	(608)	(15,197)	–	(19,025)
Transfers to Stage 1	1,276	(1,247)	(29)	–	–
Transfers to Stage 2	(552)	17,160	(16,608)	–	–
Transfers to Stage 3	–	(83)	83	–	–
Impact on changes due to change in credit risk (net)	(10,153)	(16,051)	3,876	96	(22,232)
Foreign exchange adjustments	24	6	34	–	64
<b>Total non-retail ECL as at 31 December 2023</b>	<b>9,813</b>	<b>1,363</b>	<b>31,028</b>	<b>109</b>	<b>42,313</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2023	4,826	6,765	7,505	2,215	21,311
New assets originated or purchased	3,919	4,390	404	286	8,999
Assets derecognised or repaid (excluding write offs)	(1,328)	(2,856)	(7,162)	(740)	(12,086)
Transfers to Stage 1	13,528	(12,008)	(1,512)	(8)	–
Transfers to Stage 2	(1,873)	4,693	(2,810)	(10)	–
Transfers to Stage 3	(8)	(110)	118	–	–
Impact on changes due to change in credit risk (net)	(16,664)	1,528	9,247	(434)	(6,323)
Foreign exchange adjustments	1	1	2	–	4
<b>Total retail ECL as at 31 December 2023</b>	<b>2,401</b>	<b>2,403</b>	<b>5,792</b>	<b>1,309</b>	<b>11,905</b>
<b>Total ECL allowance</b>	<b>12,214</b>	<b>3,766</b>	<b>36,820</b>	<b>1,418</b>	<b>54,218</b>

Group	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2022	8,596	3,464	47,574	–	59,634
New assets originated or purchased	9,920	1,309	16,833	–	28,062
Assets derecognised or repaid (excluding write offs)	(2,422)	(2,746)	(15,908)	–	(21,076)
Transfers to Stage 1	3,413	(3,413)	–	–	–
Transfers to Stage 2	(855)	855	–	–	–
Transfers to Stage 3	–	(287)	287	–	–
Impact on changes due to change in credit risk (net)	(2,696)	2,845	(625)	–	(476)
Foreign exchange adjustments	21	2	(243)	–	(220)
<b>Total non-retail ECL as at 31 December 2022</b>	<b>15,977</b>	<b>2,029</b>	<b>47,918</b>	<b>–</b>	<b>65,924</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2022	3,306	5,202	6,757	2,110	17,375
New assets originated or purchased	4,652	1,204	883	742	7,481
Assets derecognised or repaid (excluding write offs)	(1,592)	(1,887)	(6,557)	(1,053)	(11,089)
Transfers to Stage 1	9,920	(7,520)	(2,392)	(8)	–
Transfers to Stage 2	(1,220)	3,400	(2,204)	24	–
Transfers to Stage 3	(15)	(101)	114	2	–
Impact on changes due to change in credit risk (net)	(10,225)	6,467	10,904	398	7,544
Foreign exchange adjustments	–	–	–	–	–
<b>Total retail ECL as at 31 December 2022</b>	<b>4,826</b>	<b>6,765</b>	<b>7,505</b>	<b>2,215</b>	<b>21,311</b>
<b>Total ECL allowance</b>	<b>20,803</b>	<b>8,794</b>	<b>55,423</b>	<b>2,215</b>	<b>87,235</b>



The tables below present an analysis of changes in the ECL for off-balance sheet exposures allowances as follows:

Bank	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2023	15,795	1,992	47,918	–	65,705
New assets originated or purchased	6,049	139	10,951	13	17,152
Assets derecognised or repaid (excluding write offs)	(3,038)	(571)	(15,197)	–	(18,806)
Transfers to Stage 1	1,276	(1,247)	(29)	–	–
Transfers to Stage 2	(552)	17,160	(16,608)	–	–
Transfers to Stage 3	–	(83)	83	–	–
Impact on changes due to change in credit risk (net)	(10,153)	(16,051)	3,876	96	(22,232)
Foreign exchange adjustments	24	6	34	–	64
<b>Total non-retail ECL as at 31 December 2023</b>	<b>9,401</b>	<b>1,345</b>	<b>31,028</b>	<b>109</b>	<b>41,883</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2023	4,541	6,702	7,504	2,215	20,962
New assets originated or purchased	3,843	4,355	404	286	8,888
Assets derecognised or repaid (excluding write offs)	(1,043)	(2,793)	(7,162)	(740)	(11,738)
Transfers to Stage 1	13,528	(12,008)	(1,512)	(8)	–
Transfers to Stage 2	(1,873)	4,693	(2,810)	(10)	–
Transfers to Stage 3	(8)	(110)	118	–	–
Impact on changes due to change in credit risk (net)	(16,664)	1,522	9,254	(434)	(6,322)
Foreign exchange adjustments	1	1	2	–	4
<b>Total retail ECL as at 31 December 2023</b>	<b>2,325</b>	<b>2,362</b>	<b>5,798</b>	<b>1,309</b>	<b>11,794</b>
<b>Total ECL allowance</b>	<b>11,726</b>	<b>3,707</b>	<b>36,826</b>	<b>1,418</b>	<b>53,677</b>

Bank	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
<i>In RON thousand</i>					
<b>Non-retail</b>					
ECL allowance as at 1 January 2022	8,457	3,419	47,574	–	59,450
New assets originated or purchased	9,738	1,272	16,833	–	27,843
Assets derecognised or repaid (excluding write offs)	(2,283)	(2,701)	(15,908)	–	(20,892)
Transfers to Stage 1	3,413	(3,413)	–	–	–
Transfers to Stage 2	(855)	855	–	–	–
Transfers to Stage 3	–	(287)	287	–	–
Impact on changes due to change in credit risk (net)	(2,696)	2,845	(625)	–	(476)
Foreign exchange adjustments	21	2	(243)	–	(220)
<b>Total non-retail ECL as at 31 December 2022</b>	<b>15,795</b>	<b>1,992</b>	<b>47,918</b>	<b>–</b>	<b>65,705</b>
<i>In RON thousand</i>					
<b>Retail</b>					
ECL allowance as at 1 January 2022	3,095	5,112	6,809	2,059	17,075
New assets originated or purchased	4,367	1,141	883	742	7,133
Assets derecognised or repaid (excluding write offs)	(1,382)	(1,797)	(6,557)	(1,053)	(10,789)
Transfers to Stage 1	9,920	(7,520)	(2,392)	(8)	–
Transfers to Stage 2	(1,220)	3,400	(2,204)	24	–
Transfers to Stage 3	(15)	(101)	114	2	–
Impact on changes due to change in credit risk (net)	(10,224)	6,467	10,851	449	7,543
Foreign exchange adjustments	–	–	–	–	–
<b>Total retail ECL as at 31 December 2022</b>	<b>4,541</b>	<b>6,702</b>	<b>7,504</b>	<b>2,215</b>	<b>20,962</b>
<b>Total ECL allowance</b>	<b>20,336</b>	<b>8,694</b>	<b>55,422</b>	<b>2,215</b>	<b>86,667</b>

Non-performing exposure, in accordance with EBA/ITS/2013/03/rev1 Regulation from July 24th 2014 with subsequent amendments, can be analysed as follows:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
<b>Exposure</b>	<b>1,106,655</b>	<b>1,064,177</b>	<b>1,076,519</b>	<b>1,029,025</b>
out of which retail:	852,289	779,825	837,944	761,226
out of which non-retail:	254,366	284,352	238,575	267,799
<b>Impairment allowance</b>	<b>727,982</b>	<b>744,645</b>	<b>707,046</b>	<b>721,041</b>
out of which retail:	559,736	553,267	550,541	542,450
out of which non-retail:	168,246	191,378	156,505	178,591
<b>Net Book Value</b>	<b>378,673</b>	<b>319,532</b>	<b>369,473</b>	<b>307,984</b>
out of which retail:	292,553	226,558	287,403	218,776
out of which non-retail:	86,120	92,974	82,070	89,208

During the financial year 2023, the following existing loans were modified, and have not resulted in derecognition:

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In Ron thousand</i>					
<b>Amortised cost before modification</b>	235,585	138,378	33,594	991	408,548
Net modification gain/loss	(7,636)	(3,399)	(805)	(20)	(11,860)
<b>Amortised cost after modification</b>	227,949	134,979	32,789	971	396,688
<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In Ron thousand</i>					
<b>Amortised cost before modification</b>	235,585	138,378	33,594	991	408,548
Net modification gain/loss	(7,636)	(3,399)	(805)	(20)	(11,860)
<b>Amortised cost after modification</b>	227,949	134,979	32,789	971	396,688

During the financial year 2022, the following existing loans were modified, and have not resulted in derecognition:

<b>Group</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Amortised cost before modification</b>	395,536	59,305	51,479	306	506,626
Net modification gain/loss	(9,715)	(1,268)	(1,149)	(6)	(12,138)
<b>Amortised cost after modification</b>	385,821	58,037	50,330	300	494,488
<b>Bank</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>POCI</b>	<b>Total</b>
<i>In RON thousand</i>					
<b>Amortised cost before modification</b>	395,536	59,305	51,479	306	506,626
Net modification gain/loss	(9,715)	(1,268)	(1,149)	(6)	(12,138)
<b>Amortised cost after modification</b>	385,821	58,037	50,330	300	494,488

## Financial lease

The Group acts as a lessor in finance lease contracts for vehicles, equipment and real estate. Leasing contracts are denominated in EUR or RON and with a contract tenor of 1 to 8 years, in the case of vehicle lease contracts and 1 to 10 years in case of real estate lease. The transfer of ownership rights is at the maturity of the contract. The interest applicable to lease contracts is variable or fixed and is computed for the entire tenor of the contract. The corresponding receivables are collateralized with the object of the lease contract, as well as with other type of collaterals. Loans and advances to Group's customers include the following receivables from lease contracts (the ECL for lease exposure is presented within the Group total ECL) :

<i>In RON thousand</i>	<u>31 December 2023</u>
Less than one year	97,239
1 to 2 years	217,564
Two to 3 years	288,854
Three to 4 years	376,890
Four to 5 years	408,479
More than 5 years	95,902
<b>Total undiscounted lease payments receivables</b>	<b><u>1,484,928</u></b>
Unearned finance income	(148,276)
<b>Net investment in lease</b>	<b><u>1,336,652</u></b>
 <i>In RON thousand</i>	 <u>31 December 2022</u>
Less than one year	103,251
1 to 2 years	183,741
Two to 3 years	252,496
Three to 4 years	297,570
Four to 5 years	361,029
More than 5 years	74,373
<b>Total undiscounted lease payments receivables</b>	<b><u>1,272,460</u></b>
Unearned finance income	(100,077)
<b>Net investment in lease</b>	<b><u>1,172,383</u></b>

### The goals which the Bank pursues with respect to its securitization activities

In December 2010, Raiffeisen Bank S.A. concluded a synthetic securitization transaction under the JEREMIE initiative, through which the European Investment Fund (EIF) offers partial credit risk protection for a portfolio of loans granted by the Bank to medium and small enterprises (SME). COSME program was concluded in 2017, EASI in 2020, ROOF synthetic securitization of existing portfolio in December 2022 and Microfinance in June 2023.

The financial instrument used in this transaction is a first loss portfolio guarantee and mezzanine guarantee for ROOF transaction. By joining this program, the Bank's objective is to improve the utilization of capital, the benefit being passed to the end-customer, in the form of a lower price of loan and diminished collateral requirements.

### Raiffeisen Bank as originator

- Under JEREMIE program, by contract, EIF guarantees 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 25% of the total portfolio volume.
- Under COSME program, by contract, EIF guarantees 50% or 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 9.7% of the total portfolio volume.
- Under EASI program, by contract, EIF guarantees 90% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 15% of the total portfolio volume.
- Under ROOF program, by contract, EIF guarantees 95% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 12% of the total portfolio volume after the first loss retained by the Bank is exceed (app 4%).
- Under Microfinance program, by contract, EIF guarantees 80% of each eligible loan included in the portfolio, covering losses up to a maximum cap of 12% of the total portfolio volume.

The below stated amounts represent the securitized portfolio and the underlying receivables as well as the externally placed tranche as of 31 December 2023:

in RON million	Date of contract	End of Maturity	Maximum volume	Securitized Portfolio	Outstanding contractual amount	Portfolio Type	Externally placed tranche	Amount of externally placed tranche
EIF JEREMIE	2010	2025	741	0	0	SME	Junior	0
EIF COSME	2017	2034	2,119	354	648	SME	Junior	79
EIF EASI	2020	2032	298	71	84	SME	Junior	50
EIF ROOF	2022	2037	1,535	1,550	1,457	SME	Mezzanine	131
EIF MICROFINANCE	2023	2027	264	61	77	SME	Junior	6

## 22. INVESTMENT SECURITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
<b>Stage 1</b>				
Bonds issued by General Governments	1,994,966	2,638,819	1,974,638	2,628,927
Bonds issued by other public sector	471,751	367,300	471,751	367,300
Bonds issued by credit institutions	230,816	92,943	230,816	92,943
<b>Total</b>	<b>2,697,533</b>	<b>3,099,062</b>	<b>2,677,205</b>	<b>3,089,170</b>
<b>Stage 2</b>				
Bonds issued by other public sector	5,522	6,336	5,522	6,336
Bonds issued by credit institutions	22,151	-	22,151	-
<b>Total</b>	<b>27,673</b>	<b>6,336</b>	<b>27,673</b>	<b>6,336</b>
<b>Total investment securities at fair value through other comprehensive income</b>	<b>2,725,206</b>	<b>3,105,398</b>	<b>2,704,878</b>	<b>3,095,506</b>

Treasury securities issued by the Government of Romania include discount and coupon securities denominated in RON. As at December 31, 2023, treasury securities amounting to RON 183,207 thousand (December 31, 2022: RON 71,071 thousand) are pledged as security in order to comply with National Bank of Romania prudential regulations for settlement of inter-banking operations. Income from debt instruments is recognized in interest and similar income.

Bonds issued by the Government of Romania include bonds issued by the Ministry of Finance denominated in RON, EUR and USD, bearing fixed interest rate between 0.70% p.a. and 8.75% p.a.

Bonds issued by credit institutions are valued using valuation models based on observable inputs (Level II), bonds issued by other public sector entities are valued using valuation models based on observable and unobservable inputs (Level III), while the rest of the instruments are valued based on quoted market prices (Level I).

## 23. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Unquoted equity instruments	24,798	17,374	24,798	17,374
Quoted equity instruments	65,781	54,114	65,781	54,114
<b>Total equity instruments at fair value through other comprehensive income</b>	<b>90,579</b>	<b>71,488</b>	<b>90,579</b>	<b>71,488</b>

Upon initial recognition, the Group elected to classify irrevocably its equity investments, other than subsidiaries, joint ventures and associates as equity instruments at FVOCI with no recycling of gains or losses on profit or loss on derecognition.

The Group received dividends at December 31, 2023 amounting to RON 15,239 thousand (2022: RON 2,180 thousand).

The Group holds shares in Visa Inc., a company providing payment services for Visa cards. The shares representing Series C Preferred Stock are restricted from sale, but are convertible into Class A Common Stock of Visa Inc in a maximum period of 12 years from the date in which they were granted. Due to the fact that at initial recognition it was not known the exact number of Class A shares they are converted into, they were reclassified into debt instruments instead of equity. The total reclassified amount was RON 48,228 thousand, which represented the fair value of the shares as of December 31, 2019.

During 2020, part of the Series C Preferred Stock were converted into Class A Common Stock. The converted shares were classified into "at fair value through other comprehensive income" category.

In July 2022 a second conversion of Visa Inc. C-shares into tradeable A-shares took place and the Bank received 17,821 Class A Preferred Stock with an approximate market value of EUR 3,7 million. The remaining Class C Stock has an indicative value of EUR 3.6 million after completion of the conversion. The shares representing Series C Preferred Stock are restricted from sale, but are convertible into Class A Common Stock of Visa Inc in a maximum period of 12 years from the date in which they were granted.

At the end of 2023 VISA shares are as follows: Class A 56,200 shares with a market value of RON 65.8 million and Class C 5,606 share with a market value of RON 18.6 million.

#### 24. INVESTMENT SECURITIES AT AMORTISED COST

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
<b>Stage 1</b>				
Bonds issued by credit institutions	387,920	386,191	387,920	386,191
Bonds issued by General Governments	9,638,701	8,814,663	9,625,177	8,743,611
<b>Total investment securities at amortised cost</b>	<b>10,026,621</b>	<b>9,200,854</b>	<b>10,013,097</b>	<b>9,129,802</b>

At December 31, 2023, the Group has one micro hedge relationship and the hedged instrument is a debt security at amortised cost. The carrying amount of the hedged item is RON 28,469 thousand (2022: RON 26,683 thousand).

As at December 31, 2023, there were no bonds issued by the Government of Romania pledged as security in order to comply with National Bank of Romania prudential regulations for settlement of inter-banking operations (2022: RON 109,063 thousand).

## 25. INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### Subsidiaries, associates and joint ventures

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
<b>Balance at 1 January</b>	<b>32,891</b>	<b>32,243</b>	<b>188,031</b>	<b>247,802</b>
Additions (i)	-	-	-	7,000
Disposals (ii)	(3,088)	-	(6,069)	(66,771)
Dividends received	(12,116)	-	-	-
Group's share of gain from associates	1,166	648	-	-
<b>Total</b>	<b>18,853</b>	<b>32,891</b>	<b>181,962</b>	<b>188,031</b>
Impairment allowance (i)	-	-	(71,487)	(81,160)
<b>Balance at 31 December</b>	<b>18,853</b>	<b>32,891</b>	<b>110,475</b>	<b>106,871</b>

(i) Following the litigation with the Romanian Court of Auditors (further detailed in Note 36 Provisions), ABL increased the share capital in order to comply with capital adequacy internal limit. As such during 2022 the increase in share capital of ABL was in amount of RON 7,000 thousands. In 2022 it was performed a write down of the participation of ABL in amount of RON 66,771 thousand by using the provision already booked, in order to comply with the capital legal ratio.

During 2022, ABL transferred most of the loan portfolio to Raiffeisen Bank S.A..

In accordance with its strategy, during 2023 ABL gradually decreased its activity, with the main objective to fulfil its existing contractual obligations, while adopting optimal solutions required to serve its clients. The management estimates that this process will extend over a horizon of more than 12 months. The Group will continue to provide support for fulfilment of the objectives proposed by the ABL.

(ii) Considering the Bank's strategy of concentration on the basic activities and implicitly on the holdings considered strategic, Raiffeisen Bank reviewed its entire portfolio of holdings. In this context, during July 2023 the formalities for the sale of the bank's share in Fondul Roman de Garantare a Creditului Rural IFN S.A. (33.331%) for the price of RON 1,667 thousands. Fondul de Garantare a Creditului Rural IFN S.A. paid in 2023 dividends in amount of RON 12,116 thousand.

The Group's interests in its associates that are unlisted are as follows:

<i>In RON thousand</i>	Assets	Liabilities	Revenues	Interest income	Interest expense	Income taxes	Profit	Net assets	Interest held%	% Net assets	Carrying amount
<b>31 December 2023</b>											
CIT One	142,192	85,197	278,791	-	4,093	3,680	287	56,995	33.33 %	18,996	18,853
<b>31 December 2022</b>											
Fondul de Garantare a Creditului Rural IFN S.A.	1,013,628	956,976	21,075	3,420	98	161	1,320	56,652	33.33 %	18,882	19,169
CIT One	124,032	82,431	230,538	-	3,173	786	287	41,601	33.33 %	13,866	13,722



## 26. FINANCIAL ASSETS MANDATORILY AT FAIR VALUE THROUGH PROFIT OR LOSS

The table below shows the split of total financial assets mandatorily at fair value through profit or loss:

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Loans and advances to customers	137,560	153,935	137,560	153,935
Debt instruments	40,867	30,523	18,553	16,478
<b>Total</b>	<b>178,427</b>	<b>184,458</b>	<b>156,113</b>	<b>170,413</b>

**Group:** Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended December 31, 2023 are in amount of RON 12,974 thousand (2022: RON (38,335) thousand).

**Bank:** Net gains on non-trading financial assets mandatorily at fair value through profit or loss for the period ended December 31, 2023 are in amount of RON 11,679 thousand (2022: RON (37,853) thousand).

## 27. FAIR VALUE CHANGES OF THE HEDGED ITEMS-HEDGE ACCOUNTING

The Bank applies both micro and macro fair value hedge.

For the micro fair value hedge, the Bank uses as hedging instrument interest rate swaps, while the hedged items are debt securities at amortised cost. In October 2023 the Bank initiated a micro fair value hedge accounting relation in order to hedge the interest rate risk of the MREL fixed rate bond issued in amount of EUR 300 mn and to decrease the net interest income volatility.

The total accumulated amount of fair value adjustments of the hedged item is disclosed under the balance sheet position together with the hedged instrument and for hedging instrument is disclosed under "Derivatives – hedge accounting position" in the statement of financial position.

The net gain resulted from this hedge relationship at December 31, 2023 is RON 538 thousand, while at December 31, 2022 the Bank incurred a loss of RON 17 thousand. The remaining term for the hedging item is more than 5 years (February 2030) for debt securities at amortised cost and less than 3 years for the debt securities issued (October 2026).

The macro fair value hedge started in 2020 and the Bank uses as hedging instruments four interest rate swaps, while the hedged item is a loan portfolio at amortised cost.

The total accumulated amount of fair value adjustments of hedged item and hedging instruments are disclosed under "Fair value changes of the hedged items - hedge accounting", respectively "Derivatives – hedge accounting position" in the statement of financial position.

The net gain resulted from this hedge relationship at December 31, 2023 is RON 1,339 thousand, while at December 31, 2022 the gain is RON 1,937 thousand. The remaining term for the hedging items is less than 5 years.

The tables below provide more information regarding the hedged items and hedging instruments:

<b>31 December 2023</b> <i>In RON thousand</i>	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
Micro fair value hedges				
Debt securities	28,469	-	-	-
Debt securities issued	-	1,475,601	-	-
	<b>28,469</b>	<b>1,475,601</b>	-	-
Macro fair value hedges				
Loan portfolio measured at amortised cost	238,947	-	-	4,940
	<b>238,947</b>	-	-	<b>4,940</b>
<b>Total</b>	<b>267,416</b>	<b>1,475,601</b>	-	<b>4,940</b>

31 December 2022	Carrying amount of hedged items		Accumulated amount of fair value adjustments on the hedged items	
	Assets	Liabilities	Assets	Liabilities
<i>In RON thousand</i>				
Micro fair value hedges				
Debt securities	26,683	-	-	-
	<b>26,683</b>	-	-	-
Macro fair value hedges				
Loan portfolio measured at amortised cost	280,379	-	-	11,398
	<b>280,379</b>	-	-	<b>11,398</b>
<b>Total</b>	<b>307,062</b>	-	-	<b>11,398</b>

	31 December 2023			31 December 2022	
	Notional amount	Assets	Liabilities	Notional amount	Assets
<i>In RON thousand</i>					
Micro fair value hedges					
Interest rate swap	1,522,228	37,234	-	29,684	3,218
	<b>1,522,228</b>	<b>37,234</b>	-	<b>29,684</b>	<b>3,218</b>
Macro fair value hedges					
Interest rate swaps	125,000	559	709	125,000	5,137
	<b>125,000</b>	<b>559</b>	<b>709</b>	<b>125,000</b>	<b>5,137</b>
<b>Total</b>	<b>1,647,228</b>	<b>37,793</b>	<b>709</b>	<b>154,684</b>	<b>8,355</b>

During the period, the results of the hedge effectiveness assessments showed that the hedge relationships were effective. No situations of hedge ineffectiveness were identified.

## 28. OTHER ASSETS

<i>In RON thousand</i>	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Prepayments	46,241	32,637	40,818	28,611
Tax audit (i)	93,606	85,383	93,606	85,383
Clearing claims from payment transfer business (ii)	148,205	230,525	148,205	230,525
Receivables from sale of loans	–	19,194	–	19,194
Sundry debtors (iii)	168,429	129,959	136,094	107,515
Inventories	7,629	7,749	7,611	7,704
Repossessed assets	24,614	24,667	24,467	24,360
<b>Gross Book Value</b>	<b>488,724</b>	<b>530,114</b>	<b>450,801</b>	<b>503,292</b>
<b>Impairment</b>	<b>(139,246)</b>	<b>(103,023)</b>	<b>(139,246)</b>	<b>(103,023)</b>
<b>Net Book Value</b>	<b>349,478</b>	<b>427,091</b>	<b>311,555</b>	<b>400,269</b>

i) In the period December 2017 – May 2019, the Bank had been subject to a fiscal audit from Romanian Tax Authority (further called "ANAF"). The object of the audit was income tax (period 2011-2016) and withholding tax (period 2013-2016).

The fiscal audit report indicated total additional charges of RON 262,413 thousand which includes income tax, withholding tax and related penalties. The Bank has paid all the charges resulting from the fiscal inspection.

In response, the Bank submitted an administrative appeal against the inspection report, requesting its cancellation. During 2020, the Bank received the answer to the appeal according to which the Bank is entitled to receive back 10% of all charges included in the tax report. The Bank continued legal procedures for the recovery of the remaining amounts and initiated a litigation in this respect.

As of December 31, 2023 the maximum exposure related to fiscal audit is RON 195,965 thousand resulted from:

(+) RON 262,413 thousand, total charges as result of tax audit paid by the Bank in 2019

(-) RON 27,605 thousand, refund from the administrative appeal resolution received in 2020

(-) RON 38,689 thousand, refund to be received for year 2011 that should not have been in the scope of audit.

The Bank reviewed the provision for the litigation with ANAF and recognized an additional amount of RON 23,090 thousand as of December 31, 2023.

The amounts receivable from the tax audit are presented under two balance sheet positions: other assets (the part representing withholding taxes and related penalties) and income tax receivable (the part representing income tax and related penalties). As of December 31, 2023, the amount reflected under other assets is RON 93,606 thousand (December 31, 2022: RON 85,383 thousand) and the correspondent provision is RON 85,431 thousand (December 31, 2022: RON 53,985 thousand). As of December 31, 2023, the amount reflected under income tax receivable is RON 143,246 thousand (December 31, 2022: RON 130,129 thousand) and the correspondent provision is RON 93,784 thousand December 31, 2022: RON 56,280 thousand).

ii) Clearing claims from payment transfer business include amounts to be settled as of December 31, 2023 like: cards transactions of RON 123,825 thousand (2022: RON 225,599 thousand).

iii) Sundry debtors include various receivables such for: services provided by the bank to its customers (such as for cash transportation), advances paid to suppliers, amounts receivables as a result of operational incidents etc.

In the tables below is presented the movement in impairment of other assets position:

<b>Group</b>	<b>Impairment as at 1 January 2023</b>	<b>Increase</b>	<b>Decrease</b>	<b>Other movements</b>	<b>Impairment as at 31 December 2023</b>
<i>In RON thousand</i>					
Sundry debtors	34,818	12,094	(9,350)	–	37,562
Tax audit	53,985	23,223	–	8,223	85,431
Reposessed assets	13,642	1,341	(29)	–	14,954
Inventory	578	759	(38)	–	1,299
<b>Total</b>	<b>103,023</b>	<b>37,417</b>	<b>(9,417)</b>	<b>8,223</b>	<b>139,246</b>

<b>Group</b>	<b>Impairment as at 1 January 2022</b>	<b>Increase</b>	<b>Decrease</b>	<b>Impairment as at 31 December 2022</b>
<i>In RON thousand</i>				
Sundry debtors	49,908	17,919	(33,009)	34,818
Tax audit	53,985	–	–	53,985
Reposessed assets	9,715	4,018	(91)	13,642
Inventory	159	1,599	(1,180)	578
<b>Total</b>	<b>113,767</b>	<b>23,536</b>	<b>(34,280)</b>	<b>103,023</b>

<b>Bank</b>	<b>Impairment as at 1 January 2023</b>	<b>Increase</b>	<b>Decrease</b>	<b>Other movements</b>	<b>Impairment as at 31 December 2023</b>
<i>In RON thousand</i>					
Sundry debtors	34,818	12,094	(9,350)	–	37,562
Tax audit	53,985	23,223	–	8,223	85,431
Reposessed assets	13,642	1,341	(29)	–	14,954
Inventory	578	759	(38)	–	1,299
<b>Total</b>	<b>103,023</b>	<b>37,417</b>	<b>(9,417)</b>	<b>8,223</b>	<b>139,246</b>

<b>Bank</b>	<b>Impairment as at 1 January 2022</b>	<b>Increase</b>	<b>Decrease</b>	<b>Impairment as at 31 December 2022</b>
<i>In RON thousand</i>				
Sundry debtors	49,908	17,919	(33,009)	34,818
Tax audit	53,985	–	–	53,985
Reposessed assets	9,715	4,018	(91)	13,642
Inventory	159	1,599	(1,180)	578
<b>Total</b>	<b>113,767</b>	<b>23,536</b>	<b>(34,280)</b>	<b>103,023</b>

In the tables below is presented the split of other assets to customers by their quality:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Financial assets	193,637	290,875	161,302	268,432
Non-financial assets	155,841	136,216	150,254	131,837
<b>Total</b>	<b>349,478</b>	<b>427,091</b>	<b>311,556</b>	<b>400,269</b>

Of which:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Current assets	158,791	256,843	126,456	234,400
Impaired assets	34,846	34,032	34,846	34,032
<b>Total</b>	<b>193,637</b>	<b>290,875</b>	<b>161,302</b>	<b>268,432</b>

## 29. DEFERRED TAX

Deferred tax assets of the Group are attributable to the items detailed in the tables below:

### Group

	31 December 2023			
	Assets	Liabilities	Net	Deferred tax asset/ (liability)
<i>In RON thousand</i>				
Property, plant and equipment and intangible assets	1,113	146,070	(144,957)	(23,193)
Other liabilities	278,768	-	278,768	44,603
Actuarial gains/ losses on defined benefit pension plans	3,018	-	3,018	483
Valuation reserve financial assets (FVOCI)	130,332	61,478	68,854	11,017
Provisions for liabilities and charges	122,466	-	122,466	19,594
<b>Total</b>	<b>535,697</b>	<b>207,548</b>	<b>328,149</b>	<b>52,504</b>

### Group

	31 December 2022			
	Assets	Liabilities	Net	Deferred tax asset/ (liability)
<i>In RON thousand</i>				
Property, plant and equipment and intangible assets	1,012	160,201	(159,189)	(25,470)
Other liabilities	247,982	330	247,652	39,624
Actuarial gains/ losses on defined benefit pension plans	-	1,964	(1,964)	(314)
Valuation reserve financial assets (FVOCI)	298,660	40,355	258,305	41,329
Provisions for liabilities and charges	237,917	-	237,917	38,066
<b>Total</b>	<b>785,571</b>	<b>202,850</b>	<b>582,721</b>	<b>93,235</b>

Deferred tax assets of the Bank are attributable to the items detailed in the tables below:

**Bank**

<i>In RON thousand</i>	31 December 2023			
	Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,113	146,070	(144,957)	(23,193)
Other liabilities	278,768	-	278,768	44,603
Actuarial gains/ losses on defined benefit pension plans	3,018	-	3,018	483
Valuation reserve financial assets (FVOCI)	130,332	61,478	68,854	11,017
Provisions for liabilities and charges	120,286	-	120,286	19,245
<b>Total</b>	<b>533,517</b>	<b>207,548</b>	<b>325,969</b>	<b>52,155</b>

**Bank**

<i>In RON thousand</i>	31 December 2022			
	Assets	Liabilities	Net	Deferred tax asset/ (liability)
Property, plant and equipment and intangible assets	1,012	160,201	(159,189)	(25,470)
Other liabilities	247,982	330	247,652	39,624
Actuarial gains/ losses on defined benefit pension plans	-	1,964	(1,964)	(314)
Valuation reserve financial assets (FVOCI)	298,660	40,355	258,305	41,329
Provisions for liabilities and charges	215,913	-	215,913	34,546
<b>Total</b>	<b>763,567</b>	<b>202,850</b>	<b>560,717</b>	<b>89,715</b>

Expenses and income deferred tax as at December 31, 2023 are attributable to the items detailed in the table below:

<i>In RON thousand</i>	Group		Bank	
	2023	2022	2023	2022
Property, plant and equipment and intangible assets	2,277	(9,552)	2,277	(9,552)
Valuation reserve financial assets	-	-	-	-
Other liabilities	4,979	12,973	4,978	12,973
Provisions for liabilities and charges	(18,394)	17,615	(15,300)	17,401
<b>Deferred tax income / (expense)</b>	<b>(11,138)</b>	<b>21,036</b>	<b>(8,045)</b>	<b>20,822</b>

Deferred tax related to items recognised in other comprehensive income during the year is due to unrealised gain/loss on financial assets (FVOCI) of previous year.

### 30. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

#### Group

*In RON thousand*

	Land and buildings	Furniture and computer equipment	Motor vehicles	Assets in progress	Right-of-Use assets Land and buildings	Total
<b>Cost:</b>						
<b>Balance at 1 January 2022</b>	<b>198,018</b>	<b>450,793</b>	<b>36,918</b>	<b>30,602</b>	<b>526,150</b>	<b>1,242,481</b>
Additions	49	2,835	238	65,133	60,711	128,966
Transfers	9,865	27,278	8,188	(45,331)	-	-
Disposals	(7,382)	(9,425)	(1,581)	-	(8,286)	(26,674)
<b>Balance at 31 December 2022</b>	<b>200,550</b>	<b>471,481</b>	<b>43,763</b>	<b>50,404</b>	<b>578,575</b>	<b>1,344,773</b>
<b>Balance at 1 January 2023</b>	<b>200,550</b>	<b>471,481</b>	<b>43,763</b>	<b>50,404</b>	<b>578,575</b>	<b>1,344,773</b>
Additions	1,514	6,674	3,711	36,115	105,067	153,081
Transfers	4,756	49,931	1,779	(56,466)	-	-
Disposals	(1,307)	908	(4,474)	-	(18,041)	(22,914)
<b>Balance at 31 December 2023</b>	<b>205,513</b>	<b>528,994</b>	<b>44,779</b>	<b>30,053</b>	<b>665,601</b>	<b>1,474,940</b>
<b>Depreciation and impairment losses:</b>						
<b>Balance at 1 January 2022</b>	<b>160,489</b>	<b>318,881</b>	<b>29,606</b>	<b>4,111</b>	<b>251,679</b>	<b>764,766</b>
Charge for the year	11,963	44,444	3,931	-	110,366	170,704
Disposals	(6,727)	(8,954)	(1,584)	(1,646)	(6,607)	(25,518)
<b>Balance at 31 December 2022</b>	<b>165,725</b>	<b>354,371</b>	<b>31,953</b>	<b>2,465</b>	<b>355,438</b>	<b>909,952</b>
<b>Balance at 1 January 2023</b>	<b>165,725</b>	<b>354,371</b>	<b>31,953</b>	<b>2,465</b>	<b>355,438</b>	<b>909,952</b>
Charge for the year	11,515	47,829	4,036	-	82,061	145,441
Disposals	(752)	(954)	(5,913)	113	(9,685)	(17,191)
<b>Balance at 31 December 2023</b>	<b>176,488</b>	<b>401,246</b>	<b>30,076</b>	<b>2,578</b>	<b>427,814</b>	<b>1,038,202</b>
<b>Carrying amounts:</b>						
<b>At 1 January 2022</b>	<b>37,529</b>	<b>131,912</b>	<b>7,312</b>	<b>26,491</b>	<b>274,471</b>	<b>477,715</b>
<b>At 31 December 2022</b>	<b>34,825</b>	<b>117,110</b>	<b>11,810</b>	<b>47,939</b>	<b>223,137</b>	<b>434,821</b>
<b>At 1 January 2023</b>	<b>34,825</b>	<b>117,110</b>	<b>11,810</b>	<b>47,939</b>	<b>223,137</b>	<b>434,821</b>
<b>At 31 December 2023</b>	<b>29,025</b>	<b>127,748</b>	<b>14,703</b>	<b>27,475</b>	<b>237,787</b>	<b>436,738</b>

Under "Assets in progress" category, the Group includes investments in branch redesign, technological equipment, vehicles and furniture, which are not yet put in function.

**Bank**

<i>In RON thousand</i>	<b>Land and buildings</b>	<b>Furniture and computer equipment</b>	<b>Motor vehicles</b>	<b>Assets in progress</b>	<b>Right-of-Use assets Land and buildings</b>	<b>Total</b>
Cost:						
<b>Balance at 1 January 2022</b>	<b>197,994</b>	<b>451,148</b>	<b>34,538</b>	<b>26,744</b>	<b>526,150</b>	<b>1,236,574</b>
Additions	–	2,722	–	65,133	60,711	128,566
Transfers	9,865	27,278	8,188	(45,331)	–	–
Disposals	(7,382)	(9,590)	(2,130)	–	(8,286)	(27,388)
<b>Balance at 31 December 2022</b>	<b>200,477</b>	<b>471,558</b>	<b>40,596</b>	<b>46,546</b>	<b>578,575</b>	<b>1,337,752</b>
<b>Balance at 1 January 2023</b>	<b>200,477</b>	<b>471,558</b>	<b>40,596</b>	<b>46,546</b>	<b>578,575</b>	<b>1,337,752</b>
Additions	1,399	5,909	3,550	39,227	97,526	147,611
Transfers	4,756	49,931	1,779	(56,466)	–	–
Disposals	(1,930)	(3,325)	(6,542)	–	(12,052)	(23,849)
<b>Balance at 31 December 2023</b>	<b>204,702</b>	<b>524,073</b>	<b>39,383</b>	<b>29,307</b>	<b>664,049</b>	<b>1,461,514</b>
Depreciation and impairment losses:						
<b>Balance at 1 January 2022</b>	<b>161,145</b>	<b>317,510</b>	<b>26,513</b>	<b>3,365</b>	<b>251,679</b>	<b>760,212</b>
Charge for the year	11,733	44,147	3,438	–	110,366	169,684
Disposals	(6,679)	(9,119)	(2,066)	(1,646)	(6,607)	(26,117)
<b>Balance at 31 December 2022</b>	<b>166,199</b>	<b>352,538</b>	<b>27,885</b>	<b>1,719</b>	<b>355,438</b>	<b>903,779</b>
<b>Balance at 1 January 2023</b>	<b>166,199</b>	<b>352,538</b>	<b>27,885</b>	<b>1,719</b>	<b>355,438</b>	<b>903,779</b>
Charge for the year	11,261	47,553	3,739	–	81,038	143,591
Disposals	(752)	(3,170)	(6,454)	113	(7,017)	(17,280)
<b>Balance at 31 December 2023</b>	<b>176,708</b>	<b>396,921</b>	<b>25,170</b>	<b>1,832</b>	<b>429,459</b>	<b>1,030,090</b>
Carrying amounts:						
<b>At 1 January 2022</b>	<b>36,849</b>	<b>133,638</b>	<b>8,025</b>	<b>23,379</b>	<b>274,471</b>	<b>476,362</b>
<b>At 31 December 2022</b>	<b>34,278</b>	<b>119,020</b>	<b>12,711</b>	<b>44,827</b>	<b>223,137</b>	<b>433,973</b>
<b>At 1 January 2023</b>	<b>34,278</b>	<b>119,020</b>	<b>12,711</b>	<b>44,827</b>	<b>223,137</b>	<b>433,973</b>
<b>At 31 December 2023</b>	<b>27,994</b>	<b>127,152</b>	<b>14,213</b>	<b>27,475</b>	<b>234,590</b>	<b>431,424</b>

**Group:** Purchases of property, plant and equipment during year 2023 were in amount of RON 48,014 thousand (2022: RON 68,255 thousand).

**Bank:** Purchases of property, plant and equipment during year 2023 were in amount of RON 50,085 thousand (2022: RON 67,855 thousand).



Movement in the Right of Use Assets is detailed in the table below:

<i>In RON thousand</i>	<b>Group</b>	<b>Bank</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
<b>Balance at 1 January 2023</b>	<b>223,137</b>	<b>223,137</b>
Additions	100,723	97,526
Depreciation expense	(87,376)	(87,376)
Impairment release/charges	6,338	6,338
Disposals and other decreases	(5,035)	(5,035)
Contractual changes	-	-
<b>Balance at 31 December 2023</b>	<b>237,787</b>	<b>234,590</b>

<i>In RON thousand</i>	<b>Group</b>	<b>Bank</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
<b>Balance at 1 January 2022</b>	<b>274,471</b>	<b>274,471</b>
Additions	63,726	63,726
Depreciation expense	(85,751)	(85,751)
Impairment charges	(24,615)	(24,615)
Disposals and other decreases	(6,607)	(6,607)
Contractual changes	1,913	1,913
<b>Balance at 31 December 2022</b>	<b>223,137</b>	<b>223,137</b>

Movement in the lease liability is detailed in the table below:

<i>In RON thousand</i>	<b>Group</b>	<b>Bank</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
<b>Balance at 1 January 2023</b>	<b>259,291</b>	<b>258,964</b>
Additions	95,172	92,671
Interest expense	4,322	4,322
Disposals and other decreases	-	-
Payments	(96,364)	(96,364)
Other movements (fx, contractual changes, interest paid)	1,260	1,260
<b>Balance at 31 December 2023</b>	<b>263,681</b>	<b>260,853</b>

<i>In RON thousand</i>	<b>Group</b>	<b>Bank</b>
	<b>Land and buildings</b>	<b>Land and buildings</b>
<b>Balance at 1 January 2022</b>	<b>286,460</b>	<b>286,103</b>
Additions	59,047	59,077
Interest expense	2,148	2,148
Disposals and other decreases	-	-
Payments	(88,329)	(88,329)
Other movements (fx, contractual changes, interest paid)	(35)	(35)
<b>Balance at 31 December 2022</b>	<b>259,291</b>	<b>258,964</b>

### 31. INTANGIBLE ASSETS

#### Group

*In RON thousand*

	Purchased Software	Assets in progress	Total
<b>Cost:</b>			
<b>Balance at 1 January 2022</b>	<b>862,689</b>	<b>97,884</b>	<b>960,573</b>
Additions	1,415	131,429	132,844
Transfers	149,721	(149,721)	–
Disposals	(1,959)	–	(1,959)
<b>Balance at 31 December 2022</b>	<b>1,011,866</b>	<b>79,592</b>	<b>1,091,458</b>
<b>Balance at 1 January 2023</b>	<b>1,011,866</b>	<b>79,592</b>	<b>1,091,458</b>
Additions	2,529	182,318	184,847
Transfers	165,148	(165,148)	–
Disposals	(74,051)	(76)	(74,127)
<b>Balance at 31 December 2023</b>	<b>1,105,492</b>	<b>96,686</b>	<b>1,202,178</b>
<b>Amortization and impairment losses:</b>			
<b>Balance at 1 January 2022</b>	<b>611,473</b>	–	<b>611,473</b>
Charge for the year	88,423	–	88,423
Disposals	(1,942)	–	(1,942)
<b>Balance at 31 December 2022</b>	<b>697,954</b>	–	<b>697,954</b>
<b>Balance at 1 January 2023</b>	<b>697,954</b>	–	<b>697,954</b>
Charge for the year	129,261	–	129,261
Disposals	(72,399)	–	(72,399)
<b>Balance at 31 December 2023</b>	<b>754,816</b>	–	<b>754,816</b>
<b>Carrying amounts:</b>			
<b>At 1 January 2022</b>	<b>251,216</b>	<b>97,884</b>	<b>349,100</b>
<b>At 31 December 2022</b>	<b>313,912</b>	<b>79,592</b>	<b>393,504</b>
<b>At 1 January 2023</b>	<b>313,912</b>	<b>79,592</b>	<b>393,504</b>
<b>At 31 December 2023</b>	<b>350,676</b>	<b>96,686</b>	<b>447,362</b>

**Bank**

*In RON thousand*

	Purchased Software	Assets in progress	Total
<b>Cost:</b>			
<b>Balance at 1 January 2022</b>	<b>836,950</b>	<b>97,283</b>	<b>934,233</b>
Additions	–	131,271	131,271
Transfers	149,721	(149,721)	–
Disposals	(1,959)	–	(1,959)
<b>Balance at 31 December 2022</b>	<b>984,712</b>	<b>78,833</b>	<b>1,063,545</b>
<b>Balance at 1 January 2023</b>	<b>984,712</b>	<b>78,833</b>	<b>1,063,545</b>
Additions	–	182,615	182,615
Transfers	165,148	(165,148)	–
Disposals	(74,150)	–	(74,150)
<b>Balance at 31 December 2023</b>	<b>1,075,710</b>	<b>96,300</b>	<b>1,172,010</b>
<b>Amortization and impairment losses:</b>			
<b>Balance at 1 January 2022</b>	<b>587,923</b>	–	<b>587,923</b>
Charge for the year	87,358	–	87,358
Disposals	(1,942)	–	(1,942)
<b>Balance at 31 December 2022</b>	<b>673,339</b>	–	<b>673,339</b>
<b>Balance at 1 January 2023</b>	<b>673,339</b>	–	<b>673,339</b>
Charge for the year	127,954	–	127,954
Disposals	(72,400)	–	(72,400)
<b>Balance at 31 December 2023</b>	<b>728,893</b>	–	<b>728,893</b>
<b>Carrying amounts:</b>			
<b>At 1 January 2022</b>	<b>249,027</b>	<b>97,283</b>	<b>346,310</b>
<b>At 31 December 2022</b>	<b>311,373</b>	<b>78,833</b>	<b>390,206</b>
<b>At 1 January 2023</b>	<b>311,373</b>	<b>78,833</b>	<b>390,206</b>
<b>At 31 December 2023</b>	<b>346,817</b>	<b>96,300</b>	<b>443,117</b>

**Group:** Purchases of intangible assets during year 2023 were in amount of RON 184,847 thousand (2022: RON 132,844 thousand).

**Bank:** Purchases of intangible assets during year 2023 were in amount of RON 182,615 thousand (2022: RON 131,271 thousand).

### 32. DEPOSITS FROM BANKS

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Payable on demand	433,525	535,364	433,525	535,364
Term deposits	61,403	42,742	61,403	42,742
<b>Total</b>	<b>494,928</b>	<b>578,106</b>	<b>494,928</b>	<b>578,106</b>

### 33. DEPOSITS FROM CUSTOMERS

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
<i>Payable on demand</i>				
Retail customers	21,213,976	24,678,579	21,201,259	24,663,346
Non-retail customers	8,841,670	8,798,157	8,943,020	8,861,140
	<b>30,055,646</b>	<b>33,476,736</b>	<b>30,144,279</b>	<b>33,524,486</b>
<i>Term deposits</i>				
Retail customers	18,704,930	11,436,144	18,704,930	11,436,144
Non-retail customers	5,639,608	4,320,631	5,639,608	4,320,631
	<b>24,344,538</b>	<b>15,756,775</b>	<b>24,344,538</b>	<b>15,756,775</b>
<i>Savings accounts</i>				
Retail customers	54	57	54	57
	<b>54</b>	<b>57</b>	<b>54</b>	<b>57</b>
<b>Total</b>	<b>54,400,238</b>	<b>49,233,568</b>	<b>54,488,871</b>	<b>49,281,318</b>

### 34. TOTAL LONG TERM DEBT

Long term-debt includes debt securities issued, senior loans and subordinated loans from banks, as presented in the table below:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Senior loans from banks and financial institutions	488,558	390,285	1,745	3,943
<i>Of which unsecured</i>	304,058	109,975	-	-
Debt securities issued	5,555,004	3,887,808	5,555,004	3,887,808
Subordinated loans	326,115	323,726	326,015	323,678
<b>Total</b>	<b>6,369,677</b>	<b>4,601,819</b>	<b>5,882,764</b>	<b>4,215,429</b>

(i) Senior loans from banks and financial institutions are detailed in the table from below:

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Commercial banks	304,058	109,975	-	-
Multilateral Development Banks	182,755	276,367	-	-
Other financial institutions	1,745	3,943	1,745	3,943
<b>Total loans from banks and financial institutions</b>	<b>488,558</b>	<b>390,285</b>	<b>1,745</b>	<b>3,943</b>

The loans received from banks and other financial institutions are denominated in EUR and RON, with a final maturity which varies between December 2024 and December 2028.

The Group takes all the necessary measures in order to ensure compliance with the financial covenants that may be attached to the loans received from banks and other financial institutions. Consequently, there have been no breaches in the financial covenants of any loans from banks and other financial institutions in the analysed period.

Senior debt has greater seniority in the Bank's liabilities structure than subordinated debt and regulatory capital instruments as regulated by applicable insolvency law.

As of December 31, 2023, the Group has commitments received from credit institutions in amount of EUR 50,000 thousand (December 31, 2022: EUR 50,000 thousand).

As of December 31, 2023, the Bank has commitments received from credit institutions in amount of EUR 50,000 thousand (December 31, 2022: EUR 50,000 thousand).

(ii) Debt securities issued

**Group:** The balance of debt securities issued as at December 31, 2023 (taking into account also the unsecured subordinated bonds), including accrued interest, is in amount of RON 5,555,004 thousand (December 31, 2022: RON 3,887,808 thousand).

**Bank:** The balance of debt securities issued as at December 31, 2023 (taking into account also the unsecured subordinated bonds), including accrued interest, is in amount of RON 5,555,004 thousand (December 31, 2022: RON 3,887,808 thousand).

In December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments as defined by Regulation (EU) No. 575/2013. The instruments bear variable rate and have maturity on 19 December 2029. Initially the bonds were subscribed by private investors through a private placement process. According to the terms and conditions of the issuance, the bonds were admitted to trading on the Regulated Spot Market of the Bucharest Stock Exchange on 14th of May 2020, under ISIN code: ROJX86UZW1R4.

On 14 May 2021 the Bank issued its inaugural Senior Preferred (SP) RON-denominated green bond in nominal amount of RON 400,575 thousand bearing a fixed rate coupon with the final maturity on 14 May 2026. The notes have an early redemption feature at the option of the Issuer, subject to prior regulatory approval, with the call redemption date on 14 May 2025. The instruments were issued under the Bank's EMTN programme which was established at the end of April 2021. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange on 18 May 2021, under ISIN code XS2339508587 and were included in the LGX - Luxembourg Green Exchange platform, dedicated solely to the Green and Sustainable bonds. The notes were passported on 27th of May 2021 on the Regulated Spot Market of the Bucharest Stock Exchange under the same ISIN (Symbol RBRO26).

On 11 June 2021, under the EMTN programme, the Bank issued its first Senior Non-Preferred (SNP) RON-denominated green bond, in nominal amount of RON 1,207,500 thousand bearing a fixed rate coupon, with the maturity date on 11 June 2028 and an early redemption feature at the option of the Issuer on 11 June 2027, subject to prior regulatory approval. The notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities). The bonds were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2021 under ISIN: XS2349343256 and on 2 July 2021 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO28).

Under the EMTN programme which was successfully updated in April 2022, the Bank issued on 15th of June 2022 the second RON-denominated green bond in Senior Non-Preferred (SNP) format, in nominal amount of RON 525,000 thousand with a fixed rate coupon, having the final maturity date on 15th of June 2027 and the early redemption feature at the option of the Issuer on 15th of June 2026. Similar to the 2021 green issuances, the notes are expected to be eligible for MREL (Minimum Requirement for Own Funds and Eligible Liabilities) and were listed on the Luxembourg Stock Exchange - LGX platform on 15 June 2022 under ISIN: XS2489289053 and on 24 June 2022 were passported on the Regulated Spot Market of the Bucharest Stock Exchange, under the same ISIN (Symbol RBRO27).

In the second part of the year 2022, the Bank issued three RON-denominated bonds in sustainable format bearing fixed interest payable annually, with a total nominal amount of RON 1,195,425 thousand, out of which two in senior non-preferred format (SNP) in the amount of RON 869,925 thousand. The bonds have a final maturity of 5 years from the date of issue, with the possibility of early redemption 1 year prior to maturity at the option of the issuer and were listed on the Luxembourg Stock Exchange and on the regulated market of the Bucharest Stock Exchange with the following ISINs: XS2511879160, XS2539944012, XS2556373046. The three bonds were issued in order to meet the minimum own funds and eligible debt requirement (MREL).

On 31st of March 2023, the Bank issued a new Senior Non-Preferred (SNP) note due on 7th of December 2027, under the second tranche of series no. 6 issued on 7th of December 2022, with a total amount of RON 119,175 thousand as part of the reopening of the last sustainable bond series. Thus, the bond issuance of series no. 6 reaches a total notional of RON 488.25 million.

The Bank continued to issue sustainability bonds in the second half of 2023 and, in a premiere for the Romanian banking sector, the Bank issued the first sustainability Eurobonds in senior non-preferred format on the international capital markets with a total amount of EUR 300 million. The bonds have a fixed coupon of 7% in the first three years and a final maturity of four years with the possibility of early redemption 1 year prior to maturity at the option of the issuer and were listed on the Luxembourg Stock Exchange (ISIN: XS2700245561). The bond enabled the bank to meet the fully phased in MREL requirements applicable starting with 1st January 2024. The total MREL stack outstanding at the end of 2023 has exceeded RON 4.9 billion.

(iii) Subordinated liabilities

The balance of subordinated liabilities as at December 31, 2023, in RON equivalents, including accrued interest is RON 326,115 thousand (December 31, 2022: RON 323,726 thousand).

All subordinated loans are granted by Raiffeisen Bank International A.G. In addition, the subordinated bond subscribed by private investors (December 31, 2023: RON 481,193 thousand) has been included in the above section (ii).

The below tables show the split of total long term debt by contractual maturities as of December 31, 2023:

**Group**

*In RON thousand*

	<b>Less than 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Senior loans from banks and financial institutions	4,914	483,644	488,558
<i>Of which unsecured</i>	–	304,058	304,058
Debt securities issued	134,949	5,420,055	5,555,004
Subordinated loans	2,766	323,349	326,115
<b>Total</b>	<b>142,629</b>	<b>6,227,048</b>	<b>6,369,677</b>

**Bank**

*In RON thousand*

	<b>Less than 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Senior loans from banks and financial institutions	864	881	1,745
<i>Of which unsecured</i>	–	–	–
Debt securities issued	134,949	5,420,055	5,555,004
Subordinated loans	2,666	323,349	326,015
<b>Total</b>	<b>138,479</b>	<b>5,744,285</b>	<b>5,882,764</b>

The below tables show the split of total long term debt by contractual maturities as of December 31, 2022:

**Group**

*In RON thousand*

	<b>Less than 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Senior loans from banks and financial institutions	33,334	356,951	390,285
<i>Of which unsecured</i>	7,537	102,438	109,975
Debt securities issued	79,308	3,808,500	3,887,808
Subordinated loans	2,145	321,581	323,726
<b>Total</b>	<b>114,787</b>	<b>4,487,032</b>	<b>4,601,819</b>

**Bank**

*In RON thousand*

	Less than 1 year	Over 1 year	Total
Senior loans from banks and financial institutions	2,197	1,746	3,943
<i>Of which unsecured</i>	–	–	–
Debt securities issued	79,308	3,808,500	3,887,808
Subordinated loans	2,097	321,581	323,678
<b>Total</b>	<b>83,602</b>	<b>4,131,827</b>	<b>4,215,429</b>

**35. OTHER LIABILITIES**

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Lease liability	263,681	259,291	260,853	258,964
Amounts due to state budget for social security	54,424	49,783	53,519	49,225
Short-term employee benefits	108,754	106,383	108,624	106,253
Accrual for suppliers	234,765	194,303	234,583	194,302
Cash in transit (i)	579,274	343,116	579,274	343,116
Deferred income	69,377	61,108	55,622	45,955
Other liabilities(ii)	320,911	408,885	287,607	368,546
<b>Total</b>	<b>1,631,186</b>	<b>1,422,869</b>	<b>1,580,082</b>	<b>1,366,361</b>

i) Cash in transit includes payments which should be settled with other banks of RON 307,815 thousand (2022: RON 186,524 thousand) and receipts which should be settled with current accounts RON 271,459 thousand (2022: RON 156,592 thousand).

ii) Other liabilities include credit cards of RON 62,214 thousand (2022: RON 137,715 thousand), liabilities due to customers of RON 179,256 thousand (2022: 183,617 thousand RON) and deposits representing the share capital at companies in course of set-up of RON 7,312 thousand (2022: RON 10,045 thousand).

**36. PROVISIONS**

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Provisions for litigations and potential risks (i)	29,663	108,974	29,355	108,972
Provision for un-drawn commitments (ii)	54,218	87,235	53,677	86,667
Provision for employee benefits	474	397	–	–
Defined benefit plan (iii)	45,388	32,685	45,388	32,685
Provisions for severance payments and similar obligations	5,128	737	5,128	737
Sundry provisions	25,106	3,374	15,833	1,015
<b>Total</b>	<b>159,977</b>	<b>233,402</b>	<b>149,381</b>	<b>230,076</b>

i) The nature of provisions for litigation represents legal disputes. Expected timing of outflows for litigations cannot be appreciated, depending on various factors. Given the complexity and inherent uncertainties related to the outcome of possible scenario regarding the provision for litigation, the Group's estimates needed may differ from actual obligation resulting from the completion of such legal disputes in future periods.

Included in position "Provisions for litigations and potential risks" are the following main legal disputes:

- a) Disputes with consumers

As of December 31, 2023, the provisions related to individual consumer loan litigations amounted to 3,771 RON thousand (2022: RON 3,875 thousand). They are due to contractual clauses that may generate losses because they are considered unfair by customers. The existing provisions are both for ongoing litigations and for potential ones (which might result in litigations in the future).

- b) Order no 837 dated October 20, 2017 received from the National Authority for Consumer Protection

The Romanian consumer protection authority ("ANPC") has issued an order for the bank stop its alleged practice of "not informing its customers about future changes in the interest rate charged to the customers".

The Bank disputed the order in court, but finally lost. The Bank has completed the implementation by reimbursing the amounts to affected consumers. Based on the latest calculations, as of December 31, 2023 the remaining amounts to be paid is RON 16.1 million representing amounts to be paid after identifying the payment details of the customers who no longer have accounts opened in the Bank.

- c) Order no. 234 of September 3, 2021, received from the National Authority for Consumer Protection

On July 2014 ANPC issued Order number 280 which contains a decision requesting the Bank to stop the incorrect practice of including the administration fee in the bank's margin, at the implementation of the restructuring acts. The Bank was furthered sanctioned for not implementing the ANPC Order 280/2014.

Subsequently, ANPC issued Order no. 234/2021, which ordered the application of the additional sanction of suspending the activity of the banking institution, Raiffeisen Bank SA, with regard to the unfair commercial practice consisting in the unilateral decision of the bank to increase the margins of the interest component at the time of loan restructuring, by introducing the management fee, which the bank expressly waived by the additional acts signed with the clients, and to refund the amounts incorrectly collected from the consumers.

Against the order the Bank filed an action for annulment, which is suspended until the resolution of the appeal against the minutes issued by National Authority for Consumer Protection, an action which was won by the Bank, and the ANPC filed an appeal (there is no a deadline set for the appeal).

Also, the Bucharest Court of Appeal ordered the suspension of the execution of Order no.234/2021, until the resolution of the action to cancel the order, a decision that was not appealed by ANPC.

At the end of 2023 the existing provisions will be derecognized (RON 34.2 million), as there are no material risks associated.

- d) The litigation between Aedificium Banca pentru Locuinte S.A. and the Romanian Court of Auditors

The Romanian Court of Auditors claimed that several deficiencies were identified and that conditions for payment by ABL of the state premiums on savings have not been met. ABL initiated a court dispute against the findings of the Romanian Court of Auditors, and in November 2020, lost the trial. During 2022 ABL used a legal provision allowing entities to pay debts towards the state (principal) and be exonerated from payment of accessories. ABL has calculated the prejudice and paid the principal (RON 115 million) and filed for fiscal amnesty of accessories (RON 151 million).

The ministry has denied the request for amnesty and the ABL has disputed the denial in court and won on the merits. The Ministry disputed the first court decision. In December 2022 the Ministry of Development, Public Works and Administration has issued a title and asked ABL to pay also the penalties within 30 days. ABL disputed the payment request both at the ministry level and in court and also filed a motion in court, to ask for a suspension of the payment request, given that considers that amnesty should have been granted. The suspension has been won by ABL on merits.

ii) For off balance sheet commitments, provisions are calculated by multiplying net exposure (gross exposure minus collateral value) with historical loss rates specific for each risk category, further adjusted with the credit conversion factor. The credit conversion factor represents the Bank's expectations of the respective loan commitment to become a balance sheet exposure over its expected life.

iii) The defined benefit plan is the Group's one off obligation to offer a number of salaries depending on the service period. The Group has calculated provision for contributions granted to employees on retirement as of 31 December 2023, using indicators such as: remaining number of years with the company up to retirement, probability that employee will stay with the company up to retirement, current salary, average number of salaries paid as benefit at retirement, age, sex, expected age of retirement as per current legislation.



### Movement in defined benefits obligations

<i>In RON thousand</i>	31 December 2023	31 December 2022
<b>Opening defined benefit obligation</b>	<b>32,685</b>	<b>29,507</b>
Total service cost	353	4,404
Benefits paid	–	–
Interest cost on benefit obligation	4,232	738
Transfer in	3,533	–
Actuarial (gains) / losses arising from changes in demographic assumptions	–	–
Actuarial (gains) / losses arising from changes in financial assumptions	4,585	(1,964)
<b>Closing defined benefit obligation</b>	<b>45,388</b>	<b>32,685</b>

Main actuarial assumptions:

	Group	
	31 December 2023	31 December 2022
Discount rate	4.79% – 7.28%	5% – 9.1%
Average long term inflation rate	3.15 %	7.75 %
Average remaining working period (years)	26.25	26

### *Sensitivities on the defined benefit obligation*

The results of any valuation depend upon the assumptions employed. Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase.

The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate used was 0.5% higher, then the defined benefit obligation would be lower by about 3.11% meaning RON 1,412 thousand.
- If the discount rate used was 0.5% lower, then the defined benefit obligation would be higher by about 3.28% meaning RON 1,489 thousand.
- If the salary increase rate used was 0.5% higher, then the defined benefit obligation would be higher by about 3.35% meaning RON 1,520 thousand.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position. The eventual cost of providing the benefits depends on the current future experience. Other factors such as the number of new employees could also change the cost.

## Group

During 2023 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	108,974	791	(34,207)	(46,261)	-	366	29,663
Provision for un-drawn commitments	87,235	-	(33,080)	-	-	63	54,218
Provision for employee benefits	397	77	-	-	-	-	474
Defined benefit plan	32,685	3,885	-	-	8,818	-	45,388
Provisions for severance payments and similar obligations	737	4,391	-	-	-	-	5,128
Sundry provisions	3,374	21,732	-	-	-	-	25,106
<b>TOTAL</b>	<b>233,402</b>	<b>30,876</b>	<b>(67,287)</b>	<b>(46,261)</b>	<b>8,818</b>	<b>429</b>	<b>159,977</b>

During 2022 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	301,667	1,832	(8,075)	(188,460)	-	2,010	108,974
Provision for un-drawn commitments	77,008	10,439	-	-	-	(212)	87,235
Provision for employee benefits	322	75	-	-	-	-	397
Defined benefit plan	29,507	3,178	-	-	-	-	32,685
Provisions for overdue vacations*	21,011	-	-	-	(21,011)	-	-
Provisions for severance payments and similar obligations	1,126	-	(389)	-	-	-	737
Sundry provisions	2,941	433	-	-	-	-	3,374
<b>TOTAL</b>	<b>433,582</b>	<b>15,957</b>	<b>(8,464)</b>	<b>(188,460)</b>	<b>(21,011)</b>	<b>1,798</b>	<b>233,402</b>

\*) Provisions for overdue vacations were reclassified into other liabilities caption.

## Bank

During 2023 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	108,972	485	(34,207)	(46,261)	-	366	29,355
Provision for un-drawn commitments	86,667	-	(33,053)	-	-	63	53,677
Defined benefit plan	32,685	3,885	-	-	8,818	-	45,388
Provisions for severance payments and similar obligations	737	4,391	-	-	-	-	5,128
Sundry provisions	1,015	14,818	-	-	-	-	15,833
<b>TOTAL</b>	<b>230,076</b>	<b>23,579</b>	<b>(67,260)</b>	<b>(46,261)</b>	<b>8,818</b>	<b>429</b>	<b>149,381</b>

During 2022 the provisions can be further analyzed as follows:

<i>In RON thousand</i>	Opening Balance	Allocation	Release	Usage	Other movements	FX difference	Closing balance
Provisions for litigations and potential risks	188,339	269	(8,075)	(73,571)	-	2,010	108,972
Provision for un-drawn commitments	76,525	10,354	-	-	-	(212)	86,667
Provision for employee benefits	-	-	-	-	-	-	-
Defined benefit plan	29,507	4,404	-	-	(1,226)	-	32,685
Provisions for overdue vacations*	20,999	-	-	-	(20,999)	-	-
Provisions for severance payments and similar obligations	1,126	-	(389)	-	-	-	737
Sundry provisions	1,013	2	-	-	-	-	1,015
<b>TOTAL</b>	<b>317,509</b>	<b>15,029</b>	<b>(8,464)</b>	<b>(73,571)</b>	<b>(22,225)</b>	<b>1,798</b>	<b>230,076</b>

\*) Provisions for overdue vacations were reclassified into other liabilities caption.

### 37. SHARE CAPITAL

As of December 31, 2023 the number of shares of the Group is 12,000 and there were no changes in shares structure. Share capital in amount of RON 1,200,000,000 consists in 12,000 shares with a nominal value of RON 100,000/share.

During 2023, Raiffeisen Bank S.A paid dividends from 2022 profit to its shareholders in amount of RON 617,400 thousand which represents a dividend of RON 51,450/share (2022: RON dividends from 2021 profit to its shareholders in amount of RON 396,000 thousand which represents a dividend of RON 33,000/share).

The shareholders of the Group are as follows:

	31 December 2023	31 December 2022
	%	%
Raiffeisen SEE Region Holding GmbH	99.925	99.925
Other shareholders	0.075	0.075
<b>Total</b>	<b>100</b>	<b>100</b>

### 38. OTHER EQUITY INSTRUMENTS

Other equity instruments are comprised of subordinated unsecured instruments notes issued by the Group that are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation". The instruments meet the criteria for inclusion in Group Tier 1 own funds, as they qualify as Additional Tier 1 instruments, as defined by Regulation (EU) No. 575/2013 (CRR), article 52. They are perpetual instruments, with no maturity, while the issuer's reimbursement is limited and subject to supervisory approval.

Although the notes include a coupon rate, this is fully discretionary and is paid out of the distributable profits. In case the Group's CET 1 Capital Ratio is below a certain threshold, this might trigger full or partial write-down of the notes. The write-down is temporary and can be followed by a write-up, which is at the sole discretion of the issuer and compliance with applicable supervisory regulations. The total issue of the notes amounts to EUR 125 million ( 2022: EUR 125 million) and have been purchased by Raiffeisen Bank International A.G. (please refer to *note 40 Related party transactions*).

During 2023, Raiffeisen Bank S.A paid coupon in amount of 64,459 thousand RON (2022: RON 18,742).

### 39. OTHER RESERVES

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
Statutory reserve	242,128	242,128	240,000	240,000
Fair value loss taken to equity (net of tax), investment securities FVOCI	(59,308)	(219,331)	(57,752)	(217,639)
Actuarial gains or (-) losses on defined benefit pension plans	(2,621)	1,964	(2,621)	1,964
<b>Total</b>	<b>180,199</b>	<b>24,761</b>	<b>179,627</b>	<b>24,325</b>

*Fair value reserve for financial assets FVOCI*

	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
<i>In RON thousand</i>				
At 1 January	(219,331)	(104,211)	(217,639)	(101,943)
Change in fair value reserve (for financial assets FVOCI)	160,023	(115,120)	159,887	(115,696)
<b>At 31 December</b>	<b>(59,308)</b>	<b>(219,331)</b>	<b>(57,752)</b>	<b>(217,639)</b>

#### 40. RELATED PARTY TRANSACTIONS

The Group entered into a number of banking transactions with Raiffeisen Bank International AG, the ultimate controlling party, and its subsidiaries in the normal course of business.

The transactions and balances with related parties are presented in tables below:

Group	2023				
	Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
<i>In RON thousand</i>					
Trading assets	605	-	-	-	605
Derivative assets held for risk management	16,975	-	-	-	16,975
Loans and advances to banks at amortised cost	79,830	-	-	957	80,787
Investment in subsidiaries, associates and joint ventures	-	18,853	-	-	18,853
Equity instruments at fair value through other comprehensive income	-	-	-	90,579	90,579
Derivatives Asset- Hedge accounting	37,793	-	-	-	37,793
Loans and advances to customers at amortised cost	-	22,978	5,916	33,112	62,006
Property, equipment and right-of-use assets	732	-	-	82,150	82,882
Other assets	7,974	-	28	21,085	29,087
<b>Outstanding assets</b>	<b>143,909</b>	<b>41,831</b>	<b>5,944</b>	<b>227,883</b>	<b>419,567</b>
Derivative liabilities held for risk management	675	-	-	-	675
Fair value changes of the hedged items-liability	4,940	-	-	-	4,940
Derivatives – Hedge accounting	709	-	-	-	709
Trading liabilities	3,471	-	-	-	3,471
Deposits from banks	202,783	-	-	2,941	205,724
Deposits from customers	-	7,409	29,014	162,874	199,297
Loans from banks and other financial institutions	150,851	-	-	-	150,851
Subordinated loans	326,115	-	-	-	326,115
Other equity instruments	609,298	-	-	-	609,298
Other liabilities	62,628	5,028	7	119,003	186,666
<b>Outstanding liabilities</b>	<b>1,361,470</b>	<b>12,437</b>	<b>29,021</b>	<b>284,818</b>	<b>1,687,746</b>
Commitments given	-	20,000	-	44,771	64,771
Guarantees issued	118,508	-	-	16,638	135,146
Commitments received	248,730	-	-	-	248,730
Guarantees received	125,552	-	-	22,036	147,588
Notional amount of derivative instruments	3,662,314	-	-	-	3,662,314

Group	2022				
	Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
<i>In RON thousand</i>					
Trading assets	36,908	-	-	-	36,908
Derivative assets held for risk management	13,781	-	-	-	13,781
Loans and advances to banks at amortised cost	18,692	-	-	180	18,872
Investment in subsidiaries, associates and joint ventures	-	32,891	-	-	32,891
Equity instruments at fair value through other comprehensive income	-	-	-	71,488	71,488
Loans and advances to customers at amortised cost	-	20,117	5,609	237,821	263,547
Derivatives Asset- Hedge accounting	8,355	-	-	-	8,355
Property, equipment and right-of-use assets	-	-	-	87,285	87,285
Other assets	2,544	269	7	14,367	17,187
<b>Outstanding assets</b>	<b>80,280</b>	<b>53,277</b>	<b>5,616</b>	<b>411,141</b>	<b>550,314</b>
Derivative liabilities held for risk management	2,888	-	-	-	2,888
Derivatives – Hedge accounting	-	-	-	-	-
Fair value changes of the hedged items-liability	11,398	-	-	-	11,398
Trading liabilities	14,074	-	-	-	14,074
Deposits from banks	87,447	-	-	3,896	91,343
Deposits from customers	-	94,962	23,365	131,555	249,882
Subordinated loans	323,678	-	-	-	323,678
Other equity instruments	609,440	-	-	-	609,440
Other liabilities	13,611	6	28	97,418	111,063
<b>Outstanding liabilities</b>	<b>1,062,536</b>	<b>94,968</b>	<b>23,393</b>	<b>232,869</b>	<b>1,413,766</b>
Commitments given	-	4,787	-	135,998	140,785
Guarantees issued	85,984	-	-	43,670	129,654
Commitments received	247,370	-	-	-	247,370
Guarantees received	89,458	-	-	53,147	142,605
Notional amount of derivative instruments	2,322,811	-	-	-	2,322,811

Bank

2023

<i>In RON thousand</i>	Ultimate	Subsidiaries	Associates	Key	Other	Total
	controlling entity					
Trading assets	605	-	-	-	-	605
Derivative assets held for risk management	16,975	-	-	-	-	16,975
Loans and advances to banks at amortised cost	79,507	11,861	-	-	957	92,325
Investment in subsidiaries, associates and joint ventures	-	98,575	11,900	-	-	110,475
Equity instruments at fair value through other comprehensive income	-	-	-	-	90,579	90,579
Derivatives Asset- Hedge accounting	37,793	-	-	-	-	37,793
Loans and advances to customers at amortised cost	-	745,703	22,978	5,916	33,112	807,709
Property, equipment and right-of-use assets	732	-	-	-	82,150	82,882
Other assets	7,877	3,615	-	28	21,085	32,605
<b>Outstanding assets</b>	<b>143,489</b>	<b>859,754</b>	<b>34,878</b>	<b>5,944</b>	<b>227,883</b>	<b>1,271,948</b>
Derivative liabilities held for risk management	675	-	-	-	-	675
Fair value changes of the hedged items-liability	4,940	-	-	-	-	4,940
Derivatives – Hedge accounting	709	-	-	-	-	709
Trading liabilities	3,471	-	-	-	-	3,471
Deposits from banks	51,932	189	-	-	2,941	55,062
Deposits from customers	-	104,157	7,409	29,014	162,874	303,454
Loans from banks and other financial institutions	150,851	-	-	-	-	150,851
Subordinated loans	326,015	-	-	-	-	326,015
Other equity instruments	609,298	-	-	-	-	609,298
Other liabilities	62,628	977	5,028	7	119,003	187,643
<b>Outstanding liabilities</b>	<b>1,210,519</b>	<b>105,323</b>	<b>12,437</b>	<b>29,021</b>	<b>284,818</b>	<b>1,642,118</b>
Commitments given	-	19,949	20,000	-	44,771	84,720
Guarantees issued	118,508	160	-	-	16,638	135,306
Commitments received	248,730	-	-	-	-	248,730
Guarantees received	125,552	-	-	-	22,036	147,588
Notional amount of derivative instruments	3,662,314	-	-	-	-	3,662,314

Bank	2022					
	Ultimate controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	Total
<i>In RON thousand</i>						
Trading assets	36,908	-	-	-	-	36,908
Derivative assets held for risk management	13,781	-	-	-	-	13,781
Loans and advances to banks at amortised cost	18,692	11,905	-	-	180	30,777
Investment in subsidiaries, associates and joint ventures	-	91,884	14,987	-	-	106,871
Equity instruments at fair value through other comprehensive income	-	-	-	-	71,488	71,488
Loans and advances to customers at amortised cost	-	648,786	20,117	3,155	237,821	909,879
Derivatives Asset- Hedge accounting	8,355	-	-	-	-	8,355
Property, equipment and right-of-use assets	-	-	-	-	87,285	87,285
Other assets	2,544	5,456	269	7	14,367	22,643
<b>Outstanding assets</b>	<b>80,280</b>	<b>758,031</b>	<b>35,373</b>	<b>3,162</b>	<b>411,141</b>	<b>1,287,987</b>
Derivative liabilities held for risk management	2,888	-	-	-	-	2,888
Derivatives – Hedge accounting	-	-	-	-	-	-
Fair value changes of the hedged items-liability	11,398	-	-	-	-	11,398
Trading liabilities	14,074	-	-	-	-	14,074
Deposits from banks	87,447	195	-	-	3,896	91,538
Deposits from customers	-	64,285	94,962	12,753	131,555	303,555
Subordinated loans	323,678	-	-	-	-	323,678
Other equity instruments	609,440	-	-	-	-	609,440
Other liabilities	13,611	1,136	6	28	97,418	112,199
<b>Outstanding liabilities</b>	<b>1,062,536</b>	<b>65,616</b>	<b>94,968</b>	<b>12,781</b>	<b>232,869</b>	<b>1,468,770</b>
Commitments given	-	161,001	4,787	-	135,998	301,786
Guarantees issued	85,984	-	-	-	43,670	129,654
Commitments received	247,370	-	-	-	-	247,370
Guarantees received	89,458	-	-	-	53,147	142,605
Notional amount of derivative instruments	2,322,811	-	-	-	-	2,322,811



Group	2023				
	Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
<i>In RON thousand</i>					
Interest income	22,485	1,993	425	9,508	<b>34,411</b>
Interest expense	(32,589)	–	709	–	<b>(31,880)</b>
Fees and commissions income	6,074	6	6	91	<b>6,177</b>
Fees and commissions expense	(4,163)	–	–	(41,247)	<b>(45,410)</b>
Net trading income	(11,585)	–	–	–	<b>(11,585)</b>
Operating expenses	(44,219)	(59,811)	–	(93,918)	<b>(197,948)</b>
Personnel expenses	–	–	(39,380)	–	<b>(39,380)</b>
Other operating income	2,258	–	–	1,271	<b>3,529</b>
Gains or (-) losses from hedge accounting, net	1,877	–	–	–	<b>1,877</b>
Impairment (losses)/reversals	–	–	33	–	<b>33</b>
Share of gain from associates and joint ventures	–	1,166	–	–	<b>1,166</b>
	2022				
	Ultimate controlling entity	Associates	Key Personnel	Other interest	Total
<i>In RON thousand</i>					
Interest income	562	1,525	222	9,961	<b>12,270</b>
Interest expense	(16,152)	–	–	(2,963)	<b>(19,115)</b>
Fees and commissions income	5,883	7	5	2,493	<b>8,388</b>
Fees and commissions expense	(1,951)	–	–	(31,987)	<b>(33,938)</b>
Net trading income	17,978	–	–	–	<b>17,978</b>
Operating expenses	(50,310)	(54,177)	(142)	(81,766)	<b>(186,395)</b>
Personnel expenses	–	–	(36,762)	–	<b>(36,762)</b>
Other operating income	851	(206)	–	2,156	<b>2,801</b>
Gains or (-) losses from hedge accounting, net	16,325	–	–	–	<b>16,325</b>

Operating expenses include mostly IT costs, legal, advisory and consulting expenses and office space expenses such as rental, maintenance and others.

## Bank

2023

<i>In RON thousand</i>	Ultimate					Total
	controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	
Interest income	22,485	29,099	1,993	425	9,508	<b>63,510</b>
Interest expense	(30,046)	(55)	-	709	-	<b>(29,392)</b>
Fees and commissions income	6,074	5,829	6	6	91	<b>12,006</b>
Fees and commissions expense	(4,161)	-	-	-	(41,247)	<b>(45,408)</b>
Net trading income	(11,585)	-	-	-	-	<b>(11,585)</b>
Operating expenses	(44,219)	(21)	(59,811)	-	(93,918)	<b>(197,969)</b>
Personnel expenses	-	-	-	(39,380)	-	<b>(39,380)</b>
Dividend income	-	17,478	12,116	-	988	<b>30,582</b>
Other operating income	2,258	4,796	-	-	1,271	<b>8,325</b>
Gains or (-) losses from hedge accounting, net	1,877	-	-	-	-	<b>1,877</b>
Impairment (losses)/reversals	-	6,691	-	33	-	<b>6,724</b>
Share of gain from associates and joint ventures	-	-	1,166	-	-	<b>1,166</b>

2022

<i>In RON thousand</i>	Ultimate					Total
	controlling entity	Subsidiaries	Associates	Key Personnel	Other interest	
Interest income	562	9,742	1,525	218	9,961	<b>22,008</b>
Interest expense	(16,152)	(375)	-	-	(2,963)	<b>(19,490)</b>
Fees and commissions income	5,883	5,824	7	5	2,493	<b>14,212</b>
Fees and commissions expense	(1,951)	-	-	-	(31,987)	<b>(33,938)</b>
Net trading income	17,978	-	-	-	-	<b>17,978</b>
Operating expenses	(50,310)	-	(54,177)	(142)	(81,766)	<b>(186,395)</b>
Personnel expenses	-	-	-	(36,762)	-	<b>(36,762)</b>
Dividend income	-	26,762	-	-	694	<b>27,456</b>
Other operating income	851	3,940	(206)	-	2,156	<b>6,741</b>
Gains or (-) losses from hedge accounting, net	16,325	-	-	-	-	<b>16,325</b>

### Transactions with key management personnel

Key management personnel is comprised of the members of the Supervisory Board, Management Board and other senior management as defined by the National Bank of Romania Regulation no.5/20.12.2013 related to the prudential requirements for credit institutions and amended by the Regulation no.5/17.12.2014.

The transactions between the Group and key management personnel are in the normal course of business, representing: loans granted, deposits placed, foreign currency transactions and guarantees issued.

The volumes of key management personnel transactions as at year-end and expense and income for the year are presented in the below tables.

*In RON thousand*

	Group		Bank	
	2023	2022	2023	2022
Loans and advances to customers	5,916	5,609	5,916	3,155
Interest income and fees and commission income	431	227	431	223
Impairment for loans and advances to customer	78	73	78	73
Deposits	29,014	23,365	29,014	12,753
Interest expense	(709)	-	(709)	-

The following table shows total remuneration of the members of the Key management personnel according to IAS 24.17. The expenses according to IAS 24 were recognized on an accrual basis and according to the rules of the underlying standards, respectively IAS 19.

### Key management personnel compensation

*In RON thousand*

	Group		Bank	
	2023	2022	2023	2022
Short-term employee benefits	35,637	33,065	35,637	33,065
Other long term benefits	3,743	3,697	3,743	3,697
<b>Total compensation</b>	<b>39,380</b>	<b>36,762</b>	<b>39,380</b>	<b>36,762</b>

Short-term employee benefits shown in the above table contain salaries and benefits in kind and other benefits and those parts of the bonuses which become due for the short term. Furthermore, changes possibly arising from the difference between the bonus provision and the later awarded bonus are also contained.

Other long-term benefits contain bonus payments, deferred on a period above one year, payable in cash.

#### 41. COMMITMENTS AND CONTINGENCIES

##### Guarantees and letters of credit

The Group issues guarantees and letters of credit for its customers. Guarantees and letters of credit represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. The primary purpose of letters of credit is to ensure that funds are available to a customer as required.

##### Credit related commitments

Loan commitments represent unused amounts of approved credit facilities. Off-balance sheet contractual amounts of loan commitments, guarantees and letters of credit issued are presented in the following table:

<i>In RON thousand</i>	Group		Bank	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Loan commitments	15,725,455	16,137,505	15,637,599	16,217,127
Guarantees issued	4,286,170	3,916,107	4,286,170	3,916,107
Letters of credit	602,485	701,775	602,485	701,775
<b>Total</b>	<b>20,614,110</b>	<b>20,755,387</b>	<b>20,526,254</b>	<b>20,835,009</b>

The tables below present the split of credit related commitments on stages and credit quality:

##### Group Non-retail financial guarantees given

<i>In RON thousand</i>	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Internal rating grade					
Excellent	442	–	–	–	442
Strong	532,536	3,839	–	–	536,375
Good	3,379,755	87,729	–	–	3,467,484
Satisfactory	619,732	96,189	–	–	715,921
Substandard	–	844	–	–	844
Impaired	–	–	68,320	438	68,758
Unrated	77,743	–	–	–	77,743
<b>Total</b>	<b>4,610,208</b>	<b>188,601</b>	<b>68,320</b>	<b>438</b>	<b>4,867,567</b>

##### Group Non-retail financial guarantees given

<i>In RON thousand</i>	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Internal rating grade					
Excellent	2,178	285	–	–	2,463
Strong	1,018,707	42,105	–	–	1,060,812
Good	2,645,605	109,062	–	–	2,754,667
Satisfactory	506,735	111,168	–	–	617,903
Substandard	–	16,358	–	–	16,358
Impaired	–	–	95,621	138	95,759
Unrated	48,403	3,152	–	–	51,555
<b>Total</b>	<b>4,221,628</b>	<b>282,130</b>	<b>95,621</b>	<b>138</b>	<b>4,599,517</b>

**Group**  
**Non-retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	8,947	2,247	–	–	11,194
Strong	2,394,666	463,270	–	–	2,857,936
Good	6,675,362	163,107	–	–	6,838,469
Satisfactory	1,927,848	171,805	–	–	2,099,653
Substandard	6	304	–	–	310
Impaired	–	–	13,324	108	13,432
Unrated	4,556	422	–	–	4,978
<b>Total</b>	<b>11,011,385</b>	<b>801,155</b>	<b>13,324</b>	<b>108</b>	<b>11,825,972</b>

**Group**  
**Non-retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	79,178	6,310	–	–	85,488
Strong	3,874,295	176,270	–	–	4,050,565
Good	5,968,819	240,494	–	–	6,209,313
Satisfactory	1,819,428	117,312	–	–	1,936,740
Substandard	–	6,304	–	–	6,304
Impaired	–	–	27,742	22	27,764
Unrated	13,974	474	–	–	14,448
<b>Total</b>	<b>11,755,694</b>	<b>547,164</b>	<b>27,742</b>	<b>22</b>	<b>12,330,622</b>

**Bank**  
**Non-retail financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	442	–	–	–	442
Strong	532,536	3,839	–	–	536,375
Good	3,379,755	87,729	–	–	3,467,484
Satisfactory	619,732	96,189	–	–	715,921
Substandard	–	844	–	–	844
Impaired	–	–	68,320	438	68,758
Unrated	77,743	–	–	–	77,743
<b>Total</b>	<b>4,610,208</b>	<b>188,601</b>	<b>68,320</b>	<b>438</b>	<b>4,867,567</b>

**Bank**  
**Non-retail financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	2,178	285	–	–	2,463
Strong	1,018,707	42,105	–	–	1,060,812
Good	2,645,605	109,062	–	–	2,754,667
Satisfactory	506,735	111,168	–	–	617,903
Substandard	–	16,358	–	–	16,358
Impaired	–	–	95,621	138	95,759
Unrated	48,403	3,152	–	–	51,555
<b>Total</b>	<b>4,221,628</b>	<b>282,130</b>	<b>95,621</b>	<b>138</b>	<b>4,599,517</b>

**Bank**  
**Non-retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	8,947	2,247	–	–	11,194
Strong	2,392,361	463,270	–	–	2,855,631
Good	6,655,562	172,663	–	–	6,828,225
Satisfactory	1,866,034	171,618	–	–	2,037,652
Substandard	6	304	–	–	310
Impaired	–	–	13,594	108	13,702
Unrated	4,556	102	–	–	4,658
<b>Total</b>	<b>10,927,466</b>	<b>810,204</b>	<b>13,594</b>	<b>108</b>	<b>11,751,372</b>

**Bank**  
**Non-retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Excellent	79,178	6,310	–	–	85,488
Strong	3,872,679	175,757	–	–	4,048,436
Good	6,101,915	239,684	–	–	6,341,599
Satisfactory	1,792,707	116,021	–	–	1,908,728
Substandard	–	6,304	–	–	6,304
Impaired	–	–	28,012	22	28,034
Unrated	14,074	30	–	–	14,104
<b>Total</b>	<b>11,860,553</b>	<b>544,106</b>	<b>28,012</b>	<b>22</b>	<b>12,432,693</b>

**Group**  
**Retail financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
Minimal Risk	-	-	-	-
Excellent Credit Standing	8,512	953	-	9,465
Very Good Credit Standing	3,615	-	-	3,615
Good Credit Standing	-	-	-	-
Sound Credit Standing	5,656	105	-	5,761
Acceptable Credit Standing	234	932	-	1,166
Marginal Credit Standing	199	451	-	650
Weak Credit Standing	-	-	-	-
Very Weak Credit Standing	-	315	-	315
Default	-	-	-	-
Not Rated	-	116	-	116
<b>Total</b>	<b>18,216</b>	<b>2,872</b>	<b>-</b>	<b>21,088</b>

**Group**  
**Retail financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
Minimal Risk	-	10,349	-	10,349
Excellent Credit Standing	-	360	-	360
Very Good Credit Standing	-	133	-	133
Good Credit Standing	-	-	-	-
Sound Credit Standing	-	-	-	-
Acceptable Credit Standing	-	-	-	-
Marginal Credit Standing	-	-	-	-
Weak Credit Standing	-	-	-	-
Very Weak Credit Standing	-	-	-	-
Default	-	-	-	-
Not Rated	309	7,214	-	7,523
<b>Total</b>	<b>309</b>	<b>18,056</b>	<b>-</b>	<b>18,365</b>

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply, as described in Note 3 (ix) *Identification and measurement of impairment*.

**Group**  
**Retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	340,059	280,080	–	–	620,139
Excellent Credit Standing	670,147	427,968	–	–	1,098,115
Very Good Credit Standing	1,164,075	317,039	–	–	1,481,114
Good Credit Standing	166,843	66,550	–	–	233,393
Sound Credit Standing	227,488	59,846	–	–	287,334
Acceptable Credit Standing	23,378	20,739	–	–	44,117
Marginal Credit Standing	8,249	9,736	–	–	17,985
Weak Credit Standing	2,556	15,447	–	–	18,003
Very Weak Credit Standing	723	861	–	–	1,584
Default	–	–	12,454	3,720	16,174
Not Rated	61,707	19,814	4	–	81,525
<b>Total</b>	<b>2,665,225</b>	<b>1,218,080</b>	<b>12,458</b>	<b>3,720</b>	<b>3,899,483</b>

**Group**  
**Retail loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	1,211,756	231,506	–	–	1,443,262
Excellent Credit Standing	22,837	281,492	–	–	304,329
Very Good Credit Standing	664,401	437,319	–	–	1,101,720
Good Credit Standing	259,547	203,288	–	–	462,835
Sound Credit Standing	107,746	83,182	–	–	190,928
Acceptable Credit Standing	66,924	32,537	–	–	99,461
Marginal Credit Standing	28,683	12,769	–	–	41,452
Weak Credit Standing	4,844	7,974	–	–	12,818
Very Weak Credit Standing	1,088	4,453	–	–	5,541
Default	–	–	12,384	3,752	16,136
Not Rated	28,279	100,007	115	–	128,401
<b>Total</b>	<b>2,396,105</b>	<b>1,394,527</b>	<b>12,499</b>	<b>3,752</b>	<b>3,806,883</b>



**Bank**  
**Retail Financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2023			Total
	Stage 1	Stage 2	Stage 3	
Minimal Risk	–	–	–	–
Excellent Credit Standing	8,512	953	–	9,465
Very Good Credit Standing	3,615	–	–	3,615
Good Credit Standing	–	–	–	–
Sound Credit Standing	5,656	105	–	5,761
Acceptable Credit Standing	234	932	–	1,166
Marginal Credit Standing	199	451	–	650
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	315	–	315
Default	–	–	–	–
Not Rated	–	116	–	116
<b>Total</b>	<b>18,216</b>	<b>2,872</b>	<b>–</b>	<b>21,088</b>

**Bank**  
**Retail Financial guarantees given**

*In RON thousand*

Internal rating grade	31 December 2022			Total
	Stage 1	Stage 2	Stage 3	
Minimal Risk	–	10,349	–	10,349
Excellent Credit Standing	–	360	–	360
Very Good Credit Standing	–	133	–	133
Good Credit Standing	–	–	–	–
Sound Credit Standing	–	–	–	–
Acceptable Credit Standing	–	–	–	–
Marginal Credit Standing	–	–	–	–
Weak Credit Standing	–	–	–	–
Very Weak Credit Standing	–	–	–	–
Default	–	–	–	–
Not Rated	309	7,214	–	7,523
<b>Total</b>	<b>309</b>	<b>18,056</b>	<b>–</b>	<b>18,365</b>

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply.

**Bank**  
**Retail Loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2023				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	340,059	280,080	–	–	620,139
Excellent Credit Standing	670,147	427,968	–	–	1,098,115
Very Good Credit Standing	1,164,075	317,039	–	–	1,481,114
Good Credit Standing	166,843	66,550	–	–	233,393
Sound Credit Standing	227,488	59,846	–	–	287,334
Acceptable Credit Standing	23,378	20,739	–	–	44,117
Marginal Credit Standing	8,249	9,736	–	–	17,985
Weak Credit Standing	2,556	15,447	–	–	18,003
Very Weak Credit Standing	723	861	–	–	1,584
Default	–	–	12,184	3,720	15,904
Not Rated	48,872	19,663	4	–	68,539
<b>Total</b>	<b>2,652,390</b>	<b>1,217,929</b>	<b>12,188</b>	<b>3,720</b>	<b>3,886,227</b>

**Bank**  
**Retail Loan commitments given**

*In RON thousand*

Internal rating grade	31 December 2022				
	Stage 1	Stage 2	Stage 3	POCI	Total
Minimal Risk	1,211,756	231,506	–	–	1,443,262
Excellent Credit Standing	22,837	281,492	–	–	304,329
Very Good Credit Standing	664,401	437,319	–	–	1,101,720
Good Credit Standing	259,547	203,288	–	–	462,835
Sound Credit Standing	107,746	83,182	–	–	190,928
Acceptable Credit Standing	66,924	32,537	–	–	99,461
Marginal Credit Standing	28,683	12,769	–	–	41,452
Weak Credit Standing	4,844	7,974	–	–	12,818
Very Weak Credit Standing	1,088	4,453	–	–	5,541
Default	–	–	12,114	3,752	15,866
Not Rated	6,392	99,715	115	–	106,222
<b>Total</b>	<b>2,374,218</b>	<b>1,394,235</b>	<b>12,229</b>	<b>3,752</b>	<b>3,784,434</b>

In "Not Rated" category are included retail exposures of segments for which the standard approach method is applied in the calculation of risk weighted assets. For the standard approach portfolios, no models are available and so the internal rating is not applicable. For these exposures, general IFRS 9 impairment rules apply.

## 42. CAPITAL

The capital management of the Group is defined through the capital strategy approved by the Management Board and is reviewed at least once every year.

The primary objective of the Group's capital management is to ensure an adequate level of capital which meets not only the regulatory requirements, but also the limits set in the capital strategy. The Management Board of the Group actively manages the capital structure and seeks to maintain at all times a higher level of capital than the regulatory one in order to ensure a comfortable position in achieving the Group's business objectives.

No major changes have been made to the objectives and policies regarding capital management compared to the previous year.

Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No.648/2012 requires that the Group maintain a minimum Common Equity Tier 1 capital ratio of 4.5 %, a minimum Tier 1 capital ratio of 6% and a minimum total capital ratio of 8%.

According to supervisory review, Group was requested through an official notification to hold additional capital to cover risks which are not or not adequately taken into account under pillar I. The Group is also subject to Conservation and other systemically important institutions buffer. The Group is compliant with all of the above requirements.

<i>In RON thousand</i>	Group			Bank		
	2023	2022	2022	2023	2022	2022
	Before Profit Incorporation	Before Profit Incorporation	After Profit Incorporation	Before Profit Incorporation	Before Profit Incorporation	After Profit Incorporation
Tier 1 Capital, of which:						
Common Equity Tier 1 (CET 1) Capital	6,233,199	5,635,489	5,757,677	6,057,276	5,482,299	5,582,951
Additional Tier 1 Capital	5,623,901	5,026,073	5,148,261	5,447,978	4,872,883	4,973,535
	609,298	609,416	609,416	609,298	609,416	609,416
Tier 2 Capital	854,012	863,163	863,163	843,385	853,797	853,797
<b>Total capital</b>	<b>7,087,211</b>	<b>6,498,652</b>	<b>6,620,840</b>	<b>6,900,661</b>	<b>6,336,096</b>	<b>6,436,748</b>
<b>Risk weighted assets</b>	<b>33,600,206</b>	<b>31,040,203</b>	<b>31,040,203</b>	<b>32,263,820</b>	<b>29,936,081</b>	<b>29,936,110</b>
Common Equity Tier 1 Capital ratio	16.74 %	16.19 %	16.59 %	16.89 %	16.28 %	16.61 %
Tier 1 Capital ratio	18.55 %	18.16 %	18.55 %	18.77 %	18.31 %	18.65 %
Total Capital ratio	21.09 %	20.94 %	21.33 %	21.39 %	21.17 %	21.50 %

Regulatory capital consists of Tier 1 and Tier 2 layers of capital. Tier 1 is made of share capital, premium reserves, retained earnings (excluding current year profit) and deductions according to legislation in force. Tier 2 capital includes subordinated long term debt and deductions according to legislation in force.

As of December 31, 2023, the Group has Additional Tier 1 Notes in amount of RON 609,298 thousand (RON 609,440 thousand as of December 31, 2022) that were purchased by Raiffeisen Bank International AG. The instruments are classified as equity instruments in accordance to IAS 32 "Financial Instruments: Presentation" and meet the criteria for inclusion in Group Tier 1 capital (see *note 38 Other equity instruments*).

Also in December 2019, the Bank issued unsecured, subordinated RON-denominated bonds in nominal amount of RON 480,000 thousand that qualify as Tier 2 instruments as defined by Regulation (EU) No. 575/2013 (see *note 34 Total long term debt*).

### 43. SEGMENTS CONSOLIDATION

Key decisions are made by chief operating decision makers determining the resources allocated to each segment based on its financial strength and profitability.

The Group follows financial performance and steers the business by segments and products, namely customer business consists of Corporate, Retail, Financial Institutions and Own employees. Corporate comprises legal entities with an annual turnover exceeding EUR 5 million. Retail contains individual clients and legal entities with an annual turnover below the EUR 5 million threshold (small and medium entities), while Financial Institutions (part of Treasury Division) deals with brokers, banks, insurance companies, leasing firms, investment and pension funds, as well as asset management companies.

The Group offers a wide array of banking services to its customers, adapted to the ever changing needs of our clients, but with maintained focus on the basics of banking.

Customer business lines bring in more than 85% of the Group's operating income, with following specifics worth mentioning: corporate clients chiefly draw their revenue streams from lending business, followed by fees from cash management, account services, foreign currency deals and investment banking activity.

Small clients also share these characteristics, while their unique business traits are visible through more intense payment and account activity, thus generating visibly greater proportion of the revenues as fees.

Private individual customers provide a highly diversified revenue source for the Group, mainly from unsecured loans, credit card and overdraft facilities, but also from mortgage loans, saving products and transactional business, FX deals and asset management services, as well as from the activity of intermediating transactions on the stock exchange; the Group continues to focus its attention on promoting alternative channels usage and thus provide improved services with advantages for both sides.

Proprietary business consists of Treasury Division (less Financial Institutions) and "Others" segment (less Own employees). The first mainly provides income streams from treasury activities, namely trading revenues, net income from financial assets held at fair value through profit or loss, as well as from interest contribution. The latter shows revenues mainly obtained as a result of transfers among segments, capital benefit, income generated by participations.

Regarding the segmentation by geographical area, the Group is performing its activity mainly under geographical area of Romania.

**Group**

*In RON thousand*

Total Assets before impairment allowance on loans and advances to customers at amortised cost  
Impairment allowance on loans and advances to customers at amortised cost

**Total Assets**

**Total Liabilities**

**Equity**

Net interest income  
Net fee and commission income  
Net trading income  
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net  
Gains or (-) losses from hedge accounting, net  
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income  
Other operating income\*

**Operating income**

Operating expenses  
Personnel expenses  
Impairment (losses)/reversals  
Share of gain from associates and joint ventures

**Profit before income tax**

Income tax expense

**Net profit for the year**

	2023					
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
Total Assets before impairment allowance on loans and advances to customers at amortised cost	18,687,957	18,435,527	4,195,327	26,883,251	3,803,193	72,005,255
Impairment allowance on loans and advances to customers at amortised cost	(345,816)	(730,063)	(144,503)	(877)	(6,149)	(1,227,408)
<b>Total Assets</b>	<b>18,342,141</b>	<b>17,705,464</b>	<b>4,050,824</b>	<b>26,882,374</b>	<b>3,797,044</b>	<b>70,777,847</b>
<b>Total Liabilities</b>	<b>10,759,117</b>	<b>33,145,182</b>	<b>8,780,955</b>	<b>4,097,609</b>	<b>6,366,807</b>	<b>63,149,670</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,628,177</b>	<b>7,628,177</b>
Net interest income	570,617	1,100,964	350,488	450,699	348,161	2,820,929
Net fee and commission income	108,267	261,463	170,373	58,060	4,087	602,250
Net trading income	68,739	185,819	85,648	36,522	822	377,550
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	171	9,565	835	1,295	1,108	12,974
Gains or (-) losses from hedge accounting, net	-	-	-	1,877	-	1,877
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	576	576
Other operating income*	(34,781)	(35,292)	(4,863)	79,007	60,469	64,540
<b>Operating income</b>	<b>713,013</b>	<b>1,522,519</b>	<b>602,481</b>	<b>627,460</b>	<b>415,223</b>	<b>3,880,696</b>
Operating expenses	(127,382)	(505,585)	(192,540)	(27,193)	(127,881)	(980,581)
Personnel expenses	(103,044)	(482,142)	(214,621)	(26,592)	(20,474)	(846,873)
Impairment (losses)/reversals	9,641	(115)	15,169	(3,559)	8,783	29,919
Share of gain from associates and joint ventures	-	-	-	-	1,166	1,166
<b>Profit before income tax</b>	<b>492,228</b>	<b>534,677</b>	<b>210,489</b>	<b>570,116</b>	<b>276,817</b>	<b>2,084,327</b>
Income tax expense	-	-	-	-	(383,560)	(383,560)
<b>Net profit for the year</b>	<b>492,228</b>	<b>534,677</b>	<b>210,489</b>	<b>570,116</b>	<b>(106,743)</b>	<b>1,700,767</b>

\*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

**Group**

*In RON thousand*

	2022					Total unit
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	
Total Assets before impairment allowance on loans and advances to customers at amortised cost	17,247,981	18,820,720	3,955,546	20,009,933	3,892,118	63,926,298
Impairment allowance on loans and advances to customers at amortised cost	(366,061)	(794,316)	(167,940)	(568)	(7,657)	(1,336,542)
<b>Total Assets</b>	<b>16,881,920</b>	<b>18,026,404</b>	<b>3,787,606</b>	<b>20,009,365</b>	<b>3,884,461</b>	<b>62,589,756</b>
<b>Total Liabilities</b>	<b>9,891,671</b>	<b>30,045,260</b>	<b>7,758,271</b>	<b>4,048,931</b>	<b>4,391,651</b>	<b>56,135,784</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,453,972</b>	<b>6,453,972</b>
Net interest income	505,524	1,076,225	342,502	227,858	248,244	2,400,353
Net fee and commission income	106,251	253,224	173,063	27,423	(885)	559,076
Net trading income	64,216	140,825	80,586	43,140	430	329,197
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(1,167)	(30,770)	(4,350)	(482)	(1,566)	(38,335)
Gains or (-) losses from hedge accounting, net	-	-	-	1,919	-	1,919
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	(1,657)	(1,657)
Other operating income*	(26,595)	(25,427)	(5,042)	58,823	48,938	50,697
<b>Operating income</b>	<b>648,229</b>	<b>1,414,077</b>	<b>586,759</b>	<b>358,681</b>	<b>293,504</b>	<b>3,301,250</b>
Operating expenses	(115,399)	(465,660)	(197,298)	(24,115)	(93,451)	(895,923)
Personnel expenses	(101,242)	(443,039)	(182,366)	(24,928)	(20,282)	(771,857)
Impairment (losses)/reversals	(37,358)	(100,253)	9,211	(3,177)	(15,804)	(147,381)
Share of gain from associates and joint ventures	-	-	-	-	648	648
<b>Profit before income tax</b>	<b>394,230</b>	<b>405,125</b>	<b>216,306</b>	<b>306,461</b>	<b>164,615</b>	<b>1,486,737</b>
Income tax expense	-	-	-	-	(230,507)	(230,507)
<b>Net profit for the year</b>	<b>394,230</b>	<b>405,125</b>	<b>216,306</b>	<b>306,461</b>	<b>(65,892)</b>	<b>1,256,230</b>

\*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Bank	2023					
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
<i>In RON thousand</i>						
Total Assets before impairment allowance on loans and advances to customers at amortised cost	18,943,219	18,427,913	3,532,343	26,738,754	3,705,866	71,348,095
Impairment allowance on loans and advances to customers at amortised cost	(330,210)	(730,015)	(122,905)	(877)	(6,430)	(1,190,437)
<b>Total Assets</b>	<b>18,613,009</b>	<b>17,697,898</b>	<b>3,409,438</b>	<b>26,737,877</b>	<b>3,699,436</b>	<b>70,157,658</b>
<b>Total Liabilities</b>	<b>10,746,198</b>	<b>33,133,222</b>	<b>8,776,466</b>	<b>2,861,824</b>	<b>7,171,179</b>	<b>62,688,889</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,468,769</b>	<b>7,468,769</b>
Net interest income	559,028	1,100,676	333,327	446,098	339,183	2,778,312
Net fee and commission income	104,686	239,662	160,879	58,235	4,311	567,773
Net trading income	68,739	185,819	85,648	37,657	827	378,690
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	171	9,565	835	-	1,108	11,679
Gains or (-) losses from hedge accounting, net	-	-	-	1,877	-	1,877
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Other operating income*	(35,301)	(34,700)	(8,499)	79,007	91,129	91,636
<b>Operating income</b>	<b>697,323</b>	<b>1,501,022</b>	<b>572,190</b>	<b>622,874</b>	<b>436,558</b>	<b>3,829,967</b>
Operating expenses	(123,669)	(498,773)	(185,514)	(26,960)	(119,698)	(954,614)
Personnel expenses	(96,093)	(473,828)	(201,498)	(26,427)	(15,594)	(813,440)
Impairment (losses)/reversals	10,518	(261)	19,567	(3,559)	8,680	34,945
<b>Profit before income tax</b>	<b>488,079</b>	<b>528,160</b>	<b>204,745</b>	<b>565,928</b>	<b>309,946</b>	<b>2,096,858</b>
Income tax expense	-	-	-	-	(377,368)	(377,368)
<b>Net profit for the year</b>	<b>488,079</b>	<b>528,160</b>	<b>204,745</b>	<b>565,928</b>	<b>(67,422)</b>	<b>1,719,490</b>

\*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.

Bank	2022					
	Corporate Customers	Private Individuals	SME	Treasury Division	Others	Total unit
<i>In RON thousand</i>						
Total Assets before impairment allowance on loans and advances to customers at amortised cost	17,488,796	18,813,503	3,327,614	19,871,136	3,808,954	63,310,003
Impairment allowance on loans and advances to customers at amortised cost	(350,764)	(794,199)	(143,777)	(568)	(7,946)	(1,297,254)
<b>Total Assets</b>	<b>17,138,032</b>	<b>18,019,304</b>	<b>3,183,837</b>	<b>19,870,568</b>	<b>3,801,008</b>	<b>62,012,749</b>
<b>Total Liabilities</b>	<b>9,881,610</b>	<b>30,033,168</b>	<b>7,751,369</b>	<b>3,010,040</b>	<b>5,060,585</b>	<b>55,736,772</b>
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,275,977</b>	<b>6,275,977</b>
Net interest income	494,068	1,073,970	322,620	222,263	242,773	2,355,694
Net fee and commission income	103,339	224,809	164,357	27,588	(201)	519,892
Net trading income	64,216	140,825	80,586	43,990	428	330,045
Gains or (-) losses on non-trading financial assets mandatorily at fair value through profit or loss, net	(1,167)	(30,770)	(4,350)	-	(1,566)	(37,853)
Gains or (-) losses from hedge accounting, net	-	-	-	1,919	-	1,919
Net gains/(losses) on derecognition of financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
Other operating income*	(26,980)	(23,788)	(7,715)	58,823	78,003	78,343
<b>Operating income</b>	<b>633,476</b>	<b>1,385,046</b>	<b>555,498</b>	<b>354,583</b>	<b>319,437</b>	<b>3,248,040</b>
Operating expenses	(111,955)	(459,217)	(190,133)	(23,897)	(91,412)	(876,614)
Personnel expenses	(95,736)	(434,216)	(170,842)	(24,774)	(12,681)	(738,249)
Impairment (losses)/reversals	(38,108)	(100,320)	9,224	(3,177)	(42,539)	(174,920)
<b>Profit before income tax</b>	<b>387,677</b>	<b>391,293</b>	<b>203,747</b>	<b>302,735</b>	<b>172,805</b>	<b>1,458,257</b>
Income tax expense	-	-	-	-	(223,562)	(223,562)
<b>Net profit for the year</b>	<b>387,677</b>	<b>391,293</b>	<b>203,747</b>	<b>302,735</b>	<b>(50,757)</b>	<b>1,234,695</b>

\*) Other operating income for the segments mainly contain the re-distribution of the cost of capital from Treasury to the other segments, relative to the regulatory assets held by Treasury, like Stress buffer and Minimum reserve.